

By **Abhijit Pati, CEO, Vedanta Aluminium Ltd**

With 21x growth in the last 60 years, aluminium is the fastest growing commercial metal in the global industrial scenario, with myriad applications in critical sectors like aviation, defence, automotive, transportation, electricity and infrastructure. With a current annual installed capacity of nearly 4 million tonnes, the Indian primary aluminium industry is equipped to cater to domestic and global demands. Despite immense potential, the sector is yet to get the attention it deserves. With pro-growth and pro-industry govt. securing comfortable repeat term in office and better positioned to take decisions in their favour, the expectations of Indian primary aluminium fraternity borders on optimism, with hopes of concrete and early resolution of some of the key concerns faced by them, especially on policy front.

The status of 'Core Sector' has been a point of contention for domestic producers, who believe the industry has enough potential to be given benefits and considerations doled out to the Indian steel industry. The inclusion of aluminium into core sector status assumes critical consideration ever more now, given the fact that economic superpowers like 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. Case in point, the domestic producers have lost share in the domestic market, now occupying 42% market against 60%, 8 years back. FY19 witnessed 2.3 million tonnes (60% of demand) of aluminium imports, logging a staggering forex outgo of 5.5 billion USD.

Talking about the industry scenario, Mr. Abhijit Pati, CEO – Vedanta Ltd., Jharsuguda says, "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. This year by March, India surpassed China to become the largest importer of aluminium scrap in the world, importing 3.34 lakh tonnes of scrap, whereas China plans to restrict aluminium scrap import from July 2019 and completely ban scrap and waste by 2020. On the other hand, although Indian primary aluminium industry can cater to the domestic demand, they are positioned to lose revenues as scrap is much cheaper than primary aluminium. Protective, 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 hike in import duties, tax-friendly laws, 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 & development associated with aluminium industry, are the need of the hour and should be high on the central govt's industry agenda." The mining & metals sector has the potential to take its contribution to overall GDP from the current 2% to 10%, curb imports of non-essential metals and minerals, and generate millions of new jobs, all it needs is an empathetic govt. The NITI Aayog has recommended core status for aluminium and a National Aluminium Policy, both destined to protect domestic producers while gaining significant forays into export markets. If basic customs duty on primary aluminium products is hiked to at least 10% and that on downstream is increased to 10-12%, the Indian aluminium industry can strengthen 'Make In India', increasing the country's reliance on itself instead of depending on other economies for imports or being treated as a dump yard for scrap and rejects.

Prior to the discussion on budget, the Aluminium Association of India has asked the govt. to address their concerns. It has requested the govt. to increase customs duty on primary aluminium, scrap and downstream products imports. If done, this would boost the domestic primary and downstream ecosystem. 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 aluminium 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 & Equipment, Transport and Consumer Durables globally, and Transport, Building & Construction, Packaging and Foils, and Electrical in the Indian market, Indian primary aluminium producers should be supported with a levelled playing field where it can match global competition and positively impact the national exchequer by catering to both global and national demand.