

Growth in steel demand to slow to 7.2%

Effect of slowdown seen in automotive, consumer durables sectors, says industry body

OUR BUREAU

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The Indian Steel Association expects growth in steel demand to slow down to 7.2 per cent for the next two fiscal due to relatively slow growth in major consuming sectors such as automotive and consumer durables. Steel demand had grown by 8 per cent in 2018.

India's steel consumption is expected to cross 100 million tonnes this year, it added.

The World Steel Association had estimated steel demand in India to touch 103 million tonnes this year, against 96 mt logged in 2018. It would further grow up to 110.2 mt in 2020, it had said.

The automotive sector is witnessing softer demand since

last October. Going by the recent trend and a strong base effect, growth is expected to slow down in the first half of 2019, the Indian Steel Association said on Wednesday. The steel industry expects demand from the automobile sector to revive in July due to pre-buying before the BS-VI norms kick in.

Steel demand from the consumer durables sector is expected to normalise after a strong growth was logged last year. Among consumer durables, air-conditioner, washing machine and refrigerator sales were boosted by a cut in GST rates.

The growth in both automotive and consumer durables sectors are expected to slow down to seven per cent each for the next two years from 16 per cent



In 2018, steel demand had grown by 8 per cent REUTERS

and 22 per cent clocked last year. Intermediate goods, which is driven by both investments and consumption, will see some moderation in demand on account of weaker growth in the automotive sector, said ISA.

The growth in the Indian economy slowed down in the second half of last year due to

weak rural demand, high oil prices and rupee depreciation against dollar.

Going ahead, revival in private investment is expected to support the economy with consumption demand improved driven by concessions extended to farmers, unorganised sector and government employees. Cumulatively, the Indian

economy is likely to maintain over 7 per cent growth for the next couple of years, it said.

Investment driven sectors such as construction, capital goods and railways are likely to maintain the healthy growth momentum driven by infrastructure programmes such as Bharatmala, Sagarmala, Railway track electrification, dedicated freight corridors and metro rails.

GST reduction

While reduction in GST rates will support the real estate demand, ongoing capacity additions in renewable energy segment will boost the electrical equipment demand. Construction sector growth is estimated to be at 7.2 per cent in the next two years, whereas capital goods and railways are projected to grow by 6.8 per cent and 6.5 per cent, respectively.