F.No.10/3/2016-M.V
Government of India
Ministry of Mines

Shastri Bhawan, New Delhi.


Consequent to the amendments in the Mines and Minerals (Development & Regulation) Act, 2015, Ministry of Mines has initiated steps for their implementation. To highlight those activities in the public domain and also to briefly explain other developments in the mining sector along with a brief account of general market scenario, the Ministry has decided to issue a monthly Newsletter titled ‘M&M Monthly’. For the month of January, 2016, M&M Monthly is enclosed.

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To

1. Hon’ble Minister of Mines & Steel
2. Deputy Chairman, NITI Aayog, Yojana Bhawan, New Delhi
3. All Members of NITI Aayog, Yojana Bhawan, New Delhi
4. Cabinet Secretary, Rashtrapati Bhawan, New Delhi-110004
5. All Secretaries to Government of India
6. Chief Economic Adviser, Deptt. of Economic Affairs, Min. of Finance, New Delhi
7. Information Officer, PIB, Shastri Bhawan, New Delhi
8. All Associations (FIMI, ASSOCHAM, CII and FICCI)

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Market Scenario:

India’s multibillion mining industry is facing tough challenges amid the weak global commodity markets, falling prices, devaluation of Yuan and a strong US dollar. Base metals have continued a declining trend to nearly 8 year low. The International Monetary Fund (IMF) in its World Economic outlook has also cut the global growth forecast for the third time in less than a year. It has indicated that world economy would expand by 3.4 percent, down from the figure of 3.6 percent projected in October, 2015.

In order to revive the sector, the government has already taken key policy initiatives like passage of Mines and Minerals (Development & Regulation) Amendment Act 2015, initiation of auctioning process of mines bearing minerals like iron ore, bauxite, limestone and Gold and encouraging the miners to increase production which would generate more employment in the country and in turn earn revenue for the miners, industrialists as well as state governments.

Performance of Mining in January, 2016:

- The indices of Industrial Production for the mining sector in the month of December, 2015 stand at 137.5 with a corresponding growth rate of 2.9 percent as compared to December, 2014. If we compare it with IIP of November, 2015, it registered a growth of 4.9 percent.

- Estimated value of production covering metallic- ferrous and industrial minerals but excluding fuel minerals, minor minerals and atomic minerals is Rs. 2766 crore which is 1.98 percent lower than last month. However, if we compare the production during corresponding month of previous year i.e. January, 2015 it was Rs. 4324 crore which was 36 % higher than current year.

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<tr>
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<td>601</td>
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<td>528</td>
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<td>590</td>
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From Table 1, we observe that the value of production for MCDR minerals from the period August, 2015- January, 2016 has been continuously lower when compared to last year’s production.

- Index of Mineral Production for December, 2015 was 137.5 which is 2.95 higher as compared to the level in the month of December, 2014. The important minerals showing positive growth during the month as compared to the corresponding month of previous year are coal, chromite, copper conc., iron ore, lead conc., diamond, garnet (abrasive), graphite, kyanite, magnesite, phosphorite, etc. However, bauxite, gold, manganese ore, tin conc., zinc conc., limestone, etc have shown negative growth during current month when compared to same month last year. Though, the IIP figures and Index of Mineral Production are high for December, 2015 when compared to November, 2015 as well as previous year i.e. December, 2014 but the value of estimated production is less. This may be attributed to huge fall in international as well as domestic prices of minerals.

- Prices have continued to remain at low level during January, 2016 on account of excess production in international market and subdued demand, with some commodities prices like iron ore hitting a ten- year low. The LME Aluminum, Copper, Lead and Nickel also continued to remain low during the month which is likely to affect their production in the domestic market. Gold prices have improved in January, 2016 but still have been lower when compared to previous months.
Figure 2: LME prices from last one year

![Graph showing LME prices from Dec. 31, 2014 to Jan. 31, 2016, with lines for Aluminium, Copper, Nickel, and Lead.]

Source: www.metalprices.com

Figure 3: Gold prices from the period March, 2015 to February, 2016

![Graph showing gold prices from March 15 to January 16, 2016, with a high of 1247.90 and a low of 1050.80, last close at 1239.10 USD/oz.]

Last Close: 1239.10

High: 1247.90 Low: 1050.80 ▲12.60 1.03%

Mar 15 May Jul Sep Nov Jan 16
Monday, February 15, 2016

goldprice.org
Status of auctioning process:

As on 31.01.2016, a total of 43 mineral blocks have been offered and NITs being issued by eight State Governments, namely Andhra Pradesh, Gujarat, Rajasthan, Maharashtra, Karnataka, Jharkhand, Chhattisgarh and Odisha for auction of mineral blocks like Iron ore, Bauxite, Limestone, Tungsten and Gold for 1st phase of auction.

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<thead>
<tr>
<th>States</th>
<th>Rajasthan</th>
<th>Gujarat</th>
<th>Maharashtra</th>
<th>Jharkhand</th>
<th>Karnataka</th>
<th>Chhattisgarh</th>
<th>Odisha</th>
<th>AP</th>
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<td>Process annulled due to less no. of participants in bidding process</td>
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<td>Bidding yet to commence</td>
<td>Bidding yet to commence</td>
<td>Bidding yet to commence</td>
<td>For iron ore block bidding yet to commence, for other two blocks of limestone process annulled due to less no. of participants</td>
<td>Bidding yet to commence</td>
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<tr>
<th>States</th>
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Key Decisions:

- The central government after representations from iron ore pellet makers as well as some miners has recently reduced the export duty on Iron ore pellets from 5% to 0% in Notification No. 1/2016- Customs, dated 04.01.2016. This was done on account of subdued demand and therefore a reduction in export duty would make the commodity more competitive in international market.

- In October 2015, the government reduced the export duty on export of iron by MMTC (only NMDC origin) to Japan and South Korea under the long term agreement (LTA), from 30 per cent to 10 per cent, up to and inclusive of March 31, 2018.

- In September 2015, the Railways slashed rates for distance based charges on movement of iron ore for exports for the first time in three years to a flat rate of Rs 300 to revive exports. The move was part of the Railways Dynamic Freight Pricing Policy that calibrates market price of commodities to the railway freight rates.

- In 2011 the export duty on iron ore was raised to 30% when its prices were at its peak and there was huge international demand, especially from China and Japan. However, due to lowering of prices to more than 50% in a year, the export of iron ore had become economically unviable. Therefore, the government took the decision for reduction in export duty of iron ore fines (with less than 58% Fe content). In April, 2015 in a notification No.30/2015-Customs, the export duty of iron ore fines was reduced from 30% to 10%.

- The Ministry is also planning to develop a mobile based application that facilitates aggregation of mineral production and sale statistics. This system would help in online calculation of average sale price by IBM. This may also facilitate in easy reconciliation between collection of NMET and DMF amounts with the production data.

- Rule 45 of Mineral Conservation and Development Rules, (MCDR) 1988 was amended on 9.2.2011 to prescribe that the owner, agent, mining engineer or manager of every mine, or any person or company engaged in trading or storage or end-use or export of minerals would register with Indian Bureau of Mines (IBM) and submit monthly / annual returns on end-to-end accounting of minerals. It is further being amended to prescribe online registration and submission of monthly / annual returns instead of the manual reporting.

- Ministry of Mines is in process of formulating Star Rating Scheme for Sustainable Development of Mines. Sustainable Development Framework is defined as mining that is financially viable, socially responsible, environmentally, technically and scientifically sound with a long term view of development, uses mineral resources optimally and ensures sustainable post- closure land uses.
Mining Sector in News:

- The Kudremukh Iron Ore Company (KIOCL), a PSU shipped 66,500 MT of high grade iron ore pellets (67 percent Fe content) worth about 40 crore to Iran through New Mangalore Port in January, under the ‘Make in India’ campaign. The KOICL aims at shipping 0.5 million tonnes pellets by December, 2016.

- Under the Prime Minister’s Digital India drive, Indian Bureau of Mines, Ministry of Mines has entered into a memorandum of understanding with the National Remote Sensing Centre (NRSC), Department of Space, for effective monitoring of mining activity using satellite imagery. The satellite imagery for mining project has been named ‘Sudoor Drishti’ and two remote sensing laboratories will be initially set up at Hyderabad and Nagpur.