

CURRENT NEWS

October, 2008

State to expedite SAIL mines lease renewal, PL

Kolkata/ Bhubaneswar October 30, 2008: The Orissa government today assured the Steel Authority of India Limited (SAIL) to take expeditious measures for clearing its application of prospecting license (PL) for new mines and lease renewal of old mines, whose lease term has expired.

It will convene a meeting of the company officials with the forest secretary to facilitate renewal of mines pending for forest clearance. The assurance from the state government came during a meeting of the senior SAIL officials with the chief secretary Ajit Kumar Tripathy in the state secretariat today. "The Rourkela Steel Plant (RSP) plans to expand its production to 8 million tonne by 2019-20 from about 2 million tonne at present for which it requires mines. The state government assured to initiate measures for clearing the lease renewal of old mines and PL for new mines sought by the company", Ashok Dalwai, commissioner-secretary, steel and mines department, government of Orissa said.

Talking to the media, he said, SAIL has sought PL for Thakurani (A-block) which is under litigation. The government cannot do anything till the matter is disposed by the Supreme Court. However, a meeting of the senior officials of SAIL and the forest secretary will be convened to clear the PL pending for forest clearance. On Horomoto iron ore block, Dalwai said, a revision application is being filed with the Union government. The mining lease of the Horomoto mines in favour of SAIL could not be renewed as the company could not justify its non- use, he added.

Ganatantra Ojha, director (personnel) and in charge (raw material division) said, the state government assured to look into the pending matters positively. On getting PL for the Thakurani mines having estimated reserves of 75 million tonne, he said, the matter is before the apex court. SAIL will seek legal assistance to pursue the matter as indefinite litigation will not help anyone. Similarly, on the issue of the renewal of the PL for the Horomote mines Ojha said, the mining tribunal will call both the parties (the Orissa government and SAIL). While the counter proposals are to be submitted, it may take about 2-3 months for the tribunal to hear the case and decide.

Company sources said, the non-renewal of the mining lease of the Horomoto mines in favour of SAIL may affect the Rs. 10,000 crore expansion plan of the Rourkela Steel Plant (RSP).

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

Coal India to go for new ventures, aims for global status: Chairman

Kolkata, October 28, 2008: After becoming the 18th public sector undertaking to have achieved the 'Navratana' status on October 24, the Coal India Limited (CIL) wants to go for new ventures in foreign countries as part of its investment plan. "We want to become a global company," said CIL chairman Partha Bhattacharya, adding that he is in talks with a few companies in Australia and CIL has plans to acquire coal fields in Europe and Africa. "While there are some mines which are up for outright sale, there are others which allow equity participation. We are looking at both the options," Bhattacharya said.

The company is also planning to acquire 1 lakh to 75,000 acres of coal mines throughout the country in the 11th Five Year Plan. The status empowers the largest coal-producing company in the world to have administrative as well as economic autonomy. Unlike earlier, when all the policy decisions were taken by the Cabinet Committee of Economic Affairs, now this power will be delegated to the board of directors of CIL. The Navaratana status also allows the coal company to take up projects up to Rs. 1,000 crore, including investments in other countries. The Navratana status also gives the CIL the autonomy to decide on affairs of all its subsidiaries, including Eastern Coalfield Ltd (ECL) and Bart Coking Coal Ltd, which are under the purview of the Board for Industrial and Financial Reconstruction (BIFR).

According to the CIL chairman, the company has aggressive plans of reviving these two companies, including the expansion of Chupervita, Hura and Sonpur Bajari coal mines under ECL. The CIL, with two of its sick sister concerns, has surpassed last year's production in the

period April to September 2008. "Compared to the last year, we have had a growth of more 6.93 per cent. We are also hopeful that the production this year will be higher than the last year," Bhattacharya said. The company will also put emphasis on more joint ventures for extraction of coal. "We have already asked for the letters of expression of interest from companies to excavate coal from abandoned mines. We will encourage more joint ventures in the future," the CIL chairman said. With the new status, the CIL has to withdraw its shares on the stock exchange through an initial public offering within the next three years. The company plans to offer its shares to land losers from whom it will acquire the land for coal mining.

Power dept mulls importing coal

The tussle between the state Power Department and Coal India Limited (CIL) continued even as the Power Department was contemplating importing about 1 lakh tonne of coal to provide fuel for its thermal power plants for about a month. Earlier, the CIL had refused to increase the supply of coal for the thermal power plants of the state. Despite repeated requests by the West Bengal Power Development Corporation Limited (PDCL), the CIL is not sending extra coal. "The coal supply has not improved," said S Mohanty, chairman of PDCL. There has been a shortage of coal for the thermal power plants in the state. The difference between the supply and demand of coal is about 10,000 tonnes a day, said PDCL sources. This has resulted in eroding the stock of coal at the power plants. The Power Department has decided to import extra coal from Australia and New Zealand. "We are planning to import about 1 lakh tonne of coal. This should be enough to tide over the next month," Mohanty said. The imported coal is generally of a better quality with very little ash content and a high calorific value. The Power Department officials, however, did not give a specific time frame when the coal would reach its plants. CIL authorities refused to comment on the issue.

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

India has 113,000 tonnes of uranium reserves, Govt. tells RS

New Delhi, 23 Oct, 2008: India has proven uranium reserves of 113,000 tonnes and the Government was making efforts to expedite mining of the mineral while also looking at imports to bridge the demand-supply gap.

Replying to supplementary during Question Hour, Minister of State in the Prime Minister's Office Prithviraj Chavan said currently the law allows only Central Government companies in the field of atomic energy and uranium mining. "Private activities are not permitted by current legislation," he said. Atomic Minerals Directorate for Exploration and Research (AMD) has identified 130,000 tonnes of uranium reserves in Jharkhand, Meghalaya, Andhra Pradesh and Rajasthan, he said. Indigenous mining, he said, was being expedited with some work in Jharkhand being outsourced and a new mine opened in Andhra Pradesh.

Jharkhand accounts for nearly half of the total reserves. "Concerted efforts have been made to develop mines in other states over the last several years and are expected to produce positive results in spite of difficulties such as land acquisition, mining lease, rehabilitation or resettlement of affected persons, environmental and forest clearances and public consensus," he said.

Chavan said while there was no slackening of efforts to fully tap all potentially viable uranium resources, efforts to access foreign resources should be seen as efforts to bring in additional to domestic resources. "Fuel demand-supply mismatch has led to operations of nuclear power plants at reduced capacity," he said explaining why Government was looking at importing uranium.

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

India mining law too late to catch ebbing commods tide

New Delhi, October 14, 2008: India's new mining policy, moving with glacial speed towards implementation, may be too little too late to attract much foreign investment as the commodities boom fades and interest in minerals wanes. The turmoil in world financial markets and the consequent reduction in risk appetite, high borrowing costs and likelihood of a slowdown in

demand for industrial raw materials means few companies want to risk developing projects abroad.

And India, where legendary red tape has deterred foreign and even domestic private investment for years, will remain low on the list, even if the government finally passes legislation to help cut through the bureaucracy. "The motivation to invest will be a little less now given that commodity prices have come down worldwide," said Rakesh Arora, associate director at Macquarie Securities India office.

Only 10 percent of Indian territory has been explored for its mineral wealth, and industry officials say this is largely due to the mass of paper work involved. Analysts have said that India and surrounding countries could see huge mining and exploration investment over the next 50 years as reserves in countries such as South Africa and Chile start to dwindle.

India is estimated to have 2.92 billion tonnes of bauxite, the raw material for aluminium, or some 10 percent of world reserves. It is also estimated to have 23 billion tonnes of iron ore deposits and 276 billion tonnes of coal. Under new guidelines, delayed nearly two years, foreign and domestic firms should find it easier to invest in exploration and mining of gold, diamonds and metals like copper and zinc. Prospecting companies will automatically obtain a mining licence. But even if the guidelines are passed, implementation may be a challenge.

"It might get a bit diluted because of the various factions, which are really pulling from both sides," said Arora. Indian mining industry officials say they expect the policy to figure in the budget session of parliament in February.

The policy draft says that while state firms would continue to work on exploration and survey of minerals, the government would give more encouragement to private sector investment. "The emphasis has to be to make mining more marketable by itself," said A.S. Feroze, an independent steel analyst. But he added that the policy still encouraged captive mining by metal firms.

Local Hurdles

Until now, overseas prospecting companies have avoided India because they could not sell the data they mapped, and could only utilise the information if they developed the resources themselves, which required massive capital. Investors also face resistance in states over acquisition of farming and forest land, a trend underscored by Tata Motors Nano project, which pulled out of West Bengal state, after protests by farmers unhappy with compensation over their land. "Most of our minerals are in forest areas and to get permission is very difficult," said R.K. Sharma, secretary general of the Federation of Indian Mineral Industries. "I don't see that changing even with the new policy." The eastern state of Orissa, which has spearheaded the opposition by mineral-rich states, said it received the mining policy in the third week of September. "We have asked for two months," Orissa's steel and mines secretary, Ashok Mohadeo Rao Dalwai, said. "I would not be able to comment on that now because we are studying it." Macquarie's Arora said that while India may attract less foreign investment because of the global financial situation, he expected some foreign inflows. "Business does not stop, though sentiment is a bit negative," he added.

[Source: <http://in.reuters.com>]

Coal India set to get Navratna status

Kolkata, October 14, 2008: Public sector Coal India Ltd (CIL) is expecting to cross the last hurdle in getting a Navaratna status within a week or so. The long-pending empowerment proposal has received the recommendation of a committee headed by the Cabinet Secretary. However, the status may also require CIL to seek a listing within three years. This development was confirmed by senior officials in the Union Coal Ministry. "The final decision will be taken by the relevant ministers after discussions with the Secretary of the Department of Public Enterprises (DPE) and this is expected within the next week or ten days", the official told The Hindu from New Delhi.

However, the recognition may come with a rider that the PSU, which produces 80 per cent of the country's coal, will have to make a market listing within three years. The proposal, which CIL has been pursuing for over a year now, had already received the blessings of an interministerial committee which is headed by the Secretary of the Department of Public

Enterprises. After this, it went to the Apex Committee, which is headed by the Cabinet Secretary where it was considered by the Secretary, Planning Commission, Secretary, Expenditure, and the DPE Secretary.

For CIL, this empowerment would mean that its board would be able to approve capital expenditure projects entailing an investment of up to Rs. 1,000 crore against Rs. 500 crore now. It will also have the authority to form joint ventures without going through the long-drawn process of ministerial approvals, which has earlier resulted in loss of many overseas mine acquisition opportunities.

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

ASEAN expects China, India to keep mining afloat

Manila, Oct 13, 2008: Mineral exporters in Southeast Asia expect China and India to sustain demand amid a looming recession in developed countries, officials and industry executives said on Monday. "The world will not stop operations," Filipino Natural Resources Secretary Joselito Atienza told reporters. "The present crisis in the world could be an opportunity for ASEAN (Association of Southeast Asian Nations) countries," he added. Despite an economic slowdown and possible recession in the West due to a financial crisis, robust growth is forecast for emerging and developing countries including China and India, said Benjamin Philip Romualdez, head of the region's mining chambers.

Their geographic location means the Philippines and fellow ASEAN mineral exporters Indonesia and Malaysia would be "well-positioned" compared to Latin American and African rivals in supplying the needs of large mineral importers in Asia. While metals prices have gone down from last year's record levels, "true prices are still very much higher than their historical averages," he said. "The world is still flush with cash and various funds all over the world will still be looking for investment," he said.

"Historically in difficult times like now, the resource sector often remains to be the most stable and strongest in these difficult conditions," Romualdez said. "We are not a consumer-driven industry. It's not a question of confidence, of whim. Metals are the basic building blocks of infrastructure and economies for developing countries in the world," Romualdez said.

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

SC flags green signal for forestry clearance to Rowghat

October 11, 2008: The Supreme Court Committee has given its final consent for forestry clearance of Rowghat Mines, much needed for the survival of Bhilai Steel plant, although getting environment clearance of Rowghat Mines remains a distance affair for India's only steel rail producer. Left with only around 50 million tonne of iron ore reserves in its captive Dalli-Rajhara mines, which according to the company estimates would be entirely used in the next five years, Bhilai Steel Plant had bet on the Rowghat Mines for survival as well as increasing its capacity to 7.5 million tonne a year from 4.2 million tonne at present.

The Steel Authority of India Ltd (SAIL) unit was set up in the middle of nowhere only because of the iron ore reserves, and its location makes imports or even supplies from other SAIL mines uneconomical. Bhilai Steel gets Dalli- Rajhara iron ore at Rs 600-650 per tonne and imports would cost ten times more. Bhilai Steel Plant officials told FE that the Supreme Court gave its final ruling last week on the forestry clearance but getting the environment clearance would be another long drawn process. The Supreme Court ruling has been forwarded to the ministry of environment and forest for the final clearance.

Officials said "although the copy of the ruling is yet to come in our hands, we are given to understand that we have crossed a major hurdle. The ministry clearance is only a matter of formality". The ministry of environment and forest after giving the forestry clearance in around June last year had send it to the Supreme Court Committee for the final consent. The Supreme Court Committee's consent will be followed by the environment and forest ministry's final notification.

SAIL officials said that the final notification for the forestry clearance is expected to come within a month. NK Bindu, Bhilai Steel's Executive Director for mining, said out of the total 2028 hectares earmarked for mining in Rowghat, which has an estimated reserve of around 1400

million tonne, Bhilai Steel has applied for 883 hectares of forestry clearance, whose reserves according to conservative estimates are 511 million tonne. Rowghat Ore has a 62% ferrous content.

Iron ore deposits in Rowghat was discovered way back in 1899 and in 1949 Geological Survey of India (GSI) investigated the area and out lined six iron ore deposits A to F. Deposit-F is the largest area divided into seven blocks.

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

Airport in Andal not to hit coal, says Bengal

Kolkata, Oct. 10, 2008: The Bengal government has written to the civil aviation ministry saying a planned airport in Andal will not affect coal mining and should be cleared. This follows a visit to the site, spread over 3,500 acres, on October 1 by officials of the state government, Coal India and the Central Mine Planning & Design Institute. In its report, the state said any possible coal reserves in the area were well below the levels at which mining was being carried out at present.

The officials' recce followed Coal India's objections that the site would block reserves. It had written to Bengal industry minister Nirupam Sen about its concerns, with copy to the civil aviation ministry, asking for a fresh look at the site. The letter comes days before the DM of Burdwan, of which Andal is a part, issues a notification for the acquisition of 2,300 acres for the first phase of the project, which also includes a residential and industrial township.

The state cabinet's approval for the plan, being developed by Bengal Aerotropolis Projects Ltd with Singapore's Changi as the hub's operator, had come on August 28. During the October 1 survey, it was found the site was outside the leasehold area of Eastern Coalfields, the Coal India subsidiary that controls the region's mines. No working mines were found within the proposed leasehold area, the closest being 500 metres away. The reserves outside the ECL leasehold area cover 150 sqkm. The planned airport, over 14sqkm, is less than 10 per cent of the total area where coal reserves are said to be located. Part of the project will fall in the Tamla reserve but this mine hasn't been explored.

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

CIL faces safety concerns in reviving abandoned mines

New Delhi, Oct 9, 2008: Leading coal miner Coal India Ltd (CIL) is facing safety concerns for miners in reviving its 18 abandoned underground coal mines. CIL has invited private participation to extract coal from these abandoned mines with an approximate reserve of 1.64 billion tonne. As underground mining would be revived in abandoned mines of 3 subsidiaries of CIL — Eastern Coalfields, Bharat Coking Coal Limited (BCCL), and Central Coalfields — risk involved in mining deep-seated coal will be higher, pointed trade unions and activists.

CIL has invited private participation for extracting coal from Gaslitand mine, which claimed at least 65 lives in a major accident in 1995. Following such disasters, CIL had decided to close down high-risk mines with low production. "If accident prone mines which were abandoned because of presence of poisonous gases are revived again, there will be intricate problems in assuring safety of miners," convenor of the NGO Mines, Minerals and People, and geologist R. Sridhar told ET. Accidents have been a frequent phenomenon in underground mines. Fatalities in mining accidents average 70 annually for CIL. Among the major hazards are roof falls in underground mines, and incidents of workers being run over by machinery in open cast mines.

Underground coal mining has also witnessed many accidents in China, with death of nearly 3,800 people in coal mine related mishaps last year. It has become a growing concern for workers' lives in India as investments in this sector are expected to increase. Sources in directorate general of mines safety (DGMS) said that since dynamite is used for coal-mining operations, sometimes the explosion leaves a big crack, and water from a nearby tank or river floods the mine. "Pumping out ground water from abandoned mines will be a challenging task for the new entrant private players who don't have institutional memory (history of mine accidents) of the mine," he said. He added that DGMS has not been provided with adequate funds and staff to implement the safety measures in past few years and violation of the Coal Mines Regulation Act is rampant.

“One of the objectives of nationalisation of coal mines in India was to bring about an improvement in the safety scenario. With this in view the safety policy of CIL will be implemented for private players and supervisors will be appointed by CIL,” said NC Jha, the company’s technical director. According to CIL, underground mines are quite small in terms of production but it is putting higher thrust in underground mining now. During the previous fiscal, coal production from underground mines was only about 11% of total production of 379 million tonne. This is despite around 2,50,000 persons comprising 57% of the aggregate workforce being deployed in underground mines.

CIL is aiming at an unprecedented increase in coal production to 520 million tonne by the end of eleventh five-year plan (2011-12) and then to 664 million tonne in the terminal year of 12th five-year plan (2016-17).

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

Overseas uranium hunt intensifies

New Delhi, Oct. 5, 2008: The government has gone into overdrive in helping Indian companies acquire stakes in overseas uranium mining entities, at a time when India has forged closer ties in nuclear energy with the US. Indian mining firms, both state-owned and private, are being helped by Indian embassies abroad to identify and buy uranium mines.

An informal message has gone across that India needs to have uranium mines, and the government will guarantee purchase of the radioactive mineral by the Nuclear Power Corporation, which runs 17 reactors and is setting up five more. Sources said Reliance Industries had entered into an agreement with Uranium Exploration Australia (UXA), though the country is still resisting the export of the mineral.

RIL Australia, a subsidiary of Reliance, has bought a 49 per cent interest in four of UXA’s exploration licences in the state of South Australia and four of UXA’s exploration licence applications in Northern Territory. The exploration programme, of which 49 per cent will be funded by Reliance, will cost about Australian \$19.4 million. Jindal Steel & Power has bought stakes in Canadian firms which mine uranium in Mongolia. The Jindals have purchased the Mongolian assets of Vancouver-based Bluerock Resources and Uranerz Energy for \$2.6 million.

State-owned Oil India Limited plans to enter into a tie-up with Uranium Corporation of India Limited (UCIL) for mining in the country. The energy exploration firm has found uranium while searching for oil and gas. Before these companies made their moves, little-known Taurian Resources had won a contract in Niger giving it exclusive rights over 3,000 sq km of the Sahara desert. The Arlit region, in the Sahara, is estimated to hold at least 30,000 tonnes. India is also in talks with Gabon, Niger and Namibia for uranium supplies.

The deals would involve assured supplies, coupled with, in some cases, Indian companies picking up stakes in mines. India may also enter into civilian and military co-operation pacts with the African countries. Namibia holds about eight-to-nine per cent of global uranium resources. State-owned Oil and Natural Gas Corporation has entered into an agreement with UCIL to buy uranium equity abroad and hunt for domestic resources. Senior government officials said Indian companies were being encouraged to buy stakes in uranium mines to ensure continued fuel supply to the country.

Private companies are buying stakes as they are hopeful of the government allowing them in nuclear power generation. According to the Planning Commission, the deal with the US will enable India to add 15,960MW to its capacity by 2017, taking total capacity to around 20,000MW. Most plants are operating at half their capacity because of the unavailability of uranium. India plans to have 18 to 20 new nuclear power plants over the next 15 years.

At present, plants can be set up only by the Nuclear Power Corporation of India, and uranium mining done solely by UCIL. Private entities such as the Tatas, Reliance Power, the Essar group, the Vedanta group and the GMR group are awaiting amendments in the Atomic Energy Act to make conditions favourable for private investment.

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

New approach to revive abandoned mines

Kolkata, October 3, 2008: The October 13 deadline for filing expressions of interest (EoI) for salvaging, reopening and rehabilitating the abandoned mines of Coal India Ltd. (CIL) is set to be extended by around a month. A global tender was floated for this purpose in August.

This follows a rethink that a consortium approach may be better in reopening and reviving these mines, some of which have been closed since pre-nationalisation days in the 1970s. The issue regarding the development of these mines, which lie mostly in the eastern part of the country, arose following an interest shown in March this year by Arcelor Mittal to form a joint venture with CIL in this respect. Many of these mines contain coking coal reserves, a scarce but precious commodity for steel-makers.

However, CIL, which owns these mines, preferred a global tender route rather than a nomination route for developing these mines, since it felt that issues such as safety, technology and viability will be best addressed in this manner. Following a visit by a top-level CIL delegation led by the Chairman to a Mining Expo in the U.S. last week, it was felt that it was only through a consortium approach that the three crucial aspects of technology, equipment and safety practices could be employed while trying to revive the mines.

Cumulative reserves

For the purpose of EoI, 18 abandoned or derelict mines were offered in the Ranigunj-Jharia coal belt for the proposed joint venture company. The cumulative reserves were estimated at 1,647 million tonnes.

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