

Market Scenario:

RBI in its monthly bulletin released for the month of December, 2016 assessed that *“Global growth picked up modestly in the second half of 2016, after weakening in the first half. World trade is beginning to emerge out of a trough that bottomed out in July-August and shows signs of stabilizing. Commodity prices also firmed up across the board from mid-November on an improvement in the outlook for demand. International financial markets were strongly impacted by surge of the US dollar due to the probability of the Federal Reserve adopting a tight monetary policy and triggered sizeable depreciations in currencies around the world.”*

Domestically, the growth of real gross value added (GVA) in Q2 of 2016-17 turned out to be higher when compared to GVA in same quarter previous year. However, the GVA in Q2 of 2016-17 was lower than the GVA in Q1 same year due to lower than expected slowdown in the industrial activity.

Performance of Mining Sector in October, 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 October, 2016 stood at 129.4 with a corresponding growth rate of (-) 1.1 percent as compared to the level in the month of October, 2015. The cumulative growth in the index of Industrial Production for the mining sector (both fuel and non- fuel) during April- October 2016-17 has been (-) 0.2 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 Chromite, Copper Conc., Gold, Iron Ore, Manganese Ore, Tin Conc., Zinc Conc., Diamond, Graphite (R.O.M.), Kyanite, Limeshell, Limestone etc. However, the minerals showing negative growth during the month as compared to the corresponding month of the previous year are Coal, Lignite, Natural Gas (ut.), Petroleum (crude), Bauxite, Lead Conc., Fluorite (graded), Garnet (abrasive), Magnesite, Phosphorite, Selenite, Sillimanite, Vermiculite, Wollastonite etc.
- However, when we compare the IIP (both fuel and non- fuel) for the month of October, 2016 with that of last month i.e., September, 2016, there has been growth of 12.03 %. The main contributor to this growth in IIP is Coal mining in the fuel sector and MCDR minerals in the non- fuel sector. Index of Mineral Production for minerals under MCDR

for October, 2016 stood at 135.4 which is 16.3 % higher as compared to level in the previous month which stood at 116.4.

- 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		
		September (R)	October (P)	% growth
All Minerals	1000.000	115.5	129.4	12.03
Fuel Minerals	812.328	114.4	128.5	12.33
Coal Mining	323.249	133.9	161.6	20.69
Petroleum (crude) & Natural gas (ut.)	489.080	101.5	106.7	5.12
MCDR Minerals	131.397	116.4	135.4	16.32
Metallic Minerals	103.983	104.0	126.0	21.15
Non- Metallic Minerals	27.414	163.4	171.0	4.65

Source: IBM

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

(Value in Rs crores)							
Minerals	Unit	Production				Growth % in qty	Growth % in value
		Apr-Oct, 2016		Apr- Oct, 2015			
		Qty.	Value	Qty.	value		
All Minerals *	Million tonnes	298.824	22,269.464	279.042	23,089.545	7.09%	-3.55%
Bauxite	Million tonnes	14.060	779.805	18.708	927.504	-24.84%	-15.92%
Chromite	Million tonnes	1.532	776.905	1.244	1,100.986	23.18%	-29.44%
Copper Conc.	Million tonnes	0.073	326.965	0.078	349.029	-7.05%	-6.32%
Iron Ore	Million tonnes	99.833	11,862.552	81.433	12,842.983	22.60%	-7.63%
Lead Conc.	Million tonnes	0.132	493.993	0.152	451.183	-12.92%	9.49%
Manganese Ore	Million tonnes	1.193	581.072	1.164	512.700	2.43%	13.34%
Zinc Conc.	Million tonnes	0.638	2,262.349	0.915	1,999.679	-30.27%	13.14%
Other met. Minerals	Million tonnes	**	978.418	**	1,051.625		-6.96%
Total Metallic Minerals*	Million tonnes	117.461	18,062.059	103.694	19,235.688	13.28%	-6.10%
Limestone	Million tonnes	180.583	3,845.874	173.924	3,453.007	3.83%	11.38%
magnesite	Million tonnes	0.156	37.740	0.149	38.862	5.03%	-2.89%
Phosphorite	Million tonnes	0.439	192.516	1.073	224.983	-59.09%	-14.43%
wollastonite	Million tonnes	0.100	8.693	0.112	9.911	-10.45%	-12.30%
Sillimanite	Million tonnes	0.036	27.885	0.041	29.162	-12.13%	-4.38%
Other non Metallic	Million tonnes	**	58.725	**	58.012		1.23%
Total Non- Metallic minerals*	Million tonnes	181.363	4,207.405	175.348	3,853.857	3.43%	9.17%

** Not additive

Figures have been estimated wherever required

*indicative and excludes precious stones and metals, hydro-carbons and atomic minerals.

- From the table pre-page, 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-October, 2016-17 is 7.1 percent. The real contributor to this growth has been chromite (23.2%), Iron ore (22.6 %) and manganese ore. (2.43 %) in the metallic segment and Limestone (3.83%) and magnesite (5.03%) in the non- metallic segment. However, due to continued pressure on mineral prices, the value of production has registered a negative growth of 3.55%.
- The provisional value of production of MCDR minerals in October, 2016 was Rs 3544 crore. The estimated value of mineral production for the month of November, 2016 is Rs 3255 crore which is 1.5% higher when compared to October, 2015 and 8.2 % lower when compared to previous month.

B. Auction of Mineral Blocks:

As on 30th November, 2016, NIT for 9 blocks in state of Jharkhand, Odisha and Rajasthan has been issued. The details are given below:

States	Minerals	Number of blocks
Jharkhand	Gold	1
Odisha	Limestone -3, Manganese -1	4
Rajasthan	Limestone- 3, Copper and Associated minerals- 1	4

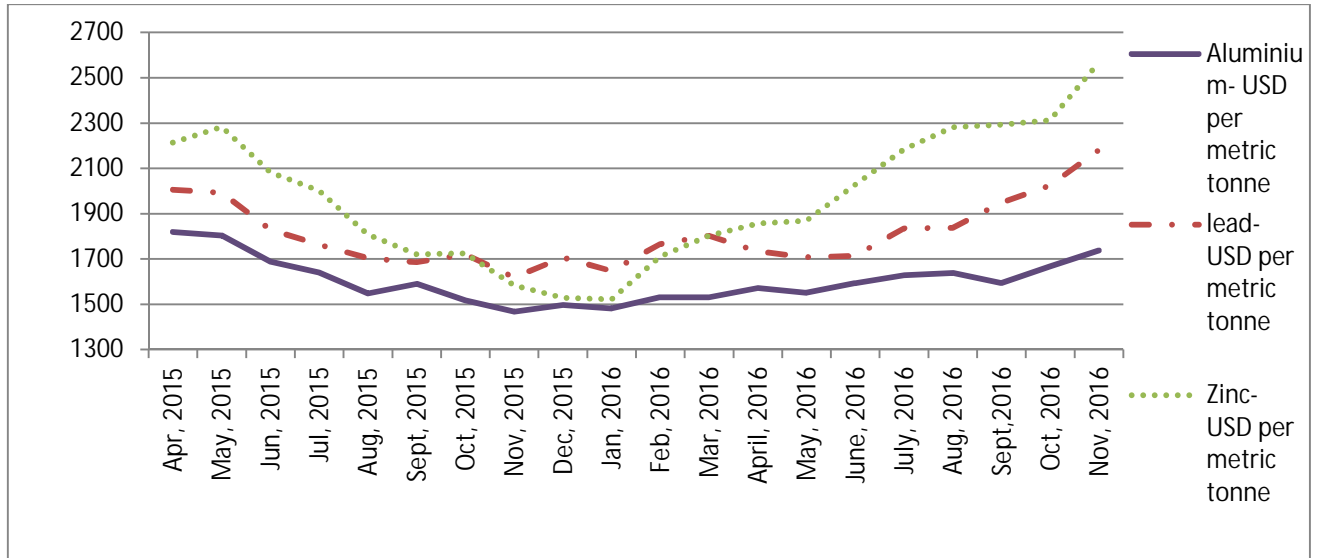
C. Export and import of major minerals :

Mineral	HS Code	Unit	Quantity					
			Exports			Imports		
			2014-15	2015-16	2016-17 (apr-Sep)	2014-15	2015-16	2016-17 (apr- Sep)
Iron ore	2601	t	7,298,110	5,444,490	9,005,290	12,090,090	7,095,390	1,829,830
Aluminium ores and concentrate	260600	t	7,505,182.9	9,826,690.5	1,095,200.6	1,984,921	1,230,189.9	1,031,873.1
Copper ores and concentrate	260300	t	1.4	12,601.1	25,077.9	1,876,406.8	2,079,179.04	551,079.4
Zinc ores and concentrate	260800	t	45.5	615.1	0.066	39,348.2	424.4	1,951.9
Chrome ores and concentrate	261000	t	27,956.2	79,189.6	201,415.5	3,497,477.7	206,862.5	84,824.5
Manganese Ore	260200	t	12,153.6	487.9	133.4	267,514.5	2,443,674.5	993,157.04

Source: Department of Commerce website

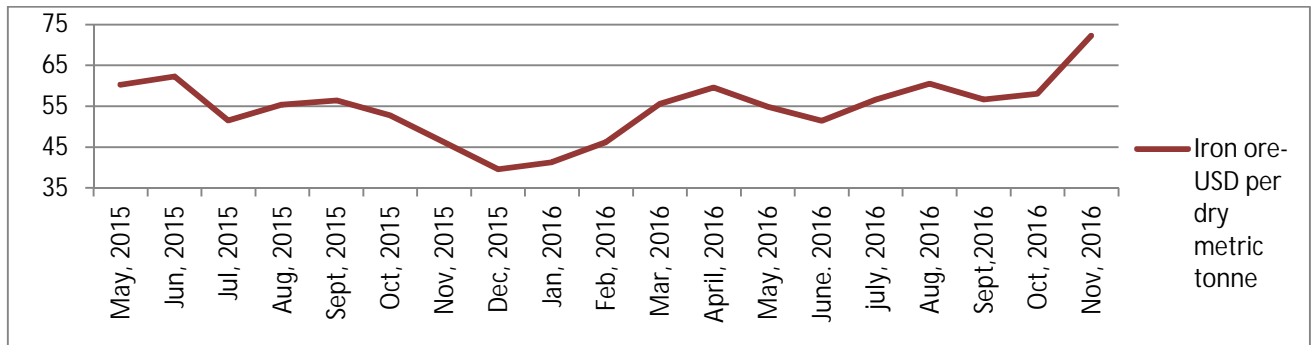
D. Trend in International prices:

Commodity prices firmed up from mid-November which may be seen from the graphs tabulated below. The month- wise international price of metals & minerals is placed at Annexure.



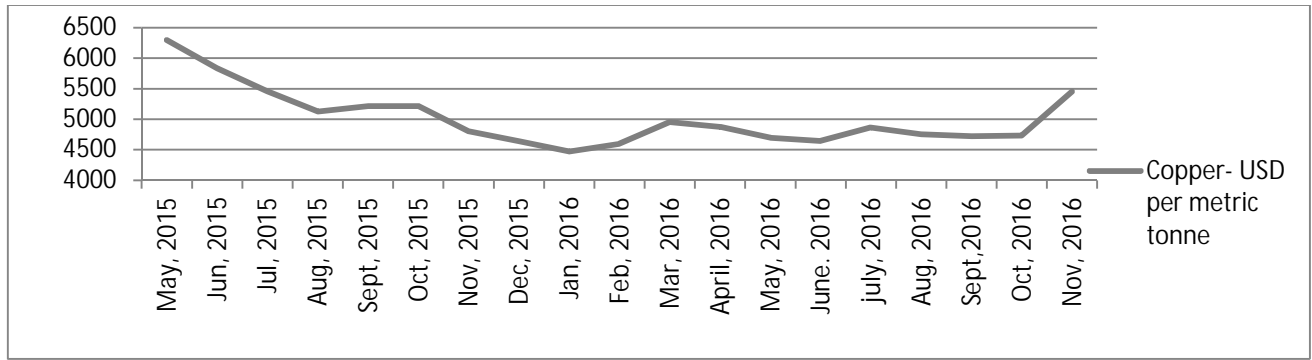
Source: as compiled by IBM and www.indexmundi.com

- In the month of November, 2016, the prices have improved substantially with regards to Aluminium, Lead and Zinc. The price of Aluminium improved by 4.3 % when compared to price last month. Also, lead and zinc registered a growth of 7.7 % and 11.02 % respectively in November, 2016 when compared to prices last month.



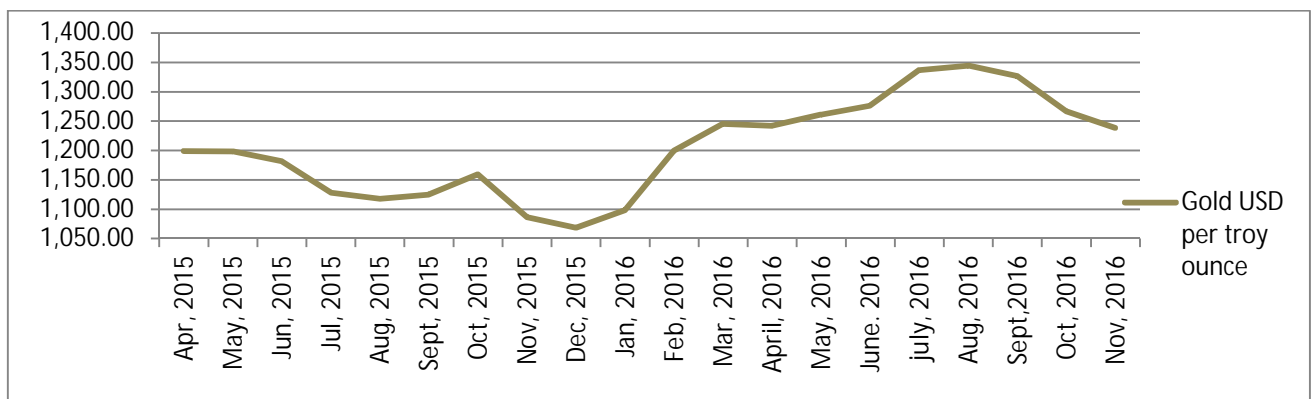
Source: www.indexmundi.com

- The price of iron ore improved by 24.5% in the month of November, 2016 when compared to price last month, which is the biggest surge in the past two years.



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

- The price of copper has improved with a growth of 15.2% in November, 2016 when compared to last month's price.



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

- Gold prices have registered a negative growth consistently for the fourth month. The price of Gold declined by 2.21% in November, 2016 when compared to October, 2016.

Key Decisions & Achievements:

- After the introduction of Mining Surveillance System (MSS) last month, Ministry of Mines has now launched mobile apps from which anyone can upload photographs of the area allegedly under illegal mining. Indian Bureau of Mines (IBM) is also taking steps to set up control room with help of National Remote Sensing Centre (NRSC).
- The Ministry is also exploring the use of UAVs (drone) for various mining related activities including base-line survey prior to exploration, compliance of mining plan and review of star rating. Mineral Exploration Corporation Ltd. (MECL) has signed MoU with IIT Kanpur to use drone for conducting exploration related surveys. MECL has also initiated steps to procure one 'state of the art' drone which can also be used by IBM and GSI.

- In the month of November 2016, 839.95 sq km of Large Scale Mapping (LSM) 14.955 sq km of Detailed Mapping (DM) and 12123.7 m of Drilling were carried out against monthly prorated targets of 1086.80 sq km, 15.45 sq km and 11300m. Also, 1715 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:

- CII recently released a report on 'Mining Opportunities – Realizing the opportunities'. The report mentioned that the vibrant mining sector has potential to propel economic growth, can add up to USD 70 billion to India's GDP in next 15 years. It further added that Mining could play a crucial role in employment generation with an additional employment capacity of 6-8 million jobs in 15 years.
- Australia's National Geological Survey, Geoscience Australia has launched a two-year programme to help Geological Survey of India (GSI) in adopting modern practices and upgrading its capacities to help discover new mineral deposits.

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						
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

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