

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:1050
ANSWERED ON:07.03.2002
CRISIS IN STEEL INDUSTRIES
ANANTA NAYAK;VARKALA RADHAKRISHNAN

Will the Minister of STEEL be pleased to state:

- (a) Whether the Union Government are aware that the Steel Industry is facing a crisis because of the lack of infrastructure development;
- (b) if so, the details thereof;
- (c) the number of public sector steel plants in the country which are facing closure; and
- (d) the action proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)&(b): The Indian steel industry is passing through a difficult phase due to adverse conditions in the steel market, both domestic and international. Although many steel plants are maintaining a healthy record of operating profits, they are posting net losses after accounting for depreciation and interest. The primary factors responsible for this situation are

- (i) excess supply and low demand for steel in the domestic market,
- (ii) import of steel at low prices,
- (iii) falling steel prices,
- (iv) high production costs,
- (v) closure of important export markets for the Indian steel due to protectionist measures initiated by a number of importing countries,
- (vi) general slow down in the Indian economy and recessionary trends in the global steel market. Greater demand for steel from Infrastructure Development Sector will contribute towards improvement of the situation.

(c) No public sector steel plant is facing closure.

(d) In order to improve the situation faced by the Steel Industry Govt. have taken several steps like:

- Enhanced allocation for infrastructure development.
- Launching of a National Campaign for increasing the demand for steel
- Setting up of an Institute for Steel Development and Growth (INSDAG).
- Rationalisation of excise and customs duties and reduction in duty on raw materials used in steel making
- Exclusion of freight and handling charges for computation of Excise Duty on steel dispatched from stockyards of integrated steel plants.

In addition to the above, Government have constituted a Project Coordination Group under the Chairmanship of the Minister of State for Steel with members comprising of Secretaries in the Ministries of Finance, Commerce, Power and Coal, CEOs of Financial Institutions and SBI and President, Institute for Steel Development and Growth (INSDAG) basically to find ways and means and suggest measures for early completion of the on-going iron and steel projects and to address the problems of existing/newly commissioned iron and steel plants.