IOC offer won’t come this fiscal

Government defers share sale due to crude prices hitting two-year high; disinvestment plan for ONGC on track

BY ANIRUDH LASKAR & AVEEK DATTA

MUMBAI

The Union government has shelved the follow-on public offering (FPO) of shares in state-owned Indian Oil Corp. Ltd (IOC), the country’s biggest oil refiner and marketer, this fiscal because of a surge in the price of crude oil to the highest level in two years.

The government had planned to raise ₹20,000 crore through the FPO, the biggest by an Indian entity, but cabinet approval for the proposed offering hasn’t been sought, an official at the disinvestment ministry said on condition of anonymity.

Downstream oil marketing companies tend to lose sales when crude oil prices climb. The price of crude oil rose 3.3% last month on the New York Mercantile Exchange and on 7 December exceeded $90 a barrel for the first time in two years. Oil may reach $100 a barrel next year as demand from Europe and the US picks up, Goldman Sachs Group Inc. analyst Jeffrey Currie said last month.

That has prompted the government to delay the IOC offer until the next fiscal that starts on 1 April.

"Instead, we will carry out the divestment plan of Oil and Natural Gas Corp. Ltd (ONGC), which, being an upstream oil company, tends to benefit from rising crude oil prices," said the ministry official.

IOC director finance S.V. Narasimhan declined to comment on the matter.

IOC had expected to sell shares at a price of ₹450 apiece in its FPO by the end of January, chairman B.M. Bansal had said recently.

The government, which holds a 78.92% stake in the company, planned to divest 10% and the company was to offer investors an equivalent number of new shares to raise an aggregate ₹20,000 crore. Most of the proceeds were to be used to revive a shelved petrochemicals project in Paradip, Orissa, and build a facility for importing gas in ships at Ennore in Tamil Nadu, according to media reports that cited Bansal.

IOC hired six banks, including Bank of America-Merrill Lynch, Citigroup, ICICI Securities, Morgan Stanley, SBI Capital Markets and UBS to handle the FPO.

The price of crude oil tends to be cyclical and the government is expected to relaunch IOC’s share sale once the cycle turns. "Considering the current cycle, it is more advisable to sell shares of ONGC as the company will benefit from rising crude," said the ministry official cited above.

The government in June partially deregulated fuel prices to allow oil companies such as IOC to fix the price of petrol they had been selling at a government-mandated price earlier. But with crude prices spiking sharply, state-run oil companies are faced with concerns of a bigger revenue loss from having to sell diesel, kerosene and liquefied petroleum gas at below-cost price to keep inflationary pressures under check.
IOC share sale won’t come this fiscal year

The price of crude oil has risen sharply in the past few weeks due to a number of factors such as the US Federal Reserve’s plan to buy $600 billion of treasury bonds to stimulate the US economy, the ramping up of new refineries in China this winter, and an unusually freezing onset of the winter in Europe and Asia.

Inflation being a key concern in the Indian economy, oil marketing companies may be unable to raise fuel prices commensurate with the rise in crude, hitting their margins.

The oil ministry, which had earlier estimated the under-recovery burden for these firms to be ₹59,000 crore for fiscal 2011, has revised the estimate higher to ₹65,000 crore.

However, the rise in the crude oil price is to the advantage of upstream oil companies such as ONGC and Oil India Ltd, as they can sell the crude they produce at higher prices, boosting revenue.

The government, which currently holds a 74.1% stake in ONGC, plans to sell 5% of its holding through an FPO. The issue may help the government raise ₹11,000-13,000 crore.

The government recently approved a split of each ONGC share into two to make its FPO attractive and affordable for retail investors. On 1 December, the cabinet approved ONGC’s FPO. The company is yet to appoint merchant bankers to handle the sale.

The ONGC board will meet this week to consider a 1:1 bonus share issue and paying a special dividend out of its cash reserves of close to ₹15,000 crore.

The company has already appointed two international auditors—DeGolyer and MacNaughton, and Gaffney, Cline and Associates—to certify its oil and gas reserves, a prerequisite for any exploration firm going for a public offering.

The government plans to raise at least ₹40,000 crore in the current fiscal by divesting stakes in various state-run companies. According to the department of divestment, total disinvestments proceeds from the sale of shares in central public sector enterprises this fiscal stands at ₹20,943 crore.

State-run companies in which divestments have taken place this year include Coal India Ltd, Power Grid Corp. of India Ltd, Satluj Jal Vidyut Nigam Ltd and Engineers India Ltd. Around ₹1,237.13 crore is expected to be raised by a 10% dilution of the Centre’s stake in the initial public offering of MOIL Ltd, and ₹1,164.73 crore is expected to be raised from the FPO of Shipping Corp. of India Ltd.

With IOC’S FPO, the government would have easily surpassed its ₹40,000 crore divestment target for the year. With the offering being postponed, the government may only manage to reach its target.

The proposed FPOs of Steel Authority of India Ltd (SAIL) and Hindustan Copper Ltd, too, are uncertain this fiscal.

"The Hindustan Copper issue awaits some more clarity. The SAIL FPO is likely to be launched in the first quarter of the 2012 fiscal," added the divestment ministry official.

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Hind Copper to develop new mine in Jharkhand

Hindustan Copper is planning to develop a new mine with about 50 million tonne of ore reserves in Jharkhand as part of its strategy to ramp up capacity to 12.5 mt, from 3.5 mt, by 2017. The development comes ahead of the copper major's about Rs 4,000 crore share sale programme next year, mainly to fund its expansion.
Five weeks of chaos set to end

rc rajamani

NEW DELHI, 12 DEC: As do all good things, not so good things must also end. So it will be on Monday when five weeks of bedlam in Parliament will end with the adjournment sine die of both houses.

Last Friday marked the 21st successive day of pandemonium over the Opposition clamour for a Joint Parliamentary Committee (JPC) probe into the 2G spectrum scam. On Monday, members will assemble outside Parliament house building to pay homage to the security personnel and civilians killed in the attack on 13 December 2001. This will be before 11 a.m., when both Houses will meet for the last time in the winter session. With the logjam over the JPC demand persisting, both Houses are likely to witness noisy scenes before the presiding officers adjourn them sine die. Among the mèagre legislative business done in this session was the passage of a Bill to rename Orissa as ‘Odisha’ on the first day of the session. The total deadlock in the session has sent some key bills to limbo. These include the Companies (Second Amendment) Bill, 2010, the State Bank of India (Subsidiary Banks) Amendment Bill, 2010, the Land Acquisition (Amendment) Bill, 2010, and the Mines and Minerals (Development and Regulation) Amendment Bill, 2010.

While the Land Acquisition (Amendment) Bill, 2010, amends the Land Acquisition Act, 1894, and seeks to expand the rights of those whose land is being acquired even as it restricts the types of projects for which government land can be acquired, the Mines and Minerals (Development and Regulations) Bill aims to make it mandatory for mining companies to share a fixed percentage of their profits with the local population.

Besides these, some of the Bills which were to be introduced include the Banking Laws (Amendment), Bill 2010, the Recovery of Debts due to Banks and Financial Institutions (Amendment) Bill, 2010, the Chit Fund (Amendment) Bill, 2010, and the Factoring and Assignment of Receivables Bill, 2010.

Of course, there was also the Constitution (108th Amendment) Bill, 2008, better known as the women’s reservation Bill that was passed by the Rajya Sabha in March and is awaiting the crucial nod by the Lok Sabha to become an Act.

Some important new Bills that were introduced amid chaos during the session were the Protection of Women against Sexual Harassment at the Workplace Bill, the Judicial Standards and Accountability Bill to lay down judicial standards and establish a mechanism to probe charges against the Supreme Court and high court judges including provision for declaration of their assets and liabilities, the National Identification Authority of India Bill, the Biotechnology Regulatory Authority Bill to regulate research, import, transport, use of organism and its products produced from modern biotechnology. A huge casualty of the deadlock was the Question Hour, the time to test the government on its promise and performance. Apart from money, many hours of work go into preparing answers for the questions. The winter session, including the last day, has had 23 sittings. Every day 40 questions are listed in both Houses together for direct answers by the government. It meant as many as 920 questions were listed for oral answers in both Houses. None but a couple of them in the Lok Sabha on the first day could be taken up.
GOLD DEMAND UP 113% SINCE 2007

KERALA: Indians purchased 368 tonnes of gold till the end of November, 2010, as against 168 tonnes in the whole of 2007 globally in spite of ups and downs in production and price volatility, according to London-based Gold Fields Mineral Services. In value terms, the demand for gold went up 113% to ₹1,13,302 crore from ₹58,196 crore.
Indonesian project to start by June: Nalco

New Delhi: State-owned National Aluminium Co. Ltd (Nalco) on Sunday said it has selected United Arab Emirates-based KAK Minerals as joint venture partner for its ₹18,000 crore aluminium-cum-power project in Indonesia and is looking at commencing work on it by June 2011.

The company proposes to set up a 500,000-million-tonne per annum alu-
MINT, Delhi
Monday, 13th December 2010, Page: 11

We have selected Ras-al Khaimah Minerals as one of the joint venture partners for the project, while others would be finalised soon,” Nalco’s director finance B.L. Bagra said. PPI

minium smelter and a 1,250 MW captive thermal power plant in East Kalimantan, Indonesia.
India’s gold buying up 113% since 2007

RECORD GOLD prices have not curbed Indian investors’ appetite for the precious metal as a safe haven to park their funds amid volatility in equity markets, with a 113 per cent jump in buying activity in January-November 2010, vis-a-vis 2007 levels.

Sources said, gold has got an added sheen over the past three years worldwide, as it is regarded safer for people unwilling to invest in equity markets.
Revival of asbestos mine threat to India

By Savita Verma
in New Delhi

A CONSORTIUM led by an Indian origin businessman and the government of Canada are drawing flak for an attempt to revive an asbestos mine.

The revival of the mine in Quebec would have led to a hike in the export of the carcinogenic mineral to India and other developing countries.

Canada ships about 150,000 tonnes of asbestos a year to developing countries such as India, Indonesia and the Philippines. However, with its readily accessible deposits of chrysotile, or white asbestos, in Quebec dwindling, Canada’s exports have ebbed, according to a report in the Journal Lancet.

However, a consortium led by Montreal-based financier Baljit Chadha, has placed a bid to convert the recently closed Jeffrey Mine from an open pit to an underground operation. This would enable production and export to continue for another 25 years and will boost the yearly output up to 260,000 tonnes — about 10 per cent of global production, the report said. The Quebec Government is considering providing $57 million as loan guarantee to the project, the report said.

The Canadian government is being criticised by Lancet, the Canadian Medical Association and anti-asbestos campaigners. The Journal has asked the Quebec government not to provide a loan guarantee to the consortium.
नई राष्ट्र का विकास कर्मी हिंदुस्तान कार्य

मई में (भाषा) - सर्वाधिक जोन भूमि कंपनी हिंदुस्तान कार्य की अपनी लाभगत बाजार के लिए हासिलकृत में नई राष्ट्र का विकास करने को गोष्ट दी है। यह राष्ट्र में लाभगत प्राधिकृत करोड़ 1.25 करोड़ टन करने का लक्ष्य लेने वाली है। यह नवनिर्माण है कि कंपनी बारह मई 2017 में बाजार के लिए 1,25 करोड़ टन करने का लक्ष्य करेगी। इसके अलावा 4,000 करोड़ दूसरे ग्रुप के लिए बाजार की धूमकेतु बना रही है। वित्तस्तर के लिए भी लाभगत करोड़ 1.25 करोड़ टन करने का लक्ष्य लिया जा रहा है। कंपनी ने दिखाया कि वहाँ छठे र्रोटर्स के हवा में बिजली की है। भूगर्भ वाणिज्य वाणिज्य में जीवन रहे। नवनिर्माण निर्माण कार्य कांटीमेंट में है, और कंपनी इसके विकास के लिए प्रक्रियाओं को नॉन-स्क्रूल चाहती है। इसके साथ-साथ जलवायु परिवर्तन (एनर्जी फ्री) यह नवनिर्माण कार्य को लेकर दामों बढ़ाने का विचार दिखाया है। कंपनी ने दो बारिश बात की है और इससे अभी बायोमैट्रिक 4.92 करोड़ टन का है. कंपनी के ने दो बारिश बात की है और इससे अभी बायोमैट्रिक 4.92 करोड़ टन का है. कंपनी के ने दो बारिश बात की है और इससे अभी बायोमैट्रिक 4.92 करोड़ टन का है.
रेत माफिया लगा रहा है सरकार को चूना

पुलिस दिल्ली, (पु. मैदी) : यमुना खातार से अपूर्व रेत पोशाक पाने-पकाने की आज्ञाकार बी-बाहर हो रही है। वह रेत माफिया पुलिस व प्रशासन से मिली भावना के चलते पकड़े बदले से दिन-रात इस कार्य को अंजाम दे रहा है।

जानकारी है कि पिछले दिनों बाद के चलते यमुना के तट तरंग में रेत इकट्ठा हो गया था। जिस जगह पर रेत माफिया को नक्सलन विषय लगी हुई थी। उसने पुलिस का खातार हो जाये पुलिस और यमुना पुल अथवा यमुना बैंक की बड़ी मध्य में होने के कारण रेत माफिया पुलिस व प्रशासन से मिलकर अवैध रूप से बुरी बातें लेते-देखते हुए माफिया के माध्यम से रेत चोरी कर रहा है।

वर्तमान समय में रेत माफिया के पौकर बाद, पुलिस दिल्ली व प्रशासन द्वारा साधारण मेहरबान को लेकर होने पर इसी समस्या का खाता कर दिया गया है।
सोने की खरीद
113 फीसदी बढ़ी

सोने की खरीद में आयात के दौरान 2007 में सोने की कीमत 2009 के तुलना में 113 फीसदी बढ़ी है। यह भारतीय आयात की तुलना में 113 फीसदी बढ़ी है। यह भारतीय आयात की तुलना में 113 फीसदी बढ़ी है। यह भारतीय आयात की तुलना में 113 फीसदी बढ़ी है।
नई खादन स्थापित करेगी एचसीएल

प्रेष • नई दिल्ली

सार्वजनिक क्षेत्र की कंपनी हिंदुस्तान कॉर्प. लिमिटेड (एचसीएल) ने ज्यारक्षेत्र में नई खादन स्थापित करने की योजना बनाई है। इसकी शामिल करीब 5 करोड़ रुपये मंडल अधिक खंड नहीं होगी। कंपनी अपनी 35 लाख टन की गैर-पूर्ण खपत को नवीन 2017 तक 1.25 करोड़ टन तक पहुँचाया पहुँचाया है। ज्यारक्षेत्र में नया खादन स्थापित करने की योजना कंपनी की इसी रणनीति का हिस्सा है। गैर-पूर्ण है कि अपनी विलायत योजनाओं के लिए रक्म जुटाने की ख्याति कंपनी अपने लाख करीब 4,000 करोड़ रुपये के रक्मों को जिक्र करने वाली है।

ज्यारक्षेत्र में नए खादन के लिए कंपनी ने निष्क्रिय आमंत्रण की है। इसमें कहा गया है कि कंपनी ज्यारक्षेत्र के आमतौर-नियंत्रण हिमस्त्रीड एजुकेशन पॉलिसी में एक नया पूर्णांक खबर नियंत्रित करने के लिए अभ्यास विद्यालयों से निष्क्रिय आमंत्रित करती है। निष्क्रिय जो आखिरी तारीख 15 दिसंबर तक को गई है।

ज्यारक्षेत्र के रास्ता पार्ल के बांसो व नियंत्रण नाम से दो व्यापक है। इसमें 4.92 करोड़ टन अपरक का ध्वंस है। कंपनी ज्यारक्षेत्र में बढ़ गई राशि खादन को भी डोकर्ती शुभ करने के लिए तैयार है। इस खादन में करीब 3.4 करोड़ रुपये तो अपरक का ध्वंस है। डोकर्ती शुभ हो जाने के बाद कंपनी इस खबर से तलाश 15 रुपये तो अपरक उत्तरदायक को पूर्णता बना रही है।
Nalco bets big on Indonesia

STATE OWNED NALCO on Sunday said it has selected UAE-based RAK Minerals as JV partner for its ₹18,000 crore aluminium-cum-power project in Indonesia and is looking at commencing work on it by June 2011. The company proposes to set up 0.5 million tonnes per annum (MTPA) aluminium smelter and 1,250 MW captive thermal power plant in East Kalimantan, Indonesia, part of its ongoing ₹58,000 crore capacity expansion plan.

“We have selected Ras-al Khaimah Minerals as one of the JV partners for the project, while others would be finalised soon,” NALCO’s director (finance), Mr B. L. Bagra, said.
बिकवाली से दूसरे सोना और चांदी के दुम

नयी दिल्ली, 12 दिसंबर (भाषा)। वैश्विक मंडी के बीच मुद्दा उच्च स्तर पर चल रही हमारी पहचान पहुँचे से समीक्षा लीन समाज के पीठ में दिल्ली सरकार बाजार में सोने और चांदी की क्रिमिनल में गिनता आई।

स्क्रीनिंग में तेजी के साथ स्तर के हुए-पड़े नेमें उसके के भाव 21050 रुपये प्रति दस ग्राम और चांदी के भाव 45500 रुपये प्रति किलो जो गई उपारी को दूसरा, जो बाजार तक उच्च स्तर है। अभी से पर भेट चालाक का 8% तय करने वाले वैश्विक बाजार में लोगों के भाव 143250 रुपये प्रति धारा की नई दुकान बनाने का आया पहुँच गया। हालांकि मौजूदा उच्च स्तर पर कुछ स्टॉकसेटार्न ने बिकवाली की और कई फुटर्स कारोबारियों ने बाजार से दूसरी बनाए रखी विशेष चावल से खेती, चांदी की क्रिमिनल में गिनता आई।

चालाक बाजार में सोना 99.9 दुग्ध और 99.5 दुग्ध के भाव नई दुकानों की हुई के बाद बिकवाली चालाक की वजह से 295 रुपये की मिलती के साथ समाहार में क्रमश: 20705 रुपये और 20585 रुपये प्रति दस ग्राम बंद हुए। उत्तर पूर्वाधार के बाद तिनी के पास पुंजी में 16750 रुपये प्रति दस ग्राम खरीदारी करने हुए।

बिकवाली को दूसरी के बाद चांदी के नये और समान रंग के विदेशी के लिए बाजार में आए तो रुपए और 825 रुपये सुनकर कर बाजार में क्रम से 43900 रुपये और 43400 रुपये किलो बंद हुए।

चांदी स्क्रीनिंग के पास 46800 से 46900 रुपये से बढ़कर समाहार में 48900 से 49000 रुपए प्रति सौड़ा बंद हुए।
Rail freight wagon shortage hits mining companies

DEVIYOT GHOSHAL & ISHITA AYAN DUTT
Kolkata, 12 December

The country’s biggest mining companies are reeling under a scarcity of rail rakes (wagon). The problem is more immediate than even the fight with the Ministry of Environment and Forests over access to vital mining areas.

Over the past seven-eight years, according to senior Coal India Ltd officials, stockpiles of the company have increased from 23 million tonnes (mt) to 63 mt in 2009-10. This is expected to increase further during the current financial year.

“In these few years, the stockpile has almost tripled. So, we may have to curtail our production and instead concentrate on OB (overburden) removal to expose coal benches. That way, we can hike production at quick notice,” a senior CIL official explained.

The company’s coal production and offtake, as a result, have taken a backseat, while overburden removal has grown substantially. In April-September this year, compared to the corresponding period last year, coal production has only risen by 0.7 per cent, even as overburden removal in the same period grew by 11.7 per cent.

“Unless we are able to deal with the logistics problem on a war-footing, further growth is going to be difficult. We are already transporting coal by road for 60-70 km to the nearest rail head.

But there is also a constraint with (railway) wagons because there is a shortfall on a consistent basis,” the official added.

CIL’s daily requirement is 185 rakes (an entire goods train, minus the engines, is termed a rake), while the Railways are only able to provide about 170 rakes, on an average. “Road transportation has reached a saturation point and, in any case, it is a short-term measure. We need more rakes, and have even told the Railways that we are willing to give our funds for wagon procurement. There isn’t much more that we can do. It should be taken up at the ministerial level,” said a senior CIL official involved in mining planning.

More so, since approximately 60 per cent of the future growth in production for CIL will come from five major coal fields — IB valley, Telcher, North Karanpura, Raj Mahal and Korba — where the logistics infrastructure is already stretched.

The country’s largest iron ore producer, NMDC, could produce 30 mt yearly, but the relevant rail line is a single one. NMDC produces around 22 mt at present. A pipeline blast recently in a Naxal attack affected evacuation of six million tonnes.

For pig iron producer, Tata Metaliks, it’s worse. “We would use the Paradip port (in Orissa) for our Kharagpur plant (in Bengal), but the waiting period for rakes at Paradip is six to eight weeks. More, if there is a plant shutdown, then the rake requirements fall, but after operations are normalised, it’s difficult to get the same number of rakes. Clearly, there is rationing of rakes,” said Tata Metaliks’ managing director, Harish K Jha.

NMDC has proposed doubling of the rail line concerned, which will entail an investment of about ₹800 crore. “We will also invest, we have told Railways,” an NMDC official said.

For NMDC, it would be imperative, given that it’s eyeing 45 mt production by 2014-15. The public sector miner would also lay a pipeline along the National Highway, which would help evacuate 8-10 mt and cost another ₹800-900 crore.

Tata Metaliks now uses the Gangavaram Port in Andhra, near Vizag, not Paradip, for the Kharagpur plant. “It means an additional distance of 400 km and ₹250-300 per tonne of additional freight. We will not be surprised if we have to move to Kandla (in Gujarat),” Jha explained.

If only the minister flagged off some additional rakes for the industry instead of the new passenger trains every other weekend, Jha said wishfully.
Hind Copper to develop mine in Jharkhand

Hindustan Copper Ltd is planning to develop a new mine with about 50 million tonnes of ore reserves in Jharkhand as part of its strategy to ramp up capacity to 12.5 mt, from 3.5 mt, by 2017. The development comes ahead of the copper major’s about ₹4,000 crore share sale programme next year, mainly to fund its expansion. “HCL proposes to engage reputed contractors for developing new underground mine at Opara-Chapri-Sideshwar, Indian Copper Complex, Jharkhand,” the company said while inviting bids, which will close on December 15.
Flattering growth but risks ahead

A prolonged slowdown in advanced countries will have an impact on manufacturing and services sectors

Recent data on the Indian economy released recently by the Central Statistical Organisation (CSO) should remove any remaining vestige of scepticism on the growth story.

**Financial Scene**

The data in question refers to just one quarter, the second quarter (July-September 2010), but it has larger messages. A better than expected 8.9 per cent growth during the quarter on top of a similar growth in the first quarter (April-June) suggests that the economy is well positioned to move into a higher growth trajectory. For 2009-10, the revised growth estimate has been 7.4 per cent. Hence, if the economy maintains its tempo — at least maintain its 8.9 per cent of growth in the first six months of the year — it can realistically aim at double-digit growth in the coming years. The sharp increase in the estimates suggests that India has climbed out of the recession at a much faster pace, which was thought possible. That corroborates what the IMF and other global institutions have been saying: that the developing countries led by China and India are in the forefront of the global recovery. The world's advanced economies are witnessing feeble growth.

The official projections (of the Reserve Bank of India and the government) at 8.5 per cent with an upward bias will most certainly be marked up. Impressive as the recent acceleration is, two points are relevant. One, before the global economic crisis began to take hold in mid-2007, the Indian economy was already recording growth rates of above 9 per cent on the back of strong domestic consumption, investment and export demand. In fact the Planning Commission had visualised a double-digit growth at the end of the XI Plan.

Second, it is necessary to take note of the macro-economic conditions during the pre-crisis years and now to draw meaningful inferences on the sustainability of the current GDP growth. There are some similarities but also major differences in the factors underpinning the growth process then (pre-crisis period) and now.

Good News continues

Barely a week after the CSO’s data for the second quarter was released, the mid-year analysis was placed before Parliament. The former had confirmed the continuance of the growth momentum: the second quarter growth was of the order of 8.9 per cent, the same as for the first quarter. The mid-year analysis is of the view that the 9 per cent pre-crisis growth rate can be achieved this year itself. But there are well known risk factors.

Faster growth is expected to continue in the third and fourth quarters. The optimism is based on the fact that agriculture has recovered smartly from last year’s drought and rain. Inflation is also expected to fall although there is plenty of uncertainty in the outlook for inflation.

Quite obviously, there are major risks ahead which cannot be ignored or downplayed. The mid-year review and the RBI have drawn attention to them. High up on the list of risks is the widening current account deficit, which is expected to exceed 5 per cent of the GDP. A widening trade deficit — the primary cause for the current account imbalance — is a related concern. The assumption that the current account deficit will absorb the burgeoning capital inflows — mostly to the stock markets — hides the fact that the size of the current account deficit and the copious flows pose independent policy challenges. Overdependence on short-term flows is unhealthy and can pose major liquidity and stability risks.

The inflation rate continues to be high although it has climbed down from double digits. The RBI’s year-end target of about 6 per cent seems difficult to achieve at this stage. Persistently high inflation may force the RBI to hike rates or at least keep them at the present high levels, which in turn will impact negatively on growth.

**Global Scenario**

The rather bleak international economic scenario is another cause for concern. Although India is sufficiently insulated and its exports form only a small part of the GDP, a prolonged slowdown in the advanced countries will have an impact on manufacturing and services sectors.

On many economic parameters, India is worse off today than during the pre-crisis period. The combined liabilities of the government have increased since 2008-09. The combined fiscal deficit has been between 8.3 per cent and 9 per cent in the last three years. Central government finances have no doubt received a boost this year from the 3G auctions and a reasonably successful public sector disinvestment programme. Still indications are that government finances will not be in a much better shape than in the previous years.

C. R. L. Narasimhan
Hindustan Copper to develop new mine in Jharkhand

Hindustan Copper is planning to develop a new mine with about 50 million tonnes of ore reserves in Jharkhand as part of its strategy to ramp up capacity to 12.5 million tonne, from 3.5 million tonne, by 2017.
Ban halts development at Lanjigarh

Environment Ministry’s Ban On Bauxite Mining Hits Corporate-Backed Activities In The Tribal Region

AFTER stopping bauxite mining in Orissa the government now finds itself in a bind on the issue of rehabilitation in Lanjigarh. Corporate-backed developmental activities in the tribal region, one of the most backward places in the country, have come to a standstill following the environment ministry’s ban on mining.

The Anil Agarwal-controlled Sterlite Industries had been ordered by the Supreme Court in August 2008 to spend about 5% of its profit for development activity at Lanjigarh. Since the environment ministry in August 2010 had barred mining, the rehabilitation package which includes about ₹10 crore of annual development activity including the building of roads, schools and hospitals, has now been stopped.

"If disbursement from the development fund were to continue, it would imply approval of mining which would be contrary to the ministry’s order," said one person directly involved in the developmental work. On August 30, 2010, the ministry of environment and forests issued a notice barring bauxite mining in Niyamgiri on grounds of violation of environmental norms.

According to the same person quoted earlier, if the government asks Sterlite to stop developmental activity it would amount to contempt of court as it would go against the Supreme Court directive.

"Under our order we suggested rehabilitation package under which Sterlite Industries is required to deposit 5% of annual profits before tax and interest from Lanjigarh project or ₹10 crore per annum whichever is higher," said the Supreme Court order. "The said project covers both mining and refining. The amount is required to be deposited by Sterlite Industries every year commencing from April 1, 2007. For the above reasons, we hereby grant clearance to the forest diversion proposal," read the order dated August 8, 2008.

A spokesperson for Vedanta Resources, the parent company for Sterlite Industries, declined to comment on the issue. Mails sent to the environment ministry also went unanswered.

For tribals of the area, the halt in developmental activity has compounded their woes. "We have wasted our time for nothing. Now, we want basic facilities like education and healthcare first. Industrial development can come later," said Jitu Jakasika, a Dongriya Kondh tribal, one of the new few people to have studied.

Among the projects which have been left uncertain include a ₹3 crore hospital and a ₹1.8 crore tribal school upgrade in the Lanjigarh block.

Bauxite mining at Niyamgiri had attracted global attention after reports that the company had allegedly not consulted tribals before embarking on mining, thereby prompting the local population to mount stiff opposition to the project. International NGOs highlighted that mining would destroy sacred tribal areas and also impact the environment.

The controversy finally led the government to issue its notification to stop mining activity.
झारखंड में हिंद कॉफर विकसित करणी जारी खाने

नई हिन्दी: हिंदुस्तान न्यूज़ झारखंड में चांगला कॉफर विकसित करने का प्रयास किया जा रहा है। यह कॉफर के रूप में उपयोग किया जा सकता है। यह कॉफर के रूप में उपयोग किया जा सकता है। यह कॉफर के रूप में उपयोग किया जा सकता है।

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इंडोनेशियाई प्रोजेक्ट पर काम शुरू करेगी नाल्को

नई दिल्ली: सरकारी कंपनी नाल्को ने कहा है कि उसने संयुक्त उपक्रम के लिए संयुक्त अरब अमीरात की गर्दन मिनरल्स को चुना है और 18,000 करोड़ रुपए के इंडोनेशियाई प्रोजेक्ट पर जून 2011 से काम शुरू करने का इशारा किया है। 58,000 करोड़ रुपए की क्षमता वित्त योजना के तहत नाल्को इंडोनेशिया के इंड लीकेस्टर में चार लाख टन क्षमता वाले एल्यूमीनियम संक्षेप और 1,250 मेगावाट क्षमता का कैपिटल थर्मल पावर प्लांट निर्माण करने का इशारा किया है। नाल्को के चित्र निदेशक ने बताया कि, "इस प्रोजेक्ट से संयुक्त अरब अमीरात की गर्दन अरब खंभे मिनरल्स को चुना है। इस प्रोजेक्ट से संबंधित अन्य वातां पर फैलना जरूरी हो जाएगा। इस उपक्रम में नाल्को की नियोजन हिस्सेदारी होगी।"
Govt to renew green policy by next year

New Delhi: Irked over the delayed response from certain State Governments and Central Ministries, the Government has sent reminders to get timely response from them to review the National Environment Policy (NEP) by early next year.

"The policy has not been renewed as some of the Ministries have not yet given their responses on its implementation. We are sending them reminders and would try to come up with its renewed and updated version by early next year," said an Environment Ministry official, requesting anonymity.

The NEP was formulated by the Union Cabinet in 2006 to act as a ready reckoner for guidelines to both Centre and State-run environment conservation and pollution control bodies and could not be renewed for over an year. Activists have expressed their anguish over non-renewal of the key policy.

"The policy helps the Government decide on major issues like giving clearance on setting up of mining or environmental projects. However, its absence poses a question mark on the Government's efforts and causes great concern," said Ajay Dubey, an environmentalist.

Another eminent environment activist Prolay Bagchi said, "Environment policy is essential. It should be upgraded and reviewed to check many critical environmental issues like sand mining and industrial pollution."

Bagchi said the NEP plays an important role in ensuring proper utilisation of natural resources and conservation of environment.
Hind Copper plans new mine

NEW DELHI: State-owned Hindustan Copper Ltd (HCL) is planning to develop a new mine with about 50 million tonne of ore reserves in Jharkhand as part of its strategy to ramp up capacity to 12.5 MT, from 3.5 MT, by 2017. The development comes ahead of the copper major’s about Rs 4,000 crore share sale programme next year, mainly to fund its expansion. “HCL proposes to engage reputed contractors for developing new underground mine ... at Chapri-Sideshwar, Indian Copper Complex, Jharkhand,” the company said.
Nalco to start work at Indonesia unit by June

NEW DELHI: State-owned Nalco on Sunday said it has selected UAE-based RAK Minerals as JV partner for its Rs 18,000 crore aluminium-cum-power project in Indonesia and is looking at commencing work on it by June 2011. The company proposes to set up 0.5 million tonne per annum (MTPA) aluminium smelter and 1,250 MW captive thermal power plant in East Kalimantan, Indonesia, part of its ongoing Rs 58,000 crore capacity expansion plan.

“We have selected Ras-al-Khaimah Minerals as one of the JV partners for the project, while others would be finalised soon. Nalco will have majority stake in the JV,” Nalco director finance B L Bagga said.
HCL mulls new mine in Jharkhand

STATE-OWNED Indian Copper Ltd (HCL) is planning to develop a new mine in Jharkhand with an estimated capacity of 12.5 MT to produce copper from 3.5 MT by 2017. The development will cost about $50 million. The mine will be located in the Dhanbad district of Jharkhand and will be operated by the company's subsidiary, Hindustan Copper Limited (HCL). The mine is expected to start production in 2017. The project is expected to create around 500 jobs and will be financed through a combination of internal funds and external commercial borrowings.

The mine will be located near the existing Dhanbad Copper Complex, which is currently producing 2.5 MT of copper per annum. The new mine will be situated on a lease of 493.5 million tonnes of ore reserves located at the Korigin block in the Dhanbad district. The project is expected to be completed within 5 years and will help HCL to increase its production capacity to 12.5 MT by 2017. The company is also planning to invest in the expansion of its existing copper smelting plant in Dhanbad to increase its capacity to 12.5 MT.
Amount should not to be less than rural job scheme wage, says mines ministry proposal

MINING AFFECTED WILL GET ONLY MNREGA PAY FROM MINERS’ PROFITS

PRIYADARSHI SIDDHANTA
NEW DELHI, DECEMBER 12

The government may be going all out to secure justice for the people in mining-affected areas by asking companies to share 26 per cent of their net profits, but the ensuing methodology suggests that they will get only a small amount — indexed to the government's job guarantee scheme — as cash in their hands. The rest of the money will find its way into a fund, which will be administered by a district-level committee.

The methodology recommended entails that every person in the affected family get an amount equal to the daily wages as provided under the MNREGA. This means every person in the affected family will get about Rs 36,500 a year. If there are five members in the family, the annual household income will be Rs 1,82,500.

As part of its campaign to enforce accountability among the mine-owners towards the affected populace residing in their project areas, the mines ministry has secured the unanimous approval of a group of ministers chaired by finance minister Pranab Mukherjee on streamlining the Mines and Minerals (Development & Regulation) Bill. The new Bill proposes that miners partake at least 26 per cent of their previous year’s net profit from mining operations or an amount equivalent to royalty, which was higher for the affected populace.

In the revised Bill, the ministry has inserted a new clause which says, “the amount shall be such so as to ensure that the amount on an average daily basis for each member of the family shall not be less than the daily amount that a person shall be entitled under the Mahatma Gandhi National Rural Employment Guarantee Programme (MNREGA).”

This in effect meant that if those working under the flagship MNREGA were now getting paid Rs 100 per day, then the locals living in the mining zones too would be entitled to the same pay, thereby getting Rs 36,500 annually.

The government seems to be unsure how to ensure transparency in the auditing standards of the mining firms. In course of the last meeting of the GoM, a top Planning Commission official had voiced his concern on the possibility of under-reporting by the miners on sharing 26 per cent of their net profits. But a senior mines ministry official, however, firmly maintained that the ministry would do its best to secure a consensus on enforcing transparent accounting standards in the mining firms.

“We are very clear in our views. The mining firms would be told to overhaul their accounting and implementing 26 per cent profit-sharing formula would be not a problem. Besides, we have a proposal to rope in the Comptroller and Auditor General to audit their accounts,” he added.
Work on ₹18k-cr project by June: Nalco

State-owned Nalco on Sunday said it had selected UAE-based RAK Minerals as JV partner for its ₹18,000 crore aluminium-cum-power project in Indonesia and is looking at commencing work on it by June 2011. The company proposes to set up 0.5 million tonnes per annum aluminium smelter and 1,250 Mw captive thermal power plant in East Kalimantan, Indonesia, part of its ongoing ₹58,000 crore capacity expansion plan.
The Economic Times, Delhi
Monday, 13th December 2010, Page: 2

DSP BlackRock Distribution Agreement with TJSB

DSP BlackRock Investment Managers has signed a distribution agreement with the Thane Janata Sahakari Bank as part of the strategy to increase their retail presence. The bank will distribute DSP BlackRock Mutual Fund schemes through its network of branches spread across the country.

PNB Hikes Interest Rates

Punjab National Bank announced increase in interest rates on retail term deposits from December 8, 2010. The bank has also hiked its BSLR by 75 Basis Points.

BoM on Dr. Ambedkar's 54th Mahaparinirvan

Amrapali Shankar, CMD, Bank of Maharashtra is seen in the picture distributing stationary to children on the occasion of Dr. Babasaheb Ambedkar’s 54th Mahaparinirvan Day in Mumbai. He is flanked by R. A. Rawal, AGM (Personnel) and V. G. Vaidyanath, AGM (HR).

Earnest Money Financing Scheme for DDA Housing

SBI Life Launches New Traditional and ULIP Plans

SBI Life has launched a series of products that include a new premium traditional plan—Sairat Life, Child ULIP—Smart Scholar and Child ULIP targeted—Smart Elite, M. N. Bhai, MD & CEO, SBI Life Insurance said "Our range further enables to serve customers from diverse profiles along the dimensions of income. The stage needs and risk in live with our need-based approach, we will continue to intensify our range of offerings so as to allow our customers to enjoy wider options that best meet their needs.

IBO Walk-in-bank Drive

Indian Overseas Bank has recently launched a walk-in-bank campaign where 2000 ATMs across the country are providing details of the bank products and services to the customers.

Union Bank Receives Magazine of the Year Award

Central Bank Revises Interest Rates

South Indian Bank (SIB) introduced a new deposit product: SIB-500, a non-cumulative fixed deposit for tenure of 500 days. The product is available for one month period from 1st to 30th December 2010 in all branches of the bank.

Vijaya Bank Revises Interest Rates

KVB Revises Interest Rates

Indian Bank to Offer Personal Remittance Services

SBBJ Revised Interest Rates