

CURRENT NEWS

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100 percent FDI on Titanium mining gets govt nod

New Delhi, January 31, 2008: In a significant move, the Union Cabinet on Wednesday gave its approval for 100 percent Foreign Direct Investment (FDI) on titanium mining in India. Speaking to reporters after the cabinet meeting, Information and Broadcasting Minister P R Dasmunsi said, the approval is for mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities. However, the FDI on titanium, a strategic mineral used in manufacturing airframes and aircraft engines, will have to be sanctioned by the Foreign Investment Promotion Board (FIPB) and will not be through the automatic route, he said.

FDI up to 100 per cent shall be allowed for mineral separation only if value addition facilities are set up within India along with transfer of technology. Currently, 74 per cent FDI was permitted for titanium mining with a mandatory clause that Indian partner must be a public sector unit.

Titanium is unique because it is as strong as steel but 45 per cent lighter. India has one sixth of the world resources of limonite, a titanium-bearing mineral and most of it is concentrated in Tamil Nadu, along the southeastern coast from Cuddalore to Vedaranyam. Several companies, including aircraft manufacturers Boeing and Airbus industries have evinced interest in titanium mining in India.

[Source: <http://www.commodityonline.com>]

Coal India sets Rs. 5,000 cr for underground mines

Kolkata, January 18, 2008: Coal India is readying a war chest of Rs 5,000 crore to develop underground coal mines during the 11th Plan period. The aim is to step up underground coal production from the present level of 43 million tonne (mt) to 67 mt by 2011-12. CIL has identified eight blocks with total reserves of 1,500 million tonne where underground mining will be undertaken through third parties. "We are in the process of inviting expressions of interest (EOIs) for these blocks. The idea is to involve third parties either through joint ventures or as operators to extract coal from underground mines. They will be involved from the stage of exploration to extraction for these underground mines. Blocks identified include two under Eastern Coalfields command area (ECL), one under Bharat Coking Coal, one under Mahanadi Coalfields, three under South Eastern Coalfields (SECL) and one under Western Coalfields," said director (technical) NC Jha. He was speaking to reporters on Wednesday at the inaugural proceedings of the 2nd Asian Mining Congress in Kolkata.

CIL has decided that the selected parties for these eight blocks will bring in the equipment, develop the mines and maintain the same for a period of 10 years while the investments will be undertaken by CIL. "Everyone can participate. Chinese and Australian companies have already evinced a preliminary interest in the projects. China extracts a bulk of its coal from underground mines and they have a very robust underground mining equipment manufacturing system," said chairman and managing director of Central Coalfields, RP Ritolia. Currently, the cost of coal production from underground mines is higher than open cast mines and CIL extracts about 80% of its coal

from open cast mines. "Once coal extraction gets under way from these eight blocks, the cost of extraction from underground blocks is likely to decline from the present level of Rs 1,800 per tonne to Rs 1,000 per tonne. Cost of coal extraction from open cast mines, on the other hand, varies between Rs 300 per tonne to Rs 700 per tonne. CIL loses Rs 3,000 crore every year from operations in underground mines. As new technology is introduced and cost of extraction declines, the quantum of loss will also decline," said Mr Jha.

At present, CIL has two underground mines at SECL, and one each at ECL and SECL. The largest volume of production is from the SECL mine, which contributes about 16 million tonne out of a total of 43 million tonne. The thrust on underground mines is to achieve a balance between open cast production and underground production to meet future demand for coal. Incidentally, CIL has decided to add 44 continuous miners and 16-20 long-wall faces, these are advanced technologies for underground mining by 2012. CIL has formed a special task force to ensure increased production from underground mines. "We have also requested the government to demarcate forest land where mining will not be allowed so that we can draw our roadmap on the basis of that," Mr Jha added. In a parallel development, CIL has already invited EoIs from consultants for benchmarking and standardising technology with respect to global standards for underground mines.

[Source: <http://economictimes.indiatimes.com>]

Tata Steel to invest \$150m in Oman mine

Kolkata, January 18, 2007: Tata Steel, the world's sixth-largest steel maker, will invest up to \$150 million over three years to develop a 10-million-tonne limestone mine in Oman, a senior official said yesterday. Tata Steel said it had signed a joint-venture agreement with Oman's Al Bahja Group to develop limestone deposits in Salalah in the sultanate. Limestone mined in Oman will be used in the company's plants in India as well as at Corus plants abroad, Managing Director B Muthuraman said. "The project will help us get quality limestone as well as save costs," he said without elaborating. Tata Steel purchased Anglo-Dutch steelmaker Corus Group for \$13 billion last year. The project would be executed by Al Rimal Mining, in which Tata Steel would hold 70 per cent. The initial phase would involve exploration and detailed feasibility studies.

[Source: <http://www.gulf-daily-news.com>]

Private firms' greater role sought in coal exploration

Kolkata, January 17, 2007: To meet the production target for the Eleventh Five Year Plan (2007-12), the Government is for more private players entering the area of coal exploration. Talking to reporters on the sidelines of 2nd Asian Mining Congress here, Mr H C Gupta, Coal Secretary said, "public sector cannot meet the demand alone". Within the existing framework efforts had been made to allow private sector in coal exploration, he said. Mr Gupta said the Government had already allotted 170 coal-mining blocks to the public and private sectors, with proven reserves of 38 billion tonnes. For this purpose, the Centre had also decided to ramp up the infrastructure of CMPDI, an institute engaged in the development of mines, to enable companies undertake exploration activity in these blocks. During the terminal year of the 11th Five Year Plan, the coal production target had been fixed at 680 million tonnes, out of which 520 million tonnes was to be done by

Coal India Limited. Another 104 million tonnes was expected to come from the captive blocks. Mr Gupta said during the terminal year of 12th Five Year Plan, coal production from captive blocks was pegged at 350 million tonnes.

[Source: <http://www.thehindubusinessline.com>]

Mineral royalty faces tweak

New Delhi, Jan. 13, 2008: The Centre is planning to charge royalty on major minerals on an ad-valorem basis against the current practice of charging specific rates. Royalties are paid by mining companies, and the move follows pressure from mineral-rich states such as Orissa, Jharkhand, Karnataka and Rajasthan. A royalty of 7.5 per cent is likely to be charged on iron ore, which could increase earnings of states such as Orissa and Karnataka four- to six-fold from this mineral alone. An ad-valorem duty is one that is determined according to the cost or market value of the article taxed, while a specific duty is a fixed sum assessed on an article without a reference to its value or market.

At present, a fixed sum is charged as royalty on a per-tonne basis. This has not been revised for many years, while prices of minerals such as iron ore and coal have gone up considerably. State governments have, naturally, been extremely unhappy with the pittance they are earning as royalty compared with the huge profits mining companies have been making from their territories. Top officials said the government would give effect to this key recommendation of the Hooda committee on mineral resources in the budget. Royalty on iron ore varies from Rs. 11 a tonne to Rs. 27 a tonne depending on composition of the ore. Karnataka, which mines about 35 million tonnes of iron ore every year, worth about Rs 6,500 crore, earns a mere Rs 165 crore as royalty. An export tax of Rs 300 per tonne aimed at discouraging sales of high-grade ore to India's rivals such as China may, however, remain. There may be a rethink if China agrees to barter high-grade coking coal for Indian iron ore. The tax was imposed after Indian steel makers said good quality ore was being exported to China, which at the same time was denying them access to its high-grade coking coal reserves.

Top officials said the decision to accept the royalty recommendations had been taken after the chief ministers of several mineral-rich states wrote to the Prime Minister about low royalty realisations. This comes at a time when the Centre is contemplating auctioning of mines, which will in effect take away the power of states to recommend mining grants for companies. States have used this power to bargain with steel makers for huge investment commitments in lieu of mining licenses. The Centre wants to take away this power as it feels it is unfair on states such as Bengal and Maharashtra, which may be short on mineral resources but have markets for finished steel or other key resources that steel makers use. Besides, the process of auctioning mining rights will be more transparent and address local concerns over grants of mining licenses being fraught with corruption.

[Source: <http://www.telegraphindia.com>]

Subbarami Reddy seeks Canadian technology for gold mining

New Delhi, Jan 12, 2008: Minister of State for Mines T. Subbarami Reddy had a meeting with a Canadian delegation on Friday. At the request of Dr. Reddy, the delegation, headed by Sandra Pupatello, Minister of Economic Development and Trade, agreed to expedite the supply of a helicopter to the Geological Survey of India. Besides

Ms. Pupatello, the delegation comprised Harinder Taklhar, Ontario Minister of Small Business and Entrepreneurship, Fareed Amin, Deputy Minister of Economic Development and Trade, Bill Forward, Assistant Deputy Minister of Economic Development and Trade and Ms. Shirley Townsend, Counsellor – (Commercial – Ontario), Canadian High Commission. Dr. Reddy sought training for Indian geo-scientists in Canada and Canadian experts of mining technology sent to train miners in India. He enquired about the progress of the work of monitoring and mitigating landslips at selected sites in the country under Indo-Canadian Collaborative Projects as a follow-up of a Memorandum of Understanding. He impressed upon the delegation the government's commitment to go for self-sufficiency in exploration and mining of gold and diamonds that account for an annual import bill for Rs. 1.4 lakh crore. Dr. Reddy wanted the Canadian government to consider transfer of technology for exploration and mining of gold and diamonds. The delegation was favourably disposed to the idea of technology transfer. The Minister said it would help India unearth huge resources of gold and diamonds in the next five years. The delegation invited Dr. Reddy to attend a meeting of the Prospective and Developers Association of Canada for an interaction with Canadian entrepreneurs in March 2008.

[Source: <http://www.hindu.com>]

China's Coal Mines Kill 3,786 in 2007

Beijing: Accidents in China's notoriously dangerous coal mines killed nearly 3,800 people last year, state media reported Saturday — a toll that is a marked improvement from previous years, but still leaves China's mines the world's deadliest. A total of 3,786 were killed in mining accidents in 2007 — 20 percent lower than the 2006 toll, indicating the effectiveness of a safety campaign to shut small, illegal mining operations and reduce gas explosions, the Xinhua News Agency quoted the head of China's government safety watchdog as saying. Coal is the lifeblood of China's booming, energy-hungry economy. The mining industry's safety, which has never been good, has often suffered as mine owners push to dig up more coal to take advantage of higher prices. Chinese mines produced 2.5 billion tons of coal last year, Xinhua said, nearly 8 percent more than in 2006. The government safety push, begun two years ago, has reduced the death toll, yet the results mask great disparities among various coal mines.

Li Yizhong, director of the State Administration of Workplace Safety, said Saturday at a national meeting that large state-owned mines have safety records on par with mines in India and Poland, while those of small mines are 10 times worse.

"We must sufficiently recognize the specific, complex safety problems in our country's coal mines," Xinhua quoted Li as saying. "We must not be blindly optimistic and remain sober-minded." Despite intense pressure on mine owners and the shutdown of smaller mines, China suffered one of its worst accidents in nearly 60 years of communist rule last year — an August flood that drowned 172 miners in a Shandong coal mine.

Vedanta to invest Rs 50,000 cr in metals, mining, power

New Delhi, Jan 8, 2008: Anil Agarwal-promoted, Vedanta Resources, on Tuesday said it has planned to invest over Rs 50,000 crore in the next few years in metals, mining and power generation and the outlay is expected to double in the coming years in view of its growth. "The group has grown in multi-fold, over 650 per cent in the last four years and

has planned investment of over Rs 50,000 crore with a clear focus on metals, mining and power generation. Seeing the market growth, the spend is expected to double in the coming years," company sources said. The London Stock Exchange-listed, Vedanta, is building production capacity of one million tonnes each in aluminium, copper and zinc and lead, over 20 million tonnes of iron ore and commercial power generation capacity close to 10,000 MW in coming years.

The Elements 2008 Summit being organised by Vedanta in Mumbai beginning January is aimed at developing new vendors and entrepreneurs and to further increase their scale of operations, keeping in view the changes in the national and international market scenario. The summit would nurture many entrepreneurs who wish to scale new heights and enhance their business at global level. Specially coordinated by industry experts, the Elements 2008 would also provide professional advise to all concerned, sources said. All the group companies of Vedanta Resources, namely - Hindustan Zinc, BALCO, Sterlite Industries (India) Ltd, Konkola Copper Mines, SESA Goa, MALCO, Sterlite Technologies, Vedanta Aluminium, and Sterlite Energy would participate together for the first time in the summit, they added.

[Source: <http://economictimes.indiatimes.com>]

CIL invites initial bids for appointing consultants

New Delhi, January 8, 2008: State-run Coal India Ltd (CIL) has invited preliminarily bids for the appointment of consultants for its identified opencast and underground mines and coal washeries. The selected consultants would be responsible for assessment of the current status of technology covering mining and related activities and benchmark them against the world standards under similar geo-mining set-up, the company said in its advertisement seeking expression of interest. They would also be responsible for documenting technologies, identifying relevant productive technology in the global market and their potential of application in CIL's mines, it added. Besides the consultants would also prepare roadmaps for implementation of the technology on mine to mine basis. The last date for submitting the bids by the interested parties has been fixed as February 28.

"India's demand for coal may exceed two billion tonnes a year by 2031-32, up from about 460 million tonnes a year now," a senior Coal Ministry official said. In its Integrated Energy Policy, the government has said coal would retain its leading position in India's overall energy mix for the next 25 years if India was to achieve economic growth at over 9 percent a year. This would need the government to plan coal production and ensure there is adequate infrastructure for imports, which would require to rise to around 50 million tonnes a year within the next five years, he said. With coal-fired power generation expected to be more than double from the current level of 72,000 MW, coal production would also have to increase to the match the growing demand. CIL currently have total 470 mines, which includes 144 open cast mines, 295 underground mines, 31 mixed mines.

[Source: <http://economictimes.indiatimes.com>]

Kinkri Devi, 82, battled illegal mining in India

January 6, 2008: Kinkri Devi, an illiterate and impoverished woman who waged a long and at least partly successful fight against illegal mining and quarrying in the

mountainous northern Indian state of Himachal Pradesh, died Dec. 30 in Chandigarh, India. She was 82. Devi was born into a poor Dalit, or untouchable, family in the village of Ghaton in 1925. Her father was a subsistence farmer. That she came from a low caste made her struggle against powerful and politically connected mining interests all the more remarkable.

With no hope of an education, she began working as a servant in early childhood and, at 14, married Shamu Ram, a bonded laborer. He died of typhoid when she was just 22, and she was forced to become a sweeper. Over the years, she watched the world around her change for the worse. Uncontrolled quarrying despoiled the fabled hills in many parts of Himachal Pradesh, harming the water supply and destroying once-rich paddy fields. Seeing the damage in her own district, she vowed to take on the mining interests. Backed by People's Action for People in Need, a local volunteer group, Devi filed a public interest lawsuit in the High Court of Shimla, the state capital, against 48 mine owners, accusing them of reckless limestone quarrying. The quarry owners dismissed her campaign, saying she was only trying to blackmail them.

After a long period with no response to her suit, she headed for Shimla and staged a 19-day hunger strike outside the court until it agreed to take up the issue. The strike won Devi national and international headlines. In 1987, the High Court not only ordered a stay on mining but also imposed a blanket ban on blasting in the hills. Faced with the prospect of closing their operations, her opponents threatened to kill her, but she continued to fight. The mine owners appealed to the Supreme Court of India, which ruled against them in July 1995, adding to Devi's renown.

The same year, still working as a sweeper, she was invited to attend the International Women's Conference in Beijing because of the keen interest taken in her by Hillary Rodham Clinton, then the first lady. A private organization sponsored her trip to China, where Clinton asked her to light the lamp at the inaugural function. She spoke to thunderous applause about how the enchanting Himalayas were being degraded by illegal limestone quarrying and how it was up to ordinary people like her to save the environment.

Despite Devi's efforts and the Supreme Court ruling, quarrying continues not only in the hills but also in the forest preserves, though with some improved regulation. She is survived by a son and 12 grandchildren. Devi, who could neither read nor write and learned to sign her name just a few years ago, also waged a long campaign for opening a degree-granting college in Sangrah, the village where she spent most of her life. "It wasn't in my destiny to study," she said, "but I don't want others to suffer the way I did for want of education."

[Source: <http://www.iht.com>]