

## **Ferro Alloys Industry Today : the Challenges**

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### **ABSTRACT**

*Earlier years, the growth policy of ferro alloy industries was primarily based on cost plus situation. High entry barriers for new entrants restricted the installation of new production units and imports were unviable due to duty structures in force. However, during 1988 and 1990 many small units mushroomed with the decontrol of steel coupled with low project costs through indigenisation of equipments, sales tax and power concession. This cost the price crashing and forced the entire industry to operate on low profitability. In the recent years, the liberalisation and broadbanding of the industry has armed the ferro alloy units with the freedom to decide when, what and how much to produce.*

*But the dreams based on which the rapid growth in the ferro alloy industry had taken place has, today, come in for a surprise !*

*The growth of the steel industry has not been commensurate with the growth envisaged, leading to higher unutilised capacities.*

*The acute power shortage and the unabated increasing power costs. Non-availability of proper process technology for using low grades of raw materials which is plentifully available.*

*The constraints in exports especially due to poor infrastructure at Ports. The inadequate and expensive logistics support. The reducing import duty structure allowing imports to substitute the already plentifully available ferro alloys in the country. How do we face and cope up with these challenges ? Some of these points are discussed in this paper.*