

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:1180
ANSWERED ON:04.03.2010
HIGH PRICES OF STEEL
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Will the Minister of STEEL be pleased to state:

- (a) the per capita production and consumption of steel in the country;
- (b) whether the price of steel is higher in the country as compared to other major steel producing countries;
- (c) if so, the reasons therefor; and
- (d) the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI A. SAI PRATHAP)

- (a) During 2008-09, the per capita production for sale of total finished steel was 49 kg. while the per capita consumption was 45 kg.
- (b)&(c): Steel is a deregulated sector in India and the price of steel in the country is determined by the market forces based upon a multitude of complex factors such as cost of raw materials, process, technology, quality of output and the demand-supply gap. Ministry of Steel monitors the indicative retail market prices and the landed cost of import in respect of representative category of steel items. Moreover, it is difficult to make comparison of steel prices in India with other major steel producing countries due to the following reasons:-
 - (i) Economic policy regime including taxation, export and import duties and subsidies provided in various countries are different.
 - (ii) Exchange rates of currencies may not reflect the real value of money.
 - (iii) Quality and grades may not be comparable.
 - (iv) Market price in each country is greatly affected by the prevailing supply- demand conditions of the country concerned.

However, a comparison of domestic steel retail price in respect of a representative category of steel items vis-à-vis the landed cost of import, as in Delhi market is given below:-

(In Rs/tonne)

Item	Domestic market price Delhi region, January 2010	Landed cost January 2010
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Wire rods	33,500	33,863
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TMT	33,970	33,863
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H R coils	35,590	33,021
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Source: JPC

- (d) Since steel industry is a de-regulated industry, Government does not determine the prices in the country. However, in order to

provide a level playing field to the steel producers and consumers as well as to boost the steel industry in the country, the following are the existing fiscal measures:-

(i) Export Duty on steel items (except melting scrap) withdrawn with effect from 31.10.2008;

(ii) Duty Entitled Pass Book (DEPB) on steel items restored with effect from 14.11.2008;

(iii) Import Duty on iron and non-alloy steel items re-imposed at 5% with effect from 18.11.2008;

(iv) Countervailing duty (CVD) on Thermo Mechanically Treated (TMT) bars and structurals were reintroduced with effect from 02.01.2009;

(v) Export Duty on iron ore has been revised w.e.f. 24.12.2009 to 10% on lumps and pellets and 5% on iron ore items.