

No. S-24011/9/2019-EA



सत्यमेव जयते

मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
अगस्त - 2019
August - 2019

भारत सरकार/ GOVERNMENT OF INDIA
इस्पात मंत्रालय/ MINISTRY OF STEEL

Monthly Summary for the Cabinet for the month of August 2019:-

1. Minister of Steel led a delegation, comprising officials of GoI and stakeholders of Steel and Oil & Gas sectors, to Moscow from 29th-31st August, 2019. In so far as steel sector was concerned the main purpose of the visit was to find out alternative sources of raw materials, especially coking coal. In this regard, a meeting was held with the Dy. Prime Minister of Russia.

2. A meeting was held under the chairmanship of Commerce & Industry Minister along with officials of the Ministry of Steel and concerned stakeholders on 20/8/2019 to discuss setting up of Steel Import Monitoring System (SIMS), which will be an online portal reflecting the details of quantity & composition of steel products imported. The importers will provide information about intended import on the dedicated website of DGFT and a certificate generated automatically. The portal would serve as an effective tool to get advance information about steel imports which will be of help to the domestic steel industry.

3. Steel Minister visited various mines around Noamundi in Jharkhand and Odisha and Tata Steel Plant, Jamshedpur, along with officials of the Ministry from 11-13th August, 2019. A meeting also took place with the Chief Minister of Jharkhand wherein many long pending issues relating to mines and setting up of Greenfield steel plants were discussed.

4. The Ministry has formulated a Steel Scrap Recycling Policy which envisages a framework to facilitate and promote establishment of ferrous/steel scrapping centers in India for availability of good and adequate quantity of scrap as raw material for future growth of the steel sector. This policy is one of the four transformative ideas identified in the Ministry of Steel for implementation during the 100 day program of the Government.

In the meantime a meeting was held in PMO on 26.08.2019 wherein it was decided that a Group of Secretaries from Ministries/departments concerned would analyse and examine scrap policy formulated by the M/o Road Transport & Highways and M/o Steel to synergise the aims and objectives of the respective policies for achieving the common goal of scientific processing and recycling of ferrous scrap for ensuring sustainable development of scrap based steel industry.

5. The Ministry of Mines has put an interim stay on Govt. of Karnataka's decision dated 17th, August 2019 to cancel the lease given to NMDC for Donimalai iron ore mines which need to produce up to 7 million tonnes of iron ore per annum, till next hearing. Earlier the Karnataka Govt. imposed 80% premium on iron ore mining lease renewal for Donimalai mines of NMDC which was later on quashed by the Hon'ble High Court of Karnataka in its judgement dated 10th July, 2019. Mining operations are suspended since 4th November, 2018.

6. A CoS meeting was held on 9th August, 2019 regarding issue of production and import of rails. It was decided that the Ministry of Railways and Ministry of Steel may ensure that the rail requirement is met solely by domestic manufacturers as per Make in India policy.

7. Steel Minister attended the GoM meeting on Mines and Coal wherein issues relating to likely disruption of an iron ore supply post March 2020, due to expiry of mining leases of 250 + merchant miners was discussed.

8. A High Level Committee on Mining & Coal was held on 25th August, 2019 in NITI Aayog, wherein Ministry of Steel specifically brought out the need for allocating mines to CPSEs through reservation route and emphasised on the fact that export of high grade iron ore may be discouraged.

9. Production & Consumption Scenario:

- (i) The steel sector witnessed a continuous declining trend in the production and consumption (except July 2019) since June 2019. Steel prices have been continuously softening while iron ore prices have seen a slight increase over May 2019 and remained constant till August 2019. The poor demand for steel is mainly on account of low sectoral demand, especially for the auto sector, capital goods, real estate and infrastructure. Global factors have also added to the present situation.
- (ii) The crude steel production has declined since July 2019 and stood at 8.996 MT in August 2019 thereby witnessing a decline of 1.7% over the previous month. On M-o-M basis, the production of finished steel remained unchanged, whereas consumption of the same declined by 2.7%.
- (iii) Amid sluggish demand, high raw material costs, liquidity crunch, monsoon season, wait & watch policy for good offers, etc. have led to piling up of inventories. Inventories with steel companies have increased since April 2019. Inventories, which stood at 12.8 Million tonnes during April 2019 increased to 14.33 million tonnes in August 2019 thereby recording a growth of 11.78%. However, in the month of August 2019 increase in exports have led to the absorption of inventories. Hence, inventories declined by 2% and the closing stock of inventories stood at 14.33 MT during August 2019.

10. Export-Import Scenario:

- (i) Exports of finished steel have observed an increasing trend since July 2019. During the month of August 2019, export volume surpassed imports making India a net exporter of finished steel with a trade surplus at 0.127 MT. Higher inventory levels and subdued domestic demand resulted in an increase in the export volumes.
- (ii) Share of imports of Finished Steel from FTA countries such as Korea, Japan and Indonesia aggregated around 70% of total imports to India in August 2019. Further, Imports from China have reduced in August 2019 over CPLY.
- (iii) India's exports to Vietnam, Italy, Nepal, Hong Kong, and UAE have increased. Exports of HRC and Semis have witnessed a significant increase to these countries.

11. Price scenario:

(i) Domestic prices of iron ore lumps as well as fines remained unchanged during August, 2019 over the previous month and stood at INR 3100/tonne & INR 2860/tonne respectively. However, NMDC reduced prices of both by Rs 200/tonne w.e.f. 20th August, 2019 thereby witnessing a decline of 6.45% & 7%, respectively. Internationally iron ore fine (62% Fe) prices during August 2019 declined by 25.62% and 17.43% over July 2019 and June 2019 respectively. Increased iron ore supply due to increased shipment from Australia & Brazil and low demand in China are the major reasons for the price decline, globally.

Import of iron ore/pellets reduced drastically in April-July 2019 (-84%). In contrast Indian export of iron ore/pellets increased in this period (+49%).

(ii) Prices of HRC, CRC (except for June 2019) and Rebars have witnessed continuous decline since April 2019. On M-o-M basis, during the month of August, the prices of HRC, CRC and Rebars declined by 3.76%, 3.47% & 0.66% respectively

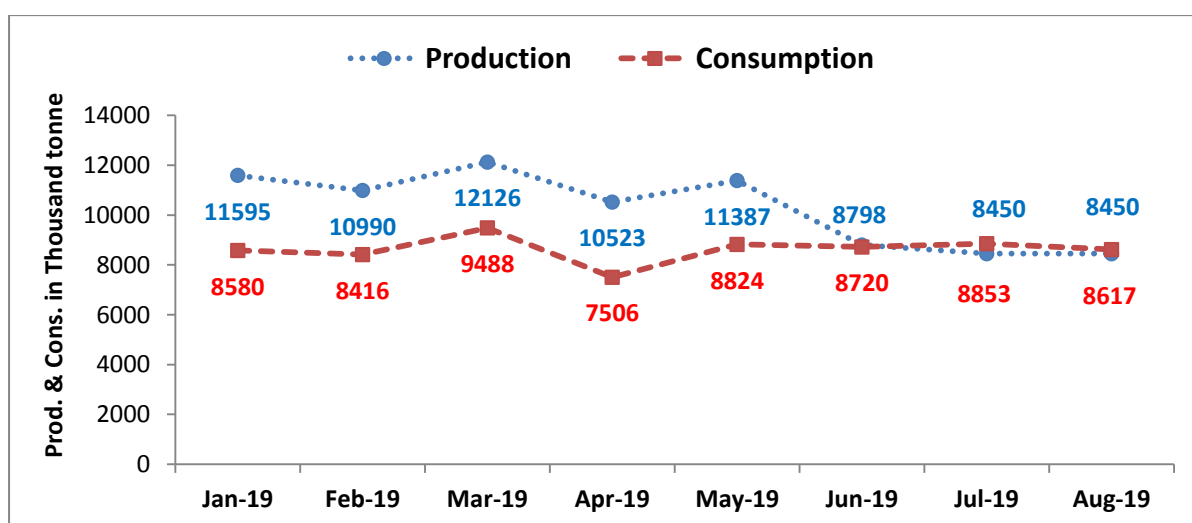
12. BSE Metal index witnessed a declining trend and deterioration in growth since July 2019. BSE Metal Index declined by 12%, which was relatively higher than the decline in BSE Sensex (0.44%) in August 2019. On a yearly basis, the BSE metal index came down by around 38.33% from September 2018 to August 2019.

13. The production of saleable steel of SAIL and RINL stood at 1.289 MT & 0.355 MT respectively, during the month of August, 2019. The production of finished steel in SAIL increased by 5% over CPLY, whereas it declined by 27% for RINL.

14. SAIL made a Profit After Tax of Rs 2178.82 Cr and gave a dividend of Rs 154.8 Cr to GoI for the FY 2018-19.

I. Growth Parameters: Statistical updates:

Graph No. 1: Production and consumption of Finished Steel:



➤ Production during August, 2019 remained unchanged while consumption of finished steel declined by 2.7 % over the previous month.

Table 1: Production & Consumption of Steel during 2019-20

(Million Tonnes)

Description	July'19	Aug'19	% Variation	April-August		% Variation
				2018-19	2019-20	
Production (Crude Steel)	9.151	8.996	(-)1.7	45.091	45.980	2.0
Production (Finished Steel)	8.450	8.450	0.0	40.947	43.222	5.6
Consumption	8.853	8.617	(-)2.7	40.080	42.606	6.3

Table 2: Country-wise Crude Steel* Production

Country	(Million tonne)					
	July		% Variation	Jan-July		% Variation
	2018	2019		2018	2019	
India	9.059	9.215	1.7	63.289	66.188	4.6
USA	7.383	7.514	1.8	49.442	51.827	4.8
Japan	8.420	8.387	(-)0.4	61.386	59.473	(-)3.1
China	81.180	85.223	5.0	529.348	577.064	9.0

Source: World Steel Association for China, Japan and USA; JPC for India.

(* Crude steel is the first solid state after melting, suitable for further processing or for sale, it is obtained by solidification of Hot metal)

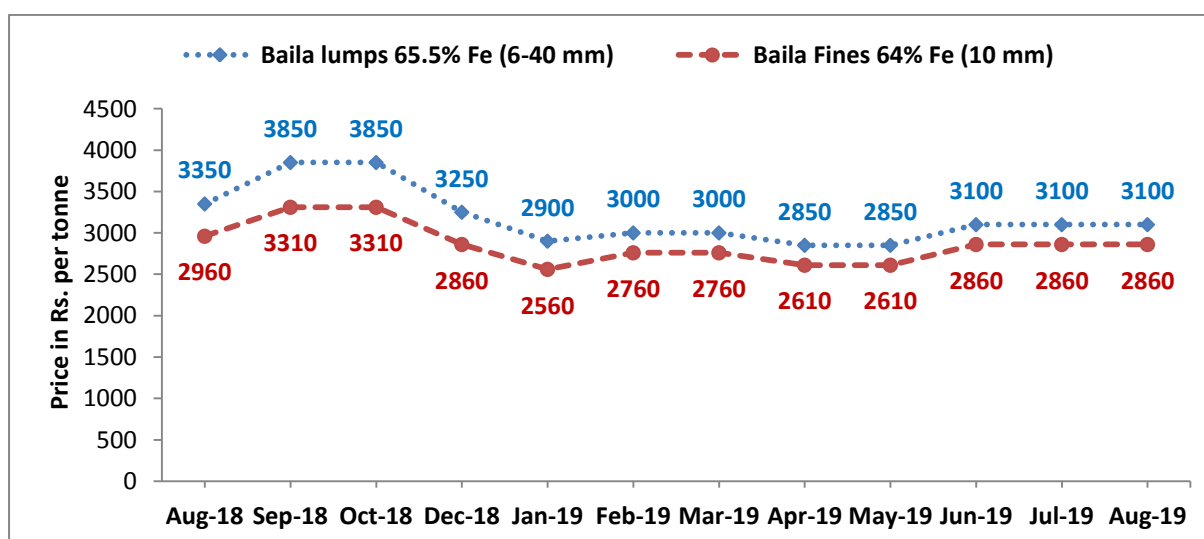
Table 3: Price of Iron Ore (Rs. per tonne)

Mineral	2018				2019							
	Aug	Sep	Oct	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Baila lumps 65.5% Fe (6-40 mm)	3350	3850	3850	3250	2900	3000	3000	2850	2850	3100	3100	3100
Baila Fines 64% Fe (10 mm)	2960	3310	3310	2860	2560	2760	2760	2610	2610	2860	2860	2860

Source: NMDC

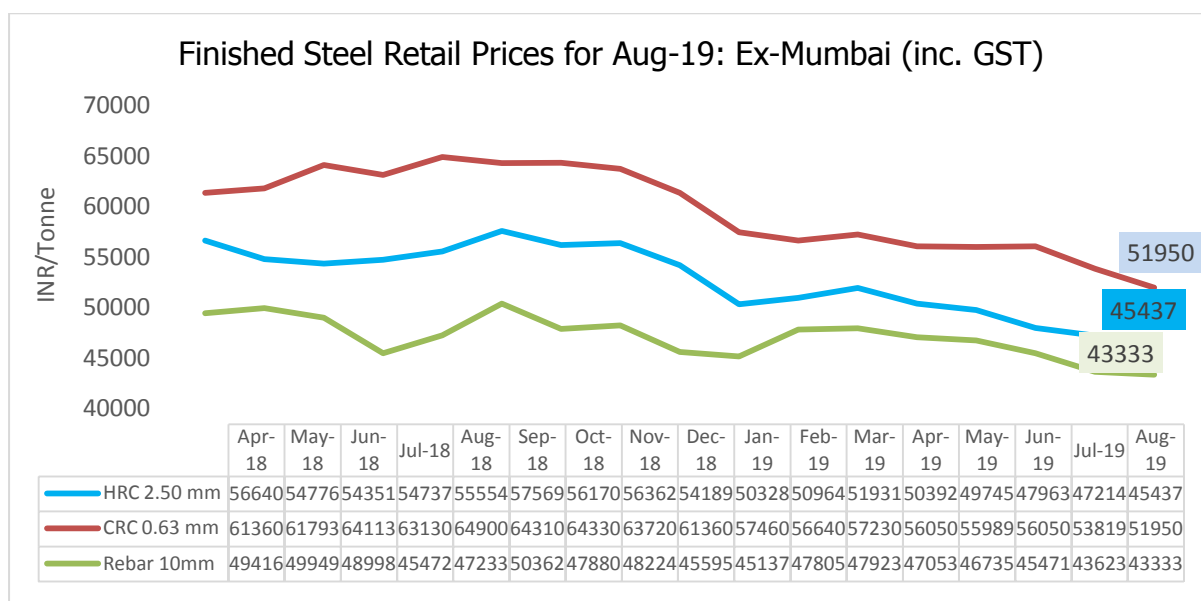
NMDC decided the prices of iron ore lumps and fines as Rs. 2900 & Rs. 2660 per ton respectively w.e.f. 20.08.2019.

Graph No. 2: Price Trend of Iron Ore.



- Domestic prices of iron ore lumps as well as fines remained unchanged during August, 2019 over the previous month

Graph No. 3: Market Price of HR Coil, CR Coil and Rebars.



Source: JPC

- On M-o-M basis, during the month of August, the prices of HRC, CRC and Rebars declined by 3.76%, 3.47% & 0.66% respectively

II. Trade Scenario:

Table 4: Imports and Exports of Finished Steel (Provisional):

Description	(000' Tonnes)					
	August		% Variation	April-August		% Variation
	2018	2019		2018-19	2019-20	
Imports	671	856	27.5	3327	3352	0.8
Exports	716	983	37.3	2642	2457	(-)7.0

- Import of total finished steel was at 0.856 MT in August, 2019 increased by 27.5% over CPLY.
- At 0.983 MT, export of total finished steel was increased by 37.3% in August 2019 over CPLY.
- India was a net exporter of the steel during August 2019.

Table 5 - Month-wise Import & Export of Finished Steel

Month	Import	Export	(Million Tonne)	
			M-o-M Growth (%)	
			Import	Export
April 2019	0.586	0.397	(-)16.88	(-)32.93
May 2019	0.535	0.318	(-)8.70	(-)19.90
June 2019	0.604	0.299	12.9	(-)6.0
July 2019	0.772	0.460	27.8	53.8
August 2019	0.856	0.983	10.9	113.7

- Imports of finished steel have shown a mixed trend during January to August 2019.
- Barring March 2019, imports of finished steel products declined on M-o-M basis till May 2019. Thereafter, an increase in import was observed from the month of June 2019 onwards.
- Exports of finished steel registered a decline on M-o-M basis till March-June 2019. However, in July and August 2019 exports registered a significant growth of 53.8 & 113.7 percent, respectively, surpassing imports in volume terms during the month of August 2019.

Graph No. 4 - Monthly Trend of Import & Export of Finished Steel

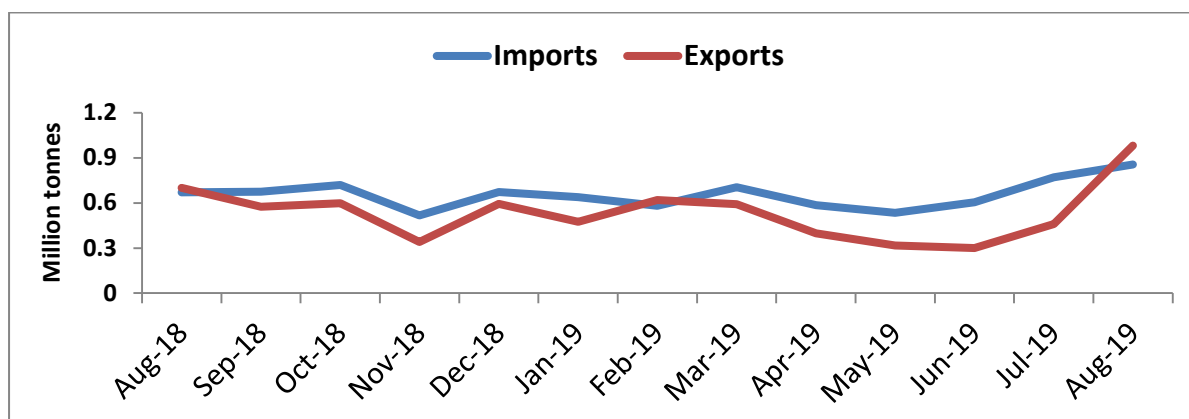
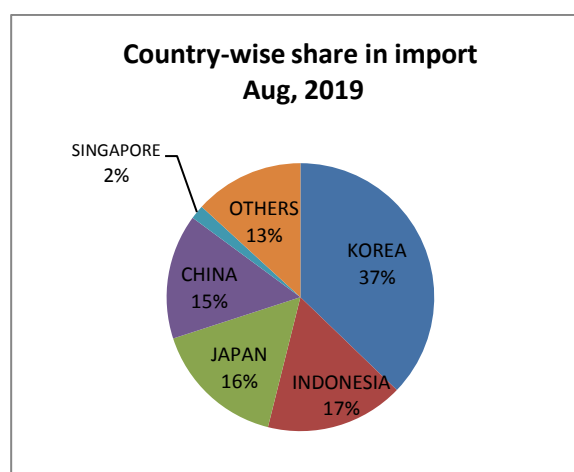
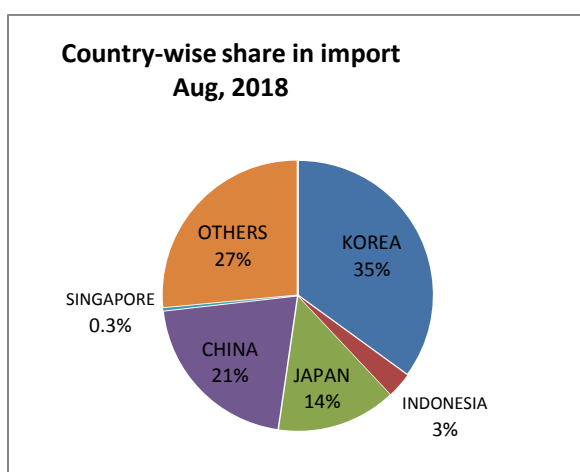


Table 6: Country-wise share of imports to India

Country	Aug-19 (P)	(%) Share	Aug-18	(%) Share	(%) Change
KOREA	318.0	37.2	235.2	35.0	35.2
INDONESIA	143.0	16.7	20.2	3.0	608.7
JAPAN	137.8	16.1	95.9	14.3	43.6
CHINA	129.1	15.1	140.6	20.9	-8.2
SINGAPORE	14.2	1.7	2.1	0.3	588.8
OTHERS	113.9	13.2	177.3	26.5	-35.76
TOTAL	856.0	100.0	671.3	100.0	27.5

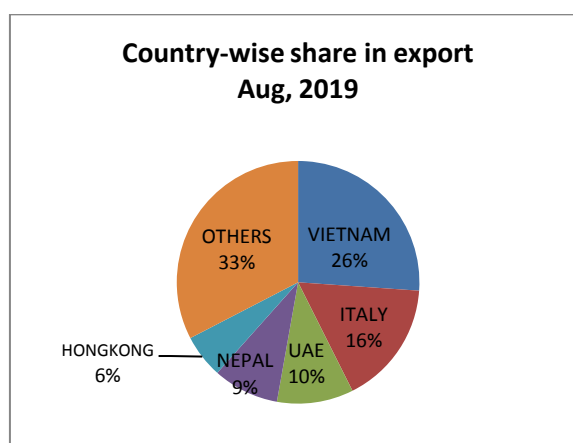
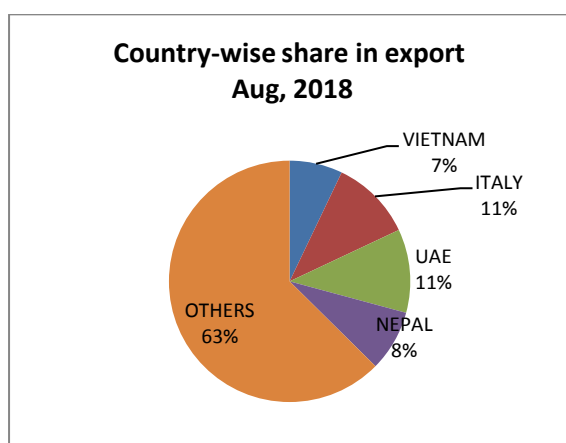


- Marked growth in import inflows from Indonesia, Korea, Japan and Singapore was observed during August 2019 over CPLY.
- The share of imports of finished steel has declined from China during August 2019 over CPLY.

Table 7: Country-wise share of Exports from India

Country	Aug-19 (P)	(%) Share	Aug-18	(%) Share	(%) Change
VIETNAM	257.1	26.1	50.7	7.1	407.0
ITALY	162.5	16.5	77.8	10.9	109.0
UAE	100.7	10.2	80.2	11.2	25.6
NEPAL	86.2	8.8	58.9	8.2	46.3
HONGKONG	57.5	5.8	0.3	0.0	-
OTHERS	319.0	32.6	448.1	62.6	-28.82
TOTAL	983.0	100.0	716.0	100.0	37.3

- Exports to Vietnam, Italy, Nepal and UAE have increased in August 2019 over CPLY.



III. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

Steel PSUs	August		% variation	April-August		% variation
	2018	2019		2018-19	2019-20	
SAIL:						
Saleable Steel (MT)	1.272	1.289	1.3	6.195	6.417	3.6
Sales (MT)	1.209	0.979	(-)19.0	5.237	4.978	(-)4.9
Total Sales Turnover (Rs. Crore)	5862	4211	(-)28.2	26393	23155	(-)12.3
RINL:						
Saleable Steel (MT)	0.400	0.355	(-)11.3	1.968	1.928	(-)2.0
Sales Steel (MT)	0.498	0.386	(-)22.5	1.882	1.558	(-)17.2
Sales Turnover (Rs. Crore)	2174	1390	(-)36.1	8100	6234	(-)23.0

NMDC:						
Production-Iron ore (MT)	1.463	1.408	(-)3.8	9.855	11.815	19.9
Sales-Iron ore (MT)	2.318	1.485	(-)35.9	11.036	12.624	14.4
Sales (Rs. Crore)	770	550	(-)28.6	3850	4700	22.1
MOIL:						
Production-Mn. Ore (MT)	0.090	0.084	(-)6.3	0.4964	0.4883	(-)1.6
Sales-Mn. Ore (MT)	0.102	0.066	(-)35.3	0.403	0.426	5.7
Total Sales Turnover (Rs. Crore)	107.70	68.33	(-)36.6	495.03	424.66	(-)14.2

Table 9: Physical & Financial Performance:

Steel PSUs	August		% variation	April-August		% variation
	2018	2019		2018-19	2019-20	
KIOCL:						
Pellets Production (MT)	0.170	0.183	7.6	0.824	0.993	20.5
Financial Performance (Sales-Pellets) in Rs. crore	129.1	101.2	(-)21.6	682.5	817.8	19.8
Profit Before Tax (Rs. crore)	19.67	3.93	(-)80.0	28.64	23.89	(-)16.6
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	35.49	96.64	172.3	139.26	4299.9	2987.6
Financial Performance (Total Revenue from Operations)	20.97	35.42	68.9	141.50	129.26	(-)8.7
Net Profit (Before Tax)	(10.96)	(7.31)	(-)33.3	(23.64)	(43.95)	85.9
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.294	0.424	44.5	1.301	1.701	30.8
Financial Performance (Sales-Service Charges) in Rs. Crore	28.63	32.23	12.6	138.65	151.47	9.2
Net Profit After Tax (Rs. Crore)	2.03	1.80	(-)11.3	8.05	8.13	1.0
MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	14763	7490	(-)49.3	49798	38240	(-)23.2
Financial Performance (Sales Turnover)	555.5	84.4	(-)84.8	1060.1	517.3	(-)51.2
Profit Before Tax	9.10	5.99	(-)34.2	45.44	55.50	22.1

Figures in parentheses indicate a negative amount/balance

IV. The Ministry of Steel and Steel PSUs are making procurement of goods and services through GeM Portal as under:

Organization	August, 2019		April-August, 2019-20	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	45	9.75	197	37.36
Steel PSUs	162	519.05	800	1729.39
