

Indian Economy & Steel Sector on Bright Path

Indian Steel Sector Remains Sole Bright Spot Globally

Indian Steel Association Welcomes Budget

Steel Sector's Budget Wish List Ignored

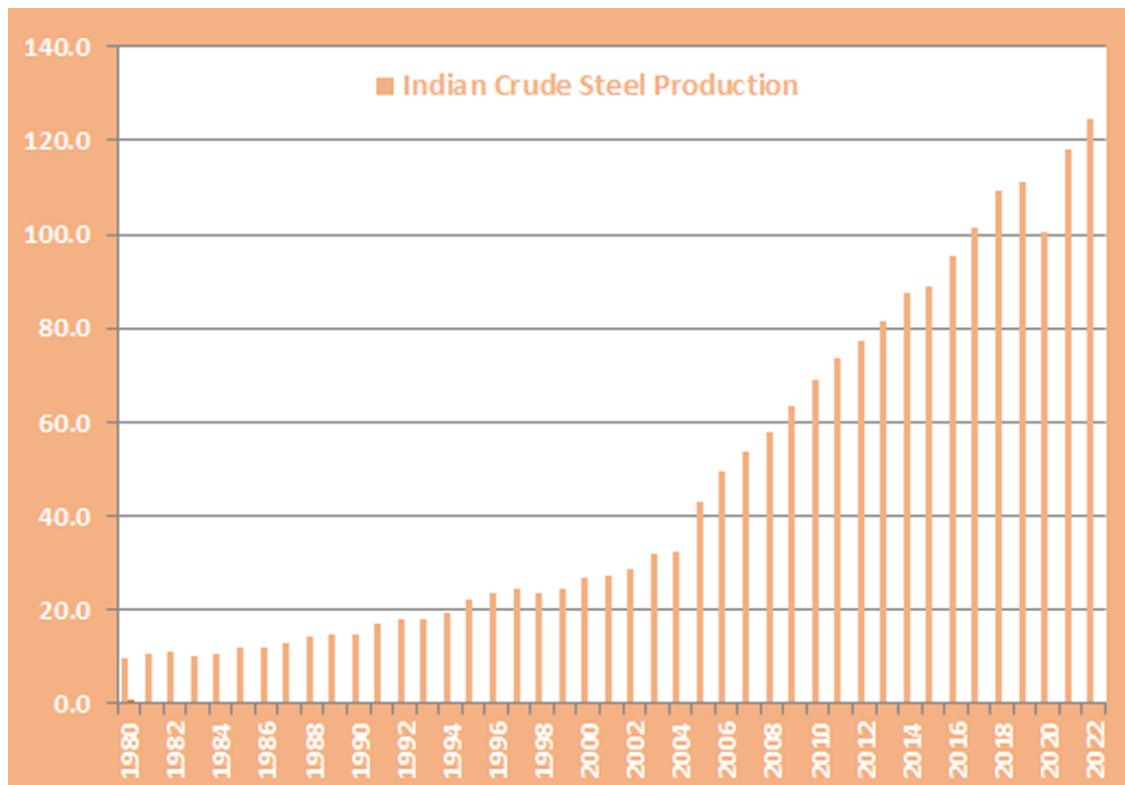
India's GDP pegged at 7% for 2022-23

India's Manufacturing Sector Grows Strongly in January

India's Core Sector Output up 7.4% in December 2022

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According to latest release from worldsteel, India was the sole nation to post positive growth in crude steel production in 2022 at 124.7 million tonne, up 5.5% YoY. While the steel consumption is being driven by Indian government's push on infrastructure development, Chinese resurgence is likely to keep Indian steel sector prospects bright even amid global recessionary trends



Indian Steel Association Welcomes Budget

Finance Minister Ms Nirmala Sitharaman made a slew of proposals while presenting the Union Budget 2023, including, capital outlay of INR 2.04 lakh crore for Indian Railways, 50 new airports, helipads, water aerodromes, and advanced landing grounds for improving regional air connectivity, 100 critical transport infrastructure projects for last- and first-mile connectivity for ports, coal, steel, fertilizer and food grain sectors etc, that can benefit India's steel sector. Indian Steel

Association President and CEO of AM/NS India and Executive Vice President of ArcelorMittal Mr Dilip Oommen has said that “A progressive ‘Saptarshi’ Budget, the first in Amrit Kaal, has hit the right notes to fuel growth across industries and propel India to become a global manufacturing hub. A significant 33% increase in capital expenditure to INR 10 lakh crore, 3.3 % of the GDP, thrust to fast-track infrastructure development, and the highest ever INR 2.40 lakh crore for railways will translate into robust domestic steel demand, thus spurring private investments and job creations. First and last-mile connectivity for sectors like steel, ports, coal, etc. with an investment of INR 75,000 crore will improve logistics efficiency. This Budget is focused on growth and improving consumption. At the same time, there is a focus on the green economy and digitalisation. Reforms are on the right trajectory of fiscal consolidation to reach the targeted fiscal deficit level below 4.5% by 2025-26. The Budget underpins a long-term plan that shows the right path to drive economic revival at a time when advanced economies are facing a tough time.”

Steel Sector’s Budget Wish List Ignored

A quick search of Budget Highlights shows that Ms Sitaraman, except to facilitate the availability of raw materials for the steel sector, exemption from Basic Customs Duty on raw materials for the manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued, did not include any suggestions from the long wish list of the Indian steel industry, which had included

1. Safeguard Duty of up to 25% on HR coil, sheets, and plates as well as color-coated and wire rods
2. Increase in basic customs duty to 12.5% for all steel products including semis, flats, and longs
3. Inclusion of import of steel products in quality control order
4. Import of all non-prime steel products to be restricted to select ports for 100% testing and inspection

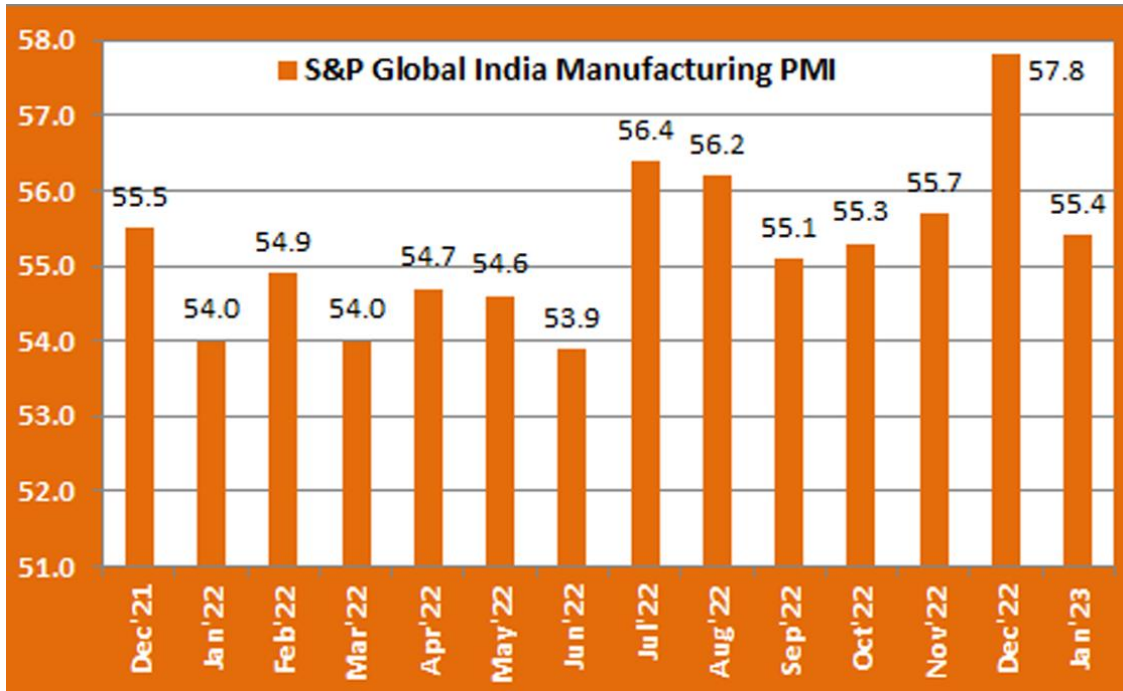
India’s GDP pegged at 7% for 2022-23

Indian Government’s pre-Budget Economic Survey shows that India is likely to grow by 7% in FY23. India’s nominal GDP is expected to reach USD 3.5 trillion by March 2023. Given the global slowdown, India’s growth is likely to decelerate to 6.5% in FY24 with consumption and investment emerging as growth drivers. Notably, the Survey points out that measures undertaken by the Indian Government ranging from the creation of public goods to building digital infrastructure and formalization & partnering with the private sector through schemes such as PLI has raised India’s potential growth rate to 7-8%. On the domestic monetary and fiscal policy, the Survey expects the inflationary backdrop in FY24 to be less worrisome than last year. Fiscal consolidation is also likely to continue and actually lead to fiscal stimulus through lower interest rates.

India’s Manufacturing Sector Grows Strongly in January

The manufacturing industry started 2023 on a firm footing, with a robust increase in new work intakes underpinning a further expansion in production. January data showed a further improvement in the health of the Indian manufacturing industry. Posting 55.4 in January, the seasonally adjusted S&P Global India Manufacturing Purchasing Managers’ Index⁵ has highlighted a nineteenth successive monthly improvement in operating conditions. Despite falling from December’s recent high of 57.8, the headline figure remained above its long-run average. Despite

some loss of growth momentum, manufacturing looks set to at least remain in expansion mode as the final quarter of the current fiscal year draws to a close.



India's Core Sector Output up 7.4% in December 2022

The growth rate of eight infrastructure sectors stood at 8% in April-December 2022 as against 12.6% during the same period last fiscal but higher as compared to the previous month, November 2022, when it stood at 5.4%. Steel production (weight: 17.92 %) increased by 9.2 % in December, 2022 over December, 2021. Its cumulative index increased by 7.7 % during April to December, 2022 over the corresponding period of previous year.

Coal - Coal production (weight: 10.33 %) increased by 11.5 % in December, 2022 over December, 2021. Its cumulative index increased by 16.4 % during April to December 2022 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 1.2 % in December, 2022 over December, 2021. Its cumulative index declined by 1.3 % during April to December, 2022 over the corresponding period of previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) increased by 2.6 % in December, 2022 over December, 2021. Its cumulative index increased by 0.9 % during April to December, 2022 over the corresponding period of previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 3.7 %

in December, 2022 over December, 2021. Its cumulative index increased by 5.5 % during April to December, 2022 over the corresponding period of previous year.

Fertilizers - Fertilizers production (weight: 2.63 %) increased by 7.3 % in December, 2022 over December, 2021. Its cumulative index increased by 9.6 % during April to December, 2022 over the corresponding period of previous year.

Cement - Cement production (weight: 5.37 %) increased by 9.1 % in December, 2022 over December, 2021. Its cumulative index increased by 10.6 % during April to December, 2022 over the corresponding period of previous year.

Electricity - Electricity generation (weight: 19.85 %) increased by 10.0 % in December, 2022 over December, 2021. Its cumulative index increased by 9.8 % during April to December, 2022 over the corresponding period of previous year.