

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:3786
ANSWERED ON:30.07.2009
FALL IN DEMAND OF STEEL
Rao Shri Nama Nageswara

Will the Minister of STEEL be pleased to state:

- (a) whether the United Nations Conference on Trade and Development (UNCTAD) has projected in its study that the global steel demand in 2009 is expected to fall by as much as to 15 percent;
- (b) if so, whether the Indian steel companies are going to be affected by the said fall in demand;
- (c) if so, the quantum of fall in demand; and
- (d) the measures proposed to be taken by the Government to help the steel manufacturing units to cope up with the situation?

Answer

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

(a) UNCTAD India Project Office, New Delhi has indicated that they have not estimated global demand for steel.

(b)&(c): National Steel Policy 2005 has projected India's steel production capacity at 110 million tonnes by 2019-20. However, based on the investment scenario in the steel sector, it has been further assessed that the steel production capacity in the country is likely to be 124.06 million tonnes by the year 2011-12. Though the global meltdown, beginning September 2008, had its effect of Indian steel sector and steel production and consumption during the period October to December (Q3) witnessed substantial reduction by (-) 7.8% and (-) 13.6% respectively, the sector is showing signs of strong revival due to various steps initiated by the Government along with the economic stimulation packages. During January-March period of 2009 (Q4) the production and consumption finished steel in the country grew by 1.2% and 3.8% respectively. The growth in production and consumption of finished steel has 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 12.200 12.830 5.2%
Consumption

Source: JPC (Figures are provisional)

(d) Government has already prepared the National Steel Policy, 2005 which enumerates the broad policy parameters for ensuring an around growth of steel industry in the country. With view to facilitate speedy implementation of major steel investments in the country, an Inter Ministerial Group (IMG) has been constituted to monitor and coordinate issues concerning major steel investments in the country. The IMG consists of representatives from Ministry of Steel, Ministry of Railways, Department of Industrial Policy and Promotion, Ministry of Mines, Ministry of Environment and forest, Ministry of Road Transport and Highways, Ministry of Shipping and the concerned State Governments. The broad terms of reference of the IMG are to review and coordinate measures for growth of steel capacity in the country and address various problems concerning infrastructure, availability of raw materials, environmental and forest clearance and availability of other resources such as land water.

