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GOVERNMENT ALLOWS 100% FDI IN COAL MINING

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The Union cabinet decides to further liberalise FDI rules in four sectors to boost economic growth Union Minister of Railways and Commerce Piyush Goyal announced the approval of 100 per cent Foreign Direct Investment (FDI) in coal mining and associated infrastructure while briefing reporters on August 28, 2019 on decisions taken by the Union Cabinet headed by Prime Minister Narendra Modi.

"In the coal sector, for sale of coal, 100 per cent FDI under automatic route for coal mining, activities including associated processing infrastructure will attract international players to create an efficient and competitive coal market," a Press Information Bureau release said.

The Cabinet also increased FDI to 100 per cent in contract manufacturing and to 26 per cent in digital media companies. On FDI in single-brand retail, the Cabinet expanded the definition of mandatory 30 per cent domestic sourcing norm. It also allowed single-brand retailers to start online sales, waiving the previous condition of setting up a brick-and-mortar store, Goyal said.

"The Cabinet also approved 75 new medical colleges, to be established by 2021-22, with ₹24,375-crore investment. This is a move to add 15,700 MBBS seats in the country," announced Union environment minister Prakash Javadekar.

Only Coal India Ltd (CIL) could mine and sell coal in the country till now. Along with CIL, private and public sector companies with captive mines were allowed to mine and sell 25 per cent of coal in the open market. With the deregulation of the sector private companies will also be able to mine and sell coal, according to experts.

"What this means is that CIL has proven that it's incapable of meeting the coal demand of the country and therefore the government has decided to bring in foreign companies to do that job," said Karthik Ganesan, research fellow, Council on Energy, Environment and Water, a Delhi-based policy research organisation.

"This is a good idea as right now coal mining is done either by CIL or from captive mines at a huge environmental cost. I don't think this would lead to an inflow of private miners coming into India and tearing open the earth, because India is unlikely to open up more coal mines. With the coming in of professional coal miners, I think it would lead to an improvement of how coal is mined in the country," said Subhomoy Bhattacharjee, consultant, Research and Information System for Developing Countries, a Delhi-based policy research institute.

SLOWDOWN BLUES: MINING SECTOR STARES AT A SLUMP; LAKHS OF JOBS ON THE LINE

Mining and quarrying was one of the only three segments that expanded in the April-June period of this fiscal over last fiscal, yet the situation on the ground or at the pit head of a mine in this case, is anything but rosy.

India's domestic mining sector may have provided one of the silver linings in the GDP growth figure for the first quarter of fiscal 2020 that was released last Friday but like most other industries, this sector is also staring at a massive slowdown in the near future.

Mining and quarrying was one of the only three segments that expanded in the April-June period of this fiscal over last fiscal, growing at 2.7 per cent against 0.4 per cent even as the overall GDP growth of the economy slowed down to a six year low of 5 per cent during the quarter. Yet the situation on the ground or at the pit head of a mine in this case, is anything but rosy.

According to Federation of Indian Mineral Industries (FIMI), a combination of factors like ban on mining activity in some states due to ecological concerns, lopsided policies, high taxation and poor policy implementation at least 2 lakh people have already lost their jobs in the sector while another 2.64 lakh jobs are in danger.

"India's mining industry is in a chaos. In the past decade, many of the mines have been closed or suspended due to judicial intervention in different mining regions of the country," said R K Sharma, secretary general, FIMI. "As a result of the ineffective regulatory mechanism and subsequent adverse decisions by the Hon'ble Supreme Court in various States, mining sector has been crippled and mines have either shut down as in Goa or working at a reduced level as in Karnataka, Odisha and Jharkhand. Around 2 lakh people directly employed in these mines have lost their livelihood while it has also affected the indirect livelihood of a population 10 times that of the directly employed."

The industry has been plagued by rampant corruption and flouting of norms and the present NDA government in the centre in its first stint sought to bring in transparency in the system of allocation of mines by opting for an open auction process instead of arbitrary allocation by state governments. That change in regulation, however, brought in its own set of challenges and the process of mine allocation has only become tardier.

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During the period 2010-14, 494 mining leases were granted but post auction (2015-2019) none of the mining leases have been executed out of the auctioned 42 greenfield mineral blocks. So far leases have only been executed in case of 4 mineral blocks out of the 14 'C' category mines auctioned in Karnataka having pre-existing environment and forest clearances.

This is expected to become more acute in the first half of next year when hundreds of mines in the country would come up for bidding.

"We are staring at huge employment loss due to expiry of tenure of 329 non-captive mining leases on 31st March, 2020. Out of 329 non-captive, 48 are working mines. The closure of these mines will hit production of about 50-60 million tonnes of raw material, mainly iron ore and is expected to result in loss of about 2,64,000 jobs, direct and indirect," Sharma added. "The auction is an unnecessary costly way of developing mineral resources and leads to delays in mining. It creates artificial scarcity in the economy and removes the opportunity to create new job opportunity in mining sector as well as in Indian economy. It is a fact that auction mechanism for grant of mineral concessions has not given the desired result during the last four years."

TATA STEEL DEPLOYS WOMEN ENGINEERS AT JHARKHAND'S NOAMUNDI MINE

The company has recruited 10 women officers from across disciplines including mining, electrical, mechanical and mineral processing, it said.

Tata Steel has deployed women mining engineers at its Noamundi mine in Jharkhand in all shifts, according to a company release.

The company has recruited 10 women officers from across disciplines including mining, electrical, mechanical and mineral processing, it said.

"Tata Steel is the first company in India to deploy women in all shifts in mines; and OMQ (Ore, Mines & Quarries) division becomes the first division in Tata Steel to deploy women in all shifts with effect from September 1, 2019," the release issued here said.

Earlier, Tata Steel had started two shifts at its Jamshedpur plant's shop floor for women employees on April 1, it added.

Fifty-two women employees were deployed at its coke plant and electrical repair shopfloor in shifts 'A' and 'B' between 6 am and 10 pm through the week.

"In line with the company's target of having 20 per cent women officers in the workforce by 2025 and the recent modifications in the law, the human resource management division and the raw material division have undertaken an initiative called 'Women @ Mines'.

"This initiative will focus on four aspects namely communication, amenities, recruitment of women: officers and non-officers, and Tejaswini 2.0. This follows the Central government's decision (vide Gazette notification dated January 29, 2019) to exempt the women employment in any mine above ground and in any mine below ground from the provisions of Section 46 of the Mines Act, 1952," the release said.

Vice President, Raw Materials, Tata Steel, Arun Misra, said, "We are extremely happy to deploy women in mines. We respect uniqueness of individuals to create a diverse and inclusive workforce by having access to a wider talent pool. We are enhancing our facilities to recruit more women in all sections of our mines."

"There is a clear business case for employing women in mines as it leads to generation of new innovative ideas and perspectives," added Misra.

The release said that all the norms stipulated by the Directorate General Of Mines Safety (DGMS) are being adhered to ensure effective deployment of women at the mines. It added that a written consent from each women employee has been obtained prior to the deployment.

"Adequate facilities and safeguards regarding occupational safety, security and health of the female employees have been considered and arranged for. A slew of measures including sanitary vending machines, canteens for women, rest rooms, deployment of women in groups of not less than three in a shift, female security guards, transportation facilities, and more are being put in place to aid the process. A set of robust security measures, including GPS & CCTV monitoring, have been implemented," it said.

NON-INTEGRATED STEELMAKERS SET TO PAY 15-20% MORE FOR IRON ORE FROM FY21

Bereft of captive iron ore resources, the non-integrated producers bank on merchant supplies to sustain their operations

Non-integrated steel players are headed for higher cost of operations from FY21 post the lease expiry of merchant mines as their iron ore sourcing cost is expected to escalate by 15-20 per cent.

Bereft of captive iron ore resources, the non-integrated producers producers bank on merchant supplies to sustain their operations. Such steel companies have a dominant role in the country's crude steel output since they contribute three-fourths to the annual production.

"After the lease validity of merchant mines ceases on March 2020, there will be a spell of shortfall in iron ore. Assuming

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that the premiums at auctions of iron ore blocks in Odisha and Karnataka will be rational, the ore prices would still be pricier. For non-integrated steel makers, the landed cost of ore could rise by 15-20 per cent", said a metals analyst.

Till the end of FY20, no hikes in iron ore prices are expected as the domestic market will continue to remain oversupplied. Merchant iron ore producers whose leases are scheduled to lapse by March 31, 2020 are looking to maximize output. Odisha has 16 operative merchant mines whose leases expire by then. The mines add up to 80 million tonnes in approved capacity. In FY19, Odisha produced 114 million tonnes (mt) of iron ore, accounting for more than half of the country's estimated production of 207 mt.

Also, with international iron ore prices slumping to six-month low of $87 per tonne on Wednesday, domestic miners are faced with increasing pressure to cut prices. State run NMDC Ltd, the biggest iron ore producer, has cut prices of iron ore lumps by 9.6 per cent to Rs 2900 a tonne and that of fines by seven per cent to Rs 2660 a tonne. The revised prices are effective August 20.

Post March 31 2020, the iron ore prices are expected to climb depending on outcomes at auctions of iron ore blocks.

While integrated steel producers will be insulated from the price hike due to captive supplies, the price which their non-integrated producers shell out will be 2.6 times, a previous study by CRISIL Research showed. The existing integrated steel companies such as Tata Steel and central public sector enterprise SAIL will be immune to price flare-ups and hence, would not face cost pressures. By contrast, the new integrated steel players like JSW Steel who have won new iron ore leases at high bid premiums over the last two years will grapple with 5-8 per cent hike in iron ore costs over what they previous purchased from the merchant producers.

When iron ore auctions first took off in 2015-16 after the framing of Mineral Auction Rules 2015 pursuant to the amended Mines and Minerals- Development & Regulation (MMDR) Act, 2015, the bidders placed high stakes on the blocks offered at online auctions to ensure a long-term iron ore security for smooth running of their steel units.

For non-integrated steel producers, iron ore costs have 11-15 per cent share in the cost of production. Elevated ore prices during FY21 will narrow their Ebitda (earnings before interest, taxes, depreciation and amortisation) by 300-400 basis points, CRISIL estimated.

TATA STEEL PLANS TO ENTER MERCHANT MINING

Global steel major Tata Steel is considering merchant mining as a new business vertical that will leverage its existing expertise in captive iron-ore and coal mining.

"It is important for us to look at mining as a new business area. This is what we are evaluating just now to see how we can get into mining as business and focusing on India," Tata Steel executive director and CFO Koushik Chatterjee said in response to queries from shareholders on Tuesday.

He said that Tata Steel would float a separate company to undertake its planned merchant mining projects across the country. However, no plans to venture overseas were officially announced.

The planned foray into commercial mining is part of the larger consolidation exercise taken up by Tata Steel to streamline its businesses under four verticals – steel production, downstream value additions, mining, infrastructure and utilities.

The global steel producer with production capacities of about 33-million tons is planning to enter commercial merchant mining at a time when the Indian government has opened up commercial coal mining for private miners and even liberalised rules for operating captive coal mines, enabling a miner to offer part of production for free merchant sale.

The entry into merchant mining was a logical step to extend its internal mining operations, considering that it was the second largest iron-ore miner after State-run NMDC with captive iron-ore assets acrossthe eastern Indian states of Odisha and Jharkhand, where its main steel producing mill was located. The steel producer also produces ferro alloys, chromite and manganese largely for consumption at its steel mills.

According to company records, Tata Steel produced 23.3-million tons of iron-ore from its captive mines during 2018/19 and 6.54-million tons of coal. The steel producer was almost fully self reliant in iron-ore from its captive mines, which provided it with raw material security and cost of production advantages, while its captive coal mines met about 27% of the requirements of its steel mill blast furnaces.

Chatterjee said that Tata Steel was currently evaluating a number of iron-ore mines in Odisha that were slated to be put up for auction as their existing lease were expiring in March 2020.

100% FDI IN COMMERCIAL COAL MINING SKIRTS THE REAL ISSUES

India's move to permit 100 percent foreign direct investment in commercial coal mining—over a year after it allowed mining by private contractors—is expected to have little impact. The government's decision, said multiple brokerages including Bank of America Merill Lynch and Emkay Global, fails to address some of the key regulatory issues such as delay in environmental clearances and land acquisition, lack of availability of coal rakes, among others. They cited little impact of this development over Coal India Ltd. and its monopoly, at least in the short term. The world's largest coal miner missed production target for 13th consecutive year in 2018-19. And it delayed the

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production target of 1 billion tonnes by two years till financial year 2024-25.

In a bid to deregulate the coal sector, the government on Wednesday allowed 100 percent FDI in commercial coal mining via automatic route. It had allowed commercial coal mining by private players since February 2018—a move which is yet to bear any fruit since local players like the Adani Group, Tata Group and GMR Group evinced little interest.

Chief Economic Adviser Krishnamurthy Subramanian had last week expressed disappointment with the quantum of coal produced in the country. Coal production cannot be increased in the country till Coal India has the monopoly, he told PTI.

"Let me illustrate with an example, we have a lot of coal in the country. Our annual target is 1,000 million tonne, but we produce 600 million tonne. We import a lot of coal today. What is required to be done is to ensure that we produce 1,100 million tonne."

Coal India's Troubles While Coal India's production grew the most in three years and just missed its output target in FY19, the miner has struggled due to several issues over the past few years.

The company, in its FY19 annual report, said that of the total 120 projects it signed, 54 are delayed because of pending environmental and forest clearances and possession of land. Besides, hurdles related to resettlement and rehabilitation, contractual issues and shortage of rakes are also to be blamed for underperformance, it said.

Opening up the coal sector to FDI or private players to increase efficiency and reduce imports is laudable, but the measure is devoid of a solution to the original problem of delay in environmental and forest clearance and possession of land, Bank of America Merill Lynch said.

This proposition would take a long time to be implemented due to regulatory concerns surrounding the sector, it said. "There is a high risk of delay in implementation of these measures due to lengthy regulatory approval and land acquisition process. Time-bound execution remains to be key for an impact on the domestic coal supply outlook over the long term."

Echoing a similar view, Emkay Global said apart from environment clearances and land acquisition process, the other key issue is the availability of rakes, which are in short supply and one of the major concerns for Coal India. SBI Securities, too, said that removal these obstacles would only streamline the process and yield the required results.

EXPLAINED: HOW MINING SECTOR CAN CREATE LAKHS OF JOBS: R K SHARMA

Secretary general, Federation of Indian Mineral Industries

As per 12th Five Year Plan, for every 1% increase in economic growth, the mining sector creates 13 times more employment than agriculture and six times more than manufacturing

Mining is a labour-intensive industry and has a huge potential for employment generation; it can play a pivotal role in creating more avenues for job opportunities, particularly in the hinterland and backward areas, which have limited potential for other economic activities. Given the current unemployment crisis, it is believed that employment-intensive growth is the key to utilising India's demographic dividend and ensuring a remarkable growth story. In addition, it acts as a significant variable towards achieving a sustainable and inclusive growth.

he mining sector has emerged as the third-largest employment-generation sector. Of the eight core sectors of the economy, five—i.e. coal, steel, cement, electricity and fertilisers—are primarily dependent on raw material supplies from mines. Currently, the mining sector is passing through a sluggish growth and is suppressed. Addressing the unemployment issue in such a situation, both in rural and urban India, is a challenge.

As per the PLFS (Periodic Labour Force Survey) report, unemployment in India during 2017-18 was 6% (7.8% in urban areas and 5.3% rural areas), which makes it a 45-year low for jobs in India. According to a CMIE report, the rural unemployed in May 2019 were nearly 44% higher than their count in May 2018. On the other hand, the country's working age population, or those above the age of 15, is expanding by 1.3 crore a month. The average urban unemployment rate during the first five months of 2019 was 8%, as compared to 6.1% in the corresponding months of 2018.

On increasing unemployment rate, we have always believed that India is reining under the syndrome of opportunities lost within the country. It is known that creating jobs is not easy for the government sector, and the private sector must play, and has always played, a significant role. The private sector has also supported towards enhancing skill development programmes for the youth

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to encourage self-employment. The mining sector alone has the potential to absorb such trained manpower, particularly from the rural sector. But this can happen only if the sector itself is on a growing path.

The five sectors dependent on raw material from mining are already under pressure to buy much costlier raw material through imports. Even though India has the required raw materials in abundance, the lack of exploration, non-simplified policies and delayed approvals have resulted in decline in extraction of minerals and this has led to the sluggish growth in mining. Even the sustenance of some of these sectors that are dependent on raw material from mining is being threatened.

The growth in the mining sector has always benefited employment generation in relatively backward states that have low per capita income than national averages. These are Jharkhand, Rajasthan, Odisha, Chhattisgarh and Madhya Pradesh, which constituted about 54% of India's mining sector's GDP and about 37% of sectoral employment in 2011-12.

Mining employed about 23 lakh people in 2011-12 across the organised and unorganised sectors. Since the ratio of direct to indirect employment in the mining sector is 1:10, it is estimated that around 2.3 crore people gained employment through the mining sector in 2011-12. This also included employment generated in secondary and ancillary sectors.

The potential and scope of mining towards employment generation is immense. As per the 12th Five Year Plan, for every 1% increase in economic growth, the mining sector creates 13 times more employment than agriculture and six times more than manufacturing.

With the right kind of government support and reforms, by 2025 the mining sector has the potential to provide employment opportunities to about 50 lakh people directly and create overall employment opportunities for about 5 crore people.

India would need significantly higher contribution by the mining sector in the GDP if the country wants to become a $5-trillion economy and achieve 8% GDP growth. But, as of now, the trend in the mining sector is negative; its contribution to GDP is decreasing. The value of mineral production in India increased from Rs 1.77 lakh crore in 2012-13 to Rs 1.99 lakh crore in 2017-18, and the country's GDP growth also increased from 5% in 2012-13 to 7% in 2017-18. But, on the other side, the mineral sector (excluding petroleum and natural gas) contribution to GDP went down from 1.93% in 2012-13 to 1.53% in 2017-18.

With a view to put the mining sector back on the growth path, it is imperative to facilitate a regulatory regime and build a conducive framework for the ease of doing business. For India to achieve its aim of becoming a $5-trillion economy in the next five years and a $10-trillion economy in 8-10 years, it has to fast-track the growth of the mining and minerals sector.

Economic development generates employment opportunities; thus, all the sectors that have the potential to contribute immensely to economic development must be provided equal opportunities for growth and be assessed eventually.

ODISHA TO RESUME AUCTIONS OF IRON ORE BLOCKS; TO OFFER 11 VIRGIN BLOCKS

A high-level committee of the state government has decided to issue the Notice Inviting Tenders (NITs) for auctions of 11 more virgin blocks

Undeterred by the continuing face-off with the Union mines ministry over mineral lease area limits, the Odisha government has decided to revive auctions of iron ore blocks.

A high-level committee of the state government has decided to issue the Notice Inviting Tenders (NITs) for auctions of 11 more virgin blocks on August 16. The proposed roster includes eight iron ore blocks and one each for manganese, graphite and limestone. All the enlisted blocks will be offered as composite licenses-prospecting licenses (PL) cum mining lease (ML).

The freehold blocks lined up for auctions are Narinpanga, Pureibahal, Chandiposhi, Jhumka Pathiriposi, Dholtapahad, Unchabali, Gandhalpada, Rengalbeda North-East, Netrabandha Pahar (West), Kalimati and Uskalvagu.

The second phase of the auction follows the NITs issued on July 31 this year. The tenders were for seven non iron ore blocks. The high level committee had kept in abeyance the decision to open tenders for iron ore blocks.

The decision to defer online auctions of iron ore deposits stemmed from Odisha's ongoing spat with the Centre. In its latest missive to the state government, the Union mines ministry had made it abundantly clear to the state government to disallow bidders with over 10 square km or more area in their leasehold, at electronic auctions. The Cenre's directive was in line with Mineral Auction Rules of 2015, framed after the promulgation of the revised Mines and Minerals Development & Regulation (MMDR) Act on January 12, 2015, which killed discretionary award of mineral resources, replacing it with a transparent system of auctions.

Despite the Centre overcoming ambivalence in eligibility criteria of bidders, the Odisha steel & mines department, putatively at the behest of a leading steel company, was intensely pitching for relaxing the cap on mining lease area at 58 square km. Backing its justification behind the demand to increase limits, the state

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government cited the example of Steel Authority of India Ltd (SAIL), a central public sector enterprise (CPSE) which holds an area of 55.01 sq km in mining leases of iron ore and associated minerals in Odisha. Apart from this, the central government has reserved an area of 2.77 sq km for exploration and exploitation through SAIL in 2004 by invoking the provisions of Section 17A-1A of the erstwhile Mines and Minerals- Development & Regulation (MMDR) Act of 1957.

However, with the Centre yet to respond to Odisha's latest request, the state government has decided to carry forward with the auctions process. Accordingly, it has worked out tentative schedules. A pre-bid conference is to be held on August 28 with technical bids opening on September 23. The preferred bidder is set to be announced on October 22 and November 1. The letter of intent to the successful bidder is proposed to be issued on November 15.

GOA MINING DEPENDENTS URGE AMIT SHAH TO CONVENE GOM MEETING

The GoM, which has been formed to examine the vexed issue of mining in Goa, includes Union Ministers for Finance, Environment, Agriculture, Mining, Commerce and Industries, Petroleum and Law. It is led by Shah.

eople dependent on iron ore mining in Goa on Friday urged Union Home Minister Amit Shah to convene a meeting of the Group of Ministers (GoM), led by him, to discuss the issue of resumption of the industry in the state.

The GoM, which has been formed to examine the vexed issue of mining in Goa, includes Union Ministers for Finance, Environment, Agriculture, Mining, Commerce and Industries, Petroleum and Law. It is led by Shah.

"The complete closure of mining in Goa since March 2018 has had a devastating effect on the dependents of the industry. This has severely impacted the state's economy and resulted in a heavy drain on the revenues," Puti Gaonkar, president of the Goa Mining People's Front (GMPF), said.

GMPF is an umbrella organisation of the people rendered jobless following the closure of the key industry.

"A GMPF delegation, under the leadership of Goa Chief Minister Pramod Sawant, wants to meet Shah to present our case before him once again...This would help sustain the livelihood of lakhs of people and provide a strong boost to the ailing economy of the state," he added.

The GMPF representatives had met Shah in January this year to discuss the issue.

"A follow-up meeting was supposed to be held by July end. However no such meeting has taken place so far. Hence, we request the home minister to kindly convene a meeting of the GoM on the mining issue at the earliest," he said.

The mining industry in Goa has come to standstill since March 2018 after the Supreme Court quashed 88 mining leases.

ZAMBIA WANTS TO LIQUIDATE VEDANTA'S MINING COMPANY; $3 BILLION INVESTMENT AT STAKE

Anil Agarwal met the Zambian president a week back in Lusaka, meeting him again in India this week

In a last attempt to evade liquidation of its mining business in Zambia, Mining tycoon Anil Agarwal's Vedanta Resources will do another round of reconciliatory meeting with Zambian President Edgar Chagwa Lungu this week in India. Vedanta is on the verge of losing the lucrative copper mines in Zambia - Konkola Copper Mines (KCM) for allegedly defaulting on tax payments and violating operational licence. In May, the Zambian high court appointed a provisional liquidator to dissolve the company, but the High Court in Johannesburg, which is the seat of international arbitration in Africa, has ordered to halt any sell-off of KCM assets.

Vedanta official told Business Today that the company executives would meet the Zambian President Edgar Chagwa Lungu this week, for the second time in a month. Agarwal had an unsuccessful meeting with the president Lungu in Lusaka, Zambia about week back, but the latter stood firm with his decision to dissolve KCM. Since Zambia is Africa's second biggest copper-producing country after Democratic Republic of Congo, President Lungu targets to enhance the tax revenue from global mining giants working there to repay the country's growing domestic and international debts. Konkola Copper Mines (KCM) is a leading integrated copper producer in Zambia and operates one of the two mines producing electro-refined copper cathode in the region. Much of the product is exported mainly to South East Asia, China and the Middle East. The refined cathode is also sold to local cable manufacturers.

According to Vedanta official, the company remains committed to resolving the issue amicably through discussion and engagement with the government of Zambia. It is also clear that the company will use all available legal avenues to defend its rights as the majority shareholder in KCM, he said. Legal avenues include opposing the winding up proceedings brought in the Zambian courts, and beginning arbitration in South Africa. Vedanta and its minority partner - the Zambian government-owned ZCCM Investments Holdings - in KCM had earlier agreed to resolve the disputes through arbitration in South Africa. "Vedanta is clear that KCM has not violated its licence conditions. It also received no warning of these alleged breaches before the minority shareholder brought ex parte liquidation

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proceedings against it. As regards to the allegations of unpaid taxes, Vedanta contends that the Zambia Revenue Authority owed KCM (as of May 2019) over $180 million in unpaid VAT Refunds," said Vedanta official in an email response. Vedanta has begun the formalities of the arbitration process, but hearings have not yet commenced.

Vedanta official said the company believes that the meeting in Lusaka last week provided a solid base for further discussions with the Government of Zambia on the future of KCM. "Vedanta looks forward to engaging further with President Lungu and his team in India this week," he said. The minority shareholder in KCM, ZCCM-IH, initiated the application for the liquidation of KCM. ZCCM-IH represents the Zambian government's investment interests in the country's mining industry. At all times, ZCCM-IH has had their representatives on the board of KCM and has been kept fully appraised, said the official.

Vedanta has enabled investment of over $3 billion in KCM since first investing in 2004. "KCM has also contributed over $2.3 billion in employee earnings, over $1.3 billion in power costs, over $5.3 billion in other operating costs and almost $737 million in taxes, royalties and levies. KCM has also spent over $200 million in community-related activities and CSR spend," said the official.

The mined metal production from KCM stood at 91,000 tonnes in 2017/18, about 3 per cent lower. The revenue increased by 47 per cent to $1.3 billion in 2017/18, while earnings before interest, tax, depreciation and amoratisation (EBITDA) increased to $73 million from $6 million. The holding company of the group, Vedanta Resources, has given a corporate guarantee to KCM for an amount of $689 million in 2017/18 and $709 million in 2016/17.

DELHI COURT ACQUITS FORMER COAL SECRETARY HC GUPTA

Special CBI Judge Bharat Parashar said the prosecution had miserably failed in proving any of the charges against the former bureaucrat.

Delhi court has acquitted former coal secretary H.C. Gupta (retired) and a Delhi-based firm in a corruption case related to the allocation of "Brahmapuri coal block" in Madhya Pradesh.

Announcing the verdict on Thursday, Special CBI Judge Bharat Parashar said the prosecution had miserably failed in proving any of the charges against the former bureaucrat.

Delhi-based Pushp Steels and Mining Pvt Ltd (PSMPL) was allotted the Brahmapuri coal block for its proposed Sponge Iron End-Use Project in Durg district following the Screening Committee's recommendation even though the Ministry of Steel found the company ineligible for allocation of any captive coal block.

The probe agency alleged that the company had no experience in steel manufacturing and or required capital for starting mining operations.

However, it got the mining lease on Gupta recommendation, who was the chairman of the Screening Committee and also the Coal Secretary from December 31, 2005, to November 2008.

The CBI alleged that the company was allocated the Brahmapuri coal block-based of false information that it possessed an iron ore mining lease, though it had none.

"It was further alleged that the company did not have any experience in steel manufacturing and the net worth of the group companies/firms was around Rs 3.01 crore, which was insignificant," the agency said.

Gupta's counsel advocate Rajat Mathur had denied the allegations and claimed that the case filed by the CBI was "false".

INDIA TO TEST DEEP-SEA MINING MACHINE AT 6,000 METRES BY YEAR-END

After Chandrayaan, India's is planning to explore the deep sea region with the 'Samudrayaan' project. The 'Samudrayaan' project proposes to send men into the deep sea in a submersible vehicle for ocean studies. The project is expected to become a reality by 2021-22.

The project has been undertaken by the National Institute of Ocean Technology (NIOT). NIOT Director MA Atmanand said that NIOT has similarly undertaken Samudrayaan as ISRO has envisioned carrying an astronaut to space under its 2022 'Gaganyaan' mission.

Samudrayaan: Key Facts

The 'Samudrayaan' is a pilot project of the Ministry of Earth Sciences for deep ocean mining for rare minerals.

Under the proposed 'Samudrayaan' project, three men will be sent into deep sea in a submersible vehicle to a depth of about 6000 metres to carry out various deep underwater studies.

The submersible vehicle, which will be indigenously developed, would be capable of crawling on the sea bed at a depth of six-kilometer for 72 hours.

The project will go deeper in phases with more trials and the ocean mining is expected to commence in 2022.

The submarines deployed currently go only about 200 metres deep into the sea. The expenditure of the ambitious project is expected to be around Rs 200 crore.

Samudrayaan Significance

If the 'Samudrayaan' project is successful, India will join the league of developed nations in the exploration of minerals from oceans.

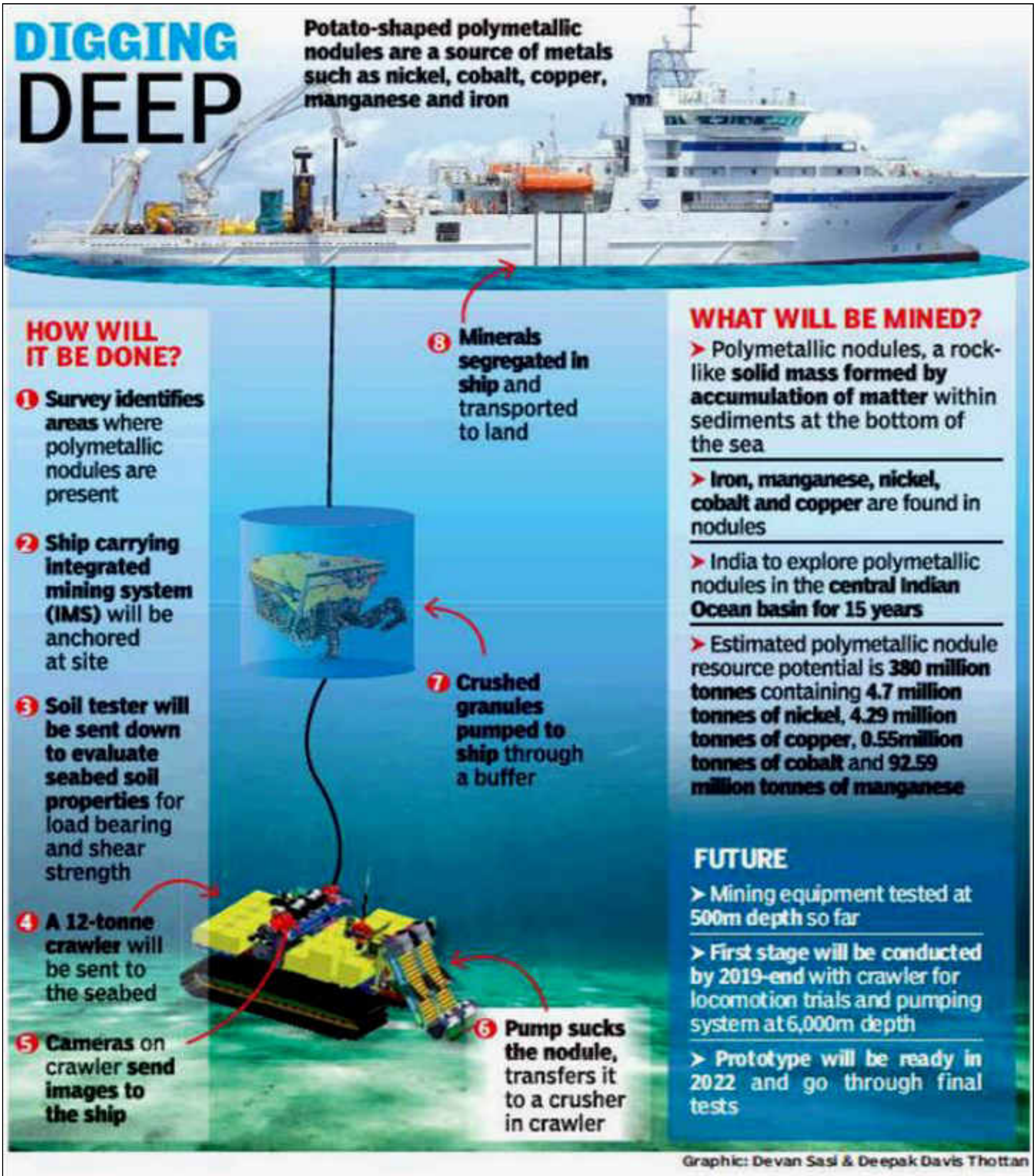
Developed countries have already carried out such missions. India could be the first developing country to undertake such a project.. (Continued on Page 8)...

Background

The 'Samudrayaan' will be a part of the Rs 6000 crore 'Deep Ocean' mission that though has received in-principle approval but it is still awaiting final approval from the Union Finance Ministry. The final approvals are expected to come through in October 2019.

India has been allocated a site of 75,000 sq km in the Central Indian Ocean Basin by the International Sea Bed Authority for exploration of polymetallic nodules from seabed.

The estimated resource of polymetallic nodules is about 380 million tonnes, containing 4.7 million tonnes of nickel, 4.29 million tonnes of copper and 0.55 million tonnes of cobalt and 92.59 million tonnes of manganese.



GEMCO KATI

CHHATTISGARH ELEPHANT RESERVE MAY LEAD TO MINING BAN

Expert says it would help in preserving a pristine forest from human interference.

ays after the Chhattisgarh government announced the setting up of the Lemru Elephant Reserve (LER), officials indicated that this could automatically lead to a ban on the mining activity in the region, especially in Hasdeo Arand forest, known for its high-quality coal reserves.

"There are two operational coal mines in this region and we are not including them in the proposed reserve. There are about 19 coal deposits in LER, on which the cabinet will take decision in due course," an official from the chief minister's office said on the condition of anonymity.

A second official familiar with the development said an area of 1,995 sq kms falling in four forest divisions — Korba, Kathghora, Surajpur and Dharamjaigarh — will be declared an elephant reserve. "A proposal will soon be submitted for cabinet approval," the official said. "The land earmarked by the previous government in 2007 was 450 sq km. We have expanded it to 1,995.48 sq km." Activists also said that if 1,995 sq km of land is notified as an elephant reserve, then mining activity might automatically come to an end.

"If LER is of 1,995 sq km, then forests around 19 coal deposits will be preserved. The BJP government in 2007 had proposed this reserve in which only nine coal mining areas were coming. The [latest] decision will not only help improve elephant population but will also help in conserving entire Hasdeo Arand forest," Alok Shukla, president of Chhattisgarh Bachao Andolan.

Shukla said they want that areas where coal mining is proposed such as Parsa, Paturia Giddamudi, Morga Madanpur should also be included in its buffer zone of the reserve. "Only then the biodiversity and Minimata Bango barrage [an important water body for animals] of Hasdeo can be preserved," he said. In his Independence Day speech, chief minister Bhupesh Baghel had announced that the idea to develop Lemru Elephant Reserve was aimed at providing a permanent habitat to tuskers and reducing human-animal conflicts. The state has 254 elephants, according to the last elephant census done in 2018.

Raipur-based elephant expert DS Malya said the decision would help in preserving a pristine forest from coal mining and human interference. "This will enable reduce human–elephant conflicts. I

'START TRUSTING THE PRIVATE SECTOR MORE AND WE WILL DELIVER': ANIL AGARWAL

- 'India is going through a change. The way, we used to do business before must change,' says Anil Agarwal
- In order to create more jobs, we need production to increase, more startups and innovation and more mining opportunities, says chairman of Vedanta Group
- Anil Agarwal, chairman of Vedanta Resources Limited, in a frank dialogue with Mint's Associate Editor Shrija Agrawal, opens up on wide range of topics - from impact of US-China trade war on India and future of Indian economy to efficacy of insolvency process (IBC). Speaking on current economic slowdown and India's $ 5 trillion ambitions, Mr. Agarwal is quite optimistic that economy will rebound, and he is confident of Prime Minister Narendra Modi to deliver. He also reveals his dream to be able to produce 50% of our oil demand in India, and firmly believes that even though India will and should adopt cleaner technologies, oil will continue to play a dominant role in our economy and industrial growth. Edited excerpts :
- **China, in the past has been able to monopolize the price and supply curve. Amidst global trade war between US and China, how do you think companies, outside US and China, will be impacted; how will the commodity price and supply be impacted?**
- We (India) do not want to be a dumping ground for the Chinese. And between them, we should look for opportunities that could benefit India. We are close to 140 crores (population), and no one can afford to ignore us; we are one of the largest market.
- **What do you feel is the long-term implication of this trade war?**
- Goods, that are not going to America, is being diverted to India. As a result, we see Indian ports flooded with scrap – electronics and other goods. However, Modi Government is quite strong in decision making, and they will take corrective measures to ensure this doesn't impact us.

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- **Scenario is gloom right now, and there are a lot of sound-bytes coming on 'economic slowdown.' What are your views about the macro-economic environment?**

- India is going through a change. The way, we used to do business before must change. However, I agree that now there is economic slowdown but I am very optimistic. The way Prime Minister Narendra Modi was able to transform Gujarat, I am sure he will do the same for India. Fundamentally, we want more industries, more reforms, ease of doing business and eradication of corruption: these things are in their Government mind. We have to have some patience, and results will come. In the meantime, the kind of companies that have gone down, it breaks my heart.

- **What are the major reforms that you expect Government to do – in terms of a mega bailout – to tide over the slowdown, we are seeing right now?**

- World has been developed based on leverage. And as long as promoters have not siphoned money and has used the money to build business, Government and banks should support them. I have seen China and other countries, and I do not believe that any entrepreneur/ industrialist is capable to build business on their own (without Government and Bank's support).

- **We have seen a major reform in the country in form of Insolvency and Bankruptcy Code (IBC), you also acquired one of the large 12 accounts, Electrosteel, and people think that you will create another 'Bokaro' out of it. How do you look at the IBC phenomena?**

- IBC process, that has been brought in, is good but I believe it needs to be relooked to ensure that things happen on time. It is taking very long (to complete). Competent people must come and contribute to make sure that the process is completed on time. And this (reducing delays) is very important because banks, promoters and bidders – everyone – are suffering. IBC, as a system very good, but it needs to be relooked to ensure it is crisp and delivers result.

- **Tell us about the Electrosteel acquisition? How has benefits of synergy accrued to you?**

- Electrosteel is a very small acquisition for us. We are already in iron-ore business and the Government was expecting for us to do value-added investments. We got this opportunity, and acquired Electrosteel.

- Mr. Raghubar Das, Chief Minister of Jharkhand, often tells me that he wants to leave behind a legacy, and can we (Vedanta) create another 'Bokaro.' I come from Bihar, and I understand him, reflect his views and appreciate his enthusiasm. And at the moment we are working on doubling the capacity of Electrosteel, and at the same time exploring how to create a world class company out of it. There is nothing on the cards, immediately, but in times to come, we will look at how we can create another 'Bokaro' out of Electrosteel.

- **Are there any other acquisitions on the cards right now through the IBC process for you?**

- No, at the moment our hands are full. I will like to share with you - IFC has done an independent report that shows we (Vedanta) contribute to 1% GDP of the country. And the Tax Transparency Report shows that over Rs. 2 lac crores of tax has been paid by Vedanta in the last 5-6 years. I feel very proud of this. We have always said, "Please do not under-estimate India." No other country in the world has the kind of human-resource, natural-resource, climate-resource and location (ports on 3 sides) as we do.

- We have nothing on cards to acquire, but we have big plans. We will invest Rs. 60,000 crores in the country. I am very passionate to produce oil in the country, which everybody said was not possible, but we did. We will invest Rs. 25,000 crores in oil & gas, Rs. 15,000 crores in silver and zinc, Rs. 15,000 crores in aluminium.

- **Interesting, you mentioned about investing Rs. 60,000 crores in India. Government has a vision to become $ 5 trillion economy by 2030. If you were to reflect on 3 or 4 key steps/ measures on how we could achieve that, what will those be?**

I was in Delhi, and I told them (Government) that public sector is still the backbone of India. I come from Bihar, and we grew up in public sector environment – be it Sindhri, Bokaro and Baurani. I think, we must move on; today, Government should have no business to be in business. I am not saying it has to be privatised but it has be made independent (autonomous or corporatized). At present 70-80% of our economy is from public sector. And if the public sector is made independent, based on my experience in Hindustan Zinc and Balco, production will increase by at least 3 times. And that itself will help the GDP growth. I urge the unions in public sector enterprises, be in Coal India or ONGC, even though

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they are doing well, to continue ramping up production. This is one way that will help creating a $5 trillion economy.

- We have done enough above the ground – we have done a good job in agriculture – but below the ground (mining) not so well. Why do we need to import? We have $400-450 billion of import - such as in copper, oil and gold - and if we could produce these in India, it can create millions of jobs. Forest and environment clearances are the biggest challenge for us. We maintain our environment in the best possible way, the world is watching us, but beyond that Government should not be 'revenue mined.' Government's nature is to be 'revenue minded,' and that's the reason we do not get enough revenue, rather it should be 'production minded.'
- There is an old tale – Goddess Lakshmi had to put a garland around someone and choose him as her husband. And everyone was excited and wanted Lakshmi to garland them. Afterall, she is Lakshmi (Goddess of Wealth). But she choose Vishnu, who was carefree and sitting far away in Sheersagar. Moral is that Lakshmi (Wealth) chooses the one, who doesn't care.
- **You have this major desire to produce 50% of oil or hydro-carbon in India. Are we seeing the end of hydro-carbon super-cycle? We are seeing large corporates diversifying from this space.**
- I do agree that issues such as climate change and global warming are very important for us, clean technologies such as electric cars will come. In fact, we should be well ahead of these issues, but oil is not going away. Oil continue to be used in ships, heavy vehicles and machines. In India, we continue to import 85% of our oil requirements. And most of our revenues goes towards oil and gold imports; both of which, I believe we have abundant.
- **Taking about the Reliance transaction, as Reliance and Aramco are exploring a possible deal in Reliance's refinery business. There are speculations raised that Reliance is exiting its core business. Being a seasoned entrepreneur, what is your sense about this deal?**
- I am unaware of the specifics of the deal, so I can talk from a general viewpoint. I respect Reliance in terms of what they have been able to achieve. I am sure Reliance has capability to pull British Petroleum and Saudi Aramco (as partners), so hats off to them.
- **This entire decision to de-list from LSE, was this a painful decision. What was in your mind? And do you believe that corporates are at times unfairly targeted?**
- I have raised $ 32 billion in the last 15 years, and every investor, who has put in money in Vedanta, has benefited. We have never defaulted on any of our liabilities. It was just time to move on.
- **So how do you think can job creation be increased? Do you believe 'Make in India' was a right step in the right direction, even though it hasn't translated into a lot of jobs?**
- In order to create more jobs, we need production to increase, more startups and innovation and more mining opportunities. I have no doubt that in time, may be 1-1 ½ years, things will improve.
- **What are the 2-3 specific challenges you faced while building up Vedanta?**
- Sure, we will like Government to open-up more but most importantly, Government to start trusting businessmen. Whenever, in past, Government has trusted the private sector, we have delivered: be it airport, airline, steel plants and telecom.
- As far as Vedanta is concerned, our Tuticorin plant has been closed. The last 20 years, we have been serving the country by producing copper in India, and now that is being imported. We have invested in aluminum plant in India, but half the aluminum is being imported because of variety of reasons: trade relationships and price wars. We are working with the Government on these issues and all we want is quick decisions.
- **You mentioned previously that in 10 years, Vedanta can be the next 'Exxon.' Where are you in that journey?**
- We always look up the people who are on top. Cairn has all the capabilities to achieve this (dream).We have oil basins in Barmer, Assam, and we can achieve a lot. I always believe that oil is not in the ground, it's in our minds. And in my mind, there is huge determination that we have oil and we will produce it in India. If you look at countries such as Saudi Arabia or Kuwait, they all started small and were able to ramp up. We too have similar ambitions.

AUSTRALIAN MINISTER MATT CANAVAN TELLS GAUTAM ADANI TO GET COAL MINE PROJECT IN QUEENSLAND MOVING

The Adani group's plan to build one of the world's largest coal mines in Queensland moved closer to realization after Australian Prime Minister Malcolm Turnbull met founder-chairman Gautam Adani during his three-day visit to India.

Turnbull assured the Indian billionaire that his government would resolve an issue with native title laws, helping take the $16.5 billion project closer to fruition, Australian media reported on Tuesday.

The native title issue surrounding the Carmichael Mine project refers to an Australian Federal Court ruling that invalidated deals with traditional land owners in that country. Legislation to fix this issue is before the Senate and Turnbull is understood to have assured the company it will be resolved, Sky News reported on Tuesday.

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Turnbull is said to have told Adani that he expected the changes overruling the court's decision to be passed by the country's Parliament when it reconvenes in May. He also told Adani that the ruling had caused problems with many land deals across Australia, the report added.

A quick resolution is crucial for Adani, which has invested $3.3 billion in the coal mine, railway and port project and said previously that it will start construction in the second half of 2017.

An Adani spokesperson said that the meeting was "very positive" for the group's Australian project, but refused to comment on details.

"Happy to meet with Australian PM today. Working together for economic and stronger Australia- India ties," Gautam Adani posted on microblogging site Twitter on Monday evening.

Turnbull's reaffirmation of his government's commitment to Adani's coal mine project comes after Queensland premier Annastacia Palaszczuk met Adani last month at Mundra in Gujarat where the conglomerate runs a port.

In October, the Palaszczuk government exempted the project from new water laws that could have mired it in further legal challenges.

The project, announced in 2010, has run into resistance from environmentalists, resulting in delays of at least three years. Last year, the Queensland state's department of environment and heritage protection (EHP) issued a final environmental authority (EA) for the project in the Galilee Basin.

On 19 August, Adani won a major legal battle when the Australian apex court dismissed appeals lodged by indigenous community member Adrian Burragubba as well as a Brisbane-based environmental group against the project.

But that has not stopped protests. Last month, just ahead of the Queensland premier's visit, a group of protestors including former Test cricket captains Ian Chappell and Greg Chappell wrote an open letter to Adani saying that the mines project will threaten the Great Barrier Reef, and asking the group to instead invest in solar energy.

Adani, during the meeting which lasted for about 30 minutes, also discussed the prospect of a $900 million government loan to Adani group to fund a rail line for the Carmichael mine project, said a person familiar with the matter who did not wish to be named.

"As far as the rail link is concerned, if you're asking about Adani's interest in securing funding from the Northern Australian Infrastructure Fund, that's an independent process—it has to go through that process, through that independent assessment by the board," said Turnbull, ahead of the meeting, while answering a question related to the rail funding at a press conference in Delhi.

Adani expects to complete the first phase of the project by 2020-21, producing 25 million tonnes of coal annually.

AUSTRALIA COURTS INDIA IN HUNT FOR RELIABLE COAL BUYER

Resources minister to discuss development in visit to South Asian nation

SYDNEY -- Australia is working to develop India into a key market for its coal amid tensions with China and cooling demand among industrialized nations, sending a resources minister to the South Asian country to discuss mine investment plans.

"India is Australia's fourth-largest export market," Minister for Resources and Northern Australia Matt Canavan said prior to his visit that began Monday. "There is enormous potential for Australia to grow its resource exports to India, particularly thermal coal," he said.

Demand for power is surging in India amid economic expansion, and consumption of coal is expected to increase for the next two decades even as the world moves away from the fossil fuel.

Australia's coal exports reached 66.8 billion Australian dollars ($45.3 billion) in 2018, more than iron ore shipments of AU$63.2 billion and making coal the country's No. 1 export among all goods and services.

Coal shipments to India climbed about 20% last year to around AU$11 billion.

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But the majority was coking coal used in steelmaking. India was only the fifth-largest buyer of Australian thermal coal for electricity generation, behind Japan, China, South Korea and Taiwan, presenting great potential for growth.

Coal suppliers are facing a tough business environment as many countries shift toward renewable energy, particularly in Europe, and demand for thermal coal is unlikely to grow in industrialized nations.

Australia's shaky relations with China are also making India a crucial customer. It was reported in February that a Chinese port slapped a ban on Australian coal imports in an apparent retaliation by Beijing to Canberra's exclusion of Huawei Technologies equipment from its 5G network last year.

India's demand for thermal coal is projected to soar 96% between 2020 and 2040 to 910 millions of tons of oil equivalent, an outlook by BP shows. In 2017, Indian conglomerate Adani Group decided to invest in one of the world's largest coal mines -- in the Australian state of Queensland.

But Australia's coal industry is facing increasing backlash at home and abroad as concerns about global warming grow. In particular, Pacific islands at risk of rising sea levels are urging the continent country, with which they have a close relationship, to rethink its coal development plans.