

BIR New Delhi: Demand for scrap to grow in India

During recent years India attracts more and more attention in terms of steel production and scrap consumption. The role of this country in the global arena is the main topic of the World Recycling Convention of Bureau of International Recycling, which is taking place in New Delhi (India) on October 13-16, 2017.

The demand for steel products will grow threefold in the next 15 years, according to the National Steel Policy of India. It is expected to reach 230 million t by 2030-2031 owing to development of infrastructural projects. Subsequently, crude steel capacity of 300 million t will be required, Mr. B. B. Singh, Chairman & Managing Director of India's MSTC Limited highlighted in his speech during the conference.

Currently, in India approximately 54% of steel is produced by secondary route – from scrap. In coming years, this sector is projected to exceed 60%, pushing the demand for scrap.

Today, the recycling industry in India is highly unorganised with the rate of processing between 20-25%. This calls for a formal recycling ecosystem to achieve global benchmarking of 85% in metal scrap recycling in India, according to Mr. B.B. Singh. The country became the seventh largest automaker globally and the second largest producer of two-wheeled motor vehicles (scooters and motorcycles). With this kind of industry growth, and the motor vehicle industry as a major customer, it shows the inherent potential of metal recycling in India, Metal Expert learnt. "The potential scrap generation from ELVs [end-of-life vehicles] can contribute 10% of the total domestic scrap market," Mr. Singh said. The first car shredder in the country will start operation next year, which will be a significant milestone for the industry.

Domestic generation of scrap was 30.5 million t in 2015 whereas demand was close to 37 million t resulting in net import of approximately 6.5 million tons. India imported around 8.1 million t of ferrous and non-ferrous scrap in FY 16, an increase of approximately 20% as compared to FY 15. By 2020, domestic scrap generation in India is expected to reach 43 million t whereas demand would be about 53 million t. So the country will have a deficit at 10 million t, giving the huge business opportunity for suppliers from all over the world. "India is the buyer with very big potential. This destination is interesting for us," one of the key global scrap collectors mentioned during the conversation with Metal Expert.

Import will play an important role in the Indian market as there are not enough own capacities, so Secretary of the Ministry of Steel Aruna Sharma said that the government will temporarily abolish or reduce the tax on imported scrap, which is at 2.5% currently.

However, this year seems to be not so bright in the import scrap market in India as total shipments to the country fell by 31.8% to 2.58 million t in H1. The main supplier is still the US, the UAE and UK are at the second and third place. Market participants refer the decline in purchases to lower than expected steel demand in the country this year and "the availability of the substitute products like DRI in the domestic market," a local source told Metal Expert. Moreover, the main support to the crude steel production rise (+5.1% during April-September) came from top-6 manufacturers, which produce more steel in BOF, while smaller mills, who are the major scrap consumers, failed to increase output.

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