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Explore In India To Mine In India



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EXPLORE IN INDIA TO MINE IN INDIA

Two years ago, a Chinese mining billionaire visited India to scout for investment opportunities. He met the Minister (Mines), and proudly claimed, "I can invest a couple of billion dollars. Please tell me where to put in the money, and how fast can I start production." Taken aback, the minister began to extol the advantages and potential of the Indian mining sector. The billionaire listened carefully, left the office, and later shook his head. "I don't invest in potential. I invest in profits," he told his Indian aide.

The lessons from this anecdote are revealing. Although India has the best mining policies and laws, there are grave apprehensions among the foreign investors. The same is true about the local private miners. Therefore, it is time to address the micro issues now that the macro guidelines are in place. There are three areas that require the government's immediate attention—auction, exploration and land acquisition. This is especially true in a scenario where Indian mining has witnessed de-growth over the past three years.

Let's look at the auction process to lease the mines, which is hailed as a transparent mechanism to maximise government revenues. It took several scams and Supreme Court orders for the policy-makers to adopt auction, and ditch the global best practice of first-come, first-served. The reason for this change was that the latter system became rotten, and degenerated into a discretionary one, in which leases were doled out to favourites in the business community. It took the form of crony capitalism.

No one can deny that auctions in the past few years have generated huge revenues for the government. They have also proved to be non-controversial, despite feeble criticism about possible cartelisation between private miners. They seem to be the best possible way to utilise natural resources that belong to the public. Scandals like 2G and coal block allocation seem to be things of the past. However, auctions come with their unique set of problems.

For example, experts have criticised them because they lead to excessively high and unrealistic bid prices. Therefore, instantly they increase the capital costs for private miners. This is especially true due to the e-auction process that India has adopted, where the highest bid at the first stage becomes the reference point for the bids at the second stage, which then becomes the

basis for the bids at the third stage. Hence, the final successful bid is likely to be way higher than the initial one. This forces the bidders to become more aggressive in each successive stage to win a bid.

In many ways, e-auctions are similar, although technically different, from the open auctions for art collections and treasures, and closed ones during mergers and acquisitions. In the three cases, personal ambitions and egos can over-inflate prices, and result in bids that are much higher than market valuations, and

market expectations. The chances of over-bidding are, therefore, greater than in the normal single-stage auctions.

As a 2018 paper by TERI concludes, "Auctioning of mineral resources not only increases input costs, it increases the risk of mining as a venture, since many metal prices are prone to volatility, and fluctuation and cyclicality. It increases supply risk of new-age metals produced at significant costs as by-products,

such as gallium, vanadium, tellurium, indium, and selenium." Auctions for captive mines act as "barriers" for new entrants, who wish to adopt the latest technologies. Hence, most nations avoid them.

More importantly, e-auctions de-incentivise exploration. As per the present policy, there are two choices for a potential private explorer. He can either get a Non-exclusive Reconnaissance Permit (NERP), or get empaneled under the National Mineral Exploration Trust. However, both are fraught with problems. Under NERP, a successful explorer has no right over the discovered minerals. He can only inform the government about the potential reserves of the mine, and the latter will then formulate a plan to put it up for auction.

No private company will wish to spend huge capital that is required for exploration, which is a high-risk venture with minimal guarantee of success, unless it is confident that it will be allowed to reap the mining profits. The Exploration Trust does provide a few incentives, but the drawback is that it too, according to a recent FICCI paper, "does not allow any claim for allocation" through an award of a mining licence in the future.

Industry experts have urged the government to incentivise exploration through various means. For instance, explorers can be given the first right to refusal to mine the blocks that they have discovered. Even if an explored mine is put up for auction, if the

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explorer's bid is unsuccessful, the winning bidder can "reimburse the cost of exploration" to the former. According to FICCI, "This will attract private investments in the exploration and mining sector."

The TERI paper is categorical, "It must be understood that globally it is the exploration 'horse' that pulls the mining 'cart', and not the other way around. Auction of mines is not conducive to incentivising exploration, and hence to the pulling of the engine of growth of the economy." Experts contend that the country needs to first explore in India to mine in India. At present, the policy-makers feel that mining will automatically result in exploration.



mining area that is auctioned is "free from all sorts of encumbrances so that the successful bidder can quickly take up the mining activities". The pre-bid documents can provide a "clear status" of the land to pinpoint encroachment areas, tribal land, and forest area so that a potential bidder is aware of how much time it is likely to spend to acquire the requisite mining land.

Since the mines have limited lives, and which is why leases are granted for specific periods, there may be a need to change the land acquisition policy. What if the land is taken on lease, and returned to the original owners after 15-50 years? Of

course, as the FICCI report observes, after the extraction of the minerals, the land will need to be "reclaimed and brought as close to its original status as technically feasible" before it is returned. In addition, the compensation to the owners during the lease period has to be attractive. This may make the land acquisition process simpler and easier.

Another concern is the requirement to get consent from the displaced people in the mining areas. At present, according to FICCI, the consent percentage is 80%, i.e. four-fifths of the people have to agree to move from their homes. "This may lead to uncertainty as for every track of land 10-15% of land owners are untraceable. It will be difficult for a company to get consent from 80% of the people, and project costs will go up," says the FICCI report.

The laws mandate that public hearings have to be held in the mining areas so that the anxieties and worries of the various stakeholders can be discussed. This allows even the civil society to participate in these debates. The mining industry wants such hearings to be restricted to "people who are genuinely impacted by the project" to weed out the vested interests. However, the NGOs want it to remain open since the villagers may not understand the issues.

These are obviously controversial and contentious issues. There are pros and cons on both sides. However, a wider debate and discussion on land acquisition is required to arrive at practical solutions. Since these issues are also emotional in nature, and involve the future livelihoods of the poor and farmers, as well as possible exploitation, corporate interests may be subsumed

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Most people think that the government has no choice, apart from auction. This is because of the Supreme Court orders in 2G and coal block allocation scams. However, one needs to remember that the apex court has given differing judgments in other cases. In one of them, it observes that "the submissions that the mandate of Article 14 (Constitution) is that any disposal of a natural resource for commercial use must be for revenue maximisation, and thus by auction, is based neither on law nor on logic... besides legal logic, mandatory auction may be contrary to economic logic as well."

In the same order, the Court adds, "Different resources may require different treatment. Very often, exploration and exploitation contracts are bundled together due to the requirement of heavy capital in the discovery of natural resources. A concern would risk under-taking such exploration and incur heavy costs only if it was assured utilisation of the resource discovered; a prudent business venture would not like to incur the high costs involved in exploration activities and then compete for that resource in an open auction."

A similar confusion and contradiction envelop the process of land acquisition, which is perhaps the biggest obstacle in the sector. It is an established fact that the process needs to be transparent, and uphold the rights of the local communities. In the past, private miners, including foreign ones, have exploited the local populace. So, proper laws need to be put in place, which was done in the past few years.

However, the rules need to be clarified. Private bidders feel that to ease land acquisition, the government can ensure that the



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by public interest. May be the mining companies, and not the government, need to take initiatives to convince the people.

Over the next few years, private miners will also need to think of ways to involve the younger generation, especially the technology-savvy people, and encourage start-up entrepreneurship. The reason is because the capital expenditure in mining is high, and doesn't provide leeway to the miners to invest in innovations and new technologies. But start-ups, which are partially funded and supported by the miners, can deliver profitable solutions.

Industry experts have identified several areas where the role of start-ups can be crucial. These include

- ◆ A third-party service provider, which uses drones for monitoring and surveying the mines
- ◆ A company that provides wireless communication solutions, both hardware and software, to connect with the underground mines
- ◆ A firm that can explore ways to set up survival chambers in the underground mines. In case of an emergency,

the entrapped workers can use them until help arrives

- ◆ Tele-robotics will increasingly become crucial in mining activities. This is especially true for minerals that are not easily accessible, or are radioactive. Technological solutions like the manufacture of robots by a start-up can make their extraction safe and simple.

It is true that there was a paradigm shift with the new mining act (2015), and its subsequent amendment. It encouraged policy-makers to set up "ambitious targets which are in line with the internationally-declared commitments of the country". There is a feeling that the existing laws will lead to nationwide "holistic development of mineral sector". The share of mining, in GDP, which dropped over the past few decades, is likely to go up.

However, it is also true that for this to happen, the existing policy needs to be tweaked and fine-tuned. While the act's overall rules are good, there are a number of devils in the fine print. Unless these are removed, and a few clauses clarified, future investment in the country's mining will be driven largely by state-owned firms, and not private, including foreign, investors. The government needs to think further ahead.

VEDANTA ZINC OPENS PHASE I OF GAMSBERG MINE IN SOUTH AFRICA

"South Africa has vast undeveloped mineral deposits that we have the opportunity to exploit for the benefit of all the people of this country."

Vedanta Zinc International (VZI) has opened the \$400m first phase of the Gamsberg mine, outside Aggeneys in the Northern Cape Province of South Africa.

Phase I of Gamsberg, which has a life of mine (LoM) of 13 years, will produce 4Mtpa of ore from the open pit and 250,000t/y of concentrate from its concentrator plant.

Even though the Gamsberg zinc resource was discovered more than 40 years ago it had not been developed in the portfolios of various South African mining companies until it was purchased by Vedanta in 2011, as part of the Black Mountain Mining complex.

Vedanta approved the project in 2014, following which the first blast occurred in mid-2015.

South Africa President Cyril Ramaphosa, who opened the mine, said: "South Africa has vast undeveloped mineral deposits that we have the opportunity to exploit for the benefit of all the people of this country."



"We welcome this substantial investment by Vedanta, which not only deepens South Africa's relationship with India but also signals Vedanta's confidence in the future of South Africa's mining industry."

With a reserve and resource of more than 214Mt with a grade of between 6% and 6.5% zinc, the mine has an estimated LoM of more than 30 years.

Vedanta is currently carrying out investigations into Phase II and III, as part of which ore mined will be increased to 8Mtpa and production of zinc-in-concentrate to 450,000, and ultimately to 600,000tpa with an additional

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investment of \$350 to \$400m.

The company is also pursuing a feasibility study into the development and construction of a smelter-refinery complex.

During Phase I construction, the company provided employment to more than 3,000 people. Once Gamsberg starts full production, it will employ 800 to 850 people.

Digitalisation at the Gamsberg mine includes smart ore

movement, spatial risk monitoring and management and collision avoidance systems.

Welcoming Ramaphosa's opening of the Gamsberg mine, the United Association of South Africa (UASA) said: "UASA is pleased that the president is meeting promises made last year during his investment drive and we hope to see more projects like these that will greatly assist in reducing unemployment and boosting our economy, come to life."

INDIA PUTS IN PLACE NATIONAL MINERAL POLICY TO BUILD SUSTAINABLE MINING SECTOR

"The new programme aims to have an implementable policy that brings in further transparency."

The Indian Cabinet has approved the 2019 National Mineral Policy (NMP 2019), which aims to develop the mining sector in a sustainable manner.

NMP 2019 replaces the current National Mineral Policy, which has been in place since 2008, and aims to ensure effective regulation. It will also address the issues of project-affected persons especially those residing in tribal areas.

The new programme aims to have an implementable policy that brings in further transparency, better regulation and enforcement and includes provisions that give a boost to the mining sector.

The provisions include the introduction of Right of First Refusal for RP/PL holders and encouraging the private sector to take up exploration.

Additionally, auction will be conducted in virgin areas for

composite RP cum PL cum ML on a revenue share basis, and merger and acquisition of mining entities would be encouraged.

Furthermore, the provisions will include the transfer of mining leases and the creation of dedicated mineral corridors to boost private sector mining areas and facilitate the transportation of minerals.

NMP 2019, which aims to attract private investment through incentives, proposes to grant industry status to mining activities, in order to boost financing to allow for the buying of mineral assets in other countries by the private sector.

It also established a new long term import-export policy, which aims to help the private sector improve its planning, and includes putting up for auction areas given to PSUs that have not been used.

It will replace the existing National Mineral Policy 2008.

'MINERAL EXPLORATION IN INDIA' INAUGURATED DURING 58TH MEETING OF CGPB AT PUSA

Representatives of State Departments, Central Ministries/ organizations, PSUs, academic institutes and private entrepreneurs attended the 58th CGPB meeting.

Union Minister of State for Mines Shri Haribhai Parthibhai Chaudhary has stressed the need for optimum utilization of the available mineral resources in the country. Addressing the inaugural session of 58th Meeting of the Central Geological Programming Board (CGPB) held at Pusa in New Delhi today, he said that the Union Government has taken several steps and also devised the new National Mineral Policy with a view to promoting the ease of doing business along with ensuring the participation of the private sector for better mineral exploration. The minister also inaugurated an exhibition displaying the status of "Mineral Exploration in India" at this juncture.

The CGPB meeting was held under the chairmanship of Shri Anil Mukim, Secretary to the Govt. of India, Ministry of Mines (MoM). Dr K. Rajeswara Rao, Additional Secretary, MoM, Dr Dinesh Gupta, Director General, Geological Survey

of India (GSI), Shri R S Garkhal, Additional Director General, GSI, Shri Bipul Pathak, Joint Secretary, MoM were the other dignitaries to grace the meeting of the Board. During the occasion, seven publications (five from GSI and one each from Neyveli Lignite Corporation and DMG, Chattishgarh) were released. Twenty Mineral Exploration reports worth Rupees seventy-nine thousand five hundred sixty crores were handed over to the seven state governments viz., Odisha, Rajasthan, Madhya Pradesh, Haryana, Karnataka, Andhra Pradesh and Kerala.

Representatives of State Departments, Central Ministries/ organizations, PSUs, academic institutes and private entrepreneurs attended the 58th CGPB meeting. Apart from the discussion on achievements of GSI during the current operational year 2018-19, the proposed Annual Programme for ensuing 2019-20 was presented before all Board members.

On occasion of CGPB, GSI announced the launch of freely downloadable baseline data (geological, geochemical and geophysical) from its web portal from 1st March 2019 onwards.

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This dissemination of data follows the guidelines of the Ministry of Defense (MoD). GSI has also launched the 2nd round of multi-sensor National Aero-geophysical data acquisition in four prioritized sectors within the Obvious Geological Potential (OGP) zone for the search of mineral deposits. The data acquisition over the four blocks taken up in the first round is nearing completion, covering 6 lakh line kilometres in the states of Rajasthan, Gujrat, Madhya Pradesh, Uttar Pradesh, Chattishgarh and Maharashtra. This data shall be available in the public domain by May 2019.

In view of the rapid depletion of surface/near-surface deposits, there is a paradigm shift in thrust to probe deep-seated deposits under "Project Uncover", in collaboration with Geoscience Australia in the Aravalli & Bundelkhand Cratons and Western & Eastern Dharwar Craton. Further, blocks have been prioritised for Deep Seismic Reflection (DSRS) and Magnetotelluric (MT) survey in collaboration with ONGC and IIT (ISM), Dhanbad. Fast track upgradation of exploration stages viz. G4 to G3 and G3 to G2 for various mineral commodities like manganese, vanadium, gold, base metal, PGE have been taken up by GSI as an additional measure to boost the GDP of India. GSI has identified mineralised zones for vanadium in Arunachal Pradesh, potash and phosphate-rich zone in Jharkhand and REE in Rajasthan. Through its continual effort, GSI has augmented mineral resources worth Rs. 79,560 crores in the national exchequer during 2017-18. Projects are being implemented by various agencies with the support of National Mineral Exploration Trust (NMET) fund under the aegis of MoM to encourage participation of private entrepreneurs, both from India and abroad, especially for concealed and deep-seated deposits. These steps will definitely help the mining industry to access relevant expertise for exploration that is expected to augment mineable resources.

Besides fundamental research on intricate problems of geosciences, GSI is involved in several societal projects on landslides and earthquake hazard studies. Landslide Early Warning System in Giddapahar, Darjeeling and post-disaster studies of Landslides in Kerala and Karnataka were taken up during the year. By March 2019, under National Landslide Susceptibility Mapping (NLSM) programme, 3.22 lakh km² target area shall be completed. NLSM is aimed to complete the total target of 4.27 lakh km² by 2020. Further, GSI has installed 20 nos. of permanent GPS stations in India to understand the crustal dynamics and providing high precision base station coordinates for other mapping activities. 10 broadband seismograph and accelerograph have been established for real-time earthquake monitoring. As a measure towards capacity building and sharing of expertise, GSI has developed its unique outreach and collaborative programmes. MoU has been signed with IIT, Hyderabad (IIT-H) and IIT (ISM), Dhanbad that envisages capacity building

and collaborative research leading to a PhD degree. MoU with Banaras Hindu University (BHU) is also being finalized. GSI has launched 100 x100 VAQ Model programme for enhancing Visibility, increasing Activities and enriching Quality of GSI activities. Bhuvisamvad, a unique platform under the Ministry of Mines was launched, facilitating interaction of geoscientists from GSI with the students from different universities/colleges. Special awards in the names of eminent Geoscientists have also been announced. GSI has also signed MoU with National Council of Science Museums (NCSM), Ministry of Culture, Govt. of India for taking up the work for designing, development, fabrication, installation and commissioning of Gwalior Geoscience Museum at Gwalior in Madhya Pradesh. During the ensuing year 2019-20, GSI is taking up 897 regular Field Season Programmes which includes 390 programmes under mineral exploration to pave the way for downstream exploration activities. This almost doubles the last years' record of 231 programmes (including 19 marine mineral exploration projects) showing a quantum jump in the field of mineral exploration activities in GSI.

The 897 programmes comprise - 354 mineral explorations, 4 geothermal energy, 19 marine mineral exploration, 8 Regional Mineral Targeting (RMT) and 5 R&D programmes; 49 programmes on geo-informatics; 172 programmes on fundamental and multidisciplinary geoscience and 119 programs for training and capacity building for its own human resource as well as for the States and also for other organisations/countries. GSI is going to take up 93 programmes at the request of State Governments and SGPB/CGPB/VAQ recommendations, 6 programmes in collaboration with national institutes like ONGC, HSHDB, ISI, Kolkata, DTRL etc. and 3 programmes will be taken up with international collaborators like the British Geological Survey (BGS) and Geoscience Australia (GA). 4 sponsored training courses will be taken up with ISRO and MEA and there will be 20 sponsored geotechnical projects with various stakeholders like NWDA, CWC, NTPC, Railways, NALCO etc. The finalization of programmes took into account the priorities and importance set forth by the Government of India through its various policy decisions and also on the basis of the recommendations of CGPB Committees' and State Geological Programming Board (SGPB) meetings.

As the nodal organization for 36th International Geological Congress (IGC), scheduled to be organized during 2-8 March 2020, GSI is spearheading various preparatory activities viz., science, field trips, legacy programme etc. of the Congress and has a pivotal role in its organization. The Congress is likely to attract more than 6000 international delegates and shall be having more than 40 parallel scientific sessions, 60 field trips across the Indian subcontinent. Known as Olympics of Geosciences, IGC is returning to Indian soil after a gap of 56 years.

OF 55 MINES AUCTIONED IN LAST 3 YRS, 5 MINERAL BLOCKS OPERATIONAL: MINISTER

The government Friday said of the 55 mines that were auctioned in the last three years, five mineral blocks have become

operational and two to three more mines will start operation by next month-end. (Continued on Page 6)...

"In the last three years we have auctioned around 55 mines. Around five (mineral blocks) have been operational. Next fiscal another 15 mines are going to be operational," Mines Secretary Anil Gopishankar Mukim told reporters here.

He further noted that two to three more mines will start operation in the on-going fiscal.

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

The idea is to fast-track auctioning and that issues related to green clearances and land rights are addressed upfront, the government had earlier said.



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

Regarding the National Mineral Policy, 2018, which entails thrust on exploration and private sector participation in exploration, he said it is in final stages of approval.

"It (National Mineral Policy, 2018) is in its final stages of approval and final draft is under preparation," he said.

Of the total 53 mines auctioned so far, around Rs 1.83 lakh crore will accrue to the states as revenue over the lease period, the govern-

ment said last month.

"The additional revenue on account of auction process is Rs 1.43 lakh crore," the government had said.

HCL STARTS WORK ON REOPENING COPPER MINE, DEVELOPING GREENFIELD RESERVE

Indian State-run Hindustan Copper Limited (HCL), the country's sole integrated copper producer, on Saturday started construction of a concentrator at its Rakha mines, marking efforts to restart the mines in the eastern state of Jharkhand.

The ground-breaking ceremony at Rakha for construction of the concentrator was also part of HCL's initiation for development of a greenfield Chapri-Siddeshwar copper deposit in Jharkhand.

HCL chairperson Santosh Sharma said "re-opening of the Rakha mines and development of Chapri-Siddeshwar deposit would add five-million tons a year of additional copper ore production to the company's kitty entailing an investment of \$141-million.

He said that considering the opportunity of increasing the copper resource base within HCL's existing leasehold areas, the company would undertake the depth exploration up to 1 000 m from the surface over the next two years with a corpus of \$14-million.

The Rakha and Chapri Siddeshwar projects were part of HCL's plans to expand five copper mines, and on completion of all

these projects the company's total copper ore production would ramp up to 7.2-million tons a year, within the next five years, entailing an investment of \$225-million, Sharma said.

As part of its longer term strategy, HCL was aiming to increase its total copper ore production to levels of around 20-million tons a year with total investments to the tune of \$880-million; but the timeline for achieving this production level has not yet been officially declared.

The company's targets for higher copper ore production were bolstered last year when Geological Survey of India (GSI) in a report established indicative reserves of copper in the central state of Chhattisgarh.

The discovered copper reserves spread across an estimated 25 km² would be taken up for detailed exploration by Chhattisgarh Copper Limited - the recently floated joint venture of HCL and the Chhattisgarh Mineral Development Corporation.

The new discovered reserves were close to HCL's existing Malanjkhand copper project in the neighboring state of Madhya Pradesh, a company official said

TRIGGERING DEVELOPMENT BY OPENING (NEW) MINES IN ODISHA

The mining sector alone has the potential to churn out 10 lakhs additional jobs by 2025 in Odisha itself and has the potential to reduce India's import bills by 1 lakh crores

The Genesis of Indian Mining sector

India's geology is similar to that of Australia, South Africa and

South America, as these were part of Gondwana Basin having a pedigree for high quality deposit of iron ore, bauxite, coal, diamonds and heavy minerals. Today, where other nations have been successful in exploring their mineral wealth with the sector contributing major chunk to their GDP, India is yet to utilize its

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mineral potential due to various socio-economic and even perception issues. The mineral sector contributing only about 2 per cent to GDP is certainly a matter of concern since India's geological resource base can sustain much higher levels of mineral development & economic growth.

According to a survey by Fraser Institute Annual Survey of Mining Companies 2017 on mining and exploration companies, India ranks 97 out of 104 countries in the Investment Attractiveness Index in mining, indicating the inability to attract global investors to 'Mine in India'. Ironically, the domestic mining sector is in stagnation on account of several policy, administrative, legal and environmental issues. These include mining bans in various states through Supreme Court orders, a low level of exploration activity, increasing imports, high taxation rates, heavy land acquisition costs, low rail evacuation capacity and imminent expiry of 288 captive mines in 2020. Such factors have put spotlight on the Indian mining sector, something that has been long overdue.

Some Proactive initiative by the Odisha government to boost its potential:

Mineral deposits is certainly Odisha's passport to a bright & sustainable future. With the upswing in global demand for metal, Odisha is the toast of the country and perhaps the world. Few initiatives taken by the state government like Integrated Mines and Minerals Management System (i3MS) for computerized, online, real-time monitoring of the mines and minerals was the first of its kind in India. This initiative has been appreciated and Government of India has asked other mineral-bearing States to introduce a similar system. Odisha is the leading mineral producing State contributing to almost 14% of the mineral production of the country. The state produces about half of country's Bauxite & Iron Ore and one-fifth of Coal. The production of minerals has increased multi-fold over last two decades.

The table below illustrates a few minerals:

Mineral	Production (99-2000)	Production (16-17)
Bauxite	2.9 MT	11.9 MT
Iron Ore	12 MT	102 MT
Coal	43 MT	135 MT

This augurs well for the state of Odisha in welcoming investors to build large-scale manufacturing projects.

Unlocking Odisha's potential for Aluminium:

Odisha alone has a potential of producing more than 50 million tons of bauxite per year as of the current capacity of 12 MTPA. The State houses more than half of India's bauxite reserves bearing one of the finest qualities globally. Easy access to base metals, abundance of water and manpower collectively offer a conducive ambience for Aluminium production in the state. All the primary Aluminium producers of India are operating out of Odisha, contributing to its socio - economic development and towards state GDP.

Western Odisha is blessed with natural resources where coexistence of bauxite and coal reserves in abundance offer , a unique combination ideal for Aluminium production and the potential to make India as the 'Aluminium capital of the World'. For example, the Kodingamali bauxite mine in Koraput district - Odisha, bears a massive potential of adding INR 9000 crore to revenue to the State. Operations in Kodingamali have generated 2,500 employment and is expected to generate additional 4,000 jobs in coming years. As per the Business Reforms Action Plan rankings, popularly referred as Ease of Doing Business rankings released by Union Ministry of Commerce and Industry, Odisha has been ranked 14th at all India level under the Achievers category with the compliance percentage going up from 52.15 per cent in 2015 to 92.09 per cent in 2017. Considering India has the fifth largest bauxite reserves in the world with lion share in Odisha, it should be tapped at the earliest for accelerated development of the State. If a single mine can trigger such massive wealth, employment and development opportunities within the State, Odisha is virtually sitting on a potential generation of Rs 1 lakh crore and looking to add around 1 lakh new jobs if ten such mines are opened.

Time for Action - Opening new mines in Odisha

The Odisha mining sector will play a crucial role in accomplishing the government's visionary initiatives like Make in Odisha, Smart Cities, rural electrification, indigenous space programs, and promotion of domestic defense manufacturing sectors. In addition to these national agenda, this will also help downstream and ancillary industries through job creation, increased production, technology advancements etc. The mining sector alone has the potential to churn out 10 lakhs additional jobs by 2025 in Odisha itself and has the potential to reduce India's import bills by 1 Lakh Crores. It is, therefore, necessary that the Government actively looks at the immense possibilities and opportunities by auctioning and opening more new mines in Odisha. It will give a fillip to the sector and push it forward the state to achieve a more sustainable and inclusive development.

HINDALCO CONSIDERING MOVE INTO LITHIUM PRODUCTION

Indian aluminium firm Hindalco Industries is mulling entering the lithium market in a bid to enhance its aluminium business. Such is the news from domestic media earlier this week.

Hindalco's managing director Satish Pai told the media that the move lacks only an opportunity before becoming a reality.

"Lithium is the closest to our (aluminium) business, and in India, there could be some opportunities in this minor mineral.

We are watching. If we get an opportunity we will get into this

minor mineral."

Should the opportunity arise, Pai revealed that the firm's mining subsidiary would likely be the vehicle.

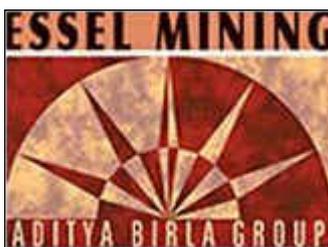
"It is Essel Mining, the group's mining arm, which is looking into this," he confirmed.

Lithium would be a prime candidate for Hindalco's efforts as it,

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along with manganese, are the metals typically alloyed with aluminium, especially in aerospace applications. In addition, lithium has several applications apart from aluminium, including in the production of lithium-ion batteries, which are finding wide use in a range of electronics.

At present, Essel operates coal and iron mining projects in almost three dozen countries. Headquartered in a particularly mineral-rich area of Odisha, the subsidiary's calibrated iron ore lump and iron ore fines are considered to be of premier quality.



Should the move into lithium come to fruition, it would join Hindalco's other non-aluminium activities in the copper sector, which it accomplishes via the subsidiary Birla Copper. At present Birla Copper operates a plant in Gujarat with three copper smelters, three refineries, a pair of rod plants, captive power and oxygen plants, and several auxiliary operations including a phosphoric acid plant, a diammonium phosphate plant, a precious metal recovery plant, a captive jetty, and several other necessary utilities.

OVER RS 23,000 CR COLLECTED UNDER DMF FROM MINING DISTRICTS :GOVT

An amount of Rs 23,606 crore has been collected from different districts under a government scheme for mining-affected people, Union Minister Narendra Singh Tomar said Friday.

"A sum of Rs 23,606 crore has been collected in DMF (District Mineral Foundation) till now from across the country," the mines minister told reporters here.

To facilitate proper usage of district mineral funds, the centre has launched the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY).

Established as a non-profit trust in 2015 under the Mines and Minerals (Development and Regulation) Act, DMF in every mining district works for the interest and benefit of persons and areas affected by mining-related operations.

Out of the total collection of about Rs 23,606 crore in DMF, only 24 per cent has been utilised.

"Till now, we have been able to spend only 24 per cent of the total collection done under DMF," Tomar said.

About 46 per cent of the funds collected is from the major min-

erals, 44 per cent is from coal and lignite mining and the rest around 10 per cent is from minor minerals.

The minister also exuded confidence that in 25 years Rs 25 lakh crore would be collected under the scheme.

There are some very basic requirements of these mining districts such as drinking water, which were not fulfilled in the last 70 years but Narendra Modi-led government has taken various initiatives on this front, Tomar said.

The minister was speaking during a workshop on DMF-PMKKKY here.

Mines Secretary Anil Gopishankar Mukim said of the total DMF funds, around Rs 18,188 crore has been sanctioned by the states for different projects under PMKKKY.

"Ministry of Mines collects data from the states to monitor the utilisation of funds under the scheme. The data available with the ministry shows that so far only 24 per cent of funds have been utilised which is a matter of concern and require immediate attention," the secretary said.

CENTRE WORKING ON FORMULA TO RESUME GOA MINING: CABRAL

Law and Judiciary Minister Nilesh Cabral says that the Centre is working on an amendment to facilitate resumption of mining operations in Goa. In an interview with SOIRU VELIP, the two-time BJP legislator from Curchorem admits that the situation in the state's mining belt is bad

Q: The state government has given various suggestions to the central government with regard to resumption of mining activity. For the last one year, time and again, the BJP has been assuring the people that mining operations would resume in the state. However, no concrete step is visible so far. How would you react to this?

It is a fact that the mining operations have been stopped in the state after the decision of the Supreme Court. Since the apex court is involved in the matter, there are some technical difficulties involved. However, a formula is being worked out by the Centre for resumption of mining. One thing we should keep in mind is that if the Centre amends the Goa Daman and Diu (Abolition of Concession and Declaration as mining leases) Act, it would make 543 mining leases alive. Though there were

543 mining leases in the state, only 100 to 120 leases were operational. So, the Act needs to be amended in such a way that only these 100-120 mining leases become alive and as per our information the Centre is working in this direction.

Q: As you are an MLA from mining belt constituency, how are you looking at the mining situation in your area? How has the mining ban impacted people from the mining belt?

The impact is serious due to the closure of mining activities since the last one year. It is not only the mining dependants, who were actually directly and indirectly depending on iron ore mining activity, but also the small-time businesses like hair cutting saloons, hotels, food grain sellers and other activities in the market areas besides the real estate business that have been affected terribly. The one-day bandh called by Goa Mining People's Front on February 26 was supported by everybody including businessmen, as they have been affected. In short, I can see how mining dependants and people involved in allied business activities are suffering due to the closure of mining. I can feel the pain of all

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these people. The situation is bad. So far, Sesa Goa mining firm has not given a break to its employees. But if they take such a decision then it would lead to more problems.

Q: The mining dependants have expressed their anger through the day-long bandh on February 26 in mining belt areas. However, a couple of days back, you had made a statement that this would have no effect on the BJP in the ensuing Lok Sabha elections. Can you elaborate on your statement?

The mining dependants are fuming, as mining was a source of their livelihood. Secondly, it is also a fact that the government has to restart mining operations. One cannot deny that.

But what I was trying to say was that Congress has no capacity to restart mining; it is the BJP which has been pursuing and will follow up with the Centre to restart mining in the state. Therefore, the people should vote for BJP in the ensuing Lok Sabha elections to see that mining operations restart. As per various reports, BJP will retain power at the Centre after the 2019 Lok Sabha elections. So, if people re-elect our MPs from Goa in the Lok Sabha polls, then we can tell our central leaders that people of Goa have reposed their faith in the party and you should restart mining in the state as soon as possible.

Q: According to you, who is responsible for this mining mess in Goa?

Obviously, it is the then Congress government, which was ruling at the Centre from 2012 to 2014. After, Manohar Parrikar became chief minister in 2012, then Congress leader and Union minister for environment and forests, Jayanti Natarajan, had withdrawn environmental clearances given to mining leases of Goa. During that period, the Congress government at the Centre appointed Shah Commission for inquiring into the alleged illegal mining and tabled the report of the Commission in the Parliament illegally. However, after the BJP government led by Prime Minister Narendra Modi came to power in 2014, the Centre renewed all the mining leases and we managed to restart mining. After that, one activist approached the Supreme Court against mining. Then the apex court quashed 88 mining leases renewed by the BJP government and mining operations stopped.

Q: Do you feel that mining operations will resume before the ensuing Lok Sabha elections? If not, then how will you convince the voters?

The operations may not restart before the Lok Sabha election, as



the model code of conduct will come into force soon. The state government has been making efforts since the last one year. Our Chief Minister has written three letters to the Centre suggesting various options for the resumption of mining. So far, we have not received any communication from the Centre in writing as claimed by Congress party. After examining the matter, now we have come to know that there are some technical aspects involved in the matter. So we will explain these technical aspects to

the voters during the campaign for Lok Sabha election. We will appeal to the people to repose faith in BJP once again so that we can pursue the matter vigorously with the Modi government at the Centre.

Q: As far as the governance is concerned, how do you look at it, as there is a general perception that the administration is not functioning as expected since the last one year?

I have been working as a minister since the last five months and I never encountered any hurdle in clearing proposals pertaining to my departments. It is not right to say that the administration is not functioning. The only thing is that the process for taking major policy decisions is at a bit slow pace. Most of the proposals are cleared during cabinet meetings. I never encountered any difficulty in the finance department.

Q: As a BJP leader, how do you look at the decision announced by the Maharashtrawadi Gomantak Party, an alliance partner of the ruling BJP, to contest the Mandrem and Shiroda bypolls?

It is wrong on the part of MGP to take such a decision. The MGP has supported the government led by Parrikar for five years. Hence, how they can contest elections against the BJP? And these Mandrem and Shiroda as well as Mapusa are BJP seats. The MGP says that the party has supported Parrikar as a leader, then how can it contest the bypolls when Parrikar continues to be the Chief Minister of the alliance government? One can understand if they contest elections independently once the tenure of the current government is over.

IRON ORE PRICES RISE BY RS 600-700 A TONNE, BUT KARNATAKA PRICES DOWN 15%

The prices of iron ore rose by Rs 600-700 a tonne in the rest of India, but in Karnataka the prices have dropped by 15 per cent. Supply chain disruption in Brazil led to a 30 per cent increase in the global iron ore price. As far as Karnataka is concerned,

miners have alleged a price drop due to a poor offtake from JSW Steel and cap on exports. JSW Steel, however, denied the allegation and said differential pricing and poor quality were the

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main reasons for a price drop in the state. According to a CRISIL report, global iron ore prices rose to \$90 a tonne from \$69 a tonne in December 2018 due to issues in Brazil. It should be noted that China imports 1.06 billion tonnes of iron ore, of which 20-25 per cent is from Brazil. The disruption led to a price increase. "Elevated global prices, the expectation of a further depreciation in the value of the rupee, and modestly healthy demand growth prospects of 5.5-6.5 per cent in the domestic steel industry are expected to provide reasonable room for domestic miners to enjoy high prices through calendar year 2019, especially in the first half," said CRISIL. Basant Poddar,



member, Federation of Indian Mineral Industries, South, claimed that there had been no price increase in Karnataka, as they had one dominant buyer (JSW Steel). The price of ore in February 2019 was down 15 per cent compared to the price prevailed in February 2018. Seshagiri Rao, JMD and Group CFO for JSW Steel, said the issue had been differential pricing between Karnataka and other markets, and then the poor quality. He noted that Karnataka's largest miner, for example, was charging Rs 3,335 a tonne, while iron ore in Chhattisgarh was available at Rs 2,660 per tonne without taxes. Price difference was Rs 675. After a series of discussions, the differential prices were removed, but again introduced in December. The prices globally started falling up to February.

The Chhattisgarh prices dropped to Rs 2,560 in January from Rs 2,860 in December and to Rs 2360 on February 1, 2019. On

February 22, it was increased to Rs 2,760. On the same day, the Karnataka price was Rs 3020. The price of iron ore in Karnataka as on April 1, 2018, was Rs 3,335. Today that is Rs 3,020, and that means the Karnataka price has not gone up. "This is what they are trying to mislead. Compared to the Chhattisgarh prices, they are charging a premium," said Rao. Karnataka prices should not be compared for April 1, 2018, because there was a Rs 670 differential at that time. Still it enjoys a premium if compared to Chhattisgarh, he added. The other issue is quality. While the local miners claim nearly 14 million tonnes of iron ore has piled up as inventory

since JSW started importing, Rao says nearly 10 million tonnes did not come for auction because it is less than 45 per cent Fe. Of the remaining 4 million tonnes, nearly 2.5-2.7 mt is with high manganese and high alumina, so they are not able to sell at the price at which they want to. Anybody who buys this has to spend more fuel.

Price forecast

- ◆ Prices of iron ore rose by Rs 600-700 a tonne, except in Karnataka, where the prices dropped 15%
- ◆ Global iron ore prices rose to \$90 a tonne in December 2018
- ◆ Elevated global prices, expectation of further depreciation of the rupee, and modestly healthy demand growth prospects of 5.5-6.5% in the domestic industry expected to provide reasonable room for high prices through calendar year 2019

GOVERNMENT TO ALLOW CAPTIVE MINES TO SELL COAL IN OPEN MARKET

The move seeks to 'increase competitiveness' and address a tepid response to captive coal mine auctions.

India's cabinet approved a policy on Tuesday that allows owners of coal mines that produce solely for their own use, known as "captive coal mines, to sell 25 per cent of their output in the open market.

The move seeks to "increase competitiveness" and address a tepid response to captive coal mine auctions, and would lead to higher revenue for the government, the government said in a statement.

The move comes months after India's cabinet approved a



commercial coal mining policy, which enables companies to bid for mines from which they can sell all the coal in the open market.

Both moves could effectively end state control over coal mining in India.

Coal India accounts for over four-fifths of the country's coal output, and owners of captive coal mines are currently mandated to sell excess coal mined to the state-owned miner.

Despite cabinet approval, the government might not conduct auctions for commercial coal mining until after federal elections in May, a government official said.

MR METALLURGICAL RESOURCES PLANS TO BUY A STRESSED STEEL PLANT IN ODISHA

Economic Times recently reported that the Swiss commodity trading group IMR Metallurgical Resources AG director Mr Sanjay Sinha said "We are speaking to bankers to acquire a

stressed steel plant in the eastern region. We hope to close the deal soon. IMR is now keen to expand in India by acquiring

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small and medium-size firms outside the NCLT that can help us get into steel production.”

He did not reveal the identity of the plant the company seeks to buy. The deal, if it goes through, is likely to set a precedent for

foreign firms buying into India’s steel industry.

IMR Metallurgical Resources had recently bought Tata Steel’s iron ore mines in South Africa had also bid for ferro alloys producer FACOR under the NCLT last year.

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