

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:475

ANSWERED ON:29.04.2013

GAS ALLOCATION TO STEEL SECTOR

Adhalrao Patil Shri Shivaji;Yadav Shri Dharmendra

Will the Minister of STEEL be pleased to state:

- (a) whether a Task Force set up by the Ministry of Steel has cautioned that curtailing of gas supply to the steel firms may push up the input costs and adversely impact their downstream activities;
- (b) if so, the facts in this regard along with the response of the Government thereto;
- (c) whether the Government has constituted an Empowered Group of Ministers (EGoM) to look into the issue and if so, the details thereof;
- (d) the details of the recommendations made by the EGoM in their report along with the action taken by the Government thereon; and
- (e) whether the EGoM has de-classified steel from the priority sector and if so, the details thereof and the reasons therefor along with its impact on gas allocation to this sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI BENI PRASAD VERMA)

(a)to(e) A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) OF THE LOK SABHA STARRED QUESTION NO.475 FOR ANSWER ON 29/04/2013 TABLED BY SHRI DHARMENDRA YADAV AND SHRI ADHALRAO PATIL SHIVAJI, MEMBERS OF PARLIAMENT REGARDING GAS ALLOCATION TO STEEL SECTOR.

(a)&(b) 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 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. 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 (e) The Government has constituted an Empowered Group of Ministers (EGoM) on Pricing & Commercial Utilisation of Gas under New Exploration Licensing Policy (NELP) which inter- alia, decides on allocation of NELP gas to different sectors. The EGoM has taken decisions regarding the various priority sectors to which the gas produced from KG D6 would be supplied. The following priority sectors have been decided keeping in view the larger public interest:

(i) Gas-based fertilizer plants producing subsidized fertilizers.

(ii) Gas-based LPG plants.

(iii) Gas-based power plants.

(iv) City Gas Distribution (CGD) entities for supply to domestic & Transport sectors.

(v) Gas-based steel plants & petrochemicals plants (only for feedstock & not for captive power requirement) and existing refineries, CGD entities for supply to small commercial & industrial sector customers consuming up to 50,000 scmd (standard cubic meter per day) & Captive Power Plants.