

GOVERNMENT OF INDIA  
MINISTRY OF STEEL

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.452**  
FOR ANSWER ON 27/04/2016

**INCENTIVISING INTERNATIONAL PLAYERS TO INVEST IN  
DOMESTIC STEEL COMPANIES**

452. SHRI VIJAY GOEL:

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that Government is preparing a bail-out for the steel sector;
- (b) if so, the details of the value of the bail-out package and if not, the reasons therefor;
- (c) whether the Ministry is planning to incentivise international players to invest in domestic steel companies; and
- (d) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI VISHNU DEO SAI)

(a)&(b): No, Sir. Government is not preparing a bail-out for the steel sector. However, representations received from Indian Chamber of Commerce and Indian Steel Association to consider working out a suitable comprehension package to support steel industry, have been sent to Department of Financial Services.

(c)&(d): Currently, Indian steel industry is going through a severe downturn. Globally, demand slowdown and overcapacity have resulted in historically low international steel prices and surge in cheap imports in India which has resulted in decline of domestic steel prices. Lower prices have led to the erosion of profit margins and lower sales realization. In order to alleviate the problems faced by the domestic steel industry and to incentivise international player to invest in domestic steel companies, the Government of India has taken various measures. These include:-

- (i) For reducing the stress in the steel sector, RBI has extended 5:25 scheme in July, 2015, whereby longer amortization period for loans to projects in infrastructure and core industries sectors, say 25 years, based on the economic life or concession period of the project, with periodic re-financing, say every 5 years, is allowed.
- (ii) Increased the peak rate of basic customs duty on both flat and non-flat steel to 15% from 10% in the Union Budget 2015-16.

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- (iii) Amended the Steel & Steel Products (Quality Control) Order, 2012, in December, 2015 to ensure that only quality steel is produced/imported in India.
- (iv) Increased the import duty on ingots & billets, alloy steel (flat & long), stainless steel (long) and non-alloy long products to 7.5% (from 5%) and non-alloy and other alloy flat products to 10% (from 7.5%). This has been further revised in August, 2015. Currently, import duty on flat steel is applicable at 12.5%, on long steel products at 10% and on semi-finished steel products at 10%.
- (v) Levied the Anti-Dumping Duty for five years on imports of certain variety of hot-rolled flat products of stainless steel from China (\$ 309 per tonne), Korea (\$ 180 per tonne) and Malaysia (\$ 316 per tonne).
- (vi) Imposed the Safeguard Duty of 20% in March, 2016 on hot-rolled flat products of non-alloy and other alloy steel, in coils of width of 600 mm or more.
- (vii) Imposed Minimum Import Price (MIP) on 173 steel products in order to provide a level playing field to domestic producers against the injury caused as evident from the decline in margins of the producers.

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