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## Tata Steel (B): A Business Choice with Social Impact

Tata Steel, India's leading steel company and one of the world's largest, had committed to achieve net zero emissions in India by 2045. The key initiative toward this goal was to invest in and grow the steel recycling business, as recycling steel reduced intensity of carbon emissions when compared to making new steel from iron ore. The project's biggest challenge was the absence of a systematic and reliable supply chain in India for steel scrap.

From among the possible solutions to the challenge, Tata Steel chose one that was not simply non-traditional but in fact contrary to long-standing practices in both business and society in India. It decided to depend on both business-to-business (B2B) and consumer-to-business (C2B) channels to procure the steel scrap. The C2B channel involved workers at the lowest level—waste-pickers and their aggregators—as a valued essential to the company's supply chain for collecting steel scraps.

Hurdles this plan would have to overcome included social stigma, embedded exploitation practices, fragmented and unstable market structures, and safety, health, and environmental hazards. Was this a wise business choice? Tata Steel approached the situation methodically.

### Metal Recycling Market

The global metal recycling market was valued at USD 231 billion in 2023 and was expected to grow at a CAGR of 5.70% until 2032, reaching USD 397 billion.<sup>1</sup> The Asia-Pacific region was expected to account for most of the total market revenue. But India was still in the early stages of steel recycling awareness.

In FY 2023, steel makers in India used around 28 million tons of ferrous scrap,<sup>2</sup> of which almost 9 million tons were imported, primarily from the United States, United Kingdom, and European Union.<sup>3</sup> Tata Steel wanted to be able to use more steel scrap from India, but it needed to be consistently of good quality.

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