

# Indian steelmakers look for govt support to go the green way

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Indian steelmakers are stressing the need to incentivise 'green steel' as they invest to cut down on carbon emissions.

Green steel, or low-carbon emissions steel, is at a nascent stage globally, with firms undertaking pilot projects. Large-scale investments are required for the transition but with demand and "green premium" in question in the domestic market, steel firms are looking for government support.

In India, the regulatory environment isn't yet incentivising the transition, TV Narendran, managing director and chief executive officer, Tata Steel, said.

"It's moving in that direction, but today, if my CO<sub>2</sub> is lower at the Jamshedpur plant than the Meramandali plant, it does not get any advantage," he said. "And

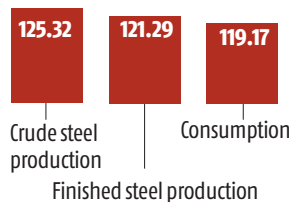
customers don't pay us more for the steel that comes out of Jamshedpur than Meramandali. The whole ecosystem has to evolve for this transition to happen faster."

In Europe, where Tata Steel has a large operation, it's more definitive. "About 40-50 per cent of our footprint in Europe has to go green by 2030, the rest by 2035," Narendran said. "The capex we spend will partly come from us and hopefully, there will be some support from the government. And partly, the customers will pay more."

The government's proactive support is a must to accelerate the green steel journey, added ArcelorMittal Nippon Steel India CEO Dilip Oommen said. "The journey to low-carbon emissions steel is in the right direction, albeit gradual." "The right set of policy and regulatory frameworks along with support in terms of

## INDIA'S STEEL STRENGTH

FY23 (in million tonne)



Source: Ministry of Steel



incentives for both producers and consumers of green steel will go a long way in driving low-carbon economic development and ultimately achieving the ambitious net-zero goal by 2070," Oommen said.

He also pointed out that all major steel players, which have announced huge capex plans to achieve the 300 MTPA (million

tonnes per annum) target by 2031 and beyond, were actively exploring the potential for renewable energy integration into the supply chain.

Saarloha Advanced Materials, a Kalyani Group company, started producing 'green steel' under the 'Kalyani Ferresta' brand last October, but demand and premium for the product are yet to

pick up.

"We require government intervention for demand creation," R K Goyal, managing director of Kalyani Steels and director of Saarloha said. "In all government and public sector purchases, a certain quantity should be specified as 'green' with less than 0.2 tonne of CO<sub>2</sub> emission per tonne of crude steel. There should be some incentive."

Steel companies in other geographies are getting government support for the transition. The European Union has granted funds to support capex-related activities, Hetal Gandhi, director-Research, CRISIL Market Intelligence and Analytics, said.

"Additionally, CBAM (carbon border adjustment mechanism) would protect local mills producing green steel by taxing CO<sub>2</sub> emissions, partially making

up for the additional production cost," she explained.

"Similarly, the US government has initiated a \$6.3-billion Industrial Demonstration Programme, which will provide grants of up to 50 per cent of the cost to projects that aim to cut emissions," Gandhi said, adding, "Canada has introduced the Decarbonisation Incentive Programme (DIP) to incentivise the decarbonisation goals of its industrial sector,"

In India, the Union steel ministry has set up 13 task forces to identify action points for each aspect of green steel production including raw materials, technology and policy frameworks.

In the long term, it is policy interventions, financial support and infrastructure development that would push deep decarbonisation of the steel

industry, Alok Sahay, secretary general, Indian Steel Association, said. "Viability gap funding is the right way to help decarbonise the steel industry. This has to be dovetailed with generating demand for low-emission carbon steel through government procurement to begin with," Sahay added.

Demand for low-carbon steel is yet to pick up in India but developed nations have steeper net-zero targets, and they are already asking about emissions.

A spokesperson of Jindal Stainless said they had started receiving enquiries about green initiatives from international customers.

"They are mostly enquiring about the company's green initiatives and emissions target." Global-facing steel companies have net-zero targets that are ahead of India's target year of 2070.