



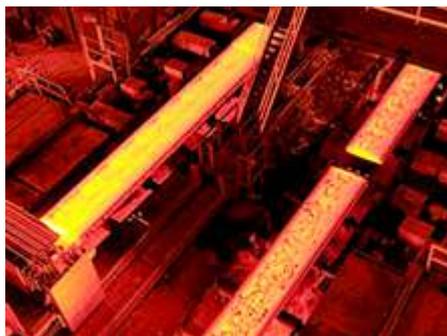
## Domestic steel consumption forecasted to be lower : Report

**D**omestic steel consumption is expected to be lower in FY2017 compared to previous year's levels with key user industries like real estate and construction yet to pick up pace, ratings agency ICRA has said in its latest report.

However, the government's thrust on infrastructure and affordable housing sector in the union budget 2017-18 points to a favourable demand outlook for steel sector in the medium term.

The agency said given the scenario of sluggish demand, sustainability of a price increase in April 2017 remains uncertain. While low demand had led to a reduction of Rs 2,000 per ton in domestic hot rolled coil (HRC) prices in February 2017, prices saw an upward revision of Rs 1,000 per ton in March 2017.

The industry is reportedly considering a further price increase in April, but the sustainability of this increase remains



uncertain, given that domestic prices are now costlier than landed cost of imports, ICRA said in the report.

Steel imports contracted by 38.5% in 11M FY2017 on the back of various trade protection measures including anti-dumping duty, safeguard duty and minimum import price.

"This decline in steel imports has coincided with a strong growth in steel exports by domestic mills, supported by an improvement in the pricing scenario in

international markets," Jayanta Roy, Senior Vice President, Corporate Ratings, ICRA said.

As against a wide gap of 7.6 mt in FY2016 between India's steel imports and exports, exports have surpassed imports in eleven months of FY2017 by a thin margin and as a result, India has now become a net exporter of steel in the current year, he added.

Domestic steel consumption growth remained weak at 3.4% in the eleven months of the financial year FY2017 due to continued weakness in the key end-user industries.

While domestic steel consumption typically picks up sequentially in the third quarter after the retreat of monsoon and consequent pick up in construction activity, this year consumption growth in Q3 FY2017 dropped by 2.4% quarter on quarter due to demonetization of high value currency in November 2016.

# Buying – Selling of Metallurgical Assets

(Equipment, Plants, Enterprises)

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## STEEL PUNCH

- Shrinivas Prabhudesai



"Sir, I found the reason. It's cheap imports !"