Mines Bill to deter investments: Montek

Provision to share 26% of net profit with locals will also prompt similar demand from other sectors

Priyadarshi Siddhantha
New Delhi, Mar 13

JUST when it seemed that a group of ministers under finance minister Pranab Mukherjee had broadly agreed to the new Mines and Minerals (Development & Regulation) Bill, 2010, that asks companies to share 26% of their net profit with the local population, planning commission deputy chairman Montek Singh Ahluwalia has raised a red flag stating it would discourage investments and even prompt similar demands from other sectors.

The 16-member GoM on MMDR Bill last met on December 3, 2010. This was its third meeting since it was set up in June. In a December 4 letter to finance minister Pranab Mukherjee, who chairs the GoM, Ahluwalia said: “If we end up with too high a cumulative royalty burden compared with international standards, this will only discourage future investments in the mining sector. We cannot assume that the additional burden can simply be passed on to the consumer, since these minerals are freely importable and users will switch to imports.”

The mines ministry expects that a 26% share of net profits of companies will rack up to ₹18,000 crore. Not surprising, the industry is completely opposed to the proposal and has been lobbying hard with the government for its dilution. In separate presentations to the finance minister, leading chambers CII and Ficci had said upfront compensation to affected persons was the international norm. Profit sharing or giving 26% equity will make the business unviable, both the industry organisations had argued.

The proposal in the MMDR Bill was moved during the tenure of former mines minister B K Handique. Though ministers in the GoM had reservations initially, a broad consensus had been arrived at by the end of the third meeting. With Dinshaw Patel as the new mines minister, the GoM is expected to meet again soon to give final shape to the Bill.

When contacted, Handique told The Indian Express, “We need to bear in mind that the economic rent from a natural resource is a surplus that arises from the intrinsic qualities of the resource and is not just a product of sweat and capital of the entrepreneur. This clearly distinguishes natural resource from other economic enterprises.”

Ahluwalia feared that if the proposal was implemented once Parliament approved the Bill, then “there would be no plan discipline on the use of these resources and the funds would be invested without reference to any development plan for the region”. “More importantly, there is no guarantee that this expenditure will be additional since states can divert resources they would have spent on the district to other areas,” he said.

He argued that in case of long-established existing mines, it will be difficult, if not impossible, to determine who was displaced. In case of PSUs such as Coal India Limited, Steel Authority of India Limited, NMDC and others having backward integration, he argued it would amount to “diverting resources from them and also the Centre” for expenditure by the district authorities.

Questioning the very logic of the proposal on the profit-sharing mechanism for any activity including displacement of people, Ahluwalia said that demands for similar mechanism could emanate from thermal power projects, hydro projects and railways. “The development impact of such an interpretation and the possible extension of the law to non-mining areas, has to be considered,” the plan panel deputy chairman said.
इस बार पसीना सुखाने में भी आ जाएगा पसीना

भिजनेस भास्कर टीम

गर्मी का गानित

मैरेट्स बेडरी के दम पर लाल सह 50 फीसदी तक उपयोग

मैरेट्स के बाद इसमें और आजका होते हैं।

स्टील के साथ-साथ लूट और बॉर्ड हुए महसूले, खिसकने के दम भी बढ़ा

ब्राइड के फील्ड हिल्डल के सुझावों 35 से 40 पिस्टाडी अधिक

कुल बजार में ब्राइड की हिस्टेक्सी 60 पिस्टाडी से अधिक।

इस बार स्टील के साथ-साथ लूट और बॉर्ड की कमियों में बढ़ती हुई है। इसके बाद में बारी अपने उत्पादों के रूप में रही है। इसके पुराने मार्केट के अंत तक इंकट्स की कमियों में करीब सात पहलें और इजाफा हो सकता है। उन्होंने बताया कि बारी इस बार छोटे इंकट्स ब्राइड के दम पर रही है। इसमें कमियों 2,000 रुपये के आसान रही है। पिछले साल देस्तर खरी 15.5 लक्षा

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राजस्थान में इस साल इन्फर्नो व बैंडी की गंगा में 25 से 30 फीसदी बढ़ोत्तरी का अनुमान है। इसलिए ने संभवतः मांग के अनुसार रोटी करने भी शुरू कर दिया है। उनके मुख्य सुप्लायर की रोपी खान बैंडी की कोमत 5800 रुपये थी जो इस वर्ष 6500 रुपये के हो गई है। हिमालय के अनुसार राहुल में बैंडी उपरांत का दाखिला है तो ग्रामीण इलेक्ट्रॉनिक्स में लोकल उपरांत का कारोबार जाया है। बैंडी की दीवार लोकल के मुख्य कारोबार 35 से 40 फीसदी अधिक है।

जप्पुर के केंद्रीय जनन के संभाषण राहुल वहुले ने बताया कि यहां के उपरांत की मांग पेंचा, उसके साथ व मांगनेवाला में भी है। ग्रामीण इलेक्ट्रॉनिक्स से नहीं मांग उत्पाद कर आया है। एक बैंडी के संभाषण लोकल दिशा फैलाव के मुख्य लोगों में रेता गौरी के कारोबार जाना गया। इनको देखते हुए इस स्थिति में गिलासे साल के मुख्य कारोबार उनको 30 फीसदी अधिक रोटी कर दी है।

मांग प्रेस में ये यहां पहुंचे एम.ए.ए., एसएमएसएम्स और माइक्रोक्यूड जैसी कंपनियों की 150 एमपीएच कारी बैंडी के दाम 8500 रुपये के करीब थे जो फिलाफल 9500-9700 रुपये के रूप में पहुंच गए। इस दौरान गैर बैंडी कंपनियों के दाम भी 500-600 रुपये बढ़ाकर 7000 रुपये तक पहुंच गए है।

बढ़ते प्रमाण के कारण दहाड़े के साथ ही यहां की मांग आया बदल गई है। गैरबैंडी में इसकी मांग में भारी सुधार होने का अनुमान है। इसके साथ ही एम.ए.ए. साइंटिफिक वैज्ञानिक सारणी ने बताया कि इस साल मांग अधिक से बढ़ गई है।

अगले वर्ष के दौरान यह इतनी ज्यादा तेजी होगी कि उसे पूरा करना संभव नहीं होंगे। राजस्थान के साथ-साथ पत्रकार दिनकर रहते है। इनके चलते इन्फर्नो और बैंडी का मांग आया रहते है।

पत्रकार में जननी के बारे में यह बताया था कि इन्फर्नो को उच्च में रखा गया है। कारोबारियों के मुख्य सटीक रूप से लेने और लेने की कोममतों में बदलते हैं। इन्फर्नो के बहुत बड़े इन्फर्नो, अन्य अन्य कंपनियों के बहुत बड़े इन्फर्नो और बैंडी के दाम में जमकर आयाम तक बढ़े हुए।

बढ़ते प्रमाण के कारण दहाड़े के साथ ही यहां की मांग आया बदल गई है। गैरबैंडी में इसकी मांग में भारी सुधार होने का अनुमान है। कोर्ट अपोलो यह बैंडी का मांग आया रहते है। इनके चलते इन्फर्नो और बैंडी का मांग आया रहते है।

(इन्फर्नो - फिलाफल से संभाषण पत्रकार, जप्पुर से अक्षय खांडे, भोपाल के शहीद सिंह, लिखित विषय से नेशन वालिस)
बढ़ती अल्यूमीनियम वाली साइकिल की मांग

भेषाच वाहिनी • सुप्रसाद

पेपर में आये यहाँ में साइकिल सिर्फ गोली अल्यूमीनियम वाली साइकिल की साप्ताहिक ही नहीं रह जायेगी। नया श्रेणी उत्पाद नई अल्यूमीनियम साइकिलें के लिए।

साइकिल उत्पादनों के मुकाबले चार गुना तक बढ़ेगी है।

साइकिल के लिए अल्यूमीनियम वाली साइकिल की मांग हर साल 25 प्रतिशत की दर से बढ़ रही है। इसलिए इंधन का खरीदारी वर्ग के अन्दर सिर्फ गोली ही नहीं रहे गये हैं।

इसलिए इंधन का अधिकार करने में सफलता मिली।

होली के पहले दिनों एक रांग के मुफ्त अल्यूमीनियम साइकिल की मांग हर साल 25 प्रतिशत के करीब की विकास पर साप्ताहिक की आ रही है। धरसुंग बागार में अल्यूमीनियम की कंपनी उड़ी होने के बजार में हलाकी साइकिल के कुछ फर्नाच चीन से ही आवश्यक हो रहे हैं।

लेकिन बिस्कुट तह में साइकिल बढ़ रही है। उन्हें यहाँ पर अन्य बाजार में अल्यूमीनियम साइकिल के पदों का भी उपयोग किया जा रहा।

उन्होंने कंपनी चीन से सिर्फ़ अल्यूमीनियम की प्रीम वर्ग ही आयात कर रहे हैं। निजी कारण किसी तरह कि वहाँ पर अल्यूमीनियम का वस्तुत नहीं है। उनकी कंपनी हर महीने 2500 से 3000 अल्यूमीनियम साइकिल बागार में बेच रही है।

जिनकी ओसाँक कोमन 6000 रुपये से लेकर 10 हजार रुपये तक है। रांग के मुफ्त अल्यूमीनियम साइकिल से गूढ बाज़ी से झिल्ली रहा।

इसलिए अल्यूमीनियम साइकिल का भविष्य काफी संभवतः नजर आ रहा। सफलता साइकिल के चैंसिंग अमरी शाखाओं के मुकाबले वह मह 700 से 800 अल्यूमीनियम साइकिल हर मह बेच रही है।

जिसकी ओसाँक कोमन 7000 रुपये से लेकर 15000 रुपये तक है। उनके मुफ्त अंकुंड साइकिल का खरीदार में अल्यूमीनियम साइकिल का हिस्सा अभी 7 प्रतिशत के अवसर ही है। लेकिन इंधन के लिए अभी खरीद यह है कि साइकिल इंधन का खरीदार वर्ग में अब बड़ा रहा है।
MINING SECTOR FACES LABOUR SHORTAGE: CII

HT Correspondent

NEW DELHI: India, ranked among the top five global mineral producers, is poised for rapid growth as far as its mining industry is concerned. Mining, which has contributed 2.5-3% to India’s GDP over the last few years, is expected to increase its contribution to 5% in the coming years.

However, lack of skilled workers is set to hit the industry, creating a demand-supply gap of over 2,200 staff by 2025, a study by the Confederation of Indian Industry (CII) ha said.

"Based on the estimated demand and the current supply from various educational institutes, a demand-supply gap of about 1,500 and 2,200 is expected during the period 2009-2017 and 2009-2025 respectively," the study said.

Mining engineering category is expected to witness a demand-supply gap of about 8,500 during 2009-2025 due to a lack of mineral-specific professions and huge shortage of trained operators, it said.
Mining sector to face HR crunch

March 13: The mining sector is going to face a severe human resource crunch. The industry chamber CII said on Sunday that given the thrust on the exploration activities in the National Mineral Policy, 2008, demand for geoscientific personnel is expected to rise.

"Based on the estimated demand and the current supply from various educational institutes, a demand supply gap of about 1,500 and 2,200 is expected during the period 2009-2017 and 2009-2025 respectively. The courses related to areas such as geoinformatics, climate change and advanced course in remote sensing are required to cater to the growing need of the industry," said CII.

Also the mining engineering category is expected to experience a demand supply gap of about 3,000 in the short term (2009-2017) and about 8,500 over the longer term (2009-2025). — PTI
Montek opposes Bill for sharing of mine profits

‘Giving share to local population will hit investment’

PRIYADARSHI SIDDHANTHA
NEW DELHI, MARCH 13

JUST when it seemed that a group of ministers under Pranab Mukherjee had broadly agreed to the new Mines and Minerals (Development & Regulation) Bill, 2010, that asks companies to share 26 per cent of their net profit with the local population, Planning Commission Deputy Chairman Montek Singh Ahluwalia has raised a red flag, stating it would discourage investments and even prompt similar demands from other sectors.

The 10-member GoM on MMDR Bill last met on December 3, 2010. This was its third meeting since it was set up in June. In a December 4 letter to Finance Minister Pranab Mukherjee, who chairs the GoM, Ahluwalia said: “If we end up with too high a cumulative royalty burden compared with international standards, this will only discourage future investments in the mining sector. We cannot assume that the additional burden can simply be passed on to the consumer, since these minerals are freely importable and users will switch to imports.”

The Mines Ministry expects that a 26 per cent share in net profits of companies will rake in Rs 18,000 crore annually.

Not surprisingly, the industry is completely opposed to the proposal and has been lobbying hard with the government for its dilution. In separate presentations to the Finance Minister, leading chambers CII and FICCI had said upfront compensation to affected persons was the international norm. Profit sharing or giving 26 per cent equity will make the business

CONTINUED ON PAGE 2
Montek opposes mines Bill seeking sharing of 26% profits with residents

unviable, both the industry organisations had argued.

The proposal in the MMDR Bill was moved during the tenure of former mines minister B K Handique. Though ministers in the GoM had reservations initially, a broad consensus had been arrived at by the end of the third meeting.

With Dinsha Patel as the new Mines Minister, the GoM is expected to meet again soon to give final shape to the Bill.

When contacted, Handique told The Indian Express: “We need to bear in mind that the economic rent from a natural resource is a surplus that arises from the intrinsic qualities of the resource and is not just a product of sweat and capital of the entrepreneur. This clearly distinguishes a natural resource from other economic enterprises.”

Ahuwalia feared that if the proposal was implemented once Parliament approved the Bill, then “there would be no plan discipline on the use of these resources and the funds would be invested without reference to any development plan for the region”.

“More importantly, there is no guarantee that this expenditure will be additional since states can divert resources they would have spent on the district to other areas,” he said.

He argued that in case of long established existing mines, it will be difficult, if not impossible, to determine who was displaced. In case of PSUs such as Coal India Ltd, Steel Authority of India Ltd, NMDC and others having backward integration, he argued, it would amount to “diverting resources from them and also the Centre” for expenditure by district authorities.

Questioning the very logic of a profit-sharing mechanism for any activity, including displacement of people, Ahluwalia said that demands for a similar mechanism could emanate from thermal power projects, hydro projects and railways. “The development impact of such an interpretation and the possible extension of the law to non-mining areas has to be considered,” the Plan panel Deputy Chairman said.
Not enough skilled staff taking mining jobs, says CII

OS Reporter
New Delhi, 13 March

The Confederation of Indian Industry has said the Indian mining sector would face a shortage of skilled personnel of up to 2,200 people over the next decade and a half.

The sector contributes around three per cent of Gross Domestic Product and employs around 900,000 people.

"Based on the estimated demand and the current supply from various educational institutes, a demand-supply gap of around 1,500 is expected during 2009-2017 (short term) and 2,200 during 2009-2025 (long term)," the chamber said in a statement on its report on human resource mapping in Indian mining.

Employing around 900,000 people, the mining sector contributes three per cent to GDP

The release did not, however, explain how it got these numbers.

The report projects the human resource requirement after mapping available employment and identifying skill gaps, the release stated.

India produces 86 minerals — 10 metallic, 46 non-metallic, 23 minor, four fuel and three atomic minerals. The approximate value of mineral production increased 61 per cent to ₹6,780 crore over the five-year period to March 2009.

The report states that coal accounts for 75 per cent of the 900,000 people employed across different sub-sectors in mining, according to the release.

Women account for only seven per cent of the overall employment. The report identifies lack of mineral-specific professionals such as lawyers and financial analysts as a major area of concern.
J&K tender for sapphire mining

Famous for their unique  peacock blue colour, Kashmir sapphires will soon make a comeback in international markets, with the state government floating a global tender for extraction of gemstones from Paddar Valley, in Kishwar district. “To ensure competitive and transparent bidding on a large scale, the government has gone for global tendering to ensure systematic extraction,” said State Minister for Industries and Commerce Surjeet Salthia.
Metals' Demand in Japan May Tumble After Quake

TOKYO Demand for industrial metals in Japan, Asia's biggest importer of aluminium, may decline as factories shut because of damage or power shortages after the country's strongest earthquake on record, analysts said. "You've got some production decline and certainly a consumption decline as well," Jim Lennon, a senior analyst at Macquarie Group, said in a phone interview. Japan is the world's second-largest buyer of copper ore after China. The northern Tohoku region most affected by the 8.9-magnitude temblor and subsequent tsunami represents about 8% of gross domestic product, and is host to factories making products from cars to beer. It also has energy infrastructure including a nuclear power plant that the government said was at risk of a meltdown after an explosion. Factory shutdowns, power cuts and the impact on consumer confidence may hurt Japan's GDP for months, while contributing to growth later as the country rebuilds plants, homes and infrastructure, economists said. Aluminium for three-month delivery dropped 1.6% to end at $2,545 a metric tonne in London on Friday after falling as much as 3.3%.
J&K Govt floats global tender for mining of Kashmir sapphires

Press Trust of India
Jammu, March 13

Famous for their unique peacock blue colour, Kashmir sapphires will soon make a comeback in international markets with the State government floating a global tender for extraction of the gemstones from Paddar Valley in Kishtwar district.

"The government has gone for global tendering to ensure systematic extraction of sapphire at Paddar Valley in Kishtwar district. The step has been undertaken to ensure competitive bidding on a large scale with utmost transparency," the State Minister for Industries and Commerce, Mr. Surjeet Singh Salathia, told PTI.

"We have already received one tender from a global company. It is yet to be opened. We are expecting others in this regard," Mr Salathia said. The Minister expected that Paddar sapphires would make a comeback in the market.

State-run J&K Minerals Ltd had invited expressions of interest (EoIs) from interested parties with expertise in exploration, mine planning and mining of gemstones for undertaking exploration of sapphires in Paddar through a joint venture, the Minister said.

J&K Minerals Ltd holds the mining lease for a 6.65 sq km area on GT Sheet 52/C at Paddar, situated at a height of 4,327 metres.

Based on the EoIs received, qualified parties will be short-listed for submission of technical and financial bids, he said.

UNIQUE FEATURES
According to a notice of J&K Minerals, the precious mineral is world famous because of its unique peacock blue colour, which is rarely available in other parts of the world.

The sapphires are renowned for their clarity and transparency and are mainly used for jewellery, with a high ornamental value. Till now, extreme geographical conditions and lack of resources have hampered commercial exploitation of this valuable natural reserve, officials of J&K Minerals Ltd said.

"We expect to see change on this front soon, as the government has entered the final stage of awarding the tender of extraction to a major company," they said.

The companies will be assessed for their financial and technical capability, as well as past experience, to ensure that the Paddar sapphires are mined in the most scientific manner, they added.

GREAT DEMAND
Extraction of these sapphires from mines in Paddar began in 1885 and they achieved a legendary status in the jewellery world. The gems mined during this period are valued highly and usually fetch enormous prices around the world, officials said.

"Their colour holds up in all kinds of light, which experts describe as a magical property, compared with other fine sapphires such as Burmese stones, which lose their rich colour in the evening light," they said, adding that the stone has a magical 'velvety' effect, creating a soft, yet strong colour.

The price of these pure sapphires easily crosses $100,000 a carat, making them the most expensive in their category.

The State industries department plans to undertake a satellite survey as part of a multi-pronged study to determine the sapphire deposits. Toward this end, the Indian Remote Sensing Centre at Hyderabad was contacted to lend its expertise last year, they said, adding that the survey is expected to take place this year.
Canada’s Saskatchewan province offers to help India attain food, energy security

G. Chandrashekhar

Mumbai, March 13

In India’s quest to attain food security and energy security, Canada’s Saskatchewan province can play a partnering role to help race towards food and energy for all, Mr Brad Wall, Premier of Saskatchewan, said.

He was addressing a select group of Indian and Canadian businessmen here with an assurance that his visit marked the beginning of an enduring partnership with India.

Highlighting with facts and figures that Saskatchewan’s agricultural production was reliable, stable, safe and abundant, Mr Wall said that his province supplied substantial quantities of peas and lentils to India to meet the protein needs of people.

It is, of course, well known that Canadian green and red lentils contain high concentrations of important nutrients such as iron, zinc and selenium, while canola oil is rich in Omega-3 fatty acids and is much lower in saturated fats (six times lower than palm oil).

As Saskatchewan was home to a third of Canada’s agricultural biotechnology sector, the Premier said companies in the agro biotech field from both countries can work together in the areas of yield improvement, bio-fortification and so on.

Food storage and logistics was another area of expertise that can be shared, he said. Referring to the country’s energy security and the role his province can play, Mr Wall said: “With 20 reactors in operation, four under construction and 20 further units planned, you will clearly need us in the future.”

Saskatchewan is one of the world’s leading uranium producers with one-fifth share of global production and some of the world’s richest and largest uranium deposits.

“We are open to new partnerships and investment from Indian companies in the mining sector,” he said.

Another rich natural resource is potash. A third of the world’s potash production takes place in the province. India’s fertiliser consumption has been rising with long-term potential for growth.

Saskatchewan was keen to engage India in its top class education and technology sector as well, he said.

The premier’s delegation is scheduled to meet with India’s top atomic energy officials as well as large corporate houses with interests in oil and gas and mining, among others.
J&K floats global tender for mining Kashmir sapphire

Jammu, Mar 13: Famous for their unique peacock blue colour, Kashmir sapphires will soon make a comeback in the international markets with the state government floating a global tender for extraction of the gemstones from Paddar Valley in Kishtwar district.

"The government has gone for global tendering to ensure systematic extraction of sapphire at Paddar Valley. The step has been initiated to ensure competitive bidding at a large scale with utmost transparency," said Surjeet Singh Sathia, state minister for industries and commerce.

"We have already received one tender from a global company which is is yet to be opened. We are expecting some more in this regard," Sathia added.

Government-run J&K Minerals had invited expression of interest (EOI) from parties with expertise in exploration, mine planning and mining of gemstones for undertaking exploration and exploitation of sapphires through a joint venture (JV), the minister said.

According to a notice of J&K Minerals, the precious mineral is world famous because of its unique peacock blue colour, which is rarely available in other parts of the world. The sapphires are renowned for their clarity and transparency and are mainly used for jewellery.

Till now, extreme geographical conditions and lack of resources have hampered the commercial exploitation of this valuable natural reserve. "We expect to see change on this front soon, as the government has entered into the final stage of awarding the tender of extraction," they said.

Firms will be assessed for their financial and technical capability, as well as past experience, to ensure that the sapphires are mined in the best manner.

PTI
Changes in policy framework to safeguard iron ore industry

The story of iron ore is one of the constantly changing in prices and policies. The four decades old practice of annual benchmarking was changed to a quarterly process in March 2010, when the Big Trio—Rio Tinto Plc, BHP Billiton and Vale SA—together voted for the same. And now BHP Billiton is in news by entering into monthly contracts. The period since the do away with the annual pricing, has brought about sharp volatility in iron ore prices. Following the decision to go in for quarterly pricing in March, the iron ore prices fell from $186.5/Dmt (dry metric tonne) in April to $117/Dmt in July 2010. But the prices have been climbing steadily ever since and reached a $191/Dmt in February 2011.

So where does India fit in the story? As a matter of fact, China cannot do without iron ore imports, and India is the third largest exporter and fourth largest producer of iron ore in the world. India produced 215 million tonnes of iron ore and exported 106 million tonnes in 2009-10. Of the 129 million tonnes of fines produced, 32 million tonnes was exported. In the case of lumps, the production was 86 million tonnes and exports accounts for 14 million tonnes. About 50% of Indian iron ore production is exported of which more than 80% is exported to China. China’s import of Indian ore accounts for 15-20% of their total imports.

With half the iron ore being exported, Indian miners are deeply impacted by volatility in ore prices and freight rates. Worldwide, freight cost is at the center of attention of the global players. Shipping costs from Australia to China can vary widely from $6 to $65 per tonne. The China Iron and Steel Association (CISA) is in discussion with Australian miners about the stabilization of freight charges to reduce volatility and keep costs stable.

In the internationally compatible terms, Indian Commodity Exchange (ICEX) has launched a new rupee denominated futures contract in 62% Fe grade of iron ore in January 2011. It has also come up with multiple delivery centers at Ennore Port, Vizag, Haldia and Paradip. MMTC, the state-owned largest supplier of iron ore, which is handling 15% of the total iron ore exports, is a stakeholder at ICEX. Its competencies would be exploited to provide the physical market with expertise as required by the traders. Alliances with the Federation of Indian Mines Industries (FIMI) and Iron Ore and Steel Derivative Association (IOSDA) are an attempt to spread awareness required in the present nascent derivative market of iron ore.

A futures contract facilitates transparent price discovery and liquidity in the market. Exchange guaranteed contracts have lower transaction costs and price leverage benefits. Standardized contracts guarantee the quality and quantity of underlying product.

Export of iron ore from India is the topic for discussion and debate with the Indian steel manufacturers arguing for a ban on export of this critical raw material. The immediate focus is on the states of Karnataka and Orissa, two major suppliers of iron ore in the country. Assocham is also in favor of a ban on ore exports.

Traders are expecting a significant rise in export prices after April 2011. And to manage the price variability, for Indian miners, steel mills and traders, the ICEX contract is the apparent choice. The contract is designed to tackle the present scenario of risks and costs for internationally compatible iron ore trade. Miners and traders seem to have realized the same and are reiterating this with their constantly increasing participation. India’s importance in iron ore cannot be allowed to diminish. This can be best ensured by making appropriate changes in the policy framework as and when warranted.

The author is managing director & CEO, Indian Commodity Exchange
Global markets at a crossroads

AHEAD OF THE TICKER

VIPUL VERMA

To read all of Vipul Verma’s earlier columns, go to www.livemint.com/ahofdt

The bourses had a volatile week over concerns of high crude prices, China’s rising trade deficit and inflation, an escalating conflict in Libya and protests in Saudi Arabia. Friday’s devastating earthquake and tsunami in Japan have only added to the worries. The economic damage wrought by the calamity is still unknown as Japan continues to struggle with its after effects and fears of nuclear radiation. But the country is a major economy and exporter; a disaster of such magnitude here will likely influence global economic indicators.

It would be interesting to see how commodities perform globally on Monday. Oil may move up as energy will be a focus area for investors concerned about how Japan will replace its lost power generation capacity. The rise in demand for coal, cooking gas etc., in the short term to meet the nation’s demand for power generation may raise the prices of these commodities too. Coal prices are already high and production is yet to resume in full capacity in Australia’s flood-hit Queensland region.

The outlook for base metals is bearish in the immediate term as demand could fall due to damage caused to Japanese production facilities—though demand would bounce off shortly when production resumes full scale. Since Japan accounts for nearly 5% of global copper consumption, the demand for copper along with aluminium and galvanized steel could jump in the months to come, as rebuilding lost infrastructure would need huge quantities of these metals.

It is difficult to ascertain how speculators will play this lead, as higher prices of commodities would only add to inflation, which is a key problem for emerging economies. Abnormally rising cost could also impact several industries globally. In a nutshell, the impact of the Japanese tsunami on the global economy is yet to be felt—its magnitude would largely depend on the extent of damage caused in Japan.

The markets globally are at a crossroads. Most positive economic indicators have already been discounted, and the markets are taking a dim view of developments in Libya, Saudi Arabia and other parts of the Middle East and North Africa facing popular unrest. The protests in Saudi Arabia were muted, and this cooled oil prices. But I think there is more to unfold in the Gulf in the coming days, and the markets would maintain a very cautious approach until the dust settles in the region.

This week, the markets would wait for the Federal Open Market Committee (FOMC) meeting in the US, scheduled for Tuesday. The key stance of the US Federal Reserve is unlikely to change as the Fed remains committed to maintain near zero interest rates. But there was more caution after European Central Bank president Jean-Claude Trichet warned last week about inflation risks and surprised investors by saying the bank may raise interest rates as early as next month.

Back home, the Reserve Bank of India (RBI) is widely expected to raise interest rates from the 50 basis points (0.5 percentage point) in a meeting on 17 March. This could trigger fresh sell off in rate-sensitive industries. The wholesale price index data on Monday would indicate how RBI would act.

As mentioned in my last column, the Nifty is stuck in a range with a major support at 5,410 and a major resistance at 5,577 points. A break out on either side would indicate the trend. Nifty bounced off 5,410 twice last week, maintaining the sanctity of this level. Now on its way down, this level would become all the more important and if Nifty breaks below this level with good volumes or settles below it, then it would be a bearish indicator and would mean more fall. The next support would come at 5,341, but it is likely to be a moderate support, with major support shifting to 5,248. On its way up, the Nifty is likely to witness its first resistance at 5,509, which is a moderate but important resistance level. If this level gets crossed then it would be poised for its major resistance at 5,577, which would be a trend-decider in short term. A convincing break above this level with good volumes or close above it would add to the positive sentiments, promising more gains going forward.

However, the next important resistance would be at 5,599, followed by a major resistance at 5,671.

Among individual stocks, Hindalco Industries Ltd, GAIL India Ltd and ICICI Bank Ltd look good on the charts. Hindalco, at its last close of Rs 205.75, has a target of Rs 215 and a stop-loss of Rs 197. Gail, at its last close of Rs 442.40, has a target of Rs 453 and a stop-loss of Rs 429, while ICICI Bank, at its last close of Rs 1,068.90, has a target of Rs 1,091 and a stop-loss of Rs 973.

Vipul Verma is chief executive officer, Moneyvistcom. Comments, questions and reactions to this column are welcome at ticker@livemint.com