

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.4682
FOR ANSWER ON 09/05/2013

INCREASE IN STEEL SUPPLY DEFICIT

4682. SHRI N.K. SINGH:

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that India's steel supply deficit quadrupled to 4 per cent in the financial year 2012-13 from 1 per cent in the previous year;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether Government is proposing any measures to bridge the steel supply deficit; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STEEL

(SHRI BENI PRASAD VERMA)

(a) No, Sir.

(b) Net imports as a percentage of domestic demand is considered as an appropriate indicator for estimating steel supply deficit. As can be seen from the table below, steel supply deficit has increased marginally from 3.20% in 2011-12 to 3.56% in 2012-13.

Production, Import, Export, Real Consumption of Steel (alloy+non-alloy)

(Unit: '000 Tonnes)

Year	Production for Sale	Import	Export	Net Imports	Real Consumption	Net Imports as % of Domestic Demand
2011 - 12	75697	6863	4588	2275	71021	3.20
2012-13 *	77616	7867	5253	2614	73330	3.56

Source: JPC; * Provisional

Note: Real consumption of steel is taken as a proxy for domestic demand for steel

(c)&(d): Steel being a deregulated sector, the role of the Government is limited to that of a facilitator so as to provide a conducive policy environment. Specific decisions on investment are taken by steel companies/ new investors on the basis of their assessment on returns on capital and other considerations. However, the Government has taken/proposed to take following steps to support the growth of the steel industry which would improve supply and help to bridge the gap between demand and supply:-

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- (i) An Inter Ministerial Group (IMG) has been set up by the Government for effective coordination and to expedite implementation of various investment projects in the steel sector.
- (ii) The Public Sector Undertakings (PSUs) namely Steel Authority of India Ltd. (SAIL), Rashtriya Ispat Nigam Ltd. (RINL) & NMDC Ltd., are in the process of implementing significant expansion in the crude / finished steel capacities in their respective brownfield / greenfield locations.
- (iii) Import of critical raw materials for steel industry such as coking coal, non-coking coal and scrap are subject to zero or very low levels of customs duty.
- (iv) To encourage domestic value addition and improve domestic iron ore availability, duty on export of iron ore has been increased to 30 per cent.
- (v) The Ministry of Steel routinely consults the industry to be apprised of the constraints to growth and recommends necessary corrective measures to other concerned ministries.
