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STEEL & MINES DEPARTMENT

NOTIFICATION

The 21st June, 2023

SUBJECT:- Long Term Linkage (LTL) Policy of Minerals for Odisha Based Industries through Odisha Mining Corporation (OMC) Limited – 2023.

No.6320 –SM-SP-EIOBI-0003/2017/S&M.– Whereas, since more than 1/3rd of the Iron ore reserves, more than 50% of Bauxite reserves and more than 90% of Chromite ore reserves among other minerals of the country are found in the State of Odisha. Odisha is the largest Iron ore producing State in India having more than 55% share in Iron ore production and almost 100% of Chrome ore is being produced in the State of Odisha only. The pro-active initiative of the State Government for Industrial Facilitation has attracted both Domestic and Foreign Companies for setting up Mineral based Industries in the State.

And, whereas, many companies have come forward for installation of mineral based plants (e.g. Integrated Steel Plants, Pellet plants, Aluminium plants, Downstream and Ancillary units, etc.) within the State of Odisha. Many of these plants have already started production and many more are in the process of getting the requisite clearances.

And, whereas, over the last few years the State Government of Odisha have taken many initiatives for ensuring supply of raw materials to such industries. The assured availability of raw materials particularly Iron ore, Chromite ore, Bauxite ore and other minerals has become a matter of great importance for the growth of Metals industries (Primarily Steel, Stainless Steel, Aluminium) in the State. Also, in order to provide the impetus for conversion of Primary metals to downstream finished products, it has become even more critical now to ensure raw material security to important Metals downstream and ancillary units.

And, whereas, after expiry of several mining leases in March, 2020, which were engaged in merchant mining, Odisha Government has proactively auctioned most of the expired leases and many of the leases have already started production. On auction, many of the merchant mining leases have been granted in favour of end-user industries, which have led to substantial quantity of extracted minerals being used for captive consumption, thereby resulting in shortage of raw material for Steel making industries in the open commercial market.

And, whereas, OMC, as a responsible State Government PSU in Odisha, has taken steps for increase in its supply of minerals in the market by enhancing its production from existing mines and making new mines operational. OMC has increased its production from 31.7 MT in FY2022 to 33.6 MT in FY2023. OMC has planned to increase its production further in near future, and OMC aspires to achieve 50 MTPA production mark by the close of FY 2024-25. In order to facilitate smooth dispatch of such large quantity of minerals with the objective of meeting the raw material demand of several industries, it has been felt necessary for making changes in the existing LTL Policy.

Therefore, the previously approved LTL Policies vide Notification No.2472, dated the 16th of August, 2022 & No.2768, dated the 23rd September, 2022 and all other notifications / orders issued in this regards are hereby superseded and the revised Long-Term Linkage (LTL) Policy of Iron ore, Chromite ore, Bauxite ore, Limestone and other minerals for relevant end-user industries through Odisha Mining Corporation Limited (OMC) – 2023 is hereby adopted.

Therefore, the State Government have been pleased to decide that the long-term linkage will continue to be provided to the State based industries through OMC Ltd. for sustained supply of minerals in accordance with the following guiding principles:—

(A) GENERAL PRINCIPLE:

- a. The long-term linkage should ordinarily be for an initial period of 5 years with provision for annual review based on the performance of the linkage in terms of off take trends, plant capacity enhancements, regularity of off take and ability to make payments on time, etc. At the end of 5 years, the contract may be renewed for eligible buyers for another 5 years and so on as per the LTL Policy subject to availability of ore:

Provided that in cases where an intending eligible buyer is willing to set up a State based end-use plant (greenfield/expansion) with or without mechanized ore evacuation system within the State of Odisha with a significant investment potential and the upcoming project is already approved by the State Level Single Window Clearance Authority (SLSWCA) or the High Level Clearance Authority (HLCA) or any other competent authority, future quantity commitment may be considered depending on the availability of ore with OMC and requirement of the upcoming project. This shall be done on a case-to-case basis to provide raw material security to buyers who are willing to invest in the State. However, for such cases, the Allotment Committee constituted under this policy will determine the allotment criteria, final allocation quantity, tenure and other terms and conditions.

The above principle shall also be applicable for State-based existing end user plants intending for substantial investment in mechanized ore evacuation system from OMC mine(s).

- b. Quantity to be assured under long-term linkage will be determined by an Allotment Committee consisting of the following officers:

(i)	Secretary, Steel & Mines Department	– Chairman
(ii)	Secretary, Industries	– Member
(iii)	Director of Mines, Odisha	– Member
(iv)	MD, IPICOL	– Member
(v)	MD, OMC	– Member-Convener

- c. The Minerals remaining unsold by OMC, after meeting the requirement of LTL buyers and Annual supply agreement buyers and the successful e-auction bidders, may be disposed by OMC in such manner and at such prices as may be decided by OMC, including export to overseas buyers directly or through canalizing agencies like MMTC Ltd.
- d. In the National e-auction for minerals, the end-user Industries may be encouraged to participate while traders may be discouraged. Participation of traders may be considered by OMC only if there is persistent lack of adequate response from end-user Industries.

- e. The Allotment Committee constituted under this notification will determine the manner in which priority or preference will be given effect to amongst various categories of end-users.
- f. Buyers having mechanized evacuation system in operation from different mines of OMC shall be given preference over other Long-Term Linkage Buyers for offtake.
- g. State-based end-user plants having long-term linkage can also take part in the National e-auction.

(B) IRON ORE LINKAGE:

- a. Up to 80% of saleable stock will be placed under the Long-term Linkage. Quantities offered but not lifted by the allottees may be disposed through the National e-auction. The exact percentage of saleable stock to be earmarked for long-term linkage shall be fixed by OMC taking into account its production, the demand from the State-based end-users, and also availability of prevalent evacuation infrastructure for individual mine.
- b. The remaining saleable stock shall be sold through National e-auction to be conducted by OMC at suitable time intervals, i.e. monthly / bi-monthly / quarterly / or as deemed fit by OMC, for the price discovery.
- c. Weighted average price derived from the National e-auction will be the long-term linkage price for the relevant grades of Iron ore.

(C) CHROMITE ORE LINKAGE:

- a. Up to 80% of the saleable stock shall be made available for long-term linkage to State-based end-user Industries.
- b. The remaining saleable stock shall be sold through National e-auction to be conducted by OMC at suitable time intervals, i.e. monthly/bi-monthly/quarterly / or as deemed fit by OMC, for the price discovery.
- c. Weighted average price derived from National e-auction shall be the long-term linkage price for relevant grades of Chromite ore..

(D) BAUXITE LINKAGE:

- a. Up to 80% of the saleable stock shall be made available for long-term linkage to the State-based end-user Industries.
- b. The remaining saleable stock shall be sold through National e-auction to be conducted by OMC at suitable time intervals, i.e. monthly / bi-monthly / quarterly / half yearly / or as deemed fit by OMC, for the price discovery.
- c. Weighted average price derived from the National e-auction shall be the long-term linkage price for the relevant grades of Bauxite ore.

(E) LIMESTONE LINKAGE:

- a. Up to 80% of the saleable stock shall be made available for long-term linkage to the State-based end-user Industries.
- b. The remaining saleable stock shall be sold through National e-auction to be conducted by OMC at suitable intervals, i.e. monthly / bi-monthly/ quarterly / half yearly / or as deemed fit by OMC for the price discovery.
- c. Weighted average price derived from the National e-auction shall be the long-term linkage price for the relevant grades of Limestone.

OMC will execute sale agreements with the long-term linkage buyers, which shall not be inconsistent to the provisions of this Notification.

This Notification shall come into effect immediately.

By Order of the Governor

D.K.SINGH

Additional Chief Secretary to Government