

Cabinet okays PLI scheme for specialty Steel

By TIOLCorplaws News Service

NEW DELHI, JULY 22, 2021: THE

Union Cabinet approved the Production Linked Incentive (PLI) Scheme for specialty steel. The duration of the scheme will be five years, from 2023-24 to 2027-28. With a budgetary outlay of Rs 6322 crores, the scheme is expected to bring in investment of approximately Rs 40,000 crores and capacity addition of 25 MT for specialty steel. The scheme will give employment to about 5,25,000 people of which 68,000 will be direct employment.

Specialty steel has been chosen as the target segment because out of the production of 102 million tonnes steel in India in 2020-21, only 18 million tonnes value added steel/specialty steel was produced in the country. Apart from this out of 6.7 million tonnes of imports in the same year, approx. 4 million tonnes import was of specialty steel alone resulting in FOREX outgo of Approx. Rs. 30,000 crores. By becoming Aatmanirbhar in producing specialty steel, India will move up the steel value chain and come at par with advanced steel making countries like Korea and Japan.

It is expected that the specialty steel production will become 42 million tonnes by the end of 2026-27. This will ensure that approximately 2.5 lakh crores worth of specialty steel will be produced and consumed in the country which would otherwise have been imported. Similarly, the export of specialty steel will become around 5.5 million tonnes as against the current 1.7 million tonnes of specialty steel getting FOREX of Rs 33,000 crore.

The benefit of this scheme will accrue to both big players i.e. integrated steel plants and to the smaller players (secondary steel players)

Specialty steel is value added steel wherein normal finished steel is worked upon by way of coating, plating, heat treatment, etc to convert it into high value added steel which can be used in various strategic applications like Defence, Space, Power, apart from automobile sector, specialized capital goods etc.

The five categories of specialty steel which have been chosen in the PLI Scheme are:

- Coated/Plated Steel Products
- High Strength/Wear resistant Steel
- Specialty Rails
- Alloy Steel Products and Steel wires
- Electrical Steel

Out of these product categories, it is expected that after completion of the Scheme India will start manufacturing products like API grade pipes, Head Hardened Rails, electrical steel (needed in transformers and electrical appliances) which are currently manufactured in very limited quantity or not manufactured at all.

There are 3 slabs of PLI incentives, the lowest being 4 % and highest being 12% which has been provided for electrical steel (CRGO). The PLI Scheme for specialty Scheme will ensure that the basic steel used is 'melted and poured' within the country which means that raw material (finished steel) used for making specialty steel will be made in India only, thereby ensuring that Scheme promotes end to end manufacturing within the country.