

STEEL INDUSTRY



SECTOR OVERVIEW

One of the primary forces behind industrialization has been the use of metals. Steel has traditionally occupied a top spot among metals. Steel production and consumption are frequently seen as measures of a country's economic development because it is both a raw material and an intermediary product. Therefore, it would not be an exaggeration to argue that the Steel Sector has always been at the forefront of industrial progress and that it is the foundation of any economy. The Indian Steel Industry is classified into three categories - major producers, main producers and secondary producers.

As of April 2022, India is the world's 2nd largest producer of crude steel, with an output of 10.14 MT. The growth in the Indian Steel Sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labor. Consequently, the Steel Sector has been a major contributor to India's manufacturing output.

The Indian Steel Industry is modern, with state-of-the-art steel mills. It has always strived for continuous modernisation of older plants and up-gradation to higher energy efficiency levels.

MARKET SIZE

- In FY22, the production of crude steel and finished steel stood at 133.596 MT and 120.01 MT, respectively.
- In July 2022 exports of finished steel stood at 3.80 lakh MT.
- The annual production of steel is anticipated to exceed 300 Million tons by 2030–2031.



FOREIGN DIRECT INVESTMENT (FDI) POLICY AND STATISTICS

- According to the Department for Promotion of Industry and Internal Trade (**DPIIT**), the FDI equity inflows in the Indian Metallurgical Industries is USD 17221 Million from April 2000-September 2022.
- 100% FDI is allowed through Automatic Route in Mining and Exploration of metal and non-metal ores including diamond, gold, silver and other precious metals, iron and steel and cement units, etc.



INVESTMENTS

- ✓ In September 2022, Steel Authority of India Limited (SAIL), a Maharatna Public Sector Undertaking (PSU), supplied 30,000 tons of the entire Defence Metallurgical Research Laboratory (DMR) grade specialty steel for the nation's first indigenously built Aircraft Carrier INS Vikrant.
- ✓ In August 2022, Tata Steel signed a MoU with Punjab Government to set up a steel scrap based electric arc furnace steel plant.
- ✓ In May 2022, Tata Steel announced a Capital Expenditure (CapEx) of Rs. 12,000 Crores (USD 1.50 Billion as of 25.03.2023) on its India and Europe operations.

GOVERNMENT INITIATIVES



- ❖ In the Union Budget 2023-24, the Government allocated Rs. 70.15 Crores (USD 8.54 Million as on 30.03.2023) to the Ministry of Steel.
- ❖ In October 2021, India and Russia signed a Memorandum of Understanding (MoU) to carry out research and development (R&D) in the Steel Sector and produce coking coal (used in steel making).
- ❖ In July 2021, the Union Cabinet approved the production-linked incentive (PLI) Scheme for Specialty Steel with a financial outlay of Rs. 6322 Crores (USD 770.36 Million as on 30.03.2023) to promote domestic manufacturing of 'Specialty Steel' within the country by attracting capital investment, generate employment and promote technology up-gradation in the Steel Sector.

ROAD AHEAD

The Steel Industry has emerged as a major focus area given the dependence of a diverse range of sectors on its output as India works to become a manufacturing powerhouse through policy initiatives like Make in India. With the industry accounting for about 2% of the nation's GDP, India ranks as the world's 2nd largest producer of steel. Both the industry and the nation's export manufacturing capacity have the potential to help India regain its favorable steel trade balance.

A huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving Automobile and Railways Sectors.

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