

India aiming to be world's second largest steel producer

Mumbai, 16 April 2015: Union Steel Minister Mr Narendra Singh Tomar today inaugurated India Steel 2015, a biannual event organised by Federation of Indian Chambers of Commerce and Industry (FICCI), here today. In his inaugural address, the minister announced that the Government and industry have agreed to work together in research and development. An initiative called 'Steel Research Technology Mission for India' has been launched, through which R&D in the sector will be increased. "We need research and work in areas where we don't have the technology," said the minister, calling for a healthy exchange of ideas between the various experts.

Discussing the importance of steel for the mining industry, the minister announced that the Mines and Minerals Development and Regulation (MMDR) Act has been passed by Parliament. This will provide a level playing field for all participants. Through this Act, the Government has tried to reduce delays in obtaining mining leases. Approvals can be obtained at the state level when possible, and there is no need to reapply with the Central Government. "Due to your contribution," he told the industry barons present, "today India is the world's third largest producer of steel. I hope you will continue to extend the same cooperation so that by 2020 India ranks second in the world." He assured all cooperation and support from his ministry to achieve this objective.

Mr Rakesh Singh, Secretary, Ministry of Steel, Government of India, delivered the keynote address at the inaugural session. "The steel industry forms the basic pillar for any country's economic development," he said, and went on to add that it assumes far greater importance for emerging economies like India. However, he cautioned that globally the steel industry is facing tough times with slow growth and significantly excess capacity. "Over 25 percent of the capacity in Europe is surplus, and China alone is reported to be having over 200 million tonnes of excess capacity." He expressed happiness that despite this, India's steel market expanded during the last financial year.

Mr Singh also expressed concern over the undue surge of imports this year. Some imports did not conform to the country's quality parameters, he disclosed. He made it clear that while welcoming competition, the Government would not tolerate dumping of sub-standard steel, and received loud applause from the gathering.

A special address was presented by Mr Edwin Basson, Director General, World Steel Association. "In India, we are honoured to have the largest steel producers as members," he declared, describing his organisation as representing steel makers around the world. The WSA works together with national and regional associations. "India is in the steel and the world spotlight at the moment. The reason is fast becoming clear: that China has reached the upper end of its growth curve and its growth will be substantially slower in the future than it has been until now." He also observed that globally the industry foresees a flat demand for steel. Yet, he was of the view that capacity does not "go away." Industry must find out how to deal with the excess capacity.

“With India’s economic growth slated to overtake that of China, the steel industry will get a new fillip in usage and requirements,” said Mr S K Roongta, Chairman, BALCO and Chair, FICCI Steel and Non Ferrous Metals Committee, in his opening address. He lauded the industry members for their role in bringing the country to this stage. He appealed to the Government to continue to provide support to the industry, especially when it faced unfair competition. Earlier, Mr A Didar Singh, Secretary General, FICCI, welcomed the gathering.

The inaugural session was followed by a panel discussion comprising CEOs of key companies in the steel sector. Some of the challenges that they highlighted included raw material security, difficulty in obtaining funds, and the need for iron ore, coal and power. They called upon the Government to support them in embracing new technology. Lastly, they appealed that the MMDR Bill should have a provision that iron ore mines should be given only to those who have end use plans, and not to anyone who applies.

The panellists included Mr C S Verma, Chairman, Steel Authority of India Ltd; Mr Narendra Kothari, Chairman-cum-Managing Director, National Mineral Development Corporation; Mr T V Narendran, Chief Executive Officer, Tata Steel Ltd; Mr Naveen Jindal, Chairman and Managing Director, Jindal Steel and Power Ltd; Ms Rita Singh, Chairperson and Managing Director, MESCO Steel; and Mr Sheshagiri Rao, CFO, JSW Steel Ltd.

“There cannot be two opinions that there is a lot of potential in the steel industry in India,” were the words of Mr Verma. With its GDP of USD 7.47 trillion, India is poised to become the third largest economy of the world by 2025. Mr Jindal observed that India’s per capita consumption of steel is quite low. There is a huge population with increasing needs, but the people find steel expensive. “How do we make steel more economical, so that more people can afford steel? It cannot happen if the price of raw materials stays high,” was his view. He expressed dismay at the large number of iron ore mines under litigation. Earlier, India was exporting 100 million tonnes of coal, and now we are importing it, even into Odisha. “It is like bringing coal to Newcastle.”

India Steel 2015 is a biannual event that was first held in 2013. This year, the event has drawn participation from 180 companies and 20 countries. A number of countries have sent powerful delegations to participate, reflecting the resurgence in the Indian economy.

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