

M & M Monthly
Newsletter from Ministry of Mines

October, 2016
Vol. 1 No. 10

Market Scenario:

As per the recently released Index of Industrial Production, industrial sector grew by 0.7% in September, after falling for two consecutive months. The output is mainly hit by poor performance of manufacturing and mining sectors coupled with a decline in the capital goods output. Manufacturing sector which has the highest weightage in IIP grew by mere 0.9 percent whereas the mining sector output declined by 3.1% due to the weak industrial activity and subdued international prices of commodities.

However, the IIP figure is expected to rise in October due to the improved rural and urban consumption owing to festive season.

Performance of Mining Sector in September, 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 September, 2016 stood at 115.6 with a corresponding growth rate of (-) 3.1 percent as compared to the level in the month of September, 2015. The cumulative growth in the index of Industrial Production for the mining sector (both fuel and non- fuel) during April- September 2016-17 has been 0.0 percent over the corresponding period of previous year.
- The important minerals showing positive growth during the month as compared to the corresponding month of the previous year are Lignite, Chromite, Gold, Iron Ore, Manganese Ore, Tin Conc., Garnet (abrasive), Kyanite, Limeshell, Limestone, Magnesite, Selenite , Sillimanite etc, However, Coal, Natural Gas (ut.), Petroleum (crude), Bauxite, Copper Conc., Lead Conc., Zinc Conc., Diamond, Fluorite (graded), Graphite (R.O.M.), Phosphorite, Vermiculite, Wollastonite etc. have shown negative growth during the current month over the same period of previous year.
- However, when we compare the IIP (both fuel and non- fuel) for the month of September, 2016 with that of last month i.e., August, 2016, there has been growth of 2.1 %. 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 September, 2016 stood at 117.0 which is 8.7 % higher as compared to level in the previous month which stood at 107.6.

- 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		
		August (R)	September (P)	% growth
All Minerals	1000.000	113.2	115.6	2.1%
Fuel Minerals	812.328	113.1	114.4	1.15%
Coal Mining	323.249	123.4	134.0	8.6%
Petroleum (crude) & Natural gas (ut.)	489.080	106.3	101.5	(-) 4.5%
MCDR Minerals	131.397	107.6	117.0	8.7%
Metallic Minerals	103.983	93.9	104.8	11.6%
Non- Metallic Minerals	27.414	159.5	163.5	2.5%

Source: IBM

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

Minerals	Unit	Production				Growth % in qty	Growth % in value
		Apr- Sept, 2016		Apr- Sept, 2015			
		Qty.	Value (in Rs crore)	Qty.	Value (in Rs crore)		
All Minerals	MT	254.70	18,764.07	237.54	19,589.70	7.23%	-4.21%
Bauxite	MT	12.20	673.98	16.82	829.75	-27.49%	-18.77%
Chromite	MT	1.32	663.80	1.05	935.60	25.90%	-29.05%
Copper Conc.	MT	0.06	288.07	0.07	303.99	-9.40%	-5.24%
Iron Ore	MT	84.13	9,840.74	66.85	10,759.01	25.85%	-8.53%
Lead Conc.	MT	0.11	413.52	0.13	382.29	-12.87%	8.17%
Manganese Ore	MT	1.01	480.38	1.00	444.30	1.09%	8.12%
Zinc Conc.	MT	0.50	1,843.36	0.78	1,709.92	-35.76%	7.80%
Other met. Minerals	MT	**	944.41	**	884.69		6.75%
Total Metallic Minerals	MT	99.33	15,148.28	86.70	16,249.54	14.57%	-6.78%
Garnet (Abrasive)	MT	0.04	27.50	0.04	33.17	-1.66%	-17.11%
Limestone	MT	154.69	3,297.75	149.54	2,966.48	3.44%	11.17%
Phosphorite	MT	0.39	174.75	1.00	221.56	-61.10%	-21.13%
Sillimanite	MT	0.03	24.14	0.04	25.56	-13.18%	-5.56%
Other non Metallic	MT	**	91.65	**	93.37		-1.84%
Total Non- Metallic minerals	MT	155.37	3,615.79	150.84	3,340.15	3.01%	8.25%

** Not Additive
MT- Million Tonnes

- The production growth for all major minerals from April- September, 2016-17 is 7.23 percent. The real contributor to this growth has been chromite (25.9%), Iron ore (25.85 %) and manganese ore. (1.09 %) in the metallic segment and Limestone (3.44%) in the non- metallic segment. However, due to continued pressure on mineral prices, the value of production has registered a negative growth of 4.21%.
- The provisional value of production of MCDR minerals in September, 2016 was Rs 2833 crore. The estimated value of mineral production for the month of October, 2016 is Rs 3322 crore which is 4.9% lower when compared to October, 2015 and 17.3 % higher when compared to previous month.

B. Auction of Mineral Blocks:

- As on 31st October 2016, out of 20 blocks put up for auction in 3 states namely Karnataka, Jharkhand and Madhya Pradesh, 7 iron ore blocks of Karnataka, 1 Gold block of Jharkhand and 1 Diamond Block of Madhya Pradesh were successfully auctioned. However, 3 limestone blocks of MP and 7 iron ore blocks of Karnataka were annulled since minimum participation of 3 bidders per blocks could not be met.
- The details of auctioned blocks in the month of October, 2016 is tabulated below:

E- auction of 9 mineral blocks (in ₹ Crore)						
S. No.	State	Mineral/Ore	Type of lease	Highest Bid	Additional revenue due to auction	Total Revenue
1	Jharkhand	Gold	PL cum ML	28.1%	179	192
2	Karnataka	Iron ore	ML	90.82 %	6,634	7,861
3	Karnataka	Iron ore	ML	100.3 %	1,637	1,911
4	Karnataka	Iron ore	ML	81.10 %	5,661	6,833
5	Karnataka	Iron ore	ML	58.9 %	957	1,230
6	Karnataka	Iron ore	ML	111.1 %	7,386	8,503
7	Karnataka	Iron ore	ML	100.1 %	1,115	1,302
8	Karnataka	Iron ore	ML	102.52%	5,767	6,712
9	Madhya Pradesh	Diamond	PL cum ML	22.31 %	24	38
Grand Total					29,360	34,582

- The remaining blocks which are due for auction by December, 2016 :

States	Minerals	Number of blocks
Jharkhand	Gold	1
Karnataka	Iron ore	8
Odisha	Limestone -3, Manganese -1	4
Rajasthan	Limestone- 3, Copper and Associated minerals- 1	4

C. Export and import of major minerals

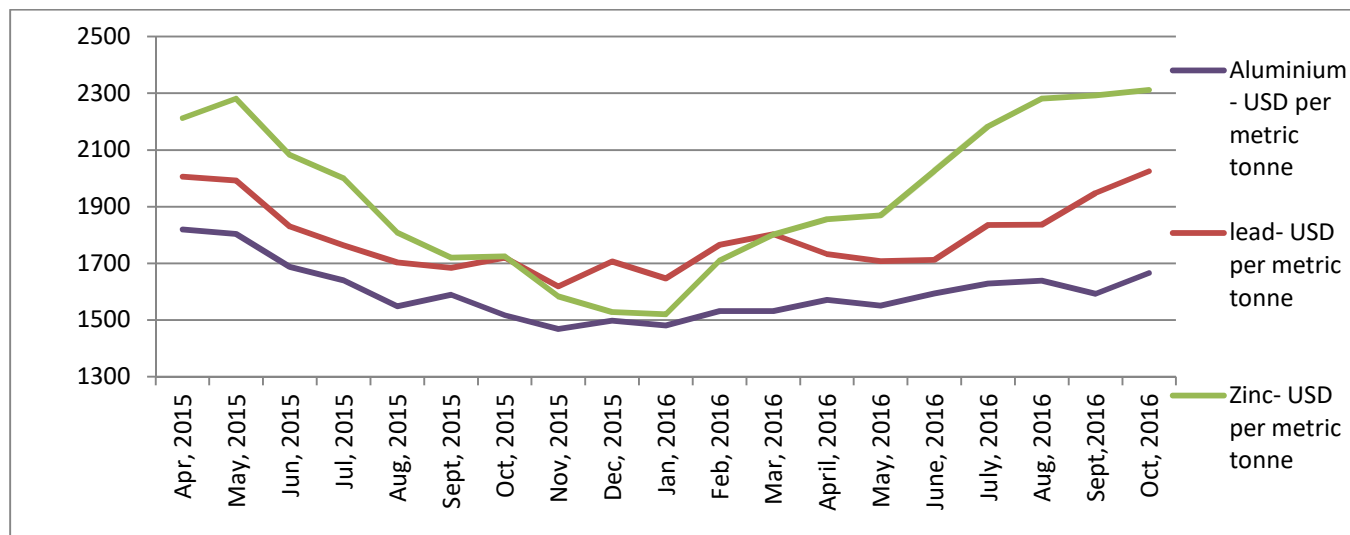
Mineral	HS Code	Unit	Quantity					
			Exports			Imports		
			2014-15	2015-16	2016-17 (apr-Aug)	2014-15	2015-16	2016-17 (apr- Aug)
Iron ore	2601	t	7,298,110	5,444,490	7,582,770	12,090,090	7,095,390	1,590,500
Aluminium ores and concentrate	260600	t	7,505,182.9	9,826,690.5	645,243.7	1,984,921	1,230,189.9	724,299.9
Copper ores and concentrate	260300	t	1.4	12,601.1	25,033.3	1,876,406.8	2,079,179.04	467,563.5
Zinc ores and concentrate	260800	t	45.5	615.1	0.07	39,348.2	424.4	1941.2
Chrome ores and concentrate	261000	t	27,956.2	79,189.6	201,415.5	3,497,477.7	206,862.5	70,111.4
Manganese Ore	260200	t	12,153.6	487.9	133.4	267,514.5	2,443,674.5	887,580.3

Source: DGCI&S and Ministry of Commerce website

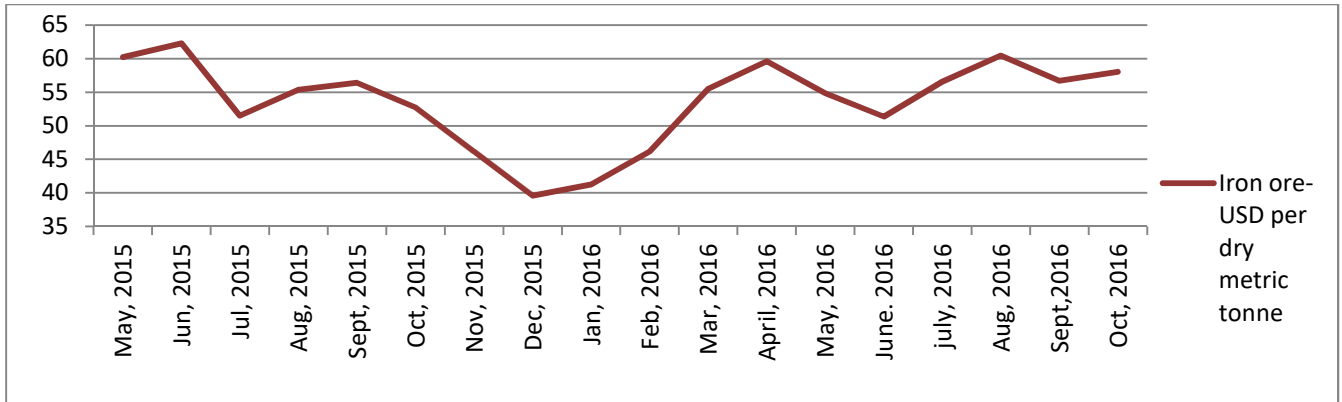
- In case of iron ore, exports have picked up in 2016-17 when compared with the previous two years. Also, the imports have reduced in the country drastically from 7.1 million tonnes in 2015-16 to 1.6 million tonnes in the current fiscal year upto August, 2016.
- The exports of Aluminium ores and concentrates have also increased in the past two years with an export of 9.8 million tonnes in 2015-16 and 0.65 million tonnes this fiscal year upto August, 2016. Its imports have also reduced in 2015-16 when compared with 2014-15.

- There are negligible exports of copper in the country since India is deficient in the production of copper ore. The domestic demand of copper and its alloys is met majorly through domestic production, recycling of scrap and by imports. The imports of copper have increased in 2015-16 when compared to last year.
- HZL is the only producer of primary lead in the country as well as the only integrated producer of primary zinc. With capacity additions undertaken by HZL, the country enjoys self-sufficiency in respect of zinc. Production of zinc is more than its consumption. Therefore, both its exports and imports are negligible.
- In case of chrome ores and concentrates, the exports have increased significantly in the current fiscal year upto August, 2016 when compared to 2015-16. Also, the imports have reduced drastically by 94 percent in 2015-16 when compared from 2014-15 with continued low imports in 2016-17 also.
- Manganese ore is mainly consumed in production of Silico- manganese and Ferro-manganese. Ferro-manganese is highly demanded from Iron and steel industry in the country, which requires high grade manganese ore which constitutes only 10% of total reserves in the country. Therefore, the demand of manganese ore is met through imports primarily from South Africa and Australia.

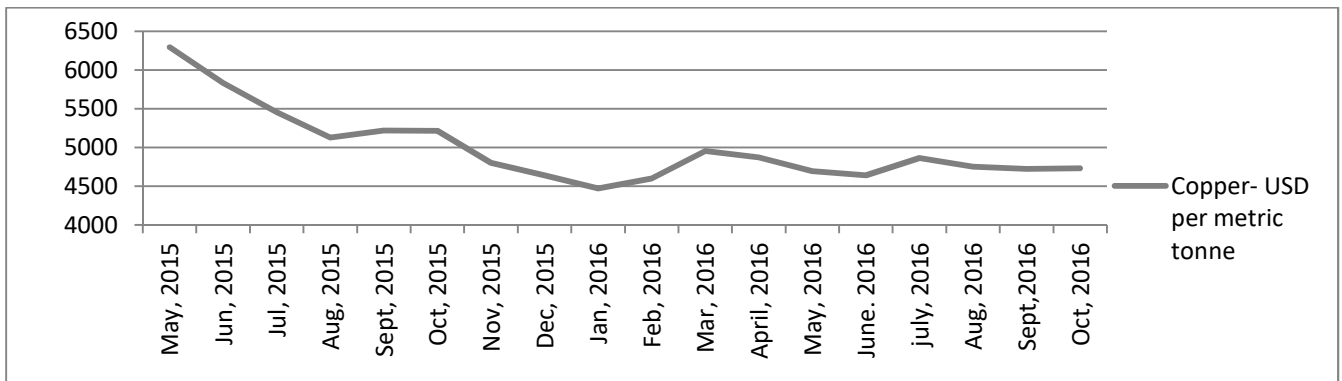
D. Trend in International prices:



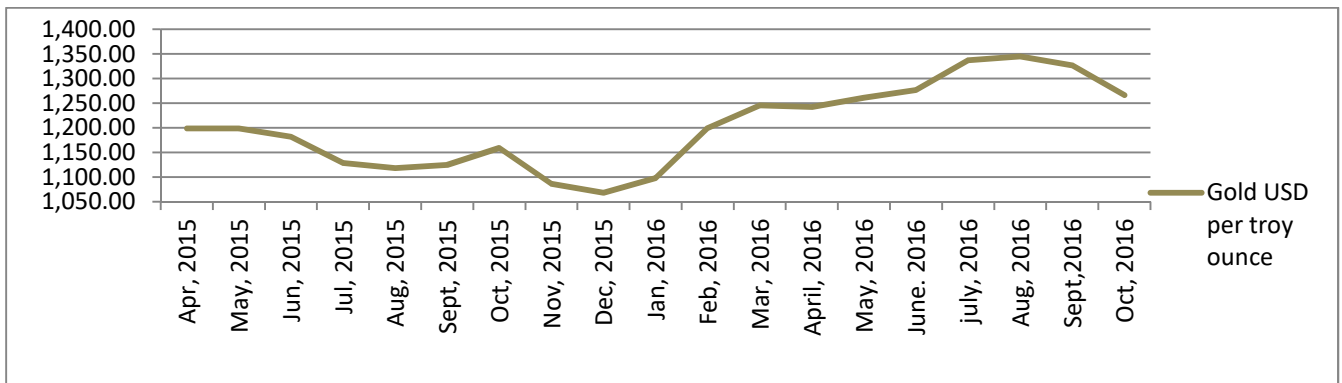
- In the month of October, 2016, the prices have improved with regards to Aluminium , Lead and Zinc. The price of Aluminium improved by 4.62 % when compared to price last month. Also, lead and zinc registered a growth of 3.95 % and 0.84 % respectively in October, 2016 when compared to prices last month which is consistently high for the past two months.



- The price of iron ore improved by 2.38% in the month of October, 2016 after a sharp decline in September, 2016.



- The price of copper has improved marginally with a growth of 0.19% in October, 2016 when compared to last month's price.



- Gold prices have registered a negative growth consistently for the third month. The price of Gold declined by 4.55% in October, 2016 when compared to September, 2016.

Key Decisions & Achievements:

- Hon'ble Minister of State (IC) Power, Coal, New & Renewable Energy and Mines chaired the Conference of Power, Renewable Energy and Mines with Ministers of States / UTs which was held on 7th – 8th October, 2016 at Vadodara, Gujarat discussing key issues pertaining to mining sector.
- Mining Surveillance System (MSS) has been launched by Hon'ble Minister of State (IC) for Coal, Power, New & Non Renewable Energy and Mines on 15th October 2016, New Delhi for curbing illegal mining activity in the country by the use of space technology and remote sensing imagery. The system checks a region of 500 meters around the existing mining lease boundary to search for any unusual activity which is likely to be illegal mining activity. The MSS has been hosted on the National Centre of Geo-Informatics portal: www.ncog.gov.in/mining/login.
- Inter-ministerial group set up to fast-track mining leases namely PAMCAF reviewed the status of 17 successfully auctioned mining blocks on 28.10.2016 under the chairmanship of Secretary (Mines) to expedite the clearances required in the auctioned blocks so that these blocks may reach the operationalization stage as early as possible.
- Of the three PSU's under the ambit of Ministry of Mines namely NALCO, HCL and MECL, NALCO registered an increase of 16.14% and 5.20% in production of Alumina Hydrate & Aluminium respectively in October, 2016 over the previous month. HCL produced 2678 tonnes of metal-in concentrate during October, 2016 (95% of target) and MECL continues to exceed MoU targets.
- The beta version of the Online Core Business Integrated System (OCBIS) of the Geological Survey of India was launched at Kolkata on 18th October, 2016. The project aims at implementing a state-of-the-art IT-enabled platform with proper data and process workflow, integrating core business processes, and facilitating real time collaboration and interaction for all stakeholders. Currently, all legacy data, digitized reports and maps are being uploaded into the system. The final roll out is scheduled for April 2017.
- Secretary (Mines) chaired the 2nd meeting of the reconstituted Granite Development Council on 10th October 2016 to discuss the report submitted by the Sub Committee on the Granite Development.
- Target vs. achievement during the financial year.2016-2017 of GSI as on 31.10.2016 is tabulated below:

Scheme/ Mission	Name of the Scheme/ Project/Programme	Target * (Apr'16 to Mar'17)	Target for Oct' 2016	Achievement (Oct'2016)	Achievement from 1st April'16 to 31st Oct'16
MISSION-I					
a) GROUND SURVEYS	i) Spl. Thematic Mapping (sq.km.)	9230	1384.50	1171	2047.50
	ii) Geochemical Mapping (sq.km.)	1,37,000	20550	16,246	23,067
	iii) Geophysical Mapping (sq.km.)	95,200	14280	14,963	20,833
b) AERIAL SURVEYS	iv) Multisensor/Aeromagnetic Survey (with Twin Otter (1km)	60,000	-	13,301	15,584
	v) Heliborne Survey (1km)	25,000	-	Nil	616
c) MARINE SURVEYS	1. Bathymetric Survey (1km)-	10,000	-	635	2676
	2. Magnetic (1km) -	10,000	-	1385	2830
	3. Swath Bathymetry (sq.km.)	42,000	-	2159	9469
	4. Seismic Survey (1km)	5,000	-	385	1423
	5. Gravity (1. km)	16,000	-	1246	3929
	6. Sub bottom profiling (1. km)	15,000	-	1009	3458
	7). Systematic coverage within TW + EEZ (sq. km)	4650	-	Nil	Nil
MISSION-II					
NATURAL RESOURCES	a) Large Scale Mapping (LSM)(sq. km)	5,500	811.80	542.70	1160.80
	b) Detailed mapping (DM) (sq. km.)	103	15.45	10.415	30.475
	c) Drilling (meter)	1,13,000	11300	13870.30	71364.75
	d) Preliminary mineral investigation within EEZ(sq.km)	25,000	-	3117	5891

MISSION-III					
GEO- INFORM ATICS	No. of Projects	35	-	All items initiated	
	i) Map Compilation (nos.)	9	-	-	17 initiated
	ii) Digitization of M-II Reports(nos.)	6285	-	-	6090
	iii) Data Integration(nos.)	7	-	-	8 initiated
	iv) Publications(nos.)	20	-	-	1 published
MISSION-IV					
FUNDAM ENTAL AND MULTIDI SCIPLIN ARY GEOSCIE NCES	No. of Projects	61	-	-	85 initiated
	i) NLSM/LSM(Sq. km)	50,000	-	10,385	14,355
	ii) Land Slide Investigation(LHZ/LSI) (nos.)	5	-	-	11 initiated
	iii) Seismic Hazard (SEI) (nos.)	6	-	-	12 initiated
	iv) Polar Studies & Glaciology (nos.)	8	-	-	2 initiated
RESEARC H & DEVELO PMENT	No. of Projects	49	-	7 initiated	49 initiated
	i) Geochronology dates (nos.)	50 samples	-	3	41
	ii) Isotope Analysis(nos.)	80 samples	-	14	78
	iii) EPMA analysis(nos.)	1500 samples	-	92	965
	iv) XRD analysis(nos.)	600 samples	-	325	1916
	v) DTA analysis(nos.)	100 samples	-	40	80
	vi) SEM-EDX analysis(nos.)	1000 samples	-	32	908
MISSION-V					

TRAINING AND CAPACITY BUILDING	No. of Projects	85	-	7 completed & 7 in Progress	62 completed & 7 in Progress
	i) Orientation Courses (nos.)	5	-	4 in progress	6 completed
	ii) Administrative Courses (nos.)	23	-	1 in progress	5 completed
	iii) DGM Courses (nos.)	5	-	-	6 completed
	iv) Thematic Courses (nos.)	50	-	-	34 completed
	v) International Courses (nos.)	2	-	1 in progress	1 completed

*Target as per outcome budget 2016-17

Mining Sector in news:

- The government is likely to launch disinvestment in NMDC, NALCO and MOIL in the January- March quarter of 2016-17 which is likely to fetch Rs 6000 crores to the exchequer.
[Source: Financial Express, Delhi published on 10th October, 2016]
- Eleven State governments have collected Rs 3214 crore from District Mineral Foundation(DMF) which was recently established Mines and Minerals (Development & Regulation) Amendment Act, 2015 to benefit the local population affected by mining operations. 234 districts of 11 mineral rich states have already established DMF. Odisha is the highest collector of DMF with total collection of Rs 1292 crore followed by Chhattisgarh with a total collection of Rs 652 crore and Jharkhand with Rs 507 crore collection.
[Source: Indian Express, Delhi published on 12th October, 2016]
- Indian origin commodities investor Sun Group on 16.10.2016 entered into an agreement with a Russian sovereign investment fund Far East, China National old Group Corporation and Baikal Region Development Fund, and two other partners from Brazil and South Africa to invest up to \$500 million to develop Kluchevskoye Gold deposit in eastern Siberia in the first BRICS investment project.
[Source: Economic Times, Delhi published on 17th October, 2016]

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

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