

**GOVERNMENT OF INDIA
ATOMIC ENERGY
LOK SABHA**

UNSTARRED QUESTION NO:1798
ANSWERED ON:12.03.2008
INDIAN RARE EARTHS LIMITED
Bellarmin Shri A.V.

Will the Minister of ATOMIC ENERGY be pleased to state:

- (a) the present stage of expansion work in Indian Rare Earths Limited, Manavalakurichi;
- (b) the time by which the expansion work is likely to be completed and production to be start; and
- (c) the reasons for the delay?

Answer

THE MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE(SHRI PRITHVIRAJ CHAVAN)

(a) to (c) The present Mineral Separation Plant (MSP) of the Indian Rare Earths Limited (IREL) at Manavalakurichi has a capacity to process 90,000 tons per year of Ilmenite and associated minerals. The raw material for this was being obtained partly from mining carried out by IREL from the land for which mining lease has been issued by the State Government and partly from collection of beach washings from the said area. As per the long term corporate plan of IREL, expansion of the Manvalakurichi Plant from 90,000 tpy to 1,50,000 tpy in phase-I and to 2,50,000 tpy in phase-II was one of the action points. Implementation of this action point commenced in the year 2000. Parallel action was taken to invite tenders for expansion of the MSP, take steps to obtain fresh mining leases and/or renewal of existing mining leases from the Government of Tamil Nadu and pre-project activities with a view to obtain various statutory clearances.

The Beach Sand Mineral industry faces volatile business cycles. Keeping this in mind, based on the then prevailing demand in the world market for Ilmenite and other heavy minerals, for sometime the expansion plan was put on hold. With the market condition becoming more favourable, the implementation process was recommenced and the expansion programme was formally launched on 12.9.2006. However, thereafter there has been a series of hurdles on various fronts. The foreign party in favour of whom a Letter of Indent (LOI) was issued for turnkey expansion of the MSP, first had to obtain clearances from his host country. Certain conditionalities attempted to be incorporated for getting the clearance were found to be not acceptable to IREL. Further, the party wanted to be compensated fully for the appreciation of the Indian Rupee which has occurred over the last couple of years and certain tax liabilities arising under the Income Tax Act on being a foreign entity having a permanent establishment in India.

On the front of mining leases and raw material supply, only part of the existing mining leases have been agreed to be renewed by the State Government of Tamil Nadu. On the applications made for fresh mining leases, no decisions have yet been taken by the State Government. Because of IREL being able to operate only on part of the erstwhile mining leases it had, the collection of beach washings have also substantially gone down.

As far as statutory clearances are concerned, as per the revised notification of the Ministry of Environment & Forests, it has become mandatory on IREL as the project proponent to carry out de-novo EIA/EMP studies.

Actions are being initiated by IREL to sort out all the above issues. Under these circumstances, the execution of the project can be revisited only after the above mentioned issues have been sorted out.