



Steel Industry Need to Meet Entire Domestic Demand of High-Grade Automotive Steel, Electrical Steel and Special Steels from Domestic Production, Says Chaudhary Birender Singh Addressing 'Make In Steel' Conference

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Following is the text of the address by Steel Minister Chaudhary Birender Singh at the 'Make in Steel' Conference in New Delhi today:

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"Dr. Aruna Sharma, Secretary, Steel

Shri P.K.Singh, Chairman, SAIL

Shri Prashant Ruia, MD, Essar

Madam Rita Singh, CMD, MESCO Steel

Distinguished delegates

Friends from the Media

Ladies & Gentlemen;

I am glad to be here at this conference on a very relevant theme- '**Make in Steel**'. My compliments to the organisers for choosing this topic for the conference.

It has been over six months since I took over as Steel Minister. I have met different stakeholders and visited steel plants and mines. I have come to the conclusion that **steel industry is a vibrant and dynamic industry** where **employees work hard round the clock** to produce steel which is the **building block for a strong economy**.

International linkages for raw materials and markets make the **industry dependent on changing trends in world steel market**.

Steel industry is important for the country because it has **one of the highest economic linkages in overall GDP**. Steel has an **output-multiplier effect of around 1.4 times on GDP**, so if steel industry grows by 1 per cent, its proportionate impact on GDP would be 1.4 %.

Employment-multiplier effect of steel is around 7 times, that is, with increase in output, steel industry has the potential to create 7 times the job opportunities, in upward and downward industries.

In 2016, India retained its position as the fastest growing major steel economy in the world. We are all proud of it, and we are confident that India would continue to lead the growth trend in world steel industry. All of us will have to work together for it.

In my view, there are five important thrust areas we need to focus on and to make it easy to remember, **we have coined an acronym 'PRIDE' that aptly sums up the way forward for the steel industry**.

P stands for production & productivity

R for Research & Development

I for Indian-made steel

D for Demand of Steel

E for excellence in quality

Each of these areas is important from the perspective of **'Make in Steel'**, which I understand as **maximising usage of steel in different segments of industry**.

I would go one step further and add another element to the theme, which is **'Why Steel'**. We need to ask this question to ourselves and then convince the potential customers about the advantages of using steel. Our message will be clear when we are ourselves clear about what we want to achieve.

Steel industry needs to join the drive to **demonstrate benefits of steel**. Through **Life Cycle Analysis**, we need to showcase that steel structures are highly **cost-effective** and have **shorter lead time** for erection. Steel has greater **durability** with high design comfort.

At Ministry level, we have directed all concerned to utilize every possible opportunity **to showcase prototypes and exhibits of steel** for this purpose.

We must use all **marketing, branding avenues to push this message**. That is the only way **to meet the challenge of product substitution by aluminium, concrete, plastic, glass etc.**

As far as the first letter P in PRIDE is concerned, India is on its way to become world's second largest steel producer.

The gap between India and Japan was 16 million tonnes in 2015, which has come down to 9 million tonnes in 2016.

India's share in global steel production was 5.5 % in 2015, which has increased to 5.9 % in 2016. So as far as production of steel is concerned, we are on the right path.

In **draft National Steel Policy** that was put up in public domain recently, we aim to **more than double the capacity to 300 million tonnes**. That means an **investment to the tune of Rs. 10 lakh crore**.

We definitely need to create demand in line with the planned increase in capacities. Our target is to increase **per capita steel consumption to 160 kilogram**.

We should work towards **meeting the entire domestic demand of high-grade automotive steel, electrical steel and special steels from domestic production**. These products constitute a major portion of the steel imports in India.

We are examining the feasibility of **setting up scrap-based steel plants** in India. These will be on the lines of **'Melt & Manufacture' steel technology in USA**.

Scrap-based steel plants are **environment-friendly, energy-efficient and cost-effective**. These will have the capability to produce **special high-quality steels, a pre-requisite for Make in Steel**.

I would like you to deliberate on the **cost-benefit analysis of setting up scrap based steel plants in North and West India**.

These regions are important from the perspective of **scrap-availability and steel import hubs**.

MSTC-Mahindra Intertrade state-of-the-art **Auto Shredding Plant is likely to be functional in 2018**.

Indian market has huge potential for auto-shredding. As per reports, there are **more than 7 lakh cars and over 4 lakh trucks and buses which have reached end-of-life stage**. By 2025, around 28 lakh cars and 12 lakh trucks and buses will reach their end-of-life stage.

India imports around 6 million tonnes of scrap steel every year and is the second largest importer of scrap after Turkey. By 2025, we will be able to generate 7.5 million tonnes of scrap every year.

So far as **productivity** is concerned, we are **lagging behind the international benchmarks** of performance. At country level, PSUs need to catch up with the productivity and efficiency levels achieved by Private steel companies.

At international level, all Indian steel companies need to aim high and work towards achieving international levels.

Research & Development in Indian Steel industry is dismal. Whatever little R&D is being done is **scattered and isolated**. At one hand, there is **overlapping & duplication of research efforts**, at the other, **no research is being done on future requirements of the industry**. We are happy and contented with token R&D here and there.

I went to Luxembourg last year and was apprised that they are trying to **explore for mineral resources in space**.

If a small country like Luxembourg can dream that big, what stops us from aiming high and working on **out-of-the-box solutions and technologies for steel making using indigenous resources**.

We are still dependent on imported raw material and high-end steel products. We have the potential to **enhance usage of domestic coking coal by setting up more coal washeries**,

we are **capable of producing auto-grade, defence-grade and other special steels in India**. What we need to do is to **push ourselves and to come out of our comfort zones**. Then and then only can we be self-sufficient and strong.

We are trying to **bring together all R&D efforts under one umbrella of SRTMI (Steel Research & Technology Mission of India) with public-private partnership**.

Ministry of Steel is in **constant touch with different user ministries to ensure that steel-intensive structures are promoted through regulatory, advisory and other measures**. We are in the process of talking to **hill states to increase use of crash barriers to minimize fatalities** due to road accidents on hills. **Rural Development Ministry has already recommended use of steel-intensive structures** in rural housing.

We are trying that **“Indian Made Steel” can be defined in the light of existing Public Procurement Bill**.

This will provide for **mandatory procurement from domestic bidders on the grounds of promoting domestic industry**. Basically the aim is **to emphasize lower life cycle costing while evaluating projects, rather than just looking at the upfront cost alone**.

Demand of steel is most important factor from the Make in Steel angle. I am happy that you have devoted most part of the conference to this aspect. There is **no dearth of potential for steel demand**. **You name a core sector and steel is an integral part of it**. The need of the hour is to channelize our resources in harnessing this demand.

At Ministry level, we are constantly working to think of and work on ways for increasing steel demand in India.

We had the meeting of **newly constituted Steel Consumer Council last month**, in which concrete feedback has come from different stakeholders. We invited **suggestions on increasing steel consumption in India on MyGov platform** and Ministry is working on implementable suggestions.

We have **constituted four task forces and committees of experts and users of steel to formulate strategies to increase steel consumption in India**.

The importance that we are giving to this area can be gauged from the fact that **we discussed ways and means to increase steel demand in Parliamentary Consultative Committee and urged the members to use their good offices to propagate the message**.

We all know that **a record allocation of around Rs. 4 lakh crore** has been made for **infrastructure sector in the recent budget**.

Focus on areas such as **ports, roads, affordable housing, physical infrastructure** should provide the steel sector necessary impetus to meet its growth targets.

The budget has given **infrastructure status to housing and enhanced budget for housing**, which is expected to revive domestic steel demand as it will push up demand for construction grade steel particularly those for roofing purposes.

At present **around 40 % steel consumption is from construction and infrastructure sectors, and we want to take it to 60 percent in long-term**.

In the budget, the Government has waived basic custom duty on nickel and reduced custom duty on specific-use grades of hot-rolled and cold rolled steel coils. The decision to cut down customs duty to on LNG (liquefied natural gas) will boost domestic steel companies that rely on imports to run gas-based steel plants.

All these decisions will go a long way in ensuring that Make in Steel drive is successful in India.

Lastly, all these efforts will mean nothing, if we are not able to produce **steel of high quality. If we want to compete at international level, we will have to perform as per international benchmarks of efficiency and quality**.

It is my firm belief that Indian steel industry needs to move to a 100 % quality regime, for health and safety of end users. That is why we are **going ahead with making BIS certification essential for most of the products**.

All the measures we discussed will have to be taken as a part of comprehensive strategy to generate steel demand in the country.

I am sure you will all use PRIDE as your guiding principle for Make in Steel Roadmap for the industry.

My best wishes for the Conference.”

YSK/Uma

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