

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 4754
TO BE ANSWERED ON 31.03.2022

RAW MATERIAL PRICES

4754. SHRI PARTHIBAN S.R.:

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

- (a) whether the Government/MSMEs are aware of the ever-increasing prices of raw materials and the difficulties faced by them in honouring the contracts;
- (b) if so, the steps taken by the Government in addressing the raw material prices; and
- (c) the steps taken by the Government with raw material producers to reduce prices?

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 procurement of 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 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 metals, certain anti-dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel have been revoked.
- (iii) To give boost to the Gems and Jewellery sector, a decision has been taken in Union Budget 2022-23 to reduce custom duty on cut and polished diamonds and gemstones to 5%. Also, simply sawn diamonds were exempted from customs duty. Also, custom duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining has been reduced.
- (iv) 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.
- (v) 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.
