

GEOLOGICAL SURVEY OF INDIA SEARCHING THE SEAS FOR PHOSPHATE DEPOSITS

India imports the majority of its rock phosphate or processed phosphate from Morocco, Jordan and Tunisia to manufacture fertilizers. India does have some terrestrial reserves, but these provide only 15% of the requirement. Hence, the Geological Survey of India (GSI) has initiated exploration for phosphate minerals in the sea and oceans off the Gujarat and Maharashtra coast over the past few years.

The Rs 600-crore Ocean Going Research Vessel (OGRV), *Samudra Ratnakar*, which was commissioned formally on October 4, 2013, has located marine deposits off Maharashtra and Gujarat coasts. "India has huge demand for fertilizers and most of these are made using imported material. We need to begin exploring our own deposits in our waters to move towards self reliance.



Hence, the *Ratnakar* vessel has been specially deployed for exploration of sea or ocean bed minerals, including phosphate. It has already found some deposits. But we are yet to study the economic feasibility of mining them," said Eshwara,

GSI additional director general (ADG) from Kolkata.

Eshwara is in the city for a two-day national seminar on 'Groundwater and lakes: recent advances and environmental aspects', organized jointly by Gondwana Geological Society and the GSI. He said that research vessel *Ratnakar* has extremely high-tech equip-

ment for offshore mineral exploration and will prove to be a major contributor in the long run in identifying ocean bed minerals.

MINING EXPORTS MAY START FROM MARCH: GOA MINERAL ORE EXPORTERS' ASSOCIATION

Mining exports which were halted since September 2012, may soon resume again. This is following the mining companies' purchase of 0.5 million tonnes of iron ore through an e-auction. Over 50% of iron ore has been purchased by traders.

Mines companies have a one-month time period to make the payment and take custody of the auctioned ore.

S Sridhar, executive director of the Goa Mineral Ore Exporters' Association (GMOEA), said that exports from Goa may start from next month. He also said exports are not possible till they get necessary permissions from collectors and the Goa state pollution control board.

P K Mukherjee, executive director of Sesa-Sterlite, said that P K Mukherjee, executive director of Sesa-Sterlite, said that they

have not yet decided whether they will export 90,000 tonnes of ore which the company purchased during the e-auction. He also said that it is not possible to export just a small quantity of ore. "I can say that I have an option to use the ore at the pig iron plant," Mukherjee said. "After getting custody of the ore, I will decide what to do," he added.

Before mining came to a halt, Goa had exported 42 million tonnes of iron ore to China, Japan, and a few European countries in 2011-12. The state accounts for over 55% of iron ore exports from the country.

The Shah Commission had pointed out that the loss incurred by the state exchequer between 2006-11 was 35,000 crore due to illegal mining in the state.

HAL COPTER TO ADD TEETH TO GSI MINERAL SEARCH

The Geological Survey of India on Wednesday got a major boost to its mineral exploration capability with the acquisition of the country's first helicopter for aerial survey.

Called 'Garuda Vasudha', the Rs. 63-crore specially equipped copter will be used to locate important minerals up to a depth of 300 metres across vast swathes of the country, GSI's Director-General S.K. Wadhawan said.

He was speaking after receiving the documents of the helicopter from its manufacturer, Hindustan Aeronautics Ltd. HAL has fitted its Dhruv advanced light helicopter with a Heli-borne Geophysical Survey System comprising four Canadian sensors.

Union Minister for Mines Dinsha Patel, who formally ushered the helicopter into service via teleconference from Delhi, said the copter should be used to get maximum economic benefits.

Dr. Wadhawan said India joins six countries that have heli-borne geo-survey systems. "We have been aspiring for such a technology infusion for making a more concerted effort in



locating deeply buried, concealed mineral deposits beyond conventional methods," he said.

GSI would deploy the copter in the coming days over already tested areas in Aladahalli in Shimoga, which are known for gold, copper, base minerals, and some strategic minerals, he later said on the sidelines of the event.

According to HAL Chairman R.K. Tyagi, even 1 per cent benefit from geo-surveys using an indigenous helicopter, could potentially amount to cutting the petrol import bill by Rs. 5,000 crore.

According to Joint Secretary, Ministry of Mines, D.S. Mishra, barely 10 per cent of 5.7 lakh sq. km of mineral-bearing areas have been explored. The survey helicopter would fly at a relatively

low 100 m above ground, give sharper and faster data than manual methods.

Small aircraft and foreign helicopters have been used, but this would be far more efficient, extensive and can be used full time, said Additional Secretary R. Sridharan.

IMG FOR DEALLOCATING COAL MINES OF ESSAR POWER, JSPL, OTHERS

An inter-ministerial panel has recommended deallocation of 29 coal blocks of companies such as Essar Power, Hindalco, Tata Power and Jindal Steel and Power Ltd, and has suggested "no action at present" for 30 other blocks.

The IMG recommended deallocation of Chakla and Ashok Karkatta coal blocks in Jharkhand allocated to Essar Power; Tubed coal block in Jharkhand jointly allocated to Hindalco Industries and Tata Power and Gare Palma IV/6 in Chhattisgarh jointly allotted to firms like JSPL and Nalwa Sponge Iron Ltd, among others, according to a Coal Ministry

While in the case of two coal blocks -- Kotre Basantpur and Pachmo in Jharkhand -- allocated to Tata Steel, the IMG has recommended that the mines are "liable to be deallocated" and the "decision (on the same) to be taken by the government in view of the court case," the document said.

According to a JSPL spokesperson, "Our company has challenged the purported action of MOC (Ministry of Coal) before the High Court of Delhi who vide its order dated 12.2.2014 has ordered status quo with respect to coal block in question and the matter is subjudice.

"We have not been communicated so far the purported cancellation of coal block Gare IV/6 by MOC, GOI (Government of India) till date."

Reacting to the development, Essar Power official said: "We haven't yet got any communication from the government (on recommendation for deallocation of Chakla and Ashok Karkatta coal blocks."

Hindalco Industries was unavailable for comments. Repeated calls made to Tata Steel and Tata Power went unanswered.

The document, however, said that no action at present was being taken against the coal blocks of companies like Jayaswal Neco Ltd, Jas Infrastructure Capital Ltd, JSW Steel, JLD Yavatmal Energy Ltd and Balco, among others.

The final decision on the issue will be taken only after the Coal Minister accepts the recommendations of the IMG, according to sources.

The IMG on coal blocks, which met for two days on February 7 and 8 reviewed the progress of development of 61 coal blocks.

IMG was set up under the chairmanship of Additional Secretary, Coal, to review the progress of development of captive coal blocks allotted to private companies.

The IMG has members from various ministries, including steel and power.

Source : economic times

JHARKHAND GOVT TO TAKE ACTION AGAINST ILLEGAL MINING

RANCHI: Jharkhand government would soon initiate action against alleged illegal mining in Kolhan division, as pointed out by the Shah Commission.

Chief Minister Hemant Soren had issued the directions following the Shah Commission report on illegal mining while addressing a function at Sareikela-Kharsawan district, an official release said here today. Ruing that the state was not getting

adequate revenues from its rich mineral resources, Soren yesterday said proactive steps were being taken to at least collect arrears from companies engaged in coal and iron ore business.

Besides mineral resources, he said the Kolhan division was also important for the growth of Tasar industry and the government would extend all possible help to the people working in the sector to expand it.

ORISSA MINERS KNOCK DELHI HC FOR QUASHING SHAH PANEL REPORT

Days after the MB Shah Commission report on illegal mining was tabled in Parliament, two companies that hold mining leases in Orissa have approached the Delhi High Court seeking quashing of the report on grounds that it had indicted them without giving an opportunity to be heard.

The two petitioners – RB Das and Narayani Sons Private Limited – who have mining leases in the state's iron-ore rich Sundargarh and Keonjhar districts, have argued against the commission's report which they claimed have accused them of violating relevant provisions of the Environment Protection Act and extracting minerals without the requisite green clearance.

Appearing for the petitioners, senior advocates Ram Jethmalani and Parag Tripathi said the adverse findings in the report would affect the reputation of their clients.

The senior advocates argued that the panel prepared its report without following the procedure laid out under Commission of Enquiry Act, under which they were to be given an opportunity to be heard, while the information submitted by the state government against them was to be shared with them.

"We were not heard. We were not told what allegations were made against us by the state government. The Commission also refused to give us the information against us that was given to it by the state," the lawyers for the petitioners said.

In the report, the Commission has held unlawful mining in Orissa as "one of the biggest ever" seen by it and has strongly suggested that this is an apt case for being handed over to the CBI for a thorough probe.

While presenting arguments before the court of Justice Manmohan, the lawyers stated that they had accessed extracts of the recently tabled report. Appearing on behalf of the Central government, Additional Solicitor General Rajeev Mehra also informed the court that the entire report had not been tabled before Parliament.

The court then observed that it could not take cognizance of a report that was supposedly available on the internet, and has asked the petitioners to file an affidavit before the court with the relevant report.

Among the two petitioners, RB Das holds two leases for mining iron ore and manganese in villages Dalpahar and Kundrupani of district Keonjhar while Narayani Sons has licences for

mining in villages Surguturia and Raikela in districts Keonjhar and Sundargarh, respectively.

Lawyers for the petitioners argued that the report has been leaked to the media and there was an apprehension that FIRs could be lodged based on news reports quoting the panel's findings, as had happened in Goa. The court then asked for affidavits to be filed on the FIRs in the case.

UCIL IN EXPANSION MODE, IDENTIFIES ANDHRA PRADESH SPOT FOR MINING PROJECT

Uranium Corporation of India (UCIL), the sole domestic nuclear fuel provider to the country's indigenously built nuclear reactors, is poised to start a giant uranium mining-cum-processing project in Kanampalle.

The company is already on the verge of completing its 3,000-tpd mine-cum-processing plant at Tummalapalle in Andhra Pradesh.

To be taken up on full completion of the Tummalapalle expansion project, the neighbouring Kanampalle project is slated to be a "very, very big" project of around 6,000 tpd, three times the size of its largest and most modern 2,000-tpd Narwapahar mine.

Interacting with the media at Narwapahar, UCIL CMD D Acharya said that the uranium producer's 3,000 tonne per day (tpd) mines, along with a processing plant at Tummalapalle in the recently-named YSR district of Andhra Pradesh, was almost complete and was scheduled to become operational before March 31 this year.

"We are proceeding with segment-wise trials of the 3,000-tpd processing plant," said the UCIL CMD.

Acharya said UCIL would now be undertaking a 1,500-tpd mining and processing plant expansion of the Tummalapalle project site at a cost of around R760 crore, which would take the total Tummalapalle project capacity to 4,500 tpd at an investment of R1,860 crore.

TOP MINING COMPANIES LIKE TATA & JSW STEEL SEEK HELP FROM PRIME MINISTER, VEERAPPA MOILY ON ENVIRONMENT WOES

India's top mining and metals players plan to approach the prime minister and the environment and forest minister to scrap, or at least modify, a directive issued last year, warning that the entire mining sector would grind to a halt otherwise.

The environment and forest ministry, under former minister Jayanthi Natarajan, had ordered that all mines with partial forest clearances should get fresh forest clearances for their entire lease areas by the end of January 2015 if they want to continue operations.

Those who fail have to surrender their forest land and execute a fresh mining lease in order to retain their environmental clearance for the rest of their mining operations. Just applying before the deadline won't be enough as the order says miners should "seek and obtain" all these approvals by next January-end.

The mining sector has already been shrinking. Companies are now worried that if the government doesn't amend the directive, almost all operational mines for major minerals, including coal, could face closure as getting forest clearances usually takes four to five years.

Top executives from Tata Steel and JSW Steel as well as representatives of key industry chambers have flagged the problem at a high-level review meeting of environment and forest approval procedures on January 9. They have now decided to meet Prime Minister Manmohan Singh and environment minister Veerappa Moily, who took charge of the ministry late last year, to push their demand.

The environment ministry's forest wing had issued the directive on February 1, 2013. Requests from the Federation of Indian Mineral Industries (FIMI) to the environment ministry for a review of the requirement have so far met with stoic silence.

Most mines in India operate on the basis of forest clearances for a part of their lease area, said RK Bansal, chief executive of FIMI's sustainable mining initiative. "It is virtually impossible to get an FC (forest clearance) for all such mines within a year,

when it normally takes four to five years to get a forest clearance," said Bansal.

Though miners would prefer to get forest clearance for the entire forest land they have leased, states used to give approvals only for parts until the environment ministry's order came in February last year, industry executives said. Now the deadline given to obtain the clearance is quite short given the several layers of paperwork involved, they added. State and central-level forest clearances for mines in forest areas involve a long chain of rigorous steps, such as arranging as much non-forest land as is being diverted from the forest for compensatory afforestation, registering the land in favour of state forest departments, enumerating trees, identifying and settling the rights of forest dwellers and multiple site inspections.

As much as 90% of India's coal reserves and 80% of its mineral riches are in tribal-dominated regions, with a very dense forest cover. About 70% of districts with large mineral deposits are classified as backward and over half of those are in areas affected by Maoist insurgency. Eleven states, such as Andhra Pradesh, Gujarat, Odisha and Jharkhand, account for nearly 94% of India's total operating mines in 2011-12.

In fact, industry bodes say the ministry's order wouldn't help preservation either. "Mandating forest clearances for the entire forest area in a mining leasehold area actually works against the environment's interests," said Confederation of Indian Industry executive director Seema Arora. "A mine is exploited over 40-50 years and the system of part-forest clearances ensured that miners only took over as much forest as they needed currently."

COAL INDIA EYES MINING BLOCKS IN SOUTH AFRICA

India is exploring coal deposits in South Africa and seeking out new, safer technology for mining and quarrying.

State-owned miner Coal India (CIL) signed an agreement with South Africa's Department of Trade and Industry (DTI) to explore "mutual prospects" in the African country's coal and mining industry value chain.

"Coal India has been mapping the South African coal mining industry, with the interest of acquiring mining concessions and information on how best to exploit coal deposits in a way that serves the best interest of all stakeholders," the DTI said in a statement.

The agreement was reached after a meeting between Coal India representatives and DTI officials on the sidelines of the African Mining Indaba in Cape Town on Thursday.

CIL is foraying into foreign shores for acquisition of coal properties to ensure security of coal supply to meet the country's energy requirements. There were indications that the miner would fall short by 350 million tonnes of coal by 2016/17.

The discussion between CIL and the DTI covered costs involved in the mining business, the industry's policy environment and within the regulatory framework.

In another development, Secretary of Mines R.H. Khwaja visited the AutoStem booth at the Mining Indaba and looked around the company's rock breaking suite of products, considered the world's safest.

AutoStem technology offers Indian Mining Engineers a safe and reliable alternative to conventional high explosive use.

REGULATOR PROPOSAL, E-AUCTION PUT INDIAN MINERS, STEEL FIRMS ON COLLISION COURSE

India's iron-ore e-auction trial runs in Karnataka and Goa and a proposal for an iron-ore regulator have placed miners and steel producers on a collision course.

Mining companies say existing mining and mineral legislation does not permit the e-auction of iron-ore, while steel producers accuse miners in Karnataka of cartel behaviour and manipulating prices.

With resource allocation and prices emerging as a bone of contention, steel producers are seeking committed iron-ore linkages for steel plants across the country and a sector regulator for standalone mining companies to oversee merchant sale and pricing.

"Considering that steel production is highly capital intensive, there has to be a clear acceptance of the fact that producers need captive iron-ore mines allocated on agreed parameters," said Alloy Steel Producers Association chairperson Suketu Shah.

"A proposal for appointing a regulator for fixing prices of iron-ore produced by standalone miners will be an acceptable way out for long-term development of the mining industry," Shah stated.

However, the Federation of Indian Mineral Industries (FIMI), the representative body of miners in the country, has rejected this proposal.

"This is a free market economy and the concept of an administered price mechanism for iron-ore goes against such an economic environment. In an open market, price determination should always be a function of demand and supply," FIMI president Hukum Chand Daga stressed.

"There is no legal provision for appointment of a regulator for iron-ore mining. The steel industry too claims to be operating in a globalised environment ... would they accept a regulator for pricing their finished steel products? Would steel producers have been able to increase steel prices twice in a single month in a regulated environment?" Daga questioned.

"Regulated pricing for raw material but free pricing for finished products cannot be a tenable market," he added.

Industry representative body Associated Chambers of Commerce and Industry (Assocham) has come out in support of steel producers seeking a review of e-auction and is in favour of instead providing long-term linkages with mines for captive consumption.

"Electronic auction of iron-ore, instead of providing any relief to India's iron and steel industry will adversely affect it - more so as a lack of raw material has been a major cause for tardy progress of both greenfield and brownfield steel capacity expansion projects," Assocham said in a communication to the Mines Ministry.


According to Assocham, iron-ore production in 2012/13 was 136-million tons, of which 42-million tons were captive production and 18.4-million tons were exported, leaving

about 76-million tons for non-captive steel producers.

Meanwhile, the Society of Geoscientists and Allied Technologists (SGAT) has sided with iron-ore miners. In a statement, SGAT said e-auction was not permitted under the Mines and Minerals Development and Regulation Act and that the auction conducted by government-owned trading company MSTC Limited, as a third party, was not permitted under the mining lease agreement between the provincial government and miners.


SGAT maintained that e-auction would hinder development of a transparent and independent trading of minerals in an open market and the most efficient price discovery mechanism.





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Market buzz

MARCH 2014

Nifty held the mentioned range of 5900-6300 and the contracts expired around 6200. March is going to be a volatile month as we are close to the election season. Metal sector is still in a corrective mode and we need to wait for some more time for the sector to consolidate and resume the up-move. Tata steel can be accumulated close to 300-320 zones with an investment horizon of 2-3 years for a target of 500+. Jindal steel and power and SAIL were two stocks that stayed neutral in the recent market turmoil and it could maintain 250-255 level though nifty corrected about 300 points from its recent high. The Federal Reserve has finally decided implement QE 3 tapering which will have an adverse effect in the liquidity front especially in the case of emerging markets. Nifty should hold 5900 and the upside can be extended to 6400-6450 levels in the month of March. Institutional investors were net buyers in index futures but emerged as net sellers in the stock futures segment.

STEEL SECTOR OUTLOOK FOR MARCH 2014

Metal sector was the major contributor in the recent run up nifty had from Sep 2013 till the end of Jan 2014. JSW steel can go up to 900+ levels once more before slipping to 800 levels. TATA steel will become a decent buying opportunity once it comes to 300 – 310 zones. SAIL is one stock from the sector which has not corrected till now and it is better to exit long positions in this counter as it can come in the corrective mode anytime. If nifty drops below 6000 metal sector can get corrected in a more severe manner and thus it is better to go for a wait and watch approach in the coming months.

CEMENT SECTOR OUTLOOK FOR MARCH 2014

The sector was one of the worst performing in the month of January with most of the stocks hitting lows close to their 52 week low zone. Stocks like ACC, Ambuja, India cements are close to their 52 week low zones and it was clearly a sector to avoid if you are an investor. In the month of March we are expecting the cement sector to consolidate or outperform as the demand for the sector would increase in the summers. I had mentioned India cements in the last post for investment and the stock has given 10% returns in the month of February.

MINING SECTOR OUTLOOK FOR FEBRUARY 2014

Stocks like Coal India, NMDC, and Sesa sterlite did not correct much in the recent downturn but it is better to exit from high beta counters like Sesa sterlite. Coal India has announced a decent interim dividend in the last month which caused the stock price to plunge to 250 levels. Investors are advised to pick this gem at current levels and hold on to this stock with a long term horizon of 5-8 years. NMDC is about to announce interim dividend just like any PSU which is getting ready for disinvestment. Coal India and NMDC should be favorite picks of any investor with a longer term investment horizon of 8-10 years. NMDC is now at attractive levels for investment as the capital appreciation would be good from current levels. A good dividend paying company should not be missed just because the prices came down to 120 levels. Sesa sterlite is a high beta or a traders stock which could see some more downside pressure to 175 levels.

POWER SECTOR OUTLOOK FOR FEBRUARY 2014

The most stable sector among any bull or bear market comprise of market leaders like power grid, tata power, r power and torrent power. Power grid is most stable among the four with torrent power being the most volatile. R power is about to slip below its 52 week low and investors should understand that the stock is going through a downtrend since 2012 and it never gave a decent break out above 80 levels. TATA power is also close to its 52 week low zone of 70-75 don't jump into the stock from a trading or an investment perspective as it has to consolidate before any up move. Torrent power is the only investment pick from sector with a long term view for a target of 200+ in 3-4 years. The stock can be accumulated in a range of 85-95 in this ongoing correction.

CURRENCY OUTLOOK FOR FEBRUARY 2014

USD/INR is in a bullish territory and is likely to hold 61-63 range in the March series with a lot of volatile moves. Dollar index is poised for a bigger move on the upside once it manages to cross 82 levels in the spot market. If it crosses the resistance zone of 82 it can be viewed as a negative sign of equity markets across the globe especially emerging economies like India and China. It is important for nifty to hold 5900-5950 mark and is considered as an important support zone for a bigger bull market ahead of election. Though the bullion is on a bullish territory the momentum in the currency segment is low as of now and thus the momentum could get arrested for some time.

Market buzz



VINO MATHEW

The author is principal analyst at GEMCO KATI. A PGDM by qualification and has varied experience in banking sector as well as equity market. He keeps constant track of world markets and advices in important investment decisions. He can be reached at

invest@gemcokati.com.

LAFARGE SEEKS GOVERNMENT NOD FOR ADDITIONAL MINES TO KEEP CHHATTISGARH PLANT RUNNING

The Indian arm of the world's leading cement maker Lafarge has warned the government that it could be forced to shut its flagship plant in Chhattisgarh, which accounts for half its domestic production capacity. The reason: it could run out of limestone, the basic raw material for cement. Lafarge wants the government to speed up approvals so that it can expand the area of its limestone mine in the state.

"Any further delay in the clearance... will raise a huge risk on the survival of the plant operation,"



appeal to the Cabinet Committee on Investment, highlighting the Union mines ministry's inability to take a decision on a two-year-old proposal from the Chhattisgarh government.

The French company entered India in 1999 by acquiring the cement plant in Sonadih, Chhattisgarh, and expanded its annual capacity from 3.5 million tonnes to 5 million tonnes in late 2009. The last component of the Rs1,400-crore expansion project – a railway line to connect the plant to the main line – is expected

to be ready this March.

INDIA TO AUCTION THREE COAL BLOCKS; FIRST SINCE COALGATE

BY REUTERS

Many companies that received coal blocks over the past decade had to give them up recently as the government found them slow to develop the blocks.

India has invited bids for three coal blocks containing reserves of about 499.4 million tonnes, the Coal Ministry said, in its first auction of mining rights following investigations into its earlier practice of allocating them.

The allocation controversy, dubbed "Coalgate", came up in 2012 after an auditor questioned the government's exercise of awarding mining concessions without competitive bidding.

The CBI has already launched probes against industrialists and companies.

"The government has initiated an auction of coal blocks by inviting applications for the first time for allocating coal blocks through competitive bidding for specified end-uses," the Coal



Ministry said in a statement on Wednesday.

Two of the coal blocks are located in Jharkhand and one in neighbouring West Bengal. The type of coal from the blocks would be used in the steel, cement and sponge iron industries, the statement said.

The ministry said in September that bidders would have to agree to milestones for obtaining environment and forest clearance permits and for developing the blocks.

Many companies that received coal blocks over the past decade had to give them up recently as the government found them slow to develop the blocks.

Difficulties in obtaining environmental approval and securing land for mining have made India the third-largest importer of coal, even though it sits on what BP ranks as the fifth-largest reserve. State-run Coal India is the dominant producer but frequently fails to meet targets.

STEEL SECY RULES OUT CLOSURE OF MINES

Union Steel Secretary G Mohan Kumar on Saturday ruled out the possibility of closure of the operating mines in the State. The Shah Commission in its report had recommended closure of 55 mines recently.

The Union Secretary also denied that the steel industries in the State were facing raw material crisis due to closure of several mines following detection of irregularities in the mining sector.

“Odisha is the major State contributing towards enhancing steel production in the country and in the last five years many progressive things are happening in the steel sector,” Kumar told reporters after a high level meeting with the senior officers of the State Government.

Since the State has largest reserve of iron ore, it can contribute substantially to the national target for production of 3000 million tonnes of steel, he said.

Reviewing the steel projects of the State, Kumar said the Central Government has taken proactive measures for speedy clearance of statutory requirements.

He also advised the States to ensure that projects do not suffer due to procedural delays.

The progress of major Central PSUs like SAIL, NMDC, RINL, OMD and MSTC were reviewed. Issues relating to mining,

forest clearances, renewal of mining leases, expansion of the SAIL units, long term raw material linkages, e-auction of iron ore, environmental and other statutory clearances were discussed in the meeting and decisions were taken for quick resolution of the issues.

Similarly, the concerns of private steel producing units like Bhushan Steel, Jindal Steel & Power, Essar Steel, Tata Steel, POSCO India Limited, Monnet Ispat & Energy, Visa Steel and Jindal Stainless were discussed.

The National Mineral Development Corporation (NMDC) offered to undertake iron ore exploration in unexplored areas. The proposal was accepted in principle for examination of the State Government.

The representative of POSCO mentioned that substantial progress has been achieved in the field level works during last few months.

The meeting chaired by Chief Secretary JK Mohapatra advised Odisha Mining Corporation (OMC) and other lessees to utilise all the allotted mines for ensuring long term raw material needs of the steel producing units.

Mohapatra also advised OMC to study the best practices adopted in other States for maximising the royalty earning from iron ore.

INDIA FAILS TO FINALISE TERMS FOR PLANNED OIL, GAS BLOCKS AUCTION

India's much-vaunted auction of oil and natural gas blocks, which were announced last month, has been virtually put on the back burner with the government unable to finalise a model contract for prospective domestic and foreign investors.

Senior government officials said that various Ministries have failed to arrive at a consensus on terms of engagements with successful bidders on whether to adopt a revenue-sharing or production-sharing agreement between the government and the operator.

Despite several rounds of inter-Ministerial meetings on the model agreement, it was not possible to arrive at a consensus within any definitive timeframe, and the announcement made last month to put 56 oil and natural gas blocks up for auction before the current financial year-end on March 31, had been almost scuttled, the official said.

Further, with the national elections slated within the next few months, government was cagey about taking a hasty policy decision, as the allocation of natural resources was already featuring strongly as a topic of electoral rhetoric, government officials said.

Earlier, the government had set up two expert committees to recommend the model contract for the National Exploration Licensing Policy (NELP) X, under which the oil and gas blocks would be auctioned. However, the two committees came out with conflicting recommendations with one favouring revenue

sharing with successful bidders, while the other backed a production-sharing contract.

In the case of oil and gas blocks allocated to private investors earlier, oil companies were permitted to deduct costs of exploration and production before sharing profits with the government. However, this arrangement has become controversial, as some operators have increased the cost of exploration and production in order to lower the revenue sharing with government.

“Over the past month, since NELP X was announced, there have been several developments which have led to uncertainties over the policy,” former chairperson of oil and gas exploration major, ONGC Limited, R S Sharma has been quoted as saying in the local media.

Officials in the oil and natural gas Ministries said the legal challenges against government and operators of oil and gas blocks already in production, and the failure to evolve a consensus on future contracts, have made a complete overhaul of the hydrocarbon policy of the government an imperative, without which it would not be possible to move ahead with resource allocation with transparency and the preclusion of political and legal challenges.

But such a large-scale revamp would only be possible once a new government was at the helm as the present government, on its last legs, did not have the time, nor residual political capital to push major policy decisions, officials said.

INDIA WARNED AGAINST EXPLORING OIL IN DISPUTED SOUTH CHINA SEA

A Chinese government think-tank researcher has warned India against participation in oil projects with Vietnam government on the disputed islands of South China Sea.

Indian oil companies cannot get cooperation from China in gas pipeline and oil exploration projects if they continues to work in the region, Liu Qian said in an article in the State-controlled Global Times. Liu is a researcher with the Academy of Chinese Energy Strategy with the China University of Petroleum in Beijing.

"If India insists on exploiting the resources in the South China Sea with Vietnam regardless of warnings from China it is hard to see how China can be motivated to cooperate with India," Liu said.

China and Vietnam are locked in a dispute over ownership of the oil bearing islands.

Describing India and China as "natural rivals" in the global energy industry, Liu said the two countries should try to forge greater cooperation instead of getting involved in intense rivalry. In most cases Indian companies lose out to Chinese firms which is why they respond with "hot fighting words", Liu said.

But China finds that the cost of intense competition is unbearable and wants cooperation with India. Intense competition is forcing Chinese companies to pay higher premium for oil assets in third countries like Kazakhstan, Angola and Ecuador, the article said.

"But this (high premium) is not sustainable for Chinese firms. And Indian companies also need to avoid too much competition to save money. This offers room for cooperation between China and India," Liu said.

India and China are wary about each other's attempt to exploit gas reserves in Turkmenistan. China is expected to seek a portion of the gas from the proposed Turkmenistan-Afghanistan-Pakistan-India pipeline, Liu said.

"The current problem lies in how to avoid unnecessary competition and excessive speculation between the two and how to establish a coordinating mechanism for bilateral cooperation," the article said while calling on the governments of the two countries to bring about cooperation between cross-border oil companies.

Chinese companies has won against Indian firms in competition for overseas oil projects because they offer more favorable returns which includes financial payments, technology support, infrastructure construction, management experience and staff training, it said.

NTPC'S ODISHA COAL MINE RECOMMENDED FOR GREEN CLEARANCE

NTPC's coal mine in Odisha has been recommended for green clearance by an Environment Ministry panel, subject to conditions.

"The Committee (Expert Appraisal Committee) after deliberations of the submissions of the proponent has recommended for granting environment clearance with...specific conditions," says an official document.

The conditions are that a detailed

Resettlement & Rehabilitation plan in consultation with the various stakeholders should be formulated and a provision of Rs 30-40 crore shall be earmarked for CSR (Corporate Social Responsibility) for the first five years, among others, the document said.

NTPC's Dulanga coal block in IB Valley coalfields of Odisha, having geological reserves of 260 million tonnes (MT), was

allocated to the company in January 2006.

Earlier, the inter-ministerial group on coal blocks had recommended seeking explanation for slow progress of the coal block. Later, its recommendations were considered and accepted by the Coal Ministry.

The latest development follows the Coal Ministry in December last year seeking explanation from NTPC for the

slow progress.

"You are hereby called upon to explain on each milestone separately to this ministry within a period of 20 days from the date of issue, the reasons for slow progress as well as efforts made by you in development of the coal block... failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken," the Coal Ministry had said in a letter to NTPC Chairman and Managing Director.



NOTICES LIKELY TO 75 LEASES FOR ILLEGAL MINING IN ODISHA

The Centre may issue show cause notices to companies, including SAIL, Tata Steel, Essel Mining, JSPL and OMC, that hold 75 leases where illegal mining of iron and manganese ores was found by the Shah Commission.

The step would be in addition to legal action being initiated by the Odisha government against firms that carried out mining operations without environmental and other clearances.

The Centre-appointed Justice M B Shah Commission of Inquiry termed 22.56 lakh tonnes of iron and 3 lakh tonne of manganese ore productions by companies holding 75 leases as "illegal", recommending recovery of ore value from these firms.

As many as 75 firms, including Steel Authority of India Ltd (SAIL), Tata Steel, Aditya Birla group's Essel Mining and Industries, Jindal Strips of Jindal Steel and Power Ltd (JSPL) and Orissa Mining Corporation (OMC), have been accused of indulging in "illegal/without any lawful authority" production of ores.

"It is proposed to issue directions to these 75 mining leases for restricting the production of ore to the level specified in the Environment Clearance

letters and issue show cause notices for violations," Ministry of Environment and Forests (MoEF) has said in an official document.

"It is also proposed to write to Odisha state government to take credible action against these mine projects under the Environment (Protection) Act, 1986, as per the facts of the case,"



the ministry said.

The Shah Commission has observed that there are 96 leases which have obtained much-delayed environment clearances under EIA (Environment Impact Assessment) notification and in 75 leases extraction of ore has been done after January 27, 1994.

"The 22,56,74,380 MT of iron ore and 30,71,973 MT of manganese have been extracted illegally without having lawful authority (either there was no EC obtained for the period or when obtained, the excess quantity of ore was extracted above the limit fixed by MoEF during EC approvals)," the Shah Commission has said in its report tabled in Parliament.

"All such production is to be considered as illegal and without lawful authority. The market value for iron and manganese ores is required to be recovered under the ... The Mines and Minerals Development and Regulation (MMDR) Act, 1957," the report said.

The Odisha government in its action taken report, has said that it has taken steps "for initiating legal action against defaulting mines which have undertaken mining operations with

valid EC".

Besides, action has already been initiated for recovery of cost price of mineral so extracted under section 31 (5) of MMDR Act, it said.

The indicted companies have said they are not in a position to comment as they are yet to access the report.

SANS RAIL LINK, COAL INDIA HAS BLOCKS LYING IDLE

State-miner Coal India (CIL) has three to four fully developed large-size coal blocks ready for production lying idle for lack of railway linkages for coal evacuation.

The news, given by a representative of the thermal power sector hit by fuel shortages, comes in the backdrop of coal block de-allocations being undertaken by the coal ministry. "Recently, the Coal India chairman told me that they have 3-4 large-size coal blocks that have been fully developed and are ready to produce, but they have no linkage with the railways for evacuation of coal," Lajpat Srivastav, CEO Hindustan Powerprojects, said here Thursday at the ET Power Focus Summit.

Warning that the country was looking at coal shortage to the tune of 160-170 million tonnes beyond 2015-16, Srivastav said:

"A high-powered committee was supposed to be looking into the coal evacuation issue."

A high-level inter-ministerial committee was constituted during the second quarter by the Prime Minister's Office to consider faster implementation of critical railway projects in potential coalfields.

The coal ministry said at the time that three critical rail links were being fast-tracked to ensure transportation of coal from CIL mines in Odisha, Jharkhand and Chhattisgarh. The projects are likely to be completed by the end of 2017.

Coal India chairman S. Narsing Rao has said that the three coalfields require only about 300 km of rail connectivity to provide at least 300 million tonnes of additional coal production per year.

JSW, SESA STERLITE BATTLE OVER IRON ORE PRICING HEATS UP

The flagship companies controlled by metal tycoons, Sajjan Jindal and Anil Agarwal, are ranged against each other as Karnataka's steel makers and miners spar publicly over pricing of iron ore. The two companies have also accused each other of creating the circumstances which resulted in a widespread clampdown on mining in Karnataka by the Supreme court in the wake of the allegations of massive corruption in the mining sector

The state's largest steelmaker JSW, controlled by Sajjan Jindal, which is buying raw material through e-auction has accused Anil Agarwal's Sesa Sterlite as well as MSPL, another private miner, of "cartelisation" and "greed", as they are buying ore at rates much cheaper than the rate at which they are being sold in the e-auctions.

According to JSW, which procures 65% of iron ore auctioned in Karnataka, Sesa Sterlite put up 96,000 tons of ore for sale in January, of which 92,000 tons remained unsold "due to very high prices". On the other hand, Sesa bought 28,000 tons of ore from others at lower prices for its pig iron plant.

Similarly 1.6 lakh tonnes of iron ore from MSPL's Vysenkeri mine remained unsold, while MSPL picked up 0.18 lakh tonne iron ore from other miners in the e-auction at lower prices. According to JSW, the base price of ore from Vysenkeri mine which resumed operations in May was fixed at Rs3200 a ton while similar grade ore was selling between Rs2300 - 2700 a ton.

"These mining companies prefer hoarding their expensive iron

ore while buying ore offered by other companies including NMDC at lower rates, thus forcing steelmakers to buy their material at higher prices. The iron ore permitted by the courts to be auctioned is unsold due to the unfair prices being fixed by these mining companies, leading to further aggravation of shortage of iron ore," said Seshagiri Rao, joint MD and Group CFO, JSW Steel. Responding to the charges, PK Mukherjee

who heads Sesa Sterlite's iron ore division said: "My requirement for my pig iron plant is very specific and we are very particular about the quality of ore we need. If I picked up cheaper ore, I didn't prevent anyone from doing the same."

Mukherjee was explaining the difference between the e-auction price of the 96,000 tonnes of iron ore and the price at Sesa had bought ore for its pig-iron plant. "What sense does it make for steelmakers (such as JSW) to buy iron ore from the eastern zone at Rs 5900, a tonne (landed price) when iron ore in Karnataka remains unsold at much cheaper price. This shows their malafide intentions," says MSPL's executive director, Rahul Baldota.

When the Supreme Court lifted its ban on mining, it ordered that iron ore be sold through e-auctions in the state for a period of about two years that is to come to an end 12 April, 2014. Iron ore sales are generally negotiated through long term contracts to ensure raw material certainty. Karnataka's steel associations have already asked the apex court to revert to an earlier practice, where the court appointed monitoring committee fixed base prices. The matter comes up for hearing on Monday, 17 February.

GMPF THREATENS AGITATION OVER FAILURE OF NEERI TO COME OUT WITH MINING IMPACT REPORT

Mining dependent people at the meeting organised by Goa Mining People's Front (GMPF) at the Bicholim Shivaji Maidan to protest against delay in restarting mining.

SANKHALIM: Accusing the Nagpur-based National Environmental Engineering Research Institute (NEERI), appointed by the state government to assess the impact of mining activities on environment, of delay in submitting its report, members of Goa Mining People's Front (GMPF), an umbrella body of mining stakeholders, has resolved to launch an indefinite stir and organise Goa bandh if the Supreme Court verdict goes against resumption of mining. GMPF is accusing the state and the central governments



of adopting a "lackadaisical" attitude in resolving the mining issue even 17 months after the ban on mining in Goa. A day-long 'padyatra' was organised by GMPF in the mining belt on

Friday, starting from Usgao. Around 5,000 protesters marched on the streets of Pale, Vagus, Velguem, Surla, Honda, Sankhalim, Karapur and culminated at Shri Chatrapati Shivaji Maharaj Maidan, Bicholim at around 5.15 p.m. The mega rally was also attended by GMPF leaders Christopher Fonseca, advocate Raju Mangeshkar, SMC chairperson Dharmesh Saglani, former chairperson Riyaz Khan, Suhas Naik, Mahesh Gawas, Laxman Desai, Suresh Desai, Sandeep Parab and others.

ON POWER DRIVE, OMDC SEEKS 4 COAL MINES

Never mind its iron ore mines are struggling to produce even a fistful of ores, but that has not stopped Orissa Mineral Development Corporation from applying for four coal mines as it spots some scope in power generation.

The iron ore mining arm of Rastriya Ispat Nigam (RINL) has applied for three coal blocks for commercial mining and one block for captive use under the Auction by Competitive bidding of Coal Mine Rule 2012, sources said.

The coal ministry, meanwhile, on Wednesday extended the last date for application from government companies till September 16. OMDC would need about 30 mw of power to run its planned 2 million tonnes pelletisation plant to be built in joint venture with RINL and Kudremukh Iron Ore at Thakurani in Odisha, details of which still remain sketchy.

With a likely expansion of the pellet plant by four fold to 8 million tonnes in a distant future, OMDC would need a total of 120 mw of generating capacity. Add to it OMDC's

requirement of power for running its own iron ore plant of about 15 mw.

Thus, OMDC would require about 135 mw of power, and since a captive power producer can sell up to 50% of its generation, there exists an opportunity to create close to 270 mw of generating capacity, officials reasoned.

Its requirement of coal for the next 30 years would touch the 210 million tonne mark.

The strategy is being worked out even as it struggles to start mining operations at some of its closed iron ore mines. OMDC has six mining lease at Barbil in Odisha, with reserves of about 206 million tonnes of iron ore and 44 million tonnes of manganese ore reserves, spread across six mines. But forest and environmental clearances and approvals for all the mines have lapsed and none of the mines are producing any ore as yet.

It won environmental clearance for Kolha-Roida mines a year ago, but mining permission is yet to be obtained.

PROTEST AGAINST MAHAN COAL MINING THIS WEEK: GREENPEACE

Villagers of Madhya Pradesh's Singrauli district will launch a protest on Thursday against the forest clearance given to a joint venture of Essar Power Ltd and Hindalco Industries Ltd to mine coal at Mahan forests there.

"The event marks the beginning of a mass satyagraha which will continue until the forest clearance is revoked and Forest Rights Act is implemented in the region," read an invitation to the press by environment activist group Greenpeace on Monday.

It claimed 12-14 villages will participate in the protest at Amelia village.

Mahan Coal, a 50:50 joint venture between Essar Power and Hindalco Industries, plans to extract about 8.5 million tonnes

(mt) of coal a year from the block for their respective power plants in the vicinity.



The ministry of environment and forests issued a Stage II clearance to Mahan Coal on 12 February, and two days later Greenpeace gatecrashed environment minister Veerappa Moily's function in Delhi with a campaigner dressed as a tiger protesting coal mining in Mahan. Late in January, Greenpeace scaled Essar Power's office in Mumbai and rolled down a banner campaigning against Mahan.

Indian companies face a severe shortage of coal with domestic production at around 562mt, but demand around 185mt

higher, according to data by Oreteam, a natural resources website.



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editor@geonesis.org