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NOT FOR SALE

MOEF TO REGULARISE ERRANT MINING PROJECTS, POST PENALTY

GEONESIS JUNE 2018

MOEF TO REGULARISE ERRANT MINING PROJECTS, POST PENALTY

After providing a one-time window to regularise projects in the real-estate and infrastructure sector, which have violated green laws, the environment ministry will now consider illegal mining projects for post-facto clearances.

In an office memorandum (OM), reviewed by DNA, the ministry has stated that it had received several proposals for grant of terms of reference or environmental clearance to mining projects, engaged in mining of major and minor minerals, for regularisation.

The regularisation window, though, will come with riders, chiefly to comply with the Supreme Court's (SC) judgement dated August 2 that had ordered recovery of 100 per cent penalty from mining companies in Odisha for extracting excess ore without environmental clearances. The SC had ordered that penalties should be recovered from the base year of 2000-2001.

The ministry's OM stated that any project that will be appraised by the Centre or state bodies, depending on their scale, will have to strictly follow with all statutory requirements and judgement of SC. This means that those miners, who have been slapped with penalties, would have to first fork out the compensation before they commence work. The concerned state governments would have to ensure that the compensation, if levied, should be paid before the work begins.

The miners would also have to submit an undertaking by way of an affidavit to comply with all statutory requirements and judgements of the Supreme Court. If the undertaking is violated, the Terms of Reference or environmental clearance for the project will be terminated.

It was in March last year, when the environment ministry issued a notification, providing a six-months window to projects that had begun work without prior environmental clearance to apply for regularisation. The ministry then constituted a 11-member panel to appraise such projects, initially beginning with projects in the housing and infrastructure sector.

Then, in March this year, the ministry provided a three-months window to receive applications from projects falling in Coastal Regulation Zone (CRZ) and issued a notification, amending the CRZ notification, 2011. Only those projects will be eligible where activities permissible under the CRZ notification have been undertaken.

Digging Deep

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LARGE CUT IN ODISHA MINING: ASSOCHAM

Iron ore mininghas witnessed a sizeable decline in Odisha, following the Supreme Court's direction to the miners for payment of compensation of Rs 17,576 crore for exceeding output beyond the quantum fixed under the environmental clearances, the ASSOCHAM has said, seeking Centre's immediate intervention to resolve the issue in consultation with the state government, and cautioning that thousands of jobs are at stake.

"The ASSOCHAM would like to request for your kind intervention to take up the matter with state government of Odisha and impress upon them to take correct legal position on the concern of miners in Odisha," the chamber said in its letter to the Union mines ministry.

In February 2014, a writ petition was filed in the Supreme Court, alleging illegal mining activities in Odisha. The Apex court had directed in May, 2014 the Odisha Government to suspend operations of 102 mining lessees with a liberty given to the lessees to apply for resumption of mining operations by providing all the statutory clearances.

In its August 2, 2017 judgement, the Supreme Court had directed the defaulting iron ore mining lease holders to deposit the compensation for production of minerals in excess of environmental clearance. This compensation adds to Rs 17,575.99 crore, beyond the paying capacity of the miners.

"Post the judgment of August 2, 2017, there has been a visible decline in the production of iron ore as the mining operations of a lot of lessees who were unable to pay the compensation by 31st December, 2017 were suspended. The mining lessees have been struggling hard to pay the compensation amount and the closing down of mining operations have further increased the troubles of the mining lease holders," the ASSOCHAM letter to

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the Mines ministry stated.

While most of the operating mines have deposited the compensation, the mine owners whose mines were closed back in 2014, four years ago, have been struggling to arrange the required way to pay the compensation. The banks are not willing to lend the credit making the situation for these lease holders even worse.

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Due to closure of mining operations, there has been a sharp decline in the production of mineral,thus, escalating the prices of iron ore. Since August, 2017, prices of fines (+) 62.5% Fe went up from Rs.1127/tonne to Rs.2050/tonne and those of Lump from Rs.2348/tonne to Rs.3915/tonne. This exorbitant hike in prices has severely the Industries making them globally uncompetitive.

The mining industry provides over direct employment to 60,000 persons and indirect employment to over one lakh persons in ancillary activities like transportation, human resourcing, marketing & various other downstream activities in the State. The industry has also developed the surrounding areas, built schools, colleges, hospitals etc. for the local populace.

“It is this very mining industry that provided lucrative opportunities to various downstream activities, thus generating employment and stimulating development and economic growth. However, in light of the recent developments stated herein, the people of Odisha have become the major sufferers due to unemployment and loss of opportunities in the allied downstream activities.”

As much as 42 per cent of the employment in mining sector is from iron and Manganese mines alone. Odisha is among the richest mineral bearing states of the country and the mineral reserves here constitute 33% Iron ore, 24% coal, 59% Bauxite and 98% Chromite of India's total deposits and therefore, it contributes to a large part of raw materials for the mineral based industry not in only in Odisha but in the entire country.

INDIA'S GDP, LARGER DEVELOPMENTAL PROCESS TO BOOST MINING SECTOR, SAYS PRESIDENT RAM NATH KOVIND

India's GDP and a larger developmental process will gain momentum over the coming decades and in turn bolster the mining and minerals sector, President Ram Nath Kovind said on Wednesday.

He also asserted that eventually the local communities must benefit from the discovery, extraction and development of mineral resources.

The reform process set in motion in the mining sector four years ago is bearing rich dividends and will enhance the fiscal health of states, Kovind said at the National Geoscience awards event in New Delhi.

"India is one of the fastest growing major economies in the world. Our GDP as well as our larger developmental process is set to accelerate over the coming decades. The mining and mineral sector is poised to grow as a result of this expansion of the economy. At the same time, it will also be a driver of economic expansion," he said.

India's per capita consumption of many resources and commodities is still very low by global standards and there is room to grow, he said, adding that as more cities, houses and infrastructure are built, the use of key resources will rise.

Kovind said India needs high-quality research initiatives for sustainable, ecologically-friendly resource generation and meaningful investment in technological innovation in the mining sector.

"That is why reforms in the mining sector have been pushed by the government over the past four years. These reforms, including amendments to existing laws and establishing a more equitable system of royalties, are starting to show results," he said.

Stating that a number of mineral blocks are being explored, he said steps taken by the Ministry of Mines have led to the identification of promising mineral blocks in states for auction and this will go a long way in enhancing the financial health of the states and allow them to spread the benefits from the mining of resources.

However, he cautioned, "We must be mindful of the human side of mining. Many of our mineral resources are found in regions that have been the home of tribal communities for generations.

"It is important that these communities are part of the prosperity that the mining economy creates. Rehabilitation and resettlement of our tribal brothers and sisters... must be done in a sensitive and satisfactory manner."

At the same time, he said, the mining process itself must incorporate the best available safety and health mechanisms for mining workers as well as for their families, who often stay in close proximity to mining sites besides minimizing the environmental impact of mining and resource extraction.

"If this requires using technologies that add to extraction costs, then we cannot shy away from that. India must mine more but India must also mine better and in a sustainable manner," he emphasised.

The President further said that social expectations from the geo-scientific community have increased significantly in recent years.

He added that with a deep understanding of landform dynamics, it has an important role to play in enhancing agricultural productivity and farmer incomes; in providing a bedrock to the Smart Cities initiative; and in helping citizens fight the challenge of water scarcity, which has emerged as a pressing problem.

He said, "The implications of geosciences are not limited to just prospecting mines. Whether it is to build railway lines or

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communication corridors; make assessments for river linking projects or investigate natural hazards such as earthquakes and landslides; manage our coasts and deserts in a time of climate change; or add value to agriculture and help develop new urban centres the applications of geosciences are extremely diverse and extremely useful."

Kovind also stressed the need for assessing the potential of off-shore resource base saying exploration by marine geoscientists must be encouraged as India has a long coastline and a sizeable marine zone that holds many treasures and "So far we have scratched the surface."

He said that in March 2020, less than two years from now, India will host the 36th International Geological Congress, the biggest in the world.

Rural Development, Panchayati Raj and Mines Minister Narendra Singh Tomar said 36 blocks bearing major minerals other than coal, explored by GSI and auctioned recently will fetch additional revenue to the tune of Rs 1.11 lakh crore to states.

He said adequate provisions under the Mines and Minerals (Development) and Regulation Act has been done and District Mineral Funds have been created to address the concerns of villagers impacted by mining in mineral-rich states.

GOA — 'ORDINANCE WILL DELAY MINING'

Goa Foundation has decided to move the High Court of Bombay at Goa for recoveries from illegal mining in the state.

Goa Foundation has recommended that the state government should form the Goa State Mineral Development Corporation to restart mining activities as that is the only way to ensure zero loss in the present legal framework.

The foundation said that several states, including Gujarat, have issued orders reserving extraction of minerals for their own public sector bodies.

Goa Foundation also stated that proposals being made by the Cabinet Advisory Committee (CAC) for issuing an ordinance are intended to return the mining leases into the hands of the private leaseholders.

The move will not survive judicial scrutiny or review, and it will also further delay restart of mining activity in the state, the foundation said.

Union Minister for Minority Affairs Mukhtar Abbas Naqvi on Sunday said that the BJP is serious towards solving the issue of mining in Goa.

"We are serious about the issue. Our local leaders are following up the matter with the Centre. We will work out a solution for it," said Naqvi while responding to a question after the press conference called to highlight the achievements of four years of Narendra Modi-led government.

He further said that efforts are being made to provide relief from the recent petrol prices.

"The confused caucus of corruption is unable to digest Prime Minister Narendra Modi's commitment to inclusive growth. Today our government has made the development as mood of the nation, we have made the development as the people's movement," he said.

CHINA BEGINS MINING NEAR ARUNACHAL BORDER: BEIJING'S QUEST FOR RESOURCES, LAND SETS UP CLASH WITH NEW DELHI

China's hunger for natural resources, minerals and energy are well known: Which it is ruthlessly pursuing in its own territory and abroad. Even in a country like Afghanistan, which is continuously wracked with violence, China is the only country in the world that has been drilling commercial oil since 2012 and mining copper. In fact, one of the reasons behind President Donald Trump's decision for US forces to remain in Afghanistan was mineral deposits. However, India has yet to venture into mining in Afghanistan for security reasons.

China annexed Tibet for its water and mineral resources. Xinjiang was similarly annexed with China realising its oil and gas pipelines will need to go in multiple directions. China made Pakistan illegally transfer Shaksgam Valley (5,180 square kilometres – part of Jammu and Kashmir) to it because of its fresh water resource and proximity to Pakistan and the Siachen glacier.

Similarly, China illegally occupied Aksai Chin (38,000 square kilometres: Part of Jammu and Kashmir) and is making forays into eastern Ladakh because the area is rich in minerals and natural resources such as thorium and uranium. There also could be mercury, iron, and nickel and coal reserves in Ladakh though India has never undertaken any mining in these areas.

People's Liberation Army (PLA) soldiers were observed working in northern Nepal in areas adjoining the border with Tibet known to have uranium deposits few years ago. Now, China has already commenced operations for mining gold in Nepal.

The hot news now is that China has been undertaking extensive mining operations on "its side" of the disputed India-China

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border over last few years. The scale of these operations has been unprecedented with the area reportedly having huge deposits of gold, silver and other precious minerals valued at some $60 billion.

China's massive mining activity across Arunachal Pradesh was preceded by years of building roads and other infrastructure. The major activity is around Lhunze county, located south-east of the Tibet Autonomous Region. Lhunze is Indian territory (part of Arunachal Pradesh) but under illegal occupation of China with PLA presence.

Enormous, deep tunnels have been dug into the mountains along the Line of Actual Control (LAC), to allow thousands of tonnes of ore to be loaded and transported out by trucks daily, along roads built through every village. Extensive power lines and communication networks have been established, while construction is under way on an airport that can handle passenger jets.

According to the lead scientist for a Beijing-funded northern Himalayan minerals survey, a series of discoveries in recent years put the potential value of ores under Lhunze and the nearby area at Yuan 370 billion ($58 billion), though this is preliminary estimate and more surveys are under way.

Arunachal Pradesh has a vast reserve of mineral oils, gas and coal reserves. Coal is explored from Namchik-Namphuk mines in Tirap district. In addition there are huge reserve of dolomite, limestone, graphite, marble, lead and zinc etc. It is also assumed that there are reserve of iron and copper. The main mineral rich districts are Lohit, Tirap, Chanlang, West Kameng, Upper Subansiri, and Dibangghati.

Little wonder then that China expanded her illegal claim of Tawang Plateau to entire Arunachal Pradesh (90,000 square kilometres of Indian territory) in 2005 and started calling it "south Tibet". In October 2017, President Xi Jinping underscored Beijing's claim to the area in a letter to a family in Lhunze, published in Chinese media, thanked them for their loyalty and contributions to China, and also urged the people of Lhunze to "set down roots" to develop the area for China's national interest.

For the past several years, China has been trying consistently to prove Arunachal Pradesh is part of Tibet. It is applying psychological warfare both to make-believe its falsehood, aimed at cultural assimilation astride the LAC, using print and electronic media. Magazines and websites funded by China to further its claims over Arunachal Pradesh being an 'integral' part of Tibet (read China).

China Travel Guide' magazine brazenly promotes tourism in 'south Tibet' and 'Ziro' (in Arunachal Pradesh) tourist destinations. The magazine describes Lhoba Apatanis of Arunachal as 'Chinese' tribe, and describes them as "the most beautiful ethnic people" of China. China's Tibetology Research Centre, founded in 1986, is actively involved in projecting Arunachal Pradesh as 'south Tibet'.

From the above it should be quite clear why despite 20 meetings of the Special Representatives of India and China on the border issue, no progress has been made. Given its hunger for minerals and energy recourses, it is unlikely that China will give up her illegal territorial claims astride Himalayas, including Arunachal Pradesh. The discovery of China constructing a 1.2-kilometre motorable road in Tuting area of Arunachal Pradesh during January 2018, despite the area being covered with three feet of snow, should be viewed in this context.

The recent Modi-Xi informal meeting at Wuhan notwithstanding, China will continue its policy of ambiguity and deceit. Its occupation and militarisation of the South China Sea also aimed to usurp massive reserves of natural resources, oil, gas and minerals in that region. The same applies to Ladakh and Arunachal Pradesh. While we alleviate our economic relations with China and examine the Brahmaputra water data she has shared (which most likely will make no mention of the waters diverted by her within Tibet and to Xinjiang), we need to counter Chinese moves to substantiate Arunachal Pradesh as 'south Tibet', using all possible means.

Needless to mention, China should not be permitted any more salami-slicing of territory, however small. It would also be prudent to keep open the 'Tibet' and 'One China' question till the India-China boundary is settled.

PRIVATE PLAYERS, NEW TECH, NEW MINES: A GOLD RUSH MAY BE UPON US

Fasten your seatbelts, or hold on to your earrings. The Indian gold industry is set to spring to life thanks to the government's liberalised approach to mining, the plans that private miners are finalising for the country, and the fact that there could be huge reserves of gold lying in wait for them, untapped and little-known.

The Supreme Court ruling on the need for a transparent auction policy for natural assets gave a fillip to the sector. More private mines are being set up. And there is a possibility that mining will spread to regions outside the traditional strongholds of southern India. Industry experts say that the potential for gold recovery

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from ore lying in heaps around older gold mines – especially the now-defunct Kolar, in Karnataka – could be huge.

Indians' insatiable passion for the yellow metal will ensure that prices don't fall any time soon, incentive enough for more players to get into the game.

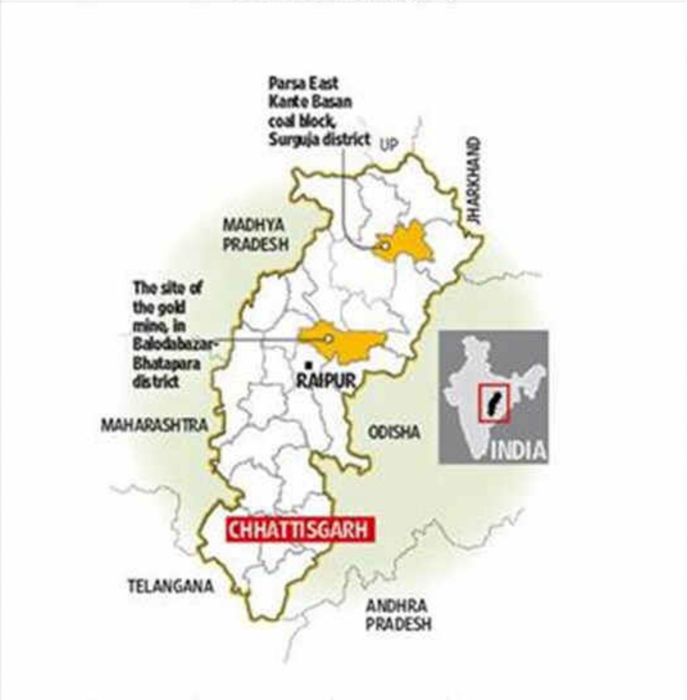
This perfect, and pleasant, storm of factors could lead to a gold rush in a country that loves gold. Investors would do well to keep it on their radar.

And it wouldn't be a minute too soon. Chinese gold production has vaulted 150 times in the last 24 years, while India's has been stagnant.

The government of India has itself woken up to the need to permit private companies to exploit gold mines in India.

Hitherto India had just two mines – the Kolar gold fields and the Hutti mines. Wikipedia lists three mines, but not much has been done with the Gadag mines.

Gold in Chhatisgarh



Source: Govt of India; http://ismenvis.nic.in/LatestNewsArchieve.aspx?Id=11888&Year=2016

Then in 2001, the government finally decided to close down the Kolar mines. This mine had been in existence for more than 120 years, and had produced during its life span some 800 tonnes (or 26 million troy ounces) of gold.

So you now have just one functioning gold mine. The Hutti gold mine has been quite productive. In 2015 alone it produced some 45,000 troy ounces (1.399 tonnes) of gold. But its production volumes appear to be ebbing.

Gold got a shot in the arm when in May 2016, the Parliament approved an amendment to the Mines and Minerals (Development and Regulation) Act 1957 (MMDR). It allowed private companies to bid for mining licences through a competitive bidding (auction) process. The new mining leases were for 50 years, and the royalty on gold mines would now be a flat rate of 4% on the gold revenue. In addition, gold mines must contribute to the National Mineral Exploration Trust and District Mineral Foundation. Put together the royalty is 5.28% irrespective of volumes produced.

Vedanta's Baghmara gold mine

***Note:** In February 2016, Vedanta resources became India's first private company to successfully bid for a gold mine in India – the Baghmara gold mine in Chhattisgarh – a mine with potential gold reserves of 2.7 tonnes.*

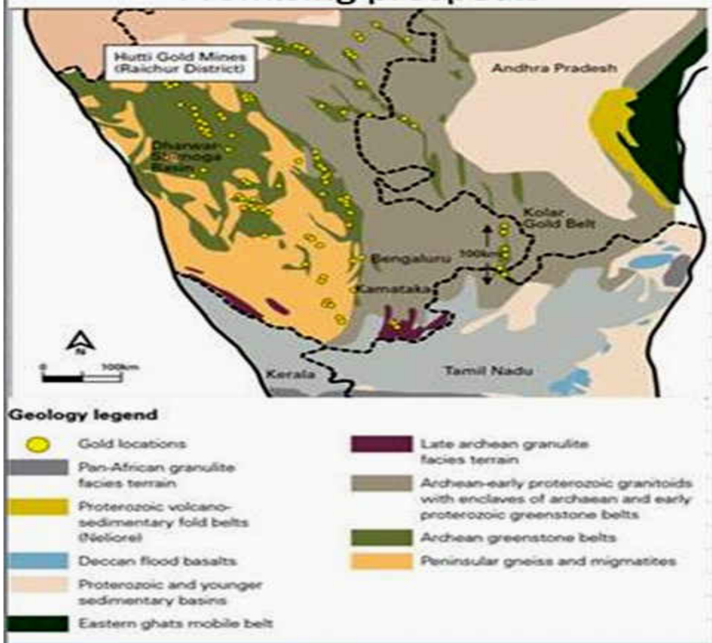
Source: Govt of India; http://ismenvis.nic.in/LatestNewsArchieve.aspx?Id=11888&Year=2016

Further amendments allowed transfer of captive mining blocks without any further need for auction. Under the initial issue of 43 mining blocks for tender, three were for gold mining deposits.

One of the first beneficiaries of this policy was Vedanta (earlier Sterlite group). In February 2016, Vedanta Resources became the first private company to successfully bid for a gold mine in India – the Baghmara gold mine in Chhattisgarh – a mine with potential gold reserves of 2.7 tonnes of gold.

Andhra Pradesh & Karnataka

Promising prospects



Sources: Kolar Gold and WGC

Anil Agarwal of Vedanta is not a stranger to gold. He had been engaged for more than four decades in mining copper. And gold is invariably found along with copper ore, though in smaller quantities. He had already begun to understand the intricacies involved in the mining of gold.

Meanwhile, Karnataka became a hub for new gold mines. You had Deccan Gold Mines, the sole gold explorer listed on the Bombay Stock Exchange. It expects to bring its flagship Ganajur project in Karnataka into production in 2018 or 2019, Annual output is estimated at just over 50,000 troy ounces (1.55 tonnes).

Deccan Gold mines is promoted by a group of Australian investors. Some of them decided to back yet another mine, Janagiri Mines, which hopes to approach the capital market soon for raising money to finance its Rs.300 crore capex for setting up its gold mine. It already has the mining licence in place and has tied up all the land that needs to be acquired (land acquisition costs are included in the capex). The target – to produce around 25,000 troy ounces a year (approx 777 kg of gold). It aims to become the first greenfield project in India since independence.

Both Deccan and Janagiri are part of a plan to exploit gold in a terrain that the Australians believe is similar to the one they have seen back home. "In Australia we produce around 300 tonnes (9.7 million troy ounces) compared to barely 2 tonnes in India. We think India could produce a lot more," says an Australian mining expert. "In fact, look at China. Even China has a similar terrain. In 1994, India produced around 2 tonnes, and China produced around 3 tonnes. Today, China produces 450 tonnes." Clearly the potential for India is huge.

One can expect more gold mining companies to set up shop in India. The National Minerals Exploration Policy (NMEP) plans to accelerate exploration activity by putting up for auction almost 100 prospective mineral blocks.

There's gold in the dust

But the government clearly has many more things to do.

For one, it must take a call on reviving the closed Kolar mines. If the government cannot operate it profitably, it must auction it off to others. Experts believe that the Kolar fields could run for another 100 years.

Then there are the millions of tonnes of depleted ore that lie outside Kolar and Hutti mines. This "waste" was cast aside several decades ago when gold could not be extracted from it. Techniques have evolved since that make this a profitable exercise. Experts talk of a norm of 1.5 g per tonne of earth for gold mines, and 0.5 g from the depleted ore waste lying outside the mines.

Gold can be found in many more locations in India

Source: https://www.researchgate.net/profile/P_A_Azeez/publication/270280429/figure/fig1/AS:295090288381966@1447366415764/Distribution-map-of-gold-occurrences-in-India-Source.png

India:

Gold production

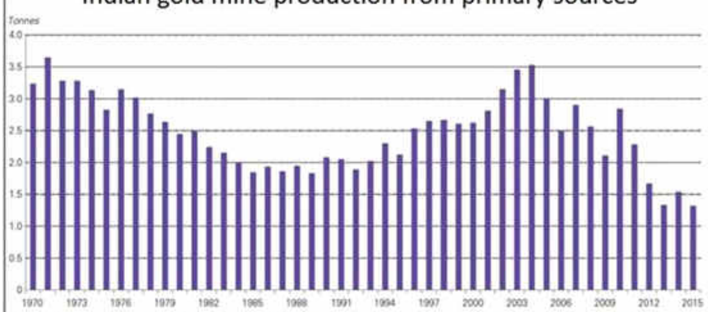
Year	Tonnes produced
2011-12	2.19
2012-13	1.59
2013-14	1.56
2014-15	1.44
2015-16	1.32
2016-17	1.59
2017-18	1.61

Source: *govt of India, WGC*

According to a research paper, the Kolar fields have "33 million tonnes of tailings with 0.72g [per tonne of] gold spread all over the mining township of KGF [Kolar gold fields]". There is a need to offer Kolar and its depleted ore reserves to the highest bidder through an auction process.

In any case, if NMEP is prodded a bit by the government, expect more gold mines to come up all over the country. Check out the map alongside and you will realise that India is verily a land of gold. There is gold, and more gold, almost everywhere.

Indian gold mine production from primary sources



Note: *Mine production includes production from primary sources only, and does not include gold output from secondary sources like gold extracted by Birla Copper Smelter which processes imported copper concentrate.*

Sources: *Indian Bureau of Mines, Metal Focus and WGC*

INDIA REVIVES COAL SECTOR REGULATOR PROPOSAL

The Coal Ministry has already announced rules for the auction and is in the final stages of drawing up a list of coalblocks that will be offered to private miners to produce without any end-use restrictions and ushering in an end to the nationalization of coal mining since 1974.

With the advent of private miners in the country, the CoalMinistry

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has revived the years-old plan of setting up an independent coal sector regulator to arbitrate between private coal producers, government coal mining companies and consumers, in line with the model followed in the telecommunications sector, which is regulated by the Telecom Regulatory Authority of India and sees airwaves auctioned by government.

Government officials said that while the contours of a coalsector regulator already existed when such a body was first mooted years ago, the critical issue that was yet to be decided was whether the sector regulator would be empowered on pricing of the dry fuel.

The officials said that while coal mining had been opened up for private mining, offering investors free pricing for production and no end-use restrictions, the government would have to take a call on whether, as in the case of the telecommunications regulator, successful bidders at the auction would be permitted to set a price and submit it to the regulator for approval with the latter also the final arbitrator in the case of complaints of predatory pricing.

The government as things stands, favoured vesting the regulator with some price monitoring authority to avoid issues between various miners, government miningcompanies or user industries moving directly to the courts in absence of an intermediary settlement authority, the officials added.

A regulatory authority is also considered critical for private miners to adopt a pricing mechanism based on energycontent of coal, against a grade-wise pricing regime currently in vogue with government coal companies.

Disputes over grades, and boulders and stones in coalconsignments have been vexed issues between powercompanies, and coal miners and with more players coming into the industry, the government reckons the issue of quality has to be put under the mandate of an independent regulator.

Significantly, readying for opening up of coal mining by private miners, Coal India Limited is currently seeking stakeholders' views on moving to gross calorific value-based pricing moving away from a grade-wise pricing formula.

CABINET APPROVES MOU BETWEEN INDIA AND MOROCCO IN THE FIELD OF MINING AND GEOLOGY

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its ex post facto approval to the signing of MoU between India and Morocco in the field of mining and geology.

The agreement was signed on 11 April 2018 between the Moroccan Ministry of Energy, Mines and Sustainable development and the Ministry of Mines, Govt. of India.

The MoU will provide an institutional mechanism between India and Morocco for cooperation in the field of geology and mining. This cooperation will be mutually beneficial on economic, social and environmental fields in both countries.

The MoU aims to strengthen cooperation between India and Morocco in the field of mining and geology. The activities involved in the cooperation viz. development of geological infrastructure, promotion of mining and geology, training programs and establishment of geological data bank would serve the objective of innovation.

COPPER SUPPLY SHOCK HITS INDIA AS TOP PLANT ORDERED TO CLOSE

MUMBAI – India faces a copper supply shock after a state government ordered billionaire Anil Agarwal's Vedanta to shut down a plant permanently following deadly protests in a move that will slash nationwide output and stoke demand for imports. The company's shares fell.

The Tamil Nadu government directed the southern state's pollution control board to seal the 400 000 metric-ton-per-year smelter in Tuticorin in the interests of the people, it said on Monday. About 13 people died at the site last week after police opened fire as locals protested against alleged pollution.

The order to shut the smelter will reduce India's production by about half, spurring imports as industrialization and increased consumption of cars and appliances fan demand. Vedanta had suspended output from the plant in March for maintenance, and the closure was extended as the protests mounted. The shutdown is an "unfortunate development," and Vedanta will study the order before deciding on a course of action, the company said.

"If the closure is permanent, then what we expected to happen two years down the line will happen with immediate effect," said Jayanta Roy, senior vice president at ICRA Ltd. In April, the local arm of Moody's Investors Service had pegged India to flip to becoming a net importer by the next fiscal year.

SHARES SINK

Vedanta shares lost as much as 6.2% to 237.90 rupees in Mumbai, the lowest since June. The stock has sunk 24 percent this year, making it the worst performer among the top 10 metal companies in India. Its London-listed parent, Vedanta Resources, retreated as much as 5.3%.

A closure of the plant would shave about $200-million to $250-million from Vedanta's annual pre-tax earnings, according to an estimate from S&P Global Ratings issued before the shutdown order. In the last financial year to the end of March, the company's total pre-tax profit was $3.68-billion.

Copper is used in pipes and wires, and the Australian government forecast last year India will require vastly more of the metal to feed its economy by 2035. Prices on the London Metal

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Exchange have rallied 22% over the past year, and were last at $6 909, overturning an early drop to gain 0.4%.

India's annual copper consumption is expected to almost triple to two-million tons in the next decade, according to a projection from Hindalco Industries. Vedanta produced about 48% of the country's total copper output of 842 961 tons in 2017/18, according to government data.

"So far our capacities were large enough for our total requirement, so we were a net exporter," said Roy at ICRA. "Now, with no new capacities coming in and if almost 40% goes out on top of that, we will be in a deficit."

INDIA REVERSES DECISION TO PRIVATISE SMALL, AGEING OIL AND GAS FIELDS

Reversing its earlier decision to privatise small, ageing or underperforming oil and gas fields held by national exploration and production (E&P) companies, the Indian government has now directed companies to submit time-bound action plans to boost production from these assets.

Earlier this year, the Indian government approved the privatisation of 11 small oil and gas fields held by domestic E&P majors, including ONGC and Oil India Limited (OIL), and identified 44 other similar fields wherein it had directed the E&P companies to rope in local or global companies as technology partners to enhance production.

In the case of the 11 small and ageing fields, the government has proposed that the national oil companies hive off a minimum 60% stake in these assets to domestic or global private E&P companies.

However the move raised the hackles of national oil company officials, who are opposing the move to grant financial incentives to prospective private partners on the grounds that national oil companies were never offered similar incentives to maintain the "difficult and challenging" assets.

Government officials said that the policy for privatising ageing and underperforming oil and gas fields had only been at the discussion stage and never finalised. However, on review of these discussions over the past few months and based on the views submitting by the national oil companies, the Petroleum and Natural Gas Ministry had decided not the proceed any further on the issue.

Instead, ONGC and OIL would be expected to submit their plans to boost production from these assets. In fact, the Ministry has given the go-ahead to these companies to strike up their own partnership with domestic or international oil and gas companies for production enhancement processes.

The national oil companies have been empowered to enter into contracts with global oilfield service providers under a fixed fee based on per unit increases in production, without having to enter into any production or revenue sharing agreement with such partners, the officials added.

It was pointed out that national oil companies would be under pressure to submit an aggressive plan that would ensure higher production and they would be under close government scrutiny. This comes against the backdrop of India's crude oil production dropping for the sixth consecutive year in 2017/18 to 35.68-million tons, increasing the country's import dependency to 82% and undermining government's target to reduce such import dependency by 10% by 2022.

Under the circumstances, the government is banking on an one-million- to two-million-ton-a-year crude oil increase from small oil fields and the auction of new fields under the Open Acreage Licensing Policy.

ANIL KUMAR JHA, CMD MAHANADI COALFIELDS, TO TAKE OVER AS COAL INDIA CHAIRMAN

Coal India is all set to get a new fulltime chairman, however, he is slated to retire in less than two years. The development comes eight months after its last fulltime chairman retired in August and two acting chairmen were appointed in the interim.

Anil Kumar Jha, chairman and managing director of subsidiary Mahanadi Coalfields, is likely to take over as the chairman of its holding company, Coal India.

Jha will replace acting chairman Suresh Kumar, an IAS officer, who has been holding the post of additional secretary at the ministry of coal. Jha will remain the chairman till his retirement which falls due on January 31, 2020 – less than two years from now.

With this development Coal India will finally have a fulltime chairman after eight months. Following retirement of Sutirtha

Bhattacharya, the fulltime chairman of Coal India, in August, the ministry of coal appointed Gopal Singh – the chairman and managing director of Coal India subsidiary, Central Coalfields, as Coal India's acting chairman for three months. His tenure as acting chairman got extended twice and was prematurely terminated in May this year. He was replaced by another acting chairman Kumar.

According to a document available with ET, the Appointments Committee of the Cabinet has issued the directive recently although Coal India is yet to receive an official communication from the government. According to the document the ministry of coal has been apprised to the decision by

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the Appointments Committee of the Cabinet.

In June last year the Public Enterprises Selection Board (PESB) which was entrusted with the task of finding a candidate for the chairman's post at Coal India after interviewing half a dozen candidates could not find any one suitable for the post.

According Coal India executives Jha took over as the chairman of Mahanadi Coalfields on November 1, 2015. This subsidiary supplies almost 25% of the nation's requirement of thermal coal and is one of the largest among all its eight coal producing subsidiaries.

Jha is an MTech in Mine Planning & Design from the Indian School of Mines, Dhanbad, Jharkhand. He comes with a rich work experience spanning 32 years in the field of mine planning, production, management supervision, direction and control of underground as well as open cast coal mines. He has worked with Central Mine Planning & Design Institute, the exploration arm of Coal India, for 14 years, planning both opencast and underground mines.

After joining Coal India at Central Coalfields (CCL) in July 1983, he rose rapidly and has handled various senior positions rising to become the director (production & planning) of MOIL, erstwhile Manganese Ore (India).