

Metal forging industry stares at weak demand from automobile sector

India's metal forging sector, where 83% of the units are tiny and small enterprises, has been facing hardship since the outbreak of COVID 19 because of decline in demand for automobiles. India's forging industry supplies forged products made of steel, titanium, aluminum and other metals to various sectors. Around 60% of the annual production of the forging sector goes to the automobile sector. Weak global demand has also added to the challenges facing the forging sector as exports account for more than 20% of the overall output of this industry.

There are more than around 400 forging units in India that cater to sectors such as automobile, industrial machinery, mining, general engineering, railways and construction. While 83% of the units in the sector are tiny and small enterprises, 9% are medium sized ones, with the remaining units falling in the large scale category.

Considering the predominance of small units in this sector, there is a need for policy intervention to upgrade skills and technology so that these units can navigate through the challenges facing the sector. While the COVID related uncertainty is one challenge, the sector also faces another long term challenge, which is the emergence of electric vehicle. As automobile companies start manufacturing electric vehicles, demand for forged components will decline. According to industry estimate, widespread adoption of electric vehicle will reduce demand for forged auto components by 40-50% in the coming years. Compared to petrol and diesel vehicles, electric vehicle involves limited forged components such as steering, suspensions and axles. Decline in demand for forged components with the emergence of electric vehicles will affect the sustainability of units and also lead to job losses in the forging sector.

Technological development is an integral part of the evolving economic paradigm and every sector has to reinvent business model through innovation in products, people and processes. Ministry of MSME and the state governments should support forging industry navigate through this challenge through initiatives such as reskilling and technology upgradation. Government should also support the industry in becoming globally competitive so that the industry can look for alternative sources of market to increase revenue. Government should connect the local units to the global market through exchange of trade delegation, participation in global trade fairs and other trade promotion initiatives.

Notifications

Press Information Bureau, Government of India

PM delivers keynote address at India Ideas Summit

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