

Price of Second / Defectives of Steel Items

| <i>Sl. No.</i> | <i>ITC (HS) Code</i> | <i>Item Description</i> | <i>Price Per M.T. (U.S.\$) (December' 98)</i> | <i>Price Per M.T. (U.S.\$) (November 99)</i> |
|----------------|----------------------|---|---|--|
| 1. | 72.08 | H.R. Coils | 232 | 190.5 |
| 2. | 72.08 | H.R. Sheets | 243 | 201.75 |
| 3. | 72.09 | CR Coils/Sheets | 299 | 263 |
| 4. | 72.10 | Tinplates Waste/Waste/Tin-plate Misprints | 545 | 465 |
| 5. | 72.25/72.26 | Electrical Sheets (CRNO) | 577 | 493 |
| 6. | 72.08/72.11 | Plates | 311 | 278 |
| 7. | 72.27.90 | Alloy Steel Bars & 560 in Coils) Rods (Hot rolled) | | 435 |

Since the revised prices have been fixed on the same basis as was adopted in December, 1998, the indigenous steel industry is unlikely to be seriously affected.

Floor price for import of steel

†*5. SHRI PREM CHAND GUPTA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state :-

(a) whether it is a fact that the Indian Steel industry was not taken into confidence while fixing the floor price for import of steel;

(b) if so, the reasons therefor; and

(c) whether it will not harm the indigenous Steel industry?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH): A Statement is laid on the table of the House regarding (a) to (c) above.

Statement

In December 1998 Government of India notified minimum import prices for certain steel items based on the average export prices of these items from

† Starred Question Nos. 1 and 5 were taken together.

the European Union and Japan as reported in the London Metal Bulletin with a view to protecting the Indian Steel Industry against cheap imports. These were considered by the Government and the Indian steel industry as fair import prices as opposed to the lower prices of imports coming in from South East Asian and CIS countries due to adverse developments in the economies and currencies of the countries in these regions. These minimum import prices were recently reviewed in the context of the fresh trade data reported in the London Metal Bulletin. Based on these changes in the average export prices from the European Union and Japan, Government of India has revised the Minimum import prices vide Notification No. 31 dated 1st November, 1999.

Since the revised prices have been fixed on the same basis as was adopted in December, 1998, the indigenous steel industry is unlikely to be seriously affected.

SHRI PREM CHAND GUPTA: Sir, as you are aware, the steel industry is an integral part of the country's infrastructure. For some time our steel industry has been suffering. The SAIL is incurring a loss of hundreds of crores of rupees per year. The private sector is also in a bad shape. I do not know why the Government of India has not been able to do something about this. Cheap imports are taking place. Various countries are dumping their steel in this country. Various Chambers have represented to the Government-CII is one of them-who represented that the import price of steel be fixed after taking the steel industry into confidence. I do not understand why the Government has not been able to do that. After all, Government and industry are complementary to each other. Why has the steel industry not been taken into confidence? Why is the steel industry made to suffer? My question was not replied to by the Government, I have a submission through you, Sir that the Government should be asked as to why the steel industry was not taken into confidence while deciding the price of steel. Last time, the floor price of steel was fixed at a very high rate. We had a lot of hue and cry in the other House also. This time, it has been fixed below the international price. So, I do not see any reason behind this. I would request the hon. Minister to enlighten the House on this point.

SHRI OMAR ABDULLAH: Sir, from what I understand, the hon. Member's question essentially has two parts. The first point raised by him was that the steel industry was not taken into confidence while the prices were fixed. I would like to dispute that point because as per my records, on the

18th January of this year, there was a meeting that was convened by DGFD. It was a joint meeting with the hot-mill steel producers, the user industry and the Government—all three elements of the steel industry were present at this meeting. It was at this meeting that a decision was taken to look at revising downwards the prices. So, I can state here that this decision has been taken together with the producers, users and the Government.

Now, with regard to the fact that the steel prices have now been revised lower than what they have been pegged at earlier, I think, this is an indication of the changing scenario globally wherein steel prices have firmed up. We are finding a higher steel price. In fact, we are now finding that our own manufacturers who have been struggling earlier because of dumping are now in a position to export their products, and are, in fact, exporting their products at a price significantly lower than the minimum import price that we had pegged at. Keeping this in mind it was decided to review the price and the price was subsequently lowered.

SHRI PREM CHAND GUPTA: Sir, I have the reply of the Government with me. There is no mention that the steel industry was taken into confidence at a meeting which took place in the month of January where this decision was taken.

SHRI OMAR ABDULLAH: Sir, there has been an oversight which I have taken care of. The question has been answered. I have told you categorically that a meeting was held on the 18th of January of this year at which the decision to review the prices was taken. I can state that there has been coordination between the users, the producers and the Government.

SHRI PREM CHAND GUPTA: Sir, in the last Parliament, a lot of hue and cry was raised in the other House on this issue. At that time the price was fixed much above the international price. Now it has been fixed much below the existing price of steel in those countries. This is just like harming the local industries.

SHRI SURESH A. KESWANI: Sir, I wish to address myself to a larger issue, this country decided to allow substantial expansion in the steel industry and the financial institutions were asked to put in an enormous amount of money as a result of which the public invested a huge amount of money in the public issues of the steel companies. Today we are making sure that these industries which are already reeling go completely out of gear. These are already

newspaper articles which say that the steel companies are given rephrasing of their debts because they are not able to pay their debts.

Those industries have not completed implementation. We are going to make sure that there is infantile sickness in them, and as result, this country will suffer irreparable damage. I think there is a case for supporting, in fact, the export of steel from here, and also our steel industry.

SHRI OMAR ABDULLAH: Sir, I, in fact, fail to understand what the hon. Member has asked me, but based on what he is saying, all I can state is that the only reason that we put in a minimum support price of steel was to protect our home steel industry. We fully understand that, up till now, an investment of almost Rs. 18,000 crores has gone into the steel industry, and if the Government was not keen to protect this industry, we would not have imposed a minimum import price.

As for what the hon. Member has mentioned that we should give a boost to exports, we are finding now that the private sector is beginning to export steel from India and whatever measures the hon. Member feels would give a boost to the export of steel, I would welcome his suggestions. .
..(*Interruptions*)...

DR. MANMOHAN SINGH: Mr. Chairman, nobody would object that the Indian steel industry should be given legitimate protection, but, Sir, you would recall that this subject has figured previously also in the House. A former Adviser to the present Finance Minister had raised serious doubts about the manner of fixation of minimum price of steel. In the light of all that background, I would ask of the Government whether they would consider a more transparent mechanism for fixing the minimum price. The Government have, for example, BICR an institution which is eminently qualified to look into all these matters. Therefore, I have this question: would the hon. Minister consider referring these cases of fixing minimum prices of steel for investigation to an autonomous body like the BICP so that the public should have confidence that what is being done and what was done was strictly in public interest?

SHRI OMAR ABDULLAH: Sir, I can state that what was done was strictly in public interest. I do not feel that there is a need to refer this fixation of prices anywhere else. The prices were fixed in keeping with the very transparent mechanism, which is the London Metal Exchange system. We

looked at countries that were not involved in dumping, particularly Japan, and it was in keeping with the steel prices of these countries that we fixed our minimum import prices. I believe that the mechanism that we have adopted is transparent and will stand up to any checking. ...*(Interruptions)*...

SHRI K.R. MALKANI: Sir, the hon. Minister's statement makes a disturbing reading: "The notified minimum import prices for certain steel items have been lowered!" They have been lowered by a wide margin! Already, a lot of dumping of steel has been taking place in India, and more dumping will take place now. Two problems arise. Number one, our dumping rules are very faulty, we have to prove that the other country is dumping when you don't have the facts of other countries. We have to fill in a questionnaire of 45 pages. That is number one. Number two, in the concluding line of the reply, the hon. Minister says, "The indigenous steel industry is unlikely to be seriously affected." It concedes that it may be affected. It will be adversely affected. I think, there is something pretty serious, will the Government move in only when the steel industry is seriously in trouble? It is already in trouble.

SHRI OMAR ABDULLAH: Sir, we moved in when we thought that the industry was in trouble. As I have stated before, the global prices of steel have seen an increase, we have kept ...*(Interruptions)*...

SHRI JIBON ROY: It goes up and down every week ...*(Interruptions)*...

SHRI OMAR ABDULLAH: Sir, you must also understand that while we must keep in mind the manufacturer of steel, we must also keep in mind the user industry. We cannot allow that the global prices of steel will come down and we will force our user industry to buy domestic steel at a much higher price.

So, we have been able to strike a balance between the manufacturing industry and the user industry. I would like to say that by lowering these prices to the levels that we have, we will not only be able to control dumping on the one hand, but also give the necessary boost to our domestic user industry, on the other.

SHRI JIBON ROY: Sir, since the reform process was undertaken, successive governments have decreased the customs duty and increased the excise duty in successive years. Now they are organising dumping by reducing, progressively, the floor price. They have even reduced the floor price of waste and seconds, which is being dumped in our country for packing baby foods.

The Minister does not understand this. It is happening because America has slashed the floor price and is refusing to take our steel products in their country. And they have filed nearly a hundred anti-dumping cases against our product. The Minister is not speaking the truth. In fact, from April to July, every month, there was a total reduction of Indian exports by 19 per cent. According to Press reports, the Indian exports have gone down by 19 per cent between April and July. According to reports, in October itself, only one item, that is, HR-coil, was imported into our country, the quantity is 20,000 tons, that is, at the rate of two million tonnes, when the floor price was high. Now the floor price has gone down. The Figure is with us.

Part (a) of my question is this. What was the quantity of steel between April and November? (b) What is the import of the other countries, like America, the CIS countries and Mexico? You have to give all the figures, month-wise, from April to October.

(c) What steps the Government is taking to stop dumping of waste material, specially tinplates, and save the Indian babies, (d) Do you have any schedule? By what time you will be killing the steel industry? Do you have any schedule? You please tell us. (*Interruptions*).

MR. CHAIRMAN: Hon. Minister, just a minute. (*Interruptions*). I would like to remind hon. Members that when they speak, they should not use very strong words. Instead of using the words 'not speaking the truth', Shri Jibon Roy could have said 'he is misleading'. He could have used other words. These are very strong words. Hon. Members should not use such harsh words.

SHRI JIBON ROY: Sir, I accept it.

SHRI OMAR ABDULLAH: Sir, there were a number of parts of this question. As far as the month-wise figures for imports and exports that the requires, I don't have all the figures with me.

SHRI JIBON ROY: Then why have you come? (*Interruptions*).

SHRI OMAR ABDULLAH: I am not saying that I will not give you the figures. The figures will reach you. As far as ...(*Interruptions*). Excuse me...(*Interruptions*).

SHRI JIBON ROY: It is very important for the discussion.

SHRI OMAR ABDULLAH: I can give you a broad figure. (*Interruptions*). Export of steel from this year has increased by ten per cent,

as compared to last year. The month-wise figures, as I have already told you, I don't have with me. I will place them before the House.

You have raised the question fo anti-dumping. Anti-dumping measures cannot be initiated by the Government. A case for anti-dumping must first be made by the industry. When -' industry makes a case for anti-dumping to the Government, the Government will take the necessary measures to protect. We are not interested in having other countries dump more products here. Whatever measures are necessary...*(Interruptions)*.

SHRI K.R. MALKANI: whether the country in which the goods are dumped has to prove this, or, the dumping country has to prove this? We should say that the dumping country should prove that they are not dumping. This is within India's sovereignty. *(Interruptions)*.

SHRI JIBON ROY: There were a number of complaints by the Steel Ministry, and the Commerce Ministry refused to take up those complaints.

SHRI OMAR ABDULLAH: If a credible case is made by the industry under anti-dumping there is no reason why the Ministry of Commerce will not come to its natural conclusion.

MR. CHAIRMAN: Now, I have a number of other Members. *(Interruptions)*...

SHRI GURUDAS DAS GUPTA: Sir, I have one point only. *(Interruptions)*...

MR. CHAIRMAN: No, you can't. *(Interruptions)*... Nothing will go on record. *(Interruptions)*... That matter is over. *(Interruptions)*... As a matter of fact, a number of Members, Mr. Gurudas Das Gupta and many others, are interested in this matter. I think, you can give separate notice so that we can discuss it. Question No. 2.

*2. *[The question (Shri Barjinder Singh Hamdard, and Shri Kapil Sibal) were absent. For answer, vide page 27 infra.]*

MR. CHAIRMAN: Question No. 3.

Installation of Powerful Transmitters for Air, Bhuj

*3. DR. ALLADI P. RAJKUMAR: Will the Minister of INFORMATION AND BROADCASTING be pleased to state: