

# Steel industry's story in 2022 and beyond

The government, by expanding the scope of items under RoDTEP to include steel, has lifted the industry's prospects in 2023

**Deepak Sood**

The Indian steel industry's performance in 2022 is the bright spot in a gloomy world scenario spurred by inflation, looming recession, and the energy crisis in Europe. The country is currently the world's second-largest producer of crude steel, with an output of 10.14 million tonnes (MT). In fact, the World Steel Association (WSA) has also projected the sector's growth in India at 6.1 per cent for 2022 and 6.7 per cent for 2023 in its short-range outlook this week.

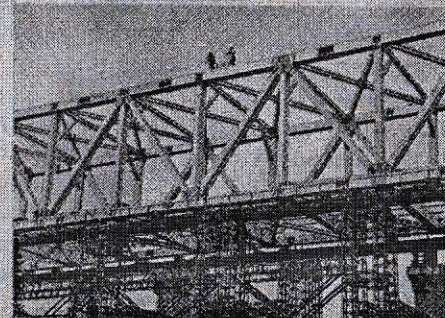
The latest report by SteelMint India, a steel-centric data agency, said India's crude steel output rose by about 5 per cent to 10.34 million tonnes (MT) in November 2022. It added that the imports of finished steel almost doubled to 0.60 MT from 0.31 MT, while its exports fell 53 per cent, especially between May and November. In India, the decision to impose an export tax of

15 per cent on some steel products has also contributed to the slowdown in global demand. Had there been no export tax, India's crude steel production would have nearly touched 130 MT in 2022 with a much higher level of exports.

The export tax on steel was withdrawn recently when the Centre expanded the list of items that fall under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to include chemicals, pharmaceuticals, and iron and steel products. This will enhance not only the export of engineering goods containing steel, but also boost steel consumption.

## INFRASTRUCTURE PUSH

Apart from these government initiatives, what bodes well for growth in FY23 are the strong linkages between the steel industries with other sectors, especially infrastructure. The large demand in India for steel is largely linked to numerous government



**INFRA THRUST.** Driving steel demand further MURALI KUMAR K

projects associated with roads, railways, water, and sanitation as well as a revival in the auto sector.

Domestic steel demand was spurred by the revival of numerous infrastructure and construction projects which got stalled due to the pandemic.

In fact, a NITI Aayog report said by 2030, India will become the world's production centre for green steel and pave the way for the worldwide adoption

of green steel. Technologies like DRI or sponge iron and gas turbine generators are replacing old methods like an integrated blast furnace/basic oxygen furnace (BF/BOF) or an electric arc furnace (EAF) that used coal to make steel.

With an emphasis on the fourth industrial revolution, — Industry 4.0 — the steel industry would be increasingly using artificial intelligence (AI), Industrial IoT, AR/VR, and machine learning, among others, into everyday practices of smart manufacturing.

These development and practices, along with government policies and initiatives like Public Private Partnership (PPP) model and National Steel Policy, will help the country increase crude steel production capacity from 154 million tonnes per annum (MTPA) to 300 MTPA by 2030, when achieved should make India self-reliant in steel.

The writer is Secretary General of ASSOCHAM