

## LOKSABHA DEBATES

### LOKSABHA

Thursday, April 29, 1993/Vaisakha 9, 1915  
(Saka)

The Lok Sabha met at  
Eleven of the Clock

[MR SPEAKER in the Chair]

#### ORAL ANSWERS TO QUESTIONS

[Translation]

#### Cess on Steel

\*801 DR CHINTA MOHAN  
SHRINITISH KUMAR

Will the Minister of STEEL be pleased to state

(a) whether the Government have improved various types of cess on steel,

(b) if so, the rate of the cess per tonne imposed on various types of steel during 1992-93 and the total amount collected thereby during this period,

(c) whether the Union Government have imposed other taxes in addition to these cesses, and

(d) if so, the details alongwith the rates thereof?

[English]

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) (a) to (d) A statement is laid on the Table of the House

#### STATEMENT

(a) and (b) The levies and cesses on steel produced by main producers (excluding Indian Iron and Steel Co.) and the rates during 1992-93 were as under

Levy/Cess	Amount
1 Steel Development Fund (SDF)	Rs 350-500 per tonne on steel
2 Engineering Goods Exports Assistance Fund (EGEAF)*	Rs /300 per tonne on steel Rs 113 per tonne on pig iron
3 Joint Plant Committee (JPC) Cess*	Rs 3 per tonne on steel

\* Only on erstwhile JPC categories of steel

The total amount collected from the main producers on account of these levies/cess was Rs 577.24 crores during the year 1992-93. These levies/cess are not applicable to the

secondary producers

(c) and (d) The Union Government levies excise duty on iron and steel products the present rates being as follows

	Item	Rates
1	Pig Iron	Rs 500 per tonne
2	Billets	Rs 1000 per tonne
3	Long products like bars and rods structural	Rs 1000 per tonne
4	Flat products like Hot Rolled Coils/Cold Rolled Coils Plates	12.5% ad valorem

[Translation]

SHRINITISHKUMAR Mr Speaker Sir the production cost of steel in our country has been increasing incessantly. The cost of inputs like coal, electricity and heavy oil has increased. There is an excessive increase in prices of these things in our country as compared to those in other countries. On the one hand, the cost of inputs almost increased by 200% in other countries while the same has increased by 66.7% in our country just within the period from 1973 to 1990 and on the other hand heavy dose of cess has been administered here as the hon. Minister has just pointed out thus making our steel more and more costly. Most of the earnings of cess levied by the Government in the name of Engineering Goods Exports Assistance Fund go to the International Price Re-imbursment Scheme. Engineering goods are exported to other countries. Financial assistance is given to such engineering goods producers to purchase steel in the international markets. In these circumstances a peculiar situation is going on in which one category of consumers gets the benefit at the cost of the other category. I would like to know in view of the proposal made by the Ministry of Commerce and the recommenda-

tions made by the Committee of Secretaries whether the levy and cess imposed on the main producers will also be levied on steel units in E E A F Secondary Sector or if so the response of the Government thereto and whether it is being implemented.

[English]

SHRI SONTOSH MOHANDEV It is a fact that Committee of Secretaries recommended that the cess which is being levied only in the primary sector i.e. our public sector should be also introduced in the secondary sector. We have discussed with the Commerce Ministry. I am glad to say that we have decided not to have it extended in the secondary sector. But we are finding out other means how to help the Engineering Goods Exports Assistance Fund because this is one of the sectors where many self employed engineers are doing work, they are competing in the world market and earning good foreign exchange. So the present trend is to continue this for a shorter period by not extending it towards the secondary sector and also to find out means whereby - as very rightly pointed out by the hon. Member - the primary sector also is taken out of it. I think within two or three months

some correct decision will be taken

[*Translator*]

SHRINITISHKUMAR Mr Speaker Sir the levy is imposed on the Steel Sector for raising the Steel Development Fund I would like to know from the Government through you the total money collected so far for this purpose and whether the funds are utilised for the improvement, modernisation and expansion of Steel Sector or only to meet the administrative expenses Has the Government ever reviewed the amount raised in Steel Development Fund with a view to find out the ratio of Government's investment in it and whether the Government propose to withdraw the levy for raising the Steel Development Fund?

[*English*]

SHRISONTOSHMOHANDEV As far as the Steel Development Fund is concerned the idea is to improve the quality technology and efficiency of products of iron and steel As on date from the beginning we have collected about Rs 4103 crores From sail We have collected Rs 3096 crores and we have given a loan to SAIL amounting to Rs 4328 crores In the case of IISCO, we have collected Rs 46 crores and we have given a loan amounting to Rs 45 crores Regarding VSP, we have collected Rs 27 crores and we have given a loan amounting to Rs 15 crores Regarding TISCO we have collected Rs 934 crores and we have given a loan of Rs 819 crores There are three type of loan given One is bearing an interest of 8 percent given for production, another is bearing 5 percent interest given for infrastructure and the third one is bearing interest of 2 percent given for social and other work This is repayable within 12 years with a moratorium of four years So this fund is very useful You need not go to the Budget assistance You can generate your own funds It is a fact that we are adding it to the cost of steel But, at the same time, specified amount is being earmarked which is only spent for the development of the plants It has worked very success-

fully Hence he have no idea of taking it out at the moment because by and large the Steel Ministry has been asked to make its development modernisation and maintenance from its own resources and not to depend upon the Budget Keeping that in mind we want to continue with the SDF

SHRIMATI SUSEELA GOPALAN Sir due to dumping of the steel in our country as also due to the price difference between imported steel and the indigenous steel now the SAIL and TISCO are forced to slow down production of their products What are the measures taken by the Government to save this industry from the dumping of the steel products from Germany Japan and other countries?

SHRI SONTOSH MOHAN DEV It is a matter of fact that if you go through the statistics the total quantity of finished steel which has come from outside the country is more or less the same of the last year's figure The amount comes to 1400 and odd crores The export has also increased There are the Anti-Dumping Rules We know there are apprehensions in certain sectors including the SAIL and TISCO as has rightly been said by the hon Member We have told them that if there is any specific instance they should draw the attention of the Finance Ministry and the Commerce Ministry the Anti-Dumping Rules area also there At the moment it is expected that by the reduction in the customs duty out products will be more competitive the quality will be much better and the apprehension that is there has not really affected the market as yet

But we are keeping a watch and if the situation arises antidumping rule there and we will take action

[*Translator*]

SHRI HARCHAND SINGH Mr Speaker Sir the Government of India has reduced the customs duty on various items while excise duty on steel has been increased by 15 per cent

Through you, I would like to know as to what are the causes due to which excise duty has been increased on steel only.

[English]

SHRI SONTOSH MOHAN DEV: It is a fact that excise duty has been increased on certain items and customs duty has been lowered. We have got a memorandum from various associations and producers. We have taken it up with the Finance Ministry. Let us hope that something will come as the Minister himself has said in the House that no industry will be suffering because of the tax policy. I cannot specially say which are the items here. But we have taken it with the Finance Ministry and something hopeful will come in the Finance Bill.

[Translation]

SHRI NAWAL KISHORE RAI: Mr. Speaker, Sir, through you, I would like to submit that whatever taxes may be imposed on steel unless the cost of production is reduced, we cannot compete in the international market. The major cause of higher cost of production in our country as compared to that in other countries is the large scale consumption of energy resources like coal etc. As per the figures gathered by the Ministry of Steel itself, the total consumption of coal at world level is from 12% to 56% whereas in our country it is 67%. Similarly as regard energy, the total consumption at world level is from 61% to 166% while in our country it is 711%, I would like to know whether the Government proposes to take measures to reduce the consumption of energy resources and consumption of coal in India in comparison to the other countries of the world.

[English]

SHRI SONTOSH MOHAN DEV: It is a fact that power is a very important factor in the production of steel. Most of the plants are dependent on the State Electricity Boards or the Central Electricity Board for supply of power.

And even the per unit price of power is going up day by day because of more cost of coal, oil and other things. But we in the steel plants have taken steps to see that less power is consumed for more production of steel. And we have been successful in certain plants. This is one of the areas where we do give importance to see that power consumption is reduced. And I am sure, we will be able to achieve it further in the near future.

#### Paraffin Wax

803. SHRI MOHAN SINGH (DEORIA): Will the Minister of PETROL EUM AND NAT URAL GAS be pleased to state:

(a) the quantity of paraffin wax exported by the Government during the last three years;

(b) the number of units producing paraffin wax through indigenous technique which became sick during the above period as a result thereof?

(c) the action being taken by the Government to meet the requirements of small scale companies producing paraffin wax in the Country.

(d) whether the Government propose to set up any unit of paraffin wax in Barauni Oil Refinery;

(e) if so, the justification of setting up this unit when there are such companies in the small scale sector; and

(f) the total foreign exchange spent on the import or wax during the last three years?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (CAP. SATISH KUMAR SHARMA): (a) to (f). A statement is laid on the Table of the House.

#### STATEMENT

(a) to (c). There was no export of Paraffin