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NOT FOR SALE

Govt to auction 19 coal mines this quarter

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GOVT TO AUCTION 19 COAL MINES THIS QUARTER: SECY

After the cancellation of coal mines auction twice, the government is exploring certain relaxations for bidders and plans to put on sale 19 blocks in the current quarter, a top official has said.

The government had last year annulled the fifth round of auction on account of poor response from bidders.

"Yes we are wanting to do the next round of coal block auction. This is probably the right time," Coal Secretary Susheel Kumar told .

"So in this quarter, it (coal block auction) should happen," he added.

Of the 19 blocks to go under the hammer, 6 have been identified for the steel sector while the remaining 13 mines are for non-regulated sectors like cement, sponge iron and captive power, he said.

In order to attract more bidders and make successful the next round of auctions the coal ministry is also looking at providing certain relaxations but subject to adequate transparency and competition.

Kumar said: "We are just looking at what relaxations can be given so that this round of auctions succeed subject to obviously adequate competition and adequate transparency. Those are non-negotiable principles. So subject to that if we can give some relaxations so that there are more bidders. That's what we are exploring."

The fifth round of coal blocks auction was annulled last year in the absence of good response from the bidders as the steel industry was not in a good shape.

In December 2015, the government had annulled the fourth round of coal mine auctions planned for January 2016 on account of tepid response from bidders in sectors such as steel besides depressed commodity prices and adverse market conditions.

INDIA'S MINES MINISTRY ENABLES AUCTION OF MINE BEFORE EXPIRY OF LEASE

The Indian government has amended miningconcession and development rules to enable it to start auctioning a mining lease (ML) before the current one expires.

Official notifications of the amendments have been issued and, under the Mineral Concession and Development Rules 2018, stipulate that existing leaseholders submit their modified mineral plan to respective provincial government and the Indian Bureau of Mines.

The new amendments had to be issued largely to correct the anomalous amendments incorporated in Mineral Conservation and Development Rules 2017, which stipulated that in the cases of existing noncaptive mining leases, detailed exploration over the entire potentially mineralised area under the ML shall be carried out within a period of five years from the date of commencement of such rules.

This rule in reality meant that existing ML holders could start detailed exploration of their ML area by 2022, even though 348 noncoal, noncaptive MLs are slated to expire in January 2020 and lease holders will still have two years to complete detailed exploration even though their lease had expired in the meantime.

This anomalous rule would have risked a situation wherein production from the mines would have stopped, leading to sharp falls in mineral production, even as expired leaseholders continued with exploration projects of the area, Mines Ministry officials point out.

With the latest amendments of rules, provincial governments could initiate fresh auction of MLs for the 348 mines well before the expiry date of January 2020, the officials added.

The Mines Ministry, in a communication to local governments, said, "though the leases expire in 2020, it would be appropriate for the states to start auction of the mines by July 2019 and give successful bidders the time to mobilise, as well as time to obtain various clearances before commencing mining operations and, therefore, it is of utmost importance that the action plan for auctioning starts well before the expiry of current leases."

Meanwhile, in response to the move by the Mines Ministry making G2 level of exploration mandatory before fresh auctions, a section of Indian miners have sought relaxation of the rule. It has been pointed out that since explorationrequires large risk capital and is not always available with local governments and, hence, the need for greater inflow of private capital into exploration, it would be beneficial for the federal government to empower local governments to hold auctions of both exploration and mining instead of clubbing both together for a single mine.

ODISHA IDENTIFIED FOUR IRON ORE AND MANGANESE BLOCKS FOR NEXT AUCTION

Orissa Diary reported that the Odisha state government has identified four iron ore and manganese blocks for the next round of auction. This would be the fifth round of mineral block auction in the State. The Department of Steel & Mines has initiated the process for notification in this regard, said official sources.

The listed areas are Netrabandha Pahar West Iron Ore block in Sundargarh district and Rengalbeda North West Iron Ore block, Unchabali Iron and Manganese block and Kalimati Manganese block in Keonjhar district.

The Netranbandha Pahar East block was set for auction in the first phase and the Bhusan Power & Steel Limited had bagged it. Now, Netrabandha Pahar West Iron Ore block would be put into auction.

While this iron ore block is rich in resources, the Unchabali and Kalimati Iron Ore and Manganese blocks have limited amounts of deposits, sources said.

The High Level Committee headed by the Development Commissioner has already given green signal for putting into auction of the four blocks. Auction is likely to be taken up in June, said sources in Directorate of Mines.

POLAND TO PARTNER WITH WEST BENGAL TO EXPAND BILATERAL TRADE WITH INDIA

Poland is looking to sell in India mining technology and hardware, apart from coking coal

Poland is looking to forge a partnership with West Bengal to boost bilateral trade with India, its ambassador Adam Burakowski said in Kolkata on Monday.

Bilateral trade between the two countries jumped to a new high of $3.1 billion in 2017, with India exporting goods and services worth $2.3 billion. Of the $800,000 Polish exports to India, coking coal accounted for $180,000 last year, said Anna Rosenthal, second secretary in the Polish embassy in New Delhi.

It isn't possible for Poland to pursue business opportunities across India, said Burakowski, who speaks Hindi and is an expert on India, though not a career diplomat.

Poland has chosen to partner West Bengal to expand trade with India, and has formed a team with representation from Polish government and private enterprises to pursue business opportunities, he added.

Poland is looking to sell in India mining technology and hardware, apart from coking coal. It currently sells coking coal to Coal India Ltd, a state-controlled enterprise headquartered in Kolkata, according to Rosenthal.

The West Bengal government is looking to develop the Deocha-Pachami coal block, Burakowski said, adding that Polish mining companies were, at the invitation of the state administration, "investigating opportunities" to partner local enterprises to extract coal from the block.

Deocha Pachami is believed to be one of the biggest coal blocks in India with an estimated reserve of 2 billion tonnes. But geologically, coal extraction is expected to be challenging. The Centre has said it would be allotted to West Bengal, but paperwork has not been completed yet.

During his visit to Kolkata, Burakowski is meeting government officials and entrepreneurs such as Sanjiv Goenka, chairman of the RP-Sanjiv Goenka group, which has interests in coal and coal mining.

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HIGH COURT RESERVES ORDER ON GOA FOUNDATION PIL ON MINING

The high court of Bombay at Goa, on Friday, reserved its order on the public interest litigation (PIL) filed seeking a declaration that all ore lying outside mining lease areas and ore transported from March 16 belongs to the state.

Counsels appearing for mining companies and traders argued that royalty was paid on the ore prior to February this year and that they should be permitted to transport and load the ore onto barges.

Advocate Subodh Kantak, who appeared for one of the mining companies, argued that distinction could not be made between ore lying at stockyards and at jetties and that this should be permitted to be lifted and exported.

Kantak told the court that the Supreme Court order stopped mining operations not because it was carried out illegally between 2007 and 2018, but because the state government didn't follow proper procedure when it renewed leases.

He also stated that illegalities during this period were committed by fly-by-night operators as a result of which other companies who were following the law, suffered.

In her rejoinder advocate Norma Alvares representing Goa Foundation urged the high court to direct the government to assume responsibility for the safety of mines with the monsoons approaching.

Reacting to advocate general Dattaprasad Lawande's argument that the government doesn't have the necessary equipment to carry out such activities and that mining companies could very well carry these out, Alvares said that even if the government asks mining companies to carry out the work, it has to be supervised by the government.

Alvares argued that it was not true that the February SC judgement didn't state that mining carried out after 2007 was illegal. She said that this judgement was a continuation of and flows from the SC 2012 judgement that declared all mining activities illegal.

Alvares in her rejoinder alleged that the AG's opinion was the deciding factor to continue mining-related activities including transport of ore.

"The government ought to have sought clarifications from the Supreme Court on the continuance of mining activity beyond March 15, 2018," she said.

VEDANTAS ANIL AGARWAL OFFERS MINING GIANT ANGLO HELP TO EXPAND IN INDIA

The mining tycoon wasn't explicit about whether he wanted to assist Anglo with increasing sales to India or to start operating mines there

Anglo American Plc’s biggest shareholder, billionaire Anil Agarwal, has offered to help the mining giant expand into India.

“That’s a big market for them,” Agarwal said in an interview in Lusaka. “I am going to help them if they need to open up that market for them to work there.”

The mining tycoon wasn’t explicit about whether he wanted to assist Anglo with increasing sales to India or to start operating mines there. Currently Anglo has no operational presence in the world’s second-most populous nation, although most of the diamonds its De Beers unit sells are cut and polished in the country.

Agarwal surprised Anglo’s management last year when he took a 21 per cent stake in the company. The structure of the purchase, done via a mandatory exchange bond issued by a family company, effectively means he rents the shares until the bond matures in 2020.

The shares have rallied since he took control of them in two tranches last year.

“I think I have been proven right and I am very pleased that the share price has increased,” said Agarwal, who also controls miner Vedanta Resources Plc. “I am also appreciating

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management, management is doing extremely good work."

Since Agarwal doesn't benefit much from a rising stock price, analysts have speculated that he might take an activist role in the blue-chip miner. In 2016, Agarwal proposed a tie-up between Anglo and the zinc unit of Vedanta, and he said last year the combination would have been a good match.

Agarwal, who's repeatedly said he's not an activist investor, continued to stick to that message.

"At the moment I am very happy with the stake," he said.

SAIL, JHARKHAND GOVT HAD OPPOSED CENTRE'S SARANDA FOREST MINING PLAN

The Steel Authority of India (SAIL), the Jharkhand government and the Ministry of Steel had all opposed the Centre's draft plan on mining in the Saranda forest that proposed 'go, no-go zones and biodiversity hotspots', documents reviewed by DNA showed. After accepting the Indian Council of Forestry Research and Education's (ICFRE) expert report on carrying capacity survey of Saranda, the Environment Ministry proposed two mining zones, two conservation areas and three critical biodiversity hotspots for "sustainable mining" in the region. The ministry had also proposed that forest compartments in mining Zone-II would be considered only after exhausting mineral reserves in the mining Zone-I.

The plan was prepared in the light of the recommendations of the Justice MB Shah inquiry commission report on the illegal mining in Jharkhand. The draft was shared with SAIL, Ministry of Steel and Jharkhand government in September 2016 to seek their responses. In their detailed response, all three had advocated doing away with the concept of phased mining. They also made a special case to allow mining in the Chiria block in Ankua forest, spread over 6,800 hectare, that has India's single largest iron ore deposit of about two billion tonnes. The SAIL argued that with most of its mines depleting in the next 20 years, the Chiria mine was crucial to expand iron ore production from 7 million tonnes per annum to 35 tonne per annum between 2019 and 2035.

The SAIL added that its project in Chiria had already received in-principal approval during the term of former environment minister Jairam Ramesh. It also stressed that the Ankua block was already a broken up area and even the ICFRE report had recommended mining in the Ankua forest. The Ministry of Steel in its response suggested that mines that already been granted in-principle forest approval should not be included in the no-mining zone. It pointed out that while some forest compartments falling in SAIL Kiriburu-Meghahaturburu were in mining Zone-II, where mining is allowed while some were excluded. "The draft also suggested for fresh environmental clearance or mining plan approvals, however, it requested that it should not be insisted for existing leases for which approvals have been accorded," it added. Meanwhile, the Jharkhand government questioned the rationale and parameters of declaring biodiversity hotspots. It also argued that there was no evidence to prove that elephant population dropped due to iron mining and thus prohibiting mining in certain areas was not the way ahead.

The ministry had demarcated mining zones on the basis of the density of forest cover. Forest compartments bearing iron ore deposit and very dense forest cover spread up to 50 per cent area of forest compartment were marked as mining Zone-I. Those having forest cover above 50 per cent area in the forest compartment were considered in mining Zone-II.

GOA MINING BAN: THE TRUTH THAT LIES BENEATH

In his article, 'The Deep Damage Below' (goo.gl/E1WBTc, April 6), Vedanta CEO Anil Agarwal argued that India's mining industry, in the context of the Supreme Court order to shut down Goa's mining operations from March 16, should be encouraged, not damaged.

What he relates in his article is only a small part of the story. In 2014, the Supreme Court ruled that it had found that all iron ore leaseholders, including Vedanta, had carried on mining activity for five years (November 22, 2007 to September 10, 2012) in Goa without possessing a valid mining lease. The court, therefore, declared that "mining by the lessees after 22.11.2007 was illegal". In the case of illegal mining, the Mines and Minerals (Development and Regulation) Act rightly provides for the recovery of the illegally mined ore or its full value, and penalties and/or jail terms for miners involved in illegal mining. Sesa Goa, majority-owned by London-based Agarwal, turned out to be the largest illegal miner in Goa.

The amount recoverable from Sesa Goa (now Vedanta Limited) was estimated, from their own annual reports, at Rs 20,924 crore.

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This is an astonishing Rs 1.43 lakh per Goan, enough to finance a perpetual real citizen's dividend of Rs 300 per Goan per month for life.

Wealth that should have been invested in a permanent fund for the future generations of Goa is now sequestered in London. In late 2014 and early 2015, in an attempt to regularise the illegal mining period, the Goa government retrospectively backdated 88 lease renewals. 31 renewals were conducted on the day the MMDR Act was amended by Ordinance to prevent mining lease renewals.

On February 7, 2018, based on PILs filed by three different petitioners, the Supreme Court quashed these lease renewals. In effect, it restored the earlier position that all mining after November 22, 2007, was illegal.

The apex court said that the State had "ignored the fact that every single mining lease holder had committed some illegality or the other in varying degrees" and that "it is clear that the rule of law was not [the mining lease holders'] concern".

The court also mentioned that JusticeJ S Khehar had observed that "material resources of the country should not be dissipated free of cost or at a consideration lower than their actual worth. This was not kept in mind and mining leases were renewed for asmall payment of stamp duty and royalty."

It also stated that the ministry of environment and forests (MoEF) had "played ball by lifting the abeyance order in respect of the environment clearances". If a bridge collapses, the architect is normally blacklisted. If someone commits fraud over a mutual fund, the person will be banned from managing public money again. But Vedanta is yet to even disclose to their shareholders that they were found mining illegally for five years. And Agarwal, safely ensconced in London, is writing about how Goa should sell off more of its family silver to China, arguing that this would strengthen India and presumably weaken China.

This is hardly relevant to ground realities in Goa, and India.

The writers are members, Goa Foundation

ADANI'S 'COAL-TO-LIQUID' PROJECT HINGES ON NEW COAL POLICY

Adani Group's proposal to set up coal to poly-generation plant in Jharkhand with investment potential to the tune of Rs 50,000 cr would now largely depend on the new policy the Centre has propagated in recent times. Under this, the company has started looking at its own commercial coal block for the supply of the primary resource.

The change has come to fore since the Government went ahead mandating to use coal from any particular block for the purpose only has been allocated to. This stops any company from sourcing the supply for other than that the purpose or end use specified at the time of auctioning.

"We don't have coal mine for coal to liquid project. Thus we have to get a commercial coal block through auctioning route for coal to poly-generation. The Center has recently come out with allowing even private players to bid for commercial operation of coal blocks. The company is looking to enter in bidding process once the policy is on the table for implementation," said Rajesh Jha, CEO of Adani Group's 'coal to liquid' project.

The proposal from Adani Group came to Jharkhand Government after the company won Jitpur coal block at Godda and went on signing stage-I MoU in 2015. As per the proposal the company was to produce urea, methane, power, methanol and SNG from coal. However the coal block was earmarked for power plant and thus technically cannot be sourced to run a coal to poly-generation unit.

"We would go for the state-II of the MoU with the State Government only after the coal block is identified for the purpose. Dedicated commercial mine is a prerequisite now. We were expecting any clear guideline from the Center on the new coal policy and auctioning by December but now indications are that it may happen by March next year," added the CEO.

The State Government moreover on its part is 'willing' to extend support to the company looking at the importance of such projects for the progressive image of Jharkhand among investors.

"The proposal was very unique when it came to us and still holds importance in all the aspects for future. Issue has come up is about captive use of coal block. They have an option to get coal linkages from the Government owned companies like Coal India or JSMDC having commercial mining license as of now. If Adani approaches us to get that we would certainly assist," Industry cum Mining Secretary Sunil Kumar Barnwal told The Pioneer.

However the linkage route sounds unviable for Adani. "Coal linkages would not do things for us considering the quantum of coal required on consistent basis. Quality as well as quantity is unsure in such cases. We can go ahead once commercial coal block is secured to us. Once coal and water are available the project would be through," said Rajesh Jha.

As per the initial proposal, the plant is to be set up in two phases. Capacity of the phase-I is urea-1.3 MMTPA, methanol-3.3 MMTPA, Substitute Natural Gas-8 and 4000 MW power.

ESSAR STEEL AUCTION: JSW STEEL, VEDANTA TO JOIN THE RACE IF NCLT ALLOWS FRESH BIDS

Both the companies had participated in the second round of bidding, but the NCLT had termed the second round invalid.

With the National Company Law Tribunal (NCLT) favouring a call for fresh bids for Essar Steel, new suitors in the form of JSW Steeland Vedanta Resources are expected to join the fray.

Both the companies had participated in the second round of bidding for Essar Steel. But in its order last week, the Ahmedabad bench of the NCLT had called the second round invalid.

The Tribunal had instead called for review of first round bids.

JSW Steel had shown interest in Essar Steel after bids from Numetal and ArcelorMittal were found to be ineligible by the resolution professional in the first round.

But Essar Steel's lenders had decided against inviting JSW Steel, as the latter hadn't submitted an expression of interest.

Later, JSW Steel joined the Numetal consortium in the second round of bidding. JSW Steel had invested in Numetal's India unit.

Vedanta Resources, which had submitted an expression of interest, had put in a bid in the second round.

"Yes, we are interested... 200 percent," said an executive from JSW Steel, on the company plans on Essar Steel.

Sources separately added that the Sajjan Jindal-company is likely to write to Essar Steel's lenders, making formal its interest.

Executives close to Vedanta Resources also reiterated that the London-based mining major will be interested in putting in a bid. The Anil Agarwal company has already bagged Electrosteel Steel, which was also referred to the NCLT under the Insolvency and Bankruptcy Code.

A meeting of Committee of Creditors, consisting of Essar Steel's lenders, was slated for Monday, but now has been postponed to Tuesday. The meeting is expected to take a call on the issue.

Two options

In its order last week, the Ahmedabad bench of the NCLT had noted the two options before Essar Steel's resolution professional. One was to open up the auction for new bids, and the second, to continue with the present process that included ArcelorMittal and Numetal as bidders.

The bench said: "In the option no 1 it has been suggested to initiate a new process to invite bids from all interested parties (starting with new expression of interest) and follow the entire process as per new RFP (request for proposal)... in our humble view such option seems more sound, reasonable and legally transparent..."

Essar Steel's lenders though were more keen on the second option to save time. The resolution process for the steel company has to be completed by April 29. But that has got a relaxation after the NCLT said that the time taken in legal proceedings could be excluded from the resolution period.

40 CRORE FOR LIMESTONE EXPLORATION

The National Mineral Exploration Trust (NMET) of the Central government will take up exploration of 42 limestone blocks in Telangana at a cost of ₹40 crore during 2018-19.

This was disclosed by Additional Secretary Mines K. Rajeswara Rao when he held a review meeting with the Central and State government mining officials here on Wednesday.

Telangana Director Mines B.R.V. Sushil Kumar explained about the mine exploration activities in the State and said it has abundant reserves of coal, iron ore, manganese, limestone, copper, gold and diamonds.

He also said they deposited ₹85.32 crore from coal mines and ₹12.48 crore from other mine explorations with the NMET. The government also provided ₹1,537 crore through District Mine Fund for the development of mine-affected areas in 30 districts in the State.

The Additional Secretary Mines said a special task force would be constituted to help Telangana in the mines sector.

Representatives of mine exploration agencies Geological Survey of India, Mineral Exploration Corporation Limited, Indian Bureau of Mines, Singareni Collieries Company Limited and Telangana State Mineral Development Corporation attended the meeting.

FEW SCHEDULE III COAL BLOCKS START OPERATION AHEAD OF TIME

The government has said some Schedule III coal blocks have started production ahead of the time, and exuded confidence that the remaining mines will start operation on schedule.

"The schedule III mines were to start production after June 2018. Few of them have also started production ahead of schedule but the remaining are on schedule...," Coal Secretary Susheel Kumar said.

Schedule II are producing mines, while Schedule III mines are ready-to-produce blocks.

"Out of that (schedule II mines) some coal blocks have started producing. Some have not because of delays on account of either land issues or court issues or environment forest clearances. So, those delays are there. Some have done production and some are

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delayed," the secretary said.

Over the operationalisation status of 31 auctioned coal mines, the coal ministry had said in December last year that out of the 17 (schedule II) coal mines under the provisions of the Coal Mines (Special Provisions) Act, 2015, 12 coal mines are operational and remaining schedule II coal mines were awaiting various clearances to get operationised.

Further, out of the 14 (Schedule III) coal mines, one coal mine was granted mining opening permission and remaining Schedule III coal mine were scheduled to be operational from this year onwards as they were not operational at the time of their allocation. On the operationalisation status of 53 allotted coal mines, the government had said that "out of the 18 (Schedule II) coal mines allotted to public sector undertakings... three coal mines are operational and remaining schedule II coal mines are awaiting various clearances/judgment for operationalisation.

The Supreme Court had in September, 2014 cancelled 204 coal mines allocated to the different government and private companies since 1993 under the provisions of Coal Mines (Nationalisation) Act, 1973.

OMDC RECEIVES 6 IRON AND MANGANESE ORE MINES LEASE IN ODISHA

Orissa Minerals Development Company has received 6 iron and manganese ore mines on lease from the office of Government of Odisha in Keonjhar district, Bhubaneswar. The company said in its filing that "Received Bhadrasahi iron and manganese ore mines with area over 998.70 hectares, Roida-Bhadrasahi iron ore mines over 103.600 hectares, Roida-Bhadrasahi iron ore mines over 103.600 hectares, Belkundi iron and manganese ore mines over 1,276.790 hectares, Kolha-Roida iron and/or manganese ore mines over 254.952 hectares, Thakurani iron and manganese ore mines over 1,546.55 hectares and Bagiaburu iron ore mines over 21.52 hectares."

Orissa Minerals further said the State Government will without prejudice to the other proceedings that may be taken against the company, terminate the lease and forfeit the performance security if the company fails to make payment of the amount of compensation along with applicable interest within 60 days from the date of receipt of the notice.