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INDUSTRY OUTLOOK

INDIA'S STEEL INDUSTRY OUTLOOK 2025: GROWTH AMID GLOBAL HEADWINDS

09 July 2025

Introduction

India is the second-largest producer of crude steel globally, after China. The sustained growth of its steel industry is closely tied to rapid infrastructure development and robust economic expansion. Under the National Steel Policy, the country aims to achieve a production target of 300 million tonnes by 2030. Presently, per capita steel consumption stands at around 98 kilograms and is projected to rise to 160 kilograms by 2030, reflecting the sector's critical role as a barometer of economic progress and infrastructure advancement.[1]

According to McKinsey & Company, key drivers such as increased economic activity and accelerating urbanisation are expected to significantly boost steel demand in India, potentially reaching 260 million metric tonnes by 2035. This represents a compound annual growth rate (CAGR) of 6% from FY2023–24 onward.[2]

India's steel industry has emerged as a driver of the country's economic growth, driven by increasing demand from various sectors, including construction, automotive, and infrastructure development. With a robust production capacity and favourable government policies, the industry is poised for significant growth in the coming years. As per the provisional data released by World Steel Association (WSA), India produced 149.6 million tonne of crude steel in 2024 with y-o-y growth of 6.3%. China, with 1005 million tonnes, produces more than half of the total crude steel production in the world.[3]

Table 1: Top 10 Producers of Crude Steel in the World*

Rank	Country	2024 (Million tonnes)	2023 (Million tonnes)	% Y-o-Y change
1	China	1 005.1	1 022.5	-1.7
2	**India**	**149.6**	**140.8**	**6.3**
3	Japan	84	87	-3.4
4	United States	79.5	81.4	-2.4
5	Russia (e)	70.7	76	-7
6	South Korea	63.5	66.7	-4.7
7	Germany	37.2	35.4	5.2
8	Türkiye	36.9	33.7	9.4
9	Brazil	33.7	32	5.3
10	Iran	31	30.7	0.8

Note: e – annual figure estimated using partial data or non-world steel resources. *The world total production figure in this table includes estimates of other countries that only report annually.
Source: World Steel

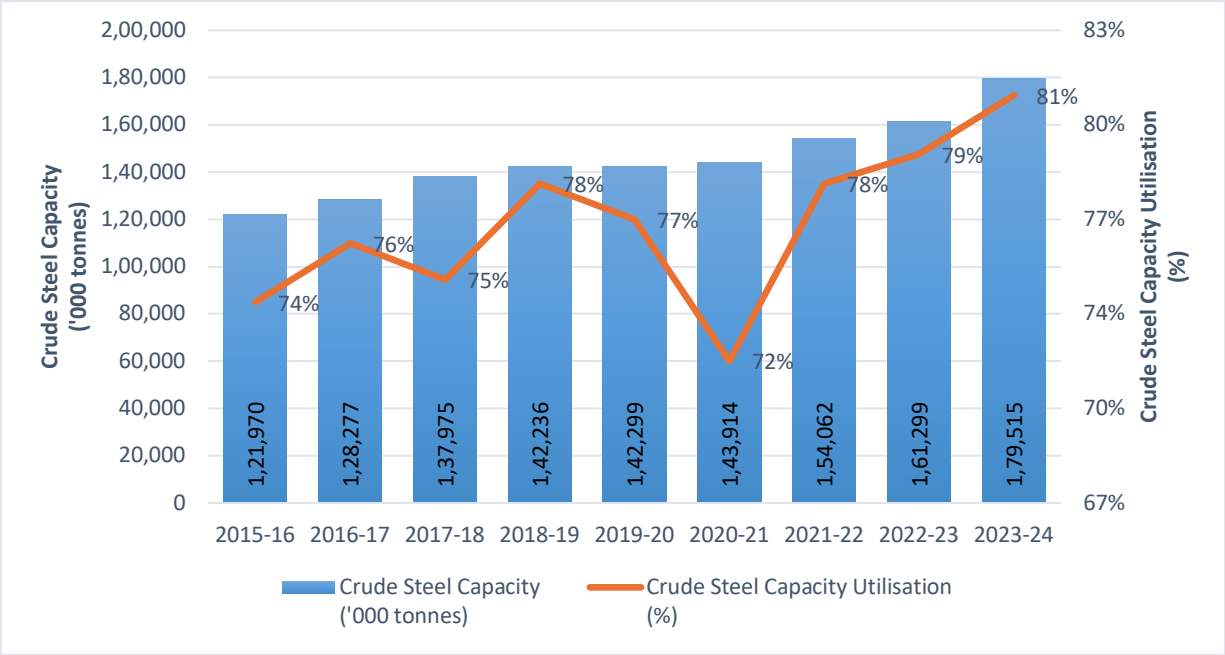
The steel industry has performed well in the last five years. The crude steel production, which was 109.137 million tonnes (MT) in 2019-20, reached 144.299 MT in 2023-24, registering a robust growth of 13.4% over the previous year. The domestic steel industry's capacity expanded from 142.299 MT per annum in 2019-20 to 179.515 MT in 2023-24, supporting the production growth. Capacity utilization increased to 81% during the same period.[4] The domestic consumption has also increased during this period. Total finished steel consumption grew from 100.171 MT in 2019-20 to 136.291 MT in 2023-24, indicating a strong domestic demand with a growth rate of 13.7% over the previous year. Industry projections, including a conservative 6% CAGR in steel demand through FY27, suggest that India's steel sector is poised to meet – and perhaps exceed – demand.

Crude Steel Production Capacity and the Capacity Utilisation

Over the past decade, the crude capacity of India's steel industry has reached almost doubled. As per the BigMint's provisional data, the crude capacity has reached 205 million tons per year in the FY2024-25 from 109 million tons in fiscal year 2015.[5] As per the CMIE Industry Outlook (as the chart given below), the crude steel capacity rose from 121.97

million tonnes in 2015-16 to 179.52 million tonnes in FY2023-24, marking an overall increase of 47.2% over the nine years. This translates to an average annual growth rate of approximately 5%, with the most significant year-on-year jump observed in 2023-24, where capacity expanded by over 18 million tonnes (see Chart 1).

Chart 1: Crude Steel Capacity and Capacity Utilisation in India



Source: CMIE Industry Outlook | Infomerics Economic Research

In terms of utilisation, the sector showed steady improvements in the initial years, with the utilisation rate moving from 74% in 2015-16 to 78% in 2018-19. But a significant dip of 72% in 2020-21 occurred, likely due to disruptions caused by the COVID-19 pandemic. Despite this, the sector demonstrated strong resilience and recovery, with utilisation rates rising steadily to reach 81% in 2023-24, the highest during the period. This combination of rising capacity and improving utilisation indicates not only increased investment in steel infrastructure but also a growing demand and operational efficiency in the industry. It also suggests the positive impact of policy support, such as the National Steel Policy and production-linked incentives. Going forward, sustaining this growth will require continued demand stimulation and strategic planning to ensure balanced capacity utilisation and global competitiveness.

Demand and Supply

India's steel demand is poised for remarkable growth, mirroring the country's accelerating economic momentum and ambitious infrastructure push. Sector-wise projections indicate a rise in steel consumption from 136 million tonnes in FY24 to 192 million tonnes by FY30, closely aligned with the national goal of reaching 210 million tonnes in production

capacity. This surge is supported by a robust 7% GDP growth outlook and the government's ₹111 trillion infrastructure pipeline, which is set to drive demand across construction, transport, and industrial sectors. Eastern India, particularly Odisha and Chhattisgarh, will remain key steel-producing hubs, driven by public and private investments.

Construction and infrastructure together dominate steel usage, accounting for 61% of total demand in FY24 and maintaining this share through FY30. Construction alone is expected to increase from 43 million tonnes in FY24 to 64 million tonnes by FY30, while infrastructure demand rises from 38 million tonnes to 55 million tonnes over the same period. The automobile sector also shows notable growth, increasing its steel demand from 15 million tonnes to 23 million tonnes, reflecting the rising consumer base and industrial output.

Although general engineering and capital goods sectors grew modestly, their relative share declined slightly, indicating a stronger momentum in end-use sectors like construction and transport. Overall, the data underscores steel's central role in India's economic aspirations, driven by urbanization, industrialization, and policy-led infrastructure expansion.

India's steel demand is expected to grow at a CAGR of 7-8% over the next few years, driven by increasing consumption in the construction, automotive, and infrastructure sectors. The demand for steel in India is projected to reach much higher levels, creating opportunities and challenges for the industry. On the supply side, Indian steel producers are expanding their capacities to meet the growing demand, with major players like Tata Steel, JSW Steel, and SAIL announcing significant expansion plans.

Table 2: Sector-wise Steel Demand in India

Sectors	FY24	% share in FY24	FY25 (E)	% share in FY25	FY30 (P)	% share in FY30
Construction	43	32%	45	32%	64	33%
Infrastructure	38	28%	40	28%	55	29%
General Engineering	16	12%	16	11%	17	9%
Automobile	15	11%	16	11%	23	12%
Capital Goods	12	9%	13	9%	17	9%
Consumer Durable	7	5%	7	5%	8	4%
Consumer non-durable	1	1%	1	1%	2	1%
Railway	4	3%	4	3%	6	3%
Total	136		142		192	

Note: E – Estimated, P – Provisional Source: BigMint

On the supply side, steel production is projected to climb steadily from 138.8 million tonnes in FY24 to 165.1 million tonnes by FY27, growing at a healthy pace of over 6% annually. This reflects the expanding industrial base and policy-driven capacity building, reaffirming India's emergence as a global steel powerhouse.

Table 3: Finished Steel - Production, Imports, Exports & Consumption

Year	Production		Imports		Exports		Consumption	
	'000 tonnes	% change	'000 tonnes	% change	'000 tonnes	% change	'000 tonnes	% change
2020-21	96,203	-6.25	5,336	-29.36	12,149	3.17	94,891	-5.27
2021-22	113,597	18.08	5,299	-0.7	15,530	27.83	105,752	11.45
2022-23	123,196	8.45	6,787	28.08	8,257	-46.83	119,894	13.37
2023-24	138,825	12.69	9,196	35.51	8,968	8.61	136,250	13.64
2024-25 (F)	145,747	4.99	10,865	18.14	7,162	-20.14	149.658.8	9.84
2025-26 (F)	155,481	6.68	9,083	-16.41	6,895	-3.73	158,086	5.63
2026-27 (F)	165,121	6.2	8,765	-3.5	5,953	-13.66	166,780	5.5

Sources: CMIE Industry Outlook | Infomerics Economic Research

The annual growth in finished steel production is expected to drop significantly in the ongoing financial year 2024-25. While domestic steel demand is expected to be healthy, a continuous rise in steel imports, a decline in exports to key markets, along with falling steel prices, will keep the growth in steel production restricted to low single digits during the year. The manufacturing of steel grew at an accelerated pace in March 2025, compared to the year-ago period. As per the Index of Eight Core Industries (ICI), the output of steel rose by 7.1 per cent in March 2025. This is better than the 6.6 per cent year-on-year rise registered by the steel industry in the previous months of the fiscal.

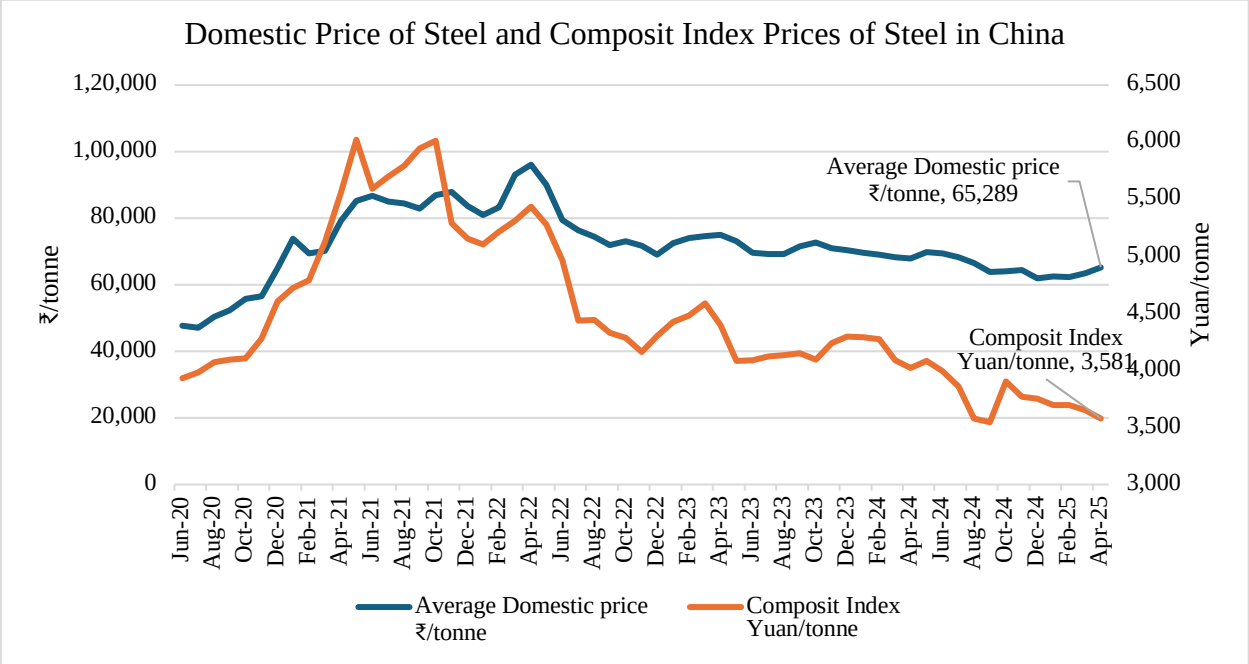
Growth in the output of the steel industry rose, particularly since November. But the recovery in steel output in the last few months does not fully offset slower growth in earlier months. Investment activity picked up in December and the March 2025 quarter. Project completions in the March 2025 quarter were much higher than the average quarterly completions in the previous quarters of the fiscal. A pick-up in investments called for more demand for steel in the last quarter of the fiscal. We anticipate this pick-up to be reflected in the output of basic metals and other non-metallic mineral product industries under IIP.[6]

Steel Price Trend

Steel prices in India have been volatile in recent years, influenced by global market trends, raw material costs, and government policies. The imposition of a 12% safeguard duty on steel imports has cushioned domestic producers from falling global prices, leading to a rebound in domestic prices. However, the expiry of the safeguard duty in November poses a risk to domestic producers, potentially exposing them to underpriced imports.

Average finished steel prices in India reached an all-time high of ₹96,079 per tonne in April 2022, primarily driven by global disruptions caused by the Russia-Ukraine war, which strained supply chains and inflated commodity prices. However, since then, domestic steel prices have undergone a significant correction of approximately 32%, declining to ₹65,289 per tonne by April 2025. This downward trend mirrors the global steel price trajectory, heavily influenced by the Chinese market, which accounted for over 55% of global steel production and more than 50% of consumption. A prolonged slump in China's property sector has led to weaker demand, resulting in a consistent fall in its composite steel index—down 19.1% in 2022–23, 8.5% in 2023-24, and another 11.02% in 2024-25. As Indian steel prices are closely aligned with global trends, the domestic market witnessed a corresponding decline of 9.4% in 2023–24 and 3.87% in 2024-25. More interestingly, the April 2025 price was the highest in nine months, suggesting potential stabilization or a modest rebound (see Chart 2).

Chart 2: Average Finished Steel Prices in Domestic Markets of India



Source: CMIE Industry Outlook | Infomerics Economic Research

Industry Risks and Challenges

India's steel industry is currently confronting multiple structural and market-driven challenges that threaten to derail its 2030 target of achieving 300 million tonnes of annual production capacity under the National Steel Policy. Some major sectoral challenges include:

- Raw Material Price Volatility: Fluctuations in raw material prices, particularly coking coal and iron ore, can impact profitability.
- Global Competition: Indian steel producers face intense competition from global players, which can impact prices and profitability.
- Environmental Concerns: The industry's high carbon footprint and energy consumption pose significant environmental challenges.
- Decarbonization: The industry's transition to low-carbon production methods will require significant investments and technological advancements.

To reach the avowed national goal of 300 million tonnes of annual production capacity by 2030, an estimated investment of ₹10 lakh crore (approximately $120 billion) is required. However, the industry's financial viability is under pressure due to pricing volatility, surging imports, underutilization of capacity, and transition challenges toward greener production.[7]

One of the most pressing issues is the sharp decline in domestic steel prices, driven largely by a surge in low-cost imports, particularly from China, Vietnam, and other countries with which India has Free Trade Agreements (FTAs). In 2024, prices of key products like hot-rolled coil (HRC, a flat steel product) and cold-rolled steel fell by 9% and 7%, respectively, despite an 11% increase in domestic demand. Between April and September FY25, India's steel imports surged by 41% year-on-year to 4.7 million tonnes, while exports plummeted by 36% to 2.31 million tonnes, worsening the trade imbalance. From April to November 2025, imports totalled 5.7 million tonnes, with 79% sourced from China, Japan, and Korea. This influx of cheap steel has resulted in inventory pileups and further price suppression, especially in the flat steel segment.

Amid mounting pressures, domestic producers have scaled back or stagnated production. While Jindal Steel & Power Limited (JSPL) maintained output levels, other major players such as Tata Steel, JSW Steel, SAIL, and RINL reported minimal or negative growth in finished steel output. For example, JSW Steel and Tata Steel reported year-on-year increases of less than 2%, ArcelorMittal Nippon Steel (AMNS) saw a 2% decline, and SAIL and RINL posted reductions of 3–16%.

Although overall crude steel production still rose ~5% YoY to 138 million tonnes (fiscal year), the slowdown in finished steel production signals underlying operational stress.

The volatility in raw material prices has further intensified cost pressures. Coking coal prices climbed from $200/tonne in Q2 FY25 to $225/tonne by December, and iron ore rose from $90/tonne to $100/tonne. Meanwhile, HRC prices dropped from ₹48,000/tonne to ₹47,000/tonne, squeezing margins amid elevated input costs. Compounding the situation, capacity utilization in the sector is expected to fall below 80% in 2025, undermining the rationale for fresh capital investments despite large-scale expansion announcements from major players.

Another structural challenge is the transition to green steel production. Global regulatory frameworks, such as the EU's Carbon Border Adjustment Mechanism (CBAM), are pushing steelmakers toward decarbonization. However, India's progress in this area remains limited. Current production methods fail to meet the minimum CO_2 emission threshold of 2.2 tonnes per finished steel required for a three-star green rating.

While the government has introduced a green steel taxonomy, the adoption of cleaner technologies—such as carbon capture, energy-efficient processes, and gas-based alternatives—has been slow. Industry stakeholders continue to call for fiscal incentives, import support for cleaner raw materials, and stronger policy frameworks to accelerate this transition.[8]

The stainless-steel segment faces its own set of challenges. With a total capacity of 7.5 million tonnes, nearly 40% remains unutilized, partly due to the surge in finished stainless-steel imports, which are expected to reach a record 1.3 million tonnes in FY25 – almost three times the FY18 level. In addition to import-led pressures, volatility in nickel and ferroalloy prices and subdued demand from urban infrastructure projects are squeezing margins and dampening capacity utilization. The industry has advocated for segment-specific policies to boost utilization and align with sustainable urban development initiatives.[9]

To counteract these multi-faceted challenges, the industry is urgently seeking strategic policy interventions. These include protective trade measures like safeguard duties (a 25% imposition under review by DGTR), higher customs duties (currently 7.5%, but not applicable to FTA countries), and financial support for both capacity expansion and green steel adoption. Without timely and robust policy responses, India's steel industry risks falling short of its long-term growth, sustainability, and global competitiveness targets.[10]

Institutional Initiatives

The Indian government has launched several initiatives to support the steel industry, including:

- National Steel Policy: The policy aims to develop India into a technologically advanced steel manufacturing hub, focusing on achieving a total crude steel capacity of 300 MTPA by 2030-31.
- Production Linked Incentive (PLI) Scheme: The scheme provides incentives for specialty steel production, attracting investment commitments worth INR 400 billion.
- Make in India: The initiative promotes domestic manufacturing, including steel production.

The government will take more measures to shield the domestic steel industry from cheap imports, according to media reports. According to the Steel Secretary Sandeep Poundrik, the Directorate General of Trade Remedies (DGTR) is expected to release its final findings on probe into cheap imports hurting the sector by August 2025, following which the recently imposed 12% safeguard duty may be revised. According to industry experts, the safeguard duty is expected to provide relief to domestic primary steelmakers, who have been struggling with low-cost imports. The earnings of steel companies are projected to recover by ₹1,000-Rs.1,300 per tonne in 2025-26.

The Steel Ministry has asked various infrastructure and industry-focused ministries to nudge the public sector undertakings (PSUs) to procure green steel. The government finalised the green steel taxonomy in December 2024. It is produced using sustainable manufacturing practices and will be 10-15 per cent more expensive than existing varieties. The government is planning to increase the consumption of green steel by PSUs by up to 25 million tonnes.[11]

In a landmark move towards decarbonising the steel sector, the Government of India unveiled the country's first-ever *Taxonomy of Green Steel* on December 12, 2024, marking a historic milestone in the global steel industry. Launched by Union Minister of Steel and Heavy Industries, the taxonomy positions India as the first nation to define and institutionalise a formal framework for green steel classification. Developed as part of the broader National Mission on Green Steel (NMGS), the taxonomy establishes clear emission thresholds, with "green steel" defined based on CO_2 equivalent emissions per tonne of finished steel (tfs). Steel with emission intensity below 2.2 tCO_2e/tfs qualifies for a green rating, with a star-based system distinguishing deeper decarbonisation levels – ranging from three-star (2.0–2.2 tCO_2e/tfs) to five-star (below 1.6 tCO_2e/tfs).

This framework incorporates Scope 1, Scope 2, and limited Scope 3 emissions, ensuring a holistic approach to emission accounting. The National Institute of Secondary Steel Technology (NISST) will serve as the nodal agency for monitoring, verification, and certification. The taxonomy aims not only to foster innovation and transparency but also to support green public procurement, create a robust market for low-carbon steel, and uphold India's commitment to achieving net-zero emissions by 2070.

The Road Ahead

The Indian steel industry is poised for significant growth, driven by increasing demand from various sectors. To remain competitive, steel companies will need to focus on – sustainability, innovation, cost optimization, and diversification.

India's steel industry stands at a critical juncture – sustained by strong domestic demand and policy support, yet challenged by global uncertainties, import pressures, cost volatility, and the urgent need for green transition. While the sector has demonstrated resilience with consistent growth in crude steel production and capacity expansion, sustaining momentum toward the 2030 target of 300 million tonnes will require coordinated efforts across policy, industry, and investment fronts.

Over the next few years, the focus must shift from expansion alone to balanced capacity utilisation, supply-chain efficiency, and enhanced value addition. Rising imports, particularly from FTA-linked nations like China and Vietnam, necessitate urgent trade recalibrations – ranging from safeguard duties to potential revisions in FTA terms. A responsive tariff framework and targeted non-tariff barriers will be essential to ensure a level playing field for domestic producers.

Simultaneously, the transition toward low-carbon steel production is no longer optional but a global imperative. With the EU's CBAM and similar mechanisms expected to influence trade dynamics; Indian producers must expedite their adoption of green technologies. The recently launched Green Steel Taxonomy provides a solid regulatory foundation, but further financial incentives, tax rebates, and public procurement mandates will be key to accelerating the decarbonisation journey. Greater public-private collaboration, R&D investment, and access to affordable clean energy and hydrogen infrastructure will shape the trajectory of green steel adoption.

Also, segment-specific strategies – especially for stainless steel and secondary producers – should focus on improving capacity utilization, encouraging exports of value-added products, and integrating MSMEs into formal supply chains in a new era of innovation, driven by shifting dynamics and emerging trends.

A dedicated policy push toward domestic procurement by streamlining operations to optimize the supply chain, smart urban infrastructure, and industrial corridor development will stimulate consistent demand growth.

In conclusion, India's steel sector is at the cusp of robust long-term growth, supported by its central role in infrastructure, manufacturing, and exports, with innovation, collaboration, and actionable strategies for the future of the industry. Realising this potential requires a proactive, adaptive policy framework. A shift towards sustainable production and strategic alignment with global standards in terms of cost-effectiveness and quality is needed. If these areas are addressed with urgency and coherence, India can not only meet its steel capacity targets but also emerge as a globally competitive and environmentally responsible steel powerhouse by 2030. Towards this end, it is essential for companies to balance operational efficiency with environmental sustainability. The government's supportive policies and initiatives will play a critical role in shaping the industry's future. With conducive strategies and enabling initiatives, including those on efficiency, productivity, and greener practices, to consistently deliver results, the Indian steel industry is well-positioned to become a global leader in steel production and consumption.

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