

Raw Material Security: A Necessity for Indian Steel Industry

Starting early 1900s when the first steel plant was established, steel industry has strengthened and carved India's strong presence on World Map. India is today among fastest developing nations globally in Carbon as well as stainless steel segment to become the 3rd largest Carbon Steel Producer globally. Though steel industry has been playing an important role in nation building, the recent decades has seen more and more utilization of steel globally due to increasing urbanization which indeed saw the seed for steel industry growth globally.

Putting the opportunity to best use, Indian steel industry has taken a huge leap to reach carbon steel production levels of 101.4 MT in 2017 from 49.45 MT back in 2006. In recent years, steel industry has clocked with a Compound Annual Growth Rate of 6.75%. It took much more than enormous toil and investments for Indian Steel industry to engrave its mark as top three steel producing nations with likelihood of becoming the third largest producer considering the aggressive yet aspirational growth plan laid down in "National Steel Policy".

The story has not been different for stainless steel industry, a niche product market segment that has gained much popularity due to its superior characteristics like resistance to corrosion and staining, low maintenance, durable, fire resistance and aesthetically appealing lustre which makes it ideal material for many applications in modern era. Stainless steel industry in India has reached substantial production levels of more than 3 MT in recent years and holds the position of being the second largest stainless steel producer globally after China.

As developing nation, India has a sizeable consumption appetite for its own products, other nations like China who hold the crown of being the largest producer for both steel and stainless steel. Indian steel industry has been struggling due to

expensive capital, labour, freight costs and limited raw material availability which makes the products less competitive in international market. Nevertheless, Indian industry has been able to demonstrate growth in steel making despite these challenges and has engineered its way to its current global position.

To keep pace in this competitive world, the future of the Indian steel industry shall largely be driven by important factors like Raw Material Security at competitive cost, since raw material cover the largest share of cost in Steel Making and any disruption in raw material costs can lead to adversities for the industry.

All Indian steel makers will have to carefully carve out their future strategy keeping the raw material security in vision as it will have a long term implication for the industry. Adoption of new technologies for maximum beneficiation of existing ore reserves should be the priority for Indian industry as local reserves need to be utilised first before we could think of imports. Using local reserve not only will reduce the logistics costs, it will also reduce the impact of volatile currency jolts.

For Indian Steel makers, the aspirational targets of 255 MT steel-making by 2030 as laid down in New Steel Policy, the government policies must act as an impetus and should seek facilitation of creating a friendly business environment by means of allowing duty-free imports of Raw Material which are in limited or no availability, domestically. China aids its industry by high export duty on raw materials and zero duties on import of raw materials.

Taking an example from Stainless Steel industry in India, key raw materials like Ferro Nickel, Stainless Steel

