

# Steelworld

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## Editorial Desk

Dear Readers,

The user industry for iron & steel sector is showing decent growth for the last few months. Auto sector, construction & housing, infrastructure, all these activities are on the rise and this will naturally translate into an additional demand for steel in coming months. Thus steel consumption curve for India is rising and this is quite a welcome situation for not only the steel industry but also for the country's economy as a whole. This is specially creditable as most of the developed economies are struggling to survive. Millions of jobs are lost and even the recovery does not seem to be visible even at the horizon. As such many of these developed countries are aspiring to 'achieve' zero % growth rate of their economies. As mentioned in this column earlier, experts have predicted that Indian economy will grow somewhere between 6 to 7.5 % in 2009. I feel on the backdrop of developed world scenario, this is quite remarkable.

But mind well, the whole story is not bright for India. There is a black part too. The steel consumption is growing but the production is not catching up. Green field projects of POSCO, Arcelor-Mittal and many other Indian groups are only on paper. Even the expansion plans of SAIL and others, though commenced, are not picking up the momentum. Considering all this, if one counts the steel production capacity of India for the year 2012, the figure does not reach beyond 90 mt per annum. If this becomes reality, then there is going to be a huge gap between the production and consumption of steel in this country. In that eventuality, the user industry will have no option but to import steel and steel producers can not blame them for this. Today, there are restrictions on imports but in such a situation they will have to be lifted and the industry will have to be given access to the international sources. Otherwise not only the growth of this sector will be in danger but the growth of the whole economy can be arrested.

I am sure the domestic steel producing community does not want this to happen but for that they will have to act now by pushing new projects as well as capacity expansion plans of the existing ones. Even the financial institutions have to be educated about this to ensure funding of this proposed capacity expansion plans. Then only India can take full advantage of its comparative better position with respect to global meltdown!!!

**D. A. Chandekar**

