No last word on whether mineral reserves will last

Union steel ministry predicts doomsday, rest assured, says State mines dept

‘ICFRE report incorrect’

BANGALORE: That the high-value iron ore mineral resource has been plundered is an officially accepted fact. The big question on everyone’s mind is: How long will the existing reserves last?

The State mines and geology department and the Union ministry of steel have different takes on the crucial question.

According to Susmita Dasgupta, joint chief economist (economic research unit) of the Union ministry of steel, iron ore deposits have almost exhausted.

“People resorted to irresponsible mining as the resource was getting over. Deposits have touched the rock bottom. This was the reason why the quality of ore went down in the last few years,” she said.

However, H.R. Srinivasa, director of the State mines and geology department, said there was enough resource and iron ore deposits will last for another 170 years in the State. “Due to lack of proper understanding, some people think that the resource has exhausted. We have, so far, not mined beyond 50 metres. So, we have plenty of resource,” he stated.

The two officials were speaking at the annual conference on ‘Rebuilding Karnataka’s Iron Ore Mining and Steel Making Capabilities.’

According to R.N. Patra, director-in-charge (Karnataka and Goa) of the Geological Survey of India, the iron ore resource in the country, all grades put together, will last for another 1,000 years. The country has abundant deposits of iron ore. But the quality is low. Hence, pelletisation (value addition) is the only way out for the industry, he said.

Al-Qaeda-like network

Dasgupta equated the mining mafia in the State, as reported in the Loksamta reports on illegal mining, with the dreaded terrorist organisation Al-Qaeda. “They were better organised than Al-Qaeda. It would put even Al-Qaeda to shame,” she said.

She called upon the iron and steel industry to do a rethink on excess dependence on raw material for their survival.

“Going by the way the sector operates in Japan and some European countries, availability of raw material is really not an important factor for steel production,” she said.

DH News Service

BANGALORE, DHNS: Srinivasa said the report on impact of mining on environment by the Indian Council of Forestry Research and Education (ICFRE) is factually incorrect and the State had taken objection to many aspects of the report.

The report says there was massive de-grading of forest due to illegal mining in Bellary, Chitradurga and Tumkur. But the fact was there never existed a dense forest anywhere in Bellary district and the forest cover in Chitradurga has increased over the period, he said.

Water matters

The report also says illegal mining has resulted in severe depletion and pollution of ground water. But the fact was there had been no change in quality of ground water anywhere in these districts, let alone depletion.

“Certain aspects of the report are blown out of proportion and the government has taken exception to them,” he added.
Govt: Special mechanism on the cards

WESTERN GHATS • More sites, protective layer planned

AVISHEK G DASTIDAR
NEW DELHI, JULY 5

WITH environmental activists criticising that the UNESCO World Heritage Site tag on 39 areas in the Western Ghats does not mean more protection to these ecologically fragile properties, Environment Minister Jayanthi Natarajan on Thursday said the government was in the process of forming a “special mechanism” for these heritage sites for an additional protective layer and addition of more sites to the list.

The process to evaluate more natural heritage sites in the Western Ghats will eventually ensure that more areas enjoy the heritage-like protection in terms of conservation. “The list of 39 sites does include areas already protected by various conservation laws. But we are working out a special mechanism for these sites as part of added protection measures,” Natarajan told The Indian Express. “There is an ongoing process of reviewing to ascertain if more sites can be added to this,” she said.

Sources said two sites from Goa and one from Karnataka were high in priority to enter the series. Ministry sources said states would receive Central guidelines to confer similar protection on other sites in the Western Ghats, which did not make it to the list but were no less ecologically valuable.

“We can say that from 39, the list can go up to around 43 in the future because getting the heritage status for the entire cluster was the difficult part but inclusion of more sites into that is not as long a process,” said ecologist Dr Jagdish Krishnaswamy of Ashoka Trust for Research in Ecology and Environment (Atree), who is a member of the Environment Ministry’s Western Ghats Natural Heritage Management Committee.

Sources said the Madhav Gadgil report, which recommended radical steps for protecting the ecosystem of the Western Ghats, would have no bearing on this since the government had not yet accepted the report and would do so only after evaluating response from the six states that had by and large rejected the recommendations saying they were impractical and anti-development.

The ministry has been pursuing the UNESCO nomination since 2002 and the process suffered a setback when it did not get through in 2011 over the issue of the Gadgil committee report and other matters related to compliance of conditions. This year, too, the World Heritage Committee’s decision was deferred once after which India sent a “rejoinder” stating the highest conservation measures available in the country were in place at these sites, after which the nomination sailed through.
Mines Min wants PAPs given shares of mining companies

PRIYADARSHI SIDDHANTA
NEW DELHI, JULY 5

The mines ministry has told a Parliamentary Standing Committee on Coal and Steel that it is imperative to compensate the project affect persons (PAP) in the mining zones by allotting them shares in the mineral exploration companies to ensure their well-being.

The ministry, brushing aside the mining industry’s concerns, has argued that the basic objective of compensation and profit sharing is to promote inclusive growth and make the locals genuine stakeholders in the companies who are operating on their land.

The miners had argued against mandating them to share part of their profits with the PAP in their respective areas as mandated in the Mines and Minerals (Development & Regulation) or MMDR Bill saying it will discourage investment and drive down efficiency.

The mines ministry told the committee that the compensation and profit-sharing mechanism will ensure inclusiveness and prevent alienation of the host population in the mining zones.

This position is in line with the objectives enshrined in the National Mineral Policy 2008 and an elaborate set of guidelines is being prepared for strengthening the administration of the proposed district mineral foundations in the mineral-rich districts will be prescribed.

The mining industry had said that allotting shares to PAPs was not workable as it would alter the holding pattern of the company.
Exploration of 54 coal mines soon

Press Trust of India
New Delhi

The detailed exploration of 54 coal mines to be allocated, both through the auction and the government dispensation routes, is likely to begin in the next two months. Coal India’s (CIL) consultancy firm Central Mine Planning & Design Institute (CMPDI) has chalked out detailed action plans for exploration of the coal mines.

“In the next two months the detailed exploration of the 54 coal mines will begin,” a source in the coal ministry said. The coal ministry had in May identified 54 blocks to be allocated to various sectors.

Of these 54 mines, a maximum of 16 have been earmarked for the power sector, 12 for the steel sector, 12 for government firms, 7 for the cement sector, 5 for sponge iron and 2 for surface gasification.

The decision for a detailed exploration of mines was taken in June. These 54 coal mines have already undergone regional exploration. The coal ministry has also asked Crisil to prepare the methodology for determining the reserve price of coal blocks to be auctioned.
कोयला खानों में जल्द शुरू होगी विस्तृत खोज

नई दिल्ली (एजेंसी)। आर्थिक नगर की जनीव 54 कोयला खानों में विस्तृत खोज जारी दो महीने में शुरू होने की सीमा है। इस कोयला खानों का आन्दोलन नीलामी के जरिए अथवा सरकारी आदेश संबंधी आयोजन प्रक्रिया के जरिए किया जाएगा।

कोयला खानों ली.की सलाहकार नर्मदा शर्मा परमार एवं हिड्राइज़न और संस्थान (सोपोपोवीडीआई) ने कोयला खानों में खोज कार्य के लिए विस्तृत खोज योजना तैयार की है। कोयला मंत्रालय के एक सूचना ने बताया कि, अब तक के 3 महीने में 54 कोयला खानों में विस्तृत पूर्वकालिक खोज का काम शुरू होगा। कोयला मंत्रालय ने इस समय तक 54 ऐसे खानों की पाठान की है जिन्हें आन्दोलन इम्पोर्टेड, विभाग एवं संयुक्त सरकार ने इस्तेमाल किया जा रहा है।
Mineral wealth
Reopening of iron ore mines should positively impact the economy

The reopening of eight iron ore mines in Karnataka after the Supreme Court appointed central empowered committee (CEC) accepted the reclamation and rehabilitation plans from some of the mining companies is good news both for the mining and steel industry as well as the overall economy. This would hopefully end the deadlock confronting the iron ore mining industry over the past 18 months, negatively impacting a number of secondary industries feeding on it. The steel industry based in south India was forced to import a large part of its requirements of iron ore in order to keep the mills running. The resumption of domestic supplies from the first week of August will come as a big relief to them. Not only were imports cumbersome, as iron ore supply contracts are long term in nature, steel companies were forced to pay huge premium on spot prices for short-term purchases. This trouble was compounded by the recent depreciation of the rupee, eroding the bottom line of many companies that had already executed massive expansion plans in the past three years. Of course, for some of the mining companies that had not even violated environmental laws, stoppage of work was the end of the road; they had to pay heavy price by pulling down their shutters. Now, with operations restored, some of these pure-play mining companies would able to stand on their feet once again. On the economic front, IIP numbers for the past five quarters reported declining output in the mining sector as a whole, which in turn, resulted in the slowdown in a number of primary industries. Resumption of operations as some of these mines should also positively impact the overall industry numbers over the coming months. As the decline in mining output impacted production of steel, domestic steel prices remained high, despite softening of international prices in the wake of the Chinese slowdown. Now, with increased output over the next quarter, domestic steel prices should once again move in line with international trends, significantly lowering inflation numbers as well. Clarity of law is the most important factor for any industry to thrive. The reopening of eight mines would help other mining firms better understand if they stand a chance to restart operations. The controversy and subsequent ban of iron ore mining in Karnataka had its negative fallout on the mining of other natural resources, including coal. Not only did Karnataka suffer due to the ban, work in the some of the large prospective mines in states like Orissa too came to a halt, indefinitely delaying some of the largest greenfield steel projects coming up in the state. Now, work should resume on these projects, following the clarity on reclamation and rehabilitation policies to be adopted in the government. While reopening of these mines may not directly impact mining of other natural resources, it should certainly help in getting over the policy paralysis that has delayed clearance of mining rights for coal and other resources. It is time for both companies and the government to work together in defining environment standards for the mining industry, falling which huge investments will not materialise in the sector to sustain long-term growth.
Detailed exploration of 54 coal mines

The detailed exploration of 54 coal mines to be allocated, both through the auction and the government dispensation routes, is likely to begin in the next two months. Coal India Ltd’s (CIL) consultancy firm Central Mine Planning & Design Institute has chalked out detailed action plans for exploration of the coal mines.
Neyveli director awarded

KOLKATA, 5 JULY: Mr Rakesh Kumar, director (finance) of Neyveli Lignite Corporation Limited, has been conferred with Achievers and Leaders Award (Finance). sns
Neyveli Lignite appoints B. Surender as its CMD

Neyveli Lignite Corp (NLC) has appointed B. Surender Mohan as its CMD on July 1, 2012. He was holding the post of director (mines) in the same company. A 56 year old mining graduate, with over thirty years of experience in the mining industry, Mohan joined NLC in 1998 as DGM and was subsequently elevated to GM. In NLC, he has headed various divisions including, production, operation and mine planning, of Mine-I and Mine-II.
NALCO TO SET UP MEDICAL COLLEGE

Bhubaneswar: National Aluminium Company Limited (NALCO), a Central Navratna public sector unit under the ministry of mines, on Thursday agreed to set up a 100-seat medical college and hospital in the tribal-dominated Koraput in south Odisha. NALCO's refinery project is located at Damanjodi in Koraput, one of the most backward districts in the country with over 50 tribal population. The PSU will submit its letter of consent to the state government within seven days.
Mining Ministry Looks for Legal Cues from 2G Case

MEERA MOHANTY
NEW DELHI
Mining approvals have been put on hold, as the ministry of mines looks for fresh legal opinion from the law ministry in the context of the 2G telecom licence case. Losses for mining non-coal minerals such as iron ore, manganese or bauxite are recommended by respective state and later approved by the Centre. These recommendations were made on a first-come-first-serve basis based on mineral policy of each state. A Supreme Court judgment canceling 122 telecom licenses earlier this year had directed that all natural resources be auctioned.

"We had earlier asked them to proceed as per existing statutory provisions, but as I understand the Prime Minister’s office has referred the matter to them (ministry of mines) and they want a fresh opinion,” said union law minister Salman Khurshid.

The far-reaching implications of the judgement has put the ministry of mines in a fix.

"We are processing the recommendations but sanction of these licenses will have to await a legal clarification,” a senior ministry official said. “The subject of minerals is a little different from other natural resources, as it is governed by an existing act and is less malleable to changing circumstances as compared to other resources that may not be subject to existing statutes,” explained Khurshid. The government has decided to argue in its Presidential Reference of the 2 February judgment in the 2G case that auctions cannot be the only permissible method of allocating natural resources.

The auction route is not an option under the existing Mines and Mineral (regulation and Development) Act 1957. Auctions have been proposed in a new mining bill that will replace the act, and is currently being discussed by a parliamentary standing committee. This however will only be for deposits whose mineralisation is well established. The rationale being you cannot auction what you don’t know, explained a ministry official. Earlier the Centre had urged states endowed with minerals to process applications that are pending at their end. Mining In states such as Karnataka and Odisha is yet to return to normalcy following exposure of large scale illegality and irregularity. In Karnataka, mining was stopped by the Supreme Court is now being allowed under stricter norms and conditions monitored by a Supreme Court appointed panel. Incidentally a court panel has also recommended revoking those leases were serious illegality has taken place and putting them up for auction. The Apex court is yet to take a call on this suggestion.

The first few mines in Karnataka with no violations and meeting the new environment norms required of them could restart operations in August, according to the industry mining body.

Goa’s Mineral Policy Must take into Account Sale of Fines: Centre

NEERA THAKUR: The mines ministry has asked Goa to ensure that its new mineral policy that is being drafted ensures that sale of iron ore fines from old dumps are accounted for and authorised. The Centre wants Goa to consult it before it notifies its new mining policy. The low-grade ore piled up over the years has discovered a new market in the recent past. The Centre is concerned that it is not sold off avoiding royalty. Beneficitaion of low grade fines once rejected is now marketable. The state endowed with low grade ore was a large exporter of iron ore to China.

“There is an imminent need to ensure that appropriate systems are in place to ensure that there is no royalty leakage...there is a need for exact quantification of grade and quantity of ore and geo-referencing of the dumps in respect to the mine-owners of the dumps before any exercise is commenced to allow dump removal,” said a 2 July letter from the Ministry of mines to Principal Secretary Mines, Goa. As per existing rules (Rule 64 C of the Mineral Concession Rules, 1952) when dumped tailings or rejects are sold or consumed, a royalty as per current rates applies irrespective of when they might have been dug out. – Our Bureau
CEC nod to 8 firms in Bellary, C’udurga to resume mining

Rehabilitation, reclamation plan cleared

BANGALORE: After receiving brickbats for long, the troubled mining industry has finally got some reprieve. The Central Empowered Committee (CEC) of the Supreme Court has given its nod to eight mining firms located in Bellary and Chitrakaranga districts to resume their operations.

Speaking at a seminar on "Rebuilding Iron Ore Mining and Steel Making Capabilities", H.R. Srinivas, director of Mines and Geology, said the CEC had informed the State government that it had cleared the Rehabilitation and Reclamation plan of the eight 'A' category mines, and the companies owning these mines can commence mining at their existing lease areas after obtaining approval for their mining plans from the Indian Bureau of Mines. "We expect these companies to start the production next month," he said.

The Supreme Court had in its order in April allowed partial resumption of mining in the State. Accordingly, only those mines that fall under category 'A' (where no illegalities were found by the CEC) will be allowed to resume mining. There are about 20 mining leases that fall under this category.

The companies are RBSSN Ferrous Industries (Hospet), B. K. Gowda & Sons (Bellary), VESCO (Sandur), Mineral Enterprises Limited (Chitrakaranga), Nadeem Minerals (Sandur), MML’s Thimappagudi Mines (Sandur), Zenith Mining (Bellary) and Sea Goa’s mines (Chitrakaranga). They are estimated to produce about 5.5 million tonnes (MT) of ore per annum.

The blanket ban on iron ore mining by the Supreme Court in the State has created severe scarcity in the supply of raw material to the iron and steel industry, both within and outside the State. The Supreme Court has put the cap on iron ore production at 30 MT per annum in Karnataka. The State-owned NDMC is already producing about 12 MT. "We expect to get an approval for more mining leases to bridge the gap. This process is expected to be completed in about two months."

Increase in royalty

The director said revenue to the government from royalty collection has increased substantially over since it adopted the e-auction system, as per the Supreme Court order.

In 2011-12 fiscal, it has collected about Rs 730 crore as royalty by auctioning 22 MT of ore against Rs 520 crore collected in 2010-11 from the sale of 33 MT of ore. It was because of increase in the sale value of iron ore, he said.

He said the government had estimated to mop up a whopping Rs 15,000 crore by 2014 in the form of royalty, penalty on encroachers (category 'B' mines) and auction of category 'C' mines. While the government has already collected Rs 1,200 crore as royalty, about Rs 700 crore is expected in the form of recovery (penalty of Rs 5 crore per hectare on encroachments). Auction of category 'C' mines is expected to fetch about Rs 10,000 crore.

The government has decided to utilise the money for the much-needed infrastructure development, both social and economic, in Bellary, Chitrakaranga and Tumkur. A special purpose vehicle headed by the chief secretary will be set up to oversee its utilisation. The investment will give a big boost to the iron and steel sector and help the State emerge as a major steel hub, he said.

DH News Service
Govt opposes Unesco tag for W Ghats

BANGALORE: The State government is in no mood to give the Western Ghats-Unesco tag matter a rest.

It has raised serious contentions against the Centre for taking the matter into its own hands and renominating the Ghats in this year's Unesco Convention at St Petersburg, Russia, ignoring the 'stiff opposition' by the State government.

Forest Minister C P Yogeeshwar said on Wednesday the State government would oppose the tag conferred on the Western Ghats by the Unesco's World Heritage Committee.

Addressing mediapersons after discussions with Chief Minister D V Sadananda Gowda, he accused the Centre of taking a unilateral decision in getting the biodiversity hotspot a world heritage site status without considering the stand of the State government. The status would be accompanied by more guidelines and restrictions, which would clash with the existing laws, resulting in 'unwanted confusion', he added.

"We will write to the Centre, explaining the same. We have also decided not to sign the Unesco agreement. There is life in the Western Ghats, and it cannot be taken for granted. According to the guidelines of the Unesco, even sinking borewells or setting up cottage industries will require prior permission. The chief minister has consented to our decision," said Yogeeshwar.

He said the opposition to the tag was not just from Karnataka. "Barring Gujarat and Goa, other five states housing the Ghats have opposed the tag."

We do not wish to take hasty decisions; the matter needs to be approached and resolved scientifically."

Yogeeshwar also claimed that the world heritage site status for the Western Ghats would hamper development activities in the region which could result in the risk of spurring naxal activities. "Unemployment will rise if development activities are stopped. Naxal and other illegal activities, which have made inroads into the region, can only aggravate," he warned.

Western Ghats Task Force chairperson Ananth Hegde Ashisar said the chief minister had categorically said that henceforth no permission would be given to mining and mini-hydel projects in the Ghats.

He said the chief minister had agreed to include the task force recommendations in the 10th Year Working Plan.

DH News Service
JSW Steel a victim of illegal mining in Karnataka, says Sajjan Jindal

New Delhi, July 5: JSW Steel on Thursday said it is a victim of illegal mining in Karnataka and has been facing significant shortage of iron ore for its unit in the state since the issue came to light. The Supreme Court had banned mining in the state last year leaving JSW Steel to operate its Vijaynagar plant at below capacity.

"Consequently, we have faced significant shortages in the supply of good quality domestic iron ore... as the crisis in iron ore intensified in September 2011 pending commencement of e-auctions, we continued to operate out furnaces at lower capacity," JSW Steel Chairman Sajjan Jindal said in a letter to shareholders. 

PTI
NIRMAL BANG

Hindustan Zinc (Buy)

CMP: Rs 125.40
Target: Rs 151

We took part in the visit organised by Hindustan Zinc Ltd covering its Ramnara Agucha mine, Sindesar Khurd mine, Chanderiya smelting complex and Dariba smelting complex, all located in Rajasthan. It largely focuses on exploration and mining activities, but most of the benefits would accrue from FY14-15. In the interim, it is looking at higher lead and silver output and cost efficiency as major profit drivers.

Business Line does not assume responsibility for the recommendations sourced from third party brokerages.

Reports may be sent to marketwatch@thenexthindu.co.in
Copper gains on China, Europe moves to spur economy

Bloomberg
July 5

Copper rose in London after central banks in China, the world's biggest consumer of the metal, and Europe cut interest rates to spur economic expansion.

One-year lending and deposit rates will fall as of Friday, the People's Bank of China said on its website. The central bank acted after indexes released this week by HSBC Holdings Plc and Market Economics showed manufacturing in the country reached a seven-month low and service industries expanded at the weakest rate in 10 months.

While spurring some buying interest in the first instance, the rate cut is a signal of growing concern over the economic slowdown, Mr Randy North, a trader at RBC Capital Market Ltd. in New York, said.

Copper for three-month delivery gained 0.4 per cent to $7,757 a tonne by 12:56 p.m. on the London Metal Exchange. Prices jumped as much as 0.8 per cent. September-delivery copper fell 0.4 per cent to $3.2255 a pound on the COMEX in New York, where floor trading was closed on Wednesday for the Independence Day holiday.

While the growth picture is still cloudy, moves such as this are likely to cause price spikes as the market continues to run very short, Mr North said.

The European Central Bank lowered its benchmark lending rate to a record 0.75 per cent, as predicted by economists surveyed by Bloomberg. The Bank of England held its main interest rate at 0.5 per cent and restarted bond purchases.

Prices also gained as a report showed factory orders in Germany, the third-largest copper user, rose 0.6 per cent on the month in May adjusted for seasonal swings and inflation. Economists forecast orders would hold steady, according to a Bloomberg survey.

Demand for industrial metals in China is being limited by weakness in construction and related industries, Barclays Plc said in a report. The Copper Development Association said construction accounts for about 40 per cent of demand for the metal.

Nickel rose in London and aluminium fell. Tin, zinc and lead were little changed.
दो महीने में शुरू होगा 54 कोल माईल्स का एक्सप्लोरेशन

नई दिल्लीः 54 कोलोल्या खेतीयों का एक्सप्लोरेशन अगले दो महीने में शुरू होगा और संभावना है कि टेंटेशन के भीतर ही उत्पाद आएगा। इसके अलावा, चंद्रनगर से 25 किलोमीटर दूरी पर स्थित डीएन भवन की ओर से जाकर सुधी में एक कोल माईल्स का एक्सप्लोरेशन आयोजित किया जा रहा है। यह समूह डीएन भवन की ओर से जाकर सुधी में एक कोल माईल्स का एक्सप्लोरेशन के लिए वित्तीय सहयोग के लिए आयोजित किया जा रहा है। इसमें ब्रिटिश सरकार ने भी अपने हिस्से का सहभागिता किया है।
Iron Ore Exports may Dip to 40 mt This Fiscal: Fimi

Mumbai: Iron ore export is likely to fall massively to around 40 million tonne (mt) in the current financial year due to the continuing ban on mining activities in many parts of the country coupled with higher export duty and rail freight charges, a top industry official said on Thursday. Iron ore exported stood at 117 mt in FY10 and it dipped to around 98 mt in FY11. It dipped further to 60 mt in the last financial year. “Iron ore exports from the country will not be more than 40 million tonne due to stalled mining operations in various parts of the country,” said R K Sharma, secretary general, Fimi.
Goa’s Mineral Policy Must take Into Account Sale of Fines: Centre

New Delhi: The mines ministry has asked Goa to ensure that its new mineral policy that is being drafted ensures that sale of iron-ore fines from old dumps are accounted for and authorised. The Centre wants Goa to consult it before it notifies its new mining policy. The low-grade ore piled up over the years has discovered a new market in the recent past. The Centre is concerned that it is not sold off avoiding royalty. Beneficiation of low-grade fines once rejected is now marketable. The state endowed with low-grade ore was a large exporter of iron ore to China.

“There is an imminent need to ensure that appropriate systems are in place to ensure that there is no royalty leakages...there is a need for exact quantification of grade and quantity of ore and geo-referencing of the dumps in respect to the mine owners of the dumps before any exercise is commenced to allow dump removal,” said a July letter from the Ministry of mines to Principal Secretary Mines, Goa. As per existing rules (Rule 54 f of the Mineral Concession Rules, 1960) when dumped tailings or rejects are sold or consumed, a royalty as per current rates applies irrespective of when they might have been dug out. — Our Bureau
CIL May Take Over IOC’s Explosives Division

Move is expected to result in significant savings in explosives procurement

DEBJOY SENGUPTA
KOLKATA
Coal India Ltd plans to take over Indian Oil Corporation’s explosives division and expand its capacity to meet the requirements of the mining giant.

CIL Chairman S Narsing Rao said: “The explosives division originally belonged to IBP. IBP was merged with IOC and its importance in the overall schemes of things diminished. However, explosives are an essential input for us and we intend to take over the company lock, stock and barrel, invest in it and increase its capacity. At present the explosives division of IOC meets about 20-25% of our requirements.”

CIL’s move comes just after Competition Commission of India (CCI) imposed a penalty of ₹60 crore on 10 private explosives manufacturers following a CIL complaint that they had formed a cartel. It was found by CCI that Gulf Oil Corporation Ltd, Ideal Industrial Explosives Ltd, Scudder Industries India Ltd, Blaster India Pvt Ltd, and Indian Explosives Ltd among others had formed the cartel in supplying explosives to Coal India. CIL spends about ₹1,500 crore annually in purchasing explosives and the project is expected to result in significant savings for explosives procurement. It will also ensure smooth supply in case of any disruption from private players.

Officials said CIL is also considering a strategic stake in the unit apart from a takeover, and a memorandum of understanding would be signed soon. The IOC explosives division has seven bulk plants and three satellite plants. Its total capacity is about 71,000 tonnes per year and some of its units are located at Singrauli, Dhanbad, Talcher, Rajmahal.

CIL has also signed a memorandum of understanding with GAIL and Rashtriya Chemicals & Fertilisers to form a joint venture that will revive the closed FCI unit. The idea is to manufacture ammonium nitrate from coal gas at this FCI unit. CIL’s interest in the project lies in sourcing ammonium nitrate which is used in manufacturing explosives for its mines. It is expected to ensure at least 25-35% of CIL’s ammonium nitrate requirement. Large players in the private sector include Indian Explosives and Gulf Oil among others.

The first packaged slurry explosive manufacturing plant was set up in Kolkata (then in MP now in Chhattisgarh) in the year 1978 under the collaboration from Iroco Inc. USA. The unit commenced its commercial production in August 1978. Thereafter the chemical division has diversified its business in to a unique technology ‘the bulk deliver-
ed slurry explosives’ with the first ever plant of its kind set up in India at Kudremukh with a capacity of 5000 tonnes per annum in 1980. The first ever supply of site-mixed bulk slurry explosives took place in 1989 in a blast using 63 tonnes of this product. Over the past 25 years, by 30th Dec 2003 it has completed supply of 64,665 MT of SMS explosives to Kudremukh Iron Ore Project.

For IBP, the journey in bulk explosives commenced at Kudremukh continued a long way with new plants set up in both coal and metal mining sectors. The second plant came up at Singrauli (MP) in the year 1983 followed by Block-II Dhan-
bad (Jharkhand), Ramagundam (AP), Rampur Agucha (Rajasthan), Rasmunda (Chhattisgarh).