

## Essar Steel to Set Up Steel Fabrication Unit In Indore



**E**ssar Steel and Hypermart CEO and managing director Ravi Singh recently said that his company will set up a steel fabrication unit in Indore.

"The investment estimation of the unit is being worked out", he said adding that major contribution from his company would be high-tensile steel supply to Jabalpur

Ordnance Factory. On being asked about his firm's expansion plans in Madhya Pradesh, Singh said that his company invested Rs 40 crore in the state. He added that there was a need for improvement of infrastructure in MP adding that the state has an advantage of being strategically located and can easily reach out to market in neighbouring states.

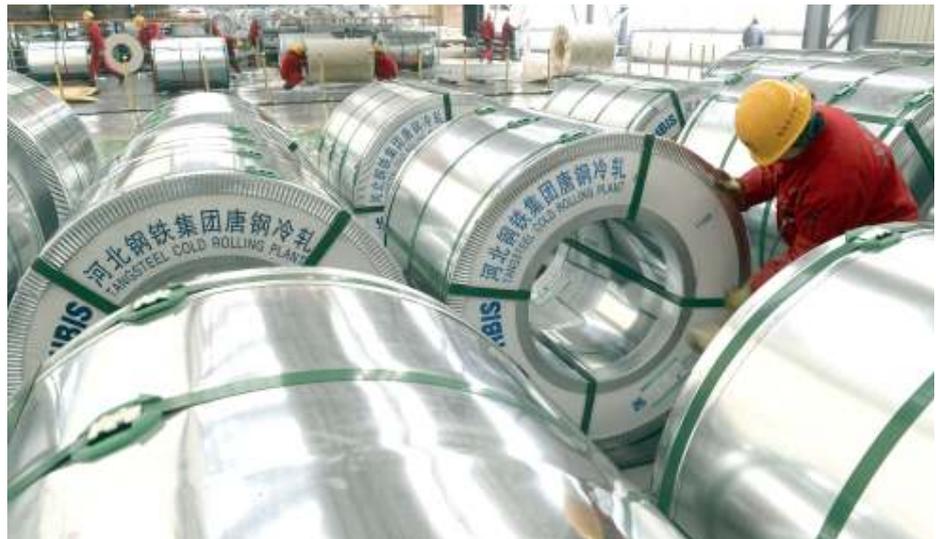
The Essar CEO said that Narendra Modi-led government provided a conducive atmosphere for development of industries in the country. "After early 1990s, the process of liberalization had almost gone into a lull, but after NDA government took over, the prime minister has kick-started the process by infusing new vigour in industries," he said.

## Indian Steel Makers Urge Govt. to Look into Dumping

Indian steel imports have doubled in the past six months, impacting domestic manufacturers and related businesses. As such the Indian association of steel manufacturers has approached the finance and steel ministries to look into the increasing dumping of steel by foreign players. According to the data released by the commerce ministry, the monthly steel imports have been over 1 million tonnes for the last few months and are rising.

"The rate at which the steel is being dumped in India, makes the Indian steel manufacturing unviable. Not only is the quantity of imports huge but also the price at which they are dumping is unviable. Their cost of sale is our cost of production," said an official of Indian Steel association (ISA). For instance, the landed price of China hot rolled coil is \$420 or Rs 26,000 per tonne which is the cost for the Indian manufacturers.

Companies exporting steel to India include those from China, Japan and South Korea. Lately, Russian and the Ukrainian companies have joined them. A slowdown in China has resulted in higher unutilised steel capacity, which has resulted in Chinese manufacturers dumping steel in India. The Chinese have unutilised capacity of close to 150 million tonnes, which compares with India's annual steel production of 85 million tonnes. Similar is the case with Russia and Ukraine. Japanese and Korean companies enjoy free trade agreement benefits with



India. "Duty structure in India is very weak unlike in the US and Europe. It is not easy to dump steel there at any tariff. Without a proper structure, the sustainability and viability of Indian steel industry is questionable," said another official of ISA.

The Indian Steel Association comprises all the leading steel manufacturers including Tata Steel, SAIL, JSW Steel and Jindal Steel. Some of these manufacturers had seen a huge earnings growth from exports in the second half of FY14 and first half of FY15 after the rupee had fallen sharply against the dollar making Indian players more competitive.

However, the relative strength of Russian, Chinese and Japanese currencies weakening

against rupee over the past few months have given foreign players the cost advantage.

The stocks of the domestic steel manufacturers have fallen by 10-26% over the past six months. To keep the production high and recover the fixed costs, the domestic steel manufacturers have taken several rate cuts across products over the past year.

The largest iron ore producer NMDC has taken three rate cuts within a year. At the same time a spokesperson of Tata Steel said, "We have already made a presentation to the ministries. Now, it depends on the government to do what it feels is appropriate."