

Measures to contain steel prices

3540. SHRI M. V. MYSURA REDDY:

SHRI RAJEEV CHANDRASEKHAR:

Will the Minister of STEEL be pleased to state:

(a) in view of increasing steel prices in the domestic market, whether his Ministry has recommended to the Prime Minister and Finance Minister to withdraw export incentives available to steel through Duty Entitlement Pass Book Scheme;

(b) if so, the details of recommendations made;

(c) whether it is also a fact that his Ministry has recommended for zero per cent duty on steel imports so as to meet the growing domestic crisis;

(d) whether any response his Ministry got from the Prime Minister;

(e) if so, the details thereof; and

(f) the other measures taken to contain the steel prices in the country?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA):

(a) and (b) In view of the increasing steel prices, Ministry of Steel had recommended to Department of Commerce that DEPB benefits on steel products like galvanized steel products, billets, TMT, Hot Rolled products, Cold Rolled products and Pig iron may be dispensed with as a temporary measure to disincentivise exports.

(c) to (e) In order to contain steel prices in the domestic market, a number of fiscal measures are under consideration. The Government is closely monitoring the movement of steel prices and will take the appropriate fiscal measures, as per the situation.

(f) The Government has taken the following measures for stabilizing the steel prices in the domestic market:

(i) In the Union Budget Proposal 2008-09, the import duty on melting scrap has been reduced from 5% to NIL.

(ii) General Rate of Excise Duty has also been reduced from 16% to 14% in the Union Budget Proposal 2008-09.

(iii) DEPB benefits on export of various categories of steel products have been withdrawn w.e.f. 27.03.2008.

Hike in the price of steel

3541. SHRI C. RAMACHANDRAIAH: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that the two per cent excise duties cut on steel has not been passed on to the consumers by the steel manufacturers and are resorting to hiking the prices of steel;

(b) if so, the reasons therefor;

(c) whether any steps have been mooted to make the steel pricing more transparent;

(d) if so, the details thereof; and

(e) the reasons why the Price Monitoring Committee of his Ministry has failed to rein prices?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA):

(a) and (b) Some of the major steel producers such as Steel Authority of India Ltd. (SAIL), Rashtriya Ispat Nigam Ltd. (RINL), JSW Steel Ltd. and Ispat Industries Limited have confirmed that the benefit of 2% reduction in Excise Duty has been passed on to the consumers. The recent rise in steel prices are reported to be mainly on account of rise in cost of input materials, abnormal rise in prices of steel in the international market and the sudden spurt in steel demand in the country.

(c) and (d) During a meeting with major steel producers on 03.04.2008, Ministry of Steel has asked the producers to make the prices of their product transparent. The public sector steel units viz. SAIL and RINL publish the information on the steel prices in respect of representative categories in their website and also notify any change in the listed price of items. Similarly, major private sector steel producers such as JSW Steel Ltd., Ispat Industries and Essar Limited also publish information on the price of their products in their respective websites.

(e) Steel Price Monitoring Committee (SPMC) was constituted to act as a forum for monitoring and analyzing the price movements in respect of major steel products. However, it has no statutory power to control the prices of steel. Steel, being in a deregulated sector, its prices are determined by the steel producers themselves, depending upon the market conditions.

Demand and production of steel

3542. SHRI RAMDAS AGARWAL: Will the Minister of STEEL be pleased to state:

(a) whether Government expected domestic steel production around three hundred million tonnes by end of 2019-20 as against earlier production target of two hundred million tonnes;

(b) whether Government is aware that the growth in production of steel is at present only 7 per cent each year as against likely growing demand of 14-16 per cent during next few years;

(c) whether Government has set up any high powered Committee to look into the demands of domestic steel manufacturers and suggest measures for capacity expansion to meet anticipated growth in infrastructure and manufacturing sectors by 14-16 per cent as mentioned above; and

(d) if so, with what result?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA):

(a) National Steel Policy, 2005 envisaged a production capacity of 110 million tonnes in the country to be achievable by the year 2019-20. However, taking into account the current trend in growth of steel demand and the status of various steel investment projects, it is estimated that the steel production capacity in the country is likely to be 124 million tonnes by the year 2011-12.

Furthermore, as per the latest available information, 194 Memorandum of Understanding (MoUs) have been signed by various private sector steel investors with the State Governments intending to set up nearly 243 million tonnes of additional steel capacity in the country. Based on this projection and the plan set out by public sector steel units, it is estimated that country's steel production capacity can be 293 million tonnes by 2019-20. However, this estimation will depend upon sustenance of current steel demand as well as successful implementation of all intended investment projects.