

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.3649
FOR ANSWER ON 24/07/2019

REASON FOR HIGH STEEL PRICE

3649. SHRI SAMBHAJI CHHATRAPATI:

Will the Minister of STEEL be pleased to state:

- (a) whether the main reason for high steel price in India despite huge good quality indigenous iron ore is the abnormally higher mining taxes, import of costly iron ore and high coking coal prices;
- (b) if so, the details thereof and the reasons for such a situation;
- (c) whether any effort is being made to increase the iron ore mining to stop import of iron ore and to avoid draining off valuable foreign exchange; and
- (d) what further steps Government proposes to take to reduce the price of steel in the country?

ANSWER

THE MINISTER OF STEEL

(SHRI DHARMENDRA PRADHAN)

(a)to(d): Steel prices in India are completely market driven and generally lower than the prevailing domestic prices in countries like USA, Japan and higher than those in Chinese domestic markets. However, it is a fact that Effective Tax Rate (ETR) for iron ore mined in the country is one of the highest in the world. ETR in India & other countries is **Annexed**.

Owing to non-availability of low ash content coking coal in the country, over 92% coking coal requirement is met through imports, and whose prices are determined internationally. In case of iron ore, imports meet only about 7-8% of the country's total consumption and balance being met indigenously.

MMDR Act, 1957 was amended in 2015 in order to streamline the allotment of Mining Leases in the country. Presently all Mining Leases are granted through auction.

Annexure

Computation of comparative Effective Tax Rate (ETR) in mineral rich countries.

	UoM	India (New Mines)	India (Existing Mines)	Mongolia	Canada (NWT)	Chile	Indonesia (Sulawesi)	Australia	South Africa	Namibia
Effective Tax Rate (ETR)	\$	59.84%	63.97%	31.30%	39.50%	37.60%	38.10%	39.70%	39.70%	44.20%