



VITAL INDUSTRY UPDATES - 24/09/2015

Streamline approval, development process of coal mines: PwC India

The approval and development process of coal mines needs to be streamlined to achieve growth production of the fuel, consultancy firm PwC India said on Wednesday.

“Coal India Ltd was able to open new mines while even Schedule II coal blocks auctioned in the beginning of the year are yet to be operationalised fully. The key issue that winning bidders are facing is the delay in grant of all clearances and approvals that were expected to be granted as soon as the blocks were taken over by them,” the firm said in a statement.

Schedule II coal blocks under the Coal Mines (Special Provisions) Act were those mines that were already producing coal when the Supreme Court cancelled leases of prior owners last year.

These were the first to be auctioned in February-March earlier this year.

Delay due to litigation

Since the auctions, only around seven mines have come into operation with the delay happening due to ongoing litigation in some cases while in others, the statutory clearances and approvals have not yet been received.

“Subsequent to winning the coal blocks, the new owners face a challenge in starting operations within their budgeted capital outlay, improving productivity to lower operating costs and ensuring full compliance with regulatory and other requirements,” said Kameswara Rao, Leader Energy Utilities and Mining, PwC India.



The firm said that winners will now need to find mining contractors to develop the coal blocks in an efficient manner.

Be ready for risks'

“Post allocation, due diligence is required in getting all necessary approvals and clearances. Companies need to be prepared for various risks involved, which can derail a project,” PwC India’s statement added.

PwC India’s findings were released at a coal seminar arranged by the Indian Chambers of Commerce. At the event, the chamber’s National Expert Committee Chairman SK Roongta requested the government to make operations of new lease owners of coal mines smooth. He reiterated that State governments need to be brought on board and that all stakeholders must be brought on to the same page.

Raw material needs

The Indian Chamber of Commerce President Shiv Siddhant Kaul recommended that coal blocks with reserves greater than 100 million tonnes per annum and annual production more than 3 mtpa should be brought in for auction first.

He said that such a move would sustain the raw material requirement for the integrated steel plants.

“At the same time, a large number of coal fields earmarked for captive mining are notified under the Coal Bearing Areas (Acquisition and Development) Act. This may also be de-notified to speed up the ground work,” he added.

Weekly coal stocks at Major Ports down by 4 pc to 12.42 mt

The weekly stock of coal at Major Ports has declined by 4 per cent to 12.42 million tonnes (mt) as of September 18, data released by a shipbroker showed.



However, stockpiles of thermal coal increased by 1.4 per cent to 9.72 mt from 9.58 mt in the previous week, but the stock of coking coal declined by 19.3 per cent to 2.62 mt from 3.25 mt.

According to data, stocks of anthracite went up by 23.1 per cent to 16,000 t from 13,000 t, while pet coke stocks rose by 31.2 per cent to 1,37,000 t from 1,04,400 t in the previous week.

Among ports, Paradip had the highest coal stocks as of September 18 at 2.68 mt, which was down by 5.9 per cent as compared to the previous week.

Paradip Port also had the highest coking coal stocks at 1.12 mt, down by 9.4 per cent from the previous week's 1.23 mt.

Kandla Port had the highest thermal coal stocks at 2.13 mt, which was up 3.1 per cent from 2.07 mt the previous week, data revealed.

Coal India raises capex to Rs 60,000 crore to meet land needs

State-owned monopoly miner Coal India BSE -2.26 % has said that it will need to acquire an additional 20,000 acres for opening up new coalfields and expanding existing ones to achieve its production target of 1 billion tonnes.

The company will have to invest nearly Rs 60,000 crore in land acquisition, rehabilitation and compensation, new equipment and other infrastructure, its chairman Sutirtha Bhattacharya said. "We have increased our investment estimates from an earlier figure of Rs 25,000 crore to Rs 60,000 crore because land acquisition costs have increased, taking into account the increased land acquisition cost as well as higher payouts for rehabilitation and resettlement on the land," media after the company's 41st annual general meeting.



Coal India recently tied up with Administrative Staff College of India to train its executives in handling varying rehabilitation and resettlement norms across states. The company's operations are spread across eight states.

With the Centre urging the states to pass their own land acquisition laws, the company believes it will have to deal with different rules regarding rehabilitation and resettlement. The company currently acquires land through different Acts and codes. Until March 2015, its subsidiaries collectively acquired about 169,368 hectares, of which they have possession of about 106,827 hectares.

This is apart from the land that Coal India got into its possession at the time of nationalisation. With the introduction of Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, the miner will have to bring forth appropriate policy changes to comply with the law as well as build its internal capacity to tackle external challenges.

There is a great need to comprehend the LARR in its detail, especially in the context of the new legislation and the different Acts under which Coal India acquires land.

Coal India has entered into a partnership with the Administrative Staff College of India, which has a dedicated centre on LARR, the Centre for Excellence in Management of LARR, an official said.

KRIBHCO to set up fertiliser plant in Andhra Pradesh; to invest Rs 1000 crore

Fertiliser cooperative KRIBHCO today said it will set up a phosphoric and potassic fertiliser plant at Krishnapatnam in Andhra Pradesh with an investment of Rs 1,000 crore.



This will be the first P&K fertiliser plant of Krishak Bharati Cooperative Ltd (KRIBHCO), which produces urea only.

"The plant is being set up in Andhra Pradesh as the state government has offered power at Rs 1 per unit for next 10 years, VAT exemption for next seven years and a host of other incentives, giving benefit to KRIBCO of about Rs 500 crore," KRIBHCO Chairman Chandra Pal Singh said.

The land has already been allotted by state government for the fertiliser plant. The annual capacity of the plant will be about 6 lakh tonnes and it will take 4-5 years for the project to become operation ..

There are also plans to increase the capacity of this plant in the second phase and take the total annual capacity to 1.2 million tonnes per annum, Singh added.

At present, Kribhco has one urea plant in Hazira in Gujarat having an annual capacity of 2.2 million tonnes. Besides, the cooperative has one plant in Shajhanpur in Uttar Pradesh in partnership with the Shyam group having a capacity of 1 million tonnes.

KRIBHCO also declared a dividend of 15 per cent for member cooperative shareholders

