

Monthly Summary for the Cabinet for the month of March, 2019

Hon'ble Prime Minister dedicated to the nation a Steel Processing Unit of SAIL at Jagdishpur in Amethi District, Uttar Pradesh, on 3rd March, 2019 in the presence of Minister of Textiles, Chief Minister of Uttar Pradesh and other dignitaries. The unit is currently doing a trial production of Rebars (TMT) and is likely to commence commercial production in May 2019.

2. The 25th Prime Minister's Trophy and Steel Minister's Trophy for the best Integrated Steel Plants were presented by Steel Minister on 1st March, 2019 at New Delhi for 2016-17. The aim, of these awards, is to motivate steel plants for best practices in the field of energy efficiency, safety, waste management, quality improvements, performance, etc. Tata Steel Limited, Jamshedpur and JSW Steel Limited, Vijayanagar, were awarded Prime Minister's Trophy and Steel Minister's Trophy, respectively. The Certificate of Appreciation for the maximum incremental improvement was awarded to JSW Limited Dolvi Works, whereas, Rourkela Steel Plant (SAIL) and JSPL, Raigarh, were given Certificates of Appreciation for theme based improvements.

3. OECD Steel Committee Meeting, Global Forum on Steel Excess Capacity (GFSEC) Steering Group Meeting and GFSEC Meeting took place in Paris from 25th-29th March, 2019. During these meetings, the latest developments in the steel making capacity, steel demand, market development, continuing challenges of steel excess capacity, market distorting subsidies to steel industry, solutions to reduce excess capacity and future prospects in steel making capacity, etc. were discussed. The members also reviewed shared information of member countries followed by a detailed question & answer session on the same. In the meeting it was pointed out that the steel market fundamentals have weakened in the 2nd half of 2018 on account of weakening global outlook, increase in trade friction (protectionism) and excess steel capacity. Further, steel consumption is at a steady level and as per World Steel Association forecast global steel demand will grow in 2019 at a pace of 1.4%. The structural imbalance and cyclical nature of the industry are causes of concern in 2019.

4. The Initial Public Offer (IPO) of the MSTC Limited, a Mini Ratna CPSE under the Ministry of Steel, was successfully completed and the equity shares were listed and traded on both Bombay Stock Exchange & National Stock Exchange w.e.f. 29th March, 2019. The total sale proceeds from the IPO (1.76 crore no. of shares) were Rs.211.04 crore. Post IPO, the Government held equity in MSTC Ltd. is 64.75%.

5. The Indian Steel Association (ISA) has filed a petition with the DGTR (Ministry of Commerce & Industry) for imposition of safeguard measures of 25% Ad Valorem Duty on import of "Iron & Steel" & Articles thereof to India. The ISA has submitted a copy of the same to the Ministry. This has been necessitated by the imposition of 25% additional customs duty by USA on the grounds of national security followed by imposition of 25% safeguard duty by EU, and 25% provisional safeguard duty by Turkey and Canada which have created an unprecedented global crises in international trade in steel products. Further, Indonesia has recently extended for

period of 5 years the existing 20% Anti Dumping Duty on HR Coils from India. In addition, Eurasian Economic Union (Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan) has also initiated safeguard investigation recently. As a result of these adverse trade measures, Indian steel exports have been badly hit. Whereas import of finished steel has risen by 4.7%, the exports are down by 33.9% in comparison to the last financial year. As most of the primary steel producers, in both private and public sector, continued their plant to expand their capacity, the deceleration of steel exports and threat of surge in import has the potential to put these companies in red. With China having excess steel capacity of close to 200 MT and US, Turkey, Canada and EU markets virtually closed for China, Japan, South Korea there is real threat of dumping of steel to India. There is an imminent threat to the industry on account of these developments.

6. A two-day Vigilance Conclave was organized by the Ministry of Steel during 18th-19th March, 2019 at Scope Complex, New Delhi, to sensitize officials of steel ministry and its CPSEs on the basic principles and procedures to be followed while taking important administrative and commercial decisions relating to procurement, contracts, personnel and finance etc.

7. The Bhilai Steel Plant has produced an all time high 1,24,001 tonnes of Prime Rails for railways in March 2019. During April-March 2018-19, the cumulative production was 9,85,023 tonnes, which is the best ever performance of rail production. With this, SAIL has achieved 98.5% of the target (10 lakh tonnes) of rail supply to Railways for 2018-19. Ministry of Steel is closely monitoring rail production and periodically taking up with Ministry of Railways on certain clearances and rake availability.

8. On 15th March, 2019, Cyclone "IDAI" hit the east coast of Mozambique, damaging severely the port city, Beira. Owing to damage of port infrastructure, shipment of coking coal by International Coal Ventures Pvt. Limited (ICVL) a JV of SAIL, NMDC and RINL has gotten affected. Remedial measures are being taken up to minimize the impact of the cyclone.

9. On 12.3.2019, a fatal accident occurred in SAIL/Durgapur Steel Plant in which two regular employees of SAIL died. While going from one unit to other unit, inside plant by motorbike, they met with an accident with Dumper owned by M/S FSNL.

10. Swachhata Pakhwada was organized in the ministry during 16th-31st March, 2019. The Steel Safety Day was also observed by steel companies including the smaller companies on 28th March, 2019.

11. The Budget utilization of the Ministry of Steel for 2018-19 was 99.83% of RE with an expenditure of Rs. 154.63 crore. The CPSEs under the Ministry paid dividend to the tune of Rs. 2379.31 crore to the Government during 2018-19.

I. Growth Parameters: Statistical updates:

For both CY 2018 as well as FY 2018-19, the crude steel production of India stood at 106.5 million tonne (MT) and 106.4 MT (approx.) respectively.

Table 1: Crude Steel* Production:

Country	(Million tonne)					
	February		% Variation	Apr-Feb		% Variation
	2018	2019		2017-18	2018-19	
India	8.545	8.738	2.3	93.625	97.152	3.8
Japan	8.295	7.743	-6.7	95.753	93.804	(-)2.0
China	65.021	70.988	9.2	804.522	866.307	7.7

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.)

- India produced 8.74 MT crude steel in February, 2019 thereby registering growth of 2.3% over CPLY.
- During April-Feb., 2018-19 production of crude steel increased by 3.8 % in India over CPLY.

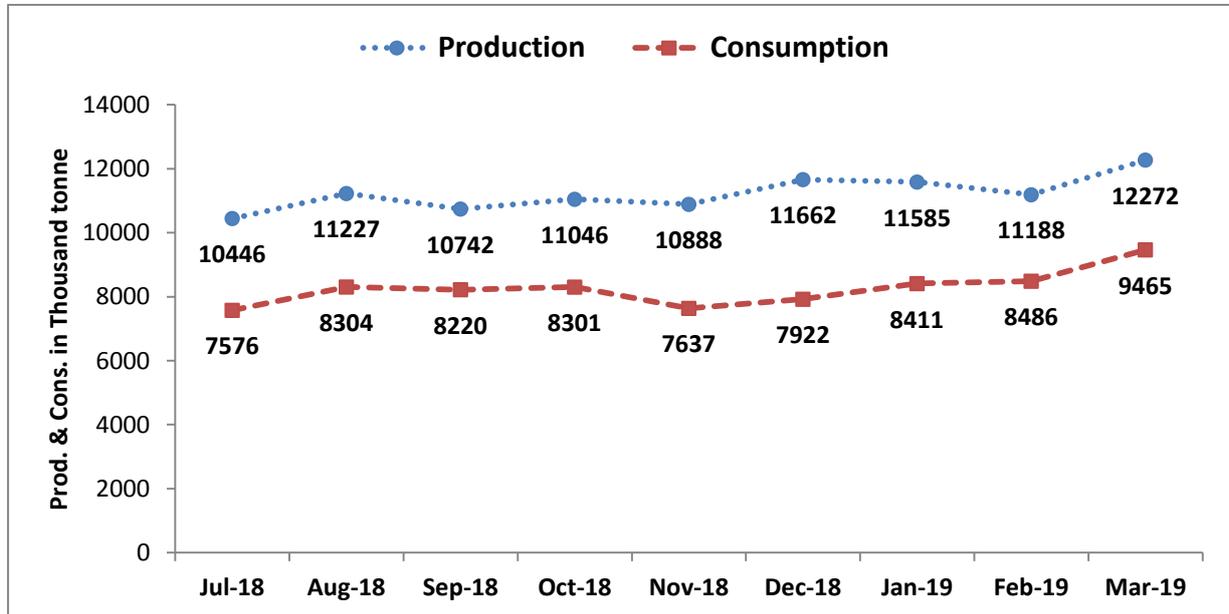
Table 2: Production & Consumption of Steel:

Description	(Million tonne)					
	March		% Variation	April-March		% Variation
	2018	2019		2017-18	2018-19	
Production (Crude Steel)	9.506	9.213	(-)3.1	103.131	106.366	3.1
Production(Finished Steel)	11.708	12.272	4.8	126.856	131.718	3.8
Consumption	8.696	9.465	8.8	90.708	97.515	7.5
Capacity Utilization of Crude steel (%)	82.68%	80.13%	(-)3.1	74.75%	77.10%	3.1

- During April-March, 2018-19, India registered a growth of 3.1% in crude steel production over CPLY whereas, for the month of March, 2019 it registered a decline in the same.
- During April-March, 2018-19, India produced finished steel 131.72 MT, registering a growth of 3.8% over CPLY.
- India produced 12.27 MT finished steel in March, 2019 as compared to 11.71 MT over CPLY thereby witnessing an increase by 4.8% in the production of the same.
- During April-March, 2018-19, India's finished steel consumption increased by 7.5% over CPLY.
- There is a difference in growth rates of production and consumption of finished steel during Apr-March, 2019 and March, 2019 by 3.7 & 4.0 percentage points, respectively.

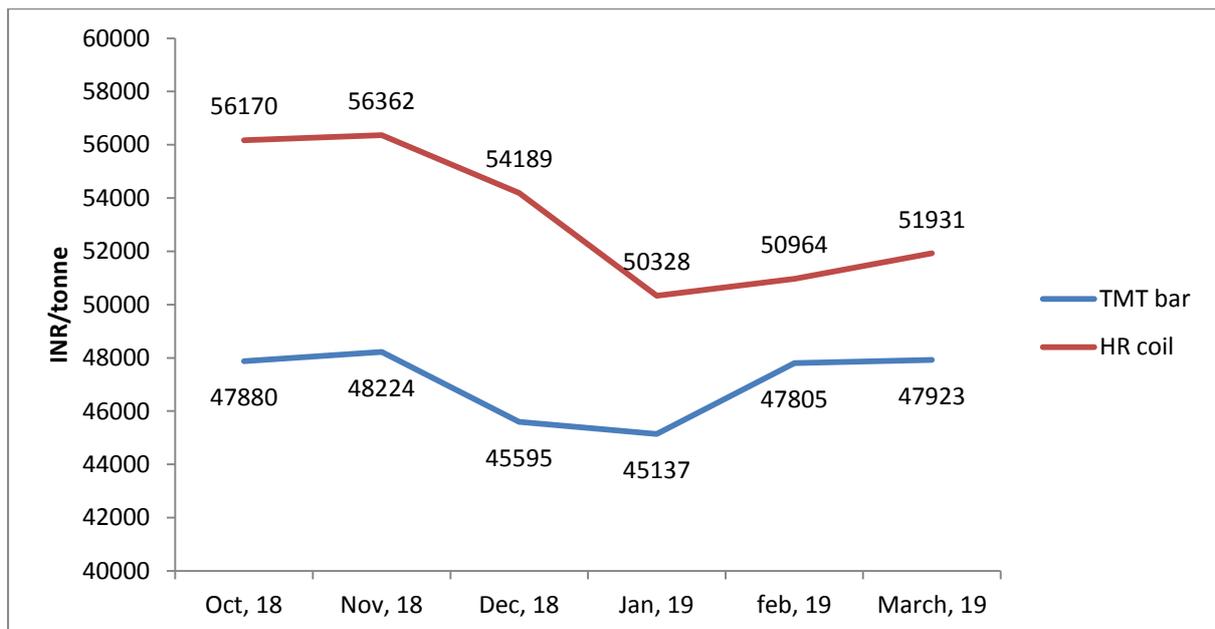
- India is one of the major steel economies with consumption increasing at higher rate than that of production and would remain vulnerable target for inflow of cheap imports.

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



- Production has shown a mixed trend and remained nearly flattish till February, 2019 however, it recorded an increase in March, 2019.
- Consumption has shown an upward trend since November, 2018.

Graph No. 2: Market Price of TMT Bar & HR Coil.



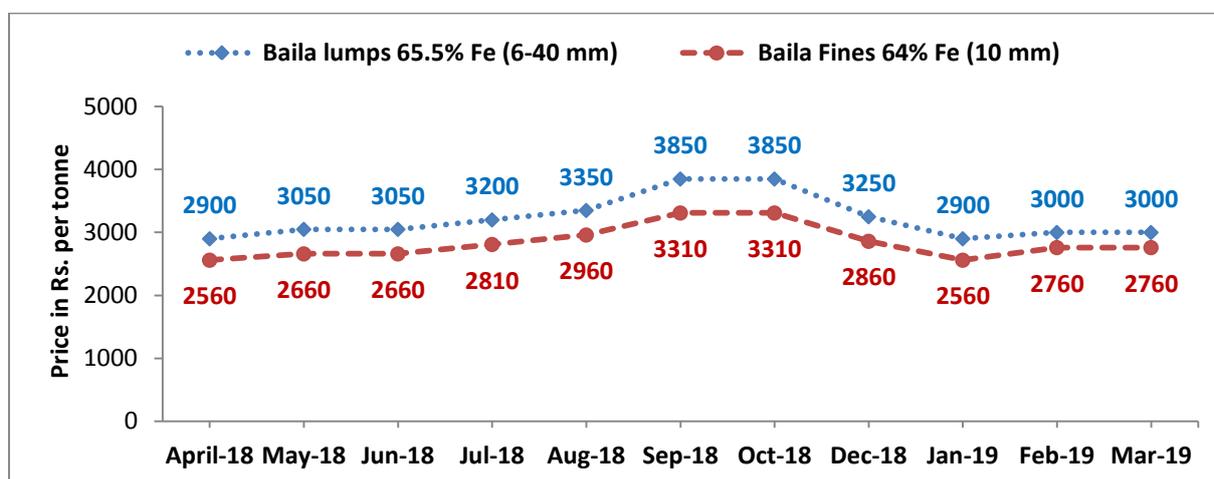
- The domestic price of HR coil in India started declining from Nov., 2018 with the lowest dip in Jan., 2019 thereafter started showing an upward trend from February, 2019 onwards. This is in line with the global price trend of HR coil.
- The domestic price of TMT bar has shown an increasing trend since Feb., 2019. It remained at INR 47923/tonne during March, 2019.

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

Mineral	2018								2019		
	April	May	Jun	Jul	Aug	Sep	Oct	Dec	Jan	Feb	Mar
Baila lumps 65.5% Fe (6-40 mm)	2900	3050	3050	3200	3350	3850	3850	3250	2900	3000	3000
Baila Fines 64% Fe (10 mm)	2560	2660	2660	2810	2960	3310	3310	2860	2560	2760	2760

Source: NMDC

Graph No. 3: Price of Iron Ore.



- Across the market, prices of iron ore have increased in the month of Feb., 2019 after a steep slide from Oct., 2018 level. However, it remained unchanged during March, 2019.
- International prices of iron ore increased post Vale Dam incident however, prices in India remained stable due to sufficient supply of iron ore in the country.

II. Trade Scenario:

Table 4- Export-Import of Finished Steel and Balance of Trade

Year	(Million tonne)						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Imports	7.92	5.45	9.32	11.71	7.22	7.48	7.84
Exports	5.37	5.99	5.60	4.08	8.24	9.62	6.36
Net Trade	-2.56	0.54	-3.72	-7.63	1.02	2.14	-1.48

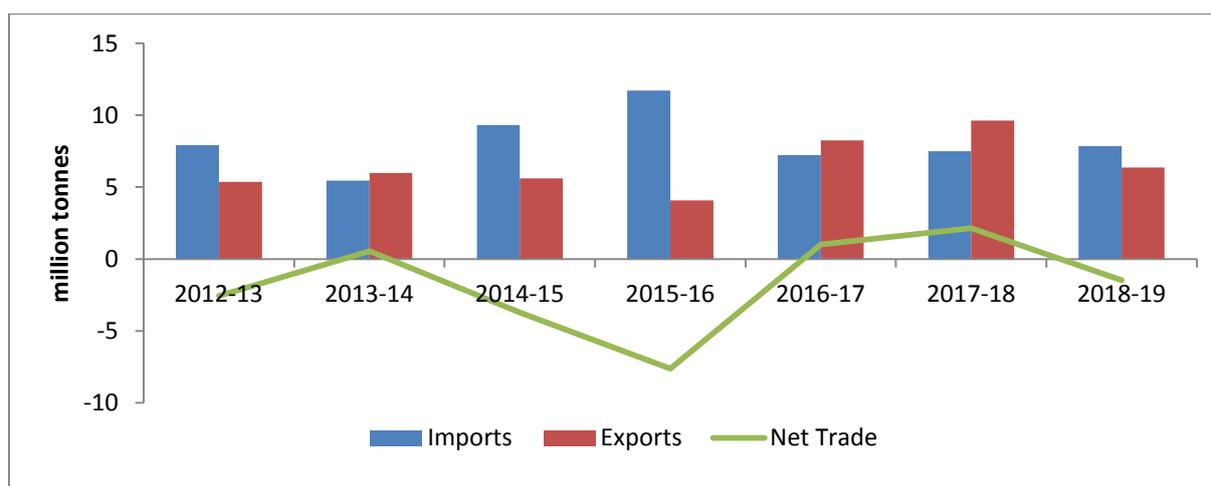
The table shows the volume of trade since 2012-13 to 2018-19 and Net Trade during the same period.

Table 5: Imports and Exports of Finished Steel (Provisional):

Description	('000 Tonnes)					
	March		% Variation	April-March		% Variation
	2018	2019		2017-18	2018-19	
Imports	483	705	46.0	7482	7837	4.7
Exports	708	592	(-) 16.4	9619	6362	(-) 33.9

- At 6.362 MT, export of total finished steel was down by 33.9% in April-March, 2018-19 over same period of last year.
- Import of total finished steel was at 7.837 million tonnes (MT) in April-March, 2018-19 and was up by 4.7% over CPLY.
- India remains as a net importer of the steel during the financial year 2018-19.

Graph No. 4 - Graphical representation of Export-Import of Finished Steel and Balance of Trade



- The net trade remained favourable in the year 2013-14, 2016-17 and 2017-18.
- For the year 2018-19, Imports have increased marginally over CPLY, whereas exports have declined significantly.
- Thus India remains a net importer of Finished Steel during 2018-19.

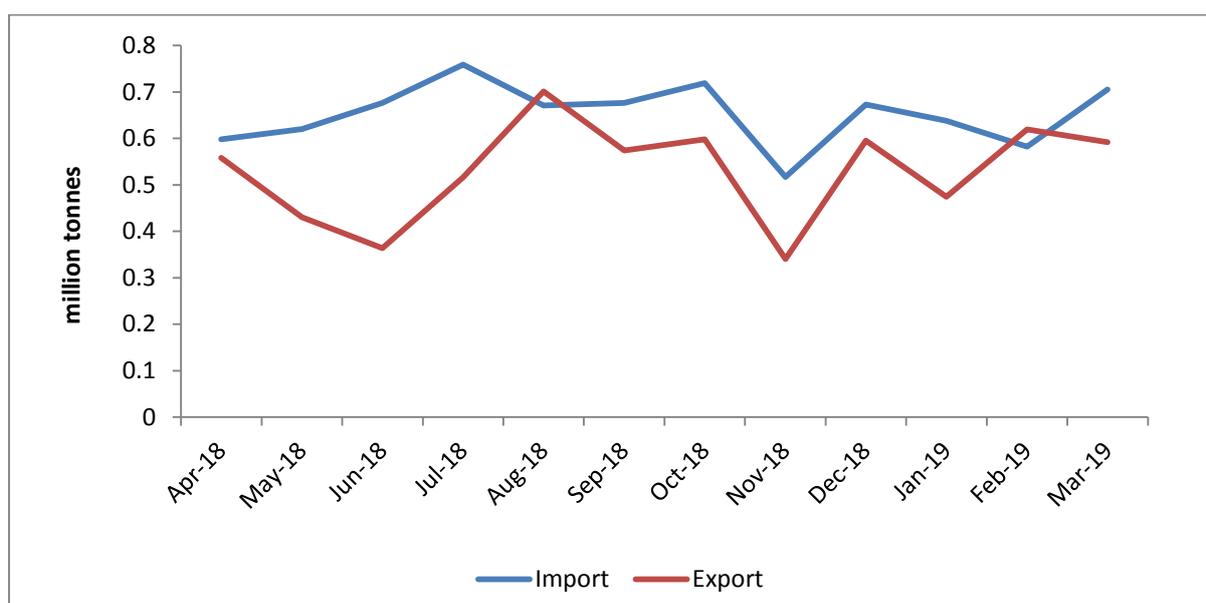
Table 6 - Month-wise Export & Import of Finished Steel

(Million tonne)					
Month	Import	Export	Month	Import	Export
Apr-17	0.504	0.747	Apr-18	0.598	0.558
May-17	0.56	0.641	May-18	0.620	0.430
Jun-17	0.645	0.648	Jun-18	0.676	0.364
Jul-17	0.799	0.77	Jul-18	0.759	0.516
Aug-17	1.004	0.924	Aug-18	0.671	0.701
Sep-17	0.811	1.119	Sep-18	0.676	0.574
Oct-17	0.602	0.778	Oct-18	0.719	0.598
Nov-17	0.614	1.012	Nov-18	0.517	0.340

Dec-17	0.558	0.964	Dec-18	0.673	0.595
Jan-18	0.356	0.615	Jan-19	0.638	0.474
Feb-18	0.547	0.693	Feb-19	0.582	0.619
Mar-18	0.483	0.708	Mar-19	0.705	0.592
M-o-M (Mar vs Feb, 19) (%)	-	-	-	21.1	(-)4.4

- Imports stood at 0.705 MT in March, 2019, up by 21.1% over February, 2019.
- Exports stood at 0.592 MT in March, 2019, decreased by 4.4% over February, 2019

Graph No. 5 - Monthly Trend of Finished Steel Imports & Export

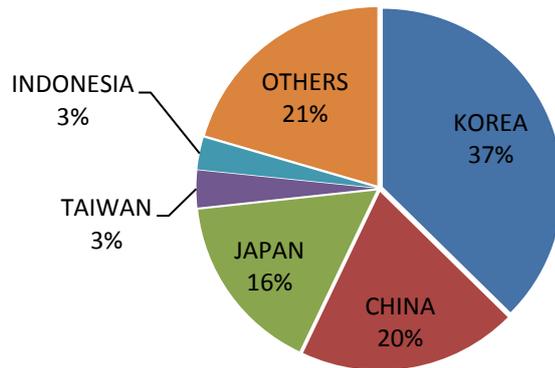


- There has been a wide fluctuation on M-o-M basis in export outflow from India during 2018-19
- Export recorded highest volume during August, 2018 and followed by exports during Feb., 2019.
- The imports inflow in India remained well above the export outflow from April, 2018 to March, 2019 except during the months of August, 2018 and February, 2019.

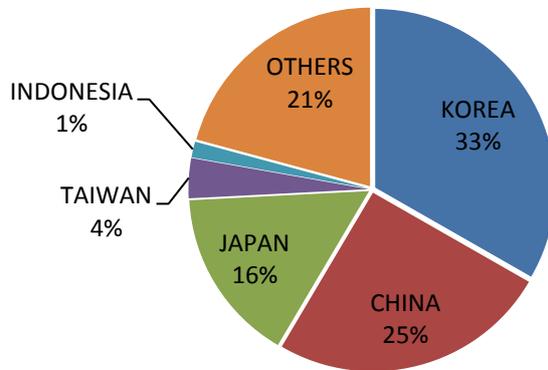
Table No. 7 - Country-wise share in Imports

Country	2018-19(P)	share	2017-18	share	% change
KOREA	2930.91	37.4	2492.92	33.3	12.3
CHINA	1539.24	19.6	1881.42	25.1	-21.9
JAPAN	1271.29	16.2	1176.40	15.7	3.2
TAIWAN	262.42	3.3	270.52	3.6	-7.4
INDONESIA	227.74	2.9	107.04	1.4	103.2
OTHERS	1603.46	20.5	1554.59	20.8	-1.5
TOTAL	7835.06	100	7482.88	100.0	4.7

Country-wise share in total imports to India in 2018-19



Country-wise share in total imports to India in 2017-18



- There has been an increase in the share of imports from Korea whereas import inflow from China witnessed a decline during 2018-19 over the CPLY.
- Import from Indonesia witnessed very high increase in volume terms with increased share in total imports to India during 2018-19 over the CPLY.
- During 2017-18, the share of imports coming from South Korea(33%), China(25%), Japan(16%) stood at 74% in total import inflow to India, there has been a relative change in import share of South Korea(37%) and China(20%) during 2018-19 whereas import share from Japan remained unchanged.

Table No. 8 - Country-wise share in total exports from India

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Country	2018-19(P)	share	2017-18	share	% change
NEPAL	837.31	13.2	660.92	6.9	26.7
ITALY	833.27	13.1	1237.71	12.9	-32.7
VIETNAM	708.84	11.1	928.96	9.7	-23.7
UAE	679.60	10.7	714.55	7.4	-4.9
BELGIUM	617.16	9.7	971.42	10.1	-36.5
OTHERS	2684.78	42.2	5106.81	53.1	-47.4
TOTAL	6360.95		9620.37		-33.9

- It is observed from the above table that the export to most of the countries declined except Nepal during 2018-19 over CPLY.
- Exports to Italy, Belgium and Vietnam have sharply declined in volume terms.
- Share of Indian exports, to these countries in total exports, has remained more or less constant due to decline in total outflow of exports of India during 2018-19 vs 2017-18

IV. Performance of Steel PSUs:

Table 9: Production/Sales/Sales Turnover:

(Million Tonnes)

Steel PSUs	March		% variation	April-March		% variation
	2018	2019		2017-18	2018-19	
SAIL:						
Saleable Steel (MT)	1.286	1.540	19.8	14.344	15.548	8.4
Sales (MT)	1.260	1.446	14.8	13.324	13.389	0.5
Total Sales Turnover (Rs. Crore)	6023	6689	11.1	58295	65921	13.1
RINL:						
Saleable Steel (MT)	0.516	0.521	1.0	4.500	5.000	11.1
Sales Steel (MT)	0.531	0.582	9.6	4.488	4.910	9.4
Sales Turnover (Rs. Crore)	2170	2329	7.3	16618	20844	25.4
NMDC:						
Production-Iron ore (MT)	4.107	4.044	-1.5	35.576	32.438	-8.8
Sales-Iron ore (MT)	4.058	3.584	-11.7	36.075	32.381	-10.2
Sales (Rs. Crore)	1520	1375	-9.5	11500	12155	5.7
MOIL:						
Production-Mn. Ore (MT)	0.140	0.133	-5.3	1.201	1.301	8.3
Sales-Mn. Ore (MT)	0.147	0.177	20.2	1.187	1.270	7.0
Total Turnover (Rs. Crore)	177.89	161.87	-9.0	1333.35	1442.02	8.2

Table 10: Physical & Financial Performance:

Steel PSUs	March		% variation	April-March		% variation
	2018	2019		2017-18	2018-19	
KIOCL:						
Pellets Production (MT)	0.222	0.275	23.9	2.327	2.238	-3.8
Financial Performance (Sales-Pellets) in Rs. crore	122.32	233.23	90.7	1521.45	1825.97	20.0
Profit Before Tax (Rs. crore)	9.16	11.97	30.7	33.20	83.49	151.5
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	428.52	2921.3	581.7	1003.4	3191.8	218.1
Financial Performance (Total Turnover)	124.3	103.66	-16.6	445.57	463.67	4.1
Net Profit (Before Tax)	86.59	26.81	-69.0	43.99	11	-74.6
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.357	0.348	-2.7	3.290	3.562	8.3
Financial Performance (Sales-Service Charges) in Rs. Crore	31.59	35.14	11.2	313.46	361.93	15.5
Net Profit After Tax (Rs. Crore)	0.67	2.07	209.0	7.93	26.20	230.4
MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	17768	14053	(20.9)	82011	111237	35.6
Financial Performance (Sales Turnover)	582.0	197.3	(66.1)	1946.2	2915.2	49.8
Profit Before Tax	24.1	36.1	49.8	111.6	(261.2)	(334.1)

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	March, 2019		2018-19	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	13	13.18	493	130.89
Steel PSUs	196	472.72	912	1741.97
