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Indian Mining & Exploration Updates

VOLUME 5, ISSUE 1 NOVEMBER 2017

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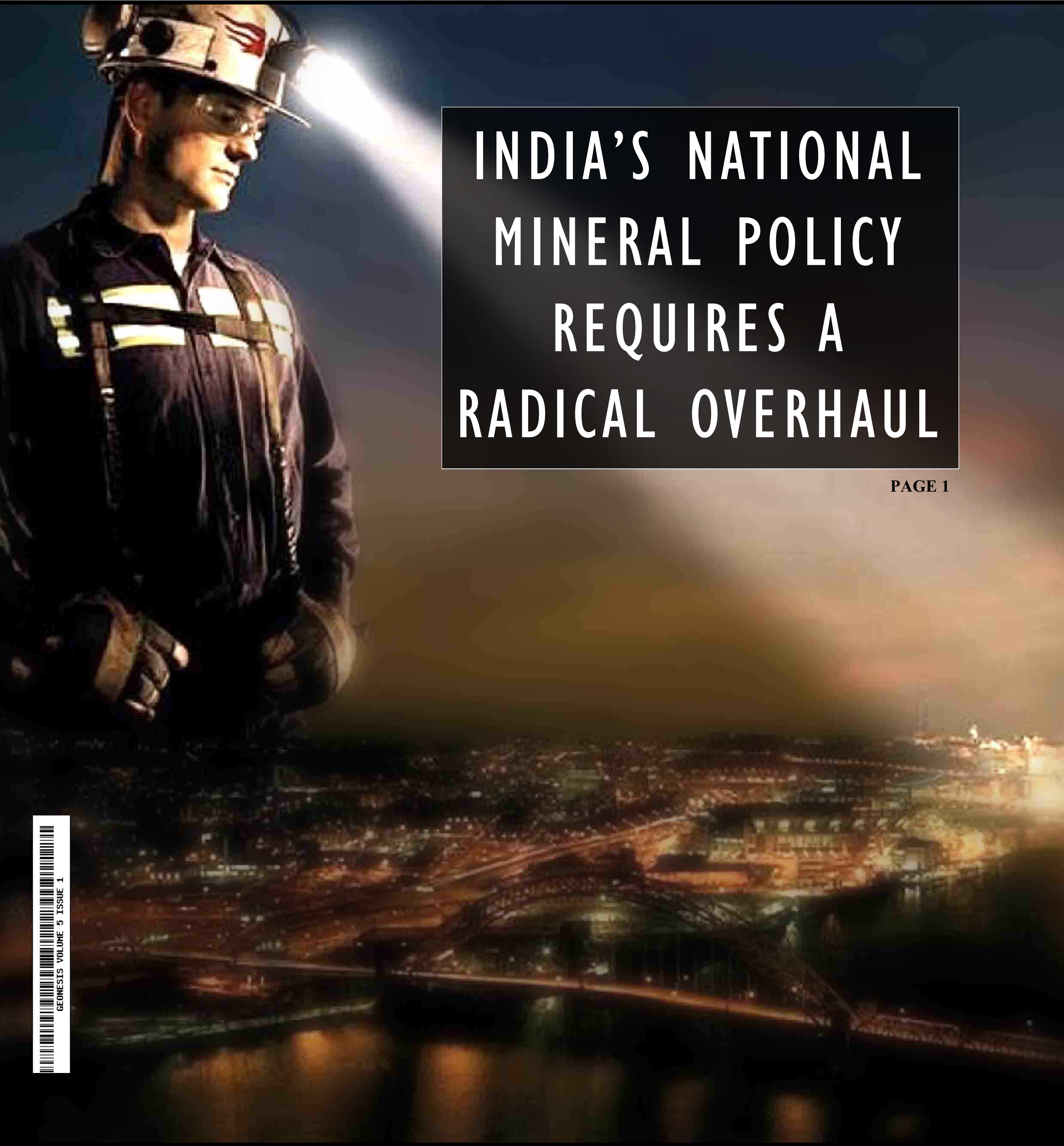

INDIA'S NATIONAL MINERAL POLICY REQUIRES A RADICAL OVERHAUL

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INDIA'S NATIONAL MINERAL POLICY REQUIRES A RADICAL OVERHAUL

The Ministry of Mines has recently set up the K R Rao Committee in response to a Supreme Court directive. This was contained in a Court judgement pertaining to illegal mining in Odisha *(Common Cause vs Union of India & Ors).*

The Committee's professed purpose is to take a fresh look at India's National Mineral Policy, which has not been reviewed since 2008, and come up with a fresh version by the end of 2017.

In the Odisha mining case, the Supreme Court spelled out what constitutes illegal mining and established that in such cases, the full value of minerals so extracted may be recovered from the offender.

Different Interpretations of Illegal Mining

In particular, the Court made clear that mining in breach of the terms of a lease – in excess of volume limits, outside lease areas and in the absence of necessary environmental clearances – is illegal.

While this may seem like a statement of the most obvious kind to most of us, the many state governments responsible for monitoring mining in their geographies don't quite seem to have seen things in the same way. This has forced petitioners to get the Supreme Court to spell it out in black and white.

Why the state governments don't appear to have come to the same conclusions themselves is anybody's guess. After all, there is not much point of a limit or a clearance if it is not illegal to breach them. Yet myriad breaches have occurred in states such as Odisha, Karnataka, Goa, Rajasthan and Jharkhand without any prosecution or punishment forthcoming.

Given the apparent scope for different interpretations of what constitutes illegal mining, a fertile environment has existed for crony capitalism and all its attendant ills to flourish.

Concerns Over Transparency

Against this background one might have expected that any committee set up to review the National Mineral Policy should substantially comprise petitioners and others who brought these illegalities to light.

One would also have expected that some independent ecologists might be included in the committee given that the Court's judgment – as in the case of its previous rulings against illegal mining in Goa and Karnataka – recorded widespread environmental damage and it expressed concerns about mineral conservation.

But no; the committee comprises almost wholly of government officials (25 out of a total of 29 members are civil servants. 12 of these are state mining secretaries, 8 are joint secretaries in the union government, and one each represent the NITI Aayog, the Railways Board, the Indian Bureau of Mines and the Geological Survey of India).

The remaining four members are representatives from business associations (FICCI, Assocham, CII and the Federation of Indian Mining Industries). In other words, the Committee substantially either comprises representatives under whose watch the illegalities occurred or those who directly committed them.

Anyhow, the Committee has now commenced its deliberations. It has had three meetings so far, and some of the minutes of these have been published on the website of the Ministry of Mines.

Need to Revise Existing Policy

In view of the background, the Committee should primarily be focusing its discussions and revisions on the areas of the existing policy about which the Supreme Court expressed its specific concern. These are: illegality in mining, damage to the environment, sustainability in mining and fairness to future generations.

While the minutes published thus far suggest that there is some awareness among the office bearers of the committee regarding the key issues, the discussions as recorded do not seem to have focused on them.

For example, on the question of illegality, the minutes of the second meeting reveal that the only decisions made in relation to this topic is an agreement to include a separate paragraph on this subject.

There is no mention in the minutes released, thus far, of what these may be, under what compulsion they must be used, who will be responsible for managing them or how such parties will be held accountable. Nor indeed does there seem to have been any discussion so far on how the numerous lapses in monitoring pointed out by the Supreme Court took place.

Taking a Cue from Tanzania

There also seems to have been very little debate on other key areas such as the lessons that can be learned from other countries and universal best practice. With a little research these could easily be explored.

For example, Tanzania faced a similar problem for many years with the government earning a very small share of the value of minerals being extracted due to widespread fraud.

In 2009, it decided to set up an independent 'Minerals Audit Agency' to monitor all aspects of mining operations related to revenue generation, including the quality and quantity of all minerals extracted. Since the setting up of this agency, the government's revenues have increased substantially. Perhaps, India could consider something similar?

This case is taken from a recent study entitled '*Many Ways to Lose a Billion: How Governments Fail to Secure a Fair Share of Natural Resource Wealth*', released by 'Publish What You Pay', a leading coalition of civil society organisations from around the world. The report contains many other examples.

Mere Tinkering Won't Help

To be fair to the Committee, they haven't yet finished their deliberations and should be judged on the basis of the final policy document that they produce. A first version is expected on 31October.

If it substantially addresses the issues raised by the court, a foundation will have been laid to prevent the grave errors of the past recurring again in the future. There have been massive illegalities in the Indian mining sector thus far.

Large-scale environmental damage has occurred and an environment for crony capitalism has thrived. India desperately needs to make major strides in all these areas. For that to happen, its mining policy needs root and branch change and not mere tinkering. The K R Rao Committee has a big responsibility

SUGGESTIONS FOR NEW NATIONAL MINERAL POLICY: FOR A 'LUCRATIVE' SECTOR, EASE TAXES, USE TECH TO CURB CORRUPTION

The Niti Aayog has suggested steps to the mines ministry such as involving mining consultants during the auction process, defining an 'ideal' taxation system and avoiding putting conditions while granting green clearances, to make the new National Mineral Policy attractive.

Revamp the taxation structure applicable to the mining sector in India; reduce the "widespread instances of corruption prevailing in the administration" of mining rules and regulations through "technology-based monitoring approach"; avoid the tendency to incorporate financial conditions while granting the environment clearance; and involve mining sector consultants to evaluate mineral blocks before they are put up for auction - these are some of the suggestions that the Niti Aayog has given to the mines ministry, which is currently in the process of formulating a new national mineral policy.

On August 2, 2017, the Supreme Court had passed a judgment, wherein it directed the Central government to revisit the National Mineral Policy, 2008, and announce a "fresh and more effective, meaningful and implementable policy" before the end of this year. The mines ministry formed a committee after this judgment and its first meeting took place on August 28. During the meeting, ministry officials asked all stakeholders, including the Niti Aayog, to send their comments and suggestions on the National Mineral Policy.

In its comments, the Niti Aayog has listed a number of taxes and charges that miners pay, which ultimately take their taxation burden to around 65 per cent of the revenue. "With the global average taxation applicable for mining is 40 per cent, India is constantly adding to the taxation burden for mining industry with royalty, DMF (District Mineral Foundation), NMET (National Mineral Exploration Trust) and host of other statutory levies implemented by the states. Adding to this are the one-time regulatory costs related to ECs (environment clearances) and FCs (forest clearances) mostly on account of NPV (net present value) for forest land, CA (compensatory afforestation) charges, CA land procurement, etc, taking the taxation to around 65 per cent."

According to the Niti Aayog, it is "necessary to define an ideal tax system for the industry to make it more lucrative, especially for the foreign investors, under the Make in India initiative" of the Central government. Niladri Bhattacharjee, partner (strategy & operations and mining & metals), KPMG India, said that the load of taxation and logistics cost on the Indian mining industry is high as compared to international benchmarks. "Also, several regulatory payments like DMF, NMET, etc., have not been subsumed into GST (goods and services tax). Next, the bidding price quoted by the bidder during auction is subject to GST and the interpretation is that the act of auction by the government is a form of service being provided and hence the tax. Ultimately, the end-consumer has to bear the burden of the tax. The tax structure should therefore be reviewed from all these perspectives," Bhattacharjee added.

According to the new mining law - Mines and Minerals (Development and Regulation) Amendment Act (MMDRA), 2015, which came into effect from January 2015 - non-coal mines have to be auctioned by the respective state governments. Under the old mining law, the states had the powers to grant the mining lease to any company as per their discretion. In June 2015, several mineral-rich states presented a non-coal mineral auction plan to the Centre. Showing their readiness, the state governments told the Central government that 100 mines would be auctioned by December 2015. However, until now, the states have been able to auction only 29 mines.

Anjani Agrawal, partner and national leader (metals and mining), EY, told The Indian Express: "Taxes and levies, in various names and forms by governments have proliferated over the years that squeeze the margins further in an environment of subdued commodity prices. In the current framework of awarding concessions (leases) only through auction route, the bidders need assurance on the level of aggregate taxation that needs to be factored in in the business model. It would be essential and advantageous for the states to promise in the bid invitations, a cap on the net taxes & duties (irrespective of their names, sources and forms) that can be imposed on the mining business over the 50-year life-cycle of the mining lease."

The Niti Aayog has suggested that the mining blocks that are being placed for auction should be evaluated by agencies "having expertise in mineral commodity and as per international codes, as the in-house expertise and experience of SBI Caps (SBI Capital Markets Ltd) have failed to draw potential international investors even though there exists 100 per cent FDI (foreign direct investment) in mining". SBI Caps has been acting as a consultant to the Ministry of Mines on mineral auction process.

Kameswara Rao, leader (energy, utilities and mining) at PwC India, said: "The states were not fully equipped to run these auctions and the poor response is not a surprise. In many cases, the blocks placed were uneconomic in terms of size, location and extractable resources, or the contract terms were restrictive. If states invest in pre-development of mines (which means improving access, putting basic consents in place, undertaking preliminary studies using professional agencies, etc), they will get a better response and earn far higher returns. This approach is commonly used in mature mining countries."

In its suggestions, the Niti Aayog pointed to the corruption prevalent in the mining sector. "Since there are widespread instances of corruption prevailing in the administration of the MMDRA Act, 2015, and other mining rules and regulations in the state and central government departments, it is suggested to have a technology-based monitoring approach rather than adopting the colonial system of monitoring and administering the mining leases. Therefore, the powers vested with the state and central departments have to be revamped so that the mining industry is transparent in all aspects," the Aayog stated.

According to Agrawal, considering the judicial pronouncements related to the Indian mining industry, it is "clear that integrity and transparency have not been strong points of the industry and that may be true for multiple groups of stakeholders". He added that "uncertainty and ambiguity breed corruption" and, hence, the focus should be on removing them altogether. The Aayog has also suggested the ministry that the practice of incorporating financial condition while granting the EC should be avoided. "For example, inclusion of condition like '5 per cent of the project cost towards enterprise social responsibility' adds to the cost of doing business and should not be included on a subjective basis," it stated.

According to the Niti Aayog, due to increasing importance of rare-earth and nuclear minerals, a subset of the MMDRA Act, 2015 - which would be exclusive for the rare-earth and nuclear minerals - should be derived from the Act in order to give importance to the private sector. "Immediate necessary actions should be taken for establishing the guidelines and reframing the MMDRA Act, 2015, for the exploration of all the rare-earth and nuclear minerals. It should be carried out under the umbrella of the Atomic Minerals Directorate (AMD). Currently, China is dominating with over 90 per cent of the world market share," the Aayog stated. The AMD works under the Department of Atomic Energy, which works under the Prime Minister's Office.

Rao said that India has far lesser reserves of rare-earth minerals as compared with other minerals. "More importantly, as the cost of extracting them in an environmentally secure manner is huge, our focus has been on rare-earth minerals that go into alloy making rather than those used for special applications," he added. However, Agrawal said: "India must evaluate its potential needs, resources and viability of producing strategic minerals that should include rare earths, nuclear energy sources and other critical resources essential for a modern economy and strategic defence requirements. There are several that need urgent policy intervention to reduce India's dependence on external sources that may not be reliable due to socio-political reasons."

SELLING COAL MAY BE TOUGH FOR PRIVATE MINERS WINNING FIRST BATCH OF MINES

Coal India BSE 1.80 % (CIL) is likely to face up private competition well in the first lot of mines to be developed by rivals as the blocks on offer would be difficult to exploit and costly to operate, executives and analysts said. Two of the mines on offer didn't find any takers when offered for captive mining several weeks ago, they said.

"For extracting every tonne of coal, five tonnes of top soil need to be removed from majority of these blocks. Producers may find it difficult to match prices of same quality of coaloffered by Coal India from nearby mines after adding royalty and cess," a senior executive from a coal mining outfit said. "Mines that Coal India didn't find too attractive to develop were taken away from the monopoly and these are the ones that are offered under various auctions — either for captive or commercial," he said.

Niladri Bhattacharjee, partner, strategy & operations, mining & metals at KPMG in India said: "Some of the blocks may be costly due to high stripping ratio and evacuation issues. However, given the current shortage of coal, interest may be there for the blocks. These costly blocks will find buyers only if logistics advantage can be obtained with respect to potential end use plants." Strip ratio refers to the amount of top soil that needs to be removed before removing coal.

"It would be important for the commercial miners to map the potential end-use plants even at the bidding stage. The bidding amount can then be calibrated keeping an eye on a reasonable and competitive landed cost at the target end-use plants vis-à-vis existing alternate supply from e-auction, Coal India's contracted supply and imported coal," he said.

A power sector executive said Durgapur II at Chattishgarh's Mand Raigarh district was offered under auction for captive mining but it didn't find any takers. This block, with a total estimated geological reserve of 303 million tonne was allotted to Balco before it was de-allocated by the Supreme Court. Dongri Tal II at Madhya Pradesh's Singrauli district holds a reserve of 158 million tonne. It also didn't find any takers when offered earlier. On offer would be Chendipada I & II and Mahanadi Macchakata blocks, both in Odisha's Talcher district. They hold 1,812 million tonne and 1,400 million tonne of reserves, respectively.

Both mines were being operated by Adani group companies as mining development operators. According to executives in know of the nature of these two blocks, its viability would depend on how the ministry frames the policy on royalty and final selling price.

Others on offer are Madanpur in Chhattisgarh, with a reserve of 417 million tonne. It was being operated primarily by UltraTech along with 11 other entities before it was taken back by the government following the Supreme Court ruling.

Medinirai coal block at Jharkhand and Shankarpur Bhatgaon II Extension are also on offer for commercial mining. They hold coal reserves of around 81 million tonne and 80 million tonne, respectively.

According to reports, the companies that offers to pay the highest amount of royalty to states for each block will be declared winners.

EXCLUSIVE - VEDANTA, ADANI MAY BID FOR $9 BILLION INDIAN DIAMOND MINE LEFT BY RIO

Indian resources conglomerates Adani and Vedanta are considering bidding for a $9 billion(£6.83 billion) diamond project in the country that was abandoned by global miner Rio Tinto this year, according to multiple sources with knowledge of the matter.

The central state of Madhya Pradesh was likely to invite bids in the first week of November to explore the deposit, which is estimated to hold around 32 million carats of diamonds, a senior state government official said.

"We're advertising only for that area in which (Rio Tinto) have prospected and established availability of diamonds," Manohar Lal Dubey, Madhya Pradesh's top mineral resources official, told Reuters by phone.

An auction would be held around 40 days after the notice inviting bids was published, he said.

Rio Tinto "gifted" the Bunder deposit, about 500 km (300 miles) southeast of New Delhi and discovered by the company in 2004, to Madhya Pradesh in February after saying last year that it was pulling out to conserve cash and cut costs.

The company spent around $90 million over 14 years on Bunder, located in a forested area important to tiger and wildlife habitats, with the plan to invest up to $500 million. The project had been hampered by delays in obtaining environmental permissions.

Small teams from both Vedanta Resources (VED.L), controlled by London-based Indian billionaire Anil Agarwal, and fellow billionaire Gautam Adani's Adani Group visited the site in recent months, three sources with direct knowledge of the matter said.

Madhya Pradesh official Dubey said two company executives had met him over the project, but declined to identify the companies or share more details.

An Adani executive informally approached the federal environment ministry regarding Bunder ahead of Rio's exit announcement in February, according to a source with direct knowledge of the matter.

Spokespeople for Vedanta, Adani Group and the environment ministry did not immediately respond to requests seeking comment.

Rio Tinto's decision to withdraw from the project, after legal fights with green activists, came at a time when Prime Minister Narendra Modi's government was seeking the help of the company and its rivals, such as Anglo American, to explore for diamonds and gold to make India a major mineral producer.

TIGER RESERVE

Volcan Investments, the family trust of Vedanta's Agarwal, is the second biggest stakeholder in Anglo American (AAL.L), which controls the world's biggest diamond producer, De Beers Group.

Agarwal told Reuters in March he bought the stake in Anglo to cut India's dependence on imports of precious commodities.

"My vision is to reduce the import bill of India. We import all the diamonds, we import all the gold, and platinum," Agarwal said. "Anglo has the technology. India doesn't have that technology. I have made an investment to bring the technology. This will be a good bridge."

An Anglo spokesman declined to comment.

For the new round of bidding for Bunder, the Madhya Pradesh government has more than halved the mining area to 364 hectares.

Only firms with a minimum net worth of 25 billion rupees ($384.67 million), or 4 percent of the estimated value of the diamond reserves, will be eligible to bid, said Vineet Kumar Austin, another senior Madhya Pradesh mining official.

The state, however, has yet to finalise the commercial terms of the auction, such as royalty sharing, one of the sources said, speaking on condition of anonymity as the details are not yet public.

Bidders can also expect protests from environmentalists given that the area is, according to the environment ministry, a corridor between the Panna Tiger Reserve and the Navardehi Wildlife Sanctuary.

A local NGO called Pehal, which in 2013 secured an interim court order against cutting of trees by Rio Tinto, is gearing up to stage protests and seek legal backing to halt the auction process. "We know the government will soon begin auction and we will also make people aware, hold press conferences and also approach the high court," Pehal Chairman Hari Krishna Dwivedi said.

THE SAGA OF INDIAN MINING: A LONG LINEAGE OF ILLEGALITY

India has seen more than a handful of mining-related scams unravel in the last decade. The 2014 coalgate scam is perceived as the nemesis of the UPA government. The powerful but now infamous Reddy Brothers made headlines for the illegal operations in Bellary. Goan citizens confronted by mine-related pollution through successive governments nicknamed their Assembly "chalees chor". The Supreme Court-appointed Shah Commission's scathing report on iron ore mining proved the deep malaise in the sector.

Yet again, this year the Supreme Court (SC) heard the case (WP (Civil) 114 of 2014) of illegal iron ore mining in Odisha and ordered a set of actions, prominent among them being the return of the full revenue lost to the state exchequer due to unlawful mining. Another is the setting up of a government committee to review the National Mineral Policy of 2008. However, the court is yet to conduct follow-up hearings to understand the causes of such illegality in the mining sector. Of all the steps ordered by the apex court, it is this one that offers some hope.

Supreme Court's observations

The apex court noted that there are 187 mining leases for iron and manganese extraction in Keonjhar, Sundargarh and Mayurbhanj districts of Odisha, and that there is conclusive evidence that 102 of these had been operating without environmental approvals or extracting minerals in excess of the approval granted. Describing such pervasive illegality, it stated that the current mineral policy has not been enforced "perhaps due to the involvement of very powerful vested interests or a failure of nerve."

One of the 11 conclusive directions of the court is the setting up of an expert committee to identify the lapses that have "enabled rampant illegal and unlawful mining in Odisha" and find precautionary steps that can be applied to the mining sector as a whole. These observations show the court's intent in going deeper into the root causes of the illegality of the mining sector. Time and again, well-researched mining cases brought to courts have shown that illegal and unlawful mining is not an aberration but the rule.

Development or poverty

All the cases that have been brought to the highest court have complained, in some form, about the large-scale impact that mining causes to land and water, to forests and to service infrastructure like roads or hospitals, and to neighbouring communities and workers. These cases have resulted in remedies such as return of the lost revenue to the government exchequer due to illegal extraction of the state's resources, levying financial penalties on erring miners or rolling out a set of reforms to change procedures for mining approvals.

We've seen high-level committees and audits, the creation of mineral revenue funds, legal amendments and much more. As the outcome of this latest case too, the government has set up the KR Rao Committee to give a "fresh look" at the National Mineral Policy (NMP) by October 2017.

But it is precisely the unquestioned relationship between mining and development that has led us on these particular legal trajectories, and resulting in remedies that continue to justify mining as an economic enterprise. Anyone who argues that mining is linked to poverty more than development is given a history lesson on the relationship between mining and the rail network, the growth of cities, electrification of villages, technological innovation and such. These are true of large colonial enterprises or public-sector mining companies of the post-independent era.

But now it is amply clear that this privileged position to mining as development has, by design, legitimised its mounting impacts rather than restrained its effects. Any mining project is about to become an illegal project if it isn't one already. A large public sector iron ore mine in Keonjhar, for example, has a commitment of "zero discharge" in its environmental approval. When villagers complain, pollution officers visit. But their reports have to defend the mine operators as the approval condition is an impossible one. If you visit, you will see the tailing pond overflowing and the nearby farms soaked in red sludge.

Networks of illegality

Illegal mining is also closely tied to land grabs. In places that the policy designates as coal-bearing areas, industrial zones or energy hubs, well-organised zameen dalals or land mafia are active. Such practices allow not just speculative land sales but create opportunities to work around laws. The hope that the SC has created through this landmark case would be upheld only if it investigates this complex web of illegality that supports the continued expansion of India's extractive sector. To generate remedies and prevent further impact, we must displace the idea of mining as development

IN A FIRST EVER, INDIA SET TO AUCTION MOLYBDENUM MINES

India is set to auction molybdenum mines for the first time in its history. Molybdenum is used to make missile and aircraft parts and also in the nuclear power industry, but the refractory metal is primarily used as an alloying agent in steel.

Sources said the state-run Mineral Exploration Corporation (MECL) has already explored three molybdenum blocks in Tamil Nadu and handed them over to the state government with a detailed geological report.

According to MECL, Vellampatti South has 3.128 million tonnes (MT) of reserves, while the Marudipatti Central and Mannadipatti Central have 0.034 MT and 0.031 MT reserves, respectively.

"In all three blocks, molybdenum is occurring as molybdenite and hence, these blocks can be developed as primary mines for recovery of molybdenum as a sole object. General depth of exploration is in between 150 m and 325 m. However, molybdenite zone is expected to continue in deeper levels," said a source.

The Vellampatti South block, which has good prospects for mining, is likely to be auctioned for mining lease (ML); while composite licences are likely to be issued for the other two as these two are "low" on mining prospects.

"The exploration of these three blocks has been carried out by MECL involving `5.79 crore . This has been funded by the government under promotional programme of the ministry of mines," a source said.

MECL has spent around `2 crore for exploration, `2.23 crore for Marudipatti Central and `1.68 crore for Mannadipatti Central blocks.

India imported 5,572 tonnes of molybdenum ores and concentrate in 2013-14, down from 6,863 tonnes in the previous year. Imports were mainly from Chile, the US, Thailand and Mexico.

According to a 2013-14 Indian Bureau of Mines (IBM) report, demand for molybdenum will be increasing in India and the internal demand will mostly continue to be met through imports.

As on April 2010, India's molybdenum ore resources are estimated at about 19.29 million tonnes.

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Tamil Nadu has the highest deposits at 9.97 million tonnes followed by 8 million tonnes in Madhya Pradesh and 1.32 million tonnes in Karnataka.

UNUTILISED DMF FUNDS ADD TO WOES OF MINING AREAS

Even as the inhabitants of several mining pockets, such as in Keonjhar, have been suffering from acute lack of development of basic facilities, a major portion of the District Mineral Foundation (DKF) funds remain unutilised.

Some time back, the government amended the Section 9(B) of the Mining and Mineral Development Regulation (MMDR) Act by including the provision of DMF fund meant to be spent for development activities in the mining areas. The government also formed Trust Boards in 2015 to allocate money from DMF fund in the mining pockets.

According to reports, a Trust Board was formed in Keonjhar too, but it allegedly was not formed in compliance with the guidelines. This is because inhabitants of the mining areas were not made a part of the trust. Besides, it has been alleged that the DMF fund collected from mining firms are not being utilised properly. This has caused a lot of resentment among the locals.

Sources in the district administration said DMF has been put in place in the district January 16, 2016 and funds worth over Rs 1166.31 crore was collected for DMF from since the inception of the DMF till September 2017. Nevertheless, only a paltry sum of

Rs 60.39 crore has been spent till now. It is unfortunate that not a single paisa was spent from DMF in the 2015-16 fiscal.

In 2016-17, the DMG spent over Rs 60.43 crore, while the Trust Board has spent over Rs 5.10 lakh till now.

Drinking water has been a major issue in most parts of the mining belts. In order to overcome this issue, the government has implemented a number of schemes to provide safe drinking water to the people. A sum of Rs 3.57 crore has been spent from the DMF fund in this connection.

"As per guidelines, people are entitled receive piped water, but in many places, the authorities have sunk tube wells to solve the drinking water crisis," alleged former MP Ananta Nayak.

Besides, maternity and infant healthcare is another critical area in the district where IMMR has been alarming. Unfortunately, only a sum of Rs 49.70 lakh has been spent from DMF fund for this purpose.

The amendment to Section 9(B) of the MMDR Act mandates that the mining firms will have to contribute 25 per cent of their annual dividends to DMF so as to facilitate undertaking various developmental activities in the mining areas. As per the decision of the DMF trust board, these funds will be allocated according to the requirement and demands of the people inhabiting the mining areas.

To ensure that the funds are utilised properly, it is important for the administration to earmark areas and also take note of the problems faced by the local populace. Accordingly, projects are to be undertaken.

However, experts pointed out that though the DMF receives funds from the mining firms, the spending is not only inadequate, but haphazard too. It does help not solve the enormity of multiple basic problems besetting the mining pockets. This has been the primary cause for growing resentment among the affected population in these areas. Public discontent over the issue came to light during the recent visit of Development Commissioner R Balkrishnan to the district. While there is grave concern over the meagerly spending of DMF funds in the mining areas, the demands of the people for basic development have been virtually ignored.

Years ago, the state government had announced to set up medical colleges in Keonjhar and Mayurbhanj. Funds from the treasury were supposed to be allocated for these projects. However, the authorities diverted DMF finds meant for basic development activities in the mining belt for initiating work on the proposed Keonjhar medical college.

This has not been taken well by the local residents. According to Shankar Sahu of Keonjhar Bikash Manch, while the DMF trust board was not constituted in compliance with the guidelines, the funds from the board have either been spent for non-developmental projects or for projects outside the mining areas.

Even the Development Commissioner R Balkrishnan observed that spending by the DMF was rather poor compared to the funds collected from the mining firms in the region. He also noted that there was lack of coordination among various departments.

Balkrishnan pointed out that in order to ensure the proper expenditure of the funds, they would seek public opinion regarding the places as well as priority projects. Subsequently, the projects would be earmarked and estimates prepared before spending money from DMF funds.

He further assured that henceforth all money from the DMF fund will be spent according to the requirements of the local people, while no money will be spent for projects outside the district.

JHARKHAND MINING & MINERALS SUMMIT ENDS

The three-day Jharkhand Mining and Minerals Summit ? organized by the state Government and CII ended today.

The Jharkhand government signed three Memorandum of Understanding (MOUs) during the summit.

It signed MoUs with Mineral Exploration Corporation Ltd (MECL) for undertaking mineral exploration to identify prospective mineral blocks, with Vedanta for setting up a Steel plant and with Shree Cements for setting up a cement plant in the mineral-rich state, according to an official press release here.

Jharkhand?s MoU with MECL will give mineral exploration in the state a significant boost, the dignitaries present at the Valedictory Session held at the HEC Ground observed.

On the inaugural day of the three-day summit, an MoU was signed between Jharkhand government and Coal India Limited for waste water treatment and supply of water for drinking and irrigation to the people.

The Adani Group had proposed to invest 20,000 crore in the state over the next 5 years which will lead to creation of 10,000 jobs. Bharat Earth Movers Limited (BEML) on the other hand is also looking to expand its operations in Jharkhand.

Jharkhand Urban Development, Housing and Transport Minister, C P Singh said the state is on the fast track of development work.

"It will create forums like JMS and come up with more and more opportunities for businesses," Singh said.

Secretary, Ministry of Mines, Government of India, Arun Kumar praised the Jharkhand government for its proactive approach in transforming its rich mineral wealth into a source of high economic growth, employment generation and societal happiness.

Jharkhand is doing a commendable job in the utilisation of the

District Mineral Fund, Kumar said, adding that the Central Government will continue working shoulder to shoulder with the state Government to help it realize its true potential.

With enabling policies and efficient administration, exploration in Jharkhand will get a boost, Kumar said expressing hope that the future is bright for Jharkhand.

Jharkhand, chief secretary, Rajbal Verma said, "As mentioned by the chief minister, growth of mining industry doesn?t only mean extraction of the minerals or export of ore, but development of an entire ecosystem to support the mining activities in the State. Original Equipment Manufacturers (OEMs) and OCMs will play an important role to fulfil his vision and State.

"The Government of Jharkhand wanted to provide a platform wherein all the stakeholders involved in the mining landscape could come together and discuss the issues and opportunities in the mining sector in Jharkhand. OEMs, OCMs and other industries were provided a platform where they could demonstrate their technical prowess to their target audience,? she said.

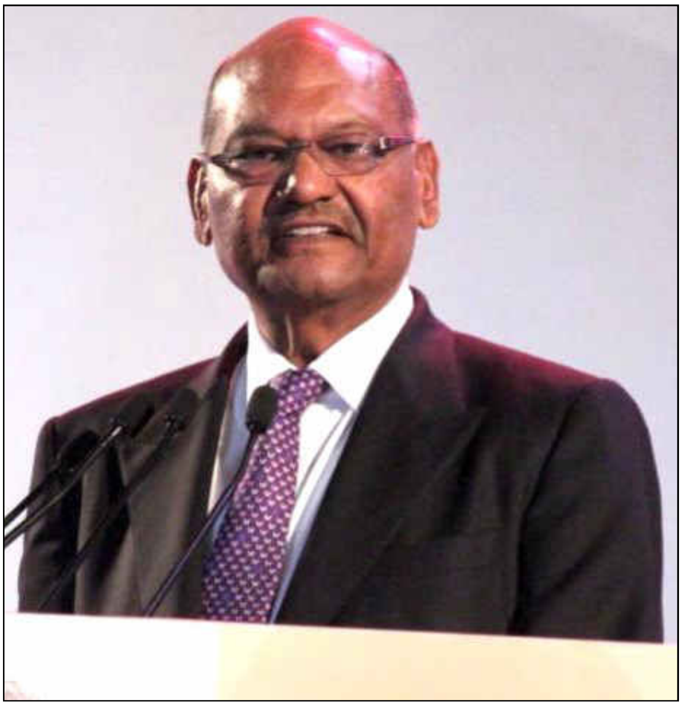
Sunil Kumar Barnwal, secretary, Mining and Geology department of Jharkhand government said the success of the maiden summit lies in the fact that in a short time the summit has attracted the attention of leading corporates and their heads.

"About 60 companies dealing in mining, exploration, manufacturing, components, etc, have taken part. This goes to prove that Jharkhand is firmly on course to becoming the India?s No 1 Mining Destination," he said. PTI BS RG.

VEDANTA TO INVEST $9 BILLION IN INDIA, SAYS ANIL AGARWAL

Vedanta Resources will use the investment to expand its hydrocarbons, metals and mining businesses and meet more of India's requirements of these commodities locally.

Vedanta Resources Plc will invest roughly $9 billion in India over the next few years to expand its hydrocarbons, metals and mining businesses and meet more of India's requirements of these commodities locally, executive chairman Anil Agarwal said in an interview.



Vedanta's plan to invest in the resources sector comes at a time when the commodities market is showing signs of a pick-up. Agarwal said these investments will create over a million jobs directly and indirectly.

The proposed investments are in sectors such as oil and gas, production of aluminium, zinc, copper, silver and steel and mining of bauxite and rock phosphate.

"We are planning to invest $2.5 billion in oil and gas to step up our production to half of India's crude oil output (from 26% in 2016-17)," said Agarwal.

Vedanta produced 189,926 barrels of oil equivalent a day in 2016-17, according to information available from the company's website.

Prime Minister Narendra Modi had in March 2015 set a target of lowering India's import dependence in oil by 10 percentage points to 67% by 2022.

Agarwal said the other proposed investments in India include $1.5-2 billion in the aluminium sector, $2 billion in bauxite mining, $1.5 billion in zinc and $1.5 billion in iron ore mining and steel. Also, a part of Vedanta's proposed $1.5 billion investments in copper will flow into India.

"Directly and indirectly, these investments will create over a million jobs. I am very passionate about our investments in India," Agarwal said.

Vedanta is also looking at investing Rs4,000 crore in Jharkhand to set up a 1 million tonne per annum plant producing pellets, pig iron and pipes that the group expects will create 5,000 jobs.

To make the proposed investments viable, Vedanta is seeking relief from a 10% extra profit share that the government expects from its block in Rajasthan—RJ-ON-90/1—on the extension of its contract in 2020.

The government had in May cleared a policy for extending the term of more than two dozen oil and gas production contracts signed prior to 1999, which also provides for a higher share of profits to the government from the blocks during the extension period.

Vedanta is also constrained by the quantitative cap on iron ore mining in Karnataka and Goa.

Experts said companies in the metals and mining sector have witnessed better margins and cash flow in the current year due to better prices in world markets.

"The Indian metals industry in general is expected to see strong growth in the near to medium term due to urbanization and the demand for infrastructure creation.

The ongoing insolvency resolution proceedings in the steel industry are expected to result in stressed assets in this sector transitioning to stronger hands, with a sharper focus on efficiency," said Anjani Agarwal, partner, metals and mining, at EY.

ODISHA SHOW-CAUSE NOTICE FOR RS 20,169 CR PENALTY ON COAL INDIA SUBSIDIARY

The notice is in compliance with the Supreme Court order of August 2 to levy 100 per cent penalty on lessees for violating environment norms and others.

Bhubaneswar: The Odishagovernment has sent a show-cause notice to Mahanadi Coalfields Ltd (MCL), a subsidiary of Coal India, as to why a Rs 20,169 crore fine should not be imposed for alleged violation of environmental norms and excess mining, a Minister said on Wednesday.

"We have sent the show-cause notice to MCL for floating environmental norms, mining plan and consent to operate, including permission granted under the air and water Acts. It has been given 30 days to respond, before the final notice is issued," Steel and Mines Minister Prafulla Mallick said.

The notice is in compliance with the Supreme Court order of August 2 to levy 100 per cent penalty on lessees for violating environment norms and others, he said.

"While we have already sent demand notices to iron ore and manganese mines, the state Advocate General has given an opinion in favour of recovering compensation from coal mines as per the Supreme Court verdict," Mines Director Deepak Mohanty said.

The penalty claims on MCL will increase further as the show-cause notice does not include claims against the company allegedly carrying out mining in forest areas without permission.

"Once a detailed report sought from the Forest Department is received, we will send another notice to the company," said Mohanty.

The government has already sent notices totalling Rs 17,576 crore to 152 iron ore and manganese mines for violation of the Environment Protection Act of 1986.

Besides, notices have been issued to lessees to recover about Rs 2,000 core for alleged violations of air and water pollution laws, the Forest Act, and for exceeding mining plans.

They have been told to pay up on or before December 31.

The Central Empowered Committee of the apex court had said that 2155.11 lakh tonnes of iron and manganese ore were illegally extracted in 10 years since 2000.

CBI PULLS PLUG ON KARNATAKA'S MINING SCAM ESTIMATED TO BE WORTH RS 25,000 CRORES

Reports have suggested that the Central Bureau of Investigation is closing all cases pertaining to the alleged Karnataka mining scam.

India's apex investigative agency has reportedly pulled the plug at the preliminary inquiry stage of its investigation into illegal ore exports coming from ports in Goa, Mangaluru and Krishnapatnam, reported English Daily Deccan Herald.

A minister, in 2012, had claimed that the alleged scam was valued at a staggering Rs 25,000 crores with illegal mining underway in Karnataka's Ballari district.

Along the lines of the claim, a report by the Lokayukta had also stated that 12.57 crore metric tonnes of iron ore with its origin in Karnataka was exported via ports in Tamil Nadu, Andhra Pradesh and Karnataka in the period spanning from 2006 to 2010.

The same report had stated that of the 12.57 crore MT of iron ore exported via the ports, excluding Goa, 2.98 crore MT was illegal.

Chargesheets were also filed by the CBI against former BJP minister Janardhana Reddy and others after a cue from the Supreme Court.

COAL SCAM: SPECIAL CBI COURT ADJOURNS HEARING TO NOVEMBER 22

Besides Naveen Jindal, the others accused in the case are Sushil Maroo, the former Director of JSPL, former Deputy Managing Director Anand Goyal and CEO Vikrant Gujral.

The special Central Bureau of Investigation (CBI) Court on Tuesday adjourned hearing in the Madhya Pradesh coalscam, involving former Congress parliamentarian Naveen Jindal, to November 22.

The CBI Court has also asked CBI to supply documents to all the accused.

Earlier on September 4, the court granted bail to Jindal, along with three others, in connection with the alleged irregularities pertaining to the Urtan North Coal Block in Madhya Pradesh on a condition of furnishing a bond of Rs. 1 lakh.

Besides Jindal, the others accused in the case are Sushil Maroo, the former Director of Jindal Steel and Power Limited (JSPL), former Deputy Managing Director Anand Goyal and CEO Vikrant Gujral.

Jindal is also facing a trial in a case relating to allocation of Amarkonda Murgadangal coal block in Jharkhand.

GOA MINING: SUPREME COURT ISSUES NOTICES TO CENTRE, STATE GOVERNMENT

The notices were issued by a bench of Justices Madan B Lokur and Deepak Gupta on an interlocutory application filed by an NGO, Goa Foundation.

The Supreme Court on Thursday issued notices to the Centre, Goa government and mining companies on a plea seeking that the interim cap on mining of mineral ores be lowered from the existing 20 Metric Tonnes Per Annum (MTPA) to 12 MTPA.

The notices were issued by a bench of Justices Madan B Lokur and Deepak Gupta on an interlocutory application filed by an NGO, Goa Foundation.

The court gave the parties two weeks to file their replies, and posted the matter for hearing on November 29. Appearing for the NGO, Senior Counsel Prashant Bhushan and Advocate Pranav Sachdeva said an expert committee had recommended that the cap be increased from 20 MTPA to 30 MTPA and requested the court not to allow this.

"The interim cap on extraction of mineral ores from Goa, recommended by the expert committee, was fixed in a vacuum, when mining had been suspended for several years. It was not fixed after confronting actual mining operations when started, and their impact on people and environment," they said. Bhushan also referred to the ongoing investigation in *The Indian Express* on how the transport of coal through the state is harming its environment. This is choking the state and gives one more reason to cut down the cap on extraction of mineral ores, he said.

The foundation referred to the case of Sonshi village, "which lies adjacent to the cluster that produced the maximum quantity of ore in North Goa in 2016-17", to prove its point on environmental degradation. "The mining companies have caused immense pollution in Sonshi village in complete violation and disregard for the environment and mining laws. For about eight months, no action was taken whatsoever to control the situation and mining was allowed to continue. The mining companies raked in profits while the authorities turned a blind eye.

Meanwhile, the entire social cost of mining had to be borne by the wholly unprivileged tribal villagers of Sonshi," it said.

"The pollution caused by mining transport in the Sonshi region reached such alarming levels that multiple authorities such as the High Court of Bombay at Goa and the Goa State Commission for Protection of Child Rights took suo motu cognizance of the matter in order to intervene and provide some relief to the villagers. If such is the situation that could emerge with the existing cap amount, an increase in the cap would be completely unjustified," it said.

It alleged that the Department of Mining and Geology was "unable to properly administer and govern the mining operations and safeguard the wealth of the people of the state of Goa, present and future."

"The state government has issued an order, reported under affidavit, and a part of the Goa Mineral Policy 2013, that all working mines will be inspected thrice a year and non-working mines once a year, and the reports will be uploaded on the website," it submitted. However, there were no reports on the website, and no newspaper reports of mine inspections either, it added.

"Though the mining industry was found to have damaged the environment of Goa in a substantial, irreversible manner, as recorded in the reports of the Justice M B Shah Commission and the central empowered committee, no rehabilitation of the damaged environment has even commenced despite mining having resumed, albeit on a smaller scale, for the past two years," said the foundation.

KIOCL PLANS GREENFIELD PROJECTS IN KARNATAKA, AP

KIOCL Ltd (formerly Kudremukh Iron Ore Company Ltd) is finalising long-term plans with substantial capital investment for greenfield projects in Karnataka and Andhra Pradesh to lead the pelletisation thrust in the country, according to Subba Rao, Chairman and Managing Director (additional charge) and Director (Commercial) of the company.

He was speaking at the 'Run for Unity' programme at KIOCL's corporate office in Bengaluru on Tuesday.

A presentation was made on the expansion and diversification plan of the company, along with plans for 'Vision 2020-22', before the Union Steel Minister, Chaudhary Birender Singh, on the occasion, said a press release here. Rao thanked the Steel Ministry for rendering its support to secure the operation and maintenance contract from NMDC for its 1.89 million tonne beneficiation and 1.20-million tonne pelletisation plants at Donimalai mines in Karnataka.

Speaking on the occasion, Singh said that KIOCL, which has done pioneering work in the field of iron-ore mining and beneficiation of magnetite ore in Karnataka, has been a leader in pelletisation in the country.

GOVT EASES NORMS FOR ATOMIC MINERAL MINING IN COASTAL REGIONS

The Environment Ministry has relaxed guidelines for mining of atomic minerals like uranium in fragile coastal regions saying the move is in the "public interest".

The Environment Ministry has relaxed guidelines for mining of atomic minerals like uranium in fragile coastal regions saying the move is in the "public interest".

The decision by the Ministry of Environment, Forest and Climate Change (MoEFCC), notified on October 6, allows mining in fragile coastal areas even though the minerals are found elsewhere, according to a Livemint report.

The move is in line with the government's overall push for atomic power, where India has set a target to produce 63 gigawatts (GW) of nuclear energy by 2032. Currently, the country has an installed nuclear capacity of 6.7GW.

The notification stated that "atomic minerals are required for strategic and other requirements by the Department of Atomic Energy (under the central government) and are processed for strategic applications including power generation".

It also listed 11 atomic minerals whose extraction from the Coastal Regulation Zone (CRZ) will not be considered illegal. The list includes beryl, lithium, rare-earth minerals containing uranium and thorium, niobium, phosphorites and other phosphatic ores containing uranium and thorium minerals. Titanium-bearing minerals, tantallium-bearing minerals and zirconium-bearing minerals are also included.

The list also includes the Titanium-bearing minerals, tantallium-bearing minerals and zirconium-bearing minerals.

The guidelines state necessary safety measures for mining in CRZ areas. Mining in these zones is allowed only through “manual mining”, that is, using “baskets and hand spades for collection of ore or mineral” and using bars for “drilling and blasting or heavy earth-moving machinery”.

Earlier, the government had said it was considering involving private mining companies for exploration and production of atomic minerals as part of its strategy to expand nuclear power-generation capacity.

According to experts, the step involving an amendment to the Coastal Regulation Zone (CRZ) will potentially increase the vulnerability of India's fast-eroding coastal stretches. “The key amendment allows for mining of atomic minerals like uranium or titanium in CRZ areas even if they are found outside CRZ areas. This is a big shift from the earlier practice. Earlier, mining of rare minerals could be carried out with environment ministry’s permission only if they are not found anywhere else,” Kanchi Kohli, a legal research director at the Centre for Policy Research (CPR)-Namati Environmental Justice Programme, told the paper.

The amendment opens CRZ-1, the most sensitive coastal zone, for manual extraction. Until date, strict norms were applied to any activities carried out or allowed in this zone.

“It also opens up inter-tidal areas of CRZ-1 for manual extraction, which increases the vulnerability of the fast-eroding coastal stretches. Given the widespread implications for all of CRZ, it was important that this notification be debated on public interest, rather than introducing without any feedback in the name of public interest,” she added.

The country has over 1,400 sq. km of atomic mineral-rich area, out of which nearly 1,000 sq. km is along the coast. The government plans to offer the area with minerals available below specified thresholds “for prospecting and production through competitive bids”.

Norms relating to mining in the coastal zones in India have been facing controversies since 1991 when the government brought out the first CRZ notification restricting industrial activities.

It remained as the main regulatory framework for conservation and protection of the country’s 7,500km coastline until it was revised comprehensively in 2011, after being amended for 25 times.

In June 2014, the NDA government constituted a committee to look into issues raised by various coastal states regarding the 2011 CRZ notification. The committee was headed by Shailesh Nayak, then secretary in the ministry of earth sciences.

The panel submitted a 110-page report with recommendations to change the existing rules related to the development of coastal areas in January 2015. The MoEFCC is yet to take a final call on the report, however, it had made about eight changes to CRZ rules based on the panel's recommendations.

SAIL TO RAISE CAPACITY OF IRON ORE MINES IN JHARKHAND

Steel Authority of India Limited one of the largest state-owned steel makers, is poised to raise the capacity of its iron ore mines in Jharkhand.

SAIL, which has major captive iron ore mines at Kiriburu, Meghahatuburu, Gua and Chiria in Jharkhand, plans to increase its hot metal production to 23 million tonne (mt). The company's enhanced iron ore needs will be met from its captive mines spread over Jharkhand, Odisha and Chhatisgarh. The enhanced requirement of iron ore supply will be met from these mines, for which SAIL has embarked on expansion and modernisation of its mines.

Post expansion, Jharkhand’s Kiriburu, Meghahatuburu,and Gua mines will have a capacity of 5.5 mt, 6.5 mt and 10mt respectively. In addition to this, Chiria mines will be developed in phases, with capacity tipped to reach 7 mt in the first phase and 15 mt in the second phase.

Along with expansion of mines, the PSU steel major has been working on several CSR projects in remote villages of Saranda region. In the last six years, it has spent over Rs 36 crore on various CSR projects exclusively in the Jharkhand mines area. SAIL mainly focuses on identified areas like education, health and hygiene, medical facilities in villages, women empowerment, employability enhancement, infrastructure, sports and cultural development.

The company showcased its activities at the Jharkhand Mining Show 2017 which opened at the HEC Grounds in Ranchi on Monday. Chief Minister, Jharkhand, Raghubar Das, inaugurated the SAIL pavilion at the exhibition.