

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.3063
FOR ANSWER ON 20/12/2012

RISE IN RURAL STEEL CONSUMPTION

3063. SHRI AVINASH PANDE:

Will the Minister of STEEL be pleased to state:

- (a) whether Government is aware that rural consumption of steel in India has risen from 2 (2005) to 9.8 kg. (2011) per capita-five-fold growth in six years;
- (b) in what manner this has affected the business of Government steel companies;
- (c) whether there is any significant rise in the competition from the private companies; and
- (d) the steps Government has taken to ensure the quality of steel supplied?

ANSWER

THE MINISTER OF STEEL

(SHRI BENI PRASAD VERMA)

(a) Yes, Sir.

(b) Expansion of Steel Plants greatly depends upon increase in consumption of steel in India particularly driven by growth in the rural sector. As more than 70% of Indian population resides in the rural areas, there is a huge potential for increasing consumption in the rural areas. It is estimated that increase in per capita steel consumption by 1 kg. in Rural India will result in increasing steel consumption by 1 million tonnes per annum in the country.

With a view to widening its distribution network and to increase the reach of its products of mass consumption in rural areas, Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) have expanded their dealer network in the country. In addition, during the year 2011-12 SAIL launched a new "SAIL Rural Dealership Scheme" to expand its scope of business in rural areas (block/taluka) of the country with the primary objective of meeting the steel demands of the small rural consumers at block, and taluka levels.

(c) Steel is a deregulated sector and there is a competition among various Public Sector and Private Sector Steel companies. The PSUs are facing competition from private companies like Tata Steel, Essar Steel, JSW Steel, Jindal Steel and Power Ltd., Ispat Industries, Llyod Steel etc. Some of the steel companies in the private sector have added new capacities during the year 2011-12 and the current year and some are in the process of expanding their capacities. Besides this, all major steel producers in the country are having a strategy of retail sales and are increasing their presence in the interior areas. Certain secondary producers are also developing their own retail network, and, therefore, there is increasing competition in the area.

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(d) The Government has notified 16 steel products under the “Steel & Steel Products (Quality Control) Order” issued under the Bureau of Indian Standard Act 1986. The Order has already been enforced on all products covered under 9 standards, it has been partly implemented on products covered under 5 other Indian standards. The remaining products therein together with products covered under the 2 remaining standards will come into force w.e.f. 31.03.2013.

The Government has also issued the amended Steel & Steel Products (Quality Control) Second Order in September, 2012, according to which no manufacturer can manufacture, import, store for sale or distribute steel and steel products which do not conform to the standards and which do not bear the standard mark (BIS or ISI mark).
