

## STEEL INDUSTRY IN INDIA: ECONOMY

**NEWS:** Steel sector expects pain as government gives less than one day to comply with quality order

### WHAT'S IN THE NEWS?

The Ministry of Steel has enforced BIS quality norms on steel inputs and imports, aiming to ensure quality standards amidst concerns over cheap Chinese imports. India, as the world's second-largest steel producer, is taking policy steps to boost domestic capacity and safeguard industry competitiveness.

#### In News

- The Ministry of Steel has extended Bureau of Indian Standards (BIS) quality norms to steel inputs and imports.
- The announcement gave the industry less than a working day to comply, drawing criticism over implementation timelines.

#### About India's Steel Industry

- Steel is a critical input for infrastructure, construction, transport, defence, capital goods, and manufacturing industries.
- Acts as a barometer of economic development due to its widespread usage in industrialisation.
- Categorised into three segments:
  - **Major producers** (e.g., SAIL, Tata Steel)
  - **Main producers**
  - **Secondary producers** (small and medium-sized steel plants)

#### Current Status (FY 2023–24)

- India is the **world's second-largest crude steel producer** after China.
- Crude steel production: **144.3 million tonnes**.
- **Net importer** of finished steel:
  - Exports: **7.49 million tonnes**
  - Imports: **8.32 million tonnes**
- Steel sector contributes around **2% to India's GDP**.

#### Government Initiatives and Policies

- **National Steel Policy (2017):**

- Aims for **300 million tonnes** of steel production capacity by 2030–31.
- **Purvodaya Programme:**
  - Focus on developing **Eastern India** as an integrated steel hub.
- **Union Budget 2024–25 measures:**
  - **Basic Customs Duty (BCD)** reduced from 2.5% to **Nil** on ferro-nickel and molybdenum ores.
  - **Exemption extended** on ferrous scrap and materials for CRGO steel till **March 2026**.
- **DMI&SP Policy:**
  - Promotes use of **domestically manufactured iron and steel** in government procurement.
- **PLI Scheme for Specialty Steel:**
  - Encourages manufacturing of high-grade steel within India.
  - Aims to **attract capital investments** and **reduce import dependency**.
- **Steel Import Monitoring System (SIMS) 2.0:**
  - Strengthens monitoring and oversight of steel imports.
- **Steel Quality Control Orders (QCO):**
  - Prevent entry of **substandard/defective steel** into the Indian market.

## Challenges and Concerns

- **Surge in cheap Chinese steel imports:**
  - Undermines India's domestic steel pricing and export competitiveness.
  - Leads to fears of India becoming a **dumping ground** for surplus global steel.
- **Lack of adequate notice:**
  - BIS norms implemented abruptly, leaving little time for compliance.
- **Industry demands:**
  - Calls for **safeguard duties** and **protective measures** to maintain domestic viability.
- **Fragmented support mechanisms:**

- Limited access to raw materials and financial support especially for MSME steel producers.

## Way Forward

- **Implement preemptive trade safeguards** (e.g., anti-dumping duties, countervailing measures).
- Strengthen quality infrastructure while **ensuring industry preparedness and consultation**.
- Encourage **green steel production** and reduce carbon footprint with R&D incentives.
- Promote domestic demand via infrastructure push, public procurement, and construction stimulus.
- Build long-term **global competitiveness** by ensuring policy predictability, ease of doing business, and logistics infrastructure.
- Reinforce the steel sector's role in **Atmanirbhar Bharat, Make in India, and India's manufacturing ambitions**.

Source: <https://www.thehindu.com/business/Industry/steel-sector-expects-pain-as-government-gives-less-than-one-day-to-comply-with-quality-order/article69716809.ece>