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. Any 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 assigned 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 mining 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 corporates 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.
LIVESTOCK CONCERNED (Top) Trucks lie idle in Hospet, Karnataka; (below) Vegetable growers in Hospet, Karnataka, are unable to sell their produce due to illegal mining.
कच्चे माल के लिए पीएसयू कर पाएंगे विदेश में अधिग्रहण

नई दिल्ली, आयकर विभाग : विदेश में कच्चे माल के खरीद जुड़ने के लिए सरकार ने पर्याप्त राजनैतिक सेल्फप्रेस छोड़ दिया है। इसके बाद उन्हें सार्वजनिक उद्योगों (पीएसयू) के विवेक में निर्माणशील प्रौद्योगिकी और अधिग्रहण का रास्ता मिला है। किन्तु सरकार ने इसमें बड़ी ध्यान केंद्रीयता नहीं दी है।

सरकार के इस फैसले के पीछे चीन की गणराज्य के अभिलाषा का महत्व भी है। चीन के चीन के पर्याप्त राजनैतिक और अर्थव्यवस्थाओं में उद्योगों के उद्योगों का केंद्रीयता है। चीन के चीन के पर्याप्त राजनैतिक और अर्थव्यवस्थाओं में उद्योगों के उद्योगों का केंद्रीयता है।
GOA MINING: CM MEETS SONIA TO CLARIFY STAND

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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 M B 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 would 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 151,891 tonne in Shanghai Futures Exchange-monitored warehouses, banded 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 environmental 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 control 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 acquire 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. Sundargeshan 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 acquisitions, the policy proposes to hike the asset buyout 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 nod 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 weakness 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 the 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 Sundareshan said.

Indian companies have been 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 stuck in various government departments pending approval.

The most prolific acquisitions have been done by ONGC Videsh 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.