

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:3764  
ANSWERED ON:17.04.2008  
PRICES OF STEEL  
Patel Shri Kishanbhai Vestabhai

**Will the Minister of STEEL be pleased to state:**

- (a) whether the Government has issued any directives to steel manufacturers to control price of steel in the country;
- (b) if so, the facts thereof; and
- (c) the action so far taken by the steel manufacturers in this regard?

**Answer**

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

(a)to(c): The steel sector in the country is deregulated and therefore the prices are determined by the interplay of market forces. However, with a view to manage the rising inflation in the country, the Government has held extensive discussions with major steel producers as well as secondary steel producers recently. As a result of these deliberations, the following main conclusions have emerged:

- (i) The major steel producers agreed to increase the allocation of steel to small and medium enterprises by 20% from 4.9 lakh tonnes to 6 lakh tonnes for financial year 2008-09, through the State Small Scale Industries Corporations (SSICs) and National Small Industries Corporation (NSIC)
- (ii) The major steel producers have agreed to bear Rs. 400 per tonne towards defraying the cost of transportation, to SMEs through SSICs/NSIC.
- (iii) Price contracts for deliveries to SMEs will be made for at least three months subject to mutual agreement.
- (iv) The companies decided to exercise self-restraint on export of steel products, which are in demand domestically.
- (v) All the steel majors agreed to follow a transparent pricing system through regularly updated web based price list. The secondary steel producers on their part have agreed to reduce the prices of bars and rods to the extent possible.

Cumulative effect of all these efforts so far has been that price of different long products which includes bars, rods and structurals, used by even the common man for housing, came down in the range of Rs.4000-5000 per tonne during 25th March to 12th April 2008. In percentage terms, such decrease amounts to about 10%.