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MINES MINISTRY WARNS OF LOOMING INDIA IRON-ORE SUPPLY CRISIS

India's Mines Ministry has warned iron-ore bearing provinces of a looming "crisis" by 2020, if they do not focus on the "efficient handling of mining leases" in their respective geographies.

In an advisory to key provinces rich in iron-ore resources like Odisha, Karnataka and Chhattisgarh, the Ministry said that unless the pace of exploration was stepped up, along with the renewal of expired mining leases, the production of the raw material will start to decline, potentially leading to a full-scale crisis by the turn of the decade.The warning of an impending crisis comes at a time when India is poised to close the financial year on March 31, with a five-year high iron-ore production record of around 180-million tonnes.

The country's largest iron-ore producer NMDC Limited has, meanwhile, expressed similar concerns to that raised by the Ministry. In a presentation before a government committee, the miner said the "rate of growth of India's iron-ore reserves was [much lower, while] demand for the raw material [is rising]". The miner sought to fast-track the conversion of the country's iron-ore resources to reserves, which could only be achieved through more intensive and extensive exploration activities.

The Ministry has, meanwhile, pointed out that as many as 240 mining leases are set to expire in Odisha by 2020

According to the Ministry, the provincial government will have to determine the fastest way to implement mining closure plans for these leases, conduct fresh G2 and G3 level exploration wherever required and, thereafter, quickly put the leases back on the auction block to ensure minimum disruption to aggregate iron-ore production.

It was also pointed out that federal government agencies had already estimated the total resource that would be produced from these mines in Odisha by 2020, as well as the area that will remain for further exploration.To sustain the current rise in iron-ore production, the Indian government has sought faster adoption and implementation of newer and high technology exploration processes including aeromagnetic, remote sensing and hyper spectral imaging technologies.

However, the mining industry has claimed that government policies and taxes were major disincentives to iron-ore production and expansion.

An official of the Federation of Indian Mineral Industries (FIMI), the national representative body of miners, said government was considering put a cap on domestic iron-ore prices to ensure cheap raw material availability for steel producers.

Forsaking a market-determined price with a government-administered price regime would negatively impact the viability of operations, the official said.Stating that a cap of on the iron-ore price would "deal a crippling blow to miners", the official said that while several iron-ore mines were being put up for auction, very few steel producing companies were bidding for them, which was a clear indication that mining operations were unviable.

So instead of bidding for mines, steel producers were forcing the government to cap iron-ore prices to secure an "unfair market advantage" at the cost of the mining industry, the official added.

Depriving unremunerative prices for iron-ore was no way to ensure higher production and a "crisis was inevitable in the long term but for not for the reasons being cited by the government," the official said.

E-AUCTION OF MINING BLOCKS SOON : RAJASTHAN

Rajasthan government will soon e-auction eight mining blocks in the state. A proposal has been sent by the directorate of mining to the mining department and process would start after government grant its approval.

"As soon as government approves the proposal, notice inviting tenders will issue. It is expected that we will be able to do it by next week," said official from mining department. In past six months, the department has abled to auction three mining blocks for Rs 16,000 crore. To take it further, the directorate has sent six new proposals and two for old mining blocks.

"Among six new blocks, five are in Nagaur and one is in Jaisalmer and all are of lime stone. The other two blocks are in Ajmer and Chittaurgarh which were auctioned earlier too. However, nobody showed interest as we putting it once again," added the official.

If auctioned successfully, it will be a major respite for the government that is already facing revnue deficit from several fronts. Mining, one of the important pillars of Rajasthan's economy, witnessed a significant downfall in its earnings. Compared to six months of financial year 2015-16 where Rs 1,707 crore were earned as revenue only Rs 1,499 crore were received in the current financial year, direct loss of Rs 208 crore to the exchequer.

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INDIA SLIPS 24 POINTS ON INVESTMENT INDEX FOR MINING SECTOR

India dropped from its previous rank in the overall investment attractiveness index and has been placed among the 10 lowest nations, the Fraser Institute's annual survey of mining and exploration companies for 2016 has said

India has moved down the order on the overall investment attractiveness index to 97 from the earlier 73, a survey of mining and exploration companies for 2016 showed.

India dropped from its previous rank in the overall investment attractiveness index and has been placed among the 10 lowest nations, the Fraser Institute's annual survey of mining and exploration companies for 2016 has said.

The survey has ranked India 97 out of 104 jurisdictions.

"India has slipped from its previous rank of 73 in 2015 (out of 109) in overall investment attractiveness index and has been placed with Afghanistan, Zimbabwe and Mozambique among the lowest 10 countries," it said.

The main reasons behind India's poor show are low score in policy perception, uncertainty concerning the administration, interpretation and enforcement of existing regulations, regulatory duplication, inconsistencies and multiple taxes, legal system and uncertainty concerning disputed land claims, the report said.

However, India's rank is relatively better in conditions like "uncertainty concerning environmental regulations, quality of infrastructure and political stability." Considering both policy and mineral potential in the index, the Argentinian province of Jujuy ranks as the least attractive jurisdiction in the world for investment, it said.

"Jujuy replaced another Argentinian province, La Rioja, as the least attractive jurisdiction in the world. Apart from Jujuy, the bottom 10 jurisdictions in 2016 (beginning with the worst) are Neuquen, Venezuela, Chubut, Afghanistan, La Rioja, Mendoza, India, Zimbabwe, and Mozambique," the report said.

WHITHER "EASE OF DOING BUSINESS" IN MINING?

In 2013, during the Fraser Institute's survey of mining companies, the President of an exploration company described India as a "regulatory horror story". After the change of government or administration in New Delhi in 2014, it was claimed, in some quarters, that the amendment brought about in the mining law during 2104-2015—the introduction of the auction method for the grant of mining concessions and other procedural changes---would drastically improve the situation. Now, the same Fraser Institute's 2016 survey, published in February 2017 ranks India among the 10 least attractive jurisdictions (of the 104 territories surveyed) for mining investment; and the country shares this 'honour' with nations like Afghanistan, Zimbabwe and Venezuela!

What is happening? A look into the policy and regulatory situation in three stages of mining—exploration, operation and closure—may give some clues. Of these stages, mineral exploration is the most important in the Indian context where mainly surface minerals are being exploited. The growth of the entire mineral industry is dependent upon the discovery of viable mineral deposits through successful exploration, especially of deep-seated base metals, precious metals and industrial minerals as well as ferrous metals like nickel and tungsten.

In most mining nations, professional private companies with relevant expertise and technology undertake exploration for specific mineral commodities, while the public or government geological agencies provide broad mineral data and create favourable conditions for private exploration and investment.In India, on the other hand, there is a tradition of government agencies doing most exploration, although they are constrained by low budgets, absence of state-of-the art technology and lack risk-taking behaviour, an essential requirement for the highly risky business of mineral exploration. The changed policies including the ones articulated in the National Mineral Exploration Policy, 2016 do not really depart from this tradition. Additionally, by introducing the auction method for exploration (through composite license), more complications have been introduced; for, one participates in the auction of a property when its value can be estimated, not for exploration of mineral deposits whose value is unknown.Besides, the so-called incentives introduced for private agencies for exploration are hardly likely to encourage them in view of the bureaucratic procedures and approvals involved in the process. Unless private exploring companies are assured of exclusivity or security of tenure, it would be difficult to persuade them to take up greenfield exploration and we will continue to muddle through the present arrangements.

In the field of mining operation, there is duplicative governance by the centre and the states and the multiplicity of bureaucracies at both the levels. It has been observed that it takes about five years to obtain a mining lease in India compared to a period of less than one year in major mining nations of the world.

The introduction of the bidding system for mining leases might improve the situation somewhat , but 'ease of doing business' will continue to elude the Indian miners, unless the procedures under the mining, forest conservation and environment laws and rules are streamlined in order to reduce the time for decision-making. And then, there is the dreaded 'bureaucratic' mind-set that is famous for negativity, dilatory approach and rent-seeking behaviour. Unless this changes, no reform will be successful in bringing about 'ease of business' in mining.

Finally, on mine closure, both the government and the mining industry have much to answer for. Properly executed in a holistic manner and with sound reclamation practices, mine closure can establish that mining is only a temporary use of land that can be returned to the community for other beneficial uses. This can make mining an acceptable activity, thereby providing a supportive environment for 'ease of doingbusiness' in mining areas. Local communities need to be associated with all stages in the process. However, this is a neglected area in India; and the country's mining areas are dotted with abandoned mines which have not gone through the prescribed mine closure procedures in spite of the mandatory legal requirements. There isnegligence by the industry and failure of the government in enforcing the legal measures.

Thus, there are many areas that require attention for facilitating "ease of business operations" in mining.

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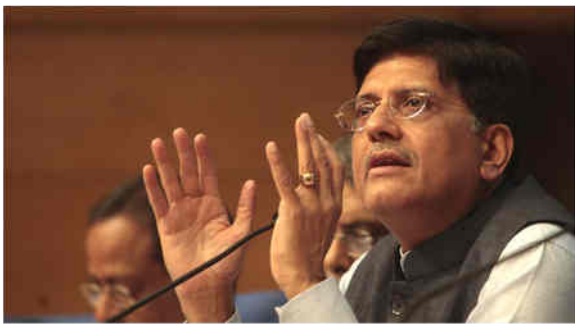
INDIA TO WOO MINERAL EXPLORERS WITH UPFRONT PAYMENT

Mining secretary Balvinder Kumar says the payment will be either 0.5% of the value of recoverable resources or 10 times the monthly retention fee for the explorer



To give a boost to mineral exploration, the government has devised a new scheme for rewarding exploration companies with an upfront payment based on the reserve value of the minerals they are able to establish.

The payment will be either 0.5% of the reserve value (value of recoverable resources) or 10 times the monthly retention fee for the explorer, said Balvinder Kumar, secretary in the ministry of mines.The payment that the government makes from its own resources will be recovered from the winning bidder when the block is subsequently auctioned for mineral production based on the explorer's data.

Assigning exploration activity to one entity for a fee and auctioning the block subsequently backed by data on the mineral wealth is expected to increase the interest among private players for both the activities.

If the block is offered for both in one go, only those investors with deep pockets to invest in production of

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minerals and take exposure to commodity price volatility will come forward.

"We will empanel 25-30 exploration firms for this scheme. We have identified more than 50 blocks for exploration this way," said Kumar.

The mines ministry is trying to raise the share of mining and quarrying in the country's gross domestic product (GDP) by at least one percentage point from 2.4% at present, a target set by Union mines minister Piyush Goyal when he took charge of the ministry in July.

"The proposed model is likely to attract not only large mining companies with risk capital for exploration, but also other mining, engineering and technology services companies with innovative technology but with limited resources to undertake large scale reconnaissance programmes. So, this would attract a broader set of players," said Kameswara Rao, leader of energy utilities and mining at PricewaterhouseCoopers in India.

The Modi administration introduced auctioning of mineral blocks by amending the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, two years ago, in a departure from the administrative allocation of mining leases earlier.

So far this financial year, 21 rounds of auctions have been held under the new regime to grant leases for mining limestone, iron ore, diamonds, and gold in Rajasthan, Odisha, Karnataka, Madhya Pradesh, Andhra Pradesh, Chhattisgarh and Jharkhand.

Another 150-200 mines across different minerals will be put up for auction in 2017-18.

PRICING HOLDS KEY TO LAUNCH OF PRIVATE COAL MINING IN INDIA

The extent of pricing freedom for private commercial coal miners is likely to be revealed by India's Coal Ministry next month.

According to a government official, the Ministry will, at the end of March, publish the framework for opening the coalmining sector up to private miners for the first time since 1973, and is expected to give indications on the pricing methodology that private coal miners will need to follow.

However, no clarity is available yet on whether coal produced by private miners will be up for merchant sale based on market forces or benchmarked to the prices of Coal IndiaLimited (CIL)

The official says the framework document will be published for public comment and will pave the way for inviting private miners to bid for coal blocks to be put up for auction exclusively for such use.

As reported by Mining Weekly Online, the Coal Ministry has identified 23 coal blocks that will be put up for auction next year.

Among these blocks, one will be allocated to a government miner, while 16 others will be allocated for commercial mining and the rest to sectors other than power generation companies.

The allocation of blocks for commercial mining will, for the first time since 1973, when coal mining in the country was nationalised, permit the private sector to produce and merchant-sale coal in the open market.

However, at least two officials from private thermal powercompanies and one independent analyst have pointed out that the success or otherwise of auctioning coal blocks to private miners will hinge on the pricing freedom offered by the government to such miners.

It has been pointed out that it is most unlikely that private coal miners will be granted full pricing freedom based on market forces. Sale prices are likely to be based on a methodology benchmarked to the pricing mechanism of CIL sales.

Pricing will also be critical to the response and valuations of coal blocks at the auction since India has not yet established a regulator for the coal sector, which is essential in any free pricing regime based on market dynamics.

The officials and analysts observed that the size of coal blocks on offer in the first stage of the auction could be much smaller than those operated by CIL.

Under such circumstances, private miners with relatively small volumes at their disposal will be hamstrung in achieving competitive pricing even with full pricing freedom in the face of huge volume play in the market by CIL.

INDIAN IRON ORE SHIPMENTS UP 169%

Growth in steel output, resumption of exports in mining states seen as factors

The amount of iron ore handled by India's ports has more than doubled in the period between April 2016 and January 2017.

In a recent report by the Indian Ports Association, quoted by Economic Times, the country's 12 major ports handled 169% more iron ore cargo – a total of 38.61 million tonnes – in the April to January period compared to the same period the year previously, when just 14.37 million tonnes crossed the nation's docks.

The increase in tonnage can partially be explained by a resumption in production from India's top iron exporting state of Goa in the summer of 2015, led by Vedanta Resources (LON:VED), after an almost three-year hiatus.

Iron ore output contracted 9.4% every year between 2012 and 2016 following mining bans in Goa, Odisha and Karnataka, Economic Times points out. Those bans are no longer in place, meaning analysts are bullish on Indian iron ore production.

BMI Research said last month it projects output to increase to

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185 MT in the next four years, from 136 MT in 2017.

The boost is not only due to the spike in the iron ore price, which reached a 30-month high on Feb. 20, but also a surge in global steel production.

World Steel Association data released in February showed a 7% jump in global steel output in January to 136.5 million tonnes.

World number three steel producer India recorded the biggest gain of the major producing countries, with output increasing by 12% year-on-year.

SMALL MINERS SEEN DRIVING DEAL-MAKING, REPEATING PAST MISTAKES

Bankers and stock markets are signaling an upcoming wave of mergers and acquisitions among small and mid-sized miners, but financiers worry that companies have not learned from costly mistakes made in the last commodity boom.

In a "recycling of assets," smaller miners bulked up in recent years as the world's biggest operators sold a string of assets to repair debt-loaded balance sheets and ride out anemic prices.

"They're not going to sit still," said TD Securities deputy chair of investment banking, Rick McCreary, at a Toronto mining conference on Tuesday. "You're going to see consolidation in the mid-tier and junior space to create platforms for growth going forward."

In a push to improve its portfolio, Goldcorp Inc, the world's No. 3 gold miner by market value, sold non-core mines in recent years, he said. That bolstered the smaller buyers: Tahoe Resources Inc, Primero Mining Corp , Leagold Mining Corp, and Peak Gold, later acquired by New Gold Inc.

Likewise, Australian producer Newcrest Mining Ltd sold assets that helped drive growth at Evolution Mining Ltd .

Some investors also point to outsized stock market gains by small gold miners, with promising deposits and developments, as a sign of upcoming deal activity.

"The way they're moving, I wonder if there's something more behind it," said Joseph Foster, portfolio manager and gold strategist at New York-based VanEck.

"At some point, we're probably going to have another M&A cycle and I wonder if the market is starting to anticipate that."

Sky-high gains, like the 170 percent jump for Belo Sun Mining Corp shares over the past 12 months, suggest acquisitions could come at a premium.

"The companies (will be) competing with the market for these stocks and the market bids them up and makes them expensive," Foster said.

Bankers speaking at the Prospectors and Developers Association of Canadaconference on Tuesday predicted that it is unlikely miners will avoid pitfalls from the last deal-making binge.

A fierce push for growth fueled high-priced, multibillion dollar deals in 2010-2012, many of which were ultimately written off.

"We're probably going to repeat the mistakes of the past," said David Scott, CIBC vice chairman and managing director of mining. Typically, higher metals prices lift share prices, which spark investor calls for growth and leads to lofty deals at the top of the market, he said.

Deal-making may also see more participation from Chinese buyers and well-established streaming financiers, he said.

Streamers, which provide miners with upfront payments in exchange for future production at discounted, fixed prices, have completed deals worth more than $12 billion in the last two years, he said.

"We are hungry," said Jerry Xie, executive vice president at China Gold International Resources Corp Ltd, which favors deals in the $1 billion range to grow beyond its two mines. "China Gold is looking to become an international global mining player."

The world's biggest miners, burned by their previous free-spending ways, will do more joint ventures for mine development to share costs, risk and infrastructure, the bankers predicted.

They point to the 2015 partnership between Goldcorp and Teck Resources Ltd, to develop neighboring mines in Chile, as a perfect example.

Miners still have scar tissue from their "near-death experience" in 2015-2016, said Scotiabank director of global mining and metals, Peter Collibee, and will push for "bullet-proof" balance sheets going forward.

Egizio Bianchini, co-head of BMO's global metals and mining practice, was uncertain.

"There is more capital than brains to deploy it," he said. "I hope that this time, the miners have found out that cyclicality and excess leverage don't go well together. We've proved it." (Reporting by Susan Taylor; Editing by Lisa Shumaker)

GOVT STARING AT MINING REVENUE SHORTFALL

The state government is staring at a huge shortfall in mining revenue despite a significant rise in production and dispatch of minerals.

The government had set a target of generating Rs 7,000 crore from the mining sector but the earnings till the end of February is likely to be in the region of Rs 3,715 crore, steel and mines minister Prafulla Mallik said in a written reply to the state assembly on Friday. The mining revenue is a significant factor in the state's

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With just a month left for completion of the current financial year, the state government said it would not be possible to achieve the target. Officials in the state steel and mines department are worried the collection could be lesser than the Rs 5,797 crore achieved in 2015-16. Though the minister did not cite any reason behind the poor collection of royalty despite an increase in production, experts feel the sharp fall in prices of ore (especially iron ore) is responsible for low revenue.

Available data in the department shows that iron ore production and dispatch from different mines is estimated to be 107 million tonne (MT) by February-end against 80 MT last year. So far, coal dispatch has been estimated to be around 125 MT against 121 MT dispatched in the corresponding period of the previous fiscal.

"Prices of low-grade ore have been slashed by almost 50 per cent. These are being sold at Rs 500 to 600 per tonne. How can you expect more revenue from the mining sector?" said a mining exporter who did not wish to be quoted. Mining activities, which had come to a halt in Odisha following the mining scam in 2009-10, has flourished after the new Mines and Minerals Development and Regulation Act, 2015, came into force. The new mining law has put an end to preferential allocation and introduced e-auction for allocation of mining blocks. The state government has so far auctioned an iron ore, limestone and manganese block each. While Essar Steel Limitedbagged the iron ore block in Sundargarh district in March 2016, Dalmia Cement (Bharat) Limited and Thriveni Earthmovers Private Limited (TEPL) bagged the limestone and manganese blocks, respectively.

GOVT TO EXTEND ATOMIC MINERAL MINING LEASE

The decision to extend atomic mineral mining lease is in line with Atomic Mineral Concessions Rules 2016 which were notified last year

The Union environment ministry has decided to extend approvals for atomic mineral mining for 50 years to ensure full utilization of reserves. The decision is in line with Atomic Mineral Concessions Rules 2016 which were notified last year.

Guidelines regarding extension of period of validity of approvals accorded under the Forest Conservation (FC) Act 1980 for diversion of forest land for mining of atomic minerals were released on 23 February.

The ministry issued the guidelines after the department of atomic energy (DEA) drew its attention to the Atomic Mineral Concessions Rules 2016 which say all mining leases under them shall be granted for a period until the entire reserves of such minerals in the mine is exhausted.

In line with those rules, DEA requested environment ministry that all “existing approvals issued to Uranium Corporation of India Ltd under the Forest Conservation Act may be extended till the ore body is exhausted, for the minerals listed in Part B, (Atomic Minerals) of the First Schedule of the Mines and Minerals (Development and Regulation) Act , 1957 (MMDR Act 1957)”.

The said schedule deals with atomic minerals like lithium-bearing minerals, minerals of the rare earths group containing Uranium and Thorium, phosphorites and other phosphatic ores containing uranium and others.

“In case of existing mining leases in respect of Atomic Minerals specified in Part B of the First Schedule of the MMDR Act 1957, period of validity of approvals accorded under the FC Act 1980 shall be extended and shall be deemed to have been extended up to a period co-terminus with the period of mining lease or a period of 50 years,” said the guidelines, reviewed by Mint.

Under the earlier rules, the land was diverted for mining for a period not exceeding 30 years.

India has 1,400 square km of atomic mineral-rich area.

The environment ministry, however, stipulated that the state government (where mine is situated) within one year shall realise the Net Present Value (NPV) of the forest land for which period of validity has been extended. NPV in this case is the money paid for forest land that is diverted for mining which is then used at other areas for afforestation and reforestation related work. The guidelines also clarified that they shall not apply to forest land falling in mining lease for which renewal has been rejected or lapsed. They have already been sent to all state governments.

The guidelines also said that in cases where forest clearance has already expired and has not been renewed, fresh forest clearances would be mandatorily required before the renewal of the lease.

GOVT UNVEILS TAMRA PORTAL FOR TRANSPARENT MINING CLEARANCE

New Delhi, Feb 15 (PTI) With an aim to double mining contribution to GDP, the government today launched TAMRA mobile application and portal to ensure transparent award of statutory clearances for mini

With an aim to double mining contribution to GDP, the government today launched TAMRA mobile application and portal to ensure transparent award of statutory clearances for mining operations.

Besides, the Energy and Resources Institute (TERI) inked two separate pacts with Nalco and the Indian Bureau of Mines for preparing an action plan to deal with red mud and reclamation of abandoned mines.

The government has prepared an ambitious plan to put 280 mines with mineral reserves worth over Rs 10 lakh crore for bidding to increase the share of mining in Indian economy.

After the launch, Power, Coal and Mines Minister Piyush Goyal said, "In spirit of cooperation, the ambition to double the contribution of the mining sector to GDP is possible. At present, it is 0.76 per cent."

Goyal gave a hint of the urgency of the matter when he said: "We will not wait for a new law to come. We will bring about amendments to the rules to bring in transparency for award of exploration and production licences in 100 offshore mineral block."

Transparency Auction Monitoring and Resource Augmentation (TAMRA) Portal and Mobile Application is developed by the Ministry of Mines.

TAMRA was simultaneously launched across 12 mineral rich states, with ministers of mining and senior officers connected through video-conferencing.

TAMRA, Goyal said, is a step to speed up mining activity in India and facilitate all the stakeholders to track the status of the statutory clearances associated with blocks for getting mines to reach till operationalisation for the same.

It will be an interactive platform for all the stakeholders to compress the timeline for statutory and other clearances as it is expected to help minimise the gestation period for starting production.

TAMRA covers block-, state- and mineral-wise information of the blocks to be auctioned, monitors various statutory clearances and also highlights the additional resources generated through e-auction.

E-auctions have successfully been concluded so far for 21 mineral blocks by various states with a total resource base of Rs 93,190 crore. The total estimated revenue to state governments through the process of e-auction stands at Rs 73,359 crore.

In case of delay in obtaining any clearances, TAMRA will send out triggers to the authority concerned so that the remedial steps can be taken immediately.

The mines ministry will also receive triggers generated by TAMRA, which will facilitate expediting clearances in case the timelines set against each of the statutory clearances are not met. Further, the status of each of the clearances will be reflected on the portal.

This portal also enables the successful bidder to provide suggestions and other inputs for improving the current process of issuing statutory clearances in the mining sector.

POTASH DEMAND DESTRUCTION LIKELY IN INDIA, AFTER GOV'T HINTS AT SUBSIDY CUT

Bad news for the world's major potash producers already struggling with weak prices

Already reeling from decades-low prices, potash miners are staring at another headwind, this time from India, a major importer of the crop fertilizer ingredient.

The news out of India today is highlighting a proposal by the Indian government to cut the potash subsidy by 17% in order reduce fiscal debt. Doing so, however, would have the effect of raising the prices paid by companies that import it; India relies on imports to meet its roughly 4 million tonnes of potash demand annually. That in turn would lead to a reduction in Indian demand, which would affect producer companies like Uralkali, Potash Corp, Agrium Inc, Mosaic, K+S, Arab Potash and Israel Chemicals.

Such companies had been hoping for an uptick in demand to counter lagging prices, which are hovering just above $200 a tonne – over half of what the market was offering five years ago.

For instance Potash Corp (TSX, NYSE:POT) – the world's biggest fertilizer producer – recently reported its profit is down by 70% on weak prices, but sounded an upbeat note on better expected demand:

"With increased demand and limited new capacity additions, we anticipate relatively balanced market fundamentals in 2017," it said in an end-of-January statement.

Similarly, Mosaic's (NYSE:MOS) Colonsay potash mine in Saskatchewan is re-opening based on rosier predictions for potash.

Reuters reports that India's fertilizer ministry has proposed fixing the potash subsidy at 7,669 rupees ($114.61) a tonne for the 2017-18 fiscal year beginning in April, down from 9,280 rupees per tonne this year. Doing so would save the government almost $100 million based on 4 million tonnes of imported product.

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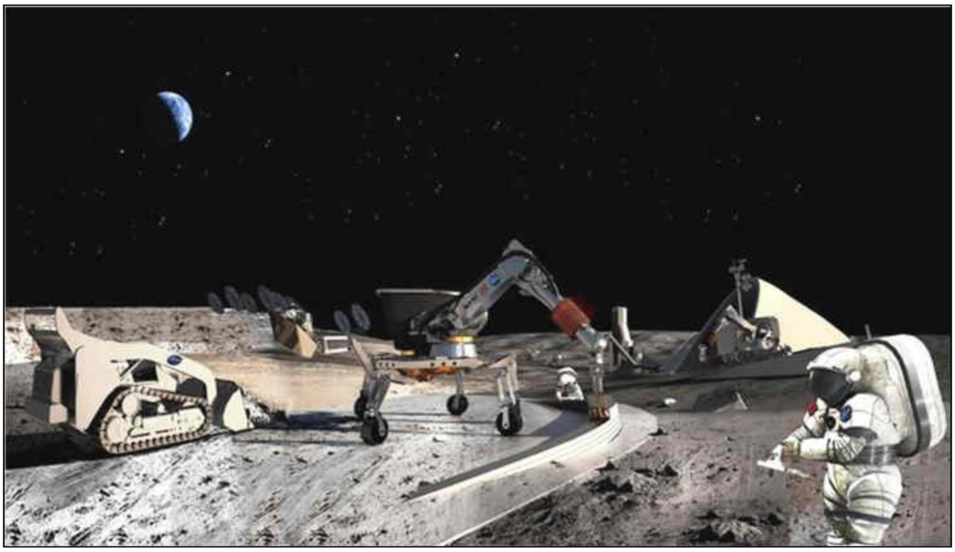
"The subsidy reduction will weigh on the new contract negotiations. We cannot offer higher prices in new contracts due to the proposed subsidy reduction," Reuters quoted a government official who negotiates with overseas miners.

The proposal still has to passed by the Indian Cabinet headed by Prime Minister Narendra Modi. Contracts signed by India and China are considered global benchmarks.

MINING ON MOON WILL HELP INDIA TO MEET ITS ENERGY DEMAND BY 2030: ISRO SCIENTIST

With the advancement of technology, travelling to the moon will become cheaper and people will go to the lunar surface for celebrating their honeymoon withing few decades. India needs to focus more on dedicated military space programmes in order to stay ahead of the neighbouring countries.

India's all the energy requirement will be met from a resource named Helium-3 mined from the moon by 2030, said Sivathanu Pillai, an ISRO scientists and former chief of BharMos Aerospace mission. While the idea might surprise some, but the scientist was serious when he revealed the plan and roadmap to execute the plan.



"By 2030, this process target will be met," said Pillai while addressing the crowd at three-day ORF-Kalpana Chawla Space Policy Dialogue, organised by Observer Research Foundation on Saturday. He explained that lunar dust contains helium-3 which can be used as a source of energy on Earth. Also, mining lunar dust is one of the priority programme for the Indian space agency at present.

Pillai revealed that not only ISRO but space agencies all around the globe are also working on mining lunar dust as they believe that Moon has enough helium to fulfil the energy needs of common man on Earth. With the advancement of technology, travelling to the moon will become cheaper and people will go to the lunar surface for celebrating their honeymoon withing few decades.

India has the largest pool of communication and remote sensing satellites covering Asia Pacific, while the recent launch of GSAT-7, India's first dedicated military satellite, shows that the country is serious toward the security, said Lt. Gen. Bali. He further added that apart from weather and communication satellite, India needs to focus more on dedicated military space programmes in order to stay ahead of the neighbouring countries.

Moreover, India is still struggling to meet the energy requirement based on coal and other forms of energy. Extracting Helium-3 seems to be an excellent alternative and might solve energy problems of the world, but we have to wait for decades to achieve it.

URANIUM MINING IN NALLAMALA OPPOSED

The Anti Uranium Mining Struggle Committee of Nallamala Forest demanded the immediate withdrawal of permissions for mining in the Nallamala forest area for Uranium.

At a round table held here on Tuesday, Telangana Praja Front said that the Uranium Corporation of India should immediately announce the closure of mining works at Nallamala. They called upon all political parties to oppose mining of Uranium in Nallamala forest area.

The committee leaders said that the government should stop the forcible evacuation of Chenchu tribe from the Tiger Reserve area and should provide all basic amenities to them.

The political parties should respect the fundamental rights of the tribes which have been guaranteed by the Constitution and join hands in protecting their rights.

They also demanded that all cases filed against the struggle committee leaders be withdrawn and any oppressive tactics should be stopped.

Delivering the key note address TPF president Nalamasa Krishna said SCs, BCs and minority sections were not getting the benefits of development.

They were becoming scapegoats. While the farmers and peasants spill their blood for the prosperity of the country, the political leaders were looting the nation.

He said the centre has initiated mining activity in a big way and allocated hundreds of crores of rupees in the budget. The Wildlife Protection Board of the State has given permissions in its first meeting for search of Uranium in Nalgonda and Mahbubnagar

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districts.

Efforts were on to take up search for Uranium, Diamond and Gold deposits in Nallamala from 2003. Helicopters were used for the search and the surveys were done from Nalgonda district of Telangana to Kadapa district of AP.

Not just that, Forest officials have given forest lands on lease to corporate companies to take up survey to identify deposits. The Uranium Corporation of India has been carrying out its activities without informing anyone. He said the Telangana Rashtra Samithi MP K Kavitha had opposed the mining activities before TRS came to power but surprisingly now she was not speaking on the issue.

Member of Legislative Assembly B Balaraju has allowed displacement of about 60,000 people in his constituency, forgetting his opposition to mining before the elections.

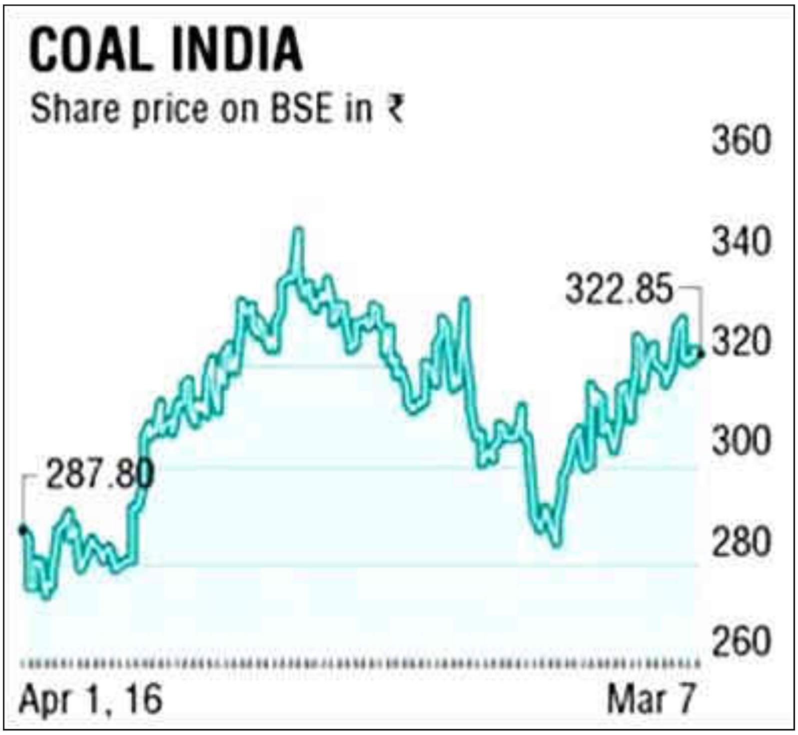
Eminent environmentalist Prof K Purushotham Reddy said that people should oppose the Uranium mining in Nallamala with the spirit of the successful movement that was taken up against nuclear power plant at Nagarjuna Sagar.

He said that people opposed with one voice against the establishment of nuclear power plant at Nagarjuna Sagar, a decade ago. Only movements like these can restrict the governments from going ahead with the projects that cause threat to environment, he said. Environmental activists Dr Sajaya and Dr Babu Rao also spoke.

COAL INDIA'S OWN CONSULTANT CMPDI SEES BLEAK FUTURE

One of Coal India Ltd's (CIL) own subsidiaries has raised concerns over the future of its parent.

Central Mine Planning & Design Institute Ltd (CMPDI), CIL's technical consultancy wing, has flagged off the existential crisis telling prospective consultants that since coal is fast being replaced by renewable energy sources like solar, wind, there could be a dip in coal mining in future leading to shrinkage of consultancy assignments.



CMPDI, it has said, also faces threat from greater liberalisation with the opening up of the sector to private power, steel and cement makers as well as merchant mining companies.

The consultancy arm of CIL is going for a major reorganisation and shift in its business areas including looking for overseas businesses to survive in future.

"Indian coal sector is inching towards greater liberalisation. Earlier it was a mainly a public sector domain having almost full control on coal production and distribution. This status is now getting diluted... Coal is fast being replaced by renewable energy sources like solar, wind etc. If coal mining takes a downtrend, it may lead to shrinkage of consultancy assignments to CMPDI," the subsidiary has told prospective consultants while inviting proposals to draw up a game-changing business plan for its future.

CMPDIL is one of the nine subsidiaries of CIL, which works for its parent in providing with all pre-mining technical knowhow as well as to outsiders. It also advices coal ministry on coal auction and development of new fuels like coal-bed methane, coal to liquid and also shale gas.

Formed in 1975, CMPDI created core competency through bilateral pacts with erstwhile USSR, Kopex of Poland and British mining consultants for carrying out joint planning exercises for large opencast and underground projects, CIL officials said.

However, over the years, CMPDI's expert manpower has been fast depleting with many of its experienced technical experts retiring or moving out, sources said.

Emergence of small consultancy firms comprising of former CIL and CMPDI employees having its knowhow and also entry of foreign mining consultants have created new competition, the subsidiary has told prospective bidders.

The development comes when CIL is set to distribute a whooping Rs 11,843 crore as dividend in absence of any major investment avenues.

CIL on Monday announced a dividend of Rs 18.75 per share dividend and the outflow would largely benefit its principal shareholder, the government.

ESSEL MINING KOIRA GETS 5-STAR RATING FROM UNION MINES MINISTRY

The Union ministry of mines has conferred 5-star rating on the Koira iron ore mining of the Essel Mining and Industries Limited (EMIL), a unit of the Aditya Birla Group Company.

Ashok Kumar Bal, CEO, India mining operations, Prasanna Kumar Panda, president and unit head received the award from Union mines minister Piyush Goyal during the 2nd national conclave on mines and minerals in New Delhi on February 15.

According to sources, 5-star is the highest rating given to the mining companies for complying with a number of standards which was evaluated by the Union mines minister.

"The award is conferred in the recognition of our commitment and excellence in various sustainability initiatives and practices, community engagement, welfare programme, systematic and scientific mining practices," said an EMIL official.

TRIBALS VOW TO PROTECT NIYAMGIRI FROM MINING

The hills are alive with the songs of tribals preparing for the Niyam Raja festival.

Every year, with due diligence, the Dongria and Jharnia Kondhs celebrate the festival at the Niyamgiri hills that border Kalahandi and Lanjigarh, and renew their vow to never allow mining on the hill.

The 14-year-old festival has its roots in the tribals' belief that the sacred hill is their god and will forever act as their source of livelihood.

This time, the three-day-festival will begin on February 24. Songs of protecting the environment ring in the air through the time, as does the prospect of enormous communal feasts. "We bear the expenses of the festival ourselves. We collect Rs 10 and a kilogram of rice from each family. These are then handed over to the activists of the Niyangiri Surakhya Samiti, who then organize the feast," said NSS convener Satya Mahar.

On Tuesday, revellers were seen purchasing ornaments, new clothes and traditional weapons called 'Tangia' at the weekly haat in Lanjigarh block's Trilochanpur village, situated at the Niyamgiri foothills.Amidst presence of Maoists and security forces in the forests, the dongrias do their shopping at the weekly haats. , collecting forest produced and after earning.

"Whoever is in power, whoever is opposing him, it's all useless for us to know. We believe in Niyam Raja and his benevolence in making out daily lives smooth," said Suna Majhi, a member of the Dongria Kondh tribe.

For tribals the festival is as much an expression of gratefulness, as it is of their identity.

TRACTORS INDIA PRIVATE LIMITED INKS DEAL WITH RUNGE PINCOCK MINARCO TO DELIVER ENTERPRISE SOLUTIONS FOR THE DIGITAL MINES OF THE FUTURE

Tractors India Private Limited (TIPL), an authorised dealer of Caterpillar equipment in India and the region has entered into a Business Partner Agreement with RungePincockMinarco (RPM), a global leader in the provision and development of mining software solutions, advisory services and professional development. Under the agreement, TIPL has been appointed as the Software Sales Distributor, Support & Services provider for RPM's leading Mining software solutions and services in the Indian and Bangladesh markets. The strategic partnership will harness TIPL's in-depth industry and local knowledge with RPM's industry-leading software and advisory solutions to deliver real benefits to the mining industry in India.

Today's mining landscape is changing rapidly and RungePincockMinarco (RPM) is at the forefront of this transformation as digital technologies become pivotal to mining success. With a global experience of over 45 years in the mining industry, RPM has the largest group of independent technical experts in the world. Together with their software, advisory and professional development businesses, RPM delivers completely integrated and tailored solutions for mining houses and investors across the globe. RPM's software and advisory solutions deliver a step change in mine planning, investments, execution and value chain optimization through investments and innovation driving continuous improvement. The solutions deliver a complete commercial off-the-shelf enterprise planning platform built on open industry standards. India already has many RPM software users and this association will further enhance the market leadership of RPM in India.

Over the past seven decades, TIPL has been driving the growth both in Infrastructure and Mining industry in India and is a leading provider of wide range of Construction and Mining Equipment from global leading manufacturer. Together with RPM's regional and global teams, TIPL will bring a breadth of local knowledge and experience to improve the efficiency in the Indian mining industry through delivery of leading enterprise software solutions, local support and expert consulting advice. Commenting on the new partnership, Mr. Sunil Kumar Chaturvedi, Chairman & Managing Director of TIPL said, "The strategic partnership with RPM is in line with our growth strategy in the Indian mining industry. The partnership will allow us to deliver much needed step change and value-added technology solutions to Indian Mining Companies while ensuring their growth and economic success".

Mr. Richard Mathews, Chief Executive Officer, RPM was excited with this partnership and said, "As we strengthen our

(Continued on page 11)…

commitment to specialist mining software solutions, we look to engage with partners who have wide skillsets and strong client relationships. Our partnership with TIPL is a natural fit for our software strategy in India". He further added, "With a proven history of developing strategic alliances with their clients, TIPL provides product support solutions, Maintenance and Repair Contract services, community investments and operator training to a diverse range of mining companies and communities in India. TIPL has the right experience and qualifications to be able to fully support RPM's market leading maintenance, financial and scheduling solutions". Mr. Mathews concluded, "TIPL already has an extensive amount of equipment which uses RPM's software to manage their Maintenance and Repair Contracts at many sites right across India. This solid and secure client base, underpins RPM's commitment to the region and further emphasizes the opportunity presented to both TIPL and RPM as a combined presence".

WITH DEPRESSED PRICES, MINING IS BIGGEST LAGGARD

The domestic mining sector turned spoilsport for the country's growth numbers.

The sector churned a gross value addition (GVA) of just 1.3 per cent in the GDP for FY17 till December 2016, according to CSO data. Comparably, it grew 12.3 per cent in the corresponding period of FY16.

The Central Statistical Organisation categorises coal, crude oil and natural gas production under the mining and quarrying sector. It estimates a 2 per cent GVA growth in coal production till December in FY17. Comparably, coal production GVA grew 4.5 per cent in the same period last fiscal.

Q3 recovery

Economists explain that the lowered GVA projections for mining are linked to depressed prices. Aditi Nayar, economist at ICRA, said: "Commodity prices were depressed for the first two quarters of the fiscal. There was a recovery in the third quarter and this was a reason for the better GVAs."

Crude oil production GVA fell 3.2 per cent while natural gas GVA dipped 3.3 per cent in the first nine months of FY17, against a decline of 0.8 per cent and 2.8 per cent respectively in FY16.

Energy mix

NR Bhanumurthy, Professor at the National Institute of Public Finance and Policy, said the lowered GVA is also due to a change in the country's energy mix.

"The lowered projections for coal GVA is linked to the rising infusion of renewable energy into the total energy mix of the country," he said.

The GVA from electricity, gas, water supply and other utility services grew 6.6 per cent (5.1 per cent). Explaining that GVA of power is likely to grow further, Chief Economist at India Ratings Devendra Kumar Pant said: "As industrial growth picks up, the demand for power will too and this is reflected in the higher GVA."

INDIA IDENTIFIES 50 MINERAL BLOCKS FOR PRIVATE EXPLORERS

India's Mines Ministry has identified 50 mineral blocks to be offered to private explorationcompanies under the new National Mineral Exploration Policy (NMEP).

The NMEP, unveiled last year, paves the way for the entry of private companies into minerals exploration in India. The Ministry expects around 30 specialised domestic and international exploration companies to apply for the allocation of blocks, a government official said. The process of allocating the blocks is set to start in 2018. A list of registered exploration companies will be entitled to bid for the mineral blocks through an e-auction.

Under the policy, the exploration companies are mandated to complete exploration and submit data to the government, following which the provincial government will auction the same block for development and production. The recipient of the final mining lease will be liable to pay a royalty to the provincial government and a certain percentage of this royalty will be paid to the private explorationcompany.

However, last week, the Mines Ministry through an official announcement, tweaked the NMEP, making provisions for upfront cash payment to exploration companies and incentivising smaller exploration companies to take up high-risk projects. The Ministry contends that, in the absence of any cash incentive, exploration projects will be limited only to large mining conglomerates with deep pockets to engage in high-risk - mineral exploration and exclude smaller specialised agencies.

The Ministry has proposed that an upfront cash payment be extended to the exploration companies of 0.5% of the value of the recoverable resource established by the explorationcompany or ten times the monthly retention fees payable to the explorer. This payment would be made directly by the federal government and the payouts would come from revenues earned by the government from the auction of the mineral block for development.

The cash incentive would "broaden the profile of private exploration companies, domestic and international, and a larger number of participants . . . would [contribute to] the objective of increasing [the] contribution of the mining sector to gross domestic product from 2% to 4%, as targeted by the government," the official said. The offer of 50 mineral blocks for exploration by private companies, which has until now been the exclusive domain of the government, is an adjunct to one of the biggest auctions of explored mineral blocks, which the government has lined up.

As previously reported by Mining Weekly Online, the Indian government announced the auction of coal and non-coalblocks in the coming fiscal year. The Empowered Committee of the Ministry has identified the auction of 70 non-coalblocks like iron-ore, limestone and bauxite in the first tranche, next year. It is understood that the total number of non-coal blocks that could be identified for auction could reach 280.