

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

STARRED QUESTION NO:155  
ANSWERED ON:26.02.2009  
LOSSES IN SMALL AND MEDIUM SPONGE IRON UNITS  
Lagadapati Shri Rajagopal

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

- (a) whether the prices of sponge iron has come down drastically in the country during the last one year;
- (b) if so, the details thereof;
- (c) whether the small and medium sponge iron units are running into severe losses in the country;
- (d) if so, the reasons therefor; and
- (e) the steps taken by the Government to safeguard the interests of these units?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a)to(e): A statement is laid on the Table of the Lok Sabha.

STATEMENT REFERED TO IN REPLY TO PARTS (A) TO (E) OF THE LOK SABHA STARRED QUESTION NO.155 TO BE ANSWERED ON 26/02/2009 TABLED BY SHRI L.RAJAGOPAL, MEMBER OF PARLIAMENT REGARDING LOSSES IN SMALL AND MEDIUM SPONGE IRON UNITS

(a)&(b): Retail market prices of sponge iron on month-wise basis is annexed. The price of sponge iron in February 2009 is 10.81% lower than that of February 2008.

(c)&(d): The global economic crisis has resulted in the downturn in the domestic steel industry including the sponge iron sector. As per the Sponge Iron Manufacturers Association (SIMA), sponge iron units are having difficulty, due to slowdown in demand of sponge iron, since October 2008.

(e) Government has taken the following measures in helping the steel industry, including sponge iron sector, in overcoming the situation arising out of global financial crisis. These are

- (i) Export Duty on steel items has been withdrawn w.e.f. 31.10.2008.
- (ii) DEPB on steel items restored w.e.f. 14.11.2008.
- (iii) Import Duty on iron and non-alloy steel items re-imposed at 5%, w.e.f. 18.11.2008.
- (iv) 'Hot Rolled Coil' brought into restricted category of import w.e.f. 21.11.2008.
- (v) Excise Duty (CENVAT) on steel items reduced from 14% to 10% w.e.f. 07.12.2008.
- (vi) Countervailing duty (CVD) on TMT bars and structurals reintroduced w.e.f. 02.01.2009.
- (vii) Excise Duty (CENVAT) on steel items further reduced from 10% to 8% on 24.02.2009.