

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.2049
FOR ANSWER ON 16/12/2015

DOMESTIC AND FOREIGN DIRECT INVESTMENT IN STEEL

2049. SHRI MEGHRAJ JAIN:

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that the new investment in the steel sector has declined, if so, the reasons therefor;
- (b) whether Government is taking any step to promote domestic investment and the efforts being made to attract Foreign Direct Investment (FDI) in the steel sector; and
- (c) if so, the details of efforts being made?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF
STEEL AND MINES

(SHRI VISHNU DEO SAI)

(a) Investment in the steel sector has not been very forthcoming especially from the private sector due to the prospects not being very encouraging because of factors like the present global excess capacity, particularly in China, which has a huge excess capacity of 250-300 million tonnes leading to significant decline in steel prices and increased imports; and the resultant financial stress on the existing domestic steel companies.

(b)&(c): The Government of India has taken the following steps to promote the domestic steel industry and enhance steel production:-

- i. Special Purpose Vehicle (SPV) framework adopted to encourage large capacity green field projects in iron ore rich states of Jharkhand, Odisha, Chhattisgarh and Karnataka.
- ii. Public sector units have undertaken expansion plans to increase the steel production capacity. SAIL has undertaken modernization & expansion plan to enhance its crude steel production capacity from 12.8 MTPA to 21.4 MTPA. RINL has undertaken expansion of its capacity from 3 MTPA to 6.3 MTPA. NMDC has undertaken setting up of a new steel plant of 3 MTPA.
- iii. Notified the Coal Mines (Special Provisions) Amendment Act, 2015 on 30.03.2015 to streamline coal block allocations.
- iv. Notified the Mines and Minerals (Development and Regulation) Amendment Act, 2015 on 27.03.2015 to streamline grant of mining leases.
- v. Notified Steel and Steel Product (Quality Control) Order dated 12.03.2012 (as last amended on 04.12.2014) for production and import of quality steel.
