

Govt mulls financing options for greening the steel sector: Minister

DISCUSSIONS ON. Schemes are likely to be funded through PLI, says Steel Minister Kumaraswamy

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The Steel Ministry could consider taking up financing options to carry out or support decarbonisation projects in the sector. The schemes are likely to be funded through PLI (performance-linked incentives) and discussions on this are underway, Steel Minister HD Kumaraswamy told *businessline*.

While discussions on such schemes or projects have begun, and some of the companies such as Tata Steel, JSPL and others are working towards metal offerings with lower carbon emissions, the Minister said, "there is still a long way to go".

Use or supply of natural gas to steel companies to act as substitutes for coal or coke in blast furnaces may be looked at.

A 'green steel' policy is already in the works.

"There are several PLI schemes that can be introduced for decarbonisation activities in the sector. Discussions are going on and they are in initial stages. But there is a long way to go," Ku-



GREEN INITIATIVE. Union Minister of Heavy Industries and Steel HD Kumaraswamy at the FAPA's 4th International Ferro Alloys Conference 2024 in New Delhi on Wednesday

maraswamy said on the sidelines of the 4th International Ferro Alloys Conference, here. For decarbonisation to happen, investments expected are to the tune of nearly \$300 billion, as per the Ministry's own report.

Decarbonisation would require focus on increasing the integration of renewable energy sources in the steel sector to as high as 43 per cent, from the existing 7 per cent-or-so. Mandating the use of greener raw materials

for luxury car manufacturers, tax waivers, and so on, have been suggested to bring about the transition.

ENERGY MANAGEMENT

Implementation of the best available technologies at small steel mills alone is estimated at over \$13 billion. The cost of the technological transition (direct reduction of iron, carbon capture and utilisation technologies) is another \$150 billion, the report mentioned. Energy con-

sumption in most of the integrated steel plants in India is generally high at 6-6.5 Giga Calorie per tonne of crude steel compared to 4.5-5 in steel plants abroad, as per a report of the Ministry.

The higher rate of energy consumption is mainly due to use of coal and other older technologies.

The average CO₂ emission intensity of the steel industry was projected to reduce from 3.1 T/tcs (tonne/tonne of crude steel pro-

duced) in 2005 to 2.64 T/tcs by 2020. The current goal is to bring it down to 2.4 T/tcs by 2030.

IMPORT DUTY

According to Kumaraswamy, discussions on "protecting" the steel industry from imports are also on the Ministry's radar.

Options being discussed include price adjustment mechanisms for shipments coming in, raising import duties or tariffs from the existing 7.5 per cent to 10-12 per cent, safeguarding duties or border-adjustment tax mechanisms, among others.

"Several requests have come from industry. We will definitely convince the Finance Minister and these discussions are on. Various measures are being considered," he said.

India remained a net importer of steel by 1.6 million tonnes, as shipments coming into the country continued to witness an increasing trend on a year-on-year basis. Imports stood at 3.5 mt, up 25 per cent y-o-y while exports were at 1.9 mt, down 40 per cent y-o-y for the April to August period of the fiscal.