



VITAL INDUSTRY UPDATES - 20/08/2015

Coastal shipping gets boost

Coastal shipping in India got a boost with India's largest logistics company in the private sector All Cargo Logistics acquiring two additional vessels aggregating 24000 DWT for its coastal shipping business. Their vessels are in the range of DWT 6000 MT to 12,000 MT. Today cargo tonnage carried by coastal shipping accounts for seven per cent of the approximately 48.5 million tonnes carried as on June 2015. "We foresee that with innovative solutions designed specifically as per the cargo, this number will be much higher in coming years, said Capt. Ashok Shrivastava, the chief executive officer of Allcargo Shipping. Coastal shipping will immensely benefit companies operating within India, because it is the most cost effective, time efficient and is a large capacity mode of transportation said. "It is estimated that about 2 per cent of road and about 1 per cent of rail cargo is moving annually to coastal," he said. With India's 7,000 odd kms of coastline, coastal shipping will provide new ways to design and operate logistics and supply chain function, to make it more seamless.

Raising import duty on aluminium products tricky'

The Centre on Wednesday said the demand by primary producers to raise import duty is "tricky" as the move will help the bigger players — Hindalco, Balco, Nalco and Vedanta — but may hurt smaller firms that import scrap.

The Ministry of Mines is reviewing the case for increasing import duty on aluminium and has met with both primary producers as well as small companies who import aluminium scrap for various purposes.

"On one side there are firms who are importing scrap. On the other hand primary players — Hindalco, Vedanta, Balco and Nalco — who tell us to raise the import



duty on Aluminium. “But if we increase it then the firms who import scrap will be adversely affected,” said Mines Secretary Balwinder Kumar.

He added the ministry is monitoring the situation and reviewing the demand of both the groups.

“It is a tricky situation. So there are conflicting interests. We had a meeting with the primary producers and asked them to provide us their results of the first quarter of this fiscal so that we can accordingly decide.”

Mozambique seen as vital source for coal, gas

The Prime Minister, Mr Narendra Modi, has said that in areas of hydrocarbons, minerals and infrastructure Mozambique is important with regard to investments from India, according to reports.

After a recent meeting with Mr Filipe Nyusi, President of Mozambique, the Prime Minister said the African nation can be a significant source of natural gas, coal and other minerals that are vital for India’s growth. It also offers huge opportunities in the agriculture sector, reports added.

Mr Modi said, "I am pleased that Indian investments in these sectors have grown significantly in recent years. Mozambique hosts nearly 25 per cent of Indian investments in Africa and our trade has multiplied five times in the last five years."



The two countries have also agreed to explore ways to speed up the implementation of power supply projects in Maputo, Mozambique's capital, which are being funded by India's line of credit, it is learnt.

Urea imports surge 29 per cent to 21.43 lakh tonnes in April-July

India's urea imports has increased by 29 per cent to 21.43 lakh tonnes (LT) in the first four months of the current financial year.

Urea imports during the April-July period last year was 16.65 lakh tonnes, according to an official data.

Government imports urea for direct agricultural use to bridge gap between assessed demand and the local production.

Urea is imported through state trading enterprises -- STC, MMTCBSE -1.20 % and IPL.

India also imports urea from Oman India Fertiliser Company (Omifco) under a long-term urea offtake agreement between the government and the company.

India's annual urea demand is about 300 LT while the domestic production has stayed stagnant at 220 LT. The rest is met through imports.

Urea is a controlled commodity in India as it is imported by the government itself. The soil nutrient's maximum retail price is fixed at Rs 5,360 per tonne, and the difference between the cost of production and the retail price is paid as subsidy to the manufacturers.



Raising import duty on aluminium products **'tricky': Mines Ministry**

The government today said the demand by primary producers to raise import duty is a "tricky" case as the move will help the bigger players -- Hindalco, Balco, Nalco and Vedanta -- but may hurt smaller firms that import scrap.

The Ministry is reviewing the case for increasing import duty on aluminium and has met with both the primary producers as well as the small companies who import aluminium scrap for various purposes.

"In this case there are two things. On one side there are firms who are importing scrap. On the other hand primary players are only four -- Hindalco, Vedanta, Balco and Nalco -- who tell us to raise the import duty on Aluminium.

"But if we increase it then the firms who import scrap will be adversely affected. They have also come to us and said that import duty should not be increased as it will adversely impact them," Mines Secretary Balwinder Kumar told PTI.

He added that the ministry is monitoring the situation and reviewing the demand of both the groups.

It is a tricky situation. So there are conflicting interests. We had a meeting with the primary producers and asked them to provide us their results of the first quarter of this fiscal so that we can accordingly decide.



"So that we can see what view the ministry has to take. We are awaiting response from the primary metal manufacturers. So we have to see how we have to balance this," Kumar said.

Primary producers are urging the government to raise the basic customs duty on aluminium as they are being adversely affected due to cheap imports from China, Middle East.

Last month in Bhubaneswar, Kumar said: "Aluminium sector is... undergoing stressful situation. And we are requesting the finance ministry to take up certain issues which are required to protect the domestic aluminium industry."

As per the data from industry body Aluminium Association of India in last three years, LME (London Metal Exchange) prices have come down by 35 per cent to USD 1,660 per tonne in June, 2015 from a peak of USD 2,555 a tonne in June 2011.

Total imports to India have grown by more than 159 per cent to 1,563 kilo tonnes (KT) in 2015 as against import of 881 KT in 2011, mainly from China and Middle-Eastern nations.

This has led to imports accounting for 56 per cent of Indian aluminium consumption in 2014-15, while products of Indian producers account for only 44 per cent.

China, which possesses more than 50 per cent of world's aluminium production, is now exporting over 20 per cent of its products and their exports to India have surged by 200 per cent in 2014-15 fiscal compared to 2010-11.

To capture global markets and gain competitive edge over its rivals, China offers its companies indirect subsidies like power tariff discounts of around USD 200 a



tonne to aluminium smelters, 13 per cent value added tax rebate on exports and favourable terms of credit.

