

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



सत्यमेव जयते

मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
August - 2020

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

Monthly Summary for the Cabinet for the month of August, 2020:-

During the month of August 2020, the important developments in the steel sector are as following:

1. The National Steel Policy 2017 envisions 300 MT crude steel capacity in the country by 2030-31, thus envisaging additional capacity of about 160 MT crude steel in the next decade. This will require import of plants and equipment worth US \$18-20 billion and spares worth US \$500 million. The critical parts and equipment which are imported constitute around 30-40%. Well planned strategic response is, therefore, required to reduce import in sync with the Prime Minister's Vision of Atma Nirbhar Bharat. In pursuance of this, a brainstorming session was held on 4th August 2020 with CMDs of Steel CPSEs to discuss indigenisation of capital goods and other equipment presently imported in steel sector in India. It was decided that MECON would work with other CPSEs and come up with a comprehensive consolidated list of capital goods and other items and products being imported and to draw a road map on how domestic manufacturing of such items can be achieved with in a defined time frame.
2. Resumption of mining activity by NMDC at Donimalai mine, which has remained suspended since November 2018, has been continuously pursued with Government of Karnataka and the Ministry of Mines. In a meeting held by the Minister of Mines with Chief Minister, Karnataka and Secretary, Mines on 27th August 2020, it was agreed that NMDC would be allowed to restart mining activity in Donimalai mine and a Committee would be formed to recommend appropriate amendments in the MMGC Rules to address concerns of States in respect of allocation of Captive mines within 3 months.
3. To promote optimal utilization of the inland waterways for movement of raw materials and finished steel and identifying issues hindering the realization of its full potential, a meeting was held with IWAI and the domestic steel industry on 11th Aug 2020. National Waterway 5 (NW5) and NW10 have been identified for further development so that their full potential could be realized for use by the steel industry. NW1, NW2 and NW5 are already being used to a limited extent by the steel industry
4. This Ministry has formulated a preliminary proposal for submission to NITI Aayog in consultation with the steel industry for providing Production Linked Incentive (PLI) ranging from 3-5.1% of incremental production value, for steel grades which do not have enough production capacity in the country by providing an incentive of about Rs 2776 crore. Additionally, a preliminary proposal for Phased Manufacturing Program (PMP) for CRGO has also been worked out to provide an incentive of ₹ 570 cr. over 5 years to the domestic steel industry to start manufacturing CRGO in the country.
5. To enhance steel usage in Construction & Infrastructure development sectors and to bridge the gap between users and suppliers for promoting steel-intensive construction, Ministry of Steel, in association with Confederation of Indian Industry (CII) organized a Webinar on 'Aatmanirbhar Bharat: Fostering Steel Usage in Housing & Building Construction and Aviation Sectors' on 18th August, 2020. Minister of Housing and Urban Affairs and Civil Aviation also participated in the seminar. The event focused on Users' perspective on promoting Steel intensive designs and construction in

Building, Housing, and Airport Projects as well as the Steel Producers' perspective regarding the capabilities of Indian iron and steel industry in meeting the present demand, future expansion plans and manufacturing capabilities for developing new products.

6. SAIL posted its best ever August sales performance during August 2020 at 14.34 Lakh Tonnes which was 35% higher than that in August 2019. Also, with export of around 1.94 lakh tonnes during August 2020, SAIL has crossed 1million tonnes export mark for the FY 2020-21. Similarly, production of 1.13 lakh tonnes of UTS-90 Rails in August 2020 was also the best ever performance for a month.

7. The Parliamentary Standing Committee on Coal and Steel was apprised on the status of iron ore mines in SAIL and NMDC along with the issues in areas like lease extension, environmental clearance, sale of iron ore by SAIL etc during the Oral Evidence on the 'Development of Leased out Iron Ore Mines' by the Committee on 14th August 2020.

8. Minister of Steel took a meeting on Monetisation of Assets of SAIL on 20th August 2020 and directed for working out detailed plans for selling off its scrap and idle assets and monetisation of assets along with selling off the investments in JVs/SPUs, etc. SAIL has been asked to expedite the process of identification of idle assets/ decommissioned facilities, plant-wise, for monetization.

9. The 31st meeting of the Technical Committee was held on 18th August, 2020 to examine and analyse applications received for issuance of clarifications on the products that are covered under the purview of the Steel and Steel Products (Quality Control) Order, 2020.

10. The status of clearing pending payments to MSMEs by CPSEs of the Steel Ministry was reviewed on weekly basis to ensure that the same is credited timely and well within the 45 days time limit for such payments. Payment of Rs. 284.27 cr. crore was made by steel PSEs to MSMEs during August 2020 as against Rs. 271.10 crore during July, 2020.

11. The performance of steel CPSEs specially SAIL and RINL w.r.t. procurement through GeM portal was reviewed and they were directed to enhance their procurement through GeM including by ensuring on-boarding of additional items on

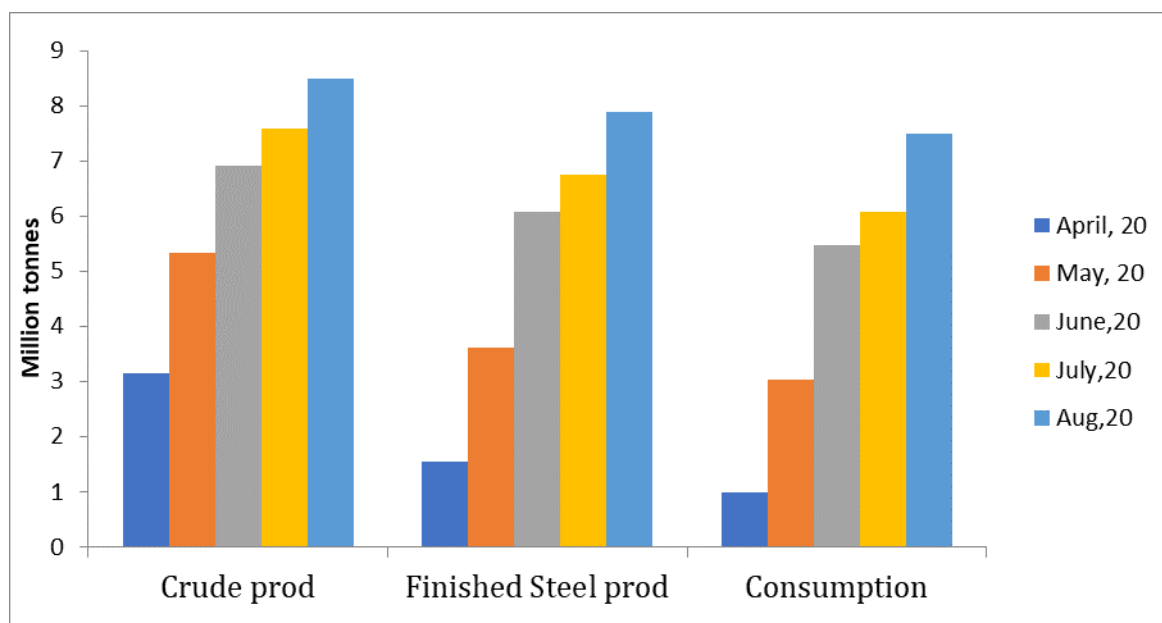
12. GeM. A meeting was held with CEO, GeM on 24th August to discuss the road map for enhancing procurement through GeM. As decided in the meeting, SAIL would be a pilot CPSE for developing the Proof of Concept for AI based Procurement Planning and Monitoring Tool by GeM.

13. A Project Development Cell (PDC) has been set up in the Ministry in pursuance to the decision of the Cabinet for attracting investment in the sector. PDC has identified few potential investors and started engagement with them to understand problems being faced by them and support sought from the Government. An expanded list of domestic and foreign prospective investors is also being prepared.

14. During the month, all projects of CPSEs costing Rs. 150 crore and above under the Ministry were reviewed and directions were issued to accelerate work.

15. Production & Consumption Scenario:

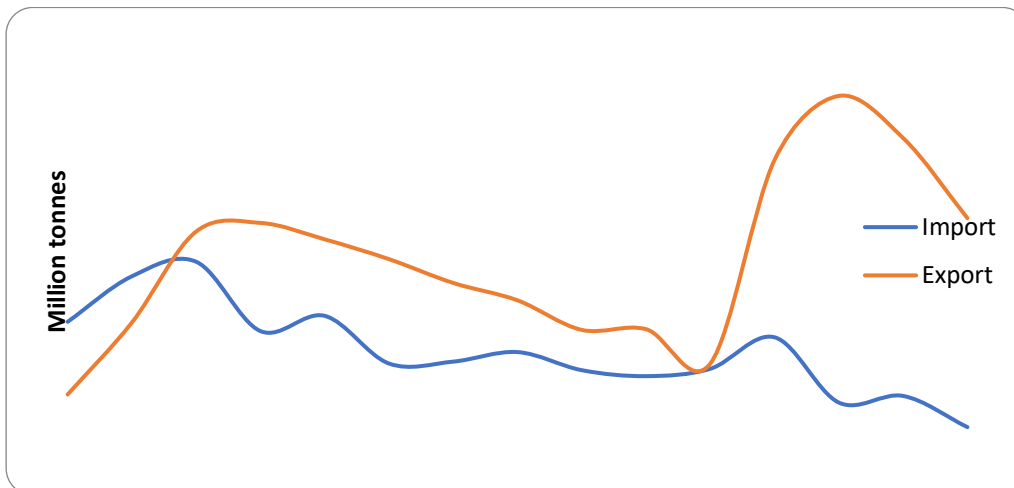
- i. Production of Crude steel and Finished steel as well as consumption of finished steel have consistently been improving since April, 2020 as may be seen from the uptrend graph below.



- ii. Production of crude steel and finished steel registered an increase of 5.1% and 6.7% respectively during August, 2020 over July, 2020. However, as compared to the same month of the last year, production of crude and finished steel in August 2020 were lower by 4.2% and 5.5% respectively.
- iii. Consumption of finished steel in August 2020 registered an increase of 7.7% on M-o-M basis but was lower by 18.5% over July, 2019.
- iv. The continuous increase in consumption during this fiscal led to absorption of inventories with the steel producing companies resulting in a lower closing stock of 12.37 MT of finished steel at the end of August 2020 which is 3.72% lower than that in the previous month.

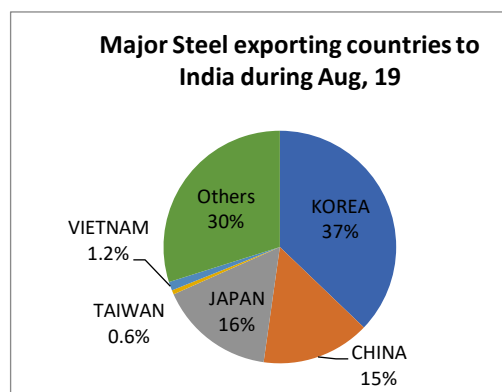
16. Export-Import Scenario:

- i. Export during August 2020 was 5.7% higher and import 81.1% lower over export and import in August 2019, respectively. However, M-o-M export and import decline of 24.5% & 44.8% respectively during August 2020 as compared to July 2020. Exports remained significantly higher than the imports during August 2020.

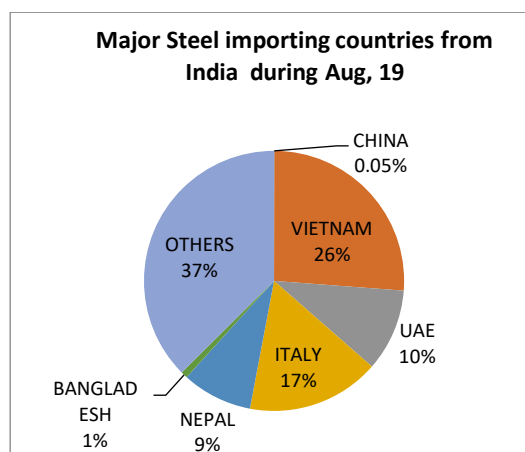
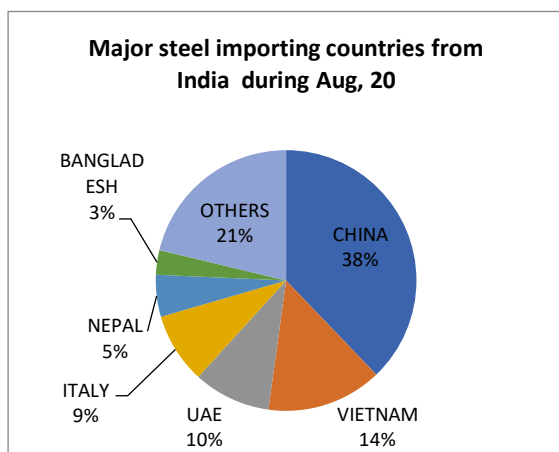


Source: JPC

- ii. India remained a net exporter of finished steel during August 2020 with a net trade surplus of 0.87 MT.
- iii. Share of steel imports from Korea and Japan declined in August 2020 while it increased for China, Taiwan and Vietnam as compared to their share in August 2019 as may be seen from the graph below:

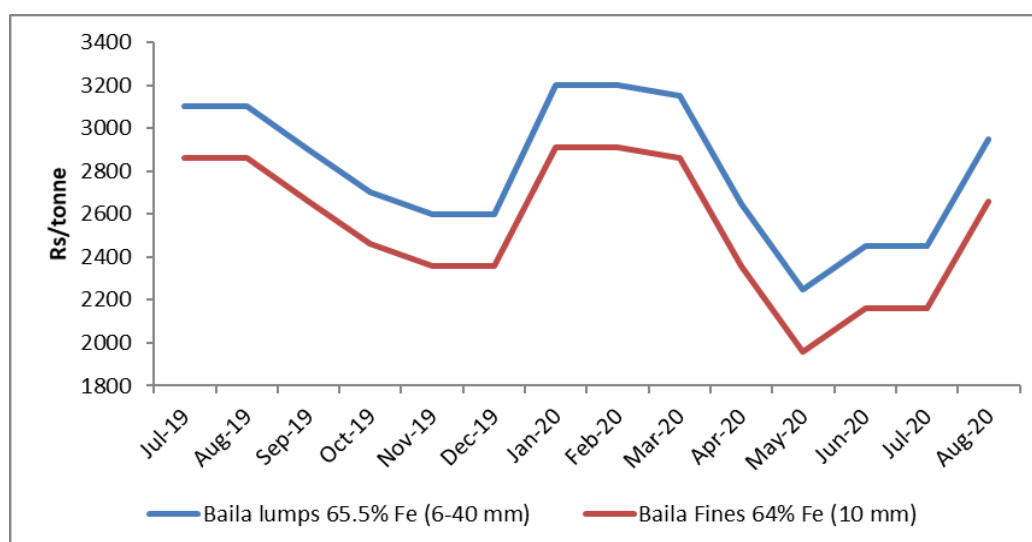


- iv. Share of China and Bangladesh in steel exports from India was higher in August 2020 as compared to July 2019. However, it declined for Vietnam, Italy and Nepal during the same period [graph below].



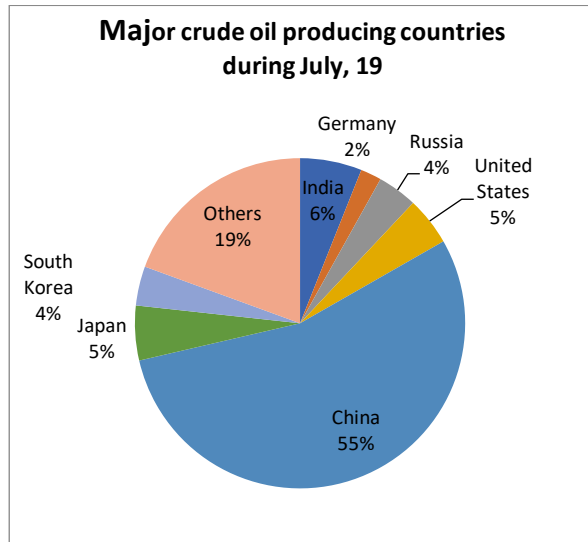
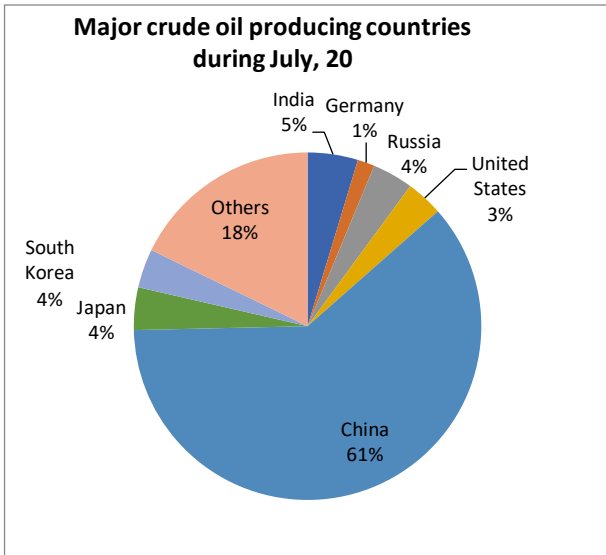
17. Price scenario:

- i. Prices of iron ore lumps as well as fines increased to Rs. 2950/tonne & Rs. 2660/tonne during the month of August 2020. Increased price of iron ore was due to increased demand of iron ore from both domestic and international markets and iron ore supply disturbance from major suppliers like Brazil and Australia. The prices of lumps & fines increased by 20.4% & 23.1% respectively since June 2020.
 - ii. NMDC produced 16.24 lakh tonnes of iron ore during August 20 which was 15% higher over CPLY. SAIL has auctioned 4.32 lakh ton iron ore in Aug 2020, out of which 3.84 Lakh tons quantity has been successfully booked/sold. So far SAIL has offered 13.3 lakh ton iron ore fines in auctions and sold 5.79 lakh tons.
 - iii. Continuous increase in steel consumption demand after gradual unlocking of the economy and high import demand from China had led to the increase in retail prices (Mumbai prices) of Rebar, HRC and CRC by 9.80%, 9.43% and 6.68% respectively, on M-o-M basis.
- iv.** The trend in iron ore prices may be seen from the graph below



18. BSE Sensex and BSE Metal Indices registered an increase of 2.74% and 12.52% respectively, in the month of August, 2020 indicating positive sentiment.

19. The global production of crude steel declined in July, 2020 over July, 2019 due to ongoing COVID-19 crisis. The share of China however, registered a significant increase in the production for this period. Other major producers of crude steel in global production witnessed decline as can be seen from the graph below.



20. The details of procurement of goods and services through GeM Portal by Ministry of Steel and Steel PSUs are as following:

Organization	August 2020		April-August, 2020	
	No. of Orders	Value of orders (Rs. in Lakh)	No. of Orders	Value of orders (Rs. in Lakh)
Ministry of Steel	06	6.71	100	44.16
Steel CPSEs	299	1576.62	771	3030.43
