

No. S-24011/7/2019-EA



सत्यमेव जयते

मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
जून-2019
June-2019

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

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

2. Hon'ble Prime Minister attended G-20 leaders meeting in Osaka, Japan from 28th – 29th June, 2019, wherein, the progress made so far by the Global Forum on Steel Excess Capacity (GFSEC) was noted. Under the Leaders Declaration on the para 'Excess Capacities', members of GFSEC were asked to explore and reach a consensus, by end of 2019, on ways to further the work of the Forum. The next Ministerial meeting is scheduled to be held in September, 2019 to formulate and adopt the Report by consensus.

3. Steel Minister along with Minister of State made detailed review of the performance of steel CPSEs under the Ministry of Steel in meetings held from 4th to 11th June, 2019. They stressed on improving efficiency/ productivity, balance sheets of steel PSUs and reduction in cost of production in their respective areas of operation. They remarked that steel PSUs have certain socio-economic responsibilities attached to them in terms of generating employment, import substitution, etc., which are to be adhered to in order to ensure sustained development of the country.

4. A meeting was co-chaired by Commerce & Industry Minister and Minister of Steel on 11th June, 2019 with representatives of the steel industry and Engineering Export Promotion Council (EEPC) at New Delhi regarding issues being faced by steel sector and required intervention. During the meeting, various important discussions/decisions emerged which include; to establish an online steel import monitoring system, Ministry of Steel to issue the Quality Control Orders (QCOs) for all the categories of steel products. Later a meeting in this regard was held on 17th June, 2019 under the chairmanship of Finance Minister and attended by Steel Minister and Commerce Minister.

5. Ministry's effort to bring in foreign investment opportunities in steel sector continued during the month of June 2019.

- (i) On the Korean cooperation front, CMD, POSCO-India met Steel Minister on 12th June, 2019 and reiterated their intention to invest in India. Koreans are also looking for special incentives from State Governments. In this regard, CMD, POSCO-India met Chief Minister of Andhra Pradesh. The meeting was facilitated by the Ministry of Steel.
- (ii) On the Japanese cooperation front, Mr. Tadayosi Hiraki, Deputy Director for International Affairs, METI, visited Ministry of Steel on 21st June, 2019 to further discussed the cooperation in steel sector. A 'Concept Note' for Joint Working Group for Steel Dialogue between India and Japan prepared by the Ministry of Steel was provided to him for suggestions.

6. A meeting under the chairpersonship of Additional Secretary, MoS was held on 27th June, 2019 with the stakeholders for providing inputs of the steel industry for facilitating negotiations by Department of Commerce in RCEP on tariff lines on steel and related items.

7. In an attempt to provide preference to domestic manufacturers in government procurement, Steel Ministry has issued a notification on 29th May, 2019 on Policy for Providing Preference to Domestically Manufactured Iron & Steel Products (DMI&SP). In the revised DMI&SP Policy, the threshold of Rs.50 crore for project size on which this policy was applicable, has been revised downward to Rs.25 crore, and would include EPC contracts as well. It also expands the list of manufactured items to 49 from 11 items with minimum domestic value addition ranging between 15-50% (earlier the value addition limit was 15% only). Out of these 49 items included in DMI&SP, 13 items are the capital goods used for manufacturing of Iron & Steel products with minimum domestic value addition requirement of 50%.

8. A draft steel scrap policy has been formulated and uploaded on Ministry's web-site inviting stakeholders comments. The policy seeks to facilitate and promote establishment of ferrous/steel scrapping centres in India. This draft policy would endeavour scientific processing & recycling of ferrous scrap generated from various sources. It also manifests to develop standard guidelines for collection, dismantling and shredding activities in an organized, safe and environmentally sound manner.

9. An 'International Metallurgical Trade Fair and Congress (METEC-2019 exhibition) was held from 25th – 29th June, 2019 at Dusseldorf, Germany. An Indian Steel Pavilion was set up for the first time at METEC wherein 6 CPSEs under the Ministry, namely SAIL, NMDC, KIOCL, MOIL, FSNL and MECON along with 42 steel companies showcased India's steel growth story. The core focus of the participation was to attract Capital Goods Manufacturers/ Technology Providers to set up base in India. A seminar on 'India : Opportunities in Indian Steel Industry' was also organized where 32 CEO's of reputed Capital Goods manufacturers and technology giants participated. This technology fair of immense repute is known to provide technology Roadmap which is especially useful to the secondary sector. Two MoUs were signed during METEC, 2019, one with M/s Tennova Germany for secondary metallurgy and second with M/s Tengy China for fuel gas dedusting and desulpharisation.

10. An Inter-Ministerial Group meeting to review the strategic disinvestment of the SAIL units viz. SSP, VISP and ASP was held on 18th June, 2019. Revised PIM/EOI for 3 units of SAIL was subsequently approved by the SAIL board on 28th June, 2019 for release of advertisement.

11. The Ministry of Steel has set up a Business Development Centre (BDC) in order to create an institutional mechanism for business development for the entire steel sector, with the primary objective to facilitate enhancement of the crude steel production by 2030-31 as envisaged in National Steel Policy, 2017 and to promote exports.

12. The crude steel production stood at 9.330 million tonnes (MT) in June, 2019, which registered a growth of 3.6% over the corresponding month of last year. However, the consumption of finished steel increased by 6.4% during the same over CPLY.

13. India remained a net importer of finished steel, though the import declined by 11% during June, 2019. The trade deficit stood at 0.305 MT during the same month.

The imports from ASEAN, especially from Singapore, Vietnam, Indonesia and Thailand have shown an appreciable increase.

Global export diversion from traditional markets to new markets by various exporting countries has occurred due to various protectionist measures.

14. The Prices of iron ore increased during June, 2019 over the previous month. There is a continuous trend of increase in the last few months.

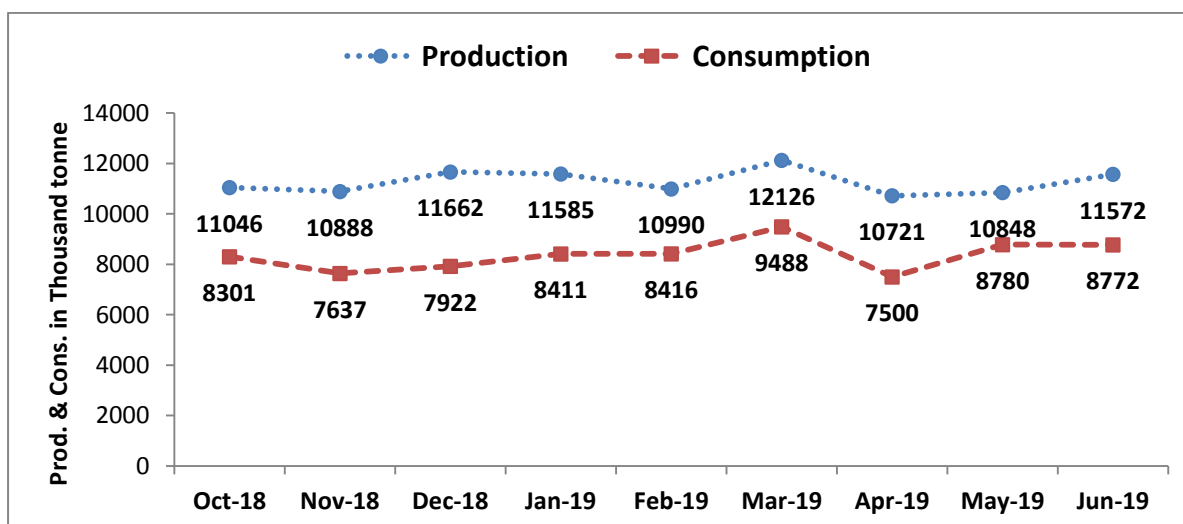
15. The Prices of finished steel products such as HR coils and Rebar decreased marginally in June, 2019 while the price of CR Coil increased over the previous month.

16. BSE Metal Index, of which steel is one of the major components, has shown a decline of 0.23%, whereas BSE Sensex declined by 0.89% during June, 2019 over the previous month.

17. Increase in finished steel Inventories was observed during the month of June, 2019. It stood at 447 thousand tonnes. On M-o-M basis consumption of finished steel declined by 1.9% during June '19 over the previous month.

I. Growth Parameters: Statistical updates:

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



- Production has shown a mixed trend and remained nearly flattish till February, 2019. It recorded an increase in March, 2019 while in April 2019, it declined, however, it then picked up and significantly increased in June, 2019.
- Consumption has shown an upward trend since November, 2018 till March, 2019 thereafter, it declined in April however it again picked up in May, 2019 and remained flattish in June, 2019.

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

(Million Tonnes)

Description	June		% Variation	April-June		% Variation
	2018	2019		2018-19	2019-20	
Production (Crude Steel)	8.976	9.300	3.6	26.824	27.728	3.4
Production (Finished Steel)	11.316	11.572	2.3	33.516	34.131	1.8
Consumption	8.245	8.772	6.4	23.584	25.187	6.8
Capacity Utilization (%)	78.07%	80.88%	3.6	77.76%	80.39%	3.4

- Consumption and production of finished steel grew at different rates. The consumption was higher by 4.1 percentage points during June, 2019 as compared to production.

Table 2: Country-wise Crude Steel* Production

Country	(Million tonne)					
	May		% Variation	Jan-May		% Variation
	2018	2019		2018	2019	
India	8.779	9.196	4.7	44.811	45.314	1.1
Japan	9.096	8.676	(-)4.6	44.217	42.294	(-)4.3
China	81.018	89.091	10.0	367.434	404.879	10.2

Source: World Steel Association for China and Japan; 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.)

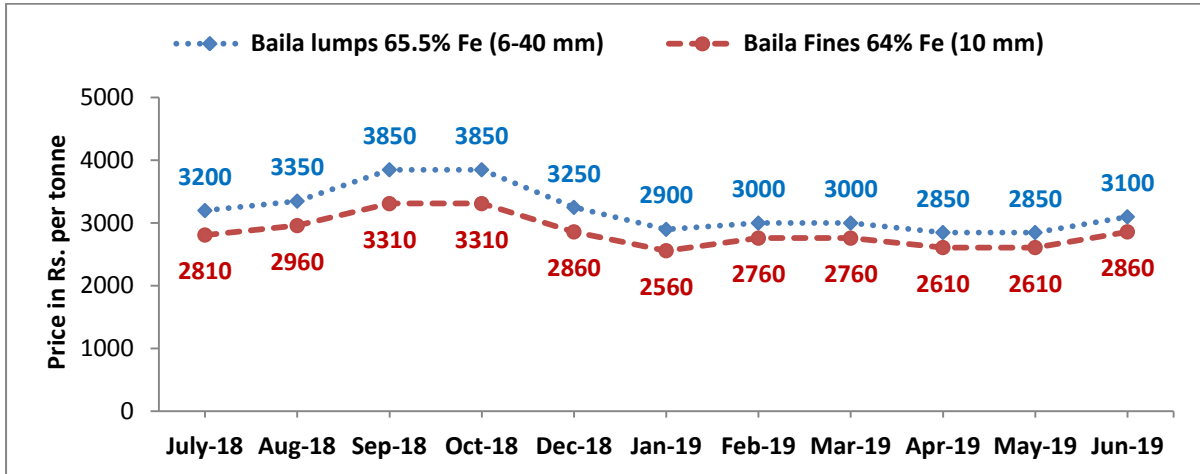
- For CY 2019, crude steel production of India stood at 9.2 MT during May 2019.
- China produced around 89.1 MT of crude steel, whereas crude steel production stood at 8.7 MT in Japan during May 2019.

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

Mineral	2018					2019					
	July	Aug	Sep	Oct	Dec	Jan	Feb	Mar	Apr	May	June
Baila lumps 65.5% Fe (6-40 mm)	3200	3350	3850	3850	3250	2900	3000	3000	2850	2850	3100
Baila Fines 64% Fe (10 mm)	2810	2960	3310	3310	2860	2560	2760	2760	2610	2610	2860

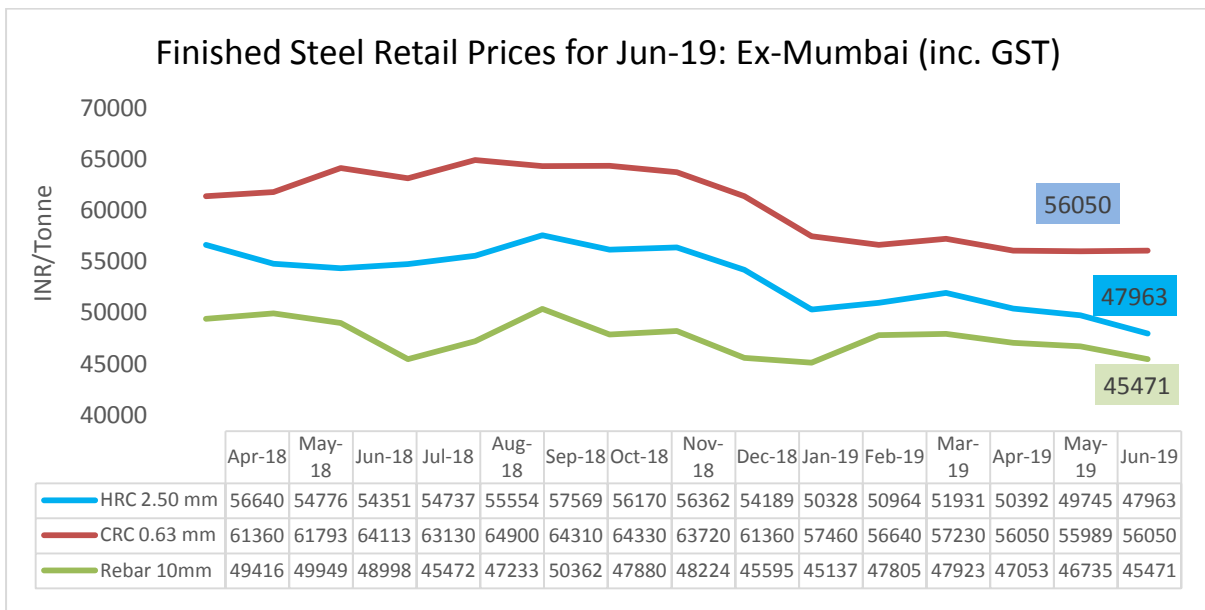
Source: NMDC

Graph No. 2: Price of Iron Ore.



- Prices of iron ore lumps and fines stood at INR 3100/ tonne and INR 2860/ tonne in June, 2019 and an increase by 8.8% & 9.6% respectively as compared to May, 2019. However, it remained below the peak level observed in September, 2018.
- Amid global supply concerns of iron ore and high demand of the same from China, the domestic price of iron ore moved up in the line with the international price of the same.

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



Source: JPC

- The Prices of finished steel products such as HR coils and Rebar decreased marginally in June, 2019 while the price of CR Coil increased over the previous month.
- On M-o-M basis, prices for HRC and Rebar decreased by 3.58% and 2.70% respectively, while the price of CR Coil increased by 0.11%.

II. Trade Scenario:

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

Description	(000' tonnes)					
	June		% Variation	April-June		% Variation
	2018	2019		2018-19	2019-20	
Imports	679	604	(-)11.0	1897	1724	(-)9.1
Exports	379	299	(-)21.1	1397	1015	(-)27.3

- Import of total finished steel was at 0.604 MT in June, 2019 down by 11% over June, 2018.
- At 0.299 MT, export of total finished steel was down by 21.1% in June, 2019 over June, 2018.
- India remained a net importer of the steel during June, 2019

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

Month	Import	Export	M-o-M Growth (%)	
			Import	Export
			Jan-19	0.638
Feb-19	0.582	0.619	(-)8.78	30.59
Mar-19	0.705	0.592	21.13	(-)4.36
Apr-19	0.586	0.397	(-)16.88	(-)32.93
May-19	0.535	0.318	(-)8.70	(-)19.90
June-19	0.604	0.299	12.9	(-)6.0

- Imports of finished steel have shown a mixed trend during January to June 2019.
- Barring March 2019 imports of finished steel products declined on M-o-M basis till May 2019. An increase in import is observed in the month of June 2019.
- Except for the month of Feb 2019, exports of finished steel registered a decline on M-o-M basis till June 2019.

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

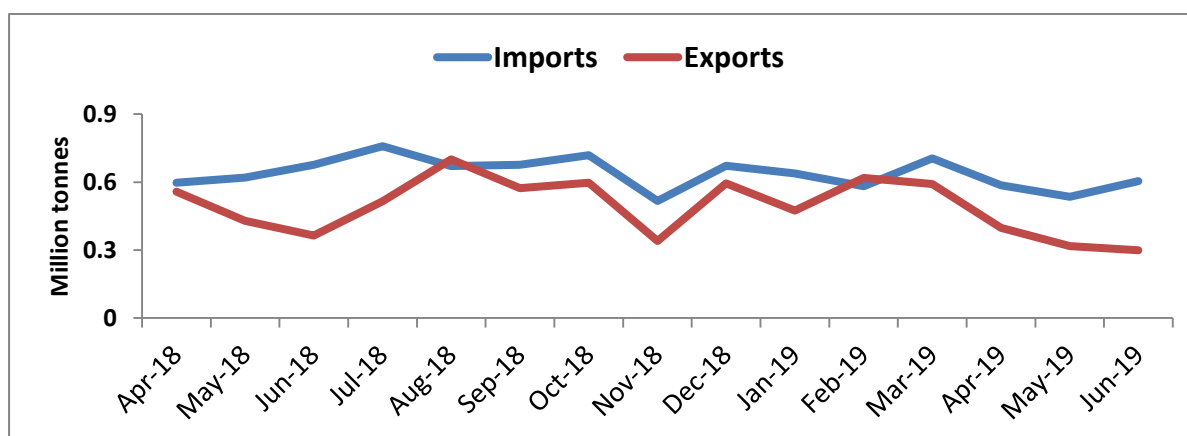
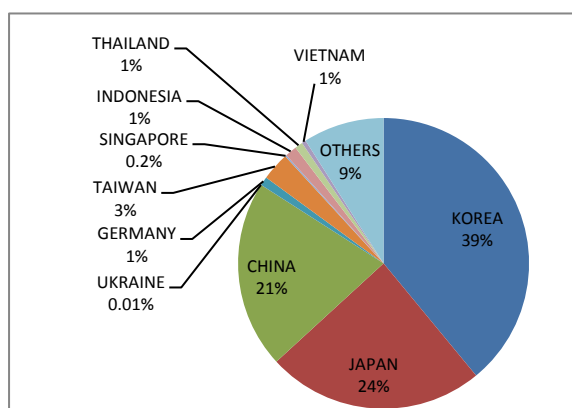


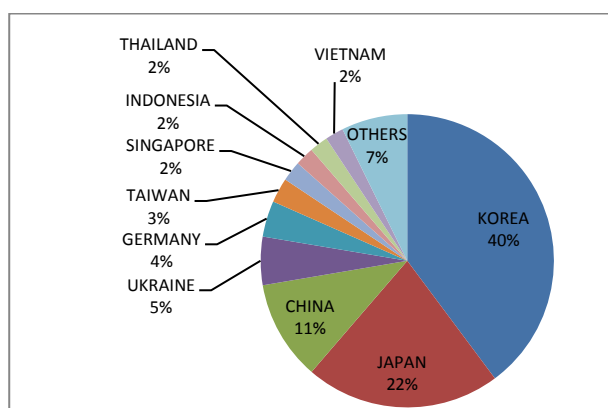
Table 6: Country-wise share of imports to India

(000' tonnes)					
Country	June-19 (P)	(%) Share	June-18	(%) Share	(%) Change
KOREA	240.2	39.8	264.6	39.0	(-)9.2
JAPAN	129.8	21.5	163.9	24.2	(-)20.8
CHINA	66.4	11.0	141.6	20.9	(-)53.1
UKRAINE	32.1	5.3	0.1	0.0	-
GERMANY	24.0	4.0	6.6	1.0	262.6
TAIWAN	16.5	2.7	21.2	3.1	(-)22.4
SINGAPORE	13.4	2.2	1.2	0.2	1063.6
INDONESIA	12.6	2.1	8.8	1.3	43.1
THAILAND	12.3	2.0	6.0	0.9	105.8
VIETNAM	12.2	2.0	3.2	0.5	284.3
OTHERS	44.0	7.3	61.1	9.0	(-)28.1
TOTAL	603.4	100.0	678.2	100.0	(-)11.0

Country-wise share in Import June, 2018



Country-wise share in Import June, 2019



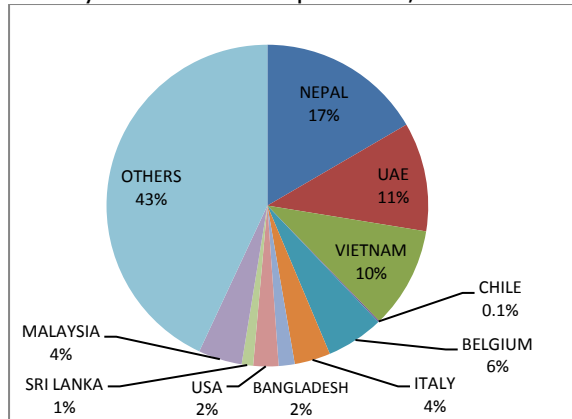
- Marked growth, in import inflows from Singapore, Vietnam, Indonesia and Germany was observed during June, 2019 over CPLY.
- The share of imports of finished steel has declined from China and Japan during June, 2019 over CPLY while the same increased in case of Germany and Singapore substantially.

Table 7: Country-wise share of Exports from India

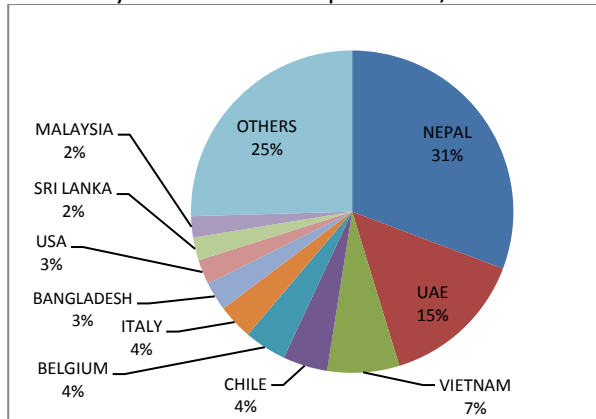
(000' tonnes)					
Country	June-19 (P)	(%) Share	June-18	(%) Share	(%) Change
NEPAL	92.1	30.8	62.8	16.6	46.6
UAE	43.5	14.5	41.4	11.0	4.9
VIETNAM	21.6	7.2	38.5	10.2	(-)43.9
CHILE	13.4	4.5	0.5	0.1	2630.6
BELGIUM	12.7	4.2	21.8	5.8	(-)42.0
ITALY	10.6	3.5	13.7	3.6	(-)22.4
BANGLADESH	8.7	2.9	6.1	1.6	41.8

USA	7.5	2.5	9.6	2.5	(-)22.1
SRI LANKA	6.9	2.3	4.4	1.2	58.6
MALAYSIA	6.4	2.1	16.6	4.4	(-)61.7
OTHERS	76.2	25.4	162.8	43.0	(-)53.2
TOTAL	299.4	100.0	378.2	100.0	(-)20.8

Country-wise share in Export June, 2018



Country-wise share in Export June, 2019



- Exports to Vietnam, Belgium, USA and Italy have decreased in June, 2019 over CPLY.

IV. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

(Million Tonnes)

Steel PSUs	June		% variation	April-June		% variation
	2018	2019		2018-19	2019-20	
SAIL:						
Saleable Steel (MT)	1.265	1.307	3.3	3.728	3.846	3.2
Sales (MT)	1.067	0.978	(-)8.3	3.083	3.045	(-)1.2
Total Sales Turnover (Rs. Crore)	5320	4477	(-)15.8	15743	14251	(-)9.5
RINL:						
Saleable Steel (MT)	0.387	0.400	3.4	1.178	1.201	2.0
Sales Steel (MT)	0.340	0.347	2.1	1.078	0.893	(-)17.2
Sales Turnover (Rs. Crore)	1466	1404	(-)4.2	4583	3753	(-)18.1
NMDC:						
Production-Iron ore (MT)	2.342	2.523	7.7	6.874	8.464	23.1
Sales-Iron ore (MT)	2.349	2.661	13.3	6.877	8.733	27.0
Sales (Rs. Crore)	830	1000	20.5	2400	3200	33.3
MOIL:						
Production-Mn. Ore (MT)	0.108	0.115	6.1	0.3246	0.3176	(-)2.2
Sales-Mn. Ore (MT)	0.173	0.139	(-)19.6	0.243	0.284	16.8
Total Sales Turnover (Rs. Crore)	220.08	131.1	(-)40.4	319.98	279.73	(-)12.6

Table 9: Physical & Financial Performance:

Steel PSUs	June		% variation	April-June		% variation
	2018	2019		2018-19	2019-20	
KIOCL:						
Pellets Production (MT)	0.260	0.218	(-)16.2	0.441	0.61	38.3
Financial Performance (Sales-Pellets) in Rs. crore	195.4	258.4	32.2	383.7	582.3	51.8
Profit Before Tax (Rs. crore)	3.89	8.66	122.6	(3.66)	18.50	605.5
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	5.00	4076.9	81438.6	100.14	4148	4042.2
Financial Performance (Total Revenue from Operations)	52.94	34.10	(-)35.6	95.90	66.43	(-)30.7
Net Profit (Before Tax)	16.08	(0.72)	(-)104.5	(-)2.88	(-)30.96	975.0
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.241	0.314	30.2	0.783	0.942	20.4
Financial Performance (Sales-Service Charges) in Rs. Crore	27.69	29.43	6.3	83.75	88.66	5.9
Net Profit After Tax (Rs. Crore)	1.67	1.55	(-)7.2	4.41	5.30	20.2
MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	1186	848	(-)28.5	3141	2437	(-)22.4
Financial Performance (Sales Turnover)	142.6	104.4	(-)26.8	332.7	386.0	16.0
Profit Before Tax	5.96	15.63	162.2	20.60	29.56	43.5

Figures in parentheses indicate a negative amount/balance

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

Organization	June, 2019		April-June, 2019-20	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	38	7.88	142	24.84
Steel PSUs	136	292.96	467	778.48
