

# [Industry the growth of the indian steel industry.](https://assignbuster.com/industry-the-growth-of-the-indian-steel-industry/)

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IndustryOverviewSteel is integral to thedevelopment of any modern economy and is considered to be the backbone of humancivilization. The level of per capita consumption of steel is treated as animportant index of the level of socio-economic development and living standardsof the people in any country. India’s economic growth is contingent upon thegrowth of the Indian steel industry.

Consumption of steel is taken to be anindicator of economic development. Steel has been used in manyindustries such as construction, housing and ground transportation, specialsteels are increasingly being used in engineering industries such as powergeneration, petrochemicals and fertilizers. Growth in the private sector isexpected to be increased by the new policies on Make in India, import offoreign technology and foreign direct investment. The Government has proposed aperspective plan to boost domestic steel capacity to 300 million tonnes perannum by 2025. India was the 3rd largest producerof crude steel in 2015 as well as in 2016. India was the largest producer ofsponge iron or DRI in the world during the period 2003-2015 and emerged as the2nd largest global producer of DRI in 2016 (after Iran). India is also the 3rdlargest finished steel consumer in the world and maintained this status in 2016. These rankings are based on provisional data released by the World SteelAssociation for the years mentioned above.

The key players in the Indian steelsector industry are TATA Steel Ltd, SAIL, JSW Steel Ltd, Welspun-Gujarat StahlRohren Ltd, Bhushan Steel Ltd and Visa Steel Ltd. Following table shows India’s steelproduction over the years:    In India, Iron and Steel are freelyimportable and exportable as per the extant policy. For the year 2016-17, Indiaemerged as a net exporter of total finished steel. Following two tables showthe total finished steel import and export data over the last 5 years.   India occupies a central positionon the global steel map, with the establishment of new state-of-the-art steelmills, acquisition of global scale capacities by players, continuousmodernization and up gradation of older plants, improving energy efficiency andbackward integration into global raw material sources. There lies tremendousopportunity for the Indian steel industry to prosper and grow exponentially.

CompanyOverviewJSW Steel Ltd., which is theflagship company of the $11 billion conglomerate JSW Group, is one of India’s leadingsteel manufacturers. It is one of India’s most fast-growing companies with acapacity of about 18 MTPA and reach in over 140 countries.  After JSW Steel’s merger with ISPAT Steel, ithas become India’s 2nd largest private sector steel company with acurrent capacity of 18 million tonnes per annum.

The JSW Group has presence acrosscountries such as India, USA, South America and Africa. It is a part of theO. P. Jindal Group and functions across core economic sectors namely Steel, Infrastructure, Energy, Cement, Ventures and Sports.  In 1982, JSW set up its first steel plant atVasind near Mumbai. The Jindal Group obtained Piramal Steel Limited since ithad wide experience in the steel industry. Piramal operated a small steel millat Tarapur in Maharashtra and renamed it asJindal Iron and Steel Company (JISCO). In 1994, Jindal Vijayanagar SteelLtd.

(JVSL) set up its plant in Toranagallu inthe Bellary-Hospet and External Areas of AndhraPradesh. It is 340 kms (210 mi) from Bangalore, and is well connectedwith the Goa Port and Chennai Port. JISCO and JVSL merged to form JSW SteelLtd in 2005. Other than its mergers andacquisitions in India, JSW Steel has also formed a joint venture for steelplant in Georgia. JSW has also tied up with JFE SteelCorp, Japan for manufacturing high grade automotive steel. The Company has alsoobtained mining assets in Republic of Chile, UnitedStates and Mozambique. EmergingTrends in the IndustryThere has been a significantemphasis on technological innovations in the industry and some of the notablesteps being taken in relation to this are as follows: ·        Inorder to enhance their productivity and compete with the international players, Indian steel companies have now started benchmarking their facilities andprocesses against global standards. This is expected to help Indian companiesimprove consumption of raw material and energy as well as improve compliancewith environmental and pollution yardsticks.

·        Companiesare attempting coal gasification and gas-based Direct-Reduced Iron (DRI)production. Other alternative technologies that are being adopted to producehot metal are Hlsmelt, Finex and ITmk3.·        Ministryof Steel has issued necessary direction to the steel companies to frame astrategy for taking up more research and development projects by spending atleast 1 per cent of their sales turnover on R&D to facilitate technologicalinnovations in the steel sector. ·        Ministryof Steel has also established a task force to identify the need fortechnological upgradation and research and development.

·        Ministryof Steel has adopted energy efficiency improvement projects for mills operatingwith obsolete or near obsolete technologies. ·        TataSteel’s Noamundi iron ore mine introduced drone technology in mine monitoring inJanuary 2017. The continuous increase ininvestments have played a major role in the growth of this industry. Some ofthe notable investments that undertook in the past few years are:·        Inorder to be more cost efficient, majority of the companies in the steelindustry are investing in modernization and expansion of plants. E. g. SAIL hasinvested in 6 of its plants for expansion and modernization. ·        Abody functioning under Ministry of Steel, named Inter-Ministerial Group (IMG), has undertaken the role of monitoring and coordinating major steel investmentsin the country so that growth and investment can be ascertained in a propermanner.

·        With an aggregateinvestment of US $24. 88 Billion, SAIL is expected to increase its productioncapacity from 13 million tonnes per annum to 50 million tonnes per annum.  Strategic Alliances have been keyto the synergies that have been created and have resulted in a significantcontribution to the growth of this industry. Some of them are as follows:·        InternationalCoal Ventures Pvt Ltd was set up for acquisition of coal mines overseas. Itcomprised of SAIL, RINL, CIL, NTPC and NMDC.·        Thesyndicate of SAIL and National Fertiliser Ltd. (NFL) has been selected forrevival of Sindri Unit of the Fertiliser Corporation of India Ltd. ·        RINL, Vishakhapatnam Steel Plant and the Power Grid Corporation of India Ltd(POWERGRID) signed a Memorandum of Understanding to set up a joint venture tomanufacture transmission line towers and tower parts including research anddevelopment of new high-end products.

The entry of internationalcompanies has played a major role in the growth of the Indian steel sectorindustry. Various global steel players are planning to enter the industry owingto the immense growth potential in the industry. NMDC, National Mineral DevelopmentCorporation, has signed a memorandum of understanding with Severstal, which isthe 3rd largest steelmaker in Russia, for a Greenfield plant inKarnataka.