

# At WTO, US questions India's PLI scheme for speciality steel

**DELHI'S REPLY.** Scheme aims to reduce import of high grade steel, attain self-sufficiency

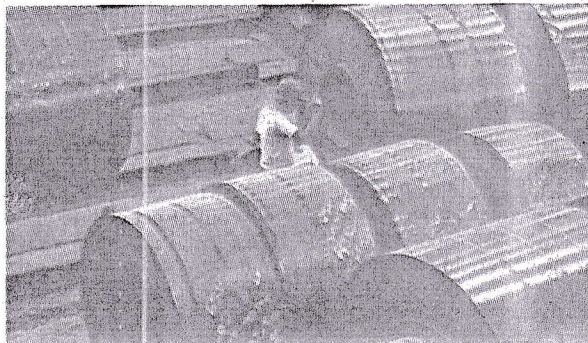
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The US has questioned India's Production Linked Incentive (PLI) scheme for speciality steel at the WTO, suggesting that the subsidies may not be appropriate given the global over-capacity in the metal, sources said.

India, however, maintains that the PLI scheme will reduce the country's dependence on imports of high grades of steel and that is a much-needed step towards attaining self-sufficiency and securing the nation's interests.

"We specifically note that there was a part of this (PLI) scheme for speciality steel which is designed to increase steel production. Why is India subsidising increased production when there is global overcapacity in steel?" per a submission made by the US to the WTO Committee on Subsidies and Countervailing Duties.

Speciality steel is one of the 14 sectors included by



**LOCAL IMPETUS.** Speciality steel is one of the 14 sectors included by the Centre in its flagship PLI scheme launched in 2021 with an outlay of ₹1.97 lakh crore

the Centre in its flagship PLI scheme launched in 2021 with an outlay of ₹1.97 lakh crore. The purpose of the PLI scheme is to boost domestic manufacturing, attract global investments and create employment in the identified sectors with high potential for growth.

The US linking the PLI scheme for speciality steel with global overcapacity does not hold much merit as India was a net importer of steel in FY25 for the second consecutive year, a source tracking the matter told *busi-*

*nessline.* Despite being the world's second largest producer of steel, India lags in production of speciality and high-end steel.

#### **SELF SUFFICIENCY**

"The objective of the PLI scheme for speciality steel is to promote manufacturing of value-added steel grades in the country and help the industry mature in terms of technology as well as move up the value chain. This will also result in reduction in imports of these grades and will be a step towards At-

manirbhar Bharat," according to a government statement.

Most countries, including the US, understand that excessive reliance on steel imports is not desirable for national security reasons, as dependence on foreign suppliers can create vulnerabilities during conflicts or economic disruptions, the source added.

#### **WTO COMPLIANT**

"India's PLI scheme is designed to be compliant with WTO norms. It does not include export obligations or link subsidies to export performance, which are not allowed under WTO rules. It only incentivises investment and sales growth within India," the source said.

Compared to China's estimated \$50 billion in steel subsidies, India's support is modest. The first round of the PLI scheme for speciality steel, launched on July 29, 2021, had an outlay of ₹6,322 crore. To boost investor interest, the government introduced a revised version, PLI 1.1, earlier this year.