



## Importance of Steel Industry

### What is the issue?

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Production and consumption of Steel is increasing in India and is likely to play a major role in the global industry.

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### What is the background?

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- Steel production in India grew by 3.1% to 103 million tonnes and consumption increased by 7.9% to 90.7 million tonnes in FY 2017-18.  
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- India is currently the third-largest producer of steel after China and Japan, and is poised to become the second-largest producer soon.  
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- An increase in domestic demand from sectors like infrastructure, real estate and automobiles is anticipated.  
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- The government has mooted a plan to boost domestic steel capacity to 300mt per annum by 2030.  
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- However, this growth will have to be supported by private sector companies and will also require import of foreign technology and foreign direct investment (FDI).  
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- Also, India has a low per capita consumption of steel of around 65 kg in India, compared to the world's average of 214 kg.  
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- Thus, India is serving as an attractive location for to promote construction of steel.  
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- Additionally, rapidly growing demand and decline in steel capacity in China

that is expected over the next decade are further expected to act in the country's favour.

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### **What are the sector-wise benefits?**

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- A recent IMF projection pegs India's GDP to rise by 7.4% in 2018 as compared to 6.7% in the previous year.
- The sustained growth shows that major steel consuming segments will benefit.
- These include sectors such as construction, real estate, capital goods, consumer goods, automobiles and the energy sector.
- Industrial corridors will also help improve India's connectivity, further reducing costs involved in the logistics required for transportation across Indian states.

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- Currently, the steel being used in real estate contributes only 15-20% of total steel production in India.
- However, Indian real estate sector is likely to be most benefited due to rapid urbanisation which is expected to reach 543 million by 2025.
- Megacities (with population more than 10mn) is expected to surge from 31 in 2016 to 41 in 2030.
- Similarly, the cities with a population of more than 5, 00, 000 will increase 31% to 1393 by 2030, according to World Cities in 2016, United Nations.
- Additionally, growing economy is also driving demand for commercial, hospitality and retail space.
- Also, implementation of regulations regarding earthquake resistance and building strength will further lead to an increase in steel intensity in construction.

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- Growth in the services sector such as the IT boom will further add to the demand for office spaces as well as urban and semi-urban accommodations.
- Thus, the growth of the steel sector is perfectly accompanied by the growth of the corporate environment.
- The Make in India initiative has also been propelling the growth of the industry.

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### **What is the importance of pre-casting in this regard?**

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- As a starting step towards boosting construction, the concept of pre-casting serve as an important step.
- In pre-casting, construction will be done offsite and is transported to the required site, once finished, and will be put into place.
- It has been observed that “Precast & Pre-fabrication” has the potential to emerge as the one stop solution.

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- This is because pre-casting covers Design, Engineering, Manufacturing, Assembling and Project Management, thereby pushing productivity up significantly.
- This is the future of construction technology in India, if India must match the pace of urbanisation.
- Currently in a very nascent stage of precast construction, India has only 2% of total construction done through precast technology.
- The application of pre-cast has primarily been seen in metro-rail work (precasted segments, girders) and mass housing projects.
- India is also preparing itself for a new technology called **PPVC** (Prefabricated Prefinished Volumetric Construction).

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- In this approach, the pre-cast elements are finished in all aspects, be it wall painting or fittings of accessories in rooms, bathrooms etc.

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- Thus, India has always played a vital role in the global industry and is likely to further strengthen its position with the backing of the government and the consistent growing demand.

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**Source: Financial Express**

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