

‘Start up’ & ‘Stand up’ in Steel Industry

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Abstract

Some industries are crafted with problems. Steel industry, it seems, is one of them. The problems of the steel industry are as old as steel industry itself, they have existed since the very advent of steel industry. Never the less, growth has always been synonyms to steel sector. It has always been a vibrant, expanding industry scaling new heights, challenging & pushing its own horizons. Perfect, with all its imperfections. Unfortunately, for the past two decades this industry could not keep pace with the national economy. Any endeavour to resolve its problems need an innate understanding of the wide variety of forces at work. And any program, to be successful, will require many actions in addition to limiting the dumping of foreign steel.

"Start-up India, Stand up India" is a dream of the tallest order. It is not a merely a system to promote bank financing for start-ups and offer incentives to boost entrepreneurship and job creation. In real spirit, it is an endeavour for the systems to enable start-ups. It further strives to not only encourage entrepreneurship among the youth of India but also encourages the existing systems.

In order to actualise and be the fountainhead for this visionary initiative "Start-up India, Stand up India", it is proposed, in this paper, to focus on two most important issues to be addressed within steel industry.

- To create Steel Projects Division
- To create ‘Start ups’ within its plant units

Steel Industry in India

Some industries are crafted with problems. Steel industry is one of them. The problems of steel industry are as old as the steel industry itself which have existed since the very advent of steel industry. Never the less, growth has always been synonym to the growth of steel sector. It has always been a vibrant, expanding industry, scaling new heights, challenging & pushing its own horizons. Perfect with all its imperfections. Any endeavour to resolve its problems need an innate understanding of the wide variety of factors. Sustainable development activities do bring significant improvement in the holistic performance of the industry and also strengthens the bonding between the company, its

stake holders and the community. Steel sector contributes to nearly 2% of the country's GDP and employs over 6 lakh people.

R&D efforts by the Indian steel companies, out of their own corpus and government backed Steel Development Fund, have concentrated on improving internal processes related to saving costs and improving efficiency. Dedicated technologies for harnessing waste heat are drawing the attention of the steel companies. Product development is yet another challenging area being faced by the steel industry in India. While large varieties of value added steel products are now being produced indigenously, the country is dependent on import for several high performance and value added steel products like electrical steel, automotive grade steel and steels for specialized use in defence, space and nuclear applications.

Steel industry have been proactive in reducing energy consumption and green house gas emissions by aggressive R&D and technology interventions adopting the clean & green and state-of-art technologies in all areas of production.

Cost of production of steel is another area where lot of efforts are needed. Loads of foreign steel is being dumped onto Indian shore. Indian steel industry is facing the pressure and selling price has gone down adversely hitting the balance sheet of the company.

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In order to actualise and be the fountainhead for this illusionary magnum opus "Start-up India, Stand up India", it is proposed to focus on two important issues to be addressed for steel industry:

- To set up Steel Projects Centre at national level by Government of India.
- To start renewed search for talent through collaboration between the steel industry and the government.

Steel Projects Centre

Steel industry has acquired a high level of expertise and vast experience in building, operation and maintenance of integrated and mini steel plants and associated facilities encompassing diverse technologies, equipment and products-mix.

It is proposed to set up Steel Projects Centre at national level by Government of India as single window institution for

- Infrastructure support such as land allotment, water & power supply etc.
- Statutory clearances for environment, safety, registration under factories act etc.
- Dedicated financial services.
- Project management services.

To get the clearances / infrastructure support, investors normally need to contact concerned statutory authorities/agencies which are still breeding typical licence Raj procedures making the investors run from pillar to post for various clearances. This finally translates to considerable delays, utter frustration and a spirit of rejection in the investors. To avoid such procedural delays, this single window shall accord all such pre project clearances at the Government level.

Conflicting stakeholder interests are leading to project delays. This new institution that will encourage the collaboration of various stakeholders, including producers, project evaluators, local administration, railways, Ministry of Environment & forests and port authorities, to make informed decisions on site selection for improved implementation of projects.

The financial arm shall have an objective to provide financial resources and encourage flow of investments to the steel and associated sectors, to work as a catalyst to bring about institutional improvements in streamlining the functions of its borrowers in financial, technical and managerial areas to ensure optimum utilization of available resources and to mobilize various resources from domestic and international sources at competitive rates.

The product portfolio shall also comprise of Financial Products and Services like Project Term Loan, Equipment Lease Financing, Discounting of Bills, Short Term Loan etc. The priorities shall include not only to accelerate the pace of existing business but also to exploit the new opportunities available in the area of consortium lending, lending to Capital equipment manufacturers and related infrastructure development projects.

For years, the industries have struggled to deliver projects on time and within budget. But with today's emphasis on getting more bang for the buck, Digital Information Technology has to rein in projects more closely than ever to boost efficiency, cut costs and improve on project delivery in terms of time and budget. It is possible to implement participation plans by this single window institution that has strong governance processes with reportable milestones.

Realisation of this dream calls for formation of special groups with pinpointed responsibility, for all the seven steps of project execution at industry level.

- Project planning
- Engineering
- Procurement & logistics
- Installation
- Integration
- Start – up
- Operation & handover

The execution of a project would be based on an infallible project plan and to ensure its fruition an effective schedule control methodology needs to be evolved. With said modus operandi Steel Projects Centre could deliver successful projects, a step towards its dream tour de force.

Renewed search for talent

The Indian iron and steel industry is expected to register exponential growth in future, riding on a projected growth wave of infrastructure, automobile and real estate sectors and notwithstanding challenges of unavailability of land, raw materials, power, and unaffordable capital. If the industry has to achieve this ambitious target, one of the critical imperatives is to bridge the yawning gap between demand and supply of skilled workforce in the iron and steel sector.

According to recent estimates of the Iron & Steel Sector Skill Council, the industry will need an additional 2.4 million skilled professionals and workers by FY29–30 to meet the growing needs of the industry. While supply of workforce continues to remain a challenge, it is estimated that only one-fifth the available workforce is directly employable and the remaining need training for periods ranging from two months to three years before they can be employed by the industry. Unless the Government and the industry join hands and

take immediate concrete steps to enhance the skill of the workforce, it appears a difficult target to achieve.

Limited willingness of the aging workforce in the iron and steel industry to upgrade their skills in modern mining, iron and steelmaking processes, equipment and machinery has continued to take its toll on the productivity of the Indian iron and steel industry. It is imperative to retrain and re-deploy the existing workforce to leverage their knowledge while improving the overall productivity. Migration of skilled workforce from the manufacturing sector to the services sector has further aggravated the issue of unavailability of skilled workforce.

Students from traditional streams such as metallurgy, mining, mechanical, electrical and production engineering are seeking employment in the IT industry for a variety of reasons, including opportunity to work in metros, international assignments, improved compensation and so forth. Organizations in the iron and steel industry will need to design and implement innovative mechanisms, including employee stock option plans (ESOPs), long-term deferred cash plans and so forth to attract and retain talent to drive their growth engines.

As the industry expands, the demand for managers across junior, mid and senior levels will grow. The industry needs to invest now in leadership and capability development to groom leaders who can take up these leadership roles in the near future. Superannuation of skilled and experienced workforce in the iron and steel industry is resulting in erosion of tacit knowledge. It is imperative to strengthen knowledge management and succession planning systems to ensure effective transition of knowledge and hasten skill upgrade of the workforce joining the industry.

Conclusion

In an increasingly competitive and complex landscape, all stakeholders will need to collaboratively plan and execute to derive economic benefits arising out of the steel sector opportunities, which are large enough for existing and new players

As has been quoted, "The only source of profit, the only reason to invest in companies in the future is their ability to innovate", implementation of Steel Projects Centre and Talent mission would make us more innovative as an industry. It has the potential to shape the future orientation of the activities within Steel Industry and shall be boosting and utilising abundant knowledge and skilled manpower to make world class steel manufacturing hubs.

It's said, dreams are fountainhead of magnum opus. Our dream "Start up India stand up India" is a quest towards growth, towards perfection... an unending strife challenging our own limits..... pushing our own goals towards the better. Let's make Steel Industry a better place to work.