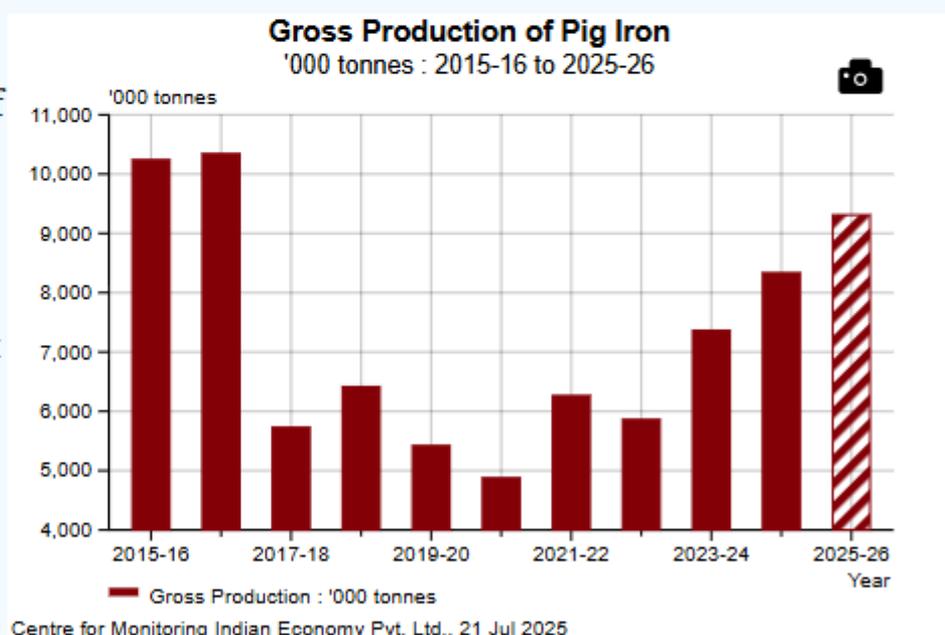


Pig iron production to grow by double-digits for third consecutive year

Growing demand for steel to drive pig iron production

The pig iron industry is expected to witness a rise in production in the ongoing financial year 2025-26. This will be the third consecutive year of double-digit growth in pig iron production. Strong demand from steel segment, a key user industry, is likely to drive growth in production volumes. Furthermore, an expected surge in pig iron shipments to the United States is expected to contribute towards the growth in production this year.

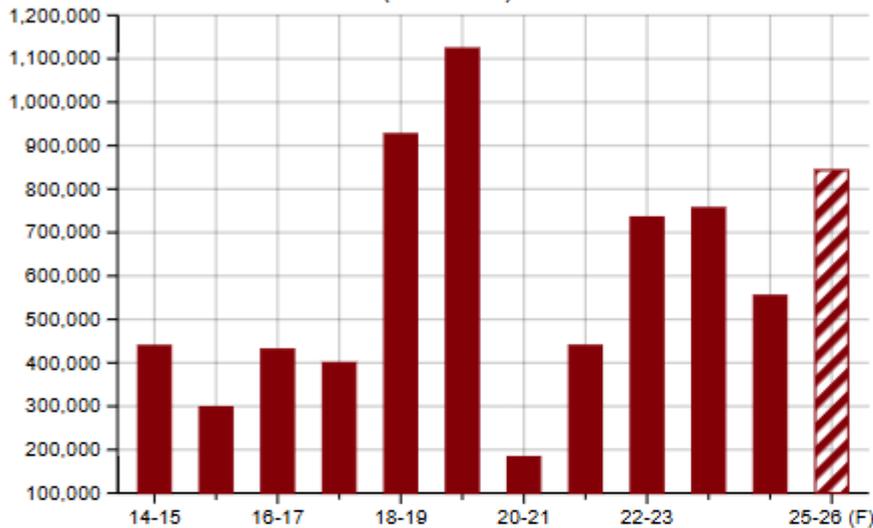
The industry is expected to produce 9.3 million tonnes of pig iron during 2025-26, compared to 8.3 million tonnes produced in 2024-25. With this, the pig iron output is projected to increase by 11.7 per cent in the current financial year, over the 13.2 per cent rise recorded in the previous year.



Pig iron, also known as crude iron, is a crucial raw material in steel-making. Pig iron's high carbon content and specific alloying elements make it ideal for refining into steel with desired properties. Steel is used across many industries, mainly in construction, infrastructure, capital goods and automotive segments, which constitute more than 85 per cent of the total steel demand in India.

The construction segment holds around 43 per cent share of India's total steel demand. Construction activity is growing due to traction in the real estate industry. The real estate industry, which includes residential as well as commercial segments, is expected to record its third-highest project completions in 2025-26. Projects worth a massive Rs.843.3 billion are expected to come onstream this year in the realty sector.

Projects completed: Real Estate
(Rs. million)



Centre for Monitoring Indian Economy Pvt. Ltd., 21 Jul 2025

The ongoing push for affordable housing schemes like the Pradhan Mantri Awas Yojana (PMAY) and increasing demand for mid and premium housing segments led to the rise in projects for residential properties. The government has announced Rs.197.9 billion towards the original

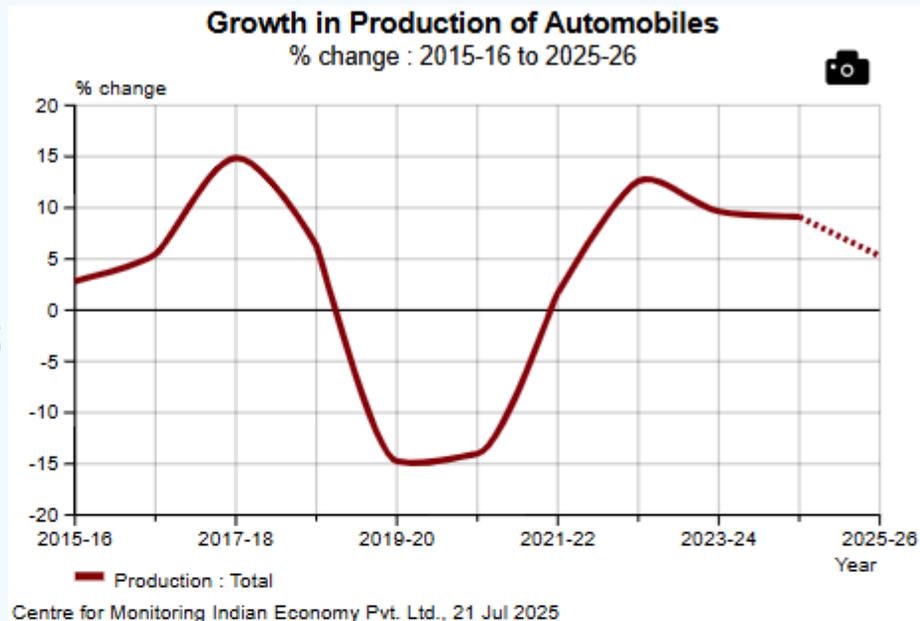
iteration of the PMAY-Urban scheme and Rs.35 billion towards the second iteration of the scheme, which is higher compared to the revised estimates for the previous year. The government kept allocation to the PMAY-Gramin scheme almost at year-ago levels at Rs.548.3 billion.

The commercial real estate sector is also expected to remain robust this year, fuelled by the expansion of global capability centres, resumption of the work-from-office setup, growing tenant demand for office spaces and steady retail and industrial growth. Office space leasing in India's eight major cities reached 48.9 million square feet in the first half of 2025, marking the highest-ever volume for a six-month period, according to data from Knight Frank India.

Initiatives like the Smart Cities Mission, PM Gati Shakti as well as significant investment in the development of roads, highways, ports and industrial corridors will boost the consumption of steel going forward. In the Union Budget 2025-26, the government

consumption of steel going forward. In the Union Budget 2025-26, the government announced capital investment outlay of Rs.11.2 trillion for infrastructure and significantly enhanced outlay for the 50-year interest-free loans to states for capital expenditure and incentives for reforms to Rs.1.5 trillion.

Strong momentum in the real estate and public infrastructure sectors is expected to rapidly expand construction activities in the country, thereby accelerating demand for steel as well as pig iron during the reporting year. The automotive industry is expected to witness healthy growth in its



production in the current financial year, owing to factors such as a rise in income levels, easy finance availability, growing preference for personal mobility and a rise in transportation activities due to growing construction and infrastructure projects. The overall production of automobiles, which includes passenger and commercial vehicles as well as two and three-wheelers, is expected to grow by a smart 5.3 per cent in the ongoing financial year. This growth will come over a healthy 9.6 per cent rise seen in automobile production during 2024-25.

Other user segments for steel are consumer electronics, power, shipbuilding and aerospace, to name a few. Most of these sectors are expected to perform well this year, which will result in increased steel consumption and a rise in demand for pig iron.

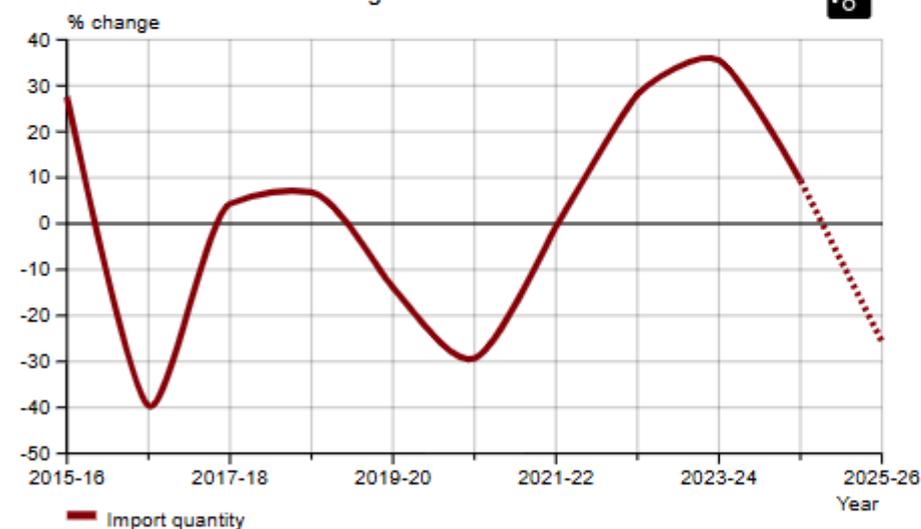
Pig iron is also used in ductile iron (DI) pipes production as a primary source of pure iron. Ductile iron is used for potable water transmission and distribution, sewerage and wastewater systems. In the Union Budget 2025-26, the government extended the Jal Jeevan Mission till the year 2028. The mission is envisioned to provide safe and adequate

wastewater systems. In the Union Budget 2025-26, the government extended the Jal Jeevan Mission till the year 2028. The mission is envisioned to provide safe and adequate drinking water through individual household tap connections to all households in rural India. Additionally, a rise in real estate and infrastructure projects this year is expected to keep demand for DI pipes strong. This will support the production growth in the pig iron industry.

Domestic production of steel is also expected to rise this year due to an anticipated drop in steel imports following the imposition of safeguard duty on key steel products. On 21 April 2025, the Indian government levied a 12 per cent provisional safeguard duty for 200 days on imports of five steel product categories, which include hot rolled coils, sheets and plates, hot rolled flat mill plates, cold rolled coils and sheets, metallic coated steel coils and sheets and colour coated coils and sheets, whether or not profiled. This move aims to curb the surge in steel imports.

Growth in Imports of Finished Steel

% change : 2015-16 to 2025-26



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Following the imposition of the safeguard duty, steel imports declined by 11.3 per cent year-on-year in April 2025. Imports are expected to fall further, by 25.7 per cent, over the course of the current financial year.

Further, the government is set to impose a quality control order (QCO) on

certain steel products starting August 2025. Under this regulation, the input material used in imported steel products, whether finished or semi-finished, must comply with Indian standards set by the Bureau of Indian Standards (BIS). This measure is also expected to restrict the volume of steel imports going forward.

The steps taken by the government to reduce import dependence are likely to boost

The steps taken by the government to reduce import dependence are likely to boost domestic steel production, thereby increasing the demand for its key raw material, pig iron.

Increased domestic production of steel to boost pig iron imports

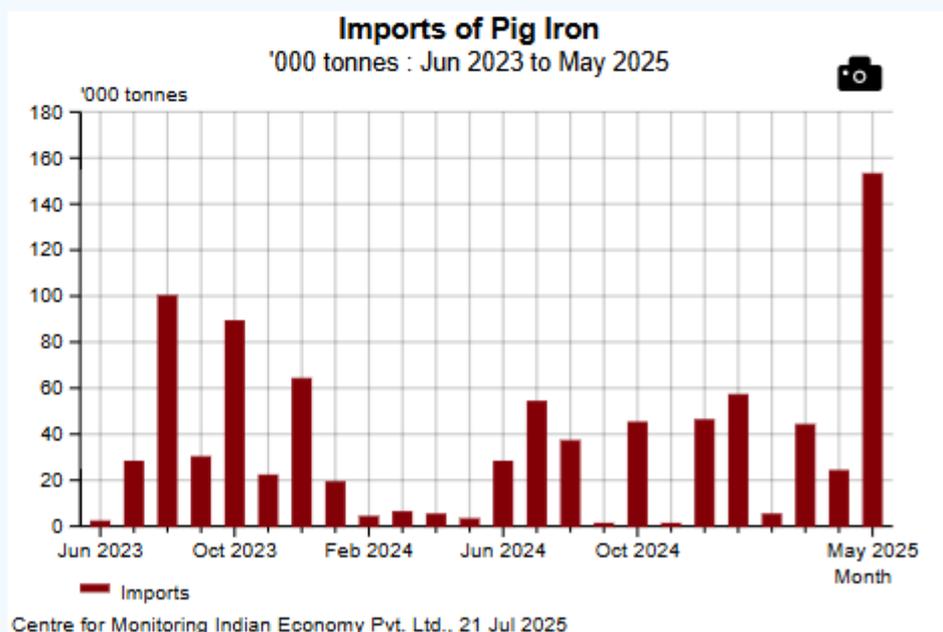
Pig iron imports are expected to surge this year due to an expected rise in the production levels of steel. With safeguard duty and QCO measures in place, steel imports are expected to decline significantly in India. This is expected to drive demand for domestically produced steel, thereby increasing the demand for pig iron.

Pig iron is imported at a cheaper rate from countries such as Egypt, with which India has a free-trade agreement, and Indonesia. Both nations accounted for nearly half of India's total pig iron imports during the previous financial year ended in March 2025. The import unit realisation of pig iron from Egypt and Indonesia stood at Rs.32.1 per kilogram (kg) and Rs.40.2 per kg, respectively, in 2024-25. This is significantly lower compared to pig iron prices in the domestic market. The average domestic price of pig iron was Rs.49.4 per kg in the same year.

The unit realisation of imports is expected to remain lower compared to the domestic prices in the ongoing financial year as well. Subsequently, import volumes of pig iron are expected to rise to meet the growing demand for steel.

Pig iron import quantity jumped by 2,112.5 per cent

year-on-year in the first two months of the ongoing financial year. We expect pig iron



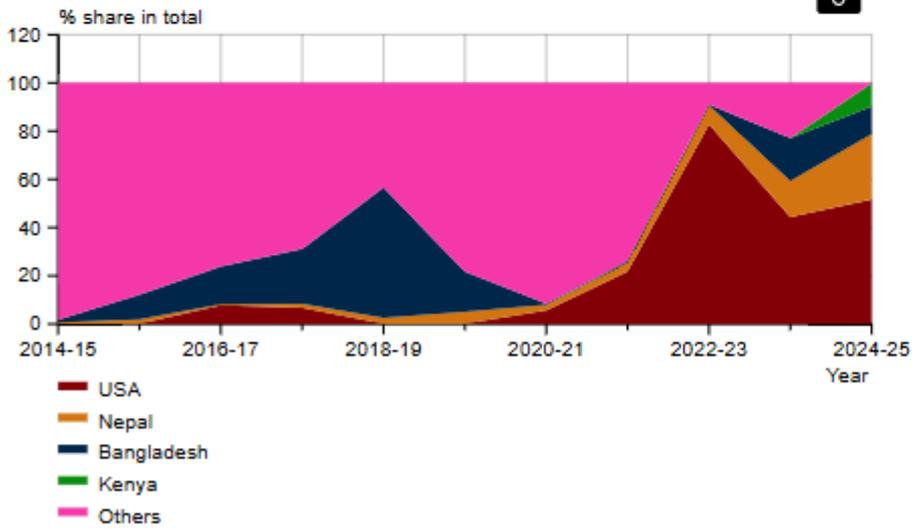
Pig iron import quantity jumped by 2,112.5 per cent

year-on-year in the first two months of the ongoing financial year. We expect pig iron imports to increase by 61.3 per cent in the year 2025-26.

Exports to grow ahead of US tariffs levy

Pig iron exports are likely to surge in the first few months of the ongoing financial year ahead of the imposition of country-specific tariffs by the United States (US), which will take effect from August 2025. US President Donald Trump announced a 26 per cent tariff on imports from India, effective from 5 April 2025. However, on 9 April 2025, the US declared a 90-day suspension on the implementation of these country-specific reciprocal tariffs, providing temporary relief to several nations, including India. This suspension was further extended until 1 August 2025. Although, a baseline 10 per cent duty remains in force.

Share of Countries in India's Pig Iron Exports
% share in total : 2014-15 to 2024-25



The US accounted for nearly half of India's total pig iron exports in the previous financial year ended in March 2025. Exports to the US are expected to elevate before the 26 per cent tariff on Indian goods comes into force on 1 August 2025.

The pig iron industry witnessed a 38-fold jump in

export volumes in the first two months of the year 2025-26 when compared to the same period last year. This sharp spike is primarily driven by a surge in shipments to the US, as exporters rush to take advantage of the temporary tariff relief window.

The export quantity of pig iron is expected to more than double in the ongoing financial year when compared to the previous year 2024-25. The surge will come after the industry saw a double-digit fall in exports over the last three consecutive years ending March 2025.

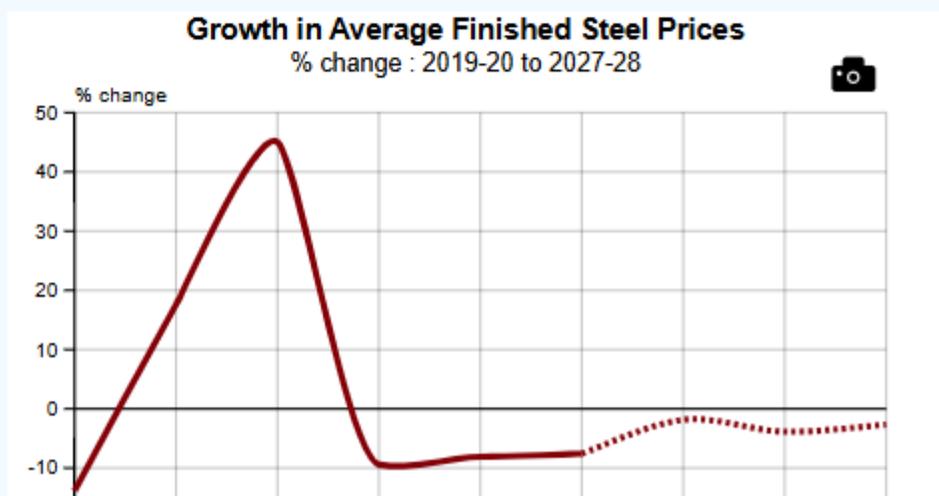
Pig iron: Imports & Exports

Year	Imports		Exports	
	'000 tonnes	% change	'000 tonnes	% change
2021-22	26.0	188.9	1,213.0	10.4
2022-23	118.0	353.9	629.0	-48.2
2023-24	366.0	210.2	385.0	-38.8
2024-25	326.0	-10.9	287.0	-25.4
2025-26 (F)	525.9	61.3	588.4	105.0

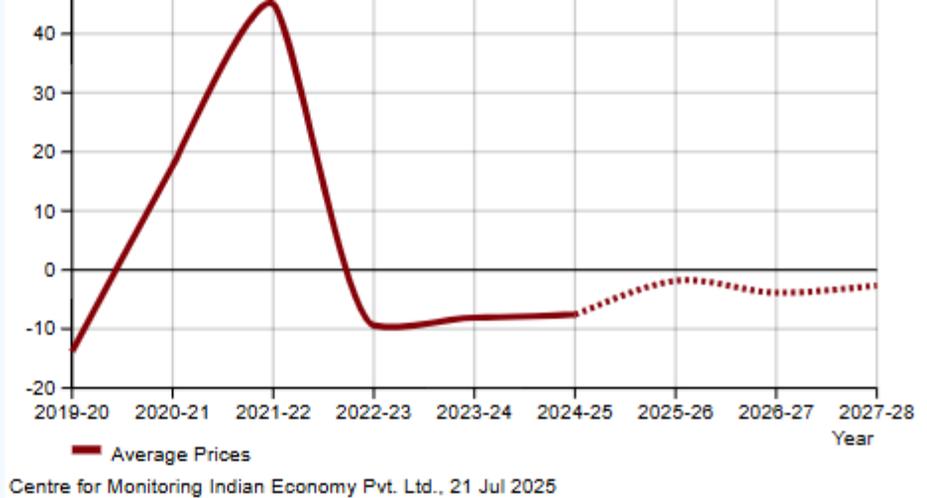
Pig iron prices to continue to fall in 2025-26

The implementation of a 12 per cent provisional safeguard duty on key steel product categories by the Indian government is expected to support domestic manufacturers by curbing the decline in steel prices and enabling a moderate price recovery in the near term. Anticipation of the duty led to a rise in domestic steel prices in March 2025, which further increased on a month-on-month basis in April 2025. However, the upward momentum is likely to be short-lived, with steel prices expected to witness only marginal gains in the coming months. International steel prices are likely to remain weak in the coming months on account of an expected surplus in the global steel market.

Moreover, the commissioning of new steel production capacities within India is set to increase domestic supply, further limiting the scope for price hikes. Additionally, weak export demand, especially



production capacities within India is set to increase domestic supply, further limiting the scope for price hikes. Additionally, weak export demand, especially from key markets like the European Union, will continue to exert downward



pressure on prices. As a result, the steel industry is expected to witness a fall in prices on a year-on-year basis.

Pig iron prices generally move in tandem with steel prices due to steel being a major end-user sector. We expect pig iron prices to rise slightly in the next few months on a sequential basis. They are, however, likely to fall on a year-on-year basis by an expected four per cent in the current financial year 2025-26.

With the imposition of 26 per cent tariff on Indian goods by the US government from 1 August 2025, the supply of pig iron is expected to rise in the domestic market. This is likely because India exports almost half of its pig iron to the US. Higher supply against its demand is expected to create an oversupply situation in the Indian pig iron market. This will exert pressure on domestic pig iron prices. Thus, pig iron prices are expected to fall in the ongoing financial year 2025-26.

Pig iron: Average Prices

Year	Rs./tonne	% change
2021-22	54,650.3	33.18
2022-23	60,852.8	11.35
2023-24	52,900.0	-13.07
2024-25	49,389.4	-6.64
2025-26 (F)	47,442.9	-3.94
2026-27 (F)	46,241.2	-2.53
2027-28 (F)	45,288.6	-2.06