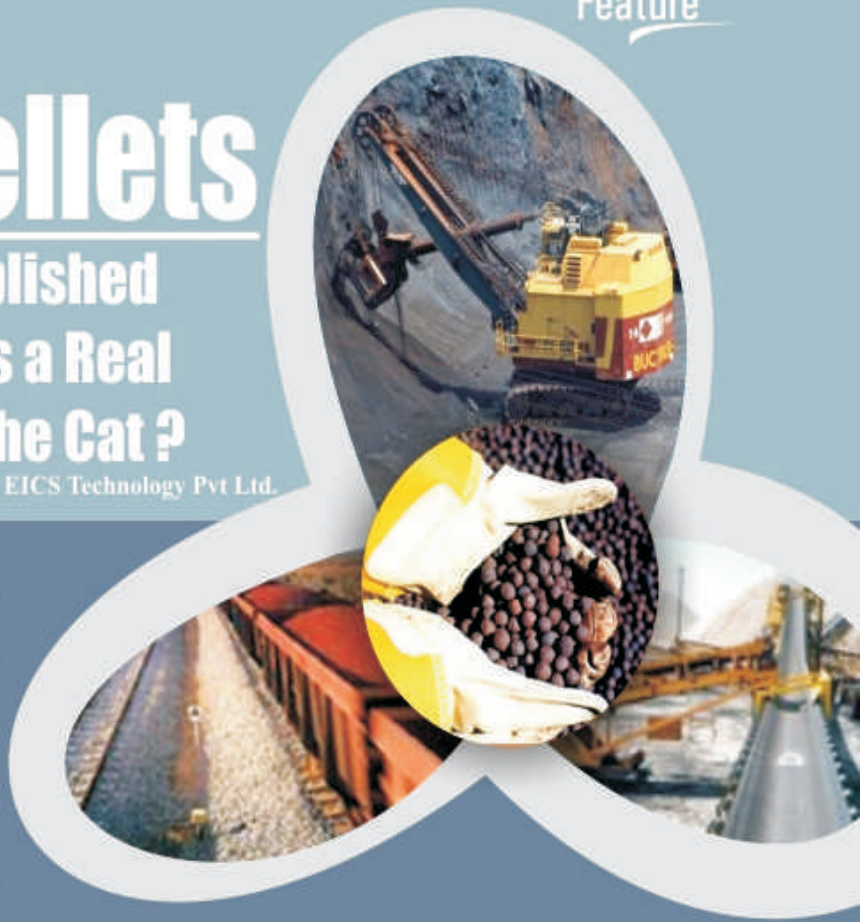


Iron Ore Pellets

The Dream not Accomplished by Indian Industry : It is a Real Story of who will Bell The Cat ?

- P.R.K. RAJU, Consultant - Technology Transfers, EICS Technology Pvt Ltd.

For the last two years we are talking about iron ore pelletization in almost all the steel or ore related seminars organized in our country including the SEMINAR organized by Steel Ministry, where I had also given my presentation. In the last two years more than 100 industrialists visited China to see the pellet plants and also to discuss with the suppliers. By seeing this Indian entrepreneurs interest in pellet plants more than 10 companies from China visited India and spend their time to manage Indian clients for booking the orders. Thinking there is a huge potential in this business few of the Chinese companies opened their offices in India.



What is the result ?

Most of the projects are taken shape only by big companies like SAIL, NMDC, RINL etc. This will not help the secondary steel segment which is also in need of iron ore pellets. If we see the secondary steel market many companies collected offers from Chinese companies, many companies waiting for clearances, many companies still waiting for some one to start. Till now iron ore pellets are not available in the market. But the requirement is huge, because all the sponge iron manufacturers are breaking their heads to procure iron ore with constant Fe content and without contamination. Most of the times they lose by paying transport for 20% contaminated iron ore, and also the cost of processing this 20% contaminated iron ore. Today the finished product price is very high, so many companies are absorbing the loss. If there is any slump in the market, who will sustain these losses?

Why projects are not concluded ?

Many solutions for this problem are discussed in detail in many conferences and seminars by many industrial experts. Most of the experts will speak about the high volumes, 0.3million tons to 3million tons per annum. The project cost will start from Rs.70 crores to Rs.700 crores which is beyond the capacity of the small scale steel manufacturers. Most of the conferences and seminars are also not answering the question of the production at small scale levels. There is no Design Institute in India which can support this type of new technologies. Most of the design

institutes are with Major Steel Makers which do not work for the small scale industries. This problem will be solved only when the technology is developed at small scale levels. This is possible only when Government support with necessary financial assistance for the few companies who are ready to take risk in getting the technology.

What are the advantages with this technology ?

For many years iron ore fines are exported thinking that they are environmental hazard if stored at mines. You should go and see the roads and railway stations through which these fines travel from mines to port then any one can understand what is real threat for the environment, if we export iron ore fines.

The problem of environment threat with iron ore fines can be solved only by converting them to Pellets and using in steel making.

Where is the road block ?

Almost every sponge iron unit in India today is dreaming for the iron ore pellet plant. But every one want to produce only what they need. This quantity will be 200tons per day to 600 tons per day needed by the sponge iron plants. This capacity is very small for any technology supplier. This is the first road block observed by discussing with many companies.

Many of the mine owners are interested to add value for the iron ore fines by converting them to pellets. But they are puzzled with many things like, first to tieup for technology or first to get all the necessary clearances from Government for starting the industry?

This question looks to be very simple, but on the ground it is very complex. Suppose the company finalized the project with technology supplier and pay advance, then get all the details and apply for MOEF clearance. The clearance will come after 10 to 12 months. After one year the project supplier will ask for 30% escalation on the contract value, with this raise of price the project viability is lost. The financial institution will not agree for any escalation. This is the second road block.

Suppose the company is ready to take all the risk to invest for the project, the questions not getting clear answers are :

- Who will supply the technology suitable for Hematite iron ore purchased from market which will vary in properties ?
- Who will give the guarantee for the performance of the equipment to produce pellets which will be suitable for sponge iron production ?
- Who will show the similar capacity plant running in India, to invest for the project ?
- Who will give the guarantee for producing the pellets, if not pay back all the money invested for the project ?
- Who will give the total project on EPC basis ?
- Most of the times technology supplier is asking only one source of iron ore to design the plant. If that source of iron ore exhaust in one year then what ?
- What is the minimum Fe content required to make pellets ?
- With out beneficiation pelletisation is possible ?
- What is the property which is critical to decide the design of the plant ?

This is the third road block for the pelletisation plants.

Having the highest reserves of iron ore in India, no mine owner is willing to give assurance to supply from any particular mine, if some company is ready to go for pelletisation plant with out mine support. This is the fourth road block.

If we start discussing like this there are many road blocks, which are not cleared by Government and there is no support for this industry from Public also.

What is the solution ?

Every problem will have the solution provided if there is commitment from the SUPPLIER and INVESTORS.

SUPPLIER of iron ore fines with assured quality and quantity.

INVESTOR should have the assured consumption and long term planning.

If NMDC, OMC, OMDC, APMDC or any other mineral development authority is ready to support this cause, starting the project is not a big task. These big PUBLIC LIMITED COMPANIES do not have the material for future projects. Every one is busy in supporting the exports directly or indirectly. Until the technology is developed and proved with one particular iron ore it is very difficult to develop for all the available sources. Instead of supporting one big project coming in millions of tons, if the suppliers support ten small capacity plants we can develop our own technology after completing the ten small plants. This will support the national requirements.

So there is a need for formulating the scheme to supply the iron ore from any one of the mineral development corporations to support the pelletisation technology. Otherwise the technology cannot be developed in India.

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