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Indian Mining & Exploration Updates

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GEONESIS NOW ON ANDROID

NEW MINING POLICY MAY OFFER 100 LARGE PLOTS TO GLOBAL, INDIAN FIRMS FOR EXPLORATION

The government plans to transform the mining sector with a new policy by offering global and Indian firms about 100 large plots for exploration of various minerals with a reverse auction to explore, followed by another round of bidding to extract the ores, official sources said.

In the first stage, companies will bid for royalty they will get for minerals they discover and compensation for the expenditure on exploration if they do not find any commercial reserve in the block.

The mines ministry has initiated inter-ministerial consultations for the new minerals policy, which aims to significantly expand exploration of minerals and attract private capital for the sector that will also benefit the states.

Mines Secretary Balvinder Kumar said "the ministry has sought concurrence of states on the policy that is a win-win for central and state governments and private exploration agencies".

The policy provides for identification and auction of potential blocks to exploration agencies that are registered in India.

The government will conduct an online reverse auction among technically qualified agencies. The companies will have to quote share of royalty that accrue to state governments throughout the lease period of the mine once it begins operations. Companies seeking lower share in royalty will win the blocks for exploration.

If the reserves are established after exploration, the blocks will be auctioned to miners who will pay royalty to the exploration agencies and state governments for 50 years of the mine life.

The government will work out normative cost of exploration works for different minerals to compensate mineral explorers in case reserves are not found. The compensation will be made through a fund set up to enhance exploration activities.

The government has laid emphasis on private sector participation in exploration as India has been able to carry out only 10% regional mineral exploration while countries like Australia that have similar geological endowment have completed 100% of exploration.

MINING MEET IN KOLKATA ON FEB 24 TO HIGHLIGHT $36 BILLION INDIAN MINING INDUSTRY

The 6th International Mining, Exploration, Mineral Processing Technology, Metals & Machinery Exhibition will be held in Kolkata between February 24 -27, 2016 at the Eco Park, New Town, Rajarhat. It aims to focus attention of global mining companies to India's mining industry which is poised to reach turnover of $36 billion.

Organised by the Mining, Geological & Metallurgical Institute of India, in collaboration with TAFCON, the conference will have over 300 exhibitors, 600 delegates, with participation from over 30 countries. The event is being supported by ministries of Coal, Mines, Steel, Power, Heavy Industries, External Affairs and Coal India Ltd.

It aims to focus attention of global mining companies to India's mining industry which is poised to reach $36 billion. The country hosts a wide range of globally significant mineral resources, including four fuel minerals, 11 metallic minerals, 22 minor minerals, and 52 non-metallic minerals.

With foreign direct investment in the mining sector for all non-atomic and non-fuel minerals being fully opened up to 100% through the automatic route, including for diamonds and precious stones, the mining sector is in the right place to create considerable global interest. Some of the leading participants include Andritz Separation Bray Controls , China Coal Overseas Development , Gridwell Norton, Henkel Adhesive Technologies.

IME 2016 will focus on a display of mining, minerals, machinery and metallurgical latest technologies and their innovative

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applications, research& development, logistics, safety & health aspects of the mining and allied industry and include high level trade delegations from the US, Australia, China, and the Czech Republic.

"One of the bright spots in the mining industry scenario is the fact that an increasing number of Indian companies are venturing overseas to secure stable, long-term supplies of minerals like coal and iron ore," I P Wadhwa, managing worker of Tafcon said.

"It will be the ideal platform for displaying and launching new initiatives in the mining sector, as well as showcasing products and technologies, establishing joint ventures, developing and renewing international and regional contacts," he said.

IME 2016 will be held concurrently with 6th Asian Mining Congress, which will be held under the theme "Resurgence of Mineral Industry in Asia".

PIYUSH GOYAL PITCHES FOR INVESTMENT FROM AUSTRALIAN MINING COMPANIES

Power Minister Piyush Goyal made a passionate pitch for investment in India by Australian mining and energy companies at the India- Australia Energy Dialogue here today.

"We're going to expand and mine coal for many years to come. There's no larger market for you than India now," Goyal said while addressing a round table with representatives of energy companies such as Carbon Energy and Geo Energy, members of the Queensland Resources Council and the Trade and Investment authority of Queensland.

The two pre-requisites are cost-effectiveness and the ability to scale up the investment fast, Goyal said, while pointing to opportunities in underground coal mining, washeries and crushers.

"We need clean coal technologies and learn best practices in mining from Australian companies which are well versed in the business," Goyal said.

The Minister assured a corruption-free environment for investors and quick approvals for their investment proposals while asking the assembled executives to be candid in their views on investing in India.

When an investor pointed out how high-value equipment used for surveying mineral reserves and imported by him into India was held up in Customs for more than 6 months, Goyal directed bureaucrats sitting next to him to open a portal where such complaints could be uploaded and brought to his notice if not solved within a set time-frame.

Later in the afternoon the Minister and his delegation visited the Safety in Mines Testing and Research Station or SIMTARS for short, just outside Brisbane. The body, set up by the Queensland government, to offer training in mine safety, has a virtual reality centre that can simulate the experience inside a coal mine, including possible accidents and ways of preventing them. Impressed by the facility, Goyal immediately invited Mark Williams, Director of the centre to visit India at the earliest and examine the possibility of setting up a similar facility. "Mine-worker safety is paramount and we're ready to spend whatever is needed to set up a virtual reality centre in India," Goyal said, promising Williams a start- up team of fifty young employees drawn from Coal India.

NO REVERSAL OF PRICE SLUMP FOR MINING COMMODITIES; INDIA BRIGHT SPOT: ANGLO AMERICAN

Markets worldwide are passing through tough times on account of the price slump which hit their prospects. So is it okay to keep an optimistic spirit in these hard times? Especially in the case of mining commodities?

Downturn in mining commodities is having a major detrimental impact on people, supply chains and governments at every level. However, Mark Cutifani, CEO Anglo American, has said the reversal of this price slump is not going to happen soon. “We can’t rely on a reversal of this price slump any time soon,” he said.

Cutifani said 2016 is already shaping up to be the most challenging yet. Opinions are divided on whether commodities markets have reached the bottom of the cycle. “So things may still get worse before they get better.”

China is moving from infrastructure-fuelled growth to a consumer-led economy. This will be bumpy, but it is a super-tanker that is not going to stop. Despite its slowdown (which may well be more pronounced than official figures suggest), in terms of absolute quantities of minerals, the dragon is consuming more in annual increments than it was a decade ago, when GDP growth was still in double digits – and it will continue to absorb more…much more.

India is following. The IMF predicts growth of 7.5% in 2016–ahead of China. India presents tremendous opportunities, as do Brazil, Indonesia and others over the medium term, Cutifani said.

MINING IN INDIA'S NORTHEAST — CHALLENGES AND OPPORTUNITIES IN THE STATE OF MEGHALAYA

India benefits from a rich repository of mineral resources that constitute the fundamental raw materials for the mining industry. Presently, there are about 3700 active major mines in the country, which have generated employment for over 500,000 people. In 2012-2013, the value of mineral production in India reached approximately US $44.65 billion – 2.4 percent of GDP.

Most of the accounted mining industries in the northeastern region are located in the states of Assam and Meghalaya. Assam is known for its petroleum and natural gas reserves, coal, limestone and minor minerals; Meghalaya has established coal and limestone mining industries.

Despite their economic importance, the mining industry in the northeast has been systemically plagued by a multitude of challenges.

These challenges primarily stem from ambiguous policies and regulatory hurdles that have led to unchecked corruption and environmental degradation. In Meghalaya, this has additionally resulted in the displacement of the indigenous people of the state, culminating in a ban on coal mining by the National Green Tribunal. Considering that coal mining provides seven to eight percent of the state's GDP, the ban has adversely impacted Meghalaya's finances.

Mining Profile of Meghalaya

Meghalaya is a small hill state in northeast India and shares an international border with Bangladesh in the south. Its capital is Shillong, once called the "Scotland of the East" by European settlers. Meghalaya has 11 districts and three main tribes – Garo, Khasi and Jaintia. The entire state is under the Sixth Schedule of the Constitution of India, which contains provisions for the administration of tribal areas in the states of Assam, Meghalaya, Tripura and Mizoram. Under the Sixth Schedule, only the District Autonomous Councils in these states have the power to legislate to protect tribal customary laws, identity and culture.

Meghalaya is largely an agricultural state, but has sizeable deposits of minerals like coal, limestone, uranium, granite, kaolin, clay, glass sand, silimanite, and small quantities of feldspar and iron ore, quartz, bauxite, and rock phosphate. Though the hugely lucrative coal mining industry has been banned since April 2014, the Government of Meghalaya has given 16 leases to mine limestone reserves in the state. 68 percent of the limestone mined is used by cement industries and the remaining 32 percent by lime manufacturers.

Apart from coal and limestone, the state has the third richest reserves of uranium after Jharkhand and Andhra Pradesh. A significant amount of it has been discovered in Domiasiat and Porkut-Nongjri in the Wahkynshi area of the west Khasi Hills. The Uranium Corporation of India Limited (UCIL) proposes to mine the mineral in the state, but operations have been stalled in the exploration phase due to local opposition.

As of now, Meghalaya has no proper regulatory regime for mining, and mines and minerals are subject to a cluster of central laws, namely The Mines Act, 1952, The Mines and Minerals (Development & Regulation) Act, 1957, and The Coal Mines (Nationalization) Act, 1973. A new mining policy, proposed by the state government – The Meghalaya Mines and Minerals Policy, 2012 – is yet to be implemented.

Paragraph nine of the Sixth Schedule of the Indian Constitution gives District Autonomous Councils the final authority to provide licenses and leases for prospecting and extracting minerals.

Investment opportunities

Despite the challenges in some mining sectors, the state government of Meghalaya still has vested interests in the mining industry, as it contributes significantly to the state's revenue. In addition, industrial potential in the state is strong based on the indigenous spread and availability of minerals. Cement and lime industries have already set their bases in the state. Other potential mineral and related industries that can be set up include precipitated and activated calcium carbonate, calcium carbide, bleaching powder, acetylene black, thermal power, low-temperature carbonization plant, fire bricks, stone wares, wall/floor tiles, low ash coke, and generation of producer gas – to name a few.

The proposed Meghalaya Mines and Minerals Policy mentions the participation of private sectors and joint ventures to take part in mining related activities. If this policy is implemented, it could mean a huge investment opportunity for private and foreign players. Under the Make in India Initiative, foreign direct investment (FDI) has been allowed up to 100 percent in exploration, mining, minerals processing and metallurgy. In India, mining leases are usually given for 50 years.

Major Mineral Deposits in Meghalaya

Major Mineral Deposits in Meghalaya

Mineral	Reserves (in million tons)	Areas of occurrence
Limestone	15,100	Cherrapunjee, Mawlong, Ishamati,Shella, Komorrah, Borsora, Bagli in Khasi Hills District, Lakadong, Lumshonong, Nongkhlieh in Jaintia Hills District, Darrang Era-Aning, Siju and Chokpot in Garo Hills District.
Coal	576.48	West Darrangiri, Siju, Pendengru-Balpakram in the South Garo Hills district; Borsora Langrin and Shallang in the West Khasi Hills district; East Darrangiri partly in West Khasi Hills and partly in East Garo Hills; Mawlong-Shella and Sohra-Cherrapunjee in the East Khasi Hills district and Bapung-Sutnga in the Jaintia Hills district
Clay	97.00	Cherrapunjee and Mahadek in Khasi Hills District, Tongseng in Jaintia Hills District, Nangwalbibra and Rongrenggiri in Garo Hills District
Granite	50.00	Nongpoh in the Ri-Bhoi District; Mylliem in the East Khasi Hills District; Mawkyrwat and Nongstoin in the West Khasi Hills District; and Mendipathar and Songsak in the East Garo Hills District
Kaolin	5.24	Mawphlang, Smit and Laitlyngkot in the East Khasi Hills District; Thandlaskein, Shangpung, Mulieh and Mynsngat in the Jaintia Hills District; and Darugiri in the East Garo Hills District
Glass sand	3.00	Laitryngew, Umstew and Kreit in the East Khasi Hills and Tura in the West Garo Hills
Silimanite	0.045	some parts of Mawthengkut Block at Sonapahar of the West Khasi Hills District.
Uranium	9.22 (Government of India has established a reserve of 9.22 million tons higher grade 0.104% U2O3)	Found in and around Domiasiat and Porkut-Nongjri around Wahkynshi area in the West Khasi Hills District.

CHOUHAN-TOMAR MEET TO DISCUSS MINING ISSUES

Union mines and steel minister Narendra Singh Tomar has said that Madhya Pradesh government can send proposal for expanding mining areas, mainly Chhatarpur-Tikamgarh block which could be extended to Jabalpur division for iron ore and other mining works.

Tomar met chief minister Shivraj Singh Chouhan to discuss mining issues, at chief minister's official residence on Saturday. He also discussed names of aspirants during cabinet expansion slated for next month.

Chief minister Chouhan said government would take early action on MoUs signed with public undertakings under the mining ministry. It was also informed that Steel Authority of India Limited (SAIL) is planning to establish a steel plant in Chhatarpur district which will provide employment to 5,000 persons.

Similarly, MOIL (formerly Manganese Ore India Limited) is planning to establish a plant in Balaghat district. NMDC (national mining development corporation) has projects for mining exploration in Tikamgarh and Panna district. Hindustan Copper Limited is working on underground mining in Balaghat district. NALCO has proposed to set up alumina refinery in the state.

GOVERNMENT MAY ALLOT 15 BLOCKS TO PSUS FOR COMMERCIAL COAL MINING

Moving ahead with its decision to open up the coal sector for commercial mining, government has identified 15 blocks to be alloted to central and state PSUs for undertaking production and sale of the dry fuel.

With the allotment, the Centre's monopoly over mining and sale of coal will come to an end.

"As many as fifteen blocks have been identified for allotment to state and central PSUs for commercial mining," a top official told PTI.

Preliminary exploration in most of these blocks through initial drilling has been done, which is known as regional exploration, the official said.

In the initial stage of exploration, Geological Survey of India (GSI) undertakes regional exploration of large areas to find out the broad availability of coal seams, geological structure, resources etc, he said.

Detailed exploration of the blocks will follow once they are allotted to state or central PSUs, the official added.

Last month Coal Secretary Anil Swarup had said, "We are preparing groundwork for commercial mining... We are looking at a few mines and the work has been undertaken to identify mines."

"The ministry is working towards creating a platform (for commercial mining) "in the next 3-4 months", he had said.

For the first time in over 40 years, the government is throwing open the coal sector for commercial mining, which at present is being undertaken by the central PSU Coal India.

The Cabinet recently gave its approval for allotting coal mines to central and state PSUs for sale of coal, especially to medium, small and cottage industries, under the provisions of the Coal Mines (Special Provisions) Act, 2015.

The decision was in line with the government's target of doubling coal production to 1.5 billion tonnes by 2020. Of this it has fixed a target of 1 billion tonne of coal production by Coal India by 2020.

Coal India accounts for over 80 per cent of the domestic production and has a target to produce 550 million tonnes of coal this fiscal.

The government has made it clear that the decision for commercial mining will not impact Coal India.

It also said that commercial mining "will also enhance domestic production of coal to meet growing demand of the economy, potentially cutting down imports".

It has said that the coal-bearing states will get additional revenue from such coal mines "equal to the amount of royalty on the quantity of coal produced on a monthly basis" during the lease period/life of the mine as well as one-time upfront payment, which is 10 per cent of the intrinsic value of coal in the mine, in three instalments in the first year of allotment.

COAL INDIA EYES COAL MINES IN SOUTH AFRICA

As it gears up to meet 1 billion output target, state-owned CIL is planning to acquire coal mines in South Africa in partnership with local government amid falling prices of assets globally.

"Coal India Ltd has plans of acquiring coal mines in South Africa," an official said. It is looking at acquiring mines in partnership with the government of South Africa, he said, declining to share further details.

The world's biggest coal miner had earlier decided to relinquish about three-fourths of the two blocks it was allotted in Mozambique for exploration and development. The decision was based on interim geological report prepared CMPDIL - a planning subsidiary of CIL.

Coal India Africana Limitada (CIAL), a fully-owned subsidiary of the state-owned firm, was allotted two leasehold licences for extraction of coal of about 224 sq km in Tete province of Mozambique in August 2009.

"I can only say you that Coal India has plans of acquiring mines in South Africa in partnership with the government there," the CIL official said. Sharing his views on availability of coal assets in global market, KPMG's Niladri Bhattacharjee said that just because an asset is priced less may not make it suitable for acquisition.

Operating coal assets up for sale globally may now be priced low for the simple reason that they are uncompetitive and global demand is structurally reduced on account of Chinese growth going out of the market, he said.

"New reserves (in Mozambique or Waterberg region of South Africa) suffer from developmental and evacuation challenges thereby increasing their time-to-value. Also the ocean freight and evacuation from discharge port stand-point will continue to pose a challenge for imported coal being competitive," Bhattacharjee said, adding that any new asset investment needs to be with a horizon of 30 years or so. With the uptick in domestic coal production and renewables, imports are steadily decreasing.

It is perhaps best for coal public sector undertakings to focus on maximising domestic production now than investing on assets which can turn into a liability post 2025/2030, he said.

According to Rajiv Agrawal, Secretary, Indian Captive Power

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Producers Association, on an average current South African coal price is between USD 42-44 per tonne and the futures market suggests below USD 40 per tonne. On the other hand, average domestic prices of coal were in the range of Rs 1,100 to Rs 1,200 per tonne, about half that rate.

CIL, which accounts for over 80 per cent of the domestic coal production, has targeted one billion tonnes of dry fuel output by 2020. It is set for a record production of 550 million tonnes this fiscal.

Coal India stock price On February 09, 2016, Coal India closed at Rs 309.20, down Rs 14.15, or 4.38 percent. The 52-week high of the share was Rs 447.25 and the 52-week low was Rs 286.90. The company's trailing 12-month (TTM) EPS was at Rs 19.07 per share as per the quarter ended September 2015. The stock's price-to-earnings (P/E) ratio was 16.21. The latest book value of the company is Rs 26.49 per share. At current value, the price-to-book value of the company is 11.67.

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GOVT TO AMEND LAW TO PUSH MINING M&AS

The government has proposed amendments to the country's mining law to allow transfer of lease for captive mines during mergers and acquisitions in a move aimed at helping companies pare debt and also enable banks to recover some of the funds that are locked up. The government released draft amendments to the Mines and Minerals (Development and Regulation) Act, 1957 as changes last year blocked transfer of leases for captive mines which were allotted before auctions became the norm.

As a result, companies such as Jaypee Associates, which is desperately seeking to sell some of its assets to reduce loans that add up to over Rs 40,000 crore, will be able to complete deals. "It will be particularly beneficial to the steel sector as several transactions have been held up," said a banker. The move will also benefit other metal companies, which have been hit by an onslaught of cheap imports from China where there is surplus capacity due to an economic slowdown.

"The transfer of captive mining leases, granted otherwise than through auction, would facilitate banks and financial institutions to liquidate stressed assets where a company or its captive mining lease is mortgaged. The transfer provisions will also allow mergers and acquisitions of companies and facilitate ease of doing business for companies to improve profitability and decrease costs of the companies dependent on supply of mineral ore from captive leases," the mines ministry said, while releasing the draft amendments.

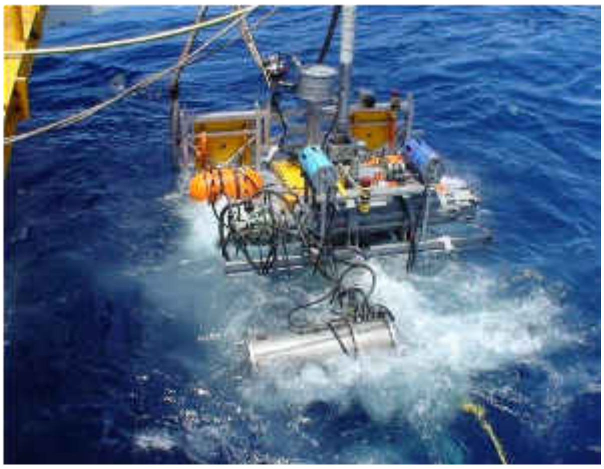
Although amendments introduced by the Narendra Modi government have now made auction of mining rights mandatory, the amendments, which are proposed to be introduced during the budget session, would help all mining rights given earlier.

The ministry said the government would allow the transfer at the time of M&As but specified certain conditions. "The transfer of captive leases would be subject to the consideration of enforcing performance security, Mine Development and Production Agreement (MDPA), and realization of an appropriate amount, if found feasible at the time of framing terms and conditions," the statement said. The passage of the amendment bill will enable the global cement giant Lafarge to sell its two plants of 5.15 million tonne per annum (MTPA) capacity in Jharkhand and Chhattisgarh . The sale is necessitated following the merger of Lafarge and Holcim globally. In India, their merger will take their combine capacity beyond the permissible limit under Competition Commission of India. Lafarge has agreed to sell both the plants to Birla Corp of K M Birla for Rs 5,000 crore.

Officials acknowledged that the provision had become an impediment to transactions. Banks are keen that several of the resource-dependent companies sell off some of their assets to reduce their debt and get business back into shape. These companies have been hit by low demand, accentuated by low rural incomes on account of two successive years of deficient rains.

'READY FOR NEXT GREAT GAME: MINING MINERALS FROM SEAS'

Major nations are looking to the oceans for mineral and fuel reserves as reserves on land deplete fast. The recent discovery by ONGC of a large reserve of gas hydrates -a potential game-changer in fossil fuels -off Andhra Pradesh has shown that the Indian exclusive economic zone may well be able to secure the nation's energy and other needs, but the technology for commercially exploiting these reserves is still several nautical miles away. In a chat with Meera Vankipuram, Satheesh C Shenoi, director of the Indian National Centre for Ocean Information Services (INCOIS), Hyderabad, and also director (additional charge), National Institute of Ocean Technolog y (NIOT), Chennai, explains that the process of analysing data on mineral deposits in the Indian ocean has begun.



Does India have the technology and industrial base to extract and use reserves like the gas hydrates?

Right now, we don't have the technology to produce gas from hydrates.This technology is still being developed. Countries like Japan and India are in the process of developing the technology, such as a deep sea bore.The methane is in solidified form, and the technology to bring it to surface is still a decade or more away.

What about the mineral reserves on the Indian Ocean seabed?

There are minerals such as magnesium, zinc, copper, sulphides and cobalt in these reserves. While it is not economically viable in the next two decades to extract these minerals, as underground reserves get depleted, the ocean reserves will become very valuable in the future.

Has NIOT or other agencies mapped the exclusive economic zone of India? What are its features? What does it contain?

NIOT has carried out shallow wa ter survey of the east coast of India [between 10 m to 500 m water depth].Survey of other portions were carried out by National Centre for Antarctic and Ocean Research (NCAOR) and National Institute of Oceanography (NIO). Assessment of EEZ resources requires comprehensive, accurate, and up-to-date bathymetric maps. Such maps are used for assessment of mineral resources, mineral exploration and development, deployment of research instrumentation on or near seafloor, including submersible operations, geological hazard assessment, sub-sea pipeline or cable routing. So far an area of about 9,334 sqkm [approx] was surveyed using research ships of NIOT.

What has Indian research in Central Indian Ocean uncovered?

India explored the area allotted by International Seabed Authority (ISA) in Central Indian Ocean for polymetallic nodules that are rich in metals like cobalt, nickel and manganese.Analysis of close grid data is still in progress. India is in the process of obtaining allotment from ISA for polymetallic sulphides in the Indian Ocean region.

Environmentalists have raised con cerns about exploiting ocean mineral wealth saying that it will disturb the fragile ecosystem of the oceans. What are your thoughts on this?

Yes. But establishing technical viability precedes commercial availability. India is in the process of developing technology for demonstrative mining in Central Indian Ocean Basin for polymetallic nodules. ISA has issued strict guidelines even for demonstrative mining. Baseline environmental survey before mining and environmental impact survey after mining are a part of this.

You had recently said that NIOT will transfer some of your technologies and specifics of know-how to industry.What are some of these technologies?

Island and power plant desalination systems, ocean observation and tsunami detection systems, coastal and ocean drifters, autonomous profiling devices and remotely operated vehicles are a few of the technologies ready for transfer to the industry. The coastal drifter, tsunami detection and laboratory validation technologies are transferred to National Research Development Agency which markets indigenous technologies.

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Can you describe the underwater remotely operated vehicle developed by NIOT? Why is it unique?

NIOT has developed a work-class, deep-water Remotely Operated Vehicle ROSUB 6000 with a depth rating of 6,000m. Very few countries in the world have such underwater vehicles. It has a host of scientific sensors, lights, cameras, sonar, sampling devices and robotics arms which make it useful for both scientific explorations and engineering interventions up to 6,000 m water depth.

This is of immense importance in the area of ocean mineral exploration. Based on the expertise developed in-house, NIOT made a Remotely Operated Vehicle for Polar Regions for the scientific explorations in Antarctica and Arctic regions. This has been successfully deployed in Antarctica in 2015. Polar ROV was dedicated to nation in March, 2015. Very few countries in the world have ROVs that can function in the polar regions and the addition of ice-coring system in our ROV makes this vehicle unique.

MINING ON GAULA RIVER: UTTARAKHAND STATE AUTHORITIES DENY BAN

Though the protest on ban on mining in Gaula river by NGT has begun in by the affected groups in Haldwani, the Uttarakhand Forest Development Corporation deny from any such ban in place.

Dinesh Pandey, the environment activist, had made the plea before NGT to quash the Forest Clearance accorded by the order dated January 24 , 2013 for collection of stone, boulders and other minor minerals from 1497 hectares area in river bed of Gaula river for the period of ten years by State of Uttrakhand ignoring the fact that most part of the area is forest and important wildlife habitat. He also appealed to quash the Stage I and Stage II forest clearances granted by ministry of environment and forest by letter dated January 10 and January 23, 2013.

The Gaula River originates from Padampuri in Nainital district of Uttarakhand and flows through foothills in Haldwani Forest Division and Terai East forest Division (TEFD). The total length of the river is around 60-70km, of which 29 km stretch of the river from Kathgodam to Lalkuan is being used for sand/ boulder extraction, covering 1497 hectare.

STS Lepcha, managing director of UFDC said, "Gaula is the only river in the state which added maximum revenue to the exchequer from the mining activity. It was Rs 143 crore last financial year. The annual revenue always ranges above Rs 100 crore from this river. Ban on this river will mean big revenue loss to the state government as all the revenue is directly sent to the state government by the UFDC."

JS Suhag, general manager of UFDC for Kumon region told TOI that the tribunal has banned the mechanized mining on Ganges and its tributaries. Since only manual way of mining is conducted on Gaula so we will not stop mining on this river."

UK Uniyal, advocate general also said, that he contended before counsel that since the state government has already been adhering to the guidelines with regard to mining on rivers in the state, hence mining should not be banned on Gaula.

Rahul Chaudhary, counsel of Dinesh Pandey, activist and petitioner said, "The bench on January 29 accepted our argument that the order in Ganga Phase I case of MC Mehta of December 10 which says that any activity from center of the river, Ganga and its tributaries, to 100 meter on either side will be banned, should also cover this case as well. This means that mining with 100 meter on either side means total 200 meter will be banned. This will cover the entire mining area on Gaula river."

He said, NGT later uploaded it on its website that learned counsel appearing from the parties commonly conceded that the controversy in the present case is squarely covered by the judgment of the Ganga Phase I. He further added, It seems that the counsel from the state government side did not fully read the MC Mehta case judgement."

NAXALS ALLEGE COPS PREPARING FOR MINING

Naxals claimed on Wednesday that the TDP government is constructing a police camp at RG Kotturu to speed up bauxite mining activities in the Visakha Agency. In a press note released in the name of East Division Committee, the naxals said the police camp is being constructed between Rallagedda and RG Kottur area. The government is planning to set up 100 security camps and another 100 cell towers in Visakha Agency to suppress the people's agitations, they said.

According to the release, the TDP government apprehended 16 tribals from Jerrela panchayat recently and in the process, attacked children, damaged household utensils and looted cash and gold. The naxals held Visakha Rural SP Koya Praveen and anti-naxal wing police officer Venkata Rao responsible for such action and said both the officers are promoting the interests of corporate entities.

INDIA MULLS KEY INVESTMENT TO SET IRON ORE PLANTS IN IRAN

State-owned Indian firm KIOCL may invest an initial $59 million to build an iron ore pellet complex in Iran, with the objective of offering cheaper supplies of the processed material to Iranian steel mills.

The company is also negotiating the sale of more than 2 million tonnes of seaborne to the Gulf country now free from trade sanctions,

KIOCL is not the only Indian firm trying to secure deals with Iran. Aluminum maker NALCO is also considering setting up a $2 billion smelter complex in the Middle Eastern country. Companies from the oil sector to car making

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are jostling to take advantage of the opening of the country of nearly 80 million people. Most sanctions were dropped late last month after Tehran agreed with world powers on a plan to limit its nuclear capabilities.

Iran's Deputy Mine, Industry and Trade Minister Mehdi Karbasian recently claimed that, in the mining sector alone, his country has now more than $10 billion of investment pledges by the Europeans and Chinese under its belt.

Some deals are ready to be inked, but others are still in negotiation as a few sanctions not related to the nuclear program remain in place, particularly by the U.S., on the trade of goods that could be used for military or intelligence purposes.

According to Karbasian, Iran stands to make an estimated $700 billion off its vast deposits of minerals such as copper, iron ore, zinc, lead and heavy rare earth elements. Currently, the nation has more than 3,000 active mines, mostly privately owned.

INDIA IS SLOWING DUE TO MINING, REAL ESTATE WOES

For almost a year now my colleagues and I have been of the view that the Indian economy has been steadily losing steam. With a battery of metrics – such as credit offtake, cement demand, rural wage growth, corporate profit margins, banking system stress – now behaving exactly as they should in a steady economic slowdown, it is now time to delve deeper into the economy and understand which parts of our economy are more exposed to the slowdown than others.

We classify the Indian economy into three distinct segments that appear to be growing at distinctly differing paces namely: (1) The low speed economy (share in GDP 40%): Agriculture, construction, public administration and banks appear to be decelerating or growing at the slowest pace of all the sectors in the economy; (2) The mid speed economy (share in GDP 30%): Commercial transport, manufacturing, residential real estate and mining appear to be growing at a middling pace; and (3) The high speed economy (share in GDP 30%): Personal transport, hotels, commercial property and business services appear to be growing at a relatively rapid pace.

This column will focus on why these three segments are growing at different speeds and what that portends for overall economic growth going forward.

The low speed economy (40% of GDP): These segments of the economy have been hit by an unfortunate combination of bad weather (two droughts in a row have crippled the agricultural sector), specific policy decisions (the NDA has shrunk subsidies in its first two budgets and that has reduced the supply of funds being pumped into rural India) and crippling economic imbalances which arise from time-to-time in a free market economy. Let me elaborate on the last point - economic imbalances - as they arguably the most potent negative influence squeezing the Indian economy today.

Between FY04-08 India embarked upon an intense blast of capex – in those years capex grew at around 17% per annum (in real terms). Unfortunately, a large part of the monies for these investments were pilfered by corrupt promoters and their friends in political & administrative circles. Much of the rest of the investments were hit by the inordinate delays for clearances & permissions that plague almost every aspect of construction activity in India.

As a result, a large part of the capex of the go-go years became stressed assets on the balance sheets of the banking system and excessive leverage on the balance sheets of companies in the power, infra and roads sectors.

Now, with 15% of its assets in trouble, the banking system is in no shape to finance a capex recovery in India and, in parallel, the power, infra and roads sectors are in no shape to invest fresh monies. The Japanese economist, Richard Koo, calls such events a "Balance Sheet Recession" and he has articulated eloquently why it is so difficult for countries stuck in such recessions to drive an economic recovery. In particular, monetary policy loses its effectiveness in balance sheet recessions because the banks don't have the ability to lend and corporates don't have the ability to invest.

The high speed economy (around 30% of GDP): At the other extreme is that segment of the Indian economy which is benefitting from private equity & venture capital inflows into the Indian tech sector plus large investments being made by firms such as Google, Amazon, Alibaba and Uber in India.

If we combine these two streams, I reckon around $20-25 billion of foreign capital has been pumped into the Indian economy over the past 12 months. Whilst this is obviously benefitting the e-commerce companies, the money they are spending is benefitting other sectors such as airlines (domestic passenger traffic growing at more than 20% per annum), hotels (utilisation levels are at six-year highs), commercial real estate (demand for office space has recovered over the past year), cars (number of cars sold is growing at 7% per annum) and urban consumption in general (retailers such as Trent and ShopperStop are reporting double digit same-store-sales growth). (Continued on Page 9)...

It is hard to ascertain how sustainable this e-commerce driven boom will be. Whilst overseas PE/VC flows have already started tailing off, deep-pocketed companies like Amazon, Alibaba, Softbank and Google are obviously not going to give up on India in a hurry. Furthermore, it appears that the Indian banking system has pretty much stopped directing credit towards corporate India. That in turn means that our banking system is now almost entirely focused on seeking its growth by directing credit to the retail borrower. These two factors – foreign equity capital inflows into the e-commerce sector and domestic credit flow – should keep the high speed economy centred around urban consumption in reasonably good shape in CY16.

The mid-speed economy (around 30% of GDP): Whilst I reckon the high speed and the low speed sectors of the economy will continue behaving in CY16 in much the same manner that they have done in the year before, the mid-speed economy seems to be heading for a pronounced slowdown. This is due to two reasons. Firstly, the residential real estate sector is plagued by numerous problems both:

On the supply-side (supply of equity capital from the black money economy, which was the core funding source for this sector, has dried up; in parallel, the formal lending sector has turned off the tap for developers); and

-- On the demand-side (2% rental yields in a country with 10% cost of borrowing makes India the world's most overvalued residential real estate market; add to that many years of unsold inventory in the big metros and you have a recipe for demand hollowing out).

Secondly, the mining sector is being hit by the twin impacts of the global correction in commodity prices (which is making exploration-related activities unviable) and the government's inability to find a viable construct for auctioning coal mines in the wake of the Supreme Court's September 2014 judgement cancelling all mines granted by the government over the past 20 years.

They say that in politics the median voter, rather than the majority, determines the election result. Applying that analogy to the economy would suggest that the mid-speed economy will determine the direction of economic growth in India. For now that direction appears to be downwards.

MINERS' BODY ACCUSES GOVT OF "KILLING" INDIA'S IRON ORE EXPORTS

Alarmed by the continuous slide in exports of iron ore, miners body FIMI has accused the government of "killing" India's ore trade and sought immediate steps for its revival.

Apprehending a sharp fall in exports of the key steel-making raw material this fiscal too, the Federation of Indian Mineral Industries (FIMI) has said ore units are on the verge of closure. The allegations come in the wake of India's top 12 major ports witnessing a sharp 38% decline in ore handling to only about 8 million tonnes (mt) in April-December of the current fiscal, which includes domestic movement of cargo.

"India is the only country in the world which has killed its flourishing iron ore trade, which has deprived the country of huge foreign exchange on the plea that the domestic industry is not hurt," FIMI Secretary General R K Sharma told PTI.

"The trends show that exports will decline hugely this fiscal. In 2014-15, exports stood at 6.12 mt," Sharma said, pitching for "immediate measures like removal of export duty on iron ore fines as well as lumps".

Mineral ore exporter bodies have already sought Prime Minister Narendra Modi's intervention for removal of export duty on iron ore, saying it will help in higher revenues of $750 million a year. Besides, industry body GMOEA has written to the Prime Minister's Office urging it to remove the 10% export duty on iron ore fines with Fe content below 58% and the 30% export duty on iron ore lumps, irrespective of the grade.

"Today, there is no domestic demand for iron ore, exports are minimal and mining units are on the verge of closure," Sharma said, expressing concerns that "it may lead to huge unemployment".

The government recently reduced export duty on iron ore pellets to zero from 5%. In 2014, the government had gone for a 5% export duty on iron ore pellets -- which are value-added products of leftover material or low-grade iron ore and used in steel-making. Iron ore pellet makers as well as a few miners had earlier sought a reduction in export duty on iron ore to make it more competitive.

CRH ENTERS RACE TO BUY LAFARGE INDIA

Dublin-based CRH, the world's third largest building materials company, has jumped into the fray to bid for Lafarge India's cement business with annual capacity of 11 million tonnes (mt). Last year the Irish company acquired assets worth $7 billion as Holcim and Lafarge divested assets worldwide to meet anti-trust regulations to complete their global merger.

Both CRH and Lafarge India declined to comment to an e-mailed questionnaire.

France-based Lafarge and Swiss cement giant Holcim announced a global merger in April 2014 to create the world's largest cement company. .

This raised eyebrows of anti-trust watchdogs in several countries.

In India, Holcim, through its control of Ambuja Cement and ACC, has 60 mt of capacity. Lafarge has capacity of 11 mt in India, of which 7.8 mt (70 per cent) is in Chhattisgarh,

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Jharkhand and West Bengal. Holcim's ACC and Ambuja have capacities of 6.1 mt and 4.6 mt, respectively, in India's eastern region. A simple merger would have led to a capacity of 18.5 mt in the eastern states for Holcim-Lafarge, which would have been a little more than 40 per cent of the estimated 46 mt of total capacity in the region.

The Competition Commission of India (CCI) asked Lafarge India to sell its 5.15 mt capacity in eastern India by December 31 to complete its global merger.

In August 2015, Birla Corp had agreed to buy the proposed assets, along with brands Concreto and PSC and mineral rights over adequate reserves of limestone. The deal was conditional on Birla Corp being able to secure the mining rights Lafarge had. The deal failed as Birla Corp could not secure mining licences. This prompted Lafarge to put its entire capacity on the block, as a share sale deal would result in getting the mining licences automatically transferred.

Lafarge India submitted a revised proposal to this effect early this year. But with chairpersonAshok Chawla retiring last week, CCI's approval for The new plan got delayed. With D K Sikri taking the charge of the anti-trust body, the process is expected to be completed soon. "All the formalities are complete and we are expecting approval to Lafarge's proposal very soon," said a source in CCI. CRH has appointed one of the top four audit firms to advise it for the coming bid.

The advisory business of this global audit firm is preparing the proposal for the bid. "This deal is tailor-made for CRH as it has acquired Holcim-Lafarge assets globally," said a banker familiar with the development.

CRH has presence in the Indian market; it had acquired 50 per cent stake in Hyderabad based My Home Industries (MHIL) in 2008. MHIL has an annual cement capacity of 4.8 mt from two plants and is the lowest cost producer and a leading player in its market. In 2013, MHIL acquired South India-based Sree Jayajothi Cements which had an enterprise value of Rs 1,400 crore for its 3.2 mt capacity.

However the bidding for Lafarge's assets in India is expected to be a tough fight with continued interest from strategic players such as Birla Corp, JSW Cement and increasing interest from private equity players such as Blackstone, say sources.

INDIA COMPANIES EYE OIL IN CANADA

After a fall in commodity prices, Indian companies are scouting for cheap oil and gas and mining assets in Canada, according to Canada-India Business Council (C-IBC) vice chairman Kam Rathee.

C-IBC and Federation of Indian Mineral Industries (FIMI) are going to sign an MoU on Monday for joint co-operation in the mining sector.

"Canada has mining assets in Northern Ontario and British Columbia, while Alberta is the mecca of oil and gas in Canada," Mr Rathee told this newspaper. Mr Rathee is a part of 100-member business delegation which is accompanying Ontario Premier Kathleen Wynne who is on a visit to India.

Eyeing huge business and marketing opportunities in India, C-IBC has decided to open an office in India too. "The giant Canada is waking up for India," said Mr Rathee. He gave some of this credit to recent visit of Prime Minister Narendra Modi to Canada.

He said that Canada also looking to encourage more Indian students to come there for education. "Education cost in Canada is less than in Australia and the UK. The number of students visiting Canada has increased from 12,000 to 26,000," he said.

MINERS BATTLE TO STAY ALIVE AS VEDANTA CEO TOM ALBANESE SEES RETURN TO 1990S

It's time for mining companies to hunker down and fight to stay in business, Vedanta Resources Plc chief executive officer Tom Albanese said.

"This is exactly where we were in the late 1990s," Albanese, the head of India's biggest aluminum and copper producer, said in an interview with Bloomberg Television on Monday. "The survivors were the ones that enjoyed the benefit when China kicked in starting in 2003. Those who can manage their balance sheets the best in this period of time, manage their assets the best, stay opportunistic. We could be OK."

Albanese was speaking in Cape Town where he's attending the world's largest mining-investment conference along with thousands of the industry's top executives. Some of the biggest thousands of the industry's top executives. Some of the biggest mining companies are trying to weather the plunge in raw- material prices by shuttering production, scrapping dividends and reining in spending. Anglo American Plc CEO Mark Cutifani on Monday said that this year may be just as gloomy as in 2015.

China's slowest economic growth in a generation has led to oversupplies of metals and sent prices of copper and aluminum to near six-year lows, while nickel is the cheapest in more than a decade. The current situation is a reminder to some of the 1990s, when assets were cheap and commodities businesses were retrenching. Copper prices dropped more than 50% in four years through early 1999.

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Assets slide

The Bloomberg Commodity Index, a measure of returns for 22 raw materials, last month reached the lowest since at least 1991 and a Bloomberg gauge of 80 mining stocks slid almost 40% in the past year.

"We're putting all our efforts into basically meeting our debt requirements, refinancing where necessary and again recognizing the balance sheets are king," Albanese said. "Our peers in the sector are doing exactly the same thing. The businesses are just hunkering down and getting that done. Those businesses that are best at it will be best recovering."

Vedanta shares are down 11% in London since the start of January, after dropping 52% last year. The Bloomberg World Mining Index has declined 2.9% in 2016. While some supply and demand data for copper, zinc and gold are looking better than a few months ago, the market shouldn't expect any big improvements, Albanese said. In copper, while the current balance between output and consumption is probably healthier than expected six months ago, inventories suggest supplies will be enough to meet usage, he said in a separate interview.

The mining industry is hesitant to say that commodity prices have reached a bottom and are turning, Albanese said.

"We're still in an environment where news out of China dominates sentiment in our sector," he said. "The longer this negative sentiment continues, the less healthy the supply sector will look."

ODISHA EYES 70 MILLION TONNE OF IRON ORE PRODUCTION IN 2015-16

Odisha is targeting a production of 70 mt of iron ore in 2015-16, with top miners pinning their hopes on restarting operations even as they await a final nod from the Supreme Court, which is slated to consider their appeal later this month.

The delay in reopening mines in mineral rich states is taking a toll on the industry. With lower supply of iron ore, India, traditionally a net exporter, ended up importing nearly 15 million tonnes (mt) of iron ore in 2015. More significantly, fewer mines in operation have added to the problem of unemployment and socio-economic issues and lower revenues for the state and central government.

"The state government is keen to start operations at the mines," Deepak Mohanty, director of mines at Odisha's Directorate of Mines said. Some 102 mines in Odisha and 21 in Jharkhand on deemed extension were closed and asked to revert to SC after required statutory clearances.

"Some mines have received all statutory clearances and are awaiting SC nod to restart operations. Once these and other mines come into production the state's contribution will improve further," he said. Despite the constraints, Odisha has been one of the better performers.

Till January 15, domestic iron ore production has been 98 mt, of which Odisha produced 55 mt, more than half of the share. "Till date, the state has produced around 63 mt. We hope to end the year with 70 mt," Mohanty said. While Odisha's share dipped to 40% last year, with 52.02 mt out of the total 128.9 mt of iron ore produced in India, the state has mostly contributed to about half of the country's production. In 2014, it produced 76 mt of the total of 152 mt of ore produced, while in 2013 it produced 64.31 mt out of a total of 136.01mt.

"The need of the hour is to urgently start operations in mines which have all statutory nods in place so that iron and steel industry is assured of higher availability of ore. This will also resolve continued unemployment which has serious socio-economic ramification," said a consultant with a large Odisha mining company, who did not wish to be identified. Global iron ore prices have crashed to $40 per tonne from $180-190 per tonne in 2011-12, adding to miners' woes. The MMDR Amendment Act provides that mines, other than captive ones, shall be extended and deemed to have been extended up to March 31, 2020 with effect from date of expiry of the period of renewal last made or till completion of renewal period, if any, or for 50 years from the date of grant of such lease.

MINING ISN'T A DIRTY WORD

Mining is one of the oldest human activities and will continue till alternatives to minerals are found. Mining is important for economic development but open cast mining is a destructive activity that leaves an ugly scar on the earth. However, by applying modern scientific technologies and adopting environmentally-sustainable mining practices, the negative impacts can be minimised.

India's mining industry received bad publicity in the last five to six years due to illegal mining activities in Karnataka, Odisha and Goa. The Supreme Court had to intervene and the clean-up process was started. This writer, as Director General of the Indian Council of Forestry Research and Education and Chancellor of FRI University, had headed the Supreme Court-appointed multi-disciplinary task force, comprising of experts from the ICFRE, the Forest Survey of India, the Wild Life Institute, the National Institute of Environmental Engineering and the National Remote Sensing Agency, to do an environmental impact assessment of mining operations in Bellary, Chitradurga and Tumkur districts.

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The task force was constituted in August 2011 after a public interest litigation was filed in the apex court, alleging rampant illegal mining. After several field visits and wider consultations with all stakeholders, the task forcesubmitted its reports to the Supreme Court. In the meantime, considering the satisfactory job done by the team, the Supreme Court and the Government of Karnataka asked the ICFRE to prepare mine rehabilitation and restoration plans for all the mines.

The task force had found that proper technology was not being used, that there was encroachment of over 43sqkm of adjoining forest lands, and the mandated safety zone was not being maintained. Most small mine owners either lacked the resources or the motivation to do mining scientifically. The outdated system of granting leases and the inherent political corruption is to blame for this.

The Ministry of Environment and Forests is also guilty of violation of environmental norms.The task force was told by the Bellary District Magistrate that even after adverse reports, mining companies obtained clearances from the Ministry. Several politicians and bureaucrats minted money and dishonest mining barons prospered at the cost of honest mining companies.

However, the days when mining companies flouted environmental norms and safety rules are now over. The future is only for scientific and environmentally-sustainable mining. Those who want to be in the mining business must use better technology for exploration, the latest equipments and trained manpower. They should consider cooperative mining as well.

One peculiar dilemma that policy-makers have to face in this country is that most mineral deposits are under forest cover. The more dense the forest, the more ore lies below it. Solving this conundrum is the responsibility of policy-makers, experts, mining federations and mining companies, apart from Governmental agencies.

Mining is essential for sustaining the livelihoods of many communities (including those that live in mineral-rich Red corridor) as well as for production of steel and other industrial raw materials that are needed for national development. There is no need to demonise mining just as mining doesn't have to be in destructive mode either. It is necessary to plan, implement and institutionalise a range of mechanisms and processes which will enable the country to meet its industrial and economic imperatives on the one hand but also safeguard the environment and human wellbeing on the other.

The Supreme Court needs to wind up the mining conundrum and direct the Union Government to end red-tapism in the sector by setting up a transparent and forward-looking framework for proper monitoring of mining operations. The task force had recommended cancelling the licenses of those who had done rampant illegal mining in the past.

It had also suggested fixing 50 hectares as the minimum for granting lease. This recommendation was arrived at after consultation with all stakeholders including mining associations but no action has been taken. The Supreme Court should direct the Union Government to examine these recommendations and reform the working of regulatory agencies dealing with mines, like the Indian Bureau of Mines and the office of the Directorate General of Mines Safety, to ensure safe mining operations.

Mining companies must also form a consortium of technical experts to lay the foundation of ecologically-sustainable mining and win the confidence of locals and genuine environmentalists.

(The writer is former Director General of the ICFRE and former Principal Secretary, Government of Tripura

THIS IS GOOD NEWS FOR SOUTH AMERICAN GOLD MINERS

Interesting reports emerging this week from the world's largest gold-consuming nation: India.

Where it appears buyers are increasingly looking to a new part of the world to secure bullion supply.

That new supply source is South America. Where officials with MMTC, India's largest public metals traders, said over the weekend that Indian gold buyers are increasingly venturing to buy their gold.

Local press in India quoted senior management from MMTC as saying that India's gold buyers are specifically going after unrefined "dore" gold from countries like Ecuador, Peru, Bolivia, Guyana, Colombia, Honduras and Nicaragua. In order to benefit from better tax rates.

That's because unrefined gold like South America's dore is subject to lower import taxes in India. With such shipments receiving only 8 percent duty, as opposed to 10 percent for refined gold. By importing dore and then refining it in India, sellers get a significant break on taxes. Which it appears is prompting rising demand in several parts of South America. News sources quoted Ecuador's ambassador to India, Mentor Villagomez, as saying, "For the first time the Central Bank of Ecuador shows export of gold to India for 2015." And Bolivia's ambassador, Jorge Cardenas Robles, also noted that his country has begun exporting gold to Indian buyers.

Beyond those two nations, reports also suggested that dore imports to India from Peru have been rising, after beginning back in 2012. Showing that demand for South American gold seems to be growing across the board in this key market.

Interestingly, this trend also appears to be prompting interest from India's mining companies in picking up South American gold projects. Reports noted that three unnamed Indian investors "have decided to invest in gold mines in Peru." And Bolivian officials said that a delegation of Indian gold miners is expected to visit the country soon.

All of which is great news for South America's gold sector. Watch for investments from Indian mining firms in the local bullion sector here.

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