

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

Udyog Bhawan, New Delhi
Dated: 17th January, 2023

OFFICE MEMORANDUM

Subject: Monthly Summary for the Cabinet for the month of December, 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 December, 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**

**दिसंबर - 2022
December - 2022**

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

Ministry of Steel – Report for December 2022

1. Hon'ble Steel Minister urged the Indian steel industry to move towards green and low carbon emitting production processes. Speaking at the launch of Kalyani Group's first green steel brand 'Kalyani FeRRESTA' on 20th December, 2022 in New Delhi. HSM emphasized on the growing role of steel as the foundational force for the development of a nation. As the fifth largest economy and second largest producer of steel, India needs to become a responsible and sustainable producer of steel. Through strategic policy interventions, the government has resolved to bring down carbon emissions by 2030 and strengthen the country's commitment towards producing green steel. The government and other stakeholders need to work together to decarbonise the industry by ensuring increased use of renewable energy, efficient raw materials like scrap and pellets, best available technologies and green hydrogen.

2. PLI scheme for domestic production of speciality steel with an outlay of ₹ 6322 Crore was approved by the Union Cabinet on 22.07.2021, which was notified on 29.07.2021 and detailed guidelines were published on 20.10.2021. The applications for participation in the PLI scheme were invited from 29.12.2021 and application window closed on 15.09.2022. A total of 79 applications were received from 35 small and large steel-making companies, committing to investment of ₹46,000 Crore and downstream capacity addition of 28 million tonne over by 2030. A selection panel was constituted & communicated by the Ministry on 11.10.2022 to finalize the recommendations of the PMA. The Selection Panel Constituted members from NITI Aayog and DPIIT, in addition to members from Ministry of Steel including (i) Secretary (Steel) as Chairperson, (ii) Additional Secretary & Financial Advisor, Ministry of Steel, (iii) Additional Secretary, Ministry of Steel, along with other officers of the Ministry of Steel. The Selection Panel Meeting held under the Chairpersonship of Secretary (Steel) to approve the applications were held on Oct 27, 28, 29 and Nov 1, 2, 3, 4, 18 of 2022. 67 applications from 30 companies have been selected under the Production Linked Incentive (PLI) Scheme for Specialty Steel. This will attract committed investment of ₹ 42500 Crore with a downstream capacity addition of 26 million tonne and employment generation potential of 70000. Selected companies were informed through the PLI portal on Dec 9, 2022 and a draft of the MoU to be signed with the Government was shared on Dec 16, 2022. The MoU with selected companies is likely to be signed by end of January 2023.

3. Third meeting of the Advisory Group for Secondary Steel Industry (SSI), chaired by Hon'ble Steel Minister and co-chaired by Hon'ble Minister of State for Steel, was held on 13th December 2022. Issues on Production Linked Incentive Scheme for Defence Sector, Non-Tariff Barriers (DFARS), Section 232 tariffs on Indian Steels in the US, Quota tariff regime in the US, Higher import Duties in the MERCOSUR region and Safety and related issues in secondary steel sector were discussed in this meeting. Ministry of Steel would pursue the matter of GST with Reverse Charge Mechanism to be levied on scrap, RoDTEP scheme to be extended to steel sector and Basic Customs Duty on Manganese ore and Chrome ore to be abolished and roadmap to increase production and exploration

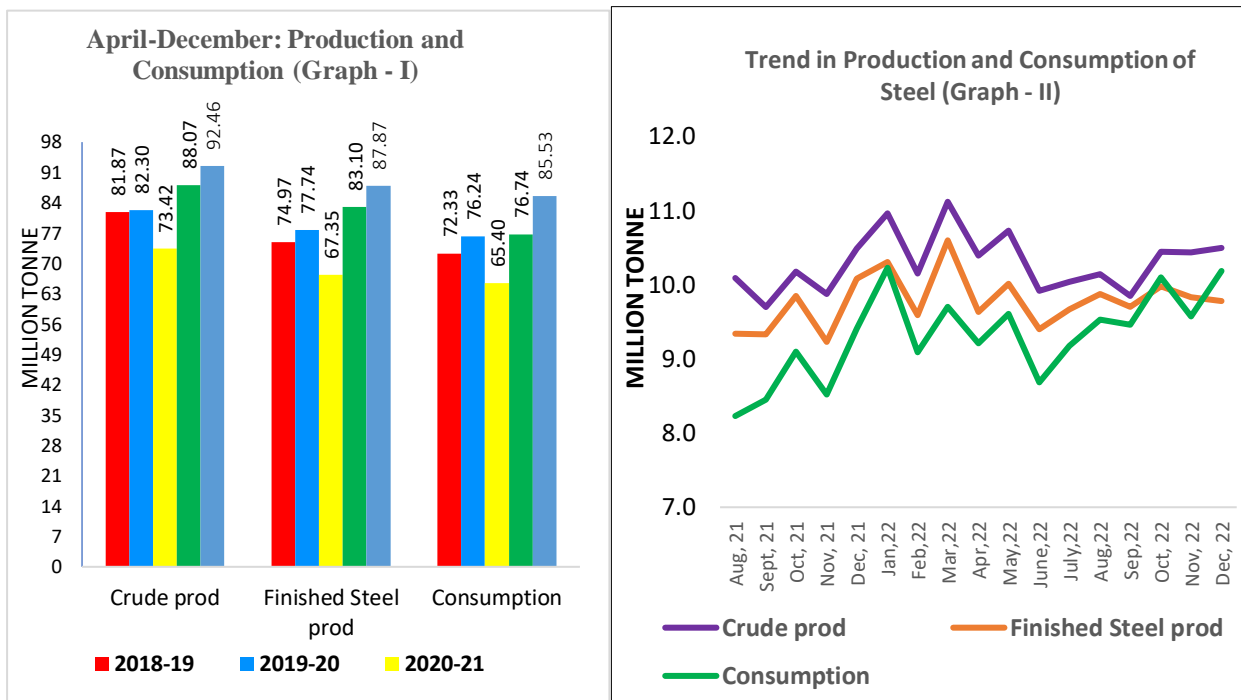
of manganese with Ministry of Finance. Ministry of Steel would also pursue the matter of Supply of natural gas to steel sector – with specific reference to the Jagdishpur-Haldia natural gas pipeline to supply to the secondary sector with Ministry of Petroleum and Natural Gas.

4. RINL has been at the forefront of the energy efficiency movement since its inception and has been demonstrating its supremacy in the conservation of energy. A valedictory function of Energy Conservation Fortnight celebrations was held on 14th December, 2022 in connection with National Energy Conservation Day at the Visakhapatnam steel plant. RINL installed state-of-the-art cleaner technologies in the design stage itself, such as Coke Dry Quenching, BF Top Pressure Recovery, LD Gas recovery, Waste heat recovery systems in various combustion systems, Continuous Casting in place of steel ingots in steel making. These technologies contributed for reducing specific energy consumption in the design stage itself. RINL has been awarded the prestigious National Energy Leader award four times in a row by CII.

5. NMDC releases Standard Bidding Document for application software development for Turnkey Works on 15th December, 2022 at its Head Office in Hyderabad. The mining major has ambitious and capital-intensive Projects lined up and this Standard Bidding Document will ensure greater efficiency in awarding, executing and monitoring contracts. NMDC has reviewed its existing Standard Bidding Document and updated it with best practices adopted across the industry. The Standard Bidding Document makes Project Management and Monitoring, Scheduling of Work, Price Evaluation, Payment Advice, Flagging of Issues and Dispute Resolution simpler and easier, thereby enhancing ease of doing business with NMDC. NMDC has prepared a comprehensive and all-encompassing document that would serve as a model for all its turnkey projects.

6. Hon'ble Minister of State for Steel urged the industry to focus on investment in rural areas to enhance steel production and consumption in India at the summit organized by CII on "Vision 2047: Towards a Globally Competitive and Sustainable Steel Industry" in New Delhi 22nd December, 2022. He emphasized on increasing rural steel consumption to act as a catalyst in achieving domestic demand and production target of 300 million tonnes in line with NSP-2017. The Minister also exhorted the industry to pursue self-reliance in production of capital goods in the country and to arrive at a consensus amongst themselves to devise a suitable strategy towards decarbonization for becoming a sustainable steel industry.

7. The performance of Steel sector during April-December, FY23 has been encouraging. The cumulative production of crude steel at 92.46 MT, finished steel at 87.87 MT and consumption of finished steel at 85.53 MT during April-December, 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 (Graph – II) indicates to an overall increasing trend with month-on-month fluctuations and that the production and consumption of steel increased in December'22 over their respective levels in November'22.



8. During the month, the steel producing CPSEs viz., SAIL registered an increase in production of Hot Metal, Crude Steel and Saleable steel over month (M-o-M) and over the corresponding period last year (CPLY). During the month, RINL registered an increase in production over month (M-o-M) but it showed a decline over the corresponding period last year (CPLY). Similar production trend is exhibited by ore producing CPSEs viz., NMDC wherein production during Dec'22 was higher than previous month but lower over CPLY. The ore production by SAIL during Dec'22 was higher than previous month and over CPLY. However, the production of ore by MOIL was higher than previous month and over CPLY. The detailed performance of the Steel CPSEs are as below:

- i. During December'22, SAIL produced 16.70 lakh metric tonne (LMT) of Hot Metal, 16.09 LMT of Crude Steel and 15.15 LMT of Saleable Steel recording an increase of 1.2%, 2.8% and 7.2% respectively over previous month (MoM) and 0.5%, 5.8% and 4.0% respectively over CPLY. The cumulative production of SAIL during April-December'22, for Hot Metal at 141.60 LMT, Crude Steel at 133.37 LMT and Saleable Steel at 125.47 LMT registered an improvement of 2.5%, 4.4% and 0.8% respectively, over CPLY. During the month SAIL produced around 30.37 LMT of iron ore recording an increase of 4.3% M-o-M and 0.4% over CPLY. The cumulative production of iron ore by SAIL during April-December'22 at 247.67 LMT was 3.1% lower than CPLY.
- ii. Production of iron ore by NMDC at 36.13 LMT in December'22 registered an increase of 0.1% M-o-M but decline by 8.4% over CPLY. The cumulative production of iron ore by NMDC during April-December'22 at 269.32 LMT declined by 4.9% over CPLY. Sale of iron ore by NMDC at 33.16 LMT in December'22 was higher by 9.0% M-o-M, but lower by 2.5% over CPLY. During April-December'22, sale of iron ore by NMDC at 258.01 LMT was lower by 9.0% over CPLY.
- iii. During the month KIOCL produced 2.40 LMT of Pellets. KIOCL sold 2.36 LMT of Pellets which was higher by 269.2% M-o-M and by 585.7% over CPLY. During April-

December'22, production and sales of Pellets by KIOCL at 8.34 LMT and 7.65 LMT respectively recorded a decline of 39.8% and 39.3% respectively over CPLY.

- iv. During December'22, production of Manganese ore by MOIL at 1.41 LMT was higher by 17.5% M-o-M and 9.3% over CPLY. Sale of Manganese ore by MOIL during December'22 at 1.64 LMT was higher by 90.7% M-o-M and 30.2% over CPLY. During April-December'22, production of Manganese ore at 8.99 LMT was higher by 4.8% and its Sale at 7.86 LMT was lower by 5.6% over CPLY.
- v. During December'22, RINL achieved production of 4.53 LMT of Liquid Steel, 4.56 LMT of Hot Metal, 4.35 LMT of Crude Steel and 3.92 LMT of Saleable Steel which is 21.1%, 20.3%, 21.2% and 14.0% higher than its production in November'22 respectively, but lower by 10.3%, 9.7%, 9.8% and 4.4% over CPLY respectively. During April-December'22, production of Liquid Steel at 30.35 LMT, Hot Metal at 31.06 LMT, Crude Steel at 29.09 LMT and Saleable Steel at 27.22 LMT by RINL was 27.7%, 29.9%, 27.5% and 29.9% lower than their respective production during CPLY.

9. MSTC signed an agreement with Northern Coalfields Limited for auctioning of Overburden (OB) and its Products like manufactured-sand, stones, etc. NCL is targeting a 410 Million Cubic Meter Removal of Overburden in FY 2022-23. MSTC has successfully integrated the Billing Software developed for HSIIDC (Haryana State Industrial & Infrastructure Development Corporation) with Boom Barrier and GPS system of HSIIDC for access monitoring and fraud prevention. MSTC successfully conducted e-auction for sale of Power Plant of TSGENCO (Telangana State Power Generation Corporation Limited), fetching a sale value of approx ₹485 Cr. MSTC has successfully conducted e-auction of 4 blocks of iron ore mines from the State of Goa. MSTC sold Chakri Dadri Cement factory on behalf of Cement Corporation of India Limited at a price of ₹ 31.05 Crores. MSTC also sold three properties of Air India Limited through e-auction at a price of ₹ 42.84 Crores.

10. Ministry of Steel has introduced Steel Quality Control Order thereby banning sub-standard/ defective steel products both from domestic & imports to ensure the availability of quality steel to the industry, users and public at large. As per the Order, it is ensured that only quality steel conforming to the relevant BIS standards are made available to the end users. As on date 145 Indian Standards have been notified under the Quality Control Order covering carbon steel, alloy steel and stainless steel. Out of these QCO on 143 Indian Standards have been enforced.

11. Ministry of Steel was getting requests from the importers/ applicants seeking clarification on the applicability of the certain imported steel grades from the purview of the Quality Control Order, on the ground that these are complying with foreign standards and no equivalent Indian Standards exist. To address this issue, a Technical Committee, comprising members from the BIS, steel producers & end users, was constituted to examine the applications and clarify whether the imported steel grades are falling under the purview of the Quality Control Order or Otherwise. Meeting of the Technical Committee was held on 14th December 2022 and 28th December 2022 wherein 1707 applications for clarification on the applicability of QCO on the imported steel grades were examined.

12. Ministry of Steel was also getting requests from the importers/ applicants seeking exemption of certain steel grades from the purview of the Quality Control Order, on the ground that these are required in critical applications. To address this issue, an Empowered Committee was constituted to examine the applications for exemption from the purview of the Quality Control Order for the steel grades being imported. Exemptions are granted to critical application grades based on the prescribed guidelines formulated for according such exemptions.

13. Ministry of Steel is providing financial assistance for pursuing Research & Development to address the technological challenges faced by the Iron & Steel sector. In this regard, in May 2022, Ministry of Steel has sought R&D Project proposals in joint collaborative mode from reputed Academic Institutions, Research Laboratories and Steel Companies for pursuing R&D projects for development of new alternate processes & technologies to address the burning 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. The last date of receipt of proposal was 15 July 2022. 37 R&D project proposals have been received from the stakeholders from the CSIR Labs, Academic Institutions (IITs) etc. These proposals were preliminary examined with respect to the guidelines of the R&D scheme. Meeting of the Evaluation Group constituted by Ministry of Steel for evaluation of the proposal was held on 12th & 15th September 2022. The Evaluation Group supported six R&D project proposals in-principle subject to submission of revised project proposals based on the suggestions/ observations made in the meeting. Subsequently, meeting of the Evaluation Group was held on 23rd November 2022 wherein the aforementioned six R&D project proposals were further deliberated for industrial participation & funding. Through deliberations in the aforementioned two meetings, the Evaluation Group has recommended 5 R&D project proposals for funding through the aforementioned R&D Scheme. The meeting of the Project Approval & Monitoring Committee for approval of the projects has been proposed to be held shortly. In addition to the above, the Project Review Committee (PRC) Constituted for review of the on-going R&D projects. Presently, 18 on-going R&D projects are ongoing which were reviewed/ under review as under:

- Meeting of the PRC was held on 18th October 2022 to review 16 on-going R&D projects.
- Meeting of the PRC for IARI Project on Utilisation of Steel Slag on Agriculture was held on 28th Dec 2022.
- Meeting of the PRC for MNIT Jaipur & SPA Bhopal on enhancing use of steel in housing sector has been scheduled to be held on 20th Jan 2023.

14. Presently, nine ongoing projects of steel CPSEs (SAIL-6, NMDC-3) with total project cost of Rs 30334 crore are uploaded on the OCMS portal of MoSPI. An expenditure of Rs 24575 crore (81%) has been incurred till December'22.

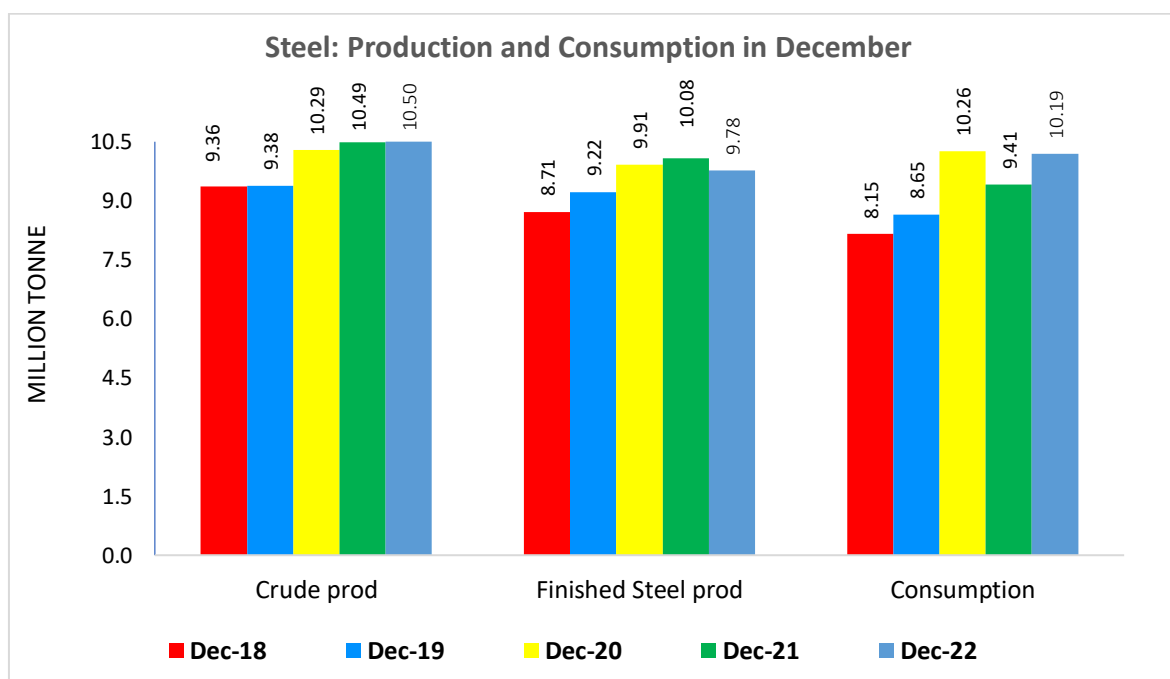
15. Eight National Infrastructure Pipeline (NIP) Projects related to slurry pipelines of various steel companies having a total cost of Rs. 25,680 crore are uploaded on IIG/NIP Portal. An expenditure of Rs. 3137 cr. has been incurred on these projects till December'22.

16. The CAPEX by Steel CPSEs in December'22 at Rs. 872.64 crore was 24.4% higher M-o-M but 31.9% lower than CAPEX in CPLY. The cumulative CAPEX by steel CPSEs for April-December'22 at Rs. 6043.09 crore was 14.4% lower than CAPEX during CPLY but is 45.9% of the BE for the FY'23. The CAPEX by steel CPSEs is regularly monitored by the Ministry and steel CPSEs are being encouraged and directed to ensure achievement of CAPEX and expedite spending.

17. 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. 687.06 crore was made by Steel CPSEs to MSMEs during December'22 which is 48.5% higher than payments made during CPLY and 12.8% higher than M-o-M. During April-December'22, Steel CPSEs have made payment of Rs. 5454.60 crore to MSME, which is 42.7% higher than Rs 3358.62 crore made during CPLY.

18. Production and Consumption Scenario:

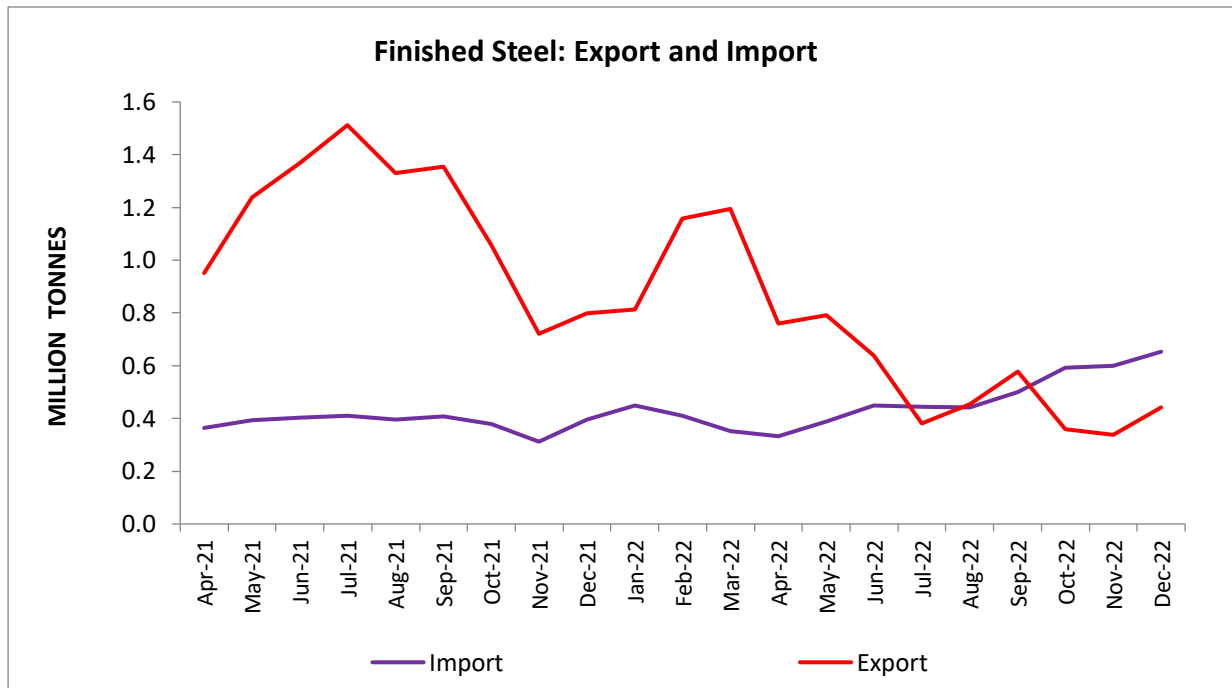
- i. A comparison of production and consumption of steel during the month of December over five years indicate that production of crude as well as consumption of finished steel during December'22 is highest in five years. However, the production of finished steel declined over CPLY as may be seen from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



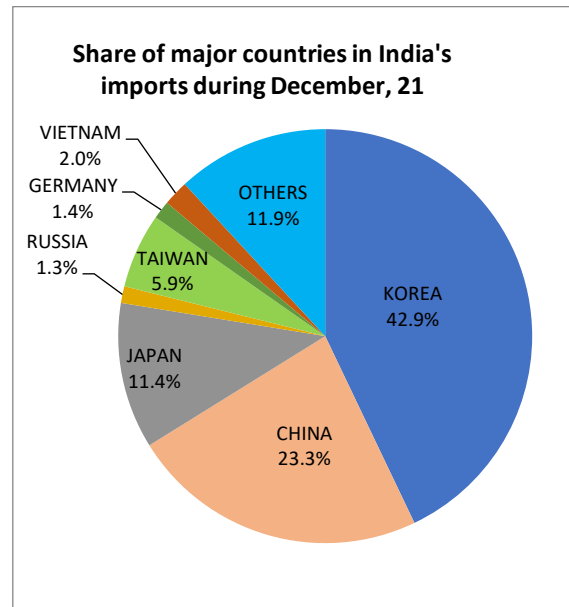
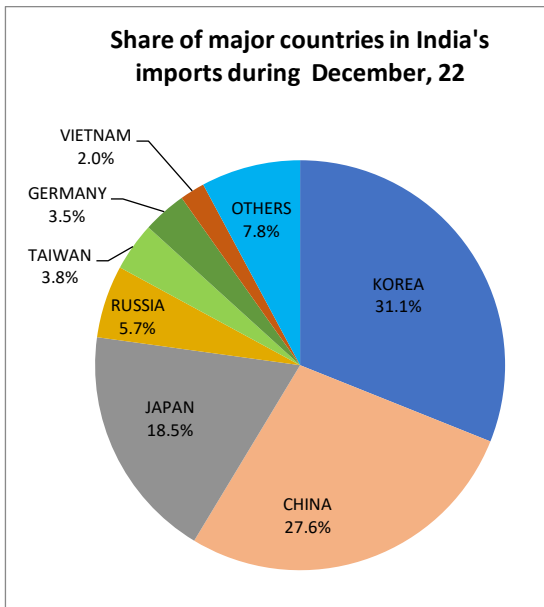
- ii. Production of crude steel in December'22 at 10.50 MT increased by 0.1% over CPLY and 0.6% by M-o-M.
- iii. Production of finished steel in December'22 at 9.78 MT decreased by 3.0% over CPLY and 0.5% by M-o-M.
- iv. Consumption of finished steel in December'22 at 10.19 MT increased by 8.3% over CPLY and 6.5% by M-o-M.

- v. Inventories of the finished steel with the steel producing companies at 10.0 MT at the end of December'22 decreased by 2.0% M-o-M but increased by 18.1% over CPLY.

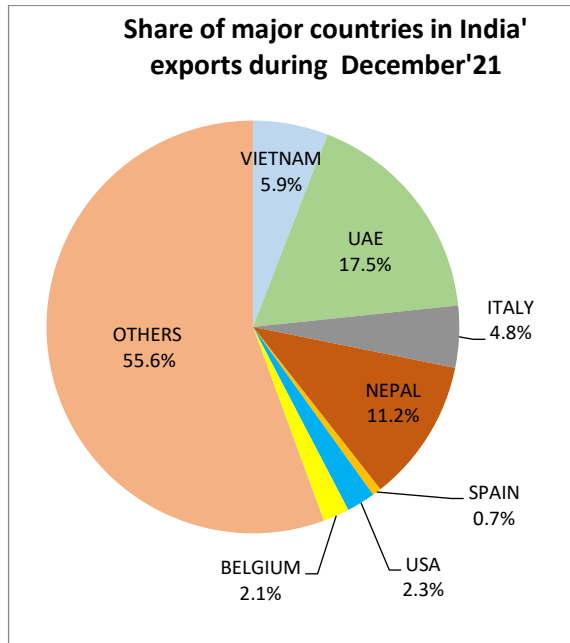
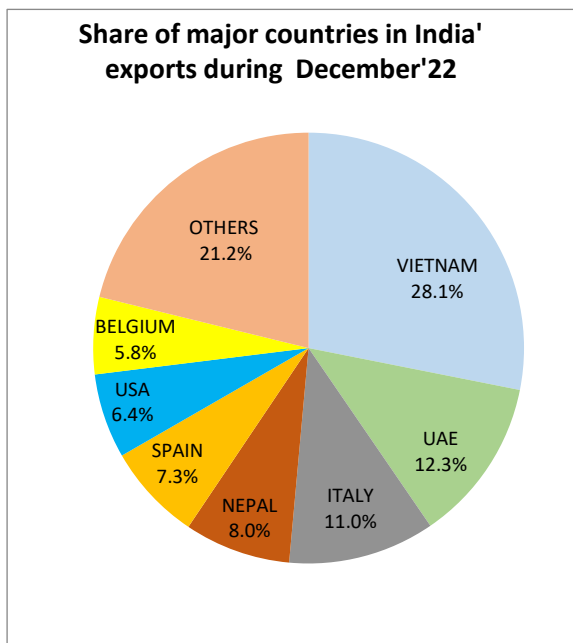
19. **Export-Import Scenario:** The month-wise trend in export and import of finished steel during recent months shows that except for July'22, India's export during a month has consistently exceeded import during that month. During the month of December'22 the export from India decreased and imports increased as may be seen from the graph below:



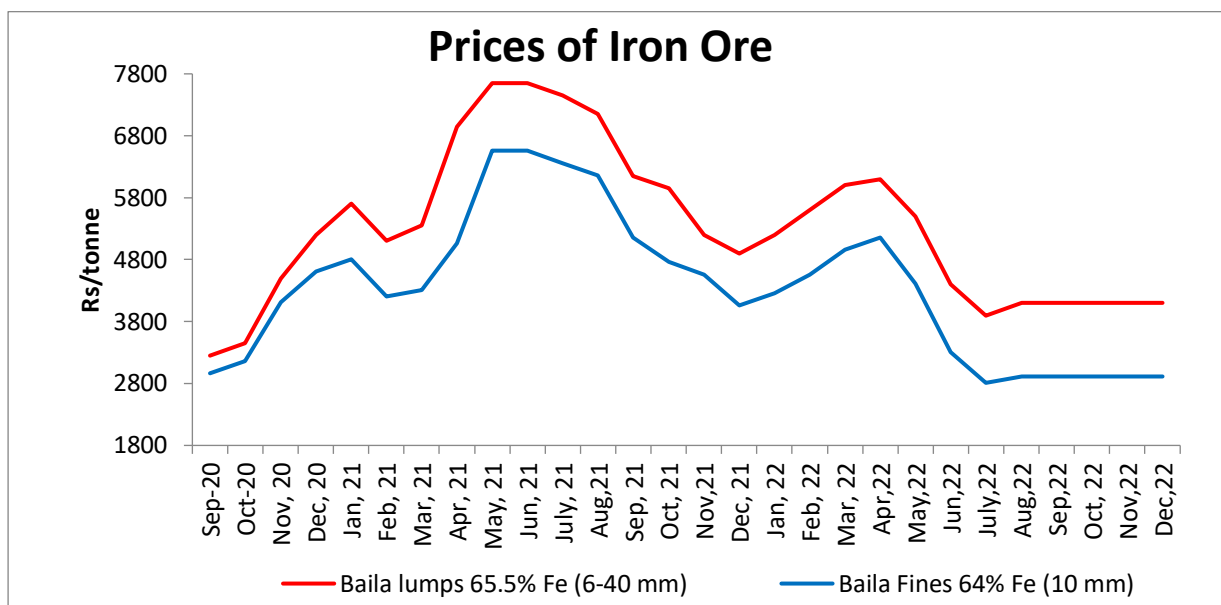
- i. Export of finished steel in December'22 at 4.42 LMT increased by 30.8% M-o-M but decreased by 44.6% over CPLY while import at 6.53 LMT increased by 8.8% M-o-M and by 65.3% over CPLY. During April-December'22, exports at 47.41 LMT declined by 54.1% while imports at 44.04 LMT increased by 27.4% over CPLY.
- ii. In November, India's export was lower than its imports and it was a net importer of finished steel during the month.
- iii. Share of China, Japan, Russia, Germany, France, Nepal and Oman increased in total steel import of India in December'22 as compared to December'21 while share of Korea and Taiwan declined over this period as may be seen from the following graph:



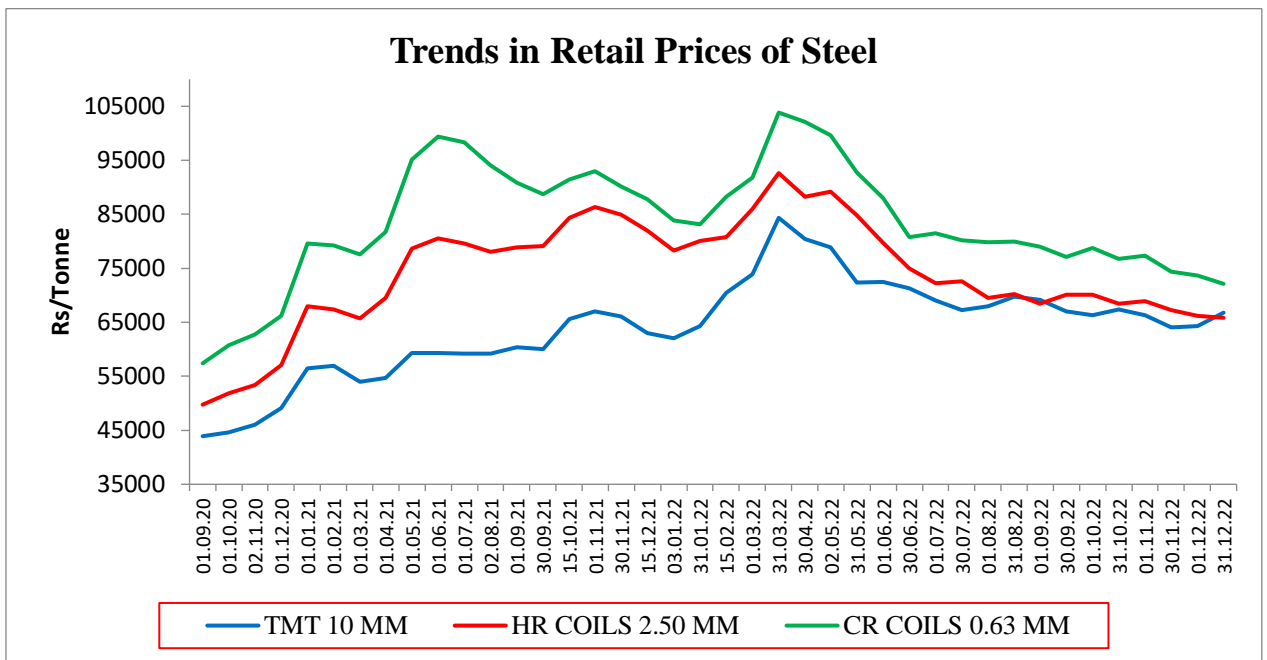
- iv. Share of Vietnam, Italy, Spain, USA, Belgium, Bangladesh, Bulgaria and UK was higher in total steel export from India in December'22 as compared to December'21 while share of UAE and Nepal declined over this period as may be seen from the following graph:



20. Price scenario: Prices of iron ore, hit its peak in May-June'21. Its prices followed a declining trend since July'21 till December'21 but started increasing again from January'22 and the uptrend continued till April'22. The prices of iron ore which was declining since April have stabilized during recent months with the prices in the month of December'22 in previous month as may be seen from the graph below:



- i. During the month of December'22, prices of iron ore lump and fines at Rs. 4100/tonne and Rs. 2910/tonne respectively remained at the same levels as their respective prices in November'22.
- ii. The prices of CRC, HRC and Rebar, peaked in March'22 and started moderating thereafter. The reduction in the prices may partly be attributed to decline in the cost of inputs. Prices of Australian coking coal declined to the level of below USD 200/tonne by the end of July, 2022 as against its peak of about USD 650/tonne recorded in March, 2022. Prices of iron ore also declined. In addition, declining international prices of steel and policy intervention in terms of imposition of suitable modifications in tariff lines have also contributed to this trend of moderation in the domestic prices of steel. However, prices of raw material used for Steel making specially Coking Coal have seen some uptick in prices during Mid-August and September'22 when compared to July'22-early August'22. The prices of HCC Coking coal FOB Australia increased from USD 188/tonne on 3rd August, 2022 to USD 274/tonne in September'22 and then moderated somewhat to USD 251/tonne during the month. Such trend in prices of input resulted in steel prices showing a declining trend during the month with prices of TMT, HRC and CRC during the month as may be seen from the following graph depicting trend in prices of steel product categories viz., Rebar, HRC and CRC.



iii. The retail prices for Rebar (10mm) in Mumbai on 31st December'22 at Rs. 66750/tonne were 3.8% higher than their respective prices at the start of the month. However, the prices for HRC (2.50mm) at Rs. 65780/tonne and CRC (0.63mm) at Rs. 72100/tonne respectively were 0.6% and 2.1% lower than their respective prices at the start of the month.

21. The global production of crude steel decreased by 2.6% in November'22 over CPLY which is majorly due to decrease in production in Japan, USA, Russia, South Korea, Germany and Turkey. China, India, Iran and Brazil among the major producing countries (with production of 1 million tonne for the month) recorded an increase in production in November'22 over November'21. As regard the share of major steel producing countries in the global production of crude steel, it is seen that due to differences in contribution to global production, share of China, India and Iran increased during November'22 while that of Japan, USA, Russia, South Korea, Germany, Turkey and Brazil declined during this period as may be seen from the following graph:

