

## Indian primary aluminium producers optimistic

Thursday, 20 June 2019 | PNS



Despite being marred by cheap aluminium scrap imports, high energy cost, inadequate coal supply and linkage and still continuing dependence on bauxite and alumina imports for major producers like Vedanta, the Indian primary aluminium producers remain optimistic about the prospects, says Vedanta Limited, Jharsuguda CEO Abhijit Pati.

With pro-growth and pro-industry Governments at the Centre and in the State securing comfortable repeat terms in office and better positioned to take decisions that can positively impact primary aluminium production, the expectations of Indian primary aluminium producers are naturally on a high, with expectations of concrete and early resolution of some of the key concerns faced by them, especially on policy front.

With the current annual installed capacity of nearly 4 million tonnes and investment quantum of over Rs 1.2 lakh crore, Indian primary aluminium that provides employment opportunities for over 8 lakh people directly and indirectly, merits being considered as 'Core Sector' in all seriousness, akin to the steel industry. The inclusion of aluminium into core sector status assumes critical consideration ever more now, given the fact that economic superpowers like the USA and China are viciously protecting their domestic turf from imports, encouraging the primary producers and striving for a self-reliant economy. In the absence of any protective measures, Indian players get affected by global trade wars and volatile export markets, and India in turn becomes the global dumping ground for cheap aluminium and scrap.

Traditionally, India has always adopted an inclusive economic growth strategy which allowed other countries to explore mutually beneficial trade relations with our country for various products. However, according to CEO Pati, "The recent wave of trade barriers put up by major economies to boost their domestic industries have triggered a concern amongst Indian producers and manufacturers like us who want to be protected and promoted in a similar manner. A restrictive trade policy could potentially help curb unnecessary import of products which Indian manufacturers are quite capable of producing in any form. Inward looking policies can significantly contribute to making India more self-reliant in meeting the demands of its populace, reducing the import-export disparity and improving our forex reserves. Measures like hiking import duties, anti-dumping charges and other protective tax regimes in support of primary aluminium, assurance of long-term availability of coal and bauxite and more focus on developing a favourable climate for research and development associated with aluminium industry are the need of the hour and should be high on the Central Government's industry agenda."

When it comes to the State Government's priorities, it will need to protect its interests, crucial amongst which will be protection of Odisha based industries. It should continue to focus on leveraging manufacturing sector for economic growth, as it is a natural progression to the State's vast reserves of natural resources. Another key focus area should be improving ease of doing business for aluminium and allied industries. The key expectations from the State Government are creation of pro-aluminium ecosystem that will help leverage the State's vast aluminium prospects and nurture new projects in downstream and allied industries in the years to come. On the energy front, Odisha needs to leverage its potential, prioritising supporting home industries first. This will not only project Odisha as the best economically viable and fertile ground for global businesses currently operating out of State, but also attract new investments. Aluminium can be the game changer for 'Make in Odisha,' which is a State Government's flagship investment-centric effort in making Odisha a booming hub of growth and development.

A quick analysis of the global playing field puts highly industrialized and high per capita income countries like South Korea at highest per capita consumption of aluminium at 46.7 kg, followed by Germany (29.9 kg), US (18 kg) and Japan (16 kg). Middle income countries like China have per capita aluminum consumption of 24 kg, followed by Brazil (8.6 kg) and Russia at (8.4 kg). In sharp contrast, India has a per-capita consumption of only 2.5 kg compared, against a world average of 11 kg. Over the next 5 years with healthy CAGR projections in sectors like machinery and equipment, transport and consumer durables globally, and transport, building and construction, packaging and foils, and electrical in the Indian market, Indian primary aluminium producers should be supported with a level playing field where it can match global competition and positively impact the national exchequer by catering to both global and national demand.