Overmining point to unholy Govt-mafia nexus in Goa

ANIMESH SINGH ■ NEW DELHI

With the illegal mining issue rocking the Congress-led coalition Government in Goa, the Union Mines Ministry has pointed out to the State Government that around 44 mines have exceeded the prescribed "targeted production limits", which indicates that illegal mining might have taken place to some extent. In this light, the Centre has asked the Goa Government to assess the undue environmental impact on the region due to this.

In a letter sent to Goa's Department of Mining and Geology, the Mines Ministry has brought to the State Government’s notice that in the last four years the actual aggregate production in 114 iron-ore mining leases there, has exceeded by 15 per cent of the targeted run-of-mines (ROM) production in the approved Mining Plan (which excludes production from dumps reported by Goa Government). Referring to a recent analysis done by Indian Bureau of Mines (IBM) of the aggregate production in the 114 mining leases in the state, the Union Ministry has said that though "the excess aggregate production seems to be within the limit of 20 per cent deviation in the production target allowed in terms of the IBM guidelines" (however taken) on a mine level basis, 44 mines had exceeded the said 20 per cent targeted production limits.

The fact that on an individual mine level, as many as 44 mines have crossed even the acceptable 20 per cent deviation production target limit, clearly indicates that to a considerable extent, excess mining of iron ore is taking place in Goa, which does point towards illegal mining, top Mining Ministry sources pointed out.

The IBM has even initiated action against 19 mines, while against the remaining 25 mines (out of the total 44), punitive measures

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Overmining point to unholy Govt-mafia nexus in Goa

From Page 1 have been taken under the provisions of Mineral Conservation and Development Rules (MCDR).

In the light of the excess mining activities, the Mining Ministry in the letter, has asked the Goa Government "to undertake a suitable exercise to ascertain any undue environmental impacts on regional level".

Mainly low-grade iron ore is mined in Goa, which the States mostly exports to countries like China, which has emerged as major buyer of this kind of iron ore. The Mines Ministry has therefore asked the State Government to make proper arrangement "to prevent illegally extracted ore to be passed off as ore taken out of the dumps (waste ore), and inform it (the Union Ministry) of the result of their actions".

The letter from the ministry has been written in response to directions issued to certain mine lease holders by Goa State Pollution Control Board recently, asking them to suspend all mining operations till they receive the No Objection Certificate or approval under the Forest (Conservation) Act, and these clearances are produced before it (the board).

Mining Ministry, therefore in the letter has also said that mining operations should take place only with appropriate clearances, including, wherever required, under the said Act.

In this regard, it has asked the State Government to issue directions to field units of the Directorate of Mining and Geology to undertake the requisite inspections (of mines which have been asked to suspend work) including follow up to earlier inspections, so that there are no violations in this regard. The Centre has also directed the Goa Government to regulate and monitoring of the production of run-of-mine and end-to-end accounting of the ore produced," the official added.

"You are requested to inform on the steps taken to ensure that the dumps confirm to environment related regulations and the extraction of ore from these dumps are being systematically regulated and accounted for," the ministry has said in the letter.

A senior Mines Ministry official told The Pioneer that it has already amended Rule 45 of the MCDR, which makes it mandatory for all the miners, traders, exporters, stockists and end-users to compulsorily register and report on monthly as well as annual basis on their transactions in minerals to both IBM and also to the concerned State Governments.

"This would allow efficient..."
Goa ore cos’ profit twice state budget

Unlawful mining gave the firms super profits, says report by an NGO

Devika Sequeira

PANAJI: Goa’s leading iron ore exporters earned windfall profits over the last five years with the construction boom in China, but much of the bonanza came from illegal mining and a gross violation of regulations, says Claude Alves, director Goa Foundation.

In a well-documented report released to the media on Wednesday, the environment NGO points out that 55 million tonnes of iron ore worth Rs 22,612 crore was shipped out of Goa in 2010-11.

But, contrary to theory put out by Goa Mineral Ore Exporters’ Association president Shivanand Salgaonkar and Sesa Goa MD P K Mukherjee that fly-by-night operators were solely responsible for illegal mining in Goa, Alves demonstrates how the bulk of the earnings went to just five or six leading Goa mining companies, among them Sesa Goa, Pomento Resources, Timblo Group Industries, Chowgule and Salgaoncar.

Raising contractors like Congress Minister Joaquim Alemao, Goa FCC chief Subhash Shirodkar, Congressman Dinshaw Tarear and Imran Khan also profited enormously from the boom.

In 2010-11, Sesa Goa sold 20.4 million tonnes of ore, over a third of the total iron ore exports from Goa. The Vedanta-owned company’s net profit after tax last year — a hefty Rs 4,222 crore equalled Goa’s annual income (Rs 4,270 crore).

While the Goa government earned a paltry Rs 900 crore from mining royalty, mining companies raked in over Rs 22,612 crore pulling in profits of nearly Rs 11,000 crore — almost twice the state’s budget of Rs 6,000 crore.

But are these earnings clean?

“It is an established fact that illegal mining has been carried out by mining companies and traders and that they are well aware of the limits of production they had to adhere to and of the various sanctions and permissions required in order to legally operate their mines. However, greed induced them to violate mining and environmental regulations while the government sat by, watched and did nothing,” says Alves.

Over the last five years, 25 million tonnes of ore was extracted in excess of production limits. There was no environment clearance, nor consent from the Pollution Control Board and no approval from the Indian Bureau of Mines, Goa Foundation’s documents show.

Mining companies that have profited grossly from the illegalities must be held accountable, says Alves. “The extent of illegal mining in Goa is so vast that there are reasonable apprehensions that significant sections of the mining industry will have to shut down once the report of the Shah commission of enquiry is made public,” he says.

DH News Service

Related report on Page 7
SCCL asks for coal mines outside Andhra Pradesh

Facing the growing demand-supply gap in coal, Singareni Coalfields Company Limited (SCCL) has again requested the Government to allocate it three blocks of mines outside its home state of Andhra Pradesh. "In a meeting chaired by the coal minister, Mr. Sriprakash Jaiswal, had last month, SCCL had reiterated its request to allocate three coal mines in Jharkhand, Odisha and Chhattisgarh," SCCL chairman and managing director, Mr. S. Narasimha Rao, said. "We had requested for three coal mines as we don’t have much extractable coal reserves in our jurisdiction and at this point of time there is a huge demand and supply gap," he said. The PSU firm had requested the coal ministry to allocate the three mines, having a capacity of 12 MTPA, for the first time, three years ago.
**FITCH: VEDANTA ALUMINIUM STABLE**

Ratings agency Fitch has assigned Vedanta Aluminium a low default risk rating, with a stable outlook, on the back of the firm's strong linkages with parent company Vedanta Resources Plc. Fitch Ratings has assigned India's Vedanta Aluminium Ltd a national long-term rating of 'A-(ind)'. The outlook is stable," it said in a statement. An 'A' national rating denote expectations of low default risk relative to other issuers or obligations in the same country.

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PTI
Green nod delay stymies Dart’s bid to drill for coal seam gas in MP, Assam

Pratim Ranjan Bose
Kolkata, Nov 24

Procedural delays seem to have impacted the progress of Dart Energy’s coal-bed-methane hunt in Madhya Pradesh (Satpura) and Assam. The company had previously aimed to launch exploratory drilling campaign in both the blocks by November.

According to sources, the Australia-headquartered company is still awaiting environmental clearance from the Union Government to start drilling core holes – a precondition to drill pilot wells – in Madhya Pradesh block.

Core hole drilling allows exploration companies to collect samples of coal reserves under the earth. According to sources, Dart has completed the formalities, including the public hearing, necessary for environmental clearance in August.

HIGH QUALITY RESERVE

Satpura is a recycled block previously relinquished by ONGC. Dart sources, however, suggest that the block has high quality Gondwana coal reserve.

Also, the presence of second-degree gassy mines (2-10 cubic metre gas content per tonne of coal) in the region suggests that the block may be ideal for CBM exploration.

While Dart controls 80 per cent operating interest in Satpura, Tata Power has 20 per cent participatory interest in the block.

Meanwhile, the company is still awaiting the award of exploration licence (PEL) for the block due to inordinate delay on the part of the State Government to complete due formalities. The environmental impact assessment for the project was over a few months ago.

Dart holds 60 per cent operating interest in the Assam block having hugely gassy tertiary coal of 10 per cent ash content.

Apart from methane, this particular variety also has high sulphur content which is a corrosive agent requiring desulphurisation for industrial use.

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Coal seam gas: CIL may revive idea of tapping from own mines

Oil, coal ministries believed to have sorted out policy differences over issue

Pratim Ranjan Bose
Kolkata, Nov. 24

Coal India Ltd may soon revive its proposal for extraction and commercial utilisation of nearly 25 billion cubic metres of coal-bed methane (CBM, also known as coal seam gas) from five gassy mining assets in Jharkhand, through private participation. The coal major was previously forced to put the proposal on the backburner in the face of a turf battle between the Union Ministries of Coal and, Petroleum and Natural Gas.

Backed by the coal ministry, CIL invited bids from CBM operators in April-May this year for commercial exploitation of the gas and ensure fast and safe mining of over 100 million tonnes of medium grade coking coal. However, the tender could not be closed in the face of opposition from MoPNG, which claimed authority over commercial utilisation of CBM resources in India.

PROJECT CLEARED

According to sources, after a series of meetings, the two ministries have recently decided clear the ground for the project.

Sources suggest the petroleum ministry has apparently agreed to coal ministry’s logic that the CBM Policy does not include the CIL leasehold area. Also, as per the Mining Act there was no space for a second “licensee” in a particular mining leasehold area. Similarly, the coal ministry has agreed that the contracts for CBM extraction should not be awarded without requisite “price approval” from the designated authority under the petroleum ministry.

Climbing down from its earlier stance, the coal ministry is now working on a proposal to seek cabinet nod for the CIL initiative with tacit approval from the petroleum ministry.

BACKGROUND

Even though it is a source of energy, high concentration of methane (CBM) impacts safe mining operations. Accordingly, underground mining in the five identified mines — Munidih (8 bcm), Kathara (8 bcm), Asnapani (6 bcm), Putki Buliari (7 bcm) and Mokhuda (0.4 bcm) is considered unsafe by the Directorate of Mine Safety.

Since release of this greenhouse gas in the environment, has its own pitfalls, the only solution available to CIL is extracting the gas in a fast train manner (preferably within 3-4 years). However, considering the high investment required in such degasification (much higher than normal CBM operations) the viability of project would depend on commercial utilisation of the gas.

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Hidden gold: A coal seam gas water pipeline undergoing construction passes under a road near Chinchilla, 250 km west of Brisbane in this recent file photo. — Reuters
Fear of demand slowdown haunts base metals

G. Chandrashekhar
Mumbai, Nov. 24

The last three months have seen marked price declines in the base metals complex, triggered primarily by the ongoing macro pessimism in terms of unresolved European sovereign debt crisis and compounded by the emerging risk of contagion.

Also, leading indicators month after month signal steadily slowing global economic growth. There are also incipient signs of concern about China, the world’s most significant player in the metals market.

The table alongside showing base metals price trends in recent months clearly reveals an across the complex sharp decline over the last three months with value losses ranging between 8.5 (tin) and 15.2 per cent (copper and nickel).

However, it is also clear from the table that since the last week of October, lead and zinc prices have actually improved, while copper has resisted any downward pressure.

The question that is engaging market participants today is the direction base metals prices are headed from hereon.

Will the emerging scene be reminiscent of the 2008 collapse or is there chance of a rebound?

While the current drivers of the global base metals market are known, it is important to take cognisance of the fact that unlike in 2008, currently there are both supply side issues (such as in copper) and demand side concerns.

Working inventories are far from burdensome. If anything, China may have completed its destocking cycle and would need to begin to restock.

CHINA EXPORTS EASE

On the demand side, developments in Europe’s industrial activity require close monitoring. Metals demand is already contracting and it risks getting worse.

China’s exports to Europe have eased. If Europe further tightens credit for whatever reason, then it can become a constraining factor for the real economy.

In North America, there are pockets of strength such as transportation, as experts assert, but these look fragile.

There is growth in China’s industrial sector and there is evidence of restocking demand.

However, there are doubts if it would sustain for an extended period.

To fight inflation, China has steadily tightened its monetary policy over the last one year. Some experts suggest that currently China may be suffering the short-term cyclical impact of a self-induced monetary tightening.

While softness may continue over the coming months, economic activity will respond positively as policy in Beijing shifts back to being more supportive of growth, it is argued.

Simply put, demand looks somewhat vulnerable, but surely less-vulnerable than it did in 2008.

Additionally, the role of speculative capital is much less pronounced now than it was three years ago.

If the world economy does face weaker growth, then it would surely weaken global demand for base metals with consequential effect on market prices.

DOWNSIDE PRICE RISK

Anticipated demand compression in Europe over the next few quarters appears to have already priced in. So, the downside risk to prices will have to come from elsewhere.

Metals with serious downside price risk are those fundamentally in surplus. Copper and tin markets are in deficit this year and are expected to remain so in 2012.

Copper prices have held on admirably in the last few weeks despite growing global growth concerns.

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Copper gains on Chinese buying

Bloomberg
Nov. 24
Copper rose in London, rebounding from the lowest price in almost five weeks, as top global consumer China moved to aid cash-strapped companies and business confidence unexpectedly improved in Germany.

Copper for three-month delivery climbed 0.9 per cent to $7,306 a tonne by 12.53 p.m. on the LME. Prices earlier fell as low as $7,100.25, the lowest level since Oct. 21. Copper for March delivery advanced 0.7 per cent to $3.315 a pound on the Comex in New York.

Global demand for the metal is set to climb at least 4 per cent annually through 2015, Mr John MacKenzie, Anglo American Plc's head of copper, said this week. LME copper inventories fell 0.4 per cent to 395,975 tonnes, daily exchange figures showed. They're down 17 per cent from the 2011 high in June. Stocks in Asian warehouses, the ones located closest to China, are on the longest streak of declines since at least January 1998, data compiled by Bloomberg shows.

Pence paid for immediate-delivery copper in Shanghai added to the front-month futures contract on the city's futures exchange rose to about 750 yuan ($118) a tonne today from 100 yuan a ton at the start of the month, according to data provided by the city's Changjiang Nonferrous Metals market.

Aluminium, nickel and tin advanced in London. Zinc fell and lead was little changed.
Volvo Trucks' sales hit by mining ban

Our Bureau
Bangalore, Nov. 24

Ban on iron ore mining activities in Karnataka and disruption in operations in Goa has affected Volvo Trucks India sales.

“The company which was selling 200 to 300 trucks in a good year now has seen 70 per cent drop in volume,” said Mr Somnath Bhattacharjee, President, Volvo Trucks India.

“This is a minor aberration, once the regulatory frame work is in place we expect to do well,” he added.

NEW TRUCKS LAUNCHED
At the Excon2011, the company launched new trucks built specifically for deep opencast mining and heavy construction applications.

Mr Bhattacharjee said, “We are extremely proud of this truck and believe that this new high performance tipper would set higher performance standard and raise the bar in opencast mining haulage productivity and efficiency with unmatched safety standards.”

The company has already got 10 firm orders for FMX trucks mainly from coal mining companies.

Explaining the features of the new truck, Mr Bhattacharjee said it comes with 440 HP engine and a torque of 2200 nm. New upper grill inspired by the FH series, contributes to a modern look.

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