CHAPTER - I

Highlights of 1999-2000

1. Mineral Law and Policy

1.1 A major milestone was achieved in mineral legislation and policy during 1999-2000. The Mines and Minerals (Regulation and Development) Act, 1957 was amended to delegate more powers to the State Governments as well as to bring the provisions for grant of mineral concessions on par with the major mineral producing countries in the world. The amended Act renamed as Mines & Minerals (Development and Regulation) Act, 1957 provides greater delegation of powers to the State Governments and has brought about major procedural simplifications. The salient features of the amendments are at Annexure-I.

1.2 The steps taken following the National Mineral Policy, 1993 were continued to consolidate the ongoing process of achieving its objectives. The policy changes have attracted many multinational companies for investment in exploration of base metals, noble metals and other scarce minerals. Sixty-five proposals including 17 during April 1999-December 1999 period for prospecting in pursuance of the guidelines issued by the Department of Mines in October, 1996 covering an area of 90,142.625 sq. km in the States of Rajasthan, Gujarat, Maharashtra, Uttar Pradesh, Bihar, Haryana and Madhya Pradesh have been cleared. Prospecting licenses have been granted in favour of Indian subsidiaries of well known international mining companies. These include CRA Exploration India Pvt. Ltd., Metmin Finance and Holding Ltd., BHP Minerals India Pvt. Ltd., Meridian Minerals India Pvt. Ltd., RBW Minerals Industries Ltd., WSIL Minerals Sands India Pvt. Ltd., Phelps Dodge Exploration India Pvt. Ltd., etc., besides one public sector company, viz., Hindustan Zinc Limited.

1.3 The first meeting of the reconstituted Mineral Advisory Council was held on the 5th April, 1999 to discuss various issues regarding mineral policy and legislation, exploration of minerals in land and off-shore areas, production and internal distribution of minerals, human resource development in the mineral sector, export/import of minerals, fiscal issues, etc. The recommendations of the Mineral Advisory Council have been considered for evolving the policy initiatives in the mineral sector during 1999-2000.

1.4 Disciplinary Committee was appointed in April 1998 for studying in detail the entire taxation regime applicable to the mineral sector so as to suggest appropriate tax structure conducive to rapid development of minerals and mineral based industries in the country.

1.5 Government had also appointed in October, 1998 a Study Group to make recommendations for revision of royalty rates for major minerals (excluding coal, lignite and sand for stowing). The deliberations of the Study Group are in progress.

1.6 In recognition of a long-standing demand from the Industry that there should be a
common and unified legislation for granite, a minor mineral, the Government has notified Granite Conservation and Development Rules, 1999 on the 1st June, 1999, for ensuring systematic development and conservation of valuable granite areas of the country. The fourth meeting of the reconstituted Granite Development Council was held in August 1999.

1.7 An Expert Committee constituted under the chairmanship of Principal Secretary, Industries and Commerce Department of the State Government of Andhra Pradesh had recommended upper ceilings for rates of royalty and dead rent for granite according to classification of granite deposits in order to bring in uniformity in royalty rates and dead rent all over the country. Granite Development Council has approved these recommendations. The State Governments have been requested to incorporate these rates in their respective Minor Mineral Concession Rules.

1.8 To fulfil a felt need of the marble industry, the Department of Mines has constituted a Group on Marble Development in September, 1999 to look into the various problems related to mining, value addition and exports, etc. of marble and to suggest appropriate measures to overcome the bottlenecks affecting this industry. This Group will work under the overall guidance and supervision of the Granite Development Council.

2. Mineral Development

2.1 The index of mineral production (base 1993-94=100) for the year 1999-2000 is estimated to be 121.15 as compared to 120.54 for 1998-99, showing a marginal growth of 0.5 per cent. The total value of mineral production (excluding atomic minerals) during 1999-2000 is estimated to be Rs. 41,052 crores, which shows an increase of 1 per cent over that of the previous year. During 1999-2000, fuel minerals have accounted for Rs. 33,678 crores or 82 per cent, metallic mineral Rs. 2,976 crores or 7 per cent, non-metallic minerals (including minor minerals) Rs. 4,398 crores or 11 per cent of the total value. Data on production of selected minerals from 1995-96 to 1999-2000 is presented at Annexure-II

3. Public Sector Undertakings

3.1 In conformity with Government policy to balance the autonomy of PSUs commensurate with accountability and to set mutually acceptable targets, Memoranda of Understanding (MOU) were signed for 1999-2000 with National Aluminium Company Limited (NALCO), Bharat Aluminium Company Limited (BALCO), Hindustan Zinc Limited (HZL), Hindustan Copper Limited (HCL) and Mineral Exploration Corporation Limited (MECL). Greater autonomy is expected to result in quicker decision making, enhancing efficiency and increasing productivity of the MOU signing PSUs.

3.2 National Aluminium Company Limited (NALCO) had a turnover of Rs. 1506.65 crores and a net profit of Rs. 337.22 crores (PBT) during 1998-99. Implementation of the project for expansion of capacity of NALCO's Aluminium Smelter from 2,30,000 tpa to 3,45,000 tpa and of the Captive Power Plant at Angul from 720 MW to 840 MW has been generally on schedule. The project for expansion of bauxite mines from 2.4 million tpa to 4.8 million tpa and of Alumina Refinery from 0.8 million tpa to 1.575
million tpa, both at Damanjodi, is also progressing as per schedule.

3.3 Bharat Aluminium Company Limited (BALCO) had a sales turnover of Rs. 870.96 crores and earned a net profit of Rs. 134.76 crores (PBT) in 1998-99. The project for setting up of new Cold Rolling Mill at a cost of Rs. 157.50 crores is under implementation by the Company and is expected to be commissioned by November, 2000.


4. Disinvestment

4.1 The Government has decided that 51% of its equity in BALCO be disinvested and sold to a strategic partner. In case of HZL the present decision is to disinvest 25% of Government's equity in the domestic market to small investors and employees of the Company. In Phase I of the proposed disinvestment in HCL the Khetri unit of HCL along with Taloja Plant would form a separate company. The assets of the unit would be valued and would form 49% contribution from HCL in a new Company in which 51% equity may be from a strategic partner. During the Phase II, the remaining portion of the HCL may be re-structured and HCL may consider having one or more strategic partner with equity upto 51%.

5. International Co-operation

5.1 During the year 1999, the Foreign Investment Promotion Board approved seven proposals involving Foreign Direct Investment to the tune of Rs. 250 crores.

5.2 The 2nd meeting of the Indo-South African Working Group on Geology and Mineral Resources, the 13th meeting of the Indo-French Working Group on Mineral Exploration and Development, the 5th India-Vietnam Joint Working Group Meeting and the 6th Session of the Indo-Russian Working Group on Metallurgy were held during the year 1999. Protocols were signed between the parties at the conclusion of each meeting.

5.3 The Department of Mines participated in the 3rd Pride of India Exhibition held in Ho Chi Minh City, Vietnam and also participated in the "Made in India" show at Dar es Salaam, Tanzania.

6. Science and Technology

6.1 Two major projects, namely, (i) studies on production of alloyed pig iron and low alloy steel/ stainless steel using chromite overburden and (ii) development of advanced process control and optimisation technology for mineral processing plants have been taken up for implementation. On successful completion, the first project will help in recovering nickel from the waste and in control of environmental pollution caused by the dumping of the waste. The second project will help improve the efficiency of the mineral beneficiation plants in the country.
7. Geological Survey of India

7.1 Some of the significant additional reserves/resources established in course of mineral exploration during the period are:

7.1.1 1281 million tonnes of Coal in the States of Orissa, Bihar, Madhya Pradesh, Maharashtra, West Bengal and Andhra Pradesh with the Talcher coalfield of Orissa contributing the major share. Substantial augmentation of quarriable power grade coal resources established.

7.1.2 12.95 million tonnes of lead zinc ore with an average of 4.32% Pb+Zn in Latio-ka-Khera East block, Dariba Bethumbi Belt in Rajsamand district Rajasthan.

7.1.3 3.15 million tonnes of ore with 3.21% Zn and 0.75% Cu in Banskhapa-Pipariya block, Betul district, Madhya Pradesh.

7.2 The Geological Survey of India (GSI) scientists participated in the XVIII expedition to the Antarctica. A total of 500 sq km area was covered by geological mapping on 1 : 50,000 scale in the southern part of Zwiessel mountains, Wohlthat range during the XVIII Antarctica Expedition.

8. National Mineral Award

8.1 The National Mineral Awards for 1998 were presented by Minister of State (Mines and Minerals) at a function held on 13 January, 2000 in New Delhi.

8.2 Seven Awards carrying a cash prize of Rupees Fifty thousand each, were made to outstanding scientists/technologists in recognition of their meritorious contribution in their respective fields. Two of these awards were shared jointly.

9. Other Events

9.1 The rollover to the year 2000 (Y2K) was smooth in the Department of Mines, its subordinate offices and public sector undertakings under its administrative control.

9.2 The Department of Mines has contributed to Prime Minister's Relief Fund an amount of Rs. 2.88 crores towards Kargil Fund. The Department also coordinated relief work in cyclone affected areas of Orissa through BALCO, HZL and NALCO. These PSUs have incurred an expenditure of Rs. 1.41 crores for providing relief to the cyclone affected people in Orissa. Remaining contribution totalling to Rs. 1.37 crores from these PSUs has been sent to the Prime Minister's Relief Fund. Moreover, personnel of the Department of Mines, Subordinate Offices and PSUs have also contributed about Rs. 1.08 crores to the Prime Minister's Relief Fund from their salaries for the purpose.