

Issue No. 193, Dated 23th August, 2016

65th IFC & IFEX 2017 - Kolkata



To watch the promo video, please click on : <u>https://www.youtube.com/watch?v=WqQFQS4qFDc</u>

Members now can update their membership data online. Please visit the following link

http://foundryinfo-india.org/iif_form.aspx

Bulletin Supported By:-



Foundry Informatics Centre, 67 Tughlakabad Institutional Area, New Delhi – 110062 Tel: +91 11 29960601, Email: fic@indianfoundry.org, Web: http://foundryinfo-india.org/

IIF appoints Grant Thornton to study impact of GST on Foundry Sector

GST will soon become a reality which will be one of the major reforms in last several years & is likely to simplify tax regime & expected to catapult GDP as per experts.

Seventeen taxes will be subsumed in single tax. Real Estate, Power, Alcohol & Food have been kept out of ambit of GST at present. However, there may be some grey areas in first few years of implementation & there is need to analyze the possible impact of GST on Foundry sector.

The Institute of Indian Foundrymen has appointed GRANT THORNTON, the leading tax consultant, to study the impact of GST on the foundry sector & after getting inputs from the stakeholders & detailed analysis, GRANT THORNTON will prepare recommendations on behalf of The Institute of Indian Foundrymen for foundry sector for consideration of the Govt.

GRANT THORNTON was also invited by IIF on 11th Aug 2016 at Kolkata to interact & make presentation during the CEOs meet organized by IIF.

GRANT THORNTON will highlight the areas of concern for Foundry sector after getting inputs of stakeholders & will help IIF to build a case for representation to the Govt. for suitable changes as may be required & recommended by IIF after detailed study based on analysis done by GRANT THORNTON.

Micro Small & Medium Enterprises Development (Furnishing of Information) Rules 2016

Ministry of MSME has notified **Micro, Small** and **Medium Enterprises Development** (Furnishing of Information) Rules, 2016 vide Gazette Notification of. GSR 750(E) dated 29 July 2016. The notification is available at the following weblink

http://msme.gov.in/WriteReadData/DocumentFi le/MSME-Databank-Notifications.PDF

As per this notification all MSMEs shall furnish information relating to their enterprise to the Govt which can be done online at <u>www.msmedatabank.in</u>

IIF In-plant Training Programme "Yogyata Vikas"

Salient features of the training programme launched by The Institute of Indian Foundrymen (IIF) are :-

1. Training to be given on 10 modules as listed below

- Basic Metallurgy of Grey & SG Iron
- Basic Metallurgy of Steel Castings
- Casting Defects in Grey Iron, SG Iron and their Remedies
- Casting Defects in Steel Castings and their Remedies
- No-bake Resin, CO2 Sand System and Coatings
- Melting Grey Iron, SG Iron & Steel in Cupola and Induction Furnace
- Sand Quality & Testing
- Cupola and its Operation
- Mould-making Processes
- Pattern-making and Methoding of Castings

2. In-plant training to foundry workers/ operators all over India by experienced trainers, with audio-visual training material prepared by IIF

3. Training to be conducted in local languages

4. Training Options & FEE

<u>Option I: Basic Training</u> - The trainer shall carry out classroom training based on the module selected by the foundry.

Fee

<u>For Members</u>: Rs 10,000 per day of training plus service tax

<u>For Non-Members</u> – Rs. 15,000 per day of training plus service tax

<u>Option II: Customised Training</u> - The trainer shall visit your foundry a day prior to the scheduled date of training, discuss and understand your requirements and customize the training module to suit your needs.

Fee

<u>For Members</u>: Rs 20,000 per 2 days of training plus service tax

<u>For Non-Members</u> – Rs. 30,000 per 2 days of training plus service tax

Foundries are encouraged to come forward and take maximum advantage of this initiative of IIF.

For details you may kindly contact Mr. V. Ravindran, National Coordinator for IIF- In Plant Training Programme at Mob:- +91 7358384578.

IIF in News

Exclusive interview with Mr. A. K. Anand, Director, IIF as published in Automotive Products Finder Magazine - Aug, 2016 Issue, VOL 12, No. 5

THE FOUNDRY INDUSTRY FACES SEVERAL CHALLENGES



Even though the Indian foundry industry has stepped ahead from the fifth to the third-largest producer of castings globally over the last 10 years, a lot of value-addition is required to increase

Mr. A. K. Anand, Director-IIF

its global share. This is what A K Anand, Director, Institute of Indian Foundrymen (IIF) reveals in this exclusive interview with HUNED CONTRACTOR.

Could you elaborate on IIF?

IIF is actively engaged in dissemination of knowledge, promotion of the latest productive and greener technologies, skill development, business and export promotion, and policy advocacy for the foundry sector. It also maintains and updates a large database, publishes the Indian Foundry Directory as well as technical publications on various topics of interest to the foundry industry. It promotes efficient energy and resource management and lean manufacturing techniques for sustainable growth of the foundry sector in India.

IIF conducts its activities through 27 chapters and four regional offices in the country located at Kolkata, Delhi, Mumbai, Chennai and three Centres of Excellence i.e. Foundry Informatics Centre (FIC) at New Delhi, Centre of Education & Training (CET) at Kolkata and National Centre of Technical Services (NCTS) at Pune. There are approximately 4,000 members from leading foundries, equipment manufacturers, material manufacturers, academicians from leading institutions, consultants, service foundry providers, and students. In short, IIF serves as a nodal point of reference for all stakeholders of the foundry industry.

What is the current size and status of the Indian foundry industry?

The Indian foundry industry has gradually risen from the fifth to the third-largest producer of castings globally over the last 10 years. The Indian casting industry has grown by more than 43 per cent over 2008. The foundry industry currently produces approximately 10 million tonne of cast components in ferrous and nonferrous category as per various international standards. The foundry sector's annual turnover is about \$18 billion at current production rates, which is only around 10 per cent of the global production by weight.

With a sustainable growth plan in place, the global share of production could go up to 20 per cent in the next five years. Currently, the foundry sector is exporting castings worth \$2.7 billion annually besides another \$2 billion worth fully finished ready-to-use parts and sub-assemblies for various applications. There is a huge potential to improve the market share through increased value addition and the exports can grow to \$8-10 billion with improved productivity and focus on new markets.

What kind of challenges does this industry face in terms of raw materials, labour, taxes, imports, competition, etc?

The foundry industry faces several challenges. As far as raw material is concerned, silica sand is one of the key raw materials used for mouldings. Sand becomes partly wasted after castings and this can be reclaimed and reused. However, sand reclamation plants are highly capital-intensive and SMEs can't afford to invest in such technology. The government needs to promote investments in such technologies by making finance available at globally competitive rates and soft terms.

Moreover, scrap of iron, steel, stainless steel and aluminium needs to be imported as India does not generate enough scrap. The import of such scrap should be allowed duty-free for value-addition as is the case with most of the competing countries. Availability of skilled labour is also a challenge. IIF is promoting skill development through its Centre of Education & Training at Kolkata and is conducting various modular certificate programmes in Foundry Technology. IIF has recently started an initiative to train shopfloor workers at their doorsteps in six regional languages besides English for better understanding. Trainers have been shortlisted and oriented for this task. The programme will gradually cover 75 per cent of the workforce in major clusters in a phased manner.

At present, India continues to be a net exporter of castings. However, import of castings from countries like China needs to be watched. That's because the slowdown in Chinese economy and huge capacities built over decades will put pressure on dumping of castings by China. The industry needs to explore how to use non-tariff barriers and other legal provisions available under the WTO to check the dumping of castings.

What is being done to promote exports?

As mentioned earlier, currently the foundry sector is exporting castings worth \$2.7 billion annually. There is a huge potential to improve the market share through increased valueaddition and exports can grow to \$8-10 billion. The industry is focusing on productivity by using lean manufacturing, cluster approach for better access to modern technology, improved infrastructure, increasing application of IT in design, production and in-process quality assurance, recycling, and waste reduction.

What are the green technologies that are being implemented in the Indian foundry industry?

The foundry industry is gradually shifting to induction melting instead of coke-based cupola furnaces. Recycling of sand-in clusters helps in waste reduction and waste disposal. Some percentage of sand though has to be discarded as it becomes unfit for moulding. Progressive foundries are using this sand for construction material such as bricks and it can also be used for road construction. The application of IT also helps in optimum design and improved yield with reduction in rejections, which ultimately saves energy and helps in environment protection. IIF has also submitted a proposal to the Ministry of Environment for creating voluntary guidelines for greening of products and processes which will set benchmarks for guiding the industry, especially the MSMEs.

What kinds of training programmes are required to enhance the skill levels and attract new talent in this industry?

The technology and manufacturing processes are changing faster than ever before. There is an increased use of IT, recycling, automation, robotics along with more focus on environment, health and safety. This increased focus offers new and challenging opportunities for young engineers to explore career options in these areas. Going forward, the infrastructure and curriculum in training institutes will have to be aligned to suit such requirements.

The Telegraph, Kolkata, Aug 13, 2016

Foundry bid to recycle sand

A STAFF REPORTER

Calcutta, Aug. 13: The foundry industry plans to hold talks with the Centre about using disposable sand to build bricks and roads.

"Sand is a critical raw material for the foundry industry. But after repeated use, it becomes unfit for reuse at the foundries. This sand, however, can be put to alternative use by other industries," said Anil Vaswani, president of the Institute of Indian Foundrymen (IIF).

Members of the IIF said they had approached the Central Road Research Institute (CRRI) to evaluate whether the sand disposed by the foundries can be used to build roads.

"Once the report from the CRRI comes, we can take it up with the government," Vaswani said on the sidelines of an event in Calcutta.

The domestic foundry industry is estimated at \$15 billion, comprising 4,500 units. Majority of the foundries are original equipment manufacturers (OEM) for the automotive industry, besides oil and gas and energy.

"As the manufacturing sector gains momentum, the foundry industry is expected to benefit. We expect the industry to grow to \$25 billion by 2025 from the current estimated \$15 billion. This growth is expected to primarily come from infrastructure as well as consumer goods," said Nithyanandan Devaraaj, president and director, Bradken India.

Foundry Day Celebrations by IIF Northern Region in Pictures – 6th Aug, 2016 at AGRA



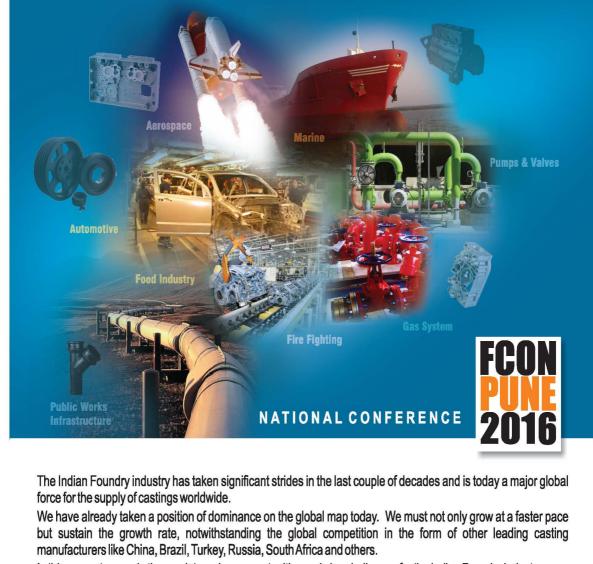
Foundry Informatics Centre, 67 Tughlakabad Institutional Area, New Delhi – 110062 Tel: +91 11 29960601, Email: fic@indianfoundry.org, Web: http://foundryinfo-india.org/



PUNE CHAPTER OF THE INSTITUTE OF INDIAN FOUNDRYMEN

ANNOUNCES... NATIONAL CONFERENCE ON...





In this present scenario there exists various opportunities and also challenges for the Indian Foundry Industry. Keeping the above in mind, **The Pune Chapter of The Institute of Indian Foundrymen** is organizing a two day national conference **FCON (PUNE) 2016.**



Approx Major Raw Material Prices

	Price	Price
	14.08.2016	21.08.2016
ITEMS	Rs./Kg (Incl.	Rs./Kg (Incl.
	Excise)	Excise)
Pig Iron	26.5	26.9
Melting Steel Scrap	18.5	19.0
CRCA Scrap	24.0	24.0
Copper Ingot	374	375
Aluminum Ingot	140	140

News Headlines

- Indian steel scrap lingering in stalemate at lower prices
- India Aluminium Scrap prices remain stable
- Industrial robot orders at all-time high
- Chinese copper scrap prices held steady
- Chinese Aluminum Scrap prices remain upbeat
- Chinese magnesium ingot prices up on tight supply and cost rising
- North American copper scrap prices end marginally higher
- North American bismuth market unmoved as spot purchasing is weak
- China's exports fall sharply

In the News

Setting up MSMEs necessary for India's progress: Kalraj Mishra

Asserting that the 'Zero Effect Zero Defect' policy as enunciated by Prime Minister Narendra Modi has gained a lot of attention, Union Minister for Micro, Small and Medium Enterprises (MSME) Kalraj Mishra said on Sunday that the setting up of MSMEs is necessary for the overall progress of the country.

"Today, the policy of 'Zero Effect, Zero Defect' (ZED) has gained a lot of attention and importance. Through its implementation, the manufacturing sector can thrive in the country," Mishra said here addressing the National Quality Conclave 2016. "The ZED project is a boost to this vision. The establishment of small and medium enterprises is necessary for the Make in India campaign and for the overall progress of the country," he said.

Elaborating how manufacturing by MSMEs requires clearance on 20 parameters and the Zero Effect Zero Defect maturity model in association with the ISI gives certification to these enterprises, Mishra said that under the ZED maturity policy financial assistance is also given to the MSMEs.

"There are five levels on which they are rated – bronze, silver, gold, platinum and diamond. The financial help is different for these various levels," he said.

Inaugurating the event earlier, Minister of State for Civil Aviation Jayant Sinha said the government has to work towards meeting the expectations and aspirations of the people.

"As we try and improve what we are doing in the delivery of public services, quality has to permeate everything and we have to continuously raise our standards so that we can meet the aspirations of our 125 crore citizens," Sinha said.

Auto sector to reap immense benefit under GST

India's automobile sector is expected to reap immense benefits under the GST (Goods and Services Tax) which is expected to lower taxes and stimulate demand, equity research firm Jefferies India has said.

The research firm in its report -- "Autos and GST - Benefits All Around" dated August 18, 2016 said: "The entire auto sector pays taxes significantly in excess of average and will benefit significantly under GST. We do not agree with current assessment that some companies benefit more than others - the benefits are largely similar."

"The benefits, obviously, a lot depends on the rates. However, at current proposed rates, prices of all vehicles, with the exception of tractors, would fall 7-10% (we assume all benefits would be passed on)."

According to the firm, lower cost due reduction in tax rates has the potential to stimulate demand in the medium term.

"However, in the short-term, (confused) expectations of large price cuts could actually result in a slump in demand and massive discounting across all segments in run up to the actual implementation," the research firm said in its report.

"Markets are likely to see through the shortterm pain. Several companies either operate in tax exempt zones or produce in states with lower CST (Haryana). To that extent, there could be some margin hit but that's minor compared to the larger picture." Currently, the auto industry is one of the most highly taxed sectors.

"Implementation of GST, even with no change in rates, will result in significant savings. At current proposed rates (12% merit, 18% std, 40% luxury cars), most segments will likely see a price reduction of 7-10%. Midsized cars could see more," the report added.

The government has set an April 1, 2017 target for implementing the GST regime. However, GST will become a reality only after 50 per cent of the states ratify the constitutional amendment bill.

The Parliament on August 8 had given its nod to the constitutional amendment bill on GST which is touted as the most radical indirect tax reform since Independence.

The new tax regime -- the idea for which was mooted in 2003 -- seeks to subsume all central indirect levies like excise duty, countervailing duty and service tax, as also state taxes such as value added tax, entry tax and luxury tax, to create a single, pan-India market.

Centre to bring legislative changes in SEZ, FTA acts

The Union Ministry of Commerce is taking up initiatives to bring suitable legislative changes in the SEZ and Foreign Trade Act (FTA) to make them consistent with the Goods and Services Tax (GST) regime, a top official said on Friday.

The Ministry will also modify schemes of Directorate General of Foreign Trade (DGFT) to make them consistent with the GST regime, the official said.

"We need to look at our own legislations. SEZ and FTA will require suitable legislative changes to be consistent and compliant with the GST bill," said Rita Teaotia, Secretary in the Ministry of Commerce.

The Ministry is taking up these initiative, she said at an event 'Emerging Contours of Global Trade" organised by the Confederation of Indian Industry (CII) here.

"Many of the schemes of DGFT are required to be moderated and modified with the GST regime," she said.

There is expectations that the GST would boost GDP by 1-1.5 per cent per annum, she noted.

She said government's legal experts were evaluating the various aspects in the draft legislation.

"We would not freeze it (current exercise) till the GST Act is finalized," she added.

Global diesel engine market to grow at 9% by 2020

The global diesel engine market is likely to grow at a CAGR of close to 9 percent by 2020, according to a recent report by technology research company Technavio.

The report highlight three factors that are contributing to the growth of the global diesel engine market - Rising demand for diesel vehicles, Growth in the automotive industry of Asia-Oceania and Middle East, and Growth in non-automotive diesel engine market.

1. Rising demand for diesel vehicles In 2014, ten million cars were sold globally. Diesel-based cars accounted for 20 percent of global car sales in 2014. In general, dieselpowered vehicles are priced higher but offer 30 percent better mileage than petrol-powered vehicles. "End-users recognize these performance benefits offered by diesel vehicles, such as fuel efficiency and better mileage, thereby, resulting in increased demand for diesel engines required to power such vehicles," says Anju Ajaykumar, a lead analyst at Technavio for engineering tools research.

EU's share in diesel cars sales was 53.5 percent in 2014. Asian markets also drive the demand for diesel-based vehicles, with a majority of this demand arising from India and South Korea.

2. Growth in the automotive industry of Asia-Oceania Middle and East Diesel engines are predominantly used in the automobile industry, with their ever-increasing demand for heavy-duty commercial vehicles. Thus, the growing automobile industry offers a potential market for diesel engine manufacturers. Technavio expects countries in Asia, such as China, India, and Vietnam, to see growth in the automobile industry. а

3. Growth in non-automotive diesel engine market

Diesel engines are key power sources for equipment employed in heavy-duty industries, such as construction, mining, and heavy commercial vehicles. These engines are preferred due to their high thermal efficiency and cost-effectiveness. Heavy diesel engines power greater than 100 hp find with applications in commercial vehicles, such as trucks and buses, and in off-road equipment, such as locomotives, construction machinery, power generator sets, agriculture machinery, and in marine, military, and other applications.

The non-automotive diesel engine market was valued at USD 16.2 billion in 2012. "With the growing demand for these products due to increased growth in construction, power, agriculture, mining, and marine industries, the demand for diesel engines required to operate equipment in these industries will get a boost," says Anju.

Andhra Pradesh may get Hyundai arm Kia's plant

Hyundai sibling Kia Motors has finalized its India entry plans and may set foot in Andhra Pradesh for its maiden factory . The company , led by former Hyundai India boss H W Park, is close to announcing its strategy and may pump in investments of around Rs 5,000 crore with an initial capacity to produce 3 lakh cars annually , sources said.

The sources told TOI that a high-level team from the Korean company has been camping in India for the last many months, and Andhra Pradesh leads a list of states which the company has shortlisted for potential investments. Other states in fray are Gujarat and Madhya Pradesh.

"A formal announcement could be made in the next couple of weeks. Kia officials are working on last-minute details, and looking at potential investment benefits offered by the state governments, before they make an announcement," a top source said. "Andhra Pradesh is surely the front-runner."

Park, who has a close understanding of the Indian market due to his stint in the country, is keen to set up operations fast as he sees India as the next engine for growth for the auto market, notwithstanding the current slowdown.

"The plant location at Andhra Pradesh is being seen as strategic as it is within 80 km of Hyundai's Sriperumbudur plant (near Chennai) in Tamil Nadu. Suppliers will be close, and also the port connectivity will not be far," a source said.

Sources said Kia's facility may also be used to produce cars for Hyundai's line-up, though there will not be any sharing on the retail front. "Kia will like to position its frontend operations as an independent entity, rather than looking at piggybacking on Hyundai. This has been the philosophy for the company across markets and India will be no different," a source said.

Kia's best-selling model (4.66 lakh units in 2015) in overseas markets was the B-segment Rio (known as `K2' in China). The Sportage compact SUV was the second best seller with 3.99 lakh units sold, while C-segment Cerato (known as `Forte' or `K3' in some markets), Optima (D-segment sedan) and Soul urban crossover followed with sales of 3.57 lakh, 3.08 lakh and 2.03 lakh units respectively . It has already started the process of identifying possible models and key suppliers. Kia sold a little over 3 million vehicles last year.

Gamesa bags 40 mw order for Andhra Pradesh wind farm

Wind turbine maker Gamesa has bagged an order worth 40 mw project from KCT Renewable Energy to be set up in Andhra Pradesh, the company said in a statement on Thursday.

Gamesa will supply 20 turbines of 2 mw each which use technology for low wind sites.

The project, located at Molagavalli, will be commissioned by March 2017.

"The new orders obtained by Gamesa in India reinforce its solid commercial positioning: according to sector consultancy MAKE, the company ended 2015 as the leading original equipment maker in the country with a market share of 34 per cent, compared to 25 per cent in 2014, when it also was the market leader," the company statement said.

The Spanish company Gamesa entered India in 2009 and has so far installed over 3,000 mw and services close to 2,800 mw under operation and management agreements.

Govt. unveils portal for star rating of mines

Government today launched a portal for online filing of evaluation template for star rating of mines, which will prompt miners to quickly adopt sustainable practices for a higher rating.

"The move is aimed at having all mines in India meeting required parameters to achieve at least four-star rating in the next three years," Mines Secretary Balvinder Kumar said.

Power, Coal, Mines and New and Renewable Energy Minister Piyush Goyal launched the web portal.

On the occasion, Goyal expressed hope that this portal will eventually increase transparency in the mining sector and address many issues of stakeholders, the public and miners.

International News..

UK FOUNDRY ACHIEVING SIGNIFICANT REVENUE THROUGH 'POWER BALANCING' SCHEME

United Cast Bar, a leading foundry producing up to 45,000 tonnes of continuous cast iron bar annually, is benefitting from the adoption of Firm Frequency Response (FFR), a revenue generating scheme that forms part of the National Grid's broad DSR (Demand-Side Response) portfolio.

Facilitated by Endeco Technologies a leading aggregator of smart grid optimisation solutions, the move is already yielding a revenue for this forward-thinking foundry, a sum which could conceivably rise further in the future.

With its own distribution network in Europe, Chesterfield-based United Cast Bar is a major player in the continuous cast iron bar market.

In fact, the company has the largest portfolio among any of its peers worldwide, offering from 25 to 700 mm round continuous cast iron bar, square bar up to 550 mm, and section up to 750 x 550 mm. Approximately 90% of the foundry's output is exported, 80% to EU countries.

Despite its success in the marketplace, the company's Managing Director, James Brand, is always on the lookout for additional revenue streams, and upon discovering a little about FFR, decided to investigate further.

It was decided that United Cast Bar's two main melt furnaces would be suitable assets to shut down during an FFR event. Furnaces are the most energy-intensive items at any foundry and it was estimated that this would provide an average available load of 1.972 MW for the FFR Service.

On receiving a control signal, the melt furnaces will be turned off within 10 seconds. After 30 minutes, Endeco's platform will release the control signal and the furnaces can be restarted automatically following the required sequence.

Government Schemes

Scheme for 'Entrepreneurship Skill Development Programmes (ESDP)

Objective: For creating self employment opportunities and upgrading the relevant skills of existing and potential entrepreneurs.

Courses conducted includes Heat Treatment, Tool & Die Making, IT etc.

Eligibility: Individuals and MSMEs can be a part of this scheme.

Selection Committees at MSME-DIs select the candidates taking into considerations their qualification, past experience and suitability for the course.

Training programmes conducted by MSME-DIs and no fee is charged.

For more information please click on the following link

http://msme.gov.in/WriteReadData/DocumentFi le/EDP.pdf

Notifications/ Circulars

Ministry of Finance, Dept. of Revenue, CBEC

Notification No. 112/2016 - Customs (N.T.) Dated Aug 18, 2016 Rate of exchange of conversion of the foreign currency with effect from 19th Aug., 2016 http://www.cbec.gov.in/resources//htdocscbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt112-2016.pdf

Ministry of Finance, Dept. of Revenue, CBEC

Circular No. 197/07/2016-Dated Aug 12, 2016 Service Tax on freight forwarders on transportation of goods from India <u>http://www.cbec.gov.in/resources//htdocs-</u> <u>servicetax/st-circulars/st-circulars-2016/st-circ-197-</u> <u>2016.pdf</u>

Upcoming Domestic Events



Upcoming International Events

METAL CASTING	From.: 14 th to 17 th March, 2017 Venue: GAUTENG, SOUTH AFRICA URL: <u>http://metalcastin</u> gconference.co.za/
metaj	From.: 21 st to 24 th June, 2017 Venue: Verona, Italy URL: <u>http://www.metef.</u> <u>com/ENG/home.as</u> <u>p#</u>

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.