

India prioritises local steel in govt contracts to shield mills

CURBING IMPORTS. Also bans suppliers from nations that bar Indian firms from govt tenders

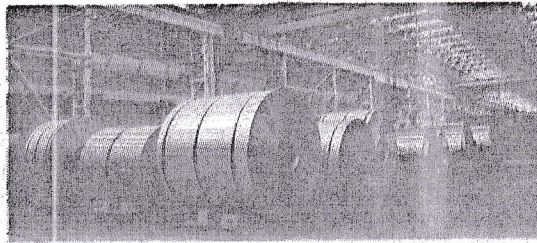
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After imposing safeguard duties on imported steel, India has revamped its procurement policy that will give preference to homegrown steel in government contracts. The move is aimed at combating rising steel imports, especially from countries like China and Vietnam, that have hit domestic steel producers.

The policy prioritises locally produced steel in government contracts, effectively shutting out foreign competition through stringent procurement regulations. A reciprocal provision also bars suppliers from countries that exclude Indian companies from their government tenders, reinforcing India's commitment to self-reliance.

US TARIFF EFFECT

The introduction of the Domestically Manufactured Iron & Steel Products Policy-2025 coincides with the Trump administration's imposition of tariffs on steel imports into the US, heightening concerns about a po-



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tential surge in steel being dumped into India.

Effective immediately, all ministries, departments and their affiliated agencies have been directed to prioritise iron and steel products made in India. This includes items such as flat-rolled steel, bars, rods and railway materials, which must comply with the 'Melt & Pour' condition, meaning the steel must be melted and solidified in India. Industry sources say China continues to be among the target nations under these revised procurement rules. There are also efforts to slow imports from other Asian countries, with which India has FTAs.

Chinese imports totalled 2.4 million tonnes (mt) for

April-February FY25, down 5 per cent y-o-y. Imports from Korea and Japan reached 2.7 mt and 1.92 mt levels, up 7 and 70 per cent y-o-y, respectively. Overall imports stood at 8.9 mt, up 16 per cent y-o-y, with exports down 34 per cent at 4.4 mt.

"Some protection is being provided to domestic manufacturers but we need to see how the policy plays out," an industry participant said.

The government continues to be a key procurer of steel, picking up 25-30 per cent of the country's finished steel production.

The new policy explicitly prohibits global tender enquiries for iron and steel products and limits such enquiries for capital goods val-

ued up to ₹200 crore unless approved by the Department of Expenditure.

RECIPROCAL CLAUSE

The policy introduces a reciprocal clause, wherein entities from countries that restrict Indian companies from participating in government procurement will be barred from bidding in India for steel-related items, unless explicitly permitted by the Ministry. "This measure underscores India's intent to protect its industry amid global trade tensions," an official said.

VALUE ADDITION

The revised policy also states that capital goods used to produce the alloy, such as furnaces and rolling mills, must achieve at least 50 per cent domestic value addition. Per industry observers, the policy's success hinges on effective enforcement and the ability of domestic producers to meet quality and volume demands. The Standing Committee's role in resolving disputes and ensuring fair pricing will be crucial, especially in cases where sole bidders quote exorbitant rates.