

No. S-24011/4/2020-EA



सत्यमेव जयते

मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
मार्च - 2020
March - 2020

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

Steel sector Performance during March 2020 and Financial Year 2019-20

1. While the month of March 2020 witnessed the onset of COVID-19 and the lockdown in the latter half, overall it witnessed a bleak situation for steel sector as a whole. The production reduced by 23% over February, export-import drastically reduced and even consumption reduced by 6.6%. The only positive side was increase in mining operations and exports of iron ore and pellets. For the major part of financial year 2019-20 (FY20), Indian economic growth was subdued due to slow down in sectors like capital goods, consumer durables, infrastructure and construction sectors, primarily steel intensive sectors. This adversely affected the steel demand. Consequently, steel demand and prices witnessed a steady decline and reached at bottom in September 2020. The market demand started an upward trend from mid November 2019 onwards after the end of monsoon and festive season. The market exhibited steady demand in the following two months. The onset of COVID-19 pandemic however, severely affected the steel industry in India by impacting its labour force and supply chain, both domestically and globally. The major impact of COVID-19 on steel industry was evident from the second fortnight of March 2020. On the whole, during FY 20, performance of steel Industry was a combination of overall muted demand from steel intensive sectors, especially, from construction & automobile sector, global trade actions, extended monsoon, currency depreciation in major steel exporting countries, fall in steel prices globally and impact of COVID-19.

Initiatives taken by Steel CPSEs to fight against COVID-19

2. All the Steel CPSEs were advised to adhere to the norms of social distancing at their workplace, townships, mines, etc. Under Social Sector initiatives, steel CPSEs were advised to initiate 'Annadaan' (feeding of migrant workers and weaker sections of the society).

3. Information regarding designated hospitals, Quarantine facilities, isolation wards, etc. under steel CPSEs for COVID-19 patients/suspected cases, etc. were communicated to Ministry of Health & Family welfare (M/o H&FW). The details of all such facilities were uploaded on M/o H&FW dashboard covid19.nhp.gov.in. Data/information updated/provided to M/o H&FW through the Whatsapp group created by M/o H&FW for all the Nodal Officers from Central Ministries/Departments/organizations.

4. A sum of Rs. 267.55 Crore has been remitted into the Prime Ministers Citizen Assistance and Relief in Emergency Situations fund (PMCARES) by Steel CPSEs out of their unspent CSR budget for 2019-20 and 2020-21 CSR budget. Further, salary contribution by employees amounting to Rs. 10.55 Crore was also remitted by Steel CPSEs (SAIL, NMDC, MOIL (Executives only), KIOCL, MSTC) to PMCF. Remittance of remaining amount of around Rs.3.00 Crore to PMCF by RINL, MOIL (non-executives/mine workers), FSNL and OMDC, were also remitted.

5. Steel CPSEs have rolled out various preventive measures at the headquarters, plants and offices to protect the employees and their families against the spread of

CORONA virus/COVID-19. All took/(and are) taking proactive measures to contain Covid-19 pandemic. Attendance and movement of the employees were/(and are) regulated/(getting regulated) through rosters with Plants running with skeletal manpower. Thermal scanning is being done at the entry points of the plants for all the employees and hand sanitizers/soaps/masks were/(and are) provided at workplace. Further, regular guidelines issued by the Central & respective governments are being followed and monitored by senior officials.

Other important development/activities

6. The draft Quality Control Order for additional 20 steel product standards, to be under the mandatory BIS Certification scheme of Quality Control Order (QCOs), has been formulated by the Ministry of Steel. The same has been sent to the Department of Legal Affairs for their comments/vetting. As of now, a total of 91 steel products standards are covered under Steel and Steel Products (QCOs).

7. The Ministry of Steel has submitted its comments on the Draft Cabinet Note on 'Occupational Safety, Health and Working Conditions Code Bill, 2020' of Ministry of Labour and Employment. The Ministry of Steel has also formulated and published Safety Guidelines for the Iron and Steel sector.

8. NMDC and i-TIC Foundation, IIT Hyderabad, signed a MOU on 2nd March, 2020 to support start-ups through a collaborative joint incubation program, NMDC Innovation & Incubation Centre (NICE). This is consistent with the flagship initiative of the Government of India – "Startup India", intended to build a strong ecosystem that is conducive for the growth of start-up businesses.

9. A highlight of the month was action taken on Government of India's initiative 'Vivad Se Vishwas' and 'Sabka Vishwas' (Legacy dispute Resolution) scheme, 2019. Steel CPSEs have settled a tax dispute worth Rs.773.11 Crore under this scheme as on 31.3.2020. Practically the entire dispute has been settled.

10. In consonance with the increasing requirement of Rails in the country, during FY 20, SAIL produced 12.85 lakh tonnes of UTS-90 Prime Rails, a growth of 31% over FY 19. Production of 260m Long Rails increased by 43% to 6.33 lakh tonnes in order to ensure laying of tracks with less number of welded joints. The new Universal Rail Mill installed by SAIL has registered growth of 44% in FY 20 over CPLY.

11. Under Swachhata related activities, steel CPSEs had spent around Rs.94.16 Crore in FY 2019-20 (till February 2020).

12. All the employees of Steel Ministry contributed a day salary to the PMCARES fund.

13. Expenditure for FY 2019-20 was Rs.194.36 Crore which was 99.123% of RE (Rs.196.08 Crore).

14. **Production & Consumption Scenario:**

- (i) Crude steel production at 7.38 MT observed a huge decline of 22.7% in March 2020 as against 9.56 MT during February 2020. Consequently, production at 108.50 MT during FY 2020 fell short by 2.2% over CPLY. India's share in world crude steel production remained at 6% during both CY 2020 and April-February 2019-20.
- (ii) During March 2020, finished steel production got impacted on account of Covid-19 resulting in lower demand from the user industries and of curtailed logistics. Steel companies scaled down production level to aligned with lower demand and stocks of inventories lying with steel companies. Finished steel on Month-on-Month basis (M-o-M) basis declined during March 2020 by 18.7% whereas it observed 0.3% decline during FY 20 over CPLY.
- (iii) A declining trend in consumption was evident since February 2020. On M-o-M basis consumption during March 2020 declined by 6.6% while it declined by 23% over CPLY. For the whole FY 20, it increased marginally by 1.3%.
- (iv) During March 2020, consumption was 0.580 MT more than the production of finished goods (8.6% higher), the gap was partly filled by inventories and imports of the same.
- (v) On M-o-M basis, during March 2020, inventories of finished steel declined by 5.7% and stood at 12.3 MT (closing balance). Opening stock as on 1st April 2019 stood at 12.82 MT declined marginally during March 2020.

15. **Price Scenario:**

- (i) Barring few months, Iron ore prices, for both Lumps & Fines observed a declining trend throughout FY20. Domestic prices of iron ore increased sharply during January 2020 and remained at the same level during February 2020. However, prices of both, iron lumps & fines declined by 1.6% & 1.7% respectively, during March 2020 over previous month.
- (ii) Low demand amid Covid-19, pre-assumptions of change of hands after mining auction/mining lease expiry, logistic issues etc. made buyers reluctant to place new order for delivery of materials by 31st March 2020. These factors plunged the domestic prices of iron ore during March 2020.
- (iii) Finished steel prices remained bearish during March 2020. Rebar prices decreased by 6.2% and 11.3% respectively, during March 2020 on M-o-M and during FY20 on Y-o-Y basis. Whereas prices of HRC and CRC declined by 0.7% & 0.5% during March 2020 over previous month.

16. **Export-Import Scenario:**

- (i) Trade transactions of finished steel recorded at its lowest level during March 2020. The finished steel export and import, in quantity terms, at 0.453 MT and 0.293 MT declined by 20.5% and 26.9% respectively, over previous month.
- (ii) Export of the finished steel was 0.160 MT higher than that of import during March 2020.
- (iii) On Y-o-Y basis, during FY20 export of finished steel at 8.23 MT recorded an increase of 29.5% while import of the same at 6.69 MT declined by 14.7%.
- (iv) Maximum declined in import was observed from Vietnam followed by Ukraine and Taiwan. Top most exporters to India during FY 20 were Korea, China & Japan with export share of 39.4%, 18.1% & 15.3% respectively.
- (v) Finished steel exports to Vietnam witnessed manifold increase, whereas exports to Nepal and UAE increased by 13.2% & 22.3% respectively.
- (vi) India was net exporter of finished steel during both March 2020 and FY20.
- (vii) Indian iron ore exports in March 20 increased by 65% to 3.3 MT against 1.20 MT in Feb 2020. During FY20, exports of the iron ore were recorded at 25.14 MT as against 6.81 MT in FY 19, more than three-fold increase. Indian iron ore exports to china increased to 22.51 MT during FY 20 from 5.27 in FY 19.
- (viii) On M-o-M basis, India's pellet exports picked up by 23% in March 20 to 101,618 tonnes as against 82,681 tonnes in February 20. Pellet exports at 12.62 MT during FY20 surged by 38% as against 9.16 MT in FY 19. China stood the largest importer of Indian pellet in FY 20 at 10.29 MT, up 54% as against 6.69 MT in FY 19.
- (ix) Indian bulk billet export witnessed a major surge of 132%, Y-o-Y growth during FY20. This surge was primarily on account of Chinese importing billets. China accounted for a share of 17% in the same as against nil recorded in the previous FY. Increased Chinese domestic billets prices due to tight availability on account of pollution control measures and secondly, lockdown amid COVID-19 facilitated in capturing Chinese billet markets. Vizag steel remained the largest exporter with a share of 24% followed by SAIL and JSPL.
- (x) India's bulk ferrous scrap imports witnessed a sharp decrease by 42% on a yearly basis. India imported a total of 312,410 tonnes of scrap in FY20 as against 536,771 tonnes in FY19. Dull domestic steel demand kept domestic scrap prices under pressure resulted in lower imports. Players are facing problems in the supply chain of raw materials.

17. Due to the outbreak of Covid-19, the BSE Sensex and BSE Metal Indices both performed poorly during March 2020 and registered a decline of 24.26% & 32.27% respectively. The Metal sector along with Banking and Automobile is the worst hit.

I. Growth Parameters: Statistical updates:

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

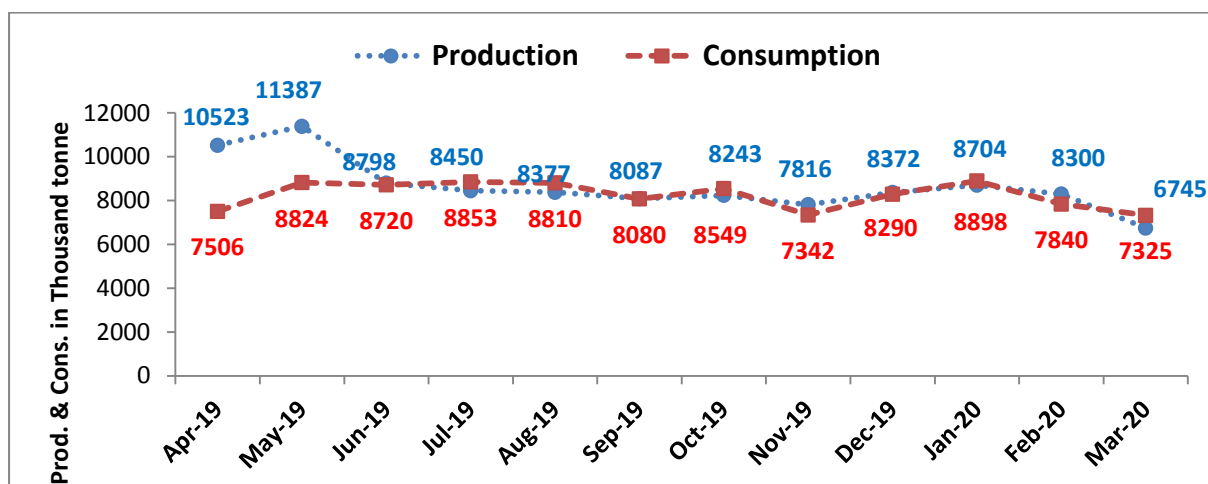


Table 1: Production & Consumption of Steel during 2019-20

(Million Tonnes)

Description	Feb'20	Mar'20	% Variation	April-Mar		% Variation
				2018-19	2019-20	
Production (Crude Steel)	9.560	7.386	(-)22.7	110.921	108.500	(-)2.2
Production (Finished Steel)	8.300	6.745	(-)18.7	101.287	101.032	(-)0.3
Consumption	7.840	7.325	(-)6.6	98.708	100.005	1.3

- During March 2020, production and consumption of finished steel declined by 18.7% and 6.6%, respectively over the previous month.

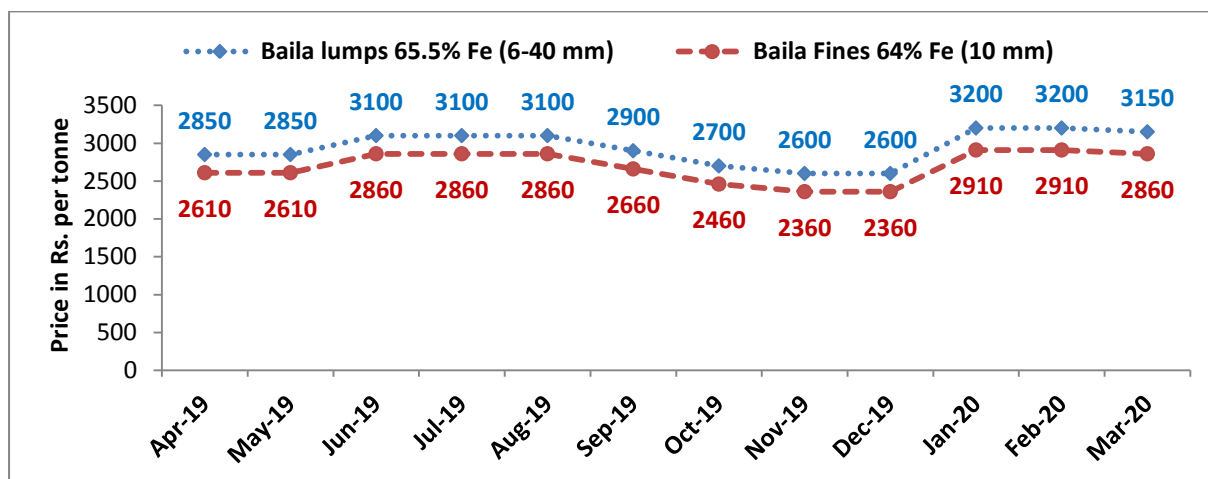
Table 2: Country-wise Crude Steel* Production

Country	(Million tonne)					
	February		% Variation	April-Feb.		% Variation
	2019	2020		2018-19	2019-20	
India	9.421	9.560	1.5	100.879	101.046	0.17
Japan	7.745	7.916	2.2	93.802	90.475	(-)3.55
USA	6.956	7.168	3.0	80.264	80.426	0.20
China	71.231	74.773	5.0	862.838	917.676	6.36

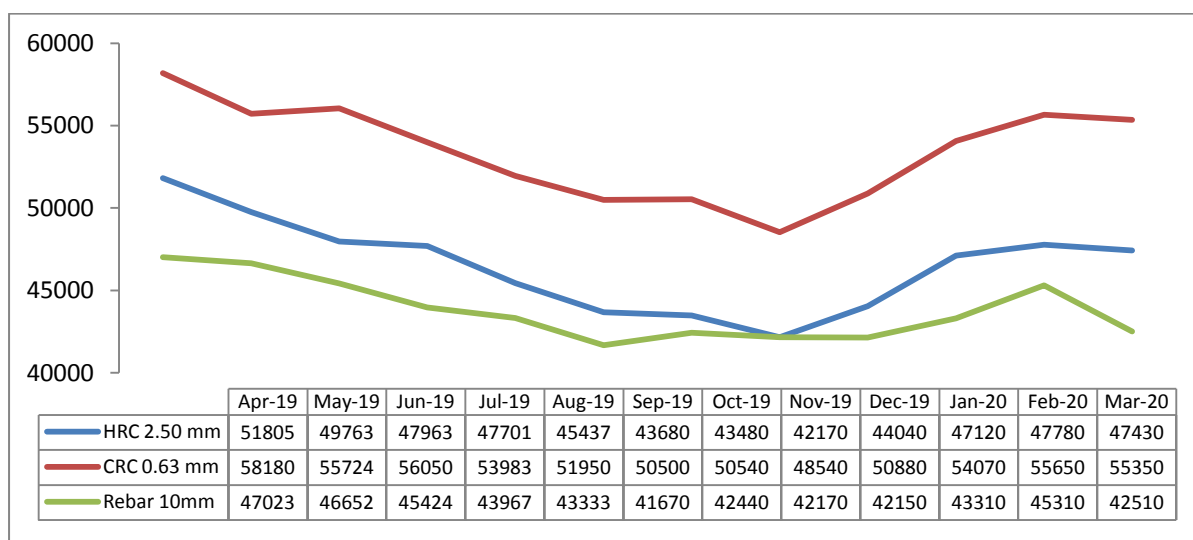
Table 3: Price of Iron Ore (Rs. per tonne)

Mineral	2019-20											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Baila lumps 65.5% Fe (6-40 mm)	2850	2850	3100	3100	3100	2900	2700	2600	2600	3200	3200	3150
Baila Fines 64% Fe (10 mm)	2610	2610	2860	2860	2860	2660	2460	2360	2360	2910	2910	2860

Graph No. 2: Price Trend of Iron Ore.



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



II. Trade Scenario:

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

Description	(000' Tonnes)					
	March		% Variation	April-Mar		% Variation
	2019	2020		2018-19	2019-20	
Imports	705	293	(-)58.4	7835	6685	(-)14.7
Exports	592	453	(-)23.5	6361	8235	29.5

- Import of total finished steel was at 0.293 MT in March 2020, a decline of 58.4% over CPLY.
- At 0.453 MT, export of total finished steel declined by 23.5% in March 2020 over CPLY.
- India was a net exporter of steel during both March 2020 and April-Mar, 2019-20.

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

Month	Import	Export	(Million Tonne)	
			Import	Export
April 2019	0.586	0.397	-	-
May 2019	0.535	0.318	(-)8.70	(-)19.90
June 2019	0.604	0.299	12.9	(-)6.0
July 2019	0.772	0.460	27.8	53.8
Aug 2019	0.856	0.983	10.9	113.7
Sep 2019	0.565	1.019	(-)34.0	3.6
Oct 2019	0.629	0.950	11.3	(-)6.8
Nov 2019	0.429	0.867	(-)31.8	(-)8.7
Dec 2019	0.437	0.767	1.9	(-)11.5
Jan 2020	0.477	0.694	9.2	(-)9.6
Feb 2020	0.401	0.570	(-)15.9	(-)17.9
Mar 2020	0.293	0.453	(-)26.9	(-)20.5

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

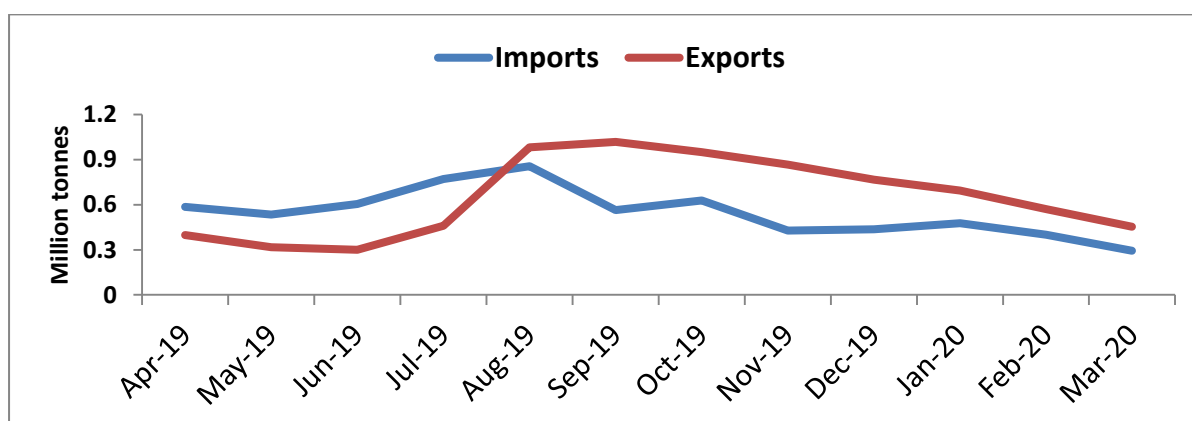


Table 6: Country-wise share of imports to India

Country	Mar-20 (P)	(%) Share	(000' tonnes)		
			Mar-19	(%) Share	(%) Change
KOREA	100.9	34.4	274.7	38.9	(-)63.3
JAPAN	67.7	23.1	90.4	12.8	(-)25.1
CHINA	37.7	12.9	132.8	18.8	(-)71.6
INDONESIA	23.9	8.1	22.3	3.2	7.0
TAIWAN	16.3	5.6	28.0	4.0	(-)41.6
OTHERS	46.7	15.9	157.2	22.3	(-)70.3
TOTAL	293.2	100.0	705.3	100.0	(-)58.4

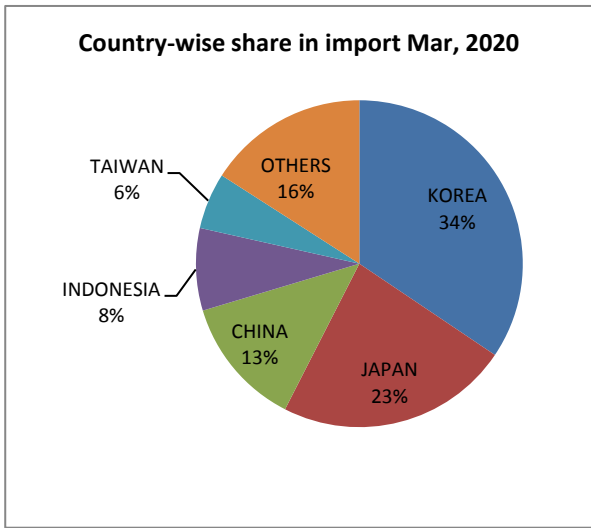
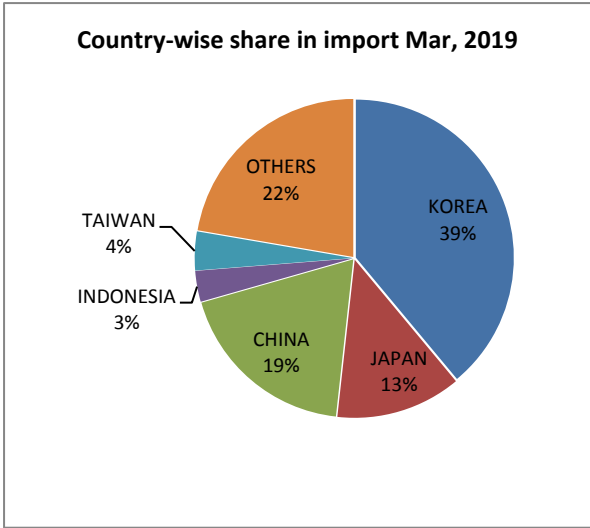
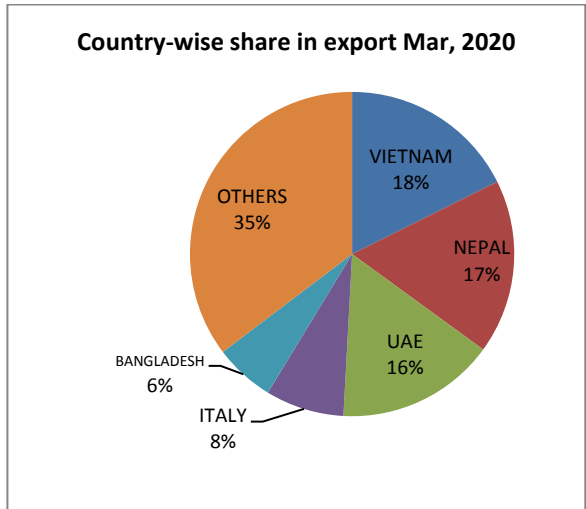
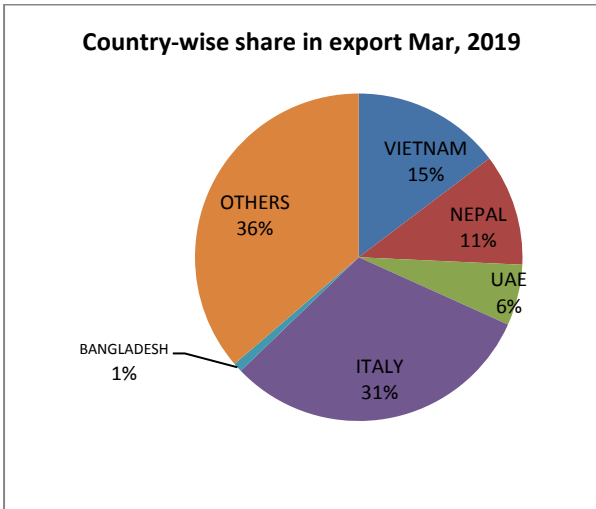


Table 7: Country-wise share of Exports from India

(000' tonnes)

Country	Mar-20 (P)	(%) Share	Mar-19	(%) Share	(%) Change
VIETNAM	79.9	17.6	87.0	14.7	(-)8.1
NEPAL	78.7	17.4	65.3	11.0	20.6
UAE	71.7	15.8	35.6	6.0	101.3
ITALY	35.5	7.8	183.9	31.1	(-)80.7
BANGLADESH	27.1	6.0	5.3	0.9	411.3
OTHERS	159.9	35.3	214.8	36.3	(-)25.5
TOTAL	452.9	100.0	591.8	100.0	(-)23.5



III. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

(Million Tonnes)

Steel PSUs	March		% variation	April-Mar		% variation
	2019	2020		2018-19	2019-20	
SAIL:						
Saleable Steel (MT)	1.547	1.316	(-)14.9	15.614	15.763	1.0
Sales (MT)	1.445	0.798	(-)44.8	13.377	13.451	0.6
Total Sales Turnover (Rs. Crore)	6689	3572	(-)46.6	66267	59961	(-)9.5
RINL:						
Saleable Steel (MT)	0.521	0.422	(-)19.0	5.000	4.456	(-)10.9
Sales Steel (MT)	0.582	0.254	(-)56.4	4.910	4.276	(-)12.9
Sales Turnover (Rs. Crore)	2343	949	(-)59.5	20844	15832	(-)24.0
NMDC:						
Production-Iron ore (MT)	4.044	2.755	(-)31.9	32.361	31.883	(-)1.5
Sales-Iron ore (MT)	3.584	2.704	(-)24.6	32.356	31.527	(-)2.6
Sales (Rs. Crore)	1375	1190	(-)13.5	12153	11700	(-)3.7
MOIL:						
Production-Mn. Ore (MT)	0.133	0.076	(-)42.4	1.3012	1.2775	(-)1.8
Sales-Mn. Ore (MT)	0.177	0.081	(-)54.5	1.270	1.180	(-)7.1
Total Sales Turnover (Rs. Crore)	161.87	61.64	(-)61.9	1442.02	1038.57	(-)28.0

Table 9: Physical & Financial Performance:

Steel PSUs	March		% variation	April-Mar		% variation
	2019	2020		2018-19	2019-20	
KIOCL:						
Pellets Production (MT)	0.275	0.215	(-)21.8	2.238	2.375	6.1
Financial Performance (Sales-Pellets) in Rs. crore	233.2	131.4	(-)43.6	1826.0	1879.0	2.9
Profit Before Tax (Rs. crore)	11.97	14.51	21.2	83.49	59.83	(-)28.3
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	2921.3	69.8	(-)97.6	3191.75	4929.87	54.5
Financial Performance (Total Revenue from Operations)	119.19	112.64	(-)5.5	479.20	554.35	15.7
Net Profit (Before Tax)	25.60	81.38	217.9	9.97	4.86	(-)51.3
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.318	0.430	35.4	3.566	4.850	36.0
Financial Performance (Sales-Service Charges) in Rs. Crore	35.14	34.74	(-)1.1	365.20	379.69	4.0
Net Profit After Tax (Rs. Crore)	2.07	1.54	(-)25.6	26.69	23.51	(-)11.9

MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	14090	7523	(-)46.6	97836	127352	30.2
Financial Performance (Sales Turnover)	209.1	23.8	(-)88.6	2927.0	831.2	(-)71.6
Profit Before Tax	28.14	(3.41)	(-)112.1	(-)269.2	128.76	(-)147.8

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	March, 2020		April-Mar, 2019-20	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	5	2.80	420	126.91
Steel CPSEs	214	973.07	1990	5653.79
