

No. S-24011/8/2019-EA



सत्यमेव जयते

मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
जुलाई-2019
July-2019

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

Monthly Summary for the Cabinet for the month of July 2019:-

1. Steel sector witnessed a reduction in growth rate of production and consumption. While the iron ore prices remained firm, there was a decline in prices of finished steel. There was a reduction in iron ore imports, but the export of steel increased in July but so did imports. Exports of pellets and iron ore witnessed an increase.
2. Ministry of Steel was engaged with the Ministry of Mines on the issue of disruption of iron ore supply past 31st March, 2020 when the mining leases of most companies would be expiring. A strategy for mitigating the impact of 2020 disruption has been worked out after consultation with various stakeholders, including secondary steel producers and shared with Ministry of Mines.
3. Hon'ble High Court of Karnataka in its judgement dated 10th July 2019 allowed the Writ Petition of NMDC and set aside the imposition of 80% premium on NMDC mine at Donimalai, Karnataka, by the State Government, while renewing the mining lease. The issue is now being pursued with the State Government for resuming the mining operations.
4. Steel Minister chaired a meeting with concerned officials on 22nd July, 2019 to discuss the revival plan of Birsa Stone Lime Company Ltd (BSLC) for a long term sustainability and to facilitate resumption of its operations. The meeting was attended by MoS Steel, Shri Jual Oram, ex-Union Minister.
5. Ministry of Steel has added 13 products and two intermediate products made primarily of steel under Quality Control Order vide Gazette Notification dated 22nd July, 2019. Now a total of 66 steel products are under QCO covering around 85% - 90% of the total steel products.
6. Ministry continued its effort to bring Korean and Japanese investment in steel sector during the month of July, 2019:-
 - (i) On the Korean co-operation front, senior Vice President, POSCO-South Korea and CMD, POSCO-India met the Secretary (Steel) on 17.7.2019 and a investment proposal was submitted.

A team of Hyundai steel again visited India and held discussion with RINL/NMDC during 25th-31st July, 2019 and also held a meeting in the Ministry on 31.7.2019.
 - (ii) On the Japanese cooperation front, suggestions/comments of the Japanese Government on 'Concept Note for Joint Working Group for Steel Dialogue between India and Japan were received on 31.7.2019. The note was prepared by the Ministry of Steel and shared with Japanese counterpart. The suggestions of Japanese Government are under examination by the Ministry.
7. Steel Authority of India Ltd. (SAIL) supplied special quality stainless steel from its Salem Steel Plant for the India's Moon Mission – Chandrayaan 2 which was

launched on 22nd July, 2019. This high quality steel met ISRO's requirements of having stringent specifications, superior surface finish, close tolerances, etc.

8. SAIL signed an MoU with GeM management on 18th July, 2019 for setting up of GeM Organizational Transformation Team-Project Management Unit (GOTT-PMU).

9. Bhilai Steel Plant has produced 1,00,059 tonnes of Prime Rails for Railways in July, 2019. The cumulative production of Rails during April-July 2019 is 3,76,334 tonnes against the target of 13.50 Lakh tones of Rails for FY 2019-20.

10. Export-Import Scenario:

- (i) Though import and export during April-July, 2019 declined by 6% and 23.4% vis-à-vis CPLY, India remained a net importer of finished steel during April-July 2019 with trade deficit stood at 1.021 MT during the same period. The trade deficit during July 2019 stood at 0.311 MT over CPLY.
- (ii) Persistent declining trend in exports of finished steel was arrested during the month of July 2019 witnessing an increase of 54.2% over the previous month. Higher inventory levels and subdued demand in domestic market resulted in increase in export volumes.
- (iii) Import of Finished Steel from FTA countries such as Korea, Japan and Indonesia cumulatively contributed around 54% of total imports in Jul-19. Further, Imports from Ukraine increased from 980 tonnes to 33,830 tonnes in Jul-19 over Jul-18. M-o-M basis, Imports from ASEAN, especially from Indonesia surged.
- (iv) Meeting of the Steel sector representatives and Ministry of Steel with the Commerce & Industry Minister was held on 23rd July, 2019, to obtain the industry view point on tariff lines to be included in RCEP negotiations to be held in China. The Ministry of Steel subsequently submitted its views to the Department of Commerce after consultation with the various stakeholders such as primary and secondary steel producers, downstream manufacturers, EEPC etc.
- (v) The Indian Steel Association (ISA) petition for an imposition of Safeguard duty on steel imports is in advanced stages of discussion with DGTR and all additional information asked by DGTR has been submitted by ISA and secondary steel sector
- (vi) Global export diversion from traditional markets to new markets by various exporting countries has occurred due to various protectionist measures. This has affected India's exports to Vietnam and Nepal.

11. Domestic prices of iron ore lumps as well as fines remained unchanged during July 2019 over the previous month and stood at INR 3100/tonne & INR 2860/tonne respectively. Compared to May 2019 prices of both during July 2019 lumps and fines increased by 8.77% and 9.58% respectively. Internationally iron ore fine (62% Fe)

prices during July 2019 increased by 11% over June 2019 and by 27% over May 2019. Strong demand by China added to increase in iron ore prices internationally.

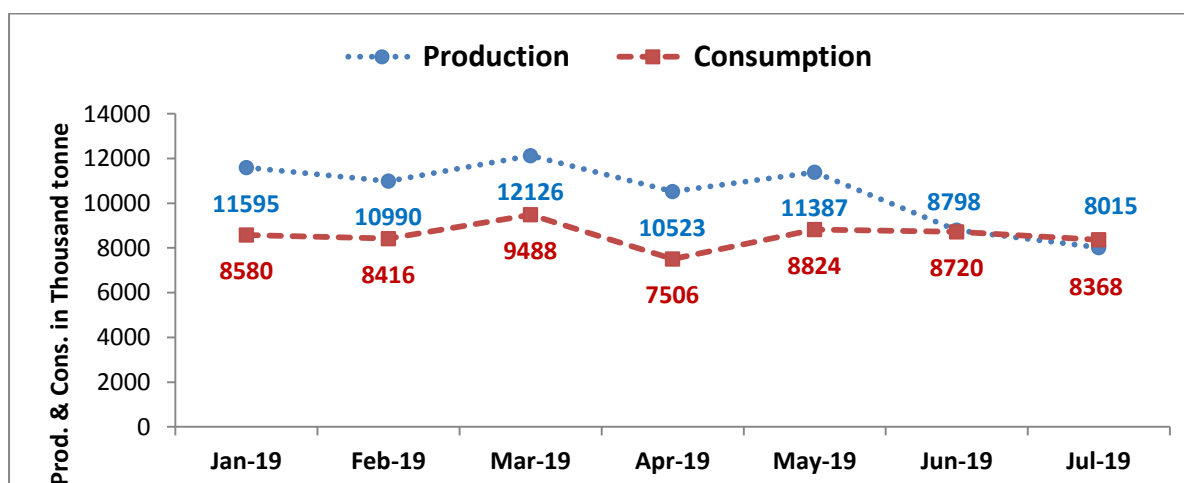
12. During the month of July, the prices of Finished Steel products saw a continued fall particularly in HR coils, CR coils and rebars which declined by 1.56%, 3.98% & 4.06% respectively. Increased iron ore prices and drop in the prices of steel products has affected the margin of steel producing companies. This coupled with low growth and subdued demand in steel consuming sectors such as automobile, housing, construction and infrastructure, has led to getting inventories piled up during April-July 2019. On M-o-M basis, the production of finished steel declined by 1.8% whereas consumption of the same increased by 3.5%. The gap in production & consumption was met by increased imports and absorption of inventories during month of July, 2019.

13. M-o-M basis, BSE Metal Index, of which steel is one of the major components, has shown a relatively larger decline of 12.8% as compared to decline in BSE Sensex by 4.86% during July, 2019. Various domestic factors, like subdued demand, low level of transactions in domestic market, etc. are a few reasons affecting the BSE Metal Index.

14. The production of saleable steel of SAIL and RINL stood at 1.281 MT & 0.372 MT respectively, during the month of July 2019. The production at SAIL was 7% higher over CPLY, whereas, it was 5% lower for RINL. In the same month, both PSUs registered a decline in sales turnover over CPLY.

I. Growth Parameters: Statistical updates:

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



- Production has shown a mixed trend and remained nearly flattish till May, 2019 however, it significantly declined in June and July, 2019.
- Consumption has shown an upward trend till March, 2019 thereafter, it declined in April however it again picked up in May, 2019. It recorded decline during July, 2019 as compare to June, 2019.

Table 1: Production & Consumption of Steel during 2019-20

(Million Tonnes)

Description	July		% Variation	April-July		% Variation
	2018	2019		2018-19	2019-20	
Production (Crude Steel)	9.059	9.239	2.0	35.884	36.847	2.7
Production (Finished Steel)	8.161	8.015	(-)1.8	32.692	34.156	4.5
Consumption	8.086	8.368	3.5	31.459	33.258	5.7
Capacity Utilization	76.43%	77.95%	2.0	75.69%	77.72%	2.7

- Consumption and production of finished steel grew at different rates. The consumption was higher by 5.3 percentage points during July, 2019 as compared to production.

Table 2: Country-wise Crude Steel* Production

Country	(Million tonne)					
	June		% Variation	Jan-June		% Variation
	2018	2019		2018	2019	
India	8.976	9.336	4.0	54.230	56.959	5.0
USA	7.05	7.27	3.1	42.059	44.345	5.4
China	79.585	87.533	10.0	447.825	492.169	9.9

Source: World Steel Association for China and USA; JPC for India.

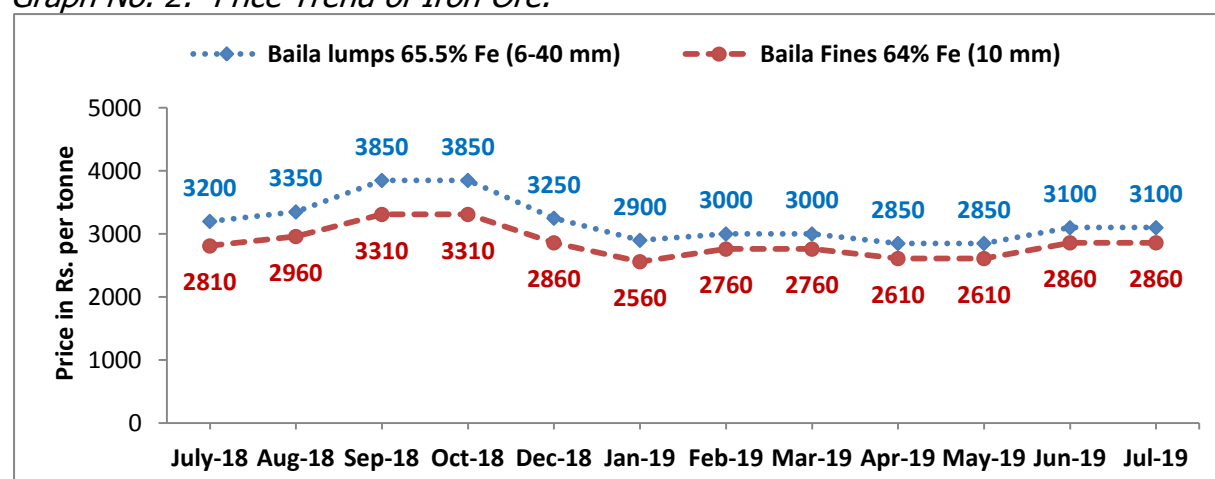
(* Crude steel is the first solid state after melting, suitable for further processing or for sale, it is obtained by solidification of Hot metal.)

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

Mineral	2018					2019						
	July	Aug	Sep	Oct	Dec	Jan	Feb	Mar	Apr	May	June	July
Baila lumps 65.5% Fe (6-40 mm)	3200	3350	3850	3850	3250	2900	3000	3000	2850	2850	3100	3100
Baila Fines 64% Fe (10 mm)	2810	2960	3310	3310	2860	2560	2760	2760	2610	2610	2860	2860

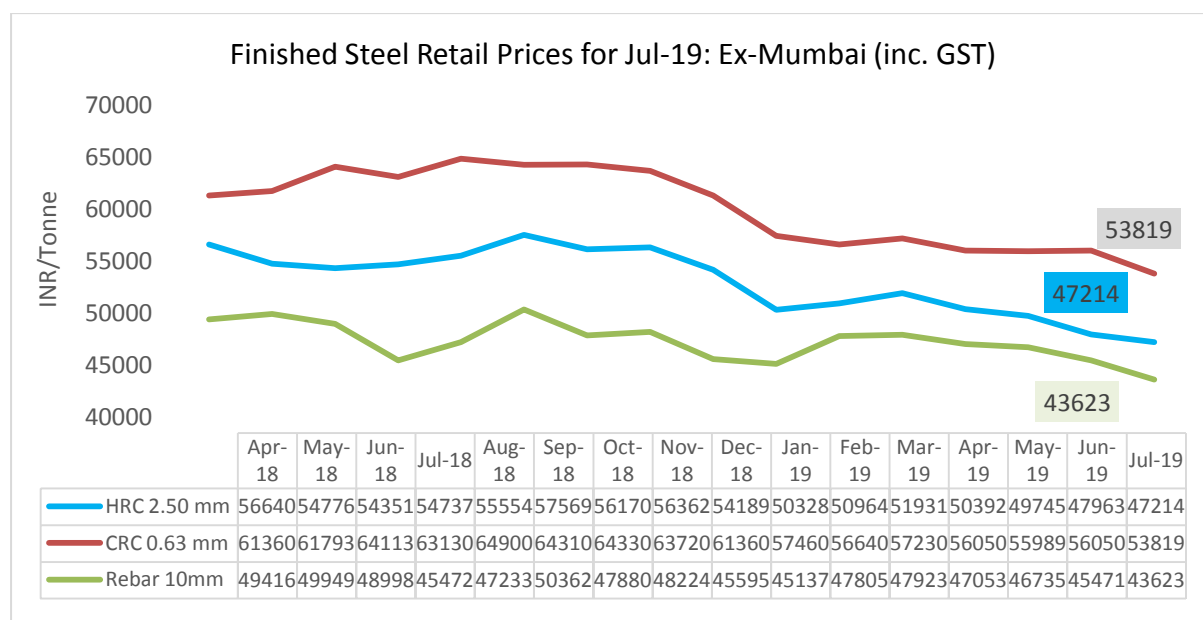
Source: NMDC

Graph No. 2: Price Trend of Iron Ore.



- Prices of iron ore lumps and fines remained unchanged and stood at INR 3100 tonne and INR 2860 tonne in July 2019.
- Amid global supply concerns of iron ore and high demand of the same from China, the domestic price of iron ore moved up in the line with international price of the same.

Graph No. 3: Market Price of HR Coil, CR Coil and Rebars.



Source: JPC; Note: Prices are considered as on 15th of every month

- The Prices of finished steel products such as HR coils, CR coils and Rebar decreased in July, 2019 over the previous month.
- On M-o-M basis, prices for HRC, CRC and Rebar decreased by 1.56%, 3.98% and 4.06% respectively.

II. Trade Scenario:

Table 4: Imports and Exports of Finished Steel (Provisional):

Description	(000' Tonnes)					
	July		% Variation	April-July		% Variation
	2018	2019		2018-19	2019-20	
Imports	758	772	1.8	2655	2496	(-)6.0
Exports	529	461	(-)12.9	1926	1475	(-)23.4

- Import of total finished steel was at 0.772 MT in July, 2019 increased by 1.8% over July 2018.
- At 0.461 MT, export of total finished steel was down by 12.9% in July 2019 over July 2018.
- India remained a net importer of the steel during July 2019.

Table 5 - Month-wise Import & Export of Finished Steel

Month	Import	Export	(Million Tonne)	
			Import	Export
Jan-19	0.638	0.474	(-)5.20	(-)20.34
Feb-19	0.582	0.619	(-)8.78	30.59
Mar-19	0.705	0.592	21.13	(-)4.36
Apr-19	0.586	0.397	(-)16.88	(-)32.93
May-19	0.535	0.318	(-)8.70	(-)19.90
June-19	0.604	0.299	12.9	(-)6.0
July-19	0.772	0.461	27.8	54.2

- Imports of finished steel have shown a mixed trend during January to July 2019.
- Barring March 2019 imports of finished steel products declined on M-o-M basis till May 2019. An increase in import is observed in the month of June 2019 onwards. Thereafter, it increased during month of June & July 2019.
- Except for the month of Feb., 2019, exports of finished steel registered a decline on M-o-M basis till June 2019 however, in July 2019 it registered a significant growth of 54.2 percent.

Graph No. 4 - Monthly Trend of Import & Export of Finished Steel

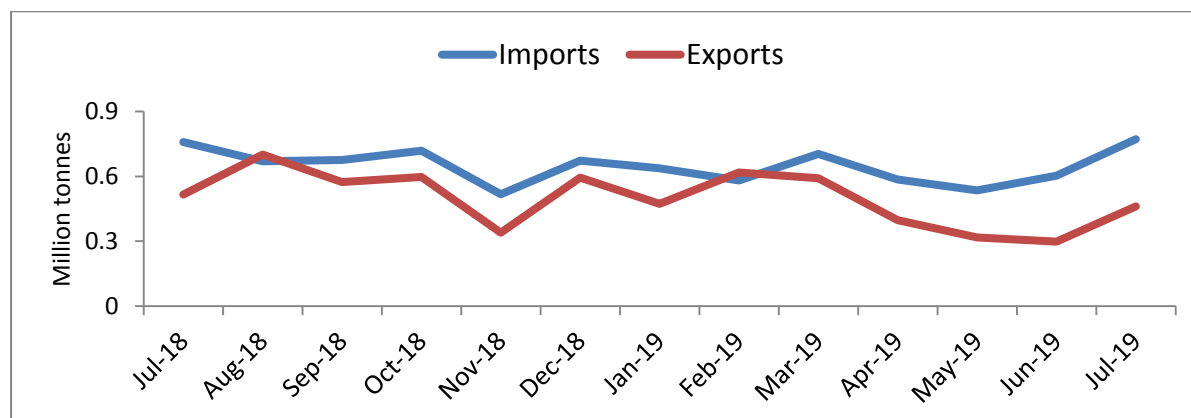
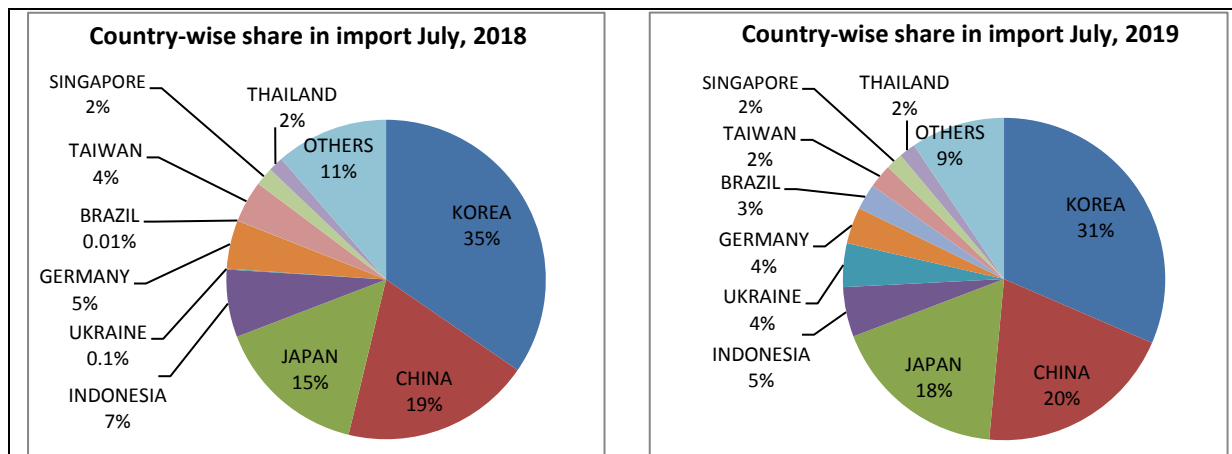


Table 6: Country-wise share of imports to India

Country	July-19 (P)	(%) Share	(000' tonnes)		
			Jul-18	(%) share	(%) Change
KOREA	243.0	31.5	262.5	34.6	(-)7.4
CHINA	154.2	20.0	145.5	19.2	6.0
JAPAN	136.9	17.7	116.8	15.4	17.2
INDONESIA	38.5	5.0	51.8	6.8	(-)25.7
UKRAINE	33.8	4.4	0.7	0.1	-
GERMANY	28.2	3.7	37.2	4.9	(-)24.3
BRAZIL	19.9	2.6	0.1	0.0	-

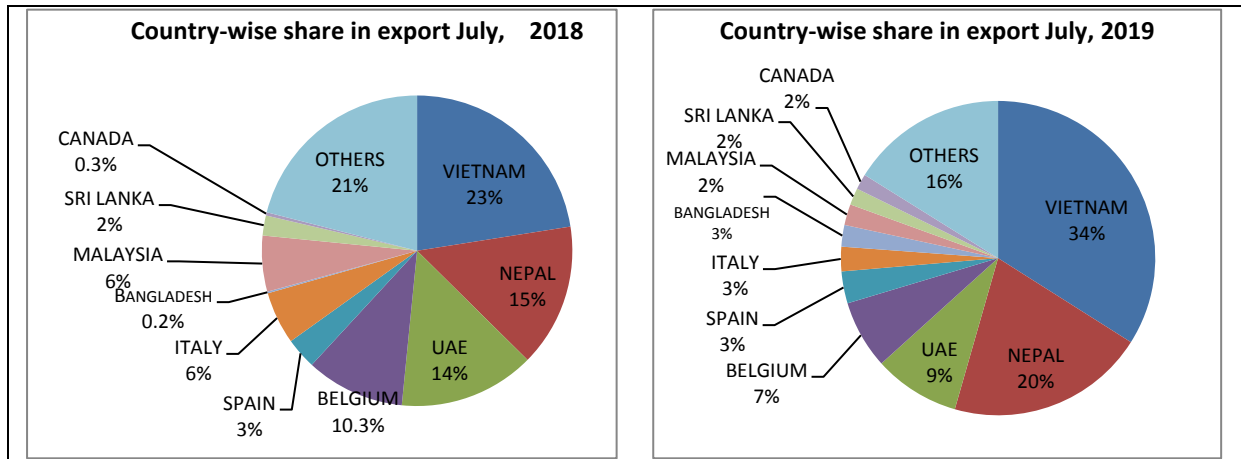
TAIWAN	18.5	2.4	32.1	4.2	(-)42.2
SINGAPORE	13.1	1.7	14.0	1.8	(-)6.7
THAILAND	12.8	1.7	11.6	1.5	10.3
OTHERS	72.8	9.4	86.4	11.4	(-)15.7
TOTAL	771.7	100.0	758.7	100.0	1.7



- Marked growth, in import inflows from China and Japan was observed during July 2019 over CPLY.
- The share of imports of finished steel has declined from Korea, Indonesia, Germany and Taiwan during July 2019 over CPLY.

Table 7: Country-wise share of Exports from India

Country	July-19 (P)	(%) Share	July-18	(%) Share	(%) Change
VIETNAM	156.3	34.0	119.3	22.5	31.0
NEPAL	94.1	20.5	78.9	14.9	19.2
UAE	40.8	8.9	75.1	14.2	(-)45.7
BELGIUM	32.4	7.0	54.5	10.3	(-)40.6
SPAIN	15.1	3.3	17.2	3.2	(-)12.0
ITALY	11.6	2.5	29.0	5.5	(-)60.0
BANGLADESH	10.2	2.2	0.9	0.2	-
MALAYSIA	9.9	2.2	30.8	5.8	(-)67.9
SRI LANKA	8.0	1.7	11.0	2.1	(-)27.8
CANADA	7.3	1.6	1.8	0.3	311.7
OTHERS	74.2	16.1	111.4	21.0	(-)33.4
TOTAL	460.0	100.0	530.0	100.0	(-)13.2



➤ Exports to Vietnam and Nepal have increased in July 2019 over CPLY.

III. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

(Million Tonnes)

Steel PSUs	July		% variation	April-July		% variation
	2018	2019		2018-19	2019-20	
SAIL:						
Saleable Steel (MT)	1.196	1.281	7.1	4.923	5.128	4.2
Sales (MT)	0.946	0.955	1.0	4.029	4.000	(-)0.7
Total Sales Turnover (Rs. Crore)	4788	4300	(-)10.2	20531	18945	(-)7.7
RINL:						
Saleable Steel (MT)	0.390	0.372	(-)4.6	1.568	1.574	0.4
Sales Steel (MT)	0.306	0.279	(-)8.8	1.384	1.172	(-)15.3
Sales Turnover (Rs. Crore)	1342	1091	(-)18.7	5926	4844	(-)18.3
NMDC:						
Production-Iron ore (MT)	1.519	1.943	27.9	8.392	10.407	24.0
Sales-Iron ore (MT)	1.841	2.406	30.7	8.718	11.139	27.8
Sales (Rs. Crore)	680	950	39.7	3080	4150	34.7
MOIL:						
Production-Mn. Ore (MT)	0.082	0.086	5.5	0.4065	0.404	(-)0.6
Sales-Mn. Ore (MT)	0.057	0.075	32.2	0.300	0.359	19.7
Total Sales Turnover (Rs. Crore)	67.30	76.6	13.8	387.35	356.32	(-)8.0

Table 9: Physical & Financial Performance:

Steel PSUs	July		% variation	April-July		% variation
	2018	2019		2018-19	2019-20	
KIOCL:						
Pellets Production (MT)	0.213	0.200	(-)6.1	0.654	0.810	23.9
Financial Performance (Sales-Pellets) in Rs. crore	169.7	134.2	(-)20.9	553.4	716.6	29.5
Profit Before Tax (Rs. crore)	12.63	1.46	(-)88.4	8.97	19.96	122.5
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	3.63	54.55	1402.8	103.77	4203.2	3950.5
Financial Performance (Total Revenue from Operations)	24.63	27.41	11.3	120.53	93.84	(-)22.1
Net Profit (Before Tax)	(-)9.8	(-)5.68	(-)42.0	(-)12.68	(-)36.64	189.0
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.224	0.335	49.4	1.007	1.277	26.8
Financial Performance (Sales-Service Charges) in Rs. Crore	26.27	30.58	16.4	110.02	119.24	8.4
Net Profit After Tax (Rs. Crore)	1.61	1.03	(-)36.0	6.02	6.33	5.1
MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	16529	9407	(-)43.1	35035	30750	(-)12.2
Financial Performance (Sales Turnover)	171.9	46.9	(-)72.7	504.6	432.8	(-)14.2
Profit Before Tax	15.74	19.95	26.7	36.34	49.51	36.2

Figures in parentheses indicate a negative amount/balance

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

Organization	July, 2019		April-July, 2019-20	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	10	2.77	152	27.62
Steel PSUs	161	430.70	637	1210.09
