

# Steel output to take a hit as plants divert oxygen for medical use

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While domestic steel demand is set to take a hit owing to the second Covid-19 wave, production of the commodity is also expected to align itself with the consumption pattern. This is because players are diverting oxygen from their plants to meet the urgent medical requirements of various states.

“Steel production is bound to get impacted since the oxygen used in the making of steel is getting diverted for medical usage, but life cannot have less priority than steel production,” said a source with AM/NS India.

AM/NS India is supplying about 200 tonnes of oxygen daily for Covid use.

“About 28 oxygen units located at the steel plants of both public and private sectors are supplying about 1,500 tonnes

of medical oxygen daily. A stock of 30,000 tonnes, including the safety stock, is being made available for medical use,” the ministry of steel said via its twitter handle. Sajjan Jindal-led JSW Steel is supplying 185 tonnes of oxygen from its Dolvi plant in Maharashtra to the state government daily.

Among the states across the country, Maharashtra is the worst hit with Mumbai heading the list among metros.

“Covid-19 has started spreading again and we need oxygen for saving lives. Oxygen is the raw material in steel plants and at this crucial time, we have committed to the government to prioritise saving lives over steel making,” said Jindal via a tweet last week. Since the beginning of the pandemic, steel plants have supplied over 130,000 tonnes of medical oxygen, said the steel ministry.

“Tata Steel’s response to the increased



demand for liquid medical oxygen has been proactive and the company has been supplying according to the requirements given by various state governments,” said a Tata Steel spokesperson.

Meanwhile, the domestic steel industry is gearing up for a slightly muted

## PRODUCTION SHIFT

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Players choose to divert oxygen for life-saving over steelmaking

demand as auto and consumer durables segments are expected to take a hit, going ahead. “Demand from auto and white goods is not expected to pick up. It will not be a situation as bad as last year since both companies and consumers have kind of learned to tide over

the situation. However, overall, it will be a muted demand at least in the large cities,” said P K Sen, secretary general at the Institute for Steel Development and Growth (INSDAC).

Demand for steel from infrastructure projects, led by the government, will continue, said industry officials. In terms of demand trends, rating agency ICRA said that contraction in domestic steel consumption has been much lower at 9.9 per cent in 11 months of FY21 compared to a 19.6 per cent drop witnessed during eight months of the same financial year.

This is on the back of a sharp pullback in demand during December 2020 and January 2021.

Even this year, demand from rural areas and small cities and towns will be relatively higher compared to metros as the pandemic has not had much impact in those areas,” added Sen.