



COPPER INDUSTRY

**India's copper consumption to grow
by ~11% in FY2024 and FY2025,
despite global headwinds**

DECEMBER 2023



The Central Government's massive infrastructure development plans, growing urbanisation levels, Housing for All schemes, transition to renewable energy along with investment in the metro rail network and railway electrification are likely to sustain domestic copper demand growth.

While global copper consumption growth would remain tepid at ~2% in CY2023, ICRA projects domestic copper demand growth at a healthy ~11% in FY2024 and FY2025.



- Domestic refined copper demand growth is expected to remain healthy at ~11% in FY2024 and FY2025, outpacing the rate of global growth in copper demand, given the Government of India's (GoI's) thrust on infrastructure development and a gradual transition to renewable energy.



- In the domestic market, around ~40% of the copper is consumed by infrastructure and construction sector and ~11-13% each in the automobile and consumer durable sectors. Significant emphasis by GoI towards affordable housing schemes, smart city projects, the Defence sector as well as the expected higher penetration of EVs and its associated infrastructure bode well for the domestic copper demand outlook.



- The GoI's ambitious target to achieve 500 GW of renewable energy capacity by 2032 would entail significant capacity additions in the transmission network including for substations and electrical machineries in the coming decade, translating into a healthy domestic copper demand.



- The automotive and transport sector also plays a pivotal role in the overall consumption of copper in India. After a stellar performance in FY2023, automotive demand is expected to remain steady in FY2024 and FY2025. Additionally, investment in the metro rail network and railway electrification is also likely to also aide domestic copper consumption in the coming years.



- Lower production of refined copper in India results in a deficit situation in the domestic market, which is being met through higher imports. The refined copper imports increased by ~30% in FY2023 and ~180% in H1 FY2024. However, a new copper smelter of 0.5 million MT (mmt) by the Adani Group is expected to start from FY2025 onwards which, once stabilised, is likely to reduce the deficit situation to an extent.



- While the domestic demand is healthy, global copper consumption is likely to remain muted in the current calendar year. In addition, global copper supply is showing signs of improvement, primarily in China, which is likely to result in a surplus metal balance in the current year. Thus, copper prices are expected to remain range-bound at current levels of ~8200-8300/tonne in the near term at least.



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