A Study of Corporate Risk in Iron and Steel Exports in India during Post Liberalization Period

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Abstract: Considering both the strengths and weaknesses of India’s recent export performance, it is difficult to conclude with conviction that Indian exports have now taken off for a self-sustaining rate of growth in real terms at the rate experienced in 1974 and 1975. The iron & steel industry has been pushing for higher tariffs on imports and exclusion of steel from FTAs. The government has appeared sympathetic towards this demand and import duties on finished steel may go up. Large-scale manufacturing capacity addition under ‘Make in India’, as and when it happens will be steel intensive. Most steel majors have invested heavily in capacity additions as well as in moving up the product value chain. The high levels of operating leverage imply that a demand revival will lead to a sharp reversal in the financial under-performance or that’s what the theory says.

I. INTRODUCTION

Indian Exports:

History

The history of Indian exports is very old. During ancient times India exported spices to the other parts of the world. India was also famous for its textiles which were a chief item for export in the 16th century. Textiles and cotton were exported to the Arab countries from Gujarat. During the Mughal era India exported various precious stones such as ivory, pearls, tortoise stones etc. But during the British era, Indian exports declined as the East India Company took control of foreign trade.

Markets:

Though India has seen some product diversification in its export basket, it has not expanded significantly in the two big markets—Africa and Latin America. India’s business with South Asian countries is also negligible. This region has not been integrated with the global economy, though political and economic initiatives have been taken in the recent past in this direction.

Leading Export Items of India

In the past ten years, Indian exports have grown at a rate of nearly 22%. Some commodities have enjoyed faster export growth than others. Some of India's main export items are cotton, textiles, jute goods, tea, coffee, cocoa products, rice, wheat, pickles, mango pulp, juices, jams, preserved vegetables etc. India exports its goods to some of the leading countries of the world such as UK, Belgium, USA, China, Russia etc.

Restriction on the Exports of Items

However there are some restrictions on the export of goods. Under sub section (d) of section 111 and sub section (d) of section 113, any good exported or attempted to be exported, contrary to any prohibition imposed by or under the customs act or any other law is liable for confiscation.

The Opportunity

It is very clear that Indian exports have still not achieved their true potential and there exists immense opportunities for expanding the basket of India’s exports. With a strategic attention on the new markets that are evolving due to free trade, India is witnessing a boom in both manufacturing and services.

Problems of the Indian Export Sector

There are few problems which need to be solved before India makes a mark for itself in the export sector. The Indian goods have to be of superior quality. The packaging and branding should be such that countries are interested to export from India. At the same time India must look for potential market to sell their goods. The government should frame policies which gives boost to the exports.
Market Size

India’s crude steel output grew 10.7 per cent year-on-year to 25.76 million tonnes (MT) during January-March 2017. India’s crude steel output during April 2017 grew by 5.4 per cent year-on-year to 8.107 MT.

India’s finished steel exports rose 102.1 per cent to 8.24 MT, while imports fell by 36.6 per cent to 7.42 MT in 2016-17. India’s steel exports rose 142 per cent in April 2017 to 747,000 tonnes over April 2016, while imports fell by 23 per cent to 504,000 tonnes in April 2017 over April 2016.

Total consumption of finished steel grew by 3.4 per cent year-on-year at 6.015 MT during April 2017.

Investments

Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investments (FDI) to the tune of US$ 10.33 billion in the period April 2000–March 2017.

Some of the major investments in the Indian steel industry are as follows:

- Jindal Stainless (Hisar) Limited, India’s largest stainless steel producer, has entered into the defence sector by signing an agreement with Defence Research & Development Organisation (DRDO) to manufacture high nitrogen steel (HNS) for armour applications.
- JSW Steel Ltd plans to set up two plants of 10 million metric tonnes each in Odisha and Jharkhand, which would require an estimated investment of Rs 40,000 crore (US$ 6.21 billion) per plant. The planned investments will double the company’s production capacity to 40 million metric tonnes by 2030.
- Tata Steel has signed an agreement to purchase a majority 51 per cent stake in Creative Port Development (CPDPL), which has a concession agreement with the Odisha government to develop a 10 million-tonnes-per-annum (MTPA) Subarnarekha port at Chamukh village in Balasore district of Odisha.
- ArcelorMittal SA is looking to set up a joint venture (JV) factory in India with state-owned Steel Authority of India Ltd (SAIL), to manufacture high-end steel products which could be used in defence and satellite industries.

Government Initiatives

Some of the other recent government initiatives in this sector are as follows:

- Steel demand is set to rise in the coming period owing to increased public sector spending by the Government of India.
- The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, as it seeks to create a globally competitive steel industry in India. NSP 2017 targets 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030.
- Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative, which will facilitate sale of finished and semi-finished steel products.
- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US$ 30 million).

Road ahead

India is expected to overtake Japan to become the world’s second largest steel producer soon, and aims to achieve 300 million tonnes of annual steel production by 2025-30.

India is expected to become the second largest steel producer in the world by 2018, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, that has been approved by the Union Cabinet in May 2017, is expected to boost India’s steel production.* Huge scope for growth is offered by India’s comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.
EXPORTS OF PRINCIPAL COMMODITIES

<table>
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<tr>
<th>Commodity</th>
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<tbody>
<tr>
<td>1. Tea</td>
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<td>2. Coffee</td>
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<td>3. Rice</td>
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<td>4. Other cereals</td>
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<td>5. Tobacco</td>
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<td>6. Spices</td>
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<td>7. Cashew</td>
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<td>8. Oil Meals</td>
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<td>9. Oil seeds</td>
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<td>10. Fruits &amp; Vegetables</td>
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<td>11. Cereal preparations &amp; miscellaneous processed items</td>
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<td>12. Marine Products</td>
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<td>13. Meat, dairy &amp; poultry products</td>
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<td>14. Iron Ore</td>
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<tr>
<td>15. Mica, Coal &amp; Other Ores, Minerals including processed minerals</td>
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<td>16. Leather &amp; leather products</td>
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<td>17. Ceramic products &amp; glassware</td>
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<td>18. Gems &amp; Jewellery</td>
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<tr>
<td>19. Drugs &amp; Pharmaceuticals</td>
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<tr>
<td>20. Organic &amp; Inorganic Chemicals</td>
</tr>
<tr>
<td>21. Engineering Goods</td>
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<tr>
<td>22. Electronic Goods</td>
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<tr>
<td>23. Cotton Yarn/Fabs./made-ups, Handloom Products etc.</td>
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<tr>
<td>24. Man-made Yarn/Fabs./made-ups etc.</td>
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<tr>
<td>25. RMG of all Textiles</td>
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<tr>
<td>26. Jute Mfg. including Floor Covering</td>
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<tr>
<td>27. Carpet</td>
</tr>
<tr>
<td>28. Handicrafts excl. hand made carpet</td>
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<tr>
<td>29. Petroleum Products</td>
</tr>
<tr>
<td>30. Plastic &amp; Linoleum</td>
</tr>
<tr>
<td>31. Other Commodities</td>
</tr>
</tbody>
</table>

Considering both the strengths and weaknesses of India’s recent export performance, it is difficult to conclude with conviction that Indian exports have now taken off for a self-sustaining rate of growth in real terms at the rate experienced in 1974 and 1975. The recent performance however does provide hopes that with concerted efforts at all levels, through a well formulated and implemented national export policy, the export sector can be made to yield the maximum potential contribution within limits which it can make to the national economy in the coming years.

STATEMENT OF THE PROBLEM :

Present study focus on analysing reasons for decline in growth of Iron and Steel export. This study helps to find out the broad problem areas and overall trends in the Iron and Steel exports and to identify the measures to increase the exports of Iron and Steel in India.
OBJECTIVES OF THE STUDY

1. To understand India’s trade in post liberalisation period.
2. To study the scenario of Indian Iron and Steel exports
3. To identify different measures to increase export of Iron and Steel in India.

SCOPE OF THE STUDY:

Steel Role plays a vital role in the development of any modern economy. The per capita consumption of steel is generally accepted as a yardstick to measure the level of socio-economic development and living standards of the people. As such, no developing country can afford to ignore the steel industry.

"Export of total finished steel was down by 32 percent in 2015-16 at 3.80 million tonnes compared to the last year. Import of total finished steel at 11.20 million tonnes in 2015-16 saw a growth of 20.2 percent compared to the last year," said a report by the Joint Plant Committee.

India is the world’s third-largest producer of crude steel and is expected to become the second-largest producer by 2016. The growth in the Indian steel sector has been driven by 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.

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

METHODOLOGY:

The research is based on secondary data. It’s an analytical & descriptive in nature. The secondary data is collected from review of past researches and other reports. Required data for identification of The Indian export during post liberalization period: with special reference to Iron and Steel Exports, will be collected from the selected industries, journals, books, newspapers and web-resources. The government policies and their impact will be estimated by employing the sampling method. Interaction with the policymakers and academicians will also be a part of the study.

INTRODUCTION TO IRON AND STEEL INDUSTRIES IN INDIA

The history of steel-making in India can be traced back to 400 BC when the Greek emperors used to recruit Indian archers for their army who used arrows tipped with steel. Many more evidences are there of Indians’ perfect knowledge of steel-making long before the advent of Christ. Archaeological finds in Mesopotamia and Egypt testify to the fact that use of iron and steel was known to mankind for more than six thousand years and that some of the best products were made in India. Among the widely-known relics is the Iron Pillar near Qutab- Minar in Delhi. The pillar, built between 350 and 380 AD, did not rust so far — an engineering marvel that baffles the scientists even today. Yet another engineering feat is the famous Sun Temple at Konark in Orissa, built around 1200 AD, where steel structural was used for the first time in the world.

These were the halcyon days when India flourished in all directions and when its prosperity was a matter of envy for the foreigners. But as ill luck would have it, India’s prosperity gave way to poverty after the advent of the foreign rule. India’s indigenous industry languished because of a deliberate policy of the colonial rulers to make the country only a supplier of raw materials. Steel Role plays a vital role in the development of any modern economy. The per capita consumption of steel is
generally accepted as a yardstick to measure the level of socio-economic development and living standards of the people. As such, no developing country can afford to ignore the steel industry.

**Beginnings:** The first notable attempt to revive steel industry in India was made in 1874 when the Bengal Iron Works (BIW) came into being at Kulti, near Asansol in West Bengal. However, forty-four years before that, in 1830 to be precise, a foreigner, named Joshua Marshall Heath, had set up a small plant at Porto Novo on Madras Coast. Heath produced in his plant pig iron at the rate of forty tonnes a week. His method of iron-making needed approximately four tonnes of charcoal to produce one tonne of low quality pig iron which proved to be too expensive for Heath to carry on in the face of stiff competition from the British steel industry. The BIW made considerable improvement in the process of iron and steel making. It used coke as the fuel instead of charcoal. But the plant fell sick as the source of funds dried up. It was taken over by the Bengal Government and was rechristened as Barakar Iron Works. In 1889 the Bengal Iron and Steel Company acquired the plant and by the turn of the century the Kulti plant became a success story. It produced 40,000 tonnes of pig iron in 1900 and continued to produce the metal until it was taken over by Indian Iron and Steel Company (IISCO) in 1936.

Prime Minister Nehru firmly believed that "no country can be politically and economically independent unless it is highly industrialised and has developed its resources to the utmost". Nehru’s ideas about India’s development were broadly incorporated in free India’s first Industrial Policy Resolution adopted by the Constituent Assembly in 1948. The resolution officially accepted the principle of mixed economy. Industries were divided into four categories. In the first category were strategic industries which were the monopoly of the Government. In the second category were six industries which included, among others, coal, iron and steel.

It was decided that new units would be started exclusively by the government in the public sector without disturbing the existing ones in the private sector. Eighteen industries, including heavy castings and forgings of iron and steel, ferro alloys and tool steel were covered by the third category and the rest of the industries by the fourth. In sum, the government committed itself to the development of basic steel industry while the private sector was to benefit through the establishment of downstream units which would use pig iron, billets, blooms and flat products to be made by the public sector steel plants.

In keeping with the spirit of the resolution the Government decided to start a chain of steel plants all over the country in the public sector. The first such plant was set up at Rourkela in Orissa. The second came up at Bhilai in Madhya Pradesh. It was followed by a third at Durgapur in West Bengal. Each of these three plants had an initial production capacity of one million tonne ingot. Durgapur was followed by a steel plant at Bokaro in Bihar. The onward march of Indian steel did not stop at Bokaro. The fifth public sector steel plant was set up at Visakhapatnam in andhra Pradesh. As a matter of fact, the country was dotted with steel and steel-related plants in public and private sectors, like Alloy Steel Plant, Salem Steel Plant, Kalinga Iron Works, Malavika Steel Ltd., Jindal Vijaynagar Steel Ltd., to name only a few. About the same time TISCO launched its two-million-tonne expansion programme.
Top Iron and steel Industries In India

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<tr>
<th>SN</th>
<th>INDUSTRY</th>
<th>LOCATION</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Tata Iron and Steel Company (TISCO):</td>
<td>Jharkhand</td>
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<tr>
<td>2</td>
<td>Indian Iron and Steel Company (IISCO)</td>
<td>West Bengal</td>
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<tr>
<td>3</td>
<td>The Visweswaraya Iron and Steel Ltd:</td>
<td>Bhadravati in Shimoga district of Karnataka.</td>
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<tr>
<td>4</td>
<td>Bhilai iron and steel centre</td>
<td>Chhattisgarh</td>
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<tr>
<td>5</td>
<td>Hindustan Steel Limited</td>
<td>Rourkela IN Sundargarh district of Orissa</td>
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<tr>
<td>6</td>
<td>The Hindustan Steel Ltd.</td>
<td>Durgapur in Bardhaman district of West Bengal.</td>
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<td>7</td>
<td>the Bokaro Steel Ltd.</td>
<td>Hazaribagh district of Jharkhand.</td>
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<td>8</td>
<td>The Salem Steel Plant:</td>
<td>Salem district of Tamil Nadu</td>
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<tr>
<td>9</td>
<td>Vijayanagar Steel Plant:</td>
<td>Tomagal near Hospet in Bellary district of Karnataka</td>
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<tr>
<td>10</td>
<td>Vishakhapatnam Steel Plant (VSP)</td>
<td>Vishakhapatnam</td>
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<tr>
<td>11</td>
<td>Daitari Steel Plant:</td>
<td>Daitari near Paradwip in Orissa</td>
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<tr>
<td>12</td>
<td>Tata Steel Kalinganagar</td>
<td>Kalinganagar in Orissa</td>
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<tr>
<td>13</td>
<td>Dolvi Steel Plant</td>
<td>Dolvi in Ratnagiri district in Maharashtra</td>
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India Exports of Iron & Steel 1996-2016
Exports of Iron & Steel in India decreased to 833.59 USD Million in 2016 from 3177.14 USD Million in 2015. Exports of Iron & Steel in India averaged 4012.57 USD Million from 1996 until 2016, reaching an all time high of 9223.38 USD Million in 2013 and a record low of 662.18 USD Million in 1998. Exports of Iron & Steel in India is reported by the Ministry of Commerce & Industry, India.

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<tr>
<td>EXPOR T IN USD MILLION</td>
<td>5598.8</td>
<td>6557.8</td>
<td>7533.2</td>
<td>4516.1</td>
<td>7139.1</td>
<td>8301.9</td>
<td>8089.5</td>
<td>9223.3</td>
<td>5275.7</td>
<td>3177.1</td>
<td>833.59</td>
</tr>
</tbody>
</table>
Yet the news here is not good. The domestic steel industry has lost its export competitiveness in recent years and as a result, India has now become a net importer of steel.

For instance, in 2003-04, India’s steel imports were 1.5 million tonnes and exports 4.5 million tonnes, but in 2014-15, the country’s steel imports were 9.3 million tonnes and exports had increased barely to 5.5 million tonnes. The steel sector’s global competitiveness has further eroded, with exports falling 29.7 per cent in 2015-16 up to December, from the same period last year, according to the Joint Plant Committee, an agency mandated to collect data on the steel sector.

- In FY17 (1), crude steel production in India was 72.35 MT, with the total crude steel production growing at a CAGR of 4.90 per cent over the last 5 years & reached 89.79 MT in FY16.
- During April-January 2017, crude steel production in India grew by 7 per cent YoY & stood at 39.98 MT.
- As of March 2017, the capacity utilisation of steel producers is set to increase with strong export demand and signs of revival in domestic sales. Companies like JSW & Essar Steel have experienced a sharp increase in steel manufacturing in the last 2 months
- Steel manufacturing output of India is expected to increase from 88.4 million tonnes (MT) in 2017 to 128.6 MT by 2021, accelerating the country’s share of global steel production from 5.4% in 2017 to 7.7% by 2021.
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- Total real consumption of steel is estimated at 81.52 MT in FY16.
- Driven by rising infrastructure development & growing demand for automotives, steel consumption is expected to reach 104 MT by 2017.
- It is expected that consumption per capita would increase supported by rapid growth in the industrial sector & rising infra expenditure projects in railways, roads & highways, etc.
- Real consumption of steel during FY17(1) was estimated at 61.54 MT. The consumption of real steel has grew at a CAGR of 1.87 per cent during FY08-FY17
Ten Reasons Why Steel Stocks Remain Out Of Favour

1. **Dipping demand** : Steel demand is primarily driven by the infrastructure, consumer durables and automobile sectors, all of which are stagnating. The Index of Industrial Production’s (IIP) impressive 5 percent growth in February petered out in March. The auto segment, which accounts for about 10 percent of steel use in India, has seen growth rates decline from 26 percent in FY10 to 3.5 percent in FY14 and an estimated 7 percent in FY15.

2. **Rising imports**

   India’s steel imports grew 71 percent in FY15 to 9.31 million tonnes (MT). A falling rouble has pushed Russian supplies into the few remaining growth markets. More importantly, chronic Chinese overcapacity—said to be in excess of 300-400 MT per annum—has led to an imbalance in Asia. Not surprisingly, Chinese steel exports rose 51 percent in CY2014. South Korea and Japan, too, have anaemic growth rates and huge latent capacities waiting to be exported and Free Trade Agreements with India ensure off-loading.

3. **Falling exports**

   Slowing rates of growth globally and cheap Chinese and Russian steel mean a lack of demand for Indian steel in global markets. From being a marginal net exporter of steel in FY14 (0.53 MT), India went to importing a net volume of 3.81 MT in FY15 as exports declined 8 percent to 5.5 MT.

4. **Chinese slowdown**

   China consumes nearly 50 percent of the world’s steel and its growth determines prices. At 7 percent, China’s growth this fiscal was at a six-year low. An industrial slowdown and a weak housing market reduced steel demand. China’s leadership has lowered its official growth target for CY2015 to around 7 percent—the nation’s slowest annual expansion in 25 years—as it rebalances towards a less investment-driven model.

5. **Falling global iron ore prices** : Global supplies of iron ore have hit record levels on the back of continued investment by mining majors. This coincides with China’s slowdown resulting in a massive price slide of 70 percent from $190 in 2011. Current prices are 30 percent below the January 2015 figure of $71. Despite the recent rally, most analysts estimate prices to remain in the $50-55 range. Steel prices are correlated with iron ore prices, leading to worsening realisations.

6. **Alternatives to steel** : Steel faces increasing challenges from substitute materials such as aluminium (which is being increasingly used in cars due to its anti-corrosive properties and lighter weight), carbon fibre (popular for its strength, low cost, moldability and light weight), cement, bamboo (that has a tensile strength higher than steel’s) and wood.

7. **Lower steel intensity** : Steel intensity has been falling steadily over the years. A good indicator is the continually reducing overall weight of automobiles. Additionally, the proportion of steel used in automobiles, too, has steadily come down. Building technology has rapidly evolved—the 2012 London Olympic stadium used a quarter of the steel that the 2008 Beijing Olympic stadium did.

8. **High debt levels** : The combined debt of India’s four major steel producers—JSW Steel, Jindal Steel, SAIL and Tata Steel—stood at a staggering Rs 1,61,400 crore at the end of FY14. Debt-to-equity levels in excess of 1.5x have meant that most of the modest operating income is used to service debt rather than fund growth.

9. **Regulatory uncertainty** : In the aftermath of the coal scam, approvals came to a standstill. Mining leases were suspended and penalties imposed on many steel companies resulting in higher cost of raw materials and litigation costs.

10. **Lower supply of iron ore** : Suspension of iron ore mining in Goa and Karnataka led to the peculiar situation of India turning into a net importer of the mineral after years of being a net exporter. This led to increased costs for producers as well as periods of inability to produce steel due to non-availability of ore.
Findings and Conclusion

Iron & steel are freely exportable. In the years 2010-11, India exported about 3.64 million tonnes of steel; further in 2011-12 it rose to 4.59 million tonnes. 2012-13 and 2013-14 did not see a sharp rise with exports of 5.37 and 5.98 million tonnes respectively. The exports declined in the year 2014-15, falling to 5.59 million tonnes.

- Total real consumption of steel is estimated at 81.52 MT in FY16.
- Driven by rising infrastructure development & growing demand for automotives, steel consumption is expected to reach 104 MT by 2017.
- It is expected that consumption per capita would increase supported by rapid growth in the industrial sector & rising infra expenditure projects in railways, roads & highways, etc.
- Real consumption of steel during FY17(1) was estimated at 61.54 MT. The consumption of real steel has grew at a CAGR of 1.87 per cent during FY08-FY17(1)

Problems of the Iron and Steel Industry:
1. The industry demands huge capital investment.
2. Manufacturing technology is old and of poor quality.
3. The per capita labour productivity of an Indian is far less in comparison to that of Japan and Korea. Its 90-100 tonnes a year of an Indian worker and 600-700 tonnes per year in respect of Japanese and Korean workers.
4. Potential utilization rarely exceeds 80%. Strikes, Dharnas and lockouts, shortage of raw material, energy and inefficient management.
5. A part of steel demand is met by imports which are done at an exorbitant rate

OPPORTUNITIES AND POLICY DEVELOPMENT TO BE TAKEN

The New Industrial policy opened up the Indian iron and steel industry for private investment by
(a) Removing it from the list of industries reserved for public sector
(b) Exempting it from compulsory licensing.
(c) Imports of foreign technology as well as foreign direct investment are now freely permitted up to certain limits under an automatic route.

Ministry of Steel plays the role of a facilitator, providing broad directions and assistance to new and existing steel plants, in the liberalized scenario.

The increase in consumption in China can be attributed to the infrastructure developments, the spurt coming in part from the next Olympic games, to be held at Beijing. These are opportunities that India should look to capitalise on. India should also capitalise on its advantage as a supplier of galvanised products. The galvanised products are value added products that are mainly used for roofing, grain storage purposes and technical goods like AC, automobiles etc, and India has a dominant position in the world market for this product.

With the prices firming up and the global economy on a gradual recovery, the Indian export market is expected to expand soon. Given the cheap availability of inputs (raw materials, manpower) and the various incentive schemes, the Indian exporters have immense opportunities not only to increase their share in the existing markets but also to diversify into other markets. Iran, Vietnam (for iron and steel) and Spain, Indonesia (for iron and steel articles) registered high growth rates during FY98-FY03, exceeding 80% and 40% respectively, indicating other possible potential market destinations that await India’s exploration. To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30 per cent.

Conclusion:

While overwhelming, the above factors do have a few short- to medium-term offsets that could lead to a re-rating of the sector. The industry has been pushing for higher tariffs on imports and exclusion of steel from FTAs. The government has appeared sympathetic towards this demand and import duties on finished steel may go up. The government has made its intent clear—the priority shall be reviving investment while balancing fiscal needs. Government expenditure will be followed by private investment eventually and most of this revival has to feed into steel demand. In other words, going long on India means going long on steel.

Most steel majors have invested heavily in capacity additions as well as in moving up the product value chain. The high levels of operating leverage imply that a demand revival will lead to a sharp reversal in the financial under-performance or that’s what the theory says anyway; till then, if you are invested in the sector, you would do well to build nerves of steel

In conclusion, it can be said with a certain measure of confidence that India’s iron and steel industry which had a glorious past and has an uncertain present may now look forward to a bright future

India is expected to overtake Japan to become the world's second largest steel producer soon, and aims to achieve 300 million tonnes of annual steel production by 2025-30.

India is expected to become the second largest steel producer in the world by 2018, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, that has been approved by the Union Cabinet in May 2017, is
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