MARKETS

Govt delays issues of SAIL, Hind Copper

Mumbai/New Delhi: India will delay share sales of Hindustan Copper Ltd and Steel Authority of India Ltd (SAIL) by at least two months, hampering efforts to raise a record Rs 40,000 crore from asset sales this fiscal. SAIL may sell stock in January, Atul Chaturvedi, secretary at the steel ministry, told reporters on Wednesday in New Delhi.

Hindustan Copper, India's sole copper
MINT, Delhi
Thursday, 12th August 2010, Page: 10

A miner, may have its share sale in November, according to two people familiar with the matter. BLOOMBERG
Blood Diamonds are forever

Naomi Campbell exposes how tough regulating the gem trade is

NAOMI Campbell likes her diamonds “shiny”. But those aren’t the sort of diamonds that former warlords gift supermodels in the wee hours of the morning. And diamonds have dragged the tantrum-throwing, “I-won’t-get-out-bed-for-less-than-10,000-dollars-per-day” model off the runway and to The Hague, as a key witness in the ongoing trial of Charles Taylor, the former president of Liberia.

Charles Taylor has been charged with 11 counts of war crimes, crimes against humanity and other serious violations of international humanitarian law, all committed in Sierra Leone. It is alleged that he actively backed the rebel Revolutionary United Front in its armed conflict against the government in Freetown from 1996 to 2002 — enriching himself, in return, through Sierra Leone’s “blood diamonds”.

How did a model end up at the Hague? Campbell attended a who’s-who dinner in South Africa, hosted by Nelson Mandela, back in 1997, the peak of the supermodel craze. She dined with the charity clique: Mia Farrow, Quincy Jones, Jeninma Goldsmith, Inran Khan — and Charles Taylor. This is where it is alleged, Taylor gifted the model uncut diamonds. The ones she now calls “dirty-looking stones”.

But Charles Taylor claims to have no association with the diamonds, not in Sierra Leone, nor in South Africa. Instead he continues to proclaim his innocence in court.

That court, the “Special Court for Sierra Leone”, was set up amid much buzz. It was the first international hybrid court: a blend of both international and domestic Sierra Leonean law, with judges from both The Hague and Sierra Leone. Now it bears another distinction. This is the first international tribunal to be graced by couture from the man who proudly claims to make “too few dresses,” Alia Azzedine.

Naomi Campbell claims that she was unaware that these diamonds were from Charles Sierra Leone followed soon after the night Taylor slipped Campbell the uncut diamonds.

But his simple gesture crystallises the challenge of monitoring the diamond industry. How does one monitor something so small?

Sierra Leone has often been used to highlight blood diamonds and conflict. Many believe that, without the sale of diamonds, the war there could not have been funded. The UN duly responded with Resolution 1306 on July 5, 2000, imposing a ban on the direct and indirect import of rough diamonds from Sierra Leone.

Though Naomi Campbell did not walk away with a big rock, she has exposed an obvious crack in the system: how easy it is for stones to change hands.

Taylor but acknowledges receiving them. Mia Farrow’s testimony — “you don’t forget when a girlfriend tells you she was given a huge diamond in the middle of the night” — also associates Taylor with the diamonds. The presence of high-profile celebrities may be threatening to turn the court into a circus, but the prosecution may have Taylor cornered.

Campbell’s confession may go a long way in that effort. First, there is the question of what Taylor was doing in South Africa during that period. The prosecution asserts that he was in South Africa to buy weapons. Further, according to the tribunal, a shipment of weapons from South Africa to

Despite efforts, according to UN figures, conflict diamonds still continue to represent 20 per cent of total annual world diamond trade.

The most proactive move to monitor the production and trade of stones from conflict areas is called the “Kimberley Process”, and was established in 2000 by southern diamond producing countries. Yet, a UN report detailing the situation in Cote d’Ivoire noted that, due to poor control, blood diamonds continue to be mined and enter the diamond market by being routed through legitimate exporters such as Ghana — where they are certified as conflict-free.

Plugging those gaps is a problem, because of the structure of the diamond industry — the “diamond pipeline” model. As diamonds move from the site they are mined to their “production centre”, and to the individual houses that polish them, space is left for conflict diamonds to seep in. Further the industry so heavily cartelised that it continues to be shrouded in secrecy. The Kimberley Process is supposed to free access to statistics, but production statistics continue to remain private. Further, the Kimberley Process, though growing in scope, requires international assistance and more stringent laws. June saw the government of Zimbabwe break away from the rules of the Kimberley Process certification scheme; Human Rights Watch detailed the export of blood diamonds from the Marange diamond fields there.

Though Naomi Campbell did not walk away with a big rock, she has exposed an obvious crack in the system: how easy it is for stones to change hands. Meanwhile, the model who claims she had never heard of the term “blood diamond” until last week, holidays in a yacht with her billionaire boyfriend — and Leonardo di Caprio, the star of Blood Diamond, loosely based on Charles Taylor’s unfortunate legacy.

alia.allana@expressindia.com
NMDC completes land acquisition for Chhattisgarh steel plant

When the private players like Essar and Tata’s are finding it difficult to acquire land for their proposed projects, global iron-ore major NMDC has successfully completed the acquisition of 1,900 acres of land for its 3 million ton steel plant at Chhattisgarh.

NMDC has also received the forest clearance for this project of Tuesday. It has identified equipment supplies for the project, for which it will be spending ₹15,000 crore rupees. L&T is one of the vendors which has been identified.

Clearing all the hurdles, because of its long social association with the remotest parts of the state, NMDC’s land acquisition was smooth compared to its other private counterparts.

NMDC as part of its forward integration programme and value addition has planned to set up a 3 MTPA steel plant in Chhattisgarh, 2 Pellet plants of 2 MTPA and 1.2 MTPA capacity respectively, one in Chhattisgarh and another in Karnataka. It has also taken a decision to set up a beneficiation plant for extraction of high grade iron ore concentrate from BHJ (banded hematite jasper) and BHQ (banded hematite quartz) rocks and also planning for producing iron ore nuggets, which will be a first initiative of its kind in India.
NMDC to start work on C'garh project by November

PRIYADARSHI SIDDHANTA
NEW DELHI, AUGUST 11

STATE-OWNED behemoth National Mineral Development Corporation (NMDC) today said it would begin the construction of its 3-million-tonne integrated steel plant worth Rs 14,000 crore at Nargar in Chhattisgarh by November. Having completed the land acquisition process, the navratna company has decided to execute the project through eight turnkey packages for which it has shortlisted equipment suppliers.

“We have successfully acquired acquired 788 acres of private land in our project area for which we have disbursed Rs 85 crore to total 1052 families,” Chairman and Managing Director Rana Som told The Indian Express.

“Since we have received forest clearance for 63 acres of forest land, we would begin construction for the project by November,” Som said and pointed out that the company has decided to execute the project through eight turnkey packages for which it has shortlisted the equipment suppliers.
Mining firms take Karnataka to court

Nine mining companies, including India's largest iron ore exporter, Sesa Goa, have filed separate petitions in the Karnataka High Court challenging the Karnataka government's decision to ban export of the steel-making raw material from the state. At least six other companies are in various stages of approaching the court.

A bench of Chief Justice J S Khehar and Justice Manjunatha Chellur on Wednesday directed the government to file its response to the petition by August 16.

In orders issued on July 26 and 28, the state government had imposed a total ban on the movement of iron ore for both exports and domestic use. The government had also put restrictions on issue of mineral dispatch permits for even domestic use by steel mills.
MINERS TAKE KARNATAKA GOVT TO COURT ON IRON ORE EXPORT BAN

Contend no jurisdiction, breach of their rights; HC hearing on August 20

DILIP KUMAR JHA & MAHESH KULKARNI
Mumbai/Bengalore, 11 August

Nine mining companies, including India’s largest iron ore exporter, Sesa Goa, have filed separate petitions and another half dozen are in various stages of approaching the court next week to challenge the Karnataka government’s abrupt decision to ban export of the steel-making raw material from the state.

The petitioners have made both the state government and central government as respondents in the case. There are five respondents on behalf of the state government. While the Union Ministry of Mines as well as the commerce ministry are made respondents on behalf of the central government. The high court has asked the respondents to submit their counter affidavits by August 16. By August 18, the petitioners will have to file rejoinders, if any, before the matter is heard on August 20.

A bench of Chief Justice S Khehar and Mangala Cheluvella directed the government to file its objections to the petition filed in the Bangalore high court by August 16 and asked the petitioners to file their rejoinders by August 18, while adjourning the matter to August 20.

In orders issued on July 26 and 28, the state government had imposed a total ban on the movement of iron ore for both exports and domestic use. As a result, the petitioners have said their ban ordered a ban on the movement of iron ore for both exports and domestic use. As a result, the petitioners have said their ban did not serve any purpose and affects their livelihood. The government has also put restrictions on issue of mineral dispatch permits for even domestic use by steel mills.

The petitioners, all exporters of ore, have contended that the ban order was arbitrary, unconstitutional and without jurisdiction. Contending that export of iron ore is their constitutional right, the petitioners have said the ban did not serve any purpose and affects their livelihood. The government gives illegal mining as justification for its action, while mining outfits allege the former’s failure to act against its own party (BJP) members involved in such illegal mining.

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CM’S NEW POLICY
State chief minister B S Yeddyurappa had recently said iron ore should be preserved in the state for use in the proposed steel plant by ArcelorMittal. The world’s largest steel producer, led by India-born tycoon L N Mittal, is in the process of setting up a six million-tonne unit in the state, at an estimated investment of Rs 30,000 crore.

About 70-80 mining companies, a majority of these designated as export-oriented units, have reduced their output by up to 60 per cent since the state government banned the issue of transport licences to ore exporters. The state is endowed with approximately 9.03 billion tonnes, 40 per cent of India’s estimated total haematite and magnetic ore resources.

The nine companies that have filed suits are Sesa Goa, V S Lad & Sons, Mineral Enterprises Ltd, Zeenat Transport Co, K Praveenendra, Bharat Mines and Minerals, H R Ranganagoud, Hotur Traders and Guanisiddeshwar Minerals. The first eight companies account for close to 60 per cent of ore output in the state, of 40 million tonnes. Of this, 30 million tonnes is exported; 90 per cent of that is low-grade ore (less than 60 per cent iron content), exported to China.

“Since the state’s total consumption stands today hardly at 10 million tonnes, the rest of the quantity has to be exported. Going forward also, miners would not like to set up forward integration projects like beneficiation and pellet plants to process low-grade ore,” said another petitioner. “Iron ore mining activity will be stopped fully in the months to come if the ban is not lifted,” said D V Pichamuthlu, Director of FIMI South.
Anti-Vedanta tribal leader abducted

Priya Ranjan Sahu

Bhubaneswar: The battle for the bauxite-rich land in Niyamgiri hills in Kalahandi district between Anil Aggarwal-promoted Vedanta Aluminium and local Dangria Kandha tribe intensified on Tuesday with the abduction a tribe leader at gunpoint.

The mining project is captive to the Vedanta Resources' Vedanta Aluminium's Rs.4000-crore, five-lakh-tonne aluminium smelter in neighbouring Jharsuguda district.

People accompanying Lada Sikaka Majhi (35) alleged that he was taken away by some armed men, probably plain-clothes policemen.

According to reports, Majhi was on his way to Kalahandi district headquarters Bhawanipatna, along with a few other activists on Tuesday.

They were to be in Delhi to attend a meeting on the Forest Rights Act on Wednesday.

Majhi's aides said more than a dozen men with AK-47 assault rifles stopped their car in Niyamgiri forest. They snatched the car keys and dragged out Majhi, his companion Sana Majhi and a woman activist.

The armed men packed them into another vehicle and drove away. "They threw me and the woman out of the vehicle after some distance and took Majhi with them," Sana said.

He alleged the armed men took Majhi to Rayagada district on the other side of Niyamgiri hills. Kalahandi district police chief Sudha Singh, however, said, "I have talked to Majhi. He is in a relative's place in a village in Rayagada district. He will reach home by tomorrow."

Pratibha Samantara, convenor of Lok Shakti Abhiyan said people who had deposed before the Centre's N.C. Saxena panel, were being targeted. He said Arsi Majhi, a leader of the Green Kalahandi movement, was murdered last month.

VIRBHADRA TO TAKE UP POSCO WITH RAMESH

New Delhi: Concerns of Posco, whose steel plant in Orissa is facing environmental hurdles, will now be raised by Union Steel minister Virbhadra Singh.

Environment ministry last Friday asked Orissa to stop land acquisition of the Rs 54,000-crore plant citing violations of the Forest Rights Act.

On Wednesday, Singh said that he will take up the Posco issue with the environment ministry. "If the need be, we will take up the matter with the ministry of environment for the speedy clearance of the Posco's Orissa project," Singh said.

The steel ministry officials believe that the issues regarding the Posco's plant will be resolved in a month's time.
They’re selling our future cheap

by Narendra Pani

The positive response to the Congress padayatra from Bangalore to Bellary promises to have political consequences. The Congress is no doubt hoping to tap the support it has garnered, close ranks and regain lost ground in the state. On the other side of the political divide, the anti-mining sentiment reflected in the public support for the padayatra could prompt the BJP to jettison the mining magnates, the Reddy brothers, and stay in power with the help of the JD(I). On their part, the Reddy brothers, if pushed into a corner, could try to use their financial muscle to rustle together an alternative arrangement with the help of the ever-malleable JD(I).

With such intriguing political possibilities at the horizon, it is perhaps only to be expected that the illegal mining that so aggrieved the public mind will itself not get the attention it so desperately needs.

Price

The problem with current practices in mining, of which its illegal version is now an integral part, is multidimensional. At its most fundamental level it is a question of gross overexploitation of a scarce resource. Representatives of the mining industry have often quite rightly asserted that there is nothing to worry on this score as there is enough ore. Indeed, 36 years, their vision clearly does not extend to the rights of their children, grandchildren, and the entire human species to live in a world where they can breathe fresh air. Again, the issue is not merely one of the widespread poverty, inequality has reached levels that are arguably among the worst in the world.

The conventional argument that this growth in inequality does not matter as a growing economy will lift the economic standards of the poor does not hold in this case. Since the mining is for export it is not what is called an ‘inclusive’ mining. The bottom line is that the mining does not also lift the poor. The poor are often the last to receive the benefits of the mining.

Selling our children’s future cheap will be bad enough if the legacy is kept within the country. In this case the ore is exported to a variety of countries and there is little discernment of where the illegal original is going. The mining of iron ore in Karnataka, for instance, is going to China, Pakistan, and India. While there is little bit of information on China’s or Pakistan’s use of the iron ore, the standards of the Hindutva cadre that supports the Yeddyurappa government, and the larger picture is one of exporting a scarce resource to countries like China which has reaped the relatively low cost of the ore contributes to the ‘national’ competitiveness in the world market.

This can only be paid for this mindless policy and short-term gain is not just in the future or on the international stage. It also results from policies locally. The mine owners have seen a growth in their personal fortunes that would have seemed mythical a decade or two earlier. In a matter of just a few years the primary measure of transporta-

PLUNDER: Iron ore being mined in the Bellary district of Karnataka

of the vulnerable. And it hardly needs to be added that in this pattern of growth there is little room for public health care services for the poor.

Politicians

If this disaster did not attract popular anger earlier it is a commentary on the widespread cynicism in the political sys-

The writer is professor of the National Institute of Advanced Studies, Bangalore
Mining lords seek divine protection

BELLARY district is in focus yet again after a padyatra (march) undertaken by activists of the opposition Congress party.

The party activists stormed the citadel of the iron ore mining baron ministers — the Reddy brothers — on Monday.

Observers say that it would have been tough for the Congress to even hoist its flag at the Bellary city centre in the recent past given the stranglehold that the Reddy brothers have on the entire district.

They made a grand show after the culmination of the 320 km padyatra and filled the city centre with the party tricolour.

Law minister Veerappa Molly has promised to bring about a law to curb 'illegal mining' — whatever that means.

The Reddy brothers were careful enough to keep away from the scene. But their right hand man Somashekara Reddy, an MLA of the Bharatiya Janata Party, and his supporters performed a homa (religious ceremony) in Bellary on Tuesday to ward off the evil effects of the Congress rally.

About a dozen priests chanted "Save us from the evil eye of the Congress..." The local people are wondering who the real evil actually is.

Yun Martin@mailtoday.in
OTHER BIG-TICKET PROJECTS IN ORISSA

ALUMINA REFINERY BY VEDANTA AT KALAHANDI

THE Vedanta Alumina Limited's 1-million tonne alumina refinery in Lanjigarh area of Kalahandi district, built at a cost of Rs 4,000 crore, is already in the eye of a big storm with activists from India and abroad taking up cudgels on behalf of the aborigine Dongaria Kondh tribals living on the slopes of Niyamgiri mountain, from where the company plans to mine the bauxite ore. The company has got environmental clearance from the MoEF. But it cannot mine the mountain for bauxite as it is yet to get forest clearance from the ministry. The group has already got a clearance from the MoEF to ramp up the refinery to 6 million tonnes per annum.

The project is expected to see delay after the MoEF appointed a four-member committee, headed by NAC member N C Saxena, to investigate the possible physical and economic displacement of the primitive tribe. The committee has been asked to ascertain whether the project will have an impact on their socio-cultural lives. The final forest clearance will come only after Saxena committee gives a positive report.
Copper at week’s low as $ gains

Reuters

London, Aug. 11

Copper tumbled to its lowest in more than a week on Wednesday as confidence crumbled in the face of dollar strength and renewed worries about growth prospects in the US, the world’s largest economy.

Benchmark copper touched $7,222.50 a tonne, a level last seen on July 30, as the dollar rose against the euro to its highest in more than a week. The metal used extensively in power and construction was trading at $7,238 a tonne at 09:39 GMT compared with $7,295 at the close on Tuesday. Zinc was trading at $2,068 a tonne from $2,085 on Tuesday, lead at $2,083 a tonne from $2,125, nickel at $21,835 from $22,200 a tonne. Tin was trading at $20,500 from $20,900.
China factory output cools further

Beijing, Aug 11: Growth in Chinese investment and factory output slowed further last month as the government brought credit growth back to normal after a record lending spree in 2009 to counter the global financial crisis.

The figures, along with weaker retail sales, add to the picture of softening domestic demand painted on Tuesday by a sharp drop in imports.

'Industrial output continued to ease, indicating a moderation of economic activities. But a sharp slowdown in economic growth can be ruled out, because resilient household consumption will help compensate for a drop in investment,' said Zhu Baoliang, a researcher with the State Information Center, a government think tank in Beijing.

Annual factory output growth slowed to 13.4% last month from 13.7% in June but beat forecasts of a 13.2% rise.

Year-to-date growth in investment in fixed assets such as flats and factories in urban areas slowed to 24.9% from 25.5%, undershooting forecasts of a 25.2% rise.

However, after taking into account wholesale inflation, which dropped to 4.8% in the year to July from 6.4% in June, real growth on the month was steady, according to Ting Lu, an economist at Bank of America Merrill Lynch. "China's growth is slowing, but we see no sign of a hard landing," he said.

Sheng Laiyun, a spokesperson for the National Bureau of Statistics, which released the data, also struck a note of calm.

He described the slowdown as moderate and a welcome step to a more sustainable model of growth that relies less on energy-intensive heavy industry. China this week ordered the closure of more than 2,000 obsolete, fuel-guzzling factories, steel mills and cement works. Some economists, though, were less sanguine.

Yu Song and Helen Qiao, economists at Goldman Sachs, pointed to a moderation in annual retail sales growth to 17.9% in July from 18.3% in June, that fell short of projections of an 18.3% increase.

A slowdown in growth of money supply, the lubricant of every economy, was particularly alarming, they said in a note.

Annual growth in the broad M2 measure of money slowed to 17.6% from 18.5% in June, a rate that economists had expected to be repeated in July.

"We believe this level of broad money supply growth is clearly too restrictive as it will put more downward pressure on domestic demand growth in the near future," Yu and Qiao said.

Reuters
Hindalco subsidiary Novelis net income down 65% at $50 m

Our Bureau
Mumbai, Aug. 11
Novelis Inc, the Canadian subsidiary of Hindalco Industries, has registered a 65% per cent drop in net income at $50 million in the quarter ended June 30 against $143 million logged in the same period last year due to mismatch in realisation of derivatives.

Novelis uses derivative financial instruments to manage its exposures to changing commodity prices, exchange rates, interest rates and energy prices.

The company recorded a loss of $6 million on account of change in fair value of derivative instruments against a gain of $72 million registered in the corresponding quarter previous year.

The company said it has made a restructuring charge of $6 million ($3 million) in the quarter under review.

Net sales rose 29 per cent to $2.5 billion ($2 billion) for the quarter on the back of higher aluminium prices, conversion premiums and strength in the company's end-markets, the company said in a press release.

‘GREAT QUARTER...’

Adjusted EBITDA during the quarter, more than doubled to $263 million ($124 million).

“This was a great quarter for the company for a number of reasons. Over the last year, we have built a solid foundation and become a stronger, leaner and more nimble company,” said Mr Phil Martens, Novelis President and COO.

Shipments of aluminium-rolled products grew 15 per cent to 746,000 tonnes compared with 650,000 tonnes in the first quarter of the previous year, largely driven by stronger end-market conditions.

The shipments grew in all regions — North America, Europe, Asia and South America — year-on-year for the second consecutive quarter since the economic downturn.

LIQUIDITY

The company’s liquidity improved to about $1.1 billion at the end of June 2010 from $446 million.

Novelis expects continued strength across regions.

“The results in the first quarter reflect a rapid increase in demand throughout the quarter. As a result, we are running at capacity in all of our regions. In addition to our strategic initiatives and expansion plans in South America, we will focus on debottlenecking our facilities globally,” said Mr Martens.

The holding company, Hindalco Industries, last week reported a growth of 11 per cent in its standalone net profit at Rs 534 crore (Rs 481 crore) in the June quarter.
Sundram Fasteners’ Q1 net jumps 32%

Our Bureau
Chennai, Aug. 11

Sundram Fasteners’ net profit jumped 32 per cent in the first quarter compared with the corresponding period last year.

Sundram Fasteners Ltd has reported a net profit of Rs 22.86 crore on total net sales of Rs 405.78 crore for the quarter ended June 30, 2010. During the corresponding period in the previous year the company reported a net profit of Rs 17.03 crore on net sales of Rs 283.22 crore.

Net sales during the quarter included export sales of Rs 102.86 crore (Rs 60.72 crore) and domestic sales, net of excise, of Rs 302.82 crore (Rs 222.50 crore).

On the NSE, the company’s Re 1 face value shares closed at Rs 50.50 against the previous close of Rs 50.35.
Mineral exploration data put in public domain
GSI's move aimed at attracting investor domain

Vishwanath Kulkarni
New Delhi, Aug. 11

In a move that could help attract investments in mineral exploration, the Geological Survey of India (GSI) has started disclosing its basic exploration data in the public domain.

"The idea is that interested explorers should identify prospects using such data and should be willing to invest in carrying out detailed studies," said the Mines Secretary, Mr S. Vijay Kumar.

There are no reliable investment figures on mineral exploration in India as it is not mandatory for private companies to declare the numbers.

However, the GSI spends about Rs 70 crore a year on mineral exploration. But the GSI's exploration spending is not reflective of the entire mineral sector.

** Exploration plans **

The GSI will now focus on carrying out basic exploration in large areas. The Government also proposes to create a geophysical data repository that will be accessible to every industry stakeholder.

** AN INVITATION **

The GSI, which has started putting out all its reports and maps on its Web site, will now focus on carrying out basic exploration in large areas. Previously it concentrated on several pockets.

Stating that the move to share basic data could possibly invite more investors into mineral exploration, Mr Kumar said: "There is a relationship in incentivising exploration and the way you grant concessions. Unless you do exploration, you will not get more mines."

Also, the Government proposes to create a geophysical data repository that will be accessible to every industry stakeholder.

"We are creating a drill core repository, where mineral exploration companies would be asked to deposit their cores at a place managed by GSI," the Mines Secretary said.

Such a drill core repository will lower the cost of exploration as it easily makes available geophysical data for potential investors. "It is in line with global best practices."

** ADVANCED TOOLS **

He said that results from GSI's flagship programme — the geochemical mapping exercise — will start to come in soon. Using advanced instruments such as Inductively Coupled Plasma Mass Spectrometers and X-Ray Fluorescence, the organisation is conducting the geo-chemical mapping exercise over some 5,400 sq.km in peninsular India to help detect metal deposits at depths of 50 to 300 metres.

The Geological Survey expects to complete geochemical mapping for detecting 68 metallic elements by the end of the 13th Five-Year Plan.

"We believe that this exercise will trigger the next generation of mineral exploration," Mr Kumar added.
GoM to discuss illegal mining, iron ore export ban

Sujay Mehuladia

NEW DELHI: A Group of Ministers (GoM) will discuss on Thursday issues pertaining to illegal mining, a ban on iron ore exports, the new mining legislation and setting aside a share in the profits of mining companies for the development of tribal areas.

Officials of the Ministry of Mines said Minister B.K. Handique was pushing for the Ministry's proposal to make mining companies in tribal areas shell out a part of their equity, and other operators a part of their profits for those affected.

The 10-member GoM, led by Finance Minister Pranab Mukherjee, will discuss the Mines and Minerals (Development and Regulation) Act, aimed at attracting domestic and foreign investment in mining and making the grant of mining concessions transparent and expeditious. It will also go into illegal mining and strengthening of the provisions in the legislation. The divergent views of the Ministry of Steel and the Ministry of Mines over a ban on iron ore exports too will be discussed.

Officials said the aim of making the companies set aside a part of their equity or profits was to ensure development of these tribal areas through a corpus fund. This money could be placed at the disposal of the local administration for the welfare of the people. This, the government reckoned, would help to contain the rising protests against mining in tribal areas.

The Federation of Indian Chambers of Commerce and Industry (FICCI) is up against these provisions. It has even written to the Prime Minister.

It argues that companies sharing profits with the affected people will amount to people earning money without any effort, and this will lead to greater inequalities and socio-economic problems, besides making mining unviable.

Besides Messrs Mukherjee and Handique, the GoM comprises Home Minister, P. Chidambaram; Steel Minister Virbhadra Singh; Law and Justice Minister Veerappa Moily; Environment Minister Jairam Ramesh; Commerce and Industry Minister Anand Sharma; Tribal Affairs Minister Kanti Bhushan; and Coal Minister Srijan Lal Shrivastavit; and Planning Commission Deputy Chairman Montek Singh Ahluwalia.

After the deliberations, the Bill will be sent to the Union Cabinet for approval before it is introduced in Parliament.
Key issues in Australian election

Australia's Labor Prime Minister Julia Gillard has called elections for August 21, and the result will decide the future of a controversial mining tax as well as a nationwide, high-speed broadband network.

**OPINION POLLS**

**MINING TAX:** Since taking office, Gillard has cut former PM Kevin Rudd's resource tax rate from 40% to 30%, and dropped it altogether for companies with profits of less than A$50 million ($45.8m). Opposition has pledged to abandon tax.

**CLIMATE POLICY:** Gillard has angered Greens by announcing delay in carbon pricing until 2012. Opposition, businesses and mining companies oppose proposed carbon trading tax.

**ECONOMY:** Gillard claims Labor's A$55bn stimulus package kept Australian economy afloat in face of global recession. Has challenged Liberal leader Tony Abbott to televised leaders' debate on economy.

**BROADBAND:** Labor proposes A$43 billion ($37bn) high speed broadband plan to connected 93% of Australian homes. Opposition has promised to abandon deal with telecom giant Telstra Corp., and replace it with cheaper alternative.
Indonesia’s tin output may plunge 20%

World largest supplier’s mining hit by bad weather

Bloomberg
Jakarta, Aug 11

Tin production from Indonesia, the world's largest supplier, may plunge by about 20 per cent this year, missing the Government target, after bad weather disrupted mining, according to an Energy Ministry official.

COULD FALL TO 85,000 T
Output may drop to about 85,000 tonnes compared with a full-year target for production of 1,05,000 tonnes, Mr Wotoro Soelarno, Secretary to the Director-General of Minerals, Coal and Geothermal, said in an interview.

Production last year was also 105,000 tonnes, according to December 31 estimate from the Ministry. Lower output from Indonesia may help to sustain a rally that's made tin the best performer on the London Metal Exchange (LME) in 2010.

TIGHTENING SUPPLY
Commerzbank AG analyst, Mr Daniel Brieseemann, warned earlier this month that supply was tightening. Indonesia usually exports about 85 per cent of production for use in solder and packaging.

Weather anomalies are expected to affect the achievement of this year's production, Mr Soelarno said today.

This year's exports may highly depend on the price, especially for shipments from small smelters, Mr Soelarno said, declining to give a forecast for export volumes.

Tin for three-month delivery reached $21,500 a tonne on August 9, the highest price since August 12, 2008, as LME stockpiles dropped to a 14-month low.

The metal traded at $20,500 a tonne, 21 per cent higher this year, beating second-placed nickel’s 19 per cent advance.

LOWER INVENTORIES
Inventories of tin in LME warehouses stood at 14,990 tonnes on Monday, down 44 per cent this year. Stockpiles slumped to 14,715 tonnes on Aug 5, a level not seen since June 2009.

Falling inventories, driven by increased demand from Europe and China, have combined with a drop in exports from Indonesia, tightening up the market, Mr Leon Westgate, an analyst at Standard Bank Plc, wrote in a report.

DROP IN EXPORTS
Tin exports from Indonesia fell 14.5 per cent to 43,263 tonnes in the first half of the year compared with a year ago, according to data compiled by Bloomberg. The country shipped 8,030 tonnes of the metal in June.

Big producers like PT Timah and PT Koba Tin can manage their sales much better because they have long-term commitments to their buyers, said Mr Soelarno.

Timah is Indonesia's biggest producer and Koba is the local unit of Malaysia Smelting Corp.

FORECAST TIL OCT
Above-normal rains are forecast in most of Indonesia from this month until October, including in the Bangka-Belitung islands, Indonesia's Meteorology, Climatology and Geophysics Agency said in a statement on its website. Indonesia's dry season usually begins in July, according to the weather office. Bangka-Belitung is the country's main tin-producing region.
Gold hovers below $1,200/oz

Reuters
London, Aug. 11
Gold fell in Europe on Wednesday as a 1 per cent rise
in the dollar outweighed po-
tentially supportive news that
the US Federal Reserve is
holding interest rates at re-
cord lows and extending
quantitative easing.
Spot gold was bid at
$1,196.80 an ounce at 09:49
GMT, against $1,201.85 late in
New York on Tuesday. US
gold futures for December
delivery climbed 60 cents to
$1,198.60. The metal rose as
high as $1,207.05 on Tuesday
after the Fed kept interest
rates at record lows and sig-
nalled a policy shift away
from cutting back on quanti-
tative easing.
"As gold is a commodity,
movements in the broader
commodity sector have the
potential to influence gold
prices," HSBC analyst Mr.
James Steel said in a note.

From a technical perspec-
tive, gold is now looking vul-
nerable to further losses,
although these are likely to be
limited. Silver was at $18.11 an
ounce against $18.25, while
platinum was at $1,534.10 an
ounce and palladium was at
$471.03 against $472.75.

Mumbai: Silver spot (999
fineness): Rs 29,575; standard
gold (99.5 purity): Rs 18,235;
pure gold (99.9 purity): Rs
18,330.

Chennai: Bar silver (a kg):
Rs 29,745; retail silver (2 gm):
Rs 31,80; standard gold: Rs
18,305; retail ornament gold
(22 carat): Rs 1,702.
Driven by increased trade in bullion and metals, the turnover of commodity exchanges in the country surged by 63% to Rs 5,01,046 crore during the fortnight ended July 31, 2010, according to the FMC data.