Mining bill

New Delhi, Dec. 12:
The government today introduced in Parliament a bill that sought to make mining firms pay higher compensation to project-affected people. Coal miners will have to share 25 per cent of the profit, while others will pay a sum equal to that paid as royalty, which varies from 0.35 per cent of value for bauxite and Rs 7 per tonne for low grade iron ore fines to 15 per cent for calcite and 11 per cent for rock phosphate.
Govt-commissioned write-up raps Goa for illegal mining

MAYABHUSHAN III PANAJI

An article commissioned by the Government to commemorate the Golden Jubilee of Goa's liberation from the Portuguese has hit out at the Government itself for its inaction on illegal and other forms of corruption in the State.

The article comes as a slap on the face of the Government, which has been living in denial about the existence of illegal mining in the State. The approximately 1700-word-long feature article written by veteran freedom fighter and president of the All Goa Freedom Fighters Association Nagesh Karmali has not hesitated to use the opportunity to hit out at the Government saying that "nature is exploited beyond limits" in Goa.

"If mining is considered as an industry then we must say that its range has reached far off. Of course, this has led to fabulous earnings for the mine owners and the people residing in mining areas. But suffocation sets in with owing to it. The problem of pollution has crept in. Threat looms high on the water sources," Karmali said, whose AGIPA decided last week to boycott the State Government's celebration of the 50th anniversary, because of Chief Minister Digambar Kamat's "anti people" policies.

"Nature is exploited beyond limits. No measures are taken to curb it. Let it continue as it is, has become the attitude," Karmali further said in his severe criticism of the Congress-led Goa Government on the occasion of the 50th anniversary of Goa's liberation from 450 years of colonial rule by the Portuguese rulers.

The State Government has denied any illegal mining saying that there were only discrepancies in amount of ore extracted and exported.

The feature articles are being released by the Press Information Bureau (PIB), a Central Government agency, on the occasion of the 50th anniversary of Goa's liberation as part of a "series of feature articles on the occasion of Goa Liberation Day on Dec 19".

The feature article titled "Liberation of Goa and our aspirations", also speaks of the course of events and developments which have taken place in Goa since its liberation on December 19, 1961.

Goa Government has come under severe criticism over the issue of illegal mining, with civil society groups as well as the BJP alleging a massive scam and involvement of several Cabinet Ministers in the mining scam. Senior BJP leaders have directly accused Kamat in the Rs 25,000 crore illegal mining scam, which is already being probed by a judicial commission led by Justice MB Shah, which is also investigating illegal mining in other parts of the country.
Mining ban hits Karnataka revenue

A dip in mineral royalty due to ban on iron ore mining and land sale being a virtual non-starter are leading Karnataka to face a shortfall of around ₹2,500 crore in non-tax revenue receipts for 2011-12, according to a mid-year review of state finances.
Sterlite Industries

Current price: ₹99, Target price: ₹96

A new low was followed by a sharp recovery on profit-booking. The intermediate trend still looks bearish. Keep a stop at ₹101.5 and short. Add to the position between ₹97 and ₹95. Book profits below ₹96.5. If it crosses ₹102 on the upside, the rebound could go till ₹105.
Industry takes a hit
Slow decision-making a roadblock

The tightening of monetary policy by the RBI for the past almost two years was expected to slow down demand and growth, but the sharp drop in industrial production in October has come as a shock. It was beyond the expectations of even the most pessimistic analysts. Some have started questioning the veracity of the data, while others attribute it to the base effect. The worst performer was the capital goods sector, which shrank by 25 per cent, followed by mining. The ban on mining in certain states like Karnataka and Goa in the wake of some scams has hit mining operations. The shortage of minerals, particularly coal, has affected the functioning of power projects.

Fresh projects are not coming up for various reasons. Disputes over land acquisitions are becoming more frequent and troublesome. Some projects may become unviable on account of hefty terms of compensation being worked out by vote-conscious politicians for land-owners in various land bills. The hyper-active previous minister at the Environment Ministry had held up projects on account of violations of green regulations. The spurt in scams and imprisonment of officials in connection with 2-G and other scams has made bureaucrats more cautious, resulting in slower decision-making. Finance Minister Pranab Mukherjee told a recent meeting of secretaries from the coal, power and environment ministries that delays had put a question mark on the fate of projects worth Rs 1,74,000 crore.

Since it is the services sector, and not manufacturing, which is largely driving up India’s growth, the impact of a downturn in industrial production is not as severe on the overall growth rate of the country. The RBI is now under increasing pressure to ease monetary policy and follow the examples of the central banks of China and Brazil, which had lately cut down cash reserves to increase money supply. All eyes will now be on inflation. Happily, food inflation has already started cooling off.
Environmental hazard: Goa's 750 mt dumps

Dumps trickle into the rivers and occasionally collapse, flooding homes and fields with muddy water

By Ruchita Singh
ruchita辄@gmailmint.com

MINT, Goa

Wednesday, 14th December 2011, Page: 9

The reddish hills dot large tracts of the Goa landscape—mounds of waste soil and other debris that have been left behind after iron ore was dug out from some 95 mines. Accumulating since the 1960s, the dumps, as they are known, are estimated at 750 million tonnes (mt) and consist of top soil, mud and iron ore.

With little having done to clean them up in 50 years, the dumps pose a serious environmental hazard, said central and state officials. The dumps trickle into the area’s rivers and occasionally collapse, flooding homes and fields with muddy water. The contaminant-ed water has then to be painstakingly mopped up from homes and fields, an expert said.

“We had advertised and acquired information from leaseholders on the dumps,” said a senior official in the mines department of Goa, not wanting to be named. “There are appropriately 750 mt of dumps. It is definitely an environmental hazard.”

Iron ore mining began in Goa in the 1950s. The debris has mostly been dumped outside the mines as there is shortage of space—mines are dug close to one another in the hilly terrain. Miners say there is lack of clarity on how long the dumps can be stored for and whether they can be sold under the existing law. Chief minister Digambar Kamat said in an interview that he is seeking legal opinion on the matter. Many mine owners have not taken adequate care of the dumps, which need to be stabilized scientifically—they should be fenced, covered with some top soil, irrigated and planted with vegetation to prevent erosion.

“There are specifications on the height and the slant the dumps can have. The material has to be put back into the pit when the life of the mine is over,” a state official said.

But not all mine owners have stationed dumps as per the norms in Goa.

“Dumps run over is a common problem in Goa. They flow into fertile farmlands as well as into streams and waterbodies,” said Ligia Noronha, director, resources and regulation and global security division at The Energy and Resources Institute (TERI). “Dumps are high and often steep. If dumps are not well built, a heavy downpour can cause problems to the water bodies or to villages which are often just below,” Noronha said.

In 2009, in Arpadal village, a dump belonging to Vedanta Resources PLC unit Sesa Goa Ltd, collapsed when a strong jet of water from the mine washed it away. Flooding village homes and fields with muddy water. “It happened at about 9pm, when people were still awake. Had it been a little later when they were sleeping, it could have been a big accident,” said Shyam Sunder Nark, a driver living in Arpadal village. A public interest litigation was filed and the matter is still being heard in the Bombay high court in Goa.

Wider mines

How did 750mt of dumps get created in a small state like Goa? A senior civil government official, who has played a role in drafting the new mining policy, said most of it was created in the last two years when China’s demand for low-grade iron ore from Goa was at its peak.

“Low-grade ore got created because miners went wider instead of going deeper as it is easier to go wider,” the official said, without wanting to be named.

Given the low grades of Goa’s iron ore reserves, and the fact that many of the mines are old, the only way miners could get sufficient iron ore out to satiate China’s demand was by mining more, and thus they created more dumps.

“Goa’s the stripping ratio is one to four. To win 1 tonne of ore, four to five tonnes of rejection has to be handled,” said S. Irudhi, executive director of the Goa Mineral Ore Exporters’ Association (GMOEA). “As per law, in order to preserve minerals, permission to refill the pit has to be obtained from Indian Bureau of Mines (IBM). Only recently, maybe six eight years back, such permission was given for partial re-filling.”

Sridhar said in the past such permission to refill was given by IBM only after all mineral in the mine was exhausted. But the central government official said many miners did not follow proper mine closure procedures not just in Goa, but all over India, which is also responsible for such huge volume of dumps in Goa.

“They should have bailed this out a long time ago or found a way of utilizing this lower grade ore through pelletization. But going for just the best pickings was the easiest, cheapest way to make profits,” Noronha said. “Dumping the ore that has no market is a cost-shifting strategy, since one is not charging them for the environmental risks posed to others.”

Money in mud

But what was earlier discerned by the miners suddenly turned precise when the dynamics of the international markets changed in 2009.

China, having consumed much of the higher grade iron ore fines, with iron content upwards of 55%, started seeking for the lower grades in 2009.

This led mine owners to excavate the old dumps and about 25 mt of the 750 mt was exported in 2009 and 2010, the Goa mines department official said.

China, which has the world’s largest steel industry, aims to produce 700 mt of steel not only for its own use, but to sell to the world to maintain its global dominance.

The ploddy iron ore fines from Goa suit its requirements very well as it is cheap and it blends with high-grade ore with iron content of 65% from Australia and Brazil in their blast furnaces.

In November 2009, iron ore fines with iron content of 50%, was priced at $65 (around Rs 3,396) a tonne with cost, freight and insurance. It went up to $90 in January 2010, said Helen Lin, senior analyst at Mineral Research Centre in Beijing.

Sridhar of GMOEA said the law does not specify how much dump can be created or for how long it can be stored.

Urgent attention

Earlier this year, the mines department in Goa ordered all mines not to touch their dumps till the issue of what to do with them was resolved.

But officials said there is no urgent attention.

“About 20-25% of those dumps can be used for back filling,” said the official in Goa’s mines department.

The official in the central government said it was prudent for the dumps to be sold off to China while there was still a market for it, and thereby eliminating the environmental risk.

“The dumps should be sold off as fast as possible as long as China has a demand for it,” the official said. “Otherwise nobody will buy it later.”

Next: How miners in Goa may have jumped the red signal.
‘Indian cos most bullish on hiring among 41 countries’

Samidha Sharma | TNN

Mumbai: This will stand out as a bright spot in an otherwise sluggish economic environment. As we usher in the New Year, despite all the gloom surrounding the global economy, employers are holding onto the India story with a strong intention of increasing hiring over the next three months compared to the last quarter.

Backed by the buoyancy in the services space, and a possible resurgence in the financial sector (see chart) Indian employers have emerged as the most optimistic, as far as hiring goes, among 41 countries surveyed by Manpower group India, Brazil and Taiwan emerged as the top three countries with the most positive hiring sentiment for next year, said the report released on Tuesday. The net employment outlook, stood at 41% for the January-March period next year, a 2% increase over the last quarter.

“The hiring is being led by the IT, banking and manufacturing sectors, especially multinationals and large national corporations, which are planning to hire aggressively in the first quarter of 2012,” said Sanjay Pandit, MD of ManpowerIndia. The services sector will lead the pack, followed by mining and construction as well as the education/public administration industry in creating jobs.

But some other recruitment firms, which have still to come out with their projections for next year said the macro-economic situation in India will have to improve for hiring to go on an upswing like it did in second half of 2010 and early 2011. “If the budget for next year, which is to be announced by the government in February, has a lot to offer to boost sentiments then an increase in hiring will be felt immediately. Otherwise we expect sentiments to remain the same, although, there is no indication of worsening of hiring intentions,” said E Balaji, MD & CEO, Ma Foi Randstad, a staffing firm.

Compared to the post-Lehman days in 2008, recruitment firms said companies are better prepared this time around. “The Indian economy was on a major upswing and employees expected a 90% hike every year, the financial crisis came as rude shock and companies did not know how to react back then,” Balaji added.
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कोयला कंपनियाँ

नई फिल्टर

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New mining bill draws flak

The new bill mandates mining companies in coal business to share 26% of profits with the displaced while those in other mining businesses will have to pay an equal amount as royalty to the government.

FPJ NEW DELHI BUREAU

A Mines and Minerals (Development and Regulation) Bill tabled in the Lok Sabha on Monday seeks to compel the mining companies to pay higher compensation to the people displaced by their projects and share a part of their fortunes with them.

However, the mining industry expressed fears that the new mining bill, which mandates coal miners to share 26% of profits and non-coal miners an amount equivalent to the royalty to project-affected people, will sound the death knell for the sector.

Mining Minister Dinsha Patel, who piloted the Bill, says the objective is to not allow mining projects to be scuttled by locals as has been happening with violent protests by displaced persons for inadequate compensation and loss of livelihood.

Projects of companies like Korean steelmaker POSCO and Germany’s ArcelorMittal have been facing land acquisition issues. The industry has been in arms against the Bill as it feels it doubles up the royalty, warning that few would venture to invest in the mining sector if the government drives up the costs to make any new projects un-economical.

"It will be a grand obituary for the mines and minerals sector of the country," miners' body Federation of Indian Mineral Industries (FIMI) Secretary General R K Sharma said.

"This will be a death knell for the Indian mining sector as it will put a lot of additional financial burden on mining companies," iron ore producer V M Salgaokar’s Chairman and managing Director Shivanan Salgaokar said.

The government, however, ignored their protests since it can not afford to become anti-people if it does not listen to the demand of the people, mostly tribals, who are hit by the mining projects. The Bill is basically for tribals and others living in forests who do not know how to earn the livelihood if they are ousted to allow the mines, the minister said.

FIMI estimates non-coal miners' bottomline may shrink by around Rs 10,000 crore as a fallout of 100 percent royalty sharing provision made in the Bill.

The rate of royalty differs from one mineral to other. For iron ore, which is the third highest mineral mined in the country after petroleum crude and coal, value-wise, 10% of sales value at the minehead is charged now as the royalty. The bill empowers the central government to intervene in the cases of illegal mining where the concerned state government fails to take action against illegal mining.

MINING Minister Dinsha Patel said, the Bill is for tribals and others living in forests who do not know how to earn the livelihood if they are ousted to allow the mines.
Rio Tinto wins fight against Ivanhoe ‘poison pill’

An arbitrator cleared the way for mining giant Rio Tinto to take over Ivanhoe Mines, saying the $16 billion Canadian group’s “poison pill” defence was not valid. Anglo-Australian Rio Tinto, which owns 49 per cent of Ivanhoe, has long been expected to bid for the company,coveting its majority stake in the massive Oyu Tolgoi copper and gold project in Mongolia.

The arbitrator ruled a “poison pill” takeover defence put up by Ivanhoe does not apply to Rio Tinto, leaving the Vancouver-based firm vulnerable to Rio’s advances. Investors said the ruling effectively leaves Rio Tinto in control of Ivanhoe and means Rio will not need to rush a bid for the company. It also spoils the chances of Ivanhoe’s founder, billionaire Robert Friedland, of being able to set up a bidding war for the company. “The game’s played out already,” said Tim Schroeders, a portfolio manager at Penagana Capital, which owns Rio shares. Few companies would have the capacity to fund or execute development of Oyu Tolgoi and those that could would unlikely want to enter a bidding war against Rio Tinto, he said.
Copper gains; but still near 2-week low

 Reuters
 London, Dec 13

Copper edged up on Tuesday as the dollar weakened, but prices still hovered around their lowest levels in nearly two weeks as investors remained sceptical of Europe's efforts to pull itself out of a debt crisis.

Three-month copper on the London Metal Exchange traded at $7,645 a tonne by 11:20 GMT, up 0.5 per cent from a close of $7,606 on Monday, when prices had fallen to a near two week low during the session at $7,565.50.

Copper has fallen around 21 per cent so far this year, ending a run of two straight annual gains, on worries about the demand outlook for industrial metals as the crisis in Europe threatens to crimp growth in the global economy.

Across other metals, aluminium rose to $2,029.50 from a close of $2,015 a tonne on Monday.

LME data showed 100,000 tonnes of aluminium flowed into warehouses in Detroit, with total aluminium stocks in LME-registered warehouses climbing to a fresh record high of 4,811,550 tonnes.

Zinc, used in galvanizing, climbed to $1,938 from a close of $1,932 a tonne, while tin was at $19,575 from $19,900.

Nickel eased to $18,405 from $18,450 while battery material lead was almost flat at $2,105, from Monday's close of $2,105.50.
PIB Piece Lambasts Goa Govt on Illegal Mining

PANAJI Constant efforts by the state government to play down the illegal mining scandal in Goa notwithstanding, a feature article, released by the Press Information Bureau on the occasion of the 50th anniversary of Goa's liberation from colonial Portuguese rule, lambasts the authorities for inaction against the menace. About 1,700-word article written by veteran freedom fighter Nagesh Karmali, president of the All Goa Freedom Fighters Association, warns that "nature is being exploited beyond limits in Goa".
Odisha Oppn Parties Demand CBI Probe into Illegal Mining

OUR BUREAU
BHUBANESWAR
Opposition parties in mineral-rich Odisha have demanded a CBI investigation into illegal mining in the state saying the Naveen Patnaik-led government has turned a blind eye to irregularities in the sector.

Presiding of the Bharatmata Janata Party’s state unit, Biju Patnaik, and Congress leader Niranjan Patnaik raised the demand at a public hearing convened by M.B. Shah, a retired judge of the Supreme Court, who is handing an inquiry commission into illegal mining of iron ore and manganese across several states.

Odisha contributes about 35% of the iron ore produced in the country. The state’s mining sector has been plagued with issues for the last few years, which have seen a huge increase in iron ore production partly driven by Chinese demand.

Of the 35 working mines in the state, the one at least 27 mines had expired, the Central Empowered Committee said in its report last year. Many of these leases developed without environmental and forest permits and beyond mining plans.

In the last one year, and particularly the last few months, the state government has suspended mining in several areas. It says only 27 mines are now operational in the state.

A government launched charge sheets to the state forest department for irregularities.

“The state government has not taken steps to control illegal mining,” Shah said in Bhubaneswar on Monday. He had visited several mines in the iron-ore-rich district of Keonjhar over the weekend. The mines covered were those of Tata Steel, Bokaro Mines, Birla group’s Kosi Mining, Infra Patnaik and Sarda Mines in Joda and Barbil.

In Keonjhar, Shah had asked miners to do more for local development. “Nobody at any point of time has prohibited legal mining. But when there are irregularities, when rules and acts are violated, appropriate steps will be taken,” the former judge of Supreme Court said, adding, “You are billionaires. You can rush to the high court, that is your recourse.”

The panel had taken particular note of widespread degradations, the poor conditions of roads and the indifference of miners to basic facilities in their areas of operation. “You are earning in crores, you have helicopters, so it is your duty to provide something for the people who contribute to your business,” Shah told the secretary of miners’ association. “When a person is affected slightly, he has to go all the way to Bhubaneswar. The government’s minimum wage of Rs 1,251 per month is not sufficient.”