



## India has become a 'Dumping' Ground

**- A.C.R. Das**

**A**.C.R. Das, Consultant & former industrial Adviser (Ministry of Steel) is a Metallurgical Engineer from IIT Kanpur. He also holds Post Graduate Diploma in Business Management & Financial Management. He started his career as a quality Control Engineer at Usha Martin Ltd., Ranchi in 1979. Later, worked in SAIL, Rourkela Steel Plant and Bureau of Indian Standards for a few years. Worked in Ministry of Steel, Government of India for last 35 years in various capacities, dealing with all technical issues including Research & Development, Energy & Environment issues, NMD Awards, PM's Trophy for the best integrated steel plant etc. Superannuated from the post of Industrial Adviser in MoS in June 2013. He had been the nodal officer dealing with CDM under Kyoto Protocol, Steel Task Force of APPCDC, Steel Working Group of GSEP etc. and all other matters relating to climate change. He has also worked as the National Project Co-ordinator of UNDP-GEF (Steel) Project launched with financial assistance of Global Environment Facility and Ministry of

Steel for energy efficiency improvement in Indian re-rolling sector.

He was reappointed by MoS as Consultant w.e.f July 2013 and has been discharging the duties and responsibilities of Industrial Adviser in the absence of regular incumbent.

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**A.C.R. Das, Consultant & former industrial Adviser (Ministry of Steel)** in conversation with **Steelworld**.

### How is the present situation in Global & Indian Iron & Steel Sector?

- Global Steel Industry is presently passing through a crisis of low demand & low prices, and India is no exception to it. This is very much reflected in the bottom lines of different companies across the globe. World Crude Steel production is declining and during the period, January – October 2015, overall steel production was down by 2.5% year on year. Most of the steel producing countries have shown downward trend in steel production. In



India, though crude steel production has increased marginally by 3.3%, overall steel market is very sluggish and most of the steel companies, both in primary and secondary sector, are running in loss. This is also resulted in closure of several units, reduction in manpower and / or their perquisites and facilities. In overall terms, the health of the steel industry is very poor and disheartening.

### The Steel Industry seems to be suffering from demand stagnation & raw material availability issues, what can be the solutions?

- It is very much true that Steel Industry is suffering from stagnant or reduced demand and very low price realization. As such all the steel producers in the country are under severe financial crisis which is mainly due to sharp fall in steel prices. At times, steel price is too low to recover ever the total cost of production. No doubt, the raw material cost globally has



reduced substantially. But full benefit has not passed on to the Indian steel Producers. Going by the International trend, Indian Iron Ore Producers have also reduced iron ore price, though there is no exact price parity. But most disturbing issue is the very high railway freight on iron ore which makes iron ore still costlier. As far as Coal is concerned, availability from CIL is almost negligible and all the Blast Furnace based steel producers are largely dependent on import. DRI based units require non coking coal. But, price of Coal from CIL is very high and availability is also adversely affected due to various factors. The point I want to stress is that though international price of raw material is going down, this benefit is not fully available to domestic steel producers.

A lot needs to be done to improve the operational & financial health of steel plants in India. Demand of Steel is directly linked to overall economic growth or GDP growth rate of the country which unfortunately is sluggish. Government need to strengthen their economic development framework of the country. This will increase demand of steel in all steel consuming sectors and health of Indian Steel Industry will also improve.

While the Government is doing its bit, a lot needs to be done by the industry to improve their cost competitiveness. Efficiency of resource consumption as measured by techno-economic efficiency parameters, is generally very low, barring in a few new establishment. For example, even today, productivity in many

BFs in India hovers at around 1.5 t/m<sup>3</sup>/day. This adversely affects coal / coke consumption, energy consumption & also increases CO<sub>2</sub> & other GHG emission. Most importantly, cost of production is also adversely affected. Our steel companies need to address these issues more seriously.

### **Cheap imports are damaging the price as well as the industry's sentiments, what action in your opinion is required to be taken?**

- Last year, India imported about 10 million tonnes of steel registering a steep hike of over 75% over the previous year. During the current year, (April – November, 2015), import of steel has further increased by about 35%. But what is more damaging is the abnormally low landed cost of imported steel at which the Indian Steel Producers are unable to recover even their total cost of production. Thus, the high quantity of import & its low price are damaging the sentiments of Indian Steel Producers.

India has also become a dumping ground for seconds & defective steel products that too at abnormally low price. At times, much of such products are diverted for use in prime applications directly affecting the market of prime steel products. The Indian steel industry & Indian Government have taken several steps to safeguard the interest of Indian steel industry. Government has already imposed safeguard duty on selected variety of hot rolled coils @ 20%. Government is considering imposition of minimum floor price for selected

steel products. Government has also notified 15 categories of steel products under the mandatory quality certification marks scheme of BIS in December, 2015. This Quality Control Order is aimed to improve the quality of steel products for critical end use application. Besides, it is expected to regulate import of seconds & defective steel products into the country. The steel producers are also exploring several other measures to protect their interest.

### **How do you see the short term as well as long term iron & Steel Sectors?**

- I am a firm believer that steel has a future in India. The present dismal scenario may not last long. India has to develop and you need steel to support the economic development of the country. Our per capita steel consumption at 60 kg is too low and we can safely assume to increase our per capita steel consumption at around 200 – 250 in next 10 – 15 year time. If this happens, which is quite likely, I am sure, and there will be quantum jump in steel production and consumption resulting in brighter days for the Indian Steel Industry. Government has set an ambitious target of 300 million tonne of crude steel capacity in India by 2025. I am of the view that this is unlikely to be achieved. However, what is true is that our domestic production & consumption will increase as the various scheme on housing, infrastructure & urbanization as announced by the Government are actually implemented.