AN OVERVIEW OF STEEL SECTOR[1]

1. Introduction

Global Scenario

- In 2024, the world crude steel production reached 1,884.6 million tonnes (MT) as per provisional data released by World Steel Association. World Steel Association in its Short-Range Outlook, October 2024 forecasts that steel demand will grow by 1.2% year-on-year in 2025 and reach 1,771.5 MT after contracting 0.9% y-o-y in 2024 to 1750.9 MT. The WorldSteel Association has postponed the release of April 2025 Short-Range Outlook.
- India is the second largest producer of crude steel. China was world's largest crude steel producer in 2024 (1,005.1MT) followed by India (149.4 MT), Japan (84.0 MT) and the USA (79.5 MT). (*Source: World Steel Association and the data is provisional*)
- Per capita finished steel consumption in 2024 was 214.7 kg for world and 601.1 kg for China as per provisional data released by World Steel Association. The same for India was 108 kg in 2024-25 (Source: JPC).

Domestic Scenario

- Steel is a de-regulated sector. The Government's role is that of a facilitator which lays down the policy guidelines and establishes the institutional mechanism/structure for creating conducive environment for improving efficiency and performance of the steel sector.
- In this role, the Government has released the National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supply sides, by 2030-31.
- Government of India is implementing a Production-linked Incentive (PLI) Scheme for Specialty Steel. It is expected that the specialty steel production will reach 42 MT by the end of 2026-27.
- India's crude steel capacity was 200.3 mt in 2024-25.

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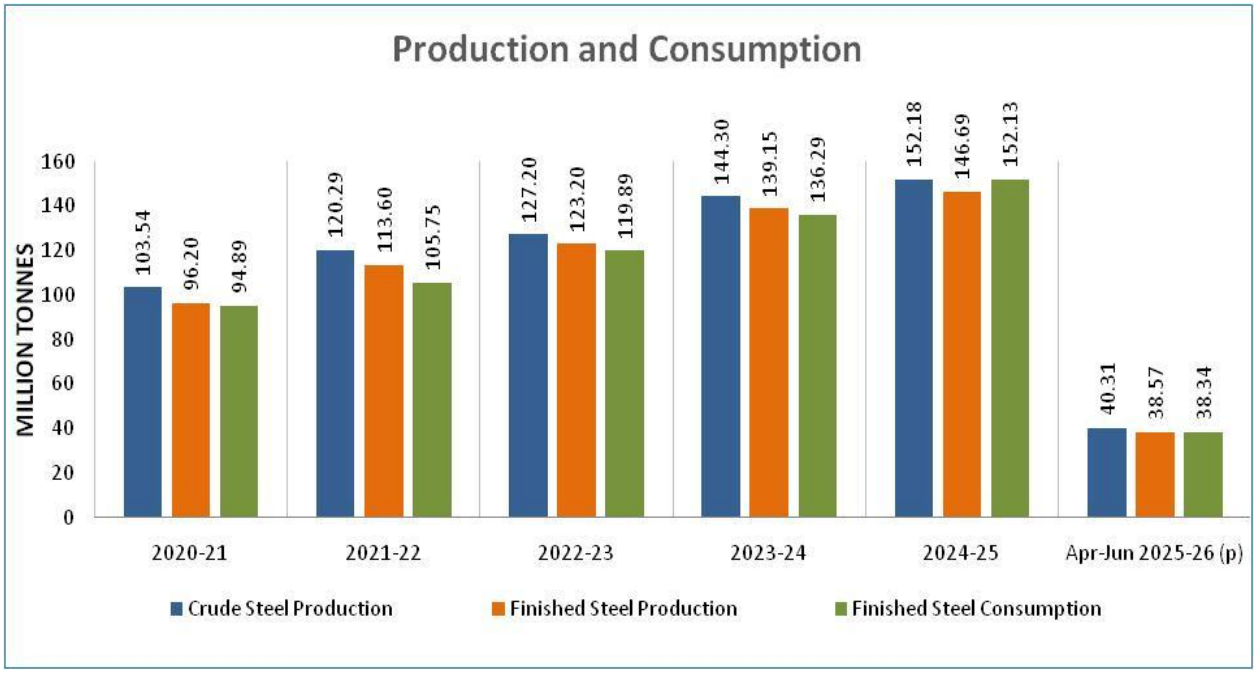
2. Performance of Steel sector

- Production of pig iron, sponge iron and total finished steel (alloy/stainless + non-alloy) are given in table below for last five years and current year:

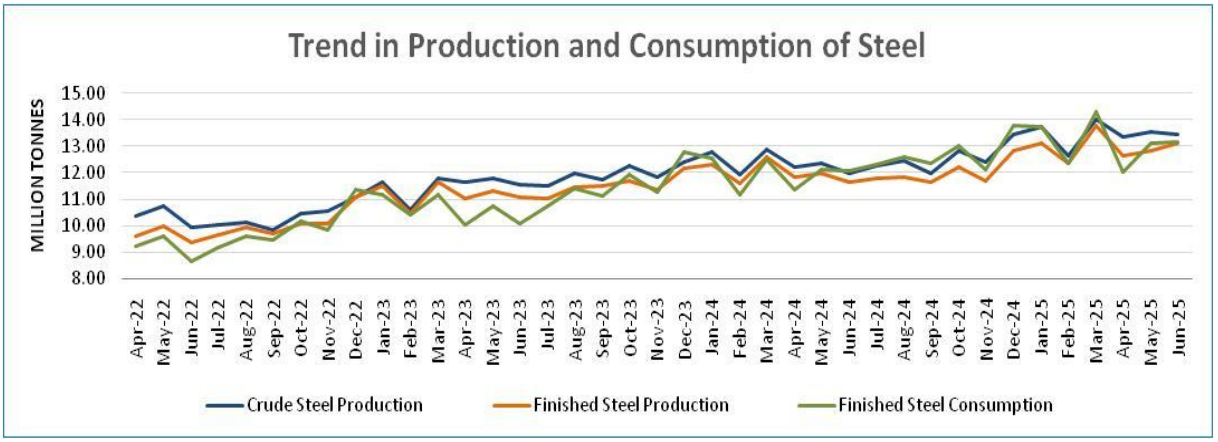
Table 1: Indian steel industry: Production (in Million Tonnes)						
Category	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**Apr-June 2025-26***
Pig Iron	4.88	6.26	5.86	7.36	8.33	2.20
Sponge Iron	34.38	39.20	43.62	51.56	55.76	10.08**
Total Finished Steel	96.20	113.60	123.20	139.15	146.69	38.57
Source: Joint Plant Committee; *Provisional; **for April-May 2025 period						

- Performance of Steel sector during 2024-25 has been the best ever of any fiscal year. Cumulative production and consumption of steel during the last five financial years and the current year are given in the following table andgraph below:

Table 2: Production and consumption in Million Tonnes						
Category	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**Apr-June* 2025-26**
Crude production	103.54	120.29	127.20	144.30	152.18	40.31
Finished Steel production	96.20	113.60	123.20	139.15	146.69	38.57
Consumption	94.89	105.75	119.89	136.29	152.13	38.34
Source: Joint Plant Committee; *Provisional						



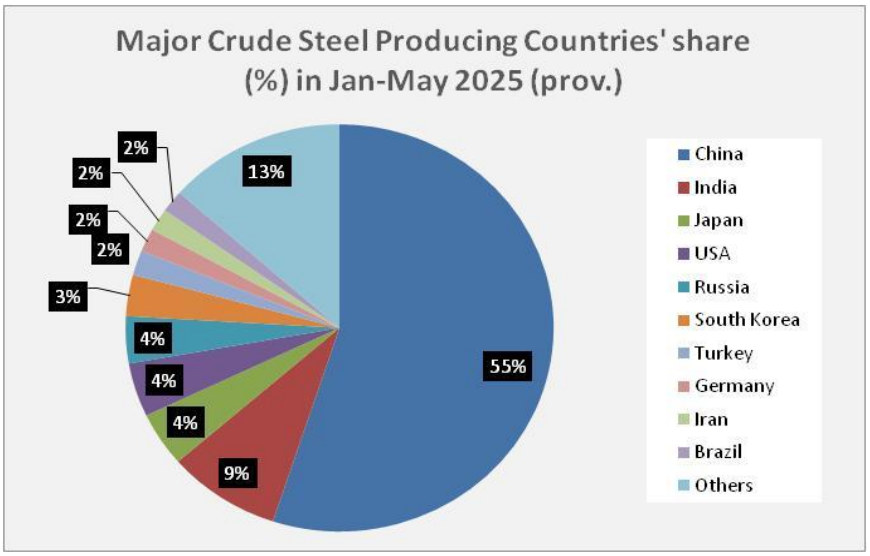
- The month-wise production and consumption indicates month-on-month fluctuations. Broadly speaking it has shown an increasing trend after 2020-21, during which production and consumption was adversely affected by Covid-19 pandemic. The production of crudeSteel, finished steel and consumption since April, 2022 may be seen from Graph Below:



- The global production of crude steel declined by 1.3% year-on-year to 783.96 MTin January-May 2025 (provisional) against 794.579 MT in January-May 2024. Among the top 10 countries, only India, the USA and Brazil reported growth in output. The remaining countries – China, Japan, Russia, South Korea, Turkey, Germany and Iran reported fall in crude steel production in the first five months of this year.

India reported an 8.2% growth in production while the USA and Brazil reported marginal 0.3% and 0.7% growth in output, respectively. China,

the world's largest producer, registered a 1.7% fall in output while Germany reported a massive 10.8% decline in production during the period. Country wise share of crude steel production in January-May 2025 may be seen from the following graph:



3. International Trade of Steel

- India was a net exporter of total finished steel from 2020-21 to 2022-23, but the country became net importer of finished steel in 2023-24 and 2024-25. In April-June of 2025-26 also, India was net importer of finished steel, according to provisional data from JPC. The table below contains the details:

Table 3: Exports and Imports (Th. Tonnes)

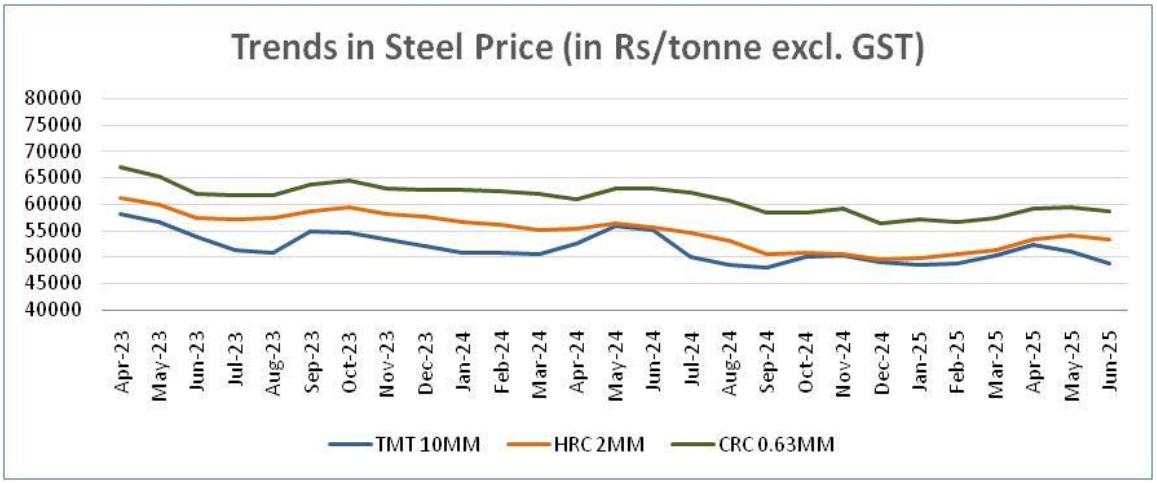
Item	2020-21	2021-22	2022-23	2023-24	2024-25	Apr-June 2025-26*
Export	10784	13494	6716	7487	4858	1213
Imports	4752	4669	6021	8320	9551	1412
Net Exports/Imports	**6031**	**8824**	**695**	**833**	**4693**	**199**
Source: JPC, *provisional						

- Month-wise data for June-March 2024-25 and the current year(provisional) indicate that India has been a net importer throughout the period, excluding only June 2025 when the country became net exporter. The table and graph below contain the details.

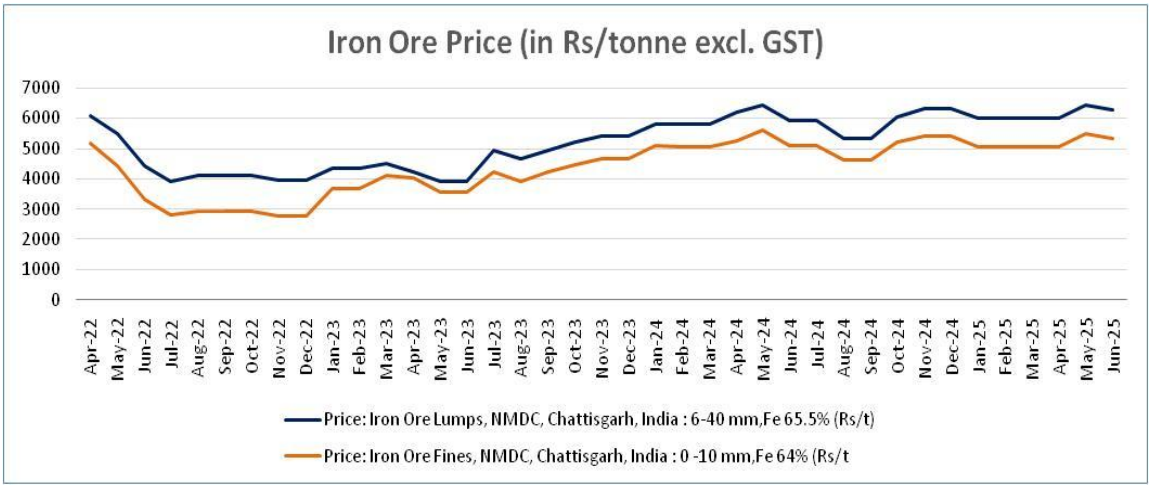
Table 4: Month-wise Imports & Exports of Finished Steel in Th. Tonnes													
Item	**Jun 24**	**Jul 24**	**Aug 24**	**Sep 24**	**Oct 24**	**Nov 24**	**Dec 24**	**Jan 25**	**Feb 25**	**Mar 25**	**Apr 25***	**May 25***	**June 25***
Imports	636	812	962	1017	1033	814	842	944	606	575	519	464	428
Exports	343	295	343	396	442	400	446	395	410	453	375	391	446
Net Imports /Exports	**294**	**517**	**620**	**621**	**591**	**414**	**396**	**549**	**197**	**122**	**144**	**73**	**18**
Source: JPC, *data is provisional													

4. Steel Prices

- Price regulation of iron & steel was abolished on 16.1.1992. Since then, domestic steel prices are determined by the interplay of market forces.
- Domestic steel prices are influenced by trends in raw material prices, demand – supply conditions in the market, international price trends among others.
- As a facilitator, the Government monitors the steel market conditions and adopts fiscal and other policy measures based on its assessment.
- The fluctuations in retail prices of steel (TMT, HRC and CRC) may be seen from the following graph:



- Iron ore prices showed wide fluctuations during the last three years. Prices showed a declining trend between April 2022 and December 2022, followed by an upward move till May 2024. Iron ore prices again witnessed a declining trend from June 2024 to September 2024, following by an upward move till December 2024. In 2025, prices remained nearly flat for a few months, followed by ups and downs, as maybe seen from the graph below:



5. Important Policies and initiatives of Government of India

Steel is a de-regulated sector, Government acts as a facilitator, by creating conclusive policy environment for development of the steel sector. Government of India has notified National Steel Policy, 2017 which envisages development of a technologically advanced and globally competitive steel industry that provides environment for attaining self-sufficiency in steel production by providing policy support and guidance to steel producers. National Steel Policy covers all aspects

of steel sector such as steel demand, steel capacity, raw material security, infrastructure and logistics, Research & Development (R&D) and energy efficiency. Overall projections of domestic crude steel capacity, production and per capita finished steel consumption value envisaged in the National Steel Policy (NSP) 2017 are shown below: -

S. No.	Parameter	Projections (2030-31)
1	Total Crude Steel Capacity	300 mt
2	Total Crude Steel demand/Production	255 mt
3	Per Capita Finished Steel Consumption	158 kg
Sources: National Steel Policy (NSP) 2017		mt: Million Tonnes

- **Production Linked Incentive (PLI) Scheme** for Specialty Steel was launched by the Union Cabinet on 29.07.2021, with financialoutlay of Rs. 6,322 crore to promote the manufacturing of 'Specialty Steel' within the country by attracting capital investment, generate employment and promote technology up-gradation in the steel sector. At present the scheme has 44 active projects with committed investment of about Rs. 27,100 Crore and downstream capacity addition of 23.8 million tonnes. Second round of Production Linked Incentive Scheme for Specialty Steel (PLI 1.1) was launched on January 6th 2025 with a tenure from 2025-26 to 2029-30. 42 MoUs were signed with selected companies under the PLI Scheme 1.1 with additional estimated investment of around Rs 17,000 crores with downstream capacity creation of around 12 million tonnes (MT) for specialty steel.

- **Steel Quality Control Order (QCO):**

  Ministry of Steel has introduced Steel Quality Control Order (QCO) thereby banning sub-standard/ defective steel products both from domestic & imports to ensure the availability of quality steel to the industry, users and public at large. As per the Order, it is ensured that only quality steel conforming to the relevant BIS standards are made available to the end users. As on date 151 Indian Standards stands notified under the Quality Control Order covering carbon steel, alloy steel and stainless steel have been notified under the QCO. Ministry of Steel has also identified few additional Indian Standards for inclusion in the Quality Control Order.

Further, Ministry of Steel has issued an order dated 13.06.2025, which clarifies that the intermediate steel material, meant for manufacturing of final products under BIS Standards, will also have to follow BIS Standards prescribed for such intermediate products.

- **Research & Development (R&D):**

  Research & Development (R&D): Ministry of Steel is providing financial assistance for pursuing Research & Development to address the technological challenges faced by the Iron & Steel sector. The thrust areas for providing financial assistance under the R&D Scheme, are development of new alternate processes & technologies to address the issues faced by the Iron & Steel Sector such as addressing climate change, waste utilization, resource efficiency, etc. The yearly budget allocated for the scheme is around Rs 5-10 crore per year. Out of the 35 R&D projects completed under the scheme, Process/ Knowhow developed have been adopted by the Industry in six projects and Process/ Knowhow Developed at lab scale in 23 projects. In six projects the outcome was not successful. Presently 35 R&D projects are in progress which are in various stages of completion.
- In 2025-26, Ministry of Steel has sought R&D Project proposals in joint collaborative mode from reputed Academic Institutions, Research Laboratories and Steel Companies for pursuing R&D projects on the identified thrust areas, for providing financial assistance under the R&D Scheme. The guidelines have been uploaded in the website of Ministry of Steel. 14 new projects have been received which have been evaluated by the Evaluation Group. Six projects have been recommended by the Evaluation Group for consideration.

- **Steel Import Monitoring System (SIMS)**

  SIMS, introduced in 2019, provides detailed data related to imports of steel in India. Based on industry feedback, the Ministry has revamped the portal to develop a more effective SIMS 2.0. It is a significant step forward in monitoring steel imports and promoting the growth of the domestic steel industry. Availability of such detailed data not only provides input for policy making but also signals areas for production and growth to the domestic steel industry.

  SIMS 2.0 features API integration with multiple government portals, enhancing quality control and streamlining processes for

improved efficiency and effectiveness. The portal boasts a robust data entry system, ensuring consistent and authentic data, which promotes transparency and accountability. Integration of various databases enable stakeholders to locate areas of risk and, thereby, permit better risk management. Accurate monitoring of steel imports through SIMS is expected to help in taking informed policy decisions to counter surge in steel imports, driving growth, and attracting sustained investment in India's steel industry.

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