

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:2184

ANSWERED ON:14.08.2006

PRICES OF METAL

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**Will the Minister of STEEL be pleased to state:**

- (a) whether the prices of metals are rising continuously;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the rising price trend of metals has affected the cost of automobile and consumer durables;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Union Government to contain the prices of metals?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a) The spot retail price of various steel items have increased during the last six months.

(b) The spot retail price of selected steel items at Mumbai during the last six months is given in the annex. The domestic market prices generally follow international prices and are guided by the landed cost of imports. International prices of items like HR Coils, CR Coils, Billets and Wire Rods have moved up since February 2006. Strong domestic demand for steel and increase in cost of raw materials like zinc and ferro alloys has also contributed in the rise in steel prices.

(c)&(d): The steel companies charge different prices for different customer segments. The domestic prices charged by steel companies may be classified either as long-term contract prices or spot retail prices. The prices relevant for any steel consuming industry such as the auto sector are usually long-term contract prices, which are negotiated between producer and consumer and are confidential by nature. Ministry of Steel does not maintain information on the increase in long-term contract prices of steel.

(e) Though in a deregulated environment the Government does not intervene directly in the market to influence prices, in order to reduce the landed cost of imports and assist in stabilization of domestic steel prices, government has reduced the customs duty on iron and steel items significantly. The customs duty on non-alloy steel has been brought down from 30% in 2002-03 to 5% in August 2004. In case of alloy steel the reduction during the same period has been from 30% to 15%. Customs duty on alloy steel was further reduced to 10% in the General budget 2005-06 and has been brought down even further in the General Budget 2006-07 to 7.5%.

Annexure

Trend of Market Prices of Select Steel Items at Mumbai

(Rs./Tonne)

Feb.	March	April	May	June	July
2006	2006	2006	2006	2006	2006

TOR/TOT 24500(11.22) 24750(10.10) 25750(5.83) 27000(0.93) 27000(0.93) 27250  
(10 mm)

Wire 22600(16.15) 23700(10.76) 25000(5.00) 28750(-8.70) 26750(-1.87) 26250  
Rods(8 mm)

Rounds 24000(9.38) 24250(8.25) 25250(3.96) 26250(0.00) 26250(0.00) 26250  
(16 mm)

HR Coil 25250(29.70) 26750(22.43) 28250(15.93) 31750(3.15) 31500(3.97) 32750  
(2.5 mm)

CR Coil 29000(15.52) 30500(9.84) 30500(9.84) 34000(-1.47) 33000(1.52) 33500  
(0.63 mm)

GP 34000(8.82) 35000(5.71) 35000(5.71) 37500(-1.33) 37250(-0.67) 37000  
Sheets(0.63 mm)

(Source: ERU/JPC)

**NOTE:**

(i) Prices are inclusive of Excise Duty and Sales Tax.

(ii) All prices are indicative.

(iii) Figures in parenthesis indicate percentage variation in July price compared to each of the previous five months..