

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

1. A 'Chintan Shivir' was organized by the Ministry on 23rd September, 2019 at New Delhi in order to devise a roadmap for a vibrant, efficient and globally competitive Indian Steel Sector by interacting with all major stakeholders. Union Minister for Steel and MoS (Steel) participated in the inaugural session. During the inaugural session, Brand Logo of the Ministry of Steel- "Ispati Iraada" was also unveiled.

CEO and Managing Director, Tata Steel Limited, Joint Managing Director & Group CFO, JSW Steel Ltd., Vice-Chairman and Managing Director, Vardhman Special Steels Ltd. put forth the Industry perspective. Chief Secretary, Govt. of Odisha, spoke from the State's perspective on Steel, Global Head - Basic Materials Practice, Mckinsey, gave a global perspective and former Deputy MD (Corporate Affairs), State Bank of India gave the financial perspective. Over 931 delegates comprising steel producers, steel users' associations and R & D institutions attended the Shivir.

The Shivir had also moderated panel discussions on three extremely important topics viz. Facilitating Domestic Capacity Expansion with special reference to the Secondary Steel Sector, Demand Generation: Enhancing Steel usage in various sectors and Making India a hub for high grade steel production. The valedictory session was addressed by Shri Faggan Singh Kulaste, MoS (Steel) and Shri Arjun Ram Meghwal, MoS, Parliamentary Affairs and Heavy industries and Public Enterprises.

2. A Round Table Interaction of CEOs of Steel Industry was organized by the Chamber of Indian Industry with Minister of Steel on 13th September, 2019 to discuss measures for sustainable development of steel sector. Several important issues like raw materials security, maximizing use of domestic resources, policy interventions for the use of natural gas and electricity in steel making, measures for demand enhancement in key sectors, thrust on R&D especially in areas for import substitution and trade policy related issues were deliberated upon.

3. Steel Minister led a delegation to Gulf countries (Saudi Arabia, UAE & Qatar) comprising officials of Petroleum Ministry and Steel CPSE's from 7th to 12th September, 2019 to explore the possibilities of mutual cooperation in Steel & Petroleum sector between India and Gulf region and had fruitful discussions with the concerned stakeholders in this regard.

4. A delegation led by Joint Secretary, Ministry of Steel, attended 87th Session of OECD Steel Committee on 27th September, Bilateral Meetings on 28th September, Steering Group and Working Level meeting of Global Forum on Steel Excess Capacity (GFSEC) during 29-30th September, 2019 at Paris, France. The current & future world steel scenario were discussed in the OECD Steel Committee meeting. The Steering Group met on 29th September 2019 to discuss the outline of the Ministerial Report to be tabled on 26th October, 2019. The full body meeting of GFSEC of 33 nations was held on 30th September, 2019. During the meeting, review & analysis of information was shared by 33 nations, steps to be taken for 26th October 2019 Ministerial meeting, finalization of the Ministerial report and the continuation of the

Forum after November 2019 were discussed. Whereas, most countries opined for continuation of this forum, China opposed its continuation.

5. In order to ensure that granular data like end-use, HS and IS grades, etc. regarding steel import is available in public domain, prior to the entry of such imports in India, a Steel Import Monitoring System (SIMS) has been put in place on lines of SIMA (Steel Import Monitoring & Analysis) in USA on the request of Ministry of Steel. SIMS has been notified by DGFT on 5th September, 2019 and will be effective from 1st November, 2019. SIMS would require the importer to submit advance information on line for import of 284 steel tariff line on 8 digit HS Code level wherein after they will get an automatic registration number for carrying out imports.

6. In order to ensure that there is no disruption of availability of iron ore due to the expiry of 38 working mining leases in March 2020, several amendments in the rules of the MMDR Act, 2016 have been brought about by the Ministry of Mines on the request of the Ministry of Steel.

- (a) It has allowed SAIL to sell 25% of its total mineral production in the previous year in the open market for two years commencing from the Financial Year 2020-21.
- (b) Ministry of Mines have also allowed SAIL to dispose of the accumulated low grade iron ore fines of approximately 70 Million Tonnes in open market.
- (c) An amendment has been in Para 3 of Mineral (Mining by Government Company) Rules 2015 substituting "**may**, for reasons to be recorded" in Rule 3 and Rule 4 with "**shall**, for reasons to be recorded" which implies that all mining leases granted to Government companies would be extended by the State Government based on an application made to them prior to the expiry of mining leases.

These amendments by the Ministry of Mines are important steps towards ensuring raw material security for the Indian Steel Industry in the light of probable disruption in March 2020.

7. The Government of India has revised the cap on mining area of iron ore and associate minerals in Odisha from 10 Sqkm mandated in the Mineral Auction Rule, 2015 to 58 Sqkm. Now any lessee with 10 Sqkm or more mining area under its control are eligible to participate in the new auction.

8. Ministry of Steel and NMDC Limited organized 2nd Bi-Annual Vigilance Conclave of Steel CPSEs during 5th – 7th September, 2019 at Hyderabad, a preventive vigilance measure, to spread awareness regarding basic principles and procedures to be followed while taking important administrative decisions. The keynote address was delivered by the Secretary (Steel). 150 delegates from various disciplines and from Steel CPSEs- SAIL, NMDC, RINL, MECON, MOIL, MSTC, FSNL and KIOCL participated.

9. A Public Investment Board (PIB) meeting under the chairmanship of Secretary, Department of Expenditure, was held on 24th September, 2019 to

consider KIOCL's project for setting up of forward and backward integration to the Blast Furnace Unit of KIOCL at Mangalore. The project will cost Rs. 836.90 crores and expected to be completed in 24 months.

10. Steel Minister along with officials of Ministry of Steel reviewed the performance of NMDC at Hyderabad on 21st September, 2019. NMDC was directed to focus on increasing iron ore production through sustained & responsible mining. It was emphasized to regularly monitor the ongoing projects, especially, Nagarnar Iron & Steel Plant (NISP).

11. Steel Minister also took a review meeting at Rourkela Steel Plant of SAIL on 29th September, 2019 and also interacted with its steel customers. During the meeting, it was emphasized to create more consumption centres in and around Rourkela to increase the sales of Rourkela Steel Plant.

12. A Research and Development Project entrusted to NML Jamshedpur and IIMT Bhubneswar regarding improved process to be adopted for production of Electro Manganese Dioxide (EMD) has been completed. EMD is useful in the manufacturing of electric batteries. The project for production will be undertaken by MOIL shortly.

13. Production & Consumption Scenario:

- (i) The declining trend in the production and consumption of steel, since June 2019 (except July 2019) continued in September 2019. Steel prices have been continuously softening while iron ore prices, which had seen a slight increase over May 2019 and then remained constant till mid-august 2019, observed a decline in both fines & lumps. The primary reason has been the low demand for steel for the last few months.
- (ii) The crude steel production has declined since July 2019 and stood at 8.417 MT in September 2019, a decline of 5.2% over the previous month. On M-o-M basis, the production and consumption (except July 2019) have observed a declining trend since June 2019. The growth rate declined by 2.6% & 5.3% respectively for production & consumption for September 2019 over previous month.
- (iii) Inventories with steel companies stood at 12.82 MT on 1st April, 2019. Reduced sectoral demand for steel in domestic market, high raw material prices, softening of steel prices, monsoon season etc. have led to piling up of the same. On M-o-M basis till 1st Aug, 2019, it stood at 14.89 MT increasing by 16.2% between 1st April to 1st August 2019. However, inventories have been declining gradually since month of August. The closing stock of inventories on 31st August 2019 and 30th Sept 2019 stood at 14.33 MT and 13.69 Mt. During the August 2019 and Sept. 2019, inventories declined by 3.77% & 4.48% respectively. Increasing trends in exports of finished steel since August 2019 have led to absorption & reduction in levels of inventories.

14. Export-Import Scenario:

- (i) Exports of finished steel have observed an increasing trend since July 2019. During the month of September 2019 India became a net exporter of finished steel with a trade surplus at 0.454 MT. Increasing inventories and dull demand in domestic market coupled with arrival of the festive season, Indian steel companies have lowered their export offers to offload their surplus inventories in the overseas market.
- (ii) Share of imports of Finished Steel from FTA countries such as Korea, Japan and Indonesia aggregated around 60% of total imports to India in September 2019. Imports from China, Korea, Japan and Russia etc., have slightly reduced in September 2019 over CPLY.
- (iii) India's exports to Vietnam, Italy, Nepal, Spain and Taiwan have slightly increased. Exports of HRC and Semis have witnessed a significant increase to these countries.
- (iv) Indian iron ore imports in the month of August 2019 was nil. This is due to high global prices and cheaper domestic ore. Export of iron ore stood at 2.2 MT, up 3% as against 2.13 MT in July 2019.

15. Price scenario:

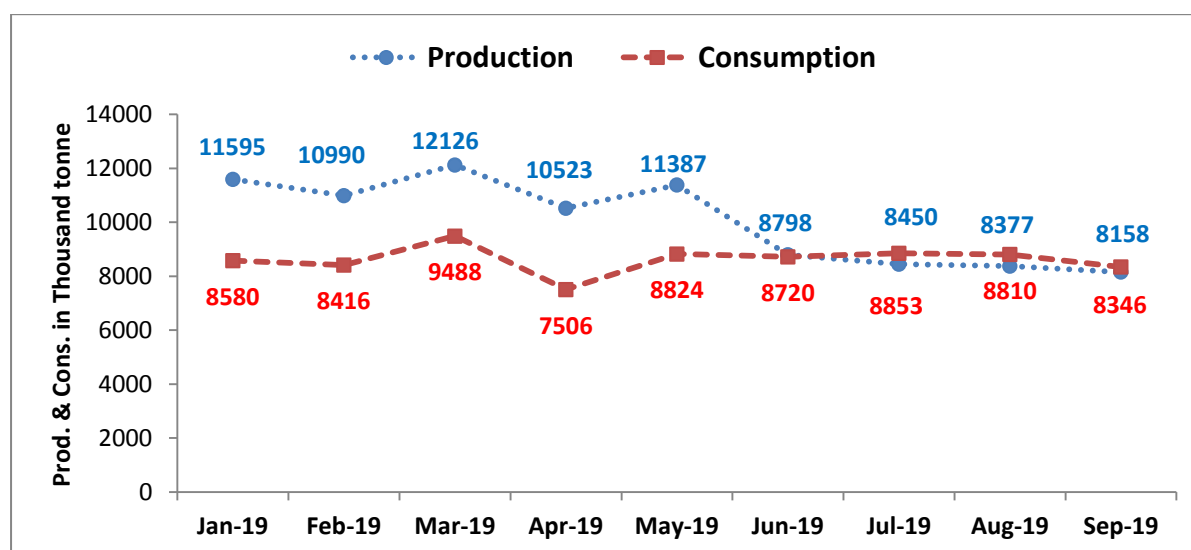
- (i) Domestic prices of iron ore lumps as well as fines declined during September, 2019 over the previous month and stood at INR 2900/tonne & INR 2660/tonne respectively. NMDC reduced prices of both by Rs 200/tonne w.e.f. 19th September 2019 thereby witnessing a decline of 6.90% & 7.52%, respectively. However, price of both are higher by 1.75% & 1.91% respectively for lumps and fines as compared to May 2019 level. Internationally, iron ore fine (62% Fe) prices during September 2019 increased by 8.89%.
- (ii) Prices of HRC, CRC (except for June 2019) and Rebars have witnessed continuous decline since April 2019. On M-o-M basis, during the month of September, the prices of HRC, CRC and Rebars declined by 3.86%, 1.46% & 3.83% respectively

16. Steel industry welcomed reduction in corporate tax and other relief measure, the sensx and metal index accounted significant gain since 20th September, 2019. Consequently, in the month of September, 2019, BSE sensx and BSE metal index both moved upward and registered a growth of 5.76% and 10.14% respectively.

17. The production of saleable steel of SAIL and RINL stood at 1.086 MT & 0.351 MT respectively, during the month of September, 2019. The production of finished steel in SAIL decreased by 4% over CPLY, whereas it declined by 9% for RINL.

I. Growth Parameters: Statistical updates:

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



➤ During September 2019, production and consumption of finished steel declined by 2.6% and 5.3%, respectively over the previous month.

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

(Million Tonnes)

Description	Aug'19	Sep'19	% Variation	April-Sep.		% Variation
				2018-19	2019-20	
Production (Crude Steel)	8.88	8.417	(-)5.2	53.910	54.591	1.3
Production (Finished Steel)	8.377	8.158	(-)2.6	49.242	51.658	4.9
Consumption	8.810	8.346	(-)5.3	48.447	50.87	5.0

Table 2: Country-wise Crude Steel* Production

Country	(Million tonne)					
	August		% Variation	Jan-Aug		% Variation
	2018	2019		2018	2019	
India	9.208	9.35	1.5	72.497	75.697	4.4
USA	7.477	7.497	0.3	56.919	59.229	4.1
Japan	8.806	8.116	(-)7.8	70.193	67.589	(-)3.7
China	79.834	87.251	9.3	609.362	664.869	9.1

Source: World Steel Association for China, Japan and USA; 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)

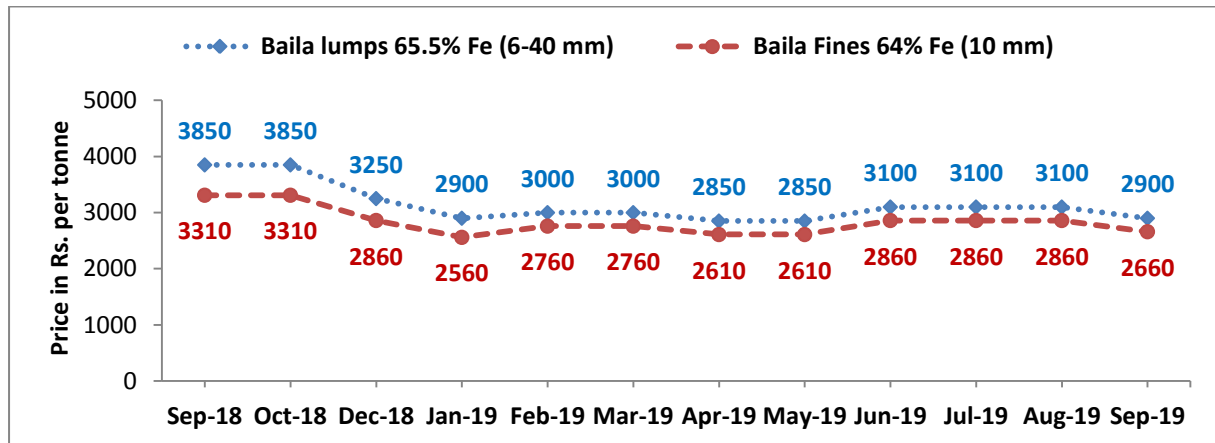
Table 3: Price of Iron Ore (Rs. per tonne)

Mineral	2018			2019								
	Sep	Oct	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Baila lumps 65.5% Fe (6-40 mm)	3850	3850	3250	2900	3000	3000	2850	2850	3100	3100	3100	2900
Baila Fines 64% Fe (10 mm)	3310	3310	2860	2560	2760	2760	2610	2610	2860	2860	2860	2660

Source: NMDC

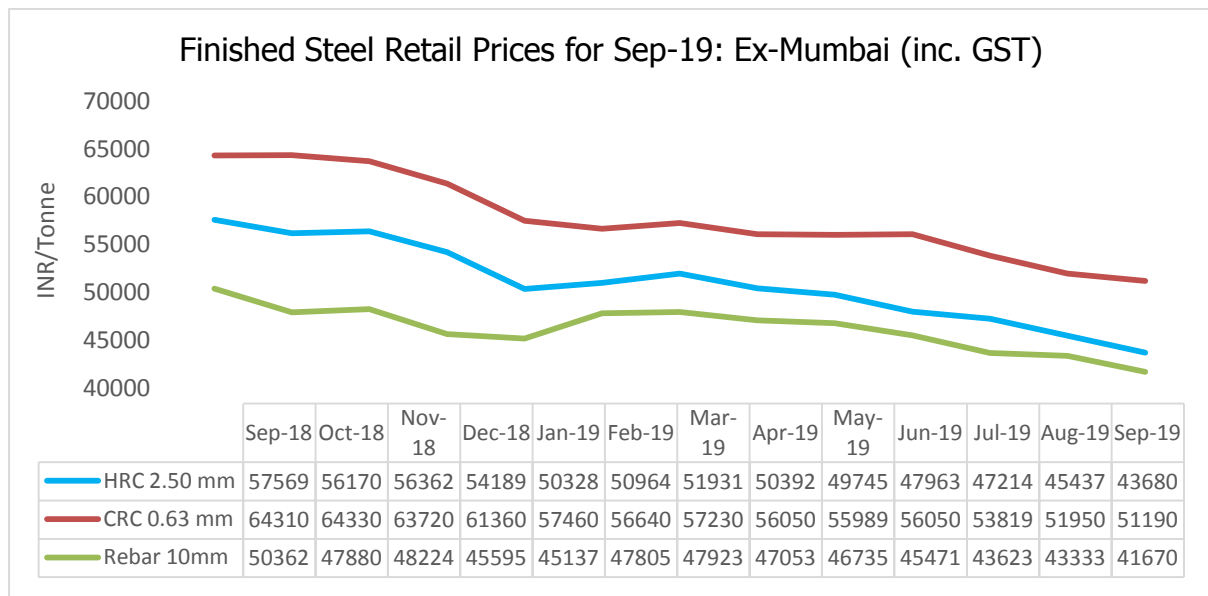
NMDC decided the prices of iron ore lumps and fines as Rs. 2700 & 2460 per ton respectively w.e.f. 19.09.2019.

Graph No. 2: Price Trend of Iron Ore.



- Domestic prices of iron ore lumps as well as fines declined by 6.4% and 7.0%, respectively during September 2019 over the previous month.

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



Source: JPC

- On M-o-M basis, during the month of September 2019, the prices of HRC, CRC and Rebars declined by 3.87%, 1.46% & 3.84% respectively over the previous month.

II. Trade Scenario:

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

Description	(000' Tonnes)					
	September		% Variation	April-Sept.		% Variation
	2018	2019		2018-19	2019-20	
Imports	675	565	(-)16.3	4001	4018	0.4
Exports	590	1019	72.7	3232	3936	21.8

- Import of total finished steel was at 0.565 MT in September, 2019 declined by 16.3% over CPLY.
- At 1.019 MT, export of total finished steel was increased by 72.7% in September, 2019 over CPLY.
- India was a net exporter of the steel during September, 2019.

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

Month	Import	Export	M-o-M Growth (%)	
			Import	Export
			April 2019	0.586
May 2019	0.535	0.318	(-)8.70	(-)19.90
June 2019	0.604	0.299	12.9	(-)6.0
July 2019	0.772	0.460	27.8	53.8
Aug 2019	0.856	0.983	10.9	113.7
Sep 2019	0.565	1.019	(-)34.0	3.6

- Imports of finished steel have shown a mixed trend during April to September 2019.
- Imports of finished steel products declined on M-o-M basis till May 2019. Thereafter, an increase in import was observed from the month of June 2019 onwards. However, it again declined in September 2019.
- Exports of finished steel registered a decline on M-o-M basis till April-June 2019. However, from July to September 2019, exports registered a significant growth of 53.8%, 113.7% and 3.6%, respectively surpassing imports in volume terms during the month of August & September, 2019.

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

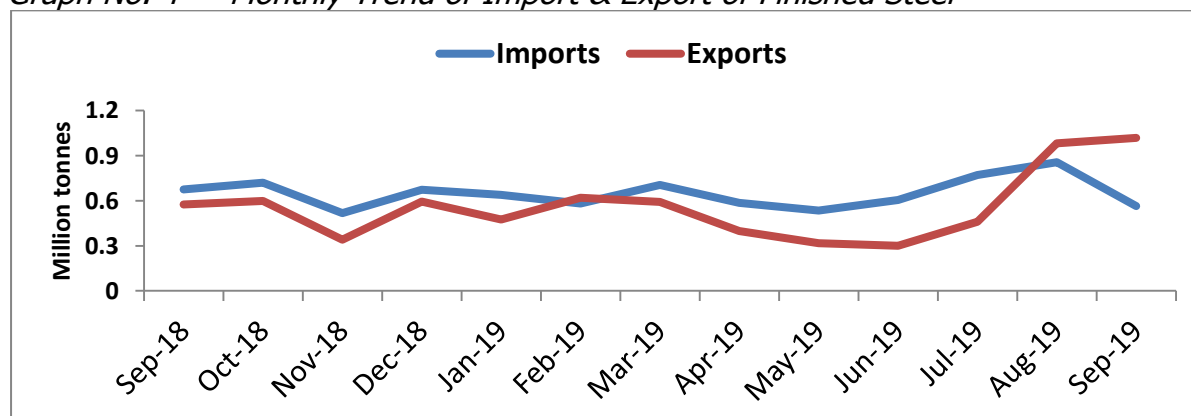


Table 6: Country-wise share of imports to India

(000' tonnes)

Country	Sep-19 (P)	(%) Share	Sep-18	(%) Share	(%) Change
KOREA	247.7	43.8	251.6	37.3	(-) 1.6
CHINA	119.5	21.1	144.4	21.4	(-) 17.3
JAPAN	76.2	13.5	143.0	21.2	(-) 46.8
TAIWAN	18.4	3.3	17.5	2.6	5.5
INDONESIA	17.5	3.1	15.4	2.3	13.4
OTHERS	86.0	15.2	103.0	15.3	(-) 16.5
TOTAL	565.2	100.0	674.9	100.0	(-) 16.3

- Decline in import inflows from Korea, China and Japan was observed during September 2019 over CPLY.
- The share of imports of finished steel has declined from Japan during September 2019 over CPLY.

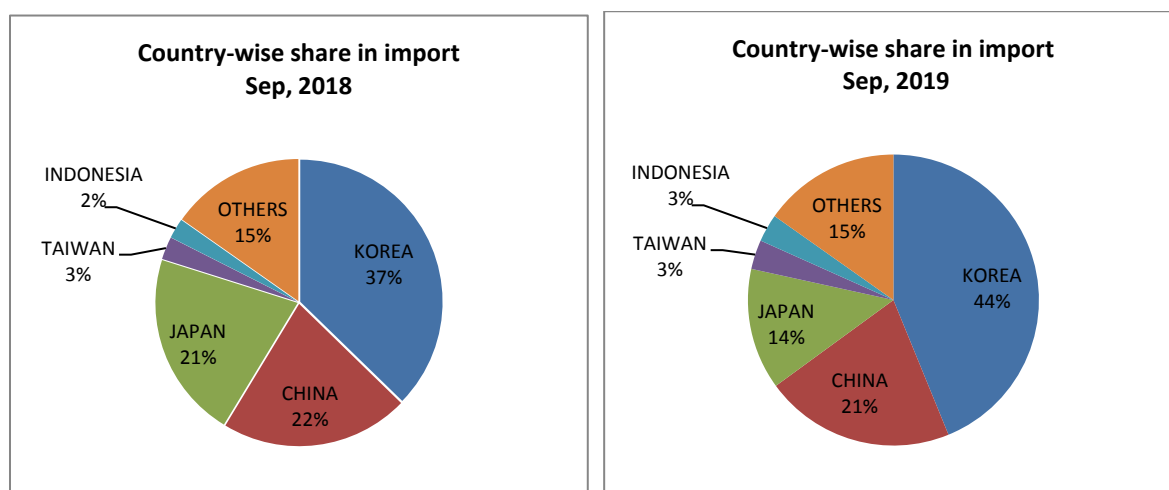
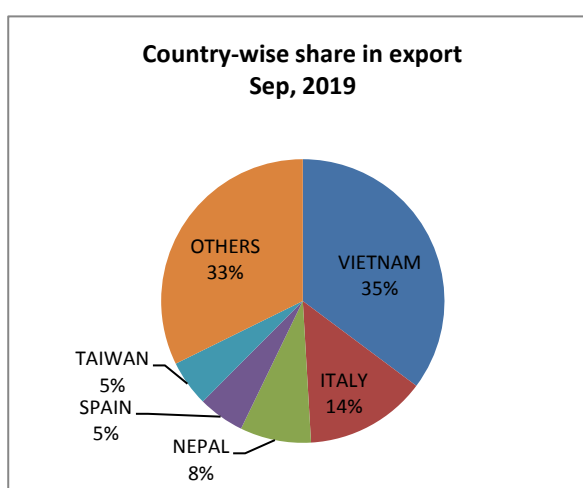
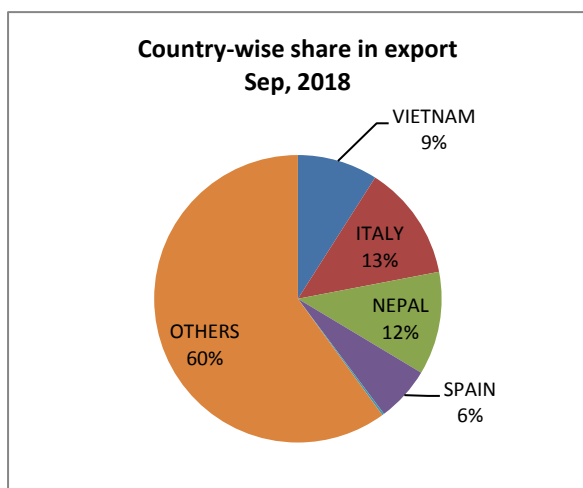


Table 7: Country-wise share of Exports from India

(000' tonnes)

Country	Sep-19 (P)	(%) Share	Sep-18	(%) Share	(%) Change
VIETNAM	358.8	35.2	53.3	9.0	573.5
ITALY	141.3	13.9	76.4	13.0	84.8
NEPAL	82.5	8.1	68.4	11.6	20.6
SPAIN	53.9	5.3	36.5	6.2	47.7
TAIWAN	53.5	5.2	1.4	0.2	3771.9
OTHERS	329.0	32.3	353.8	60.0	(-)7.0
TOTAL	1018.9	100.0	589.8	100.0	72.8

- Exports to Vietnam, Italy, Nepal, Spain and Taiwan have increased in September 2019 over CPLY.



III. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

(Million Tonnes)

Steel PSUs	September		% variation	April-Sep.		% variation
	2018	2019		2018-19	2019-20	
SAIL:						
Saleable Steel (MT)	1.135	1.086	(-)4.3	7.149	7.216	0.9
Sales (MT)	1.112	1.031	(-)7.3	6.349	6.008	(-)5.4
Total Sales Turnover (Rs. Crore)	5592	4256	(-)23.9	32284	27412	(-)15.1
RINL:						
Saleable Steel (MT)	0.387	0.351	(-)9.3	2.355	2.278	(-)3.3
Sales Steel (MT)	0.437	0.354	(-)19.0	2.319	1.911	(-)17.6
Sales Turnover (Rs. Crore)	1925	1209	(-)37.2	10025	7443	(-)25.8
NMDC:						
Production-Iron ore (MT)	2.356	1.635	(-)30.6	12.212	13.451	10.1
Sales-Iron ore (MT)	2.337	1.909	(-)18.3	13.373	14.533	8.7
Sales (Rs. Crore)	925	700	(-)24.3	4775	5400	13.1
MOIL:						
Production-Mn. Ore (MT)	0.103	0.090	(-)12.2	0.5991	0.5785	(-)3.4
Sales-Mn. Ore (MT)	0.153	0.111	(-)27.4	0.555	0.537	(-)3.4
Total Sales Turnover (Rs. Crore)	179.57	108.9	(-)39.4	674.59	533.55	(-)20.9

Table 9: Physical & Financial Performance:

Steel PSUs	September		% variation	April-Sep.		% variation
	2018	2019		2018-19	2019-20	
KIOCL:						
Pellets Production (MT)	0.100	0.122	22.0	0.924	1.115	20.7
Financial Performance (Sales-Pellets) in Rs. crore	113.4	112.2	(-)1.0	795.9	930.0	16.8
Profit Before Tax (Rs. crore)	20.96	4.89	(-)76.7	49.60	28.78	(-)42.0
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	12.87	3.23	(-)74.9	152.13	4303.1	2728.6
Financial Performance (Total Revenue from Operations)	40.25	42.02	4.4	181.75	171.28	(-)5.8
Net Profit (Before Tax)	4.93	(14.2)	(-)388.0	(18.71)	(58.15)	210.8
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.263	0.422	60.9	1.563	2.124	35.9
Financial Performance (Sales-Service Charges) in Rs. Crore	29.30	28.34	(-)3.3	172.23	179.81	4.4
Net Profit After Tax (Rs. Crore)	2.68	1.63	(-)39.2	10.74	9.76	(-)9.1
MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	9159	11662	27.3	58956	49902	(-)15.4
Financial Performance (Sales Turnover)	118.8	92.7	(-)22.0	1178.8	609.9	(-)48.3
Profit Before Tax	11.87	7.47	(-)37.1	57.31	62.97	9.9

Figures in parentheses indicate a negative amount/balance

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

Organization	September, 2019		April-Sep, 2019-20	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	29	9.36	226	46.72
Steel PSUs	173	320.95	985	2088.03
