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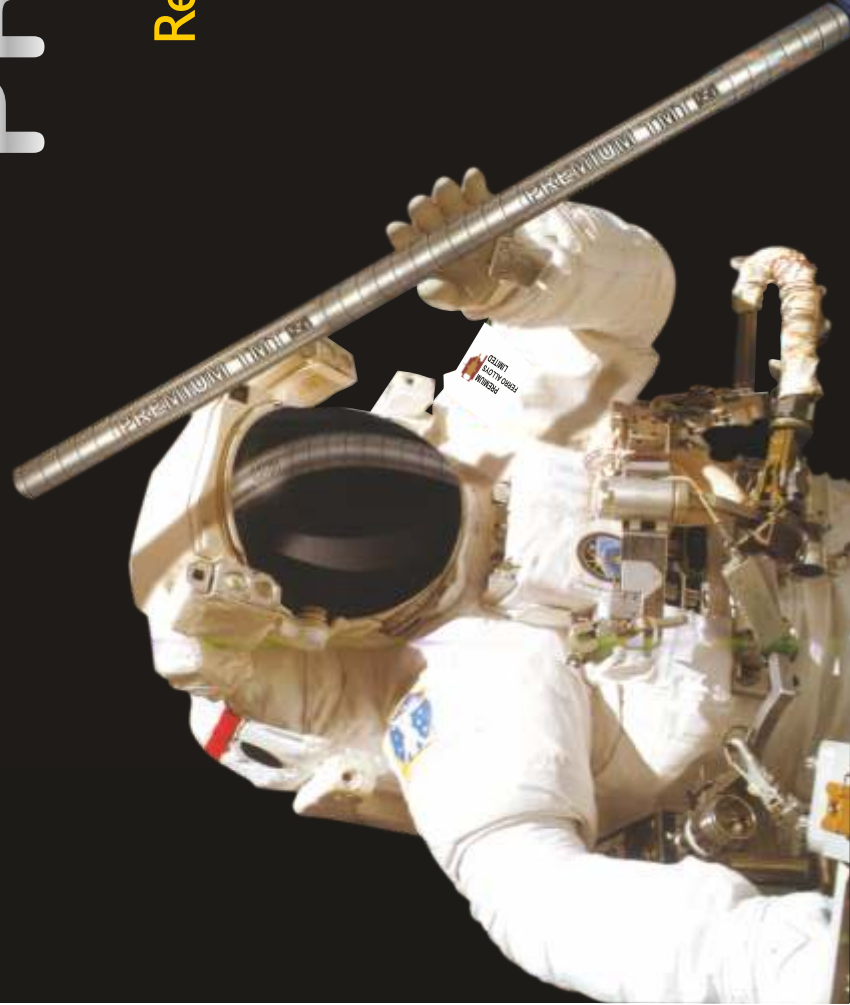
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ENVIRONMENT FRIENDLY STEEL

Impact of COVID-19 Second Wave on IF Melting & Down Size Processing Units

Kamal Aggarwal
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Introduction: Steel plays a vital role in the modern world establishing itself as one of the most important materials for building, infrastructure, engineering and manufacturing activities creating opportunities for innovative solutions in other sectors and employment. The metal is indispensable in research and development projects around the world.

Induction furnace steel making units in India, like major and main steel producers, continued to face muted demand leading to suppressed steel prices in the Covid pandemic situation continuing for more than a year. Besides, they also face problems of supply chain related issues like availability of workforce, scrap, oxygen and other various inputs in making steel as well as logistics movement. Small and medium-sized enterprises form a sizable chunk of India's total steel production of about 110 million tones. The domestic secondary steel industry contributes nearly 56-58% per cent to the total production of steel and alloy steel in the country in which induction furnace units alone contribute 50% of production.

IF units numbering more than thousands across the country face the brunt of the Corona virus pandemic, clouds of concern gets cast over India's total steel production affecting economic growth in worst ways. The secondary steel sectors produce steel, the worst suffer, through the electrical route either from arc furnace or induction furnaces unlike the primary steel producers who use blast furnace and basic oxygen furnaces to make steel. It may be seen from the table, whereas Indian steel production units though started improving their performance from July/ August of 2020 getting necessary supports from Govt. but from April onwards, situation gradually worsening and indication of improvement is hardly noticed.

The government has proposed disbanding import taxes on steel to aid MSMEs, which has been hit hard by the surge in cost of raw materials amid the second wave of Covid-19, bringing it to zero or net zero levels. IF units under MSME form one of the major pillars of the Indian economy is an established fact due to their immense contribution to employment, national income, and exports and unfortunately, their contribution in terms of innovations is hardly measured at the national level, and therefore, goes largely unnoticed. The unexpected engulfing of the global economy by Corona virus jolted the Indian economy from under performance of IF units.

Main problem to the units are high cost of input and power. The Covid-19 first wave in March- May/June 2020 gave an unprecedented blow to this vibrant sector which got accustomed to emerge and work continuously under constraints/challenges of various kinds like accessing finance in the right quantity and at the right time, attracting and retaining qualified workforce, penetrating regional, national and international markets and

timely Govt. supports. The emergence of the Covid-19 Second wave (SW) is equally unexpected, for which the IF units were ill-prepared, as it had hardly recovered from the blow received from the first wave.

Continued uncertainty about the availability of raw materials, frequent revision of price posing problem to the units for quoting price to their customers or re-processing units as such many units have slowed down or cut down their production. Even as the Indian economy has started showing signs of revival, the 30%–35% increase in the prices — coupled with scarce supply of raw materials, steel products in particular — has dampened the mood and severely affected the recovery of many units. Further, units cannot take decision for modernization by setting up equipment for developing new products/ grades because of the investments that are needed.

While government spending has increased in the last two months, most orders are still being quoted at the old rates. MSMEs that are supplying to some of the public sector units suffer nearly a 30% loss. Funds flow has not streamlined after the lockdown in many units. Unscrupulous traders are demanding higher prices and 100% advance payment from micro and small enterprises.

Crisis in Secondary Steel Sector created by COVID-19: Govt. Depts have issued directives in a way that Indian steel producers are to revive production realigning oxygen supplies from the medical sector, with the easing of the country's Covid-19 crisis, to certain industrial sectors including the steel industry. The Ministry of commerce has given permission as directive for specified quantities of oxygen supplies to continuous process industries/plants such as steel melting furnaces, refineries, steel/ aluminium and copper processing plants, subject to ensuring adequate supplies for medical purposes.

Concerns over manpower and labor are continuing as many migrant workers left the industry to return home during the first lockdown, with reports of a similar exodus from some states this time. However, labor shortage is not expected unless the situation worsens in the coming months. Most of the IF units are now more adept and suited to dealing with the lockdown conditions and norms and many issues faced in March and April 2020 may not be expected to be repeated this time around as management s have taken actions in line.

Scrap is the only feed stock in electrical steel making process but sourcing scrap has become too difficult issue for COVID as activities in scrap collection, demolition/ breaking and transport of the same have become problems to steel making units. However, management shave to take initiatives and action in line in coming out of such situation. Main crisis in IF units are stated below: .

1. Manpower Availability: The second wave of Covid-19 like first wave has made a devastating impact on the steel making units in SME sector in India. This is so despite its known merits such as flexibility, adaptability, simple organizational structure, effective internal communication between owner, employees, etc. However, national and cross-country data suggest that relative to large firms, SMEs have lower productivity and wage levels, more often comprising obsolete technology and unskilled or semi-skilled labor, and therefore more vulnerable to supply and demand shocks. Covid-19 FW and SW both have, precisely, generated supply as well as demand shocks to SMEs. A description of these shocks is appropriate to understand the complexity of the problems encountered by Indian SMEs. Plant

management of some mini steel plants have arranged for stay of workers in essential areas of the plant arranging their food also. Further, workers staying closer to the plant are managing to perform their activities in the plant getting support from management. .

2. Ferrous Scrap - Major Raw Material for IF: Global steel demand was growing at faster rate over the years, but affected in worst way due to COVID 19. The nearly unprecedented interruptions to global economic activity caused by COVID-19 unmistakably affected the construction and demolition sectors. The scrap metal market also coped with abrupt interruptions, and those changes consequently moved through the supply chain. Governments in some parts of the world—recognizing the value and current scarcity of scrap—began to impose or propose banning the export of scrap metals. The United Arab Emirates placed such a ban on ferrous scrap in mid-May, and South Africa banned the export of both ferrous and most nonferrous scrap metals starting in mid-July 2020.

All the scrap that is available to the steel industry is used repeatedly to create new steel. Recycled steel maintains the inherent properties of the original steel and the quality can also be improved on recycling. Electric furnace steel making routes Steel making except than scrap is being released from the pool of 'steel in use'. All scrap currently collected is recycled. As such there is only limited scope to increase scrap availability. Any future increase in availability will be drawn from the expected increase of post-consumer scrap availability. Steelmaking has two main metallic inputs: iron ore and recycled steel scrap. Around 70% of the total metallic input to steel production globally is derived from iron ore, with scrap making up the rest charge making in the traditional steel making process i.e. Blast Furnace + BOF route whereas 100 scrap or scrap substitute used in electric steel making.

India holds promising for worldwide scrap metal recycling businesses, Government plays a significant role to employ cutting-edge technology in the scrap recycling technology sector. In the COVID-19 era, steel scrap's industrial feedstock role has cast a spotlight on its value in a much wider supply chain. Demolition contractors see scrap iron and steel in projects related to dismantling and obsolescence. Once it crosses the scale at a scrap yard, however, the same material begins a new role as the first link in a supply chain vital to producing the shiny new cars and appliances populating automobile showrooms and retail stores across the country.

Scrap as a main source of raw material for electric furnace steel making and enhance the sustainability of the steel sector resulting into significant conservation of natural resources. Here, electrical energy is used to re-melt 100 % charges to make new steel products. Scrap plays a key role in suppressing industry emissions and resource consumption, every tone of scrap used for steel production avoids the emission of 1.5 tones of CO₂ and the consumption of 1.4 tonnes of iron ore, 740kg of coal and 120 kg of limestone from BOF route. "Scrap is a product of affluence,"

As the country and its economies chart paths to economic recovery in the wake of the virus, their ability to create enough discarded material to keep basic material supply chains intact will be one of the measures watched by economists.

Govt. of India has made Steel Scrap Recycling Policy aiming to reduce imports, conserve resources and save energy encouraging recycling industries. The country's steel scrap import currently is valued at about Rs 25,000 crore, while the deficit is to the tune of 7 MT. The policy aims to promote circular economy in the steel sector, besides promoting a formal and scientific way of collection, demolition/dismantling and processing activities for end of life products that are sources of recyclable ferrous scraps which will lead to resource conservation and energy savings setting up of an environmentally sound management system for handling ferrous scrap as suggested by Ministry of Steel which will ensure processing and recycling of products in an organized, safe and environment-friendly manner, besides evolving a responsive ecosystem and producing high quality ferrous scrap for quality steel production minimizing the dependency on imports.

The ripple effects of the COVID-19-related issues decline in scrap generation in the country because of slow rate of scrap collection, breaking/ demolition of the same, segregation and transport to induction furnace units affecting ferrous scrap market, even as steel units scaled back output dramatically leading to shortage of high-grade ferrous scrap in the country affecting production electric steel making process.

For demolition contractors, the appreciation for scrap iron in high places could lead to medium-term healthy pricing as economies rebound and try to recover from the COVID-19-related damage. China government has waged a high-profile campaign against imported scrap materials, steelmakers and trade associations have been taking measures to make imported ferrous scrap shipments more welcome by trying to have scrap reclassified from “waste” to a “resource.” Many steel units of China are increasing their EAF capacity, completely shutting down IF units are particularly eager to be able to bring in imported ferrous shredded scrap. Even some Chinese policy makers realize that it is more effective than importing iron ore because of economic issues as well as environmental issues in producing steel by electricity.

Entrepreneurs connected with steel industries may like to examine and explore possibility of setting up complete recycling unit closer to induction furnace steel making units in line with TATA' project of Rohtak. Hope, necessary supports from Govt. and Pollution Control Authority will be available complying Norms. However, End of life of equipments, vehicle etc should be strictly followed by the guide lines given by Govt. of India for Re-Cycling Process as part of Circular Economy. The pandemic situation has not only impacted the steel making units of more than the thousands of MSMEs across the country but has also taken its toll on their finances and many units were rebuffed when they approached banks for help.

3. Oxygen Crisis in IF Units : Steel production got impacted since the oxygen used in the making of steel and processing is getting diverted for medical usage but life cannot have less priority with rest to production, About 28 oxygen plants located in the steel plants of both public and private sectors are supplying about 1,500 tonnes of medical oxygen daily. A stock of 30,000 tones including the safety stock, is being made available for medical use as informed by the Ministry of Steel.

Oxygen helps increase the capacity and productivity of steel furnaces on growing scale in the steel industry. All the induction furnace units either have been kept closed or going to be closed for want of

Oxygen. PSUs & Pvt sector major and main steel plants are producing oxygen from their captive units. Impact on steel production, on account of the diversion of industrial oxygen towards fighting Covid or less production should be minimal enhancing the liquid oxygen production by the integrated players where capacity appears to be high. Further immediate setting up oxygen plant likely to overcome crisis created in induction furnace steel making units



4. Logistic Issues: Logistics firms, significant macro contributor to Indian economy by creating employment and generating foreign investment influx. It currently contributes more than \$200 billion to the economy and employs more than 40 million people. Which are involved in the movement, storage, and flow of raw material smis and finished steel products to desination have been directly affected by the COVID-19 pandemic. Logistics is an integral part of value chains, both within the state and country as well as across international borders, logistics firms facilitate trade and commerce helping total businesses chain in getting their products to suppliers, producers and customers. Therefore, supply chain disruptions to the sector caused severe impact on production, competitiveness of steel production chain, economic growth, and job creation. The Covid-19 pandemic has brought this business in the country and world to a standstill disrupting and debilitating entire industries in its wake. Indian mini steel plants are witnessing its share of the viral onslaught. However, this logistics industry has been on the frontline since the beginning of the unprecedented crisis, ensuring that the supply chains remain intact.

Use of Oxygen in Steel & Allied Industries: Oxygen is used for various purposes in steel industry. This includes the primary steelmaking processes (BOF, EOF etc.) and the secondary steelmaking processes (EAF & IFs). Presently the IF units in the country cannot function in absence of oxygen. In basic oxygen steel making, 99% pure oxygen is blown over the hot metal, igniting the carbon dissolved in the steel, to form carbon monoxide and carbon dioxide, causing the temperature to rise to about 1700 °C melting the scrap added in furnace, lowering carbon content of the molten iron transforming as steel and helps to remove unwanted chemical elements. In acid lined induction furnace and due to its shape, induction coil position, it is not advisable oxygen lancing which may damage the furnace.

Use of oxygen in critical areas of IF Melting Shop:,

1. Maintenance Activities in Furnace and other areas, The reaction between the oxygen and the metal actually creates additional energy in the form of heat, which supports the cutting process. Industrial applications include its very wide utilization with acetylene, hydrogen and other fuel gases for such purposes as metal cutting welding, hardening, scarfing, cleaning and dehydrating.
2. Spoon Preparation / Repair,
3. Scrap cutting of voluminous Heavy Melting Scrap at comparative low price procured and proper sizing needed for safe charging in IF,
4. Removal of ladle skull, frequent lancing of oxygen, Skull cutting and cleaning from furnace,, removal of lip jamming after tapping liquid steel,

5. Removal of any overflow liquid steel due to boiling in furnace,
6. Oxygen lancing with Argon/ Nitrogen maintaining ratios,
7. Oxygen is used in continuous casting linked up with IF adjusting billet/ bloom length.
8. In analytical lab, it is used in analysis instruments, in calibration of gas mixtures and in bomb calorimeter.
9. In rolling mill or forge shop, discard has to be given by use of oxy-cutting.

In induction furnace steel making unit few plants are linked up with AOD/ VOD units as secondary refining station for extensive decarburization of the melt transferred from IF to converter. .

Possibility of Setting up medium sized Oxygen Plant: With the shortage of oxygen in the hospitals due to the second wave of covid-19 in India, the government has temporarily stopped the supply of oxygen for industries which has led to a huge surge in the demand for oxygen in melt shop, manufacturing and engineering industries in the country. With both hospitals and industries facing a shortage of oxygen, the industrial production of oxygen has come to a central stage across the country. The government is advising oxygen manufacturers to scale up the production in order to meet the growing demand and ensure sufficient reserves. This crisis is also a great opportunity for new entrepreneurs to start the oxygen manufacturing plant, considering the current situation in the country.

In this context, entrepreneurs have to look at how to start an industrial/medical oxygen plant. Oxygen is generally produced in various ways in industries. However, two methods are widely used to produce oxygen with 99.7% purity following two easy and cheaper methods suitable for all kinds of industrial requirements generating oxygen e.g. medium size oxygen/nitrogen plants designed and manufactured with the latest cryogenic air separation technology, which is trusted as the most efficient technology for high rate of gas generation with high purity where world-class engineering expertise available to enable in building industrial gas systems in compliance with internationally approved manufacturing and designing standards. The needed equipment can be fabricated considering various variables including number of gaseous and liquid products to be produced, purity specifications, local environmental conditions and desired pressure delivery.

Applications of Oxygen in Industries:

- Steel Making, Shaping & Treating Process,
- Chemical Industry & Processing,
- Medical & Pharmaceutical Industry,
- Textile & Plastic Industry,
- Various Metal Processing & Manufacturing Industries.

The 27 nations of the European Union produced 42.8 percent more steel in April of this year compared with April 2020, and the North American continent enjoyed a 38.2 percent spike in output year on year.

The world's largest steel-producing nation, China, never really slowed down during its battle with COVID-19, but it, too, has boosted output this year. The nearly 375 million metric tons of steel made by Chinese mills in the

first four months of 2021 represent a rise of 15.8 percent in output compared with the same timeframe in 2020.

In terms of the amount produced in 2021, China has been the largest steel producer so far in 2021, far outpacing India in second place and Japan in third place. The United States and Russia round out the top five, with South Korea having produced about 2 million metric tons less than number five Russia.

Steelmakers around the world are enjoying nearly unprecedented high prices (accompanied by high ferrous scrap prices) and a surge in demand based upon the return of household consumers to some spending patterns and a reliance on infrastructure spending by some governments to stimulate their national economies.

Performance of Global Steel Leaders : The reporting of WSA on year wise production of leading countries with their global share and also in 2021 from Jan to April is shown in Table below the of leaders and also year wise production with % share . April 2021 performance represents 169.5 million metric tons a 23.3 percent increase compared with April 2020 producing 13.7 percent more steel compared with the first four months of 2020.

Year-Wise Performance of Leaders & Their Global Share						
Country(million tonnes)	2020	2019	2018	2017	2016	2015
China	1053	996.3	920	831.7	786.9	803.8
China's Share %	57.03	53.28	50.87	49.66	50.0	49.6
India	99.6	111.2	109.3	101.5	95.5	89.6
India's Share %	5.34	5.95	6.44	6.06	5.95	5.53
Japan	83.2	99.3	104.3	104.7	104.8	106.13
Japan's Share	4.5	5.3	5.77	6.3	6.5	6.55
World	1864	1869.9	1808.4	1674.8	1606.3	1620.4

Month-Wise Performance of Leaders in 2021 (Jan-April)				
Country(million tonnes)	Jan	Feb	Mar	Apr
China	90.2	83.0	94	97.9
India	10.0	9.1	10.0	8.3
Japan	7.9	7.5	8.3	7.8
US	6.5	6.3	7.1	6.9
World	163	150.2	169.2	169.5

India as second highest steel producer in the world has produced 37 million tons of steel in the first four months of this year, representing a 26.9 percent rise from the first four months of 2020.

Conclusion: Unexpected engulfing of the world economic scenario by first wave of Coronavirus jolted the Indian economy as well functioning of induction furnace steel making units and steel processing routes in India till mid 2020. However, timely continued Govt. support in various ways and providing financial packages along with efficiency of management, units started slowly improving production from zero level to about 50% level from mid June/ July 2020 which continued till Jan, 2021 but again second wave of corona virus pandemic situation could be felt from Feb 2021. The Covid-19 first wave and the national lockdown implemented to contain it during March-May 2020 gave an unprecedented blow to steel and other vibrant sector.

Under the able leadership of management, the production units had otherwise got accustomed to emerge and work continuously under various constraints/challenges of various kinds like proper planning of procurement, scheduling melting units on the basis of availability of raw material, sourcing of labor, essential items for production as well taking adequate healthcare educating workmen for human and equipment safety accessing and utilizing finance in the right quantity and at the right time, attracting and retaining qualified workforce, and penetrating regional, national and international markets.

The emergence of the COVID-19 Second wave is equally unexpected, for which the sector is ill-prepared, as it has hardly recovered from the blow received from the first wave. The second wave of Covid-19 is likely to make a devastating impact on the SME sector in India, which has become fragile due to the onslaught of Covid-19 first wave. Lockdowns imposed by the states in April and May to contain the second wave of the deadly COVID-19 pandemic has likely led to the economy contracting 12 per cent in the June quarter as against 23.9 per cent contraction in the same quarter in 2020.

Worst Affected Indian IF Units by Second Wave of COVID-19

*P. Mishra,
Sr. Exe. Director, AIIFA*

The second wave of the COVID-19 pandemic which struck India between the end of February 2021 and beginning of March continues unabated at alarming rate spiraling out of control creating helpless condition in civic life, economy and commercial activities in India. This sudden exposure from end of February created under-preparedness of management in induction furnace melting units like other production units. Further coupled with unprecedented health crisis all over the country, daily COVID-19 cases started to rise steadily since then and continuing till May, 2021. Secondary steel sector contributes about 58 per cent steel production in India in which more than 50% comes from induction furnace units but faced weak business climate in the first phase of Covid-19 but managed production somehow engaging man-machine-material to execute the orders in hand.

The second wave of COVID-19 has affected most of the countries in the world. This scenario is very grim in India where the daily count on April 15, 2021 itself is double of the first peak. The epidemic evolution there is quite complex due to regional in-homogeneities and virus spreading with dynamical evolution of epidemic from the beginning of the pandemic. Workmen are afraid of this situation and absenting from the work place.

It is a fact that Indian steel sector contributes more than 2 per cent of country's GDP employing more than 25 lakh people in steel/allied sectors having the country's one of the highest economic linkages in overall GDP playing a vital role as most important materials for construction, engineering and infrastructure also as enabler of a wide range of manufacturing activities. Indian steel industries create opportunities for innovative solutions in other sectors and is indispensable in research and development projects around the world. Indian steel industries, as a whole, like other industrial activities showed improvement from July/August, 2020 in the first phase of COVID-19 and continued till mid Feb, 2021 even with shortage of labors, non-availability of raw materials like scrap, ferro-alloys and other essential items needed in steel production .

Indian Induction Furnace steel industry in the capacity as SMEs form one of the major pillars of the Indian economy as established fact due to their immense contribution to national income meeting demand of domestic steel consuming industries like construction and infra-structure sector, automobile, defense and aero-space, railway and various engineering/ manufacturing industries as well as exports. Many times contribution of IF steel industry in secondary steel sector in terms of innovations and developments and cost-wise product quality are hardly viewed and given adequate importance for support at the national level and therefore, goes largely unnoticed and uncared.

Unexpected engulfing of the world economic scenario by first wave of Coronavirus jolted the Indian economy as well functioning of induction furnace steel making units and steel processing routes in India till mid 2020. However, timely continued Govt. support in various ways and providing financial packages along with efficiency of management, units started slowly improving production from zero level to about 50% level from mid June/ July 2020 which continued till Jan , 2021 but again second wave of corona virus pandemic situation could be felt from Feb 2021. The Covid-19 first wave and the national lockdown implemented to contain it during March-May 2020 gave an unprecedented blow to steel and other vibrant sector.

Under the able leadership of management, the production units had otherwise got accustomed to emerge and work continuously under various constraints/challenges of various kinds like proper planning of procurement, scheduling melting units on the basis of availability of raw material, sourcing of labor, essential items for production as well taking adequate healthcare educating workmen for human and equipment safety accessing and utilizing finance in the right quantity and at the right time, attracting and retaining qualified workforce, and penetrating regional, national and international markets.

The emergence of the COVID-19 Second wave is equally unexpected, for which the sector is ill-prepared, as it has hardly recovered from the blow received from the first wave. The second wave of Covid-19 is likely to make a devastating impact on the SME sector in India, which has become fragile due to the onslaught of Covid-19 first wave. This is so despite its known merits such as flexibility, adaptability, simple organizational structure,

effective internal communication between owner/ management and employees, etc. However, national and cross-country data suggest that relative to major and main steel plants, SMEs have lower productivity and wage levels, more often comprising obsolete technology and unskilled or semi-skilled labor, and therefore more vulnerable to supply and demand shocks. Both first and second wave of Covid-19 have, precisely, generated supply as well as demand shocks to SMEs. A description of these shocks is appropriate to understand the complexity of the problems encountered by Indian SMEs.

The sharp recovery in steel demand leading to higher prices has hit a hurdle with various State governments imposing fresh restrictions to tame the fast-spreading COVID-19. Though the government has not restricted manufacturing units, many small-scale units have been closed due to sharp fall in demand. Moreover, many migrant labors have left the industrial cities over fears of complete lockdown. Most of the induction furnace and related ancillary units, small manufacturing units have shut their shop due to non-availability of raw material and do not expect business to revive before June/ July, 2021 expecting huge loss in six month of 2021. Despite the rise of second wave of COVID infections across the country, the Central Government does not want to announce a stiff lockdown like before because it would have to announce a special financial package for small and medium enterprises. Steel demand has been hit as many forging, rolling, casting and engineering/ manufacturing industries have suspended production amid logistics issues.

Oxygen helps increase the capacity and productivity of steel furnaces on growing scale in the steel industry. It should be remembered high contribution level of IFs. All the induction furnace units either have been kept closed or going to be closed for want of Oxygen. PSUs & Pvt sectors the major and main steel plants are producing oxygen from their captive units. Impact on steel production, on account of the diversion of industrial oxygen towards fighting COVID or less production should be minimal enhancing the liquid oxygen production by the integrated players where capacity appears to be high. Further immediate setting up oxygen plant likely to overcome crisis created in induction furnace steel making units.

Scarcity of oxygen, used for various purposes in steel industry has almost forced IF units to close the plant as IF units in the country can not function in absence of oxygen as same is used for maintenance activities at different stages which support the cutting process. Sizing of scrap by cutting with oxygen and removal of scum and over flow steel removal from furnace and ladle are affected for want of oxygen. In induction furnace steel making unit few plants are linked up with AOD/ VOD units as secondary refining station for extensive decarburization of the melt transferred from IF to converter where oxygen and argon injection help in refining liquid steel. Such units are totally closed. Unless and until oxygen production by integrated plants is increased and new oxygen plants are set up at places, IF units can not overcome crisis.

STEEL SECTOR NEWS

June crude steel production may take a hit


Production: Production in June is likely to fall by more than 25% since most of the states were under lockdown and the oxygen issue has persisted. Smaller plants had to operate at limited capacity. Steel Mint estimates crude steel production to be in the range of 7-8 million tonne (mn t). Crude steel production in May'21 rose a marginal 2.4% to a provisional 8.5 million tonnes (mn t) in May'21, from 8.3mn t in Apr'21, on the back of easing of the oxygen issue.

Consumption: Steel Mint estimates a drop in demand for reasons related to lockdown, unavailability of labour, and lesser construction activities. Finished steel consumption dropped to 6.66mn t in May'21 from 6.78mn t in Apr'21.

Exports: It is expected that June will see 2 mnt tonne of exports. Mills have been high on exports. However, the last two weeks have seen a drop in overseas sales because of vessel unavailability. Two key tenders from two leading PSU mills hardly had takers. Vessel availability to China is a challenge. Steel Mint heard that billet cargoes that were headed for China had to be diverted to other countries because of lack of vessels and consequent high freight rates. The situation may ease but not immediately because vessels need directives from Chinese ports which may also impact June export numbers.

Imports: Not viable at present. Even imports of a common import item like API pipes, are seeing very subdued trends. Importers said that they are in wait-and-watch mode, waiting for a price correction.

In fact, some of them said they are willing to pay up in case the penalty clause is invoked. It may be noted that these players can be slapped with a penalty by the government if they delay commissioning of their projects. They said buying the rawmaterial at this cost is not viable. "We will make more losses. It is better to take the penalty clause and wait for prices to correct," said a pipes maker.

 **Prices:** A very high spread between rebar and HRCs was observed, reason being longs were more affected by the lockdown, because of stalled construction activities. Flats performed relatively better because of the support from the export market. Yes, there was a lockdown but to a certain extent the machines and OEMs were functional. So these were less affected and the price gap increased by an all-time high of INR 11,000/tonne in May'21.

Thus, in the first week of Jun'21, mills again raised HRC and CRC prices by INR 3,000-4,000/t for June deliveries to reduce the gap between international and domestic pricing. Recent offers for HRCs stand at INR 70,000-70,500/t, and for CRCs at INR 85,000-87,000/t, exy-Mumbai, excluding GST @ 18%. In Jul'20, these ruled at around INR 36,000/t and INR 41,000/t respectively. But in longs, despite cases coming down and lockdowns easing, labour is still absent in large numbers and construction will take some more time resume. Monsoon is also approaching so it is unlikely that demand will pick up in the month of June.



Inventory: May'21 inventory increased compared to Apr'21 at some mills since demand was weak. Mills were exporting but this was hampered due to vessel unavailability. Thus, inventory went up in May m-o-m but they were still at manageable levels.

Abundance of natural resources, human capital and aspirational population will help create a tech-enabled manufacturing ecosystem in eastern India, says Shri Dharmendra Pradhan

Minister of Steel & Petroleum and Natural Gas Shri Dharmendra Pradhan today addressed the webinar on “Making Eastern India a Manufacturing Hub with respect to metallurgical industries”, organised by Indian Institute of Metals. The Webinar was attended by the experts from the metals sector, officials of Ministry of Steel, and state government representatives.

Shri Pradhan, speaking on the occasion, said that Hon'ble Prime Minister Shri Narendra Modi is working on the mission to bring eastern India at par with other developed regions of the country. With a skilled human capital, abundance of natural resources and an aspirational population, eastern India is poised to create a tech-enabled manufacturing ecosystem. He said that very few nations are blessed with the abundance of natural resources as much as eastern India is. He spoke in detail about the Mission Purvodaya launched also in the steel sector and its potential to spur a new era of development in the eastern India. He also spoke about efforts made by the Government of India in giving boost to logistical infrastructure in the eastern India including inland waterways. Shri Pradhan spoke about the rich heritage of architecture, maritime economy and also industrial development in eastern India and said that time has come to reclaim that glory.

Speaking about sustainable development, Shri Pradhan said that development and ecology can co-exist. He spoke about the leadership provided by Shri Narendra Modi in moving towards a greener future for the world. He said that Governments need to promote industrial development along with sustainable development and policies have to be more people, business and environment friendly. He called upon Indian Institute of Metals to help create greener, cleaner and thus more sustainable products around 'green steel'.

Speaking about Industrial Revolution 4.0, he said that we must seize the opportunity and create new, innovative and sustainable business models.

Source: Press Information Bureau



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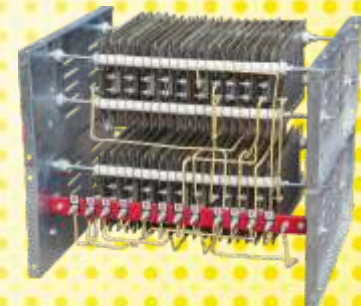
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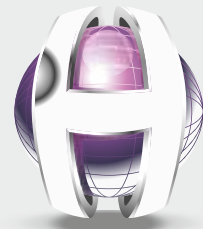


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(a directory of units producing steel through electrical route)

2020-21



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