

Bengal foundries face Ukraine war heat as export orders plummet

ISHITA AYAN DUTT

Howrah/Kolkata, 27 June

An inventory pile-up, coupled with a slowdown in major economies, mainly triggered by the Russia-Ukraine war, is taking its toll on the foundry hub of Howrah in West Bengal, the once-fabled Sheffield of the East.

Export orders have slowed since January this year, hitting small and medium-sized units in particular. Lower income for owners means lower income for workers.

For years, Abhijit Saha worked in a foundry at Howrah's Benaras Road – which has a large concentration of foundry units – but, of late, he has been forced to switch jobs in the wake of falling income.

"I earn ₹350 for a single shift which is not good enough. With overtime, which is like a double shift, the income doubles. But the foundry where I was employed did not have much work and



the hours got shorter," Saha said.

Across several units on Benaras Road, overtime, a major lifeline for small workers, has become a casualty. But, then, it's directly correlated with the capacity utilisation at foundry units.

"There is not much work pressure.

So we have had to reduce the working hours from 12 hours to 8 or 10 hours," the owner of a foundry unit said. "With Durga Puja (the biggest festival in the state) in four months, we can't let go of the people," he said.

Also, there is apprehension that if workers are laid off now, there could be

a shortage once orders pick up.

There are about 500 foundry and forging units in West Bengal, with 95 per cent of them in Howrah. Roughly, 20 per cent are export oriented and they are facing the economic brunt of the Ukraine war the most.

"It is basically the Ukraine war...the

TAKING A HIT

▶ West Bengal has about **500 foundry and forging units** | ▶ **95%** of these units are in Howrah; around **20%** are into exports

▶ Major focus of Bengal foundries is sanitary castings

▶ Overall sanitary castings exports from India was down **12.8% YoY** in January-April 2023, data shows | ▶ Capacity utilisation in export-oriented foundry units in Bengal has come down to **50%** from **90%** earlier

whole of Europe is under slowdown and that is impacting sentiment in the US," Dinesh Seksaria, chairman of the Indian Foundry Association (IFA), said.

In the last six months, the capacity utilisation in export-oriented foundry units has come down to 50 per cent from 90 per cent earlier, he said.

Girish Madhogaria, managing director of NIF Ispat, said the market had been slow since January because of overstocking in Europe, the US, and West Asia. The capacity utilisation at his unit has moved from 80-85 per cent to 50 per cent during the period.

The entire chain is impacted. Fabrication units are also feeling the heat. The owner of a unit said his business was down by about 40 per cent in the last one and a half months.

Kailash Agarwal of JPK Metalics, which makes manhole covers and supplies to the UK, US and West Asia, said buyers were placing orders to meet requirements of the local market.

"They are not buying for exports," he said.

Ravi Sehgal, former chairman, EEPC India, said, "Last year, demand was good and containers were not available because of a global shortage. So customers gave out orders to everyone, and ultimately a huge lot of inventory landed up in the US between September and December when container availability improved." Also, private projects on the infrastructure side were less because of high interest rates, he pointed out. "In Europe, the demand slowed," Sehgal said.

The overall India numbers sourced from EEPC India show that January-April 2023 exports of sanitary castings were down by 12.8 per cent compared to the same period last year; steel forgings were marginally up at 0.03 per cent; industrial castings were up 13.1 per cent. The major focus for the Howrah foundries was sanitary castings.

Turn to Page 6 ▶

▶ FROM PAGE 1

Foundries...

Sehgal, who is also a former president of the Institute of Indian Foundrymen, said just castings exports from Bengal was to the tune of about ₹6,000 crore per annum. During January-June, exports were down by about 30 per cent.

The foundries in Bengal have been confronted with a spate of problems in the last couple of years – from Covid to skyrocketing raw material prices.

SteelMint data showed that the price of pig iron, a major raw material, increased from ₹49,854 per tonne in February 2022 to ₹62,419 per tonne in April 2022. In May this year, it came down to ₹47,044 per tonne. Business conditions started improving after raw material prices tumbled, but then the slowdown in global markets started playing out.

Some units, however, are building capacity in the hope that the lean demand scenario will end soon. “We hope the orders will pick up in October. We are expanding capacity by 25 per cent for the next year,” Madhogaria said. He is pinning his hope on India being a big beneficiary of the China-plus-one strategy in the developed markets going forward.