CIL, RIL lead mining output decline; sector to contract 2.2%

SUDHEER PAL SINGH
New Delhi, 7 February

Hit by a dip in production of coal from Coal India Ltd (CIL) and gas from private sector major Reliance Industries Ltd (RIL), the mining sector is set to contract by 2.2 per cent this year. The sector grew five per cent in 2010-11. While the mining sector accounts for around three per cent of India's gross domestic product (GDP) on a standalone basis, a dip in mineral output creates a ripple effect on major end-use industries in the key infrastructure sectors of power, steel, cement, fertiliser and oil and gas.

A sharp contraction in mining output, coupled with a 40 per cent decline in iron ore production, forced the government to peg India's economic growth rate at a dismal 6.9 per cent for the current financial year. The latest GDP projection is the lowest in the past three years and is in sharp contrast to the previous financial year's 8.4 per cent growth.

Shares of RIL, India's biggest company by market capitalisation, today closed at ₹444.7 at the Bombay Stock Exchange, up 1.4 per cent, compared to the previous close. The company has been struggling to ramp up production from its flagship KG-D6 field. At ₹253.3, CIL's shares today closed 0.5 per cent lower. The company had crossed RIL to emerge as the most valued firm, with a market capitalisation of ₹251,296 crore on August 17.

"CIL's production, which is very significant for mining output, has been hit due to delays in clearances for new projects and heavy rains in areas where its coalfields are located. On regulatory hurdles, while we do not see the situation improving in the short term, there is likely to be an improvement over the next two years, as mechanisms for speedy clearances are put in place," said Bhavesh Chauhan, research analyst at Angel Broking.

CIL, which accounts for over 82 per cent of the domestic 530-Mt coal output, saw production fall this year. The production fell 1.6 per cent to 335.9 Mt between April and January, compared with 341.4 Mt during the same period of the previous financial year.

Apart from the delays in securing environmental clearances, heavy rains in major coalfield areas and workers' strikes contributed to the fall in output. Problems in land acquisition for new projects and law and order issues also took a toll on output this year. "As on date, we have 178 forestry proposals awaiting clearance. Also, as 90 per cent of Coal India's production comes from open cast mining, production has been affected due to land acquisition issues," former chairman N C Jha told Business Standard.

Coal India has already scaled down this year's 452 Mt production target to 440 Mt. "We had huge negative growth in the three months of August, September and October due to rains. And, we fell short of the year's target by around 26 Mt," Jha said. The company has been trying to record growth of 10 per cent during the quarter ending March to make up for the shortfall.

In the petroleum minerals sector, gas production from the RIL-operated KG-D6 block during the nine months ended December fell nearly 22 per cent to 436.40 billion cubic feet. Crude oil production from the block fell 40 per cent to 3.8 million barrels. RIL has recorded a fall in KG-D6 output, from 61.5 million standard cubic metre per day (mscmd) in March 2010 to less than 39 mscmd at present, against a 70 mscmd target for this financial year.
Decision soon on banning iron ore exports from Goa

Press Trust of India
Bangalpore, Feb. 7

The Commerce Ministry will take a final call on banning iron ore exports from Goa soon, the Additional Mining Secretary, Mr S. R. Srivastava, said on Tuesday.

"The Commerce Ministry will take the final call on the issue soon as it enjoys administrative powers," he told PTI.

The M. B. Shah Commission, which went into illegal mining of iron ore and manganese ore, had advocated ban on export of these minerals running into crores of rupees and warned that such activities could influence State policies, besides promoting illegal mining.

Referring to a remark by a senior official of China Minmetals Corporation that China had begun exploring alternative markets to source its requirement of iron ore following a decline in iron ore exports from India due to a crackdown by the Government to check illegal mining, Mr Srivastava said India is not worried about the scenario.

India would be able to find good alternative markets for exporting iron ore, Mr Srivastava said.

Moreover, the country's consumption of iron ore is increasing, he said.

CHINA FACTOR

China Minmetals Corporation Assistant Chief Representative, Mr Shi Ming Li, had in November last said India's iron ore supply "was not very stable."

China, which has been sourcing iron ore from Australia, Brazil and South America besides India is also looking at countries such as South Africa, Iran, Ukraine, Congo, South Africa, Zimbabwe, Indonesia and Venezuela.

Asked about the demand of some business bodies to allow companies not guilty of irregularities to start mining operations in Karnataka, Mr Srivastava said a final call would be taken by the court in consultation with those concerned. "We cannot say anything at this stage," he added.

However, the Mining Ministry was a strong subscriber of allowing mining under the legal framework of the country, he said.

Reacting to the demand of industry body Assocham for removal of import duty on iron ore, Mr Srivastava said there were sufficient reserves in the country to meet the needs of the steel sector.
SC panel wants 49 mining leases in Karnataka cancelled

Mayank Aggarwal - NEW DELHI

The Supreme Court-appointed central empowered committee on environmental issues has confirmed that country's minerals are being looted. In a 143-page report, a copy of which is available with DNA and was submitted to the apex court on Saturday, has recommended that 49 mining leases out of 166 surveyed in Karnataka be cancelled.

The report blows the lid off the mining scam and says this rampant illegal activity has "perhaps may have no other parallel in the country." These mines, operating in Bellary, Chitradurga and Tumkur districts of Karnataka, thrived because of the "blatant connivance of the officials concerned and public functionaries."

The report observed "there has been all round sharp degradation of environment with all its attendant problems because of the unsustainable greed of a few."

Of the 166 mining leases surveyed, the CEC found that at least 123 were involved in illegal mining. The SC will now take up the case on Friday.

The panel divided the companies involved in mining in these three districts in A, B and C categories. The committee has not only recommended cancellation of licenses of 49 companies (in category C), but also vouched for an exemplary penalty and compensation depending upon the level of illegalities found.

Of the 166 mining leases, 45 were placed in category A where no illegality was found. The panel recommended that they may be allowed to resume mining operations subject to several conditions and that iron ore becoming available from them is only used for steel plants and associated industries in Karnataka and adjoining states.

Similarly, 72 mining leases were put in category B and, wherein illegal mining - by way of mining pits being outside the sanctioned lease areas - was found to be up to 10% of the lease area. For areas where it was found to be over 10% and involved in violation of Forest (Conservation) Act - it was categorized as C.

For B category, the panel recommended a penalty of Rs5 crore per hectare of the area found to be under the illegal mining plot and of Rs one crore per hectare of area for illegal mining by way of over burden dumps. But it said that the "mining operations may be allowed to resume after penalty decided by SC is deposited and Reclamation and Rehabilitation (R&R) plan is undertaken besides several other conditions."

However, the panel did not spare C category companies. It not only recommended cancellation of their leases but also advocated for retaining of the entire sale proceeds of the existing stock of the iron ore of these leases. It also said the entire R&R plan should be at the cost of the lessee.

The CEC also prescribed a ceiling of 25 Million Metric Tonnes (MMT) for total production of iron ore from all the mining leases in Bellary and of 5 MMT from all the mining leases in Chitradurga and Tumkur together.

Besides, the panel recommended creation of a Special Purpose Vehicle under chairmanship of Karnataka's chief secretary for taking "ameliorative and mitigative measures" in the three districts. The CEC opined that resources mobilised by allotment of cancelled mining leases, by penalty received from the defaulting lessee and from those mining leases falling in Category A&B should be transferred to this SPV and used for socio-economic development of the local area, infrastructure development and forest conservation.
Glencore, Xstrata okay to $90 bn merger

ASSOCIATED PRESS
LONDON, FEBRUARY 7

AFTER years of courting, mining company Xstrata PLC and commodities dealer Glencore International PLC have agreed to marry in a $90 billion deal that would create the world's fourth largest natural resources group.

The announcement of the terms of the deal comes just a few days after the first public acknowledgment that the two companies were in discussions about a long-mooted tie-up — merger talks, codenamed 'Everest,' have gone on for years. The combined company will control a chain of businesses from mining to refining, storage and shipping of basic commodities like coal, copper and corn.

Though the deal is likely to win the day — after all, Glencore already owns 34 per cent of Xstrata — there were some signs of discontent over the terms being offered, with one institutional shareholder already saying it will vote against.

Under the terms of the deal, Xstrata shareholders would receive 2.8 Glencore shares for each of their shares. That represents a premium of 15.2 per cent based on Monday's closing prices.

The merger is projected to yield cost savings of $500 million in the first full year, primarily in marketing, while creating the world's fourth largest global diversified natural resource company, with operations in 33 countries. It will also give the combined company greater leverage to borrow money for its operations.
Halt the loot

At a time when corrupt political leadership and the government’s executive arm have failed miserably to prevent illegal mining and destruction of forests in Karnataka over the years, the Central Empowered Committee (CEC) appointed by the Supreme Court has done yeomen service to the state by recommending a series of measures to prevent further plundering of the natural resources. The Karnataka Lokayukta had submitted two voluminous reports in 2006 and 2011 detailing the illegal mining and export of iron ore, but the mining lobbies, some of whom were ministers, were so powerful that the government took no action to stop these illegal activities. It was only after the intervention of the Supreme Court that the mining was completely stopped last July and the CEC was asked to make further inquiries and report back to the court.

The CEC, in its final report submitted to the apex court on Monday, has recommended cancellation of 49 mining leases in Bellary, Chitradurga and Tumkur districts, where “there was rampant, unauthorised, unregulated, environmentally unsustainable and illegal mining that had no parallel in the country.” The panel has suggested conditional resumption of mining in 45 leases, with a cap of 30 million metric tons per year. In the remaining 72 leases, it has prescribed a reclamation and rehabilitation programme based on the ecological impact assessment report prepared by the Indian Council of Forestry Research and Education (ICFRE). The committee has also recommended imposition of a penalty on lease holders involved in illegal mining to create a corpus of Rs 300 crore for the state government to take up rehabilitation of the devastated region. The CEC has done well to reject ICFRE’s recommendation to permit mining in the ecologically sensitive Western Ghats using ‘superior underground technology,’ as it would have led to more pernicious ecological disasters.

The CEC’s suggestion for auctioning of iron ore comes not a day too soon as the Supreme Court too in its judgment on telecom spectrum has said that all exhaustible natural resources should be distributed in a fair and transparent manner. There is no clear estimate of the extent of looting of iron ore over the last one decade, but some reports suggest that it is in excess of Rs 50,000 crore. Just as the Supreme Court is doing its job, both the Central and state governments should wake up at least now and have clear cut policies on mining, the distribution of ore, their export and the royalties to be collected for the benefit of society.
Projects’ delay costs CIL ₹3,387 cr

Coal India Ltd (CIL), which is already struggling to meet its production targets, has been further hit by cost overrun of ₹3,387 crore as 16 of its mining projects are delayed by up to five years. Besides that, 12 of them are running behind schedule, according to a flash report prepared by the Ministry of Statistics and Programme Implementation. The report would be sent to the Prime Minister’s Office. According to details available with The Pioneer, till October 31, 2011, out of the total 48 projects of CIL, 28 were delayed, resulting in cost overrun of ₹3,387 crore. The original cost of these delayed projects was ₹27,241 crore, however after being delayed, the cost of these projects now comes to ₹30,628 crore.

Official sources said that the report, which is annually released by the Ministry of Statistics and Programme Implementation, would soon be sent to the PMO, which has in the recent past raised concerns over delay in coal projects, which have had a cyclical effect on power projects.

As per the report, out of the 28 CIL projects, while 16 have been delayed by a period between one and five years, 12 projects have been delayed indefinitely. The flash report, which evaluated 587 projects of all the major public sector undertakings of the country, found that out of these, 235 were running behind schedule.

With the report all set to reach the PMO, the delay in coal projects and overall situation of poor supply of dry fuel, which had kept the Government occupied during the major part of the current fiscal, is expected to return to haunt the South Block mandarins.

Continued on Page 4
Projects’ delay costs...

From Page 1

The delay in environmental clearances to CIL’s dry fuel blocks in heavily forested areas by the Environment Ministry had a residual effect on the company’s coal mining projects. Though after the PMO’s intervention, it was decided that blocks situated in forested areas (also known as No-Go areas) would now be cleared on a case to case basis (as was the norm earlier when the No-Go rules were not in existence), Coal Ministry officials have been of the view that it would take more than a year for the situation to get back to normal.

The cost overruns in CIL projects therefore are a result of these delays, ministry sources said, adding that the heavy Monsoon during August-October period in 2011 was another reason for delayed supply of coal to thermal plants, as coal mining had to be virtually stopped due to the inclement weather.

The data though consists of projects which may have started five years back and are yet to be completed. According to official sources, in 2009-10, CIL’s production shortfall was 2 to 3 million tonnes, which grew manifold and in 2010-11 stood at 30 million tonne. For the current fiscal the shortfall is still hovering around 25 million tonne. In fact, the public sector company has also scaled down its production target from 448 million tonne to 440 million tonne for this year, which only strengthens the dismal scenario that has reflected in the Ministry of Statistics and Programme Implementation’s annual data.

The PMO has in the recent past raised concerns on the coal production scenario and has held meetings with Coal Power as well as Environment Ministry officials in order to sort out the delay in clearance of coal blocks so that projects are completed on schedule.
Glencore to take over Xstrata for $41 bn

LONDON: Commodities trader Glencore agreed on Tuesday to buy the remaining 66% of miner Xstrata for $41 billion in a record deal to create a powerhouse spanning mining, agriculture and trading. Glencore and Xstrata will form a company worth $90 billion to rival other mining heavyweights such as BHP Billiton and Rio Tinto.
Glencore and Xstrata deal hits a hurdle

At least two of the top 10 shareholders in miner Xstrata plan to vote against a takeover by commodities trader Glencore, threatening the creation of a powerhouse spanning mining, agriculture and trading.

Standard Life Investments and Schroders said the deal, the mining sector’s biggest, to buy the remaining 66 per cent of Xstrata for $41 billion, undervalued their shares.

The deal, designed to create a firm to rival mining heavyweights such as BHP Billiton and Rio Tinto, needs to be approved by 75 per cent of shareholders excluding Glencore, which is barred from voting.

Standard Life and Schroders together own 3.6 per cent of Xstrata, but 5.6 per cent of the shares needed for approval. Their stand may persuade others to follow suit.

“I’m in complete agreement with Standard Life and we intend to do the same. This is a fabulous deal for Glencore, it’s probably a great deal for the Xstrata management, but it’s a poor deal for Xstrata’s majority shareholders,” Schroders’ Richard Buxton said. Reuters
ArcelorMittal Puts India Investment Plans on Hold

OUR BUREAU & AGENCIES
NEW DELHI

The world's largest steelmaker, ArcelorMittal, is putting its India investment plans on hold, at least for the time being.

The Luxembourg-based steel company has plans to build two steel plants of 12 million tonnes each in Jharkhand and Odisha, and one 6 MT plant in Karnataka at a total estimated investment of ₹1.30,000 crore.

"It is very difficult to say anything... when we will start construction, when we will make any progress. We are not even counting them in our business plans for the next few years," Lakshmi Mittal, chairman and CEO, ArcelorMittal, said in a conference call on Tuesday.

He also expressed disappointment at the growth of steel sector in India. "Last year's growth of 5% was not very impressive considering that GDP growth was 6.7%. For a developing economy like India, steel growth should be 1.5 times that of GDP, which means we still need a lot more infrastructure and construction projects underway. There is really a lot of work needed to put projects on fast-track approvals," Mittal added.

Responding to a question on the impact of recent recommendations pushing for fair more conservative mining in Karnataka, Mittal couldn't comment on a timeline for its India plan, but said he was closely watching developments such as the new mining Bill, and other new policies.

ArcelorMittal said on Tuesday that it posted a ₹1 billion net loss in the three months to end December, compared to a ₹780 million loss a year earlier. The loss was mostly due to ₹1.5 billion in charges for deferred taxes, restructuring and impairments.

Mittal was positive about Europe and said that despite the "mild recession" in Europe, recent economic indicators were showing positive signs. There were also some positive signs that things were improving for Greece and other affected countries, he added.

ArcelorMittal, which calls itself a steel and iron ore company, sees prices for the critical steel raw material to stay within a range of ₹300-150 a tonnes.

"Iron ore prices fell in November-December when the economic outlook was very depressing. But sentiments have improved since then, and the US is showing strong growth in auto and energy. And Europe unlike earlier predictions of a crisis, is only in mild recession. Iron ore prices are now at ₹132-134, and we expect it to stay at this range — ₹130-150 — over the next six months," Mittal said.
Odisha Mulls E-auctions for Iron Ore to Increase Revenues from Mining

MEERA MOHANTY
NEW DELHI

The Odisha government is considering electronic auctions for iron ore mined in the state as resource-rich but cash-starved states seek to increase their precious revenue to counter rampant illegal mining.

A senior state government official told ET that such a proposal is being considered but is at a preliminary stage. Odisha produces about a third of the country’s iron ore leading with players such as Tata Steel, Steel Authority of India, Birla’s Essel Mining, Adhunik Metaliks all owning mines within the state.

India has one of the world’s biggest iron ore reserves but a series of scandals involving wealthy iron ore miners producing and exporting large quantities of iron ore illegally has forced a crackdown by central and state governments and the Supreme Court. Karnataka, which produces about 25% of the country’s ore, is the worst affected. The illegal production has converted vast tracts of virgin forest land of the state into desolate, arid regions while road network in its western and central region has been literally destroyed by armies of lorries plying the illegal ore. In Odisha, only a little above 100 mines are operational out of 12500 leased due to pending ongoing government investigations.

This practice has created a huge dent in the states’ revenues as royalty on the ore comes to the state’s coffers.

The Supreme Court mandated e-auction in Karnataka has increased the price of ore up to about `3,500 per tonne from about `2,700 per tonne in the earlier price regime. Government officials in Odisha and Jharkhand have been impressed enough to want to introduce something similar.

In the next few days Odishas senior officials will sit with their Jharkhand counterparts to discuss measures to tackle illegal mining. Odisha chief minister Naveen Patnaik has been a vocal critic of the paltry royalty of `34-27 per tonne of iron ore until 2008, and 10% since. The state has blamed the Indian Bureau of Mines of under reporting average iron ore pit prices at pit mouth, based on the royalty that is collected.
Rising Energy Bill may Lead to Production Cut

The impact of higher raw material costs and lower aluminium prices resulted in an 60% drop in profit for Nalco. And even though the price of aluminium has improved since the beginning of January, it is still significantly lower than the same period last year. This leaves the country's largest aluminium producer with little choice but to curtail production in the coming months in an environment where input costs remain high.

The sharp drop in LME aluminium prices has made it unviable for several aluminium producers across the globe to operate forcing them to partially shut down smelters. This is because the cost of production, mainly the cost of power, remains high, hurting margins of all producers, including the cheapest producers like Nalco.

With the cost of coal higher by almost 50% and LME aluminium about 11% lower, the company's move to take 120 pots off the stream at its smelter in Angul makes sense. According to the management, coal prices are expected to stay at the current ₹2,600/tonne rate till March. Aluminium prices, though 5% higher than last quarter, are still about 14% lower than January 2011. Given this scenario, the management is not likely to increase production, which means it will report a drop in production for the year.

Sales growth has been declining over the past three quarters. For the nine months to December 2011, the company's sales stood at ₹4,825 crore, which is three-fourth of its annual sales for March 2011. Earnings have declined from ₹2.96 per share to ₹2.20 at present.

Shares of Nalco have shot up 27% since the beginning of January, in line with the rally in metal stocks. It has been one of the worst performing metal companies on the bourses in the past 12 months posting negative returns of 42% compared with a 27% decline in the BSE Metal Index. At ₹61, Nalco's scrip trades at 19.2 times its trailing 12-months earnings per share. This is expensive compared with Hindalco and Sterlite Industries which trade at 12.9 times and 7.6 times, respectively. Investors should use the current rally to exit the stock considering the company's medium-term outlook.

crystal.barretto@timesgroup.com
Mining Sense

The panel on illegal mining in Karnataka has made the right suggestions

A panel set up by the Supreme Court to investigate Karnataka’s illegal mining mess has made some important recommendations. It says 49 licences are patently illegal and should be scrapped. Another 72 mining companies should be fined for operating outside sanctioned areas. It also asks for Karnataka’s iron ore output to be capped at 30 million tonnes, down a third from its 45-million-tonne level till the court banned all mining in the state. These stricture are welcome: they could help restart mining in the state and bring Karnataka’s crony capitalism to heel. Till recently, Bellary stood for the worst excesses of Indian capitalism. The notorious Reddy brothers used their illegal mining wealth to buy into the BJP, into ministerships and local administration. That structure has been partially dismantled after CM Yeddyurappa was forced out and one of the Reddy brothers imprisoned. If the court upholds the panel’s recommendations, much of the damage can be undone.

The Central Empowered Committee (CEC) also says, correctly, that all mining licences should be auctioned. This will dismantle the shady first-come-first-served mechanism by which well-connected state politicians and businessmen jumped queues to grab mining leases. Auctions will also help discover the correct price of mining licences. Finally, the CEC’s suggestion, that all ore should be sold at market rates, is welcome. It has argued, correctly, that even ore from captive mines should be sold at market prices. There is no reason why this should be restricted to mines in Karnataka. The government must do the next logical thing: it should scrap the policy of granting captive mines to produces of metals or power across the country. India’s steel and aluminium makers benchmark their metal prices against globally-traded prices, but have input costs close to zero, thanks to captive ore mines. This only serves to destroy value addition in mining or transfer it to metal-making, artificially boosting profits there. All captive mines now in operation should be handed back to the government, which can then hold global auctions for operating them.
NEW COAL PRICING

‘Negligible’ impact on power generation costs

Pratim Ranjan Bose
Kolkata, Feb. 7

Power producers report minimum impact on fuel costs following the January 31 revision by Coal India Ltd in gross calorific value (GCV) based price list. NTPC, running capacities in excess of 35,000 MW mostly located on the pit-head, reported a ‘negligible’ 2-3 per cent cost push under the latest GCV-based prices regime.

According to NTPC Chairman, Mr Arup Roy Choudhury, new coal prices have had “negligible, maybe 2-3 per cent”, impact on the company’s generation costs.

Assuming that the company’s existing average tariff is around Rs 2.80 a unit, a back-of-the-envelop calculation suggests that electricity supplied by NTPC should be costlier by about 8 paisa a unit, following the CIL price revision.

OLD CAPACITIES
The cost-impact, however, is set to be higher for producers having old capacities, which consume coal of higher heat value or located far away from the coal mining areas in West Bengal, Jharkhand, Chhattisgarh and Maharashtra. Also, coal procured from Odisha has become relatively costlier.

According to sources, Kolkata-based private sector power generation and distribution utility CESC Ltd may report 25 paisa (around 5 per cent) cost push over and above the existing tariff of Rs 5.19 a unit.

The RP-Sanjiv Goenka Group company requires significant quantities of high-calorific-value coal (which has become relatively costly in the GCV regime) for its archaic capacity at Titagarh. This apart, the company procures bulk of the low-grade coal from Odisha-based Mahanadi Coalfields Ltd (MCL).

A wholly-owned subsidiary of CIL, MCL was earlier considered to be the cheapest source of coal—a distinction which was done away with under the new regime where coal of a particular heat value should fetch equal price irrespective of its source.

The case is more or less same in West Bengal, with the government-controlled generation utilities having a fair share of old generation units and the rest are based on supplies from MCL.

According to sources, the tariff of power supplied by state utilities should move up by 25-30 paisa a unit (or 4.5 per cent) under the new coal price regime.
ArcelorMittal puts India business plans on hold

Press Trust of India
New Delhi, Feb 7

Unable to get regulatory approvals for its proposed $30 billion investment, world’s largest steel maker ArcelorMittal has for the time being put on hold its India business plans.

“It is very difficult to say anything... When we will start the construction, when we will really make the progress. We are not even counting them in our business plans for the next few years,” ArcelorMittal chief, Mr L.N. Mittal, said while announcing the results for 2011 in a conference call.

The world’s largest steelmaker has plans to build two mega steel plants of 12 million tonnes each in Jharkhand and Odisha, and one 6 mt plant in Karnataka at a total estimated investment of Rs 1,30,000 crore ($30 billion). However, marred by regulatory delays and problems in land acquisition, the company has put its Odisha plans on the back burner.

In September 2010, it also shifted its plant site in Jharkhand from Khunti-Gumla to Bokaro. Noting that ArcelorMittal is still in the process of securing various regulatory approvals, Mr Mittal further said that his company is waiting for a clear picture to emerge on various government policy initiatives like new mining bill.

The new Mining Bill, tabled in Parliament in the winter session, has proposed to levy an amount equal to 100 per cent royalty payments for the non-coal mining companies as compensation for the project affected people. “New bills are coming in Parliament... There is a new policy for coal allocation. So, we are really watching the various developments and rules and regulations (that are) coming in. Then only we will have the visibility about the projects in India,” he said.

Q4 LOSS WIDENS TO $1 B
The company’s loss widened to $1 billion in October-December 2011 due to subdued European demand and an $1.3 billion outgo on deferred tax, impairments and restructuring charges. The company, which had reported $780 million loss in October-December quarter of 2010, partly attributed the loss during the fourth quarter to $1.3 billion non-cash charges, which deferred tax, asset impairments and restructuring.

Net sales, however, were up at $22.4 billion during the reporting quarter against $20.6 billion in the last quarter of 2010. It sold 20.6 million tonnes steel during the reporting quarter and 21.1 million tonnes in the immediate past quarter.

For the year as a whole, ArcelorMittals’ net income was also down to $2.3 billion against $2.9 billion in 2010.
Glencore to take over Xstrata for $41 billion

LONDON: Commodities trader Glencore agreed on Tuesday to buy the remaining 66 per cent of miner Xstrata for $41 billion in a record deal to create a powerhouse spanning mining, agriculture and trading.

In what has been billed as a merger of equals, Glencore, the world's largest diversified commodities trading house, and Xstrata will form a company worth $90 billion to rival other mining heavyweights such as BHP Billiton and Rio Tinto.

The new group, which will have mining assets from New Caledonia to the Democratic Republic of Congo, are expected to use their combined clout to look at other deals, including potentially a takeover of Anglo American, analysts say.

Xstrata Chairman John Bond and Chief Financial Officer Trevor Reid will retain their posts, and Glencore CEO Ivan Glasenberg, a billionaire, will be President and Deputy CEO of the new company. — Reuters
CEC suggests cap on iron ore mining in Karnataka

Recommends 25 million tonne ceiling in Bellary

fe Bureau

New Delhi, Feb 7: In what may hit steel and mining companies in Karnataka, the Central Empowered Committee (CEC) in its report to the Supreme Court has recommended that the iron ore mining in Bellary district should be capped at 25 million tonnes (mt), whereas for other districts Chitradurga and Tumkur, a ceiling of 5mt should be imposed.

It has suggested that no new mining leases for iron ore should be sanctioned in these districts till the process of reclamation and rehabilitation is completed and common facilities for transportation of minerals have been put in place to justify any increase in the ceiling on iron ore production. “No mining leases should be sanctioned only for the purpose of trading,” CEC said in its report.

If the Supreme Court imposes cap on iron ore production, the expansion plans of many steel companies including JSW, ArcelorMittal, Posco and Bhushan Steel would be in for a trouble. Most of these companies have already applied for a new mining lease in the state.

“For companies like ArcelorMittal and Posco, the state government has already committed the mines.

Panel has asked for 5mt cap in Chitradurga and Tumkur

Also, a ceiling of 30mt would restrict the growing demand for iron ore for steel manufacturing units,” RK Sharma of Federation of Mines and Minerals, said.

The Supreme Court had appointed CEC last year to look into illegal mining in the state. The committee submitted its report to the Court on Friday.

The panel has classified mining leases in Karnataka into three categories—A, B and C. Category A comprises of 21 mines where no illegality or marginal illegality have been reported and 24 non-working mines. There are 72 mines that have been involved into illegal mining through mining up to ore than sanctioned areas. Such mines are part of category B.

The third category comprises of mining leases that produced more than 10% over the mining area and have been violating Forest Conservation Act. There are 49 such cases and the committee has recommended that the licenses for these mines should be cancelled.

“Aafter cancellation, the mining leases may be directed to be allotted/assigned through a transparent process of bidding to the highest bidder from the end users,” the panel suggested.
सरकार के सामने सुस्ती से निपटने की चूनौती

भारत सरकार

मौजूदा वित्त वर्ष 2011-12 में अर्थव्यवस्था को विकास की दर 6.9 प्रतिशत से नीचे रहने के अनुसार तथा खुद, मैन्यूफूक्सियरिंग और कृषि ने ग्राहकों की अर्थव्यवस्था को सहायता प्रदान की।

प्रतिशत दर

<table>
<thead>
<tr>
<th>क्षेत्र</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>कृषि</td>
<td>7.0</td>
<td>2.5</td>
</tr>
<tr>
<td>खनन</td>
<td>5.0</td>
<td>2.2</td>
</tr>
<tr>
<td>मैन्यूफूक्सियरिंग</td>
<td>7.6</td>
<td>3.9</td>
</tr>
<tr>
<td>कंस्ट्रक्शन</td>
<td>8.0</td>
<td>4.8</td>
</tr>
<tr>
<td>जलवायु</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>रेलवे</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>वित्त, गैस</td>
<td>11.1</td>
<td>11.2</td>
</tr>
<tr>
<td>वित्त, बैंक</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>सामाजिक</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>सामाजिक</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>निजी सेवाएं</td>
<td>4.5</td>
<td>5.9</td>
</tr>
<tr>
<td>(भारतीय प्रतिशत में)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

वित्त के निरीक्षण के पिछले अनुमोदन को देखते हुए उन्होंने अपने विवेदन की लागत अंकित करने वाले विवरण की आवश्यकता की।

मोदी ने न्यूज़ एंड लाइफ के वित्त वर्ष के जीएचडी के अनुसार वोल्फ की अर्थव्यवस्था को सहायता प्रदान की।

मोदी के निरीक्षण के पिछले अनुमोदन के दर्शक देखते हुए उन्होंने अपने विवेदन की लागत अंकित करने वाले विवरण की आवश्यकता की।

मोदी के निरीक्षण के पिछले अनुमोदन के दर्शक देखते हुए उन्होंने अपने विवेदन की लागत अंकित करने वाले विवरण की आवश्यकता की।