SAIL eyes iron, coal mines in Mongolia

OUR SPECIAL CORRESPONDENT

New Delhi, May 11: Steel Authority of India Ltd (SAIL) today signed an initial agreement with the Mongolian government to explore the possibility of setting up a steel plant and mining iron ore and coking coal in the landlocked Central Asian country.

The Mongolian Ministry of Mineral Resource and Energy (MMRE) will provide information on iron-ore and coal deposits and will offer options of locations and size for the steel-making facility, a SAIL statement said.

The move will reduce India’s dependence on expensive Australian coking coal, which has pushed up the cost of steel production to a very high level.

A joint feasibility study for setting up of a mineral processing facility for iron ore and coal, both coking and thermal, in Mongolia, and downstream steel-making facilities for domestic consumption and trade, will be taken up by MMRE and SAIL.

SAIL will select the best available technology to treat Mongolian iron ore and coal deposits based on the study.

"The MoU envisages exploration of opportunities for investments to be made by SAIL either individually or in a consortium with other entities to develop mineral processing/steel manufacturing facility in Mongolia,” the statement added.

Despite being a growing economy with abundant coal mines, Mongolia does not have any steel plant of its own.

India plans to expand steel production from the current 80 million tonnes (mt) to 200mt by 2020 and is looking to secure coking coal supplies since there are few quality coking coal mines at home.
उपेक्षित पढ़ी खदानों की नीलामी करेगी कोल इंडिया

राष्ट्रीय सचिव स्वामी कोल इंडिया लिमिटेड ने अपने बंद पड़ी 18 खदानों को दोहरा नाम करने की कालयाद शुरु की है। इन खदानों को उपेक्षित करने देने का निर्णय इंडिया ने बंद कर दिया है। लेकिन खानन उद्योग में नई तकनीक अन्वेषण के पादर यहां नहीं है, तो इसके पूर्व उद्योग की कारणशील हो जा सकती है। इसके साथ ही, एक और परियोजना शुरु की जाएगी।

उपेक्षित पढ़ी 18 खदानों में नया रूप के 1600 मिलियन टन उच्च गुणवत्ता के कोकिंग और थर्मल कोकिंग की क्षेत्रों का भंडार है। ऊर्जा कंपनियों के साथ संयुक्त उपक्रम बनाकर इन खदानों में खान की खेजना बढ़ाई गई है। इसके लिए कोल इंडिया प्रधानमंत्री ने कूल कंपनियों के नामों की सूची तैयार की है, जिनके साथ एक दौर की बैठकें हो चुकी हैं। हालाँकि, टेंडर प्रक्रिया को अगले बैठकने के लिए अन्य एक बैठक में किसी कंपनी ने रूप नहीं लिया.

उपेक्षित खदानों की कीमत साहसी कंपनियों की परिसंपत्तियों हैं। इस्तेमाल कोलफ्लाइट्स और स्टेल्ट कोलफ्लाइट्स। सूचना के अनुसार, प्रधान मंत्री ने जिन कंपनियों को संयुक्त उपक्रम के लिए शामिल बनाया गया है, उनके अनुसार सर्टिफिकेट लिस्ट है। इस खबर के साथ एक नया मिल, फिर से मिलना खुशी रहा है।

उपेक्षित खदानों को कोल इंडिया की तीन सहयोगी बैंकों की परीक्षणित है: इंडियन कोलफ्लाइट्स, भारत कोल और स्टेल्ट कोलफ्लाइट्स। यह सूचना अनुसार, प्रधान मंत्री ने जिन कंपनियों को संयुक्त उपक्रम के लिए शामिल किया गया है, उनके अनुसार स्टेल्ट कोलफ्लाइट्स। इन खदानों में खानन अर्जुनित निवासी और तकनीकी न होने के कारण उपेक्षित खदान हो गया था।

उपेक्षित खदानों की कीमत साहसी कंपनियों की परिसंपत्तियों हैं। इस स्वामी के 150-200 मिलियन की ग्राहक है। उन्होंने मुख्यमंत्री को लेकर बांटना और बंटने वाले सब कोर्ट की निर्देशन निर्माण की। यह स्वामी के 1900 लाख टन कोर्ट की तलाश तय करने के लिए संयुक्त उपक्रम के लिए मंजूर नहीं है।
Over the last year, the BSE Metals Index which comprises of companies such as NMDC, Tata Steel, SAIL, Hindalco and others has lost 35 per cent against 11 per cent loss posted by the bellwether BSE Sensex.

What has hurt the twelve index constituents? The prices of key metals such as steel, aluminium, copper, zinc and manganese are down between 10 and 40 per cent. Steel and aluminium producers have also not been able to hike prices enough in order to fully pass through the higher cost of coal, the key input. The growth in steel consumption in 2011 was well below market expectations.

Capacity additions have also been lacklustre as land acquisition and receiving regulatory clearances remained major hindrances. For example, JSW Steel was hit by the Karnataka mining ban which has dramatically lowered iron ore supply while raising prices. Almost every company on the list faces regulatory trouble of some sort.

Stocks of miners have been battered by markets as worries over additional new levies and tougher norms for bagging mines remain overhangs. Coal India and NMDC continue to sell coal and iron ore at levels far below international prices as part of domestic policy. They have struggled to ramp up output as new mines additions remain hard to come by.

Half of the twelve companies in the index saw profits slip during the nine months ended December 2011. The sales growth for the twelve companies (excluding Hindalco’s sizable Novelis subsidiary) came in at 20 per cent. Profit growth came at half those levels. Excluding Coal India’s profits, the other eleven saw total profits shrink four per cent. Coal was the only commodity whose price rose during the period under consideration.

— Adarsh Gopalakrishnan
Stoking the embers
Is India going to opt for a carbon intensive development path?

TARSH THEKAEKARA

The tussle between coal mining and nature conservation has been long standing. But things have risen to a new level with the GoM (Group of Ministers) set up to consider the various issues around coal mining. They have recently written to all Chief Secretaries of coal-bearing states asking them to reapply for permissions to mine in very dense forests that were earlier rejected.

Both private and public mining companies are overjoyed with this circular, and are now hoping to be able to speed up environmental clearances and access India's underground coal reserves. The 12th Plan calls for an increase of 100 Gigawatts of electricity generation in the country, to meet the huge power shortage. Seventy per cent of this power is scheduled to come from coal fired thermal power plants, since coal is touted as being the cheapest form of energy, especially in comparison to the various renewable energy options at hand.

The concept of GO and NO GO forests was initially floated by the Coal Ministry, as a means of fast-tracking forest clearances in areas that did not have dense forests or were in the 'GO' zone. But once this was taken up by the Ministry of Environments and Forests (MoEF) and maps were compiled of all the very dense forests, almost 50 per cent of coal bearing regions came under NO GO zones. Both the Coal and Energy Ministries objected. So, a process to review this classification of forests was initiated, resulting in the GoM finally deciding to do away with the classification altogether.

Yet environmental scientists and civil society groups worry about the GoM's decision to dilute the environmental safeguards currently in place and open up all forests to mining. They argue there is an important need for some mechanism to be put in place that recognises some forests in the country as being critical. And therefore not open to mining.

Their first argument for forests is the various "ecosystem services" that humans derive from these forests. Hydrological, nutrient and nitrogen cycles help plants and food crops to grow. Carbon cycles regulate global climate. These cannot be replaced by afforestation programmes and artificial forests. Ecological scientists have estimated the net value of some of the more easily quantifiable ecosystem services to be around US$ 33 trillion a year, more than twice the global GDP. They argue that any industrial projects that involve the destruction of forests must also factor in these ecological costs.

Current concern

Another concern is the large number of tribal and other forest dwellers who directly depend on forests for their livelihood. The current resettlement and rehabilitation policy for such people, in Madhya Pradesh for example, consists of one-tenth of an acre of land and the promise of one member of the household being employed in the mining project or thermal power plant after its completion. A body of work by Michael Cernea and the World Bank has highlighted the inadequacy of most of these rehabilitation packages, and have argued that real costs of displacing people are considerably more. And must be factored into the "real" costs of large development projects.

Non Government Organisations and activists across the board all accept the urgent need for India to produce more energy. But they express serious reservations about India locking itself into a carbon intense development path. Vinuta Gopal, the climate and energy campaign manager at Greenpeace India, argues that if the true cost of coal is actually factoried into the debate, it is likely to cost considerably more than most renewable energy options. She also questions the huge carbon emissions from coal based power plants, and how this sits with India's global commitments to mitigate climate change. Also relevant is that India's coal is of an extremely poor quality, producing very little energy in comparison to imported coal.

Pune-based energy think-tank PRAYAS recently published a study highlighting energy inefficiency and losses in large industries and India's transmission systems. They argue that a significant percentage of India's energy shortfall could be met by tackling these issues, and should be higher on the priority list than opening up new areas to mining.

There's a growing global investment in renewable energy forms and a general shrinking in the conventional and polluting coal fired power plants. This has evident in the sharply declining costs of solar and wind technologies, and an equally sharp increase in the cost of coal and other fossil fuels. So the GoM's decision to open up forests for mining appears, at best, to be somewhat short-sighted.

However, a small window of opportunity is still open. In the GoM's 5th meeting, the Minister of Environment and Forests suggested that some replaceable forests should be protected from mining activity. This was supported by the Home and Finance Ministers, and accepted by the GoM. It was decided that a committee would be constituted to identify such forests. The question is whether India is going to lock itself into a carbon intensive and arguably unsustainable development path? Or is the focus going to be more on innovative and long term greener solutions that don't involve the destruction of the country's forests. How this pans out in the months to come will be interesting. The world is watching.

The writer is a member of the Nilgiri Wildlife and Environmental Association.
Copper to Hindalco's rescue

Despite lower realisations on its major products such as aluminium and copper, standalone sales of Hindalco rose 12 per cent during the March 12 quarter compared with the same period a year ago. A stronger rupee and marginally higher volumes aided this. Operating profits, however, took a hit on account of coal prices which averaged 20 per cent higher. Net profits dipped sharply by 10 per cent as the company's tax outgo rose by 76 per cent.

Despite producing close to 12 per cent more value-added products, the company's aluminium operations' higher power bill lowered the segment operating profits by 14 per cent. Copper saved the day (rather quarter) as the company's smelting operations earned a higher fee for processing copper. Higher realisations on by-products such as gold and sulphuric acid also chipped in leading to a 42 per cent surge in operating profits for the segment.
SAIL inks MoU with Mongolia to develop coal reserves

Our Bureau
New Delhi, May 13

Steel Authority of India Ltd. (SAIL) plans to help Mongolia develop its iron ore and coal deposits.

A memorandum of understanding (MoU) to this effect was signed between SAIL and the Mongolian Ministry of Mineral Resource and Energy on Friday.

The two entities will carry out a joint pre-feasibility study to set up mineral processing facility for iron ore and coal, both thermal and coking coal varieties. Besides, they will also explore options for a downstream steel making facility in Mongolia, SAIL said in a statement.

SAIL will select the best available technology to treat Mongolian iron ore and coal deposits based on the feasibility study.

The MoU envisages exploration of opportunities for investments to be made by SAIL either individually or in a consortium with other entities to develop mineral processing/steel manufacturing facilities in Mongolia, the statement said.

SAIL is happy to be a partner in Mongolia's economic development, said the Chairman, Mr. C.S. Verma. Commending the Mongolian Government for its initiatives in developing its mining sector, Mr. Verma said such steps shall serve to be the crucial drivers of FDI for the country, while also meeting the mineral needs of India and other Asian economies.

Though Mongolia is rich in minerals such as iron ore, coking coal, copper and uranium, the mineral assets are underdeveloped and the sector faces infrastructure issues, especially relating to evacuation and transportation.

Mongolia is the second such nation where SAIL plans to develop mineral resources. Recently, a consortium of Indian steel companies led by SAIL has been shortlisted by Afghanistan to develop the mineral resources in that country.