

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:2995

ANSWERED ON:10.02.2014

STEEL PRICES

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**Will the Minister of STEEL be pleased to state:**

- (a) whether the steel price in India is higher as compared to international price despite India being a major producer of iron ore and coal;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether there has been an increase in the steel prices during the last three years and if so, the details thereof and the reasons therefor along with its impact on the domestic industry particularly on the forging industry;
- (d) the remedial measures being taken/proposed to be taken by the Government to ensure availability of steel at an affordable price and also provide relief to the Indian forging industry; and
- (e) whether the Government is contemplating to form a board to check the price, demand and supply of steel in the country and if so, the time by which it is likely to be constituted along with the functions likely to be accorded?

**Answer**

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a)&(b): Domestic steel prices are generally higher than the international prices due to various reasons including the rising cost of production due to rising prices of raw material, such as coking coal, ferro alloys, iron ore, higher manpower cost interest cost, level of duties and taxes, domestic freight, cost of logistics and transportation and level of inventories with customers and traders etc. Also the domestic prices of steel are shaped by the landed cost of the import or the potential realisation from export which in turn depends on the international prices, freight costs, custom duties, exchange rates etc. The details of comparison of international steel prices (China) and Indian domestic indicative price (Mumbai) is annexed as Annexure-I.

(c) There has been no significant variation in the prices of steel products during the last two years. The details of the indicative retail prices of various steel products during the last three years is annexed at Annexure -II.

(d) The Government has taken various steps from time to time to help the steel industry to enhance production so as to make steel available at affordable prices. Some of these steps are as follows:-

a) An Inter Ministerial Group (IMG) has been set in the Ministry of Steel for effective coordination and expediting implementation of various investment projects in the steel sector.

b) 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 / infrastructure sector including the steel sector.

c) 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 custom duty.

d) To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30%. Recently, the Government has imposed export duty @ 5% ad-valorem on export of iron ore pellets.

(e) Steel is a deregulated sector. There is no proposal at present with the Ministry of Steel to form a Board to check the prices and demand and supply of steel in the country.