

India plans to set up at least two integrated steel plants to process [scrapped steel](#). The Union government is looking to have one such unit each in the north and south India.

The government is likely to go in for private partnership for putting up the units. About 8 million tonne (mt) of scrap is imported every year while India generates over 28 mt scrap.

“The ministry of road transport and highways is preparing a blueprint for this policy and we are also contributing. It may take anywhere between a fortnight to two months for the note to go to the Cabinet for its approval. Once their policy on vehicle scrapping is finalized they would ask us to formulate our policy on steel,” Union minister of steel Birender Singh told Business Standard.

Singh said his ministry would be putting up the integrated steel plants after the vehicle scrapping policy is finalised. These plants would enable the production of high-quality steel. “Shredding plants would also be set up. One such plant has been set up by MSTC in NOIDA. We would require at least 50 shredding plants across the country. We are thinking of having two plants – one in northern India (44% of the scrap will be available here). Seventy per cent of the import comes on ports of western India. We would welcome if anyone comes with technology to set up these plants.”

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The Ministry of Road Transport and Highways (MoRTH) is likely to announce a vehicle scrapping policy on the end of life of commercial vehicles on October 2.

According to a senior steel ministry official, the current demand of scrap in India is 35 mt of which 28 mt is domestically generated while 7 mt is imported to meet the gap. "This gap is likely to increase to 9 mt in 2022 and 11 mt in 2025," he said. Besides, the current scrap after being shredded is not used in an organised way which could increase the steel value.

At present, 700,000 vehicles are scrapped every year after they reach the end of life in 20 years. Seventy per cent of this is steel scrap. On an average about each vehicle delivers 0.1 million tonne of steel scrap. The scrap availability is expected to increase drastically with 22 million vehicles being more than 20-year-old.

The scrap policy will reduce dependence on imports besides ensuring that fresh steel demand is met through recycling rather than additional natural resources, leading to lessening environmental damage. Besides, the scrapping of the vehicle is perceived to be environment-friendly since old vehicles do not conform to emission norms.

International scrap recycling industry is worth over \$500 billion, directly employing over 1.6 million people and handling over 600 mt of re-recyclables every year, industry body [FICCI](#) said in a report.

On the demand side, metal scrap, especially steel scrap is an important raw material source for electric and induction furnace mills as well as for non-ferrous secondary sector producers.