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INDUSTRY

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Aluminum demand to boost India's industrial vision: IIFT Survey

Published on March 16, 2021

New Delhi: Offering an insight into how the dynamics of India's **aluminum** industry is expected to pan out, Indian Institute of Foreign Trade (IIFT) has compiled & released its survey which indicates that the demand for **aluminum** is going to rise in India to support India's industrial vision of achieving 25% of GDP from manufacturing by 2022 under the "Make in India" initiative and as a result of increasing urbanization, development of industrial corridors, rural electrification, smart city projects, housing for all, and various other infrastructural projects.

The study proposes to provide an overview of the Indian **aluminum** industry; to analyze the efficacy of the present policies with a focus on the contemporary trade situation and recommend suitable policy options to enhance the competitiveness of the downstream industry vis-à-vis the dynamics of global demand and supply.

"We have used secondary data analysis to provide an overview of the Indian Aluminium industry vis-à-vis global aluminum industry and assess the challenges faced by the Indian aluminum downstream sector and its potential along with ITC Trade Map data to explain and analyze the trade structure of the domestic aluminum industry," said Anil Agarwal, Patron, ASMA (**Aluminum Secondary Manufactures Association**).





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“In order to analyse the dynamics of the aluminum industry after India signed FTA with some supplier countries and India’s duty structure, we used customs tariff data from various sources including Central Board of Indirect Taxes (CBDT) and Supply-Use Table,” he added.

The study also discusses the rising requirement of “green” properties of the aluminum and awareness of the climate change related requirement to assess the future path for Indian Aluminum industry while World Integrated Trade Solution (WITS) SMART analysis has been conducted to build a hypothetical scenario to import high quality primary aluminum in India at lower tariffs with the reference case of Russia.

Overview of Aluminum Industry

Aluminum is the most abundant, naturally occurring metal in the earth’s crust in the form of bauxite ore. The aluminum industry is one of the essential sectors for countries to modernize as the metal is lightweight, durable and infinitely recyclable.

It serves many areas of application in the economy and is likewise vital to both the industrial and consumer sectors. On the industrial front, aluminum is mainly used in machinery, electrical power transmission equipment, construction and transport.



sectors.

An IBEF 2019 report says that the Aluminum industry is the second most important metallurgical industry in India. Over the course of the last four years, India's aluminum production capacity has increased to 4.1 million MT, driven by investment worth Rs 1.2 lakh crore (US\$ 18.54 billion). In 2019, India was the fourth largest producer of aluminum in the world with a share of around 5.33 percent of the global aluminum output.

Potential of Aluminum Downstream Sector

The Aluminum Downstream Sector holds great potential as some of the major sectors, where aluminum is used in abundance, have set up their growth plans. For example, Railways has committed \$113 billion over the 5-year period with focus on enhancing safety of passenger cars, increasing speed of the trains and driving energy and cost efficiency. Apart from this, the transport sector is aiming high towards decreasing CO₂ emission by faster adoption & manufacturing of Hybrid/ Electric Vehicles (FAME Scheme) and several other measures. Several other sectors also hold great potential for the aluminum sector.

The survey also highlights the challenges for the Indian Aluminum industry along with export potential and assesses the trade structure, competitiveness of Russia and trade Intensity with India, gives a detailed analysis of import tariffs and Effective Rate of Protection (ERP) in the Indian Aluminum industry and shares the future of Indian Aluminum industry.

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