

# Indian Steel Sector

# TO WITNESS RESILIENT GROWTH AMID IMPLEMENTATION OF SAFEGUARD DUTY





India is the second largest producer of crude steel. Steel has contributed immensely towards India's economic growth. The growth in the Indian steel sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output. The main sectors demanding steel are construction and infrastructure, which account for the largest portion of consumption, followed by the automotive and transportation sector. Other significant sectors include packaging, machinery, and energy.

Steel is a de-regulated sector and government acts as a facilitator, by creating conclusive policy environment for development of the steel sector. Government of India has notified National Steel Policy, 2017 which envisages development of a technologically advanced and globally competitive steel industry that provides environment for attaining self-sufficiency in steel production by providing policy support and guidance to steel producers. National Steel Policy covers all aspects of steel sector such as steel demand, steel capacity, raw material security, infrastructure and logistics, Research & Development (R&D) and energy efficiency.



## PRODUCTION OF STEEL SECTOR

India's crude steel production for the period 2025–26 (April- August) stood at 68.34 million tonnes (MT) (Provisional), while total finished steel production for the same period reached at 65.14 MT (Provisional). Production of Sponge Iron was at 19.81 MT for 2025–26 (April- July) period. Pig Iron production in 2025–26 (April- August) period was at 3.61 MT. The government has taken several measures to make the steel sector, including MSMEs in the sector, self-reliant and to improve the competitiveness of domestic steel manufacturers to reduce dependency on imports.





Total crude steel production increased 5.46% to 152.18 MT in 2024-25 period as compared to 144.3 MT in 2023-24 period. Further, finished steel production surged 5.42% to 146.69 MT in 2024-25 as against 139.15 MT in 2023-24 amid rise in domestic demand driven by urbanization and infrastructure growth, exports, and various other factors. The government has launched Production Linked Incentive (PLI) Scheme for Specialty Steel to

promote the manufacturing of 'Specialty Steel' within the country and reduce imports by attracting capital investments. Specialty Steel production is likely to reach 42 MT by the end of 2026–27. This performance highlights the country's strategic position in the global market, driven by domestic manufacturing pushes like 'Atmanirbhar Bharat'. India is not just producing steel; it is crafting a roadmap to reduce import dependency and enhance export competitiveness.

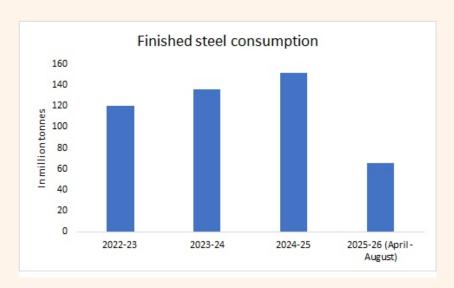
Further, the National Steel Policy (NSP) projects significant expansion in the sector. By the year 2030–31, India is expected to achieve a total crude steel capacity of 300 million tonnes, with crude steel production reaching 255 million tonnes and finished steel production at 230 million tonnes.



### FINISHED STEEL CONSUMPTION



India's finished steel consumption reached at 65.41 MT during 2025–26 (April - August). In 2024–25, finished steel consumption increased 11.62% to 152.13 MT as compared to 136.29 MT in 2023–24. Large–scale infrastructure projects and initiatives such as 'Make in India' and the PM Gati–Shakti National Master Plan are driving demand, ensuring continued growth. Strategic investments from both the government and private sector are set to boost productivity and competitiveness, helping the industry exceed the targets set by the National Steel Policy 2017. Domestically Manufactured Iron & Steel Products (DMI&SP) Policy is promoting the use of domestically produced steel in government procurement, supporting the growth of local manufacturing.

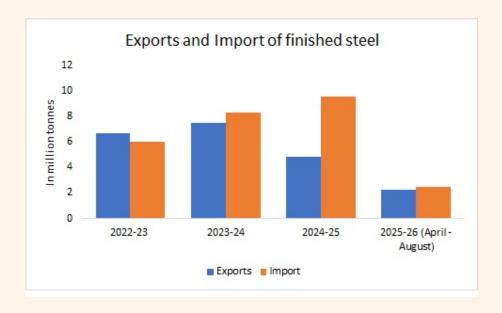




### **EXPORTS & IMPORT OF FINISHED STEEL**

The exports of finished steel during 2025–26 (April - August) was at 2.22 MT, while import of finished steel stood at 2.51 MT during the same period. In 2024–25, finished steel exports declined 35.25% to 4.85 MT as compared to 7.49 MT in 2023–24. However, India's imports of finished steel surged 14.78% to 9.55 MT in 2024–25 as against 8.32 MT in 2023–24. Even after domestic production expanded, growing domestic demand led to higher dependency on foreign shipments. India's economy is growing rapidly, with sectors like infrastructure, construction, and automotive driving a significant increase in steel consumption. Further, steel industry players have been consistently raising the issue of import with the government, claiming the surge in inbound shipments from select group of countries including China has affected their competitiveness. The primary contributors to this surge in imports were China, South Korea and Japan.

However, government has taken various steps to facilitate the reduction of steel imports. In August 2025, commerce ministry's arm, Directorate General of Trade Remedies (DGTR), has recommended final imposition of a safeguard duty on imports of certain flat steel products for three years to protect domestic manufacturers from sudden jump in the inbound shipments. Besides, Government has imposed a provisional safeguard duty at the rate of 12% ad valorem for 200 days on imports of certain Non-Alloy and Alloy Steel Flat Products on April 21, 2025.





### RETAIL STEEL PRICES IN MUMBAI



Domestic steel prices are influenced by trends in raw material prices, demand – supply conditions in the market, international price trends among others. The retail prices of Thermo-Mechanically Treated (TMT) (10 mm), Hot Rolled Coil (HRC) (2.50 mm) and Cold Rolled Coil (CRC) (0.63 mm) in Mumbai market stood at Rs 55,490 per tonnes, Rs 59,780 per tonnes and Rs 68,940 per tonnes as on August 31, 2025, recording a growth of 2.3%, 1.1% and 0.4%, respectively, over their prices as on July 31, 2025.



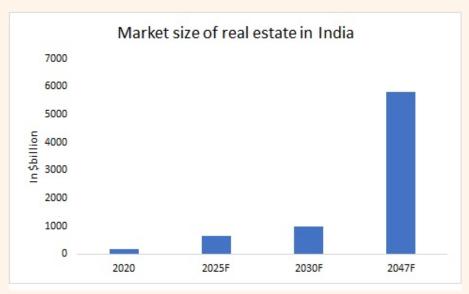


### SECTOR-WISE DEMAND FOR STEEL

#### **Construction Sector**

Steel is integral to the construction of large-scale infrastructure projects such as highways, bridges, railways, and metro systems. The demand for steel products, including TMT bars, rebar, and wire rods, is linked to infrastructure expansion initiatives of the government like Bharatmala and Sagarmala and affordable housing programs like Pradhan Mantri Awas Yojana (PMAY). Bharatmala Pariyojana was approved by Government of India covering a length of 34,800 km with an estimated cost of Rs 5.35 lakh crore to improve connectivity and reduce logistics cost in the country. The infrastructure sector, currently a huge focus area of the government, will drive growth in construction sector as well as overall steel demand.

Besides, market size of Indian real estate industry was \$180 billion in 2020 and is expected to reach \$650 billion in 2025. Urbanization provides an impetus to housing demand in urban areas as migrants from rural areas require dwelling units. In 2020, about 35% of the Indian population lived in urban areas of the country and this share of urban population is expected to increase to about 40% by 2030.



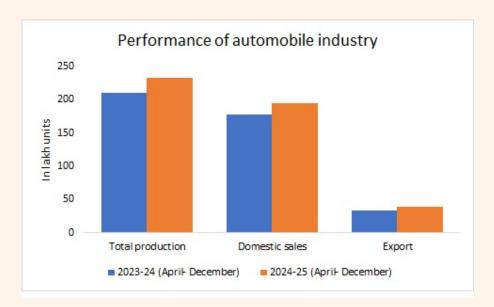




#### **Automotive Sector**

The automotive sector is the second-largest consumer of steel. Steel is used in manufacturing a wide range of components, including chassis, body panels, and engine parts. As the automotive industry continues to grow—fueled in part by initiatives such as Make in India—the demand for high-quality steel products has expanded. Steel's combination of strength and lightness is critical for meeting stringent safety standards while also improving fuel efficiency, making it a key material in modern vehicle production.

The automobile industry in India saw strong growth in April - December period of 2024-25, with a total production of 232.15 lakh units including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three Wheelers, Two Wheelers and Quadricycle. It was 10.32% higher as compared to 210.43 lakh units produced in April-December period of 2023-24. The growth can be attributed to firm demand and a healthy recovery in the urban market. Total domestic sales of the industry stood at 194.25 lakh units in April - December 2024-25. Besides, the total exports jumped 17.98% to 39.31 lakh units in April - December 2024-25 over 33.32 lakh units in the corresponding period of last year. Therefore, steel demand from the automotive sector is expected to increase with rising demand for vehicles.

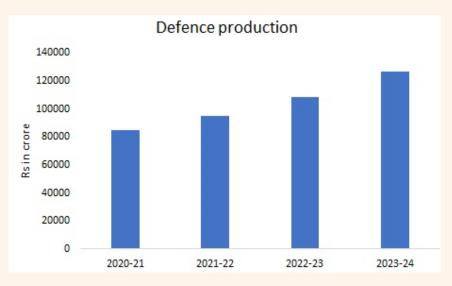




### **DEFENCE SECTOR**



The need for specialized, high-strength steel alloys has risen alongside increasing defense investments to strengthen the country's military capabilities. Beyond equipment, steel is crucial in constructing defense infrastructure, such as military bases and storage facilities, roads and bridges which require durable and resilient materials to ensure long-term security and stability. Defence production in value terms during Financial Year (FY) 2023-24 stood at Rs 1,26,887 crore as against Rs 1,08,684 crore in FY 2022-23, reflecting a growth of 16.75%, on account of successful implementation of the policies and initiatives by the Government. In 2024-25, India achieved its highest-ever defence production of Rs 1.50 lakh crore, over three times the Rs 46,429 crore recorded in 2014-15. Therefore, steel demand from the defence sector is likely to increase in near term.





# GOVERNMENT INITIATIVES/RECENT DEVELOPMENTS

### Government launches PLI Scheme 1.1:

The government has launched the second round of PLI scheme for Specialty Steel. Ministry of Steel has come out with PLI scheme 1.1 for specialty Steel for five product categories which is the same as the existing PLI Scheme to enable further participation as industry participants requested the ministry for relaxation. The PLI scheme 1.1 shall be implemented during the production period of FY 2025-26 to FY 2029-30. PLI Scheme 1.1 covers five product categories in line with the existing PLI Scheme, namely Coated / Plated Steel Products, High Strength / Wear resistant Steel, Specialty Rails, Alloy Steel Products & Steel wires and Electrical Steel.



### India, Japan strengthen steel sector ties at 3rd bilateral dialogue:

The 3rd India-Japan Steel Dialogue was held on February 4, 2025. During the discussions, both sides exchanged insights on the current economic developments in India and Japan, an overview of the steel sector in both countries, the latest trends in the steel industry, the status of steel trade between the two countries, and the international steel market. The Indian delegation highlighted strategic initiatives by the Government of India to promote ease of doing business, sustained growth in steel demand driven by infrastructure investment, and concrete steps such as the release of the Green Steel Report and the Taxonomy of Green Steel.



### Quality control order to ensure quality in steel production:

The Government of India has been taking several steps from time to time to ensure quality in steel production in the country. Measures have been taken to formulate standards, for the steel consumed in the country and incorporating them in the Quality Control Order (QCO). Standardization involves establishing uniform specifications, testing methods, and manufacturing processes for steel production. This ensures consistency in the quality of steel across different manufacturers. Such steel is required to adhere to the standard defined by Bureau of Indian Standards (BIS) and domestic as well as foreign manufacturers are required to obtain BIS license for manufacturing. On the other hand, the Government is also formulating a strategy for India's steel sector for enhancing its competitiveness and sustainability in the international market.



### Government imposes 12% safeguard duty to shield Indian steel sector:

The government has imposed 12% safeguard duty on the import of certain non-alloy and alloy steel flat products. This measure is a timely and necessary step to protect domestic steel manufacturers from the adverse impact of import surges and to ensure fair competition in the market. This move will provide critical relief to domestic producers, especially small and medium-scale enterprises, who have faced immense pressure from rising imports.





## **OUTLOOK**

India's steel sector is likely to continue its upward trajectory in coming time amid strong government thrust for infrastructure development and housing for all. Government initiatives such as 'Smart Cities' and 'Affordable Housing' as well as building of industrial corridors will boost India's steel demand. Transforming agriculture and agri-livelihoods is expected to provide a strong indirect boost to steel production and demand by increasing rural incomes, which in turn will drive the need for steel and steel products. Direct support to the MSME sector is likely to create further opportunities for the steel industry, fostering its development in the coming days. With India currently being a net importer of steel and exports showing a downward trend, a renewed emphasis on export-driven growth could serve as a significant advantage for the domestic steel sector.





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