

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:804

ANSWERED ON:19.03.2012

GAS ALLOCATION TO THE STEEL SECTOR

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Will the Minister of STEEL be pleased to state:

- (a) whether the Task Force set up by the Ministry have cautioned that the curtailing of gas supply to steel firms may push up input costs and adversely impact the downstream activities;
- (b) if so, the response of the Government thereto;
- (c) whether the Government has constituted an Empowered Group of Ministers (EGoM) to decide on the gas allocation to the steel sector;
- (d) if so, the details thereof;
- (e) whether the aforesaid group has submitted its report to the Union Government; and
- (f) if so, the recommendations made by the aforesaid group alongwith the steps taken by the Government to implement these recommendations?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

- (a) A Task Force pertaining to Raw Materials for Steel sector constituted as a part of formulation of a 'New National Steel Policy' has submitted its Draft Report, wherein it has been mentioned that in view of curtailment of natural gas supply to gas based steel/ sponge iron plants, they may have to rely on costlier imported natural gas, which may adversely affect financial viability of these units and may also have an adverse impact on investment in downstream steel industry.
- (b) Ministry of Steel has brought the issue of curtailment in supply of natural gas to the existing gas based steel/ sponge iron plants to the notice of Ministry of Petroleum & Natural Gas with the request to take steps for continued supply of requisite gas to the gas based steel/ sponge iron sector in the interest of overall economic development of the country.
- (c) to (f): The Government has constituted an Empowered Group of Ministers (EGoM) on Pricing & Commercial Utilization of Gas under New Exploration Licensing Policy (NELP) which, inter-alia, decides on allocation of NELP gas to different sectors. In its meeting held on 24.2.2012, it has taken note of the demand of natural gas for the Steel sector.