

No. S-24011/11/2019-EA



मासिक सारांश
MONTHLY SUMMARY
ON
लौह एवं इस्पात
IRON & STEEL
अक्टूबर - 2019
October - 2019

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

Monthly Summary for the Cabinet for the month of October 2019:-

1. Steel Minister visited Tokyo, Japan to attend the Ministerial Meeting of G-20 Global Forum on Steel Excess Capacity (GFSEC) on 26th October, 2019. The meeting was aimed at evolving the consensus Ministerial Report and to proceed further the work of the Forum. However, no consensus was reached on the draft report. China was strongly objected to the continuance of GFSEC as per the Terms of Reference on the grounds that the work set in ToR has been achieved. Majority of the members suggested for continuation of GFSEC. India's approach in the Forum was to join global efforts to exert pressure on China to reduce its excess steel capacity while keeping India's need for expansion based on increasing domestic demand while supportive of the deliberations in the Forum. India advocated a consensus based approach. The meeting ended in a deadlock. In consultation with our Sherpa, a view will be taken on our continued association in the open platform.

Steel Minister met his counterpart Mr. H. Kajiyama, Japanese Minister of Economy, Trade and Industry (METI) who was keen to upgrade engagement in steel sector. The matter of signing of MoU between Japan and India was also discussed. Steel Minister also met officials of Nippon Steel, Daido Steel, JFE Steel Corporation, Primetal and Sumitomo Group of Japan and invited them to invest in India.

2. An Indian delegation led by the Secretary (Steel) comprising senior officials of Ministry of Mines, Ministry of Coal, and concerned CPSEs, attended the prestigious International Mining and Resources Conference (IMARC-2019) at Melbourne, Australia from 28th-31st October, 2019. Officials from Atomic Mineral Directorate (AMD) and from state Governments of Madhya Pradesh, Chhattisgarh and Rajasthan also participated. A befitting India Pavilion was put up with displays and materials from respective CPSEs. Further, on the opening day a special session on Indian Mining was held. A presentation and Q&A were done which was very well received by the large number of delegates who attended the session.

A number of dignitaries and delegates visited Indian Pavilion. Australian Federal Resources Minister Mr. Mathew Canavan visited Indian Pavilion. He spoke about operationalizing Adani Coal Mine and requested investment in coal and coking coal by Indian companies in Queensland. The 3rd day of the Conference witnessed continuous protest by climate change activists who even prevented delegates from entering the venue. A meeting was also held with the Australian Trade Government Representatives (Austrade) and with the officials of New South Wales and Victoria on opportunities of mining in the states.

The focus of the Exhibition in IMARC 2019 was on automation, artificial intelligence, digitization, supply & logistics, equipments, R&D, etc. The visit was to strengthen business relationships and to explore new business with Australia and other participating countries. In this regard, a number of one on one meeting were held to discuss the ways to get coking coal at competitive rates.

The participation in IMARC was a big success in terms of excellent opportunities that participants received by meeting key officials and by participating in scientific sessions. It will be definitely advantageous for us to explore possibilities

of a tie-up with scientific and R&D institutions, CSIRO, and Monash University for carrying forward the R&D in mining activities and downward processes.

A review of Legacy Iron Ore Mine located in Western Australia and in which NMDC has invested more than Rs.170 crore in the last six-seven years was also made. Not much progress in exploration has been made.

3. The Ministry of Steel as part of its 100 Days Agenda, released the first of its kind, "Safety Guidelines for the Iron and Steel Sector". These have been formulated after extensive consultation with the stakeholders and experts from the industry, association & academia of repute. The iron & steel industry are being encouraged to adopt these guidelines. These Guidelines have been uploaded on Ministry's website on 14th October, 2019.

4. Pursuant to the visit of Steel Minister to Moscow and signing of MoUs between FEMC of Russia and SAIL/NMDC of India for developing alternative sources of importing coking coal other than Australia, a follow up team of Ministry and SAIL visited Moscow and coal bearing areas in the Far East. It was decided to obtain samples for testing for taking matter forward.

State Govt. of Jharkhand has given permission to SAIL to sell low grade iron ore lying at its mine pit heads and 25% of freshly mined ore from its captive mines in open market.

5. Trade Measures

- (i) Government of India vide its notification dated 15.10.2019 has imposed provisional anti-dumping duty on coated steel product and this will be effective for a period of six months on account of surge in imports from China, Vietnam and Korea.
- (ii) Gulf Cooperation Council (GCC) has initiated a safeguard investigation against the increase of imports of certain steel products in GCC. India's share in GCC's imports in 2018 was 7.67%.

6. Production & Consumption Scenario:

- (i) Continued declining trend in the production and consumption of steel got arrested during October 2019. In the domestic market, finished steel prices (except prices of Rebar) and prices of iron ore, both fines and lumps, declined and were at their lowest level in October 2019 as compared to the prices in the previous fourteen months.
- (ii) Crude steel production saw a marginal improvement of 0.1% to 8.967 MT in October 2019 over previous month. On M-o-M basis, both production of finished steel and consumption increased by 1.2% and 3.9% respectively during October 2019. However, production was down by 5% achieved during CPLY.
- (iii) Consumption during October 2019 & April-October 2019 increased by 3.9% on M-o-M and 4.2% on Y-o-Y basis respectively.

- (iv) Amid weak demand scenario, inventories and decline in prices, the capacity utilization for crude steel of steel companies grew only by 1.24%. Though capacity utilization of private steel companies improved from 75% to 77% the same witnessed a marginal decline in case of steel making CPSEs.
- (v) The inventories with steel companies which stood at 13.89 MT, as on 1st October, 2019, declined by 3.8% by the end of October 2019. Export strategy, adopted by steel companies, have helped in bringing down inventories gradually. A declining trend has been observed in stock of finished steel since August 2019. The same declined by 10.31 percent since August 2019 to 13.36 MT in October 2019.

7. Export-Import Scenario:

- (i) While the domestic demand remained subdued, steel exports during Oct 2019 stood at 950 thousand tonnes. Exports declined slightly by 6.8% on M-o-M but were higher than imports by 320 thousand tonnes, making India a net exporter. Lower export offers to sustain the outflow of exports is the prime reason for trade surplus in Oct 2019.
- (ii) India recorded trade surplus in steel for three consecutive months from Aug 2019 to October 2019. Consequently, it became net exporter of steel for period April-Oct 2019 with trade surplus at 0.237 MT.
- (iii) Imports from Indonesia witnessed a significant increase with the share increasing to 6.8% from 1.2%. Import share from Korea and China also saw an increase whereas it declined for Japan and Taiwan.
- (iv) India's exports to Vietnam have increased significantly in October 2019 over CPLY. However, it declined for Nepal, UAE, Italy and Taiwan.
- (v) Indian iron ore imports from October 2019 was nil due to reduced domestic iron ore prices as well as increased preference for domestic pellets over South African lumps. Export of iron ore stood at 1.74 MT, up 53% during October 2019 as against 1.14 MT in September 2019 due to global supply tightness, particularly supply from Vale mines, increased iron ore exports to China etc.

8. Price scenario:

- (i) Domestic prices of iron ore lumps as well as fines declined during October, 2019 over the previous month and stood at INR 2700/tonne & INR 2460/tonne respectively. NMDC reduced prices of both by Rs. 200/tonne w.e.f. 19th October, 2019 thereby witnessing a decline of 6.90% & 7.52%, respectively. The prices for both lumps & fines have registered the lowest levels in FY 2019-20. Internationally, iron ore fine (62% Fe) prices during October, 2019 decreased by 6.1%. Reduced global demand, production curb & increase in inventory at Chinese port are the major factors behind the price fall.

- (ii) Prices of hot rolled and cold rolled coils (HRC and CRC) have witnessed continuous decline since April, 2019. On M-o-M basis, during the month of October, 2019 the prices of HRC and CRC declined by 0.45% & 1.26% respectively. The prices of Rebars which were declining since April, 2019 have registered a growth of 1.85% in October, 2019 as compared to previous month.

9. The BSE Sensex and Metal indices both remained bullish and registered a growth of 4.75% and 4.25% respectively in October 2019.

10. The production of saleable steel of SAIL and RINL stood at 1.224 MT & 0.337 MT respectively, during the month of October 2019. The production of finished steel in SAIL and RINL decreased by 9% & 41% over CPLY respectively.

I. Growth Parameters: Statistical updates:

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

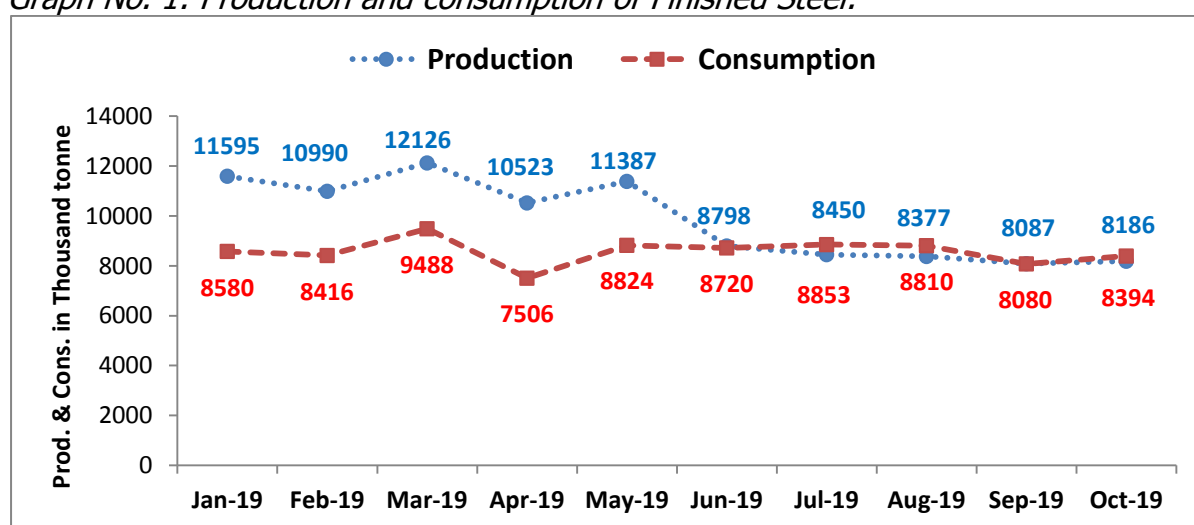


Table 1: Production & Consumption of Steel during 2019-20

(Million Tonnes)

Description	Sep'19	Oct'19	% Variation	April-Oct.		% Variation
				2018-19	2019-20	
Production (Crude Steel)	8.960	8.967	0.1	63.318	64.102	1.2
Production (Finished Steel)	8.087	8.186	1.2	57.863	60.006	3.7
Consumption	8.080	8.394	3.9	56.823	59.231	4.2

- During October 2019, production and consumption of finished steel increased by 1.2 % and 3.9%, respectively over the previous month.

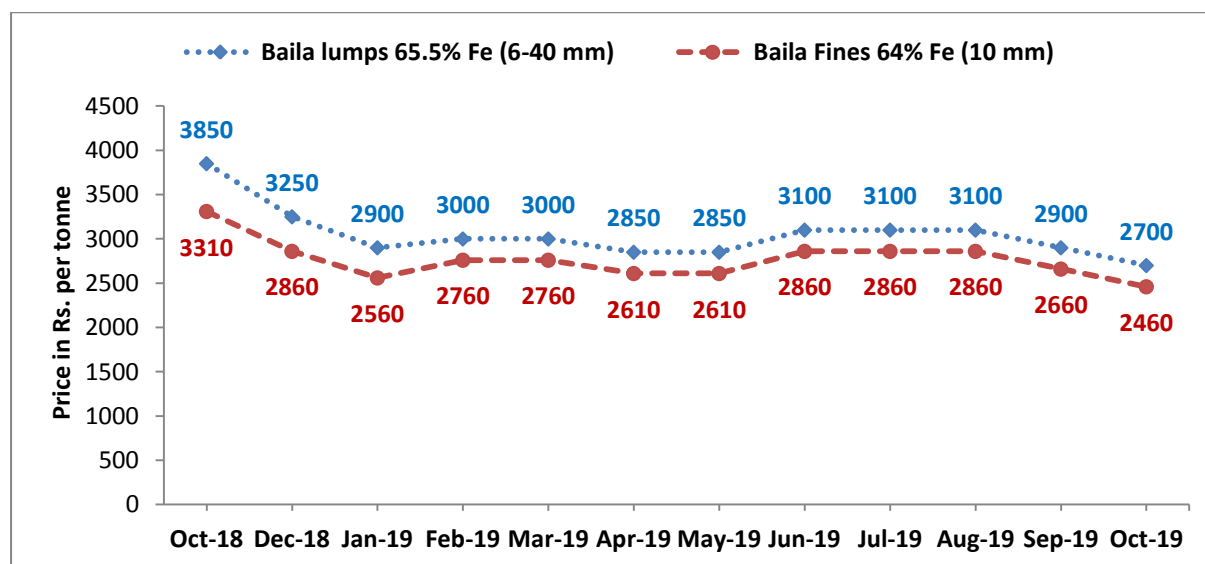
Table 2: Country-wise Crude Steel* Production

Country	(Million tonne)					
	September		% Variation	Jan-Sep.		% Variation
	2018	2019		2018	2019	
India	8.819	8.960	1.6	81.316	84.189	3.5
Japan	8.427	8.045	(-)4.5	78.619	75.639	(-)3.8
USA	7.255	7.072	(-)2.5	64.173	66.2	3.2
China	80.959	82.773	2.2	690.151	747.824	8.4

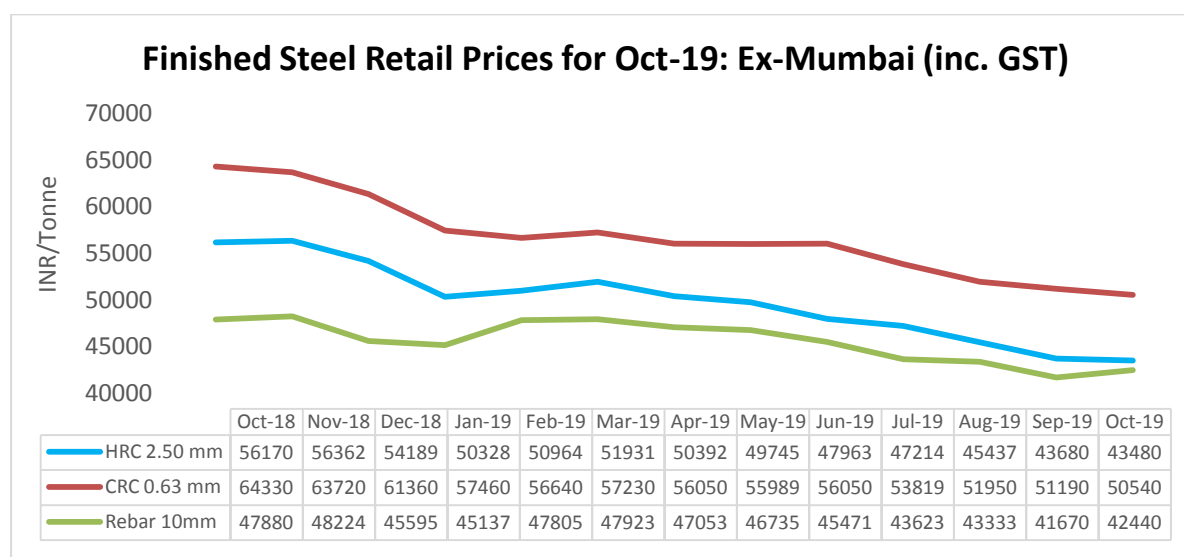
Table 3: Price of Iron Ore (Rs. per tonne)

Mineral	2018		2019									
	Oct	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Baila lumps 65.5% Fe (6-40 mm)	3850	3250	2900	3000	3000	2850	2850	3100	3100	3100	2900	2700
Baila Fines 64% Fe (10 mm)	3310	2860	2560	2760	2760	2610	2610	2860	2860	2860	2660	2460

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)					
	October		% Variation	April-October		% Variation
	2018	2019		2018-19	2019-20	
Imports	679	630	(-)7.2	4680	4648	(-)0.7
Exports	594	950	59.9	3826	4885	27.7

- Import of total finished steel was at 0.630 MT in October, 2019 declined by 7.2% over CPLY.
- At 0.950 MT, export of total finished steel was increased by 59.9% in October, 2019 over CPLY.
- India was a net exporter of the steel during October, 2019 and April-Oct 2019.

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

Month	Import	Export	(Million Tonne)	
			M-o-M Growth (%)	
			Import	Export
April 2019	0.586	0.397	(-)16.88	(-)32.93
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	0.630	0.950	11.5	(-)6.8

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

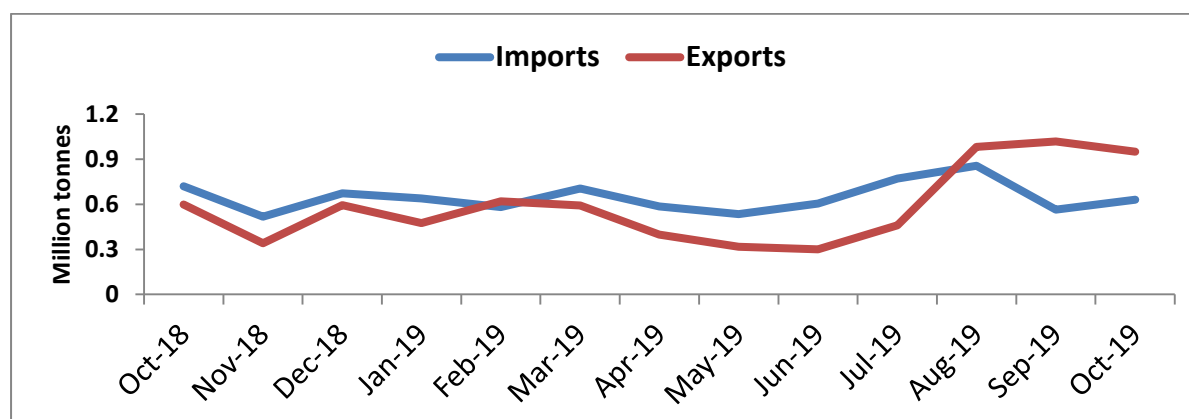


Table 6: Country-wise share of imports to India

(000' tonnes)

Country	Oct-19 (P)	(%) Share	Oct-18	(%) Share	(%) Change
KOREA	238.6	37.9	230.2	33.9	3.6
CHINA	170.3	27.1	139.5	20.6	22.1
JAPAN	69.7	11.1	146.6	21.6	(-)52.5
INDONESIA	43.1	6.8	8.1	1.2	433.6
TAIWAN	18.1	2.9	21.7	3.2	(-)16.3
OTHERS	89.4	14.2	132.5	19.5	(-)32.5
TOTAL	629.2	100.0	678.7	100.0	(-)7.3

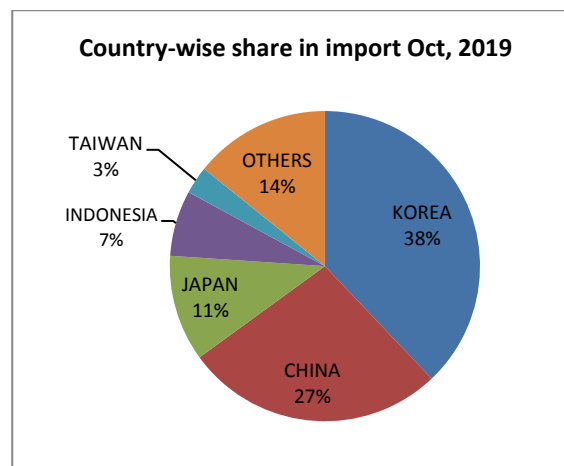
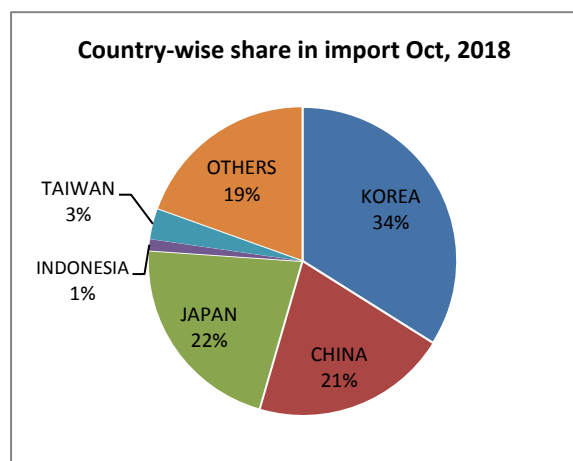
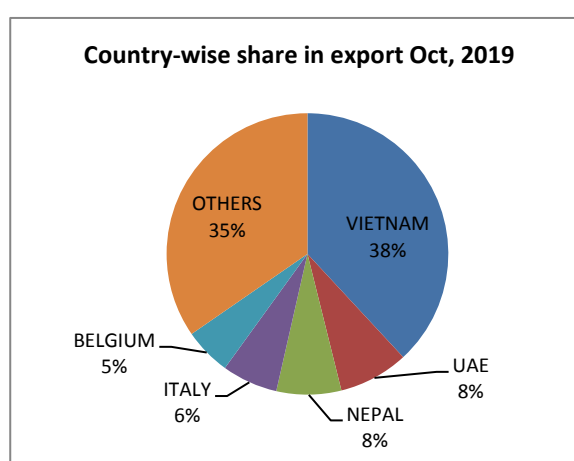
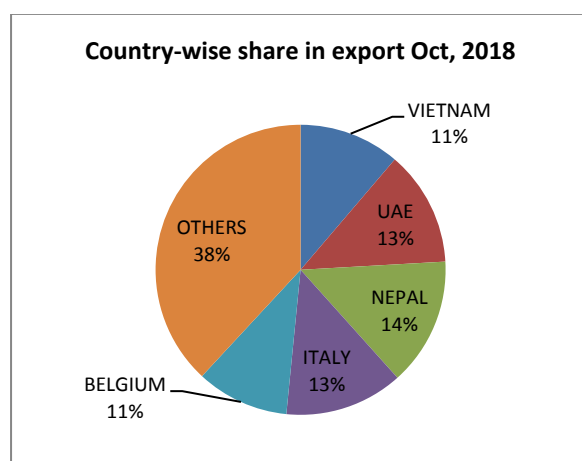


Table 7: Country-wise share of Exports from India

(000' tonnes)

Country	Oct-19 (P)	(%) Share	Oct-18	(%) Share	(%) Change
VIETNAM	362.1	38.1	66.8	11.2	441.9
UAE	76.2	8.0	76.3	12.8	(-)0.2
NEPAL	70.8	7.4	84.7	14.3	(-)16.4
ITALY	60.9	6.4	78.4	13.2	(-)22.3
BELGIUM	51.4	5.4	61.4	10.3	(-)16.2
OTHERS	329.0	34.6	226.3	38.1	45.4
TOTAL	950.5	100.0	593.9	100.0	60.0



III. Performance of Steel PSUs:

Table 8: Production/Sales/Sales Turnover:

(Million Tonnes)

Steel PSUs	October		% variation	April-Oct		% variation
	2018	2019		2018-19	2019-20	
SAIL:						
Saleable Steel (MT)	1.055	0.957	(-)9.3	6.743	6.752	0.1
Sales (MT)	1.013	1.014	0.1	7.363	7.023	(-)4.6
Total Sales Turnover (Rs. Crore)	5185	4064	(-)21.6	37469	31760	(-)15.2
RINL:						
Saleable Steel (MT)	0.438	0.337	(-)23.1	2.793	2.615	(-)6.4
Sales Steel (MT)	0.359	0.353	(-)1.7	2.679	2.264	(-)15.5
Sales Turnover (Rs. Crore)	1595	1200	(-)24.8	11620	8643	(-)25.6
NMDC:						
Production-Iron ore (MT)	3.227	2.491	(-)22.8	15.465	15.944	3.1
Sales-Iron ore (MT)	3.060	2.613	(-)14.6	16.544	17.145	3.6
Sales (Rs. Crore)	1255	950	(-)24.3	6030	6350	5.3
MOIL:						
Production-Mn. Ore (MT)	0.098	0.093	(-)5.2	0.6976	0.6719	(-)3.7
Sales-Mn. Ore (MT)	0.098	0.039	(-)60.0	0.653	0.576	(-)11.8
Total Sales Turnover (Rs. Crore)	117.71	32.6	(-)72.3	792.29	566.15	(-)28.5

Table 9: Physical & Financial Performance:

Steel PSUs	October		% variation	April-Oct		% variation
	2018	2019		2018-19	2019-20	
KIOCL:						
Pellets Production (MT)	0.230	0.140	(-)39.1	1.154	1.255	8.8
Financial Performance (Sales-Pellets) in Rs. crore	139.2	114.4	(-)17.8	935.1	1044.4	11.7
Profit Before Tax (Rs. crore)	21.24	(5.26)	(-)124.8	70.84	23.52	(-)66.8
MECON: Performance (Rs. Crore)						
Physical Performance (Total Business Procurement)	22.62	11.30	(-)50.0	3191.75	4314.39	35.2
Financial Performance (Total Revenue from Operations)	19.21	42.77	122.6	200.96	214.05	6.5
Net Profit (Before Tax)	(8.69)	(9.10)	4.7	(27.4)	(67.25)	145.4
FSNL: Performance						
Physical Performance (Iron & Steel Scrap recovery) in million tonnes	0.325	0.428	31.8	1.888	2.552	35.2
Financial Performance (Sales-Service Charges) in Rs. Crore	31.66	30.86	(-)2.5	203.89	210.67	3.3
Net Profit After Tax (Rs. Crore)	3.04	1.99	(-)34.5	13.78	11.75	(-)14.7

MSTC: Performance (Rs. Crore)						
Physical Performance (Total Trading & E-Commerce)	17841	9128	(-)48.8	76797	59031	(-)23.1
Financial Performance (Sales Turnover)	243.0	19.3	(-)92.1	1421.8	629.2	(-)55.7
Profit Before Tax	11.84	14.59	23.2	69.15	77.56	12.2

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	October, 2019		April-Oct, 2019-20	
	No. of Orders	Value of orders (Rs. in Lakhs)	No. of Orders	Value of orders (Rs. in Lakhs)
Ministry of Steel	18	5.47	244	52.19
Steel PSUs	214	295.34	1199	2383.37
