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POLICY TURN TO UNSHACKLE INDIAN MINING

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POLICY TURN TO UNSHACKLE INDIAN MINING

Foreign investment on the rise with Modi outreach

It has been claimed that 6 million jobs could be created over the next five years through the mining sector.

NEW DELHI -- Prime Minister Narendra Modi is trying to woo private and foreign investors to help revive an Indian mining sector distorted by decades of bureaucratic hurdles and complex regulations, but industry players say more is needed to turn the sector into an engine of growth.

Mining's share of India's gross domestic product fell from 3.4% in 1993 to

2.4% in 2015 amid industry stagnation. A report published during the term of the previous government by the Federation of Indian Chambers of Commerce and Industry highlighted issues such as difficulties securing environmental and forest clearance approvals, opposition from local communities and campaign groups and difficulties acquiring land rights. According to Ministry of Mines estimates, the value of metallic minerals produced fell an estimated 13% to 291.62 billion rupees (\$4.51 billion) in the fiscal year that ended March 31, the sixth straight year of declines.

Mines Minister Piyush Goyal has set a target of raising mining's contribution by 1 percentage point by 2019 over the next couple years. Nearly 70% of mineral production in India is conducted by public sector companies but he hopes that the private sector can bring greater efficiency and higher standards. He told Bloomberg in an interview last year of his aim to attract 1 trillion rupees' worth of investment to the sector by 2021 to double output and cut imports.

Measures introduced by the Modi administration since March 2015 include allowing most foreign direct investment to proceed without pre-approval, allocating mining licenses through auctions instead of discretionary state allotment and lengthening mining concessions to 50 years from 30.

Gina Rinehart, executive chairman of Australia's Hancock Prospecting, said at the Global Natural Resources Conclave in New Delhi in April that Modi "is moving mountains" in India. "There's one thing in particular that [the] prime minister said that really caught the world's attention - 'No red tape, only red

carpet is my policy towards investors,'" said Rinehart, whose company is building a coal mine in Australia with India's GVK.

Focus on coal

In the fiscal year ended March 2016, India imported \$132 billion worth of ore and minerals, down 25% from a year earlier. The value of coal imports fell from 1.05 trillion rupees in the year to March 2015 to 845 billion rupees the next.

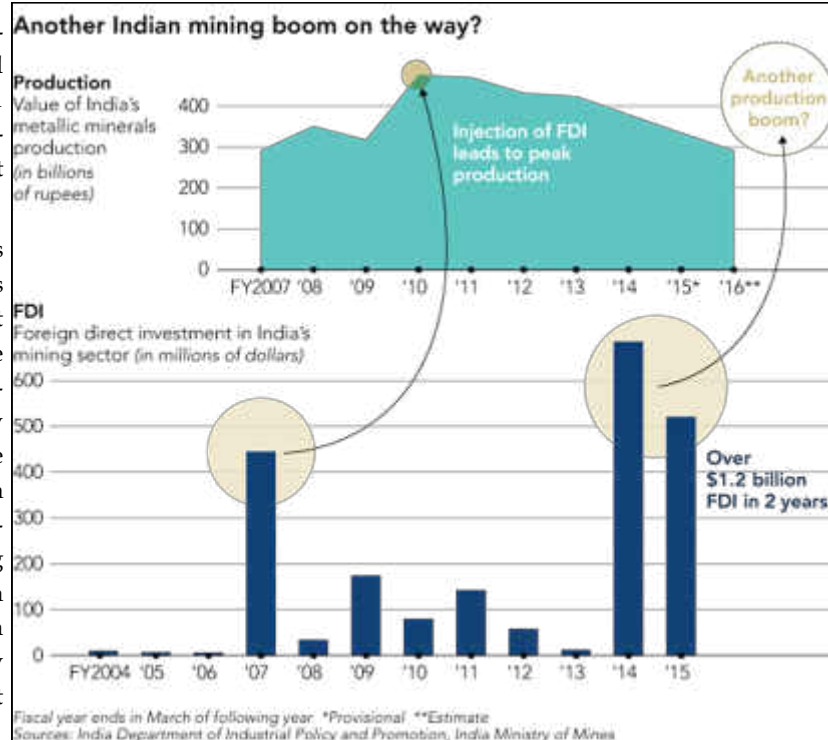
Domestic production of coal, the main fuel used for power generation in India, is on the rise, thanks to policy support. Led by state-owned Coal India, the industry produced 639 million tons in the year to March 2016, up 13% from two years earlier.

Funds from foreign direct investors, who receive significant tax incentives, have started to tick up too. The government tallied

\$1.2 billion in inflows in the two years to March 2016, up from just \$70.6 million from the previous period. Much of the increase however appears to involve funds from offshore affiliates of Indian companies, such as mining tycoon Anil Agarwal's Mauritius-based Twin Star Holdings.

The government expects a flood of activity this year, as 300 mining

leases covering minerals including bauxite, iron ore, limestone and manganese will be made available for auction, compared with around 20 last year. India is now the world's third-largest producer of iron ore.



BHUSHAN POWER & STEEL WINS NETRABANDHA PAHAR IRON ORE BLOCK

BPSL won the block with a quote to share 87.15% of the revenue from mining operations with Odisha

Bhushan Power & Steel (BPSL) has emerged as the preferred bidder for the Netrabandha Pahar iron ore block in Odisha after 17 hours of intense bidding that ended on the wee hours of Saturday at 3:56 am. BPSL won the block with a quote to share 87.15% of the revenue from mining operations with the state government.

BPSL is the second Bhushan Group firm to have bagged an iron ore block through auctions in Odisha. On Friday, Bhushan Steel Ltd won the Kalmang iron ore block reserved for an integrated steel plant, outbidding strong contenders like Tata Steel, Jindal Steel & Power Ltd (JSPL), JSW Steel and others.

For the Netrabandha Pahar block meant for merchant mining, 16 bidders were in the fray initially. The companies who had submitted technical bids for Netrabandha Pahar are Serajuddin and Company, Shri Bajrang Power and Ispat Ltd, NMDC, MSPL Ltd, Maithan Ispat Ltd, Feegrade & Company Pvt Ltd, JSPL, Bhushan Power & Steel Ltd, JSW Steel Ltd, Essel Mining &

Industries Ltd, Vedanta Ltd, Rashtriya Ispat Nigam Ltd (RINL), Shri Jagannath Steels & Power Ltd, Orissa Metaliks Pvt Ltd and Tata Metaliks Ltd. Later, the list narrowed to seven companies for the financial bids.



The Netrabandha Pahar block located in Sundargarh's Koira sector has geological reserves of 77.25 million tonnes of which 61.9 million tonnes are high grade deposits. The total concession area is spread over 139 hectares with forest land making up 112 hectares. The onus would be on the successful bidder to obtain all regulatory clearances.

Odisha was also the first state to auction an iron ore block – the Ghoraburhani-Sagasahi block bagged by Essar Steel. Essar Steel has proposed a production capacity of

7.16 million tonne per annum (mtpa) run of the mine product from the iron ore block. As part of the project, the steel company is also setting up a crushing & screening plant and a beneficiation plant with a capacity of 6.7 mtpa over an area of 139.16 hectares (ha) at Ghoraburhani, Sagasahi and Kalmang villages situated in Sundargarh district.

AS CEMENT DEMAND IN GUJARAT, KARNATAKA SOARS, ADANI CEMENTATION TO SET UP RS 3,000 CR WORTH PLANTS

Adani Cementation, the wholly-owned subsidiary of Adani Enterprises, is in the process of setting up cement-grinding and clinker facilities in Gujarat and Karnataka for R3,000 crore to meet the growing demand of cement in south and west India, people close to the development told FE.

Adani Cementation, the wholly-owned subsidiary of Adani Enterprises, is in the process of setting up cement-grinding and clinker facilities in Gujarat and Karnataka for R3,000 crore to meet the growing demand of cement in south and west India, people close to the development told FE.

The company has invited engineering consultancy bids to set up 2 million tonne per annum (mtpa) cement-grinding plants at Mundra in Gujarat and Udupi in Karnataka. Besides these, there will be a 5 mtpa clinker grinding facility at Lakhpat in Gujarat. The plants would be closer to their Udupi Power Corporation complex and the Adani Power complex in Mundra. The cost for setting up two grinding plants is estimated at R1,120 crore, while the clinker plant will cost anywhere between R1,500 crore to R2,000 crore. The cost would include R15 crore towards pollution-control measures at the grinding facilities.

The project is likely to be completed in 24 months, including 18 months for project execution after placement of the main machinery order. Adani Cementation was set up in December last year as part of a long-term strategy to set up integrated cement-

manufacturing plants, grinding units and limestone mines. The plants are planned closer to their power plants, which would also help them to use fly-ash, a waste from coal-fired power plants, disposal of which is a huge challenge for thermal power plants.

The company plans to set up close to 35-40 mtpa of all-inclusive capacity of grinding, clinker and manufacturing facilities in the coming years. Fly-ash constitutes 35% of the total raw material requirements that also includes gypsum and clinker for preparing cement. Total requirement of fly-ash would be around 2,150

tonne per day, Gypsum would be 245 tonne per day, while Clinker would be around 3,700 tonne per day for the grinding plants at Mundra and Udupi. The company plans to import clinker from

West Asia while gypsum would be sourced from the market domestically. An email sent to the company did not elicit any response till the time of going to the press.

According to the pre-feasibility report for the Udupi and Mundra projects, the company believes that the total cement production in the area – Gujarat, Maharashtra and Madhya Pradesh in western India, and Karnataka, Kerala, Goa, in south India – do not match the demand growth, and hence new capacities need to come up concurrently. The proposed plants are expected to ensure that the supply situation in Gujarat and Karnataka is comfortable in the coming times, as growth is expected to propel demand.



MINING COMPANIES NEED DISRUPTIVE INNOVATION TO CATCH UP: SURVEY

Innovation State of Play, a platform created by international consultant VCI and University of Western Australia, conducted a survey of miners across the globe.

MUMBAI: The beleaguered mining industry is banking on “disruptive innovation” to achieve the government's vision of self-sufficiency and this burden lies on the companies, according to a survey by the University of Western Australia and global consulting firm VCI.

Environmental pressures still weigh on minds of Indian miners more than their global peers but 93% of Indian mining leaders believe that innovation is critical for long-term business strategy and success as compared with 62% in Australia and 59% in the US, the survey said.

Everyone in India talks about disruption, not innovation. It spills off the lips of the PM, the ministers...no one talks about job creation”.

In the last two years, the Indian government has undertaken reforms and policy changes to make mining more transparent.

Almost all pending mining and exploration concessions were made open to reapplication and all undeveloped blocks were taken back by the government and consolidated from previous disparate and less economic blocks.

The government now auctions these mines through a more transparent process and hopes to attract investors from India and abroad.



Mining accounts for about 2.5% of India's GDP. The sector has been struggling with problems relating to environmental and forest clearance approvals, opposition from local communities and land acquisition, which has impeded growth. Prime Minister Narendra Modi-led NDA government is now seeking to attract investors to this sector to scale up domestic production.

Innovation State of Play, a platform created by international consultant VCI and University of Western Australia, conducted a survey of miners across the globe.

The India report, titled ‘How can India unleash its potential to become a world mining superpower’, compiles views from 50 mining leaders of India's top nine mining firms including Adani Group, Coal India, Jindal Steel and Power, Tata Steel and Vedanta Resources.

“To achieve the government's vision of self-sufficiency, it cannot just catch up to the rest – it must disrupt the whole industry,” said the report. Quoting a CEO anonymously, it adds, “India has to leapfrog. Fifty years of evolution has to happen in five.

The report quotes another CEO, “the steps they took were right – to inject transparency. There were some mistakes, but they were well intentioned”.

But there are many suggesting that the government's approach “has killed necessary exploration investment”, but the government counters that it has and will “rapidly tweak its process until the necessary investment is achieved”.

Rapidly refining regulations is not something ‘traditional miners’ are comfortable with but if it works, it can have far reaching effects.

“This focus on transparency has limited the government's attention on innovation, as it ‘focuses all of its current reforms on cleaning up the mining industry before it looks to facilitate further investment in technology or innovation in the industry’.

In this sense, the burden of innovation has fallen squarely on the shoulders of the private companies. It appears that these companies are accepting the responsibility with relish,” the report said.

INDIA DIVES DEEP ON WAY TO MINING GOLD FROM SEA

Scientists Start Exploring Seabed In Indian Ocean For Precious Minerals In 15-Year Project, Set Stage To Enhance India's Presence In The Ocean

India has begun its first-ever deep sea exploration for precious

minerals and metals including gold, silver and platinum in a location close to an active underwater volcanic region of the southern Indian Ocean.

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Experts say the development has not only inducted India into the elite group of countries that are exploring seabeds across the world including the mid-Atlantic, Pacific and the Indian oceans, but also points to India's technological advancement in the sea. The Union cabinet while approving the project contract with the International Seabed Authority (ISA) in 2016 had said that the exploration will enhance India's presence in the Indian Ocean where other players like China, Korea and Germany are active.

In 2013-2014, National Centre for Antarctic and Ocean Research (NCAOR), Goa in collaboration with National Institute of Ocean Technology conducted an extensive survey in the Central Indian and South West Indian Ridges to map area for exploration for polymetallic sulphide. In September 2016, India signed a 15 year contract with ISA to get exclusive rights to conduct exploration in a 10,000sqkm location near Rodrigues Triple Junction (RTJ) – a junction in the Southern Indian Ocean near Mauritius where three tectonic plates meet.

The exploration for polymetallic sulphides began in April this year and is being conducted by a team of 25 scientists from NCAOR.

Polymetallic sulphides are mineral deposits with three or more metals, including gold, silver and platinum. Experts say the exploration for these minerals, mostly found in ocean ridges, will be of immense strategic and commercial value for India, though it will take a few decades to mine these deep sea resources. The exploration will be done in parts of Central and South West Indian Ridges of the junction over the course of the next 15 years.

The team of scientists is currently looking for active and inactive hydrothermal vents in RTJ. Hydrothermal vents are fissures on the ocean crust commonly found near active volcanic areas associated with tectonic structures. These vents are a source of minerals and metals like copper, zinc, lead, manganese, iron, silver and gold. At RTJ, there are venting black smokers, which are chimneys formed from deposits of iron sulphide. They emit jets of particle-laden fluids. The particles are predominantly very finegrained sulphide minerals formed when the hot hydrothermal fluids mix with near-freezing sea water. These minerals eventually solidify as they cool, forming chimney-like structures.

"These black smokers have plumes. They emit fluids along with minerals which would be at 360°C or 370°C. Once emitted, the minerals attain buoyancy at 500m above the vent and settle in nearby places," says NCAOR scientist John Kurien. So far, the team has identified three locations where they are likely to find these vents at a depth of about 4000m.

Kurien says a Conductivity Temperature and Depth (CTD) probe with auxiliary sensors has been deployed to measure several parameters including the change in water temperature, depth, conductivity and turbidity. If the data collected shows an anomaly, scientists say it is a sign that there could be hydrothermal plumes underneath - indicating the presence of minerals.

"We have got good inference from the preliminary analysis of the water samples we collected from those three locations. They show geological, chemical and physical signatures. The water is also metaliferous (contains metal)," Kurien says.

The next step is to send an autonomous underwater vehicle fitted with cameras and identify the exact location of the active vents and search for inactive vents in nearby areas, where minerals can be seen.

Scientists say the ultimate goal of their exploration is to find inactive vents after identifying the locations of active

vents. "We are looking for inactive vents that were active a few thousand years ago and now have minerals and metals settled around them. Active vents keep shifting over several thousand years. Once we find them, we expect there will be inactive vent field a few kilometres around them," says an NCAOR scientist.

The team would also study marine organisms that survive around the vents without light. These organisms including metal tolerant bacteria, shrimps and gastropod snails depend upon chemical processes that result from the interaction of seawater and hot magma associated with underwater volcanoes.

Scientists, however, say the process of tracing active vents -which are often small craters with a width of three to four metres -with the help of the CTD probe from a distance of about 4kms from the sea surface is taxing. NCAOR director M Ravichandran says there is no standard procedure to follow in such deep sea exploration.

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HIDDEN TREASURES

India signed a 15-year contract with International Seabed Authority in September 2016 to explore the Indian Ocean for polymetallic sulphide

<p>GAUGING DEPTH</p> <ul style="list-style-type: none"> ▶ National Centre for Antarctic and Ocean Research, Goa and NIOT, Chennai conducted a preliminary study on the project in 2013-2014 ▶ Depth of the ocean was measured (bathymetry study) using a multibeam sonar and side scan sonar imaging devices ▶ Around 100 blocks – each block about 10km x 10km – divided into five clusters were identified 	<p>LOOKING FOR SIGNS</p> <ul style="list-style-type: none"> ▶ The exploration for polymetallic sulphide began in April 2017 ▶ Exploration is being conducted in a 100km x 100km area in Rodrigues Triple Junction in the Indian Ocean ▶ Rodrigues Triple Junction is a geologic triple junction in the southern Indian Ocean where three tectonic plates – the African plate, the Indo-Australian Plate, and the Antarctic plate – meet ▶ A Conductivity Temperature and Depth probe is being used to study change in water 	<p>temperature and conductivity and depth – a sign of the presence of hydrothermal plumes underneath</p> <ul style="list-style-type: none"> ▶ An autonomous underwater vehicle fitted with cameras would be sent to identify the exact location of active hydrothermal vents which eject hot fluid along with minerals ▶ Once identified, scientists would begin looking for inactive vents in nearby locations where there would be mineral deposits on the seabed ▶ After identification of deposits, India would apply for exploitation rights
<p>FELLOW EXPLORERS Countries involved in deep sea exploration for polymetallic sulphide are:</p>		
<p>GERMANY</p> <ul style="list-style-type: none"> ▶ May 6, 2015- May 5, 2030 ▶ Location- Central Indian Ocean 	<p>RUSSIA</p> <ul style="list-style-type: none"> ▶ Oct 29, 2012- Oct 28, 2027 ▶ Location- Mid-Atlantic Ridge 	<p>CHINA</p> <ul style="list-style-type: none"> ▶ Nov 18, 2011 to Nov 17, 2026 ▶ Location- Southwest Indian Ridge

processes.

"The next step is applying to ISA for exploitation of these minerals through mining. But exploitation involves a lot of economic issues. One of them is transporting the minerals to India," says Ravichandran.

COMMERCIAL COAL MINING: EIGHT MORE BLOCKS ON AUCTION LIST

The government is exploring the possibility of putting under the hammer around seven to eight more coal blocks for commercial mining by private players, taking the total number of mines to be auctioned to up to 12.

"So we are examining the possibility of adding some more mines for commercial mining which are smaller, and some work has already happened on them. So the process can start faster and bring in more flexibility in availability of coal," Coal and Power Minister Piyush Goyal, who was on a visit to Austria and the UK from May 10-13 for an Energy Dialogue, told PTI.

India is in the process of throwing open commercial mining to private firms for the first time in four decades, with the aim of shifting the world's third-biggest importer towards self-sufficiency.

"That could be about 7-8 mines which are smaller in number. So, in total, four large mines and 7-8 small mines would be

With the present exploration done purely for scientific purpose, scientists say it will take time to say if the explored minerals are worth mining. "We have to first see if there is any economic benefit in bringing these resources to our land because it is a much bigger task. But that's a long way to go," adds Ravichandran

auctioned," the minister said.

The government had earlier said that opening up of commercial coal mining to private companies will bring in completion in the coal sector and reduce power tariff.

The Centre had said it wanted to convey to potential investors that sustainable and efficient mining, not revenue maximisation, is the idea behind commercial mine auction.

As per the Coal Mines Special Provision Act of 2015, the government can open up commercial coal mining for private players.

With a chunk of population going without electricity, the government had said that it would ensure that these people get power.

A group of secretaries had earlier suggested that the government should create competition for Coal India by opening up commercial coal mining. PTI SID MKJ SBT

This is unedited, unformatted feed from the Press Trust of India wire.

JSW STEEL PLANS TIE-UP WITH OMC FOR LONG-TERM IRON ORE LINKAGE

Seeks to secure supplies for its 10-mn-tonne mega project on which it has committed Rs 50,000 cr

Sajjan Jindal-led JSW Steel is keen to have a long-term iron ore linkage arrangement with the state government-controlled Odisha Mining Corporation (OMC) to secure iron ore supplies for its planned 10-million tonne steel plant.

The company has committed an investment of Rs 50,000 crore in the steel mill and an additional Rs 3,500 crore on associated infrastructure such as coal and iron ore berths and a slurry pipeline.

"JSW Steel wants to secure long-term iron ore supplies for its proposed steel project in Odisha. For feeding the steel plant, it needs 16 million tonnes of iron ore annually.

The company has discussed this with the state government, though there is no definitive proposal yet," said a senior government official with the industries department.

At present, OMC provides iron ore to many steel units running

in Odisha without captive mines. The ore is offered through electronic auctions, which are normally conducted every alternate month. A steel unit or any other end-use plant can source iron ore either through pre-emption or long-term linkage.

Under pre-emption, the Odisha government has a policy to reserve at least 50 per cent of the ore produced by the merchant miners for state-based end-use plants.

In Odisha, Essar Steel, Visa Steel, Jindal Steel & Power Ltd (JSPL), Bhushan Steel Ltd, and M M T promoted Neelachal Ispat Nigam Ltd (NINL) are among the steel units

that buy iron ore from OMC through long-term linkage. For JSW Steel, having a long-term linkage arrangement with OMC makes sense as the state-run miner was mulling a cut in the floor price of the ore offered through this route.

Steel and other end-use industries were already pressing for a discount of 20 per cent on iron ore they buy from OMC via long-

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term linkage. Even Tata Steel is examining the possibility of clinching a long-term pact with OMC to secure iron ore for its Kalinganagar plant. R Vineel Krishna, managing director of OMC, could not be immediately contacted for comment.

For JSW Steel, the other workable route is getting an iron ore block through competitive bidding. JSW Steel has bid for the Kalamang iron ore block which has been opened up for auctions in Odisha. The Kalamang block, reserved for an integrated steel plant, has also got competing offers from Tata Steel Ltd, Tata Sponge Iron Ltd, Bhushan Steel Ltd, Vedanta Ltd, Rashmi Metaliks Ltd, Thakur Prasad Sao and Sons Ltd, JSPL, Shyam Metaliks & Energy Ltd, RINL, and Shri Jagannath Steels & Power Ltd. A source at JSW Steel said, "We keep evaluating different options for iron ore security. Our priority is to win a block through auctions. But, we are also open to buying ore from OMC or merchant miners if our bid is not successful."

Earlier, JSW Steel has unsuccessfully bid for the Ghorburhani-

Sagasahi iron ore block in Odisha which went to Essar Steel.

The 10-million-tonne steel project by JSW Steel is proposed to come up in two phases – four million tonnes in the first phase and later ramped up to full capacity. The location for the steel unit is yet to be zeroed in though the company has opted for a shore-based location near the Paradeep port.

Mega investment on the cards

- JSW is planning a long-term iron ore pact with Odisha Mining Corporation for secure supplies
- The idea is to secure iron ore supplies for its planned plant of 10 million tonne capacity
- Annual iron ore requirement for the planned steel unit is 16 million tonne
- Company has also bid for the Kalamang iron ore block auctioned in Odisha

NALCO TO OPEN NEW BAUXITE DEPOSIT AT ITS EXISTING MINES

Hit by delays in securing a new mine, integrated aluminium producer, National Aluminium Company Limited (Nalco), has started the process to open a new bauxite deposit near its existing Panchpatmali mines in Odisha.

The opening up of the new deposit along the south face of its existing mining operations will enable the Indian company to maintain its bauxite production at 6.825-million tons achieved during the 2016/17 financial year, a senior government official says.

In 2015, the 70-million-ton Pottangi bauxite reserves, also located in Odisha, had been reserved for allocation to Nalco, but "bureaucratic hurdles" resulted in delays in handing over the new resource to the company, the official says.

Hence opening up of the south face bauxite deposit at Panchpatmali is an imperative for Nalco's alumina and aluminium capacity expansion plans, he adds.

The integrated aluminium producer has already firmed up plans to install its fifth potline at its smelter in Angul, Odisha.

The new spotline will add 0.6-million tons a year of aluminium capacity, ramping up the company's total capacity to one-million tonnes. The \$1.87-billion project is scheduled for completion in the next three years.

In tandem, the company will expand its alumina refinery capacity, close to its mines, to add another one-million tons a year of alumina production to its existing output of 2.275-million tons a year, to feed the expanded capacity of its smelters and to merchant export the surplus alumina in global markets, the official says.

In the short term, the raw material security for its expansion plans will be met through the opening of new mine at Panchpatmali, but in the long term, Nalco hopes to be using the bauxite reserves at Pottangi.

The official said that the long-term raw material security had to be ensured by the government, as Nalco's corporate strategic plan aimed to achieve a finished aluminium metal production target of one-million tons a year by 2020

CIL PLANS TO SHUT DOWN 65 LOSS-MAKING MINES

Under pressure from low demand for coal, declining profits and high expectations of workers from the ongoing wage negotiation, Coal India has revived the agenda of closing down loss-making mines to cut operational expenses.

According to sources, the company recently identified 65 loss-making mines for closure. Approximately 40,000 workers – roughly 13 per cent of the total (3,09,455) – employed in these

mines will be redeployed. Of the total, 62 are underground mines – spread over four mining subsidiaries, Eastern Coalfields (ECL), Bharat Coking Coal (BCCL), South Eastern Coalfields (SECL) and Central Coalfields (CCL). Approximately 37 mines with 15,000 workers are expected to be closed this fiscal.

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"There is no justification to allow these mines to be a drag on the CIL balance-sheet. We can save some money on administrative cost and raw material by shutting down production," a CIL official told *BusinessLine*.

The agenda is not new. A majority of CIL's 413 mines either make losses, or are on artificial support (like higher notified price for coal produced by Western Coalfields) or make very low profits.

Disproportionately high manpower when compared to its 554 million tonnes (mt) production further adds pressure on the balance sheet. Over 200 underground mines produce just five per cent (31 mt) coal and are the biggest drag on the balance-sheet.

CIL had been trying to shut them down for nearly two decades. The last such attempt was made in 2010 when 30-40 mines were lined up for closure. However, the plan didn't succeed due to resistance from trade unions.

Fortunately for CIL, the high energy commodity prices and an

unprecedented coal crisis in India came as a breather in the last decade. Production from high cost underground mines were off-loaded in the open market, where coal was selling at double the notified price.

The meltdown in energy prices in 2014 wiped out this advantage. With abundant supply of domestic coal, low import prices and a general slowdown in industrial activities, e-auction sales no more save the day for CIL.

The result is seen in a 35 per cent decline in net profit in the last fiscal, on the back of 1.7 per cent growth in volume sales. Low import prices limit the scope of raising prices and filling the gap.

To add to the woes, trade unions demanded 50 per cent rise in salary for the five-year agreement starting July 2016.

"There is no way we can sustain operations at perennially sick mines. And we do hope that the trade unions will accept the reality," a source said. He hopes trade unions will put up less resistance to mine closure plans this time.

MINING HALTED AS MONSOON APPROACHES GOA

With the arrival of pre-monsoon showers in Goa, mining activity in the coastal state will remain suspended for the next four months, an official has said.

"The mining season that began in October last year has officially come to an end from yesterday," director, Directorate of Mines & Geology (DMG), Prasanna Acharya told reporters here last evening.

Though Goa received pre-monsoon showers on Wednesday, monsoon is expected to set in within a week.

"No activities related to mining, including extraction, transportation, will be permitted during the monsoon season from June 1 to September 30. The department has also issued formal orders to the mining firms asking them to stop the activity," he said.

Another DMG official said around 25 million tonnes of fresh ore was produced during the mining season between October 2016 and May 2017, including the annual production cap of 20 million tonnes for the financial year ending March.

A total revenue of Rs 400 crore was earned during the season through mining royalty, he said.

During the season, a total of 41 mining leases remained operational until April 28 while the Goa State Pollution Control Board (GSPCB) suspended operation of 12 mines in Sonshi village due to dust pollution, the official said.

He said the Board declined to grant consent to operate to these

12 mines after they failed to adhere to the conditions laid down "in the consent related to environmental pollution".

As per the information available with DMG, for the mining season 2015-16 (which commenced in November 2015), 33 mining leases resumed operation extracting a fresh ore of 7.30 million tonnes.

The state earned revenue of Rs 43 crore in the form of royalty from these leases.

"As far as e-auction of stacked ore is concerned, it did not receive good response," he said, adding that for the current season, DMG conducted only three auctions and earned revenue of Rs 14.50 crore.

After the mining activity resumed in Goa following lifting of a ban by supreme court in 2015, DMG conducted 21 e-auctions under which over 12 million tonnes of ore has been sold so far, he said.

There is another three million tonnes of ore stacked at various site, awaiting e-auction, the officer said.

Just as the current (2016-17) season was about to conclude, the ministry of Environment and Forests (MoEF) sought comments from various stake-holders over a proposal mooted by an expert committee of the supreme court seeking to increase the iron ore production cap from 20 million tonnes to 35-38 million tonnes.

The state government recently pleaded before the supreme court, seeking rise in annual production cap, the official said, adding that the matter is expected to be heard next month. PTI RPS ARS NSK BAS

INDIA PLANS LAND 'SWAPS' TO ATTRACT STEEL INVESTORS - OFFICIAL

India is drafting a land-for-assets policy among a raft of measures aimed at attracting foreign investment into the world's third largest steel producing market, the steel secretary said on Tuesday.

Asia's third-largest economy is notorious for making it difficult for foreign companies such as POSCO to buy land, losing out on billions of dollars of investments in key sectors such as steel and

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preventing the transfer of technology to local companies.

Fluctuations in the domestic price of iron ore, which is determined by local miners, has also deterred investors.

Steel Secretary Arun Sharma told Reuters her department was preparing several policies aimed at boosting investor confidence after Prime Minister Narendra Modi last week approved a plan to nearly triple domestic steel capacity and raise consumption manifold by 2030.

The government will soon issue detailed guidelines on the mandatory use of locally made steel in big government projects, and use international benchmarks to prevent companies from jacking up prices through cartels, she added.

The government will also help companies secure land in exchange for equity or setting up joint-ventures with local firms.

"These steps will attract foreign companies to India," Sharma said. "We are also working on a policy to make it easier for companies to transfer land to foreign companies so that they can set up plants without having to worry about approvals."

The steel ministry has already asked its subsidiary miner



NMDC Ltd to consider reviewing iron ore prices only once in three months instead of regular revisions so that prices do not swing, Sharma said.

India's mining lobby has opposed any move to limit iron ore prices, but Sharma said the government would not put a cap on prices.

ELECTRICAL STEEL

Even though India is a major steel producer, it depends heavily on imports of expensive high-grade alloys used in cars and electrical equipment from countries including Japan, South Korea and Russia.

One such product is cold-rolled, grain-

oriented (CRGO) steel, used in power transformers.

India imports 400,000 tonnes a year of CRGO, but that could fall next year as Germany's Thyssenkrupp starts production from a 50,000-tonne-a-year plant being trialled in western India, Sharma said.

Top Indian steel maker JSW Steel is also keen to make CRGO steel, she added.

MEGHALAYA THINKS OF MMDC OPTION TO BEGIN COAL MINING

Meghalaya government today said that coal mining could be legally carried out by Meghalaya Mineral Development Corporation Ltd (MMDC) in the state where mining of coal was banned three years ago by the National Green Tribunal (NGT).

Under provisions of the Mines and Minerals (Development & Regulation) Act 1957, MMDC was eligible to apply for coal mining lease under existing laws and with the consent of the people, Chief Minister Mukul Sangma said here.

He said, "MMDC can act on behalf of the people or mine owners by coming up with arrangements in respect to the terms and conditions which is mutually acceptable, since mining activities will be done on the land of the people."

If MMDC was given the rights of a mine/land owner, certain revenue sharing model could be accordingly structured, the chief minister said.

The state government had urged the Centre to invoke Para 12A(b) of the Sixth Schedule through a presidential notification

to ensure that provisions of MMDR Act and Coal Mines Nationalisation Act were exempted in Meghalaya. But the central nod has not yet come.

"We need to look at other options while we continue to pursue with Centre in respect of invocation of Para 12A(b) of the Sixth Schedule," he said.

The National Green Tribunal (NGT) had imposed a blanket ban on unscientific coal mining in the state since April, 2014 affecting the economy of the state badly.

Once the MMDC has taken the mining lease, the mines need not be routed through auction, the Chief Minister said.

MMDC officials said that the mining would be done on scientific method as per the provisions of the MMDR Act 1957 and the Mineral Concession Rules, 1960.

They claimed that provisions of the Coal Mines (Nationalisation) Act allows MMDC to sub-lease mines to any person in any area.

30 YEARS ON, HC RELIEF TO MINING COMPANY SEEKING RENEWAL OF LEASE

With its applications for mining lease renewals awaiting clearance for 30 years, this mining company's wait to start business has been long.

Now, finally, in an order that will come as a relief to its mine owner, the high court of Bombay at Goa has directed the Union ministry of mines to decide on its renewal applications.

Vishal Vinayak Bandekar, the petitioner, had applied for the renewal on November 22, 1988, which was rejected by the state government on January 16, 1990, on the ground that the application was not accompanied by an approved mining plan.

The petitioner then filed revision applications before the central government, which was rejected by an order, dated January 29, 1998, on the same grounds.

It was contended before the HC that the requirement to submit approved mining plan along with the lease renewal application was no longer applicable following the omission of Rule 22(3) (e) of MCR, 1960, from the rule book with effect from September 27, 1994.

The petitioner had applied for the renewal a second time, on September 17, 2007, which the state government, by an order dated February 09, 2010, rejected once again, mainly because the

first renewal application was rejected.

The petitioner filed revision petitions before the central government, which came to be dismissed by an order dated, October 21, 2010.

In his order Justice M S Sonak has observed that while the petitioner has raised several points in support of his company's mining lease being renewed, it appeared that the revisional authority had neither referred nor considered the same.

The high court order further stated that the impugned orders, made by the central government, virtually repeated the reasons stated by the state government for rejection of the renewal applications.

"Minimum that was expected by the revisional authority was to at least consider such contentions raised by the petitioner while disposing of the revision applications," Sonak observed.

S G Dessai, senior advocate for the petitioner, submitted that the impugned orders made by the central government are liable to be set aside and the matter be remanded to the central government for fresh consideration of revision applications of the petitioner's, in accordance with law.

HERE'S WHY THE IRON ORE PRICE IS TANKING

The destruction of iron ore and coking coal prices in the past week has been brutal.

Northern China 62% Fe import prices are down more than 12% since last Friday after losing another \$4 on Friday to below \$60 a tonne. Measured from its February peak, the steelmaking raw material is down a stomach-churning 37%.

Premium hard Australian FOB met coal has fallen 18% just since Wednesday and is now trading more than \$100 a tonne below its mid-April peak of \$314 according to TSI data.

The coking coal correction was to be expected as exports in Queensland return to normal following cyclone outages. And most producers will be happy with a price north of \$200 - 14 months ago they were coping with sub-\$80.

The sudden collective loss of confidence in the iron ore market - happening just as the industry's annual gathering in Singapore was drawing to a close - is a little harder to explain.

You'd expect worries about Chinese steel output should have been baked into the price by now, but iron ore's losses have been much greater than Shanghai rebar's decline.

By the same token additional supply from Australia and Brazil would've been factored into the market, and the likes of Roy Hill's 55m tonnes per annum absorbed.

Swing producers in India, Iran and Peru have made the most of higher prices with the former upping exports by 332% - to a total of 3.3m tonnes a month.

To put that into perspective Chinese imports were running at over 90m tonnes a month during the first quarter.

New vessel tracking data from Reuters also point to robust imports by the sea-borne trade's number two and three players.

Japan's imports in April reached the highest since January 2015 at 11.6 million tonnes, up more than a million from April. South Korea, took in 7.2 million tonnes last month, the most since October 2015, according to Reuters.

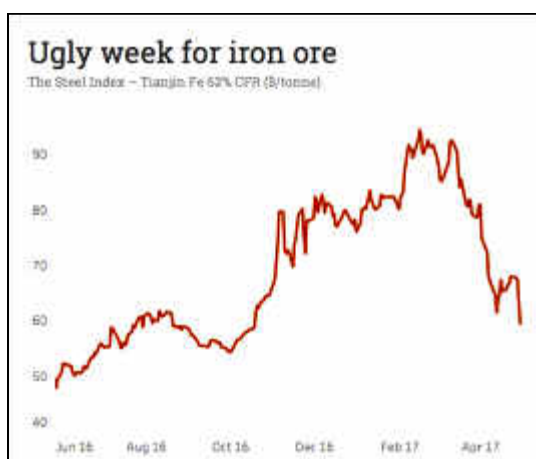
The Chinese roll as much steel as the rest of the world but the other half hasn't been doing so badly.

World Steel Association data released last week showed a 5.7% year-on-year jump in global steel production in the first quarter.

Output rose strongly in all regions of the world led by double digit gains in world number two India (so those tonnes that went to China may be staying home in coming quarters).

Chinese port stockpiles are still elevated, but are down from record highs and in terms of import cover levels are not that

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Alarming.

That leaves the industry's traditional bogeyman – domestic Chinese miners.

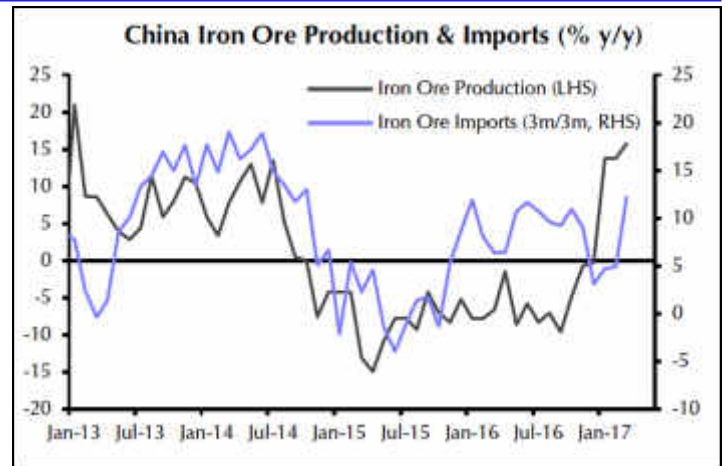
Once lauded for providing a floor for prices (\$120 a tonne no less – remember those days?) the scale and speed of the return of Chinese iron ore mining was the x-factor going into 2017.

The iron ore price was in recovery mode throughout last year but as the graph from Capital Economics shows Chinese output only stopped falling late in 2016.

Rio Tinto said in March 30m tonnes had already returned to the market compared to the 140 million that exited over the past three years.

The new rule of thumb in the industry (Wood Mackenzie and others) appears to be that only a prolonged period of sub-\$60 prices will force marginal producers to exit the market again.

Well Friday was the first day of that. Under pressure from



Beijing's pollution fight, the country's steelmakers prefer high-grade imported ore anyway.

Perhaps Chinese producers will shut down even quicker than they ramped up.

CMDC'S ARIDONGRI IRON ORE OUTPUT FOR LOCAL UNITS FIRST

The Chhattisgarh Mineral Development Corporation (CMDC) intends to sell iron ore produced from the proposed Aridongri mine in Kanker district of Bastar to steel / sponge iron units at Bhilai, Raipur and Raigarh on priority basis, officials informed.

Efforts are being made to increase the production so that sufficient quantity of iron ore is available for export after meeting the requirements of the expanding home market. Export of iron ore is necessary for earning the much needed foreign exchange, they informed.

The mining at Aridongri will be carried out by opencast mechanized method. The mining equipment required will be dozer, shovel/hydraulic excavator, dumpers, wagon drill. The project area is located near Kachhe village on Dalli-Rajhara-Bhanupratappur road.

It is also accessible by Dhamtari-Bhanupratappur road. The nearest railway station is Dalli-Rajhara situated about 30 km north from the area. Aridongri area is well connected with District Headquarter Kanker (Uttar Bastar) by metalled road. The nearest airport is at Raipur.

Notably, CMDC is seeking environmental clearance for Aridongri iron ore project in 245 hectares of land falling under Bhanupratappur forest division of Kanker district in Bastar.

Notably, CMDC had completed exploration and preparation of geological report for Aridongri and Kabirdham iron ore projects, officials here stated.

Significantly, in the month of May 2015, Chief Minister Raman Singh had stated that minerals extracted in Chhattisgarh should be used for units located in the State on a priority basis. This will boost revenue collections and also increase job opportunities while addressing the 9th meeting of Chhattisgarh Mineral Development Fund Advisory Committee.

The meeting was organised by State Mineral Resources

Department in which the Chief Minister was informed about various projects underway to explore minerals in the State.

The Chief Minister had emphasized the decision to undertake mineral prospecting work by Chhattisgarh Mineral Development Corporation (CMDC) in the meeting.

Officials informed that in the 2015-16 fiscal, Bauxite exploration works were being undertaken in Pandariya Tahsil of Kabirdham and Murtunda of Surguja district.

Likewise, Bauxite prospecting is going on in Bamhara village of Bodla Tehsil of Kabirdham district.

The Bauxite exploration work will be undertaken in Bhursipakri and Mukam of the same Tehsil. Both the projects were sanctioned during the meeting.

It was also informed that for effective management of minerals a web-based e-governance application 'Chhattisgarh Integrated Mines and Mineral Management System' is being developed. This application will be used to receive requests for various relaxations on minerals and timely disposal of applications.

The application will be helpful in providing e-permit, e-transit pass monitoring unified check post and weighing bridges along with checking of illegal mining.

It was also informed that district mineral foundations have been made in those districts where certain minerals are found. These foundations will carry on road construction, health and environment development and the development required at the local level.

The Directorate of Geology & Mining in Chhattisgarh had been the process of carrying out iron ore exploration in the notified areas of Kanker and Narayanpur districts of Bastar division.

The exploration target is for the 12th plan period (2012-17) and is

(Continued on Page 11)...

being carried out in Rowghat and 10 other localities, officials stated.

The Chhattisgarh Government had targetted to carry out survey and mapping for 1,000 square kms of State's area during 2015-16 for geological exploration during the 12th five year plan (2012-17).

The minerals to be explored as Bauxite, Limestone, Iron ore, Coal, Dolomite, Manganese and Granite, officials stated.

Notably, the Chhattisgarh Directorate of Geology & Mining had been engaged in exploration of mineral resources as well as minerals development and regulation work in the State.

The Directorate has the facility of remote sensing, cartography, survey, drilling and petrological techniques for geological investigations supported by the chemical laboratory (conventional and instrumental techniques of analyses) to assess the mineral resources. The mineral exploration works are being carried out through three Regional Offices, Raipur, Bilaspur and Jagdalpur, they stated.

The grant of mineral concession, collection of revenue and regulation of mineral concessions are underway through District Offices under the control of Collector, district concerned.

The Directorate also provides technical and legal advice, related with grant and regulation of mineral concession to the State Government.

Explorations had been promised for Bauxite in Dandkesra and Murdadand area of Surguja and Darai and Bhuski-Pakri/Pandripani area of Kabirdham districts (two areas), Iron ore in notified areas of Kanker and Narayanpur districts and Pavaras and Kachhora area of Bastar district.

Moreover, explorations are being proposed for Limestone in Raipur, Rajnandgaon, Janjgir-Champa and Dantewada districts, Manganese in Raipur district, Dolomite in Janjgir-Champa district, Granite in Kanker, Bastar and Narayanpur districts, Coal in Saidu area and West of Mainpat Plateau of Surguja district.

Chhattisgarh is set to earn estimated revenue of Rs 51,596 crore

from its five mines auctioned among 29 in the country under the provisions of Coal Mines (Special Provisions) Act, 2015 during the mining lease period, officials stated.

Chhattisgarh – a mineral rich State had 7.48 per cent share in total value of mineral production in the country during 2014-15, according to the 2014-15 annual report of the Union Ministry of Mines.

As per the report, Rajasthan had share of 11.49 per cent, Gujarat (8.85 per cent), Andhra Pradesh (8.25 per cent), Chhattisgarh (7.48 per cent) followed by Jharkhand (7.37 per cent), Odisha (6.38 per cent), Maharashtra (5.35 per cent), Madhya Pradesh (4.70 per cent), West Bengal (4.32 per cent), Assam (4.04 per cent), Karnataka (2.96 per cent) and Uttar Pradesh (2.72 per cent).

The remaining States and Union Territories having individual share of less than 2.5 per cent all together accounted for remaining of total value of mineral production during the year under review, the report stated.

State-wise analysis revealed that during 2014-15, the value of mineral production have shown a mixed trend as compared to the previous year.

The States which have indicated an increase in the value of mineral production are -- Tripura (14.3 per cent), Karnataka (1.6 per cent), Bihar (6.6 per cent), Himachal Pradesh (16.5 per cent), Meghalaya (61.6 per cent), Uttar Pradesh (0.8 per cent) and Chhattisgarh (0.7 per cent).

During 2014-15, mineral production was reported from 33 States and union territories which is actual reporting from Mineral Conservation and Development Rules (MCDR) and fuel minerals from 23 States and estimation of minor minerals for all the 32 states and union territories of which the bulk of value of mineral production of about 94.18 per cent was confined to 13 states (including off shore areas) only, it stated.

Offshore areas are in leading position in terms of value of mineral production in the country and had the share of 20.27 per cent in the national output, the report stated.



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