Take Decision on transitional Period of Mines by 28th Feb : Centre to Odisha

9th February 2015 – Posted by Tapan Moharana (info@steelmint.com)

Centre asks Odisha govt to take decision on transitional period of mines by 28th Feb.

Bhubaneswar : The deadlock between the Odisha and the union government on the mining ordinance is remain unsolved as the union mines ministry has asked the state government to taken decision on the transitional period of the mines by 28th of this month.

In a letter to the Odisha government, Mr. Naresh Kumar, joint secretary, Ministry of mines has asked the state to take a decision on the traditional period of mines as per the sub section 5 and 6 of the Section 8A of the Mines and Minerals (development and regulation) Amendment Ordinance 2015 by 28th of this month.

The sub-section 5 of the ordinance say "the period of lease granted before the date of commencement of the Ordinance where mineral is used for captive purpose will be extended and be deemed to have been extended upto a period till 31st March 2030." Similarly, the sub-section 6 of the ordinance say "the period of lease granted before the date of commencement of the Ordinance where mineral is used for non-captive purpose will be extended and be deemed to have been extended upto a period till 31st March 2020".

There are 18 leading iron ore and Manganese mines are closed following a SC order since May last year.

Odisha favors auction route

On the other hand the Odisha government has once again reiterated its stand in favor of auction route. Odisha chief Ministry Naveen Pattnaik Sunday said that the no further extension should be given to mining leases that have completed 50 years and should be allocated afresh through the auction route.

Mr. Patnaik said that State Government is deeply disappointed with some of the provisions in the recent Ordinance on the MMDR Act. While is does provide for auction of mines, the provisions of deemed extension under Section 8A severely restricts the number of leases that can come up for auction during the next five years, he pointed out.

India : Odisha Govt mounts pressure to increase Iron Ore Dispatches; Prices may fall further
9th February, 2015 – Posted by SteelMint Admin

Sharp fall in collection of mining revenues due to closure of some key mines in the state, the Odisha government has asked operational mines to increase dispatches, which is turn will fetch them royalty.

Joda, one of the key Iron Ore producing circles in Odisha, has a dispatch shortfall of 3..49 MnT from the non-captive mines in January, 2015. The Iron ore dispatch limit for January has been fixed at 4.53 MnT for January. However, only 1.03 MnT has been dispatched.

In Jan'15, the Center government has approved a proposal of Odisha government to increase Iron ore output of two miners by 16.56 MnT pa.

Two miners benefited by the decisions were Rungta (two mines) and Serajuddin (one mining lease). Runga Mines now have the environment clearance (EC) to extract 6 MnT additional Iron ore per year from existing clearance of upto 3.5 MnT. While, Serajuddin can now extract 15.15 MnT Iron ore a year against 4.5 MnT approved capacity.

Odisha Miners cut Iron Ore Prices by upto 38% in last 4 Months; may fall further

Odisha based miners have already cut Iron ore prices to an extent of 38% in last 4 months in order to increase dispatches. However, sources mentioned that buying is still subdued on the backdrop of falling steel prices in the domestic and global market. If buying remains weak, further price cut can be expected in coming weeks.

Rungta Mines (Odisha) Iron ore prices

Size (mm)	Grade(Fe%)	Prices			
		Feb'15	Jan'15	Dec'14	Nov'14
5-18	65	5,850	6,350	7,300	7,700
5-18	63	5,550	6,050	7,000	7,400
10-30	65	5,200	5,700	6,650	7,050
10-30	63	4,800	5,300	6,250	6,650
Blue Dust/Fines	63	2,400	2,700	3,600	3,900

Prices in INR/MT
Prices are on FoR siding basis; including royalty
Source :SteelMint Research

Odisha based Companies refuse to lift Iron Ore Allotted under 50:50 Rule by State Government

State based companies refuse to lift Iron Ore allotted to them under 50:50 rule set by the state government. Steel manufacturers blamed that prices fixed are way too high that current market prices. Also, most of the manufacturers show disinterest in paying a bank guarantee of 10% to the state government.

India auto industry awaits a sustained demand revival - SIAM

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Society of Indian Automobile Manufacturers has announced the performance of Indian auto makers during January 2015

Production
The industry produced a total of 1,976,270 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in January 2015 as against 1,937,489 in January 2014, registering a growth of 2.00% over the same month last year.

Domestic Sales
The sales of Passenger Vehicles grew by 3.62% in April to January 2015 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 4.79% and 5.58% respectively, while Vans declined by (-) 12.15% in April-January 2015 over the same period last year.

The overall Commercial Vehicles segment registered a de-growth of (-) 4.60% in April-January 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 12.91% and Light Commercial Vehicles declined by (-) 12.42%.

Three Wheelers sales grew by 13.63% in April-January 2015 over the same period last year. Passenger Carriers and Goods Carriers grew by 15.14% and 7.27% respectively in April-January 2015 over April-January 2014.

Two Wheelers sales registered growth of 9.97% in April-January 2015 over April-January 2014. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 27.42%, 4.34% and 6.38% respectively in April-January 2015 over April-January 2014.

Exports
In April-January 2015, overall automobile exports grew by 19.40% over the same period last year. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 6.66%, 14.73%, 18.98% and 23.30% respectively during April-January 2015 over the same period last year.

Source - Strategic Research Institute, Steel Guru

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India consumed 3.5pct of steel against last year

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Mr Sushim Banerjee DG of INSDGA in his personal capacity recently wrote for Financial Express that higher steel consumption is long believed to be the barometer of industrial growth in the country, while Indian industry has grown by 2.2% in the first eight months of the current fiscal, consumption of steel went up by 1.3% during the period.

He wrote “Taking into account the next two months, India has consumed around 3.5% more of steel against last year and, therefore, expectedly the IIP for the same period (to be known by the next month) must also reflect a higher growth. Now with the change of the base year, the inclusion of new sets of industries would lead to reporting of higher volumes of output than captured so long. Unfortunately, this growth story has a weak link that is not palatable to the growth of Indian economy.”

He added “A 3.5% growth in steel consumption was achieved through 5.3% growth in indigenous steel production for sale and 61% hike in imports of steel. The consumption growth could have been higher, but for a four times rise in inventories due to subdued demand. The rise in import volume has penetrated into the market share of a few major steel producers.

Currently, steel imports constitute around 12% of total consumption. This is approximately 4% more compared to what it was in last year. The decline in market share of major producers (SAIL, TATA, JSW, Essar, JSPL) is the direct outcome of rise in imports.

From customers' point of view, the imported steel available at a cheaper rate and otherwise satisfying the quality parameters at their end is always preferred. Industrial production deprived of the contribution from basic industries can make it up by higher output of the end products industries catered to by the customers of imported steel.

While the country collects higher customs duties by increased steel imports, it loses excise duties and other indirect tax revenues by cut in domestic steel production, lower income and employment opportunities by the people associated with it. The banks' NPAs go up due to inability of domestic producers to pay back loans in time. The Railways and road transport earn less revenue due to poor movement of raw materials and finished products, much more than increased movement of imported steel.

It is possible to attach values to each of these aspects and quantify the cost benefit analysis of higher imports of steel. Similar exercise in other countries have shown that in totality an import led consumption growth has a disastrous impact on the existing players in terms of economic margin, long-term prospects and viability.

India needs to make up its huge deficit of infrastructure, be it in rails, roads, urban facilities, ports, airways, oil and gas, irrigation or communication. The dream of 100 smart cities can be fulfilled only by strengthening the domestic industry that is capable of supplying basic ingredients in a cost-effective and efficient manner.

While Indian steel industry is genuinely seized with the threat of rising imports that is in turn facilitating the excess capacities in other steel producing countries like China, Japan, South Korea and CIS to get a regular outlet in Indian market, the industry must take care of the procurement cost at the customers' end, match the quality parameters of imports and improve other non-pricing factors.

Source - Financial Express