

No. S-24011/7/2020-EA
Government of India
Ministry of Steel
(Economic Division)

Udyog Bhawan, New Delhi
Dated: 14th July, 2020

OFFICE MEMORANDUM

Sub: Monthly Summary for the Cabinet for the month of June, 2020.

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 June, 2020 for information.

Encls: As above.



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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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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)

No. S-24011/7/2020-EA



मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
जून -2020
June - 2020

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

Monthly Summary for the Cabinet for the month of June 2020:-

1. The National Steel Policy -2017 (NSP-17) envisages creation of 300 MT of crude steel production capacity in the country by 2030-31 which would require significant augmentation of the existing capacity as well as enhanced steel usage.
2. In pursuance of the Prime Minister's vision of **Atmanirbhar Bharat** in the steel sector, a meeting was organised with various stakeholders through video-conference under the chairmanship of Minister of Steel on 4th June 2020. The stakeholders were encouraged to share their thoughts to produce items which were currently being imported, improve productivity, efficiency and reduce cost of production so as to make the sector more competitive.
3. With a view to ensure that increase in production of steel is backed by its enhanced consumption/demand, the current and future requirement of steel for specific user-industries/sectors, challenges the users face in terms of adopting domestic steel products etc. need to be identified for various sectors of the economy. To enhance usage of domestically manufactured steel in the Oil & Gas sector in the country and also to reduce India's import dependence, the Ministry organized a Webinar on '**Fostering Domestic Steel Usage in Oil & Gas Sector**' on 16th June, 2020 along with M/o P&NG and FICCI as the partner. The Webinar was chaired by Minister for Steel and attended by various stakeholders. The Webinar discussed various issues and concerns of different stakeholders and considered measures that may be required to be taken by various stakeholders.
4. Steel is used across various sectors viz. Construction & Infrastructure, Engineering & Packaging, White Goods, Automobiles, Oil & Gas industry, Railways, Defence etc. Construction & Infrastructure development sector accounts for almost 68% of total steel consumption. **A Roundtable Discussion on Promoting Steel Usage** as an easy-to-use, environment-friendly, cost-effective, affordable and strength-giving material, consultations with various stakeholders was organised. The Round Table was chaired by the Minister of Steel and considered the diverse perspective of users such as Developer, Builder, EPC Contractor, Steel Fabricator, Designer, Architect, Consultant; Academicians from IITs and NID; BIS, Steel Producers etc., on issues/challenges faced in adoption of steel intensive structures.
5. The Ministry envisages developing steel fabrication clusters around various Steel Plants to give boost to the MSME sector for employment generation and giving impetus to the local economy. With a view to develop **Steel Fabrication Cluster** focused on bridge fabrication around the Bhilai Steel Plant, Minister of Steel chaired a meeting through Video Conference on 3rd June, 2020 with officials from the Ministry of Steel, Ministry of Road Transport and Highways, Ministry of Railways, INSDAG, SAIL and steel fabricators from Bhilai.
6. This Ministry in coordination with Department of Commerce and DGFT, has worked out an arrangement for supply of steel to MSMEs that are members of

Engineering Export Promotion Council (EEPC) at export parity price under the Duty Draw Back scheme of DGFT. Supply of steel has already started under this scheme. A detailed SoP has been issued by this Ministry on 24th June 2020.

7. Draft **Quality Control Order (QCO) for Electrogalvanized Hot Rolled and Cold Reduced Carbon Steel Sheets and Strips** standard has been uploaded on the websites of WTO and this Ministry for comments from WTO members and various domestic stakeholders.

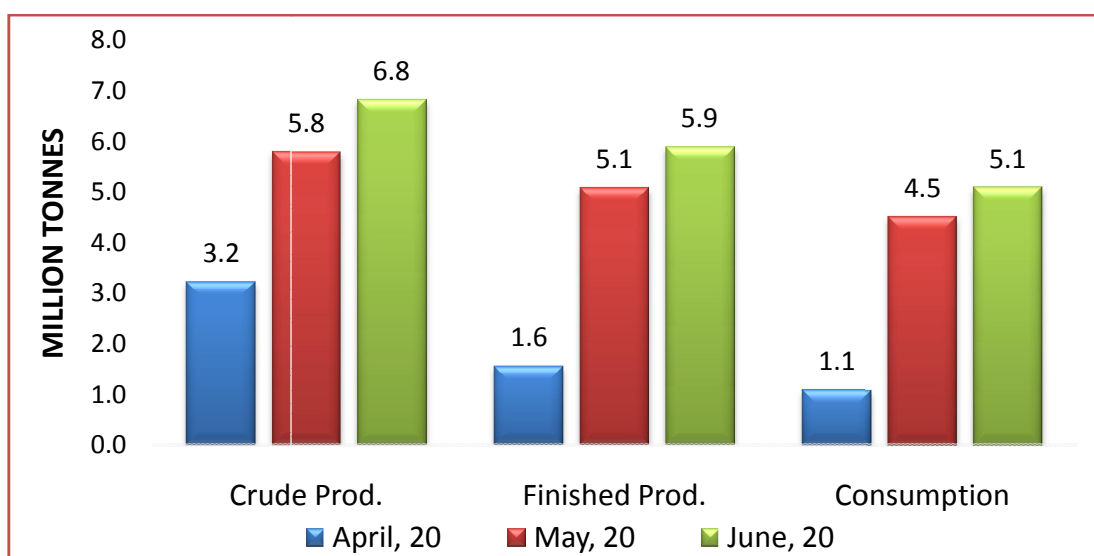
8. SAIL achieved a record sales of 1.28 MT during June 2020 which was the highest ever for the month of June. It also recorded highest ever exports for any month in June 2020, exporting 3.4 Lakh tonnes of steel. As an initiative to use better quality rails, Indian Railways had proposed metallurgy of R-260 grade rails as against 880 UTS rails being used presently. Bhilai Steel Plant of SAIL has now started production of these rails and dispatched first rake of R-260 grade rails to Indian Railways on 30th June 2020, as a leap forward in production of better quality rails in India.

9. To ameliorate financial difficulties faced by MSMEs, specially during the COVID-19 pandemic, payments due to them from steel PSEs is being reviewed regularly to ensure that the same is credited timely and within the 45 days time limit for such payments. **Payment of Rs. 276.32 crore was made by steel PSEs to MSMEs during June 2020.** Also, the performance of steel PSEs specially SAIL and RINL w.r.t. procurement through GeM portal was reviewed and these PSEs were directed to enhance their procurement through GeM including by ensuring onboarding of additional items on GeM.

10. The economic activities, after hitting the nadir in April 2020 due to spread of COVID-19 pandemic and concomitant strict lockdown, have started showing signs of improvement from May 2020. This was reflected in the performance of eight core industries (with a weight of 40.27% in IIP) which as against a decline of 37% in April 2020 registered a decline of 23.4% in the month of May 2020. Similarly the Index of steel production which fell sharply by 83.9% in April 2020 registered a decline of 48.4% in May 2020. All sectors covered under the eight core industries, except Fertilizers, were in negative zone during the month of May 2020. The better performance of Fertilizer substantiates/reflects robust performance of Agriculture sector. With the unlocking of the economy initiated from 1st June 2020, this improvement is likely to pick-up further and be more broad-based. The signs of recovery are also substantiated by various indicators like continued improvement in GST collection, increased consumption of petroleum products, improvement in railway freight traffic etc. The same is also corroborated by the continued improvement in performance of steel on both production and consumption side.

11. Production & Consumption Scenario:

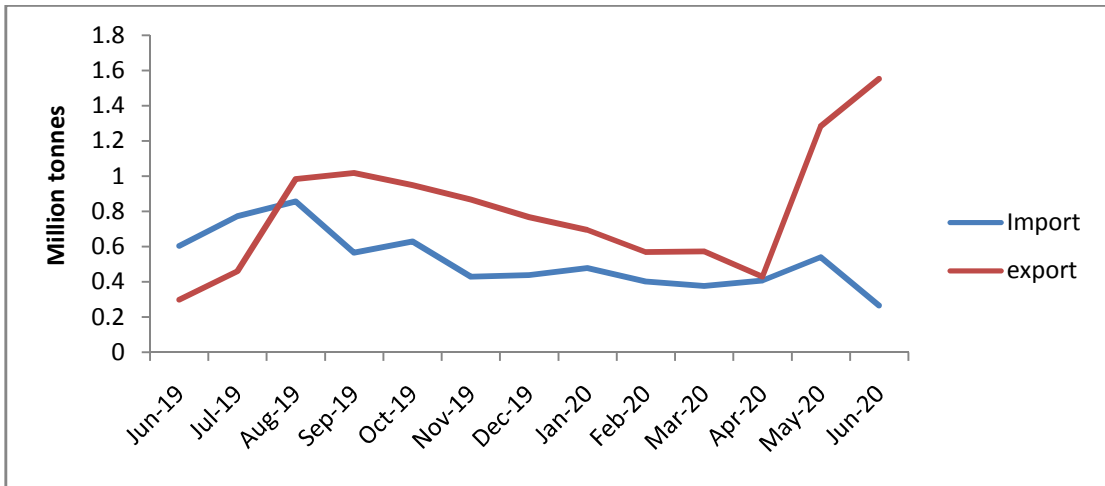
- (i) Production and consumption of steel have shown a consistent improvement after a low in April this fiscal as may be seen from the graph below.
- (ii) Production of crude steel and finished steel registered an increase of 17.7% and 15.6% respectively during June, 2020 over May, 2020. However, as compared to the same month of the last year, production of crude and finished steel in June, 2020 were lower by 27.2% and 33.3% respectively, as may be seen from the graph below:



- (iii) Consumption of finished steel registered an increase of 12.85% in June, 2020 over May, 2020. However, it was lower by 40.75% over the same month of previous year.
- (iv) The increased consumption and export during the month led to absorption of inventories with the steel producing companies resulting in a lower closing stock of finished steel at the end of June 2020 at 13.48 MT which is lower by 3.48% than that in the previous month.

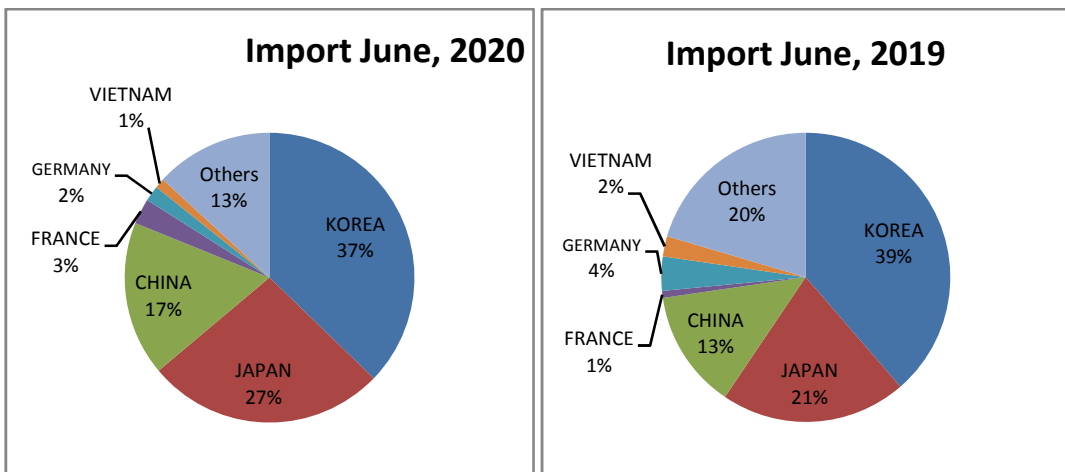
12. Export-Import Scenario:

- (i) During June 2020, import of finished steel was 0.26 MT which was 50.9% lower while its export at 1.55 MT was 20.8% higher as compared to their respective quantities in May 2020. Export during June 2020 was three fold higher as compared to export in June 2019 whereas, import was 57.8% lower compared to import during June 2019.

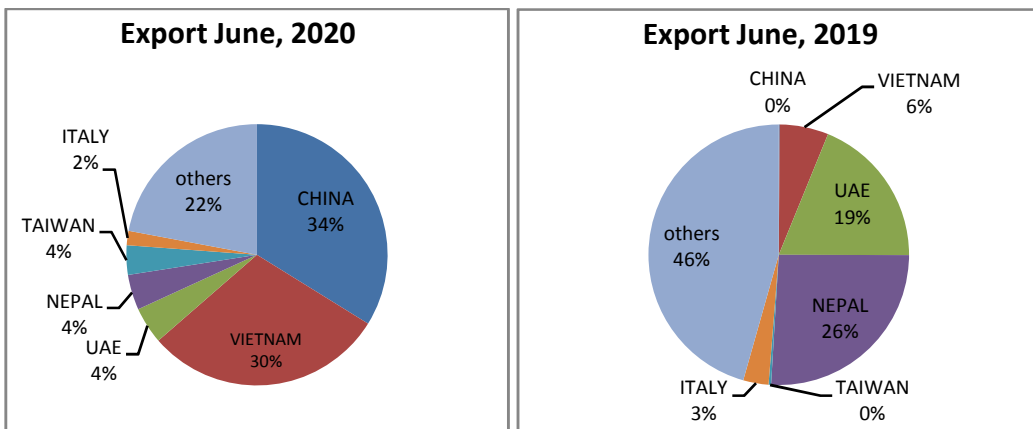


Source: JPC

- (ii) India remained a net exporter of finished steel during June 2020 with a net trade surplus of 1.28 MT.
- (iii) Share of steel imports from Korea, Japan, Germany declined in June 2020 while it increased for China and France as compared to their share in June 2019 as may be seen from the graph below:

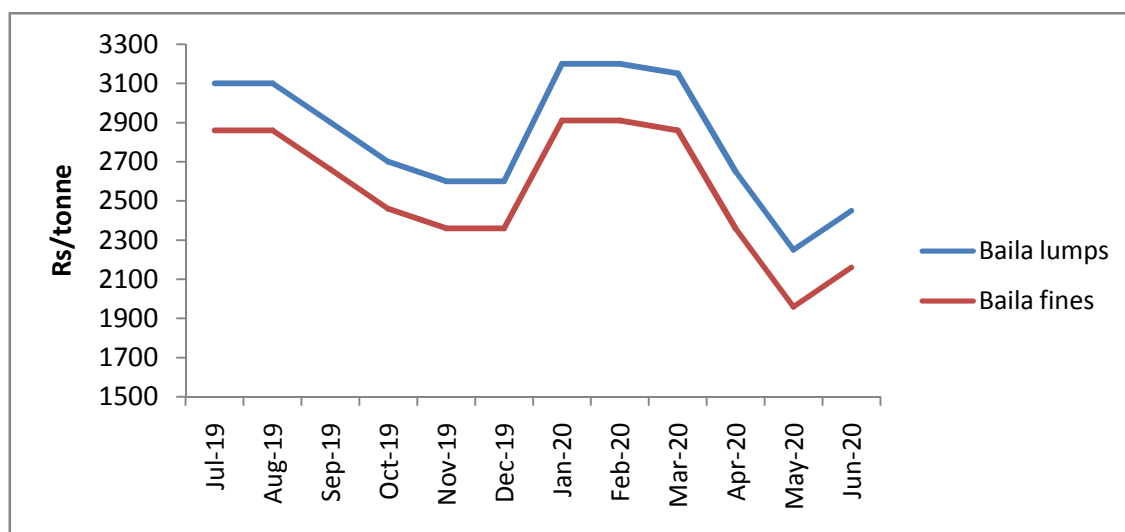


- (iv) China and Vietnam were top destinations of Indian steel exports accounting for nearly 63.5% of total steel exports during June 2020 as compared to only 6.2% in June 2019 [graph below].



13. Price scenario:

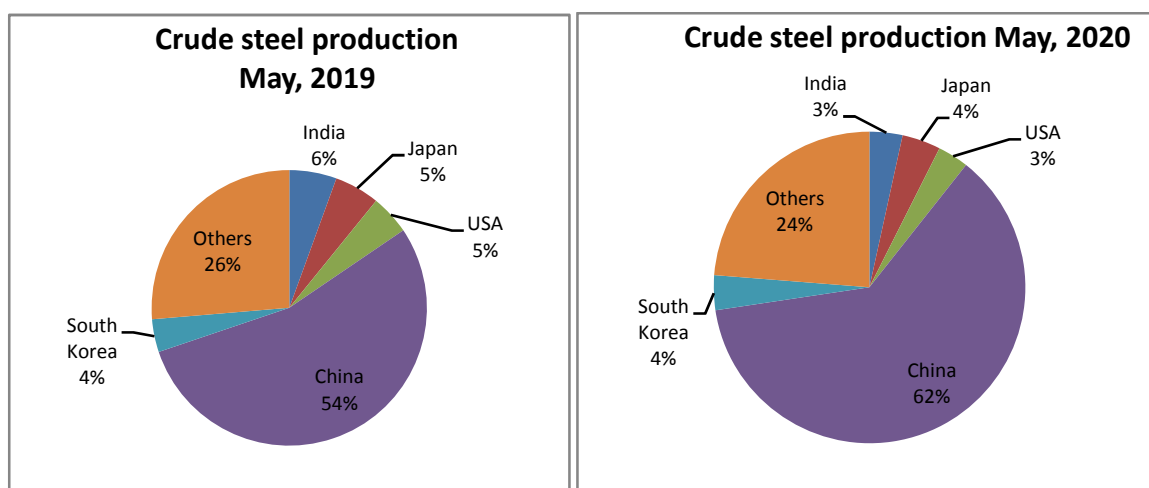
- (i) Prices of iron ore lumps as well as fines remained unchanged for almost whole of the month of June 2020 and were increased only on 30th June 2020. The trend in their prices may be seen from the graph below:



- (ii) International iron ore prices increased by 8.62% in June 2020 as compared to May-20 due to strong demand by the Chinese mills to replenish their low stocks.
- (iii) On M-o-M basis, retail prices (Mumbai prices) of HRC, CRC & Rebar increased by 1.43%, 1.69% and 2.17% respectively, in June 2020 due to uptick in various activities because of phased relaxation in lockdown along with an increase in exports during the month.

14. BSE Sensex and BSE Metal Indices registered an increase of 6.1% and 4.7% respectively, in the month of June, 2020 indicating to recovery after lockdown.

15. The global production of crude steel declined in May, 2020 because of COVID-19. The share of major producers of crude steel in global production, declined except for China as can be seen from the graph below:



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

Organization	June 2020		April-June, 2020	
	No. of Orders	Value of orders (Rs. in Lakh)	No. of Orders	Value of orders (Rs. in Lakh)
Ministry of Steel	31	7.50	50	30.41
Steel CPSEs	227	519.63	498	1378.76