



Home

02 Feb 2024 6:22 PM, [Outlook](#)

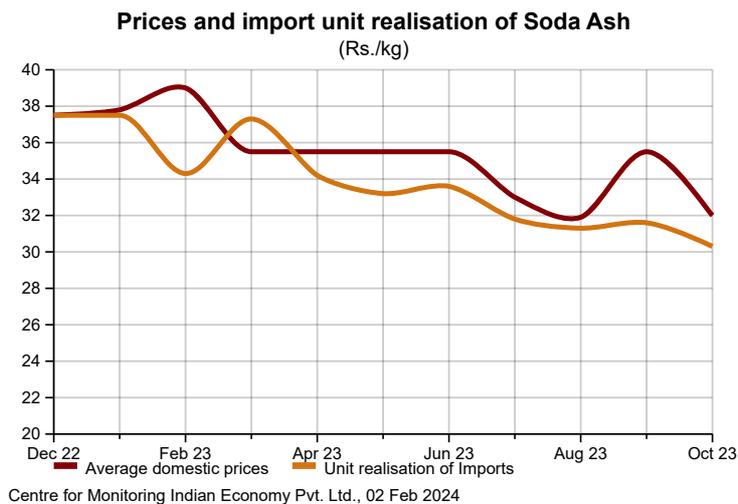
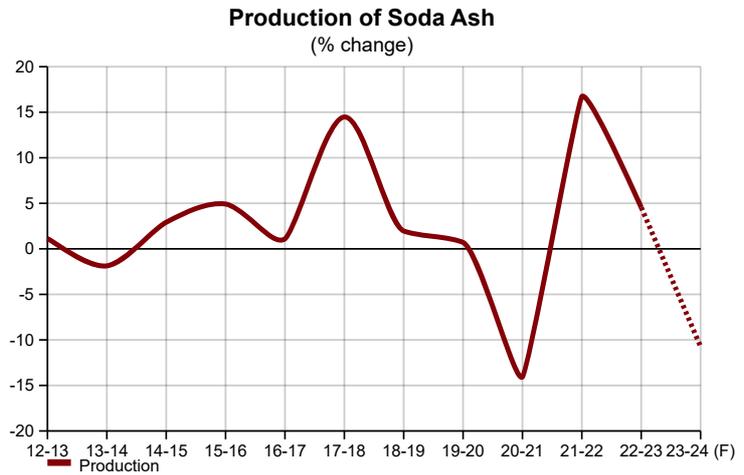
Prajwal Shinde

## Soda ash production to fall in 2023-24

### Due to high level of imports

The soda ash industry is expected to witness a fall in production in the ongoing financial year 2023-24. The fall in production will mainly be on account of growing imports. Tepid demand for soda ash from most of the user industries is also expected to drag down the production in 2023-24.

Soda ash imports surged by 52.4 per cent in the first seven months of the current financial year. The share of import quantity in the Indian soda ash market spiked to almost 25 per cent during April-October 2023 from 14 per cent in the corresponding year-ago period. This was due to an increase in supply of cheaper soda ash internationally. The average unit realisation of imports of soda ash stood at Rs.27.3 per kilogram, while the average domestic prices of soda ash were much higher at Rs.34.1 per kilogram during April-October 2023.



Capacity additions globally led to oversupply in the market, resulting in lower soda ash prices. The U.S. added soda ash capacity of around one million tonnes, while Turkey added a capacity of about 0.4 million tonnes, according to GHCL, one of the largest soda ash producers in India. China, too, added a capacity of 1.5 million tonnes during the ongoing financial year. The

cumulative capacity additions by these countries of about 3 million tonnes, which is almost 70 per cent of India's current installed soda ash capacity of 4.3 million tonnes, is expected to have created a glut in the market.

Moreover, the softening of demand from Europe led to a surge in dumping of soda ash by these countries into India. Russia's surplus is also landing in India due to embargo from

Europe, U.S. and other countries, said DCW's chief executive officer, Amitabh Gupta. This has led to an upsurge in imports this year.

Imports from Russia, Turkey, U.S. and China accounted for almost 70 per cent of total imports during April-October 2023, significantly higher compared to the 50 per cent share in the year-ago period. With a surge in imports from these countries, we expect the total import quantity of soda ash to grow by more than 70 per cent in 2023-24.

A surge in imports at lower prices is likely to have exerted pressure on domestic prices. Tata Chemicals, a leading soda ash manufacturer, reduced the prices of soda ash light by Rs.1,000 per tonne and that of soda ash dense by Rs.1,500 per tonne. The company took a 20 per cent cut in prices since the start of 2023. DCW, too, reduced its prices by 20 per cent. Going forward, GHCL will continue to lower its soda ash prices, said the company's managing director RS Jalan. The average price of soda ash in India is expected to fall by more than 14 per cent in the ongoing financial year.

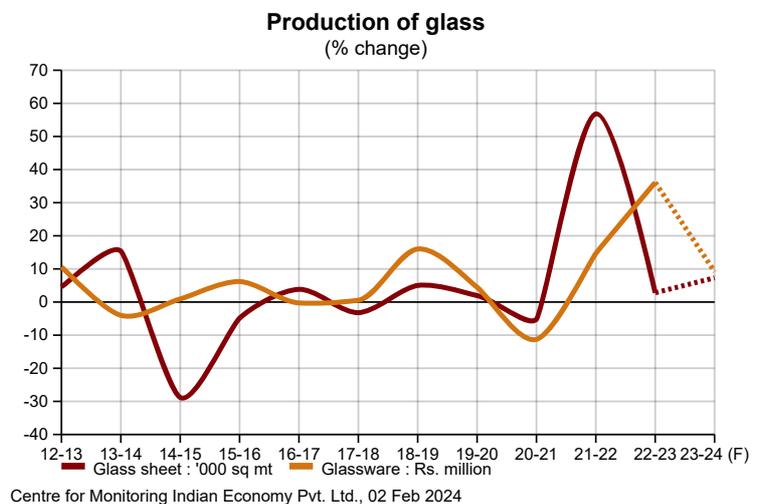
## Demand for soda ash likely to be muted in 2023-24

With an upsurge in imports and subdued demand in the domestic market, production of soda ash is expected to fall by 10.8 per cent in the current financial year 2023-24. Tepid demand for soda ash from user industries is expected to impede growth in this year's production. The glass industry, a major demand driver for soda ash, is expected to witness healthy growth in its production this year. However, a fall in other key user industries' output is expected to offset the higher demand from glass.

Almost half of the demand for soda ash comes from the glass manufacturing industry. Soda ash is used as a key raw material in the formation of glass. Glass production is estimated to grow in the range of 7-10 per cent in 2023-24 when compared to the previous year. Higher glass production is likely to come on the back of strong project completions in the real estate and solar energy industries as well as healthy production in automobile, pharmaceutical, cosmetics and food and beverage segments. This is expected to accelerate demand for glass products in the ongoing financial year.

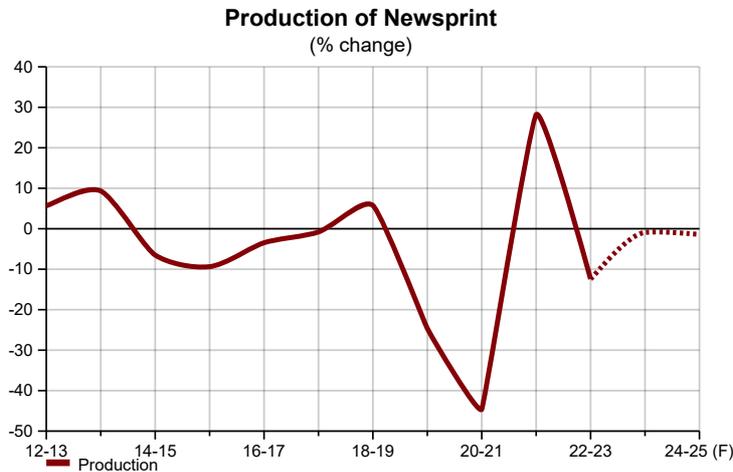
Soda ash is also used as a key raw material in the production of lithium carbonate, which is an integral input of lithium-ion batteries. Lithium-ion batteries are extensively used in electric-powered vehicles. The production of electric vehicles is estimated to grow at a double-digit rate this year. This is expected to augur well for the soda ash industry.

Other user industries such as soaps & detergents, textiles and paper & pulp are expected to report lower production this year. This is expected to impact soda ash demand in the



current financial year.

Soda ash also known as washing soda, is widely used in home detergents and cleaning products due to its high alkalinity and cleansing properties. The production of soaps and detergents is declining every year since 2021-22. The descent in the soap & detergent market was led by weak demand from rural areas. Output of soaps and detergents slipped by two per cent year-on-year during April-November 2023. It is likely to continue to fall in the remaining months of the ongoing financial year.



Centre for Monitoring Indian Economy Pvt. Ltd., 02 Feb 2024

The paper & pulp industry uses soda ash as a major component in pulp digestion, coating formulations and bleaching processes. Demand for paper and newsprint is declining owing to rapid digitisation across education, communication and media industries. Sedate demand from these industries is likely to impact paper production this year.

The paper industry is expected to witness a fall in newsprint production for the second consecutive year ending in March 2024. This will lead to a reduction in demand for soda ash from the paper and pulp industry.

Soda ash acts as a dye-fixing agent in the textiles industry. The production activity in the textile industry remained at its year-ago level in the first eight months of the ongoing financial year. Textile production is expected to remain muted for the rest of the year on account of sluggish demand from domestic as well as international markets.

Production of user segments such as glass, textiles, soaps and detergents is expected to increase in the next financial year 2024-25. This is likely to improve soda ash demand and its production. Domestic soda ash manufacturers will continue to implement price cuts in the near future to aid production and reduce imports. Soda ash imports are expected to decline in the next financial year after recording a peak in the current financial year.

### Production, Imports, Consumption & Prices of Soda Ash

Year	Production	Imports	Consumption	All-India average Prices
	% change	% change	% change	% change
2019-20	0.70	0.85	-1.23	3.78
2020-21	-14.05	-15.10	-15.12	-5.01
2021-22	16.71	-21.76	5.71	10.76
2022-23	4.56	2.55	5.94	31.69
2023-24 (F)	-10.75	70.79	-2.17	-14.35
2024-25 (F)	-12.52	13.84	6.99	-1.03

Use of info@cmie.com in all communications is subject to the website usage agreement & privacy policy  
Site developed and maintained by Centre for Monitoring Indian Economy Pvt. Ltd.