

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:2458
ANSWERED ON:11.03.2010
CAPACITY OF STEEL PLANTS
Muttamwar Shri Vilas Baburao

Will the Minister of STEEL be pleased to state:

- (a) the existing production capacity of steel plants in the country;
- (b) whether any shortfall has been reported in the production capacity of some steel plants;
- (c) if so, the details thereof alongwith the reasons therefor;
- (d) the steps being taken by the Government in this regard;
- (e) whether the cost of production of steel has increased in the recent past;
- (f) if so, the reasons therefor; and
- (g) the steps being taken by the Government to decrease the cost of production?

Answer

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

(a): The existing crude steel production capacity of steel plants in the country is 72.76 million tonnes.

(b): No such report of reduction in production capacity has been brought to the notice of the Government.

(c)&(d): Do not arise in view of (b) above.

(e)&(f): Such information is not disclosed by any organization in view of its commercial interest. Different steel makers follow different technologies and are placed differently in the industry cost curve. They are also impacted differently by external factors related to costs. Since raw material, power, finance and wages comprise the bulk of the costs of steel making and in view of the fact that the prices of major raw materials such as coking coal, met coke, iron ore, manganese ore, steel melting scrap, ferro-alloys, interest rates and wages have risen in the recent past, the steel makers are likely to have witnessed a rise in their cost of production of steel.

(g): Since the steel industry is deregulated, the Government does not have a direct role to play to reduce the cost of production. However, the Government initiates suitable policy measures from time to time with a view to create a level playing field, boost the steel industry and also protect the interests of steel consumers. In order to keep the cost of imported raw materials low, the Government has already brought down the import duty on various raw materials used in the steel industry to either zero or very low levels. The monetary policy stance of the Reserve Bank of India is also anti-inflationary, thereby helping support a low cost regime to the extent possible.