



MARKET POTENTIAL OF METALLIC SCRAP IN KASHMIR VALLEY

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ABSTRACT

This study shows the “market potential of metallic scrap (steel/aluminum and cast iron) as one of the manufacturing activity in Kashmir valley. The objective of this study is to analyze the market potential of metallic scrap of industrialists, scrap retailers, wholesalers and scrap peddlers in the valley of Kashmir in order to identify the scope for creation of further capacity in this line of activity. In the back drop of this I undertook visits to various valley based industrial concerns affiliated to this line of activity and ascertained/collected data with regard to gap between supply and demand of the end products. I also visited several business concerns who are dealing with metallic scraps to have a detailed knowledge on overall demand of the products in the valley. This study also the difficulties/bottlenecks for the local industrialists affiliated with the line of activity to re-process the scrap which could help in a measure way to minimize the cost of end products through introduction of recycling. While surveying and studying on this aspect it was noticed that there has been a political interference coupled with shortage of adequate electricity in the valley although it being measure producer of power in the country as a whole due to abundance of water resources which is a varying factor for us all. This paper makes an attempt to put forth my opinion regarding shaping of this industry on an advanced technological based to make the valley industrially forward especially in this line of activity so that the gap

which persists between demand and supply in narrowed down despite climatic disfavours which is randomly construed as one of the obstacles in establishing these units in the bulk in Kashmir.

KEYWORDS: METALLIC SCARP, RECYCLING, POTENTIAL, METALS, IRON METAL.

1. INTRODUCTION

Recycling scrap metal has always been a potential business in which one can make money and even more so now with a huge emphasis on recycling. Millions of tons of scrap metal are processed every year, examples being cars, bikes, pots, radiators, appliances, pipes, electrical wires, sinks, ships and many more.

There are two types of scrape metals, Ferrous and non Ferrous. steel and iron scrap comes under ferrous, whereas metal other than iron and steel and includes copper, aluminum, zinc, lead, nickel, titanium, cobalt chromium and precious metals comes under non ferrous. Steel and iron metals (Ferrous) more readily available than non ferrous and hence ferrous is less expensive than non ferrous. Another classification of Scrap metal is home scrap or purchased scrap. Home scrap is produced in the manufacturing foundry of mill and is reused by the same plant. Purchased scrap can be further classified as either industrial scrape which can be formed in the manufacturing process like when producing a fresh bus or outdated which is worn out scrap like a bus that has reached the end of its life. Other examples of outdated non ferrous scrap include copper pipes, radiators, catalytic converters etc. The price of any scrap metal which is purchased and sold is determined by its type, source and any further grading mostly depending on supply and demand, the prices can fluctuate reasonably and quite frequently with a short span of time.

The various parties includes in the business of scrap metal are defined as follows. Scrap processors purchase scrap metal from various sources, for example from builders, plumbers, mechanics, foundries, and other sellers. The scrap processor may deal in ferrous or non ferrous or both. The scrap processor will sort the scrap metal in their scrap yard with the use of cranes, magnets, shredders etc, and then sell the processed scrap metal to foundries, mills. Peddlers collect scrap metal from various sources and sell to the scrap processors or they may themselves purchase scrap from scrap processors and supply it to major metal recycling industrialists of the country.

2. OBJECTIVES OF STUDY

The study has been undertaken keeping in view the following set of objectives:

- To carry out a detailed analysis of market potential of metallic scrap in Kashmir valley.
- To find out strength and weaknesses in market potential of metallic scrap in Kashmir valley.
- To put forth suggestions/recommendations for establishing industrial units meant for recycling of metallic scrap in the valley and also to improve working atmosphere in this field of industrialization.

3. LITERATURE REVIEW

^[3] Identifying recycling as one of the efficient ways of producing steel, obsolete iron and steel products and ferrous scraps generated in steel mill and steel product manufacturing plants are collected because they are economically advantageous to recycle by re-melting and recasting there into semi-finished form for use in the manufacture of new steel products. The steel scrap market is mature and highly efficient ^[3]. ^[1] Recycling involves processing of used material (scrap) into new product to prevent waste of potentially useful material. It reduces the consumption of fresh materials, reduces energy usage, and reduces waste pollution and landfill. It also reduces air pollution from incineration by reducing the need for “conventional waste disposal, and lower greenhouse emission as compared to production from virgin material. It is the key component of modern waste reduction and is the third component of the “reduce”, “reuse”, and “recycle” in the waste hierarchy ^[1]. ^[6] Scrap metal recycling market report contains a comprehensive market and vendor landscape in addition to a SWOT analysis of the key vendors. Industry experts forecast the global scrap metal recycling market to grow at a CAGR of 3.11% during the period of 2017-2021^[6]. ^[4] Organized and efficient metal scrap recycling does not only lead to significant conservation of energy and natural resources, it is also a valuable economic source for a nation ^[4]. ^[2] According to research conducted by U.S environmental protection agency, recycling scrap metals can be quite beneficial to the environment. Using recycled scrap metal in place of virgin iron ore can yield ^[2]. ^[5] The important constituents found commonly in EEE (electrical and electronic equipment) in Kashmir can be divided into following categories:

- Iron and steel for casting and frames (50%)
- Non-ferrous metals especially copper used in cables and aluminum (13%)
- Glass used for screens and windows
- Plastic used as castings in cables and for circuit boards (21%)^[5].

4. METHODOLOGY OF THE STUDY

4.1 SAMPLE SIZE

During the study it is impossible for me to visit all peddlers, industrialists and wholesalers, therefore from each district in Kashmir valley the size of sample was taken as 15. The total sample size of all districts is 100.

4.2 TOOL OF DATA COLLECTION

To know the response from the concerned respondents, a questionnaire was prepared and designed in such a manner that none of the question put forth would prove irrelevant and something difficult to understand. To know the response from the concerned respondents, a questionnaire was prepared and designed in such a manner that none of the question put forth would prove irrelevant and something difficult to understand.

4.3 DATA SOURCE

The data for this study is collected from both primary and secondary sources. The primary data was collected using a well designed structured questionnaire and through interaction with peddlers, industrialist and metal distributors. The secondary data has been obtained from following sources:

- Discussion with peddlers, industrialist and metal distributors.
- Internet
- Books

4.4 RESEARCH APPROACH

Survey method is used in this research

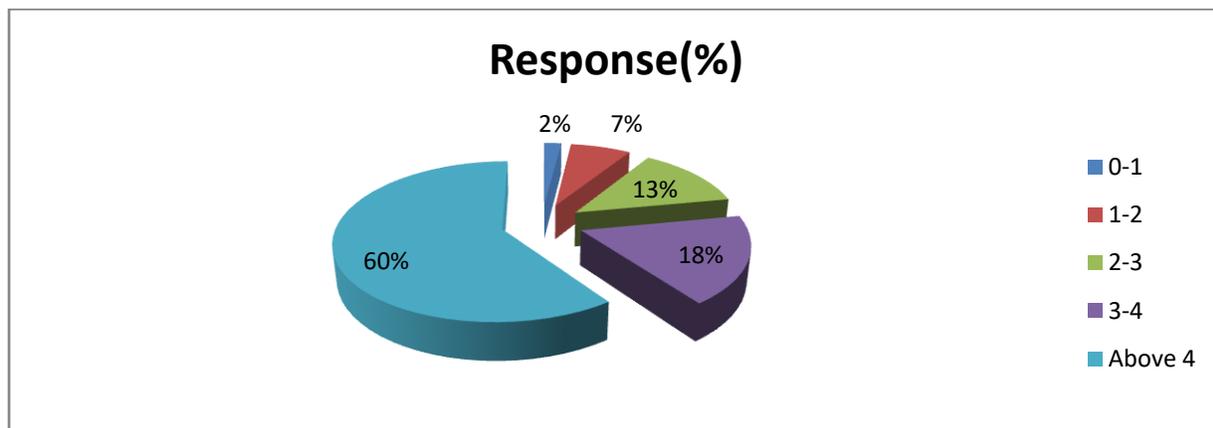
4.5 TOOLS AND DATA ANALYSIS

The data was collected and is classified in a systematic way along with its findings and conclusions. Data is interpreted by using different statistical tools.

5. RESULT AND DISCUSSIONS

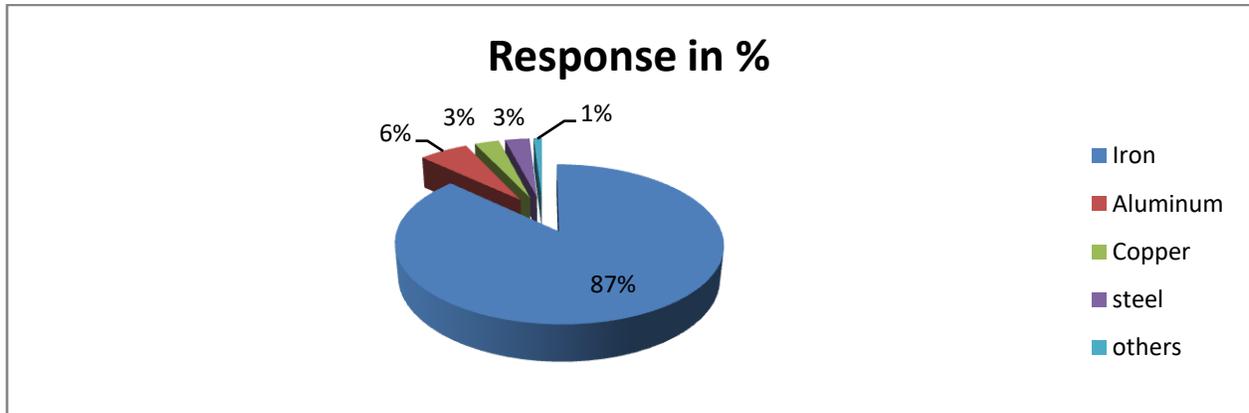
The data was collected using a well designed structured questionnaire and through interaction with peddlers, industrialist and metal distributors and is presented below:

i. Quantity of scrap peddlers collecting on daily basis.



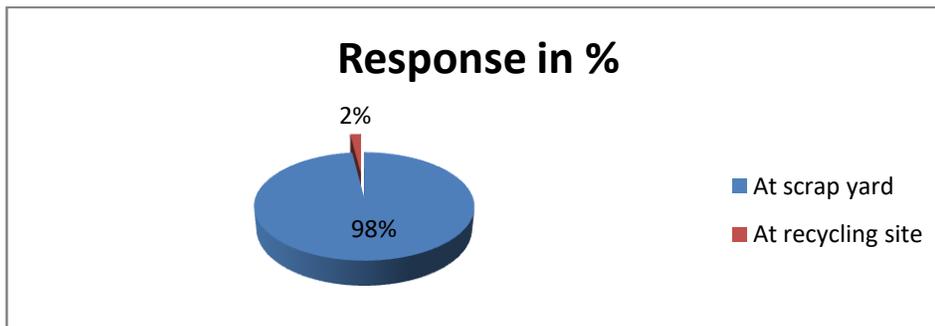
From the above analysis researcher found that, among 60% said more than 4qts/day, 18% peddlers said that they are collecting 3-4qts/day, 13% of the peddlers said 2-3qts/day, 7% of the peddlers said 1-2qts/day and 2% said 0-1qts/day. Since due to use of aluminum, steel and iron products are used in large quantities in the valley accordingly the scrap of these products do persist in abundance.

ii. Kinds of scrap mostly collected from various sources.



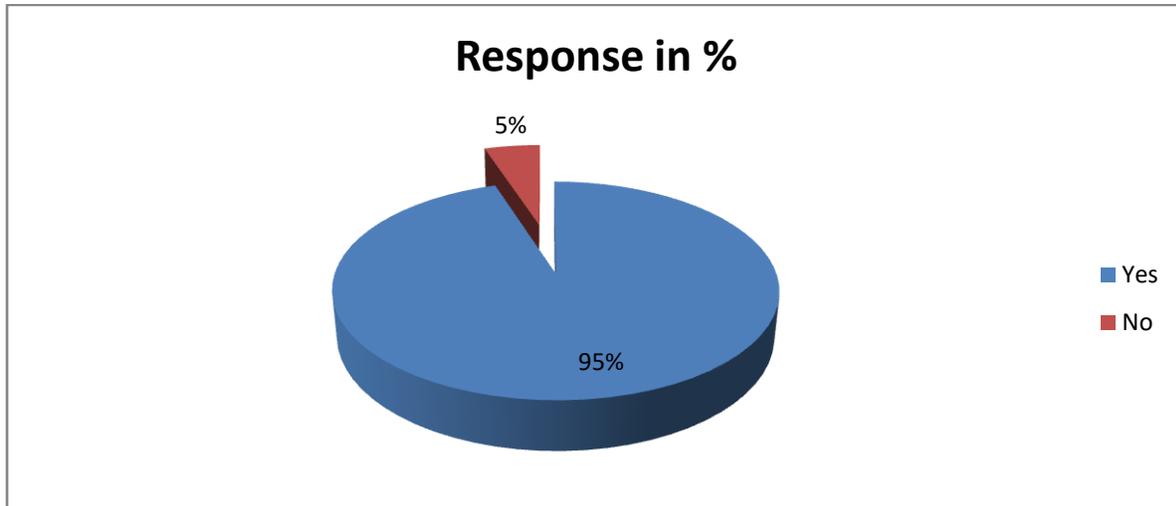
From the above analysis researcher found that, among 87% iron, 6% peddlers said aluminum, 3% of the peddlers said copper, 3% of the peddlers said steel and 1% said others. This shows that iron is mostly collected among all scraps. This is obviously because iron is being used in abundance in the construction of projects and residential houses.

iii. Place where grading of scrap is done



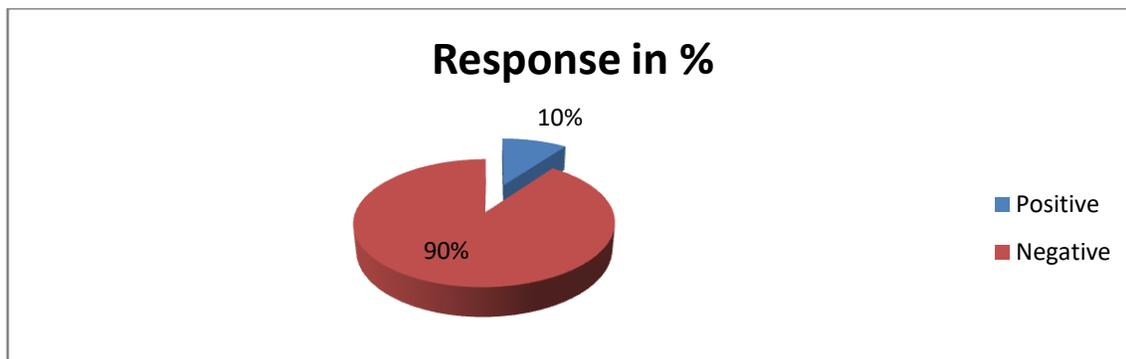
From the above analysis researcher found that, among 98% peddlers said that the grading of scrap is done at their scrap yard, 2% of the peddlers said that grading is done at recycling site. Grading of scrap is being carried out in the scrap yards before being transported to outside the valley for recycling process.

iv. Any difficulty/problem faced due to indifferent attitude of the government



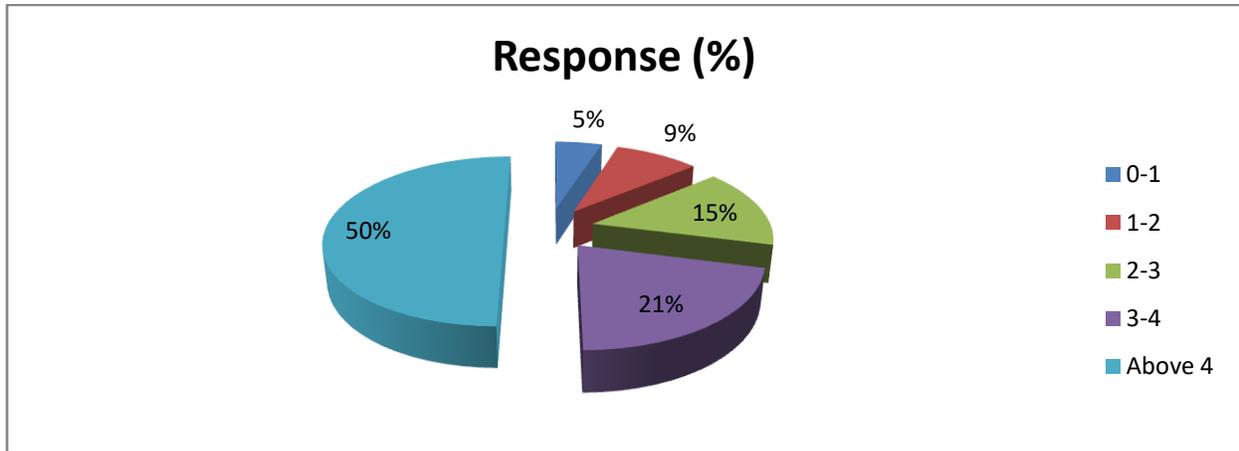
From the above analysis researcher found that, among more than 90% said that they face difficulties from the government and 5% peddlers said that they are okay with the attitude of the government. This study shows that there is indifferent attitude of state governments towards the recycling of metallic scrap in Kashmir valley. There should be a pragmatic and proactive attitude from the government towards addressing the legitimate demands of scrap dealers.

v. Any endeavor by government to facilitate the establishment of industrial concerns of this line of activity in the valley.



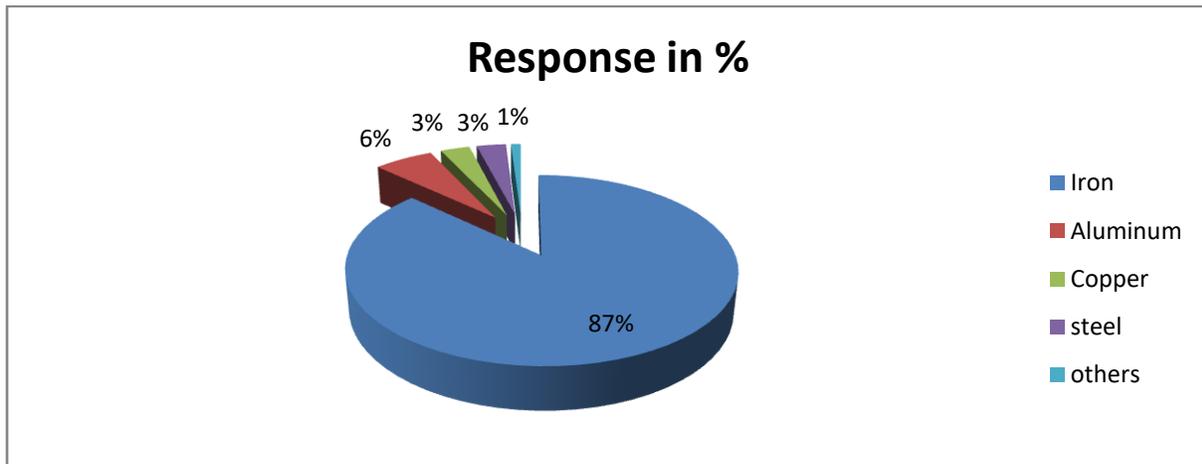
From the above analysis researcher found that, among 90% shows negative response, 10% shows positive response. Unfortunately government has been reluctant towards providing all those facilities to the industrial concerns of this line of activity enabling them to establish recycling of scrap plants in their units.

vi. Metallic scrap exported on daily basis.



From the above analysis researcher found that, among 50% said that they export more than 4qts/day, 21% said that they export 3-4qts/day, 15% said 2-3qts/day, 9% said that they export 1-2qts/day and 5% said 0-1qts/day. This study shows that the majority of scrape peddlers export more than 4qts/day means there is availability of scrape in Kashmir valley which increases market potential of scrape in the state. The scrap of the order of above 4qts has been observed being exported on daily basis by sum of the scrap dealers of lower rung of the valley, however the big dealers accumulate scrap and transport it in a full truck to Jammu.

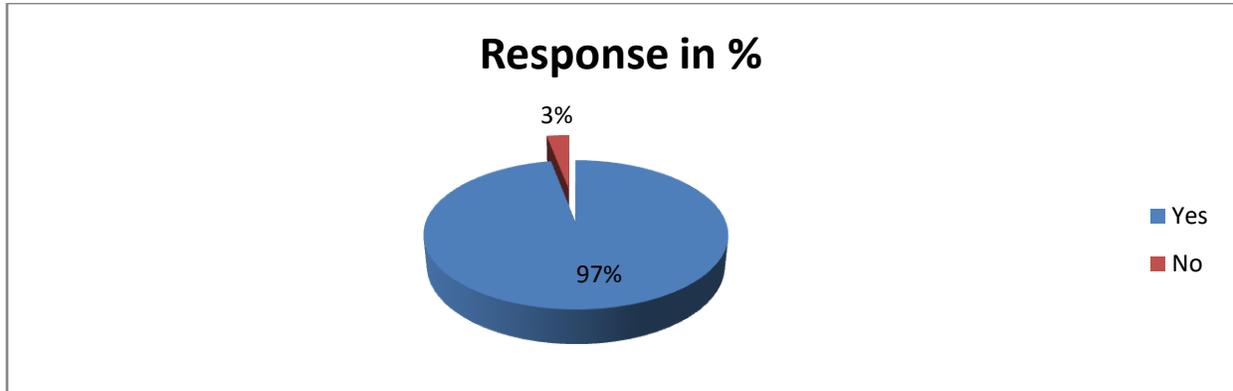
vii. Metal which has vast demand in the valley



From the above analysis researcher found that, among 87% iron, 6% aluminum, 3% said copper, 3% said steel and 1% others. It is clear from the above graph that is vast demand of iron in the Kashmir valley. As per the data collected the iron products have a substantial demand in the

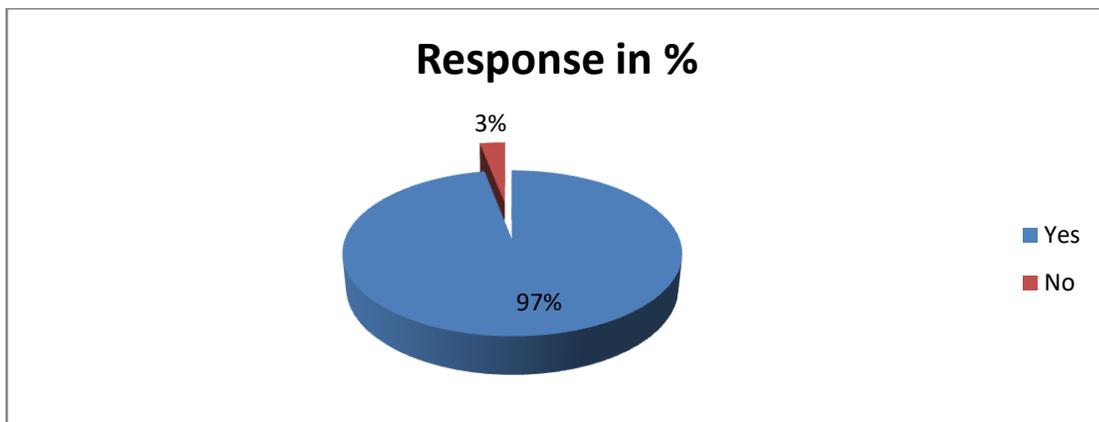
valley in the wake of its substantial use in the construction of civil works in the valley which include projects of public importance being undertaken by the government and private houses.

viii. Introduction of recycling process in the valley make improvement in the gap of supply demand graph.



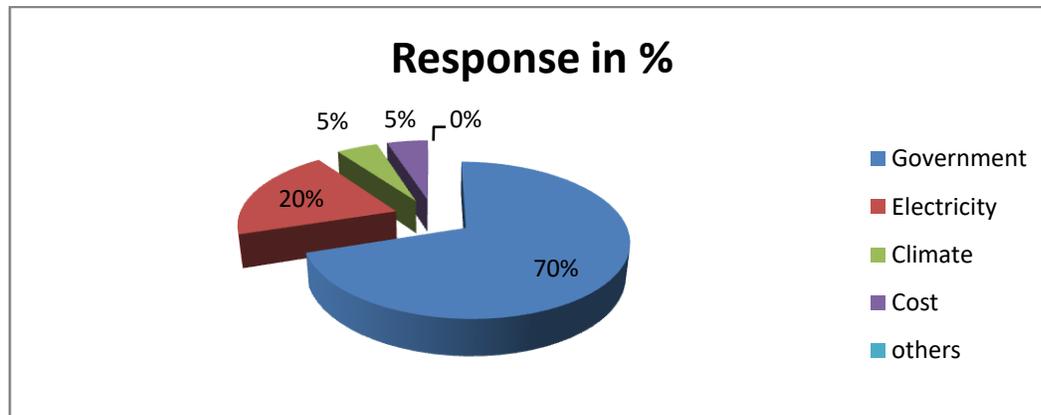
From the above analysis researcher found that, among 97% said yes and only 3% said no. This study shows that there is potential in Kashmir valley for recycling of scrape which makes improvement in the demand supply graph. Yes off sure facilities with regard to recycling of metallic scrap in the valley will help a great deal in narrowing down supply demand graph of these products.

ix. Scope for creation of further capacity in this line of activity.



From the above analysis researcher found that, among 97% said yes, 3%% said no. Off sure there is a vast scope for creation of further capacity in this line of activity as there still persists a yawning gap between supply and demand.

x. Obstacles which don't allow taking up metallic scrap recycling in industrial units.



From the above analysis researcher found that, among 70% said due to government, 20% said electricity, 5% said climate and 5% said cost. It is clear from the above graph that the Major share in the obstacle faced by the industrial concerns responsible for abandoning the recycling process has been from the government side.

6. FINDINGS

- 1 Iron is being used in abundance in the construction of projects and residential houses.
- 2 Since due to use of aluminum, steel and iron products are used in large quantities in the valley accordingly the scrap of these products do persist in abundance.
- 3 There should be a pragmatic and proactive attitude from the government towards addressing the legitimate demands of scrap dealers.
- 4 The scrap of the order of above 4qts has been observed being exported on daily basis by sum of the scrap dealers of lower rung of the valley, however the big dealers accumulate scrap and transport it in a full truck to Jammu.
- 5 As per the data collected the iron products have a substantial demand in the valley in the wake of its substantial use in the construction of civil works in the valley which include projects of public importance being undertaken by the government and private houses.
- 6 Facilities with regard to recycling of metallic scrap in the valley will help a great deal in narrowing down supply demand graph of these products.

- 7 Unfortunately government has been reluctant towards providing all those facilities to the industrial concerns of this line of activity enabling them to establish recycling of scrap plants in their units.
- 8 There is a vast scope for creation of further capacity in this line of activity as there still persists a yawning gap between supply and demand.
- 9 During the interaction with the unit holders it came to fore that they were inclined to take up the activity provided there was an appreciable support from the state government and other concerned agencies

7. CONCLUSION

During my over all study and survey conducted while visiting various districts of Kashmir valley all north, south and central I came to observe as under:

- Due to the precious value of metals in the current world metals like iron and steel and aluminum scrap have been recycled whenever and wherever possible. By knowing the chemical and physical elements one can easily convert metal scrape into final finished metal which can compete with original metal and which can be use in almost all applications. Although it is necessary to process scrape with high efficiency and little loss which is depend on the cleanness of the scrap, which is determined by separate collection and scrap treatment. Different scrap types (defined by scrap source) are the bases for the collection system and technologies employed in scrap processing, as well as being the starting point of the scrap sector. There has been a rapid replacement of household utensils and those used for construction of buildings and residential houses by aluminum and steel utensils and iron products. In view of the huge demand of iron and steel products in the valley the steel and iron unit holders are eager to take up the activity of recycling of scrap of these metals in their respective units. The iron and steel dealers have to depend upon the supply of these products from outside the valley and have to follow their dictates with regard to price fixture. The scrap peddlers have to bear a lot for arranging transportation/taxation on the scrap to Jammu for its recycling. By establishing the recycling plant there would be a significant slash in the cost of iron and steel

products. State Governments negative approach towards not allowing the steel and iron unit holders of the valley creates major obstacle to take up the activity of recycling of iron and steel scrap.

- The state government in a bid to provide technical expertise and industrial counseling to educated unemployed youth for establish their income generating units established entrepreneurship development institute at Pampore which besides above things guide the youth to explore new activities which have a huge market potential in the valley. since the establishment of new units for recycling of metallic scrap is essence these days to narrow down the gap between demand and supply of steel and aluminum products which has been persisting since long in the valley due to lack of these industrial units. The ministry of industry and commerce J&K state government should come clean on eradicating hiccups to provide licenses for setting up units of this line of activity.
- It is our collective responsibility to boast the concept of industrialization among the new budding generation so that a dream of industrial atmosphere in the state at large and in Kashmir in particular is realized which has also been the endeavor of both central and state government. Journals and publications on a vast scale has to be made highlighting the need to invest in MSME sector to make the country as a whole industrially proud to compete with other growing economies of the world. Over state has been lagging far behind in industrialization compared to other states of the country which is a matter of concern for us all. In view of the enthusiasm as is being found in all the stake holders it is firmly believed that this project shall get succeed in near future with the government feeling its responsibility to address the genuine grievances of the industrial concerns involved in this line of activity.

8. REFERENCES

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