



**HARSH SACHDEV**  
Chairman  
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## Coal Availability to Increase Marginally

**H**arsh Sachdev has been with Tata Steel for over thirty years. He joined as a Graduate Trainee and has been with Tata Steel in various assignments in different roles & businesses. He has done B. Tech from IT BHU. He was awarded 'The Best All Round Student' of his batch. He has attended courses in INSEAD France, ISB Hyderabad, IIM Bangalore and TQMS Pune. He has worked for a large number of special assignments in Tata Steel along with McKinsey Consultants, Gartner and been a member of internal expansion task forces of the Tubes Business. He has been a Team leader for conducting Business Excellence Assessments of companies within the Tata Group both domestically & internationally. He has had a long career in Marketing & Sales handling Steel, Tubes and Bearings in various positions.

Sachdev was responsible for the Bearings Business of Tata Steel Limited, as Executive-In-Charge, in his last assignment. He was responsible for formulating, executing, and piloting a strategy for the business and building new alliances and relations on a global landscape for the same. He is also credited with turning around the business with the returns of 2011 being one of the highest in the domestic Bearings industry.

He is an active Member of the Mining Committee, Mining Machinery Committee, West Bengal State Council and Safety Task Force of CII (Confederation of Indian Industry) and Chairman of the Coal Committee of FIMI.

*"There has been a major increase in coal availability in the domestic market in the last 2/3 years after Coal India has increased its production significantly. The government has taken significant steps towards increasing the availability of coal in the domestic market." In an exclusive Interview with Features Editor, Sanjay Singh of Steelworld, Harsh Sachdev has also spoken about the reformation in the mining sector. Excerpts*

### Since Coking coal is an important raw material used for making steel, how much is consumed in steel industry?

- Coking coal is one of the major raw materials used for steel making. The BOF route of steel making uses approx. 1 Mt of clean coking coal per tonne of crude steel produced. The global steel industry produces 75 % of the steel through the BOF route and a total of 1621 Mn tonnes of steel were produced in 2015 (Source: World Steel). India was the third largest steel producer.

### In your opinion is the Coking coal extracted in India up to grade used in the steel industry or do we import it from abroad?

- All the domestic BOF steel makers import coking coal for steel

making, the proportion varies. Domestic coking coal after washing is used to blend with imported coking coal by some of the domestic steel makers; others use imported coking coal predominantly. Domestic coking coal even after washing is inferior to the imported coking coal. Coking coal is mainly imported from Australia. However more domestic coking coal can be used, if there is adequate coking coal washing capacity for washing the same domestically and the same is available at competitive rates as compared to imported coking coal. The washed domestic coking coal price has to be adjusted for the difference in ash and other properties when compared to imported washed coking coal, which has less ash and superior properties. There is scope for increasing use of domestic coking coal in the domestic steel industry.

security of tenure of mining leases for 50 years, grant of mineral concessions through auction route, contribution to DMF by the lessees for social upliftment of the local area and community, formation of NMET for enhanced focus on mineral exploration. Subsequently, enabling rules have also been notified. However, the following are the major issues which are required to be addressed for the growth of mineral sector in the country:

In line with sub-section (2) (c) of Section 10A, pending applications for grant of mining leases are to be processed and mining leases are to be executed by 11 January, 2017. However we gather that more than 300 such ML applications are pending for grant of ML owing to various pending clearances by Central as well as State Government. Considering that getting the statutory clearances is a lengthy and

not have any right to make any claim for grant of Prospecting Licence-cum-Mining Lease. Industry feels that this is a retrograde step. As such India is under explored and needs enhanced focus on mineral exploration by participation of international Junior Exploration Companies who have the requisite expertise in the domain. But with the introduction of NERP, it is apprehended that no Junior Exploration Company or domestic company will invest and come forward for undertaking reconnaissance considering that such mineral concession holder will not have any right for grant of PL-cum-ML.

**What kind of technologies up-gradation is required to boost the mineral production in the country?**

- With a view to give boost to the minerals output including coal, there is need to augment



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**In the last few years, we have seen surplus production of Coking coal in the country. How is the price movement in this commodity?**

- There has been a major increase in coal availability in the domestic market in the last 2/3years after Coal India has increased its production significantly. The government has taken significant steps towards increasing the availability of coal in the domestic market. However the prices of coal and coking coal have moved from record highs in 2010 to consistently lower levels, and now seem to be increasing marginally after bottoming out by end of FY 2015-16. Coal consumption in the major consuming markets of China and the US has been dipping for the last three years. The dip in coal prices and a depressed long term forecast has made a lot of coal mining projects unviable. Some of the coal mining projects have become unviable and there are companies that have declared bankruptcy.

**What are the major issues faced by the Mineral industries in India?**

**What proposals does FIMI have in hand to resolve them?**

- The Central Government has brought reforms in the mining sector by way of MMDR Amendment Act, 2015 which inter alia includes

cumbersome process, it is desirable that such applications need to be processed expeditiously and the time limit for the grant / execution of such mining leases be extended further.

Indian mining industry is heavily burdened with plethora of taxes. With the introduction of contribution to DMF and NMET over and above royalty and other taxes and local levies, the incidence of taxes have gone alarmingly high. Applicability of Service Tax on royalty amount with effect from 1st April, 2016 has further added the woes of mining industry. There is need to rationalize the taxation structure on raising of the minerals to give required boost to the mining sector.

**During the UPA government, the policies governing the exploration policy were not favourable and there were lots of issues. Do you feel the present government is taking steps to rectify the anomaly?**

- The grant of concession for reconnaissance permit (RP) which happened to be exclusive prior to MMDR Amendment Act, 2015 has now been made non-exclusive as per the Section 10C of MMDR Amendment Act, 2015. It means that the holder of such non-exclusive reconnaissance permit (NERP) will

the technical capabilities in the areas of exploration, mine development, mine operations, beneficiation and logistics infrastructure. As such Government has put ambitious production target of coal with a tune of 1.5 billion tonnes by the year 2020 which calls for operating large capacity mine requiring state-of-the-art mining equipment for efficient and environment friendly coal mining. The government has also taken major steps towards digitisation. There is a need to further improve the processes of approvals at state and central levels by digitising all statutory and other approvals to improve the efficiency of capital deployed in the sector.

Further there is need to focus on enhanced coal output from underground mining with technical up-gradation by adopting clean coal technology. Although there are new coal wash plants which have been planned, there is scope for increasing the same to ensure only clean coal is made available to consumers. With a little over 40% of the coal resource being below 300 meters depth, the output of the coal from underground mines, at present is only to the tune of 8% of the total production of coal at present, offering an opportunity for use of mass production technology to increase the same.