

## Chhattisgarh sponge iron association wants 30% cut in iron ore prices

In order to bail out the sponge iron and steel industries, the Chhattisgarh Sponge Iron Association has urged the National Mineral Development Corporation (NMDC) and Coal India to reduce iron ore and coal prices.

The Association recently had a meeting with the Chairman and senior officials of NMDC in Hyderabad and presented a memorandum to cut iron prices by 30 per cent. They asked Coal India to slash prices and also sought improvement in quality of supplies.

Rajeev Kapoor, President, Chhattisgarh Sponge Iron Association, in a statement said about 50 per cent of the sponge and steel industries are either non-performing assets or are going for restructuring with banks.

He appealed to the Government for immediate relief, adding that sponge iron units are unable to pay their debts, accumulated due to the interest burden of the



last 4-5 years.

While dumping did not affect the sponge iron industry directly, cheap steel imports in the form of TMT bars, rebars and wire rods have impacted the industry. Sponge goes into the making of construction steel, prices of which have declined due to cheap imports, he pointed out. The Government must impose a

30 per cent import duty on all scrap and steel products as that will enable greater usage of domestic steel, he said.

In last four years, weak economic growth, low off-take, high raw material prices and huge inventory have impacted the steel industry negatively. The high lending rates have deterred investments and the working capital limits of many small-and-medium-scale companies.

All these factors have pushed the domestic sponge iron and steel industries into a precarious position. While the first signs of an economic recovery in the country are visible, it would take a minimum of two-to-three years of sustained growth to get the industry back on its feet, said Kapoor. "Till then, the industry will continue to suffer and there is a serious danger of some companies going bust if the present downward trend persists. A few units are already staring down the barrel," he said.

## Essar Steel to focus on value added steels

Essar Steel India Limited is all set to shift its focus to produce value-added niche steel and its products at its Hazira facility where it has so far invested about INR 37,000 crore as per reports. Currently, ESIL manufactures about 30% value added steel out of its total capacity of 10 million tonne per annum at Hazira.

Dr M Venkatraman senior VP and Head R&D, Product Development and Applications Engineering said that "We would now gradually shift our focus to utilize 70% of Hazira's capacity to manufacture special steel for defence-related requirements in the next three to five years."

Mr. Venkatraman said that "India currently imports more than one lakh tons of steel annually to meet various defence-related requirements. ESIL's shift in emphasis would help make India self reliant, save on precious foreign currency and also enter potential export market."

He added, "Essar Steel has developed ultra-strength steel, known as Quenched and Tempered special alloy plates for battle tanks and other applications. This prompted the



Defence Metallurgical Research Laboratory Hyderabad, put in a major order with ESIL to develop special QT plates for use in the latest version of battle tanks. Essar Steel's focus areas include requirements of the Navy, like submarines and warships, as also aircraft carriers."

He also said that "Besides defence, India is set to witness increased demand for value-

added special steel in sectors like space research, mining dumpers, earthmovers, infrastructure development and nuclear and wind power energy. The overall demand for these sectors is likely to be about 2 million tonne per annum to 3 million tonne per annum in the next 10 years."