Steel Sector of Orissa

Orissa or Odisha now occupies an important position in the mineral map of India. The state has about 16.92% of the total mineral reserves of the country. There are various kinds of minerals available in Odisha like chromite, bauxite, coal, nickel ore, iron ore and manganese. More than 35% of India’s iron ore resources come from the state of Odisha with approximately 5231 million tons of iron ore. This has enhanced the possibility for the birth of many industries to manufacture aluminium, steel, refractories, ferro-alloys, cement etc.

One of the most important departments of Government of Odisha is the Steel and Mines Department. It is the administrative department of the Directorate of Ministers, the Directorate of Geology and Odisha Mining Corporation Limited. This department works on various issues like developing the state’s mineral resources under the regulatory powers. It provides support and encourages value addition and end-use of minerals in the state thus creating facilities for socio economic development, increasing the revenue and employment in the state. The most important functions of this department are doing systematic surveys and assessments of mineral deposits and its exploitation, assessment and collection of mining revenue, administration of mines and mineral concessions, enforcement measures for prevention of illegal mining and smuggling of minerals, study of the impact of the mining operation on environment, formulation of appropriate environmental measures and detailed research of areas and minerals for catering the needs of mineral based industries in Odisha.

Odisha steel is a growing sector that will have a large influence in the industrial sphere of Odisha and the steel producing industries will dominate the economy of the state. Big investors are getting attracted to this region due to the abundance of raw materials present in this area. About 58% of iron ore which is an important raw material for making steel is present in the state mines. Odisha also has deposits of other raw materials that are necessary in producing steel in a decent quantity. Apart from having massive iron ore deposits the state is also a ready market for steel products. The production of steel is low cost due to cheap labour supply and electricity. Also the remarkable infrastructure of the state helps this sector. Thus many positive factors facilitating steel production have
attracted many well known steel companies of India to invest in Odisha. Further the presence of seaports in the state makes export and import cost effective and competitive.

Key players present in Odisha steel industry are Rourkela Steel Plant (RSP) and Neelachal Ispat Nigam limited. The government of Odisha has signed Memoranda of Understanding (MoU) with 45 companies to set up steel plants of different capacities in the iron ore rich parts of Odisha. India’s largest steel maker Tata Steel is setting up a six million-tons steel plant at Kalinga Nagar. Also the South Korean company POSCO which is the world’s third largest steel producer had signed a MoU with the state government in the year 2005 to set up a steel plant at Paradeep. Jindal Stainless Steel has created a fully integrated steel plant in Odisha. Vedanta Resources plc has also invested in this area.

Thus Odisha is an investor friendly state. It has a good supportive and flexible administrative set up, vast reservoirs of natural resources and large consumer market base. The government of Odisha has been carrying out several initiatives for attracting investments in other sectors along with steel.

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