Policy

Jaitely calls for competitiveness in steel industry

Instead of looking at band-aid solutions (such as higher import duty), Union Finance Minister Arun Jaitley asked the highly-stressed domestic steel industry to address the root cause of the problem by increasing its own competitiveness. "The root cause is that you have to take into account various factors and make our own domestic industry competitive, and when you become competitive, the external factors' ability to adversely affect you is also reduced," said Jaitley, while addressing the conference 'Road map to 300 MT: Opportunities and Challenges for Secondary Steel Producers'. The Indian industry has been demanding higher import duties, as they fear that the double devaluation of the yuan last week will lead to greater dumping of cheap Chinese steel. Major industry players have also asked the government to impose a safeguard duty on such imports. However, he admitted that China has a huge steel-making capacity, which has a certain amount of price competitiveness. Last week, the government increased the import duty on select steel products by 2.5 per cent, making it the second such hike within two months. Earlier, following a steady upturn in cheap imports, mainly from China, the government in June had similarly increased import duty on steel products by 2.5 per cent. The finance minister also expressed his concern over the spiral effect of stress in the steel sector, which upsets the financial performance of banks, in turn affecting the loan available to other sectors.

Source: Business Standard, 23rd August, 2

Company News

Visa Bao and Visa Steel to merge together

China's Baosteel and Kolkata-based Visa Steel have decided to merge Visa Bao and Visa Steel. The amalgamation, which will result in a five per cent stake for Baosteel Resources in Visa Steel, was approved by the board of directors of Visa Steel and Visa Bao. "The lenders of Visa Steel and Visa Bao have already approved the amalgamation," the company said. Visa Bao was set up in 2008 for building a ferro chrome plant in Odisha, in which Visa Steel holds a 65 per cent stake and Baosteel 35 per cent.“The amalgamation will make Visa Steel one of the largest ferro chrome producers in India. The integration will improve the operational and cost efficiency of the ferro chrome business,” Vishal Agarwal, vice-chairman and managing director of Visa Steel, said. Visa Steel is also in the process of transferring its special steel business having a 0.5 million tonne special steel plant, including blast furnace, sponge iron, steel melt shop, refining facilities and bar and wire rod mills, to its subsidiary, Visa Special Steel, to create a better focus and facilitate inviting a strategic investor.

Source: Business Standard, 22nd August, 2015

Projects

Visvesvaraya steel plant revival

The Union Ministry of Steel is planning revival of Visvesvaraya Iron & Steel Plant, now an alloy and special steels unit of Steel Authority of India. According to a Ministry release, SAIL would invest Rs 1,000 crore for modernisation and expansion of its facilities. The Union Minister for Steel & Mines Narendra Singh Tomar, who visited Visvesvaraya plant in Karnataka on Friday, said that the Ministry was trying to first ensure availability of raw material for the unit. “Once that is done, the government intends to revive it”, he added.

Source: Business Line, 22nd August, 2015

Company News

Welspun ties up with Malaysia’s Wasco

The world’s leading steel pipes manufacturer for the oil and gas sector Welspun Corp and the Malaysian sectoral major Wasco Energy today formed a joint venture to set up a concrete weight coating (CWC) plant at Anjar in Gujarat at an investment of Rs 95 crore. The company hopes to commission the proposed joint venture — Welspun Wasco Pipes Coatings — by March and hopes to cash in on the large government-driven pipeline orders that will be up for the grabs over the next two years, Welspun Corp Managing Director Braja Mishra and Wasco Energy chief executive Giancarlo Maccagno told PTI.

Source: Business Line, 26th August, 2015

Company News

Odisha offers Posco JV option with OMC

The Prime Minister’s Office has asked the Odisha government and South Korean steel major Posco to amicably work out a solution to the problems plaguing the company’s $12-billion steel project in the state. A source who was present in the meeting called by the PMO on the issue told FE that the Centre has categorically pointed out that no mines can be given to Posco without following the mandatory auction route, prescribed in the amended MMDR Act. The state and the company have to decide among themselves on the issue raised by Posco in this connection.

However. it is learnt that Posco did not give any definitive indication on its future course of action. On its part, Odisha government offered two solutions for steady iron ore supply for the project that includes a joint venture with state-run Odisha Mineral Corporation (OMC) or a long-term supply agreement with the firm. Stating that it would deliberate on the proposals internally before commenting, Posco India officials expressed their dissatisfaction with the Odisha government's failure to hand over the required land to it, causing inordinate delays to the project and in the process, huge monetary losses to the company. Posco's Odisha project, dubbed the single-largest FDI proposal in the country, has been stuck since 2005 for want of land acquisition, iron ore linkage and other clearances. It had the potential to create more 48,000 permanent jobs and several thousands of crores of annual tax revenues. The company, however, has in the recent past given indications that it might put the project on hold.

Source: The Financial Express, 26th August, 2015

Company News

Posco project fate may be decided at FM-level meet

After the tripartite meeting on Posco project held on Tuesday turned inconclusive, the state government has set its eyes on the next big meet planned on the project in the first week of September. The forthcoming meet likely to be chaired by finance minister Arun Jaitley, is tipped to be decisive for the future of the $12-billion project, the country's biggest foreign direct investment. The state government has visibly gone on the damage control mode after Posco's announcement that the proposed 12 million tonne steel project would be frozen temporarily. The steel major's decision had fuelled concerns on its possible exit. Wary at losing a steel project of Posco's scale, the state government had recently written to the Centre to arrange a meeting either at the level of the Prime minister or cabinet secretary.

Source: Business Standard, 27th August, 2015

Company News

Monnet Ispat to sell stake in Orissa Sponge Iron to BSL

Monnet Ispat and Energy Ltd has agreed 'in-principle' to sell its stake in Orissa Sponge Iron & Steel to Bhushan Steel Ltd (BSL). "We are in-principal agreeable to sell our stake held in Orissa Sponge Iron & Steel Ltd to Bhushan Steel Ltd," Monnet Ispat & Energy said in a regulatory filing. However, no commercial terms and valuations have been finalized, the company said. Bhushan Steel had informed the BSE on Monday that it is in talks with Monnet Ispat and Energy to acquire the company's stake in Orissa Sponge Iron and Steel.

Source: The Financial Express, 27th August, 2015

Steel Industry

Minister: Govt looking at FTAs, imports hurting steel, rubber sectors

The government is closely monitoring steel imports, but no decision has been made so far on hiking import duty again.“The steel and rubber industries are suffering from cheap imports and free trade agreements (FTAs). We are aware of the situation,” Steel and Mines Minister Narendra Singh Tomar said on Thursday at the sidelines of a rubber industry event organised by the Confederation of Indian Industry. Tomar declined to comment on whether the import duty will be hiked for a third time this year. On August 12, after the first round of yuan devaluation by China, the Finance Ministry hiked import duty on key steel products by 2.5 per cent. Earlier, on June 17, the Ministry had hiked import duties by 2.5 per cent flat products and long products.

Source: Business Line, 28th August, 2015