

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:52

ANSWERED ON:09.12.2013

IMPORT OF IRON ORE

Dubey Shri Nishikant ;Sukur Shri Jadhav Baliram

Will the Minister of STEEL be pleased to state:

- (a) the details of the total quantum of iron ore and steel produced and imported along with the per capita consumption of steel in the country during the last three years and the current year;
- (b) the estimated demand and supply projections of iron ore and steel separately for the public and private sectors during the next three years;
- (c) the steps taken or proposed to be taken by the Government to meet the projected demands;
- (d) whether the import of iron ore has increased during the last three years and the current year and if so, the details thereof and the reasons therefor; and
- (e) whether the steel prices in the country are higher as compared to the other major steel producing countries and if so, the reasons therefor along with efforts made by the Government in this regard?

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.52 FOR ANSWER ON 09/12/2013 Tabled BY SHRI NISHIKANT DUBEY AND SHRI BALIRAM JADHAV, MEMBERS OF PARLIAMENT REGARDING IMPORT OF IRON ORE.

(a) The details are as below:-

Year	Iron ore production # (in MT)	Import of Iron Ore (in MT)	Crude Steel Production (in MT)	Import of finished Steel (in MT)	Per capita Consumption of steel (in Kg)
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2010-11	207.16	1.87	70.67	6.66	56.0
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2011-12	168.58	0.98	74.29	6.86	59.1
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2012-13	136.02	3.05	78.31	7.87	60.3
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2013-14	68.22	5##	46.07	3.37	61.5
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(Source: # Indian Bureau of Mines; Steel data is JPC; provisional; ## as per industry estimate iron ore import is likely to touch 5 MT during 2013-14; upto September 2013; upto October 2013, Estimate)

(b) Steel being deregulated sector, demand and supply projections of iron ore and steel separately for the public and private sectors are not maintained. However based on the Working Group for the 12th Plan, Estimated demand and supply projections of iron ore and steel for the public and private sector are as follows:-

Year Iron ore (in MT)# (cumulative upto 2016-17) Crude Steel (in MT) (cumulative upto 2016-17)

Demand Supply Demand Supply

2016-17 218 374 142.3 128.1

Source: #Indian Bureau of Mines

(c) Steel being a deregulated industry, the role of the Government is limited to that of a facilitator to provide a conducive policy environment for sustained growth and competitive development of the industry. Specific decisions on investment are taken by steel companies/ new investors on the basis of their assessment on returns on capital and other considerations. However, the Government has taken following steps to support the growth of the steel industry which would improve supply and help to bridge the gap between demand and supply:-

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

(ii) Export duty on all grades and varieties of iron ore (except pellets) at ad valorem rate of 30% has been effective from 30-12-2011.

(iii) The Ministry of Steel consults the industry to be appraised of the constraints to growth and recommends necessary corrective measures to other concerned ministries.

(iv) The Public Sector Undertakings (PSUs) namely Steel Authority of India Ltd (SAIL), Rashtriya Ispat Nigam Limited (RINL) & NMDC Ltd. are in the process of creating or augmenting steel capacities.

(v) The Ministry takes up with state governments various matters like environment clearance, land acquisition, infrastructure development, right of way etc. in order to facilitate establishment of steel production facilities.

(vi) An Inter Ministerial Group (IMG) has been set up by the Government for effective coordination amongst state governments, different ministries of central government and various other agencies and to expedite implementation of various investment projects in the steel sector.

(vii) A Project Monitoring Group has been created in the Cabinet Secretariat to pursue large investment projects, both public and private and to address the issues with central and state governments.

(d) There is fluctuating trend in import of iron ore. Production of Iron ore has currently been stopped in the state of Goa by the Hon'ble Supreme Court and a cap on production at the level of 30 Million Tonnes has been imposed by the Supreme Court in Karnataka. The details of import of iron ore are as follows:-

Year Iron ore(in MT)

2010-11 1.87

2011-12 0.98

2012-13 3.05

Source: Indian Bureau of Mines; provisional as per industry estimate iron ore import is likely to touch 5 MT during 2013-14.

(e) Steel is a deregulated sector and the Government does not exercise any control over pricing of steel. Prices of the steel in the domestic market have been fluctuating in accordance with the market conditions, international steel prices, raw material prices and cost of other inputs. Government has taken following steps for the growth of steel sector:-

(i) Import duty on raw materials such as coking coal has been reduced to zero.

(ii) Export duty on all grades and varieties of iron ore (except pellets) has been increased from 20% to 30% with effect from 30-12-2011.

(iii) Export duty on chrome ore has been increased from Rs. 3000/- per tonne to 30% ad-valorem with effect from 17th March, 2012.

(iv) Import duty on non-alloy flat steel products has been increased from 5% to 7.5% in the Union Budget 2012-13.

(v) Import duty on nickel ore and concentrate has been fully exempted w.e.f 17th March, 2012.

(vi) Import duty on nickel oxide and hydroxide has been reduced from 7.5% to nil w.e.f 17th March 2012.