

'Govt's infra push helping core sector weather vagaries of metal industry'

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The Union government has done the heavy lifting both during the height of the pandemic and after. Its focus on infrastructure creation has helped the core sector weather the cyclical nature of the metal industry, especially now, given the global recessionary pressures, says Subhrakant Panda, Managing Director, Indian Metals & Ferro Alloys Ltd (IMFA), and President of industry body, FICCI. In an interview to *businessline*, he talks about the way ahead and tariff barriers, among other issues. Excerpts:

In the backdrop of China's economic turmoil, what is the metal sector's outlook for 2023?

The metal sector saw an extended run over the last 12-18 months simply because of the stimulus measures that governments and central banks around the world announced to prop up their economies. Now, the prices are cooling off.

If we pick up any commodity, nearly 50 per cent or more of its production or consumption is driven by China. That the Chinese economy is going through turmoil does make it difficult for the metal industry.

The Indian government did the heavy lifting during and after the pandemic, and is supporting public infrastructure spending. This will have a dual impact. It will support the economy while aiding growth and creating world-class infrastructure.

The EU is talking of a carbon tax. How will this impact Indian exporters?

At one level, this is unfair. We used to talk about non-tariff barriers in the past but these are



Economic turmoil in China is tough on the metal industry

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clear tariff barriers. This is where both government and industry have to work together to advocate for a level playing field.

India Inc, too, has to look at transitioning towards green energy. Here the government can support the industry by funding the transition... some tax breaks, a clear taxonomy on green energy usage...

In view of the metal down-cycle, how do capex announcements stack up?

Days of reckless expansion are behind us. There are consequences to taking on debt and not being able to service it. In India, many of the well-managed companies have significantly de-leveraged their balance sheets. Many are debt-free.

These capex announcements are a clear validation of the immense confidence in the India growth story. The expansion plans are coming in view of our medium- to long-term prospects remaining intact. And nobody wants to miss out on the India growth story. The next one year will be turbulent, and we need to remain alert. The Centre will also have to navigate deftly and do course correction, if required.