

GOVERNMENT OF INDIA
MINISTRY OF STEEL

LOK SABHA
UNSTARRED QUESTION NO.4305
FOR ANSWER ON 22/03/2021

ANALYSIS OF RISE IN STEEL PRICES

4305. SHRI DAYANIDHI MARAN:

Will the Minister of STEEL be pleased to state:

- (a) the steps taken/ being taken by the Government to control price rise of steel;
- (b) whether the Government has conducted any analysis or report on the impact of the price rise in steel industry affecting capital expenditure forecasts and if so, the details thereof ; and
- (c) whether the Government has conducted any analysis/ report on the impact of the COVID-19 pandemic and subsequent lockdown on the steel industry and if so, the details thereof?

ANSWER

THE MINISTER OF STEEL

(SHRI DHARMENDRA PRADHAN)

(a) Steel is a deregulated sector where prices are a function of demand and supply, global market conditions, trends in price of raw materials, logistics cost, power and fuel cost etc. Various steps taken by the Government, inter-alia, include the following:—

1. Ramping up of Steel Production:-

After a decline in production to 22.17 MT during April to July, 2020 following the Covid-19 pandemic vis-à-vis 35.16 MT during the Corresponding Period Last Year (CPLY), the production has increased to 63.26 MT during August, 2020 to February, 2021 vis-à-vis 60.27 MT during CPLY.

2. Ramping up of Iron ore Production:-

- (i) Ramping up of planned production by NMDC Ltd. from 32 MT (2019-20) to 35 MT (2020-21).
- (ii) Neelachal Ispat Nigam Limited (NINL) allowed to sell iron ore from the existing leases up to 2.0 MT.
- (iii) Steel Authority of India Limited (SAIL) allowed to sell 25% fresh fines and 70 Million Ton dumps with about 4.0 MT being made available in the open market during, 2020-21.
- (iv) Guali and Jilling Langlota Iron Ore Mines in Odisha reserved for the State PSU viz., M/s. OMC for a period of 10 years. Government of Odisha has recommended reservation of Teherai Iron Ore Mine Blocks in favour of NMDC Ltd.
- (v) Operationalization of expired leases of iron ore mines post auction in Odisha and Karnataka.

3. Reduction in BCD and Revocation of Trade Remedial Measures:-

In the Union Budget 2021-22, the Basic Customs Duty (BCD) has been reduced uniformly to 7.5% on semis, flat and long products of non-alloy, alloy and stainless steel. BCD on steel scrap has been exempted for a period up to 31st March, 2022. In addition, ADD and CVD on certain steel products have also been revoked/temporarily revoked.

(b) The Second Advance Estimates of National Income, 2020-21 and Quarterly Estimates of Gross Domestic Product for the Third Quarter (Q3) of 2020-21 brought out by National Statistical Office (NSO), Ministry of Statistics & Programme Implementation indicate that Gross Fixed Capita Formation (GFCF) during Q3 of 2020-21 at Rs.11,93,993 cr. was 2.56% higher than GFCF of Rs.11,64,138 cr. during corresponding quarter last year. Also, GFCF has increased in each successive quarter during the current fiscal.

(c) Following the Covid-19 pandemic and the resultant lockdown measures, there was disruption in the supply chains, logistics, availability of human resources, raw materials and working capital etc., leading to a sharp reduction in production as well as consumption of steel during the period from April-July, 2020. With gradual unlocking measures undertaken by the government, the production and consumption of steel have since recovered and even crossed the previous year's levels during the recent months. The details of production and consumption of steel during April – July, 2020 and August, 2020 – February, 2021 are as following:-

(in Million Tons)

	Apr. – Jul., 2019	Apr. – Jul., 2020
Production	35.15	22.16
Consumption	33.34	19.92

(in Million Tons)

	Aug., 2019 – Feb., 2020	Aug., 2020 – Feb., 2021
Production	60.26	63.27
Consumption	60.61	64.16
