

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:2898

ANSWERED ON:14.03.2011

PRODUCTION TARGET OF STEEL

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

- (a) the details of target fixed for steel production in the coming years in view of the rising demand of steel and growing economy;
- (b) whether India is likely to be second largest producer of steel by next Five Year Plan;
- (c) if so, the details thereof;
- (d) whether India is lagging behind in respect of steel production in the country;
- (e) if so, the details thereof alongwith steps taken by the Government to enhance the steel production;
- (f) whether the Government has granted the permission to foreign companies for setting up steel plants in the country; and
- (g) if so, the likely impact on the Public Sector Undertakings?

**Answer**

THE MINISTER OF STATE FOR STEEL(SHRI BENI PRASAD VERMA) (INDEPENDENT CHARGE)

(a) There is no target fixed by the government for production of steel by the individual steel units, as the steel sector is deregulated and the production is driven by the market demand and production capacity.

However, the crude steel production in the country for 2009-10 is 65.84 million tonnes and for the period between April to January of 2010-11, it is 57.72 million tonnes. The crude steel production in the country is likely to increase in the average range of 8-10% rate at least for the next decade, on account of rising trend of steel demand in the country.

(b)&(c): Currently, India is the 5th largest steel producer in the world as per the press release of the World Steel Association (WSA). However, the country has the potential to become the 2nd largest producer of steel globally, on account of growing steel demand, rich resources base of iron ore, skilled manpower and vast experience of steel making and the huge capacity expansion planned and being executed in the steel sector.

(d) Production of finished steel in the country, during April-January period of current financial year 2010-11 has recorded an increase of 8.4%, whereas the consumption of finished steel has shown an increase of 10.9%.

(e) The role of the Government in a deregulated environment like steel is to provide a conducive policy environment and act as facilitator for rapid growth of steel industry. The decisions related to investment and productions are taken by the individual companies based on commercial considerations. However, to facilitate rapid growth of steel industry and to bridge the supply gap, the following steps have been taken by the government:-

(i) Steel Authority of India Ltd. (SAIL) has decided to expand its crude steel product from existing 12.84 million tonnes to 21.40 million tonnes per annum by the year 2012-13. Rashtriya Ispat Nigam Ltd. (RINL) will be expanding its existing capacity of 2.9 million tonnes of crude steel production to 6.3 million tonnes per annum by December, 2011. National Minerals Development Corporation (NMDC) is setting up a 3 million tonnes per annum integrated steel plant at Nagarnar, Chhattisgarh.

(ii) An Inter Ministerial Group (IMG) has been constituted to monitor and review issues concerning major steel investments in the country.

(iii) Export Duty on iron ore of all types and grades, has been enhanced to 20%, in order to conserve iron ore.

(f) Yes, Madam. The current policy regime allows 100% Foreign Domestic Investment (FDI) in steel sector. Some multinational steel companies like POSCO and Arcelor Mittal have signed Memoranda of Understanding with respective State Governments to set up steel production units in the country. The total proposed capacity under Foreign Direct Investment is approximately 45 million tonnes.

(g) All companies, both in public and private sector are free to decide upon the capacity of their units, technology and product-mix. Since the public sector steel companies have also planned for capacity expansion and modernization to meet the future steel

demand, it is expected that the public sector steel units will remain competitive and progressive.