



GOVERNMENT OF ORISSA

**REPORT ON THE ACTIVITIES
OF
STEEL AND MINES DEPARTMENT
FOR THE YEAR
2007-08**

STEEL AND MINES DEPARTMENT

ACTIVITIES OF STEEL AND MINES DEPARTMENT FOR THE YEAR 2007-08

With the opening up of Indian economy and adoption of liberalization as a policy, mineral resources have now drawn worldwide attention for large scale mining and processing by setting up of Industries. With a view to utilizing rich mineral resources gainfully, the main functions and activities that have come to encompass the mandate of the Department of Steel and Mines are systematic survey and assessment of the mineral deposits of the State, their exploitation, administration of mines and mineral concession, enforcement measures for prevention of illegal mining and smuggling of minerals, assessment and collection of mining revenue, study of the impact of mining operation on environment, formulation of appropriate environmental control measures and research and exploitation of areas and minerals for meeting the needs of mineral based industries in the State and country. The Steel and Mines Department is the administrative Department of the Directorate of Mines, the Directorate of Geology and Orissa Mining Corporation Ltd.

Orissa is endowed with a variety of vast mineral resources and therefore, occupies a prominent place in the mineral map of the country. Abundant reserves of high grade iron ore, coal, bauxite, chromites along with other minerals such as limestone, dolomite, manganese, tin, nickel, vanadium, gemstone, granite, graphite, lead, gold etc., are available in the State. This has opened up immense possibilities for locating mineral based industries for manufacturing Steel, Cement, Alumina / Aluminum, Titanium etc.

The landmass of the State comprises rocks among other things as old as 3,800 million years to recent formations, representing almost the entire geological time scale. Progressive refinement in concept and techniques of mineral exploration, integrated interpretation of remote sensing data with ground geological information and intensive investigation of the potential minerals and ores and sizeable addition to the known resources during the last decade. By now an area of 75,000 sq. kms has been covered by High Resolution Aeromagnetic Survey with Australian assistance for targeting ground water potential and mineral deposits.

2. Promotion of Steel Plants in Orissa

Thanks to growing world wide demand for steel, there has been a major surge of interest in this Sector. As Orissa possesses some of the best iron ore reserves of the country as well as vast resources of coal, dolomite, manganese and chromite ore, steel makers of national and international repute and corporate houses have shown interest to establish integrated repute and corporate houses have shown interest to establish integrated steel plants in the State for value addition to the State's mineral resources.

The Government of Orissa have signed 49 Memoranda of Understanding (MoU) with various Steel Promoters for setting up of steel plants., The proposed investment is of the order of Rs.1,98,150.00 crore and the estimated production is about 75.66 million tones per annum of steel which includes one pelletisation plant of 4.00 million tones capacity. Of these 49 MoUs, 26 companies have started partial production achieving a production capacity of 3.32 MTPA of Steel, 3.96 MTPA of Sponge iron, 0.45 MTPA of Pig Iron and 0.15 MTPA of Ferro Chrome. These industries have provided direct and indirect employment to 12,345 and

25,359 persons respectively. Investment to the tune of Rs. 16,560.00 crore has been made by the promoters for setting up of these industries so far.

The highest FDI in the history of India has come to Orissa. M/s Pohang Steel Company (POSCO), South Korea, who is one of the largest producers of steel in the world, has evinced keen interest for setting up a mega steel plant project of a capacity of 12 MTPA in the State in four modules with an investment of about US\$ 12 billion approximately.

Steel & Mines Department is playing a pivotal role for smooth and timely implementation of the projects by undertaking periodic reviews and coordinating with concerned Departments and organizations.

Besides, Nilachal Ispat Nigam Ltd (NINL) which has been promoted as a joint sector project by IPICOL, Government of Orissa, MMTC and MECON has started commercial production of pig iron from 1.1 MTPA blast furnaces since 2002. In the meantime, NINL has also commissioned its sinter plant during March, 2004 which will not only reduce the burden of raw material cost but also increase the productivity of the blast furnace.

3. Exploration activities by the Directorate of Geology

The Directorate of geology executes different mineral investigation programmes from its Headquarters at Bhubaneswar and six Zonal offices located at Berhampur, Bolangir, Sambalpur, Keonjhar, Koraput and Dhenkanal as per the decision taken in the State Geological Programming Board Meeting held annually. In the past, it has successfully carried out investigations on coal, iron ore, bauxite, limestone, chromite, manganese, gemstones, diamond and several other minerals.

During the last year, significant achievements have been made under the exploration activities undertaken by the Directorate of Geology by locating and proving a viable iron ore deposit in Dholtapahar area of Sundargarh district where a probable reserve of 1.9 million tones of Iron ore has been estimated through geological mapping and drilling. The coal exploration activity in Padma block of Talcher coal field could establish resources of 66 million tones of coal. Besides, technical information was generated on Jaganath West Coal Block in Talcher coalfield for planning of an underground mine.

Exploration for heavy minerals such as limenite, monazite and rutile in Udayagiri sector of Puri coast resulted in establishing a reserve of 1 million tones of heavy minerals. Similarly, the bauxite exploration work in Ramgarh area of Koraput district could bring to light an inferred reserve of 18, million tones of bauxite in Tadapani plateau.

The exploration activity for search of primary source of diamond in Dharamabandha area of Nuapada district has resulted in delineating positive areas, where it is now planned to take up detailed drilling work to prove the depth persistence and geometry of the bodies. Besides, the exploration for gemstone in Shagaraha area of Kalahandi district could bring to light three iolite occurrences.

4. Development of Mineral Sector

During the year 2007-08 (up to December 2007), 10 Nos. of Mining Leases and 4 Nos. of Prospecting Licenses for major Minerals covering 588.085 hec. and 420.791 hec.

respectively have been granted. Two Reconnaissance Permits for diamond, precious stones, leas, zinc, silver, copper, nickel and associated minerals covering 3533.6 sq.kms. have been executed during the said period. Besides, 2 Nos. of Mining Lease and 15 Nos. of Prospecting Licenses for decorative stones over an area an area of 8.488 hect. and 101.587 hect. respectively have also been granted by the State Government. Emphasis has been given on grant of mining lease for mineral based industries for value addition, so as to generate revenue and employment.

The mineral sector earned revenue to the tune of Rs.828.23 crore during the current year (up to January 2008) which exceeded the collection figure of Rs.725.66 crore during the corresponding period of 2006-07 by Rs.102.57 crore.

Effective enforcement is being carried out to curb illegal mining and trading of ores/minerals and to prevent leakage of revenue.

During the current financial year (up to November, 2007) 481 cases of illegal extraction, storage and transportation of coal, iron ore, manganese ore, chromite, fireclay and quartz totaling to 31,302.960 Mt, valued at Rs.288.94 Lakh have been booked. These cases involved seizure of 243 numbers of vehicles and realization of Rs.214.28 Lakh by way of compounding fee, penalty and cost of minerals.

During the period from April, 2007 to December, 2007 chemical analysis of 27,358 mineral samples consisting of 27,917 constituents was undertaken by the Analytical Laboratories of the Directorate of Mines. An amount of Rs.25.01 Lakh was collected on account of analysis charges of commercial samples.

5. Collection of mining revenue

Mining royalty is an important source of revenue for a State like Orissa. The collection of mining revenue has steadily increased over the years. The collection of mining revenue for the last 5 years and current year is indicated below.

(Figures in Crore rupees)

Year	Target	-	Mining Revenue Collected
(1)	(2)		(3)
2002-2003	422.00		443.54
2003-2004	530.00		550.76
2004-2005	618.70		670.51
2005-2006	860.00		805.00
2006-2007	950.00		936.55
2007-2008	1045.00		828.23 (up to January, 2008)

6. Orissa Mining Corporation

The growth of OMC over the last 51 years has been a memorable one for the Corporation. A number of new initiatives have been initiated which have successfully laid the foundation for turning OMC into a world class mining company. The Corporation is today basking in the glory of being the largest state PSU in the country's mining sector with a

turnover of Rs.1081 crore and probably the only state mining PSU in the country with a 3-Star Export House Status.

Production

With large number of MoUs signed by the Government of Orissa with different Steel and Mines Majors, OMC is faced with the challenge of enhancing production to higher levels.

Production of Iron Ore during last 7 years		
Sl.No	Year	In Lakh Tonnes
1	2000-2001	8.47
2	2001-2002	11.44
3	2002-2003	19.38
4	2003-2004	23.92
5	2004-2005	30.62
6	2005-2006	34.2
7	2006-2007	44.3

The production figures of chrome ore and chrome concentrate for the last six years are indicated below.

Production of Chrome ore and Chromite concentrate during last 6 years		
Sl.No	Year	In Lakh Tonnes
1	2001-2002	11.19
2	2002-2003	9.41
3	2003-2004	9.4
4	2004-2005	8.61
5	2005-2006	8.26
6	2006-2007	14.21

The production in 2006-07 has also been higher as compared to the previous years.

Production of iron ore, chrome ore & chrome concentrate in 2006-2007 vis-à-vis 2005-2006					
Sl.No	2005-2006 (In Lakh Tonnes)			2006-2007 (In Lakh Tonnes)	
	Iron	Chrome & Chrome Concentrate	Chrome	Iron	Chrome & Chrome Concentrate
1	34.2	8.26		44.3	14.21

OMC has produced different minerals for the current year upto Nov, 07 as below:

Iron ore : 23, 26,042 MT
 Chrome ore : 5, 58,898 MT
 Chrome ore and Chrome concentrate : 72,452 MT

Sale figures of Minerals during the last 3 years (In lakh MT) are as below:

Minerals	2004-05	2005-06	2006-07	2007-08 (Upto Nov,07)
Iron (Domestic)	25.38	28.91	31.45	22.44
Iron (Export)	5.00	3.06	3.74	0.87
Chrome (Domestic)	3.83	2.18	6.15	4.69
Manganes (Domestic)	0.74	0.21	1.03	1.11
Chrome Concentrate (Export)	1.71	1.82	1.75	0.37
Lime stone (Domestic)	0.01	0.04	0.003	0.023
Total quantity	38.33	37.76	46.093	30.283

E- Governance:

OMC has taken giant strides in implementing e-governance with the use of Information Technology in its business operations. The implementation of Enterprise Resource Planning (ERP) has brought about a sea change in the functioning of the Corporation by integrating various departments/ functions and making available real time data for faster and more effective decision making. OMC holds the pride of being the first mining company in the country to map its business processes on SAP (Systems, Applications and Products-an ERP tool).

The ERP implementation commenced in OMC on 8th Sept, 2004 covering different functional modules (i) Finance and Controlling (FICO) (ii) Materials Management (MM) (iii) Sales & Distribution (SD) (iv) Sales Operation Planning (PP-SOP) and (v) Quality Management (QM) in Sales & Procurement. The implementation, which was confined to head Office and Regional Offices was subsequently extended to the mines.

With the implementation of the above modules, the material procurement process has been streamlined, sales cycle period has been reduced and stock position of mines (Storage wise) is readily available. Besides, online planning of cash and bank balances has been possible inter alia. Subsequently, different HRR modules like Employee Self Service (ESS), Personnel Development (PD) and Workflow have been implemented which has helped the employees in the remotest mines to seek leave and loan approvals online; see their own personal information including salary slip, loan balances, IT returns etc. Self appraisal management is also possible on line.

A Biometric based attendance recording system of RFID in the OMC head office has been introduced. The system will ensure timely attendance of the employees in the office by their fingerprint and will transfer the monthly attendance to ERP pay roll system for preparing the pay bill without any manual intervention.

Corporate responsibility

OMC has paid Rs.11.00 Crore to Chief Minister's relief Fund during the last 3 years.

2004-05 : Rs.01.00 crore (For Tusnami victims)

2005-06	:	Rs.05.00 crore
2006-07	:	Rs.05.00 crore
Total	:	Rs.11.00 crore

Towards Peripheral Development und OMC has contributed a sum of Rs. 32.07 crore in the last 3 years to the Govt. and Collectors.

2004-05	:	Rs.35, 00,000.00
2005-06	:	Rs.18, 82, 57,976.00
2006-07	:	Rs.12, 90, 40,550.00
Total	:	Rrs.32, 07, 98,526.00

In addition to the above Other Payments made by OMC to Government are as follows:

2005-06	:	Construction of Cuttack-Paradeep road	:	Rs. 20.00 crore
2006-07	:	Construction of State Sports Academy At Kalinga Stadium	:	Rs.04.23 crore
		Construction of Orissa College of Mining Engineering at Keonjhar	:	Rs.02.00 crore
		Contribution to Orissa Environment Management Fund	:	Rs. 05.00 crore
		Total	:	Rs.31.23 crore

Total Turn Over, Profit and Dividend Paid to Govt. for last 4 years

(Rs. in lakh)

Item	2003-04	2004-05	2005-06	2006-07
Profit before Tax	16,421.65	52,804.09	32,414.67	68,251.79 (Approx)
Turn Over	37,779.97	75,889.09	68,005.00	1,08,142.43
Dividend paid to Govt.	1100.00	6000.00	6000.00	10000.00

Power Plant

A company in the name and style "Orissa Thermal Power Corporation Ltd (OTPCL) has been incorporated on 29.01.07 for setting up of 1000 MW Thermal Power Plant in the 1st phase in Joint Venture with Orissa Hydro Power Corporation Ltd (OHPC). The first meeting of the Board of the said Company has been held on 19.02.07. Action is being taken or appointment of MD and other key personnel of this company to enable progress o work. Selection of the site for the plant (preferably around the coal blocks allotted or likely to be allotted in Talcher area) is awaited.

ISO Certification

To keep pace with international standards, OMC, has achieved ISO 9001:2000 Certification for Daitari Iron Ore Project, Chrome Ore Beneficiation Plant at Kaliapani, Shipment Office at Paradeep and for the operating mines of chrome zone namely Kaliapani, South Kaliapani and Sukrangi. OMC has also achieved ISO 14001: 2004 (Environment Management System) Certification for Daitari Iron ore Project, COBP and the operating chrome ore mines in Sukinda Valley in the year 2007.

OMC's impressive growth over the decades is hinged on its philosophy and commitment towards quality and value addition. Several awards and recognitions earned by it bear testimony to its consistent performance as a facilitator for development of mineral based industries in the State and Country as well. The CAPEXIL Export Award, 3-Star Export House Status by the DGFT, Government of India and several industrial expo awards from both within the country and abroad are only indicative, not exhaustive. In 2007 OMC has also achieved Golden Peacock Award for innovative products and services. OMC has also achieved ISO 14001: 2004 (Environment Management System) Certification for Daitari Iron ore Project, COBP and the operating chrome ore mines in Sukinda Valley in the year 2007.