Year ending 2010

It's only two days to the new year. As we enter 2011 there are eventful milestones we have left behind and several more to scale. At the national level, 2010 will be remembered for the stalling of parliament by the BJP-led opposition as they pressed for a joint parliamentary committee (JPC) probe on the infamous 2G Telecom scam which involved a phenomenal amount of over Rs 1.76 lakh crore. Although Telecom Minister A Raja of the DMK was dropped from the UPA cabinet, the opposition continued to bay for blood and was not convinced that anything short of a JPC would unearth the biggest ever scam in this country. Meanwhile the Congress party commemorated its 125th anniversary in the outskirts of Delhi but it failed to strike any resonance with the common man's angst especially since the prices of petrol and diesel shot up during that very juncture. Inflation continues to be a worrisome issue for the UPA as onion prices touched a new height of Rs 40 in and around the national capital and Rs 70-75 in other states.

For Meghalaya, 2010 like 2009 is remembered because of the installation of a new chief minister in the person of Dr Mukul Sangma. The former CM, DD Lapang was ousted by disgruntled party MLAs who spent more time hobnobbing with the High Command in Delhi than serving their constituents. While parliament was stalled at the Centre, in Meghalaya the short winter Assembly session became a dumb charade with MLAs from the ruling conglomerate preferring to remain silent in the House even as the opposition went hammer and tongs at the Government's dismal performance on all fronts.

2010 will also be remembered for the Deficit School Teachers' strike which saw the suspension of classes and students roaming the streets while their teachers occupied the other half of the road clamouring for their arrears. The financial health of the present Government is also suspect and unless the Centre bails him out Dr Sangma might have a very precarious time managing his accounts in 2011.

The Mining Policy which was started way back in 2007-08 is yet to see the light of day, making many wonder that if the Government takes all of three years to draft one policy of one department then they would take half a century to draft policies for all departments, many of which are run without a blueprint to this day. Perhaps the only remarkable achievement is the crafting of the Health Policy which was done in collaboration with the Martin Luther Christian University and with full public participation. This is one policy that is used a bottoms-up approach and can claim to have been a transparent exercise. With new year will come many resolutions. We can only wish Dr Sangma gets his entire cabinet together on New Year's eve to think out the list of priorities for 2011 and a timeline for the completion of each! The song and dance sessions can come later.
JSW was the newsmaker in action-packed year for steel sector

Steel majors will focus on capacity expansions this year

Suresh P. Iyengar

Mumbai, Jan. 1

It was a busy, action-packed year for the steel sector. While JSW Steel, Essar Steel and Rashtriya Ispat Nigam increased capacity, the industry was also forced into quarterly pricing for coal and iron ore supply.

Both JSW and Essar will complete their expansion projects in Vijayanagar and Hazira in the first quarter of 2011. While the former will increase capacity to 10 million tonnes from 6.8 mt, Essar will double production to 10 mt. Rashtriya Ispat Nigam is also likely to achieve its goal of hiving capacity from 2.9 mt to 6.3 mt by 2011.

In more ways than one, the year belonged to JSW which offered a stake to JFE of Japan to lower the debt burden in its books and just a fortnight ago, snapped up Ispat Steel for Rs 2,157 crore. The entire deal was finalised in a record eight days, according to Mr Sajjan Jindal, Managing Director.

In April, JSW acquired a controlling stake in South African Coal Mining Holdings for about Rs 51 crore, and followed that up by buying 123 mt coal assets in West Virginia for Rs 450 crore. In October, JSW bought a controlling stake in Canada’s CIC Energy, a coal miner, for Rs 1,886 crore.

EXPANSION PLANS

With crude steel production capacity of 72.96 million tonnes per annum, India emerged the world’s fourth largest producer in 2010, up from eighth position in 2003. It is expected to become the second largest global producer of crude steel by 2015. India also maintained its lead position as the world’s largest producer of direct reduced iron (DRI) or sponge iron.

Crude steel production grew at 8.4 per cent annually from 60.3 million tonnes in 2005 to 68.88 mt in 2010, according to Steel Ministry data. Finished steel output stood at 59.60 mt in 2010, against 56.57 mt in 2006 — an average annual growth of 6.5 per cent.

Despite hiccups in land availability and raw material tie-ups, steel companies signed 222 MoUs with various State Governments for creating 276 million tonnes of capacity. Investment of Rs 87,640 crore by 2020.

NITI Aayog signed an MoU with the Chhattisgarh Government to set up a greenfield integrated steel plant of three mtpa at an investment of Rs 15,250 crore. It also plans a joint venture with Russia’s third largest steelmaker, Severstal, which would invest about Rs 4,500 crore. Major investments are planned in Orissa, Jharkhand, Chhattisgarh and West Bengal.

GREENFIELD PLANS

JSW Steel was among the few companies that managed to kickstart its greenfield project. Its arm, JSW Bengal Steel, acquired land for its plant at Salduri and has targeted financial closure for the first phase of three mtpa by this fiscal-end. It has also obtained linkages to coal mines. JSW Steel will hold 89 per cent of the equity with West Bengal Government taking up the balance.

The others have not been as fortunate. While the likes of ArcelorMittal and Poisco are still trying hard to get their plans off the mark, Tata Steel’s plans for three new projects of 22 mt/annum in Jharkhand, Chhattisgarh and Orissa, have been delayed. The company was facing acquisition problems in Chhattisgarh and Orissa where some land owners are yet to relocate.

Having sunk huge investments in capacity addition, steel companies kept their focus on moving up the value chain by entering into tie-ups with global counterparts for high-end automobile steel. Essar Steel, for instance, roped in Japanese steel major Kobe Steel for technology know-how to produce advanced high-strength steel grade steel sheets used in automotive and other applications. JSW Steel signed a similar agreement with JFE Steel.

The year saw the industry switching to a new pricing regime for coal and iron ore. In April, it moved to a quarterly contract system, instead of annual reset in contract prices. While iron ore prices skyrocketed 90 per cent, it was 55 per cent in the case of coking coal. The new pricing policy exerted pressure on companies’ operating margins and volatility in steel prices.

The lackier ones with deep pockets acquired mineral assets abroad. State-owned SAIL, RINL, CIL, NTPC and NMDC, formed a special purpose vehicle, International Coal Ventures, to acquire coal properties in Australia, Mozambique, Canada, Indonesia and the US. With an equity base of Rs 3,000 crore, the SPV can raise about Rs 7,000 crore debt. It will have a navratna status which will mean no clearance for investments up to Rs 1,500 crore.

OUTLOOK

India is expected to emerge as the third-largest consumer of steel in 2011 after China and the US. The biggest growth drivers will be building infrastructure, coupled with strong growth in the automobile and consumer goods sectors.

According to the World Steel Association, steel demand in India is expected to rise 13.6 per cent in 2011 to 68 million tonnes. China is tipped to grow by 3.5 per cent, albeit on a larger base.
Gold, silver recover on global cues

Press Trust of India

Mumbai, Jan. 1

Gold prices recovered on the bullion market on Saturday due to fresh buying by stockists and local demand amidst firm overseas trend.

Silver also rebounded to scale an all-time high on the back of speculative buying and industrial users.

Standard gold (99.5 per cent purity) firmed up by Rs 60 for 10 gm and ended at Rs 20,645.

Pure gold (99.9 per cent purity) rose by Rs 65 for 10 gm and closed at Rs 20,745.

Silver ready (.999 fineness) hardened by Rs 180 a kg and closed at Rs 47,210.

Chennai: Bar silver: Rs 46,205; retail silver: Rs 49.45; standard gold: Rs 20,740; retail ornament gold (22 carat a gm): Rs 1,929.

Hyderabad: Standard gold (24 carat) for 10 gm: Rs 20,910; ornamental gold (22 carat) for 10 gm: Rs 20,400-20,500; silver (0.999) (a kg): Rs 46,800.

Kolkata: Silver, ready: Rs 46,450; Gold ready: Rs 20,985.
Rhythms of renewal

Efforts on global and local fronts have changed environment development like never before. Will the government, society and native communities work to sustain them in the new year?

T.R. SHANKAR RAMAN AND DIVYA MUDAPPA

Celebrating the Elephant

The year gone by saw a laudable initiative, the Elephant Task Force, of the Ministry of Environment and Forests (MoEF), culminating in a report that promises to transform our view of the elephant and ultimately its conservation.

The Elephant has become our National Heritage Animal. A wider cross-section of society, good scientific understanding, and more transparent management shall be involved in elephant conservation.

Increased routes and habitat fragments, on private lands, shall gain additional attention, bringing benefits to myriad other species.

The position recognizes and respects elephants as social, sentient, intelligent, and sensitive individuals and families.
Gold poised to hit new high next week

GOLD OUTLOOK

B G SHIRSAT

The gold futures for February are expected to hit a new high next week on the Comex division of the New York Mercantile Exchange on strong buying support above $1,460. On the Multi Commodity Exchange (MCX), the gold February futures are likely to move past ₹21,000 per 10 grams on a strong long build-up above ₹20,500. February gold settled at ₹1,421.40 an ounce up 2.96 per cent on the week as speculators preferred to hold long positions even above ₹1,400.

The gold futures closed above ₹1,400 and also the day’s high level in all the five trading sessions of last week as traders covered short positions after observing a strong undercurrent above ₹1,400. The volume picture chart for five trading sessions showed 75-100 per cent volume below the day’s closing levels, mostly though a change of hands. The open interest in February futures remained unchanged despite gold futures gaining 3 per cent last week.

The precious metals rally is likely to continue into the first week of 2011 as the concerns over the eurozone debt, fiscal and monetary stimulus in the US and currency considerations will remain steadfast, indicate gold analysts. Bloomberg’s market picture chart (MKTP) for the week is hinting at a volume-driven price level of ₹1,434-1,438 and the TPO based support at ₹1,400. The 21 days moving average also indicates an upside of ₹1,432 and support at ₹1,400.

Some market watchers warn that the potential for profit taking in January is possible, but many say strong demand under the market will limit significant losses and won’t change the long-term bullish trend. The options traders expect a big rally in the gold prices as despite the price level moving closer to the new high, the 1,420-1,440-strike call options saw a significantly poor volume last week. The PUT writing was seen in ₹1,410-1,420-strike puts, indicating strong support based at that level.

Gold futures rallied 30 per cent this year, climbing to an intra-day record ₹1,432.50 an ounce on December 7, amid Europe’s debt woes. “Gold has done so well this year because government activity indicates record deficits, low interest rates and an obvious lack of fiscal discipline,” said Tom Wimnill, who manages the Midas Fund in New York. “Gold’s rally will continue next year as inflation pressures continue to build and currencies remain weak,” said Li Ning, an analyst at China International Futures (Shanghai) Co.
Steel giant ArcelorMittal upped its takeover bid for Baffinland Iron Mines on Friday, valuing the company at about C$550 million ($550 million) as it pursues its undeveloped iron ore deposit in Canada's Arctic.

Baffinland shares rose 4.3 per cent to C$1.44, above ArcelorMittal’s sweetened offer of C$1.40 a share, suggesting that some investors hope the bidding battle that began in September will continue.

Rival Nunavut Iron, backed by private equity and a Canadian management team, is also offering C$1.40 a share, but for 60 per cent of the company.

ArcelorMittal has plenty of ammunition if the contest heats up, with cash and cash equivalents of $3.5 billion as of the end of September.

One Baffinland investor said it would be difficult for Nunavut Iron — a company backed by US private equity firm Energy & Minerals Group and formed solely to bid for Baffinland — to increase its offer.

"My gut reaction is that this probably is the end of the game. The sense has always been that Nunavut stretched very hard to get to their last bid. Where are they going to find more?" said the shareholder, who asked not to be named because he was not cleared by his firm to speak to the media.

Nunavut Iron raised its offer for Baffinland earlier this week, challenging ArcelorMittal’s friendly bid of C$1.25 a share for all of the shares.

Nunavut started the takeover battle in September, offering 80 Canadian cents a share. ArcelorMittal initially countered with an offer of C$1.10.

Nunavut Iron Chairman Bruce Walter told Reuters the firm is now mulling its next move.

"It would be fair to assume that what they’ve done was well within the expected range of responses from them, so we will be considering our options," he said in a phone interview.

“We are going to see how the market reacts and talk to shareholders and see where everyone’s views are, and go from there.”

Raymond James Equity Research analyst Tom Meyer urged clients to tender their shares to ArcelorMittal’s offer.
हिस्सेदारी से बदलेगा आदिवासियों का भाग्य

कवयित्र

खनन प्रोजेक्टों में 26 प्रशिक्षण-मुनाफा बांटने का प्रस्ताव

एक्ट, 2010 में सरकार का विवश्चित प्रवाह के साथ, 26 प्रशिक्षण-मुनाफा बांटने का भाग उद्योग जनता के गले से नीचे नहीं उठाया है। विभागों के प्रशन मुद्दों के अध्यक्ष में बने औद्योगिक सूचना का लाभ लाने वाले सरकारी मुनाफा बांटने के पंजे पर ही स्थापित रहा। इसलिए, उर्मि निवेदन में यह उपरोक्तर साइक्षण मुनाफा बांटने का प्रस्ताव भी लिखा गया है। सरकार ने खाद्य अन्य व्यक्ति के खाद्य गतिविधियों से प्रभावित विवश्चित को मुआवजा मिलने से उनकी किस्मों में नई गति दर्ज करना। सरकार ने उस गति के रूप में राज्य को आदिवासियों की स्थानीय राज्यों की सरकारी फसलों को आदिवासियों की मदद करने के लिए निष्ठुर बनाने के लिए निर्देश दिए। नई गति एंड फिटार बेडेक्ट्रेंट एंड रेगुलेशन (एपएएसआर)