



## IIF FOUNDRY BULLETIN

Issue No. 168, Dt. 1<sup>st</sup> March, 2016

**THEME OF THE YEAR "NURTURING MANUFACTURING"**

### BULLETIN SPONSORS



### IIF NEWS...

#### **AWARENESS CAMPAIGN on JICA MSME Energy Saving Project**

IIF Northern Region, Foundry Informatics Centre & Price Waterhouse Coopers (PwC) are jointly organizing "AWARENESS CAMPAIGN on JICA MSME Energy Saving Project "

The programme will focus on:-

- Energy Saving Opportunities in Foundries
- Some case studies
- JICA SIDBI Financing schemes for energy efficient equipment

Speakers have been invited from JICA (Japan International Cooperation Agency), SIDBI, PwC & MITCON.

**Date: March 5' 2016 (Saturday)**

Time: 6:00 pm onwards (Followed by Cocktails & Dinner)

Venue: India International Centre, Annexe, Max Mueller Marg, New Delhi 110003

Since there are limited seats, the registration is on first come first served basis. (The registration is complimentary for IIF Members).

Please send your confirmation at [fic@indianfoundry.org](mailto:fic@indianfoundry.org) asap but positively by 03-03-2016 to enable us to register your name on first come first served basis.

## Extracts of Budget 2016-17

### Impact of Custom Duty – Foundry Industry

IIF had taken up for reduction in the import duty on silica sand from 5% to Nil. We are pleased to inform that as per the notification 12/2016, the following amendments have been made in the budget:-

- The import duty on silica sand (25051011, 25051012 and 25051019) has now been reduced from 5% to 2.5%.
- The import duty on brass scrap (74020022) has also been reduced from 5% to 2.5%.

Please see the following web-link for key highlights of the Budget 2016-17

[http://foundryinfo-india.org/images/Union\\_Budget\\_2016-17.pdf](http://foundryinfo-india.org/images/Union_Budget_2016-17.pdf)

Some of the major points related to the industry are as below

### EDUCATION & SKILL DEVELOPMENT

- Allocation for skill development – 1804 crore.
- 1500 Multi Skill Training Institutes to be set-up
- National Board for Skill Development Certification to be setup in partnership with the industry and academia
- Entrepreneurship Education and Training through Massive Open Online
- Regulatory architecture to be provided to ten public and ten private institutions to emerge as world-class Teaching and Research Institutions
- Higher Education Financing Agency to be set-up with initial capital base of 1000 Crores

### INFRASTRUCTURE AND INVESTMENT

- Total outlay for infrastructure - 2,21,246 crore.
- Amendments to be made in Motor Vehicles Act to open up the road transport sector in the passenger segment
- Comprehensive plan, spanning next 15 to 20 years, to augment the investment in nuclear power generation to be drawn up.
- Steps to re-vitalise PPPs
- Guidelines for renegotiation of PPP Concession Agreements will be issued
- A new policy for management of Government investment in Public Sector Enterprises, including disinvestment and strategic sale approved.

### GOVERNANCE AND EASE OF DOING BUSINESS

- Bill for Targeted Delivery of Financial and Other Subsidies, Benefits and Services by using the Aadhar framework to be introduced.
- Amendments in Companies Act to improve enabling environment for start-ups.
- “Ek Bharat Shreshtha Bharat” programme will be launched to link States and Districts in an annual programme that connects people through exchanges in areas of language, trade, culture, travel and tourism.

### MAKE IN INDIA

- Changes in customs and excise duty rates on certain inputs to reduce costs and improve competitiveness of domestic industry.

### PROVIDING CERTAINTY IN TAXATION

- Committed to providing a stable and predictable taxation regime and reduce black money.
- 11 new benches of Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

### SIMPLIFICATION AND RATIONALIZATION OF TAXES

- Revision of return extended to Central Excise assesses.
- Customs Act to provide for deferred payment of customs duties for importers and exporters with proven track record.
- Customs Single Window Project to be implemented at major ports and airports starting from beginning of next financial year.

## CORPORATE TAX RATE PROPOSALS

- New manufacturing companies incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.
- Lower the corporate tax rate for the next financial year for relatively small enterprises i.e companies with turnover not exceeding 5 crore (in the financial year ending March 2015), to 29% plus surcharge and cess.

## OTHERS

- Increase the turnover limit under Presumptive taxation scheme under section 44AD of the Income Tax Act to 2 crores to bring big relief to a large number of assesseees in the MSME category.
- Krishi Kalyan Cess, @ 0.5% on all taxable services, w.e.f. 1 June 2016.

## MSME – Udyami Helpline

An Udyami Helpline (toll-free number 1800-180-6763) has been set up by the Ministry of MSME with an objective to provide information, support, guidance and assistance to first generation entrepreneurs as well as other existing entrepreneurs and to guide them regarding various promotional schemes of the Government, procedural formalities required for setting up and running of the enterprise and help them in accessing Bank credit etc.

The services of the helpline are available on all 365 days except the national holidays during 7am to 9pm. The queries can be made in English and Hindi languages. The services of helpline are also being utilized for collecting feedback from beneficiaries of training programmes being funded under the Assistance to Training Institutions (ATI) Scheme of the Ministry.

To make Udyami Helpline more useful to the needs of MSME sector, you may kindly send us your valuable comments/ suggestions on how to improve/ revamp the said helpline at [fic@indianfoundry.org](mailto:fic@indianfoundry.org) by 04.03.2016.

## Interview by CNN-IBN on “Make in India-Foundry Sector”

Please find below the web link of the Interview taken by CNN-IBN with MD, General Motors India followed by interview with MD, Nelcast Foundry on “Make in India- Foundry Sector”

Web Link: [https://www.youtube.com/watch?v=aLgPY\\_atz8k](https://www.youtube.com/watch?v=aLgPY_atz8k)

## Training Programme “Focus on Systematic Analysis of Casting Defects”

This program is for actual shop floor workers & foundry engineers. This may be also useful for Sourcing and Design Engineers. Please bring defective samples.

Contents of the Training Program:

- Types of defects
- Use of Macroscopic Examination such as Sulphur, Phosphorous and Oxide Printing.
- Metallographic Examination to confirm the exact defect & then remedial actions.
- All the defects will be discussed based on actual case studies.
- Solution to the samples brought well prepared condition by the delegates using under Microscope.

**Date** : Thursday March 03, 2016

**Time** : 8:45 am to 5:00 pm



## APPROX. MAJOR RAW MATERIAL PRICES...

ITEMS	Price 14.02.2016 Rs./Kg (Incl. Excise)	Price 21.02.2016 Rs./Kg (Incl. Excise)
Pig Iron	27.3	27.3
Melting Steel Scrap	20.0	20.3
CRCA Scrap	23.0	23.0
Copper Ingot	363	366
Aluminum Ingot	132	133

## NEWS HEADLINES...

- Indian Major Brass, Copper Scrap prices remain flat
- Indian major Aluminium Scrap and Futures prices soar on improved market sentiment
- Indian containerized Shredded Scrap import prices stay flat
- World scrap : Turkish prices up on supply fears/billet
- UK scrap market rising, rest of Europe sees increases
- LME copper, Aluminium rally on output news
- EU scrap reaching bottom, sources say
- Brazil pig iron export prices get first 2016 boost
- US Mn alloys: Up on higher consumer melt rates
- Chinese copper scrap prices tumbled on Index

## IN THE NEWS...

### Economic Survey 2016: India's exports may pick up from next fiscal

India's exports, which are in the negative zone since December 2014, are expected to start picking up from the next fiscal, Economy Survey said today. The survey, tabled in Parliament, also said that the continuance of low commodity prices globally augurs well for sustaining low trade and current account deficit.

"As such, while export slowdown may continue for a while before picking up in the next fiscal," it said. It said the global economic outlook has remained under the cloud of uncertainty for long, with periodic financial market turbulence and heightened risk aversion.

The recent bout of uncertainty owes to developments and concerns about China's growth, financial markets and currency, it said, adding that the spillovers are causing shocks in vulnerable economies. However, it added that India's external sector outcome continues to be strong and sustainable because of strong macroeconomic fundamentals and low commodity prices.

Exports dipped for the 14th month in a row, down 13.6 per cent in January to USD 21 billion due to fall in shipments of petroleum and engineering goods, although trade deficit showed improvement.

During April-January 2015-16, exports declined by 17.65 per cent to USD 217.67 billion, as against USD 264.32 billion in the same period previous fiscal. "Since the latter half of 2014, there has been a southward movement in the growth of exports from India and major countries of the world and export growth of different countries moves in tandem with the world economic situation," it added.

Further the survey said trade policy has focused on promoting exports and thereby moderate the levels of trade deficit. "The moderation in the levels of trade deficit had a salutary effect on sustaining the moderation in the overall balance-of-payments outcome in the current fiscal," it added.

Imports dipped by 15.46 per cent to USD 324.52 billion for the 10 months of this fiscal, leaving a trade deficit of USD 106.8 billion. The trade gap was USD 119.55 billion in April-January 2014-15.  
*Source: The Economic Times*

## **India Major Brass, Copper Scrap prices remain flat; MCX Copper slips on Chinese demand worries**

Major Indian brass and copper scrap prices remained flat on Thursday, while copper prices at India's Multi Commodity Exchange ended lower as worries about demand in top consumer China were reinforced by equity market losses in Shanghai, but output cuts to help balance the market limited the losses.

The major copper scrap commodities like ACR copper coil 3/8, copper armature, copper heavy scrap, copper mixed scrap, copper pat, copper sheet cutting, copper shell 40mm, copper super D.Rod, copper utensil scrap, copper wire bars, copper wire scrap and electrolytic copper strip 25mm showed a flat trend on Thursday.

However, the most active February copper contract on the India's Multi Commodity Exchange settled lower by 0.97% to Rs. 315 per kilogram on Thursday from previous close of Rs. 318.05 per kilogram. Copper futures at MCX touched an intra-day high of Rs. 319.75 per kilogram and an intra-day low of Rs. 314 per kilogram during Monday.

Copper demand growth in China slowed to about 2 percent last year and market expect a similar or lower number this year. Market estimate about 600,000 tons of mined copper output has already been axed and expect up to 200,000 tons of additional cuts this year, leaving the market more balanced.

## **Indian Aluminium Scrap prices remain stable; Norsk Hydro forecasts weaken Aluminium Futures**

India major aluminium scrap commodities prices remained stable on Tuesday, while aluminium futures prices at Multi Commodity Exchange weakened after Norsk Hydro cuts aluminium demand growth forecasts.

The major aluminium scrap commodities stayed stable on Scrap Register Price Index as on Tuesday. India's major scrap commodities like aluminium accessories scrap, aluminium cable scrap, aluminium ingots, aluminium rod company, aluminium rod local, aluminium scrap 6063, aluminium scrap taint/tabor, aluminium sheet cutting, aluminium utensil scrap, aluminium wire scrap showed a flat trend during the day.

The most active February aluminium contract on Multi Commodity Exchange settled lower by 1.8 % to Rs. 107 per kilogram on Tuesday from previous close of Rs. 108.90 per kilogram. The MXC aluminium prices touched an intra-day high of Rs. 109.50 per kilogram and an intra-day low of Rs. 106.60 per kilogram during Tuesday.

Norsk Hydro, one of the world's largest aluminium producers, cut its 2016 forecast for global demand growth to 3-4 percent from 4-5 percent, told last week. While a massive overhang of aluminium stocks, mostly due to rising Chinese production, is set to cap a tentative price recovery triggered by large output cuts.

Last year plummeting prices and squeezed margins led to production cuts of around 5.5 million tons with the bulk, about 4 million tons, in China.

## US scrap export volumes dropped 15% to hit 9-year lows in 2015

The recently released trade statistics indicate that US scrap export volumes dropped sharply by 15% during 2015 to touch the lowest level in nine years. The huge demand drop from Turkish buyers on account of increased purchases from EU sources and the use of cheap Chinese billets in place of scrap are considered as the key reasons behind the drastic fall in scrap exports by the country.

The exports of steel billets at lower prices from China dented the demand for steel scrap. Many Turkish steel mills stopped using scrap and switched to billets. Mills in the Middle East and Asian region too switched to cheaper billets. This led to drastic cut in global scrap trade volumes. For instance, Sims Metal Management reported almost 24% drop in scrap export volumes during the second half of 2015. The company has already decided to close nearly 10 of its facilities on account of drop in export volumes. It plans to either shutdown or sell more number of facilities during 2016.

The scrap market conditions are expected to remain worse through 2016, although billet-scrap price advantage has dropped slightly. However, scrap prices and export volumes are likely to remain subdued in 2016. The low demand for US scrap from overseas markets has kept the scrap prices under pressure, despite strong rebound in domestic scrap demand. The primary weakness in international scrap market is likely to persist.

The recent gains in iron ore prices have produced modest gains in scrap prices. This should lead to higher rebar prices going forward. However, gains in scrap prices will be limited and are unlikely to touch 2014 levels in at least the next few years. The HMS scrap prices are likely to remain in the range between \$150 and \$250 per short ton delivered US Midwest steel mill through 2018.

## INTERNATIONAL NEWS...

### Siempelkamp Downsizing Foundry, Scaling to Global Demand

Siempelkamp, a manufacturer of large forming presses, aims to shift a large share of its manufacturing activity from Germany to newer operations in China and the Czech Republic, in response to competitive forces in the industries it supplies, as well as to weakening demand in markets like Russia and Brazil. In 2016 and 2017, it will eliminate a total of 350 jobs in Germany.

However, the German engineering group emphasized its headquarters in Krefeld would remain "the heart and mind" of its organization. Siempelkamp Maschinen- und Anlagenbau GmbH develops technologies and manufactures machines for forging, rolling, and press forming operations. The Siempelkamp iron foundry at Krefeld casts large-scale components of those systems, as well as parts like turbine housings, nuclear-power casks and cask bodies, and marine diesel engine blocks.

In the past several years Siempelkamp expanded to new manufacturing locations in the Czech Republic and China, along with extending its sales and service network.

The new manufacturing site in Qingdao, China, started up in October 2015. It will be used "much more intensively" in the future to produce large-scale parts for press manufacturing, according to a release.

"We will produce where our customers are," emphasized Dr. Hans Fechner, managing director. "Furthermore, we will significantly expand our production facility in Blatnice, Czech Republic, in order to continue being able to produce at competitive prices in future."

## GOVERNMENT SCHEMES...

### Support for Entrepreneurial and Managerial Development of SMEs through Incubators under National Manufacturing Competitiveness Programme (NMCP)

The main objective of the scheme is to promote emerging technological and knowledge based innovative ventures that seek the nurturing of ideas from professionals beyond the traditional activities of Micro, Small & Medium Enterprises (MSMEs).

Such entrepreneurial ideas have to be fostered and developed in a supportive environment before they become attractive for venture capital. Hence the need arises for incubation centres: to promote and support untapped creativity of individual innovators and to assist them to become technology based entrepreneurs.

It also seeks to promote networking and forging of linkages with other SCHEME FOR SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT OF SMEs THROUGH INCUBATORS National Manufacturing Competitiveness Programme 8 constituents of the innovation chain for commercialization of their developments.

This initiative is now being taken up by the Ministry of MSME – the nodal Ministry for the development of entrepreneurship and creation of self-employment and more employment avenues.

For more details please visit the following link: <http://www.dcmsme.gov.in/schemes/Incubators10.pdf>

## UPCOMING EVENTS/ SEMINARS/EXHIBITIONS...

### Domestic

	From.: 6 <sup>th</sup> to 9 <sup>th</sup> April, 2016 Venue: Bangalore, Karnataka URL: <a href="http://www.diemouldindia.org/">http://www.diemouldindia.org/</a>
	From.: 10 <sup>th</sup> to 12 <sup>th</sup> August, 2016 Venue: Pragati Maidan, New Delhi URL: <a href="http://www.mmmm-expo.com/">http://www.mmmm-expo.com/</a>
 3-5 Feb • 2017 Eco Park • Kolkata • India	<b>65<sup>th</sup> IFC and IFEX 2017</b> From.: 3 <sup>rd</sup> to 5 <sup>th</sup> February, 2017 Venue: Eco Park, Kolkata URL: <a href="https://www.youtube.com/watch?v=WqQFQS4qFDc">https://www.youtube.com/watch?v=WqQFQS4qFDc</a>



## International

	From.: 16 <sup>th</sup> to 19 <sup>th</sup> April, 2016 Venue: MINNEAPOLIS, MINNESOTA URL: <a href="http://www.afsinc.org/news/CElanding.cfm?navItemNumber=507">http://www.afsinc.org/news/CElanding.cfm?navItemNumber=507</a>
<b>Metal + Metallurgy China 2016</b>	From.: 17 <sup>th</sup> to 20 <sup>th</sup> May, 2016 Venue: China International Exhibition Centre, Beijing URL: <a href="http://www.mm-china.com/EN/">http://www.mm-china.com/EN/</a>
	From.: 25 <sup>th</sup> to 27 <sup>th</sup> Oct, 2016 Venue: Jakarta International Expo, Kemayoran, Indonesia URL: <a href="http://www.indometal.net/">http://www.indometal.net/</a>

## NOTIFICATIONS/ CIRCULARS...

### MINISTRY OF FINANCE, DEPT. OF REVENUE

**Notification No. 12/2016 - Customs**, dated 1<sup>st</sup> March, 2016

Seeks to further amend Notification No. 12/2012-Customs, dated the 17.03.2012 to carry out Budgetary changes  
<http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs12-2016.pdf>

### MINISTRY OF FINANCE, DEPT. OF REVENUE

**Notification No. 5/2016 – Central Excise**, dated 1<sup>st</sup> March, 2016

Seeks to suitably amend specified notifications relating to area based exemptions, so as to carry out Budgetary changes  
<http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2016/cx-tarr2016/ce05-2016-revised.pdf>

### MINISTRY OF FINANCE, DEPT. OF REVENUE

**Notification No. 34/2016 - Customs (N.T.)**, dated 29<sup>th</sup> February, 2016

Tariff Notification in respect of Fixation of Tariff Value of Brass Scrap  
<http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt34-2016.pdf>

### MINISTRY OF FINANCE, DEPT. OF REVENUE

**Notification No. 29/2016 - Customs (N.T.)**, dated 18<sup>th</sup> February, 2016

Rate of exchange of one unit of foreign currency equivalent to Indian rupees, with effect from 19<sup>th</sup> February, 2016  
<http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt29-2016>

*Disclaimer: Although every care has been taken to ensure that information provided is correct, The Institute of Indian Foundrymen will not be responsible for any error or omission and it does not necessarily represent official opinion of the Institute of Indian Foundrymen.*