10-year mining ban likely in Karnataka

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BANGALORE

The Supreme Court-appointed central empowered committee (CEC) has framed guidelines that prohibit iron ore mining on land affected by illegal mining in three districts of Karnataka for 10 years.

If these guidelines, reviewed by Mint, are applied, a majority of the current lease holders will be ineligible to start mining operations before a decade.

The CEC submitted the guidelines on restoring land damaged by illegal mining, also known as reclamation and rehabilitation (R&R) plans, to the Supreme Court on 13 March. The court is yet to pass orders on the report.

An earlier report by the CEC pegged the number of mining leases involved in illegal mining at 123, out of the total 166 in the three districts of Bellary, Tumkur, and Chitradurga. The 123 leases have been further divided into two categories—74 in category B, which were found to have some illegalities, and 49 in category C, involving in substantial illegalities. The remaining 43 category A leases were not involved in illegal mining.

Vishnu Kamath, a co-petitioner in the illegal mining public interest litigation filed in the Supreme Court case, said that there were differences between the current and previous reports filed by the CEC.

"In the previous report, the CEC stated that category C mines would be cancelled and auctioned to the highest bidder. In this report, they talk about a moratorium on mining," he said.

"Mining will be allowed to resume after 10 years only in the case of illegalities such as over extraction of ore from mining pits, illegal waste dumps, or construction of illegal roads, according to a CEC member who declined to be identified.

"These guidelines will apply to all mines, whether they are in category A, B or C. Even if 0.0001 hectare of land is under illegal mining, there will be no mining on that bit of land for 10 years," the member said. "There is no question of allowing mining on encroached land."

According to the guidelines, a lease-wise rehabilitation plan will be prepared, which will have two components—one to deal with the area found under illegal mining and another to incorporate additional environmental safeguards. It will also fix annual production limits based on the ore reserves, area available for ore dumping, and transportation facilities.

The plans will also take into account the cap on total production in each of the three districts—25 million tonnes (mt) for Bellary, and 5 mt for Chitradurga and Tumkur. If the total production exceeds the district-wise cap, lease-wise production will be reduced on a pro rata basis for all mining leases.

The lease details will be examined by the Federation of Indian Mineral Industries, which will then pass its observations to the Indian Council of Forestry Research and Education (ICFRE). According to the schedule sketched out by the CEC, the ICFRE will prepare rehabilitation plans for categories A and B leases with areas of 50 hectares and above within two months. In the next phase, the plans for the remaining leases falling under categories A and B will be prepared, and finally the plans for category C leases will be prepared.
YELLOW METAL • The prime minister’s economic advisory council has projected gold imports to slide to around $38 billion in 2012–13

Gold imports should be discouraged

Calling imports of gold and consumer goods unproductive, the Economic Survey 2011-12, released on Thursday, pointed out the need to discourage imports of the yellow metal. It said: "There is scope to discourage unproductive imports, like gold and consumer goods, to restore balance."

According to a report of the Prime Minister’s Economic Council (PMEAC), the country’s total gold imports in 2012-13 are likely to touch $38 billion. This would form a sizeable part of the rising current account deficit, which was at $52.3 billion in the first half of 2011-12. However, imports of gold have already started falling. According to data from the World Gold Council, the country’s import of the commodity fell from 298 tonnes in the January-March 2011 quarter to 157 tonnes in the October-December 2011 quarter.

PMEAC projected gold imports to slide to around $38 billion in 2012-13. The fall in import is likely to continue as gold prices have remained very high, at around ₹28,000 per 10 grams.

Gold prices are determined by cost of imports, and gold and US dollar movements are generally inversely related. So, whenever global gold prices fall, the dollar rises. And, since the Indian currency has also depreciated in recent times, Indian consumers have not been able to benefit from the sliding global gold prices.

However, the Survey has not specified measures to discourage imports of gold and consumer goods. It said: "Some weakening of the rupee is a positive development as it results in lowering imports."

Bhargav Vaidya, a bullion analyst said: "Some alternative instruments — which can be liberal gold deposit schemes — should be allowed.”

Gold deposit schemes can mobilise idle gold with public and banks can lend gold so collected to traders and jewellers. This can work as an alternative to imports.

PMEAC had suggested, “the stabilisation of basic macroeconomic conditions at home is expected to somewhat curtail the demand for imported gold held as an asset by Indian households.”
Shah panel blames Goa govt for illegal mining

New Delhi: The Justice M B Shah Commission looking into illegal mining in Goa submitted its report to the central government on Thursday. The report is believed to have placed substantial blame on the state government for its failure to prevent illegal mining and rampant export of iron ore abroad. Sources indicated that the report has also discussed in detail the environment destruction caused by rampant mining.

"Justice Shah Commission report was submitted today to me. The Action Taken Report will be ready in six months," Dinsha J Patel, minister of state for mines, told TUI. The commission prepared its report after inspection of 90 operational mines and 30odd non-operational ones last year.

The commission also held extensive consultations with various stakeholders. The commission is believed to have said that over half the operating mines committed illegalities on various counts, ranging from violation of environment norms to mining outside the permitted areas.

The commission is also believed to have found several front companies operating in the mining industry. It also carried out assessment of exports of iron ore to foreign countries.
Copper rises on speculation over US economic expansion

Bloomberg
March 15
Copper rose in New York on speculation that reports will add to signals of economic expansion in the US, the world's second-biggest consumer of the metal, bolstering the outlook for demand.

Copper for May delivery advanced 0.4 per cent to $3,864 a pound by 8 a.m. on the COMEX in New York, climbing for a second day in three.

The three-month contract rose 0.4 per cent to $8,501 a tonne on the London Metal Exchange. On Thursday LME stockpiles shrank for a 16th session to 267,750 tonnes as orders to draw copper from warehouses rose 1.2 per cent to 89,625 tonnes, exchange figures showed.

Aluminium for three-month delivery on the LME was little changed at $2,228 a tonne and zinc gained 0.1 per cent to $2,077 a tonne. Lead rose 0.6 per cent to $2,115 a tonne, tin climbed 0.8 per cent to $24,000 a tonne and nickel slid 0.9 per cent to $19,400 a tonne.
MOIL set to diversify into power sector

Seeking partner for mining coal from a block it hopes to secure from the govt.

Rajiv Ranjan Singh

MOIL, India’s largest manganese ore producer, is planning a foray into the power sector as it searches diversification and growth opportunities and battles flat revenues from its core operations.

The state-owned firm has floated an expression of interest (EoI) seeking a tie-up with private mine developers for jointly securing, exploring, mining, and commercially exploiting coal blocks allotted under government dispensation route.

G P Kundargi, director, production and planning at MOIL, said the EoI is meant for searching private power or mining companies having expertise in developing coal blocks. Depending on the response, MOIL will decide on signing one or more memoranda of understanding with a provision for ultimately converting them into special purpose vehicles (SPVs) and joint ventures, he said.

By second week of April, MOIL will invite companies that respond to the EoI for presentations after which the MOIL board would pick up partners with best offers, he said.

Under the plan, the coal mined from the block would be used to fuel a power plant set up by the MOIL and its partner.

Kundargi said MOIL is following other PSU giants such as SAIL and NMDC, which have either formed SPVs or floated EoIs after getting coal blocks under the government dispensation route.

“Before floating the EoI we studied the SAIL model and are following the NMDC evaluation matrix for selecting SPV partners,” he said.

Kundargi said that participation of private companies would bring mining expertise as well as equity investment on table.

“Very few public sector companies have done well in coal mining on their own. Public-private partnership model is the best way to take forward such initiatives,” he said.

The company is in talks with the Madhya Pradesh government for land to set up a power plant in the state.

“Once we get coal block, all the other issues like land, water and investment will be sorted out,” he said.

Justifying MOIL’s move of entering coal mining and power generation, Kundargi said those initiatives would deliver result in long run.

“How you will chase growth by limiting yourself to only manganese mining? Diversification is must for the long-term growth of the company,” he said.

An analyst of a domestic brokerage firm, however, criticised MOIL’s move.

“A mining company should restrict itself to mining. Moreover, exploration and mining of coal blocks and setting up of power plant is a 6-7 year affair. Nobody knows what would be the power cost or energy market then. So entering into such a long-term project with huge capital expenditure is not a good move,” he said.