

# **A STUDY ON THE INDIAN SCRAP MARKET**



**Prepared by:  
Joint Plant Committee  
An ISO-9001:2008 Organization  
(Constituted by the Government of India)**



## FOREWORD

The year ending 2014-15 proved a milestone year for the Indian steel industry. India has emerged as the 3<sup>rd</sup> largest crude steel producer globally, while successfully maintaining its rank as the top largest producer of sponge iron and the 3<sup>rd</sup> largest consumer of finished steel in the world.

One noteworthy development in this context is the gradual emergence of the scrap-DRI based electric route of steel making in India which, over time, has emerged as a key driver of domestic crude steel production. Today, the IF and EAF routes together account for 57% of the total domestic crude steel production, while the remaining is the share of the traditional blast furnace route.

With the increase in the domestic DRI-making capacity, India being the world's largest producer since 2003, the focus invariably shifts to scrap, which besides being a feed material for the electric route, also plays a key role in the Blast Furnace route of steel production. However, the domestic scrap scenario faces challenges in the form of constraints on its domestic availability owing to wide-scale adoption of continuous-casting, restricted availability of good quality scrap globally, high and frequent fluctuations in global prices, etc. Viewed against a buoyant domestic demand scenario emanating from the steel sector, such supply side issues are of great relevance.

The absence of an official and reliable database on domestic generation-cum-availability of scrap and the trends therein, has been felt as a major deterrent in understanding the scrap market. The present JPC study on the domestic ferrous scrap market is intended to fill this information void. The objective of the Study has been to examine the pattern as also the extent of the present internal generation, the availability of scrap in the domestic market and the supply-demand scenario in the context of the present and the projected growth of the Indian steel industry.

We sincerely hope that the Report will meet the information requirements of the user industry and prove to be a valuable source of knowledge for all concerned.

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## ACKNOWLEDGEMENT

The emerging role and contribution of the electric route of steel making in total production of crude steel in the country has increasingly made it essential to understand the trends in the raw material or input side. Given the well defined contours of the domestic sponge iron industry, it followed that the real thrust should then be on the domestic scrap market. The domestic scrap scenario, however, has seen significant changes over the years, be it in the established practice of continuous casting which has impacted the domestic generation or supply side, the changing dynamics of the Indian iron and steel industry which has witnessed the remarkable emergence and expansion of sponge iron, factors affecting brisk imports, the restricted availability of good quality scrap, the issue of fluctuating prices et al. There is also the projections on steel demand and supply in the coming days, which too made it important to understand the input-output dynamics.

However, the absence of an official database on domestic generation-cum-availability of scrap was felt as a major deterrent in understanding the direction of growth of the domestic scrap market in the coming days. It was to meet this information and knowledge void that Joint Plant Committee (JPC) under the aegis of the Ministry of Steel, Government of India, had undertaken the present work, a study on the domestic iron and steel scrap market. The objective was to understand the pattern and extent of internal generation of scrap and analyse the future supply-demand-price scenario in context of the overall framework provided by projected growth of the Indian steel industry.

Given the extent and magnitude of the work, it called for the involvement and cooperation of all. It is thus necessary to acknowledge the rich guidance received from the Members of the Technical Committee supervising the Study, the diligent field work provided by M/s Industrial Development Services Pvt. Ltd., New Delhi, the valuable contributions received from all the contributors, officers of the Ministry of Steel and last but not the least, personnel belonging to the Joint Plant Committee and its regional offices.

The Study Report, detailing the findings highlighted based on data and information collected and collated during the field survey work on the dynamics of the domestic iron and steel scrap market, is hereby presented to all for encouraging further work on this mature-yet-evolving market.

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