

CAN INDIA SURPASS CHINA IN STEEL PRODUCTION IN THE NEXT 20 YEARS?

After inaugurating the modernised units of Rourkela Steel Plant in Odisha last week, Prime Minister Narendra Modi had said Indian companies should try to surpass China's steel production in 20 years. Recently, India overtook the US and became the second largest producer. China makes almost 10 times more steel than India

HOW TO BEAT CHINA:

SCENARIO 1: To surpass China's production, the Indian steel industry will have to grow at 12 per cent annually for 20 years. In the previous three decades, India's average yearly production growth has been 7.22 per cent

SCENARIO 2: If we assume China's steel production grew at an average 10.45 per cent yearly in three decades, India's production should grow at 24 per cent a year for 20 years to match China's capacity by 2034



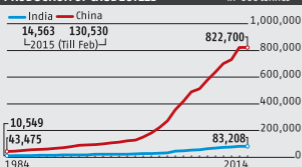
STATE OF INDIA'S STEEL INDUSTRY

DUMPING: India's steel production capacity is 100 million tonnes. The industry is operating at a little over 80 per cent. This is due to dumping of steel by China and others. For the Indian industry, survival is the first challenge. Becoming the number one producer is a distant dream

IRON ORE: About 1.5 tonnes of iron ore is needed for producing a tonne of steel. In FY16, iron ore production in the country is expected to be 140 million tonnes. This is not enough. Iron ore mines are facing restrictions and production caps in several states. Ore supply will be a big challenge for the industry

THE WAY OUT: India Inc should acquire iron ore assets abroad for a secure supply. Iron prices are at a decadal low and some assets/mines might be available at low prices. The prime minister had said India should export value-added steel, as exporting ore is not a profitable option

PRODUCTION OF CRUDE STEEL



Compiled by BS Research Bureau

AVERAGE ANNUAL GROWTH RATE



Source: World Steel Association