Steel Demand to Grow 7% Next Year : Narendran

Tata Steel expects the industry to focus on creating a level playing field for domestic producers to compete with exporting countries in 2016.

TV Narendran, Managing Director, Tata Steel, said the focus for next year is to ensure a level playing field for the domestic companies as it now appears to be skewed with increasing imports.

The pace of economic growth in the country is encouraging for the steel sector and the demand is expected to increase seven per cent to 87.6 million tonnes next year from 81.5 mt in 2015, he said. In India, steel prices have dropped by 40 per cent in last 18 months wherein internationally it was down by about 30 per cent.

Overall 2015 was a tumultuous year for commodity sector globally and will go down as the toughest patch for the industry in recent past. Indian steel companies were also

been affected by the global oversupply situation, added Narendran.

One of the biggest challenges for domestic steel companies was to tackle imports from steel surplus countries such as China, Japan and Korea. The sharp increase in imports and predatory pricing has impacted the profitability of Indian steel producers, he said.

Despite gloomy situation, the steel sector has been working to achieve the Government target to scale steel production to 300 million tonne by 2025, said Narendran.

Tata Steel recently commissioned its 3 million tonne per annum integrated greenfield steel plant in Odisha and focusing on specialised products to sell the incremental production.

“We are opening up new segments as the product range from Kalinganagar is wider and thicker compared to Jamshedpur unit. We continue to build on the equity we have in the market place with many of our business-to-business customers,” he said.

Of the total revenue, branded product sales account for 40 per cent and within this, he said, direct sale to consumer is about 20 per cent. “We have made significant inroads into the LPG segment and are focusing more on SMEs,” he said.

Steel Ministry Writes PMO for Fixing MIP

Steel and mines ministry has sent a note to the Prime Minister's Office for fixing a minimum import price (MIP) for steel products. The move, based on suggestions from large steel companies, is expected to be the strongest measure yet by the government "protect" domestic steelmakers against imports. The proposed initiative on MIP comes close on heels of Steel and Steel Products (Quality Control) Order 2015 that seeks to ban production or sale of steel products without Bureau of Indian Standards (BIS) approval.

The latest initiative caps a series of measures taken by the Modi government to curb imports. A 20% safeguard duty till March 2016, anti dumping duty and higher customs duty imposed earlier have so far failed to rein in imports. The steel ministry's move was confirmed by union minister of state for steel and mines, Vishnu Deo Sai.

"The ministry is looking into the industry's suggestion to impose minimum import price on steel products and it has been sent to the PMO," Sai said while inaugurating the 9th Steel Summit organised by The Associated Chambers of Commerce and Industry of India (Assocham). In the first eight months of the fiscal, imports were up 35% at 7.4 million tonne, against 5.5 million tonne in the same period last year. It dipped 7% in November, to 7.64 lakh tonne (lt) even as non¬ alloy steel imports were up 16% to 5.8 lt.

Last year (2014¬15), India imported 9.3 mt , mostly from China. If the PMO gives its consent and the government decides to implement MIP, the step is likely to upset secondary steel producers who are already apprehensive about it. While falling steel prices, higher electricity costs, and interest burden are already a drag for smaller mills in the secondary sector, they feel that any plan to bring their raw material under the proposed MIP, will affect them.

This could lead to heavy default on loans and significant jobs losses, in the sector that supports livelihood of some five million people. Voicing their concern, Prakash Tatia, chairman of Sponge Iron Manufacturers' Association (SIMA) said recently: "While MIP is a good move, we would urge the government to implement it in a rational manner that should not harm the secondary steel sector." Sai said the steel and mines ministry discussing the possibility of reducing iron ore prices further with state run miner, National Mineral Development Corporation (NMDC).

"Now that winter session of Parliament has ended, we will sit with our senior minister and look into the challenges being faced by the Indian steel sector and explore possible solutions," the MoS said. The ministry has initiated talks with secondary steel producers to find a solution to their problems.