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Indian Mining & Exploration Updates

Mining reforms: What the government got right...



Mining reform: What the government got right...

By Aruna Sharma

...and what still remains to be done, especially on taxation and royalties, as also incentivising exploration

Mining fell by 17% this fiscal. The sector can be enhanced to 7% of the economy, as is the case with many mineral-rich countries, from the current 1.7%. The recent Cabinet decision recommending the amendment of the MMDR Act 2015 and the Rules related to this should bring a course correction, with ease of surveys, FDI, environment and forest clearances, getting possession of land, the rationalisation of royalties and double taxation, logistics improvement, etc. While the Cabinet decision reflects intent, many concerns remain unaddressed.

According to a 2014 McKinsey Global Institute report, India needs to create an additional 115 million non-farm jobs by 2022 to reduce poverty. Mining has the potential to provide 12% of these non-farm jobs. India currently produces 95 minerals (four fuel, three atomic, 10 metallic and 23 non-metallic and 55 minor minerals). So far, 5.71 lakh square km has been identified by the Geological Survey of India (GSI) as area of Obvious Geological Potential; only 10% of this is being mined. India has significant reserves of coal, bauxite, titanium, chromite, natural gas, diamonds, petroleum, and limestone that are yet to be made productive.

The reforms that the Cabinet approval talks about are the amendment of 10A (2)(b) & 10A (2)(c) of the MMDR Act, with the aim to make a large number of mines available for auctions. This will bring a large number of mines into production, while making PSUs efficient and competitive. The original two provisions have been a bone of contention for industry and have affected decision-making in the issue of mining in Goa. A related issue is of imposing charges on extension of mining leases for government companies to create a level playing field. This may help resolve the long-pending Goa mining issue, via a small extra charge on the extension of leases, as is the demand of the Goa government.

An equally important consideration is that any new tax or raising of existing ones will

only make the final product more expensive, and will add to the cost of infrastructure development. The decision to end the distinction between captive and merchant mines aims to provide more mineral in the market by allowing captive-mine-owners to sell up to 50% of the minerals excavated; this is welcome, but then the end-user is securitising the raw material and would be less interested in profiting from sale of mineral. Thus, the presumption of such a move adding to mineral availability needs to be tested against ground reality over a period of time.

Another major concern is low production by miners to manipulate demand pressure by restricting supply. Thus, the amendment recommending incentivisation of production and dispatch of mineral earlier than the scheduled date will enable continuous flow of minerals.

The district mineral fund (DMF) remains grossly under-utilised due to restrictive guidelines. The mineral districts also get nearly Rs 1,200 crore per annum for development (minus salaries) from the Finance Commission, rural development schemes, road construction, irrigation, agriculture and other social protection schemes. The need is to allow expenditure from this fund for road construction, health, education, etc.

One long-awaited correction on transfer of mineral concessions proposes that there will be no charges on transfer of mineral concessions for non-auctioned captive mines. However, the amendment proposed falls short another much-needed change: giving the first right of refusal on mining or selling the rights to the explore. Therefore, in order to boost exploration, the National Mineral Exploration Trust must be made an autonomous body; this was also recommended by the parliamentary Standing Committee.

Out of the total Obvious Geological Potential (OGP) area of 0.571 million sq. km, only 10% has been explored so far, and mining happens in just 1.5% of the OGP area. It is crucial to get a detailed exploration profile for India. Exploration needs to be treated as a scientific process driven by corporations, and the Geological Survey of India must develop baseline data and make it available to attract exploration investment. The government should announce incentives to attract private sector investment in exploration.

The need to meet conditions set by the Minerals (Evidence of Mineral Contents) Rules 2015 for notifying unexplored blocks should be removed and investors should be allowed to invest in exploration with policy giving weightage to either the investment commitment for technology-intensive extraction of deep-lying minerals or faster production of bulk minerals.

The system of state governments choosing blocks that may not be optimal from the bidders' perspective results in undue delays. The need is to shift to a single stage licensing system for exploration and mining of non-notified minerals.

Another major step in the Cabinet-approved amendment is rationalisation of stamp duty. In order to bring uniformity across the states, necessary amendments in the Indian Stamp Act, 1899, will be brought, but the need is to rationalise all royalty. The present amendment stops short of this. Effective tax rate (ETR) on mining in India is 64%, while the global average is 34-38%.

At present, in addition to MMDR Act requirement of royalty, payment towards DMF and National Mineral Exploration Trust (NMET), a mine-operator is also required to pay other fees and levies for use of forest-land under the Forest Conservation Act 1980 and the Indian Forest Act 1927, including forest tax levied on forest produce procured from forest areas and compensatory afforestation charges.

The cost of doing business is creeping up primarily due to issues pertaining to royalty. As the royalty study group has acknowledged, corrective action is required on royalty on royalty. Due to exemptions from stacking and analysis, most mechanised mines are compelled to pay royalty at the rate charged for the highest grade of the ore, irrespective of the actual grade.

The Centre, along with the governments of iron-rich states like Jharkhand, Odisha and Chhattisgarh, must develop a mechanism for accepting mechanised/joint sampling during wagon loading and reconciliation of royalty payments at actual grade. While the Odisha High Court and the Supreme Court are hearing

Continued on Page 2



matters on this, statutory enactments and intervention before the judiciary by the Centre is essential.

In India, the combined cascading effect of taxes on mining is close to 64%. This is very high as compared to other mineral-rich countries. This makes India less competitive internationally. For instance, Indian iron-ore

miners are one of the highest royalty payers in the world as compared to other major iron-ore producing countries. Iron ore in India attracts royalty of 15%, while that in Australia attracts 5.35-7.5%, in Brazil 2% and in China 0.5-4%. In the current statutory framework, royalty is included in average selling price of minerals and then it is computed on an ad valorem

basis, leading to double taxation. It has been proposed to constitute a committee to examine this.

There are some state-specific taxes Goa and Karnataka, wherein, 10% of sale proceeds have to be contributed for similar activities as specified for the DMF. This double taxation further increases the burden on the industry.

Bolstering the ongoing mining reforms

Transparency apart, the auctions must provide enough revenues for the exchequer and incentives to industry

On August 24, 2020, the Ministry of Mines issued a notice on proposed reforms in the mining sector under nine sections and received comments and suggestions till September 3. The Union Cabinet has given a green signal to these reforms and plans to present the amendments to Parliament during the ongoing Budget Session.

One of the major reforms deals with revamping the exploration policy, ensuring a seamless transition from mineral exploration to production, thus incentivising new investments and increased production and employment. While the National Mineral Exploration Trust (NMET) funds may encourage exploration, much more investments are required to come from mining companies and junior explorers, including foreign investments.

The government may refrain from using taxpayers' money for highly risky exploration ventures. The government could adopt the Open Acreage Licensing Policy (OALP) used in the hydrocarbons sector to allocate non-fuel mineral exploration rights sometime soon. The Geological Survey of India (GSI), Mineral Exploration Corporation Ltd (MECL), and state Departments of Mines and Geology (DMGs) should keep engaged with reconnaissance and mapping of deep-seated minerals.

The mining reforms also seek to resolve the long-pending issue with Sections 10A(2)(b) and 10A(2)(c) of the Mines and Minerals

(Development and Regulation) Amendment Act, 2015 (MMDR-2015). There were many cases of pending reconnaissance permits (RPs), prospective licences (PLs), and mining leases (MLs) which were eligible to be granted under the earlier first-come first-served (FCFS) regime.

MMDR-2015 provided two years for pending mining leases and five years for pending reconnaissance or prospecting licences to be executed. The mining reforms suggest auctioning these pending licences. The expenses incurred by eligible cases would be reimbursed from the NMET funds. This issue has been subject to debate on why appropriate actions were missing to grant licences within the allocated period.

While in some cases, the project proponents did not take the necessary course of action for retaining their mineral grants, in others, the applications remain pending with various regulatory authorities. The logic of reimbursing the exploration expenditure incurred is somewhat fragile, given that it might lead to lengthy legal battles with regard to the amount which respective companies had spent. Even if such estimates can be agreed to, there would not be reimbursement of the lost prospective future income. There is a need to revisit the treatment of these legacy cases.

The third reform aims to remove the distinction between captive and non-captive mines by removing the provision in auctions to restrict end-use by captive miners, which is a welcome step. A level-playing field will allow

merchant miners to become more competitive and innovative, resulting in cheaper downstream products and a boost to exports. However, it is not clear why the existing captive miners can sell only 50 per cent of the total mineral excavated in the previous year.

In the fourth reform, the government aims at developing a market-determined transparent National Mineral Index (NMI). The royalty, District Mineral Foundation (DMF) fund and NMET charges would be computed based on NMI and not on the average sale price (ASP), as per the existing practice. Transparency in estimating the mineral index of non-fuel minerals, such as the National Coal Index (NCI) for coal, would lead to an efficient allocation of resources with adequate returns to the exchequer. The prices have to be determined in the open market and computed as rigorously as the recently implemented NCI.

In the right direction

The next two reform proposals are in the right direction, viz. clarifying the meaning of illegal mining and rationalising stamp duty across States. The seventh reform measure addresses amendments to DMF rules for building tangible assets in the mining-affected areas, such as medical-care facilities, education centres, and transport links. These are useful for long-term socio-economic development of the mining-affected communities. For short-term gains, the focus should also be given to skill development, to ensure income security for the

Continued on Page 3

affected districts. Covid-19 has provided yet another opportunity to help the affected local communities.

The mining reforms also aim to bring unused mineral blocks back into production to generate employment. Mineral blocks allocated to public sector units and private companies that have not been utilised within 2-3 years would be de-reserved and auctioned — this is an important step to ensure that mineral assets are used optimally. A review of NMET's functioning is also in the offing.

A 2018 amendment, which diluted the trust's autonomy, will be reversed with this reform. The renewed autonomy will help reduce bureaucratic hurdles and make it easier for the trust to make decisions on exploration investments.

While this is a good step forward, it should be emphasised that the funds accrued with

NMET are minuscule compared to India's mineral exploration requirements.

To generate a vibrant and globally competitive mining sector, India must implement the National Mineral Policy (2019). The policy offers suggestions on incentivising exploration and attracting private investment through a seamless transition from reconnaissance to extraction, or other means as per good international practices.

Exploration efforts should focus on minerals where India has the geological potential but low resource and reserve base. These include "energy-critical minerals, fertiliser minerals, precious metals and stones, strategic minerals and other deep-seated minerals". The policy also suggests offering pre-embedded statutory clearances with auctioned mineral blocks to reduce the time spent on receiving clearances.

Finally, the government must consider the issues that have emerged from the auction allocation system. Many blocks have been won with irrationally high bids, sometimes above 100 per cent of the value of minerals to be mined, which does not seem to be economically justified in the backdrop of such mines' efficient and sustainable operations. It would be pertinent to review and reform the existing auction process or switch to an alternative method of allotment, such that mineral block allocation remains objective, fair, and transparent, and provides adequate revenues for the exchequer and incentives for the mining industry.

Rajesh Chadha is Program Director and **Ganesh Sivamani** is Research Assistant, Natural Resources, Centre for Social and Economic Progress. Views are personal

India's mining reforms juggernaut continues despite concerns

by **Mayank Aggarwal**

- In its latest attempt to give a push to the mining sector to revive the Indian economy, the government of India has proposed several amendments to the country's mining regulations.
- The changes propose to allow captive miners to commercially sell 50 percent of their coal, allows the central government to auction mines controlled by states and eases rules for industry in terms of green clearances.
- But those working with mining-affected communities argue that these 'mining reforms' are being imposed on people to help the industry even as concerns of people and impact on the environment is being ignored.

Notwithstanding concerns regarding pollution from a mine, its impact on the environment including water bodies or concerns of mining-affected communities, the govern-

ment of India in the latest push for mining reforms is proposing amendments stating that all valid approvals, clearances, and licences, once granted to a mine, shall continue to be valid till exhaustion of mineable reserves in the mine to save the industry from the "time consuming" process of obtaining fresh clearances.

Continuing with its 'mining reforms', the union ministry of mines, earlier this month, unveiled a new set of amendments to give a push to mining activities in the country, ensure a continuous supply of minerals, ease of business for industry and push the process of the auction for the mining sector.

The ministry said the amendments in the Mines and Minerals (Development and Regulation) Act 1957 are being proposed after consultation with the "central (government) ministries, state government and general public." It has invited comments and suggestions from the public, state governments, the mining industry, industry associations, and others by February 24, 2021.

Mining reforms have been on the top of the central government's agenda over the past few years. The process gained momentum when the government announced a series of measures to revive the economy after the impact of Covid-19. The government had proposed a set of changes in the mining rules and regulations which were severely criticised by environmentalists and those working with mining-affected communities. But an undeterred government has repeatedly emphasised that the mining sector is going to be critical in India's growth over the next few years.

Now the latest amendment proposal states that the MMDR Act was amended through the Mineral Laws Amendment Act 2020 to provide for vesting of valid rights, approvals and clearances, in relation to leases expiring for the period of two years. But, the proposal said, the new owners who secured the mines in the auctions are facing difficulties in "obtaining fresh clearances within two years period as they have to undergo the lengthy process

Continued on Page 4

afresh which is time-consuming although all the step have already been complied with by the previous” leaseholders while obtaining the green clearances initially.

The amendment note emphasised that it is required to change the mining law so that “all the valid rights, approvals, clearances, licences and the like granted shall continue to be valid till exhaustion of mineable reserves in the mine.” This signifies that the clearances, once given, shall be “transferred and vested to” any new company successfully getting the mine in the auction. It would also be applicable for all minerals.

The idea behind the changes is to ensure ease of business for the industry and simplify processes. But according to experts, these mining reforms may end up against the interests of the mining-affected communities.

Alok Shukla of the Chhattisgarh Bachao Andolan, an organisation working on mining-related issues including its impact on the environment and communities, said it is dangerous to give a blanket clearance to the mining industry while ignoring the ill impact of mining on communities and the environment. “This is injustice with the communities living close to mining areas. What if the conditions of a mining area change after mining operations for a few years? All such concerns need to be taken into account,” Shukla told Mongabay-India.

Over the past few years, the transition that intensive mining activities bring in the lives of the communities living in and around the mining areas has become a topic of discussion. There are numerous instances of mining activities leading to a severe increase in air and water pollution. “When we have such cases, how can a blanket exemption be given to the mining industry on the pretext of ease of business,” Shukla questioned.

Are proposed mining amendments against states?

The amendments also talk about the central government auctioning mines in case the states are facing difficulties.

The proposed changes emphasise that under the MMDR Act, the “states conduct auction of mineral concessions” and “since 2015, the central government exploration agencies have handed over geological reports for 143 mineral blocks to various state governments which are ready for auction” but of those, “only seven blocks have been auctioned by the states.” The note for amendment highlighted that, in addition, the mining lease in relation to 334 blocks expired on March 31, 2020, of which 46 were working mines. “Ministry of mines is pursuing with the state government since early 2019 for an early auction of these block ensuring continuity in the production of minerals. However, only 28 blocks have been auctioned till date,” said the note.

The government notes in the draft proposal that “to ensure continuous supply of minerals in the country more number of mineral blocks are required to be brought under auction on regular basis” as “any delay in conduct of auction has substantial impact on the availability as well as prices of minerals.”

The central government, justifying the move of taking over the auction of minerals from the state governments, proposed to provide itself with the power to conduct the auction in cases where the state government faces challenges or fails to conduct the auction. “In cases where the central government auctions the blocks, the revenue in respect of such blocks will accrue to the state government only,” said the note detailing the proposed amendments.

Environmental lawyer Rahul Choudhary said auctioning of mines without taking into confidence and consent of states is taking over the ownership of the state government over the mines. “State governments have a larger role in auctioning of the mines. The central government can’t impose its will on the states,” Choudhary told Mongabay-India.

Bonanza for captive miners in the proposed mining reforms

In the proposed changes, the ministry of mines is also proposing to allow captive mines holders to sell up to 50 percent of the minerals excavated during the current year, after meeting the requirement of the attached plant.

“An additional amount as prescribed by the central government will be charged on such sale,” the note emphasised.

Allowing the sale of half of the coal produced by captive coal mines, will “help in increase in production of coal from captive mines, increase coal availability in the market-leading to reduction in import of coal. This will also ensure additional revenue to the states,” noted the proposal. “Coal being an important input for various core sector industries, increasing availability of coal would lead to Atmanirbhar Bharat (self-reliant India). Reducing the import bill will also help to curb the trade deficit of India,” said the proposed amendments.

The proposal said that the government would charge an “additional amount on extension of mining leases of both coal and non-coal government companies.”

In 2020, as part of its overall mining reforms push, the central government made a major case for the commercialisation of coal mining to end the import of coal in India. But the move has under the scanner of experts and environmentalists who state that we already have overcapacity, it is against India’s clean energy transition plan and, in fact, would have an adverse impact on the environment and communities impacted by coal mining.

Both Rahul Choudhary and Alok Shukla criticised the government’s proposal to allow the captive miners to commercially sell coal. “This defeats the whole purpose of the auction and instead, this would mean that the entire coal sector one way or another is going to be open to commercial coal mining. This should not be allowed,” Shukla said.

Did Ministry of Mines Disregard Critical Suggestions on Mining Reforms?

In August 2020, the Ministry invited public comments on proposed mining reforms. In January, the proposal was approved by the Cabinet. Now, in response to an RTI application, the ministry said that of over 12,000 submissions that it received, it only considered those suggestions that were “committed for reforms.”

On January 13, the Union Cabinet approved a proposal by the Ministry of Mines for a set of wide-ranging reforms in the mines and minerals sector. The reforms that had been initially announced by Minister of Finance Nirmala Sitharaman in May, as a part of the COVID stimulus package, were formulated by the Ministry of Mines and placed before the public for comments in August 2020.

Under usual processes of public consultations, the ministry is expected to have assessed all the comments, suggestions and recommendations that it received from the public on the proposed reforms, prior to finalising the proposal and seeking Cabinet approval. However, in response to an application filed under the Right to Information Act (RTI), the ministry has revealed that of 12,149 submissions that it received, it considered only those that were “committed for reforms,” suggesting that it ignored other submissions that criticised or questioned the proposed reforms.

The RTI application filed by the Mineral Inheritors Rights Association (MIRA), an association of civil society organisations, had asked the ministry how many comments it had received, how those comments were assessed, and whether any of the suggestions and recommendations received by the ministry had been incorporated in the final reforms proposal prepared for the Cabinet by it.

NO ANSWERS

The RTI application that was filed by Saswati

Swetlana, national coordinator of Mineral Inheritors' Rights Association (MIRA), also asked the ministry to provide detailed reasoning for incorporating or dismissing suggestions that it received into the final proposal for reforms.

Responding to MIRA, Adhir Kumar Malik, the Central Public Information Officer at the Ministry of Mines wrote: “A total number of 12,149 suggestions/comments were received on the proposed mining reforms. The suggestions/comments are given due consideration while formulating the [amendment] bill.”

However, he carries on, “the purpose of any bill is to bring reforms in the sector. Since the proposed amendment to the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 committed for mining reforms, those suggestions which are committed for reforms in the sector have been considered.” (Refer No. 16/01/2021-M-VI dated 5th February 2021 below)

How did the ministry assess which suggestions were ‘committed for reforms?’ This is the question MIRA asked in appeal to Veena Kumar Dermal, the Director of the Ministry of Mines, who is the designated First Appellate Authority under the RTI Act.

The appeal asked how the comments/suggestions were classified, on what basis, and who was the responsible authority to assess the comments resulting in accepting or dismissing them? The appeal also asked the ministry to clarify what ‘committed to reforms’ means. In addition, the appeal asked that the ministry share all responses with the applicant in digital format.

The appellate authority, however, disposed of MIRA’s appeal stating that under Section 8 (1) (i) of the RTI Act, “the decisions of the Council of Ministers [the Cabinet], the reasons thereof, and the material on the basis on which the decisions were taken shall be made public

after the decision has been taken and the matter is complete or over.” Accordingly, the response continues, the details requested are exempted from disclosure. (Refer No. 16/01/2021-M-VI dated 19th February 2021 below)

Speaking to *NewsClick*, Swetlana said: “We strongly oppose this. What is the definition of ‘committed to reforms?’ That should be told to the public. Does it mean only the suggestions by those who agree to the proposed amendments were considered?”

“Those who might have differing opinions are also committed to reforms. It should, however, be to the benefit of the communities who are the owners of these minerals and other natural resources,” she added.

CONTROVERSIAL REFORMS

The structural reforms in the mines sector have been the subject of vigorous criticism by environmentalists, activists for the rights of mining affected peoples, and adivasi rights activists.

The reforms include doing away with the distinction between the captive and non-captive mines for future auctions, reallocation of non-producing blocks of state-owned firms, and amending some sections of the Mines and Minerals (Development and Regulation) Act to help auction more mines.

The reforms also allow private sector companies to undertake exploration and prospecting, raise the limit of how much of a mineral excavated at an existing captive mine can be sold commercially by the miner, beyond their specified captive use, from 25% to 50%, and narrow the definition of illegal mining.

In addition, the reforms set up the National Mineral Exploration Trust an autonomous body to expedite exploration, and a National Mineral Index to develop a comprehensive

Continued on Page 6

and broad-based system for determining levies and taxes to be charged for different mining operations, along the lines of the recently launched National Coal Index.

With only 10 days given for submitting responses to the ministry's draft proposal released in August 2020 as *NewsClick* has reported earlier (that was later extended by another week), the first set of criticism was for the process itself, with activists alleging the process was violating the government's pre-legislative consultations policy by not providing enough relevant data with the proposed reforms, not providing enough time for the public to gather all the relevant information to submit their responses, and by not providing the draft proposal in translations to local languages of mining affected peoples.

Subsequently, the proposal was criticised in several submissions sent in response to the ministry. Detailed reports by *NewsClick*, *Mongabay*, *Scroll.in* and others spelt out the criticisms sent to the ministry by environmentalists and adivasi activists and advocates suggesting that the reforms were focused on short-term gains for corporates, did not focus on key areas of concern with regards to India's long-term strategic goals in

the mines and minerals sector, and elided the concerns of mining affected people, particularly adivasi communities.

RUSHING THROUGH MORE REFORMS

In the past two months, the ministry has notified four further draft reforms: the proposed Draft Mineral Concession Rules 2021 that will bring two proposed amendments to the Mineral Concession Rules 2016, the Draft Mineral Auction (Amendment) Rules, and the Draft Additional Amendment Proposals to the MMDR Act, 1957.

While the proposed amendments to the Mineral Concession Rules are aimed at dealing with mining license holders that had failed to operationalise their mines and were in cases stuck for years in litigation by easing the conditions under which leases can be terminated and transferred, and the amendment to the auction rules offered a financial incentive to private companies that will seek to participate in minerals auctions, the proposed amendments to the MMDR Act are substantial.

In an earlier detailed report on *NewsClick*, the proposed MMDR amendments have been described as "an attempt apparently aimed at helping corporate houses appropriate a greater

pie of natural resources of the country. The proposed amendments allow the Centre to auction mineral blocks that belong exclusively to states. The amendments "provide the power to central government to conduct auction (of mineral blocks) in cases where the State governments face challenges in conduct of auction or fail to conduct auction." Regarding these, Swetlana said: "Even in the case of these amendments that were proposed in January and February the Ministry of Mines didn't adhere to the Indian government's Pre-Legislative Consultation Policy. They are not giving enough time to file RTI applications, nor are they giving the relevant data and information to assess their proposals. They are neither considering any audit recommendations by the CAG (Comptroller and Auditor General of India), nor the reports by the Public Accounts Committee or the Parliamentary Standing Committee. The basic democratic process is being violated. If the government is disregarding the views of anybody who would have a different opinion regarding the proposed reforms, we consider the process a failure."

The author of this article Abir Dasgupta is an independent journalist.

No. 16/01/2021-M-VI
भारत सरकार /Government of India
खान मंत्रालय /Ministry of Mines

Shastri Bhawan, New Delhi
Dated the 5th February, 2021

To

Ms. Saswati Swetlana
Environics Trust, Khasra No. 177
Shokeen Market, Neb Sarai
Main IGNOU Road, New Delhi

Subject: Seeking information under RTI Act, 2005.

Sir,

I am to refer to your RTI No. MINES/R/E/21/2021 dated 16.01.2021 on the subject mentioned above and to inform you that a total number of 12149 suggestions/comments were received on the proposed mining reforms. The suggestions/comments are given due consideration while formulating the Bill. The purpose of any bill is to bring reforms in the sector. Since the proposed amendment to the MMDR Act, 1957 committed for mining reforms, those suggestions which are committed for reforms in the sector have been considered.

2. In case, you are not satisfied with the information provided, you may prefer an appeal before First Appellate Authority Dr. Veena Kumari Dermal, Director, Ministry of Mines, Shastri Bhawan, New Delhi within the stipulated period under the provisions of the said Act.

Yours faithfully,


(Adhir Kumar Malik)
CPIO and Under Secretary
Phone No. 2338 4743

Copy for information: PIO, PI Cell Ministry of Mines

No. 16/01/2021-M-VI
भारत सरकार /Government of India
खान मंत्रालय /Ministry of Mines

Shastri Bhawan, New Delhi
Dated the 19 February, 2020

To

Ms. Saswati Swetlana
Environics Trust, Khasra No. 177
Shokeen Market, Neb Sarai
Main IGNOU Road, New Delhi

Subject: Seeking information under RTI Act, 2005.

Sir,

I am to refer to your First RTI Appeal no. MINES/A/E/21/00011 dated 08.02.2021 on the subject mentioned above and to inform you that I have gone through your RTI Application and the reply furnished by the CPIO.

2. As per section 8 (1) (i) of the RTI Act, 2005, the decisions of Council of Ministers, the reasons thereof, and the material on the basis of which the decisions were taken shall be made public after the decision has been taken, and the matter is complete, or over. Since you have requested the documents on which a decision on the proposed amendment to the Mines and Mineral (Development & Regulation) Act, 1957 is to be taken, it is exempted from disclosure under the above provision.

3. Appeal is hereby disposed.

4. In case, you are not satisfied with information provided, you may prefer second appeal in the Central Information Commission, under the provisions of the RTI Act 2005.

Yours faithfully,


(Mustaq Ahmad)
Director and Appellate Authority
mustaqahmad.dad@gov.in

One way to make Bharat, Atmanirbhar is be self reliant in mineral resource by making Industry friendly policy---FIMI

In a pandemic ravaged economy where GDP has fallen to all time low, GEONESIS talks to Shri R K Sharma Hon Secretary General FIMI on his views on recent budget and new proposed Mining laws and what positive changes it will bring to make a positive impact on mining sector as a whole and support Govt vision to make Bharat Atmanirbhar.

Que. As the only apex body in mining sector what were your expectation in Budget 2021-22 for mining sector and did it live up to sector expectation?

R.K. Sharma: Mining is the supplier of raw materials for industrial growth as well as socio-economic development and holds a vital place in becoming an *Atmanirbhar Bharat*. Thus, it is essential that mining in the country is competitive at the global level, for which we had suggested numerous changes in direct and indirect tax regime ranging from withdrawal of export duty on +58% Fe iron ore and non-metallurgical grade bauxite, withdrawal of GST compensation cess coal cess), reduced GST rate on mining inputs, correction in inverted duty structure, reduction in railway tariff rates for minerals, etc.

However, the Budget 2021-22 has not provided any relief to the mining sector, which is presently the highest taxed in the world with effective tax rate going as high as 58% for mines granted before 12.01.2015. On the contrary, the budget has proposed amendments to the Central Sales Tax (CST), Act 1956, which will lead to miners being forced to buy high-speed diesel (HSD) by paying VAT @ 17% - 26%, instead of the existing concessional rate of 2%. As a result, the cost of diesel, one of the major costs in mining, will substantial increase thereby increasing the mining cost across the country.

Que. Will the current policy of auction bring improvement in mining sector and

contribute towards Atmanirbhar Bharat?

R.K. Sharma: It was thought that auction will lead to transparency and growth of mining sector. However the findings in our recent book "Auction of Mineral Resources – an anatomy" has clearly brought out that auction has throttled the mining sector, instead of strengthening it. Auction system has completely failed for resource development, both in coal and non-coal sector.

Since the auction regime started, not a single auctioned greenfield block has come into operation. Auction has even halted operation in previously working mines having valid environment and forest clearances. This has resulted in production and job losses, upsetting the socio-economic life of people of the areas where working mines were closed down. For few mines which could start, auction has become a *winner's curse*. The sole focus to maximize revenues for the States has adversely affected long-term mineral development in the country and socio-economic benefits in mining areas. Auction regime has put the nation back by one generation with uncertain future for the growth of country's mineral resources and continued dependence on ever-increasing imports.

Auction is an unnecessarily costly way of developing mineral resources. Unsustainably high cost of raw materials is leading to reduced competitiveness of not just mining sector, but all downstream industries, with serious repercussions for 'Make in India' initiative and "Atmanirbhar Bharat".

Que. Do you think proposed amendment of Section 10A(2)© of the MMDR Act amounting to taking away the rights of those holding the LoI and waiting for executing ML would send a wrong signal to both domestic and foreign investors and do not serve the good intents of Atmanirbhar Bharat?

R.K. Sharma: Section 10A(2)(c) of the Act provided only two years to applicants possessing Letter of Intent (LoI) to obtain statutory clearances and execute mining lease. Since grant of statutory clearances takes up to 3-5 years and were beyond an applicants' control, as many as 196 applications saved under Section 10A(2)(c) expired. We feel that it is necessary to protect the interest of the deserving concessionaires, both for improving investor confidence as well as Atmanirbhar Bharat. It is gathered that many of such cases are sub-judice,

pending at various Courts including Hon'ble Supreme Court. So, we have to wait for the judgment by the Hon'ble Court.

Que. Do you think the move to amend the MMDR Act for repealing Section 10A(2)(b) may prove to be counter-productive for the mineral resource discovery and development of non-bulk mineral/metal mines in the country? Would that not amount to dishonouring the actions taken earlier under the Act? Again, in this case too, should the Atmanirbhar Bharat goals take precedence, hence an urgent need for the States to grant all valid PLs and MLs that are pending for long under section 10A(2)(b)?

R.K. Sharma: FIMI has been taking up the matter of Section 10A(2)(b) at the highest level in the Government, so that the rights of the explorers and investors are not taken away. The proposal to repeal Section 10A(2)(b) is not at all desirable which otherwise may prove to be counter-productive for the mineral development of the country.

As such the existing RP / PL holders have invested huge resources and put long years to undertake risky exploration

Continued on Page 8

activities and have helped India to discover valuable mineral deposits. Acknowledging their valuable contribution to the country, the Government had introduced Section 10A(2)(b) in 2015 to guarantee these concessionaries the right to mine the deposit. Unfortunately, despite the lapse of more than 5 years, State Government / Central Government have not taken any proactive action for converting any RP to PL or PL to ML under Section 10A(2)(b).

Removing Section 10A(2)(b) from the Act and putting such mineral blocks for auction would amount to “*robbing Peter to pay Paul*”. It will lead to irreparable loss of investor confidence in Indian mineral sector, apart from multiple litigations in Courts. It will also send a wrong signal to both domestic and international investors about certainty in India’s mineral policy.

Section 10A(2)(b) should be continued to protect the rights of existing concessionaires and bring in provisions where mining rights are granted seamlessly to such serious entrepreneurs. If it is done, on conservative basis taking an average of 100 employees per mine in the initial stage for 500 mines, there will be an employment generation of 50,000 jobs directly and 5,00,000 indirect jobs, besides huge revenues for the exchequer and enhanced mineral production in the country.

Que. If Section 10A(2)(b) goes, the pre-2015 investors in RP/PL would be greatly hurt. The monetary compensation which the Government has proposed would obviously go into long drawn legal battles. Do you think that the Government is doing the right thing in usurping the rights of earlier investors who have invested huge resources and put in long years to undertake risky exploration and have made discovery of minerals on which India has been dependent on imports?

R.K. Sharma: I think I have answered this in previous question.

Que. What happened to the "Pre-embedded Clearances" which the Ministry had proposed for facilitating and

encouraging new investors to participate in auction since it takes lot of time in waiting for clearances to start operations.

R.K. Sharma: The initiative of Pre-embedded clearance brought out by the Ministry of Mines is a welcome step for improving ease of doing mining in India. As per the guidelines, each State has to identify atleast five mineral blocks for auction with pre-embedded clearance and set up Project Monitoring Units. Clearances in India take on an average 3-5 years. States will have to gear up with the required infrastructure and resources. So, we may have to wait for the States to put such blocks for auction with pre-embedded clearances.

Que. Auction of prospective but pre-resource areas for grant of Composite licences (PL cum ML) would take away the rights of people/geologists/ mining engineers who are skilled and Rich in Ideas to do research and select areas and establish start-up Companies in Mineral Exploration and Prospecting there by putting the country as an exploration destination to both Indian and overseas private investors. What are your thoughts about this proposal?

R.K. Sharma: As discussed earlier, auction regime has throttled the entire mining sector, including exploration. Since auction does not permit an explorer avenues to capitalize on his/her discovery, exploration has been the biggest casualty of auction system. It has significantly reduced the scope for geoscience professionals, especially in greenfield exploration.

Que. What are your proposal to Govt or to be precise to Ministry of Mines keeping the current mining scenario into consideration?

R.K. Sharma: FIMI has been bringing out regular research and publications to suggest fact-based policy interventions to the Government of India. Some of the key suggestions are listed below:

- Focus on exploration of deep-seated minerals, which we largely import

- Mining to be considered as an independent activity, and not as captive to any industry
- Establishing an all-India geologists and mining engineers service for mineral administration
- Grant of integrated clearance (merging EC, FC and wildlife clearance)
- Rationalize mineral taxation in line with mineral-rich countries
- Timely grant of concessions, permissions and facilitation for land acquisition
- Sustainable size of mining leases to be granted

Que. Why Government is not able to restart the mining operation in Goa?

R.K. Sharma: Currently the matter is subjudice in the Hon’ble Supreme Court. The Central and State Government are keen to resume mining in Goa at the earliest, as stoppage of mining has led to huge economic difficulties for the people of Goa. However, we have to wait for the Hon’ble Court’s directions.

Que. How the forest areas, eco-sensitive zones and similar developments are blocking minerals and mining in growth of the nation? And what are the solutions you would like to propose.

R.K. Sharma: In general, minerals, forests and tribal happen to be in the same location, as can be easily observed by overlapping the forest, tribal and mineral maps of India. Recently, there has been a strategy to systematically shut down the mining industry in forest areas by declaring eco-sensitive zones (ESZ) or wildlife corridors. Not only existing mines are being closed down due to such notifications, even future mining prospects are closed forever as the minerals are being systematically locked up by creating new ESZs and wildlife corridors.

Continued on Page 9

While forests can be created in new areas and animal habitats can be created, minerals are site-specific and immovable. It can't be created in new areas where there are no geological settings. With the help of mining generated revenue, we can create forest and animal habitat in new areas. Since minerals are site specific and immovable, there is an urgent need to protect and earmark Mineral-bearing Zones so as to develop these miner resources in to mines and generate employment as well as socio economic development in these areas.

Que. What is your view on state wise disparity in Stamp Duty on grant of mines?

R.K. Sharma: Stamp duty has a significant financial impact during lease execution. The proposal to standardize the norms of computation of the stamp duty on mining lease across the States based on the value of land under mining lease without reference to the value of minerals is a welcome step.

However, it should be ensured that the imposition of stamp duty is uniform throughout all the States and should be charged only for the mineral-bearing land at reasonable level.

Que. Now most of the cases, mining is regulated under various courts of the Country. How to bring the industry out of this judicial regime and whether the State Govts are capable enough to regulate their part optimally?

R.K. Sharma: In the last decade, mining sector across various States has been crippled and mines have either shut down as in Goa or working at a reduced level as in Karnataka. While the fate of mining in Goa is presently sub-judice, mining in Karnataka is happening in a very restricted way under the strict control of the CEC and Monitoring Committee, appointed by the Hon'ble Supreme Court. As a result, miners in Karnataka are not allowed to sell their ore outside Karnataka unlike other States, which distorts free market as

well as the mine economics.

The mining industry has been on the path of self-regulation and adopted sustainable mining as a core business principle. The mining industry has also made huge efforts for environmental protection and community development. There is a parallel need to improve the regulatory and monitoring mechanism, especially at the State level. Concerted efforts have to be made for capacity-building at the State DMGs and other levels.

In this regard, we have suggested for an all-India service of Geologists and Mining Engineers, so that specialised domain experience is available to take a long-term view for the growth and thrust areas for exploration and mine development. Presently in the absence of such a specialized service, domain experience in mineral administration is lacking and Mining Departments are unable to give shape to India's future course and thrust areas.

Saltpetre & saline groundwater of Nagaur- Ganganagar area (Rajasthan) - New possible targets for potash salts and other evaporites - V.P. Laul

Salt of salt lakes, Quaternary gypsum/ gypsite and salinity of groundwater may be attributed to dissolution of Cambrian evaporites. The potassium in groundwater and Quaternary sediments from Cambrian source perhaps reacted with nitrate available in groundwater and Quaternary sediments from fertiliser and human and animal waste to form saltpetre- potash salt.

Introduction

Potassium is very important for agriculture and at present India is fully dependent on imports of potash fertiliser. At present there are two main resources of potash fertiliser minerals- polyhalite and sylvite/sylvinit found in Hanseran Evaporite Group in Nagaur- Ganganagar basin and glauconite- slow fertiliser associated with different geological formations in India.

Potash exploration by GSI in Nagaur- Ganganagar basin has indicated more than 2400 million tonnes of potash deposits at depth of 600 meters or more and also 6 trillion tonnes of halite deposits.

Total resources of Glauconite are about 2000 million tonnes has been discussed by **Vivek Laul (Geonesis, July 2020)**

Potash, salt and gypsum deposits

Potassium in saltpetre in Quaternary sediments and in saline groundwater- a possible new source of potassium in Northwestern Rajasthan.

Saline groundwater of Nagaur- Ganganagar area and saltpetre in Quaternary sediments of these districts particularly Hanumangarh and Ganganagar districts may be new prospective targets for locating potash minerals and potassium rich saline groundwater. Salinity

of the groundwater may be attributed to Cambrian salt and gypsum by way of dissolution during wet Holocene period resulting into saline groundwater and formation of salt lakes and Quaternary gypsum deposits due to evaporation in hot dry climate.

Saltpetre in Hanumangarh district occurs as efflorescence in soils in parts of Hanumangarh, Tibi, Sangaria, Pilibanga, Rawatsar, Nohar and Bhadra Tehsils. Some of saltpetre occurrences which require mention include Badopal Tehsil Pilibanga, Massani Tehsil Tibbi, Fathegarh and Amarpura Tehsil Hanumangarh (**District survey report of Hanumangarh, DMG Rajasthan**). As per information available a brief account of saltpetre and its upgradation to rich grade is given herewith. In general, saltpetre in soil contains

Continued on Page 10

8 to 10% KNO₃ which is used for producing brines resulting into potash salts with 30-40% KNO₃ and this is further upgraded to 80 to 98% KNO₃ product in factory.

In the opinion of author potassium available in groundwater reaches surface and interacts with Nitrate available in soils from fertiliser, human and animal waste to form saltpetre potassium nitrate KNO₃ and sometimes sodium nitrate.

Groundwater exploration and intersection of Cambrian evaporites

All the Cambrian evaporites - Nagaur gypsum, halite at Lakhasar Bikaner district and halite in Satipura near Hanumangarh were intersected in groundwater boreholes which facilitated the investigation of gypsum by GSI in Nagaur district leading to about 953 million tonnes of resource and investigation for potash by GSI has resulted into resource estimation in Satipura, Bharsuri and Lakhasar sub-basins as discussed by Virendra Kumar (p.27-33) and Sanjay Das & Amit Soni (p.63-65) in Seminar Volume of MEAI Jaipur 19 October 2019

A possible relation of Quaternary Evaporites and salinity of groundwater with Cambrian Evaporites

In opinion of author the Cambrian Evaporites were much more than known resources -both estimated and not estimated. There may be increase of 30-40 % or more in resources and also significant increase in grade at the time of formation during Cambrian.

1. **Potash salts** - estimated resources are around 2400-2500 million tonnes which may go upto 3000 million tonnes with rest known

resources but not estimated.

2. Expected resources of potash salt deposits at the time of formation during Cambrian should have been around 4000-4200 million tonnes.

Similarly salt (halite) estimated resources is around 6 trillion tonnes which may go upto 9-10 trillion tonnes on estimation of all known Cambrian salt in basin and should have been around 13- 14 trillion tonnes at time of formation during Cambrian.

The figures are applicable to 50000 sq km part of basin out of an area of about 100000 sq km of entire basin.

The estimated resources of Cambrian gypsum are about 953 million tonnes or so and may go upto 1000- 1100 million tonnes on more exploration and should have been around 1400-1500 or more million tonnes of gypsum and anhydrite at the time of formation during Cambrian. Gypsum resources of Nagaur and Bikaner districts including brief description of other districts of NW Rajasthan have been discussed by author (**Geonesis, October 2020**).

Where are additional Cambrian salts and gypsum and anhydrite have gone?

In opinion of author 1000-1200 million tonnes of potash salts, 3-4 trillion tonnes of halite and 400- 500 million tonnes of gypsum might have gone into groundwater, now saline during wet Holocene period. Subsequently during hot dry climate some salt became part of salt lakes and about 200 million tonnes of Quaternary gypsum precipitated in Bikaner, Hanumangarh and Ganganagar districts. Rest all may be available in saline groundwater in these districts.

Salt in salt lakes and playas, Quaternary gypsum/gypsite and some deposits of saltpetre are evidences of their source in Cambrian deposits.

Prospective saline groundwater for production of evaporites- potash salts, salts and gypsum through evaporation:

After studying groundwater resources of different districts of NW Rajasthan (Source: CGWB) author opines following areas may be prospective for evaporites.

1.Saline groundwater in western part of Bikaner and major part of Ganganagar districts.

2.Saline groundwater below freshwater in Bikaner, Hanumangarh and Ganganagar districts.

3.Saline groundwater of Jamsar-Lunkaransar NE trending Quaternary evaporite belt also deserves attention.

4. Fertile land mainly of Hanumangarh and some of Ganganagar districts with expected nitrate in groundwater may be systematically prospected for saltpetre -potash salt(KNO₃) and some sodium nitrate.

Suggestions : It is suggested that GSI in coordination with CGWB, state DMG in coordination with state GWD (Ground water department) may study saline groundwater of Nagaur- Ganganagar area to explore the possibility of production of evaporites from suitable saline groundwater through evaporation.

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ABOUT AUTHOR

V.P. Laul has carried out Geological mapping and studies of mineral deposits in Jaisalmer basin over a period of 8 years and has contributed in mineral discoveries like Lower Khuiala limestone leading to more than 3000 million tonnes of cement to steel grade resource by investigation, Mashuriyan Glauconite leading to 21.5 million tonnes of 4.5 % K₂O grade by investigation. Some occurrences of phosphorite as phosphatic nodules were also located in Jurassic sequence. Author has studied potash deposits of Nagaur - Ganganagar over a period of 5 years.

Role of private explorers in mineral exploration to make India truly atmanirbhar – by Uday Pratap Singh

BACKGROUND

After commencement of MMDR amendment Act in 2015 wherein the thrust was given to auction route for grant of mineral commodity. Old procedure of allocation of mineral concession by way of preferential right or through selection in accordance with Section 11 of MMDR Act, 1957 was omitted. On commencement of MMDR amendment Act 2015 allocation of Prospecting Licence with preferential right to get ML after successful completion of PL was also omitted hence exploration work carried out by private companies to get captive mine was also closed. The policy of Government of India was to go ahead with auction mode for grant of Mining lease (ML) for the blocks which are explored up to G2 / G1 stage and Composite Licence (Prospecting cum Mining Licence) for the blocks which are explored up to G3 stage. hence there was a need to expedite prospecting of known mineral blocks to G3/ G2/G-2 level of exploration preparing auctionable blocks. Contribution from private players towards exploration was also stopped as there is no concrete framework was made for encouraging Private participation either through some kind of preferential right or reward for high risk exploration activity. To facilitate mineral development the National Mineral Exploration Trust (NMET) was formulated with the objectives to create funds for mineral exploration activities in India. To make auction route successful, Ministry of Mines engaged Geological Survey of India to prepare at least 500 blocks in different States. Further NMET allowed State Government, Central Government & PSU entities (Notified Exploration Agencies) to undertake exploration projects for quickly adding more auction blocks into pipeline. Most of the GSI identified blocks were explored by GSI, MECL & other NEA's. But this plan was unsuccessful as most of the NEA's are interested in choosing easy bulk

mineral exploration projects rather than undertaking deep seated mineral exploration. Due to lack of appropriate manpower, knowhow, and infrastructure in State Governments, the speedy creation of actionable blocks could not be attained.

The Govt of India, Ministry of Mines has power to notify private exploration agencies as NEA's agency to carry out Prospecting under provisions of Section 4 (1) of MMDR Act, 1957 in order to bring healthy competition and quickly exploring the potential areas.

It is thoughtful to take services of private exploration agencies who were initially working as vendors for private entrepreneurs to expedite the prospecting and exploration of mineral commodities through NMET. This process will generate large amount of employment across India, Subject experts and drilling agencies may get jobs. Government of India, Ministry of Mines can formulate eligibility criteria for selection of exploration agencies, based on Technical Manpower, infrastructure, Machine & Equipment's, Experience, Resources and Net worth.

MODE OF OPERATION

Exploration through private agencies will be carried on behalf of State Government because report shall be submitted to the State Government. When registered exploration agency will work for state Government it will easy to get access into the area under prospecting and it will not attract any NPV of forest department. The work can be carried out in two categories.

- **Category-A:** Prospecting of known blocks earmarked by State Government and GSI to convert into actionable. Report will be submitted to state Government
- **Category-B:** Exploration for new deposit by way of Reconnaissance survey, Geological Mapping and sampling, the

- exploration agency shall prepare a proposal for search of new commodity. Report can be submitted to concerned GSI office located within the state.

Exploration agency shall prepare prospecting Scheme through qualified person in accordance with the MCDR 2017 and keeping in mind MEMC Rule 2015 with time limit and financial requirement; The scheme of prospecting will examined by NMET committee. Based on technical points proposed in scheme of prospecting, time frame and proposed expenditure work will be allocated to agency notified by Government of India. Exploration agency shall carry out operations as per the Scheme of Prospecting following the procedure in accordance with the MCDR 2017. Agency shall follow all terms and conditions of Prospecting in accordance with MCDR , 2017, shall submit quarterly, half yearly and annual prospecting report as per the existing format of Prospecting as prescribed by IBM. The State Government officials and IBM officials can visit time to time for evaluation and monitoring of exploration activities. To complete the exploration activities there shall be prescribed time limit to complete the activities in sequence. After successful completion of prospecting exploration agency shall submit Geological Report in prescribed format *PART IV A* of MEMC Rule , 2015 in conformity with scheme of prospecting within 90 days from completion of prospecting.

FUNDING OF PRIVATE EXPLORATION AGENCY

Expenditure incurred by private exploration agency shall be reimbursed from NEMT fund. The exploration agency notified by the Govt of India can offer amount of fund required for carrying out exploration of block to the State Government, State Govt can allocate exploration work to agency based on

Continued on Page 12

lower rate, experience of local terrain etc. After selection the agency shall submit its proposed expenditure along with prospecting scheme and Bank Guarantee equivalent to the 5% of cost of project. After submission of Prospecting scheme and Bank Guarantee agency can apply for mobilization 10 % advance to initiate the work. Balance payment shall be made in phase wise manner such as completion of: Boundary Demarcation with DGPS, Topographical Survey, Geological Mapping & Surface Sampling, Geophysical Survey (if required), Drilling on monthly basis , Logging & Sample preparation for Analysis , Chemical Analysis, Submission of GR ,Submission of Pre-feasibility report,

The mobilization advance shall be adjusted in every Running Bill, The GR shall be evaluated by State Level committee with following member's representative from State DGM, GSI and IBM, once committee approves the report final payment shall be released.

CRITERIA FOR SELECTION OF EXPLORATION AGENCY

1. Technical Know How of Manpower

- GEOLOGIST; A team of whole time Geologist;
- **One Director** with + 10 years' experience in exploration & project Monitoring, **Four principle Geologist** with +5 years' experience in various mineral commodities bulk and non-Bulk Minerals, **Team of project Geologist** with +3 years' experience of preparing Prospecting Scheme, Project Monitoring, Geological Report writing, Preparation of Mine Plan, Core logging, Geological Mapping and sampling
- GEOPHYSICIST: To carry out ground Geophysical Survey
- GEOCHEMIST: To carry out Geochemical Sampling and Mapping

TOPO-SURVEYOR/MINE SURVEYOR: to carry out topographical survey, DGPS Survey, Grid Mapping, coordinate fixing, section & map preparation and boundary demarcation with at least +5 years' experience.

- MINING ENGINEER: For preparation of Mine Plan and Pre-feasibility report.
- DRILLING ENGINEER and associated drilling staff: To carry Out drilling.
- CHEMIST: To carry out sample analysis
- FINANCIAL ADVISOR/ CA: To maintain expenditure and accounts
- HR & ADMINISTRATION: TO manage manpower and related issues
- CSR EXPERT: To handle local issues at site
- FOREST & ENVIRONMENT EXPERT: To help them out to carry exploration in forest area having experience in forest and environment clearance for prospecting operation and mining lease.

2. Infrastructure and Resources

Eligible Entities i.e., companies, partnership firms, LLP and Consortium of companies and/or partnership firms and/or LLP shall be considered for selection, Companies incorporated in India under the Indian Companies Act, 1956, or Companies Act, 2013, as the case may be.

Exploration agency must be registered under companies Act and having fixed office with all facilities to support prospecting operation in the field.

Net worth; As decided by competent authority.

Cash Flow: The Company shall have to fulfil the average annual Turnover as decided by competent authority.

Geological Software with well-equipped computer lab

3. Machinery & Equipments

Laptops with required Geological, Geophysical & GIS software, GPS , Geologist kit , Vehicles for field movement, DGPS, Other Survey Instruments, Geophysical Instruments, Drilling rigs with accessories, Other vehicle and earth movers, Chemical lab (NABL Accreditation) , Environment Cell, Geochemical Lab, Geological software and Computer lab facility

4. Project Experience of Company

The exploration company should have at least +5 years' experience in the field of mineral exploration: To carry out Exploration for new minerals and no of Project completed, prospecting of minerals , Amount of drilling Completed in mts, Core logging, Amount of Chemical Analysis from Tied up with NABL Lab, No Geological Report produce, no of pre-feasibility Report produce, No of Due diligence for auction Blocks carried out, Financial Modelling of Minerals, Experienced Technical experts.

CONCLUSIONS:

1. Post MMDR Act amendment 2015, the responsibility of exploration and preparing mineral blocks for auctions has been shifted to NEA's (Government agencies) by using NMET fund. These Government agencies are traditionally carrying our exploration since a long time with very limited success. This lack of success of most of the NEA's particularly for deep seated mineralisation could be due to lack of sufficient experience, infrastructure and technological knowhow.

2. There is a need to expedite prospecting of known mineral blocks to G3/ G2/G-2 level of exploration for preparing auctionable blocks. Best alternative is to enable private sector participation for carrying out prescribed level of exploration prior to auctions and notify them as NEA to undertake exploration. Government of India can notify Private Agencies as NEA's to carry out Prospecting under provisions of Section 4 (1) of MMDR Act,1957.

3. The suggested Exploration Model is to carry out mineral prospecting through private agencies on behalf of State Government for simplification of process. Expenditure incurred by private exploration agency shall be reimbursed from NEMT fund. Reports can be submitted to concerned GSI office located within the State.

Selection of right kind of private agencies shall be based on both high level technical and financial capabilities.

The Author is Vice-President of JSPL

Govt plan to take over mine auctions faces opposition from a few states

By Chetan Chauhan, Gerard de Souza

The changes have been opposed by some states who see it as another attempt by the Centre to take over mining auctions and impose central rules on a state domain.

The Union mines ministry has proposed amendments to the Mines and Minerals (Development and Regulation) Act, 1957, allowing captive mine owners to sell up to 50% of the approved capacity in the open market and giving itself the power to auction mines that the states have failed to auction.

The changes have been opposed by some states who see it as another attempt by the Centre to take over mining auctions and impose central rules on a state domain. Except coal, states are allowed to auction other mines in consultation with the central ministry. Parliament in September 2020 approved an Ordinance promulgated in June to improve revenue from the mining sector and the Centre now wants states to carry out these changes too.

In a note to amend the law, circulated to all states, the mines ministry said the amendments have been proposed after consultation with Union ministries and states to improve revenue from the mining sector and to reduce dependence on imports.

The ministry has proposed to allow sale of 50% of minerals from captive mines in open market after meeting the need of plants they are attached to.

Under the captive mines scheme, the mineral can be mined only for the plant to which it is attached and no royalty is charged for the same.

With the change in law, the government aims at increasing production, especially from the captive coal mines. There are 194 captive coal blocks in India that were auctioned between 1993 and 2011, and

which have coal reserves of 44 billion tonnes.

“This (market sale) will help to increase coal production from captive mines, coal availability in the market leading to reduction in import. This will also ensure additional revenue to the states and lead to Atmanirbhar Bharat,” the proposal said.

To improve revenue, the ministry has fixed up to 2.5 times of the existing royalty for allowing commercial sales from the captive mines. A decision on how much mineral from each captive mine can be sold will be taken by the mines and coal ministries, the note says.

Licence holders currently pay a royalty of ₹50 to ₹250 for a tonne of coal depending on its quality and ₹800 per tonne of asbestos. For several other minerals, the royalty is charged on ad valorem (percentage of the sale price) basis as per the rates published by Indian Bureau of Mines. The ad valorem royalty ranges from 0.4% per tonne for bauxite to 12% for copper. A mines ministry official said that streamlining of the auctions would help in better utilisation of mines and ensuring flow of minerals for industries. “There are many indirect benefits as it improves tax collections for the Centre and states and also create additional job avenues,” he said.

The ministry justified changes in the auction rules saying it would “ensure continuous supply of minerals in the country.” Any delay in auction will have substantial impact on the availability as well as prices of minerals, the note said.

Another amendment proposed is to empower the Centre to auction mines that states have failed to auction. Of the 143 such mines listed for auctioning, states have auctioned only 7 since 2015, the

proposal said. According to ministry officials, states were getting about ₹10,000 crore as revenue from these mines. “Further, mining lease in relation to 334 blocks expired on 31 March 2020, out of which 46 are working mines. Ministry of Mines is pursuing with the state governments since early 2019 for early auction of these blocks ensuring continuity in production of minerals. Only 28 blocks have been auctioned till date,” added the ministry.

However, some states have opposed the proposal.

Chhattisgarh mines secretary, P Anbalgan, said there are various reasons including the feasibility of a mine and the net mineable reserves as against the estimated resources in a mine and market conditions apart from the time needed for technical preparations for delay in mine auctions. “Like Centre, every state is interested in auction of mines but limitations are there for both... In cooperative federalism, states should be allowed to exercise their right to bring their mines to auction after considering all parameters,” he said.

Shankar Sinha, Jharkhand’s Director, Mines, said, “The state government was finalising its own policy on the issues listed in the mines ministry proposal. Once done, we would send our suggestions to the Centre...”

Odisha mines minister Prafulla Mallik said they have reservation on certain provisions of the proposed changes. “We have questions regarding why the Centre wants to take over auctions and have sought clarifications,” he said, while supporting the proposal to hike rates for sale of minerals from captive mines.

The Goa Mining People’s Front, a collective of mine worker unions in the state, has also opposed the proposal.

Coal India not to give a push to labour intensive new mines: Chairman

Coal India will not start new coal mines which require handing out large scale employment against land acquisition besides investing Rs 1.26 lakh crore till March 2024 in technology up gradation as a strategy for efficiency improvement amid competition from private miners, its chairman Pramod Agrawal said. In an exclusive interview to ET's Sarita C Singh, he spoke about competition, the company's strategies to improve operational efficiency and diversification plans.

Excerpts:-

CIL plans investing Rs 2 lakh crore in five years. Please elaborate the plan.

CIL shall drive its investment plans to fund the required needs. Broadly the investment areas include coal mining projects to ramp up the output, coal evacuation infrastructure development to transport the increased production, and diversification initiatives. As per the approved plan CIL envisaged a likely investment of about Rs 2 lakh crore. However, the war chest till 2023-24 will be around Rs 1.26 lakh crore with mine infrastructure, project development and social infrastructure forming the bulk at about Rs 57,800 crore followed by investment in coal evacuation to the tune of about Rs 34,000 crore. Clean coal initiatives with about Rs 23,500 crore and diversification plans at Rs 10,500 crore make up for the rest of the investment. Under diversification, setting up of solar power projects is a prominent initiative where CIL will be pumping its own investment to a large extent.

These investments will be made in phased manner suiting our requirements based on feasibility studies prior to approaching them. The balance of about Rs 74,000 crore, of the envisaged Rs 2 lakh crore,

may likely be invested beyond 2023-24 as per the need.

Coal sector is open to private sector now. What are the company's plans to stay afloat?

Opening up coal sector to private players should not be construed as a challenge to CIL's standing. When the government is pushing for AtmaNirbharta or self-reliance to reduce coal import dependency with increased indigenous production, we view private sector participation as complementing CIL's role and not as competing.

Inefficiencies are high because of high employee costs. Almost 70% of our excavation is done through contractors and 30% internally. Our employee strength is about 2.65 lakh including the officers. This is going to reduce by about 14,000-15,000 every year. In the next four years there would be a reduction of almost 50,000. There will be further acceleration and in 6-7 years the optimum level of employment of about one lakh employees will be reached. We are trying not to start any project in which labour employment will be high.

Presently, we have to give employment to one labour per two acres of land acquired. In the last one year we have done tenders for a lot of high-end equipment and these equipment wherever we have installed, the productivity has increased tremendously. We are closing down mines which are not efficient.

Our strength lies in decades of core and competent experience. Key issues that will help us stay ahead of the competition are established infrastructure, streamlined operations, uniform coal quality, cost efficiency in production and reliable timely delivery of supplies. We also hold close to 53% of the country's entire coal resource base of 329 billion tonnes. We also own

mines with favourable stripping ratio that makes our coal cost highly competitive.

Concurrently, we are optimizing our productivity and operational cost will be more effective in the changing business environment. The company's overall expenditure reduced by Rs 1,838 crore during the first nine months of the ongoing fiscal, ending December '20 even our composite OC production increased by 16.1% during the period.

With international as well as Indian focus on renewables, how does CIL plan to remain relevant?

The role of coal in Indian context has to be understood in a broader sense. Renewables are certainly welcome from an environmental point of view with the objective of reducing coal usage. But coal still remains the steady energy engine contributing to around 55% of the country's primary commercial energy because of its abundance, availability and affordability. So, totally switching over to renewables from coal would be a longer process. Undeniably, coal will gradually and eventually be replaced by cleaner renewables, with sharp focus on them, but the progression may take some time in the Indian context.

Being the vanguard of the Indian coal production, CIL, producing 83% of the country entire coal output shall remain relevant and vibrant in the foreseeable future as lead energy producer. A study undertaken by KPMG on behalf of Coal India, to assess the future coal demand from the power sector, revealed that there will be growth upto 2030 though the rate may slightly come down. Till renewables start contributing in larger proportion to the Indian energy basket, CIL's role remains significant.

Continued on Page 15

To remain relevant CIL is also diversifying into solar power generation and clean coal initiatives.

A coal exchange is being talked about. What are the benefits and challenges for the company?

Yes, but it is at a nascent stage. It would be on the lines of commodity derivatives exchange. Sale of coal would be on e-trading platform where the drivers to discover transparent pricing will be demand and supply. Development of coal trading exchange could be a novel venture.

The plus side is, a unified coal trading platform can help increase marketing and usage of domestic coal. It may lead to better price discovery of coal and have faster sales cycles. It would have wider reach to audience across the country including smaller traders and buyers. Price negotiation and counteroffer facility can help in increasing sales volume.

Challenges could be requirement of delivery hubs and logistic tie ups. Multiple source and delivery locations would require more number of hubs. Existing grades for non-coking coal, G1 to G17 may need to be simplified for use in exchange traded contracts.

Is CIL looking at coal exports?

Primarily, indigenously produced coal is meant to meet the growing domestic demand. In the past, when neighboring countries like Nepal and Bhutan requested for allocation of coal through diplomatic channels endeavor was made to meet their requirements. These supplies

though were sporadic and nominal. Recently, the government's foreign policy has been to promote and expand business as part of international cooperation with emphasis on 'neighborhood first'. The direction was to identify, promote and expand export opportunities. On this direction CIL may step into the role as coal exporter in phased manner after satiating the domestic demand.

What are Coal India's diversification plans?

Solar power initiative lists high on CIL's diversification plans. As an alternative green energy source to power our mining operations we are venturing to set up rooftop and ground mounted solar power projects of 3,000 MW capacity by FY'24 through joint venture models.

Plans are afoot for setting up a first of its kind in India, coal to methanol (C2M) plant through surface coal gasification route on Build-Own-Operate (BOO) model at Dankuni.

This is a part of implementing the Methanol Economy program of the government aimed at reducing the country's oil import bill. Approximately 6.76 Lakh Tonnes of methanol per annum is targeted to be produced from the plant to be used for blending with petrol up to 15%.

Other ventures on the radar include setting up of solar wafer manufacturing, aluminium project, clean coal technologies like surface coal gasification. Necessary clearances have been obtained and these are in different stages of progress with techno-commercial details being examined.

CIL would not venture with any technology risk. Ideally, from CIL's side capital investment would be minimal in the new ventures. The partners with whom CIL associates will bring to the table the technology and most of the capital.

The government is keen on indigenous production and imports reduction. How far has CIL succeeded in import substitution?

CIL is seriously pursuing to contain coal imports, to the extent possible, and substitute the quantity with its own coal. Under an auction outlet 'special spot for coal importers', meant exclusively for coal importers introduced in October'20 we have booked so far 7.5 MTs. Further, under an MoU for import substitution coal companies of CIL have allocated 9.5 MTs to power plants so far. We have also communicated with over 300 coal importers seeking their coal requirement from domestic sources.

Coal import by domestic coal based power plants came down by 55% during April-January 21 period compared to imports of last year same period. Overall coal and coke imports at 180.8 MTs shrunk by 11.6% during this period.

With improved market response, CIL will continue to push more coal through the auction window to arrest future coal imports. Response of the consumers in this auction window may witness further increase with any jump in the price of coal in international markets.

Long-term impact of Budget on Metals & Mining sector – A review of last two decades

An analysis of the key policy pronouncements of the Metals & Mining sector and their impact over the last two decades.

[This is the second in a series of two

exclusive articles on the topic. It looks at the role played by policy in shaping the development of the Metals & Mining sector]

In Part 1 of the article, domestic policies impacting the Metals & Mining sector

Continued on Page 16

between 1999 to 2014 were reviewed. However, domestic policies alone do not tell the full story. China invested heavily in capital expansion beginning 1990s. The Beijing Olympics of 2008 and Guangzhou Asian Games of 2010 triggered a massive buildout from 2003 leading to spike in commodity prices lasting until 2008. China single-handedly started producing more steel and other metals than rest of the world put together. It vastly increased its rare earth production. The iron ore export boom from India was fueled by China's growth. When the global financial crisis of 2008-09 started unfolding, China had already completed Olympics related build-out and was left with a major capacity overhang across a wide range of sectors. This effect was not felt sharply in the initial years as China's export focused economy sustained growth. China's manufacturing sector grew about 370% between 2004 to 2013 from USD 625 Bn to USD 2935 Bn. Manufacturing accounted for about 31% to 32% of GDP over this period [1]. Commodity prices started softening post the Guangzhou Asian Games and continued through to 2016. Softening of demand of manufactured goods in China meant more dumping overseas.

These domestic and international challenges led to lower GDP post 2010 combined with high inflation. The year 2014-15 saw immense focus on coal and mining sector reforms in the form of CM SP Act and MMDR Amendment Act. Following cancellation of coal blocks, auctions were quickly conducted. The government and coal companies got around difficult environmental laws and steadily increased coal production. Rapid progress happened in terms of rural and household electrification. The speed of road-building clearly improved. Mineral rich states

(Jharkhand, Chhattisgarh, Rajasthan, Odisha, MP, Maharashtra) had regimes that worked collaboratively with the center in this period to push through various projects. The concept of competitive federalism ensured that states contested with each other to auction more mines. Various states enunciated their own Minor Mineral Policy. The Metals & Mining industry was adjusting to the introduction of auctions. In the process some high bids came in. With change in commodity market realities, these prices were proving unsustainable. With time, aggression in the auctions was tempering down and industry was getting used to this new way of working. What with other improvements in terms of Ease of Doing Business, things were beginning to look up when Demonetization came in late 2016.

Post 2016, IBC ordained the resolution of financial stress in India. Some stressed assets in the metals industry were resolved outside NCLT whereas others had to change hands. India was able to take trade actions leading to promotion of domestic steel and consequently the profitability of large steel players improved. On the other hand, high project development time and changing energy dynamics led to the surrender of several mineral blocks that were originally auctioned at high prices. This happened as some of the iron ore blocks that had been bid out at very high price in Odisha in FY19-20. Over this period, railway freight continued to inch upwards thereby impacting the logistics competitiveness of India. Much was said about the likely impact of Sagarmala and the benefit of that will hopefully be seen in the years ahead. On the positive side, India overtook Japan in 2019 to become the second-largest steel producer in the World [2]. Change in state governments around 2019 brought their share of issues in terms of center-state disagreements over developmental issues of projects, including renewal of PSU mining leases. However, matters were in control, until COVID-19 struck.

Steel and coal sectors were allowed to run amidst the lock-down. The Indian steel industry weathered the storm by exporting semis to China. Commercial coal block auctions happened amidst COVID-19. Luckily India seems to have bent the curve, creating an environment of hope. The crux of the story above is that most of these path-breaking events happened outside the ambit of our annual budgets.

Budgets have at most provided incentive for demand generation that has led to improvement in the fortunes of metals and mining industry. In this year's budget proposals, measures like reduction in CVD and ADD on some steel products and introduction of revamped reforms-based result-linked power distribution sector scheme may give some short-term benefits to steel consumers and coal companies. Lasting change may come if some of the metals PSUs get privatized. The main story now would be to see how the complex environment manifests itself going forward. Will the national security issues increase focus on defence procurement and manufacturing in India? Will India's Sarva-Siksha Abhiyan, Right to Education etc. coupled with household electrification thrust from 2014 lead to a higher quality of life over time creating enduring rural demand growth? Will the thrust on Hydrogen revolutionize India's energy sector? Will digital solutions be employed effectively to control power-distribution losses? Will privatization increase production and reduce the price of key commodities? If these things happen, it will bode well for the metals and mining sector over the next couple of decades too. Otherwise the ebb and flow in the long arc of history teaches us one lesson – policies announced during budgets have lesser implication than the ones that unfold between budgets.

By Niladri Bhattacharjee

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'Discriminatory': Goa in Supreme Court on mining leases renewal cancellation

By Gerard de Souza

The mining Industry has been one of the major sources of revenue generation for the state and also a source of employment generation, the Goa government said.

Goa not getting the benefit of second renewal in mining leases when other states have the same advantage will amount to discrimination, the coastal state has told the Supreme Court. The mining industry in the state came to a standstill in March 2018, after the top court quashed the second renewal of 88 iron ore mining leases.

“There are second renewals granted although they were not renewed for a number of years. As far as the state of Goa is concerned, the benefit of 2nd renewal, which is available and granted to the rest of the country, is denied. This would amount to discrimination and a judgment of the court cannot be interpreted to give such absurd and unequal treatment to different states under the same law,” said the Goa government seeking review of the Supreme Court order.

The state government has told the apex court that its mining leases are eligible for renewal till 2037. The mining leaseholders have also claimed that leases in Goa were eligible for a ‘second renewal’, an opportunity they claim they were not

provided.

In a February 2018 order, the top court cancelled 88 active mining leases in Goa that were 'hurriedly' issued and reiterated that the leases had 'expired' in 2007 and if mining is to restart, fresh leases need to be issued. It dealt a blow to mining as the grant of fresh leases now needs to be done via auction, something that the state government and Goa's mining leaseholders are reluctant to agree to.

Mining leases in Goa granted by the erstwhile Portuguese regime were converted to leases under the MMDR Act via the Goa Daman and Diu Mining Concessions (Abolition and Conversion Leases) Act, 1987 with effect from 1961, the year Goa was made part of India.

The period from 1961 onwards was considered the grant of the lease whereas the period from 1987 was considered the ‘firstrenewal’ which was valid till 2007. Goa’s mining leaseholders applied for ‘second renewals’ in 2007 but the State government didn’t act on the applications instead allowing the leases to continue to operate on a ‘deemed extension’ basis which the Supreme Court in 2014 declared as illegal. The Supreme Court ruled that since the Goa government didn’t renew the leases in 2007 they were now ‘dead’ and were not eligible for belated renewals and

instead fresh leases would have to be granted.

Parallely, the state government has also claimed that the law as amended in 2015 provides that all active leases granted before the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 shall be deemed to have been granted for a period of fifty years. This, they say, would mean Goa’s mining leases which were converted to leases in 1987 should be “deemed to have been granted for a period of 50 years” which makes them valid till 2037.

The mining Industry has been one of the major sources of revenue generation for the state and also a source of employment generation, the Goa government said.

“More than 17% of the population of the state of Goa is directly or indirectly dependent on the mining industry... Direct revenue loss to the state is estimated to the extent of minimum ₹600 crore on an annual basis. The loss of income, employment and closure of other forms of peripheral economy which thrive on mining activity cannot be quantified at this stage, but can be expected to be annually in the range of Rs. 240 Crore,” the state government said.

Non-coal mining leases: Pace of auction slows in 2020-21

The estimated value of the resources in the 103 leases auctioned so far is a little over Rs 8 lakh crore. States are likely to garner Rs 8.27 lakh crore revenue from these mines over the 50-year lease period.

Of the total 103 leases allocated, 37 are iron ore, 30 limestone, six iron ore & manganese, seven bauxite, five leases each for graphite and manganese, six gold, three chromite, two leases each for copper and diamond.

The plans to allocate a large number of

non-coal mining leases seem to have come a cropper in the current fiscal year. Compared with 43 blocks successfully auctioned in 2019-20, only six leases could be auctioned out so far in the current fiscal, data from the ministry of

Continued on Page 18

mines showed.

Since the time mining allocation was made mandatory through the auction route in 2015, a total of 103 iron ore, bauxite, limestone and gold mines among others have been allocated till now.

In the very first year in 2015-16, a total of six mines were allocated, 15 such leases were allocated in 2016-17. The number came down a notch to 14 in 2017-18; but then went up to 19 in 2018-19. The highest was, however, in 2019-20 at 43.

Of the total 103 leases allocated, 37 are iron ore, 30 limestone, six iron ore & manganese, seven bauxite, five leases each for graphite and manganese, six gold, three chromite, two leases each for copper and diamond. Sources said that while the first quarter of the current fiscal was a complete wash-out due to the pandemic, later state governments grew cold feet out of apprehension that the bids may not get good response since a large chunk of the earlier auctioned mines could not be made operational due to various issues.

The estimated value of the resources in



the 103 leases auctioned so far is a little over Rs 8 lakh crore. States are likely to garner Rs 8.27 lakh crore revenue from these mines over the 50-year lease period.

Of the 103 mines, 31 are in Odisha, 18 in Karnataka, 13 each in Madhya Pradesh and Maharashtra, 8 in Rajasthan, seven in Jharkhand, five each in Andhra Pradesh and Chhattisgarh and three in Gujarat.

Over 500 non-coal mineral blocks, partially or minimally explored under current leases, but are entangled in legacy issues and litigation, will be put up for grabs as the cabinet has recently approved a proposal to amend the relevant law for their re-allocation via competitive bidding. It has also given its stamp of approval for doing away with the end-use restrictions for miners.

Workshop on 'Enhancing Exploration through NMET' organised

Ministry of Mines, in collaboration with Geological Survey of India (GSI) and Mineral Exploration Corporation (MECL), organised a workshop on Tuesday in Bhopal on mineral exploration initiatives of National Mineral Exploration Trust (NMET) for the benefit of State Departments Mining & Geology and State Mineral Development Corporations of states of MP, Chhattisgarh, and Maharashtra. This was third workshop of NMET on subject of 'Enhancing Exploration through NMET' after workshops in Jaipur, covering Gujarat and Rajasthan, and at Lucknow, covering HP, J&K, Ladakh, Uttarakhand and Uttar Pradesh. Participants from Madhya Pradesh



Participants during workshop on 'Enhancing Exploration through NMET' held in Bhopal.

physically attended workshop, while officials from Maharashtra and Chhattisgarh joined workshop through video conferencing.

Sukhveer Singh, Principal Secretary (Mineral Resource Department, Madhya Pradesh), Baldev Singh, Principal Secretary (Industries, Energy & Labour, Maharashtra), and P Anbalgan Secretary (Mineral Resources Department, Chhattisgarh) presided over the workshop. Team of GSI & MECL was led by Dr Ranjit Rath, DG, Geological Survey of India & CMD, Mineral Exploration Corporation Limited, while Amit Saran, Director, Ministry of Mines, GoI, represented Ministry of Mines in the workshop. Other officials from Ministry of Mines, Geological Survey of India, MECL, were present during

Continued on Page 19

the workshop.

Workshop was attended by officials from Department of Mines and Geology, of states of Madhya Pradesh, Chhattisgarh

and Maharashtra. Workshop provided a knowledge-sharing platform. It highlighted the role of State Directorates of Mining and Geology and Mining Corporations in

enhancing exploration in country through NMET funding. States were also requested to utilise services of notified agencies to explore untapped mineral resource.

Mountain With 60-90% Gold Soil Discovered In Congo, Villagers Flock With Shovels



Soon after the discovery, authorities issued an order to ban mining on the mountain, reports claimed

In a bizarre discovery, villagers in Congo's Luhlhi, which is located in the country's South Kivu province, discovered gold in the soil of a mountain located in

the area.

Freelance journalist Ahmad Algobary shared a video on his Twitter account that shows several villagers flocking the mountain with shovels and tools to dig out the gold. Some of them can be seen using bare hands to dig the ground in order to extract

gold. The villagers took the soil back home to extract gold after washing it. "A video from the Republic of the Congo documents the biggest surprise for some villagers in this country, as an entire mountain filled with gold was discovered! They dig the soil inside the gold deposits and take them to their homes in order to wash the dirt & extract the gold", the journalist wrote.

Soon after the discovery, authorities had to issue an order to ban mining on the mountain after the small village saw a massive influx of those coming to dig the soil.

The Democratic Republic of Congo is considered a rich reserve of deposits such as copper, diamonds, cobalt, and other minerals.

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Your suggestions and feedback is awaited at :-

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