

Steelworld

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Editorial Desk

Dear Readers,

Last few years have seen the emergence of 'Mini Sponge Iron Industry' in India. Many small sponge iron units came up in states like Chattisgarh, Orissa, Karnataka and Jharkhand. India has today emerged as the biggest producer of sponge iron in the world, with sizeable contribution coming from these clusters. This growth in production has been propelled by the availability of high quality iron ore and non-coking coal in these states. The sponge iron industry is considered cyclical due to fluctuating prices in the market dictated by various factors like the scenario of Iron Ore availability and government policies. Many sponge iron units have gone for co-gen module and have started using the flue gases to generate power. Now, power generation has emerged as the prime activity for many steel business houses in this region and they have put up big capacity power plants. This strategy has worked extremely well and today though the sponge iron prices are quite down; these plants are surviving only on the money they make in power plants.

The industry today is faced with many issues such as India's Fe reserves, viability of integrated mini steel complexes and the importance of beneficiation, pelletisation etc. It is no longer considered viable to set up an isolated steel melting unit. It has to have ore processing, sponge making and a huge capacity power generation, which can not only run the steel plant but also supply power to other customers through the grid and give a sizable and stable income source to the organisation.

It is observed that the steel consumption is generally depressed in monsoon. This is because the construction and other industrial activities are down in this season, which directly affect the steel demand. Present slowdown in steel markets can be attributed to this phenomenon, which is expected to last until October. Fortunately, India is having good rains this year and this will give a boost to the economy overall. This will enhance buying power of the masses as well as translate into higher steel demand. Though the developed world is still struggling to get out of the clutches of the financial recession, Indian economy has done remarkably well in the last fiscal year and is expected to do still better in the present one!

D. A. Chandekar