Coal miners set to match royalty amount for locals

Bijay Shankar Patel & Subhash Narayan
New Delhi, June 1

The government is set to make it mandatory for coal mining companies to earmark an amount equivalent to the royalty they pay to the states for the well-being of people affected by their projects. Apart from public sector coal India (CIL), the largest coal miner in the country, steel, power and cement companies with captive coal mines will also come under the rule. The move could further erode the profitability of these companies.

According to a Cabinet decision taken in October last year, coal mining companies were supposed to share 30% of their profits for the support of project-affected locals, instead of an amount equivalent to their total royalty payout as is the case with companies mining other minerals. It has now been decided to ask coal miners also to earmark an amount equal to the royalty paid for the rehabilitation of locals, because mining-related profits were difficult to be separated from other activities in case of companies with captive mines.

The proposal is also a part of the new Mines and Minerals (Development and Regulation) Bill, 2011, which was introduced in Parliament and is currently being vetted by a standing committee. For non-coal minerals, companies are required to keep aside an amount equivalent to the royalty they pay to the government for the well-being of the locals.

"The coal ministry has requested the standing committee for computing the amount payable to project-affected persons through District Mineral Development Fund on royalty basis," said a mines ministry official, requesting anonymity.

> Continued on Page 2
Coal miners...

"The committee is in favour of the change and once their report comes, we would make the necessary changes in the draft Bill," the official added.

Once implemented, the changes would adversely impact CIL, which paid a total royalty of close to Rs 5,300 crore to states in 2011-12. The changed provisions would mean that an amount equivalent to this would have to be set aside annual-
Construction halt
Paying for unsustainable development

Sand in and around Chandigarh is being delivered at construction sites at Rs 20 per cubic foot, varying according to quality and location. Stone aggregate, or gravel, is similarly exorbitant. The reason is that most of it is illegally procured. Mining is completely banned in Haryana, Uttar Pradesh and the Aravali areas of Rajasthan. The first impact has been taken by construction contractors, many of who have quit their contracts. But the developers — commercial as well as private individuals constructing homes — would not give up that easy. They have huge amounts invested in land, and are thus ready to pay any price. And that is what acts as the biggest incentive for mining — legal or illegal. The result is massive illegal mining in Punjab, Rajasthan and Uttarakhand, which are now serving the demand.

The Supreme Court ban on mining first in the Aravali hills that came 10 years ago was the result of massive environmental degradation. The fallout, however, has been that illegal mining has come up in neighbouring states, where huge mafia interests have developed, which, given the untaxed gains, can influence the entire government machinery, if not the judiciary. There are certain ‘mining villages’ in Rajasthan where anyone inimical to the activity would face a threat to life. The killing of a police officer in Madhya Pradesh was just an example of how desperate the mafia can get. Locals don’t complain, as they get employment from the activity.

If mining is allowed, they ruin the ecology of the area. When it is banned — and if the ban is implemented — construction comes to a stop. Neither is acceptable. That brings us to the now-existent concept of sustainable development, in this case sustainable mining. That would require the government to first reasonably estimate the requirement of construction materials. Then identify areas that may be mined with relatively less environmental impact to auction for mining. The key thereafter lies in ensuring that only auctioned areas are exploited. If we fail in that, the court pendulum will obviously swing to the other extreme.
Ministry against policy for grant of alternate mines

NEW DELHI: Amid controversies shrouding coal blocks allocation, the coal ministry has said it is not in favour of framing any policy for allotment of alternate mines at present as it may result in huge demand by firms at a time when there is paucity of blocks.

PTI
सीएमजी पर लगे आरोपों पर फैसला सुरक्षित

नई दिल्ली। नांदीलो के पूर्व गोर्होल एवं प्रवीं नेत्रदार एक क्रिस्पास्थ द्वारा अपने झारखंड राज्य सांसदों को खारिज करने से विरोधी याचिका पर आज आखिर ने फैसला सुरक्षित २५ लिखा है। प्रदीप शुद्ध शिक्षा समिति समिति स्वभाव प्रभु संती प्रतिष्ठित की अस्वीकार अस्वीकार की याचिका पर ७ मई की ने-फैसला सुरक्षित।

शेष भागलों में अस्वीकार को स्वीकार करेंगे साल २५ फ़रवरी को एक निजी कंपनी से रिवर्बैंडिंग के आरोप से निर्योग के आरोप हैं। इन पर आरोप हैं उन्होंने कंपनी को अपकार के देने के लिए स्वीकार की थी। वेंब्लनी क्रिस्पास्थ के क्षेत्र निजी याचिका ने अदालत में सदैव डॉक्टर के द्वारा अच्छी भांति ने उनकी निर्धारण करने से पहले उच्चत मंजूरी नहीं ली थी।
Coal ministry against alternate mines policy

NEW DELHI, PTI: Amid controversies shrouding coal blocks allocation, the Coal Ministry said that it is not in favour of framing any policy for allotment of alternate mines at present as it may result in huge demand by firms at the time of paucity of blocks.

"Keeping in view that there are no coal blocks available for allotment now and any policy for allotting alternate coal blocks may result in huge demand for such allocation, it is felt that such policy need not be framed at present," said the Coal Ministry in an official note.

Not recommending "allocation of coal blocks outside the rules framed for the purpose of allocation of coal blocks," the ministry said that it identified 54 blocks for grant through competitive bidding and government dispensation route.

"Since the MMDR (Amendment) Act, 2010 has come into force and the Rules for Auction through competitive bidding have already been notified, the allocation of coal blocks can be made only under the provisions of the Act and the rules made there under," it added.

The ministry also contended that companies like SAIL, RINL, NTPC earlier surrendered coal blocks allotted to them citing various reasons including difficult geo-mining conditions and requested alternate coal blocks.

But "all along, this ministry took a consistent view that there are no policy in this regard," the note said.

The companies were advised to apply, when the coal blocks were circulated or advertised for allocation. The note also said that even the Supreme Court in 2G case categorically laid down that "in allocation of natural resources, a transparent system is to be followed and the allocation is to be in the interest of public good."

Meanwhile, amid charges of irregularities in block allocation between 1993 and 2009, the Central Vigilance Commission (CVC) has referred the case to CBI for probing the alleged irregularities in allocation process adopted by the Centre.
## PRICE CARD

<table>
<thead>
<tr>
<th>Metals (Rupees)</th>
<th>International Price</th>
<th>% Change</th>
<th>Domestic Price</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Aluminium</td>
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<td>Silver (S$ounce)</td>
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<td>30.0</td>
<td>-18.0%</td>
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</table>

### ENERGY

| Crude Oil (US$/bbl) | 95.0* | -20.4% | 101.6 | -16.9% |
| Natural Gas (US/mmBtu) | 2.4* | -5.5% | 2.4 | -7.3% |

### AGRI COMMODITIES (Rupees)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>International Price</th>
<th>% Change</th>
<th>Domestic Price</th>
<th>% Change</th>
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</thead>
<tbody>
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<td>Maize</td>
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<tr>
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<tr>
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<tr>
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<td>Cotton</td>
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<td>1647.7</td>
<td>-20.1%</td>
</tr>
</tbody>
</table>

Conversion rates: 1 dollar = 51.01 Indian Rupees; 1 euro = 75.59 Indian Rupees.

Notes:
1) International metal are LME spot prices and domestic metal are Mumbai local spot prices except for steel.
2) International crude oil is Brent crude and domestic crude oil is Indian basket.
3) International natural gas is Henry Hub near-month & domestic natural gas in India near-month future.
4) International wheat, soyabean oil & coffee robusta are WTI futures prices of near-month contract,
5) International sugar is NYBOT near-month contract, gold & silver are NYMEX near-month contract.
6) Domestic wheat & maize are MCX futures prices of near-month contract, palm oil & cotton are MCX spot prices.
7) Indian crude oil is VGO forward offer prices of Mumbai local spot prices.
8) International cotton & rubber are 2-Month near-month future & domestic cotton is MGEX near-month future.
9) International rubber, coffee & cocoa are NYBOT prices, Indonesian palm oil, and coffee futures are futures of previous day prices.

Source: Thomson
Copper Expected to Fall Further

BLOOMBERG
LONDON

Copper traders are the most bearish since September and hedge funds are betting on price declines as concern that Europe's debt crisis is deepening drove the metal to the lowest this year.

Eighteen of 33 analysts surveyed by Bloomberg expect the metal to drop next week and six were neutral, the highest proportion since September 23. Fund managers and other speculators held a net short position of 2,908 US futures and options in the week ended May 22, from net-long holdings of 4,833 a week earlier, Commodity Futures Trading Commission data show. That’s the first bearish bet since January.

The metal slid the most since September in May as concern about Greece’s future in the euro and spreading of the region’s crisis grew. Economic confidence in the euro area dropped to the lowest in 2 1/2 years in May and consumer confidence fell to a four-month low in the US, data showed this week, while Chinese industrial companies’ profits declined in April. China accounts for about 40% of global copper use and Europe 18%.

“As long as the debt crisis is still in focus, risk aversion will remain high and copper has the potential to go even lower,” said Daniel Briesemann, an analyst at Commerzbank in Frankfurt. “Once we get a hard number that Europe will be in recession, then it might spread out to other regions and therefore globally.”

Copper fell 2.7% to $7,387 a tonne this year on the London Metal Exchange, the lowest since December 19, and slumped 12% in May. The Standard & Poor’s GSCI gauge of 24 commodities slid 8.6% this year and the MSCI All-Country World Index of equities lost 1.1%. Treasuries returned 2.1%, a Bank of America index shows.

About $4.5 trillion was wiped from the value of global equities last month and the dollar climbed to the highest level in almost two years versus the euro as the turmoil in Europe spread.

The European Commission challenged Germany’s remedies to the financial crisis on May 28, calling for direct euro-area aid for troubled banks. An opinion poll showed May 30 most Greeks want to see the terms of a financial rescue revised, stoking fears the nation may default and be forced to exit the euro.

While Germany helped the euro area avoid a second recession in three years in the first quarter, the IMF predicts the region will contract 0.9% this year. An index of executive and consumer sentiment in the 17-nation bloc fell to 90.6 from a revised 92.9 in April, the commission said May 30. The Conference Board’s US consumer index fell to 64.9 last month from a revised 66.7 in April, May 28 data show.
Templeton Opposes Sesa Goa Merger Plans

NISHA PODDAR
ET NOW

Vedanta Resources’ plan to merge Sterlite Industries with Sesa Goa to create a new company called Sesa Sterlite could run into a wall as Sesa’s largest institutional shareholder, Templeton, is in talks with other institutional shareholders to stall the merger process, sources familiar with the development said.

Sesa Goa has called an EGM on June 19 to put the merger process to vote, and Templeton, which holds a 13% stake, is trying to muster adequate support to block the resolution. This doesn’t appear to be so simple since Templeton requires over 25% of votes to block the resolution.

“The biggest concern for Templeton is that the promoters own a controlling stake in the company and it may be difficult to counter them,” said sources, who didn’t wish to be quoted. However, Sesa Goa in an email reply said: “(It’s only) Templeton, not all shareholders have issues. We have always ensured that the interests of all shareholders are protected and the merger will only enhance the medium and long-term value of their investments.”

The biggest worry for Templeton — which ET NOW first reported right after the merger announcement — is the prospect of merging Vedanta Aluminium (VAL) with the Indian entity, in which Sesa Goa has no exposure. Templeton is worried about VAL’s huge debt burden of ₹27,564 crore and the uncertainties shrouding the aluminium project. VAL has not managed to get bauxite reserves from Odisha and is also involved in litigations which increase the risk factor for the project.

“At the current market price of Sesa Goa and Sterlite, there is an arbitrage opportunity compared to the merger swap ratio of 0.60. The fact that shareholders are not taking the opportunity is a reflection that they are not convinced about the merger.” If the merger deal comes through, Cairn India, Hindustan Zinc, Balco, Vedanta Aluminium, Madras Aluminium, Talawadi Sa- bo Power and Australian Copper Mines will become subsidiaries of Sesa Sterlite.
Clearing the thicket

The recommendation by a Group of Ministers (GoM) for grant of forest clearance to two coal mining blocks in Madhya Pradesh amid controversial circumstances brings to the fore two issues. The first relates to the predictability and transparency of environmental legislation, while the second concerns an enforcement philosophy that takes into account the specific development needs of an emerging economy like India. Currently, there are multiple laws governing approvals for mining projects in forest lands, under which the bulk of the country’s coal, iron and other mineral deposits lie. Thus, apart from a general environmental clearance, projects also require approvals for diversion of forest area for non-forest purposes, special de-reservation in case these form part of any wildlife park or sanctuary, and securing settlement of the rights of tribals and other forest-dependent communities. Each is covered under a different Act.

The problem is not with the Acts per se, but the potential for their unpredictable, if not opportunistic, deployment. Take Mahan, one of the two blocks that the GoM has recommended for final Cabinet clearance. It was allocated for mining by the Coal Ministry in April 2006 and given environmental clearance in December 2008. But in early-2010, it was identified as a ‘no-go’ forest zone, by which time the companies concerned had invested some Rs 3,600 crore in the power plants linked to this coal block. The ‘go/no-go’ concept of forest area classification did not even exist at the time of allocation of the Mahan block. This is not to question the concept itself, just as one may not dispute the desirability of a legislation recognising the rights of traditional forest-dwellers that came into being in end-2006. But any new conditions or laws, howsoever desirable, should preferably apply only prospectively and not when projects have reached mid-way. In the absence of certainty of rules, there is always the danger of any regulatory mechanism being used selectively to target one business group at the instance of another. It is no different for environment and forests too, where not all ‘movements’ are entirely innocent of corporate interests.

That raises the second issue about implementation. In an ideal world, no forests should give way for mining, and no dams be built to change the natural course of rivers. But these concerns have to also be balanced by the growing energy and natural resource requirements of a country, with a per capita income not even half of China’s and a tenth of Germany’s. If the vast majority of Indians can afford to pay Rs 20 for a unit of electricity, we wouldn’t need any coal-based thermal plants or hydroelectric projects, as solar and wind power may be just enough. But that’s not going to be the case. There will always be trade-offs and serving the greater public good is what environmental regulations, too, should ultimately aim at.
जिंक में कम अवधि के निवेश से दूर रहें निवेशक

जिंक के अधिक संकट की वजह से अंतरराष्ट्रीय बाजार में बेस मेटल्स की मांग प्रभावित होने की संभावना बढ़ी हुई है। यहाँ तक कि जिंक की मांग भी कमजोर हो रही है। चर्चा में भी इसकी आवश्यकता पर दबाव बना रहा है। निवेशक बाजार में बेचे एक माह में इसकी कीमतों में छोटी 3 फीसदी की गिरावट आई है। कमजोर मांग और वैश्विक सरकारों में मांग-किराया की वजह से निवेशक अपने की आकांक्षा में हुई है।

मर्सर कमोदिटी एस्ट्रेजी पर एक माह की जिंक के जुन बाद का भाव 108.65 रुपये प्रति किलो के स्तर पर था जो शीर्षचार राशि बन गई जब तक 105.90 रुपये प्रति किलो के भाव पर था। इस दौरान अंतरराष्ट्रीय बाजार में दो लद्दाह मेटल्स एंड इंडिएशन्स (एलएमई) पर इसकी कीमत में 120 रुपये प्रति टन की कमी देखी गई है। 8 माह का इसका भाव 1,981 रुपये प्रति टन के स्तर पर था जो शीर्षचार में बन गई कि 1,860.5 रुपये प्रति टन की कमी देखी गई।

जिंक में कम अवधि के निवेश से दूर रहें निवेशक

जिंक पर दबाव

यूरो जीन के अधिक संकट की वजह से अंतरराष्ट्रीय बाजार में बेस मेटल्स की मांग प्रभावित होने के हैं आयात। जिंक भी नहीं होई है। जिंक की वजह से शीर्षचार राशि बन गई जब तक 105.90 रुपये प्रति किलो के भाव पर था।

अंतरराष्ट्रीय सत्र पर मांग कमजोर रहने से आयात भी इसकी कीमत में नीचे आया और अंतर्राष्ट्रीय मांग में भाक्य पर बदल वर्ष 2013 के अनुसार हो सकता है। इसलिए आयात उत्पादन होने के लिए कमी के लिए उत्पादन कम करने के कारण निवेशकों के लिए जिंक में मतलब है।

शेयर बाजार कमोदिटी के विषय में उल्लेखनीय (सेल्टिक एंड एंड) ग्रूप के सहित कमर्स के कारण भाव है। कमर्स से अधिकतम सत्र पर बदल वर्ष 2013 के अनुसार हो सकता है। इसलिए आयात उत्पादन होने के लिए कमी के लिए उत्पादन कम करने के कारण निवेशकों के लिए जिंक में मतलब है।

बिल्लियों के मुताबिक हालातक हालातक वर्ष की शुरुआत में जिंक की कीमतों में जो मेगा वर्क्ष विद्युत यान है। बिल्लियों के कारण भाव है। मार्केट में लद्दाह मेटल्स एंड इंडिएशन्स (एलएमई) पर जिंक के दबाव बाद 900,775 टन से कम है। यूरो प्रति टन की कमी भाव है।