

# Govt spending to drive steel demand

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After a subdued trend so far this financial year, the country's steel consumption is likely to rise in the coming months with increase in public sector spending -- especially in roads, power, water and gas pipeline projects. Data compiled by the Joint Plant Committee of the steel ministry shows consumption at 26.2 million tonnes in April-July (first four months of this financial year), a marginal 0.5 per cent increase over the same period last year. Crude steel production at 31.8 mt was five per cent higher.

Anticipating the trend, primary steel producers have raised their product prices by ₹3,000 a tonne, effective August. This reversal in consumption trend assumes significance in terms of government spending, which would drive all-round growth in this and allied sectors. "Steel demand is improving with increasing public sector spending, as reflected in increased activity in sectors like roads, power transmission and distribution, solar energy, earthmoving equipment, pre-engineered buildings, water and gas pipelines. Although, sluggish private capital expenditure remains a concern," steel major JSW said in an analyst presentation available on the BSE website.

A CARE Ratings study reported the prices of cold rolled coil and hot rolled (HR) coil in July stood at ₹44,052 a tonne and ₹41,656 a tonne respectively. These were up by ₹929-1,580 a tonne from June, a sequential rise after five months. In January, the prices had increased by ₹2,250-2,350 a tonne on a monthly basis.