

Union Cabinet approves Production-linked Incentive (PLI) Scheme for Specialty Steel;

Incentives worth 6,322 crores to be provided over five years for manufacturing of these products in India;

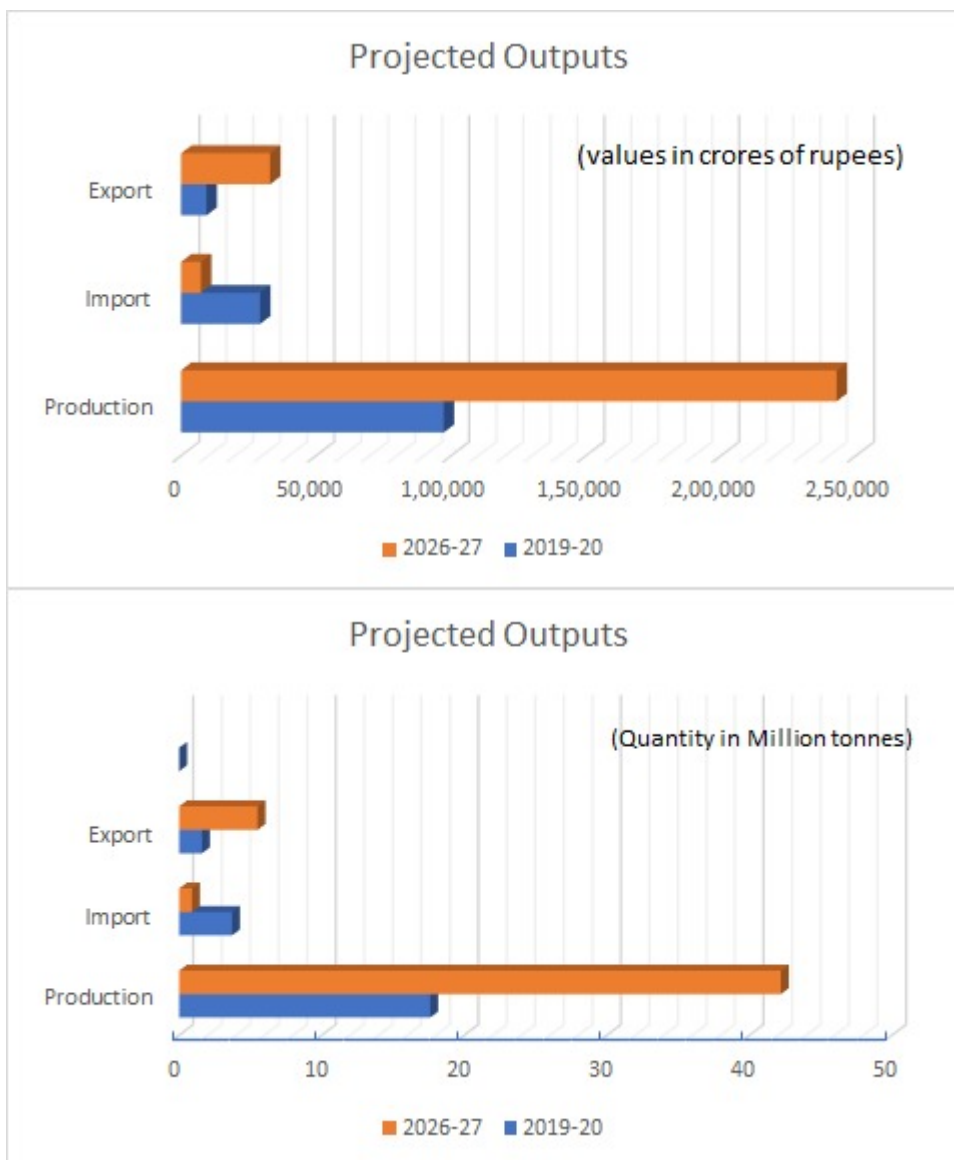
Scheme to attract an additional investment of about 40,000 crore;

Scheme estimated to generate more than 68,000 direct employment opportunities in the next 5 years

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Considering the pivotal role of Steel Sector in the Indian economy, the Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, today approved the Production Linked Incentive (PLI) Scheme for specialty steel. The scheme will boost the production of high grade specialty steel in the country. Further, it will lead to enhanced exports and minimising dependence on imports for high-end steel. The scheme is expected to bring in investment of approximately 40,000 crores and capacity addition of 25 MT. The duration of the scheme will be Five (05) years, commencing from 2023-24 to 2027- 28.

With a budgetary outlay of Rs 6322 crores, the PLI scheme would cover Coated/Plated steel products; High strength/wear resistant steel; Specialty rails; Alloy steel products, Steel wires and Electrical steel. These steel products are used in a variety of applications which are both strategic and non-strategic and include white goods, automobile body parts and components, pipes for transportation of oil and gas, boilers, ballistic and armour sheets meant for Defence application, high-speed railway lines, turbine components, electrical steel meant for power transformers and electric vehicles.



India presently operates at the lower end of the value chain in Steel sector. Value added steel grades are largely imported in India. This is because of the disabilities faced by the steel industry to the tune of USD 80-100 per ton, on account of higher logistics and infra cost, higher power and capital cost and, taxes and duties.

The objective of the PLI scheme for specialty grade steel is to address this disability by incentivising production of specialty steel within the country. The Scheme proposes to incentivize eligible manufacturers by paying between 4% to 12% incentive on incremental production. PLI incentive will also help the Indian steel industry mature in terms of technology and move up the value chain.

Any company registered in India, engaged in manufacturing of the identified ‘specialty steel’ grades will be eligible to participate in the scheme. It will however, have to ensure that the steel used for making ‘specialty steel’ is ‘melted and poured’ in the country, thereby ensuring end-to-end manufacturing keeping in view the Prime Minister’s, Atmanirbhar Bharat’.

PLI scheme for specialty steel is expected to play the important role in strengthening domestic steel value chain and will incentivize the steel sector to invest in technological capability building to contribute to global steel value chain by producing value added steel. Considering the additional production and investment, the scheme has an employment generation potential of about 5.25 lakh of which 68,000 will be direct and the rest will be indirect employment.

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