Geonesis

(A GEMCO KATI INITIATIVE)

Indian Mining & Exploration Updates

VOLUME 5, ISSUE 5

APRIL 2018

NOT FOR SALE

MINING'S WOES: RETHINK MINING POLICIES TO REALISE POTENTIAL

geonesis april 2018

MINING'S WOES: RETHINK MINING POLICIES TO REALISE POTENTIAL

India's mining sector today stands at an inflexion point, and the time is ripe to realise its full potential that will not only boost the overall economic growth, but also generate huge employment opportunities in the downstream sectors. Development of natural resources is vital for overall socio-economic development of the country. The import of natural resources makes up for $200 billion, or over 50%, of India's total import bill of $400 billion. With greater development of India's natural resources sector, import dependency can be reduced by more than 50%, resulting in the savings of ~$100 billion that will help create more than 20 million jobs, alleviate poverty and save precious foreign exchange. Only 10% of area with mining potential has been explored in India, against 95% in Australia. A vibrant mining sector will create an entire eco-system of SMEs. The contribution of India's mining sector to its GDP is just 2%, while it could contribute as much as 10%. Given India has one of the best geologies in the world, it must increase our production on a massive scale, may be up to five times from the current production. This requires a simple and transparent policy, one that peels off layers from the current stack of approvals needed, to attract firms to invest, explore and produce. Currently, despite 100% FDI being allowed under the automatic route, inflows into the sector are not encouraging, and account for less than 0.5% of the total inflows to the country. We have to make our policies more attractive in a transparent manner, mindful of sustainable practices for environmental protection and conservation.

The present government has already taken numerous steps to cut down the red tape, and create an investor friendly environment. The government unveiled one of its boldest reforms last month, when it approved commercial coal mining for both domestic and global players. If implemented well, it will not only attract global mining majors, but also usher in innovative production methods and highest safety standards. The size of coal blocks offered needs to be at least 15-30 million tonnes to make commercial mining feasible. Given that India has abundant coal reserves, of 300 billion tonnes, there is also room for exports. Post the government's decision to open up the mining sector for private players, several reports called it the "end of Coal India's monopoly." The move, however, has more to do with complementing the efforts of the public sector enterprise in stepping up output in a substantial manner. While concerns over environmental issues must be addressed with utmost priority, those demanding complete closure of mining activities are, unfortunately, not talking in the interest of the nation. Merely shutting down an economic activity is never a viable solution. Further, the amendments to the MMDR Act and the Mineral Auction Rules, and the progress made on a new National Mineral Policy, have been steps towards development of mining in India. The MMDR Act, though, has a major lacunae in its current form, wherein mines can be auctioned by state governments only after exploration. Exploration activities require huge investments; thus, private sector participation is a must and this can be acheived through auction of mines for both exploration and mining. Given the repository of data, auctioning the mines before exploration will give a boost to the sector.

The government's intention should be to maximise production in the most sustainable manner. In case mineral reserve discovery goes beyond the existing mining lease area, the lease should be extended automatically to encourage further investments. Currently, taxes and royalty on mining in India are one of the highest in the world; they should be brought down to encourage investments. While the government takes concrete steps to encourage private investment in the mining and other sectors, it must also ensure protection of domestic industry from dumping via imports. This is critical as investments running into billions of dollars are made to establish infrastructure and commence production. It is ironical, for instance, that even as Indian aluminium industry has invested over $20 billion to build 4.5 million tonnes capacity and generate jobs in India, the country is importing over 50% scrap and primary aluminium. Other countries, like the US, are imposing an import duty of 10% to support their domestic players. It is high time India also imposed a 10%-import-duty on both scrap and primary aluminium to support the domestic industry.

Even as prospects for mining look promising in India, Goa's iron ore mining firms received a jolt in February—when they were directed to halt operations from March 16. Mining companies that have operated in Goa for seven decades and invested billions of dollars were asked to shut operations. According to the Goa Mineral Ore Exporters' Association (GMOEA), the mining sector contributes 11-12% to Goa's economy, and the ban has caused huge losses, and put the livelihoods of over 3 lakh people

(Continued on page 2)...

at stake. In the last 10 years, iron ore mining has added `30,000 crore to the exchequer. The miners have heavily invested in developing infrastructure, like roads, hospitals, schools, etc, for social and community development.

Instead of a ban, a realistic solution would have been to allow mining firms to continue their operations even as they worked towards meeting the socially desirable goals. Simultaneously, the government could have asked competent authorities to conduct environment impact studies of existing mines, and chalked out a plan for course correction. Auctioning of mines is the only practical solution for new mines. Nowhere in the world have existing mines been handed over to others or auctioned, unless miners have flouted environmental norms, indulged in illegal mining, or defaulted on payments. It is impractical to auction the mines after the licence has expired, as 70-80% of the infrastructure, the land, and the equipment belongs to the existing owners and cannot be auctioned. Nowhere in the world mines are taken back after the expiry of mining lease. Normally, it is automatically renewed by the government subject to change in the rates of royalty, taxes and other environmental conditions. Continuation of mining is in the interest of everyone. The ban will send wrong signal for future investments. Already, C-category mines and other defaulting companies have been shut down.

The GMOEA has already appealed to the government to let mining operations continue in the state till the modalities of auction are decided. I am confident that both the state government and the Centre will appeal for revoking the ban, and work to find a viable solution. Safeguarding the environment is sacrosanct, but a predictable and stable investment climate is also needed to attract copious flows of investments, including FDI. Striking a right balance is an absolute must if India has to realise its tremendous growth potential in the mining sector, and raise the sector's contribution to GDP to 10%, from the current 2%.

INDIA MULLS RISKY TWEAKING OF LAWS DEFINING ILLEGAL MINING

In view of a spate of court-imposed penalties for illegal mining, the Indian government is working on tweaking the definition of 'illegal mining' risking a political and legal minefield.

While no official details on the possible changes in definition of illegal mining have been announced, government sources indicate that the Mines, Minerals Development and Regulation Act could be amended with retrospective effect, so that violations of pollution and environmental laws within the mining lease hold area are not held as 'illegal mining', which would have forced miners to pay a penalty equivalent to 100% of the value of their production from such a mine.

Sources say that the government is hopeful of passing the amendments to the Act in the current session of Parliament.

Some within the mining industry and government, however, have expressed reservations about the amendment on the grounds that Indian national elections are scheduled for 2019 and amending the legislation is seen as a political risk, as the government will be perceived as favouring big mining companies and offering legal circumvention to the spate of court rulings against private and government mining companies that sought to hold them liable for illegal mining.Violations of pollution and environmental laws outside mining leasehold areas too have been regarded as illegal mining in various Supreme Court rulings.

Even government miners, like Mahanadi Coalfields, a subsidiary of Coal India Limited, has been issued a penalty notice for payment of $1.27-billion based on an illegal mining verdict.

The government is expected to rationalise that pollution and environmental laws violated within a mining leasehold area need to be penalised as per forest and anti-pollution laws, and penalties could not be levied on minerals extracted from within the leasehold areas.

However, officials acknowledge that the "legally sticky issue" will be that an amendment with retrospective effect will open up a Pandora's Box of fresh legal issues over penalties for illegal mining already paid by miners to respective local governments and the legal status of those miners which have not made the payment and were forced to close down their mining operations.

Like our official Facebook page:

https://www.facebook.com/geonesis

GEMCO KATI

POLITICAL CONVERGENCE EMERGING AGAINST COMMERCIAL COAL MINING IN INDIA

Trade unions operating in the India coal mining industry, irrespective of their political affiliations, are converging in opposing opening up coal mining for private miners, although their modes of protest will differ.

At one end of the scale of the opposition brewing against opening up commercial coal mining to domestic and foreign investors is the Bharatiya Mazdoor Sangh (BMS), affiliated to the Bharatiya Janata Party (BJP), the ruling party of the current Indian federal government, which approved reform of the Indian nationalised coal industry.

BMS, along with leftist political parties' labour movements, the Centre of Indian Trade Unions and All India Trade Union Congress, has called for a one day coal industry strike on April 16.

However, one of the largest trade unions, Indian National Trade Union Congress (Intuc), largely a labour arm of the main opposition party Indian National Congress, has decided not to be part of the strike next month and is instead planning to move the Supreme Court against government reforms of the coal industry, which effectively ends the nationalisation of coal mining since 1973.

"A day's strike will serve no purpose at the moment. We have already started consulting lawyers on the issue and we would definitely move the Supreme Court against the government decision," ally of Intuc, the Indian National Mineworkers' Federation secretary general S Q Zama said in a statement.

"The centre has assured us that government-owned Coal India Limited's (CIL's) interests will be protected; however, allowing commercial coal mining effectively means turning back on its own commitment," Zama said.

However, a section of trade union officials pointed out that Intuc was not willing to participate in the proposed strike, largely to keep its distance from BMS, the pro-government labour arm of the ruling BJP.

Keeping a distance from BMS and, in turn the BJP party, Intuc is reckoning on getting broader political support from all political parties currently aligned against the central government and hence a broad-based movement to oppose commercial coal mining, the officials said.

The Cabinet Committee for Economic Affairs, the apex body of the central government, last month approved commercial coal mining without end-use restrictions for miners, be it domestic or foreign, and billed it the biggest reform of the domestic coal industry.

As a follow-up, the government was lining up the auction of coal blocks for bidding by domestic and foreign investors and although not officially announced, as many as 100 coal blocks have been identified for bidding, industry sources said.

According to Zama, private miners will offer lower employee benefits than CIL and, with lower labour costs, it would be able to sell production at a lower price than CIL and cripple the government-owned firm in the long term.

Currently, labour costs constitute about 55% of CIL's cost of coal production, compared with about 25% by current captive coal producers, which is expected to be the benchmark labour cost for future commercial coal miners.

MINING POLICY: NO LIGHT AT THE END OF THE TUNNEL

In July 2016, the ministry of mines announced to work towards raising the mines and minerals sector's contribution to India's GDP by an additional 1% in the next 2-3 years. Unfortunately, the share has actually come down from 2.2% to 2.1% in 2017-18. The Supreme Court judgment on February 7, cancelling all iron ore mining licences renewed by the Goa government, and stopping all mining operations from March 15, will add to the woes of the mining sector.

The judgment is on technical grounds, and not because of any violation of environmental laws. But the end result is not only job losses and close to 30,000 stranded trucks, but the impact on the whole ecosystem. It may even affect a pillar of the Goan economy: tourism. According to the Fraser Institute Annual Survey of Mining Companies 2016 (goo.gl/3S1D5V), India was among the bottom 10 countries in terms of investment attractiveness along with countries like Afghanistan, Zimbabwe and

(Continued on Page 4)...

Mozambique.

The 2017 survey released this year (goo.gl/bTHrS1), in fact, has dropped India altogether from its list of 91 countries surveyed.

One reason for such a poor score is how the world perceives India's mining policy, which affect investment decisions. India appears to have uncertain environmental regulations, regulatory duplication, aconfusing legal and taxation regime, poor socioeconomic and community development conditions, and trade barriers. These parameters are captured in the Policy Perception Index of the 2016 Fraser Survey in which India ranks 84th out of 104 countries. India may have improved in the 'ease of doing business' stakes, in which it moved up 30 notches from 130 to 100 in the World Bank's index. However, the volume of restrictions put by the Indian legislative system on the mining industry in the form of a cap on iron mining in Goa and Karnataka, high export duty and special permission required for the export of iron ore from Karnataka are already sending a negative message. The latest order of the Supreme Court has made any potential entrepreneur even less enthusiastic.

Over the last five years, foreign direct investment (FDI) inflows to India have grown. 2016-17 witnessed the highest inflow of FDI: $43,478 million. However, the mining sector could attract only $56 million in 2016-17. Mining in India is still conducted by outdated methods. It needs high-end technology and equipment to increase extraction, productivity, safety and surveillance. And for that, India badly needs FDI in this sector.

Mining is a capital-intensive enterprise. To meet the domestic demand for iron ore alone, India will require, according to the National Steel Policy 2017, around 437 million tonnes of iron ore by 2030-31— roughly 240 million tonnes more from current levels. India needs around .`36,000 crore investments to augment its iron ore supply to meet such demand.

While the country's banking sector is already reeling under the cloud of non-performing assets (NPAs), it'll be difficult for serious players to raise funds to develop mining assets with the mining sector in the dumps. At a time when the ministry of mines is re-drafting the National Mineral Policy, and the ministry of steel is aiming at having a 300 million tonnes steel capacity, such developments put a big question mark on how serious India is in terms of delivering these goals.

Iron ore from Goa is mainly exported to countries like China and Japan, which requires enormous effort to establish confidence in its timely and regular supply. Goan miners re-established that confidence following the three-year ban. Now, another long-term disruption is staring at its face, with the potential of tarnishing India's image further as a reliable supplier.

When India's growth story is marred by shrinking job creation, a complete halt of mining at such a short notice can make matters only worse. Moreover, there will be great loss to the national exchequer in terms of royalty and other taxes, while the loss of foreign exchange earnings is estimated to be to the tune of $600 million from Goa alone. It is high time that GoI wakes up and realises that to make 'Make in India' happen, 'Mine in India' is a must. Judicial interventions can't hold India's manufacturing capability to ransom.

INDIAN MINES MINISTRY PUSHES FOR EXPEDITED PROCESS TOWARDS TIMELY AUCTIONS

The Indian government has set a deadline of April 1 next year for the completion of general exploration by 288 merchant mining leases that are slated to expire on March 31, 2020.

In a statement, the Mines Ministry said that the auction process for these leases has to be initiated well in advance of the 2020 expiry date to ensure a seamless transition.

"The rules mandate that exploration up to G2 level be carried out in the mining leases expiring, and the rule also lays down the timelines of the exploration plant prepared with approval of Indian Bureau of Mines," the Ministry statement said.

As reported by Mining Weekly Online earlier this month, with barely 24 months left before the expiry of leases for 348 non-captive mineral mines, just two Indian states have been able to submit reports to establish a semblance of readiness to conduct fresh auctions and continuation of operations of these mines without disruptions.

Hence, the latest deadline set for existing mining lease holders to complete fresh exploration within their lease hold areas is a push by the federal government to local authorities, as well as existing lease holders to expedite the process towards timely fresh auction.

The Mines, Minerals Development Amendment Act 2015 has made auction mandatory for allocation of mining leases. However, for those allocated mining leases prior to the date of promulgation of the Act, lease holders have been permitted operation of the mines until March 30, 2020 following which leaseholds of these 348 mines will have to be put up for fresh auctions.

Officials say that with the deadline for exploration now set for April 2019, the government is aiming to start a fresh round in the auction process for the expiring mining leases by July 2019.

COAL INDIA RARING TO TAKE ON GLOBAL MINING GIANTS

Coal India Limited, the Maharatna PSU is all set to face competitions with global mining giants after opening up of commercial mining in India. According to a senior CIL official, the state-controlled coal mining company has achieved the highest production in a day to the tune of 2.83 MT recently. However, PSU is prioritising coal supply, rather than focusing on coal production. An official said that "Coal production does not matter much, but the supply to the consumer matters and that parameter should be looked into."

The official added that "Since the very beginning, the intention of the government was to make market competitive. So, 200 blocks were allocated to the private companies. However, when that experiment failed, the CIL was blamed for monopoly."

Nevertheless, the commercialisation in mining is a very good decision to improve CIL's efficiency amid the competition, company sources said.

The data also show that in the first half of the current fiscal year(2017-18) the coal production increased to 0.8 per cent and in the second half it jumped to 3.7 per cent compared to the last FY(2016-17).

Coal India also scored highest in Offtake to the power sector in current financial year in the tune of 454.30 MT with a growth of 6.8 per cent.

According to the company report, 80 per cent coal of CIL is being used for power generation. "Currently, power sector's coal demand is at 525 MT. Our production target for the coming Fiscal Year would be 650 MT," Gopal Singh, CMD, CIL mentioned said.

On the commercialisation issue, Singh asserts that there is enough space for all other companies to work.

Data also shows that the growth comes after the reduction in the production cost of Rs 53/- per tonne since last November.

Meanwhile, CIL also clarified about some shortages report in power plants and said that the Power Plants are far from the mines that's why they faced coal shortages. "To overcome that problem we need to enhance the transportation system." the official added.

Reportedly, in order to overcome supply hurdles, the PSU is looking at the effective utilisation of road network to deliver dry fuel to customers, especially power plants. With the rail network at its best carrying 320 rakes of fuel from coal pitheads to power plants every day, the road network can help boost supplies to power producers as a short-term measure.

The source said that "Coal India is ready to supply fuel through road networks. Coal India at present has a stock of 50 million tonnes."

According to the company data, Offtake during the April-February period was at 525 MT against the target of 541 MT. Coal dispatches to consumers in various sectors, including power, were 12 MT through a road network in April-October 2017-18.

The Maharatna PSU is also going for diversification, company sources mentioned. Reportedly, CIL will come up with 20,000 MW in 40,000 hectare land. Moreover, it would start the first gasification of coal project in Dankuni, from coal to Methanol.

In addition, the prime focus of the state-controlled coal mining company would also be liquidation of 55MT coal, which is in the stock.

CIL CMD has called a meeting with power producers in the first week of April in the national capital to discuss the new pricing policy. Under the new policy, Coal India will charge on every unit of gross calorific value(GCV) of the dry fuel, doing away the grade policy at present. CIL will also hold a workshop on April 5.

CAG RAPS GUJ GOVT FOR NOT REVISING MINERAL POLICY

The Comptroller and Auditor General of India (CAG) has rapped the Gujarat government for not revising its mineral policy in accordance with the directions of the Ministry of Mines, which it said resulted into "wrong" estimation of resources.

The Comptroller and Auditor General of India (CAG) has rapped the Gujarat government for not revising its mineral policy in accordance with the directions of the Ministry of Mines, which it said resulted into "wrong" estimation of resources.

The CAG noted the illegal mining activity "could have been prevented had timely inspections been conducted".

The CAG report on mining leases was tabled in the Legislative Assembly on the last day of the Budget session today.

(Continued on Page 6)...

The report stated that there was no system in place to monitor the timely inspection of leases, which is necessary to prevent illegal mining.

As per the report, the Gujarat Mineral Policy, framed in 2003, "has not been revised despite the circulation of draft model State Mineral Policy by the Government of India in 2010".

The model mineral policy was prepared with a perspective that scientific mining has to go hand in hand with sustainable management practices for the long-term economic development of the state, the CAG noted.

During its audit, the CAG observed a vast difference in the actual mineral resources and those mentioned in the tender notices for mining.

"This indicated that estimated reserves of the minerals were not worked out correctly. Had the state framed revised mineral policy in accordance with the direction of the Ministry of Mines, the estimation and exploration could have been done in a scientific manner," said the CAG.

The CAG also mentioned that though the Commissioner of Geology and Mining agreed for the need of such revised policy, "reasons for not framing the revised policy till date were not furnished as on September 2017".

Commenting on 'inadequate inspection of leases', the CAG noted that the current Mineral Policy mandates that every lease shall be inspected once in a year to ensure implementation of terms and conditions of the lease deeds.

However, the CAG observed that "there is no system for monitoring the timely inspection of leases and action taken reports on the inspections conducted at the apex level".

The report stated that the illegal mining activity "could have been prevented had timely inspections been conducted".

ESSAR WILL BRING IN STRONG SHAREHOLDER VALUE TO VEDANTA PORTFOLIO: AGARWAL

Executive Chairman and Vedanta Group founder Anil Agarwal is bidding aggressively to grab a sizeable share in the domestic steel industry

With a strong balance sheet and a healthy debt:equity ratio of 1:1, Executive Chairman and Vedanta Group founder *Anil Agarwal* is bidding aggressively to grab a sizeable share in the domestic steel industry. In an interview on the phone with *Aditi Divekar*, Agarwal talks about his plan to turn around Essar Steel's asset and his soft corner for Jharkhand's Electrosteel Steels. Edited excerpts:

Essar Steel, being a gas-based plant, has been an issue for its promoters all along. What interests Vedanta to bid for this asset?

The fact that the asset is gas-based is not a challenge for Vedanta because we produce our own gas via Cairn. Also, the iron ore needed for the plant can come from our Karnataka mines. So basically we can make raw material available for this plant at a much cheaper rate. Alongside, since the plant is coast-based, transportation should work out to be economical.

Essar Steel is carrying a huge debt of Rs 440 billion. How will you turn around this plant?

It is a clean asset. The debt portion is not coming to us. We cannot disclose all details but can assure you that Vedanta has submitted a respectable bid for the 10 million-tonne plant. Vedanta has a strong balance sheet and I think this asset will bring in strong shareholder value.

How do you look at the Arcelor Mittal joint venture's (JV) and VTB Bank's offers for Essar Steel?

We do not have much idea about them but they too are highly eligible bidders for this plant. It will be good to have healthy competition with two-three companies bidding for Essar.

What is your plan for the Jharkhand-based Electrosteel Steels asset?

We have received the Letter of Intent (LoI) for this plant and Vedanta has submitted the bank guarantee as well. Jharkhand is a very progressive state and I have a soft corner for this state since I come from Jharkhand. I am quite excited about this asset in Jharkhand and we will do our best to have good investments there.

Vedanta's iron ore operations in Goa are in trouble again, with mining having been discontinued after a Supreme Court verdict. What is your view on this?

It is very unfortunate that over 300,000 people employed in this industry directly or indirectly have become jobless. This kind of treatment to the mining industry will earn Goa a very bad name globally. We have enough natural resources in the country and we can responsibly make use of them and create jobs for ourselves. There are vested interests in stopping mining in Goa as some don't want India to progress.

ADANI ENTERPRISES SIGNS COAL MINING AGREEMENT WITH NLC INDIA

Adani Enterprises said it has signed a coal mining agreement with NLC India Ltd for development and operation of Talabira II and III coal block.

In a filing to BSE, it said its subsidiary, Talabira (Odisha) Mining Pvt Ltd (TOMPL), "has signed coal mining agreement (CMA) with NLC India Ltd alongwith the company for development and operation of Talabira II and III coal block...".

TOMPL has become a successful bidder for mine developer and operator (MDO) tender of Talabira II and III coal block issues by NLC India Ltd, it said.

(Continued on Page 7)...

"The project is expected to generate a revenue of Rs 12,200 crore. The block is located in IB valley coalfields in Sambalpur and Jharsuguda in Odisha and the mine capacity shall be of 20 million tonne per annum (MTPA) with total minable reserve of about 554 MT," Adani Enterprises said.

The coal ministry has allocated the block to NLC India for development, mining and captive consumption of the dry fuel from the blocks in its various end use power plants.

NLC had floated a tender for selection of MDO for development and operation of the two Talabira blocks in November 2017 and reverse auction was conducted in January, wherein TOMPL became the successful bidder.

100% FDI IN COAL MINING MAY ATTRACT GLOBAL MINERS: REPORT

Opening up commercial coal mining for the private sector and allowing 100 per cent foreign direct investment (FDI) are likely to attract global miners to invest in India, a report said today.

Private sector participation would result in faster ramp up of coal production, helping gradually reduce India's import dependence, especially for thermal coal, Icra said in its report.

Moreover, allowing 100 per cent FDI in commercial coal mining is likely to open the doors for global coal miners to invest in India, which can benefit the sector in the long run through increased technology adoption and mechanisation in mining operations thereby helping achieve better operational efficiency for the industry, it added.

The coal ministry last month came out with the methodology for auction of mines, which largely aims at opening up the coal sector for private commercial mining and also looks at allowing 100 per cent FDI in order to create an efficient and competitive coal market.

Icra believes that absence of end-use condition in the guidelines is a significant positive for commercial miners, who were not eligible to participate in the previous coal mine auctions conducted during 2015.

The rating agency said that the track-record of private sector captive miners in ramping up domestic coal output has not been very encouraging, with production levels remaining range-bound between 40-60 million tonnes per annum (mtpa) in the last several years, accounting for a paltry 6-10 per cent of the overall domestic production.

Long delays in getting regulatory approvals, challenges in land acquisition, and infrastructure deficits, according to Icra, have often emerged as key reasons for the limited growth in India's captive coal mining.

However, the agency pointed out that details pertaining to the coal blocks and their reserves are not yet available and the success of the recent guidelines would critically hinge on the nature of coal blocks offered and typical risks pertaining to mining projects including regulatory risks (environment and forest clearances) and issues related to land acquisition. As a result, coal production from commercial coal mining is not likely to be significant in the next couple of years at least. AP SS SS

11 MINES ALLOTTED TO COAL INDIA TO ADD 225 MT IN ANNUAL OUTPUT

Allocation of 11 mines to Coal IndiaBSE 0.02 % (CIL) arms - ECL, WCL and BCCL - will enhance its annual output by 225 million tonnes (MT), Parliament was informed today. CIL has requested the government for allotment of additional coal mines to Eastern Coalfields Ltd (ECL), Bharat Coking Coal Ltd (BCCL) and Western Coalfields Ltd (WCL) to make these subsidiaries 100 MT-plus as these arms do not have adequate coal reserves at present, Coal and Railways Minister Piyush Goyal told Lok Sabha in a written reply.

Considering the request of CIL, 11 coal mines have been allocated to CIL under the provisions of the Coal Mines (Special Provisions) Act, 2015, and the MMDR Act, 1957, Goyal said.

"Addition of these 11 coal mines will add about 225 MT of coal in its annual production capacity," the minister said.

Five of these mines are in Jharkhand, of which three have been allotted to ECL and two to BCCL.

Of the remaining six mines, four are in Odisha and have been allotted to WCL, while the two in Bihar have been given to BCCL.

APMDC DOING GOOD WORK: GSI CHIEF

Mr. Rao appreciated the real-time electronic surveillance system being implemented by APMDC.

Geological Survey of India (GSI) Director General N. Kutumba Rao had deliberations with Andhra Pradesh Mineral Development Corporation (APMDC) Vice-Chairman and Managing Director Ch. Venkaiah Chowdary at the APMDC corporate office here on Thursday.

Mr. Rao appreciated the real-time electronic surveillance system being implemented by APMDC for preventing illegal mining and

(Continued on Page 8)...

GEMCO KATI

said its counterparts in other States could emulate the same for better regulation of the sector.

He said the Geological Survey of India was prepared to explore iron ore in an area of 50 square kilometres in D.Hirehal mandal of Anantapur district at an estimated cost of ₹40 crore and bear that expenditure. It could be used for the proposed steel plant in Kadapa district.

Mr. Chowdary explained the policies and activities of APMDC to Mr. Rao, who is currently on a visit to Andhra Pradesh.

ODISHA SLAPS RS 83 BN DEMAND NOTICE ON COAL INDIA FIRM FOR ILLEGAL MINING

The Odisha government has slapped a demand notice of Rs 82.97 billion on Mahanadi Coalfields Ltd (MCL), the second largest subsidiary of Coal India Ltd (CIL), for unlawful production of coal in violation of environmental clearance (EC).

The state is also in the process of sending demand notices of Rs 45 billion to some of the large chrome ore miners including Tata Steel, Jindal Stainless, Indian Metals and Ferro Alloys (IMFA) and state Odisha Mining Corporation (OMC) for similar violations.

This follows Odisha government's decision to extend the scope of the Supreme Court order on illegal iron ore and manganese mining in the state, in which the Apex court had interpreted the section 21 (5) of the mines and mineral development and regulation (MMDR) Act differently.

Whereas illegal mining under relevant section of the Act was earlier perceived to be mining outside the leasehold area, the August 2, 2017 order of the court inferred that raising of ore without the requisite support of environment and forest clearances (FC) would also be considered as illegal mining.

Hence, the court asked the state government to recover the amount equivalent to the price of mineral so raised as compensation. The period for which the irregularities were taken into account was from 2000-01 to 2010-11.

Though the court order came while disposing of a case relating to illegal mining of iron ore and manganese in Odisha, the state government has decided to expand the scope of the judgement to other minerals like coal, chromite, bauxite and lime stone as the court in general has given a new interpretation to the section 21 (5) of the MMDR Act which governs mining of all major minerals. So, after collecting more than Rs 117 billion compensation from the errant iron ore and manganese miners who had excavated beyond their EC and FC sanctions, the state government has focused its attention on similar violations in other minerals.

In response to the show cause notice from the Odisha government preceding the demand notice, Coal India subsidiary MCL had stated that the ramification of the Supreme Court judgement should not be applicable to them as it pertained to iron ore and manganese leases. Besides, they argued that they being guided by Coal Bearing Areas (Acquisition and Development) Act, 1957, the changes in interpretation of section 21 (5) of MMDR Act should no way affect them.

However, the state government has rejected the MCL plea saying the Coal Bearing Areas (Acquisition and Development) Act is applicable only for acquisition of land for coal excavation, while the mining activity is governed by MMDR Act.

Meanwhile, the state is working out the compensation demand for EC violations by some of the leading chromite miners. The amount is estimated at about Rs 45 billion. The errant companies include state-owned Odisha Mining Corporation (Rs 16.6 billion), Tata Steel (Rs 15.75 billion), Jindal Stainless (Rs 1.26 billion), IMFA (Rs1.4 billion), Balasore Alloys (Rs 3 billion), FACOR (Rs 2.01 billion), IDCOL (Rs 3.37 billion), Misrilal (RS 0.42 billion), B C Mohanty (Rs 1.22 billion). The demand notices will be sent to them soon, said the sources.

'GOA STILL HAS 60 YEARS OF IRON ORE RESERVES'

Even as the state debates the auctioning of iron ore mining leases post the Supreme Court ordered closure of mining activities, the Indian Bureau of Mines (IBM) Goa said that the state's iron ore reserves are to the tune of 1,200 million tonnes. This means the Goa iron ore industry can run for a minimum for 60 years if extraction is carried out a the rate of 20 million tonnes per annum, a senior officer with the bureau told TOI.

In 2014, the Supreme Court had placed a cap of 20 million tonnes per annum on iron ore extraction in the state even as mining companies geared to restart operations after the near two-year-long ban imposed by the apex court in 2012.

(Continued on Page 9)...

Stating that the iron ore reserve was spread across the state, the officer said the last survey to identify resources was carried out in 2015. "The figure changes based on the exploration carried out in the state," he added.

IBM senior officer said that since the inception of mining in the state not a single lease has closed in Goa.

IRON ORE OUTPUT TO REACH 210 MILLION THIS FISCAL: INDIAN BUREAU OF MINES

Indian Bureau of Mines (IBM) has estimated the iron ore production in the country in the current fiscal at about 210 million tonne, 9 per cent more than the previous fiscal. Last year, the country had produced 192 million tonne of iron ore.

The projection of higher production has come as a relief to the steel industry which was feeling jittery over disruption in mining operations in Odisha and Goa during the year and its subsequent impact on the iron ore prices.

Odisha, which produced 102 million tonne iron ore, 53 per cent of the country's total iron ore output of 192 million tonne last year, is poised to retain the top slot this year as well.

By the end of last week, the state had produced 99 million tonne, two million tonne more than the output achieved in the comparable period last year and in the remaining days of this fiscal, the state is expected to cross the previous year's record, said an official source. On sales front also, iron ore despatches have gone up by 7.14 per cent to 120.63 million tonnes by the first week of March from 112 million tonnes in the same period of 20161-17.

Couple of months back, closure of some large mines in Odisha for non-payment of Supreme Court imposed compensation for illegal mining, contravening environment and forest approvals, had raised the spectre of iron ore supply deficit and pushed up the ore prices. Between October, 2017 and January 2018, iron ore prices had moved up as much as 60 per cent.

But most of these mines have now been allowed to restart operation after paying the compensation amount. In addition, a large mine of Aditya Birla group owned Essel Mining which was closed for last four years on regulatory issues has also been permitted to reopen.

Together, 25 million tonne of iron ore capacity has been restored in the state over the past couple of weeks.

"The miners in Odisha have EC (environment clearance) for 142 million tonne iron ore production annually. So there is further scope to ramp up production in a conducive market condition", sad an official of a mining company.

Similarly, the Supreme Court in December last year relaxed the annual cap on iron ore excavation by Category A and B mines in Karnataka from 30 million tonne to 35 million tonne raising the prospect of higher ore output in the state.

In contrast, the Apex Court has ordered cancellation of renewed mining leases of 88 mines in Goa bringing to halt all iron ore extraction activity in the state from March 15. With the action coming late in the fiscal, it is unlikely to have much impact on the overall ore output in the current year, said an analyst. Besides, Goa iron ore mostly being shipped out, the development has very little impact on the domestic ore prices, he added.

Meanwhile, the prospect of higher production already has a cooling effect on the iron ore prices which had spiralled up during three months upto January, 2018. One of the big miner, NMDC has reduced its ore prices by Rs 100 per tonne couple of weeks back. Similar corrections are expected from Odisha miners when they go for renewal of sale contracts towards the end of this month.

ZIMBABWE SEEKS INDIAN INVESTMENT IN MINING SECTOR: PHDCCI

Quoting, Zimbabwe Vice President Constantino G D N Chiwenga, the chamber said huge opportunities exist to enhance economic cooperation.

Zimbabwe has invited Indian investments into areas such as minerals, coking coal, gold and iron to give a boost to economic ties between the two countries, industry chamber PHDCCI said today.

Quoting, Zimbabwe Vice President Constantino G D N Chiwenga, the chamber said huge opportunities exist to enhance economic cooperation.

“We have designated key areas of our country for Special Economic Zones, with incentives for investors, and we want Indian investors to take advantage of these zones at an early stage to position them advantageously," Chiwenga said.

He said that his government has embarked on a number of initiatives including creating conducive investment climate.

NALCO SETS WORLD RECORD IN BAUXITE MINING

"National Aluminium Company Limited (NALCO), has been credited for the lowest cost producer of alumina in the world and recently it has set a record in bauxite mining," said CMD Dr Tapan Kumar Chand.

He lauded the mines and refinery team for achieving 100 per cent capacity utilisation in mines and refineries. He referred to starting of new mines in south block Panchpatmali as a bold step forward.

NALCO has ended the financial year 2017-18 on a strong note with smelter collective producing cast metal of 4.25 lakh tonne, registering a growth of 9.8 per cent.

"The total sale of the Company also registered a sharp growth with a sale of 4.26 lakh tonne and 42 alumina shipment exports, enabling the company to achieve the highest turnover ever since inception," said Dr Chand while addressing a Utkal Divas function here on Sunday.

"The Project team has achieved the distinction of getting lease transfer for Utkal- D land and environment clearance for Caustic Soda Plant in Dahej, Gujarat,'' Dr. Chand added.

Mr Shaktikanta Das, former Economic Affairs Secretary and presently the member of the 15th Finance Commission of India, in his speech said; "The role of industries in shaping a new India is immense. It is very important for industrial sector in India to adapt to the latest technological innovation and lead the developmental charge of the nation. NALCO is a jewel among the public sector enterprises and is also playing the role of a mother industry in Odisha," he said.

At the Utkal Divas function, Dr Chand felicitated two promising sportspersons of Odisha viz. Ms. Aparajita Gochhikar, chess player and Ms. Geeta Bhuyan, baseball and softball player. Nalco also felicitated five MSMEs.

DISCLAIMER: This is a compilation of various news appeared in different sources. In this issue we have tried to do an honest compilation. This edition is exclusively for information purpose and not for any commercial use. Your suggestions are most valuable.

Your suggestions and feedback is awaited at :-

editor@geonesis.org