VITAL INDUSTRY UPDATES - 03/09/2015

Mixed Impact of Strike on Ports in Mumbai

Operations at Mumbai Port Trust were completely stopped due to the national strike today, but cargo handling at country's largest container port JNPT across the harbour was only partially hit as operations continued in its two private terminals. "Both NSICT-DP World and GTI-APM Terminals are working as normal and the liquid terminal is also unaffected. For the container terminal operated by us, we had prepared a contingency plan and offloaded all the cargo in advance itself," JNPT chairman Neeraj Bansal told PTI. He said around 1,400 workers at the port, a majority of them handling operations at its own terminal, have not reported to work today while 300 officers are at port. The port is hoping that workers will join midway through the second shift, as the single day strike ends, Bansal said, adding that in the worst scenario, he does not expect an impact in cargo handling of over 2,000 standard container units because of the strike.

India seeks WTO members' views on steel import norm

India has sought comments from World Trade Organisation (WTO) members on the Steel Ministry's proposal to make it mandatory for certain grades of stainless steel sold in the country to have quality certification from the Bureau of Indian Standards (BIS).

"Since the move could potentially slow down imports and also impact the quantities of steel imported, it is important to give a chance to exporting countries to voice their concerns and see if the relevant ones could be addressed," a government official told *BusinessLine*.

Members have been given two months to respond. The proposal will be implemented three months after it is adopted, but no decision has been taken on its adoption.

Under the proposed order, it will be mandatory for manufacturers of identified stainless steel products, mostly used for making utensils and kitchenware, to obtain a valid licence from the BIS for use of the standard mark before starting regular production of such items. Imported steel products also have to conform to the specified standards.

"Upgrading the quality of the stainless steel products for protection of human health and safety," is the rationale given by India for the proposed move in its WTO submission.

The bigger reason, however, maybe to control import of cheap steel. Since BIS will be issuing the licences for use of its standard mark, it is possible to impose some sort of indirect control on indiscriminate imports.

Causing concern

Possible delays by BIS in granting quality certifications could be a cause for concern for exporting countries and they may want to discuss the issue with India.

Last fiscal, steel imports into India grew 71 per cent to 9.32 million tonnes from the previous year. For the same period, India exported just 5.5 mt. The domestic steel industry has been complaining about sub-standard steel, priced cheaply, being imported into the country eating into the business.

"Asking WTO members for comments is an opportunity for countries to articulate their view normally before the measure comes in. We can have a look at their concerns and see if there is any need to change the measure," said Abhijit Das of the Centre for WTO Studies.

Since the quality requirements are the same for both domestic and imported steel, India is not in violation of the 'national treatment' clause of the WTO, which

states that foreign companies cannot be discriminated against vis-à-vis local companies.

“Considering the extremely strategic applications of stainless steel, the quality control order, if enacted, will go a long way in securing the interest of the domestic consumers. It will also benefit the public at large, considering the fact that we are exposed to stainless steel in one form or the other in all walks of life,” said NC Mathur of the Indian Stainless Steel Development Association, in an official statement.

Telangana eyes Iron Ore mines in Orissa and Chhattisgarh

Telangana is looking at acquiring iron ore mines in Orissa and Chhattisgarh to ensure adequate quantity of iron ore reserves in its possession in a bid to guarantee viability of the proposed integrated steel project of Steel Authority of IndiaBSE 3.23 % (SAIL). The move comes weeks after the state-owned steel giant expressed its inability to set up the proposed integrated steel project in Bayyaram region of Telangana in the proposed configurations, citing inadequate availability of quantum and .. and quality of iron ore reserves.

SAILBSE 3.23 % was asked by the union government to consider setting up an integrated steel project of at least 3 million tonnes involving an investment of around Rs 30,000 crore as promised under the Andhra Pradesh state Reorganisation Act 2014. A task force appointed by the union steel ministry had submitted its report claiming that the proposed project was financially unviable with the proposed configurations.

"The Telangana government was disappointed with the report of the steel ministry's task force on the viability of the proposed integrated steel project, the

first to come up in the state," a Telangana bureaucrat told ET. "At a recent meeting held by the state mines minister T Harish Rao, the state gov ernment has decided to explore opportunities to acquire iron ore mines in Orissa and Chhattisgarh, including obtaining lease," said the bureaucrat. If successful, this would become the first such acquisition of iron ore mines by Telangana outside the state limits.

Earlier, through its state mineral development corporation, Telangana had a coal block in Madhya Pradesh that got deallocated through a Supreme Court order. "Harish Rao has also directed the officials to explore optimum incentives and concessions from the union government to make the proposed integrated steel project of SAIL at Bayyaram financially viable," said the bureaucrat.

The then managing director of Telangana state industrial infrastructure corporation, Jayesh Ranjan, told ET in April that the SAIL representatives had sought significant incentives from state and union gov ernments to help improve the internal rate of return (IRR) to around 17% from the estimated IRR of less than 11% to turn the project financially viable. The incentives sought by SAIL included rebates in excise and income tax from centre, and reimbursement of VAT and power and investment subsidies from the state.

Rashtriya Chemicals and Fertilizers to invest around Rs 14,000 crore over next five years

State-run Rashtriya Chemicals and FertilizersBSE 1.53 % Ltd (RCF) today said it will invest around Rs 14,000 crore over the next five years for expansion and charting a growth path for the public sector unit.

"We are investing around Rs 14,000 crore for expansion plans over the next five

years, which includes expanding our urea capacity at Thal unit (Raigad district) at a cost of Rs 5,458 crore and fertiliser complex at Talcher (Odisha) for Rs 8,000 crore," RCF Chairman and Managing Director R G Rajan told reporters here.

"We are expanding the capacity of urea at Thal by setting up one single stream ammonia plant of 2200 MTPD capacity and another plant of 3850 MTPD capacity at the existing site.

"The company has already received pre-PIB (Public Investment Board) clearance. We now expect PIB and Cabinet clearance in the next 3-4 months period, Rajan said, adding that the project is expected to go on stream by 2018.

RCF along with Coal India, GAIL (India) and Fertilizer Corporation of India (FCIL) is contemplating to set up a fertilizer complex at Talcher comprising 2200 MTPD ammonia plant, 3850 MTPD urea plant through coal gasification route. This project will utilize state-of-the-art coal gasification technology. The pre-project activities are under way, he said.

The `mini ratna' PSU is also putting up a sewage treatment plant (STP) at Trombay (Mumbai).

Recognising the need of sufficient water supply for its Trombay plant operations, RCF has lined up a contract to set up a new STP adjacent to the existing plant at a cost of Rs 198 crore, Rajan said.

A part of treated water will be supplied to BPCL, which will share the financial cost of the project, which will be commissioned in October 2016, the CMD said.