

Panel wants strict beneficiation norms for miners

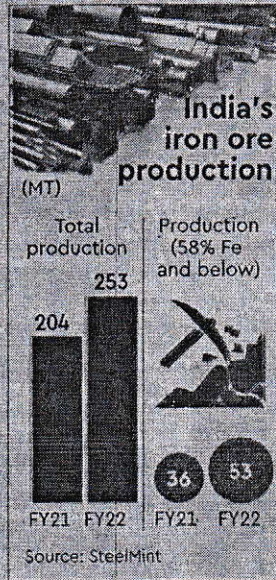
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AN IRON ORE miner will have to upgrade through beneficiation 80% of the low-grade ore produced in a mine annually or face penalty including termination of the lease, if the mines ministry accepts recommendations of an inter-departmental committee.

If the recommendation is finally endorsed by the government, it will impact both merchant and captive miners, including Rungta Mines, Vedanta, Serajuddin & company, JSPL, JSW Steel, as they will have to either put up new beneficiation units or expand capacity of the existing units, according to industry sources. While putting up capital-intensive infrastructure is itself an onerous task, the miners will also have to acquire land for putting up the unit which is again a big task.

The government had constituted the panel to suggest ways to ensure better utilisation of low and lean grade iron ore resources in the country. Typically, about 20% of the produce during mining turns out to be low-grade iron ore, having less than 58% iron content; the rest contains 62% or more. India produced 253 million tonnes (MT) iron ore last fiscal. The domestic steel industry does not use low-grade ore for lack of available technology. It uses higher-grade (62% Fe or above) in the blast furnace or pellets produced through beneficiation of low-grade ore in the iron-making. The remaining low-grade ore is generally exported.

As per the committee's recommendations, which the mines ministry has put up in its website for consultation with industry, 80% of the ore having less than 58% Fe content produced annually in a mine will have to be beneficiated for 62% or more iron content. "In case of



shortfall in beneficiating the 80% of low-grade iron ore of below 58% Fe, which shall be assessed on a quarterly basis, the lessee shall pay to the state government, an amount of royalty and premium as applicable to the iron ore lumps or fines of 62-65% grade, as the case may be, on the difference between the minimum quantity of mineral to be beneficiated in the said quarter and the quantity actually beneficiated," the committee recommended. On top of it, the committee suggested that the state government may terminate such lease where the lessee does not maintain the minimum quantity of ore to be beneficiated for two successive years and fails to pay the amount payable on such shortfall after two years. The state, however, will have to give the lessee a reasonable opportunity of being heard.

The committee, however, does not make it mandatory for each miner to set up beneficiation unit. A miner can transfer the produce to a neighbouring mine, which has the facility, to do the beneficiation job.