Mining rules to be stringent

Mineral-rich states must secure permission from gram sabhas

From Ajith Athrady

NEW DELHI: The Union Ministry of Mines has revised the Draft Mines and Minerals (Development and Regulation) Bill, 2011, and incorporated stringent provisions to curb rampant illegal mining in the country.

The bill was earlier approved by the Union Cabinet on September 30.

According to the new provisions, mineral-rich states are required to secure permission from the respective gram sabhas before granting mining concession to any lessee. Even in case of minor minerals, approval of panchayat is a must.

Taking a note of illegal mining in Karnataka, the revisions in the bill bestows the law enforcing authorities with more power to curb the menace.

Lease termination
As per the revised bill, in cases where mining activity is related to organised crime or anti-national activities, the Centre can direct the state governments to terminate the mining lease, besides registering cases against the guilty.

The provisions have also entrusted the Centre with more powers to ensure the states do not remain mute spectators when it comes to illegal mining, as was the case with Karnataka, where the administration has been alleged of remaining silent while miners had a merry run for over five years, a senior official in the Ministry of Mines told Deccan Herald.

The penalty for indulging in illegal mining has also been raised.

Those found guilty now required to pay fine ten times the value of minerals mined or three years of imprisonment or both. Further, states can debar erring parties from obtaining future concessions.

Increasing area
The new bill has a provision of increasing the area under lease to five hectares for minor minerals and 10 hectares for major minerals.

This apart, plans are afoot to overhaul the Indian Bureau of Mines, including increasing its staff strength, providing better technology for its operations and entrusting it with new tasks, such as offshoring mining and initiating sustainable development of local communities.

As the new mining law aims to boost the production of minerals by expediting clearances and enforcing tighter regulatory norms, the Ministry wants to strengthen the Indian Bureau of Mines to avoid any laxity in its functioning.

The ministry will also ask the state governments to appoint more staff to regulate mines, the officials said.

DH News Service
शिवांनद का अनशन खनन
खनन पर रोक
हरिद्वार, जब्तमे: राजस्वस्थ
सरकार ने सोपान को अधीक्षक
और शिवांनद कुंडी में गंगा के
खनन पर रोक लगा दिया। इस
आदेश के बाद मातृ सदन के
मुख्यमंत्री श्याम्राम ने
11 दिन से चल रहा अपना
आंदोलन अनशन समाप्त कर
दिया। इस मामले में गंगा
सरकार ने गंगा ब्रेक के पास में
खिसका दी है। गंगा में खनन
के बंदर प्रभाव प्रभाव
मुझेरक अधिकता की 'अदालत'
सिपोटा अपने तक बंद रखा।
गंगा में खनन घोरके के
संबंध में आधारित विवाद
प्रमुख सचिव रजेकर रमों का
लिखित पत्र लेकर सोपान देश
पत्र द्वारा सौंदर्य पाहता
मातृ सदन पहुँचे। सरमा
शिवांनद से बात कर उन्हें
अनशन खनन के लिए मांग
लिया। इससे पहले राजनीति
मंत्री विनायक महत्त्व ने हरिद्वार
में छह दिनों के बाद खनन
के सम्बन्ध में प्रताप अनशन
स्थिरता कर दिया।
देश में है 285.87 अरब टन कोयला

नई रिपोर्ट में भारतीय भूमिकाएं स्वतंत्रता के अनुसार देश में अभी 285.87 अरब टन कोयला भंडार होने का अनुमान है।

कोयला मंत्रालय ने बताया कि एक अप्रैल 2011 तक, देश में कुल 285.87 अरब टन कोयला भंडार होने का अनुमान लगाया गया था।

इसमें से कोरिंग कोल 33.47 अरब टन और नॉन कोरिंग कोल 252.40 अरब टन है। मंत्रालय के अनुसार यह अनुमान लगभग 1200 मीटर गहराई तक उपलब्ध कोयले को लेकर लगाया गया है। मंत्रालय ने बताया है कि देश में कोयले की आपूर्ति सुधारने के लिए मंत्रालय ने 195 कोयला खदान आवेदित की गई है।

इसमें से 84 कोयला खदान सरकारी कंपनियों को और 111 निजी क्षेत्र में आवेदित की गई है।

मंत्रालय ने कहा है कि इसके आविष्कार देश में अभी 176 कोयला परियोजनाएं जन एवं अन्य विभागों के संबंध में के विभिन्न चरणों में हैं।
It may get worse for aluminium

KUNAL BOSE

The market remains in the habit of springing surprises, occasionally brutal. Otherwise, who could have thought as late as September that aluminium, the metal next only to steel in production and use, would sink below $2,000 a tonne in the third week of November to come close to its lowest since July 2010? This is a shocker, as in the first nine months of 2011, aluminium realised an average price of $2,498 a tonne, about 18 per cent up year-on-year. At close to $2,500 a tonne, this industry across the board, irrespective of smelters being high or low cost, makes money.

No doubt at prevailing prices, a large swathe of capacity has become unprofitable to run. Estimates of loss making capacity range from 25 per cent, according to Russia’s Rusal, to RBS banking group saying nearly half the world’s aluminium producers are not able to recover costs. What is going to save the day for Hindalco, in the midst of major capacity expansion of both alumina and aluminium and the largely government-owned National Aluminium Company (Nalco), through with its second phase of expansion is, that they remain in the lowest cost quartile of global aluminium production costs. In recent periods, however, Nalco has come under pressure because Mahanadi Coalfields, with which it has mines linkage, has repeatedly tripped in redeeming supply commitments. When Nalco buys coal through e-auction to bridge supply shortfall, it pays up to three times more than what is charged by Mahanadi Coalfields.

Cost effectiveness of a smelter depends largely on what price it gets electricity and also whether it has ownership of bauxite mines. The average share of electricity in aluminium production costs across the world is 25 per cent, with the high of 40 per cent in China, where power bill is rising faster than in most other places and the low of 10 to 15 per cent in Russia. No wonder, the world’s leading aluminium producer, Rusal, aided by a six per cent fall in energy rates and also benefiting from refinancing of a $11.4-billion debt, earned better-than-expected 2011 third quarter profit. Incidentally, about 35 per cent of world aluminium industry is power self-reliant. Even while Nalco’s electric-

In the first nine months of 2011, the metal realised an average price of $2,498 a tonne, about 18 per cent up year-on-year

lity capacity of 1,200 MW is in excess of power requirements of its 460,000 tonne smelter.

interrupted shortfall in coal supply from the designated agency is not allowing the company to reap full benefits of captive power. This is happening at a time when aluminium prices are found to be well below the world industry’s marginal cost of production. Tom Albanese, CEO of Rio Tinto, which got its portfolio hugely expanded on its takeover of Alcan in 2007, says “For the near term, I am concerned about general softening of prices when we continue to see cost escalation.” Rio’s problem got compounded by appreciating currencies in Canada and Australia, where it has a majority of its operations. Unlike company’s valuations that we are familiar with here, Rio is to permanently shut its Lynemouth smelter in the UK, as it has announced plans to sell other aluminium assets worth around $8 billion. The closure and asset disposal decision, no doubt, has been triggered more by rising energy costs than the recent cracks in industrial metals market. A secular decline in commodity prices is unavoidable when European leaders are desperate to save the euro. The Economist writes that “a euro break-up would cause a global bust worse even than the one in 2008-09.”

Beyond Europe, the US GDP growth of 1.7 per cent this year is hurting market sentiment. The only saving grace for aluminium in the US is the five per cent growth in the automobile industry, among largest sectoral users of the metal. Those tracking the Chinese market say even while aluminium demand there will grow 15 per cent to 19 million tonnes (mt) this year principally riding on the back of strong requisitions from automobile, aerospace and defence sectors, the recent slowdown in smelter capacity use more recently will see production rising 14 per cent to 18 mt. This is causing rising Chinese imports of aluminium. China is a country of paradoxes. To give one example, while the Chinese Nonferrous Industry Association wants aluminium capacity capped at 20 mt, the industry is already bigger than that. In fact, China is forecast to lift its aluminium output to 25.3 mt by 2015.

As economies in the West are sprawling, the growth in aluminium demand is happening mainly in China, India and Brazil. European aluminium orders sank 20 per cent in October, with remote chances of any immediate improvement in the situation considering the worsening credit situation. Barclays Capital base metals analyst says, European demand is contracting and “we expect it to get worse, with North American demand looking fragile, while Chinese consumer sentiment is weakening.” Housing is one area where Chinese aluminium use growth forecast will be moderated, as Beijing has taken a slew of measures to cool the real estate market that has become a hotbed of speculation.
PRICE CARD

As on Dec 5

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<th>International</th>
<th>Domestic</th>
<th>Price</th>
<th>%Chg*</th>
<th>Price</th>
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<td>Silver (S$ounce)</td>
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ENERGY

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AGRI COMMODITIES (S/tonne)

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<td>Wheat</td>
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<td>Cotton</td>
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<td>1,934.8</td>
<td>-11.0</td>
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Notes:

1. International metal & HRC spot prices and chalcocite & Murrini Steel spot prices except where noted.
2. International crude oil spot & domestic crude oil in Indian Rupee.
3. International natural gas is given in month = month & domestic natural gas is NOV near-month futures.
4. International wheat, sugar & coffee returns are FOB FOB or CIF CIF.
5. Domestic wheat & palm oil are NOV near-month futures.
6. International 2* & palm oil are NOV near-month futures.
7. Malaysian crude oil spot is BMD (Mabul oil).
8. Malaysian CI is TED.
9. Soybean oil returns are FOB FOB or CIF CIF.
10. Malaysian citric acid returns are FOB FOB.

BALTIC EXCHANGE INDICES

Dec 2, 11

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<td>Baltic Dry</td>
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<td>Baltic Supramax</td>
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<td>Baltic Panamax</td>
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<td>Baltic Lagspace</td>
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<td>Baltic Handy ore</td>
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<td>Baltic Clean Tanker</td>
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<tr>
<td>Baltic Dirty Tanker</td>
<td>776</td>
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ELECTRICITY TRADING AT IEX

Market price in T/MWH

Market price in Rupee

Dec 2, 2011
Government turns to Suuti for meeting divestment target

Finance ministry considers suggestion to monetise its equity holdings

WISHI N WIWAL
New Delhi, 5 December

Running out of time to meet its year's disinvestment target of ₹40,000 crore, the Union government may consider pledging shares held by the Specified Undertaking of UTI (Suuti) to raise loans and buy shares of public sector undertakings (PSUs).

A finance ministry official said the bifurcated arm of the erstwhile Unit Trust of India could get a few thousand crore rupees of loans from banks for purchase of PSU shares, but added the proposal was in the initial stage.

Last month, ICICI Securities had suggested a plan to mop ₹46,171 crore from buyback of securities, strategic cross-purchases and secondary sale of equity in these units in the immediate to medium term. It had suggested raising ₹22,941 crore from monetising the portfolio of Suuti, besides looking for banks and insurance companies for possible selloffs.

Suuti holds 11.54 per cent in ITC Ltd, 8.27 per cent in Larsen & Toubro and 23.58 per cent in Axis Bank.

The value of holdings in these companies is ₹18,983 crore, ₹6,251 crore and ₹9,786 crore, respectively, according to the ICICI paper.

The idea was for Suuti to exit from all the stocks after the bifurcation. In earlier years, too, the government considered selling its stake in these institutions held by Suuti, but the plan was shelved.

Selling Suuti stake in private companies can help the government meet its disinvestment target.

The government, had in the past, considered selling its stake in ITC Ltd, Larsen & Toubro and Axis Bank held by Suuti, but the plan was shelved.

Of the year's target of ₹40,000 crore from divesting stake in its PSUs, the government has got just over ₹1,100 crore from disinvestment in Power Finance Corporation. It had collected ₹22,762 crore from disinvestment proceeds in 2010-11, against the same target of ₹40,000 crore.

Another finance ministry official said, "We are looking into other options where we can get the best price without being hammered in a bullish market. We don't mind small hammering but in a bearish market, any speculation can be risky. We are seeking Cabinet approval for that." The official said cross-holding could help get the right valuations for PSU follow-on offers in the current market.

Buyback of equity by cash-rich PSUs is also being considered actively, as the government devises an alternative plan to beat market blues. The ministry is also exploring options such as sale of residual stake in companies such as Hindustan Zinc and Bharat Aluminium Co and buyback of equity by cash-rich PSUs. Some PSUs, like Steel Authority of India and Hindustan Copper, have decided against raising fresh equity in the light of current market conditions.

The government, however, has decided to go ahead with plans to divest shareholding in these companies, as it felt the needs of cash-surplus PSUs are different from a cash-strapped government.

The government had mopped up ₹22,762 crore from disinvestment proceeds in 2010-11, against a target of ₹40,000 crore.
INDIA INC'S QUEST FOR MINING ASSETS HAS RUN INTO REGULATORY RISKS...

Indian companies have been scouring for mineral assets abroad to secure fuel linkages for their power & steel plants back home. Many of these acquisitions have come under a shadow with Australia coming up with a new resource tax and Indonesia linking royalties on coal to international prices. But companies say these would not make a huge impact on the cost of coal.

- **Tata Power**
  - PT Kaltim Prima Coal, PT Arutmin Indonesia Coal mine
  - $1,100 mn

- **GMR Energy**
  - PT Golden Energy Indonesia/coal mine
  - $550 mn

- **Reliance Power**
  - Surgico Group Cos
  - Indonesia/coal mine
  - $106 mn

- **Jindal Steel & Power**
  - El Mutun project
  - $1,500 mn

- **Essar Minerals Resources**
  - Trinity Coal Corp
  - Kentucky/coal mines
  - $600 mn

- **Essar Africa Holdings**
  - Zimbabwe Iron & Steel
  - Steel plant, iron ore mine
  - $500 mn

- **Greenfield Infrastructure**
  - Osho Mozambique
  - Mozambique/coal mine
  - $100 mn

- **Tata Steel**
  - Riverside Mining*
  - Mozambique/coal mine
  - $85.66 mn

- **Adani Enterprises**
  - Linc Energy
  - Queensland, Australia/coal mines
  - $2,720 mn

- **GVK Power & Infra**
  - Hancock Group
  - Australia/mines, port, rail project
  - $1,260 mn

- **Lanco Infratech**
  - Griffin Coal
  - Bunbury, Australia Coal mines
  - $845 mn

Despite having coal of lower calorific value, Indonesia has linked royalty on coal to an index of coal prices for Australia, South African & some other producers, from September. There's concern that this will push power rates in India but royalty is just 3% of FOB price of coal.

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*In April 2011, Tata Steel sold 26% stake in Riverdale to Rio Tinto for $1.1 billion but retains 35% stake in some Mozambique coal mines*

*Initial investment $1.6 billion, plans to invest $2.1 billion over eight years; project includes steel plant, sponge iron plant, pellet plant and power project*

*Reliance Power will pay $600 million linked to production

FOB: Freight-on-board price

Compiled by Ranjul Sarkar
Graphic by Neeraj Tiwari

Source: Grant Thornton, news clips

*Will impose a 30% Minerals Resource Rent Tax from 1 July 2012 on profits from mining of iron ore and coal in Australia. This replaces another proposed tax. With a number of rebates available, companies estimate the tax liability to be 22.5% of profits
Resume Ore Mining in Western Ghats: Panel

Govt may not accept suggestion as it may trigger protests from NGOs, environmentalists

MEERA MOHANTY
NEW DELHI

A government panel has suggested resuming iron ore mining in the Western Ghats in a bid to tap into 10 billion tonnes of ore reserves in the region and to lighten the load on Karnataka. Mining in the region had been stopped on environmental grounds.

The forested mountain range across the southern states and parts of Maharashtra and Goa has been out of bounds since a Supreme Court order to shut operations of Kudremukh Iron Ore in 2006 on environmental grounds.

Its hills are estimated to contain 10 billion tonnes of iron ore of the magnetite variety that is easily upgraded for use in steel making. The country’s resources of the mineral are estimated at 28.5 billion tonnes, with 17.9 billion being of the hematite kind that’s currently being mined.

“Impact of the ban has been limited so far, as the domestic steel industry is primarily based on hematite iron ore. With depleting high grade hematite iron ore resources, however, exploitation of these magnetite resources may become necessary to sustain the growth of the domestic steel industry in the long run,” says the group chaired by Steel Secretary PK Misra in its sectoral report for twelfth five-year plan.

However, the government may not approve the panel’s recommendations as it is likely to trigger a public backlash from environmental groups.

India produced about 208 MT of iron ore last financial year, a little less than half of which was exported. During 2011-12, it will require 115 MT of iron ore for the projected production of 73.7 MT of crude steel. In five years 125.9 MT of steel production will require 206 MT of iron ore.

Iron Demand
- The region’s hills are estimated to contain 10 BT of iron ore of the magnetite variety
- The country’s resources of the mineral are estimated at 28.5 billion tonnes
- India produced about 208 MT of iron ore last financial year
- In 2011-12, it will require 115 MT of iron ore for the projected production of 73.7 MT of crude steel
- In five years 125.9 MT of steel production will require 206 MT of iron ore

“Both the state government and the Centre have tried under some pretext or the other to restart operations. But let’s remember that this is the only time where the Supreme Court has stopped mining in real sense, and that of a large state firm. And in view of the tough stand the forest bench has taken with regards to Bellary it may be impossible to convince them,” said Supreme Court environment lawyer Ritwick Dutta.

Of the 10 billion tonnes magnetite iron ore in Western Ghats, 8 billion tonnes are estimated to be within Karnataka. Tasked with compiling a macro environmental impact assessment of Bellary for the apex court, the Indian Council of Forestry Research suggested last month that underground mining be considered in the Western Ghats.
Gloom over Euro debt crisis drags copper

Bloomberg
Dec. 5

Copper fell in London on concern about European leaders ability to limit the regions debt crisis as they take another run at finding a solution this week after the failure of a fourth rescue blueprint.

Copper for three-month delivery dropped 0.5 per cent to $7,850 a tonne by 11:22 a.m. on the London Metal Exchange. Prices jumped 9.1 per cent last week, the first increase in five weeks. Copper for March delivery fell 0.4 per cent to $3,569 a pound on the COMEX in New York.

Copper stockpiles monitored by the LME rose for a third session, advancing 1,350 tonnes to 389,500 tonnes, daily exchange figures showed. Inventories in Asia were unchanged after declining for 46 sessions in a row, the longest streak since at least January 1998, according to data compiled by Bloomberg.

Orders to draw copper from LME stocks, or cancelled warrants, fell 0.2 per cent to 23,800 tonnes.

Aluminium for three-month delivery on the LME fell 1.2 per cent to $2,103.50 a tonne after gaining 6.9 per cent last week.

Zinc declined 1.4 per cent to $2,024 a tonne and lead lost 0.5 per cent to $2,099 a tonne. Nickel rose 0.7 per cent to $17,870 a tonne and tin retreated 0.3 per cent to $19,945 a tonne.
क्या सचमुच आपका हीरा है सदा के लिए...

पारं

मानक तय करने की कोशिश जारी हैं।

केस-1: कोई भी खरीदने को तैयार नहीं है

हेरो जड़ सेट बेचने के लिए एक महिला हामिराय रेड स्कार एडिटर (आईआईएलएंड आईए) जैसी विश्वसनीय स्थिति में मान्यता प्राप्त संस्थाओं के साथियों के संयोजन के दृश्य हीरे खरीदने की सलाह देते हैं।

हालांकि वह निजी लेखकों ने जो जेम्पोलिजिकल इंस्ट्रुक्टर (जीआईए) से संबंधित है।

वे भारत सरकार का नियंत्रण नहीं हैं।

केस-2: कांग्रेस में निकले सात नकली हीरे

एक जौहरी ने हीरे जड़ से सुरक्षित 20 कांग्रेस खरीदे।

हर कांग्रेस में एक वैटेट से बड़े आकार के 100-120 हीरे जड़े थे। जौहरी के बाद एक बड़े खिलाड़ी का भ्रमण करने हो दुर्लभ था। खूब आकार खड़े तो कंग्रेस को बाहर लेने में मजबूत टेस्ट करवाया गया। एक कांग्रेस सताह नकली हीरे निकाली।