

No. S-24013/1/2020-EA-RFD
Government of India
Ministry of Steel
(Economic Division)

Udyog Bhawan, New Delhi
Dated: 21st June, 2022

OFFICE MEMORANDUM

Subject: Monthly Summary for the Cabinet for the month of May, 2022.

The Undersigned is directed to circulate herewith a copy of the unclassified portion of the Monthly Summary pertaining to the Ministry of Steel for the month of May, 2022 for information.

Encl: As above.



(Raj Kumar)

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To,

1. Members of the Council of Ministers
2. Vice Chairman, NITI Aayog, NITI Bhawan, New Delhi
3. All Members of NITI Aayog, NITI Bhawan, New Delhi
4. Cabinet Secretary, Rashtrapati Bhawan, New Delhi
5. All Secretaries to the Government of India
6. Chief Economic Adviser, Ministry of Finance, North Block, New Delhi
7. Addl. Chief Economic Adviser, Ministry of Railways, Railway Board, R.No. 301, 3rd Floor, Pragati Maidan Metro Station Building Complex, New Delhi.
8. Information Officer, PIB, Shastri Bhawan, New Delhi steel_pib@nic.gov.in
9. PS to SM
10. PS to MoS
11. Sr. PPS to Secretary (Steel),
12. Sr. PPS to AS&FA
13. PPS to AS
14. PS to JS(R), PS to JS(K), PPS to JS(S), PS to DDG.
15. NIC (Steel)-(with a request to upload on the website of the Ministry of Steel)

No. S-24013/1/2020-EA-RFD

**मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL**

मई – 2022

May - 2022

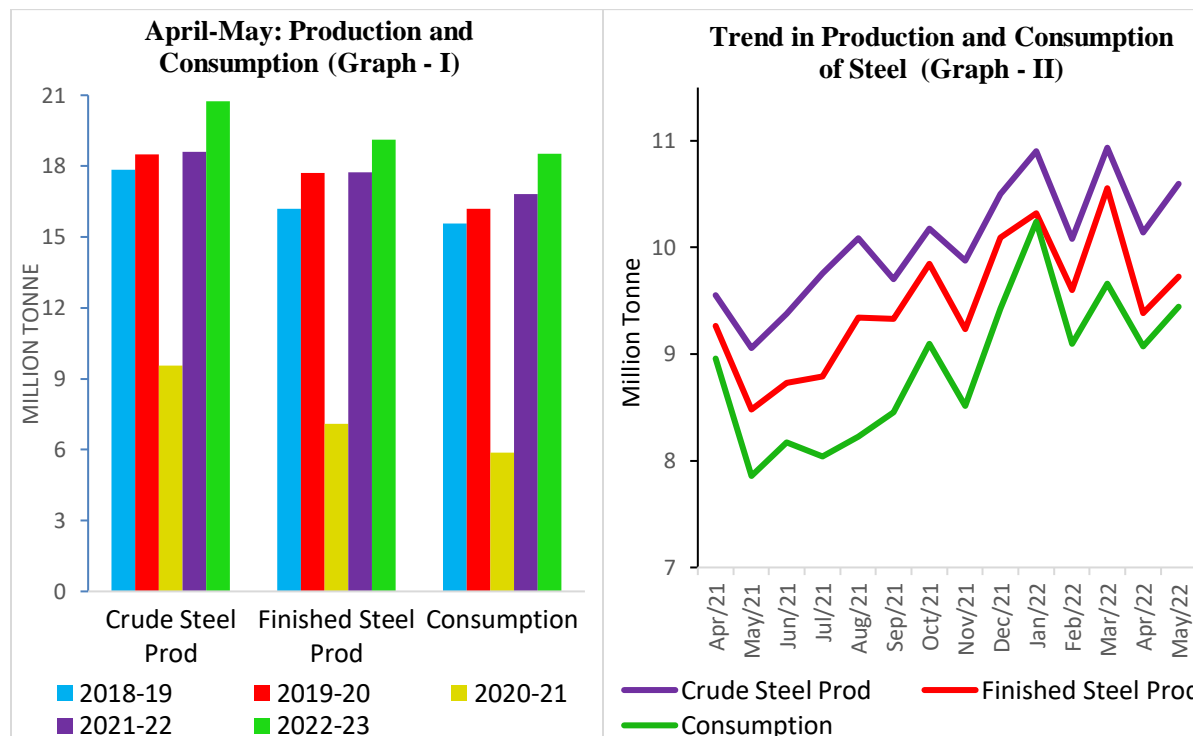
भारत सरकार / GOVERNMENT OF INDIA

इस्पात मंत्रालय / MINISTRY OF STEEL

The important developments in the steel sector during the month of May, 2022 are as following:

1. Globally, the iron & steel industry accounts for around 8% of total carbon dioxide (CO₂) emissions by the country vis-a-vis 12% by the iron & steel industry in India. Thus, Indian steel industry needs to reduce its emissions substantially in view of the commitments made in the COP26. Taking cognizance of above, the meeting of the Parliamentary Consultative Committee for Ministry of Steel was convened on 6th May, 2022 at Shimla under the Chairmanship of the Hon'ble Steel Minister (HSM) to brainstorm on the topic "Transition towards Green Steel". In this meeting, discussions were held on the present scenario, the way forward for promoting the transition towards Green Steel, various strategies & technologies that can be adopted by the steel industry to produce green steel, Technology Readiness Levels etc. The focus of the discussion was on the prospects of use of Green Hydrogen in producing iron and use of Carbon Capture Utilisation and Storage (CCUS) technologies for lowering the emissions. Government interventions required to address the issues and constraints in production of Green Steel were also discussed. The Chairman urged the stakeholders to develop a time bound action plan and make concerted efforts for lowering the emissions from the steel industry in line with the commitments made by the Government in COP26.
2. Ministry has sought R&D Project proposals in joint collaborative mode from reputed Academic Institutions, Research Laboratories and Steel Companies for development of new alternate processes & technologies to address the issues faced by the Iron & Steel Sector such as climate change (green steel production, H₂ based steel production, CCUS etc.), waste utilization, resource efficiency, etc. for providing financial assistance under the R&D Scheme for the Financial Year 2022-23.
3. The application window for applying under Production Linked Incentive (PLI) Scheme for specialty steel through online process was opened w.e.f. 29.12.2021 by Project Management Agency (PMA) initially for 90 days. Ministry of Steel has proposed fresh modifications in the existing scheme to address concerns of the secondary steel sector, make it simpler and more participatory and include several other sub categories of specialty steel meant for strategic sector. The proposal has been submitted for necessary approval. Accordingly, the last date of application has now been extended up to 30.6.2022.
4. The performance of Steel sector during April-May, FY23 has been encouraging. The production and consumption over these two months of last two years, i.e., FY21 and FY22, were affected adversely by first and second wave of COVID-19, respectively. However, the cumulative production of crude at 20.74

million tonne (MT), finished steel at 19.11 MT and consumption of finished steel at 18.52 MT during April-May, FY23 has exceeded their respective levels achieved over the corresponding period of not only COVID affected last two years but also pre-COVID years as well, as may be seen from the following graph on cumulative production and consumption for five years (Graph-I). The month-wise production and consumption of indicates to an overall increasing trend over last fourteen months (Graph - II) with production and consumption of steel showing an improvement in May'22 over their respective levels in April'22.



5. In In sync with the overall performance of the sector during the month, all Steel CPSEs, have registered an improvement in production performance M-o-M during May'22. When compared to production over corresponding period of last year (CPLY), all except KIOCL and RINL have shown an improvement. However, sales have shown some fluctuation across CPSEs as may be seen below:

- i. During May'22, SAIL produced 16.15 lakh metric tonne (LMT) of Hot Metal, 14.89 LMT of Crude Steel and 14.04 LMT Saleable Steel recording an increase of 2.1%, 2.8% and 4.3% M-o-M and 16.9%, 20.4% and 13.0% respectively over CPLY. The cumulative production during April-May'22 for Hot Metal at 31.97 LMT, Crude Steel at 29.37 LMT and Saleable Steel at 27.50 LMT registered an improvement of 16.2%, 19.1% and 10.1% respectively, CPLY.
- ii. Production of iron ore by NMDC at 32.0 LMT in May'22 registered an increase of 14.7% over CPLY and 1.6% M-o-M. The cumulative production during

April-May'22 iron ore by NMDC at 63.5 LMT, registered an increase of 7.4% over CPLY. However, sale of iron ore by NMDC at 26.5 LMT in May'22 was lower by 15.2% M-o-M and by 19.8% over CPLY. Also, during April-May'22, sale of iron ore by NMDC at 57.7 LMT was lower by 9.8% over CPLY.

- iii. During May'22, KIOCL produced 2.05 LMT and sold 0.54 LMT of Pellets which was lower by 9.7% and 79.6% respectively over CPLY. M-o-M, production of Pellets by KIOCL in May'22 increased by 5.7% and sales was lower by 67.3%. During April-May'22, the production and sales of Pellets by KIOCL stood at 3.99 LMT and 2.19 LMT recording a decrease of 2.0% and 48.2% respectively over CPLY.
- iv. During May'22, production of Manganese ore by MOIL at 1.07 LMT was 28.9% higher than CPLY and by 2.9% M-o-M. While its sales during May'22 at 0.89 LMT was 10.1% lower than CPLY but 58.9% higher M-o-M. During April-May'22, production of Manganese ore at 2.11 LMT was 34.4% higher than that in CPLY.
- v. In May'22, RINL achieved production of 3.80 LMT of Hot Metal and 3.59 LMT of Crude Steel which is 8.6% and 24.7% higher than its production in April'22 respectively and 28.6% and 19.9% lower than CPLY respectively. During April-May'22, production of Hot Metal by RINL at 7.30 LMT and Crude Steel at 6.48 LMT which was 31.9% and 29.5% lower than CPLY.

6. Ministry of Steel has proactively taken up partially resolved and unresolved issues in projects of steel companies uploaded on PRAGATI and PMG portals with concerned Central Ministries/Departments and State Governments. Secretary (Steel) reviewed the progress of projects on PRAGATI Portal related to Ministry of Steel on 30.05.2022 and directed the concerned to resolve the pending issues expeditiously. Two more projects of Steel CPSEs viz., Tokisud North Coal Mining project of NMDC and Installation of 4th Slab Caster and New Ladle Furnace at Rourkela, SAIL have been uploaded on PMG Portal.

7. Presently, there are eight ongoing projects of CPSEs, (SAIL-6, NMDC-2) uploaded on the OCMS portal of MoSPI. The total cost of these projects is Rs 28,240 crore and an expenditure of Rs 22,460 crore (79%) has been incurred. Secretary (Steel) reviewed the progress of these projects with the heads of SAIL and NMDC on 30.05.2022 and directed the CPSEs to complete the project without any further delay.

8. Secretary (Steel) launched MSTC's new Bidding Platform for Import of Coal and events have already been hosted for import of one LMT of Coal on behalf of CESC Limited and Haldia Energy Limited.

9. Quality Control Order has been enforced on Steel for high temperature bolting application (IS14331:1995) with effect from 15th May, 2022 to ensure that only quality material as per the relevant standards are made available to the users. With the above enforcements, out of 145 notified Indian Standards, a total of 143 Indian Standards have been enforced.

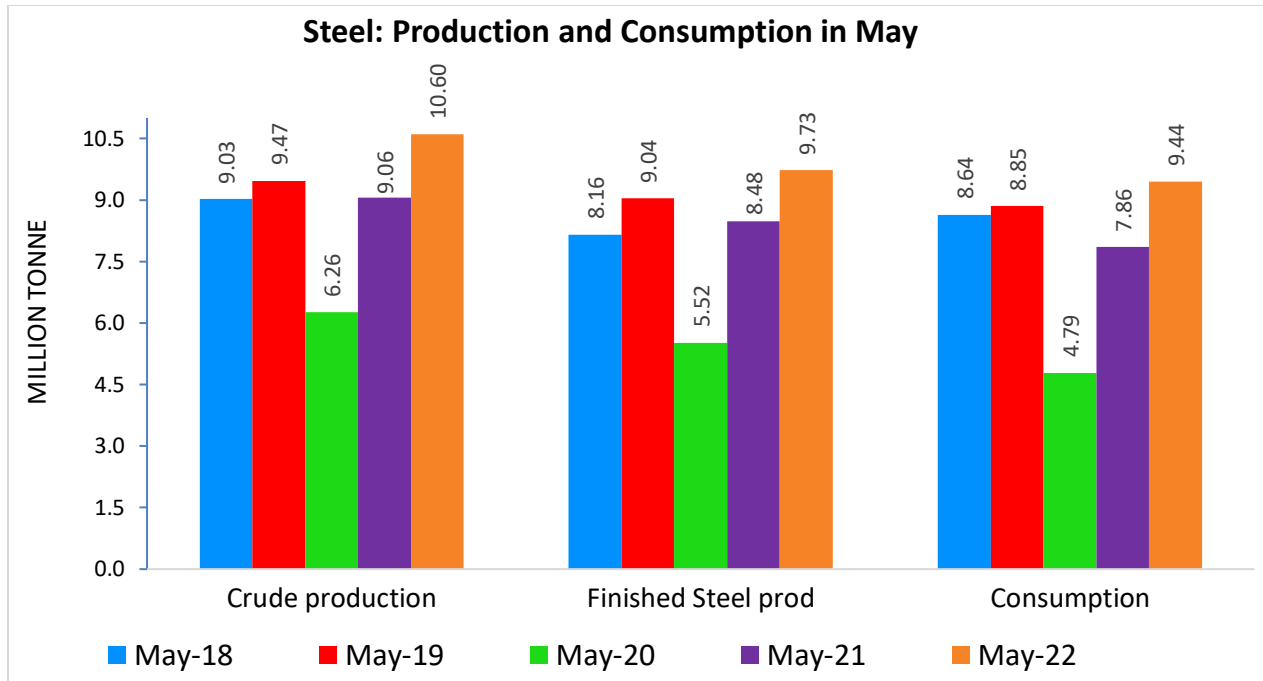
10. CAPEX by Steel CPSEs in May'22 at Rs. 556.5 crore was 57.4% higher M-o-M and 63.8% higher than CAPEX in CPLY. The cumulative CAPEX by steel CPSEs for April-May, FY23 at Rs. 909.9 crore is 26.0% higher than CAPEX during CPLY but 6.9% of the BE for the FY'23. Ministry has directed all CPSEs to undertake regular milestone-based monitoring of capital expenditure for the provisioned outlay for FY23 so that there are no slippages or delays in project completion. The Steel CPSEs were also directed to front-load expenditure in the first two quarters of FY23 and ensure full utilization of provisioned CAPEX during the FY23.

11. The status of pending payments to MSMEs by CPSEs of the Ministry is being monitored on weekly basis to ensure payments to them within the 45 days' time limit for such payments. Payment of Rs. 510.53 crore was made by Steel CPSEs to MSMEs during May'22 which is 37.1% higher than payments made during CPLY but 8.3% lower M-o-M. During April-May'22, Steel CPSEs have made payment of Rs. 1067.52 crore to MSME.

12. Meeting of the Hindi Salahkar Samiti of the Ministry was held on 13th May, 2022 at Gangtok under the chairmanship of HSM. HSM handed over Raj Bhasha Nishtha Samman to representatives of various PSUs. HSM advised for greater uses of Hindi in official works.

13. Production and Consumption Scenario:

- i. A comparison of production and consumption of steel during the month of May over five years indicate that production of crude and finished steel as well as consumption of finished steel during May'22 is highest in five years as may be seen from following graph:

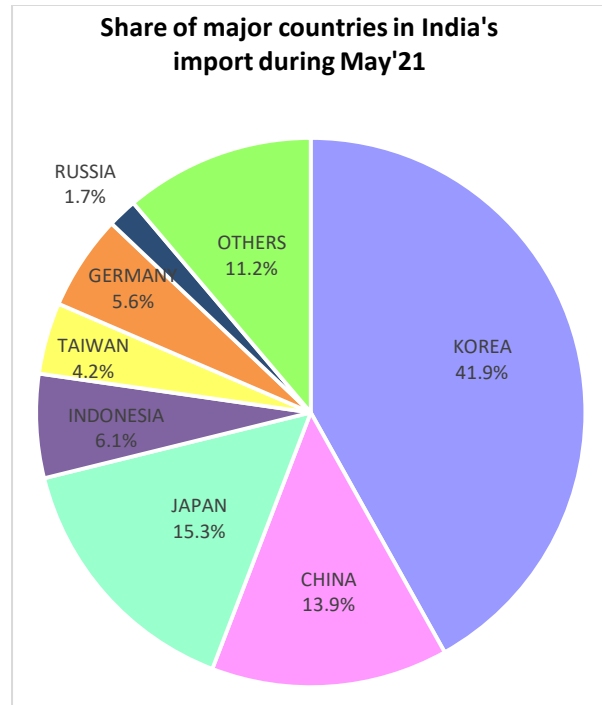
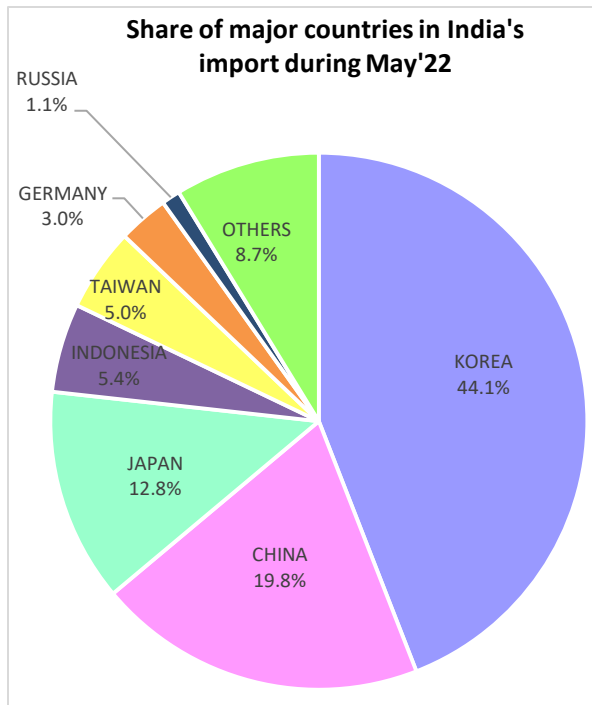


- ii. Production of crude steel in May'22 at 10.60 MT increased by 17.0% over CPLY and by 4.5% M-o-M.
- iii. Production of finished steel in May'22 at 9.73 MT increased by 14.7% over CPLY and by 3.7% M-o-M.
- iv. Consumption of finished steel in May'22 at 9.45 MT increased by 20.2% over CPLY and by 4.2% M-o-M.
- v. Inventories of the finished steel with the steel producing companies at 7.89 MT the end of May'22 was lower by 1.1% M-o-M and by 6.8% over CPLY.

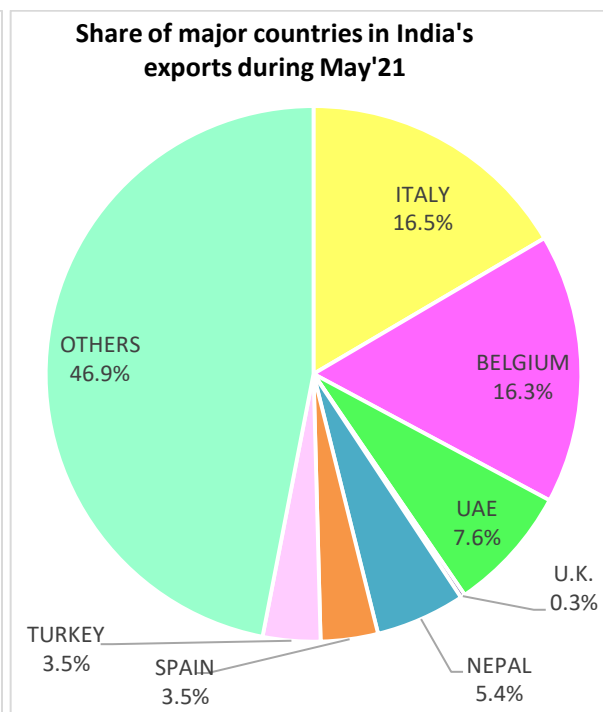
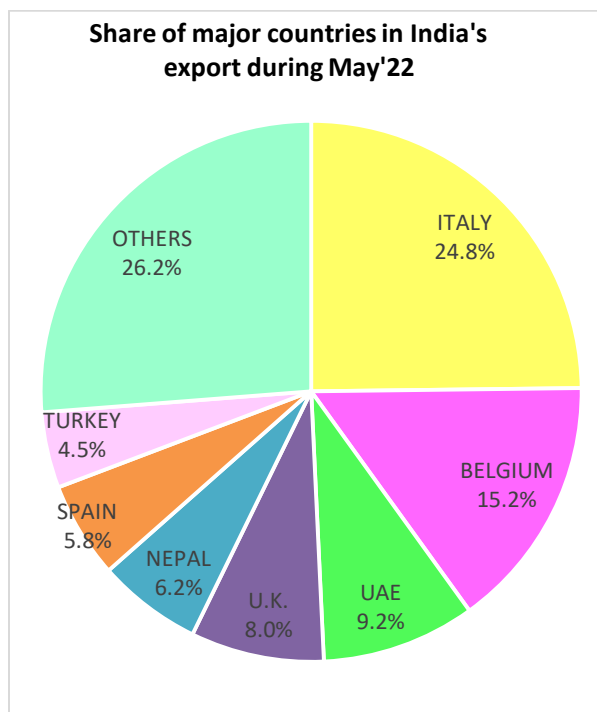
14. **Export-Import Scenario:** The month-wise trend in export and import of finished steel during recent months shows that India's export during a month has consistently exceeded import during that month. Also, export of finished steel from India has shown more pronounced M-o-M variation while imports have been relatively stable as may be seen from the graph below.



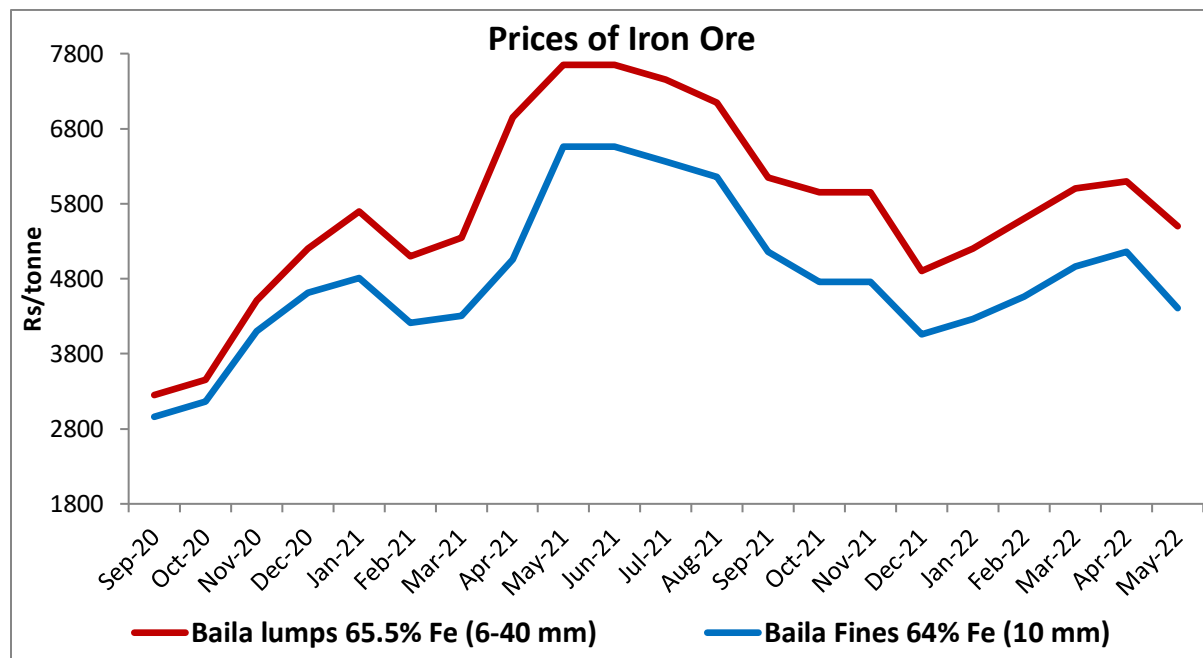
- i. Export of finished steel during May'22 at 7.49 LMT declined by 39.4% while import at 3.79 LMT declined by 3.5% over CPLY. M-o-M, export and import of finished steel increased by 0.8% and 15.9%, respectively in May'22 over April '22. During April-May, FY23 exports at 14.92 LMT and imports at 7.06 LMT have decreased by 31.8% and 6.7% respectively over the CPLY.
- ii. India was net exporter of finished steel recording a net trade surplus of 3.70 LMT in May'22.
- iii. Share of Korea, China, and Taiwan increased in total steel import of India in May'22 as compared to May'21 while share of Japan, Indonesia, Germany and Russia declined over this period as may be seen from the following graph:



iv. Share of Italy, UAE, UK, Nepal, Spain and Turkey in total steel export from India was higher in May'22 as compared to May'21. However, share of Belgium and in India's total steel export declined over the same period as may be seen from the following graph.

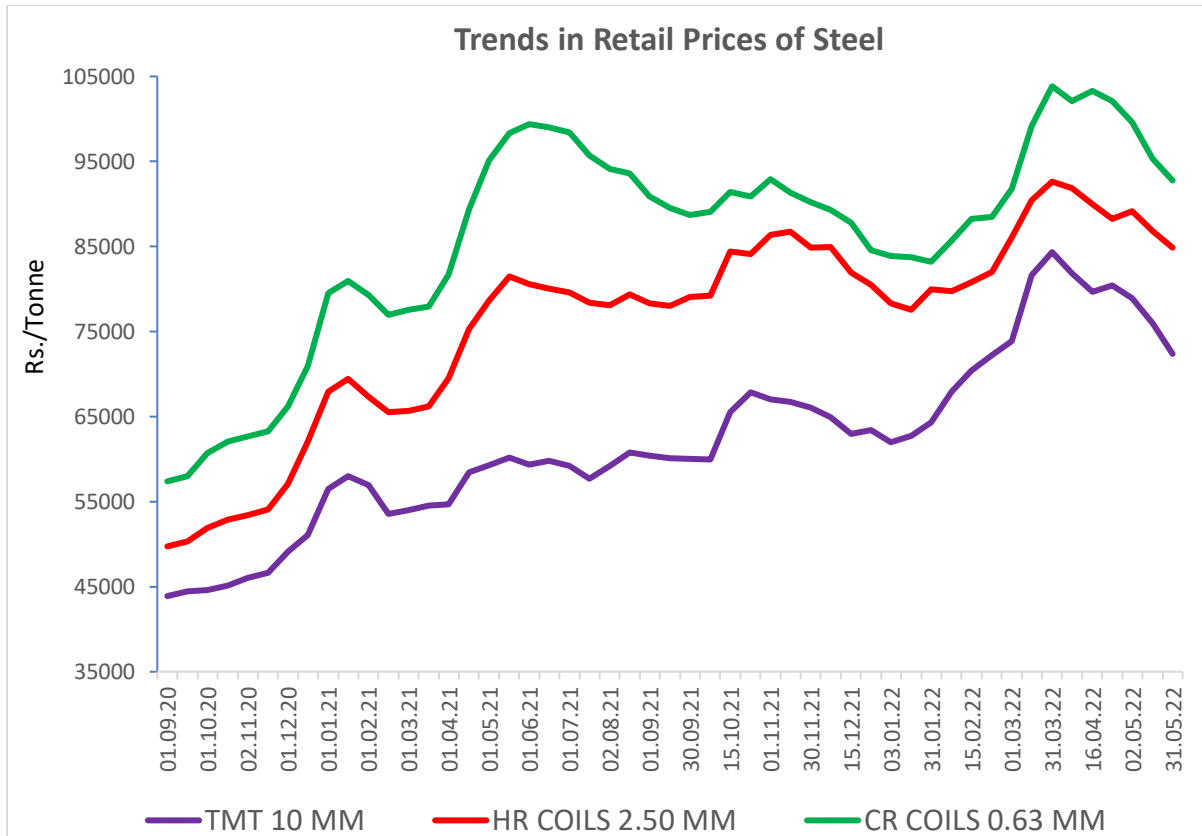


15. **Price scenario:** Prices of iron ore, after hitting peak in May-June'21 followed a declining trend since July'21 till December'21 but started increasing again from January'22 and the uptrend continued till April'22. However, prices of iron ore decreased during May'22 as may be seen from the graph below:



- i. During the month of May'22, prices of iron ore lump decreased by 9.8% to Rs. 5500/tonne and that of fines by 14.5% to Rs. 4410/tonne over their respective prices in April'22.
- ii. NMDC achieved production of 32.0 LMT and sales of 26.5 LMT of iron ore in May'22. The production of iron during the month was higher by 14.7% and sale of iron ore was 19.9% lower than that in the CPLY. M-o-M, production iron ore by NMDC increased by 1.6% and sale of iron ore by NMDC decline by 15.2% during May'22. During April-May'22, production of iron ore by NMDC at 63.5 LMT was higher by 7.4% and its sales at 57.7 LMT was lower by 9.8% than CPLY. During the month SAIL produced around 29.81 LMT of iron ore which is an increase of 9.3% M-o-M and that of 9.2% over CPLY, respectively. The cumulative production of iron ore by SAIL during April-May'22, was 57.09 LMT which is an increase of about 4% over CPLY.
- iii. The higher input cost and improved demand both domestic and international, put pressure on the domestic prices of steel keeping them at elevated levels. To ameliorate the situation, suitable modifications in tariff were made by Ministry of Finance vide notification dated 21st May 2022, removing duty on import of raw materials like Anthracite/Pulverized Coal Injection (PCI) coal, Coke and Semi-coke and Ferro-Nickel and imposing / enhancing export duty

on Iron ores/concentrates, iron ore pellets, pig iron and certain steel products. These measures along with other developments affecting demand and supply of items impacting steel sector, both domestic and international, have led to softening of prices of steel during May'22 as may be seen from the following graph depicting trend in prices of steel product categories viz., Rebar, HRC and CRC. The prices of CRC, HRC and Rebar, which showed signs of moderation during April'22 registered a steeper decline in May'22 M-o-M, while still remaining at elevated levels.



iv. The retail prices for Rebar (10mm), HRC (2.50mm) and CRC (0.63mm) in Mumbai on 31st May'22 at Rs. 72350/tonne, Rs. 84850/tonne and Rs. 92750/tonne were 8.3%, 4.8% and 6.9% lower than their respective prices at the start of the month.

16. The global production of crude steel decreased by 5.1% in April'22 over April'21 which is majorly due to a decline in production in China and Ukraine. In addition, few other major steel producing countries viz., Iran, Japan, Spain, South Korea, USA, Brazil, France and Mexico also reported decline in production during the month over CPLY. The major producing countries (with production of 1 million tonne for the month) which contributed to the enhanced global production in April'22 over April'21 include India, Turkey, Italy and Russia. As regard the share of major

producing countries in the global production of crude steel (Graph below), it is seen that due to decline in production in China and uptick in production in some of other major producing countries, share of China declined while that of India, Turkey and Russia increased during this period.

