



Tata Steel buys iron ore for the first time

In its over 100 years of history, Tata Steel is facing iron ore crunch for the first time. The company is now operating its 9.7 million tonnes per annum facility in Jamshedpur with raw material bought from domestic sources besides imports.

Tata Steel, which has bought 2.3 million tonnes iron ore to run its lone steel-making facility in the country, said the quantum of buying would go up if its closed mines do not start production.

"For the first time in our history, we are running our plant with bought out iron ore as all our mines are closed. There are issues with both Jharkhand and Odisha. We have court cases going on in both Ranchi and Cuttack High Courts," Tata Steel Managing Director T V Narendran told PTI.

He said the company has bought iron ore from state-run NMDC besides importing the key steel making raw material from Australia.

While it has bought around 0.8 million tonnes from NMDC, the remaining is imported from Australia.

"We are buying iron ore on a daily basis. If the mines start, we will stop buying," he said when asked how much the company could end up buying the raw material in the current fiscal.

One of the first steel units in the country, the Jamshedpur facility of Tata Steel was founded in 1907 and the plant has been running on captive source of iron ore. Apart from Tata Steel, state-run steelmaker Steel Authority of India enjoys the benefit of having captive iron ore sources. Others depend upon the market purchase.

The problem of Tata Steel started following a notification of the Mines Ministry in July amending the Mineral Concession Rules, 1960 which provides a period of two years for execution of the renewal lease deed. Post expiry of lease, for the first renewal.

But, this does not provide the leverage for second and subsequent renewals, based on the interpretation of a Supreme Court directive. This has led to the closure of more than 40 mines in Odisha and Jharkhand belonging to SAIL, Tata Steel, Odisha Mining Corporation, Essel Mining, ACC, Hindustan Copper Ltd, Hindalco Industries and Uranium Corporation of India. Tata Steel's mines in Jharkhand and Odisha have a combined iron ore production capacity of around 22 million tonnes per annum. A large chunk of that comes from its mines in Odisha.

Another major steel maker JSW Steel has also started importing iron ore and has already resorted to importing around 0.5 million tonnes a month following domestic short supply.