

M& M Monthly

Newsletter from Ministry of Mines

February, 2017

Vol. 2 No. 02

Market Scenario:

As per the second advanced estimates released by Central Statistical Office (CSO) in February, 2017 the estimated growth in Gross Domestic Product (GDP) stood at 7.1 per cent during 2016-17 as compared to the growth rate of 7.9 per cent in 2015-16. GDP for third quarter of 2016-17 at basic prices grew at 7% which was marginally lower than growth logged in the second quarter of the fiscal year. The growth in the GVA at basic prices for 2016-17 from 'mining and quarrying' sector is estimated to be 1.3 percent as compared to growth of 12.3 percent in 2015-16. IIP mining grew by 0.9 percent in April-December, 2016-17 as against 2.3 percent in April-December, 2015-16. However, GDP estimates for third quarter of financial year 2016-17 shows that mining and quarrying sector registered a growth of 7.5 percent in third quarter as against (-) 1.3 percent growth in Q2.

Performance of Mining Sector in January, 2017:

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 January, 2017 stood at 146.1 with a corresponding growth rate of 5.3 percent as compared to the level in the month of January, 2016. The cumulative growth in the index of Industrial Production for the mining sector (both fuel and non- fuel) during April- January 2016-17 has been 1.4 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, Natural Gas (ut.), Petroleum (crude), bauxite, Copper Conc., Gold, Iron Ore, Lead Conc., Manganese Ore, Zinc Conc., Diamond, Graphite (R.O.M.), Limeshell, Selenite, Sillimanite, etc. However, Chromite, Tin Conc., Fluorite, Garnet (abrasive), Kyanite, Limestone, Phosphorite, Vermiculite, Wollastonite, 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		
		December (R)	January (P)	% growth
All Minerals	1000.000	144.8	146.1	0.9
Fuel Minerals	812.328	144.1	145.8	1.18
Coal Mining	323.249	201.6	204.5	1.44
Petroleum (crude) &	489.080	106.7	107.2	0.47

Natural gas (ut.)				
MCDR Minerals	131.397	156.1	155.4	(-)0.45
Metallic Minerals	103.983	154.6	148.5	(-) 3.9
Non- Metallic Minerals	27.414	161.8	181.7	12.29

Source: IBM

- Volume and value of production figures as achieved during the month of April- January, 2016-17 is provided in the table below:

(Value in Rs crores)							
Minerals	Unit	Production				Growth % in qty	Growth % in value
		Apr-Jan, 2016-17		Apr-Jan, 2015-16			
		Qty.	Value	Qty.	value		
All Minerals *	Million tonnes	437.668	35,989.444	401.378	32,556.196	9.04%	10.55%
Bauxite	Million tonnes	20.453	1,148.928	24.326	1,209.404	-15.92%	-5.00%
Chromite	Million tonnes	2.498	1,815.018	2.117	1,769.248	18.03%	2.59%
Copper Conc.	Million tonnes	0.110	511.489	0.117	509.648	-5.50%	0.36%
Iron Ore	Million tonnes	154.484	19,417.409	121.992	18,013.851	26.63%	7.79%
Lead Conc.	Million tonnes	0.211	766.210	0.213	624.215	-1.07%	22.75%
Manganese Ore	Million tonnes	1.891	1,185.569	1.694	721.607	11.62%	64.30%
Zinc Conc.	Million tonnes	1.137	3,468.707	1.255	2,735.066	-9.43%	26.82%
Other met. Minerals	Million tonnes	**	1,667.381	**	1,490.690		11.85%
Total Metallic Minerals *	Million tonnes	180.784	29,980.710	151.714	27,073.727	19.16%	10.74%
Limestone	Million tonnes	255.762	5,477.195	247.919	4,952.951	3.16%	10.58%
magnesite	Million tonnes	0.267	65.432	0.215	56.860	24.36%	15.08%
Phosphorite	Million tonnes	0.662	265.673	1.324	277.309	-49.99%	-4.20%
wollastonite	Million tonnes	0.139	12.711	0.149	12.9517	-6.55%	-1.86%
Sillimanite	Million tonnes	0.054	41.559	0.057	40.1836	-6.28%	3.42%
Other non-Metallic	Million tonnes	**	146.164	**	142.214		2.78%
Total Non- Metallic minerals *	Million tonnes	256.884	6,008.734	249.664	5,482.469	2.89%	9.60%

Source: IBM

* 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 minerals having significant weightage in MCDR minerals (metallic and non- metallic) from April- January, 2016-17 is 9.04 percent. The real contributor to this growth has been chromite (18.03%), Iron ore (26.6 %) and manganese ore. (11.62 %) in the metallic segment and Limestone (3.16 %) and Magnesite (24.36 %) in the non- metallic segment. After consecutive decline in the value of production in the past one year, in January, 2017 the value of production has registered a positive growth of 10.55 % due to rise in price of minerals & metals.

- The provisional value of production of MCDR minerals in January, 2017 was Rs 4557 crore. The estimated value of mineral production for the month of February, 2017 is Rs 4843 crore which is 40.9 % higher when compared to February, 2016 and 6.3 % higher when compared to previous month.

B. Auction of Mineral Blocks:

- In the month of January, 2017, two blocks of limestone ore were successfully auctioned in the state of Rajasthan. These two blocks have an estimated value of mineral resources to the tune of Rs 14,528 crores. The estimated cumulative revenue that will accrue to the state government over the lease period through the process of e- auction of these two blocks will be Rs 10,898 crores approx., inclusive of Royalty, District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET).
- With successful auction of two blocks of limestone in state of Rajasthan, so far 21 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. 93,130 crores. Due to adoption of transparent regime of auction the estimated additional revenue which will accrue to the state government over the lease period of mining block is Rs 57,534 crores.
- As on 28th February, 2017, Notice Inviting Tender (NIT) for one block of limestone in the state of Chhattisgarh has been issued with a reserve of 215 million tonne.

C. Export and import of major minerals :

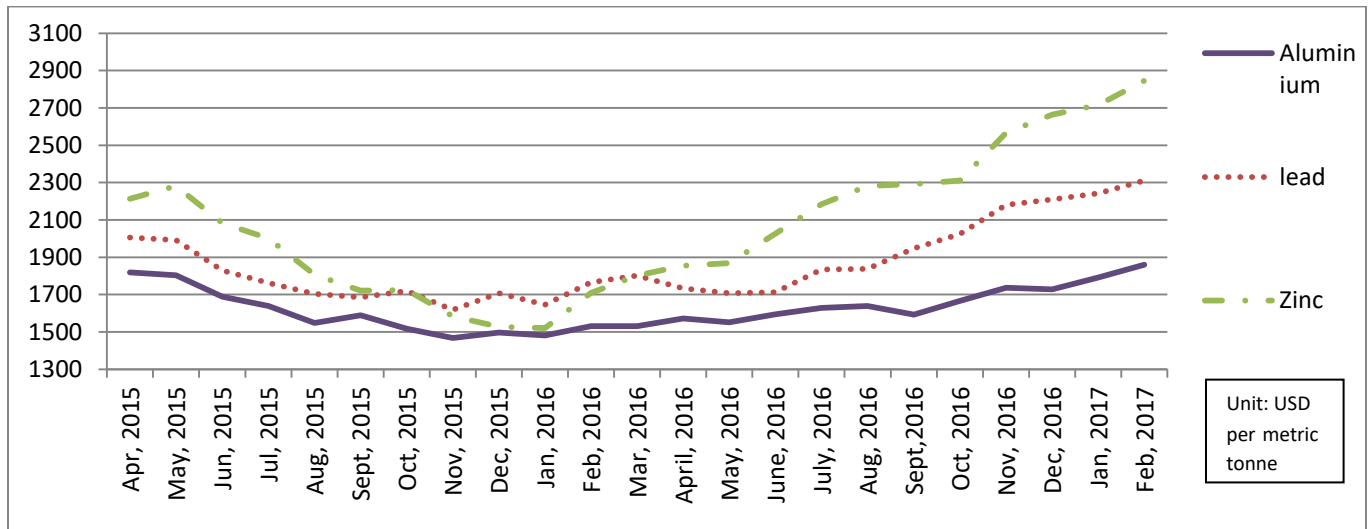
Mineral	HS Code	unit	Quantity					
			Exports			Imports		
			2014-15	2015-16	2016-17 (Apr- Dec)	2014-15	2015-16	2016-17 (Apr- Dec)
Iron ore	2601	T	7,298,110	5,444,490	18,646,030	12,090,090	7,095,390	2,709,800
Aluminium ores and concentrates	260600	T	6,808,587.4	8,914,623.7	1,479,344.1	1,800,690	1,116,009.5	1,279,477.6
Copper ores and concentrates	260300	T	1.2	11,431.5	22,750.4	1,702,247.6	1,886,199.5	788,664.8
Zinc ores and concentrates	260800	T	41.3	558.01	251.16	35,696.12	385.00	1770.76
Chrome ores and concentrates	261000	T	25,361.4	71,839.6	207,160.1	242,685.1	187,662.5	121,046.4
Manganese Ore	260200	T	11,025.6	442.6	194.1	3,172,858.4	2,216,864.2	1,326,270.4

Source: Department of Commerce, GoI

D. Trend in International prices:

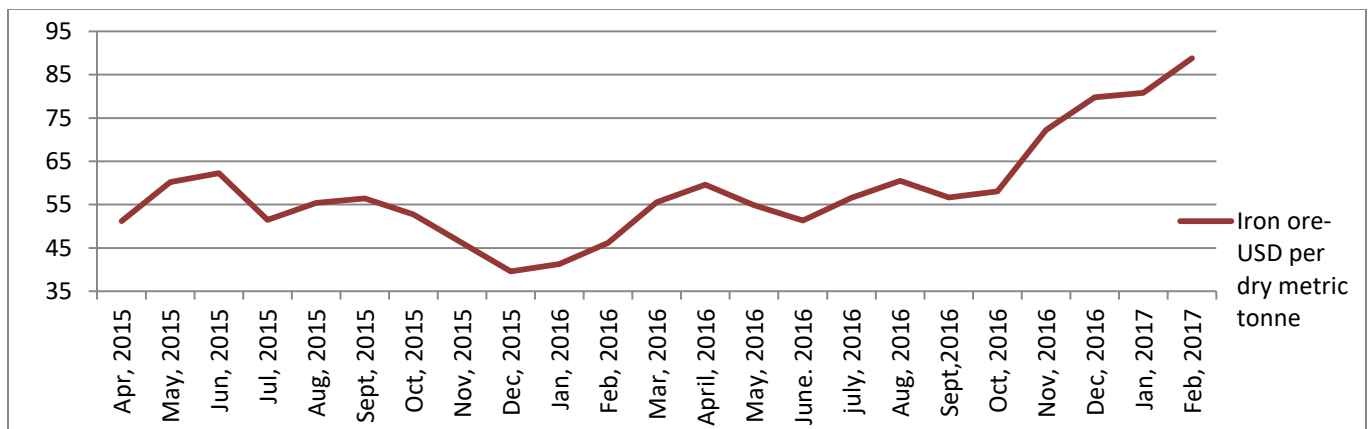
Commodity prices of minerals and metals continue to firm up in February, 2017 which is evident from the graphs given below. The prices of metals like Aluminium, Lead, Zinc, Copper, Gold and minerals like Iron ore have registered over 3 percent growth in the current month as compared to prices in previous months.

The month- wise international price of metals & minerals for the past two years is placed at Annexure.



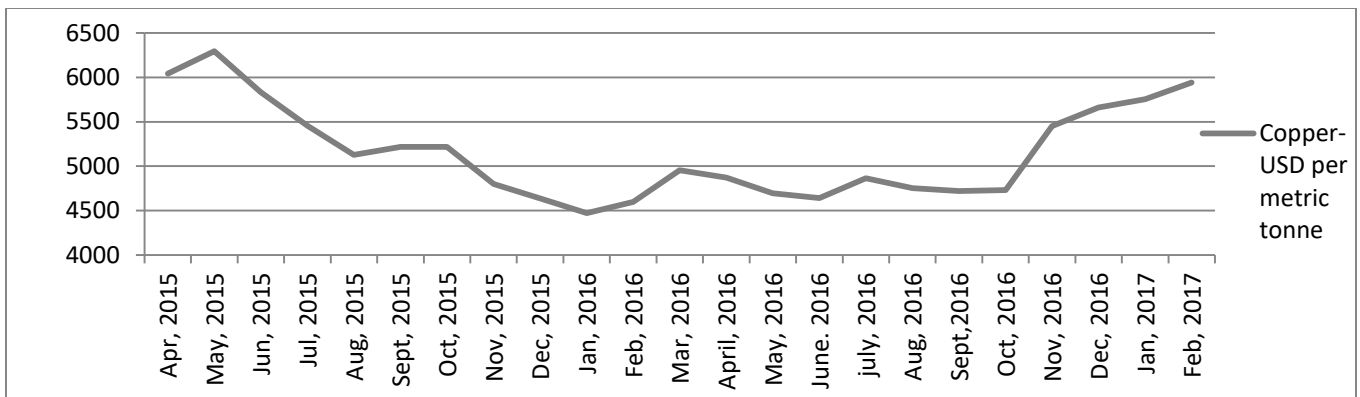
Source: as compiled by IBM and www.indexmundi.com

- In the month of February, 2017, the prices have improved substantially with regards to Aluminium, Lead and Zinc, with all three metals registering a growth of 3.88%, 3.07% and 4.82% respectively.



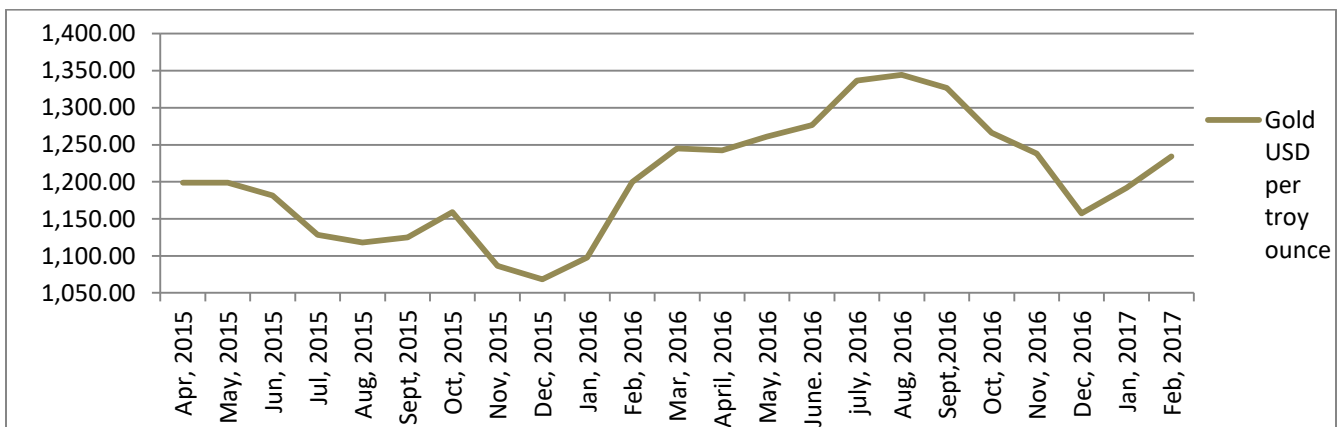
Source: www.indexmundi.com

- The price of iron ore improved by 9.87 % in the month of February, 2017 when compared to price previous month, which is the biggest surge in the past two years as can be seen from the graph.



Source: as compiled by IBM and www.indexmundi.com

- The price of copper has improved with a growth of 3.24 % in February, 2017 when compared to previous month's price.



Source: as compiled by IBM and www.indexmundi.com

- After consistent slowdown in gold prices for five consecutive months, the prices have improved in the month of February, 2017 with a growth of 3.53 % when compared to January, 2017.

Key Decisions & Achievements:

- 56th meeting of the Central Geological Programming Board (CGPB) was held under the chairmanship of Secretary(mines) on 9th -10th February, 2017. In this meeting, annual programme of Geological Survey of India (GSI) for year 2017-18 was finalized after due consultations with State Governments, Central and State PSUs and all other stakeholders.
- Cordination- cum- Empowered Committee (CCEC) meeting on Mineral Development and Regulation was held under the chairmanship of Secretary (mines) on 3rd February, 2017 in which important issues like disposal of saved cases under Section 10 (A) 2 (c) of MMDR Act, Mining Surveillance System (MSS), Star rating of Mines and Transparency, Auction Monitoring and Resource Augmentation (TAMRA) were discussed.

- The Second National Conclave on "Mines and Minerals" was organized on 15th February, 2017 in which apart from stakeholder consultations, 32 five star-rated mines were felicitated by Hon'ble Minister of State (IC). Further, two MoUs were signed with TERI, one by NALCO for remediation of Red Mud Dumps (i.e., mud residue after Alumina extraction) and 2nd one by IBM on preparation of Action Plan for abandoned mines.
- Transparency, Auction Monitoring and Resource Augmentation (TAMRA) interactive web portal and mobile app was also launched in the conclave meet by Hon'ble Minister of State which would provide status of mining blocks auctioned/ to be auctioned in India to the public. This portal also facilitates the preferred bidders and other stakeholders including States/ Ministry of Mines to monitor the status of statutory clearances associated with mineral blocks to expedite production from mineral blocks, resulting in 'resource augmentation' and addition to fiscal resource base of the States. The portal can be accessed through Ministry of Mines website and mobile application is also available for downloading and public viewing.
- In the month of February 2017, 1941.4 sq km of Large Scale Mapping (LSM), 25.89 sq km of Detailed Mapping (DM) and 13,291.15 m of Drilling were carried out against monthly prorated targets of 1119 sq km, 15.45 sq km and 9040 m. Also, 1510 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:

- National Mineral Development Corporation (NMDC) a state- controlled mineral producer of Government of India posted a net profit of Rs 595.16 crore for third quarter ended December, 2016 against Rs 421.10 crore for corresponding quarter previous year with a record growth of 41.33 %. During the financial year 2016-17, for the nine months ended December 2016, the company recorded in a profit of Rs 2077.6 crore and income of Rs 5957 crore.
[Source: Business Line, dated 14th Feb, 2017]
- Hindustan Zinc reported an increase of 34% quarter on quarter basis with Q3 Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of Rs 27.8 billion. Profit After Tax (PAT) also increased by 22% quarter-on- quarter basis to Rs 23.2 billion.
[Source: Financial Express, dated 14th Feb, 2017]
- NMDC Ltd. is in discussions with Vietnam- based Masan Resources to acquire a considerable stake in its Nui Phao polymetallic mine, which has rich reserves of tungsten.
[Source: Hindustan Times, dated 20th Feb, 2017]

Month- wise International price of metals & mineral:

Minerals	Aluminium (LME spot price, CIF UK ports)	Lead (LME spot price, CIF European Ports)	Zinc (high grade 98% pure)	Copper (LME spot price, CIF European ports)	Gold (London afternoon fixing, average of daily rates)	Iron ore*** 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						
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
Jan, 2017**	1,791.24	2,242.62	2,714.80	5,754.56	1,192.10	80.82
Feb, 2017**	1,860.75	2,311.50	2,845.55	5,940.91	1,234.20	88.8

Source: * as compiled by IBM

** Tentative as quoted in www.indexmundi.com

*** Iron ore prices in US\$ term are not compiled by IBM. The information furnished is from www.indexmundi.com