

**M& M Monthly**  
**Newsletter from Ministry of Mines**

**December, 2016**  
**Vol. 1 No. 12**

**Market Scenario:**

The RBI in its 5<sup>th</sup> Bi- monthly monetary statement decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.25 per cent. Consequently, the reverse repo rate under the LAF remains unchanged at 5.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 6.75 per cent.

The BSE metal index gained 34 percent in the year 2016 after a poor performance in 2015 where BSE metal index ended the year down 31 percent following a fall in commodity prices. NSE metal index also gained 42.8 percent in 2016. Almost all metal and mining companies have had solid gains with Hindustan Zinc, MOIL, Hindalco Industries, etc being the top gainers.

**Performance of Mining Sector in November, 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 November, 2016 stood at 135.9 with a corresponding growth rate of 3.9 percent as compared to the level in the month of November, 2015. The cumulative growth in the index of Industrial Production for the mining sector (both fuel and non- fuel) during April- November 2016-17 has been 0.3 percent over the corresponding period of previous year.
- The important minerals showing positive growth during the current month over the same period of previous year are Coal, Lignite, Gold, Iron Ore, Lead Conc., Manganese Ore, Tin Conc., Zinc Conc., Diamond, Fluorite, Graphite (R.O.M.), Limestone, Magnesite, Selenite, Vermiculite, Wollastonite etc. However, Natural Gas (ut.), Petroleum (crude), Chromite, Garnet (abrasive), Kyanite, Limeshell, Phosphorite, Sillimanite etc. have shown negative growth during the current month over the same period of previous year.
- The table below gives the monthly index of mineral production for mining sector:

Minerals	Weight	Month- wise Index of Mineral production (base 2004-05= 100)		
		2016-17		
		October (R)	November ( P)	% growth
<b>All Minerals</b>	<b>1000.000</b>	<b>129.9</b>	<b>135.9</b>	<b>4.6</b>
<b>Fuel Minerals</b>	<b>812.328</b>	<b>128.9</b>	<b>135.6</b>	<b>5.2</b>
Coal Mining	323.249	162.5	187.4	15.3
Petroleum (crude) & Natural gas (ut.)	489.080	106.7	101.3	(-)5.1
<b>MCDR Minerals</b>	<b>131.397</b>	<b>136.6</b>	<b>141.0</b>	<b>3.2</b>
Metallic Minerals	103.983	127.6	132.3	3.7
Non- Metallic Minerals	27.414	170.6	174.1	2.1

Source: IBM

- Volume and value of production figures as achieved during the month of April- November, 2016 is provided in the table below:

(Value in Rs crores )							
Minerals	Unit	Production				Growth % in qty	Growth % in value
		Apr-Nov, 2016		Apr-Nov, 2015			
		Qty.	Value	Qty.	value		
All Minerals *	Million tonnes	343.071	26,030.905	317.283	26,305.419	8.13%	-1.04%
Bauxite	Million tonnes	16.092	899.241	20.769	1,026.039	-22.52%	-12.36%
Chromite	Million tonnes	1.769	918.021	1.531	1,362.754	15.59%	-32.63%
Copper Conc.	Million tonnes	0.085	381.925	0.090	395.375	-5.93%	-3.40%
Iron Ore	Million tonnes	116.360	14,026.742	94.113	14,597.933	23.64%	-3.91%
Lead Conc.	Million tonnes	0.158	583.038	0.172	509.086	-8.37%	14.53%
Manganese Ore	Million tonnes	1.422	739.546	1.328	578.039	7.06%	27.94%
Zinc Conc.	Million tonnes	0.798	2,675.733	1.042	2,285.346	-23.46%	17.08%
Other met. Minerals	Million tonnes	**	1,010.804	**	1,199.639		-15.74%
Total Metallic Minerals *	Million tonnes	13.668	21,235.049	119.046	21,954.211	14.82%	-3.28%
Limestone	Million tonnes	205.515	4,385.010	196.707	3,918.810	4.48%	11.90%
magnesite	Million tonnes	0.178	43.140	0.167	43.948	6.82%	-1.84%
Phosphorite	Million tonnes	0.540	217.174	1.193	234.064	-54.74%	-7.22%
wollastonite	Million tonnes	0.113	9.998	0.122	10.772	-7.50%	-7.18%
Sillimanite	Million tonnes	0.041	31.595	0.048	33.367	-13.81%	-5.31%
Other non Metallic	Million tonnes	**	108.939	**	110.247		-1.19%
Total Non- Metallic minerals *	Million tonnes	206.388	4,795.856	198.238	4,351.208	4.11%	10.22%

\* Indicative and excludes precious stones and metals, hydro-carbons and atomic minerals

\*\* Not Additive

Figures have been estimated wherever required

- From the table above, it is seen that growth in production for all such minerals which have significant weight age in MCDR minerals (metallic and non- metallic) from April-

November, 2016-17 is 8.1 percent. The real contributor to this growth has been chromite (15.6%), Iron ore (23.6 %) and manganese ore. (7.1 %) in the metallic segment and Limestone (4.5%) and magnesite (6.8%) in the non- metallic segment. However, due to continued pressure on mineral prices, the value of production has registered a negative growth of 1.04 %.

- The provisional value of production of MCDR minerals in November, 2016 was Rs 3739 crore. The estimated value of mineral production for the month of December, 2016 is Rs 3507 crore which is 16.6% higher when compared to December, 2015 and (-)6.2 % lower when compared to previous month.

## **B. Auction of Mineral Blocks:**

- As on 31st December, 2016, two blocks i.e. 1 each of limestone and manganese ore were successfully auctioned in the state of Odisha. These two blocks have an estimated value of mineral resources to the tune of Rs 7,458 crores. The estimated cumulative revenue to the state government over a period of 50 years through the process of e- auction of these two blocks turns out to be approx. Rs 2,822 crores, inclusive of Royalty, District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET).
- With successful auction of these two blocks so far 19 blocks have been auctioned in the States of Andhra Pradesh, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Odisha and Rajasthan. The total estimated value of mineral resources auctioned so far is Rs. 78,663 crores. Due to adoption of transparent regime of auction the estimated additional revenue to the state government over the lease period is Rs 57,534 crores.
- In the year 2016-17, NIT for 4 blocks of limestone in Rajasthan has been issued which is due for auction in January, 2017.

## **C. District Mineral Foundation:**

- In order to address the long time grievance of civil society that people affected by mining are not cared for section 9B introduced through the MMDR Amendment Act, 2015, prescribes the establishment of District Mineral Foundation (DMF) in any district affected by mining related operations, the object of which shall be to work for the interest and benefit of persons, and areas affected by mining related operations.
- As on 31<sup>st</sup> December, 2016, Rs 5514 crores have been collected for both major and minor minerals in mineral rich states.

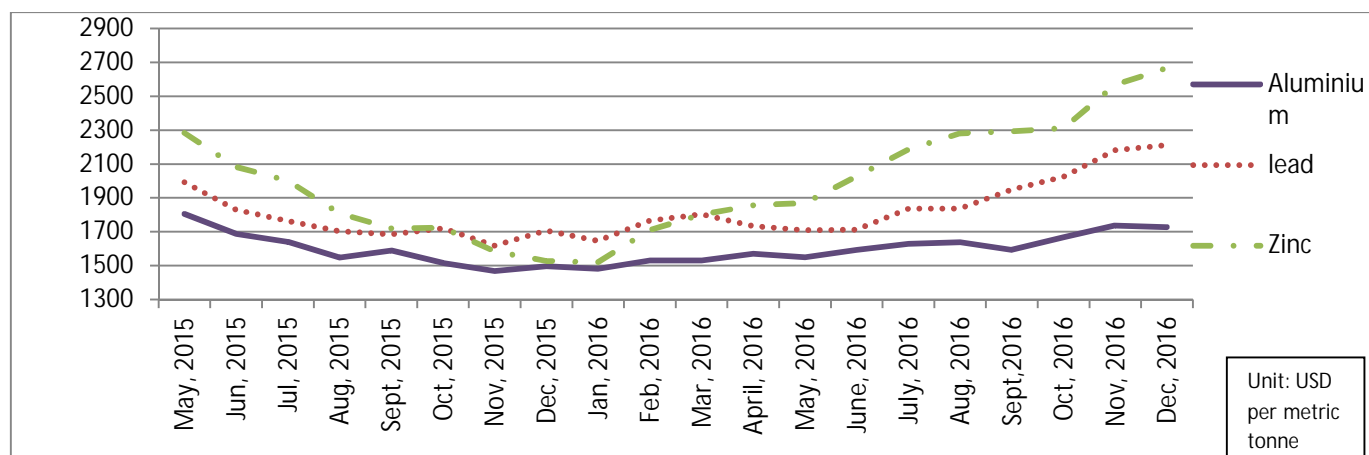
## D. Export and import of major minerals :

Mineral	HS Code	unit	Quantity					
			Exports			Imports		
			2014-15	2015-16	2016-17 (apr- oct)	2014-15	2015-16	2016-17 (apr- oct)
Iron ore	2601	T	7,298,110	5,444,490	11,209,090	12,090,090	7,095,390	2,054,010
Aluminium ores and concentrates	260600	T	7,505,182.9	9,826,690.5	1,343,228.4	1,984,921	1,230,189.9	1,281,401.1
Copper ores and concentrates	260300	T	1.4	12,601.1	25,078.0	1,876,406.8	2,079,179	651,748
Zinc ores and concentrates	260800	T	45.5	615.1	0.1	39,348.2	424.4	1,951.9
Chrome ores and concentrates	261000	T	27,956.2	79,189.6	211,239.3	3,497,477.7	206,862.5	105,165.8
Manganese Ore	260200	T	12,153.6	487.9	160.9	267,514.5	2,443,674.5	1,235,816.1

Source: As per data available on Department of Commerce website

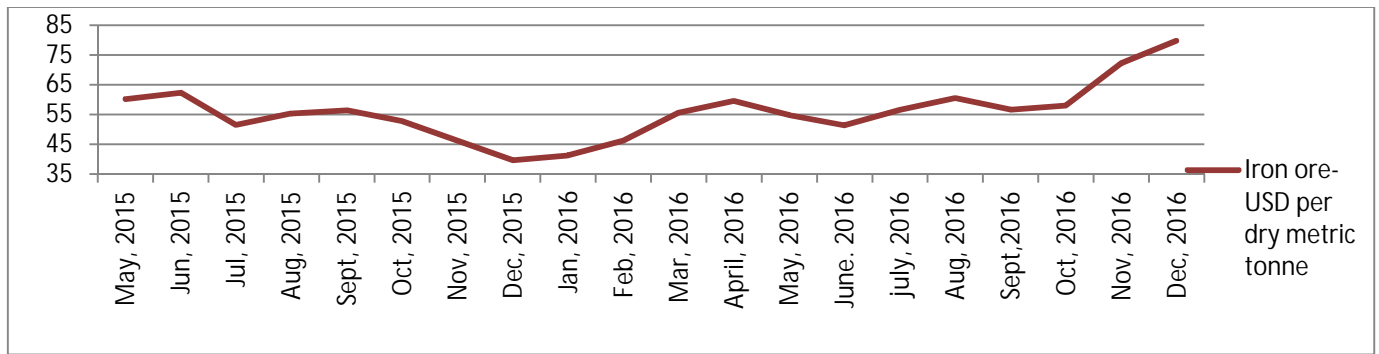
## E. Trend in International prices:

Commodity prices continued to firm up in December which may be seen from the graphs tabulated below. The month-wise international price of metals & minerals is placed at Annexure.



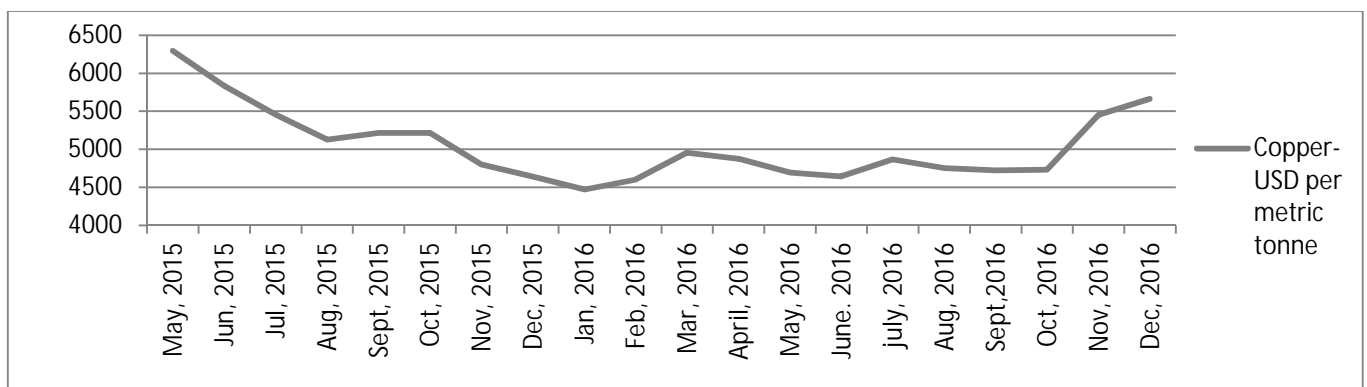
Source: as compiled by IBM and [www.indexmundi.com](http://www.indexmundi.com)

- In the month of December, 2016, the prices have improved substantially with regards to Lead and Zinc. Lead and zinc registered a growth of 1.34 % and 3.84 % respectively in December, 2016 when compared to prices last month. However, there was a slump in Aluminium prices with a growth of (-) 0.54% when compared to November, 2016.



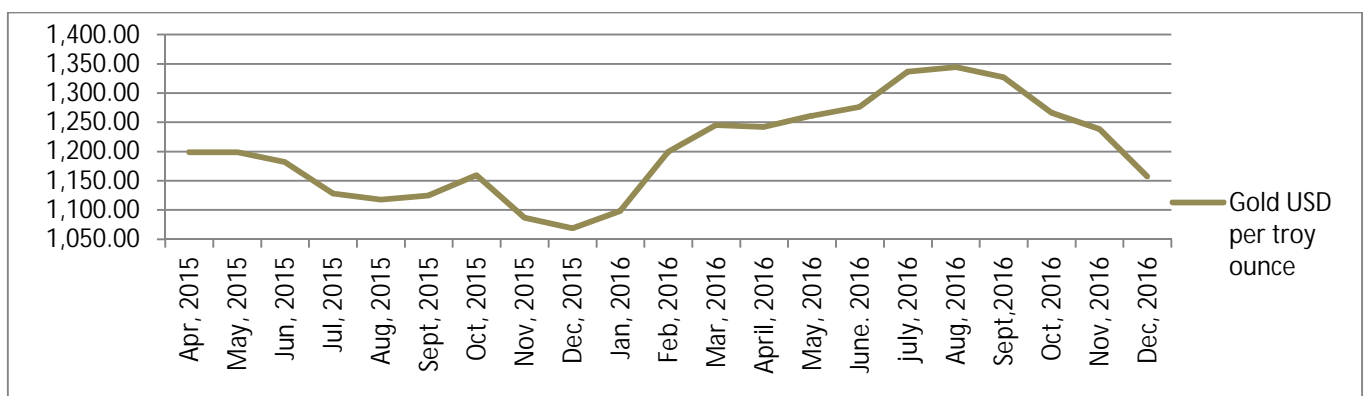
Source: [www.indexmundi.com](http://www.indexmundi.com)

- The price of iron ore improved by 10.4 % in the month of December, 2016 when compared to price previous month, which is the biggest surge in the past two years.



Source: as compiled by IBM and [www.indexmundi.com](http://www.indexmundi.com)

- The price of copper has improved with a growth of 3.8 % in December, 2016 when compared to previous month's price.



Source: as compiled by IBM and [www.indexmundi.com](http://www.indexmundi.com)

- Gold prices have registered a negative growth consistently for the fifth month. The price of Gold declined by 6.54% in December, 2016 when compared to November, 2016.

## **Key Decisions & Achievements:**

- The procurement of a geo-technical vessel of Geological Survey of India (GSI) with shallow drilling capacity up to a depth of 30m at the cost of Rs. 258.34 crore has been approved. The vessel will be very useful for mineral exploration in territorial water (TW) and accelerate augmentation of offshore mineral resources.
- Approval has been accorded for carrying out first phase of multi-sensor aerogeophysical survey by GSI in about 2 lakh sq km of geological potential area in the country at estimated cost of Rs. 111.34 crore. The acquisition and analysis of the data would be vital for targeting concealed and deep seated mineral deposits.
- The Ministry of Mines in association with Indian Bureau of Mines (IBM) and TERI organized a National Level Workshop on “Remediation of mined out areas and abandoned mines – Status & Strategies” on 19th December, 2016 in New Delhi. The workshop was attended by all stakeholders including over 80 major mining companies including PSUs from the mining sector.
- The 14<sup>th</sup> meeting of the Governing Board of Skill Council for Mining Sector (SCMS) was held at FIMI House on 26<sup>th</sup> December, 2016. The meeting emphasized on the importance of skill development for mining sector. SCMS has developed Standards for 36 entry level job roles covering entire gamut of the training requirement in the sector and is in the process of developing occupational standards for remaining job roles as per training requirement in the sector. The establishment of the Centre of Excellence by SCMS was also discussed in detail.
- In the month of December 2016, 1066.65 sq km of Large Scale Mapping (LSM), 36.30 sq km of Detailed Mapping (DM) and 14,196.08 m of Drilling were carried out against monthly prorated targets of 1100 sq km, 15.45 sq km and 11300m. Also, 1776 sq km area was mapped under Specialized Thematic Mapping (STM) (on 1: 25000 scale) against a monthly prorated target of 1846 sq m.

## **Mining Sector in news:**

- State owned power producer NTPC Ltd and aluminium producer National Aluminium Co. Ltd. (Nalco) signed a MoU on 16.12.2016 to jointly set up a 2.4 Giga Watt power plant and a one million tonne aluminium production facility in Odisha with an investment of Rs 36,000 crore. The proposed power plant at Gajmara, Dhenkanal in Odisha will comprise three units of 800 mega watts each and will source coal from the mines

operated by Nalco and supply captive power for expansion plans of NALCO at Angul and also Greenfield project at Kamakhyanagar in Dhenkanal.

[Source: Mint dated 17<sup>th</sup> December, 2016]

- India and Kyrgyzstan on 20.12.2016 signed a Bilateral Investment Treaty and inked six other pacts for deeper cooperation in areas of agriculture, tourism, culture, broadcasting and youth affairs and also decided to strengthen ties in security, defense and trade with specific focus on mining, IT, agriculture and energy.

[Source: Indian Express, HT, dated 21<sup>st</sup> December, 2016]

**Month- wise International price of metals & mineral:**

Minerals	<b>Aluminium</b> (LME spot price, CIF UK ports)	<b>Lead</b> (LME spot price, CIF European Ports)	<b>Zinc</b> (high grade 98% pure)	<b>Copper</b> (LME spot price, CIF European ports)	<b>Gold</b> (London afternoon fixing, average of daily rates)	<b>Iron ore***</b> China import Iron Ore Fines 62% FE spot (CFR Tianjin port)
Unit	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
Month						
Mar, 2015*	1773.86	1792.47	2028.73	5939.67	1178.63	56.94
Apr, 2015*	1819.19	2005.36	2212.73	6042.09	1198.93	51.15
May, 2015*	1804.04	1991.78	2281.8	6294.78	1198.63	60.23
Jun, 2015*	1687.73	1829.5	2082.09	5833.01	1181.5	62.29
Jul, 2015*	1639.5	1763.04	2000.68	5456.75	1128.31	51.5
Aug, 2015*	1548.13	1703.6	1807.64	5127.3	1117.93	55.38
Sept, 2015*	1589.6	1684.25	1720.23	5217.25	1124.77	56.43
Oct, 2015*	1516.49	1720.11	1724.34	5216.09	1159.25	52.74
Nov, 2015*	1467.89	1618.35	1583.31	4799.9	1086.44	46.16
Dec, 2015*	1497.2	1706.58	1527.79	4638.83	1068.25	39.6
Jan, 2016*	1481	1646.2	1520.36	4471.79	1097.91	41.25
Feb, 2016*	1531.26	1765.75	1709.85	4598.62	1199.5	46.18
Mar, 2016*	1530.57	1808.02	1804.64	4947.55	1246.34	55.52
April, 2016*	1564.31	1728.67	1851.52	4851.12	1242.26	59.58
May, 2016*	1556.33	1714.43	1871.20	4708.35	1259.40	54.85
June, 2016*	1592.20	1713.91	2023.00	4630.64	1276.40	51.36
July, 2016*	1629.83	1834.88	2184.83	4855.79	1337.33	56.57
Aug, 2016**	1638.8	1836.8	2281.0	4751.7	1344.5	60.47
Sept, 2016**	1592.4	1947.6	2292.3	4722.2	1326.6	56.67
Oct, 2016**	1,665.90	2,024.49	2,311.50	4,731.26	1,266.28	58.02
Nov, 2016**	1737.1	2180.6	2566.2	5450.9	1238.4	72.3
Dec, 2016**	1,727.74	2,209.84	2,664.81	5,660.35	1,157.36	79.75

Source: \* as compiled by IBM

\*\* Tentative as quoted in [www.indexmundi.com](http://www.indexmundi.com)

\*\*\* Iron ore prices in US\$ term are not compiled by IBM. The information furnished is from [www.indexmundi.com](http://www.indexmundi.com)