Mills slash steel output amid surging imports, trade deficit

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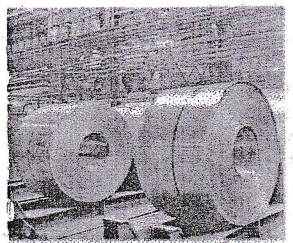
Major steel mills, except JSPL, have slashed production of finished steel or kept it flat in the 11-month period of the current fiscal (April-February), citing "unplanned outages" amid rising imports — likely a strategic move to push domestic prices higher.

Excluding Naveen Jindal's JSPL and smaller producers, finished steel output barely budged at 65.4 million tonnes, down from 65.7 mt last year. Total production hit 133 mt, up just 5 per cent from 126.5 mt a year ago.

Private players like JSW and Tatas have near flat finished steel production with y-o-y growth being less than two per cent. In the case of JSW, the 11-month production was 21.4 mt, and for Tatas, it was 20 mt. For AMNS India, there was a near 2 per cent drop to 6.7 mt. In the case of PSU majors such as SAIL and RINL, the cuts were in the 3–16 per cent range, or at 14.4 mt and 2.8 mt respectively, as per numbers available with the Steel Ministry, accessed by *businessline*.

SHARE OF SMALL UNITS

The share of small steel producers increased to 45 per cent of total production (60.4 mt) compared to 43 per cent for the same period last year (55.3 mt), while PSU production to total output dropped to 13.9 per cent, as against 14.7 per cent in the year-ago-period. February would be the second month when some of the larger players have reported lower production numbers.



TRYING TIMES
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India's crude steel production plunged 6 per cent to 33.2 mt, excluding Tata, JSW and smaller producers. AMNS India (6.5 mt) and JSPL (6 mt) saw decline of 6 per cent and 11 per cent, while SAIL (17.4 mt) and RINL (3.2 mt) suffered drop of 0.8 per cent and 20 per cent respectively. Small producers, however, bucked the trend with a 12 per cent rise.

Despite this, overall crude steel production rose 5 per cent year-on-year, reaching 138 mt. "So there have been some attempts by mills to manage domestic prices and some of them did take maintenance cuts. This came in the backdrop of the DGTR probe and imports still being higher. Now that there is a recommendation to impose 12 per cent safeguard duty, some production stabilisation is likely to happen," said a market source.

However, steel mills have denied initiating production cuts. "There have been unplanned outages in some of the larger mills. This brought down the numbers," one person said requesting anonymity. Indian benchmark hot rolled prices have witnessed a rise. And as per consultancy firm BNP Paribas, the HRC spread rose to the highest since Oct-23, led by the potential for safeguard duty.

HRC prices rose sharply by ₹2,000/t week on week. "Safeguard duty (if implemented) provides room of a further ₹3,000/t increase in domestic HRC prices," it said in a report, adding that price rose 7 per cent w-o-w. For March 2025, India's HRC spread was up 6.4 per cent m-o-m vs February.

WIDENING DEFICIT

However, increased domestic prices and production cuts are not the only challenges. A widening trade deficit has also emerged as a consequence of rising imports and declining exports.

Provisional data show, finished steel imports were at 9 mt, up 16 per cent y-o-y; whereas exports were at 4.4 mt, down 33.7 per cent for the period under review. Thus, India was a net importer of steel at 4.6 mt.