



## IIF FOUNDRY BULLETIN

Issue No. 169, Dt. 8<sup>th</sup> March, 2016

**THEME OF THE YEAR “NURTURING MANUFACTURING”**

### BULLETIN SPONSORS



### IIF NEWS...

#### **Re-categorization of Foundry Industry**

IIF had been advocating for re-categorization of foundries based on technology, processes & emissions since these rules were framed long back & the technology & processes have changed over the years.

IIF had taken up with Ministry of Environment & Forests (MoEF) & CPCB to re-categorize scientifically based on above factors. The matter was also taken up in the Foundry Development Council meeting Chaired by the then Secretary DIPP, Sh. Amitabh Kant. DIPP also supported the proposal of IIF.

Subsequently, an expert committee was constituted by CPCB who made a draft document which was widely circulated & recommended change of category of foundries from RED to ORANGE (having capacity < 5 MT/Hr) based on scientific review & Pollution Index Score as intimated earlier & recommendations of expert committee were submitted to MoEF for final approval.

MoEF has finally approved the proposal. CPCB has now issued final document dt. 29-2-2016, which has re-categorized the foundries having capacity < 5 MT/Hr as ORANGE.

This is welcome change & will benefit large number of foundries.

# IIF announces release of the latest Indian Foundry Directory cum Buyers' Guide 2016

Excellent reference document and technical information for use by companies, individuals related to foundry & associated industries

Comprehensive database of Casting Mfrs  
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## AWARENESS CAMPAIGN on JICA MSME Energy Saving Project

IIF Northern Region, Foundry Informatics Centre (FIC) & Price Waterhouse Coopers (PwC) jointly organized the **"AWARENESS CAMPAIGN on JICA MSME Energy Saving Project "** on 5<sup>th</sup> March, 2016 at India International Centre, New Delhi. The event was supported by Japan International Cooperation Agency (JICA), Small Industries Development Bank of India (SIDBI) and Forace Polymers, Haridwar.

Shri Vikas Garg, Past President, IIF & MD, Forace Polymers graced the event as the Chief Guest. The guests from SIDBI, PwC and MITCON were invited to speak on the occasion. Approximately 40 participants from leading foundries took active part in the event.

Shri Pradeep Mittal, Chairman, IIF Northern Region welcomed all the participants. In his welcome address he highlighted the objectives of the event and the efforts IIF Northern Region and Foundry Informatics Centre have been putting up for promoting energy efficiency and environment friendly technologies in foundry sector.

Shri Rajiv Kumar, DGM, SIDBI spoke on importance of environmental improvement and socio-economic development in the country. He informed the participants about the JICA-SIDBI financial scheme for energy saving projects in MSME sector and how the MSMEs may avail the benefits under the scheme. He also dwelt in detail the funding possibilities at lower interest rates for energy efficiency initiatives.

Shri J. P. Nair, Associate Director, Price Waterhouse Coopers (PwC), shared with the audience that there is huge potential of energy savings in foundry sector. He said, PwC had been organizing such kind of awareness campaigns throughout the country and good number of MSMEs have already benefited from these schemes.

Shri Prabhat Saraswat, Asst. Vice President, MITCON, discussed various case studies of energy audits conducted by MITCON jointly with FIC and narrated through presentations the potential savings the audited units were able to achieve by implementing the recommendations of the energy audit specialist.

Shri A. K. Anand, Director, FIC elaborated about the ongoing UNDP-GEF Small Grants Programme and called upon foundries to avail maximum benefit of the programme for improving Energy Efficiency. In the past many foundry units have already taken advantage of this scheme with excellent energy savings & outcomes. Among the audience, few were representatives of companies who have already availed benefits under this programme, like Shrinathji Ispat Ltd. and WPIL Ltd. Representatives of both the companies were invited to speak on their experiences on the energy audit. Both gave an overwhelming response and briefed the audience about cost and energy savings reported at their respective units. They also explained the short term and long term benefits accrued from the energy audits conducted jointly by IIF & MITCON.

Shri Vikas Garg, Past President, IIF and MD, Forace Polymers, expressed his happiness on such initiatives being taken to enhance competitiveness of the foundry sector. He said, to realize the goal of "Make in India", to support manufacturing & to create jobs, we need to be globally competitive which is possible only by using latest technology, by efficient management of our resources including energy & by focusing on 3Rs i.e. Reduce, Reuse & Recycle. He also emphasised that every unit should have a well defined Energy Policy & goals & set the roadmap to achieve these goals in a progressive manner. He also praised efforts put in by JICA and SIDBI in meeting the financial requirements of foundry units to achieve their desired goals.

The house was later thrown open for an informative question-answer session. The session explored the various aspects of energy saving potential in foundry sector and the questions raised by the participants were well answered by the eminent speakers.

## Technical Talk on “General Awareness of NDT and its Application”

IIF- Delhi Chapter and Northern Region are organising a Technical Talk on “General Awareness of NDT and its Application” on Friday, 18<sup>th</sup> March 2016, 12:00 pm onward at ITC Fortune Grazia, Ghaziabad followed with Lunch.

Speaker: Mr. Kamraj Thangavel, Hon. Gen. Secretary, Indian Society for Non Destructive Testing, Delhi Chapter

Target Audience: Works Managers, Production Managers and Quality Assurance Personnel.

Medium of Training: Hindi and English

### Scope of Training:

1. Introduction to Inspection requirements in General.
2. Selection of Inspection method
3. Type of Discontinuities and its origin.
4. NDT methods Introduction
5. Selection of relevant method for given situation.
6. Defect analysis.
7. Interactive Session

You are requested to kindly nominate your representative and take advantage of this knowledge enriching event. Kindly note that Entry is Free, we request you to kindly register your nominations by 16.03.2016 enabling us to make suitable arrangements.

Capacity: 25 participant maximum on first come first serve basis.

For registration please email at [dciiifdelhi@gmail.com](mailto:dciiifdelhi@gmail.com)

## Simplification of International Co-operation Scheme of MSME

The Ministry of MSME has sought comments from IIF vide their letter No. 4 (38)/2015-IC dt. 29th Feb 2016 on simplification of the above scheme which provide financial assistance for participation in International Exhibitions & for organizing Business Delegations etc. through the Industry Associations.

IIF members has also been beneficiary of the scheme in the past.

We request you to please send your specific suggestions for simplification of the procedure of the scheme to us latest by 11th March 2016, so that we can compile the suggestions & submit to the Ministry of MSME as sought by them.

We look forward to your valuable suggestions asap but positively by the date as mentioned above.

## APPROX. MAJOR RAW MATERIAL PRICES...

ITEMS	Price 28.02.2016 Rs./Kg (Incl. Excise)	Price 06.03.2016 Rs./Kg (Incl. Excise)
Pig Iron	27.3	28.2
Melting Steel Scrap	20.2	20.8
CRCA Scrap	23.5	24.3
Copper Ingot	368	370
Aluminum Ingot	137	141

## NEWS HEADLINES...

- Indian Ferro Silicon Prices Holds Steady
- Indian Nickel Scrap prices advance; major Copper Scrap prices too rise
- Indian Aluminium Scrap, MCX Aluminium prices rise in line with LME Aluminium
- Indian magnesium ingot buyers watch the spot market
- LME nickel, zinc, lead, tin trade higher
- LME copper sharply higher, aluminium flat
- Scrap prices jump in Turkey, USA: The Steel Index
- Italian scrap prices up, rebar export offers follow
- US Aluminium scrap shortage drives prices higher
- Chinese bismuth ingot market remains bleak

## IN THE NEWS...

### **India major Copper Scrap prices rise; MCX Copper settles higher at Rs. 328.3/kg**

Major Indian copper scrap prices rose on Wednesday, while copper prices at India's Multi Commodity Exchange settled higher mainly boosted by optimism that global growth will pick up and as speculators chased the rally.

The major copper scrap commodities prices advanced on the Scrap Register Price Index as on Monday. The copper scrap commodities like ACR copper coil 3/8, CC rod LME ++, copper cathod LME ++, copper armature, copper cable scrap and electrolytic copper strip 25mm traded up on Wednesday.

However, the most active April copper contract on the India's Multi Commodity Exchange settled higher by 1.25% to Rs. 328.30 per kilogram on Wednesday from previous close of Rs. 324.25 per kilogram. Copper futures at MCX touched and intra-day high of Rs. 328.75 per kilogram and an intra-day low of Rs. 325 per kilogram during Wednesday.

Industrial metals also benefited from a 'risk-on' attitude in financial markets that swept global shares and bond yields higher after investors latched onto positive data such as stronger-than-expected US private sector jobs growth.

### **Indian Aluminium Scrap, MCX Aluminium prices rise in line with LME Aluminium**

India major aluminium scrap commodities prices gained on Tuesday, while aluminium futures prices at Multi Commodity Exchange settled higher as profit booking seen after prices of LME Aluminium hit a 4-1/2 month high on Monday after top metals consumer China cut its reserve ratio for banks in an effort to revive flagging growth.

The major aluminium scrap commodities advanced on Scrap Register Price Index as on Tuesday. India's major scrap commodities like aluminium ingots and aluminium utensil scrap showed an uptrend during the day. The most active February aluminium contract on Multi Commodity Exchange settled up by 0.8 % to Rs. 107.35 per kilogram on Tuesday from previous close of Rs. 108.20 per kilogram. The MXC aluminium prices touched an intra-day high of Rs. 108.70 per kilogram and an intra-day low of Rs. 106.90 per kilogram during Tuesday.

Investors welcomed the move by China's central bank to reduce the amount of cash that banks must hold as reserves for the fifth time since February last year. Meanwhile Aluminium prices are fundamentally not bullish as the massive stock overhang could turn out to be an issue for the market and players expect it will require even lower prices to prompt more of the cuts that are needed to create a big enough deficit to reduce the global stock overhang.

## Tata Motor starts production of Tiago at Sanand facility in Gujarat

After much delay, Tata Motors has finally renamed the Zica hatchback as Tiago (Spanish Name for Baby Boy). As per a fresh update, the company has announced that it has started the production for the hatchback at its Sanand facility in Gujarat.

After Nano, this is the second model that shall will be rolled out from the company's facility. As revealed by sources, the company is awaiting for the regulatory registration process to be completed and has already produced about 1,800 units of Tiago.

The upcoming Tata Tiago will be offered in 1.2-litre Revotron based petrol engine and 1.0 litre Revotorq diesel engine. The petrol engine generates about 84bhp of power, while the diesel would put out about 69bhp of power. Though initially Tiago may be offered in 5-speed manual transmission, it could soon get an AMT variant in the coming days.

The vehicle carries a 35-litre fuel tank and weighs about 1080 kgs. The vehicle would indeed get the first engines in its class that features a multi-drive modes like City and Eco.

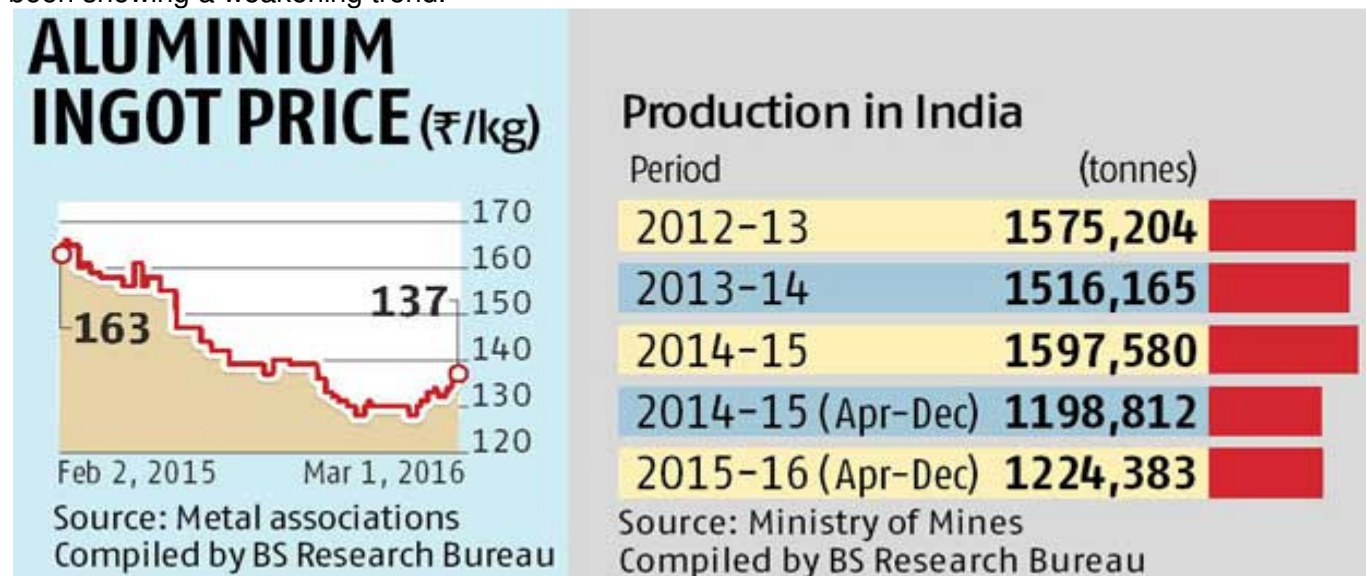
From the safety perspective, the Tata Tiago gets EBD, ABS, speed sensing doors that auto lock, corner stability control, energy absorbing body structure and dual front airbags. The vehicle would also feature follow-me halogen headlamps along with fog lamps on the front. As for dimensions, it measures about 3746mm in length, 1537mm in height and about 1647mm in width. The hatchback gets a ground clearance of about 170mm and has a wheelbase of about 2400mm. The hatchback also boasts of having a boot space of about 242-litres.

## Aluminium producers to raise product prices soon

With the government proposing to hike the customs duty on primary aluminium products, domestic majors like Aditya Birla Group company Hindalco Industries, state-owned National Aluminium Company (Nalco) and Anil Agarwal-led Vedanta are planning to raise product prices in coming months.

"Since pricing happens on import parity, we certainly have the room now to raise product prices by about Rs.2,500 per tonne," a Nalco official said. "This hike will happen in phases in coming months." In the Budget, Finance Minister Arun Jaitley has proposed to increase the customs duty on primary aluminium to 7.5 per cent from five per cent at present. Global prices of aluminium and movement of rupee will also be taken into consideration at the time of price revision.

Global aluminium prices are currently around \$1,600 a tonne, while the rupee against the dollar has been showing a weakening trend.



Though aluminium companies could see their realisations, in terms of value, improve due to a better pricing scenario, sales volumes are not expected to rise significantly.

“Nearly 70 per cent of the imported primary aluminium is brought on duty free advance licence. Due to this, it does not compete with domestic producers and, hence, not much will change for us (domestic producers) in terms of volumes at the topline,” the Nalco official explained.

Importers that bring aluminium under the duty-free advance license export the product, thereby not hurting the domestic consumption supply pattern. Typically, an import duty hike will narrow the price gap between landed cost and domestically produced aluminium, curbing aluminium imports. Currently, the price gap between domestically produced and cheap imported aluminium is at about Rs.5,000 per tonne, significantly lower than the wide gap of Rs.20,000 per tonne in 2014.

“Since imported aluminium would continue to be slightly cheaper than domestically produced metal after the duty, there will be no shift or higher demand for domestically produced aluminium from importers bringing metal on advance licence,” said the Nalco official.

The good news (import duty hike) for the domestic aluminium, however, ends right there as doubling of the Clean Environment Cess on coal, lignite and peat will not just nullify the benefit of customs duty hike but is also likely to hurt companies’ margins incoming quarters. The government has doubled the Clean Environment Cess to Rs.400 per tonne from Rs.200 per tonne, pushing up production cost.

Aluminium manufacturers’ power cost is expected to rise by three per cent because of doubling of Clean Environment Cess, said the CRISIL Research.

“The impact of cess levied is going to be stronger at about Rs.3,000 per tonne of metal production than the benefit (of about Rs.2,500 per tonne) from the import duty. Due to this, our margins are going to come under further pressure in coming quarters,” said an official with Hindalco Industries, the country’s largest producer.

*Source: EEPC*

## **India ‘Only Bright Spot’ for Caterpillar**

US heavy machinery maker Caterpillar is bullish on India, in sharp contrast to its outlook of the global markets, where it has closed 20 plants and slashed workforce to reduce costs amid a deepening slowdown.

The global heavy machinery industry is going through a rough patch as industrial demand has been muted and mining activity has slowed down. Softening commodity prices have only made matters worse. India, too, has seen a slowdown in the equipment industry as projects got derailed, but Caterpillar’s India head says the country is now bucking the trend. “Globally, there’s a significant slowing of demand, especially for mining products, leading to capacity consolidation. India is the only bright spot that offers significant opportunity,” Vivekanand Vanmeeganathan, Managing Director, Caterpillar India, told ET.

The company has invested \$500 million in setting up manufacturing units in India. While it’s bullish on India, it doesn’t have any new investment plans.

“Due to the global meltdown everyone has excess capacity. The first thought is that we should not be investing too much until utilisation of capacity reaches an optimal level. Now with the government’s push, we feel industry will gain momentum and reach optimal utilisation, going ahead , “ he said.

The company is present in three broad businesses in India – resource industry, which primarily refer to mining, construction industry and energy. The group’s global revenue was \$47 billion last year, with the three businesses contributing equally.



## **Auto Biggies Speed up Make in India Drive**

Three global automobile powerhouses either have started operating their India factories round the clock or are in the process of doing so to meet increasing export demand, in a resounding endorsement of the Prime Minister's call to make in India.

For the past six months, Ford Motor's manufacturing facility in Tamil Nadu is running three shifts a day, which is uncommon in the American carmaker's global operations. Europe's largest carmaker, Volkswagen, is set to start a third shift starting next week, while the US No 1, General Motor, is expected to add another shift from the beginning of next year.

## **Capital Goods Policy Aims to Triple Industry**

The government has come out with a comprehensive policy for the capital goods industry that envisages three-fold growth for the sector to Rs 7.5 lakh crore, contributing 20% to the manufacturing sector, heavy industries secretary Rajan Katoch said on Wednesday.

The National Capital Goods Policy has been drafted by a joint task force of Confederation of Indian Industries and Department of Heavy Industries, Katoch told ET. "If you really want to make in India and you want manufacturing strength, capital goods have to be the key sector. With this road map, we aim to triple the capital goods sector from Rs 2.30 lakh crore to Rs 7.5 lakh crore in the coming decade," he said. "In the last three years, the rate of growth of the sector has been 1% due to overall slowdown. If all these projections materialise and this policy is implemented, we will need a 13% growth over 10 years to achieve the target."

The capital goods sector offers direct employment to 1.4 million people and employs seven million people indirectly.

The policy's mission statement is to increase the sector's contribution to India's manufacturing to 20% by 2020, up from the current 12%. This will be done by doubling production, which will make India one of the top capital goods producing nations in the world. The policy also aims to increase exports and lay emphasis on market development, promotion of technology and creating structural enablers.

There will be a push for all sub sectors under make in India. The policy will look to provide more budgetary allocation for various schemes, focus on skill development through five green – field facilities by adopting cluster approach, especially for SMEs, and aim to upgrade and modernise equipment.

## **INTERNATIONAL NEWS...**

### **GF Linamar Joint Venture Picks North Carolina Site**

A reported \$217-million automotive aluminum diecasting and machining plant will be built this year in Henderson County, NC, to start next year producing "powertrain, driveline, and structural components." Partners GF Automotive and Linamar Corp. announced their project last July, and reported their location late in February. Manufacturing is due to start in 2017.

The location is about 40 miles north of Greenville, SC, where BMW US Manufacturing Co. assembles cars and SUVs. South Carolina also will be home to a new Volvo Car USA LLC plant, and other foreign automakers have assembly plants across the Southeast states.

The joint-venture partners made it clear in their initial announcement that the new plant would supply a "European car maker." The 57-acre development will draw financial support from a Job Development Investment Grant (JDIG) approved by the North Carolina's Economic Investment Committee today. The project is eligible to receive up to \$4.2 million in total reimbursements in 12 annual installments, pending verification by state agencies that the plant has met incremental goals for job creation and



investment. "We appreciate very much the warm welcome and the support from the state of North Carolina and the Henderson County authorities," according to Yves Serra, CEO of GF. "The location is ideal for us and we look forward to a prosperous future for our joint venture in the U.S."

GF Automotive is a business unit of Switzerland-based GF, the organization formerly known as Georg Fischer Ltd. The automotive business produces ferrous castings at plants in Austria, Germany, and China, and aluminum and magnesium die-castings in Austria and China.

Ontario-based Linamar has two operating segments: Powertrain/Driveline and Industrial. Recently, it completed a \$875-million takeover of Montupet S.A., an aluminum automotive foundry group with seven plants in Europe and Mexico. Those operations will be added to the group's steel forging, machining, and other operations as Linamar expands its automotive powertrain and driveline business.

"We are very pleased to announce that we have selected Henderson County, North Carolina, as the site of the GF Linamar LLC plant," stated Linda Hasenfratz, CEO of Linamar. "This will be our fourth plant in North Carolina, an area where we have thrived thanks to a fantastic workforce and a great business environment. It is rapidly becoming an important hub for us to serve our customers in the southern US and North America overall."

## GOVERNMENT SCHEMES...

### Modified Industrial Infrastructure Upgradation Scheme

#### 1. Introduction

1.1 Industrial Infrastructure Upgradation Scheme (IIUS) was launched in 2003 as a Central Sector Scheme to enhance competitiveness of industry by providing quality infrastructure through public private partnership in selected functional clusters. Central assistance upto 75% of the project cost subject to a ceiling of Rs. 50 crore was given for each project. Total 30 projects were sanctioned under IIUS -2003.

1.2 Based on the outcome of an independent evaluation and experiences gained during the implementation, the Scheme was recast in February, 2009 to make it more effective through increased focus on technological upgradation and provisions to avoid initial teething problems for new projects. 9 projects have been sanctioned under Recast IIUS -2009.

1.3 The Scheme had an allocation of Rs. 675 crore during the 10 th Plan and Rs. 1050 crore for the 11th Plan. A total of 39 projects have been sanctioned with a total project cost of Rs. 2549 crore with central grant component of Rs. 1524 crore.

1.4 In 2011, the Recast IIUS was evaluated for its effectiveness and continuation in the 12th plan period by the National Productivity Council (NPC). The NPC which conducted the evaluation, found the Scheme to be effective in enhancement of competitiveness of industry, improvement of environment in industrial areas and employment generation in the traditional industry clusters. It was recommended to continue the Scheme in the 12th Five Year Plan period with suitable modifications, to overcome operational hurdles and ensure timely completion of projects.

2. Objective The key objective of the Modified IIUS continues to be to enhance competitiveness of industry by providing quality infrastructure to catalyse and promote industrial growth, employment generation and technology upgradation.

3. Scope 3.1 Projects would be sanctioned to upgrade infrastructure in Industrial Estates/Parks/Areas and greenfield projects could be supported in backward areas, including NER. However, PRIORITY would be given to upgrade infrastructure in existing cluster over Greenfield cluster.

For more details kindly click on

[http://dipp.nic.in/English/Schemes/IIUS/IIUS\\_modified\\_01August2013.pdf](http://dipp.nic.in/English/Schemes/IIUS/IIUS_modified_01August2013.pdf)

## UPCOMING EVENTS/ SEMINARS/EXHIBITIONS...

### Domestic

	<p>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></p>
	<p>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></p>
	<p><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></p>

### International

	<p>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></p>
<p><b>Metal + Metallurgy China 2016</b></p>	<p>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></p>
	<p>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></p>

## NOTIFICATIONS/ CIRCULARS...

### MINISTRY OF FINANCE, DEPT. OF REVENUE

Notification No. 36/2016 - Customs (N.T.), dated 3<sup>rd</sup> March, 2016

Rate of exchange of one unit of foreign currency equivalent to Indian rupees, with effect from 4<sup>th</sup> March, 2016

<http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt36-2016>

*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.*