

By Jaideep Lalchandani

Why India Needs a Separate Policy for the Stainless Steel Industry

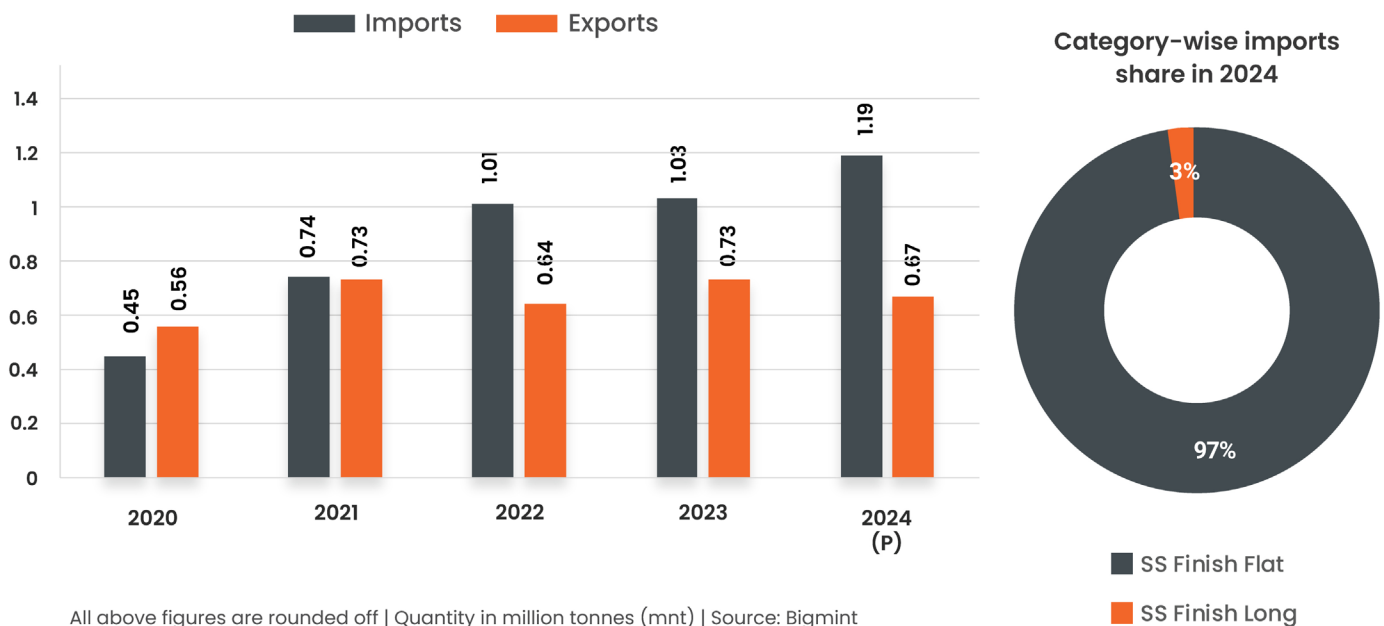
Once a net exporter, India's stainless steel industry has transitioned to a net importer in recent years. In 2024, this shift was further highlighted by the country's increasing reliance on imports, as demand for stainless steel continues to rise. Despite significant domestic production capacity, India's

imports of finished stainless steel products surged by 15% year-on-year, reaching 1.19 million tonnes (MT) in 2024. This marks a substantial increase from 1.03 MT in 2023, driven primarily by imports of flat products from ASEAN nations and Free Trade Agreement (FTA) countries.

This growing import dependency, coupled with the underutilisation of domestic capacity, underscores the need for a dedicated policy for stainless steel. Here's a look at the sector's performance in 2024 and why India urgently requires a separate stainless steel policy.



India remained a net importer of stainless steel



India's stainless steel landscape in 2024

India's total stainless steel capacity is estimated to be between 7.4 to 7.7 MT for both long and flat products. The domestic capacity for flat products is approximately 5 MT, while long products account for 2.7 MT. In 2024, India's stainless steel consumption is projected to have increased by 19% year-on-year, from 3.5 MT in 2023 to 4.2 MT. This growth reflects the country's expanding infrastructure projects, urbanisation, and industrial development.

The increased demand for stainless steel aligns with the broader trajectory of India's economic growth. With the country's GDP set to rise from \$3.5 trillion in 2023 to \$5.5-6 trillion by 2030, there are expectations that the demand for stainless steel will grow at a rate of 7-8% annually post-2025. Infrastructure plans worth \$1.4 trillion, which are expected to drive demand, will play a crucial role in this growth.

However, despite these promising indicators, the domestic industry faces significant challenges. India's current production of finished stainless steel stands at approximately 3.7 MT, with a 14% year-on-year increase. Despite this growth, production still falls short of meeting domestic demand, leading to a surge in imports.

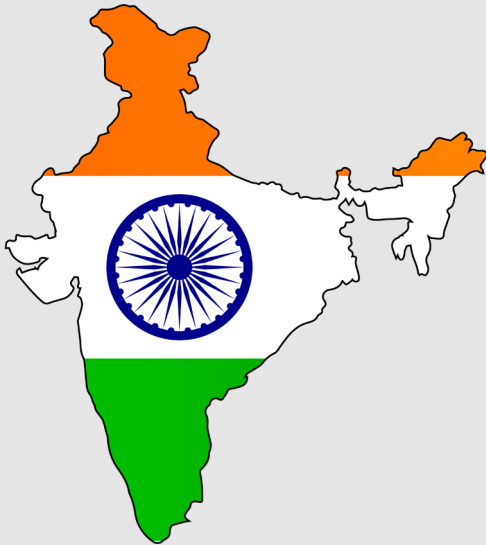
Last year's budget introduced key policy measures to provide relief and foster growth. One notable step was reducing the Basic Customs Duty (BCD) on Ferro Nickel, a crucial raw material for stainless steel production, from 2.5% to zero. This move has relieved the domestic industry, which had been forced to rely on imports due to the non-availability of Ferro-Nickel in India. In addition, extending the duty exemption on ferrous scrap until March 31, 2026, played a pivotal role in enhancing the competitiveness of the Indian steel sector, particularly in the secondary market.

Surging imports and challenges faced by domestic industry

India's transition from a net exporter to a net importer of stainless steel is largely due to the rising import volumes, particularly from countries benefiting from FTAs, such as China, Vietnam, and Indonesia. As of 2024, India's imports from China alone have increased by over 500%, rising from 0.1 MT in 2019 to 0.6 MT in 2024.

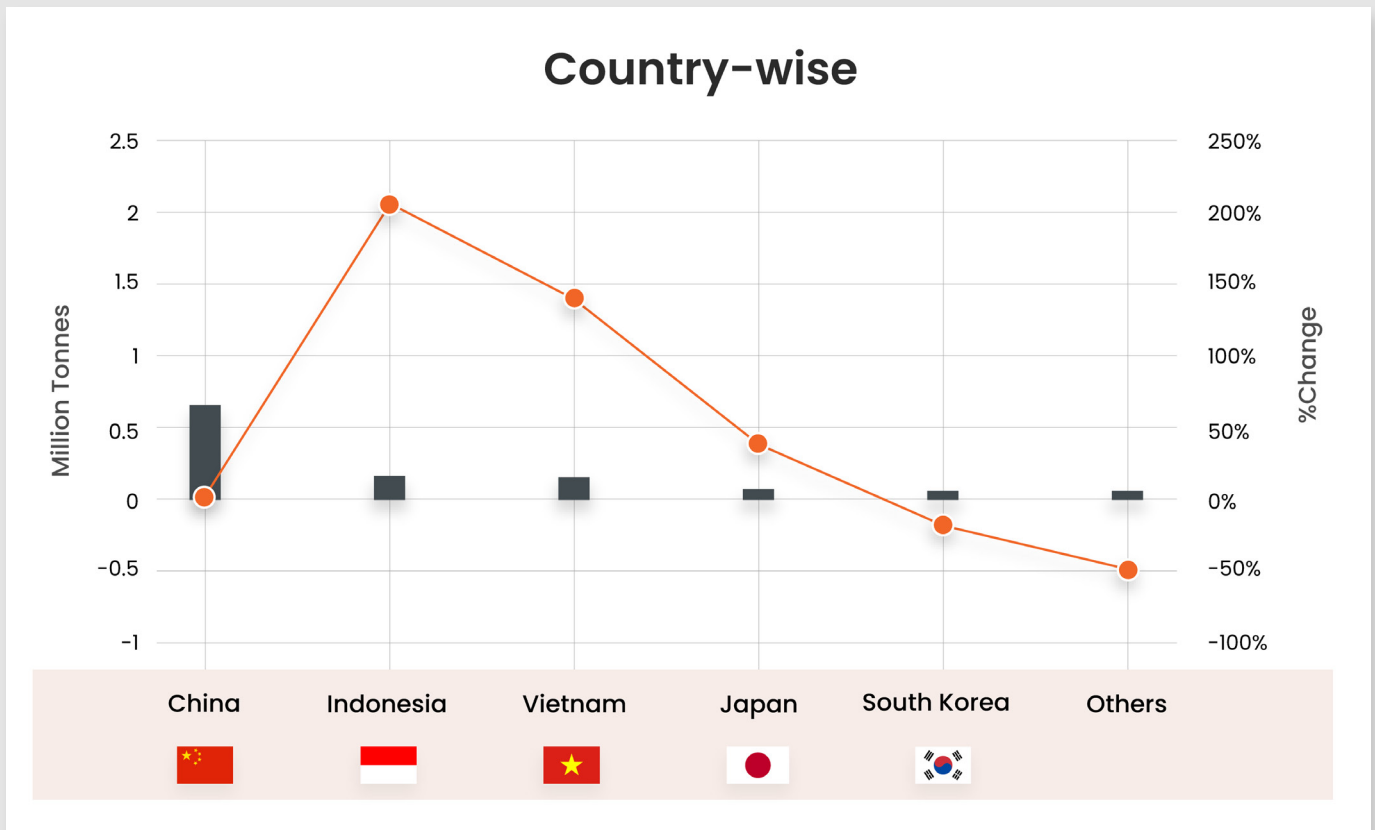
While a 7.5% duty on stainless steel flat products exists to safeguard the domestic industry, imports from China remain cheaper than domestically produced material. The landed cost of SS 304 cold-rolled coil (CRC) from China is around ₹170,000-172,000 per tonne, while the domestic price is ₹1,85,000-1,87,000 per tonne. This price disparity has made imports from China significantly more attractive, further reducing the market share of domestic producers.

India's stainless steel imports in 2024



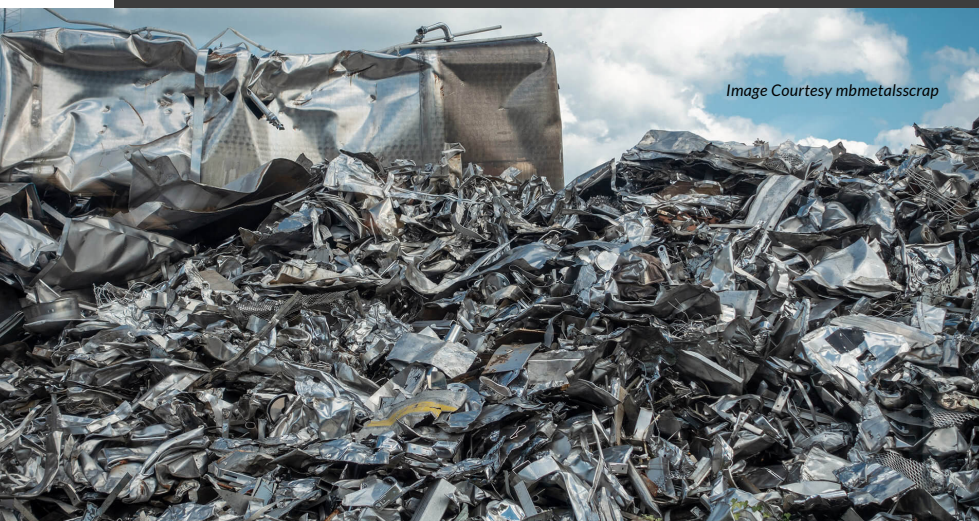
1.19 mnt | +15%
 India's Total Stainless Steel Imports in 2024

Imports % Change



Despite India's large capacity and demand for stainless steel, the industry only utilises around 50-60% of its potential. This underutilisation is partly due to the competition posed by cheaper imports but also stems from challenges in securing raw materials. Raw materials like stainless steel scrap, mild steel scrap, and ferroalloys are critical for production, yet domestic availability remains limited. India relies heavily on imports for stainless steel scrap, with only 25-30% of the scrap used in the country sourced locally.

The shortage of domestic scrap, particularly SS scrap, further exacerbates the issue. India's SS scrap imports significantly declined 15% year-on-year in 2024, from 1.37 MT in 2023 to 1.17 MT. This shortage, combined with increasing global nickel prices, has added to the cost pressures on Indian manufacturers, leaving them vulnerable to price fluctuations in global markets.



The need for a separate stainless steel policy

India's stainless steel industry faces a critical juncture where a strategic, targeted approach is necessary to address its unique challenges. The demand for stainless steel is rising, and the country has the production capacity to meet this demand. However, several factors impede the industry's potential growth, such as increased imports, limited access to raw materials, and a lack of support tailored to the sector's needs.

The Indian Stainless Steel Development Association (ISSDA) has been advocating for a separate policy, urging the Ministry of Steel to recognise the distinct needs of the stainless steel sector. Rajamani Krishnamurti, president of the

ISSDA, emphasised that the current approach, which includes stainless steel under the broader category of carbon steel, does not account for the industry's specific requirements.

One key component of this proposed policy would be raw material securitisation. Currently, the industry relies heavily on imports for crucial raw materials like nickel, ferro chrome, and stainless steel scrap. The policy would work toward ensuring a more stable and secure supply of these raw materials, potentially reducing the country's dependence on global markets.

Moreover, the policy would aim to boost capacity utilisation. With

current utilisation standing at 50-60%, there is significant potential to ramp up production. However, this requires policy support to make domestic production more competitive and reduce reliance on imports. Strengthening India's position in the global stainless steel landscape will be possible only if the sector is provided with the tools to optimise production capacity and meet domestic demand efficiently.

Krishnamurti highlighted that the industry is heavily reliant on imported raw materials, exposing it to price volatility and supply chain disruptions. Additionally, rising imports from countries like China and Vietnam undermine domestic production, eroding market share and quality standards. A focused policy can encourage domestic raw material sourcing, enforce anti-dumping measures, and ensure fair competition, safeguarding Indian manufacturers.

He also added that stainless steel's potential remains underutilised in critical sectors like water infrastructure and renewable energy. A dedicated policy can drive awareness, boost adoption, and promote the material's benefits, such as sustainability and recyclability. Supporting capacity expansion, technological advancements, and skill development would also help the industry meet growing domestic and global demand, positioning India as a leader in sustainable manufacturing.



By promoting stainless steel in critical infrastructure and emerging sectors, we can unlock new growth avenues while contributing to India's sustainability goals and its leadership in global manufacturing.

— **Rajamani Krishnamurti**,
President, Indian Stainless
Steel Development Association (ISSDA)



Impact of trade dynamics and imports

The rising imports of finished stainless steel products into India are driven by increasing consumption and the dynamics of global trade. Many of India's trading partners benefit from FTAs, giving them a competitive edge in the Indian market. For example, stainless steel imports from ASEAN nations and China have surged, particularly due to lower duties and lower prices.

Increased imports of flat products from these regions have put additional pressure on domestic producers. Despite the imposition of an 18.95% countervailing duty (CVD) on imports from China in 2017, which was aimed at curbing subsidised Chinese imports, the duty was revoked in 2022, resulting in a rise in imports from China.

The Indian Government's policies, including safeguard duties and other trade measures, have been ineffective in levelling the playing field for domestic manufacturers. To make India a competitive player in the global stainless steel market, the government must take a more proactive stance by implementing a policy that addresses the sector's specific needs and challenges.

Policy for growth and competitiveness

The stainless steel industry in India holds tremendous potential, with a capacity to meet domestic demand and cater to global markets. However, to fully unlock this potential, the sector needs dedicated policy support that recognises its unique characteristics and challenges. A separate stainless steel policy would provide the necessary framework

to boost production, enhance capacity utilisation, and secure raw material supplies, making India more competitive in the global stainless steel market.

Krishnamurti further emphasised that strategic efforts are necessary to expand the demand for stainless steel in untapped sectors and regions. One effective strategy is promoting its use in critical infrastructure projects such as water pipelines, railway stations, ports, and renewable energy developments. Given its durability and corrosion resistance, stainless steel is ideal for infrastructure in areas prone to harsh weather or corrosion. Mandating its use in public procurement policies and infrastructure projects can help drive growth. Additionally, increasing its application in emerging sectors like solar and wind energy, electric vehicles, and green construction can align the material with sustainability goals, opening doors to new markets.

As demand for stainless steel continues to rise in India, driven by infrastructure development and economic growth, a policy tailored specifically to this sector is critical. By addressing the issues of import dependence, raw material access, and capacity underutilisation, India can solidify its position as a global leader in stainless steel production.

Without such a policy, the industry risks losing its competitive edge and increasingly relying on imports. A proactive policy framework will ensure India's stainless steel sector can meet its growing demand, support domestic producers, and contribute to its broader economic goals.

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