

39<sup>th</sup> ANNUAL CONFERENCE OF INTERNATIONAL MANGANESE  
INSTITUTE

4-6 JUNE 2013 AT SWISSOTEL, THE BOSPHORUS  
ISTANBUL, TURKEY

DATE: TUESDAY, 5<sup>TH</sup> JUNE 2013 – 11:05 HRS TO 11:20 HRS

Ladies and Gentlemen

It gives me great pleasure to be here in this beautiful city of Istanbul for the 39<sup>th</sup> Annual Conference of International Manganese Institute. This prestigious event on manganese ore has a wide ranging relevance to the steel industry. The subject gains further contemporary and strategic importance in India, as the country with a strongly growing steel industry on the one hand, and a having significant manganese ore resources on the other.

The Indian steel industry stands at a historic juncture- ready to take off to a high level of growth with massive investments already lined up. The country has held the position of being the 4<sup>th</sup> largest steel producing nation in the world for several years now, and is likely to take the second spot in a few years time. I also have the pleasure to share with you the fact that the country holds the top place in sponge iron production in the world.

Worldwide, the production of crude steel grew by 1.2% in 2012 to 1547.8 million tonnes in 2012 from 1529.2 million tonnes in 2011. China's steel production has also grown from 695 million tonnes to 717 million tonnes (2012), reflecting an increase of 3.1%. India's steel production grew from 73.6 million tonnes to 76.72 million tonnes

registering a growth of 4.3% during 2012. This indicates the faster growth rate of steel industry in India.

India's steel production capacity was 66 million tonnes in 2008 which has increased to 96.7 million tonnes in 2012-13. This is set to increase further to about 149 million tonnes by 2016-17, with modernization and expansion of existing plants and setting up of new green-field steel plants.

At present India produces around 78 million tonnes of crude steel, and as per our projections, crude steel output is expected to increase to around 128 million tonnes by 2016-17. It is also projected that India's steel output will increase further to about around 200 million tonnes by 2020.

After the economic reforms were introduced in the country in the early 1990s, the private sector started playing a major role in the steel industry in India and has accounted for a significant share of the incremental steel production in the country. The private sector plants contribute almost 75% of total steel production, with the public (state owned enterprise) sector accounting for the balance.

India's steel industry is globally integrated. The global business opportunities are a strong factor in the business models of the steel industry today. During the last one year, both imports and exports of finished steel increased with imports recording a growth of 14.6 % while exports increasing at 14.5%. The exports and imports of steel are based on several factors such as price advantage, domestic non-

availability in specific grades/dimensions and long term tie-ups of the consumers with foreign producers.

The per capita consumption of steel in India during the last five years has risen from 42 Kg in 2006-07 to 59 Kg in 2011-12 as against the world average of 214 Kg. You may appreciate that even if we try to achieve this global average of per capita steel consumption, our consumption will exceed 200 million tonnes. This is possible particularly with growing consumption in the rural sector. Our rural consumption has been traditionally low in the past at around 2 kg per capita which has since increased to around 10 kg now. There is, therefore, immense potential for growth of Steel production and consumption in India and hence a brighter prospects for the Indian Steel Industry.

Indian steel industry exhibits the presence of several technology routes in iron and steel production. Over a period of time, electric steel making technologies, thanks to the growth of the induction furnace route, have gained larger share in the total steel production in the country. The conditions are changing rapidly in the technology space in the country and we believe that over the coming years, BOF steel making processes will regain much of its share.

Similarly, in iron making too, blast furnaces which account for about 61 per cent of the total iron made in the country for steel, will see a sharp increase to about 73 per cent by 2025-26.

Further with phasing out of old and obsolete technologies in existing plants and adoption of state-of-the-art, clean and green technologies

in these plants; the technology profile of Indian steel industry is changing fast towards higher productivity and better techno-economic efficiency parameters. This has also been supplemented by increased emphasis towards beneficiation and agglomeration of iron ore ensuring better feed mix in iron making leading to improved performance. New techno-economic benchmarks have also been evolved by the Government on the international pattern for improvement in the performance of steel plants.

The National Steel Policy envisages long term objective of ensuring that India has a modern, efficient and vibrant steel industry meeting world standards, catering to diversified steel demand. The focus of the policy is to attain levels of global competitiveness in terms of global benchmarks of efficiency and productivity.

The National Steel Policy also seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development and creation of road, railway and port infrastructure. The Policy not only focuses on the domestic sector but also envisages a steel industry growing faster than domestic consumption, to enable export opportunities to be realized.

The Ministry of Steel is also taking steps towards providing resource security both on the domestic front as well as in terms of strategic acquisition abroad. Resource efficiency is also accorded due importance to improve productivity and reduction in the cost of production.

With the growth in Iron & Steel production, ferroalloy industry is also well-poised to reach newer heights in capacity and production in India. Today, our total capacity of ferroalloy production is around 5 million tonnes of which manganese alloys account for about 55-60%. India is a net exporter of ferroalloys which mainly constitute chrome and manganese alloys. Import is hardly 10% of total export and constitutes ferro-silicon and noble ferroalloys. This trend is likely to continue in view of large excess capacity and reduced consumption trend in the steel industry.

India's current steel consumption intensity in GDP and per capita are so low that at the current technology state of the world, there will be only an upward movement from the current position. Higher steel intensity in infrastructure and housing will unleash huge demand for steel. India's consumption of steel intensive products has taken off to a higher base. The uptrend will gain further strength.

The increasing steel production will require new investments in production of raw materials and creation of infrastructure. Demand for iron ore, coking coal, non-coking coal, etc. are all going to increase significantly from the current levels.

I am sure, given the intrinsic strength of the Indian economy, exhibited in the resilience shown during the global economic crisis post 2008 and the wide range of policy initiatives taken by the Government over the recent period, the economy will revert to the high growth path once again. This will open up significant opportunities in the steel sector in India as also in the areas related

directly or indirectly to it. I am very happy to note also the fact that the global investors are well focused now on India.

With these words, I wish a great success for the Annual Conference of International Manganese Institute and thank the organizers for helping me with the opportunity to share some of my views on the Indian steel industry's prospects with the august gathering here.

Thank you.



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# **An Outlook on the Indian Steel Industry**



**D.R.S. CHAUDHARY**  
**Secretary to Govt. of India**  
**Ministry of Steel**





## 39<sup>th</sup> Annual Conference, International Manganese Institute, Istanbul, Turkey

### INDIAN STEEL INDUSTRY

- The Indian Steel Production has been witnessing an increasing trend in the past few years.
- India is 4<sup>th</sup> largest producer of steel in the world.
- India is the world's largest producer of Sponge Iron.
- The Competitive opportunities are being seen in the steel intensive industries such as infrastructure development, construction, automobiles, etc.
- These industries have demonstrated huge growth potential for steel in the domestic market.







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## **GLOBAL RANKING OF INDIAN STEEL**

(In Million Tonnes)

World Crude Steel Production in 2012		
Rank	Country	Production
1	China	716.50
2	Japan	107.20
3	United States	88.60
<b>4</b>	<b>India</b>	<b>76.72</b>
5	Russia	70.60





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**SHARE OF INDIAN CRUDE STEEL  
PRODUCTION**

(In Million Tonnes)

<b>Year</b>	<b>Public Sector</b>	<b>Private Sector</b>	<b>Total</b>	<b>Share of Private Sector (%)</b>
2008-09	16.37	42.07	58.44	72%
2009-10	16.71	49.13	65.84	75%
2010-11	16.99	53.68	70.67	76%
2011-12	16.48	57.31	73.79	78%
2012-13	16.36	61.53	77.89	79%





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**PROJECTED STEEL PRODUCTION ENVISAGED BY 2016-17  
In million tonnes**



<b>PUBLIC SECTOR PROJECTS</b>	
Steel Authority of India Limited	20.75
Rashtriya Ispat Nigam Ltd. (Vizag Steel)	7.00
NMDC Ltd.	3.00
<b>Total Public Sector</b>	<b>30.75</b>
<b>PRIVATE SECTOR PROJECTS</b>	
TATA	18.00
Jindal Steel Works (JSW) & Jindal Steel Plant Ltd. (JSPL)	23.20
Essar Steel	11.75
Bhushan Steel	6.45
<b>Total Private Sector</b>	<b>59.40</b>
<b>Others</b>	<b>58.85</b>
<b>TOTAL</b>	<b>149.00</b>
<i>Source: Report of the Working Group on Steel Industry for the 12<sup>th</sup> Five year Plan (2012-2017)</i>	



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- Given the intrinsic strength of the Indian economy, exhibited in the resilience shown during the global economic crisis post 2008 and the wide range of policy initiatives taken by the government over the recent period, the economy will revert to the high growth path once again.
- This will open up significant opportunities in the steel sector in India as also in the areas related directly or indirectly to it.



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