GOVERNMENT OF INDIA

MINISTRY OF STEEL

RAJYA SABHA

UNSTARRED QUESTION NO-1411

ANSWERED ON-09.03.2016

Impact of crisis in the EU and China steel market

1411. Shri N. Gokulakrishnan

(a) how India looks at the crisis in the EU and China steel markets;

(b) how the above crisis impact domestic Indian steel companies as well as Indian steel companies operating abroad; and

(c) how the Ministry is going to help Indian companies to come out of this problem?

ANSWER

THE MINISTER OF STEEL AND MINES (SHRI NARENDRA SINGH TOMAR)

(a)&(b): The global steel industry is going through a severe downturn. Demand slowdown and global overcapacity have resulted in very low international steel prices. Major steel producing countries, particularly China, are adopting a predatory pricing strategy and exporting at prices, apparently lower than its cost of production, in a bid to capture markets like Europe as well as India. This has resulted in declining profitability of steel companies globally as well as for the Indian Steel Industry.

(c) In order to protect the steel sector and make it more competitive, the Government has taken following measures so far:-

(i) To ensure that only quality steel is produced or imported, Government has notified Steel & Steel Products (Quality Control) Orders, 2012 dated 12.03.2012 and Steel & Steel Products (Quality Control) Orders, 2015 dated 15.12.2015.

(ii) To increase availability of Coal and Iron ore for the domestic steel industry:-

(a) Notified the Coal Mines (Special Provisions) Amendment Act, 2015 on 30.03.2015 to streamline coal block allocations.
(b) Notified the Mines and Minerals (Development and Regulation) Amendment Act, 2015 on 27.03.2015 to streamline grant of Mining Leases.

(iii) The Union Budget 2015-16 has raised peak rate of basic customs duty on both flat and non-flat steel to 15% from 10%.

(iv) Hiked import duty on ingots & billets, alloy steel (flat & long), stainless steel (long) and non-alloy long products from 5 % to 7.5% and non-alloy and other alloy flat products from 7.5% to 10%. This was further revised in August, 2015 on flat steel from 10% to 12.5%, long steel from 7.5% to 10% and semi-finished steel from 7.5% to 10%.

(v) In November, 2014, instructions were issued to ensure import of rebars strictly as per Steel Product Quality Control Order 2012, to block influx of cheap imports of boron added rebars.

(vi) In June, 2015, an Anti-Dumping Duty levied 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).

(vii) Imposed, in September, 2015, a provisional Safeguard Duty of 20% on hot-rolled flat products of non-alloy and other alloy steel, in coils of a width of 600 mm or more, for a period of 200 days.

(viii) Imposed, vide its notification dated 05.02.2016, the Minimum Import Price (MIP) condition on 173 steel products. Imports of items covered under this notification will not be allowed into the country below the notified price.

(ix) 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.

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