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INTRODUCTION

This News Letter is containing the write-ups on the following:

1. World Trade Organization and Implications for India's Trade by Mr. K L Mehrotra, Vice Chairman, IIM DC & Ex. CMD, MOIL, Nagpur
2. Address of the Chairman, World Steel Association at its 45th Annual Meeting. (Extracted from Steel Tech by Mr. S C Suri, Life Fellow & Vice Chairman, IIM DC)
3. Quiz Contest "Metallica-2012" organized among school students at our Institute on 28.1.2012
4. Estimation of demand for Crude Steel production, Pig Iron Production & Total Iron Ore Requirement
5. PM Trophy and Steel Minister Trophy in Steel Sector for 2008-09 and 2009-10
6. Growth Projections of India between 2011 & 2013: U N Report
7. Mining: The missing link in India's Industrial Growth
8. Finalization of Mission Plan on Aluminium by Government
9. The News Letter also contains National and International news

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World Trade Organization and Implication for India's Trade

K L Mehrotra
Vice Chairman, IIM DC &
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WTO and Engineering Profession

Dunkel's GATT is replaced with GATS – General Agreement on Trade & Services and thus WTO is established in 1995 to open up the Trade & Service to international competition allowing the best in the globe to innovate, improve, sustain and compete. In fact the seeds of WTO virtually were sown way back on 24th September 1599 when East India Company was formed for global trading. Their goal was only to buy low in the East and to sell high in the West. India in past has been a signatory to GATT but after L.P.G. (Liberalization, Privatization, Globalization) doctrine in 1993 we became also the member country of WTO.

India in the past has been trading for hundred years with big countries but there had been lot of hurdles in trade policies within the country, may be due to lack of technology availability to meet the quality required or non-availability of material inputs as imports of these were restricted due to severe crunch of foreign exchange, lack of inter-actions with equipment manufacturers, consultants or non-availability of experienced trained manpower to fine tune the equipment. There were no bench marking available 15 years back with world class targets to achieve the cost and quality parameters.

Liberalization / opening up of economy means that an organization will have to fight different battles like an army that was used to fighting battles in the mountains and now has to drastically alter its strategy to fight in the plains.

When battles are fought in the mountains, we have several natural protective barriers – i.e. peaks of red tapism and heights of Licence Raj which made the organization from overseas difficult to run. Maze of ravines that bureaucracy created made local industry safe and secure but without any quality / price improvement. Finally, the ramparts of mountains become our ramparts keeping external competition out and away at a safe distance. What do we now find when we have to fight in the plains making the level playing field for all. We will have snakes and scorpions (unhealthy competition by few) to contend with. We will have soft soil to watch out for and no support to protect us. The fighting of battles in the mountains (of red tape, bureaucracy and license raj) is behind us and we have to learn to fight our battles in the plains – with a level playing field, in the open market economy. We can survive in the plains only if we become stronger, more and more competitive and truly world class.

With WTO, the Indian company can meet the expectations of varied customers universally. The word uni-verse states uni-one; verse means a prose that has been mentioned in our Vedas. One prose i.e. Vasudhaiva Kutumbakam. The entire world is one family. There are borderless countries and that could have been possible only with WTO regime.

Any one of us would tell that the “performance is a function of expectations” and those with higher expectations would get better results/performance. That is very true with nations and world-class organizations. When national leaders and CEOs of organizations create high expectations, the vision and follow up with good strategies policies, citizens (including engineers) and business respond and nations and organizations both prosper.

This is part of secret of success of India and China for last one and half decades. We no longer think ourselves as part of third world but as an emerging Asian Tiger and Asian Dragon and a global power capable of challenging highly developed nations.

When India began globalization in 1993, with the impact of WTO most of us had apprehensions that this would mean the wholesale take-over of Indian companies by foreign MNCs. But now we were so wrong in our thinking as the process is unfolding, many worth – while Indian companies are becoming MNCs aboard and some of them are also swallowing up existing foreign companies. Today it has become reality. For instance Tata Tea took over a global company Tetley – twice its size – second biggest in Tea business in the world. Tata Motors leveraged and bought out DAEWOO's commercial vehicle unit in Korea, Essel packaging of Zee network took over Propack of Switzerland to form Essel Propack to become the biggest producers in the world of laminated tubes. Ranbaxy India's biggest Pharmaceutical Company acquired Aventis of Switzerland. Wockhardt (work hard in German) surely worked hard and acquired CP Pharma of UK Hindalco of Aditya Birla Group acquired two copper mines in Australia – Mount Gordon and Nifty. Sterlite, after having acquired BALCO and HZL now acquired mines in Australia and Zambia. These were just a few names to mention. These groups were there for

many years but due to opening of economy and two big WTO member countries WTO has opened great opportunities. These were some big Indian companies to get into global take over. Apart from this, many middle sized Indian companies have also been instrumental in becoming global companies – viz., Sundaram Fasteners has acquired Dyna Spicer of UK and also set up a plant in China for Auto radiator caps to all known auto giants of the world. The Bharat forge had recently acquired a big German forging plant to become the second biggest forging company in the world. Our great L.N. Mittal – Mittal Steel holding by mergers and acquisitions has a total steel plant of 100 Million tones the world over. I have concentrated only on manufacturing companies where Indians are supposed to be least competitive. Again I have left out a large number of software and BPO Companies that are regularly being acquired by top notch Indian software organizations.

The left is correct in saying that globalization implies the take-over of Indian companies by NMCs, but wrong in implying that takeovers are not one way traffic but two way traffic. It is the question of the survival of the fittest. Thus entry into WTO brings new opportunities.

Every country has its own competitive advantages for instance, for Middle East / Arab countries, it could be oil while for UK it used to be the Navy which defeated the mighty Spanish armada. For China it is mass / volume cheap manufacturing (that is why people say, “think in India and make in China”). But for India, the competitive advantage is its “brain power”. We are the country that gave the world ‘Zero’ and other mathematical theories. 34% of Microsoft and 30% of NASA engineers consist of Indian engineers. We have 250 Universities, over 1000 engineering institutes and 1500 research institutes producing over 360,000 engineers / professionals per year. Yet collectively our mind set is our greatest disadvantages. With all our intelligence, how have we fared as a Nation when compared to other countries? With a country of over 1.20 billion people, it is not easy and yet we are progressing. We cannot compare our richness with the wealth of small nations like Malaysia, Singapore, Thailand and Korea. In India complexities are more because of global integration and inter-dependence. If we look at “MACRO” level of economy, there are success stories in telecom, ports, roads and highways, insurance, biotech, drugs and pharmaceutical, housing and over infotech. As some people say that IT (Info tech) is “India Today” and BT (Biotech) is “Bharat Tomorrow”.

But there is certainly tardy progress in power, fertilizers, railways, agricultural reforms and regulatory mechanism, etc. this is bound to be. Yet, we have over \$275 billion foreign exchange reserves – hitherto unprecedented.

The exports have risen from \$35-50 billion to \$110 billion, but it has to go many miles further. It still constitutes close to 0.5% of global trade. We have a lot of concerns that is the inadequacies of governance, high per cent of unemployment, weakness in infrastructure, lack of planning towards disaster management and high degree of corruption in our society and of course, low productivity and inefficiency in our industry. So we have come some way but we have still a long way to go. Of course, there is a change; there is transformation for last one decade. Industries are looking for not just export but also investment and acquisitions. Indian industries are changing within to be competitive to global benchmark and standards. These have been achieved only through the role of professionals including engineers, MBAs, doctors and CAs. Some leaders and economists view ‘brain-drain’ as a serious leakage out of India. Our leaders in past decades have said how many billion dollars India has lost and USA had gained from movement of Indian engineers and doctors. To me, brain-drain concept is misleading. People in India say, that it costs \$5000/- to train an engineer in India and \$100,000/- to train one in USA and there is a brain-drain of USD 95000/- when an engineer moves from India to USA.

If we produce world class quality engineers, acceptable to USA /Europe at a competitive rate and exporting them for a true value of good service, do we call them a brain-drain? Either in India, we should have enough jobs for them, the moment they graduate do we have sufficient infrastructure and R&D facilities to provide them a helping hand and provide impetus to go for great achievements in this country. Neither way, have we tried to retain them and their talents by providing them suitable jobs or facilities to conduct research? Let us apply this methodology in some other economic areas, such as Tea. The USA imports Tea from India. Does it make sense to calculate the cost of growing tea in USA and call the difference a tea-drain? We make garments, computer software, much cheaply and better quality than USA and export these. Does it make sense to say that India is suffering garment/textile drain or a software drain? Even if we accept this theory and apply it to the movement of goods and services from USA to India, USA supplies Boeing Jumbo jets and super computers that we could not possibly make in India. So does it make any sense to say that there is a huge Jumbo jet drain and computer drain from USA to India?

Many US Companies have provided technology to India that we could not have produced even at infinite cost and time. Does it mean there is infinitely large technological drain from US to India? Some of you may say that I

am indulging in false analogy. When we get a Tech expert from USA, we pay for his services, but when an Indian engineer / doctor, migrates to USA India gets no payment. Is that not a drain? No, because huge flow of brain power used in our Universities, Research Institutes and Engineering Institutes are constantly coming from the West. We do not pay for the knowledge of Einstein, Newton or research going on in telecommunications and space technology or even nanotechnology. The constant flow of knowledge in scientific papers and journals, research done by numerous scientists and technologists including, Indian engineers abroad are made available to us. No Indian pays for this. The West does not pay either for the contribution of Aryabhata or C.V. Raman, J.C. Bose or Dr. M. Visvesvaraiyya. But let us concede that overwhelming flow of free knowledge is from rich and developed countries to poor and under-developed countries. Because, the rich countries have money and infrastructural facilities /R&D budgets, are huge, provide, quality of life which is amenable to attract talent and brain power from all corners of the world. This is further strengthened by WTO for allowing free flow of not only goods, services but effective and efficient manpower. Yes, India exports brainpower in the form of engineers and doctors and yes, now we enjoy a huge import of free brainpower in multitude form in terms of latest technology, machines and also great amount of foreign exchange which are to some extent repatriated to their motherland by our engineers and doctors and NRIs, some of whom have made India proud. These very engineers abroad indeed developed brain power of global standard with creativity, ideas and innovations. Do we not realize that in 1950s and 60s the cost of computer was very high, which has fallen now to one-tenth of what it was in 1950! The mobile phone in 1990s was costing more than Rs. 40000/- and now it costs one-tenth of it. The low cost reflects enormous brain power that went into cost reduction universally. Rich countries like USA, Germany and Japan need to spend enormous sums on R&D to progress beyond their current technological limits. But developing nations like India, China, and Korea can leap frog from traditional technology to modern technology quickly and at little cost with little R&D efforts. This gives big advantage to India – catching up with technological leaders is much faster than developing new technology.

Rapid catch-up possibilities have enabled developing countries like India and China to grow much faster than rich developed nation like US, Japan and Germany. Recently Goldman Sachs have published a report called BRIC Report regarding the development taking place in Brazil, Russia, India and China and the emphasis of the report underlines that if the gross domestic product in US dollar in these 4 countries is sustained at the current level, then by the year 2020 India would overtake the GDP of Brazil, Russia, Germany and by the year 2025 would overtake the GDP of Japan and by the year 2040, we would be very close to the GDP of USA and probably match the GDP of USA by 2050. India, the Asian Tiger and China, the Asian Dragon, as I said earlier, could enjoy GDP growth of 8-10% for years through catch-up using western technical and managerial inputs and using its fullest brain power. But the main sources of innovation i.e. USA and Germany cannot average more than 3% annual growth. Today, we are heading towards knowledge era. Today, what matters is knowledge. We in India, have knowledge, will and courage. We have values and ethics which are embedded in our culture. Due to WTO regime, there is a paradigm shift in our economy, management thinking and marketing strategy.

ECONOMIC PARADIGM SHIFT:

PRO-WTO REGIME (Before liberalization)	POST-WTO REGIME (Now prevailing)
Scarcity	Abundance
Physical Capital	Knowledge / Intellectual Capital
Tangible Assets	Intangible Assets (Goodwill / Brand Equity)
Diminishing Returns	Increasing Returns
Command and Controlled Economy	Free economy Knowledge management, Network, Web link.

MANAGEMENT ERA:

1950-60	Focus on growth in Industry
1960-70	Focus on long term plan and resources (implementation of 5 year plans)
1970-80	Competitiveness
1980-90	Performance / Value to Shareholders
1990-2000	Benchmark strategy with global players, managing change through renewal / innovation.
Beyond 2002	BPR / BPO / KPO. Value creations, process management through ISO 9001 / 14000, "CE" Certification from EU countries, KOSHER, Six Sigma, TQM and TPM

MARKETING PARADIGM SHIFT:

BEFORE	AFTER
Brand	Choice
Convenience	Price
Reference	Speed
Service	Trust / Reliability through quality / delivery
Customer who shop for lowest price	Customer who enthusiastically pay premium / price
Having to make cold calls to new customers	New customers who call you for better quality / reliability
Employee who resist change	Employee who suggest change
Suppliers who fill orders	Suppliers who show you how to reduce cost
Barely surviving in a highly competitive market	Dominating highly competitive market
Ordinary results	Extra-ordinary results

The world is getting smaller, globe is shrinking but market is becoming bigger.

Many organizations are presently struggling. The economic competition has become so intense; one can no longer succeed if we limit our view of the market to the domestic economy. Now, the most successful organization will not be Europe based or US based or Japan based. They will be organization that co-operate horizontally on a world wide scale. Technology has a history. But engineers have no past. They only need to engineer or to create a Dream and Vision 2020 as our Ex. Hon'ble President Dr. A. P. J. Abdul Kalam emphasized – The 21st Century will be different because we will lead and manage differently to build a globalised, strong India through our world class engineers and professions. Don't we think it is only possible through opening up our economy in tune with WTO which is to me Working Towards Our country. The future clearly belongs to opening up and liberalizing the economics. Globalization through WTO is not is not a matter of debate, it is a reality now.

Address of the Chairman, World Steel Association at its 45th Annual Meeting

Mr. Hajime Bada, Chairman, World Steel and President & CEO, JFE Holding Inc. delivered his address at the 45th Annual Meeting in Paris on 12th October, 2011. Highlights of the speech are mentioned below:

Last time, an annual meeting was held here in Paris in 1993. Let me briefly turn back the clock to the steel industry then. In 1993, the world's apparent steel consumption was 620 Mt, less than half the 1.31 billion tonnes figure for 2010. The largest steel consumer was China with apparent steel consumption of 100 Mt. This amount increased dramatically to 600 Mt in 2010. The USA ranked second with 90 Mt and Japan third with 74 Mt. The 2010 numbers for these two countries were 80 Mt and 64 Mt respectively, and Japan was replaced by India as the third. In the early 1990s, CIS countries were facing sluggish steel demand due to the collapse of the former Soviet economic system. Each country had its steel companies, and the era of large-scale transnational consolidation had not yet arrived. Global steel demand hovered around the same level until around 2000 when China was entering into a market economy, and world steel demand entered a growth trajectory.

The global economy 2011 is a year of transition. It had been on a recovery path after the financial crisis in 2008. However, the European and US economies have slowed down. On a worldwide level, economic growth is slower and uncertainties are rising. The sovereign debt problems in Europe have destabilised financial markets globally, with stock prices and some currencies falling. The ultra-loose monetary policies of Europe and the US leave little leeway for economic stimulus packages. In Japan, the devastating earthquakes caused enormous damage not only to people's lives but also to the economy. Supply chains for the automobile and home appliance industries were severely disrupted but have largely been restored. In the second half of this year automobile production will be at about the same level as last year. In contrast, the emerging economies continue to have relatively high growth. China's GDP is growing at over 9%, although the rate is moderate when compared to a double-digit growth figure for 2010. India's GDP is forecast to grow by almost 7%. Inflationary pressures are becoming a concern in emerging countries, and some governments are introducing tighter monetary measures, which will moderate growth. However, in the mid and long terms, the global economy is expected to continue to grow with the emerging economies as the main driving engine.

The Steel Industry

After the financial crisis, global steel demand fell substantially in 2009 but then recovered more strongly than what had been expected in 2010, marking a 15% increase over the previous year, thanks to fiscal and policy measures taken by governments. Steel demand in China and emerging economies is still increasing, but steel demand in the developed economies has not returned to pre-crisis levels. Asia's share of global apparent steel consumption was 55% in 2007 but increased to 64% in 2010. China's growth was significant and accounted for 46%. In 2011 global apparent steel demand is forecast to reach 1.4 billion tonnes. Demand is increasing, but supply is increasing more than demand. Excess capacity has limited the steel industry's ability to pass rising raw material costs to customers. The steel industry faces a number of challenges. I would like to zero in on the three challenges:

➤ **Raw Materials**

Due to increasing steel demand in emerging economies and the oligopoly of raw material suppliers, mining companies are requesting shorter contract periods. Therefore, ensuring a moderate price together with a stable supply has become a significant challenge for the steel industry. McKinsey's report analyses the change of the ratio between mining companies and steel-producers in terms of their profit. In 1995, the ratio to raw material suppliers was 8 to 2, but in 2009 the ratio reversed to 3 to 7. High raw material price levels have resulted in a huge shift in profit towards mining. The steel industry needs to expand raw material sources, diversify raw materials, such as low quality iron ores, and diversify also (develop breakthrough) production processes.

➤ **The Environment and Climate Change**

Steel producers, particularly blast furnace users, emit significant volumes of CO₂, considered one of the main causes of global warming. Reducing CO₂ emissions is a global problem, and the steel industry worldwide needs to recognise its responsibility and take necessary measures, including promoting technological innovation. Examples include reducing the weight of cars with high-strength steel and improvement in power generation efficiency with high value added electrical steel. In responding to environmental regulations on air, water, etc, the steel industry needs to employ a wide range of proven technologies in order to mitigate environmental burdens.

➤ **Promoting a Positive Images for Steel**

In many developed countries, the steel industry is viewed as outdated with a harsh working environment, or as an industry that emits large volumes of CO₂. Consequently, the steel industry is not viewed favourably, especially among young people. In some countries, the situation is better, but the industry is still criticised for not making sufficient effort to mitigate environmental burdens or conserve energy. We need to improve the steel industry image and enhance its standing in society. The steel industry needs to redouble its communication and promotion efforts. Working closely with national and regional associations, we need to send our message around the globe, "Steel is not a problem. Instead, it is a part of the solution.

ACTIVITIES

World Steel provides a wide range of services to support its members to meet these challenges.

➤ **Forecasting Steel and Raw Material Demand**

World Steel produces data on steel demand and raw material demand. Members are provided with comprehensive information for analysis and decision-making.

➤ **Promoting Technology Development**

World Steel provides a forum for its members to exchange information not only on recent technological developments but also on breakthrough technology programmes being undertaken in each region.

➤ **Promoting Market Development**

World Steel promotes market development and the use of steel. The World Auto Steel consortium is an example. It aims to advance and communicate steel's unique ability to meet the automotive industry's needs in a sustainable and environmentally responsible way. World Auto Steel developed the concept design of a next generation vehicle, and it is preparing an information pack, which, we believe, will lead to promotion of a more positive image for steel.

➤ **Addressing Climate Change**

In October 2010, World Steel produced a Climate Change Position Paper. It explains how the steel industry addresses the issue of global warming emphasising that steel reduces CO₂ emissions in its production phase as well as in its use phase, that steel is an indispensable material for coping with global warming,

and that each government policies must create a level playing field to ensure that steel companies in one region are not placed at a competitive disadvantage. World Steel continues to hold these positions for COP-17 in December this year.

➤ **Promoting Communications**

World Steel held SteelComm5, Communications Conference in London. Attended by communication professionals of member companies, it provided a good opportunity to deepen understanding of steel industry issues and make better use of digital media. World Steel is conducting a survey on how steel is perceived by the public, and we continue to cooperate with national and regional associations to improve steel's image.

➤ **Supporting Training and Education**

World Steel has developed steel university, an interactive learning programme that is widely used not only by young engineers but also by college students.

CONCLUSION

World Steel will continue to be an association that makes proposals and provides services related to issues of interest for its members. With that objective in mind, I would like to call all members to do more active participation in world steel activities.

Extracted from Steel Tech, Oct. 2011 Issue
By Shri S C Suri
Life Fellow & Vice Chairman, IIM DC

IIM-DC Quiz Contest “Metallica 2012”

A quiz contest “**Metallica 2012**” was organised at The Indian Institute of Metals Delhi Chapter on 28th January 2012.

The quiz was jointly sponsored by The Indian Institute of Metals – Delhi Chapter and Jindal Steel and Power Ltd.

At the outset Chairman IIM DC Shri Anil Gupta welcomed the schools and the students who came to take part in the Quiz Contest. He also gave a brief introduction to the Metallica-2012 Quiz Contest.

Shri L. Pugazhenthay, Past President IIM & Executive Director, India Lead Zinc Development Association who was the Chief Guest spoke about the importance of metallurgy in the Indian economy. He also explained about the applications of various metals in our daily life. He also spoke about the career opportunities in the various Industries for Metallurgists.

Chairman IIM DC Shri Anil Gupta acted as a Quiz Master. He read out the rules of the contest before start of the event. Shri GIS Chauhan, Hony Jt Secretary and Shri M. Saravanan, Member, Executive Committee, IIM DC acted as evaluators of the competition. Shri S C Suri and Shri K L Mehrotra, Vice Chairmen, IIM DC facilitated in organizing the event.

The following seven Schools participated in the Quiz Contest:

- 1 Manav Sthali School, Rajinder Nagar, New Delhi
- 2 Suraj Bhan Dav Public School, Vasant Vihar, New Delhi
- 3 St. Paul's School, Hauz Khas, New Delhi
- 4 Amity International School, Mayur Vihar, Delhi
- 5 A E S Senior Secondary School, Karol Bagh, New Delhi
- 6 Mount Carmel School, Anand Niketan, New Delhi
- 7 Delhi Public School, Gurgaon, Haryana





The quiz consisted of four phases. The students of the above schools were divided into thirteen teams. In the beginning all the thirteen teams were administered a written test of 20 questions. Out of thirteen teams, five teams were eliminated at the written stage.

The remaining eight teams were put through a trivia round and two teams were eliminated at the trivia stage. After this the six remaining teams were exposed to Audio-Visual Round. At this stage two teams were eliminated. The remaining four teams were put through a Buzzer Round. This was the final round.

After evaluating the final round, a team of two students, namely Rhythm Batra and Ashish Nair from Mount Carmel School, Anand Niketan, New Delhi were declared the winner of the Quiz. The first runner up prize was won by Nishant Jain and Namya Bajaj from Manav Sthali School. The second runner up prize was bagged by Anurag and Anupam of Suraj Bhan Dav Public School. The students of Delhi Public School, Sushant Lok, Gurgaon were given the consolation prize.

The winning team was given a cash prize of Rs. 3000/-. The first runner up prize, 2nd runner up and consolation price of Rs. 2000/-, 1000/-, and Rs. 500/- respectively were given to the participants.

In addition to the above prize, in between the four phases of the Quiz, the questions were also asked from students by Shri Pugazhenthay, Shri K L Mehrotra, Shri S C Suri and Shri Neeraj Gupta. The students who gave correct answers were given a cash prize of Rs 100/- each. Twenty six such prizes were given away to students. All the students who took part in the Quiz were given certificates of participation. In addition to the above, all the participating school teachers were given a suitable memento for the schools from IIM DC.

The winning team will be nominated by IIM DC to Prof. Brahm Prakash Memorial Materials Quiz which is organized by IIM Kalpakkam Chapter in Tamil Nadu.

All the prize winning teams and the schools were suitably photographed.

Several members of the IIM DC and the Executive Committee participated in the event. The event was participated by about 70 persons.

The function ended with lunch.

Estimation of Demand for Crude Steel, Pig Iron and Iron Ore till 2016-16

The Working Group from Steel Industry for the 12th Five Year Plan has made the following estimates for Crude Steel Production, Pig Iron Production and Total Iron Ore Requirement for the period 2011-12 to 2016-17.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Crude Steel Production	73.7	85.9	94.5	104.0	114.5	125.9
Pig Iron Production	6.1	6.9	7.7	8.5	9.4	10.0
Total Iron Ore Requirement	115.0	135.7	149.4	166.7	185.2	206.2

Source: Ministry of Steel

PM Trophy and Steel Minister Trophy in steel sector for 2008-09 and 2009-10 announced

The Secretary, Ministry of Steel, Mr PK Misra has announced the winners of the Prime Minister Trophy and Steel Minister Trophy for the year 2008-09 and 2009-10 for their outstanding contribution in the steel sector. The winners are:

- ❖ Prime Minister Trophy for 2009-10 - Bhilai Steel Plant of SAIL
- ❖ Steel Minister Trophy for 2009-10 - Visakhapatnam Steel Plant of Rashtriya Ispat Nigam Ltd
- ❖ Prime Minister Trophy for 2008-09 - TATA Steel Ltd
- ❖ Steel Minister Trophy for 2008-09 - Bhilai Steel Plant of SAIL
- ❖ Certificate of Excellence for year 2009-10 - TATA Steel Ltd

As per the provisions of Prime Minister's Trophy Scheme, any company having won the Prime Minister's Trophy in the preceding year could be given as Certificate of Excellence as they have obtained the highest score in the year of evaluation 2009-10. It is first time that TATA Steel Ltd. has won the Certificate of Excellence.

These awards are based on the recommendations of Panel of Judges for the Prime Minister Trophy for the year 2008-09 and 2009-10. Ministry of Steel, Government of India has accepted the recommendations of Panel of Judges and declared the winners. The Scheme of awarding Prime Minister's Trophy with a cash award of Rs 1 crore was launched by the former Prime Minister Late Mr Narasimha Rao, to the best performing integrated steel plant in India while dedicating the Visakhapatnam Steel Plant of Rashtriya Ispat Nigam Ltd. in 1992. As per the Scheme for Prime Minister's Trophy, a Panel of Judges is appointed every year for selection of the integrated steel plant based on their total performance in respect of Objective parameters, Enabling Parameters, Customer Satisfaction Index and Observation by the Panel of Judges based on plant visits. The Government has enhanced the cash award from INR 1 crore to INR 2 crores for the best performing integrated steel plant from the assessment year 2006-07. Runners up Prime Minister's Trophy in the name of Steel Minister's Trophy with a cash award of INR 1 crore has been incorporated from the assessment year 2006-07 in the Prime Minister Trophy Scheme. The awards will be presented by the Prime Minister to the awardees on March 3rd 2012 in New Delhi.

Where is the Wisdom we have lost in knowledge? Where is the knowledge we have lost in information

- T. S. Eliot

Source: Steel Guru

RINL VSP gets Steel Minister Trophy for 2009-10

RINL has bagged the prestigious "Steel Minister's Trophy" (for its performance in the year 2009-10) for being the best Integrated Steel Plant in the country. This is the second time RINL has won this award. RINL has also won coveted "Prime Minister's Trophy" for the best integrated steel plant in the country twice earlier. Mr A P Choudhary CMD of RINL conveyed his heartiest congratulations to all the employees and stated that 'the award once again proves the strength, dedication, commitment and team work of the RINL collective and he is optimistic that this coveted award for the second time will instill a great sense of confidence and further motivate to reach higher echelons of performance to create new benchmarks of excellence. Mr Choudhary asserted that there is a daunting task ahead for production from expansion units and also stabilizing these units. He exhorted that he has enormous confidence and sincerely hoped that completion of 6.3 million tonne per annum expansion and modernization plans will further strengthen the RINL's commendable performance and he asserted that the success of RINL lies in boundless energy & enthusiasm of RINL collective. RINL has completed its 6.3 million tonne per annum expansion project and all set to roll out its production from new units very shortly. The Steel Ministers Trophy for the best Integrated Steel Plants in the country has been incorporated from the assessment year 2006-07. Both Public and Private Sector Integrated Steel giants (Viz. RINL, Vizag Steel, TATA, SAIL, JSPL, JSW, ESSAR) compete every year for this coveted award.

Source: Steel Guru

[India will grow below 8 per cent between 2011 & 2013: UN report](#)

The Indian economy is likely to grow at 8 per cent per annum between calendar years 2011 and 2013, said an United Nations report released today. The report, World Economic Situation and Prospects 2012, projected India's growth at 7.6 per cent in 2011, 7.7 per cent in 2012 and 7.9 per cent in 2013. The UN measures economic growth of countries by factoring in the exchange rate as well. Hence, official growth numbers might vary. The report said double-dip recession in the US and Europe would have a bearing on economic activity across South Asia, as the two nations are key export markets and the main source of tourism revenues for South Asia. The slowing of economic growth in India from 9 per cent in 2010 had weighed heavily on South Asia, expected to grow by 6.7 per cent in 2011 from 7.2 per cent in 2010 the report said. Export to Europe and the US made up 30 per cent of India's total. Exports have been sluggish lately with trade deficit widening to \$133 billion during April-December. The report also cautioned India about not meeting its fiscal deficit target of 4.7 per cent of gross domestic product for 2011-12, saving lower growth had brought down tax revenues and disinvestment in state run companies and this was not according to plan. Pointing out that Reserve Bank of India went aggressive on inflation, increasing rates 13 times since March 2010, the report said the tide had started to turn towards supporting domestic demand. RBI will review its policy on January 24 and is widely expected to not cut key rates even as inflation fell for the first time below 9 per cent to stand at a two-year low of 7.47 per cent in December 2011. On a cheerful note, however, the report said inflation would decline slowly in the South Asian region, averaging 9.1 per cent in 2012 and 8 per cent in 2013, on the back of easing food and commodity prices, coupled with the impact of monetary tightening in Bangladesh and India. It expected central banks in South Asia to move towards a growth-supportive monetary policy, if inflationary pressures eased.

Your own duty done imperfectly is better than another man's done well. It is better to die in one's own duty; another man's duty is perilous

– Bhagavad Gita III: 35

The report gave a positive outlook for India's job market and said, "India is enjoying gains in employment rates." As global economic experienced a slowdown, the UN prescribed fiscal expansion to propel economic growth instead of austerity measures adopted by some countries.

Source: Business Standard

[Mining: The missing link in India's industrial growth](#)

All eyes are on the events that are going to happen in the mining sector in the coming months. The draft Mines and Minerals (Development and Regulation) Bill, 2011, or MM&DR Bill, in the present form contains a few irritants for domestic steel and mining companies and the highest policy-deciding body has to consider these if the implementation of the Act is to facilitate adequate investment in the sector and bring in transparency in mining activities. It is unfortunate that in the past one year or so, the mining sector in the country has earned lots of criticism due to unethical practices, flagrant violation of environmental and fiscal rules and regulations resulting in windfall profits for a handful few. The existing miners, other than NMDC, have not been able to earn a brand image for themselves. The proposed Bill attempts to plug the loopholes, but it must be pragmatic enough to address the issues of compensation to the displaced people in a manner so that it still remains viable for fresh investment to flow in. Internal demand for iron ore and coal are abundant and would continue to outstrip supply, both in volume and grade. Investment in mining comprises funds for acquisition of mines for exploration, technology transfer for beneficiation, installation or hiring of handling equipment etc. Countries like Afghanistan, Australia, Bolivia, Mozambique, Brazil, and Mongolia; all rich in mining resources are attracting investment from China, the United States and Russia. Indian entrepreneurs are also investing funds either individually or as a consortium to acquire mining sources in many of these countries. The governments in these countries are making it possible to attract investment without compromising the interests of the inhabitants. The enabling clause for investment in mining in these countries contains certain amount of value addition inside the country. The related question is what prevents India from becoming a mining hub in the near future. A big responsibility lies on the shoulder of all the stakeholders to pave the way for initiating an investment fury in the mining sector. Mining has a weightage of 14.2% in the index of industrial production and has clocked a negative growth of 4.4% in the first eight months of the current fiscal. In 2010-11 industrial growth reached 8.2% with the mining sector clocking 5.2% growth. The sector has a very strong forward linkage with steel and power sectors and, the current slowdown in steel and blockage of fresh investment in power sector can be largely attributed to the supply bottlenecks arising out of the below-normal performance by the mining sector. Thus, sustaining the growth of mining sector at a sufficiently high level has become imperative for accelerating the growth of industrial production and would provide the missing link for the growth of the Indian economy.

Sunlight is said to be the best of disinfectants. Electric light, the most efficient policeman

– Louis D. Brandeis

[Govt finalising Mission Plan on aluminium](#)

The Government is in the advanced stages of finalising a 'Mission Plan' for aluminium to enhance per capita consumption of the metal in India and facilitate better exploitation of bauxite and coal resources. Mr Vishwapati Trivedi, Secretary, Ministry of Mines, said the Mission Plan, when finalised, will also help the Government evolve a national policy for well planned growth of the Indian aluminium sector. "The plan will not only be relevant for the aluminium industry but strategic planning of the metal industry as a whole will revolve round it in the coming decades," he said while inaugurating the Sixth International Conference on Aluminium (INCAL), here on Tuesday. He said the Department of Science and Technology is actively involved with the Aluminium Association of India (AAI) to prepare a document on technology roadmap for Indian aluminium industry. Mr G. Srinivas, Joint Secretary in the Ministry of Mines, pointed out that India's per capita aluminium consumption was about 1.5 kg, while that in Germany was 38 kg, Japan 30 kg and China 12 kg. He felt that India and China will dictate prices and production of the metal by 2030, contributing about 44 per cent of the world production. "Faster clearances of mining leases and allocation of coal blocks for the aluminium sector will determine the pace of growth of this sector," he pointed out. Mr D. Bhattacharya, Managing Director of Hindalco and Honorary President of AAI, said the aluminium value chain in India was changing, with the transport and packaging sector set to consume more quantities of the metal. While electrical industry accounts for 41 per cent of the aluminium consumption in the country, the transport sector has a share of 17 per cent at present. While the contribution of secondary aluminium in total production is to the extent of 20 per cent in India, that in the US was 57 per cent and Germany 61 per cent. "If one kg of aluminium replaces conventional material in vehicles, it will eliminate 20 kg of carbon dioxide. Railway wagons can use up to five tonnes of the metal per wagon," he said.

Source: The Hindu Business Line

[National & International News](#)

[Steel output grows but consumption slows](#)

Finished steel production in India, the world's fourth-largest producer, rose 7.5% between April and December from a year before to 52.06 million tonne (mt), aiding a fall in imports as consumption moderates due to an economic slowdown, official data showed on Monday. Steel imports declined by 10.2% to 4.81 million tonne during April-December, while consumption rose a modest 4.4% to 50.86 million tonne, according to the data. Exports grew 22.7% to 3.02 million tonne during the period. In December, Steel Secretary PK Mishra had said steel demand may grow by 8% in the current fiscal through March 2012, compared with 9.9% a year before. Steel consumption has slowed so far this fiscal, mainly due to a moderation in the automobile and household appliances and less-than-expected demand from the construction sectors, an official source said. The country aims to raise its annual crude steel production to 120 million tonne in the next two years, compared with the current 84 million tonne.

Nothing will ever be attempted if all possible objections must first be overcome

– Samuel Johnson

Steel demand in India usually weakens during the June-September monsoon season as construction activity slows due to rains and reaches its peak after the last quarter of the fiscal. Last month, the government raised the export tax to 30% on both iron-ore fines and lumps from 20% to discourage overseas despatches of the raw material and promote domestic steel making, potentially hitting the margins of companies such as Sesa Goa Ltd. India exported 97.64 million tonne iron ore last fiscal year. An Assocham report says India exported iron ore worth \$4.7 billion in 2010-11 and imported finished steel worth \$11 billion which contributed negatively to the widening trade deficit and drained foreign exchange reserves. The tax rise will hurt India's competitiveness in the export markets. It ships iron ore to China, unlike Australia and Brazil, the top two iron-ore producers, which sell the commodity mostly through long-term contracts. Iron ore exporters feel that the tax hike will not play much role in increasing domestic consumption of steel. "There would not be much impact on either production or consumption of the steel for the reason that most of the exported iron ore is fines, which is not used by domestic steelmakers," said one of the exporters. Iron ore exports fell by 28% during April-November to 40 million tonne, according to the Federation of Indian Mineral Industries

Source: The Financial Express

[Indian steel makers hoping for 40pct cut in domestic iron ore prices](#)

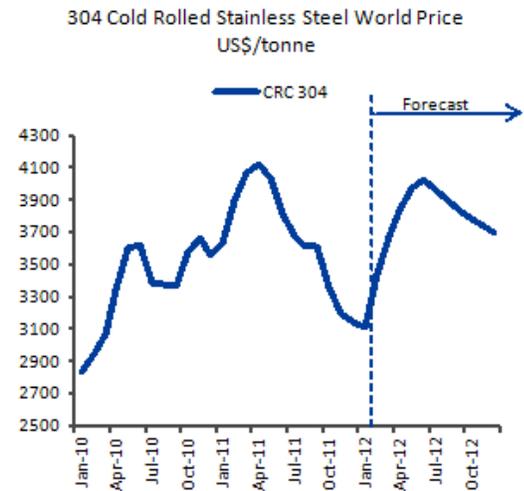
Business Standard reported that the Indian steel industry is awaiting fall in domestic prices of iron ore by NMDC on account of export duty rise and drop in international rates. Though NMDC, the country's largest producer of

ore is yet to take a decision on decreasing the prices, the steel industry is upbeat. Mr Seshagiri Rao joint MD & group CFO of JSW Steel said that "Internationally, iron ore prices have fallen by USD 50 a tonne and at the same time the Indian currency has depreciated by about 22% to the dollar. Over and above, there is an export duty increase. All this put together, should bring the price below INR 2,000 a tonne for 62.5% Fe grade from the existing INR 3,300 a tonne." However, Mr N K Nanda acting CMD of NMDC said that "We have not decided about decreasing the prices of iron ore. The market is speculating about it. In fact, some mines in Orissa have increased their prices due to shortage of ore. There will be some impact of price reduction in the international prices. But, we are yet to take a view."

Source: Steel Guru

Stainless Steel Prices to rise 25 per cent in 2012

MEPS forecasts that its benchmark, type 304, cold rolled Stainless Steel World Price will increase by \$US850 per tonne over the next six months. The gain is expected to be driven by a combination of rising input costs and inventory building in the supply chains around the world. Customer stock levels are low in all regions as buyers have been reluctant to purchase stainless steel products in the current economic climate. This pushed the world average figure for cold rolled type 304 to a 21 month low in December 2011. However, over the past few weeks, nickel prices have escalated by 10 percent. Chromium prices are expected to follow a similar pattern. Scrap costs are increasing. These factors are predicted to lead to stock replenishment by both distributors and end users as they attempt to buy ahead of higher stainless steel prices resulting from rising mill input costs. MEPS predict a 25 percent rise in the benchmark stainless steel product price over the next six months in all regions of the world. Higher order volumes on the steelmakers and improving market conditions for the raw material suppliers is likely to boost stainless steel selling figures in the coming months. MEPS contends that the price increases may be short lived due to the fragile nature of most markets. Stronger mill order books could easily result in oversupply of both input materials and the finished products. However, the anticipated reduction in stainless steel selling values during the second half of 2012 is not likely to be as steep as witnessed last year.



Source: MEPS Steel News

SAIL well prepared for its iron ore requirements - Mr C S Verma, Chairman SAIL

Steel Authority of India may be staring at delays in its expansion program, but Chairman Mr. C S Verma said that the company will have an exciting 2012, with a slew of projects. Excerpts from an interview with ET's Ms Meera Mohanty.

- Q: How is SAIL's expansion and modernization program shaping up given the slowdown in the economy?
- A: We are starting trials of our cold rolling mill at Bokaro, which should start full-fledged commercial production before March. Trial runs for our new sinter plant are already on in Rourkela, which will be commissioned this month. At Burnpur (based IISCO Steel Plant), the sinter plant is ready for trial runs and the coke oven battery will be ready for commercial production before March, by when we also hope to start cold trials of the wire rod mills. We also intend to set up a 5.6 million tonne steel plant in Sindri, UP. By February, we should own the assets of the former fertilizer plant.
- Q: But IISCO, once hailed as the trigger for modernization exercise at SAIL, has been delayed.
- A: Once we excavated the foundation at IISCO, we discovered that molten material had solidified underneath, which increased our work multi-fold. Excavating that was a Herculean task because of which we fell behind time and faced a cost overrun. There is also very little land at IISCO. I don't think anyone has such a tight layout anywhere in the world for a 2.5 million tonne facility. It is a big task to have 22,000 people working on three shifts, moving so much material around in just 900 acres. On top of it, there is the issue of Jhodabudi, a patch of land of about 27 acres which has become a thorn in the neck. We had paid compensation for the land four years ago, and now the locals are demanding permanent employment. We have taken up the matter with the Chief Minister and the Chief Secretary of West Bengal, but the locals have gone to court.

Source: Steel Guru

[RINL board approves seamless tube and coke oven](#)

The Rashtriya Ispat Nigam Limited Visakhapatnam Steel Plant announced that INR 5000 crores worth new units to come up in its current location at Visakhapatnam in Andhra Pradesh. The board of RINL has given its nod to go ahead for setting up of

1. Seamless tube mill at an estimated cost of INR 2300 crores of 400,000 tonne per annum capacity. The new mill will be completed in 30 months from the date of order placement.

RINL will adopt latest tube making technology with state of the art automation. RINL is going to produce Seamless Tubes of 5.5" to 18" with a provision to produce even less than 5.5" tubes in the existing layout of the plant. The unique feature of the proposed SLTM is that it has the option to produce above 18" tubes by creating additional facilities in future. Currently, only up to 14" tubes are being produced in the country.

2. A new coke oven battery 5 at an estimated cost of INR. 2620 crores.

In its journey to become 20 million tonne per annum by 2020 at a single location, RINL will build a new Coke Oven Battery 5 (COB 5) along with By Product Plant and its associated facilities to meet its metallurgical coke needs. M N Dastur & Co, the Consultant has already made the Detailed Project report.

The New Coke Oven Battery would be 7 Meter tall and fully environmental friendly 67 Ovens each and Top Charging Battery. For the first time, VSP is installing "Claus" plant for recovery of 'elemental sulphur', which will help in maintaining the sulphur content in the effluents much below the stipulated norms. The COB 5 is coming up as a standalone battery, comprising of By product Plant, Coke Dry Quenching, Coal & Coke Handling Plant, Phenolic effluent treatment plant etc. Mr A P Choudhary CMD firmly believes that along with growth and future expansion facilities, utmost care should be given to pollution control and effective environment management system. In this context, CMD informed that out of INR 2620 crores envisaged for new COB 5, around INR 500 crores would be spent on environment management system.

Source: Steel Guru

[Global Steel Price up-turn anticipated in early 2012](#)

In the US, some of the mills' proposals for flat product transaction price increases have been implemented. Producers are now in the process of announcing further, cost driven, advances of \$US40/50 per ton. However, the hikes already secured only apply to a small volume of business. Prior to the rises taking hold, many companies placed orders for December production at big discounts. It is conceivable that buyers will not purchase sufficient tonnages after the holidays to keep the higher values in place. There are very few foreign offers at present. November import licence applications hit a nine month low. However, US transaction numbers are now significantly ahead of those in other parts of the world and this could well attract the attention of overseas suppliers.

The West European market is very quiet in the run up to Christmas. Demand is weak and activity levels low. End-users are buying 'hand to mouth'. However, distributors have started to place orders for period one delivery, to avoid possible shortages following the mills' end of year production stoppages and capacity cuts. Those deals that have been concluded have resulted in transaction figures lower than those reported in November. In some instances, these numbers only cover January/February production, as steelmakers would like to implement increases before the end of the first trimester. Chinese prices continued to decline in late November/early December due to sluggish downstream demand. The leading steel mills have scaled down some of their official ex-works figures for January bookings. Traders, constrained by high financing costs, have continued their destocking process and producers have started to reduce output as economic growth is forecast to slow next year. As the Japanese automotive and industrial machinery sectors steadily recover, steel order receipts from overseas are dropping due to a slow Asian market, the impact of the Thai floods and the historically strong yen. Stocks remain in surplus, despite a marginal fall in the inventory held by steelmakers and service centres in October. Moreover, import volumes continue to escalate. Producers began to curb domestic output in late October but the impact on the market has yet to be felt. Overall demand is soft in South Korea. Inventory adjustment is slow. Domestic stocks of flat products continued to surge during October after reaching record highs at the end of September. However, export sales are growing rapidly, due to the weakness of the won.

Source: MEPS Steel News

[Many factors point to rationalization in Stainless Steel](#)

Numerous indicators regarding the prospects of the world economy in general and the stainless steel market in particular, suggest that a significant restructuring of the stainless production sector will be necessary, sooner rather than later. There is already excess production capability. Western

"We took risks, we knew we took them; things have come out against us, and therefore we have no cause for complaint, but bow to the will of providence, determined still to do our best to the last."

– Robert Falcon Scott

Commander of the 1916 British Expedition to Antarctica.

European capacity has, for some time, been estimated to be around one million tonnes above requirements. Growth in Chinese output has outstripped demand of late and new facilities have been built in various parts of the world. Global economic growth forecasts have been downgraded. Even China's rate of expansion has slowed as the authorities there attempt to tailor their output to the new reality of the worldwide financial situation. The latest predictions for Western Europe are for nil or minimal growth in the next couple of years. However, with very few people convinced that recent measures designed to save the euro will be successful, even these projections may be optimistic. The uncertainty created can be seen in the hesitation among would-be commodity investors. The risk of a big fall in values makes the decision to enter the market more difficult. To demonstrate the gamble, for the year to November, the Dow Jones-UBS commodity index lost almost 10 percent on a total return basis. To further emphasise the gloomy outlook, the US-based commodities trader, Cargill, recently announced that it would reduce the size of its workforce by 2,000 people. Being privately owned, the company does not need to take an optimistic view for the sake of its shareholders. A spokesman said the company thought that global economic growth was "weak and weakening". Of more specific relevance to the stainless steel market is nickel. Its value is usually strongly linked to those of other traded commodities, particularly metals. However, its price has fallen 28.3 percent this year, compared with copper's 17.8 percent decline. This is due to market fundamentals. Furthermore, nickel supply is expected to be in surplus next year. The profitability of stainless steel producers is, of course, in question. All have striven to maximise productivity and minimise costs over recent years. Nevertheless, the Finnish-based company, Outokumpu, published an operating loss of €53 million for the third quarter of 2011. The giant European producer, Aperam, made a net loss of \$US41 million for the same period. Consolidation seems inevitable. Japan's Nippon Metal Industry recently announced that its stainless steel division would merge with that of Nisshin Steel. Rumours have been circulating lately, regarding proposed alliances between European producers, or combinations of European and Asian companies. It will, surely, be only a matter of time before conjecture becomes news.

Source: MEPS Steel News

Rajasthan to grant mining rights to RINL and SAIL

ET reported that the Rajasthan Government has decided to grant iron ore mining rights to two public sector units, Rashtriya Ispat Nigam Limited and Steel Authority of India Limited in Bhilwara. Rajasthan Industries and Mines Minister Mr Rajendra Pareek told ET that the State Government is sending proposal to Central Government for the allotment of mines to these two PSUs. He said that "We have earmarked 864.6 ha for SAIL and 1043 ha mining area for RINL. We will allot them mines once we get the nod from Central Government." The two PSUs are likely to invest Rs. 4000 crore in Bhilwara for creating 5 million tonnes mechanized iron ore mining capacity at Bhilwara. He added that "Once the mining rights are granted, the State will get 2 million tonne per annum Greenfield steel plant, 1.8 million tonne per annum pelletisation plant and one million tonne per annum sponge iron plant. These projects are likely to create 2000 direct jobs and over 20,000 indirect employment opportunities." he said. Apart from these two companies, steel pipemaker Jindal SAW is also setting up a beneficiation plant in the same geography to produce approximately 6,000 tonnes of concentrate per day. It has executed a mining lease agreement for 30 years with Rajasthan for iron ore mines having approximately 180 million tonnes of reserves of various categories of iron ores. The iron ore mines of Bhilwara were discovered way back in 1967. But the ore in the area is of magnetite grade, yielding only about 30-35% recovery which is lower than that mined in Karnataka and other states. It had kept steel companies away from these mines for long. Now companies are taking interest after the Rajasthan Government has assured linkages to limestone from Jaisalmer and dolomite from Jodhpur.

Source: Steel Guru

TATA Group not to deviate on growth of national economy - Mr Mistry

The Deputy Chairman, TATA Group, Mr Cyrus P Mistry assured that TATA Steel and associate companies will not deviate on its commitment to the growth of our national economy. Responding to a letter sent by Mr Jawahar Lal Sharma a 68 year old Human Rights activist after Mr Mistry's appoint, Mr Mistry in his response quoted former chairman JRD TATA as saying "no success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people, and is achieved by fair and honest means." He said that not only TATA Steel but the entire TATA Group was committed to the growth of the national economy, the environs and to add value to its activities. The clause stated "the company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations; and the company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society, and the local community."

Source: Steel Guru

Kobe Steel May Seek Domestic Partner for Aluminum, Copper

Kobe Steel Ltd., Japan's fourth- largest steelmaker, said it is keen to combine its aluminum and copper

operations with other Japanese suppliers of the metals to reduce costs and negotiate better product prices. The steelmaker will consider a merger should it find a "good" partner, President Hiroshi Sato said today at a New Year gathering held by the Japan Iron and Steel Federation. Kobe Steel is currently not in discussions with any potential partner, he said. Profit from Kobe Steel's aluminum and copper business will probably slide 32 percent to 10 billion yen (\$130 million) in the year ending March 31, the company said October 31. The division accounts for about 16 percent of total sales, while steel makes up 45 percent. Domestic metal producers may enter into mergers or alliances after Nippon Steel Corp. obtained approval from the Japan Fair Trade Commission last month to take over Sumitomo Metal Industries Ltd., Sato said. The creation of the world's second-biggest steel mill is in line with government efforts to encourage takeovers to spur growth in the third-largest economy. Japanese companies must "seriously consider" taking measures, including merging their operations, to compete globally as a stronger yen cuts into sales, Nippon Steel Chairman Akio Mimura said Dec. 15. Kobe Steel's Sato said he expects the yen to trade between 78 and 82 to the dollar this year. The currency, which climbed to a postwar high Oct. 31, has eroded the competitiveness of Japanese-made products overseas. The yen was at 76.8 to the dollar as of 5:08 p.m. in Tokyo.

Source: Bloomberg Business week

JSW Steel in talks with NMDC for sourcing iron ore for WB plant

JSW Steel said it is working with NMDC to sign an agreement for sourcing iron ore for its plant at Salboni in West Bengal. Mr Sajjan Jindal Vice CMD of JSW Steel said that "We are working with NMDC to sign an agreement (for supply of iron ore) for the project and requested the state government to take up the issue with the Centre." Mr Jindal who was attending the 'Bengal Leads 2012' summit said that he could not give any real date by when construction for the project would start. When asked about JSW steel's Salboni project, state industry minister Mr Partha Chatterjee said all formalities regarding land for the project had been cleared and that now the ball is in their court. Mr Chatterjee said JSW Bengal Steel was facing problem of iron ore linkage for their Salboni project. He however added that the company has completed the financial closure for the project and IDBI bank would provide them loan. Mr Jindal led company had entered into a development agreement with the state government in 2007 to construct a 10 million tonne per annum steelmaking capacity at a cost of INR 35,000 crore in the first phase. In the first phase, the plant will have a capacity of 3 million tonnes.

Source: Steel Guru

German Steel Federation sees crude steel output flat in 2012

The German Steel Federation said that Germany's crude steel output will probably remain almost flat in 2012 as the euro zone debt crisis starts to affect the economy of Europe's largest steelmaker, and the risk of rising raw material prices weighs. It added that crude steel production in 2011 rose by 1% to 44.3 million tonnes, affected by a summer dip in demand that deepened into a second half slump that forced capacity cuts in steel mills. Federation president Mr Hans Juergen Kerkhoff said that "We expect crude steel production in 2012 at around 44 million tonnes. The production will substantially remain stable." He said demand would be supported by major end clients, such as the automotive and engineering sectors, and that the construction segment was expected to grow further in 2012. But he warned that raw material costs pose a downside risk despite recent slight price reductions for iron ore and coking coal, key inputs in steel making. Germany's biggest steelmaker, ThyssenKrupp, and other European steel companies have announced some production cuts in the face of weaker demand, and more furnaces are likely to be idled in coming months. Some producers in the region have announced restarts and even an expansion, but curtailments are widely seen as likely to dominate as customers prefer to run down their inventories in an uncertain economic environment.

Source: Steel Guru

KIOCL plans to set up coke oven battery unit in Mangalore

BL reported that iron ore mining company KIOCL Ltd is planning to set up a coke oven battery unit to supply coke and to generate power for its blast furnace unit and pellet plant in Mangalore. Speaking on the sidelines of a function to plant trees in and around Mangalore here on Monday, Mr Subba Rao Director (Production and Projects) of KIOCL (formerly Kudremukh Iron Ore Company Ltd) said the company has a blast furnace unit to manufacture pig iron with a capacity of 200,000 tonnes a year. The company has stopped making pig iron as it is not profitable at present. The battery unit will help it produce pig iron at a lower cost and generate power. The project, which is in initial stages, is before the Department of Environment of the Central Government for permission. Saying that the project will be continued after the Department gives permission, Mr Rao said this unit will help supply coal to the blast furnace unit at a cheaper rate. He said that the plant is ready for starting a

ductile iron spun pipe plant in Mangalore under a joint venture.

Source: Steel Guru

KIOCL optimistic on permission for iron ore mining

With its back against the wall, KIOCL has still kept its fingers crossed on securing permission to mine iron ore for its pellet plant in Mangalore. On the sidelines of KIOCL's tree planting program organized here at Kadri Park in Mangalore on Monday, Mr K Subba Rao KIOCL director (production and projects) said that over 270 million tonnes of iron ore reserve had been detected in Chikkanayakanahalli. However, due to the state government's ban on mining, they have nothing much to do with the discovery. A proposal to lease land in Ramanadurga in order to mine iron ore for its pellet plant is pending approval from the government. In order to keep the plant running, they have been forced to source iron ore from Chhattisgarh. Mr Subba Rao said that despite many odds, they were committed to protecting the environment. He revealed on their campaign that they will plant over 2,300 flower and fruit yielding trees along the road to the Mangalore Airport, in schools and colleges at a total cost of INR 2.7 million. They would also go for furnace oil for their captive power plant in order to reduce the sulphur dioxide emissions. Prof Srinikethan of the Chemical Engineering Department in NITK, who planted trees at Kadri Park, lauded the green initiatives of KIOCL.

Source: Steel Guru

Indian iron ore mining mess - Odisha sponge makers want consistent supply

BS reported that already crippled with limited iron ore supply amid higher prices, steel companies in the state of Odisha have demanded for a Vedanta like agreement for ore supply at a regulated price. Mr Tara Prasad Patnaik member of the All Odisha Steel Federation and MD of Patnaik Steels and Alloys Ltd said that "The state government has several options to supply iron ore to steel companies. One of them could be making similar agreement with us as it has done with Vedanta." The steel units in the state, mainly producing sponge irons, have demanded similar agreement with the state run miner OMC as they do not have captive iron ore mines. They depend on OMC supplied ore which is sold through auction process every three months.

Mr Patnaik at a press meet said that "Since the steel industries in Orissa do not have captive iron ore mines such as TATA Steel, they are buying raw material at much higher prices. We need to have a level playing field." Mr PL Kandoi Chairman of the AOSF which has about 300 units as its members said that "The state government has realized that the steel sector is completely crippled and they have started imposing restrictions one by one. We are hoping against all odds that in 2012, the sector will be in a recovery mode." The association also demanded for scrapping the Standard Output Input Ratio Norm saying it was impractical. Mr Kandoi, who also heads the Kalinganagar Industries Association, said that "The SION ratio says 16 tonne of iron ore is required to produce 10 tonne of sponge iron, which is only possible under ideal condition. The application of SION ratio should be withdrawn." To supply bauxite ores for Vedanta's aluminium refinery at Lanjigarh, Orissa Mining Corporation has formed a joint venture with Sterlite Industries, its Indian subsidiary. The JV will provide raw material from Niyamagiri Hills to the aluminium producing unit at a rate that includes only excavation cost and royalty.

Source: Steel Guru

Q3 profits of metal companies in India to see sharp decline

ET reported that Indian metal companies are likely to suffer a sharp fall in profitability in the third quarter because of high production costs and tight supplies of key raw materials crimped by a strong regulatory regime. According to earnings preview reports of brokerages Kotak Institutional Equities, IDFC, Motilal Oswal, Ambit, and Avendus etc, metal companies, include SAIL, JSW Steel, TATA Steel, Essar Steel, Hindalco Industries, Sterlite Industries, will likely report an average 16% fall in profitability in the third quarter ended December. Mr Sanjay Jain of Motilal Oswal said "The outlook for Indian steel prices remains negative due to weakening demand and global economic slowdown. Once rupee reverses the downtrend, there will be more pressure on prices on the back of cheaper imports. Prices of raw materials are also in correction phase globally over past few months, although at a slower pace. They will definitely push prices further downward if demand does not improve." Steel demand has fallen due to global slowdown, with customers putting off purchases of the alloy used for making cars and refrigerators. In India, although sales are rising, profitability has been impacted due to a rise in prices of iron ore and coking coal. While availability of iron ore has been hit due to a Supreme Court directed suspension of mining in Karnataka, coking coal, which is entirely imported, has become expensive after the rupee fell 20% from June.

Source: Steel Guru