

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.3358
FOR ANSWER ON 24/03/2021

INCREASE IN PRICES OF STEEL PRODUCTS

3358. SHRI KANAKAMEDALA RAVINDRA KUMAR:

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that there is sharp increase in the prices of steel products which is adversely affecting the growth of various sectors of the economy particularly construction and infrastructure sector and engineering sector;
- (b) if so, the details thereof;
- (c) whether Government has any proposal to impress upon steel manufacturers to reduce the prices of steel;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STEEL

(SHRI DHARMENDRA PRADHAN)

(a)to(e): Steel is a deregulated sector where prices are a function of global market conditions, trends in price of raw materials, logistics cost, power and fuel cost etc. Being a cyclical sector, steel prices also follow the changes in demand and supply. Following the Covid-19 pandemic and the resultant lockdown measures, there was disruption in the supply chains, logistics, availability of human resources, raw materials and working capital etc., leading to a sharp reduction in production as well as consumption/demand of steel during the period from April-July, 2020. With gradual unlocking measures undertaken by the government, the production and demand of steel have since recovered and even crossed the previous year's levels during the recent months and the resultant price of steel increase during the recent months. The details of consumption/demand of finished steel during April, 2020 – February, 2021 and the Corresponding Period Last Year (CPLY) are given in the following table:–

Consumption/Demand of Finished Steel (in million tonnes)		
Month	FY 2019-20	FY 2020-21
April	7.33	1.09
May	8.85	4.79
June	8.59	6.35
July	8.57	7.69
August	9.19	8.16
September	8.45	8.46
October	8.83	9.38*
November	7.77	9.17*
December	8.65	10.16*
January	9.17	9.70*
February	8.55	9.13*

Source: Joint Plant Committee (JPC); *provisional

2. Various steps taken by the Government, inter alia, include the following:-

I. Ramping up of Steel Production:-

After a decline in production to 22.17 MT during April to July, 2020 following the Covid-19 pandemic vis-à-vis 35.16 MT during the Corresponding Period Last Year (CPLY), the production has increased to 63.26 MT during August, 2020 to February, 2021 vis-à-vis 60.27 MT during CPLY.

II. Ramping up of Iron ore Production:-

- (i) Ramping up of planned production by NMDC Ltd. from 32 MT (2019-20) to 35 MT (2020-21).
- (ii) Neelachal Ispat Nigam Limited (NINL) allowed to sell iron ore from the existing leases up to 2.0 MT.
- (iii) Steel Authority of India Limited (SAIL) allowed to sell 25% fresh fines and 70 Million Ton dumps with about 4.0 MT being made available in the open market during, 2020-21.
- (iv) Guali and Jilling Langlota Iron Ore Mines in Odisha reserved for the State PSU viz., M/s OMC for a period of 10 years. Government of Odisha has recommended reservation of Teherai Iron Ore Mine Blocks in favour of NMDC Ltd.
- (v) Operationalization of expired leases of iron ore mines post auction in Odisha and Karnataka.

III. Reduction in BCD and Revocation of Trade Remedial Measures:-

In the Union Budget, 2021-22, the Basic Customs Duty has been reduced uniformly to 7.5% on semis, flat and long products of non-alloy, alloy and stainless steel. BCD on steel scrap has been exempted for a period up to 31st March, 2022. In addition, ADD and CVD on certain steel products have also been revoked/temporarily revoked.

3. The details of prices of a few steel product categories during January and February, 2021 are as shown in the following table:-

Average Market Price (Retail) (₹/Ton)				
	TMT (10 mm)	HR Coils (2 mm)	CR Coils (0.63 mm)	GP Sheets (0.63 mm)
January '21	50737	59155	67165	67873
February '21	47466	54714	63642	64797
Source: Joint Plant Committee (JPC), Prices are exclusive of taxes				
