

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:2474

ANSWERED ON:03.12.2009

IMPOSITION OF CAP ON IRON-ORE EXPORTS

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Will the Minister of STEEL be pleased to state:

- (a) whether the Ministry of Steel had requested to impose cap on iron ore exports;
- (b) if so, the details thereof and the steps taken by the Government in this regard;
- (c) whether the Government had assessed the demand and supply of steel and iron ore projection for 2020;
- (d) if so, the details thereof; and
- (e) the measures taken by the Government to meet the growing demand of steel and iron ore?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI A. SAI PRATHAP)

(a)&(b): Yes, Madam. In 2007, Ministry of Steel had suggested a cap on iron ore exports at current level except on ore of Goa and Redi region, with progressive reduction in the cap year after year in consonance with capacity created in the domestic industry. The matter was later discussed by Group of Ministers (GoM) to consider National Mineral Policy, 2007, in which there was an agreement that iron ore resources of the country should be conserved for the use of domestic steel industry. It was decided that although conservation of iron ore resources of the country is of paramount importance, the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. This was approved by the Government.

(c)&(e): National Steel Policy 2005 had assessed a steel consumption of 90 million tonnes with a production capacity of 110 million tonnes by the year 2019-20 and projected a requirement of 190 million tonnes of iron ore by 2020 to support such steel production. However, over the past four years, Indian steel sector has grown at a much higher level and the projections made in the National Steel Policy 2005 appear to have been surpassed. As of now, based on the details of Memoranda of Understanding (MoUs) signed by the investors with various State Governments, the steel capacity in India is expected to be about 295 million tonnes by the year 2019-20. Considering the standard consumption of 1.6 tonnes of iron ore for production of 1 tonne of steel, the iron ore requirement for supporting a production of 295 million tonnes of steel would be about 472 million tonnes.

To meet the growing demand of steel, public sector undertakings of Ministry of Steel (Steel Authority of India Limited and Rashtriya Ispat Nigam Limited) are undertaking expansion of their steel capacities. Similarly, private sector units are also planning to set up additional steel capacities in the country. To facilitate and coordinate their capacity expansion projects, an Inter-Ministerial Group (IMG) has been established in Ministry of Steel.

As regard iron ore, Government has imposed export duty on iron ore at various rates from time to time, to discourage export of iron ore. The present rates of duty on iron ore exports w.e.f. 7.12.2008 are following:

- i) Iron ore fines (all sorts) - NIL
- ii) Iron ore other than fines (including Lumps & pellets) - 5% ad-valorem