RISE IN STEEL PRICES

2895. SHRI SURESH KASHINATH TAWARE:

Will the Minister of STEEL be pleased to state:

(a)   whether there has been a constant rise in the prices of steel during the last three years;

(b)   if so, the details thereof, year-wise and the reasons therefor;

(c)   the further steps taken by the Government to check the price rise and to increase the production of steel in the country;

(d)   whether this rise in prices of steel and decline in the production is due to the illegal export of iron ore;

(e)   if so, the details of the total illegal export of iron ore and relative decline in its supply to the domestic markets; and

(f)   the corrective measures taken by the Government in this regard?

ANSWER

THE MINISTER OF STEEL   (SHRI BENI PRASAD VERMA)

(a)&(b): The price of steel in the domestic market was at its peak during April to July 2008. During the last three years, the price of steel items in the domestic market has been fluctuating in accordance with the domestic market conditions, international steel market prices and price movement in raw material in the international market. A table indicating quarterly price movement in respect of the representative category of steel items in domestic market is **annexed**.

(c)   The price of steel in the country is deregulated and is decided by the individual producers based on various market conditions, such as demand supply scenario, movement in international steel market prices, cost of raw materials and other input costs. Considering the increasing steel demand in the domestic market, Government has taken various fiscal steps to maintain a steady supply position in the domestic market and also to boost steel production in the country. These are:

(i)   Import duty on raw material such as coking coal and Steel Melting Scrap is NIL.

(ii)   Export duty of 20% has been imposed on export of all grades and varieties of iron ore (except pellets).

(iii)   Import duty on Steel items is 5 to 10%.

(d)to(f): As per the available record, the quantity of iron ore produced in the country , exported from the country and the percentage of export out of iron ore produced in the country during 2008-09, 2009-10 and 2010-11 is given below-

(Quantity in million tonnes)

Year	Iron ore produced@	Iron ore exported#	Percentage of export out of iron ore produced
2008-09	212.96	105.86	49.7%
2009-10	218.64	117.37	53.7%
2010-11 (estimated)	208.11	97.66	46.9%

@ Source – IBM, Ministry of Mines
# Source – MMTC, Department of Commerce

The total domestic consumption of iron ore (including both private sector and public sector steel plants) during 2010-11 was estimated as 111.4 million tonnes. The production of iron ore in the country is about double the consumption of iron ore by the domestic iron & steel industry and therefore is sufficient to meet the present requirement of iron ore by the steel sector in the country. However, Ministry of Steel is of the view that iron ore, being a non-renewable natural resource, should be conserved for long term utilization of domestic steel industry. The Government has decided that conservation of iron ore resources of the country should be achieved not by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Presently, an export duty of 20% ad valorem is levied on iron ore of all grades and varieties (except pellets).

Annexure

Retail Steel price Movement in Delhi Market during June 2008 to September 2011

Month	Hot Rolled Coils 2.0mm	TMT 10mm	Pig Iron
June 2008	50045	47451	32900
Sept 2008	45327	41934	36000
Dec. 2008	36498	36565	24500
April 2009	34450	34262	22000
June 2009	34289	35479	23200
Sept. 2009	35653	32818	24500
Dec. 2009	35310	32290	22500
March 2010	36240	35100	24800
June 2010	44660	39210	28000
Sept. 2010	43320	36350	24800
Dec. 2010	44840	36930	28000
March 2011	45540	41990	32000
June 2011	43330	43220	32300
Sept 2011	43210	43870	36200

* Indicative price in Delhi market inclusive of transportation, taxes & duties.
(Source:JPC)

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