

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

Udyog Bhawan, New Delhi
Dated: 31st January, 2023

OFFICE MEMORANDUM

Subject: Monthly Summary for the Cabinet for the month of December, 2023.

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 December, 2023 for information.

Encl: 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. Secretary to the Vice President of India, New Delhi
6. PS to Prime Minister of India, South Block, New Delhi
7. All Secretaries to the Government of India
8. Information Officer, PIB, Shastri Bhawan, New Delhi steel_pib@nic.gov.in

No. S-24013/1/2020-EA-RFD

**मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL**

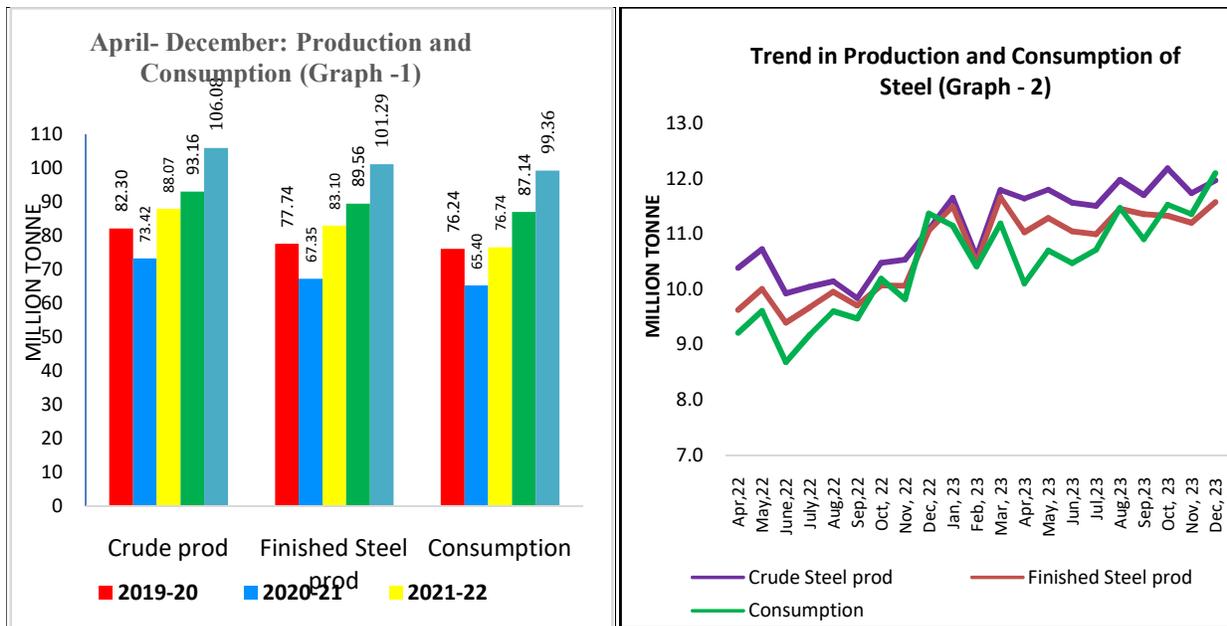
दिसंबर – 2023

December – 2023

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

Ministry of Steel – Report for December 2023

1. During the period from April to December in the FY’ 24, the steel sector has registered its best-ever performance compared to the same period in any previous fiscal year. Cumulative production of crude steel stood at 106.08 MT, finished steel at 101.29 MT, and consumption of finished steel at 99.36 MT during April-December FY’24, marking increase of 13.9%, 13.1%, and 14.0% respectively over the respective levels of previous year i.e. April- December FY’23. This notable growth is attributed to a strong recovery in production and consumption following the impact of Covid-19 in the fiscal year 2020-21. Monthly data shows a generally increasing trend in both production and consumption of steel from April 2022, despite some month-to-month fluctuations. In December 2023, there was an increase in the production of crude steel, finished steel, and consumption of finished steel compared to the previous month, indicating positive momentum in the sector.



- i. Production of crude steel in December '23 at 11.97 MT increased by 8.0% over December '22 and by 2.0% over the previous month.
- ii. Production of finished steel in December '23 at 11.58 MT increased by 4.7% over December '22 and by 3.4% over the previous month.
- iii. Consumption of finished steel in December '23 at 12.10 MT increased by 6.4% over December '22 and by 6.5% over the previous month.

- iv. Inventories of the finished steel with the steel producing companies at 13.42 MT at the end of December '23 increased by 34.4% over December '22 but decreased by 3.2% M-o-M.

2. Among the steel CPSEs, the performance of SAIL, NMDC, and MOIL has been encouraging during April-December, FY '24. SAIL achieved its best ever production during April-December, FY '24. NMDC also achieved its best ever production and sales performance in April-December, FY '24. Similarly, MOIL also recorded its best ever production and sales performance in April-December, FY '24. During the month of December '23, Steel Authority of India (SAIL) registered an increase in production of Hot Metal, Crude Steel, Saleable Steel and Iron Ore over December '22, and also over November '23. Production of iron ore by National Mineral Development Corporation (NMDC) registered an increase in December '23 over December '22 and also over November '23. Rashtriya Ispat Nigam Limited (RINL) registered a decrease in production of liquid steel, hot metal, crude steel and saleable steel over December '22 but increased over previous month i.e. November '23. The production of ore by MOIL increased in December '23 over December '22 and also increased over previous month. The detailed performance of the Steel CPSEs is shown in table 1 below:

Name of CPSEs	Product	December '23	Change over Nov '23 (%)	Change over December '22 (%)	April-Dec FY '24 in	Change over CPLY (%)
SAIL	Hot Metal	17.29	8.5	3.6	151.53	7.1
	Crude Steel	16.38	7.7	1.8	142.23	6.7
	Saleable Steel	15.54	8.4	2.6	137.18	9.3
	Iron Ore	32.42	15.5	6.6	253.55	2.3
NMDC	Iron Ore Production	44.79	17.1	24	317.85	18
	Iron Ore Sales	41.94	10.7	26.5	319.7	23.9
KIOCL	Pellets Production	2.35	4.4	-2.1	15.01	80
	Pellets Sales	2.18	3.3	-7.6	14.69	92
MOIL	Manganese Ore Production	1.85	14.2	31.2	12.73	41.6
	Manganese Ore Sales	1.55	55	-5.5	11.01	39.9
RINL	Liquid Steel	3.89	7.3	-14.1	33.55	10.5
	Hot Metal	3.93	8.5	-13.9	34.06	9.7
	Crude Steel	3.73	7.8	-14.2	32.17	10.6
	Saleable Steel	3.73	16.3	-4.7	30.84	13.3

3. The CAPEX by Steel CPSEs in December '23 at Rs. 876.15 crore was 45.5% higher over the previous month (M-o-M) and was 0.4% higher over CAPEX in December '22. The CAPEX

by steel CPSEs during April-December, FY '24 at Rs. 6290.66 crore was 4.1% higher than CAPEX during CPLY and it was 60.7% of the RE for the FY '24. The CAPEX by steel CPSEs is regularly monitored by the Ministry and steel CPSEs are being encouraged and directed to ensure achievement of CAPEX and expedite spending.

4. The Ministry of Steel organized a ChintanShivir on December 15, 2023, focusing on the themes of Carbon Border Adjustment Mechanism (CBAM) and the use of Artificial Intelligence (AI) in the steel sector. Chaired by the Hon'ble Steel Minister (HSM), the event aimed to encourage stakeholders in the steel industry to increase the application of AI in their plants. HSM emphasized the need for continuous learning within the ministry and the importance of understanding the evolving economic order for contributing to the country's development. He highlighted the transformation in steelmaking practices and the necessity of embracing green steel and the latest technologies. He urged the steel fraternity to align with the Prime Minister's mantra of Reform, Perform & Transform. Panel discussions focused on the European Union's proposed CBAM under its Green Deal 2050, discussing its potential impact on the steel industry, value chains, and India's likely response. Solutions for small-medium-sized enterprises without access to emission data from Integrated Steel Plants were also addressed. The overall focus was on the industry's responsibility toward environmental sustainability and the adoption of innovative technologies for green transformation.

5. Ministry of Steel has constituted 14 Task Forces focusing on Green Steel. On December 12, 2023, the Hon'ble Steel Minister (HSM) held a meeting to review the Material Efficiency task force to discuss beneficiation capacities. The Minister advised the task force to develop material efficiency measures aligned with environmental protection. Furthermore, on December 5, 2023, the Ministry of Steel established Task Force-14, specifically dedicated to "Biochar and other relevant products" within the steel industry. This Task Force aims to assess the current potential, cost-effectiveness of biochar, identify gaps and constraints, and estimate potential demand until the year 2030.

6. Ministry of Steel has introduced Steel Quality Control Order (QCO) thereby banning sub-standard/ defective steel products both from domestic producers & imports to ensure the availability of quality steel to the industry, users and public at large. As per the Order, it is ensured that only quality steel conforming to the relevant BIS standards are made available to the end users. As on date 145 Indian Standards have been notified under the Quality Control Order covering carbon steel, alloy steel and stainless steel. Out of these, QCO on 144 Indian Standards have been enforced. The draft QCO for inclusion of six additional Indian Standards pertaining to the iron & steel sector has been uploaded in Ministry of Steel's Website on June 2, 2023 and on WTO website vide regular TBT notification no. G/TBT/N/IND/278 dated June 16, 2023 for comments of the stakeholders. As per WTO-TBT mandate, the final date for comments on the said notification is 60 days from the date of notification in WTO website i.e. August 13, 2023. Based on the feedback received and stakeholder's consultation meeting held on September 13,

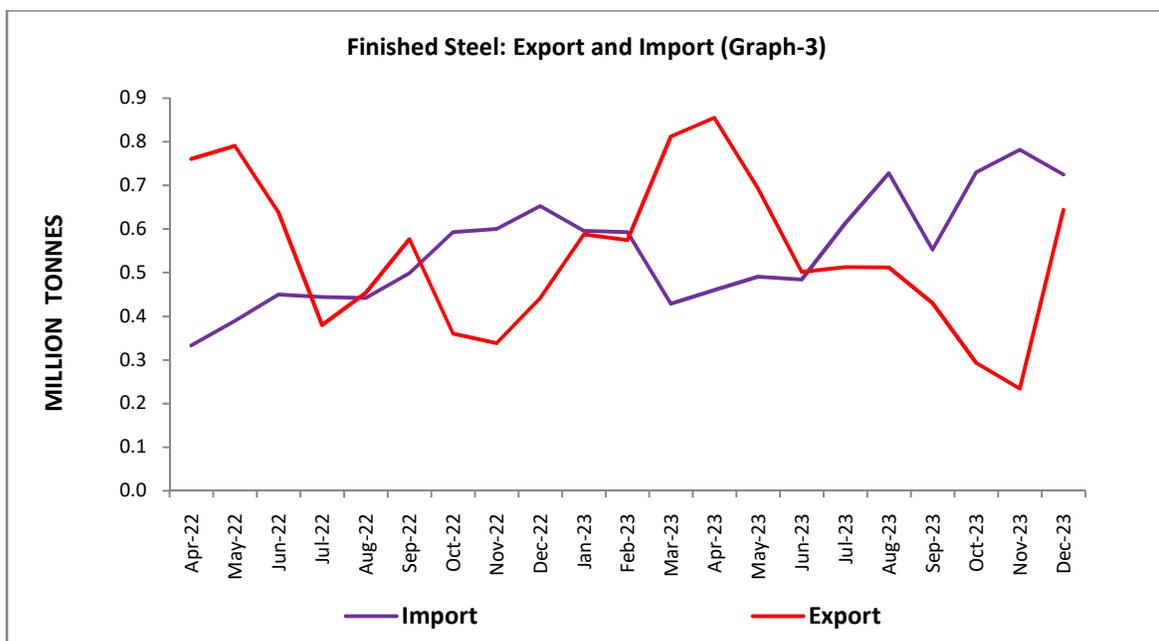
2023, the draft QCO was revised and sent to BIS for concurrence. Based on the consultations held in the meeting the draft QCO was revised and sent to BIS for concurrence. Based on the inputs received from BIS, the final draft consolidated QCO was prepared which has been approved by HSM. The draft is being sent to Department of Legal Affairs for vetting. Subsequently, the QCO will be notified. Ministry of Steel got several requests from the importers/ applicants seeking clarification on the applicability of the certain imported steel grades from the purview of the Quality Control Order, on the ground that these are complying with foreign standards and no equivalent Indian Standards exist. To address this issue, a Technical Committee, comprising members from the BIS, steel producers & end users, was constituted to examine the applications and clarify whether the imported steel grades are falling under the purview of the QCO or otherwise. Meeting of the Technical Committee was held on December 14, 2023, wherein 2,164 applications for clarification on the applicability of QCO on the imported steel grades were examined. One meeting of the Empowered Committee was held on December 29, 2023, wherein 13 applications for exemption were examined.

7. Ministry of Steel is providing financial assistance for pursuing Research & Development to address the technological challenges faced by the Iron & Steel sector. In this regard, in May 2023, Ministry of Steel has sought R&D Project proposals in joint collaborative mode from reputed Academic Institutions, Research Laboratories and Steel Companies for pursuing R&D projects on the identified thrust areas, for providing financial assistance under the R&D Scheme for the FY '24. The thrust areas for providing financial assistance under the R&D Scheme include development of new alternate processes & technologies to address the burning issues faced by the Iron & Steel Sector such as climate change (green steel production, H₂ based steel production, CCUS etc.), waste utilization, resource efficiency, etc. The details of the R&D Scheme including guidelines for financial support and an indicative list of R&D projects that can be taken up to address common issues of the Iron & Steel Sector, have been uploaded on Ministry of Steel's website in May 2023. The last date of receipt of the R&D project proposals was July 31, 2023 wherein 36 R&D proposals have been received, which were preliminarily examined with respect to the guidelines for support under the R&D scheme. Subsequently, meeting of the Evaluation Group constituted by Ministry of Steel was held on November 16-17, 2023 for evaluation of the remaining R&D proposals received in Ministry of Steel. Based on the discussions held in the meeting, the Evaluation Group has recommended five R&D proposals subject to submission of revised proposals addressing the observations/ discussions held in the meeting. The recommendations of the Evaluation Group have been communicated to the Project Investigators of the R&D proposals. Revised proposals have been received in December 2023 which is under consideration. Meeting of the Project Approval & Monitoring Committee has been scheduled to be held on January 16, 2024 for approval of the new projects for funding in FY '24.

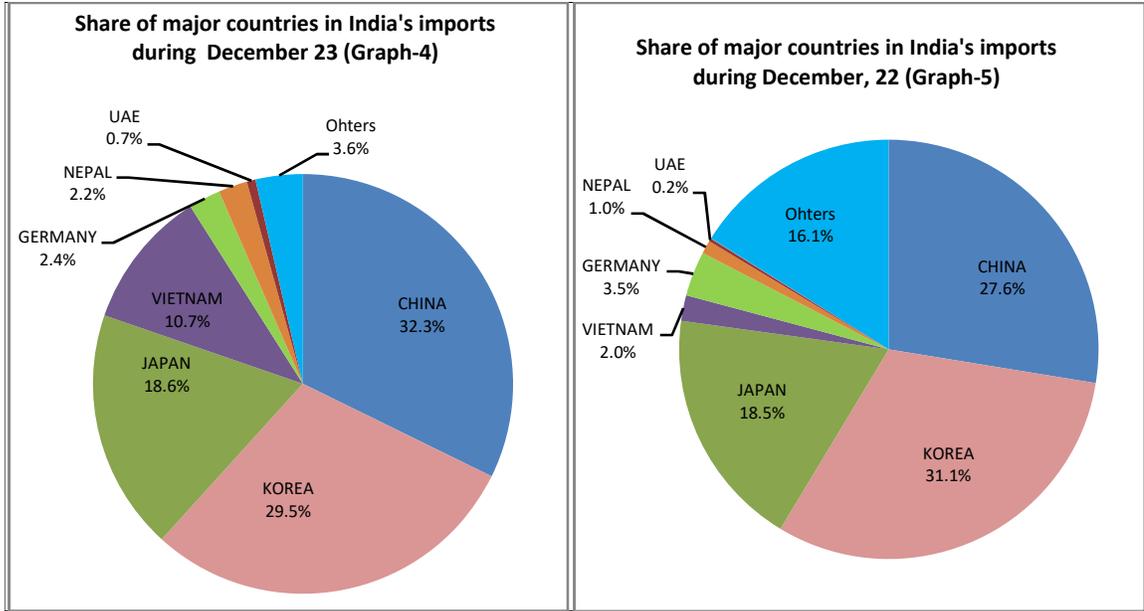
8. Export-Import Scenario: India's steel exports touched an eight-month high in December '23. During the month of December '23, exports of finished steel increased, whereas imports declined as compared to previous month as shown in Table 2.

(In LMT)					
Table 2: Export and Import of Steel- December 2023					
	December '23	Change over Nov '23 (%)	Change over December '22 (%)	April-Dec FY '24	Change over CPLY (%)
Exports	6.4	175.2	45.7	46.8	-1.4
Imports	7.3	-7.3	11.0	55.7	26.4

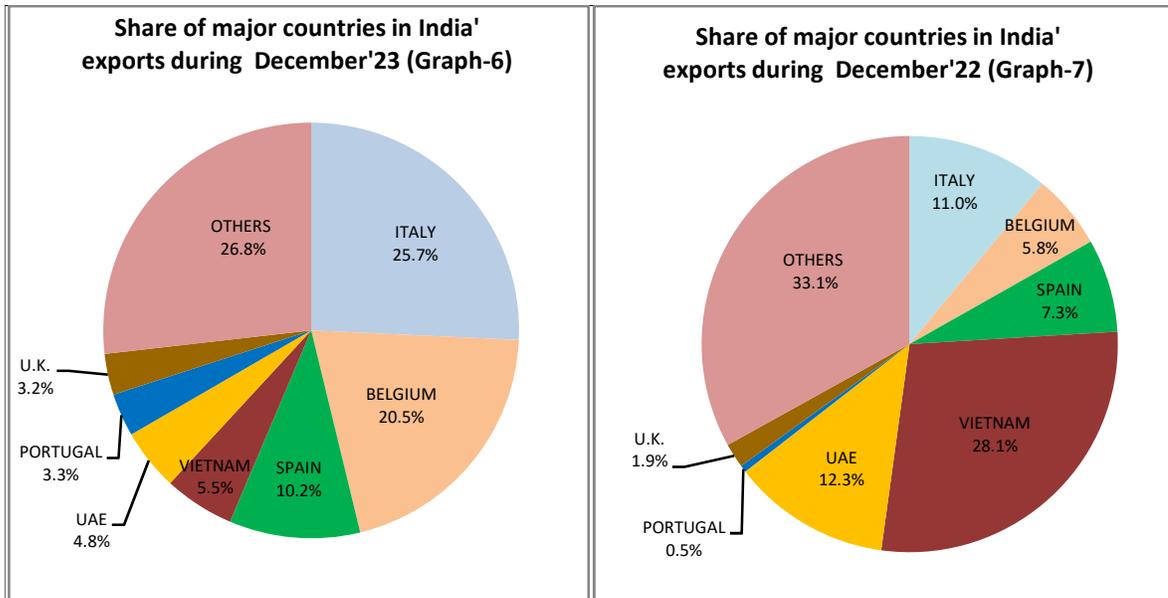
9. The monthly trend of India's export and import are shown in Graph-3.



- i. Global Steel prices have started showing an uptrend since October, 2023. India's steel exports are likely to remain supported as Indian mills have resumed offers to the Middle East and Vietnam markets after a pause. However, there is a concern of hike in freight rates post-the Red Sea crisis. Container freights, as per some reports, are already up 40% as shipping companies are re-routing voyages around Africa and the Cape of Good Hope, skipping the Red Sea zone.
- ii. Share of China, Vietnam, Nepal, UAE and Austria increased in total steel import of India in December '23 as compared to December '22 while share of Korea, Germany, Oman and Indonesia declined and share of Japan remained constant over this period as may be seen from the following Graphs 4 & 5:



iii. Share of Italy, Belgium, Spain, Denmark, Portugal, UK, Poland and Morocco increased in total steel export from India in December '23 as compared to December '22 while share of Vietnam and UAE declined over this period as may be seen from the following Graphs 6 & 7:



10. During the month of December '23, India was net importer of finished steel. Exports of finished steel were 6.44 lakh tonnes, whereas its imports were 7.25 lakh tonnes. India witnessed

a surplus in international trade of steel in Q1: FY '24. However, from July, 2023 onwards, India has been a net importer every month as is seen in the Table 3:

Table3: Month-wise Imports and Exports of Finished Steel
('000 tonnes)

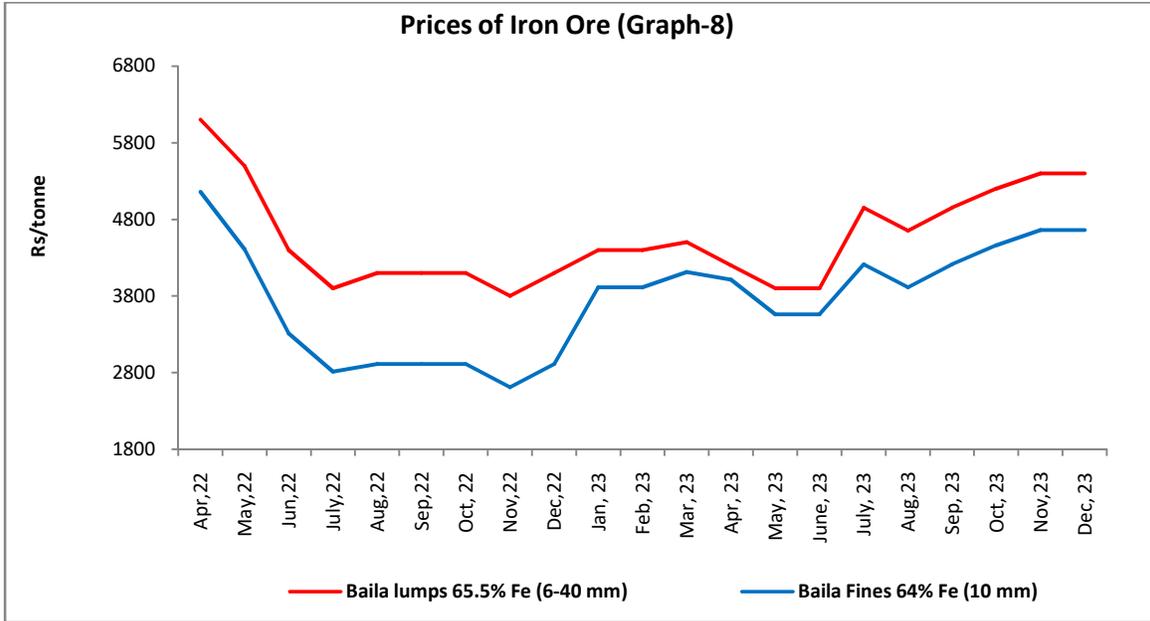
Item	April 23	May 23	June 23	July 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Apr-Dec 23
Imports	460	491	484	613	728	553	730	782	725	5566
Exports	855	693	502	513	512	430	293	234	644	4675
Net Exports	395	202	18	-100	-216	-123	-437	-548	-81	-891

11. Worsening steel trade balance in recent months is largely attributable to (i) Weak global demand due largely to tightening of monetary policies and geo-political shocks; (ii) Slowdown in Chinese economy, particularly its real estate sector leading in slump in Chinese domestic demand for its steel and aggressive exports of steel from China; and (iii) Low-priced imports from steel surplus countries like China, Korea, and Vietnam.

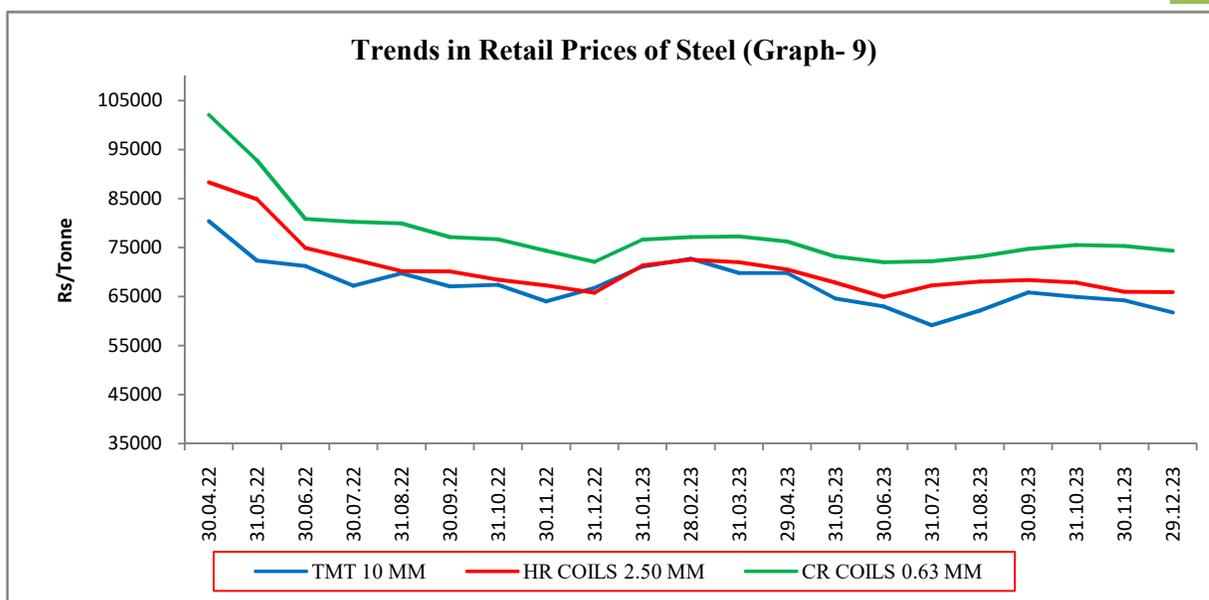
12. Indian steel industry has raised the concern of growing imports, particularly from China, and requested the Government to take remedial measures.

13. The Ministry is mindful of surge in imports in recent months and examining the representations from the industry. The Ministry is also in consultation with Department of Commerce and Ministry of Finance and exploring the policy options for addressing the increase in imports of steel.

14. The prices of iron ore have increased after December '22. In recent months, since April, 2023, prices of iron ore have witnessed fluctuations. The prices of iron ore remained constant in December '23 as may be seen from the Graph-8.

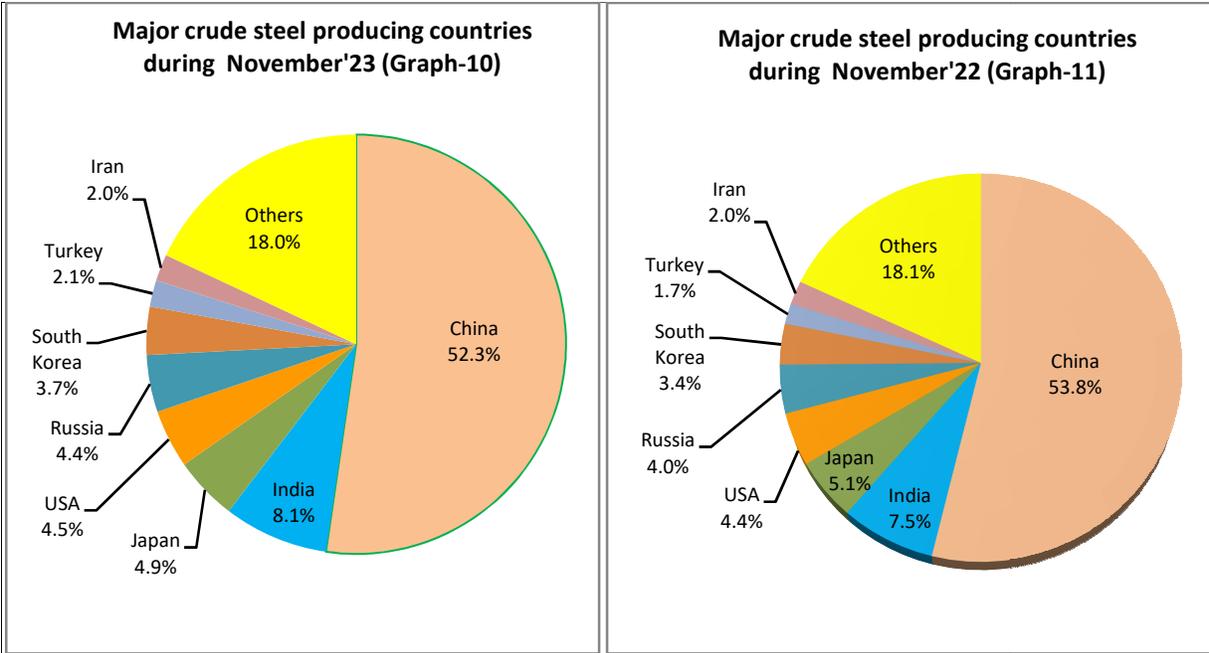


- i. During the month of December '23, prices of iron ore lump and fines was Rs. 5,400/tonne and Rs. 4,660/tonne, which remained constant over their respective prices in November '23.
- ii. The prices of HCC Coking coal f.o.b. Australia have decreased from USD 325/tonne on November 30, 2023 to USD 324/tonne on December 12, 2023.
- iii. The prices of steel (TMT, HRC and CRC) peaked in March '22 on account of Russia-Ukraine war. After that steel prices moderated till December '22 due to both global and domestic factors. The prices of HRC and CRC have increased in December '23 over December '22 but prices of TMT decreased during the same period as may be seen from the graph-9.



iv. The retail prices of TMT (10mm), HRC (2.50mm) and CRC (0.63mm) in Mumbai market stood at Rs. 61,750/tonne, Rs. 65,900/tonne and Rs. 74,340/tonne respectively on December 29, 2023, recording a decrease of 3.8%, 0.1% and 1.3% respectively over prices on November 30, 2023.

15. The global production of crude steel increased by 3.3% to 1,45.48 MT in November '23 against 1,40.81 MT in November' 22 mainly due to increase in production in China, India, USA, Russia, South Korea, Turkey, Iran and Brazil. Among the major steel producing countries (with production of over 1 million tonnes for the month), Japan and Germany recorded a decrease in production in November '23 over November '22. As for the share of major steel producing countries in the global production of crude steel, it is seen that share of India, USA, Russia, South Korea, Turkey and Iran increased during November '23 while that of China, Japan and Germany declined and share of Brazil remained constant during the same period as may be seen from the following graphs 10 & 11.



16. Presently, there are nine ongoing projects of steel CPSEs (SAIL-6, NMDC-3), which are uploaded on the OCMS portal of MoSPI. The total cost of these projects is Rs. 9,780.55 crores and an expenditure of Rs. 4,326.84 crore (44.23%) has been incurred till December '23.

17. There are Nine National Infrastructure Pipeline (NIP) Projects related to slurry pipelines of various steel companies having a total cost of Rs. 26,628 crore uploaded on IIG/NIP Portal and an expenditure of Rs. 4,375.54 crore has been incurred on these projects till December '23.

18. The status of pending payments to MSMEs by CPSEs of the Ministry is being monitored on weekly basis to ensure payments to them within the 45 days' time limit for such payments. Payment of Rs. 638.51 crores was made by Steel CPSEs to MSMEs during December '23 which is 7.2% lower than payments made during December '22 but was 14.7% higher over November '23. During April-December, FY '24, Steel CPSEs have made payment of Rs. 5,614.20 crore to MSMEs, which is 3.3% higher than Rs. 5,434.50 crore made during CPLY.