

Steel demand likely to exceed 8% in FY25: Steel Secretary

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The increase in capex spend in Railways, housing, industrial parks and other sectors, as proposed in the Budget, will propel demand for steel to well above the anticipated 8 per cent mark, said Union Steel Secretary Nagendra Nath Sinha. India is a bright spot amidst a gloomy global scenario as far as steel demand is concerned, he said. In an interview to *businessline*, he spoke about the impact of Budget proposals on propelling steel demand and the impact of PLI on specialty steel, among others. Excerpts:

How do you see the Budget propelling steel demand in India?

The steel sector achieved its highest levels of production and consumption during

FY24 and the trend is expected to continue during the current year. For Q1 (April-June), domestic steel consumption was up by 15 per cent y-o-y at 35.5 million tonnes. Domestic finished steel production increased by 4.4 per cent y-o-y at 34.9 mt.

The Budget will further help increase steel consumption. There will be a 12.5 per cent increase in effective capital expenditure at ₹15 lakh crore, including grant-in-aid during FY25. We expect steel demand to surpass 8 per cent y-o-y in FY25.

India is now a net importer of steel. Your comments.

India remains amongst the few bright spots in steel production and demand, globally. China, the largest steel producer globally, is witnessing a weakening of domestic steel demand for the last couple of quarters due to the falling demand

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Union Steel Secretary



from its property sector. This has pushed the Chinese companies to aggressively focus on exports. The demand for steel in some other countries too has nosedived and those countries too are eyeing the export markets. The Centre is monitoring the domestic and global steel environment for corrective action, if needed.

Green steel is said to play a vital role for a push towards low-carbon economies.

Where does India stand?

We are committed to achieve net zero emission by 2070. The Steel Ministry is working on a detailed decarbonisation strategy with 14 task forces to help the government understand how it can respond to the demands to produce low-carbon emission or green steel.

Based on their reports, a roadmap and action plan for energy transition and decarbonisation has been drawn up. The report will be

put in public domain shortly.

The Ministry is encouraging the industry to deploy whatever levers are available currently for the purpose.

For example, MNRE has allocated a sum of ₹455 crore for piloting use of hydrogen in steel making and has already formulated a scheme.

A consortium-based pilot for H2-based DRI facility is also being explored. So far, six bids have been received. Further, future capacity addition in DRI sector is likely to be through hydrogen-based shaft furnace. The decarbonisation strategy of the companies include the principle of carbon minimisation, carbon avoidance and carbon recycling. The Ministry is planning to replace Coal-DRI based integrated steel units with gas-based units when green hydrogen is available.