

Speech of Hon'ble Steel Minister for the "Conference on Diversifying and Enhancing Steel Consumption" organized by FICCI on 23.10.2009.

Dear

- Dr. Amit Mitra, Secretary General, FICCI ;
- Shri Yogendra Kr. Modi, Past President, FICCI ;
- Shri B.S. Meena, Special Secretary, Ministry of Steel;
- Shri S.K. Roongta, Chairman, SAIL & FICCI Steel Committee; and
- Shri N.C. Mathur, Co-Chairman, FICCI Steel Committee & Director, JSL.

I am indeed glad to address the Conference on 'Diversifying and Enhancing India's Steel Consumption', organized by Federation of Indian Chambers of Commerce and Industry (FICCI). The theme of the Conference is time appropriate, considering the fact that India is now witnessing the second fastest growth, globally in terms of steel consumption, only next to China.

It makes me proud to note that, during the first 9 months of the current calendar year, India stands as the 3rd largest crude steel producer in the world, next only to China and Japan. In other words, Indian steel, it can be stated without exaggeration, has emerged as a key player in the global steel scenario. On a similar term, the steel consumption in India has also been rising consistently in the range of 9-13%, over the past 5 years, with an average annual growth rate of 9.6%. If this growth is sustained, our per capita steel consumption will cross 100 Kg figure by the 2015, up from 47 Kg currently.

In the developing economic background of India, the domestic steel consumption is driven mostly by growth in construction, housing and infrastructure sectors. Nearly 50% of the steel consumed in India is construction oriented. The balance is consumed by automobile, consumer goods and other diverse utilities. India, currently produces a large varieties of steel products ranging from basic grades to highly sophisticated steel materials for satellites and nuclear reactors. We have the required technology and manpower skill available for delivering the quality designs to meet all types of required applications of steel. As a matter of fact, the current phase of modernization and expansion of Public Sector Steel Units, aims not only in expanding production capacities, but also in diversifying the product base in qualitative terms.

One of the major reasons for our low per capita steel consumption is the lack of focus on vast rural sectors. As per the last survey carried out, about 5-6 years back, the per capita steel consumption in rural sector used to be two kilogram per annum. There is definitely some improvement over the last 2-3 years, considering that a large number of infrastructure and rural housing projects have been taken up under various schemes of the Government. But, there is an urgent need for a large scale improvement in rural steel consumption in the country. In order to correctly assess the rural steel consumption, we have decided to launch a Nation-wide survey on Rural Steel Consumption and Demand. This survey will cover all the States and Union Territories covering nearly 300 districts and 1500 villages in the country. The survey, being conducted by JPC will also reveal a true picture of steel consumption pattern and the potential demand, covering all socio-economic and geographical entities of the country.

Based on this survey, we will orient our strategy for an accelerated steel consumption growth in rural India, which will also be in concurrence with the government's programme

for a vibrant and developing 'Gramin Bharat'.

One of the major reasons of low rural consumption is the lack of easy availability of steel in remote blocks and villages. The steel markets have traditionally kept themselves limited to metros and towns, with hardly any penetration to the remote parts of the country, particularly in tehsils, blocks and villages. Therefore, as a natural consequence, the rural preference has been traditionally gone in favour of wood, cement or stone. If steel items of mass consumption were easily available in the villages, the picture could have been different. However, over the past few years the PSU steel companies have taken lead in opening nearly 1500 distribution centers in the district and block levels. Steel Processing Units are also being set up in various States, to manufacture the products locally to cater to the specific needs of that region. I hope, the private sector steel units will soon take action in establishing rural distribution networks and see that their products of mass consumption are easily available in the remotest parts of the country, at affordable prices.

Steel usage must innovate itself, until now, the steel product innovation has been solely depending upon the Architects and Design Engineers. To overcome this limitation, I urge upon the steel industry to be proactive in steel application designs. Better quality and lower cost of application will certainly be acceptable by the users by way of value offers. This will be one of the most positive ways of improving steel consumption. The Research and Design (R&D) in steel sector should put higher emphasis on steel intensive product innovations and design applications.

For steel to be acceptable, in preference to other replacements, the common man must find that it is affordable and is cost effective. In this regard, the stability of price of steel in the market plays a very important role. The steel producers must keep this aspect in mind, while deciding on the market price of common varieties of steel, used for mass consumption by common man.

I am glad that FICCI has been bold enough to choose a topic on a diverse subject concerning steel consumption. I hope the Conference would elaborate on the various diverse issues and arrive at a common consensus. I wish the Conference all success.

Thank you,