

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

Government of India

Ministry of Steel

(Economic Division)

Udyog Bhawan, New Delhi

Dated: 20th October, 2021

OFFICE MEMORANDUM

Sub: Monthly Summary for the Cabinet for the month of September, 2021.

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 September, 2021 for information.

Encl: As above.



(Raj Kumar)

Deputy Director

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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
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)

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मासिक सारांश
MONTHLY SUMMARY
ON

लौह एवं इस्पात

IRON & STEEL

सितम्बर - 2021

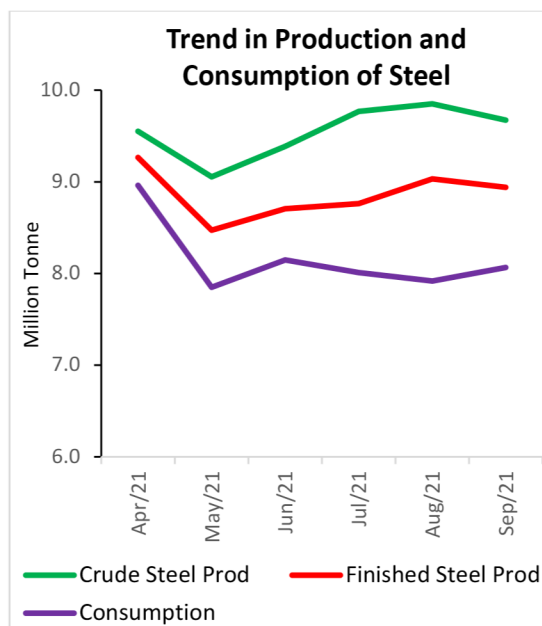
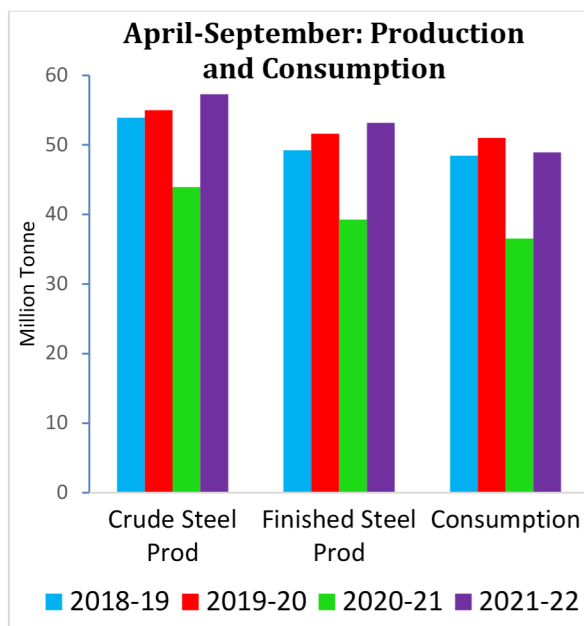
September - 2021

भारत सरकार/GOVERNMENT OF INDIA

इस्पात मंत्रालय/ MINISTRY OF STEEL

The important developments in the steel sector during the month of September, 2021 are as following:

1. Hon'ble Steel Minister (HSM) reviewed the progress of capital expenditure (CAPEX) by Steel CPSEs as well as the land issues concerning them on 14th September 2021. He directed the Steel CPSEs to step up the pace of their CAPEX and streamline the processes for timely completion of projects. Further, he also directed the Steel CPSEs to expedite action to remove encroachments, ensure mutation of land in the names of the respective CPSE in consultation with the concerned Departments of the State Governments and digitize all land records. He underscored the significance of judicious use of all land available with the CPSEs for future needs.
2. HSM reviewed the Indian standards for steel with the officials of BIS on 15th September 2021 and directed regular and timely revision of the existing Indian Standards to meet the dynamic nature of the steel sector, formulation of new standards for the steel grades for which no Indian Standards presently exist and aligning the Indian Standards with the new developments taking place in the steel sector globally. HSM also held consultation with the stakeholders from the steel industry including private players, consultancy providers and CSIR-CIMFR along with officials of Steel Ministry on 16th September 2021 to deliberate on the prospects of using coal gasification in steel production through the DRI route so as to reduce dependence on imported coal and promote "Aatmanirbhar Bharat".
3. HSM launched the Dashboard 2.0 of the Ministry of Steel on 20th September, 2021. The Dashboard captures the performance on various parameters related to steel sector such as production, consumption, prices, trade, etc., which will help monitor and analyse the performance of steel sector on real time basis. He also reviewed status of cost reduction in production of PSUs and Action Plan for the future on 20th September, 2021.
4. The production performance of Steel sector in the first half of the current fiscal (H1:FY22) has been encouraging with cumulative production of crude and finished steel being the highest achieved during first half of the fiscal over the four-year period. This improved performance was achieved despite the adverse effect of second wave of COVID-19 and concomitant localised lockdowns. Cumulative consumption of steel during H1:FY22 has been higher than that in H1:FY19 but lower than that in H1:FY20 as may be seen from the following graph depicting cumulative production and consumption over four years. The month-wise trend in production during the current fiscal indicates that after the initial dip in May'21 due to second wave of COVID-19, the production of steel, both crude and finished, improved till August'21 but slightly declined in September'21. Consumption of finished steel after a dip in May'21 recovered in June'21 and has fluctuated M-o-M since then during this fiscal as may be seen from the following graph on month-wise production and consumption:



5. During the month of September'21, SAIL produced 15.51 lakh metric tonne (LMT) of Hot Metal, 14.40 LMT of Crude Steel and 14.68 LMT of Saleable Steel which is an improvement of 12%, 15% and 23% respectively over the performance during CPLY i.e., September'20. M-o-M, the production of Hot Metal, and Crude Steel by SAIL in September'21 were lower by 6% each while that of Saleable Steel was higher by 1% over their respective production in August'21. Saleable Steel sales at 14.71 LMT during September'21 registered an increase of 18% over CPLY but a decline of 3% M-o-M. The production during H1:FY22 for Hot Metal, Crude Steel and Saleable Steel stood at 89.30LMT, 82.37 LMT and 80.90LMT respectively registering an improvement of 31%, 31% and 34% respectively over the performance during CPLY while sale of Saleable Steel during H1:FY22 at 76.27 LMT increased by 18% over CPLY.

6. During the month of September'21, KIOCL produced and sold 1.60 LMT and 0.93 LMT of Pellets which were 68.4% and 26.7% higher over CPLY, respectively. As compared to August'21, production and sales of Pellets decreased by 15.8% and 15.7% respectively in September'21. During H1:FY22, the production of Pellets by KIOCL stood at 11.31 LMT recording an increase of 12.3% while sales at 9.40LMT declined by 16.2% over CPLY.

7. Production of Manganese ore by MOIL for the month of September'21, at 90.9 thousand tonnes was 5.6% higher than production in August'21 but 16.7% lower than CPLY. Sale of Manganese ores by MOIL at 1.03LMT was 21.2% higher M-o-M but 15.9% lower than CPLY. During H1:FY22, the production of Manganese ore stood at 5.12 LMT recording an increase of 30.1% while sales at 5.25 LMT increased by 7.4% over CPLY.

8. The CAPEX by CPSEs under the Ministry of Steel in the month of September'21 was Rs.913.18 crore which is 40.5% higher than the CAPEX of Rs.649.93 crore in August'21 and 71.1% higher than CPLY. The cumulative CAPEX by steel CPSEs for H1:FY22 at

Rs.3282.36 crore is 46.3% higher than CPLY. The CAPEX for H1:FY22 was 24.7% of the BE. The progress is being regularly reviewed and CPSEs asked to scale up CAPEX spending.

9. As a follow up to the report on Circular Economy in Metal Sector (Ferrous and Non-Ferrous) submitted by the Ministry of Steel to NITI Aayog in July 2021, the first meeting with industry stakeholders to take this forward was held with FICCI National Circular Economy Committee on 22nd September, 2021 to discuss steps to be adopted by industry for circular economy.

10. OECD Steel Committee Meeting was held virtually on 22-24 September, 2021. India is a Participant in the OECD Steel Committee and the Indian delegation was led by Additional Secretary. The meeting discussed various issues pertaining to global steel sector including outlook for the world economy, global steel market situation, steel demand outlook, trade policy development and steel-making capacity.

11. As a part of strategic disinvestment of FSNL, Transaction Advisor conducted four virtual Road shows which were attended by the senior officers of Ministry of Steel and DIPAM.

12. National Mineral Development Corporation Ltd. (NMDC) R&D Centre and CSIR-IMMT signed a MoU to pursue joint Research and Development in the area of low and lean grade iron ore processing, beneficiation of coal, utilisation of mines waste, slurry transportation and recovery of Tungsten.

13. Quality Control Order has been enforced on Electro Galvanised (EG) Steel (IS-17404) with effect from 22nd September 2021 and on Essential Requirement for Stampings/ Cores/Laminations of Transformers (with or without windings) which are intermediate products for manufacturing of transformers, with effect from 1st October, 2021 to ensure that only quality material as per the relevant standards are made available to the users. With the above enforcements, out of 145 notified Indian Standards, a total of 130 Indian Standards have already been enforced.

14. Ministry of Steel in consultation with Ministry of External Affairs and Department of Commerce participated in the safeguard investigation initiated by the Gulf Cooperation Council (GCC) against their import of certain steel products for the period 2014 to 2019 proposing to impose additional 16 percent custom duty in respect of products under investigation for 3 years. GCC Secretariat has since notified on 2.9.2021 their decision of not approving the imposition of definitive safeguard measures against the GCC imports.

15. The 4th meeting of the Inter-Ministerial Steering Committee (IMSC) on National Infrastructure Pipeline project of Steel sector was held on 29th September, 2021. It was informed that issues related to MoRTH/NHAI w.r.t. Right of Way (RoW) and tree cutting have been resolved. MoEF&CC has taken up policy related issues of RoW and NPV in Forest Advisory Committee meeting held on 17.09.2021. Government of Odisha has

proactively taken up NOC issue with mine owners of mines coming in the path of slurry pipeline helping resolve the issues of project proponents.

16. The progress of PRAGATI projects related to Rail Lines, which are funded by steel CPSEs and implemented by Railways was reviewed with the State Government of Chhattisgarh (SGoC) and Railways on 2nd September, 2021. Ministry of Railways was advised to expedite completion and SGoC was requested to resolve pending issues of tree cutting, land transfer and security, etc.

17. The progress of nine projects of steel CPSEs costing Rs. 150 crore and above, which are uploaded on OCMS Portal of MoSPI, was reviewed on 22nd September, 2021. Cumulative expenditure of Rs. 24,024 crore has been incurred in these projects against the total cost of Rs. 31,868 crore in these projects. One project of SAIL costing Rs. 263 crore (Replacement of Converter Shells in all 03 converters of Steel Melting Shop at Durgapur Steel Plant) has since been completed.

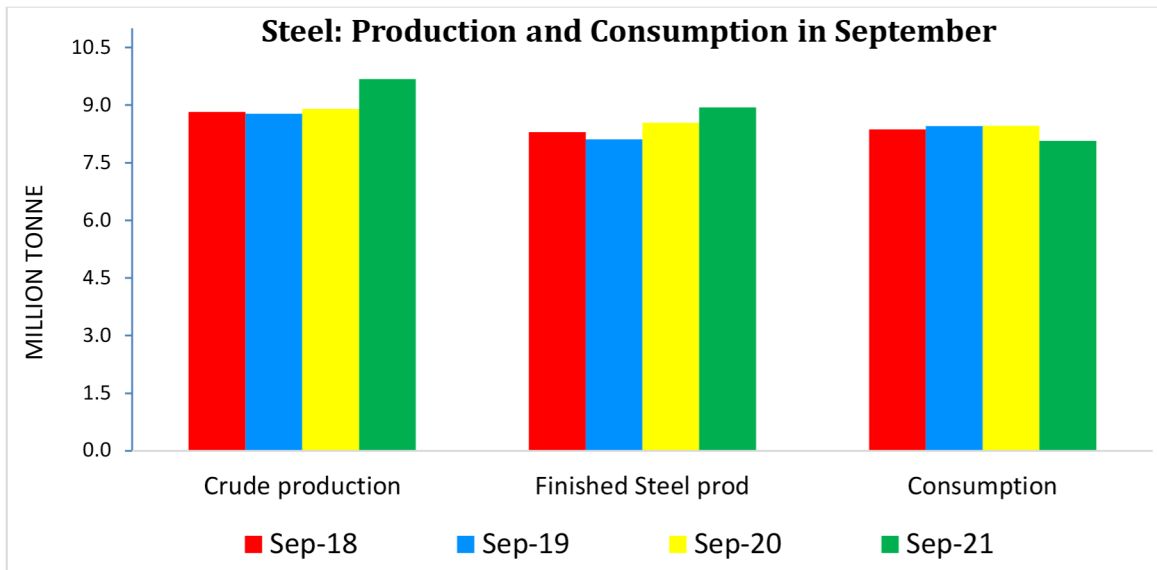
18. The Steel CPSEs participated/organised events like Fit India Freedom Run, Tech Quest Quiz, Elocution Competition during the month towards commemoration of Azadi ka Amrit Mahotsav (AKAM).

19. During the month, 14,650 MT of Liquid Medical Oxygen (LMO) has been supplied by Steel companies for medical use across the country.

20. The status of pending payments to MSMEs by CPSEs of the Steel Ministry is being monitored 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.469.24 crore was made by steel CPSEs to MSMEs during September'21 as against Rs.436.36 crore during August'21 and Rs. 302.11 crore during CPLY. During H1:FY22, Steel CPSEs made a payment of Rs. 2465.40 crore to MSME which is 59.5% higher than Rs. 1545.74 crore made during CPLY.

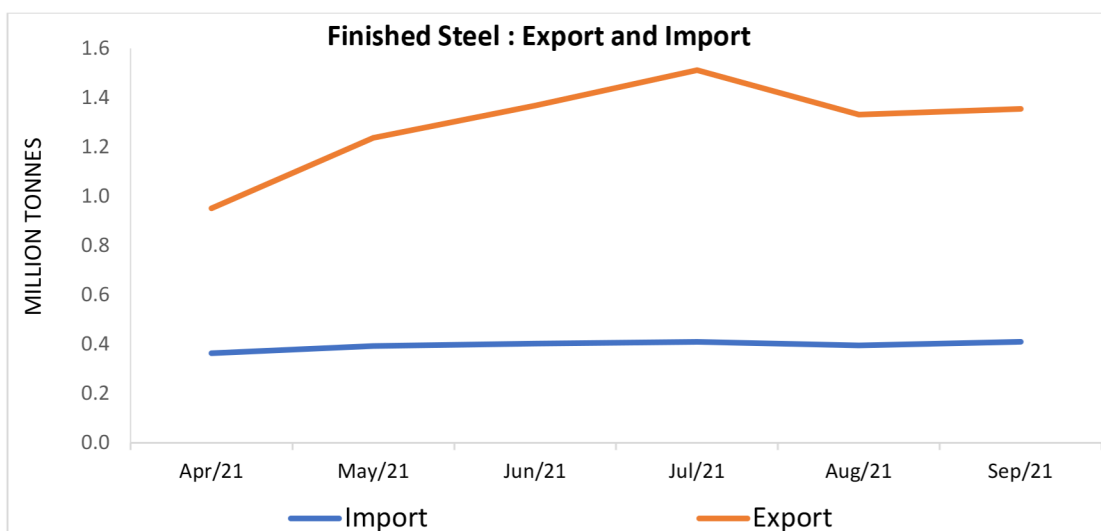
21. **Production and Consumption Scenario:**

- i. comparative picture of production and consumption of steel during the month of September over the last four years is depicted in the following graph. It is seen that production of crude and finished steel during the month of September'21 is higher but the consumption of finished steel is lower than that registered by them in the corresponding month of the preceding three years.

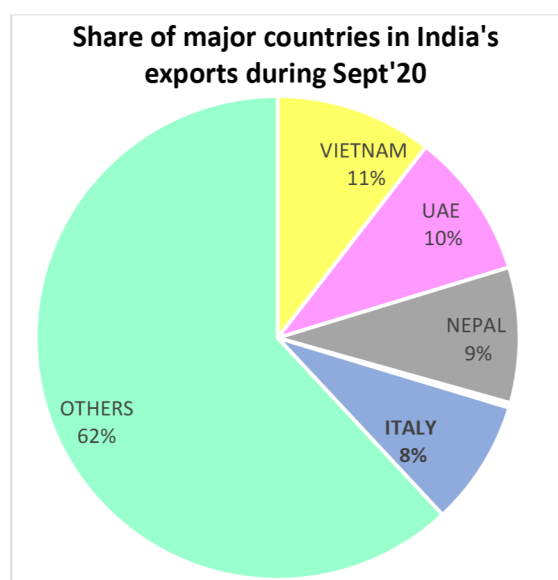
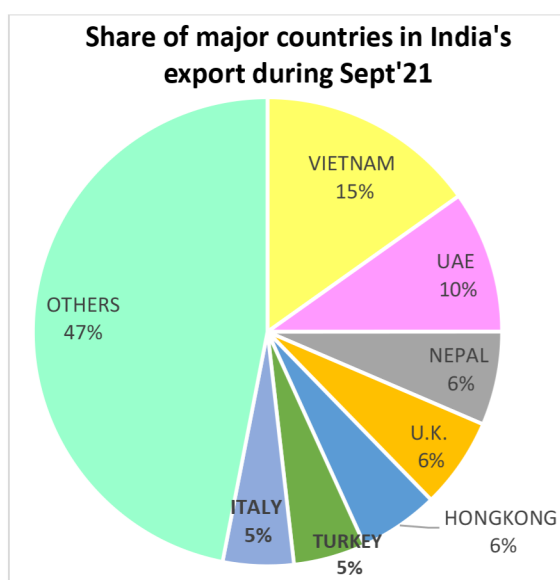


- ii. Production of crude steel in September'21 increased by 8.7% over the same month of the last year but declined by 1.8% over production in the previous month i.e., August'21.
- iii. Production of finished steel in September'21 was higher by 4.7% over CPLY but 1.0% lower than production in the previous month i.e., August'21.
- iv. Consumption of finished steel in September'21 registered a decline of 4.7% over CPLY but an increase of 1.9% M-o-M i.e., August'21.
- v. The consumption and net export taken together were higher than production during September'21 which resulted in decrease in inventories with the steel producing companies. Accordingly, the closing stock of finished steel at the end of September'21 was 7.81 MT which is 0.9% lower than that at the end of previous month and 34.1% lower than the same month of previous year.

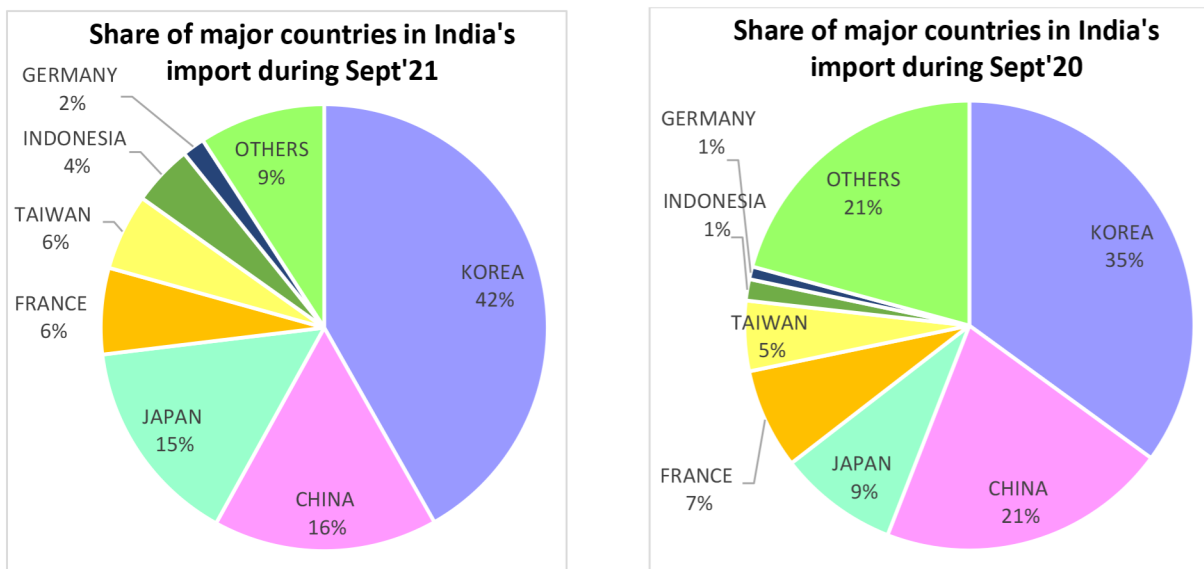
22. **Export-Import Scenario:** The month-wise trend in export and import of finished steel in the current fiscal indicates that exports increased consistently till July'21, due to the demand supply situation and high international prices. In the month of August'21, exports registered a decline and remained at similar levels in September'21 which may partly be attributed to the softening demand and prices. Imports during the H1:FY22 have remained range bound as may be seen from the following graph.



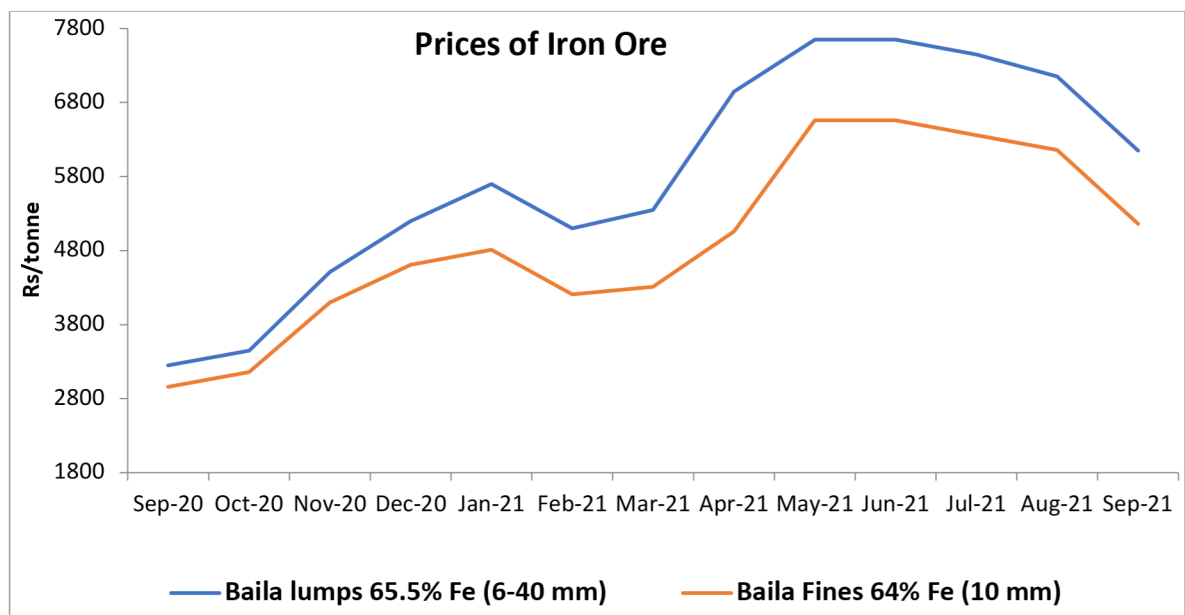
- i. Export and import of finished steel during September'21 increased by 56.8% and 28.8% over CPLY, respectively. M-o-M, export and import of finished steel in September'21 increased by 1.8% and 3.5% respectively over August'21. During H1:FY22, the export and import of finished steel increased by 18.5% and 19.6% over CPLY respectively.
- ii. India was net exporter of finished steel during September'21 recording a net trade surplus of 0.94 MT.
- iii. Share Vietnam, U.K., Hong Kong, and Turkey in total steel export from India was higher in September'21 as compared to September'20. However, share of Nepal and Italy in India's total steel export declined over the same period as may be seen from the following graph.



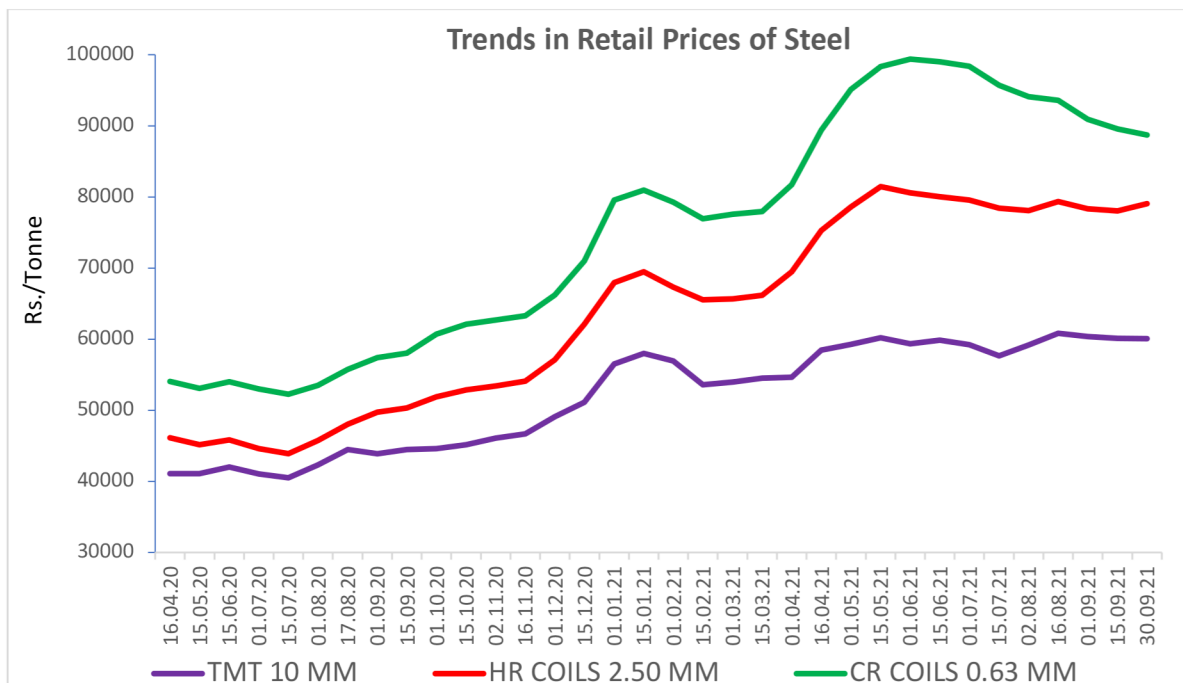
- iv. Share of Korea, Japan, Taiwan, Indonesia and Germany increased in total steel import of India in September'21 as compared to September'20 while it declined for China, and France over this period as may be seen from the following graph:



23. **Price scenario:** Prices of iron ore started increasing from August'20 and barring a dip in prices in February'21, prices continued to rise month on month till hitting its peak in May-June'21 due primarily to demand supply situation in both international and domestic market. Prices of iron ores started declining from July'21 onwards as may be seen from the graph below:



- i. the month of September'21, prices of iron ore lump declined by 14.0% to Rs.6150/tonne and that of fines by 16.2% to Rs. 5160/tonne over their respective prices in August'21.
- ii. NMDC achieved production of 26.9LMT and sales of 27.3LMT of iron ore in September'21. The production and sale of iron ore were 47.0% and 29.4% higher than that in the CPLY, respectively. Month-over-month(M-o-M) production and sales of iron ore by NMDC decreased by 12.1% and 6.2% during September, 2021. During H1:FY22, the production of iron ore by NMDC at 177.1 LMT and its sales at 185 LMT was 44.7% and 43.3% higher than CPLY, respectively. During the month SAIL produced around 26.5 LMT of iron ore which is an increase of 6.4% over CPLY and 2.3% M-o-M. SAIL booked 0.8LMT and dispatched 1.55 LMT iron ore in September'21. For H1:FY22, the production of iron ore by SAIL was 163.9 LMT while booking and dispatch stood at 14.28 LMT and 18.29LMT respectively.
- iii. Trend in retail prices of steel product categories viz., Rebar, HRC and CRC during the current fiscal may be seen from the following graph. It is seen that prices of CRC after hitting its peak in May-June'21 has subsequently seen a declining trend. However, prices of HRC and Rebar have broadly remained range-bound with some fluctuation since May'21.



- iv. The retail prices for Rebar, CRC fell by 0.55% and 2.46% respectively while prices of HRC increased by 0.95% during September'21.

24. BSE Sensex during September'21 registered an increase of 2.4% while BSE Metal Index declined by 2.4% during the month indicating an overall positive market sentiment but with some moderation in the metal sector during the month.

25. The global production of crude steel decreased by 1.4% in August'21 over August'20 due mainly to a more than 13% decline in production in China. All other major steel producing countries reported improvement in production over CPLY. The major producing countries (with production of 1 million tonne for the month) which contributed to the enhanced global production in August'21 over August'20 include Japan, USA, India, Russia, Vietnam, Spain, Germany, South Korea and Italy. As regard the share of major producing countries in the global production of crude steel, it is seen that due to decline in production in China and uptick in production in other countries, share of China declined while that of Japan, USA and South Korea increased during this period, the share of other major producers remained stable as may be seen from the following graph:

