

M& M Monthly

Newsletter from Ministry of Mines

February, 2016

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Market Scenario:

2015 was a tough year for commodities with a sharp slowdown seen in demand from international market and the global mining sector equities market underperforming.

In the first month of 2016, the commodity market still remained grim with low international prices of metals but showing signs of recovery. Also, in the recent announcement of budget by Hon'ble Finance Minister, mining sector has received due attention. Also, the budget focuses on the infrastructure sector with a total allocation of Rs 2.18 lakh crore on the highways and railways development. This is likely to have a positive impact on the metals industry and will boost the demand for minerals like Iron, Aluminum, Copper, Zinc, etc.

Performance of Mining in February, 2016:

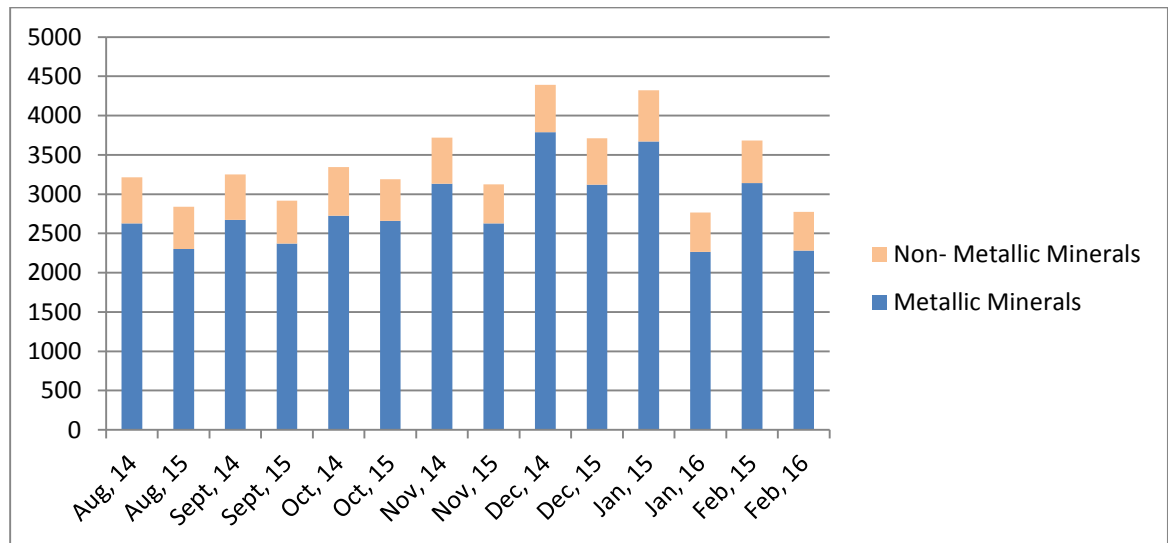
- The indices of Industrial Production for the mining sector (both fuel and non- fuel) in the month of January, 2016 stand at 138.4 with a corresponding growth rate of 1.2 percent as compared to January, 2015. The cumulative growth in the sector during April-January 2015-16 over the corresponding period of 2014-15 has been 2.1 percent.
- Index of Mineral Production for minerals under MCDR for January, 2016 was 130.2 which is 7.8% higher as compared to the level in the month of December, 2015. The index of mineral production for the period April-January 2016 stood at 117.8. This is 11.7% higher than the index of 105.4 recorded for the same period last year. The important minerals showing positive growth during the month as compared to the corresponding month of previous year are coal, chromite, copper conc., iron ore, lead conc., manganese ore, diamond, garnet (abrasive), graphite, kyanite, limestone, limeshell, magnesite, sillimanite, vermiculite, etc. However, lignite, natural gas (ut.), petroleum (crude), bauxite, gold, tin conc., zinc conc., phosphorite, wollastonite, etc have shown negative growth during current month when compared to same month last year.
- Estimated value of production covering metallic- ferrous and industrial minerals but excluding fuel minerals, minor minerals and atomic minerals is Rs. 2775 crore which is 12.1 percent lower than last month. However, if we compare the production during

corresponding month of previous year i.e. February, 2015 it was Rs. 3685 crore which was 24.7 % higher than current year.

Table 1 Estimated value of Production

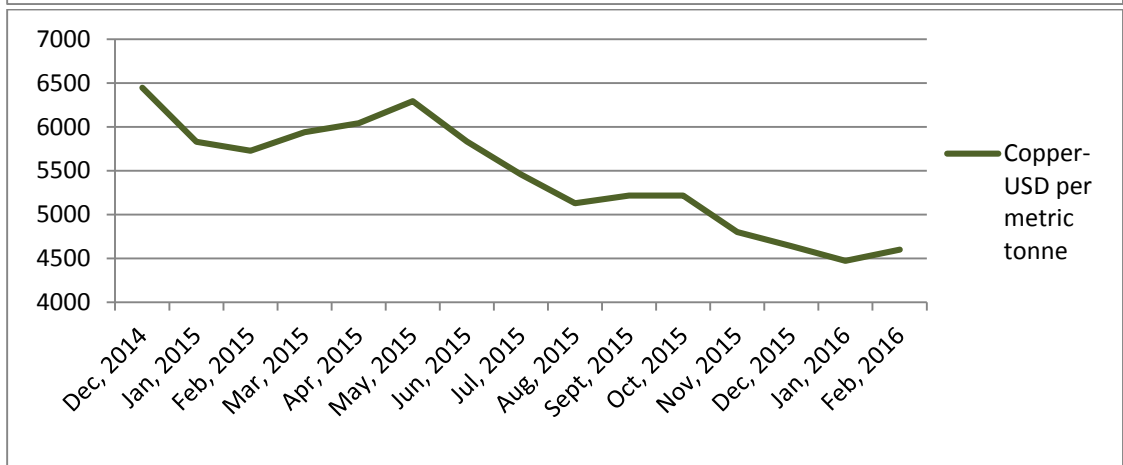
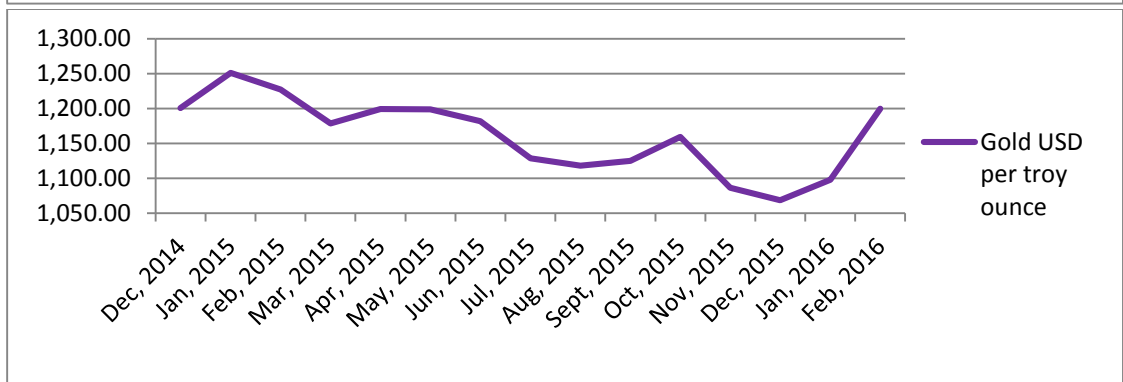
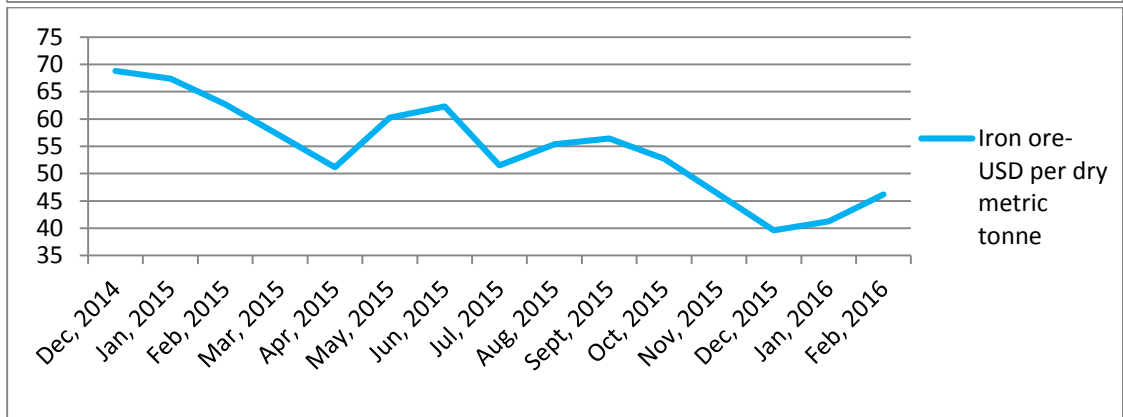
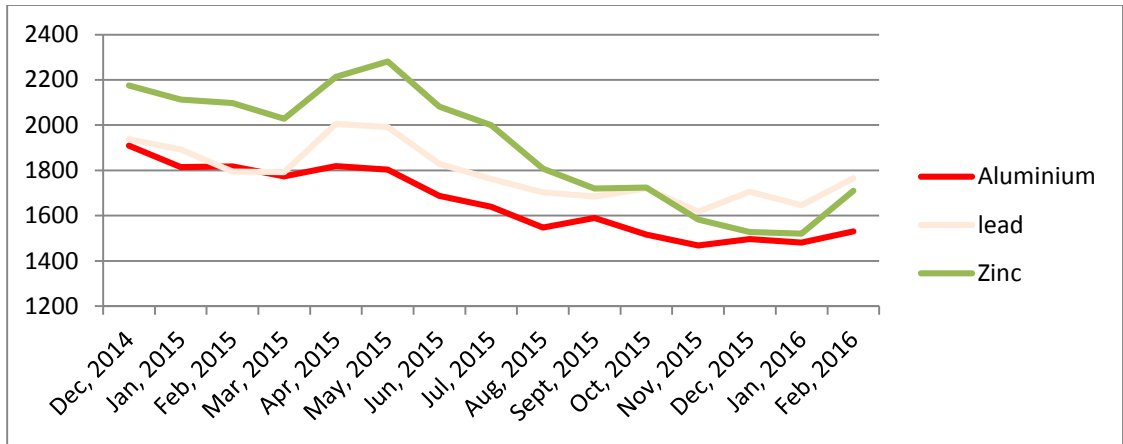
Month	Aug, 14	Sept, 14	Oct, 14	Nov, 14	Dec, 14	Jan, 15	Aug, 15	Sept, 15	Oct, 15	Nov, 15	Dec, 15	Jan, 16	Feb, 16
MCDR	3216	3253	3346	3721	4391	4324	2838	2918	3190	3126	2822	3156	2775
Metallic Minerals	2627	2673	2726	3135	3790	3669	2304	2370	2662	2629	2310	2593	2280
Non-Metallic Minerals	589	580	620	586	601	655	534	548	528	497	513	564	495

Figure 1: Estimated value of production



- Prices of commodities have improved during February, 2016 when compared to prices in January, 2016 and are on an upward trend. The prices of Iron ore, Tin and Zinc have jumped to more than 10% while prices of Aluminium, Copper, Gold, Lead, and Silver have registered positive growth ranging from 3% to 9%. However, if we compare it with last year prices, it is still very low. (Annexure A)

Given below are the graphs depicting fluctuation in prices of minerals during the one year period from Dec, 2014 to February, 2016.



Status of auctioning:

Five blocks which were due for e-auction in the month of February in the two states of Jharkhand (2 Limestone blocks) and Chhattisgarh (One gold and 2 Limestone blocks), were successfully auctioned. The successful auction by Chhattisgarh and Jharkhand in Feb, 2016 has resulted in the following additional revenue-

- Rs. 4,413 Cr & Rs. 328 Cr additional revenue over the lease period from the first 2 mining leases of 'Limestone' successfully auctioned in Chhattisgarh.
- 2 Prospecting cum Mining Leases of 'Limestone' have also been successfully auctioned by Jharkhand Government with additional revenue over the lease period of Rs. 3 Cr & Rs. 5 Cr.
- 1 Prospecting cum Mining Lease of 'Gold' also been successfully auctioned by Chhattisgarh Government with additional revenue of Rs. 81 Cr over the lease period.

The details of which are given below:

States	Rajasthan	Gujarat	Maharashtra	Jharkhand	Karnataka	Chhattisgarh	Odisha	AP	Total
NIT date	16.11.2015	11.11.2015	19.11.2015	1.12.2015	30.11.2015	8.12.2015	23.12.2015/ 5.01.2016	14.01.2016	
No. of Mines offered	3	5	4	3	14	5	3	6	43
Bid due date	04.01.2016	11.01.2016	21.01.2016	07.03.2016/ 12.02.2016	29.03.2016 / 30.03.2016/ 31.03.2016 / 01.04.2016 / 02.04.2016	18.02.2016/ 19.02.2016/ 26.02.2016/ 19.03.2016 to 21.03.2016	02.03.2016/ 10.02.2016/ 10.02.2016	26.04.2016/ 27.04.2016/ 28.04.2016/ 29.04.2016	
Status	Process annulled due to less no. of participants in bidding process	Process annulled due to less no. of participants in bidding process	Process annulled due to less no. of participants in bidding process	For Gold block, the process annulled due to less number of bidders. For the other two blocks of limestone, successful bidder-Burnpur cement	Bidding yet to commence	For gold block- Successful bidder-Vedanta Ltd. For 2 limestone blocks, the successful bidder are-Century cement and Shree Cement	For iron ore block bidding yet to commence. for other two blocks of limestone process annulled due to less no. of participants	Bidding yet to commence	

Announcement in the Budget regarding Mining Sector:

Most of the recommendations made by Ministry of Mines are suitably reflected in the Budget announcements. The key recommendations which have been accepted include:

- The export duty on Iron ore fines (with Fe content below 58%) reduced from 10% to nil;
- Export duty on Iron ore lumps (with Fe content below 58%) reduced from 30% to nil.
- Export duty on Bauxite has been reduced from 20% to 15%.
- Custom Duty on Primary Aluminium increased from 5% to 7.5%
- Other Aluminium Product import duty increased from 7.5% to 10%
- Zinc alloys import duty increased from 5% to 7.5%

In addition to above, in respect of Chromium ores and concentrate export duty has been reduced from 30% to nil.

Key Decisions & Achievements:

- The Ministry of Mines framed the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 which were published in the Official Gazette on 17.9.2015. Directions have also been issued to all States to incorporate the 'Pradhan Mantri Khanij Kshetra Kalyan Yojana' into the rules framed by them for the District Mineral Foundations. Four states namely, Chhattisgarh, Goa, Karnataka and Telangana have established DMFs and notified the rules in this regard. In addition, Jharkhand has notified the DMF but rules are in process of being framed.
- Under the National Mineral Exploration trust (NMET), so far Rs. 54 crore has been collected. MECL has been declared the nodal agency for implementation of projects under NMET.
- The Hon'ble Minister of Mines and Steel conducted a meeting with Mayor of Pohang and delegates, Republic of Korea on 12.02.2016 to strengthen the economic ties between the two countries. He urged the Korean company, POSCO to participate in ongoing auctioning of iron ore mines and collaborate with NMDC and SAIL to make value added products and help them grow through technology transfer. He also welcomed Korea to participate in Prime Minister's flagship programmes like 'Make in India', 'Digital India' and 'Start-up India'.
- The Hon'ble Minister of Mines and Steel held a meeting with deputy Prime Minister of Poland to talk about the possible areas of cooperation in areas of exploration, and urged a

Poland Company KGHM, to collaborate with Hindustan Copper Limited (HCL) in coke making and extraction of valuable elements from copper anode slime.

- The Hon'ble Minister of Mines launched the GSI's "Uncover project" which is a special initiative to be implemented in two selected areas of the country and is focused on probing deep seated/concealed mineral deposits in the country.
- The Geological Survey of India (GSI) has identified 100 blocks covering 12,000 square km which can be given to private explorers.
- Public Sector Undertakings namely SAIL, NMDC, MOIL, Chhattisgarh Mineral Development Corporation, RINL, KIOCL, Madhya Pradesh State Mineral Corporation and Gujarat Mineral Development Corporation have been permitted to carry out prospecting without license or lease.
- The Ministry of Mines has finalized the draft National Mineral Exploration Policy which proposes to allow private companies to carry out exploration of mineral bearing areas in return for a share of the royalty given to state governments.
- GSI has initiated 'National Mission for Aero-Geo-Physical Survey' and a consultant has been selected for preparation of the Detailed Project Report (DPR).

Mining in News:

- While addressing the joint sitting of parliament, Hon'ble President of India emphasized on the need for "robust infrastructure" to unlock opportunities for all. In his speech, the President also mentioned about the flagship scheme 'Pradhan Mantri Khanij Kshetra Kalyan Yojna' and how it will implement developmental and welfare projects in mining-affected areas.
- Odisha – Based Navratan PSE NALCO has announced investment of Rs 20,550 crore for expansion of its alumina refinery at Damanjodi and setting up an aluminum park in Angul in the state.

Annexure A

	Aluminium	Copper	Lead	Zinc	Nickel	Gold	Iron ore
Units	<i>USD per metric tonne</i>	<i>USD per metric tonne</i>	<i>USD per metric tonne</i>	<i>USD per metric tonne</i>	<i>USD per metric tonne</i>	<i>USD per troy ounce</i>	<i>USD per dry metric tonne</i>
Dec, 2014	1909.46	6446.45	1938.11	2,175.76	15962.05	1,200.62	68.8
Jan, 2015	1814.72	5830.54	1893.13	2,113.05	14849.19	1,250.75	67.39
Feb, 2015	1817.82	5729.27	1795.66	2,097.76	14573.84	1,227.08	62.69
Mar, 2015	1773.86	5939.67	1792.47	2,028.73	13755.5	1,178.63	56.94
Apr, 2015	1819.19	6042.09	2005.36	2,212.73	12830.92	1,198.93	51.15
May, 2015	1804.04	6294.78	1991.78	2,281.80	13511.34	1,198.63	60.23
Jun, 2015	1687.73	5833.01	1829.5	2,082.09	12825.23	1,181.50	62.29
Jul, 2015	1639.5	5456.75	1763.04	2,000.68	11413.1	1,128.31	51.5
Aug, 2015	1548.13	5127.3	1703.6	1,807.64	10386	1,117.93	55.38
Sept, 2015	1589.6	5217.25	1684.25	1,720.23	9937.55	1,124.77	56.43
Oct, 2015	1516.49	5216.09	1720.11	1,724.34	10316.83	1,159.25	52.74
Nov, 2015	1467.89	4799.9	1618.35	1,583.31	9244.33	1,086.44	46.16
Dec, 2015	1497.2	4638.83	1706.58	1,527.79	8707.79	1,068.25	39.6
Jan, 2016	1481	4471.79	1646.2	1,520.36	8507.29	1,097.91	41.25
Feb, 2016	1,531.26	4,598.62	1,765.75	1,709.85	8,298.50	1,199.50	46.18

Source: www.indexmundi.com