

M & M Monthly

Newsletter from Ministry of Mines

June, 2016

Vol. 1 No. 06

Market Scenario:

Major macroeconomic shift including slowdown in commodity market and rebalancing in China, together with host of non- economic factors such as geopolitical tension and political discords are generating uncertainty, leading to slowdown in investments and trade.

However, India remains at a bright spot with strong growth of 7.6% in 2015-16 (RE) and rising real incomes. The World Bank President in its recent interview has lauded the efforts of India and appreciated the manner in which BREXIT crises was handled. The kind of swiftness in which India came out from the BREXIT crises demonstrates conclusively about the resilience of the economy. Therefore, the outlook for Indian economy remains very bright.

Performance of Mining Sector in June, 2016:

A. Status of Mineral Production in India

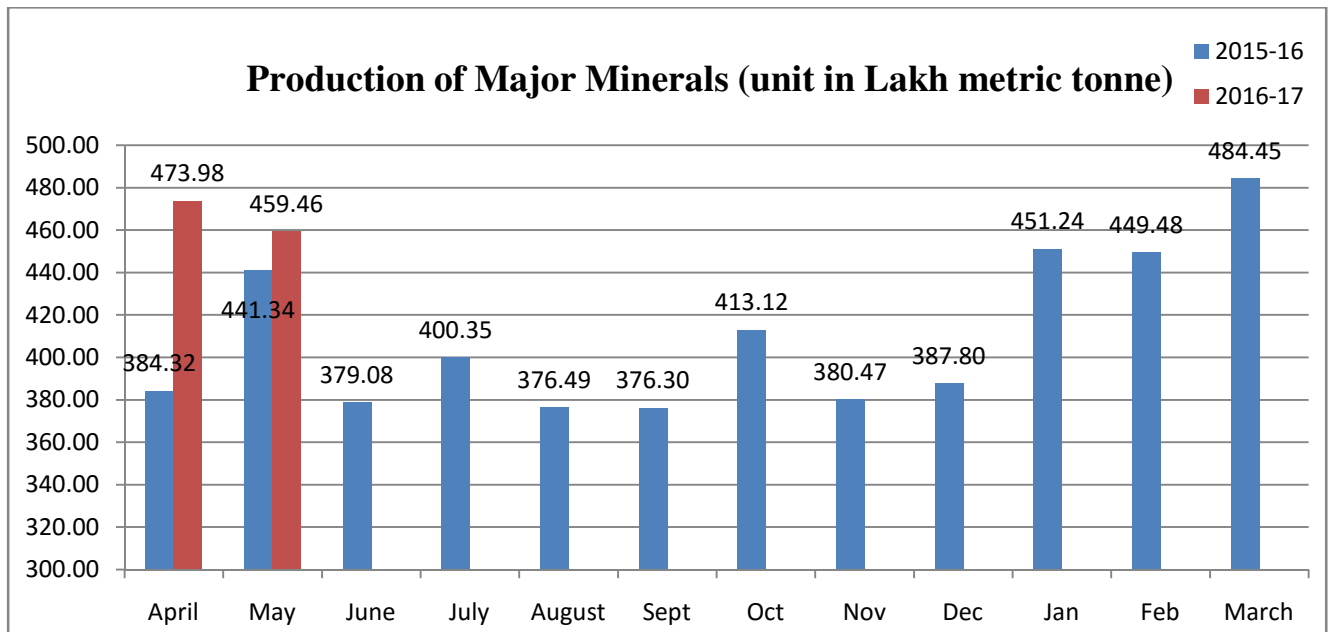
- The index of Industrial Production for the mining sector (both fuel and non- fuel) in the month of May, 2016 stood at 129.5 with a corresponding growth rate of 1.3 percent as compared to May, 2015. However, the cumulative growth in the sector during April- May 2016-17 has been 1.2 percent over the corresponding period of previous year. Index of Mineral Production for minerals under MCDR for May, 2016 was 139.4.
- Over and above the phenomenal growth of 9% in the mineral production as achieved during 2015-16, India has continued to grow in year 2016-17 with 12.2% growth registered in its first two months i.e. April- may, 2016. The real contributor to this growth has been Chromite (28.3%), Iron ore (42.2%) and Copper Conc. (14.4%) 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 6.6%.
- On month on month comparison, the production of important minerals showing positive growth during May 2016 over May 2015 include 'Iron ore' (36.2%), 'Magnesite' (34.2%), 'Copper conc.' (19.7%), 'Coal' (5.2%) and 'Limestone' (1.5%). The production of other important minerals showing negative growth are: 'Zinc conc.' [(-) 49.9%], 'Apatite & Phosphorite' [(-) 49.2%], 'Bauxite' [(-) 48.9%], 'Lead conc. [(-) 10.4%], 'Lignite' [(-) 9.7%], 'Gold' [(-) 7.9%], 'Natural gas (utilized)' [(-) 6.8%], 'Chromite' [(-)

3.8%], ‘Petroleum (crude)’ [(-) 3.3%], ‘Diamond’ [(-) 1.6%], and ‘Manganese ore’ [(-) 0.9%].

- The provisional value of production in May, 2016 was Rs 3263 crore. The estimated value of mineral production for the month of June, 2016 is Rs 2915crore which is 9.7% lower when compared to June, 2015 and 10.67% lower when compared to previous month.
- Volume and value of production figures as achieved during the month of May, 2016 is provided in the table below:

Minerals	Unit	Production				Growth in qty	Growth in value
		(Value in Rs cr)		(Value in Rs cr)			
		April- May, 2016		April -May, 2015			
		Qty.	value	Qty.	value		
All Minerals	Lakh MT	927.087	6478.91	826.3614	6940.047	12.2%	-6.6%
Bauxite	Lakh MT	46.71	237.528	67.775	333.2196	-31.1%	-28.7%
Chromite	Lakh MT	5.13	217.4227	3.9989	355.9716	28.3%	-38.9%
Copper Conc.	Lakh MT	0.23	99.419	0.201	88.2243	14.4%	12.7%
Iron Ore	Lakh MT	329.61	3907.017	231.73	4017.394	42.2%	-2.7%
Lead Conc.	Lakh MT	0.34	124.018	0.407	130.5079	-16.5%	-5.0%
Manganese Ore	Lakh MT	3.67	170.256	3.64	159.4504	0.8%	6.8%
Zinc Conc.	Lakh MT	1.187	498.63	2.49	576.0985	-52.3%	-13.4%
Other met. Minerals	Lakh MT	**	0.155	**	145.991		-99.9%
Total Metallic Minerals	Lakh MT	386.877	5309.481	310.2419	5854.227	24.7%	-9.3%
Garnet (Abrasive)	Lakh MT	0.089	6.0824	0.1015	9.6867	-12.3%	-37.2%
Limestone	Lakh MT	539.38	1106.96	514.05	976.6762	4.9%	13.3%
Phosphorite	Lakh MT	0.68	19.684	1.847	60.4326	-63.2%	-67.4%
Sillimanite	Lakh MT	0.061	4.206	0.121	8.6189	-49.6%	-51.2%
Other non Metallic	Lakh MT	**	9.1335	**	7.401		23.4%
Total Non- Metallic minerals	Lakh MT	540.21	1169.4326	516.1195	1085.82	4.7%	7.7%

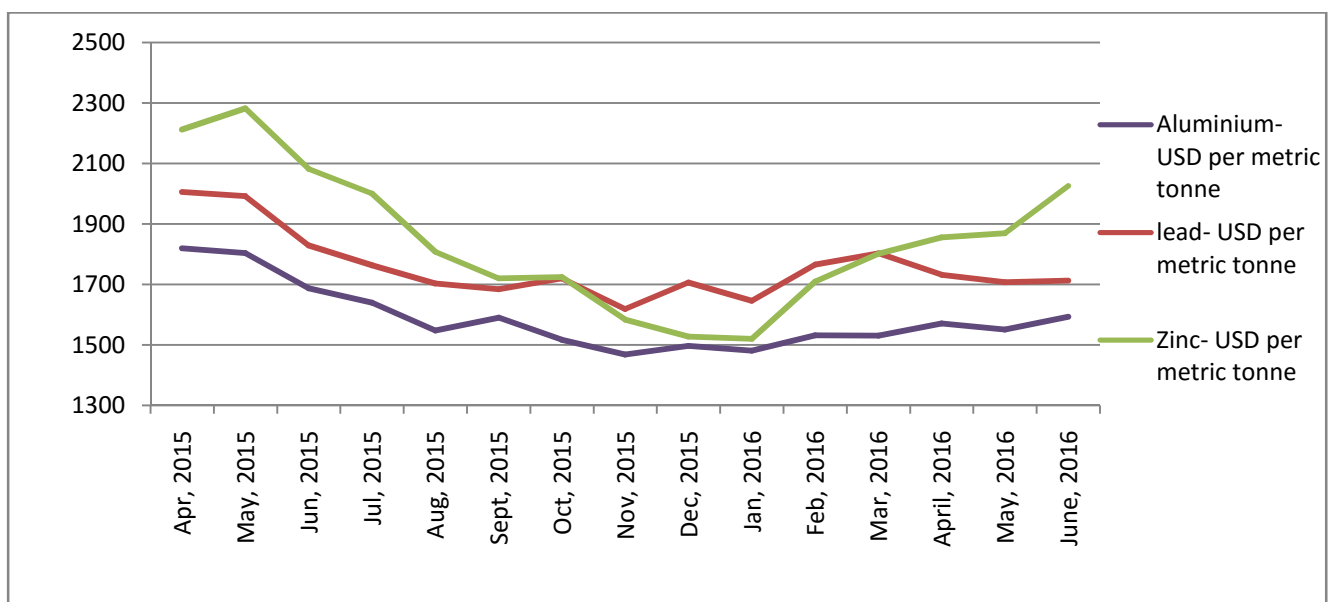
the table excludes precious stones ** Not additive.



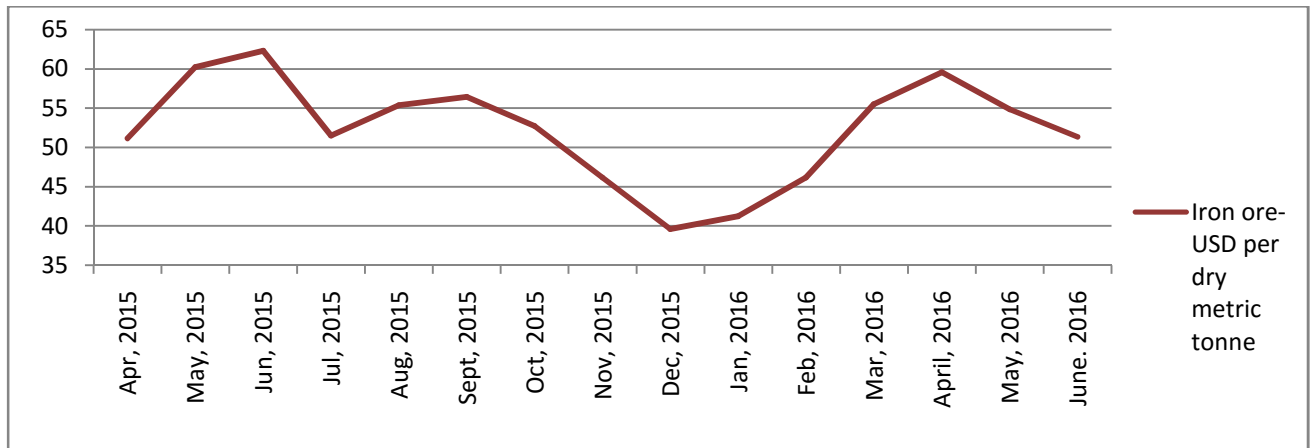
B. Trend in international prices

Indications are that international commodity market, after massive downturn, is stabilizing. The prices of aluminium, lead and zinc have further consolidated. However, iron ore prices after recoding a peak of about US\$60 per tonne in April 2016 has shown a steep fall of 20% with average June, 2016 prices being around US\$50 per dry metric tonne.

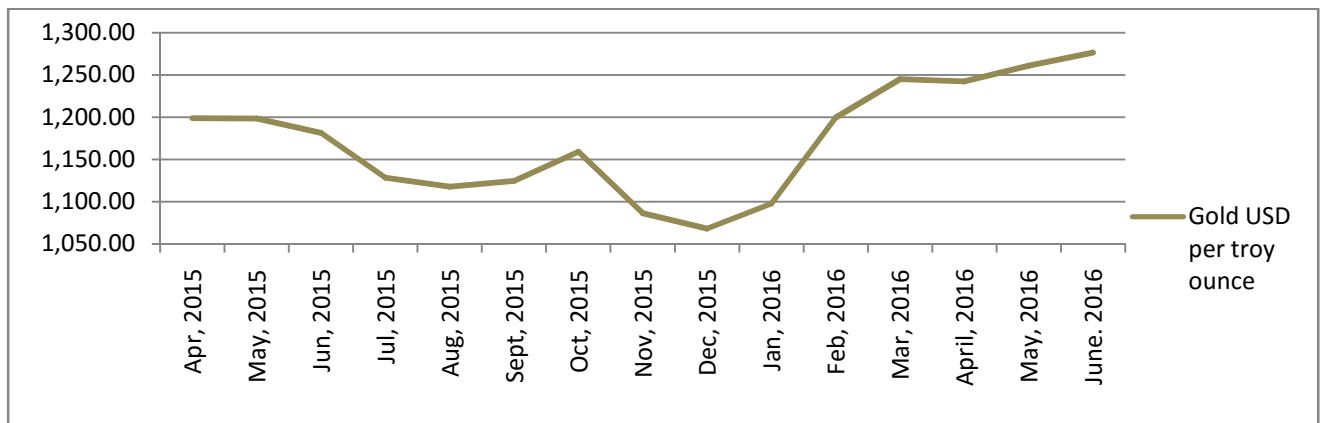
- Given below are the graphs depicting fluctuation in prices of minerals during the one and half year period from April, 2014 to June, 2016.



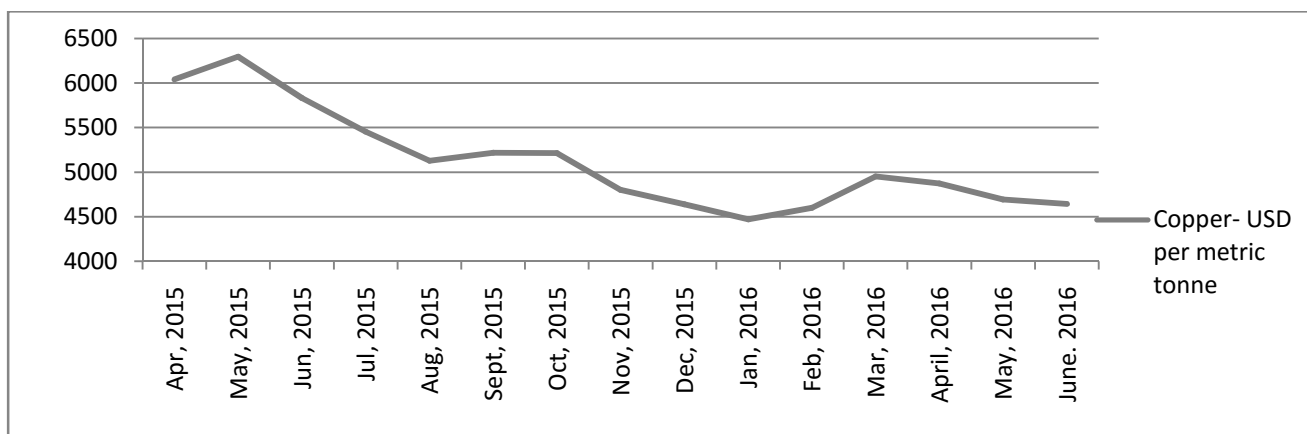
- The price of aluminium improved in 2016-17 registering a growth of 2.27% from USD 1550.63 per metric tonne in May, 2016 to USD 1593.51 in June, 2016. Similarly, the price of lead also showed some signs of improvement registering a growth of 0.29% from USD 1707.8 per metric tonne in May, 2016 to USD 1712.77 in June, 2016. The price of Zinc showed tremendous improvement with a growth of 8.41 % from USD 1869.03 per metric tonne in May 2016 to USD 2026.19 in June, 2016.



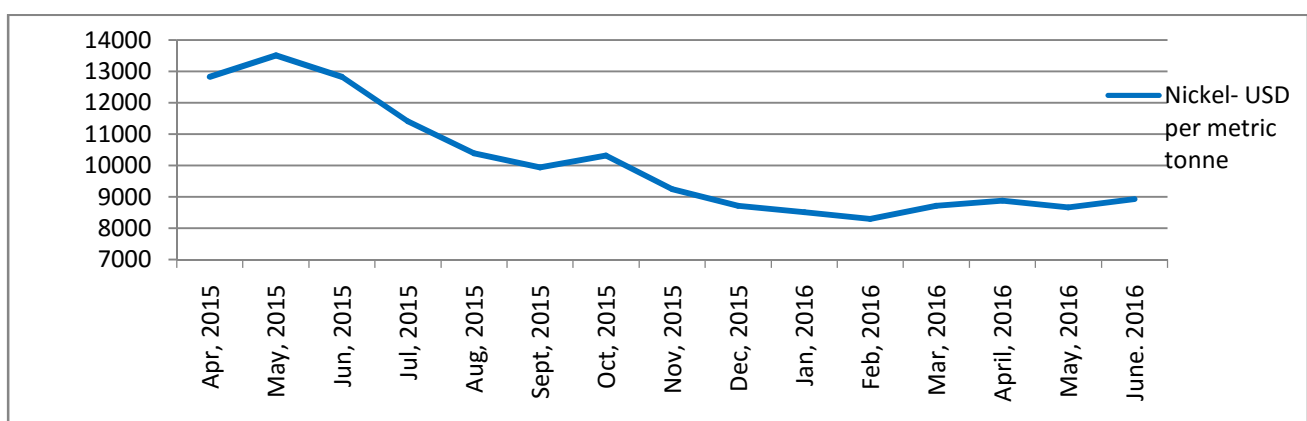
- The price of iron ore declined from USD 54.85 per dry metric tonne in May, 2016 to USD 51.36 in May, 2016, registering a slump of 6.36 percent.



- The price of Gold improved from USD 1260.95 per troy ounce in May, 2016 to USD 1276.4 in June, 2016, registering a growth of 1.23 percent.



- The price of copper declined from USD 4694.54 per metric tonne in May, 2016 to USD 4641.97 in June, 2016, registering a decline of 1.12 percent.



- The price of Nickel improved from USD 8660.35 per metric tonne in May, 2016 to USD 8928.35 in May, 2016, registered a decline of 3.09 percent.

C. Export and import of major minerals

Mineral	HS Code	Quantity (in million tonnes)			
		Exports		Imports	
		2015-16	2016-17 (Apr)	2015-16	2016-17 (Apr)
Iron ore	2601	5.323	1.358	7.09	0.686
Copper ores and concentrates	2603	11.432	0.0008	1,886.199	130.752
Zinc ores and concentrates	2608	0.558	-	0.385	0.257
Chrome ores and concentrates	2610	71.839	37.684	187.662	11.665

Source: DGFT

Key Decisions & Achievements:

- Andhra Pradesh successfully auctioned its first limestone block (Gudipadu limestone block) held on 8.06.2016. The preferred bidder for this block is Penna Cement with highest bid of 8.12%. The total revenue to be received to state government over a period of 50 years is approximately Rs 345 crores inclusive of Rs 106 crores of additional contribution through auction.
- National Mineral Exploration Policy (NMEP) gets cabinet approval on 29th June, 2016. The water shed policy aims at:
 - ✓ Comprehensive mineral exploration to uncover its full mineral potential so as to put the nation's mineral resources (non-fuel and non-coal) to best use and thereby maximize sectoral contribution to the Indian economy.
 - ✓ The National Mineral Exploration Policy (NMEP) spells out the strategy and outlines the auction plan that the Government will adopt to ensure comprehensive exploration of country's mineral resources (non-fuel and non-coal). Successful exploration requires the bringing together of the best of knowledge and experience, the state-of-the-art technology, highly trained manpower, and also enormous financial resources, on an open, collaborative and inter-disciplinary platform. The major portion of the effort is clearly of the public good character.
- To review the status of pending cases which are otherwise saved under Section 10A (2) (c) pending with State governments and also with Ministry of Environment & Forest and climate change for environment/ forest clearances which form part of the conditions laid down in prior approval/ letter of intent issued by central government / state government as the case may be and expedite the clearances within a stipulated time limit, two meetings were held under the chairmanship of Union Secretary (Mines) on 16th June, 2016 and 20th June, 2016 with various state governments.
- To showcase the recent policy initiatives by the Government of India and enable intensive discussion on the issues, challenges and opportunities in the mining sector to realize its optimum potential for the sustainable development of the country, Ministry of Mines is organizing the 'National Conclave on Mines and Minerals' jointly with the State Government of Chhattisgarh to be held on 4th and 5th July, 2016 in Raipur, Chhattisgarh.

- Targets vs. achievements during the f.s.2016-2017 of Geological Survey of India as on 30 June 2016:

Scheme/Mission	Name of the Scheme/ Project/Programme	Target * (Apr'16 to Mar'17)	Target for June 2016	Achievement (June'16)	Achievement from 1 st April'16 to 30 th June'16
MISSION-I					
a) Ground Survey	i) Spl. Thematic Mapping (sq.km.)	9230	Nil	2	3
	ii) Geochemical Mapping (sq.km.)	1,37,000	Nil	598	801
	iii) Geophysical Mapping (sq.km.)	95,200	Nil	842 \$	3155
b) Aerial Survey	iv) Multisensor/Aeromagnetic Survey (with Twin Otter(1km)	60,000	-	Nil	2283 \$
	v) Heliborne Survey (1km)	25,000	-	Nil	616 \$
c) Marine Survey	Parametric Survey within EEZ and beyond				
	1. Bathymetric Survey (1km)-	10,000	-	Nil	1831 @
	2. Magnetic (1km) -	10,000	-	Nil	1445 \$
	3. Swath Bathymetry (sq.km.)	42,000	-	100	100
	4. Seismic Survey (1km)	5,000	-	Nil	1038 \$
	5. Gravity (1. km)	16,000	-	Nil	1038 \$
	6. Sub bottom profiling(1. km)	15,000	-	804	804
vi). Systematic coverage within TW + EEZ (sq. km)	Nil	-	Nil	0	
MISSION-II					
NATURAL RESOURCES	a) Large Scale Mapping (LSM)(sq. km.) including 214 sq. km of LSM for coal(M-IIB)	5,500	Nil	99.95	229.75
	b) Detailed mapping (DM) (sq. km.)	103	Nil	2.15	2.69
	c) Drilling (meter)	1,13,000	9040	8598.35 #	28778.95
	d) Preliminary mineral investigation within EEZ(sq.km)	25,000	-	2400	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	-	18	38
RESEARCH & DEVELOPMENT	Research (No. of Investigation including Deep Geol) (in nos)	49	-	7	12
MISSION-V					
TRAINING AND CAPACITY BUILDING	Training (in GSITI) No. of Types (No. of courses)	85	-	9 completed & 6 in Progress	18 completed & 6 in Progress

*Target as per outcome budget 2016-17; \$ Spillover achievements; @ includes 1445 lkm of Spillover survey; # including 3778.10m of Spillover Drilling.

Mining Sector in News:

- Ministry of Defense has relaxed, with certain riders, restrictions imposed by it in a circular issued in 1969 that prohibited sharing of digital data for security concerns, thus ensuring availability of data for mineral exploration. This will benefit the government's new mineral exploration policy (NMEP) which proposes to offer large tracts of land to private and public explorers.
- National Aluminium Company Limited (NALCO), a Navratna PSU posted net profit of Rs 731 crore in 2015-16 at the time when 70% of aluminium companies worldwide have reported losses. This is mainly due to efficient handling of market downturn by becoming the lowest cost producer of alumina in the world.
- Australian Trade Commission, Government of Australia has come forward to build a centre for excellence within the Indian School of Mines (ISM), Dhanbad to re-skill human resource for the mining industry with a focus on safety, productivity and sustainable development and are reviewing to cover activities like management training, study tours and short courses for mid- to- senior level executives.
- After the cabinet approval of NMEP, the shares of mining stock surged between 2% to 18%. The policy was appreciated by the market mainly because it is expected to bring in more transparency in the auction process.