

PLI scheme for Specialty steel

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In news

Recently, the Cabinet approved the Production Linked Incentive (PLI) Scheme for specialty steel.

PLI Scheme for specialty steel

- The **duration** of the scheme is five years, from 2023-24 to 2027-28.
- The total outlay will be Rs. 6,322 crore.
- The **objective** of the scheme is to promote manufacturing of specialty steel grades within the country by providing financial incentives.
- The PLI incentive is expected to boost the domestic production of specialty steel by,
 - Attracting significant investment.
 - Infusing technology and know-how.
 - Promoting exports.
- Speciality steel has been chosen as the target segment because out of the production of 102 million tonnes steel in India in 2020-21, only 18 million tonnes value added steel/speciality steel was produced in the country.

The five categories of specialty steel which have been chosen in the PLI Scheme are:

- Coated/Plated Steel Products.
- High Strength/ Wear resistant Steel.
- Specialty Rails.
- Alloy Steel Products and Steel wires.
- Electrical Steel.

Who can apply under the Scheme?

A company registered in India under the companies Act 2013, that is engaged in manufacturing of the identified “Specialty steel” grades, subject to the input material being melted and poured within the country using iron ore/scrap/sponge iron/pellets etc. shall be eligible to apply for incentive under the scheme.

Expected outcomes of the scheme

- Projected production of the identified ‘specialty steel’ grades is expected to more than double by 2026-27. (Baseline production is 17 million tonnes, projected production is 42 million tonnes).
- Projected export (in volume) is expected to become more than 3 times the present volume.
- Projected import (in volume) is expected to reduce by 4 times.
- An expected investment of Rs. 39,625 crore by 2029-30 in ‘specialty steel’.

Significance of the scheme

- Out of these product categories, it is expected that after completion of the Scheme India will start manufacturing products like API grade pipes, Head Hardened Rails, electrical steel (needed in transformers and electrical appliances) which are currently manufactured in very limited quantity or not manufactured at all.
- There are 3 slabs of PLI incentives, the lowest being 4 % and highest being 12% which has been provided for electrical steel (CRGO).
- The PLI Scheme for specialty Scheme will ensure that the basic steel used is ‘melted and poured within the country which means that raw material (finished steel) used for making specialty steel will be made in India

only, thereby ensuring that Scheme promotes end to end manufacturing within the country.