

CAUGHT IN THE RUT

# CBI to name more babus in OMC scam

**U. SUDHAKAR REDDY | DC**  
HYDERABAD, OCT. 9

The Central Bureau of Investigation is likely to add the names of more mines and the forest department officials in the list of accused in the OMC mining scam.

Sources said that the Bureau has evidence against certain mining and forest officials who were working in Anantapur during Y.S. Rajasekhara Reddy and Mr

K. Rosaiah's regime. These officials allegedly neglected to inspect the Bellary Reserve Forest area where the illegal mining took place.

The CBI, which had earlier arrested prime accused Mr Gali Janardhan Reddy and his brother-in-law Mr B.V. Srinivas Reddy, also alleged that the officials had issued permits without following due procedures.

Senior officials of mines

**The mines department had issued more than 20 lakh transit permits to the OMC without visiting the mines in 2008**

and forest department had posted those loyal to them in the mining and

geology department to encourage illegal mining by implementing their oral orders.

The mines department had issued more than 20 lakh transit permits to the Obulapuram Mining Company without visiting the mines in 2008, which enabled the company to show fake export accounts.

The CBI found that it was impossible to extract such huge quantities of iron ore from the small

pits.

The Bureau has already named former industries and commerce department secretary Ms Y. Srilakshmi who is now family welfare commissioner and Mr V.D. Rajagopal, the former mines department director.

On June 18, 2007 the lease was granted to Obulapuram Mining Company and the same was hurriedly executed the next day.

### **Ficci questions on Chawla panel, Bills**

Federation of Indian Chambers of Commerce and Industry on Monday raised several questions on the Ashok Chawla committee report on 'Allocation of natural resources' besides the draft MMDR Bill (Mines & Minerals Development & Regulation) and the Land Acquisition Bill. The industry body asked the government to implement the Chawla committee recommendations as soon as possible.

**BS REPORTER**



[ANALYST'S VIEW]

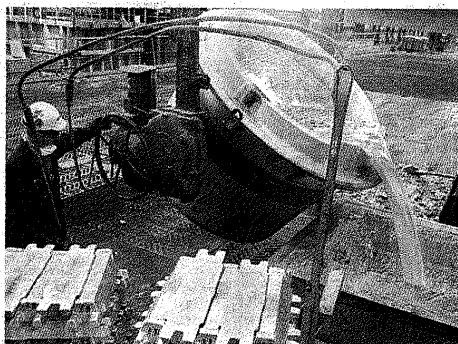
KUNAL BOSE

## Nalco's rush to put an end to its smelter troubles

THE long search of an ideal site for building a new 500,000-tonne smelter by National Aluminium Company (Nalco) is a statement of the many hurdles to be overcome to make good use of available natural resources in Orissa. The point not to be missed here is the experience of a company, 87.15 per cent owned by the government of India and claims to enjoy the confidence of the local Orissa administration. For any aluminium maker, Orissa, endowed as it is with rich bauxite (1.7 billion tonnes) and coal (62 billion tonnes) deposits, is the ideal centre to run a smelter. As for Nalco, it is deeply anchored in the state, with every part of its integrated operation from bauxite mining to aluminium smelting to value addition to the metal done there. Moreover, for the citizens of the state not having seen much industrialisation in spite of all the brouhaha, Nalco remains their badge of honour.

It is, therefore, no surprise that even though the state government has denied permission to Nalco to build a smelter at Jharsuguda on environmental grounds, Chairman B L Bagra has not given up hopes on finding an alternative site within the state. Jharsuguda, according to an expert body, could accommodate 2 million tonnes of smelting capacity without disturbing the environment. Ahead of Nalco, Vedanta, Hindalco and the proposed Dubal-L&T joint venture had pre-empt smelting capacity that Jharsuguda could support. Of the alternative sites for Nalco's second smelter, unarguably the most inviting is Sundargarh, being close to Ib Valley, where coal is available in plenty.

Bagra has made it a condition that wherever Nalco builds the smelter, preferably within Orissa, though a non-Orissa site is not ruled out, "it will have to have a captive coal mine. We are finding it to our cost, mines linkages, as we now have to Bharatpur mine for our Angul smelter, don't really work. Ideally, we should have a 500,000-tonne smelter. But the actual size will depend on what amount of water allocation we get from the state. There, however, will not be any compromise on what has



come to be accepted as the minimum economic size of a new smelter". Incidentally, all the three new smelters of Hindalco will each have capacity of 360,000 tonnes. This could be taken as the cut-off point.

Not to speak of the monsoon when coal supplies from Bharatpur mine will go haywire, Nalco's 1,200 Mw power complex, the lifeline for the 460,000-tonne smelter in its proximity, has to make good round the year coal supply shortfall by resorting to e-auction procurement and imports. The disturbing feature of e-auction is that coal that is delivered will be at a big discount to the quality mentioned in bid document. In fact, the Nalco experience is that in terms of calorific value, e-auction coal turns out to be three times more expensive than imported coal. All this boils down to coal linkages hurting Nalco in two ways: perennial supply shortfall from the designated mine and high fuel bill on e-auction purchases. A point not to be missed is that during 2010-11, power and fuel alone constituted 39 per cent of the company's total expenditure.

A fact buried in history which the present management does not want to recall as courtesy to those who gave shape to Nalco is that Bharatpur with estimated deposits of 200 million tonnes was offered to the company as a captive source of fuel. But whatever might have been the considerations some 30 years ago, the company did not find the proposal exciting and instead settled for coal linkages. It is now pay-

**IT IS NO SURPRISE that though the Orissa govt has denied nod to Nalco to build a plant at Jharsuguda, it has not given up hopes on finding a new site within the state**

ing the price of an act of omission in the past. The wheel will now, however, turn full circle when in June next year, Nalco commissions a mine in Utkal E Block with an estimated re-

serve of 70 million tonnes. Coal from this mine will be used to support 240 Mw capacity added to the power complex in the second phase of expansion across all Nalco facilities.

Commercial director Ansuman Das says Nalco as it continues the search for a suitable smelter site, it has the option to consider locating the plant close to a port in Orissa. The idea is to take advantage of running the smelter linked power complex with low ash imported coal. A good idea no doubt, specially in the context of the recent commissioning of Dhamra port. Pursuit of a smelter project in Indonesia has given Nalco a good exposure to that country's coal industry. Bagra gives us to understand that he is close to finalising a "long-term supply arrangement" with two Indonesian coal mining firms for the proposed smelter's captive power complex. Why should he not be using his knowledge of Indonesia for sourcing coal for a shore based smelter in India as Das is recommending? If Nalco manages to pull off two smelters - one here and one offshore - then it will be able to live down the image of being left miles behind by Vedanta to become a 2.5 million tonne aluminium group and Hindalco which is ramping up capacity to 1.7 million tonnes.

## Ficci for commercial mining of coal

BANGALORE, 10 OCT: The Federation of Indian Chambers of Commerce and Industry today urged the government to introduce commercial mining of coal along with a transparent market mechanism for allocation and utilization of natural resources.

According to Mr Harsh Mariwala, Ficci president, the government should immediately implement the recommendations of Ashok Chawla Committee which has looked into the issue of allocation of natural resources in great detail, including a transparent mechanism.

For more effective rules and regulations, however, he told newsmen here, it was necessary for the government to look beyond the panel's recommendations. He said it was imperative to introduce commercial mining in the coal sector through competitive bidding if only to ensure that India's productivity increased substantially. **sns**



# अधिग्रहण में पीछे नहीं हैं भारतीय कंपनियां

दीपक मंडल

ऊंची ब्याज दरों, महंगाई और नीतिगत मसलों पर फैसलों की धीमी रफ्तार से कॉरपोरेट सेक्टर निराश है। लेकिन अंतरराष्ट्रीय बाजार में विलय और अधिग्रहण के जरिये अपनी स्थिति मजबूत करने के मामले में इसकी रफ्तार बरकरार है। घरेलू बाजार में भी भले ही विलय और अधिग्रहण के मामले में गिरावट देखी जा रही हो लेकिन अंतरराष्ट्रीय बाजार में विलय और अधिग्रहण में इजाफा हुआ है। पिछले डेढ़ साल के दौरान भारतीय कंपनियों ने 28.4 अरब डॉलर के विलय और अधिग्रहण सौदे किए हैं। जबकि इस अवधि में विदेशी कंपनियों ने भारतीय बाजार में 26.4 अरब डॉलर का ही अधिग्रहण किया।

टेलीकॉम, मेटल-माइनिंग और ऊर्जा सेक्टर सबसे आगे

जिन सेक्टरों में सबसे ज्यादा अधिग्रहण और विलय हुए हैं वे हैं टेलीकॉम, मेटल एंड माइनिंग और ऊर्जा। वित्त वर्ष 2010-11 की पहली छमाही में भारत में होने वाले विलय और अधिग्रहण में टेलीकॉम सेक्टर 31.51 फीसदी की हिस्सेदारी के साथ शीर्ष पर था। इसके बाद मेटल और माइनिंग की हिस्सेदारी 24.08 फीसदी रही। एनर्जी सेक्टर की हिस्सेदारी 23.59 और फार्मास्यूटिकल्स सेक्टर की 7.11 फीसदी हिस्सेदारी रही। वित्त वर्ष 2010 में टेलीकॉम सेक्टर में सबसे बड़ी अंतरराष्ट्रीय विलय और अधिग्रहण भारतीय एयरटेल ने किया। कंपनी ने कुवैत स्थित कंपनी जेन टेलीकॉम के अफ्रीकी काराबोर को 10.7 अरब डॉलर में खरीदा था। इसके अलावा मेटल एंड माइनिंग सेक्टर की दिग्गज कंपनी ने अदानी ने क्वींसलैंड में ऑस्ट्रेलियाई कोयला कंपनी लिंक एनर्जी से कोयला खदानें खरीदी थीं। यह सौदा 2.7 अरब डॉलर में हुआ था। वेदांता रिसोर्सेज ने लंदन स्थित एंग्लो अमेरिकन जिंक को 1.33 अरब डॉलर में खरीदा था।

सांगयोग का अधिग्रहण

न्यूयार्क टाइम्स की एक रिपोर्ट के मुताबिक दक्षिण कोरियाई

कंपनी सांगयोग मोटर कंपनी पिछले सात साल में दो बार भारत में बिकने के लिए आई लेकिन पिछले साल महिंद्रा एंड महिंद्रा ने इसे 46 करोड़ डॉलर में खरीद लिया। इस सौदे के बारे में महिंद्रा एंड महिंद्रा के ऑटोमोटिव एंड फार्म इक्विपमेंट्स डिवीजन के प्रमुख पवन गोयनका कहते हैं कि सात साल पहले इसे खरीदने का सही समय नहीं था। लेकिन इस बीच कंपनी ने अपने निर्यात बाजार को और विस्तार देने की ठान ली थी और इस हिसाब से सांगयोग का अधिग्रहण फायदेमंद साबित हो सकता है। दक्षिण कोरिया के बाहर सांगयोग के 1200 वितरक हैं जबकि महिंद्रा एंड महिंद्रा के 400 से 500।

भारतीय कंपनियों की बढ़ती महत्वाकांक्षा

विलय और अधिग्रहण के पीछे की मानसिकता को मुंबई क्रेडिट सुशी की प्रमुख वेदिका भंडारकर की इस टिप्पणी से समझा जा सकता है। उनके मुताबिक कंपनियां घरेलू बाजार में 20 या 30 फीसदी की हिस्सेदारी बना कर संतुष्ट नहीं हैं। वे अब अंतरराष्ट्रीय स्तर पर प्रतिस्पर्द्धी बनना चाहती हैं। यही वजह है पिछले कुछ समय में अंतरराष्ट्रीय वित्तीय बाजार में उतार-चढ़ाव को देखते हुए भले ही विलय कम हुए हों लेकिन अधिग्रहण के मोर्चे पर चौकाने वाले आंकड़े दिख रहे हैं। वह भी ऐसे समय में जब शेयर बाजार में कंपनियों का प्रदर्शन लगातार गिरता जा रहा है। कंपनियों के आईपीओ को बेहतर रेस्पॉन्स नहीं मिल रहा है। भारतीय कंपनियां अंतरराष्ट्रीय बाजार में नई टेक्नोलॉजी, नए बाजार और संसाधनों की तलाश में हैं। फिक्की के सेक्रेटरी जनरल राजीव कुमार के मुताबिक भारतीय कंपनियां फ्रंटलाइन प्रोडक्ट के उत्पादन में ज्यादा से ज्यादा दखल बनाना चाहती हैं इसलिए उन्हें नई टेक्नोलॉजी चाहिए। वे बड़े बाजार में अपनी पहुंच बनाना चाहती हैं। कंपनियां प्राकृतिक संसाधनों की खरीद कर रही हैं। महिंद्रा एंड महिंद्रा ने सांगयोग का अधिग्रहण इसीलिए किया कि इस दक्षिण कोरियाई कंपनी का प्रीमियम और ज्यादा कीमत वाल एमयूवी सेगमेंट में अच्छा दखल है। कंपनी को इस विशेषज्ञता का लाभ मिलेगा।

डेढ़ साल में

28.4 अरब डॉलर

भारतीय कंपनियों का विदेशी बाजार में अधिग्रहण

26.4 अरब डॉलर

विदेशी कंपनियों का भारतीय बाजार में अधिग्रहण

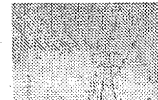
अधिग्रहण बाजार में हिस्सेदारी (2010-11 की पहली छमाही)



टेलीकॉम  
31.5



मेटल्स एंड माइनिंग  
24.08



एनर्जी सेक्टर  
23.59



फार्मास्यूटिकल्स  
7.11

जिन सेक्टरों में सबसे ज्यादा अधिग्रहण और विलय हुए हैं वे हैं टेलीकॉम, मेटल एंड माइनिंग और ऊर्जा। वित्त वर्ष 2010-11 की पहली छमाही में भारत में होने वाले विलय और अधिग्रहण में टेलीकॉम सेक्टर 31.51% की हिस्सेदारी के साथ शीर्ष पर था। इसके बाद मेटल और माइनिंग की हिस्सेदारी 24.08% रही। एनर्जी सेक्टर की हिस्सेदारी 23.59 और फार्मास्यूटिकल्स सेक्टर की 7.11% हिस्सेदारी रही।

कॉरपोरेट सेक्टर के प्रतिनिधियों का कहना है कि इन्फ्रास्ट्रक्चर को सुधारने और आर्थिक सुधारों का नए दौर को रफ्तार देने में सरकार काफी धीमी गति से चल रही है। हाल के दिनों में इश्योरेंस, रिटेल और मैनुफैक्चरिंग सेक्टर में निवेश बढ़ाने के प्रस्तावों पर सरकार का रवैया लचर रहा है। ऊंची महंगाई और ब्याज दरों की वजहों से भी कॉरपोरेट सेक्टर घरेलू बाजार में निवेश करने से हिचकिचा रहा है। इसके उलट विकसित देशों में ब्याज दरें सपाट या बेहद कम हैं।

बड़े नहीं पर अहम अधिग्रहण

पिछले डेढ़ साल में भारतीय कंपनियों ने अंतरराष्ट्रीय बाजार में जो अधिग्रहण किए, वे विशाल नहीं थे। इसके पहले ग्लोबल वित्तीय संकट यानि 2006-2007 में जो अधिग्रहण हुए थे वे काफी बड़े और अंतरराष्ट्रीय स्तर पर ध्यान खींचने वाले थे। मसलन टाटा समूह की ओर से कोरस स्टील और लैंड रोवर का अधिग्रहण। इससे टाटा ब्रिटेन की सबसे बड़ी मैनुफैक्चरिंग कंपनी बन गई थी। हालांकि विदेशी बहुराष्ट्रीय कंपनी की ओर से अधिग्रहण में बीपी की ओर से रिलायंस इंडस्ट्रीज की ऑफशोर तेल और गैस फील्ड की 30 फीसदी हिस्सेदारी शामिल है। जहां तक ऊर्जा सेक्टर का सवाल है तो अगले कुछ दिनों में अगर कमोडिटी में गिरावट का दौर रहा तो भारतीय बिजली कंपनियां विदेश में कुछ और कोयला खदानों को अधिग्रहण कर सकती हैं।

सरकार के लचर रवैये की भूमिका

विदेशी कंपनियों और संसाधनों के अधिग्रहण के पीछे एक बड़ी वजह है भारतीय कॉरपोरेट सेक्टर में सरकार के नीतिगत फैसलों में हो रही देर से पैदा निराशा भी है। कॉरपोरेट सेक्टर के प्रतिनिधियों का कहना है कि इन्फ्रास्ट्रक्चर को सुधारने और आर्थिक सुधारों का नए दौर को रफ्तार देने में सरकार काफी धीमी गति से चल रही है। हाल के दिनों में इश्योरेंस, रिटेल और मैनुफैक्चरिंग सेक्टर में निवेश बढ़ाने के प्रस्तावों पर सरकार का रवैया लचर रहा है। ऊंची महंगाई और ब्याज दरों की वजहों से भी कॉरपोरेट सेक्टर घरेलू बाजार में निवेश करने से हिचकिचा रहा है। इसके उलट विकसित देशों में ब्याज दरें सपाट या बेहद कम हैं। बहरहाल, इतना तय है कि मौजूदा माहौल भारतीय कंपनियों को विदेशी बाजार में अधिग्रहण के लिए प्रेरित कर रहा है।



PHOTOGRAPHS BY ANJURADHA CROWDHURY/MINT



## Tearing apart the Sandur Hills

At least 12 villages in the area have been hit by illegal mining, not to mention the toll on flora and fauna

By ARCHANA THIYAGARAJAN & RUCHIRA SINGH  
SANDUR (KARNATAKA)

From a distance, the Sandur Hills west of Bellary resemble the havoc wrought by a child, their tops lopped off haphazardly. The destruction wasn't the work of children, of course, but mining companies that recklessly ripped apart the hilltops to get at the ore within. They then left the top soil where it lay, covering the slope and obliterating the vegetation beneath.

The epicentre of illegal mining in Karnataka, the Sandur Hills hummed with activity until the July ban. Villagers could not walk on the roads for fear of getting hit by speeding lorries that ran day and night, transporting iron ore as fast as it could be gouged out of the hillside.

Illegal activities in the four hill ranges of Sandur took various forms, said a senior official in the state.

"The quantity of iron ore extracted was much more than permitted, and a lot of the forest areas that were not supposed to be mined were given no-objection certificates," said Amlan Aditya Biswas, deputy commissioner of Bellary. "Also, the roads were created by ripping off the forest cover."

The degradation affected at least 12 villages in the area, each with a population ranging between 750 and 3,000 people, Biswas said.

"There was dust everywhere and it made agriculture and farming around this area almost impossible," said Mulimani Eranna, agriculturist and environmental activist, who is a resident of Lakshanpur in Sandur.

Biswas said the trucks were overloaded and uncovered, which meant dust was everywhere, smothering the growth



A mountain of problems: (Clockwise from top) agriculturist and environmental activist Mulimani Eranna at a deserted iron ore mine in Sandur Hills; soil dumped on the side of a hill, and equipment at a defunct mine.

### mint SERIES-II

of vegetation and wildlife.

"The blasting obviously made the animals move out of the forests and into areas inhabited by humans and there are instances of government hospitals reporting animal bite injuries," he said. "Even the cattle have respiratory and gastric problems owing to the high iron content in the grass and dust in the air."

A senior forest department official said that large-scale damage has been caused to vegetation and wildlife, the regeneration of which will take time. "The Sandur Hills do not have high forests, but mostly dry and moist deciduous forests," said the forest officer, declining to be named. "A lot of the dump (top soil from the mines) was put on the side of the hills and it submerged the vegetation."

Mining procedure calls for the dump to be put in a safe place and vegetation grown on

it to prevent erosion. When the mine is closed after the minerals have been extracted, the dump has to be restored to its original site.

The environmental destruction at Sandur is plain to see with gouged-out areas interspersed with vegetation.

For the locals, the mines were a source of income with farming not an option owing to the pollution.

"Many localities realized that mining was big money and they purposely did not allow proper roads to be laid here," said Subbanna Kammar, a resident of Sandur. "The dirt roads are bumpy, so when trucks laden with iron ore are passed through them, they spilled some of the material on the road, which the localities collected and sold."

He pointed out several mines, now defunct, including Associated Mining Co. and Lad and Sons, both under the Supreme Court's scanner.

The mining also led to the depletion of the water in the hills,

### COVERAGE AREA

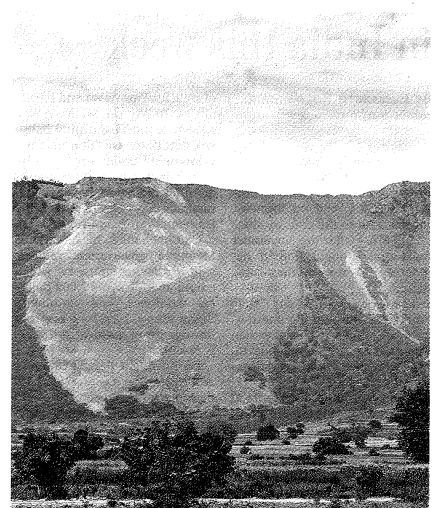
- Spread across 30,000 ha, mostly forest land
- Covers Swamimalai, Ramanamalai, Donimalai, NEB ranges
- Has around 12 villages with 750-3,000 population each
- Awareness of its iron ore richness dates back to 1800
- First mine came up in 1956, tempo picked up from 2003

Source: Bellary forest, administrative officials

according to Eranna.

"The miners kept pumping out the water that was seeping while they were mining," Eranna said. "The water was just drained out of the hills to facilitate mining."

The areas that are still relatively undisturbed show what the hills would have looked like. On the road to the Sandur Hills, there is a lake, several water bodies and farmland, with the hills towering above. The hills even house a few resorts, popular at one time with tourists.



The jungles around the hills are known to be home to the fox, leopard, wild hare and various species of birds, all of which would have been affected by the mining activity, the forest officer said.

Still, as mining has been on in the hills since the 1950s, the wildlife population was not very large, the officer added.

What will it take to restore the hills? "It might take nine months to one year if you are talking about afforesting these mines," said D.N. Gulhane, a geologist with Global Environment and Mining Services in Hospet. "Plus, there are so many dumps that have gone outside of the mine areas. Those have to be reclaimed."

Gulhane said restoration could cost about ₹1 crore per mine.

Since mining was banned in July, the roads leading up to the hills are relatively empty, with hundreds of lorries parked on the side of the road for kilometres on end. This lack of activity

will help boost the vegetation and wildlife.

"One tendency to bring down the intensity of the mining. Automatically, it will bring down the harmful affects," the forest officer said. "Nature will have its own way of restoration."

The current pause in mining has cut down the noise and air pollution as well. "I am already seeing this place looking greener," Biswas said.

This is the second part of a series on the aftermath of a Supreme Court ban on illegal mining in Bellary. The first part dealt with the plans of steel plants in the area.

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### VIDEO

The toll incessant mining has taken on Bellary

www.livemint.com/  
sandurhills.htm



## Vedanta metal output rises; prices hold key to performance

**M**etal stocks have been battered by the steep fall in commodity prices and **Vedanta Resources Plc's** listed firms in India are no exception. The group announced production numbers for the September quarter, showing a mixed trend in output growth.

Though investor attention is tuned to bearish price trends, growth in output may become a saviour for metal companies in such a phase.

Prices of non-ferrous metals have recovered a bit last week, but it's too soon to say the trend has reversed.

During the September quarter, **Sterlite Industries (India) Ltd**, the group's flagship, saw copper cathode

output rise 18% from a year ago and 28% from the preceding quarter. Output in the June quarter had been affected by the quality of concentrate

processed and lower capacity utilization. Its Indian copper business will be unaffected by falling prices on the London Metal Exchange (LME), as it runs a custom smelting operation. Profitability depends on treatment and refining charges. Higher output, stable trends in these charges and revenue from by-products should see the copper business deliver a good performance, though rising operating costs could take some sheen off from it.

Sterlite's aluminium business (**Bharat Aluminium Co. Ltd**) continues to disappoint, with output down by 1.6% from a year ago and by 7.7% from the preceding quarter. The company has said higher coal prices have affected business' costs.

**Hindustan Zinc Ltd's** refined zinc output fell by about 4% from the preceding quarter, while lead output was up by

6.3% and silver by 5.3%. Silver will continue to be a key contributor to this business' growth.

**Sterlite Energy Ltd**, also a subsidiary of Sterlite, has seen power output rise by 11% on a sequential basis, but the company said it has got lower tariffs for power sold in the first half of the fiscal. Lower tariffs and higher coal prices are likely to affect its power business profits during the quarter.

**Sesa Goa Ltd's** investors will want to know the firm's plans to tackle the drop in its output because of the Karnataka iron ore mining ban. Iron ore output from its own mines fell 54% during the quarter. The effect on its financial

Any further delays  
in the capacity  
expansion plans at  
some of the units  
may worry investors

performance will become visible from the December quarter.

In the September quarter, it has sold down inventories, and sales from its own mines

are 13% higher from a year ago. But the firm had exited a third-party mining operation in November, which will see reported sales volume decline.

Volatility in metal prices, rising input costs and flagging production in some of Vedanta's units will remain chief concerns for investors. On the positive side, capacity expansion plans at a few of its business units will start operations in the second half, resulting in higher output, but the full impact will be visible in 2012-13. A few projects have been delayed, with start-up postponed from the second to the third quarter. Further delays may worry investors. In the next few quarters, investors will watch LME prices (except for copper) to see how the Vedanta group companies perform. If the trend remains downward, so will sentiment.

RAVI ANANTHANARAYANAN

# Rio Tinto may Get Licence to Mine Diamonds in MP

MEERA MOHANTY  
NEW DELHI

**R**io Tinto, the world's second-largest mining group, is close to getting a licence to mine a diamond find in Madhya Pradesh. This could make the state one of the top producers of the precious stone in the world.

The Centre is waiting for a final nod from Bhopal before it signs on the Bunder diamond mining lease for Rio Tinto, said a government official.

The Bunder project will be Rio Tinto's first operating mine in India and the only new diamond mining project in the country in nearly 50 years. "A mining lease is the next critical milestone in the development of Rio Tinto's most advanced diamond project worldwide," said Nik Senapati, managing director of the Anglo-Australian company's Indian unit.

Rio has been prospecting for diamonds across India since the mid 1990s. A change in the name ACC Rio Tinto, under which it

initially applied for a licence to Rio Tinto Exploration India, has been cleared by the law ministry. The Centre is now waiting for the state, which has already recommended

**The Bunder project will be Rio's first operating mine in India and the only new diamond mining project in the country in nearly 50 years**

the license, to verify the same. The Bunder project comprises a cluster of eight champagne-glass-shaped volcanic rocks. Rio Tinto claims early studies have identified an inferred resource of 27.4 million carats. This makes the deposit seven times richer than National Mineral Development Corporation's Majhgawan mines, 170 km away in Panna.

"The Bunder Project will be a significant source of supply in an industry where there have been no other significant discoveries in the last decade," said Senapati. Some of the world's richest mines are to be found in Canada, Botswana and Western Australia.



# 'Iron ore exports from Goa set to fall'

**Dow Jones**

*New Delhi, Oct. 10*

Iron ore exports from Goa will fall this financial year as the government in the province has imposed curbs on sales from old stocks of the raw material, a senior industry executive said on Monday.

"That will affect the exports," Mr S. Sridhar, Executive Director of the Goa Mineral Ore Exporters' Association, told *Dow Jones Newswires*, without giving

any projection on the fall in shipments.

Goa accounted for around 54 million tonnes out of the 97.64 million tonnes iron ore India exported in the fiscal year ended March 31. Sales from old stocks, or dumps, were suspended two weeks ago to prevent illegal mining in the State.

Another industry official, who didn't want to be named, said exports from Goa could fall 40-59 per cent because of

curbs. Lower exports from the state will deepen an expected slump in exports from India, after the Supreme Court imposed a ban. Shipments from India are expected to fall nearly 25 per cent to around 75 million tonnes in 2011-12, according to the Federation of Indian Mineral Industries.

Iron ore exports from Goa have resumed post the June-September monsoon season, when ports remain closed in

the coastal state. But, shipment volumes are low and demand from the main buyer, China, is weak, Mr Sridhar said.

Almost the entire quantity of iron ore mined in Goa is low-grade and is shipped out as domestic steel mills don't have the capacity to utilise low-grade ore.

## **SUICIDE THREAT**

**IANIS adds from Panaji:** Fearing a blanket ban on

mining in Goa, a truckers association representing nearly 20,000 trucks engaged in mining activity in the State warned that they would be forced to commit suicide if legal mining was stopped.

"We are against illegal mining. But if legal mining is stopped, we will be forced to commit suicide like farmers in Maharashtra," said Mr Govind Sawant, spokesperson for the Dharbandora Truck Owners Association.

## MINING LEASES GRANTED AT WILL

**DC CORRESPONDENT**  
HYDERABAD, OCT. 9

Mines Department has granted licenses at their will violating the rules in the state that favoured the mining mafia.

The officials granted Mining License to OMC, though as per the rules of MMDR Act, only prospecting license should be granted in mining virgin areas.

It was alleged that the then Industries and Commerce Department secretary Y. Srilakshmi sat on a file of one of the applicants for 50 days in 2006 for a simple query.

One of the applicants, C. Sashi Kumar who turned out to be the key witness in the case said, "I have applied for

prospecting license and mining officials initially recommended my case for eligibility in 509 hectares and there is another file where 359 hectares eligibility was recommended," he said.

"In one application IAS official Srilakshmi said SJK steel corporation is the sole applicant and granted license on November 9 2006, regarding the survey number 1 & 2 of Malpanagudi Siddapuram and in another file, regarding my recommendation on December 5 in 2006, she said when there are other applicants why I should be favoured. She herself admitted that I am also an applicant in the case," Mr Shashi Kumar said.

## Uncertainty over Euro zone growth drags copper

Reuters

London, Oct. 10

Copper slipped on Monday, prompted by uncertainty about the economic health of the Euro zone even as European policymakers promised to announce new measures to tackle the region's debt crisis, but falls were limited by a weak dollar.

Benchmark copper on the London Metal Exchange (LME) traded at \$7,346.50 a tonne in official rings, down from Friday's close of \$7,375 a tonne.

### STOCKS DROP

With the Chinese market reopening after a week-long holiday, analysts expect to see a pick-up in Chinese buying but cautioned that it was too soon

to tell whether Chinese demand for the metal was starting to improve.

Latest data showed copper stocks in LME-registered warehouses dropped 4,575 tonnes, with large amounts leaving warehouses in South Korea. Aluminium slipped to \$2,221 a tonne in official rings, down from a close of \$2,228 a tonne on Friday. Lead was untraded in official rings, but bid at \$1,956 a tonne. It closed at \$1,944 on Friday. Data showed lead stocks in LME warehouses rose by 1,600 tonnes to a fresh record high of 382,000 tonnes. Zinc traded at \$1,920 a tonne, unchanged from Friday's close, while tin rose to \$23,050 from \$22,900. Nickel traded at \$18,900 a tonne from \$18,910 on Friday.



## **Bureaucrats named in mining scam**

**Press Trust of India**

*Hyderabad, Oct. 10*

The CBI has named a former bureaucrat and an IAS officer as accused in the Obulapuram Mining Company scam.

Former Andhra Pradesh Mines and Geology director, Mr V.D. Rajagopal, and senior IAS officer, Ms Y Srilakshmi, were added to the list of accused yesterday after probe indicated their alleged role in the illegal mining, CBI officials said today.

The duo was charged under relevant sections of IPC for criminal conspiracy and violation of the Mines Minerals Development and Regulation Act.

The CBI, probing alleged illegal mining and irregularities in allotment of mining leases to OMC, on September 5 had arrested former Karnataka tourism minister and the company owner, Mr Gali Janardhana Reddy and the firm's managing director, Mr B.V. Srinivas Reddy from Bellary.

## FICCI plea to govt

**Our Bureau**

*Bangalore, Oct. 10*

The Federation of Indian Chambers of Commerce and Industry (FICCI) has said that the Government should put in place transparent market-based mechanisms in the allocation and utilisation of natural resources.

"This can be done through a competitive and transparent bidding system," said Mr Harsh Mariwala, President, FICCI.

"The Government should immediately implement the recommendations of Ashok Chawla's Committee Report which has looked into the issue of allocation of natural resources," he said at a press conference on allocation of natural resources.

India's coal imports have risen substantially in the last three years, causing heavy outflow of foreign exchange.

The country's imports have increased from 59 million tonnes in 2008-09 to 89 million tonnes in 2010-11.

The country's imported coal is now worth Rs 37,000 crore.

"Substantial reliance on coal imports is unsustainable. Current productivity in coal mining in India is one tenth of the US, which is the second largest producer of coal," Mr Mariwala said.

Referring to the impact of mining ban in Karnataka, he said, "An open, transparent, market-based mechanism could have avoided such a situation."