

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

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

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

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

During the month of September 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 installing additional facilities/ plants of about 160 MT crude steel capacity in the next one decade. The increased production has to be backed by enhanced demand/consumption. In pursuance to this objective, Ministry of Steel and M/o Petroleum & Natural Gas have jointly constituted a Committee on 09th September, 2020 for '**Enhancing domestically manufactured steel usage in Oil & Gas Sector**' as a step towards the PM's vision of **Atmanirbhar Bharat**.
2. Meeting of the Inter-Ministerial Group (IMG) under the Chairmanship of Secretary, DIPAM regarding **disinvestment** of two units of SAIL viz., Salem Steel Plant and Visveswaraya Steel Plant was held on 02.09.2020 where issues involved in finalisation of transaction documents for strategic disinvestment of these SAIL units were considered. Another meeting of the IMG for strategic disinvestment of Ferro Scrap Nigam Limited (FSNL) was held on 04.09.2020 for considering RFP documents for engagement of intermediaries viz., Asset Valuer (AV), Transactional Advisor (TA), and Legal Advisor (LA).
3. To ensure timely and effective monitoring of imports of steel, ensure proactive analysis of any unfair trade practices and help the domestic industry in product development, inventory planning and pricing etc., Ministry of Steel had taken up the issue with Directorate General of Foreign Trade (DGFT) regarding inclusion of all items of Chapter 72, 73 and 86 under the ambit of Steel Import Monitoring System (SIMS). SIMS platform had initially covered 284 specified items of Chapter (ITC-HS) 72, 73 and 86. DGFT vide its notification dated 28.09.2020 has now brought all 808 items of Chapter 72, 73 and 86 under the ambit of Steel Import Monitoring System (SIMS).
4. The meeting of the **OECD Steel Committee** was held virtually from 24-28 September 2020. India is a Participant in the OECD Steel Committee and the Indian delegation was led by Joint Secretary, Ministry of Steel. During the meeting, various issues pertaining to global steel sector including global steel market, trade policy development, steelmaking capacity and market consolidation were discussed.
5. The **Integrated Monitoring and Advisory Council (IMAC)** reviews the progress of various ministries, including Ministry of Steel, towards achieving a target of 10% reduction in import dependency in energy related products. Ministry of Steel apprised the IMAC, in its meeting held on 21.09.2020, of the twin strategy followed by the Ministry for reduction in

import of energy/energy related products, i.e. coking coal, viz., (i) import substitution by setting up of washeries and (ii) diversification of sourcing of coking coal from other countries like Russia, USA and Mongolia. It was informed that these initiatives have already resulted in a discount of approximately Rs. 680 crores by the Australian coking coal suppliers to Steel CPSEs.

6. Ministry has included two slurry pipeline projects of Tata Steel costing about Rs. 5035 crore in the **National Infrastructure Pipeline (NIP) projects**, taking the total steel sector NIP projects to six. Of these six projects, one project is being implemented by NMDC and five by private sector companies (JSW -1; Tata Steel -2; AMNS India -2)

7. SAIL produced 1.10 lakh tonnes of **UTJS-90 Rails** which is the best ever performance for the month of September and a growth of 6% over CPLY. Likewise, the cumulative performance during H1 FY'21 5.95 lakh tonne is also the best ever. It also registered highest ever despatches of Rails during H1 FY'21 with cumulative despatches of more than 6 lakh tonnes Rails during April-September'20 i.e. an increase of more than 5% over CPLY.

8. 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. 302.04 crore was made by steel PSEs to MSMEs during September 2020 as against Rs. 284.27 crore during August, 2020.

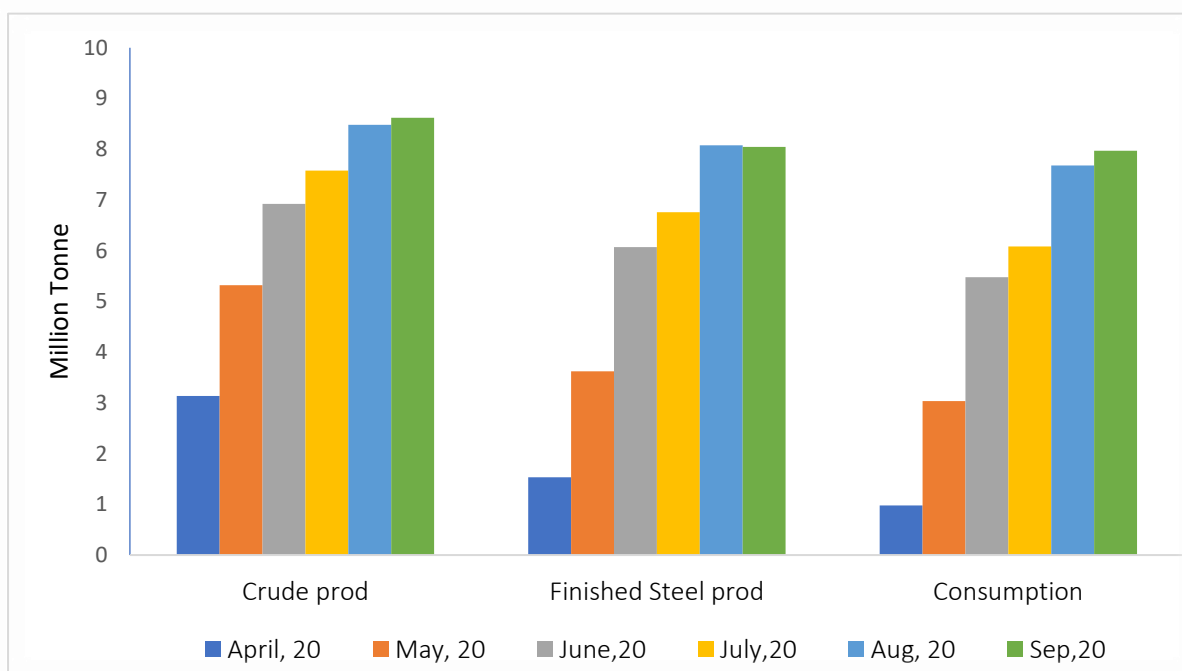
9. Appointments Committee of the Cabinet (ACC) has approved the proposal for '**Restructuring of the SAIL Board**' by elevating 04 posts of the Chief Executive Officers (CEOs) of Integrated Steel Plants (ISPs) of SAIL as Functional Directors by designating them as Directors in-charge of Bokaro, Rourkela, Bhilai and one Director in-charge jointly for Burnpur and Durgapur Steel Plants. Further, the posts of CEO Bhilai Steel Plant and CEO Bokaro Steel Plant have been abolished with immediate effect while the posts of CEO Rourkela, CEO Burnpur and CEO Durgapur Steel Plants will continue till the appointment of Director in-charge of Rourkela Steel Plant and Director in-charge jointly for Burnpur and Durgapur Steel Plants on regular basis or until superannuation of the present incumbents or until further orders, whichever is the earliest. Till such time, the two CEOs (Rourkela Steel Plant & Burnpur Steel Plant) will continue as special permanent invitees on the Board of Directors of SAIL.

10. ACC has also approved merging the functions and duties of the post of Director (Raw Materials and Logistics) and that of Director (Projects and Business Planning) with the post of Director (Technical) and its consequent re-designation as Director (Technical, Projects and Raw Materials). Accordingly, the composition of re-structured Board of Directors of the Steel Authority of India Ltd. (SAIL) is now as following:

S.No.	Name of Post	Number of post
1.	Chairman	01
2.	Director (Finance)	01
3.	Director (Commercial)	01
4.	Director (Technical, Project & Raw Materials)	01
5.	Director (Personnel)	01
6.	Directors in-charge of ISPs	04
7.	Government Nominee Directors	02
8.	Non-Official Directors	As per the Companies Act, 2013

11. Production and Consumption Scenario:

- i. Production of Crude steel and consumption of finished steel have consistently been improving since April, 2020. Production of crude steel registered a marginal increase in September 2020 month-over-month as may be seen from the graph below.



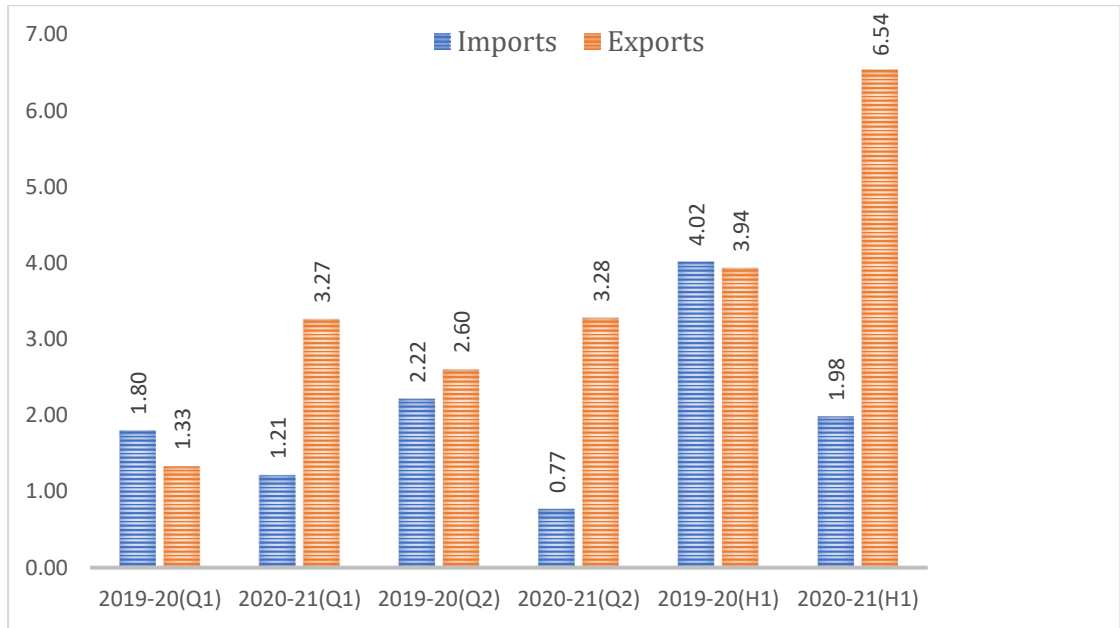
- ii. Production of finished steel marginally declined by 0.7% during September, 2020 over August, 2020. However, as compared to the same month of the last year, production of finished steel was higher by 0.1%.
- iii. Consumption of finished steel in September 2020 registered an increase of 3.74% on M-o-M basis but was lower by 0.8% over September, 2019.
- iv. 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 11.85 MT of finished steel at the end of September 2020 which is 3.79% lower than that in the previous month.
- v. During first half of the current fiscal (April-Sept. 2020-21) production of crude steel at 42.89MT and finished steel at 38.33 MT declined by (-)22% and (-)25.8%

respectively over CPLY. The consumption during same period at 35.60 MT was lower by (-)30.2% over CPLY. The decline was mainly due to the impact of Covid-19 pandemic during the Q1 of the current fiscal which affected production and consumption adversely as can be seen from the graph below. However, during Q2 of 2020-21, even though production of crude steel (-)5.5%, finished steel (-)3.90% and consumption (-)10.7% were lower than CPLY there has been a sharp recovery after steep fall in Q1, 2020-21.

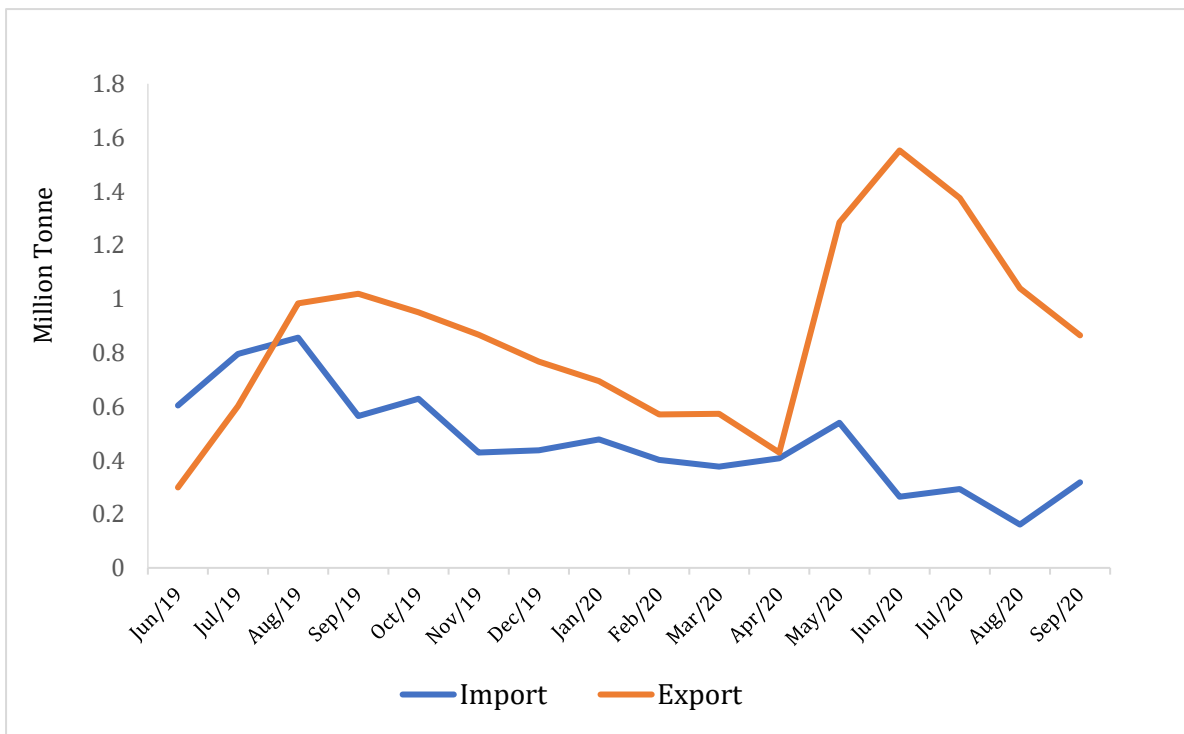


12. Export-Import Scenario:

- i. During H1, 2020-21 export of finished steel from India at 6.54MT increased by 66.3% while import at 1.98 MT have declined by (-)50.6% over CPLY. India was net exporter of finished steel during this period with net trade surplus of 4.56 MT. During Q2 of 2020-21, export at 3.28 MT increased by 25.9% while import declined by (-)65.1% over CPLY. Further, exports at 3.28 MT in Q2 has remained marginally higher than in Q1 (3.27 MT), the import has registered a further decline to 0.77 MT vis-à-vis 1.21 MT in Q1 of 2020-21.



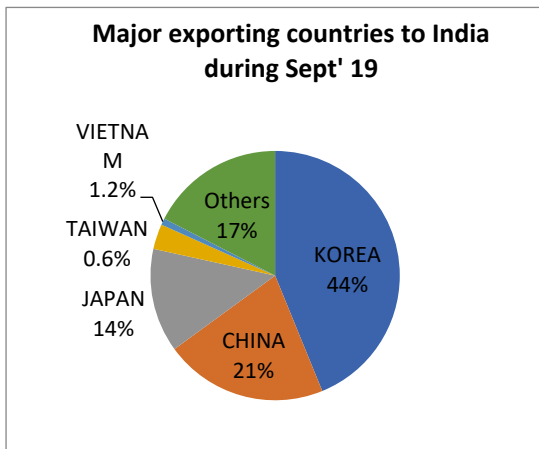
- ii. During September 2020, export and import were lower by 15.2% and 43.7% over export and import in Sept., 2019, respectively. However, M-o-M export decline by 16.8% and import increased by 97.1% as compared to August 2020.



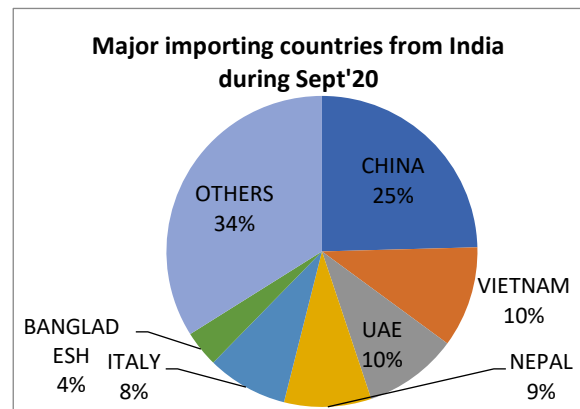
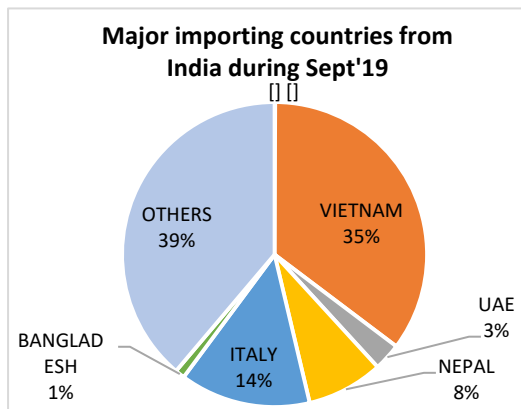
Source: JPC

- iii. India remained a net exporter of finished steel during September 2020 with a net trade surplus of 0.55 MT.

- iv. Share of steel import from Korea and Japan has declined in September 2020 while it increased for Vietnam and Taiwan as compared to their share in September 2019 as may be seen from the graph below:



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

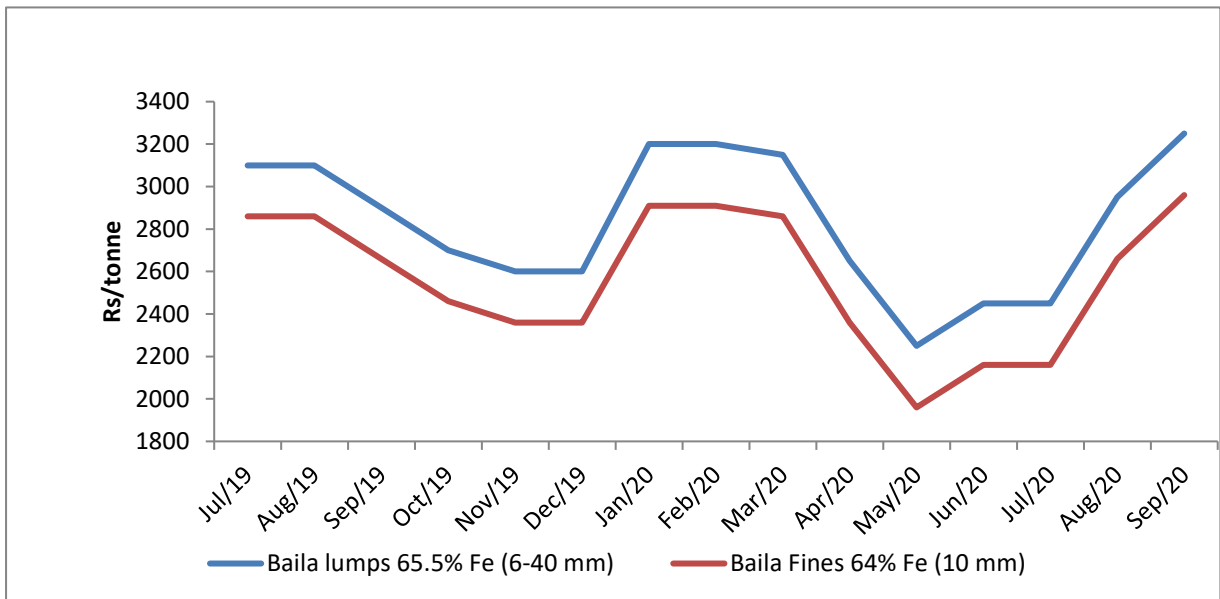


13. Price scenario:

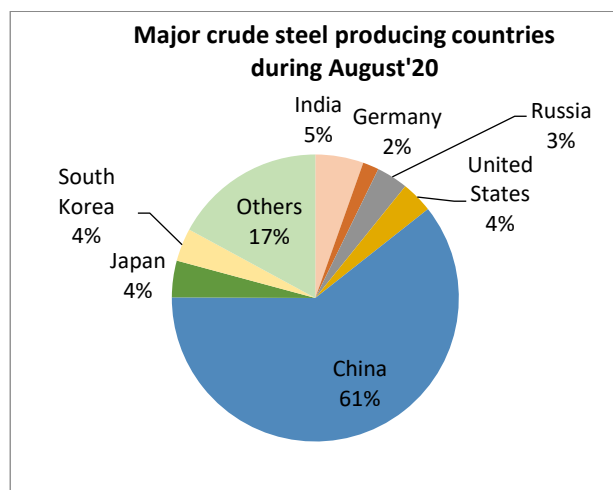
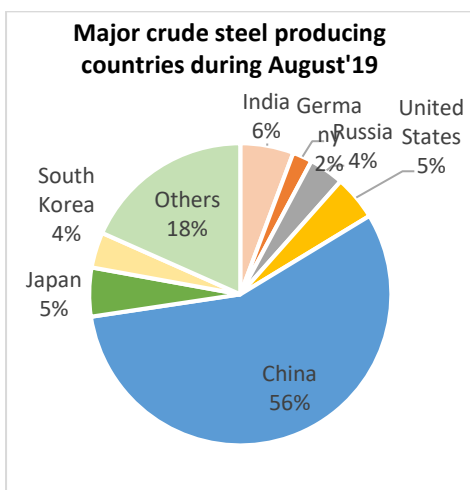
- i. Prices of iron ore lumps and fines increased to Rs. 3250/tonne and Rs. 2960/tonne respectively, during the month of September 2020. Increased price of iron ore was due to increased demand of iron ore from both domestic and international markets.
- ii. NMDC produced 18.26 lakh tonnes of iron ore during September 20 which was 12% higher over CPLY. SAIL dispatched 20.56 lakh tonnes of iron ore which is the highest ever achieved by it in any month vis-à-vis the previous best of 20.53 lakh tonnes in January 2020.
- iii. Continuous increase in steel consumption demand after gradual unlocking of the economy and high import demand led to the increase in retail prices (Mumbai prices)

of HRC and CRC by 4.75% and 4.09% respectively on M-o-M basis. However, there is no change in respect of Rebar.

iv. The trend in iron ore prices may be seen from the graph below:



14. The **global production of crude steel** increased in August, 2020 over August, 2019 driven mainly by China. 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 either a decline or remained stable 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	September 2020		April-September, 2020	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	52	20.02	152	64.18
Steel CPSEs	354	1368.12	1449	4985.42

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 September 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:
 - (i) Appointment of Shri Anirban Dasgupta, the incumbent Director (Projects & Business Planning) as Director in-charge of Bhilai Steel Plant, as one-time exception, for the period until completion of his initial term or 5 years as Director (Projects & Business Planning) i.e. upto 31/1/2025 or till the date of superannuation, or until further orders, whichever is the earliest.
 - (ii) Appointment of Shri Amarendu Prakash, recommended by PESB for the post of Director (Raw Materials & Logistics) as Director in-charge of Bokaro Steel Plant, as a one-time exception, for a period of 5 years from the date of assumption of charge, or till the date of superannuation, or until further orders, whichever is the earliest.
 - (iii) Appointment of Shri Harinand Rai, incumbent Director (Technical) as Director (Technical, Projects and Raw Materials) as a one-time exception and upto the date of his superannuation i.e. 30.04.2022, or until further orders, whichever is earlier
 - (iv) The proposal for appointment of Ms. Soma Mondal, Director (Commercial), SAIL as Chairman SAIL: CVC clearance sought on 11.08.2020 which is awaited.
 - (v) The proposal for appointment of Shri. Somnath Nandi, ED, SAIL as Director (Technical) in NMDC: CVC clearance sought on 27.08.2020 which is awaited.
 - (vi) Additional charge of Director (Personnel), NMDC has been assigned to Shri Sumit Deb, CMD, NMDC for initial period of three months till 31.10.2020 with the approval of HSM. Proposal for additional charge for further 9 months beyond 31.10.2020 has been sent to ACC on 08.09.2020 vide OM No. 3/(2)/2018-BLA.

17. 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.