

# Cabinet unveils profit policy for CPSEs

**AGE CORRESPONDENT**  
NEW DELHI, OCT. 13

The government on Thursday unveiled a policy for the profit-making Central Public Sector Enterprises (CPSEs), which provides them greater autonomy in acquiring raw material assets like coal mines abroad.

Informing about the decision, information and broadcasting minister Ambika Soni said, "While some countries have

already taken the lead in acquiring the sources of raw material assets globally, Indian companies have not been very assertive. Today, the Cabinet approved the policy for acquisition of raw material assets abroad by CPSEs."

The policy, which aims to facilitate faster acquisitions by CPSEs abroad, enhances the investment limit by Navratna firms on its own from current ₹1,000 crores to ₹3,000 crores for any asset buy out. Any

**The policy enhances the investment limit by Navratna firms on its own from the current ₹1,000 crores to ₹3,000 crores**

additional amount beyond the prescribed limit would

require mandatory government clearance.

"Navratna companies have been given powers for acquiring assets up to ₹3,000 crores as against ₹1,000 crores. ₹1,000 crores in today's context is very small," S. Sundershan, secretary department of heavy industries, who also briefed the media after the Cabinet meeting, said.

An empowered committee of Secretaries, headed by the Cabinet secretary, would be formed to make

quick decisions in cases where the buyout amount exceeds the limit set by the government. For Maharatna firms, the limit is ₹5,000 crores.

The powers delegated to the boards of Maharatna and Navratna firms would be enhanced for such acquisitions and a CCoS, headed by the Cabinet secretary, would be formed to examine proposals where the buyout amount exceeds the funding amount allocated by the government:

## NEW MINING BILL

# States can call bids at mineral prospecting stage

SUDHEER PAL SINGH  
New Delhi, 13 October

GRANTING mining leases will not be the only area where auctioning would be employed as a method of screening corporates, as per a proposed legislation.

The new mining Bill, which the Union Cabinet approved recently, empowers the states to call for financial bids even at the pre-mining stage of prospecting the mineral. States will also have the freedom to

ask for either upfront payment from miners or seek a share of revenue from production.

The option would ensure that states, the owners of the country's vast and rich mineral wealth, get maximum possible value for the mineral in cases where the value of mineralisation is better known even if exact quantification of its value has not been done.

A higher financial bid is one of the seven criteria on which weightage would be as-

signed to a company for grant of prospecting licence (PL) under the new bidding regime in mining.

The state government, according to the new Mines and Minerals Development and Regulation (MMDR) Bill 2011, "may specify that any application received shall be considered with reference to such criteria including a financial bid quoted either as a lump sum recoverable in instalments at the time of min-

ing or a percentage of royalty or a profit sharing of mineral production as per the weightage assigned."

While the mines ministry was originally in favour of restricting competitive bidding only for grant of mining leases (ML), the Ashok Chawla Committee on Natural Resources recommended extending the auctioning provision to all the stages of mining from reconnaissance to prospecting to actual mining.

States, in turn, asked for bringing prospecting too under the ambit of auctioning fearing loss of revenue from deposits with known mineralisation of high value.

A case in point is the Kolar Gold Fields in Karnataka, where already established and highly-valued mineralisation has been in existence for many decades. A senior official from the mines ministry said the states argued it would not give them a better deal if corpo-

rates for prospecting in such deposits were invited on a first-come-first-served basis.

"Therefore, the states using the provision of bidding at prospecting stage would depend from one ML to another," he told *Business Standard*.

The amount quoted by a mining entity in its financial bid to be shared with the state government at the time of seeking PL would, however, have to be paid only at the time of actual mining.

**'Furnish data on exported iron ore'**

Armed with a report prepared by former Karnataka Lokayukta on illegal mining, Union Ministry of Mines has asked the Goa government to furnish data on the allegations that the Mormugao Port Trust (MPT) used to export the iron ore even as the neighbouring state had banned the activity.

**PTI**





## UNCERTAIN FUTURE

# Dreams turn to dust as work dries up

**In the Bellary-Hospet belt, people are cutting back on most expenses and are facing pressure on repaying loans**

BY RUCHIRA SINGH  
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HOSPET

In the mining town of Hospet in Karnataka's Bellary district, clouds of red dust no longer billow from the trucks speeding between mine face and factory. But the enforced calm has also shattered Shahina Banu's biggest dream.

An illiterate woman in her late 20s, all she wanted was for her two small children to be educated. As income surged during the iron ore mining boom in 2008-10, her aspirations also rose and she and her driver husband sent their boys to an English-medium school that cost ₹1,100 a month for each child.

Even during the downturn after the state banned exports in July 2010, she had been able to scrape enough money together to pay the fees. But the total ban on mining by the Supreme Court in July this year put her husband out of work and ended their children's schooling altogether.

"At one time, I used to pay ₹25,000 in one go for their school, now I don't even have ₹25," she said. "Even getting food is difficult, let alone their studies."

## mint SERIES-V

At Taranagar village, in the vicinity of NMDC Ltd's Donimalai mines, almost every household had sons, fathers and even grandfathers working as drivers or operators at the mines. As the jobs have dried up, every family in Taranagar has been forced to cut down on food and school expenses.

"I earn ₹75 a day working in a boating resort," said Neelamma, in her late 30s. "When I am sick, I am scared to tell my employers as they could sack me because even their business is not running well."

Neelamma has four children, but is educating only one at a government school as she can't afford to buy books and uniforms for all of them, in sharp contrast with the times when incomes were comfortably high enough for parents to send their children for private tuitions.

Both Banu and Neelamma say couples in every household now eat just two meals a day to make sure there is enough nutrition for children and the old. But other villagers in Karnataka face even bigger problems as many of them took loans and are now being harassed for repayments.

Bellary's superintendent of police Chandragupta (he uses only one name) told *Mint* the number of complaints has increased in the last few months with several of them pertaining to loans taken for property financing.



**Livelihood concerns:** (Top) Trucks lie idle in Hospet, Karnataka; (above) Mallekku (left) and Annamaya, who crushed stones at DMS mine in Donimalai, now worry about loan payment and their children's education.

Much of this financing came from local moneylenders at exorbitant interest rates and now there was concern that conflicts over repayments could turn violent.

"We took loans. We thought we could work and return the money. But now that (mining) has ended. Now even the interest is growing on our loans. How do we pay it back?" said Mallekku in Devagiri village. "We were getting ₹75 a day in the mines. Now everything is difficult. How should we take care of our children? We have no land of our own. Where should we go? What kind of lives should we lead?"

Mallekku, in her 40s and Annamaya, 50, crushed stones and

did miscellaneous office work at the Deccan Mining Syndicate mine in Donimalai.

Karnataka chief minister D.V. Sadananda Gowda told *Mint* last week that up to 150,000-200,000 people in Bellary and the districts of Chitradurga and Tumkur were unemployed as a result of the mining ban. Locals say the impact is even greater, with the sharp drop in incomes hitting several businesses across the state.

The Supreme Court, which has been hearing a case highlighting the environmental degradation caused by iron ore mining, has noted that the large-scale destruction to the areas and illegal mining needs to be fixed before the activity

can resume. Villagers say they will track the next hearing, likely on Friday, and pray the judge is moved by their plight and allows mining to resume in at least a small way.

"This is most unfair. When a factory worker goes on strike, he has to give advance notice," said Mohammad Khalil, a 31-year-old lorry owner in Taranagar. "So when a business gets closed, should we also not get some advance warning? At least the court should have banned it in phases."

Even villagers in Taranagar who own farm land are gripped by uncertainty. They did not cultivate any crops as the red dust—the colour comes from the iron content—destroyed the

crops.

But the mines in the vicinity would pay compensation of ₹1,500-3,000 a month. With the stoppage in mining, no compensation is forthcoming, but the farmers are not sure whether they should go ahead and sow crops.

Madarsa, 67, a mining equipment operator who has two sons, also in the mining business, and one in college, is struggling to meet domestic expenses. "My wife had a bangle selling business, but that is not working as people are not buying anything," he said, worry lines forming deep furrows on his face.

Shahina Banu is working as a maid while her husband has become a labourer. But she's desolate because her children, aged 7 and 8, can't go to school anymore.

She said the government school in Hospet hasn't been of any help, denying admission in the middle of the term and insisting that they be admitted in the junior most class. She's not sure if they can go back to their original school at all.

With inputs from Archana Thiyagarajan.

This is the fifth and concluding part of a series on the aftermath of a Supreme Court ban on illegal mining in Bellary. The fourth part dealt with NMDC facing a challenge to produce enough iron ore to meet demands.

[WWW.LIVEMINT.COM](http://WWW.LIVEMINT.COM)

To read previous stories in this series, go to [www.livemint.com/bellarymines.htm](http://www.livemint.com/bellarymines.htm)

## कच्चे माल के लिए पीएसयू कर पाएंगे विदेश में अधिग्रहण

नई दिल्ली, जागरण ब्यूरो : विदेश में कच्चे माल के स्रोत जुटाने के लिए सरकार ने एक अहम रणनीतिक फैसला लिया है। इसके तहत उसने सार्वजनिक उपक्रमों (पीएसयू) के विदेश में परिसंपत्तियों के अधिग्रहण का रास्ता साफ कर दिया। अब तीन साल तक लगातार मुनाफा अर्जित कर रहे सार्वजनिक उपक्रम देश से बाहर कच्चे माल के लिए परिसंपत्तियों में निवेश कर सकेंगे। प्रधानमंत्री की अध्यक्षता में गुरुवार को हुई कैबिनेट की बैठक में भारी उद्योग व सार्वजनिक उपक्रम मंत्रालय के इस प्रस्ताव को मंजूरी मिली।

बैठक के बाद सूचना व प्रसारण मंत्री अंबिका सोनी ने बताया कि इस नीति के तहत महारत्न का दर्जा प्राप्त सरकारी कंपनियां 5,000 करोड़ रुपये और नवरत्न कंपनियां 3,000 करोड़ रुपये का निवेश ऐसे अधिग्रहण में कर सकेंगी। यह निवेश कृषि, खनन, मैन्यूफैक्चरिंग और बिजली क्षेत्र की कंपनियां कर पाएंगी।

सरकार के इस फैसले के पीछे चीन की

रणनीति का जवाब भी है। चीन पिछले कुछ समय से लगातार मध्य एशिया समेत दुनिया के कई हिस्सों में प्राकृतिक संसाधनों के स्रोतों का अधिग्रहण कर रहा है। इसका फायदा उसकी मैन्यूफैक्चरिंग इकाइयों को मिल रहा है। जबकि भारत में अभी इस तरह की कोई नीति नहीं थी।

सोनी ने बताया कि पांच हजार करोड़ रुपये से अधिक के प्रस्तावों पर फैसला लेने के लिए कैबिनेट सचिव की अध्यक्षता में सचिवों की एक समन्वय समिति बनाई गई है। इसके अतिरिक्त विदेश में कच्चे माल के स्रोतों के अधिग्रहण से जुड़े अन्य अहम मामलों में भी फैसला लेने का अधिकार समिति के पास रहेगा।

इस नीति को मंजूरी मिलने से केंद्रीय सार्वजनिक उपक्रमों की क्षमता में काफी बढ़ोतरी होगी। वे विदेश में कच्चे माल से जुड़ी परिसंपत्तियों की खरीद कर देश के दीर्घकालिक हितों की रक्षा कर सकेंगे।



## GOA MINING: CM MEETS SONIA TO CLARIFY STAND

HT Correspondent

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**NEW DELHI:** In the dock over allegations of illegal mining, Goa chief minister Digambar Kamat met Congress president Sonia Gandhi to explain his position regarding the issue.

Congress sources said Kamat had "to do a lot of explaining" on the entire matter but the chief minister maintained that his meeting with Gandhi on Wednesday evening was a courtesy call.

"I had not met her after she came back from treatment. It was just a courtesy call to convey good wishes of the people from Goa," he said on Thursday.

But Kamat's continuance on the post depends largely on the report of the Justice MB Shah Commission that is looking into the cases of illegal mining in several states, including Goa. The panel is likely to submit its findings by October-end or first week of November and the Congress brass will wait for that before taking any decision.

# Karnataka Cabinet seeks clarifications on Lokayukta report

JOHNSON T A

BANGALORE, OCTOBER 13

THE BJP government in Karnataka on Thursday took a step towards according closure to the July 27 report of the Lokayukta on illegal mining which indicted then chief minister B S Yeddyurappa and several top ministers.

The state cabinet, in a controversial meeting held on Thursday, decided that it will take action against 787 government officials named in the Lokayukta report but has sought three "technical" clarifications from the Lokayukta.

The clarifications have been sought with barely a fortnight left for the end of the 90-day period available

to the government to accept or reject the July 27 report.

The technical clarifications sought by the state cabinet headed by Chief Minister D V Sadananda Gowda reflect the views expressed by Yeddyurappa in a petition filed in the Karnataka High Court against the Lokayukta report in August this year — shortly after he was forced to resign on July 31 due to his indictment. The clarifications have been sought at a time when there is no full time Lokayukta in place.

The Cabinet, through the process of seeking clarifications, has evaded the issue of the Lokayukta's recommendation for action against Yeddyurappa and other ministers indicted in the report while moving to act

against government officials who have been named.

The cabinet decision is being viewed as evidence of Yeddyurappa's influence over the government and the move was angrily opposed by a faction of ministers belonging to the Jagadish Shettar camp, sources said.

State Law and Parliamentary Affairs Minister S Suresh Kumar claimed that the cabinet decision was not a move to question the Lokayukta report but merely an effort to seek clarification on three technical points.

First, on whether the Lokayukta could investigate the mining issue under Sec 7(2) A of the Lokayukta Act when there is no formal complaint against any individuals. Second, on whether

the Lokayukta can ask for the removal of ministers appointed on the recommendation of the Chief Minister. And third, on why the agency did not follow principles of natural justice and seek the views of people indicted in the report.

The Law Minister said that along with the request for clarifications, the government will send an action taken report (ATR) on the Lokayukta's report.

"We are seeking a clarification because these proceedings will set a precedent for the future. We have to take all precautions before implementing the report. That is all we are going to do. We have taken the opinion of the Advocate General on this," said Suresh Kumar.

## **Record Copper Stock in China**

**LONDON** Refined copper inventories in China climbed to a record 1.9 million tonne, or about three months of consumption, by the end of last year, as buying picked up after a slump in prices. The stockpiles included 131,891 tonne in Shanghai Futures Exchange-monitored warehouses, bonded warehouses, China's state reserves, and metal held by producers, consumers and trading firms, said Bian Gang, deputy director of the China Nonferrous Metals Industry Association.



## SC directs Sterlite to remove deficiency in its copper plant

New Delhi

The Supreme Court has directed the Sterlite Industries Ltd to remove deficiencies in its copper plant at Tuticorin, Tamil Nadu, which is causing environment pollution.

In an interim order, a bench of justices R V Raveendran and A K Patnaik directed the Tamil Nadu Pollution Control Board to issue a direction to the company within two weeks and give a reasonable time to it to take appropriate measures to stop pollution. "We direct the Tamil Nadu Pollution Control Board to issue directions in exercise of its powers under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of

Pollution) Act, 1974, to the petitioners-industry to carry out the aforesaid measures and remove the aforesaid deficiencies within such time as it thinks reasonable and proper," the bench said.

The court passed the order after going through a report filed by the Pollution Control Board pointing out a series of deficiencies in the operation of the plant which was causing pollution.

In the meantime, the bench said the interim stay on the Madras High Court's order which had directed the closure of the plant will continue. "The directions will be issued by the Tamil Nadu Pollution Control Board within two weeks from today.

## Sterlite unit allowed to continue operations

J. Venkatesan

**NEW DELHI:** While permitting Sterlite Industries at Tuticorin to continue operations of its copper plant, the Supreme Court has directed the Tamil Nadu Pollution Control Board (TNPCB) to issue notice to the industry for carrying out remedial measures and removing deficiencies

within such time "it thinks reasonable and proper."

A Bench of Justice R.V. Raveendran and Justice A.K. Patnaik in its interim order directed the Board to give such directions in two weeks.

The Bench directed the matter to be listed for further hearing in the first week of January 2012 and said that

the interim stay of the Madras High Court judgment ordering closure of the industry would continue till then.

The Bench pointed out that the TNPCB had filed an affidavit on August 30, 2011, listing the deficiencies and measures to be implemented by the petitioner-industry.

The Board had pointed out deficiencies in emission con-

trol in the process section, fugitive emission control, effluent treatment operation, disposal of rejects arising from effluent treatment plant, raw material storage handling, storm water drainage and collection system solid waste disposal, monitoring of air quality, effluent and water consumption and green belt development.

## CPSEs can acquire mineral assets abroad

Special Correspondent

**NEW DELHI:** All central public sector enterprises (CPSEs) in the black for three years have on Thursday been delegated with more powers for acquisition of raw material assets abroad.

The Union Cabinet approved a new policy for acquisition of overseas raw material assets which would be applicable to CPSEs in agriculture, mining, manufacturing and power sectors with a three year track record of making net profits.

### Enhanced power

Seeking to address the issue before global raw material assets were no longer available or were available at exorbitant prices, the government has vested the CPSEs with the responsibility to ac-

quire raw material assets abroad.

Maharatna and Navratna entities have been vested with enhanced power to acquire raw material assets worth Rs.5,000 crore and Rs.3,000 crore respectively from Rs.1,000 crore without having to consult the government, the Heavy Industries Secretary S. Sundareshan said.

The government also set up a Coordinating Committee of Secretaries (CCoS) under the Cabinet Secretary to expedite proposals which require approval of various ministries and involve government funds. The government maintained that it would consider constituting a dedicated Sovereign Wealth Fund to go with the new policy to protect the long-term economic interests of the country.

## Norms eased for buying of raw material assets by PSUs

**Our Bureau**

*New Delhi, Oct. 13*

Profit-making central public sector companies (CPSUs) can now buy raw material assets from abroad without seeking Cabinet nod.

The Union Cabinet has approved a new policy in this regard with a view to help Indian companies acquire raw material assets globally. As the Information and Broadcasting Minister, Ms Ambika Soni, explained, "While some countries have already taken the lead in acquiring the raw material assets globally, Indian companies have not been very assertive."

The Government also said it was considering setting up a dedicated Sovereign Wealth Fund.

The new policy is expected to benefit companies in the manufacturing, mining, power and agriculture sectors. Companies in these sectors that have been profitable for at least three years can take benefit of the new policy.

The policy has not prescribed any limit for CPSUs other than Maharatna and Navratna categories. But, a senior government official said that a committee of secretaries will decide about the limit on a case-to-case basis.

Aimed at facilitating faster ac-

quisitions, the policy proposes to hike the asset buy out limit for Navratna firms to Rs 3,000 crore from the present Rs 1,000 crore. Any additional amount beyond this would require the government's nod. On the other hand, Maharatna companies can continue to shop for Rs 5,000 crore worth of assets without seeking government nod.

A government statement said that any proposal that needs inter-ministerial nods will be placed before the Co-ordinating Committee of Secretaries (CCoS).

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## Chinese trade data drain copper market

Reuters

London, Oct. 13

Copper prices sagged on Thursday after soft Chinese trade data reinforced a gloomy outlook for global economic growth, but signs of stronger industrial metals demand from the country helped limit losses.

Benchmark copper on the London Metal Exchange traded at \$7,348 in official rings from \$7,529 at the close on Wednesday when the metal used in power and construction hit a two-week high of \$7,544.75 a tonne.

China's trade surplus narrowed in September, as both imports and exports were lower than expected, reflecting global economic weak-

ness and domestic cooling that will deepen policy quandaries facing Beijing.

### CAUTION WARRANTED

On the plus side however, traders cite Chinese imports of copper which rose 11.8 per cent in September to a 16-month high and expectations that the trend could continue for the rest of this year if prices stay around current levels.

Three-month aluminium traded at \$2,209 a tonne from \$2,248 on Wednesday, zinc was untraded in the rings, but bid at \$1,910 from \$1,945 and lead traded at \$2,015 from \$2,070. Tin was bid at \$22,400 a tonne from \$23,000 and nickel traded at \$18,455 from \$19,080.

# PSUs Get Monetary, Operational Freedom to Buy Assets Abroad

OUR BUREAU  
NEW DELHI

The profit-making state-run companies will have greater financial and operational freedom to acquire raw material assets, such as coal and iron ore overseas, under a new policy approved by the government on Thursday to secure necessary inputs to fire India's growth.

The government has also decided to set up a sovereign wealth

fund in 'due course' to help acquisitions of energy, fertilizer and mineral raw material assets.

"Powers delegated to the boards of Maharatna and Navratna will be enhanced for such acquisitions," Information and Broadcasting Minister Ambika Soni said in a briefing after the union cabinet approved the new policy.

The liberal 'policy for acquisition of raw material assets abroad by Central Public Sector Enterprises (CPSEs)' will be

available to companies engaged in agriculture, mining, manufacturing and electricity sectors having a three-year profit record.

The new rules will allow Navratna firms to invest up to ₹3,000 crore in such assets without government approval, as against the present limit of ₹1,000 crore. The Maharatna firms will have a higher limit of ₹5,000 crore, heavy industries and public enterprises secretary S Sundareshan said.

Indian companies have been

**Sovereign wealth fund on cards to help buy energy, fertilizer & mineral assets.**

stuck in various government departments pending approval.

The most prolific acquisitions have been done by ONGC Videsh

looking to acquire coal and energy assets overseas, but have had limited success so far primarily due to procedural hassles. A slew of proposals by various CPSEs are

Limited, which has 33 projects in 14 countries. Coal India Limited (CIL) has managed to acquire few blocks in Mozambique.

This policy will help in faster decision-making through greater financial freedom and a mechanism to encourage cooperation among CPSEs.

"The fast-track mechanism put into place now for government approvals will act as a catalyst for M&A efforts of CPSEs," said CS Verma, chairman, SAIL.

The new policy will put in place a coordinating committee of secretaries (CCoS) headed by the cabinet secretary whose primary task will be to facilitate quick and coordinated decision-making.

The panel will have powers to resolve and expedite cases where the central company seeks government funds for its acquisition.

The ministry of external affairs and India's missions abroad will facilitate government-level talks to facilitate such acquisitions.

**State asked for data  
on exported iron ore**

Armed with a report prepared by the former Karnataka Lokayukta on illegal mining, the ministry of mines has asked the Goa government to furnish data on the allegations that the Mormugao Port Trust was exporting iron ore even after the state banned the activity. PTI

## K'taka govt set to reject Lokayukta's mining report

**Bangalore:** The Karnataka government seems to be preparing the ground to reject the Lokayukta report on illegal mining. It has given a clear indication of this by questioning the authority of the Lokayukta and saying the anti-corruption watchdog had not cared for "the principle of natural justice" while preparing the report.

"The recommendation for the removal of a legislator or a minister is like civil death. Can such powers be exercised without following the principles of natural justice?" asked law and parliamentary affairs minister S Suresh Kumar while briefing the media after the cabinet meeting.

"In the present case, the inquiry was conducted without hearing them (the officials and non-officials held responsible for the illegal mining in the state)," said Suresh Kumar. TNN