

CURRENT NEWS

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Mittal seeks to allay villagers' fears

Keonjhar, May 27, 2008: Taking a lesson from protests against various industrial projects in the State, the world's largest steel maker ArcelorMittal on Monday sent its two chief executive officers of India operation to the tribal- dominated Keonjhar district to initiate a dialogue with local people for winning their confidence. ArcelorMittal proposed to set up a 12 million tonne per annum capacity steel plant in Patna tehsil of Keonjhar district at an estimated investment of Rs. 40,000 crore. Company's CEO, India Vijay Bhatnagar and CEO, Greenfield Projects Sanak Mishra addressed a workshop on 'roadmap of corporate social responsibility activities' attended by a cross-section of people from the district, including a few villagers who face displacement.

Demo staged

However, the first interaction of two senior officials of the company did not pass without a tinge of controversy. Some 700 residents from 17 villages that will be affected continued to stage a demonstration under the banner of Mittal Pratirodh Manch (MPM) in front of the district Magistrate's office where workshop was going on. "The company will take away our agriculture land covered with irrigation network. Some 17,000 to 20,000 people will be displaced. We will never allow the company to occupy our land," MPM President Muralidhar Sardar said. Earlier addressing the workshop, Mr. Mishra said, "We are approaching the project with a participatory approach. The mega project would help improve quality of life of people of

Keonjhar and add value to the rich iron ore resources available in the district."

In its corporate social responsibility, the company would give priority to education, employment and overall health care needs of people of the region, he said. Mr. Bhatnagar said ArcelorMittal had the expertise both in running steel mills as well as carrying mining operation, in which the company was the fourth largest group in the world. The company would set up a design and engineering centre at Kolkata to feed quality manpower to the steel industry, he said.

The company has submitted a land requirement of 7,750 acres to the district administration. "We will require 6,000 acre of land for the steel mill, 1,000 acres for captive power plant and 750 acre for township. Of these we will convert 2,000 acres into a green belt," Mr. Mishra said. ArcelorMittal will produce steel products such as wire rod, rebar, merchant bars, plat, hot-rolled coil and galvanized coil, which would be used in housing, infrastructure development and automobile industries.

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

When Indians acquire iron ores abroad, why can't foreigners do same here?

Chennai, May 24, 2008: Even as the Indian government plans to enact proposals in a bid to curb exports on iron ore to control inflationary tendencies, it has also drawn a lot of flak from corners for the new National Mineral Policy 2008 (NMP). Some

representatives of mining states have even questioned the motive behind the policy (yet to be enacted into a law) and gone to the extent of saying that national interests may be compromised in the quest to seek Foreign Direct Investment (FDI). *Business Line* talked with a policy expert, who has an entirely different take, on these issues: that one needs to view things in the context of global trade. “If today Tatas, Reliance, Jindal and Essar can acquire mines overseas and I don’t see anyone in India raising objections to their actions, then there should not be an objection if similarly foreign investors can acquire mines and exploit them in India as well,” remarked **Ms Asha Katyal, Associate Director (Transaction Advisory Services), Ernst & Young.**

Excerpts from the email interaction.

What would be the impact of the proposal that would allow mining companies to move into exploration and production?

At present most of the companies face significant difficulties in getting approvals in a timely manner to progress down the economic chain from reconnaissance to mining lease execution. At this point in time any proposal which intends making award of mining leases more objective and grant of approvals a more time-bound exercise would be very welcome

There is a proposal to allow commercial exploitation of reserves to sell the resources to others at a profit. Do you feel appropriate safeguards have been placed to ensure the protection of the interests of domestic companies?

Most of the larger and medium domestic companies have foreseen this development and are anyway geared or in the process of gearing up to the challenge that lies ahead by securing long term supply of commodities through mine acquisitions. In the medium to long run, global demand, supply and pricing forces will create a level-playing field which will protect the interest of domestic companies.

Given the sensitive nature of mineral resources and policies governing the same, do you expect the new mining policy to attain its present form, if it were made a law? In the global context of mining the changes proposed through the policy are hardly radical. Plus, there is concern that work done by Indian companies or that could be done by them, is being unnecessarily overlooked for the sake of ‘attracting FDI.’

If one is to take a positive view, competition is healthy and FDI can help bring or obtain the technology needed to extract minerals in a more effective manner and perhaps even increase the resource size.

How much of the country’s mining resources have been explored? While new and industry-friendly policies might increase the penetration, the concerns surrounding environmental destruction also reign supreme...

Till recently, globally most of the companies were focusing on increasing production from existing assets rather than exploration and that’s one of the reasons behind the soaring prices of coal and iron ore. I think it would be fair to say that exploration activities in India till now have been fairly subdued. The concerns pertaining to environment are not just relevant to India but also elsewhere in the world and need to be addressed in a balanced way.

Do you feel the new mining policy proposals effectively take away a lot of power from state governments? While questions over their discretionary role in selecting different companies for the discovery process and exploitative step remain, do you foresee that they would feel curbed with the new proposal?

The New Policy purports to put in the checks and balances on the State Governments. However it would be premature to preempt the implications until one can see the final shape it takes in the form of law.

There have been many questions and issues about the iron ore issue. While industry bodies are on record saying that the government should allow export of ores that are above the needs of the country -- here we have a mineral policy that allows for foreign investors to exploit minerals and, possibly, export them too...

One needs to view things in the context of global trade. If today Tatas, Reliance, Jindal and Essar can acquire mines overseas and I don't see anyone in India raising objections to their actions, then there should not be an objection if similarly foreign investors can acquire mines and exploit them in India as well. There has to be a balanced trade off between what I need today and what I could possibly need tomorrow. Also let's not forget that iron ore may lose its importance if a substitute for steel is discovered. While this may seem far fetched today, it could well be tomorrow's reality.

Do think the current iron ore prices are at unrealistic levels?

Globally, iron ore prices were severely suppressed for a fairly long time due to the downturn of the steel cycle. With steel on an upturn iron ore prices are only now slowly returning to more realistic levels. In fact even today steel and iron ore company valuations are fairly attractive for investment.

Does our policy follow any successful global model? Again, does the policy factor in lessons, especially from historical policy failures?

If one were to benchmark the policy in India to Canada or Australia one would find that there is plenty of room for improvement. The Government has shown the intent for progressive reforms for this sector and it is hoped that these happen in a time bound manner.

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

NECL likely to raise coal production by 3-lakh tonne by end of 2009

May 19, 2008: New Delhi North Eastern Coalfields Ltd (NECL), an arm of Coal India Ltd, will start two opencast mines in Assam to boost its production by over 27% to 1.4 million by the end of 2009, with a total investment of over Rs 100 crore. Currently NECL produces about 1.1 million tonne of coal a year and the two new mines are expected to generate 3 lakh tonne of coal. Sources close to the deal said, officials from the Assam Government have been apprised of the draft plan for the mines and the proposal now awaits environmental clearance.

However, opposition to open-cast mining is quite old in the area. NECL took over the mines in 1973 from the UK-based Assam Railways and Trading Company. In 1985, it switched from underground mining to open-cast mining to offset the high cost of production involved in underground mining. A similar move by NECL to set up two opencast mines in 2005 had been caught up in litigation and opposition from the environmental groups. This time around, the source said, both the state government and NECL are keen to see the plan to materialise without being caught in litigation. The Environmental Impact Assessment report addressing all stakeholders' views has been sent to the Environmental Appraisal Committee for Coal and Lignite, attached to the Coal Ministry. "We expect all formalities to be completed by the end of this fiscal as necessary environmental approval and nod from Public Investment Board (PIB) is needed for a

project of this sort”, the source said. NECL is keen to see early implementation of the project as it aims to minimise its operating losses. The operating cost for an underground mine is Rs 3,000 per tonne while it receives only Rs 1,800 per tonne from sales, thereby incurring a loss of Rs 1,200 per tonne.

NECL makes up for this loss by its production from the opencast mines, where the cost of production is significantly lower than its sales price. For Assam Government, the project is vital to meet its power generation needs. Assam continues to be one of the states with the lowest power generation and most of its coal fired power plants suffer from the lack of availability of coal.

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

Orissa tribals oppose bauxite mining

Bhubaneswar May 14, 2008: Tribals in Orissa's Niyamgiri hills in Kalahandi and Raygada districts have written to the Chief Justice of India and also met Congress leader Rahul Gandhi expressing their opposition to bauxite mining there. "Our prayer is that before a final decision is taken by the Supreme Court on bauxite mining in and around Niyamgiri hills, we may be heard since we are the affected inhabitants," tribal leaders Jitu Jakesika and Dodi Pusika, representing Dongria, Jharnia and other tribes, told reporters. Claiming that mindless industrialisation would destroy the tribals, he said inhabitants of the area and various groups have written separately to the CJI with a prayer to hear their views on the matter.

Since the Niyamgiri was regarded as god by tribals, he said inhabitants of the area were ready to lay down their lives to prevent bauxite mining from there. He said representatives of tribals met the AICC General during his visit yesterday and sought his support. In a letter to Gandhi, leaders of Dongria Kondh tribal community said the support which he pledged to them during a visit to Ijirupa village in Niyamgiri in March 2008 was "a great strength to our campaign to save our mountain".

Describing Gandhi as a great hope in saving Niyamgiri and preventing their unique lifestyle from being destroyed, Jakesika said the tribals also asked him to take up the matter at the level of the union minister for environment and forest, who is overseeing the case. He said Gandhi had recognised that the simple lifestyle of the tribals was important in protecting the rich and unique bio-diversity of the mountain.

[Source: <http://www.business-standard.com>]

SAIL RMD seeking tie up with NMDC for mining growth

May 9, 2008: It is reported that Steel Authority of India Limited has entered into a tie up with Mineral Exploration Corporation Limited to undertake exploration and prospecting of its mines to meet the growth plan. SAIL's Raw Materials Division of SAIL, which caters to the need of the SAIL steel plants in the eastern region, has been gradually increasing the production and has a target to produce 18.2 million tonnes of iron ore in the current fiscal. Mr AK Singh an official spokesperson of SAIL said that new mines are proposed to be developed at Chiria, Rowghat, south block of Kiriburu, central block of Meghahatuburu, Taldih and Thakurani. Moreover, it has also drawn up major expansion of the existing mines at Gua, Bolani and Barsua.

According to Mr Singh, SAIL is going to introduce world class technology in Chiria mine to increase the iron content of ores. Capacity expansion of Gua ore mines is

on the anvil. The iron ore mine at Kiriburu will be developed from its present 4.25 million tonnes to 5 million tonnes.

[Source: <http://steelguru.com>]

Centre questions ArcelorMittal's allotment of mining lease

New Delhi, 8 May, 2008: ArcelorMittal's steel venture in India has hit a road block with the Centre questioning the Jharkhand government's decision to give preferential allotment of the Meghahatuburu (Karampada R F) mining lease in west Singhbhum district. The Centre has asked explanations from the state for proposing to grant the 500-acre iron and manganese ore mining lease (ML) to world's largest steel manufacturer ArcelorMittal, rejecting claims of domestic steel major SAIL and public sector NMDC. Apart from SAIL and NMDC, there were over 70 applicants for the mine.

The Centre has asked the state to cite valid reasons for rejecting any application. "The state government should have dealt the applications strictly as per merits and passed rejection orders," a source in the ministry of mines said. According to official sources, many applications (for the Meghahatuburu mining lease) have been rejected by the state merely on the ground that the applicants do not have memorandum of understanding (MoU) with the state. While the Jharkhand government informed the Centre that public sector companies SAIL and NMDC have expressed no objection regarding the state's decision to grant the ML to Arcelor Mittal, SAIL has denied any such communication with the state. "The state government has merely informed SAIL that it is offering Karampada mine to ArcelorMittal. No reason has been given for the decision," an official source said. "In fact, the district mining officer has written to raw material division (RMD) of SAIL about the state government's intent to which the PSU replied that it would disturb its existing mining operations in Meghatuburu and add to pollution levels causing environmental degradation," the source said.

It is understood that the Union mines ministry has now considered SAIL's concerns and is likely to ask the state government to take no objection from SAIL before any further decision is taken on the application. In fact, officials of the mines ministry contented that SAIL would spent over Rs 25,000 crore in Jharkhand while Arcelor Mittal just had a MoU with the state government for a 12 million tonne steel plant.

"We cannot ignore SAIL's claims over Karampada mines without getting a justification from the company itself," a source in the mines ministry said. The Karampada mines is important for ArcelorMittal as it is estimated that block would have reserves of 500 mt of good quality iron ore. With Chiria mines in the state already under dispute, the world's largest steel maker has been eyeing alternative sources in the nearby regions.

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