Delay in reopening iron-ore mines in Jharkhand hits SAIL output

Jayanta Mallick
Kolkata, June 30

The delay in reopening the Gua mines has taken a toll on SAIL’s monthly iron ore output.

Production data for iron ore mines in the first two months of the current fiscal show lower than targeted figures.

The SAIL mines of Kiriburu, Meghalhatuburu, Bolani, Barsua, Kaita, and Monoharpur produced a total of 1.08 million tonnes (mt) of iron ore in April, against a target of 1.325 mt.

In May, the output was 1.213 mt while the target was 1.436 mt.

SAIL’s iron ore mines at Gua, in Jharkhand, are yet to reopen after a year of closure.

The mines were closed on June 15 last year, in the absence of both environment and forest clearances.

**Biodiversity Plan**

The Gua mines, among the oldest mechanised facilities of SAIL, produce 2.4 million tonnes a year. The mines employ around 550 regular workers and about 500 contract labours.

A senior Jharkhand Government official told Business Line that the State was given to understand that the submission of a comprehensive wildlife and biodiversity management plan for the Saranda forest region as also Gua, located within the area, to the Union Ministry of Forests and Environment would be enough to sort out problem.

SAIL is seriously considering its options for outsourcing mine development and operation for some of its iron-ore assets.

According to sources, it has decided to opt for contract mining for two of its coal assets — Rammagar in West Bengal and Taseria in Jharkhand.

**Contract Mining**

For the proposed two-phase and 15 mtpa Chiria mines project in Jharkhand, SAIL may take a hard look at the comparative advantages of in-house mining vis-à-vis contract mining. The consultant, Hatch Associates of Australia, has recently submitted its draft detailed project execution report.

“The SAIL board is likely to take a view on the subject in the next quarter,” a SAIL source said.

Four Chiria leases — Diobil, Ajitaburu, Sukri-Latur and Budhaburu — would be part of the over-Rs 5,000-crore project, which has received stage-I MoEF clearance.

The Rowghat iron ore project in Chhattisgarh may also be handed over to a mine developer and operator through a global tender.

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Copper comes out of narrow range

Ravindra V. Rao

Commodities market remained highly volatile on back of uncertain global economic overview. Although commodities witnessed a broad-based rally on Friday with oil prices moving up by more than 8 per cent, the slowing economic growth in major developed economies such as China and European debt crisis has raised worries of downward in demand for commodities such as base metals and crude oil.

Friday’s rally was mainly due to the long-awaited European Union debt deal which pushed back investors to riskier assets such as stocks and commodities. Many of us thought that the Euro summit would turn out to be non-event but European leaders agreed to cut the soaring borrowing costs in Spain and Italy which saved commodities from posting their worst quarterly loss since the financial crisis in 2008.

COMEX gold fell near $1,550 an ounce in the middle of the previous week as investors were frustrated by Fed’s decision to not give additional stimulus and also due to the expectation that the Euro summit will turn out to be a non-event. Gold, which is usually taken as a safe haven investment in the time of crisis, has lost its safe haven appeal and instead is moving in tandem with riskier commodities.

The positive correlation of gold with other riskier commodities was seen in Friday’s rally which took COMEX gold past $1,600 an ounce. The bullion spiked after the European Union leaders agreed to let their rescue fund inject aid directly into stricken banks from troubled euro area states.

Crude oil continued its bearish momentum for majority of the week as weak economic data from China, the United States and Europe pointed to prospects for slower oil demand.

Demand worries and high supplies continued to pressure oil prices and took it lower towards $77 a barrel. But oil prices steadied in the middle of the week mainly due to Tropical storm Debby. The drop in US EIA crude inventories by 0.13 million barrels a day also supported prices at lower levels. In the late rally on Friday, NYMEX WTI crude oil was one of the major gainers as the worries over European crisis had hit oil prices very badly.

The EU deal has bought back hopes on the revival of the demand in developed economies. But the rally can be termed as a short covering rather than fresh buying as majority of the traders were short on oil.

Base metals traded in a very narrow range for most part of the week as investors stayed at the sidelines ahead of the EU summit. Traders feared that the summit will not succeed in easing the region’s troubled areas that has impacted the metals demand. Copper was trapped within a narrow range due to longer worries about the global economy and demand from top consumer. But copper came out of its range on Friday as investors covered their short positions on EU deal optimism.

Chinese central Bank’s statement of using policy tools to keep money supply steady also boosted copper prices as China is the top consumer of the red metal.

Although we have seen a decent short covering rally in commodities, the near-term environment remains challenging which might keep the price gains in check.

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Unearthing the excesses

Bharat Dogra

While small-scale extraction of sand by villagers for local use had never posed any problem, excessive extraction of sand and silica sand using heavy machinery and huge trucks has become a big ecological and safety threat in many parts of the country.

This issue has been highlighted recently in the context of the movements against excessive sand extraction from the Ganga in Uttarakhand and also the public interest litigation against violation of mining laws in the silica sand mines in Shankargarh, which lies in the Allahabad district of Uttar Pradesh.

What is particularly alarming is the threat to the very survival of several rivers due to excessive sand mining. As heavy machines dig deep into these rivers to extract sand from as deep as possible, all forms of river-life are highly affected. Porous sand is capable of absorbing a lot of water and releasing it gradually. With the heavy removal of sand from rivers and riverbanks, the possibility of the drying up of rivers or being reduced to a trickle in dry seasons increases significantly. Water table in adjoining villages may also fall drastically. This possibility increases if ground water in villages is drawn towards the deeper river-bed.

Excessive sand-mining can also lead to many adjoining fields getting submerged or eroded by river water and the river can change its course too. A lot of mining rubble is often deposited in the nearby fields. Trucks overloaded with sand damage riverside farmland while rushing to and from rivers. The possibility of floods is increased as heavy rainy season flows are no longer absorbed by the land, but water rushes towards the settlements following the new paths created by trucks and machines.

In these areas, the village roads and the bigger roads get badly damaged by overloaded trucks, bringing a sharp increase in the number of road accidents. In places like Bundelkhand, sand mafia are known to be well-armed with strong political connections at higher levels such that the villagers are scared to oppose their destructive activities. Shankargarh area of Allahabad district is widely known as the biggest supplier of silica sand to the glass industry. In an inspection made by Director of Mines Safety, Varanasi, in August 2011, in silica sand mines of six villages of Shankargarh, glaring violations of mining rules were noticed. Unqualified persons without any duly qualified blaster were given the task of blasting, thus endangering the life and safety of persons employed in the mine.

The inspection report of the Mining Safety Directorate noted further that the sides of the opencast workings in all the above-men-
Mines bureau proposes software to curb illegal mining

It will help in monitoring areas where illegal mining is rampant

Ajith Athrady

NEW DELHI: The Indian Bureau of Mines (IBM) has proposed to develop a new software with interface to railways, ports and customs, in the 12th Five-Year Plan, to curb the menace of illegal mining.

The new software, titled “Development and implementation of ore accounting software,” is purported to streamline mineral excavation, accounting and transportation, sources said. It will also help states to effectively isolate and monitor areas where illegal mining is rampant.

In a bid to ensure smooth operation, the IBM has already launched a registration drive. Owners, agents, stockists, exporters and managers of every mine and companies involved in trading, storage and export of minerals, have been issued registration numbers.

A total of 5,048 firms have been registered so far, against 5,198 applications.

Sending a strong message to genuine investors in the sector, the government also instructed mineral rich states to set up an official committee to monitor mining activities.

The strategic plan document prepared by the Coal Ministry says mining sector has the potential to contribute $120 billion to $250 billion to the GDP by 2025, a growth of 10 to 12 per cent per annum and create 2 million to 2.5 million direct jobs.

The sector also has the potential to contribute $55 billion to $70 billion as revenue to the central and state exchequers through corporate tax, royalty and export duty collections by 2025.

Priority areas

The plan document also identified the priority areas to achieve the growth target in the mining sector, like reducing permit delays to create a more favourable policy environment, setting up core enablers for mining-infrastructure, emphasising on human capital and technology, ensuring sustainable mining and creating information, education and communication plan.

Following the ban on iron ore mining in Karnataka, the sector registered a negative growth of 10.95 per cent in 2011-12.

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