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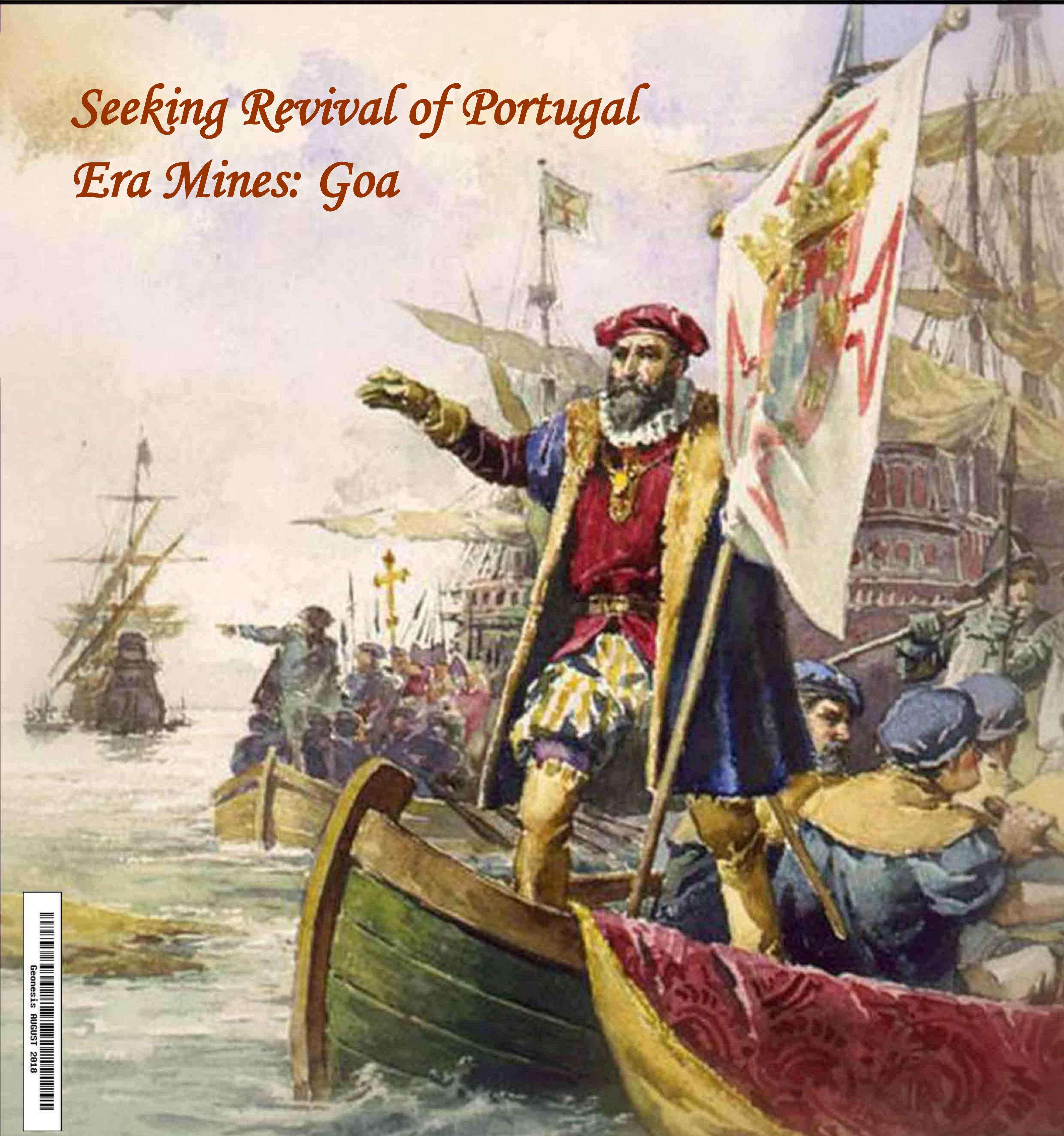
(A GEMCO KATI INITIATIVE)

Indian Mining & Exploration Updates

VOLUME 5, ISSUE 9 AUGUST 2018

NOT FOR SALE

Seeking Revival of Portugal Era Mines: Goa



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INDIA TO AUCTION EIGHT IRON ORE MINES IN NEXT 2 MONTHS

The government plans to auction 12 mineral blocks, including eight iron ore mines, in the next two months, according to an official document.

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Of the 12 blocks to go under the hammer in August and September, three are graphite blocks in Jharkhand, one is a limestone block in Andhra Pradesh and the remaining eight are iron ore mines in Karnataka, the document said.

While the graphite and limestone blocks will be put up for auction next month, the remaining eight blocks would go under the hammer in September.

With regard to the iron ore blocks, only the end-users engaged in the production of sponge, pig iron, steel and pellets will be eligible to take part in the auction, it said.

For the limestone mine auction, both greenfield and brownfield cement plants for captive consumption within the state will be eligible to participate.

In case of the blocks in Jharkhand, the notice inviting tender (NIT) was out in May while in the case of iron ore blocks, the government came out with NIT in January.

The NIT for the limestone block was out in April.

The Centre had earlier said it was considering granting all approvals, including environmental clearance, to mineral blocks before putting them up for sale, a move that may give a push to the auctions.

The statement came soon after Niti Aayog said all approvals concerning the mines should be taken before their auctions.

The government had earlier said unless issues related to green clearances and land rights are addressed upfront, India may not make much progress in auctioning of mineral blocks in the future.

Recently, it has given in-principle approval to provide single clearance for environment and forest to the new lease holders of the 288 mining leases expiring in two years.

Of the 43 mineral blocks auctioned so far, states concerned will earn a revenue of Rs 1.55 lakh crore over the lease period. Work is being carried out in around 102 mineral blocks.

GOA PLANS TO REVIVE PORTUGUESE ERA LEGISLATION IN BID TO RESUME MINING

The Goa government now plans to ask parliament to amend the Goa Daman and Diu (Abolition of Concession and Declaration as Mining Leases) Act restoring the concessions.

Goa government is planning to revive a provisions of the Portuguese era mining legislation which granted concessions for an indefinite period in a bid to restore mining in the state stalled by the Supreme Court. A resolution to be effect is likely to be passed in the Goa assembly on Friday.

Goa's mining leases were granted as concessions in perpetuity by the colonial Portuguese government beginning in the 1930s. Twenty six years after Goa became part of India, the Central government through the Goa Daman and Diu (Abolition of Concession and Declaration as Mining Leases) Act, 1987, converted all mining concessions with effect from 1961, when Goa became part of India, into mining leases which expired in 2007.

The Goa government now plans to ask parliament to amend the Goa Daman and Diu (Abolition of Concession and Declaration as Mining Leases) Act restoring the concessions. Goa chief minister Manohar Parrikar wants the Centre to amend section 2 of the Act, which enforced the law retrospectively, so that the shift from the Portuguese legal regime to the Indian system be delayed ex post facto.

"The amendment would be the only lasting solution to the mining issue," Parrikar said on Wednesday, to build political consensus on the issue. Most of the political parties have supported Parrikar on the issue in the assembly. The Goa Assembly on Friday will discuss a resolution requesting the Centre to amend the Goa Daman and Diu (Abolition of Concession and Declaration as Mining Leases) Act.

The Goa Mining People's Front has been seeking the amendment saying that it was the "quickest" way to resume mining. "Under the colonial mining laws, titles of concessions were granted in perpetuity and were recognised as a patrimonial right… The abolition Act in 1987 led to problems for the mining industry in Goa," president of the forum Puti Gaonkar said.

Continued on Page 2...

Under the present MMDR Act as amended in 2015, mining leases have to be granted through a process of auction. However, Parrikar had said that auctioning the leases was not a viable option as the Goa's low grade ore, fetches a low price in the international market and leaves very little margin for the miners after extraction and transportation costs are accounted for.

The Mining Engineers Association of India (MEAI) also said that auction is not a viable option and amending the law was the only practical solution. T Victor, former president of the MEAI T Victor recently said that amending the 1987 Act Goa would help ensure quick resumption of mining activity in Goa. "If that is done, tomorrow mining can be started," he said. The SC had also struck down the environmental clearances after the Central government appointed MB Shah committee had claimed that the leases in Goa violated green norms.

Claude Alvares, director of Goa Foundation on whose petition mining leases were cancelled by the Supreme Court, said that the government's plans seem speculative. "Right now they are only talking about it. Once they do it, then we will know what exactly they are doing and accordingly we can challenge it (in the court)," Alvares said, adding that proposals being made for revival of mining will not survive judicial scrutiny or review.

Legal expert advocate Cleofato Almeida Coutinho said it was within the powers of Parliament to amend the Act but the questi-ons remained was whether it was the right thing to do. "Under the present Mines and Minerals Development Act (MMDR) they are supposed grant mining leases through auction," he said and added that by bringing the amendment, the government was going against its own principle of making maximum money through auction. "It is through backdoor granting of leases to the same people whose time is over," he said.

Mining in Goa is open cast involves excavating large gaping holes in the earth completely hollowing out hills resulting in a large amount of 'rejects' mountains of which dot Goa's mining hinterland even though the second is among the biggest contributor to the state Gross Domestic Product (GDP), higher than the tourism sector, which accounts for about seven percent, according to Goa's government data book on economy.

On the other hand, the MB Shah committee said that illegal mining in Goa had caused "irreversible and irreparable damage" to the biodiversity, wildlife, environment and ecosystem, especially in the eco-sensitive zone of the Western Ghats in Goa. Mining has also caused water scarcity in the affected areas as the ore is often located below the water table and can be reached only through pumping the water out, according to information placed before the HC by local activists.

While banning mining in Goa in this February, a Supreme Court bench of justices Madan Lokur and Deepak Gupta had observed: "Rapacious and rampant exploitation of our natural resources is the hallmark of our iron ore mining sector - coupled with a total lack of concern for the environment and the health and well being of the denizens in the vicinity of the mines. The sole motive of mining lease holders seems to be to make profits (no matter how) and the attitude seems to be that if the rule of law is required to be put on the backburner, so be it."

INDIA'S NMDC BAGS GOLD MINE THROUGH HIGHEST BID AT AUCTIONS

Indian State-run iron-ore miner NMDC will mark its maiden foray into gold mining, having bagged a gold mine in the southern province of Andhra Pradesh.

NDMC was able to secure the rights to develop and produce from the gold mine emerging as the highest bidder at the auction pipping majors like Vedanta and Adani Group, company officials said.

The government will determine the timelines to achieve various development and production parameters, while NMDC has estimated that it would require a capital expenditure of about $66-million in phases to bring the asset into production.

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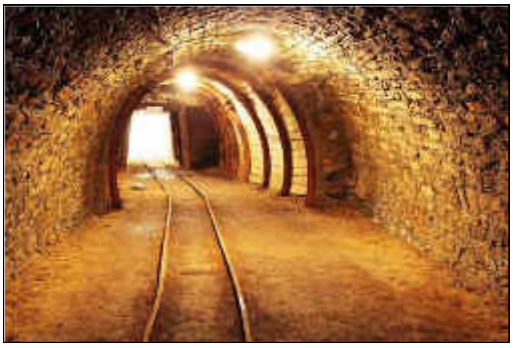
The miner has estimated that the total recoverable precious metal would be around 8.5 t from a mining area spread across 263 ha, with NMDC committing to share about 38% of the revenues with the Indian government.



NMDC is expected to bring the mine into production with the next two years.

The foray into gold mining is part of NMDC's goal to evolve as a diversified mining company by adding other mineral assets to its existing domestic business portfolio of iron-ore mining.

The company has floated an equal joint venture (JV) with Kopano Logistics Services to explore and develop mineral assets in South Africa.

The board meeting of the JV held recently in India approved preliminary investments in scouting for mineral assets in South Africa with focus on prime grade coal and coking coal assets in the country.

Officials here said that being one of the largest suppliers of iron-ore to domestic steel plants, NMDC, with coking coal assets in South Africa, is aiming to become a consolidated raw material supplier to domestic steel mills, both iron-ore, manganese and coking coal sourced from acquired assets in South Africa.

SUPREME COURT ORDERS TRIGGER STANDSTILL IN GOA MINING,

56 iron ore mines to be scrapped in Odisha

On the evening of March 15, iron ore mining leases in Goa were thrown out of operations. The government there sealed mining operations of 88 leases after the Supreme Court ruled their second renewal as illegal. The apex court order has brought down the curtains on the flourishing five decade old mining industry in Goa barring an interregnum of nearly three years when the same court suspended mining after the recommendations of the Justice M B Shah Commission.

The probe panel in its findings had claimed mining scam of the order of Rs 35,000 crore by Goa's miners between 2005 and 2012. Acting upon the panel's findings, the Supreme Court slapped a mining ban on the iron ore rich state in October 2012.

The ban on mining was lifted in April 2014 by the court with some riders. Goa's mining cap was pegged at 20 million tonnes annually despite the industry capable of delivering double the figure.

The grim situation adversely hit the operations of Vedanta Group owned Sesa Goa and other large standalone miners. Adding to their woes, the Supreme Court order came as a shocker.

The court quashed the operations of all 88 iron ore leases operating under second renewal after March 15. Goa's mining industry was pushed to the deathbed after this order. Mining complments tourism in Goa's revenue earnings. Collapse of mining activity means nearly paralysing the state's economy. Some estimates peg the loss stemming from mining ban at Rs 3500 crore each year. If mining fails to revive, 2.5 lakh jobs are at stake. Goa has already witnessed street protests by the stakeholders.

No solution is in sight yet to defuse the mining crisis. The Supreme Court has declared that auctions are the only option to resurrect mining at those 88 leases. Stakeholders have sought the Prime Minister's intervention to resolve the impasse. The Goa government is contemplating to file a review petition in the Supreme Court to allow mining of the 88 leases till auctions are finalised.

This will help save jobs and avoid revenue loss for the government apart from curbing unrest from closure of mines. The mining crisis has turned chaotic in the absence of chief minister Manohar Parrikar who was undergoing treatment in US when this report was filed. Mining contributes 20 per cent to Goa's revenues.

P r t -
ests in the aftermath of the mining ban have taken an ugly turn as demonstrators made up by stakeholders dependent on mining, have blocked streets defying prohibitory orders of the government.

The fate of the 88 iron ore mines still hangs in the balance till their roadmap for auctions is prepared. Till then revenues, jobs and exports and the state economy carrying the burden is in soup.

When Supreme Court pronounced those bold orders on mining in Goa and Odisha, few could realise the aftershocks. In Odisha, seven working iron ore and manganese mines went off the gear after they failed to pay the court ordered compensation by the December 31 deadline

THE SUPREME COURT HAS DECLARED THAT AUCTIONS ARE THE ONLY OPTION TO RESURRECT MINING AT THOSE 88 LEASES. STAKEHOLDERS HAVE SOUGHT THE PRIME MINISTER'S INTERVENTION TO RESOLVE THE IMPASSE.

Three mines- Idcol, Serajuddin and Essel Mining later got the go ahead from the court to resume mining as their delayed payments were condoned. The restart of mines has spelt a bout of relief on iron ore supplies and prices which were disproportionately raised after fears of shortage of iron ore emanated from the mines closure.

MINES SHUT IN ODISHA AFTER DECEMBER 31

Company	Name of mine	Peak capacity (in million tonnes)
Serajuddin Mines	Balda	15.15
Essel Mining & Industries Ltd	Koira	4
Mid East Integrated Steels	Roida-I	3
IDCOL	Roida-C	0.46
Korp Resources	Tantra	0.12
National Enterprises	Raikela	0.04
Total capacity		22.77

Source: MoEF, Industry reports.

Going by the Supreme Court order, the Odisha government raised a demand notice of compensation amounting to INR 17576.17 crore. It managed to collect about INR 12,000 crore. Now, the state government has taken to coercive action to collect arrears from the defaulting lessees. The directorate of mines has compiled a list of 56 errant miners whose leases run the risk of being annulled.

With the recommendation from the mines directorate in, notices are expected to be despatched to the miners for scrapping their leases. The government has also identified properties of mine defaulters for confiscation. Bank accounts would also be frozen to help make up the arrears in compensation.

Miners who are liable to face stern action include Sarada Mines, Mid East Integrated Steel, Geetarani Mohanty's Tarini Minerals, RP Sao, Orissa Minerals Development Company (OMDC) and others. Together, these mines owe INR 7552 crore to the state government for violations of Environment (Protection) Act and Forest (Conservation) Act. Total compensation calculated by the government is assessed at INR 19174 crore for both the violations.

The miners in question would be served 60 days notices as to why their leases would not be cancelled. Action is being initiated by the Odisha government by invoking provisions of the Odisha Public Demands Recovery Act, 1962 to seize assets as the mining penalty is categorised under land dues.

Mining as an employment and revenue generating industry is in the throes of its worst crisis. With 17 key merchant mining leases due to lapse in Odisha by March 31, 2020, the deficit in iron ore production capacity is projected at 66 million tonnes.

The pan-India deficit due to expiry of merchant mines in other states is calculated at 85 million tonnes. The only advantage in iron ore mining from the Supreme Court orders has come in favour of Karnataka where the ceiling on production has been hiked from 30 to 35 million tonnes per year.

But, this capacity raise is not enough to meet the requirement of the end use industry, especially steel where annual capacity is envisaged at 300 million tonnes by 2030. Speeding up auctions of lapsing blocks is the ideal remedy.

Goa Mining Ban

Oct 2012

Supreme Court bans mining in 90 leases on Shah Commission findings

Apr 2014

SC lifts ban but imposes annual cap of 20 million tonnes on iron ore output

Aug 2014

Bombay HC directs Goa govt to execute lease deeds

Aug 2015

Mining operations resume in Goa after receipt of all clearances

Feb 2018

SC orders shutdown of all Goa mines after March 15, 2018

NO BENEFICIARIES IDENTIFIED BY MINERAL FUND TRUST: STUDY

A study of District Mineral Foundation (DMF) funds expenditure, that are collected from mining companies, by Centre for Science and Environment shows beneficiaries have not been identified in any of the mining-heavy districts and funds are not being spent on priority issues such as malnutrition and mortality among children under five years. Out of the 12 chief mining states, CSE's study focused on 13 districts in top five mining states of Odisha, Jharkhand, Chhattisgarh, Madhya Pradesh and Rajasthan.

As per CSE's report, these five states account for more than 72 per cent of the Rs.18,467 crore accrued in DMF.

CSE's evaluation showed that there were glaring issues with the way the fund was being administered and even in the composition of DMF body which was found to be filled with members of political parties and government officials. As per law, DMF is to be developed as a trust and it has to function as non-profit organisation. Its primary responsibility is to identify the communities and people affected by mining activities and invest in their welfare. But, beneficiaries have not been identified in any of the five key states evaluated.

Worryingly, the trend in utilisation of DMF funds indicates that projects that already have government support are being funded through the DMF. In Odisha's Sundargarh district where U5MR (under five mortality rate) is as high as 67, a negligible Rs.3 crore has been sanctioned for child development out of the district's Rs.745 crore.

Further, in some instances state governments have issued diktats to focus only on drinking water supply and sanitation. According to the study, in Jharkhand's West Singhbhum district, the sole focus is on drinking water and household toilets.

West Singhbhum has an under five mortality rate (U5MR) of 96, and a high malnutrition rate with 63 per cent children in the same age-group growing up stunted, the report said.

The DMF was instituted through an amendment under India's central mining law, the Mines and Mineral (Development and Regulation) Act (1957) - with an objective to working for the interest and benefit of persons and areas affected by mining-related operations.

AS INDIA NOW BEGINS IMPORT OF SAND, MINISTER SAYS 'BAALU' MOST DISCUSSED ITEM THESE DAYS

As is the case with mining of several minerals in India, sand mining has also become a victim to mafia and their illegal ways that have brought severe damage to local ecology and wildlife.

India's import list is long: crude, gold, electronics, coal and iron-ore, among many others. According to officials present at the fourth national conclave on mines and minerals being held in Indore, a new item has just been added on that stretched list. And that is sand or what is known as 'baalu or reti or gitti' in the Hindi heartland, the hotbed of illegal sand mining.

Officials told ***Moneycontrol*** a shipment of sand had arrived from Oman - a development that should worry the policymakers and judiciary alike.

There is no shortage of items on India's import list that was worth $460 billion in 2017-18.

Speaking at the conclave, Minister of Mines Narendra Singh Tomar said the issue of sand mining occupied the agenda for discussion wherever he goes these days. Iron-ore and manganese are not on agenda but sand mining, he said. Indore is hosting officials from various states and companies to showcase the potential of mining in their respective territories.

proposed sand mining policy," he said.

As is the case with mining of several minerals in India, sand mining has also become a victim to mafia and their illegal ways that have brought severe damage to local ecology and wildlife. As a result, Supreme Court has come down heavily on sand mining, banning it in some states. The import of sand from Oman is a result of that.

Tomar said leases of as many as 102 blocks of various minerals would expire in 2020 and he had asked his ministry to expedite all the processes to ensure they find a new owner to operate those mines soon after the leases expire and the operations continue smoothly.

Of the 102 blocks, maximum are in Jharkhand – 21 of them, followed by Odisha, Andhra Pradesh, and Karnataka. Madhya Pradesh has two blocks that will come up for auction in 2020, a state government official told ***Moneycontrol***.

Tomar said of the 43 blocks of minerals auctioned since the current government came to power in May 2014, 11 would be operational by year-end. Tomar said the government would receive Rs 155,000 crore during the operation of the mines. Of this, Rs 102,000 crore would go to the beneficiary states, he said.

INDIA LOOKS TO ACQUIRE LITHIUM, COBALT MINES ABROAD

If the venture takes off, it will help the country build a strategic reserve of key minerals.

While oil has pretty much consumed the public's attention in recent times, there are two other resources on top of the government's wishlist and India is planning to go after them on a war-footing: Lithium and cobalt.

Anil Kumar Nayak, joint secretary in the mines ministry told The Economic Times that the government has directed three state-owned mineral companies to team up for a new venture tasked with scouting and acquiring strategic mineral assets abroad.

"The joint venture partners are National Aluminium Company (Nalco), Hindustan Copper (HCL) and Mineral Exploration Corp. Ltd (MECL)," said Nayak. This proposed joint venture - currently awaiting a few approvals before it "can be operationalised" - is likely to be formalised along the lines of ONGC Videsh, which buys oil and gas assets abroad. The proposal is reportedly with the Niti Aayog, which will conduct due diligence before it can be formalised. "The modalities of the venture will be worked out later, but the joint venture could partner Indian mining companies or join hands with local mining entities abroad," added Nayak.

If the venture takes off, it will help the country build a strategic reserve of key minerals. For instance, India has no known sources of lithium and cobalt, two critical elements that go into batteries that not only power consumer electronics like mobile phones, laptops et al but also electric vehicles (EVs), the future of transport.

According to a Mckinsey report released last month, "the growing adoption of EVs and the need for EV batteries with higher energy densities will see the demand for lithium increase more than threefold between 2017 and 2025" while cobalt "will increase by 60 percent over the same period". The forecast assumes that lithium-ion-battery technologies will be the prevalent battery technology for the foreseeable future. Incidentally, India is one of the largest importers of these batteries, importing nearly $150 million worth of them in 2017. Access to these two commodities is hence vital for India's EV ambitions.

According to McKinsey, the world's lithium supply boasts a global production footprint, including Australia, China, and Latin America, but cobalt is harder to come by. "Less than 10 per cent of cobalt supply occurs as a primary product, with the remainder produced as a by-product of primarily copper and nickel mines and more than 65 per cent of global production concentrated in the Democratic Republic of the Congo (DRC)," it added.

In fact, just last week, Bolivia, known to have the world's largest reserves of lithium, offered the metal to India., The South American nation's ambassador, Sergio Dario Arispe Barrientos, said that his country is willing to sign a Preferential Trade Agreement (PTA) - a pact between countries that provides preferential access to certain products by lowering tariff and other conditions - with India for select goods.

"We have already sent a letter that we want to start the negotiations on the PTA. We are still waiting to hear back from them. I understand it takes time. These things don't start just like that. But the first step has been taken," he said, adding that China is already acquiring the resource from Bolivia.

Indeed, China already has a headstart in this race for these strategic commodities, especially in Africa, just as it previously took the lead in the quest for oil and gas. As per media reports, Chinese imports of cobalt from the Congo, the world's biggest producer of the mineral, was around $1.2 billion in the first nine months of 2017, compared with $3.2 million by India, the second-largest importer.

So India will have to work hard to catch up. The long-standing instability in DRC only complicates matters. As the daily points out, India previously attempted a similar model in an attempt to acquire iron ore assets in Hajigak, Afghanistan, but the project failed to materialise due to security concerns in that region.

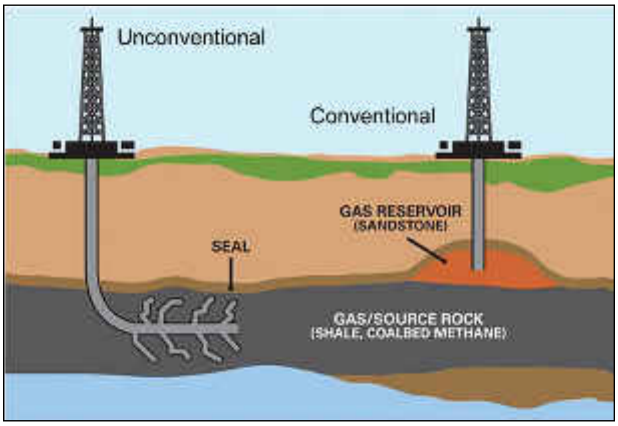
"We are part of the initiative that is being taken by the government to build up assets in strategic minerals like lithium and cobalt," HCL chairman Santosh Sharma told the daily, adding that the search will include rare earth elements that are much in demand for applications in defence and space technology but are not found in India.

With PTI inputs

GEMCO KATI

COAL INDIA MAY INVITE GLOBAL FIRMS TO EXTRACT COAL BED METHANE

State-run Coal India is considering outsourcing coal bed methane production to global operators and will set aside Rs 3,000 crore to part-finance the initiative, company executives said. "We plan to appoint global mining development operators (MDO) for outsourcing methane production from Coal India's blocks," a senior Coal India executive told ET. "They would be undertaking the initial investments necessary for setting up extraction and production facility. Coal India would be paying them on the basis of production volumes they achieve, while the marketing and sale of the gas produced would be undertaken by Coal India and its subsidiaries."



As part of the plan, Coal India's subsidiaries undertaking the projects will invite global tenders and the lowest bidder will be appointed as MDO, provided the company meets the technical parameters for the project. Invitation of bids would be preceded by project report preparation and a series of pre-bid meets to iron out the process of selection of third-party operators.

Coal India has turned attention to coal bed methane (CBM) projects after the Cabinet Committee of Economic Affairs this year waived the need for a separate licence from the ministry of petroleum and natural gas for extracting this form of natural gas trapped in coal seams in its leasehold areas. The notification allows Coal India to undertake such projects either in a joint venture or in collaboration with an experienced operator.

NO CHINESE MINING OPS IN ARUNACHAL: GOVT

The government today said China was not carrying out any mining operations in Arunachal Pradesh and asserted that the border state is an "integral" and "inalienable" part of India.

Replying to a question in Rajya Sabha, Minister of State for External Affairs V K Singh also said the government keeps a constant watch on all developments having a bearing on India's security.

"No such activity has been carried out by China inside the territory of Indian state of Arunachal Pradesh," he said.

His written answer came to a question on whether government was aware of large-scale mining operations being carried out by China inside Arunachal Pradesh.

A media report in May said China has begun large-scale mining operations on its side of the border with Arunachal Pradesh where a huge trove of gold, silver and other precious minerals were found.

"In the eastern sector, China claims approximately 90,000 square kilometres of Indian territory in Arunachal Pradesh. The fact that Arunachal Pradesh is an integral and inalienable part of India has been clearly conveyed to the Chinese side on several occasions, including at the highest level," he said.

HURTING FOR BUYERS, US COAL MINERS ARE LEARNING TO LOVE INDIA

The big bright spot for U.S. coal miners is located halfway around the world.

India almost tripled its imports of the rock from America in the first quarter from a year earlier, helping fuel its fast-growing economy and making it the largest foreign buyer of U.S. coal, according to the U.S. Energy Information Administration.

The South Asian nation is extending a lifeline to U.S. miners who are struggling to find buyers at home as cheap natural gas and renewable energy continue to force coal-fired power plants into retirement. Miners are increasingly relying on overseas sales to maintain -- or at least slow the decline in -- production levels.

The U.S. may export 104 million tons of coal in 2018, up 7.2 percent from a year ago, the EIA forecast in its July Short-Term Energy Outlook published Tuesday. Through April, India had brought in almost 7 million tons, approaching a fifth of all U.S. exports of the fossil fuel. The next largest customers included South Korea, Japan, Brazil and the Netherlands.

India's appetite for foreign coal is increasing at a time when the country's own production of thermal coal is struggling to keep up with the fast-growing demand from its power sector, according to the EIA. What's more, it'll probably drive most of the global growth in metallurgical coal demand in coming years as India tries to meet ambitious steel-capacity goals, Mark Levin, an analyst at Seaport Global Securities LLC, said in a note Tuesday.

India Imported 7.54 Million Tons tons of U.S. thermal coal -- which is burned by power plants -- and 3.92 million tons of metallurgical coal, which is used in steelmaking. Through April, those thermal coal imports had more than doubled, and the met coal imports increased 75 percent, according to Andrew Cosgrove of Bloomberg Intelligence. In particular, India's efforts to curb the use of petroleum coke as a fuel have created an opening for thermal coal from Northern .

Continued on Page 8...

Appalachia, Cosgrove said.

"Thermal coal imports from the U.S. are increasingly making sense for Indian users," said Bharat Rohra, chief executive officer of Jindal Power, citing the high heat content and low levels of ash in some U.S. coal. "These two properties make it economical for use in blending with Indian coal."

Meanwhile, Indian steel companies are looking to reduce their dependence on Australian metallurgical coal, according to Seshagiri Rao, joint managing director of the country's top mill, JSW Steel Ltd.

The good times, however, may not last forever.

India has laid out ambitious plans to cut out all imports of thermal coal. That would require increasing the nation's reliance on local coal supplies and a shift toward renewable energy. Even so, it probably won't achieve that goal by 2020, Michelle Leung of Bloomberg Intelligence said in a note Tuesday

INDIA MAKES TENTATIVE MOVES TOWARDS SINGLE TAX RATE FOR MINING SECTOR

India's Steel Ministry has made the first tentative move towards achieving a single unified tax for the mining industry, subsuming the plethora of taxes currently payable by miners.

Ministry officials acknowledged that the goal of having a single rate of tax for the mining industry would be protracted, considering that several of the levies, including royalties, accrued to the kitty of state governments and that all mineral-rich states would have to be brought on board if a single rate of tax on minerals was to be evolved under the Goods and Service Tax (GST), the unified indirect tax regime introduced across the country last year.

However, the official said that the plan to move towards a single tax rate could start with iron-ore mining, wherein iron-ore was taxed at 5% and finished steel at 18%. The option could be explored in related mining taxes, like royalties subsumed in the GST rate, and enable the entire chain from raw material to finished steel to claim input credit at every stage of value addition.

The Steel Ministry will prepare the draft proposal to be submitted to the department of revenue under the FinanceMinistry, but the final decision would rest with the GST Council, the apex body of federal and state government representatives governing the GST regime.

The challenge before such a reform for the mining sector would be that, while the total tax incidence on the miningindustry might not be lowered, the adjusting multiple taxes into a single rate and shift of accruals from the state government to the federal government could lead to a loss or revenue for state governments. The federal government would have to make provisions to compensate state governments for such a loss, officials said.

The net effective rate on mining, which amounted to about 64% in the case of mines allocated prior to 2015 through preferential allotment and 60% for mines allocated through the auction route thereafter, comprised royalties, contributions to District Mineral Fund (DMF) and National Mineral Exploration Trust besides the GST rate as applicable, making Indian mining industry one of the highest taxed in the world.

Officials said that while the aim of a single rate of tax on mining would not be to bring down the net effective rate of tax, a single rate would ensure lower compliance costs for miners and offer the option of claiming input tax credit from their buyers across the production chain.

INDIAN-DRIVEN GOLD MINING PROJECT IN RUSSIA PRAISED AT BRICS SUMMIT

The Kluchevskoye Gold Mining Project, initiated by India's SUN Gold Ltd, is being seen as the first-ever industrial public-private partnership investment project to be undertaken by partners from all BRICS member-states.

An Indian-driven gold mining project in Siberia has been hailed at the BRICS Summit here as the first practical implementation of the objectives of the grouping comprising Brazil, Russia, India, China and South Africa.

The Kluchevskoye Gold Mining Project, initiated by India's SUN Gold Ltd, is being seen as the first-ever industrial public-private partnership investment project to be undertaken by partners from all BRICS member-states.

China National Gold Group Corporation, the Russian Sovereign Investment Fund, Far East and Baikal Region Development Fund (FEDF), and leading private investment and business leaders from Brazil and South Africa, are partnering in the project located in the Chita region of eastern Siberia.

The multinational joint venture will see the transformation of the Kluchevskoye gold deposit into a significant open-pit mine, with an expected gold production of more than 6.5 tonnes per annum.

Pre-production investment of up to USD 500 million is planned, with China National Gold as the major shareholder and technological partner.

CNG, one of the world's leading gold companies, will provide management and development expertise, while the century-old Indian SUN Group brings 60 years' of experience of working in Russia, having built several significant businesses in the country, including SUN Brewing, one of the region's largest beer companies.

FEDF's involvement will bring regional investment and political support for the project, and opportunities for further growth in the gold and copper mining sector in the Russian Far East.

The South African and Brazilian investors seek to add a dimension to create a joint investment and industrial platform for

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growth in Africa and Latin America.

"This project has given us an understanding of how BRICS can actually work in a practical manner where we can use complementary strengths," Shiv Khemka, vice chairman of the Indian-owned SUN Group, told PTI at the summit.

"It's just a different way of looking at things through two different lenses to bring the expertise of all these countries together to work as a team on something that we hope will be very successful."

He said his company bought the Siberian mine in 2007 as it looked around for old mines which presented opportunities.

"The local government was also very supportive, so that was important for us," Khemka said. He has lived in Russia for 25 years and started up several companies there.

Ivor Ichikowitz, chairman of TransAfrica Capital, said the project marked a critical step in the evolution of BRICS.

"It is projects like this that make a real economic impact not only on economic growth, but more importantly by creating jobs which impact on citizens' lives while at the same time bringing the BRICS collective closer together," Ichikowitz said.

Iqbal Surve, chairman of BRICS Business Council, was hopeful about the venture serving as a model for multilateral cooperation for other countries as well.

"This innovative model of public and private partners from BRICS countries coming together can be used as a model to tackle significant projects in non-BRICS countries as well, creating a sustainable model for cooperation, collaboration and investment-led economic growth, boosting industrial development and providing turnkey, sustainable job creation," Surve said.

GOVT MULLS SINGLE CLEARANCE FOR ENVIRONMENT, FOREST FOR 288 MINING LEASES

Of the 288 mining leases, 59 are working leases, which give substantial production of key minerals viz iron ore, manganese, chromite ore etc

The government has given in-principle approval to provide single clearance for environment and forest to the new lease holders of the 288 mining leases expiring in two years, a top official today said.

"Environment Ministry has agreed that there will be no need to have a separate environment clearance(EC) and forest clearance (FC) to the new lease holders (of the 288 mines) as it is already allowed in the Coal Ministry.

"They (environment ministry) are in process of issuing necessary orders for it," Steel secretary Aruna Sharma said here.

She was speaking during India Mining Summit here.

Asserting that she was totally in favour of a single window system, Sharma said the auction of the expiring leases ought to be done in 2019. The leases of the 288 mines expire on March 31, 2020.

The Secretary added hat ministries of mines, steel and environment are working together in this regard.

"I totally endorse the single window system....We can't afford .

to slip 2019. It has to be put on the auction floor in 2019," Sharma said.

Of the 288 mining leases, 59 are working leases, which give substantial production of key minerals viz iron ore, manganese, chromite ore etc.

The government had in March fixed the deadline at April 1, 2019 for general exploration of these 288 mining leases.

The development followed amendment to the Mineral Conservation and Development Rules, 2017.

The government had said the auction process needs to be initiated well in advance to ensure a seamless transition from the existing to the new lessees so that mineral production is not affected due to expiry of these leases.

Earlier, the Centre had issued a directive which mentioned that all the existing leases have to be brought to an exploration level of G2 (general exploration) or G1 (detailed exploration) in five years' time

VEDANTA MAY PARTNER ANGLO AMERICAN TO BID FOR COAL MINES IN INDIA

Diversified metals and mining group Vedanta will team up with international miner Anglo American to bid for coal mines in India for the next auctions, chairman Anil Agarwal told ET in an interaction on Monday. He also revealed that his plans to set up a manufacturing unit for liquid crystal display (LCD) glass used in televisions and mobile phones is progressing well.

Agarwal's holding firm, Volcan Investments, had bought a structured product last year, giving him an option to buy up to 21% in Anglo American for about $6 billion by end of next year, though he maintained he's happy with what he has right now.

He said his relations with the top management as the "single largest shareholder" are amicable and professional and that his company will be a "good catalyst" when the international major decides to set foot in the subcontinent.

"I have told them (Anglo American) that you should look at India also. They are considering participating in coal auctions and are open to other opportunities," said Agarwal, expressing interest in partnering with them.

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"India has huge potential but people sometimes do not know how to work here. I'm very comfortable working in India so I'll be a very good catalyst for them," he said. "How we structure the entity, we will see when opportunity comes. It is not in my hands and I can just recommend them." Anglo American declined to comment in an emailed response.

Agarwal's LCD facility is expected to have synergies with Sterlite Technologies, the optical fibre producing unit of Vedanta that has a recent addition to its list of consumers – Reliance Jio home broadband. "It is a similar model of Corning that produced optical fibre unit and glass," Agarwal said. "There is no stress on our balance sheet. We don't have a complete plan as of now but a vision, and we will take it forward when the complete scheme is approved." Total market for LCD glass is expected to be $25 billion in the next three to four years, Agarwal said.

On another front, Agarwal said a cobalt refinery would be set up at its Konkola Copper mines in Africa. Cobalt was being supplied as a byproduct along with the copper slag to some Chinese companies till now. "We are looking to produce $100-200 million worth of cobalt from the refinery," he said, adding that feasibility tests were ongoing.

State-owned metal companies such as National Aluminium Company (Nalco), Hindustan Copper (HCL) and Mineral Exploration Corporation (MECL) have been asked to team up for lithium and cobalt exploration, which will be in demand as momentum builds up in electric vehicles production.

Agarwal was also optimistic about his Tuticorin plant. More than a month has passed since the protests against Vedanta's Tuticorin copper plant in Tamil Nadu that killed 13 and the factory remains shut. However, Agarwal said, "I can see consumers of my copper (from Tuticorin) uniting because they have been hit.

They will do whatever they need to in approaching the government. The port people are hit too, and so are the 2,000 truckers who have taken loans. They are also uniting."

Meanwhile, August will see Vedanta welcoming new chief executive Srinivasan Venkatakrishnan, formerly AngloGold Ashanti, to succeed Tom Albanese. The appointment, Agarwal said, is strategic.

"In India, people sometimes allege we don't care for our environment and safety. So we thought to get someone who is known for this. He (Venkatakrishnan) has created world record for safety and environment and so he brings credibility with him. This was very important for us. He will not budge as far as these things are concerned," Agarwal said. He welcomed any independent investigation at the Tuticorin plant and it is important for all stakeholders in the fiasco to come together and discuss the way forward.

"It is not affecting my value chain because it is a very small number, but this (Tuticorin) is the first plant I set up as a greenfield project and holds sentimental value. It is the people who will be affected most. If they want independent checking, they can go ahead."

On being asked whether it is the political vacuum created by former Tamil Nadu chief minister Jayalalithaa's demise that is causing such uncertainty in the state, the chairman merely said, "Jayalalithaa was the biggest investment puller in the state."

MINING AND ENVIRONMENTAL DEGRADATION CAN NOW BE MONITORED 24×7 VIA SATELLITE CLEARANCES SHOULD NOW BE FASTER

The government's decision to set up a task-force headed by the Cabinet Secretary to see how import-substitution can be increased has, not surprisingly, been criticised by former NITI Aayog deputy chairman Arvind Panagariya.

The government's decision to set up a task-force headed by the Cabinet Secretary to see how import-substitution can be increased has, not surprisingly, been criticised by former NITI Aayog deputy chairman Arvind Panagariya. Since a liberal trade regime results in cheaper imports and more competitive exports, he argues, any move that seeks to make imports costlier—as an import-substitution regime usually does—should be avoided. Indeed, as he points out, India's import-substitution phase after Independence resulted in high import tariffs which, in turn, led to Indian industry becoming high-cost and uncompetitive. In such a situation, unlike in the case of other countries, India could never look at exports as a viable growth strategy. Panagariya argues that, instead of looking at an import-substitution strategy, India would do better to have a viable export-led strategy, and concentrate on removing whatever bottlenecks there are—labour laws, high-cost infrastructure, etc—to ensure this happens.

While Panagariya is right in that a liberal trade policy and a boost to exports will pay greater dividends, an import-substitution policy will also pay dividends, but only if it is not enforced in the manner it has been in the past, through higher import duties and import restrictions.

A sensible policy on mobile phone manufacturing, for instance, could not only save billions of dollars in import bills—$12.6 billion in 2017—but also make India an export hub; without a special policy effort, it is unlikely this will happen. As per the current plan, India has imposed import duties on mobile phones and components and has an aggressive-but-achievable plan to give import duty exemptions for greater value addition in India—right now, while the number of phone assemblers has risen from two in 2014 to 123, imports continue unabated, of components instead of finished phones. While it is early days yet, and just 8-10% value addition is taking place in India right now, if

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the government sticks to the plan, India will benefit from it—at that point, the exports of phones by companies such as Samsung will have a much higher local component than they do today.

Similarly, prime minister Narendra Modi is on the right track when he says India's import dependence for oil/gas has to fall by 10% by 2022 and 50% by 2050—oil/gas comprises about a fourth of India's imports basket. If the task-force is able to devise strategies to boost local exploration and production, surely that is a good thing? Sadly, however, as this newspaper has documented over the years, India's policies towards the sector tend to be quite unfriendly, starting from high government imposts to unfriendly tax policies and a lack of marketing/pricing freedom.

Indeed, while a lot of attention is given to India's rising oil imports, not enough is given to imports of other minerals that, between them, add up to around 30% of the country's total imports and half that if gold/gems are to be excluded. If India didn't have the resources to mine gold or copper, such imports would just be seen as the price that needs to be paid for development. Yet, as Anil Agarwal of Vedanta points out, just 10% of India's area with mining potential has been explored as compared to 95% in the case of Australia—Agarwal, in fact, is of the view that a sensible mining policy can cut minerals imports by half and create 20 million jobs in the bargain.

Mining development in India has been hobbled for a variety of reasons, from unfriendly government policy—till recently, commercial coal mining was not allowed—to the distrust of mining by local communities due to very poor environment management by most miners. The answer, then, doesn't lie in relaxing India's environmental laws, but in enforcing them better and in using technology to help in doing this. Indeed, right now, India is stuck in an odd trap of little concern for the environment and little mining at the same time—in Australia, by contrast, environmental concerns are taken seriously while, at the same time, intensively mining the area. So, while low-quality forest reserves remain a critical problem for India, the Supreme Court pulled up the government for the fact that `90,000 crore remained unspent of the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) funds. And while Rs 18,500 crore has been collected under the District Mineral Foundation—DMF funds are to be used to benefit local people affected by mining—so far, only Rs 3,552 crore has been spent.

Apart from very high government levies on minerals, it is this that needs to be fixed at the earliest. A Coal India, for instance, has been fined over `40,000 crore already for illegal mining—since it is unlikely government companies will damage the environment for profits, it tells you there is a serious problem with India's regulatory system. In this case, apart from the mines ministry's retrospective interpretation of the law (bit.ly/2LqfnSQ), it was found that environment clearances (EC) could even take up to 390 days to get and that it was routine practice for the government to give these late and then retrospectively condone the mining that took place without ECs!

And while, in the past, it was difficult to see whether miners were violating their forest and other clearances, since mines were either in remote areas or in deep forests, technology has changed this and, by using satellite imagery, 24×7 monitoring is now possible. Isro and the mining ministry have, in fact, tied up to use satellite monitoring for illegal mining. Indeed, if India is able to increase its minerals output, the import-substitution policy aimed at cutting mineral imports can also result in India emerging as global powerhouse for minerals exports.

NITI AAYOG CEO AMITABH KANT QUESTIONS LOGIC OF MINING BANS AMIDST IMPORTS OF THE SAME MINERALS

Kant said importing minerals when there were ample reserves within the country made no sense.

Niti Aayog Chief Executive Officer Amitabh Kant, on Friday, questioned the logic of imposing bans on mining amidst imports of the same minerals.

Kant said mining technologies had tremendously advanced to take care of environmental and social concerns and hence there should be no fear over mining. He said importing minerals when there were ample reserves within the country made no sense.

"There is a ban on iron ore mining in Karnataka and so you are importing when you have your own iron ore. That makes no sense. There are various advance technologies now that allow absolutely safe ways to mine," he said during an interaction with media on the sidelines of a conference on mining in Indore -- the fourth National Conclave on Mines and Minerals organised by the Ministry of Mines.

Mining in Karnataka and Goa, two states rich in iron-ore, a key ingredient for steel-making, has suffered severe damage in the last five years as Supreme Court came down on illegal mining and improper allocation of mines. On several occasions, the Court allowed mining with a cap on quantum of mining, resulting in production loss and denting of investor sentiment.

Kant called for major policy changes to allocation and operation of mines in order to attract private investment, pointing out that share of mining in India's GDP was a mere 1.4percent. The share of mining in South Africa's GDP is 7 percent, China's is 6.5 percent and Chile's is in excess of 10 percent, he said.

He said 'Make in India' was not possible till the country had 'Mine in India', referring to one of the flagship schemes of the Narendra Modi government.

Kant said environmental clearances, a major roadblock in mining activities, should be given at the time of award of the tender and

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GEMCO KATI

not later.

"Environmental clearance is five-six years. It should be given with the tender or within three months of the award of the tender," he said while addressing the audience in the presence of Minister of Mines Narendra Singh Tomar, inviting wide applause of those present at the event.

He said prospecting licence and mining lease should be given together to ensure return on investment for the company doing the prospect and also to cut time to begin mining. Currently, the two licences are awarded separately, with no guarantee that the company doing the prospecting will also get the licence to do the mining.

Prospecting alone takes several years and hence a surety of securing mining rights post prospecting will instil greater confidence in the private companies to bid for such projects.

Kant said the existing procedures for allocation of mines were outdated and needed an overhaul. He said landowners should be given the right to mine to encourage expansion in capacities

CIL TO BUY RS12,000 CR WORTH MINING EQUIPMENT

Coal India Ltd (CIL) is looking to procure mining equipments worth ₹12,000-13,000 crore in the next two to three years to ramp up its coal production to one billion tonne.

According to Anil Kumar Jha, CMD, orders (for equipments) worth ₹3,000-4,000 crore are likely to be placed this fiscal. The company had produced 567 million tonnes in FY18.

Jha was talking to newspersons on the sidelines of an MoU signing event between BEML and Heavy Engineering Corporation (HEC) held here recently.

"We expect to produce one billion tonne of coal in three to four years and this cannot be accomplished unless there is supply of indigenously supplied good quality machines," Jha said.

CIL has earmarked a capex of ₹9,500 crore for this fiscal nearly 60 per cent of this will be spent on equipments, he added.

BEML-HEC tie-up

Under the MoU that was signed, BEML and HEC will jointly manufacture and supply equipments such as Rope Shovels and Walking Draglines to cater to the needs of the mining industry. This apart, the companies will also look after commissioning and providing after-sales service support for the identified products.

The collaboration in manufacturing of these mining equipment will help boost the turnover of both BEML and HEC by around ₹150-200 crore (on an incremental basis) each year, said Deepak Kumar Hota, CMD, BEML.

According to Avijit Ghosh, CMD, HEC, the mining industry has been growing and the demand for equipments is also on the rise. Currently, a majority of the demand is met through imports.

The tie-up will not help both the companies leverage their manufacturing capability, but will also help bring down delivery time, reduce working capital and create capability for high capacity equipment to meet the growing demand.

"There is a demand-supply gap and the dependence on imports is huge. The joint effort will not only help the country attain self reliance but will also help bring down costs," Ghosh said.

Both the companies are also exploring the possibility of getting funding from the Department of Heavy Industry for projects such as development of 20 CuM rope shovel.

Global standards

CIL has appointed the Central Mine Planning and Design Institute (CMPDI) to understand and assess how it can benchmark itself to global standards.

According to Jha, the Coal Ministry has asked the miner to benchmark itself against international parameters, particularly in certain areas such as in cost of production, quality, grade, equipment performance, unit cost of production and environmental concerns.

However, it may be difficult for Indian miners to adhere to global benchmark practices because of the differences in socio-political economic conditions, he pointed out.

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