

**Market Scenario:**

In the recently released Global Competitiveness Index for 2016-17 by World Economic Forum, India's ranking improved 16 places to 39, making it the largest improvement this year among the 138 countries surveyed. India's competitiveness improved among various indicators, particularly in goods market efficiency, business sophistication and innovation. This is also the highest growth among the G20 countries because of sound monetary and fiscal policies of the government, aided by low oil prices internationally.

India's performance	RANK		
	2015-16	2016-17	
<b>Basic requirements</b>	<b>80</b>	<b>63</b>	▲
Institutions	60	42	▲
Infrastructure	81	68	▲
Macroeconomic environment	91	75	▲
Health and primary education	84	85	▼
<b>Efficiency enhancers</b>	<b>58</b>	<b>46</b>	▲
Higher education and training	90	81	▲
Goods market efficiency	91	60	▲
Labour market efficiency	103	84	▲
Financial market development	53	38	▲
Technological readiness	120	110	▲
Market size	3	3	◀▶
<b>Innovation and sophistication factors</b>	<b>46</b>	<b>30</b>	▲
Business sophistication	52	35	▲
Innovation	42	29	▲

Source: Global Competitiveness Index

Among the South Asian economies also, India leads the group with improvements across the board, including institutions and infrastructure, which have been particularly important in increasing overall competitiveness.

Reserve bank of India also released its fourth bi-monthly Monetary Policy statement, in which they anticipated that '*strong public investment in roads, railways and inland waterways, the recent efforts to unclog cash flows in large projects under arbitration, and the boost to spending from 7<sup>th</sup> Pay Commission's award, should improve the industrial outlook*'. Further, the Monetary Policy Committee (MPC) decided to reduce the repo rate under the Liquidity Adjustment facility (LAF) by 25 basis point from 6.5 percent to 6.25 percent. Consequently, the reverse repo rate, marginal standing facility rate and bank rate were also adjusted. This is likely to lead the revival of credit to the productive sector and further help gain momentum in economy.

## Performance of Mining Sector in August, 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 August, 2016 stood at 113.5 with a corresponding growth rate of (-) 5.5 percent as compared to the level in the month of August, 2015. The cumulative growth in the index of Industrial Production for the mining sector (both fuel and non-fuel) during April- August 2016-17 has been 0.6 percent over the corresponding period of previous year.
- However, Index of Mineral Production for minerals under MCDR for August, 2016 stands at 108.5 which is 3% lower as compared to level in the previous month which stood at 111.8. The production growth for all major minerals from April- August, 2016-17 is 8.19 percent. The real contributor to this growth has been chromite (27.6%), Iron ore (28.5%) and zinc conc. (0.74%) in the metallic segment and Limestone (3.99%) in the non- metallic segment. However, due to continued pressure on mineral prices, the value of production has registered a negative growth of 7.35%.
- Volume and value of production figures as achieved during the month of April- August, 2016 is provided in the table below:

Minerals	Unit	Production				Growth % in qty	Growth % in value
		Apr- Aug, 2016		Apr- Aug, 2015			
		Qty.	Value (Rs cr.)	Qty.	Value (Rs cr.)		
All Minerals	Million MT	215.2	15347.7	198.9	16565.5	8.19%	-7.35%
Bauxite	Million MT	10.58	574.24	14.56	727.01	-27.35%	-21.01%
Chromite	Million MT	1.16	580.2	0.91	824.83	27.60%	-29.66%
Copper Conc.	000' MT	48.67	210.59	55.89	253.36	-12.92%	-16.88%
Iron Ore	Million MT	71.21	8384.89	55.4	9083.26	28.54%	-7.69%
Lead Conc.	000' MT	91.19	346.06	104.88	322.51	-13.06%	7.30%
Manganese Ore	Million MT	0.85	402.15	0.84	374.9	0.74%	7.27%
Zinc Conc.	Million MT	0.38	1466.16	0.65	1435.63	-41.59%	2.13%
Other met. Minerals	Million MT	**	289.51	**	720.9		-59.84%
Total Metallic Minerals	Million MT	84.32	12253.8	72.52	13742.4	16.27%	-10.83%
Garnet (Abrasive)	000' MT	30.84	23.3	32.21	29.86	-4.24%	-21.97%
Limestone	Million MT	130.53	2767.5	125.5	2481.58	3.99%	11.52%
Phosphorite	000' MT	330.38	206.37	659.695	212.57	-49.92%	-2.92%
Sillimanite	000' MT	26.8	20.78	32.13	22.63	-16.59%	-8.17%
Other non Metallic	Million MT	**	75.96	**	76.49		-0.69%
Total Non-Metallic minerals	Million MT	130.92	3093.9	126.42	2823.1	3.56%	9.59%

# the table excludes precious stones      \*\* Not additive.

- On month on month comparison, the production of important minerals showing positive growth during August 2016 over August 2015 include Chromite, Gold, Iron ore, Manganese ore, Tin conc., Garnet (abrasive), lime shell, etc. However, Coal, Lignite, Natural Gas (utilized), Petroleum (Crude), Bauxite, Copper conc., Lead conc., Zinc conc., Diamond, Graphite (R.O.M), Selenite, Sillimanite, Magnesite, Phosphorite, Vermiculite, Wollastonite, etc have shown negative growth during the current month over the same period of previous year.
- The provisional value of production of MCDR minerals in August, 2016 was Rs 2637 crore. The estimated value of mineral production for the month of September, 2016 is Rs 2620 crore which is 12.1 % lower when compared to September, 2015 and 0.6 % lower when compared to previous month.

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

- As on 30<sup>th</sup> September 2016, out of 30 blocks put up for auction in 5 states namely Andhra Pradesh, Karnataka, Jharkhand, MP and Rajasthan, 1 limestone block of Rajasthan was successfully auctioned. However, 4 blocks (1 copper and base metals, 3 limestone) of Rajasthan and 5 limestone blocks of Andhra Pradesh were annulled since minimum participation of 3 bidders per blocks could not be met.
- The successful limestone block in Nagaur district of Rajasthan had a total reserve of 168.84 million tonnes of limestone which received the highest bid of 60.09%. The additional revenue received to the exchequer through e- auction is Rs 5053 crores. The cumulative revue to the government over the lease period of 50 years amounts to Rs 6565 crores.
- The remaining blocks which are due for auction by December, :

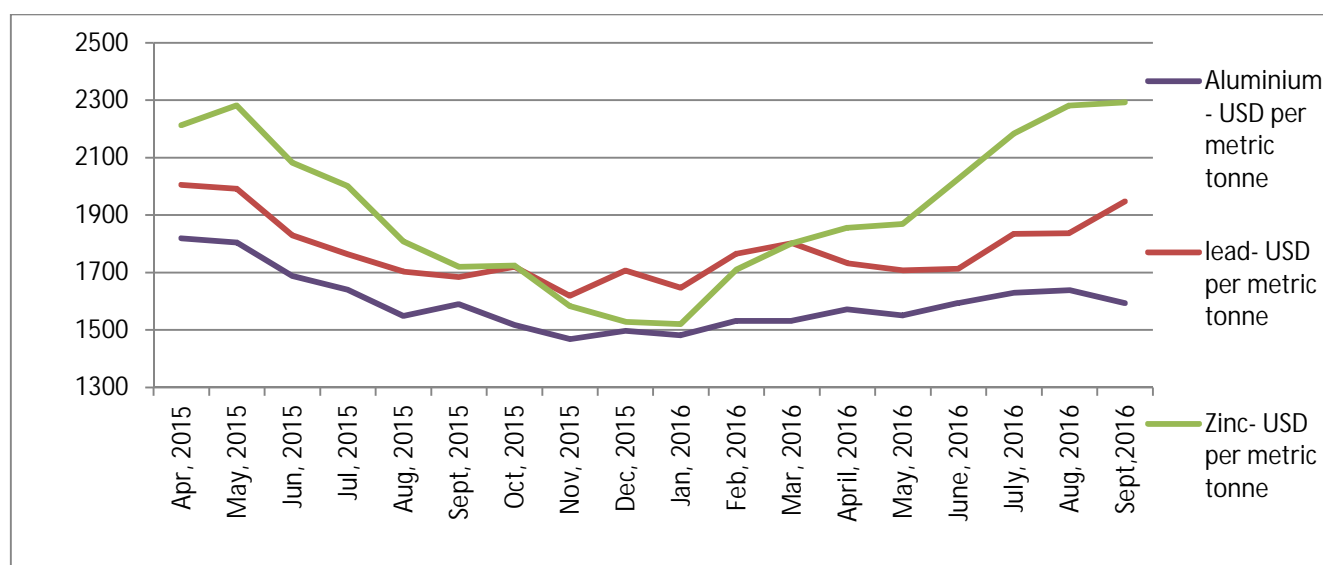
<b>States</b>	<b>Minerals</b>	<b>Number of blocks</b>
Jharkhand	Gold	2
MP	Diamond, Limestone	4
Karnataka	Iron ore	15
Odisha	Limestone -3, Manganese -1	4

### C. Export and import of major minerals

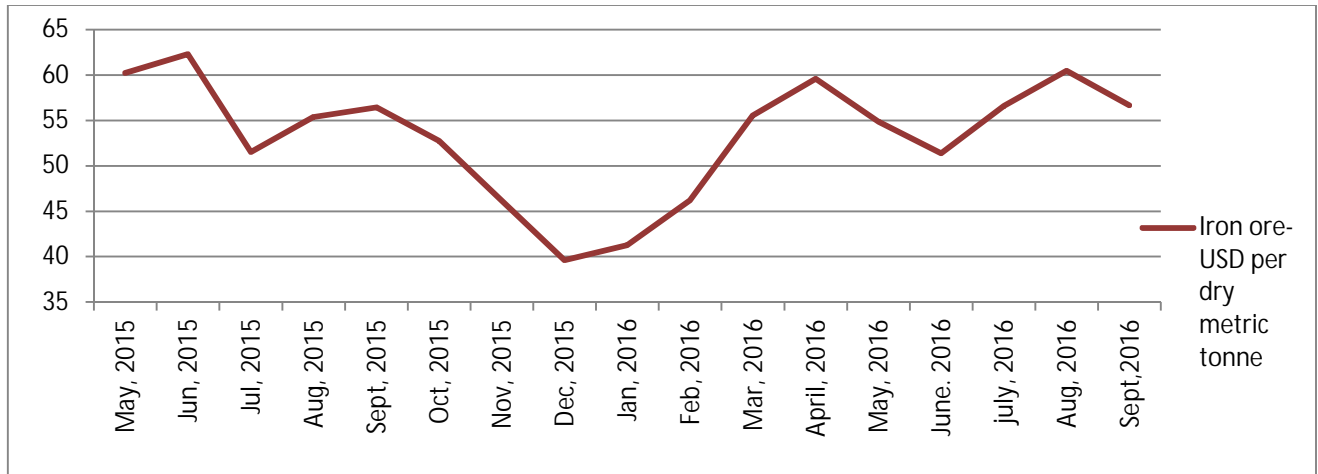
Mineral	HS Code	unit	Quantity			
			Exports		Imports	
			2015-16	2016-17 (apr- July)	2015-16	2016-17 (apr- July)
Iron ore	2601	Tonnes	5,444,490.0	6,509,590.0	7,095,390.0	1,262,260.0
Aluminium ores and concentrates	260600	tonnes	9,826,690.50	433,467.93	1,230,189.85	541,440.77
Copper ores and concentrates	260300	tonnes	12,601.11	25,033.28	2,079,179.04	406,463.48
Zinc ores and concentrates	260800	tonnes	615.10	0.07	424.39	1,914.71
Chrome ores and concentrates	261000	tonnes	79,189.57	169,252.24	206,862.46	59,333.01
Manganese Ore	260200	tonnes	487.92	133.38	2,443,674.52	763,737.13

Source: DGFT

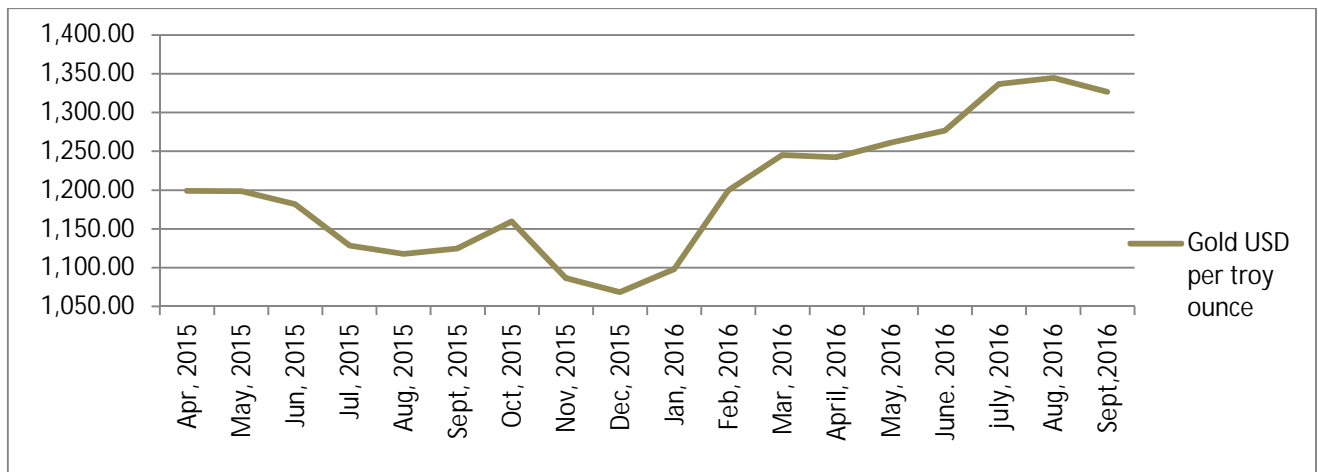
### D. Trend in international prices



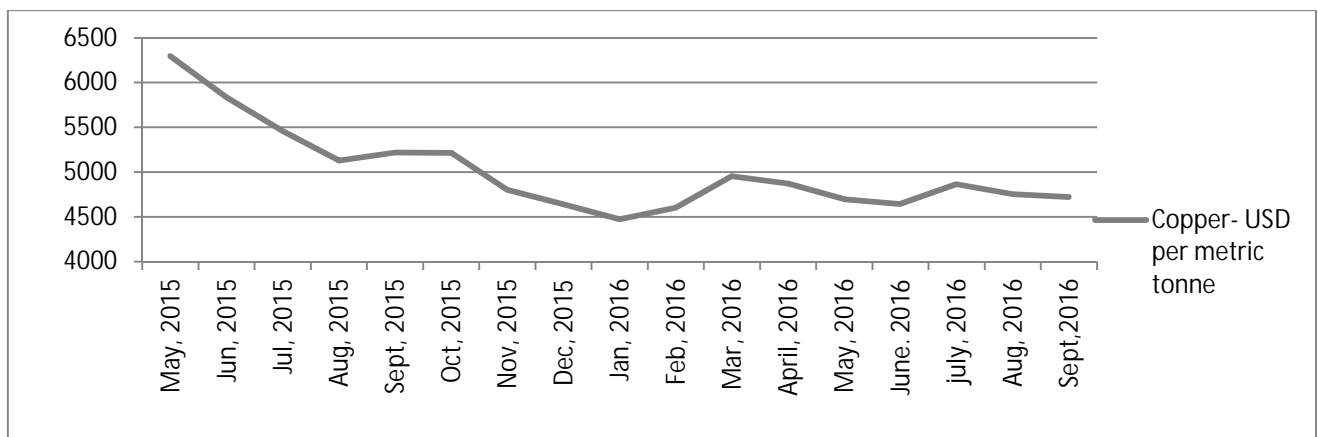
- The prices in the month of September, 2016, the prices have improved with regards to Lead and Zinc but not in case of Aluminium. The price of Aluminium lowered by 2.83 % when compared to price last month. However, lead and zinc registered a growth of 6.03% and 0.50 % respectively in September, 2016 when compared to prices last month.



➤ Iron ore registered a fall in value of 6.28% in the month of September, 2016 when compared to August, 2016.



➤ Gold also registered a decline in value of 1.01 % in the month of September, 2016 when compared to August, 2016.



➤ Copper registered a decline in value for 2<sup>nd</sup> consecutive month with fall of 0.62 % in the month of September, 2016 when compared to August, 2016.

## Key Decisions & Achievements:

- On 7<sup>th</sup> September, 2016, two meetings on ‘ways and means to enhance the share of mining sector in GDP by 1 percentage point’ and ‘2<sup>nd</sup> meeting on Post Auction Mining clearance and Approval facilitator to review the current status of seven mineral blocks which have been successfully auctioned till date’ were held under the chairmanship of Secretary (Mines) to expedite both issues.
- M/s Wipro was awarded the Letter of Intent on 23<sup>rd</sup> September, 2016 after its selection as implementation agency for establishment of Mining Tenement System (MTS), for automation of the entire mineral concession life-cycle, which would enable real- time transfer of electronic files and exchange of data among various stakeholders.
- For acquisition of aero- geophysical data, Geological Survey of India plans to cover the entire geological potential area of about 8.00 lac sq. km. by aero-geophysical survey and mapping in a limited time frame with budgetary support from National Mineral Exploration Trust (NMET). The detailed project report submitted by consultant has been approved and EOI has been floated for shortlisting of implementing agencies which is likely to be completed by December, 2016.
- Secretary (Mines) on 3<sup>rd</sup> September and subsequently on 20<sup>th</sup> and 27<sup>th</sup> September held meeting with MoEF&CC and various State governments to review the status of pending for Environment (EC) and Forest Clearances (FC) in the saved cases under section 10A(2)(c) to expedite the execution of these applications.
- Target vs. achievement during the f.s.2016-2017 of geological survey of India as on 3<sup>0th</sup> September, 2016.

Scheme/Mission	Name of the Scheme/ Project/Programme	Target * (Apr'16 to Mar'17)	Target for Sept' 2016	Achievement (Sept'2016)	Achievement from 1 <sup>st</sup> April'16 to 30 <sup>th</sup> Sept'16
<b>MISSION-I</b>					
a) Ground Survey	i) Spl. Thematic Mapping (sq.km.)	9230	461.50	582.50	876.50
	ii) Geochemical Mapping (sq.km.)	1,37,000	6850	4449	6821
	iii) Geophysical Mapping (sq.km.)	95,200	4760	2680	5870

b) Aerial Survey	iv) Multisensor/Aeromagnetic Survey (with Twin Otter (lkm))	60,000	-	Nil	2283
	v) Heliborne Survey (lkm)	25,000	-	Nil	616
c) Marine Survey	Parametric Survey within EEZ and beyond				
	1. Bathymetric Survey (lkm)-	10,000	-	210	2041
	2. Magnetic (lkm) -	10,000	-	Nil	1445
	3. Swath Bathymetry (sq.km.)	42,000	-	Nil	7310
	4. Seismic Survey (lkm)	5,000	-	Nil	1038
	5. Gravity (l. km)	16,000	-	Nil	2683
	6. Sub bottom profiling (l. km)	15,000	-	Nil	2449
	vi). Systematic coverage within TW + EEZ (sq. km)	Nil	-	Nil	Nil
<b>MISSION-II</b>					
NATURAL RESOURCES	a) Large Scale Mapping (LSM)(sq. km.) including 412 sq. km of LSM for coal(M-IIB)	5,500	305.50	204.80	618.10
	b) Detailed mapping (DM) (sq. km.)	103	15.45	8.48	20.06
	c) Drilling (meter)	1,13,000	9040	11,804.20	57,494.45
	d) Preliminary mineral investigation within EEZ(sq.km)	25,000	-	125	2774
<b>MISSION-III</b>					
GEOINFORMATICS	(Map, Publication, Information Technology, Core Library etc.) (in nos.)	35	-	All items initiated	
<b>MISSION-IV</b>					
FUNDAMENTAL AND MULTIDISCIPLINARY GEOSCIENCES	[Geotechnical, Earthquake Geology & Seismology, Geoenvironment, Glaciology, Geothermal, Polar studies etc.] (in nos.)	61	-	All Items initiated	

RESEARCH & DEVELOPMENT	Research (No. of Investigation including Deep Geol) (in nos)	49	-	8	42
MISSION-V					
TRAINING AND CAPACITY BUILDING	Training (in GSITI) No. of Types (No. of courses)	85	-	10 completed & 6 in Progress	55 completed & 6 in Progress

\*Target as per outcome budget 2016-17

### **Mining in news:**

- State- run PSU Hindustan Copper Ltd. has signed a joint venture with Chhattisgarh Mineral Development Corporation (CMDC) on 30<sup>th</sup> August, 2016 for exploration, mining and beneficiation of copper and associated minerals in the state of Chhattisgarh.
- The Supreme Court on 1<sup>st</sup> September, 2016 rejected the plea of Vedanta Group to grant them permission to export iron ore mined from ‘B’ category mines of Karnataka that it has not been able to sell in the domestic market.
- The Supreme Court on 1<sup>st</sup> September, 2016 also rejected the plea of Karnataka Iron and Steel Manufacturer’s Association (KISMA) to direct National Mineral Development Corporation (NMDC) to refrain from adopting differential pricing mechanism for iron ore sold in e- auction in the state. The court declined association’s application to direct Supreme Court appointed Central Empowered committee (CEC) to fix the floor price of iron ore on “realistic grounds and to ensure that NMDC does not take undue advantage of acute shortage of iron- ore availability in Karnataka”.
- In the third session of the India- Namibia joint trade committee meeting on 7<sup>th</sup> September, 2016, Namibia proposed that India should explore the possibility of joint venture in mining and mineral exploration with its national mining company Epangelo Mining and also trade of precious and semi-precious gems and stones and development of skill through training in gems and jewellery to encourage local value addition.



## Month- wise International price of Major minerals:

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

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)