

# Steel, cement companies welcome initiatives

## Proposal to set up 10 automotive and ancillary hubs also gets the thumbs up

The Railway Budget, which didn't increase freight rates, but instead reduced the wagon hire rate by Rs 100 for kerosene and foodgrain, was welcomed by user industries.

The steel industry is expected to be a gainer. The Budget proposes to set up five new

state-of-the-art wagon factories in Secunderabad, Bardhaman, Bhubaneswar/Kalahandi, Guwahati and Haldia. S K Roongta, chairman, Steel Authority of India Ltd, said: "The emphasis in the rail budget on augmentation of loco and wagon capacity will have a positive impact on steel demand."

According to Ulhas G Pawar, Vice President (Logistics), JSW Steel Ltd, "The fact that there has been no freight hike is a welcome step and the announcement of opening wagon factories will have a positive rub-off for steel companies."

JSW Steel's stock was up 26.45 points and ended the day at 1,077.75 on the Bombay Stock Exchange on Wednesday.

Cement company ACC Ltd also welcomed the Budget. "We are glad freight rates have not

been changed. We see the proposals for housing, high-capacity general and special purpose wagon investment and special freight trains by private operators as being encouraging," said Sumit Banerjee, Managing Director.

Analysts feel key user-industries will welcome the Budget, as there have been no increase in freight and key expansion initiatives have been announced. "The announcement of adding 1,000 km route

this year will assist user industry," said Manish Saigal, executive director and head of transport & logistic industry, KPMG.

The proposal to set up 10 new automotive and ancillary hubs on a private-public-partnership model is expected to have a positive impact on the automotive industry. "It is a welcome step, as it will help in movement of non-bulk traffic, and this step will be appreciated by the auto industry,"

said Saigal.

The cut of freight on kerosene by Rs 100 per wagon is expected to have a neutral impact on Indian Oil Corporation (IOCL), as the impact will be passed on. IOCL's spokesperson confirmed the deduction would have minimal impact.

The rate reduction by Rs 100 a wagon on foodgrain will also have negligible impact on grain companies, confirmed Food Corporation of India's spokespersons.