



India's Commodity Boom: Could India be the New China?

India has established itself on the global scene as an economic powerhouse: the country has been experiencing solid and continuous growth and is now the world's fifth largest economy by nominal GDP.

Last week, we analysed the macroeconomic fundamentals and drew some comparisons with China. In this second article, we look closely at the key commodities we expect to shape India's future economy.

Metals Market – The Next Chapter

As India accelerates its industrial expansion, its metals market is poised for significant transformation. The country's surging demand for raw materials is reshaping global commodity flows, drawing parallels to China's rapid industrialization in the early 2000s. Foreign direct investment (FDI) has surged in India's metallurgical industries, reflecting strong investor confidence in long-term metal consumption. According to the Department for Promotion of Industry and Internal Trade (DPIIT), the sector attracted FDI inflows of US\$18.06 billion between April 2000 and September 2024.

Steel and Iron Ore: A Rising Ferrous Powerhouse

India's economic development strategy prioritizes infrastructure and industrial growth, driving an unprecedented expansion in steel production capacity. Government initiatives such as "Make in India" and the National Infrastructure Pipeline (NIP) are fuelling demand across the construction, automotive, and manufacturing sectors.

According to data from World Steel Association and India's Ministry of Steel, India—already the world's second-largest steel producer—produced approximately 149.6 million tonnes of

crude steel in 2024. The country aims to nearly double its capacity to 300 million tonnes by 2030. Unlike China, where steel demand has stabilized, India’s consumption continues to rise.

2024 global crude steel production (Mt)

Rank	Country	2024	2023	%2024/2023
1	China	1 005.1	1 022.5	-1.7
2	India	149.6	140.8	6.3
3	Japan	84.0	87.0	-3.4
4	United States	79.5	81.4	-2.4
5	Russia (e)	70.7	76.0	-7.0
6	South Korea	63.5	66.7	-4.7
7	Germany	37.2	35.4	5.2
8	Türkiye	36.9	33.7	9.4
9	Brazil	33.7	32.0	5.3
10	Iran	31.0	30.7	0.8

Source: World Steel Association

Iron ore plays a crucial role in India’s expanding steel industry. Unlike China, which heavily depends on iron ore imports, India has traditionally been largely self-sufficient in raw materials. However, with the country’s steel sector undergoing significant expansion, the demand for iron ore is also rising. Although India possesses stable reserves of high-grade iron ore, domestic supply may struggle to keep pace with future demand. As India modernizes its steel mills to meet global decarbonization goals, reliance on higher-grade iron ore imports—particularly from Australia—is expected to grow.

Coal: The Cornerstone of Industrial Growth

India’s reliance on imported thermal and metallurgical coal is expected to remain high over the next decade. As the country ramps up steel production to support its expanding industrial and construction sectors, demand for key raw materials like coal continues to grow.

India is now the largest seaborne coking coal buyer, a trend driven by the country’s growing steel capacity and consumption, with imports projected to reach 100 million tonnes by 2030, according to S&P Global Commodity Insights. This trend aligns with record-high global coal demand in 2024, as reported by the International Energy Agency (IEA), though the agency expects consumption to stabilize by 2027. While coal demand in the EU and the US continues to decline—albeit at a slower pace than in 2023—both China and India registered another year of record consumption. China’s coal demand is on track to rise by 1% to 4.9

billion tonnes, while India's consumption is set to increase by over 5% to 1.3 billion tonnes, a level previously reached only by China. According to S&P Global Commodity Insights estimates, India's total metallurgical coal demand is expected to rise from 150 million metric tons (MMt) to over 250 MMt by 2030.

Non-Ferrous Metals: A Market Poised for Expansion

Aluminium is crucial for the automotive sector, which has recently surpassed Japan to become the world's third-largest market. The industry is expected to be a major driver, contributing nearly half of secondary demand by 2028. India's secondary aluminium market is poised for rapid expansion, with demand projected to grow at a CAGR of 7-9%, increasing from 1.7 million tonnes in 2023 to 2.4–2.5 million tonnes by 2028, according to Manoj Agarwal, managing director and chairman at major Indian secondary smelter CMR Green Recycling, mentioned in the Fastmarkets report *Auto sector to keep fuelling India's aluminium demand jump: MRAI Jaipur*.

India's copper demand is likely to experience a significant surge, with BHP projecting a fivefold increase by 2050. As the country accelerates its electrification efforts, expands renewable energy capacity, and drives industrial growth, copper will be essential for energy transmission and infrastructure development. According to the International Copper Association India, the country's copper demand grew by 13% annually, reaching 1,700 kilotonnes (kt) in FY24. This rise is largely driven by rapid infrastructure expansion and building construction, which together account for 43% of copper consumption and contribute 11% to India's GDP.

Conclusion: A Unique Growth Path

India stands at a pivotal moment in its economic evolution, mirroring China's industrial ascent of the early 2000s in many ways. However, its growth trajectory will diverge in critical aspects, as it will likely focus more on services, technology, and energy diversification over an export-driven manufacturing boom.

As India cements its role in global commodity markets, the next decade will witness significant shifts in trade flows, resource allocation, and industrial policies. For global investors and commodity suppliers, India's rise presents both challenges and unparalleled opportunities, marking a new era in the global metals market.

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