Mineral production goes down in 2014–15

FIGURES AT A GLANCE

Production of fuel and metallic minerals in India

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<tbody>
<tr>
<td>Coal</td>
<td>541.18</td>
<td>73523.04</td>
<td>-3.9</td>
<td>563.09</td>
<td>71001.54</td>
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<td>Lignite</td>
<td>43.37</td>
<td>5434.66</td>
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<td>Natural gas (utilised)</td>
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<td>28459.15</td>
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<td>Petroleum (crude)</td>
<td>37.41</td>
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<td>Bauxite</td>
<td>20.20</td>
<td>951.39</td>
<td>-6.76</td>
<td>21.666</td>
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<td>Chromite</td>
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<td>Copper concentrates</td>
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<td>-19.42</td>
<td>0.139</td>
<td>586.63</td>
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<tr>
<td>Gold</td>
<td>1322 kg</td>
<td>422.53</td>
<td>-15.47</td>
<td>1564 kg</td>
<td>338.06</td>
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<tr>
<td>Iron ore</td>
<td>129.1 Mt</td>
<td>32031.5</td>
<td>-15.28</td>
<td>152.6 Mt</td>
<td>27921.09</td>
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<td>Manganese</td>
<td>2.166</td>
<td>1498.54</td>
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<td>Zinc</td>
<td>1.318</td>
<td>2762.16</td>
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<td>Lead concentrates</td>
<td>0.194 Mt</td>
<td>430.31</td>
<td>-8.25</td>
<td>0.178 Mt</td>
<td>486.51</td>
<td>13.06</td>
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Source: Ministry of Mines

MT = million tonnes MDM = million cubic metres Kg = kilogram

A t a time when the government is pushing for 'Make in India', mineral production is estimated to have significantly decreased in 2014-15 compared with 2013-14.

Together, 12 major minerals in the fuel and metallic category, under direct control of the Union government, showed a 11 per cent fall. These being coal, lignite, petroleum, natural gas, bauxite, chromite, copper, gold, iron ore, manganese, zinc and lead.

Coal production fell to 541.2 million tonnes in 2014-15 from 563.1 mt in 2013-14. Bauxite output is estimated to have decreased to 20.2 mt from 21.6 mt in 2013-14. Iron ore, imperative for the steel industry, which is facing a global slowdown, fell 15.3 per cent, after rising 12 per cent in 2013-14.

Chromite, copper, manganese, zinc and lead had a big production fall of 29 per cent, 19 per cent, 16 per cent, 12 per cent and eight per cent, respectively. Bariting lead, the other four, in that order, had in 2013-14 risen by 0.7 per cent, 12.3 per cent, 10.5 per cent and 5.4 per cent. In value terms, lignite, chromite and gold showed a sharper decline than their volumes, indicating a fall in prices. For coal, petroleum and natural gas, the decline in volume was same to that in volumes. "The decline in mineral production (in FY15) is largely due to stagnant growth in end-use industries. For this reason, the decline is across a broad range of commodities," said Kameshwar Rao, leader (energy, utilities and mining), PricewaterhouseCoopers.

Global mineral consumption was less the year before, with China leading the reverse charge. Also, India’s raw material prices did not decrease in equal proportion to international prices, making our industries less competitive. As a result, finished products were imported in huge amounts. "The competitiveness of end-use products is impacted, to, resulting in higher imports of final products and, to a lesser extent, raw materials," added Rao.

In FY14, mineral production fell in miniscule quantities for only lignite, natural gas, petroleum and zinc. The first three showed a similar miniscule production fall in FY15, too. Zinc saw a production fall of almost 11.5 per cent. Zinc and lead concentrates showed an increase in value realisation despite fall in production. Bauxite had a negligible fall in volume, though there was almost a seven per cent fall in production.
With assets surging, ETF is the next big story

Gold accounts for nearly half of the total ETF assets, followed by banking and PSU

LOKESHWARAI SK, NALINAKANTHI V
ST Research Bureau

The rise of Exchange traded funds (ETFs) appear to be unfolding big investment story. With investors ploughing money into ETFs, the total asset under management has more than tripped from Rs.2,883 crore in May 2012 to Rs.4,088 crore by the end of March this year.

The ETF is finally coming onto its own in India. "Globally, it took over a decade for ETFs to take off and that could play out in India as well," says Vikas Sachdeva, CEO, Edelweiss Mutual Fund.

The first Indian ETF, Nifty 50, was launched in January 2002. But the first decade for these funds was insipid.

"The inflection point is just a couple of years away. It took 11 years for global ETFs to reach an asset size of $1 trillion, but it doubled in the next five years," says Sachdeva.

Surprisingly, it is the non-Nifty ETFs that have led the growth over the past three years.

The triggers
Growing investment demand for gold has made investors flock to gold ETFs. These are preferred over physical gold due to the ease of storage and higher liquidity. Gold ETFs currently account for almost 48 per cent of all ETF assets.

The Centre's decision to divest its stake in public sector enterprises led to a surge in the CPSE ETFs for Nifty, which have public sector enterprises as their underlying asset. This segment garnered Rs.4,14 crore and accounts for a fifth of the total assets.

A surge in the demand for ETFs based on banking shares over the past year is the third reason for their surge. Goldman Sachs' Bank Nifty ETF has seen assets increase from Rs.143 crore in May 2014 to Rs.1,434 crore by May 2015. Kotak Bank ETF has similarly garnered Rs.66 crore over the past year.

The increased demand in banking ETFs is driven mainly by insurance companies, says Sachdeva.

"Buying a Nifty ETF can make insurance companies exceed the sector limits in some sectors. Buying bank ETF does not come with this risk."

According to an NSE spokesperson, many brokers are encouraging investors to invest in ETFs through SIPs (systematic investment plans).

"People are willing to put money into the market as they do in a recurring deposit. About 30,000 such accounts were set up in FY15."

Lagging globally
While the growth in the last three years is heartening, the ETF segment in India lags far behind its developed market peers. The NYSE, for instance, has 1,470 ETFs listed on it. The Deutsche Börse has 1,363 ETFs. SIX Swiss Exchange has 841 ETFs and Euronext has 619 ETFs. The other major exchanges that lead in ETF trading.

In contrast, the NSE has fewer than 50 ETFs listed on it.

In January 2015, the value of ETFs traded on the NSE was Rs.459 billion while $268 billion of ETFs were traded on the Nasdaq OMX, according to the World Federation of Exchanges. The ETF turnover of $384 million on the NSE indeed compares poorly. So what is impeding the growth of ETFs in India? "It is actually a breaking product sold through a mutual fund channel," explains Sachdeva. "Push from distributors is important to attract retail investors. Since ETF is a low-margin, high-volume business, the marketing push is taking time."

Lack of options could be another factor. Compared to the Nifty ETFs, the CPSE, gold and bank ETFs are gaining traction.

This shows that investors are attracted to new strategies. While the NSE has numerous thematic and strategic indices such as the CNX Dividend Opportunity Index, NSE quality index, CNX Consumption Index or CNX Service Sector Index, fund houses are yet to launch ETFs based on them.

The assets of these funds are also set to grow with the government allowing the EPFO (Employees Provident Fund Organisation) to invest up to 5 per cent of its incremental flows into equity through ETFs.
Iron ore bites dust on demand slowdown

Top suppliers continue to push the ore though the Chinese steel sector slows

JASMINE NG

Iron ore is heading for the biggest weekly loss since April as shipments surged and data showed the slowdown in China's steel industry deepened, vindicating banks from Goldman Sachs Group Inc to Citigroup Inc that had forecast declines.

Ore with 62 per cent content delivered to Qingdao slumped 6 per cent to $63.63 a dry tonne on Thursday, falling for the sixth day, according to Metal Bulletin Ltd. Prices lost 10 per cent so far this week.

Producers' shares sank, with Rio Tinto Group dropping as much as 12 per cent in London after its stock in Sydney ended at the lowest level in two years.

Iron ore's decline eroded gains seen in the second quarter, when prices rebounded from a decade-low as shipments missed expectations. The top suppliers, including Rio in Australia and Brazil's Vale SA, remain intent on increasing supply as they seek to boost volumes and reduce costs per tonne, expanding a glut even as demand in China slows. Goldman and Citigroup said the gains in April and May wouldn't last as low-cost production was set to increase further while demand growth slowed in China.

The majors are continuing to push the tonnes, Paul Gait, an analyst at Sanford C. Bernstein & Co in London, said after data showed record shipments in June through Port Hedland, the world's largest bulk-export terminal. "Clearly, that's bad for prices, there's no way that could be interpreted positively."

Exports from the port that handles cargoes from RHB Billiton Ltd and Fortescue Metals Group Ltd jumped 14 per cent to a record 38.4 million tonnes last month, according to data on Thursday. Shipments from Brazil, the biggest exporter after Australia, surged to 32 million tonnes last month from 29.55 million a year earlier, the government said.

Just like the weakness in exports were the main reason for the rally, now the recovery is likely to drive it lower.

The purchasing managers index for China's steel industry, which has contracted for more than a year, extended its decline in June to about a seven-year low of 37.4, government data compiled by Bloomberg showed. New orders slumped to 27.9 from 37.6 in May. A reading below 50 indicates contraction. China is the world's largest buyer of seaborne iron ore.

Shipments from Australia may surge 10 per cent next year, more than twice the pace forecast for 2015, the government said on Tuesday. The outlook cited expansions by producers including Rio as well as supplies from billionaire Gina Rinehart's Roy Hill mine, which are set to commence this half.

The global surplus will expand to 151 million tonnes in 2018 from 144 million tonnes this year, according to UBS Group AG. Prices may tumble into the $30s in the second half as surging low-cost output swamps the market, Capital Economics Ltd. said.

Rio stock fell 0.9 per cent to 2,608.5 cents at 8:56 a.m. in London, while RHB was 1.4 per cent lower, down 21 per cent over the past 12 months.

In Sydney, Fortescue declined 4.7 per cent to take this year's drop to 34 per cent, Bloomberg
NMDC cuts iron ore rates by 30%

New Delhi: State-owned NMDC Ltd has slashed the prices of lumps or higher grade of iron ore by as much as 30% since January to ₹2,950 per tonne for the current month on the back of subdued demand in the domestic market. The country’s largest miner for the metal, used in the production of steel, had kept lump ore prices unchanged in January 2015 from December last year at ₹4,200 per tonne. In the case of iron ore fines, the price revision is steeper by 46%. For July 2015, NMDC has put the price of iron ore fines at ₹1,660 per tonne against ₹3,060 per tonne in January this year. The company had fixed lump ore prices at ₹3,050 per tonne, ₹3,250 per tonne and ₹3,750 per tonne in April, March and February, respectively this year. Fines were ₹1,960 per tonne, ₹2,460 per tonne and ₹2,760 per tonne in April, March and February, respectively. PTI
Bullion Cues

Gold fails Greece test

The brewing crisis in Greece has seen investors rush to the US dollar rather than gold as a safe haven

GURU MURTHY K

Worries about the Greek sovereign default are, surprisingly enough, not adding much sheen to gold. The yellow metal has failed to display any safe-haven attributes in this entire Greek drama. Instead it has been completely driven and influenced by movements in the US dollar. This is a repeat of the situation during strikes on Syria and the Russia-Ukraine crisis last year. Although financial markets are nervous, investors seem to be shunning gold as a safe haven and rushing into the dollar instead.

The global spot gold price tumbled in the past week from its high of $1,288 per ounce on Monday to record a low of $1,157 on Thursday despite the brewing crisis at Greece. However, weak US jobs data rescued the yellow metal as the dollar gave up some of its gains. Gold prices reversed a bit higher to close the week at $1,268.70, down 0.6 per cent for the week. Among the other precious metals, silver closed 0.7 per cent lower at $15.7 per ounce while platinum closed almost flat at $1,083 per ounce.

On the domestic front, the strong rupee put additional pressure on the gold futures contract traded on the Multi Commodity Exchange (MCX). The contract had closed 0.65 per cent lower at ₹26,352 per 10 gm, its second consecutive negative weekly close. MCX Silver was down 1.3 per cent and closed at ₹35,305 per kg last week.

Watch the dollar

This suggests that the US dollar will need a close watch to get cues on the bullion price movements. If the dollar gathers momentum after the outcome of the Greece referendum is known, gold could come under further pressure.

Apart from Greece, the US trade balance data on Tuesday could influence the dollar movement which in turn could impact gold.

The US Federal Reserve is largely concerned about the slowdown in exports (down about 4 per cent from $134.5 billion in December last year to $129 billion in April). If the exports data is positive, the dollar could get a further boost this week. As a result, gold could come under pressure and fall further.

On the charts

Immediate resistance for global gold spot prices is at $1,270. Inability to breach this hurdle can drag it lower to $1,254 in the coming sessions. Only a strong break above $1,270 could ease the downside pressure which can take the price higher to $1,300 or even $1,350.

Technically, the level of $1,250 is going to be very crucial to decide the next leg of move. A strong break and decisive weekly close below $1,250 will be bearish for a fall to $1,225 and $1,185. On the other hand, if gold manages to sustain above $1,250, it could remain inside the $1,150-1,200 range for some time.

On the domestic front, the MCX gold futures contract is facing strong resistance at ₹27,000 for the last couple of weeks. Immediate resistance is at ₹26,500. A reversal after testing this level can take the contract lower to ₹26,000 and ₹25,800 in the coming week. Only a strong break and weekly close above ₹27,000 will ease the downside pressure and turn the outlook bullish. But such a break looks unlikely at the moment with the presence of cluster of moving average resistances in the ₹26,500-27,000 zone.

MCX silver, on the other hand, has declined below an important trendline support at ₹36,000. It can fall to ₹35,000 in the coming days which is the next important support level. A reversal from this support could see a relief rally to ₹36,000 and ₹36,500. But a fall below ₹35,000 will increase the danger of the downtrend extending further to ₹34,000 levels.
तबादले के बाद डीडीए में
उपाध्यक्ष का पद खाली

नई दिल्ली। दिल्ली विकास प्राधिकरण (डीडीए) के उपाध्यक्ष पद से वरिष्ठ आईएएस अधिकारी बलविंदर कुमार के तबादले के बाद यह पद रिक्त हो गया है। कुमार का खान मंत्रालय में तबादला हो गया है। एक वरिष्ठ अधिकारी ने यह जानकारी दी।
ANIL AGARWAL’S BONUS UP 28% TO ₹8.85 CR

NEW DELHI: London-based miner Vedanta Resources plc has proposed a 28% hike in annual bonus to its Chairman Anil Agarwal to 8,97,000 pounds (₹8.85 crore) for the 2014-15 fiscal. Vedanta in its annual report to shareholders, ahead of its annual general meeting (AGM) on August 3 in London, said the base compensation for Agarwal will remain unchanged at 1.608 million pounds. The company’s Remuneration Committee Chairman Euan Macdonald said the firm achieved 37.2% of the maximum performance targets set for the year and “subsequently a bonus of 55.8 per cent of salary is proposed for the Executive Chairman (Anil Agarwal) and Vice Chairman (Navin Agarwal)”. Anil Agarwal’s annual bonus for the last fiscal will be 8,97,000 pounds as compared to 7,00,000 pounds in 2013-14. PTI
Subdued demand hits NMDC

State-owned NMDC has slashed the prices of lumps or higher grade of iron ore by as much as 30 per cent since January to Rs 2,950 per tonne for the current month.
माइनिंग नियम रद्द होने के खिलाफ राजस्थान पहुंचा सुप्रीम कोर्ट

लता चैतक >> नई दिल्ली

पांच हैटेंटैयर से कम भूमि में माइनिंग मिनरल के खाने संबंधी नियमों को निरस्त किए जाने के लिए हाई कोर्ट के फैसले के खिलाफ राजस्थान सरकार सुप्रीम कोर्ट पहुंची है। राज्य सरकार ने सुप्रीम कोर्ट में याचिका दालित किया है यह कोर्ट का आदेश रद्द करने की मांग की है। राजस्थान हाई कोर्ट ने गठ 9 अधिकारी का एक जालित याचिका की सुनवाई करते हुए राजस्थान माइनरल कंसर्वेशन रूल 1986 में संशोधन कर 19 जून 2012 को जोड़े गए नियम 37 की लागू 37 चूंकि को मैराकुण्डी में इस स्वीकार कर दिया गया है। हाई कोर्ट का कहना था कि वे यह नियम के अंदर सुविधा पहुंचने के लिए 14 अगस्त 2006 की अधिसूचना का उल्लेख करते हैं।

इसके अलावा हाई कोर्ट के दीपक कुमार बनाम हरियणा राज्य के मामले में दिए गए 27 फरवरी 2012 के आदेश के भी खिलाफ हैं। हाई कोर्ट के सरकार के संशोधन नियम रद्द करते हुए आदेश दिया था कि राज्य सरकार फार्मिंग मंडल के बीच के वातावरण भी तह के खाने का पहुंच न तो न देंगे और न ही पहुंच निर्दिष्ट करेंगे। राजस्थान सरकार ने याचिका में कहा है कि हाई कोर्ट को ऐसा आदेश देना का अधिकार नहीं है क्योंकि माइनरल के खाने पहुंच का समान मामला सुप्रीम कोर्ट में लिखित है। उस मामले में सुप्रीम कोर्ट ने ही राजस्थान सरकार व अन्य सरकारों को निरस्त दिया था कि वे सुप्रीम कोर्ट के निरस्त के संबंध में प्रसिद्धि राहत नहीं दें। इसके बाद कोर्ट में उन्हें अनुपालन रिपोर्ट दालित करें।

राज्य सरकार ने कहा है कि उसने नियम के बाद सुप्रीम कोर्ट में अनुपालन रिपोर्ट दालित की है और जब तक कि सुप्रीम कोर्ट राज्य की अनुपालन रिपोर्ट को मंजूर करता, उसके पहले ही हाई कोर्ट ने नियमों को गैरकानूनी कहते हुए निरस्त कर दिया।

राज्य का कहना है कि हाई कोर्ट ने नियम निरस्त नहीं करने से संन्यास दिया है।
भूरिया को अव्दांजलि देने आज ज़ाबुआ आएगे राजनाथ व तोमर भोपाल (बुरूम)। केंद्रीय मुख्यमंत्री राजनाथ सिंह, इस्पात एवं खान मंत्री नरेंद्र सिंह तोमर 6 जुलाई को बिहार आकर ज़ाबुआ प्रवास पर जाएंगे। ज़ाबुआ जिले के माचिया गाँव में सोमवार को दिलीप सिंह भूरिया की तेरहवीं एवं अव्दांजलि सभा का आयोजन है। इस कार्यक्रम में मुख्यमंत्री शिवराज सिंह चौहान, संनान महामंत्री अरविंद मेनन एवं प्रदेश अध्यक्ष नेकुमार सिंह चौहान सहित जीजीपी के अनेक पदाधिकारी भी पारंपरिक होंगे।
NMDC June iron ore output at 5.93 mt
Hyderabad, July 5
NMDC Ltd has fixed the prices of lump ore at ₹2,950 per wet metric tonnes (WMT) and fines at ₹1,660 (WMT) with effect from July 4. In a statement to the BSE, NMDC, has informed that the production for the month of June was 5.93 mt and sales was 6.65 mt. While the Chhattisgarh mine recorded an output of 3.30 mt, Karnataka mine had an output of 2.63 mt during June 2015. The sales from Chhattisgarh and Karnataka was 3.54 mt and 3.11 mt respectively during June 2015.