

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 3485
TO BE ANSWERED ON 24.03.2022

PRICE OF RAW MATERIALS

3485. SHRI PARTHIBAN S.R.:

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

- (a) whether the prices of raw materials have gone up steeply for MSMEs and if so, the details thereof;
- (b) whether the MSMEs are not able to honour the supply commitments and as a result are closing down; and
- (c) if so, the number of MSMEs closed down due to Covid-19 pandemic?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) to (c): The National Small Industries Corporation Limited (NSIC) a Public Sector Undertaking under the Ministry of Micro, Small and Medium Enterprises (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 2022-23, Custom Duty exemption on steel scrap has been extended for up to 31st March, 2023 to provide relief to the MSME secondary steel producers. In addition, considering prevailing high prices of steel products, certain anti-dumping duties and countervailing duties on steel have been revoked in larger public interest. Also, in order to incentivize domestic manufacturing of umbrellas by MSMEs, customs duty on umbrellas have been raised to 20% and customs duty exemptions available to parts of umbrellas have been withdrawn.
- (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.
