

Government Launches PLI Scheme 1.1 to Strengthen Domestic Steel Production

By Elets News Network 07-January-2025

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New Delhi, January 6, 2025:

To strengthen India’s steel industry, Union Minister of Steel and Heavy Industries, Shri H.D. Kumaraswamy, introduced the second phase of the Production Linked Incentive (PLI) scheme for speciality steel, called PLI Scheme 1.1. The launch event at Vigyan Bhavan brought together senior government officials and industry leaders, showcasing a joint effort to make India a global leader in steel production.

This updated scheme aims to strengthen domestic manufacturing, reduce dependence on steel imports, and position India as a **global powerhouse in speciality steel**. Shri Kumaraswamy called upon industry stakeholders to actively participate and invest in the initiative, which will remain open for applications from January 6 to January 31, 2025.

What’s New in PLI Scheme 1.1?

PLI Scheme 1.1 builds on the foundation of the first phase launched in 2021 but with industry-friendly updates. Shri Sandeep Poundrik, Secretary of the Ministry of Steel, highlighted the key changes made to encourage wider participation:

- **Lower Investment and Capacity Requirements:** For Cold-Rolled Grain-Oriented Steel (CRGO), a critical material used in power transformers, the minimum investment has been reduced to ₹3,000 crore, with capacity creation targets set at 50,000 tonnes. This move aims to make India self-reliant on this high-value steel, which is currently imported.
- **Carry Forward of Excess Production:** Companies producing more than their annual target can now carry forward the excess to the next year. This ensures they still qualify for incentives, even if they face production challenges in subsequent years.
- **Support for Upgrading Existing Facilities:** Businesses investing in upgrading their current facilities can now participate with 50% of the required investment threshold.

These changes reflect the government’s commitment to making the scheme more flexible and investor-friendly, helping companies innovate and expand without the burden of massive new investments.

Five Key Product Categories Covered

The scheme will focus on five speciality steel categories:

1. Coated and Plated Steel Products
2. High-Strength Wear-Resistant Steel
3. Specialty Rails
4. Alloy Steel Products and Steel Wires
5. Electrical Steel

These products are essential for industries like **automotive, energy, and infrastructure**, and their domestic production will reduce imports, boost exports, and create jobs.

Aiming for ‘Atmanirbhar Bharat’

The first round of the PLI scheme has already shown promising results. With 44 projects from 26 companies, it has generated ₹18,300 crore in investments as of November 2024 and created over 8,300 direct jobs. The Ministry expects the second phase to attract even more participation, strengthening India’s position in the global steel market.

CRGO, in particular, is a priority area as it is essential for power transformers. Regular meetings with stakeholders have helped craft policies that ensure India can manufacture this high-value material domestically.

Why It Matters

This scheme aligns with India’s broader vision of ‘**Atmanirbhar Bharat**’ by reducing reliance on imports, creating high-value jobs, and strengthening domestic industries. The ₹6,322 crore budget allocated for the scheme will drive growth and innovation while positioning India as a key player in the global speciality steel industry.

The application window is open until January 31, 2025, making this the perfect opportunity for businesses to invest in the future of India’s steel sector.

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