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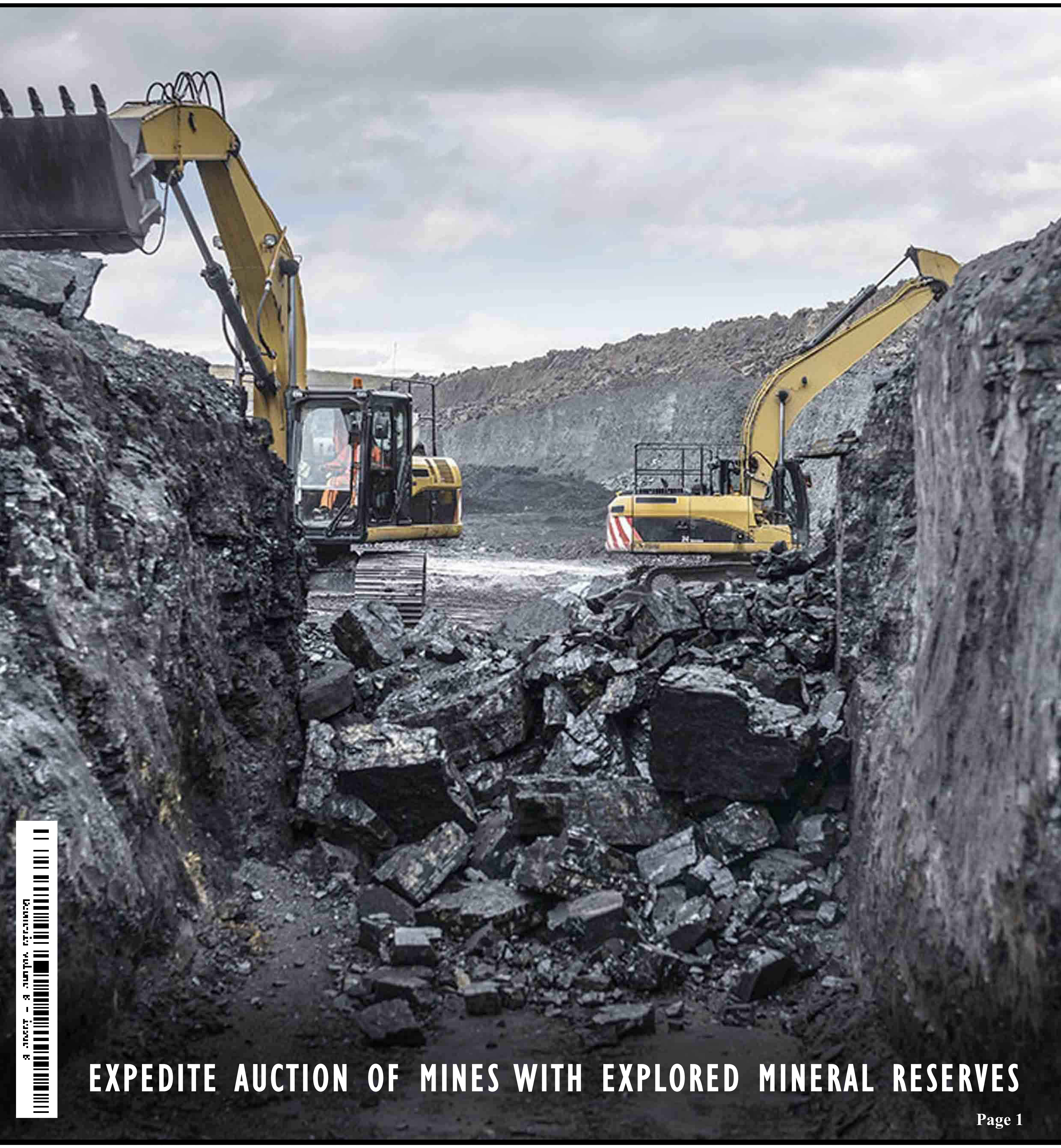

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EXPEDITE AUCTION OF MINES WITH EXPLORED MINERAL RESERVES

Industry body Ficci has called for expediting auctions of mineral blocks with known or explored reserves, highlighting that the average of such sales has nosedived to around 15 mines per year after the amendment in the Mines and Minerals Development and Regulation Act.

The chamber in a presentation to Niti Aayog stated that "around 300-400 minerals concessions per year used to be allotted prior to 2015 which has reduced on an average to around 15 per year post-amendment in the Act (MMDR Act in 2015)".

It recommended that auctions should "be expedited for areas with known/explored mineral reserves."

According to sources, officials from Rio Tinto, Tata Steel, Vedanta and apex mineral body Federation of Indian Mineral Industries (FIMI) among others who were part of the presentation.

However, for areas with no or minimal known/explored mineral reserves, it said the first-cum first-served system must be adopted with the provision of first right of refusal for granting mining lease, Ficci said.

To ensure transparency in the mineral sector, the Mines and Minerals Development and Regulation) Amendment Bill was passed by Parliament in 2015. The amendment in the MMDR Act in 2015 ushered in predictability, transparency and removed all arbitrariness by introducing auction as the only process of allocation of major mineral resources, Ficci said.

While the MMDR Act, 2015 grants the winner of the mineral block with the sub-surface mineral rights, the successful bidder has to run from pillar to post to seek the surface rights and obtain necessary statutory clearances, the industry body said.

"Thus, the record of converting successful auction to production is poor and very few blocks have come up to the stage of production," it added. Moreover, states should get all regulatory clearances, including environment clearances, forest clearances, and surface rights before putting any mineral block for auction --special-purpose vehicle (SPV) model may be adopted here, it explained.

"This will substantially reduce the time between successful auction and start of actual production, while also leading to thrust on exploration," it said. The industry body stated that the sudden discontinuance of mining operations in Goa was creating a huge loss to the mineral sector as a whole and said that there was a need to protect the livelihood of the people dependent on the Industry.

"Therefore, government's intervention is requested for an early resumption of mining operations as the situation at the ground is a grave concern for the whole sector," Ficci said.

As per that the latest government data around 54 blocks -- 24 limestones, 19 iron ore, 4 gold, 3 graphite, 2 manganese, one bauxite and one diamond -- mineral blocks have been successfully allocated through auction.

NITI AAYOG SETS UP HIGH-LEVEL COMMITTEE TO BOOST MINING IN INDIA

A high-level committee has been set up by Niti Aayog on mines, minerals and coal sectors to identify key challenges and negate their impact. The committee includes officials from steel, coal and mines ministry, public sector mining companies, with representation from the private sector.

In FY18 India's import bill was at $465 billion of which $ 126 billion or 27% of FY18 import bill was on account of metals and minerals alone.

Inadequate exploration, need for investment to increase exploration activities, high incidences of taxes, increase in taxes, mining royalty, license fee and the environment and forest clearances remain a big hurdle for the mining sector in the country.

Now, private players have suggested single stage auction for unexplored Greenfield sites on the basis of expression of interest (EoI) for complete exploration and operation plan on revenue sharing basis like it happens in the oil and

gas sector under OALP or Open acreage licensing policy.

The industry has also demanded a reduction in the timeline for environment and forest clearances from 840 days to 180 days and complete removal of the cap on mining in India.

Coal imports have risen 9% in FY19 to 234 million tonnes.

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The coal ministry has suggested bringing in coal linkage for the steel sector for a period of 15 years.

The steel ministry has suggested single stage bid to reduce the impact of very high premium payment in multiple state auction, and has suggested removal of royalty review every 3 years, and need to bring in the unified tax regime to negate cumulative cost on steelmakers.

Industry experts say mining contributes about 2 percent to India's gross domestic product (GDP) and has the potential to increase it to 10 percent, directly and indirectly with the creation of 2.5 million jobs in the next 5 years.

NMP 2019 TO BENEFIT K'TAKA MINING SECTOR

The new National Mineral Policy (NMP) was approved by the Union cabinet on February 28, 2019, and was notified by the Ministry of Mines on March 12, 2019. The National Mineral Policy, 2019, replaces the National Mineral Policy, 2008, just after the deadline by the Supreme Court in writ petition 114/2014 filed by Common Cause in the Odisha mining matter.

Though the outdated National Mineral Policy, 2008, was first directed to be revised by the Hon'ble Supreme Court in Odisha mining matter, the revamp of the same became essential when the Supreme Court in October, 2018, did not accept the request of Union of India to leave the regulation of mines and capping to the Ministry of Mines and Ministry of Environment, Forest and Climate Change (MoEFCC) on an application related to cap on Karnataka iron ore industry, on the ground that the revised National Mineral Policy was still in draft stage and will be considered only when notified.

Therefore, the NMP 2019 expects that, with shift in policy, the mineral production in India will increase by 200% in the next 7 years and will aid to reduce trade deficit in mineral sector by 50%. The New National Mineral Policy emphasise that a long term export-import policy for the mineral sector should be formulated to provide stability for investing in large scale commercial mining activity.

Sustainable growth

The National Mineral Policy for the first time has also proposed to institutionalise the mechanism for ensuring sustainable growth of mining sector; and an inter-ministerial body under Ministry of Mines to decide the state-wise or region-wise annual production.

The revised National Mineral Policy which aims further transparency, better regulation and enforcement, balanced social and economic growth and sustainable mining practices, is touted as a game changer for Karnataka iron ore industry which has been functioning under the direct supervision and regulation set up by the Supreme Court.

The Karnataka mining fraternity is hopeful that provisions in the policy, especially the inter-ministerial mechanism for fixation of cap and long term export-import policy will alleviate their misery. At present, Karnataka is the only state where iron ore production is rationed district wise and further mine wise which has remained constant for 7 years before marginally increased by 5 MT in Dec 2017. Karnataka is also the only state from which iron ore cannot be exported, when no such prohibition is in place for any other states.

The policy is notified in a time when Karnataka chief minister has written to the prime minster requesting intervention to restrict import of iron ore into the state. The state has estimated that it has lost around Rs 600 crore as royalty as the iron ore lessees, who have no alternate market, reduced price to liquidate stock pile up.

The mining companies and steel industry are at logger-heads in the Supreme Court over sale process followed in Karnataka under the aegis of the court.

Export of minerals

On the other side, if you look at the pelletisation market in Karnataka, it is currently operating only at 75% of utilisation. Despite the huge pile up of unsold inventories of iron ore, due to export of pellets produced using Karnataka origin not being allowed, the pellet makers, particularly the PSU KIOCL is forced to import iron ores from Brazil which is hugely carbon and economic negative. Now that the new policy also encourages the export of minerals in value added form, the industry is

(Continued on Page 3)...

looking for a systematic change so that it can operate to maximum production.

Overall, the mining industry hopes that the new policy would enable to come out of their disadvantageous position and will equate it to be on par with the rest of India. The policy holds key to almost all the issues

INDIA: MINING SECTOR WANTS 'ONE TAX REGIME', SEEKS 40% CAP ON EFFECTIVE RATE

The country's mining sector, assailed by an array of levies, has asked for a 'One tax regime' in mineral production along the lines of GST, with the effective taxation rate (ETR) capped at 40 per cent.

The mineral sector in India is the most taxed among all countries. The ETR on mining ranges between 60 and 64 per cent. India tops all other mining jurisdictions in ETR- towering in taxes over Mongolia (31.3 per cent), Canada-Quebec (34 per cent), Chile (37.6 per cent), Indonesia-Sulawesi (38.1 per cent), Australia (39.7 per cent), South Africa (39.7 per cent) and Namibia (44.2 per cent).

"In India, the combined cascading effect of taxes on mining is very high compared to other resource rich countries. This makes our country less competitive in global markets. We need royalty rationalization backed by appropriate incentives for mineral processing to make Indian miners on par with other mining jurisdictions. Both GST on royalty and state specific taxes need to be subsumed in DMF (District Mineral Foundation)", said an industry source.

The concerns of the mining sector were articulated by Federation of Indian Chambers of Commerce & Industry (Ficci). In a recent submission to the planning think-tank NITI Aayog, Ficci advocated a uniform tax structure for the mining sector with the ETR not exceeding 40 per cent. It also pleaded to the government to prune royalty rates on iron ore at par with other countries.

Iron ore in India attracts royalty of 15 per cent. This greatly exceeds the rates in other ore laden countries such as Australia (5.35-7.5 per cent), Brazil (two per cent) and China (0.5-4 per cent).

"There is a need to review the royalty rates in line with the rates in major mineral producing countries. In the interest of mineral conservation, royalty rates should be restructured, so that there is adequate incentive to use low grade ores. Royalty should be charged differentially with respect to various grades rather than charging uniformly at the highest grade. The low grades being supplied after beneficiation may be eligible for a concessional rate of royalty of five per cent of Average Sales Price (ASP). Further, beneficiated low grade material being transported through non-conventional and innovative logistic systems may be provided with a further incentive by creating a provision for royalty at the rate of 2.5 per cent of ASP", Ficci suggested to NITI Aayog.

Over and above royalties, miners are mandated to contribute to the DMF- the rate is 30 per cent (of the royalty) for mines awarded before enactment of the amended Mines and Minerals Development & Regulation (MMDR) Act 2015 and 10 per cent for the new mines allocated through transparent e-auctions. Also, miners have to shell out two per cent of the royalty to the National Mineral Exploration Trust (NMET).

In addition to royalty, DMF and NMET, Goa and Karnataka levy state specific taxes. Miners in Goa and Karnataka have to contribute 10 per cent of their sale proceeds to Goa Mineral Ore Permanent Fund and Special Purpose Vehicle respectively. This duplicity in taxation mounts the burden on miners.

SC SEEKS CENTRE'S RESPONSE ON LEASES FOR 358 IRON ORE MINES

The Supreme Court Tuesday asked the Centre to respond to a plea seeking quashing of allotment, extension or continuation of leases to firms for mining iron ore from over 358 mines across the country without any fresh evaluation.

A bench of Justices S A Bobde and S A Nazeer issued notice to the Centre on the petition, which has also sought a direction to the CBI to register an FIR to probe the matter, and asked senior advocate P S Narasimha to assist it in the case.

The plea, filed by advocate Manohar Lal Sharma, has alleged that in February this year it came to his knowledge that 288 mining leases were extended in exchange of "large donations" which has created a "serious financial loss" to the tune of Rs 4 lakhs crore to public exchequer.

The petitioner has claimed that leases have been either granted or extended to the firms for mining iron ores in over 358 mines without either any fresh evaluation or adopting the auction process.

It has also sought directions for recovery of market value of the mined minerals in accordance with the law.

Besides, it has sought a court-monitored probe into the extension of lease and allotment of the mineral mines for free of cost alleging that it had caused huge financial loss to the public via a concocted conspiracy.

"Within the principle upheld by the Supreme Court in its previous judgment, no natural assets can be allotted/extended free of cost. Impugned extension is contra to the law of the country. Nowhere in the Act, it says to extend the lease free of cost. At least value of extension must be decided as per the maximum rate of auction value by the state or by another state government during these period," the plea has said.

It has said that loss caused to the exchequer is liable to be recovered from the mining firms and their leases are liable to be quashed and the mines be put to fresh auction.

The plea has also sought quashing of section 8A of the MMDR (Mines and Minerals (Development and Regulation) Act.

Section 8-A of the Act provides that all mining lease should be granted for a period of fifty years and on expiry of lease period, it should be put up for auction as per the procedure specified in the Act.

"It is revealed to the petitioner that a large amount of political donation has been given by the corporate miner for the impugned provisions (of MMDR Act) for extension of the mining lease as free of cost from escaping auction process which is also a subject matter for CBI investigation and calling list of mines from all states for further action," the plea said.

The petitioner has also referred to media reports on the issue of mining leases in some states.

"All old lease of the minerals mining, except coal block, has been extended for further 5 to 20 years under the garb of the amendment of 2015 without charging any cost/ premium and fresh value to pay for mining while new mines has been put up for auction which were auctioned for 80 per cent to 110 per cent premium other then royalty etc," it said.

The plea has made ministries of Law, Mines and Minerals and states of Odisha and Karnataka as parties along with the CBI.

VEDANTA POSTS 17 PER CENT GROWTH IN ALUMINIUM PRODUCTION FOR FY19

Diversified metals & mining conglomerate Vedanta Ltd has posted a 17 per cent growth in aluminium production, buoyed by stabilisation and ramp-up of its smelters at Jharsuguda (Odisha). In volume terms, aluminium output in the last fiscal was 1.95 million tonnes (mt), its best ever, outstripping FY18's 1.67 mt, making Vedanta, the country's largest producer of the white metal, upstaging Hindalco Industries.

Aluminium output at Vedanta-owned Bharat Aluminium Company (BALCO) smelters at Korba (Chhattisgarh) remained flat. The output was bolstered by Vedanta's two smelters at Jharsuguda- the standalone facility and the second within an SEZ (Special Economic Zone) notified area in its vicinity. Output at the first smelter grew 24 per cent while the SEZ unit logged a higher production surge of 27 per cent.

The spike in aluminium output was also helped by volume at Vedanta's Lanjigarh alumina refinery. Alumina production moved up 24 per cent to reach 1.5 mt, riding on the plant's debottlenecking and enhanced local sourcing of bauxite from Odisha Mining Corporation (OMC).

"Improved captive alumina production and locally sourced

(Continued on Page 5)...

bauxite are key to drive our aluminium costs lower. The peak run rate at Lanjigarh refinery during the year was 1.8 mtpa (million tonnes per annum)", Vedanta Ltd said in its production statement.

OMC, a state-controlled mining concern, started feeding Vedanta's Lanjigarh refinery from Q1 of FY19. OMC has ramped up bauxite output at its Kodingamali mine to achieve a peak rate of 3 mtpa. In line with state policy, OMC liquidates 70 per cent of its mined bauxite to Vedanta under a long-term linkage agreement. The balance quantity is offered for bids at bauxite auctions held within a span of six months.

For Vedanta, coal continues to be a key thrust area. "The linkage coal materialization for the captive power plants has improved in Q4 FY2019 as compared to previous quarters resulting in no power import for the last four months. The company secured 3.2 million tonnes of coal in Tranche IV auction and materialization has started from March 2019. This will improve coal availability and therefore help to drive our costs down", the statement added.

A company update report on Vedanta Ltd by Edelweiss Research says despite investors' knee-jerk reactions, the conglomerate has actually delivered 27 per cent returns over the past two months and achieved the envisaged target price. However, with zinc prices on the London Metal Exchange (LME) peaking and capital allocation risks persisting, Edelweiss expects limited upside potential on the company stock.

VILLAGERS IN SOUTH GOA'S COSTI REMINISCE ABOUT BETTER DAYS AS HOPES FOR REVIVAL OF BANNED MINING INDUSTRY FADE

There's bleakness in the warm afternoon air in south Goa's Costi village; because there's a big question mark on the future of mining operations in the area, which was heavily dependent on the nearby Chowgule iron ore mine. For 26 years, Rama Naik, a resident of the village, worked at that iron ore processing plant and earned enough to run his household. Now, he is barely scraping by. "I used to earn Rs 30,000 a month by working on beneficiation at the plant when mining was on. Now, I do odd jobs and don't even get Rs 3,000 every month. The past three-four years have been tough; when mining came to a complete standstill, I quit. I have no hope it will ever resume," Naik said.

Costi is around 65 kilometres from the Goa capital Panaji. The village and its roads, previously full of lorries and trucks transporting the ore when mining was in full swing, now wear a forlorn look. These mines, which used to employ hundreds, now have a lone security guard to keep trespassers away. The locals often reminisce about the days when one had to navigate through the long lines of trucks and packed roads to go about their daily chores. And though many see the mining issue and elections as unrelated, they aren't blind to political parties using the issue as "an election tool" to make new promises about restarting mining. Goa, which voted on 23 April, recorded a voter turnout of 74.72 percent in the Lok Sabha elections and 80.25 percent in the three Assembly bypolls held simultaneously.

Timeline

PROCEEDINGS	YEAR
Till this year, the Portuguese gave Concessions (the permit to mine)	1961
Mine owners' petition	1989
The validity of the mining leases ended	2007
The Central Government appoints the Justice Shah Commission under Section 3 of the Commissions of Inquiry Act	2010
On the basis of findings in the report of the Justice Shah Commission on illegal mining in the State of Goa	2012
Supreme Court bans mining in the state	2012

(Continued on Page 6)...

SC verdict on the Goa Foundation Vs Union of India PIL	**2014**
Leases renewed for the second time by the State for 20 years	**2015**
Goa Foundation's second petition regarding renewal of leases	**2015**
SC delivers judgement to stop mining by March 15	**Feb. 7, 2018**

Bitter pill or silver lining?

The story of Costi is the story of all villages situated on the state's mining belt, which, according to geologists, extends diagonally from Pernem in north Goa through Bicholim, Sattari, and Quepem to Sanguem in south Goa. Since 15 March, 2018, 88 mines have become inactive after a ruling by the Supreme Court on a petition filed by the NGO Goa Foundation against the renewal of the mines' leases by the state government.

"The Supreme Court clearly asked the state government to issue fresh leases through an auction. [This was a verdict to a writ petition by the Goa Foundation on the illegality of mining in the state in 2014] Instead of doing that, the state renewed the existing leases. We brought the issue to SC's notice again, and in 2018, it ordered shutting down of mines operating under a renewed lease. The state has not adhered to the court's instructions. Our recommendations were to put a cap on the amount mined and also to form a special permanent fund from the mining earnings for the welfare of the people of Goa," said Claude Alvares, president of Goa Foundation.

There are also other organisations in the state that have been up in arms against the illegal mining due to its environmental implications. Abhijit Prabhudesai, a farmer and general secretary of the Federation of Rainbow Warriors, said that after mining stopped, the agricultural yield in the mining belt increased by nearly 70 percent.

"Farmers who were troubled by the lack of water due to mining have said their yields have increased manifold. The mining that took place in the 90s and 2000s went unchecked and, as a result, mines were dug even below the water table. In the mining belt, people are facing a water crisis, so most of the locals don't want mining to resume. In a short span of 20 to 30 years, our generation has depleted more than half of our iron ores. So it's only fair that we let the future generations decide whether or not mining should resume after 20 years," he added.

At the mercy of the mining lobby?

Who wants mining resumed? To this, Prabhudesai replied that it is in the interests of the influential mining lobby, which consists of business families and those who own the leases and have invested heavily in the mines. The mining lobby in Goa is exceedingly powerful, and the lease owners don't want fresh leases through auctions; they fear that larger corporations will take away their leases. It is also alleged that the state government is stalling the resuming of mining at their behest. That's why this is a contentious issue, especially with the ongoing Lok Sabha elections.

In 2018, nearly 25,000 people whose livelihoods were affected after the ban on mining came together to form Goa Mining People's Front. Since then, the front has become a voice of the mine workers, truckers, mechanics, and small shop owners. Its president, Putti Gaonkar, said, "The government filed a petition in the SC only this year. This clearly shows how the state wants to use this issue as an election tool. Nearly one-third of the population in the state has been affected by the ban. The people in the mining belt are angry, and I am sure they have given a befitting reply to the government in the elections."

Playing politics

Only two seats in the Lok Sabha are from Goa: north and south. For the past 20 years, the north Goa seat has been held by BJP's Shripad Naik. The BJP has held the south Goa seat twice in the past 20 years (in 1999 and in 2014). Also, BJP-led governments have ruled the state since 2012. For the party, winning the two seats in a state long considered its bastion is a matter of prestige.

The Opposition, however, alleged that there is a nexus between the mining lease holders and the government. Avinash Tavares, spokesperson for the Goa Pradesh Congress Committee, said, "For the past five years, the BJP government has not provided any alternative to the people (truck drivers, miners, etc). They are holding these people ransom, saying they will bring mining back only if they vote for the BJP. The party fooled the people in 2014 and is at it again this year. We, however, would like to promise that we will bring mining back in a sustainable manner, through auctions and a mining corporation."

The government, on the other hand, rubbished all the allegations and said it is confident of winning both seats. Minister of Power and MLA from Curchorem (south Goa), Nilesh Cabral said, "We promised during the 2014 elections to resume mining, and we did. Meanwhile, the same court is yet to reach a verdict in another case regarding the 1987 Act (Abolition of Mining Concessions and Declaration as Mining Leases Act), which is now at the constitutional bench. In that case [in the Supreme Court for the last 20 years], the apex court asked us to allow mining until a judgment was delivered, while another bench hearing the NGO's petition stopped mining. As a result of this duality, we are unable to take any concrete action. The people of Goa know it was the Supreme Court decision that led to these problems, and they also know that our government, led by Prime Minister Narendra Modiji, will work only for their benefit."

The issue is an intricate one. Almost everyone alleged wrongdoing by the government at the behest of the mining lobby, while a few are optimistic that the government is working in the interests of those dependent on mining.

MINING WORKERS MEET PRAMOD SAWANT OVER RETRENCHMENT

Bicholim: A group of mining workers met CM Pramod Sawant on Tuesday after they were intimated by a Goa-based mining company that they would be retrenched from work on May 1.

Around 50 workers met Sawant at Ravindra Bhavan, Sakhali, questioning him about the status of the mining issue and sought to know when the government will restart mining. Mining workers told Sawant that they were summoned by the company on April 26, and were informed, that, since there was no work, the company was retrenching them with one-month's salary as compensation.

But mining workers termed the company's move as "injustice" to them. "The company has reaped profits from 2012 to 2015 and exported a lot of ore," the workers told Sawant. He attempted to pacify the workers, telling them that since the election code of conduct is on, he was unable to make direct statements on the issue. "I met some mine owners and communicated to them that we are sure to come up with some solution by September. I have already requested them not to retrench workers," Sawant said.

"We have demanded that the leases should be given to the mine owners in the interests of those who are employed in their companies," Sawant said.

MINING WILL BOOST GDP TO $5TN IN 5 YRS: CHAND

India, endowed with 90 major and minor minerals, is set to increase its GDP from $2.67 trillion to $5 trillion over the next 5 years, Tapan Kumar Chand, Nalco CMD, has said. He was addressing a Sustainable Mining Summit held in the city Thursday.

"The mining sector should also gear up to enhance its contribution towards the economic growth of the country. New technologies such as 3-D painting, 3-D mapping, simulation modelling, and use of drones, along with innovation and sustainable approaches towards mining, will increase the contribution of the sector towards the national economy from 2.5 per cent at present to 5 per cent of GDP in the next 10 years," he said.

Federation of Indian Mineral Industries (FIMI) organized the summit in association with SMI India and PTPL.

Chand highlighted the need to approach mining with sustainable development in mind. "Focus should be on optimal mining, along with implementation of concepts such as Net Zero Mining, Scientific Mining and People's Engagement," Chand said. He stressed upon the inclusion of representatives from industries and the mining sector in the utilization of the District Mineral Fund, which would further development of mining areas.

Sanjeev Chopra, the Principal Secretary of Industries department, attended the summit as chief guest and urged the industries to act as good corporate citizens. He called for collaboration between the central and state governments and mining industries to achieve sustainable mining.

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JUMBOS BEAR THE BRUNT OF MINING

People in Joda and Bamebari forest ranges in Keonjhar have detected movement of 23 elephants in the area, it is learnt. The pachyderms often stray out of their habitats into human settlements. Sadly, rampant mining has damaged their corridors, hampering their movement in the area, say wildlife experts and environmentalists.

Reports said that there are 17 elephants in Baitarani reserve forest and six in Pidhapokhari forest under Joda range. While Sri Metallik has a mine near Khandabandh forest and Suna river, Tata Steel has its manganese mine at Pichhilaghat.

The lease holders carry out high decibel explosions to extract minerals and have installed high mast lights in the areas. Besides, regular mineral transportation has affected the movement of the animals. Such factors keep on disturbing the animals so much that they come out of the forest and move in the nearby areas, said sources in the forest department.

Joda forester Peon Nayak said that elephants often come near these two mines. The lease holders have been given note of warnings about the presence of elephants and so, they have been asked not to carry out explosions and mining, and transportation when elephants are moving in the area, he added.

However, the companies allegedly pay no heed to the warnings.

Villagers of Khandabandh – Arnjum Munda, Sanatan Munda and Teru Nyak – alleged that the two companies carry out blasts with explosives while huge machines have been engaged for mining.

- There are 17 elephants in Baitarani reserve forest and six in Pidhapokhari forest, both under Joda range
- Lease holders/ Companies carry out high decibel explosions to extract minerals and have installed high mast lights in the areas affecting movements of the pachyderms

They said that ear-shattering sound from explosions and machines and lights have disturbed the animals.

The forest department has a clear-cut policy to protect elephant corridors, but mining has been damaging these corridors.

The forest department keeps quiet just after issuing warnings to the mining companies.

Wildlife activists and environmentalists demanded the department to take strict measures for protection of animals in the area.

A recent report pointed out that forest cover in Keonjhar and neighbouring Dhenkanal, Sundargarh and Deogarh districts have been shrinking, leading to habitat loss for elephants.

Elephant causalities in the mineral rich Keonjhar have not been stopped despite several measures

TATA STEEL SECURES ORE SUPPLY

Tata Steel plans to double iron ore output from captive sources over the next decade as the company shifts focus to fully integrating its rapidly expanding Indian operations after hiving off its overseas facilities into joint ventures.

Though the company sourced 25 million tonnes of iron ore from its mines in Odisha and Jharkhand in the recently concluded fiscal, internal demand outpaced supply as the Tatas acquired Bhushan Steel under a bankruptcy process.

The company had to buy ore from the market for Tata Steel BSL (formerly Bhushan Steel), moderating profitability, even as existing operations were fully serviced by captive iron ore

Tata Steel BSL, which is being merged with Tata Steel, procured 6.5 million tonnes of ore from the market, while it received only 0.8 million tonnes from its own source. Tata Steel Ltd recorded Rs 16,428 per tonne earnings before interest, depreciation and amortisation (EBITDA) compared with Rs 8,498 per tonne EBIDTA by TSBSL.

"We have environment clearance to expand our capacity (iron ore mine) to 38 million tonnes (mt) from 25mt. We will reach there in 5-6 years… Eventually, in 10 years, our mining capacity will go up to 45-50mt," T. V. Narendran, managing director and CEO of Tata Steel Group, told The Telegraph in an exclusive interview.

While the raw material division of the company will try to extract more ore this fiscal, the big uptick will come in fiscal 2021 when the Khondbond mine is expanded to 8mt from 3mt at an investment of Rs 2,000 crore.

The expansion of mining capacity in India is usually fraught with challenges, both regulatory and social, often leading to time overruns. Khondbond also had its share of delays but it is now on track. Tata Steel's close engagement with the the local community

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helped.

The managing director pointed out that Tata Steel had a track record of 100 years in mining and is probably the third-largest miner in India after public sector Coal India and NMDC.

Apart from iron, the company has captive coal mines in Jharia and west Bokaro in Jharkhand and also operates chrome and manganese ore reserves.

The company is often talked about for having a competitive edge in owning captive mines — though it only manages 25 per cent of its coal requirement . Tata Steel had made a strategic choice to set up plants closer to raw material sources and away from customers, despite being advised in the late 1990s to get rid of the mines, the MD explained.

As the consumption is mostly in the north, south and the west — where the major private players are located — Tata Steel incurs Rs 2,000 per tonne extra to move the finished products to the customers. It is only after 2005, when iron ore prices decisively moved up from the historical range of $15-$20 per tonne, that the vertically integrated steel player became more competitive than the others.

Logistics logic

The name of the game is as much about extracting raw material as much as it is about moving it from the mines to the plants.

Tata Steel is often constrained by the non-availability of railway rakes to supply to Kalinganagar, leave alone Bhushan at Angul, forcing it to buy from the market. The company is planning to put up a slurry pipeline — Bhushan already has such an approval from Barbil to Angul — to carry ore, even though it will take 3-4 years.

In the interim, the company is trying to take advantage of the liberalised railway scheme that allows private players to own wagons. TMILL, a Calcutta-based logistic arm of Tata Steel, plans to buy wagons to move the raw material. Moreover, the company has tied up with the Adanis who have already started moving wagons from the Dhamra port.

Tata Steel has identified three ports best suited for each of the plants. While Paradip may be best for Angul, Dhamra is likely to work out most competitive for Kalinganagar. The proposed Subarnarekha port at the Bengal-Odisha border would be ideal for Jamshedpur.

Steel expansion

Logistics will play a crucial role as the company is eyeing a 32mt steel capacity by 2025. Last year, the company produced 16.81 million tonnes. With the acquisition of the steel business of Usha Martin, the ramp-up of Bhushan and the expansion at Kalinganagar, the capacity will reach 25mt by 2022.

"We have clear visibility going up to 25mt. There are several options to go up to 32mt after that," Narendran said.

For instance, Angul may go up to 8mt, Jamshedpur can add 2-3mt while in Kalinganagar another 5mt module may come up. These multiple options, the company feels, will give it the flexibility to scale up the India business, which earns a 25 per cent margin on EBIDTA.

EXAMINING THE POTENTIAL OF INDIA-AUSTRALIA PARTNERSHIPS IN MINING

-Natasha Jha Bhaskar

Source : ORF

Observer Research Foundation (ORF) is a public policy think tank that aims to influence the formulation of policies for building a strong and prosperous India. ORF pursues these goals by providing informed analyses and in-depth research, and organising events that serve as platforms for stimulating and productive discussions.

Contemporary India–Australia relations can be best described as being loaded in intent but limited in action. Over the years, pledges of "common destiny" have repeatedly been made, only to remain unfulfilled. The 2018 release by the Australian government of its India Economic Strategy 2035 is an attempt to lay down a vision for capturing the opportunities offered by India's market. Among these opportunities is mining. This brief discusses the challenges facing India's mining sector and the potential for collaboration therein between Australia and India. India's increasing urbanisation, rising household incomes, and industrial activity will drive demand for greater volumes of resource commodities. Australia can fill the gap by playing its role not only as a resource supplier, but as an enabler, helping India modernise its mining sector and improve efficiency.

INTRODUCTION

The economic engagement between India and Australia has been expanding in recent years, ashigh-level interactions between their leaders are increasing. In particular, the two-way prime ministerial visits in 2014 helped the India–Australia bilateral elationship gather more momentum, revitalising ties between two countries that have long been thought of as being mutually indifferent. After all, even as Australia is one of India's extended

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neighbours, the two have historically not shared strong trading ties. China, Japan and South Korea are top trading partners of Australia, yet Perth is closer to Chennai than Sydney is to Seoul, Shanghai or Tokyo. For a long time, underperformance and sluggish growth have dominated the economic discourse between the two countries, even as they have successfully collaborated in areas of arts, culture and sports. Therefore, the Australian government's release of the 'India Economic Strategy, 2035' in 2018 came as a relief to those with concerns that Australia might be falling behind in according India a higher priority. The document lays down Australia's vision for capturing the opportunities offered by India's market, and lists "mining and resources" as one of the "lead sectors" for Australia's economic engagement with India. This brief examines the current challenges in the Indian mining sector and discusses the opportunities for collaboration between Australia and India in this domain.

INDIA'S MINING SECTOR: KEY CHALLENGES

India is home to abundant mineral deposits, and the country's mining sector forms an important segment of the economy. India produces 90 different types of minerals, including fuel, atomic, metallic and non-metallic minerals. Globally, India is the third-largest coal producer, the third-largest steel producer, the fourth-largest iron-ore producer 2and has the fifth-largest bauxite reserves. India's prospective geology has been largely similar to that of Western Australia, South Africa and South America, as these were part of Gondwana Basin with the geological pedigree for high-quality deposits of iron ore, bauxite, coal, diamonds and heavy mineral sands. However, while South Africa and Australia have been extensively exploring and utilizing their mineral wealth—with the sector contributing around eight percent of their respective GDPs—India's mining industry contributes only 1.4 percent to GDP. This, despite India's geological resource base being capable of sustaining much higher levels 3 of mineral development. India lags behind other mining countries across all stages of mining—geo science, exploration, development, production and reclamation. There is a need to drive initiatives across all stages for the overall development of the mining sector.

1. Geoscience (the search for ore bodies): The generation of base line data to promote exploration activity, led by the Geological Survey of India (GSI), is yet to be completed. Aeromagnetic surveys have covered only 18 percent of India's total area till date, compared to 90 percent of Australia's total area covered since 1990. While India does have geological data covering 98 percent of the country's total area, at a scale of 1:50,000, the country lacks geophysical and geochemical data (only two to four percent coverage, compared to 90–100 percent coverage in Australia). Someof the most crucial shortcomings are the lack of geophysical and geochemical data, and the shortage of high-precision equipment (e.g. gravimeter 4and total field magnetometer).The GSI should focus on baseline data generation to encourage exploration activity by large mining companies as well as juniors.
2. Exploration (defining the extent and value of ores): The Mines and Minerals (Development and Regulation)(Amendment) Act, 2015 ushered in a regimeoftransparentandnon-discretionarygrantofmineralconcessions. However, it also resulted in the nationalisation of the exploration regime. Traditionally, most mining countries have adopted the 'first-come-first-served' principle to grant exploration rights and make provisions for automatic transfer from prospecting to a mining lease. Reconnaissance-cum-prospecting-cum-mining licences should be issued on a 'first-come-first-served' basis, through a transparent online system for deep-seated, concealed or rare-earth minerals. Surficial, bulk and stratified minerals areas for exploration may be allocated on exploration -cum-mining rights through an auction process. This will boost private 5and foreign participation in exploration. India's exploration expenditure is insignificant when compared with other mineral-resource rich countries, such as Canada and Australia, which account for 14 and 13 percent of the global mining-exploration spend, respectively. India's share is a meagre two percent. For each square kilometre of a potential mining lease, Australia spends US$5,580 and Canada spends US$5,310. India, on the other hand, spends only US$9 per square 6km, despite its vast mineral resources. Exploration in India is mostly limited to a depth of 50–100 m, compared to 300 m in 7Australia.Another issue that requires attention is the under utilisation of funds collected under the National Mineral Exploration Trust (NMET). As of March 2018, INR 1,184 crore was collected under the NMET, but only INR 79.95 crore has been spent so far. The unavailability of high-tech equipment for exploration also 8remains an issue.
3. Development (the opening up of ore deposits for production): India faces substantial delays in processing mining leasesandprospectingleases;environmentalandforest-clearanceprocesses, too, are lengthy and time-consuming. The 'Environment Clearance and Forest Clearance' process is mired in inefficiencies and bogged down by 9 ambiguous land records. Additionally, companies require multiple approvals from various state agencies, which are delayed due to poorly defined timelines. It can take up to five years or more to obtain mining lease or prospecting lease permits in India, much longer than the time it takes in other mining geographies, e.g. under twomonths in Canada and Australia. Since a long processing time disincentiveises applications for new rights, many countries are aiming for a processing period of less than three 10 months. Examining the Potential of India-Australia Partnerships in Mining
4. Production (the large-scale production of ores): India lacks the advanced technology required for the mining, extraction and processing of precious minerals, such as gold, diamond and platinum. The organised sector in mining, which is dominated by large Public Sector Undertakings (PSUs) and a few private companies, use fairly mechanized techniques with skilled manpower. However, the unorganized sector, comprising

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medium and small operators, employ manual methods and unskilled labourers, mining mostly marble and granite.

5. Reclamation (the restoration of mining sites): India does not have the financial guarantee required for mine closure, and progressiverehabilitationisnotundertakenbycompaniesduetoinadequate monitoring. Mine closure is a critical area for sustainable development and must be enforced through regulatory measures. The financial guarantee for mine closure in India, being very low, does not sufficiently deter defaulters. While closure plans were made integral to the clearanceprocessin2003, activists maintain that the seplansare pits disguised as water bodies and waste dumps as plantations. The environmental and social costs of closing and rehabilitatin gold and abandoned mines are exponentially high even in the developed world, which goes far beyond the capacities of mining companies. Western Australia and Canada require companies to pay a large percentage of the mine-closure cost (70 percent in Western Australia) upfront as financial security.

All these factors put along-over due spotlight on the Indian mining sector.

AUSTRALIA'S MINING SECTOR

Australia's mining sector has historically played an important role in shaping the country's national economy. Mining contributes about eight percent of Australia's total GDP and 11around 60 percent of exports. The mining extraction and refining industries—as well as the various industries that supply mining equipment, technology and services (METS)— make a significant contribution to the Australian economy as a source of income and a driver of improved living standards. Australia is a world leader in the global minerals industry, with abundant and diverse mineral resources, skilled mining-industry professionals, and cutting-edge extraction and processing technologies. A Deloitte report commissioned by the Minerals Council of Australia found that the total economic contribution of the mining and METS sector was US$236.8 billion in 2015–16, accounting for 15 percent of the country's total GDP. In 2015, Australian METS organisations exported approximately AU$15billionworthofproducts and services to more than 200 mining jurisdictions around the world and invested AU$4 billion in research and development. Innovation has played an important role in enabling this growth. From 2003 to 2014, resource projects worth AU$400 billion were initiated in Australia. Over 50 percent of the companies in Australia's AU$90 billion METS sector export their goods and services, and 60 percent of the world's mining-related software is written in Australia. Australia has the world's largest reserves of brown coal, mineral sands (rutile and zircon), nickel, lead, silver, uranium, iron ore and zinc; second-largest reserves of bauxite and tantalum; third-largest reserves of copper; and fourth-largest reserves of silver. Australia's expertise—recognised in the Indian mining sector—spans the entire mining value chain, from exploration to decommissioning. Australia's minerals sector has played a significant role in its relationship with India. Over a period of five years (2012 -2017), the latter has grown from being Australia's ninth-largest trading partner to fifth -largest, according to the Minerals Council of Australia. In 2017, Australia's minerals exports were worth AU$11.2 billion (71 percent) of the AU$15.7-billion merchandise export to India. Australia–India trade was worth AU$27.4 billion in 2017. Coal (mostly metallurgical/ coking) was worth AU$9.2 billion, a growth of 38 percent in 12 months and an 11-percent annual growth trend over the past five years. With increased demand for minerals and metals—driven by India's economic development, increasing urbanisation, rising household incomes and industrial activity— the market conditions for Australian resource exports are set to improve. Every minute, 30 people in India are moving to a city; it is the equivalentofAustralia'spopulation12urbanising every 19 months.Australia has the strength and capacity to further improve its relationship with India in this sector, by engaging with all its facets.

(To be Continued in next issue)...

ABOUT THE AUTHOR : Natasha Jha Bhaskar is a policy analyst, currently working with an Australian corporate advisory firm specialising in the Australia – India space, Newland Global Group, based in Sydney. She has twelve years of experience at the Indian Parliament during which she was part of the Parliament delegation to SAARC, ASEAN and BRICS.