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**Study of Evolution of Policy Action of Minimum Import Price  
for Stressed Indian Steel Sector**

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## Table of Contents

<i>List of Figures</i>	<i>vi</i>
<i>List of Charts</i>	<i>vi</i>
<i>List of Tables</i>	<i>vi</i>
<i>List of Acronyms</i>	<i>vii</i>
<i>Abstract</i>	<i>viii</i>
<b>Chapter 1: Introduction</b>	
1.1 Background: Initial Phase of Steel industry development	1
1.2 Liberalisation phase	2
1.3 Recent developments in iron and steel sector	3
1.4 Nature of Stakeholders	5
1.5 Relevance and Justification	6
1.6 Research objectives	6
1.7 Research questions	7
1.8 Methodology	7
1.9 Scope and limitations	8
1.10 Structure of the paper	8
<b>Chapter-2: Theory and concepts</b>	
2.1 Stakeholder	10
2.2 Stakeholder identification and salience	10
<b>Chapter-3: Steel Policy and stakeholders</b>	
3.1 Steel Policy	17
3.2 Stakeholders	18
<b>Chapter-4: Challenges in Indian Steel sector and need for policy action</b>	
4.1 Overview	21
4.2 Increase in imports into India	22
4.3 Price pressure	22
4.4 Financial stress	24
4.5 Other significant factors	24

4.6 Government of India response to challenges in steel sector	26
<b>Chapter 5: Policy action and stakeholder's perspective</b>	
5.1 Measurement of attributes	29
5.2 Measurement of attribute for steel company and illustration for Tata Steel Limited	32
5.3 Measurement of attribute for steel association and illustration for CII	35
5.4 Explanation of different types of stakeholders	38
5.5 Saliency of stakeholders for Ministry of Steel and MIP notification	40
5.6 Policy action of MIP	41
5.7 MIP effect on imports	43
<b>Chapter 6: Stakeholders Response on Protection and National Steel Policy</b>	
6.1 MIP and National Steel Policy	46
6.2 MIP response by companies and association	47
<b>Chapter 6: Conclusion</b>	<b>50</b>
<b>References</b>	<b>53</b>
Appendix-A	59
Illustrative measurement of saliency of a company	
Appendix-B	61
Illustrative measurement of saliency of an association	
Appendix-C	62
Import of iron & steel through major Indian ports	
Appendix-D	63
Research questionnaire to individual companies	
Appendix-E	69
Research questionnaire to individual Associations	
Appendix-F	73
Research questionnaire to Ministry of Steel	
Appendix-G	79
'Legitimacy' attribute response of companies and associations	
Appendix-H	80
'Power' attribute scores of companies and associations	
Appendix-J	81
'Urgency' attribute scores of companies and associations	

Appendix-K	82
Perception of respondent companies about congruence of MIP with National steel policy	
Appendix-L	83
Desirability of different policy actions by steel companies and associations	

### **List of Figures:**

Figure 1.1: Plot of four legitimacy attributes	12
Figure 1.2: Plot of four legitimacy attributes	13
Figure 2.1: Stakeholder Typology	16
Figure 3.1: SWOT Analysis of Indian Steel Industry	17
Figure 5.1: Legitimacy depiction for CII	37

### **List of Charts:**

Chart 4.1: Imports growth of total steel imported into India in 2015-2016	28
Chart 5.1: Imports growth rate of total steel imports into India (percentage)	44

### **List of Tables:**

Table 2.1: Sub-Classification of Latent Stakeholder	14
Table 2.2: Sub-Classification of Expected Stakeholder	15
Table 3.1: Main Steel Producers in India	19
Table 4.1: Apparent Steel Use per Capita (2014) (in kilograms)	21
Table 4.2: Imports of Steel into India in last three years	22
Table 4.3: Indicative average market prices of leading items of finished steel in Delhi market	23
Table 4.4: Comparative steel prices in India and other countries	23
Table 4.5: Financial performance (Profit after Tax) of Indian steel companies	24
Table 4.6: Share of few countries in steel imports into India	25
Table 4.7: Imports growth rate of steel imports into India in 2015-16 as compared to corresponding period in 2014-15	27
Table 5.1: Legitimacy response for Tata Steel Limited	34
Table 5.2: Attributes of company and their classification	35
Table 5.3: External Legitimacy response for CII	36

Table 5.4: Attributes of associations and their classification	38
Table 5.5: Perception of Media influence and consideration of consumer's interest on imposition of MIP	39
Table 5.6: Perception of Ministry of Steel for different companies expressing views on MIP	40
Table 5.7: Perception of Ministry of Steel for different associations expressing views on MIP	41
Table 5.8: Imports growth rate of steel imports into India in 2016-17 as compared to corresponding period in 2015-16	44
Table 5.9: Imports of steel from major countries	45
Table 6.1: Mean perception of companies and association about MIP action aligned with NSP	46
Table 6.2: Desirability of policy action mean response by companies and association	47

## List of Acronyms

CII	Confederation of Indian Industry
CRC	Cold Rolled Coils
Crore	10 Million
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
EIF	Electric Induction Furnace
FICCI	Federation of Indian Chambers of Commerce & Industry
FTA	Free Trade Agreement
GoI	Government of India
HRC	Hot Rolled Coils
ISA	Indian Steel Association
JPC	Joint Plant Committee
MIP	Minimum Import Price
MT	Million Tonnes
RBI	Reserve Bank of India
RINL	Rashtriya Ispat Nigam Limited
SAIL	Steel Authority of India Limited
SIMA	Sponge Iron Manufacturers Association

## **Abstract**

This research paper use stakeholder's salience theoretical concept of Mitchell et al. (1997: 853-882) in public policy arena. It has been argued that Ministry of Steel in India took a policy step of imposition of Minimum Imports Price (MIP) to ease out the challenges faced by Indian steel sector in terms of increased imports and decreasing financial strengths. The policy action evolved had an effect of containing import growth. The policy action was aligned with the objective of National Steel Policy, however, stakeholder companies and Industry associations desired other policy actions too. Stakeholder's classification as provided in theoretical framework has been arrived at by calculating salience based on attributes of power, legitimacy and urgency towards MIP policy action. The results of stakeholder's salience and MIP decision have been analysed to show correlatable findings as per theory of stakeholder's salience. Dynamic nature of salience in public policy may require detailed and frequent use of stakeholder's salience framework to further elaborate and analyse relationship of salience, policy action and governance.

**Key words:** Stakeholder's salience, Indian steel sector, Minimum Import Price, Policy.



# **Chapter-1**

## **Introduction**

Since independence of India in 1947, the country has worked on industrialisation strategy and related policies in its national interest. The journey from protective industrialisation to liberalisation and globalisation has had effects on different Industries. Policy intention of the Government manifested in industrialisation policy, trade policy, credit policy, investment policy and other administrative instructions which paved the way from highly controlled regime which evolved into present liberalised regime of industrial environment.

This research paper delves into one such core industry in India namely the Steel Industry. This paper presents evolution and effect of recent policy decision taken by the Government to ameliorate stressed condition of steel sector.

### **1.1 Background: Initial Phase of Steel industry development**

The magnitude of industrial development in India at the time of independence in 1947 was very less. Factory establishments of India contributed only 6.6 percent of total national income in 1948-49 with total labour force of about 2-4 million or 1.8 percent of the working population (Planning Commission 2014a). The government policy for industrialisation began with the Industrial Policy Resolution of April, 1948. The objective of the resolution was to meet country's requirements with a programme of industrial development. The Resolution provided industries where role was reserved solely for (i) the Central Government, (ii) both the Central and State Governments with limited involvement of private sector, and (iii) to private sector with monitoring from the Government (Ibid.). Steel Industry was assigned to the category where both the Central and State Governments were responsible for their development with very limited involvement of private sector (Ibid.).

As per report of Fiscal Commission, 1949-50, one of the first steps Independent Government of India took was to change customs policy to prevent unfair foreign competition in the interest of country's industrial development (Shirokov 1973: 90). Planning Commission indicated in its first Five Year Plan document that the production of iron and steel was hardly 50 percent of the demand, and basic industry like iron and steel, should not only cater to immediate requirements but also long term demand of the country. Substantial increase in the production of iron and steel would be needed for high rate of industrial growth. (Planning Commission 2014a). It is clear that the iron and steel sector was given highest priority in planning since the year 1947.

Planning Commission in second plan period (1956-1961) incorporated a new Industrial Policy Resolution, 1956. The resolution mentioned adoption of the “socialist pattern of society” as the national objective and further mentions that “the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector” (Planning Commission 2014b). Essential industries requiring huge investment were to be in the public sector. The State therefore had direct role for the future development of industries. Industries like arms and ammunition and allied items of defence equipment, atomic energy, iron and steel, coal and lignite, railway transport, shipbuilding, generation and distribution of electricity were under state control (Ibid.)

Planning Commission in fifth Plan period (1974-1979) document mentioned that from the year 1960-61 import substitution was significant *interalia* in the area of iron and steel sector. The share of imported machinery and equipment in the country's gross (fixed) capital formation declined from 43.4 percent in 1960-61 to 9.6 percent in 1973-74, reflecting increased self-reliance (Planning Commission 2014c). There were numerous committees reviewing different aspects of trade and industrial policies in later part of seventies which can be termed as phase of “official reflection” (Ahluwalia 1991: 5). It was declared in March 1980 that the budgetary support to public enterprises would not be available and they need to raise resources through public debentures or deposits (Swamy 1994: 178).

As regards iron and steel sector, Planning Commission in sixth Plan document notes that the capacity utilisation of the integrated steel plants decreased to 69 percent during 1979-80 from 90 percent in 1977-78 due to a setback in production primarily in terms of availability of coal, power and rail transport due to infrastructural constraints (Planning Commission 2014d). Government responded to the situation with steps like addressing infrastructural constraints, import of coking coal, provision for captive power, acceleration of research and development for utilisation of inferior grades coal etc. (Planning Commission 2014d).

## **1.2 Liberalisation phase**

The need for limited liberalisation was expressed during sixth plan period 1980-85. It was expressed that the regime of protection from international competition has led to sub-optimal capacities for industries with high cost industrial structure. (Planning Commission 2014d). Need was felt to create policy environment “to encourage and promote greater efficiency, higher productivity and faster industrial growth in desired directions through a well-co-ordinated system of incentives and in consonance with the objective of self-reliance” (Planning Commission 2014e).

India ran into Balance of Payment crisis of 1990-91 which led to grounds for stabilization and adjustment strategy (Ghosh 2013: 177). A new Industrial Policy was introduced on 24th July, 1991. The most significant development during 1991-92 were policy reforms deregulating the industrial sector and liberalization of foreign investment and technology imports besides removal of restrictions on investment under provisions of Monopolies and Restrictive Trade Practices Act (MRTP), 1969 and Foreign Exchange Regulation Act (FERA), 1973 (GOI 1992 :80). Iron and steel industry was de-reserved.

After liberalisation of iron and steel industry in 1991 with delicensing and decontrol, private sector was encouraged. The impact was visible in five years. Planning Commission noted in its ninth Plan document that “contribution of secondary steel producers increased to 12.18 million tonnes of finished steel in 1996-97 from 6.79 million tonnes in 1992-93 with major augmentation of finished steel capacity in private sector” (Planning Commission 2014f). Total finished steel produced for sale in 1991-92 was 14.23 Million Tonnes which grew at much faster rate during post liberalisation period after 1991. It has grown to 91.46 Million Tonnes in 2014-15 (Ministry of Steel 2016a). Finished steel capacity in India increased from 1.1 Million Tonnes in 1951 to 118 Million Tonnes in 2015-16 (Joint Plant Committee, 2016, personal communication).

### **1.3 Recent developments in iron and steel sector:**

Recently Indian iron and steel sector has been facing global and internal challenges in terms of import volumes of steel goods, price pressures and raw material availability.

Ministry of Steel has informed about recent global and national steel sector scenario (Purkayastha P. 2016, personal communication, 5th July) stated as follows. World Crude Steel Production (2015) is 1623 Million Tonnes (MT) from a global crude steel production capacity of about 2328 MT. Major steel producing countries are China, Japan, India and USA. China produces around 50% of total world output. Presently global Capacity Utilization is around 70%. In India, the capacity utilization is currently around 76%. Steel production in India increased by 0.4% to 89.32 MT in financial year 2015-2016. Imports of steel (including semis) were at 12.7 MT for 2015-2016 recording an increase of 27% from 10 MT in 2014-15. There has been enormous capacity addition in China in last 15 years. Current steel capacity in China is close to 1.2 billion tonnes as against 2.3 billion tonnes globally. Chinese economy is slowing and demand for steel is declining sharply. There is overcapacity in China and since steel is highly capital intensive industry, China has adopted strategy of aggressive exports. The sector is also facing increase in trade of steel goods from Japan and Korea under Foreign Trade Agreements. There is lack of sufficiency in raw material for steelmaking such as iron ore (especially land locked areas) and coal

domestically. Inverted import duty structure on raw material for steel making makes import of finished goods cheaper. Underdeveloped infrastructure and high cost of logistics are additional disadvantage to the steel sector.

The Government has taken tariff and non-tariff measures to address the present situation. These are mentioned as follows, -

(a) The Government increased the peak rate of basic customs duty on steel to 15% from 10% in budget for financial year 2015-16. The effective rate of customs duty has also been increased by 5% in two steps, first by 2.5% in June 2015 (notification no.39/2015-Cus,dt. 16-06-2015) and next again by increase of 2.5% in August 2015 (notification no. 45/2015-Cus,dt. 12-08-2015). Presently customs duty on imports of steel is generally in the range of 10% - 12.5% *advalorem* (GOI 2015a, GOI 2015b).

(b) Anti-dumping duty:

- i. Anti-dumping duty imposed on Seamless tubes, pipes & hollow profiles of iron, alloy or non-alloy steel (other than cast iron and stainless steel), whether hot finished or cold drawn or cold rolled of an external diameter not exceeding 355.6 mm or 14OD, originating in or exported from China PR, vide notification no. 18/2016-Cus (ADD),dated 17.05.2016. (GOI 2016a)
- ii. Anti-dumping duty imposed on import of Cold Rolled Flat Products of Stainless Steel originating in, or exported from the People's Republic of China, Korea, European Union, South Africa, Taiwan (Chinese Taipei), Thailand and USA vide notification 61/2015-Cus (ADD), dated 11.12.2015 (GOI 2015c).
- iii. Anti-dumping duty imposed on imports of Hot Rolled Flat Products of Stainless Steel of ASTM Grade 304 with all its variants originating in, or exported from People's Republic of China, the Republic of Korea and Malaysia vide notification no. 28/2015-Cus (ADD), dated 05.06.2015 (GOI 2015d).

(c) Safeguard duty:

- i. levy of safeguard duty on imports of Hot-rolled flat products of non-alloy and other alloy Steel in coils of a width of 600 mm or more for a period of two years and six months vide notification no. 01/2016 Cus.(SG), dated 29.03.2016 (GOI 2016b).
- ii. levy of safeguard duty on Hot-rolled flat products of non-alloy and other alloy Steel in coils of a width of 600 mm or more (heading 7208 or tariff item 72253090) at the rate of 20% vide notification no. 02/2015 Cus.(SG), dated 14.09.2015 (GOI 2015e).

- (d) The Government has amended the Steel & Steel Products (Quality Control) Order, 2012, in December 2014 as well as in December 2015 to ensure that only quality steel is produced/imported in India (Ministry of Steel 2016b).
- (e) The Government on 5th February 2016 has imposed Minimum Import Price (MIP) on 173 steel products under Chapter 72 of ITC (HS), 2012-Schedule-I (Import Policy) (GOI 2016c).

Apart from above external factor causing stress in steel sector, the industry also faced internal raw material challenges in terms of availability of iron and coal. Due to intervention of the supreme court of India, several iron ore mines were closed in the year 2012 and 2013 making iron ore availability difficult for steel industry. Another challenge to iron and steel industry emerged when Supreme Court ordered de-allocation of coal mines in 2014, limiting the supply prospects of coal to iron and steel industry.

National Steel Policy, 2005 mentions about policy support to iron and steel industry in the area of steel demand and steel supply in terms of raw material policy, infrastructure, human resource, research and development, environment, trade policy, investment promotion etc. (GOI 2005). Government took steps to reduce these internal and external factors causing stress in the sector. However, iron and steel sector is diverse and it is expected that the action taken by the Government in terms of policy would have met different level of stakeholder's expectations and dissimilar impact on their cause of concern. Moreover, it would be worthwhile to trace how the Government took policy actions within the ambit of National Steel Policy, 2005 and whether these actions of the Government could have desired outcome.

#### **1.4 Nature of Stakeholders:**

On the basis of production process, main stakeholders namely steel producers can be classified as (i) primary steel producers and (ii) secondary steel producers. In terms of notification No. 4(8)/2010-SD-I dated 12.12.2013, primary steel producers are those producers who are engaged in steel making operations from iron ore. Secondary steel producers don't have primary iron making facility and use process route of Electric Arc Furnace (EAF) and Electric Induction Furnace (EIF) for steel making. Steel processors namely hot re-rolling mills, cold rolling mills, galvanizing units, which produce value added steel also come under secondary steel producers (GOI 2013a).

Other main stakeholders who have interest in policy decision making are associations of steel companies. There are industries having backward linkage and forward linkage in steel products, consumer of steel, Indian exporters, financial sector, service sectors, and media etc. which have limited interaction with Ministry of Steel and can be called as minor stakeholders.

National Steel Policy has been in place since the year 2005. Steel producers have been facing adverse external and internal factors and seeking policy support from the government. This scenario presents an opportunity to study policy decision and implementation in multi-stakeholder arena. Some steel producers and their associations are likely to have more salience in respect of policy action by Ministry of Steel than others. The research paper seeks to know how decision is arrived in multi-stakeholder governance pertaining to steel sector and to what extent the objective of National Steel Policy specifically in the area of imports concern, is achieved.

## **1.5 Relevance and Justification**

As discussed earlier, steel industry has been under turmoil situation in recent times and government has taken some policy steps to provide relief to the sector. It is also mentioned that the sector is quite diverse and majority of stakeholders are expected to be financially relieved by the steps taken by the government. While some ‘stakeholders’ would be more protected with tariff and non-tariff policy actions of the government, on the other hand some ‘stakeholders’ who may be dependent on imported goods would not be so pleased with the steps taken by the government. The voices of these different ‘stakeholders’ are to be taken into account by the decision making authority. Thus governance of policy decision is expected to address concerns of the steel sector to large extent.

Recent stress situation in steel sector has been caused by different factors. This paper would not delve into the reasons for present crisis situation which has very wide dimensions like China’s steel growth, tariff and non-tariff measures by other countries, Free Trade Agreements, domestic availability of raw materials like iron ore and coking coal, logistics & infrastructure issues, financial sector issues, price pressures and so on. For the purpose of present paper, it would be examined how policy decision of MIP was arrived in perspective of National Steel Policy. Further this paper makes no attempt to give intricate details of MIP scheme which anyway is not relevant for present research.

This study provides process of arriving at MIP policy and influence of stakeholders thereon. The research is related to the major Governance, Policy and Political Economy (GPPE) and Public Policy & Management (PPM) as the issues to be researched are policy related and governance of the same.

## **1.6 Research objectives**

The objective of this research study is to understand the evolution of policy decision to address challenges of increased imports. The effect of policy decision would also be examined on imports of iron and steel goods. The study is learning and improvement oriented. The findings of study would be useful reference to Ministry of Steel for

governance in ‘multi-stakeholder’ scenario and related reactionary aspects of National Steel Policy on the issue.

## **1.7 Research questions**

This research explores the main question of how Ministry of Steel has addressed the crisis situation faced by stakeholders of iron and steel sector through the policy action of Minimum Import Price (MIP) evolved in context of National Steel Policy, 2005.

### **Sub-questions:**

- a) What challenges are being presently faced by iron and steel industry due to increased imports of steel?
- b) How the policy decision of imposing Minimum Import Price (MIP) was taken to redress the challenge of increased imports? To what extent MIP action taken by the Government of India could address these import challenges faced by iron and steel industry stakeholders?
- c) How a MIP policy intervention is perceived by various stakeholders in context of National Steel Policy, 2005?

## **1.8 Methodology**

The research study adopts a quantitative and qualitative approach to explore the research questions. The research questions (Appendix-D,E&F) are related to stakeholder salience in steel sector which is being measured based on the theory proposed by Mitchell et al. (1997: 853-882) as discussed in detail in next Chapter. According to Mitchell et al. (Ibid.) there are eight types of stakeholders and these can be identified and classified with three attributes (i) power (ii) legitimacy and (iii) urgency. Possession of these attributes increase the salience of stakeholder (Ibid.). Qualitative approach of questionnaire response has been used to get inputs from different stakeholders.

‘Power’ of a company has been measured with factors like size of the company (turnover and physical performance), its status as winner of any award/recognition, steps taken for Minimum Import Price (MIP) proposal and whether it was achieved, perception by other stakeholders and perception of Ministry of Steel. ‘Power’ of an industry association has been measured with factors like nature of membership in different steel subsectors, steps taken for MIP proposal and whether it was achieved, perception by other stakeholders and perception of Ministry of Steel. All these individual factors were aggregated and score for ‘Power’ coefficient arrived.

Legitimacy has been measured based on the theory proposed by Thomas and Lamm (2012) which would be further discussed in next Chapter. Six dimensions of legitimacy (three internal and three external) have been sought to be measured for individual company. In respect of Industry association three external legitimacy dimensions have been measured as internal legitimacy is not relevant because their objective is oriented towards interest of member of association. Response to questions is used to find out volume measure of polyhedron to arrive at single 'value' of legitimacy.

Urgency has been measured by seeking response as to whether decision to impose MIP was critical and time sensitive.

Aggregate values of 'power', 'legitimacy' and 'urgency' has been used to arrive at the value of stakeholder salience. Further the type of stakeholder was arrived at depending on whether it possesses power, legitimacy or urgency and its combination. The aspect of how policy action is arrived vis-à-vis salience of different stakeholders would also be looked into. An illustration of calculation of salience of company and association is placed at Appendix- A and Appendix- B respectively. This aspect has been dealt in Chapter-5.

Primary and secondary data consisting of information in official websites of Government of India, websites of firms and reports from Government source, research available in the area has also been used to narrate factual details and to give analysis in perspective. Newspaper reports were also made use of for analysis of evolution of decision making process. The findings will be put in overall context of National Steel Policy, 2005.

## **1.9 Scope and limitations**

Present study focuses mainly on evolution of decision making process in respect of only limited area of 'imports' as contained in National Steel Policy, 2005 and policy action of imposing Minimum Import Price on steel goods. The policy area selected is the area where Indian steel industry was severely affected in recent times. Other aspects of the Policy are not being taken up due to time-frame available for research. Therefore, the findings of the research study cannot be generalised in respect of decision making for the whole policy. Further, my present capacity in Ministry of Steel as decision maker may also influence few views however I have tried to make the paper facts based to minimise any researcher bias.

## **1.10 Structure of the paper:**

This paper is structured into seven chapters. Chapter two elaborates the relevant theory and concepts. Chapter three highlights specific areas of Indian Steel Policy relevant to



present paper and stakeholders. Chapter 4 discusses the issues in steel sector necessitating policy action by the government. Chapter 5 deals with the stakeholder approach for policy action and effect of action taken. Chapter 6 explains stakeholder response on protection and National Steel Policy. Final chapter seven concludes the findings of the study in context of research question.

## **Chapter-2**

### **Theory and concepts**

Stakeholder theory has been widely used for firm's internal and external management and decision making. Miles (2015: 20) suggest further research in areas beyond management literature like in area of public policy. This paper attempts to use stakeholder theoretical concepts in the perspective of public policy decision making.

#### **2.1 Stakeholder:**

The term stakeholder has various descriptive meanings. Freeman (1984: 25) introduced the phrase in academic field as "Any group who can affect or is affected by the achievement of the firm's objectives" (as in Jonker and Foster 2002: 188). Kivits while examining Laplume et al. (2008) mentions "A wide range of entities such as persons, groups, neighbour-hoods, organizations, institutions, societies and even natural environments can all qualify as stakeholders" (Kivits 2011: 320). Miles (2015: 13) mentions epistemologically descriptive stakeholder theory has two variants 'normative' and 'Instrumental (strategic)'. Colvin et al. (2016: 267) elaborates Miles variants as "While the normative definition of stakeholder may include any and all people who have some degree of interest (including moral interests) in an issue, a strategic definition of stakeholder captures only those stakeholders whose engagement can be viewed as a pragmatic requirement for successful outcomes". Kaler (2002: 97) suggests "that at least for the purposes of business ethics, stakeholders in a business have to be defined as those with a claim on its services: more particularly, a strong or weak, role-specific, morally legitimate claim to have their interests served by that business". Miles (2015: 19) suggest stakeholder "As an essentially contested concept, the stakeholder concept is subject to perpetual debates concerning the best instantiation of the term".

Thus it may be seen that stakeholder definition started with widest possible involvement of entities relating to decision maker. Gradually it has been debated to exclude some entities based on different factors like 'interest', 'claim', 'value', 'legitimacy' etc. However, as Miles put it stakeholder concept would continue to be contested. For the purpose of this paper Colvin et al. (2016) proposition about stakeholder having interest in successful outcome is relevant. As a policy actor, Ministry of Steel is engaged with steel producers who have their business interest in mind and want policy ambience in line with their interest.

#### **2.2 Stakeholder identification and salience:**

Freeman (1994: 412) recognises the debate on "The principle of Who or What Really Counts". 'Who' refers to stakeholders and 'what' has reference to managers as

regards which (what) stakeholder should be paid more attention (Ibid.). This has managerial perspective for identification of stakeholders.

Mitchell et al. (1997: 853-882) propose three attributes which can be used for identification for class of stakeholders based on whether it possesses one, two or all three attributes namely (i) power (ii) legitimacy and (iii) urgency. These attributes refer to stakeholder's power to affect firm, legitimacy of its relationship and urgency of claim made by the stakeholder to firm (Ibid.)

Power as mentioned by Weber is the “probability that one actor within a social relationship would be in a position to carry out his own will despite resistance” (Weber 1947 :152). Salancik & Pfeffer define power as “ability of those possess power to bring about the outcomes they desire” (as in Mitchell et al. 1997: 865). Mitchell et al. (1997) use Etzioni logic for categorization of power as (i) coercive power- based on physical force, (ii) utilitarian power- based on material resource and (iii) normative power- based on symbolic resources. Stakeholder can gain access to this power so power is dynamic in nature. Parent and Deephouse (2007: 19) analysed and suggested that power is the most important consideration for stakeholder salience and subsequently come urgency and legitimacy.

“Legitimacy is usually defined simply as ‘rightfulness’...Legitimacy is the quality that transforms naked power into rightful authority” (Heywood 2004: 141). Thomas and Lamm (2012) mentions managerial perception for dimensions of legitimacy and indicate “one can identify three dimensions of legitimacy- pragmatic, moral, cognitive- each with an internal propriety and external validity dimension” (as cited by Knorrnga 2014: 364). All three dimensions specify the extent of support individual preference would get (Ibid.).

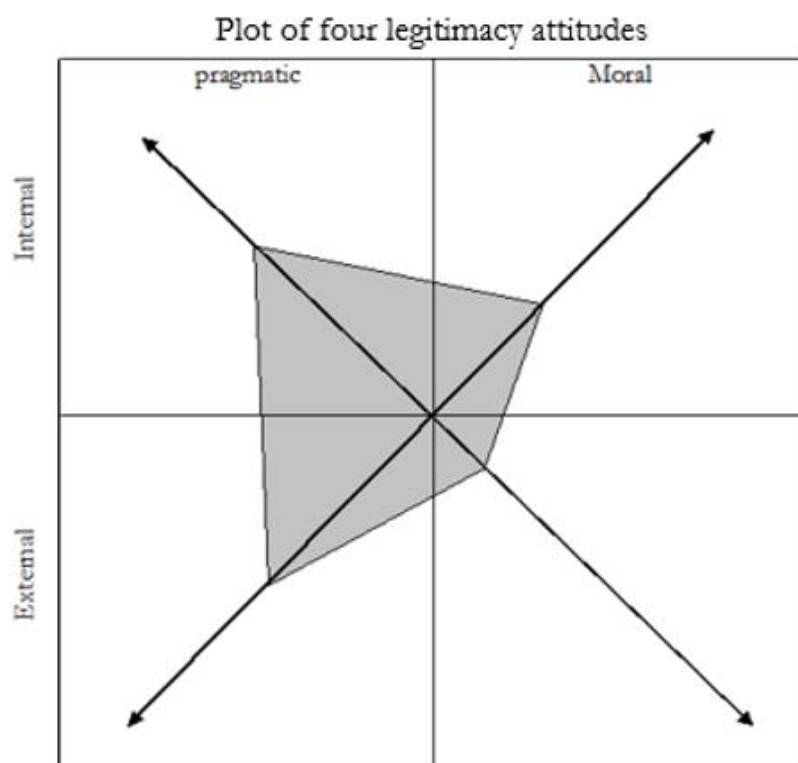
Thomas and Lamm have developed a conceptual model to represent legitimacy as meta-attitude measured using three internal and three externally perceived attitudes. Three attitudes are pragmatic, moral and cognitive and they have both internal and external dimension. These attitudes become important as individually and cumulatively the perceived legitimacy would affect any policy action of organisation.

Pragmatic legitimacy “reflects assessment of perceived ability of an organisation action or attribute to yield tangible benefits for organisation and its stakeholders” (Thomas and Lamm 2012 :193). Thus if a company gets improved financial performance, cost benefit, reduction in market risk etc. due to policy action say MIP, it would have internal legitimacy to support such policy action of the decision maker. Pragmatic legitimacy is a “business case” for company (Ibid.). Moral legitimacy is normative value assessment whether the policy action is right thing and correct thing to do. Moral legitimacy differs from pragmatic legitimacy in the sense that it is beyond cost-benefit perception and reflects righteousness of action. Cognitive legitimacy

refers to perceived “comprehensibility of an action or policy” (Thomas and Lamm 2012 :194). Any policy action may make the job of company easier or difficult. There may be short term and long term implications. This may involve compliance of regulatory obligations by company. Burdensome angle to any policy action could be captured by cognitive legitimacy.

Pragmatic, moral and cognitive categorisation determines attitude and perception towards policy action. Internal dimension for this categorisation is personal assessment for appropriateness of policy. Externally, these criteria reflect influence of and validation by others thus external pragmatic, external moral and external cognitive reflect perception by larger number of other players who may be affected by policy action. These six elemental attitude lead to meta-attitude towards legitimacy of policy action. Likert scale response is used for measurement of six attitudes. The responses can be plotted in six axes. For the purpose of understanding and to comprehend three-dimensional situation, a simplified two dimensional depictions is shown in Figure-1.1. Here for the sake of simplicity cognitive attitude has not been considered which would otherwise make the shape three dimensional. So internal pragmatic, internal moral, external pragmatic and external moral are plotted in radar chart for Likert response.

Figure- 1.1



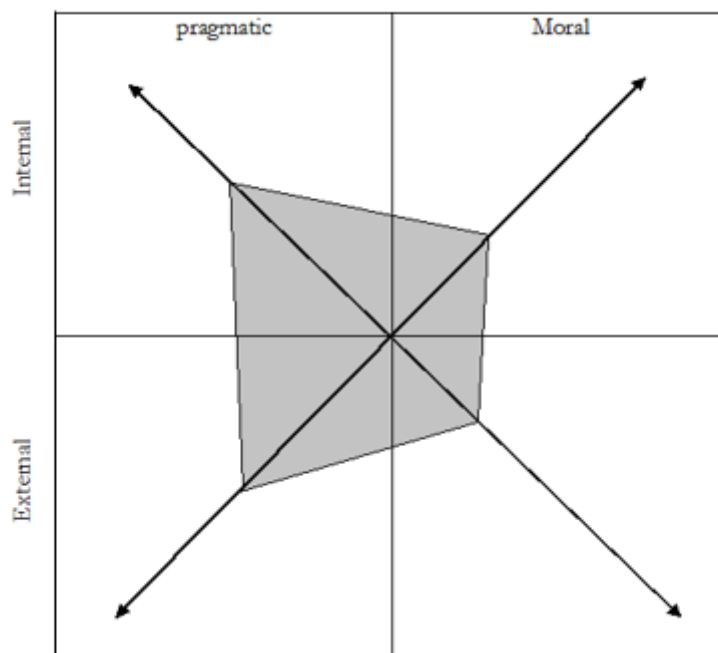
(Source: Thomas and Lamm 2012, Author’s presentation)

Figure-1.1 shows a case where for a policy action internal and external attitude of stakeholders and manager have high regard for pragmatic benefits whereas internal moral legitimacy is less as compared to external moral legitimacy. Thus a policy

action which a stakeholder thinks is righteous does not find same resonance and validation by other stakeholders. If this external moral element is increased by some managerial effort, the situation is similar to as shown in Figure-1.2.

It may be observed that area within a polygon is more in Figure-1.2. The area can be taken as overall meta-attitude towards legitimacy. Thus increasing the elemental scores increase overall legitimacy of policy action. This pictorial depiction also convey as to which type of action is required to increase legitimacy. For example, manager may decide to increase moral element or pragmatic element or both. A shape of polygon which is heavy towards external pragmatic means the policy action is top-down direction by manager. Similarly, a polygon having a shape which is heavy towards external moral and less for pragmatic means although policy action is righteous and finds validation, it may not lead to pragmatic benefits to organisation. If we add third cognitive element of legitimacy, the shape would be a three dimensional polyhedron and a similar meaning could be inferred by the volume. Total volume of polyhedron would be over all meta-attitude of legitimacy.

Figure-1.2  
Plot of four legitimacy attitudes



(Source: Thomas and Lamm 2012, Author's presentation)

Legitimacy is significant dimension of stakeholder to influence the decision making. Suchman (1995: 574) mentions legitimacy as “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Mitchell et al. use this

representative sociological definition for stakeholder framework (1997: 866). Legitimacy facilitate acceptance of the proposition made by the stakeholder.

‘Urgency’ besides power and legitimacy plays important role in stakeholder identification and salience in addition to stakeholder-manager relationship (Mitchell et al. 1997: 867). Two attributes of urgency on which it is based are “(1) time sensitivity- the degree to which managerial delay in attending to the claim or relationship is unacceptable to the stakeholder, and (2) criticality- the importance of the claim or the relationship to the stakeholder” (Ibid.). Jonker and Foster (2002: 192) mention that “organizations whose raison d’etre is to be a lobby or pressure group do not get involved in all situations all of the time. There is a form of threshold that needs to be crossed before they are willing to expend either time or resources on a particular issue or case”. Different issues have varying importance to different stakeholders and urgency is determining factor (Kivits 2011: 322). Urgency is accordingly one of the determinant factors to decide when particular issue is taken up by stakeholders.

Based on the attributes of power, legitimacy and urgency Mitchell et al. (1997) develop a stakeholder salience framework in which stakeholders are classified according to the number of attributes they possess. Following types of classification are mentioned.

**Latent stakeholder:** If stakeholder possesses only one attribute it is called latent stakeholder. Based on the attribute, stakeholders are further classified in terms of Table-2.1. As per the theory of stakeholder salience (Ibid.), managers pay least attention to latent stakeholders.

Table-2.1  
Sub-Classification of Latent Stakeholder

Sub-Classification	Attribute possessed
Dormant stakeholder	Power
Discretionary stakeholder	Legitimacy
Demanding stakeholder	Urgency

(Author’s presentation)

**Expected stakeholder:** If stakeholder possesses two attributes it is called latent stakeholder. Based on the attributes possessed, stakeholders are further classified as per Table-2.2.

Table-2.2  
Sub-Classification of Expected Stakeholder

Sub-Classification	Attribute possessed	Comment
Dominant stakeholder	Power and Legitimacy	Manager pay attention to them
Dependent stakeholder	Legitimacy and Urgency	They have to align with stakeholder having power
Dangerous stakeholder	Power and Urgency	These are coercive and violent

(Author's presentation)

**Definitive stakeholders:** These are stakeholders with all three attributes of power, legitimacy and urgency. They have the highest salience and get immediate attention.

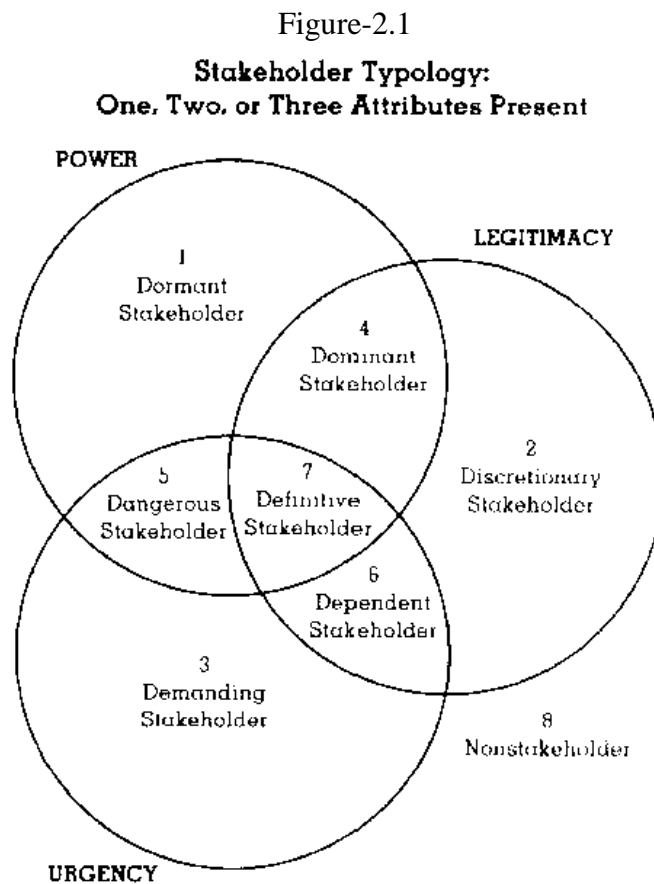
Boesso (2016: 817) mention “the stakeholder salience theory (Mitchell et al. 1997) posits that stakeholder salience is the result of the extent to which managers perceive power, legitimacy, and urgency to be present in a stakeholder group’s claims. These attributes create greater salience in combination than they do individually”. Manager engages with stakeholders based on their salience. Kivits (2011: 318) argues that such engagement is important strategy employed by organisations for improved relations with stakeholder. Arnstein (1969 and Pretty (1995) mention that “stakeholders have low influence when just being informed, and higher influence when they can interact with policy makers and other actors” (as in Soma, K. and A. Vatn 2014 :326).

Hill, C.W. and T.M. Jones (1992: 134) mention that “Managers are the only group of stakeholders who enter into a contractual relationship with all other stakeholders. Managers are also the only group of stakeholders with direct control over the decision-making apparatus of the firm (although some stakeholders, and particularly the suppliers of capital, have indirect control)”.

Besides individual stakeholders there are stakeholder groups who also act in their interest. Stakeholder group can reinforce, oppose or remain neutral. Rowley and Moldoveanu (2003: 215) propose that “All else being equal, the likelihood that a stakeholder group will mobilize to influence the focal organization decreases as the degree of identity overlap with other stakeholder groups increases”. Frooman (1999) “illustrates that stakeholders holding some power over the focal organization are likely to employ direct influence strategies- to target their actions toward the focal organisation. If a stakeholder lacks power, it is likely to employ indirect strategies, attempting to motivate another stakeholder group to influence the focal organization” (as in Rowley and Moldoveanu 2003: 217).

In this paper, I will use stakeholder salience model as proposed by Mitchell et al. (1997) from public policy perspective and analyse how decision are being made in Government through specific case of MIP. The framework of ‘Stakeholder salience’ is

useful analytical tool as it suggests how decision maker perceive power, legitimacy, and urgency. Stakeholder topology is depicted in Figure-2.1.



Attribute involved to measure salience viz. power, legitimacy and urgency are dynamic in relation to any interested intended outcome. In this paper these attributes of stakeholder will be seen in context of the policy action of notifying Minimum Imports Price (MIP). It would be seen how power, legitimacy of demand of stakeholder for MIP and urgency for MIP for different stakeholders are perceived by the Ministry of Steel, a decision maker for policy action. This policy action has overall bearing on the objective stated in National Steel Policy. In next chapter relevant aspect of National Steel Policy, 2005 along with major stakeholders are mentioned which define the arena of this research.



## Chapter-3

### Steel Policy and stakeholders

In this chapter, I describe few features of Indian Steel Policy. The policy would help in identifying stakeholders who are concerned with the issues contained in the same.

#### 3.1 Steel Policy:

India announced its National Steel Policy in the year 2005 (GOI 2005). The Goal of the policy is to develop Indian steel sector as per global standards meeting efficiency, productivity and product benchmarks. The policy provided to have production of 100 Million Tonnes of steel production per annum by the year 2019-20. Global and domestic steel growth parameters were kept in mind for achieving this aim. It was assumed to have growth of 7.3 percent per annum in Indian steel sector (Ibid.). SWOT analysis in policy is mentioned at Figure- 3.1.

Figure- 3.1  
SWOT Analysis of Indian Steel Industry

<b>Strengths</b>	<b>Weaknesses</b>
<ol style="list-style-type: none"><li>1. Availability of iron ore and coal</li><li>2. Low labour wage rates</li><li>3. Abundance of quality manpower</li><li>4. Mature production base</li></ol>	<ol style="list-style-type: none"><li>1. Unscientific mining</li><li>2. Low productivity</li><li>3. Coking coal import dependence</li><li>4. Low R&amp;D investments</li><li>5. High cost of debt</li><li>6. Inadequate infrastructure</li></ol>
<b>Opportunities</b>	<b>Threats</b>
<ol style="list-style-type: none"><li>1. Unexplored rural market</li><li>2. Growing domestic demand</li><li>3. Exports</li><li>4. Consolidation</li></ol>	<ol style="list-style-type: none"><li>1. China becoming net exporter</li><li>2. Protectionism in the West</li><li>3. Dumping by competitors</li></ol>

Source: (GoI 2005: 2)

Demand and supply side considerations, infrastructure constraints, raw material issues, research and development and human resource were taken into account to achieve the policy goal.

There is weakening of ‘strengths’ in Indian steel sector along with increase in ‘threats’ as mentioned in SWOT in recent times. I will analyse the stakeholder approach in case

of steel imports into India which is a major cause of concern and discussed in Chapter-4. National steel policy has following provision at para 13.2 for imports:

“13.2 Imports: Import duty rates have been brought down progressively in the post deregulation period. The Indian steel industry has been able to successfully withstand the competitive pressures of overseas producers. However, integration with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during the periods of downturn. The Government would, therefore, institute mechanisms for import surveillance, and monitor export subsidies in other countries” (GoI 2005: 15).

Ministry of Steel in Government of India is required to carry out these policy objectives. In view of above policy statement, I proceed to identify stakeholders.

### **3.2 Stakeholders:**

Indian steel sector has ‘primary’ steel producers who manufacture steel from ‘iron ore’ and ‘secondary’ steel producers who have small size plants using process routes like Electric Arc Furnace (EAF) and Electric Induction Furnace (EIF) for steel making. Secondary producers include processors like hot re-rolling mills, cold rolling mills, galvanizing units. Primary producers are mainly Integrated steel plants of large capacity operating both in public sector and private sector. Secondary sector is mainly private sector. All producers and their associations have direct interest in the policy concerning steel. Ministry of Steel has regular consultations with steel industry and other government departments for facilitating growth of steel sector. Based on concern raised by steel sector, stakeholders are enumerated as below:

- (i) The Steel Authority of India Limited (SAIL): This is largest steel producing public sector company with 75% government shareholding. It has recorded a turnover of Rs. 43,337 crores in the year 2015-16. Its sales performance has declined from Rs. 45,208 crores in 2014-15 to Rs. 38,514 crores in 2015-16, a decrease of 15%. It produced 14.28 million tonnes of crude steel. It’s production capacity is likely to increase to 21.4 million tonnes after present ongoing expansion (SAIL 2016).
- (ii) Rashtriya Ispat Nigam Ltd. (RINL): This public sector company has production capacity of 6.3 million tonnes per annum. The company has net worth of Rs. 10,404 crores as on December, 2015 (Ministry of Steel 2016c).
- (iii) In terms of steelmaking capacity in private sector, following companies are main steel manufacturers (Table-3.1) :

**Table- 3.1**  
**Main Steel Producers in India**

Sl.No.	Name of Steel Company	Existing Capacity (in million tonnes)
1	JSW Steel Limited	16.6
2	Tata Steel Limited	9.6
3	Essar Steel Limited	8.54
4	Bhushan Steel Limited	5.6
5	Jindal Steel & Power Limited	4.0
6	Bhushan Steel & Power Limited	2.5
7	Monnet Ispat & Energy Limited	1.8
8	Jindal Stainless Limited	1.72
9	Electrosteel Limited	1.45
10	Visa Steel Limited	0.5

(Ministry of Steel 2016c: 29)

- (iv) JSW Steel Limited produced 12.56 million tonnes of steel in 2015-16 which is 1% less as compared to 2014-15. It recorded turnover of Rs. 40,354 crores in 2015-16. (JSW 2016). It has won several awards in steel making like Prime Minister's Trophy for the Best Integrated Steel Plant, Steel Minister's Trophy, Platts Global Metal Awards and recognised as world class steel maker (Ministry of Steel 2016c :29)
- (v) Tata steel Limited has global presence in nearly 50 countries. The company is a founder member of the United Nations Global Compact Programme (Ministry of Steel 2016c: 31). It has revenue from steel business of Rs. 36,294 crores in 2015-16 as compared to Rs 40,344 crore in 2014-15, a decline of 10% (Tata Steel 2016).
- (vi) Indian Steel Association (ISA): This association has membership of seven main steel producers including JSW steel, Tata Steel, SAIL and act as a lobby group.
- (vii) Cold Rolled Steel Manufacturers Association of India (CORSMA): It is association of Cold roller and value added products. The members are mainly secondary steel producers of value added steel like CR sheets, galvanised sheets, colour coated sheets etc.
- (viii) Sponge Iron Manufacturers Association (SIMA): This association caters to the issues pertaining to Direct Reduced Iron (DRI) or sponge iron. Sponge iron is input for steel making and India is leading producer of sponge iron.

- (ix) Federation of Indian Chambers of Commerce & Industry (FICCI): This is the oldest business organisation in India. It is associated with Ministry of Steel for organising national and international events and conferences.
- (x) The Confederation of Indian Industry (CII): This industry led association is involved in multi facet activities pertaining to Indian industries. It is involved in policy advocacy.

Non-Industry stakeholders:

- (xi) Ministry of Steel: This ministry has a central role in policy framing and facilitating growth of steel sector. It also influences the policies of other Government ministries like Ministry of Commerce & Industries, Ministry of Mines, Ministry of Environment & Forest, and Ministry of Finance where the interest of steel sector is involved. The ministry provides facilitative platform to public and private sector for growth of the steel industry. It *interalia* gets resource inputs from Joint Plant Committee for statistics, Economic Research Unit for policy analysis and Technical wing for technical issues involved in steel sector.
- (xii) Political representations: Concerns of the steel sector sometimes gets reflected through questions raised in parliament and references from members of parliament on specific issues of the sector.
- (xiii) Media: The role of media is to increase awareness and create pressure on government to take action on the problems being raised by the sector.
- (xiv) Non-Governmental Organisations (NGO): These organisations raise concern over appropriateness of expenditure of public fund or raise voice over seemingly illegitimate act. This may have bearing on the steel sector industry. The activism by these stakeholders led to raw material shortages in past few years due to judicial intervention on their efforts.
- (xv) Consumers: Individual steel consumers may have interest over policy issues but hardly find any organised voice on their behalf accordingly they become non-stakeholder. Industry steel consumers find voice in their associations.

Steel producers both in primary and secondary sectors and their associations are main stakeholders. Ministry of Steel plays the role of decision maker. In next chapter, I will examine stress situation of Indian steel sector culminating into policy action of MIP.

## Chapter-4

### Challenges in Indian Steel sector and need for policy action

#### 4.1 Overview:

Manufacturing in India has been accorded as highest priority in policy making today. The present government has launched 'Make in India' initiative. Steel sector is core to this initiative as programs like infrastructure development, building modern cities, development of industries like automobile, transformers, railways, value added materials, capital goods, engineering goods, ship building all require inputs from iron and steel industry. As per National Manufacturing Policy, 2011 the share of manufacturing in GDP needs to be increased to 25% from prevailing level of 16% with a medium term growth objective of 12 to 14% (GOI 2011a: 3).

The steel sector provides employment to a large number of skilled, semi-skilled and un-skilled work-force. The sector generates substantial indirect employment in sectors like mining operations, transportation and logistics, financial sector, information technology and in many other sectors of the economy. Due to its significance, 'Steel' is one of the eight core industries in India. The weightage of steel in Index of Industrial Production is 6.68% (GOI 2016d: 2). India consumed 72.7 million tonnes of steel in 2015-16 (GOI 2016e) which indicate there is large growth potential for production and consumption of steel in India. Developed countries generally have higher apparent steel use per Capita as against developing countries. An illustrative Table is at Table-4.1.

Table- 4.1  
Apparent Steel Use per Capita (2014) (in kilograms)

Name of country	Apparent Steel Use per Capita
Canada	430
United States	335
Netherlands	201
United Kingdom	165
China	519
India	59
World average	217

(World Steel Association 2016a: 88-90)

The Indian steel sector however has been under difficult phase in recent times as discussed in following paragraphs.

## 4.2 Increase in imports into India:

India witness an increase in imports volume of 75.5% in imports of total steel (Alloy + Non Alloy) in 2014-15. This increasing trend of imports also existed in 2015-16 with imports growth rate of 27%. Details of imports and exports are given Appendix-C and summarised at Table-4.2.

**Table-4.2**  
**Imports of Steel into India in last three years**

CATEGORY	Quantity in '000 tonnes				
	2013-14	2014-15	Growth in 2014-15 (%)	2015-16	Growth in 2015-16 (%)
Non-Alloy					
Finished Steel	4298.58	6753.53	57.1	8717.11	29.1
Semis	251.28	660.56	162.9	938.4	42.1
Sub TOTAL (Non Alloy)	4549.86	7414.09	63.0	9655.52	30.2
Alloy/Stainless Steel					
Finished Steel	1151.23	2566.75	123.0	2994.04	16.6
Semis	7.09	35.75	404.2	42.38	18.5
Sub TOTAL (ALLOY)	1158.32	2602.5	124.7	3036.42	16.7
TOTAL Finished Steel (Alloy+Non-Alloy)	5449.81	9320.28	71.0	11711.15	25.7
TOTAL Steel (Alloy+Non Alloy)	5708.18	10016.59	75.5	12691.94	26.7

(Source: Joint Plant Committee 2016, personal communication)

The imports have been growing at significant rate in product category of Hot Rolled Coils (HRC), Cold Rolled Coils (CRC), Plates, Stainless Steel and Galvanised Sheets/Coils. Main steel exporting countries to India are China, Japan and Korea accounting for nearly 33%, 17% and 24% import share respectively in the year 2015-16 (Table-4.6).

## 4.3 Price Pressure:

The prices of steel products have been going down in last two years seriously affecting profit margins of steel companies in India and even showing losses. Indicative average market price of main products of finished steel is shown in Table- 4.3. It can be observed prices of HRC and CRC declined by nearly 20 percent and 16% respectively in April 2015 as compared to April 2013. Prices of all commodities have declined in this period.

Table-4.3

Indicative average market prices of leading items of finished steel in Delhi market  
(Indian Rupees/tonne)

ITEM	April 2013	April 2014	April 2015
Wire Rod 8mm	45940	42000	40650
Rounds 12mm	45330	43500	40250
TMT 10 mm	47010	44500	42538
Plates 10mm	49395	46000	40100
HR Coils 2.00 mm	48745	46000	39100
CR Coils 0.63mm	52980	52500	44533
GP Sheets 0.63mm	53680	57500	49767

(Source: GOI 2015f)

For a comparative understanding how Indian steel prices are as compared to steel prices in other countries, Table- 4.4 provides such details.

Table-4.4

Comparative steel prices in India and other countries

Value : US dollar/metric tonne

Sl. No	Item	India Domestic				International domestic				
		Mumbai	Delhi	Kolkata	Chennai	Turkey	USA	EU	Japan	Korea
1	Rebars	416	404	399	441	498	546	429	502	434
2	Hot Rolled	418	409	429	427	460	510	410	537	456
3	Cold Rolled	470	461	526	515	480	686	519	651	697

(Source: GOI 2016f)

Prices of Indian steel products are generally lower than other countries with one significant exception of China. China has different dimension of global steel scenario. China has produced 804 million tonnes of steel in 2015 with its production capacity of 1200 million tonnes (GOI 2016g). As China accounts for nearly half of the world steel production, the excess capacity is finding its way in countries like India even at below production cost resulting cheaper imports of steel goods as compared to domestic prices (GOI 2016h). World Economic Outlook Projections report July, 2016 mention that China is expected to slowdown in growth to 6.6 percent in 2016 and 6.2 percent in 2017 from the level of 6.9 percent in 2015 (IMF 2016: 9). Steel demand in China is expected to decline (-)4 percent in 2016 and (-)3 percent in 2017 (World Steel Association 2016b). This means Chinese steel companies have to find global market to sell their products. India's steel demand is expected to grow in 2016 and 2017 with 5.4 percent rate. Thus in present scenario of economic downturn, India would be susceptible to increased steel imports from China.

The financial performance (Profit after Tax) of Indian steel companies worsens with such price pressure as evident from Table- 4.5.

**Table- 4.5**  
**Financial performance (Profit after Tax) of Indian steel companies**  
(Value in billion Indian Rupees)

Name of company	2014-15	2015-16		
	Full year	Quarter 1	Quarter 2	Quarter 3
Steel Authority of India Limited (SAIL)	20.9	-3.2	-10.6	-15.3
Tata Steel	64.4	12.5	25.2	4.5
Jindal Steel Works (JSW)	21.7	0.3	2.4	-41.4
Rashtriya Ispat Nigam Limited (RINL)	0.6	-1.3	-3.1	-6.1
Jindal Steels and Power Limited (JSPL)	-3.1	-2.7	-2	-4
Bhushan	-12.6	-35.8	-7.3	-7
Monnet	-8	-3.8	-3.9	-4.8

(Source: GOI 2016i)

The performance of SAIL, JSW and JSPL further worsened in Quarter-1 results of 2016-17 as compared to Quarter-4 results of 2015-16 by (-) 196 percent, (-) 84 percent and (-) 14% respectively (GOI 2016j).

#### **4.4 Financial stress:**

Reserve Bank of India (RBI) in its Financial Stability Report, June 2016 mentions that Iron and steel sector had the highest slippages (accounts slipping to NPA category) at 7.8 per cent (RBI 2016: 25). Share of iron and steel sector in stressed advances is 10.5 percent (RBI 2015:15). RBI has made special mention of iron and steel industry in its Financial Stability Report, June 2016. It was reported in The Times of India (2016) that “Around 21% of the restructured loans as of December 2015, amounting to Rs 54,051 crore, were from the iron & steel industry. The gross non-performing assets in the steel sector as of September 2015 stood at 8.4%. This is expected to rise to nearly 12% by March 2017.” The financial stress situation in iron and steel sector companies are being highlighted in Reserve Bank of India’s report for more than a year.

#### **4.5 Other significant factors:**

India steel sector has witnessed substantial raw material challenges in recent years. Central Government has set up a Commission of Inquiry consisting of Justice M. B. Shah, retired Judge of the Supreme Court of India on 22.11.2010 to look into the mining of iron ore and manganese ore in contravention of the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Forest (Conservation) Act, 1980 (69 of 1980), the Environment (Protection) Act, 1986 (29 of 1986) and other Central and State Acts and the rules and guidelines issued there under (GOI 2013b). The reports of Commission submitted in following three years on different



states like Goa, Odisha, Jharkhand had wider repercussions. This led to mining bans in states, closure of iron ore mines and severe conditions to be met for ongoing and future mining activities. Iron ore production which was 218.6 million tonnes in year 2009-10 declined to 135.9 million tonnes in 2012-13 (GOI 2012, GOI 2014). Production levels of iron ore are still to reach to peak production reached seven years back. India has good quality iron ore and this was major cost advantage to domestic steel producers. This competitive edge was lost in recent years.

In case of coal, Supreme Court of India cancelled allocation of 204 coal blocks in its orders in August, 2014 and September, 2014 (Ministry of Coal 2016 : 22). The Government put an amendment Act in place namely Coal Mines (Special Provisions) Act, 2015 and these cancelled blocks were considered for allocation by auction procedure (Ibid.). Allocation process is still continuing. 73 coal blocks out of the 204 de-allocated coal blocks were earlier allocated for captive use in iron and steel sector.

Apart from raw material, Steel sector is also affected by Free Trade Agreements with Japan and Korea. Goods imported from Japan attract nil customs duty whereas goods imported from Korea suffer 0.625 percent at present and would become zero in January, 2017 (GOI 2009: 644-660, GOI 2011: 501-523). This customs duty concession available to Japanese and Korean steel makers is significant and exports from these country constitute 41 share in India's steel imports (Table-4.6) in 2015-16.

**Table-4.6**  
**Share of few countries in steel imports into India**

Name of Country	Imports in 2015-16 (thousands tonnes)	Percentage share
China	4131	33
Japan	2195	17
Korea	3084	24
Others countries	3281	26
Total steel	12692	100

(Source: Joint Plant Committee 2016, personal communication)

Other challenges which steel makers are facing are inland transportation cost, cost of capital, problems in land acquisition, delay in obtaining statutory clearances for greenfield and brownfield expansions. For the sake of brevity and without elaborating, suffice is to infer that all these factors cumulatively are causing financial strains in steel sector of India.

#### **4.6 Government of India response to challenges in steel sector:**

Government has both fiscal and non-fiscal tools to deal with policy issues. Government started cautiously in dealing with the situation of deregulated steel sector. Government intends to increase Indian steel production capacity to 300 million tonnes per annum (MTPA) by 2015 (GOI 2016k). In order to ease the financial stress government initiated with increase in tariff rate of duty from 10 percent *advalorem* to 15 percent *advalorem* in the budget presented on 28<sup>th</sup> February 2015 (GOI 2015g: 36). This step did not change anything financially for the prevailing situation, however, it showed government's intention to take tariff protection steps, if need so arises in future. Imports at the end of the financial year 2014-15 indicated 75.5 percent increase in imports as compared to previous year. Increasing import trend of total alloy and non-alloy steel continued in new financial year 2015-16 and April-May 2015 indicated a growth rate of 59 percent over corresponding period last year (Joint Plant Committee 2015, personal communication). The Indian government responded with tariff protection by increasing customs duty by 2.5 percent on 16<sup>th</sup> June, 2015 vide notification no. 39/2015-Customs (GOI 2015a). The import scenario did not improve favourably as imports of total steel in April-July, 2015 became 67 percent as compared to corresponding period last year (Joint Plant Committee 2015, personal communication). Again import duty was increased by 2.5 percent on 12<sup>th</sup> August, 2015 vide Notification No. 45/2015-Customs to provide relief to the domestic steel sector (GOI 2015b).

Government also imposed Anti-dumping duty (GOI 2015d) on 05<sup>th</sup> June, 2015 on import of certain Hot rolled stainless steel items from Malaysia (US\$ 316 per tonne), China (US\$ 309 per tonne) and Korea (US\$ 180 per tonne) vide Notification No. 28/2015-Customs (ADD). Anti-dumping duty was further imposed (GOI 2015c) on 11<sup>th</sup> December, 2015 on certain cold-rolled Flat products of stainless steel imported from People's Republic of China (57.39 percent), Korea, European Union, South Africa, Taiwan (Chinese Taipei), Thailand and United States of America (USA) ranging from 4.58 percent to 57.39 percent of landed value at port vide Notification No. 61/2015-Customs (ADD). Safeguard duty was imposed on 'Hot-rolled flat products of non-alloy and other alloy Steel in coils of a width of 600 mm or more' on 14<sup>th</sup> September, 2015 vide Notification no. 2/2015-Customs (SG) (GOI 2015e).

There were reports of huge Chinese imports of bars and rods by importing them as special alloy steel and the data indicated that there was 93 percent increase in imports of TMT bars into India in 2014-15 (Joint Plant Committee 2015, personal communication). Chinese exporters can have 0.0008 percent of Boron content and trade them as special alloy steel (Yuka O. and S. Manolo 2014). It not only provided Chinese exporters a financial export rebate in China but it also led to circumvention of statutory provision on imports into India applicable to non-alloy steel. Government of India had issued a Steel and Steel Products (Quality Control) Order, 2012 which is

amended from time to time to expand the scope of this Order so that only standard quality steel goods are imported. TMT bars attract the provisions of quality control order. In view of circumvention by Chinese exporters, Government issues instructions and further amended Quality control order directing that “the import of Steel and Steel Products in contravention of the Steel and Steel Products (Quality Control) Order, 2012 and Steel and Steel Products (Quality Control) Second Order, 2012 as amended should not be allowed” (GOI 2015h).

Government was also aware of the financial difficulties steel companies were having. Reserve Bank of India had introduced a scheme namely Flexible Structuring of Long Term Project Loans to Infrastructure and Core Sector Industries (also known as 5/25 scheme) which give flexibility to banks to refinance and restructure loans provided to infrastructure and core industries which includes iron and steel industry. The repayment period of 25 years subject to eligibility is relief measure to stressed companies. 5/25 scheme was extended to Steel sector companies in July 2015 in order to reduce financial stress by these companies (GOI 2016l). As per media reports several stressed steel companies like Essar Steels, Jindal Steels and Power Limited, Neelanchal Ispat Nigam have approached banks for refinancing their loans (The Financial Express 2015, Moneycontrol 2015, and The Economic Times 2016).

Ministry of steel has also raised the concerns raised by steel industry to exclude tariff lines pertaining to steel goods outside the purview of Free Trade Agreement.

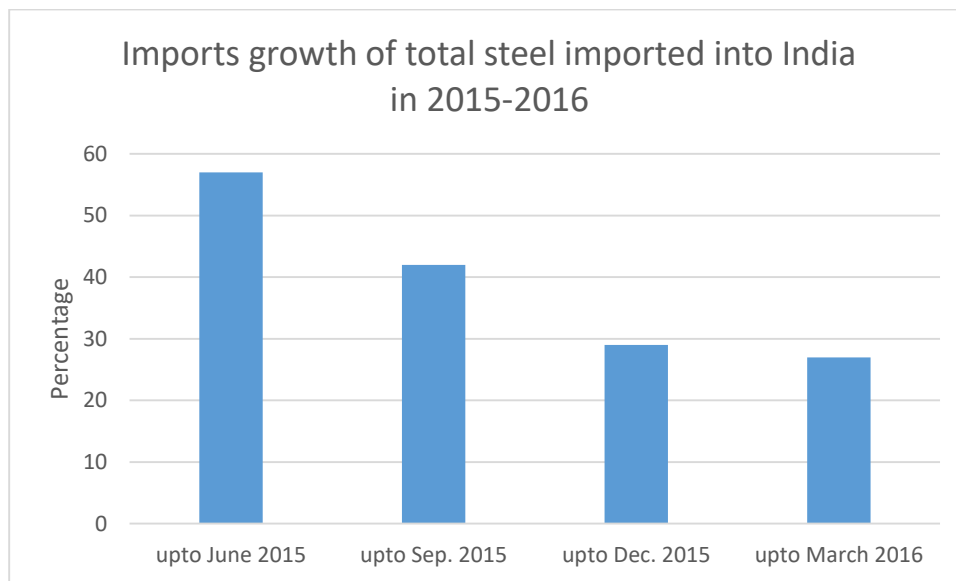
The Government of India’s efforts as briefly mentioned above had influence over the steel sector in general. A reduced imports growth of steel goods was noticed in progressive period in financial year 2015-16 as illustrated in Table-4.7 and Chart-4.1.

**Table-4.7**  
**Imports growth rate of steel imports into India**  
**in 2015-16 as compared to corresponding period in 2014-15**  
**(figures in percentages)**

	SEMIS-STEEL	FINISHED STEEL		TOTAL Finished Steel	TOTAL Steel
growth rate in FY 15-16	(Including RR Scrap)	Non-Flat Products	Flat Products		
upto June 2015	104	125	46	54	57
upto Sep. 2015	30	54	41	43	42
upto Dec. 2015	31	2	36	29	29
upto March 2016	41	2	31	26	27

(Source: Joint Plant Committee 2016, personal communication))

Chart- 4.1



(Source: Author's calculation, data source JPC)

Chart-4.1 depicts decreasing but highly challenging import scenario in steel sector during 2015-16. In this challenging backdrop, the Government on 05.02.2016 imposed Minimum Import Price (MIP) on 173 steel products (GOI 2016c).

In this chapter I have mentioned about the challenges of Indian steel sector and summary of policy steps taken by the Government to address the issues faced by steel industry. The situation finally led to policy of MIP. In next chapter, I will examine evolution of the policy action of MIP with the concept of stakeholder's salience.

## **Chapter-5**

### **Policy action and stakeholder's perspective**

#### **5.1 Measurement of attributes:**

In this chapter I will explore the salience of stakeholders and their approach towards the policy actions of the Government particularly evolution of Minimum Import Price. Mitchell et al. (1997: 853-882) framework for stakeholder's salience has been used which is based on possession of three attributes namely (i) power (ii) legitimacy and (iii) urgency. I have sought questionnaire response from steel companies both public and private companies. I have also included industry association as stakeholder as smaller steel companies raise their concern and increase salience through association (as in Rowley and Moldoveanu 2003: 217). Legitimacy attribute has been measured in terms of Thomas and Lamm (2012) model prescribing internal and external validity dimensions with each having further three dimensions of pragmatic, moral and cognitive legitimacy. I have already discussed theoretical concepts in Chapter-2 and therefore without reiterating, I discuss how I have arrived at different parameters of above framework and detailed analysis in following paragraphs. The study is focused in relation to policy action of prescribing Minimum Import Price (MIP) on 5<sup>th</sup> February, 2016 for import of goods into India.

A. 'Power' attribute of a company has been measured as follows, -

- (i) Utilitarian power of company is taken as its financial strength measured in turnover and production. Scores ranging from 1 to 5 have been given, 1 for the lowest turnover and production individually and 5 for the highest on these account.
- (ii) Normative power of company is based on whether a company has received national or international award in the field of steel sector. Based on number of awards/recognition scores ranging from 1 to 5 have been given, 1 for no or one award/recognition and 5 for five or more awards/recognition.
- (iii) 'Power to have desired outcome' is captured by the intention towards MIP and efforts put forward by company by making representation. The self-belief of making individual representation has been factored in this measure. A company believing in individual representation (score 1 to 5), making representation individually and/or through association (both scored separately 1 to 4), and desiring MIP outcome (score 1 and 2) is aggregated and scaled on a maximum score of 5.
- (iv) Perception of other steel companies (a mean of response of other steel companies towards the company in question) about the salience is score of perceived power by other steel companies on scale of 1 to 5, 5 being the highest power perception.

- (v) Perception of Ministry of Steel about the salience of the company. Since ministry is decision maker its opinion about power salience of company is captured separately on score of 1 to 5.

B. 'Legitimacy' attribute of a company has been measured as follows, -

- (i) Internal pragmatic dimension has been considered by seeking the response of company as to whether there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit the company.
- (ii) Internal moral dimension has been considered by seeking the response of company as to whether company believes that MIP is the right thing to happen at this time.
- (iii) Internal cognitive dimension has been considered by seeking the response of company as to whether company believe that MIP will make financial performance job of the company easy or difficult.
- (iv) External pragmatic dimension has been considered by seeking the response of company as to whether in opinion of the company other steel companies think there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit them.
- (v) External moral dimension has been considered by seeking the response of company as to whether in opinion of the company other steel companies believe that MIP is the right thing to happen at this time.
- (vi) External cognitive dimension has been considered by seeking the response of company as to whether in opinion of the company other steel company believe that MIP will make financial performance job of the company easy or difficult.

All the responses relating to legitimacy attributes are on Likert scale of 1 to 5. These six attributes when drawn in three dimensional axes representing each legitimacy element we get a shape of polyhedron. The volume within this polyhedron is cumulative single measure of legitimacy of company aggregating both internal and external dimensions. Since the resultant volume is irregular polyhedron, calculation of volume would require advanced mathematical tool. However, the 'volume measure' can be mathematically arrived at by indicative area of fixed six dimensional projections of legitimacy elements.

C. 'Urgency' attribute of a company has been measured as follows, -

- (i) Criticality of policy action has been considered by seeking the response of company as to whether increased imports of iron and steel goods is harmful to Indian steel sector and it can cause irreversible damage to steel sector. This is scored on scale of 1 to 5, 5 being the most critical.
- (ii) Time sensitivity of policy action has been considered by seeking the response of company as to whether there was urgency to impose MIP notification. This is scored on scale of 1 to 5, 5 being the most time sensitive.

D. 'Power' attribute of an association has been measured as follows, -

- (i) Utilitarian power of an association is taken as different categories of member steel companies like public sector company, primary steel sector, secondary steel sector, re-rollers, cold rolling units, galvanizing units, other units concerning of value addition of steel and user industries of steel. This has been scored on scale of ten, 10 being the most diverse type of member steel companies an association has.
- (ii) 'Power to have desired outcome' is captured by the intention of intended outcome namely MIP and efforts put forward by an association by making representation. These have been measured on scale of 5.
- (iii) Perception of Ministry of Steel about the salience of the association has been scored on scale of 1 to 5, 5 being the most salient steel association as responded by the Ministry of Steel.
- (iv) Perception of other steel companies (a mean of response of other steel companies towards the association in question) about the salience. It is score of perceived power by other steel companies on scale of 1 to 5, 5 being the highest power perception.

E. In case of association only external dimension of 'legitimacy' attribute has been considered because internal validity has no role unlike for individual companies which have individual concerns for MIP policy action. External 'Legitimacy' attribute of a company has been measured as follows, -

- (i) External pragmatic dimension has been considered by seeking the response of association as to whether in its opinion there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit steel sector.
- (ii) External moral dimension has been considered by seeking the response of association as to whether in its opinion MIP is the right and just thing to happen at this time for steel sector.
- (iii) External cognitive dimension has been considered by seeking the response of association as to whether in its opinion MIP will make financial performance job of the steel companies easy or difficult.

All the responses relating to legitimacy attributes are on Likert scale of 1 to 5. These three attributes when drawn in three dimensional axes representing each legitimacy element we get a shape of right angle pyramid. The volume within this pyramid is cumulative single measure of legitimacy of the association.

F. 'Urgency' attribute of an association has been measured as follows, -

- (iii) Criticality of policy action has been considered by seeking the response of association as to whether increased imports of iron and steel goods is harmful to Indian steel sector and it can cause irreversible damage to steel sector. This is scored on scale of 1 to 5, 5 being the most critical.

- (iv) Time sensitivity of policy action has been considered by seeking the response of association as to whether there was urgency to impose MIP notification. This is scored on scale of 1 to 5, 5 being the most time sensitive.

Based on above criteria, maximum score for power attribute for companies is 30, legitimacy attribute is 64.95 and urgency attribute is 10. Power, legitimacy and urgency are predominantly present in company if score is equal or more than 15, 32.47 and 5 respectively.

Similarly, maximum score for association in respect of power attribute is 25, legitimacy attribute is 20.83 and urgency attribute is 10. Power, legitimacy and urgency are predominantly present in association if score is equal or more than 12.5, 10.42 and 5 respectively.

To illustrate a case, attributes of steel company Tata Steel Limited and attributes relating to CII are calculated in following paragraphs. Tata steel company has been chosen to illustrate because it is one of the highest steel producer company in India and has global presence. Its Profits also declined like other Indian steel companies with increasing imports at cheaper prices and raw material challenges. Similarly, CII has strong industry presence and its members represent different type and size of steel companies. The response of CII is more representative for large number of companies.

## **5.2 Measurement of attribute for steel company and illustration for Tata Steel Limited:**

Financial power of a company gives is a utilitarian power. Power in terms of 'turnover' factor has been assigned values ranging from 1 to 5 as follows, -

Turnover of company with turnover more than 30,000 Crores INR= value 5

Turnover of company with turnover between 15,000 to 30,000 Crores INR= value 4

Turnover of company with turnover between 7,500 to 15,000 Crores INR= value 3

Turnover of company with turnover between 3,750 to 7,500 Crores INR= value 2

Turnover of company with turnover less than 3,750 Crores INR= value 1

Another factor for utilitarian power is production of steel. Companies having different scale of production are scored as follows, -

Production of steel goods more than one million tonnes= value 5

Production of steel goods between 500 to 1000 thousand tonnes= value 4

Production of steel goods between 300 to 500 thousand tonnes= value 3

Production of steel goods between 100 to 300 thousand tonnes= value 2

Production of steel goods less than 100 thousand tonnes = value 1



Normative power of company is based on whether a company has received national or international award in the field of steel sector. This normative power has been given values as follows, -

Number of awards/recognition obtained by company less than 2= value 1

Number of awards/recognition obtained by company 2= value 2

Number of awards/recognition obtained by company 3= value 3

Number of awards/recognition obtained by company 4= value 4

Number of awards/recognition obtained by company 5 or more= value 5

‘Power to have desired outcome’ is captured by the intention of intended outcome namely MIP and efforts put forward by company by making representation. Thus response to questions like whether company believe that imposition of MIP was desirable outcome, did company make representation before Ministry of Steel/ Government, personal assessment of strength of making individual representation are factored and given scores and aggregated to score of 5.

Power is also perceived by other who is affected in power relation. This is measured by seeking responses from steel companies whether a particular company is more likely to carry out its propositions in Ministry of Steel (MOS) despite contrary or different views from other stakeholders. Likert response of perception is aggregated on scale of 5. Similarly Ministry of Steel perception is also taken for power attribute.

In case of Tata Steel Limited, the company has turnover of 38210 crores INR, production of 3.1 million tonnes of steel in 2015-16 and has thirteen award recognition. The company believes in intended outcome of imposition of MIP. It made individual representation for MIP and also took up the matter with its steel association for imposition of MIP. Tata Steel Limited believes in effectiveness of individual representation at a level of 4 (out of maximum of 5). Power perception by other steel companies is 3.38 and by Ministry of Steel is 5. When we aggregate all these factors giving appropriate values as discussed above, the power attribute of Tata Steel Limited becomes 28.04. The maximum power score a company can achieve is 30 based on factors under considerations.

Now, the response to legitimacy questions for MIP give following scores (Table-5.1) for six elemental attitudes of legitimacy, -

**Table- 5.1**  
**Legitimacy response for Tata Steel Limited**

Legitimacy element	score
Internal pragmatic	5
Internal moral	5
Internal cognitive	4
External pragmatic	5
External moral	5
External cognitive	5

(Author's calculation)

The six dimensional plot and polyhedron shape formed by joining vertices with neighbouring axes has a volume measure of 60.62 units. The maximum volume measure of polyhedron with six vertices is 64.95. Thus Tata Steel Limited can be said to have over meta-attitude towards legitimacy of MIP as 60.62. It is also observed that internal cognitive dimension can be increased to increase overall legitimacy. Decision maker has to take policy action of MIP in such a way that it has acceptability and validation by large number of steel makers.

In response to 'urgency' questions Tata Steel Limited says that it is extremely important to contain increased imports of iron and steel goods and it can cause irreversible damage to steel sector if not contained. There is urgent need to take MIP action. Thus from time sensitivity and criticality aspect, the company scores 10 on urgency (which is maximum for a company).

Now if we observe overall scores of power (28.04), legitimacy (60.62) and urgency (10) we can say Tata Steel Limited has dominant attributes of salience as *viz* Power, legitimacy and urgency attributes (more than half the maximum possible values). In terms of Mitchell et al. (1997: 853-882) framework of stakeholder's salience, it can be classified as "definitive stakeholder". This type of stakeholder has highest salience and gets immediate attention by decision maker.

As illustrated above for Tata Steel Limited, similar measurement of power, legitimacy and urgency is calculated for respondent steel companies and summarised at Table-5.2. Details of measurement of different attributes in respect of companies are mentioned at Appendix- G, H & J.

**Table-5.2**  
**Attributes of company and their classification**

Name	Power attribute	Legitimacy attribute	Urgency attribute	Classification of stakeholder
SAIL	27.95	64.95	10	Definitive
RINL	21.00	41.57	8	Definitive
JSW Steel Limited	28.46	60.62	10	Definitive
Tata Steel Limited	28.04	60.62	10	Definitive
Essar Steel Limited	26.67	60.62	10	Definitive
Electro Steel Ltd.	13.83	56.29	10	Dependent
Namco Industries Pvt. Ltd	10.00	7.36	5	Demanding
Mukand Limited	16.67	60.62	10	Definitive
Shree Nakoda Ispat Ltd.	10.00	48.93	10	Dependant
BMM Ispat Ltd.	12.33	23.38	9	Dependant

(Author's calculation)

SAIL, RINL, JSW, Tata Steel, Essar, Mukund are definitive stakeholders possess the most salience for MIP policy action for Ministry of Steel. BMM Ispat, Electrosteel and Nakoda are dependent stakeholders and they do not have power attribute to influence decision. Namco is 'demanding' stakeholder which does not have power and legitimacy and thus remain inconsequential in overall decision making.

### **5.3 Measurement of attribute for steel association and illustration for CII:**

An association of steel companies have different categories of members based on nature of steel company. Member can be owner of a steel company in public sector, primary steel sector, secondary steel sector, re-rollers, cold rolling units, galvanizing units, other units concerning of value addition of steel and user industries of steel. These categories of steel companies have issues which may be more relevant to such group. So association which is having representation of more diverse type of steel companies have more utilitarian power. Membership of these eight type/group of steel companies is a measure of utilitarian power of association. Accordingly, score has been given ranging from 3 to 10. Score of ten is given when all eight types of companies are member of association and minimum score of three is given when it has only one type of membership. CII has all eight types of steel company memberships so it has utilitarian power score of 10.

'Power to have desired outcome' is captured by the seeking the response of the association about its intention of intended outcome of policy action and efforts made in this direction. The response sought is whether association believe that imposition of MIP

was desirable outcome, effort to represent or policy suggestions to government about imposition of MIP. The cumulative score is measured on scale of 5.

Power perception by steel companies about association which is able to carry out its propositions in MOS despite contrary / different view from other stakeholders is also factored. Likert response is then scored on a scale of 5 point.

CII has all eight categories of steel companies member so utilitarian power score is 10. Its intended outcome about MIP and effort find a score of 5 and power perception score by other companies and by Ministry of Steel find a score of 3.4 and 4 respectively. Thus overall power attribute score for CII is 22.5. Maximum power attribute score an association can have is 25.

An association represent interest of its member so internal dimension of legitimacy has little meaning for association in the context of interest of its member steel company. The dimension can be argued to reflect association propriety for action but if its member company feel internal legitimacy, the association cannot have contrary perception. The case is different for external dimension of legitimacy as other associations as a whole would represent interest of larger number of steel companies with specific type of member's concern. Accordingly, response of association has been sought to arrive at external legitimacy attribute which can be representative of overall legitimacy. Legitimacy response give following score for CII as mentioned in Table- 5.3.

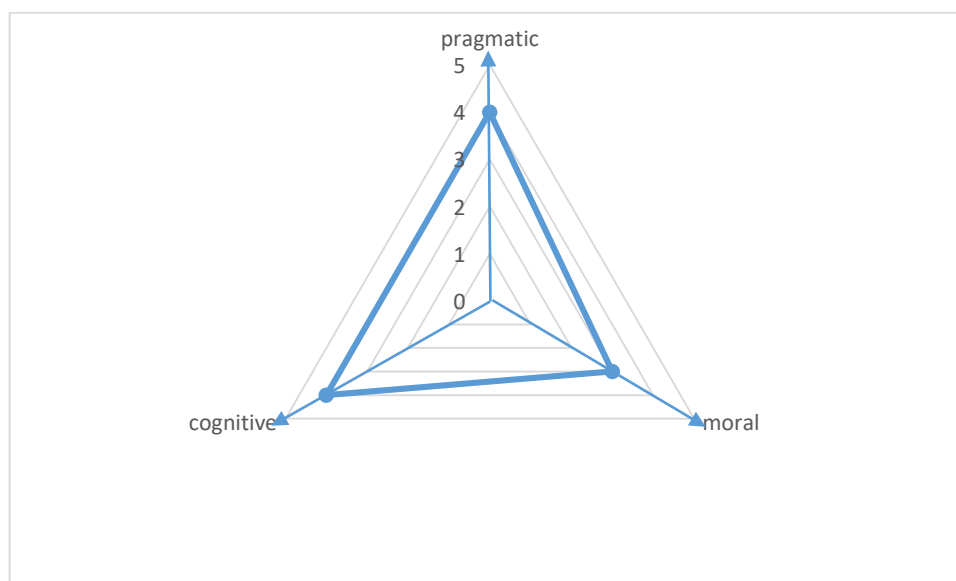
The three dimensional pyramid shape is constructed by joining vertices with neighbouring axes as illustrated in Figure-5.1. The volume within this pyramid by using simple mathematics is 8 units. This volume is less than 10.42 (half of maximum possible volume) and thus CII can be said to have meta attitude of absence of legitimacy for policy action of MIP with score 8. It is also observed that moral dimension has least score so CII does not think it is righteous to have MIP policy action. Accordingly, it is not surprising that CII has not made policy suggestion to government of MIP issue.

Table- 5.3  
External Legitimacy response for CII

External legitimacy element	score
Pragmatic	4
Moral	3
Cognitive	4

(Author's calculation)

Figure-5.1  
Legitimacy depiction for CII



(Author's calculation)

In response to 'urgency' questions CII responded that it is somewhat important to contain increased imports of iron and steel goods and it can cause irreversible damage to steel sector if not contained. CII agrees that there is urgent need to take MIP action. Thus from time sensitivity and criticality aspect, CII scores 09 on urgency (as against maximum of 10 for an association).

Overall scores of power (20.50), legitimacy (8) and urgency (9) reflect that CII has two attributes of power and urgency. In terms of Mitchell et al. (1997: 853-882) framework of stakeholder's salience, it can be classified as "dangerous stakeholder" for the policy action of MIP. CII is relatively high in power and urgency attributes as compared to legitimacy. It is clear why CII has given more importance and efforts for policy actions to impose Anti-dumping duty, Imposition of Safeguards duty, Increasing Customs duty on steel imports and Strengthening Quality Control Order as compared to imposition of MIP which is low legitimacy policy action for CII.

As illustrated above for CII, similar measurement of power, legitimacy and urgency is calculated for respondent association as given at Table-5.4. Details of measurement of different attributes in respect of associations are mentioned at Appendix- G, H & J.

Table-5.4  
Attributes of associations and their classification

Name	Power attribute	Legitimacy attribute	Urgency attribute	Classification of stakeholder
FICCI	22.50	10	10	Dangerous
CII	20.50	8	9	Dangerous
SIMA	16.13	10	9	Dangerous
All India Steel Re-Rollers Association	15.43	20.83	10	Definitive
MCC Chamber of Commerce & Industry	18.14	20.83	10	Definitive
Association of Indian Mini Blast Furnaces	15.29	16.67	10	Definitive
Federation of Kutch Industries Association	20.52	3	5	Dangerous
Alloy Steel Producers Association of India	15.71	16.67	10	Definitive
All India Association of Industries	18.27	16.67	8	Definitive
Steel Furnace Association of India	13.75	20.83	10	Definitive

(Author's calculation)

Six 'definitive' stakeholders (All India Steel Re-Rollers Association, MCC Chamber of Commerce & Industry, Association of Indian Mini Blast Furnaces, Alloy Steel Producers Association of India, All India Association of Industries, Steel Furnace Association of India) have all three attributes of power, legitimacy and urgency and are the most salience for MIP policy action for Ministry of Steel. Other four 'dangerous' stakeholders (FICCI, CII, SIMA, Federation of Kutch Industries Association) do not support legitimacy of MIP action.

#### 5.4 Explanation of different types of stakeholders

Out of 10 respondent steel companies, 6 are 'definitive' stakeholder, 3 are 'dependent' stakeholder and remaining one is 'demanding' stakeholder for MIP policy action. MIP action is favoured by companies possessing high 'power' attribute. The urgency aspect is invariably agreed by every steel company which means companies are in favour of policy intervention which can reduce the adverse impact of increasing imports. It is also observed that there are three 'dependent' stakeholders who lack power attribute. Since these companies viz Electro Steel Ltd., Shree Nakoda Ispat Ltd., BMM Ispat Ltd. also require urgent policy action they would have increased their power through association. In

fact, it is found that large association like CII and FICCI do not support MIP, however, other smaller associations All India Steel Re-Rollers Association, MCC Chamber of Commerce & Industry, Association of Indian Mini Blast Furnaces, Alloy Steel Producers Association of India, All India Association of Industries, Steel Furnace Association of India have attributes of ‘definitive’ stakeholder for MIP action. Thus these associations have been given due consideration by the decision maker i.e. Ministry of Steel. We get four ‘dangerous’ stakeholders CII, FICCI, SIMA and FOKIA. These associations did not support MIP policy action and this indicates apprehensions of association member companies for MIP.

Steel companies have given wide response for influence of media on imposition of MIP. For example, SAIL acknowledges little influence of media (score 2) whereas Electrosteel Limited and Shree Nakoda Ispat Limited have perceived greater media role (score 5). All respondent steel companies on average perceive role of media influencing MIP on a score 3.1. Associations recognise even lesser influence of media with CII perceiving score of 1 for media influence and some other like Association of Indian Mini Blast Furnaces, All India Steel RE-rollers Association score media influence as 3. Mean of Association perception towards media influence is 2.2. If we aggregate perception of all companies and associations, media effect on imposition of MIP emerges as 2.65.

As regards steel consumer/industry and their influence in imposition of MIP, Steel companies perceive that interest of consumer industry were also a factor in imposition of MIP with a higher score of 3.6 as compared to perception of association giving score of 2.6. Aggregate perception of companies and association for consumer’s interest factor is 3.1.

Ministry of Steel perceive media influence and consumer’s interest consideration as 3. The perception by Ministry is similar to overall perception by companies and association for both factors. The findings are summarised at Table-5.5.

**Table-5.5**  
**Perception of Media influence and consideration of consumer’s interest**  
**on imposition of MIP**

Perception	Interest of steel consumer/ industry factor in MIP	Media influence in MIP imposition
steel company	3.6	3.1
Association	2.6	2.2
Aggregate perception	3.1	2.65

(Author’s calculation)

## 5.5 Salience of stakeholders for Ministry of Steel and MIP notification

Perception of decision maker who is required to take a call on policy action is relevant as he will according to his own perception give more importance to proposals made by such company/ stakeholder. Ministry of Steel was asked which company or association could effectively put forth views for proposal of MIP and responses are indicated in Table-5.6 and Table-5.7.

Table-5.6

Perception of Ministry of Steel for different companies expressing views on MIP

Name of Company	Perception score on MIP proposals Most effective (score 5)
SAIL	5
RINL	5
JSW Steel Limited	5
Tata Steel Limited	5
Essar Steel Limited	5
Bhushan Steel Limited	4
Jindal Steel & Power Limited	4
Uttam Galva Steels Ltd.	4
Shree Precoated Steels	4
Lloyds Steel and Industries Ltd.	4
Electro Steel Ltd.	4
Namco Industries Pvt. Limited	4
Ratnamani Metals & Tubes Limited	3
Welspun Corp Limited	3
Kalyani steels	3
Shivam Steel	3
Jayaswal Neco Indus Ltd.	3
Mukand Limited	3
Shree Nakoda Ispat Ltd.	3
BMM Ispat Ltd.	3

(Author's calculation)



Table-5.7

Perception of Ministry of Steel for different associations expressing views on MIP

Name of industry association	Perception score on MIP proposals Most effective (score 5)
Indian Steel Association (ISA)	5
FICCI	4
CII	4
Federation of Kutch industries association (FOKIA)	4
All India Steel Re-Rollers Association	3
SIMA	3
MCC Chamber of Commerce & Industry	3
Association of Indian Mini Blast Furnaces	3
Alloy Steel Producers Association of India	3
Apex Chamber of Commerce & Industry (Punjab)	3
All India Stainless Steel Industries Association	3
All India Association of Industries	3
All India Induction Furnaces Association	3
Steel Furnace Association of India	3
CORSMA	2
United Cycles and Parts Manufacture Association	2
Automotive Component Manufacturer Association of India (ACMA)	2

(Author's calculation)

Ministry of Steel has more salience towards steels companies like SAIL, RINL, JSW, Tata steels, Essar and least salience towards companies like Mukund Limited, Shree Nakoda Ispat Limited, BMM Ispat Limited. In respect of association, Indian Steel Association (ISA) has maximum salience followed by industry associations CII, FICCI. User steel associations like United Cycles and Parts Manufacture Association, Automotive Component Manufacturer Association of India (ACMA) have least salience.

## 5.6 Policy action of MIP:

Representation of these companies and associations were obtained from Ministry of Steel (Purkayastha P. 2016, personal communication, July 2016). SAIL in its representation dated 21.11.2015 requested Ministry of Steel to impose Minimum Import Price (MIP) on

various types of steel and products made out of steel to provide greater protection to the domestic steel sector. Indian Steel Association which has members like SAIL, JSW, Tata also called for imposition of MIP in their representation dated 04.12.2016 and further argued in letter dated 10.12.2016 the case for MIP to be introduced at 4 digit ITC HS Code level. So there was early push by high salient companies/ association for imposition of MIP. As per the news item in newspaper Business Standard on 08.12.2015 Steel Ministry in first week of December, 2015 made a proposal to commerce ministry to notify Minimum Import Price for import of steel goods which included pig iron, scrap, semi-finished goods, CR coil, pipes and tubes, flat stainless goods, bars and rods (Mukul, J. 2015). The move to impose MIP got attention of several other stakeholders. CORSMA which is association of cold rollers actually referred media news which caught their attention and in a representation dated 08.12.2015 mentioned that demand for undue protection is being made by four major hot rolled coil producers and such decision should be taken in overall interest and floor price should be based on recommendation of committee consisting of stakeholders. Another company Namco on 08.12.2015 requested that semi-finished steel items like ingots, blooms, billets, slabs should be exempted from mechanism of MIP. Ratnamani metals and Tubes company in a letter dated 09.12.2015 besides seeking exemption of API grade steel from MIP mentioned that Government of India should avoid imposition of any fresh measure which would be benefitting only the large steel makers. On 20.12.2015, newspaper article in Indian Express mentioned that the Government has taken decision to impose Minimum import price to stop flooding of Indian market with cheap imports (Biswas, P. 2015). Other associations sensing inevitability of MIP tried to reflect interest of their member companies. Steel re-roller Association of Maharashtra on 21.12.2015 requested exemption of scrap materials, semis such as ingots billets, blooms, slabs and melting scrap from purview of MIP. Sponge Iron Manufacturers Association (SIMA) which is association of secondary steel sector on 24.12.2016 conveyed its concerns that metallic and hot rolled long products like re-bars and wire rods of all grades should be included in mechanism of MIP. Association of Indian Mini-Blast Furnaces on 29.12.2016 supported MIP proposal being deliberated and provided import details which are harming domestic producers and requested MIP of US\$450 per tonne for Alloy and Non Alloy steel long products covered under HS codes 7227, 7228, 7213, 7214, 7215 and 7217. Kalyani steels on 02.01.2016 took up matter to impose MIP on products under HS code 7228, 7227 and 7214 citing reason of huge import surge and if not stopped it will demolish domestic industry.

Financial Express on 09.01.2016 citing Commerce and Industry Minister mentioned that Government would not rush to fix minimum imports price (Ray, S. 2016a). The news further mentioned that “The steel ministry had been strongly pitching for the imposition of MIP for quite some time now following repeated representation of the domestic industry” (Ibid.). Meanwhile Indian Steel Association seems to have approached former Commerce Minister for support as The Financial Express reports on 15.01.2016 the written communication of the former Minister to Government “Based on the representation from the Indian Steel Association (ISA), he said the alleged predatory pricing poses a challenge to major Indian steel producers, who have registered heavy losses for the first

time in their history” (Ray, S. 2016b). Another Member of Parliament Mr. Tapan Sen, who is also member of the Consultative Committee for the Ministry of Steel wrote to the government about urgency of the matter as reported “Some immediate interim measures to contain the flow of import of steel in the country is required to arrest further aggravation of the situation almost to a point of no return” (Ibid.). Federation of Kutch Industries Association (FOKIA), a regional association in the state of Gujarat which represent mainly steel pipe makers on 19.01.2016 represented Ministry of Steel expressing concerns on proposal of MIP on imports of certain steel items to protect the Indian steel industry. It wanted exemption of steel slabs, rolled stainless steel products, API grade steel, imports under international competitive bidding from MIP as these are sourced from international market. The Hindu (2016) on January 27th, 2016 reported that the Government is working out tariff-line wise details about the need for protection by measures including MIP, however, EEPC a body representing engineering goods exports is objecting to MIP on the ground of higher price for raw material. Bloomberg TV India on February 1st reported that MIP may be notified soon in India and Government is trying to find balance between providing cheaper raw material to Industry and competitiveness of domestic industry (Goyal, A. 2016).

Government issued notification to impose MIP on imports 173 steel items on 06.02.2016 for a period of six months. 22 items in semi-finished products of iron or alloy and non-alloy steel (ingots, billets, blooms, slabs), 62 items in non-alloy flat rolled HR products, 33 items in non-alloy flat rolled CR products, 14 flat rolled other alloy products, 20 flat rolled coated products of non-alloy, 15 hot rolled bars and rods products of non-alloy and 7 hot rolled bars and rods products of other alloy steel. API grade steel for pipes used in transportation of petroleum and natural gas industries were kept out of above notified items. The proposal of high salience companies was agreed by the Government to impose MIP on steel products but at the same time it was done at eight-digit level HS code to accommodate the concerns of other industries. The request of CORMSA (low salience) to have a committee based recommendation was apparently not agreed. Namco’s (low salience company) suggestion to exclude billet, blooms etc. from MIP was also not agreed. SIMA’s (low salience association) concern to include metallic in MIP notification also denied. While it is argued that concerns of steel sector as a whole were taken care in a balanced way, the MIP notification reflected outcome as sought by high salience association and companies. Although media’s role in MIP imposition is not acknowledged by stakeholders and Ministry of Steel as high salient, it continuously captured the demand for MIP by stakeholders and spread awareness to large number of stakeholders who could represent before government to arrive at calibrated decision.

## **5.7 MIP effect on imports:**

Subsequent to imposition of MIP notification, decline in imports of steel was noted. Notification was effective till the whole month of July (upto 04.08.2016). The imports of finished steel which were growing at 26 percent in February, 2016 came down to (-) 34 percent in July, 2016. Month wise summary of imports growth as compared to

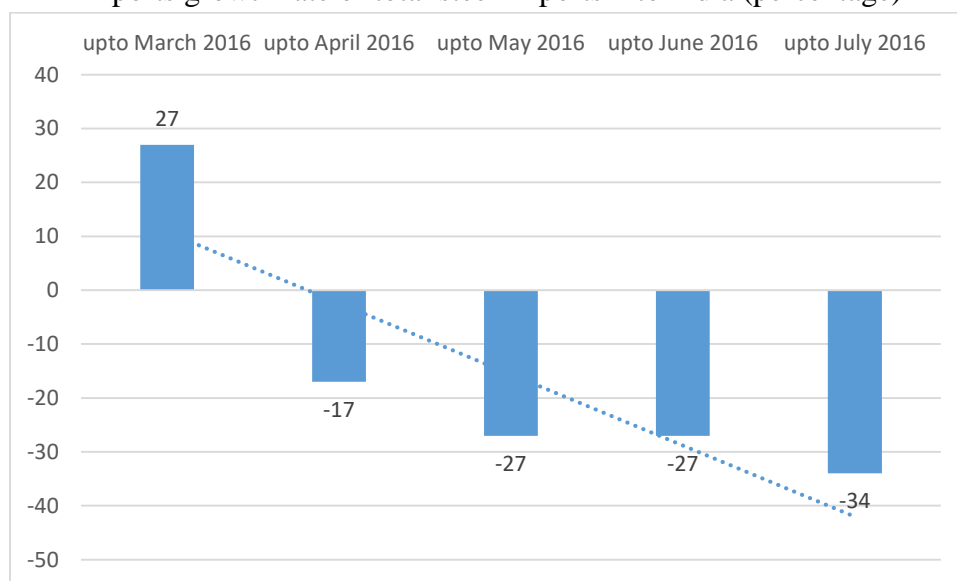
corresponding period in previous financial year is shown at Table-5.8 and Chart-5.1. Decline in non-flat finished steel was higher than flat steel products.

**Table-5.8**  
Imports growth rate of steel imports into India  
in 2016-17 as compared to corresponding period in 2015-16  
(figures in percentages)

Growth rate in FY 2016-17	SEMIS- STEEL	FINISHED STEEL		TOTAL Finished Steel	TOTAL Steel
	(Including RR Scrap)	Non-Flat Products	Flat Products		
upto March 2016	41	2	31	26	27
upto April 2016	-30	-11	-17	-16	-17
upto May 2016	-6	-15	-32	-29	-27
upto June 2016	1	-34	-28	-29	-27
upto July 2016	-30	-38	-33	-34	-34

(Source: Joint Plant Committee 2016, personal communication)

**Chart-5.1**  
Imports growth rate of total steel imports into India (percentage)



(Source: Joint Plant Committee 2016, personal communication)

Imports from major countries is shown at Table-5.9. It is seen that there is decline of only one percent from China. There is increase growth from Korea and Russia. Major decline in imports come from non-major steel exporting countries.

Table-5.9  
Imports of steel from major countries  
(Figures in '000 tonnes)

Country	Apr - July 2016(P)	Apr - July 2015	Growth (%)
China	706.46	714.03	-1
Japan	399.92	406.25	-2
Korea	677.8	486.11	39
Russia	184.58	63.67	190
Others Countries	651.58	2279.78	-71
Total Steel	2620.34	3949.84	-34

(Source: Joint Plant Committee 2016, personal communication, August, 2016)

Chinese imports which were perceived to be major concerns for domestic steel sector due to overcapacity in China and slowdown in Chinese demand have not been impacted significantly in absolute terms. So efficacy of MIP in Chinese context has been limited. However, MIP could provide relief to domestic sector as Ministry of Steel reported “Over the period of five months since the imposition of MIP, prices of steel products included under MIP have partially improved. The Ex-Mumbai prices of TMT, HR Coils and CR Coils have increased by Rs. 1323/tonne, Rs. 4551/tonne and Rs. 5425/tonne respectively” (Purkayastha P. 2016, personal communication, August, 2016). Import of notified goods under MIP as a percentage of total imports also declined from 78 percent in February, 2016 to 60 percent in June, 2016 (Ibid.).

In this Chapter, analysis of stakeholders salience and their overall influence *interalia* private governance which led to decision to impose MIP was discussed. It was also seen to what extent MIP could effect imports. In next Chapter, it will be examined how the protection measure of MIP is seen in the context of National Steel Policy by different stakeholders.

## Chapter-6

### Stakeholders Response on Protection and National Steel Policy

#### 6.1 MIP and National Steel Policy:

MIP policy action is temporary protection extended to steel industry by the government. National steel policy, 2005 also contains the intention of the government to take protective measures from unfair trade practices (GOI 2005 :15). Responses of major stakeholder steel companies and association was sought on their perception of MIP action in context of National steel policy (NSP). While both companies and associations felt desirability of MIP policy action, there is difference of agreement on whether imposition of MIP was aligned with objectives of National Steel Policy, 2005. Mean perception of respondent companies about congruence of MIP with National steel policy is 4.1 on scale of 5 whereas it is 4.4 in case of association (details at Appendix-K). Findings are summarised at Table-6.1.

Table-6.1

Mean perception of companies and association about MIP action aligned with NSP

	Perception about MIP action aligned with NSP	Perception about desirability of policy action
Company	4.1	4.33
Association	4.4	4.6
Aggregate perception response	4.25	4.47

(Author's calculation)

The response suggests that major stakeholders viz. companies and associations feel that MIP is not the only means of protection and other measures need to be taken to address the situation. Steel companies have responded with several reasons for need for protection. SAIL feels protection need on the grounds of immense pressure from import glut and predatory pricing. JSW cites reasons like global excess capacity and consequent dumping concern, high financial cost to domestic industry, other countries imposing similar restrictions, free trade agreements also causing stress besides raw material scenario present in country. Electorsteel justifies protection due to unfair disadvantage to Indian companies due to Chinese exporters. Mukund Limited views that cheaper imports are threatening survival risk for domestic industry and financially becoming unviable. Similarly, Nakoda Ispat fear company may close or stop production in present unprotected scenario. High salience associations like FICCI and CII perceive that MIP may be desirable in short run but in long run competitiveness is required. Association of

Indian mini-blast furnaces feel that MIP has rescued domestic industry but other actions are also required during protection period.

Overall perception of industry and association can be inferred to the greater expectations of steel industry beyond MIP policy action. When company and associations were asked about desirability of other policy action like imposing anti-dumping duty, safeguard duty, increasing customs duty, strengthening quality control order, financial support/ restructuring of loans, prevent circumvention, exclusion of steel from free trade agreements, all of them favoured such policy actions. The desirability response of policy actions (details at Appendix-L) is summarised at Table-6.2.

**Table-6.2**  
**Desirability of policy action mean response by companies and association**

Policy action	Response by companies	Response by associations	Overall response
Imposition of MIP	4.3	4.6	4.5
Imposition of Anti-dumping duty	4.8	4.6	4.7
Imposition of Safeguards duty	4.8	4.7	4.7
Increasing Customs duty on steel imports	4.8	4.3	4.5
Strengthening Quality Control Order	4.5	4	4.2
Financial support/ restructuring of loans by banks	4.6	4.5	4.6
Circumvention of quality control order of safeguards/ anti-dumping duty	4	3.6	3.8
Excluding steel goods from Free Trade Agreements	4.6	4.2	4.4

(Author's calculation)

It can be seen from Table-6.2 that while desirability of MIP policy action is high, steel companies desire other policy actions even more like Imposition of Anti-dumping duty, Imposition of Safeguards duty, Increasing Customs duty on steel imports and Financial support/ restructuring of loans by banks.

## **6.2 MIP response by companies and associations:**

Companies have taken recourse to some strategic decision in view of MIP policy action as discussed it definitely has provided relief to domestic steel industry. SAIL has responded that MIP is temporary response. The company in view of temporary respite available is trying to find new customers and improving cash collection. As regards JSW

they are also adopting aggressive marketing strategies to increase visibility among customers. They are having a re-look in internal costing and enhancing capabilities to produce all kinds of imported steel products. Electrosteel Limited responded that they are concentrating on domestic consumer market for sale of their product namely TMT bars. Another secondary steel producer Nakoda Ispat Limited that the company had reduced TMT production and they were holding raw material stock. They expect demand and price increase due to MIP. Mukund Limited reported that in order to compete with the cheap imports, the company had reduced the product prices in line with market trend over the period. However, post MIP, the fall in prices was arrested. Further, after the government's announcement of MIP, the demand for the company's products has improved boosting the production and resulting into better capacity utilisation.

It was revealed that the when companies were provided with the protection of MIP policy action, the sentiments of steel producers generally improved and they tried to maximise the gains by trying to increase their product market, they expected better price realisation easing out financial stress, rise in domestic demand and better capacity utilisation.

MIP posed different challenges to steel sector as well. CII mentioned that MIP has helped the Indian steel sector in easing out the assets, however, it is going to affect user segment and can be challenged at WTO. FICCI similarly mentioned that although MIP provided breathing space to domestic industry, it can be challenged in WTO. The forecast of these high salience associations turned out to be true as Japan took up the matter in WTO (Purkayastha P. 2016, personal communication). Other associations mainly pointed out the benefit of containment of import growth. Associations felt there should be long term redressal. CII suggested logistic cost should be reduced, steel corridor and coastal shipping should be promoted. Efforts should be made to increase steel to cement ration which is very low at 0.3 as against advance countries that have this ratio in excess of one. Products under quality control order should be increased and inverted duty structure anomaly should be removed. FICCI on the other hand suggested increase of customs duty protection, exclusion of steel products from free trade agreements, development of Jharia coal block for providing coking coal to steel industry, easing land acquisition, increase demand through government procurement, incentivise steel use in rural area. Steel Furnace association of India besides customs duty protection suggested loan restructuring facility for secondary steel sector. All India steel re-rollers association mentioned to provide electricity at affordable rates to steel companies. Indian mini-blast furnace association besides above mentioned issues indicated need to have separate fund for renovation of steel companies and incentivise research and development in the field of steel sector.

FOKIA which is association of pipe manufacturers mentioned that MIP policy action was taken only on raw material for pipe making viz (Slabs, Plates, Coils) and not on the finished product (Line Pipes), which was adversely impacting secondary steel manufacturers. FOKIA did not approve MIP policy action as is clear from its low



legitimacy score for MIP action. FOKIA not being a 'definitive' stakeholder could not influence final policy outcome of MIP action.

Thus it can be inferred that steel companies and their associations are well aware that MIP mechanism is only short term remedy. Although MIP could contain imports to certain extent but there is little impact on imports from China. Further due to free trade agreement imports will continue to happen from Japan and Korea at nil rate of duty in future. Long term solution is to address intrinsic issues in steel sector like to provide assured supply of raw materials, lower capital cost, land procurement issues, research and development to increase technological capabilities and reduce logistic cost. These long term steps will make steel industry competitive. Further, as felt by steel companies and associations unfair trade should be stopped by taking actions like imposing anti-dumping duty, safeguard and counter veiling duty, enforce quality control order, reduce circumvention and providing support by restructuring of loans. Only MIP action would not be a remedy in long run. Nonetheless, protection is needed in present crisis situation as Mr. Porter Marcus, founder of World Steel Dynamics and recognised as expert on steel industry in an interview with The Economic Times says that China has oversupplies and is on offensive; thus there is a case "where steel companies everywhere in the world need protection" (John, S. 2015).

## Chapter-7

### Conclusion

In this paper, an effort has been made to identify salience of main stakeholders (companies and association) as perceived by decision maker (Ministry of Steel) in context of evolution of policy of imposition of Minimum Imports Price (MIP). Theoretical concept proposed by Mitchell et al. (1997: 853-882) for identification and classification of stakeholders based on three attributes (i) power (ii) legitimacy and (iii) urgency is used. These attributes of salience are measured by seeking response to questionnaire. Utilitarian power, normative power, power to have desired outcome, power perceived by other stakeholders are captured by appropriate responses of the companies and associations and quantified numerically. Legitimacy attribute is arrived at by construction of polyhedron and pyramid and finding a suitable measure to reflect the quantum. Urgency in terms of criticality and time sensitiveness is obtained as a direct response to questionnaire. Ten steel companies and ten associations responded. On the basis of applied rules six 'definitive', three 'dependant' and one 'demanding' stakeholder company were found. Similarly, six 'definitive' and four 'dangerous' stakeholder associations were classified based on the theory of Mitchell et al. (Ibid.). Definitive stakeholders possess the most salience for MIP policy action for Ministry of Steel. Dependent stakeholders are not having power attribute to influence decision while 'dangerous' stakeholders do not support legitimacy of MIP action. 'Demanding' stakeholder is devoid of power and legitimacy and thus remains inconsequential in overall decision making.

Analysis reflected that there are 12 'definitive' stakeholders having high salience for policy action of MIP. Thus MIP was implemented despite 40% stakeholders not favouring MIP directly. MIP is only one of the policy options to address the situation of increasing imports of steel goods and causing stress in the sector. Other actions like Imposition of Anti-dumping duty, Imposition of Safeguards duty, Increasing Customs duty on steel imports and Financial support/ restructuring of loans by banks are also desired by stakeholders. MIP could arrest the trend of growing steel imports and therefore protecting the steel sector. Low salience associations and companies also desired similar outcome of reduced imports but with extended product range for MIP coverage to entire value chain so that these companies are also protected. Secondary sector steel companies like pipe making, MS sheet, were impacted adversely due to imposition of MIP on imported inputs but not on their final product.

The process of initiation of MIP policy action demonstrates the relevance of stakeholder's salience theory in public policy domain. However, there is no sole decision maker in Governance so salience for one key decision maker may not be same for another

policy maker. To illustrate further, Government structure in India has a democratic parliamentary system where Prime Minister is executive head of governance. The subjects which are to be dealt by ministries are provided in the Government of India (Allocation of Business) Rules, 1961 (GOI 2016m). The role of Ministry of Steel as per second Schedule to these rules *interalia* is “Production, distribution, prices, imports and exports of iron and steel and ferro-alloys” (GOI 2016n :142). Foreign trade in goods and services, Free Trade Agreements and anti-dumping are subject of Ministry of Commerce and Industry (GOI 2016n :26). Issues concerning Customs duty, safeguard duty and banking matters are to be dealt by Ministry of Finance (GOI 2016n :58). Therefore, there is involvement of several ministries and departments on issues such as issue of Minimum Import Price discussed in this paper. Ministry of Steel although a key ministry for taking up the issues of steel sector cannot be said as final decision maker on the issue. As MIP is applicable to imports of goods, Ministry of steel was actively involved with Ministry of Commerce and Industry on issuance of notification. The result in terms of salience of stakeholders for steel ministry may differ from salience of stakeholders for commerce ministry. This multi-decision making approach for stakeholder’s salience would vary the outcome interpretation for different set of decision maker in government.

Involvement of more than one decision making actor will always cause delay in decision as happened in MIP. While as reported in media, Ministry of Steel proposed MIP in December, 2015 the same was finally notified in February, 2016. Stakeholders also approach different decision maker making multiple efforts. The research scenario could possibly be improved by extending stakeholder’s salience analysis in public policy where only one government decision maker is taken into consideration and other government actors are also considered as stakeholders along with original stakeholders in issue. Present research mainly focused on decision maker which is Ministry of Steel for steel sector and stakeholder salience framework applicable in this setting. However if Ministry of Commerce which issued MIP notification is considered as decision maker, Ministry of steel also become stakeholder for Ministry of commerce and salience of different stakeholders may differ for Ministry of Commerce having bearing on final outcome. This seems to be limitation of stakeholder salience model in public policy domain.

The findings of research come to an agreement with theoretical concept proposed by Mitchell et al. (1997: 853-882) about stakeholder’s salience and their perception by manager (Ministry of Steel). It is also observed that if the issue to be decided is urgent as was felt by all stakeholders for imposition of MIP policy action, number of different categories is effectively determined by presence of remaining attributes of legitimacy and power. In present case, four categories of stakeholders could be found.

Six dimensions of legitimacy (three internal and three external) which aggregately indicate meta-attitude of company indicate legitimacy of MIP policy action. It would be worthwhile to understand how this meta-attitude towards MIP changes over a period of time say after six months once progress is expected on other actions. Other policy actions

would affect pragmatic, moral and cognitive dimensions of internal and external legitimacy. Higher desirability of other policy action indicate that stakeholders want several actions taken together to address the stress situation in Indian steel sector.

It is interesting to see that the power perception also varies in given context. FOKIA which is regional association in the state of Gujarat is perceived power salience by companies on a score of 2.4 whereas Ministry of Steel has given FOKIA a much higher salience of 4. Thus there may be a case of political perception of salience.

Further, salience is based on perception and for one set of given circumstances power, legitimacy and urgency attributes of stakeholders will change in another set of circumstances and decision makers would act accordingly. If desirability of policy action is urgent, like in present case, determining factors for salience become 'power' and 'legitimacy' attributes. In alternative policy scenario, all three factors may be determining attributes for salience and consequent impact on choice of policy action. Thus in given policy choice of MIP it can be said that Salience theory does not give an answer as to which attribute in power, legitimacy and urgency is the most important for arriving at salience as 'urgency' although one of the important factors of salience has become redundant in present case because every stakeholder desired urgent policy response in given stress situation.

It is concluded that the exploration of the stress situation faced by stakeholders of iron and steel sector and evolution of the policy action of Minimum Import Price (MIP) reflect correlatable findings as per theory of stakeholder's salience by Mitchell et al. (Ibid.). Challenge of increased imports into India was sought to be addressed by policy action of MIP and there was 34 percent reduction in imports of finished steel till July, 2016. National Steel Policy neither specifies different possible steps required to be taken for 'protection' nor does it mention expected actionable policy areas for 'protection' purpose. Nonetheless, stakeholders felt that MIP is within the purview of National Steel Policy but they desired other protection measures also. Thus there exists 'legitimacy' for other policy actions and consequently salience of different stakeholders would vary for other policy actions indicating dynamic nature of salience.

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## Illustrative measurement of salience of a company

Sl. No.	Factor	
	<b>POWER</b>	
1	Utilitarian Power (Turnover)	<p>5 to 1 based on turnover</p> <p>Turnover of company with turnover more than 30,000 Crores INR= value 5</p> <p>Turnover of company with turnover between 15,000 to 30,000 Crores INR= value 4</p> <p>Turnover of company with turnover between 7,500 to 15,000 Crores INR= value 3</p> <p>Turnover of company with turnover between 3,750 to 7,500 Crores INR= value 2</p> <p>Turnover of company with turnover less than 3,750 Crores INR= value 1</p>
2	Utilitarian Power (Production)	<p>5 to 1 based on share in total steel product</p> <p>Production of steel goods more than one million tonnes= value 5</p> <p>Production of steel goods between 500 to 1000 thousand tonnes= value 4</p> <p>Production of steel goods between 300 to 500 thousand tonnes= value 3</p> <p>Production of steel goods between 100 to 300 thousand tonnes= value 2</p> <p>Production of steel goods less than 100 thousand tonnes = value 1</p>
3	Normative Power	<p>5 to 1 based on number of awards</p> <p>Number of awards/recognition obtained by company less than 2= value 1</p> <p>Number of awards/recognition obtained by company 2= value 2</p> <p>Number of awards/recognition obtained by company 3= value 3</p> <p>Number of awards/recognition obtained by company 4= value 4</p> <p>Number of awards/recognition obtained by company 5 or more= value 5</p>
4	Power to have desired outcome	Scored 5 to 1 based on questionnaire response on MIP as desirable outcome
5	Perception by other steel companies	Mean response 5 to 1 from different companies
6	Perception of power by MOS	Scored 5 to 1
7	Power sub-total maximum	30
8	Power sub-total of company	X
	<b>LEGITIMACY</b>	

9	Internal pragmatic	5 to 1 based on response
10	Internal moral	5 to 1 based on response
11	Internal cognitive	5 to 1 based on response
12	External pragmatic	5 to 1 based on response
13	External moral	5 to 1 based on response
14	External cognitive	5 to 1 based on response
15	Legitimacy sub-total maximum 'volume measure'	64.95
16	Legitimacy 'volume measure' of company	Y
	<b>URGENCY</b>	
17	Criticality of decision in view of company	5 to 1 based on response
18	Time sensitivity of decision in view of company	5 to 1 based on response
19	Urgency sub-total maximum	10
20	Urgency sub-total of company	Z
	<b>For the purpose of Stakeholder classification:</b>	
21	Power score ( $\geq 15$ )	Present
22	Legitimacy score ( $\geq 32.47^*$ ) * maximum area of regular hexagonal= 32.48 units for side 5	Present
23	Urgency ( $\geq 5$ )	Present
24	Salience and Type of Stakeholder	Based on outcome of sl. No. 21, 22 & 23

**Illustrative measurement of salience of an association**

Sl. No.	Factor	
	<b>POWER</b>	
1	Nature of membership of different types of steel sector companies	10 to 3 based on different types of members like public sector, primary steel sector, secondary steel sector, re-rollers, cold rolling units, galvanizing units, other units concerning of value addition of steel and user industries
2	Power to have desired outcome	Scored 5 to 1 based on questionnaire response on MIP as desirable outcome
3	Perception by other steel companies	Mean response 5 to 1 from different companies
4	Perception of power by MOS	Scored 5 to 1
5	Power sub-total maximum	25
6	Power sub-total of company	X
	<b>LEGITIMACY</b>	
7	External pragmatic	5 to 1 based on response
8	External moral	5 to 1 based on response
9	External cognitive	5 to 1 based on response
10	Legitimacy sub-total maximum (volume of right angle pyramid)	20.83
11	Legitimacy sub-total of Association Volume	Y
	<b>URGENCY</b>	
12	Criticality of decision in view of Association	5 to 1 based on response
13	Time sensitivity of decision in view of Association	5 to 1 based on response
14	Urgency sub-total maximum	10
15	Urgency sub-total of Association	
	<b>For the purpose of Stakeholder classification:</b>	
16	Power score ( $\geq 12.5$ )	Present
17	Legitimacy score ( $\geq 10.42$ )	Present
18	Urgency ( $\geq 5$ )	Present
19	Type of Stakeholder	Based on outcome of Sl. No. 16, 17 & 18

## Appendix- C

IMPORT OF IRON & STEEL THROUGH MAJOR INDIAN PORTS					
CATEGORY	Quantity in '000 tonnes				
	Non-Alloy	Non-Alloy	Growth	Non-Alloy	Growth
	(Prime & Defective)	(Prime & Defective)		(Prime & Defective)	
	Apr 13 - Mar 14	Apr 14 - Mar 15	%	Apr 15 - Mar 16(P)	%
STEEL					
SEMIS					
.....Billets,Slabs,etc.	43.22	331.34	666.6	512.07	54.5
.....Re-rollable Scrap	208.06	329.22	58.2	426.33	29.5
<b>FINISHED STEEL</b>					
<b>1.Non-Flat Products</b>					
BARS & RODS	294.29	854.3	190.3	621.34	-27.3
STRUCTURALS	43	52.92	23.1	24.55	-53.6
RLY. MATERIALS	4.35	15.49	256.1	10.64	-31.3
<b>TOTAL Non-Flat</b>	341.64	922.71	170.1	656.53	-28.8
<b>1.Flat Products</b>					
PLATES	409.92	731.72	78.5	1059.72	44.8
HR SHEETS	102.13	78.59		105.13	
HR COIL/STRIP	1104.26	2006.28	81.7	3400.61	69.5
CR COIL/SHEETS	1278.9	1713.47	34.0	2235.14	30.4
GP/GC SHEETS/COIL	368.08	444.13	20.7	586.23	32.0
ELECT. SHEETS	346.53	417.9	20.6	318.18	-23.9
TMBP	0.8	1.36		3.76	
TIN PLATES	160.5	197.05	22.8	158.52	-19.6
TIN PLATES W/W	27.91	20.63	-26.1	11.94	-42.1
TIN FREE STEEL	56.52	87.34	54.5	80.59	-7.7
PIPES	101.39	132.35	30.5	100.76	-23.9
<b>TOTAL Flat</b>	3956.94	5830.82	<b>47.4</b>	8060.58	<b>38.2</b>
<b>TOTAL Finished Steel (Non-Alloy)</b>	4298.58	6753.53	<b>57.1</b>	8717.11	<b>29.1</b>
<b>TOTAL Steel (Non Alloy)</b>	4549.86	7414.09	<b>63.0</b>	9655.52	<b>30.2</b>
<b>Alloy/Stainless Steel</b>					
Finished Steel	1151.23	2566.75	<b>123.0</b>	2994.04	<b>16.6</b>
Semis	7.09	35.75	<b>404.2</b>	42.38	<b>18.5</b>
<b>TOTAL Steel (ALLOY)</b>	1158.32	2602.5	<b>124.7</b>	3036.42	<b>16.7</b>
<b>TOTAL Finished Steel (Alloy+Non-Alloy)</b>	5449.81	9320.28	<b>71.0</b>	11711.15	<b>25.7</b>
<b>TOTAL Steel (Alloy+Non Alloy)</b>	5708.18	10016.59	<b>75.5</b>	12691.94	<b>26.7</b>

(Source: Joint Plant Committee, 2016, personal communication)

**Research questionnaire to individual companies**

**Research questionnaire to seek response from stakeholders on the issue of imposition of Minimum Import Price (MIP) on imports of steel goods into India**

Author's Note: The responses to research questions are to be used for the purpose of theoretical research and not for any other purpose. You can choose to respond anonymously (without naming yourself).

**NAME OF THE RESPONDENT:** ..... (OPTIONAL)

1. Name of the company
2. Name of product manufactured
3. Names of main input material required and name of supplier(s)
4. Production of main manufactured product and name of main customers
5. Does company use imported input (directly or indirectly)? If yes, please give name of imported goods.
6. Does company export? If yes, please give the name of exported product?
7. Please indicate turnover of your company in 2015-16.
8. Please indicate production figure of your products in 2015-16.
9. Has your company received any state, national or international award/ recognition in the field of steel sector? Please specify.
10. As media news about imposition of MIP was circulating since December, 2015, did you believe that imposition of MIP was desirable outcome to contain the problem of steel sector? MIP did happen in February, 2015.
  - a. Yes
  - b. No
11. Did you make representation before Ministry of Steel/ Government for or against MIP?
  - a. Yes, representation in favour of MIP
  - b. Yes, representation in limited favour for MIP
  - c. Representation against MIP
  - d. No representation
12. Did you make representation to your industry association for or against MIP?
  - a. Yes, representation in favour of MIP
  - b. Yes, representation in limited favour for MIP
  - c. Representation against MIP
  - d. No representation

13. According to you, which type of communication/ representation to the Ministry of Steel (MOS) is more likely to be considered and paid close attention? Please assess in scale of 1 to 5.

Sl. No.	Type	Most likely to be considered (5), Considered to some extent (4), Little consideration (3) Very little consideration (2), No consideration (1) Put a <input checked="" type="checkbox"/> on your score.				
	Individual representation	5	4	3	2	1
	Association representation	5	4	3	2	1
	Letter through public representative (like MP/MLA etc.)	5	4	3	2	1

14. According to you, please assess regarding individual steel company which is more likely to carry out its propositions in Ministry of Steel (MOS) despite contrary or different views from other stakeholders?

Name	Company is able to get favourable action by MOS very much (score 5), to some extent ( score 4), little (score 3), very little (score 2) , No influence (score 1) Please put <input checked="" type="checkbox"/> on your assessment				
RINL	5	4	3	2	1
JSW Steel Limited	5	4	3	2	1
Tata Steel Limited	5	4	3	2	1
Essar Steel Limited	5	4	3	2	1
Bhushan Steel Limited	5	4	3	2	1
Jindal Steel & Power Limited	5	4	3	2	1
Uttam Galva Steels Ltd.	5	4	3	2	1
Shree Precoated Steels	5	4	3	2	1
Lloyds Steel and Industries Ltd.	5	4	3	2	1
Electro Steel Ltd.	5	4	3	2	1
Namco Industries Pvt. Limited	5	4	3	2	1
Ratnamani Metals & Tubes Limited	5	4	3	2	1
Welspun Corp Limited	5	4	3	2	1
Kalyani steels	5	4	3	2	1
Shivam Steel	5	4	3	2	1
Jayaswal Neco Indus Ltd.	5	4	3	2	1
Mukund	5	4	3	2	1



Shree Nakoda Ispat Ltd.	5	4	3	2	1
BMM Ispat Ltd.	5	4	3	2	1

15. According to you, please assess regarding industry association which is able to carry out its propositions in MOS despite contrary / different view from other stakeholders?

Name	Industry association is able to get favourable action by MOS: very much (score 5), to some extent (score 4), little (score 3), very little (score 2) , No influence (score 1) Please put <input checked="" type="checkbox"/> on your assessment				
FICCI	5	4	3	2	1
CII	5	4	3	2	1
ASSOCHAM	5	4	3	2	1
Indian steel association (ISA)	5	4	3	2	1
CORSMA	5	4	3	2	1
All India Steel Re-Rollers Association	5	4	3	2	1
SIMA	5	4	3	2	1
MCC Chamber of Commerce & Industry	5	4	3	2	1
Association of Indian Mini Blast Furnaces	5	4	3	2	1
Federation of Kutch industries association (FOKIA)	5	4	3	2	1
Alloy Steel Producers Association of India	5	4	3	2	1
Apex Chamber of Commerce & Industry (Punjab)	5	4	3	2	1
United Cycles and Parts Manufacture Association	5	4	3	2	1
All India Stainless Steel Industries Association	5	4	3	2	1
All India Association of Industries	5	4	3	2	1
All India Induction Furnaces Association	5	4	3	2	1
Automotive Component Manufacturer Association of India (Acme)	5	4	3	2	1
Steel Furnace Association of India	5	4	3	2	1

16. Do you think that interests of steel consumer industry were also a factor in imposition of MIP?

- a. Very strong influence
  - b. Somewhat strong influence
  - c. Little influence
  - d. Very little influence
  - e. No influence of consumers in imposition of MIP
17. Do you think that media influenced imposition of MIP?
- a. Very strong influence
  - b. Somewhat strong influence
  - c. Little influence
  - d. Very little influence
  - e. No influence of media in imposition of MIP
18. Do you think there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit your company?
- a. Very strong business case for MIP
  - b. Somewhat strong case for MIP
  - c. Moderate case for MIP
  - d. Weak case for MIP
  - e. There is no justification for MIP
19. Do you believe that MIP is the right thing to happen at this time?
- a. Strongly believe righteousness of MIP
  - b. Somewhat believe righteousness of MIP
  - c. Moderately believe righteousness of MIP
  - d. Weak belief about believe righteousness of MIP
  - e. MIP is not right decision
20. Do you believe that MIP will make financial performance job of the company easy or difficult?
- a. Easy in terms of financial performance
  - b. Somewhat easy in terms of financial performance
  - c. There is no difference
  - d. MIP makes financial performance of my company a little difficult
  - e. MIP makes financial performance of my company a more difficult
21. Do other steel companies think there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit them?
- a. Large majority of steel companies feel strong business case for MIP
  - b. Majority of steel companies feel strong business case for MIP
  - c. Few steel companies feel strong business case for MIP
  - d. Very few steel companies feel business case for MIP
  - e. No steel company feel business case for MIP

22. Do other steel companies believe that MIP is the right thing to happen at this time?
  - a. Large majority of steel companies believe righteousness of MIP
  - b. Majority of steel companies believe righteousness of MIP
  - c. Few steel companies believe righteousness of MIP
  - d. Very few steel companies believe righteousness of MIP
  - e. Steel companies feel MIP is not right decision
  
23. Do other steel companies believe that MIP will make financial performance job of the company easy or difficult?
  - a. Large majority of steel companies feel MIP will improve financial performance
  - b. Majority of steel companies feel MIP will improve financial performance
  - c. Few steel companies feel MIP will improve financial performance
  - d. Very few steel companies feel MIP will improve financial performance
  - e. Steel companies feel MIP will have no impact or adverse impact on financial performance
  
24. Do you think that increased imports of iron and steel goods is harmful to Indian steel sector and it can cause irreversible damage to steel sector if not contained?
  - a. Yes, extremely important to contain increased imports
  - b. Yes, somewhat important to contain increased imports
  - c. No, little important to contain increased imports
  - d. No, very little important to contain increased imports
  - e. Increased imports are not a concern to domestic steel sector
  
25. Was there urgency to impose MIP notification?
  - a. Yes, extremely urgent
  - b. Yes, somewhat urgent
  - c. No, little urgent
  - d. No, very little urgent
  - e. MIP notification was not required

#### **NATIONAL STEEL POLICY, 2005**

*The policy says that 'integration with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during the periods of downturn.'*

26. Do you think imposition of MIP is in line with the policy objective as per National Steel Policy, 2005 mentioned above?
  - a. Yes, I agree strongly
  - b. Yes, I agree to large extent
  - c. Yes, I agree to some extent
  - d. Yes, I agree very little
  - e. I don't agree

27. In your opinion, please assess the desirability of policy actions by the government in the interest of steel sector?

Sl . No.	Policy action	Action by the government is very much desirable(score 5), desirable to some extent ( score 4), little desirable (score 3), very little desirable (score 2) , Not desirable (score 1) Please put <input checked="" type="checkbox"/> on your assessment				
1	Imposition of MIP	5	4	3	2	1
2	Imposition of Anti-dumping duty	5	4	3	2	1
3	Imposition of Safeguards duty	5	4	3	2	1
4	Increasing Customs duty on steel imports	5	4	3	2	1
5	Strengthening Quality Control Order	5	4	3	2	1
6	Financial support/ restructuring of loans by banks	5	4	3	2	1
7	Circumvention of quality control order of safeguards/ anti-dumping duty	5	4	3	2	1
8	Excluding steel goods from Free Trade Agreements	5	4	3	2	1
9	No intervention is needed in liberalised free market	5	4	3	2	1

28. Did you make representation to the Ministry of Steel for considering protection of steel industry for increased imports? Please select the issues (you may select more than one based on your representations).
- For imposition of Minimum Import Price
  - For imposing Anti-Dumping Duty
  - For imposing Safeguards Duty
  - For increasing Customs duty on steel imports
  - For strengthening Quality Control Order
  - For financial support/ restructuring of loans by banks
  - For circumvention of quality control order / safeguards/ anti-dumping duty
  - For excluding steel goods from Free Trade Agreements
  - No representation on above issues
29. Do you feel there is need of protection of Indian steel industry? Give reasons for or against.
30. What benefit or challenge happened to you after imposition of MIP?
31. Has your company made any change in policy/strategic decision due to increasing imports and actions taken by the government thereon?

**Research questionnaire to individual Associations**

**Research questionnaire to seek response from stakeholders on the issue of imposition of Minimum Import Price (MIP) on imports of steel goods into India**

Author's Note: The responses to research questions are to be used for the purpose of theoretical research and not for any other purpose. You can choose to respond anonymously (without naming yourself).

**NAME OF THE RESPONDENT:** ..... (OPTIONAL)

1. Name of the Association
2. Number of members in association concerning steel sector
3. Names of prominent steel sector members
4. Date of formation of Association
5. Category of members your association has (pick more than one if relevant)
  - a. Public sector company
  - b. Primary steel sector
  - c. Secondary steel sector
  - d. Re-rollers
  - e. cold rolling units
  - f. galvanizing units
  - g. other units concerning of value addition of steel
  - h. user industries of steel
6. Has your association received global or national recognition/ award? Please specify.
7. Have you represented/ made policy suggestions to government on any of the following issues in 2016? Please select more than one option, if needed.
  - a. Imposition of MIP
  - b. Imposition of Anti-dumping duty
  - c. Imposition of Safeguards duty
  - d. Increasing Customs duty on steel imports
  - e. Strengthening Quality Control Order
  - f. Financial support/ restructuring of loans by banks
  - g. Circumvention of quality control order of safeguards/ anti-dumping duty
  - h. Excluding steel goods from Free Trade Agreements
  - i. No intervention is needed in liberalised free market

8. As media news about imposition of MIP was circulating since December, 2015, did you believe that imposition of MIP was desirable outcome to contain the problem of steel sector? MIP did happen in February, 2015.
  - a. Yes
  - b. No
9. Did you make representation before Ministry of Steel/ Government for or against MIP?
  - a. Yes, representation in favour of MIP
  - b. Yes, representation in limited favour for MIP
  - c. Representation against MIP
  - d. No representation
10. Do you think that interests of steel consumers were also a factor in imposition of MIP?
  - a. Very strong influence
  - b. Somewhat strong influence
  - c. Little influence
  - d. Very little influence
  - e. No influence of consumers in imposition of MIP
11. Do you think that media influenced imposition of MIP?
  - a. Very strong influence
  - b. Somewhat strong influence
  - c. Little influence
  - d. Very little influence
  - e. No influence of media in imposition of MIP
12. Do you think there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit steel sector?
  - f. Very strong business case for MIP
  - g. Somewhat strong case for MIP
  - h. Moderate case for MIP
  - i. Weak case for MIP
  - j. There is no justification for MIP
13. Do you believe that MIP is the right and just thing to happen at this time for steel sector?
  - f. Strongly believe righteousness of MIP
  - g. Somewhat believe righteousness of MIP
  - h. Moderately believe righteousness of MIP
  - i. Weak belief about believe righteousness of MIP
  - j. MIP is not right decision

14. Do you believe that MIP will make financial performance job of the steel companies easy or difficult?
- f. Easy in terms of financial performance
  - g. Somewhat easy in terms of financial performance
  - h. There is no difference
  - i. MIP makes financial performance of my company a little difficult
  - j. MIP makes financial performance of my company a more difficult
15. Do you think that increased imports of iron and steel goods is harmful to Indian steel sector and it can cause irreversible damage to steel sector?
- f. Yes, extremely important to contain increased imports
  - g. Yes, somewhat important to contain increased imports
  - h. Yes, little important to contain increased imports
  - i. Yes, very little important to contain increased imports
  - j. Increased imports are not a concern to domestic steel sector
16. Was there urgency to impose MIP notification?
- f. Yes, extremely urgent
  - g. Yes, somewhat urgent
  - h. Yes, little urgent
  - i. Yes, very little urgent
  - j. MIP notification was not required

#### **NATIONAL STEEL POLICY, 2005**

*The policy says that 'integration with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during the periods of downturn.'*

17. Do you think imposition of MIP is in line with the policy objective as per National Steel Policy, 2005 mentioned above?
- a. Yes, I agree strongly
  - b. Yes, I agree to large extent
  - c. Yes, I agree to some extent
  - d. Yes, I agree very little
  - e. I don't agree
18. In your opinion, please assess the desirability of policy actions by the government in the interest of steel sector?

Sl . No.	Policy action	Action by the government is very much desirable(score 5), desirable to some extent ( score 4), little desirable (score 3), very little desirable (score 2) , Not desirable (score 1) Please put <input checked="" type="checkbox"/> on your assessment
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1	Imposition of MIP	5	4	3	2	1
2	Imposition of Anti-dumping duty	5	4	3	2	1
3	Imposition of Safeguards duty	5	4	3	2	1
4	Increasing Customs duty on steel imports	5	4	3	2	1
5	Strengthening Quality Control Order	5	4	3	2	1
6	Financial support/ restructuring of loans by banks	5	4	3	2	1
7	Circumvention of quality control order of safeguards/ anti-dumping duty	5	4	3	2	1
8	Excluding steel goods from Free Trade Agreements	5	4	3	2	1
9	No intervention is needed in liberalised free market	5	4	3	2	1

19. Did you make representation to the Ministry of Steel for considering protection of steel industry for increased imports? Please select the issues (you may select more than one based on your representations).
- For imposition of Minimum Import Price
  - For imposing Anti-Dumping Duty
  - For imposing Safeguards Duty
  - For increasing Customs duty on steel imports
  - For strengthening Quality Control Order
  - For financial support/ restructuring of loans by banks
  - For circumvention of quality control order of safeguards/ anti-dumping duty
  - For excluding steel goods from Free Trade Agreements
  - No representation on above issues
20. Do you feel there is need of protection of Indian steel industry at present? Give reasons for or against.
21. What benefit or challenge do you foresee after imposition of MIP?
22. Please give brief summary of policy suggestion on steel sector made by your association to the government?



**Research questionnaire to Ministry of Steel**

**Research questionnaire to seek response from stakeholders on the issue of imposition of Minimum Import Price (MIP) on imports of steel goods into India**

Author's Note: The responses to research questions are to be used for the purpose of theoretical research and not for any other purpose. You can choose to respond anonymously (without naming yourself).

**NAME OF THE RESPONDENT:** ..... (OPTIONAL)

1. How does Ministry of Steel (MOS) consult various stakeholders in steel sector?
  - a. Periodic meeting
  - b. By inviting comments on issues
  - c. Considering various representations of companies
  - d. Considering various representations of associations
  - e. Visiting hours for industry
2. Are stakeholders consulted for framing/ amending any rule/notification?
  - a. Yes, always
  - b. Yes, sometimes
  - c. Yes, very little
  - d. Yes, rarely
  - e. Never
3. Did you receive individual company's representations for imposing MIP? If yes, please indicate number of representations.
  - a. 1-3 representations
  - b. 4-6 representations
  - c. 6-9 representations
  - d. 10-15 representations
  - e. More than 15 representations
4. Did you receive individual company's representations against imposing MIP? If yes, please indicate number of representations.
  - a. 1-3 representations
  - b. 4-6 representations
  - c. 6-9 representations
  - d. 10-15 representations
  - e. More than 15 representations
5. Did you receive industry association representations for imposing MIP? If yes, please indicate number of representations.
  - a. 1-2 representations
  - b. 2-4 representations
  - c. 5-6 representations

- d. 7-8 representations
  - e. More than 8 representations
6. Did you receive industry association representations against imposing MIP? If yes, please indicate number of representations.
- a. 1-2 representations
  - b. 2-4 representations
  - c. 5-6 representations
  - d. 7-8 representations
  - e. More than 8 representations
7. Media news about imposition of MIP were circulating since December, 2015. Was the proposal of MIP suggested by industry/ industry association or MOS initiated the MIP framework?
- a. Industry initiated proposal
  - b. Association initiated proposal
  - c. MOS initiated proposal
8. Please assess the considerations given to different factors while imposing MIP.

Sl . No.	Issues	Please assess in the scale with highest concern for considering MIP as 5 and lowest concern as 1. Please put <input checked="" type="checkbox"/> on your assessment				
1	Increasing imports volume	5	4	3	2	1
2	Imports under FTA	5	4	3	2	1
3	Concerns of primary steel sector (decreasing profit margin)	5	4	3	2	1
4	Concerns of secondary steel sector (increasing input cost)	5	4	3	2	1
5	Financial health of steel companies	5	4	3	2	1
6	Time taken in imposing anti-dumping duty	5	4	3	2	1
7	Time taken in imposing safeguards duty	5	4	3	2	1
8	Increase in import duty failing to contain imports	5	4	3	2	1
9	Quality control order failing to contain imports	5	4	3	2	1
10	Circumvention of quality control order	5	4	3	2	1
11	Any other (please specify)	5	4	3	2	1

9. Was MIP discussed with other Ministries?
- a. Ministry of Commerce & Industries

- b. Ministry of Finance
- c. PMO
- d. Cabinet Secretariat
- e. Yes, formally or informally with different departments

10. Which industry association could effectively put forth its view for or against imposition of MIP? Please assess in the scale of 5 to 1.

Name of industry association	Most effective representation for MIP(5), effective for MIP(4), Neither for nor against MIP (3), against MIP (2), No representation on MIP (1) Please put <input checked="" type="checkbox"/> on your assessment				
FICCI	5	4	3	2	1
CII	5	4	3	2	1
ASSOCHAM	5	4	3	2	1
Indian Steel Association (ISA)	5	4	3	2	1
CORSMA	5	4	3	2	1
All India Steel Re-Rollers Association	5	4	3	2	1
SIMA	5	4	3	2	1
MCC Chamber of Commerce & Industry	5	4	3	2	1
Association of Indian Mini Blast Furnaces	5	4	3	2	1
Federation of Kutch industries association (FOKIA)	5	4	3	2	1
Alloy Steel Producers Association of India	5	4	3	2	1
Apex Chamber of Commerce & Industry (Punjab)	5	4	3	2	1
United Cycles and Parts Manufacture Association	5	4	3	2	1
All India Stainless Steel Industries Association	5	4	3	2	1
All India Association of Industries	5	4	3	2	1
All India Induction Furnaces Association	5	4	3	2	1
Automotive Component Manufacturer Association of India (Acma)	5	4	3	2	1
Steel Furnace Association of India	5	4	3	2	1

11. Which steel company could effectively put forth its view for or against imposition of MIP? Please assess in the scale of 5 to 1.

Name of Company	Most effective representation for MIP(score 5), to some extent ( score 4), little (score 3), very little (score 2) , No influence (score 1) Please put <input checked="" type="checkbox"/> on your assessment				
SAIL	5	4	3	2	1
RINL	5	4	3	2	1

JSW Steel Limited	5	4	3	2	1
Tata Steel Limited	5	4	3	2	1
Essar Steel Limited	5	4	3	2	1
Bhushan Steel Limited	5	4	3	2	1
Jindal Steel & Power Limited	5	4	3	2	1
Uttam Galva Steels Ltd.	5	4	3	2	1
Shree Precoated Steels	5	4	3	2	1
Lloyds Steel and Industries Ltd.	5	4	3	2	1
Electro Steel Ltd.	5	4	3	2	1
Namco Industries Pvt. Limited	5	4	3	2	1
Ratnamani Metals & Tubes Limited	5	4	3	2	1
Welspun Corp Limited	5	4	3	2	1
Kalyani steels	5	4	3	2	1
Shivam Steel	5	4	3	2	1
Jayaswal Neco Indus Ltd.	5	4	3	2	1
Mukand Das	5	4	3	2	1
Shree Nakoda Ispat Ltd.	5	4	3	2	1
BMM Ispat Ltd.	5	4	3	2	1

12. Were steel consumers companies/ association consulted and a factor in decision regarding imposition of MIP?
  - a. Very strong influence
  - b. Somewhat strong influence
  - c. Little influence
  - d. Very little influence
  - e. No influence of consumers in imposition of MIP
  
13. Was media helpful in forming up opinion regarding imposition of MIP?
  - a. Very strong influence
  - b. Somewhat strong influence
  - c. Little influence
  - d. Very little influence
  - e. No influence of media in imposition of MIP
  
14. Do you think there is a pragmatic case for imposition of Minimum Import Price (MIP) and this will benefit steel sector?
  - k. Very strong business case for MIP
  - l. Somewhat strong case for MIP
  - m. Moderate case for MIP
  - n. Weak case for MIP
  - o. There is no justification for MIP

15. Do you believe that MIP is the right and just thing to happen at this time for steel sector?
  - k. Strongly believe righteousness of MIP
  - l. Somewhat believe righteousness of MIP
  - m. Moderately believe righteousness of MIP
  - n. Weak belief about believe righteousness of MIP
  - o. MIP is not right decision
  
16. Do you believe that MIP will make financial performance job of the steel companies easy or difficult?
  - k. Easy in terms of financial performance
  - l. Somewhat easy in terms of financial performance
  - m. There is no difference
  - n. MIP makes financial performance of my company a little difficult
  - o. MIP makes financial performance of my company a more difficult
  
17. Do you think that increased imports of iron and steel goods is harmful to Indian steel sector and it can cause irreversible damage to steel sector?
  - k. Yes, extremely important to contain increased imports
  - l. Yes, somewhat important to contain increased imports
  - m. Yes, little important to contain increased imports
  - n. Yes, very little important to contain increased imports
  - o. Increased imports are not a concern to domestic steel sector
  
18. Was there urgency to impose MIP notification?
  - k. Yes, extremely urgent
  - l. Yes, somewhat urgent
  - m. Yes, little urgent
  - n. Yes, very little urgent
  - o. MIP notification was not required

#### **NATIONAL STEEL POLICY, 2005**

*The policy says that 'integration with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during the periods of downturn.'*

19. Do you think imposition of MIP in line with the policy objective as per National Steel Policy, 2005 mentioned above?
  - a. Yes, I agree strongly
  - b. Yes, I agree to large extent
  - c. Yes, I agree to some extent
  - d. Yes, I agree very little
  - e. I don't agree

20. In your opinion, please assess the desirability of policy actions by the government in the interest of steel sector?

Sl . No.	Policy action	Action by the government is very much desirable(score 5), desirable to some extent ( score 4), little desirable (score 3), very little desirable (score 2) , Not desirable (score 1) Please put <input checked="" type="checkbox"/> on your assessment				
1	Imposition of MIP	5	4	3	2	1
2	Imposition of Anti-dumping duty	5	4	3	2	1
3	Imposition of Safeguards duty	5	4	3	2	1
4	Increasing Customs duty on steel imports	5	4	3	2	1
5	Strengthening Quality Control Order	5	4	3	2	1
6	Financial support/ restructuring of loans by banks	5	4	3	2	1
7	Action to contain circumvention of quality control order or safeguards/ anti-dumping duty	5	4	3	2	1
8	Excluding steel goods from Free Trade Agreements	5	4	3	2	1
9	No intervention is needed in liberalised free market	5	4	3	2	1

21. Did Ministry of Steel received representations between December, 2015 to February, 2016 for considering protection of steel industry for increased imports? Please select the issues in those representations (you may select more than one based on representations).
- For imposition of Minimum Import Price
  - For imposing Anti-Dumping Duty
  - For imposing Safeguards Duty
  - For increasing Customs duty on steel imports
  - For strengthening Quality Control Order
  - For financial support/ restructuring of loans by banks
  - For circumvention of quality control order of safeguards/ anti-dumping duty
  - For excluding steel goods from Free Trade Agreements
  - Representation on any other issues
22. Do you feel there is need of protection of Indian steel industry at present? Give reasons for or against.
23. What benefit or challenge happened to steel sector after imposition of MIP?
24. Do you want to elaborate on any of the questions raised above or otherwise?

## Appendix- G

### ‘Legitimacy’ attribute response of companies

Name of company	internal pragmatic	internal moral	internal cognitive	external pragmatic	external moral	external cognitive	Meta-attitude (Volume measure of polyhedron)
SAIL	5	5	5	5	5	5	64.95
RINL	4	4	4	4	4	4	41.57
JSW Steel Limited	5	5	4	5	5	5	60.62
Tata Steel Limited	5	5	4	5	5	5	60.62
Essar Steel Limited	5	5	4	5	5	5	60.62
Electro Steel Ltd.	5	5	3	5	5	5	56.29
Namco Industries Pvt. Ltd	2	1	1	2	2	2	7.36
Mukand Das	5	5	4	5	5	5	60.62
Shree Nakoda Ispat Ltd.	5	5	4	4	4	4	48.93
BMM Ispat Ltd.	3	3	3	3	3	3	23.38

### ‘Legitimacy’ attribute response of associations

Name of associations	external pragmatic	external moral	external cognitive	Meta-attitude (Volume of pyramid)
FICCI	5	3	4	10
CII	4	3	4	8
All India Steel Re-Rollers Association	5	5	5	20.83
SIMA	3	4	5	10
MCC Chamber of Commerce & Industry	5	5	5	20.83
Association of Indian Mini Blast Furnaces	5	5	4	16.67
Federation of Kutch industries association	3	3	2	3
Alloy Steel Producers Association of India	5	5	4	16.67
All India Association of Industries	5	4	5	16.67
Steel Furnace Association of India	5	5	5	20.83

## Appendix- H

### ‘Power’ attribute scores of companies

Name of Company	Turnover score	Production score	Recognition score	favoured MIP imposition score	power perception by other companies	power perception by MOS	Power score
SAIL	5.00	5.00	5.00	3.67	4.29	5.00	27.95
RINL	3.00	5.00	2.00	2.00	4.00	5.00	21.00
JSW Steel Limited	5.00	5.00	5.00	4.33	4.13	5.00	28.46
Tata Steel Limited	5.00	5.00	5.00	4.67	3.38	5.00	28.04
Essar Steel Limited	4.00	5.00	5.00	4.67	3.00	5.00	26.67
Electro Steel Ltd.	1.00	5.00	0.00	1.67	2.17	4.00	13.83
Namco Industries Pvt. Limited	1.00	1.00	0.00	2.00	2.00	4.00	10.00
Mukand Limited	1.00	5.00	2.00	3.33	2.33	3.00	16.67
Shree Nakoda Ispat Ltd.	1.00	2.00	0.00	2.33	1.67	3.00	10.00
BMM Ispat Ltd.	1.00	5.00	0.00	1.33	2.00	3.00	12.33

### ‘Power’ attribute scores of associations

Name of association	Membership measure	favoured MIP	power perception by companies	power perception by MOS	Power score
FICCI	10.00	5.00	3.50	4.00	22.50
CII	10.00	3.13	3.38	4.00	20.50
All India Steel Re-Rollers Association	5.00	5.00	2.43	3.00	15.43
SIMA	5.00	5.00	3.13	3.00	16.13
MCC Chamber of Commerce & Industry	8.00	5.00	2.14	3.00	18.14
Association of Indian Mini Blast Furnaces	5.00	5.00	2.29	3.00	15.29
Federation of Kutch industries association	10.00	4.38	2.14	4.00	20.52
Alloy Steel Producers Association of India	5.00	5.00	2.71	3.00	15.71
All India Association of Industries	10.00	3.13	2.14	3.00	18.27
Steel Furnace Association of India	5.00	3.13	2.63	3.00	13.75



**‘Urgency’ attribute scores of companies and associations**

Name	Criticality	Time sensitivity	Urgency Score
SAIL	5	5	10
RINL	4	4	8
JSW Steel Limited	5	5	10
Tata Steel Limited	5	5	10
Essar Steel Limited	5	5	10
Electro Steel Ltd.	5	5	10
Namco Industries Pvt. Limited	4	1	5
Mukand Das	5	5	10
Shree Nakoda Ispat Ltd.	5	5	10
BMM Ispat Ltd.	5	4	9
FICCI	5	5	10
CII	4	5	9
All India Steel Re-Rollers Association	5	5	10
SIMA	5	4	9
MCC Chamber of Commerce & Industry	5	5	10
Association of Indian Mini Blast Furnaces	5	5	10
Federation of Kutch industries association	5	0	5
Alloy Steel Producers Association of India	5	5	10
All India Association of Industries	4	4	8
Steel Furnace Association of India	5	5	10

**Perception of respondent companies about congruence of MIP  
with National steel policy**

<b>Name of companies and association</b>	<b>Protection objective of NSP</b>	<b>Desirability of MIP</b>
SAIL	5	5
RINL	4	
JSW Steel Limited	4	5
Tata Steel Limited	5	4
Essar Steel Limited	5	5
Electro Steel Ltd.	5	5
Namco Industries Pvt. Limited	1	1
Mukand Das	5	5
Shree Nakoda Ispat Ltd.	4	5
BMM Ispat Ltd.	3	4
FICCI	4	5
CII	3	5
All India Steel Re-Rollers Association	5	5
SIMA	5	5
MCC Chamber of Commerce & Industry	5	5
Association of Indian Mini Blast Furnaces	5	5
Federation of Kutch industries association	4	3
Alloy Steel Producers Association of India	5	5
All India Association of Industries	3	3
Steel Furnace Association of India	5	5

## Desirability of different policy actions by steel companies and associations

Name of company/ association	Imposition of MIP	Imposition of Anti- dumping duty	Imposition of Safeguards duty	Increasing Customs duty on steel imports	Strengthening Quality Control Order	Financial support/ restructuring of loans by banks	Circumvention of quality control order of safeguards/ anti- dumping duty	Excluding steel goods from Free Trade Agreements
SAIL	5	5	5	5	5	5	5	5
RINL		4	4					
JSW Steel Limited	5	5	5	5	5	5	5	5
Tata Steel Limited	4	5	5	5	5	3	5	5
Essar Steel Limited	5	5	5	5	5	5	5	5
Electro Steel Ltd.	5	5	5	4	5	5	1	4
Namco Industries Pvt. Ltd	1	5	5	5	5	5	3	3
Mukand Das	5	4	4	4	1	4	3	4
Shree Nakoda Ispat Ltd.	5	5	5	5	5	5	5	5
BMM Ispat Ltd.	4							5
FICCI	5	5	4	5	5	5	4	5
CII	5	4	5	5	5	5	5	4
All India Steel Re-Rollers Association	5	5	5	5	1	4	2	2
SIMA	5	5	5	4	5	5	5	5
MCC Chamber of Commerce & Industry	5	5	5	5	4	5	2	4
Association of Indian Mini Blast Furnaces	5	5	5	5	5	5	1	5
Federation of Kutch industries association	3	5	5	2		3		4
Alloy Steel Producers Association of India	5	4	4	4	1	3	3	4