

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 346
TO BE ANSWERED ON 03.02.2022

INCREASE IN PRICE OF RAW MATERIAL AND TRANSPORTATION

346. SHRI S. JAGATHRAKSHAKAN:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether slumped demand, rising raw material costs and soaring transportation charges have hit Micro, Small and Medium Enterprises (MSMEs) hard, leaving many on the brink of bankruptcy;
- (b) whether the remedial steps have been taken/ being taken by the Government in this regard; and
- (c) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NARAYAN RANE)

(a) to (c): The National Small Industries Corporation Limited (NSIC) a Public Sector Undertaking under the Ministry of Micro, Small and Medium Enterprise (MSME) facilitates MSMEs to meet their raw material requirement by making arrangements with bulk manufacturers for procuring the materials and supplying the same to MSMEs. NSIC also provides financial assistance to MSMEs under their Raw Material Assistance (RMA) Scheme against bank guarantee for payment to the suppliers. The issue of regular increase in prices of raw materials specifically post-pandemic was regularly taken up by NSIC with the bulk producers. Further, the Government of India has taken several measures to deal with the issue of rise in raw materials including MSME sector, which include:

- (i) To ensure enhanced production and availability of iron ore and steel, steps like reforms in mining and mineral policy, early operationalization of forfeited working mines of Odisha by the State/Central PSUs and ramping up production and capacity utilization by steel producers have been taken by the Government.
- (ii) In Union Budget 2021-22, Customs Duty has been reduced uniformly to 7.5% on Semis, Flat and Long products of non-alloy, alloy and stainless steels. Further, Basic Custom Duty (BCD) on steel scrap has been exempted for a period up to 31st March, 2022. In addition to the above, ADD and CVD on certain steel products have also been revoked / temporarily revoked.
- (iii) To give relief to secondary and MSME sector steel industry engaged in Housing/construction sector, TMT bars below 8 mm have been exempted from the purview of the Quality Control Order, as these are primarily used for non-critical applications.
- (iv) Ministry of Steel has also issued clarifications to CPWD, MoRTH etc. that steel produced through various routes of production using iron ore, steel scrap and DRI should be treated at par if the steel produced conforms to the relevant BIS standards.
