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BIR NEW DELHI: Indian iron ore output could plummet, steel minister says

Indian iron ore output could drop sharply in the coming decades if the country successfully turns to more scrap-based steelmaking, steel minister Birender Singh has said at the Bureau of International Recycling (BIR) international conference in New Delhi.

"The reduction in the excavation of iron ore may be as much as 65%," should the government's plans to increase the output from scrap-based steelmaking plants come to fruition, Singh said on Saturday October 14.

Indian shredded scrap prices could rise by 10-15% as a result of increased demand for the material in the country, the minister said. India's government wants to explore the possibility of setting up several scrap-based steelmaking facilities in the north and east of the country, to be fed by vehicle scrappage.

The government wants to increase crude steel output to 300 million tpy by 2030-31 and, for environmental reasons, sees more use of ferrous scrap as a better way to achieve this than the smelting of iron ore and direct reduced iron (DRI).

"On average, 74% of energy is saved using steel scrap material versus using virgin iron ore," Singh said. "Using steel scrap over virgin ore saves 40% of water usage and leads to a 58% reduction in carbon dioxide emissions."

One source told Metal Bulletin that the minister's plan is part of a wider drive for India to become self-sufficient in raw materials.

India has very large domestic stocks of iron ore but relies on dollar-denominated purchases of coking coal from Australia for its blast furnaces.

"[Singh] wants to stop imports," the source said. "It's not about reducing iron ore [usage], it's about saving on foreign exchange."

Blast furnace and basic oxygen furnace (BOF) steelmakers together produce around 45% of India's steel output, according to BB Singh, chairman and md of Indian government recycling authority MSTC.

But the national share of secondary steel production – including induction furnaces, shipbreaking and re-rolling of semi-finished goods – is likely to make up more than 70% by 2030-31, he added.

Metal Bulletin's benchmark 62% Fe iron ore index was \$62.72 per tonne cfr Qingdao on Tuesday, down by \$0.22 per tonne year-on-year.

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