

Steel PLI 2.0 put on hold for now, five firms start rolling out products under existing scheme

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The performance linked incentive (PLI) 2.0 scheme for speciality steel has currently been put on hold and proposals relating to it could be explored only after a review of the performance of the first phase, which is currently ongoing, senior officials of the Union Steel Ministry told *businessline*.

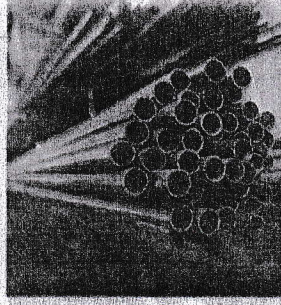
The review will be carried out of the proposals that take place under PLI 1.0, including the time taken to roll out of products (under it) and the financial outgo, apart from market demand for new products, before any announcement on PLI 2.0 is made. Proposals could come under a new policy head too.

PLI 2.0, which was target-

ing a disbursement of ₹4,300-4,500 crore, would cover segments like coated and plated steel, high strength and wear-resistant offerings, speciality rails, alloys including wires and tubes, electrical steel, among others. The scope of PLI 2.0 was to cover strategic sectors like defence, nuclear space and infrastructure.

"We do envisage that there will be interest in specialised steel making. But since these projects have long gestation period, and are high capex, a call has to be taken considering the change in market conditions in future. Right now, the focus would be on putting in place PLI 1.0 and ensure its roll out," the official said adding, "So PLI 2.0 is on-hold at the moment."

In the case of PLI 1.0, MoUs have not been received in respect of 13 approved ap-



plications, and the official said that despite attempts these applicants have not been on-boarded for the ongoing scheme. Out of the 67 approved applications, 54 MoUs were inked.

Drop-outs happened for various reasons that include changing demand patterns, high capex, environment clearances and land litigation, absence of expertise in

the segment, and also because clearances were granted in parts and not as a whole.

PLI 1.0 REVIEW

Under PLI 1.0, five companies have started rolling out specialised steel while nine more look at launching coated steel products by Q1 (April - June) of next fiscal, the official said. All 14 companies were expected to roll out products by December-end. Some of the listed entities have been first off-the-block in terms of rolling out speciality offerings.

The last review carried out by the Steel Ministry in December shows ₹13,000 crore worth of investments (43 per cent), out of a proposed ₹30,000-odd crore under PLI 1.0, has already been made and another ₹3,000

crore - ₹5,000 crore is expected taking it up to ₹18,000 crore by FY24-end.

Around ₹10,000 crore worth of investments are expected to be made towards new facilities next fiscal, officials said.

An internal note of the Ministry, which was documented in September, said MECON — the project management agency for PLI 1.0 — received 54 signed MOUs from 26 companies with an investment commitment of ₹29,285 crore and downstream capacity addition of 24.7 million tonnes (mt). Incremental production was 8.6 mt and incentive outgo was around ₹2,300 crore.

Disbursements for PLI 1.0 are expected to start next fiscal onwards and a provision of ₹270 crore is made in the interim Budget.