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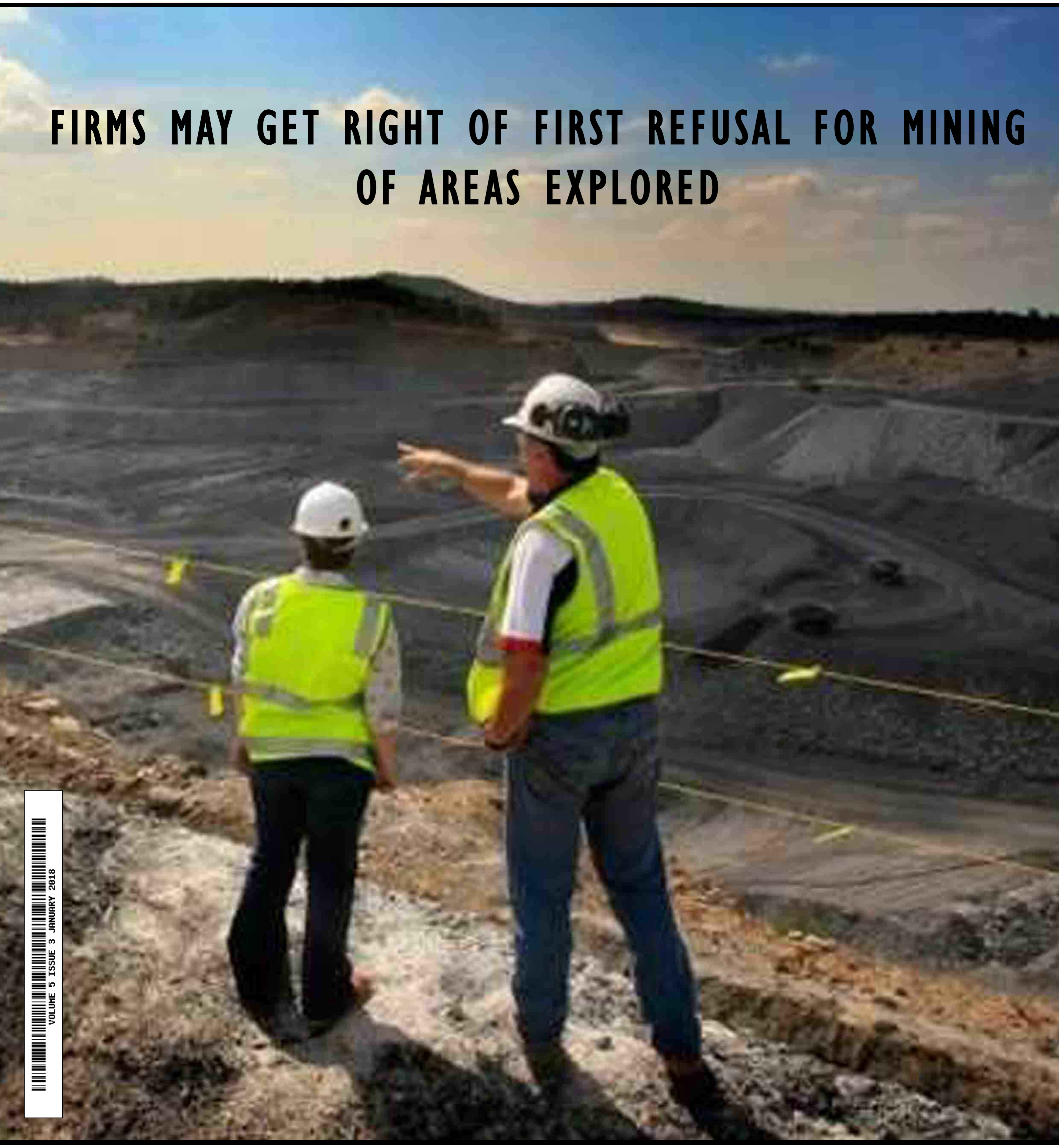

FIRMS MAY GET RIGHT OF FIRST REFUSAL FOR MINING OF AREAS EXPLORED

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MINES AUCTIONS: FIRMS MAY GET RIGHT OF FIRST REFUSAL FOR MINING OF AREAS EXPLORED

The government has proposed to accord exploration companies the right of first refusal at the time of auction of mines they had explored.

To encourage private participation in the non-coal and non-fuel mineral exploration space, the government has proposed to accord exploration companies the right of first refusal at the time of auction of mines they had explored.

"Exploration shall be incentivised to attract private investments through an adequate financial package or through the right of first refusal at the time of auction, the proposed (National Mineral Policy 2018) suggests that any other appropriate incentive as per international practice," the ministry of mines said, releasing the policy draft.

India's mining exploration sector has been largely untapped with only 10% of the 8 lakh square km potentially resource-bearing area explored so far. Mining takes place on just 1% of the explored area. Apart from a couple of state-owned companies, private sector participation in the sector are almost negligible.

Industry experts, however, feel that the proposal would also fail to attract the attention of the world's big players like Rio Tinto and others, simply because they would not be satiated only with the right of first refusal at the time of auction. They would invest in the sector happily had they were given the option of seamless transfer from reconnaissance permit to prospecting and mining lease. They should also be granted the right to sell the mine, experts opine.

The National Mineral Exploration Policy 2016, analysts feel, has made little difference to the sector. The policy, which is now being implemented, rewards successful exploration with royalty share for the entire lease period of 50 years or a lumpsum amount to be paid by the developer.

LONG-TERM EXPORT POLICY TO INCENTIVISE INVESTMENT IN SECTOR

Centre asks all stakeholders to send their comments to mines ministry by February 9.

The central government on Wednesday issued the draft National Mineral Policy (NMP), 2018, wherein it stated that a "long term export policy for the mineral sector" is the need of the hour as it will provide "stability" and "incentive" for bringing investments in "large scale commercial mining" activities.

"A long term export policy for the mineral sector would provide stability and prove to be an incentive for investing in large scale commercial mining activity. To develop mining as a stand-alone industry, substantial investment is required. Assurances on export of minerals will be a key factor for investment decisions particularly on foreign direct investment (FDI) in the sector. The export policy should be based on a clear long term strategy," the draft NMP stated.

In 2016-17, the ratio of minerals produced to minerals imported in India was 1:10, according to Niti Aayog. The estimated domestic production of minerals — including bauxite, iron ore, limestone except coal — in India has been of Rs 36, 470 crore for the financial year 2016-17.

"The import figures of important minerals and metals — including copper and concentrates, diamond, nickel ores and concentrates, gold and potash — is estimated to be Rs 3.45 lakh crore, " the Niti Aayog told the Union mines ministry last year.

The Central government has asked all stakeholders — state governments, mining companies, industry associations, general public, etc — to send their comments to the Union mines ministry by February 9, 2018. One of the major issues ailing the Indian mining sector has been the lack of efficient transport infrastructure to send minerals from mines to ports or factories. On this topic, the draft NMP stated: "While local evacuation networks will be encouraged to be built in an integrated manner along with developing the mineral blocks, dedicated mineral corridors shall be planned to facilitate transport of minerals for mining areas in hinterland."

"Development and installation of innovative, eco-friendly and efficient modes of evacuation like slurry pipelines and close loop conveyors shall be promoted and encouraged. An enabling environment will be cleared to allow mining companies to undertake construction of such infrastructure including construction of

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conventional transportation networks like rail and roads for their own usage in coordination of state/Central agencies.

Use of coastal waterways and inland shipping shall also be promoted. To promote investment in the mining sector special incentives or priority movement by railways/port/coastal shipping must be encouraged," the draft NMP added.

The policy has also focused on the issue of evacuation of minerals from small and scattered deposits, where the small scale sub-optimal mining leads to ecological disturbances. On this issue, the draft NMP stated that preferential right to any mine, which has small deposits and is situated in one of the scheduled areas, should be given to any scheduled tribe (STs) "singly or as cooperatives while extending enabling environment to carry-out mining operations in a systematic and efficient manner". The draft NMP added that where small deposits are not susceptible to viable mining, a cluster approach will be adopted by granting the deposits as a single lease within a specified geographical area.

The Central government is also likely to grant industry status to mining sector because currently only those mining projects which have a substantial component of mining machinery, equipment and buildings are being financed by financial institutions. "Steps shall be taken to facilitate financing of mine development and also exploration being integral to the mining project for which efforts shall be made to grant mining the status of industry," the draft NMP added.

The draft NMP has also stated that all relevant acts or rules, which are related to rehabilitation and resettlement (eg. Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013), should be "strictly" implemented on ground.

MINE IN INDIA TO MAKE IN INDIA

The Government should consider giving a fillip to the heavy minerals industry, which has huge potential both in terms of revenue and providing employment

This is one pot of potential that the Government of India may need to look at closely — the Heavy Mineral Mining (HMM) industry. We owe this to one German chemist CW Schomberg, who in 1909, discovered heavy mineral deposits of Manavalakuruchi in the State of Travancore (now Tamil Nadu). The reserve he found was richer and economical, compared to rest of the world. While Schomberg explored a world of opportunity, after World War I, Britishers seized the German company, landed in India and put him in a jail in Madras. About 100 years since then, some argue, the growth of this high-potential industry remains arrested! A complex interplay of factors, including lack of appreciation of the critical role of this industry, its high potential in terms of revenue, as well as lack of enabling policy framework, are often cited as some of the key reasons that has stunted the growth of heavy minerals industry.

What's heavy minerals? India is home to an impressive 6,000 km of coastline and parts of its beachs, deposits and dunes contain heavy minerals like ilmenite, rutile, garnet, monazite, zircon and sillimanite. These minerals are used in diverse industries — electronics, ceramics, aerospace, paint, pharmaceutical, defence, fertilisers and paper — as critical raw materials and, therefore, are vital for the economy.

The HMM industry has an enormous potential which can yield nearly Rs 30,000 crore in annual turnover to the exchequer. Despite being home to large reserves, we produce a tiny five per cent of the world's heavy minerals. India's Gross Domestic Product has grown steadily since Independence because it is backed by robust growth in the production of minerals, such as iron ore, coal, copper, zinc, aluminum, magnesium and limestone. We all know, mining is like an oxygen for the manufacturing industry and the same is true for heavy minerals mining as well.

In today's context, it is also pivotal to the idea of Make in India. We are equipped with raw materials to support the vision of Prime Minister Narendra Modi's vision of 'Make in India' with the motto of 'Zero Effect' on the environment and society, along with 'Zero Defect' manufacturing sector. Industry experts say, the heavy minerals industry story has to be critical to the Indian saga — much like we did in Information Technology, we can become a global hub for heavy minerals deposits and supply to all countries across the world.

And why not, given that we have one of the largest deposits of heavy minerals (about 28 per cent). But our exploitation is dismally low at just about six per cent. The US, Australia and South Africa have about 11 per cent of heavy mineral reserves but they exploit heavily. As against a world average Production to Reserve Ratio of 0.01per cent, India's figure was less than 0.001 per cent for long and improved marginally to 0.0018 per cent recently. If we can further improve it, identified deposits can last for 100 years. Using the Make in India push, the country can meet a substantial quantum of TiO_2, zirconium chemicals and also the rare earth elements required globally, and become a strategic player in these fields. A policy push in this direction can additionally produce around 250 tonnes of uranium and around 6,000 tonnes of thorium oxalate per annum which shall be available for the present and future nuclear fuel requirements of the country.

However, challenges are abound. HMM comes under management of both Central and State Governments for grant of lease and involves a maze of clearances required for mining of coal and iron ore, including those from the Coastal Regulatory Zone Authority, the Department of Atomic Energy, the Atomic Energy Regulatory Board, the Atomic Minerals Directorate for Exploration and Research and the Ministry of Environment, Forest and Climate Change among others. What's worse, the entire process of getting various clearances up to the stage of

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mining lease is a long drawn battle, sometimes taking as much as 10 years or more. The huge paper work and number of stages involved in obtaining clearances and permissions does not change the ground situation, except keeping the local poor people, mostly fishermen community, without jobs for too long a time and prevent development in the area.

For a Government which has taken up reforms, including repealing old and archaic laws, there may be merit in considering revamping of the procedures. One of the private sector players has been trying to tide over the maze of rules to get lease of a salt land on a beach which has been lying idle and unutilised for many years and extract minerals from the same which would earn revenues and provide employment. However, the rules are so complicated that this has not been possible and their only hope is intervention by the Prime Minister's Office. The industry feels, ahead of the Mines Ministers' meet in Goa later this month, a personal look into the challenges of the industry by the Prime Minister will do a world of good.

COAL INDIA TO LEVERAGE MINING EXPERTISE FOR DIVERSIFICATION

Making a case for Coal IndiaBSE 0.03 %'s foray into metal and mineral mining, the government has said the state-owned firm being the biggest miner in the world would like to leverage the expertise for diversification.

"Since Coal India is the biggest miner in the world, it has the largest experience in mining and would like to leverage that for diversification," Coal Secretary Susheel Kumar told PTI.

On being asked about the metal mines that Coal India is targetting, the secretary said, "Those specific things have to be crystallised."

The public sector coal major is contemplating foraying into mining of new minerals and metals like iron ore, nickel, bauxite and copper to harness its expertise.

When asked how the things are moving in this direction, the secretary said, "That depends on Coal India board. It has to come from within. I am told they (the board) have constituted some sub-group. They are working on it."

The PSU coal miner, he said, is working on various areas including solar power.

Last month, Coal India had said that the modalities for diversification into new mineral mining was expected to be ready in the next few months.

According to CIL sources, the foray into new metals and minerals will not hinder or cause any conflict with coal production targets. Coal India, which accounts for over 80 per cent of the domestic coal production, is eyeing 1 billion tonnes output by 2019-20.

TATA STEEL WANTS TO EXPAND CAPACITY AT ITS IRON ORE MINES

Tata Steel is waiting for a permit from Odisha's state pollution control board to expand capacity at its Khandabandh iron ore mines in eastern India from 1 million tonnes per annum to 5 million tonnes per annum. This is according to a report by the Business Standard, which also says that Tata is planning to send all the product from its captive mines at Joda East and Noamundi to its Kalinganagar plant.

The Kalinganagar facility is located in the same province and it is undergoing a series of upgrades aimed at expanding its steelmaking capacity by 5 million tonnes per annum to 8 million tonnes per annum. The idea is to meet growing demands from the automotive, general engineering and construction segments, a media statement from the company explained.

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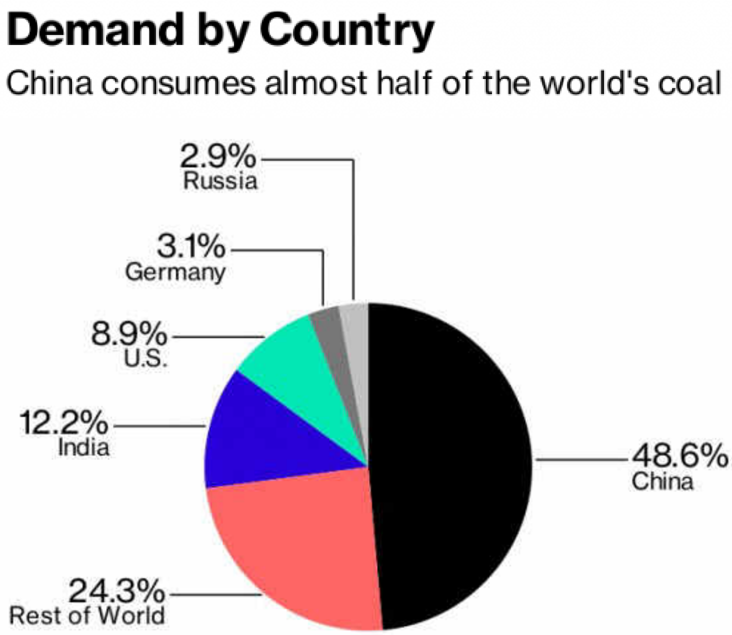
The project, which is expected to be completed in four years and would take Tata Steel's capacity in India to 18 million tonnes per annum, will need 13.6 million tonnes of iron ore annually once it is fully operative. To meet such target, Tata is not only planning to grow its iron ore production but, according to the Business Standard and despite previous failures, the firm also wants to participate in auctions of iron ore blocks by the Odisha government.

The steelmaker is also examining the possibility of signing a long-term deal with state-owned Odisha Mining Corporation to secure iron ore for Kalinganagar.

COAL'S FADING CROWN TO GET INDIAN POLISH AS DEMAND STAGNATES

Coal may have fallen out of favor in China, North America and Europe, but India and other Asian nations will ensure the dirtiest fossil fuel continues to supply more than a quarter of the world's energy.

Rapid economic development in parts of Asia will rely on coal-fired plants, the International Energy Agency said in its Coal 2017 market report. After a government anti-pollution drive that resulted in one of the largest ever yearly declines in China, demand there will change little to 2022 to cement its position as the largest market by far.



"As coal use continues to decline in many parts of the world these declines are offset by continued growth in India, Southeast Asia as well as several other countries where today coal's role is small but is on the rise," the IEA said. "Virtually all coal consumption growth will be in power generation."

Global consumption will rise 0.5 percent a year to 2022, the IEA said, similar to last year's projection that demand for the fuel would "stall and plateau". The price volatility that has seen Europe's benchmark rise about 40 percent this year "is here to stay" as China's national policies continue to drive the global market.

The five countries with the highest growth rate will be Pakistan, Indonesia, Vietnam, Malaysia and the Philippines, which already have many coal-fired plants under construction, according to the report. In absolute terms, India will lead the pack with an increase of 135 million metric tons over the five-year period, or about 2.5 percent of global demand last year.

"I feel that, up to 2030, we're going to see the same pace of development of coal and coal-based power in India," Susheel Kumar, the country's coal secretary, said in a presentation on Monday. "Our aim is to increase our domestic coal production," he said, adding that the fuel will remain the mainstay of India's energy sector at least until 2050.

In Europe, coal's prospects are "bleak," the IEA said. Poland and Germany remain the European Union's largest consumers of the fuel, accounting for more than half of the bloc's demand. But while that demand will remain stable in Poland through 2022, it is projected to decline in Germany, even as the country phases out its nuclear power stations. Hard coal production in Europe outside Poland will drop to "negligible" levels by 2022.

Demand for coal will probably continue to decline in the U.S. as well. While President Donald Trump's pro-mining policies helped demand to recover this year, it will start declining again at a rate of about 0.9 percent a year to 2022. The agency expects coal's overall share in the global energy mix to decline from 27% in 2016 to 26% in 2022.

2016 Coal Demand(Million metric tons) 2022 Forecast Demand(Million metric tons) Annual Growth U.S. 494 469 -0.9% China 2,798 2,787 -0.1% India 550 685 3.7% European Union 335 293 -2.2% TOTAL 5,357 5,534 0.5%

COAL INDIA NOVEMBER OUTPUT, SHIPMENTS RISE TO HIGHEST FOR MONTH

Coal India Ltd.'s production and shipments in November rose to the most for the month in at least five years, as power plants procured more coal to boost inventories.

- Shipments jumped 5.2 percent from a year ago to 50.67 million metric tons, according to Bloomberg calculations based on a stock exchange filing Friday
- Output jumped 2.6 percent to 51.3 million tons
- Output for first eight months of the year ending March 31 rose 1.8 percent, while shipments rose 8.1 percent, according to the filing.

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The Kolkata-based miner's output has increased year-on-year for the past four months following a reduction in its own stockpiles and a surge in demand from power plants, its biggest customers. Coal India's stockpiles had more than halved since the start of this fiscal year to 31.3 million tons as of Sept. 30, compared with 68.4 million tons on March 31.

"Power plant inventories have started inching up, but there's still some distance to go," said Rupesh Sankhe, an analyst at Reliance Securities Ltd. in Mumbai. "That gives an assurance that demand for Coal India is likely to remain strong in the coming months."

INDIAN CAPTIVE POWER PLANTS RUNNING AT HALF CAPACITY DUE TO COAL SHORTAGE

The Indian Captive Power Producers Association or ICPPA held a press conference on Thursday where its president, Rahul Sharma, denounced that most captive power producers are getting half of the coal they need from state-owned Coal India and are considering increasing their imports.

The scarcity of the mineral is due to the government's decision to divert most of the country's output to electricity generators in order to prevent outages. Coal India's shipments to power plants rose 9.2 per cent to 290.6 million tonnes in the eight months ended November 30, 2017. This accounted for 79 per cent of the overall supplies of 368 million tonnes during the period. Local reports state that India's thermal power capacity of 137 GW requires about 1.43 million tonnes of coal daily and, despite the increased supply, power plants currently have enough stock for eight days, when they are required to pile up 21 days worth of coal.

Given this situation, the public company is trying to engage states and the Central Electricity Authority in an assessment process that would provide a clearer picture of each region's revised power demand for the next three years. Coal India's goal is to use this information to do a more efficient job dealing with increasing demand.

But power plants that distribute electricity to the population are not Coal India's only clients. The firm, which generates more than 80% of the country's coal, is also in charge of supplying the mineral to ICPPA member-companies who generally produce electricity for their own use.

Chemical factories and aluminum smelters are among the latter and, according to the aforementioned Rahul Sharma, the local shortage is pushing them to make costlier overseas purchases, which has increased their power costs by 50 per cent.

Thermal coal at the Australian port of Newcastle, which is an Asia-Pacific benchmark, is trading near $100 a tonne after gaining about 17% in the financial year that started in April, Bloomberg reports.

High costs combined with reduced power generation is rendering operations economically unviable with huge risk of plant closure, Sharma and his team said at today's event. The ICPPA requested urgent government intervention in this matter.

IRON ORE CAP IN KARNATAKA STILL NOT ENHANCED DESPITE SUPREME COURT'S ORDER

The apex court has lifted the five-year-old ceiling from 30 million tonnes to 35 million tonnes for the A and B category mines

Last month, Supreme Court has enhanced the cap, limit to iron ore mines in Karnataka, by five million tonnes to 35 million tonnes. However, industry representatives have said that the cap not increased, which resulted in loss of around Rs 6.5 billion to the Karnataka Government and for the industry. The apex court has lifted the five-year-old ceiling from 30 million tonnes to 35 million tonnes for the A and B category mines. In a letter to the Chairman of Central Empowered Committee, H M Khyum Ali, Director, Federation of Indian Mineral Industries (FIMI), South, on Wednesday has requested the latter to decide on the pending enhancement proposals. Meanwhile, representatives from the industry have said that the monitoring committee has called for few meetings and asked for some information, which was submitted but nothing has moved now. They alleged that due to delay in implementing the apex court's direction, the state has lost around Rs 1.2 billion revenue and the industry lost around Rs 5 billion of revenue. Basant Poddar, former Chairman and senior member of FIMI-South said, "...this has resulted in grave negative economic and environmental repercussions, with Karnataka buying ores from eastern India as well as import." All the enhancement proposals have been technically evaluated under the three parameters of dumping capacity, reserves & resources, carrying capacity by the relevant authorities and CEC on March 2017 has referred the cases to monitoring

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committee for sending their observations as well, which the Monitoring Committee is unnecessarily stretching, alleged Ali. A senior official from the monitoring committee refuted the allegations as baseless and said that the Committee examines things based on merits. "The committee is mandated to examine all the proposals and it will submit a report to the Central Empowered Committee. It will come out with its decision at the appropriate time. The monitoring committee has already sold 150 million tonnes of material from all these mines," said the official. Industry sources said after the ban was lifted in April 2013, the enhancement in production capacity would boost industries in the region.

It will also ensure smooth supply of raw material to the steel industry which otherwise buys from outside the state or even sometimes imports at a cost three times higher. Thirteen mining lessees in Karnataka had filed a petition before the SC in May 2016, urging for an enhancement of the permissible annual production limit in respect of Category A and B mines. Based on the Central Empowered Committee's (a body set up by the court) instruction, the state government in August 2017 asked its department of mines and geology to technically evaluate the proposals. The process of reaching a consensus there is yet to conclude. According to industry sources, the total potential for iron ore mining is 50-60 mt a year, of which A & B categories are 40-50 mt. With the SC's cap, only 30 mt could be mined in a year, now enhanced to 35 mt.

PUNJAB TO GO FOR OPEN BIDDING FOR MINING

`3,000 acres of panchayat land identified'

The Punjab government has decided to adopt an open bidding mechanism for mining at suitable panchayat land across the State.

"Three thousand acres of panchayat land on the banks of rivers, which is suitable for mining, has been identified, the e-auction of which would yield an income of Rs. 100 crore," said Tript Rajinder Singh Bajwa, Rural Development and Panchayats, Water Supply & Sanitation Minister, at a press conference here.

Mr. Bajwa said that his Department would encourage the planting of saplings besides promoting the concept of agro-forestry so as to increase the income of the panchayats.

"The Department has identified 1 lakh acre area out of which in the first year 35,000 acres would be brought under use. Fifty lakh saplings under the MGNREGA would be planted," he said.

Mr. Bajwa added that to end the problem of spoil heap in the villages, the government proposes to establish rendering plants on PPP mode for scientifically disposing off the carcasses of dead animals.

Pilot projects

"The plants would be coming up at Patiala, Amritsar and Ludhiana as pilot projects. This would lead to an income of Rs. 5,000 from every dead animal after processing while putting a stop to the menace of stray dogs," he said.

STATE MINING MINISTERS TO MEET IN GOA ON JAN 19

PANJIM: The ministers for mining from various States will be gathering in Goa on January 19 to discuss series of issues related to the sector. The State's preparedness for e-auction of leases that expires in 2020 will be the key issue of discussion.

Union Minister for Mines Narendra Singh Tomar will chair the fifth national meet of Mining Ministers in Goa. Star-rating for mines, Progress of Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) and District Mineral Foundation (DMF), mining surveillance system are some of the other topics of discussion for the day-long meeting.

The lease period for merchant miners will expire in 2020 as per the provisions of the MMDR amendment. There are total 288 mining leases that will expire in 2020. Goa tops the list with 160 leases, which include 159 non working iron ore leases and one manganese lease. The State's have been advised to start the auction by July 1, 2019.

There are 89 mines whose leases will expire in 2027.

Goa government has informed the Union Mines Ministry that Rs 140 crore funds collected under the DMF will be used towards construction of mining corridors in South Goa, restoration of mining affected areas, welfare projects and widening of roads in both North and South Goa mining talukas.

The Central government formulated PMKKKY has to be implemented through DMF. "The PMKKKY has mandated 60 percent of the funds to be utilised in a for High Priority Areas, such as drinking water/environment preservation and pollution control / health care/education /skill development /welfare of women, children, aged and disabled people/sanitation and 40% of the funds to be utilised for infrastructure - roads & physical infrastructure/irrigation/watershed development," the Ministry agenda note reads.

COAL INDIA WORKS OUT PRICING POLICY BASED ON ENERGY CONTENT

Coal IndiaBSE 0.03 % has decided to replace its pricing policy from rupees per tonne to paise per unit of energy for different grades of coal sold from April 1, 2018.

The grading system, based on total energy content per kilogram, remains but the price of each consignment will be determined by a rate fixed for each unit of energy for that particular grade and the total energy contained in 1kg of coal for the consignment.

This means that the price of each tonne of coal will be based on its total energy content. Under the present system, the price used to be same for a range of energy content which was categorised as grades.

Coal India, however, has reduced the number of grades from 17 earlier to 10 under the new system. The broad category of grades has been divided into three — high energyBSE -0.09 % content, medium energy content and low energy content.

n the medium range where energy content will vary from 4901 kilo calorie per kg (read total energy content in one kilogram) to 5800 kilo calorie, for example, coal will be sold on rates that will vary from 29 paise per kilo calorie to 41 paise per kilo calories.

Thus, one tonne of coal with a total energy content of 4301 kilo calorie will cost 4901 x 29 paise per tonne of coal. This will require each consignment to be tested for the exact quantum of energy content in each kilogram of coal and ..

According CIL Chairman Gopal Singh, the new system is based on the global system of coal pricing.

"It provides consumers with a more accurate and transparent method for arriving at coal prices. Additionally, calculating the basic price of non-coking coal of any mine of CIL based on its energy content would be simpler. In some cases, prices have been reduced even to the extent of Rs 162/tonne," a senior Coal India executive said.

Due to the earlier band pricing system, consumers had to pay a fixed price for different energy content as long as was within one band. Now they will pay different prices for different energy content in each band.

It is expected to incentivse mine managers to maintain quality.

Managers will focus on quality since marginal improvement even by one unit of energy will fetch additional revenue to the individual mine and have an impact on the bottom-line of the unit.

ODISHA GOVT COLLECTS OVER RS 8000 CRORE AS FINE FROM MINING COMPANIES

The state government had imposed about Rs 60,000 crore as penalty on mines for illegal mining between 2000 and 2010.

Odisha has collected Rs 8,223 crore as penalty from mining companies operating without necessary clearances by December 31, the government said on Monday, roughly four months after the Supreme Court imposed the fine and called the alleged scam "rapacious".

The director of mines in Odisha, Deepak Mohanty, said of the 131 mining leaseholders who were issued notice by the government, 73 mine owners deposited their fine by December 31, 2017. "Of those 30 are non-working mines and rest 43 are working mines," he said.

He added that as per the Supreme Court's order, the mining operation of the defaulter working mines would be stopped. "Of 46 iron mines and 8 manganese mines, 7 have not paid the full compensation amount. Their operation was stopped from today morning," he said.

Prabodh Mohanty of the Eastern Zonal Mining Association, a body of miners, said he hoped the Supreme Court would note that many mines had been closed in the past seven to eight years. "Many leaseholders are not in a position to pay the penalty. We are hopeful that SC would take a considerate view," he said.

In August, a two-member apex court bench asked the companies to deposit the fine amount. "Subject to and only after compliance with statutory requirements and full payment of compensation and other dues, the mining lease holders can re-start their mining operations," the court had said. The state government had imposed about Rs 60,000 crore as penalty on mines for illegal mining between 2000 and 2010, a central empowered committee, appointed by the top court, recommended that at least 30% notional value be realised from the mining companies.

The court refused to set up a Central Bureau of Investigation inquiry but suggested the formation of an expert committee headed by a retired Supreme Court judge to look into the factors that made rampant illegal mining possible in Odisha. In December, the court refused to extend the deadline for depositing the penalty.

The next hearing of the case in the SC is on January 17, and Mohanty said the state government will submit its status report on that day.

160 MINING LEASES TO BE AUCTIONED IN 2020

PANAJI: The state government has informed the Union mines ministry that 160 mining leases in Goa will have to be auctioned when these are due to expire in 2020. The Union mines ministry has asked the state government to start auctioning of mining leases from July 1, 2019.

Goa has the highest number of leases to be auctioned in 2020, followed by Karnataka (45) and Odisha (30). The auctioning of mining leases would be discussed at the 5th national meet to be held in Goa on January 19. The Union mines minister is expected to attend the meeting to be organised by the ministry of mines.

In a letter to the state governments, Arun Kumar, secretary, ministry of mines said that the states must be aware that a total of 348 non-captive mining leases will expire on March 31, 2020 under section 8(6) of the MMDR (amendment) Act, 2015.

To ensure that there is no fall in production in the mineral sector, it is important that there is an orderly transition of these expiring mining leases to the new lessees by way of auctioning as per the MMDS Act, 1957.

ODISHA MAY ONLY RECEIVE HALF OF RS 17,500 CRORE COMPENSATION FROM MINERS BEFORE THE DEC 31 DEADLINE

Over the next two days, operators of iron ore and manganese mines in Odisha are expected to pay about Rs 8,000 crore, or over half of what the Supreme Court had ordered a bunch of them to deposit with the state government as compensation for environmental violations.

On August 2, the top court ordered the companies to deposit Rs 17,576 crore by December 31 against environmental violations during 2000-2011. While private miners scurry to meet the deadline, central government-owned enterprises are reluctant and some claim that they aren't liable to pay.

"As of this (Friday) evening, Rs 6,499 crore has been deposited with us," Odisha's director of mines, Deepak Mohanty, told ET.

The amount includes Rs 2,178 crore from state government-owned Orissa Mining Corporation, Rs 614 crore from Tata Steel and about Rs 1,800 crore from the Rungta Group's firms. The Supreme Court on Friday also denied the Aditya Birla Group's Essel Mining more time to pay the Rs 1,102 crores it has been charged.

Mesco Steel, Serajudin, KJS Ahluwalia and the steel ministry's loss making firm Orissa Minerals Development Corporation had not made any deposits until the time Mohanty spoke to ET.

Speaking on behalf of the Eastern Zone Mining Association, its general secretary Prabodh Mohanty said he expected most of the 46 operating iron ore and manganese mines in the state to pay a total of about Rs 8,000 crore before the December 31 deadline.

The rest are likely to pay or not, depending on how much they stand to lose by having their operations stay shut from January 1.

Meanwhile, Steel Authority of India has decided to challenge in the Odisha High Court a separate Rs 47.5 crore claim from the state government against it for violating permits of the Indian Bureau of Mines and Pollution Control Board at its Bolani mine.

The Revision Authority at the Centre on Friday granted a stay on similar penalties imposed on some private firms, who had the SC approval to contest these charges.

SAIL has in its petition argued that "Odisha lacked legislative and executive competence to demand such compensations". Moreover, the August 2 'Common Cause Judgment' the government was citing was "per incuriam (or characterised by lack of due regard to the law or the facts) and not the law declared under Article 141 of the Constitution", it said.

Ironically while the PSU now contests the court's interpretation of Section 2l (5) of the MMDR Act, it is the central government's affidavit, taking just the opposite position, that miners blame for the current predicament.

"The 2 August judgement of the SC is now the law of the land if anyone wants to challenge this it is their foolishness," said a senior Odisha government official, asking not to be named.

In reply to the Odisha government's show-cause notice of Rs 20,169 crore, Coal India subsidiary Mahanadi Coalfields is believed to have argued that the Coal bearing Areas (acquisition and Development) Act, 1957 absolved it from being held to the same scrutiny. Meanwhile, Jharkhand has issued similar notices to Coal India.

CENTRE ASKS STATES TO BEGIN AUCTION OF 348 MINING LEASES NEAR EXPIRY NEXT YEAR

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"A total of 348 non-captive mining leases will expire on March 31, 2020...it would be appropriate for states to start auction of the mines by July 1, 2019," the mines ministry said in a letter addressed to states like Andhra Pradesh, Goa, Gujarat, Jharkhand and Karnataka.

The Mines Ministry under Narendra Singh Tomar stated that the aim is to give successful bidders time to obtain various clearances before commencing mining operations.

"To ensure that there is no fall in production in the mineral sector it is important that there is orderly transition of these expiring leases to new leases by way of auctioning," the ministry said.

It is therefore of utmost importance that an action plan for auctioning these mining leases is prepared at the earliest, the ministry said, adding that states may send the plan to the Centre.

"The action plan would require finalisation of exploration proposals, exploration within the lease hold area by the lessee, identification of agency for exploration outside of lease area (if required), finalisation of geological reports and carrying out of auction of the mines," the Centre said.

The Federation of Indian Mineral Industries (FIMI) had earlier expressed concerns over the expiry of the existing mining leases in March 2020, which it said may affect availability of raw materials for the Indian mining industry if leases are not renewed in time.