

Nalco team to visit Iran to discuss proposed smelter



Aluminium major Nalco intends to continue with its plan of setting up an aluminium smelter in Iran. Even with the previous reports of the government asking the company to reconsider its decision to set up the smelter abroad and invest in domestic value addition, it is now reported that a team of senior executives from the company will visit the country to assess the feasibility of the proposed project.

Nalco envisages to set up an aluminium smelter of capacity 0.5 million tonne per annum at an estimated investment of USD 2 billion in Iran. A Memorandum of Understanding (MoU) for the project was signed between the company and the Iran government in May 2016.

The team of executives, scheduled to visit Iran next month, are expected to discuss project issues such as price of gas for the project and the location of the proposed smelter. A final decision on the proposed project will be taken after assessment of all the issues related to the project development.

India's mining sector can contribute \$70 bn to country's economy

India's mining sector has the potential to contribute as much as \$70 billion to the country's economy by 2030 and generate about 6 to 7 million jobs, believes the country's industry association, the Confederation of Indian Industry.

A report titled, Mining Opportunities – Realizing Potential was recently released by the CII, though with an added a cautionary note: clearances “still remain an impediment for a smooth transition from auction stage to implementation stage.”

The current Modi government initiated reforms in the mining sector, which underperformed during the previous regime, many say, due to red tape. One of the most important steps was the clearance of the National Mineral Exploration Policy (NMEP) by the government. NMEP has the following main features for facilitating exploration in the country:

The Ministry of Mines will carry out auctioning of identified exploration blocks for exploration by the private sector on a revenue-sharing basis. If exploration leads to auctionable resources, the revenue will be borne by the successful bidder of those auctionable blocks.

Creation of baseline geoscientific data as a public good for open dissemination free of charge.

A National Geoscientific Data Repository



was supposed to be set up to collate all baseline and mineral exploration information generated by various central and state government agencies and also mineral concession holders and to maintain these on a geospatial database.

While these policy changes have been welcomed overall, there has been some criticism over the implementation. The CII report, for example, talks of the “inordinately long time that is required for obtaining this clearance and the cumbersome process involved therein.”

The report was recently released at the International Mining and Machinery (IMME) and Global Summit 2016. It said that the Environment and Forest clearance processes take a long time and added that there was

significant room for improvement in the clearance system in terms of efficiency, speed of decision making, predictability and transaction. There's also unexpected criticism from another quarter on the new mining policy. A report in a newspaper, quoting global miner Anglo American PLC, said the Indian auction system discourages foreign direct investment as the auction process does not provide adequate risk-reward incentive.

In the report, John Vann, group head of exploration at Anglo, said the auction system makes it difficult to see India competing with other countries where Anglo American invests. According to him, the granting of licenses rather than auctioning off mines would give confidence to foreign investors.