

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

Udyog Bhawan, New Delhi
Dated: 18th August, 2021

OFFICE MEMORANDUM

Sub: Monthly Summary for the Cabinet for the month of July, 2021.

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, 2021 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)

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मासिक सारांश

MONTHLY SUMMARY

ON

लौह एवं इस्पात

IRON & STEEL

जुलाई - 2021

July - 2021

भारत सरकार/GOVERNMENT OF INDIA

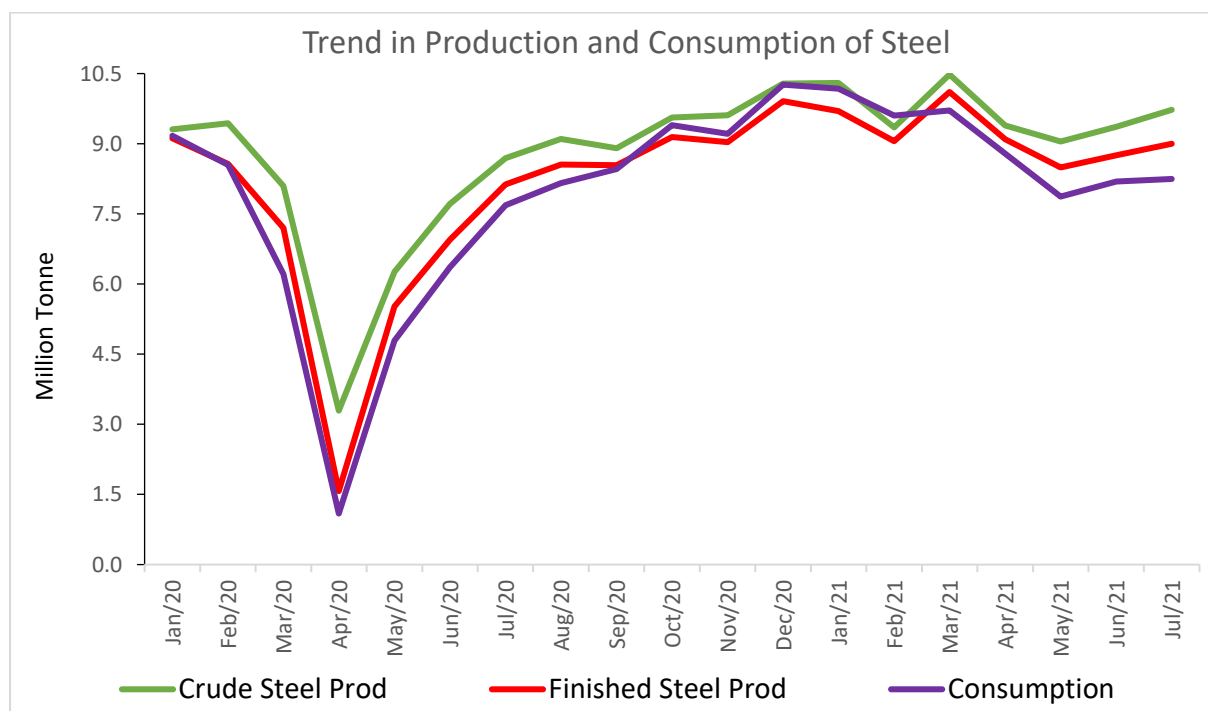
इस्पात मंत्रालय/ MINISTRY OF STEEL

The important developments in the steel sector during the month of July, 2021 are as following:

1. Hon'ble Steel Minister (HSM) reviewed the status of various issues of the Ministry on 15th July, 2021 followed by discussion on 16th July 2021 for finalizing the report on 'Circular Economy in Scrap Metal Sector- Ferrous and Non-ferrous' and discussion on 17th July 2021 on Production Linked Incentive (PLI) scheme to finalize the Note for the Cabinet. He also reviewed the performance of all the steel sector CPSEs in meetings held on 12th July'21 and 13th July'21.
2. The Cabinet considered the proposal of Ministry of Steel on Production Linked Incentive (PLI) Scheme for Specialty steel contained in the Cabinet note dated 20th July 2021 and has approved the implementation of PLI scheme for specialty steel at an outlay of Rs 6322 crore in its meeting held on 22nd July 2021. Pursuant to decision of the Cabinet, Ministry has notified the scheme document in the Gazette of India on 29th July 2021. The scheme is expected to bring in investment of approximately ₹40,000 crores, capacity addition of 25 MT for specialty steel and give employment to about 5,25,000 people of which 68,000 will be direct employment.
3. The Union Cabinet chaired by the Prime Minister has also approved the Memorandum of Understanding (MoU) between the Ministry of Steel of the Republic of India and the Ministry of Energy of the Russian Federation on Cooperation regarding Coking coal used for steel making. The MoU will provide an institutional mechanism for co-operation in the coking coal sector between India and Russia, strengthen cooperation between the two Governments in the steel sector to support diversification of sources of coking coal.
4. NITI Aayog had formed 11 Committees in March 2021 to promote circular economy in different sectors. Ministry of Steel was entrusted with the responsibility related to "Circular Economy in Scrap Metal Sector- Ferrous and

Non-ferrous”. The report on Circular Economy in Metal Sector (Ferrous and Non-Ferrous) was finalised after multiple rounds of consultations with stakeholder’s and has since been submitted to NITI Aayog on 19th July 2021. The report *inter alia* includes suggestions for efficient utilisation of wastes generated in metal sector and also identifies action points pertaining to various Departments/Ministries.

5. The Steel sector recovered from the initial wave of COVID-19 pandemic and returned with much better performance in the second half of the last fiscal as compared to CPLY. However, the second wave of COVID-19 and concomitant localised lockdowns again affected production and consumption of steel adversely during initial two months of this fiscal though not to the similar extent as in the first phase. The production and consumption of steel have, however, been steadily improving after May’21 as may be seen from the following graph:



6. During the month of July 2021, SAIL produced 1.591 MT of Hot Metal, 1.499 MT of Crude Steel and 1.400 MT of Saleable Steel which is an improvement of 20%, 22% and 12% respectively over the performance during CPLY i.e., July 2020. M-o-M, the production of Hot Metal, Crude Steel and Saleable Steel by SAIL in July, 2021 was 15%, 15% and 10% higher than their respective production in June, 2021. Saleable Steel sales at 1.318 MT during July, 2021 registered a decline of 17% over CPLY but an increase of 1.6% M-o-M.

7. Iron ore production by NMDC Ltd. for the month of July, 2021 was 3.06 MT while sales of iron ore stood at 3.29 MT registering an increase of 39.5% and 27.2%, respectively over CPLY. While month-over-month (M-o-M) production and sale of iron ore increased by 2.7% and 3.5% respectively during July, 2021. The cumulative iron ore production at 11.96 MT and sales at 12.87 MT during April-July 2021-22 were 36.0% and 43.0% higher over CPLY respectively.

8. During the month of July, 2021, KIOCL produced and sold 1.78 lakh tonne and 1.05 lakh tonne of Pellets which were 4.3% and 50.8% lower over CPLY, respectively. As compared to June'21, production and sales of Pellets declined by 9.2% and 49.5% respectively in July'21. During April-July 2021-22, the KIOCL Pellet production stood at 7.81 lakh tonnes recording an increase of 12% over CPLY while sales at 7.36 lakh tonnes declined by 6%, over CPLY.

9. Consultations were held with representative of steel industry with respect to use of Green Hydrogen in Steel Sector on 30th July, 2021.

10. Based on the representations received from the stakeholders and evaluation/assessment of demand of user industry, date of enforcement of Quality Control Order on Tool and die steels (IS-3748), High speed tool steels (IS-7291) and Carbon manganese steel forgings for pressure vessels (IS-12146) was extended by six months from 23rd July, 2021 while Quality Control Order was

enforced on Tinplate (IS-1993) and Tin Free Steel (IS-12591) with effect from 17th July, 2021.

11. The progress of CAPEX by CPSEs under the Ministry of Steel was reviewed on 7th July, 2021 and the CPSEs were directed to speed up their CAPEX spending and frontload the CAPEX to Q2 and Q3 from Q4 of the current fiscal. They were also directed ensure implementation of the directions of the Finance Minister w.r.t. CAPEX spending given in the review meeting of 29th June 2021.

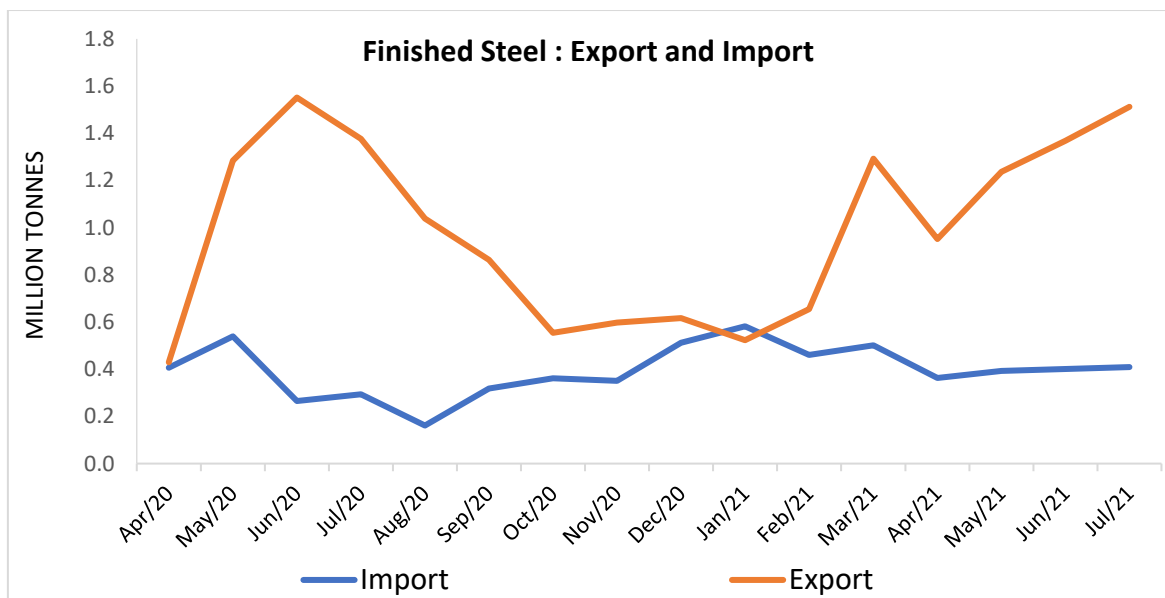
12. The status of pending payments to MSMEs by CPSEs of the Steel Ministry is being monitored on weekly basis to ensure that the same is credited timely and well within the 45 days' time limit for such payments. Payment of Rs. 416.47 crore was made by steel PSEs to MSMEs during July 2021 as against Rs. 407.48 crore during June 2021.

13. **Production and Consumption Scenario:**

- i. The production of crude and finished steel and consumption of finished steel during the month of July, 2021 is higher than that of last year. When compared to the same month of earlier/preceding years, production of crude steel and finished steel during July, 2021 is higher than that in July, 2018 as well as July, 2019. However, consumption of finished steel in July,2021 is higher than that in July 2018 but lower than that in 2019.
- ii. Production of crude steel in July, 2021 increased by 11.9% over the same month of the last year and by 3.9% over production in the previous month i.e., June, 2021.
- iii. Production of finished steel in July, 2021 was higher by 10.6% over CPLY and by 2.8% over production in the previous month i.e., June, 2021.
- iv. Consumption of finished steel in July,2021 registered an increase of 7.3% over July, 2020 and by 0.7% over consumption in the previous month i.e., June, 2021.

- v. The consumption and net export taken together were higher than production during July, 2021 which resulted in absorption of inventories with the steel producing companies. Accordingly, the closing stock of finished steel at the end of July, 2021 was 7.70 MT which is 4.4% lower than that at the end of previous month and 39.8% lower than the same month of previous year.

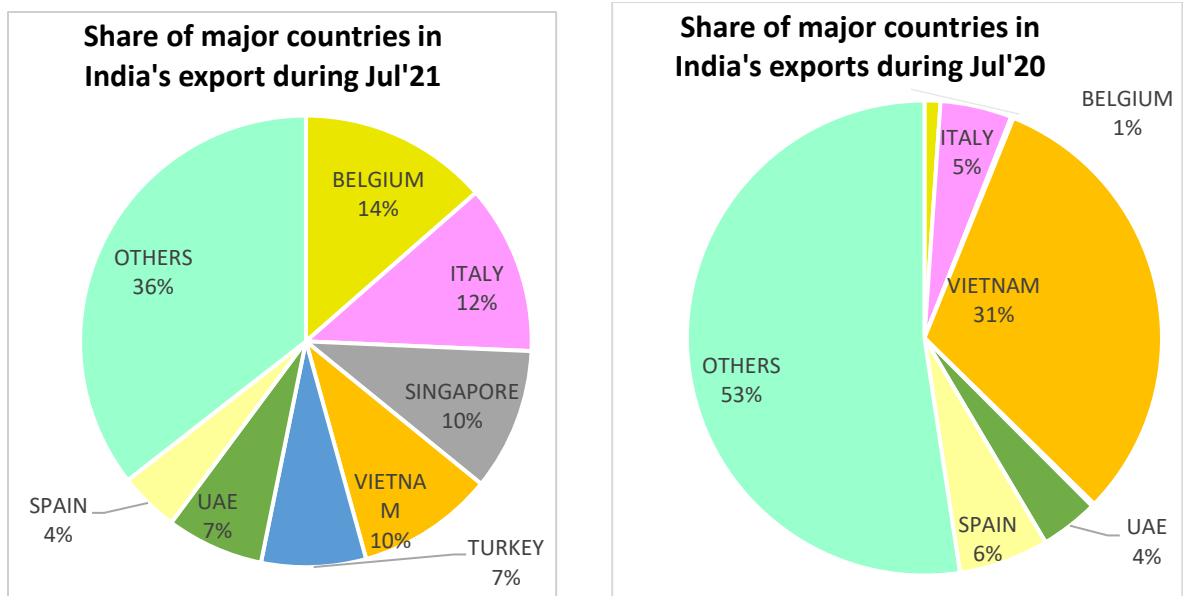
14. Export-Import Scenario: The month-wise trend in export and import of finished steel from April'20 to July'21 may be seen from the following graph:



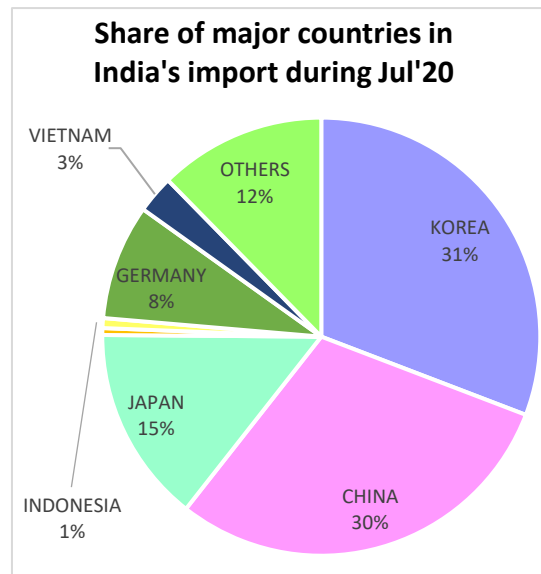
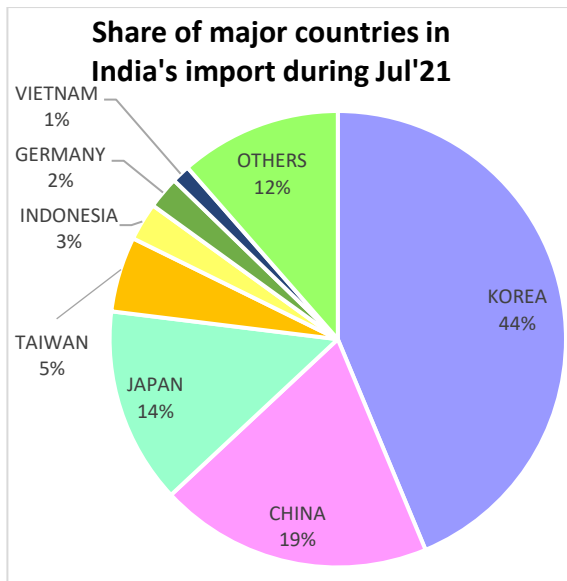
In the current fiscal, export and import both declined in April. But in the subsequent months viz., May'21, June'21 and July'21 export of finished steel increased significantly while imports remained range bound.

- i. During the month, i.e., July, 2021 export and import of finished steel increased by 9.9% and 39.6% over CPLY, respectively. M-o-M, export and import of finished steel in July, 2021 increased by 10.5% and 2.1% respectively over June 2021.

- ii. India was net exporter of finished steel during July, 2021 recording a net trade surplus of 1.10 MT. Cumulatively, the net export surplus of finished steel during April-July 2021-22 at 3.50 MT was 11.7% higher than CPLY.
- iii. Share of Belgium, Italy, Singapore, Turkey, and UAE in total steel export from India was higher in July, 2021 as compared to July, 2020. However, share of Vietnam and Spain in India's total steel export declined over the same period as may be seen from the following graph.

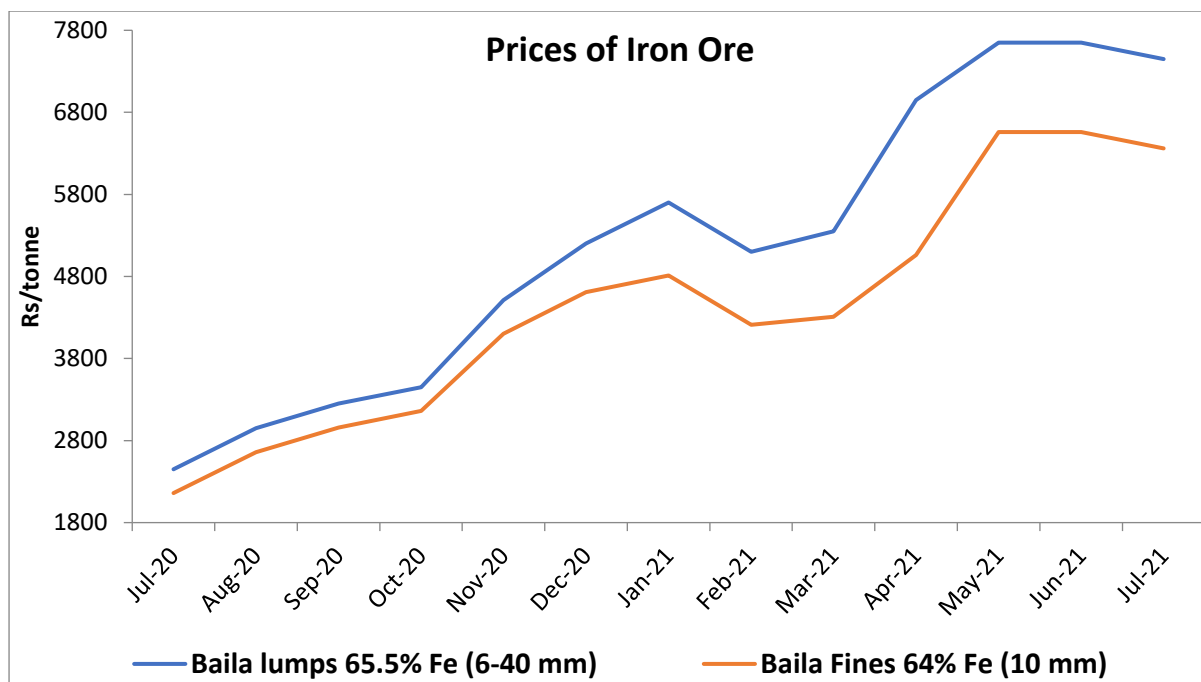


- iv. Share of Korea, Taiwan and Indonesia increased in total steel import of India in July, 2021 as compared to July, 2020 while it declined for China, Japan, Germany and Vietnam over this period as may be seen from the following graph:



15. Price scenario:

- i. During the month of July, 2021, prices of iron ore lump declined by 2.6% to Rs. 7450/tonne and that of fines by 3.0% to Rs.6360/tonne over their respective prices in June, 2021 due to domestic as well as international demand-supply situation.
- ii. NMDC achieved production of 30.6 lakh tonnes and sales of 32.9 lakh tonnes of iron ore in July, 2021. The production and sale of iron ore were 39.5% and 27.2% higher than that in the CPLY, respectively. SAIL produced 29.3 lakh tonnes of iron ore and booked 0.28 lakh tonnes for sale and dispatched 5.58 lakh tonnes during the month. During April-July 2021-22, booked quantity by SAIL was 11.52 lakh tonnes and despatches stood at 14.32 lakh tonnes.
- iii. The retail prices (Mumbai prices) of Rebar, HRC and CRC fell by 2.6%, 1.4% and 2.7% respectively during July, 2021.
- iv. The trend in iron ore prices may be seen from the graph below:



16. BSE Sensex during July, 2021 registered a marginal decline of 0.1% while BSE Metal Index grew by 12.2% during the month indicating positive sentiments with respect to metal sector during the month.

17. The global production of crude steel increased in June, 2021 by 11.6% over June, 2020 with almost all major producing countries reporting improved production over CPLY. The major contribution in to the enhanced global production in June'21 over June'20 came from Japan, United States, India, China, Germany, Brazil and South Korea with most other producing countries also chipping in. The major producing countries (with production of 1 million tonne for the month) registering higher than global average of 11.6% growth in production in June, 2021 over CPLY include India, Spain, France, Mexico, Brazil, USA, Japan, Canada, Vietnam, Germany, Italy and Turkey, with none recording a decline during June, 2021 over CPLY. As for the share of major producing countries in the global production of crude steel it is seen that due to the uptick in production in other countries share of China declined while that of India, Japan and USA improved for this period, the share of other major producers remained stable as may be seen from the following graph:

