

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:574

ANSWERED ON:13.08.2012

IMPORT OF RAW MATERIAL

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Will the Minister of STEEL be pleased to state:

- (a) whether the consumption of steel has increased manifolds during the last three years; if so, the details thereof;
- (b) whether the steel industry particularly the small and the medium plants are suffering due to insufficient supply of raw materials particularly iron ore;
- (c) if so, the details thereof;
- (d) whether the small and the medium steel plants are also suffering increase in the cost of raw material at e-auctions and are forced to close down;
- (e) if so, the corrective measures being taken by the Government to protect the indigenous steel industry including review of its policy to export iron ore; and
- (f) the details of the raw materials imported by the public sector steel companies, commodity-wise and Country-wise along with the reasons therefor?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a) During the last three years, 2009-10, to 2011-12, rate of growth in real consumption on Compound Annual Growth Rate (CAGR) basis has been 10.6%. Data on real consumption of total finished steel in last three years is as under:-

Sl.No.	Year	Total	% change over last year
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1.	2009-10	59.34	13.3
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2.	2010-11	66.42	11.9
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3.	2011-12#	70.92	6.76
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Source: Joint Plant Committee (JPC);

provisional

(b)to(d): The total production, demand and export of iron ore in the country during last three years are given below:

Year	Iron ore produced@	Demand/domestic	Export#
	consumption		

2008-09	212.96	86.7@	105.87
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2009-10	218.55	96.3@	117.37
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2010-11 (P)	208.00	111.4#	97.66
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2011-12 (P)	169.66 (provisional)	116.3#	61.80
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@- Source for production - IBM, Ministry of Mines

For export - MMTC, Department of Commerce,
#- Source- estimates of Ministry of Steel

The production of iron ore in India is in excess of the total estimated domestic consumption by the iron and steel industry. Therefore, overall there is no scarcity of iron ore for the domestic iron and steel industry.

Steel industry is a de-regulated sector and the prices of raw materials like iron ore for the steel plants are determined by the market forces. Recently as per Supreme Court's Order, iron ore from the mines located in three districts of Karnataka namely Bellary, Chitradurga and Tumkur are being sold through e-auction to the end users.

(e) In order to improve availability of iron ore to domestic iron and steel industry at affordable price, the Government has increased the export duty on iron ore from 20% ad valorem to 30% ad valorem on all grades of iron ore (except pellets) with effect from 30.12.2011.

(f) The details of raw materials imported by both SAIL & RINL in 2011-12 are as under:-

Name	Item	Country	Quantity	Reasons
of PSU		in million		
		tonnes		

Coking coal	Australia	7.88	Non-availability of Low
	New Zealand	0.73	Ash Coking Coal indigenously
	USA	1.81	

Limestone	UAE	2.5	Cost Effectiveness
SAIL			
Nickel	Korea,Russia,	1.5	Quality not available in India
	UK		

Ferro Niobium	Brazil,USA	0.360	Not available in India
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Sea water	Ireland,	23.02	Not available in India
Magnesia	Netherland		

Coking Coal	Australia	2.918	Non-availability of
	USA	0.603	Low Ash Coking Coal
	New Zealand	0.155	indigenously
RINL			
Low Silica	UAE	0.420	Cost effectiveness
Limestone			