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OPEN SKY POLICY FOR EXPLORERS...

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OPEN SKY POLICY: MINES MIN TO ROPE IN PRIVATE FIRMS FOR EXPLORATION

There is a growing realisation within the ministry that unless exploration is promoted there would be few non-coal mining leases left for future auctions

In a first, the Union mines ministry is zeroing on an "open sky" policy to promote mineral exploration by roping in private explorers and allowing seamless prospecting of minerals except the strategic ones.

The ministry is likely to recommend issuance of exploration bonds to private players on the lines of infrastructure bonds. The earlier mining law, which was amended in March this year mandates auctions as the sole route for granting mining concessions, but poor investment in mineral exploration continues to plague the sector resulting in the government's over dependence on the state-run exploration firms like Geological Survey of India (GSI) and mineral exploration corporation limited (MECL). There is a growing realisation within the ministry that unless exploration is promoted there would be few non-coal mining leases left for future auctions. Of the 199 leases identified for e-auctions, some may need further exploration, a ministry official said.

"The quantum of investment in exploration remains a concern for my ministry and we have aimed to increase it to the extent possible through private participation in a transparent manner. Though GSI and MECL are doing their best, yet the net area where mineralisation is possible will have to be ascertained," mines minister Narendra Singh Tomar told The Indian Express last week. Tomar reasoned that while government agencies will continue to perform the tasks assigned to them, the private sector will be roped in for reconnaissance and exploration. In the amended mining Act, the government has mandated creation of a non-profit body called national mineral exploration trust (NMET) to promote regional and detailed exploration. The holder of a mining lease or a prospecting licence-cum-mining lease would compulsorily pay to the NMET, a sum equivalent to 2 per cent of the royalty.

A top official of his ministry said adopting an open sky policy on this issue is a viable way to rope in more investment in the sector and extensive consultations with various stakeholders including industry bodies like the CII is being held currently

. Conscious that the open sky policy may not fructify without incentives, the 12th Plan Working Group of the ministry had recommended encouraging equity investment in joint ventures for exploration promoted by domestic firms and participation by 'Junior ' exploration companies specialising in advanced geophysical methodologies

GOVERNMENT TARGETS AUCTIONS OF 120 GREENFIELD MINES THIS FISCAL

The Modi government is aiming to conclude auctions for 120 greenfield mines bearing major minerals by the end of this financial year in two phases, the first of which is expected to start in October.

The Centre is betting that this will revive the moribund mining sector, which contracted for three years in a row between 2011-12 and 2013-14 and grew at a marginal 1.4 per cent in 2014-15. The sector has been caught in a crossfire of scams, court judgments cancelling leases and uncertain environmental norms, forcing India Inc to import critical raw material such as iron ore. States including Odisha, Gujarat and Chhattisgarh are competing to be first off the block in the auctions for the mines, which will be allotted to the highest bidder under a new law cleared by Parliament in March. "We are helping and facilitating the states in the process and believe around 120 mines would be ready for auction this financial year," Mines Secretary Balvinder Kumar told ET. "Many states are at the threshold and have begun surveys to mark out boundaries and fix the reserve price for individual mines."

The Modi government has assigned top priority to expediting mineral auctions to be undertaken by the states. Kumar, who took charge at the ministry earlier this month, has visited seven states to set the ball rolling. By next month, I would have covered all states with significant mineral resources," he said. "The states and Centre are on the same page about the auction rules and tender documents...now everything is clear. We are moving fast in this direction... the trend (in the sector) will change once these mines start operating."

Rajasthan has identified 61 mines of different minerals for the first set of auctions, followed by Chhattisgarh (21), Odisha (16), Jharkhand (10) and Gujarat (six).

While most of the mines are for iron ore, bauxite, dolomite and limestone, Rajasthan is also expected to bid out a gold mine. By next month, the government will have a rough estimate of how much mineral wealth could be unlocked from these mines

Most states have engaged merchant banker SBI Capital Markets and Nagpur-based public sector firm Mineral Exploration Corporation Ltd to conduct the auctions, based on an advisory from the Centre.

To expedite the process, the Union Mines ministry has shared geological exploration reports for these untapped mineral riches with the states free of cost, marking a departure from the past, when such data was sold at a high price.

NO MONETARY INCENTIVES FOR MINERAL EXPLORATION

The government has decided not to give any kind of monetary incentive or relaxation concerning mineral rights to the owners of non-exclusive reconnaissance permit(NERP) – which is required for preliminary mineral exploration – in case he finds some data.

According to the recently notified Mineral (NERP) Rules, 2015, the NERP holder will have to submit the data with the state government so that the latter can initiate the auction process for mining licence (ML) or composite licence (prospecting licence-cum-ML).

The state governments will be auctioning the mine for composite licence in case G3 level exploration has been done by NERP holder. A mining lease can be auctioned only after G2 level exploration.

GROUNDBREAKING

- According to recently notified NERP Rules, the holder will have to submit the data with the state government so that auction-processes can be initiated for mining licence (ML) or composite licence
- The state governments will be auctioning the mine for composite licence in case G3 level exploration has been done by NERP holder
- The rules state that the NERP holder shall not be entitled to make any claim for such composite licence or ML on the basis of NERP

The Centre has renewed its focus on exploration as India's explored area is minuscule to its obvious geological potential (OGP)

The rules explicitly state that the NERP holder shall not be entitled to make any claim for such composite licence or ML on the basis of NERP.

Earlier, there was the provision that the RP holder, if he finds any data, will have the first right to apply for prospecting licence and then ML.

Moreover, the rules are silent on reimbursing these holders financially for the money spent on exploration.

"Not many people will spend money in exploring unknown areas, when the chance of getting a return is much less than even in the past (when they could at least get prospecting and mining rights)," said S Vijay Kumar, former mining secretary.

"I cannot imagine DeBeers or Rio Tinto spending millions of dollars, and handing the data to, say, the state government of Chhattisgarh, and asking them to conduct an auction for the diamond prospect they may have found!" he added.

The Centre has renewed its focus on exploration as India's explored area is minuscule to its obvious geological potential (OGP).

Consequently, as the state governments do not have good quality mineral data at present, they are worried that they will not get good prices during auction.

According to the data shared by the ministry of mines, of a total land area of 3.28 million sq km, around 570,000 sq km has OGP.

As of 2012, according to the ministry, only 5,046 sq km was under mineral lease, less than one per cent of the OGP. Earlier, the government had brought the rules regarding NERP in the draft Mineral (Auction) Rules, 2015.

However, the final auction rules did not have any mention of NERP as the government needed more time for discussion.

Now, the government has separately notified the Mineral (NERP) Rules, 2015, which are not much different to the ones proposed in the draft auction rules.

Apart from focusing on NERP, the central government has also introduced draft rules for setting up of National Mineral Exploration Trust (NMET) for which the miners would be paying an amount equivalent to two percent of royalty paid to the government.

The government has also notified some of its companies for exploration work. "Apart from NMDC and MECL, we have appointed central public sector undertakings such as SAIL, RINL, KIOCL and MIOL as well as state PSUs from Chhattisgarh and Madhya Pradesh for exploration work. We are increasing exploration with their help. If there is better data available, even states will get more revenue in auctions," Union Mines Minister Narendra Singh Tomar had said earlier in an interview to Business Standard.

DECIDE IN HASTE, REPENT AT LEISURE

Using its brute majority in the Lok Sabha and by winning over the regional parties in the Rajya Sabha, primarily by dangling the lollipop of additional resource allocation to the states, the National Democratic Alliance government has been able to steamroll its Mines and Minerals (Development and Regulation) Bill, 2015, into law. Even the Rajya Sabha select committee on the subject was not spared; it was hustled into submitting its report within seven days.

The only people who seem to be happy are the beneficiaries of captive mining, a practice that has distorted the growth of the mining industry in India, prevented the development of world-class mining companies in our country and has off and on resulted in mining scams, the latest being the one on coal block allocations under the United Progressive Alliance government. Besides, since the leases of the captive miners will expire at the end of the prescribed period of 15 years - five years for non-captive miners - the focus of the existing leaseholders will now be on extracting as much good quality ore as possible without so much as concern for scientific mining or environmental sustainability.

There are some provisions in it that are welcome: allowing transferability of mineral concessions, increasing maximum areas for prospecting and mining leases and a few procedural improvements in the disposal of applications and revision cases. However, two of the core provisions of the amending law appear flawed and are likely to create implementation nightmares.

One is the provision to grant prospecting licence-cum-mining lease through auction. This proposal no doubt, is a direct consequence of the Supreme Court's judgment in the 2G spectrum case where the Court observed that the state was "duty-bound to adopt the method of auction" while allocating natural resources. It would have been more appropriate to have explained to the apex court the difficulties inherent in this approach.

First, one participates in the auction of a property when its value can be estimated, not for exploring a mineral where the extent and value of the deposits lying underground are yet to be ascertained.

Then there are inherent uncertainties associated with the discovery and exploitation of mineral deposits and very low success ratio of discovery becoming a profitable mine.

Also, mineral exploration requires long-term engagement of professional mining companies (prospectors) involving sophisticated technology and large capital. Sometimes, three or four prospectors work in an area before the reserves are proved and someone decides to develop the mine.

In these circumstances, opening mineral resources to auction may help speculative (but unprofessional) bidders who seek to realise maximum profit at the cost of scientific development of mineral deposits and environmental sustainability.

It is for these reasons that no major mining nation uses competitive bidding or auction for allocating mineral resources.

Additionally, in our country, most minerals found near the surface and easily extractable - the amending law's 'notified' or bulk minerals like iron ore, manganese and bauxite - have been explored and are now being exploited. The priority in exploration now has to be on base and precious metals - such as copper, zinc, lead, nickel, gold and platinum-group of minerals - lying in difficult terrain and greater depth below the surface. Many of these metals are essential to a range of new and 'green' technologies, in greater demand worldwide. The government and semi-government agencies that mostly do exploration (of surface minerals) in India do not have the resources, expertise and advanced technology required for the purpose. The capital-intensive nature of developing new sites involves great risk, which only professional (foreign) companies can undertake; and their exploration is focussed on specific mineral commodities with priorities determined by the price trend of minerals.

The auction method is inappropriate for these companies and their explorations. To claim that their concerns can be overcome by production or revenue sharing is to betray a lack of basic knowledge of the nature of mineral exploration.

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The top exploration destinations in the world today have been Latin America, Africa, Australia and even south-east Asia. India is skipped and does not figure in the list because of its governance and policy hassles. Bureaucratic initiatives like setting up a National Mineral Exploration Trust in order to promote exploration is not likely to improve matters.

In this scenario, it is somewhat fanciful to expect that professional foreign mining companies will come into the country for mineral exploration. After all, even more than two decades after the mining sector was opened for foreign investment no worthwhile foreign company (except Rio Tinto) has come into India; neither has much exploration work been done. In fact, no new mineral deposit has been discovered in our country over the past 40 years.

The second provision of the amending law is the proposal to have a government-sponsored District Mineral Fund for carrying out development programmes for local communities in mining areas. The creation of alternative assets in the form of physical and social infrastructure in place of the damaged natural capital (minerals) of the community is the miner's obligation and not that of the government.

The miner's responsibility is limited to his project area and its immediate environs, not for the entire district where local development work must be undertaken by public agencies. A district-approach for pooling miners' contributions may lead to the diversion of funds for expenditure in non-mining areas of a district and for non-essential projects. The usual evils of local bureaucracy are likely to bedevil the whole operation. Government officials rarely visit remote areas where mining enterprises work and have institutional infrastructure to execute development work.

In these circumstances, it would have been more beneficial and effective if mining enterprises were put under a legal obligation to undertake local development work in their respective project areas, through partnership arrangements with local communities in the form of "trusts" , "foundations" and consortium (small mines), as is practised in many mining nations. Their performance could then have been made subject to a compulsory government or social audit.

The author, Nilmadhab Mohanty is a retired civil servant, is an honorary senior fellow, at the Institute for Studies in Industrial Development, New Delhi

VEDANTA HOPES TO RESUME MINING IN GOA AFTER RAINS

Vedanta Chairman Navin Agarwal expressed hope that iron ore mining in Goa will resume after the monsoon season.

Addressing shareholders at the 50th annual general meeting held here on Saturday, the chairman of the mining-to-oil conglomerate said he was hopeful of the resumption of iron ore mining in Goa in October this year, despite a decline in global iron ore prices.

“Mining in Karnataka resumed in February and we have been granted an interim capacity of 5.5 million tonnes of saleable ore in Goa, where mining is expected to recommence after the monsoons – October onwards – after receiving the required government approvals,” Agarwal said, adding that it was disappointing that mining did not resume last year. He said the company was encouraged by the steps taken by the government to revitalise the mining industry, and termed the reduction of export duty on low-grade iron ore and the enactment of Mines and Minerals (Development and Regulation) Amendment Act, 2015 as steps in the right direction.

“This will provide continuity to our mining leases and bring transparency to future auction processes for mineral concessions,” Agarwal said.

He said Vedanta was poised for accelerated growth in 2016, led by a progressive ramp-up in the new alumina smelters at Korba in Chhattisgarh and Jharsuguda in Odisha. The company had secured raw material for the alumina refinery in Jharsuguda with the State government granting prospecting licences for three deposits, Agarwal said, adding that the expansion of the Lanjigarh alumina refinery was in the final stages and environmental clearance expected shortly.

“Our world-class aluminium and power assets are ramping up [capacity] to reach record production levels, following the $8 billion investment programme,” he said.

On the proposed merger of Cairn India with Vedanta Ltd, Agarwal said it would strengthen the company’s cash flows, reduce earnings volatility due to diversified revenue streams, while also reducing procurement and lowering funding costs.

“Cairn India’s shareholders will get access to Vedanta Limited’s tier I metals and mining assets, which are well-invested, have low cost and long life. Vedanta’s focus on improving returns from core, existing operations in order to unlock value will benefit Cairn India and its shareholders,” Agarwal said.

The mining and energy group, which has been hit by a slump in crude prices and mining bans in key producing states, also posted a consolidated net profit of 8.66 billion rupees (USD 135.61 million) for its fiscal first quarter to June 30. That compared with a profit of 3.76 billion rupees in the same period last year, which was hurt by a one-time charge of 21.28 billion rupees. Excluding the impact of one-off charge, the company's first-quarter profit was 35.4 percent lower than a year earlier.

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Chief Executive Tom Albanese said on a conference call Vedanta was hoping to get approvals as early as next month to restart a few mines in Goa and was positioned to restart mining at a rate of 5.5 million tonnes a year. However, he said the current low international prices coupled with royalties and export taxes were challenging and the company would look to sell as much ore as it could to domestic mills. Albanese separately said in a statement Vedanta was focusing on improving efficiency and costs. Consolidated net sales fell marginally to 169.52 billion rupees in the June quarter from 170.56 billion rupees a year earlier at Vedanta, which has interests in oil and gas, iron ore, zinc, copper, power and aluminium.

MINING IN GOA MAY RESUME IN OCTOBER: CM LAXMIKANT PARSEKAR

PANAJI: Mining may resume in Goa in October after a gap of nearly three years, Chief Minister Laxmikant Parsekar told the legislative assembly on Wednesday.

"The state government lifted the temporary ban on iron and manganese ore mining in the state on January 15, 2015. Since all assistance is given by the state government, mining might resume from October, 2015," Parsekar said in a written reply.

Mining in Goa was stopped both by the state and the central governments in 2012 .following a Rs.35,000 crore illegal mining scam which was unearthed by a judicial commission appointed by the union mines ministry.

The Supreme Court banned all mining activity in the same year.

The ban was lifted last year, but mining still could not restart because of pending green clearances.

CAPTIVE STATUS UNLIKELY FOR TATA'S CHROMITE MINE

Tata Steel may have to settle with non-captive status for its Sukinda chromite ore mine as an inter-departmental government panel here is not keen to change the status of the lease.

Non-captive status for the Tata Steel mine can spell good news for major ferro chrome producers in the state that are battling acute chrome ore deficit. Tata Steel that was previously selling chrome ore to these units, is understood to have requested grant of captive status for its chrome ore mine. Due to indecisiveness over its lease status, Tata Steel was operating its mine at around 20 per cent capacity.

Asked if the panel would change the status of Tata Steel's mine from non-captive to 'captive', Deepak Mohanty, director (mines) said, "The inter-departmental panel today considered only cases of non-captive mines and this includes Tata Steel's Sukinda chromite ore mine."

It may be noted that during the grant of the second renewal order for Tata Steel's chromite mine in 1997, the state government had changed the status of the lease from 'captive' to 'non-captive', allowing merchant sale of ore.

However, after the Supreme Court order pertaining to illegal mining in May 2014, the government in December last year, had issued express order for the chromite mine, considering its status as captive lease. Jindal Stainless Ltd (JSL) is understood to have filed a petition in the Revision Authority under Union mines ministry against the state government's express order, arguing that this was in violation of its own policy resolution issued in October 2012.

Last Monday, a delegation of ferro chrome makers under the banner of Indian Chamber of Commerce (ICC) called on the state chief secretary G C Pati. They demanded extension of chromite mines, including the one held by Tata Steel, till March 31, 2020.

As per the provisions of the amended Mines and Minerals (Development & Regulation) MMDR Act, 2015, the validity of captive leases would be extended till 2030 and those of non-captive leases till 2020.

Apart from Tata Steel's Sukinda chromite mine, the panel headed by development commissioner U N Behera considered cases of another chromite mine held by B C Mohanty & Sons and six other iron and manganese ore mines- R B Das, Tarini Miners, TP Mohanty, Geeta Rani Mohanty, Mala Ray and Gandhamardhan Sponge Iron.In case of Mala Ray Mines, additional information is needed to be furnished by the department of mines and forest & environment.The cases of the rest seven mines are likely to be recommended for extension by the committee in two to three days.

"Of the seven mines, three cases are either original leases or in stage of first renewal. The validity of such leases can be extended by 50 years as per the provisions of MMDR Act, 2015. The recommendation for extension will be made by the inter-departmental committee. The proceedings of the committee are expected to be known in 2-3 days", said Mohanty.

The state government has so far extended the validity of 29 leases- 21 captive and the balance non-captive mines. Out of these 29 leases, 25 are iron and manganese ore mines.

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Supplementary lease deeds have been inked for 20 mines. The government has collected Rs 893 crore from these leases by way of stamp duty charges, Mohanty said.

The lease deeds have been executed for mines owned by Tata Steel, Rungta Mines, Odisha Manganese & Minerals Ltd (OMM) and Aryan Mining & Trading Corporation Ltd (AMTC) to name a few.

PVT SECTOR MAY BE ROPED IN ROCK PHOSPHATE MINING : RAJASTHAN

Chief minister Vasundhara Raje has proposed to revise many policies and frame a few covering various sectors of the state's economy in order to align with the vision of the new BJP government.

In the budget announced on Monday, Raje said her government would prepare a new mining policy while reviewing the existing mining policy for tribal areas. As per the proposals, mining leases for gypsum will be given to farmers and industry by terminating the monopoly of public sector utilities.

Rajasthan has the largest reserves of rock phosphate but the sector remains off limits for the private sector. The production has remained stagnant for years as the PSU - Rajasthan Mines and Minerals Ltd (RSMML) - which has monopoly over the mineral's mining, doesn't have enough financial resources to undertake any expansion in the mining area.

India imports 85% of its rock phosphate, a key mineral for fertilizers, from abroad and Rajasthan has the largest reserves. The move to bring in private sector in rock phosphate mining will enhance exploration with efficient practices. This has already been exemplified in the case ofHindustan Zinc whose production capacity has increased multi-fold since its disinvestment in 2002.

Making move improvements, the government will bring new policies for sectors such as solar energy, ceramics, textiles and tourism. Rajasthan Industrial Policy will be rolled out afresh on which the industry department has been working for the past few months.

"The objective of these proposals is to factor in the new realities for attracting investments into the state," a government official said.

Several new policies are also on the cards. The government plans an Investment Promotion Policy to encourage new investments with thrust on backward areas. It is also considering a customized package for large and employment intensive investments.

In the Union budget announced last week, the Centre has increased the FDI cap in defence sector to 49% to encourage domestic manufacturing. In order to tap the opportunities in the defence manufacturing sector, the state has also decided to frame a special policy to attract FDI and domestic investment in defence sector and for using defence offsets.

The scarcity of water and its inadequate availability for the industry has been a big concern. To override these challenges, the state is planning to promote industries that use less water. In the budget, Raje has proposed a special promotion scheme for electronic system design and manufacturing.

MONNET ISPAT TO SURRENDER ODISHA COAL BLOCK BAGGED IN AUCTION

Monnet Ispat & Energy will surrender a coal block in Odisha that it bagged for its power plant in the second round of coal auctions, the company told the Delhi High Court.

The company on Thursday urged the high court to direct the government to let it exit the Utkal-C coal block without paying any penalty or being blacklisted from future rounds of coal mine auctions, sources said. Monnet Ispat approached the court following the government's decision to put a ceiling on the fixed costs that a power plant can factor into electricity tariffs.

It argued that capping fixed costs after the auction of coal blocks amounted to ex-post facto change in bidding conditions of coal mines for power sector.

The company has not yet approached the coal ministry formally for surrendering the mining project, sources said.

In a related case of Mandakini Exploration and Mining, a joint venture of Jindal India Thermal Power and Monnet Power, the Delhi High Court on Thursday asked the government to justify the rationale for capping fixed costs.

The court also asked the government how it can regulate costs in competitive tariff bidding provided under Section 63 of the Electricity Act. Section 62 of the Act provides for tariff regulation through the electricity regulator, while Section 63 provides for tariff discovery through competitive bidding.

The court will next hear both the cases on August 13.

ORISSA CM SETS DEADLINE FOR MINING LEASE EXTENSION PROPOSALS

Under the pressure of presenting Action Taken Report (ATR) on the MB Shah report after missing two deadlines, Chief Minister Raghubar Das on Monday directed officials of State Mining Departments to dispose applications pending for lease renewal by July 31 for sure. A high-level inter-disciplinary committee headed by the Development Commission is looking into the lease renewal for host of mining companies in the State, particularly located in West Singhbhum district.

After holding a review meeting, the Chief Minister put the subject as priority for the Government. "Attaching local youths to employment is the priority of the Government. An inter-disciplinary committee headed by the Development Commissioner is looking into the applications for extending the mining lease up to March 31, 2020. The committee should submit its recommendations on 21 iron ore lease holders who were issued show cause notices for certain violations. Keeping in mind the clarifications, the applications should be disposed of by July 31," said the CM.

KIOCL, MECL SIGN MOU FOR JOINT EXPLORATION OF MINERAL ASSETS

Steel ministry undertaking KIOCL Limited has signed a memorandum of understanding with Mineral Exploration Corporation Limited (MECL) for joint exploration of mineral assets in the country. Both the public sector companies will jointly deploy their mining and mineral exploration experts to undertake mining and detailed exploration of minerals in various states.

It is learnt that only 1 per cent of mineral bearing area of the country has been explored till now and about 800,000 square kms of mineralised area requires detailed exploration to identify the ore resources and their intrinsic values, KIOCL said in a statement.

?Considering the urgent need for extensive mineral exploration works in near future, KOCL and MECL made this arrangement for utilising both the organisations? technical expertise to carry out regional and detailed exploration activities in the country,? the statement added.

KIOCL Chairman and Managing Director Malay Chatterjee and Gopal Dhawan, CMD of MECL signed the memorandum in the presence of Steel and mines minister Narendra Singh Tomar, here today.

Tomar was in Bengaluru today to chair the second meeting of the Consultative Committee on Ministry of Steel and Mines.

The recently amended MMDR Act has facilitated the public sector companies to enter into the area of exploration besides their core activity. The government has notified Steel Authority of India, KIOCL Limited, MOIL and RINL to conduct exploration of new mineral areas in an order to increase the production of various minerals in the country.

Addressing the Consultative Committee meeting, Tomar said India has emerged as the third largest producer of steel in the world after China and Japan during the first five months of this calendar year.

?Indian steel industry is growing at a reasonably good pace and last year the growth in crude steel production in India was more than 8 per cent. However, per capita steel consumption is quite low at 60 kg as against the world average of 216 kg. We have fixed a target of achieving 300 million tonne production capacity by 2025 and my ministry is working out an action plan and strategies to achieve this target,? Tomar added.

MINERS MAY NOT HAVE TO PAY 100% OF ROYALTY AS FOUNDATION CONTRIBUTION

Mining companies may not have to shell out amounts equivalent to the royalty they pay to the state governments as contribution towards the district mineral foundations (DMF). Although the Mines and Minerals (Development and Regulation Act, as amended recently, empowers the Centre to mandate DMF contribution up to 100% of royalty, it would ask for only a smaller contribution to begin with, steel and mines minister Narendra Singh Tomar told FE.

Though mining is a state subject, the Centre has the discretion to decide the exact quantum of payment towards DMF. The Act mandates existing miners of iron ore, bauxite, limestone and manganese ore to pay up to 100% of the royalty on the mineral as their contribution towards the DMF. Miners which would get

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fresh mining lease (through the auction route) would have to pay a maximum of 33% of the royalty towards DMF, meant to support the project-affected people.

Citing example of state-run Steel Authority of India, which would need to fork out a whopping R1,700 crore per annum towards DMF, given its current level of production if the new norms are applied, Tomar said such levies could make many existing mines unviable. “It would be lower than (100% of royalty),” he said.

Caught between the plea of the mining industry, already reeling under heavy a tax burden, to keep the contribution towards DMF to the minimum level possible and the states’ demand to keep it at the maximum level, the steel and mines ministry failed to fix the rate even as the Act was notified over four months ago.

Though the failure to fix the rate may not come in the way of mining auction starting, it has certainly created a sense of uncertainty among existing and prospective miners.

While the mines ministry intends to give more to the project-affected people, at the same time, it does not intend to put an excessive burden on miners and create a situation where miningbecomes more strenuous. Sources said following consultations with the states and miners, the mines minister has appraised Prime Minister Narendra Modi of the situation and the final call is likely to be taken by the Prime Minister’s Office soon.

Revisable every three years, the royalty on iron ore was raised to 15% from 10% in August last year. With the higher royalty — the new DMF impost of 2% National Mineral Exploration Trust levy — the burden on miners will only rise.

Miners’ relief

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- * Citing example of Steel Authority of India, which would need to fork out R1,700 crore per annum towards DMF, given its current level of production if the new norms are applied, the mines minister said such levies could make many existing mines unviable

RAJASTHAN TO GRANT LEASES FOR MINING OF BASE AND NOBLE METALS BY DECEMBER

Rajasthan has identified over 30 blocks of iron ore, limestone, manganese and potash among other minerals for auction. Besides, the state has asked the Centre for assistance regarding environmental clearances for mining proposals, an official statement said on Friday.

Steel and Mines Minister Narendra Singh Tomar met Rajasthan Chief Minister Vasundhara Raje in Jaipur yesterday and discussed issues related to development of steel and mines sector in the state, it said. "Singh appreciated the efforts of state government in identifying more than 30 blocks for auction of ML (mining lease) and PL-cum-ML (prospecting license-cum-mining lease), including those for limestone, manganese, potash and iron ore," the statement said.

The minister also urged Raje to expedite the process of notification for auction of mines and emphasised on the importance of constituting District Mineral Foundation (DMF) for the selected districts at the earliest, it added.

"Progress on ML for iron ore in Bhilwara to SAIL and allotment of Banera iron ore mine and Jahajpur iron ore blocks to RINL was also discussed during the meeting," it said. Tomar handed detailed exploration report of 28 blocks to the Chief Minister, the statement said adding that the reports are of base metals, gold and phosphorite of G2-G1 level. These inputs were prepared by the Mines Ministry at a cost of about Rs 60 crore.

Recently, the ministry has decided to supply the promotional exploration reports prepared by MECL to state governments without any cost. "With these additional inputs, Rajasthan has 38 blocks ready for auction of ML and 24 blocks for auction of PL-cum-ML. Tomar also offered help from MSTC in conducting the auctions," it said. Raje apprised Tomar about Rajasthan's preparedness for conducting auctions and related activities like exploration and setting up of DMF, the statement said. "She sought support from the Central Government in according environment clearances to mining proposals to safeguard jobs and livelihood of mine-workers," it added.

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COAL MINISTRY SITTING ON A GOLD MINE, PLANS UNIFORM MODEL FOR COAL INDIA

In an effort to ensure a uniform model for engaging private players in mining to boost output, the coal ministry would be coming up with a model mine development operator (MDO) agreement. Apart from Coal India Ltd (CIL), which would engage private players according to the new MDO model, this would also serve as a guideline for state government-run miners as well, for selecting private operators.

According to officials, the draft MDO model has already been prepared by the ministry in consultation with CIL and is currently waiting to be vetted by the law ministry. Following this, it would be put before the CIL board for approval before being used, a source said.

Engaging private contractors for mining is already operational in CIL under the MDO model, but is likely to be an expansion of the current model, to ensure greater participation from private players to boost CIL's output. Under this, CIL might go for long-term mining contracts with private players on a turnkey basis.

"Awarding contracts to operators in the past few years under the MDO model was on piecemeal basis, and not on turnkey. Here, the miner would be handed over the mines for a much longer period, and would be awarded on a turnkey basis from production to transport till loading point," an official noted.

MINE MODEL

- The draft MDO model has already been prepared by the coal ministry in consultation with CIL and is currently waiting to be vetted by the law ministry
- A PPP model for CIL to boost production was first mooted by the Planning Commission in 2012

Later, then Union Finance Minister P Chidambaram, in his 2013-14 Budget pitch had pressed for the PPP model, with Coal India as one of the partners to ramp up domestic coal production

NGT ASKS 5 MINERAL-RICH STATES TO SURVEY ALL ASBESTOS MINES

The National Green Tribunal has asked five mineral-rich states to survey all the asbestos and associated mineral mines and file a report stating the impact of overburden or waste lying at these mines and pits.

A bench headed by judicial member U D Salvi observed that it is a matter of concern that asbestos and associated mineral mines have not been closed scientifically.

"In the instant case none of the mines both asbestos and associated minerals have been closed scientifically. Final mining closure plans have also not been submitted by concerned lessees. This can be a matter of concern," the bench said.

"We therefore, direct the respective states to cause the survey of all the asbestos mines as well as of associated minerals with asbestos and state before us the impact of overburden lying at the said mines and the pits existing there as of today, and if the Overburden also called waste or spoil is the material that lies above an area that is removed during surface mining and may be used to restore an exhausted mining site.

The green panel had on March 26, directed the governments of Odisha, Rajasthan, Andhra Pradesh, Karnataka and Jharkhand governments to file a report on scientific closure of the asbestos mines and the instances of asbestosis (a lung disease resulting from the inhalation of asbestos particles) in their states.

During the hearing, counsel appearing for the Indian Bureau of Mines (IBM) said there is no asbestos mining currently operational anywhere in the country and the operations of the mines of associated minerals with asbestos has also been halted.

COAL INDIA TO GIVE UP THREE-FOURTHS OF MOZAMBIQUE MINE

Coal India, the world's biggest coal miner, today said it has decided to relinquish about three-fourths of a coal mine it was allotted in Mozambique.

Coal India Africana Limitada, a fully-owned subsidiary of the state-owned firm, was allotted two leasehold licences for extraction of coal of about 224 square kilometre in Tete province of Mozambique.

The company board has approved retaining "54 sq km of leasehold licence area which will be of actual interest with coal bearing horizon occuring within a 500-metre depth and relinquish the remaining 170 sq km area out of total leasehold licence area of 224 sq km", CIL said in a regulatory filing.

The decision to relinquish was taken based on Interim Geological Report prepared by CMPDIL, a 100 per cent planning subsidiary of CIL, it said.

GEMCO KATI

JSW, JSPL, VEDANTA, OTHERS IN RACE FOR 10 COAL MINES

Major players like SAIL , JSW , JSPL and Vedanta are in the race to grab 10 coal blocks on offer in the third tranche next month. The government has received a total of 31 bids for the 10 coal blocks with reserves of 858.19 million tonnes, an official statement said. The highest number of six bids each have been received for Majra coal block in Maharastra and Jamkhani coal mine in Odisha, while Chitarpur mine in Jharkhand received five bids.

While Bhaskarpara coal block in Chhattisgarh, Marki Mangli I in Maharashtra and Parbatpur Central mine in Jharkhand have received three bids each, it said. Dsongeri Tal II mine in Madhya Pradesh and Sondhia mine in Chhattisgarh received two bids each, it said. "The third tranche of coal mine auctions have received bids for several mines which were offered in earlier rounds but failed to find bidders. Out of 10 mines which were put on the block this time, 6 were mines which had been offered earlier but did not attract enough bidders," the release said. Mines like Parbatpur Central which could not be sold earlier have received bids from industry majors like JSW Steel and SAIL, it said.

Lloyd Steel and Topworth Urja amongst others have bid for Marki-Mangli-I mine, it added. "Big private sector players like JSW, Hindalco , Jindal Iron and Steel, BALCO, Bhushan Power and Steel , ACC and Vedanta apart from SAIL and RINL are in the fray," the release said.

The tender process for tranche III of auction for 10 coal mines comprising of two Schedule II and eight Schedule III coal mines started in June 8. As a part of the auction process, technical Bids comprising of online and offline bid documents were opened today in the presence of the bidders, the release said. In the first stage of the tender process, bidders submitted their technical bids on MSTC's portal created for the purpose. "The online bids were decrypted and opened electronically in the presence of the bidders...

The bids will be evaluated by a multi-disciplinary technical evaluation committee and technically qualified bidders would be shortlisted for participation in the electronic auction to be conducted on MSTC portal from August 11, 2015," it said.

GSI FORWARDS SUBARNAREKHA GOLD MINING REPORT TO JHARKHAND

For centuries, the Subarnarekha river has been the lifeline for the people of the Chotanagpur Plateau. Apart from feeding agricultural fields, this river, as the name suggests, has been a source of gold for the locals, who sieve hundreds of kilograms of river sand to pick up a few ounces of the yellow metal.

Since the days of the Raj, villagers in Tamar block of Ranchi district have been collecting gold from the Subarnarekha, but large scale scientific mining was never taken up. Though Geological Survey of India (GSI), the official body for identifying mineral reserves, has been working in the region for decades, it was only this month that it completed its 15-year-old survey and submitted a report to the state government.

GSI Jharkhand state office deputy director general SR Kisku said the G2 report (level three of four levels) was submitted to the state government after a survey at Parasi village of Tamar block. "We conducted deep boring, mineral identification and rough estimates at more than 12 places. After completion of chemical analysis for one of the blocks, we submitted our report to the state government," he said, adding that the gold content in the samples collected is estimated to be around 1.2-2 grams per tonne of ore.

While rough estimates of reserves of seven million tonne gold have been predicted, GSI officials clarified that the exact reserve could be determined only when a scientific exploration is carried out by the state department's of mines.

Principal secretary, department of mines and geology, S K Satapathy admitted to have received the voluminous GSI report on gold reserves, but refused to comment on the estimated reserves unless an exploration is carried out. Asked if there are plans to carry out exploration any time soon, Satapathy said it depends on the viability. A decision in this regard will be taken once the report is thoroughly studied.

Geologist and former Ranchi University professor Dr Nitish Priyadarshi said placer deposits of gold in rivers are a known fact. "Like the Amazon in South America, the Subarnarekha and the Kharkai in Jharkhand have been carrying gold pieces indicating that the rocks contain minerals with gold which is set free by withering," he said, explaining that sometimes the content of gold is so low that it is not viable to carry out scientific mining and refinement. "These are mostly quartz in which traces of arsenic are also likely to be there and in that case mining and refining it to take out the gold would become an expensive affair," he said.

SUPREME COURT CONSIDERING AUCTION MODALITIES OF KARNATAKA IRON ORE MINES

The Supreme Court said it would allow the Karnataka government to decide the manner in which 15 iron ore mines in the state will be auctioned.

A three-judge bench comprising justices Ranjan Gogoi, R.K. Agrawal and N.V. Ramana is considering the modalities governing the auction of 15 Category C mines.

These 15 mines are expected to yield about 6-7 million metric tonnes of iron ore.

While saying that it did not want to intervene in the auction process itself, the court said that its orders had to be implemented. "If the state is found deficient in complying with court orders, we'll deal with the state," the court said during the course of arguments in the case. The court also asked for a schedule for auctioning all 51 Category C mines.

In April 2013, the court had cancelled all Category C mining licences in the state. A Central Empowered Committee (CEC) appointed by the court had previously classified mines as A, B or C depending on the extent to which they had violated laws (C was the worst).

The categorisation was suggested by CEC based on the extent of encroachment by miners in terms of mining pits and overburdened dumps. The apex court accepted the categorisation in its 2013 verdict.

Of all the Category C mines, 15 of those whose leases were cancelled by the apex court earlier are ready to be auctioned, lawyer for Karnataka government Anitha Shenoy told the court. Auctions could commence within 30 days, she added. The Karnataka government has been trying to get the process underway for at least a year.

Shenoy further said an in-depth exploration being conducted by the Mineral Exploration Corp. Ltd (MECL) of the 36 remaining mines in Category C would require 18 months. The court has asked the secretary, department of mines, Karnataka, to be present in court on Thursday to assist the court.

The Karnataka Iron and Steel Manufacturers' Association also sought modification of the auction details. While the recommendations of the CEC for these auctions was that the auctions should be open to industries located or proposed to be located in the state, the association said it should go to existing industries alone.

The court also asked why the auction should not be opened up for the whole market, instead of restricting it to end users only. The Karnataka government told the court that it is amenable to doing this, although the association opposed the proposal.

ODISHA NOTIFIES MINERAL EXPLORATION POLICY

Odisha has come out with a new policy aimed at strengthening the institutional setup for the mineral exploration in the state.

The policy also strives to upscale the exploration activities with an aim to upgrade the mineral deposit estimates up to G2 level within a reasonable time frame and eventually to G1 level so that the potential of mining sector is achieved through scientific exploitation of resources.

The Mines and Minerals (Development & Regulation) MMDR Amendment Act, 2015 provides for auction of major mineral concessions which can be taken up only after proving the mineralisation in the proposed lease areas. This calls for scientific exploration in the mineral bearing areas of the state for augmenting the estimated reserves, systematic planning of mining activities and conservation of minerals.

The state government will enter into memorandum of understanding (MoU) with organisations like the Geological Survey of India (GSI) and the Mineral Exploration Corporation Ltd (MECL) for undertaking exploration activities in the state. The GSI has already set up an office in the state. Efforts will be made to persuade the MECL to establish a field office in Odisha.

The policy also moots setting up an Odisha Mineral Exploration Corporation with participation of the Odisha Mining Corporation, MECL and mineral resource based industries. "There is need to build up the capacity, both institutional and manpower to meet the challenges of the need to upscale the mineral exploration capacity. A comprehensive review of the manpower needs of mineral exploration sector will be carried out and steps will be taken to increase the capacity of educational institutions to meet these needs", the policy says.

The directorate of geology would publish a consolidated report on the status of mineral exploration and the estimated reserves in the state within six months. This report is expected to provide focus on exploration activities and help in identifying the exploration gaps and guiding the investment in mineral exploration.

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A master plan would be prepared for a time frame of 10-15 years by the directorate of geology with technical assistance and support of experts, for taking up reconnaissance and prospecting operations, in consultation with all stakeholders.

The directorate of geology will also conduct annual review of all holders of reconnaissance permits, prospecting licenses and mining leases and continuance of such permits/licenses or leases will be linked with their performance in scientific exploration

CCL TO START NEW PROJECTS FOR COAL MINING IN JHARKHAND

State-run Central Coalfield Limited (CCL) will start new projects for coal mining in Jharkhand, a top official of the company said today.

"We will start mining of coal over a stretch of 34,000 acres of land in Jharkhand and land authentication process is on," said CCL's Chairman-cum-Managing Director Gopal Singh.

Singh, who will take charge as the Managing Director of National Mineral Development Corporation (NMDC) from January 1 next, was in Rajrappa to offer obeisance in Rajrappa Temple in Ramgarh district.

He told reporters that progress of land authentication work was monitored by Jharkhand Chief Minister Raghuvar Das and Chief Secretary of Jharkhand, Rajiv Gauba.

"We are also holding camps in villages to authenticate the land," he said, adding that the new mining project will begin in CCL command area of the state, he said.

Besides, the public sector unit will recruit 17,000 people in next two years, Singh said, claiming that around 1.70 lakh people in and around the proposed projects will indirectly benefit following the implementation of the projects.

Singh said mineral-rich Jharkhand has plenty of scope to become a developed state, if the minerals are harnessed in a proper manner.

The CMD said two of its projects in Madadh Amrapali Project, touted to be Asia's largest projects, have even featured in the Prime Minister's Pragati portal.

CCL has been emerging as the best coal company of the country, he added.

Asked the reason behind CCL's whopping growth, Singh said it was because of good co-ordination among all stakeholders,including government agencies, contractors, employees etc.

GROUP COMPANY RULES FOR COAL AUCTIONS TO BE TIGHTENED

With the intent to try and prevent any chance of cartelisation or collusion among bidders during the forthcoming round of captive coal block auctions in August, the government is mulling tightening the definition of what constitutes a group company.

A coal mine in Jharkhand

A person aware of the matter said that the government is contemplating making the definition “more stringent” than the present one, which has been taken from the foreign direct investment (FDI) policy. This person said that the government is looking at defining a group company on the basis of “ownership” and “control”, but did not elaborate.

This internal discussion comes following the rejection by the government of bids for four blocks for which Jindal Steel and Power Ltd (JSPL) and Bharat Aluminium Company (Balco) had emerged as the successful bidders.

Following this, both companies had moved the Delhi high court challenging the rejection of their bids. The court later said it had found “no evidence” of collusion in at least three of the four cases.

To be sure, this is as yet a matter of debate within the government and no final call has been taken. “There are a number of aspects you continue to discuss, some of them fructify, some don’t,” another person aware of the discussions said.

According to a press note on FDI, two or more entities are considered “group companies” if they can, directly or indirectly, exercise 26% or more of voting rights in each other, or if they can appoint more than half the directors on each other’s boards.

Already, the government has said that multiple bids from one company for a particular block will be treated as one bid. For the purposes of auction, the government already defines an “associate company” on the basis of control of at least 20% of share capital or of business decisions.

The government began auctioning coal fields for captive use in February this year following a Supreme Court judgement that had quashed the allotment of 204 blocks between 1993 and 2008 without an auction.

SC ORDERS STATUS QUO ON 3 COAL BLOCKS, ISSUES NOTICE TO JSPL

The Supreme Court on Monday ordered maintainance of status quo on three coal blocks in Odisha and one in Chhattisgarh, which the Delhi High Court had directed to be excluded from the auction process.

The apex court also issued notice and sought response of the Jindal Steel and Power Ltd (JSPL) and its promoter Naveen Jindal on an appeal by the government challenging the High Court's February 11 verdict, directing the technical committee to review its own decision to change the end-use of two coal blocks — Utkal B1 and B2 blocks in Odisha.

JSPL had contended in the High Court that change of end-use of these blocks from steel and iron to power has prevented them from bidding for them.

The two blocks in Odisha and Gare Palma IV/6 block in Chhattisgarh were earlier alloted to JSPL but were cancelled along with 214 blocks by the apex court and later, when re-auction was announced, their end-use was changed from steel and cement to power.

“Maintain status quo as of today,” a bench comprising Justices M B Lokur, Kurian Joseph and A K Sikri said while posting the matter for hearing in second week of September.

Attorney General Mukul Rohatgi had sought stay of the High Court judgement which was opposed by JSPL's counsel and senior advocate Kapil Sibal, who said that the company has already invested Rs 20,000 crore for developing the steel plant using a new technology.

“Why can’t I bid? Only because there is a change in end-use cannot be a ground,” he submitted after Rohatgi assailed the High Court verdict which gave a go-bye to the decision of the Inter Ministerial Expert Technical Committee, which was constituted specifically to formulate criteria for classifying the coal mines for the purpose of auction.

The Attorney General said that on August 25, 2014 the apex court had held as illegal and arbitrary all allocation and by subsequent order on September 24, 2014, quashed them by ordering re-auction.

The expert committee made classification of mines and changed the end-use of the two coal blocks on the ground that the quality of the coal from there were of inferior and average quality suited for power as better quality coal is required for cement and steel. — PTI

The Attorney General said there was also a no man’s land between Utkal B1 and B2 blocks, which were merged at the time of re-auction.

He contended that the High Court had wrongly interfered with the decision of the expert committee, which after long deliberations, had taken a conscious decision to determine the end-use by examining the grade and the volume of coal in the mine/block and also considered the issue of merger of mines which had a common boundary.

"The manner in which the High Court examined the decision of the Technical Committee amounts to sitting in appeal over it. And hence the same is unsustainable and needs to be set aside by this court," he argued.

The High Court had provided relief to JSPL by saying that while changing end-use of these blocks to power sector, the aspect of its adverse impact on steel sector "has not been considered".

It had also directed the committee, which had been set up to classify coal blocks as well as formulate criteria for their auction and allotment, to review its decision to merge Utkal B1 and B2, saying "there was no application of mind".

JSPL had been allocated Utkal B1 for operating a steel unit and Gare Palma IV/6 for a sponge iron industry. But the allocations, along with others, were cancelled by Supreme Court last year.

Government had contended that end-use of both blocks was changed in view of the "energy security of the country".

The High Court had observed that as per the Coal Mines (Special Provisions) Second Ordinance, 2014, "it cannot be concluded that power has been given priority over steel and other sectors. On the contrary, all the core sectors have been placed at par." — PTI

JSW DIVESTS 26% STAKE IN SOUTH AFRICAN COAL MINING HOLDINGS

JSW Energy has divested 26 per cent stake in its Johannesburg Stock Exchange listed subsidiary South African Coal Mining Holdings Ltd (SACMH) to Comogen (Pty) Limited, the company said in a stock market disclosure.

JSW held stake in this firm through its step down subsidiary JSW Energy Natural Resources South Africa (Pty) Ltd.

Post this, the company's holding in SACMH came down to 67.25 per cent.

The divestment is a part of the black economic empowerment requirements mandated by the department of mineral resources (DMR). This requires a certain portion of a firm in the country to be owned by locals as part of racial affirmative action plan.

In March 2011, JSW Energy Ltd through its subsidiary JSW Energy Natural Resources Mauritius Ltd, had acquired 59.49 per cent stake in SACMH for an undisclosed amount. It bought 49.80 per cent stake through share purchase agreement from Royal Bafokeng Capital Pty Ltd and made an open offer to acquire further 30.37 per cent stake in the company. However, it managed to acquire 9.69 per cent more stake in company .

In December the same year it acquire an additional 33.78 per cent stake in SACMH, post which it held 93.27 per cent stake in South African coal mining firm.

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SACMH, a coal-producing company, specialises in low-seam open cast and underground coal mining.

Founded in 1994 and led by Sajjan Jindal, JSW Energy offers mining, power plant equipment manufacturing and trading of electricity. Last year, the company struck a deal to buy two hydroelectric projects of Jaiprakash Power Ventures Ltd (JPVL) in Himachal Pradesh at an enterprise value of around Rs 9,700 crore.

ELECTROSTEEL'S SLIDE INTO BANKS' CONTROL

With the firm's debt crisis steadily worsening, the lenders have taken management control, giving up on the 2013 restructuring plan, grounded by input problems and product price crashes

In 2013, when a consortium of 27 banks and financial institutions supported Kolkata-based Electrosteel Steels' (ESL's) corporate debt restructuring (CDR) proposal, it was meant to work. The company believed it would translate to cash generation of Rs 2,000 crore, enough to service the debt.

However, problems with captive raw material supply and a near-crash in finished steel products in 2014 sent the plan haywire. On Monday, lenders took management control ofESL by invoking the new strategic debt restructuring rules of the Reserve Bank of India. These allow banks to acquire control of a defaulting company by converting loans into equity, partially or fully.

Debt had risen to Rs 7,150 crore by March 2013 from Rs 4,110 crore at the end of FY11. Losses at the operating level had increased to Rs 87 crore in FY13, compared to a loss of Rs 3.5 crore in FY11. Interest expenses had risen from Rs 1.6 crore in FY11 to Rs 134 crore in FY13. Then, operating losses rose to Rs 172 crore in FY15. Interest cost grew from Rs 177 crore in FY14 to Rs 452 crore in FY15.

The major problem was captive raw material supply for its 2.51 million tonne steel and ductile iron project. ESL had an irrevocable offtake agreement with Electrosteel Castings (ECL), a promoter group company, for procurement of coking coal and iron ore at a cost-plus mark-up during the loan agreement with the lenders. In sum, ESL had an assured captive supply of critical inputs, required in any steel project.

The contours of the arrangement between the two companies was somewhat like this — ESL was to source iron ore and coking coal from ECL for 20 years. Coking coal requirements for ESL were to be met from a mix of ECL's coking coal mine at Parbatpur (about 30 per cent) and the balance from other sources, according to the company's annual report for 2013-14.

ECL had been allotted the Parbatpur mine in Jharkhand with reserves of 231 million tonnes. It also had an iron ore mine and non-coking coal mine in Jharkhand. This changed with the Supreme Court order on deallocations and the new mining rules.

"ESL had to procure raw material from the market at high prices," an industry source said. And, finished product prices saw a dramatic drop over the past year. Electrosteel officials were not available for comment.

The company's 2013-14 report said ESL was selling TMT bars, billets and pig iron in the open market. TMT bars now sell at Rs 26,500 a tonne, from Rs 32,000 a tonne a year before. Billets are Rs 26,000 a tonne vis-a-vis Rs 31,000 a tonne and pig iron at Rs 17,500 compared to Rs 19,000 a tonne. ESL had also lined up plans of tapping the international market and had even exported a few consignments of billets but the export market is not in better shape.

A subdued steel market has put the companies in trouble. Before Electrosteel, it was Bhushan Steel.

According to Credit Suisse's April data, many steel companies have seen debt levels rise by three to six times in five years, leading to debt of $1,000 to $1,400 per tonne of installed capacity. Bhushan Steel and Usha Martin have debt of $1,400 a tonne of nameplate capacity as compared to $400 a tonne for less leveraged Tata Steel and JSW Steel.

The Joint Lenders Forum is to give a revival plan in 90 days. There is buzz that the lenders are in talks with two investors and that the Vedanta group could be in the fray. This has boosted investor sentiment, with the stock gaining six per cent on the bourses to Rs 3.76. Looking at the revival initiatives and as the developments progress, the stock can gain some more momentum, feel analysts.

However, "the business environment remains weak and in such situations, there might be few takers for the 2.5 mt capacity", cautioned an analyst with a domestic brokerage. And, even if some company shows interest, what they'd be willing to pay and how they'd source coal and iron ore are details the Street awaits.

CONFLICTING REPORTS ON ADANI SACKING QUEENSLAND COAL WORKERS AT ITS CARMICHAEL MINE

Indian company Adani has begun sacking workers on its Carmichael mine project, raising fresh questions about the status of Australia's largest coal development.

Adani staff working on the early phases of the mine, which would open Queensland's vast Galilee Basin, were told last Thursday and Friday they were out of a job.

Adani itself is denying it has begun retrenching staff with a spokesman saying: "suggestions of a fresh decision in relation to staffing late last week are simply not true."

But multiple sources have told Fairfax Media the company intends to keep a skeleton workforce of about 20 people.

The remainder, about 90 engineers, safety officers and other mining personnel, have been told their departures will be staggered between the months of August and March.

Company sources said workers were told they were being made redundant because of delays in getting approvals for the project from the Queensland and federal governments.

"They're basically doing what GVK did – sacking everyone but keeping a few people there," one source said.

A second said Adani was reducing its workforce from "more than 100 to about 20".

Fairfax Media revealed last week that Adani had stood down two major contractors – its project manager Parsons Brinckerhoff and Korean construction company Posco, which had been touted as an investor in the final project.

The company has also suspended four engineering firms, WorleyParsons, Aurecom, Aecon and SMEC.

The dismissals have raised questions about whether Adani intends to continue with the project, which has received praise from both sides of politics.

But Adani continues to insist it is pushing ahead, and on Thursday engineering firm Downer EDI announced it had received two letters of intent from Adani for contracts on the project, including one contract that would be a joint venture with Posco.

Downer EDI's statement said the letters of award could be terminated if contracts had not been entered into by September 30.

Adani's spokesman said none of the company's Brisbane staff had been sacked.

"As indicated when asked previously, there were changes over a week ago in relation to project management and execution contracts which were connected to the same engineering contracts and preliminary works variations that Adani announced last month," Adani's spokesman said.

"The preliminary works contracts were previously sustained due to the level of investment Adani had maintained for more than 12 months in anticipation of a range of government decisions and approvals timeframes.

"As we announced on 24 June 2015, a number of changes in the approvals processes meant these timeframes had to be adjusted."

The spokesman added that "if and when there are changes to our response to approval timeframes" the company would make an announcement.

"Adani does not propose to comment on ill-informed speculation," he said.

Queensland's Labor government has continued to back the project, despite its own budget not including any potential royalties from the mine and revelations that Treasury officials had advised that they believed the development was unviable.

BHUSHAN STEEL GETS LENDERS NOD FOR RS 30,000-CRORE LOAN RESTRUCTURING

Bhushan Steel Ltd (BSL) has received lenders' approval for long-term restructuring of about Rs 30,000 crore loans under a scheme of Reserve Bank of India.

The Joint Lenders Forum (JLF) has agreed to extend the loans of BSL for a tenure of 25 years under the RBI's scheme for long-term structuring of loans in line with cash flows.

"About 70 per cent of the lenders have approved the scheme and by the end of this month it should get closed", Bhushan Steel Chief Finance Officer (CFO) Nittin Johari told PTI.

Johari said, "The sanction from few banks are awaited and as soon as the nod is given the plan will begin."

"We have a four-year moratorium on principal repayment. After this, there will be a 21-year repayment period, with a provision to refinance every five years," he added.

A consortium of bankers led by Punjab National Bank (PNB) has a total exposure of about Rs 30,000 crore in the company.

Besides PNB, the other banks include State Bank of India, Canara Bank, Bank of India and Dena Bank.

An extension of maturity will help the banks in making lower provision for the loan given to the debt-ridden steel manufacturer.

On being asked about the plans to hive off and sell non-core assets to reduce debt, Johari said the company has agreed on sale and leaseback of its oxygen plant in Odisha and further decision would be taken as and when required.

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In August last year, Bhushan Steel Vice Chairman and Managing Director Neeraj Singhal was arrested by the CBI in an alleged cash-for-loan scam involving the then Syndicate Bank CMD S K Jain, who was later suspended by the government.

After the arrest, lenders formed a committee with officials from various banks, which are closely monitoring the functioning of the company. They had also appointed some new directors to the company's board.

Meanwhile, Bhushan Steel promoter Aishwarya Singhal has pledged a little over 17 lakh shares in the company.

The Delhi-based firm's net loss had widened to Rs 360.77 crore during the fourth quarter of the last fiscal.

For the entire 2014-15 fiscal, Bhushan Steel's standalone net loss stood at Rs 1,253.83 crore as against a net profit of Rs 61.96 crore in 2013-14.

Shares of Bhushan Steel closed at Rs 55 apiece on BSE, down 2.40 per cent from yesterday's close.

INDIA REJECTS NEW URANIUM MINING PROJECTS

India has taken the decision not to pursue any new uranium projects in at least three of its provinces in consideration of the local populace who are against uranium mining, as well as the limited availability of financial allocations from the federal government. Senior government officials noted that while prospects for new uranium mines had emerged in provinces like Meghalaya, Himachal and Uttarakhand, issues, such as unstable hilly terrain and opposition from locals, had forced the government to go slow in taking up mining projects in these areas. Simultaneously, uranium mining under the authority of the Department of Atomic Energy could only be implemented when large funding requirements were assured from the federal government, not only for mining but also research and development. Without this funding, it would not be possible to initiate projects piecemeal, the officials added. It was pointed out that in Meghalaya, a large number of the local political parties representing ethnic and tribal sections had been running movements against uranium mining in the region, and government could not ignore the opposition given the strategic location of the north-eastern province and the sensitivities of minority communities. While information on uranium reserves in general, and Meghalaya in specifically, were not readily available from government agencies, as it was categorised as a ‘strategic mineral’, unofficial reports estimated the reserves in the province to range between 9 000 t and 14 000 t, ranking third among all other uranium-rich provinces in the country after Jharkhand and Andhra Pradesh. The Uranium Corporation of India Limited had undertaken premining activities in West Khasi Hills in the province, but was stopped in 2009, with officials now saying that the projects, or other similar projects in the region, were unlikely to be take up in the immediate future. Meanwhile in a related development, the Indian government was considering setting up a `strategic uranium stockpile’ ranging between 5 000 t and 15 000 t to take care of fuel requirements for the next five to six years. Officials said that India had been pursuing purchase of uranium from Australia and Canada and such negotiations were moving on a very ‘positive track’ and hence the proposal for a strategic stockpile had been mooted and forwarded to the Union Cabinet of Ministers for approval. It was pointed out that a stockpile had become all the more feasible following Prime Minister Narendra Modi’s visit to Kazakhstan last week, with uranium supplies of about 5 000 t being contracted from the central Asian country. With possibilities of overseas supplies of uranium to India brightening in recent months, the country could afford to go slow or even scrap mining projects in the country that had become sensitive both politically or financially, the officials said. In 2014, Indian had produced an estimated 1 252 t of the atomic fuel against a requirement of about 650 t for its existing nuclear power plants and hence with short term fuel requirement being assured and overseas supplies assured in the future, risks in taking up new domestic mining projects could be avoided, the official added.

ONLY A FOURTH OF EXPLORERS FILED MINERAL DATA IN SEVEN YEARS

Only one-fourth of companies with reconnaissance permits or prospecting licences have submitted mineral exploration data to the government in the last seven years, according to the ministry of mines.

State governments granted 401 reconnaissance permits and 920 prospecting licences between November 2007 and December 2014. Of these, 186 holders of reconnaissance permits and 151 prospecting licencees have submitted their data.

A reconnaissance permit is needed for preliminary exploration for a mineral through regional, aerial, geophysical or geochemical surveys and geological mapping, but it does not allow pits, trenches or drilling. A prospecting licence is needed for secondary exploration to prove the existence of mineral deposits.

Andhra Pradesh, Madhya Pradesh and Rajasthan led in granting these exploration licences between 2007 and 2014. The three states granted 161, 523 and 259 licences, respectively. Only 13 per cent licencees in Rajasthan and 20 per cent in Madhya Pradesh have submitted exploration data.

On the other hand, Jharkhand, Odisha, Chhattisgarh and Karnataka, four of the country's most mineral rich states, granted 26, 27, 70 and 71 exploration licences, respectively, during the period.

The Centre has renewed its focus on mining in the past year as India's explored area is miniscule to its obvious geological potential. According the ministry of mines, 570,000 sq km of India's land area of 3.28 million sq km has obvious geological potential. In 2012, the ministry said, only 5,046 sq km was under any

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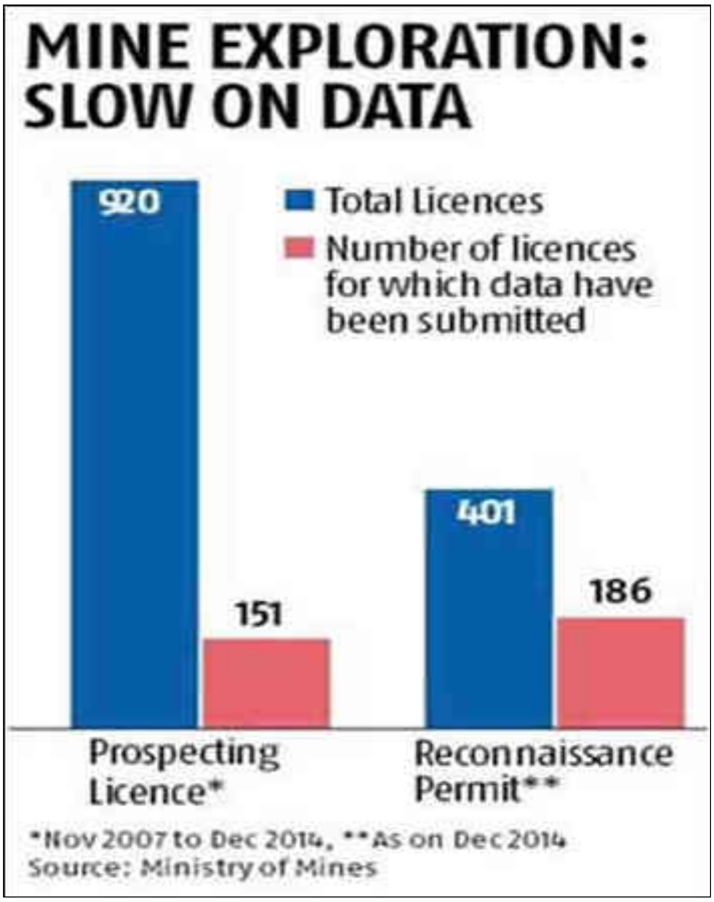
mineral lease, less than 1 per cent of the potential.

The government also does not have data on hand for auctioning mineral rights. According to the Mines and Minerals (Development and Regulation) Act, 2015, state governments will have the power to auction every mineral, barring coal.

New mineral evidence rules notified in April allow a composite licence - a prospecting licence-cum-mining lease - to be auctioned only after G3 level exploration. A mining lease can be auctioned only after G2 level exploration.

States like Odisha have said they do do not have the technological and financial expertise for this level of exploration. States worry they will not get good prices if evidence of mineral content is not adequate. The central government will form a National Mineral Exploration Trust soon to boost exploration.

"Apart from NMDC and MECL, we have appointed central public sector undertakings such as SAIL, RINL, KIOCL and MIOL as well as state PSUs from Chhattisgarh and Madhya Pradesh for exploration work. We are increasing exploration with their help. If there is better data available, even states will get more revenue in auctions," Union Mines Minister Narendra Singh Tomar had said earlier in an interview to Business Standard.



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