

Finmin wants lower energy prices before decision on green steel sops

THE FINANCE MINISTRY wants green hydrogen prices to soften before deciding on financial support for production of steel using clean energy, two sources familiar with the matter said, as New Delhi seeks to control inflation and its expenditure.

Steel producers have been asking for federal incentives as the nation considers mandating the use of a certain percentage of green steel in government projects. India, the world's biggest steel producer after

China and a key greenhouse gas emitter, has been working on a green steel policy to decarbonise production of the alloy.

A delay in the launch of federal financial support could slow energy transition plans to meet 2070 net zero goal.

The steel ministry is seeking incentives from the finance ministry for decarbonisation efforts. The finance ministry has argued that high green hydrogen costs would make use of green steel unviable and 'poten-

tially inflationary', the sources said. The deliberations between the two ministries have been slowed, as the finance ministry has cautioned against a "hasty approach," one of the sources said, declining to be identified as discussions are not public.

"Steel is an intermediate product and manufacturing green steel would be costly and there is a need to have a balanced approach between growth and sustainability," the source said.

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