

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

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

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

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

1. In line with the Government of India's vision of "Atmanirbhar Bharat" and notification No. P-45021/2/2017-PP(BE-II) dated 16.09.2020 of DPIIT Policy, Ministry of Steel notified amendments/additions to the 'Policy for Providing Preference to Domestically Manufactured Iron & Steel Products (DMI&SP) in Government Procurement (revised, 2019)' w.e.f. 31st December, 2020. The amendments/additions now made in the Policy mandate procurement of only domestic steel for projects exceeding Rs 5 lacs in value. Further, domestic steel has been defined as the one which has been manufactured in India and having domestic value addition ranging from 20-50%. EPC contracts are also covered under the revised policy.
2. Ministry of Steel has notified 01 additional Indian Standard on steel and steel products in Gazette on 22nd December 2020. With this addition, number of Indian standards on steel and steel products under Quality Control Orders have now gone up to 145. Implementation of Quality Control Orders of these 145 Indian Standards will ensure that only quality products are available in the country and no sub-standard/defective steel is manufactured or imported.
3. Six National Infrastructure Pipeline (NIP) projects are under various stages of development/implementation in steel sector with an outlay of Rs. 10,447 crore during FY20-FY25. An expenditure of Rs. 334 crore has been incurred in these projects.
4. Under the PRAGATI project for expansion of Gua ore mines of SAIL, the issue related to grant of Forest Clearance has been resolved and Stage-II Forest Clearance has been issued by MoEF&CC on 07.12.2020. In another project, namely, Slurry Pipeline and Pellet Project of NMDC, the issue related to getting land corridor / Right of Way for laying the pipeline has been resolved and Notification under 6(1) of the P&MP Act 1962 has also been published in Gazette dated 04.12.2020. Further, there are 08 steel sector projects costing Rs. 150 crore and above, the information of which is on the OCMS portal of M/o Statistics & Programme Implementation. These projects are under various stages of implementation and an expenditure of Rs. 22,711 crore has been incurred in these projects against the total cost of Rs. 29,231 crore.
5. The Memorandum of Cooperation (MOC) in the field of Steel Industry between the Ministry of Steel, Government of India and the Ministry of Economy, Trade and Industry, Government of Japan was signed on 22nd December 2020. The MOC will promote the development cooperation in steel sector between two countries through joint activities under the framework of India Japan Steel Dialogue. The activities will cover several areas of mutual interest including trade and investment, capacity building, sharing of experiences and best practices in steel usage and workplace safety and energy efficiency cooperation.
6. NMDC Limited signed an MOU on 21.12.2020 with Mineral Exploration Corporation Limited (MECL) to collaborate and conduct exploration in mutually agreed projects for iron ore, gold, coal, diamond and other minerals in various states. Coming together of the two premier Indian Exploration Agencies under the Government of

India, NMDC Limited and MECL means better synergies in mineral exploration and allied works. It will help in establishing resources/reserves of various minerals / ores and their extraction while identifying unexplored mining areas.

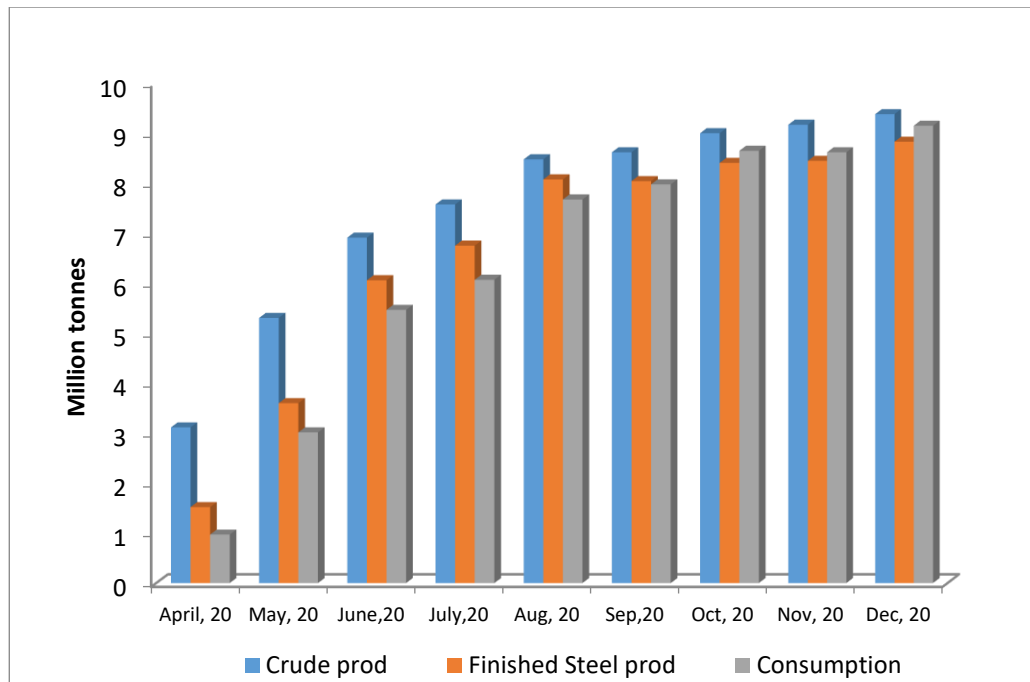
7. During December, 2020, SAIL produced its highest ever Hot Metal, Crude Steel and Saleable Steel for the month at 1.669 MT, 1.505 MT and 1.454 MT respectively. Cumulative despatch of Long Rails upto December, 2020 stood at 534027 Tonne which is the best ever performance for the period and growth of almost 20% over CPLY. The Long Rails component in the overall despatches has also increased to almost 62% during April-December, 2020 from 50% during CPLY. Cumulative sales of SAIL during April-December 2020 remained its best ever performance for the period. The cumulative sales during this period stood at 10.802 MT. SAIL produced 24.12 lakh tonnes of iron ore in December 2020 which is the highest ever monthly iron ore production. During the month of December, SAIL booked 5.92 lakh tonnes of fresh fines and 3.20 lakh tonnes of Dumped Fines for sale in open market. The cumulative figure of iron ore sold in open market by SAIL during the year 2020-21 stands at 21.68 lakh tonnes of fresh fines and 3.56 lakh tonnes of dumped fines/tailings.

8. During the month of December, 2020, KIOCL produced 2.60 lakh tonne of Pellets and sold 3.00 lakh tonne of Pellets. During April-December, 2020, the KIOCL Pellet production stood at 17.05 lakh tonnes while sales were 17.59 lakh tonnes.

9. 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. 269.68 crore was made by steel PSEs to MSMEs during December 2020 as against Rs. 299.10 crore during November, 2020.

10. Production and Consumption Scenario:

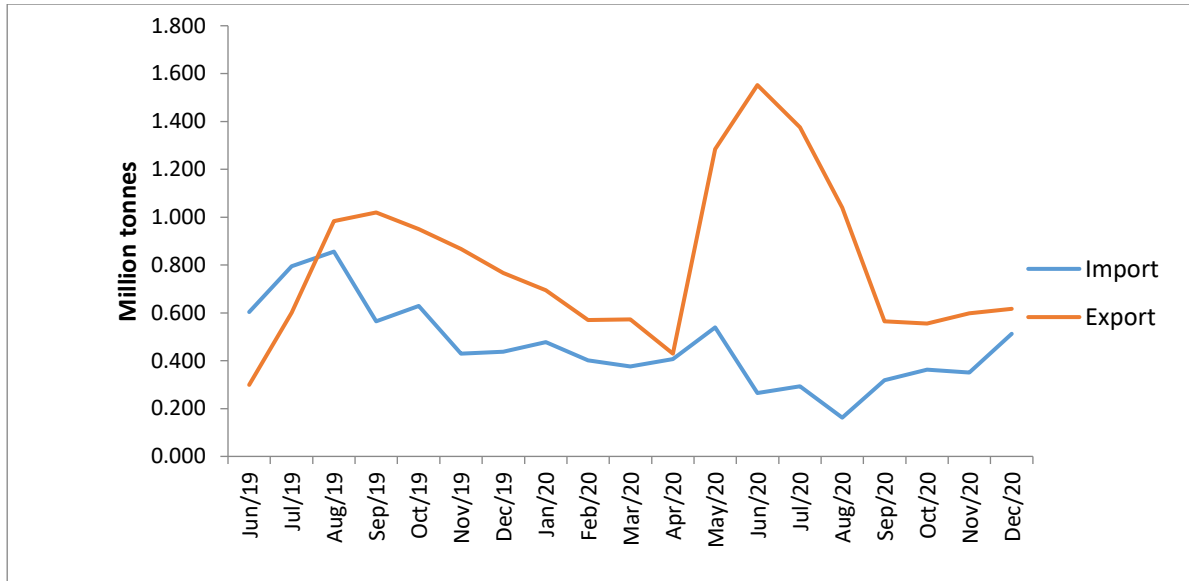
- i. During the current fiscal (April-December, 2020-21), production and consumption of steel was adversely affected by the Covid-19 pandemic and the lockdown necessitated containing its spread. Thus, the cumulative production of crude steel at 71.94 MT and finished steel at 64.45 MT declined by 12.6% and 15.8% respectively over CPLY. The consumption during the same period at 63.46 MT was lower by 16.8% over CPLY. However, the sector has seen improvement in production of crude and finished steel as well as consumption of finished steel, post COVID-19 pandemic and unlocking of the economy as can be seen from the trend in month-wise production of crude and finished steel and consumption of finished steel during the current fiscal from the graph below:



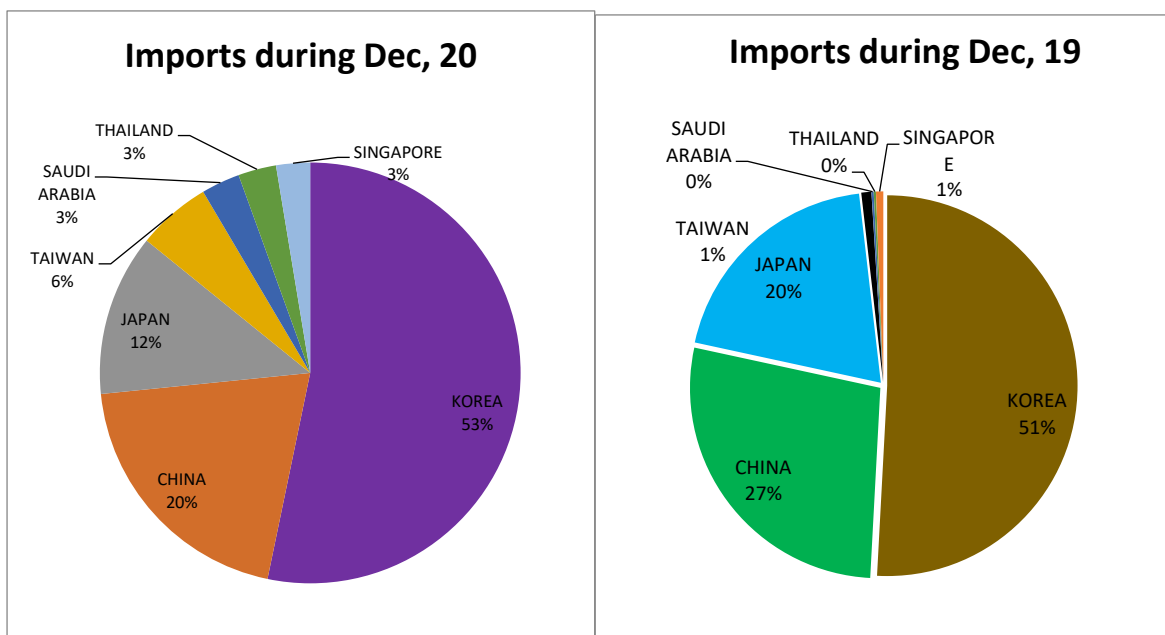
- ii. Production of crude steel recorded an increase of 2.3% in December over production in November 2020 and remained constant over same month of the last year.
- iii. Production of finished steel in December 2020 was higher by 4.5% over that in November 2020 but was 4.2% lower than the production in the same month of last year i.e., December 2019.
- iv. Consumption of finished steel in December 2020 registered an increase of 6.15% on M-o-M basis and 4.91% over December, 2019.
- v. The continuous increase in consumption during this fiscal has also led to absorption of inventories with the steel producing companies resulting in a lower closing stock of 10.57 MT of finished steel at the end of December 2020 which is 3.80% lower than that in the previous month and 18.02% lower than the same month of previous year.

11. **Export-Import Scenario:**

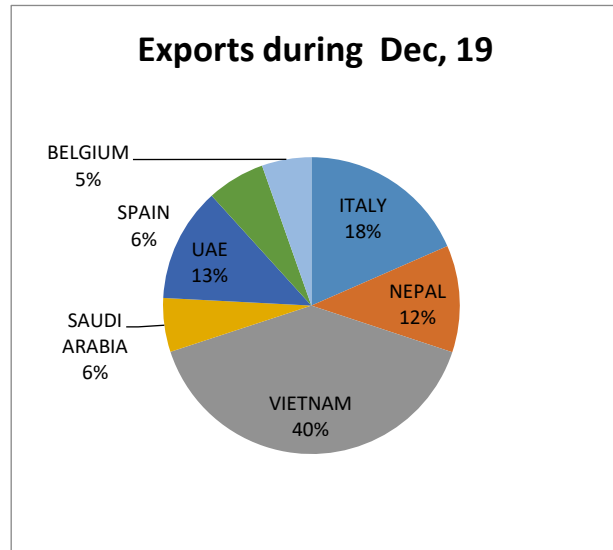
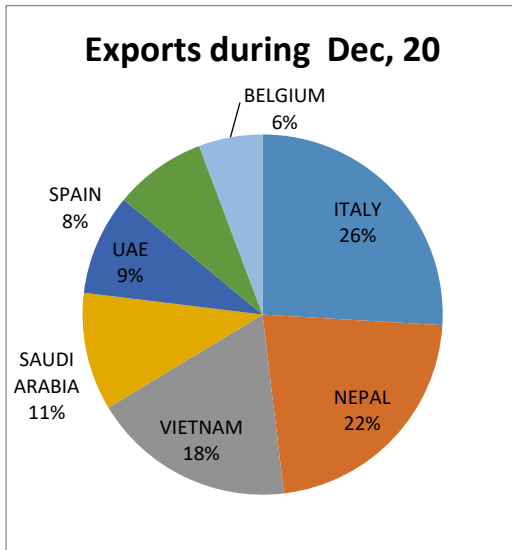
- i. During the current fiscal (April – Dec. 2020-21), export of finished steel from India at 8.31MT increased by 27.5% while import at 3.21 MT have declined by 41.8% over CPLY. India was net exporter of finished steel during this period with net trade surplus of 5.1 MT. However, the progressive unlocking of the economy and improving economic activities leading to better domestic demand have resulted in decline/moderation in export in recent months as may be seen from the graph below:



- ii. During December 2020, export increased by 27.5% and import decreased by 41.8% over that in December 2019, respectively. However, M-o-M export and imports increased by 3.2% and 46% respectively as compared to November 2020.
- iii. India remained a net exporter of finished steel during December, 2020 with a net trade surplus of 0.105 MT.
- iv. Share of Korea, Taiwan, Saudi Arabia, Thailand and Singapore in total steel import of India increased in December 2020 as compared to December 2019 while it declined for China, and Japan over this period as may be seen from the graph below:

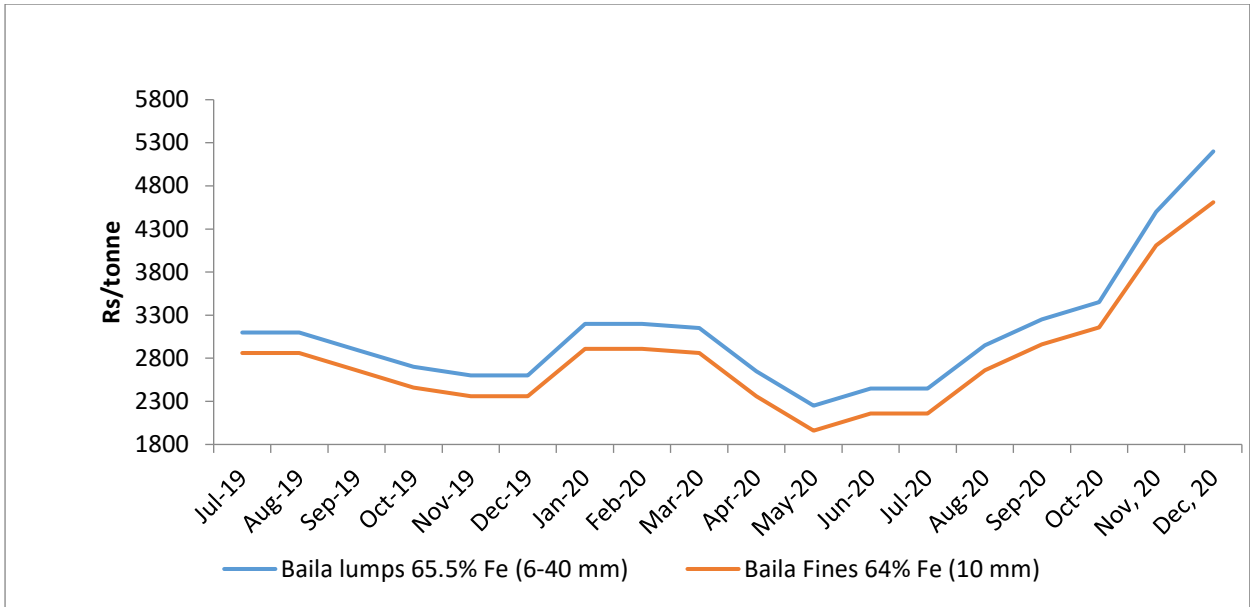


- vi. Share of Italy, Nepal, Saudi Arabia and Spain in steel exports from India was higher in December 2020 as compared to December 2019. However, it declined for Vietnam, UAE and Belgium during the same period [following graph].



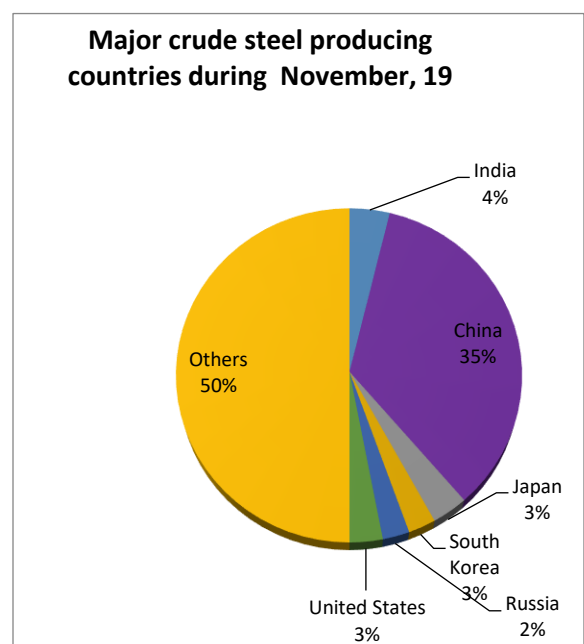
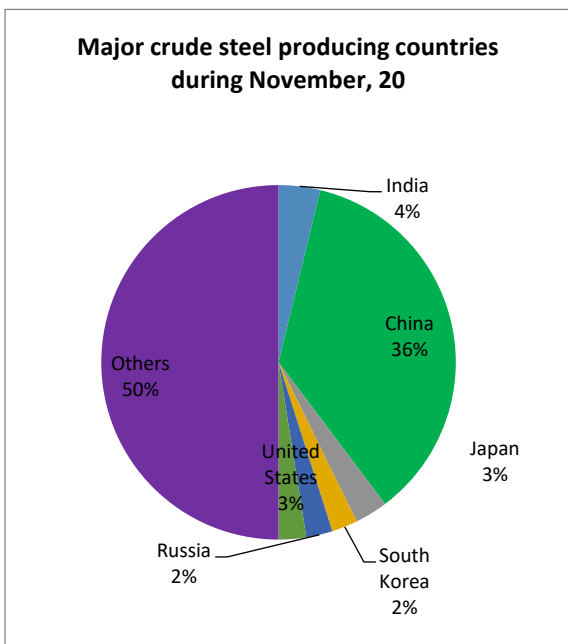
12. Price scenario:

- i. Prices of iron ore lumps increased by 15.6% to Rs.5200/tonne and that of fines by 12.2% to Rs.4610/tonne respectively, during the month of December 2020 over November, 2020. Increased price of iron ore was due to increased demand of iron ore from domestic market and firm prices in the international market.
- ii. NMDC produced 38.6 lakh tonnes of iron ore during December 2020 which was 23.32% increase over CPLY. SAIL produced 24.12 lakh tonnes of iron ore in December 2020 which is the highest ever monthly iron ore production.
- iii. Continuous increase in steel consumption demand after gradual unlocking of the economy and higher export led to the increase in retail prices (Mumbai prices) of Rebar, HRC and CRC by 4.09%, 8.76% and 7.24% respectively on M-o-M basis.
- iv. The trend in iron ore prices may be seen from the graph below:



13. BSE Sensex and BSE Metal Indices, showed an upward trend during November, 2020 registering an increase of 7.31% and 12.22% respectively, indicating positive sentiment.

14. The global production of crude steel increased in November, 2020 over November, 2019 driven mainly by China, with some other major producing countries viz., India and Russia also registering growth over their production in November 2019. The share of China accordingly registered a significant increase in the global production for this period. Share of other major producers of crude steel in global production, witnessed a decline as can be seen from the graph below:



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

Organization	December 2020		April-December, 2020	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	70	17.83	238	145.12
Steel CPSEs	358	3571.68	2495	12028.18

Need for enhancing procurement through GeM, including by on-boarding of additional items on GeM, has been reiterated to steel CPSEs in a meeting held on 22.12.2020 with CEO, GeM and steel sector CPSEs to review the progress and various issues in this regard.

16. The status report in reference to Cabinet Secretary's D.O. No. 28(43) EO/2013(ACC) Pt. dated 27/06/2016 is as follows:

- i. The status of all the Board level (Functional Director) posts pertaining to the Ministry of Steel, has been updated on SUPREMO in the month of December 2020 and a certificate in this regard has been sent to ACC.
- ii. All directions of ACC have been complied with.
- iii. The status of cases where PESB recommendations have been received in the Ministry is as follows:
 - (a) The proposal for additional charge of Director (Personnel), SAIL to Ms. Soma Mondal for one year beyond 10.12.2020 initially as Director (Commercial), SAIL and later on to continue with the additional charge on assumption of charge of post of Chairman, SAIL on or after 01.01.2021 has been sent to ACC on 09.12.2020.
 - (b) The proposals for assigning additional charge of Managing Director, OMDC for a period of one year w.e.f. 01.12.2020 and for assigning additional charge of Director (P&P), OMDC for a period of one year w.e.f. 24.01.2021 to Shri D.K. Mohanty, Director (Commercial), RINL have been sent to ACC on 10.12.2020.

17. As on date, out of the 62 positions of NODs in the Steel CPSEs, 42 are vacant including 6 women NODs. Due to these vacant positions, the Steel CPSEs are regularly getting notices from the SEBI/BSE/NSE regarding imposition of penalty due to non-compliance of 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. Matter has been taken up with Secretary, DPE vide my DO letters dated 30.09.2020 and 17.11.2020 to expeditious filling up of these vacant positions.

18. A progress report on important areas of steel sector in reference to PMO's D.O. No. 210/31/C/24/2014-ES.I dated 03.07.2015 is annexed.