Geonesis

(A GEMCO KATI INITIATIVE)

Indian Mining & Exploration Updates

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Indian government asks court to halt scrapping of coal mines

Ending a black saga in coal allocations

CIL may take over producing coal blocks if SC cancels allocation

Adani to resume mining after pact with Chhattisgarh villagers

India's trump card in talks with China

INDIAN GOVERNMENT ASKS COURT TO HALT SCRAPPING OF COAL MINES

India's government asked the top court on Monday to safeguard some coal mine concessions deemed to have been illegally awarded as the energy-starved country's power sector faces fresh turmoil.

Attorney General Mukul Rohatgi said 46 out of the 218 coal blocks whose award was deemed illegal by the Supreme Court last week should be exempt from cancellation because they were already operational or close to being so.

"Everything must not go in one brush. Don't cancel everything," Rohatgi told the Supreme Court, which is considering whether to scrap the concessions and re-auction all 218 mines following last week's ruling.

"Forty six allocations should be exempted. They must be saved because they are in absolute readiness," he said.

The court last week declared that the government-run procedure for awarding the blocks was illegal, putting billions of dollars of investment at risk.

The ruling follows a corruption scandal in 2012 over block allocations to private companies allegedly at cut-rate prices. The national auditor estimated this led to Rs1.86 trillion ($110billion) in lost revenue.

Prime Minister Narendra Modi's right-wing administration came to power in May promising to reform and revive the ailing economy, and pledging clean governance.

The Supreme Court's hearing on whether to cancel the illegal blocks threatens to throw the power sector into further disarray.

India's starved power sector is struggling to produce enough electricity to meet rising demand, with blackouts common in large swathes of the country.

The power sector, which relies on coal for two thirds of electricity production, has warned in recent weeks its coal supplies are running dangerously low.

Coal companies have long struggled to provide enough stock to power stations due to poor infrastructure, scandals and complex approvals for mining.

India imports vast quantities of coal, draining foreign reserves, despite sitting on the world's fifth largest reserves.

Last week the Supreme Court said there were legal flaws in the coal block allocation procedure between 1993 and 2009 and declared that "common good and public interest have thus suffered heavily".

ALLOCATION PROCEDURE

Year	Blocks to state/JV	Geological resources*	Blocks to pvt cos	Geological resources*
Up to 2005	29	6,294.72	41	33,336.88
2006	32	12,363.15	15	3,793.14
2007	34	8,779.08	17	2,111.14
2008	03	509.99	20	2,939.53
2009	01	337	12	5,216.53

- Blocks are **carved out by Geological Survey of India** and **coal ministry**'s Central Mine Planning and Development Institute
- **Identified blocks** allotted with indicative reserves by the ministry
- Allottees then **apply to state government** for prospecting licence. Relatively easy to secure
- Simultaneously, allottees move to **acquire land** & other clearances. Serious players also start work on the end-use plant such as power or steel unit
- **Allottees prepare mining plan** after prospecting is completed for vetting by CMPDI and the ministry
- **Mining licence is sought from the state** once the plan is approved. Relatively tough; Odisha, for example, has held up mining licences for 3 years
- **Big firms would be hit** since many have completed end-use plant but can't start mine in absence of mining licence

Many blocks were awarded under the centre-left Congress government which was ousted in May.

JSW INTERESTED IN BUYING ITALY'S ILVA STEEL PLANT

JSW steel is considering buying the Ilva steel plant in Italy, union sources said on Thursday. Ilva, privately-owned by the Riva family, is Europe's largest steel plant by output capacity and is of strategic importance to the southern European steel sector, where it supplies carmakers and other manufacturers. The Taranto plant, however, is at the centre of an environmental scandal which led the Italian government to place it under "special administration", a procedure designed to save large companies and avoid big job losses.

JSW Steel, controlled by Sajjan Jindal wrote a letter to Ilva's special commissioner Piero Gnudi to express interest in Ilva, according to the sources. A JSW delegation is expected to visit the plant, one of the largest employers in the southern Italian region of Puglia, in the next few days. Ilva declined to comment. JSW did not immediately reply to a request for comment. ArcelorMittal, the world's largest steelmaker last month sent a letter to express its interest in Ilva to Gnudi and is expected to propose an industrial plan for the plant by the end of September, according to sources. JSW is also in talks to buy parts of another steel plant, Lucchini, Italy's second-largest.

GEMCO KATI

INDIA'S TRUMP CARD IN TALKS WITH CHINA

Earlier this week, India's commerce minister Nirmala Sitharaman and her Chinese counterpart Gao Hucheng convened the joint economic group meeting to set an economic agenda ahead of a visit later in the month by President Xi Jinping to India. There were specific topics such as Chinese investments in industrial zones and high-speed rail across India. However, India's overarching goal in economic ties is closing the large trade deficit that stood at $31 billion in 2013. This has been India's aspiration for so long that the next round of trade negotiations with China will have an air of futility; the same unresolved issues make a repetitive appearance over the years. India would like greater access for Indian information technology (IT) services companies in China and for pharmaceutical exports while China wants Indian restrictions on its electricity generation and telecom equipment exports dropped. But India has an overlooked trump card to break this deadlock. In its arsenal, the Narendra Modi government can exercise a powerful policy option. It can decide to release 100 million tonnes of iron ore production into the world market. This means the power is vested in India to bring down the global cost of iron ore and thereby steel. That's enticing to China as Chinese industrialization is entering a phase of peak steel intensity and two-thirds of the seaborne trade in iron ore is already purchased by China. The market for iron ore is worth about $250-300 billion annually, meaning even a dip in price saves tens of billions of dollars for Chinese steel makers. This is the basis for a tremendous bargaining chip held by India that can be used to yield maximum advantage for both countries. Five years ago, India was the world's third largest iron ore exporter. Now it barely exports any. Iron ore production has significantly declined since 2010 after investigations into illegal mining in the three major producing states of Odisha, Goa, and Karnataka. As a result, the Supreme Court ordered mining bans, and has since only partially lifted those bans, imposing caps on production below previous capacity, to protect the environment and for "intergenerational equity". Add to this, as a by-product of the mining bans, a tariff of 30% was slapped on iron ore exports in 2012 to direct supply to Indian steel makers which struggled to source from the once-plentiful domestic market. The tariff and bans have gone so far to cut supply that JSW Steel Ltd recently imported 6 million tonnes of iron ore because of scarcity at home. The Modi government can present to China a tantalizing offer of tens of billions of dollars in stimulus to the Chinese economy in the form of lower iron ore prices by lifting the Supreme Court caps, removing the high export tariff, and accelerating state-level approvals for revived mines. Iron ore is too strategic for China to refuse a good bargain. It can be part of a package deal for India to resolve contentious trade issues in its favour, compelling China to open the market to added value Indian exports in pharmaceuticals, IT services, and even auto components. Besides engaging with China, there are numerous benefits for the domestic economy in restoring production. Exporting iron ore at 2010 levels supplies more than enough for domestic mills for several years to come. It will haul in $10 billion in export earnings, reducing stress on the current account deficit. That hardens the Indian rupee helping India prepare for the depreciation risks posed by the Iraqi civil war which could spike the price of oil and lead to rampant food inflation. Also the royalty levied on iron ore mining was raised in August from 10% to 15%, so increased mining will further help close intractable government budget deficits. The rationale for holding back are unconvincing. India, like China, is at a development stage in which poverty eradication is paramount. Economic activity that creates jobs and wealth cannot be squandered to preserve forests. Third World countries understand there is no way around this reality. However, First World inspired non-governmental organizations such as the ones backing the mining bans lack this empathy for the economic needs of the people. The other rationale cited by the Supreme Court is intergenerational equity, the idea that ore deposits should be conserved for future generations. Providing for future generations is a noble intention but bequeathing a legacy of raw mineral ore is the wrong bounty. There is historical precedence from the natural resource trade between two Asian rivals in the 1980s to provide good guidance. After opening up in 1979, China in its first phase could not earn enough from exporting low-end manufactured goods to industrialize. Instead it accepted a bargain with Japan to sell oil for the funds necessary to make public investments and purchase capital goods that would raise the standard of living for future generations. Taking a cue from China, the Indian government should enable growth by soundly regulating the industry, and use India's firepower in iron ore to create intergenerational equity through a trade deal that promotes natural resources as well as added value exports.

AUSTRALIA SEEKS CLOSER TRADE TIES WITH INDIA, ENERGY SECTOR A PRIORITY

With India becoming the largest source of skilled migrants to Australia, people-to-people links are spearheading business, trade and investment ties between the two countries.

"There are around 400,000 Australians of Indian origin and I pay tribute to the significant contribution they make to our country. Modern Australia is unimaginable without them," Australian Prime Minister Tony Abbott told Business Standard. In 2012-13, India was Australia's largest source country for migrants at 21.1 per cent of the total.

Abbott, who spent three months in India in the early 1980s, said he had invited Prime Minister Narendra Modi to visit Australia and to the G-20 summit in Brisbane this November. No Indian prime minister has visited Australia since Rajiv Gandhi in 1986. This is set to change with bilateral visits planned by both prime ministers. "The high-level contacts and visits," said Australian Foreign Minister Julie Bishop, "underscores that we recognise India as not only our neighbour, our major trading partner, a key strategic ally, but a friend."

ENDING A BLACK SAGA IN COAL ALLOCATIONS

The Supreme Court's judgment in the coal blocks allocation case, delivered on Tuesday, should be welcomed cautiously. Far more than its immediate effect—which is negative as it has created uncertainty—the court's judgement offers the Union government the choice of framing clean and clear policies for the coal sector. The judgement should be read by all those who believe that the state should hold the "commanding heights" of the Indian economy. The mess in the sector is a direct result of misguided socialism and the mismanaged transition to an open economy. It should be read as a cautionary tale in other sectors where such transitions are being made.

The court has declared all coal block allocations made under the screening committee route from 1993 to 2008 to be illegal. The committee in all its 36 meetings never adopted clear and transparent guidelines. In later years, especially from 2004 onward, its proceedings were wholly arbitrary with guidelines for allocation being changed in almost every meeting of the committee. It needs no re-iteration that the United Progressive Alliance (UPA) years saw widespread corruption in the government when it came to allocation of natural resources. The objective of allowing natural resource exploitation by private companies became totally cronyism-prone under the UPA. Due to deliberate policy errors and wilful ignoring in creating the right legal framework, corruption and cronyism took root. In 1993, the P.V. Narasimha Rao government realized that Coal India Ltd (CIL) could not meet the rising coal demand for power generation and other uses. It amended the Coal Mines Nationalisation Act, 1973 and allowed companies engaged in production of iron and steel, power generation and other purposes to mine captive coal. This was an enabling provision for private sector participation. The screening committee route was an ad-hoc improvization. It was never changed. In the hands of the UPA it created mayhem in the sector. The early meetings of the screening committee had the merit of considering the cases carefully and as a result fewer allocations were made. The fault at this time was the absence of clear guidelines to decide among multiple bidders for the same block. In honest hands, a pick and choose policy may yield desired results but in the long run it only opens the floodgates of corruption. The root of the problem lies in the Mines and Minerals (Development and Regulation) Act, 1957 and the Coal Mines Nationalisation Act, 1973. Enacted in the socialist age, these laws are so rigid as to completely prevent the entry of the private sector in mining in any meaningful way. Ideally, the transition to an open economy required their systematic abolition and undoing of their consequences. It will be wrong to blame Narasimha Rao for not doing that as his ministry was involved in firefighting for the Indian economy. Later governments could have enacted laws creating institutions for regulating the sector. That was never done. The last effort in this respect was a new Mines and Minerals (Development and Regulation) Bill 2011. This Bill was not medicine that India needed. The Bill provided for a national and state mining regulatory authority. But this authority was not vested with the power to issue licences and was meant only to review royalty rates. Further, in line with the UPA's socialist agenda, the Bill had provisions for special courts and tribunals and national, state and district mineral funds meant to provide compensation to persons affected by mining projects. It was silent on creating a new, modern, mining regulation infrastructure. This Bill was never passed. The Narendra Modi government has an opportunity to create a proper regulatory framework for the mining sector and especially for coal. To limit corruption, it should create an independent regulator that will regularly assess the country's demand for coal. Instead of issuing licences on a discretionary basis, economically efficient routes such as auctions should be explored. Auction design theory is a fairly rigorous area of economic theory. This regulator should recruit trained economists and sectoral experts and device allocation procedures that will ensure minimal rent-seeking. The coal ministry should only have a policymaking role and not be involved in any licensing. If at some stage it is considered feasible, it should be abolished and its functions taken over by specialist organs. That will put an end to a black saga in independent India's history.

ADANI TO RESUME MINING AFTER PACT WITH CHHATTISGARH VILLAGERS

The logjam over the coal blocks operated by Adani Mining Pvt Ltd in Ambikapur district ended on Tuesday after an agreement was signed between the affected villagers, company and local administration.

The company operates two coal blocks of Kete Basan and Parsa East in the area. Demanding proper compensation, rehabilitation and jobs as promised earlier, local villagers began a dharna on the premises last week and forced the company to suspend all operations.

In the agreement, the company agreed to begin rehabilitation work from September 20. It was also decided that the company management and district administration would hold a monthlymeeting to discuss the demands of affected villagers.

"If rehabilitation work doesn't begin by the given date I will lock the company's premises," ADM N Ekka told the gathering of villagers, who said that if their demands are not met they would begin fresh protests. "We welcome today's developments. We will follow the advise of the administration in true spirit," Anurag Tyagi, Liaisoning Manager of the company, said.

The villagers of Kete and Parsa lost their farmlands and forest land following the acquisition by the company. "They were to be rehabilitated in the first phase but the work is not yet over. As per MoEF rules individual and community forest rights were to be implemented before diverting land but it has not yet happened," Chhattisgarh Bachao Andolan's convener Alok Shukla said.

MINING BAN HARSH ON COMPANIES WITH BEST PRACTICES' -TOM ALBANESE

The mining ban has hurt companies that adopt best practices, says Tom Albanese, CEO of Vedanta Resources The former Rio Tinto Chief Executive, Tom Albanese, has taken over as Chief Executive Officer of Vedanta Resources Plc at a time when the Group's mining business in Indiaand overseas is facing its share of government, local, and environmental hurdles. A self- confessed optimist, Albanese says India has the geological endowment to be part of the global success story where Sesa Sterlite- Vedanta will be seen as the premier natural resource company. In conversation with, he said the Group is mindful of opportunities that come along, including acquisitions. Edited Excerpts:

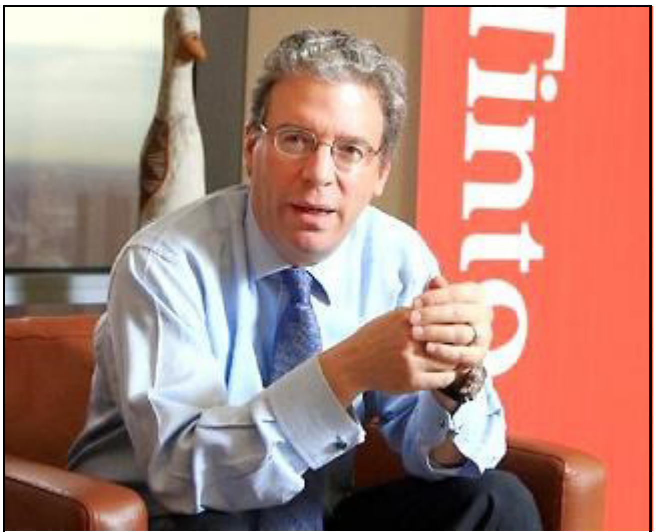
How do you assess India's mining business environment?

What kind of policy decisions do you expect?

It is important to recognise that to be successful in this business you have to take a long- term perspective – properly navigate the regulatory and legal challenges. Sometimes there are many overlapping rules, policies, court opinions. Over the past five years, we have had difficulties in themining sector, which has restricted the industry's growth.

In India, we are in an unusual situation. India is blessed with some of the largest coal reserves in the world, but it is also the largest importer.

Recently, with iron ore, too, despite having huge reserves, India is increasingly becoming a net importer. These are signs that there is need for a strong policy.



Tom Albanese

Is banning an option?

Mining bans are more punitive to the companies that adopt best practices and are investing capital than to the businesses that are operating illegally.

What are your priority areas?

I have told the Vedanta Board that the investments we have made need to come into production.

We have made significant investments in aluminium smelting and refining, which are not yet generating returns for shareholders.

We have been able to operate Lanjigarh at one million tonne annually at a cost which justifies running the business, but not to the true potential – which would be much higher if we source bauxite domestically. Currently, we buy both coal and bauxite from international markets.

Our target is to develop 2 mtpa of aluminium smelting capacity with indigenous bauxite and coal.

How are you tackling local politics and environmental concerns?

With the mining sector, the public perception is driven more by local sentiments which could be based on some of the worst practices seen in the business. I think the Government should encourage best practices and take to task those not doing following these.

By when do you expect to start mining in Goa? Have you resolved pending issues in Karnataka?

We hoped all the issues will be resolved at the earliest (by the end of the monsoon season). There has to be a certainty in policy so that companies can reinvest and mining resumed. We have not been investing in the iron ore sector in Goa.

Mining in Karnataka is taking place at a modest production level due to the constraints that exist. Even our investment is somewhat modest in the State.

Under the ban there is a lot of road congestion which is limiting the evacuation from the mines, including our own. The business will only achieve its potential when the congestion is reduced by building new roads or railway infrastructure.

How do you explain the recent controversy over Cairn extending a loan to Sesa Sterlite?

Cairn is a very successful business generating strong cash flows and cash balance. Even with the best of plans of increasing productions, it has cash balances that are higher than its expected future requirements. A portion of that was loaned to Sesa Sterlite in accordance with the rules and regulations of the Companies Act.

It has been done in a manner which would give Cairn shareholders greater returns than it would have through overseas deposits.

The buzz is that Vedanta may be de- listed. What is the true picture?

Anil Agarwal has himself said that the continued listing in the London Stock Exchange is an important part of Vedanta's business strategy.

Have you started exporting from Liberia? What is the status on Zambia?

We have been working constructively with the Government of Liberia. There is a lack of port and rail capacity in the country for iron ore shipments. In Zambia, we are in a difficult fiscal environment.

ROYALTY HIKE ON MINERALS TO HIT METAL COMPANIES' MARGINS

The Union Cabinet decision to hike royalty rates on major minerals such as iron ore, bauxite and manganese will squeeze margins of companies in the metals sector.

The decision comes at a time, when metals companies are facing a strong pressure on input costs in the face of lacklustre demand. Metals and mining stocks reacted negatively to the development, with Tata Steel, SAIL, JSW Steel, Sesa Sterlite, Hindalco, Managanese Ore India (MOIL) and NMDC trading lower on the BSE on Thursday .

Analysts tracking metals stocks esti mate EBIDTA margins of these companies to dip by 5-7 per cent on an average, following the increase in royalty rates. The rates have been hiked on iron ore to 15 per cent from 10 per cent, bauxite to 0.6 per cent from 0.5 per cent and manganese to 5 per cent from 4.2 per cent. "It will have a negative impact on EBIDTA margins of metals companies by 5-7 per cent, though we have been trying to factor in a possible hike in royalty rates for sometime now," Ansuman Deb, metals analyst at Quant Capital said. While Tata Steel is likely to be the least affected, the likes of NMDC and SAIL and companies with lower EBIDTA will be hit more, he added.

The rate hike comes on top of other cost woes that the industry is facing in in terms of transportation, energy and imports of coking coal. "Apart from royalty, the industry also bears significantly higher costs due to transport and energy costs. Thus, the higher royalty rates would put an additional burden on metalscompanies," Kameswara Rao, executive director (energy, utilities & mining) at PwC said.

According to law, roy alty -a tax levied by the government on miners in lieu of transfer of ownership rights of mines -can be revised after a gap of a minimum three years and was last revised in August 2009. While it serves as a source of rev enue for the government, it is a part of the industry's cost of production.

The move will boost earnings of mineral-rich states like Odisha, Karnataka, Chhattisgarh, Goa and Jharkhandby almost 40 per cent to Rs 15,000 crore, according to some estimates. "With increase in royalty charges, Indian metals companies will be at a competitive disadvantage," Rao of PwC added. India is already among countries which have higher taxes in the minerals sector. In a recent communication to the Union finance secretary urging against royalty hike, Assocham had pointed out that India's high mineral tax rates, adding that among countries comparable to India, Brazil has a royalty of 2 per cent of sales. In Australia, the royalty rates vary between 2.7 per cent and 7.5 per cent (de pending upon the ore type) and the rates are about 3 per cent in South Africa.

On Thursday, besides the royalty hike, metals stocks were also hit by demand concerns after Purchasing Managers' Index indicated China's factory sector had slowed down to a threemonth low in August. Tata Steel dipped 1.54 per cent to Rs 537.05, while SAIL was down 2.83 per cent to Rs 84.20, MOIL dipped 0.83 per cent to Rs 293.25 and iron ore mining major NMDC was trading 1.71 per cent lower at Rs 174.95 at 3 pm on the BSE on Thursday.

CIL MAY TAKE OVER PRODUCING COAL BLOCKS IF SC CANCELS ALLOCATION

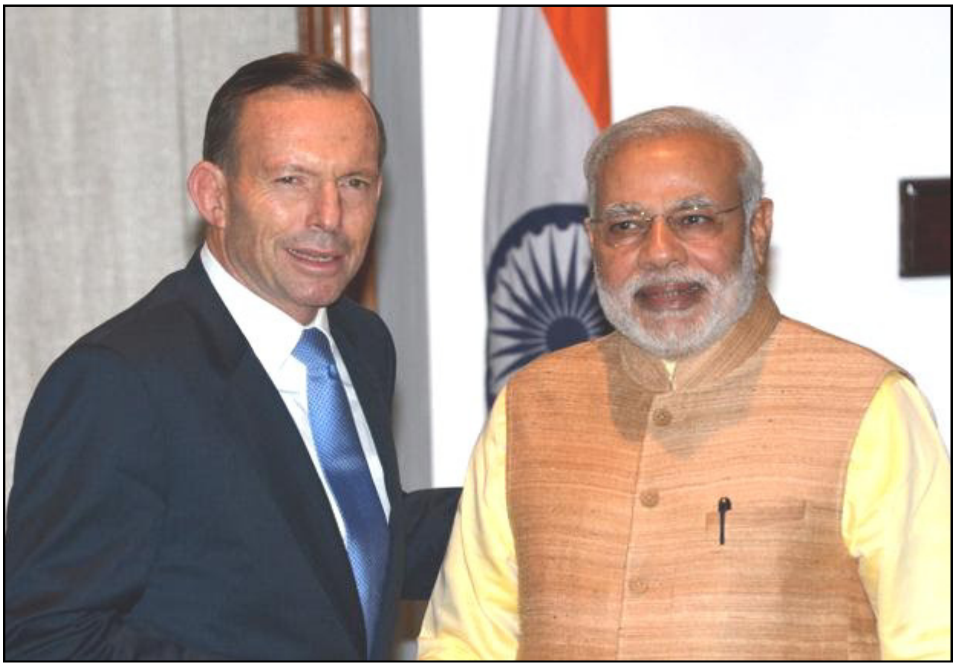
CIL) may be asked to take over some producing coal blocks to ensure business continuity in case the Supreme Court cancels them in its 1 September hearing, after a verdict this week that said most of the 289 blocks were illegally allocated to companies, two foreign brokerages and a news portal said. “The need to pull out all stops to augment production by Coal India would become even more imperative…asking Coal India to develop some of the deallocated coal blocks may also be considered,” said a report from Nomura. “We believe that in the case of operational coal blocks, possible options could be penalties to regularize the coal blocks or hand over to Coal India,” said a Macquarie report. Web portal Mining Weekly said the Communist Party of India-backed trade unions of Coal India have demanded that the blocks declared illegal by the courts should be vested with Coal India. “The government should ensure return of all coal blocks to Coal India for further development, mining and production while also taking steps to bring those responsible for the coal scam to book,” Centre for Indian Trade Unions general secretary Tapan Sen was cited as having said by Mining Weekly.

The Supreme Court declared all coal blocks allocated between 1994 and 2010 as illegal on Monday on a petition by lawyer-politician Prashant Bhushan, exempting only those blocks belonging to the ultra-mega power projects. The apex court said it will decide if the blocks would be deallocated or penalized on 1 September after hearing more arguments. Coal India’s chairman and additional secretary in the coal ministry A.K. Dubey did not return phone calls seeking his comment on the matter since Wednesday. A director on the board of Coal India, who could not be named due to company policy, said such a plan would be extremely hard to implement and a former government official added that Coal India may not have the wherewithal to run additional mines. “This would have a lot of complications. While Supreme Court can cancel the letter of allocations, can it really cancel the mining lease that was issued under the mining Act?” the Coal India director said. According to the Nomura report, 218 blocks are facing de-allocation, out of which over a 100 belong to the private sector. Of the total blocks, 42 are producing blocks slated to produce 53 million tonnes of coal in the current fiscal 2014-15, Nomura said.

INDIA, AUSTRALIA SEAL CIVIL NUCLEAR DEAL

In a major step towards realising its nuclear energy ambitions, India signed a civil nuclear cooperation agreement with Australia here on Friday.

Prime Minister Narendra Modi and his Australian counterpart, Tony Abbott, were present during the signing of the agreement. The two nations have held five rounds of negotiations on the deal since 2012, when Australia reversed its policy on nuclear sales to India. The policy was based on India's refusal to sign the Nuclear Non-Proliferation Treaty.



Mr. Abbott told The Hindu that the exception was made in view of India's "model behaviour" on its nuclear capabilities. "From the time of Independence, India has scrupulously followed international laws regardless of the ups and downs of the political situation in New Delhi. There is a very high level of trust between us, and that is why we are signing this agreement," he said.

Australia will now be a "long-term reliable supplier of uranium to India," said an External Affairs Ministry press release, and will provide for the "supply of uranium, production of radio isotopes, nuclear safety and other areas of cooperation."

Mr. Abbott said he was keen that more Indian investment should follow the nuclear deal signed on Friday, which clears uranium sales to India. In an exclusive interview to The Hindu, Mr Abbott said he would "welcome" Indian companies in the energy and infrastructure sectors. In particular, he mentioned the Gujarat-based Adani Group and the Andhra-based GVK Group for their large investments in the recent past, defending them against allegations by environmental organisations like Greenpeace.

"Environmental groups are very hard to please and we have very high environmental standards in Australia. I am confident that there can be no reasonable objection to the current proposal. Adani Group is speaking of $16 billion for this mine, and India's investments of under $20 billion will almost double the total amount," said Mr. Abbott.

NTPC WILL HAVE NO OPTION BUT TO SHUT 7-8 PLANTS: ARUP ROY CHOUDHURY

NTPC says it will have to shut 7-8 plants across India, as they will no longer be economically viable after the new tariff norms imposed by the regulator changed the taxation and incentive structure under which the company operates since April this year, said Arup Roy Choudhury , the state-run firm's chairman and managing director.

What is the progress?

Arup Roy Choudhury

Of the 34 proposals we got from the power sector, we have shortlisted eight projects, a specific committee has been formed for this purpose which has appraised these projects and work is on we are hoping to close the deals soon.

ODISHA STARTS IRON ORE DATA RECONCILIATION WORK

The director of mines, Odisha, today started scrutinisation of mining output data at the headquarters of geology department, for compilation of complete report on status ofillegal mining which will be sent to the central empowered committee (CEC), appointed by the Supreme Court of India.

During a hearing conducted by CEC last week at New Delhi, several miners had alleged that mining data submitted by the state government was different from the data filed by theIndian Bureau of Mines (IBM) and hence, could affect CEC's final report on excess mining. The CEC then directed the state government to rectify the errors. "Based on miners' plea about data discrepancies, we had called them today to come up with their returns filed with IBM and to match them with records of state mines department. We are in the process of rectifying the errors and will send the data to CEC, who will then submit final report on Odisha to the SC," said Deepak Mohanty, director of mines with the state government.

As many as 70 leaseholders attended the meeting called by the mines directorate and presented mining output data submitted to IBM starting from 2000-2001. In total, there are 187 iron ore leases in the state, owned by several mining companies

"The errors were mainly typographic and after we showed them actual figures, the state government corrected them. The miners, who do not have any records for the production figure for some mines, have been asked to come up with documents later," said a miner present during the meeting today.

After reconciliation of the data, the state steel and mines department is expected to send its report on mining output to CEC next week. Sources said, the probe panel will then submit its final report on status of illegal mining to the SC in last week of this month.

In April this year, the CEC was instructed by the Supreme Court to submit details of the status of illegal mining in Odisha while hearing a public interest litigation (PIL). In its petition, civil society organisation Common Cause had appealed the top court to ban mining in Odisha after leaked reports of Shah Commission of enquiry suggested all modes of illegal mining taking place in the state between 2003 and 2009.

BAUXITE MINING COMES TO HALT AT HINDALCO MINE

Aditya Birla owned Hindalco Industries has came to a grinding halt in the Mali Parbat area near Semiliguda in south Odisha's Koraput district with the district administration imposing prohibitory orders under Section 144 of CrPC.

The prohibitory orders have been clamped in the area on August 21 in the wake of tussle between pro and anti-mining groups over mining of bauxite by Hindalco.

The clash between the two groups had also occurred on January 10 this year. The supporters of the Mali Parvata Surakhya Samiti (MPSS), the tribal organisation spearheading the agitation, had damaged over 15 vehicles of the company that had entered the mines in the morning.

"Since the situation is tense, we have imposed prohibitory orders in the area," said sub divisional police officer (SDPO) of Sunabeda V M Rao. The situation is normal, he said. Company officials were not available for comment on the situation.

The anti-mining organization alleged around 40 villages under the Sorishapodar, Hundi, Dalaiguda and Pakhajhola panchayats in Similiguda block would be affected by the mining.

"We have demanded for immediate cancellation of the mining lease to the company," said an anti-mining campaigner. He said the water sources would be dried up due to bauxite mining in the area.

"The water sources for irrigation to raise the vegetables in the area will disappear if bauxite mining continues at Mali Parbat. Our livelihood will be robbed. So we are opposing mining atop the mountain", he said. On the other hand, the pro-mining groups said their livelihood is threatened due to halt in transport of minerals. The villagers of some of the villages were engaged in loading and unloading of the minerals and they have pitched for continuing mining.

Hindalco, the aluminum manufacturing company was granted the bauxite mining lease at Mali Parbat near Doliamba, about 20 km from Semiliguda in November 2007. The company obtained the lease for 20 years with mining capacity of 0.6 million tonne per annum. The actual mining activity had started through a contractor engaged by the company on May 2008.

Mining activity was going on smoothly for about two years until the locals started opposing in 2010. Mining operations have been disrupted intermittently due to sporadic protests by the agitating locals.

NAXAL PROBLEM HITS NMDC BAILADILA MINE EXPANSION

State-run National Mineral Development Corporation's (NMDC) said Naxal and Maoists' attacks are affecting and delaying its Rs 607-crore Bailadila expansion project in Chhattisgarh.

Originally, it was slated to be commissioned by March 2014. But in March, with naxals burning the downhill conveyor of 11B deposit over a length of 500 meters, which was scheduled to take trial run in May, it is now likely to start operations only by the end of the current fiscal.

"...Naxal activities have seriously hindered the progress of the project work," NMDC said adding the major risk the company was facing was the threat of Maoists' attacks on and around Bailadila project on and off.

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"Such attacks have made some impact on production, which has affected the movement of ore from the Bailadila sector. The company is in contact with the government agencies for support and protection of its people with installations," NMDC said in its annual report.

The Bailadila 11B deposit is to have a production capacity of 7 mtpa iron ore and is crucial for NMDC in its efforts to achieve 50 million tonnes per annum (mtpa) capacity by 2018-19.

The initiatives taken by the Chhattisgarh government and the Central government are expected to address the risk at the earliest, NMDC said.

N MDC has been operating four mines in Bailadila sector of Dantewada district and cumulatively, they produced 5.7 mt iron ore in first quarter out of its total 7.8 mt production during the April-June period of the current fiscal. It has also applied for seven prospecting licences in Dantewada district and is pursuing them with the Chhattisgarh government.

The country's largest iron ore miner is also building a slurry pipeline for transportation of pellets from Bailadila to Vizag via Jagdalpur with provision of partial off-take at Nagarnar, the location for its proposed three million tonnes per annum steel plant in Chhattisgarh.

JHARKHAND GOVERNMENT'S CRACKDOWN ON MINES MAY HIT OUTPUT AT 12 OUT OF 17 ORE MINES

The Jharkhand government's crackdown on mines will hit 12 out of the state's 17 operational iron ore mines, including those belonging to SAIL and Tata SteelBSE 0.31 %.

The state's order, follows the Centre's July 18 directive asking states to clamp down on mines operating under second or third deemed renewals. It will bring production to a grinding halt at some of SAIL's biggest mines at Kiriburu - Meghahatuburu, Budhaburu and Durgaiburu and Tata Steel's mine at Noamundi.

Located in West Singbhum district these are also among the oldest operational mines in the state. "Some of our mines have been hit by the order. These have been operating for a long time and they supply ore to our steel plants at Durgapur, Rourkela and Bokaro," a SAIL spokesperson said. SAIL said it rely on its inventory stockpile to tide over the problem in the meantime.

Commenting on the development, Goutam Chakraborty, an analyst with Emkay said, "There is no immediate impact on Tata Steel . It has one to one-and-a-half month of iron ore stocked. We have to now understand whether Jharkhand will let the companies restart mining, the way Odisha did. If it is delayed more than a month it will be a problem for Tata Steel. Noamundi mine contributes about 3540% of iron ore needed for Jamshedpur plant. While captive mines give iron ore at a Rs 1,500 per tonne, market prices are around Rs 3,500 per tonne."

Other steel majors, including big players like JSW SteelBSE 1.18 % are also keeping close eye on the development. "This is likely to create pressure on ore supplies from neighbouring states like Odisha," a JSW Steel official said. If large steel companies decide to source from NMDC and other mines in Odisha, it would create an upward pressure on ore.

SAIL is currently investing on an expansion programme at Kiriburu and Meghahatuburu to raise mine capacity in with its growth in hot metal capacity by 2015. Post expansion, the capacity of the mines at Kiriburu and Meghahatuburu would go up to 5.5, 6.5 million tonne per annum (mtpa) from the present level of 4.2, 4.3 mtpa respectively.

The job for the most of the packages of these projects has already been awarded and is likely to be completed by 2014-15.

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