

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:56

ANSWERED ON:24.07.2006

INCREASE IN STEEL PRICES

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Will the Minister of STEEL be pleased to state:

- (a) whether the prices of steel have increased recently;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) whether the domestic steel companies have increased the prices of steel despite a decline in the prices of steel in the international market;
- (d) if so, the measures being taken by the Government in this regard;
- (e) the number of times the price of steel has been increased during the last six months; and
- (f) the total percentage of such price increase?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a) The spot retail price of various steel items have increased during the last six months.

(b) The spot retail price of selected steel items at Mumbai during the last six months is given in the annex. The domestic market prices generally follow international prices and are guided by the landed cost of imports. International prices of items like HR Coils, CR Coils, Billets and Wire Rods have moved up since February 2006. Strong domestic demand for steel and increase in cost of raw materials like zinc and ferro alloys has also contributed in the rise in steel prices.

(c)&(d): In the international market the steel prices have softened marginally over the last couple of weeks and the domestic industry is yet to respond to it. Though in a deregulated environment the Government does not intervene directly in the market to influence prices. In order to reduce the landed cost of imports and assist in stabilization of domestic steel prices, government has reduced the customs duty on iron and steel items significantly. The customs duty on non-alloy steel has been brought down from 30% in 2002-03 to 5% in August 2004. In case of alloy steel the reduction during the same period has been from 30% to 15%. Customs duty on alloy steel was further reduced to 10% in the General budget 2005-06 and has been brought down even further in the General Budget 2006-07 to 7.5%.

(e)&(f): The spot retail price of selected steel items at Mumbai during the last six months alongwith the percentage variation in July prices compared to each of the previous five months is given in the Annexure.

ANNEXURE

Trend of Market Prices of Select Steel Items at Mumbai

(Rs./Tonne)

Feb.	March	April	May	June	July
2006	2006	2006	2006	2006	2006

TOR/TOT 24500 (11.22) 24750 (10.10) 25750 (5.83) 27000 (0.93) 27000 (0.93) 27250
(10 mm)

Wire 22600 (16.15) 23700 (10.76) 25000 (5.00) 28750 (-8.70) 26750 (-1.87) 26250
Rods (8 mm)

Rounds 24000 (9.38) 24250 (8.25) 25250 (3.96) 26250 (0.00) 26250 (0.00) 26250

(16 mm)

HR Coil 25250(29.70) 26750(22.43) 28250(15.93) 31750(3.15) 31500(3.97) 32750
(2.5 mm)

CR Coil 29000(15.52) 30500(9.84) 30500(9.84) 34000(-1.47) 33000(1.52) 33500
(0.63 mm)

GP 34000(8.82) 35000 (5.71) 35000(5.71) 37500 (-1.33) 37250 (-0.67) 37000
Sheets(0.63 mm)

(Source: ERU/JPC)

NOTE:

(i) Prices are inclusive of Excise Duty and Sales Tax.

(ii) All prices are indicative.

(iii) Figures in parenthesis indicate percentage variation in July price compared to each of the previous five months..