

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:1888

ANSWERED ON:19.08.2013

FOREIGN PRODUCTS

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Will the Minister of STEEL be pleased to state:

- (a) whether India has made any strategy to compete with China in the production of steel and if so, the targeted steel production in the country during the 12th Five Year Plan;
- (b) whether several foreign companies including Arcelor Mittal and POSCO have decided to scrap their plan to set up a Greenfield steel project in India and if so, the details thereof and the reasons therefor along with its impact on the capacity building plans of the steel industry;
- (c) whether other foreign companies have also decided to either scrap or postpone their proposed projects of the country and if so, the details thereof and the reasons therefor along with the reaction of the Government thereto;
- (d) whether the Steel Authority of India Limited (SAIL) has set up a joint venture under the private and public sector collaboration and if so, the details thereof along with the details of agreements made in this regard and funds invested/earmarked for the purpose; and
- (e) whether the Government proposes to set up a special purpose vehicle to incentivise investments in the steel sector and to protect the steel and other allied sectors from the slow down and if so, the details thereof?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a) Steel is a deregulated sector. The development of capacity of steel manufacturing is decided by the market conditions of demand and supply and the role of Government is restricted to facilitating conducive policy support. Government has taken the following steps to support the competitive production and capacity growth in the steel industry:

(i) The Public Sector Undertakings (PSUs) namely Steel Authority of India Ltd. (SAIL), Rashtriya Ispat Nigam Ltd. (RINL) and NMDC Ltd., are in the process of implementing significant expansion in the crude/ finished capacities in their respective brownfield /greenfield locations.

(ii) An Inter Ministerial Group (IMG) has been set by the Government for effective coordination and to expedite implementation of various investment projects in the steel sector.

(iii) A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various clearances/resolution of issues delaying the investments of Rs. 1000 crores or more in the manufacturing sector including the steel sector.

(iv) Import of critical raw materials for steel industry such as coking coal, non-coking coal and scrap are subject to zero or very low levels of customs duty.

(v) To encourage domestic value addition and improve domestic iron ore availability, duty on export of iron ore has been increased to 30 per cent.

(vi) The Ministry of Steel routinely consults the industry to be apprised of the constraints to growth and recommends necessary corrective measures as and when necessary to other concerned Ministries. According to the Report of the Working Group on Steel Industry for the 12th Five Year Plan (2012 – 2017), the estimated crude steel production in the country by the year 2016 – 17 to be 125.9 million tonnes.

(b)&(c): As per the information available with this Ministry, M/s Arcelor Mittal have decided not to progress with its planned construction of an integrated steel plant in Odisha due to various reasons.

(d) SAIL and Kobe Steel Ltd., Japan have formed a joint venture company in May 2012 (50:50) for setting up of a 0.5 million tonnes per annum ITmk3 technology based iron nugget plant at SAIL's Alloy Steels Plant, Durgapur. The project cost is envisaged as US\$ 282 million approximately. SAIL and Kobe Steel are currently preparing a Detailed Project Report (DPR) for setting up of the project. An initial amount of Rs. 2 crore has been earmarked for preparation of the DPR and this amount is to be shared equally between SAIL and Kobe Steel.

(e) The High Level Committee on Manufacturing (HLCM), headed by the Prime Minister, has approved the approach of having project specific Special Purpose Vehicles (SPVs) for identified sites owned by the Government of India / States / Central Public Sector Enterprises (CPSEs) which would be formed to assemble land, get necessary approvals and clearances and tie-up water and raw materials. These Special Purpose Vehicles (SPVs) would then be offered in a transparent manner for take over by investors through a bidding process.