

Glass Industry: 9M Update

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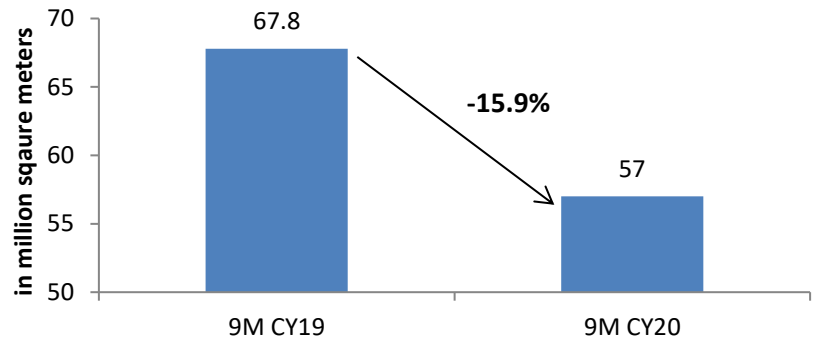
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Production of varieties of glass

Glass sheet (including toughened glass) finds its application mainly in real estate, automobiles and smart phones. The production of glass sheet during the first 9 months of calendar year (CY) 2020 fell by 15.9% to 57 million square meters compared with 67.8 million square meters in the same period last year.

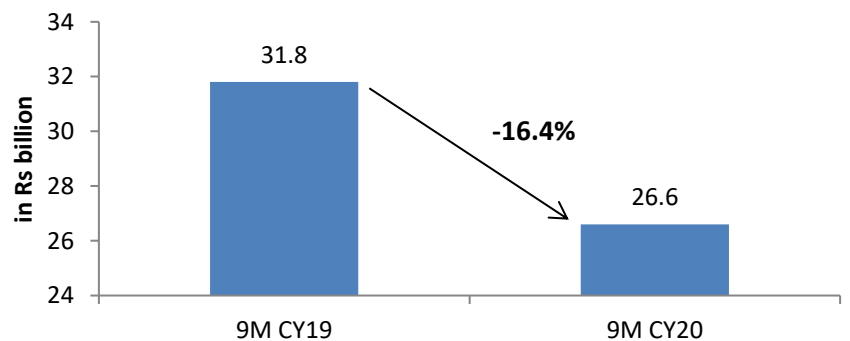
Chart 1: Production of glass sheet



Source: CMIE

The production of glassware that is used in the preparation of flower pots, decorative glassware, table wares, lamps and consumer durables decreased by 16.4% to Rs 26.6 billion during 9M CY20 from the earlier production of Rs 31.8 billion in the same period last year.

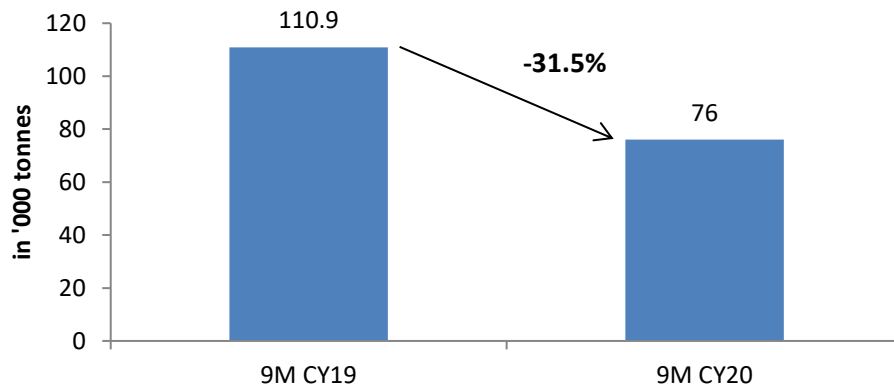
Chart 2: Production of glassware



Source: CMIE

Fibre glass is mainly used in telecom industry as optic fibre cables. Its production fell by 31.5% from 110.9 thousand tonnes during 9M CY2019 to 76 thousand tonnes in 9M CY20.

Chart 3: Production of fibre glass



Source: CMIE

The production of all three varieties of glass fell mainly owing to the Covid-19 induced lockdown and the consequent decline in demand. The business operations of the companies were adversely affected due to the pandemic.

Trade

India is a net importer of glass and glassware with imports being 21.1% higher than exports during 9M CY20.

Exports

During 9M CY20, exports of glass & glassware stood at Rs 39.8 billion compared with Rs 49 billion in 9M CY19, a fall of 18.8%. The industry’s exports form just about 0.3% of India’s total exports. According to FY21 data (April –September 2020) for exports of glass and glassware by India, USA accounts for the largest share of exports of 25.4% followed by UAE that accounts for 7% of the share. The top 5 nations roughly account for 44% of the total exports of glass and glassware.

Chart 4: Exports of glass & glassware by India

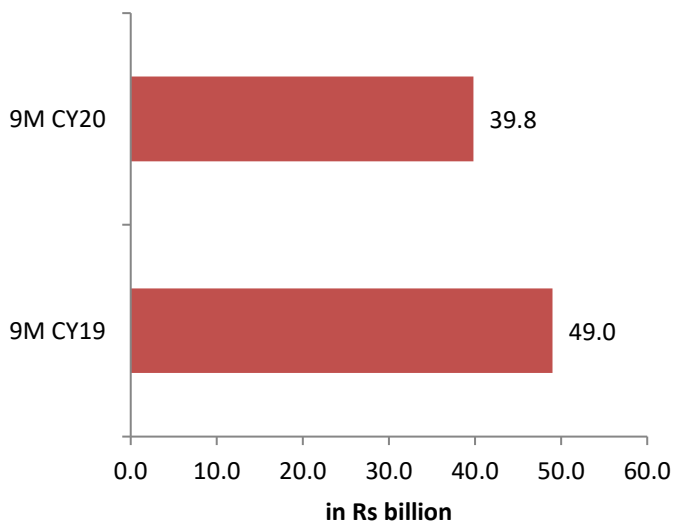
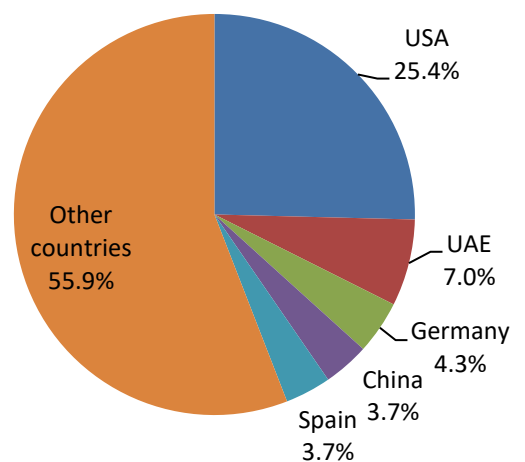


Chart 5: Country-wise share in Indian exports of glass & glassware



Source: CMIE & Department of Commerce

Imports

The imports of glass & glassware by India declined on a yearly basis by 30.4% to Rs 48.2 billion in the first 9 months of CY20 as compared with Rs 69.3 billion in the same period last year. As per FY21 data (April-September 2020), China alone accounted for the highest share of 49.1% in total imports of glass & glassware followed by Malaysia – 9.5%.

Chart 6: Imports of glass & glassware by India

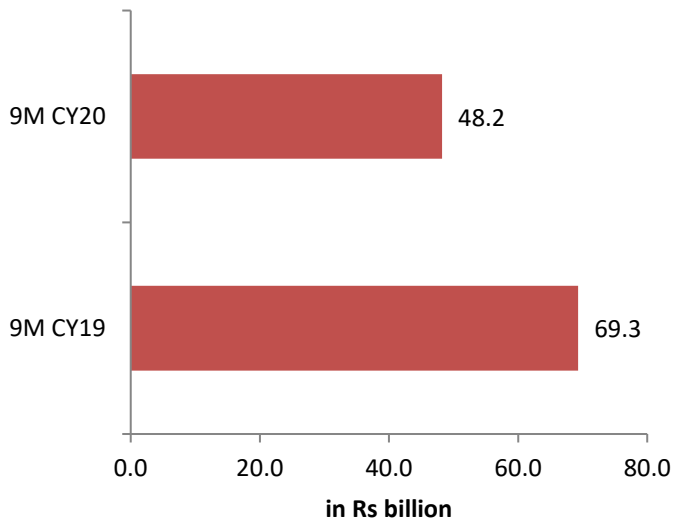
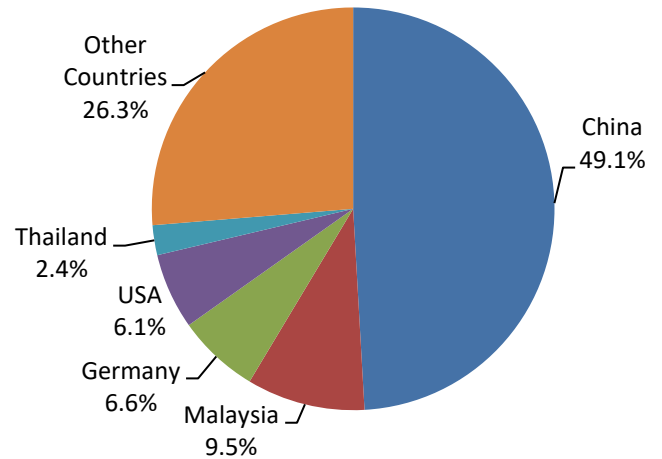


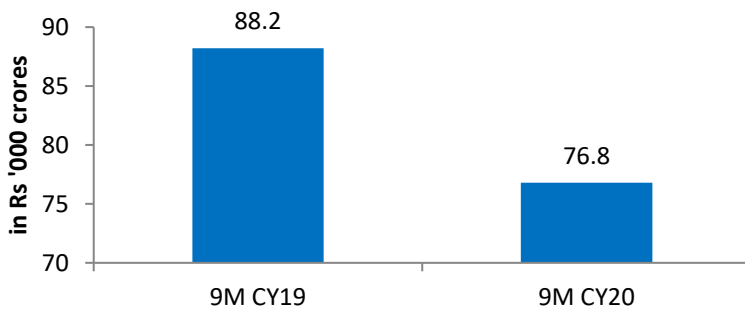
Chart 7: Country-wise share in Indian imports of glass & glassware



Source: CMIE & Department of Commerce

Outstanding credit

Chart 8: Outstanding credit for glass & glassware industry



According to the data released by RBI, the sectoral deployment of gross bank credit to glass and glassware industry during 9M CY20 amounted to Rs 76.8 thousand crore, a decline of 12.9% from Rs 88.2 thousand crore in the same period last year.

Source: RBI

Outlook for FY21

- Output of most varieties of glass is expected to witness de-growth over the short-term. The demand for glass products is expected to remain weak in the short-term, impacted by slowdown in main user industries including real estate and automobiles mainly due to Covid-19 induced business challenges.

- Although sales of automobiles rose on an m-o-m basis from July, 2020, they witnessed de-growth on a yearly basis. Demand from the real estate sector is expected to take a little longer to revive.
- However, smart phones industry and telecom would continue having healthy demand for glass.

Concluding Remarks

- The production of all three varieties of glass fell on a yearly basis during first 9 months of CY20. This decline was mainly due to Covid-19 induced lockdown and the consequent fall in demand for different varieties of glass products.
- India was a net importer of glass and glassware during 9M CY20, imports was 21.1% higher than exports.
- The sectoral deployment of gross bank credit to glass and glassware industry during 9M CY20 amounted to Rs 76.8 thousand crore, a decline of 12.9% from Rs 88.2 thousand crore in the same period last year.
- It is expected that demand for glass products will remain weak in the near future.