AN OVERVIEW OF STEEL SECTOR*

1. Introduction

Global Scenario

- In 2023, the world crude steel production reached 1,892.2 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 fall by 0.9% in 2024 and reach 1,750.9 MT after contracting by 0.8% in 2023. In 2025, steel demand will see a growth of 1.2% to 1,771.5 MT.
- India is the second largest producer of crude steel. China was world's largest crude steel producer in 2023 (1,019.1MT) followed by India (140.8 MT), Japan (87.0 MT) and the USA (81.4 MT). (*Source: For India is JPC and World Steel Association for others and is provisional*)
- Per capita finished steel consumption in 2023 was 219.3 kg for world and 628.3 kg for China as per provisional data released by World Steel Association. The same for India was 97.7 kg in 2023-24 (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 steelsector.
- In this role, the Government has released the National Steel Policy2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supplysides, by 2030-31.
- Government of India is implementing a Production-linked Incentive (PLI) Scheme for Specialty Steel. It is expected that the specialty steelproduction will reach 42 MT by the end of 2026-27.
- India's crude steel capacity was 179.5 mt in 2023-24.

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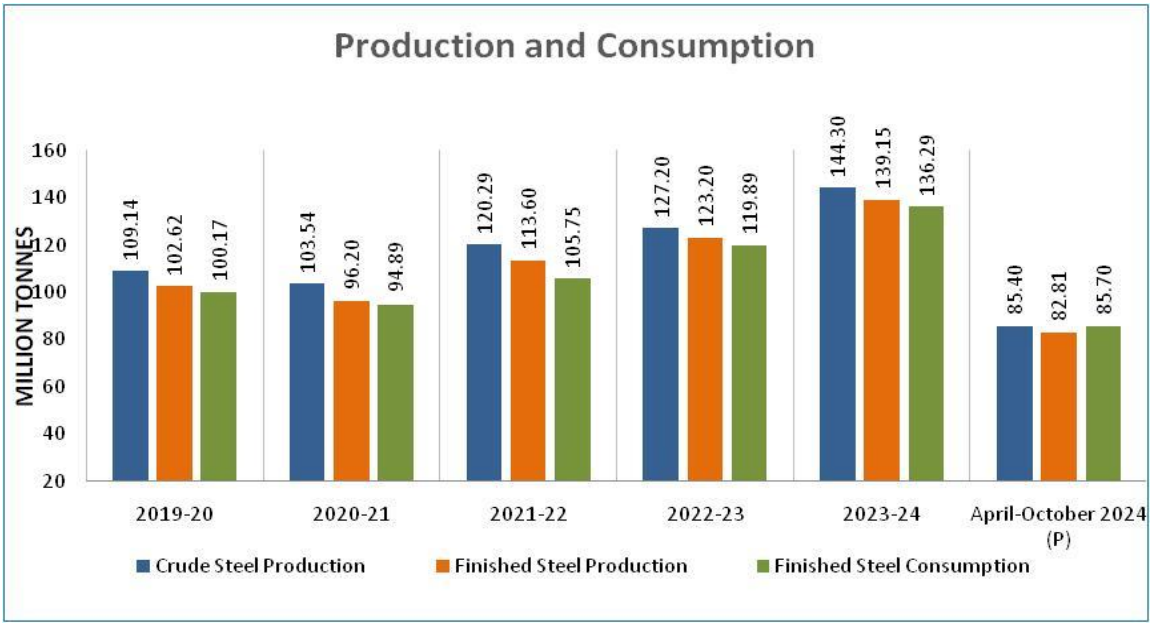
2. Performance of Steel sector

- 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:

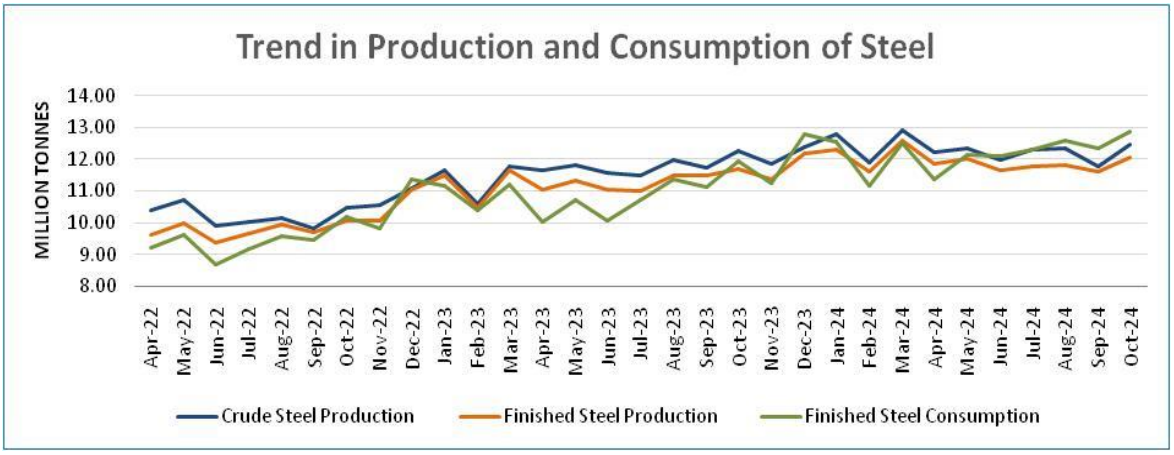
Table 1: Indian steel industry: Production (in Million Tonnes)						
Category	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**Apr-Oct 2024***
Pig Iron	5.42	4.88	6.26	5.86	7.36	4.81
Sponge Iron	37.10	34.38	39.20	43.62	51.56	31.84
Total Finished Steel	102.62	96.20	113.60	123.20	139.15	82.81
Source: Joint Plant Committee; *Provisional,						

- Performance of Steel sector during 2023-24 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 and graph below:

Table 2: Production and consumption in Million Tonnes						
Category	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**April-Oct 2024***
Crude production	109.14	103.54	120.29	127.20	144.30	85.40
Finished Steel production	102.62	96.20	113.60	123.20	139.15	82.81
Consumption	100.17	94.89	105.75	119.89	136.29	85.70
Source: Joint Plant Committee; *Provisional						

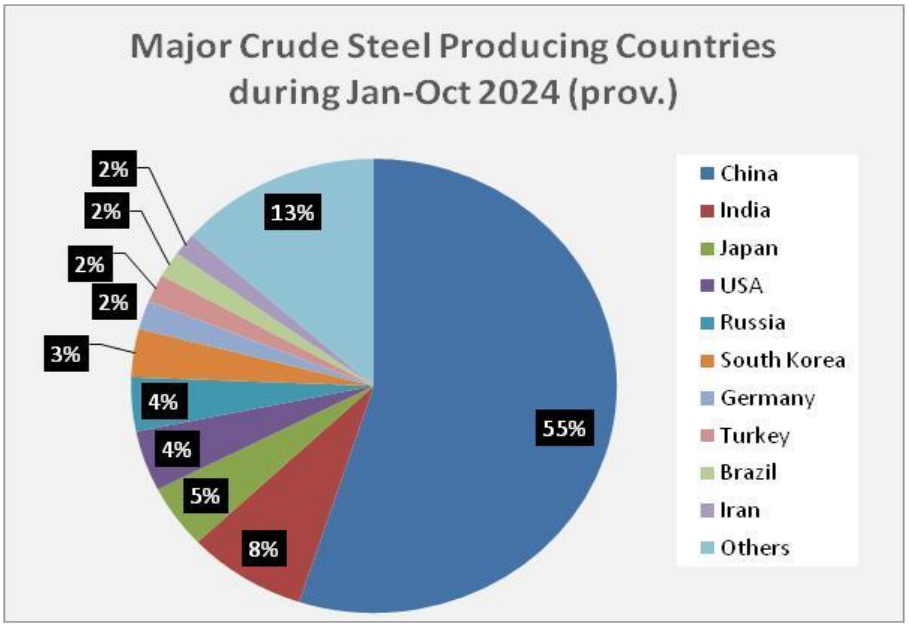


- The month-wise production and consumption indicates month-on- month fluctuations. Broadly speaking it has shown an increasing trend after 2020-21, during which production and consumption was adversely affected by Covid-19 pandemic. The production of crude Steel, finished steel and consumption since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



- The global production of crude steel declined by 1.6% to 1547.3 MTin January-October ’24 (provisional) against 1572.2 MT in January-October’23. Among the top 10 countries, China, Japan, the USA, Russia and South Korea reported fall in crude steel production in January-October 2024. The remaining five countries, including India, reported growth

in output. Turkey reported a spectacular 12.4% growth in production. It was followed by Brazil and India, showing 6% and 5.6% growth, respectively. Country wise share of crude steel production in January-October, 2024 may be seen from the following graph:



3. International Trade of Steel

- During last five years, India was a net exporter of total finished steel in all the years barring only 2023-24 and April-October 2024 when it turned net importer. The Table below contains the details:

Table 3: Exports and Imports (Th. Tonnes)

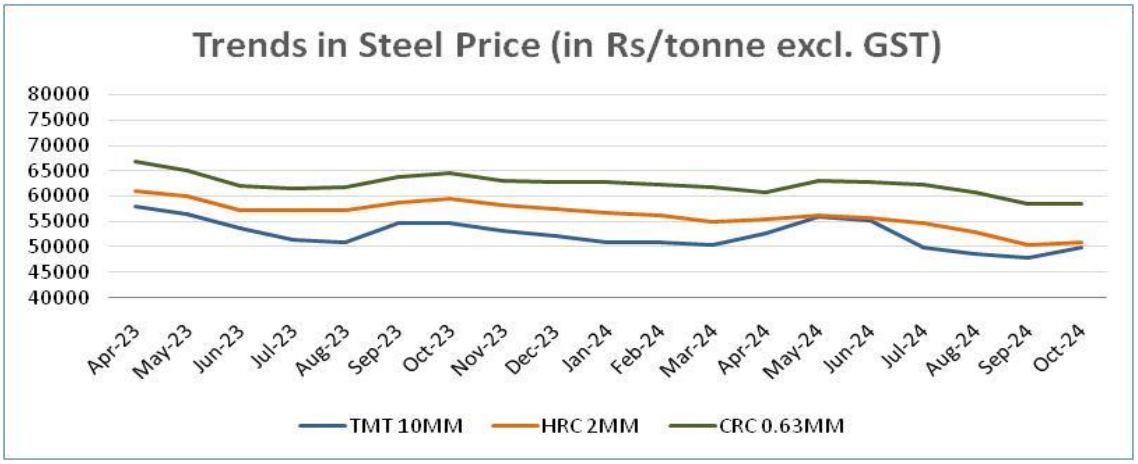
Item	2019-20	2020-21	2021-22	2022-23	2023-24	Apr-Oct 2024*
Export	8355	10784	13494	6716	7487	2753
Imports	6768	4752	4669	6021	8320	5768
Net Exports/Imports	**1588**	**6031**	**8824**	**695**	**833**	**3014**
Source: JPC, *provisional						

- Month-wise data of last six months of 2023-24 and current year(provisional) indicates that India alternated its status between net importer and exporter during the period. The country was a net importer of finished steel from October 2023 to January 2024, while it turned net exporter in February and March 2024. During the current financial year 2024-25, India was net importer from April 2024 to October 2024. The table and graph below contain the details.

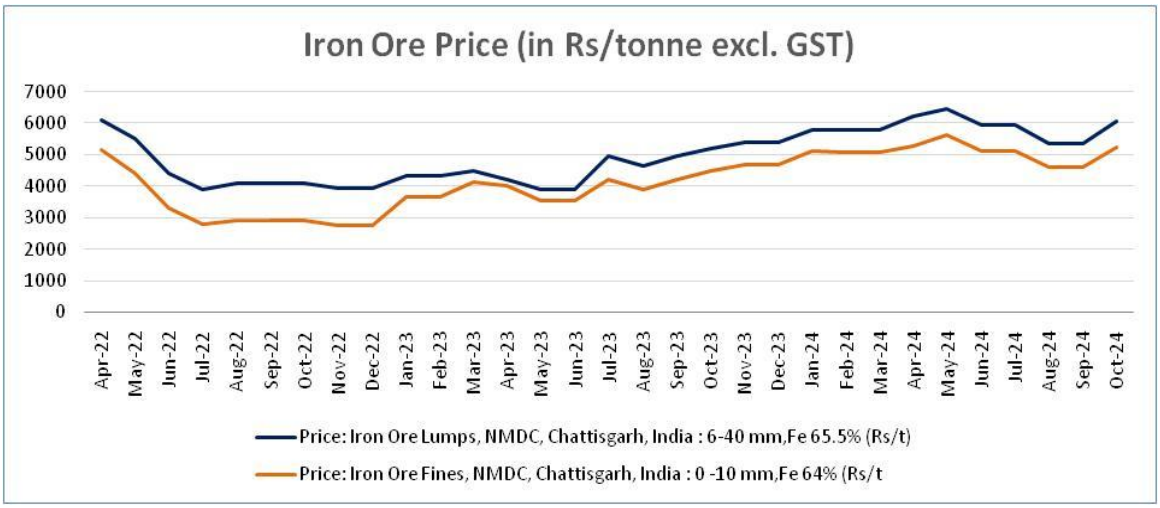
Table 4: Month-wise* Imports & Exports of Finished Steel in Th. Tonnes													
Item	**Oct 23**	**Nov 23**	**Dec 23**	**Jan 24**	**Feb 24**	**Mar 24**	**Apr * 24**	**May * 24**	**Jun* 24**	**Jul * 24**	**Aug * 24**	**Sep * 24**	**Oct* 24**
Imports	730	1088	903	847	854	571	585	722	636	812	962	1017	1033
Exports	292	234	644	846	1026	842	505	430	343	295	343	396	442
Net Imports/ Exports	**438**	**854**	**259**	**1**	**172**	**271**	**80**	**292**	**294**	**517**	**620**	**621**	**591**
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 two years.Prices showed a declining trend between April 2022 and December2022, followed by an upward move till May 2024. Iron ore prices againwitnessed a declining trend since June 2024 to September 2024, 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) andenergy efficiency. Overall projections of domestic crude steel capacity, production and per capita finished steel consumption value envisagedin 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 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 29.7.2021and 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 Capacitycommitment of 28,220 thousand tonnes. The applications were scrutinized by a selection committee consisting of members from NITIAayog, 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. The scheme is in force since April 01, 2023 and FY 2024-25 is the first year of incentive disbursement. At present the scheme has 44 active MoUs with committed investment of about Rs. 27,100 Crore and Committed capacity of 23,820 thousand tonne.

- **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. Inclusion of 21 additional BIS Standards in the QCO have been initiated.

- Till November 2024, a total of 31 Technical Committee meetings were held, comprising members from BIS, associations, and domain experts. These meetings reviewed 20,922 applications regarding the applicability of QCO on the intended import grades. Additionally, till November 2024, Five Empowered Committee meetings were conducted to evaluate 78 applications from applicants regarding grades falling under QCO's purview and to decide on grade exemptions.

- **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 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 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 23 R&D projects are in progress which are in various stages of completion.

- Till November 2024, the 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. In response to the above, 73 R&D proposals were received from the stakeholders out of which 13 R&D proposals have been approved for funding under the scheme based on the evaluation of the proposals.

- **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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