

DEDICATED TO THE MAKE IN INDIA VISION



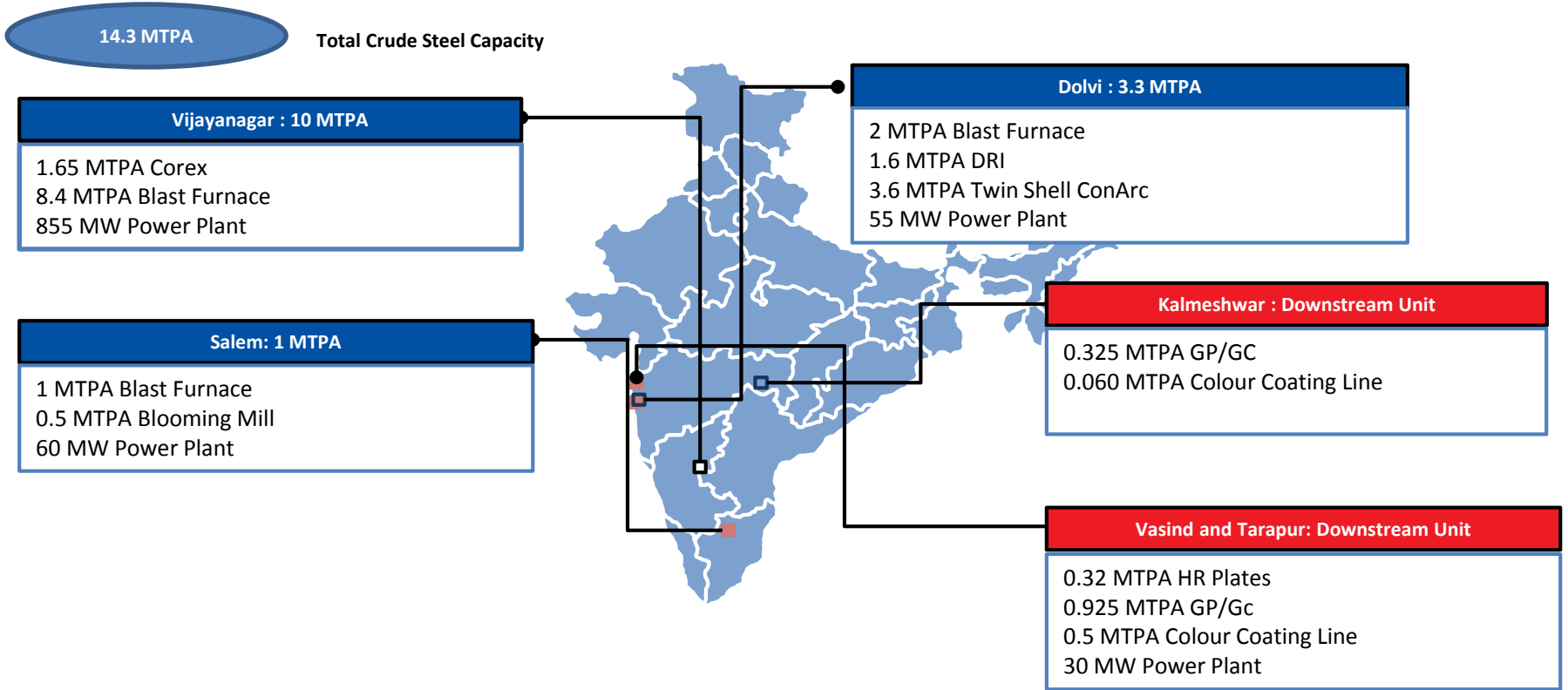
(From left) Dr Vinod Nowal, Dy. MD, JSW Steel; Mr Sajjan Jindal, Chairman, JSW Group; Hon'ble Shri Narendra Modi, Prime Minister of India; Shri Narendra Singh Tomar, Union Minister for Steel & Mines and Shri Naveen Patnaik, the Chief Minister of Odisha

JSW Steel's Vijayanagar facility wins the Prime Minister's Trophy for the
Best Integrated Steel Plant, 2012-13.



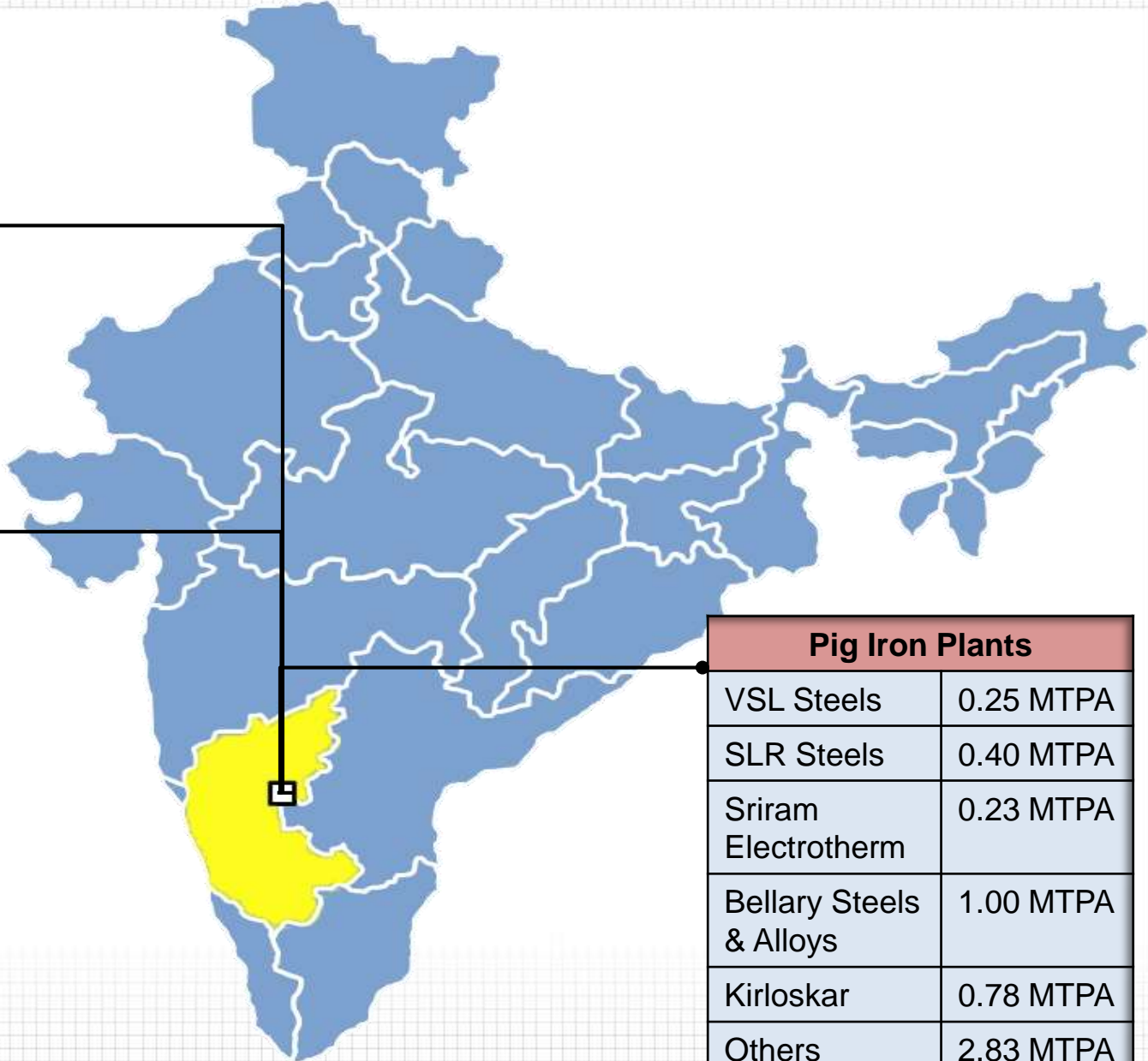
JSW Steel – Indian Operations

❖ India's largest steel producer with installed steel making capacity of 14.4 MTPA



JSW Coated Products
JSW Steel Plants

Existing Plant Capacity of JSW & other Companies in Karnataka



JSW Vijayanagar Plant (12 MTPA)

Corex	1.70 MTPA
Blast Furnace	10.4 MTPA
Power Plant	855 MW

Other Steel Plants

Kalyani Steels	0.25 MTPA
Mukund Ltd	0.40 MTPA
VISL , Bhadravathi	0.23 MTPA
BMM Ispat	1.00 MTPA
Janki Corp	0.78 MTPA
Others	2.83 MTPA

Pig Iron Plants

VSL Steels	0.25 MTPA
SLR Steels	0.40 MTPA
Sriram Electrotherm	0.23 MTPA
Bellary Steels & Alloys	1.00 MTPA
Kirloskar	0.78 MTPA
Others	2.83 MTPA



Issues & Challenges related to Auction of Mines in Karnataka




Background


Hon'ble Supreme Court vide its order dated 29.07.2011 & 26.08.2011 ordered for complete closure of all the mining leases in the district of Bellary, Chitradurga & Tumkur.

Production of Karnataka before 29.07.2011

Financial Year	Total production in MMT
2004-05	38
2005-06	40
2006-07	41
2007-08	49
2008-09	47
2009-10	43
2010-11	39


Source IBM year book

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- Hon'ble Supreme Court vide its order dated **03.09.2012 & 18.04.2013** accepted the recommendations made by CEC regarding :
 - Reopening of Category "A" & Category "B" Mines.
 - Cancellation of Category "C" Mines and auctioning among the existing end users.
 - Honorable Supreme Court Vide its order **Dated 30.07.2015-** "Directed the auction of aforesaid mines will commence immediately and stand concluded with in outer limit of 32 weeks ,Preferably with in 26 weeks with effect from order date and with a condition of allowing only Existing End-users for Auction."
 - "Only the end-users engaged in production of sponge iron and/or pig iron and/or steel and/or pellets will be eligible to take part in the auction. The end-users will include Public Sector Undertakings."



After complying with the directions of the order dated 30.07.2015 of the Honorable Supreme Court, Department of Mines & Geology ,Gok invited tender for the following Mines.

Sl.No	Mine Block	ML No	District
1	M/s.Hothur Traders	2313	Bellary
2	M/s.Lakshmi Narayana Mining Company	2487	Bellary
3	M/s.Thungabhadra Minerals Pvt Ltd	2365	Bellary
4	M/s.Thungabhadra Minerals Pvt Ltd	2366	Bellary
5	M/s.V.S Lad & Sons	2290	Bellary
6	M/s.Karthikeyas Manganese Ores	2559	Bellary
7	M/s.Rama Rao Poal	2621	Bellary
8	M/s.Ramghad Mines & Minerals Pvt Ltd	2451	Bellary
9	M/s.Nidhi mining Pvt Ltd	2433	Bellary
10	M/s.Sri Lakshmi Narashimha Mining Company	2566	Chitradurga
11	M/s.Mineral Miners & Traders	2185A	Bellary
12	M.Srinivasalu	2631	Chitradurga
13	B.R.Yogindranath Singh	2186	Bellary
14	M/s S B Minerals	2393	Bellary



Out of 14 Leases were Kept for Auction, only 07 leases proceeded for Auction and the remaining 07 Leases were discarded due to less than 03 Bids.

Following is the Preferred bidders List with the final price offer :-

SL.NO	Name of Mine	Date of E-Auction	Preferred Bidder	Final Price offer
1	Ram Rao Paol M L No: 2621	01.10.2016	JSW Steel Ltd	90.82%
2	M/s.Lakshminarayana Mining Company M L No:2487	03.10.2016	MSPL Limited	100.30%
3	Tungabhadra Minerals Pvt Ltd M L No:2365	04.10.2016	JSW Steel Ltd	81.10%
4	Tungabhadra Minerals Pvt Ltd M L No:2366	04.10.2016	JSW Steel Ltd	58.90%
5	Hothur Traders M L No: 2313	05.10.2016	JSW Steel Ltd	100.10%
6	Karthikeyas Manganese M L No: 2559	05.10.2016	MSPL Limited	111.10%
7	V S Lad & Sons M L No : 2290	06.10.2016	JSW Steel Ltd	102.52%



Issues / Challenges

The **Clearances to be obtained by Successful bidder** in order to sign Mineral Dispatch production agreement (MDPA) with State Government :

Mining Plan


Environmental Clearance

Forest Clearance

Consent for Operation

Honorable supreme court through its order **Dated:30.07.2015** -“The existing statutory approvals/clearances in favour of the lessee of the erstwhile Category 'C' mining leases will be transferred in favour of the new lessees. The concerned authority will take expeditious action for the grant of the statutory approvals such as the environmental clearance and approval/TWP under the Forest (Conservation) Act, 1980.”

In order to facilitate bidder to obtain several clearances and Approvals ministry of Mines Constituted Inter Ministerial group **“PAMCAF” (Post Auction mining clearances and approval facilitator)**



The flowchart (Suggested) of each of the key activities in the clearances may be prepared and the timelines may be set in consultation with the related ministries and departments.

The following timelines were discussed for the clearances for mineral blocks obtained through auction with the participants of the meeting -

- 1) Environmental Clearances
 - a. Issue of Terms of Reference: 30 days
 - b. Public Consultation: 30 days
 - c. Submission of EIA & EMP reports: 60 days
 - d. Decision by EAC for grant of EC: 45 days
- 2) Forest Clearances
 - a. Stage I FC : 90 days
 - b. Application for Stage II after Stage I compliances: 90 days
 - c. Stage II approval: 45 days
- 3) Approval of Mining Plan: 3 months were reduced to 2 months
- 4) Land Acquisition
 - a. Requisite consent of land owners within 60 days
 - b. Land Acquisition for mining 120 days



Forest Clearance : CEC also has given prescribed Time periods at various levels in the state and MOEF for the renewal of mining Lease .

At State Level :

Level	5 ha.	5 to 40 ha.*	40 to 100 ha.	More than 100 ha.
Nodal Officer	10	10	10	10
DCF	30	30	45	60
District Collector for FRA				
CF	10	10	30	30
Nodal Officer/ PCCF	10	20	25	30
State Govt.	30	30	30	30
Transit Period	20	20	20	20

At MOEF

Level	5 ha.	5 to 40 ha.*	40 to 100 ha.	More than 100 ha.
Pre-inspection by MoEF/ RO to examine completeness	5	5	10	10
Site inspection by R. O.	-	-	-	45
FAC	-	-	30	30
SAG	-	30	-	-
REC	-	-	-	-
Approval by competent authority (CA)	20	30	30	30
Communication of approval of CA	5	5	5	5
Transit Period	-	5	-	10
Total	140	195	225	300

Timeline for processing of Stage II FC Proposals

S.No.	Correspondences	No. of days
1	Nodal officer to send the copy of Stage-I clearance to DFO/DCF and CF	5
2	DFO to prepare demand note containing Item wise amount of CA Levies	10
3	User Agency to make payment of CA Levies & to submit a compliance report.	30
4	DFO examines the Compliance report and sends to CF, if Compliance Report is complete.	15
5	CF examines the Compliance report and sends to Nodal Officer, If found complete.	15
6	Nodal Officer examines the Compliance report and forwards to State Govt or UT, If found complete.	15
7	State Govt. or UT. examines the Compliance report and forward to MoEFCC or R.O. Office, if found complete.	15
8	MoEFCC or RO Office examines the Compliance report and finally accords the final approval under FC Act, 1980 and Communicate the same to the State Govt. or UT.	20
Total Days to be taken for Stage-II Clearance		125



Key issues to be discussed for simplification of forest Clearance Process

Initial application & examination at Nodal Office:

The submission of initial application to Nodal Officer & its examination, being a time consuming process, needs scrutiny and further simplification. There are many instances that these applications are frequently get modified at the instance of Nodal Officer / DCF. Therefore, instead of raising various queries by the Nodal Officer at the initial stage, the applications can be accepted (if the projects found merit and worth for further processing) and forwarded to the Range Forest Officer where the project site is located

Identification & Submission of CA Land in Stage-I

At present, the initial application requires CA Land Maps and documents to be uploaded. As the preparation of the map is a cumbersome process and most of the times, the coordinates do not match with the documents submitted by the land owners at the time of agreement. Hence, it is suggested that only the agreement copy and the details of the land should be asked for the on-line submission.

FRA Process

At present, the initial application to Deputy Commissioner for conducting FRA can only be submitted once the Nodal Officer in all aspects accepts the proposal. The time taken for communication to carry out the Gramasabha at village level needs to be reduced and simplified.



Conducting of Joint Survey by DMG, Revenue & Forest Department:

Presently, the joint survey of the proposed area for Forest Diversion is carried out after the issuance of DCF's letter to all the concerned departments. Since the blocks proposed for auction are already surveyed and the co-ordinates for all the corner points are made available in the tender documents, this may not be required at this stage.

Flow of the application


The flow of application from Nodal officer needs to be re-examined as most of the field works are carried out at Range level and that the Range Forest Officer should be brought into the on-line loop.

Format of the maps

The completeness of the maps submitted can only be ensured if there is a standard / model format of the various maps are made available. As most of the times the queries are raised about the incompleteness of the maps and attending those queries make it time consuming.

Tree Enumeration

Tree Enumeration process should be started once the block is finalized for auctioning



Certain steps not given in FC Timeline; i.e. after uploading the acknowledgement slip received from DCF/DC Office, it has to be examined & forwarded immediately by Nodal officer. But it is taking lot of time at present. It is suggested that the Nodal Officer shall forward the online Application once the application is found to be correct in all respect with an instruction to the U.A to upload the acknowledgment for having submitted the hard copy within three working days.

No clear guidelines framed for the extent of CA Land to be given in the cases where the Forest Clearance was granted earlier.

Proper guidelines/methodology for conducting the Cost Benefit Analysis not enclosed in the documents required to be submitted in the FC Proposal.

No clear guidelines for the type of the Forms to be filled for the auctioned block, where some of the blocks have valid Forest Clearance (can be transferred), some have expired FC (to be renewed in the name of new user agency).



Penalty Clause for production and dispatch as per Hon'ble supreme court order Dated:30.07.2015.

“The successful bidder/lessee will be required to produce and dispatch every year at least 50% of the permissible annual production as prescribed under the approved R&R Plan. Whenever the dispatch in a year is below the guaranteed dispatch as indicated above in that case irrespective of the quantity actually dispatched, the total amount payable during the year will be based on the guaranteed dispatch. In addition, the lessee may also be required to surrender the lease. This condition will not be applicable during the initial period of 18 months provided to the successful bidder/lessee to obtain the statutory approvals.”

Initial Period of 18 Months is provided to Successful bidder to obtain all consents,approvals,permits,no-objections and the like as may be required under applicable laws for commencement of mining operations to sign mine development and production agreement with the state government.

Way Forward

Demand & Production:

Requirement and Availability of Iron Ore in Karnataka

		2016-17	2017-18	2018-19	2019-20	2020-23	2023-24
Reqmnt of Iron Ore	Existing Steel Plants	32	32	32	32	32	32
	Expansions	-	-	-	7	12	20
	Sponge Iron *	4	4	4	4	4	4
TOTAL		36	36	36	43	48	56
Availability		26.5	29	32	35	26	26
Shortfall / excess		(9.5)	(7)	(4)	(8)	(22)	(30)

* 52 Sponge Iron units are under closure and their requirement is 4 MTPA *All Qty. in MTPA*

ICFRE has prepared R&R plans in respect of 116 mining leases break up being 39 falling in category 'A', 57 in category 'B' and 20 in category 'C' as per the orders of Hon'ble Supreme Court.

The present status of Iron ore availability in Karnataka is as given below:

Category of Mining Lease	Particulars	No of Leases	Total Permissible Annual production as per R&R Plan	Remarks
A&B	No of operating Lease	36	30.516	Includes excess over R&R plans IN NMDC & MML
A&B	Substantial progress in R&R plan implementation	36	3.4760	
A&B	R&R Plans implementation started	11	1.7884	
A&B	R&R Plans ready but implementation not started	13	.677	
A&B	R&R not ready / Not prepared	19	-	Includes 7 of B1 Category
C	No of R&R plans prepared	20	-	Production limit approved after e-auction Sale
C	No of leases sold & Production limit approval	7	5 Bid by JSW-3.623 2 bid by MSPL-Yet to be Fixed	



To Bridge the Gap between Demand & Supply :

Enhancement of Capacity:

Enhancement of capacity from existing 30 MTPA to 40 MTPA by Hon'ble Supreme Court in order to meet demand of local industries.

Amalgamation of leases including additional area :

Auctioning of balance potential "C" category mines should be made after amalgamation of leases including additional area .

To bring more mines into operational, the existing iron ore leases should become operational and more number of fresh blocks should come for auctioning.

A decision should be taken for the blocks unsold in auction like, minimum bidder clause, amalgamation of the small potential blocks and inclusion of additional areas.

Exploration of the mining lease areas which are going to be expired on 31-03-2020 and also for fresh blocks needs to be expedited as per the Mine Auction Rules and Mineral Evidence & Content Rules.



Formulation of Guidelines for statutory clearances - Auctioned blocks

In Principle Forest Clearance(Stage-I Clearance):

Before Auctioning of remaining “C” Category mines & blocks in future, the ‘in principle approval of FC (Stage I clearance)’ should be given by the Government so that after allotment the successful bidder should take action to comply with condition imposed in Stage-I clearance.

Alternate for CA Land:

Leases with small areas where mining is practically not viable, non-operating & less potential abandoned and unsold mines should be considered as alternate for CA land and Successful bidder should be allowed to use such leases in lieu of CA land. An immediate decision or policy in this regard will be helpful in restoring mined out area and increasing the forest cover.

FRA Process:

FRA process should be simplified & state should direct the district committee to initiate process of FRA once the blocks are identified for auctioning.



Direction for Joint Survey:

Government of Karnataka should direct the Dept. of Mines & Geology, Revenue & Forest to carry out Joint survey after identification of the blocks for auction.

Single Window agency : Process for obtaining clearances especially in case of auctioned mines should be simplified for successful Bidders i.e., through single window agency.



Thank You





Product Basket

Slabs



HR C



HR Plates



GC



CRC



Color Coated



Billets



Blooms



TMT



Wire rods



