

# Steel firms face double whammy of rising imports, falling demand

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Kolkata, 25 March

A surge in imports coupled with a blip in demand ahead of the upcoming general elections is weighing on steel firms.

Data sourced from BigMint (formerly SteelMint/CoalMint), a market intelligence and price reporting firm, show that the average monthly price for hot rolled coil (HRC) in January stood at ₹54,275 per tonne ex-Mumbai. In February it was at ₹53,914 per tonne and in March at ₹52,960 per tonne (last assessed on March 15).

Steel firms say that the surge in steel imports has been a major dampener.

Jayant Acharya, joint managing director and chief executive officer, JSW Steel, said, imports from China have surged 88 per cent in the April to February period of the current financial year (FY24). "Imports from Asean countries have also increased sharply. This is impacting the general sentiment."

"We need to look at trade measures to counter imports coming in at prices which are injurious to the steel industry," Acharya added.

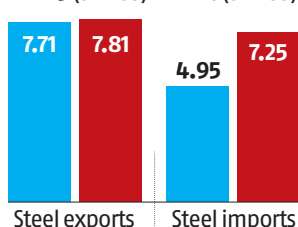
Ranjan Dhar, chief marketing officer, ArcelorMittal Nippon Steel India, said, "Domestic steel has been majorly impacted by China, which has recorded a 36 per cent surge in exports during January and February compared to the previous year. A portion of these increased exports is being directed towards India." There is also an indirect impact, he pointed out.

"Countries importing from China are redirecting their materials to India due to the rapid growth in steel consumption here, which outpaces the global rate. This trend is exerting downward pressure on steel prices and thereby margins."

## UNDER HEAVY BURDEN

### India steel scenario (mt)

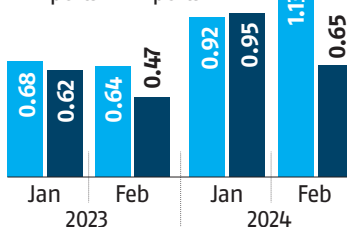
■ FY23 (till Feb) ■ FY24 (till Feb)



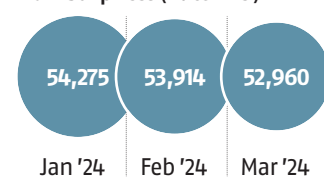
Source: BigMint (formerly SteelMint/CoalMint)

### India monthly steel scenario (mt)

■ Exports ■ Imports



### Mumbai prices (₹/tonne)



Last assessed on March 15, 2024; basic prices, GST @ 18% extra; Customs Duty extra



“If imports continue unchecked, then the capex for the future expansions may get delayed and impact the country's goal of creating self-reliance under the Make in India initiative”

JAYANT ACHARYA  
MD & CEO, JSW Steel



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CMO, ArcelorMittal Nippon Steel India

### Rise in imports

Data from BigMint shows that steel imports stood at 7.25 million tonne (mt) in FY24 (till February) compared to 4.95 mt in the same period of FY23.

Miren Lodha, director-research, CRISIL Market Intelligence & Analytics, said that in October, the pace of steel imports accelerated, leading to a decline in domestic steel prices. "In September, Indian steel prices were approximately 11 per cent higher than the landed prices of imported steel, by February, the difference dropped to 2.5 per cent." The average finished steel imports in January and February were 0.75 million tonnes per month, he said. "November 2023 saw steel

imports peak at one million tonnes."

Imports from China, in January and February 2024 stood at 300,179 metric tonne and 153,972 metric tonne, respectively, BigMint data showed. The corresponding figures for 2023 were 56,696 metric tonne in January and 60,005 metric tonne in February, respectively.

### Demand slowdown

Moreover, steel consumption has slowed down, though experts believe that it may be temporary.

According to ICRA's latest steel sector outlook, steel consumption growth for FY24 is projected at 12.8 per cent. For the first 10 months of the current financial year, it was 14.5 per cent.

Jayanta Roy, senior vice president, ICRA said, in the six-month period between June and November of 2023, the government accelerated infrastructure spending ahead of the Union elections, spurring a 16 per cent year-on-year growth in domestic demand. "But state elections and upcoming general elections slowed demand for December 2023 and January 2024 to 6.5 per cent."

### Capacity expansion

The weakness in steel prices is playing out at a time when the domestic steel industry is in the middle of a massive expansion. ICRA estimates 38.5 mtpa of new steelmaking capacity to come onstream between FY24 and FY27.