

Steel Demand Likely to Surge

- Vishnu Deo Sai



Vishnu Deo Sai is a member of the 16th Lok Sabha of India and also the Honorable Minister of State for Steel and Mines, Government of India. He represents the Raigarh constituency of Chhattisgarh and is a member of BJP. He was also a Minister of State for Labour and Employment from May 26 to Nov 9, 2014.

“The Indian steel demand is likely to increase due to the initiatives taken under the leadership of Hon'ble Prime Minister like the “Make in India” policy and setting up of 'Smart Cities'.

Provisional data released by JPC indicates that domestic steel consumption increased by 7.2% in the month of April as compared to last year. Moreover, projections on economic growth by leading research bodies indicate GDP growth in the 7-8% range, which will no doubt, impact domestic steel consumption favourably”, says **Vishnu Deo Sai- Minister of State for Steel and Mines** in an exclusive interview with **Steelworld**. Excerpts

How would you describe the situation in global, Asian and specifically Indian steel industry?

- The global situation today is dominated largely by China and the persistent slowdown in its economy. The demand slowdown has affected its steel consumption, which in turn, has affected its iron ore consumption, leading global prices of the ore to decline in view of the increased supply from global mining giants.

The Indian steel demand is likely to increase due to the initiatives taken under the leadership of Hon'ble Prime Minister like the “Make in India” policy and setting up of ‘Smart Cities’. Provisional data released by JPC indicates that domestic steel consumption increased by 7.2% in the month of April as compared to last year. Moreover, projections on economic growth by leading research bodies indicate GDP growth in the 7-

8% range, which will no doubt, impact domestic steel consumption favourably. Domestic steel players are progressing with their capacity enhancement plans as per schedule and this is expected to elevate the supply side significantly aided by the policy changes effected in the mineral industry. India is currently ranked as the 3rd largest crude steel producer in the world and is expected to improve this ranking over time.

Today, there is an acute shortage of raw materials like iron ore and coal, how is government proposing to overcome this bottleneck?

- There has been reduction in production of iron ore i.e. 129 MT in financial year 2014-15 as compared to 152 MT in 2013-14. Due to Supreme Court order dated 16 May, 2014, 26 mines operating under second and subsequent renewal were closed in Odisha. After complying with all statutory formalities, the





state government has now approved lease extension of these 26 mines. Our Government has also notified MMDR Amendment Act, 2015 on 27 March, 2015 and Mineral (Auction) Rules, 2015 on 20 May, 2015. These amended provisions address the concerns interalia relating to mines renewal.

Further, state governments can now auction iron ore mines with increase in their revenue share. State government can also make the reservation of any particular mine or mines for a particular end-use in terms of MMDR Amendment Act.

Further, Ministry of Coal has conducted auction of Schedule-II & III mines in terms of Coal Mines (Special Provision) Act, 2015 for all sectors. This will ensure continuity of coal with steel players. Coal Ministry has notified 10 more coal mines on 04 June, 2015 to be auctioned amongst Iron & Steel, Cement and Captive Power Plants.

Mega infrastructure projects can provide a big trigger to the steel demand in the country. How is government facilitating this ?

- Our Government intends to facilitate setting up of large integrated steel projects through Special Purpose Vehicles (SPV) in the

states of Chhattisgarh, Jharkhand, Odisha and Karnataka. Ministry of Steel, Government of Chhattisgarh, SAIL & NMDC have signed a MOU on 09 May, 2015 to this effect. SPV will ensure that infrastructure for setting up of steel plant is ready at identified location and there is assured iron ore supply to such steel plant. The steel demand of growing infrastructure is expected to be met by Greenfield expansion through SPV and brown field expansion of existing companies.

Many steel plants are complaining about cheap imports and their negative impact on demand and pricing. How is steel ministry addressing this issue ?

- In the present deregulated market set-up, imports of steel are completely market-driven and the role of the Government is that of a facilitator only. Steel Ministry is aware about the substantial increase in imports of steel goods from China.

Ministry has ensured that imports meet the quality standards as notified under Steel & Steel Products (Quality Control) Orders, 2012 as amended. Government may consider other fiscal measures, if need arises. In this regard, it may be noted that the Union Budget 2015-16

has raised tariff rate of basic customs duty to 15%.

Individual steel companies have also approached for anti-dumping and safeguard measures to redress the injury to their companies.

What, according to the ministry, can be the road map for the development of iron & steel industry in the country? What steps are being taken in this regard ?

Ans. The Ministry of Steel is currently in the process of finalizing the National Steel Policy 2015. Infrastructure led growth is expected to increase demand of steel where Greenfield expansion of projects through SPV and brownfield capacity additions in existing plants would address supply/production scenario in steel making.

Statutory framework has been suitably amended to address raw material concerns of steel industry. The favourable investment milieu in deregulated steel sector would lead growth in country. Accordingly Ministry of Steel is facilitating a target of 300 MT steelmaking capacity by 2025.