2G repeat? Mines floats first-come-first-served as rule for licences

OVER TO GoM Don’t do this, Chhattisgarh & Orissa said, suggesting could lead to corruption

PRIVADARSHI SIDDHANTA
NEW DELHI, DECEMBER 2

Despite the swirl of controversy around the first-come-first-served rule that’s apparently at the heart of the 2G telecom scam, the Union Mines Ministry has taken a U-turn to propose a “first-in-time” principle while awarding large area prospecting licences (LAPLs) in its proposal before a Group of Ministers set to vet the Mines and Minerals (Development and Regulation) Bill, 2010.

The original draft of the Bill envisaged competitive bidding to extract maximum value for states.

The GoM that has already held three meetings so far is scheduled to meet tomorrow to consider a note by the Mines Ministry recommending a shift from competitive bidding to first-in-time principle. LAPLs allow companies to prospect for mineral deposits in large tracts of land — 5,000 sq km and above for eight years.

CONTINUED ON PAGE 2
2G repeat?

In fact, Chief Ministers of mineral-rich states such as Chhattisgarh and Orissa predict a scenario similar to January 10, 2008, when there was a mad rush at Sanchay Bhawan to collect letters of intent because of former Telecom Minister A Raja’s first-come-first-served basis of allotment.

In a presentation on November 24, Chhattisgarh Chief Minister Raman Singh bluntly told Finance Minister Pranab Mukherjee, who also chairs the GoM, that the “first-in-time” principle will mean a mad rush of thousands on the very first day fixed for receipt of LAPL applications. “Our experience has been that the ‘first-in-time’ principle is open to abuse and leads to pre-emptive behaviour for getting premiums by becoming first applicants,” he said.

This is so remarkably similar to what happened in the 2G telecom scam. A string of little known companies — some with no experience in telecom or allied sectors — bagged licences and sold them at a later date.

Raman Singh goes on to state that such first-come-first-served basis of allotment in mining would lead to “trading in mineral concessions”. Further, according to states, such a principle totally disregards relative merits of applicants. It ruled out giving preference to value adders over non-value adders.

“In some cases, it would not be possible to implement the rule itself,” they said.

When contacted, Ministry officials said this would not only reduce uncertainties for the applicant in valuation of bids, but also encourage investors in high-risk exploration for deep-seated deposits.

In the meeting on November 24, Mines Minister B K Handique defended the “first-in-time” principle and said, “Trading of LAPLs is likely to be limited as they have short shelf life and unknown value. Transfer of mining lease requires prior approval of the state government, and as such trading cannot take place.”
MOIL issue subscribed 33.35 times

THE PUBLIC offer of MOIL was subscribed 33.35 times till noon on the last day of issue on Wednesday, as reasonable pricing of the issue attracted investors. By 1200 noon on Wednesday, India’s largest manganese ore producer witnessed heavy participation from all classes of investors and received bids worth 112 crore shares as compared to 3.36 crore equities on offer, according to the data on the NSE. The subscription period for QIIs saw the company offer being subscribed 49.16 times. “Reasonable pricing of MOIL has converted into spectacular demand from the investors,” SMC Global Securities equity head, Mr Jagannadh Thunuguntla, said.
Leighton bags $5.5 bn contract from NTPC

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 2

AUSTRALIA'S leading mining contractor Leighton Holdings today said it has won a 22-year contract from India's NTPC for $5.5 billion. Leighton Holdings' wholly owned subsidiary Thiess has bagged the contract— one of the largest ever awarded by NTPC— for developing and operating the greenfield Pakri Barwadih coal mine. Leighton said in a regulatory filing to the Australian Stock Exchange. Production at the mine is expected to be ramped up to 15 million tonne per annum over the first three years and more than 300 million tonne of coal will be mined during the contract, the filing added.

Commenting on the development, Thiess mining chief executive Bruce Munro said, “India has the fourth-largest coal reserves in the world and is the third largest producer. We believe this project will lead to more opportunities for Thiess in India, particularly given the strong economic growth currently occurring.”

The company said project would be executed through Thiess' 90 per cent owned Indian JV company — Thiess Mines.
Nod sought for mining in ‘no-go’ areas

The coal ministry has sought the Cabinet approval for its proposal that mining be allowed in 90 per cent of coal blocks labelled as ‘no-mining’ areas by the environment ministry. The ministry, in a note to the Cabinet secretary, had sought expeditious forest clearance for all coal blocks under ‘no go’ areas except 10 per cent of them, a coal ministry official said.
At home, partnerships are helping

In India, it's a whole different story for Tata Steel as far as captive resources are concerned. Although the company has fully integrated iron-ore reserves and 60 per cent security in coking coal, the company is still actively looking for more raw materials and is actively pursuing partnerships.

Tata Steel is in two joint ventures, with Steel Authority of India (SAIL) and NMDC, both government-owned entities. The joint ventures with SAIL (S&T Mining) and the MoU with NMDC to scout for raw material are both long-term initiatives for the company.

Chatterjee says that SAIL and Tata Steel might be competitors in steel, but that both companies have similar requirements and objectives in raw materials, especially in coal and that's why they have tied up. "S&T Mining is run independently, is bidding for projects and very soon you may hear some announcement."

With NMDC, however, the company has a slightly longer-term view. "For such JVs to fructify in the metal processing space takes time. With NMDC, we are discussing how to collaborate in raw material security and for steel projects. We will take this forward when it meets the objectives of both companies," Chatterjee says.

SAIL and Tata Steel are in the greenfield projects of Tata Steel in Chhattisgarh. NMDC will be the joint venture partner.

"It makes sense for Tatas to team up with NMDC in India for raw materials and even for a steel plant. For overseas ventures, I am not sure what value add NMDC will bring to the table. Tatas are capable of doing their own thing," says an investment banker who has worked with the company on many occasions on condition of anonymity.

Another long-standing association that the company is taking forward is with Nippon Steel. Chatterjee says they have a very strong technical relationship and they are continuing to explore what more they can do together.

But why explore synergies with Nippon when Tata Steel Europe already has a similar technical edge? "Europe and India use different kinds of steel. In Europe, more galvanised steel is used because of corrosion. In India, it is more continuous annealing steel. Some of the requirements of auto steel in India and Europe are inherently different," Chatterjee responds.

However, in other downstream and value-added products, the power of European capability and integration benefits on Indian operations would be evident in the future.
Aluminium prices may rise 11% by end of fiscal

DEBASIS MOHAPATRA
Bangalore, 2 December

Despite high inventory at
the London Metal Ex-
change (LME), prices of
aluminium are set to rise to
$2,400-$2,500 a tonne by March
2011 on the back of demand
from sectors like aviation, trans-
port and electronics.

At present, LME aluminium
is at $2,250 a tonne, after a cor-
rection of around $150 a tonne
since mid-October.

"Though there has been
some fall in the recent past, an-
other correction is less expect-
ed. We expect a price $2,400-
$2,500 a tonne by the end of this
financial year on the back of
sound demand from sectors like
aviation, transport and elec-
tronics, among others," said
Mukesh Kumar, chief operating
officer, Vedanta Aluminium.

The high inventory of
around 4.2 million tonnes would
not put pressure on prices as
most of the stock was tied up
for future delivery, he added.

About the demand scenario,
Kumar said world aluminium
consumption would reach 41
million tonnes, up 10 per cent
from 37 million tonnes last year,
on rising demand from devel-
oping nations like China, India
and Brazil.

Aluminium has been an un-
der-performer recently in com-
parison to base metals like cop-
per and nickel.

According to industry ex-
erts, factors like less encour-
gaging job data from the US, the
debt crisis in Europe, tight-
ening by the Chinese central
bank and the recent Korean cri-
sis have had an impact on the
commodity market as a whole,
dragging base metals.

"Though concerns relating
to the overall economic envi-
ronment in the US and Europe
persist, they will not have ma-
jor impact on the pricing front,"
Kumar said.

Some other aluminium manu-
facturers in the country echo
a less bullish sentiment. "Pre-
dicting a price trend is difficult
because of the prevailing volatil-
ity at LME. However, prices are
expected to be in the range of
$2,000-$2,500 a tonne by the
end of this financial year," said
a top official of National Alu-
mium Company. He, how-
ever, said prices were not ex-
pected to go below $2,000 a
tonne.

Referring to this, an analyst
at Karvy Comtrade said alu-
mium prices would rise from
the present level. While demand
from China was robust despite
monetary tightening, debt cri-
sis in some European nations
would not have much adverse
impact on this commodity, he
added. He said a strong dol-
lar might hurt the metal.

About the price movement
at LME, he said there might be
a little correction in the near
term, after which the metal was
expected to touch $2,500 a
tonne by end of this financial
year. He said a marginal in-
crease in inventory in the last
few days at LME indicated
sound demand.
GOLD, SILVER TUMBLE FROM RECORD LEVELS

Gold and silver prices today fell from their record high levels on emergence of scrap ornament sale by retailers. While gold fell by ₹110 to ₹20,910 per 10 gm, silver declined by ₹70 to ₹43,880 a kg. Trading sentiment turned weak, as retailers indulged in selling scrap jewellery at existing higher levels, while waiting for an appropriate chance to buy new ornaments. Gold of 99.9 and 99.5 per cent purity fell by ₹110 each to ₹20,910 and ₹20,800 per 10 gm respectively. Gold had climbed to an all-time high of ₹21,020 in the previous session.

PTI
Copper at three-week high, sentiment upbeat

London copper rose for a third straight session to hit a three-week top on Thursday and other base metals also raced higher as upbeat economic data revived confidence in the global economy. US private sector payrolls rose by the most in three years in November and its manufacturing sector showed growth was intact, adding to a slew of strong manufacturing data from China, India and European economies. Three-month copper on the London Metal Exchange traded at $8,670 a tonne in rings from $8,585 on Wednesday. The metal used in power and construction earlier hit a peak of $8,725, its highest since November 12.

REUTERS
Decorum, please

Justice Santosh Hegde, a retired Supreme Court judge and former Solicitor General of India, has occupied high constitutional posts that, ipso facto, demand decorum, probity in life and rectitude, as inviolable attributes.

Justice Hegde has done a commendable job as Lok Ayukta, having been instrumental in uncovering mining violations, encroachment of forest land, massive underpayment of state mining royalties and so on. He has wisely recommended banning iron ore exports and limiting iron ore production for captive production of steel.

What, however, stands out in the present controversy is his loquaciousness, his innate combative nature and sense of hurt. The hyper-activism by the state-appointed ombudsman and his almost daily appearance in the media and on TV channels have become routine. This grandstanding robs him of the neutrality his role requires
vis-a-vis opposition parties, although he has not been known to align himself with any party when in office.

A close reading of his public statements reveals that the ombudsman, more than anything else, feels piqued. These are subjective feelings natural to a human being. But he appears to have lost sight of the fact that public officials are not supposed to remonstrate, exhibit their helplessness, frustration and irritation in public or even adopt a tough, combative posture against the chief executive of the state. All that and more should be revealed in their work.

Justice Hegde’s regular appearances on TV channels and self-projection as a crusader and messiah of anti-corruption must end. This would herald a new beginning in terms of decorum, protocol, civility, respect for the rule of law and primacy of the state’s authority.

K K Luthria,
Bangalore
Sensex climbs for the fourth day; ONGC, Hindalco jump

The benchmark index rises 142.7 points to 19,992.7, capping its longest stretch of gains since 15 September

BY RAJHKUMAR K SHAH & SHIKHAR BALWANI

India's stocks rose for the fourth day, taking the benchmark index to its highest level in more than two weeks, amid expectations a strengthening global economic recovery will boost local earnings.

Oil and Natural Gas Corp. (ONGC), the state-owned oil explorer, jumped 2.2% after the government approved splitting its shares.

Hindalco Industries Ltd, the aluminium producer that controls the US-based Novelis Inc., climbed 2.4%, leading gains among commodity companies as metal prices rallied after reports showed US payrolls and manufacturing climbed.

The Bombay Stock Exchange's sensitive index, or Sensex, gained 142.7, or 0.7%, to 19,992.7 points as of the 3:30pm close in Mumbai on Thursday, capping its longest stretch of gains since 15 September.

The S&P CNX Nifty Index on the National Stock Exchange rose 0.9% to 6,011.7. The BSE 200 Index increased 0.7% to 2,516.19.

"Support has come in the form of positive economic data from the US and domestic economic growth," said Sadanand Shetty, a Mumbai-based senior fund manager at Taurus Asset Management Co., which manages about $655 million.

The recent drop in stocks was pretty swift and sharp. The Sensex completed a third straight week of losses on 26 November, rallied by corruption scandals.

Shetty said he owns shares of ONGC and ICICI Bank Ltd, the second-largest lender.

Asian stocks climbed, sending the region's benchmark index to its biggest rally in a month, while commodities rose amid signs the global recovery is strengthening.

Metal prices rallied as confidence that demand will increase was bolstered after ADP Employer Services reported greater-than-forecast growth in US private employment, while the Institute for Supply Management's index showed US manufacturing expanded for a 16th month in November.

Sterlite Industries (India) Ltd, the No. 1 copper and zinc producer, rose 3.4% to 169.8 rupees, the most in a month. Hindalco climbed 2.4% to ₹181.75, its highest close in two weeks.

Copper advanced in London after manufacturing in China, the US and Europe expanded, adding to signs a revival in demand.

Zinc for three-month delivery rose 3.2% on the London Metal Exchange.

India's economy grew 8.9% for a second straight quarter in July to September, a government report showed on 30 November.

A measure of India's manufacturing output stood at 58.4 in November, according to the Purchasing Managers' Index compiled by HSBC Holdings Plc and Markit Economics on Wednesday.

A reading over 50 indicates expansion. The gauge was at 57.2 in October.

The numbers, from India and around the world, have been all positive, said Alex Mathews, head of research at Geojit BNP Paribas Financial Services Ltd in Kochi.

It will boost investor confidence. Mathews advises investors to buy shares of ONGC, ICICI Bank, Housing Development Finance Corp. and HDFC Bank Ltd.

ONGC climbed 2.2% to ₹1,313.95, advancing for a fifth day.

Power companies, including Lanco Infratech Ltd and Power Grid Corp. rose after they were rated buy in new coverage by Nomura Holdings Inc., which said in a note that they are bullish on the industry given the outlook for growth.

Lanco gained 1.8% to ₹63.55, its highest close since 24 November. Power Grid advanced 2.2% to ₹98, the most in more than three weeks.

Foreign fund inflows have almost doubled this year to an all-time high on the expectation consumer spending will boost corporate earnings.

Overseas investors purchased a net ₹1,190 crore of Indian shares on 30 November, taking this year's record inflows to ₹1.324 trillion, according to data on the website of the Securities and Exchange Board of India.
Mystery buyer holds bulk of LME copper

BY TATYANA SHUMSKY & CAROLYN CUI

A mystery buyer is apparently holding more than half of the copper stocks at the London Metal Exchange's warehouses, the latest revelation of how a single trader can roll an entire commodities market.

That trader, whom the exchange hasn't identified, owns between 50% and 80% of the 355,750 metric tons held in LME-listed warehouses. This amounts to more than 177,875 metric tons of copper, valued at about $1.5 billion. The exchange first disclosed the large position on November 23 in its daily inventory holder report:

"It's an awful lot of copper; it's an awful lot to finance," said Charles Swindon, managing director of RJH Trading Ltd., a London metals trading house. The trader's holding accounts for about 1% of all the copper the world will consume this year.

It is unclear when the trader started building the position, but market participants have noted some odd market trends that might be linked to the buying. Speculation on the identity of the trader runs from some soon-to-launch exchange-traded funds to an options trader obligated to deliver a large amount of metal.

It is unusual in the copper market for one trader to hold such a big supply in exchange warehouses around the world. Copper producers and consumers typically trade the metal through bilateral contracts, leaving the exchange-listed metal the "last resort" for those who want to fill orders tied to futures contracts. Globally, copper stocks held by all commodity exchanges rose 14% from the end of October to about 620,000 metric tons, though the LME's supplies have declined this year. Most of the LME copper stocks are in the U.S., with New Orleans holding 126,950 tons of copper and St. Louis having 95,825 tons, according to the exchange.

The LME has certain rules to discourage anyone from holding a dominant position, including forcing the trader to lend the copper to the market and limiting the fees the trader can charge. The LME is enforcing its lending guidelines, said Stephen White, an exchange spokesman.

However, there is some evidence that the large position is raising the cost of the metal. Prices rebounded in recent days despite a stronger U.S. dollar. December copper futures ended Wednesday 3.2% higher, at $3.9460 a pound, on the Comex division of the New York Mercantile Exchange.

Meanwhile, the copper market has shifted into a unique situation called "backwardation." Usually, it costs less to buy any commodity for immediate delivery than it does to buy a contract that comes due in future months, with the difference reflecting the seller's interim storage costs. But Tuesday, copper to be delivered in December traded at an $89-a-metric-ton premium to metal for delivery three months out, more than double last week's spread.

Analysts are perplexed as to what the trader would gain from holding that much copper. On top of the charges of storage, insurance and interest for any borrowed capital, the value of the copper would fall $89 over three months because of backwardation. "Unless they are hedged somehow, or expect prices to go even higher," it doesn't make sense to do so, said Wayne Atwell, managing director of Casimir Capital, a hedge fund specializing in natural resources.

Copper traders have been bracing for a metal supply squeeze since October, when three separate companies an-
Mystery buyer holds bulk of LME copper

nounced plans for physical-copper exchange-traded funds. These funds would let investors trade shares listed on a stock exchange and are backed by metal up to LME specifications.

J.P. Morgan Chase & Co.’s Physical Copper Trust will launch with 61,800 metric tons, while BlackRock Inc.’s iShares Copper Trust will hold 121,200 metric tons. ETF Securities is also starting a fund, but hasn’t specified how much copper it will hold. The banks buying the metal for the ETFs could be holding the copper in their own accounts, with the two amounts appearing as the single dominant position. J.P. Morgan and BlackRock declined to comment. ETF Securities couldn’t be reached to comment. "I just can’t see why anyone other than an ETF would want something like that," said a U.S.-based physical trader.

The copper market is no stranger to trading scandals. In 1995, Yasuo Hamanaka, a copper trader at Sumitomo Corp., was alleged to have attempted to corner the copper market. Sumitomo later disclosed it had lost $1.8 billion after copper prices plunged. In 2005, a trader for the State Reserve Bureau of China waged a big bet at the LME on copper prices to fall, but lost about $200 million when markets moved against him. The Chinese government eventually auctioned off a large amount of copper to drive prices down.

—tsj@livemint.com
रियल्टी और मेटल शेयरों में तेजी से बाजार 20,000 के करीब

पंजीकृत (कंपनी) लगातार चौंधरी दिन शेयर निवेश न्यूज़ में बढ़ते बढ़ते रहते हैं। सकारात्मक खबरों जैसे शेयर मार्केट दर का 18 महीने के निर्देश अपने पर चुपचाप और गठन का तैयारिक बंदरगाह के बंधन पर योग्यता का विश्लेषण संस्थान 20,000 के मानकों पर संचालित रहा है। उपलब्ध जानकारी में किया गया है। अधिकार ने कहा कि इन घटकों के बजाय बाजार एक्सचेंज इंडिया में 20,000 के स्तर होने पर ध्यान को पर्याप्त रखा जा रहा है, लेकिन अंत में 142.70 अंक यहीं 0.72 फीसदी की बढ़ता है लिखित 19,992.70 पर बंद हुआ है। गैरवांछित नहीं कि, शेयरों के रहने वाली कमी के दौरान निर्देशित 500 अंक अवधि के बाद भी बढ़ता था, जिसे न्यूज़ में दिन में दिखाया गया है। इसमें 470 अंकों से अधिक की अवधि तक तक गई है।

इसके अलावा, 50 शेयर वाला वेबसाइट रटिक एक्सचेंज का निर्देश लिखित 50.80 अंक पड़ा, 0.011.70 पर पहुंच गया। शेयरों ने कहा कि फिर यह शेयर बाजार जीवितीय की बढ़िया यहीं गहरी पर साफ़ है। इसके अलावा, बाजार मुआमलाएं में आ रही कमी का भी सहारा मिला हुआ है।

रोटिंग ओर एक्सचेंज सैकड़ा के रूप में, मिला ने कहा कि सकारात्मक खबरों जैसे बेहतर विकास तरीकों से बढ़ता मार्केट के आंकड़े तथा वाणिज्य मार्केट में कमी से बाजार पर नियंत्रण का बड़ा ह्रास हो रहा है। बाजार की गतिशीलता 30 शेयरों में से सबसे ज्यादा चेतावनी रहने वाले शेयर है। रोटिंग एक्सचेंज सैकड़ा में 1.96 फीसदी की बुद्धि के लिए भी मिली।

साथ ही, आईआईसी एक्सचेंज बैंक और एथलीटी एसी बैंक ने भी सीधे बढ़त बाजार ने रोटिंग एक्सचेंज सैकड़ा में 1.99 फीसदी तथा 1.16 फीसदी बढ़कर तुलना में पुराने हिस्टोरियां रहे। अन्य अपेक्षा की अधिक बाजार की शिकायत रहा। बाजार की एप्सेस 18.51 फीसदी बढ़कर गया। इसके अलावा, बाजार की आईआईसी एसी एक्सचेंज का शेयर 3.32 फीसदी बढ़कर स्तर पर स्थान लेने में काफी दिन लग गए।
L&T bags two orders worth ₹415cr

ENGINEERING AND construction major Larsen & Toubro (L&T) on Thursday said it has secured two orders worth ₹415 crore from Hindalco and Sepco-1 for construction of thermal power plants. The first order valued at ₹253 crore has been secured from Hindalco for carrying out steel works for the 6x150 MW captive power plant in Orissa. The second order is worth ₹162 crore and has been obtained from Sepco-1 for the 2x660 MW Talwandi Sabo power plant in Punjab, L&T said in a filing to the BSE. Besides, Sepco-1 has awarded a contract worth ₹225 crore to L&T during the first quarter this year for carrying out civil works for the project, the filing added.
रोहिल का भारी समर्थन

नई दिल्ली। सरकारी वेब के उपलब्ध वैप्प्ड और इंटरनेट हैलिटेड (मोहल) के पहले सरकारी नितक (आईआई) को निवेदकों का आरोप सत्यिनि मिला। कंपनी के बाल बेट दुई हैं इसके लिए उक्त की बुरीतमा में 56 फ्रूत वीडियो लेने के लिए वैप्प्ड मिली हैं। हाल ही में यह एक निःस्व इंटरनेट के आईआई को भी निवेदकों ने हालों निःस्व उपचार था। इस कर्म सरकारी उपचार का यह लेखा उपचार है। (पी.आई.आई.
German aims to strike it rich with rare metals

HAINICHEN, AFP: Surrounded by smoking vats in his tumble-down factory in former Communist East Germany, Wolfram Palitzsch sees a golden future in recycling “rare earths,” the metals crucial to must-have gadgets such as mobile phones and TVs.

The 44-year-old scientist is exploring ways of extracting the exotic metals that have spiked 300 per cent in price over the past year alone, driven in part by trade tensions with China which enjoys a near monopoly on their export.

“It’s incredible that almost no one has thought of this before,” Palitzsch said.

For the moment, his work is focused on recycling indium from solar panels.

Not categorised as one of the precious “rare earths,” this metal is nonetheless needed to make flat-screen televisions and its price has soared.

Using a technique he has patented, Palitzsch plunges the solar panels into a vat containing a special chemical solution, then collects the residue from which he extracts the valuable indium.

But Palitzsch is already turning his attention to the extraction of europium—a rare earth used to produce the colourful red in television screens—from the glowing white powder found in energy-saving light bulbs.
New mining policy likely in two weeks

Mines minister B K Handique expects Cabinet approval for new mining policy in next two weeks. “The final meeting of the group of ministers is likely to take place in next two-three days after which we will go for cabinet approval,” Handique said. The profit-sharing clause under the new bill mandates mining companies to share at least 26% of profits with locals who lose their land due to mining activities.
China, US economic data lift copper

Reuters

London, Dec 2

Base metals rose on Thursday, with copper hitting a three-week high, on supportive economic data, supply fears and a weaker dollar.

"Today's moves are on the back of firm global equity markets, the good economic data we have seen from China and the US and the weaker dollar," Commerzbank analyst Mr Daniel Briesemmann said.

Three-month copper on the London Metal Exchange traded at $8,670 a tonne in rings from $8,585 on Wednesday.

OTHER METALS

Aluminium traded at $2,349 in rings versus $2,340 a tonne.

Battery material lead was untraded in rings but bid at $2,318 from $2,265 a tonne, having touched its highest in two weeks at $2,336.75. Zinc traded at $2,210 from $2,160 a tonne.

Steel-making ingredient nickel was untraded in rings but bid at $23,700 from $23,500 a tonne. Tin was also untraded in rings but bid at $25,400 from $24,700.
Tribal affairs ministry adds NOC rider to single licence for mining

Rajat Guha

New Delhi, Dec 2: Even as a group of ministers is contemplating clubbing of all mining related-approvals in a single licence, the tribal affairs ministry is singing a different tune. The ministry wants companies to mandatorily seek NOCs from it before they start mining.

The NOC would be granted to miners after the ministry is satisfied that the mining project is not in violation of the Forest Rights Act.

Global mining bigwigs like Posco and Vedanta have got their mining proposals stuck in Orissa at different levels of clearances. In a setback to South Korean giant Posco's Rs 54,000-crore integrated steel plant in Orissa, a forestry panel has advised the Union environment ministry to reject the forest nod given to it.

If Forest Advisory Committee (FAC) recommendations are accepted by environment minister Jairam Ramesh, the project at Jagatsinghpur, which is billed as the largest single dose of FDI in the country, will meet the similar fate as that of Vedanta's bauxite mining proposal in Niyamgiri in Orissa.

Vedanta had to shelve its plans of mining bauxite after its initial clearance was withdrawn by the environment ministry citing violation of green norms.

At present, no construction work and land acquisition is being carried out by Orissa government for the Posco project as ordered by the environment ministry which acted on the recommendations by NC Saxena panel that accused it of forest rights violation.

Now, the Tribal Affairs ministry's insistence for a mandatory NOC by mining companies goes against the mining ministry's current thinking. While, the mining ministry has called for a composite clearance which would comprise all clearances from environment to forest, the tribal affairs ministry's demand for a separate NOC implies another round of bureaucratic clearance.

Simultaneously, the tribal affairs ministry is also framing a Bill that would guarantee land ownership rights for tribes. It is likely to increase the liability of the acquirer to resettle and rehabilitate tribal families and impact mining, paper and metal-based industries. Land acquisition in tribal areas will be guided by the principle of land for land, market value of land, concept of net present value (NPV) of assets and social impact assessment. Besides, the land acquirer would have to ensure lifelong livelihood of the entire tribal community of the area in terms of providing jobs in industrial units or imparting training to them for their employability.

Land rights would mean that tribes would also be eligible for resettlement and rehabilitation grants.
NTPC signs $300-m loan deal with Japanese bank

New Delhi, Dec. 2

Power major NTPC Ltd said on Wednesday that it had signed a loan pact with Bank of Tokyo-Mitsubishi UFJ Ltd for $300 million to part-finance its capital expenditure on its ongoing and new power projects and for the renovation of existing stations. The loan is for a seven-year period and was signed on November 30, 2010. “We need to seek Reserve Bank approval for this loan and after that we would immediately start drawing,” an NTPC official said. NTPC also informed the bourses that pursuant to the investment approval of its captive Pakri Barwadih coal mining project, Thiess Mines India Pvt Ltd has been appointed as mine developer cum operator for a period of 27 years. Peak annual production of the project will be 15 million tonnes. - Our Bureau
Finnish tech group Metso sees India as next growth market

To pump in major investment on the services side

R. Balaji
Chennai, Dec. 2

The Finnish Metso Group, a global supplier of technology and services for mining, construction, pulp and paper industries, is expanding its range of products and services in India.

Mr Bertel Langensiold, President, Paper and Fibre Technology, said India, one of the fastest growing markets for pulp and paper is important for Metso’s growth. It will expand its products and services across all its areas of operations.

Mr Langensiold who was in Chennai to address the 27th Metso Pulp and Paper Customer Days 2010, which for the first time is being organised in India, said, “I would guess that the next major investment would relate to service side for pulp and paper and mining industry. I cannot say any numbers on how much, but it has to match the growth planned.” Metso is confident that its growth in these areas in India will exceed the industry growth rate of about 7 per cent.

The Metso Park coming up in Rajasthan, will start with manufacturing facility for mining and construction and extend to other product lines. Metso Power, launched to manufacture boilers, will handle the engineering and outsource manufacturing to Indian partners, he said.

ORDERS FOR POWER UNIT
Mr N.K. Jain, Director, Sales & CRM, Metso Paper, said that Metso Power India, launched in Chennai in 2008, for the supply of recovery boiler for pulp and paper industry recently bagged a €12 million (Rs 71.53 crore) order from Grasim Industries. It will supply boiler for the Harihar unit in Davangere, Karnataka. This is Metso Power’s first order in the pulp and paper sector in India. It will soon get into power generation boilers also, he said.

Addressing the meeting, Mr Langensiold said that India is a strategic market for Metso in pulp and paper and other sectors. The group, which had started out in Scandinavia, had, in the last decade established a manufacturing network in China. While it has been in India since 1980s, it renewed its focus in the pulp and paper industry in 2000.
Copper hits 3-week high, but pares gains on euro

London Dec 2: Copper rose on Thursday, helped by economic data and supply fears, but prices slipped from three-week highs after comments from the European Central Bank knocked the euro and US unemployment numbers were weak.

Three-month copper on the London Metal Exchange traded at $8,648 a tonne at 1418 GMT from $8,585 on Wednesday.

The metal used in power and construction earlier hit a peak of $8,725, its highest since Nov 12 and about $250 shy of the record $8,966 touched last month.

In data on Wednesday, US private sector payrolls rose by the most in three years in November, and its manufacturing sector showed growth was intact, adding to a slew of strong manufacturing data from China, India and European economies.

Judging by all the fundamentals that we perceive, the future for the red metal is quite rosy, said RBC analyst Alex Heath.

Despite supportive supply concerns and some upbeat data, the potential spread of debt problems in the eurozone have kept copper's gains on a leash.

Confidence is undoubtedly shaky at the moment, Heath said. The fear of contagion, whether or not it's rational, is very real.

Taking the steam out of copper's rally, the euro slipped versus the dollar after the ECB disappointed investors who had expected an increase in its bond-purchase program.

The ECB kept interest rates on hold on Thursday, and ECB President Jean-Claude Trichet said the euro zone's economic recovery was expected to continue, although uncertainty was elevated.

Copper pared gains also after data showed new US claims for unemployment benefits rose more than expected last week.

But a drop in the four-week moving average to a new two-year low suggested improvement in the jobs market.

Worries about nearby copper supplies have pushed the premium for cash material over the three-month contract to around $60 a tonne—its widest backwardation since October 2008.

A looming deficit in the copper market is expected to push copper prices next year to record highs.

But in the mid-term as well, Commerzbank analyst Daniel Briesemann said.

In Chile, union leaders and management at the Collahuasi copper mine prepared to reach an agreement to end the longest strike at a major private Chilean coppermine.

Given the proximity to year-end and ongoing development of Exchange Traded funds, the sector and particularly copper will remain sensitive to supply disruptions and signs of a possible squeeze, Bseometals.com said in a note. Talk of imminent physically backed exchange-traded products in base metals has dominated the market, fuelling speculation over their effect on prices and demand. 

*Reuters*
Conference on aluminium casting

Corporate Reporter

CHENNAI: The Aluminium Casters' Association of India (ACAI) is conducting Alucast 2010, a three-day international conference and exhibition, between December 3 and 5 at Chennai Trade Centre here. Addressing media persons here on Thursday, Prasan Firdaus, President of ACAI, who is also the Managing Director of Force Motors, said the Indian aluminium casting industry was growing at over 23 per cent year-on-year and the total capacity stood at 3.55 lakh tonnes annually. Of which, the total value of the raw casting was Rs. 710 crore and the post casting operations added an additional Rs. 270 crore to the total size of the industry. The auto industry was consuming 70 per cent of total production of aluminium castings. Besides, global markets had opened up.

R. T. Kulkarni, Secretary, said Alucast will host over 150 exhibitions and 250 delegates across the country. Around 30 international companies and 120 Indian companies would showcase their products at the event.

Mr. Kulkarni said ACAI, in association with Buhler India, a wholly-owned subsidiary of Buhler Druckguss of Switzerland, was setting up an exclusive training centre in Bangalore which would be operational by March 2011.
Future of mining in India

The government must ensure that laws and regulation foster an environment that discourages bounty hunters and encourages long-term investors in mining, says Rajiv Kumar.

There is clearly a direct trade-off between exploitation of natural resources and conservation of the environment and human habitat. In the past, due to lower environmental consciousness, the trade-off was always described in favour of exploitation. This is understandable. Yet, environmental fundamentals can also entail a high cost that will prevent a number of people from being able to access basic necessities of life.

The apparent intractable trade-off has to be resolved. The bottom line is that striking a balance between conservation (protecting environment and health of indigenous people) and meeting the resource needs of a developing economy implies additional costs and requires the use of superior technology. In the past, this trade-off has been addressed by creating a public sector monopoly. This has not delivered the desired results. The alternative approach has been to encourage natural resource exploitation by organised and progressive private sector companies that are tightly regulated. This is globally the dominant model. Neither the unregulated free market nor government monopoly successfully addresses this trade-off.

Effective regulation requires that production agents are amenable to regulation and large enough to employ modern mining technology and incur the costs of environmental protection, its restoration and compensating those affected. This implies that any policy that effectively discourages large-scale, scientific and organised mining is destined to worsen the trade-off between conservation and exploitation.

Experience in advanced economies unambiguously demonstrates that modern mining techniques and regulatory obligations can ensure that environment is restored to its original pristine state or even better. Also that indigenous people can be appropriately compensated and they live in styles protected if that be the policy intention and the issue is not unduly politicised.

In India, the regulatory and executive processes required to balance this trade-off have been grossly compromised. The has spawned institutional activism, with heavy bias towards ecological fundamentalism adopted by NGOs competing for resources and volunteers. It has also necessitated judicial activism with consequent interventions to lay down adequate, independent monitoring mechanisms and the introduction of payment of net present value and compensatory afforestation. Such activism, not based on clear objective criteria and applied inconsistently, causes acute uncertainty in the investment environment. It drives out the large and progressive firms and leaves the field open for small, unorganised and politically connected miners whose only cost competitiveness often is their unaccountability as they pursue the only goal of maximising short-term profits. Unfortunately, these ‘fly-by-night’ operators dominate the mining scene in the country.

The proposed amendments to the Mines and Minerals (Development & Regulation) Act (MMDRA) for making of revenues profits and equity in mining operations, will make organised and scientific mining unviable. This is clear under different scenarios for global prices. More unfortunately, the profits and revenues ostensibly to be transferred to the affected population will not reach the intended beneficiaries for lack of clarity in how these will be handled and leakage to petty state government officials prevented. This needs serious, transparent and purposeful consideration.

Other provisions in the amended Act will make organised mining virtually impossible. Statutorily, a firm mining forest land will have to pay three times the value of the land. First, the net present value of the existing forest. Second, compensation for equivalent afforestation elsewhere and third, for restoration of land to its pre-mining condition on closure. This requires the use of modern techniques for cost minimisation and raising extraction levels to generate the needed revenues. Small unorganised firms cannot achieve this. They will continue with their ruthless exploitation of nature and people.

Similarly, the provisions of ‘go’ and ‘no go’ areas in mining needs to be carefully prescribed. Unfortunately, there remain already very small and well-identified regions with pristine rainforests that contain rare biodiversity and ‘unproven’ types of minerals. These must be preserved as they cannot be replaced. These should be the ‘no-go’ areas. But this does not apply to all forested areas that are today covered with second or third generation forests. If rare minerals or critically needed minerals like uranium are found in these second or successive generation forested lands, there are a case for permitting such activity while ensuring that these are restored to their pre-mining state.

On the other hand there are minor minerals like limestone, clay, sand, graphite, etc. found in plentiful supply but not critical for security or development. Their mining should be confined to non-forest lands. A balanced approach that ensures the country’s security, economic development and employment generation is needed. Impractical and stultifying regulation will encourage illegal and uncontrolled mining because minerals are essential for economic activity and economic rationale will find a way to beat misdirected administrative fiat.

The road to undesirable destinations is often paved with good intentions. The proposed amendments to the MMDRA Act, which will drive serious and organised mining firms, are an apt example. To attract long-term investors, statutory provisions need to be streamlined and the burden of taxation and levies kept at national levels. Windfall gains need to be shared and directed towards the development of the sector rather than be expropriated. For instance, for major minerals, although the lease period envisaged is effectively 50 years, the proposed legislation still envisages return of land to the private owner of surface rights, instead of an outright sale. Does this not create a clear disincentive for the mining firm for developing the mining areas and maintaining the residual value? Similarly, liabilities for compensation and rehabilitation of project-affected persons are defined in an ambiguous manner.

It is, therefore, important that legislation keeps in mind the need to create an environment that discourages bounty hunters and encourages long-term investors. The wrong choice could result in irreparable damage to both our environment and social fabric. This must be avoided.

(The author is director general, FICCI. Views are personal.)
GOLD, SILVER HEADING TOWARDS LIFETIME HIGH

Commodity rally unabated

Investors Diversify Portfolios To Include Commodities As Return Is High

Our Bureau & Agencies

Mumbai

COMMODITIES across the board hit multweek and multiyear highs, spurred by reports of positive manufacturing data from across China, the US and Europe and on hopes of an increase in demand as economic recovery gains traction.

Indian traders and commodity exchange officials believe that investors have been diversifying their portfolios to include commodities as returns on investment have been superior to those generated by traditional assets such as equities. While copper, gold and oil hit three week highs on the overseas markets, gold and silver in local commodity exchanges headed towards their lifetime highs hit on November-end and Wednesday respectively. Record price of the yellow metal has put a lid on physical demand, with gold of 99.95% purity quoting at ₹ 20,937 per 10 gm in Mumbai, down from its record high of ₹ 21,050 on Tuesday, according to Kumar Jain, a retail jeweller in Zaveri Bazaar.

Copper advanced for a third day to the highest level in almost three weeks after manufacturing in China, the US and Europe expanded, adding to signs of a revival in demand. Copper for three-month delivery on the London Metal Exchange rose as much as 1.5% to $8,716 a tonne, the highest price since November 12, and traded at $8,715 a tonne at 3:50 pm Singapore time.

Palm oil advanced for a fourth day, touching the highest price in more than two years, on speculation that global demand for vegetable oils will increase. The February-delivery contract gained as much as 1.6% to 5,340 ringgit ($1,123) a tonne on the Malaysia Derivatives Exchange, the highest price since July 2008.

Gold gained for a fourth day, trading near the highest in almost three weeks, amid lingering military tensions on the Korean peninsula and after China's imports of the precious metal surged almost fivefold. Immediate-delivery gold rose 0.4% to $1,393.50 an ounce at 5:30 pm in Tokyo after touching $1,397.50 on Wednesday, the highest price since November 12. Bullion has gained 27% this year, reaching a record $1,424.60 an ounce on November 9.

Oil traded near the highest price in three weeks as signs of economic recovery in the US stoked speculation that fuel demand will increase in the world's biggest crude consumer. Venezuelan energy minister Rafael Ramirez said $100 is a "fair price" for oil and that OPEC is unlikely to change its output quotas at its meeting later this month.

Thanks to the current rally, brokers in the local market are expecting higher upside but are advising their clients to trade with strict stop losses in light of huge volatility.

Korea. Continued pumping in of trillions of dollars by the US Federal Reserve is expected to boost commodity prices further.

For instance, leading south-based broker JRG Wealth Management expects prices of gold, silver, crude and copper to rise in the near term. "Those wanting to place bets in the near term or on an intraday basis should do so only with strict stops in place," said Harish Galipelli, research head (commodities), JRG Wealth Management.

Data from Angel Commodities show that volatility of silver in November, measured on an annualised basis, works out to 40%, while that of crude and gold are lower at 18.4% and 15.1% respectively. The rupee's depreciation adds to the price of an international commodity which India imports. For example, overseas gold hit a high of $1,424 an ounce (31.10 gm) on November 9 but local gold futures made a lifetime high of ₹20,874 per 10 gm on November 30 by which time the rupee had depreciated by 3.5% at ₹45.88 to the dollar.

Sumesh Parasrampuria, director-business development, MCX, told ET earlier that one of the reasons for the exchange posting record average daily volume in November was because of portfolio diversification, among other things. "From last Diwali to the current year's festival, gold and silver have returned 28% and 32% respectively against 18% by Nifty, which is one reason that investors are being drawn towards commodities," Mr Parasrampuria said.
Top steelmakers in queue for mining in Bellary

ArcelorMittal, Tata Group & JSW Group Among 1,000 Applicants

P P Thimmyaya
BANGALORE

The Karnataka government, which recently took steps to restrict the export of iron ore, has received over 1,000 applications including from top steelmakers such as ArcelorMittal India, the Tata Group and the JSW Group, to mine for iron ore in the one of the state’s largest resource blocks.

This is the first time in 10 years that Karnataka has offered a large area of land—spread over 6,400 acres in the mineral-rich region of Bellary—for mining, state mining secretary B S Ramprasad told ET, adding that companies will also have to seek approvals from the central government, as mining is a concurrent subject.

Karnataka’s department of mines has selected two blocks in Ramnagadurga and Kumarswamy hill range regions, estimated to contain more than 200 million tonnes of iron ore. “We have applied for a mining lease in this aforementioned block,” a spokesperson for ArcelorMittal India confirmed. The world’s largest steelmaker, has already announced plans to build a 6 million tonne steel plant in Bellary district, which will be spread over 4,000 acres. It has already initiated the process of acquiring land. Other applicants for the mining lease include Posco, Tata Metallik, Essar Steel and also the controversial Reddy brothers who own Brahmani Steel.

The Karnataka government is currently scrutinising the applications and will forward them to the Centre next month for its approval. Mr Ramprasad said clearance from the Union ministry of environment and forests should take about 8-10 months. Incidentally, part of the land offered in the Bellary region is under forest land and will require forestry clearance also, Mr Ramprasad added.

Iron ore mining in Karnataka is largely concentrated in the Bellary district with a few scattered operations in other places such as Tumkur and Chitradurga. During the Global Investors Meet in Bangalore in June, the state received investments proposals worth over ₹200,000 crore from the iron and steel industry, including mega steel projects from ArcelorMittal, Posco and Bhushan Steel. These companies had sought captive iron ore mining leases for their operations.

However, it is unlikely that the state government will give 100% of their iron ore requirement. “We will be able to give around 30% of companies’ requirement (of iron ore) and for the rest they will have to source it from the market,” said Mr Ramprasad.
एनटीपीसी की निगाह विदेशी खदानों पर

हाँ-दिल्ली। देश की सबसे बड़ी विदेशी कंपनी एनटीपीसी की निगाह विदेशों में कोस्टल खदानों के अधिकार पर है। कंपनी ने सेंटर के अभियंता के निर्देशन के अनुसार कुछ दिनों तक सीटल और लॉस एंजिल्स शहरों में निर्माण कार्य के लिए गोल्डन मूर रिसोर्ट के बाहरी क्षेत्र में काम कर रही।

एनटीपीसी के चेयरमैन एवं प्रमुख निरीक्षक अरुण जौहर ने कहा कि कंपनी अपने पहली विदेशी खदान को दूरी तक करने की तैयारी कर रही है। कंपनी ने पहले अपनी स्पेशलिस्ट कंपनी नाम की क्षेत्र में इन्दोनेशिया में पहुंच है। हम अपने आप के विकास के लिए नया है, एनटीपीसी इंडोनेशिया की, जो कंपनी की पूरी क्षमता में और