

Scenario of the Indian stainless steel industry after COVID-19

COVID-19 has severely impacted industries worldwide. It is a globally unprecedented scenario and there is no playbook that can guide professionals to easily steer away the industry from this complex state of affairs. India is still grappling with lockdowns and thus, the stakes with respect to business uncertainty are high. Although, the Indian government has partially eased the lockdown and allowed some industries including the metal industry to operate, in my opinion, no industry can operate in isolation. Factors like unabated demand, continuity in supply chain, and consistent production are critically important for any business.

By Mr. KK Pahuja, President, Indian Stainless Steel Development Association (ISSDA)

The industry now needs to adapt to a 'new normal' and get back to business soon. As a result, decision making has to be quick, bold, and accommodative of the present circumstances. In my view, businesses can put long-term planning in abeyance as a result of the high level of uncertainty for at least the next 2-3 years.

Since the lockdown was enforced, production of stainless steel in India was completely halted for a month. It was only in the last week of April that a few of the organized players started their mills in a restricted manner, with less than half of their capacities. As for May, companies have been unable to ramp-up their capacities and continue to operate at a mere 30-40%. A month's production loss

logistical challenges. Manpower across the supply chain has also been impacted and hence, the movement of goods in the country has significantly reduced. Micro, Small and Medium Enterprises (MSMEs) constitute around 45% of the stainless steel production in the country and are a critical link in the overall system. With the constraint of credit flow due to lockdown, MSMEs have been severely impacted. The government has announced few relief measures to ease liquidity for MSMEs and it is expected that they will begin to operate soon, but we estimate that the recovery will be slow.

The sudden lockdown has disrupted demand which may take time to revive and thus, affect supply side revival. ISSDA

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is significant for the domestic stainless steel industry, which is now grappling with several issues that transpired recently.

Assurance of a healthy working environment for both employees as well as employers remains a grave concern. Most stainless steel companies have introduced new guidelines for business to operate in accordance with the safety measures prescribed by the government, but getting used to the 'new normal' will take some time. Additionally, as a result of the imposed lockdown, reverse migration has led to a severe shortage of labour for both organized as well as unorganized sectors, thereby hampering routine operations. Moreover, restriction on interstate movement without a valid permit poses

has been in consistent dialogue with the government to focus on stainless steel demand creation in the country. I believe that once the demand factor comes into play, production will automatically catch pace. Stimulus for demand creation from the government will generate much needed business confidence. In this context, the government must push infrastructure spending. Additionally, the government's support in easy and duty-free availability of raw materials like stainless steel scrap and ferro-nickel, which are not available in India, will act as a major boost for the domestic manufacturers. An announcement to this effect will greatly improve the overall business sentiment in the country.



The exponential growth in imports, to the tune of 50-60% in the recent past, had a severe impact on the domestic market. It is thus necessary to ensure that domestic demand is met by domestic manufacturers only and overseas manufacturers don't take

the advantage of our low trade barriers/FTAs (free trade agreements) to flood stainless steel products in the currently disrupted Indian market. Hence, we have requested the government to impose temporary curbs on imports to support the domestic industry.

About the ISSDA

The Indian Stainless Steel Development Association (ISSDA) is a not for profit organization, registered under section 12A of Companies act, 1989, committed to the growth and development of the stainless steel industry in India. Founded in 1989 by leading stainless steel producers, it was formed with the explicit objective of diversifying the applications of stainless steel in India and increasing usage volumes in the country. At the point of formation of ISSDA, the main visible application of stainless steel was essentially household kitchenware, which has now diversified significantly. ISSDA currently has a membership base of over 145 companies engaged in the production and processing of stainless steel.