

Ministry of Mines suggests measures for upgradation of low-grade iron ore

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A committee set up by the Union Ministry of Mines has recommended steps for beneficiation and upgradation of low-grade iron ore into higher-grade ones.

Recommendation states that at least 80 per cent of the low-grade ore (with iron content of less than 58 per cent) produced in a year be upgraded to higher-grade ore (of 62 per cent iron content), failing which steep fines and mine lease termination have been suggested.

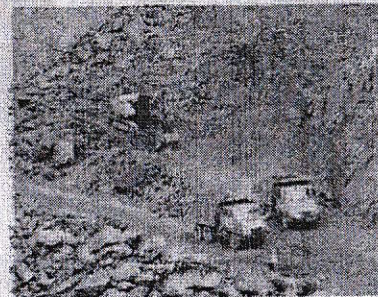
The committee's findings show that 121 million tonnes of iron ore of different grade are "lying unused" at different mine pitheads, about 55 per cent of which are fines with less than 58 per cent FE content. Nearly 17 per cent of total iron ore produced in India are of low grade. *BusinessLine* has a copy of the committee's report.

Post imposition of export duty, sale of lower-grade iron ore have been badly hit. The committee submitted its report around May and in a letter written on August 12, the Ministry sought industry comments on some of the committee recommendations.

Penalty Cause

Lessees are to be assessed on a quarterly basis and if they fall short (of 80 per cent beneficiation clause), they shall pay the State government royalty and premium "as applicable to iron ore lumps or fines of 62-65 per cent grade". The penalty will be to the shortfall amount.

Reconciliation will be done at the end of the year, and if the lessee reaches his/her annual mandate then his/her previously paid penalties because of the quarterly shortfall "will be adjusted against dues for the last quarter of that year". It added that the Centre may levy a



Panel has recommended penalty for failure to adhere to mandate

fine—in the form of a levy of an additional amount for attended beneficiation — after two years of notification of the rule.

For non-auctioned mines, shortfall will attract a penalty "equal to the four times royalty" to be paid on iron ore of grade 62-65 per cent FE. This will be paid, in addition to the actual royalty to be paid.

Mine lease can be terminated for failure to beneficiate 80 per cent of low-grade material for two consecutive years and not paying the royalty ap-

plicable on 62-65 per cent for the differential amount.

Transfer of mines

The committee has suggested transfer of low-grade ore to neighbouring mines to be beneficiated or to a plant outside lease. "The quantity being removed from the mine will count under the 80 per cent mandate" and will "avoid double imposition of royalty or loss of revenue to the State".

Lessees will be charged royalty, bid premium, on the grade and quantity of ore throughout.

"A concession of 5 per cent in the rate of royalty on the quantity of low-grade ore beneficiated through the wet process and 10 per cent concession on the rate of royalty on the quantity of low-grade ore beneficiated through dry process may be given on 20 per cent of the annual production of iron ore of all grades," it said.