

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:778  
ANSWERED ON:09.07.2009  
DECLINE IN STEEL EXPORT  
Sule Supriya

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

- (a) whether the steel exporters, who have largely withstood steep decline in US Steel imports from a peak level of 41 MT in 2006 to 31 MT in 2007 and further to 30 MT in 2008 and have finally lost steam with the advent of slow down;
- (b) if so, whether India was the second major gainer with unit price earned on steel exports going up by 79.9% from \$816 per tonne in 2004 to \$ 1468 per tonne in 2008;
- (c) if so, the reasons for showing decline in the export of steel; and
- (d) the steps taken/being taken by the Government to boost the export of Steel?

**Answer**

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

(a) Indian steel exports started stagnating from 2006-07 onwards as growth in domestic demand started to outstrip growth in domestic production. The global financial turmoil in October 2008 further affected steel exports from India. Steel exports stagnated and fell marginally from 5.242 million tonnes to 5.077 million tonnes between 2006-07 and 2007-08. In the following year i.e.2008-09, however, exports fell by (-) 27.9% to 3.658 million tonnes.

Production, Consumption, Exports and  
Imports from 2005-06 to 2008-09

(In million tonnes)

Year    Production    Consumption    Exports    Imports

2004-05	43.513	36.377	4.705	2.293
2005-06	46.566	41.433	4.801	4.305
2006-07	52.529	46.783	5.242	4.927
2007-08	56.075	52.125	5.077	7.029
2008-09	56.416	52.054	3.658	5.718
2009-10#	9.240	9.282	0.426	0.978

(Apr - May)

Source: JPC    Provisional figures

(b) There is no evidence that India was the second major gainer in terms of unit price of export as placed in the question. India is a marginal supplier to the international markets and accounts for only 1%-1.5% of the total volume of world trade in steel. Moreover, global steel prices were strong during April-August 2008 due to higher global demand. This also resulted in steep increase in the prices of raw materials which further led to the increase in the steel prices. During this period the domestic demand in India was also strong and supply of raw material from the global market was scarce.

(c) As stated earlier Indian exports started to decline as domestic demand grew at a faster pace compared to domestic production. However, the sharp decline after October 2008 can be attributed to the global financial meltdown. The widespread recession in the global economy and the subsequent crisis in the automobile, consumer durable and capital goods industries all over the world and especially in the destination markets for Indian exports of steel resulted in decline in steel exports.

(d) The following policy initiatives have been taken by the Government to boost the export of steel:

- (i) Export Duty on all steel items (except melting scrap) withdrawn w.e.f. 31.10.2008.
- (ii) DEPB on steel items restored w.e.f. 14.11.2008.

The following measures proposed in the Union Budget 2009-10 for restoring export growth would further help in boosting steel exports:

- (i) Adjustment assistance scheme to provide enhanced Export Credit and Guarantee Corporation (ECGC) cover at 95 per cent to badly hit sectors extended up to March 2010.
- (ii) Interest subvention of 2 per cent on pre-shipment credit for seven employment oriented export sectors extended beyond the current deadline of 30/09/ 2009 to 31/03/ 2010.
- (iii) Sun-set clauses for deduction in respect of export profits under sections 10A and 10B of the Income-tax Act being extended by one more year i.e. for the financial year 2010-11.