

AN OVERVIEW OF STEEL SECTOR¹

1. Introduction

Global Scenario

- In 2022, the world crude steel production reached 1885.4 million tonnes (MT). World Steel Association in its Short-Range Outlook, October 2023 forecasts that steel demand will grow by 1.8% in 2023 and reach 1,814.5 MT after contracting by 3.3% in 2022. In 2024, steel demand will see a further increase of 1.9% to 1,849.1 MT.
- India is the second largest producer of crude steel. China was world's largest crude steel producer in 2022 (1018.0 MT) followed by India (125.3 MT), Japan (89.2 MT) and the USA (80.5 MT).
- Per capita finished steel consumption in 2022 was 221.8 kg for world and 645.8 kg for China. The same for India was 86.7 kg in 2022-23.

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 161.3 mt in 2022-23.

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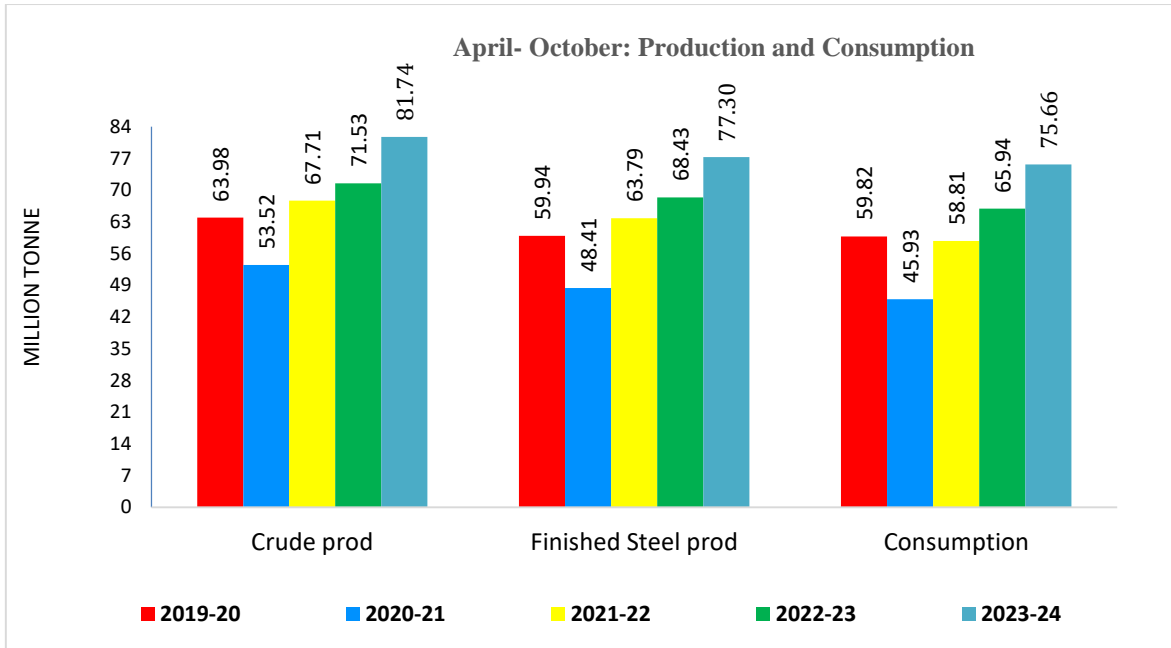
2. Performance of Steel sector

- 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:

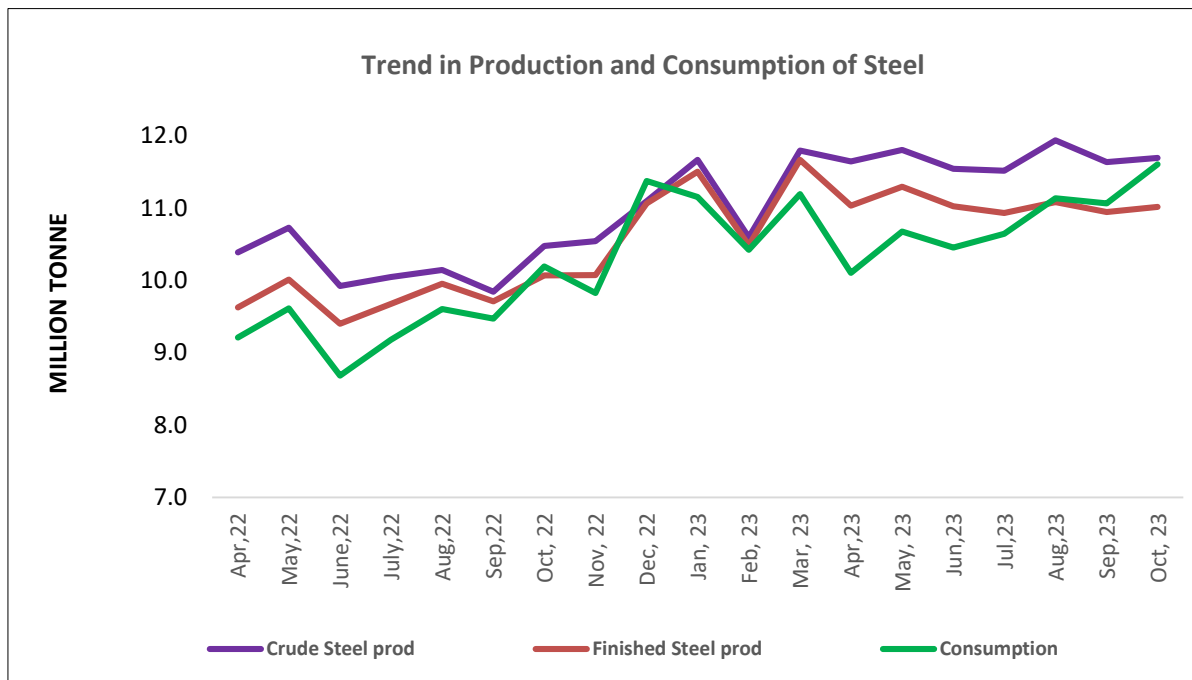
Table 1: Indian steel industry: Production (in Million Tonnes)						
Category	2018-19	2019-20	2020-21	2021-22	2022-23	Apr-Oct 2023-24*
Pig Iron	6.41	5.42	4.88	6.26	5.86	4.14
Sponge Iron	34.71	37.10	34.38	39.20	43.62	29.10
Total Finished Steel	101.29	102.62	96.20	113.60	123.20	77.78
Source: Joint Plant Committee; *Provisional						

- Performance of Steel sector during April-October, FY '24 has been best ever in April-October of any fiscal year. Cumulative production and consumption of steel during April-October of last five financial years are given in the following table and graph below:

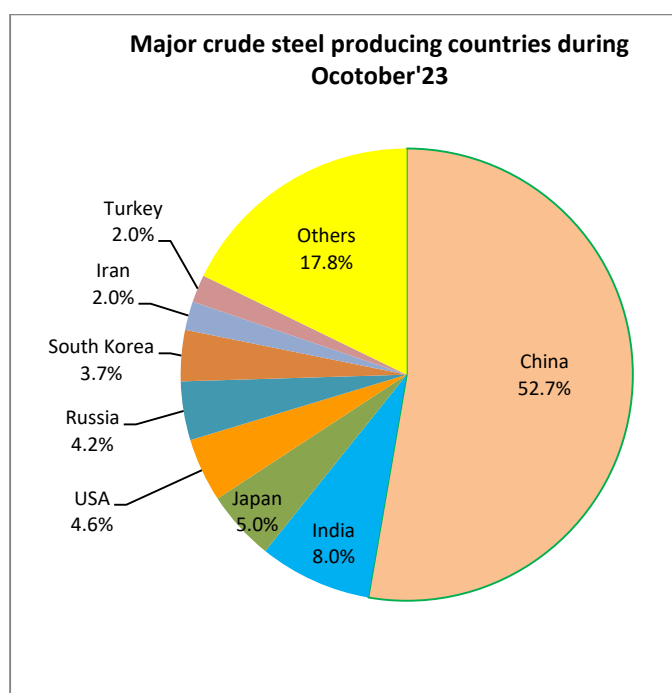
Table 2: Production and consumption in Million Tonnes (April-October)					
	2019-20	2020-21	2021-22	2022-23	2023-24
Crude prod	63.981	53.522	67.708	71.534	81.745
Finished Steel prod	59.944	48.405	63.787	68.433	77.302
Consumption	59.820	45.933	58.808	65.940	75.662



- 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 crude Steel, finished steel and consumption since April, 2022 may be seen from Graph Below:



- The global production of crude steel increased by 0.2% to 1,567.33 MT in April- October '23 against 1,564.96 MT in April- October' 22. Among the major steel producing countries, India achieved highest growth in April-October '23 over CPLY followed by China, Russia, and South Korea. Country wise share of crude steel production in October, 2023 may be seen from the following graph:



3. International Trade of Steel

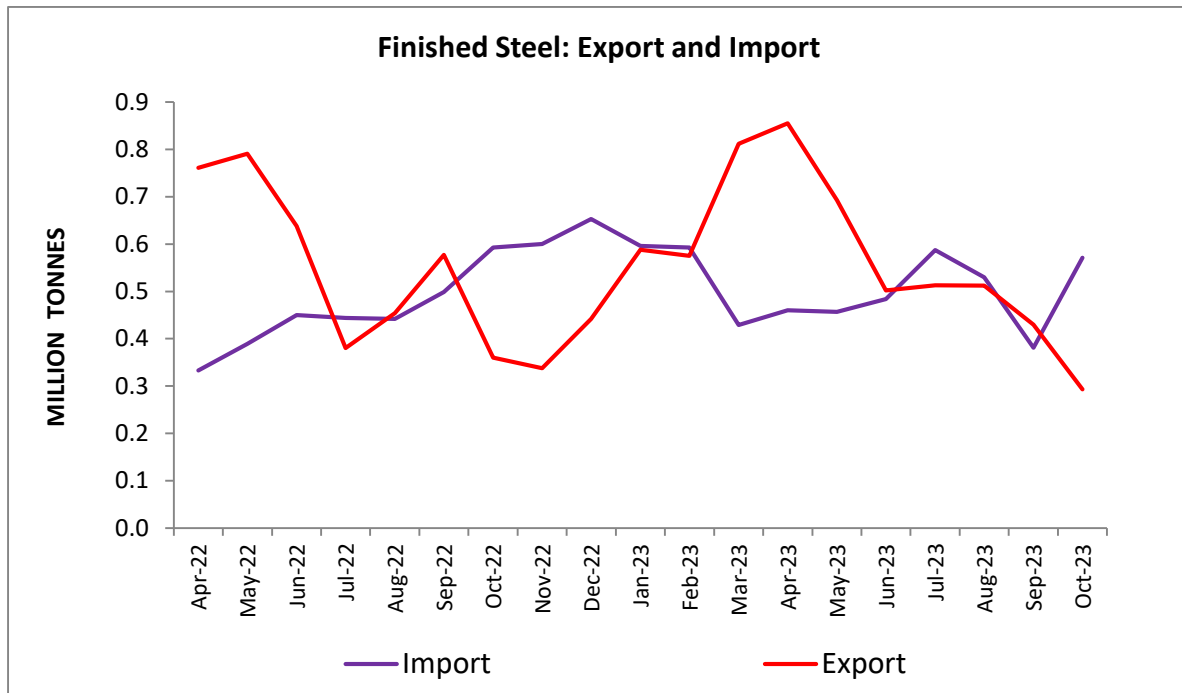
- During last four years, India was a net exporter of total finished steel for each year as may be seen in Table below:

	2019-20	2020-21	2021-22	2022-23	2023-24 (Apr-Oct)
Export	8355	10784	13494	6716	3522
Imports	6768	4752	4669	6021	3470
Net Exports	1588	6031	8824	695	52

Source: JPC

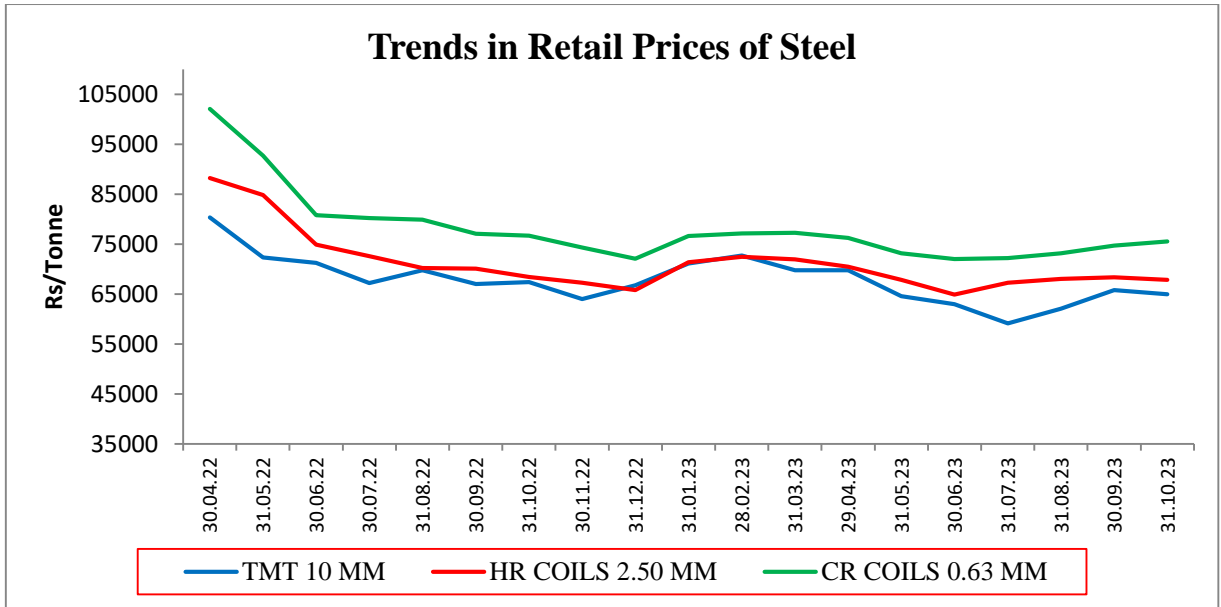
- Month-wise data of current financial year indicates that since July 2023 (except September '23) India has lost its status of net exporter as may be seen in Table and graph below:

Item	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sept 23	Oct 23
Imports	460	457	484	587	530	381	571
Exports	855	693	502	513	512	430	293
Net Exports	395	236	18	-74	-18	49	-278

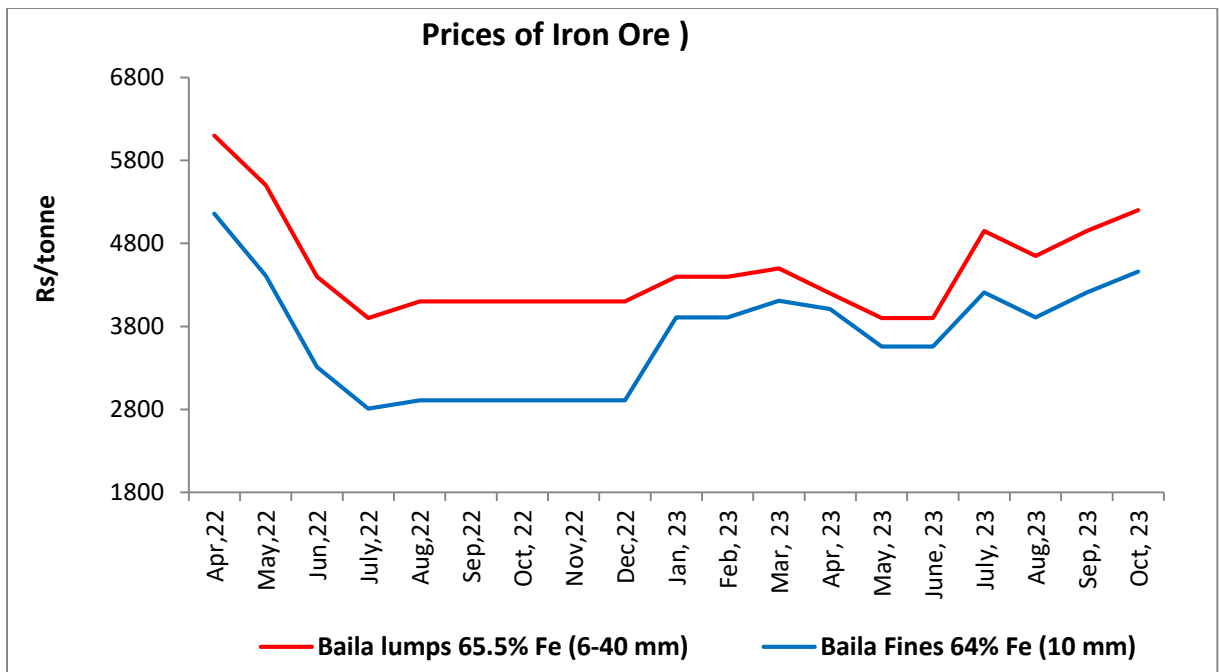


4. Steel Prices

- 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:



- The prices of iron ore have increased after December '22. In recent months, since April, 2023, prices of iron ore have witnessed fluctuations. The prices of iron ore increased in October '23 as may be 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 in kgs	158 mt
Sources: National Steel Policy (NSP) 2017		mt: Million Tonnes

- **Production Linked Incentive (PLI) Scheme** for Specialty Steel was approved by the Union Cabinet on 22.07.2021, with total financial outlay 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. The Scheme was notified in the official Gazette on 29.7.2021 and detailed Scheme guidelines were published on 20.10.2021. Post closure of application submission date on 15.09.2022 under the Scheme, total of 79 applications were received from 35 companies with total Investment Commitment of Rs. 46,030 crore, total Capacity commitment of 27,980 thousand tonnes. The applications were scrutinized by a selection committee consisting of members from NITI Aayog, DPIIT and Ministry of Steel. A total of 67 applications from 30 companies were recommended by the selection committee with total investment commitment of Rs. 42,493 crore and capacity commitment of 26,750 thousand tonne. On 17.03.2023, Ministry of Steel signed Memorandum of Understanding (MoU) with the 27 selected companies having 57 applications. This Scheme will attract

total investment commitment of Rs. 29,530 crore with capacity addition of 24,780 thousand tonnes.

- **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 producers & 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 145 Indian Standards have been notified under the Quality Control Order covering carbon steel, alloy steel and stainless steel. Out of these, QCO on 144 Indian Standards have been enforced.
- **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. In this regard, in May 2023, 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 for the Financial Year 2023-24. The thrust areas for providing financial assistance under the R&D Scheme include development of new alternate processes & technologies to address the burning issues faced by the Iron & Steel Sector such as climate change (green steel production, H₂ based steel production, CCUS etc.), waste utilization, resource efficiency, etc. The details of the R&D Scheme including guidelines for financial support and an indicative list of R&D projects that can be taken up to address common issues of the Iron & Steel Sector, have been uploaded on Ministry of Steel's website in May 2023.
- Domestically Manufactured Iron & Steel Products (DMI&SP) Policy for promoting procurement of Made in India Steel by government and public sector projects.
- Notification of Steel Scrap Recycling Policy to enhance the availability of domestically generated scrap.
