

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.3179
FOR ANSWER ON 14/12/2016

STEPS TO INCREASE PRODUCTIVITY OF STEEL INDUSTRY

3179. SHRI SANJAY RAUT:

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that many Indian iron and steel industries are facing lots of problems to survive their existence in the country;
- (b) if so, the details thereof and Government's response thereto;
- (c) whether it is also a fact that per capita labour productivity of steel per year is at 90-100 tonnes, which is one of the lowest in the world;
- (d) if so, the details thereof; and
- (c) the details of steps taken or proposed to be taken by Government to increase the productivity of steel industry?

ANSWER

THE MINISTER OF STATE FOR STEEL

(SHRI VISHNU DEO SAI)

(a)&(b): Yes, Sir. With the slowdown in global demand for steel and increase in the capacity of steel plants, industry is facing historically low international steel prices and surge in cheap imports in India, has resulted in decline of domestic steel prices. Lower prices have led to the erosion of profit margins and lower sales realization.

The Government has taken the following steps to promote domestic steel sector.

- 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. Increase the peak rate of basic customs duty on both flat and non-flat steel to 15% from 10% in the union Budget 2015-16.
- 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).

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- vi. Imposed the Safe guard 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. To provide a level playing field to domestic producers Government has Imposed Minimum Import Price (MIP) initially on 173 steel products and out of these on 19 steel products it is extended till 4th February, 2017 vide DGFT Notification No. 31/2015-2020 dated 03.12.2016.

(c)&(d): The labour productivity varies from plant to plant depending upon the technology, level of integration, efficiency, extent of out sourcing etc. And, therefore, inter-plant and inter-country comparisons may not necessarily reflect the efficiency in use of human resources only. Labour productivity is an operational and management issue which depends on technology, operational practices, cost of capitals etc. The government has no direct role in raising labour productivity in the steel plants.

(e) Government has taken following steps to increase the productivity of steel industry:-

- i. The Government has launched the 'Make-in-India' initiative to focus on manufacturing and infrastructure, which will help in promoting the demand and consumption of steel in the country.
- ii. The public sector enterprises in the steel sector have undertaken expansion and modernization of their steel plants to increase production of steel.
- iii. To ensure that only quality steel is produced and imported, Government has notified Steel and Steel Products (Quality Control) Orders dated 12.03.12 and 04.12.15.
- iv. Govt. has notified Mines and Minerals Development and Regulation (MMDR) Act, 2015 to streamline grant of Mining Leases in order to maintain sufficient availability of raw materials for various sectors including steel sector.
- v. To provide level playing field to the domestic steel producers, Govt. has extended Minimum Import Price (MIP) on 19 steel products till 4th February, 2017 vide DGFT Notification No. 31/2015-2020 dated 03.12.2016 .
