Importance of Steel Industry

What is the issue?

\n\n

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

\n\n

What is the background?

\n\n

\n
- 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.
\n
- India is currently the third-largest producer of steel after China and Japan, and is poised to become the second-largest producer soon.
\n
- An increase in domestic demand from sectors like infrastructure, real estate and automobiles is anticipated.
\n
- The government has mooted a plan to boost domestic steel capacity to 300mt per annum by 2030.
\n
- 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).
\n
- 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.
\n
- Thus, India is serving as an attractive location for to promote construction of steel.
\n
- 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.
\n

\n\n

What are the sector-wise benefits?

\n\n

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

\n\n

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

\n\n

\n
- 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.
\n
- Thus, the growth of the steel sector is perfectly accompanied by the growth of the corporate environment.
\n
- The Make in India initiative has also been propelling the growth of the industry.
\n

\n\n

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

\n\n

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

\n\n

\n
- This is because pre-casting covers Design, Engineering, Manufacturing, Assembling and Project Management, thereby pushing productivity up significantly.
\n
- This is the future of construction technology in India, if India must match the pace of urbanisation.
\n
- Currently in a very nascent stage of precast construction, India has only 2% of total construction done through precast technology.
\n
- The application of pre-cast has primarily been seen in metro-rail work (precasted segments, girders) and mass housing projects.
\n
- India is also preparing itself for a new technologycalled **PPVC** (Prefabricated Prefinished Volumetric Construction).
\n
- In this approach, the pre-cast elements are finished in all aspects, be it wall painting or fittings of accessories in rooms, bathrooms etc.

\n
- 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.
\n

\n\n

\n\n

Source: Financial Express

\n