

**Draft National Steel Policy 2017 to come out soon: Union Steel Minister
Ch. Birender Singh**
*India is the focus for optimism in global steel industry, feel steel industry
honchos*

Mumbai, 19 April 2017: Shri Chaudhary Birender Singh, Minister for Steel, Government of India, today inaugurated the two-day 'India Steel 2017' exhibition and conference here. In his inaugural address, he complimented the industry representatives for posting good growth figures in 2016-17. "I want as much growth and one per cent more," he exhorted. Production increased by 9 per cent last year, so it should go up by 10 per cent this year. He expressed confidence although the past three years were challenging for the steel industry, the Government had been intervening strategically at important times and thus today India is a net exporter, and among the few countries that have a positive demand for steel.

"The Government has provided the steel industry with a level playing field, and the industry has responded by converting challenges to opportunities". Chaudhary Birender Singh highlighted five focus areas where he felt further effort was needed: (i) production and productivity increase; (ii) R&D; (iii) 'India-made' steel; (iv) demand boost for steel; and (v) excellence in quality and efficiency.

He asserted that demand will increase because India is strategically placed with a demand for infrastructure development in this part of the world. "The next destination for steel consumption will be the African continent," he disclosed. Hence for the next 50 years, lack of consumption will not hamper production. The Government will soon be releasing a National Steel Policy draft, which will give concrete shape to its vision and plans for the steel industry. He declared that he wanted to bring a 100 per cent quality regime into the steel sector. "Quality regime is one of the factors which can increase our exports to great heights." The quality regime will be driven by the availability of raw materials, demand generation and R&D. He revealed that his ministry was working with other departments to make alternative raw materials available so that the industry need not be unduly dependent on coking coal. He also mentioned that he is considering a proposal to make it mandatory to use India-made steel in key projects.

He also called for increased R&D. "We have been limiting ourselves to incremental improvements," he said calling for work on new technologies to overcome bottlenecks. He expressed disappointment that although India is the third largest producer of steel, we still import value-added and specialised steels that are not made here. He also felt that in this era, R&D should also include marketing. "We have gained speed and momentum on the runway in the last two to three years. Now is the time for takeoff and touch commanding heights of success," he concluded.

The minister released a FICCI-KPMG report on the steel industry. Earlier, **Dr.. A. Didar Singh, Secretary General, FICCI**, welcomed the delegates and CEOs to the inaugural session.

Dr Aruna Sharma, Secretary Ministry of Steel, Government of India, delivered the keynote address. Praising the industry representatives for their effort, she reminded them that they still had a production target of 300 tonnes. She said that a major challenge is to identify which materials steel can replace, citing drinking water pipes, building material, and structures for wood and timber. Speaking of the advantages of using steel over other materials, she said, "There are reports that highlight the hazards of using alternative materials in the drinking water industry."

The Steel Ministry is trying to work on diminishing the dependence on iron ore and bringing in some stability in input costs, she informed. Lowering the power tariff is another challenge. "Each one of you has brought down the cost of production. Your efficiency and management bring it down," she said to the industry barons.

Dr Edwin Basson, Director General, World Steel Association, presented a special address. He felt that by 2018, China may go back to 2014 levels of production, and India is poised to become the third largest user and producer of steel. It may even reach the number two spot. "India is the focus for optimism in our global steel industry," he said. He explained that India has a successful economy from the steel perspective, a large, young population, the need for infrastructure, a good labour force and a strong history of production.

Yet, he cautioned, globally there is a decline in the demand for steel. This is partly due to the success of the industry. "We have better and stronger steels; we don't need as much as we did 20 years ago." He foresaw that industry will have to be ready to face a future with slower growth than in the past.

In his opening address **Mr. P K Singh, Chairman, Steel Authority of India Limited (SAIL)** and Chair, FICCI Steel Committee described the industry as being on a path of revolution over the next 10-15 years. The expansion target of 300 million tonnes by 2030 is massive and will require downfield and greenfield expansion of the industry. Consumption will have to grow. The Government is exploring the idea of using steel in pipelines and this is exciting for the industry. Steel is the most recycled material on earth, with a global recovery rate of 70 per cent. Ninety per cent of its by-products can be reused.

CEOs highlight opportunities in the Steel sector

Later steel industry CEOs made presentations highlighting industry's response and the opportunities for the future.

Mr. P Madhusudan, Chairman and Managing Director, Rashtriya Ispat Nigam Limited highlighted the fact that India has become a net exporter after a lapse of three years. "Today we are the third largest steel producer and by 2019 we expect to be second." Urbanisation and the Government's aim of developing housing for everybody will give the industry a boost.

Mr. Naveen Jindal, Chairman Jindal Steel and Power Limited, thanked the Government for its appropriate intervention to safeguard duty import prices and dumping duties. Expressing his pleasure in the growth of exports, he announced: “This is just the beginning and our commitment to the nation is that we, with support from the Government, will make new records.” He was confident that by next year India can be the largest steel producer in the world. However, the Government needs to address the high taxes and duties that make the industry uncompetitive. He also disclosed that next month, JSPL will be commissioning India’s largest blast furnace of 4554 cubic metres.

“We need to be strong and sustainable,” **said Mr. T V Narendran, Managing Director, Tata Steel Limited**. A lot of investment will be needed to drive growth, he explained. “Either industry generates it or investors find it attractive and put in money.” A lot needs to be done on costs. India’s logistics costs are the highest in the world. The growth of India’s steel industry will be a great opportunity for the capital equipment market across the world. This is an opportunity for them to invest in India, he felt. He was also of the view that the steel industry needs to be showcased properly to make it an attractive career option for today’s youth.

Ms Rita Singh, Chairman and Managing Director, MESCO Steel, called upon the Government to declare steel as a strategic industry. She hoped that the industry would get long term financing, because “the greenfield industry in India takes a long time.” She requested the steel ministry to exhort banks and institutions to help the industry with funding. Infrastructure is another area that needs to be addressed. According to her, brownfield projects should also be helped with faster financial closure. Speaking about reducing the dependence on imported coking coal, she felt that “captive mines should be allowed to sell a certain percentage of iron ore.”

Mr. Suketu Shah, Chairman, Alloy Steel Producers Association of India, gave a brief overview of alloy steels. “The segment is vital to the national interest. Like the liver, we are not talked about often, but are vital to survival.” Alloy steels comprise nine per cent of the total steel industry. They add value to the metal, and have numerous applications. The quality of Indian alloy steels is as good as international products, and there is now improvement in demand, he said.

The inaugural session was followed by various panel discussions.

Weblink - FICCI-KPMG report on the steel industry: <http://ficci.in/publication-page.asp?spid=20888>

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