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KESLA-II LIMESTONE BLOCK AUCTION FETCHES RECORD PRICE OF `11K CR. DALMIA CEMENT IS PREFERRED BIDDER

HOW INDIA'S MOST EXPENSIVE LIMESTONE BLOCK IN CHHATTISGARH WAS AUCTIONED

After nearly 24 hours of record bidding, with 600 bids coming in, the country's most expensive limestone block in Chhattisgarh finally went to Dalmia (Bharat) Cement.

The Kesla-II limestone block in Raipur district of Chhattisgarh with an estimated reserve of 215 million tonnes was put for auction. The reserve price of the block, spread across 357 hectares of area, was fixed at 5 per cent of IBM prices while the floor price was 21 per cent of IBM prices.

Four prominent cement makers, including Dalmia (Bharat) Cement, Adani, UltraTech and Mangalam Cement submitted the bids. Adani reportedly did not participate in the bidding that left three in the fray even as bidding started on Monday at 11 am.

While the bidding price kept on escalating, UltraTech also opted out from the race. Dalmia (Bharat) Cement and Mangalam Cement were in no mood to give up. In all, 600 bids were submitted during the nearly 24 hours bidding that ended on Tuesday morning with the highest bid received at 96.15 per cent of IBM prices. It was 20 times more than the reserve price.

A senior company executive associated with the bidding told Business Standard that Mangalam Cement was desperate to get the block as the adjoining Kesla-1 was bagged by Century Cement. The company officials could not be contacted.

The highest bid received translates into estimated cumulative revenue of Rs 11,894 crore to the Chhattisgarh government over the lease period. The figure is more than Rs 8,215.8 crore raised by the auction of Ghoraburhani-Sagashi iron ore block in Odisha, the highest revenue earner till date.

Chhattisgarh has broken the national record of obtaining the highest bid for any limestone block that was previously held by Rajasthan at 67.94 per cent of IBM prices for its limestone block of Nagaur District.

"Choice of the blocks, fixation of the tender parameters and consultation with industry participants demonstrated the business acumen and foresight of the Mining Directorate officials played a major role in the success of the auction," Mining Secretary Subodh Kumar Singh said.

Notably, Chhattisgarh had also earned the distinction of conducting the first ever successful non-coal mineral auction in India in February, 2016 with the auction of Karhi Chandi limestone block.

EYEING BIG REVENUE MOP-UP, STATES OFFER 98 MINERAL BLOCKS FOR AUCTION IN FY18

Enthused by significant revenue mop-up through auction of non-coal mines, mineral-rich states have lined up at least 98 iron ore, limestone and other blocks for auctions in the current fiscal.

Following an amendment to the Mines and Minerals (Development & Regulation) Amendment Act, 2015, which made allocation of mines through auctions mandatory, 22 mines have been successfully auctioned, but 24 proposed auctions had to be annulled due to poor investors' interest. Notice Inviting Tenders (NITs) for 21 mines have already been issued, 77 blocks are in the pipeline, a source in the mines ministry said

Sources said the 22 blocks already auctioned so far will accrue Rs 85,253 crores revenue to the states. Companies like Shree Cement, Vedanta and Dalmia Cement will pay the amount, which also includes contribution towards royalty, DMF and NMET, to the states over the lease period of 50 years.

The estimated value of mineral reserves in these blocks is over Rs 1 lakh crore

Mines ministry sources said that Gujarat has lined up 21 blocks for auctions in the current fiscal followed by Tamil Nadu (12), Jharkhand (11), Odisha (10), Karnataka and Maharashtra (9 each), Rajasthan (8), Chhattisgarh (7), Andhra Pradesh (6) and Madhya Pradesh (5). These blocks mainly contain limestone blocks, iron ore, bauxite, graphite and copper.

Chhattisgarh was the first state to successfully auction a mine, Karhi Chandi mine having an estimated limestone reserve of 255 million tonne (MT), through the auction route.

The latest one has also been auction by the eastern state in which Dalmia Cement emerged as the preferred bidder by offering to pay the Chhattisgarh government around `464 for every tonne of limestone production from the Kesla-II block.

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Bidding for the block went on for more than 23 hours. A total of 621 bids were submitted by the interested parties including Adanis, Mangalalam Cement and Ultratech Cement. Industry sources said auctions are likely to see fierce competition in the coming days as investors will be more keen on securing raw material sensing heightened demand for their end products.

MALI SEEKS MORE INDIAN INVESTMENT FOR GOLD MINING, AGRICULTURE

There is considerable scope for joint ventures between the two countries for the production of gold and fabrication and marketing of jewellery in Mali," the embassy said in an email interaction with IANS. The West African country currently produces 60 tonnes of gold per year.

For Indian businessmen, Mali has great scope of investment especially in the field of agriculture (cotton, food processing, abattoirs and tanneries); mining (gold, iron ore, phosphates, uranium, bauxite, zinc, manganese, tin and copper); automobile (two-wheeler segment), and pharmaceuticals (generic drugs)," the embassy said. (Reuters)

Mali offers good opportunities and prospects for Indian entrepreneurs and investors in the gold mining and food processing space, among others, the Indian Embassy in capital Bamako has said. "Mali is Africa's third-leading gold producer (after South Africa and Ghana) and has an estimated reserve of 600-800 tonnes. There is considerable scope for joint ventures between the two countries for the production of gold and fabrication and marketing of jewellery in Mali," the embassy said in an email interaction with IANS. The West African country currently produces 60 tonnes of gold per year.

"For Indian businessmen, Mali has great scope of investment especially in the field of agriculture (cotton, food processing, abattoirs and tanneries); mining (gold, iron ore, phosphates, uranium, bauxite, zinc, manganese, tin and copper); automobile (two-wheeler segment), and pharmaceuticals (generic drugs)," the embassy said. With a population of around 15 million exposed to tropical diseases, Mali is also a good market for Indian generic medicines and pharmaceutical products.n "There is already an awareness of our capabilities and competitiveness in this area, the Embassy said, adding that this needed to be translated into commercial contracts for Indian companies."

"Malian economy is primarily based on agriculture and livestock husbandry which together account for almost 50 per cent of the country's GDP," the embassy said, adding that "Mali is the second largest producer of long staple cotton in Africa, after Egypt." It said the country is also one of the largest producers of mangoes in Africa but lacks processing facilities.

"Mali also has one of the largest livestock in Africa with 35 million cattle heads inclusive of eight million cows, 26 million sheep and goats and approximately one million camels," the embassy said, adding that this provided opportunities in the food processing sector, including meat — processing and setting up of modern abattoirs." The Malian government also welcomed investments in modern tanneries.

"India's total trade with the West African country has grown steadily over the past few years culminating in $350.72 million for the 2015-16 financial year. It represents 64.87 per cent increase over the previous year's $212.72 million," the embassy said. It said India's exports during 2014-15 totalled $134.12 million, whilst imports from Mali accounted for $78.59 million. During 2015-16 however, Indian exports slumped to $107.93 million whilst imports suged to $242.78 million. The trade figure for the first 10 months of 2016-17 is at $167.54 million, with India's exports at $87.13 million and imports at $80.41 million. The Malian government is keen to undertake exploration and exploitation of its mineral resources and has formally offered the rights on lease to the Government of India or government-designated companies, said the Embassy. "This provides our public as well as private companies with ample opportunities to exploit the rich mineral resources of Mali," it added. Businessman Seydou Brahima said: "Most businessmen would want to do business with India, but the fact that we are a Francophone country has been a challenge." "A few of us have tried to get into business with Indian partners and the response has been good."

INDIAN COMMERCIAL MINING AIMS TO REDUCE TARIFFS

The Indian government's proposals to allow commercial coal mining by private companies will create new competition and push down tariffs, Indian Coal Secretary Susheel Kumar claimed this week.

"Commercial coal mining is a very big reform in the coal sector and the idea is to bring in competition for the monopoly coal miner, which is the public sector company Coal India Limited [CIL]," he said.

"This intervention by the government aims to reduce the price of

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coal so that consumers receive power at cheaper rates," Kumar he went on.

The government investors in commercial mining to understand that the reforms aim to create sustainable and efficient processes in the coal sector, rather than maximise short-term revenues, in order to achieve lower prices.

"The coal sector needs to operate in such a way that we reduce prices. The mechanism is competition, more efficiency, more mechanisation. Commercial mining will attract efficient power sector players who will invest in a big way and bring in that efficiency, ultimately reducing prices," Kumar said.

The reform will see commercial coal mining, where the mine owner can sell the fuel on the open market rather than to a "captive" customer such as a power plant, for the first time in four decades.

The changes also aim to lower coal imports and make thermal power more competitive with the expanding solar sector.

Solar costs have fallen in recent years, making renewables attractive to investors. The government now aims to wind back capital to the coal industry.

While the government's efforts to increase coal supplies are commendable, India's ramshackle transmission and distribution networks continue to be a major bottleneck, with much demand remaining unmet.

CIL, meanwhile, is saddled with more coal output than it can sell in the domestic market. The company accounts for more than 80% of India's coal output and is now targeting exports.

In separate comments this week, Kumar said the government wanted CIL to export coal in order to reduce the current surplus.

"We have enough [coal]. We have 69 million tonnes of pit-head stock.

CIL is capable of producing more coal than actual demand. To get anything from Bangladesh is a bit difficult. CIL is exploring all neighbouring countries, including Bhutan," Kumar said.

Local media reported last week said that New Delhi has lowered CIL's production target from 660 million tonnes to 600 million tonnes in the 2017-18 fiscal year because of weak demand from domestic thermal power plants.

COAL INDIAS 177 MINES DOWNGRADED....

For power producers it's time to rejoice. Thermal power companies including NTPC, the biggest of the lot, would be paying less for their coal requirement this month onwards as the Coal Controller, after a mammoth exercise, has reassessed and downgraded quality of about 177 coal mines across the country, sources said.

While the financial impact of this major exercise, both on Coal India Ltd (CIL) as well as its customers, is still being worked out, there could be significant monetary loss to the extent of several thousands of crores of rupees to CIL and an equivalent gain to its consumers as downgrade of quality means prices would be revised downward. There have been only two-three cases of upward revision.

Pricing of coal till March was based on grading done by CIL, linked to the gross calorific value of samples drawn from individual mines, and Coal India now has about 413 mines.

But following sustained opposition by many of CIL's customers including NTPC, which complained of wide difference between the declared grade and quality of sample tested later by third party, the government entrusted the office of the Coal Controller based in Kolkata to undertake a massive exercise to take samples out of most the mines and reassess their grade afresh.

The exercise has just been completed and grades of 177 mines have been downgraded, sources said.

The downgrades have mostly been by one, and in some cases, by two notches while total upgrades have been only in 2-3 cases, sources said.

Take the case of Nagpur-headquartered Western Coalfields.

As per the initial sampling, quality of coal from mines like Gokul, Naigaon, New Majri, Sasti, Kolar Pimpri Ukni Deep and Niljai South were reduced mostly from Grade 9 to Grade 10 while that of Mungoli was downgraded by two notches from G9 TO G11.

A total of 2,636 samples were collected from mines of five of Coal India's mining subsidiaries and were tested at laboratories of Indian Institute of Engineering Science and Technology, Shibpur (IIEST Shibpur), Central Institute of Mining and Fuel Research, Indian School of Mines, IIT Guwahati and IIT (Benaras Hindu University) Varanasi, depending upon the geographical spread of the mines.

Beginning FY18, Coal Controller would be responsible for deciding the grade of all varieties of coal mined by CIL.

"From the financial year 2017-18 and onwards, the sampling and analysis for the grades of all the seams of the mines and all

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attached sidings of mines will be done by outsourcing mode through government organisations and academic institutions by taking dispatch samples only in presence of Coal Controller officials," an order of the coal ministry says.

FUEL RELIEF

Thermal power companies will pay less for their coal requirement this month ownwards

Coal Controller has downgraded quality of about 177 coal mines across the country

Many of CIL's customers complained of poor quality of samples from many such mines

COMMERCIAL COAL MINING - A PERSPECTIVE ON INDIA'S PROPOSAL

The permission to sell coal in the open market, which ideally should imply freedom to price products based on market demand and supply, has turned out to be a debating point for policy-makers.

The Ministry of Coal has recently published a white paper for public discourse and suggestions on policy initiative that purports to bring in private participation in commercial coal mining. "Commercial" coal mining is a bit of a misnomer here as all coal mining activities by definition are commercial, but in India this has come to define the right of a coal miner to sell the products in open market. Here again, the permission to sell coal in the open market, which ideally should imply freedom to price products based on market demand and supply, has turned out to be a debating point for policy-makers. So, the essential features of a free market that define a commercial activity have been contextualized in Indian coal sector through deep impact of nationalization of the industry in the early 1970s.

The so-called commercial coal mining itself is not a new concept either. Prior to de-allocation of the coal blocks by the Supreme Court of India, and indeed even after the new legislative.

A closer look at these entities and their strategies for coal mine development indicates that contract miners are the ones who operate the coal mines and then these state -entities bargain with the potential buyers of coal for a piece of rent from the price of coal they sell. So, while private sector ownerships of these coal mines have been restricted, the private sector participation has not been, from mine development, construction and all the way to transportation and taking the products to the market. What is new in the Ministry's proposition is allowing private sector ownership. The draft policy paper proposes no restriction on pricing, even though for purposes of revenue share, which is also the bidding criteria for allocation of coal blocks in the first place, a floor of 20% premium over Coal India Limited's prices for comparative coal quality has been proposed. There are other provisions for flexibility, such as permission to modulate coal production within a limit of 70% of the approved peak rated capacity. While the merits of these propositions are being discussed, it is important to question the fundamental idea of commercial coal mining at this time.

There is a revolution that is sweeping the energy sector globally and in India. The balance now seems conclusively tilting towards renewable energy. And, this development is not entirely due to government subsidies but because these sources of energy are financially viable on their own. Of course, there are some concerns about quality of supply and back-up but there again a lot of investment is being made, for example, for developing grid-size storage technologies for solar power. The next 3-5 years are likely to witness epochal shift in the way energy is generated and distributed. Coupled with these developments, coal mining in India has witnessed lower than expected demand. CIL was struggling to meet the demand just a few years ago but now they are increasingly finding tougher to dispatch the coal produced, resulting in building up stockpiles. But in spite of this, there has not been any indication yet on relenting on their pursuit for a 1 billion tonne production by the terminal year of the current five-year plan. This begs the question then of demand from commercial coal miners. Who would buy coal from a commercial miner with a 20% premium over market price when they can get coal from CIL itself? And, thus also arises the associated question of being able to get a premium when there is over supply in the market?

Then there is cost side of the story. While the list of coal blocks for commercial coal mining is not yet published, it may only be speculative to estimate costs. But it may well still be stated that the costs of coal mining may be relatively lower than Coal India Limited considering private sector efficiencies. But the margins may have to be distributed between the miners and the government accounting for the revenue-share or an auction premium, depending upon how these coal blocks are auctioned off. Would the available margins be able to justify investment in coal mining ventures that have tuned out have risks of obtaining social license to operate, including land acquisition, rehabilitation and resettlement, risks of mine permissions such as environmental clearances, and infrastructure development constraints?

Answers to several of these questions are likely to be in the location and geo-technical features of the coal blocks. Demand and price risks, and the risks in coal supply logistics can be assessed from the location of the mine and its likely markets. The margins

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and returns on investment can gauged by the geo-technical features which impact the ease and hence, costs of mining. To attract investors, it is therefore, important that the government chooses coal blocks that promise scalability, higher degree of geological information, lower risks of stakeholder management and shorter gestation period to get the first tonne of coal to market.

The key reflection of expected returns would also be the degree of competition for these coal blocks. The competition for the most recent, the fourth, round of coal blocks for non-regulated sector was low and response for the blocks offered was at best lukewarm.

While the past need not reflect the current level of interest, expectation of future of coal, more specifically the coal-based power generation, is certainly going to impact the prospects. The real concern lies here. That Central Electricity Authority (CEA) has warned that coal-based thermal power plants are expected to see a drastic fall in capacity utilization to as low as 48% by 2022, which has been consistently declining for the last 3-4 years, as additional non-thermal electricity generation capacities get commissioned, is more likely to deter enthusiastic participation.

All said and done, markets are the places for real test of an idea. It is, therefore, wise to wait and watch if commercial coal mining is such an idea whose time has come or has passed by.

INDIA'S SCCL GOES AGAINST TREND ON UNDERGROUND COAL MINING PROJECTS

Contrary to the general trend across the country, southern India headquartered Singareni Collieries Company Limited (SCCL) will not phase out underground mining operations, but in fact plans to open at least two more such mines over the next few years.

Company officials said that SCCL was working on two projects – Kondapuram and Manuguru – where underground mining projects would be developed over the next two to three years.

Most of the underground mining projects would adopt the 'zero conventional bord and pillar manual filling', as well as full deployment of continuous miners, which would be adapted to function even in places lacking continuous stretches of deposits, the officials said.

However, they conceded that SCCL was looking to convert some underground mines to opencast, but this was solely based on geological conditions and depth of mining at existing projects and not on account of any shift out of underground mining by the company.

Continued focus on underground mining was critical for SCCL, which currently has 30 such operational mines along with 17 opencast mines, predominantly in the southern Indian province of Telangana.

SCCL's strategy is in contrast to its larger counterpart, CoalIndia Limited (CIL), which sourced less than 6% of its production from underground mines last year. In 2012, underground mines accounted for 9% of total production.

According CIL officials, there has been natural depletion of reserves at existing operational underground mines and the absence of contiguous new deposits is a major hurdle to developing new underground mines, as fragmented blocks made installation of longwall mining technology unviable in such deposits.

As a result, with no new underground mines likely to be implemented, the current trend of rising contribution to total production from opencast mines would gain further momentum. As things stood now, contribution of opencastmines to total CIL production had moved up from 86% to 93% even though opencast mines made up only 42% of the total 413 operational mines under CIL.

Alongside opening at least two underground mines, SCCL has also undertaken expansion of its Sattupalli opencast mines, where officials say an additional 400-million tons of reserves have been established and the miner expects incremental production of at least 10-million tons a year once the expansion project was completed

"CAPTIVE IRON ORE MINES MUST FOR STEEL INDUSTRY"; JSPL PITCHES AT 'INDIA STEEL – 2017' CONFERENCE

Bhubaneswar : Steel Industry should get priority and 'must be integrated with captive iron ore mining for sustainable growth', said Mr. Manish Kharbanda, Executive Director & Head of Mines & Minerals, Jindal Steel & Power Ltd, while speaking in 'India Steel 2017' Conference today (April 20, 2017) at Mumbai. In his address on 'Interplay of Demand & Supply of Raw Materials in Steel Industry', he stressed on preferential treatment to Steel Industry in mining auction. Speaking on Interplay of Demand & Supply of raw materials in Steel Industry, "Auction of Iron ore blocks for merchant mining should be done after

the steel plants are equipped with captive mines", he added. In auction, most Iron & Steel plants cannot compete with merchant miners on account of their heavy debt, worsened by low demand & price in the past years. The State Governments need to conduct faster auction and make sufficient numbers of mineral block available to steel sector based at the respective states to build competitive strength of manufacturing sector.

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In order to promote scientific mining, larger blocks of mining should be allocated. Speaking on pricing of Iron ore, Mr. Kharbanda said that since more than 75% of the Steel plants do not have captive mines and are dependent on merchant miners, the Government should take step to make Iron Ore available at competitive price. The royalty rate of Iron ore is one of the highest in the World and should be reduced. The Government should take steps to ensure iron ore prices to be as competitive as possible for steel companies. "A price band may be set within which iron prices would be allowed to fluctuate or a cost plus formula may be adopted such that all iron- ore miners would have to adopt in setting their market selling price," he said. 'India Steel 2017' is being organised by the Ministry of Steel, Government of India and Federation of Indian Chambers of Commerce and Industry (FICCI) to provide a platform to stakeholders and key decision maker from the Steel and other related industry to interact with and explore new business avenues.

ODISHA GETS 28 TECHNICAL BIDS FOR TWO IRON ORE BLOCKS

Odisha has drawn encouraging response to the technical bids invited for Netrabandha Pahar and Kalamang iron ore blocks lined up for auctions. In all, 28 bidders including Tata Steel, Jindal Steel & Power Ltd (JSPL), JSW Steel, Vedanta, Essel Mining & Industries Ltd, Bhushan Power & Steel Ltd and National Mineral Development Corporation (NMDC) submitted the technical bids for the two blocks.

While the Netrabandha Pahar block meant for merchant mining attracted 16 bids, the Kalamang block reserved for an integrated steel plant got 12 offers. The technical bids were opened on Wednesday. Those who qualify the technical bids would be eligible for the financial bidding.

The companies who have submitted bids for Netrabandha Pahar are Serajuddin and Company, Shri Bajrang Power and Ispat Ltd, NMDC, MSPL Ltd, Maithan Ispat Ltd, Feegrade & Company Pvt Ltd, JSPL, Bhushan Power & Steel Ltd, JSW Steel Ltd, Essel Mining & Industries Ltd, Vedanta Ltd, Rashtriya Ispat Nigam Ltd (RINL), Shri Jagannath Steels & Power Ltd, Orissa Metaliks Pvt Ltd and Tata Metaliks Ltd.

Both the blocks have been explored to the G2 level, meeting the eligibility criteria for auctions under Mineral Auction Rules, 2015.

The Netrabandh Pahar block located in Sundargarh's Koira sector has geological reserves of 77.25 million tonnes of which 61.9 million tonnes are high grade deposits. The total concession area is spread over 139 hectares with forest land making up 112 hectares. The onus would be on the successful bidder to obtain all regulatory clearances.

The Kalamang iron ore block got offers from Tata Steel Ltd, Tata Sponge Iron Ltd, Bhushan Steel Ltd, JSW Steel Ltd, Vedanta Ltd, Rashmi Metaliks Ltd, Thakur Prasad Sao and Sons Ltd, JSPL, Shyam Metaliks & Energy Ltd, RINL and Shri Jagannath Steels & Power Ltd.

Apart from the two iron ore blocks, Odisha had also invited technical bids for Garramura limestone block which drew a blank. Previously, two limestone blocks have gone under the hammer in the state with Dalmia Cement and Thriven Earthmovers emerging as the preferred bidders.

Odisha was also the first state to auction an iron ore block — the Ghoraburhani-Sagasahi block bagged by Essar Steel. Essar Steel has proposed a production capacity of 7.16 million tonne per annum (mtpa) run of the mine product from the iron ore block. As part of the project, the steel company is also setting up a crushing & screening plant and a beneficiation plant with a capacity of 6.7 mtpa over an area of 139.16 hectares (ha) at Ghoraburhani, Sagasahi and Kalmang villages situated in Sundargarh district.

1,880 ACRES ALLOTTED TO POSCO CANCELLED BY ODISHA GOVT

BHUBANESWAR: After facing turbulent times for 12 years, the state government finally brought the curtain down on the much-hyped mega Posco steel project as it cancelled the 1880 acres of land allotted to the South Korean company.

The Odisha Industrial Infrastructure Development Corporation (idco), state's nodal agency for land acquisition, has intimated to the Posco company the government's decision to withdraw the land allotted for setting up the 12 mtpa capacity steel plant. Though Idco in its letter sent to the company on Thursday cited 'land not put to use' as the reason behind the government's decision, sources said the South Korean steel behemoth, sensing that the project had little chance of taking off, had in February informed the government its willingness to surrender the entire

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land.

The government's decision communicated to the company is widely seen here as end of the Posco high drama that began with a bang and ended with a whimper. The MoU between Posco and the state government for establishment of the 12 mtpa steel plant with an investment of Rs 52,000 crore, what was then billed as India's biggest FDI, was signed on June 22, 2005. The project ran into rough weather with every passing day. While agitation by local villagers refusing to part with the land continued unabated, the project faced problems like getting iron ore mining lease and protests by social activists on environment issues and alternative livelihood for the thousands of people dependent on the area for fishing and crops.

If talks in the corridors of power are any indication, the government is planning to reallot the land to some other prospective investor. One of the names doing the rounds most is JSW, which sources said is interested to set up a 10 mtpa capacity steel plant there. The speculation gained currency after JSW CMD Sajjan Jindal met chief secretary on Friday.

Industries minister Debi Prasad Mishra said here that the government had not yet taken any final decision on the future use of the land allotted to the Posco. Meanwhile, the Posco Pratirodh Sangram Samiti (PPSS) that spearheaded the agitation against the South Korean company said here on Saturday that it would re-start the agitation if the government gave the land to any other company for setting up industries.

UNLEASHING THE POWER OF NATURAL RESOURCES AT GNRC2017

"We have contributed Rs 55,000 crores to the exchequer (not budgeted) and created 1 million jobs directly and through ancillaries. This is the power of natural resources", said Anil Agarwal, Group Chairman of Vedanta as he kick started the two-day "Global Natural Resources Conclave" organised by Network 18 and the Confederation of Indian Industry (CII) in New Delhi. The conclave, the first of its kind ever in India, was aimed at providing a global platform to discuss the challenges, opportunities and potential of India's natural resources.

The finite nature of natural resources

Day 1 (April 5th) saw industry veterans and influencers from various countries highlight the issues and successes they faced. One of the common talking points around natural resources is that they are finite in nature and we will run out of them at some point. While technically this is true, such doomsday scenarios have routinely turned out to be false. Most of the assumptions are centred around the term "proved reserves" which is basically what companies assume they can pull from the ground using existing technology while still generating a profit. However, what doesn't come to the fore is that this estimate can be impacted by new technology, i.e. discovering new resources with was hitherto not possible due to lack of technology, exploration, and recovery becoming less expensive, and greater efficiency with newer technology. This, in turn, causes the amount of "proved reserves' to increase. The most famous prediction that comes to mind was put forward in 1981 that the last drop of oil will be drilled out by the end of 2013. Fast forward to the present and we know that global oil production has increased by 46%; reserves now stand at more than 1 trillion barrels.

India's untapped potential

Explaining India's reserves with a quick lesson in geology at the conclave was Sajjan Jindal, Chairman of the JSW Group. Most of the rocks found on earth have varying degrees of minerals but unless they are concentrated, the economic cost of retrieving them is too high. According to Jindal, since India was once part of the same landmass known as Gondwanaland- which also consists of South America, Africa, and the Australian continent and mineral resources have been found in plenty in these continents, India could also have large reserves of these resources. However, India has only explored 10% of its potentially resource-bearing area. Though the country has undertaken exploration, a lot depends on the exploration done by the British and India has been slow in exploiting natural resources in the country. And the case with existing reserves wasn't better as in the case of the coal mines in Jharia, Jharkhand where coal is plenty but the mines have been burning due to oxidation for more than a century. Jindal called on the government to put out these fires and utilise this premium coal which can be used for steelmaking instead for importing 20 billion tonnes of expensive coal. This will pave the way more increased steel production, more jobs and can be exported as well. Also speaking at the conclave was Gina Rinehart, Executive Chairman of Hancock Prospecting, a privately owned mineral exploration company founded in the 1950s. Providing the contrast between Indian and Australian regulatory space, Rinehart who admits to being an ardent admirer of the Indian Prime Minister recently launched a book titled "From Red Tape To Red Carpet" based on his initiative to create a business-friendly

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GEMCO KATI

atmosphere in the country.

Skill India to Make in India

The conclave also saw a large contingent of government ministers including Suresh Prabhu, Union Railway Minister; Prakash Javadekar, Union HRD Minister; Rajiv Pratap Rudy, MoS (Independent Charge), Skill Development and Entrepreneurship; and many more highlighting the steps taken by the Modi government to improving the overall ease of doing business from removing red tape to having a skilled workforce . For instance, while many Indians aspire to be engineers and doctors, there is a serious deficiency of skilled technical workforce with the 2015 Economic Survey pegging the skilled workforce at a measly 2%. Rajiv Pratap Rudy remarked that skilling has been defined for the first time in India under the Skill India initiative and aims to provide skills both in services and manufacturing sectors in line with the government's vision for turning India into the "world's human resource capital".

Redefining sustainability

Any discussion around natural resources is incomplete without sustainability and GNRC 2017 was no exception. Industry experts pointed out how, traditionally, non-renewable energy and sustainability were regarded as incompatible and why the notion was misleading. It all depended on the definition of what is meant by sustainable-for how long? If one goes by the literal interpretation of forever, then by no means can there be a sustainable way of using non-renewables.

Advocating for sustainable models of exploration and mining, HRD Minister Prakash Javadekar mentioned how the government has come up with a new sustainable model of sand mining. Using satellites can help locate how much sand has been deposited and where. These images decide how much sand can be extracted without damaging the river bed.

However, with renewables growing at an unprecedented rate, sustainability should be looked as "until technology advances such that we can tap other resources". Already countries like China and India are heavily investing in the renewable space and the Modi government has set an ambitious target of generating 100 GW from solar alone by 2022. The sector has seen entrepreneurs and the government pour investments driving down the cost of manufacturing and providing cheaper energy.

"We started solar power with Rs 19 per unit and now through auctions, it has been brought down to Rs 3.60 per unit. We have more than 10,000 MW in place, which was possible due to sustainability and more business opportunity", added Javadekar.

RESERVATIONS EXPRESSED ABOUT INDIA'S PROPOSED RULES FOR COMMERCIAL COAL MINING AUCTIONS

As the government readies to open commercial coal mining to private miners for the first time since 1973, prospective private investors have raised reservations about the terms and conditions laid down by the Coal Ministry.

According to minutes of a meeting between the Coal Ministry and stakeholders held earlier this week, private investors have raised concern about a revenue-sharing proposal.

The minutes note that most of the participants at the meeting were opposed to the provision advocating that private investors share revenues from production at a rate of 1.2 times the 'notified price of coal' charged by government miner Coal India Limited (CIL).

Prospective investors pointed out to the Coal Ministry that CIL revised its notified price charged to various categories of user industries, irregularity, and that the lack of predictability of such changes in notified prices would make revenue sharing projections and cash flow management difficult.

At the same time, sharing revenues based on 1.2 times CIL's notified prices would force private miners to push up their own merchant sale price of coal and as such would render them uncompetitive with CIL, which is the country's largest coal miner.

Besides representatives from the Coal Ministry, stakeholders present at the meeting included officials from private companies like Jindal Steel and Power, Adani Enterprises, JSW, Essel Mining, Lanco Infratech, Monnet Ispat, CESC, Tata Steel, GMR and SBI Capital Markets.

The private companies suggested that revenue sharing should be changed to a fixed-price model linked to the consumer price index.

Other issues flagged included past experience required to participate at the forthcoming auctions.

Some participants pointed out that blocks to be offered for auction may include greenfield blocks that will require developmental activities, such as land acquisition and securing mandatory approvals, and as such the prerequisite qualifications listed, such as material handling and bidder financial health of bidders, were not sufficient. It was suggested that prerequisite qualifications should be the same as in the case of government miners appointing a mine developer operator.

Pointing out an apparent anomaly in the proposed rules, one participant observed that the aggregate material handling experience of 25-million cubic metres, applied across a variety of minerals, was not justifiable as not all minerals were comparable in terms of volume. The stakeholder further noted that NMDC, despite being the country's largest iron-ore miner, would not be eligible to participate at the auction under such a material handling norm, as the volume of iron-ore differed sharply from that of coal, and, therefore, different volume handling criteria should be stipulated for different minerals handled by bidders.

The Indian government has changed its legislative policy to open up commercial coal mining to private investors for the first time since the coal industry was nationalised in 1973. It proposes to

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auction coal blocks with estimated reserves of 30-million tons through auction in the first tranche.

Successful bidders will have full freedom for commercial mining and merchant sales of coal, which the new rules will facilitate by permitting private miners to mine for end-uses not determined by captive consumption.

NMDC GETS GREEN NOD FOR RS 1,095 CR IRON ORE PROJECT IN CHHATTISGARH

The company wants to set up the unit to produce iron ore concentrate (in slurry form) suitable for making pellets and transport the same through 'slurry pipeline transporation system' from Bacheli in Dantewada district to Nagarnar in Bastar district

State-run iron ore producer NMDC Ltd has received the green nod for setting up of Rs 1,095 crore iron ore beneficiation plant at Dantewada district, Chhattisgarh.

The company wants to set up the unit to produce iron ore concentrate (in slurry form) suitable for making pellets and transport the same through 'slurry pipeline transporation system' from Bacheli in Dantewada district to Nagarnar in Bastar district.

"NMDC had sought the environment clearance (EC) for both installation of Iron Ore Beneficiation Plant as well as for Slurry Pipeline System. However, the EC has been granted for setting up of a plant," a senior government official told PTI.

The company plans to set up an iron ore beneficiation plant with an annual production capacity of 4 million tonnes.

The official said the company has been asked to get a separate EC for the slurry pipeline since the forest clearance for it has not yet been obtained.

Although the NMDC has got the first stage forest clearance for setting up of a plant, the Union Environment Ministry has said that the current EC for the plant is subject to final forest clearance.

While granting the EC, the ministry has also asked the company to comply with certain specific and general conditions with respect to control of pollution, waste management and creation of green belt among others.

As per the proposal, the company said that the new plant will supply iron ore concentrate to its Nagarnar unit where NMDC intends to set up a pellet plant with a capacity of 2 million tonnes per annum.

Pellets are used in steel plant to improve the productivity and reduce the cost of steel making per tonne. That apart, manufacturing of pellet also helps in utilising the unused iron rich slime (considered waste).

At present, NMDC Ltd has a production capacity of about 27 million tonnes per annum of iron ore from two fully mechanised mining complexes in Chhattisgarh.

NMDC & DMRL PACT FOR TUNGSTEN SOURCING

National Mineral Development Corporation (NMDC) and Defence Metallurgical Research Laboratory (DMRL) signed a memorandum of understanding on Tuesday to jointly work on a project report for potential tungsten reserves in the country and even sourcing it from abroad.

The pact was signed at the NMDC Head Office by its Director (Production) P.K. Satpathy and DMRL Director Samir V. Kamat in the presence of senior officials of both firms.

Tungsten (W) metal is of strategic importance because of its essential requirement in the manufacture of heavy alloy ammunition systems for the armed forces. Availability of the metal within the country is very limited and not being mined as it was economically not viable.

China is the largest producer of tungsten accounting for more than 80 % of world production. Presently, India's requirement of this strategic mineral is being met through imports, a press release said.