



VITAL INDUSTRY UPDATES - 30/07/2015

Coal stocks at ports decline by 6.5 pc to 13.36 mt

A survey conducted by a shipbroker has revealed that coal stocks at India's 16 key ports declined by 6.5 per cent week-on-week to 13.36 million tonnes (mt) as of July 24, sources said.

The survey was conducted at New Mangalore Port, Tuticorin Port, Kakinada port, Paradip Port, Kandla Port, Gangavaram port, Visakhapatnam Port, Krishnapatnam port, Muldwarka port, Bhavnagar port, Pipavav Port, Mormugao Port, Haldia Port, Magdalla port, Hazira port and Dahej port.

While stocks of thermal coal dropped by 7 per cent week-on-week to 10.83 mt, coking coal was down by 4.1 per cent to 2.51 mt. On the other hand, stocks of anthracite coal rose by 2.9 per cent week-on-week to 25,000 mt.

The highest total coal stocks were recorded in Paradip Port at 2.81 mt, down by 1.7 per cent week-on-week. Paradip Port also had the highest coking coal stocks at 1.16 mt, down by 4.2 per cent, sources added.

Kandla Port had the highest thermal coal stocks as of July 24 at 2.55 mt, which was down by 12.9 per cent week-on-week, it is learnt.

Government targets auctions of 120 greenfield mines this fiscal

The Modi government is aiming to conclude auctions for 120 greenfield mines bearing major minerals by the end of this financial year in two phases, the first of which is expected to start in October.



The Centre is betting that this will revive the moribund mining sector, which contracted for three years in a row between 2011-12 and 2013-14 and grew at a marginal 1.4 per cent in 2014-15. The sector has been caught in a crossfire of scams, court judgments cancelling leases and uncertain environmental norms, forcing India Inc to import critical raw material such as iron ore. States including Odisha, Gujarat and Chhattisgarh are competing to be first off the block in the auctions for the mines, which will be allotted to the highest bidder under a new law cleared by Parliament in March.

"We are helping and facilitating the states in the process and believe around 120 mines would be ready for auction this financial year," Mines Secretary Balvinder Kumar told ET. "Many states are at the threshold and have begun surveys to mark out boundaries and fix the reserve price for individual mines."

The Modi government has assigned top priority to expediting mineral auctions to be undertaken by the states. Kumar, who took charge at the ministry earlier this month, has visited seven states to set the ball rolling.

"By next month, I would have covered all states with significant mineral resources," he said. "The states and Centre are on the same page about the auction rules and tender documents...now everything is clear. We are moving fast in this direction... the trend (in the sector) will change once these mines start operating."

Rajasthan has identified 61 mines of different minerals for the first set of auctions, followed by Chhattisgarh (21), Odisha (16), Jharkhand (10) and Gujarat (six).

While most of the mines are for iron ore, bauxite, dolomite and limestone,



Rajasthan is also expected to bid out a gold mine. By next month, the government will have a rough estimate of how much mineral wealth could be unlocked from these mines.

Most states have engaged merchant banker SBI Capital Markets and Nagpur-based public sector firm Mineral Exploration Corporation Ltd to conduct the auctions, based on an advisory from the Centre.

To expedite the process, the Union Mines ministry has shared geological exploration reports for these untapped mineral riches with the states free of cost, marking a departure from the past, when such data was sold at a high price.

Mining in Goa may resume in October: CM Laxmikant Parsekar

Mining may resume in Goa in October after a gap of nearly three years, Chief Minister Laxmikant Parsekar told the legislative assembly on Wednesday.

"The state government lifted the temporary ban on iron and manganese ore mining in the state on January 15, 2015. Since all assistance is given by the state government, mining might resume from October, 2015," Parsekar said in a written reply.

Mining in Goa was stopped both by the state and the central governments in 2012 following a Rs.35,000 crore illegal mining scam which was unearthed by a judicial commission appointed by the union mines ministry.



The Supreme Court banned all mining activity in the same year.

The ban was lifted last year, but mining still could not restart because of pending green clearances.

Indian steel consumption likely to grow 7% on higher economic activity: E&Y report

India's steel consumption is expected to grow by 7 per cent in FY16 on the back of higher economic activity against a 2 per cent growth in consumption last year, according to E&Y's 'Global Steel 2015-16', a report that analyses the global steel sector. At the same time steel supply is expected to increase by around 10 per cent in FY16, though demand is not expected to grow in tandem. As a result, capacity utilization may fall below 78 per cent, the report said. To add to steel industry woes, the trend of rising steel imports into India is expected to continue in FY16 adding to the overall situation where imports had shown an increase of 71 per cent year on year in FY15. However, the quantum of imports may vary depending upon whether India raises its import duty on steel products. In the 12th Five Year Plan, the Indian government intends to invest about \$ 1 trillion in the infrastructure sector. This increased focus on infrastructure development bodes well for incremental steel demand in India, the E&Y report said.

Steelmakers around the world will have to find the right balance between globalisation and customisation, the report said. Anjani Agarwal, E&Y's Global Steel Leader said: "Globalisation is forcing change on steelmaking companies worldwide, amidst their need to customise and they must achieve the fine balance to survive and succeed." For this the sector will have to undergo significant change to create and retain value and turn profitable . It noted four key areas of transformation for steel companies around the world --Rationalise



excess capacity, Increase market and product concentration, Boost Market Competitiveness and Embrace Digital. The latter would be in the form of predictive analytics, digital supply chain and convergence of IT and operational technology to develop differentiation and improve decision making and resilience to risk.

The report also said that given price volatility in raw materials, steelmakers are changing their strategies around fixing steel product prices. "Most companies have been reviewing product prices either on monthly or fortnightly basis but now companies are thinking of reviewing it daily. For instance, JSW SteelBSE 2.17 % in India has started a daily review of product prices for long products. The company believes that in the current dynamic market, it does not make sense to review prices once and hold them for a certain period of time," it said.

