

Indian Steel Sector Set to Flourish

- NARENDRA SINGH TOMAR



The Indian steel industry has entered into a new development stage from 2007-08, riding high on the resurgent economy and rising demand for steel. Rapid rise in production has resulted in India becoming the 3rd largest producer of crude steel in 2015 and the country continues to be the largest producer of sponge iron or DRI in the world.

The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry.

Major Activities of the Ministry Include :

- Co-ordination and planning of the growth and development of Iron and Steel Industry in the country (including Re-rolling Mills, Alloy Steel and Ferro Alloy Industries, Refractories) both in the Public and Private Sectors;
- Formulation of policies in respect of production, pricing, distribution, import and export of iron & steel, ferro alloys and refractories; and Development of input industries relating to iron ore, manganese ore, chrome ore etc.

Narendra Singh Tomar, Union Minister of Steel, Mines is a Graduate from Jiwaji University, Gwalior, Madhya Pradesh. He has taken over as Union Minister of Steel, Mines, Labour and Employment on 27 May 2014 in the cabinet headed by Narendra Modi. He was administered the oath of office and sworn in as Union Minister on 26 May 2014 by Pranab Mukherjee.

“MIP was implemented to support domestic steel industry facing such an enormous problem. Post notification of MIP, the prices of steel products have increased approximately in the range of Rs. 2000 - 4000 per tonne. This has provided some breathing space to the domestic players.” In an exclusive interview with 'Steelworld', Narendra Singh Tomar expressed his views about the domestic steel sector. Excerpts



What has been the impact of Minimum Import Price (MIP) on domestic steel prices in the country? Is the Ministry of steel satisfied with its result ?

- World steel prices had been in free fall for the past one year on account of the global steel glut. This had resulted in international price of steel dropping even below variable cost of production and a flood of imports which were doing serious damage to the health of the Indian Steel Sector. MIP was implemented to support domestic steel industry facing such an enormous problem. Post notification of MIP, the prices of steel products have increased approximately in the range of Rs. 2000 - 4000 per tonne. This has provided some breathing space to the domestic players.

Pending land acquisition bill how much has the Greenfield project in Iron and Steel been affected ?

- It is a fact that several projects are obviously affected by land acquisition issues. These would be mitigated if the bill is passed.

What are the steps taken by the ministry to integrate domestic steel industry with global steel players ?

- Ministry of Steel has inked MoUs with the PSUs under its administrative control. These MoUs have specific targets for R&D and technology up-gradation which are set w.r.t global benchmarks. The performances of the PSUs against these targets are constantly monitored in order to integrate them with the global steel players.

Ministry has also promoted the collaboration of domestic steel companies with best in class major steel manufacturers from other countries. These collaborations have not only extended support in technology sharing and efficiency improvement but also led to the capacity building for development of new products. Some of the international collaborations include Tata Steel with Nippon Steel and Sumitomo Metal Corporation, JSW Steel with JFE Steel and Visa Steel with Bao Steel.

Since steel prices are driven by raw material cost, what impact do you see on the prices of steel in the domestic market ?

- Raw material prices have also been continuously dropping. NMDC has significantly reduced the price of iron ore in the country. Similarly with the increased availability of thermal coal prices of the same have also declined as can be seen by the recent auctions for coal linkages which saw very little premium being paid for the same by the steel industry. Looking at the condition of the Steel Industry, this decline in raw material prices is necessary and desirable.

What is the ministry's projection for finished steel on long-term and short-term basis ?

- India was the only large economy in the world where steel demand continued to demonstrate positive growth at 4.5 %, as against negative growth in China -5.4% and Japan -7% in 2015.

In the short term, the steel industry is expected to benefit from the emphasis the government has placed on infrastructure creation. There was a budget allocation of ~2 lakh crore toward infrastructure that will spur demand. The focus on housing,



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highway creation, railways, smart cities, irrigation and rural electrification will also contribute to increased demand and benefit domestic producers.

For the long term, Ministry is constantly promoting steel through 'Make in India' campaign and is confident that the target of generating 25% of our GDP from manufacturing by 2025 and becoming a USD 10 trillion economy by 2032 will lead to a steady finished steel demand in the coming years.

The Ministry of Steel has inked different MoU with steel PSUs. How are the projects shaping up and can you give a detailed overview of these MoU ?

- The various expansion projects of PSUs under the Ministry of Steel have been completed, except at Bhilai Steel Plant. This is likely to be completed by the end of this year.

