STEEL

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Executive summary

Strong growth opportunities

- India's global steel trade share stands at 2%, underlining its significant role in the industry.
- Demand for steel from different sectors will drive this industry.
- Consumption of steel by India's infrastructure segment is expected to increase to 11% by FY26.
- Steel demand from the automotive sector is expected to increase due to rise in the demand for automobiles.
- The new Vehicle Scrappage policy will help in reducing steel prices as the policy enables recycling of materials used in old vehicles.
- On the healthcare front, key steel producers are now exceeding their capacities to produce oxygen cylinders for COVID patients.
- The Smart Cities' Affordable Housing and industrial corridors are a few government intitivates to boost the steel industry
- About 158 lakh metric tonnes (MT) of steel are likely to be consumed in the construction of houses sanctioned under the Pradhan Mantri Awas Yojana (Urban).
- According to a Deloitte report, the demand for steel in India is projected to grow significantly over the next decade, with annual growth rates expected to range from 5% to 7.3%.

FDI in steel industry

- Policy allowing 100% FDI (via the automatic route) in the steel industry has boosted investments.
- Between April 2000-September 2024, Indian metallurgical industries attracted FDI inflows of Rs. 1,10,062 crore (US$ 18.06 billion)

Second-largest producer of crude steel

- In April-December 2024, crude steel production in India stood at 110.99 MT.
- In April-December 2024, finished steel production stood at 106.86 MT.
- Steel Authority of India Limited (SAIL), achieved the best-ever annual production during the financial year 2022-23. The company recorded 18.289 million tonnes (MT) of crude steel production with a growth of 5.3% over the previous best.
- In FY24, SAIL's crude steel production stood at 19.23 MT and saleable steel production was 18.4 MT.
- Moreover, capacity increased to 142.29 million tonnes (MT) in FY20, and the figure is anticipated to rise to 300 MT by 2030-31.

Note: *MTPA - Million Tonnes Per Annum, MT- million tonnes, CY- Calendar Year*
Source: *World Steel Association, Ministry of Steel, News Articles*

Advantage India

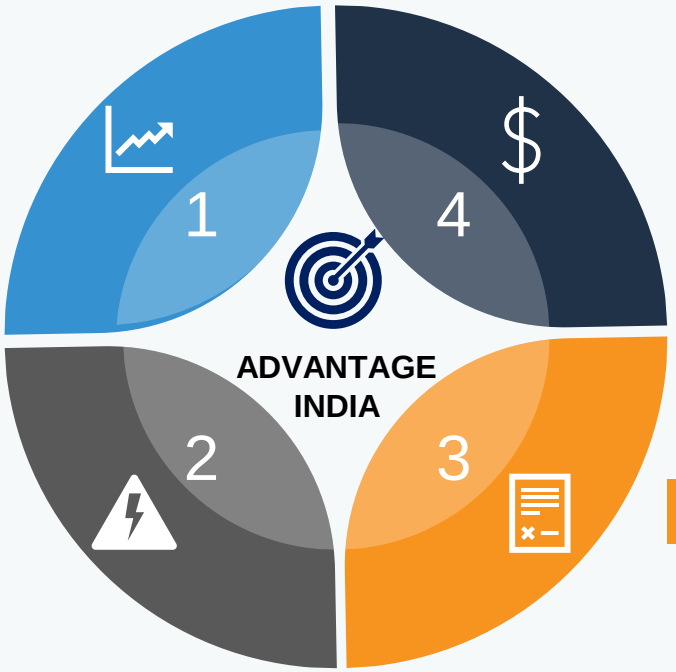
Advantage India

1. Robust Demand

- India's finished steel consumption stood at 119.17 MT in FY23, 138.5 MT in FY24 and 111.25 MT in FY25*.
- The Indian Steel Association (ISA) anticipates that the steel requirement will reach 128.9 MT in the 2023-24 period, showing an increase from 119.9 MT in the preceding year.
- India's domestic steel demand is estimated to grow by 9-10% in FY25 as per ICRA.
- To drive post COVID-19 economic recovery, for the government has planned investments in roads, railways, metro connectivity, industrial parks, industrial corridors, DFC, transportation of water, oil and gas, transmission towers, affordable housing. All these sectors will drive demand for steel.

2. Competitive Advantage

- During the period April-December 2024, crude steel production in India stood at 110.99 MT.
- Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global set up.
- India is home to fifth-highest reserves of iron ore in the world.



4. Increasing Investment

- To achieve steel capacity build-up of 300 MTPA by 2030, India would need to invest US$ 156.08 billion by 2030-31.
- Union Steel Secretary Mr. Nagendra Nath Singh expects PLI short-listed companies to invest US$ 1.2 billion (Rs. 10,000 crore) in specialty steel-making next year and nearly US$ 1.9 billion (Rs. 16,000 crore) by FY24-end.
- The industry is witnessing consolidation of players, which has led to investment by entities from other sectors. The ongoing consolidation also presents an opportunity to global players to enter the Indian market.

3. Policy Support

- In February 2024, The government has implemented various measures to promote self-reliance in the steel industry.
- Export duty of 30% has been levied on iron ore* (lumps and fines) to ensure supply to the domestic steel industry.
- Under the Union Budget 2023-24, the government allocated Rs. 70.15 crore (US$ 8.6 million) to the Ministry of Steel.

Notes: *MT - Million Tonnes, FDI - Foreign Direct Investment, ^National Steel Policy 2017, #USGS Mineral Commodity Summaries 2020, *except low grade (below 58%), MT-* million tonnes , *MoM – month over month, *-April to December*

Source: *Metallurgical and Materials Engineering Division Board*

Market Overview

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Evolution of the Indian steel sector

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1907-18

- Production of steel started in India (TISCO was setup in 1907)
- IISC was set up in 1918 to compete with TISCO.

1923-48

- Mysore Iron and Steel Company was set up in 1923.
- According to the new Industrial Policy Statement (1948), new ventures were only undertaken by the central Government.

1954-64

- Hindustan Steel Ltd and Bokaro Steel Ltd. were setup in 1954 and 1964, respectively.
- In the early 1990s, the public sector dominated steel production.
- Private players were in downstream production mainly producing finished steel using crude steel products.

1973-92

- SAIL was created in 1973 as a holding company to oversee most of India's iron and steel production.
- In 1989, SAIL acquired Vivesvata Iron and Steel Ltd.
- In 1993, the Government set plans in motion to partially privatise SAIL.

1993-2014

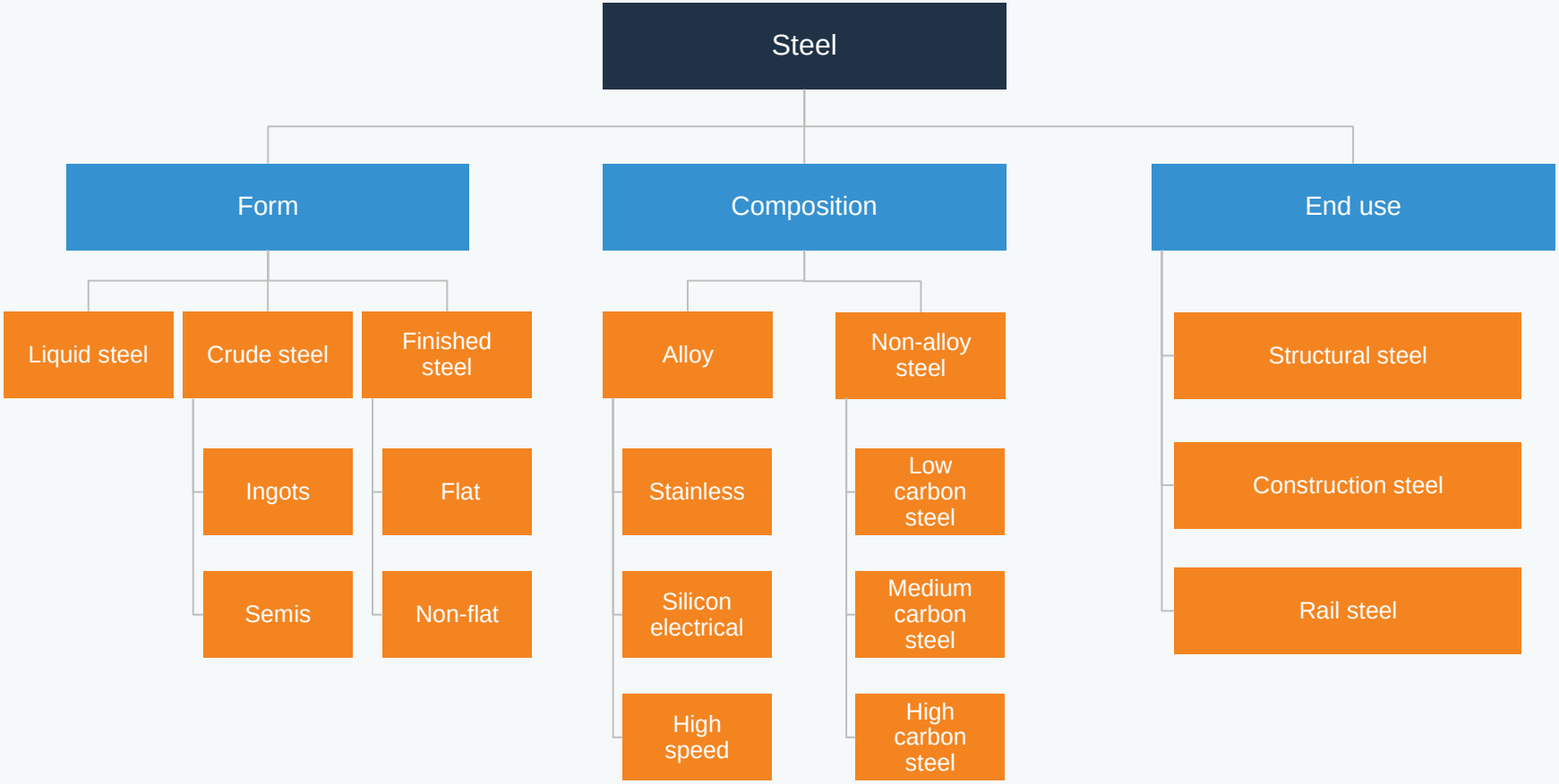
- Foreign players began entering the Indian steel market
- No license requirement for capacity creation
- Imposition of export duty on iron ore, to focus more on catering growing domestic demand
- Decontrol of domestic steel prices
- Launch of Scheme for promotion of Research and Development in Iron and Steel sector.

2015-23

- In 2019, India ranked as the second-largest crude steel producer in the world.
- In FY23, the finished steel production stood at 121.29 MT.
- In FY23, the production of crude steel in India stood at 125.32 MT.

Notes: (1)TISCO - Tata Iron and Steel Company; IISC - Indian Iron and Steel Company; SAIL -Steel Authority of India Ltd; MT- million tonnes

Structure of the steel sector



Source: *Report on Indian steel industry by Competition Commission of India*

Steel production capacity has expanded rapidly

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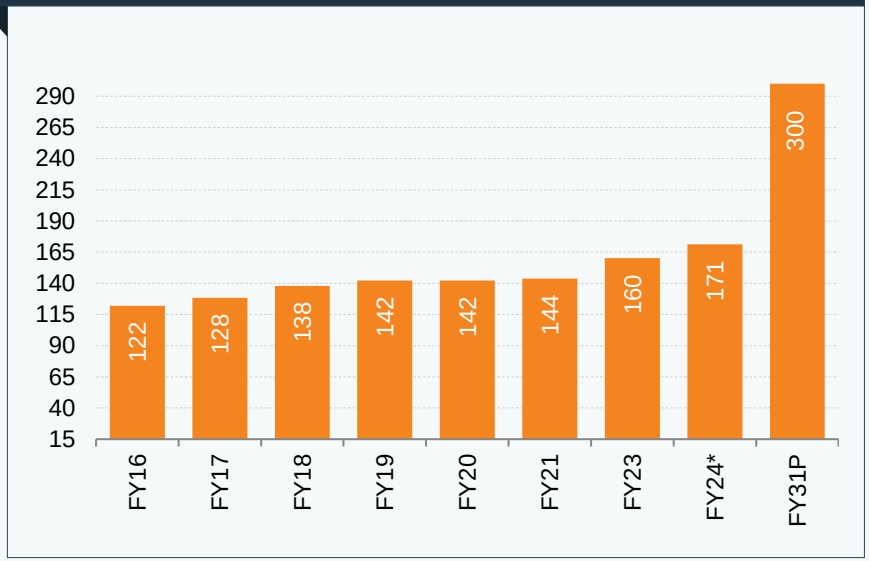
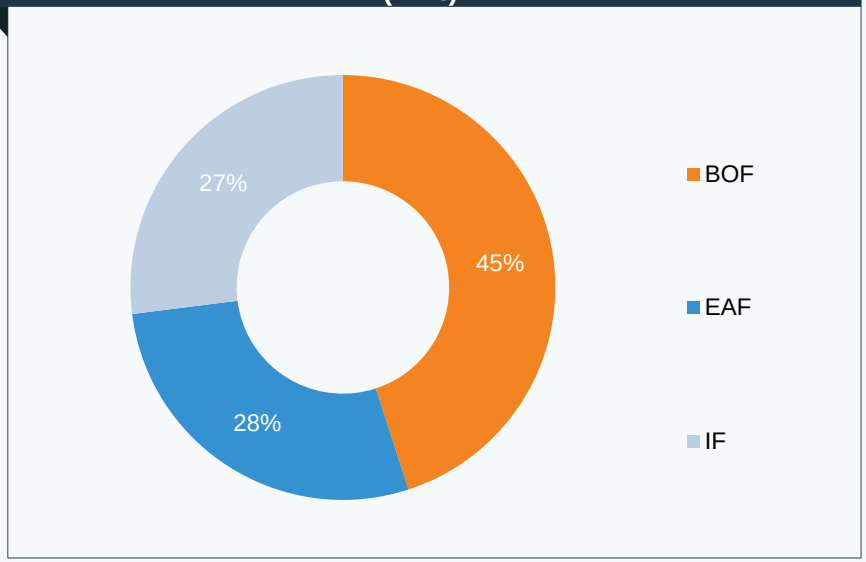
Crude Steel Production Capacity (in million tonnes)



Crude Steel Production Capacity in FY20 – By Route (in %)



- For the first time ever, India surpassed China as the top developer of coal-based steel capacity in July 2023, according to the latest report from Global Energy Monitor (GEM).
- India's steel production capacity has expanded rapidly over the past few years, growing at a CAGR of 4.84% from 97 MT in FY13 to 171 MT in FY24*. The National Steel Policy 2017 has envisaged achieving up to 300 MT of production capacity by 2030-31.
- India will commission new steelmaking facilities with a capacity of about 40 MT per year by the 2025/2026 financial year.
- BF-BOF route is expected to contribute 65% of the capacity, while the remaining 35% is expected to come from EAF & IF routes.
- Expansion of production capacity to 300 MT will translate into additional investment of Rs. 10 lakh crore (US$ 156.08 billion) by 2030-31.
- Steel companies are looking to restart expansion projects on the back of surging steel process with a capacity addition of 29 MT.

Note: *P - Projection, BF-BOF - Blast Furnace-Blast Oxygen Furnace, EAF - Electric Arc Furnace, IF - Induction Furnace, MT-* million tonnes , * December 2024

Source: *Joint Plant Committee, Ministry of Steel, New articles*

Steel production in India has been growing at a fast pace

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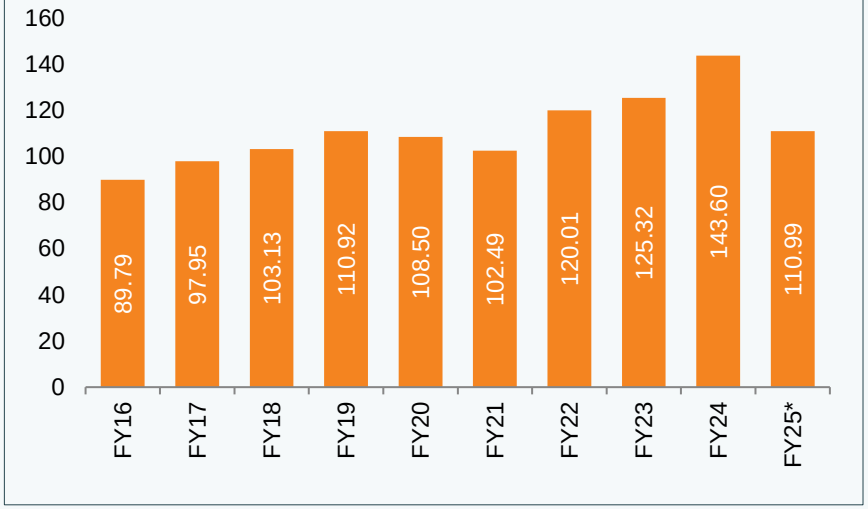
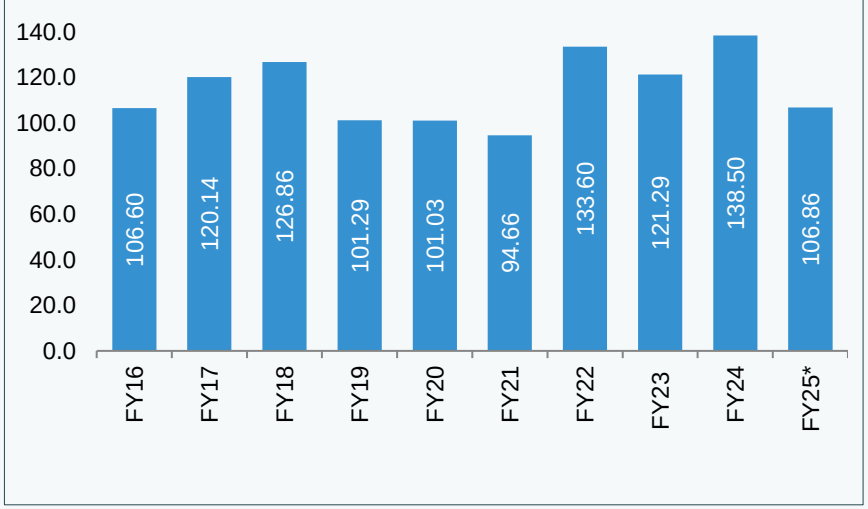
Total crude steel production (million tonnes)



Total finished steel production (million tonnes)



- In FY25 (April to December), the production of crude steel stood at 110.99 MT and finished steel stood at 106.86 MT.
- In FY24, the production of crude steel and finished steel stood at 143.6 MT and 138.5 MT, respectively.
- In FY23, the production of crude steel and finished steel stood at 125.32 MT and 121.29 MT respectively.
- In FY22, production of finished steel stood at 133.596 MT.
- In FY22, production of crude steel and finished steel stood a 133.596 MT and 120.01 MT, respectively.
- To support MSMEs, the government has reduced customs duty on stainless steel to 7.5%.
- In the Union Budget 2023-24, an investment of Rs. 75,000 crore (US$ 9.15 billion) (including Rs. 15,000 crore (US$ 1.83 billion) from private sources) has been allocated for 100 critical transport infrastructure projects for last and first mile connectivity for various sectors such as ports, coal, and steel.

Notes: *FY - Indian Financial Year (April - March), MT - Million Tonnes, (Until* December 2024)*

Source: *Joint Plant Committee, News Articles, Ministry of Steel, World Steel Association, CARE Ratings*

Demand has outpaced supply over the last five years

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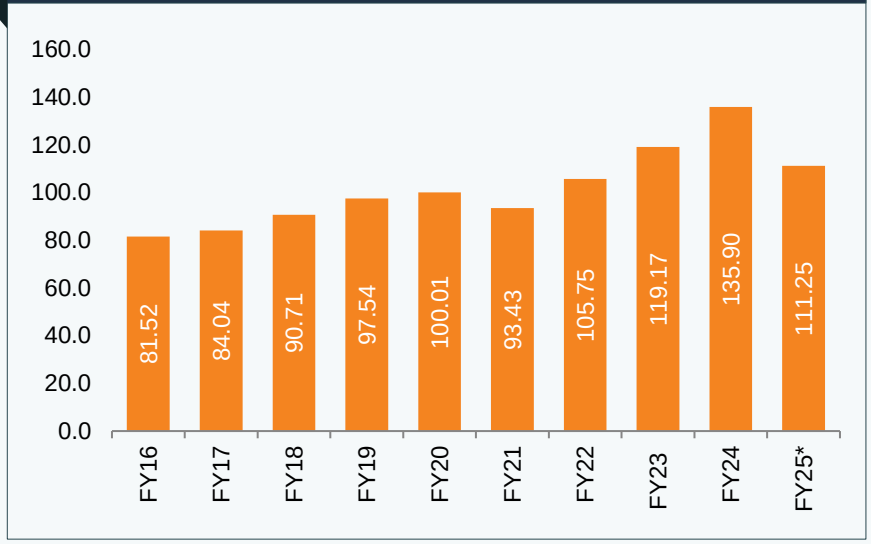
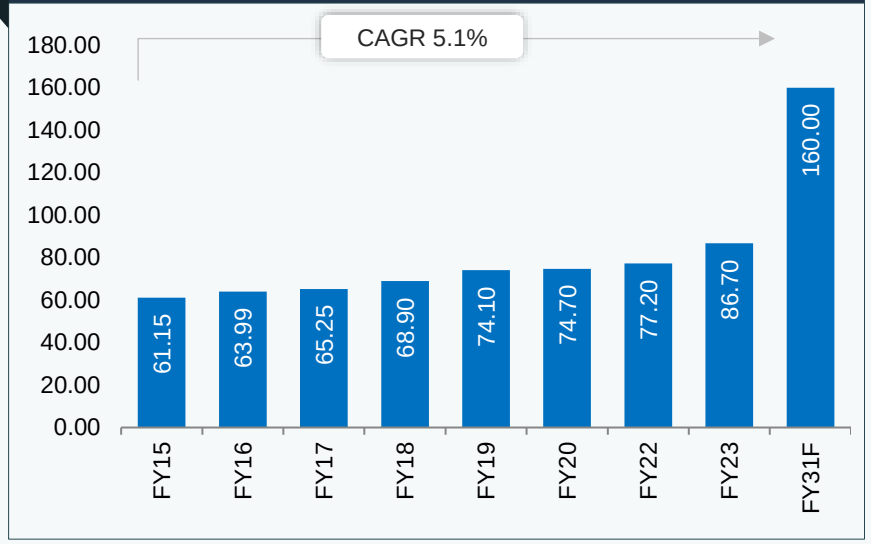
Consumption of finished steel (in million tonnes)



Per-capita consumption of steel (in kgs)



- In FY25 (April-December), the consumption of finished steel stood at 111.25 MT.
- The per-capita consumption of steel stood at 86.7 kgs in FY23.
- In FY23, the consumption of finished steel stood at 119.17 MT.
- In April 2023, India's finished steel consumption stood at 9.92 MT.
- The National Steel Policy aims to increase per capita steel consumption to 160 kgs by 2030-31.
- It is expected that consumption per capita would increase, supported by rapid growth in the industrial sector and rising infra expenditure projects in railways, roads and highways, etc.
- The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

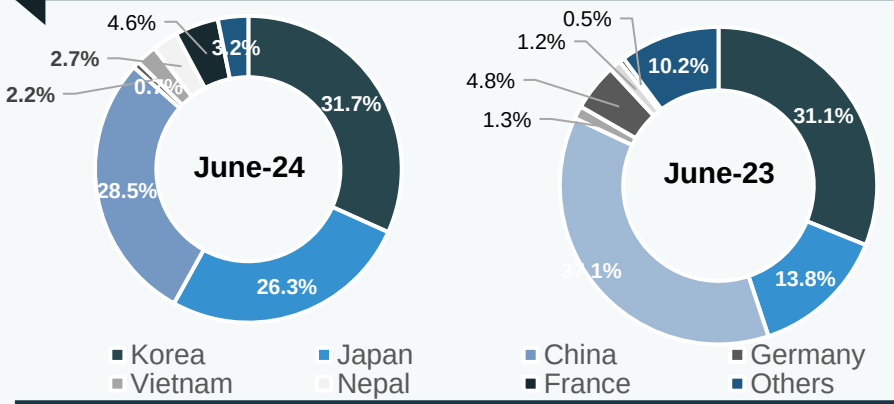
Note: *MT - Million Tonnes, kg – kilograms, F-Forecasted, Until* December 2024*

Source: *JPC India Steel, Ministry of Steel, World Steel Association*

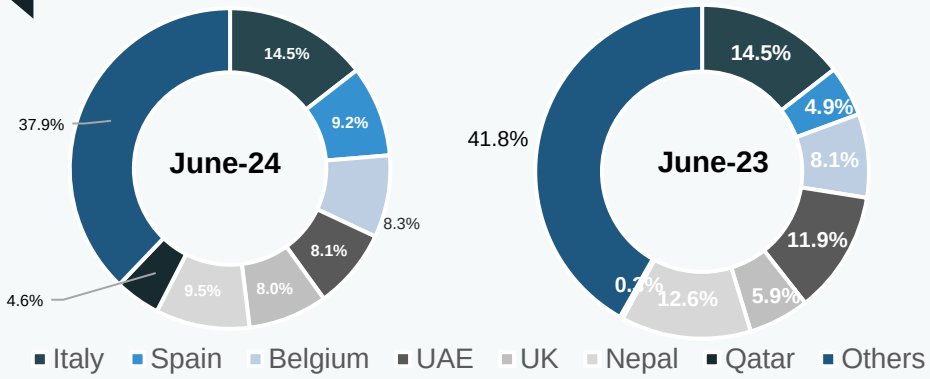
Trends in import and export of steel

- In FY25 (April to December), the exports and imports of finished steel stood at 3.60 MT and 7.28 MT, respectively.
- In FY24, the exports and imports of finished steel stood at 7.49 MT and 8.32 MT, respectively.
- In FY23, exports and imports of finished steel stood at 6.7 MT and 6.02 MT, respectively.
- In FY22, India exported 11.14 MT of finished steel.
- In June 2024 exports of finished steel stood at 3.4 lakh metric tonnes (LMT), while imports stood at 5.5 LMT.

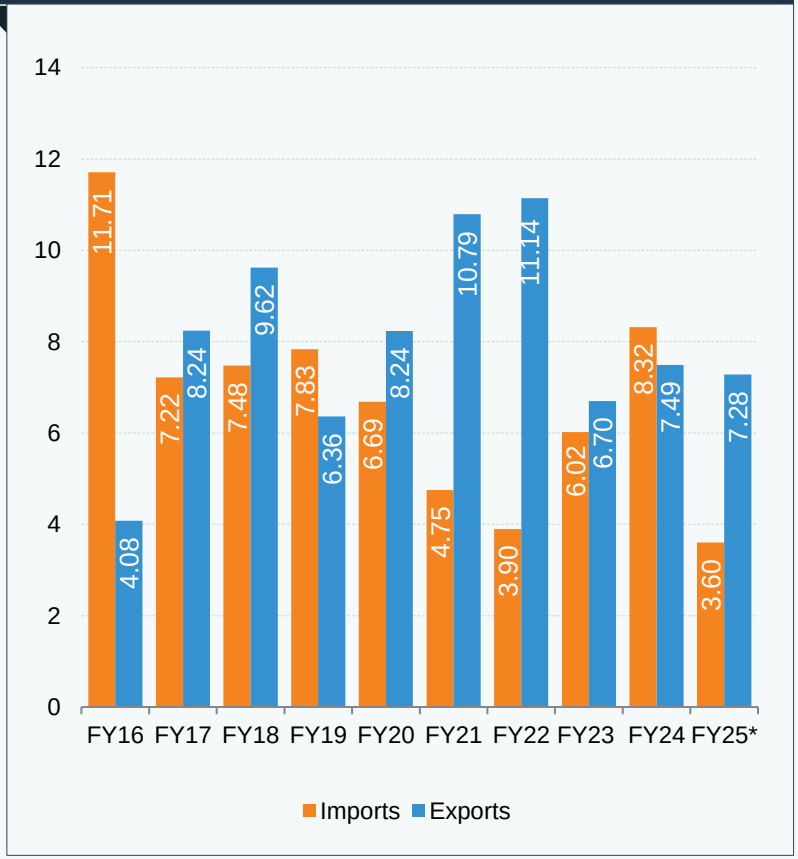
Import destinations of finished steel from India: Jun-24 vs. Jun-23



Finished steel export source countries to India: Jun-24 vs. Jun-23



Finished steel export and import (in million tonnes)



Note: *FY - Indian Financial Year (April - March), MT- million tonnes, *- April to December*

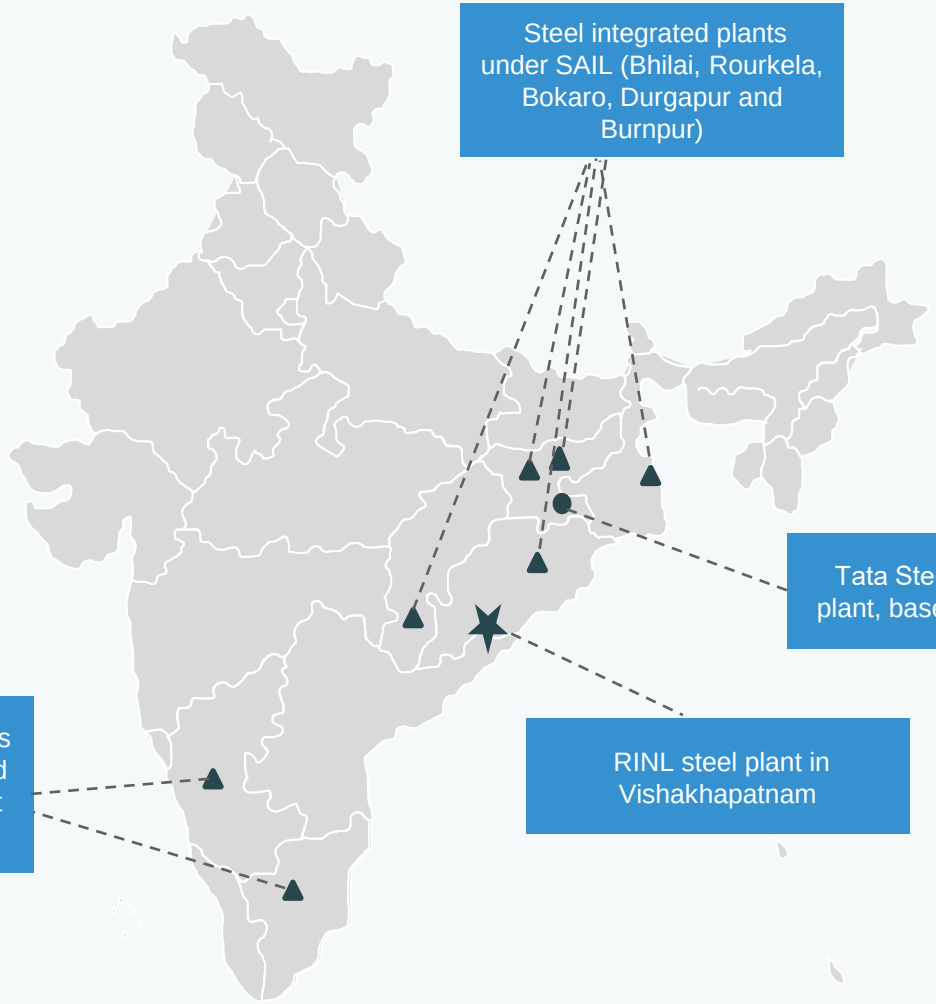
Source: *Ministry of Steel*

Key players of the industry

	Company	Products
	Tata Steel Ltd.	Finished steel (non-alloy steel)
	SAIL	Finished steel (non-alloy steel)
	JSW Steel Ltd.	Hot-rolled coils, strips and sheets
	Jindal Steel and Power Ltd.	Iron and steel
	Welspun-Gujarat Stahl Rohren Ltd.	Tubes and pipes
	Visa Steel Ltd.	Ferro Chrome, coke and special steel
	Essar Steel	Hot Rolled, Cold Rolled, Galvanized, Colour-Coated products, extra wide plates and pipes
	RINL Powergrid TLT Pvt Ltd.	Forged Rounds, Rebars, Rounds, Wire Rod coil, rounds, billets

Source: *Sutherland Research*

Key steel plants in India



Source: *Company website, Sutherland Research*

Steel SEZs in India

Developer	Location	Product
Tata Steel Special Economic Zone (TSSEZ)	Gopalpur, Odisha	Steel and allied downstream industries

Source: *Formal approvals granted in the Board of Approvals after the SEZ rules coming into force, Special Economic Zones in India website, www.sezindia.nic.in*

Recent Trends and Strategies

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Notable trends in the Indian steel industry… (1/4)

1

Growing investment

- India and Japan held the third Steel Dialogue on February 4, 2025, in New Delhi, discussing economic trends, steel trade, and industry developments. India highlighted policy initiatives, green steel efforts, and investment opportunities for Japan.
- About 50% of the Rs. 26,000 crore (US$ 3.02 billion) investment proposals received by Jharkhand government during the Bengal Global Business Summit (BGBS) in Kolkata pertain to the steel sector.
- JSW Group announced a Rs. 1,00,000 crore (US$ 11.60 billion) investment to set up a 25 MT steel plant in Maharashtra's Gadchiroli district over seven to eight years. The project, expected to be the world's largest and most eco-friendly, will drive economic growth and job creation in Vidarbha.
- In February 2024, The JSW Group is set to build a steel plant in Jagatsinghpur, Odisha, with an investment of US$ 7.8 billion (Rs. 65,000 crore). The plant will have a production capacity of 13.2 million tons of steel per year and is expected to create 30,000 jobs.
- In February 2024, JSW Steel plans to establish a joint venture with Japan's JFE Steel Corporation in a 50:50 partnership to invest US$ 661.9 million (Rs. 5,500 crore) in setting up a plant in Karnataka.
- In January 2024, According to Mr.Lakshmi Mittal, Gujarat will host the world's largest steel manufacturing site by 2029 at the Vibrant Gujarat Summit
- In July 2023, Union Minister Mr. Jyotiraditya Scindia announced that Japan is eager to invest ¥ 5 trillion (US$ 36 billion), in various sectors in India, including steel.
- As announced in May 2023, INOX Air Products will invest Rs. 1,300 crore (US$ 157.5 million) to set up two air separation units having a capacity of 1,800 tonnes a day each at Tata Steel's plant in Dhenkanal, Odisha.
- AMNS India is planning to spend US$ 7.4 billion on expanding capacity and increasing its value-added capabilities, which includes investments in both its upstream and downstream capacities and enhancing its iron ore capabilities.
- 67 applications from 30 companies have been selected under the Production Linked Incentive (PLI) Scheme for Specialty Steel. This will attract committed investment of Rs. 42,500 crore (US$ 5.19 billion) with a downstream capacity addition of 26 million tonnes and employment generation potential of 70,000.

Notes: *MTPA - Million Tonnes Per Annum*

Source: *Ministry of Steel, News Sources, DPIIT*

Notable trends in the Indian steel industry… (2/4)

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2

Strategic alliances

- In December 2023, Jindal Steel Power Ltd announced that its collaboration with Rashtriya Ispat Nigam Ltd will guarantee the provision of liquid steel to its new hot strip mill in Angul, Odisha. JSPL stated that they have signed a memorandum of understanding (MoU) with RINL for the operationalization of the latter's blast furnace.
- In October 2023, Government e-Marketplace, the national public procurement platform, signed a memorandum of understanding (MOU) with the Indian Steel Association (ISA). This partnership intends to bring all ISA members onto the GeM platform as sellers, promoting a diverse business environment regardless of their size.
- In May 2023, the industry body Indian Steel Association (ISA) announced signing an agreement with the ASEAN Iron and Steel Council (AISC) to unlock new avenues of growth and sustainability in the steel sector.
- Mr. Jyotiraditya M. Scindia, the Union Minister of Steel, and Mr. Nishimura Yasutoshi, the Minister of Economy, Trade, and Industry of Japan, held a bilateral meeting on July 20, 2023, in New Delhi to discuss collaboration in the steel sector and issues relating to decarbonisation.
- In May 2023, JSW Steel and JFE Steel, signed an agreement to set up a JV company to manufacture the entire range of cold rolled grain-oriented electrical steel (CRGO) products at Vijaynagar in Karnataka.
- In April 2023, AMNS India, a joint venture between ArcelorMittal and Nippon Steel, received approval from India’s regulatory body (NCLT) to acquire Indian Steel Corporation.
- Tata Steel in April 2023, informed that it has signed an agreement with A&B Global Mining to harness new business development opportunities and deliver mine technical services. The steel major will closely work with ABGM India which will interface with their South African entity to explore business opportunities in India and abroad besides utilising each other's technical and strategic strengths to deliver projects across the mining and metals, including the steel value chain.
- Steel giants ArcelorMittal, and Sajjan Jindal’s JSW Steel are in the race to acquire the steel plant of mining major National Mineral Development Corporation (NMDC) in Chhattisgarh. The steel manufacturing facility located in Nagarnar, Chhattisgarh has been planned for privatisation in the current financial year (FY23).
- In October 2022, JSW Steel signed an MoU with Smartex to explore the potential to promote innovation and turnkey approaches from financing to technology availability and market access aimed at decarbonisation of the steel sector in India.
- In September 2022, JSW Steel signed an MoU with SMS group to explore multiple cutting-edge solutions and research and development projects to reduce carbon emissions in its iron and steel making operations in India.
- Tata Group approved the amalgamation of all its metal companies into Tata Steel. The companies to be merged into Tata Steel are Tata Steel Long Products (TSLP), Tinplate Company of India Limited (TCIL), Tata Metaliks Limited (TML), TRF Limited (TRF), Indian Steel and Wire Products Limited (ISWP), Tata Steel Mining Limited (TSML) and S&T Mining Company Limited.
- In August 2022, Tata Steel signed an MoU with Punjab Government to set up a steel scrap based electric arc furnace steel plant.

Source: *Ministry of Steel, News Sources*

Notable trends in the Indian steel industry… (3/4)

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3

Entry of international companies

- Attracted by the growth potential of the Indian steel industry, several global steel players have been planning to enter the market.
- CarVal Investors, the investment arm of US-based agri group, Cargill, has offered around Rs. 2,000 crore (US$ 277.20 million) along with Asset Reconstruction Company (India) Ltd. for the purchase of Uttam Value Steels and Uttam Galva Metallics.

4

Increased emphasis on technological innovations

- Tata Steel has commenced the trial injection of hydrogen gas using 40% of the injection systems in ‘E’ Blast Furnace at its Jamshedpur Works. This is the first time in the world that such a large quantity of hydrogen gas is being continuously injected in a blast furnace.
- In the wake of COVID-19 pandemic, Tata Steel has geo-fenced its plant premises to track the movement of employees to track and manage any COVID-19 cases amongst its employees.
- In February 2023, Tata Steel sets up an Innovation Centre for Mining and Mineral Research at IIT (ISM) Dhanbad.
- Companies are attempting coal gasification and gas-based direct-reduced iron (DRI) production. Other alternative technologies such as Hismelt, Finex and ITmk3 being adopted to produce hot metal.
- Provisional Worldsteel report indicates that the global DRI output stood at 15.31 MT from January to February 2021, up 0.9% over same period last year, driven by India (6.4 MT, 42% share) at the number one spot.
- The Ministry of Steel has issued necessary direction to the steel companies to frame a strategy for taking up more R&D projects by spending at least 1% of their sales turnover to facilitate technological innovations in the steel sector.
- The Ministry has established a task force to identify the need for technology development and R&D.
- The Ministry has adopted energy efficiency improvement projects for mills operating with obsolete technologies.
- In January 2021, the Ministry of Steel, signed a Memorandum of Cooperation with the Ministry of Economy, Trade and Industry, Government of Japan, to boost the steel sector through joint activities under the framework of India–Japan Steel Dialogue.
- In February 2021, Tata Steel BSL collaborated with FarEye, a software logistics firm, to improve its digital transformation process.

Source: *News Sources*

Notable trends in the Indian steel industry… (4/4)

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Vehicle Scrappage Policy to reduce steel prices

- India is spreading its wings further to foray into another highly potential, yet untapped metal industry.
- The recently announced 'Vehicle Scrappage Policy' intends to de-clutter the country of its huge automobile and white goods waste through recycling.
- This proposed policy seeks to phase out unfit vehicles to reduce vehicular pollution, meet the climate commitments, improve road safety and fuel efficiency, formalise the vehicle scrapping industry and recover low-cost materials for the automotive, steel and electronics industries.
- Primarily, this new policy aims to boost new vehicles sales, which will stimulate the economy. Automobile manufacturers and the allied industry will benefit from this policy.
- With the scrapping of old vehicles, raw materials such as plastic, copper, aluminium, steel and rubber will be recycled. This will bring down the cost component and help the industry become more cost competitive.

6

Steel plants as heroes tackling India's oxygen scarcity

- Steel plants across the country ramped up supply of essential liquid medical oxygen from 538 metric tonnes per day in April 2021, to >4,000 metric tonnes, with supplies touching 4,435 metric tonnes, as of May 17, 2021.
- In April 2021, India faced a severe shortage of oxygen cylinders for COVID patients.
- Currently, 28 oxygen units located in major public and private sector steel plants are supplying ~1,500 metric tonnes of medical oxygen per day (MTPD) across the country, as per data by the Ministry of Steel.
- Some steel plants are also filling oxygen cylinders and supplying to the states and hospitals.

Source: *News Sources*

Strategies adopted

CAPACITY EXPANSION

- In February 2024, JSW Steel plans to increase the existing rail production capacity to 600,000 tonnes per year at Piombino.
- In November 2023, Steel Secretary Mr. Nagendra Nath Sinha said that India's steel capacity has crossed 161 million tonnes (MT) and the industry is poised for continuous growth.
- India will commission new steelmaking facilities with a capacity of about 40 MT per year by FY25-FY26.
- Tata Steel is planning to double its steel production capacity in India to 40 million tonnes per year by 2030.
- Steel Authority of India Ltd. to nearly double its capacity to 34-35 MT by 2030-31. At present, its operating crude steel capacity is around 19.5 MT.
- Tata Steel is planning to set up more scrap-based facilities that will have a capacity of at least a billion tonnes by 2025.
- Tata Steel is planning to expand its annual capacity in India from 34 MTPA to 55 MTPA by 2030.
- In September 2021, ArcelorMittal Nippon Steel India commissioned its second 6-million-tonne pellet plant, which took the total capacity at Paradeep pelletisation complex in Odisha to 12 million tonnes, making it India's largest single-location pelletisation complex.
- A long-term perspective is to achieve capacity of 300 MTPA by 2030 as per National Steel Policy 2017.

EXPANSION THROUGH BROWNFIELD INVESTMENT

- The steel sector is going through a phase of consolidation and companies operating in the sector are expeced to undertake brownfield investments for expansion.
- In August 2021, Shyam Steel Industries approved an investment worth US$ 95 million for brownfield expansion.
- In June 2021, Shyam Metalics and Energy Ltd. (SMEL) announced that the company is planning to double its production capacity at an estimated investment of ~Rs. 2,894 crore (US$ 389.72 million) through brownfield expansion at two of its units in the next 3-4 years.

Note: *GDP - Gross Domestic Product, MTPA - Million tonnes per annum, MT- Million Tonnes*
Source: *CCI, Ministry of External Affairs*

Growth Drivers

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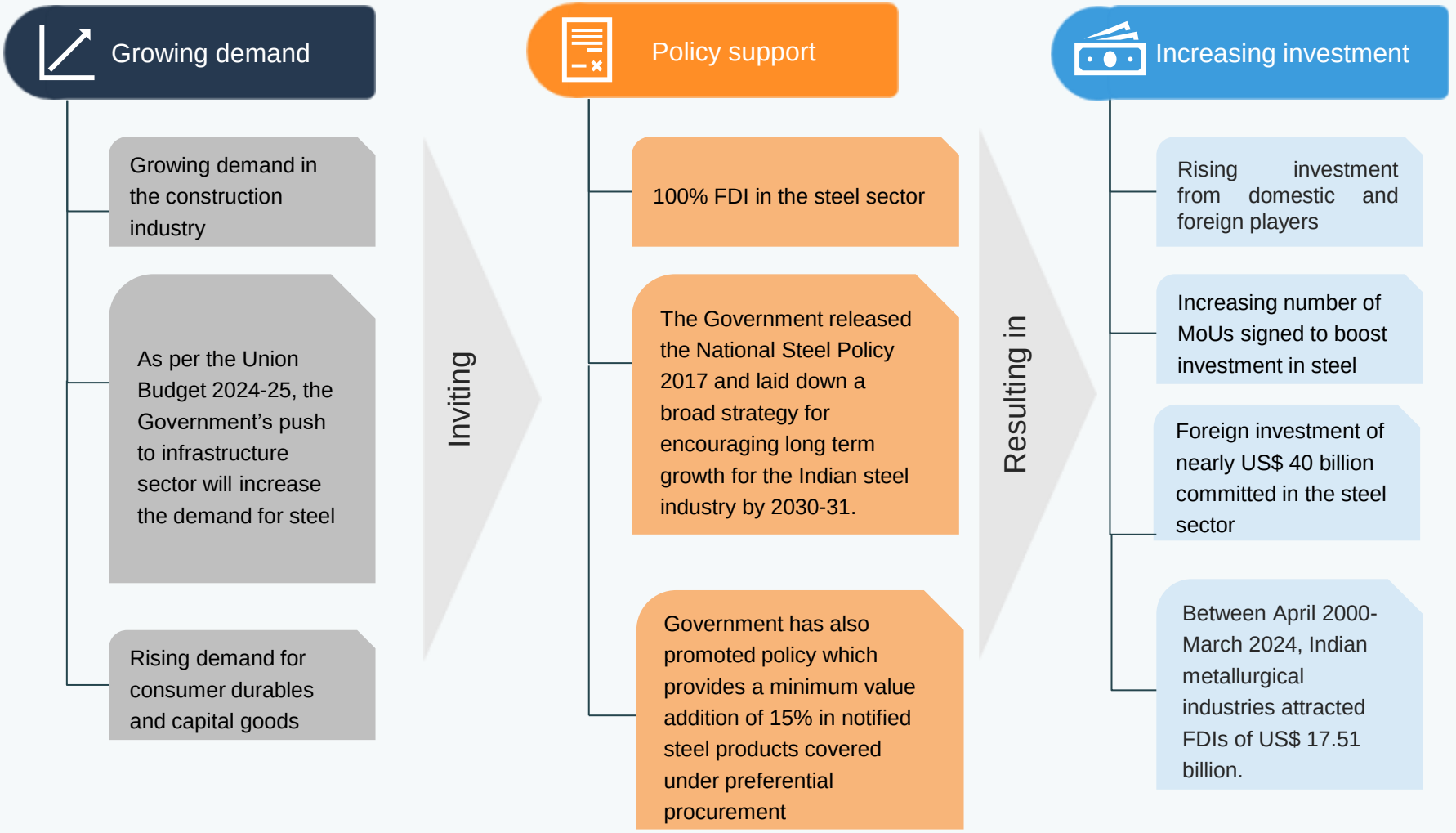
Strong demand and policy support driving investments



Notes: *FDI - Foreign Direct Investment, MOU - Memorandum of Understanding*

Capital goods, consumer durables, and automotive further driving steel growth

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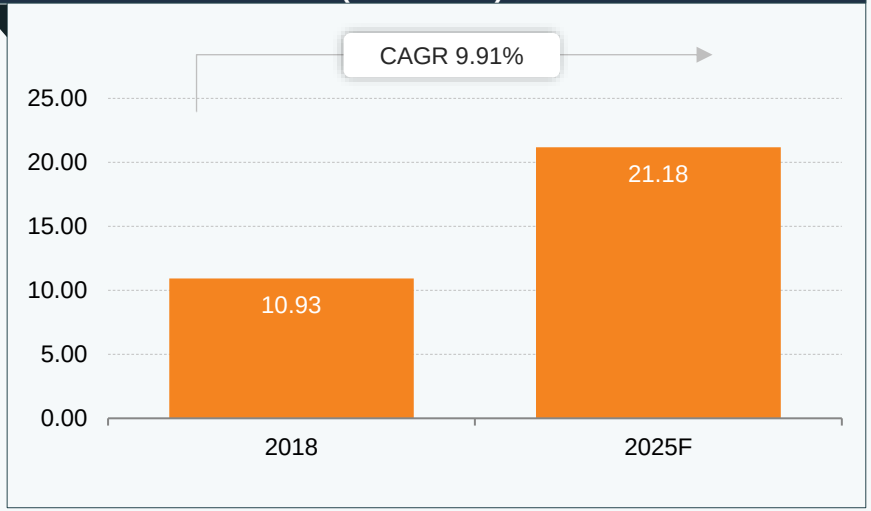
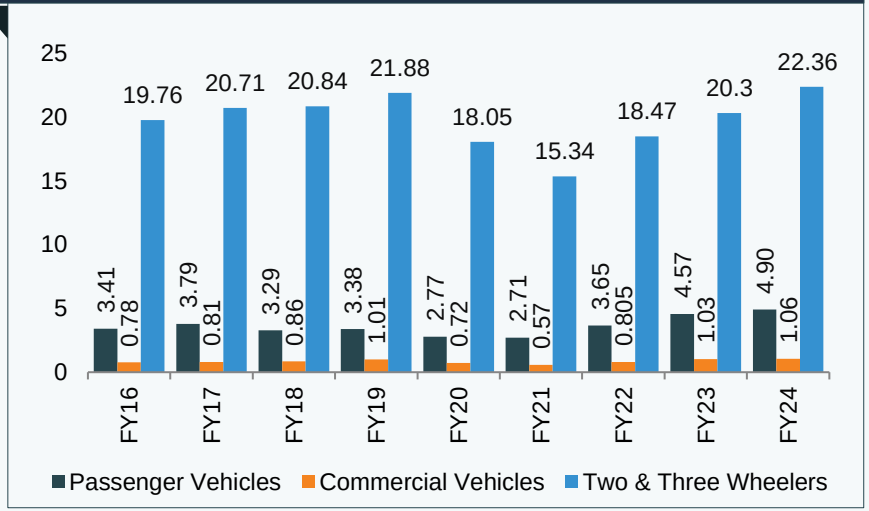
Indian Appliance and Consumer Electronics Industry (US$ billion)



Total automobile production in India (million units)



- Between 2018-25F, the appliance and consumer electronics (ACE) sector will expand at a CAGR of 9.91%, contributing to the growth of the steel industry.
- The total production of Passenger Vehicles, Commercial Vehicles, Two and Three Wheelers, and Quadricycle in April-December 2024 was 2,32,14,969 units.
- Growth in automobile production is also expected to augment growth in steel production. Automobile production in India stood at 25.9 million units in FY23.
  - In March 2021, India Ratings and Research (Ind-Ra) revised the outlook for the auto sector to 'improving for FY22' from negative, backed by likely revival across segments, positive consumer sentiments amid macroeconomic tailwinds after recovering from the COVID-19 pandemic. The rating agency expects auto volumes to increase by 16-20% YoY in FY22 after recording a decline of ~14% YoY in FY21.
- The construction gross value added (GVA) in India witnessed a YoY growth of 9.9% in FY2024, driven by healthy execution pace and moderation in raw material prices. Since construction industry is a major consumer of steel, expansion across construction industry will translate into growth of steel sector.

Notes: *F- Forecast, FY - Indian Financial Year (April - March), *Provisional Estimates of National Income, * - As per 2nd advanced estimate*
Source: *SIAM, PwC, CEAMA*

Policy support aiding growth in the steel sector… (1/3)

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Steel Clusters

- In September 2020, the Ministry of Steel prepared a draft framework policy for development of steel clusters in the country.
- The draft framework policy is aimed at facilitating and establishing greenfield steel clusters, along with development and expansion of the existing steel clusters.

National Steel Policy 2017

- New National Steel Policy was formulated by the Ministry of Steel in 2016 to retain the objectives included in National Steel Policy (NSP) 2005. It aimed at covering broader aspects of steel sector across the country including environment and facilitation of new steel projects, growth of steel demand in India and raw materials
- Under the policy, the central Government stated that all the Government tenders will give preference to domestically manufactured steel and iron products. Moreover, Indian steel makers importing intermediate products or raw materials can claim benefits of domestic procurement provision by adding minimum of 15% value to the product.
- The National steel policy, 2017 aspired to achieve 300MT of steel making capacity by 2030-31. This would translate into additional investments of Rs. 10 lakh crore (US$ 156.08 billion).
- Further, it aimed to increase per capita steel consumption to 160 kgs by 2030-31.

R&D and innovation

- The scheme for the promotion of R&D in iron and steel sector has been continued under the 14th Finance Commission (FY20). Under the scheme, 26 projects have been approved with financial assistance of Rs. 161 crore (US$ 24.98 million) from the Ministry of Steel.
- Ministry of Steel is setting up industry driven institutional mechanism - Steel Research & Technology Mission of India (SRTMI) - with an initial corpus of US$ 30.89 million. The institute will facilitate joint collaborative research projects in the sector.
- In September 2022, JSW Steel signed an MoU with SMS group to explore multiple cutting-edge solutions and R&D projects to reduce carbon emissions in its iron and steel making operations in India.
- In October 2021, India and Russia signed an MoU to carry out R&D in the steel sector and produce coking coal (used in steel making).
- In September 2021, National Mineral Development Corporation Ltd. (NMDC) R&D Centre signed a MoU with CSIR-IMMT for joint research and development projects.

Note: *MT - Million tonnes*
Source: *Ministry of Steel, Press Information Bureau*

Policy support aiding growth in the steel sector… (2/3)

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FDI

- 100% FDI through the automatic route is allowed in the Indian steel sector.

Rise in export duty

- The Government hiked the export duty on iron ore to 50% ad valorem on all varieties of iron ore (except pellets).

Duty drawback benefits

- In October 2020, Directorate General of Foreign Trade announced that steel manufacturers in the country can avail duty drawback benefits on steel supplied through their service centres, distributors, dealers and stock yards

Push due to Make in India initiative

- Going forward, the Make in India initiative and policy decisions taken under it are expected to augment the country's steel production capacity and resolve issues related to the mining industry.

Reduction in custom duty on plants and equipment

- The Government has reduced the basic custom duty on the plants and equipment required for initial set up or expansion of iron ore pellets plants and iron ore beneficiation plants from 7.5/5% to 2.5% .
- Customs duty on imported flat-rolled stainless-steel products has been increased to 15% from 7.5% .
- Basic customs duty on steel grade dolomite and steel grade limestone is being reduced from 5% to 2.5% . Basic customs duty is being reduced from 10% to 5% on forged steel rings used in the manufacture of bearings of wind-operated electricity generators.

Source: *The Economic Times, Ministry of Steel, Business Standard, Make In India*

Policy support aiding growth in the steel sector… (3/3)

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Production-linked Incentive (PLI) Scheme

- The Union Ministry of Steel launched PLI Scheme 1.1 on January 6, 2025, with a Rs. 6,322 crore (US$ 733.40 million) outlay to boost specialty steel production and attract investments. Covering five key product categories, the scheme eases norms to reduce imports, enhance domestic manufacturing, and improve energy efficiency, with applications open until January 2025.
- The Centre is looking to include refractories in the upcoming Production Linked Incentive Scheme 2.0 for steel as it aims at doubling the country's production capacity for the metal to 300 million tonnes by 2030.
- In November 2020, Union Cabinet approved the production-linked incentive (PLI) scheme in 10 key sectors (including electronics and white goods) to boost India's manufacturing capabilities and exports and promote the 'Atmanirbhar Bharat' initiative.
- 67 applications from 30 companies have been selected under the Production Linked Incentive (PLI) Scheme for Specialty Steel. This will attract committed investment of Rs. 42,500 crore (US$ 5.19 billion) with a downstream capacity addition of 26 million tonnes and employment generation potential of 70,000.
- India is a net exporter of finished steel and has the potential to become a frontrunner in certain grades of steel. PLI scheme has been approved for speciality steel with a financial outlay of Rs. 6,322 crore (US$ 858.50 million) over a five-year period.
- July 2021, the Union Cabinet approved the production-linked incentive (PLI) scheme for specialty steel. The scheme is expected to attract investment worth ~Rs. 400 billion (US$ 5.37 billion) and expand specialty steel capacity by 25 million tonnes (MT), to 42 MT in FY27, from 18 MT in FY21.

Steel sector boosting in Eastern India

- In June 2021, Minister of Steel & Petroleum and Natural Gas, Mr. Dharmendra Pradhan addressed the webinar on 'Making Eastern India a manufacturing hub with respect to metallurgical industries', organised by the Indian Institute of Metals.
- In 2020, 'Mission Purvodaya' was launched to accelerate development of the eastern states of India (Odisha, Jharkhand, Chhattisgarh, West Bengal and the northern part of Andhra Pradesh) through the establishment of an integrated steel hub in Kolkata, West Bengal. Eastern India has the potential to add >75% of the country's incremental steel capacity. It is expected that of the 300 MT capacity by 2030-31, >200 MT can come from this region alone, driven by Industry 4.0.
- The Ministry of Steel plans to invest US$ 70 billion in the eastern region of the country.

Source: *The Economic Times, Ministry of Steel, Business Standard, Make In India*

The sector witnessed rising investments in the last decade

Date announced	Acquirer name	Target name	Value of deal (US$ million)
Dec-23	Jindal Stainless Limited	Rabirun Vinimay Private Limited	11.6
May-23	Jindal Stainless Limited	Rathi Super Steel Limited	24.87
April-23	ArcelorMittal Nippon Steel India	Indian Steel Corporation Ltd.	109.4
Dec-22	Shyam SEL & Power Limited	Mittal Corp Limited	42.49
July-22	Tata Steel Limited	Neelachal Ispat Nigam Limited	1456.3
Jan-21	Nithia Capital and CarVal Investors	Uttam Galva Metallics Limited (UGML) and Uttam Value Steel Limited (UVSL)	273.00
Oct-20	JSW Steel Ltd.	Asian Colour Coated Ispat	211.89
Mar-20	Arcelor Mittal Nippon Steel India	Bhander Power plant	-
Feb-20	JSW Steel Ltd.	Bhushan Power and Steel	2,818.72
Mar-19	ArcelorMittal	Essar steel	5,821.21
Sep-18	Tata Steel	Usha Martin Ltd (Specialty Steel Business)	641.41-701.07
Aug-18	Nippon Steel and Sumitomo Metal Corp.	Sanyo Special Steel Co Ltd.	-
Jul-18	Aion Investments-JSW Steel	Monnet Ispat and Energy	428.85
Jul-18	Liberty House	Adhunik Metals	58.42
Jun-18	Vedanta Star Ltd.	Electrosteel Steels	825.45
May-18	Tata Steel Ltd.	Bhushan Steel	5,461.60
Dec-17	Tata Steel Ltd.	Bhubaneshwar Power	39.5
Jan-17	Tata Steel Ltd.	Creative Port Development Pvt Ltd.	-
Aug-16	JSW Steel Ltd.	Praxair Oxygen Pvt. Ltd.	36

Cumulative FDI Inflows	
Period: From April 2000-March 2024	
Sector	
Metallurgical industries	US$ 17.51 billion

Source: *Thomson ONE Banker, Department for Promotion of Industry and Internal Trade (DPIIT). News Articles*

Opportunities

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Opportunities… (1/2)

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Automotive

- The automotive industry is forecast to reach US$ 260-300 billion by 2026.
- India's passenger vehicle segment has ample growth potential with the third lowest car penetration ratio among the top 13 markets, at 24 per 1,000 people, compared to the world average of 314 per 1,000.
- The industry accounts for around 10% of the demand for steel in India.
- With increasing capacity addition in the automotive industry, demand for steel from the sector is expected to be robust.

Capital goods

- The capital goods sector accounts for 11% of the total steel consumption and is expected to increase 14-15% by 2025-26. It has the potential to increase in tonnage and market share.
- Corporate India's capex is expected to grow and generate greater demand for steel.

Infrastructure

- The infrastructure sector accounts for 9% of steel consumption and is expected to increase to 11% by 2025-26.
- Due to rising investment in infrastructure the demand for steel products would increase in the years ahead.
- 70% of the country's infrastructure, estimated at Rs. 6 lakh crore (US$ 89.50 billion), is yet to come up. Thus, a significant growth potential for steel sector is present.*
- National Highways grew from 91,287 km in 2013-14 to 1,46,145 km in 2023-24, with construction speed rising from 12.1 km/day in 2014-15 to 42.03 km/day in FY23.

Airports

- More and more modern and private airports are expected to be set up.
- Estimated steel consumption in constructing airports is likely to grow more than 20% over the next few years.
- The Government of India is poised to unveil 15 airport projects, featuring new terminals in Delhi, Lucknow, and Pune. With a robust investment strategy of US$ 12.06 billion (Rs 1 lakh crore), the aim is to elevate the count of airports from 220 within five years, bolstering infrastructure development.

- The Government of India has allocated Rs. 111 lakh crore (US$1.4 trillion) under the National Infrastructure Pipeline (NIP) for FY19-FY25. Sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) account for ~71% of the projected infrastructure investments in India.

Note: *Capex - Capital Expenditure, P - Provisional, *According to Mr. Chaudhary Birender Singh, Minister of Steel*
Source: *Make In India, SIAM, Ministry of Steel, Airport Authority of India*

Opportunities… (2/2)

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Railways

- As on January 2023, 41 indigenously designed, semi-high speed Vande Bharat Express trains are in operation In 2024-2025, the goal is to upgrade 40,000 conventional rail bogies to meet the 'Vande Bharat' standards.
- Introduction of high-speed bullet trains and metro trains will increase steel usage.
- Gauge conversion, setting up of new lines and electrification would drive demand for steel.
- The Indian Railways is planning to procure over 11 lakh tons of steel from the Steel Authority of India Limited (SAIL) for track renewal and laying new lines across the country.

Oil and gas

- India's primary energy consumption of oil and gas is expected to increase to 10 mbpd and 14 bcfd, respectively, by 2040.
- This would lead to an increase in demand of steel tubes and pipes, providing a lucrative opportunity for the steel industry.
- According to OPEC, India's oil demand in 2024 is projected to be at 5.59 million barrels per day (b/d), up from 5.37 million b/d in 2023, resulting in a growth of 4.1%.

Power

- India aims to boost non-fossil fuel electricity generation to over 500,000 MW by 2030, with a transmission plan for integrating 500,000 MW of renewable energy capacity by the same year.
- This will lead to enhancement in both transmission and distribution capabilities, thereby raising steel demand from the sector.

Rural India

- Policies like Pradhan Mantri Awa Yojana and Pradhan Mantri Gram Sadak Yojana are driving growing demand for steel in rural India.
- In FY21, per capita consumption of steel in rural India was estimated to be between 21.5 kgs.

Note: *RE - Revised Estimates, mbpd - million barrels per day, bcfd - billion cubic feet per day, *National Electricity Plan 2018*
Source: *Make In India, Ministry of Power*

Key Industry Contacts

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Key industry contacts

Agency		Contact Information
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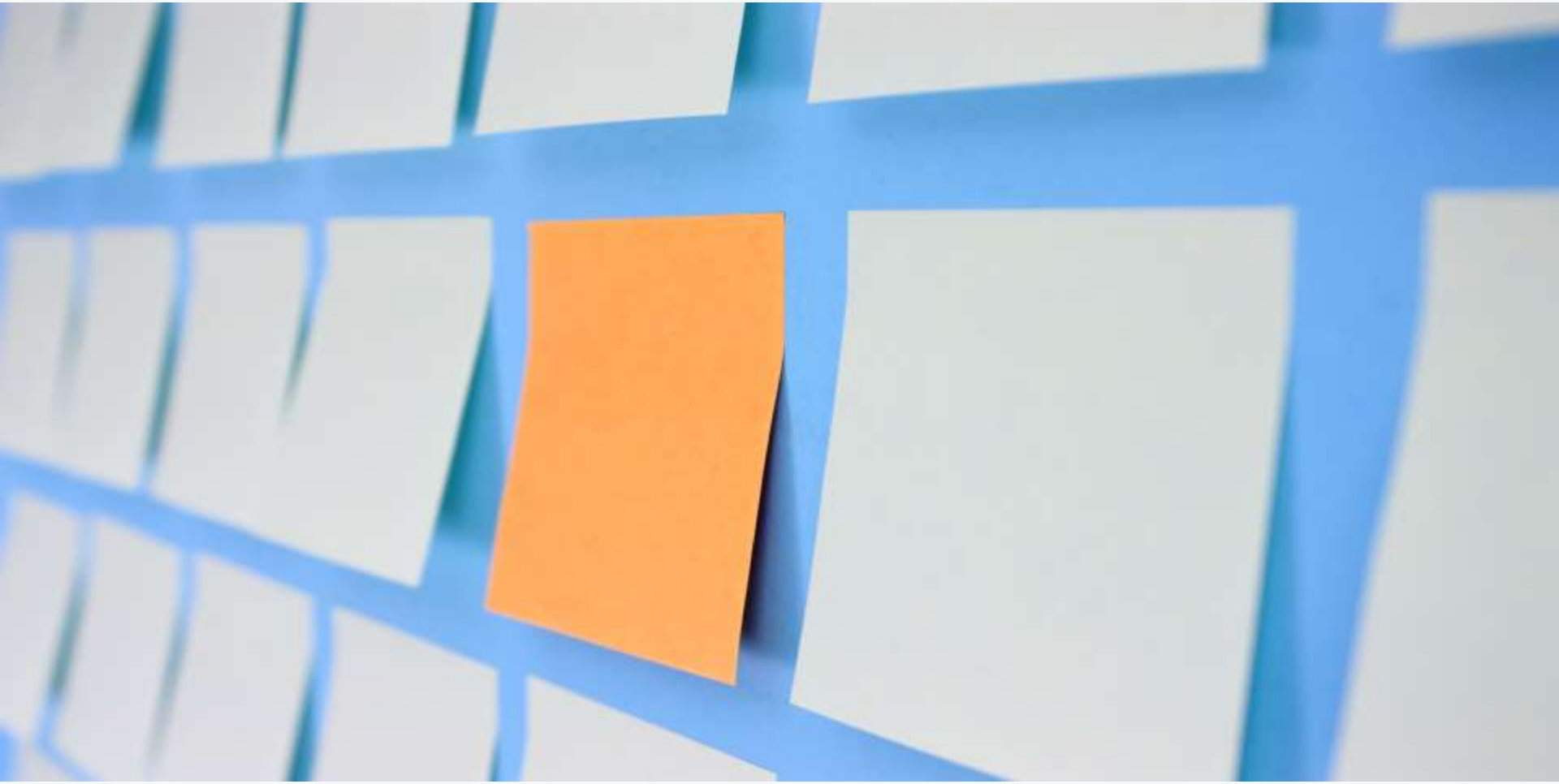
	Ministry of Steel	Udyog Bhavan New Delhi - 110011 Fax : 91-11-23063236 Phone : 91-11-23063417 Email: sharma.aman@nic.in Website: www.steel.gov.in
	National Mineral Development Corporation	Khanij Bhavan, Masab Tank, Hyderabad - 500028 Fax: 91-235338711 Phone: 040-23538713-21 Website: www.nmdc.co.in/
	Indian Stainless-Steel Development Association	L-22/4, DLF Phase-II Gurgaon, Haryana -122 002 Phone: 91-124-4375501 Fax: 91-124-4375509 Website: www.stainlessindia.org/

Appendix



Glossary

- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- CY: Calendar Year
- FY: Indian Financial Year (April to March)
  - So FY10 implies April 2009 to March 2010
- JV: Joint Venture
- MoU: Memorandum of Understanding
- MT: Million Tonnes
- MTPA: Million Tonnes Per Annum
- NPAT: Net Profit After Tax
- SEZ: Special Economic Zone
- TMT: Thermo Mechanically Treated
- US$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

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Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60
2023-24	82.80
2024-25**	85.34

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US$
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024	84.49
2025*	86.20

Note: **- Until January 2025, **- April 2024- January 2025*
Source: *Foreign Exchange Dealers' Association of India*

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