

Steelworld

(ISO 9001 : 2000 Certified)

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PRICE

Rs. 3000 / US\$ 225 1 year

Rs. 5750 / US\$ 400 2 years

Rs. 8500 / US\$ 575 3 years

(only by subscription)

Printed & Published by : D. A. Chandekar for Sanket Prakashan
at 1, Alpha, M. G. Road, Vile Parle (E), Mumbai - 57. Printed at
C. C. Printer, 30 Kamdar Shopping Centre, Monghibai Road,
Vile Parle (E), Mumbai - 400 057.
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Editorial Desk

Dear Readers,

The steel industry in Indian sub continent is back on track. Thanks to infrastructure and auto industry. Many expansion projects which were on hold for quite some time, are now restarting. It is expected that Indian steel production would reach around 120 mt per year by 2015. Similar projections were made by many expert firms and even official projections from Ministry of Steel are on the same lines. Even if this is so, I would like to differ and would not agree to some of the points.

First of all, when we say that India will reach to a level of around 120 mt per year, it is consumption, not production. If one takes today's consumption level at 60 mt and assume a growth rate of around 7.5 % for GDP for next few years, one can easily project the steel consumption for any year. Mind well, this does not depend on steel industry but is governed by the steel user industries such as infrastructure, construction, auto, engineering etc. If one sees the production and sales of these industries for the last few months, it can be noticed that they are growing at a decent rate. This will surely translate into the steel demand and is expected to increase the consumption level for finished steel. But the real question is whether the steel production of the country will increase with that speed !! If one considers even 10 % growth in steel consumption year on year, this means that steel making capacity should increase by 6 mt every year. I really do not think it is happening. Many mega projects are awaiting mining clearances. Even the plant making capability of the country is quite limited and it is impossible to add so much capacity during such a short span of time. Further, there are not enough metallurgically qualified personnel to run these plants. Lastly, every tonne of steel requires 3 tonnes of raw materials. Where are the roads to transport these raw materials and finished steel? Making optimistic projections is good to keep the positive sentiment of the industry intact but to translate it into reality requires lot of support from various agencies which is unfortunately lacking in India.

I feel that atleast for some time steel imports will gradually increase but this is necessary to support the downstream industries. Indian steel mills have to gear up for fast track expansion so as to cater to this additional requirement, otherwise this portion of business will be taken away by the overseas mills!!!

D. A. Chandekar

