

Steelworld

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Editorial Desk

Dear Readers,

The slow down in the user industries and non availability of vital inputs like iron ore and coal has put Indian iron and steel sector on back foot. Many plants are operating far below their installed capacity and bottom line is getting destroyed. The expansion programs, Greenfield as well as brownfield, are halted and promoters are adopting a policy of 'wait and watch'. The iron ore issue started surfacing since all the Karnataka mines were ordered closure by the Supreme Court and only NMDC was allowed to operate. As we all know, Karnataka mines were one of the major source of iron ore not only for the big steel plants but also for mini plants and sponge iron units spread over the states like Karnataka, Chhattisgarh, Odisha, Jharkhand etc. All these units are under tremendous stress and many units are closed for the want of raw materials. I do agree that the environmental norms have to be strictly followed but at the same time the fortune of a core sector like steel cannot be compromised. It will have the cascading effect on the whole economy and that is exactly what we are witnessing today. We know that mining being a concurrent issue can become quite complicated at times and the interpretations can be confusing and even contradictory. Indian government has to intervene to find a solution and that too very fast so the further destruction can be avoided. The coal block allotment has also stopped due to irregularities and corruption charges by the opposition parties. This has also hit the steel sector very badly.

Another important issue is the market stagnation. The two most important user sectors, infrastructure and auto, are not growing and this is a very big concern for the steel industry. Infrastructure needs stimulus and trigger from the government in terms of finance and funds allotment which is missing at present. Auto industry needs soft interest rates and a growing economic climate to facilitate vehicle sale.

The experts are also divided as far as interpretation and prediction is concerned. Some feel that this is start of a long recession while others feel that this is temporary phenomenon and by second half of 2013, the situation will be normalized. Let's hope the situation comes to normal soon and the industry starts growing again!

D. A. Chandekar

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