

Steel Output in India Forecast to More Than Double by 2031

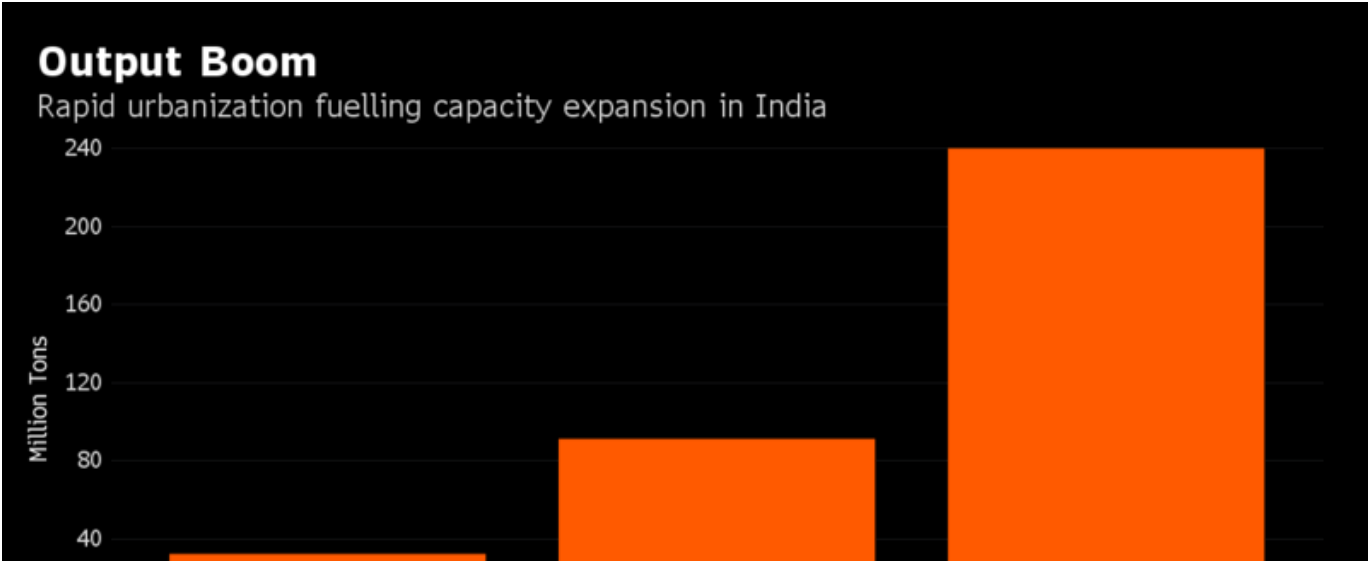
By **Swansy Afonso**
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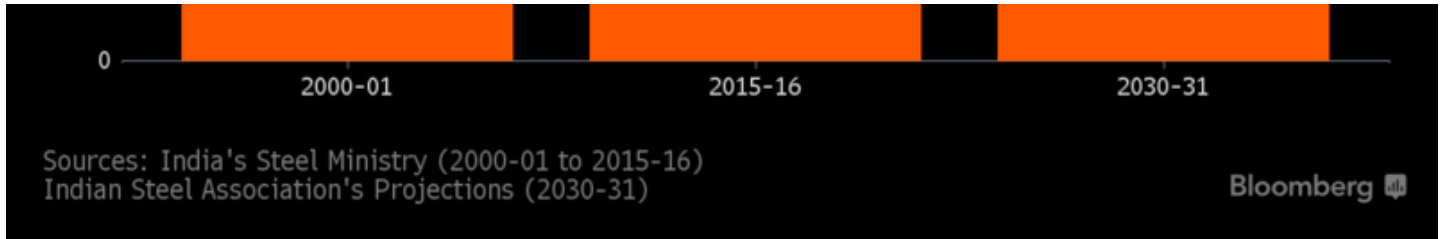
- Output seen rising as much as 12% this year, says association
- Nation to surpass Japan on growing economy, urbanization

Steel mills in India are set to churn out metal at a rapid pace over the next decade and a half with output forecast to more than double bolstered by a growing economy and increasing urbanization, according to the Indian Steel Association. Shares of producers rose in Mumbai.

Production is set to climb 10 percent to 12 percent in the year that began in April, from a [record](https://www.bloomberg.com/news/articles/2017-04-10/india-nears-no-2-spot-as-world-steel-producer-on-record-output) [of 101.3 million metric tons in the past 12 months](https://www.bloomberg.com/news/articles/2017-04-10/india-nears-no-2-spot-as-world-steel-producer-on-record-output), and is forecast to advance to 240 million tons by 2031, Sanak Mishra, the group's secretary general, said by phone from New Delhi. Consumption is expected to expand by more than 5 percent this year from 83.9 million tons, he said.

India will surpass Japan as the world's second-largest steel producer, behind only China, by the end of the year as mills increase capacity to meet growing demand and fill the gap left by slumping imports, Mishra said. The country's top suppliers -- [JSW Steel Ltd.](https://www.bloomberg.com/quote/JSTL:IN), [Steel Authority of India Ltd.](https://www.bloomberg.com/quote/JSTL:IN) and [Tata Steel Ltd.](https://www.bloomberg.com/quote/JSTL:IN) -- all ended with record output last year and double-digit gains in their shares, beating the benchmark.





“Steel is a growth story in India for the next several decades. The country is moving rapidly toward a phase of urbanization,” Mishra said. “If the economy grows at more than 7 percent for the next five years, and that is the consensus, then we will see a healthy growth in the Indian steel industry.”

The government has earmarked large spending on infrastructure and construction in the current financial year and that’s a positive factor as it’s the biggest consumer of steel, he said.

According to the World Steel Association, China’s output in 2015 was 804 million tons, followed by Japan at 105 million tons and India at 89 million tons. A [projection <https://www.bloomberg.com/news/articles/2017-04-07/india-to-dislodge-japan-in-global-steel-ranking-as-furnaces-roar>](https://www.bloomberg.com/news/articles/2017-04-07/india-to-dislodge-japan-in-global-steel-ranking-as-furnaces-roar) from the Australian government earlier this month had India’s output drawing level with Japan in 2018 and overtaking it the year after.

Shares of top producer JSW Steel rose as much as 2.3 percent in Mumbai, extending this year’s gain to 20 percent. SAIL jumped as much as 2.4 percent and Tata Steel [<https://www.bloomberg.com/quote/TATA:IN>](https://www.bloomberg.com/quote/TATA:IN) advanced as much as 2.6 percent, while the benchmark S&P BSE Sensex Index climbed as much as 1 percent.