

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:895

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RISE IN STEEL PRICES

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Will the Minister of STEEL be pleased to state:

- (a) whether there has been a steep rise in the prices of steel during the last three years;
- (b) if so, the details thereof alongwith the number of times the prices have been increased during the said period, year-wise and the reasons therefor;
- (c) whether the prices of the steel have been affected by the reduction in the rate of rebate by the steel companies and if so, the details thereof and the reasons therefor;
- (d) the details of the impact of the rise in the prices of steel on the profits of steel companies alongwith their working capacity and the general demand of steel in the country particularly by the construction and realty sector; and
- (e) the steps taken/being taken by the Government to reduce the prices of steel and to increase its demand in the domestic market?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a) & (b): The prices of steel in the domestic market were at peak during April to July 2008. During the last three years, the prices of steel items in the domestic market have been fluctuating in accordance with the market conditions, including demand supply scenario, price movement of raw materials, etc. A table indicating quarterly price movement in respect of representative category of steel items in market is annexed.

(c) Rebate is a commercial decision of individual companies, taken in view of the prevailing market conditions.

(d) Price of steel items is one of the various factors which affect profitability of a steel company, its working capacity and demand of steel.

(e) The prices of steel in the country are deregulated and are decided by the individual producers based on the market conditions such as demand supply scenario, movement in international steel market prices, cost of raw materials and other input costs. Considering the increasing steel demand in the domestic market, Government has taken various fiscal steps to maintain a steady supply position in the domestic market and also to boost steel production in the country. These are:

(i) Import duty on raw materials such as Coking Coal and Steel Melting Scrap is NIL.

(ii) Export duty of 30% ad valorem has been imposed on export of all grades and varieties of iron ore (except pellets).

(iii) Import duty on Steel items is 5% to 10%.