Preference to PSUs if they skip pvt route to develop coal blocks

Parul Chhaparia & Subhash Narayan
New Delhi, July 8

In a move that could prevent many state-owned entities from going for public-private joint ventures to develop coal blocks allocated to them, the government proposes to give preference to such entities developing coal mines on their own rather than by forging alliance with the private sector.

“Though the companies would be allowed to form a JV (joint venture) with private companies, the preference would be given to those which apply on their own or join hands with another PSU (public sector unit) for blocks to be allocated under government dispensation route,” a senior coal ministry official said.

Under the competitive bidding of coal blocks policy, the government has decided to reserve certain blocks to be allocated through special dispensation for government companies. Though these companies can tie up with any private mine developer and operator (MDO), they have to call for bids to select the MDO. The coal ministry official said even in the joint venture, the private player cannot have majority stake. “The private operator can only carry out mining of coal. The proprietary right of mined-out coal and coal products shall be with the government company,” he said.

The decision to allow public-private partnership even for the reserved blocks is slightly better than the proposal of the steel ministry, which wanted a complete ban on such JVs, fearing a backdoor entry of the private sector into commercial mining of minerals such as coal.

The provision, however, would have no impact on the current JVs of companies such as Monnet, Vedanta, Moser Baer, Adani and the Jaypee Group, which have tied up with mining and mineral corporations of Jharkhand, Chhattisgarh, Orissa and Madhya Pradesh for coal blocks allocated to these state entities. “All the terms and conditions would be effective prospectively,” the coal ministry official said.

The proposed competitive bidding of coal blocks is a part of new MMDR Bill cleared by the group of ministers headed by then finance minister Pranab Mukherjee in July last year: The Cabinet gave its green signal and the Bill was tabled in Parliament. Now, the draft Bill is with the standing committee.
GOLD MINES: GADGETS & GIZMOS

Computers, mobile phones, tablets and other gizmos gobbled up nearly 8% of the gold sold worldwide in 2012. But some of it is recovered.

320 tonnes, the quantity of gold used in electronics items worldwide last year. About 7,500 tonnes of silver was also used.

$16 bn or ₹88,750 crore, the value of gold used in electronic/electrical items. Silver cost $5 bn.

15% The portion of this that will be recovered from electronics waste (e-waste) worldwide, according to United Nations University.

E-waste is rich!
- Experts say e-waste is 40 to 50 times richer in precious metal deposits than natural ore.

Glittering gizmos: Rise of gold consumption in the electronic industry

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of electronics in gold consumption</td>
<td>5.3%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Total world gold supply</td>
<td>3,900T</td>
<td>4,500T</td>
</tr>
<tr>
<td>Price of gold/ounce</td>
<td>&lt;$300</td>
<td>&gt;$1,500</td>
</tr>
</tbody>
</table>

(‘It was 1,585.36/ounce in New York on Friday, $1,040/10 gms)

Gilt-edged waste
197 tonnes or 5.3% of total gold consumption in 2011 went into electronics.
- Global gold supply rose 15% during 2001-2011, and prices over 300%.
- 80-90% e-waste is collected in developing countries, but 50% of the gold in it is lost during recycling, compared to 25% in developed ones.
- Only 10-15% of the gold in e-waste is recovered, overall.

and prices over 300%
The race to build in Africa

PRAOCH SAUDE

Indian aid to Africa is mostly focused on capacity building and knowledge sharing. Total aid to Africa during 2011-2012 was ₹150 crore ($27.5 million), quite a contrast to just ₹10 crore in 1997-98.

Trade between India and Africa has increased from $3 billion in 2000 to nearly $60 billion in 2011 and the government is planning to increase it to $90 billion by 2015.

Indo-African trade soars

India’s exports have grown from $436 million to $18 billion. The main items of import from Africa include petroleum, gold and inorganic chemicals products which reflect India’s need of energy resources.

India is seeking to diversify its dependence on middle-eastern oil imports (which account for nearly 75%) and hence has increased its engagement in African oil producing countries such as Nigeria, Sudan, south Sudan, Côte d’Ivoire, Equatorial Guinea, Ghana and Angola. India also imports nearly 20% of its minerals from Africa.

Indian exports on the other hand increased from $436.8 million in 1990 to $13.2 billion in 2009. Many Indian companies have begun to invest in African fields of oil exploration, mining projects, manufacturing and services as well. Indian investment flows to Africa increased from $243 million in 2000 to $2.4 billion in 2006.

Africa attracts pvt firms

The major investments are in the area of mining and oil exploration. ONGC has acquired shares in oil exploration ventures in Libya and Nigeria, which account for 15 per cent of India’s oil imports.

Vedanta Resources invested about $750 million in a Zambian copper mine project.

Indian medical companies like CIPLA have invested nearly $32 million in Uganda as a joint venture with another local manufacturer Quality Chemicals Industries Ltd., in order to produce anti-ropetival and anti-malarial drugs. The diagram above shows India’s involvement in Africa. The aid which India is offering especially in capacity building operations around the continent is closely associated with the investments of Indian firms.

$8.7 billion in credit given to Africa

The 2nd India-Africa summit was held on 25th May 2011. The summit saw India unveiling $8.7 billion in credit and grants for developmental projects and over a 100 capacity building institutions in Africa. Furthermore, the EXIM Bank provides lines of credit (LOCs) to many African countries. India has extended nearly $500 million dollars to a group of eight West African countries.

The Indian government has been co-operating with African governments in areas like agriculture, SME sector, science and technology, information technology, etc which includes the Pan-African e-network Projects, tele-education and tele-medicine components.

During the summit, grants and credit were provided for projects related to infrastructure development like the Ethiopia – Djibouti railway and capacity building institutions. The Indian government promised nearly $700 million, for the establishment of over 100 capacity building institutions in Africa.

India increased the number of scholarships to African students to approximately 22,000 in the coming 3 years and also plans on developing institutional linkages between the two countries. Incidentally, India’s Technical Co-operation Programme donated nearly 124 crores to the continent.

Enter the dragon

Now, let’s look at the China angle. Egypt was the first country to receive aid from China in 1966. It’s not easy to get estimates of China’s development aid to Africa as these figures are not available. Experts like Deborah Brautigham have estimated China’s external aid to Africa in 2009 to be $1 billion. China’s aid comprises of grants extended for social projects (health, education and housing) in the form of material assistance, technical assistance and personnel training; interest-free loans given notably for infrastructure projects; concessional loans provided by China EXIM Bank; and debt relief.

Chinese firms on the other hand are investing heavily in developing manufacturing capacities in Africa while India seems to be keen on developing financial services. This difference can be attributed to the fact that both countries are trying to develop sectors in which both have a competitive edge. Both India and China view the region not just as a resource pool but also as a potential market for its finished goods and services. India is looking to Africa to fulfill its growing resource needs.

It is evident from the fact that Indian firms other than in mining are investing in Africa. The government engagement in Africa is almost working in tandem with the private sector engagement by creating opportunities for them through aid flows. It may not be as efficiently co-ordinated as the Chinese approach but it’s happening nevertheless.

- Reprinted with permission from IndiaSpeed
HP temples to convert gold into mementoes

SHIMLA: Himachal Pradesh is set to allow gold-rich temple trusts to melt tonnes of the precious metal in their coffers to turn them into mementoes as is done at the Vaishno Devi shrine in Kashmir.

The government is shortly going to sign an agreement with the public sector Mines and Minerals Trading Corp (MMTC), according to an official.

“An MMTC team will be in Shimla next week to finalise the nitty-gritty before signing the agreement,” Rakesh Kanwar, director of the Language, Art and Culture department said.

He said both gold and silver lying in the treasuries of 20 government-controlled Hindu temples would be used for making souvenirs for sale.

“But the conversion of the metals into souvenirs would be done only after its purification,” he said.

Besides souvenirs, gold coins weighing between two grams and 20 gm and silver coins from 20 gm to 200 gm would be minted.

The coins and the mementoes would have inscriptions of the respective temple deities.

According to government estimates, more than 300 kg of gold and 22,500 kg of silver are with the 20 temples.

The government last year amended the Himachal Pradesh Hindu Public Religious Institutions and Charitable Endowments Act, 1984, that allowed conversion of 50 per cent of the metal reserves in temples into mementoes.

An official said the conversion would help temples part with loads of gold and silver lying for decades and also check pilferage.

“Keeping the precious metal in safe custody is a costly affair. The income from the sale of coins and mementoes will be used for temple development and social activities,” state temple administrator Prem Prasad Pandit said.

Rich shrines

The hill state, also known as the ‘Land of the Gods’, has 28 prominent Hindu temples that have a combined cash reserve of Rs 100 crore.

The shrine of Mata Chintpurni in Una district is the richest.

Other rich temple trusts include Naina Devi in Bilaspur, Baba Balak Nath in Hamirpur, Jwala Ji, Chamunda Devi and Brajeshwari Devi in Kangra and Bhimakali and Hateshwari in Shimla.

IANS
B grade mines in Karnataka to get approval

72 fields to start operations after coughing up ₹600 cr

JHARNA MAZUMDAR
Mumbai

THE iron ore mining industry in Karnataka may be all set for revival with around 72 category B mines set to get permission to recommence operations after they together pay a court imposed fine totalling Rs 600 crore.

On July 3, *Financial Chronicle* reported that mining ban in Karnataka would be lifted with category A mines that were expected to get approvals to recommence mining by month end. "It will take another month for the category B mines to get permission that too after they pay a penalty aggregating to around Rs 600 crore," a senior official at the Supreme Court appointed central empowered committee (CEC) told *Financial Chronicle*.

The CEC has created three categories of mines based on the nature of violations of various environmental as well mining rules. Category A mines have not violated any rules. Category B comprises mines that encroached forestland or dumped waste after mining, causing damage to environment. Category C consists of illegal mines that the Karnataka government plans to auction and use the proceeds for area development, the official quoted earlier said.

The official said most A grade mines were likely to get approvals for mining soon along with two B grade mines. The penalty would defer from company to company depending on the level of encroachment, he added.

Penalty for encroachment into forest area has been set at around Rs 5 crore per hectare and for dumping waste on forested land at around Rs 1 crore per hectare.
SC has allowed mining of up to 30 mt for domestic consumption

According to R K Bansal, additional secretary general at the Federation of Indian Mineral Industries, category A and B mines that are more than 50 hectares each in size are being considered for approvals right now. "Around 50 mines in these two categories are more than 50 hectares each. Of these, 22 fall under category A. Of these, 109 mines have got approval for mining. Bansal said these 10 mines could together produce around five million tonnes of iron ore per annum. If all 50 mines get approval, almost 15 million tonnes of iron ore would be available for sale every year.

The Supreme Court has allowed mining of up to 30 million tonnes for domestic consumption, of which, 25 million tonnes are allowed in Bellary and five million tonnes in Chitradurga and Tumkur region. Inadequate supplies of quality ore have hampered steel companies even after the country imposed export duty on iron ore. Vinod Nowal, chief executive officer at JSW group, had earlier said, "We are operating at 80 per cent capacity. In the next one-and-a-half months, we hope a few mines will become operational. Once we get sizeable supplies of ore, we will scale up production." JSW Steel has a capacity of 14.3 million tonnes (mt) of steel per annum; of this, 10 million tonnes is produced at its main plant in Vijaynagar in Karnataka.

Bhavesh Chauhan, an analyst at Angel Broking, has said companies such as JSW Steel, Tata Metaliks, Kirloskar and Kalyani Steel, among others, would look at scaling up production if iron ore supplies increased. The Karnataka mines produced 45 million tonnes of ore per annum before Supreme Court, based on a Lokayukta report pointing to illicit mining, imposed the ban. According to the Lokayukta report, released on July 28, last year, 29 million tonnes of illicit ore, worth Rs 12,200 crore, were exported between 2006 and 2010 from the Karnataka mines.
Value of Indian M&As falls 80% to $2.59b in April-June

It is second-worst performance since third quarter of 2008

VALUE of mergers and acquisitions involving Indian entities plunged over 80 per cent to $2.59 billion in the June quarter compared to the previous three months, says a report.

"Indian M&A activity continues to remain sluggish," global advisory firm Mergermarket has said.

The value of M&A deals involving Indian companies stood at $16.59 billion in the first three months of 2012. As per Mergermarket, 2012 second quarter also represents the second-worst M&A performance in India in terms of deal value since the third quarter of 2008.

More significantly, the number of deals shrank from 136 in the first half of 2011 to 121 in the first half of 2012, it noted.

According to Mergermarket, all these figures underscore the "increasingly uncertain deal-making climate prevailing in India at the moment".

"Among other criteria, Mergermarket said the figures are based on announced transactions that were over $5 million. Transactions with undisclosed deal values have been included where the target's turnover exceeds the worst total since the first half of 2009 which saw a paltry $0.79 billion of acquisitions by Indian bidders overseas," it added.

"Going by the report, energy, mining & utilities commanded 55.3 per cent of total M&A value in the 2012 first half, almost entirely due to the restructuring of Vedanta Resources. The merger of Sesa Goa and Sterlite, part of Vedanta group, was worth about $10.2 billion. "The sheer size of the Sesa Goa-Sterlite merger, which represented 53.7 per cent of all M&A value in the first half of 2012, meant that it was crucial in determining the rankings of financial and legal advisers.

"Morgan Stanley has retained top spot in the financial adviser league tables with seven deals worth $12.1 billion. Ernst & Young topped the financial advisers rankings in terms of volume, having advised on nine transactions this year," Mergermarket said.
Introduction of New Mineral
Royalty Rates May Get Delayed

PRESS TRUST OF INDIA
NEW DELHI

Implementation of new royalty rates for major minerals, that will boost government’s revenue significantly, may get delayed as a high-level panel formed to come up with the report on the revised rates is now likely to submit the same only by the end of this month. The royalty rates for major minerals, other than coal, lignite and sand, are due for revision in August this year and the government has already formed an inter-ministerial study group, which was to submit its report by June 13.

“The study group report is yet to be finalised as the comments of the stakeholders on the draft report are being examined. Under the circumstances, the Ministry has decided to extend its tenure to July 31,” a Mines Ministry official said.
NALSA to move SC against sand mining

J. Venkatesan

NEW DELHI: The National Legal Services Authority (NALSA) will file a social justice litigation in the Supreme Court for protection of rivers from sand mining operations. This was decided at a meeting here on Saturday under the Chairmanship of Justice Altamas Kabir of the Supreme Court and NALSA executive chairman.

According to NALSA member-secretary U. Saratchandran, “Rivers are the important lifelines for water requirements of riparian lands and also for the watershed areas of such rivers. Environmental scientists say that due to sand mining, the river bed goes deep and the capacity of the water to dissipate to riparian lands is diminishing, resulting in drought on either side of the rivers. Deepening of the rivers result in landslides from the river banks also.”

He said: “NALSA has also taken into account the fact that river sand is an important material for construction work. Due to the rapid growth of construction activities, the need for river sand has increased. As a result, the ‘sand mafia’ has become avaricious and tends to flout the court orders and the local laws. Police and politicians also collude with it. Taking into account the needs of the construction industry and the need to protect the rivers in our country, a policy needs to be framed, in tune with the principles of sustainable development, for regulating sand-mining activities in a sustainable manner, meeting the needs of the present generation without endangering the opportunities of the future generation to enjoy the natural resources.”

He said: “NALSA has decided to file a petition before the Supreme Court to be taken up by the Green Bench which deals with the already pending environmental litigation Godavarman Thirumulpad v. Union of India. NALSA has decided to utilise the services of law students of law universities and law colleges to monitor the environmental problems – including sand mining and plans to request the Supreme Court to this effect.”

Under Section 4(d) of the Legal Services Authorities Act, 1987, NALSA has the mandate for initiating Social Justice Litigation for protection of environment, for protection of the rights of the weaker sections of society, consumer protection etc. It is worthwhile to note that NALSA has already filed a social justice litigation in the Supreme Court to protect the rights of the Virndavan widows. In the Virndavan widows’ case, the Supreme Court had already passed orders constituting a Committee to conduct enumeration of the widows of Virndavan so that they benefit from different laws and government schemes.
नई खानिज रॉयल्टी दरे पेश किए जाने में विलंब!

उत्तराखंड (एजेंसी)। प्रभावी खानिजों के लिए रॉयल्टी को नई दरों को पेश किया जाने में विलंब होता है क्योंकि इस संबंध में रिपोर्ट पेश करने के लिए गठित एक उच्च सरकारी समिति द्वारा अभी तक रिपोर्ट पेश नहीं की गई है। खान मंजिलल और एक अधिकारी ने बताया कि कॉम्पानी, ऑर्डरेक्ट और रॉयल्टी को दरे अनुसार में संशोधित किया जाना है।

बालू को छोड़कर प्रभावी खानिजों के लिए रॉयल्टी की दरे इस साल अगस्त में संशोधित की जानी है और सरकार इसके लिए पहले ही एक अंतर-मंजिलार्थी अध्ययन समूह का गठन कर चुका है जिसे 13 जुलाई तक अपनी रिपोर्ट सीपना था।

उन्होंने कहा, ‘अध्ययन समूह द्वारा रिपोर्ट को अभी अंतिम रूप से प्रस्तावित किया जाएगा’ कहकर रिपोर्ट के महत्त्व के लिए पर भारतीय दृष्टि की दिशा में समीक्षा की जा रही है। इस परिषद में मंजिलल ने समय सीमा बढ़ाकर 31 जुलाई को करने का निर्णय किया है।’ उन्होंने भी कहा कि खान मंजिलल द्वारा संयुक्त सর्वसमिका (देराजत व नियम) जी. एस. महानिक रॉयल्टी को अतिम रूप से पेश करने का कहा है क्योंकि समूह के चेयरमैन एस. के. महानिक दीर्घकाल डेटा को पावरफुल संबंध बनाना चाहते हैं। इस परिषद में, गृह और ओप्शनल सहित कुल 10 समाधानों ने रिपोर्ट के महत्त्व के लिए पर अपनी दिशा में बदलाव का मान्यता प्राप्त करने का आश्वासन दिया है।

चेयरमैन ने भी कहा, ‘बनपुर को ब्रेकिंग करने से संबंधित कार्यक्रम कमोडिशंस से अनुमोदन चाल रही है।’ उन्होंने भी कहा, बनपुर परियोजना का सामान्य अधिकार की तरह है।