Chapter - VI

Summary
And
Suggestions
No other industry has undergone such trials and tribulations as Aluminium Industry during the past decade. Problems including power cuts, labour unrest, price control, rising cost of raw materials and financial strains have added woes to the industry. MMTC and private trade are faced unusually with the surplus stocks. They find it difficult to dispose of the stocks profitably at the administered prices. Over 60 per cent of the non ferrous metal goes into electrical engineering goods industry. It is on this account that the plan outlays for power development set trends in the aluminium market. So long as domestic industry is unable to raise the production. In India, till the late 60’s imported aluminium constituted a significant portion of the total availability of the metal. Trends in the aluminium industry in India since the early 50’s and to the late years of 90’s indicated that substantial new production capacity was built up and import was reduced.
At present, in India there are four major plants manufacturing aluminium. These are Bharat Almunium Company, Indian Aluminium Company, Hindustan Aluminium Company and Madras Aluminium Company. Bharat Aluminium Company (BALCO) is only in the while others are the private sectors.

Another plant, National Almunium Company (NALCO) in early 1987 which started with installed capacity of 2.18 lakh tonnes. The total installed capacity of these plants are 3,62,000 tonnes. But however the actual production is very low. These are all power cuts industries. Most of the producers barring, Bharat Almunium Company, have been unable to utilise their rated capacity of more than 55 per cent, Indian Aluminium Company (Indal), which is still one of the largest producers, was unable to utilise more than 44 per cent of its capacity leading to crash in output. The rated capacity of the company distributed over three smelters in Karnataka, Orissa and Kerala. All the three states are the short of power. Madras Aluminium
Company (MALCO) is in a very poor condition due to inadequate supply of power. It could not achieve its installed capacity of 25000 tonnes.

The aluminium industry has been found to have increased imports during the period under review. The Minerals and Metal Trading Corporation (MMTC) has arranged for the import of 20,000 tonnes of aluminium to help meet the immediate demand of the consumers. These imports are part of the authorised quantum of 50,000 tonnes for the year.

If need be, the corporation will raise the imports to 70,000 tonnes depending on the requirement at home and the short fall from the domestic units. The MMTC has reported to the concerned Ministry that some of the units at home have been suffering from acute power shortage which has affected their production considerably. The domestic aluminium production during 1995-96 was planned at 283,000 tonnes with HINDALCO, chipping in with 1.25 lakh, tonnes. INDAL, with 45000 tonnes BALCO, with 98000
tonnes and MALCO with 15,000 tonnes. The estimated demand for aluminium in the country is placed at 3.5 lakh tonnes.

On the commencement of National Aluminium Company (NALCO), the problem of short fall has been removed. MALCO has to produce 2.18 lakh aluminium per year which will as a result decrease imports.

At present, India’s contribution to world production of bauxite is about three per cent and that of aluminium is about two per cent though, this contribution is very modest it should be borne in mind that the country has a reserve base about 1200 million tonnes of bauxite.

Now, the question arises that whether India would be able to absorb this much aluminium in the coming year 1998. Looking at the project demand and supply We find that India will be producing in excess of its requirements by 1997-98. The per capita consumption of aluminium in India will be only half kg as compared to 26 kg
in other country like U.S.A with the total capacity of 3,62000 tonnes.

Now to pin out the sectors from where we need to generate more demand it emanates that the current sectorial composition of India's aluminium consumption was of the order of 2-4 lakh tonnes. The bulk users were power, consumers durables, and transport industry which consumed 52 per cent 20, per cent and 12 per cent respectively. As against this, we find that in the developed countries like U.K., Japan and U.S.A. the bulk users are sectors like transport, building construction and canning and packing. It is easy to realise that these are the sectors where the demand for aluminium can be increased by leaps and bounds. This is especially true for the sectors like transport and building and construction. India has also increased the use of aluminium in transport and building and construction. Aluminium products are being used in the place of wood, steel, and copper also. It may be hoped that enough demand would be generated from these sectors in the near future.
The aluminium consumption in India increased quite rapidly from 11,000 tonnes in 1953-54 to 3.50,000 tonnes in 1995-96. The full fledged demand has been witnessed more in electrical industry and Transport industry.

The thrust on high technology in the automobile industry has opened up the market for aluminium in the manufacturing of sophisticated cars trucks. Some of the major units in the manufacture of such vehicles where aluminium are increasingly being used in industrial countries includes radiator, heat cores, oil coolers, air condition condensers, evaporator and air charge cooler. Some of the properties of aluminium which favour its uses in the car and trucks manufacturing industries have been low density excellent heat transfer and high resistance and corrosion.

The falling international price has also made aluminium as an attractive alternative to copper and brass. It has been estimated that in terms of cost aluminium design are 50 per cent less expensive than copper or brass. So aluminium
alloys still occupy the first place among metal ir. the aircraft industry. High strength aluminium alloys also found use in missiles, satellites and other space crafts, and light stiff and strong aluminium to either planes (light combat aircraft for its wings).

Aluminium is a metal of future. It constitutes the largest among the non-ferrous metal produced and consumed in India. It is an all purpose metal for use in transport, electrical works packaging machinery and equipment. However its consumption in India is stagnant due to high cost. A suggestion of rational pricing system for the inputs to make aluminium cost effective and comparable with the international price. The future growth of aluminium is dependent on cost reduction through reduced excise duty and some control on price of raw materials.

The Indian aluminium industry should utilise modern technology for saving energy. Various plants in the country have been set up on imported technical know-how. The plants other
than that of Bharat Aluminium Co. Ltd. (Balco) have been set up in the fifteen and early sixties. Evidently, these plants have been following old technology which are more energy intensive, compared to modern plants. Certain modification and modernisation have been implemented by Indian Aluminium Company (Indal) and Hindustan Aluminium Co (Hindal Co) so as to reduce the consumption of energy and also to increase the production.

Power supply to the industries is not proper. Balco's plant has been fully commissioned (1984) delayed by about 5-6 years due to inadequacy of supply. Indal, has improved machine performance and reduced energy consumption. Use of all aluminium trucks in Indal mines is another energy saving practice. Changing over from rope shovels to hydraulic shovels by Balco is a step towards better production with less energy. The main characteristic of aluminium is exploited in the world over as energy bank, particularly in the transport sector where the energy saving is in the national interest. The growth is dependent on cost...
reduction and product development efforts by the primary producers as well government assistance to help price reduction by educed excise duty and some control on price of raw material to make them available concessionally to the primary producers.

In India marketing is challenging and exciting. The solution to the marketing problems require insight experience and analytical ability. Increase in the sales at the expense of profits may not be a desirable objective. There are many ways in which sales can be increased. For example by finding new customer, by increasing advertising and by reducing the price. Sometimes, the marketing manager adopt a method of coupon system to increase the sales he know the desires of the consuming public in case of utensils mostly the consumers are ladies which are exciting.

Aluminium product may be divided into two categories, namely (i) consumer product like utensils e.g. pressure cooker Frypan etc.
which are bought and utilized by household consumers. (ii) Industrial products are those which are used by business organisation or industry like Electricity industry, Transport Industry either as a raw material or parts of other goods when purchased for operation of the business itself.

A basic task of marketing system is to allow production to be directed towards the demand for the aluminium products. The marketing of aluminium products should provide for risk, such as physical deterioration or damage and loss in value. The marketing system should also communicate information to the retailer and the whole salers regarding the product availability, their prices and terms and conditions of sale through the salesman.

Aluminium products which are used for industrial purposes have three broad division, namely, (i) extractive industries (2) Manufacturing industries (3) Consuming or using units. Basically the product flow from the
extractive industries through manufacturing industries to the consuming or using units. At times there is also back flow products from manufacturing industries to extractive industries, as happens in case of capital goods and operating supplies. However, the major flow of movements of aluminium product is from manufacturers to ultimate consumers, Government, the business users and exporters.

**Aluminium product is used in transportation, construction and electricity industries.** They are the industrial users.

Thus on the demand side of the system we find a number of business and industrial users. Government departments and agencies and exporters, while on the supply side of distribution the important participant in the aluminium marketing system is the manufacturing establishment.

**Aluminium industry is the hard sell**
marketing where the production lines have to be kept busy in order to cover costs with the result that the product is continuously sold. It is an aggressive marketing terms in connection with the style of marketing.

A group of participants in the industrial marketing system consists of the industrial middlemen. These may consist of the manufacturers own branches, merchant wholesales or distributor and agents.

Merchant wholesalers or distributors are independent organisation which purchase the manufacturer of aluminium products and resell them to ultimate users which may be electrical, transport industry. On the other side, the suppliers have taken place in Aluminium Industry who produce Aluminium Sheet roll, foil and cables. The suppliers play a dynamic role in the supply of aluminium product to ultimate users called indirect channel. In other case, the manufacturer controls the distribution of his product from the factory.
to the users or customers referred to as the direct channel, but it is successful in small scale unit.

Although basically the planning of Marketing activities is similar in case of both aluminium products i.e. consumer and industrial. There are certain points which must be borne in mind in case we are thinking of an industrial products. If this, note of caution is not heeded, the industrial products manufacturer may be sadly disappointed with his results although a similar approach may have proved successful for consumer product manufacturer.

Changes in marketing strategy should be based more on production, design cost and service innovations. It is for this reason that the market planner’s role in case of aluminium product is materially different from that of the market planner in other product. Instead of having self contained market plans, the market planner in aluminium company must analyse
and interpret market requirements to enable the top and operation managements to decide how best to respond to such requirements.

On the other hand, it becomes necessary for top management to supply the necessary guidelines which must include definite long range growth targets and corporate objectives which should specify clearly the following significant points:

a. How fast the top management wants the business of the company to grow?

b. What product and market its desires to emphasize?

c. What are the types of business top management feels should be avoided? and

d. Finally, what profit returns are acceptable to top management?

In marketing of aluminium product in India consumer durability must be considered. The company must pay special attention to better
quality because the customer take the decision and is interested in the quality of the products. A good manufacturer dealer relationship can help in promoting the quality aspects of manufactures.

The characteristics of aluminium are exploited in the world over as energy bank particularly in the transport sector where energy saving is in the national interest. In view of our present and future energy reserves, we can not afford to neglect the production and use of aluminium for this section. Looking at the impressive future growth in automobile industry the increase use of aluminium in this industry can push up the stagnating consumption of this metal to great extent. This can be achieved only when the metal becomes cost competitive by way of providing some concession in power tariff and some relief in the excise duty by the government. Economies of scale not only lower the cost of production but also underwrite technological development. Aluminium
technology has been changing very fast and calls for heavy investment in sophisticated machine and equipments. The logic of economies compel the primary products to play a leading role in developing technology. This will promote higher growth in the fabrication industry.

The very fact that the use of aluminium is not more than 300 in number in India vis-a-vis 3000 in the advanced countries. The high cost of production is largely on account of high cost of inputs.

India after becoming nuclear power is at the threshold of making strides in space. The dream of the future would be realised by making use of best metal, for structural strengths. All offers the magic wand to make the dream come true. It is not a good rating that India lags far behind other countries in terms of consumption and production of aluminium per capita. The Research Scholar has made projections that demand of aluminium
would increase multiple times. The economy would perform excellently if production capacity is enlarged to meet the targets for 21st century.