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(A GEMCO KATI INITIATIVE)

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INDIAS GOLD RUSH

EASE OF DOING BUSINESS: MINING COS MAY GET LEASES BEFORE JAN 11 DEADLINE ON TWEAKED RULE

Around 60 steel, cement and mining companies can now obtain mining leases, with the Centre easing norms for cases that were stuck over more than two years due to several administrative and procedural delays involving state governments. State governments had given these companies "letters of intent (LoI)," a formal pre-lease assurance, more than two years ago. A new law—Mines and Minerals Regulation and Development Act (MMRDA)—enacted in January 2015 made it mandatory for companies with LoIs to secure all necessary clearances by January 11, 2017 before they were granted formal mining leases. A senior government official told Moneycontrol that the mines ministry has tweaked norms so that states can grant leases even if a miner does not obtain environmental clearance, which was a pre-requisite for obtaining a lease. Companies will, however, still have to get the environmental approvals before starting mining activity, the official said, adding the new norm would be applicable from January 4. With less than a week left, delays in approvals beyond January 11, 2017 would have made as many as 317 miners ineligible for leases, forcing them to apply afresh and go through a detailed bidding process. The government feared that it could face litigations, if these companies were not granted mining lease by the January 11 deadline, despite having letters of intent from state governments. Moneycontrol had last month

reported that a top government official indicated the procedural approvals for these companies were unlikely before January 2017, effectively ruling them out from receiving the formal mining leases. Environment, forest-related and other procedural clearances for 317 cases, spread across 12 mineral-rich states such as Jharkhand, Odisha, Karnataka, Andhra Pradesh and Chhattisgarh, were stuck at various levels. Official data shows that 138 cases were awaiting environment and forest clearances, while 95 cases were pending at state mining and revenue departments. Some cases were stuck for want of other procedural approvals.

These companies were given LoIs before January 2015, when the government had promulgated an Ordinance to amend an older law. Under the new law, mining leases can be granted only through an open, competitive bidding process, replacing the earlier first-come-first-served system that had drawn criticism for being arbitrary and encouraging corruption. Companies that were given LoIs before the new law was enacted were given a two-year window to get all clearances and become eligible for mining leases. The industry had requested the mines ministry to extend deadline beyond January 11. The mines ministry, however, was not in favour of extending the deadline as it would require a further amendments in the law.

IRON ORE EXPORTS REVIVE ON FIRM GLOBAL PRICES, PROTECTIONIST STEPS

India's iron ore mining industry seems headed for better days, with a steep price rise in world markets and protectionist measures for steel industry at home driving up production and exports.

Iron ore production jumped 22% in April-October from a year ago, aiding the government's goal of adding the share of mining in the country's economic output. Exports have jumped nine-fold to nine million tonnes in the April-September period, from one million tonne a year ago.

This comes in the wake of strong global demand for the commodity and protectionist steps taken in favour of domestic iron ore users—the primary steel industry—against cheap imports of steel. Iron ore price has moved up from $40 a tonne to $70 a tonne in global markets in the last few months. The export surge is despite a 30% export duty on high grade iron ore, which accounts for only a small part of the overall iron ore exports.

Balvinder Kumar, secretary in the mines ministry, said, while mineral production volume is rising, the ministry is preparing 150-200 mineral blocks for auction in three-four months to increase exploration, aimed at raising the share of mining and quarrying in the gross domestic product (GDP) by one percentage point from 2.4% now. That goal was set by Piyush Goyal when he took charge as mines minister in July. Kumar said ore is exported from mines in Odisha, Chhattisgarh and Jharkhand.

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GEMCO KATI

"2017 will be a better year for the mining industry as iron ore exports have started. Secondly, we have started exploration in a big way. States such as Jharkhand, Chhattisgarh, Karnataka, Rajasthan and Madhya Pradesh will be holding auctions," said Kumar, adding that profitable iron ore exports meant there was little need for removing the export duty applicable on high grades.

India exported 5.4 million tonnes of iron ore in all of 2015-16. It is the third-largest solid mineral produced in the country after coal and limestone.

Anjani Agarwal, mining & metals sector leader, EY, said that in 2011, the country had produced 217 million tonnes of iron ore and exported more than 100 million tonnes. The country needs about 150 million tonnes of iron ore at current production of steel, he said.

Iron ore production stood at 100 million tonnes in the first seven months of this financial year, against 81 million tonnes in the same time a year ago, a 22% jump in volume. In terms of value, however, there was a 7.6% decline from a year ago.

The fortunes of iron ore mining are linked to those of the downstream steel industry.

"The government is keen to protect the domestic primary steel industry from dumping of cheaper steel as long as it takes, which is a positive factor. The long-term sustainability of steel sector will come from improved demand. It may take a while for demand for steel to go up from industries like infrastructure, construction and real estate, in the wake of demonetization. However, production volumes are going up in the automotive sector. The mood in the steel industry is of cautious optimism," said Agarwal

INDIA CEMENT PRODUCTION GROWTH FORECAST DOWNGRADED

India's cement producers will be hit by the country's controversial demonetisation programme and higher petcoke prices, according to ratings agency, India Ratings and Research (Ind-Ra).

According to Ind-Ra, cement production is likely to grow by 4% in the 2017 Financial Year (FY17). This is down from its earlier estimate of 4 – 6%, as the real estate and construction sectors bear the brunt of the economic impacts of demonetisation, which saw the government ban higher denomination currency notes.

Lower cement output is expected to be focused in the November – December 2016 period, Ind-Ra said. Production growth was just 0.5% in November, compared to 6.2% in October and 4.3% on average between April and November. Prices have also fallen between INR15 and INR20 per bag.

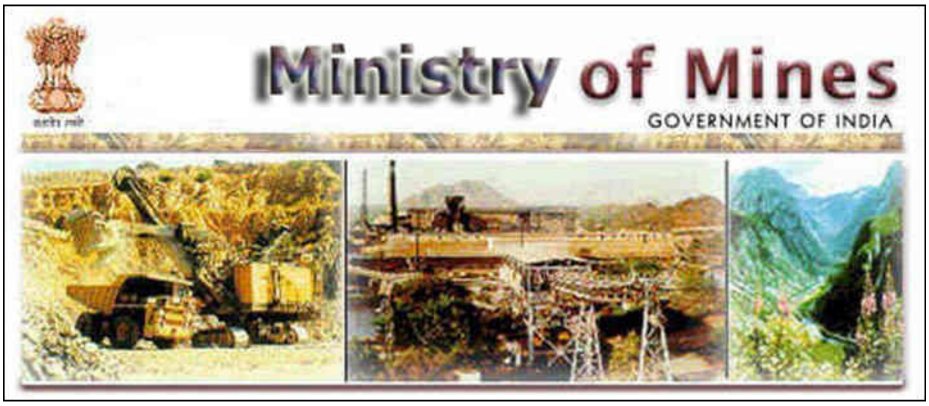
In addition to weaker demand, India cement producers are having to deal with a rise in the cost of petcoke to around US$60 – US%70 per tonne from US$40 per tonne at the start of FY17. More costly petcoke – as well as higher diesel prices – increases input costs for cement production, while lower demand limits the ability of cement companies to pass on higher prices to their customers – squeezing margins.

This could place smaller-scale producers under stress in coming quarters, according to Ind-Ra, although the outlook for bigger cement producers is more stable.

YEAR END REVIEW OF MINISTRY OF MINES

Ø **Use of Space Technology for curbing illegal mining issues**

MoU with National Remote Sensing Centre: Indian Bureau of Mines (IBM) has signed a MoU with National Remote Sensing Centre (NRSC), ISRO on 21.01.2016 to undertake a pilot project on "monitoring of mining activities using satellite imagery and capacity building of IBM officers for three years including technical support for setting up of remote sensing laboratory in IBM". The in principle approval and expenditure sanction of 2.03 Cr has already been accorded by the Ministry for setup of remote sensing laboratory in IBM at Hyderabad.



Mining Surveillance System: A Mining Surveillance System (MSS) has been launched by the Minister of State (Independent Charge) for Coal, Power, New & Non Renewable Energy and Mines on 15th October 2016 from New Delhi. The Ministry of Mines, through Indian Bureau of Mines (IBM), has developed the MSS, in coordination with Bhaskaracharya Institute for Space Applications and Geo-informatics (BISAG), Gandhinagar and Ministry of Electronics and Information Technology (MEITY), for curbing illegal mining activity in the country by the use of space technology and remote sensing imagery.

Ø **Sustainable Mining Initiatives: Star Rating of Mines:** An innovative scheme of 'Star Rating' system has been instituted by Ministry through IBM, in which star rating will be awarded to the mining leases for their efforts and initiatives taken for implementation of the Sustainable Development Framework (SDF). One to five stars would be given to the mines by Indian Bureau of Mines (IBM). The best performing leases

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would be given 5 Stars. The Star Rating for this year of all the working mines is planned to be completed by Dec, 2016.

Ø **Information Technology implementation in regulation of mining sector - Mining Tenement System (MTS)**: The induction of Information Technology is being done to instill improvement in governmental capacity of mineral administration. The Union Ministry is committed to establishing a Mining Tenement System (MTS), which would primarily involve automating the entire mineral concession life-cycle, starting from identification of area and ending with closure of the mine; and connecting the various stakeholders for real-time transfer of electronic files and exchange of data. This shall enable effective management of mineral concession regime and transparency in mining operations, transportation of ore with the help of online electronic weighbridges and check-posts. The rolling out of the modules of MTS will start within six months and the project is likely to be fully operational in eighteen months.

· Consequent to the amendment of MMDR Act, and adoption of auction as the method for granting of mineral concession 17 blocks have been successfully auctioned in various States.

· MMDR Act was amended during the year to include transferability of captive mines.

· Union Cabinet approved the setting of a society "B6 International Geological Congress for organizing 36" International Geological Congress in NCR in 2020.

· The following rules were notified during the year Minerals (Other than Atomic Minerals Hydrocarbon Energy Minerals) Concession Rules, 2016 on 4th March, 2016.

· National Geo-Science Awards for the year 2014 were conferred on 33 Geoscientist in recognition of their extra ordinary achievements and outstanding contributions in the fields of Geo-science.

GEOLOGICAL SURVEY OF INDIA (GSI): GSI has completed 3762 sq. km Specialized Thematic Mapping (on 1:25,000 scale) out of 9230 sq. km target during Annual Programme 2016-17 till the end of November 2016.

· GSI has completed 46,064 sq. km National Geochemical Mapping (on 1: 50,000 scale) out of 1,37,000 sq. km target during Annual Programme 2016-17 till the end of November 2016

· GSI has completed 40,121 sq. km National Geophysical Mapping (on 1: 50,000 scale) out of 95,200 sq. km target during Annual Programme 2016-17 till the end of November 2016.

· GSI has completed 32,355 line-km by airborne multi-sensor survey (including spill over) out of 60,000 line-km target during Annual Programme 2016-17 till the end of November 2016

· GSI has completed preliminary marine mineral investigation for 18,439 sq. km in Exclusive Economic Zone (EEZ) out of 25,000 sq. km target during Annual Programme 2016-17 till the end of November 2016

· GSI has been engaged in 37 programmes of National Landslide Susceptibility Mapping (NLSM on 1: 50,000 scale) during 2016-17. GSI has covered 25,700 sq. km by Landslide Susceptibility Mapping out of 50,000 sq. km target during Annual Programme 2016-17 till the end of November 2016

· GSI has digitized all its mineral exploration reports (6090 nos.) and is in the process of uploading these in public domain in phased manner.

· In the calendar year 2016, GSI has reported augmentation of natural mineral resources to National Mineral Inventory (NMI of Indian Bureau of Mines) of copper (20.09 million tonne), iron (27.266 million tonne), bauxite (57.93 million tonne), limestone (765.76 million tonne), gold (1.807 million tonne), coal (578.57million tonne) and lignite (389.17 million tonne).

· GSI is implementing an integrated IT-enablement system - Online Core Business Integrated System (OCBIS) with a goal towards comprehensive data management across Missions and Support systems. OCBIS has been scoped to enhance IT capability of GSI as well as to put GSI into an open standards based IT platform to effectively exchange information with external stakeholders, including Ministry of Mines, national and state level earth science organizations / departments, industry and citizens.

GSI has rolled out beta go live version of OCBIS on 27th September 2016.

INDIAN BUREAU OF MINES (IBM)

Ø **Achievements of IBM in 2016-17 (up to November, 2016)** For promotion of conservation and scientific development of mineral resources and ensuring protection of mines environment in mining areas, IBM carried out 864 Inspection of mines for enforcement of provision of MCDR, 1988 and examination of MP/MS, disposed 50 Mining Plans, 200 Schemes of Mining and 13 Final Mine Closure Plans. IBM issued detailed guidelines for disposal of mining Plan on 22.7.2016.

· For up gradation and utilization of low grade and sub-grade ores and minerals, IBM carried out 26 Ore dressing investigations, 19951 Chemical Analysis and 1487 Mineralogical studies.

· Updation of National Mineral Inventory as on 1.4.2015 is in progress, so far inventories for 31 minerals have been finalized.

For dissemination of data on mines and minerals, 13 Statistical and technical publications have been released.

Ø **Mineral Sector Performance 2016-17**: The total value of mineral production (excluding atomic minerals) during 2016-17 has been estimated at ' 257882 crores, which shows a decrease of about 6.78% over that of the previous year. During 2016-17, estimated value for fuel minerals account for Rs. 178953 crores or 69.39%, metallic minerals, Rs. 29163 crores or 11.31% of the total value and non-metallic minerals including minor minerals Rs. 49767 crores or 19.30% of the total value.

The Gross Value Added (GVA) accrued from mining and quarrying sector at 2011-12 prices for the first quarters of 2016-17 is estimated at Rs. 86091 crore, indicated a decrease of about 0.4% over that in the same period of previous year. Similarly, the advance estimates of GVA (at current prices) for the first quarter of the year 2016-17 is estimated at Rs. 97614 crore. The mining and quarrying sector contributed to GVA accounted for about 3.0 % for the first quarters of the year 2016-17.

Ø **Project "Sudoor Drishti" with National Remote Sensing Centre**: IBM has entered into a MOU for project named "Sudoor Drishti" on 21st January, 2016, with National Remote Sensing Centre (NRSC), Department of Space, Government of India for monitoring of Mining activity through satellite under the Prime Minister's vision of 'Digital India'.

The project would ffacilitate to monitor periodic changes of the mining areas within the mining lease boundary. As per the MOU, NRSC is imparting training to the IBM officials, on the developed methodology towards processing and interpretation of satellite data, so that the activity can be taken forward by IBM independently after the pilot study. NRSC is also providing technical guidance for IBM in creating a remote sensing laboratory at IBM, Hyderabad. As a part of Pilot Project in Tandur area, Andhra Pradesh, volume changes in a cluster of mines (6) have been studied for 2007-2015 period and overall volume change of +10 to 11% has been observed.

Ø **Opening of new Regional Offices of IBM in mineral rich states:** Ministry of Mines, Government of India has approved opening of new regional offices of IBM in the States of Chhattisgarh and Gujarat and upgradation of Sub-Regional Office at Guwahati, Assam. Raipur Regional Office is effective from 1st April, 2016 and Gandhinagar Office is opening shortly and the Guwahati sub-regional office is being upgraded. This has facilitated better co-ordination with State DGM and synergy between Central and State Governments in most of the mineral rich states for better accessibility to the industry for ease of doing business.

MINERAL EXPLORATION CORPORATION LIMITED (MECL): The upward trend in physico-financial performance of the company has been maintained during 2016-17. The drilling performance of the company is 299054 m representing 24% higher achievement w.r.t. previous year. Similarly, the Gross Revenue of company is Rs. 215.50 crore representing 39 % higher achievement w.r.t. previous year for the same period. Foundation stone was laid by Shri Balvinder Kumar, Secretary (Mines) in December 2016 for construction of a new Integrated building comprising Laboratory, Workshop, Conference cum Training Centre Complex at Utilities Complex of MECL.

MECL's role in Auction of Mineral blocks by State Govt.: Out of 17 mineral blocks auctioned by State Governments, 9 blocks have been explored by MECL and 12 more Blocks explored by MECL are in pipeline for auction by State Governments of Karnataka, Maharashtra and Jharkhand

MECL has been designated as a "Nodal Exploration Agency" by the Governing Body of National Mineral Exploration Trust (NMET). It is the first mineral exploration company to take up mineral exploration project through NMET. Presently, MECL is carrying out mineral exploration in 16 blocks in the states of Maharashtra, Odisha, Madhya Pradesh, Chhattisgarh, Rajasthan and Andhra Pradesh through NMET funding

NATIONAL ALUMINIUM COMPANY LIMITED (NALCO)

Ø **Performance Highlights**: During the year 2015-16, Bauxite Mines and Alumina Refinery have achieved highest ever production since inception with bauxite transportation of 63.40 lakh MT and Alumina Hydrate production of 19.53 lakh MT respectively. Aluminium Smelter and CPP achieved cast metal production of 3.72 lakh MT and Net Power Generation of 5,841 MU respectively registering 14% growth over previous year. In the year, 156 MU of wind power was generated by the Company. Total metal sale has been 3.72 lakh as against 3.26 lakh MT in last year registering 14% growth. The gross sales turnover of the Company for the year is Rs. 7157 crores.

Total dividend payment by the Company for FY 15-16 is Rs. 467 crores i.e. 40% of share capital against 35% dividend paid in FY 14-15. The Buy Back process of 25% of paid up capital (63.43 crore share) completed in Sep'16 with cash outflow of Rs. 2835 crore at Rs. 44 per share. After Buy back, the Govt. of India's shareholding stands at 74.58 %.

Ø **Projects:** The Company's achievements with regards to various projects in the year are enlisted below:

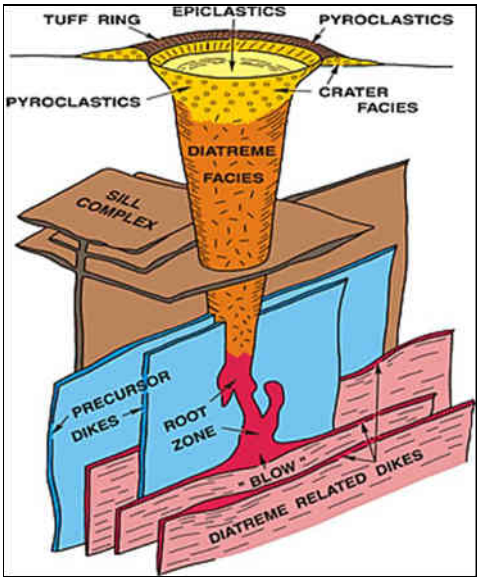
(i) **Utkal D&E Coal Blocks:** Utkal D and E Coal blocks has been allotted to NALCO in May' 16 by Ministry of Coal.

ii) **5th Stream Refinery & Pottangi Mines:** Conditionof Lease agreement of Govt. of Odisha for Mining Lease of Pottangi Mines has been accepted by NALCO. Investment approval accorded for setting up a 5th Stream refinery at Damanjodi, Odisha of 1 million capacity. The process of Environmental Clearance is underway.

(iii) **100 MW Wind Power Project:** 50 MW Wind Power commissioned in Jaisalmer, Rajasthan in Sep' 2016. Another wind power plant of 50.4 MW capacity at Sangli, Maharashtra is in final stages of commissioning.

LARGE-SCALE GOLD DEPOSITS FOUND IN KARNATAKA

In a major boost to Indian economy the survey team of Geological Survey of India (GSI) has found large-scale gold deposits in Shivamogga district of Karnataka.



According to an official of the GSI the gold deposits were found in over 600 sq km between Shikaripur in Shivamogga district and Honnali taluk of Davangere district. The official sources say this is the largest gold deposit in Karnataka after Kolar Gold Fields and Hutti (Raichur district). Karnataka is the only State actively mining gold at Hutti in Raichur district.

A team of experts from Remote Sensing and Aero-Geophysical Survey unit of the GSI has camped in the district for the past one week to conduct an aerial survey of the gold deposit.

According to PC Das, Superintending Geologist and head of the team said that a remote sensing device attached to a helicopter scans the earth's surface into a depth of 500 metre, from an altitude of 90 metres. "We are conducting electromagnetic, magnetic and radiomagnetic "We are conducting electromagnetic, magnetic and radiomagnetic surveys. They will provide valuable inputs on gold deposits," he said. "The three types of surveys have revealed presence of gold deposits. We will demarcate the exact spot and assess the quantity of ore available. A report will be submitted to the State Government by September 2017, after consolidating the data gathered during survey," Das added.

The experts are also assessing the quantity of the ore available. The GSI team is camping near Sogane, where it has been proposed to construct an airport for Shivamogga.

The scientists of Mines and Geology department of Karnataka had conducted a primary survey in this region decades ago and had submitted a report to the Government indicating presence of significant gold deposit. Based on this report, the State Government had requested the GSI to conduct a survey.

Senior geophysicist N K Vinod, who is part of the team, said that 600-sq km area had been divided into 200-metre lanes and around 20 lanes were being surveyed per day.

CEMENT, STEEL COS COULD MOVE COURT FOR DELAYS ON MINING LEASES

Delays on procedural and environmental clearances may make more than 100 companies ineligible to obtain mining leases despite having letters of intent from state governments

More than 100 cement, steel and mining companies could sue the government if they are not granted mining leases because of several administrative and procedural delays involving state governments. State governments had given them "letters of intent (LoI)", a formal pre-lease assurance, more than two years ago. A new law—Mines and Minerals Regulation and Development Act (MMRDA)—enacted in January 2015 made it mandatory for companies with LoIs to secure all necessary clearances by January 2017 before they were granted formal mining leases. With barely 19 days left, these companies, including ArcelorMittal S.A., NMDC Ltd, ACC Ltd, Ultratech Cement Ltd, and Jindal Steel and Power Limited (JSPL) among others, are now battling to get these approvals within the deadline. Delays in approvals beyond January 11, 2017 would make them ineligible for the leases, forcing them to apply afresh and go through a detailed bidding process.

A top government official indicated the procedural approvals for these companies were unlikely before January 2017, effectively ruling them out from receiving the formal mining leases. Environment, forest-related and other procedural clearances for 317 cases, spread across 12 mineral-rich states such as Jharkhand, Odisha, Karnataka, Andhra Pradesh and Chhattisgarh, were stuck at various levels. "Half of the (317) cases may lapse despite our best efforts," Mines Secretary Balvinder Kumar told Moneycontrol, adding that cases are still pending at various stages across states.

FIRMS WITH 2 OR MORE PENDING APPLICATIONS

FOR LACK OF ENVIRONMENTAL CLEARANCES

Company	Pending mining proposals*
ACC	2 (limestone)
APMDC	3 (beach sand)
Emami Cements	2 (limestone)
Monnet Ispat and Energy	2 (limestone)
Raghuram Cement	2 (limestone)
Rare Minerals	3 (Illmenite, Magnetite, Garnet)
TVL Ramco Cements	3 (limestone)
Ultratech	6 (limestone)

Source: Ministry of Mines
*Cases pending as on August 29, 2016

FOR LACK OF FOREST CLEARANCES

Company	Pending mining proposals*
CMDC-NMDC	2 (iron ore)
Jayaswal Neco	2 (iron ore), 1 (manganese)
JSPL	1 (iron ore), 1 (limestone)
Monnet Ispat and Energy	1 (iron ore), 1 (limestone)
OMC	1 (iron ore and managanese ore), 1 (bauxite)
Pradhan Associates	1 (iron ore and managanese ore), 1 (manganese)
Umiya Holding Pvt Ltd.	2 (iron ore, manganese ore)

Source: Ministry of Mines
*Proposals pending as on July 27, 2016

These companies may not be able to procure mining licenses even as the mines ministry, environment ministry and state government closely monitored these pending proposals in the last few months, Kumar said. Official data shows that 138 cases were still awaiting environment and forest clearances, while 95 cases were pending at state mining and revenue departments. Some cases were stuck for want of other procedural approvals. These companies were given LoIs before January 2015, when the government had promulgated an Ordinance to amend an older law. Under the new law, mining leases can be granted only through an open, competitive bidding process, replacing the earlier first-come-first-served system that had drawn criticism for being arbitrary and encouraging

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corruption. Companies that were given LoIs before new law was enacted were given a two-year window to get all clearances and become eligible for mining leases. The industry has requested the mines ministry to extend deadline beyond January 11, Kumar said. The mines ministry, however, was not in favour of extending the deadline as it would require a further amendment in law, he said.

GOVT TO REVIEW STATUS OF 72 COAL MINES

The government over the next few days will examine the status of 72 coal blocks allocated either through allotment or auction route to companies like NTPC, JSW Steel, Hindalco and SAIL.

"...it has been been decided to hold a meeting under the Chairmanship of Joint Secretary and Nominated Authority, Ministry of Coal to review the status of 72 coal mines," an official said.

The meeting is scheduled to be held on December 21 and December 26, the official added.

The status 35 coal blocks in the states of Jharkhand and Chhattisgarh allocated to the companies like Hindalco Industries, Bharat Aluminium Company Ltd, NTPC, Steel Authority of India Ltd (SAIL), JSW Steel will be reviewed on December 21, the official said.

While the status of remaining coal blocks in states like Madhya Pradesh, Maharashtra and Odisha allocated to companies like Reliance Cement, UltraTech Cementa and GMR Chhattisgarh Energy Ltd will be examined on December 26, the official added.

The government had informed Parliament last month that it has so far generated a revenue of approximately Rs 2,779 crore from the auction and allotment of 83 coal blocks.

The amount, it had said, is being transferred to the state governments where the coal mines are located.

Earlier, three rounds of mines auction were held after the Supreme Court in 2014 cancelled the allotment of 204 coal blocks.

TATA STEEL TO ACQUIRE BRAHMANI RIVER PELLETS FOR RS900 CRORE

BRPL was originally established by the Moorgate Industries Group, which continues to hold a significant stake in the company through its shareholding in AMTC

Tata Steel Limited on Friday said it has executed definitive agreements to acquire 100 per cent equity of Odisha-based Brahmani River Pellets Ltd for over Rs 900 crore.

"(The company) has executed definitive agreements to acquire 100 per cent equity shares of Brahmani River Pellets Limited (BRPL) from Aryan Mining and Trading Corpn Private Ltd (AMTC) and other companies in the Moorgate Industries Group (MIG)," a company statement said.

"The transaction is based on an enterprise value of BRPL of Rs 900 crore plus closing adjustments and is subject to completion of certain condition precedents including regulatory approvals," it added.

The funding for the acquisition would be done from steel maker's internal cash flows.

"The location of the BRPL assets makes this very strategic to Tata Steel especially to our Kalinganagar operations and has significant operating synergies to make our Kalinganagar plant even more competitive for the future," said Koushik Chatterjee, Group Executive Director (Finance and Corporate).

BRPL owns a 4 mtpa pellet plant at Jajpur in Odisha and another 4.7 mtpa iron ore beneficiation plant at Barbil- both are connected through a 220 km underground slurry pipeline.

"The iron ore from our captive mine in the Joda and Khondbond region will get transferred in future through the slurry pipeline and reduce freight costs significantly," Chatterjee said.

He said that the 4 mtpa pellet plant and other infrastructure would enhance the operating efficiency and reduce costs of blast furnace operations in Kalinganagar.

JHARKHAND GOVT RE-ALLOTS JITPUR COAL BLOCK TO JINDAL STEEL AND POWER

The state government has decided to allow Jindal Steel and Power Ltd (JSPL) power plant to use Jitpur coal block for its 1,600-MW power plant located at Godda.

Dumka: The state government has decided to allow Jindal Steel and Power Ltd (JSPL) power plant to use Jitpur coal block for its 1,600-MW power plant located at Godda.

Speaking to the media here on Tuesday, Godda BJP MP Nishikant Dubey said the decision taken on Friday would help the revival of the plant that was stalled after the Centre cancelled the permission to use coal blocks by the company earlier. Coal blocks in Godda are owned by the Jharkhand Mineral. **Development Corporation.**

Dubey said, "Now there will be two thermal power units at Godda set up by the Adani group and JSPL, each with the capacity of 1,600 MW."

Reports said another mega thermal power unit of 7,200 MW would come up at Deoghar in Santhal Pargana. Earlier, Jitpur coal block, originally allotted to JSPL, was given to the Adani group.

Dubey said, "People want development. This became clear during a public hearing attended by raiyats (land owners), who agreed to part with their land." He added, "Tribal communities still lag behind in all-round development largely because of parties like the JMM that use them as a vote bank."

INDIA: JINDAL STEEL LOOKING TO SELL STAKE IN OMAN UNIT TO CUT DEBT

Jindal Steel and Power Ltd (JSPL) is likely to sell a significant stake in its Oman unit, Jindal Shadeed Iron and Steel Llc, to meet debt repayment obligations, said two people aware of the development. "JSPL's lenders have recently concluded a valuation exercise of the Oman operations and a sell side mandate is expected soon," one of the two people quoted above said, requesting anonymity. "The company is keen to divest a large minority stake for now but will eventually sell out completely if there is a good offer, and there have been some informal talks with a sovereign fund." The valuation was done by an independent adviser hired by JSPL's foreign lenders in June to restructure part of the company's loans, the second person said, also requesting anonymity. Naveen Jindal-controlled JSPL acquired Shadeed Iron and Steel Co LLC from Al Ghaith Holdings PJSC of Abu Dhabi in 2010 through its subsidiary Jindal Steel & Power (Mauritius) Ltd for $464 million. The company raised $400 million in debt financing from a consortium of international banks and paid the rest from internal accruals.

In April 2014, the company commissioned a 2 million tonnes per annum integrated steel plant in Sohar, Oman. The facility, says the company's website, is Oman's first and largest steel melting shop. JSPL claims to have invested over $800 million in this integrated facility so far. JSPL's consolidated gross debt stood at Rs46,816 crore at the end of March 2016. The firm reported a loss of Rs1,902 crore in 2015-16 against Rs1,278 crore loss in 2014-15. Revenue fell 8% to Rs18,104.9 crore while interest expenses were at Rs3,280 crore, according to the company's filings.

For the September quarter, the JSPL's loss narrowed to Rs745.98 crore from Rs909.53 crore a year ago. The company's consolidated income fell to Rs4,665.54 crore in the quarter from Rs4,736.29 crore in the year-ago period, while expenses rose to Rs4,815.75 crore from Rs4,577.96 crore, largely on account of finance costs. "JSPL is committed to meet all its debt commitments, and the company is aiming to bring down the annual cash outflow in terms of repayments and interest by utilizing various schemes provided by the government, including but not limited to 5/25, 75:25 and S4A," Responding to a query on the possible divestment of stake in Jindal Shadeed, a JSPL spokesperson said, "We are proud of this high performing asset, which is fully operational and is catering to the fast growing market in GCC (Gulf Cooperation Council) and Africa. As of now, there are no divestment plans in Jindal Shadeed." The Economic Times reported in September that SC Lowy, a specialist investment manager in distressed and stressed credit, along with a few other creditors of JSPL Mauritius was recalling a $150 million loan after it failed to comply with certain loan covenants.

A loan recall or accelerated repayment is triggered when a

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borrower breaches a loan covenant. In a May interview, Ravi Uppal, managing director and group CEO of Jindal Steel, said that the company was working with urgency to completely sell "certain assets within its steel and mining business" in order to improve liquidity and reduce debt. He did not name the assets citing non-disclosure agreements. Mint also reported that JSPL was looking to sell controlling interests in its Botswana coal mine in Africa and a mine owned by its Australian subsidiary Wollongong Coal Ltd. JSPL has since 2014 evaluated options including selling its mines in Africa and Australia, listing its subsidiary in Oman, and listing its power business Jindal Power Ltd in India to reduce debt. These efforts did not materialize.

In May, JSPL reached an agreement to sell a 1,000 MW power plant in Chhattisgarh to Sajjan Jindal-led JSW Energy at an enterprise value of Rs4,000 crore. However the deal value could rise to Rs6,500 crore if JSPL manages to secure fuel supply for the plant and enters into long-term power purchase agreements.

C'GARH STARTS WORK ON MINERALISATION OF 10 BLOCKS FOR AUCTION

The Chhattisgarh Government has set on the process to establish mineralisation of 10 blocks for auctioning in 2017-18, officials informed.

It may be recalled that Chhattisgarh is among seven states where mineral blocks have been auctioned resulting in total additional revenue of Rs47,551 crores to the Central Government as on November 2016.

The other States where the mineral blocks were auctioned were Andhra Pradesh, Madhya Pradesh, Rajasthan, Odisha and Jharkhand, the Central Government has informed.

Notably, Chhattisgarh has collected Rs712.04 crores under 'District Mineral Foundations' (DMFs) from all the 27 districts of the State where the Foundation had been established, the Central Government has informed.

Notably, the Mines and Mineral (Development and Regulation) Act, 1957 (MMDR Act, 1957) was amended through the MMDR Amendment Act, 2015. One of the amendment provisions relates to introduction of section 9B which provides for the establishment of District Mineral Foundation (DMF) in any district affected by mining related operations.

The objective of the DMF is to work for the interest and benefit of persons, and areas affected by mining related operations.

The Union Ministry of Mines has also commenced the process for pilot launch of Mining Surveillance System (MSS) for keeping vigil on illegal mining of even minor minerals in Chhattisgarh besides two other states, officials informed.

The process is underway to launch a system for minor minerals in coalition with the State Governments. The states of Haryana, Telangana and Chhattisgarh have been selected for a pilot launch, officials informed.

Notably, Union Minister of State (Independent Charge) for Power, Coal, New and Renewable Energy and Mines, Piyush Goyal had launched the Mining Surveillance System (MSS) in New Delhi recently.

Notably, the Union Ministry of Mines, through Indian Bureau of Mines (IBM), has developed the MSS, in coordination with Bhaskaracharya Institute for Space Applications and Geo-informatics (BISAG), Gandhinagar and Ministry of Electronics and Information Technology (MEITY), to use space technology for curbing illegal mining activity in the country.

Been developed under the Digital India Programme, MSS is one of the first such surveillance systems developed in the world using space technology. The current system of monitoring of illegal mining activity is based on local complaints and unconfirmed information. There is no robust mechanism to monitor the action taken on such complaints.

Notably, the Automatic software leveraging image processing technology generates automatic triggers of unauthorized activities. These triggers will be studied at a Remote Sensing Control Centre of IBM and then transmitted to the district level mining officials for field verification.

A check for illegality in operation is conducted and reported back using a mobile app.

A user-friendly mobile app has been created which can be used by these officials to submit compliance reports of their inspections. The mobile app also aims to establish a participative monitoring system where the citizens also can use this app and report unusual mining activity.

The advantages of remote sensing technology based monitoring system are that it is Transparent (Public will be provided an access to the system); Bias-free and Independent (The system has no human interference); Deterrence Effect ('Eyes watching from the sky'); Quicker Response and Action (The mining areas will be monitored regularly. Sensitive areas will be monitored more frequently); Effective Follow-up (action taken on triggers will be followed-up at various levels like DMG, State Mining Secretary, State Office and Headquarters Office of IBM and Ministry of Mines, GoI). There are in total 3843 mining leases of major minerals in India. Out of which, there are 1710 working mines and 2133 non-working mines. The Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) has been launched by the Government which will be implemented through funds collected under DMF.

At least 60 per cent of PMKKKY funds will be utilized for high priority areas like: (i) drinking water supply; (ii) environment preservation and pollution control measures; (iii) health care (iv) education; (v) welfare of women and children; (vi) welfare of aged and disabled people; (vii) skill development; and (viii) Sanitation. The rest of the funds will be utilized undertaking works like for: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining district.

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Notably, the South East Central Sector which includes Chhattisgarh is also set to play a key role in Central government's ambitious coal loading and transportation plans.

A Memorandum of Understanding (MoU) has been signed recently between Ministry of Railways and Coal India Limited (CIL) which will lead to procurement of 2000 wagons (33 rakes) in the first outgo, officials stated.

The agreement which will result into speedy supply of wagons for coal loading in dedicated circuits.

Initially, the rakes will be inducted and run in the 2 main coal loading Zones of Indian Railways i.e South East Central coal sector and East Coast circuit. These rakes will be inducted in circuits for transporting coal from MCL Talcher & IB area and SECL to Paradip/Dharma ports, Vishakhapatnam area and the power houses of Nagpur/Raipur region.

Under this strategic partnership, the wagons will be procured by Indian Railways on behalf of CIL, the maintenance of these wagons will be done by Railways at its own cost. Also, the brake vans will be provided by Railways itself.

It may be recalled that the Chhattisgarh Government on the other hand had also sent a proposal to the Union Coal Ministry for increasing the rate of coal royalty from existing 14 per cent to 30 per cent.

A Study Group has been constituted to consider the revision of rate of royalty. Final recommendation of Study Group is under consideration.

AFTER JHARKHAND TOLL, 2016 ONE OF DEADLIEST YEARS FOR MINE WORKERS

Thursday night's mine collapse at Eastern Coalfields Ltd's Lal Matia coal mine in Jharkhand rounds up one of the deadliest years for those toiling deep in the bowels of the earth. The 17 mine worker deaths reported till January 1 sharply push up the mining fatality count for this year, which stood at 65 across both coal and non-coal mines during just the first six months of this year, for which latest data is available — translating into a fatality every three days. More than a dozen workers remain trapped.

In a sector whose safety record is far from inspiring, at least 122 people more were documented to have met with a serious accident during this period, which translates into a serious accident every one and a half days. With a fatal accident every three days, mining is arguably the most dangerous profession in India, alongside ship-breaking.

The numbers for July-December 2016, which would include the Lal Matia mining accident, could well push the fatalities this year to a record high.

Major accidents this year include one in the early hours of May 28 at the Turamdih Uranium Mine near Jamshedpur, run by the State-owned Uranium Corporation of India Ltd (UCIL), killing three miners after they accidentally got buried under the wet radioactive slurry they were reportedly clearing at a depth of over 250 metres. The Turamdih mine is located 6 km from Jamshedpur in Jharkhand.

Earlier, on April 14, three workers of Singareni Collieries Company Ltd (SCCL) were crushed to death when a portion of the roof of a structure inside the coal mine collapsed on them when they came in to drink water around mid-day. Of the four workers at the Shanthikhani main site near Mandamarri, Telangana, one escaped with minor injuries.

Eastern Coalfields, where the latest accident has taken place, is a subsidiary of State-owned Coal India Ltd (CIL), the world's largest coal miner.

Industry insiders, including senior CIL officers, concede that official number of fatalities could be much lower than the actual deaths taking place deep inside mines.

There are two other serious issues. One, that though employees of State-owned coal firms are governed by the same set of rules as, say, those of Air India, payout rates in case of accidents are low. The compensation for injuries or death ranges between Rs 5.4 lakh and Rs 8.5 lakh, rarely crosses Rs 10 lakh, and is under process for long. The other is that a number of those who perish are contract workers who, or their immediate families, have practically no safety net apart from this payout.

Records also show that a majority of mining accidents in India involve roof and side wall collapses of a mine. The Ministry of Mines has termed the Lal Matia accident an "unprecedented" event. "Prima facie, it is observed that the incidence is unprecedented, since an area of 300 m length by 110 m wide solid floor of the Over Burden dump area has slid down by about 35 m involving around 9.5 million cubic metres of earth material. This could be due to failure of the bench edge along the hidden fault line/slip," the ministry said in a December 30 statement.

Witnesses on the ground have confirmed that there were warning signals in terms of a cascade fall of boulders at least three hours before the cave-in at the open-cast project in Jharkhand's district Godda. While official statistics show that average fatality rates and the number of serious accidents have been coming down — the Directorate General of Mines Safety figures suggest annual fatality

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rate is 0.21 in India (taking into account the total number of mines), down from 0.36 about five years ago — that is cold comfort for policymakers considering that an average seven lives were lost in 2015 for extracting 100 million tonnes of coal. Considering last fiscal's coal production target of 700 million tonnes, that works out to nearly 50 for 12 months.

An uptick in the economy, experts fear, could invariably lead to increased pressure on Indian mining utilities to ramp up output, prompting calls for re-evaluating the safety of mine workers.

India produces 89 minerals operating 569 coal mines, 67 oil & gas mines, 1,770 non-coal mines, and several more small mines, running into over a lakh. About one million people on an average are employed on a daily basis at these mines, with the sector contributing about 5 per cent to the country's GDP.

Between 2009 and 2013, there were 752 documented fatalities in mining operations in India, according to the Office of Directorate General of Mines Safety, Ministry of Labour and Employment. These included accidents at mines run by CIL, Neyveli Lignite Corporation and Singareni Collieries.

One of the reasons why the Coal Mines (Nationalisation) Act was enacted in 1973, taking over private sector mines, was the poor safety record of mines. Lack of investment in coal mines is cited as one of the main reasons for the high casualties. Accidents during surface transport by heavy machinery in open-cast mines, apart from the use of explosives, are the other key reasons.

JHARKHAND MINE COLLAPSE: INVEST IN SAFETY MEASURES AND NEW TECH

The Indian government has called for a nationwide safety survey for the country's coal mines after the deaths of 17 miners in the Rajmahal Open Cast Expansion Project in Jharkhand. Such audits are a standard political response to any major industrial or mining disaster. The real test will be whether anything constructive about coal mining safety will emerge. Similar surveys have not changed the fact that coal mining remains one of the most dangerous professions in the country.

India's statistics indicate coal mining has become safer over the past few decades. Between 1990 and 2015, the average number of serious injuries per metric tonne of coal mined has fallen from 2.7 to 0.27. The average number of fatalities has also fallen from 0.69 to 0.07. But much of this is because of the greater mechanisation of mining which massively increases output per miner. If calculated in terms of 300,000 man-shifts, the fatality rate has only halved from 0.3 to 0.15 during that same time.

Government officials like to point out that India's coal mining fatality figures are better than those of the US. But the numbers are not wholly comparable. Most of India's mining is of the reasonably safe open-cast variety while much of the mining in the US is deep underground and much more dangerous. India's safety record in underground mining is extremely poor.

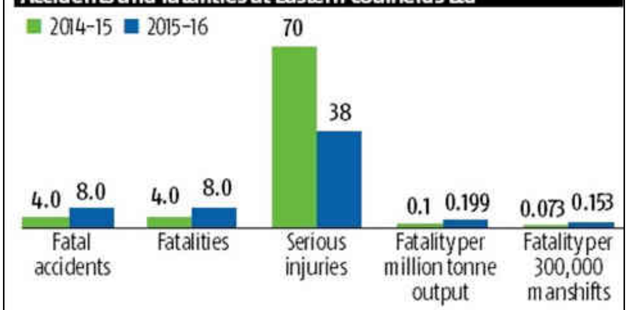
LURKING DANGER

Accidents and fatalities at Coal India

Timeframe	Total number of accidents	Total fatalities	Average fatality rate per mn tonne output	Average fatality rate per 300,000 manshifts
2000-2004	567	82	0.28	0.22
2005-2009	388	80	0.22	0.25
2010-2014	275	62	0.14	0.23
2015	172	38	0.07	0.15

Source: Coal India

Accidents and fatalities at Eastern Coalfields Ltd



Source: Eastern Coalfields

There are also questions about the validity of Indian numbers given the large number of illegal wildcat mines where accidents, let alone fatalities, never make it to the official statistics.

India's coal industry has some obvious lacunae. It has among the highest rates of fatalities and injuries from the collapse of roofs and walls in the world. Inundation fatalities have also seen an increase in the past few decades. India also has unusually high incidents of accidents caused by the surface movement of heavy machinery – strictly speaking not even a consequence of actual mining activity but a clear sign of administrative failings.

A number of bodies, ranging from the National Human Rights Committee (NHRC) to various parliamentary panels, have recommended that coal sector look more closely at the international practices of other nations. China, for example, has registered some of the biggest gains in mine safety in recent times.

Australia has the best safety record of any country. The fundamental reason that Coal India and others baulk at such benchmarks, however, is that all this requires capital expenditure. This, in turn, requires a genuine corporatisation and streamlining of these inefficient public sector units. That sort of reform remains outside the pale, ensuring that both increases in capital expenditure and mining safety remain vestigial concerns.

MAOISTS TORCH OVER 70 VEHICLES IN GADCHIROLI

Maoists on Friday torched 69 trucks and three JCBs at Surjagad Lloyd Metal's iron mine, barely five-km from Hedri police post in Maharashtra's Gadchiroli district. This is the biggest arsonist attack in Maoist insurgency-hit areas and raises question marks over claims of huge setback to the Left wing extremists in the district.

Sources said that hundreds of Maoists descended upon the area around noon. They drove out around 300 labourers loading iron ore before setting the vehicles afire.

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GEMCO KATI

Inspector General of Police (Gadchiroli range) Shivaji Bodkhe insisted that the attack was not a reflection on policing. “Though we have the Hedri police post 5 km away, on the other side is Abujmad, where about 40 sq km area has no police presence and hence Maoists find it not so difficult.” He added that the number of attackers would hardly have been 10 to 15. “They drove the labourers away and then had no hurdle and must have gone on setting the vehicles afire one after the other.’’

Sources said that Maoists generally recce an area before targeting it, making sure that there is no police movement. They then split into five-member groups for completing a task in the shortest possible time. “In Surjagad, they must have finished the task within 30 minutes, which means there must have been Maoists and militia members by hundreds on the spot,” said a source.

The work at Surjagad mine had started last year after prolonged opposition from Maoists. Some local tribal activists had been opposing the mining too. About 2,000 tonne iron ore was being mined daily of late.

The attack has called into question the future of the first mine in the region, where Thapar Group paper mill at Ashti is the only other industrial venture. The police and the state government have been claiming big successes in anti-Maoist operations in the district, especially after opening up of new police posts in no-go areas.

Director General of Police Satish Mathur promised “a suitable reply”. Unconfirmed reports said that Superintendent of Police Abhinav Deshmukh had issued directives to various posts saying policemen, except the Special C-60 commando units, should not move out without his prior sanction. Deshmukh was unavailable for comments.