

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2283
ANSWERED ON:11.03.2013
EXPORT OF IRON ORE
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the shortage in the supply of raw materials including coal and iron ore to the public sector steel companies is adversely affecting the production capacity of these plants;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has permitted the steel manufacturers in the country to look for acquisition of mines abroad for increasing production and turnover and if so, the details thereof;
- (d) whether some of the public sector companies including the National Mineral Development Corporation are in negotiation with the foreign countries for acquisition of coal and iron ore mines in Brazil and other countries in order to diversify their mining operations;
- (e) if so, the details thereof along with the mining sites identified for acquisition in these countries; and
- (f) the steps taken/being taken by the Government to ensure a regular and adequate supply of raw materials to the domestic steel plants in the country including contemplating a ban on their exports?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

(a)&(b) Steel Authority of India Limited (SAIL) has been allocated iron ore mines, coal mines and flux mines for captive use. The company is meeting its iron ore requirement through captive sources. Due to limited availability of coking coal of desired quality from indigenous sources, about 75% of its requirement of coking coal is presently being met through imports and the rest through captive mines and domestic sources. Rashtriya Ispat Nigam Limited (RINL) has long term arrangements for supply of iron ore from NMDC Limited and with international suppliers for supply of coal. Therefore, supply of raw material has not been adversely affecting the production capacity of these public sector steel companies.

(c) Steel industry is a de-regulated sector and business decisions including acquisition of mines abroad, are taken by the individual companies as per their requirement. Ministry of Steel has no role in the business decisions of the individual companies.

(d) & (e) NMDC limited is presently not in negotiation for acquisition of coal and iron ore mines, in Brazil or in any other country. However, NMDC is examining some proposals for acquisition of coal and iron ore mines in Brazil and other countries to diversify its mining operations. A Special Purpose Vehicle (SPV) namely International Coal Ventures (P) Limited (ICVL) has been set up for the purpose of acquisition of coal assets abroad. The promoter companies of ICVL are Steel Authority of India Limited (SAIL), Coal India Limited (CIL), Rashtriya Ispat Nigam Limited (RINL), NMDC Limited and NTPC Limited. The main target countries of ICVL are Australia, Indonesia, Mozambique, USA and Canada. Apart from above, ICVL is also examining proposals of coal assets from Colombia, South Africa and Russia.

(f) Government has taken following major steps to ensure raw material availability for the steel sector:

(i) To improve availability of iron ore for the domestic iron and steel industry at affordable price and also to encourage domestic value addition, duty on export of iron ore has been increased to 30%.

(ii) Import of critical raw materials for steel industry such as coking coal, non-coking coal, scrap etc. is subject to zero or very low customs duty.