After Karnataka, iron ore grounds JSW in Bengal

Sumit Moitra • KOLKATA

Sajjan Jindal-led JSW Steel has sought the help of West Bengal chief minister Mamata Banerjee get its ambitious 10 million tonne steel project at Salboni, a tribal dominated area of West Bengal, up and running.

The project has not been able to take off even three years after the ground breaking ceremony and runs the risk of turning unviable unless iron ore linkages are quickly tied up.

The company has approached Banerjee, a key ally of the ruling UPA government, to help it secure iron ore supply from states like Orissa following the Supreme Court ban on iron ore mining in Karnataka, which has hit JSW Steel's existing operations.

"I have asked Mamata Banerjee to take up with the central government the issue of a national iron ore policy. The states are creating problems by insisting that investments come to them only. It shouldn't happen that we build the plant with Rs 35,000-40,000 crore and then we are stuck with no iron ore," Jindal told DNA on the sidelines of Bengal Leads, an investor conference.

"We are working on linkages with NMDC. That is also our request (to the government). We are willing to buy even from the open market and we have linked up with a lot of suppliers," said Jindal. Biswadip Gupta, joint managing director of JSW Bengal Steel, a JSW Steel subsidiary, which is executing the plant that would produce 3 million tonne steel in the first phase, reiterated the company's stance. "If the state wants a steel plant, it needs iron ore. So the state also needs to organise iron ore and help us, although we are also trying on our own."

Jindal brushed aside concerns over delay in iron ore linkages preventing the financial closure of the Salboni project. "These are minor issues... JSW's balance sheet is strong enough (to raise funds for the project). The real issue is that if we invest so much money and then we don't have the material to run it, then it would be a big setback."

"Whatever is needed the government is providing. But unfortunately, the present industrial scenario in the country is such that nobody wants to take a chance unless there is a clear-cut policy," said Jindal.
SPECIAL STATE

Odisha's two-pronged demand

FEDERALISM is perhaps on test again. Odisha has raised a two-pronged demand — special category status for the state and imposition of a mineral resources rent tax by the Centre on the mining sector. It has demanded 50 per cent of this revenue for the states. There is substance in the second demand; to go on a self-denial mode and forego the tax option as in West Bengal is breathless economics. The funds that Odisha hopes to generate can to an extent help the state finance the welfare of those displaced by the mining sector. That said, the state must also accept responsibility for having failed to pursue its own legislation on mining cess, passed five years ago. The administration in Bhubaneswar ought also to take a call on its demand for special status.

Is it really essential? It redounds to Odisha's credit that the state is faring commendably on the economic front, having registered a growth rate of over nine per cent for the past decade. This performance needs to be sustained instead of confronting the Planning Commission with the demand for special treatment, one that could trigger similar representations from other states. The Chief Secretary's plea — ye dil mange more — will cut no ice for all its populism. Instead of a special status tag for the entire state, Odisha does have a reasonable case for a special package to cover the perennially poverty-stricken KBK region — Koraput, Bolangir and Kalahandi. Subsistence privation and Left extremism pose a national challenge whether in Odisha or Bengal's Jungle Mahal or the forests of Chhattisgarh. While Odisha has fared commendably in terms of investment and urban development, its overall record has been glaringly uneven. Which explains the restiveness of the rural poor and the impediments to investment, notably the South Korean giant, Posco's steel plant and the firing on tribals some years ago at Kalinganagar. The state's demand ought to be matched with a serious effort to get the priorities right. A central package coupled with state endeavour needs, therefore, to be sharply focussed on alleviating poverty in the KBK belt. That essay can in turn facilitate industrialisation rather than an unconvincing demand for special status for the entire state.
ILLEGAL MINING IN CHAKKI RIVER

HC panel for ban on mining near railway bridges

LALIT MOHAN
TRIBUNE NEWS SERVICE

DHARAMSALA, JANUARY 11
A committee appointed by the Himachal Pradesh High Court under the Deputy Commissioner, Kangra, RS Gupta, has recommended a complete ban on mining in a 1 km area on both sides of railway bridges on the Chakki river. The report of the committee was presented in the high court on January 9 and was accepted in a hearing today.

The committee that comprised mining and PWD officials of Kangra district in Himachal and Pathankot district in Punjab and the deputy commissioners of both districts, was constituted by the high court to study the impact of illegal mining on railway bridges on the Chakki and suggest measures to protect them. The committee had visited a damaged railway bridge on January 7.

Sources said the committee had recommended that the Railways should consider replacing 82-year-old bridges in view of their worn condition. It recommended that the debris that had collected near the bridges should be removed and spread near the pillars of the railway bridges so that erosion along the pillars was reduced. The committee also proposed the creation of mining checkpoints to check illegal mining in the area.

While accepting the report of the committee, the high court has ordered its continuation for reviewing the progress on its recommendations. The committee will meet on April 7 to review the progress on its recommendations by the departments concerned.

The Railways and other departments that have their infrastructure in or around the Chakki river have been complaining consistently regarding illegal mining in the river bed and the damage being caused due to it.
PRICE CARD

As on Jan 11

International | Domestic
---|---
Price | %Chng | Price | %Chng
---|---|---|---
**METALS ($/tonne)**
Aluminium | 2,138.0 | -2.2 | 2,504.8 | -3.5
Copper | 7,043.0 | 5.9 | 9,325.0 | 1.3
Nickel | 19,425.0 | 3.1 | 21,580.0 | -4.1
Lead | 1,999.0 | 2.2 | 2,235.1 | -4.1
Tin | 20,075.0 | -9.8 | 25,144.5 | -5.3
Zinc | 4,922.5 | -1.7 | 2,969.9 | -2.6
Steel-HRC | 619.0 | -9.6 | 828.5 | -7.1
Gold ($/ounce) | 1,635.0* | -1.7 | 1,650.5 | -1.7
Silver ($/ounce) | 29.7* | -7.2 | 31.5 | -6.8

**ENERGY**

Crude Oil ($/bbl) | 112.3* | 2.8 | 111.7 | 6.1
Natural Gas ($/MMBtu) | 2.8* | -2.6 | 3.2 | -12.3

**AGRI COMMODITIES ($/tonne)**

Wheat | 238.3 | 1.3 | 241.4 | 7.8
Maize | 260.1* | 1.1 | 261.7 | 22.1
Suger | 611.7* | -6.5 | 585.9 | -1.6
Palm oil | 1,060.0 | 9.3 | 1,178.3 | 10.2
Rubber | 3,043.4* | -16.4 | 3,654.5 | -15.9
Coffe Robusta | 1,771.0* | -6.3 | 2,063.9 | -5.0
Cotton | 1,137.8 | -6.3 | 2,007.4 | -10.9

Conversion rates: 1 US dollar = Rs. 56.50, 1 US dollar = Rs. 56.50

Notes:
1) International and domestic spot prices and domestic metal are Mumbai local
2) International crude oil is Brent and domestic crude oil is Indian basket.
3) International natural gas is NYMEX near-month futures & domestic industrial gas is NGC near-month futures.
4) International wheat, white sugar & coffee robusta are LME near-month futures.
5) International crude oil is WTI near-month futures, and Indian Basket is Dubai-Dubai near-month futures and prices on 12th Jan.
6) International near-month futures are USD and domestic futures are INR.
7) Coffee futures are local blend and in terms of USD Manhattan futures.
8) International cotton is cotton no. 2 - WC/US near-month futures & domestic cotton is NCNG near-month.
9) International metals, Indian basket, crude, maize, palm oil, sugar, coffee and coffee are prices quoted on previous day prices.

BALTIC EXCHANGE INDICES

Jan 10, 12 | chg*%
---|---
Baltic Dry | 1,258 | -3.82
Baltic Supramax | 1,082 | -1.55
Baltic Panamax | 1,655 | -3.19
Baltic Capesize | 2,153 | -5.11
Baltic Handysize | 552 | -0.36
Baltic Ocean Tanker | 706 | -1.40
Baltic Dirty Tanker | 782 | -0.76

ELECTRICITY TRADING AT IEX

Market price in `/MWh
Aluminium majors up on price buzz

Hindalco and Sterlite gained on the Bombay Stock Exchange on Wednesday, on optimism that aluminium prices would rise to as much as a six-month high, as buyers replenished stocks to meet a rebound in demand. The prices might climb to as much as $2,300 per mt on the London Metal Exchange by March 31, said Mukesh Kumar, CEO of Vedanta Resources' Indian unit. Hindalco gained 4.96 per cent to close at ₹129.10, while Sterlite climbed 4.28 per cent to ₹99.95.
Area around Sultanpur bird sanctuary declared eco-sensitive zone

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

EXPRESSION SERVICE
GURGAON, JANUARY 11

IN VIEW of the large number of migratory birds coming to the Sultanpur National Bird Sanctuary, the Union Ministry of Environment and Forests has earmarked a space of 5-km radius around it as an eco-sensitive zone.

A communiqué from the government on Wednesday quoted a district administration spokesperson as saying that under this zone, the administration has also prepared a zonal master plan for conserving the environment.

Officials said mining and crushing activity in a radius of 1 km from the boundary of the Sultanpur National Park will not be allowed. Construction of any kind has also been banned up to a distance of 300 metres from the park.

A monitoring committee has also been constituted comprising representatives of MOEF, an NGO working for environment conservation, regional officer of Haryana Pollution Control Board and a senior town planner.

Situated about 15 km from Gurgaon, the sanctuary is frequented by 30,000 birds of nearly 250 species from many foreign countries.
Steel Cos Urge Odisha Govt to Open Mines

NAGESHWAR PATNAIK
Bhubaneswar

Faced with raw material scarcity, steel producers in Odisha have urged the state government to increase the availability of iron ore and chrome ore by opening all closed mines. Members of All Odisha Steel Federation (AOSF) said most of the steel manufacturing companies were facing closure due to non-availability of adequate raw materials at an "affordable price".

"We are not asking for captive mines. We want the state-owned Odisha Mining Corporation to supply us raw materials at affordable prices so that we can compete with other national and global players. If the state government does not pay heed to our appeal, all steel industries will be forced to shut down in the next three to six months," AOSF president PL Kandola said on Tuesday.

Steel sector in Odisha is going through tough times after some mining scams were exposed, and subsequent investigation by Justice MB Shah Commission. Most of the iron ore mines have shut operations, while the ones that are functioning are charging "exorbitant" rates. Nearly two lakh people engaged in over one hundred steel and sponge iron plants would be retrenched if plants are shut down, Kandola added.

The federation urged the government to fix a price cap on raw materials, enlist all existing manufacturing units for their requirement of iron ore, chrome ore on long-term basis, and rationalise freight rates and water costs.
Joy Global plans to set up manufacturing base in Bengal

To invest $25 m on integrated facility

Our Bureau
Kolkata, Jan. 11

The $3.5-billion mining equipment major Joy Global Inc of the US is planning to set up its Indian manufacturing base in West Bengal.

The company currently has such facilities in the US and China. Joy Global, along with its Indian subsidiary P & H Joy Mining Equipment India Ltd, sells gears worth nearly Rs 500 crore a year in India.

Announcing the project, Mr Anirudha Gupta, Director of P&H Joy, told Business Line that in the first phase the company would invest $25 million (approximately Rs 132 crore) to set up an integrated facility to render after-sales services as well as manufacture major structures used in (high tonnage) equipment.

In the second phase, the manufacturing facility will be further expanded to enhance indigenisation of products. The facility will be located on a 25-acre plot in the engineering and technology park in the proposed Air-port City project (Aerotropolis) promoted by Bengal Aerotropolis Projects Ltd (BAPL) at Andal, approximately 180 km from Kolkata. Joy Global has entered into a preliminary agreement with BAPL in this regard on Wednesday.

According to the company, this is the second largest FDI from the US — after PepsiCo — in West Bengal. “We have zeroed in on Andal as it is in close proximity to our client base in the mining regions of Eastern India,” Mr Gupta said.

INDIA-MADE PRODUCTS BY 2014

Though he did not give investment details or the timeline for the completion of the second phase of the project, Mr Gupta said one of its best selling (in India) opencast mining equipment — the 10 cubic metre excavator — is expected to be fully indigenised by 2014. Currently, such equipment has 55 per cent of Indian supplies in value terms.

“We hope to start selling completely India-made 10 cubic metre excavators by 2014,” he said adding that the domestic contribution in other products sold by the company will also increase once the manufacturing facility comes on stream.

SCALING UP MANPOWER

According to Mr Gupta, the company is also on its way to scaling up manpower in the country by nearly one-third from the existing 200.

“We will make fresh recruitments of over 100 highly skilled people for the Andal facility,” he added.

Meanwhile, the company’s only servicing facility in the country, in Nagpur, will be phased out once the Andal facility is operational in 2013.

“The existing facility is too small and is far away from the major mining centres of the country. We will close it down once the integrated facility in Andal comes on stream,” he said.
Copper advances on better US economic outlook

Reuters
London, Jan. 11

Copper rose on Wednesday, after rallying more than 3 per cent the previous day, propelled by strong import data from top consumer China and an improving economic outlook for the US.

A firm dollar restrained gains slightly but dollar-denominated commodities are showing signs of unabackpling from a negative correlation with the US unit, with recent data suggesting that recovery in the world’s largest economy is gaining steam.

Three-month London Metal Exchange (LME) benchmark copper rose 0.6 per cent to $7,790 per tonne by 10:58 GMT, from $7,745 at the close on Tuesday.

Chinese imports of aluminium also rose last month, and this has helped underpin aluminium prices, as has news of production cuts.

Norway’s Norsk Hydro became the latest aluminium producer to cut production due to economic uncertainty and high costs, announcing plans to curtail output at a plant in Australia.

Three-month aluminium was 0.1 per cent firmer at $2,167 a tonne from $2,164 at the close on Tuesday.

Tin was up 0.6 per cent at $20,380 from $20,275, zinc was flat at $1,930, lead was up 1 per cent at $2,010 from $1,989 and nickel was up 0.2 per cent at $19,542 from $19,505.
Mineral industries pitch for scrapping iron ore export duty

Press Trust of India
New Delhi, Jan. 11

The Federation of Indian Mineral Industries has written to the Finance Ministry requesting abolition of export duty on iron ore fines and reduction in duty on lumps to 5 per cent.

"Export duty on iron ore fines should be abolished since there is no technology in India to use the low-grades fines and lumps should be reduced to 5 per cent since it is against free trade and no steel plant is starving of iron ore," the industry body wrote in a pre-Budget memorandum to the Finance Ministry.

The Government had increased export duty on both lumps and fines to 20 per cent from 15 per cent and five per cent respectively in the Budget for 2011-12. Rates were raised further to 30 per cent from the end of December last year.

FIMI said the rise defied any logic since the domestic steel makers mostly use lumps for the making of iron and the need for fines do not exceed 30 million tonnes a year as two major firms, SAIL and Tata Steel, use fines produced from captive mines.

India, the world's third largest iron ore exporter, had shipped 117.3 million tonnes of iron ore in 2009-10 and 70-80 per cent of this was in the form of fines, which do not have many takers among domestic steel makers.

In 2010-11, iron ore exports from the country came down to 97.64 million tonnes and in the first eight months of the current fiscal, exports dipped by a little over 28 per cent to 40 million tonnes vis-a-vis the corresponding period last fiscal.
Aluminium prices may hit 6-month high this quarter

Jan 11: Aluminium prices may rise to as much as a six-month high by the end of the quarter as processing companies replenish inventory to meet rebound in demand, said Vedanta Resources, India’s biggest producer.

Prices may climb to as much as $2,300 a tonne on the London Metal Exchange by March 31, Mitesh Kumar, chief operating officer of the London-based company’s Indian unit, said in an interview. Aluminium, used to make autos and aircraft, ended yesterday at $2,154 and last closed above $2,200 on September 21.

A rise in manufacturing indexes in China and India may spur sales of cars and consumer appliances, leading to higher demand for aluminium. Prices may be boosted by a global supply shortage in the first half as smelters idle as much as 25% of capacity following the sovereign-debt crisis in Europe and China’s measures to control inflation.

“Soon the processing companies will start buying and this will support prices,” Kumar said. “Demand in India is likely to surge this quarter, as contractors of government projects race to meet deadlines for the fiscal year.”

Hindalco Industries, India’s second-largest aluminium producer; and Sterlite Industries (India), a unit of Vedanta Resources that owns Bharat Aluminium, rose to their highest in four weeks.

India’s government plans to double its spending on public works and utility projects in the five years ending March 2017, aiming to achieve economic growth of 9%. The economy will expand about 7% in the year ending March 31, Prime Minister Manmohan Singh said on January 8, less than his December prediction of 7.5%.

The billionaire Anil Agarwal-controlled Vedanta group, comprising Vedanta Aluminium and Sterlite, produced more than 6,30,000 tonne of aluminium in the year ended March 31, about 40% of India’s total output.

Unprofitable Vedanta Aluminium, which is coping with rising costs of alumina and power, plans to maintain production, anticipating a revival in prices this quarter, Kumar said. Bauxite is turned into alumina that is then refined into aluminium. About four tons of the mineral is used to produce a ton of metal.

Manufacturing from the UK to India improved in December, suggesting production is weathering strains from Europe’s debt crisis, Purchasing manager indexes for the UK, Switzerland, China, India and Australia rose last month, while German unemployment fell more than expected as exports of cars and machinery boomed. US manufacturing growth accelerated more than economists forecast to the fastest pace in six months.

Aluminium prices are expected to rise this year and next, Lloyd O’Carroll, an analyst at Davenport, told Bloomberg Television on January 9. More than 40% of global capacity is running at a loss and output cuts are likely to continue, lifting prices, he said.

“The price outlook is bullish as recent data show a revival in manufacturing activities in China and India and expectations of better buying in the US,” said Ravi Bhushan, a base-metal trader on the Multi Commodity Exchange in Mumbai. “Prices have started to look up in the New Year and the trend should continue.”

Bloomberg