Nalco graft trail leads to supplier

OUR CORRESPONDENT

New Delhi, March 1: A top executive of an Indo-Russia-based company was today arrested for allegedly paying crores in bribes to former Nalco chief A.K. Srivastava, who was held last week on corruption charges.

Ratan Pal was picked up from the Delhi office of the Bhatia Group of Companies. Agency officials said Pal made the payments to Srivastava on the firm's behalf to bag contracts.

"He allegedly paid huge bribes for getting contracts," CBI spokesperson Vineeta Thakur said.

The Bhatia group is engaged in trading coal with private companies and public-sector units through sister concerns Bhatia International Ltd and Bhatia Coal Sales Ltd.

Srivastava and his wife Chandni were arrested last week in Delhi along with a couple. B.L. Bajaj and his wife Anita acted as conduits for collecting the bribes.

Ten kg of gold bricks (worth Rs 2.15 crore) and Rs 29.5 lakh in cash were seized from Chandni's bank lockers.

Their wealth is still tumbling out. "We seized additional cash and jewellery worth Rs 22 lakh from Chandni's bank lockers in Noida yesterday," said another CBI officer.
Tata ups Riversdale stake, spells trouble for Rio bid

HT Correspondent

NEW DELHI: The world's seventh-largest steel maker Tata Steel on Wednesday increased its stake in Australian mining company Riversdale Mining by almost 8% to 27.14% for over $101 million ($354 crore).

Riversdale has been the subject of a takeover move by global mining heavyweight Rio Tinto over the last two months, but Tata's increased stake in the firm makes Rio's job difficult.

Already the largest stakeholder in Riversdale, Tata along with Brazilian steel maker CSN now hold around 47% stake in the Australian firm. Recently, CSN had also increased its stake in the firm to 19.9% and though there is no official acknowledgment from either company, experts believe it is a tacit move to thwart Rio's bid.

"The way the two firms are increasing their stakes, it is clear that they want to send a signal to Rio," said a steel industry analyst. "It could also be that some minority shareholders in Riversdale do not want the takeover to take place and are supporting Tata and CSN."

Last month Rio had extended the deadline for its $3.9 billion takeover offer to March 18, but it requires the approval of at least 50.1% shareholders in the company for the deal to take place. With the two biggest shareholders still not on Rio's side, it would need almost all the support from minority shareholders. So far it has won over just 17% of them.

Under Australian laws, Tata and CSN can continue to increase their stakes in Riversdale by 8% every six months without being forced to make a full takeover offer. Tata has maintained over the last few months that its investment in Riversdale was a means to securing coking coal from the miner for its steel mills in Europe. Tata has also been in talks with Rio over a range of options.
लौह अयस्क का निर्णय 35 प्रतिशत घटना : फिनिय 35%

नई दिल्ली। बजट में लौह अयस्क के निर्णय प्र. मुख्य अभियंता के प्रशासन से प्रभावित जुटी जाती रहो भरा प्रभावित होने की अनुमति है।

कार्य कार्यालयों के सन्दर्भ फिनिय का मानना है कि ह्रदय निर्णय में काम आने चाहे इस प्रमुख कथने में लौह का निर्णय 35 प्रतिशत घट जाएगा।

फोरेंसिक ऑफिस मिनस्ट्री इंडिया (फिनिय) के अध्याय सिस्टम्स रूपी ने प्रदुषण से कहा कि हमारी लौह अयस्क कमांड बना सामान्य उठाया है। निर्णय शुरू में उद्धरण से हमारी प्रतिष्ठान अभ्यास और कम होगी।

सत्याबाद अभियंता पर लौह अयस्क का निर्णय 30 में 35 प्रतिशत घटक है भारत। रूपी ने कहा कि हम सफल हो से इस प्रतिशत प्रकाशन पर पुरुषित अभ्यास का आरम्भ करेंगे। भारत सरकार का तीसरा सबसे बड़ा लौह अयस्क निर्णय है। देश से 2009-10 में 10 फीसदी टन लौह अयस्क का निर्णय किया गया था।

(एक्सेसिबल)
टाटा रिक्सडेल 38-9

मशक्कत। टाटा रिक्सडेल ने आईएसटी की आगामी बनने कंपनी रिक्सडेल ने अपनी
हिस्टोरियों 24.2 प्रदर्शित से बढ़कर 27.1
प्रदर्शित कर दी है। इसके लिए टाटा रिक्सडेल ने
डॉलर के डॉलर के ज्यादा की तीन चर्चा की
है। हालिया की सार्वजनिक बढ़ी इसका अंतर्गत
टाटा सार्वजनिक की रिक्सडेल ने मानने से ही
नए से विज्ञवी हिस्टोरियों की, ऐसे में इन्हें और
बढ़ाकर उन्हीं रिक्सडेल को खोजने की
क्‍या क‍‍या न‍‍वनी न‍‍वनी रिक्सडेल की विश्वसनीयता का विकास
कंपनी ने लित-दिच्छ के लिए और पुस्तिकाले खोजने
क‍‍या क‍‍या है।
Villagers protest land acquisition

CHHATTISGARH  Proposed power plant plans to extract 2 mn tonnes coal every yr

Ejaz Kaiser

dharamjaigarh: Hundreds of villagers in Chhattisgarh's Raigarh district opposed the acquisition of 1,700 acres of land for coal mining in the area to fuel the proposed DB Power Plant in the adjoining district of Jagir.

DB Power is a subsidiary of DB Corp Ltd, a media conglomerate that owns newspapers, including the Hindi Daunik Bhaskar and English DNA.

The company plans to extract two million tonnes of coal every year from the Sariya coal block spread across the district's six settlements — Taraimar, Bayasi, Medarmar, Dahramjaigarh, Dahram colony and Bayasi colony — for its thermal power plant.

"We can happily live along with elephants, bears and other wild animals found in Daharamjaigarh but not with DB Power Plant," said 60-year-old Sunita Tirkey.

The villagers also questioned the veracity of the environment impact assessment (EIA) draft report. They alleged that several facts were deliberately excluded from the report to seek clearance.

"Many villagers don't understand the content of the EIA draft as it is in English," grumbled Indri Tethwani, a local community leader.

The final report shall be modified on the basis of the issues raised at the hearing.

High security arrangements were made at the venue of the public hearing, which was video-recorded.

"We have deployed around 400 police personnel," Raigarh superintendent of police Rahul Sharma said.
Tata Steel’s stake hike spells trouble for Rio

Tata stake at 27.1%; Rio now needs nearly 100% acceptances from minority shareholders for the deal to go ahead

By Sonali Paul
feedback@livemint.com

Tata Steel has raised its stake in Australia’s Riversdale Mining Ltd, making it harder for miner Rio Tinto Group to seal its $3.9 billion bid for the Mozambique-focused coal miner.

Riversdale shares fell as much as 6.5% to a three-month low of A$14.48 on Wednesday, valuing the group 10% below Rio’s offer, indicating growing doubts about the deal going ahead.

“The share price is telling you that the market thinks that it’s going to end in a stalemate, the deal will fall over and Rio will walk,” said CLSA analyst Hayden Bairstow.

Tata Steel, already Riversdale’s biggest shareholder, spent more than A$100 million ($101 million) upping its stake in Riversdale to 27.1% from 24.2%, according to a shareholder notice, confirming what sources had told Reuters.

Riversdale’s second-largest shareholder, top Brazilian steel maker CSN, also recently increased its stake in the Australia-listed company to 19.9%.

Tata Steel, the world’s No. 7 steel maker, and CSN now own 47% of Riversdale, making it extremely difficult for Rio to secure the 50.1% acceptances it wants before going ahead with the deal.

Rio now needs almost 100% acceptances from minority shareholders and has so far won over just 17% of the company.

“Rio seems to be in extreme difficulty,” said Gregory Lafitte, Asia merger arbitrage trader at LCM in Hong Kong.

“It’s possible to see Rio Tinto reduce the 50% acceptance condition or reach a strategic agreement with Tata and CSN,” he said.

Rio Tinto declined to comment on the status of its talks with Riversdale’s shareholders.

Rio last month extended the offer deadline to 18 March after Tata Steel said it had yet to decide whether to hold or sell its stake.

Tata Steel managing director Hemant Nerurkar told Reuters last month the company was mainly interested in securing coking coal from Riversdale for its steel mills and was talking to Rio about a range of options.

The Indian firm already has a stake in Riversdale’s Benga coking coal project in Mozambique with an agreement to buy supply from the mine.

CSN said when it bought into Riversdale it wanted to secure coking coal supplies, but it has not said anything about its intentions since Rio Tinto launched its bid.

Under Australian rules, Tata and CSN can continue to increase their stakes in Riversdale by 3% every six months without being forced to make a full takeover offer.

The two companies would probably like to see Rio Tinto, with deeper pockets and more technological skills than Riversdale, developing Riversdale’s Mozambique mines and infrastructure, analysts said.

At the same time the steelmakers might want the coal mine to remain out of Rio’s hands, because they do not want coking coal supplies to come under as tight a control as iron ore, where supplies are largely controlled by three miners, including Rio.

The Australian miners shares closed down 3.4% at A$14.97. Reuters

Silvia Antonioli in London and Prashant Mehra in Mumbai also contributed to this story.
Tata Steel ups stake in Riversdale

press trust of india

MELBOURNE/NEW DELHI; 2 MARCH: Making Rio Tinto’s efforts to buyout Riversdale tougher, Tata Steel has increased stake in the Australian mining firm by 2.93 per cent to 27.14 per cent.

The World's largest mining firm Rio Tinto has put in Australian $3.9 billion bid for buying out Riversdale.

Tata Steel, Riversdale’s largest shareholder, has upped its stake in the company between 28 February and 1 March, said in a filing to the Australian Stock Exchange yesterday.

The filing added that Tata Steel now has over 6.42 crore shares, amounting to 27.14 per cent stake in the company.

In January, the Riversdale board had approved a takeover bid of Rio Tinto for Australian $16 per share, in the absence of any other ‘superior bid’, making the bid value at Australian $3.9 billion.

Industry sources said that the move bolsters Tata Steel's position at the bargaining table and makes it clear that the Indian firm is more interested in getting coal rather than making a quick gain.

Tata's move follows a similar one made by Brazilian steel maker Companhia Siderurgica Nacional (CSN), which had recently increased its stake in Riversdale to 19.9 per cent.

Both the companies together hold over 37 per cent stake in the Australian firm, making the job difficult for Rio Tinto to take over Riversdale, which has about 13 billion tons of rich coking and thermal coal reserves in Mozambique.

On the other hand, Rio had said last month that it holds just 16.99 per cent in Riversdale and extended its offer by one month to 18 March.
TATA STEEL UPS SHARE IN RIVERSDALE TO 27.14%.

Making Rio Tinto’s efforts to buy out Riversdale tougher, Tata Steel has increased its stake in the Australian mining firm by 2.93 per cent to 27.14 per cent. The World’s largest mining firm Rio Tinto has put in an AUD 3.9 billion bid for buying out Riversdale. Tata Steel, Riversdale’s largest shareholder, has upped its stake in the company between February 28 to March 1. Riversdale said in a filing to the Australian Stock Exchange on Tuesday. The filing added that Tata Steel now has over 6.42 crore shares, amounting to 27.14 per cent stake in the company.
Tata Steel raises stake in
Riversdale to 27.14 %

MELBOURNE: Making Rio Tinto's efforts to buy out Riversdale tougher, Tata Steel has increased its stake in the Australian mining firm by 2.93 per cent to 27.14 per cent.

The world's largest mining firm, Rio Tinto, has put in a $3.9 billion bid for buying out Riversdale.

Tata Steel, Riversdale's largest shareholder, has upped its stake in the company between February 28 and March 1, Riversdale said in a filing to the Australian Stock Exchange. The filing added that Tata Steel has now over 6.42 crore shares, amounting to 27.14 per cent stake in the company. — PTI
सोना और निखर पहुंचा शिखर पर

नई दिल्ली, श्रीमति विनोदा में तेजी का दलाल पकड़कर महाविजय जी के चौक और निखर गए। राष्ट्रीय सांसद वाजाज़ में बुधवार की यह अपने सभी पूरे निकाह ज्योति करते हुए 21 हज़ार 270 रुपए प्रति दर ग्राम की नई से चार घंटों पर जा पहुंचा। इस दिन पीली महत्‍व में 200 रुपए की तेजी आई। इससे पहले से चीज की महत्‍व को 24 चार पीढ़ियों की 21 हज़ार 240 रुपए प्रति दर ग्राम का निकाह बनाया था। इसके उलट मोदी के ऊचे स्तर पर पुनाकानूनी से पेशी 700 रुपए लुकाकर 50 हज़ार रुपए प्रति दर निकाह पर लट कर गए। मंगलवार को इसने 50 हज़ार 700 रुपए का निक सिद्ध कर लिया। इसके लिए विवाह संस्थान के महान सहकार निवेशकों ने सुधार साबित निवेश के तौर पर चीज को मूल्य पर लोन में दुल्हन छुड़ी दिया। इससे अंतराष्ट्रीय वाजार में पीली पत्तों का बाज़ार 1435.60 रुपए के निकाह स्तर पर पहुंच गए। इसका असर पूरे बाजार पर भर गया और आंदोलन की सलाह दी जाने वाली है।
Electronics Sector a Booster for Silver

SUTANUKA GHOSE

KOLKATA

The influx of new technologies coupled with the growth of electronics sector will drive the industrial usage of silver in the coming days. Silver, which has crossed the ₹60,000 mark, is expected to show a strong rally in the coming days as its industrial demand is set to rise.

Silver has also emerged as a safe asset for investment. In fact, the ETF holding in silver now stands at 14,600 tonne. Market operators feel that ETF holding will increase further this year as silver is outperforming gold.

India, a key participant in the global silver market, is the largest importer of the metal with a consumption of nearly 4,000 tonne annually, of which more than 60% is used to make jewellery.

In terms of industrial use, India ranks third, following the US and Japan. In India, silver fabrication in industrial applications such as electronics and metallurgy accounts for a meagre 15% only. That speaks volumes for the scope of expansion for silver demand from the industry.

A bullion trader in Mumbai said: "The biggest silver end-use sectors are first, jewellery and silverware, followed by electrical and electronics, where the metal's outstanding conductive properties are unparalleled. Both categories were tarnished by the global recession. But the economic recovery in the Asian markets and the tenacity of computer and consumer electronics demand will help expand silver usage by the industry."

According to the year-end estimates by the Bombay Bullion Association, the apex traders body in gold and silver, imports of silver by India will rise by nearly 25% in 2010 to hit more than 1,500 tonne. Prithviraj Kothari, president of the Bombay Bullion Association, said that festive season sales and strong industrial demand has pushed up the consumption of the metal in India.
Gold, Near Record, may Gain on Libya Unrest

London Gold, trading near a record in London on Wednesday, may climb as unrest in Libya and concern inflation will accelerate demand for the metal as an alternative investment. Silver climbed to the highest price since 1980. Gold on Tuesday climbed to a record $1,434.93 an ounce. Gold purchases in China climbed to 200 metric tonne in the first two months of 2011, UBS said. "The tensions in the Middle East and North Africa are supportive and rising inflation is, of course, another bullish factor," said Dan Smith, an analyst at Standard Chartered in London. Growing Chinese demand for bullion will support prices, he said. Immediate-delivery bullion rose 12 cents to $1,433.40 an ounce at 11:50 am in London. Prices earlier on Wednesday rose as high as $1,434.38. Gold for April delivery was 0.2% higher at $1,433.60 an ounce on the Comex in New York, after Tuesday touching a record $1,435.60. Silver for immediate delivery was up 0.1% at $34.73 an ounce after earlier on Wednesday climbing to $34.795, the highest price since 1980.
Miners dig up mega profits

With rising ore prices, huge margins are being captured right at the mining stage, with finished products lagging in terms of profitability. No wonder, metal producers are scouting for captive mines in India and abroad with a vengeance, and the finance minister thinks a ‘punitive’ duty on iron ore exports is in order here.

Sarika Malhotra

New Delhi, Mar 2: It’s a classic case of the tail wagging the dog. Rising ore prices have pushed up margins so high for the mining industry that its profits are in multiples of companies offering finished products like steel and copper, and often within the same corporate group. Vedanta’s Sterlite and Sesa Goa, and Aditya Birla Group’s Hindalco and Essel Mining are some markers to this trend.

Vedanta’s Sesa Goa (Revenue: 2,118.09 crore; net profit: 2,118.09 crore) registered a staggering net profit margin (NPM) of 94.45% in 2009-10 as compared to a piddling 6.34% NPM for Sterlite, Vedanta’s diversified and integrated metals and mining group primarily in the production of copper and copper cathodes and cast copper rods. Though Sterlite’s revenue, at 13,124 crore, is almost three times Sesa Goa’s (sales, its net profit (at 831 crore) is just a third of the group’s mining firm. The story is similar for Sterlite’s peer group with NPMs hovering in the range of 5-12%. Hindustan Copper recorded an NPM of 11.88%, NALCO at 10.98%, and Arcotech at 8.24%.

Likewise, in 2009-10, Aditya Birla Group’s mining firm Essel Mining & Industries registered an NPM of 30% with a total income of 2,560.3 crore and net profit of 767.8 crore, whereas Hindalco, Aditya Birla Group’s aluminium rolling and copper smelting firm, managed an NPM of 9.81%. Hindalco’s sales, at 19,536.28 crore are almost eight times Essel’s, but its net profit is not even thrice that of Essel. Within Hindalco’s peer group, Nalco with 15.74%, Parelkh Aluminaex with 7.26%, and Ess Dee Aluminium with 19.76% NPM, too, have not had the best profitability margins as compared to mining firms.

Even PSUs are caught in this divide. The country’s top iron ore miner NMDC clocked a whopping net profit margin of 55.25%, compared to India’s largest integrated iron and steel producer SAIL with a 16.35% net profit margin.

This gap, however, might just get narrower after the Finance minister announced in his Budget speech a proposal to impose uniform 20% duty on shipments of iron ore. “Iron ore attracts an export duty of 15% in the case of lumps and 5% in the case of fines. This is a natural resource that needs to be conserved,” he had said.

This move, point out industry experts, is expected to have an overall negative impact on mining firms’ profits, even as a hot debate over possible ways, including legislation, to share irrational profits being reaped in mining firms is on. There are also talks that miners might be asked to pay higher royalty tax, which is calculated as a percentage of price.

Bhavesh Chauhan, senior analyst (metals and mining), Angel Broking, confirms that right now, mining companies are earning very high EBITDA margins (50-80%) compared to steel companies (15-30%) owing to a fast increase in resource prices. Chauhan explains that mining companies return on equity (ROE) is much higher, as cost of production remains more or less constant, while rise in prices of resources directly adds to their margins. Globally, iron ore prices have risen from $60 in March 2009 to $150 in 2010. Clearly, mining is where the margins are.

Continued on Page 2
Miners dig up mega...

India having limited coking coal reserves—barely 17% of indigenous proven coal reserves are coking coal—the steel sector is heavily dependent on import of metallurgical coal. For the record, India imported over 21 million tonnes during 2008-09, while international coking coal prices have gone up by 300% in recent times. Add to it the high cost of purchased power, and you have the reasons for squeezing margins.

Chauhan of Angel Broking adds that in case of steel companies, only players with captive mines are able to enjoy higher margins (like Tata Steel's Indian operations), where value is captured at the mining stage. “As far as copper firms are concerned, only integrated companies (such as Hindustan Copper) would enjoy higher margins as they would benefit from rise in copper prices. Companies such as Sterlite and Hindalco only charge for treating and refining copper, which is not very lucrative business and they do not stand to benefit with rise in prices of copper,” he says.

Agrawal of E&Y says metal producers are responding to this situation by securing raw material sources, with most scouting for captive mines in India and overseas, a trend that will just grow. “Pure play metal producers will be challenged to generate enough internal free cash flows for funding growth. Strategy for large metal groups would centre around backward integration into captive mineral sources, as margins have shifted in favour of mining,” he says.

The latest example is Sterlite's acquisition of the Lisheen Zinc Mine in Ireland from Taurus International SA for $546 million. In 2010, Sajjan Jindal's JSW Steel acquired 42% of Ispat Industries, giving it access to iron ore mining permits that Ispat holds in Maharashtra. Following suit is the announced Bellary Steel acquisition by JSW Steel. Also in 2010, Naveen Jindal-owned Jindal Steel and Power acquired Oman-based Shaded Iron and Steel Co for $464 million. One is led to believe what Ratan Tata said almost six years ago, “I really believe that owners of iron ore are going to rule the industry. They will be the Opec of the steel industry.”
Tata Steel ups stake in Riversdale to 27.14%

Making Rio Tinto's efforts to buy out Riversdale tougher, Tata Steel has increased stake in the Australian mining firm by 2.93% to 27.14%. The World's largest mining firm, Rio Tinto has put in A$3.9 billion bid for buying out Riversdale. Tata Steel, Riversdale's largest shareholder, has upped its stake in the company between February 29 to March 1, Riversdale said. According to a statement by Riversdale, Tata owns 64.23 million Riversdale shares as of March 1. According to a statement by Riversdale, Tata owns 64.23 million Riversdale shares as of March 1.
Nalco’s Koraput refinery to go on stream in 3 weeks

Jayanta Mallick
Kolkata, March 2

Nalco, Asia’s largest integrated aluminium producer, will complete capacity expansion and fully commission its 5.25 lakh tonnes a year refinery at Damanjodi in Orissa’s Koraput district in three weeks.

It will hold an extraordinary general meeting this week to move ahead with a proposed capital restructuring plan.

Mr B.L. Bagra, Director (Finance), who holds additional charge of Chairman and Managing Director of Nalco, told Business Line that the commissioning will take place in the third week of March, taking the total capacity to 21 lakh tonnes a year.

“Work on the last leg of the refinery’s sixth stream is expected to be over in the next fortnight, and the commissioning will follow within a week from then.” He said in the first two months after commissioning, the capacity utilisation will be around 80 per cent. “In June, cent per capacity utilisation is slated to be achieved.”

By 2011-12, Nalco will utilise 90 per cent of the expanded capacity and 100 per cent of the old capacity, Mr Bagra said.

The commissioning has missed several deadlines in the past two years, the last being in January this year.

In 2009-10, Nalco produced 15.9 lt of alumina.

Fourteen people, including four extremists, were killed in a gun battle at Nalco’s bauxite mine at Panchpatmali, 400 km
Coal may soon become an essential commodity

To help curb pilferage and prevent illegal mining

Our Bureau
New Delhi, March 2

Coal may become part of the list of essential commodities if the recommendation made by the Parliamentary Standing Committee on Coal and Steel is implemented by the Government.

The Committee has asked the Government to include coal as an essential commodity to help curb pilferage and prevent illegal mining of the commodity.

Coal was removed from the category of essential commodities under the Essential Commodity Act.

The Committee, which tabled its report in Parliament recently, suggested that the Coal Ministry should approach the Ministry of Consumer Affairs, Food and Public Distribution for inclusion of coal as an essential commodity to control the production, supply and distribution of the commodity.

COST OF ILLEGAL MINING

Further it suggested that Coal Ministry ask all coal companies to prepare a comprehensive document including the details of human lives lost, environmental degradation and the resultant loss to the national economy due to illegal mining.

Stating that the natural resources of the country are being plundered at the cost of national economy and destruction of environment, the Committee observed, “officials responsible to curb illegal mining are either indifferent or too scared to stop the menace. In short all responsible officials including State law enforcement officers are not at all interested to prevent illegal coal mining.”

A total of 583 cases of illegal mining have been reported by Coal India Ltd and its subsidiaries between April 2006 and September 2009. Stating that there may be thousands of cases that go unreported, the Committee felt that coal companies should deploy Central Industrial Security Force (CISF) in co-ordination with the State police for maintaining more vigilant curb illegal mining and theft of coal in leasehold areas.

A study done by Indian School of Mines, Dhanbad and Xavier Labour Research Institute, Jamshedpur for the Jharkhand Government estimates losses from coal theft and illegal mining to coal companies at Rs 106 crore and cost to the State Exchequer at Rs 34 crore a year in Jharkhand alone. Further, the panel suggested that Coal Ministry and Coal India should undertake a study to assess the extent of illegal mining.
Tribals besiege Goa mine's chief for 10 hrs, stop illegal quarrying

MAYABHUSHAN PANJA

After being held 'hostage' for nearly 10 hours by almost 200 tribal villagers, the Director of Mines ordered the closure of operations of an illegal open cast iron ore mine late on Tuesday night.

The villagers, who occupied the office of the director refused to move until their demands were met, and threatened to spend the night there itself. The deadlock between the tribals and the State Government over the 'illegal' operation of the mine operated by a firm at Cavrem, 75 km from here, was broken late on Tuesday night, after the State Pollution Control Board withdrew consent to operate under the Air and Water Act. Following which the Director of Mines issued an order halting operations, removal of machinery and pledged to initiate proceedings to cancel the lease.

"For months, we have been shouting and protesting that ore was being illegally extracted. Even we don't even pluck a leaf from that mountain. How can we allow mining firm to swallow it entirely?" Chief Minister Digambar Kamat, who is Mines Minister, did not stop the illegal mining," one of the agitators Ramesh Velip told The Pioneer on Wednesday. "They are not only mining illegally, but goondas and bouncers have been posted at the mining sites to threaten us," Nilesh Gaonkar, the president of the Cavrem Adivasi Bachao Samiti said.

On Tuesday, after their patience ran out, protesters from Cavrem, including elderly men and women, and schoolchildren in uniform, almost all of whom are tribals and depend on the forest land and agricultural produce for their survival, gheraoed Mines Director Arvind Lohiyekar, asking him to order shutdown of the illegal mine at Devdongor (god's hill).

"We don't even pluck a leaf from that mountain. How can we allow mining firm to swallow it entirely? Our spirits live there," one of the protesters, a 67-year-old woman who did not wish to identify, said.

The BJP has meanwhile congratulated the tribal agitators for their success in stopping the illegal mine. "This Government cannot hear requests; it only understands the language of agitation. This anti-mining protest could be trendsetter," State BJP president Laxmilal Parsankar said.
Cost, currency and finance dynamics in China

To those who do not think much about costing, it can be shocking to read in *China Inside Out* about how ‘classified costing information of the Chinese steel companies involved in benchmark negotiations’ allegedly found in Rio Tinto’s hard disks was seen as ‘theft of state secrets.’ While the government accused Rio Tinto of using the information against the Chinese negotiators, the company countered that the databases and reports on the computers were in the public domain, narrates the book’s author Bill Dodson. He adds that the state authorities eventually scaled down accusations against four Rio Tinto employees to mere bribery, with a sentence of 10 years in prison.

ECONOMIC INFORMATION

A chapter called ‘The global sugar daddy’ – in the book subtitled ‘10 irreversible trends reshaping China and its relationship with the world’ (www.wiley.com) – opens by introducing us to Stern Hu, one of the jailed employees, as a Chinese, a naturalised Australian citizen sent to China to be the lead negotiator representing the interests of Rio Tinto, one of the largest producers of iron ore in the world.

For much of 2009, Rio Tinto and other major mining players had been in intense negotiations with Chinese steel manufacturers represented by the China Iron and Steel Association about discounts on the global benchmark price of iron ore for large buyers, the author informs. The arrest of Hu is still alive in news stories, such as in a posting dated February 19 in http://china.globaltimes.cn about a Beijing court rejecting an appeal by a Chinese-born American geologist who was sentenced to eight years in prison in July for stealing state secrets. “The case highlights China’s use of the law to protect its economic information and interests,” observes Zhu Shanshan, the story’s author.

BLUNT INSTRUMENTS

While Stern Hu and his associates may have confessed to having been bribed, the consensus within the world business community was that China was an adolescent and vindictive participant in the international marketplace, frets Dodson. He recounts how, in this instance, China had been clearly outmanoeuvred, because it had been pre-empted in bids by Japanese and South Korean iron-ore purchasers, and stonewalled by a foreign company that only months before nearly accepted a rescue package of cash-for-shares from a Chinese state-owned enterprise.

CURRENCY CONCERNS

In a section on the yuan, the author notes that the best way to gauge the extent to which a currency is undervalued or overvalued is through PPP (the purchasing power parity), which compares the cost of a basket of goods in a standard country with the price paid in the same currency in a different country. A popular example cited in the book is of the Big Mac Index of *The Economist*, which compares the cost of a McDonald’s hamburger with the purchasing price of the same burger across a range of countries.

Going by that index – according to which a Big Mac in the US cost $3.58 in early 2010 as against $1.83 in China – the yuan was nearly 50 per cent undervalued compared with the dollar, states Dodson. As you may be aware, the undervaluation of a currency acts as a ‘hidden subsidy’ by making that country’s products cheaper when exported. Aply, the book makes a reference to the estimates of Deutsche Bank – that a 5 per cent appreciation of the yuan reduces the profits of low-end China manufacturers, such as textile and electronics makers, by 5-10 per cent.
COST STRUCTURE

However, on the common reasoning by the US politicians – that a revalued yuan would make the Chinese products expensive and enable the American manufacturers to compete more effectively with China in terms of production costs – the author’s view is nuanced. Operating on margins as thin as the average Walmart supplier’s, and with the cost of materials that go into product manufacture – viz. plastics, metals, and chemicals – tending to be the same around the world, the only costs that Chinese producers can influence are labour costs, avers Dodson.

LABOUR ADVANTAGE

Extremely low labour cost in China relative to the country’s wealth as measured by GDP is the main factor behind lower prices for Chinese exports, the author argues. Quoting the US Bureau of Labour Statistics, he writes that Chinese labour costs from 1980 through the mid-2000s averaged about 3 per cent of the average worker salary in the US, even while the average worker salary in Korea and Japan during comparable periods in their respective economic development averaged 30 per cent of US salaries.

Labour costs in China are something Chinese company owners and local governments can control through the level of minimum wages and benefits to which workers are entitled, one learns. Again, with the flow of people from the interior China to factories along the east coast, manufacturers in China were able to hold down labour costs throughout the 1990s until 2008, the author traces.

DECIMATION OF INDUSTRIES

An interesting insight in the book is that when wage levels began to rise in 2007 and then in 2010, by anywhere from 20 to 50 per cent in some cities along China’s east coast, and as a result Chinese manufacturing became less competitive, jobs did not return to the US. Why so? Because globalisation had already restructured jobs and entire industries out of existence in the US in the 2000s, instructs Dodson. He foresees that, one day, those jobs will migrate out of China completely to Bangladesh, southern India, and Cambodia. For, as Dodson concludes, export businesses will always seek out the lowest salary levels globally to offer international buyers the cheapest goods possible.

BACK TO BORDERS

If you tend to lose sleep over the growth in Chinese cross-border investments, the book’s prediction that by 2025 the investments will flow back nearer to China’s borders may comfort you. Driving such a movement, in Dodson’s reckoning, will be the large and growing population, the greying bulge of citizens that will reduce the country’s productivity, and a mushrooming middle class with high expectations for wealth and consumption.

Imperative addition to any China-watcher’s shelf.

D. MURALI
Goa mine sealed after protests

Press Trust of India
Panaji, March 3

The Goa State Pollution Control Board (GSPCB) has ordered sealing of a mine in South Goa village after local tribals staged protests and laid siege to various Government offices here, fearing mining on a sacred mountain in the area.

The GSPCB, in a late night order, shutdown Devepan ou Devadongor Iron and Manganese Private Ltd’s mine at Caurem village in Goa as they failed to comply with the air and water pollution norms.

“We don’t even pluck a leaf from that mountain. How can we allow a mining firm to swallow it entirely,” asked a 67-year-old woman who was the part of the agitating group.
Tatas’ stake hike in Riversdale may derail Rio bid

Our Bureau
Mumbai, March 2

Tata Steel has increased its stake in Australian coking coal miner Riversdale Mining to 27.14 per cent from 24.2 per cent at an investment of around Rs 496 crore. This can derail rival, Anglo-Australian mining giant Rio Tinto plc’s bid to acquire Riversdale.

Tata Steel increased its stake through market purchase by its subsidiary, Minerals Holdings Pte. The company has so far invested about Rs 1,942 crore to own 24.21 per cent in Riversdale. As of March 1, the Tatas hold 64.23 million shares of Riversdale against 57.15 million shares held previously, according to Riversdale filing in the Australian Stock Exchange (ASE) on Wednesday.

Apart from the Tatas, Brazilian steelmaker Cia Siderurgica Nacional SA has also raised its stake in Riversdale to 17.58 per cent from 16.29 per cent. Rio Tinto had made an offer to acquire ASE-listed Riversdale’s stake at A$16 (Rs 750) a share, which would have resulted in an investment of $3.9 billion. The offer is valid till March 18 and subject to conditions including receipt of a minimum acceptance of more than 50 per cent. Rio Tinto owns about 17 per cent of Riversdale shares.

The move by the Tatas and the Brazilian steelmaker will bring Rio Tinto to the negotiating table as its plan cannot go through without acquiring their stake. With the sharp rise in coking coal and iron price, steel companies across the globe have been scouting for mineral assets.

Shares of Riversdale fell 3.4 per cent on the ASE on Wednesday to A$14.97, its lowest since Rio’s December 6 offer. Tata Steel acquired the stake in Riversdale with an eye on jointly developing the company’s coal projects in Mozambique and buying substantial coal from its mines in South Africa.

The $23-billion Tata Steel is among the top 10 global steel companies with an annual crude steel capacity of 27 million tonnes with operations in 26 countries and presence in 50.
Tata Steel Ups Stake in Riversdale; Deal to Help Corus

Company has spent A$100 million to increase its stake in Riversdale Mining to 27.1% from 24.2%

Tata Steel's move to increase stake in Australia-listed Riversdale Mining is aimed at increasing its bargaining power as it seeks to assure coal supplies for group company Corus and to mitigate uncertainty after recent trends pointed at a global shift toward monthly coal supply contracts, according to a person familiar with the situation.

Tata Steel, which is the world's seventh largest steelmaker, has spent A$100 million to increase its stake in Riversdale Mining to 27.1% from 24.2%, according to agency reports. Tata Steel has not issued any statement on the issue. An email sent to Tata Steel elicited no response. Tata Steel's purchase follows a February 10 transaction by another major Riversdale shareholder and Brazilian steelmaker CSN in which it increased its stake to 19.9%.

"Corus is completely dependent on outside sources for iron ore and coal. Tata Steel has been scouring the globe for assured supplies that would keep production costs lower at Corus," added the person.

Corus needs about 10 million tonnes of coal annually. In an earlier statement, Tata Steel vice-chairperson B Muthuraman said the shareholding in Riversdale is a strategic investment. Australian mining major Rio Tinto has offered $3.9 billion in a bid to acquire Riversdale, which has coal mines in the resource-rich Mozambique. Rio currently owns 16.89% and has extended its takeover offer to March 18. Under Australian rules, Tata and CSN can increase their stakes in Riversdale by 3% every six months without being forced to make a full takeover offer. In India, the creeping acquisition norms limit companies to hike their stake by 5% in a year. Large miners, including BHP, had recently mentioned about monthly contracts to avoid volatility. Coking coal prices have gone up 35% in the past three months alone.
टाटा स्टील ने रिस्संडेल में बढ़ाई हिस्सेदारी

मेलबर्न। भारत की निगम इंडस्ट्री कंपनी टाटा स्टील ने आस्ट्रेलिया की आधिकारिक खान कंपनी रिस्संडेल में अपनी हिस्सेदारी 24.2 फीसदी से बढ़ाकर 27.1 फीसदी कर दी है। इसके लिए टाटा स्टील ने दस करोड़ डॉलर से ज्यादा की डाटा खर्च की है। टाटा की रिस्संडेल में पहले से ही समय व्याप्त हिस्सेदारी की प्रेम है और यह उन्हें इसे और बढ़ाकर अपने रिस्संडेल को खरीदने की तैयारी कर रही है। तुरंत स्टील में दूसरी बड़ी हिस्सेदारी रहने वाली प्रणाली के कंपनी सीडीसीएफ के भी हरने अपनी हिस्सेदारी बढ़ाकर 19.9 फीसदी कर दी है।