

Metalworld

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Editorial Desk

Dear Readers,

For last few years, the industry has been witnessing stagnated demand coupled with overcapacity on a global level. This situation has been described as 'Recession' by almost all the experts and analysts. Now the perception seems to have changed and the situation is being termed as 'New normal'!

In line with the global situation, Indian metals industry too has been not doing well for the last few years. There were acute problems about the availability of critical raw materials like ore and coal. I must say that with the positive initiative from the government, most of these problems are either overcome or under control. Further, with the introduction of MIP, cheap imports will be restricted and pricing may improve a bit. All these factors have positively impacted Indian metals industry which can now look forward to comparatively better days in coming months.

Even if all this is true, there is a major hurdle still to overcome. The demand curve is not going up and this is suppressing the production levels and thus impacting badly on the bottomline. We all know that metals demand lies outside the metals industry and depends on overall economic activity. Yes, this year's good monsoon has definitely contributed to raise the industry sentiment but the real boost will come when the government funded mega infrastructure projects start moving ahead. Mind well, capacity utilization of our industry has fallen in last year or so and the biggest reason is suppressed demand. Another important issue in our country is cost of power and finance. Needless to say that these inputs are of immense value for the metals production and are very costly in India. That makes our metals products less competitive in global markets.

If we analyze the demand profile, it is seen that the metals demand is concentrated mainly around big cities and the rural areas still have a very poor consumption. If the government, along with main producers launches a campaign, come out with new applications of metals in different facets of rural life, popularize them, then the metals consumption can go upwards. This will help the industry as well as the rural economy.

Overall, I feel the industry sentiment is slowly turning positive and some improvement in demand will provide the required push for the industry.

D. A. Chandekar