

Ministry proposes setting up integrated steel hubs

The Ministry of Steel has proposed setting up integrated steel hubs similar to the ones in Korea, China and Germany. The hubs would support the growth of the steel sector.

According to a Draft Framework Policy-Development of Steel Clusters in India, “The Ministry is proposing creation of ‘Integrated Steel Hubs’ based on the principle of availability of raw material, logistics support and/or proximity to demand centres. It will enable capacity expansion through provision of a cohesive ecosystem, with presence of effective forward and backward linkages, single-window mechanism for swift approval of clearances and best-in-class logistics infrastructure.” The draft, uploaded on the Steel Ministry’s Website on Tuesday, has sought comments on the proposed policy.

“A cluster will be a defined region with co-located units across the steel value chain along with the provision of basic infrastructure facilities and other relevant value-added services. The clusters will primarily include units from secondary steel sector and ancillary industry,” the draft said.

The policy’s focus will be on two types of clusters, one around the Integrated Steel Plants (ISPs) and the other near the demand centres. The cluster around ISPs will be called ancillary and downstream cluster. It will primarily have a steel plant as its anchor plant, with focus on ancillary units and may also entail downstream units. It will help create an integrated ecosystem for the industry with enhanced linkage for both the ISPs as well as the tenant units.

In addition, it will facilitate growth of small and medium enterprise units. On the other hand, ‘value-added steel clusters’ are likely to be set up near demand centres. It will enable capacity expansion of units producing carbon steel, alloy (including stainless steel) as well as other high grade and special steel by improving their cost competitiveness through effective raw material linkages and other interventions such as reduced cost of power.

The Ministry of Steel can provide the initial push needed to develop these clusters. A task force and a working group for setting up the clusters will also be formed. The working group will define the metrics against which a Special Purpose Vehicle will implement the project. The Ministry of Steel will also monitor the SPV on a semi-annual basis, post set-up of the cluster. A representative of the Ministry of Steel would be a part of the Board of the SPV, the policy said.
