

Decline in crude output drags down finished steel production to 9% in April

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Amid Parliamentary elections and some scheduled maintenance closures, the production of finished steel in India plummeted 9 per cent m-o-m in April. The drag down was caused by crude steel production being down 6.2 per cent for the same period under review.

In April, India's finished steel production was down to 11.2 million tonnes (mt) versus 12.35 mt in March. The crude steel production was at 12 mt in April against 12.8 mt in the previous month.

However, production of both finished and crude steel displayed a y-o-y growth of 1.5 per cent and 2.4 per cent respectively. In April 2023, finished steel production stood at 11.05 mt, while crude steel production was at 11.65 mt, data from India's Steel Ministry showed. Domestic steel consumption dropped 10 per



cent-odd m-o-m in April, reaching 11.075 mt from 12.259 mt in March 2024. On a y-o-y basis, consumption, however, grew over 9 per cent from 10.12 mt in April 2023.

THE ELECTION FACTOR

According to officials, there is a general slowdown in infra projects and other construction sector activities primarily because of elections.

This demand disparity will play out in patches across the first three months of the fiscal (April-June) but will see an uptick post-June if the 100-day programme of the government puts infra projects in full throttle. This apart, several

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"Additionally, several TMT manufacturers had implemented production cuts, resulting in a reduction in finished steel production," consultancy firm, BigMint (formerly SteelMint), said in a report.

Another consultancy firm, ICRA, said, ahead of the Lok Sabha elections, government spending fuelled domestic steel demand at a brisk pace of about 16 per cent between June and November (2023). But the demand slowed down significantly in December and January to 6.5 per cent.

"Though these are early trends, it hints that the demand will remain soft over the next two quarters as the government spending moderates around the election period," Jayanta Roy, Senior Vice-President, ICRA, had said. However, internal projections by the Steel Ministry, and industry participants, peg an "at least in the 8-10 per cent growth, if not more" after a "soft start to the year".

EXPORTS HIT

India's steel exports continue to be hit, in view of slower-than-expected demand pick-up in Europe and competition from China eating into other key markets like West Asia.

In April 2024, exports declined 40 per cent m-o-m to reach 0.5 mt compared with 0.85 mt in March. Also, on a y-o-y basis, there was share 41 per cent fall, from 0.9 mt in April 2023, the Ministry data showed. Imports, on the other hand, saw a 2.5 per cent increase m-o-m to 0.6 mt in April.