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INTRODUCTION

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EAF Steelmaking – The Indian Scenario

S C Suri
Life Fellow IIM, Vice Chairman, IIM-DC &
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Introduction

Due to superior quality product with low cost, Electric Arc Furnace (EAF) Steelmaking Process is one of the most popular steelmaking route. More than 60 per cent of crude steel production in India comes from electric furnace process route. This includes production from induction furnace units also.

Indian crude steel production and consumption of finished steel has registered a growth rate of 15.4 per cent and 15.1 per cent per year respectively during 2000-2010. In comparison steel produced by electric furnaces has registered growth a rate of 32.6 per cent per year during 2000 to 2010.

Introducing hot metal with or without hot sponge iron as a charge mix for the EAF is responsible for increased productivity and decrease in the energy consumption.

The crude steel production in the India, which was 1.5 million tonnes (Mt) in 1952, steadily increased to 26.9 Mt in 2000 and further 76.7 Mt in 2012. Similarly apparent consumption of finished steel in the India has also increased from 1.1 Mt in 1950 to 26.3 Mt in 2000 and 66 Mt in 2010. In 2012 India has become 4th largest steel producing country in the world. Indian steel production increased at a rate of 6.3 per cent and 8 per cent in 2012 and 2011 respectively.

Due to superior quality product with low cost EAF has become a yard stick for the steel producers to meet the customer's demand. In 2010, 29 per cent in world's and 60.5 per cent in India's crude steel production came from electric furnace route.

Steel production by Primary and Secondary Steel Producers Units

Indian Iron and Steel Industry can be divided into amongst main producers, based on routes of production: I) Primary Producers and II) Secondary Producers. Primary producers convert iron ore into finished / semi-finished steel, their contributions was only 32 per cent in Indian crude steel production in 2011-12. Secondary producers make finished/ semi-finished steel by melting steel scrap or sponge iron or mixture of the two and their overall contributions of secondary producers is 68 per cent in crude steel production in 2011-12. Secondary producers mainly have Electric Arc Furnace (EAF) and Induction Furnace (IF) units. The comparative status of Primary and Secondary Steel producers in India is given in Table-I below:

Table-I Comparative status of Primary and Secondary Steel Production.

Year	Primary Producers, Production, Mt (%)	Secondary Producers, Production, Mt (%)	Total Production, Mt (%)
2001-02	17.76 (63.5)	10.20 (36.5)	27.96 (100.0)
2002-03	18.98 (62.4)	11.46 (37.6)	30.44 (100.0)
2003-04	20.1 (58.4)	14.24 (41.6)	34.25 (100.0)
2004-05	20.02 (52.0)	18.47 (48.0)	38.49 (100.0)
2005-06	21.69 (46.7)	24.77 (53.3)	46.46 (100.0)
2006-07	22.18 (43.6)	28.64 (56.4)	50.82 (100.0)
2007-08	22.10 (41.0)	31.80 (59.0)	53.90 (100.0)
2008-09	22.02 (37.7)	36.42 (62.3)	58.44 (100.0)
2009-10	23.28 (35.4)	42.56 (64.6)	65.84 (100.0)
2010-11	23.85 (33.7)	46.82 (66.3)	70.67 (100.0)
2011-12	23.60 (32.0)	50.19 (68.0)	73.79 (100.0)

Source: JPC

World Steel Scenario in Electric Steelmaking

World crude steel production reached 1,510 Mt in the year 2012. This represents an increase of only 1.35 per cent compared to 2011. Both countries' (China and India) domestic steel demand not only survived the economic slowdown, but the industries also grew at a significant rate.

China has become the virtual engine of the world steel industry, accounting for 44 per cent, 46 per cent and 47 per cent of world production in 2010, 2011 and 2012 respectively. India too has shown that it is rapidly becoming an important part of the international steel market place. It has become the fourth largest steel producer in the world in 2011.

If India's growth story continues true to its plan, the country will legitimately grab the second position in world steel production within next two years. This will be possible because of new additions of capacity; it is planned that country's installed steel production capacity will increase to 190 to 200 Mt by 2020 from the current capacity 90 Mt.

Scrap Availability Scenario

The obsolete scrap reservoir that is 10-40 years old, was estimated at 11.5 billion tonnes in 2011, with 14 per cent residing in China, 32 per cent in the developing world ex-China and 54 per cent in the advanced countries. It is estimated that, the advanced economies will recover about 214 Mt of scrap from the obsolete scrap reservoir, of which 42 per cent will be exported.

Considering that the total obsolete scrap consumption for steelmaking and foundry production is expected to be 339 Mt in 2011, 63 per cent of all obsolete scrap consumed globally will come from the advanced world's obsolete scrap reservoir.

By 2015, the global obsolete scrap requirement may grow to 376 Mt, relative to an average reservoir size of 409 Mt implying a usage ratio of 0.92. The market for obsolete scrap may be its lowest in 2020, when the demand for obsolete scrap could be 445 Mt, relative to an average obsolete scrap reservoir of 481 Mt implying a usage ratio of 0.93.

World steel dynamics' forecast anticipate a possible easing of the demand for obsolete grade scrap, relative to the size of the reservoir between 2020 and 2025, as demand may increase by 18 per cent to 525 Mt while the size of the reservoir may grow from 21 per cent to 580 Mt.

On the other hand, average growth rate of sponge iron in world from 2001 to 2011 was 8.2 per cent per annum; whereas average growth rate of sponge iron for India was 29.3 per cent per annum in the same period.

Indian EAF Steel Scenario

The Indian steel industry has already witnessed growth during 2000 to 2010, with production of crude steel and consumption of finished steel. They registered a growth of 15.4 per cent and 15.1 per cent per year respectively; whereas steel produced by electric furnace units registered a growth rate of 32.6 per cent per year during that period.

Contribution of EAF Steel in Indian Crude Steel Production

Table-II below shows the contribution of electric furnace steel in Indian crude steel production as compared to world contribution. In 2000 to 2004 contribution of electric furnace steel in Indian crude steel production varied from 36 to 44 per cent. After 2005 the contribution increased to more than 50 per cent.

In 2005 maximum growth rate of crude steel and electric furnace steel production were observed at 40 per cent and 73 per cent respectively. Whereas from 2006 to 2010 average growth rate of crude steel and electric furnace steel production in India were 7.6 per cent and 9.9 per cent per year respectively.

Table-II Crude Steel and Electric Furnace Steel Production in India and World.

Year	India (Crude Steel). Mt	India (EAF Steel). Mt	EF Steel Contribution in India, %	EF Steel Contribution in World, Mt (%)
2000	26.92	9.69	36.0	287.39 (33.9)
2001	27.29	9.96	36.5	285.11 (33.5)
2002	28.81	10.85	37.7	304.89 (33.7)
2003	31.78	12.68	39.9	327.44 (33.5)
2004	32.63	14.30	43.8	353.07 (33.0)
2005	45.78	24.78	54.1	365.09 (31.9)
2006	49.45	27.65	55.9	395.28 (31.7)
2007	53.47	31.30	58.5	416.94 (31.0)
2008	57.79	34.80	60.2	409.72 (30.8)
2009	63.53	36.20	57.0	351.49 (28.5)
2010	66.85	41.30	61.8	410.73 (29.0)

In 2010-11, there were 48 Electric Arc Furnace based steel plants working with an aggregate capacity of 18.6 Mt per annum. The total production of electric arc furnace units registered a growth of only 1.7 per cent during 2010-11, producing 16.46 Mt against a production of 16.18 Mt in 2009-10.

EAF contribution to Indian steel increased from 19.7 per cent in 2006-07 to 23.7 per cent in 2010-11. This sector continued to be under constraint of rising cost of inputs, increasing power tariffs, shortage of power and resources crunch.

Induction Furnace Industry Scenario

During 2009-10, it was estimated that 1114 induction furnace units with a capacity of 24.4 Mt were in operation. The total production of induction furnace units registered a growth of 11.3 per cent during 2010-11, producing 22.07 Mt against a production of 19.83 Mt in 2009-10. The induction furnace steel production increased from 30.3 per cent in 2006-07 to 31.7 per cent in 2010-11. Steel production from induction furnace units have several quality issues which need resolution.

Charge Mix for Electric Steel Making

In 1980's the main bottlenecks with EAF steel making were low productivity and high cost of production. Availability of scrap was also a matter of deep concern for the steel producers. With time these issues were addressed by introducing hot metal with or without sponge iron as a charge mix for the EAF. The concern over low productivity was also taken care of by introducing various means of high jet oxygen lances in EAF which resulted in low tap-to-tap time in EAF Steelmaking.

Use of Hot Metal

Shortage of scrap, its rising costs and unreliable supply of electric power in India is a matter of great concern to EAF operators.

Low productivity of Indian furnaces and high power consumption are a matter of concern. These problems can be overcome by using hot metal from Mini Blast Furnace (MBF) as iron bearing charge material in EAF. Use of hot metal in EAF has benefited as major cost saving (including power) and increased productivity together with high quality of product and dependence to scrap shortage and its price fluctuation.

The energy content of hot metal consists of both sensible and chemical heats. The sensible heat (H, kWh/t) is given by the relationship:

$$H=0.22\,T + 17$$

Where T is the hot metal temperature in ^{0}C.

The chemical heat of hot metal depends on the amount of the elements presents in hot metals. At a charge ratio of 30 per cent hot metal, power savings of up to 220 kWh/t can be achieved in comparison with charging 30 per cent sponge iron, which would be an alternative way of achieving a comparable residual elements level (since sponge iron contains only about 0.02 per cent residual elements). It has been observed that every 1 per cent addition of chemical energy replaces 5 kWh/t of electrical energy.

To achieve the desired steel quality of high standard, better quality iron charging material must be used. Since hot metal contains only about 0.06 per cent residual elements as compared to >0.25 per cent for steel scrap, substituting scrap with hot metal improves the quality of steel to a great extent. Overall savings by using hot metal as a charge substitute to scrap are as follows:

- Decrease in power consumption (45 to 55 per cent)
- Decrease in tap-to-tap time (about 40 per cent)
- Reduction in electrode consumption (35 to 40 per cent)
- Increase in productivity (100 per cent, i.e. double)

Sponge Iron use in the charge mix in EAF Steelmaking

Scrap is an extremely heterogeneous product and its quality varies from region to region, type to type, and lot to lot. To match customers demand for high product quality, steelmakers must start with high quality raw materials. The non-availability of scrap of consistent quality and also at a reasonable price necessitated the search for a suitable alternative to scrap. In this context, sponge iron is an alternative to scrap as charge material in EAF. Sponge iron has uniform chemical and physical characteristics and it hardly contains any residual elements and has low sulphur content. This promotes the use of sponge iron in the charge of EAF, as partial replacement to scrap, which ultimately improves the mechanical and metallurgical properties of the steel product. Sponge iron is charged in the furnace in a continuous manner, after the scrap is charged and melted. Batch charging of sponge iron has an adverse effect during the melting period, creating agglomerates of sponge iron on furnace banks or walls which are difficult to melt and require oxygen lancing.

Charging of large quantity of sponge iron in a batch charging method poses operational problems. When greater percentage of sponge iron is to be used in the charge, it is necessary to use continuous charging of sponge iron into the molten pool. The usual practise is to charge a scrap basket representing from 20 to 50 per cent of total charge, to melt it partially to create a molten pool and then to feed sponge iron at a regulated rate to complement the tap weight. 100 per cent sponge iron charge is achieved by over charging the previous heat, leaving a heel of molten metal in the furnace after tapping and then feeding sponge iron for a new heat. The melting and the refining periods which were originally separate operations, now they become intermingled to a point of decreasing in refining period to almost nothing and leaving only an adjusting period for deoxidizing additions (blocking) and a temperature check before tapping.

Melting of sponge iron in EAF is greatly influenced by factors like carbon content and degree of metallisation of sponge iron. Carbon in sponge iron reacts with unreduced iron oxide giving CO evolution from liquid bath (i.e. Carbon boil) which results into subsequent removal of hydrogen and nitrogen gases, ultimately producing clean steel. Therefore higher carbon content in sponge iron is always desired by the steelmaker. If carbon is less than required amount, it has to be externally added to the melt. The amount of carbon required (in kg) to reduce the FeO content of the sponge iron is given by the following equation:

$$C = 1.67\ [100 - \%M - \{(\%Sl / 100) \times \%\ Fe\}]$$

Where M is the degree of metallization, Sl is the amount of slag, and Fe is the amount of iron in the slag.

Sponge iron having lower metallization value has relatively higher unreduced iron oxide content. Since FeO reduction is an endothermic reaction, extra energy is consumed. As a thumb rule, loss of one per cent of metallization of sponge iron consumes extra 15 kWh/t of liquid steel.

Charging Hot Sponge Iron

Using less energy can reduce emissions at the steel plant. With the use of hot sponge iron in an EAF, energy efficiency is improved. Charging hot sponge iron into EAF provides a source of additional energy as well as low residual iron units, leading to lower costs and improved furnace productivity. Transport of the hot sponge iron in an inert atmosphere is a key technology to the achievement of these benefits. The difficulty in hot sponge iron transport is not just that the material is hot, but also that it must be kept in an inert atmosphere.

Hot charging of sponge iron at 600 to 700 ^{0}C is an effective means of lowering the cost of production per tonne of liquid steel due to the reduction of power and electrode consumption.
Hot sponge iron is transferred from the vessel to the furnace through the chute. Hot charging of sponge iron also increases EAF productivity. Essar Steel, Hazira, India is using the technology of hot charging of sponge iron in DC-EAF. The benefits are as follows:

- One per cent increase in metallisation,
- No moisture (Compared to 1.5 per cent in HBI),
- Very low heat loss in the 90 t container (less than 5 ^{0}C/hour),
- Reduction of 0.6% or more in product fines generation,
- Power savings at briquetting stage of 8 to 10 kWh/t,
- Savings in wear of briquetting die segments and its maintenance.

It is also reported that by using hot sponge iron in the EAF leads to important economic benefits related to power savings (25 per cent), productivity increase (20 per cent) and reduction in variable and fixed cost of steel approx. 4 to 5 per cent. The electricity savings occur because less energy is required in the EAF to heat the sponge iron to melting temperature.

The rule-of-thumb is that electricity consumption can be reduced by about 20 kWh/t liquid steel for each 100^{0}C (373 K) increase in sponge iron charging temperature. Thus, the savings of electricity consumption when charging of sponge iron at over 600 ^{0}C are 120 kWh/t or more.

With the use of hot charging, the DR - EAF route becomes even more attractive with respect to Co_2 emissions. Use of 80 per cent hot charge of sponge iron in the EAF results in almost 45 per cent lower carbon compared to the BF - BOF route. An additional benefit of the electricity savings is a reduction in electrode consumption, since there is a linear relationship. Generally, sponge iron reduces the tap-to-tap time allowing a productivity increase of up to 20 per cent versus charging at ambient temperature.

Summary and Conclusion

Due to increased demand of good quality steels in India, the mini and midi steel plants will have a significant role to play in the coming years. Major problems faced by the steelmakers are shortage of good quality scrap and fluctuating scrap prices. This problem can be overcome with the use of hot metal with or without sponge iron. Hot metal charging in electric furnace is an effective means of lowering the cost per tonne of liquid steel. This is because of the reduction in electrical power and electrode consumption; as well as increase in production. With these saving EAF steelmaking becomes even more attractive with respect to Co_2 gas emissions.

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Par panel pulls up SAIL for delays in modernisation plans

A parliamentary panel pulled up the state-run Steel Authority of India Ltd (SAIL) for delay in implementation of its ongoing expansion and modernisation plan, resulting in almost stagnant production for the last four years. The Standing Committee on Coal and Steel tabled in Parliament said it observed that orders worth around Rs 58,000 crore have been placed against which actual expenditure of Rs 42,893 crore has been incurred till Feb'13. However, it said, "the Committee are unhappy to note that physical performance of the company indicate a stagnant production as approx 14.5 MT of hot metal 13.6 MT of crude steel, 12.8 MT of saleable steel and 0.3 MT of pig iron during each of the last four years". The committee chaired by Trinamool Congress Member Kalyan Banerjee, asked the government and the PSU to expedite expansion. "The Committee desire the Government/SAIL to make all out efforts to ensure that the modernisation and expansion plan is not dragged on year after year and is completed during the current fiscal to avoid cost and time overrun," it said. SAIL has been implementing modernisation and expansion plan of its five integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur and Burnpur and at the special steel plant in Salem to increase capacity of crude steel from 12.84 million tonnes per annum (MTPA) to 21.4 MTPA.

Of this, expansion of Salem plant has been completed in 2010-11. The Committee said it is "anguished to note that due to poor performance of the contractors, the completion of modernisation and expansion of Bhilai and Durgapur steel plants have been delayed, resulting in underutilisation of outlays". It said against the project cost of Rs 18,884 crore, only Rs 7,353 crore has been spent so far by Bhilai plant. Similarly, out of a project cost of Rs 3,164 crore, Durgapur plant could spend only Rs 1,282 crore so far. In case of Bokaro plant, project implementation has been delayed with the plant likely to be completed in June 2013 in place of December 2011, the Committee added. Further it said, "What is disturbing to the Committee is that IISCO expansion project which was to be completed by December 2010, has been delayed and now the completion will be by June 2013." It has also sought to know the resultant enhancement of production due to expansion plans as well as "action taken against the contractors who have failed to achieve the milestones, causing delays". The government earlier had said that the current phase of modernisation and expansion plan of SAIL is likely to be completed progressively by 2013-14.

Source: Business Standard

Govt asked to take steps to strengthen Coal Controller Org

Expressing concern over manpower crunch and poor functioning of the Coal Controllers Organisation (CCO), entrusted with the task of monitoring captive mines, a parliamentary panel has asked the government to take immediate steps to strengthen it. "The Committee is dismayed to note that the enormous work such as permission for opening and reopening of coal mines... has been entrusted to CCO...Yet there is only one technical officer posted in the organisation and he is holding the post of coal controller," Parliamentary Standing Committee on Coal and Steel has said in its latest report. Expressing concern, the Panel, which is headed by Trinamool Congress MP Kalyan Banerjee, said, "The Committee fail to understand as to how without having adequate manpower, the organisation can carry out inspection for ascertaining quality in selected mines. It said: "The Committee strongly recommend the government to take immediate steps to strengthen the office of CCO to ensure that besides the various statutory functions, the organisation could efficiently monitor the progress of work in allocated captive coal blocks." The CCO, which has field offices at coalfield areas like Dhanbad, Ranchi, Bilaspur, Nagpur and Kothagudem, to be headed by a GM/DGM level executive working in the capacity of Officer on Special Duty being supported by other technical officers, has unfortunately only one technical officer, it said. The CCO, apart from giving permission for opening and reopening of coal mines has huge work like disposal of cases under Coal Bearing Areas (Acquisition and Development) Act, 1957, collection of excise duty, inspection of coal samples, collection, compilation of coal statistics and monitoring and progress of coal blocks. "It will be difficult to undertake regular inspections to ensure compliance with specific orders relating to coal quality and resolving statutory complaints," the Committee said. It added that despite Indian School of Mines, Dhanbad after reviewing the functioning of the CCO recommended strengthening of the organisation, the Coal Ministry failed to take any step. "Although the Secretary, Ministry of Coal was candid enough to admit that the Ministry has taken note of it and will take steps to strengthen the same, the Committee are surprised the way the government has entrusted so much work to the organisation without providing requisite staff," it said.

Source: Business Standard

Anticipation of Better Economic Scenario in 2013-14 - Mr Chaudhuri of SBI

Mr Pratip Chaudhuri chairman of State Bank of India recently said that the drift in the economy has ended and there are a number of signals to suggest that the economy will do better in 2013-14. In an interview to George Mathew of Financial Express, Mr Chaudhuri said that the deterioration in the asset quality has stopped and the interest rate cycle is getting softer.

Q: How do you see the economic growth prospects in the new fiscal?

A: Certainly it should take a turn for the better. The year 2012-13 was a washout... 2013-14 should be better. There are a number of signals. One is the relative buoyancy in the stock market. Some projects are getting revived. Except for some pockets in India, agricultural performance is good. There is a greater confidence that the government has started addressing some of the issues. The drift has ended and the interest rate cycle seems to be getting softer. But the proof will be when you look at the IIP data and find a good growth.

Q: Which sectors are still showing signs of stress?

A: Let me talk of improvement instead. After the government has lifted the ban on mining of iron ore (mostly Karnataka) supply of raw material has improved. All steel sector accounts which were either NPA or restructured have now become standard. Deterioration has stopped and some who had just tipped over are expected to bounce back to health. The sector which is in deep trouble is construction related. This includes companies working for state irrigation, public works and at the Centre with NHAI. Similarly the power companies in distribution, independent power producers including gas-based power producers are under pressure.

Source: Steel Guru

Economy to grow above 6% in FY 14 – ASSOCHAM

Improvements in global economic environment, particularly in the US recovery in exports, normal Monsoon and bottoming out of the industrial expansion are the strong reasons for revival of the Indian economy, which is very likely to grow a shade above 6% in the current financial year, an ASSOCHAM Economic Outlook Report has pointed out. According to the Outlook Report prepared few days back, there is a definite downward movement in the prices of commodities of key interest to India like gold and crude oil and the decline in these items is not tentative but a consistent trend. The outlook report noted that "The growth revival of the Indian economy will largely come on the back of the global factors and the normal Monsoon which will have a positive spin offs on the all-important services sector." In the FY 2012 to 13, the Indian economic growth fell to 5% from 6.6% a year ago in the wake of drought hit agriculture output, serious problems in the global markets hitting merchandise exports, high cost of borrowing that hit the industrial output along with other issues and a perception of a policy paralysis among the global investors. On top of it all, a huge gap between imports and exports made things difficult for the economy, particularly the government finances and the current account deficit reached an unsustainable levels of 6.7% in the Q3 of FY 2012 to 13. However, the global economy and to some extent the Indian economy seem to be shifting the cyclical track which will in the short run at least work to the advantage of net importer countries like India. The trade deficit in the current FY is sure to be reduced to a much lower level from USD 190 billion in the previous fiscal. Exports which have moved in the growth trajectory are expected to gain further momentum, more so in the second half of the FY 2013-14.

The US economy, as is shown by the latest job data release, is not as bad as it looked and several other Asian and African economies are picking up momentum again. Besides, the mood in the stock markets all over the world is holding good resulting into regular flows of funds from the foreign institutional investors into the Indian market. The report said that "A steady inflows from FIIs along with positives on FDI like USD 10.5 billion IKEA proposal will do a lot of good to the Indian macro picture. With both gold and crude oil showing a downward steady bias, the pressure on inflation is bound to get reduced. Good rains expected this year will also help check inflation making RBI revisit its tight monetary stance, which it has kept largely so far." It said that while several home grown issues like holding up of investment of INR 350,000 crore in the central sector alone are blocking growth." However, corruption remains the biggest concern insofar as the overall political economic environment is concerned. We must admit, this environment has been vitiated in the last one month with the government grappling with one scandal or the other and the Opposition stalling Parliament. With elections in several important states like Delhi, Rajasthan round the corner along with general elections due next year, the political environment is likely to get murkier making it that much more difficult for the government to push through reforms. However, the Outlook report still concluded that achieving 6% growth is doable and it could even exceed by a few points as the external sectors seem to be turning for better. The report added that "Except for Europe where looks a far cry, the problems in the rest of the world seem to be edging out. However, as a nation India has to keep a vigil and should not allow political freebies which can damage the overall fiscal situation. In an election year, the Finance Minister is likely to face demand from the Congress Party and some of the UPA allies to give political freebies, which must be resisted. After all, with great effort and luck from external sector, the overall balance-sheet is getting repaired somehow with concerns on CAD and fiscal deficit abating."

Source: Steel Guru

New investments in realty sector dried up by 55% - ASSOCHAM

The new investments in the real estate sector across India have dried up by about 55% as of March 2013 as against the corresponding period last year according to an ASSOCHAM analysis. According to a real estate sector specific analysis carried out by The Associated Chambers of Commerce and Industry of India, "The realty sector in India attracted new investments worth over INR 42,000 crore as of March 2013 which slipped from over INR 92,600 crore a year ago." Mr D S Rawat national secretary general of ASSOCHAM while releasing the chamber's analysis said that "While most of the states have seen a decline in attracting new investments in the realty sector, Gujarat has seen a surge of over 700% as the state has attracted investments worth over INR 17,000 crore as of March 2013 from just over INR 2,000 crore a year ago." Mr Rawat said that "Kerala is another state which has seen massive growth of over 550% in attracting new investments in real estate followed by Uttarakhand and Rajasthan. While almost rest of the states have seen a drop of over 50% in new investments in the realty sector during the aforesaid period." The ASSOCHAM analysis highlights that "Gujarat also has the highest share of about 41% in the new investments attracted by the real estate sector across India during the last fiscal. Apart from Gujarat, the states of Maharashtra, Karnataka, Tamil Nadu and Uttar Pradesh are amid top 5 states with maximum share in new investments attracted by real estate sector across India." The state of Maharashtra accounts for maximum share of about 20% in the total outstanding investments worth over INR 14 lakh crore attracted by the real estate sector across India as of March 2013, according to the ASSOCHAM study.

However, the new investments in realty sector in Maharashtra have plummeted by over 55% during the last fiscal. Maharashtra has attracted outstanding investments worth about INR 3 lakh crore in the real estate sector as of March 2013 but the new investments in the sector dipped from over INR 16,000 crore to just over INR 7,000 crore during the course of last 1 year. Mr Rawat said that "Realty sector accounts for over 11% share in total outstanding investments worth over INR 122 lakh crore attracted by different sectors from various public and private sources across India." Maharashtra, Gujarat, Haryana, Karnataka and Andhra Pradesh are the top 5 states with highest share for attracting maximum outstanding investments in the real estate segment across India. Besides, these five states account for over 70% of the total outstanding investments attracted by realty sector across India. Outstanding investments in real estate have risen by over 25% throughout the country during the 5 year period of 2008 to 09 and 2012 to 13, further highlighted the ASSOCHAM analysis.

Source: Steel Guru

SAIL gets Cabinet committee booster on iron ore mining

Steel Authority of India Ltd is set to increase its crude steel capacity. The Cabinet Committee on Investment headed by the Prime Minister, has issued instructions for clearance to the Environment Ministry. The Maharatna company had applied for forest clearance for the Gua iron ore mines in

Jharkhand for an area of 635.986 hectares. Now, CCI has directed that "after obtaining the requisite information from the State Government, the clearances be issued by the Ministry of Environment and Forests within one month." According to a statement from the Prime Minister's Office, the clearance will enable SAIL to raise iron ore production from these mines from 2.4 million tonne per annum to 10 million tonne per annum through an investment of INR 3,000 crore along with installation of beneficiation plant and a pellet plant. This is required for increasing crude steel capacity of Eastern sector steel plants by 5.44 million tonne per annum at an estimated cost of INR 43,000 crore, out of which an investment of INR 33,000 crore has already been made. This expansion and modernization of the various plants will take the iron ore requirement to 39 million tonnes from the current 24 million tonnes.

Source: Steel Guru

SAIL RSP set to double capacity to 4.5 million tonnes

PTI reported that Steel Authority of India Limited's Rourkela Steel Plant is all set to double its annual capacity to 4.5 million tonne soon following its INR 12,000 crore expansion work nearing completion. SAIL RSP CEO Mr GS Prasad told PTI in an interview that "With the current phase of modernization and expansion that we are implementing, the capacity of the plant is all set to increase in near future by more than double." Mr Prasad said that "It will establish RSP as a major player in the steel industry. Besides, it will expand our product basket and help in tapping hitherto unexplored market segments." Maintaining that expansion work is nearing completion, the RSP CEO said that many of the new units have already been commissioned or gearing up for commencement of operation. While the plant's hot metal capacity would be augmented from the current level of 2 million tonne per annum to 4.5 million tonne per annum the crude steel making capacity would simultaneously increase from 1.9 to 4.2 million tonne per annum and production of Saleable Steel will zoom from the level of 1.671 million tonne per annum to 3.99 million tonne per annum. 3 key units like the New Sinter Unit, the Raw Material circuit of Ore Bedding and Blending Plant Phase-II and Coke Ovens Battery No 6 have already been commissioned and are in the process of stabilization. Similarly, operation of new coal handling plant, coke dry cooling plant and new Coal Chemicals Department had also commenced. Besides, hot blast stove heat-up activities with pilot burner and the hot trial of the new pig casting machine of the new blast furnace have also started. Mr Prasad said that "Testing and trial runs of new units like Blast Furnace 5, Power Blowing Station and new caster are in progress and would be put into operation soon." He said that "To meet the power requirement post expansion, the 220 KV bays at Tarkera Grid Sub Station and 220 KV double circuit transmission lines from the sub-station to MSDS IV of RSP have been energized successfully."

Source: Steel Guru

RINL weathers sluggish steel market

The Hindu reported that in the prevailing economic slowdown and sluggish steel market, Rashtriya Ispat Nigam Limited has acquitted itself well. The RINL has been facing a tough market situation where the steel prices have come down by around INR 5,400 per ton and the competition has made companies to offer incentives, discounts, and credits. This has forced RINL to slash its prices sharply between INR 5,000 and INR 7,000 per tonne apart from offering market incentives. In the country, long products consumption registered a negative growth of 1.3% and bars and rods consumption was further down with a negative growth of 1.8% till December, 2012, compared to the previous year. The situation in Andhra Pradesh was more critical due to continuing power crisis as well as problems relating to supply of sand in the beginning of 2012 to 2013. The RINL is one of the main bar and rod producers in the country and its main market is in Andhra Pradesh and other southern states. Lower consumption of long products and sluggish market affected sales of RINL during the past 8 to 10 months. In order to maintain steady sales, the company has been using these market tools after proper examination by the duly constituted committees to enable sales and prevent accumulation of inventory. Despite this, prices of RINL prevailing in the market are either same or above those of competitors and, because of a little higher price, RINL has been losing orders from the big customers/industries in tenders and other mode of sales. In steel market, all producers have been adopting the same strategy. The RINL could still achieve sales of INR 13,650 crore during 2012 to 2013.

With concerted effort, the inventory has been brought down to 12 days stock. RINL does not have captive iron ore and coal mines and is paying over 65% of production cost towards raw material. In spite of the handicap, profitability is better than several steel companies having captive raw material sources. The company has started the current year, 2013 to 14, on a positive note, the note adds.

Source: Steel Guru

SAIL and RINL raw material needs likely to up 39% by 2015-16

The Hindu reported that raw material needs of public sector steel majors SAIL and RINL are going to increase by up to 39% in 3 years as they are on the verge of completing capacity expansion program. In a written reply to the Lok Sabha, Steel Minister Mr Beni Prasad Verma said that Rashtriya Ispat Nigam's iron ore requirement will be increasing by 39.39% in 2015-16 to 9.2 million tonne. He said that "Similarly, RINL's coking coal requirement will increase to 7.08 million tonne by 2015-16." Talking about Steel Authority of India Mr Verma said that its coking coal requirements are going to increase by 33.33% in 2015-16 to 19.2 million tonne. Besides, its iron ore requirements will go up by 32.42% to 36.80 million tonne as the company is in the middle of expanding its steel capacity to 21.4 million tonne. SAIL currently needs 27.79 million tonne iron ore and 14.40 million tonne coking coal to meet the requirements of its 6 plants including Bhilai, Bokaro, Durgapur, Rourkela and IISCO Burnpur.

Source: Steel Guru

No monopolistic pricing by NMDC - Steel Minister

PIB reported that the Minister of Steel, Mr Beni Prasad Verma has said that iron ore and steel are in deregulated sector. Prices of iron ore and steel are fixed by the individual companies based on commercial prudence and general market condition. NMDC Limited is one of the many iron ore producers in the country. Besides NMDC Limited, there are many other public and private sector iron ore mining companies, which supply iron ore to the iron and steel industry in the country. As per the pricing policy being followed by NMDC Limited, the prices of various products of the mines of NMDC Limited are kept in sync with the prevailing domestic iron ore prices in other sectors. NMDC is fixing its domestic prices keeping in view prevailing iron ore prices in other sectors and demand supply scenario for its iron ore. In a written reply in the Lok Sabha Mr Verma said that some representations have been received in the Ministry of Steel regarding pricing mechanism of NMDC Limited. Being a Navratna Public Sector Enterprise, the commercial and financial decisions of the company are taken by the Board of Directors of NMDC Limited. The issue of pricing of iron ore is decided by the Board of NMDC Limited based on various factors including prevailing general market conditions. The Government generally does not interfere in commercial decisions of the company. However, to improve availability of iron ore to domestic iron and steel industry at affordable price, the Government has increased the export duty on iron ore to 30% ad valorem on all grades of iron ore.

Source: Steel Guru

RINL aims at 16000 crore turnover in 2013-14

The sluggishness in the steel industry notwithstanding, Rashtriya Ispat Nigam Limited, the corporate entity of Visakhapatnam Steel Plant, is aiming at achieving the highest-ever turnover of over INR 16,000 crore during 2013-14. This was disclosed by Director (commercial) Mr TK Chand during extensive interactions held with the unions and associations of VSP. At the meetings, the unions, Steel Executive Association, SC and ST Welfare Association and others pledged their full support to improve the financial health of the Navratna company. Mr Chand in his address said that in first quarter of this fiscal, RINL would step up its sales by 10% over last year and sought the support of the workforce to push up sales through innovative and aggressive marketing strategies. According to a release, some of the union and association leaders, who attended the meeting, expressed their anguish at criticism by some quarters that the discounts and credit being offered to some dealers as part of strategy to overcome the market sluggishness and sought legal action to counter the campaign to tarnish the image of RINL. Mr G Jogeswara Rao General Manager (marketing) in his presentation justified discount policy and said other competitors like SAIL, JSW, JSPL and TATA were also offering such incentives. DGM (marketing) Mr MV Chary gave a detailed presentation on prevailing economic environment, sluggish market conditions and performance during 2012-13. RINL revenue dipped to 5.8% at INR 13,650 crore in 2012-13 as against the MoU target of INR 15,000 crore. It clocked a turnover of INR 14,426 crore the previous year.

Source: Steel Guru

Lower input cost unlikely to boost profits of Indian steel makers

My Digital reported that input costs of steel companies have started softening as coking coal contract prices and iron ore prices both have declined for April to June but companies will not benefit much as steel demand remains subdued. Coking coal contract prices declined by around 19% in May from their peak in February to USD 145 per tonne. In the international market, the prices have declined by around 19% to USD 132. Following global trends, NMDC has also reduced prices of lumps by 7%. However, experts feel lower input costs will not benefit the companies to a great extent, as steel demand will continue to remain subdued in the next quarter. Mr Bhavesh Chauhan, an analyst at Angel Broking, said that "The decline in raw material prices will help the companies partially mitigate pressure on margins. The companies would have benefited more had the demand remained robust." While the pressure on margins will fall for steel firms like Tata Steel, SAIL, Essar Steel and JSW Steel among others due to lower input costs, the bottom lines of these firms will remain subdued, as the beginning of the monsoon season will weaken demand. Mr Sanjay Jain, an analyst at Mr. Motilal Oswal said that "From June monsoon will start and demand for steel will decline further. Steel prices will start falling with the advent of monsoon as construction activities will come to a halt." Steel companies will report depressed earnings both in the January to March quarter and April to June quarter, as demand remained lacklustre even in the peak season. The companies tried to increase prices but failed to sustain them as inventory was on the higher side. Mr Jain said that "Earnings of steel companies are unlikely to improve in the next quarter. It is only from the second half of the year that demand may revive once construction activities and manufacturing activities pick up. Revival of the auto sector is also essential for steel demand to increase." Steel companies also failed to increase prices between January and May, as demand for the metal remained subdued due to a slowdown in the economy. Steel companies are expected to report subdued earnings in the Q4 as they failed to increase prices even in the peak season.

Source: Steel Guru

Tata Steel write-down: Is it too little, too late?

Tata Steel has said it has decided to write down goodwill and assets worth $1.6 billion, primarily due to the weaker macroeconomic and market environment in Europe. Is this impairment inadequate and too late? "It's a start," said Mr. Rakesh Arora, managing director and head of research, Macquarie India. "They bought Corus, now Tata Steel Europe (TSE), for $13 billion and the company is definitely not worth that now. After selling off assets and this impairment of $1.6 bn, TSE is still not worth $10 bn. It is worth much less." An analyst from Edelweiss, seconded Mr. Arora. "This move was anticipated for a long time. We don't take goodwill in our calculations, anyway," he said. Tata Steel is carrying goodwill worth Rs 17,543 crore in its balance sheet and analysts say the $1.6 bn (Rs 8,700 crore) write-off is too little. The analyst from Edelweiss said the company should have written off the entire goodwill in its books. Mr. Arora added, "The write-down should have been for the entire goodwill but at this point in time, we don't know what logic the company has used in arriving at the $1.6 bn figure."Mr. Ritesh Shah, lead analyst, metals & mining, at Espirito Santo Securities (India), said: "The write-down is on expected lines, though we expected a much larger number (over $1.6 bn). We expect (the) Tata Steel (stock) to remain range-bound, with no triggers in sight. A bloated balance sheet, lack of clarity on carbon issues, weak European macro, further write-downs, etc, are key concerns for the stock." In a 2009 report, Morgan Stanley had written that if Tata Steel decided to deduct the goodwill of Corus, then its adjusted book value would be Rs 15,904 crore, a drop of 53 per cent. The current net worth of Tata Steel is Rs 43,000 crore and impairing Rs 8,700 crore means the book value of the company will come down by 20 per cent.

Tata Steel said demand had fallen eight per cent in 2012-13 and almost 30 per cent since the emergence of the global financial crisis in 2007. It said, "The above underlying condition is expected to continue over the near and medium term, and has led to the downward revision of cash flow expectations underlying the valuation of the European business." Mr. Alok Kumar Nemani and Mr.

Indrajit Yadav of Nomura Equity Research, in a report dated February 14, said TSE was expected to achieve sales volumes of 13.2 million tonnes in FY13, less than FY12. It further estimated that till FY16, the company would sell less than 14 mt steel every year. The net profit of Tata Steel, according to Nomura, would remain negative till FY16. The company said the impairment includes write-downs from its assets in the ferrochrome business in South Africa and the mini blast furnace in Tata Steel Thailand, impacted by the high cost of raw material. The company did not give a breakup of the write-downs, saying this would be done on the day it announces its full-year results. The write-off will adversely affect the debt to equity ratio. At the end of the third quarter dated December 31, this was 0.9. According to a February 14 report by Mr. Goutam Chakraborty and Mr. Prince Poddar of Emkay Research, the net debt to equity ratio was expected to worsen to 1.3 in FY13. Due to this impairment, the ratios are likely to go down further. Arora, too, said the equity of the company had got eroded and debt covenants would go up. Tata Steel, however, states otherwise. The company said, "The company's financial covenants are unaffected by the above non-cash write-down of goodwill and assets."

Source: Business Standard

TATA Steel write down of USD 1.6 billion – Simplified

TATA Steel was in news recently, for the wrong reason as it announced that it expects a USD 1.6 billion write down of goodwill and assets for 2012-13 based on its impairment review for the year. Mr. Maulik Tewari of Business Line recently wrote an article simplifying what it means. Impairment is a term used in the context of an asset, the value of which has declined. An asset gets impaired when the value at which it is stated in the balance sheet exceeds its resale value. And the difference between the two values gives the impairment loss on account of that asset. In other words, a company by booking an impairment charge is then simply aligning the book value of assets as given in the balance sheet to their market value. How is the impairment loss worked out? The carrying value of an asset is arrived at by subtracting from its acquisition cost, the accumulated depreciation on it. This is the value at which an asset is recognized or carried in the balance sheet. When it comes to calculating the recoverable amount, taking the asset's fair value is one way to go about it. It is the amount that would be obtained from the sale of that asset. An impairment assessment can be done with respect to tangible assets - plant, equipment and building or intangible assets - goodwill, patents, and brand value. Most assets do not have to be tested for impairment on a regular basis unless certain circumstances such as a negative change in technology, economy or laws warrant it. But intangible assets with an indefinite life such as goodwill have to be put to an impairment review regularly. If the review indicates an impairment loss, an adjustment for that is made in the profit and loss account for that year. On the balance sheet, the asset is carried at the reduced value and the equity is reduced by the amount of the loss. Accounting for an impairment charge would reduce the net worth or book value (assets minus liabilities) of a company. This would give investors a truer picture of a company's worth, one that is more in accordance with times. Also, when a company writes off substantial amounts on account of asset impairment, doubts can be raised about the management's decision making. For instance, if a company takes massive goodwill write offs in years subsequent to an acquisition, it could mean that the price paid for the assets acquired was probably too high, one not justified by future returns.

Source: Steel Guru

SAIL gears up for fast tracking ISP projects

While on a visit to Burnpur recently, 19th May, to review the modernization & expansion work of IISCO Steel Plant, SAIL chairman Mr C S Verma handed over 'assignments' for early commissioning of BOF & CCP Complex to various groups of the plant. The 'assignment' concept is the result of weeks of interactions with the ISP top brass to find out issues that are important for timely completion of the project. All identified critical jobs have been broken into small activities and the teams have been formed for this purpose for timely completion of the various jobs. During his visit to Burnpur, Mr Verma visited the BOF & CCP sites, Coke Oven, Sinter Plant and Wire Rod Mill. Happy to note that the expansion and modernization work at Burnpur has reached an advance stage and units like Coke Oven, Sinter Plant and Wire Rod Mill have already commenced production, he exhorted the concerned officials and employees for early stabilization of these units. He also urged for early completion of the BOF-CCP unit to ensure integrated commissioning. Addressing a gathering of employees here, SAIL chairman re-affirmed his confidence in the huge potential of ISP and underscored the key role this unit is slated to play in realizing SAIL's Vision 2020.

Source: Steel Guru

SAIL spends INR 44536 crore on capex in 7 years

PTI reported that steel major SAIL has incurred capital expenditure of INR 44,536 crore over the past seven years, out of the proposed 61,870 crore, so as to raise the annual capacity to 20.23 million tonne. According to an internal note of the state- owned company, it spent INR 8,993 crore on capex last fiscal, the lowest since 2009-10. In April, the first month of the current fiscal, it spent INR 424 crore on ramping up the capacity. SAIL has been expanding capacity at all its major steel plants at Rourkela, Bokaro, Durgapur, Bhilai and IISCO. The company recently received flak from Steel Minister Mr. Beni Prasad Verma who expressed concern over the slow progress of the ongoing modernization and expansion. The INR 61,870 crore capex plan for raising saleable steel -making capacity was kick-off in 2006-07 with INR 101 crore investment. It gathered momentum the following year, during which the company had spent INR 1,060 crore.

Source: Steel Guru

Coal India announces major overhaul in pricing policy

Coal India Ltd. (CIL) today announced a major overhaul in prices across the 17 grades of its output, increasing prices of low-grade coal by up to 11 per cent and slashing those of premium-quality coal by 12 per cent. The company increased prices of the lowest-grade or G17 coal, with a Gross calorific Value (GCV) between 2,200 and 2,500 Kcal a kg, by 11.1 per cent from the existing Rs 360 a tonne to Rs 400 per tonne. The prices of Grade 6 coal, with GCV between 5,500 and 5,800 Kcal a kg, were increased 10.3 per cent from Rs 1,450 per tonne to Rs 1,600 per tonne. The price rationalisation, coming ahead of a proposed mega share sale by the government in the company, would lead to an additional annual revenue realisation of Rs 2,500 crore. Lower grade coal is primarily used by power generation companies. On the other hand, high grade coal is used largely by cement and sponge iron companies. Consumers appeared miffed at both, the price hike as well as slashing prices for higher grades of coal. "This price hike will increase the current power generation cost of around Rs 2.8 unit by 10-12 paisa unit. Nobody can justify this price hike announced by the monopoly producer, as there is no standard for comparison. Also, there is no regulator to verify the need for the hike. The hike has been done through a system of opacity," said Mr. Ashok Khurana, Director General of the Association of power producers.

On the slashing of prices Mr. Khurana said, "High grade price have been decreased as global prices have come down. Is the imported coal price a benchmark for rationalising domestic prices? If cost of production has come down, it must have come down for all the grades." Consumers of high grade coal had started refusing purchases, arguing prices had exceeded international benchmarks. Premium quality coal of the A and B grades accounts for around 18 per cent of CIL's output. CIL has increased prices five times since prices were deregulated in 2000. The previous price hike of January 2012 made domestic coal dearer by an average 12.5 per cent over the price of Rs 1,600 a tonne prevailing then. This pushed the price of highest quality CIL coal with a calorific value between 6,700 and 7,000 Kcal a kg to Rs 4,900 per tonne. Following protests, the price was brought down marginally to Rs 4,870 tonne a month later.

Source: Business Standard

Indian copper futures up on firm global cues spot demand

PTI reported that Buoyed by a firm global trend and increased domestic demand, copper prices rose marginally by 0.28% to INR 373.70 per kilogram in futures trade. At the Multi Commodity Exchange, copper for delivery in August traded higher by INR 1.05 or 0.28% to INR 373.70 per kilogram in business turnover of 937 lots. Similarly, the metal for delivery in June edged up by INR 1.65 or 0.18% to INR 368.80 per kilogram in 19,738 lots. Market analysts said that besides increased demand from consuming industries, a firming trend overseas on optimism the European Central Bank will cut interest rates to a record low and after the Federal Reserve said it will keep buying bonds, influenced copper prices at futures trade here. Globally, copper for delivery in three months climbed 1.4% to USD 6,890 a tonne on the London Metal Exchange.

Source: Steel Guru

Indian zinc futures up on overseas cues spot demand

PTI reported that taking positive cues from global markets and better domestic demand, zinc futures prices edged up by 0.82% to INR 98.80 per kilogram as speculators enlarged positions. At the Multi Commodity Exchange, zinc for delivery in May up by 80 paise, or 0.82% to INR 98.80 per kilogram with a business turnover of 3,771 lots. The metal for delivery in June also rose by 75 paise or 0.76% to INR 99.85 per kilogram in a business volume of 209 lots. At the London Metal Exchange, zinc climbed 0.7% to USD 1,853 per tonne. Marketmen said that improved demand in the spot market amid a firming trend in base metals overseas supported the rise in zinc futures here.

Source: Steel Guru

Base metals sink sharply on LME

AAP reported that London Metal Exchange base metals have closed sharply lower after prices tanked throughout the session, triggered by weak manufacturing data out of China and exacerbated as further data disappointed ahead of a US monetary policy statement. At the close of open outcry trading, LME three month copper was down some 3.8% having breached the key psychological level of USD 7,000 per ton level and re-entered a bear market. Lead prices hit their lowest since September 2012, while nickel slipped sharply to hit its lowest price since July 2009. Triland analysts said that in the light of copper or aluminium erasing all their gains, nickel couldn't hold any longer. The house attributed the decline to poor manufacturing data out of the US and China, noting a rise in trading volumes as prices started their spiral downward. Aluminium sank to its lowest since base metals were dragged down in gold's slipstream during a spectacular price slump on an accumulation of negative price drivers two weeks ago. Mr Michael Turek at brokerage Newedge said that the fragility of short term base metal rallies since that slide was thrown into stark relief as the market retreated. This was despite a stronger euro against the US dollar, which usually heightens the appeal of the dollar-denominated LME metals. With some markets absent in Asia and Europe for public holidays, thinner trading volumes made for large price moves. The slide was triggered by disappointing data overnight. China's official manufacturing Purchasing Managers' Index fell to 50.6 in April from 50.9 in March, underperforming forecasts of 50.9, heightening concerns regarding the outlook for industrial metal demand from the nation, which accounts for 40% of global copper consumption. Private businesses added just 119,000 jobs last month, according to payroll processor Automatic Data Processing Inc and forecasting firm Moody's Analytics. The report was weaker than the gain of 155,000 that many investors had expected. Meanwhile, declines in US government spending dragged down US construction spending, which dropped 1.7 per cent during March. The readings had negative implications for base metals such as copper used in both the manufacturing of consumer products and piping and wiring in construction.

Source: Steel Guru

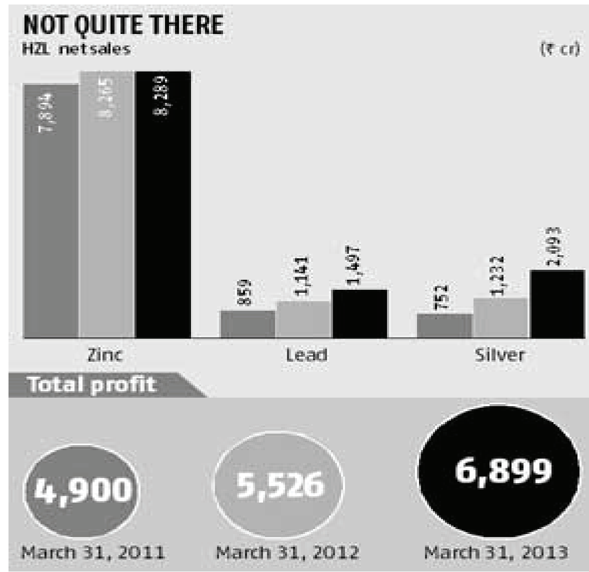
Rio Tinto to cut costs to remain competitive

Bloomberg reported that Rio Tinto Group needs to cut costs to remain competitive amid very tough times for its aluminum, coal and uranium businesses. Mr Sam Walsh CEO of Rio Tinto said that "China's economy dipped in the first 3 months of the year and the world economy remains volatile." Mr Walsh said that "There will be reductions. This is not easy. This is a process that is very very tough, but we need to get on top of our costs. We don't have targets for reductions in people. We do have targets for reductions in costs. This is a process that is very, very tough." He said that "But we need to get on top of our costs, we need to have a business that will be competitive, and when I look at both our energy and aluminium businesses they are going through very tough times." In February Rio Tinto announced its first full year loss after taking USD 14 billion write down on the value of its aluminum and coal assets including a USD 38 billion cash deal for Alcan Inc in 2007 that made it the world's second largest producer of aluminum. The company is cutting 217 jobs at its London head office as part of USD 5 billion in planned cost reductions and will trim 2013 capital spending to USD 13 billion from USD

17 billion last year. Waning global demand for commodities is prompting Rio and rival miners of commodities from gold to coal to trim assets and staff as they are squeezed by unfavorable foreign exchange rates, falling prices and rising costs. Iron ore, which accounts for 91% of Rio Tinto's net income fell 4.5% to its lowest level this year. The price of copper, seen as a bellwether commodity due to its range of industrial uses, gyrated recently as downbeat industrial data from China contrasted with better than expected US job growth. Copper for delivery in three months at the London Metal Exchange hit an 18 month low May 1 before recording its biggest 1 day jump over a similar period May 3rd 2013.

Source: Steel Guru

Hindustan Zinc misses silver production target



Though silver is just a by-product of its zinc business, owing to the boom in silver prices a few years ago and the expansion in its zinc and lead businesses, Hindustan Zinc Limited (HZL) had earlier said by 2012, it would produce 500 tonnes of silver. However, in the year ended March 2013, the company managed to produce only 408 tonnes.

Analysts predict it would take at least three more years for the company to meet the 500-tonne target. In a report dated April 17, Mr. Giriraj Daga and Mr. Sumit Singhania of Nirmal Bang said HZL was expected to produce 450 tonnes of silver in 2013-14 and 480 tonnes in 2014-15. An email sent to HZL remained unanswered. Through 2010-11, silver prices nearly doubled due to a boom in commodity prices. HZL, India's largest zinc producer, saw its profits soar. As silver is a by-product of the zinc business, HZL expedited production. Earlier, the company had targeted production of 500 tonnes of silver by 2013. But in 2011, it said it would meet that target by 2012. In 2010-11, the company's silver production stood at 180 tonnes.

In 2010-11, the share of silver in HZL's operating profit was seven per cent. However, the share has been steadily increasing, owing to the rise in silver production. Now, HZL's silver production is more than double the production in 2010-11. In 2011-12, the company's revenues stood at Rs 11,405 crore, doubled the revenue in 2008-09. Silver contributed a significant Rs 1,014 crore to its profit before tax, against Rs 4,470 crore from the zinc and lead segments. Since silver production by the company doesn't involve any expenditure, the proceeds from silver sales directly contribute to its profits. At the end of FY13, HZL had a massive Rs 21,479 crore as cash and liquid investments on its books. However, the fall in commodity prices since the beginning of this year is taking a toll on HZL. In a report dated April 16, Mr. Dewang Sanghavi and Mr. Shashank Kanodia of ICICI Securities said the recent volatility in base metals such as zinc and lead and precious metals such as silver would have an impact on HZL. In their revised estimates, they feel HZL's revenue would fall 6.8 per cent to Rs 12,903 crore, against their previous estimate of Rs 13,852 crore. They estimate the profit after tax would be 11 per cent lower than their previous forecast of Rs 6266 crore. For the year ended March, HZL's revenues stood at Rs 12,700 crore, against Rs 11,405 crore in 2011-12. Profit after tax for the quarter ended March stood at Rs 2,166 crore, a 53 per cent rise compared to the year-ago period.

Source: Business Standard

Indonesia may rethink coal export ban

Indian power generators can rejoice. The sharp rise in coal prices which had come to haunt them since 2010 may reverse to a large extent in 2013. Globally, coal prices have cooled off by 14-17 per cent over the last one year and prices are unlikely to recover anytime soon as demand from China is down sharply. China has been the largest buyer of coal in the seaborne trade. Given that it has increased its domestic production at lower costs, it is no longer buying coal from the global markets, especially Indonesia. Along with gold and crude oil, the super cycle for other commodities too has run out of steam it appears. Power generators in India stand to gain from cooling coal prices as analysts say the fall is structural and not momentary. The spot price of Richards Bay (6,000 kcal/Kg NAR) coal is down 18 per cent in the last one year while the Newcastle (6,700 kcal/kg GAD) is 14.2 per cent lower. The fall in coal prices is structural and led largely by weaker growth coming from China. According to Nomura, global investors remain underweight on the sector. Investors may turn positive on the coal sector only if there is some recovery in China. China used to be the largest buyer of coal in the seaborne market but given the rise in its domestic production, prices have fallen and China is no longer buying coal in the global market. Consequently, coal prices have declined below $90 a tonne, lower than analysts' estimates of $95 a tonne, in the last couple of weeks. Nomura's coal analyst Isnaputra Iskandar attributes this decline to higher-than-expected production from Indonesia. Indonesia could reverse its coal export ban and delay implementation of levying an export tax on coal, believe analysts. Given that coal prices have dipped to $85 a tonne, the government of Indonesia may not want to do anything that may impact smaller coal miners. According to Iskandar, due to legal, technical and economic complexities in the coal sector, there is little probability that the government (of Indonesia) will implement either a coal export ban or coal export tax policy over the next five years. Even in India, things seem to be getting better as the government is waking up to the issues faced by Coal India and the power sector. The environment ministry has granted clearances to 18 coal mining projects of state-owned Coal India. Of these, 14 have received environmental clearances and four forestry clearances. The coal ministry had sent a proposal to the Cabinet Committee on Investments to grant clearances to 12 coal mining projects. Once cleared, these projects would lead to an increase in coal production by 36.97 mn tonne and would see investments of Rs 13,470 crore. The power ministry has also suggested that surplus output from captive mines should be incentivised so that Coal India can get the extra coal from these captive mines. If all these measures fall in place, then the power sector could come out of the woods.

Source: Business Standard

Mysterious metal spheres excavated beneath Mexican pyramid

Archaeologists, using a camera-equipped robot, have discovered hundreds of enigmatic, once-metallic spheres buried deep beneath an ancient pyramid in Mexico City. The mysterious spheres were found during an archaeological excavation at one of the most important buildings in the pre-Hispanic city of Teotihuacan. "They look like yellow spheres, but we do not know their meaning. It's an unprecedented discovery," said Jorge Zavala, an archaeologist at Mexico's National Anthropology and History Institute. A World Heritage Site - the Mesoamerican ruins of Teotihuacan - represent one of the largest urban centers of the ancient world, 'Discovery News' reported. The pyramid-filled city, believed to have been established around 100 BC, had more than 100,000 inhabitants at its peak, but was abandoned for mysterious reasons around 700 AD. The archaeological dig at the temple focused on a 330-foot-long tunnel which runs under the structure. The conduit was discovered in 2003 when heavy rain uncovered a hole a few feet from the pyramid. "Finally, a few months ago we found two side chambers at 72 and 74 meters (236 and 242 feet) from the entrance. We called them North Chamber and South Chamber," archaeologist Sergio Gomez Chavez, director of the Tlalocan Project, said. Researchers explored the tunnel with a remote-controlled robot called Tlaloc II-TC, which has an infrared camera and a laser scanner that generates 3D visualisation of the spaces beneath the temple. "The robot was able to enter in the part of the tunnel which has not yet been excavated yet and found three chambers between 100 and 110 meters from the entrance," Chavez said. The spheres lay in both north and south chambers. Ranging from 1.5 to 5 inches, the objects have a core of clay and are covered with a yellow material called jarosite. "This material is formed by the oxidation of pyrite, which is a metallic ore. It means that in pre-hispanic times they appeared as if they were metallic spheres. There are hundreds of these in the south chamber," said Chavez.

Source: Business Standard

Macroeconomic indicators - Eight core sector industries output grow in March 2013

The eight core industries have a combined weight of 37.90% in the Index of Industrial Production. The combined Index was 164.5 in March 2013 with a growth rate of 2.9% compared to their 3.0% growth in March 2012. The marginal decline in growth in March, 2013 was on account of negative growth witnessed in the production of Natural Gas and low growth recorded in the production of Coal and Crude Oil. During April to March 2012-13, the cumulative growth rate of the Core industries was 2.6 % compared to their growth at 5.0% during the corresponding period in 2011-12.

Coal

Coal production (weight: 4.38%) registered a growth of 0.3% in March 2013 compared to its growth at 7.3% in March 2012. In cumulative terms, Coal production recorded a growth of 3.3% during April to March 2012-13 compared to its growth at 1.3% during the same period of 2011-12.

Crude Oil

Crude Oil production (weight: 5.22%) registered a growth of 0.2% in March 2013 compared to its (-) 2.9% growth in March 2012. Cumulatively, Crude Oil production recorded a growth of (-) 0.6% during April to March 2012-13 compared to its growth at 1.0% during the same period of 2011-12.

Natural Gas

The growth rate of Natural Gas production (weight: 1.71%) was negative both in March, 2013 at (-) 17.7% and in March 2012 at (-) 9.9%. Cumulatively also, Natural Gas production registered a negative growth of (-) 14.5% during April to March 2012-13 and (-) 8.9% during the same period of 2011-12.

Petroleum Refinery Products

Petroleum refinery production (weight: 5.94%) had a growth of 5.6% in March 2013 compared to its growth at 1.6% in March 2012. In cumulative terms, Petroleum refinery production registered a growth of 6.9% during April to March 2012-13 compared to its 3.1% growth during the same period of 2011-12.

Fertilizers

Fertilizer production (weight: 1.25%) registered a growth of 3.6% in March 2013 against its growth at 1.5% in March 2012. Cumulatively, Fertilizer production registered a growth of (-) 3.4% during April to March 2012-13 compared to its 0.4% growth during the same period of 2011-12.

Steel (Alloy + Non-Alloy)

Steel production (weight: 6.68%) had a growth rate of 6.6% in March 2013 against its 6.2% growth in March 2012. Cumulatively, Steel production registered 2.5% growth during April to March 2012-13 compared to its 10.3% growth during the same period of 2011-12.

Cement

Cement production (weight: 2.41%) registered a growth of 6.6% in March 2013 against its 7.1% growth in March 2012. The cumulative growth of Cement Production was 5.6% during April to March 2012-13 compared to its 6.7% growth during the same period of 2011-12.

Electricity

Electricity generation (weight: 10.32%) had a 3.0% growth in March 2013 compared to its 2.8% growth in March 2012. The cumulative growth of Electricity generation was 4.0% during April to March 2012-13 compared to its 8.1% growth during the same period of 2011-12.

Source: Steel Guru

Iron ore near 2013 trough slow as China recovery cuts demand

Reuters reported that spot iron ore prices slipped to near their lowest levels for the year reflecting slow buying interest from top consumer China where demand growth for steel is being curbed by a tepid economic recovery. Iron ore at below USD 130 per tonne is 19% off this year's peak and potentially has more downside potential as the market also braces for more supply in the H2 of the year. According to data provider Steel Index, Benchmark 62% grade iron ore .IO62-CNI=SI dropped 20 cents to USD 129.40 per tonne. The price hit a low of USD 128.10 in early May its weakest since mid-December. An iron ore trader in China's eastern Shandong province said that most steel mills are staying away from the spot iron ore market because we haven't really seen any meaningful recovery in steel demand. We're not buying at the moment. The trader's company only has around 30,000 tonnes of iron ore stocks, about a tenth of its usual inventories. Industrial production data out of China on showed less than forecast growth in factory output for April, the latest sign that the nascent recovery in the world's No. 2 economy may be stalling. Other manufacturing data has also come in below market expectations fanning concern China's economy may slow again in the second quarter after growth cooled to 7.7% in January to March. That is pressuring steel consumption which usually peaks in the second quarter. Chinese mills producing steel at record rates, hoping demand would catch up, have weighed on prices and some producers may be forced to cut output. The most traded rebar contract for October delivery on the Shanghai Futures Exchange was down 0.9% at CNY 3,622 per tonne. Rebar used in construction has fallen 17% from this year's peak of CNY 4,382 hit in early February. Iron ore is also under pressure from additional supply with top miners on course to lift output. Rio Tinto is slated to increase its annual production capacity to 290 million tonnes by the third quarter from 237 million tonnes currently. Mr Jamie Pearce head of iron ore broking at SSY Futures said that "Everyone's bearish on the H2 of the year with added supply coming online. I think for the next couple of months, prices are going to trade within a fairly tight range."

Source: Steel Guru

Vedanta Resources updates on production of aluminium

Key Achievements:

1. Record Aluminium production of 774 kilo tonne
2. Both BALCO and Jharsuguda smelter operated above rated capacity
3. Considerable improvement in operational efficiencies
4. Maintained second quartile cost position
5. 12.3% increase in value added product volumes from 404 kilo tonne to 453 kilo tonne.

Strategic Priorities:

1. Expedite development of captive coal block at BALCO
2. Secure captive bauxite mine and realize true cost efficiency potential
3. Start up of Lanjigarh 1.0 million tonne per annum refinery
4. Complete ongoing expansion project.

Operations:

Production of aluminium in FY 2012 to 2013 was 774 kilo tonnes an increase of 14.7% compared with the previous year. This was primarily attributable to the 22.6% increase in production to 527 kilo tonne from the Jharsuguda 500 kilo tonne per annum aluminium smelter. The Jharsuguda-I operated above the rated capacity with significant improvement in specific power consumption, throughput and other operational parameters. Operations at the Korba smelter were stable and it continued to operate at its rated capacity. Alumina production at Lanjigarh remains temporarily suspended since 5 December 2012 due to inadequate availability of bauxite. We remain engaged with the Orissa State authorities for allocation of bauxite as per our existing MoU with the Orissa State Government. A ministerial level committee is looking into the issue of bauxite supply and is expected to submit its report shortly. The Ministry of Environment and Forests had earlier rejected the application for the final stage forest clearance for the Nivamgiri mining project of Orissa Mining Corporation which is one of the sources of supply of bauxite to the alumina refinery of VAL. Following the petition filed bv OMC challenging the MOEF decision, the Honorable Supreme Court through its order dated April 18th 2013 has directed the State Government of Orissa to place unresolved issues and claims of the local communities under the Forest Right Act before the Gram Sabha, the council representing the local community. CoP of hot metal at Jharsuguda decreased to USD 1.869 per tonne compared with USD 2.1SS per tonne in the previous year reflecting improved operating performance, a decrease in prices of e-auction coal and favourable rupee movement, partly offset by increased carbon and alumina cost. Even without captive bauxite and the reliance on imported alumina, our aluminium operations were ranked in the second quartile of the global cost curve. Operating costs at the Korba smelter were also lower during the year but higher than Jharsuguda, primarily due to higher coal costs on account of coal tapering from May 2012 and other fixed costs.

Financial Performance

EBITDA for FY 2012 to 2013 was USD 214.0 million improved by 17.3%, as compared to USD 1S2.5 million in FY 2011 to 2012. EBITDA increased due to higher volume and metal premiums with improved operational and cost efficiencies offset by lower metal prices which dropped significantly by 14.7%. We witnessed a substantial rise in aluminium premiums year on year following the shortage of primary metal in the physical market due to capacity cutbacks. The premium on aluminium ingots has increased significantly from USD 150 per tonne to USD 175 per tonne. Operating profit also increased to USD 21.1 million.

Projects

At the 325 kilo tonne per annum Korba-III aluminium smelter, mechanical and electrical completion and pre commissioning of the first phase of S4 pots out of a total 336 pots have been completed. Further work is in progress and we plan to tap first metal in Q2 FY2013 to 2014. The smelter plans to initially draw power from the existing S10MYV power plants at BALCO. The 1.200 MW captive power plant is awaiting final stage regulatory approvals. Having obtained the Stage-II forest clearance for the 211 MT coal block at BALCO, the process for forest land has been initiated by the State Government and we are in the process of signing the mining lease agreement. We expect to commence mining bv the end of Q2 FY2013 to 2014. We continue to evaluate the potential startup date of the 1.25 million tonne per annum Jharsuguda-II Aluminium smelter.

Outlook

We expect our existing facilities will continue to operate at close to their rated capacities in the coming year. The resultant increased volumes, combined with operational efficiencies and expected higher proportion of value added products should provide improved returns.

Source: Steel Guru

Vedanta Readying Bauxite Supplies for Odisha Plant

The Vedanta Group is hopeful of tying up bauxite supplies to restart its alumina refinery in Lanjigarh, odisha within the next 1-2 months. Vedanta Aluminium Limited (VAL), the group arm which operates the unit, is in talks with a clutch of private miners in Jharkhand, Chhattisgarh besides Gujarat to source more than half of its annual requirement of 30 lakh tonnes of bauxite. The arrangement is expected to ensure uninterrupted supplies of bauxite to the refinery, since Vedanta's own sources of bauxite from Niyamgiri hills is unlikely to happen before one year. "We want to be doubly sure before we take any step to restart the refinery at Lanjigarh. But there are few other options left in Odisha. "We are exploring the option of sourcing bauxite from 4-5 states and are in talks with private miners in these states. We are hopeful of getting nearly 16 lakh tonnes from these miners. We will source the remaining 14 lakh tonnes of bauxite from our group company, Balco," Mr. Mukesh Kumar, President & COO, VAL said. The one-million tonne Lanjigarh refinery has been closed since December last year due to paucity of bauxite, a key raw material used to produce alumina which is an intermediate product in the production of aluminium metal. Of the 16 lakh tonne to be sourced from outside Odisha, VAL is slated to procure around 5-6 lakh tonnes per annum (ltpa) from the three states. Compared to this, before VAL was forced to shut down the refinery in December 2012, it was sourcing nearly 4 ltpa from Andhra Pradesh, another 4 ltpa from Jharkhand, while Chhattisgarh accounted for 2-2.5 ltpa and 3 ltpa was being procured from Gujarat. The mining company had won the bid to buy 5 ltpa of bauxite from Gujarat Mineral Development Corporation in October 2010. It has also been getting some 60,000 to 70,000 tonnes of bauxite per month from Andhra Pradesh.

Source: Economic Times

Coking coal outlook remains optimistic in medium to long term

Global coking coal market remained moving low price groove for the past 18 months in tandem with the sinking fortunes in steel industry. As capacity rationalization takes center stage with abysmal finished demand and industrial growth supply-demand dynamics has tilted unfavorably. Price of coking coal after the surfeit in spring of 2011 touching USD 330 per tonne on force majeure condition has evaporated. Emergence of USA as competitive supplier has altered market dynamics significantly with price levels hovering in the band of USD 150-172 per tonne in subsequent quarters.

However the spot price remains even worse at USD 140-150 per tonne. However despite European mayhem potential strength in Chinese and Indian economy continue to fuel aspirations in the medium to long term. Despite despondency in 2013 with forecast hovering around USD 170 per tonne expected to taper off around USD 155-160 by the year end experts firmly believe that eclipsing USD 200 per tonne won't be far cry with Asian economies and steel production accelerating in 2014. Most of the developing economies are undergoing demographic transition with nearly 3 billion people are moving into the middle class. India alone with projected steel production of at least 150 million tonnes by 2017 expects to touch nearly 100 million tonne of import from 31 million tonne in 2012. Like-wise in China the unbridled steel production remains reality despite the growing shrill of over production. China's economy continues its expansion at an amazing pace with focus on rural and semi-urban regions. Even though any meteoric turn of fortunes is ruled out with government remaining focused on stability the demand for raw material is unlikely to wane. Despite recalcitrant economic crisis in Europe US and Japan are showing distinct signs of turnaround. Once global steel production returns to healthy levels, it won't take long for coking coal prices to rise above USD 200 per tonne. Apart from the market dynamics escalating cost will add to the compulsions of miners to maintain levels above USD 140 per tonne at least to maintain viability given the major CAPEX incurred.

Source: Steel Guru

Iron ore prices may drop further

Reuters reported that spot iron ore prices may stretch their losses this week as Chinese mills curb inventories of the raw material amid an uncertain outlook for steel demand in the world's top consumer. Shanghai rebar futures tracked equities higher after having fallen to 8 month lows in the previous session due to slow demand during what is normally a peak consumption season and as the overall economy grows at a modest pace. Data showing China's housing inflation quickened to 2 year high in April was unlikely to lift steel demand from real estate given Beijing's sustained efforts at cooling the sector. A Shanghai based iron ore trader said that the demand for real estate is still high but it doesn't indicate that the number of new real estate projects is high. Developers are still reluctant to start new projects. The only thing they are doing now is buying more land and waiting for the change in the current tight policy on real estate. The most actively traded rebar contract for October delivery on the Shanghai Futures Exchange rose 0.8 percent to close at CNY 3,606 per tonne. It fell to as low as CNY 3,523 its weakest since last September. Rebar's gain may at best help stabilize sentiment in the iron ore market, where prices fell for a fourth week out of five last week as buyers who were wary about the outlook for steel demand bid down cargoes. A Hong Kong based trader said that "The bearish sentiment persists, but it's not going to be as bad as last week. One important thing to remember is that while many mills are making losses, steel production remains high which means some people are still trying to buy iron ore cargo."

Source: Steel Guru

Mistry builds his Team 'A' with young blood

Cyrus Mistry, 44, the reclusive chairman of Rs 5.5 lakh-crore Tata Group, set up a group executive council (GEC) under the aegis of Tata Sons board to own and drive group level strategies. The GEC comprises Mr. N S Rajan, 51, who has been appointed as chief human resource officer for the group. Mr. Rajan replaces Mr. Satish Pradhan, 58, who left Tata Sons recently from his role as chief, group human resources. Other members include Mr. Mukund Govind Rajan, 44, and Mr. Madhu Kannan, 40. Mr. Rajan, a veteran of Tata Group, was appointed as the group's brand custodian in February. Mr. Kannan, a former chief executive officer of the Bombay Stock Exchange, was appointed in 2012 to head business development for the group by Mistry when he was vice-chairman of the group last year. With GEC coming in formation, the earlier apex executive bodies--group executive office (GEO) and group corporate centre (GCC)--set up by former chairman of the group Ratan Tata respectively in 1999 and 2001, ceased to exist. Tata Sons is the holding company for Tata Group. "Members of GEO and GCO were from Tata Sons board so despite these bodies getting abolished these members remain on the board and will continue to guide," said a group spokesperson. GCC that worked on group strategy comprised R K Krishna Kumar, R Mr. Gopalakrishnan and Mr. Isshat

Hussain, who are currently Non-Executive Directors on Tata Sons board. GEO, the body that ensured the execution of strategy consisted of Mr. Isshat Hussain, Mr. R Gopalakrishnan and Mr. Kishore Chaukar, former Managing Director of Tata Industries.

In fact, Tata Sons does not have an Executive Director on its board since September last year when group Chief Financial Officer Mr. Isshat Hussain turned 65 and became a non-executive director. "With most of the board members retiring in the next two to three years, Mistry has created the body that can stay with him for long and execute his vision and strategy," said a management consultant, who has worked with the group earlier. He did not wish to be identified. "This also relieves the senior members of the board to advisory role while the young team builds its learning," he added. "The mandate of the GEC is to own and drive the delivery of the core purpose of Tata Sons, which is long term value creation for all stakeholders," said the company in a statement. "The GEC will work closely with and partner the boards, CEOs and senior management of the various Tata companies," it said. Now, Mistry will continue to appoint new members for different roles in GEC to complete his 'Team A'. Since he took the reins of the group in December last year, he has already talked about Rs 45,000-crore investment in the next two years. The group also made a strategic move in March by entering into the aviation industry through equity partnership with Kuala Lumpur-based Air Asia to launch a low-cost air service in India. The move came 13 years after Tata Group's bid to buy a stake in Air India in partnership with Singapore Airlines collapsed. More such strategic moves can come as Mistry chalks out growth plan for the 145-year-old Tata Group.

Source: Business Standard

Meteorites may reveal secrets of life on Mars

Researchers have examined a meteorite that formed on Mars more than a billion years ago in an effort to determine if conditions were ever favourable for life to sustain on the red planet. "These meteorites contain water-related mineral and chemical signatures that can signify habitable conditions," said Michigan State University professor, Dr. Michael Velbel. The problem, Dr. Velbel said, is that most meteorites that originated on Mars arrived on Earth so long ago that now they have characteristics that tell of their life on Earth, obscuring any clues it might offer about their time on Mars. "The trouble is by the time most of these meteorites have been lying around on Earth they pick up signatures that look just like habitable environments, because they are. Earth, obviously, is habitable. "If we could somehow prove the signature on the meteorite was from before it came to Earth, that would be telling us about Mars," Dr. Velbel said. Specifically, the team found mineral and chemical signatures on the rocks that indicated terrestrial weathering - changes that took place on Earth. The identification of these types of changes will provide valuable clues as scientists continue to examine the meteorites. "Our contribution is to provide additional depth and a little broader view than some work has done before in sorting out those two kinds of water-related alterations - the ones that happened on Earth and the ones that happened on Mars," Velbel said. The meteorite that Dr. Velbel and his colleagues examined - known as a nakhlite meteorite - was recovered in 2003 in the Miller Range of Antarctica. About the size of a tennis ball and weighing in at one-and-a-half pounds, the meteorite was one of hundreds recovered from that area. Dr. Velbel said past examinations of meteorites that originated on Mars, as well as satellite and Rover data, prove water once existed on Mars, which is the fourth planet from the sun and Earth's nearest Solar System neighbour. "However, until a Mars mission successfully returns samples from Mars, mineralogical studies of geochemical processes on Mars will continue to depend heavily on data from meteorites." he said.

Source: Business Standard

Project launched to promote clean energy among SMEs

UNIDO Cleantech Project, a collaborative project of the Federation of Indian Chambers of Commerce and Industry (FICCI), United Nations Industrial Development Organization (UNIDO) with the Ministry of Micro, Small and Medium Enterprises (MSME), was launched by Naoko Ishii, CEO & Chairperson of the Global Environment Facility (GEF) and Mr. Madhav Lal, Secretary, Ministry of MSME at Federation House, New Delhi. The project will focus on building a roadmap for creating a clean-tech ecosystem in India through an interdisciplinary approach involving SME clusters, ministries, academia, industry associations, state governments, partner agencies and autonomous research centres globally and in other developing countries. Recognizing the criticality to share and document best practices that can help enhance productivity in SMEs and mitigate climate change, the project would closely coordinate with similar international effort. The Cleantech Project will have a special focus on linking innovators to investors. Launching the project, Naoko Ishii, said that it is crucial to change the way we produce, consume and invest. She emphasized on the growing need to focus on food security, electricity, water and the need to make cities sustainable. She emphasized on the role of the private sector in catalyzing innovations in clean technology. Mr. Madhav Lal, Secretary, MSME said, Industry Bodies can play a very important role in creating a comprehensive ecosystem for cleantech interventions in SMEs through this project. Mr. Amarendra Sinha, Development Commissioner, MSME, GoI said that by 2025 all SMEs would make the shift to energy efficient technology. He highlighted the importance of access to technology, expertise, skilling and change management for achieving the goals of the project together with the role of regulators to create a clean technology market.

Mr. Shashi Shekhar, Additional Secretary and GEF Focal Point, MoEF, GoI said that in order to scale up ideas and bring about measurable outcomes we need to bring about a market transformation and regulators need to play an important role in helping create the demand for renewable energy. Ayumi Fujino, Representative in India and Regional Director for South Asia, UNIDO highlighted UNIDO's initiatives to promote the greening of industry and support the development of green industry, while Mr. Pradeep Monga, Director of Energy Branch, UNIDO applauded the Global Cleantech Programme's cross-sectoral approach that promotes clean technology innovation ecosystems and business models. Kevin Braithwaite, Executive Director, Cleantech Open highlighted the importance of training, mentoring, access to capital and showcasing as key components for bringing about a market transformation. He said "Projects such as these will help in de-risking cleantech innovation and cleantech adoption". Arbind Prasad, Director General, FICCI, while speaking at the launch of the GEF – UNIDO Cleantech Project, said that the project has the potential to create entrepreneurs and innovators who can provide solutions that are scalable and replicable. He also said that this project will create an ecosystem to spur cleantech innovation, adoption and implementation among SMEs in India and be a trailblazer for other countries. In her message, Naina Lal Kidwai, President, FICCI, applauded the Project stating that it can play a catalytic role in channelling innovative solutions for greening of SMEs in India and has the potential to bridge the gap between Cleantech innovators, Cleantech users, and Cleantech investors, who are the three important pillars of the Cleantech ecosystem. The cleantech approach and methodologies adopted under the project would build on the Green Industry initiative, and go a step further by focussing on innovative SMEs through an ecosystem approach to promote clean energy technologies and systems.

Source: Indiamart SME News

Congratulations

It is a matter of pride for Delhi Chapter of IIM that one of its senior members, namely Dr. G N Mohanty has been selected for award of Honorary Doctorate of Letters by International Biographical Centre, Cambridge, England. This award is offered by IBC Cambridge to those from across the globe who have contributed significantly in the area of Science, Education, Engineering, Business, Health Profession.

The Chapter conveys its heartiest congratulations to Dr. Mohanty on being offered this prestigious Honour.

Government aims to bring down current account deficit to 2.5% - Dr. Montek Singh Ahluwalia

Economic Times reported that the government aims to bring down current account deficit to about 2.5% of the GDP by March 2017, Planning Commission Deputy Chairman Dr Montek Singh Ahluwalia said that. He said that "Current account deficit, which from 4% of GDP going down to about 2.5% by the end of 12th Plan." CAD represents the difference between inflows and outflows of foreign currency. It had touched a record high of 6.7% in the December quarter of last fiscal year. The CAD in 2012 to 13 fiscal is likely to be around 5% of the GDP. Describing the high CAD as by far the biggest risk to the economy, RBI had last week said in its annual monetary policy for 2013 to 14 that monetary policy will also have to remain alert to the risks on account of the CAD and its financing, which could warrant a swift reversal of the policy stance. Dr Ahluwalia said that the government aims to finance the CAD as much as possible through foreign direct investment and through portfolio inflows and as little as possible through debt. He said that the government is making efforts to bring the deficit down in a phased manner. He also said that there is a need to channelize domestic savings into long term infrastructural projects, but high fiscal deficit is also a hindrance. On fiscal deficit he said that "The critical issue is that is the size of the fiscal deficit. It would be very difficult to have system that mobilizes lot of financial savings if the fiscal deficit remains high." He said that government always prefer borrowing in its own currency. Although infrastructure projects can be financed through foreign debt it makes sense to that the debt should be in rupee denomination as the revenue generated through such projects are essentially in domestic currency.

Source: Steel Guru

We'll Meet 88,000 mw Target in the 12th Plan: Scindia

Fuel availability, financial strength of discoms and transmission are issues occupying the mind of Power Minister Mr. Jyotiraditya Scindia. The Minister, who also wears the hats of chairman of BCCI's financial committee and member of disciplinary committee, tells ET's Mr. Mitul Thakkar that he is not the right person to comment on controversial issues like whether BCCI President Mr. Srinivasan should quit or not. Excerpts.

- **How has your experience been with the advisory committee that consists of stakeholders in the power sector?**

We got comments from the advisory committee on hydro, gas and coal and we are working on those inputs. It's a very healthy process of to and fro-looking for inputs from advisory committee and working on it and reverting to them as well. There has to be a spirit of partnership with the private sector and the public sector and all stakeholders to ensure self-reliance in power becomes a reality. Therefor I am interacting with all stakeholders including the banking community, advisory group, consultative committee which I met for the fourth time in the last five months and other institutions such as state power ministers' conference and forum of regulators on a regular basis. It's been a very rewarding and healthy experience both ways, I hope.

- **How are you proceeding with new bidding norms for power producers?**

The bidding documents in case of power stations to be set up at a specified location and operating on specified fuel is done. We have discussed with the advisory committee and it is pretty much final now. We are looking for a date for inter-ministerial consultations and to put it up to the eGOM (for its nod). We are progressing on bidding system that allows bidders to choose fuel and location. But it may take slightly longer.

- **What is the future of coal price pooling?**

It is no more price pooling. It is pass-through mechanism now. We are looking at a whole group of 78,000 mw. Which is destined to come on stream in 12th plan. It includes 60,000 mw of projects with firm fuel linkages, upcoming 7,000 mw and also tapering linkages for 11,000 mw. On Wednesday, I am meeting the finance minister to discuss coal regulator as well as pass-through mechanism.

- **Where do you stand in the tussle between NTPC and Coal India?**

I am for fairness transparency and accountability on both sides. Both Coal India and NTPC are Navratnas. I believe that through the process of dialogue and interaction this needs to be resolved. I also believe most issues have been resolved and I think we are on the path of progress.

❖ **There is an impression of differences between coal and power ministry.**

As I told you the most issues are resolved. Both the issues of quality and pricing have been resolved, pretty much.

❖ **Will you be able to meet capacity addition target set by the Planning Commission?**

I am very confident because Planning Commission has set a target of 88,000 mw for 12th Plan, which means adding 17,500 mw per annum over five years. In 2012-13, we had an internal target of adding 16,500 mw but we achieved almost 20,500 mw, which is the highest capacity addition (in a single year) in the history of our country. If we are able to do this for the next five years, then we should be able to meet that target of 88,000 mw. But, the key issue for me right now is to resolve the current issues with regard to fuel availability, financial strength of discoms and transmission issues. Once we are able to resolve these issues, then we can attract more investment in private sector.

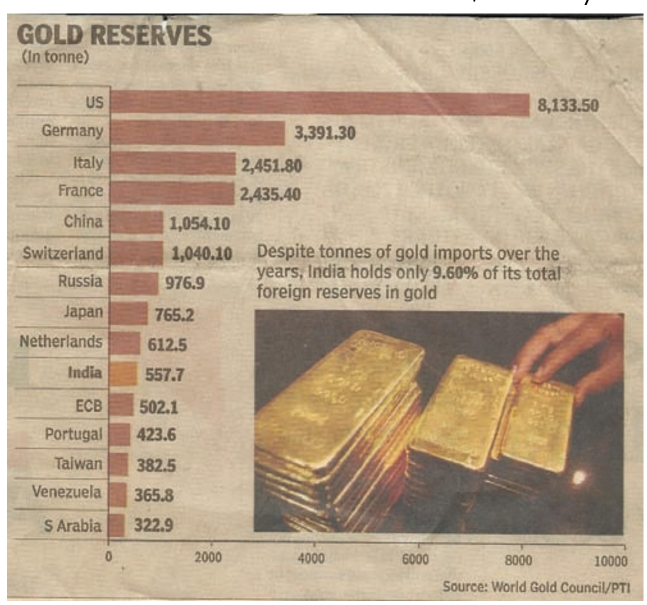
❖ **What is the status of the financial restructuring of discoms?**

The financial restructuring plan is totally finalised. We have eight states including Andhra Pradesh, Rajasthan, Tamil Nadu and Kerala on board with short-term exposure of almost Rs 1.35 lakh crore out of total Rs 1.90 lakh crore (debt of Indian discoms). Now they are negotiating with their individual banking relationships. I believe that Tamil Nadu has pretty much finalised its loan. Other states are following suit. So from the central government's point of view it is all done. Now, every state will have to tie up for funds.

Source: Economic Times

Shakespeare, a shareholder too

William Shakespeare's experience as a shareholder in a theatre company transformed the way the English playwright wrote his characters, an Oxford expert has claimed. Dr Bart van Es, Faculty of Oxford University's Faculty of English Language and Literature, argued that Shakespeare's decision in 1594 to buy a one — eighth share in the Lord Chamberlain's Men not only made him wealthy but meant that he got to know the actors he was writing for. "Shakespeare is known as the first playwright with deep, distinctive characterization and I believe he developed this because of his relationships with the company's principal actors, which comes across in his plays after 1594," explained Bart.



His early writings seems designed to achieve fame and to secure patronage by publishing poems like the Rape of Lucrece and Venus and Adonis, he said. Bart said that his decision to buy a share in the company not only freed Shakespeare financially – he soon bought the second biggest house in Stratford and even loaned money to his contemporaries – but also brought him into close contact with the actors performing his plays. A Midsummer Night's Dream and Love's Labour's Lost even feature rehearsal scenes where a large number of characters (such as Flute, Snug, and Bottom) are physically distinct; this kind of writing had never been attempted before. This separated Shakespeare from the world of the jobbing playwright, whose plays would have been performed by different companies and frequently rewritten, he said. Bart suggested that Shakespeare's years of company-specific writing came to an end as the company changed its structure in 1608.

Source: The Hindu