

Steel isn't green

Better regulation of the sector is needed

The environmental performance of the Indian iron and steel industry is poor, according to the latest indices released by the Green Rating Project of the Centre for Science and Environment. On a scale of 10 (the theoretical best), the global best practitioners score eight, while the Indian leaders score only two. The steel industry, if it chooses to ignore this index, will be an outlier. The paper industry, which is the only one to be rated twice, sharply improved its participation and performance the second time around. The report on the auto industry was followed by the industry changing outsourcing practices, which pushed polluting practices over the factory boundary wall. In the case of the chlor-alkali industry, in the post-report period the use of mercury has been almost phased out. Perhaps the best learner has been the cement industry, which has now almost matched global practices in energy use and greenhouse gas emission. Yet the signs of equivalent seriousness from the iron and steel industry are not promising: as many as eight of the top 21 units of the iron and steel industry covered under the project have not participated in the report exercise.

It is fascinating who has done well and who has done poorly. The top three companies have worked against economic costs since, in the absence of having captive mines, their energy costs are higher. Thus, the driver for better environmental performance is economic. This is because better technologies exist, and those that have done well have been paying to use them. But since the regulatory compulsion to improve environmental performance is lacking, the non-performers have been making good profits in an uncaring manner. In the past, the more enlightened leaders of the cement industry have argued that if you do not make achieving environmental benchmarks mandatory, then the good guys will suffer. So what the government has to do is improve policy and regulatory performance. Particularly problematic in that respect is the fact that most state pollution control boards have been lax in their monitoring activity. The environmental clearance system has also to be improved to include road maps for achieving existing global benchmarks by using appropriate available technologies.

The company that has come out on top is Ispat Industries, Raigad. It is followed by Essar Steel, Hazira, and Rashtriya Ispat Nigam, popularly known as Vizag Steel. Tata Steel, in spite of its considerable reputation for social consciousness, has been rated fifth. Most of the giant plants of Steel Authority of India Limited did not cooperate with the report; the exception was Rourkela Steel Plant. In spite of that, the report managed to cover companies that account for 68 per cent of the industry's installed capacity and production at specific plants. The specific aspects looked into are iron and steel making, raw material handling, resource use (water, specific energy and land), pollution and environment management systems. The report has focused on performance, taking care to be technology-agnostic and comparing only like for like. In iron making, Essar Steel leads; in steel making, it is JSW Steel; and in overall performance, it is Vizag Steel. Perhaps the most telling finding is that if the land already available with the steel leaders is properly used, all the controversy over land for new capacity would disappear.