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GEOLOGICAL SURVEY OF INDIA LOOKS TO INDUSTRY FOR FUNDING

The poor state of Indian Exploration the reason Behind such a move

KOLKATA - India's Mines Ministry is looking for contributions from various resource stakeholders to garner an additional $722-million to enable the Geological Survey of India (GSI) to expand its exploratory activities. The financial participation by stakeholders, the long-term beneficiaries of the GSI, would enable the latter to ramp up its exploratory activities and significantly increase its paltry planned outlays of about $320-million between 2012 to 2017, an official in the Mines Ministry said.

Talks were initially being held with government-owned companies engaged in the sector, including oil major ONGC Limited, Coal India Limited, National Aluminum Company Limited and the Atomic Minerals Directorate, to fund GSI activities and participate in joint projects, the official said. But both Coal India and Atomic Minerals Directorate has dedicated Exploration wing to carry our Core drilling and Exploration in house.

In the quest to develop human resources and technological skills for higher levels of mineral exploration, the Mines Ministry was aiming to conclude agreements with Australian institutes involved in geosciences. This would include training Indian geologists and scientists from both the GSI and companies in the mining sector. .

The focus on enhancing GSI capacities through the industry's financial participation followed complaints that there existed a huge gap between exploration and data collation, and the growth of the Indian mining and mineral industry, officials in the Ministry of Mines pointed out. Participating companies would also be expected to fund critical hardware the GSI required to expand its technological capacities, including aircraft to explore deeper earth structures, as the agency was currently only able to probe depths of up to 100 m, he added.

The result of such a lack of investment was reflected in the fact that India had not reported any significant mineral discovery since 2000, the sources added. According to government data, the country produces 89 minerals with the mining sector contributing about 2% to 3% of gross domestic product. Of this, fuel minerals contribute about 82%, followed by 6% by metallic minerals and 8% by non-metallic minerals. India is deficient in and import-dependent on critical fertilizer minerals such as potash and rock phosphate, and in gold, diamonds, nickel, copper, lead and zinc.

China Brazil & Russia also leads in Global exploration with a Budget of 4% , 3% , 4% respectively . China is also increasingly spending on Exploration and also promoting exploration outside the country specially Africa .While India is spending around 0.5 % on Exploration

COAL INDIA ISSUES FIRST IMPORT TENDER FOR 5 MLN T - COMPANY WEBSITE

NEW DELHI - Coal India has sought 5 million tones of coal in its first import tender, its website showed on Wednesday, as the world's biggest coal miner continues to miss its own production targets. The state-run miner has invited bids from government agencies for supply of imported coal to various power plants across India on a "delivery point" basis, the notice on the website showed. Coal India, which produces more than three-quarters of India's coal, must provide 80 percent of the fuel needs of its power station customers, using imports if its own output falls short. Coal fuels nearly 60 percent of India's power generation. The last date for submission of bids is Dec. 17, 2013. The Long Monsoon seems to be the reason for shortage of Coal from its own mines with nearly all Subsidiary Companies missing Production Targets . The country's coal production target for 2013-14 has been set at 605 mt with 485.65 mt to be produced by CIL, 54.3 mt by SCCL whereas rest of the 65.05 mt is be produced by captive mines.

GEMCO KATI

INDIA TO WOO BACK BHP WITH PM'S INTERVENTION

A positive move for Scam & official red tape Hit Oil Exploration

KOLKATA - The Indian government has drawn up a string of initiatives to woo back mining giant BHP Billiton, which exited the country last month, relinquishing nine oil exploratory blocks. According to an official in the Oil and Natural Gas Ministry, the government has set up a high level meeting between officials of BHP and Petroleum Minister Veerappa Moily, and was also willing to place the issues faced by the Anglo-Australian resource major before the Project Monitoring Group headed by Indian Prime Minister Manmohan Singh.

BHP, which surrendered the nine oil exploratory blocks with an estimated reserve of ten-billion barrels of oil equivalent, said in a statement issued last month that the "decision to relinquish the blocks was the result of an exploration portfolio review and the inability to carry out exploration work in these blocks". The resource major had been awarded six blocks under the seventh round of auctions under the New Exploration and Licensing Policy, and three under the eighth round of auctions of blocks.

While the company had a 26% interest in the six blocks awarded in the seventh round, BHP held 100% interest in the three blocks it has secured in the eighth auction round. BHP had been unable to commence exploration work on the blocks owing to objections raised by the Indian defense establishment, including the Defense Ministry.

The Oil and Gas Ministry was planning the next auction round, which would see 698 blocks put up for bidding expected to come up early next year.

INDIA'S COAL PRODUCTION IN SEPTEMBER UP

KOLKATA: India's coal output went up in September, for the first time in this fiscal year at the facilities Coal India Limited (CIL), Singareni Collieries Company Ltd (SCCL) and from some captive coal blocks.The slightly upward production in September, 2013, reported after a declining trend for five consecutive months since April, India Coal Market Watch (ICMW) reported citing a provisional data.

The output in September rose 6.42 per cent to 40.6 million tons (mt) from 38.15 mt in August. However, the production in September was up 13.53 per cent compared to 35.76 mt in September 2012. The aggregated production target for September this year was 43.02 mt, which means actual production was 94.37 per cent of the target. Total output in first six months (April-September) of 2013-14 stood at 244.11 mt, higher than 240.29 mt in the corresponding period of the previous financial year. World's largest single producer CIL's output during the first six months of 2013-14 was at 200.47 mt, SCCL's production stood at 20.62 mt whereas that from captive blocks stood at 23.02 mt during the period.

However, production in October, the details of which are not yet available, is likely to be lower than the target because mining and loading have been severely affected in the second and third weeks of October in the aftermath of cyclone Phailin which had hit the east coast in the middle of the month. As of end-September, total coal production of 244.11 mt is lower by 19.75 mt or 7.49 pc lower compared to the target of 263.86 mt for the period. CIL's production of 200.47 mt till September, although up from the corresponding period of the previous year, is much lower compared to the target of 206.63 mt. Production from SCCL and captive blocks is not only down from the previous year, being at 20.62 mt and 23.02 mt respectively, but is significantly down from the target of 24.7 and 32.53 mt.

NGT QUESTIONS MEGHALAYA GOVT RECORDS ON 2012 MINING

New Delhi: The National Green Tribunal Monday raised doubts regarding reports and other records submitted by Meghalaya government about a 2012 mining accident there when 15 persons were allegedly trapped in a coal mine.

"These reports do not seem to be a year and a half old. They appear to have been made recently," a bench headed by NGT Chairperson Justice Swatanter Kumar said after going through some of the documents pertaining to the July 6, 2012

It also questioned the investigation the state government claimed it was conducting into the incident, saying "what investigation? If you could not find out anything then in year 2012, what will your investigation do now? We don't know what to say about all this except that it speaks volumes about your work."

The bench made the remark after the state government, while admitting that such an incident had taken place, contended it can't say how many people were trapped in the accident and a probe is on to ascertain that. The Tribunal had on October 7 directed Meghalaya to submit the entire records of the incident, including those relating to the probe into the accident, number of workers who worked in the mine, etc and it had also sought the presence of the state government's Principal Secretary of Mining and Geology Department.

"You come out with the truth or we will dig it out", the NGT had warned Meghalaya government after it stated that the 15 persons, who were allegedly trapped inside a coal mine in Garo Hills in the 2012 mining accident, could have escape as no bodies were found.

Pursuant to the NGT's order, the Principal Secretary was present before the bench with the entire records of the incident, which were taken into its custody by the Tribunal.

The state government, meanwhile, told the NGT that the mine owner "has no records of the number of people working in the coal mine".

NTPC TO COMMENCE COAL MINING OPERATIONS AT PAKRI-BARWADIH BLOCK IN JHARKHAND, INDIA

Ranchi :India's power producer NTPC will begin coal mining operations from Pakri-Barwadih block in Jharkhand, aimed to reduce dependence on costly imports with an output to 15 million tons in three years.The state firm fires 16 thermal projects utilizing about 175 million tons of coal, according to The Economic Times.An NTPC official said dependence on imported coal will be reduced subsequently."By 2017, we are aiming to meet 20% of our coal requirements from seven captive coal blocks," the official added.NTPC signed a tripartite escrow agreement, the final permission for opening a mine, with Coal Controller and State Bank of India." With this, all necessary clearances required to commence mining operation at Pakri-Barwadih block are in place, and we are expected to commence mining operations anytime soon," the official continued. NTPC has so far been unlucky with its Coal Blocks with not a single block starting production .

SAIL SEEKS TO HASTEN DECISION ON PENDING MINING PROJECTS

NEW DELHI ::Steel Authority of India Limited (SAIL) has approached the Prime Minister's Project Monitoring Group (PMG) to fast-track clearances for stalled mining and capacity expansion projects in Jharkhand and other related infrastructure proposals. SAIL has outlined an investment of Rs. 10,000 crore for capacity expansion of its captive mines operations. The Gua mines are expected to cater to 25 per cent of SAIL's iron ore needs in the future. The decision on the project has been delayed due to a bio-diversity plan for the Saranda forest zone, which is currently under preparation.

Asserting that mining operations at Gua iron ore mines were central to the expansion plans of SAIL to increase its hot metal capacity, SAIL has approached the Cabinet Secretariat, the nodal office of PMG, to seek stage II forest clearance.

"We have approached the PMG and are hopeful that a decision on our request would be taken soon," SAIL Chairman C.S. Verma said. SAIL plans to ramp up the capacity of the Gua mines to 10 MTPA from 2.4 MTPA at an investment of about Rs. 3,000 crore. The plan includes setting up a 12.5 MTPA beneficiation plant and a 4 MTPA pellet plant. Stage-I, or in-principle forest clearance, has been given to three of the four leases—Durgaiburu, Jhillingburu-II and Topailore- while Jhillingburu-I is closed and its application has been pending with the MoEF since July 2011. Environment approval has been granted for the Durgaiburu lease and the planned beneficiation and pellet plants. In April 2013, SAIL secured consent to operate from the Jharkhand State Pollution Control Board for mining at the Gua mines, which paved the way for resuming mining activities there almost after two years. The 4 MTPA iron ore pellet plant, proposed to be set up in the Gua mines, will be SAIL's first captive pellet plant.

NO MINING IN 1KM RADIUS AROUND SIX GOA SANCTUARIES

Mumbai: The delineation of eco-sensitive zones around six wildlife sanctuaries in Goa, as recommended by the Rajesh Gopal committee, has 'in principle" been accepted by the union ministry of environment and forests(MoEF).
The Protected areas include the Cotigao wildlife sanctuary (South Goa), Netravali wildlife sanctuary (South Goa), Bhagwan Mahaveer wWildlife Sanctuary and National Park (North Goa), Madei wildlife sanctuary (North Goa), Bondla sanctuary (North Goa) and Dr Salim Ali Wildlife Sanctuary (North Goa).

The MoEF will issue a draft notification seeking comments from stakeholders before issuing the final notification said an office memo. The committee was set up by the MoEF at the behest of the Goa government following a complete ban onmining in the state. While the Goa government had recommended that natural boundaries as the buffer zone, the MoEF said only eco-sensitive zones defined in a site specific manner by the MoEF committee is accepted. In four out of areas, the ESZs and restrictions on banned activities will come into force as soon as the final notification is issued. In case of the Netravali and Bhagwan Mahaveer sanctuaries, the state government will be allowed to permit phasing out mining activities over a period of time which will enable proper rehabilitation, reclamation and restoration of the eco-sensitive zone. "The state should ensure a proper and rigorous mining closure plan in the quickest possible time. In case of Nethravali and Bhagwan Mahaveer sanctuaries no further

mining activity will be permitted beyond the phase out period recommended by the state,'' said the memo.

Mining was banned in Goa in October last year by the Supreme Court on the basis of the M B Shah Commission report. The Commission had estimated a whopping Rs 35,000 crore loss to the exchequer due to illegal mining in the last 12 years. The Goa government had informed the MoEF that mining accounts for more than 20.4% of the state domestic product and over 30% of the state's population depends for its livelihood on mining and allied activities. Also 25% of the state revenue comes from mining and hence had argued that it was not possible to abruptly stop mining. It had also sought adequate time to phase out activities that are not permitted including mining in the buffer zone, erection of wildlife and eco-friendly barriers. The MoEF committee, the memo said, has dealt with this issue in its report and accepted the recommendations of the state in this regard.A peripheral strip of land, with an average radial distance of not less than 1km from the boundaries of the four protected areas — Madei, Bhagwan Mahaveer, Netravali and Bondla .The boundary of eco-sensitive zone along the south-western portion of Cotigao wildlife sanctuary may extend up to a radial distance of 3kms The mining leases in peripheral areas of Bhagwan Mahaveer and Netravali wildlife sanctuaries should be phased out in a time-bound manner .

VEDANTA NOT ACTIVELY PURSUING ACQUISITIONS NOW, SAYS ANIL AGARWAL

NEW DELHI: Metal and mining conglomerate Vedanta Resources is not actively looking out for acquisitions at the moment, but would consider if a good opportunity comes by, particularly in the oil sector, its chairman said today.
"At the moment, our hands are tied up. But, if any opportunity comes up, we will look at it. We will look at oil (sector). It is good time to grow in India (in oil sector).
illionaire Agarwal, known as the "turnaround man", has done 13 acquisitions to create the mining and metal giant.
Stating that none of the acquisitions have turned out to be a bad buy, Agarwal said: "In last 10 years, I have acquired 13 companies. Normally when you work, worldwide, out of 3 companies, one does not work. But, we have been fortunate, all 13 companies are doing great".
Vedanta had acquired a majority stake of 58.5 per cent stake in Cairn India for USD 8.67 billion in December 2011.
Vedanta Resources, listed on the London Stock Exchange, is a natural resources major with interests in zinc, lead, silver, copper, iron ore, aluminium, power and oil and gas.
Its group companies include Hindustan Zinc Ltd, Bharat Aluminium Company Ltd (BALCO), Vedanta Aluminium Ltd and Madras Aluminium Company (MALCO).
The consolidated group had clocked USD 6.164 billion revenue in the first half of the current fiscal. Vedanta has operations in India, Zambia,

CBI PROBING IF NLC WAS CONSULTED ON JV

New Delhi: While CBI has not ruled out concluding that the Hindalco case merits closure, the agency is probing whether the coal ministry sought the views of public sector Neyveli Lignite Corporation (NLC) over the decision to insert the private firm as partner in a joint venture.
The CBI is examining if former coal secretary P C Parakh, booked along with industrialist K M Birla in the Hindalco case, did consult NLC before deciding to sharply reduce its rights to the Talabira II coal block in Sambalpur, Odisha. The agency is looking at the rationale for Parakh proposing that mining rights for a combined Talabira II and III blocks being shared between Hindalco Industries, NLC and Mahanadi Coalfields in a 15%, 15% and 70% ratio, respectively. The agency has alleged that Parakh ignored the deliberations and recommendations of the 25th screening committee that he had helmed and which had found strong grounds to reject Hindalco's claim and award the Talabira II block to NLC. The agency feels that even if the coal ministry had decided to review its decision, it should have sought the public sector company's views before re-allocating the coal reserves to Hindalco Industries.
In his recommendation, the then secretary (coal) P C Parakh proposed formation of a joint venture company between Mahanadi Coalfields, NLC and Hindalco with equity share holding of 70%, 15% and 15%, respectively, which was approved by PM Manmohan Singh. The CBI alleged that prior to the approval the arrangement was discussed by Parakh with Hindalco and only after the latter agreed to the proposed arrangement was the file further processed.
This resulted in a satisfaction level of 81% for Hindalco as against 29% for NLC. Due to this arrangement, NLC's proposed power project — approved by the power ministry — failed to take off as planned.
The agency now has the relevant files from the PMO on the Hindalco allocation and it is examining the basis of mining sharing percentage determined by Parakh.
While processing the proposal, the PMO had noted ownership ratio in the JV is not in congruence with guidelines approved by the PM on June 9, 2005, which required this ratio to be in proportion to the assessed requirement of coal of each allottee. PMO had held that as per this guideline, the NLC: Hindalco ratio in their 30% share should be 22.5% and 7.5% and not 15:15% as was proposed.
However, after this was set aside in view of coal ministry's recommendation, which took into account Odisha chief minister Naveen Patnaik's backing for Hindalco and the final proportion was pegged at 15:15%.

SUGGESTIONS TO BE SOUGHT ON SAHYADRI ECO-SENSITIVE ZONE

Mumbai: A draft notification declaring 60,000 sq km, or 37%, of the natural landscape of the Western Ghats an ecologically sensitive area (ESA) will be shortly issued for objections and suggestions, says a memo from the Union ministry of environment and forests (MoEF). The ESAs will include all protected areas and world heritage sites of the Sahyadri range. "The boundary of the ESA as also the regulatory regime will be fine-tuned after the draft notification is placed in the public domain for comments/views of stakeholders including state governments of the region," states the memo.
On Saturday, the MoEF issued a second memo announcing that it had accepted the recommendations of the Dr K Kasturirangan High Level Working Group (HLWG) to completely ban mining, quarrying and sand mining as also thermal power plants and the red category of industries in the ESA. Hydropower and wind energy projects will be permitted in the ESA.
New construction projects of more than two lakh sq ft which includes township and area development projects as well as other projects or activities will be banned in the ESA, as recommended by the HLWG.
The MoEF said projects already under consideration of state-level environment impact assessment authorities and the environment appraisal committees of the MoEF on the date of issue of draft notification will be considered under the then existing regulations. "The activities that are not specifically prohibited under the ESA shall be scrutinized and assessed for cumulative impacts and development needs, before granting environment clearance," states the memo. Not satisfied Madhav Gadgil, who headed the Western Ghat Ecology Panel and whose report was rejected by the MoEF, said the decision to accept the Dr K Kasturirangan High Level Working Group (HLWG) report was regrettable. The HLWG focus was only on forested areas under government control.
Sumaira Abdulali, convenor, Awaaz Foundation, who had filed a PIL in the Bombay high court seeking declaration of the Sawantwadi-Dodamarg wildlife corridor as an eco sensitive area, alleged the HLWG did not visit any sites.

COAL REFORM TO CHECK ONION PRICES

Imports of onions could offer temporary respite, but we need durable ways to curb price swings in onions and other perishable kitchen staples. Today, farmers who cultivate vegetables see over 40% of their produce perish before it reaches consumers. Wastage will come down when cold chains and the transport network to move perishables to markets get built. Uninterrupted power supply is the key to running cold chains efficiently. But the country is power-starved, thanks essentially to huge shortage of coal, in spite of having some of the world's largest reserves of coal. So, the government must fix policy in coal. It should denationalize coal and scrap Coal India's monopoly over mining it. Opening up coal mining and trading to the private sector will boost supplies, and let power plants supply cold chains. However, pending legislative action, Coal India's subsidiaries must be freed to compete amongst themselves.
The politics of free power and failure of regulatory authorities to stamp out power theft and allow the needed hikes in tariffs have eroded the power sector. So, reform to make the power sector viable brooks no delay. (continued on page 5)

States should also take strong measures to curb volatility in food prices. They must amend the Agricultural Produce Market Committee Act to exempt perishable commodities and also encourage efficient value chains that connect farmers directly with retailers, cutting out the middlemen. Promoting the use of, say, dehydrated onions that can be stored in large quantities for a longer time can help stabilise prices. Investment must be stepped up in processing technologies for other vegetables, fruit and eggs, given the surge in consumption of superior foods by the poor. But agro-processing industry also depends on availability of power.

CBI STATUS REPORT INCLUDES HINDALCO FIR

New Delhi: In its latest status report on the coal scam probe, the CBI on Tuesday explained to the Supreme Court why it had registered an FIR against Kumar Mangalam Birla and former coal secretary P C Parakh for alleged irregular allotment of Talabira II coal block in Odisha to Hindalco as part of a joint venture with PSUs.

The status report said the "sudden" reversal of the coal ministry's decision allegedly on the recommendation of Odisha chief minister Naveen Patnaik, indicated commission of a cognizable offence warranting registration of an FIR.

Events following registration of the FIR against Birla and Parakh — protests by industry, bureaucrats and the defence of the Prime Minister's Office (PMO) — are sure to attract the notice of the Supreme Court bench. The bench, comprising Justices R M Lodha, Madan B Lokur and Kurian Joseph, is scheduled to hear PILs on the coal scam on October 29.

Attorney general G E Vahanvati will also have to defend the government on an application filed by petitioner-advocate M L Sharma. Sharma has questioned the CBI's "double standards" in registering FIR against an industrialist and an ex-bureaucrat but leaving out the coal minister who approved allocation of the coal block to the joint venture after Hindalco was drafted into it.

Annexing letters exchanged last year between then minister of state for rural development Sisir Kumar Adhikari and coal minister Sriprakash Jaiswal over Bengal Sponge Manufacturers Mining Ltd's request for allotment of coal block, Sharma in his fresh application alleged that it was a general practice among ministers to write to the coal minister for allocation of blocks.

He said in the FIR on allocation of coal block to Hindalco that it would have been relevant for the CBI to secure a statement from the coal minister during whose tenure the allocation was made.

"Then coal minister is a necessary party to the said alleged conspiracy and is liable to be named in the FIR, he being a public servant involved in the decision-making process (in allocation of Talabira II coal block in Jharsuguda district of Odisha to a project of Hindalco)," Sharma said.

The screening committee in early 2005 had faulted Hindalco for failing to utilize the coal linkage awarded to it from Mahanadi Coalfields Ltd (MCL) and had decided to allot the coal block exclusively to the joint venture between MCL and Neyveli Lignite Corporation.

However, acting on a representation from Birla and recommendation from the Odisha CM, the coal ministry, when the PM was holding charge of it, altered the screening committee's decision and gave Hindalco a 15% stake in the joint venture after getting the earlier decision reconsidered by the coal ministry. The CBI's fresh status report filed through counsel Amit Anand Tiwari said a detailed investigation was necessary on this issue.The bench of Justices Lodha, Lokur and Joseph has been questioning the Centre's stand that allocation of coal blocks by it meant only identification of the mines to be operated by the allottee and that all subsequent steps and formalities, including signing of lease, were to be done by the states. The Centre had said coal block allocations by it were mere letters of intent. That is the reason why the bench had on September 27 issued notices to seven states — Madhya Pradesh, Andhra Pradesh, Odisha, Jharkhand, Maharashtra, Chhattisgarh and West Bengal — asking them to file their response by October 29 on four crucial issues.

INDIA'S NTPC PLANNING TO ENTER COAL MINING BUSINESS

KOLKATA - India's largest power producer, NTPC Limited, was planning to enter the coal-mining industry, with the aim of producing coal from captive domestic mines, as well as forming plans to acquire overseas coal assets. According to an official in the Power Ministry, NTPC's entry into the coal mining market was strategic - to source 100-million tonnes a year of coal from ten captive mines, and to gain more efficient raw material security for thermal power generation and partially reduce dependency on Coal India Limited (CIL).A mining division was part of the company's $1.5-billion plan over the next three years to bring down merchant import coal dependency from 21% to 10% through a combination of developing captive mines and acquiring a stake in overseas coal assets.

NTPC was currently able to secure 95% of its feedstock requirements from CIL but this would be pruned to 90% and even lower, to 80%, in the case of supplies for the power projects implemented after March 2009, under new fuel supply agreements between the two companies.NTPC, with an installed capacity of 40 000 MW, requires around 164-million tonnes a year of coal.The official said that with NTPC also planning to acquire equity stakes in overseas coal assets, the proposed mining division would be important to offer technical and managerial support, as several of the targeted assets were underdeveloped.

The power utility has appointed mine developer operators for the few captive coal reserves allocated to it, but the thinking within the Power Ministry was that extending NTPC's know-how to mining - it already has senior management expertise in feedstock supplies, transportation and logistics - would enable the company access to more efficient raw material linkages and stronger relations with principal overseas asset owners, the official said.Plans for mining operations were also given a boost when NTPC recently secured more captive coal blocks, including four blocks with estimated reserves of two-billion tonnes.

Of the captive blocks previously allotted to NTPC, the company had secured environment and forest clearances for four.

FINANCE MINISTRY KEEN ON PPP IN GOLD MINING

NEW DELHI: After public private partnerships in railways, highways and oil and gas exploration, the government is considering opening up the gold mining sector to explore and produce the yellow metal under PPP mode.

The finance ministry has floated a concept paper and is pursuing it keenly with the mines ministry. After a review meeting in the finance ministry recently, a reminder was sent to the mines ministry to expedite the proposal sent to it by North Block Finance minister P Chidambaram's hunt for gold is also driven by the limited options available to the government to bring down the current account deficit which is mainly affected by largescale import of the yellow metal - nearly 800 tonnes a year. Finance minister P Chidambaram's hunt for gold is also driven by the limited options Finance minis--ter P Chidambaram's hunt for gold is also driven by the limited options available to the government to bring down the current account deficit which is mainly affected by largescale import of the yellow metal - nearly 800 tonnes a year.

In 2012-13, India imported 850 tonnes of gold valued at $58 billion (more than Rs 3 lakh crore at current dollar prices) and it was one of the major causes of the burgeoning current account deficit. In the current fiscal, gold import is estimated to be around 800 tonnes. Around 400 tonnes of gold has been imported in the first half of the fiscal till September. Only a fraction of this is exported in the form of jewellery.

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Industry experts say India has at least 40 potential gold mines.Currently, gold is mined at three locations in Karnataka and Jharkhand producing around 2.50 tonnes a year..Currently, gold is mined at three locations in Karnataka and Jharkhand producing around 2.50 tonnes a year. Estimates by the Planning Commission put domestic gold production at 44 tonnes during the 12th five-year plan period, which could go up to 100 tonnes by 2025. The finance ministry's enthusiasm to open up the mining sector is, however, not shared by the mines ministry, which is sitting over its proposal and has not responded to repeated communications.To bring down gold imports, the government had raised duty on the yellow metal from 6% to 10%, followed by RBI imposing curbs linking it to compulsory export of processed gold up to 20% of imports.

In addition to hiking the import duty on gold, duties on silver and platinum were also raised to 10%. The government in August also put a ban on import of gold coins and medallions.

WHY INVESTORS ARE KEEN TO MINE INDIA'S COASTS

RARE EARTH : A NEW OPPORTUNITY FOR MINING

If you have ever visited the scenic beach at Chavara on Kerala's Kollam coast, you would have probably not taken a serious note of the blackish and shining wet sand stuck on your feet. But ask a geologist and he will tell you that the shining particles are ilmenite, one of the five most sought-after 'strategic minerals' found in this part of Kerala.

Ilmenite is the primary ore of titanium - a lightweight and sturdy metal used in the aerospace, shipping and paint industries and in making artificial joints for humans. State-run companies Indian Rare Earths Ltd and Kerala Minerals and Metals Ltd extract the mineral from the sand.

Like ilmenite, there are four other heavy minerals found on the beach sand in parts of Tamil Nadu, Andhra Pradesh and Orissa. These minerals are zircon, rutile, garnet and sillimanite. India has 360 million tonne of ilmenite reserves, or 18 per cent of global deposits, but its production is puny.

This forces user industries such as electronics, electrodes, ceramics, refractory and pharmaceuticals to look for expensive imports.The private sector was allowed to extract these strategically important minerals only at the turn of the century.

Y Balaji, National Application Manager at Eriez Magnetics India, the local unit of a UK-based company that makes mining equipment, says Tamil Nadu has about 40 per cent of India's beach mineral resources but the state government has banned sand mining.

"India has a long coastline with rich deposits of these minerals, but banning sand mining will not help the economy," says Andrew J. Lewis, Vice president at Eriez Magnetics Europe.

L&T PROVIDES A BREATHER, VEDANTA'S BAUXITE WOES IN ORISSA LARGELY OVER

Vedanta Aluminium Ltd's (VAL) $1-billion alumina refinery project at Lanjigarh will now have access to bauxite with the Orissa government getting favourable legal opinion on VAL's sale-purchase agreement with Larsen and Toubro (L&T). The refinery currently has a capacity of 1 million tonnes (mt).
Sources said apart from the state's advocate general, eminent lawyers like Soli Sorabjee and UU Lalit have backed the legal opinion. L&T has a prospective licence to mine bauxite in Sijumali and Kutrumali districts. Two years ago, it had formed a special purpose vehicle (SPV) in which it holds 76%, with Vedanta holding 24%. In order to enable the SPV to apply for a mining licence and obtain other regulatory approvals, the sale-purchase agreement between the two companies required an approval from the state government. This, sources say, is no longer a problem in the light of the favourable legal opinion that has now been received.
The Sijumali mines in Rayagada district has bauxite reserves of around 245 mt while the Kutrumali mines in Kalahandi have reserves of around 40 mt. VAL requires 3 mt of bauxite to feed the 1-mt alumina refinery in Lanjigarh; the plant is currently running at 50% capacity by sourcing bauxite from Gujarat and Chhattisgarh.
With the bauxite problem resolved, VAL now needs to be able to have access to more coal from Mahanadi Coalfields for the proposed ramp-up in capacity of aluminium. However, even with some additional coal from Mahanadi and some ramp-up in production from the smelter, Ebitda (earnings before interest tax and depreciation) from VAL could treble, estimate analysts.
Currently, analysts are penciling in operating profits from VAL of roughly R1,000 crore in FY15, but that could improve significantly now that the company will have access to bauxite and will not need to import the mineral. A turnaround in the fortunes of VAL through higher production of aluminum will help ease the company's cash flows. Analysts observe that the debt could rise by Rs 2,000-3,000 crore over the next year or so. Consolidated sales of Sesa Sterlite are currently estimated to cross Rs 65,000 crore in FY14 while the operating profit

JINDAL STEEL & POWER'S PROJECTS WORTH RS 80,000 CR IN DOLDDRUM IN ORISSA

New Delhi :Controversies surrounding the allocation of coal blocks to Naveen Jindal-owned Jindal Steel and Power has put the firm's investment proposals in Odisha, worth about Rs 80,000 crore, in Limbo.
Out of this Rs 80,000 crore, the company has already invested Rs 17,000 crore to build a two-million tonne steel capacity and a captive power plant at Angul. Five units of the power station has been commissioned. Even though the sixth unit of 135 Mw and the steel plant are almost ready, the company is not sure if it can put them on stream because of acute scarcity of raw material such as coal and iron ore.

JSPL has been allotted two coal blocks in Odisha. The first one, Utkal B-1 with mineable reserve of 148.67 million tonne, is linked to the steel project while its other block at Ramchandi in Talcher coalfield with estimated reserve of 1,500 million tonne is linked to the CTL plant.

Both the blocks are shrouded in controversy following charges of illegal allotment by opposition parties and civil activists. Although unlike the company's Amarkonda Murgadangal coal block in Jharkhand, which is currently facing CBI probe, its Odisha properties are not being investigated by the agency. However, this gives little comfort to the company as allegation of impropriety has made the government become extra-cautious on processing of coal block files. Similarly, the state government is insisting on preparation of differential global positioning system map for the Ramchandi block, delaying the grant of prospecting licence to the company despite it agreeing to all the terms and conditions.

JSPL, however, is hopeful of surmounting the setbacks. "We have already made investments of Rs 16,900 crore for setting up steel and captive power plants in Angul and have received almost all the statutory clearances for the coal block. We are ready to start mining from coal block once the ML (mining lease) is executed. We are hopeful that having made such large investments, allocation of the coal block will not be cancelled," said Anand Goel, joint managing director, JSPL.

SUPREME COURT LETS SALES OF IRON ORE RESUME IN GOA

The Supreme Court gave the go-ahead on Monday for the auction of around 11.46 million tonnes of iron ore already mined in Goa, potentially doubling the country's exports this year to top market China if overseas sales are allowed.

The court also said it would set up a panel to decide on a cap for Goa's iron ore output and this should submit an interim report by February 15, 2014, leaving mining still on hold."We are setting up a six-member expert committee to study the cap on production based on carrying capacity of roads and such," Justice A.K. Patnaik said in the Supreme Court.He did not specify whether the iron ore could be exported after auction. The Supreme Court imposed a ban on exports and production in Goa last year in a crackdown on illegal mining.The move to allow the sale of mined ore, and the potential export of the same, is unlikely to have any significant impact on the global iron ore supply chain and prices, with the mining ban in Goa remaining for now.

While analysts expect a gradual recovery in Indian exports over the next two years, the pace is likely to be modest and far from the record high of more than 117 million tonnes set in the fiscal year through March 2010.India used to be the world's third-largest exporter of iron ore, shipping out ore worth more than $7 billion per year, with much of that from Goa state. But restrictions in Goa and neighbouring Karnataka have slashed output and exports.India's shipments to China have slowed to a trickle at just over 8 million tonnes from January to September, down 75 percent from a year before.

Most of Goa's iron ore goes to China, fetching about $75 per tonne for low-grade ore of less than 52 percent iron content. But domestic steelmakers are also eager for supplies.

(A GEMCOKATI INITIATIVE)