

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

Udyog Bhawan, New Delhi
Dated: 17th August, 2020

OFFICE MEMORANDUM

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

Encls: As above.



(Arun Kumar Kailoo)
Deputy Secretary
Tel: 23063722

Email: arunk.kailoo@gov.in

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
7. Addl. Chief Economic Adviser, Ministry of Railways, Railway Board, R.No. 301, 3rd Floor, Pragati Maidan Metro Station Building Complex, New Delhi.
8. Information Officer, PIB, Shastri Bhawan, New Delhi steel_pib@nic.gov.in
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-24013/1/2020-EA-RFD



मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
जुलाई-2020
July - 2020

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

Monthly Summary for the month of July, 2020:-

During the month of July 2020, the important developments in the steel sector are as following:

1. To encourage Japanese Investment in steel sector, this Ministry in coordination with Embassy of India in Tokyo participated in an interaction with the concerned stakeholders in Japan and India including senior executives of Indian and Japanese Steel Industries, senior officials from state governments of Jharkhand, Odisha and Chhattisgarh through a **Webinar on 'Steel Sector in India: Opportunities and challenges'** on 29th July 2020. Besides discussing steel sector scenario in India and bilateral cooperation in steel sector, the Webinar also focused on investment opportunities for Japanese companies in various segments of steel production, potential for investment in the proposed steel clusters as a part of 'Purvodaya' programme, a continuous improvement in 'Ease of Doing Business' ranking and advantages/incentives offered by States of Jharkhand, Odisha and Chhattisgarh.
2. Executives and employees of the Steel CPSE were sensitized about the best practices to be followed for maintaining physical and mental well being as the economy is getting progressively unlocked so that production and productivity is sustained and adverse impact on economy is minimised. This sensitization and awareness generation exercise was undertaken through a Webinar on "Working in Covid-19 times" on 21st July 2020. The Webinar which was graced by Hon'ble Minister and MoS was also addressed by an expert panel including Director (AIIMS), Delhi and Director (MDNIY), Delhi. Nearly 1300 executives and employees of Steel CPSEs and officials from the Ministry participated in the Webinar.
3. The way forward for the proposed Greenfield Investment Project by POSCO Steel at Vishakhapatnam was discussed with the representatives POSCO Steel, South Korea by the Ministry on 23rd July 2020 through a video conference (VC). It was agreed to set up a Joint Working Group (JWG) consisting of representatives from POSCO and RINL to facilitate the implementation of MoU signed between the two companies regarding investment on land owned by RINL. The JWG would meet regularly to expedite the implementation of the MoU.
4. The Capital Expenditure (CAPEX) of the Steel CPSEs was reviewed in a VC meeting with the concerned. The shortfall in the achievement of the quarterly targets due to ongoing corona crisis was noted and CPSEs were directed to accelerate the CAPEX from 2nd quarter onwards. Also, the CAPEX of 3 major Steel CPSEs namely SAIL, RINL and NMDC was separately reviewed by Hon'ble Finance Minister on 23rd July 2020 in a VC meeting. As a follow-up decision of this meeting, CAPEX performance of RINL was further reviewed in detail jointly by

Secretary (DPE) and Secretary (Steel). Based on the RINL's present status of financials and need based requirement of RINL, the proposed CAPEX has been agreed to be further reduced to Rs. 534 cr. for the current fiscal

5. SAIL achieved 15.85 lakh tonnes sales during July 2020 which was the highest ever for the month of July and an increase of 50% over July 2019. It also recorded highest ever exports for any month in July 2020, exporting 3.11 lakh tonnes of steel. SAIL production included 1.08 lakh tonnes of UTS-90 Rails which is the best ever performance for the month of July. Rourkela Steel Plant of SAIL also set a National Record for most heats from a single convertor by achieving 48 heats on 2nd July 2020.

6. Ministry of Steel made a presentation before Hon'ble Minister for Commerce and Industry on 'Steel Import Monitoring System (SIMS)'. Hon'ble Minister informed that this system is also being adopted by Ministry of Mines and Ministry of Coal who are developing similar system for Aluminium, Copper and Coal for capturing dis-aggregated data to facilitate more effective monitoring and policy intervention.

7. Quality Control Orders (QCOs) under mandatory BIS certification had been issued for two more Steel Product Standards (Tin Plate & Tin Free Steel) and were notified on 17th July 2020. A total of 113 steel and steel product standards are now covered under QCOs. The notification, further, extended the date of enforcement of 6 Indian Steel Standards by three months beyond 23rd July 2020.

8. A brainstorming meeting was held by the Hon'ble Minister of Steel in which Chief Economic Adviser along with an officer of Department of Economic Affairs; senior officers of the Ministry of Steel; and CMDs of Steel CPSEs along with their senior executives participated. The matters concerning SIMS, HS Code reclassification for Iron and Steel, 'Purvodaya' i.e. investment in resource rich eastern sector and Border Adjustment Tax (BAT) were discussed. After detailed deliberations, Steel CPSEs were directed to conduct ABC analysis and identify three initiatives that would help their transformation to a more efficient and profitable enterprise.

9. The status of clearing pending payments to MSMEs by CPSEs of the Steel Ministry was reviewed on weekly basis to ensure that the same is credited timely and well within the 45 days time limit for such payments. Payment of Rs. 271.10 crore was made by steel PSEs to MSMEs during July 2020 as against Rs. 276.32 crore during June, 2020.

10. Steel Minister along with Minister of State also held VC meeting on 13th July 2020 with Steel CPSEs wherein they were directed to make all necessary efforts to

clear pending payments of MSMEs at the earliest. The Steel Minister also directed CPSEs to expedite resolution of court cases and arbitration cases with a spirit of reconciliation. Further, it was decided that a report of pending court cases/arbitration

cases relating to MSMEs, status of pending payments to MSME Vendors by various CPSEs and on-boarding on TReDS Platform by CPSEs and their Vendors must be updated by every CPSE on a weekly basis on every Monday, on Samadhan as well as LIMBS portals.

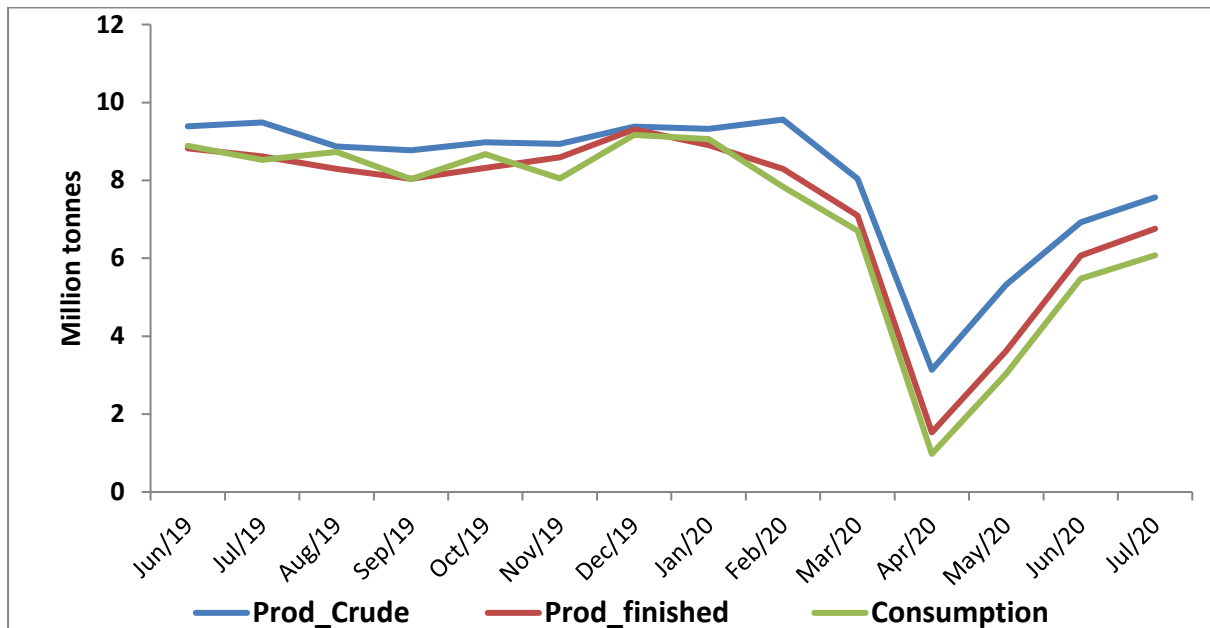
11. The performance of steel CPSEs specially SAIL and RINL w.r.t. procurement through GeM portal was reviewed along with CEO, GeM and these CPSEs have been directed to enhance their procurement through GeM including by ensuring on-boarding of additional items on GeM was reiterated. GeM has agreed to also conduct a training programme to accelerate the process.

12. A meeting was held under the Chairmanship of Secretary, Steel on 10th July 2020 to discuss the revival plans of BSLC submitted by RINL and MECON. Issues pertaining to operational restructuring, financial condition and way forward were discussed in the meeting. BSLC has been asked to undertake a detailed analysis of its turnaround proposal and submit a plan for consideration.

13. The progress of various statutory clearances for operationalization of the three mines of OMDC viz. Bagiaburu, Belkundi and Bhadrasahi was reviewed by Secretary, Steel on 9th July 2020. All issues and procedural clearances that needed resolution for getting Environmental Clearance (EC) and Forest Clearance (FC) were deliberated in detail. OMDC has been asked to ensure continuous follow up with the concerned agencies for expediting the clearances. A D.O letter (dated 13-7-20) has also been addressed to Additional Chief Secretary, Department of Steel & Mines, Government of Odisha to expedite the public hearing for these mines which would help in securing EC enabling early operationalisation of these mines closed for many years now.

14. Production & Consumption Scenario:

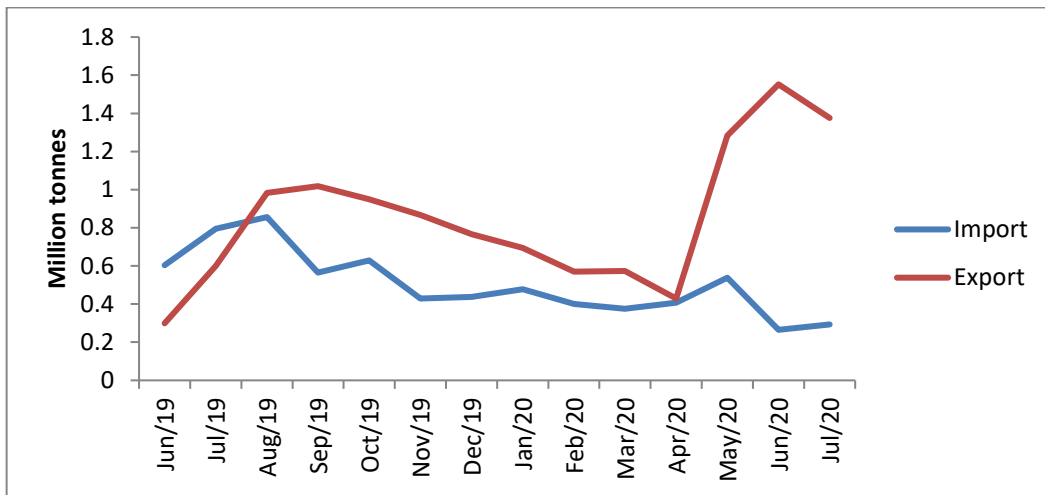
- (i) Production of Crude steel and Finished steel as well as consumption of finished steel have consistently been increasing month over month since April, 2020 as may be seen from the graph below which also shows that the post COVID-19 pandemic recovery in the sector has been 'V' shaped.



- (ii) Production of crude steel and finished steel registered an increase of 9.5% and 11.4% respectively during July, 2020 over June, 2020. However, as compared to the same month of the last year, production of crude and finished steel in July, 2020 were lower by 20.1% and 21.5% respectively.
- (iii) Consumption of finished steel in July 2020 registered an increase of 10.90% on M-o-M basis but was lower by 29.06% over July, 2019.
- (iv) The continuous increase in consumption during this fiscal led to absorption of inventories with the steel producing companies resulting in a lower closing stock of finished steel at the end of July 2020 at 13.01 MT which is lower by 2.98% than that in the previous month.

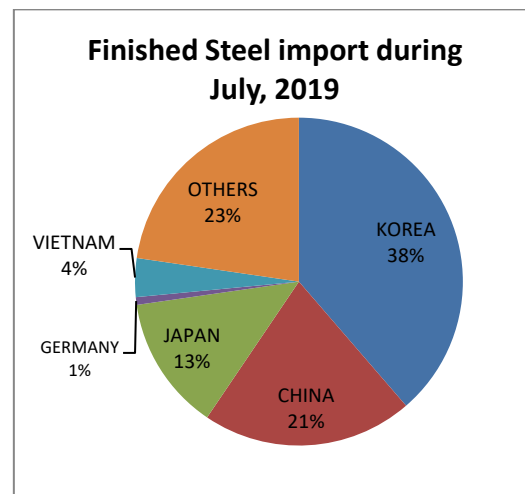
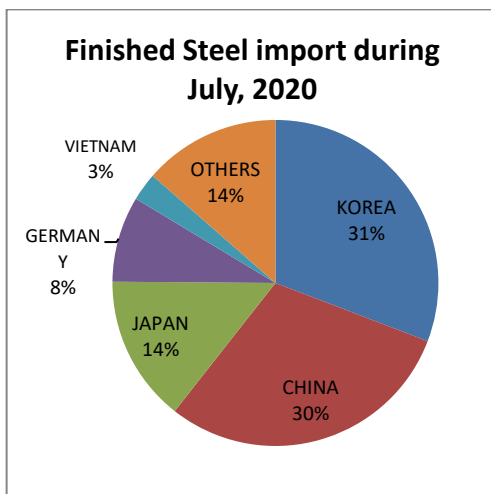
15. Export-Import Scenario:

- (i) Export during July 2020 was significantly high as compared to export in July 2019 whereas, import was 63.1% lower compared to import during July 2019. However, M-o-M, import of finished steel during July 2020, at 0.29 MT was 10.3% higher while export at 1.38 MT was 11.4% lower as compared to their respective quantities in June 2020.

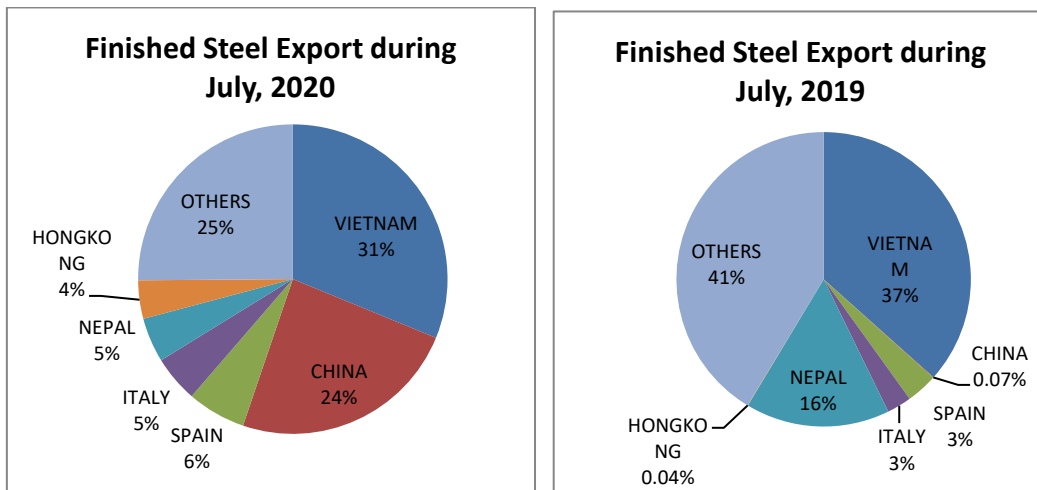


Source: JPC

- (ii) India remained a net exporter of finished steel during July 2020 with a net trade surplus of 1.08 MT.
- (iii) Share of steel imports from Korea and Vietnam declined in July 2020 while it increased for China, Germany and Japan as compared to their share in July 2019 as may be seen from the graph below:

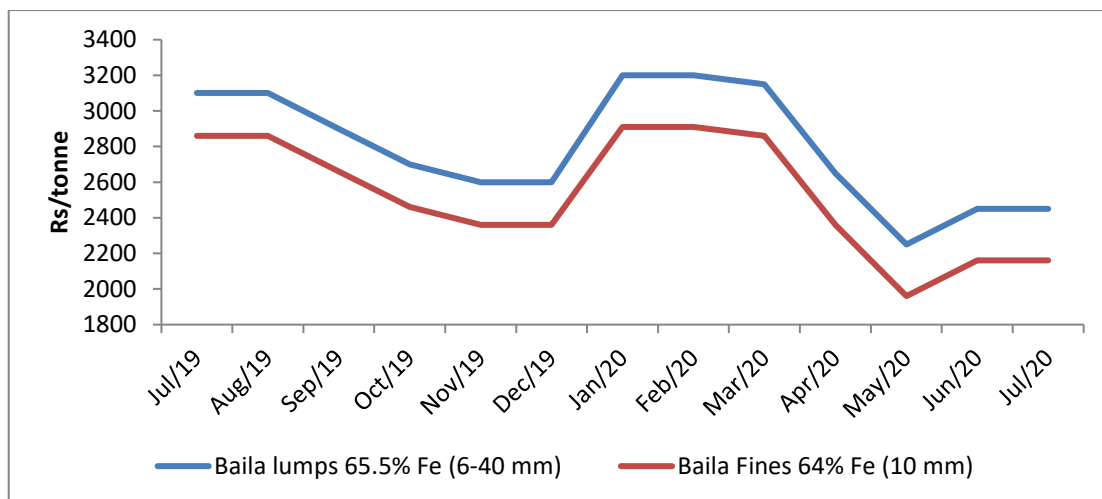


- (iv) Significant increase in exports to China, Spain and Italy was recorded in July 2020 as compared to July 2019. However it declined for Vietnam and Nepal during the same period [graph below].



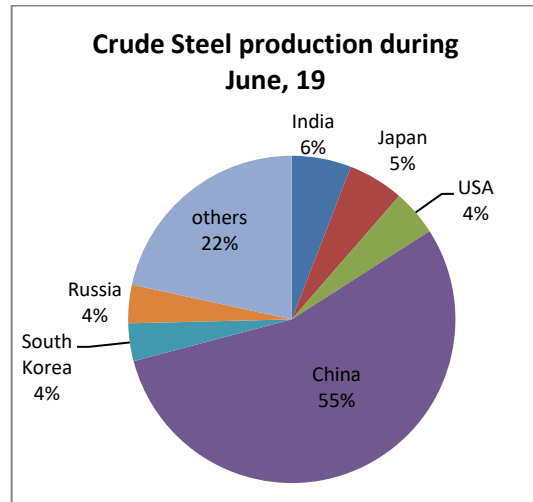
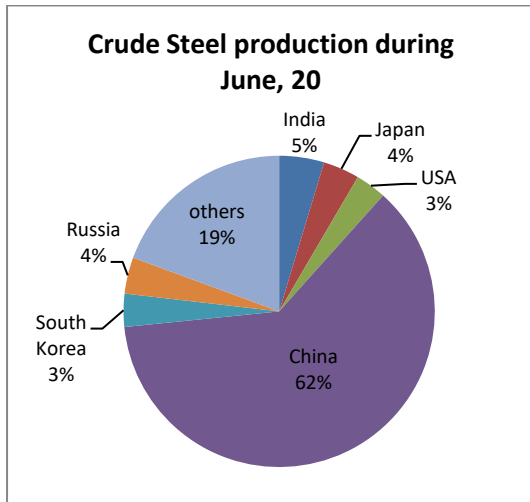
16. Price scenario:

- (i) Prices of iron ore lumps as well as fines remained unchanged for the month of July 2020.
- (ii) NMDC produced 2.19 MT iron ore during July 2020, a 12.89% increase in production over CPLY.
- (iii) Decline in export and increase in import in July 2020 over June 2020 led to decline in retail prices (Mumbai prices) of HRC, CRC & Rebar by 4.19%, 3.24% and 3.59% respectively, on M-o-M basis.
- (iv) The trend in their prices may be seen from the graph below:



17. BSE Sensex and BSE Metal Indices registered an increase of 7.42% and 8.03% respectively, in the month of July, 2020 indicating to recovery after lockdown.

18. The global production of crude steel declined in June, 2020 over June 2019 due to ongoing COVID-19 crisis. The share of China however, Increased indicating post COVID-19 recovery. Other major producers of crude steel in global production witnessed decline as can be seen from the graph below:



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

Organization	July 2020		April-July, 2020	
	No. of Orders	Value of orders (Rs. in Lakh)	No. of Orders	Value of orders (Rs. in Lakh)
Ministry of Steel	44	7.04	94	37.45
Steel CPSEs	273	1576.62	771	3030.43
