

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:474
ANSWERED ON:06.08.2009
DECLINE IN GLOBAL PRODUCTION OF STEEL
Naik Dr. Sanjeev Ganesh;Sule Supriya

Will the Minister of STEEL be pleased to state:

- (a) whether according to the report of the World Steel Association, there has been a progressive decline in the global production of steel in the recent months;
- (b) if so, the details thereof;
- (c) whether the Government has assessed the impact of fall in global production of steel on the steel industry as well as the perspective policy pursued by the Government; and
- (d) if so, the details thereof and the steps taken by the Government to protect the country's interest in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI VIRBHADRA SINGH)

(a)to(d): A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF THE LOK SABHA STARRED QUESTION NO.474 TO BE ANSWERED ON 6th AUGUST, 2009 BY DR. SANJEEV GANESH NAIK AND SHRIMATI SUPRIYA SULE, MEMBERS OF PARLIAMENT REGARDING DECLINE IN GLOBAL PRODUCTION OF STEEL

(a)&(b): According to the statistics furnished by World Steel Association, the global steel production during the first six months of 2009 has fallen by (-) 21.33% on year-on-year basis. The month-wise break-up of world steel production for the first six months of year 2009 vis-À-vis year 2008 is given below:

(in million tonnes)

Month 2008 2009 % Change

January	112.87	86.42	(-) 23.43%
February	107.47	84.90	(-) 21.00%
March	119.93	93.14	(-) 22.34%
April	117.02	89.00	(-) 23.94%
May	122.06	95.97	(-) 21.37%
June	118.85	99.83	(-) 19.02%
January-June (Six Months)	698.20	549.26	(-) 21.33%

In the "Worldsteel Short Range Outlook" published on 27th April 2009 the World Steel Association (worldsteel) had made a forecast that worldwide apparent steel use is expected to decline by -14.9% to 1,018.6 million metric tons (mmt) in 2009 after declining by (-)1.4% (1,197 mmt) in 2008. However, World Steel Association has predicted that world steel demand is expected to stabilize in the latter part of 2009 leading to a mild recovery in 2010.

(c)&(d): The global meltdown, beginning September 2008, had its initial effect on Indian steel sector. The steel production and consumption during the period October to December 2008 (Q3) witnessed reduction by (-) 7.8% and (-) 13.6% respectively, on year-on-year basis. Government initiated various steps to enable the steel sector to manage itself during the economic slowdown. These measures along with the economic stimulation packages resulted in a revival of steel demand during January-March period of 2009 (Q4). During this period (Q-4) the production and consumption finished steel in the country grew by 2.67% and 2.21% respectively, on year-on-year basis. The growth in production and consumption of finished steel has also continued in the first quarter of the current year i.e. 2009-10 compared to the first quarter of the previous year as may be seen in the table below:-

Production, Export, Import & Consumption

Apr-June 2009-10 vs. 2008-09

(In million tonnes)

Finished Steel Apr-June 2008 Apr-June 2009 % Change

Production	13.527	13.982	3.4%
Import	01.493	01.414	-5.3%
Export	01.032	0.642	-37.8%
Real Consumption	12.200	12.83	05.2%

Source: JPC (Figures are provisional)

Government has taken the following fiscal measures during the post September 2008 period for sustained growth of steel sector in the country:

- (i) Export duty on all steel items withdrawn from 31.10.2008.
- (ii) Re-imposition of import duty on steel items at 5% (except steel melting scrap) on 18.11.2008.
- (iii) Re-introduction of Duty Entitlement Pass Book (DEPB) Scheme on steel items on 14.11.2008.
- (iv) Reduction of Excise Duty on steel items from 14% to 10% in December 2008 and further to 8% in February, 2009.
- (v) Re-introduction of Countervailing Duty on TMT bars and rods.