

# Steel Clusters

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**Source:** PRS India

The Ministry of Steel released a Draft Framework Policy for the development of steel clusters in the country. **The policy seeks to promote self-sufficiency, cost competitiveness, and development of small and medium enterprises in steel manufacturing.**

## **What is a steel cluster?**

A steel cluster is a defined area with multiple units across the steel value chain located in proximity to each other.

## **Key features**

**Types of clusters:** The policy seeks to develop the following types of clusters:

1. **Ancillary and downstream clusters:** These clusters will be developed near steel plants. Such clusters will mainly focus on ancillary units and fabrication units. Ancillary units involve in manufacturing parts to be used by larger industries.
2. **Value-added steel cluster:** These clusters will be located near demand centres. A demand centre is a central or regional hub of shared marketing services, infrastructure, and processes. Such clusters will have secondary steel industry units engaged in the production of alloys such as stainless steel, and carbon steel.

**Provisions for clusters:** The clusters will be provided with:

1. Logistics connectivity through railways, roadways, inland waterways, and enhanced port capacity
2. Power supply with rationalised tariff and provisions for captive power generation, and

3. Availability of land with single window for clearance and approvals within specified timeframe.

**Eligibility for setting up cluster:** A cluster may be set up by:

1. A land-owning entity such as state government, central and state public sector enterprises, state industrial development organisations as well as private players,
2. A non-land-owning entity with prior consent of a land-owning entity for the required land, and
3. Institutions managing existing clusters.

**The criteria for evaluation:** The criteria for evaluation of an application will include employment creation, past record, implementation schedule, and value of output.

**Working group and a task force:** The Ministry will create a working group and a task force for the initiation of the project. The working group will develop a detailed action plan. The task force will be responsible for the evaluation and approval of the action plan. A special purpose vehicle will be created by the Ministry for set-up and operationalisation of the cluster.

**Financial support:** Financial support from the Ministry will involve:

1. Coverage of cost for planning
2. Funding through the utilisation of existing central and state schemes, policies and funds, and
3. Funding through its own scheme from budgetary resources.