

M & M Monthly

Newsletter from Ministry of Mines

July, 2016
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Market Scenario:

RBI in its recently issued 3rd bi- monthly report has indicated that the growth in the advanced as well as emerging market economies are on a growing trajectory, however, the growth has been slower than anticipated. The report indicates that, *'Headwinds in the united States from declining inventory investment were offset somewhat by strong payroll numbers. In the Euro area, the re-emergence of stress in some parts of the banking sector and the brexit vote increased uncertainty. In Japan, downside risks have intensified in the form of a stronger yen, deflationary risks and contracting industrial production, triggering monetary and fiscal stimuli'*.

The RBI report further points out that on the domestic front, due to timely onset of monsoon this year, we may expect an increase in share of value- added by agriculture sector. Also, the trade deficit has narrowed in Quarter 1 of 2016-17 on year-on-year basis mainly due to reduction in import of coal, iron and steel and machinery, fertilizers and transport equipments whereas the merchandise export improved in June after eighteen months of slump. With the passage of Goods and Services Tax (GST) Bill, the momentum of growth is expected to accelerate the economy which would boost business sentiment and raise returns to investments.

During his visit to New Delhi in July, 2016, World Bank chief Mr. Jim Yong Kim mentioned that among the prevailing sluggishness in the global economy, *'the one bright spot is India'*.

Performance of Mining Sector in June, 2016:

A. Status of Mineral Production in India:

- The index of Industrial Production for the mining sector (both fuel and non- fuel) in the month of June, 2016 stood at 127.3 with a corresponding growth rate of 4.7 percent as compared to June, 2015. However, the cumulative growth in the sector during April- June 2016-17 has been 2.3 percent over the corresponding period of previous year. Index of Mineral Production for minerals under MCDR for June, 2016 stands at 133.7.
- In the first quarter of 2016-17, India registered a production growth of 14.38 percent for all major minerals. The real contributor to this growth has been Chromite (28.3%), Iron ore (42.2%), Copper Conc. (14.4%) and manganese ore (0.22%) in the metallic segment and Limestone (4.9%) in the non- metallic segment. However, due to

continued pressure on mineral prices, the value of production has registered a negative growth of 4.14%.

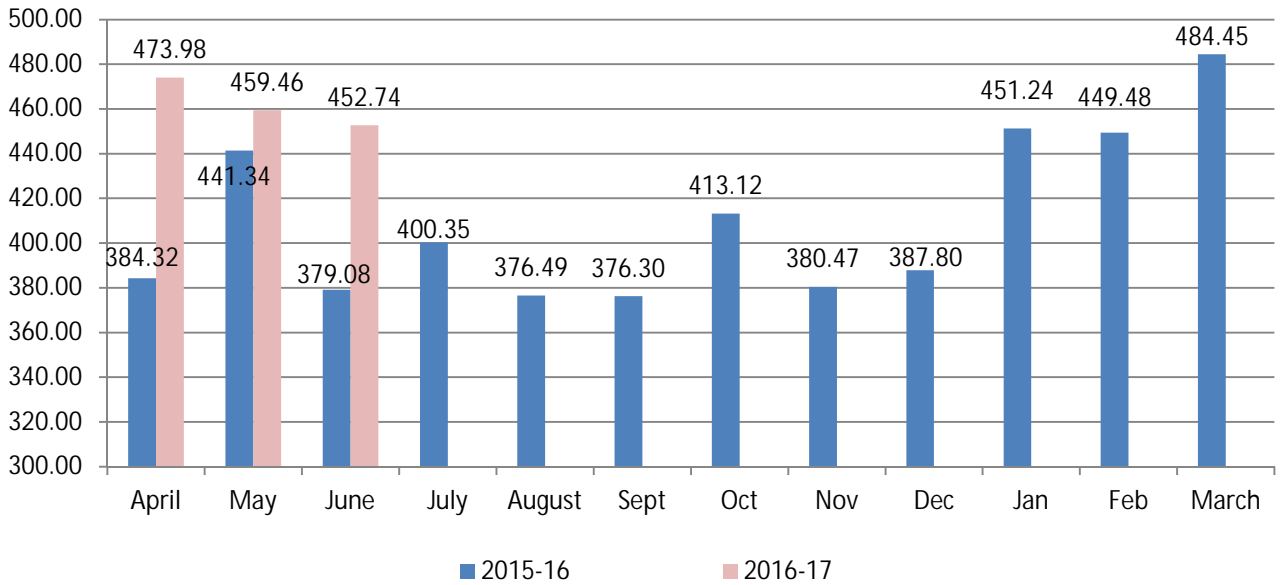
- On month on month comparison, the production of important minerals showing positive growth during June 2016 over June 2015 include Coal, Bauxite, Chromite, Copper conc., Gold, Iron ore, Diamond, Fluorite, Kyanite, Limeshell, Limestone, Magnesite, Selenite, Sillimanite, etc. However, Lignite, Natural gas (utilized), Petroleum (Crude), Lead conc., Manganese ore, Tin Conc., Zinc Conc., Garnet (Abrasive), Phosphorite, Vermiculite, Wollastonite, etc have shown negative growth during the current month over the same period of previous year.
- The provisional value of production of MCDR minerals in June, 2016 was Rs 3187 crore. The estimated value of mineral production for the month of July, 2016 is Rs 3319 crore which is 1.3 % lower when compared to July, 2015 and 4.1 % higher when compared to previous month.
- Volume and value of production figures as achieved during the month of June, 2016 is provided in the table below:

Minerals	Unit	Production (Value in Rs cr)				Growth in qty	Growth in value
		April- June, 2016		April -June, 2015			
		Qty.	value	Qty.	value		
All Minerals	Million MT	138.53481	9758.9697	121.1185 3	10180.7027	14.38%	-4.14%
Bauxite	Million MT	7.0132	370.4993	8.3844	424.7426	-16.35%	-12.77%
Chromite	Million MT	0.8096	366.4246	0.6199	538.842	30.60%	-32.00%
Copper Conc.	000' MT	31.4	138.9399	30.8	139.4686	1.95%	-0.38%
Iron Ore	Million MT	48.236	5771.6477	33.712	5732.0339	43.08%	0.69%
Lead Conc.	000' MT	50.702	183.2475	61.458	194.4509	-17.50%	-5.76%
Manganese Ore	Million MT	0.5503	268.3845	0.5491	239.8878	0.22%	11.88%
Zinc Conc.	Million MT	0.1913	759.1326	0.3796	872.6386	-49.60%	-13.01%
Other met. Minerals	Million MT	**	85.784	**	345.4164	-	-75.17%
Total Metallic Minerals	Million MT	56.8825	7944.0601	43.73726	8487.4808	30.06%	-6.40%
Garnet (Abrasive)	000' MT	15.485	11.5949	17.646	17.1326	-12.25%	-32.32%
Limestone	Million MT	81.504	1695.4421	76.883	1479.3201	6.01%	14.61%
Phosphorite	Million MT	0.1198	48.5201	0.462	136.8238	-74.07%	-64.54%
Sillimanite	000' MT	13.01	9.6408	18.675	13.7542	-30.33%	-29.91%
Other non Metallic	Million MT	**	49.7114	**	46.1912	-	7.62%
Total Non- Metallic minerals	Million MT	81.65231	1814.9096	77.38127	1693.2219	5.52%	7.19%

the table excludes precious stones

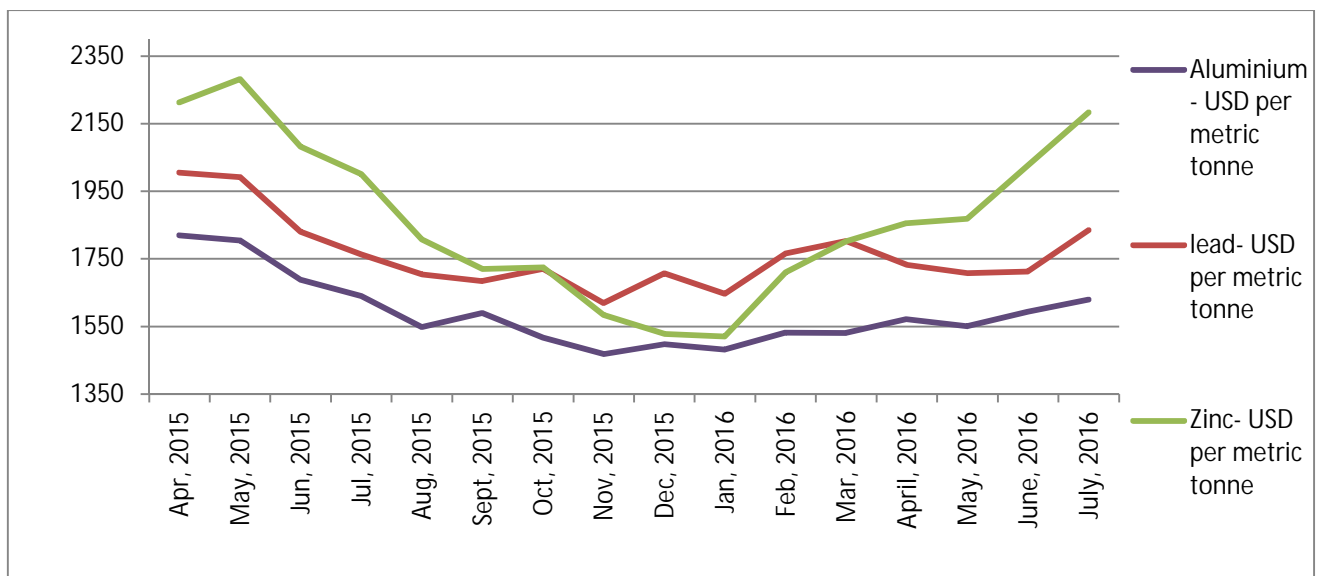
** Not additive.

Production of Major Minerals (unit in Lakh metric tonne)

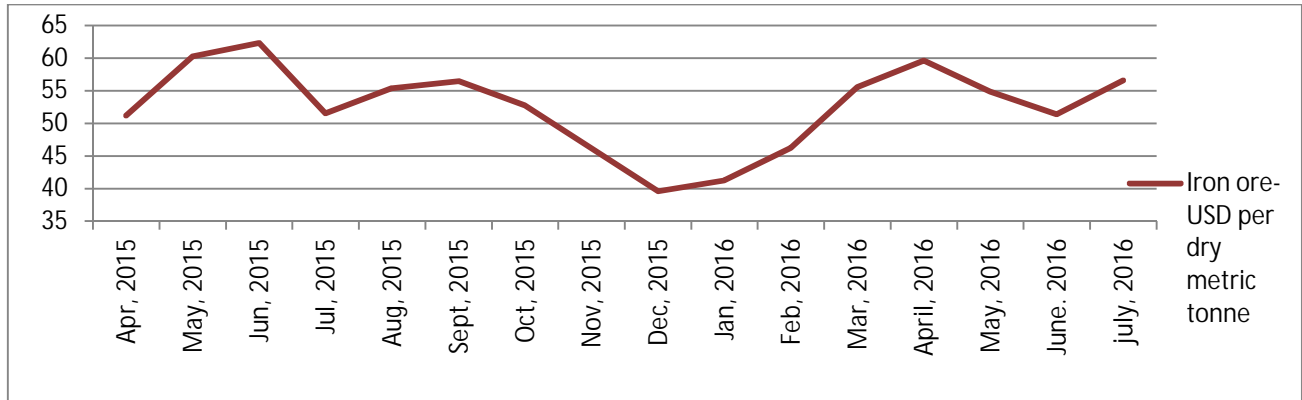


B. Trend in international prices

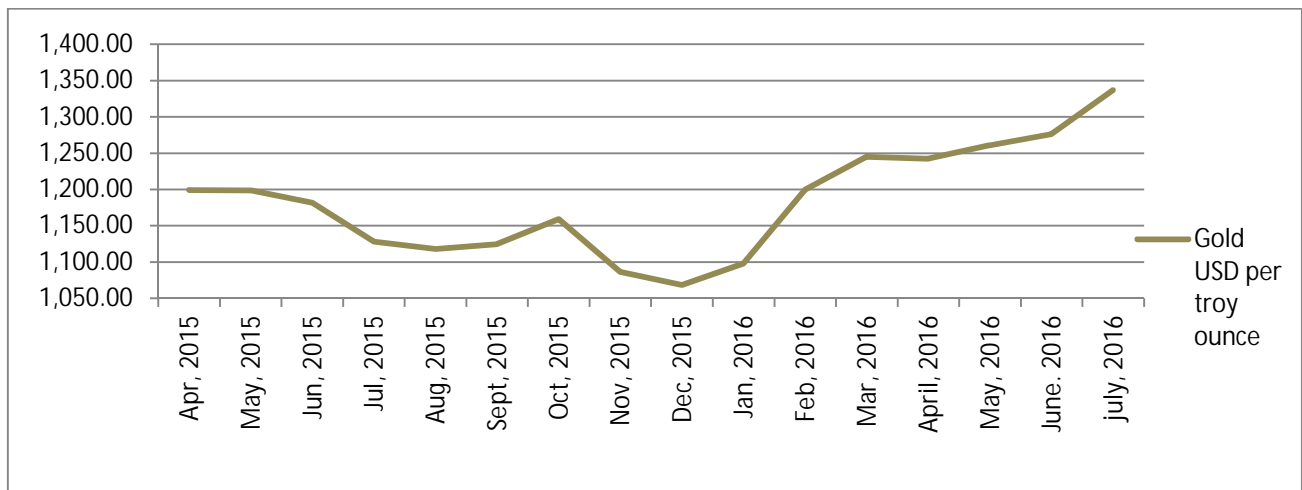
- After a massive downturn in the past several months, the prices have improved in the month of July with positive growth in all commodities. It may be seen that the prices have been gaining momentum and leveling back to the prices in the previous years in the annexure attached. Given below are the graphs depicting fluctuation in prices of minerals during the one and half year period from April, 2014 to July, 2016.



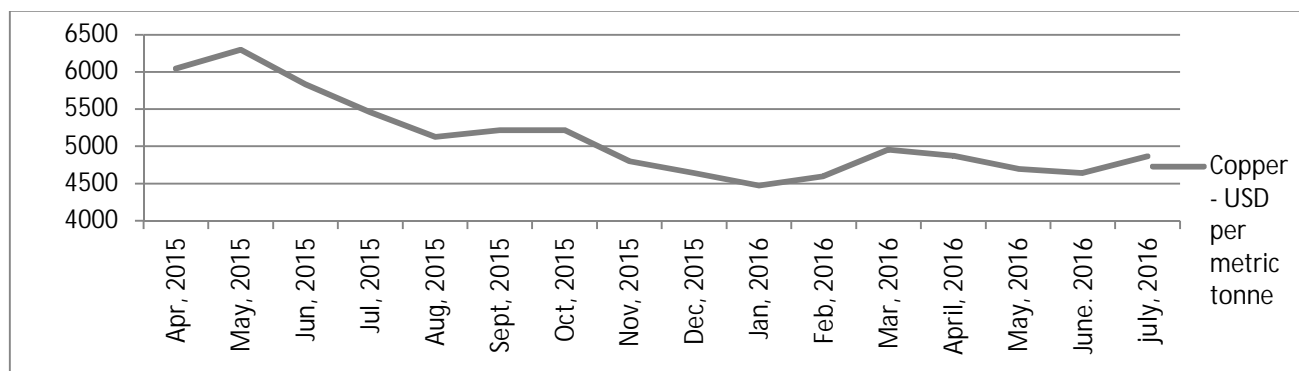
- The price of aluminium has been consistently improving in 2016-17. In the month of August, 2016 the prices has improved from USD 1593.51 per tonne in June, 2016 to USD 1629.05 per tonne with a growth of 2.23%. Similarly, the price of lead also showed tremendous improvement registering a growth of 7.12% from USD 1712.77 per tonne in June, 2016 to USD 1834.79 per tonne in August, 2016. The price of Zinc also showed improvement in second consecutive month with a growth of 7.75 % from USD 2026.19 per metric tonne in June, 2016 to USD 2183.25 per metric tonne in August, 2016.



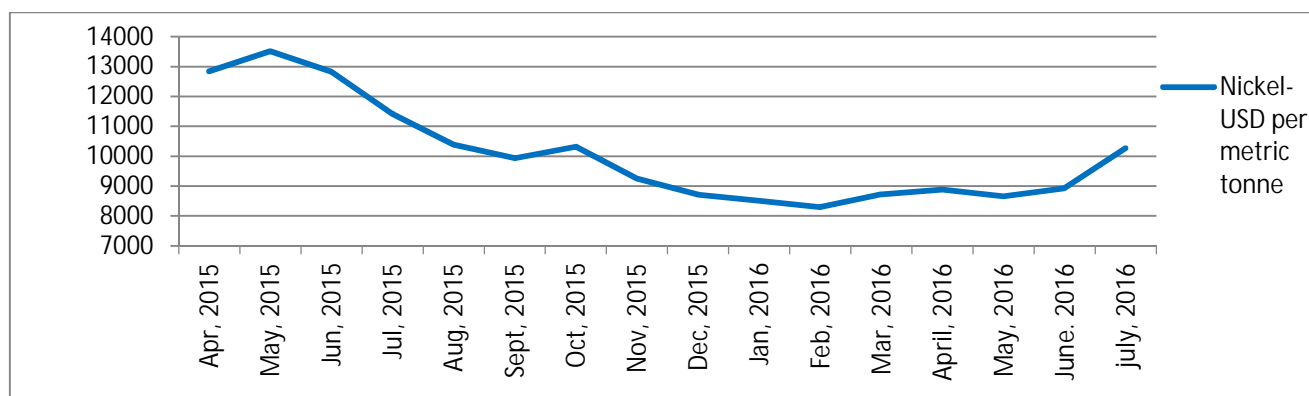
- The price of iron ore showed immense improvement in the month of August, 2016 from USD 51.36 per dry metric tonne in June, 2016 to USD 56.57 in July, 2016, registering a growth of 10.14 percent.



- The price of Gold has been consistently improving in past few months to an all time high of USD 1336.65 per troy ounce in month of August, 2016 when compared to past one and half year prices as can be seen from the graph above.



- The price of copper improved from USD 4641.97 per metric tonne in June, 2016 to USD 4864.90 in July, 2016, registering a growth of 4.80 percent.



- The price of Nickel improved from USD 8928.35 per metric tonne in June, 2016 to USD 10,262.86 in July, 2016, registering a growth of 14.95 percent.

C. Export and import of major minerals

Mineral	HS Code	unit	Quantity			
			Exports		Imports	
			2015-16	2016-17 (apr- may)	2015-16	2016-17 (apr- may)
Iron ore	2601	Million Tonnes	5.323	3.625	7.09	0.842
Aluminium ores and concentrates	260600	Million tonnes	9.758	0.1969	1.23	0.089
Copper ores and concentrates	260300	Tonnes	12,601.11	0.9259	20,79,179.044	2,74,487.66
Zinc ores and concentrates	260800	Tonnes	615.1007	0.022	424.389	28.329
Chrome ores and concentrates	261000	Million tonnes	2.284	0.136	0.207	0.0237
Manganese Ore	260200	Tonnes	487.916	105.822	24,43,674.52	3,67,212.956

Source: DGFT

Key Decisions & Achievements:

- Atomic Minerals Concession Rules, 2016 was notified on 11th July, 2016 which applies only to mineral concessions relating to atomic minerals occurring as such or in association with one or more other minerals, provided the grade of such atomic minerals is equal to or more than the threshold value.
- Amendments in the EIA Notification, 2006 dated 1st July, 2016 vide S.O 2269(E) of Ministry of environment, forest and climate change regarding environmental clearances for minor minerals and environment clearances for leases in cluster. The following are the directions as per the notification:
 - i. District Mineral fund can also be used to augment the fund for implementation of Environment Management plans.
 - ii. Environment Management plan shall be prepared and presented within 90 days from date of publication of this notification in Official Gazette for environment clearance granted on or after 15th January, 2016 to any lease in that cluster. The recommendation of the State Expert Appraisal Committee and approval of the State Environment Impact Assessment Authority shall be granted within sixty days of presentation of the Environment Management Plan.
 - iii. The implementation of the Environment Management Plan shall begin within six months from the date of publication of this notification in the Official Gazette. The Environment Management Plan shall be monitored at the interval of six months by the concerned State Environment Impact Assessment Authority.
 - iv. The leases not operative for three years or more and leases which have got environmental clearance as on 15th January, 2016 shall not be counted for calculating the area of cluster, but shall be included in the Environment Management Plan and the Regional Environmental Management Plan.”
- Target vs. achievement of Geological Survey of India (GSI) as on 31st July, 2016:

Scheme/Mission	Name of the Scheme/ Project/Programme	Target * (Apr'16 to Mar'17)	Target for July 2016	Achievement (July'16)	Achievement from 1 st April'16 to 31 st July'16
MISSION-I					
a) Ground Survey	i) Spl. Thematic Mapping (sq.km.)	9230	Nil	48	51

	ii) Geochemical Mapping (sq.km.)	1,37,000	Nil	478	1279
	iii) Geophysical Mapping (sq.km.)	95,200	Nil	Nil	3155
b) Aerial Survey	iv) Multisensor/Aeromagnetic Survey (with Twin Otter (lkm)	60,000	-	Nil	2283
	v) Heliborne Survey (lkm)	25,000	-	Nil	616
c) Marine Survey	Parametric Survey within EEZ and beyond				
	1. Bathymetric Survey (lkm)-	10,000	-	Nil	1831
	2. Magnetic (lkm) -	10,000	-	Nil	1445
	3. Swath Bathymetry (sq.km.)	42,000	-	Nil	100
	4. Seismic Survey (lkm)	5,000	-	Nil	1038
	5. Gravity (l. km)	16,000	-	Nil	1038
	6. Sub bottom profiling (l. km)	15,000	-	Nil	804
	7. Systematic coverage within TW and EEZ (Sq. km)	4650	-	Nil	Nil
MISSION-II					
NATURAL RESOURCES	a) Large Scale Mapping (LSM) (sq. km.) including 214 sq. km of LSM for coal (M-IIB)	5,500	Nil	78.5	308.25
	b) Detailed mapping (DM) (sq. km.)	103	Nil	4.32	7.01
	c) Drilling (meter)	1,13,000	9040	8655.35	37434.30
	d) Preliminary mineral investigation within EEZ (sq.km)	25,000	-	Nil	2649
MISSION-III					
GEOINFORMATICS	(Map, Publication, Information Technology, Core Library etc.) (in nos.)	35	-	-	All items initiated
MISSION-IV					

FUNDAMENTAL AND MULTIDISCIPLINARY GEOSCIENCES	[Geotechnical, Earthquake Geology & Seismology, Geoenvironment, Glaciology, Geothermal, Polar studies etc.] (in nos.)	61	-	6	44
RESEARCH & DEVELOPMENT	Research (No. of Investigation including Deep Geol) (in nos)	49	-	10	22
MISSION-V					
TRAINING AND CAPACITY BUILDING	Training (in GSITI) No. of Types (No. of courses)	85	-	16 completed & 5 in Progress	34 completed & 5 in Progress

*Target as per outcome budget 2016-17.

Mining Sector in News:

- Prime Minister in his 4 day tour to South Africa had urged and agreed to deepen its traditional ties by boosting trade and investment ties especially in areas of minerals and mining, manufacturing, renewable energy, etc while vowing to actively participate in dealing with issues at various multilateral forums.
India- South Africa pact with regards to mining sector includes:
Hindustan Zinc will collaborate with **Minova Africa** for development and supply of rock support systems for underground mining in India and with **Feremel** for supply and maintenance of underground mining equipment.

Annexure

Minerals	Aluminium	lead	Zinc	Copper	Nickel	Gold	Iron ore
Units	USD per metric tonne	USD per metric tonne	USD per metric tonne	USD per metric tonne	USD per metric tonne	USD per troy ounce	USD per dry metric tonne
Months							
Mar, 2015	1773.86	1792.47	2028.73	5939.67	13755.5	1178.63	56.94
Apr, 2015	1819.19	2005.36	2212.73	6042.09	12830.92	1198.93	51.15
May, 2015	1804.04	1991.78	2281.8	6294.78	13511.34	1198.63	60.23
June, 2015	1687.73	1829.5	2082.09	5833.01	12825.23	1181.5	62.29
July, 2015	1639.5	1763.04	2000.68	5456.75	11413.1	1128.31	51.5
Aug, 2015	1548.13	1703.6	1807.64	5127.3	10386	1117.93	55.38
Sept, 2015	1589.6	1684.25	1720.23	5217.25	9937.55	1124.77	56.43
Oct, 2015	1516.49	1720.11	1724.34	5216.09	10316.83	1159.25	52.74
Nov, 2015	1467.89	1618.35	1583.31	4799.9	9244.33	1086.44	46.16
Dec, 2015	1497.2	1706.58	1527.79	4638.83	8707.79	1068.25	39.6
Jan, 2016	1481	1646.2	1520.36	4471.79	8507.29	1097.91	41.25
Feb, 2016	1531.26	1765.75	1709.85	4598.62	8298.5	1199.5	46.18
Mar, 2016	1531.01	1802.19	1801.69	4953.8	8717.25	1245.14	55.52
April, 2016	1571.23	1732.27	1855.37	4872.74	8878.86	1242.26	59.58
May, 2016	1550.63	1707.8	1869.03	4694.54	8660.35	1260.95	54.85
June, 2016	1593.51	1712.77	2026.19	4641.97	8928.35	1276.4	51.36
July, 2016	1629.05	1834.79	2183.25	4864.9	10262.86	1336.65	56.57