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JPC data show new growth pattern for Indian steel industry

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JPC data on production, consumption, imports and exports for the first 8 months of the current fiscal has brought out a few interesting facts of Indian steel industry that might have escaped the attention they would have otherwise deserved. First, in respect of non-alloy steel, the finished steel exports at 3.9 MT exceeds non-alloy finished imports at 3.6 MT by 8.3% and has made India the net steel exporter.

In respect of alloy steel, however, the finished steel exports at 0.4 MT is way below 1.2 MT of imports which makes the total steel exports lower than total steel imports in April-November'16. Second, in non-alloy HRC, the exports of 1.1 MT happen to be more than 180% of last year's level. It is followed by higher exports of CRC, Galvanised/Coated steel as well as Bars/Rods and Billets/Slabs.

Third, while non-alloy finished steel exports exceed last year's level by 61.4%; the same is lower by 1.9% in respect of alloy steel exports. Fourth, Belgium occupies the first export destination of India in terms of volume, followed by Italy, Bangladesh, Nepal and UAE. HR Coils from India are mostly exported to Vietnam, Belgium, Italy, Malaysia, Nepal and UAE, CR Coil to the same destinations along with Mexico and Spain, GP/GC sheets also to same destinations along with Ethiopia, USA. For alloy/stainless steel export which is dominated by HRC and Bars & Rods, the destinations are Indonesia, Thailand and USA.

Fifth, South Korea replaces China as the top steel import sources for India during this period, followed closely by China, Japan, Russia and Indonesia.

Valuewise Korea, Japan and China constitute 60% of total import values during the period. Sixth, while both alloy and non-alloy steel imports during the period are lower than the level imported last year, the imports of Ferro Alloys at 0.46 MT is significantly higher than last year which needs monitoring and suitable measures to reverse the situation.

Oman, China and South Africa are the primary sources of Ferro Alloys to India. Seventh, the imports of Tin Plates exceed last year's level.

It is indeed perplexing that more than 60% of these imports fall under Defective/Waste categories. Eighth, notwithstanding abundant capacities having been created in TMT, GP/GC sheets in the country, still 0.16 MT of TMT and 0.27 MT of GP/GC sheets had been imported during the period. Imports under Advance Licensing may only provide a partial answer. While Indonesia, Korea and Singapore are the major exporters of semis to India, China, Korea, Japan and Russia continue to export maximum flat products to India along with Plates from Austria.

As regards Melting Scrap, the maximum tonnages are made available from UK, USA, UAE, South Africa, Australia and Malaysia. Ninth, there have been 62 thousand tonnes and 45 thousand tonnes of import of High Carbon and Cold Heading Wire Rods, respectively which should be looked into by the new indigenous capacities like ISP Burnpur and RINL.

A significant rise of imports of SS Wire Rods during the period must set an appropriate signal to the domestic producers. The total value of imports (steel including fittings, miscellaneous steel items, Melting Scrap, Ferro Alloys, Pig Iron) exceeds the total value of exports of similar items by more than ₹1,00,000 million during the period.

Tenth, as crude steel production by India at 64 MT has risen by 8% in first 8 months of the current year, the finished steel availability has gone up by 10.3%, while Sponge Iron production after disastrous results of last year has gone up by 5.7%.

The production growth of more than 16% has taken place in Flat categories, while Long availability from domestic sources has gone up by 4.8%. It is interesting to observe that non-alloy steel apparent consumption in the country has grown by 4.5% in April-November'16 and alloy/SS consumption has come down by as high as 9.8%, thereby making the total steel consumption growth restricted to only 3.1%.

Industry sources feel that SS consumption can only rise if there is a commensurate growth in household expenditure following rise in disposable income and infrastructure investment.

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