

## Monthly Summary for the Cabinet for the month of February 2019:-

A Steel Processing Unit (SPU) of SAIL at Bettiah was dedicated to the Nation by Steel Minister on 18<sup>th</sup> February, 2019 in the presence of Union Minister for Consumer Affairs, Food & Public Distribution, Dy. CM of Bihar and other dignitaries. This SPU has a capacity of 50,000 tonnes per year for pipes. The trial production has been started, however, the ramp-up of the production would depend on the market condition.

2. SAIL has given a proposal to the Ministry, supported by other integrated steel producers, for imposition of Minimum Import Price (MIP) of US\$ 615 on HR coils and other steel products, in order to prevent injury to the domestic steel industries against the imminent threat of cheap import inflow from China and FTA countries. In this regard, a meeting was held with all the stakeholders under the chairmanship of Minister of Steel on 6<sup>th</sup> February, 2019 wherein a four member committee was constituted for providing a firm proposal for imposition of MIP. The committee submitted its report on 18<sup>th</sup> Feb., 2019, however, the Ministry has requested to provide adequate data in order to take a call on the request of imposition of MIP.

Meanwhile it is understood that Indian Steel Association has submitted a proposal to DGTR for imposing safeguard measure of 25% Ad Valorem duty on steel import which would benefit the steel sector across the board i.e. ISPs & SMEs

3. A delegation led by the Secretary (Steel) attended 'Mining INDABA Exhibition/Conference, 2019' at Cape Town from 4<sup>th</sup> to 6<sup>th</sup> Feb., 2019. The conference was inaugurated by the South African Minister of Mines. The event focused on opportunities being provided by South Africa in the field of mining. Indian delegation included 24 officials representing CPSEs like NMDC, KIOCL, MOIL, HCL, WCL (CIL), MECL and representatives of two State Governments viz., Madhya Pradesh and Odisha. From Madhya Pradesh, the Mining Minister along with Principal Secretary attended the same. There were good interactions with officials of Mozambique, Australia, Canada, Ghana, Zimbabwe, Tanzania and Zambia on the future activities of Indian mines in these countries. Introduction of technology particularly digital technology automation, Industry 4.0 and safety mining sector were got covered in the various sessions. The highlight was a special session on India wherein Indian mining sector's strength & opportunities were presented and country's quest for raw material security globally was highlighted. There was a good response from the delegates on our presentation. Another highlight of the Conference was the focus and importance of Battery Metals, the area where our mining companies need to be sensitized.

4. An Indian delegation led by Joint Secretary, Ministry of Steel and comprising CMD, RINL and officers from SAIL & NMDC visited Korea from 25<sup>th</sup> to 28<sup>th</sup> February, 2019. The propose of the visit was to persuade Korean steel companies to manufacture high grade steel in India. Indian delegation held meetings with the officials of Ministry of Trade, Industry & Energy, RoK, POSCO Steel and Hyundai Steel. The delegation also visited POSCO Steel Plant of Gwangyang (24 MT) and Hyundai Steel Plant of Dangjin (15 MT). Korean steel companies have in general shown interest in production of high grade steel in India.

5. Bhilai Steel Plant (BSP) has dispatched an all time high 1,03,171 tonnes of Prime Rails to the Railways in January, 2019 (against 75875 tonnes in December, 2018). This could be possible only due to concerted & focused efforts of the BSP, and also collectively & constantly reviewed by the Ministry. During February, 2019, SAIL produced 96.043 tonnes of Rails. During April, 2018 - February, 2019 period, the cumulative production was 8,61,022 tonnes.

6. An Inter-Ministerial Group meeting was held on 1<sup>st</sup> February, 2019 in the Ministry of Steel to discuss the resumption of Hajigak Iron Ore deposit project in Afghanistan. AFISCO, the consortium of seven steel and mining companies led by SAIL was declared preferred bidder for B, C & D Blocks of Hajigak iron ore deposit in November, 2011. During the meeting, it was decided with MEA inputs, that AFISCO would remain engaged with the Afghanistan government on this project, due to its strategic importance.

### **I. Growth Parameters: Statistical updates:**

During 2018, India became the 2<sup>nd</sup> largest steel producer by producing 106.5 million tonnes of Crude Steel with 5.9% share in total crude steel production globally.

Table 1: Crude Steel\* Production:

Country	(Million tonne)					
	January, 2018	January, 2019	% Variation	Apr-Jan, 2017-18	Apr-Jan, 2018-19	% Variation
India	9.354	9.180	(-) 1.9	85.080	88.239	3.71
Japan	9.026	8.141	(-) 9.8	87.457	86.063	(-)1.59
China	71.887	75.013	4.3	739.403	791.739	7.08

Source: World Steel Association for China and Japan; 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.)

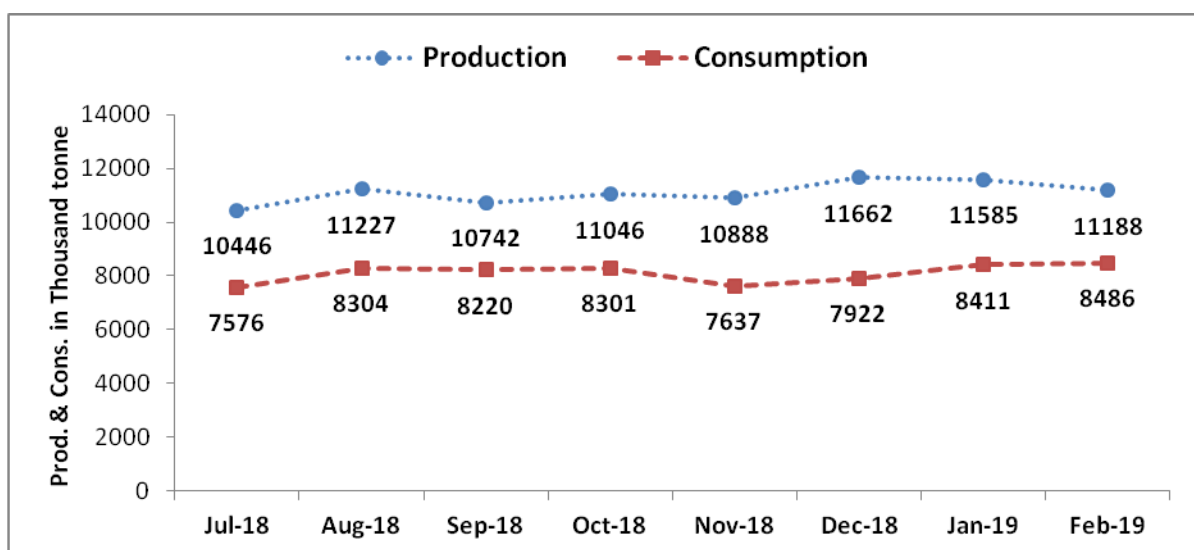
- India produced 9.180 MT crude steel in January, 2019 as compared to 9.354 over CPLY.
- During April-Jan., 2018-19, India registered a growth of 3.71% in crude steel production over CPLY.
- India produced 8.914 MT crude steel in February, 2019 registering 4.3% increase in the production of the same over CPLY.
- During April-Feb., 2018-19, India produced 97.15 MT, registering a growth of 3.8% in crude steel production over CPLY.

Table 2: Production & Consumption of Finished Steel:

Description	(Million tonne)					
	February, 2018	February, 2019	% Variation	April-Feb 2017-18	April-Feb 2018-19	% Variation
Gross Production	10.586	11.188	5.7	115.148	119.644	3.9
Consumption	7.815	8.486	8.6	82.012	88.120	7.4
Capacity Utilization of Crude steel (%)	74.32%	77.53%	4.32	74.03%	76.81%	3.76

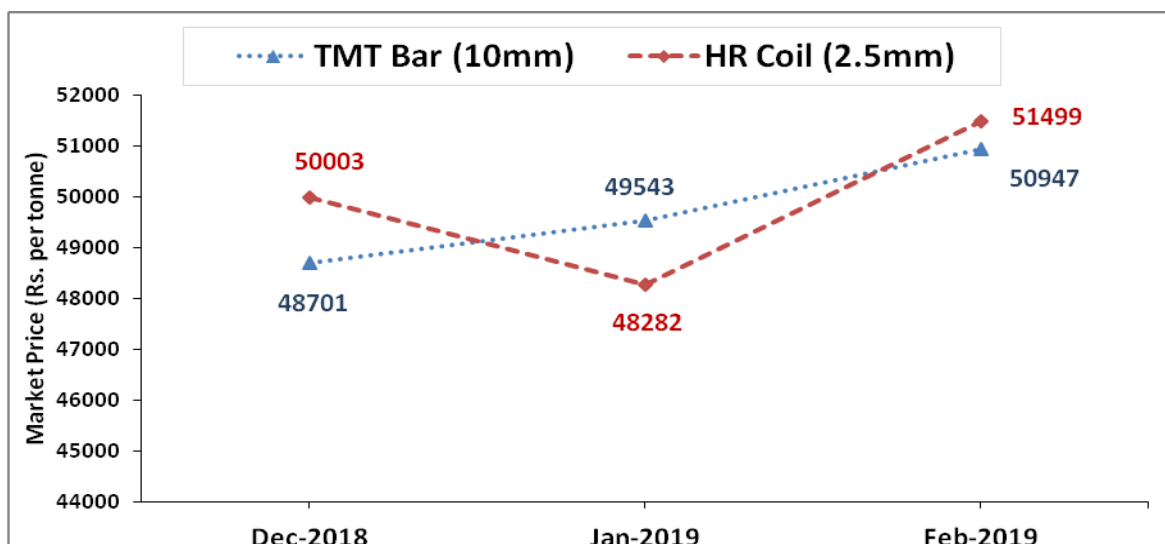
- During April-Feb., 2018-19, India produced 119.644 MT, registering a growth of 3.9% in finished steel production over CPLY.
- During April-Feb., 2018-19, India's finished steel consumption increased by 7.4% over CPLY.
- India produced 11.188 MT finished steel in February, 2019 as compared to 10.586 MT over CPLY thereby witnessing an increase by 5.7% in the production of the same.
- However the consumption increased by 8.6% during February, 2019 over CPLY.
- It is evident from the above table that there is a gap between production and consumption of finished steel both period i.e. during Apr- Jan, 2019 and Feb., 2019 by 3.5 & 2.9 percentage points, respectively.

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



- There was an increase in inventory and simultaneous reduction in price.
- Production has shown a downward trend since December till February, 2019.
- However, consumption has shown an upward trend.

**Graph No. 2: Market Price of TMT Bar & HR Coil.**



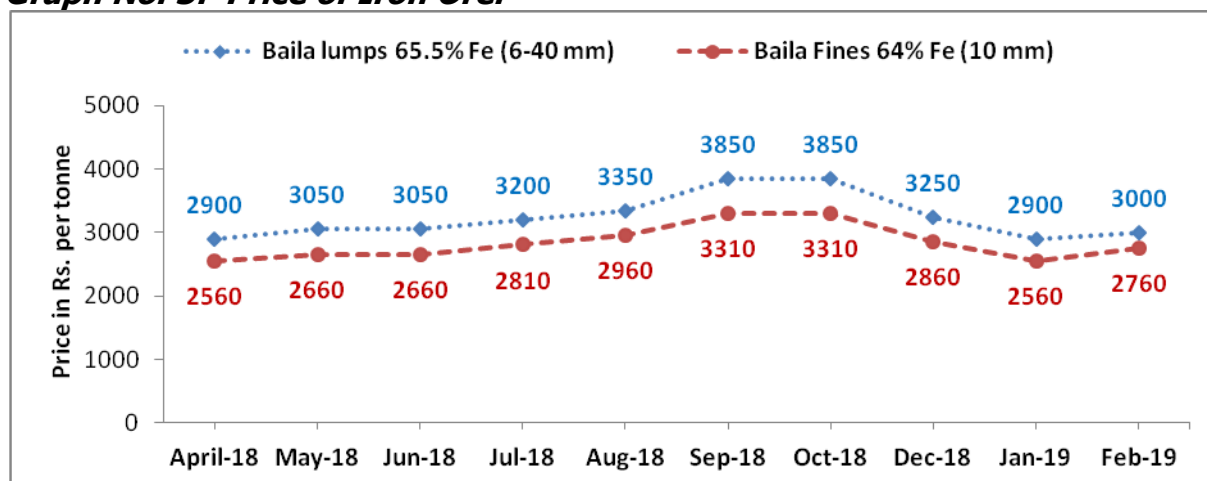
- The domestic price of HR coil in India has shown an increasing trend.
- The price of HR coils in India has increased by 6.7% in Feb., 2019 over Jan, 2019.
- The domestic price of TMT bar has shown an increasing trend since Dec., 2018.

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

Mineral	April-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Dec-18	Jan-19	Feb-19
Baila lumps 65.5% Fe (6-40 mm)	2900	3050	3050	3200	3350	3850	3850	3250	2900	3000
Baila Fines 64% Fe (10 mm)	2560	2660	2660	2810	2960	3310	3310	2860	2560	2760

Source: NMDC

**Graph No. 3: Price of Iron Ore.**



- Across the market, prices of iron ore have shown an increasing trend in the month of Feb., 2019.
- International prices of iron ore has increased post Vale Dam incident.
- Post NMDC correction in Jan., 2019, other miners, in Odisha & Karnataka, have increased the iron ore price in domestic market.
- Prices of Baila lumps 65.5% Fe (6-40 mm) and Baila Fines 64% Fe (10 mm) increased by 3.45% and 7.81% respectively, in Feb., 2019 over Jan., 2019.

## II. Trade Scenario:

Table 4- Export-Import of Finished Steel and Balance of Trade

							(Million tonne)
Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 (Apr-Feb)
Imports	7.92	5.45	9.32	11.71	7.22	7.48	7.13
Exports	5.37	5.99	5.60	4.08	8.24	9.62	5.77
BoT	-2.56	0.54	-3.72	-7.63	1.02	2.14	-1.36

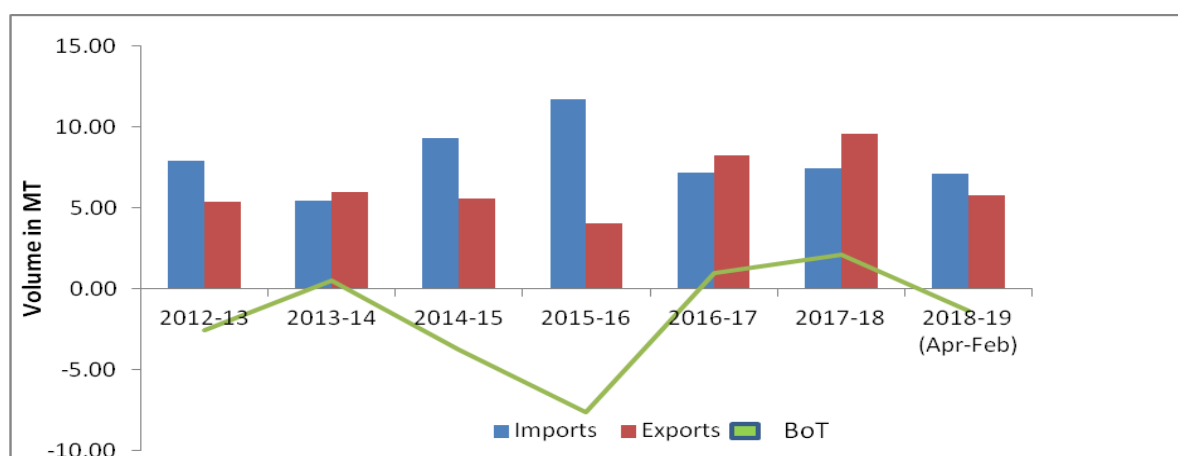
The table shows volume of trade since 2012-13 till Apr-Feb., 2019 and Balance of trade during the same period.

Table 5: Imports and Exports of Finished Steel (Provisional):

Description	('000 Tonnes)					
	February		% Variation	April-February		% Variation
	2018	2019		2017-18	2018-19	
Imports	547	582	6.4	6999	7129	1.9
Exports	693	619	(-) 10.7	8911	5769	(-) 35.3

- At 5.769 MT, export of total finished steel was down by 35.3% in April-February, 2018-19 over same period of last year.
- Import of total finished steel was at 7.129 million tonnes (MT) in April-February, 2018-19 and was up by 1.9% over CPLY.
- India remains as a net importer of the steel during the financial year 2018-19 (April-Feb).

**Graph No. 4 - Graphical representation of Export-Import of Finished Steel and Balance of Trade**



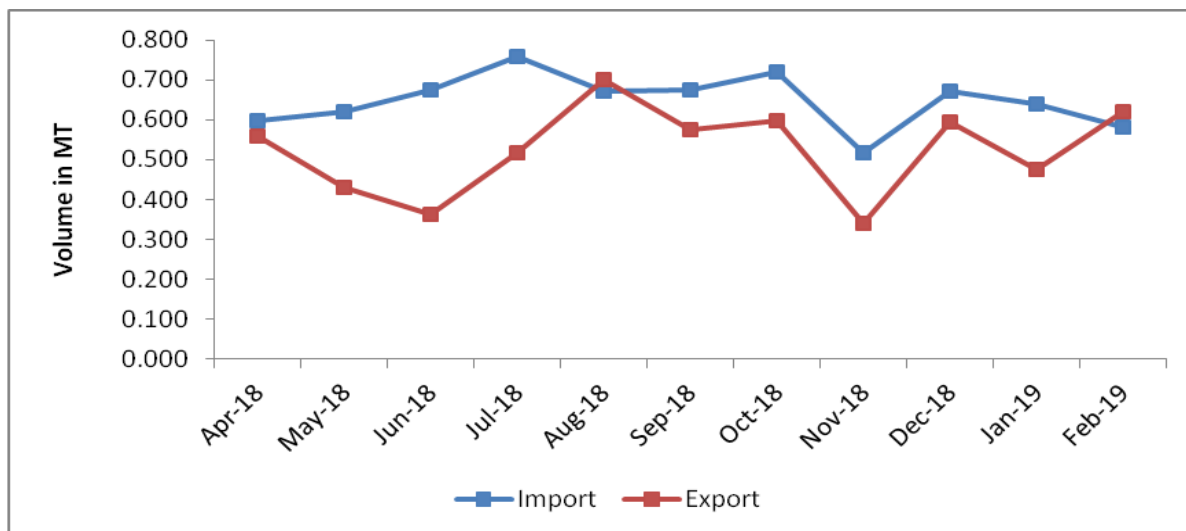
- The terms of trade were favourable in the year 2013-14, 2016-17 and 2017-18.
- For the year 2018-19 (April-Feb.), Imports have increased marginally over CPLY, whereas exports have declined significantly.
- Thus India remain as a net importer of Finished Steel during the financial year 2018-19.

Table 6 - Month-wise Export & Import of Finished Steel

(Million tonne)					
Month	Import	Export	Month	Import	Export
Apr-17	0.504	0.747	Apr-18	0.598	0.558
May-17	0.56	0.641	May-18	0.620	0.430
Jun-17	0.645	0.648	Jun-18	0.676	0.364
Jul-17	0.799	0.77	Jul-18	0.759	0.516
Aug-17	1.004	0.924	Aug-18	0.671	0.701
Sep-17	0.811	1.119	Sep-18	0.676	0.574
Oct-17	0.602	0.778	Oct-18	0.719	0.598
Nov-17	0.614	1.012	Nov-18	0.517	0.340
Dec-17	0.558	0.964	Dec-18	0.673	0.595
Jan-18	0.356	0.615	Jan-19	0.638	0.474
Feb-18	0.547	0.693	Feb-19	0.582	0.619
M-o-M (Feb vs Jan., 19) (%)	-	-	-	(-)8.8	30.6

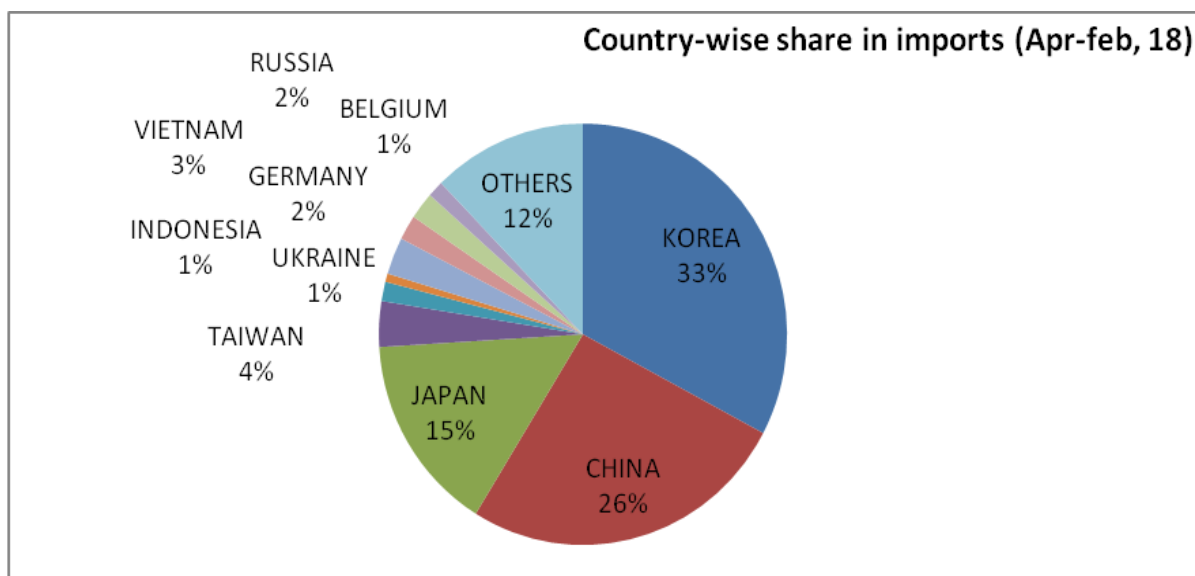
- Imports stood at 0.582 MT in February, 2019, down by 8.8% over January, 2019.
- Exports stood at 0.619 MT in February, 2019, increased by 30.6% over January, 2019

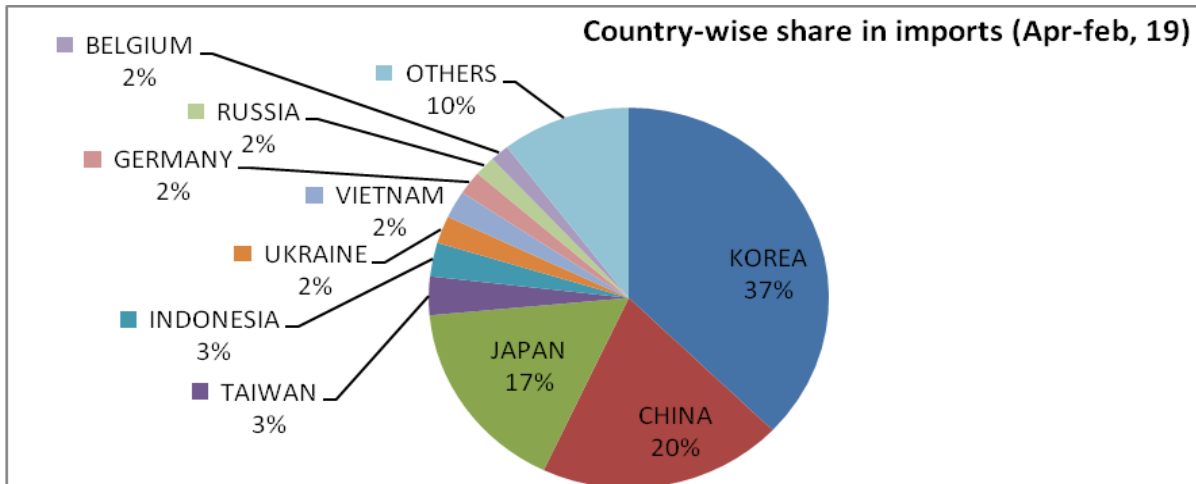
**Graph No. 5 - Monthly Trend of Finished Steel Imports & Export**



- There has been a wide fluctuation on M-o-M basis in export outflow from India during April-Feb., 2019.
- Export recorded highest volume during August, 2018 and followed by exports during Feb., 2019.
- The imports inflow in India remained well above the export outflow from April, 2018 to Feb., 2019 except during the months of August, 2018 and February, 2019.

**Graph No. 6 - Country-wise share in imports (April-Feb., 2019)**





- There has been an increase in the share of imports from Korea and Japan whereas import inflow from China witnessed a decline during April-Feb., 2019 over the CPLY.
- Import from Indonesia and Ukraine witnessed very high increase in volume terms to India during April-Feb., 2019 over the CPLY.
- During April-Feb.,18, the share of imports coming from South Korea(33%), China(26%), Japan(15%) stood at 74% in total import inflow to India, there has been a relative change in import share of these countries with share of South Korea(37%), China(20%), Japan(17%) during Apr-Feb., 2019.

Table 7 - Country-wise share in total exports from India

Country	April, 18- Feb., 19 (P)	Share(%)	April, 17- Feb., 18	Share(%)	Change (%)
NEPAL	741	12.8	589	6.6	26%
ITALY	649	11.3	1110	12.5	-41%
UAE	644	11.2	675	7.6	-5%
VIETNAM	622	10.8	901	10.1	-31%
BELGIUM	580	10.1	892	10.0	-35%
SPAIN	324	5.6	494	5.5	-34%
MALAYSIA	206	3.6	356	4.0	-42%
SAUDI ARABIA	122	2.1	258	2.9	-53%
BANGLADESH	110	1.9	138	1.5	-21%
USA	90	1.6	317	3.6	-72%
OTHERS	1682	29.1	3183	35.7	-47%
<b>Total</b>	<b>5769</b>	<b>100</b>	<b>8912</b>	<b>100.0</b>	<b>-35%</b>

- It is observed from the above table that the Export to most of the countries declined except Nepal during April-Feb., 2019 over CPLY.

### III. Global Trade Related Issues:

#### **SAFEGUARD MEASURES**

- Protectionist safeguard measures are being put in place by several countries like E.U., Canada etc. While in case of Canada, the provisional measures are in place and hearing for the same has concluded in January, 2019 the outcome of the same will be known in April, 2019.

- As far as EU is concerned, definitive safeguard measure on 26 product categories has been put in place on 4<sup>th</sup> February, 2019 after culminating the investigation process. Out of these, India is impacted in 15 product categories. During the hearing which took place in Brussels on 12<sup>th</sup> September, 2018, Ministry of Steel had requested for country specific quota instead of global quota. EU has replaced the global quota with country specific quota for different countries.

#### IV. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

Steel PSUs	February		% variation	April-February		% variation
	2018	2019		2017-18	2018-19	
(Million Tonnes)						
<b>SAIL:</b>						
Saleable Steel (MT)	1.157	1.368	18.2	13.058	14.008	7.3
Sales (MT)	1.103	1.364	23.7	12.083	11.945	(-)1.1
Total Sales Turnover (Rs. Crore)	5169	6016	16.4	51892	59232	14.1
<b>RINL:</b>						
Saleable Steel (MT)	0.361	0.418	15.8	3.984	4.479	12.4
Sales Steel (MT)	0.355	0.553	55.8	3.957	4.328	9.4
Sales Turnover (Rs. Crore)	1450	2250	55.2	14459	18523	28.1
<b>NMDC:</b>						
Iron ore (MT)	3.474	3.339	(-)3.9	31.412	28.427	(-)9.5
Sales-Iron ore (MT)	2.941	3.543	20.5	32.116	28.796	(-)10.3
Sales (Rs. Crore)	1030	1210	17.5	9880	10780	9.1
<b>MOIL:</b>						
Manganese Ore (MT)	0.129	0.124	-4.1	1.061	1.169	10.2
Sales-Mn. Ore (MT)	0.124	0.160	29.6	1.040	1.093	5.1
Total Sales Turnover (Rs. Crore)	154.00	169.11	9.8	1155.46	1280.16	10.8

Table 9: Physical & Financial Performance:

<b>KIOCL: Pellets Production (in million tonnes)</b>		
	February, 2019	April-Feb, 2018-19
Production (MT)	0.212	1.963
Increase/Decrease over CPLY	3.4%	(-)6.7%
Financial Performance (Sales-Pellets) in Rs. crore	217.58	1592.75
Profit Before Tax (Rs. crore)	2.74	71.52
<b>MECON: Performance (Rs. Crore)</b>		
Physical Performance (Total Business Procurement)	21.59	270.50
Increase/Decrease over CPLY	(-)76.0%	(-)52.9%
Financial Performance (Total Turnover)	57.38	360.01
Net Profit (Before Tax)	14.08	(15.63)



<b>MSTC: Performance (Rs. Crore)</b>		
Physical Performance (Total Trading & E-Commerce)	3345.18	97184.09
Increase/Decrease over CPLY	(-)51.3%	51.3%
Financial Performance (Sales Turnover)	143.24	2717.95
Increase/Decrease over CPLY	(-)15.3%	99.2%
Profit Before Tax	11.92	(297.34)
<b>FSNL: Performance</b>		
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.32	3.21
Increase/Decrease over CPLY	6.7%	9.6%
Financial Performance (Sales-Service Charges) in Rs. Crore	29.50	326.79
Increase/Decrease over CPLY	9.4%	17.4%
Net Profit After Tax (Rs. Crore)	2.07	24.13

Figures in parentheses indicate a negative amount/balance

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

Organization	February, 2019		April – February, 2018-19	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	13	19.94357	502	119.54887
Steel PSUs	50	128.47838	565	1248.8156

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