

## M& M Monthly

### Newsletter from Ministry of Mines

March, 2016

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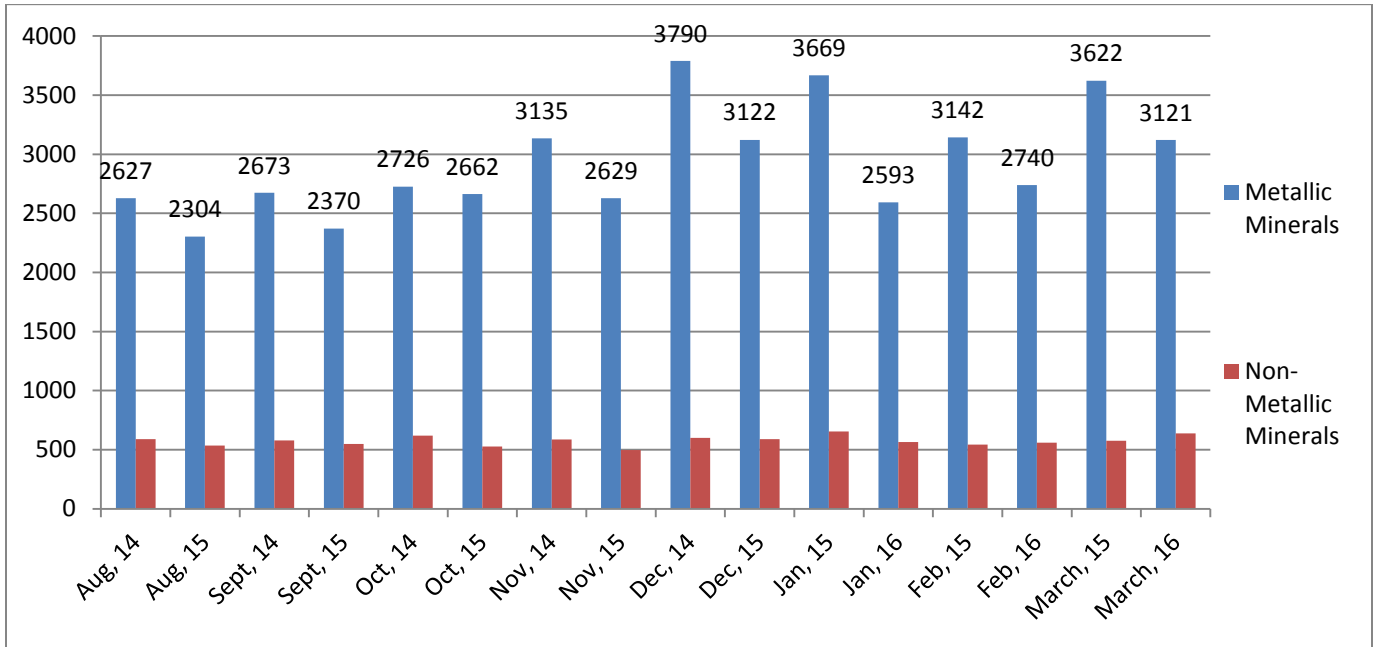
#### **Market Scenario:**

Industrial output in the country rose by two per cent in February after falling continuously for three months, mainly by a 9.6 per cent rise in electricity generation and a 5.0 per cent in mining output. This could hint at a rebound in the industrial activity and would give boost to manufacturing sector which grew by merely 0.7 percent in February, 2016. The prices of commodities are also on an upward trend after a continuous decline throughout the year 2015 which indicates that the market is reviving.

#### **Performance of Mining Sector in March, 2016:**

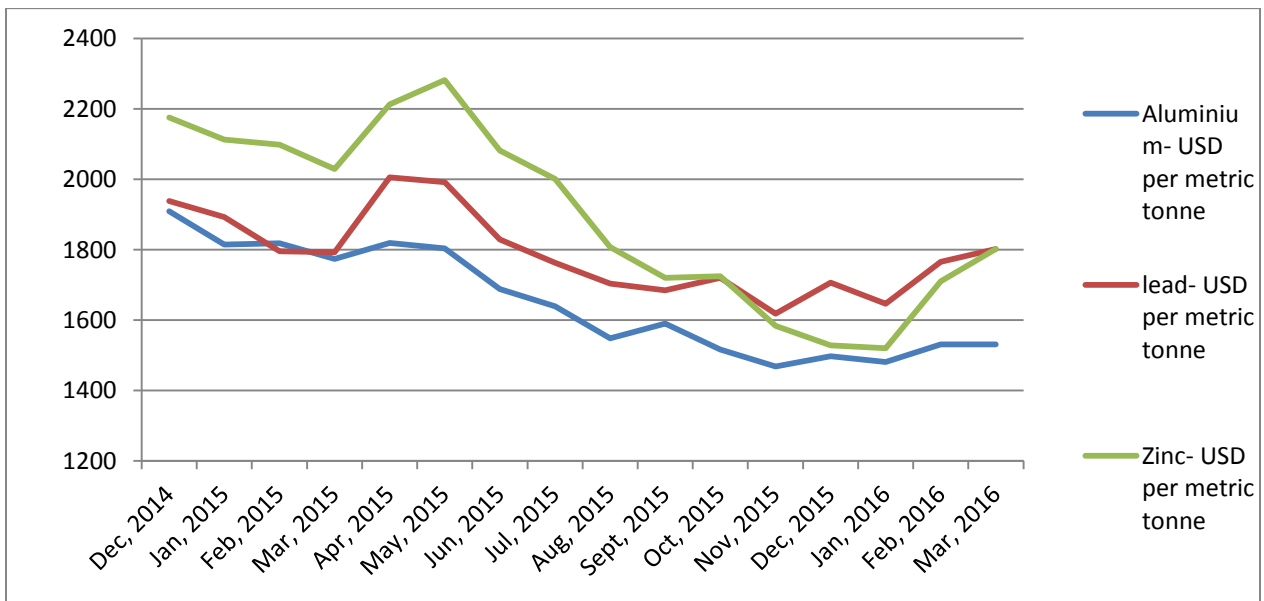
- The indices of Industrial Production for the mining sector (both fuel and non- fuel) in the month of February, 2016 stand at 136.1 with a corresponding growth rate of 5.0 percent as compared to February, 2015. The cumulative growth in the sector during April- February 2015-16 over the corresponding period of 2014-15 has been 2.4 percent.
- Index of Mineral Production for minerals under MCDR for February, 2016 was 139.4 which is 4.7% higher as compared to the level in the month of January, 2016. The important minerals showing positive growth during the month as compared to the corresponding month of previous year are Bauxite, Chromite, Copper Conc., Iron ore, Lead conc., Diamond, Garnet (Abrasive), Graphite, Kyanite, Limestone, Sillimanite, etc. However, Gold, Manganese ore, Tin conc., Zinc Conc., Magnesite, Phosphorite, vermiculite, 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 for the month of March is Rs. 3758 crore which is 13.9 percent higher than last month. However, if we compare the production during corresponding month of previous year i.e. March, 2015 it was Rs. 4198 crore which was 10.5 % higher than current year.

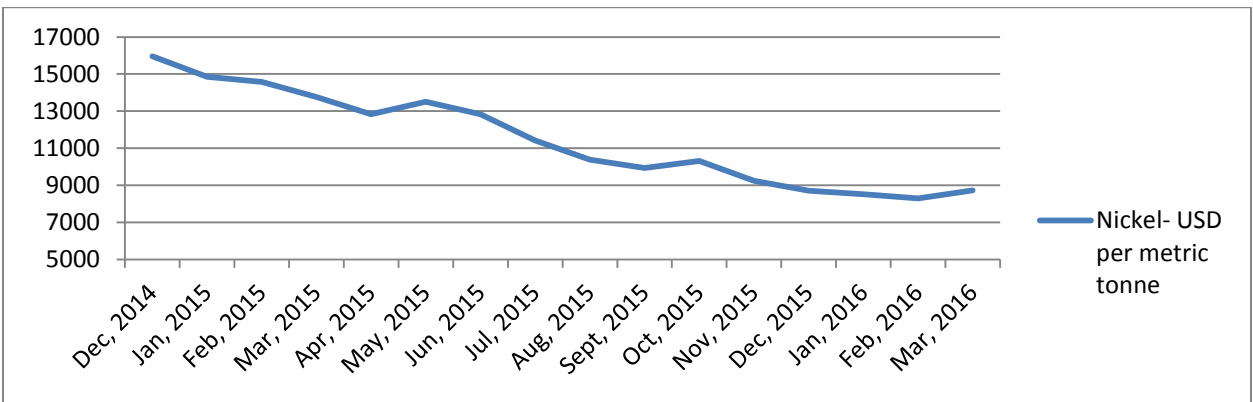
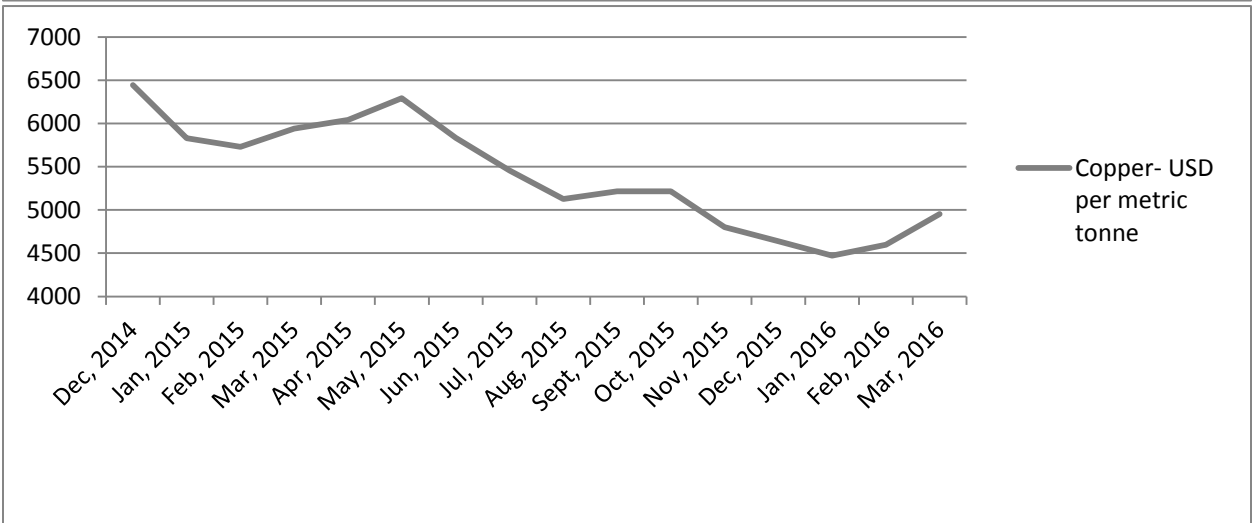
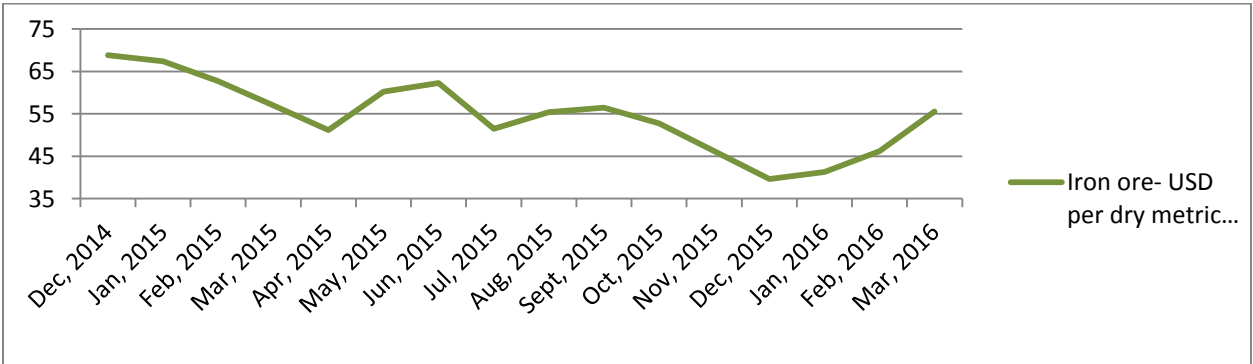
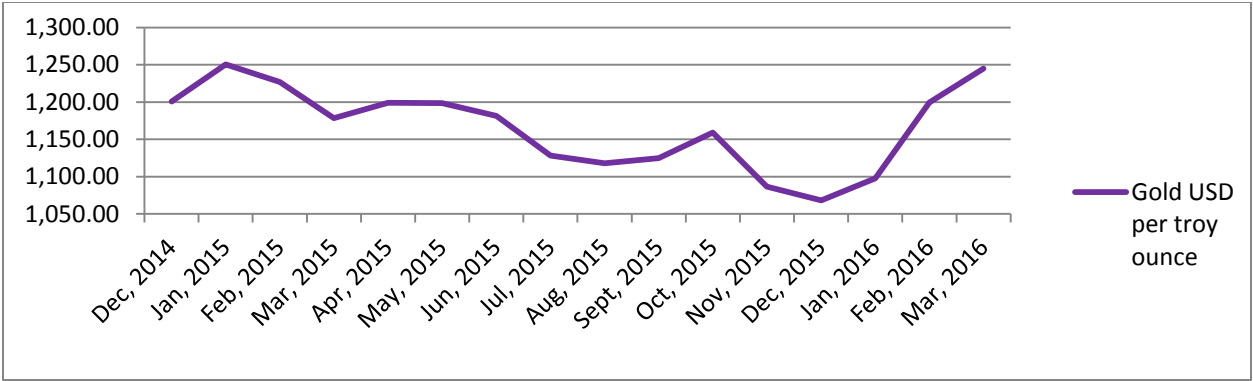
Figure 1: Estimated value of production



- After the huge slump in prices of commodities in 2015, there seems a correction in the market with prices of commodities like iron ore showing positive growth of 20% during March, 2016 when compared to prices in February, 2016. The prices of Copper, Nickel and Zinc have also registered a positive growth of more than 5% in the same period. (Annexure A)

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





## Status of auctioning:

One block of iron ore in the state of Odisha which was due for e-auction in the month of March was successfully auctioned. The successful auction has resulted in the following revenue-

- Total revenue of Rs 11, 328 Crore with additional contribution through auction constituting revenue of Rs 8216 Crore over the 50 years lease period.

States	Rajasthan	Gujarat	Maharashtra	Jharkhand	Karnataka	Chhattisgarh	Odisha	AP	Total
<b>NIT date</b>	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	
<b>No. of Mines offered</b>	3	5	4	3	14	5	3	6	43
<b>Bid due date</b>	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	
<b>Status</b>	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, <b>successful bidder-Burnpur cement</b>	Bidding yet to commence	For gold block- <b>Successful bidder-Vedanta Ltd.</b>  For 2 limestone blocks, the <b>successful bidder are-Century cement and Shree Cement</b>	For iron ore block , <b>preferred bidder-Essar Steel.</b>  for other two blocks of limestone process annulled due to less no. of participants	Bidding yet to commence	

## **Key Decisions & Achievements:**

- Constitution of Inter-Ministerial Group i.e. post- auction mining clearances and approval facilitator (PAMCAF) - To expedite various clearances/ approvals required after the mineral block is allocated through e- auction, it has been decided at apex level to constitute an Inter- Ministerial Group and name it PAMCAF. All the key stakeholders have been notified and asked to nominate appropriate level officers to PAMCAF.
- Hon'ble Minister of Mines and Steel released a suomoto statement in the Lok Sabha under Rule 372 on mining sector reforms on 14th March, 2016. In the statement, he mentioned about the successful auctions which had taken place in respect to six blocks which would fetch total revenue of Rs 18.146 crores to the State governments. He also informed the house about the additional royalty of Rs 1,313 crore to be generated after an increase in the royalty rates as well as contribution to National Mineral Exploration Trust (NMET) and District Mineral Foundation (DMF), which is result of major initiatives taken by the present government. He was also pleased to inform the parliament about the launch of Pradhan Mantri Khanij Khestra Kalyan Yojna (PMKKKY) on 17<sup>th</sup> September, 2015 where many states governments have initiated the welfare and developmental work for people and area affected by mining activities with the help of funds collected under the DMF.

## **Mining in News:**

- Union minister Narendra Singh Tomar in a recent press conference highlighted the market scenario of mining sector and talked about the series of measures taken by the government to boost the sector. He lauded the budget 2016-17 which proposed an outlay of 2.21 lakhs crores for infrastructure, village electrification, rail network and road construction , which will help boost the demand for metals.
- Hindustan Zinc Ltd. (HZL) declared a special golden jubilee dividend of 1200%- which is the highest by any private company in India which would entail a cash outflow of nearly Rs 12,205 crore, including Rs 2,064 crore dividend distribution tax. HZL is a part of Vedanta group with 29 % shareholding of Government of India.
- A bill to amend the mines and minerals act to include provisions of allowing transfer of captive mines allotted through procedures other than auction has been passed by the Lok Sabha and will be tabled in Rajya Sabha for its approval. This move will allow banks and financial institutions to sell their stressed assets to recover debts.

*Annexure A*

	<b>Aluminium- USD per metric tonne</b>	<b>Lead- USD per metric tonne</b>	<b>Zinc- USD per metric tonne</b>	<b>Copper- USD per metric tonne</b>	<b>Nickel- USD per metric tonne</b>	<b>Gold- USD per troy ounce</b>	<b>Iron ore- USD per dry metric tonne</b>
<b>Dec, 2014</b>	1909.46	1938.11	2175.76	6446.45	15962.05	1200.62	68.8
<b>Jan, 2015</b>	1814.72	1893.13	2113.05	5830.54	14849.19	1250.75	67.39
<b>Feb, 2015</b>	1817.82	1795.66	2097.76	5729.27	14573.84	1227.08	62.69
<b>Mar, 2015</b>	1773.86	1792.47	2028.73	5939.67	13755.5	1178.63	56.94
<b>Apr, 2015</b>	1819.19	2005.36	2212.73	6042.09	12830.92	1198.93	51.15
<b>May, 2015</b>	1804.04	1991.78	2281.8	6294.78	13511.34	1198.63	60.23
<b>Jun, 2015</b>	1687.73	1829.5	2082.09	5833.01	12825.23	1181.5	62.29
<b>Jul, 2015</b>	1639.5	1763.04	2000.68	5456.75	11413.1	1128.31	51.5
<b>Aug, 2015</b>	1548.13	1703.6	1807.64	5127.3	10386	1117.93	55.38
<b>Sept, 2015</b>	1589.6	1684.25	1720.23	5217.25	9937.55	1124.77	56.43
<b>Oct, 2015</b>	1516.49	1720.11	1724.34	5216.09	10316.83	1159.25	52.74
<b>Nov, 2015</b>	1467.89	1618.35	1583.31	4799.9	9244.33	1086.44	46.16
<b>Dec, 2015</b>	1497.2	1706.58	1527.79	4638.83	8707.79	1068.25	39.6
<b>Jan, 2016</b>	1481	1646.2	1520.36	4471.79	8507.29	1097.91	41.25
<b>Feb, 2016</b>	1531.26	1765.75	1709.85	4598.62	8298.5	1199.5	46.18
<b>Mar, 2016</b>	1531.01	1802.19	1801.69	4953.8	8717.25	1245.14	55.52

