DEVELOPMENT OF INDIAN STEEL SECTOR SINCE 1991

Production of Iron & Steel for Sale | Import and Export of Iron & Steel | Apparent Consumption of Finished Carbon Steel | Additional Capacity Creation in Private Sector Since 1991

The economic reforms initiated by the Government since 1991 have added new dimensions to industrial growth in general and steel industry in particular. Licensing requirement for capacity creation has been abolished, except for certain locational restrictions. Steel industry has been removed from the list of industries reserved for the public sector. Automatic approval of foreign equity investment up to 100% is now available. Price and distribution controls have been removed from January 1992, with a view to make the steel industry efficient and competitive. Restrictions on external trade, both in import and export, have been removed. Import duty rates have been reduced drastically. Certain other policy measures such as reduction in import duty on capital goods, convertibility of rupee on trade account, permission to mobilise resources from overseas financial markets and rationalisation of existing tax structure for a period of time have also benefited the Indian steel industry.

Production for Sale/Production

a) Total Finished Steel Production/Production for Sale

The production of total finished steel (alloy/stainless + non-alloy) in the country was 126.85 million tonnes (mt) in 2017-18. As per the JPC reporting system prevailing till 2013-14, the share of Majors and Other Producers in total finished steel production for sale was relatively higher, which was largely due to substantial availability of raw materials, expansion of capacities and emergence of new units in these segments, among others.

Total Finished Steel (alloy/stainless +non-alloy): Production for sale (million tonnes)				
Year	Main Producers	Majors and Other Producers	Production for sale	% of share of Majors and Other Producers
1991-1992	7.964	6.270	14.234	44.0
1992-1993	8.551	8.335	16.886	49.4
1993-1994	8.912	8.112	17.024	47.7
1994-1995	9.720	10.365	20.085	51.6
1995-1996	10.731	13.562	24.293	55.8
1996-1997	10.689	15.635	26.324	59.4
1997-1998	10.580	16.840	27.420	61.4
1998-1999	10.045	17.513	27.558	63.5
1999-2000	11.407	19.088	30.495	62.6
2000-2001	12.686	19.670	32.356	60.8
2001-2002	13.198	20.178	33.376	60.5

2002-2003	14.534	22.632	37.166	60.9
2003-2004	15.383	25.326	40.709	62.2
2004-2005	15.824	27.689	43.513	63.6
2005-2006	16.413	30.153	46.566	64.8
2006-2007	17.614	34.915	52.529	66.5
2007-2008	18.020	38.055	56.075	67.9
2008-2009	17.216	39.948	57.164	69.9
2009-2010	18.038	42.586	60.624	70.2
2010-2011	18.407	50.214	68.621	73.2
2011-2012	17.978	57.718	75.696	76.25
2012-2013	19.244	62.437	81.681	76.44
2013-2014	22.196	65.479	87.675	74.68
Source : JPC				

Effective from 2017-18, with the approval of the Ministry of Steel and following rounds of interaction with industry experts, the JPC reporting system had changed, given the changing dynamics of steel industry, its changing structure and mode of operation and also the changes in the policy environment. Under the new system, production for sale has been replaced by gross production or simply production – a concept applicable across the spectrum, from iron-making and crude steel to finished steel. Secondly, following guidelines issued by the Ministry of Steel in May 2016, the classification system has been dissolved and accordingly, the present JPC reporting system has two main groups as far as production data reporting is concerned and is shown below. It may be noted, that the present system of reporting by JPC continues to be for statistical use only.

Production of Total Finished Steel (alloy/stainless + non-alloy) (million tonnes)				
Period	**SAIL, RINL, TSL, ESL, JSW, JSPL**	**Other Producers**	**Gross Production**	**% of share of Other Producers**
2014-15	50.717	53.861	104.578	51.5
2015-16	52.375	54.227	106.602	50.9
2016-17	61.916	58.224	120.140	48.5
2017-18	69.143	57.712	126.855	45.5
Source : JPC				

(b) Pig Iron Production / Production for Sale

The total production of pig iron was 5.73 mt in 2017-18, led by the Private Sector, which accounted for 94% of the total production during the said year.

Production for Sale of Pig Iron (million tonnes)				
Year	**Main Producers**	**Majors & Other Producers**	**Production for Sale**	**%share of Majors & Other Producers**
1991-1992	1.490	0.100	1.590	06.3%
1992-1993	1.679	0.165	1.844	08.9%
1993-1994	1.977	0.273	2.250	12.1%
1994-1995	2.005	0.780	2.785	28.0%
1995-1996	1.813	1.060	2.873	36.9%
1996-1997	1.733	1.570	3.303	47.5%
1997-1998	1.711	1.687	3.398	49.6%
1998-1999	1.354	1.644	2.998	54.8%
1999-2000	1.226	1.955	3.181	61.5%
2000-2001	0.964	2.434	3.398	71.6%
2001-2002	1.016	3.055	4.071	75.0 %
2002-2003	1.107	4.178	5.285	79.1 %
2003-2004	0.966	3.980	4.946	80.5 %
2004-2005	0.625	2.603	3.228	80.6%
2005-2006	1.007	3.683	4.690	78.5 %
2006-2007	0.860	4.093	4.953	82.6%
2007-2008	0.936	4.348	5.284	82.3%
2008-2009	0.589	5.618	6.207	90.5%
2009-2010	0.731	5.153	5.884	87.6%
2010-2011	0.579	5.104	5.683	89.8%
2011-2012	0.502	4.869	5.371	90.65%
2012-2013	0.674	6.196	6.870	90.74%
2013-2014	0.552	7.398	7.950	93.06%
Source : JPC				

Effective from 2017-18, with the approval of the Ministry of Steel and following rounds of interaction with industry experts, the JPC reporting system had changed, given the changing dynamics of steel industry, its changing structure and mode of operation and also the changes in the policy environment. Under the new system, production for sale has been replaced by gross production or simply production – a concept applicable across the spectrum, from iron-making and crude steel to finished steel. Secondly, following guidelines issued by the Ministry of Steel in May 2016, the classification system has been dissolved and accordingly, the present JPC reporting system has two main groups as far as production data reporting is concerned and is shown below. It may be noted, that the present system of reporting by JPC continues to be for statistical use only.

Production of Pig Iron (million tonnes)				
Period	**SAIL, RINL, TSL, ESL, JSW, JSPL**	**Other Producers**	**Gross Production**	**% of share of Other Producers**
2014-15	1.213	9.015	10.228	88.1
2015-16	1.287	8.953	10.240	87.4
2016-17	0.905	9.437	10.342	91.2
2017-18	0.726	5.002	5.728	87.3
April-Nov. 2018-19*	0.556	3.389	3.945	85.9
Source : JPC;*prov.				

(c) DRI – Production/Production for sale

The production of DRI or Sponge Iron stood at 30.51 million tonnes in 2017-18. India was the largest producer of DRI in the world during the period since 2003, based on data / rankings released by the World Steel Association.

Production for Sale of Sponge Iron		
Year	**Qty(million tonnes)**	**% change over last year**
1991-1992	1.306	-
1992-1993	1.441	10.3%
1993-1994	2.396	66.3%
1994-1995	3.392	41.6%
1995-1996	4.442	31.0%
1996-1997	5.047	13.6%
1997-1998	5.325	5.5%
1998-1999	5.166	(-) 3.0%
1999-2000	5.320	3.0%
2000-2001	5.481	3.0%
2001-2002	5.658	3.2%
2002-2003	7.858	38.9%
2003-2004	9.877	25.7%
2004-2005	12.537	26.9%
2005-2006	14.825	18.2%
2006-2007	18.345	23.7%
2007-2008	20.376	11.1%

2008-2009	21.091	3.5%
2009-2010	24.326	15.3%
2010-2011	25.081	4.2%
2011-2012	19.633	(-) 21.7%
2012-2013	14.329	(-) 27%
2013-2014	18.204	27%
Source : JPC		

Effective from 2017-18, with the approval of the Ministry of Steel and following rounds of interaction with industry experts, the JPC reporting system had changed, given the changing dynamics of steel industry, its changing structure and mode of operation and also the changes in the policy environment. Under the new system, production for sale has been replaced by gross production or simply production – a concept applicable across the spectrum, from iron-making and crude steel to finished steel.

Production of Sponge Iron		
Year	**Qty(million tonnes)**	**% change over last year**
2014-15	24.24	5.99
2015-16	22.43	-7.49
2016-17	28.76	28.25
2017-18	30.51	6.08
April-Nov. 2018-19*	19.62	-0.05
Source: JPC; *prov.		

Import and Export of Iron & Steel

Import of Iron and Steel			
Year	**Pig Iron**	**Total Finished Steel (Non-Alloy + Alloy/Stainless)**	**Total Value (Pig Iron + Steel)**
	('000 tonnes)	('000 tonnes)	(Rs. In Crores)
1991-1992	152	970	1441.32
1992-1993	73	1143	1676.00
1993-1994	21	1119	1613.00
1994-1995	1	1775	2536.00

1995-1996	8	1617	3181.00
1996-1997	15	1632	3053.00
1997-1998	3	1648	2904
1998-1999	2	1194	N.A.
1999-2000	3	1678	N.A.
2000-2001	2	1491	2659
2001-2002	2	1373	2560
2002-2003	1	1663	3051
2003-2004	2	1753	3728
2004-2005	8	2293	6244
2005-2006	3	4305	11585
2006-2007	3	4927	15747
2007-2008	11	7029	24977
2008-2009	8	5841	30509
2009-2010	11	7382	25983
2010-2011	9	6664	26996
2011-2012	8	6863	27017
2012-2013	21	7925	39347
2013-2014	34	5450	30525
2014-2015	23	9320	44994
2015-2016	22	11711	45066
2016-2017	34	7224	34277
2017-2018	16	7483	39544
April-Nov.2018-19*	9	5238	32622
Source : JPC, * prov.			

Although India started exporting steel way back in 1964, exports were not regulated and depended largely on domestic surpluses. However, in the years following economic liberalisation, export of steel recorded a quantum jump. Subsequently, the rapid growth of domestic steel demand has led to a decline in the rate of growth of steel exports from India to ensure that domestic requirements are adequately met. India turned into a net exporter of total finished steel in recent times.

Export of Iron and Steel					
Year	Pig Iron	Semis	Total Finished Steel (Alloy/Stainless+Non-Alloy)	Total Steel**	Total Steel : Value
	('000 tonnes)	('000 tonnes)	('000 tonnes)	('000 tonnes)	(Rs. Crores)
1991-1992	-	5	368	373	283
1992-1993	16	154	756	910	708
1993-1994	620	585	1060	1645	1678
1994-1995	466	399	944	1343	1438
1995-1996	503	391	1350	1741	1939
1996-1997	451	300	1662	1962	2231
1997-1998	785	503	1934	2437	2512
1998-1999	276	174	1860	2034	N.A.
1999-2000	290	328	2782	3110	N.A.
2000-2001	232	194	2671	2865	N.A.
2001-2002	312	281	2709	2990	N.A.
2002-2003	629	460	4517	4977	N.A.
2003-2004	518	684	5207	5891	12132
2004-2005	393	261	4705	4966	15123
2005-2006	440	388	4801	5189	17152
2006-2007	707	665	5242	5907	18671
2007-2008	560	373	5077	5450	17771
2008-2009	350	746	4437	5183	18978
2009-2010	362	625	3251	3876	15206
2010-2011	358	350	3637	3987	18433
2011-2012	491	198	4588	4789	21946
2012-2013	414	144	5368	5512	26912
2013-2014	943	486	5985	6471	31315
2014-2015	540	640	5595	6235	31283
2015-2016	297	639	4079	4718	24083
2016-2017	387	1192	8242	9434	38182
2017-2018	518	1994	9620	11614	52812
April-Nov.2018-19*	228	1353	4078	5432	27383
Source : JPC; **Total Steel = Semis+ Total Finished Steel; *prov.					

Real Consumption of Total Finished Steel

Real consumption is obtained from the combined supply i.e. (gross production + imports) after adjusting for exports and materials consumed for downstream processing and variation in stocks of total finished steel. The trend in real consumption of total finished steel is shown below, year-wise.

Year	Real Consumption of Total Finished Steel (million tonnes)
1991-1992	14.836
1992-1993	15.811 (6.6%)
1993-1994	16.114 (2.0 %)
1994-1995	19.550 (21.3 %)
1995-1996	22.370 (14.4 %)
1996-1997	23.294 (4.1%)
1997-1998	23.808 (2.2%)
1998-1999	24.710 (3.8%)
1999-2000	26.348 (6.6%)
2000-2001	27.649 (4.9%)
2001-2002	28.523 (3.2%)
2002-2003	30.677 (7.6%)
2003-2004	33.119 (8%)
2004-2005	36.377 (9.8%)
2005-2006	41.433 (13.9%)
2006-2007	46.783 (12.9%)
2007-2008	52.125 (11.4%)
2008-2009	52.351 (0.4%)
2009-2010	59.339 (13.3%)
2010-2011	66.423 (11.9%)
2011-2012	71.021 (6.9%)
2012-2013	73.482 (3.5%)
2013-2014	74.095 (0.83%)
2014-2015	76.994 (3.9%)
2015-2016	81.525 (5.9%)
2016-2017	84.042 (3.09%)

2017-2018	90.708 (7.93%)
April-Nov. 2018-19*	63.629 (8.4%)
Source : JPC; figures in brackets indicate the % increase over last year; *prov.	

Additional Capacity Creation in Private Sector Since 1991

After de-licensing of Indian iron and steel industry and as a result of the steps taken for creation of additional capacity in the private sector, projects involving a total investment of Rs. 30,835 crores equivalent to a capacity of approx. 13 million tonnes per annum were cleared by financial institutions. Over time, with further opening up of the Indian economy, a focused reform process in place and a rapid but stable growth of the Indian economy, investments have flown significantly into the steel industry of the country with major investment plans announced in the states of Odisha, Jharkhand, Karnataka, Chhattisgarh and West Bengal. The government has also unveiled plans of developing four mega greenfield steel plants each of 6 mtpa, through the SPV route, at an estimated combined investment of $24 billion in the states of Chhattisgarh, Odisha, Jharkhand and Karnataka. Rapid strides have also been made towards further progress and commissioning of new capacities like those in case of SAIL-RSP, SAIL-ISP, RINL, NMDC, Tata Steel, JSPL, JSW Steel, Essar Steel among others. Crude steel capacity in the country stood at 138 million tonnes in 2017-18 as per data released by the JPC while the National Steel Policy 2017 envisions domestic crude steel capacity reaching 300 millionn tonnes per annum in 2030-31. Global steel giants have also announced plans to set up integrated steel plants in the country either through setting up of green-field integrated steel plants in the country or strategic tie-ups, which is expected to introduce state-of-the-art technology into steel making.
