

ODISHA

Optimally **D**eploying India's **S**hare of
High-power Mineral **A**ssets

The Associated Chambers of Commerce and Industry of India

Disclaimer

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Foreword

Mining is one of the core sectors that drive growth in an economy. Not only does it contribute to GDP, it also acts as a catalyst for the growth of other core industries like power, steel, cement, etc., which, in turn, are critical for the overall development of the economy.

Odisha with its bountiful natural resources has always been the favourite investment destination for the mining industry. Odisha's rich mineral reserves constitute major minerals like Bauxite, Iron ore, coal, manganese and Chromite. The Government of Orissa has been making several efforts for attracting investment in the sector by designing favourable policies and providing numerous incentives to the investors in the State. These policy initiatives will no doubt have a positive impact on the social well-being of the population in the state by taking due care of the environmental issues.

However, the state government also has an important role to track the adherence of time frame associated with various clearances of mineral block such as environmental & forests, mining plan, land acquisition etc. System of mining plan preparation, certification and monitoring are important steps in successful implementation of the mining project in the state.

I hope the ASSOCHAM Conference on 'Odisha Minerals & Metals Industry' will provide an opportunity for all stakeholders to come together and deliberate the evolution of various implementable solutions for the mining & metal sector that can play a vital role in furthering the country's growth agenda.

Deepak Sood

Secretary General
ASSOCHAM

Deploying National Treasure in Safeguarding Indian Future

With global growth nearly hitting its lowest level in the past two decades, barring the global financial meltdown of 2008 and the pandemic, we have reached an inflection point. The Russia-Ukraine war, in fact, is making governments and industries across the globe ponder upon sustainable paths for achieving self-sufficiency and cutting dependence on external resources.

But the path to self-reliance begins with a question. Do we even have enough reserves?

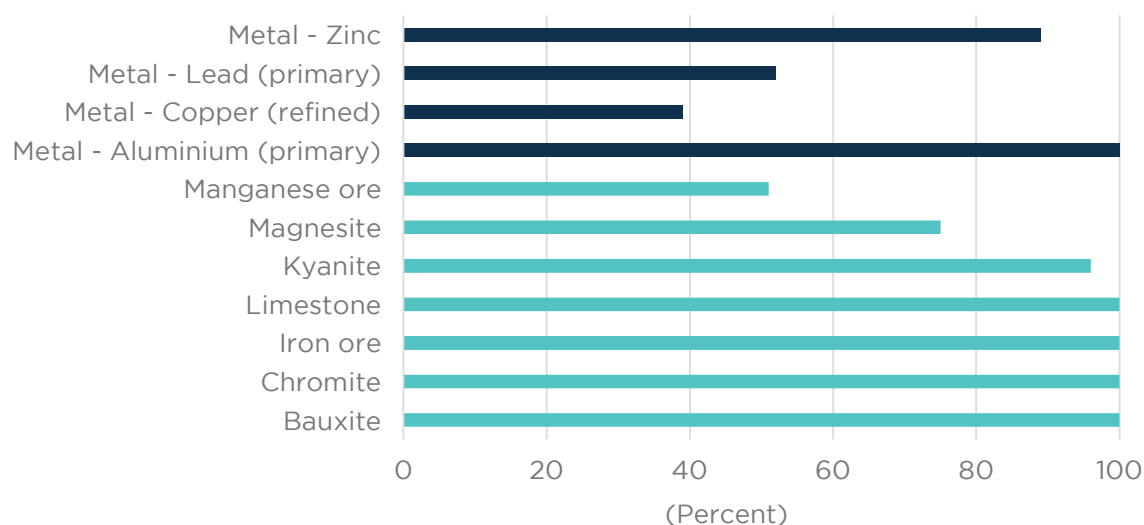
India, fortunately, does. With close to 95 minerals, including 4 fuel, 10 metallic, 23 non-metallic, 3 atomic and 55 minor minerals, we are quite rich in our natural resources.

If we look at the abundance of mineral reserves, then the mining sector surely has a huge economic potential, so much so that it will be the core driver of the nation's economic development. Today, India has a total of 328 million hectares of land, of which only 3.06 lakh hectares is mining lease area

which is less than a per cent. The direct share of mining contribution to the country's Gross Domestic Product (GDP) stands lower at around 2.5%. However, if we consider the strong multiplier effect it has on the rest of the economy, owing to its linkages with the manufacturing activity, then five out of the eight core sectors of the Indian economy (coal, steel, cement, electricity, and fertilizers) are majorly dependent on the mining activity.



Self-sufficiency in Bauxite, Iron Ore, Aluminium and Limestone



Source: Ministry of Mines

India is a major producer of some of the metallic as well as non-metallic minerals which includes coal, iron ore, bauxite chromite etc and some of these minerals are the backbone of the manufacturing activities of the economy.

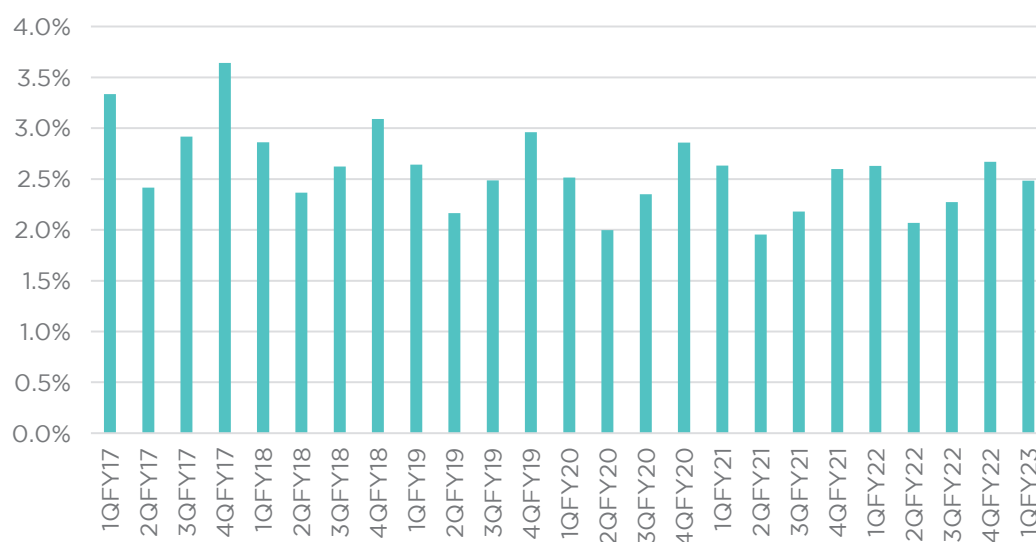
However, despite India's geological potential, in certain minerals, the country is unable to untap the growth potential leading to the import of these minerals.

India's Contribution to World Mineral Production and Ranking:

Metallic Minerals	(%)	India's Rank
Bauxite	6.29	5
Chromite	10.18	3
Iron ore	8.09	4
Manganese ore	5.13	7
Industrial Minerals**		
Magnesite	0.33	17
Apatite & rock phosphate	0.62	16
Metals		
Aluminium (Primary)	5.78	3
Copper (refined)	1.69	13
Steel (crude/liquid)	5.89	2
Lead (refined)	4.79	4
Zinc (slab)	3.82	4

Source: World Mineral Production, Ministry of Mines

Mining & Quarrying Share in Gross Value Addition



Source: National statistical office, RBI

Nevertheless, the Indian government (both the centre and state) has been taking various steps to boost the overall mining activity in India and has over the past decade been instrumental in implementing several reforms. While there has been an amendment in the Mines and Mineral Development & Regulation Act 1957 in 2021, besides the MMDR Act, the following regulations laid down a legal foundation for the mining industry.

- **Mineral Concession Rules 1960 (MC Rules):** These rules lay the foundation for granting concessions, rejecting applications, keeping accounts, and submitting reports to state governments.
- **Mineral Conservation and Development Regulations (Mineral Conservation and Development Regulations):** These regulations set the standards to be met to ensure that mining is done in a scientifically sound manner while also protecting the environment.
- **Mineral (Auction) Rules 2015 (Auction Rules):** These rules lay the foundation for granting significant mineral concessions through an online electronic auction.

- **Mines Act:** This Act establishes rules for mine worker safety and working conditions and provisions for mine administration and operation.
- **Offshore Areas Mineral Concession Rules 2006 (OAMDR Rules):** The process for granting and renewing mineral resource concessions in offshore areas is outlined in these guidelines.

Some of the recent changes in reforms in the mining sector in India are as follows:

Lapse of mining lease within 3 years

Hoarding of mines is common in the industry wherein the players buy the mines, more than their captive requirement (almost 2/3rd of the mines are in such state). This is done primarily to squeeze the competitors or for future development purposes. Under the new reform, the mining lease will lapse if the mining operations are not started within 2 years or remains discontinued for 2 years. However, the state govt can extend the threshold period by one year. Hence, the incentive for hoarding mines has passed.

Sale of minerals by captive mines & removal of restriction on end-use of minerals

The captive mines (including coal) may sell up to 50 per cent of their annual mineral production in the open market after meeting their own needs. The central government may increase this threshold through a notification. The lessee will have to pay additional charges for minerals sold in the open market.

For example, manganese (by-product of iron ore production) is not needed in steel plants. Since some of the steel plants have captive iron ore mines, they were not allowed to sell beyond what they use in their own plants. So, they can now monetize the unused minerals.

Transfer of statutory clearances

Upon expiry of a mining lease, mines are leased to new persons through auction. Earlier, the statutory clearances issued to the previous lessee were transferred to the new lessee for a period of two years. The new lessee was then required to obtain fresh clearances within these two years. The new reforms replace this provision and instead provide that transferred

statutory clearances will be valid throughout the lease period of the new lessee.

Hence, a buyer doesn't have to seek fresh clearances after buying a mine.

Private agencies in mineral exploration:

With the amendment of the MMDR Act 2021, private agencies can also participate in exploration for the mineral sector after getting duly accredited by QCI-NABET. As of 8th Nov 2022, 13 private agencies have been accredited for mineral exploration.

Other changes in the rules and regulations:

The permission for producing minerals will be included as part of the exploration license.

No additional permission is to be sought for. If the state govt fails to complete the auction process within the time frame, then the auctions may be conducted by the central government.

The government has also tightened the norms regarding illegal mining.





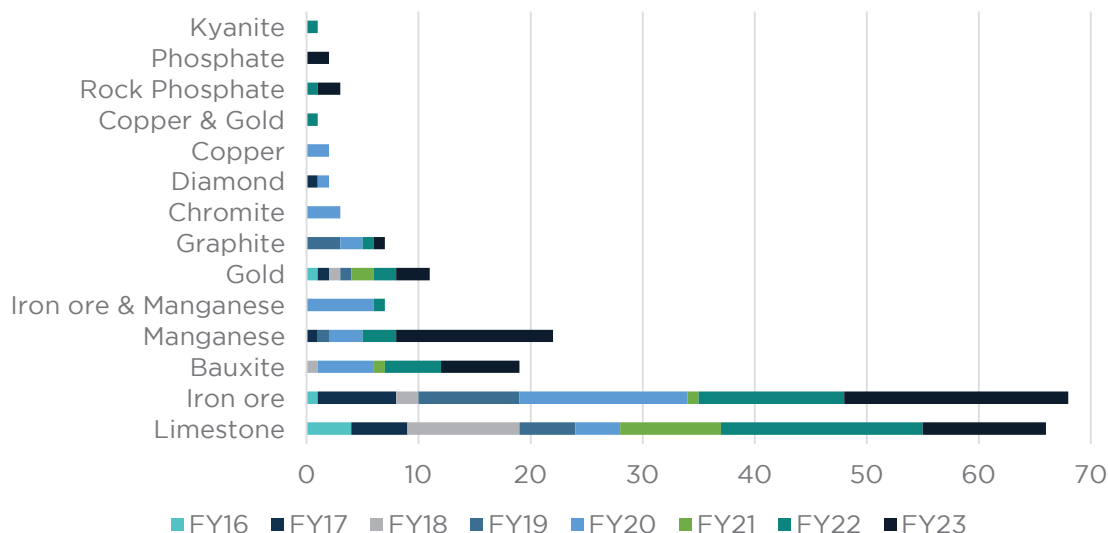
Coal Mine Auctions

On November 3, 2022, total of 141 mines pertaining to 11 states have been put on auction. The previous period's auctioned mines have started production and 10-15 million tonnes of coal is expected to be produced from new mines by next year. The ministry of coal has been anticipating total of 900 million tonnes of coal production this year.

Non-coal (Other mine auctions)

The State Government conducts the auction or re-auction process within a fixed period. As per the new reforms, in cases where such an auction process is not completed within the stipulated time frame, the Central Government may take over and conduct the auction for the grant of a mining lease for such area after the expiry of the period.

Mineral-wise status of auctioned mines:



Source: Ministry of Mines

The state of Odisha has been leading the mineral auction space, with almost around 40 non-coal mines been already auctioned. The majority of the auction mines are for iron ore, wherein

steel players have won most of these mines which will be further utilised majorly for their captive consumption. Over the last 2 years, the share of captive mines has seen a steady increase in India's iron ore production.

State-wise auctions	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23*	Total
Total	6	15	14	19	41	13	46	60	214
Odisha	1	2	2		23	1	9	2	40
Karnataka		7		7	4	1	8	7	34
MP		1		5	2	5	4	15	32
Maharashtra			2	1	10		9	6	28
Rajasthan		3	2	1	2		7	6	21
AP		1	2	2			4	11	20
Chhattisgarh	3		2			2	2	9	18
Gujarat			3			4	3	2	12
Jharkhand	2	1	1	3					7
UP								2	2

*Apr-Oct FY23

Source: Ministry of Mines (MoM)

As of November 2, 2022, 76 mines are ongoing NIT (Notice Inviting tender). Of these, 19 are iron ore blocks, 23 are limestone, 8 are bauxite and 4 are manganese ore blocks. Of the NIT, Odisha-specific mine blocks are shown below:

Block Name (Odisha)	Mineral	Date of NIT	Tentative date of auction
Karlapat Bauxite Block	Bauxite	07.07.2021	Pending due to Litigation
Koira Block	Iron Ore (Expired lease)	29.03.2022	Kept pending Due to a ban on export of iron ore, a 40% reduction in lifting is made. If auctioned, less premium is expected.
Kedesala North-East Block	Iron Ore (Virgin Block)		
Kusumdihi Block	Manganese & Iron Ore (Expired Lease)		
Orahuri Block	Manganese & Iron Ore (Virgin Block)		

Source: Ministry of Mines(MoM)

Royalty rates and collections

The state government collects the royalty on mining. Royalty calculation is done on an ad valorem basis as a percentage of the price. In case the royalty due for a mine is lesser than the dead rent, the lessee is required to pay dead rent. i.e., a lessee must pay royalty or dead rent whichever is higher and not both.

Mineral	Rate of royalty (before 2014)	Rate of royalty (since 2014)
Iron ore	10% of Avg. sale price	15% of Avg. sale price
Chromite	10% of Avg. sale price	15% of Avg. sale price
Bauxite (Metallurgical grade)	0.5% of LME	0.6% of LME*
Bauxite (Non-Metallurgical grade)	25% of Avg. sale price	25% of Avg. sale price

* London metal exchange aluminium price chargeable on contained aluminium metal in ore produced for those dispatched for use in alumina and aluminium metal extraction

Source: Centre for Social and Economic Progress (CSEP)

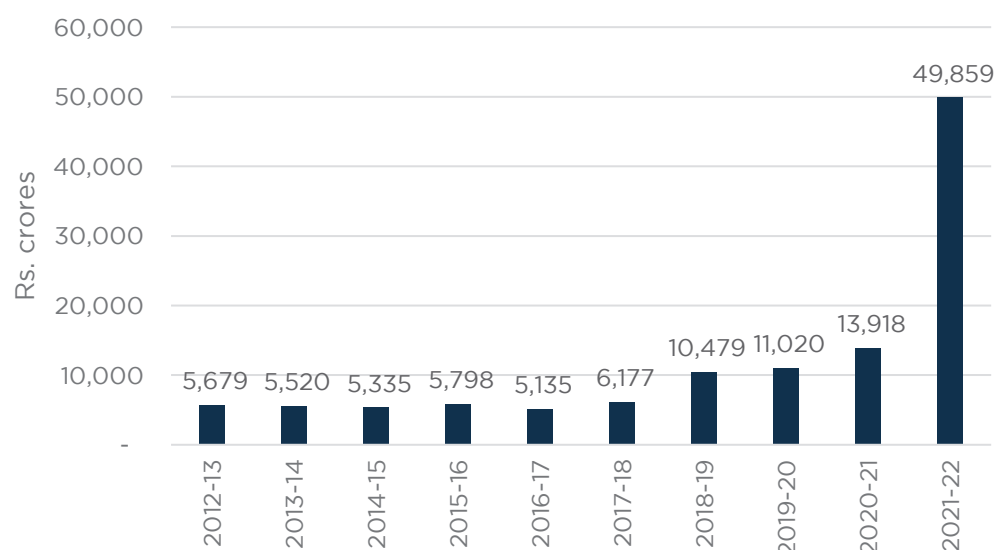
For iron ore, India has one of the highest royalty rates at 15%. Over and above these royalties, India charges auction premiums along with contributions to the District mineral foundation (DMF) and National Mineral Exploration Trust (NMET).

Minerals	India	Western Australia	Queensland	Brazil	China
Iron ore Royalty rate	15%	5%, 7.5% (beneficiated ore/ raw ore)	AUD 1.25 per tonne +2.5% (if price > AUD 100)	3.50%	1% - 9% (iron ore concentrate)
Bauxite Royalty rate	0.6% of LME	7.5% (Bauxite) 1.65% (Alumina)	Non-domestic: Higher of 10% or \$2 per tonne	3%	3% - 9%
Royalty base	Avg. sale price	Sales revenue	Sales revenue and per tonne	Sales rev	Sales rev
Auction premiums	Yes	No	No	No	Yes

Source: Centre for Social and Economic Progress (CSEP)

The revenue collections by the Odisha government have risen sharply by 3.5x in FY21-22. Apart from the commodity price inflation, new reforms in mining have also helped the government to increase revenues. The government has also been active in curbing illegal extraction activities in mines.

Mining revenue collection by the Odisha Government



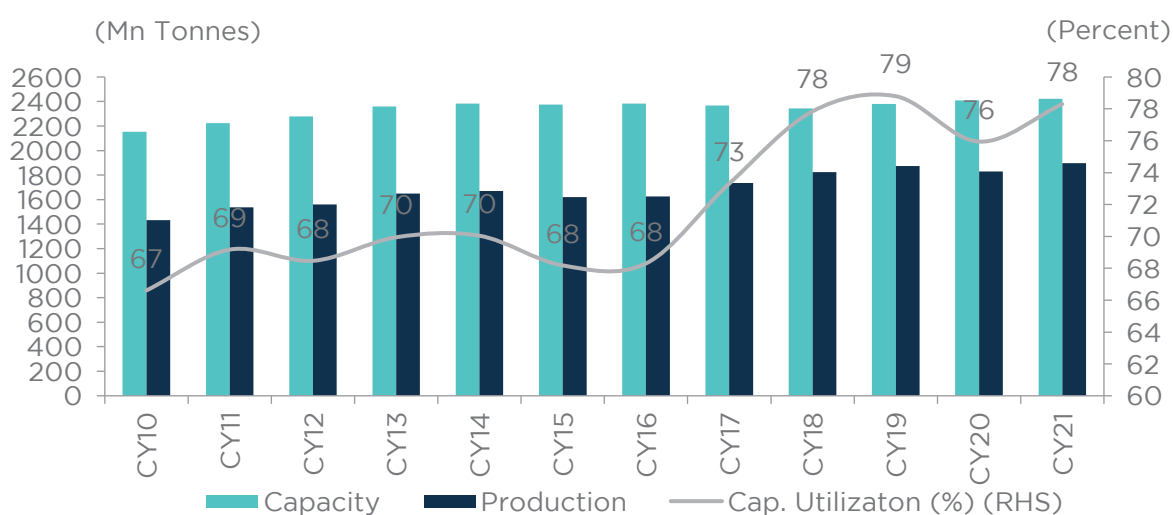
Source: Department of Steel & Mines, Government of Odisha

Opportunities

In the long-run, domestic demand for ferrous & non-ferrous metals remains strong:

While there seems to be no immediate solution to the ongoing economic crises, globally central banks are left with very limited options, but to increase the interest rates and tame the inflationary effect. These measures are surely impacting the pace of the economy. While some estimates of the IMF suggest that the inflationary cycle has peaked, continued supply-side disruption and logistical constraints pose uncertainty for the world economy. The raising of interest rates scenario is also impacting global sentiment when it comes to manufacturing activity and future CAPEX plans.

Global steel capacity and utilisation levels:

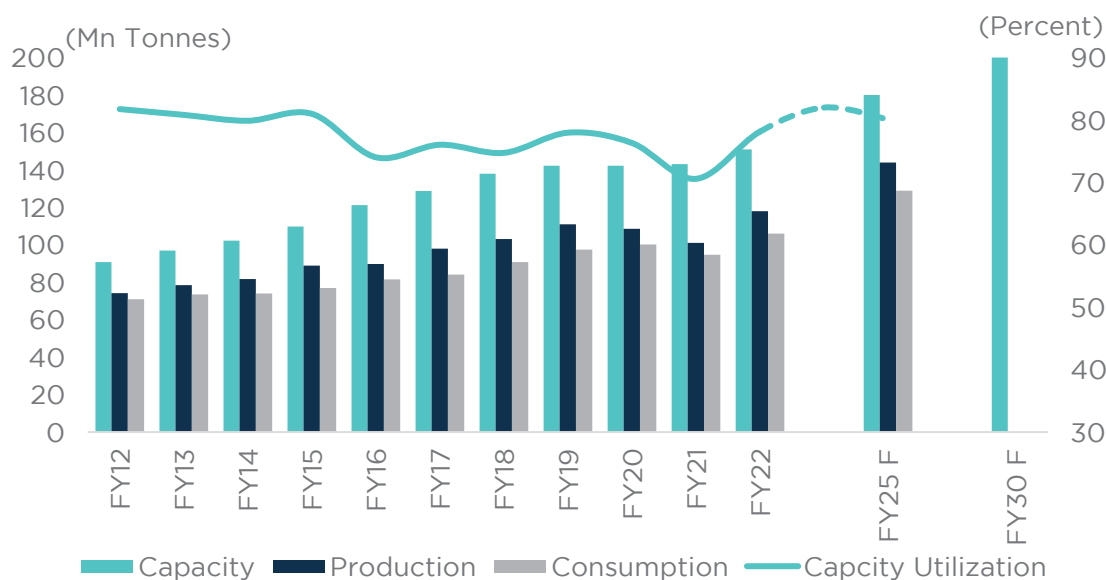


Source: OECD, World Steel Association, CareEdge

Globally, CareEdge believes that the world steel demand may contract in CY23 mainly on account of the economic jitters felt in recent months. However, in the medium to long term period, the demand is likely to grow at a CAGR of around 2-3 %.

For the domestic markets though, while FY22 was in itself a benchmark, with India exporting close to 18 MTPA of steel, the levy of export duties laid down by the government, has surely impacted the export volumes for steel. The first two quarters of FY23 have seen export volumes sharply contracting. CareEdge forecasts that the domestic capacity will reach 180 MT by the end of FY25 roughly an addition of 29 MTPA from the existing capacity of around 151 MTPA, with demand growth close to around 7% annually, India will consume an incremental 8 MTPA of steel.

Domestic steel demand is resilient, despite global jitters



Source: JPC, Company presentations, CareEdge

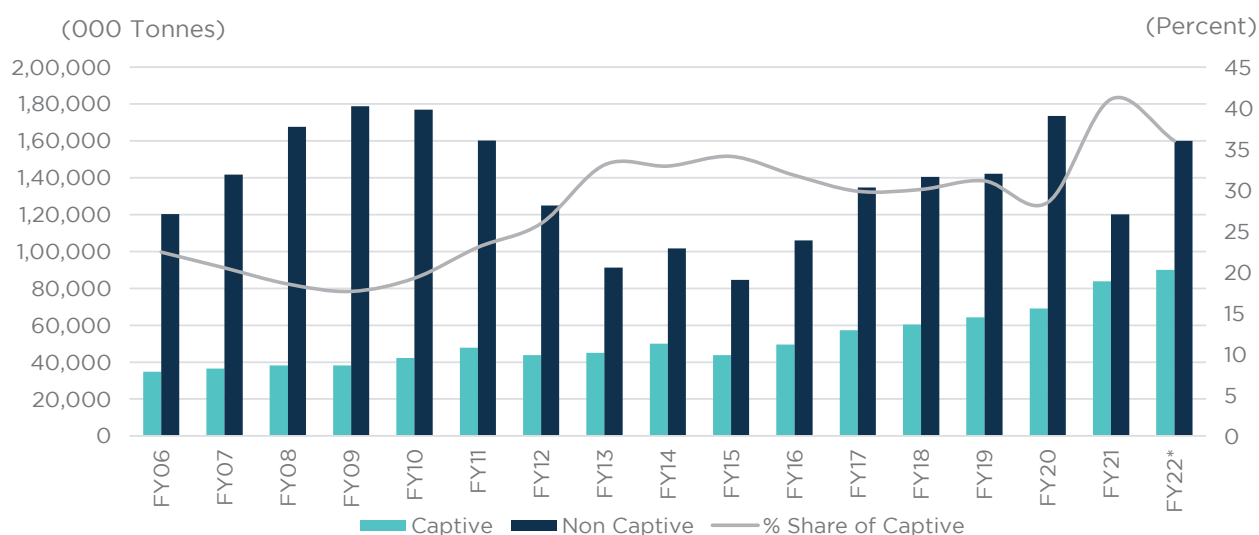
Iron ore mining to match the steel demand growth:

In line with the domestic demand, steel production is likely to grow at a CAGR of around 7% during the next 3-4 years. To manufacture a tonne of steel, around 1.60 tonnes of iron ore is required (depending upon the Fe content which is around 58-62%). Out of the 214 non-coal mines allocated to date, around 68 are iron ore mines and another 7 mines include iron ore as well as manganese.

During the last four years (April 2019-November 2022) around 56 of these mines were allocated, most of which are in the state of Odisha. While some of these mines were already operational/ nearing completion, the rest of the mines are likely to get operational in the next 2 years, since most of these mines are won by steel manufacturers, who will be using the iron ore majorly for captive consumption. In addition, the merchant miners have also been able to increase their capacity which is likely to push iron ore production to a record high on a Y-o-Y basis.

During the last decade (FY12-FY22), iron ore mining in the country increased at a CAGR of around 3.02 per cent. However, post the allocation of mines through the auction route and the improvement in growth from the merchant miners as well, the iron ore mining activity during the last 6 years (FY16-FY22) has increased at a CAGR of around 6.50%. CareEdge expects iron ore mining is likely to continue its growth momentum and is expected to record a CAGR growth of around 6-7% during the next 3-4 years. The majority of the incremental growth in iron ore mining is likely to come from the state of Odisha, which is now accounting for more than 50% of India's total iron ore production, followed by Chhattisgarh and Karnataka accounting for a share of around 15% each.

India - Captive & Non-captive iron ore production:



Source: Indian Bureau of Mines (IBM), CMIE

India will continue to remain a net exporter of primary aluminium:

Demand for aluminium is driven by an increase in the production of automobiles and consumer electronics products. This apart, increasing penetration of power transmission lines, as well as usage of aluminium in construction activity, has also been the key drivers for the rising demand for the metal.

The domestic market comprises of three primary aluminium manufacturers, including National Aluminium Company Limited (public limited). Apart from NALCO, two major private players comprise of Hindalco Industries Limited and Vedanta Aluminium.

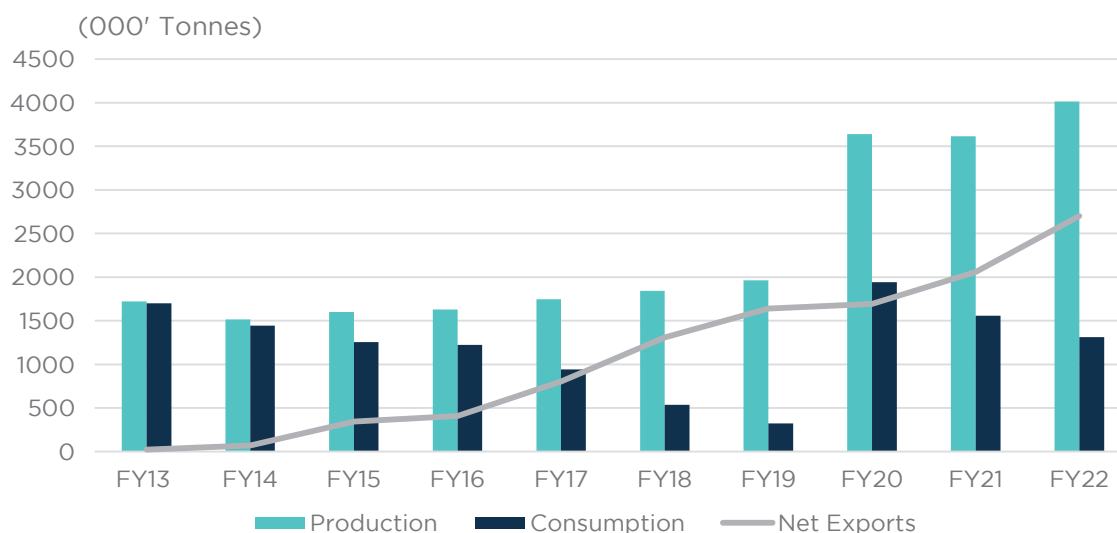
Over the past decade, both Hindalco and Vedanta have continued to expand their alumina as well as aluminium capacity, over and above the actual consumption requirement of the domestic market. This has led to India turning into a net exporter of primary aluminium from being a net importer a decade back.

In the last year, the non-ferrous market has witnessed significantly higher volatility, resulting in some dent in the demand at least in the short term. This is due to end consumers holding off or postponing the purchases in anticipation of reduced commodity prices. However, the commodity price reduction seems to have bottomed out, CareEdge expects that although the volatility in prices will continue, the impact on demand for the metal is likely to subside. While the exports have risen over time, imports have shown a modest decline. This is in tandem with the self-sufficiency goals of India.

Over the past few years, the export of aluminium has been the key driver of domestic production. However, given the recession anticipation in the global markets and the slowdown in the Chinese market, the export market is likely to remain muted during the short to medium-term period. Nevertheless, Indian aluminium producers fall in the lowest quartile of the global aluminium cost curve, which will continue to keep the competitive position of the domestic manufacturers higher, largely on account of good quality bauxite reserves. In addition, the outlook for metals like aluminium continues to remain positive on account of the likely increase in manufacturing activity post the pandemic shutdown. Sectors such as aviation and automobiles remained muted during the pandemic, however, post the relaxation of covid norms, the demand from these sectors is likely to support the demand for the metal.

India is well positioned to meet the future demand with the supply of new mines being auctioned by the government and cost-effective exploration techniques.

India Primary Aluminium: Demand-Supply Situation:



Source: CMIE, CareEdge

Future demand for metal commodities driven by transition to electric auto and renewable energy

As the global market has been shifting from petrol and diesel to electric automobiles, the demand for batteries will rise significantly. Roughly, 25% of the battery is made up of steel (casing). Additionally, metals like lithium, nickel and cobalt also are the key raw materials. Hence, the mining companies have to be well-positioned to fulfil this demand. Apart from this, the vehicle weight has to be made lighter to increase the mileage of the vehicle, which leads to substitution of aluminium for steel thereby also supporting the demand for aluminium metal.

Fastest growing market for renewable energy:

India is one of the fastest-growing markets for renewable electricity. The generation capacity is expected to double by 2026. According to various company presentations, each new MW of solar power requires roughly 30 metric tonnes of steel, and each new MW of wind power requires close to around 150 metric tonnes of steel. Such a transition raises the demand for a new type of minor minerals as well. The demand is also driven by commodity demand from the construction industry like the government's National Infrastructure Pipeline project.

Rising credit trend to the mining & quarrying industry

If we look at the RBI's data for Gross Bank Credit, clearly the table below indicates an act of deleveraging in the Iron & steel sector. Though deleveraging looks good at the micro-level, it does not bode well for the investment cycle as it means that there is less appetite for taking calls on capital. However, although there has been a weakening in gross bank credit to the Iron & steel sector, it shouldn't be looked upon in isolation and directly linked to the weakening of the investment cycle. As far as the domestic market is concerned, India is looking to add another 30 mtpa of capacity in the next 5 years. Apart from the traditional method of funding through domestic banks, steel companies have increased their reliance upon the capital markets as well as foreign debt to fund the large capex activities which they have envisaged, thereby reducing their dependence on the Indian banking system. As far as the mining and quarrying sector is concerned, the sector has recorded a steady increase in gross bank credit, indicating a strong investment cycle in the sector.

Gross Bank Credit (Industry-wise)						
(Rs. Crore)	Iron & Steel	% Growth	Other metal & metal products.	% Growth2	Mining and Quarrying (incl. Coal)	% Growth3
Mar-13	2,36,597		77,519		34,639	
Mar-14	2,68,529	13%	93,440	21%	35,326	2%
Mar-15	2,83,429	6%	1,01,961	9%	35,951	2%
Mar-16	3,11,458	10%	1,04,559	3%	39,021	9%
Mar-17	3,19,152	2%	1,01,807	-3%	34,503	-12%
Mar-18	3,26,181	2%	89,837	-12%	41,314	20%
Mar-19	2,82,878	-13%	88,686	-1%	41,752	1%
Mar-20	2,62,396	-7%	87,929	-1%	43,927	5%
Mar-21	2,18,853	-17%	86,604	-2%	43,498	-1%
Mar-22	1,87,584	-14%	1,00,946	17%	49,135	13%
Sep-22	2,05,442		1,01,233		50,180	
Decline from peak (%)	-37%		-3%		0%	

Odisha's positioning in Indian Mineral Industry

Mineral resources in any economy play a pivotal role in its development by extending assistance to the growth of the Industrial Sector. Odisha has a lion's share of the Country's mineral reserves. Abundant reserves of high-grade Iron ore, Bauxite, Chromite, and Manganese ore along with other minerals such as Coal, Limestone, Dolomite, PGM, Heavy minerals, Nickel, Vanadium, Graphite, Gemstone, Diamond, Dimension & Decorative stone etc. are extensively available in the State.

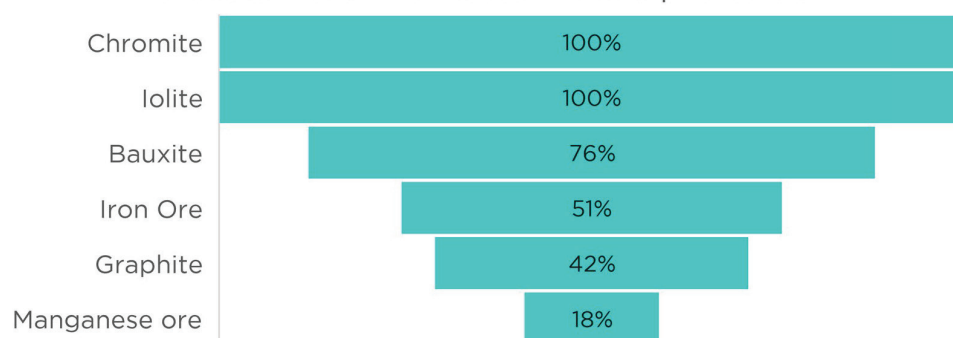


Sr No.	State	No. of Leases	Lease area (Hect.)
1	Odisha	154	49,587
2	Madhya Pradesh	714	44,342
3	Karnataka	313	34,984
4	Rajasthan	163	33,562
5	Gujarat	415	27,536
6	Andhra Pradesh	400	26,744
7	Chhattisgarh	181	25,062
8	Jharkhand	122	19,903
9	Maharashtra	164	14,541
10	Telangana	82	10,485
11	Tamil Nadu	463	9,170
12	UP	4	2,960
13	Himachal	42	2,460
14	Jammu & Kashmir	37	2,020
15	Assam	7	890
16	Meghalaya	21	789
17	Goa	11	528
18	Kerala	5	432
19	Uttarakhand	7	192
20	Sikkim	3	96
21	Bihar	1	53
22	Haryana	4	47
23	West Bengal	1	13
	Total	3314	3,06,399

Note: Data as on March 31, 2021, Indian Bureau of Mines, Data excludes Atomic, Hydrocarbon energy and minor minerals

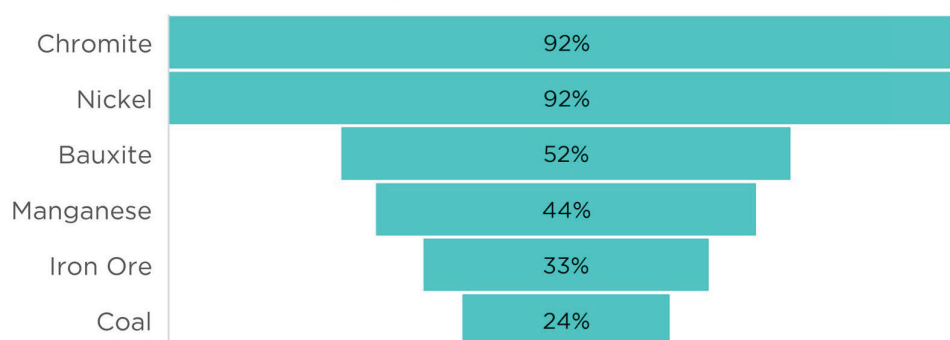
Odisha has a strong competitive advantage due to its rich mineral reserves. Since, mining resources serve as a source of raw materials for most of the basic industries, various industries (including steel plants) are concentrated in Odisha and nearby regions.

Share of Odisha in India's mineral production



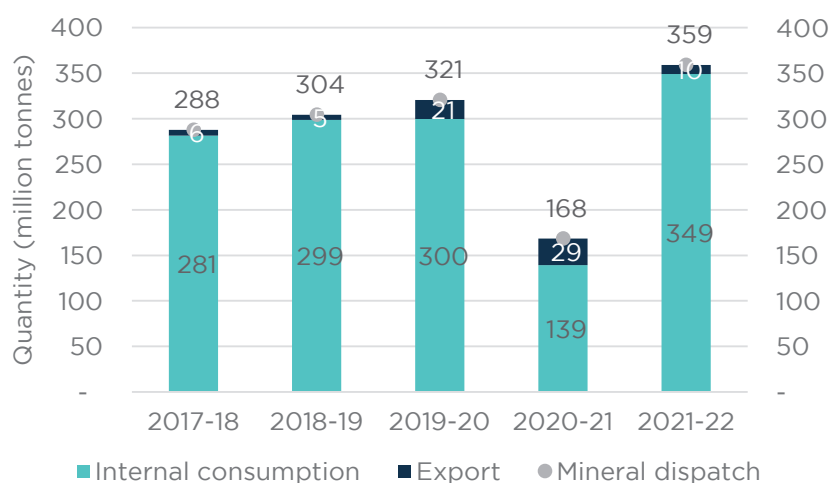
Source: Department of Steel & Mines, Government of Odisha

Share of Odisha in India's mineral reserves



Source: Department of Steel & Mines, Government of Odisha

Mineral dispatch in Odisha

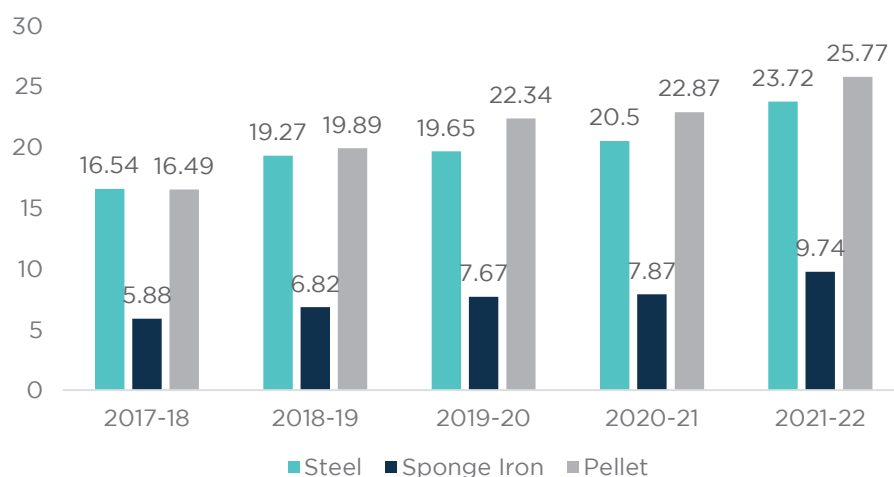


Source: Department of Steel & Mines, Government of Odisha

Iron ore is abundantly available in the districts of Mayurbhanj, Sundargarh, Keonjhar and Jajpur. While chromite is confined to Jajpur, Dhenkanal and Keonjhar districts, manganese deposits are available in Sundargarh, Keonjhar, Rayagada and Balangir districts and Dolomite is available abundantly only in the district of Sundargarh. There are two major coal-bearing area in the state which are currently being exploited namely Talcher and the Ib valley.

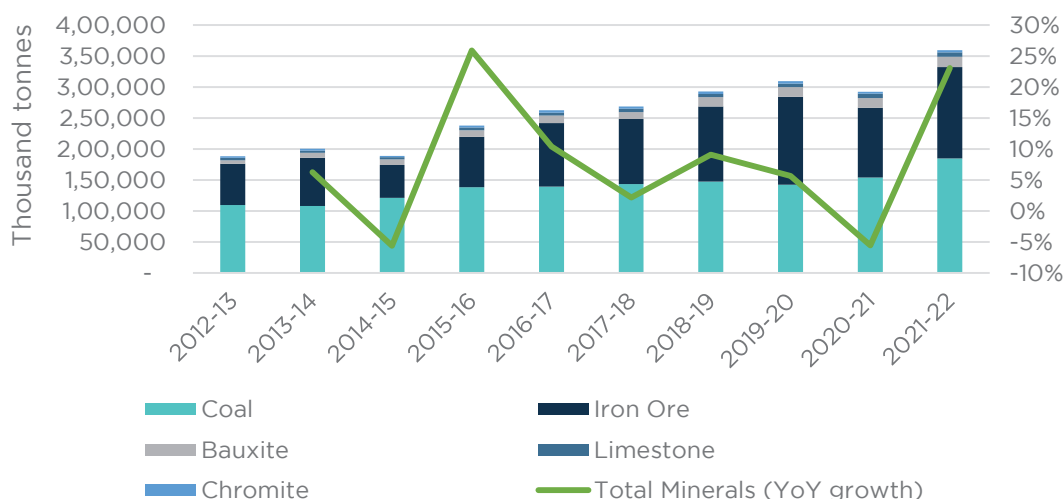
Being the largest iron ore mining state, accounting for almost half of India's total iron ore production, Odisha is also one of the major producers of steel and steel intermediate products. While in the past few years, the majority of the surplus pellets were exported, the sudden high levy on pellet exports has resulted in majority of the pellets being sold to other states within the country. It is necessary to understand, that the pellets sales can increase not only to the adjoining states but also through the sea route can serve the steel manufacturing plants which are operational on the west coast as well.

Production trends (million tonnes)



Source: Department of Steel & Mines, Government of Odisha

Mineral-wise production trend (Odisha)



Source: Department of Steel & Mines, Government of Odisha

Can Indian steel capacity reach the 300 MTPA benchmark?

There have been fewer greenfield CAPEX expansion proposals that came upstream in the last ten years or so. The ones that surfaced were primarily brownfield CAPEX projects carried out by big, integrated steel companies. India's current steel production capacity must be doubled if it is to meet the 300 mtpa goal. In the past, the domestic steel industry performed not as expected in terms of greenfield CAPEX activities. This necessitates India's focus on more greenfield than brownfield expansion. The projected Greenfield expansion plans are anticipated to bring an additional capacity of around 80 to 90 million tonnes. India must treble its current capacity if it wants to meet the 300 mtpa goal. This suggests that the greenfield expansion option will be more common than the brownfield expansion method, and the domestic steel industry's historical performance in terms of greenfield CAPEX activity is quite subpar. The Greenfield extension route is anticipated to add between 80 and 90 million tonnes of new capacity. While 2030 is still 8 long years away, but a greenfield project typically demands 5-6 years of laborious effort to come upstream. We believe that the journey to the desired capacity will not be an easy task. However, in reality, at a capacity utilization rate of around 80%, India produced around 118 million tonnes of crude steel during FY22. If we are assuming an annual demand growth of around 7%, which is in line with the expectation that the steel demand growth will follow the growth in the economy, then by the end of FY30, India's steel consumption is likely to grow to around 181 mtpa. In actuality, though, India produced about 118 million tonnes of crude steel in FY22, at a capacity utilisation rate of about 80%. By the end of FY30, India's steel consumption is predicted to increase to almost 181 mtpa, assuming an annual demand growth of around 7%, which compliments the notion that the rise in steel demand will follow the expansion in the economy. To cater to the robust growth in domestic steel demand, India's crude steel production is expected to surpass the 200 mtpa levels and is likely to reach 240 mtpa by 2030. CareEdge believes that the ambitious target of 300 mtpa shall entail unwavering focus and consistent hard work in order to succeed. If India could manage to produce beyond 240 mtpa by 2030, it shall result in increased exports resulting from the surplus steel production.

Industry Speaks: What are the key expectations?

Against the backdrop of certain changes, recommended by the government/regulatory authorities, various industry players in discussion with ASSOCHAM has proposed certain suggestions/expectations, that could be evaluated while finalising these changes. Some of the key proposals from the industry players are tabulated as under:

1. Utilization of low and lean grade iron ore:

Ministry of mines has proposed mandatory beneficiation of low-grade iron ore.

Key recommendations

- **Environmental Clearance (EC):** Industry representatives propose that the tonnage calculation for the EC norms should not be applicable for the waste (below threshold value) extracted from the mine for beneficiation, irrespective of whether the beneficiation plant being located inside/outside of the mining lease area, provided such waste is transferred through conveyor/slurry pipeline.
- **Filling of exhausted pits:** Backfilling of slimes/tailings generated from a beneficiation plant, located inside/outside of the mining lease area, should be permitted as a part of the policy, which is similar to coal washery rejects and fly ash.

2. Concessional rate of royalty on low grade iron ore:

Ministry of mines has proposed revision in royalty rate applicable on the throughput of low-grade iron ore fed into the Beneficiation plant from 15% to 5% in case of Dry process and from 15% to 10% in case of wet process

Key recommendations

- According to the proposal, 80% of the total mineral produced, which is below 58% Fe content; to be upgraded through beneficiation to produce beneficiated ore of 62% Fe content and above' for which the concessional rate of royalty will be applicable. Instead, the industry representatives has suggested that such concessions may be allowed on 20% of the total quantity produced annually for all grades of iron ore.

3. Double taxation owing to inclusion of royalty, DMF and NMET for calculation Average Selling Price (ASP)

Key recommendations

- Instead of the Average selling price which is been considered for the calculation of Royalty and other statutory payments, the calculation should be based on the Ex-mines price, which is similar to the Pit-Head price as notified by Coal India Limited for coal extraction. The Pit-Head price is exclusive of Royalty, cess and any other statutory payment, levied by the Government or the local authorities etc. thereby avoiding the double taxation on major statutory payments to different authorities.

About ASSOCHAM

The Knowledge Architect of Corporate India

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country's oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than 400 associations, federations, and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward-looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than 100 national and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These Councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities – Sustainability, Empowerment, Entrepreneurship and Digitisation. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the government, regulators, and national and international think tanks to contribute to the policy making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects. Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven 'Knowledge-Based Economy'. The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

The Chamber also supports civil society through citizenship programmes, to drive inclusive development. ASSOCHAM's member network leads initiatives in various segments such as empowerment, healthcare, education and skilling, hygiene, affirmative action, road safety, livelihood, life skills, sustainability, to name a few.

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