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INTRODUCTION

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Executive Committee

The Executive Committee of the Delhi Chapter is reconstituted every year by calling for the nominations from the IIM DC members. Nominations were invited from members asking for their consent to serve on the EC for 2013-14. The out-going EC considered the nominations and recommended 19 nominations for ratification by AGM.

Current Status of Selected Iron Making Technologies

S C Suri
Life Fellow IIM & Vice Chairman, IIM DC
Chairman, Technical & Publication Cell

The current status of selected iron making technology has been reviewed. The same are listed as under:

Iron making process technologies	**Current Status**
Blast furnace process	Most proven iron making technology with more than 1,000 installations in the world. Capacity of blast furnace ranges from 300,000 to 4,400,000 tpy of hot metal/pig iron.
COREX process	Capacity range from 800,000 to 1,500,000 tpy 6 installations in the world; hot metal, pig iron.
Finex process	One plant in operation at Posco, South Korea with 1,500,000 tpy hot metal capacity.
Gas-based DRI Technologies (Midrex® and HYL®) - **Using Natural Gas**	Numerous installations exist in the world up to 1,900,000 tpy DRI
Coal-based DRI Technologies (Midrex® and HYL®) – Using Syn Gas from Coal Gasification)	Only one prototype operating – utilising a reducing gas with similar composition to the proposed synthetic gas from coal gasification – at Saldana Steel (ArcelorMittal), South Africa, Midrex® Megamodule. This Plant uses reducing gas produced in a Corex® melter-gasifier One plant is in operation and 2 more are in construction capacity up to 1,900,000 tpy.
Rotary Kiln/ Smelter Combination	Several industrial installations in the world. Examples include New Zealand Steel and Highveld (South Africa).
Rotary hearth/ Smelter Combination	Several installations in the world. Examples include Iron Dynamics (Indiana, USA) and Inmetco (USA). Three rotary hearth furnaces are in operations in Japan for waste treatment.
ITmk3® process	The first industrial ITmk3® process plant is in ramp-up stage.

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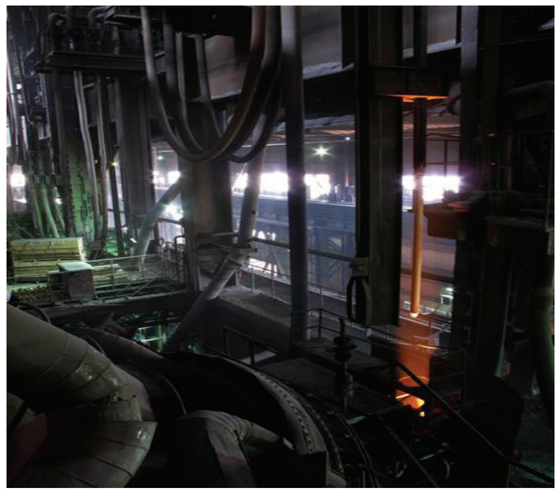
Danieli Corus successfully commissioned first Sublance in India

Gajendra Panwar
Managing Director
M/s Danieli Corus India Pvt. Ltd

Recently, the first of the seven sublance systems purchased by JSW Steel for their two basic oxygen steel plants in Toranagallu, India, was successfully commissioned. This is the first of three at SMS I, the remaining four will be installed at SMS II. All seven will be fully operational before the end of this year. This is the first successful implementation of a sublance-based BOF process control system in India. This market has been very reluctant towards installing sublances, but operations at JSW Steel are now proving the value for the Indian market. The reduction in tap-to-tap time, that may vary between 7 and 10 minutes, will allow for up to 20% of additional heats from the same steel plant. Additionally, the client will experience benefits from using the sublance-based system in terms of increased hit rates, reduced consumption of fluxes, optimized utilization of scrap and hot metal and improved health, safety and environmental performance. Typically, benefits of Sublance-Based Process Control for the SMS operator translate into value as follows:

Tap–to–tap time	Reduced by 7–10 min/heat
Hot metal consumption	Reduced by 10 kg/ton
Scrap consumption	Increased by 10 kg/ton
Oxygen consumption	Reduced by 1.0 Nm^3/ton
Aluminium consumption	Reduced by 24 kg/heat
Fe–Mn consumption	Reduced by 60 kg/heat
Energy savings	Equivalent to 20°C
Refractory wear	Reduced by 20%
Ergonomics	Better working conditions



For these sublances, the newest generation of measurement computer, DIRC VI, will be implemented. This new version allows for future additions to the measurement system. Phosphorous measurement will be implemented as well.

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World Steel Industry Outlook

World crude steel production reached 1,548 Mt for the year 2012, up by 1.2% compared with 2011. This is a record for global crude steel production. The growth came mainly from Asia and North America while crude steel production in the EU (27) and South America decreased in 2012 compared with 2011. Driven by growth in China, Asia led the way with growth of 2.6% while North America recorded a 2.5% rise in output. Unsurprisingly, China (up3.1%) topped the list of producers, with its 716.5 Mt of production accounting for almost half all global output. Meanwhile, Japan (107.2 Mt), United States (88.6 Mt), India (76.7 Mt), Russia (70.6 Mt), South Korea (69.3 Mt) Germany (42.7 Mt), Turkey (35.9 Mt) Brazil (34.7 Mt) and Ukraine (32.9 Mt) made up the rest of the top ten. In Australia/New Zealand, production plummeted by almost one quarter as steel makers scaled back on capacity and slashed jobs. At 5.8 Mt, production volumes around the country were lower than they have been in at least the last eight years. Despite last year's rise in production, steel makers across much of the developed world are struggling as low levels of manufacturing and construction activity and an excess of stock feed through into weak demand and falling prices. MEPS predicts world crude steel output in 2013 at 1620 Mt. This equates to a 4.7% increase on the estimated outturn of 1548 Mt in 2012. Blast furnace iron making is expected to expand at a rate similar to that of steel in 2013 and reach 1160 Mt. Direct reduced iron manufacturing should show better growth as the popularity of this process is increasing in the Middle East and India.

Source: Steel Tech

Indian Steel Market

India's 33% growth in Steel production in the last five years was second only to China among the top-five producing nations. The world steel data have revealed that India's production grew constantly in the last five years from 57.8 Mt in 2008 to 63.5 Mt in 2009, 69 Mt in 2010, 73.6 Mt in 2011 and 76.7 Mt in 2012. The increase in crude steel production in 2012 is 6.3% as compared with 2011. China's production grew by 39% during 2008-2012, China, which produces nearly half of world's steel, had output of 512.3 Mt in 2008, 577.1 Mt in 2009, 638.7 Mt in 2010, 694.8 Mt in 2011 and 716.5 Mt in 2012. India is projected to grab the second slot in the world of steel production within a year or two following new capacity expansions, mainly through the brownfield route. The Government expects the country's installed steel production capacity to go up to 200 Mt by 2020 from around 90 Mt now. But the problems for setting up green-field steel plants remain, such as: acquisition of land, granting of mining license, forest and environment clearances, inability to sort out shareholding, etc.

Meanwhile steelmakers are reeling from shortage of iron ore in the country. Many steelmakers such as JSW Steel are importing iron ore for its JSW Ispat and Tamil Nadu plants. Essar Steel too has resorted to import of iron ore. The production of DRI has come down this year and import of ferrous scrap has jumped. Steel consumption has been dismal in the current financial year owing to a sharp decline from the automobile sector, consumer durables and housing/infrastructure sector. Reportedly, INR 700,000 crores worth of projects is currently stalled because of administrative clearances. There seems little hope in the short-term as the country plunges in political uncertainly. Despite the low demand conditions prevailing in the market, major steel producers like SAIL, JSPL, etc, hiked steel prices by Rs 500-1000 Rs/ tonne citing a rise in coking coal prices internationally by up to USD 20 per tonne. However, the price rise could not be sustained and in order to lower inventory in the end of the financial year, steel majors have been extending discount in the range of Rs 500 per tonne to Rs 1500 per tonne depending on off take and payment terms.

Source: Steel Tech

Global Iron Ore, DRI and Steel Production in 2012

Global Iron Ore Production Touches 3 Billion Tonne Mark in 2012

According to a report by the Information Network for Iron Production and Trade, global iron ore production touched the 3 billion tonne mark in 2012

Table (A): World mine production and reserves of iron ore (Mt)

Country	**2011**	**2012e**	**Reserves**
World total	2,940	3,000	170,000
China	1,330	1,300	23,000
Australia	488	525	35,000
Brazil	373	375	29,000
India	**240**	**245**	**7,000**
Russia	100	100	25,000
Ukraine	81	81	76,500
South Africa	60	61	1,000
Other Countries	59	61	12,000
United States	55	53	6,900
Canada	34	40	6,300
Iran	28	28	2,500
Kazakhstan	25	25	2,500
Sweden	25	25	3,500
Venezuela	17	20	4,000
Mexico	15	13	700
Mauritania	12	12	1,100

China was the world's biggest iron ore producer in 2012 extracting some 1.3 billion tonnes of the strategic mineral followed by Australia and Brazil. The other major world producers of iron ore in 2012 were India, Russia, Ukraine, South Africa, the US and Canada.

Source: Steel Tech

Global DRI Production

For the first time, India's DRI production has seen negative growth on year-to-year basis. The global output has also come down compared with the last year.

Table (B): Global DRI production in 2012 ('000t)

Country	2011	2012	YoY
Canada	702	841	19.8%
Mexico	5,945	5,530	-7.0%
Trinidad and Tobago	1,915	1,699	-11.3%
Argentina	1,650	1,606	-2.7%
Peru	95	95	0.0%
Venezuela	4,470	4,594	2.8%
Egypt	2,933	3,067	4.6%
Libya	165	-	-
South Africa	1,400	1,567	11.9%
Iran	10,150	11,582	14.1%
Qatar	1,335	-	-
Saudi Arabia	5,153	4,977	-3.4%
India	27,560	19,799	-28.2% (max. negative growth)
Total	63,474	55,360	-12.8%

Table (C): The largest steel producing countries (Mt)

No.	Country	2012 (p)	2011	2010	2009	2008	2007	%2012/ 2011
1	China	716.5	694.8	638.7	577.1	512.3	489.7	3.1
2	Japan	107.2	107.6	109.6	87.5	118.7	120.2	-0.3
3	Unites States	88.6	86.4	80.5	58.2	91.4	98.1	2.5
4	**India**	**76.7(e)**	**73.6**	**69.5**	**63.5**	**57.8**	**53.5**	**4.3**
5	Russia	70.6	68.9	66.9	60.0	68.5	72.4	2.5
6	South Korea	69.3	68.5	58.9	48.6	53.6	51.5	1.2
7	Germany	42.7	44.3	43.8	32.7	45.8	48.6	-3.7
8	Turkey	35.9	34.1	29.1	25.3	26.8	25.8	5.2
9	Brazil	34.7	35.2	32.9	26.5	33.7	33.8	-1.5
10	Ukraine	32.9	35.3	33.4	29.9	37.3	42.8	-6.9
11	Italy	27.2	28.7	25.8	19.8	30.6	31.6	-5.2
12	Taiwan, China	20.7	20.2	19.8	15.8	19.9	20.9	2.4
13	Mexico	18.2	18.1	16.9	14.1	17.2	17.6	0.4
14	France	15.6	15.8	15.4	12.8	17.9	19.2	-1.1
15	Iran	14.5	13.2	12.0	10.9	10.0	10.1	9.6
16	Canada	13.7	13.0	13.0	9.3	14.8	15.6	5.9
17	Spain	13.6	15.5	16.3	14.4	18.6	19.0	-12.1
18	United Kingdom	9.8	9.5	9.7	10.1	13.5	14.3	2.9
19	Poland	8.4	8.8	8.0	7.1	9.7	10.6	-5.0
20	Austria	7.4	7.5	7.2	5.7	7.6	7.6	-0.7
21	Belgium	7.4	8.0	8.0	5.6	10.7	10.7	-8.0
22	South Africa	7.1	7.5	7.6	7.5	8.2	9.1	-5.7
23	Netherlands	6.9	6.9	6.7	5.2	6.9	7.4	-1.0
24	Egypt	6.6	6.5	6.7	5.5	6.2	6.2	2.2
25	Malaysia (e)	6.0	5.9	5.7	5.4	6.4	6.9	1.0
26	Saudi Arabia	5.2	5.3	5.0	4.7	4.7	4.6	-1.4
27	Czech Republic	5.1	5.6	5.2	4.6	6.4	7.1	-9.2
28	Viet Nam	5.0	4.9	4.3	2.7	2.3	2.0	2.0

29	Argentina	5.0	5.6	5.1	4.0	5.5	5.4	-11.0
30	Australia	4.9	6.4	7.3	5.2	7.6	7.9	-23.6
31	Slovakia	4.4	4.2	4.6	3.7	4.5	5.1	3.9
32	Thailand (e)	4.4	4.2	4.1	3.6	5.2	5.6	2.6
33	Sweden	4.3	4.9	4.8	2.8	5.2	5.7	-11.1
34	Kazakhstan	3.9	4.7	4.2	4.1	4.3	4.8	-18.1
35	Romania	3.8	3.8	3.7	2.8	5.0	6.3	-1.4
36	Finland	3.8	4.0	4.0	3.1	4.4	4.4	-5.8
37	Indonesia (e)	3.7	3.6	3.7	3.5	3.9	4.2	0.8
38	Byelorussia	2.7	2.6	2.5	2.4	2.6	2.4	5.0
39	Venezuela	2.6	3.1	2.2	3.8	4.2	5.0	-16.9
40	Luxembourg	2.2	2.5	2.5	2.1	2.6	2.9	-11.6
	Others	28.8	29.9	26.5	23.3	28.6	30.7	-3.6
	World	**1547.8**	**1529.2**	**1431.7**	**1235.1**	**1341.2**	**1347.0**	**1.2**

Source: Steel Tech

Export duty on flat steel abolished

The Union Budget for 2013-14 has provided the steel sector an impetus by abolishing the export duty on flat steel retrospectively from March 1, 2011. This, along with a thrust on infrastructure spending, would give a boost to the steel industry, even as domestic steel makers remained unimpressed, as their demand for higher import duty was turned down. The Finance Bill detailed that the government was exempting flat rolled steel, including non-alloy, plated or zinc-coated steel under categories 7210 and 7212, from the export duty retrospectively. The government even fully exempted galvanised steel sheets from export duty, retrospectively. The sector has been asking for the necessary push for infrastructure and construction projects, which would revive steel demand in India. The government announced an additional interest deduction of Rs 1 lakh on a housing loan of up to Rs 25 lakh. This move is expected to boost housing demand, directly benefiting the steel sector. Mr. Dilip Oommen, chief executive officer and Managing Director, Essar Steel India Ltd, said: "While a whole lot of measures have been earmarked for infrastructure, the only few positives from the budget, and so likely to revive the flagging fortunes of core industries to some extent like steel, it remains to be seen how much of it is actually implemented." The steel sector has been demanding a higher import duty, as recent months have seen a lot of cheaper steel finding its way into India. From April 2012 to January 2013, imports into India rose 17.5 per cent to 6.5 million tonnes (mt). However, the government did not announce an import duty on steel. A senior official from a large steel company, said: "Imports from China, (South) Korea and Japan have been on the rise and we have been asking the government to remove steel from the FTAs (free trade agreements). As part of our budget wishlist, we asked for import duties but the demand has gone unanswered." Because of the on-going iron ore issues in India, the sector also demanded the government remove duty on import of iron ore. However, even this, too, went unnoticed. India is expected to import 1 mt of iron ore in the current year because of the scarcity locally. However, there is relief the finance minister has not succumbed to iron ore exporters' lobby and retained export duty.

Source: Business Standard

SAIL R&D completes 5 MoUs

Economic Times reported that the Research & Development Centre for Iron & Steel the corporate unit of the SAIL has successfully completed 5 MoU projects and 54 planned R&D projects in 2012-13 fiscal incurring financial benefit to the tune of INR 570 crore. A company release quoting Executive Director Mr Sridhar Varadarajan said in a release that "The Centre has completed five MOU projects and 54 planned R&D projects during the 2012/13. The financial benefit was achieved through cost reduction and value addition." It said that "It has also earned INR 2.2 crore by providing technical service to external organizations." Stating that the RDCIS has achieved several feats during 2012-13 the release said that it had developed 24 new steel products which would cater to the Indian Railways, Neutrino Observatory of BARC, construction, oil & gas and power transmission sectors of the country. In 2012 the Centre has bagged the prestigious Golden Peacock Innovation Management Award. The technologists of this Centre bagged 24 awards during the period.

Source: Steel Guru

SAIL value added steels production in FY 2013 likely to up 4%

Economic Times reported that Steel Authority of India Limited has recorded a 4% growth in the production of value added steel over the last fiscal. During 2012-13, the country's largest steel maker produced over 5 million tonne of special steel products designed for specific end-use. SAIL's Bhilai Steel Plant developed special soft iron magnetic plates for the prestigious India-based Neutrino Observatory project of Bhabha Atomic Research Centre. For the first time ever, SAIL plants at Bokaro and Salem started production of IS 2062 E450 and E 350 Hot Rolled Coils tailor-made for wagons of Indian Railways. For the petrochemicals industry, Bhilai and Rourkela developed a new grade of ASTM 537 plates which finds application in pressure vessels. Another product which caters to petrochemical industry is the NACE quality plate developed by SAIL Bhilai. These cracking-resistant plates are ideal for transportation of gases having higher content of hydrogen-sulphide. For the auto sector, SAIL's Bokaro unit came out with ultra-high strength hot rolled and cold rolled steel, for use in auto body components. SAIL continued to gear its efforts towards product innovation. Besides catering to large scale industry, 31 CrV3 grade billets were rolled out in Durgapur Steel Plant for the first time in India; a product highly appreciated among makers of spanners and hand tools.

Source: Steel Guru

Steel makers mulling price hike

Leading steel makers are mulling hike in prices with at least one of them confirming raising the rate by Rs 1,400 per tonne to offset the cost push and to minimise gap with landed cost of the imported metal. "We have hiked the price by 3-4 per cent with immediate effect," said an official at a leading flat steel maker, requesting anonymity. A couple of other firms, which produce both flat and long products, said they would deliberate on prices in a day or two and admitted that there is a case for revising the rates as firmed up coking coal prices are pushing up the cost of producing steel. The hike in Rail freight has also increased the transportation cost for the steel makers by Rs 60 per tonne. "These apart, there is a gap of USD 50-70 dollar gap in the landed costs of steel compared to the domestic price. This needs to be plugged a little," one steel maker said. Steel is generally consumed the most during this time of the year when demand reaches its peak because of buoyancy in construction work and in the consumer durables sectors. Steel Authority of India and Jindal Steel and Power (JSPL) are among the leading producers which had jacked up the prices last month.

Source: The Economic Times

SAIL and KIOCL may ink coke oven JV

PTI reported that Steel Authority of India Limited will soon ink an equal JV pact with KIOCL to set up a 300,000 tonne a year coke oven plant and a 25 MW power plant at an estimated investment of INR 500 crore. As per report “The coke oven plant would be set up at Mangalore in Karnataka for which ground work is likely to start in the current quarter itself. The project, based on imported coking coal, will go on stream in about one and a half years to two years from now.” The report quoted a source as saying that “The joint venture agreement will be signed within the current month and work on the INR 500 crore project, including the investment in the power plant for captive use, will start within the next two months.” KIOCL is spearheading the venture and all the necessary environmental clearances are in place.

Source: Steel Guru

Inter-Ministerial Group to review major steel projects

The much delayed Posco steel project, the country's biggest FDI, is set to figure prominently in the agenda of the Union government's inter-ministerial group (IMG) that will take stock of existing as well as greenfield steel projects. The Union steel ministry wants the Ministry of environment & forests (MoEF) to revalidate environment clearance (EC) for the $12 billion Posco project immediately to avoid unnecessary hue and cry raised by non-governmental organizations (NGOs) and anti-project entities during land acquisition. Though the expert appraisal committee (EAC) of MoEF had recommended revalidation of green clearance for the Posco project in its original form on June 14 last year, the matter is still pending with the ministry. The 12 million tonne integrated steel plant proposed by Posco India needed 4,004 acres of land. The state government had till now handed over 1700 acres but the proponent was yet to take possession. To start construction work, Posco India needed 2,700 acres.

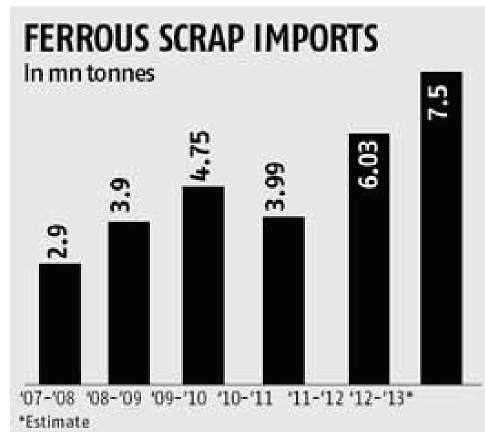
Posco had earlier said it would commence work on eight million tonne capacity steel plant, later expanding it to 12 million tonne after receiving the residual land. The other big ticket steel project to be reviewed by the IMG is a six million tonne greenfield project proposed by ArcelorMittal in Odisha. The memorandum of understanding (MoU) signed with the steel behemoth has lapsed since December 2011 and is pending for renewal.

ArcelorMittal had also filed seven PL (prospecting license) applications and one ML (mining lease) applications with the state directorate of mines which is pending for disposal. Tata Steel which is setting up a six million tonne steel plant at Kalinganagar (Odisha) is also awaiting renewal of its mining leases. The company has obtained all pre-requisite approvals like environment clearance and forest clearance. Bhushan Steel Ltd which has already operationalized a three million tonne steel plant at Meramundali near Dhenkanal, has sought urgent grant of iron ore mining leases. Since the company has decided to expand capacity to 5.6 million tonne per annum, it was not in a position to operate such a large capacity plant without captive iron ore mines. Till the time, mines are allocated, the company wants state controlled miner-Odisha Mining Corporation (OMC) to accord a dedicated linkage from OMC mines at reasonable prices. Maharatna steel PSU- Steel Authority of India Ltd (SAIL) has urged the Odisha government to recommend compliance report in respect of its Barsua-Kalta iron ore mines for grant of Stage-II forest clearance.

Source: Business Standard

Scrap import to go up 25% in FY13

Steel companies' reliance on imported ferrous scrap has increased in recent years due to a shortage of high-grade iron ore (lumps) and their avoidance of low-grade ore (fines), to save on additional conversion cost. Data compiled by the Metal Recycling Association of India (MRAI) forecasts India's ferrous scrap import to set a record at 7.5 million tonnes in 2012-13, almost 25 per cent more from the previous year and a sharp 50 per cent jump from 2010-11. "The energy-intensive steel industry might save up to 74 per cent of electricity by using ferrous scrap as a raw material and also save natural resources, especially when the price of ferrous scrap works out cheaper for conversion," said Mr. Zain Nathani, Vice-President of MRAI.



The Sponge Iron Manufacturers' Association says ferrous scrap import will record eight mt this year, with rising demand from steel mills. Between April 2012 and January 2013, the import shot up to almost seven mt as against 4.9 mt in the same period of the previous financial year. While the primary steel producers with iron ore mining support continue to operate with captive raw material linkage, others bank largely upon the open market for ore. With the shortage of ore, a majority of sponge iron producers with no mining linkage has been affected badly. They have turned to procuring additional ferrous scrap and to also change the product mix to remain competitive. Also, a majority of sponge iron units operate on merchant power, generally entailing higher costs.

Despite a Supreme Court order to government-owned NMDC to expand monthly iron ore output to at least one mt, it has managed only 700,000-800,000 tonnes a month. In addition, the partial resumption of mining in Karnataka is set to produce about 10 mt. Another four mt of dumps would be available for processing, resulting in overall ore supply of 24 mt. Since steel mills in Karnataka require around 35 mt to run their plants fully, the industry is set to see a deficit of around 11 mt in 2013-14, said Mr. Jayanta Roy, senior vice-president (corporate sector), ICRA. This deficit is set to be bridged primarily by imported steel scrap. Consequently, ferrous scrap import is set to hit a new record this year. The mining ban in Goa is unlikely to impact domestic steel mills, as the state's mineral output was primarily export-oriented. Meanwhile, plans for capacity additions by independent steel mills might face intense heat, with the shortage of both steel scrap and iron ore. The ministry of steel has envisaged at least 24 mt of expansion in capacity by 2017-18, entailing an investment of Rs 100,000 crore. India's total steelmaking capacity, including secondary producers, at the end of 2011-12 was

89.3 mt a year and is projected to expand to 200 mt a year by 2020.

Source: Business Standard

SAIL RSP new coke oven complex starts production

Steel Authority of India Ltd.'s Rourkela Steel Plant has achieved a major milestone with the commencement of production from its coke ovens battery complex. The coke dry cooling plant CDCP, coal handling plant as well as coal chemicals unit also became operational concurrently. The total investment in this entire complex is around INR 1,400 crore. The new battery is top charged and has computerized heating control system COHC. The seven metre tall battery of 67 ovens will produce 0.768 million tonne of gross coke per year. Congratulating the RSP team, SAIL chairman Mr C S Verma said, "With the start-up of this new battery at RSP, SAIL has reaffirmed its commitment for environment friendly coke making through adoption of CDCP and other pollution abatement systems."

Source: Steel Guru

Steel demand in India will stay muted - ICRA report

The Hindu reported that Indian steel industry growth is set to remain muted with subdued demand from consuming sectors such as infrastructure and realty. Besides, constraints in sourcing iron ore and restriction on mining activities will pose a major challenge for the industry. Steel consumption growth, which remained muted at 3.9% between April and December, is unlikely to register any significant improvement in the Q4 given the control on expenditure exercised by the Government. ICRA said that "The overall consumption growth this fiscal is likely to remain lower than the 5.5% recorded last fiscal. This growth will be significantly lower than the 9.9% and 13.3% registered in the preceding 2 financial years." Given the sluggish demand and high production cost, ICRA expects the pressure on the profitability of steel companies to continue.

Source: Steel Guru

Steel Minister seeks faster nod for SAIL plants

DNA reported that Cabinet Committee on Investments, which has cleared several oil & gas projects in three months of its inception, has started getting proposals from other infrastructure sectors, too. Now, the Union steel ministry has sought faster approval from CCI for the expansion, pelletization and beneficiation project of Gua iron ore mine in Jharkhand being executed by Steel Authority of India. The top body is scheduled to take up approvals for more oil & gas blocks. Mr UP Singh joint secretary ministry of steel said that "The CCI has a mandate for clearing all projects over INR 1,000 crore cleared by the respective ministries but stuck for some regular approvals. So we have requested the CCI to look into it and clear it at the earliest." He was talking to newspersons on the sidelines of a steel conference organised by FICCI. SAIL has earmarked an investment of INR 3,000 crore for the expansion of capacity of Gua iron ore mine from the current 2.4 million tonne per annum to 10 million tonne per annum. It will also include a 10 million tonne per annum beneficiation plant and a 4 million tonne per annum pelletisation plant. The PSU steel major is planning to increase its capacity from 13 million tonne per annum currently to 20 million tonne per annum by March 2017.

Source: Steel Guru

SAIL seeks coal blocks allocation via preferential route

Press Trust of India reported that state owned steel major SAIL has approached the Coal Ministry for allocation of two or three coal blocks under the government dispensation route for meeting fuel requirements of its captive power plants. The company has identified 6 coal blocks three in Odisha, two in Chhattisgarh and one in Uttar Pradesh, and has sought allocation of at least 2-3 of them from the ministry. A source said that the coal blocks identified by SAIL are Tentuloi, Ghogharpalli and Extension and Bankhui in Odisha, Puta Parogia and Pindrakhi in Chhattisgarh and Gand Bahera Ujheni block in Uttar Pradesh, the source said. Noting that SAIL is expanding its total steelmaking capacity to 24 million tonnes per annum from 14 million tonnes per annum, he said that "the power and coal requirements are expected to be around 1800 MW and 12 million tonnes per annum respectively after the expansion. Due to this, the company has sought allocation of at least 2-3 coal blocks out of the 6 identified mines." He added that SAIL has also been looking for gas allocation to set up a gas-based 1,050 MW power plant at Jagdishpur in Uttar Pradesh, though no commitment has been made yet by the Oil Ministry. Steel Authority of India Ltd's power needs are about 1,000 MW. Of this, it meets about 70% power requirements from captive power plants. For this, the company requires about 7 million tonnes of thermal coal and purchases almost entire quantity from Coal India.

Source: Steel Guru

SAIL plans to double its rural dealer network

Economic Times reported that Steel Authority of India plans to nearly double the network of its rural dealers to 1,000 in phases from 562 now. Steel Minister Mr. Beni Prasad Verma said in a written reply in the Lok Sabha that "SAIL plans to increase the number of rural dealers to 1,000 in a phased manner." With a view to widen the reach of its products, SAIL has been expanding its dealer network extensively. It operates two schemes for dealers - SAIL Dealership Scheme and SAIL Rural Dealership Scheme. As on April 1, 2013, SAIL had a network of 2,896 dealers which includes 562 in rural areas. It had just 200 dealers as on April, 2006. The SAIL Rural Dealership Scheme was launched after the state owned company established dealership in all the 629 districts of the country, sometime in 2008. It was launched to expand the scope of its business in rural areas with the primary objective of meeting the demands of small rural consumers at block and taluka levels.

Source: Steel Guru

Iron ore mine allotment to help RINL expansion at Vizag

A top company official said that Andhra Pradesh government's recent decision to allot iron ore mines to state run Rashtriya Ispat Nigam Ltd will help it secure the crucial raw material for its capacity expansion at the Vizag unit. The RINL official told PTI that "The allotment will help us secure iron ore for our expansion plans for Vizag unit." As part of its expansion drive, RINL proposes to increase the capacity of its Vizag unit to 20 million tonnes in the future from the 3.8 MT achieved last fiscal, which will make it the largest steel unit in a single location in the country. The official said that "Presently, the company procures iron ore from state run mining firm NMDC under a long-term supply arrangement. We can manage iron ore supply from outside agencies till 10 MT of capacity. Beyond that, we need our own iron ore supply for managing the cost of production." Andhra Pradesh government allotted three mines to RINL, in which the company will start prospecting work after getting the nod from the Mines Ministry. This is crucial for the state-run steel firm as till date it operates without a captive iron ore mine. He said that "This will help us control the cost of production in the long run." Referring to the process before mining starts at the new locations, the official said the present allotment would need the approval from the central government, after which prospecting work would start. He said that "Mining will take two years after getting the approval."

Source: Steel Guru

Steel Ministry asks SAIL and RINL to improve profitability

Economic Times reported that anticipating a fall in net profit of Steel Authority of India Ltd and Rashtriya Ispat Nigam in 2012-13 financial year, the Steel Ministry has asked the two PSUs to focus on improving profitability. Official sources said that "In view of reduction in profit, all PSUs/units have been advised to focus on operating as well as non-operating areas to improve the profitability of the companies." Though financial results of the two steel PSUs for the January-March quarter are yet to come out, their performance till the December quarter of FY'13 showed that a turnaround would be required in the last quarter to match the bottom lines of earlier years. SAIL's net profit is declining since 2009-10. The company had clocked INR 6,754.37 crore net profit in FY'10, INR 4,904.74 crore in FY'11 and INR 3,542.72 crore in FY'12. It was INR 1,723.82 crore till the December quarter fo 2012-13. Vizag-based RINL's net profit for FY'13 is also likely to fall. It had INR 796.67 crore net profit in 2009-10, INR 658.49 crore in 2010-11 and INR 751.46 crore in 2011-12 fiscal and could manage to clock only 250.78 crore till end of December quarter of 2012-13. Sources said that "The profits of SAIL and RINL have declined mainly due to adverse impact of higher usage of external inputs like BF coke, pellets and furnace oil, lower sales volume, lower interest income on deposits, increase in power cost, increase in railway freight and higher salaries and decline in sales realization." Meanwhile, the operating costs of both the two firms have gone up over the years from INR 16,114 crore in 2010-11 to INR 17,944 crore in 2001-12 for SAIL. Till December of 2012-13, it stood at INR 14,287 crore. They said that "In addition to improvement in production, sales, product -mix, value-added products, techno-economic parameters, the companies are also taking necessary action in areas such as sale of surplus scrap, sale of non-moving/obsolete stores and spares, and maximizing sales of coal chemicals, by-products and secondary steel."

Source: Steel Guru

SAIL Expansion to be Completed by 2013-14

Mr. Beni Prasad Verma, the Minister of Steel, has said that SAIL has undertaken modernisation and expansion at its five integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur and Burnpur and Special Steel Plant at Salem to enhance its crude steel production capacity from 12.84 Mtpa to 21.40 Mtpa in the current phase. He said, the expansion of the Salem Steel Plant of SAIL has been completed in September, 2010 and facilities are in regular operation. At Rourkela Steel Plant of SAIL, the sinter plant has been put into operation, new coke oven battery is under heating and blast furnace is in advanced stage of completion. At the IISCO Steel Plant, raw material handling system, sinter plant, oxygen plant and new coke oven battery complex have been completed. Facilities like wire rod mill, blast furnace, etc. are in advance stage of completion. At Bokaro Steel Plant, up-gradation of one blast furnace and re-building of two coke oven batteries have been completed and new cold rolling mill is in section-wise integrated trial runs. At Bhilai Steel Plant and Durgapur Steel Plant of SAIL, work is in various stages of implementation. Mr. Verma said, the indicative investment for current phase of modernisation and expansion is Rs. 61,870 Crores. Besides, a provision of Rs. 10,264 crores has been made towards investment in existing mines under the Raw Materials Division and development of Rowghat Mine. Plant-wise details of present production capacity and likely enhancement as a result of current modernisation and expansion of integrated steel plants along with investment and expenditure are given below:

Plant	Investment, Rs. Crores	Existing capacity, Mt	After expansion, Mt
BSP	17,266	3.93	7.0
RSP	11,812	1.9	4.2
DSP	2,875	1.8	2.2
BSL	6,328	4.36	4.61
ISP	16,408	0.5	2.5
SSP	1,902	-	0.18

Source: Steel Tech

POSCO South Korea Named World's Most Competitive Steel Maker

POSCO, South Korea's leading steel maker, was named the most competitive steel maker in the world for the fourth consecutive year, industry sources said. In an assessment of 34 steel makers around the world, global steel information service provider World Steel Dynamics has given the highest mark to POSCO in areas such as productivity, labour mastery and Finex technology. The assessment was conducted on 23 categories, including technology, profitability, cost reduction and financial health. Russia's NLMK and Sevestal were ranked second and third, respectively, with India's JSW coming in fourth. ArcelorMittal, the world's largest steel maker, took the 22nd spot, according to the sources. The Korean steel maker held the top spot from 2002 to 2004 but was dethroned by its Russian and Indian rivals starting in 2005. It reclaimed the crown in 2010.

Source: Steel Tech

Stocks of imported iron ore into China rise

China's iron ore demand is expected to rise by 50 million tonnes in 2013, but it will not be enough to soak up a supply glut on the world market, the country's top economic planning agency said. China's own iron ore supply will rise by 20 million tonnes and the world's top three miners are expected to raise capacity by a combined 100 million tonnes this year, the National Development and Reform Commission said. The excess supply is likely to pressure iron ore prices that have already fallen 15 percent from this year's peak amid slower steel demand in China, the world's biggest consumer and producer of the construction material. Global miners Vale of Brazil, as well as Australia's BHP Billiton and Rio Tinto, have banked on sustained increases in iron ore demand from China to justify massive expansion plans. China imported a record 743.55 million tonnes of iron ore in 2012, up 8.4 percent on the year, but total steel output rose just 3.1 percent to 716.5 million tonnes, in step with a slower economy. The influential planning agency forecasts a 30-million tonne increase in China's crude steel production this year, but said the increase in steel demand from China and elsewhere was not likely to be enough to absorb the big increases in iron ore supplies at home and abroad over 2013. "Looking at the trends, oversupply in iron ore is unavoidable," it said. The industry forecasts total global supplies to rise around 300 million tonnes from this year through 2015, the agency added. Rio Tinto and BHP Billiton recently warned of volatile markets and softer iron ore prices as they stick to expansion plans while China's steel production growth slows. 1/2ID:nL3N0CB54R 3/8 Investment bank Goldman Sachs cut its iron ore price forecasts because of the supply surplus and slower Chinese steel output, expecting iron ore to average $80 a tonne by 2015. Iron ore stood at $135.30 per tonne, having peaked at $158.90 few days back. Iron ore demand was also likely to be dragged down by low economic growth in developed countries, and there was little room for big steel production increases in developing countries such as India, the planning agency said. However, it said the "concentration" in the iron ore market would allow the big global miners to delay projects and suppress output to regulate supplies, and it would take some time before the glut was fully reflected in the market.

Source: CNBC Business News

Chinese Steel Exports in 2012 Cross 55 Mt Mark

In 2012, China exported 55.73 Mt of steel products, up 6.85 Mt or 13.7% year. They also imported 13.66 Mt of steel products, decreasing 1.92 Mt or 12.6% year on year. Converting steel products into crud steel, China net crude steel exports aggregate 44.4 Mt, an increment of 9.61 Mt or 27.3%. Besides, China imported 743.55 Mt of iron ore, up 8.1% YoY. For coke, China exported 1.02 Mt in 2012, down 69.2% from a year earlier.

Source: Steel Tech

How Bad is the Situation in Europe?

According to ArcelorMittal, demand for steel in Europe has fallen by 8% this year alone, and by around 29% since 2007. Austerity drives by Governments, in view of the sovereign debt crises afflicting a number of countries in the region, have dented demand for steel in the automotive and construction sector. These two segments are the major customers for steel. Also, the economic slowdown in China has compounded problems for the industry. The steel manufacturing capacity in Europe stands at around 210 Mt, of which only 155 Mt is being utilised at the moment. Hence, industry analysts had been expecting some plant closures in addition to the impairment charge announced by ArcelorMittal. The economic conditions in Europe are unlikely to improve anytime soon. The only way out for now seems to be an asset-sale programme designed to get rid of unproductive and non-core assets. Operating costs on these serve as a drag on profitability, which ArcelorMittal can ill-afford at the moment. ArcelorMittal has announced that it will write down the value of tis European business by about US$4.3 billion in the fourth quarter because of the economic downturn that has resulted in gloomy prospects for steel manufacturers in the region. The write down will be recorded in the form of a non-cash impairment to earnings for the quarter. Considering the twin factors that ArcelorMittal has recorded net earnings of more than US$4.3 billion only once in its history (in Q2 2008) and the industry is not in the best shape right now, it seems likely that it will record an overall loss this quarter. Tata Steel, which came on the global map with the acquisition of Corus (now Tata Steel Europe), continues to make losses in that continent. It is a financial drag on the group's balance sheet due to its sheer size. Usage in China is also forecast to increase by 4% to give a total of 668 Mt as commencement of construction on Government-funded infrastructure projects is expected to increase steel consumption demand in the second half of 2013. Demand for steel in India for infrastructure projects is expected to increase domestic steel consumption by 7% in 2013, whereas EU steel usage is likely to remain largely unchanged from its 2011 and 2012 level. India's steel production is forecast to increase by 6% in 2012 and 7% in 2013 to yield a total of 82 million tonnes.

Source: Steel Tech

7% Aluminium growth likely in 2013

Demand is expected to mount to 49.4 mt in 2013, a 7 per cent growth in comparison with the previous year, according to a projection made by aluminium giant Alcoa. Most of the demand will come from China, the world's biggest consumer, which is expected to witness 11 per cent growth in consumption to 23 mt. But China is well on its way to becoming self-sufficient in aluminium, with the country limiting itself to strategic imports of aluminium, thanks to massive capacities built at home, even though it still relies on overseas suppliers for its bauxite requirement. This makes it imperative for global producers to explore and develop new markets for their produce. Among the other top aluminium consuming regions, Indian demand is expected to rise by 7 per cent to 3.8 mt in 2013. The country's aluminium industry comprises four primary producers, namely Hindalco, Nalco, Balco and Vedanta Aluminium. The cumulative capacity of these firms amounts to around 1.6 mt.

Demand from Europe, on the other hand, is expected to decline by 1 per cent to 6.5 mt, even as North American consumption is projected to rise by 4 per cent to 6.2 mt.

('000 tonnes)

Over-supply

	Production	Demand
China	22,088	21,481
USA	5,505	3,712
Japan	2,259	756
Germany	2,054	1,754
Middle East	2,030	1,727
India	3,800	1,684
Italy	869	1,195
South Korea	1,297	3,958
Brazil	1,198	1,026
Others	9,551	13,042
Total	**50,651**	**50,335**

*2014 estimate
Source: Aluminium Association of India

Source: Business Lines

Aluminium Industry Still in woods

Primary aluminium prices never recovered after the crippling global recession in 2008. Prices of the metal touched an all-time high of $3,271.3 a tonne in November 2008 before crashing to a five-year low of $1,251.8 a tonne in February 2009. The metal managed to claw back much of the lost ground in subsequent years, but has fallen 32 per cent since April 2011. And since the start of 2013, aluminium prices have tanked by 9 per cent on the LME. The metal has been trading in a range between $1,787 and $2,200 a tonne on the LME over the past one year. It is currently trading at $1,895/tonne. The short-term trend is weak, but the metal is nearing the support level. A similar trend is seen on the MCX, where the short-term trend for the metal is down, but it is close to the important support level of around Rs 100/kg. If it breaches this key support, its decline could accelerate going forward. Aluminium finds use in a range of sectors, with the transport industry accounting for around a quarter of demand (27 per cent) and the construction business a fifth (20 per cent). It is also a key input for the packaging industry, which consumes 15 per cent of global aluminium production to fabricate cans and tins, among other packaging articles. The electrical sector and machinery and equipment industry account for a 10 per cent and 8 per cent share of global aluminium demand, while the consumer durables industry is responsible for 7 per cent of consumption.

Source: Business Line

Aluminium prices under stress on excess supply

Aluminium prices are unlikely to bounce back in the near-term as capacity surpluses continue to exert downward pressure, despite major global producers resorting to cuts. From a medium-term perspective, a dip in automobile purchases amid renewed economic uncertainty in Europe and a slowdown in imports by China are expected to result in demand growth deceleration over the next few years. Aluminium smelters globally are expected to operate at 84 per cent capacity in 2013, with production pegged at 47.6 million tonnes (mt) during the year, as against capacity of 56.9 mt a year. This translates into greater curtailment of production than in 2012, when production stood at about 46.2 mt from operational capacities amounting to 54 mt a year. In addition to primary aluminium, recycled metal accounts for around one-third of global consumption.

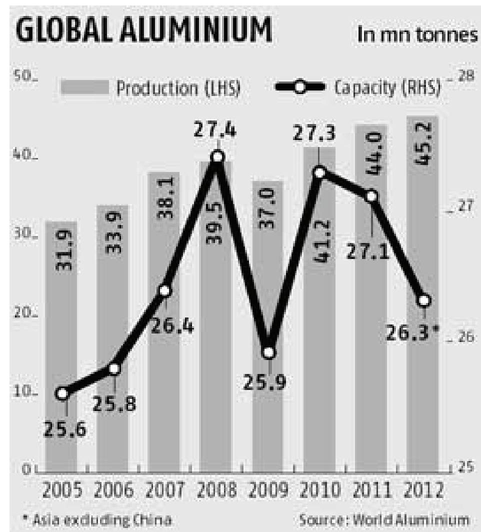
India's NALCO sees 3 pct fall in 2012/13 aluminium output

NALCO, which exports 30 percent of its aluminium products, hopes to produce 405,000 tonnes of aluminium in 2013/14 as it expects sluggish market conditions to continue, NALCO's Mr. S.S. Mohapatra told Reuters. "We have reduced the output because of unfavourable global market conditions. The input costs have gone up. The price of aluminium on LME (London Metal Exchange) is going down. Our selling prices are linked to LME," Mr. Mohapatra said. Aluminium prices have fluctuated between $1,800 and $2,200 per tonne during July to December 2012, he said. The current market price of aluminium is $1,900 per tonne. India's third-largest producer of aluminium has been producing 50 tonnes less daily against the normal output of 1,200 tonnes a day since last July at its lone smelter in Angul, in the eastern Indian state of Odisha. "The situation in the coming financial year appears bleak," Mr. Mohapatra said, also citing a jump in China's aluminium production and rising costs associated with power generation in India. The state-run company aims to produce 6.45 million tonnes of bauxite and 2.15 million tonnes of alumina in 2013/14, compared with its current year's target of 6.3 million tonnes of bauxite and 2.1 million tonnes of alumina.

Source: Reuters

Chinese lethargy in smelter capacity use hits world aluminium

National Aluminium Company Chairman Ansuman Das is spot on when he says the grave Euro zone concerns refusing to go away and the sustained world overproduction, caused particularly on account of China, are standing in the way of the white metal crossing and staying above $2,000 a tonne. In a distressing market like the current one, the premiums on aluminium, depending on how big these are for a quarter, bring some relief to metal producers. Premiums are loaded on the benchmark aluminium cash prices on the London Metal Exchange for buyers to secure physical metal. If it is China whose production volume will have a major bearing on aluminium prices, the premium rates are very much linked to Japan, being Asia's largest importer of the metal. Premiums for the current quarter for sales to Japanese buyers got shaved by $10 to $240-250 a tonne from the final quarter of 2012 as slowdown in the automobile and electronics sectors and disappointing exports are pointers to Japan to grow, according to Economist Intelligence Unit (EIU), one per cent this year. No less discouraging for the entire metal family is the EIU projection of negative growth of 0.2 per cent in 2013 for the Euro area. Once again, the props to the global market will come principally from China, expected to grow 8.5 per cent, and to lesser a extent from India and some other Asian countries. No doubt, the working of a larger number of smelters would have become unviable had not the premiums stayed at lofty levels. Some fall in the current quarter notwithstanding, large aluminium stocks locked up in financing deals facilitated by a low interest regime and warehousing charges saw premiums appreciating $133 a tonne from 2012 first quarter. Das says aluminium has become a particularly sensitive commodity, most of the time reacting to political and economic developments with global ramifications faster than any other metals. But why is the LME three-month aluminium price staying this low? "Weaknesses in aluminium fundamentals alone will not give you a clue to the poor price behaviour of aluminium. You also have to consider the broader market factors," says Das.



According to metals research and consulting agency CRU, a lot of liquidity in recent weeks has moved from commodities to equities and bonds in the wake of brent crude falling by a few notches from $119 a barrel in February on the back of Saudi Arabia's positive announcements about production. As there is appreciation in the value of the US dollar vis-a-vis the Euro, the equity market has sprinted past the 2007 peaks. Aluminium included, all non-ferrous metals have sunk to four-month lows. Copper is down to $7,575 a tonne and zinc on the Shanghai Futures Exchange (ShFE) fell to its lowest in four years. As a result of production running well ahead of demand, aluminium stocks with LME is about 5.23 million tonnes (mt). Then there are also record stocks of over 1.7 mt in China with ShFE, unregistered warehouses and the State Reserves Bureau (SRB). Macro-economic conditions remain difficult. What's further clouding the price outlook for aluminium is defying low prices, China lifted production by 12.8 per cent to 21.671 mt in 2012 and in the first two months of this year its output was 3.51mt, up 15 per cent year-on-year. High levels of Chinese production are in disregard of signals for restrained output coming from ShFE where aluminium cash prices at a 31-month low are running without a break at below the 100-day moving average since the beginning of this year. As Das anticipated, SRB came to ease the financial pressure on large Chinese government-owned smelters by buying 300,000 tonnes of aluminium in closed door tenders and paying a premium of 3.8 per cent on ShFE March contract prices. Many have been proved right that beyond benefiting some smelters, the inventory building move by SRB, the second since November 2012, would not change the fundamentals of the Chinese aluminium market.

Whatever their levels of efficiency and technology in employment, low aluminium prices have eroded industry profits across the board. As Rusal, the world's largest producer of the metal, booked a loss of $55 million in 2012, there were hefty write-downs at some other major producers, including Rio Tinto, which to its regret expanded the aluminium portfolio by buying Alcan in 2007 at a cost of $38.1 billion. Alcan acquisition was one bet that went horribly wrong for Tom Albanese who had to step down as Rio Tinto chief executive officer earlier this year after the company had to write down $14 billion, attributed mostly to its aluminium assets. The acquisition for which the other contender was Alcoa of the US happened at a juncture when aluminium prices were at 35-year highs and Albanese thought the Chinese demand would take prices even higher. But, who then could foresee that the world would soon be drowned in a financial crisis from which it is yet to recover. So, it is understood why aluminium profits in India are squeezed, too. China having a share of 45 per cent in world aluminium production is harming the industry by not moving fast in resting high-cost grid powered smelters.

Source: Business Standard

PM encourages govt to plan economic growth sustainably

Prime Minister Dr. Manmohan Singh said that economic growth must be targeted while ensuring optimal usage of natural resources besides ensuring sustainable development. Stressing on the point that environmental deterioration shall bring in severe repercussions, Singh said economic policies must be framed after weighing probable consequences these might have on the environment. He made the statement during the inauguration of the International Workshop on Green National Accounting for India. Singh added that India is committed to develop economically on a planned route. This reveals the government's commitment to bring improvement in the economic conditions prevailing currently. The Union government targets economic growth through a wide array of initiatives and reforms in the economic, social and institutional context. Anticipating challenges such as depleting natural resources, Singh suggest that the only way for India to resolve this issue is to work upon using these resources optimally while focusing in sustainable development. In light of environmental issues such as desertification, bio-diversity loss and depletion in water resources, economic growth must be planned sustainably.

Source: Indiamart SME News

Indian Economy

India economic growth is expected to be below 6% through the next financial year owing to the slowdown in western markets like the US and Europe. According to the survey jointly conducted by CII and McKinsey & Co. the majority of the respondents surveyed said they expect the country's gross domestic growth in the range of 5% to 6% in the next year. The survey said that over 50% respondents felt that the crisis in Europe, followed by a slowdown in the US and the surging price of oil will together have the biggest impact on the Indian economy. The growth rate during the Q1 of the current fiscal was 5.5%. In the budget 2012-13, Mr. Pranab Mukherjee, the then Finance Minister had projected the economy to grow by 7.6 (±0.25) %. Subsequently, the Reserve Bank of India drastically lowered this fiscal's economic growth projection in its half yearly review of the monetary policy, from the 6.5% estimated earlier to 5.8%. It cited global and domestic factors like poor investments and subdued demand for the move. With the bulk of the year washed out in policy paralysis and economic slowdown, it was widely expected that turn of events was round the corner as the Government forced the pace of political opposition to instil confidence in the market. However, the market already weary of speculative lambasting was averse to taking any more risks till the core fundamentals looked –up. The market already limping on tight credit closure, became rampant in Raipur, Mandi and other locations. The coming days might augur well for the beleaguered market with FDI in retail finally getting parliamentary nod culminating in construction activity picking up. Moreover, the Government in its overdrive to accelerate economic growth is likely to fast track new projects.

Source: Steel Tech

Gold imports up as prices fall

The fall in gold prices has set off a buying frenzy with the purchase of the yellow metal soaring at the retail end. Gold imports have also surged ever since prices of the yellow metal started to drop, analysis showed. Gold imports grew 12% year-on-year (y-o-y) to Rs 2.75 lakh crore in April 2012-February 2013 — a record high — with the bulk of the buying coming in the past few months when prices headed south. Imports of the yellow metal zoomed 38.7% between September 2012 and February 2013 to Rs 1.89 lakh crore, data with the Centre for Monitoring Indian Economy (CMIE) showed. This was, however, not on account of the volatility in the currency market as the rupee was largely stable and even appreciated 1.5% against the dollar during the period. Gold prices declined 5.4% (in rupee terms for standard 10 grams in Mumbai) between September and February. "There was a huge increase in imports in January and February as jewellery retailers were delaying (gold) purchases from October (2012) expecting prices to come down," says Mr. C P Krishnan, Whole-time Director, Geojit Comtrade. This prompted the government to increase the import duty on gold in January. But the levy didn't seem to have much impact with gold imports surging 27.9% y-o-y in value terms to Rs 29,425 crore in February, CMIE data showed. Gold prices declined nearly 2% in rupee terms and 2.6% in dollar terms during the month. "Buying support comes when large dips happen (in prices)," says Mr. Dhruva Raj Chatterji, senior research analyst, Morningstar India, an investment research firm.

Source: The Times of India

Nickel market to record 90,000 tonnes surplus in 2013: INSG

The global nickel market will record a surplus of 90,000 tonnes in 2013, down slightly from 110,000 tonne surplus in 2012, the International Nickel Study Group (INSG) said. The group, which met recently the government and industry representatives, expects nickel supply will hit 1.86 million tonnes this year. The INSG said that Indonesian nickel ore export restrictions implemented in 2012, in the form of an export ban, have not materially reduced supply to China so far in 2013. On demand, the INSG expects world primary nickel usage to total 1.77 million tonnes this year. It said nickel demand in early 2013 improved relative to the latter part of 2012, but added that there were signs that slower Chinese economic growth is affecting the domestic nickel market.

Source: The Times of India

Govt constitutes Inter-ministerial panel on MSME

The government has constituted an Inter-Ministerial Committee to look into issues faced by Micro, Small and Medium Enterprises and suggest ways to increase the manufacturing in the sector. The Department of Industrial Policy and Promotion (DIPP) Secretary Mr. Saurabh Chandra will head the committee. The panel will submit its recommendations within one month, Commerce Ministry release said. "The DIPP Secretary will chair an Inter-Ministerial Committee (IMC) for accelerating manufacturing in the Micro, Small and Medium Enterprises (MSME) Sector," the statement said. A meeting was organized sometime back by the Ministry of Commerce, Industry and Textiles where Cabinet Secretary Mr. Ajit Seth interacted with the stakeholders regarding exports of goods from MSME sector. Now, in order to examine the suggestions received from the participants in the meeting, an Inter-Ministerial Committee has been constituted, the statement said. The industry has put forward issues pertaining to exports and matters like cost of credit, technology upgradation, skill training and export incentives. The panel will be serviced by the MSME Ministry, it added. The MSME sector employs over 60 million people in about 2.61 crore units. It contributes about 40 per cent to the country's total exports and about 45 per cent to the manufacturing activities.

Source: Indiamart SME News

Dr. Montek Singh Ahluwalia pegs GDP at 6.5% this fiscal

The country can grow by 6.5 per cent in the ongoing fiscal with the big projects expected to receive approvals from CCI, Dr. Montek Singh Ahluwalia, Planning Commission Deputy Chairman stated. He stated, "do you believe in one year (2013-14) that it (growth rate can go up by 1.5 percentage points, the short answer is absolutely yes." As per the Central Statistical Organization's (CSO) advance estimates, the country's economy had been projected to grow by 5 per cent in 2012-13. The Budget has estimated an economic growth rate of 6.5 per cent in 2013-14, 1.5 percentage point higher than the projected growth in the last financial year.

He maintained, "this year should be better primarily because on these implementation front, we would see moves. There is no sign at the moment of strong recovery but I think there is sign of bottoming up (of decline in economy)." The Cabinet Committee on Investment (CCI) decisions will heavily impact on the economic growth in the ongoing fiscal, Dr. Ahluwalia said. He stated, "probably out of another 31 projects on the petroleum side. I think five or 10 will get sorted out shortly." The Chairman noted, "in my view, even if not a single bill is passed until next general elections, we can still grow at 8 per cent (average rate in 12th Plan period)."

Source: Indiamart SME News

Employment rate not matching economic growth, says Srinivasan

Former Chairman and member of Atomic Energy Commission, M R Srinivasan said, the economic growth in India has not been matched by corresponding growth in employment. He was delivering a guest lecture at 12th Annual Convocation of Visvesvaraya Technological University. "The growth of Indian economy has been stronger in the services sector, whereas that in China has been so in the manufacturing sector," he said. Giving interesting facts about the comparison of India and China, he said, China was referred to as the "work-shop of the world", and India is described as the "Back-office of the world". In fact, in 1970s and 80s India's engineering industries were more advanced than that of China but the situation today was one where China's presence over a range of exports was overwhelming and India's, while not negligible, is that of moderate player he said. India was importing some 50,000 MW of power plant equipment from China, similarly, the electronic hardware import from China, Korea and other countries has been very extensive, he stated. "It is time to introspect how we lost our early lead and have become major importer of manufactured equipments," Srinivasan added. He further said that in conventional aspects of defence needs like tanks, guns, ships and aircraft India continued to depend on imports and added this was the time for industry and academic institutions committed to innovation to make India self-reliant in defence procurement.

Source: Indiamart SME News

Good News from the Largest Economy

Signs of US recovery hold out hope in India

The world's largest economy, the United States, seems to be recovering. That is good news not only for America but for the rest of the world as well, including India. The numbers are piling up one after the other, all showing a pattern that no longer needs to be set aside as random: March 2013 car sales in the US are up 5%, the fastest annual rise in six years, zinc prices are up, indicating uptick in manufacturing, even as gold prices have been tumbling, indicative of a lower perception of risk, leading to migration of capital from safe haven gold to riskier financial instruments, housing starts are 27% higher than a year ago, factory orders are rising. Unemployment is still high, at 7.7%, and the jobs data release is not expected to improve that figure a whole lot. Forecasts of the US economy for 2013 put growth upwards of 2% and for 2014, above 3%. These figures look small, but considering the absolute size of the economy, around $15 trillion, even a 2% growth would add $300 billion of output, equivalent to what the Chinese economy would contribute by growing at 5%, and what India would add by growing at 16%. That would create a lot of economic activity not only in the US, but around the world. The IMF is scheduled to release its latest World Economic Outlook estimates shortly and US growth numbers could be revised upwards. Europe has a whole lot less to cheer, for the time being. When the mood turns in the US, for India, things will look up in the information technology and IT-enabled sectors and in manufactured exports. But the biggest gain would be in terms of relaxed risk aversion and easier capital inflows, driven by easy liquidity and a huge differential in the rates of return available in the US and a market like India. India must prepare to take advantage of increased capital availability, sorting out policy, lowering transaction costs and instituting transparent financial reporting. Everything cannot be achieved in a hurry, but credible efforts must begin, and fast.

Source: The Economic Times