



Union Budget lays a Foundation of Steel to the Growth of India – Chaudhary Birender Singh

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The Union Budget 2017-18, presented in the Parliament on 1st February 2017 is a forward looking budget directed towards raising the productivity in the economy with a focus to transform, energize and clean India. With a keen focus on infrastructure and all round development, the budget - under the leadership of Prime Minister Shri Narendra Modi - will strengthen economic fundamentals - a focus of the government since 2014.

Minister of Steel Shri Chaudhary Birender Singh said, "In my experience, this is one of the finest budgets ever. It focuses on raising overall productivity of the economy with an emphasis on complete transformation of India. This budget has laid a foundation of steel to the India Growth Story."

Ministry of Steel will largely benefit from the outcome of the budget. Through affordable housing, a giant boost has been given to real estate and infrastructure sector. This will boost real estate construction activities and will increase the demand of steel products as will the government's investment plan of Rs. 64,000 crore in National Highways and Rs. 27,000 crore on Pradhan Mantri Gram Sadak Yojana. Further budgetary outlay in infrastructure and railways & creation of new airports will create a tremendous demand in the sector. The target of 100% village electrification by May, 2018, will also benefit many steel producers. The reduction in duty on imported LNG will benefit standard gas based steel plants and encourage more sponge iron producers to adopt the gas based production route which is more environments friendly.

In terms of taxes, basic custom duty has been reduced in some steel products that will largely benefit the sector.

1	7208	Hot rolled coils for use in manufacture of welded tubes and pipes falling under heading 7305 or 7306	12.5%	10%
2	72251990	Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented steel (CRGO) falling under 72251100	10%	5%

Basic Customs Duty reduction on Nickel, too, may lead to reduction in cost of production of stainless steel.

The budgets intention to put aside Rs. 10,000 crores for re-capitalization of Public Sector Banks will increase their ability to partially withstand the current NPAs in the steel sector and in all likelihood will also generate a scenario where they will be able to lend more to the distressed companies.

With substantial focus on infrastructure spending, railways, aviation, defence and housing the Union Budget 2017-2018 will revive the demand for steel and steel-based products in the following months and years.

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