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(A GEMCO KATI INITIATIVE)

Indian Mining & Exploration Updates

VOLUME 5, ISSUE 2 DECEMBER 2017

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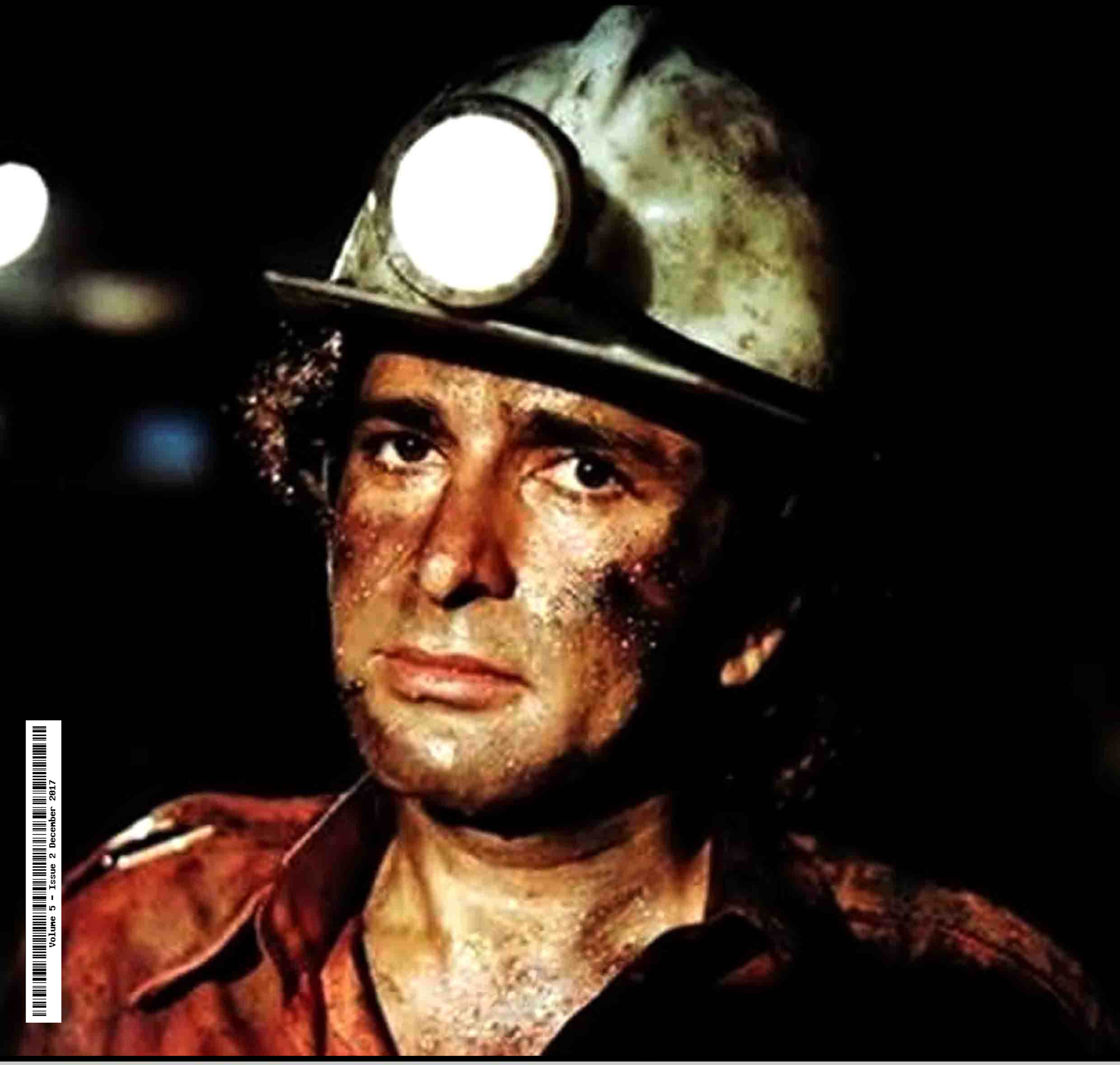
INDIA LIBERALISES MINERAL AUCTION RULES, TWEAKS END-USE CONDITIONS



INDIA LIBERALISES MINERAL AUCTION RULES, TWEAKS END-USE CONDITIONS

The government has further amended the Mines and Mineral Development and Regulation Act, 1957, subsequent to the introduction of the auctioning system through amendments made in 2015, in order to smoothen the auctioning process and remove rigidities in end-use conditions.

The net worth for prospective bidders has been reduced from Rs4 crore to Rs0.5 crore. Earlier, for an average annual production of up to Rs2 crore, the net worth required was Rs 4 crore.

For an average annual production up to Rs 20 crore the net worth required was Rs40 crore, which has been reduced to Rs10 crore.

For small bidders the value of unencumbered immovable property can also be taken in net worth, thus allowing larger participation. Provisions have also been made to discourage squatting on bid-out leases.

In the amended rules, miners will be able to dispose of 25 per cent of dumps that are not used for captive purposes. This will help achieve zero waste mining and utilisation of minerals even in low-grade ore.

This provision will, however, apply only to mines that would be granted through auction after 30 November 2017, ie, the date of publication of the amendment rules.

The amended rules will help improve bid values and bidder participation.

The amended rules also provide for adjustment of the upfront premium against the due payments of miner at the earliest.

This would increase the liquidity of the mining entities at the most stressed time, ie, when production begins. This will further ease their capacity to carry out the business.

Under the old rules the process of auction was annulled if there are less than 3 bidders and this process used to be carried out for 3 rounds at least. Only in the fourth round flexibility was allowed.

Each round of auction carries on for 3 months at least and this resulted in many blocks getting annulled time and again.

While a minimum of three bidders is still stipulated in first attempt to auction, in the amended rules, the states now have the flexibility of allocating the block in the second round itself even if there are less than three bidders.

This will make the auction process less cumbersome and will help states auction mineral blocks quickly, says an official release.

Earlier, the state used to prescribe end use conditions on miners and it was very rigid. This resulted in inefficient mining as many mines with low grade ore dumps were saddled with this burden as they could neither use it for captive purpose nor could dispose it of.

The changes in the concession rules for major minerals (other than coal, petroleum and natural gas) helped in successfully auctioning and allocating 33 coal blocks to various bidders.

The centre raised about Rs169,000 crore from the auction while revenue to states over lease period is estimated at Rs128,000 crore. The auctioning helped raise an additional revenue of Rs99,000 crore.

However, 60 auction attempts failed during this period. On a review of the amended rules, it was found that the auction rules needed to be amended to make the process more pragmatic without sacrificing the checks on successful bidders.

Accordingly, the Mineral Auction Rules have been further amended on 30 November 2017.

These changes in auction rules are expected to lead to enhanced participation in the auction process. Further, it is expected that this will also give a fillip to the auction process and will result in more mineral blocks being auctioned successfully.

It is expected that by March 2018, 34 blocks will be put through the process of auction. We expect additional revenue over lease periods to be Rs75,000 crore during the balance period of the current year.

It is expected that bigger effect of these changes will be felt in the year 2018-19, as some of the auctions may spill over from the current year 2017-18.

The government plans to auction 34 mineral blocks, including 17 limestone blocks, 8 bauxite blocks, 4 iron ore blocks, 2 copper blocks, 2 manganese blocks and 2 manganese blocks across 6 states, including Chhattisgarh, Gujarat, Maharashtra, Odisha, Rajasthan and Telangana.

NEW NATIONAL MINERAL POLICY: STEEL MINISTRY PINS TRANSPORT INFRASTRUCTURE, HIGH ROYALTY AS FOCUS POINTS

Among suggestions before mines ministry, the steel ministry's inputs on ensuring iron ore availability for steel firms and developing Special Mining Zones may help the latter achieve its iron ore targets.

Slashing the royalty rates charged on mineral production; discouraging road transport of minerals and increasing the share of rail transportation; streamlining iron ore supply with the help of long-term supply agreements between steel companies and miners and developing Special Mining Zones (SMZs) to upgrade the scale of ore production in 'iron-rich free hold areas' are among the suggestions that the steel ministry has proposed to the mines ministry. The mines ministry is currently in the process of formulating a new national mineral policy.

COUNTRY WISE ROYALTY RATES FOR IRON ORE

Country: India
Royalty: 15% for fine, lump and concentrate

Country: Australia
Royalty: 5% for beneficiated ore, 5.625% for fine ore, 7.5% for lump ore

	Royalty (in %)
Western Australia	4.00
New South Wales	2.70
Queensland	2.75
Victoria	2.00

Country: South Africa
Royalty: 0.5% - 5% for refined minerals, 0.5% - 7% for unrefined minerals

Country	Royalty (in %)
Russia	4.80
Canada	7.00
USA	5.00
China	2.00
Brazil	2.00

Source: Ministry of Steel

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, mines ministry officials asked all stakeholders, including the Ministry of Steel, to send their comments and suggestions on the National Mineral Policy.

In its suggestions, the steel ministry stated that since India has high royalty rates as compared to other countries, the existing rates charged on mineral production should be examined for "bringing it at par with global level to make it globally competitive". "Further, all levies like royalty, DMF (District Mineral Foundation), NMET (National Mineral Exploration Trust), Forest Development Tax etc should be subsumed in a single levy, say royalty, and financial burden of these levies/royalty should be made 'tax pass through' i.e. benefiting input tax credit on such payment should be available under GST", it has said in its suggestions.

The steel ministry has also noted that a major thrust needs to be given on developing transport infrastructure for minerals. "Inadequate mineral evacuation infrastructure hinders the development of mining industry. While local evacuation network will be encouraged to be built in an integrated manner along with developing the mineral blocks, dedicated National Mineral Corridors shall be planned to facilitate transport of minerals from distant mining areas. Road transportation will be discouraged as far as possible while all possible steps will be taken to increase the share of rail transportation. Other environment friendly options like use of coastal ways, inland shipping, slurry pipelines etc will be promoted," the steel ministry suggested.

Kameswara Rao, leader (energy, utilities and mining) at PwC India told The Indian Express: "An integrated plan for a region, which combines rail and other mineral transport systems such as pipelines, can reduce costs, loading losses and environmental damage. This is not feasible at an individual level, and commonly, road transport becomes a default, albeit inefficient, solution."

One other major area of concern for steel ministry has been ensuring iron ore availability for steel companies. The steel ministry has said in its suggestions that iron ore supply within the country should be streamlined "by means of long term supply agreements between steel companies and miners" and this measure will help in attracting investments in the mining as well as steel sector. According to Rao, the global trend has been towards longer term contracts with user industry which allowed more secure and advanced investments into mine development, thus benefiting both, the resource and the user industry.

On the topic of ensuring iron ore availability, the steel ministry has added that the approach of mines ministry should be different for different minerals and "putting a cap on iron ore mining is not necessary because iron ore used for making steel gets recycled substantially". In July 2011, the Supreme Court banned mining of iron ore in Karnataka following allegations of illegal mining that had resulted in large-scale abuse of the environment. The apex court on April 18, 2013, had allowed mining in Karnataka, but with the cap of 30 million tonnes per annum.

Goa had suspended mining activities in September 2012, after Justice M B Shah commission report on illegal mining in the state was tabled in Parliament. Goa's main mining activity is related to iron ore. The Supreme Court formally imposed the ban on Goa's all mining activities in October 2012. Partially lifting the ban in April 2014, the apex court, in a judgment, set a 20 million tonne per year cap on iron ore extraction in the state. "There is merit in capping production for proper management of resources as much as for environment. Ideally, to minimise uncertainty, this should be stipulated within the lease and not force the courts to step in.

Further, a sector focused regulator could be set up to oversee this on ongoing basis," Rao told The Indian Express.

India's National Steel Policy projects that country's crude steel capacity would be 300 million tonnes per annum (MTPA) by 2030-31. According to steel ministry, India would need 500 MTPA of iron ore production to produce 300 MTPA of steel. In order to achieve the ore target of 500 MTPA, the steel ministry has suggested developing Special Mining Zones (SMZs) to upgrade the scale of ore production in 'iron rich free hold areas'.

Ministry of Steel elaborated on this SMZ plan with the Ministry of Mines. "State governments would complete exploration, develop large size blocks, obtain all statutory clearances and auction the ready-made blocks with pre-embedded clearances in a transparent manner. While enhancing the level of mineral production, carrying capacity based sustainable development of remote iron ore bearing regions will be ensured through scientific and eco-friendly techniques of mining and mineral beneficiation. Integrated insfrastructure facilities for mineral evacuation will be given due importance while developing SMZs," it said.

The steel ministry has also stated that mines ministry should take steps to discourage export of minerals and it should rather encourage export of "value added form as far as possible". The steel ministry added: "Besides adding to the state exchequer this (encouraging of value added form) will create substantial employment generation for the local populace."

THE MINES TO BE AUCTIONED CONTAIN LIMESTONE, BAUXITE, COPPER, MANGANESE AND IRON ORE

The mines to be auctioned contain limestone, bauxite, copper, manganese and iron ore.

The amendments relate to the requirement of technically qualified bidders for the auction, end use conditions and net worth requirement.

According to the extant rules, for an average annual production of up to Rs 2 crore, the net worth required was Rs 4 crore. This has now been reduced to Rs 50 lakh. For annual production up to Rs 20 crore the net worth required was Rs 40 crore which has now been cut to Rs 10 crore.

For small bidders, the value of unencumbered immovable property can now be considered for net worth calculation, thus allowing larger participation.

According to Kumar, states earlier used to prescribe the end use conditions for miners and they were rigid. This resulted in inefficient mining as many mines with low grade ore dumps were saddled with this burden as they could neither be used for captive purpose nor could be disposed of.

In the amended rules, such miners will be able to dispose of 25 per cent of such dumps, which are not used for captive purposes. This will help move towards zero waste mining and utilisation of low-grade minerals.

Another significant change relates to the number of bidders.

Under the old rules, an auction was annulled if there were less than three bidders and this process would go on for at least three rounds. Only in the fourth round flexibility was allowed. Each round of auction carries on for at least three months and this resulted in many blocks getting annulled time and again.

While the requirement of three bidders is still stipulated for the first attempt to auction, in the amended rules states have the flexibility to allocate the block in the second round itself even if there are less than three bidders. This will make the auction process less cumbersome and will help states to auction mineral blocks quickly, Kumar said.

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SUGGESTIONS FOR NATIONAL MINERAL POLICY, 2008: WIDEN EXPLORATION AREA TO ADDRESS IMPORT DEPENDENCE

During the interaction between various stakeholders and the mines ministry panel, India's low level of exploration compared to other countries surfaced as a major area which requires policy attention.

In 2016-17, the ratio of minerals produced to minerals imported in India was 1:10, according to Niti Aayog. With around 90 per cent of India's Obvious Geological Potential (OGP) area currently remaining unexplored, a common theme of concern during all four meetings of the committee — formed on August 14 this year to revamp National Mineral Policy (NMP), 2008 — has been country's low level of exploration.

During the discussions, almost every stakeholder — including various state governments, ministries in central government, industry associations, etc. — raised the matter of low level of exploration and suggested measures to boost it. On August 2, 2017, the Supreme Court had passed a judgment, wherein it directed the Central government to revisit the NMP, 2008, and announce a "fresh and more effective, meaningful and implementable policy" before the end of this year. The mines ministry formed a committee — which includes officials from various ministries — after the apex court judgment, and its first meeting took place on August 28.

Niti Aayog, which was also part of this committee, submitted its written comments. It stated: "Geologically, India and Australia are part of the ancient Gondwana landmass, but inspite of the vast mineral resources the exploration expenditure per square km in India is $9, when compared to Australia at $5,580 and Canada at $5,310. Further, with respect to the global share on exploration expenditure, Canada tops the list with 14 per cent, Australia at 13 per cent, China and Latin American countries at 6 per cent, African countries at 5 per cent, Russia and Europe at 5 per cent, whereas in India it is as low as 0.2 per cent."

For a 'lucrative' sector, ease taxes, use tech to curb corruption In India, 5.71 lakh square km has been identified as OGP area, out of which only around 10 per cent has been explored. Mining is undertaken in around 1.5-2 per cent of India's OGP area. "The success stories of our proven deposits of significance namely the Lead and Zinc deposits in Udaipur, Chromite in Sukinda, Copper in Malanjkand, Gold in Hutti and KGF (Kolar Gold Fields) in Karanataka are not by extensive exploration and merely by chance or through old workings. Till date, our focus has been only on surfacial deposits such as iron ore, bauxite, limestone, manganese, chromite etc, and the lack of exploration of deep seated deposits has resulted in huge imports of gold, diamond, copper, nickel, platinum, potash, etc," the Niti Aayog stated.

The estimated domestic production of minerals — including bauxite, iron ore, limestone except coal — in India has been of Rs 36, 470 crore for the financial year 2016-17. "The import figures of important minerals and metals — including copper and concentrates, diamond, nickel ores and concentrates, gold and potash — is estimated to be Rs 3.45 lakh crore, " the Niti Aayog stated. It means, in a broader picture, the production to import figures is of 1:10 ratio.

On October 13, 2017, during the fourth meeting of the committee, Rahul Sharma, a Ficci official raised the issues related to exploration. "Rahul Sharma, FICCI, mentioned that production vs import of minerals is in the ratio of 1:10. High import is mainly because of non-availability of raw material for industries. This is mainly due to lack of focus on exploration. National mineral policy should explicitly put some clauses to attract exploration. Companies should be allowed to identify the area for exploration with preferential right by granting them composite license or giving First Right of Refusal. In his opinion this can be the step forward if we are really looking for encouraging exploration which has come up as an issue invariably in every meeting," the minutes of the fourth meeting stated.

Currently, if a company has got an area's non-exclusive reconnaissance permit (NERP), which is required for preliminary exploration, it can either keep the resultant data with itself or submit it to the respective state government so that the latter can initiate the auction of mining license (ML) or composite license (prospecting licence-cum-ML). The company that has got an area's NERP and the resultant data cannot make a direct claim for ML or composite license, according to the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

Under the 2015 mining law, the Central government established the National Mineral Exploration Trust (NMET) and notified its rules on August 14, 2015. The NMET is a non-profit body run by the Central government with the primary objective of promoting regional and detailed mineral exploration in the country. The holder of a mining lease or a composite licence shall pay to the NMET a sum equivalent to two per cent of the annual royalty paid to the respective state government.

The third meeting of the committee took place on September 26, 2017. According to the minutes of this meeting, S K Popli, Special Secretary, Department of Steel and Mines, Odisha government, stated: "After the MMDRA Act 2015, the exploration is de-incentivised, as at present only the blocks which are explored to the level of G3 or G2 are auctioned. Prospecting can be incentivised either by providing ROFR (Right of First Refusal) to the private companies undertaking prospecting or by compensating them by defraying the expenditure incurred by them." There are total four levels of exploration — G4 is the lowest and G1 is the highest. Currently, according to central government rules, the state governments can auction the mine for composite license in case G3 level exploration has been done by NERP holder. A mining lease can be auctioned only after G2 level exploration.

The first meeting of the committee took place on August 28, 2017. N K Rao, Director General, Geological Survey of India (GSI) raised important concerns regarding exploration scenario in India. Three of his concerns were: "Forest clearance issues during exploration need to be streamlined for facilitating conduct of proper exploration to establish mineralisation as per the prescribed norms; state Governments to extend all possible assistance and cooperation to GSI in sorting out local issues, for enabling them to carry out exploration; addressing urbanisation issues i.e. the difficulty in conducting exploration of potential mineral deposits close to populated areas."The GSI works under the Ministry of Mines only.

During the first meeting, Alarnelmangai, Director, Department of Geology and Mining, Chhattisgarh government, stated that exploration need to taken up "in a big way to augment areas under mining, though use of latest technologies and techniques". She added that we need to upgrade and strengthen laboratories with regard to "analysis of minerals resulting in more accurate exploration results". During this meeting, D S Maru, Director of Mines, Rajasthan government, expressed following such concerns: "Exploration and development of deep seated mineral deposit like Potash (needs to be done) — the demands of which are being met 100 per cent through imports at the present. Private sector should be encouraged. Provision of preferential right from reconnaissance to prospecting and then to mining should be given in order to attract private sector involvement."

Vineet Austin, Director, Geology and Mining, Madhya Pradesh government, stated during the first meeting: "Improvement in methods of survey and exploration techniques should be discussed. Capacity building of state departments for provision of latest equipments and training needs to be addressed. Exploration and development of strategic minerals to be focussed."

AN INDIAN TYCOON'S RAID ON ANGLO AMERICAN IS A RIDDLE

Could one complex mining company merge with another?

The floors in the Mayfair mansion where Anil Agarwal, an Indian tycoon, lives in London are made of chequered marble. But the former scrap-metal dealer, whose home was once owned by the Rothschild family, is much less black and white. On his startling purchase this year of 21% of the shares of Anglo American, one of the world's best-known mining groups, he is sphinx-like. The only thing that is clear is his ambition to be one of the world's biggest mining moguls. Anglo American is part of that vision.

Mr Agarwal, 63, has made most of his fortune betting on India—often with borrowed money. His sales pitch is simple. India, like China, is a country with galloping demand for raw materials. Unlike China, its metals consumption per person is still as much as 80% below the global average. His sprawling array of firms, which are listed as Vedanta Limited and Hindustan Zinc in India and Vedanta Resources in London, are mainly a play on Indian growth and urbanisation; they make most money selling zinc within India to turn into galvanised steel. Mr Agarwal pursues growth ambitiously. He speaks of undisclosed plans to invest a further $8bn over the next several years, mostly to produce more oil, gas, zinc, aluminium and copper within India.

Often his transactions, such as the $14.5bn acquisition of Cairn India, the country's largest private oil and gas company, are complex, and demonstrate little regard for minority shareholders. But he shows much more consideration for the disadvantaged: he has pledged three-quarters of his wealth, estimated by Forbes at $3.2bn, to charity.

Of the world's biggest mining companies, few come closer to Vedanta for complexity than Anglo American, whose origins are in South Africa.

As it struggled under heavy debt during the commodities slump in 2015-16, Mr Agarwal proposed to the London-listed company a merger with Hindustan Zinc, which is one of the world's lowest-cost zinc miners.

Anglo rejected the idea, but Mr Agarwal bided his time. He bought the Anglo shares in two stages with the proceeds of a bond. After three years he can either redeem the bond with cash and keep the shares, or repay it with the shares themselves. He describes this complex transaction as a "passive investment". Others see it as passive aggression. The second stage of the acquisition was timed an hour before Anglo launched its centenary celebrations in South Africa in September. It left a bitter taste in some mouths.

Since then, his interventions have been puzzling. Until recently, investors had been pushing Anglo to streamline its operations around core minerals such as diamonds, copper and platinum, while selling South African iron-ore and coal assets. But Mr Agarwal has argued against that. "I keep reminding them that this company is South African and they should not forget that," he says. When asked why, he is vague, insisting only that "origin is very important".

Despite a controversial mining charter in South Africa, which domestic firms dislike, Mr Agarwal is bullish on the country's mining industry. Besides his Anglo stake, he is investing $1bn in one of his zinc mines, Gamsberg, in the Northern Cape, which will start producing next year. It used to be owned by Anglo.

Some see broader political or strategic interests at play between India and South Africa, noting that Mr Agarwal has travelled to South Africa with Narendra Modi, India's prime minister. But he denies this, and dismisses the notion that India is trying to replicate China's scramble for resources in Africa. He says Mr Modi is simply "sentimentally attached" to South Africa because of the legacy of Mahatma Gandhi.

He denies that he has any intention in the short run of resurrecting a merger with Anglo—though he has to be circumspect to avoid being required to launch a formal takeover attempt. Some argue that a deal would be hard to pull off anyway, because Anglo's shareholders would not want Vedanta's shares. But few doubt some of Anglo's assets are appealing to Mr Agarwal. If Anglo continues to underperform its peers, global miners will seek to swoop on its best assets. With a ringside seat on the share register, Mr Agarwal would be well-placed to join the fray.

INDIA'S MINES MINISTRY BETS BIG ON FRESH MINERAL AUCTIONS DESPITE MODERATION IN VALUATIONS

Hoping to beat the downturn in valuations through tweaks in rules, India's Mines Ministry will complete the auction of 12 mineral blocks by the end of March 2018, and will put on the block another 60 mineral assets in the next financial year.

The government expects $8-billion from the auction of the remaining 12 blocks during the final four months of the current financial year, with bulk of the revenue accruing to provincial governments where the blocks are located.

"There is always a time of euphoria and there is always a time for realism. So realism has set in now and valuations are moderating," Mines Secretary Arun Kumar said in a statement.

Having already auctioned 12 mineral blocks in the current financial, he said that one impact of moderations in valuation was that percentage of revenue sharing was going down.

However, the Mines Ministry is hoping to counter the 'realism' by changing auction rules, lowering minimum threshold eligibility criteria and ensuring higher participation from user industries and, hence, higher competition for the assets. Sources have pointed out that even if the government is able to complete the auction of 24 mineral blocks in the current financial year, it will fall short of the target of allocating 71 blocks during 2017/18.

To ease the process of allocation of mineral assets, the rules will be tweaked to reduce the mandatory minimum number of bids received for an auction to be considered valid and lower the threshold net worth limit of bidders for a block.

As a hedge against poor participation, as per the proposed rules, provincial government will be legally empowered to go ahead with financial bidding, even if there are less than three bidders that qualified at the technical bidding stage.

The changes in auction rules are expected to be framed and ratified by the end of this month.

BAIT TO ATTRACT MINE BIDS

The government has relaxed the auction rules to attract more bidders for mines that will soon be put on the block.

"The amendment to the Mineral (Auction) Rules, 2015 will give a fillip to the auction process," mines secretary Arun Kumar said on Friday.

According to an official statement, Maharashtra has confirmed that it will auction 15 mineral blocks while Chhattisgarh, Gujarat and Telangana are expected to auction three blocks each. Odisha and Rajasthan will auction five blocks each.

The mines to be auctioned contain limestone, bauxite, copper, manganese and iron ore.

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MINING LENS ON COAL INDIA ARM IN ODISHA

Mahanadi Coalfields Ltd, a Coal India subsidiary, will examine the showcause notices carrying penalty worth Rs 20,169 crore issued by the Odisha government for violating mining plans, environmental norms and other regulations.

The respective deputy directors of mines in the Talcher, Rourkela and Sambalpur circles issued 24 notices on October 31 to the officers of mining projects of Mahanadi Coalfields Ltd. The subsidiary received those on November 1.

"The showcause notices have been issued for a total amount of Rs 20,169 crore towards compensation under section 21(5) of the Mines & Mineral Development Regulations (MMDR) Act, 1957, for production in violation of mining plan, Environmental Protection Act 1986, Water (Prevention and Control of Pollution) Act, 1974, and Air (Prevention and Control of Pollution) Act, 1981...," Coal India on Monday said in a communication to the BSE. The company will send its formal response within 30 days of the date of the issue of the notices.

"Mahanadi Coalfields is examining the showcause notices and taking all the required actions, including collection of data and records and seeking expert opinion. Reply of showcause notices will be submitted within the stipulated time," the filing said.

The showcause notices follow the Supreme Court's judgment on August 2 on unlawful mining of manganese and iron ore in Odisha. Although coal mining was not part of the judgment, the two judges - Justice Madan B. Lokur and Justice Deepak Gupta - had taken a broader view of illegal mining and the consequence, including penalty under the MMDR Act. "Illegal mining takes within its fold excess extraction of a mineral over the permissible limit even within the mining lease area which is held under lawful authority, if that excess extraction is contrary to the mining scheme, the mining plan, the mining lease or a statutory requirement," the judgment said.

The judges further called for a relook of the mineral policy of the Centre.

"We are of the opinion that the National Mineral Policy, 2008, is almost a decade-old and many changes have taken place since then, including (unfortunately) the advent of rapacious mining in several parts of the country. It is high time that the Union of India revisits the National Mineral Policy, 2008, and announces a fresh and more effective, meaningful and implementable policy within the next few months and in any event before December 31, 2017," the judgment said.

UNCHECKED MINING SPELLS DOOM FOR SARANDA FOREST IN JHARKHAND

The saranda forests, spread over an area of over 82,000 hectares (ha) in the hilly regions of West Singhbhum district of Jharkhand, were once one of the most pristine regions in India and home to the largest sal forests in the country. Apart from its unique forage plant species, abundant waterbodies, and a magnificent landscape, the region was an important elephant corridor till the early 1990s. Here, the Indian Forest Service used to hold training programmes for its officers, which was later discontinued.

Today, Saranda's landscape stands brutally mutilated. As the region holds large deposits of high-grade iron ore, indiscriminate mining has disturbed the ecosystem of this fragile region. Saranda forest had more than 300 plant species, which has come down to just 87 species, according to a recent study by the Wildlife Institute of India (WII). The research team also found wide differences in the number of both flora and fauna in the study area in January 2016. The team found only 19 species of mammals belonging to 14 families; earlier research teams had documented over 30 species. The team also found just 116 species of birds, as compared to the 148 species found earlier. Worse, the research team could not document a single sighting of an elephant. The 2010 elephant census sighted 253 elephants.

Mining problems

The fundamental threat to the forests is uncontrolled mining for iron ore, both legal and illegal, which is destroying not just the wildlife but also the forests. According to the forest department, close to 1,200 ha of land within the Saranda forests were given to 85 iron ore mining companies till 2016. But the forest department's own survey reports indicate that over 11,100 ha of forests have been lost between 1997 and 2003 in the Singhbhum region.

To understand the impact of mining on the biodiversity of Saranda, the Union government appointed a commission of inquiry headed by Justice M B Shah on November 22, 2010. In response to the commission's report, the Union Ministry of Environment, Forest and Climate Change (MOEF&CC) constituted a multidisciplinary expert committee (MDEC) to assess the carrying capacity of the Saranda division. Both the commission report as well as the MDEC report clearly state that increased mining activity had seriously impacted the biodiversity of the region. The WII's survey found that even today, there are 10 active mines and 36 closed mines in the study area alone. Worse, there are many mining companies in the queue to get the environmental clearance, which would lead to further degradation.

These mining activities have proved to be a death knell to biodiversity. Elephants, for instance, have abandoned their traditional migration routes due to habitat destruction.

Before mining activities began, elephants used to prefer the Karo-Karampada corridor to move into the Saranda forests. Similarly, the Ghatkuri- Santra corridor used to provide free movement to elephant populations in the Gua range of the Saranda Forest Division to the Noamundi range of the Chaibasa Forest Division. The WII study found that elephant movement has stopped due to mining activity in both corridors due to mining and township development in Noamundi.

Further analysis indicates that species prefer less disturbed areas. Sasangda and Koina forest ranges which had low influence of mining, resulted into high species diversity—186 sightings of mammals in Sasangda forest range and 112 sightings in Koina forest range. In contrast, Gua forest range, which has the maximum number of mines, showed very few mammalian sightings. Ditto for avifaunal diversity – sightings at Sasangda and Koina were better—62 and 49 respectively—than Gua, which had a presence of only 18 species of birds. These findings clearly reveal the negative impact of mining on the adjacent biodiversity.

Bucking the trend

This WII study provides an insight into the unsustainable exploitation of resources and its impact on the surrounding biodiversity. There is an urgent need for legally binding provisions for granting leases for mining in an ecologically fragile area. We must remember that several small mining patches cause more habitat loss than a single large mining area. Mining agencies should be given a single mining site at a time that has an adequate amount of mineral deposit.

There is a need to delineate a "No-Go Area", on the basis of potential wildlife habitat, where mining activities must be completely banned. This concept was first announced by MOEF&CC in June 2009. As per the classification by the ministry, any non-fragmented forest landscape having gross forest cover of more than 30 per cent and weighted forest cover of more than 10 per cent, must be categorised as a "No-Go Area". This rule, if implemented, will be the last resort to save and restore the beauty of the Saranda landscape. As suggested by many experts, frontline forest staff must recruited to oversee a conservation transition. Given its present status, Saranda needs be declared as a protected wildlife sanctuary.

ADANI'S AUSTRALIAN COAL MINE IN TROUBLE AS CHINESE BANKS REFUSE LOANS

The proposed $22 billion project will have destructive impact on environment, including the Great Barrier Reef. With three Chinese banks announcing that they will not be financing Adani group's controversial Carmichael mine in Queensland, Australia, the mining giant's ambitious project – worth $21.7 billion - appears to be doomed. Earlier this year, Australian banks had backed out of financing the project. Adani Mining is facing a financial crunch as 24 banks around the world have earlier refused to finance its mining ventures in Australia.

Adani's extravagant expansion into Australian mining seems to be dogged by accusations of crony capitalism and destruction of environment, very similar to the ones in India for his Mundra SEZ project and mining activities. The opposition in Australia however has taken on a much more widespread scale.

Recently, Australian journalists who visited Mundra in Gujarat to study Adani Group's activities were harassed by local police, presumably at the behest of powers that be.

The Carmichael mine has drawn the ire of Australians ever since Adani bought it in 2010. A recent survey showed that 62% people in Queensland opposed the Adani mine. There have been a series of protests in Brisbane, Sydney, Melbourne, Townsville, Cairns, Mackay and at Adani's work sites near Belyando in Central Queensland. Such was the pressure built by public opinion that Queensland premier Annastacia Palaszczuk reversed the government's previous position and pledged to veto a loan to Adani if re-elected. In March this year, 13 NGOs came together to form the Stop Adani Alliance which organized a National Day of Action on October 7. During November 20 and 24, a Stop Adani Shakeup week was observed to pressurize federal MPs into opposing the mine. All over Queensland, and even elsewhere, anti-Adani T-shirts, badges, caps and other protest markers can be seen on people.

Adani group has reportedly faced a series of regulatory actions in India for its riding roughshod over environmental and other laws. It has also been alleged that its explosive growth is largely due to Gautam Adani's closeness to Prime Minister Modi since the latter's stint as Gujarat Chief Minister. Recently, Australian Broadcasting Corporation's investigation on its well known Four Corners programme, unearthed various dealings of Adani Mining through secret tax haven accounts in Cayman Islands and the British Virgin Islands.

The Galilee basin, where the giant mine, projected to be one of the world's largest, is located contains an estimated 7.8 billion tonnes of coal. Adani group has claimed that the mine will have peak production of 60 million tonnes of coal per year by 2022. The company has acquired Abbot Point coal terminal near Mackay for $1.98 billion from the Queensland government and plans to build a 388 kilometer rail link from the mine to the port. The company is awaiting a concessional A$900 million loan from the government's Northern Australia Infrastructure Facility (NAIF) for the rail link.

The most significant reason why most Australians are opposed to the mine is its environmental impact. The mine is estimated to generate 4.7 billion tonnes of greenhouse gases. It will also use 26 million litres of water every day severely depleting the groundwater in this drought prone region. The Great Barrier Reef, already under threat from warming of the oceans and their acidification, will also be affected by the mining activity. The project involves dredging of 1.1 million cubic meters of seabed from near the Reef.Experts have vigorously argued that this will have an adverse impact on the delicate ecosystem that sustains the Reef.

Adani Australia have argued that an estimated 10,000 jobs will be created in Queensland, which is currently suffering from severe unemployment. This claim has been supported even by Australian Prime Minister Malcolm Turnbull. However, Jerome Fahrer, an economist who appeared on behalf of Adani Mining before the Queensland land court, testified in 2015 that the project would create precisely 1,464 jobs.

The land where the mine is planned to be built belongs to the Wangan and Jagalingou traditional or indigenous people, and is part of 30,000 sq.kms land area for which they have filed a 'native title claim' in 2004. The W&J peoples have launched a long and complicated legal battle to oppose the Carmichael mine, and hearing is scheduled for March 2018.

NMDC TO EXPAND PRESENCE IN GOLD, DIAMOND, TUNGSTEN MINES

Iron ore mining major NMDC Ltd today outlined its plans to consolidate its iron ore mining business while laying special focus on growing its mining for gold and diamonds in India and abroad, apart from stepping up efforts for tungsten mines.

The state-owned mining company, which closed the last financial year with production of 34 mt of iron ore, is looking at taking this up to 67 mt by 2022, thereby, doubling the output.

The Hyderabad-based company, which is set to kick-off its 60th year celebrations from December 8, believes it is well placed to strengthen its overseas business, including Legacy Mines in Australia, its tungsten mining business in Vietnam and the coking coal business abroad, which NMDC is engaged with venture partners in ICVL.

Vice-President M Venkaiah Naidu will initiate the celebrations by unveiling a stamp and logo of the Diamond Jubilee year of NMDC.

N Baijendra Kumar, Chairman and Managing Director of NMDC, said the company has drawn up near-, medium- and long-term strategies and plans to almost double iron ore production, taking it up to 67 mt by 2022.

TUNGSTEN

Interacting with media at NMDC headquarters, the CMD said the company has diversified into steel-making and has undertaken several capital intensive projects to modernise and increase capacities to retain its domestic leadership, apart from foraying into overseas businesses successfully.

Having teamed up with Midhani for stepping up output of tungsten for use in defence and other strategic applications, NMDC has been engaged in discussions with Masan Resources based in Vietnam. NMDC expects to finalise a deal and an MoU and may even pick up stake in the mines, he said.

GOLD & DIAMOND

Referring to gold and diamond mines, the CMD said, "While we are expanding our presence in Panna mines in Madhya Pradesh, we are also looking at opportunities to get rights for some more mines in the country. Significantly, the Legacy Mine, where NMDC is a major stakeholder, also holds promise for gold mining."

"Over the years, we have diversified and expanded our presence to other geographies including Australia, Mozambique and Tanzania. Teaming up with other joint venture partners, in ICVL, we expect to step up coking coal output," he said.

Talking about company investments, the CMD said: "Last fiscal we had a capex of Rs. 3,196 crore and this year we expect to deploy about Rs. 3,500 crore. Last fiscal we closed with a turnover of Rs. 8,829. We have reserves of about Rs. 6,000 crore,"

NON-COAL MINES: GOVT ALLOWS PROSPECTIVE OWNERS TO SELL 25% PRODUCE IN OPEN MARKET

However, the provision would be applicable for the mines that would be granted through auctions after November-end, 2017. It would not be retrospectively applicable.

Relaxing the end-use norms for non-coal mines, the government has allowed, through amendments to the auction rules, prospective owners of such mines to sell 25 per cent of the produce in the open market from nil previously, a move which is likely to rekindle investors' interest in the auction process that saw lukewarm response so far.

Since the amendment to the MMDR Act, carried out in 2015 paved the way for mandatory auctioning of non-coal mines, only 33 non-coal such mines have been successfully auctioned, while bidding for 60 blocks had to be cancelled after the process was initiated.

Briefing media on the impact of Mineral (Auction) Amendment Rules, 2017, mines secretary Arun Kumar said end-use restrictions resulted in inefficient mining as many mines with low grade ore dumps were saddled with this burden as they could neither use it for captive purpose nor could dispose it of.

"In the amended rules, such miners will be able to dispose of 25 per cent of such dumps, which are not used for captive purposes. This will help progress towards zero waste mining and utilisation of minerals even in low-grade ore. Bid values are likely to improve and participation will improve further," he said.

However, the provision would be applicable for the mines that would be granted through auctions after November-end, 2017. It would not be retrospectively applicable.

As part of the changes made in the auction rules to rekindle investors' interest in the mining sector, the government has also been tweaking the minimum three bidders rule for each round of auction.

While a minimum of three bidders' rule is still stipulated in the first attempt to auction, in the amended rules now, the states have been given the flexibility of allocating the block in the second round itself even if there are less than three bidders. Earlier, the flexibility was allowed only in the fourth round., "This will make the auction process less cumbersome and will help states auction mineral blocks quickly," he said.

INDIA'S SCCL TO START WORK ON SIX COAL MINES

India's second-largest coal miner, Singareni Collieries Company Limited (SCCL), is planning to start work on six mines before the end of March.

Besides ramping up production capacity, opening four underground and two opencast projects will enable SCCL to bridge the productivity shortfall of its existing opencast and underground mines, company officials have said.

These new projects are part of SCCL's long-term strategic plan to open 20 new opencast and 11 underground mines and ratchet up production capacity to 90-million tons a year by 2021, up from 53-million tons a year at present. The miner currently operates 49 mines, of which 15 are opencast and the rest underground.

The strategic plan, by 2021, is to open new mines, including new underground mines, and to convert some undergroundmines to opencast ones to enable higher production volumes, which should assist in bridging the productivity gap between the miner's opencast and underground mines.

It is pointed out that despite fewer opencast mines, the latter contributes 82% of current production and employs 18% of the workforce, while underground mines account for 17% production and employ 61% of the total workforce.

The officials concede that as a government-owned and -operated mining company, SCCL has a social obligation to be an employment generator and that the retrenchment of workers to achieve higher productivity levels is not an option.

Hence, instead of phasing out existing underground mines, SCCL will adopt the combination of opening newer underground mines that incorporate the latest longwall mining technology, and convert existing underground mines to opencast and new opencast mines.

The new opencast mines with higher productivity levels should bring up the overall average productivity that is impaired by older mining operations

INDIA'S ONLY COPPER MINER PLANS TO NEARLY TRIPLE PRODUCTION AT LARGEST MINE

Hindustan Copper is making moves to expand its production and operations in India where the company has a monopoly on copper mining.

The state-run company said in a filing on the Bombay Stock Exchange that its board has increased its borrowing limit and approved the formation of a joint venture with National Aluminum Company and Mineral Exploration Corporation for exploring and mining strategic metals abroad, according to Business Standard.

It plans to invest about $700 million in six expansion projects including a near tripling of production at its largest mine, Malanjkhand in Madhya Pradesh. The mine would up its production from 2 million tonnes annually to 5.2 million, by building an underground mine under the current open-cast operation. Located 20 kilometres from a national park, Malanjkhand contains almost 70 percent of India's copper reserves and represents around 60 percent of Hindustan Copper's output, states Business Standard.

Copper prices have risen above 23 percent year to date. Despite a sharp drop in copper imports from China, which consumes nearly half of the metal seen as a bellwether for economic growth, the copper price hit an intra-day high of $3.25 a pound on Wednesday – the highest since February 2014. Copper last closed at $3.07 a pound or $6,777 a tonne.

The same day Bloomberg reported that trading in copper futures is reaching a frenzy, with bets for December 2018 skyrocketing above $10,000 a tonne. Red metal futures haven't been that high since 2011 and Bloomberg says it suggests traders are becoming increasingly bullish due to the need for copper in electric cars.

COPPER PSU TO OUTSOURCE TWO MINES

Hindustan Copper Ltd., the country's lone copper mining company, will shortly float global tenders for two mines in ***Jharkhand*** with a total ore capacity of 3 million tonnes, said its CMD Santosh Sharma.

Located in eastern India's Singhbhum copper belt, this includes the brownfield Rakha mine and the greenfield Chapri-Siddeshwar mine. These underground mines would be outsourced and it would take about four years for them to develop and come into full-fledged production. Rakha was closed in 1999 due to unviable operations. Technology advancements since then have improved viability.

They would form part of the HCL's plans to boost its annual ore capacity to 12.4 million tonnes from 3.4 million tonnes now by 2021-22. This would boost HCL's copper production capacity from 35,000 tonnes now to 1.2 lakh tonnes by 2022. The total project cost would be around ₹5,000 crore.HCL's five copper mining leases are located in Jharkhand, Rajasthan and Madhya Pradesh. It has processing units in Taloja in Madhya Pradesh and in Gujarat. It manufactures copper cathodes, continuous cast wire rods and by products containing gold, silver and selenium.

Government stake in the profitable PSU stands at 76 % . Mr Sharma said that the outlook was bright for an integrated copper company like HCL at a time when copper prices were on an upswing globally.