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

Udyog Bhawan, New Delhi
Dated: 29th August, 2022

OFFICE MEMORANDUM

Subjet: Monthly Summary for the Cabinet for the month of July, 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 July, 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
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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

जुलाई- 2022

July - 2022

भारत सरकार /GOVERNMENT OF INDIA

इस्पात मंत्रालय/ MINISTRY OF STEEL

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

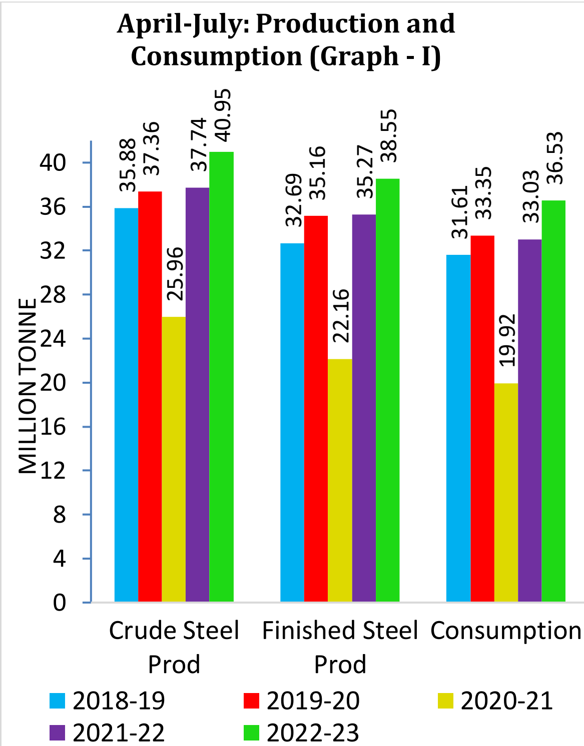
1. In pursuance to the Government's avowed objective of promoting circular economy and converting waste into wealth, a meeting of Parliamentary Consultative Committee of the Ministry of Steel was held under the chairmanship of Hon'ble Steel Minister (HSM) on 1stJuly, 2022 at Tirupati to discuss "Roadmap for Circular Economy in Steel Sector". The committee was apprised that various wastes, scrap and by-products generated during mining and steel making can be used for making steel and for other applications like cement manufacture, road construction, agriculture etc.The Members of the Committee discussed the opportunities, benefits, challenges and way forward for creating circular economy in the steel sector and suggested various steps for achieving the objective of circular economy in the sector. Chairman exhorted the stakeholders to take definitive steps towards promoting circular economy and converting waste into wealth in the steel sector.

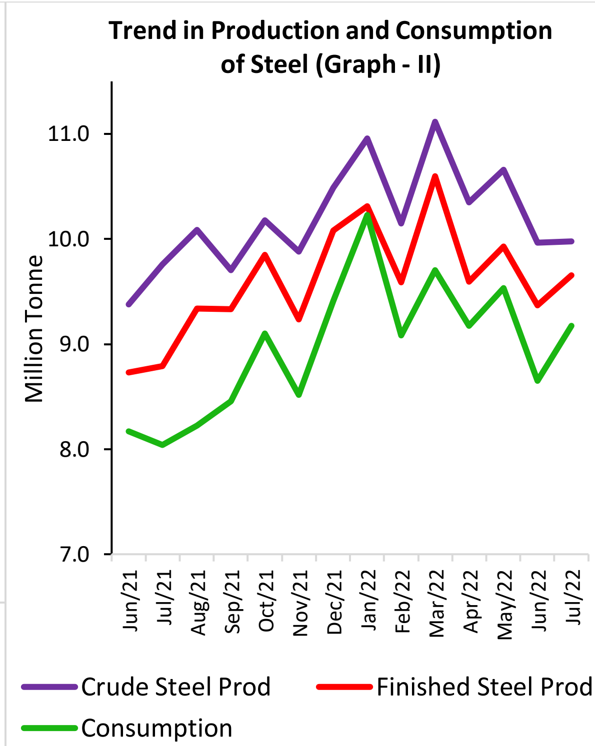
2. Under the PM GatiShakti Master Plan, the Ministry of Steel has taken up the development of first data layer of 38 mines and 8 plants locations of CPSEs on the GatiShakti Portal with Bhaskaracharya National Institute for Space Applications and Geo-informatics (BISAG-N) through DPIIT.

3. Ministry of Steel observed the 'Azadi Ka Amrit Mahotsav' Iconic Week during 4th to 10th July, 2022 and celebrated this week as a Jan-Utsav in the spirit of Jan-Bhagidari. To celebrate this occasion, the Ministry conceptualized a series of thematic events. The Ministry, steel CPSEs and private sector steel companies organized various activities spread over the Iconic Week and beyond. Each day of the Iconic Week was celebrated as per various themes such as raising steel consumption with focus on rural India, moving towards circular economy, Atmanirbhar Bharat – Make in India all kinds of Steel etc. Various activities were undertaken by the steel CPSEs and private sector steel companies to celebrate the days as per the identified theme. Such activities included organizing moving exhibition with tableaus, banner, walkathon, display vans and posters to showcase Steel usage, Atmanirbhar Bharat-Make in India, theme specific seminar/webinar, essay writing, painting competition, Nukkad Natak, tree plantation,etc.

4. The performance of Steel sector during April-July, FY23 has been encouraging. The cumulative production of crude at 40.95 million tonne (MT), finished steel at 38.55 MT and consumption of finished steel at 36.53 MT during April-July, 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 improved in July'22 over their respective levels in June'22.





5. During the month, the steel producing CPSEs viz., SAIL and RINL registered a decline in production, both, month over month (M-o-M) as well as over corresponding period last year (CPLY). Similar trend is seen for the iron ore producing Steel CPSEs, viz., SAIL and NMDC July'22 wherein production of iron ore turned out to be lower than previous month as well as over CPLY. MOIL which produces Manganese ores showed a better cumulative production performance during April-July'23 over CPLY though production during month was lower month over month as well as over CPLY. The detailed performance of the Steel CPSEs are as below:

i. During July'22, SAIL produced 14.73 lakh metric tonne (LMT) of Hot Metal, 13.93 LMT of Crude Steel recording a decrease of 1.5% and 0.1% M-o-M and 7.4% and 7.1% over CPLY respectively. Production of Saleable Steel by SAIL during the month at 13.49 LMT recorded an increase of 1.4% M-o-M but a decline of 3.6% over CPLY. However, the cumulative production during April-July'22 for Hot Metal at 61.67 LMT, Crude Steel at 57.24 LMT and Saleable Steel at 54.29 LMT registered an improvement of 7.7%, 8.6% and 5.1% respectively, over April-July'21. During the month SAIL produced around 27.12 LMT of iron ore recording a decline of 4.1% M-o-M and 9.6% over CPLY. The cumulative production of iron ore by SAIL during April-July'22 at 109.37 LMT was 2.5% lower than CPLY.

ii. Production of iron ore by NMDC at 20.5 LMT in July'22 registered a decline of 20.2% M-o-M and that of 33.0% over CPLY. The cumulative production of iron ore by NMDC during April-July'22 at 109.7 LMT declined by 8.3% over CPLY. Sale of iron ore by NMDC at 29.5 LMT in July'22 was higher by 55.6% M-o-M but 10.3% lower than CPLY. During April-July'22, sale of iron ore by NMDC at 106.2 LMT was lower by 17.5% over CPLY.

iii. KIOCL has not operated its Pellet Plant at Mangaluru during July, 2022. During the month KIOCL sold 0.62 LMT of Pellets which was lower by 41.0% over CPLY but 26.5% higher M-o-M. During April-July'22, sales of Pellets by KIOCL at 3.31 LMT recorded a decline of 55.0% over CPLY.

iv. During July'22, production of Manganese ore by MOIL at 0.70 LMT was 16.7% lower than CPLY and 36.9% lower M-o-M. While its sale during July'22 at 0.56 LMT was 59.4% lower M-o-M and 26.3% lower than CPLY. During April-July'22, production of Manganese ore at 3.92 LMT and its Sale at 3.39 LMT was higher by 21.7% and 29.4% respectively over CPLY.

v. In July'22, RINL achieved production of 2.65 LMT of Liquid Steel, 2.70 LMT of Hot Metal, 2.53 LMT of Crude Steel and 3.07 LMT of Saleable Steel which is 29.7%, 29.6%, 29.8%, and 3.7% lower than its production in June'22 respectively and 47.8%, 48.3%, 48.0% and 36.8% lower than CPLY respectively. Production by RINL is impacted by the liquidity constraint being faced by the company, affecting its operations and capacity utilization adversely. During April-July'22, production of Liquid Steel at 13.19 LMT, Hot Metal at 13.83 LMT, Crude Steel at 12.61 LMT and Saleable Steel at 10.64 LMT by RINL was 31.6%, 33.0%, 31.7% and 38.3% lower than their respective production during CPLY. Production by RINL during last year was their best ever performance which partly explains the extent of decline in production during current fiscal vis-à-vis last.

6. Ministry of Steel has introduced Steel Quality Control Order (QCO) thereby banning sub-standard/ defective steel products both from domestic and imports to ensure the availability of only quality steel to the users. As on date 145 Indian Standards have been notified under the QCO out of which 143 have been enforced. Based on the representation received from the stakeholders, enforcement dates of two items viz. Ferro Silicon (IS:1110) and Ferro Nickel (IS:4409) have been extended by six months as these are critical raw material for steel making process and sufficient number of producers are yet to obtain BIS licenses.

7. Ministry had sought proposals from reputed Academic Institutions, Research Laboratories and Steel Companies for pursuing R&D projects in the fields of 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 during FY23. A total of 37 R&D project proposals have been received from the stakeholders including the CSIR Labs, Academic Institutions (IITs) etc. by the end date i.e., 15 July 2022and are being examined/evaluated.

8. The CAPEX by Steel CPSEs in July'22 at Rs. 782.02 crore was 1.4% lower M-o-M and 65.3% higher than CAPEX in CPLY. The cumulative CAPEX by steel CPSEs for April-July'22 at Rs. 2484.81 crore is 44.4% higher than CAPEX during CPLY but is 18.9% of the BE for the FY'23.

9. 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. 586.78 crore was made by Steel CPSEs to MSMEs during July'22 which is 40.9% higher than payments made during CPLY and 2.4% lower M-o-M. During April-July'22, Steel CPSEs have made payment of Rs. 2275.22 crore to MSME.

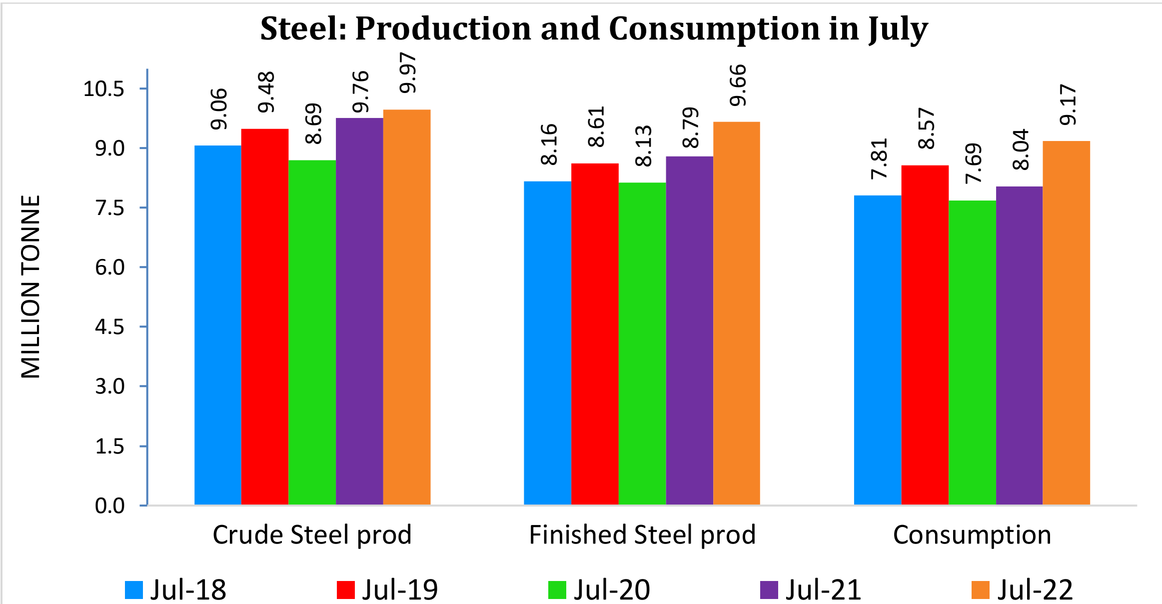
10. MOIL bagged three Five Star awards, one each for its mines at Kandri, Chikla and Gumgaon, under Sustainability Development Framework (SDF) of Ministry of Mines in the 6thNational Conclave on Mines & Minerals 2022 held in New Delhi on July 12, 2022.

11. MSTC Limited successfully conducted Spectrum auction for 4G/5G which started from 26th July 2022 and was completed on 1st August 2022 on 40th round of bidding. DoT earned record revenue of Rs. 1,50,173.3 crore from the auction.

12. STPI, STPINEXT and RINL signed an MoU for setting up Industry 4.0 Center of Excellence (CoE) for promotion of innovation and startup activities assisting RINL and other industries in and around Visakhapatnam. The CoE will house an Industrial Robotics lab, an Industrial Drones lab and an Industrial IOT (Internet of Things) lab and is being set up with funding support from Ministry of Electronics & IT, Government of India (MeitY), RINL and Government of Andhra Pradesh.

13. **Production and Consumption Scenario**:

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



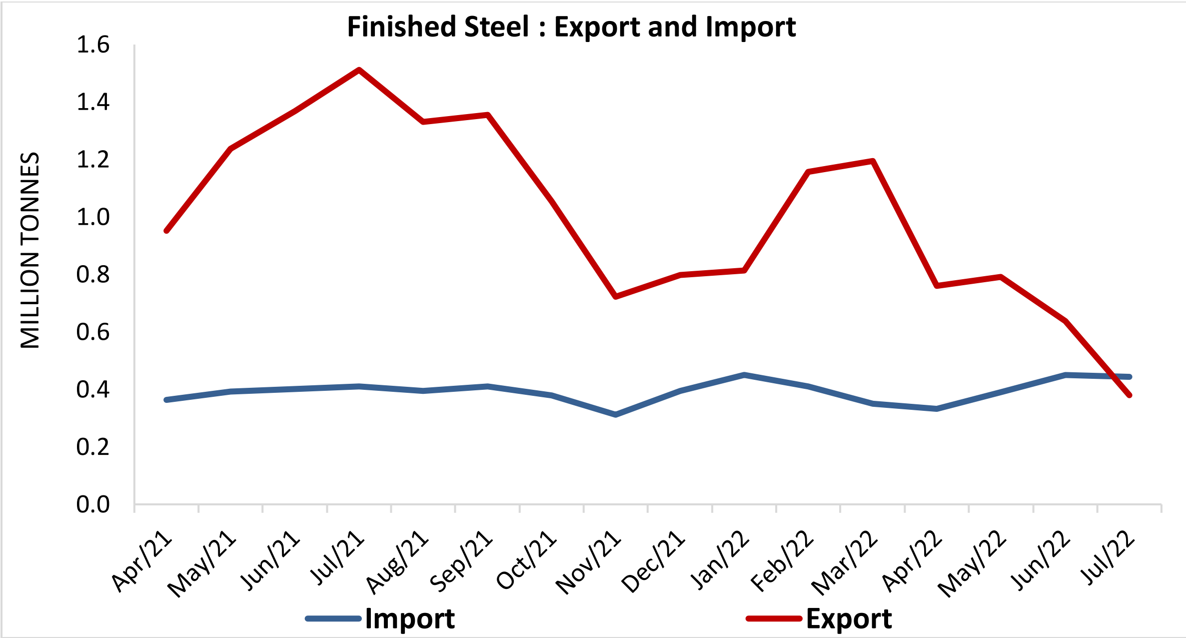
ii. Production of crude steel in July'22 at 9.97 MT increased by 2.2% over CPLY and by 0.1% M-o-M.

iii. Production of finished steel in July'22 at 9.66 MT increased by 9.9% over CPLY and by 3.1% M-o-M.

iv. Consumption of finished steel in July'22 at 9.17 MT increased by 14.1% over CPLY and by 6.0% M-o-M.

v. Inventories of the finished steel with the steel producing companies at 9.05 MT at the end of July'22 was higher by 6.5% M-o-M and by 17.4% over CPLY.

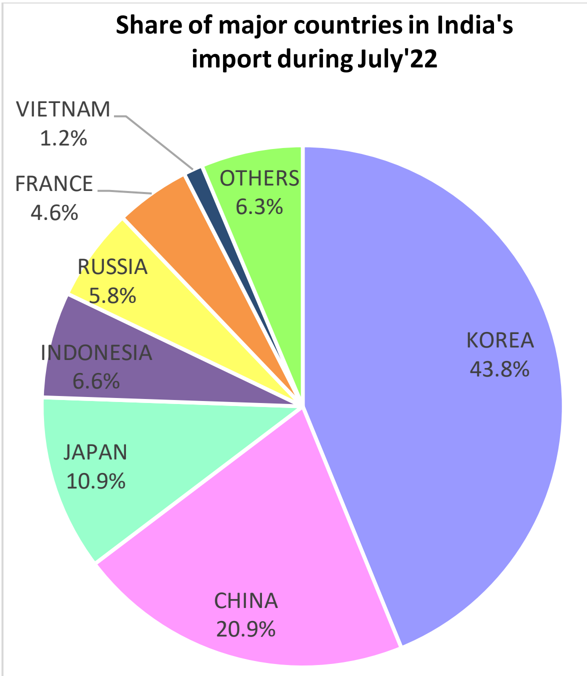
14. **Export-Import Scenario:** The month-wise trend in export and import of finished steel during recent months shows that export of finished steel from India has shown more pronounced M-o-M variation while imports have been relatively stable. Also, after consistently exceeding import each month over extended duration, India's exports turned out to be lower than its imports during July'22 as may be seen from the graph below:

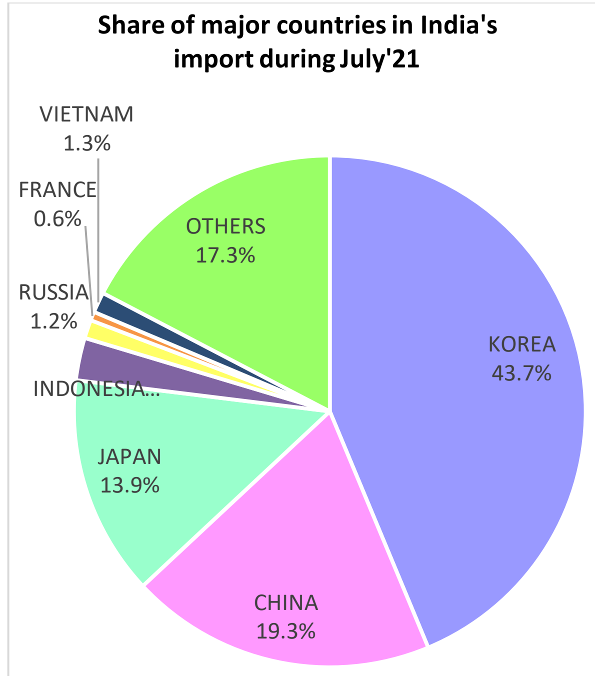


i. Export of finished steel in July'22 at 3.80 LMT declined by 40.4% M-o-M and 74.9% over CPLY while import at 4.44 LMT increased by 8.4% over CPLY but declined by 1.3% M-o-M. During April-July'22 exports at 25.70 LMT declined by 49.3% and imports at 16.16 LMT increased by 3.1% over CPLY.

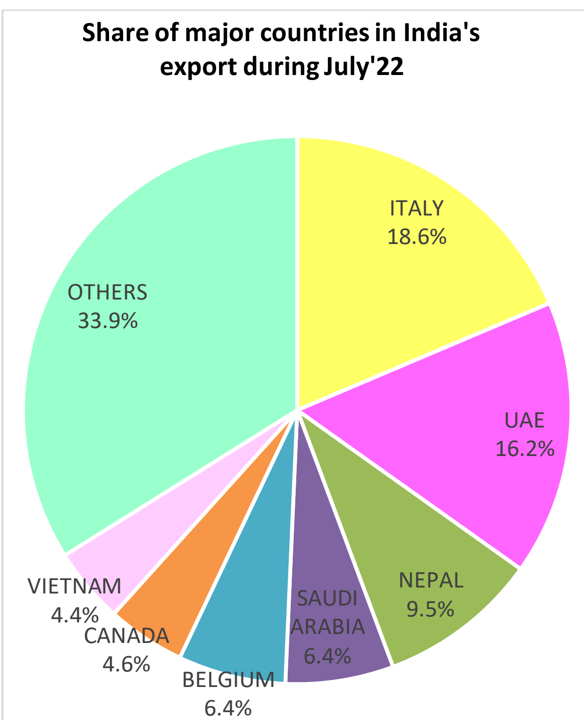
ii. In July'22, India become net importer of finished steel with a net trade deficit of 0.64 LMT.

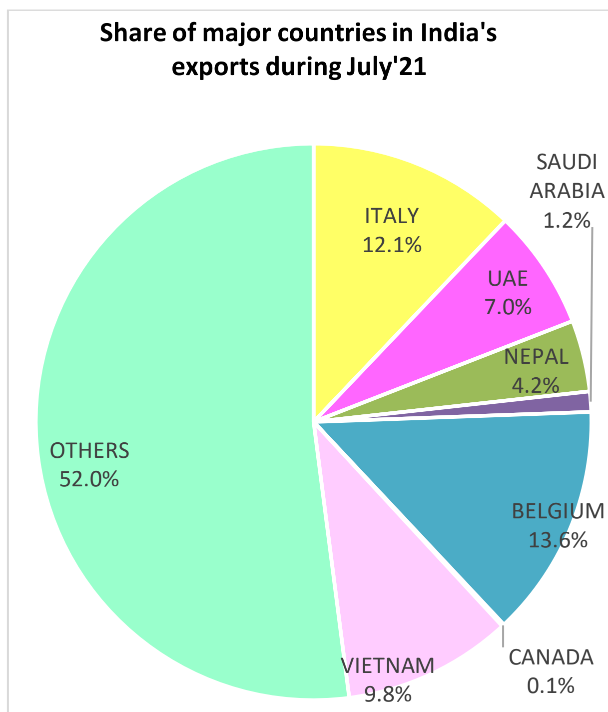
iii. Share of China, Russia, France, Indonesia and Korea increased in total steel import of India in July'22 as compared to July'21 while share of Japan and Vietnam declined over this period as may be seen from the following graph:



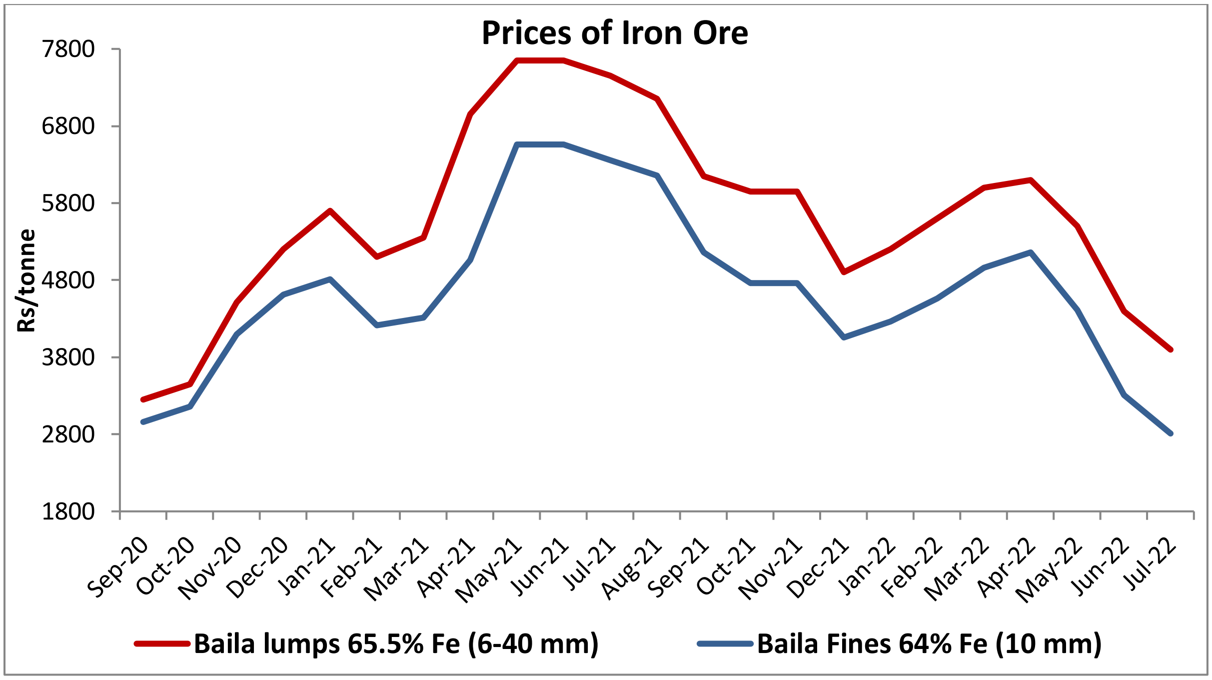


iv. of Italy, UAE, Nepal, Saudi Arabia and Canada in total steel export from India was higher in July'22 as compared to July'21. However, share of Belgium and Vietnam in total steel export declined over the same period as may be seen from the following graph.



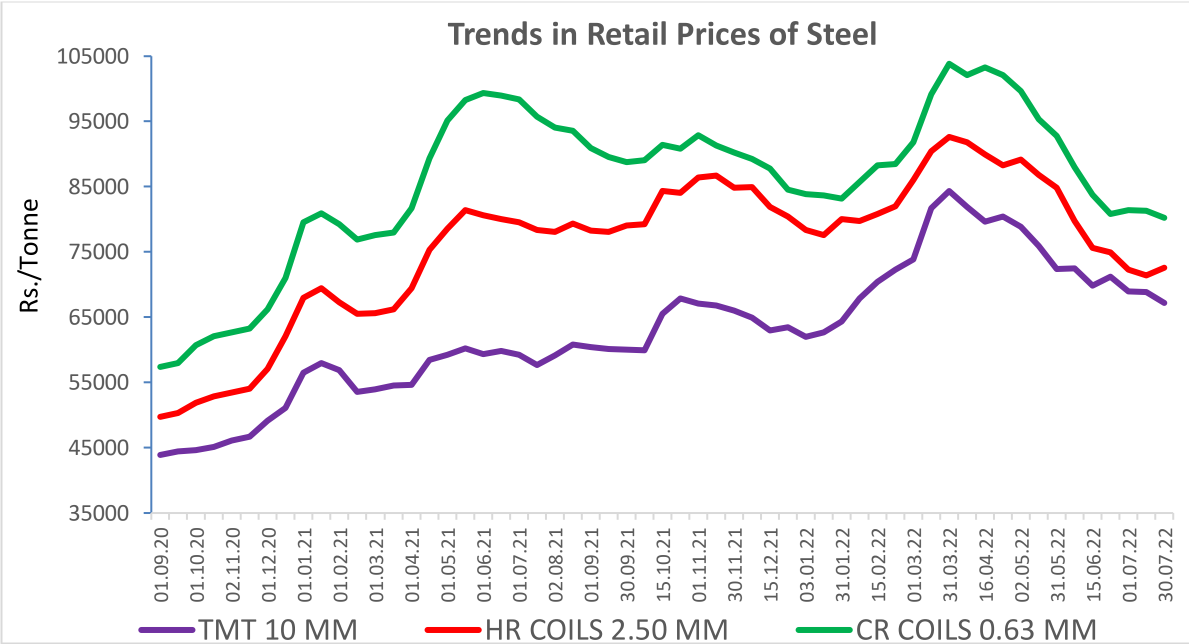


15. **Price scenario**: Prices of iron ore, after hitting peak in May-June'21 followed a declining trend since July'21 till December'21 but started increasing again from January'22 and the uptrend continued till April'22. However, prices of iron ore have been declining since then as may be seen from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



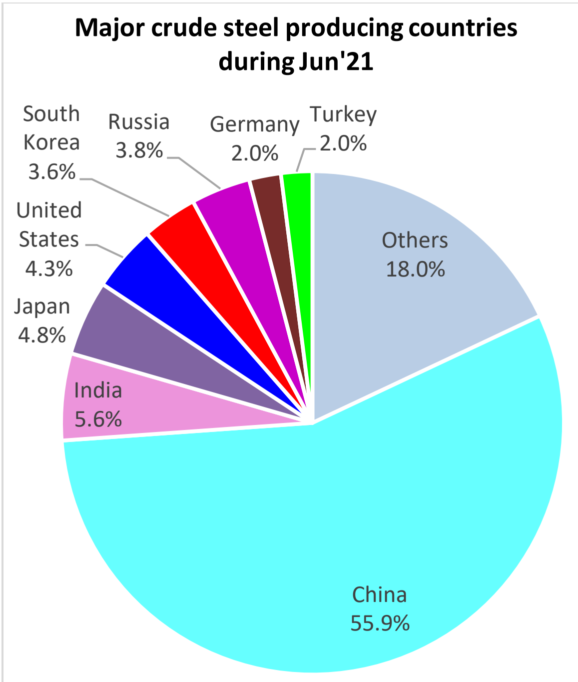
i. During the month of July'22, prices of iron ore lump decreased by 11.4% to Rs. 3900/tonne and that of fines by 15.1% to Rs. 2810/tonne over their respective prices in June'22.

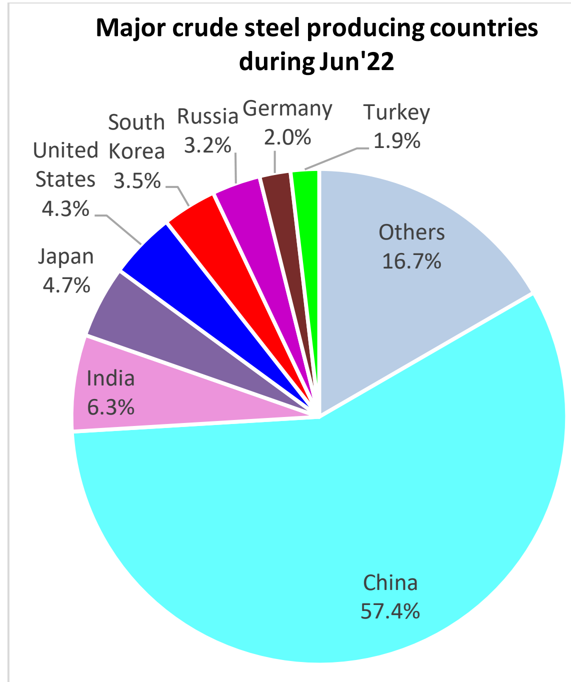
ii. The prices of CRC, HRC and Rebar, peaked in March'22 and started moderating thereafter. The reduction in the prices may partly be attributed to decline in the cost of inputs. Prices of Australian coking coal declined to the level of below USD 200/tonne by the end of July, 2022 as against its peak 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 suitable modifications in tariff lines have also contributed to this trend of moderation in the domestic prices of steel. However, the pace of moderation in prices has declined during July'22 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) and CRC (0.63mm) in Mumbai on 30th July'22 at Rs. 67231/tonne, and Rs. 80240/tonne were 2.6%, and 1.5% lower than their respective prices at the start of the month while retail prices of HRC (2.50mm) in Mumbai on 30th July'22 at Rs. 72570/tonne were 0.4% higher than its price at the start of the month.

16. The global production of crude steel decreased by 5.9% in June'22 over CPLY which is majorly due to a decline in production in China, Ukraine and Russia. In addition, few other major steel producing countries viz., Japan, Turkey, USA, South Korea, Italy, France, Spain, Germany, Brazil and Iran also reported decline in production during the month over CPLY. Only India and Canada among the major producing countries (with production of 1 million tonne for the month) recorded an increase in production in June'22 over June'21. As regard the share of major producing countries in the global production of crude steel, it is seen that due to differences in contribution to global production, share of China and India increased during June'22 while that of Russia, Japan, South Korea and Turkey declined. Share of USA and Germany remained unaltered during this period as may be seen from the following graph:


Major crude steel producing countries during Jun'21
South Korea 3.6%
Russia 3.8%
Germany 2.0%
Turkey 2.0%
United States 4.3%
Japan 4.8%
India 5.6%
Others 18.0%
China 55.9%


Major crude steel producing countries during Jun'22
United States 4.3%
South Korea 3.5%
Russia 3.2%
Germany 2.0%
Turkey 1.9%
Japan 4.7%
India 6.3%
Others 16.7%
China 57.4%