

Steel Growth Story Remains Intact

- C. S. VERMA

Chairman, Steel Authority of India Ltd.

Today, SAIL is the largest steel producer in India, with about one-fifth share of domestic finished steel production, a turnover of about Rs. 49,350 crore and employing around 100000 people across India. Major plants owned and operated by SAIL are located at Bhilai, Bokaro, Durgapur, Rourkela, Burnpur, Bhadravati and Salem, and are ISO certified. SAIL's steel finds wide range of applications across different important segments owing to its quality, strength, variety, value and performance. SAIL branded products, viz. SAIL TMT rebars and SAIL JYOTI (galvanised sheets), are widely used by the common man throughout the country.

SAIL is working on a long term strategic plan Vision 2025, which will steer towards a target of 50 million tonnes per annum (MTPA) capacity. This will not only enhance SAIL's contribution to nation building but will put SAIL amongst the top steel companies globally. "Your company already has the land bank and the other necessary infrastructure for expanding its capacity to this level," said Chairman of Steel Authority of India Limited (SAIL) outlining the company's ambitious plans to shareholders at the company's 41st Annual General Meeting.

C. S. Verma assumed the charge of Chairman at SAIL in June 2010. Prior to this, he was the Director (Finance) at BHEL. During his tenure in BHEL, the company received the first prize in 'ICWAI National Award for Excellence in Best Cost Management Practices'. Mr. Verma has been awarded with the 'Top Rankers Excellence Award for Best Professional' for the year 2008.

One of the biggest challenges the Indian steel industry faces today is regarding availability of land for installing fresh steelmaking capacity, says **C. S. Verma - Chairman, SAIL** in an exclusive interview with **Steelworld**. Excerpts:

What is the Present state of affairs in Indian steel industry and growth potential ?

- I am of the view that the steel growth story over the medium and long term remains intact notwithstanding the recent dip in growth rate. Even a modest recovery in overall GDP growth of 6 to 7% will increase the finished steel consumption of India close to a band between 200 to 225 million tonnes by 2025 from the current level of around 74 million tonnes. In fact potential consumption of finished steel in India would be closer to 250 million tonnes, given the demand pull linked to investments in infrastructure, rapid urbanization and growth in the manufacturing in India. An indicator of steel absorption potential of the economy is per capita steel consumption which is around 58 kg for India, against the global average of 225 kg. The disparity reflects both the substitution as well as scale potential.

What are the Challenges before the industry ?

- In a broader sense the challenge for the steel sector is no different than the challenge facing the industry in general. Land acquisition and rehabilitation is a major bottleneck for Greenfield projects. Another big challenge is ensuring availability of raw material mainly iron ore for enhanced levels of steel making in the country. There are environment and forest clearance issues which are to be fast tracked. The emphasis of GoI on development of infrastructure golden quadrilateral for railways, roads and manufacturing will give a boost to the Indian Economy in general and steel industry in particular. We have to provide last mile connectivity from ports, develop inland waterways and increase capacity of ports to serve the anticipated requirement of the steel sector.

What are the Steps Taken to overcome these challenges ?

- Iron ore is one of the most important raw materials for steel production, and globally accounts for more than 15% of the total cost of producing steel. It is therefore important that we use our reserve prudently for domestic steel production, especially as we are very soon going to emerge as the second highest steel consuming nation in the world.

Some of the measures required for our resource management could be:





expanding the reserve base through more intensive exploration, opening large capacity modern mechanized iron ore mines, extensive beneficiation of low grade ores, maximizing utilization of iron ore fines including micro fines through sintering, pelletising, and introducing alternate iron making technologies which can use leaner ores.

As mentioned earlier, one of the biggest challenges the Indian steel industry faces today is regarding availability of land for installing fresh steelmaking capacity. Other than having appropriate land acquisition policy there is a need to have much more compact design for the

steel plants than the present ones. This can be achieved by going for bigger units with high productivities, introducing alternate technologies that eliminate the need of certain processes such as sinter making and coke making, and adopting compact technologies such as Near Net shape casting and Endless casting-rolling technologies for flat products.

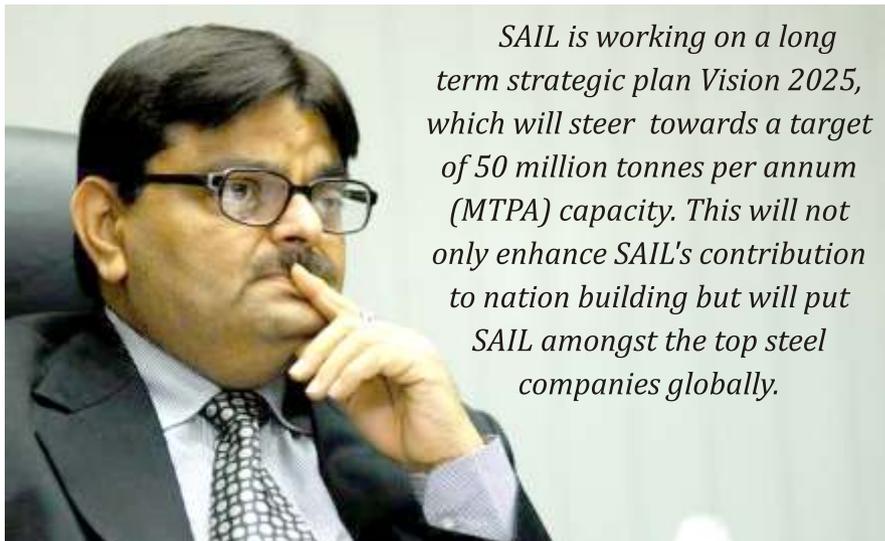
Another challenge for the steel industry lies in organizing adequate skilled manpower. It is estimated that the country would need at least 15,000 fresh metallurgists in the next ten years for the steel industry itself for expanding capacity to 300 Mtpa by 2025. In addition, more metallurgists would be needed to replace the superannuating ones. There is an urgent need for increasing the number of seats in Metallurgy in the Engineering courses significantly from the current level of around 1800 in the country. As far as workforce is concerned, it is estimated that more than seven lakh skilled/semi-skilled workers would be required in steel sector by 2025. More ITIs and Diploma Engineering colleges are required to meet this demand.

What are SAIL's Modernisation and Expansion Plans ?

- As part of Modernization & Expansion programme, SAIL has started production at Rourkela Steel Plant's (RSP) new Blast Furnace, Durga- the largest operating Blast Furnace in India, which helped increase production at RSP. New Wire Rod Mill at ISP has also been started.

With the share of value added products increasing in its product mix, SAIL is constantly gaining an edge in the industry. SAIL value-added products find application in sectors such as defence, automobile, consumer durables & earthquake and fire resistant buildings.

During the financial year 2013-14, projects costing about Rs. 10,500 crore have been completed which include the India's largest Blast Furnace of 4060 cum & 3rd slab caster at RSP and Coke oven batteries at RSP, ISP and DSP. Once ISP Blast Furnace becomes operational, the installed hot metal capacity will be 19.5 MT.



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