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The Hindu.

Vishakapatnam. June 26. Hy-Grade pellets limited here has received the ISO 14001:1996 certification for its environmental management system from Germany`s TUV Certification.

A joint venture of Essar Steel and stemoor of the UK, Hy-Grade manufactures iron ore pellets, is currently on the expansion mode. An ore benefication plant in Bailadilla, a 267 km., long cross country pipeline from Bailadilla to Vishakapatanam.

Capacity of ore handling complex to be raised to 14 m tonnes VPT Chief

THE 27-Year-old 8-million tonne capacity iron ore handling complex at Vishakapatnam port will be developed in to a 14 million tonne capacity at an estimated cost of Rs 50 crore.

The project would commence once the Hige Grade Pellet Limited lay their proposed pipeline of 275 km from Bailadilla mines in Chattisgarh state to their plant at Vishakapattanam , Mr. S.R. Rao, Chairman , Vishakapattanam Port Trust told press persons. He said that the OHC had crossed the 10-million-tonne mark in iron ore handing.

Mr.Rao praised the efforts of all for the success.

During 1997, the Port used to pay a demurrage of Rs. 57 per tonne. That was reduced to 10 paise per tonne during 2000 and zere demmurage from 2001-02 on wards, Mr Rao said. He hoped that there would b e an additional 10 per cent increase in ore handing during 2003-04.

Vishakapattanam Port exports iron cargo to Japan, China and other S-E Asian count-ries

The Vizag Port is aiming at improving its container cargo substantially during 2003-04, Mr Tamilvanan , Deputy Chairman of the Vishaka Port Trust said.

He said that the container terminal was being developed by united Liner Agencies of India (P) Ltd and the Dubai Port Authority at a cost of Rs. 100 – crore.

The project is aimed at taking container cargo from the present level of 21,000 TEUs within a year.

Mr. Murali Mohana Rao , Plant Manager of OHC, Mr. Rama Raju, Chief mechanical Engineer, Ms.Y.Jayanthi, Dy. Director were present at the press meet.

Source: Exim news service.

NAUDU LAYS STONE FOR ESSAR’s PELLETISATION PLANT PHASE II.

Business Line

INTERNET

IDITION

Financial Daily

From THE HINDU group publications

Saturday, June 03, 2000

Naidu lays stone for stone for Essar’s pelletisation

Plant phase II

Our Bureau

VISAKHAPATNAM, June 2

**THE stage has been set for Hy-Grade pellets Ltd**

(HGPL) to launch work on the Rs. 1, 700-crore expansion of its iron ore pelletisation plant, with the Andhra Pradesh Chief minister, Mr. N. Chandrababu Naidu, laying the foundation stone for the phase II of the pellets complex here on Friday.

The 3.5 million tonne per annum (MTPA) capacity pellet complex, till recently owned by Essar Minerals, is new controlled by British major, Stemcor, with a 51 per cent holding. The expansion programme is aimed ata increasing the capacity of the plant to produce 7 mtpa of Direct Reduction (DR)-grade pellets, which constitute one of the key raw materials for steel-making.

The expansion programme, which after completion will make the company the largest producer of DR-grade pellets in the world, also includes a 267-km-long slurry pipeline facility to bring down iron ore from the Bailadilla mines in Madhya Pradesh to Vizag in slurry form. The will be the second biggest ore slurry pipeline in the world, after the 246-mile pipeline currently being operated by SAMARCO,a International, in Brazil.

Apart from the slurry pipeline, the expansion programme includes an 8 mtpa beneficiation plant at Bailadilla, which will produce high-quality DR-grade pellets with an iron content of 68.5 per cent.

HGPL has a dedicated market for 50 per cent of its pellet output with the Indian DRI producers, primarily Essar Steel, with the balance output being exported mostly to the Asian region. HGPL studies have estimated that the demand for pellets in the Asian, Middle East and Far East region at 36 mtpa, with the company being in a strategic position to export its products to these markets.

Speaking at the function, after laying the foundation stone Mr. Naidu sought to market Andhra Pradesh, inviting investors to the State. He pointed out in the current scenario of uniform taxation, it was only `good governa

nce` that would attract investments to the State. `In this regard, we regard confident that we can compete with any other State, ` he said, assuring investors that the State Government would do ``every thing possible`` to create the right investment climate.

Mr. Sashi Ruia, Chairman of the Essar group, said with the steel market firming up, the company will ``proceed in full steam`` with its expansion programme. He pointed out that after the expansion, the company will be earning a revenue in foreign exchange of Rs. 1400 crore.

GROUP HISTORY.

The Ruia family has been in business and in trading since the 1800s, when the family first moved to Mumbai from Rajasthan in Western India. In 1956, Nand Kishore Ruia, the group founder, moved south to Chennai to begin independent business activities. In 1969 following the untimely demise of Nand Kishore Ruia, his sons Shashi and Ravi Ruia took over the group. Essar’s growth had already begun with contracts for the construction of ports, jetties and berths. Over the next few years, Essar grew rapidly in the related fields of offshore construction, pipelaying, contract drilling and marine transportation.

From the beginning, the group was built on business at the heart of the Indian economy, often replacing foreign enterprises in such as an oil and gas services, construction or shipping. The year 1987 ma entry into the core manufacturing sector, as Essar Construction began to hot briquetted iron plant at Hazira. Over the next decade, it invested bil build a 2.4 mtpa steel mill and a 515 MW power plant at Hazaria, 3.pellestation plant at Vishakapattanam, a 400,000 tpa cold rolling mill in India a 12 mtpa oil refinery which is under construction at Vadinar, Gujarat.

PLANTS- VIZAG PELLET COMPLEX.

As part of a backward integration plan, Essar Steel has built a 3.3 MPTA iron ore pellestisation plant in Vishakapattanam, Andhra Pradesh, India with technical collaboration with Lurgi Gmbh of Germany. Even after meeting all the pellet requirements of Essar’s hot briquitted iron plant, half the pla nt’s production is marketed domestically and internationally. The plant’s proximityt to the South Korean and Japanese markets offers it a fright advantage over South American producers who also cater to these markets. The plant has an assured supply of iron ore from the Mines Madhya Pradesh, India, one of the richest iron ore deposits in the world.

Stemcor, a leading steel trading company from UK, bought 51% of the equity in the now called Hy-Pellets limited. The company is currently implementing an ex…. that includes an 8MTPA iron ore benefication plant and a 268 km slurry pipeline from Bailadilla to Vishakapattanam. Hy-grade pellets enjoys the following strategic advantage.

ESSAR.

Essar Construction Limited (ECL) is one of the India’s leading engineering procurement and Construction contractors. It has completed projects worth over Rs. 13,950 crore (US $ 3bn) and is currently implementing projects worth another Rs. 1200 crore ($ 255 mn). With over thirty years experience in a variety of areas such as Marine ( Breakwater, Jetties, Dredging, Under water Blasting etc.), Pipeline ( both on shore and offshore hydro carbon and water ), Civil works ( Canals, Syphones etc. ), Industrial Plants ( Power, Steel, Refinery), Intelligent Building and Express ways and High Ways. ECL is perfectly placed to execute almost any project. Its expertise is supported by excellent relationships with different international construction firms, a large base of the latest construction equipment and a skilled, experienced team of over 500 employees.

It operates to the highest standards of excellence and has won prestigious contracts from government agencies through local and international competitive bidding, meeting the stringent requirements of both the World Bank and the Asian Development Bank (ADB). ECL’s experience extends overseas, through projects in Indonesia, Sri Lanka and Qatar and in multilaterally funded marine and civil projects and pipelines.

**STEEL NEWS.**

Hy Grade Pellets To Go For Rs 1,000-crore Expansion.

In a bid to grab a larger pie of the steel market where demand is soaring Hy Grade Pellets Ltd (HGPL) – the 51:49 joint venture between Stemcor and the UK and Essar Steel Ltd – has chalked out an investment plan with around Rs. 1000 crore in the next two years.

The investment will include doubling of the JV’s pellet capacity at Vizag. But first, the company will set up a slurry pipeline project, which is expected to be completed by October this year (2004). The move comes in the wake of most steel companies adopting a cost-competitive strategy to boost productivity. The company will also set up a benefication plant ( for further removing impurities from iron ore

), which will produce the direct reduction grade of iron ore pellets, to increase its customer base.

In order to match the capacity of the slurry pipeline, HGPL has drawn up plans to double its pellet production capacity from 3.3 mtpa to 7 mtpa.

HGPL commercial director Matthew Stock, while confirming the development, told FE that the total cost of both the slurry pipeline and benefication projects is Rs 550 crore and will be financed partly through internal accruals and partly through debt.

**ANDHRA PRADESH.**

Hy-Grade Pellets gets ISO certificate.

Vishakapattanam, June 26, Hy-Grade pellets Limited here has received the

ISO 14001:1996 certification for its environmental management system from Germany’s TUV Certification.

A Joint venture company of Essar Steel Limited and Stemcor of the UK, Hy-Grade manufactures iron ore pellets, is currently on the expansion mode. An ore benefication plant at Bailadilla, a 267 km., long cross country pipeline from Bailadilla to Vishakapattanam.

Commissioned : January. 1977

Average Grade :+66% Fe

Original Reserve : 240 million tonnes

Present Reserve : 68.30 million tonnes (April, 04)

Product :Lump-150mm+ Fine-10 mm

CLO :10mmto 40mm(-31.5+6.3)

Capacity :6 million tonnes of ROM ore/year

Port of Export :Vizag outer harbour. Capable of handling ships upto 1,30,000 DWT

Rail Link to vizag :471 Kms.

No. of Employees :1728

* DPR was prepared by NMDC
* Built with largely indigenous know-how and equipment
* Has the biggest indigenously built gyratory crusher(60inch /89 inch)
* Longest conveyor system in mining in India with a single downhill conveyor of 2.5 km length passing through 2.2 km long tunnel with a gradient of 5 which was driven from both ends through difficult terrain and strata.
* A highly mechanised wet screening plant and facilities for stacking, reclaiming and loading (2500 t/hour) of lump ore into railway wagons. In 1987 mechanised handling system of reclamation and wagon loading of fine ore with a capacity of 2.8 million tonnes per annum was also added to meet the increasing demand of fimes in the steel industry. ISO 9002 certification awarded in February 2001.

Present reserve : Dep 10(NB) 41.95 million tonnes Dep 10(SB) 171.38 million tonnes Dep 11A 28.69 million tonnes

Product :Lump-150- + 10 mm;Fines -10 mm

Capacity : 5 million tonnes of ROM per annum

Rail Link to :471 kms

Vizag

**NMDC At A Glance**

Incorporated in 1958 as a fully Government of India owned public enterprise with the objective of developing all minerals other than coal, petroleum and atomic minerals.

Since inception involved in the exploration of wide range of minerals including iron ore, copper, rock phosphate, lime stone, dolomite, gypsum, bentonite, Inmagnesite, diamond, tin, tungsten, graphite, beach sands etc.

India’s single largest iron ore producer and exporter, presently producing 16.97 million tons of iron ore from 3 fully mechanised mines viz. Bailadilla Deposit-14/11C Bailadilla Deposit-5, and Donimalai Iron Ore Mines. Which awarded ISO 9002 certification.

Operating the only mechanised diamond mine in the country producing around 71, 163 carats at Panna. Strong back up of an ISO 9001 certified R&D centre, which has been declared as the ‘Centre of Excellence’ in the field of mineral processing by the Expert Group of UNIDO.

**Consistent profit making and dividend paying company.**

2003-2004(April 2003to March 2004) results:

Iron Ore production (L+F) 18.15 million tons

Iron Ore Despatch(1+F)20.83 million tons.

NMDC was established as a fully owned Government of India corporation in 1958 with the objective of developing all minerals other than coal, petroleum oil and atomic minerals. NMDC is under the administrative control of the Ministry of Steel & Mines, Department of Steel, Government of India. The corporation is presently operating three large mechanised iron ore mines-two in Chattisgarh known as Bailadila Deposit-14/11C and Bailadila Deposit-5 and the third at Donimalai in Bellary-Bellary- Hospet sector of Karnataka The Corporation is also operating the only mechanised diamond mine in the country at Panna in Madhya Pradesh. NMDC has made valuable and substantial contribution to the national efforts in the mineral sector during the last four decades and has been recently been accorded the states of schedule-A Public Sector Company by the GOI “Mini Ratna” in ‘A’ category in its categorisation of Public Enterprises.

The story of NMDC is woven around the dreamy hills and the deep jungle land of Bastar in Madhya Pradesh, known as Dandakaranya from the epic periods. The Bailadela iron ore range –“The hump of an ox” – in the local dialect, was remote,inaccessible and replete with wild life. The range contains 1200 million tonnes of high grade iron ore distributed in 14 deposits. The entire area was brought to the mainstream of civilisation by the spectacular effort of NMDC by the spectacular effort of NMDC by opening-up of mines. Today, Bailadila is a name to reckon with in the world iron ore market because of its super high grade iron ore. Bailadila complex possesses the world’s best grade of hard lumpy ore having +66% iron content, free from sulphur and other deleterious material and the best physical properties needed for steel making.

In the past, NMDC had developed many mines like Kiriburu, Meghataburu iroj ore mines in Bihar, Khetri Copper deposit in Rajasthan, Kudremukh Iron Ore Mine in Karnataka, Phosphate deposit in Mussorie, some of which were later handed over to other companies in public sector and others became independent companies.

NMDC is presently producing about 15.5 million tons of iron ore from its Bailadila dector mines and 4.50 million tons from Donimalai sector mine and about 86,000 carats of diamonds from panna project.

Because of its excellent chemical and metallurgical properties, the calibrated ore from Bailadilla deposits has substituted the iron ore pellets in sponge iron making and hence became an important raw material for three major gas-based sponge iron steel producers viz. Essar Steel, lspat Industries and Vikram lspat. In addition to these three, the entire requirement of the Vishakhapatnam Steel Plant is also being met from Bailadilla. After meeting the domestic requirement, the surplus ore from Bailadilla sector is being exported to Japan, South Korea and China through its canalising agent Viz. MMTC as per the policy of Government of India. The ore from Donimalai is being mostly exported as no domestic integrated steel plant has started operating based on this ore. It is expected that with the growth of domestic demand for this ore in the near future, major portion will go for domestic use. However, NMDC would continue to ne a major exporter of iron ore totalling core than 7 million tonnes per annum.

The demand for steel will continue to grow in the years to meme and this in turn would call for increased demand for iron ore. NMDC us gearing itself to meet the expected increase in demand by opening up new mines- Deposit-10&11A in Bailadila sector and Kumaraswamy in Donimalai sector and this would add in allowing the production capability to reach around 23 million tonnes per year.

INMDC is also diversifying into other raw materials for steel industry like Low Silica Lime Stone and Dead Burnt Magnetite. Low Silica Lime stone mine at Chawandia, Rajasthan has been developed and the operations have commenced. In association with JKMDC Ltd. A subsidiary NMDC. Phase-1 development of Panthal Magnesite project has commenced for production of raw magnesite. Action is on hand for finalising the process technology for production of Dead Burnt Magnestie/Calcined Magnesia/Fused Magnesia.

NMDC has taken over a Silica Silica sand mining and beneficiation project from Uttar Pradesh State Medical Development Corporation Ltd., The plant has been designed to produce high purity beneficiated silica sand of around 3000,000 tonnes per year which is a raw material for production of float/sheet glass.

With a view to capturing the opportunities now available following the Mini Ratana recognition and its expertise in the field of mineral exploration and mining, NMDC is venturing into development of high value minerals memorandum of understanding was like gold, diamond etc. as joint ventures in some of the African countries like Madagascar, Namibia, and Tanzania etc. A memorandum of understanding was signed with OMNIS of Madagascar for geological investigation of gold in that country and after preliminary reconnaissance a company NMDC SARL has been registered in Madagascar for undertaking detailed geological exploration.

Being a mining company having too deal with large quantity of solid waste generated during mining and processing, NMDC has been successful in locating and finalising the setting up of a Pig Iron& Steel plant based on utilisation of iron ore slimes being generated in ore processing in its Bailadilla Mines. This is going to be the first commercial plant based on Roget Process developed by Moscow Institute and it would be a precursor for total environment protection since all solid waste is going to be converted into useful product.

NMDC has set up a high-tech project in Vishakhapatnam for production of production of 6000 tons per annum of ultra pure ferric oxide from its resource of BLUE DUST which is high grade micro fines in iron ore deposit. This product would be suitable for making soft ferrite for electronics, television and other connected electronic industries. The plant will be commissioned shortly.

A memorandum of understanding has been signed between NMDC , Indian Rare Earths Ltd, (IRE) and Andhra Pradesh Mineral Development Corporation to establish a joint venture for the development of Bheemunipatnam Beach Sand. The project envisages mining of beach sands, setting up of mineral separation plant for limonite concentrator and a down stream value addition plant for conversion of laminate into Synthetic Retile/ TiO 2 slag/Tio 2 pigment with pig iron as by-product.

**8 TH FIVE YEAR PLAN (Vol-2).**

**INDUSTRY AND MINERALS.**

Seventh plan performance.

5.1.1. The Industrial policy Statement of July 22, 1991 has set out the broad outlines of the nation’s industrial policy in the near-term future. In many respects, it signifies a return to the 1956 Industrial Policy Resolution with only one major exception. Viz., the reduction of the industrial activities exclusively reserved for the public sector from 17 to 8 industries. Indian industry has developed a highly diversified structure, considerable entrepreneurship and a vastly expanded capital market. All this makes it possible for the public sector to vacate many area hitherto exclusively reserved for it and throw them open to private sector initiative. This will free scarce public resources for investment in priority sectors. Also, the new Policy emphasizes efficiency and surplus generating capability in the public sector, a large entrepreneurial and managerial freedom for both domestic private sector and foreign investment, a more open access to technology and greater reliance on the capital market for raising resources.

5.1.2. India stands totally committed to a policy of mixed economy as propounded by Nehru and other

fathers under which both the public sector and the private sector enterprises co-exist and function side by side. But both need to be efficient. It is this strong motive for inducting efficiency which has partial disinvestment of the shareholding in the public sector enterprises. The other consequence will be to free part of the public resources locked up in these enterprises. The other consequence well be to free part of the public resources locked up in these enterprises for deployment elsewhere where it is needed more.

5.1.3. There relatively open foreign investment policy has been dictated by the

Following considerations:-

1. A general awareness that foreign investment in India has been abysmally low and that the country has substantial absorptive capacity,
2. Realisation that foreign direct investment is less costly but core productive than investment is less costly but more productive than international non-confessional credit at commercial rate;
3. Knowledge that to a limited extent foreign direct investment can provide both balance of payment support and ensure the inflow of latest technology.

5.1.4 There is, however, no intention to permit foreign investment indiscriminately in all areas, but to welcome it selectively in desired or priority areas.

5.1.5 The Eighth plan starts against a backdrop of impressive industrial growth during the eighties, a rate which was higher than that achieved by the great majority of other nations. The average annual growth rate of the industrial sector including mining, manufacturing and electricity generation during the Seventh plan period was 8.5% which though marginally lower than targeted 8.7% was much higher than the 3.5% achieved during the Sixth plan.

5.1.6 The manufacturing sector which achieved an average annual growth rate of 8.9 per cent during the Seventh plan period contributed significantly to this higher growth rate in the economy. Within the manufacturing sector, manufacture of electrical machinery and chemical products achieved growth rates of 25.8% and 11.7% respectively. These two groups contributed about 61% of the industrial growth in the manufacturing sector.

5.1.7 Table 1 shows the average annual rate of growth recorded in 17 selected industry groups during the seventh plan period and 1990-91.

5.1.8 It will be seen that compared to the sixth plan, the seventh plan achieved higher annual growth rates in the manufacturing and electricity, sectors. The mining sector, however, witnessed (a substantial slow down in growth from 12.7’ cent in the sixth plan to 5.6 per cent in the Seventh plan. Among the major industry groups the annual growth rates of textile products, basic metals and alloys, metal products and parts, electrical machinery and appliances, and other manufacturing products accelerated during the seventh plan period, whereas those of beverages, tobacco and tobacco products, wood and wood products decelerated.

5.1.9 The significant growth in industrial production during the seventh plan is attributable to a number of factors, the most important being improvement in the performance of the infrastructure viz. power, coal etc. The other contributory factors were. (a) changes in the area of licensing and procedures; (b) import of technology; (c) higher import of capital goods;

(d) better utilisation of installed capacities; and

(e) allowing boradbanding of products in a number of industries. The Seventh Plan also witnessed a higher dose of liberalisation measures such as (i) raising the assets limit for exemption to companies from the purview of MRTP act;

(ii) exempting 83 industries under the MRTP Act for entry of dominant industries; (iii) grant of exemption from licensing for industrial units with an investment of upto Rs. 50 crores in backward areas and Rs. 15 crores in other areasa on the basis of a negfative list; and (iv) delicens-ing non-MRTP, non-FERA companies for 31 industry groups and MRTP/FERA Companies in backward areas for 72 industry groups.

**Performance of Central Public Sector Enterprises.**

5.1.10 As on 31.3.91 there were 246 Central Public Enterprises (PSEs) owned by the Government of India with a total investment of Rs. 113,234 crores. Out of these, 236 were operational enterprises with an employed capital of Rs. 101,702 cores and employee strength of 23.01 lakhs. Of these, 131 enterprises earned an overall net profit of Rs. 5731 crores during 1990-91 and 109 suffered a net loss of Rs. 3064 crores. The profitability profile of the PSEs overe the last decade is detailed in statement 5.1.

5.1.11. The performance of the Central Public Enterprises has been the subject of debate for some years now, and a number of Committees/working Groups have gone into the matter in detail. In the context of the role which the public sector is required to play in the prevailing environment, the Government has taken the following decisions;

i. Portfolio of public sector investment will be reviewed with a view to focussing the public sector on strategic, high-tech and essential infrastructure. Whereas some reservation for the public sector is being retained, there would be no bar on areas of exclusivity being opened up to the private sector selectively. Similarly, the public sector may also be allowed entry in areas not reserved for it.

ii. Public enterprises which are chronically sick and which are unlikely to be turned around will, for the formulation of revival/rehabilitation schemes, be referred to the Board for Industrial and Financial Reconstruction (BIFR), or other similar high level institutions created for the purpose. A social security rehabilitation packages.

1. In order to raise resources and encourage wider public participation, a part of the Government’s share-holding in the public sector would be mutual funds, financial institutions, general public and workers. This is also expected to bring in greater public accountability and help create a new culture in the working of PSEs and improve their operational efficiency.
2. Board of public sector companies would b e made more professional and given greater powers.
3. There will be a greater thrust on performance improvement through the Memorandum of Understanding (MOU) system through which management will be granted greater autonomy and held accountable. Technical expertise on the part of the Goverenment would b e up graded to make the MOU negotiations and implementation more effective.
4. To facilitate a fuller discussion on performance, the MOUs between the Government and the public enterprises will be placed in parliament. While focussing on major management issues, this will also help place matters on day to day operations of public enterprises in their correct perspective.

5.1.12 The implementation of these decisions has already started. During 1991-92, it was possible to mop up Rs. 3038 crores through disinvestment of equity of PSE. Similarly, the number of MOU signing companies is being gradually increased. In 1992-93, 120 PSEs are expected to sign MOUs. The Government has also established a National Renewal Fund to provide a social safety net to protect the workers from the adverse consequences of the technological transformation.

**State Level Public Enterprises**.

5.1.13 There are in all about 1100 State Level Public Enterprises (SLPEs) with an estimated investment of

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