OMC to seek for speedy hearing of Niyamgiri Hills case today

Promit Mukherjee

Orissa Mining Corporation (OMC), the mining body of the Orissa government, is planning to appeal in the Supreme Court on Monday for speedy hearing of its case it filed against the Ministry of Environment and Forests (MoEF) last week.

Almost six months after the MoEF directed OMC and the Vedanta Group to stop mining bauxite from the Niyamgiri Hills in the Kalahandi district, Lanjigarh, OMC filed an Interlocutory Application (IA) in the Supreme Court challenging MoEF’s decision on March 10.

Now, the company is planning to put the case on ‘mention’, which means that if accepted, the case will be considered on a priority and emergency basis.

“OMC, through its advocate K K Venugopal, will put up the case for mention in the Green Bench of the Supreme Court to be heard by Justice Sudarshan Reddy. It would then depend on the judge whether he wants to refer it to the Chief Justice of India or wants to hear it himself,” said an industry source, adding that if the plea is accepted then the case could come up for hearing as early as the next week itself.

In the application filed with the Supreme Court on Thursday, OMC had said that the company had to apply in the court since the MoEF has rejected the Stage-II forest clearance for the OMC bauxite mining project in the Niyamgiri Hills of Lanjigarh, thereby effectively neutralising the SC judgements dated November 22, 2007 and August 8, 2008.

In these judgements, the court had granted clearance for diversion of forest land of 650.749 hectares for mining bauxite.

“The most unfortunate aspect of the matter is that the considerations which formed the foundation of the decision of the MoEF are the very same considerations which were urged before the Honourable Court, and which were all taken into account by this Honourable Court while granting clearance to the project in question,” the application said.

The MoEF in August 2010 accepted the recommendations of the four-member Forest Advisory Committee headed by N C Saxena and stopped mining in Niyamgiri Hills and the expansion of Vedanta’s one million tonne alunina refinery in Lanjigarh, citing that mining would severely impact the ecology of the Niyamgiri Hills.

The mining contractor for the Niyamgiri project was a joint venture company with 76% stake of Sterlite Industries, a listed subsidiary of Vedanta Group, and the remaining with OMC. The bauxite to be mined was to be fed to Vedanta’s Lanjigarh refinery.
चीन की सोच एक दशक आगे

चीन ने देश से ही सही लेकिन कुछ सफल लिखा है जो वास्तव में नहीं है। इतिहास में समय का पूर्व उपरांत पूर्वी राज्यों में कोई संसाधन नहीं। साहसीतिक क्षेत्र को परंपरा के सेव और एंट्रीप्राइज़र में परमा और स्टील कंपनियों से सूचना भी वैश्विक श्रेणी में दौड़ रही थी, देश राज्यों और लैंडिंग अभियान में कोई संसाधन और अन्य जीत परस्परिक खिचाने की तलाश कर रही है। साहसीतिक क्षेत्र की एक नयी दिशा का सफर कर रही राजनीति है। इसलिए कंपनियों परस्परिक इंडियन लिमिटेड (सीईआईएल) पर इमारत के बावजूद उन्नयन नहीं कर पा रही है। इसके लिए कंपनियों में कोई अरुणा खनिजों की संपादनों का तहारा नहीं है। इस कोरोना को संसाधनों को कम होने वाले दायरे कंपनियों को बेहतर मानदंड तरीक़े पर उत्पादन करने के लिए दखल मिला है। यह कहानी प्रत्यय का बीतिक संसाधनों की तलाश करने वाला भारत ही आगे आ रही है। चीन भी इस खेल में शामिल है। चीन अपने इमारत सर्वेक्षण का इतना बड़ा, कोई और अन्य तुरंत मूल वैश्विक परस्परिक खिचाने की महत्वपूर्ण कर मार रहा है। इस अवसर में कहा गया है कि भारत ने बजे 2010 में अधिकार पर चीन से अधिक बना दिया। अब भारत चीन दोनों परस्परिक इंडियन लिमिटेड के संचार हैं कि चीन संसाधनों के मूलधार में अपने राज्यों। इसे लेकर चीन ने में परस्परिक उद्योग के विविध 'दीप' की रचना करने का सुझाव दिया। चीन ने वापस और निषेध के लिए अपने दोनों से जोड़े। चीन अपने दोनों रिसर्च का इतना बड़ा, अब भारत की राज्य अश्विनी की राज्य अपनी दोनों एंट्रील से जोड़े। चीन ने वापस निषेध के लिए लाए। भारत भी निषेध के लिए अश्विनी के महत्वपूर्ण कर मार रहा है। भारतीय अपने दोनों रिसर्च का इतना महत्वपूर्ण, अभी भी चीन की राज्य अपने दोनों के लिए अश्विनी की क्षमा के लिए रिजर्व रखने की है, जिसपर भारत के मूलधार में बढ़ती हो रही है। इसमें आवश्यक है कि संसाधनों की तलाश करने वाले भारत की राज्य अपने के शीर्ष पर दिख रहा है। चीन अपने शीर्ष पर की जानकारी की क्षमा के लिए अश्विनी की क्षमा के लिए रिजर्व करने की है, जिसपर भारत के मूलधार में बढ़ती हो रही है।
Mining to see shortage of skilled workers

By Ruchira Singh
ruchira.s@livemint.com

NEW DELHI

Indian mining has failed to attract fresh talent, which could lead to a shortage of 2,200 skilled professionals by 2025, a study by an industry lobby group has predicted.

"Given the thrust on exploration activities in the National Mineral Policy, 2008, demand for the geo-scientific personnel is expected to rise," the Confederation of Indian Industry (CII) said in a statement on Monday.

An iron ore miner and trader in Karnataka agreed.

"Mining is a neglected area for engineers," said K. Somasekhar, managing director of JlC Industries Ltd, which has mines in Bellary district.

Based on estimated demand and current supply from various educational institutes, a gap of around 1,500 and 2,200 skilled professionals is expected in 2009-2017 and 2009-2025, respectively, CII said.

India’s mining sector, expected to contribute 5% to gross domestic product in the next few years from around 3% now, produces 86 minerals including four fuels, 10 metallic, 46 non-metallic and three atomic minerals, CII said.

Mineral production, excluding oil and natural gas, increased to ₹86,780 crore in 2008-09 at a compounded annual growth rate of 12.7%, from ₹53,713 crore in 2004-05, it added.
Rio inches closer to Riversdale takeover

SYDNEY: Global miner Rio Tinto inches closer to gaining control of coal producer Riversdale Mining after a $3.9 billion sweetened bid rallied more shareholders to accept the offer but Riversdale's top shareholders Tata Steel and CSN still hold the key.

Rio, which has set a deadline of April 1 to gain majority control of Riversdale, said it had gained acceptances from 26.1% of shareholders as of March 11.
### PRICE CARD

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<th>As on Mar 14</th>
<th>International</th>
<th>Domestic</th>
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<td>Cotton</td>
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Conversion rates: 
1) 1 ounce = 31.032316 gm 
2) 1 US dollar = ₹65.67* 
* As on March 14, 1800 hrs IST

Note:
1) International metal prices are LME spot prices and domestic metal are Mumbai local spot prices except for steel.
2) International crude oil is Brent crude and domestic crude oil is Indian basket.
3) International natural gas is NYMEX near-month future & domestic natural gas is MCX near-month future.
4) International wheat, white sugar & coffee robusta are LIFFE future prices of nearest month contract.
5) International maize is MATIF near-month future, rubber is Tokyo-Tocom near-month future and palm oil is Malaysia FOB spot price.
6) Domestic wheat is ex-mill prices, cotton is NCDEX spot prices, rubber is NCDEX spot prices.
7) Domestic coffee & Kona robusta and sugar are MDD Mumbai local spot price.
8) International cotton is cotton no.2 NYBOT near-month future & domestic cotton is NCDEX spot prices.
9) International metals, Indian basket crude, Malaysia palm oil, wheat LIFFE and coffee Karnataka robusta persist to previous day's price.

Source: Bloomberg

Compiled by BS Research Bureau
‘India’s gold industry should look into the branded segment’

Currently on an India visit, DAVID LAMB, managing director—lifestyle and jewellery, World Gold Council, spoke to Rajesh Bhupani and Sharleen D’Souza on trends in designs and consumer preference.

Edited excerpts:

Q&A

DAVID LAMB
Managing Director, Lifestyle & Jewellery, World Gold Council

What are the key trends in jewellery designs in India and how are they different from global trends?

Some of the leading, most cutting-edge designs in India take inspiration from Indian culture and history and there is big difference in understanding the richness of gold against other luxury goods. For me, the most exciting designs are the ones which are complete modern reinterpretations of the traditional. For example, the Taj collection from Tanishq, that is a 21st century take on established imagery. It’s kind of a modern reworking of traditional designs. This is contrary to India’s hunger for Western ideas in other spheres of life.

And, emerging trends in global markets?

Traditionally, a lot of gold in India is bought in jewellery sets because the market here is dominated by the wedding occasions and by the rituals. In the West, we see a huge move towards individual pieces that have enormous impact, which are known as statement pieces. In particular, two categories—cuff and you will see one enormous bangle, that is, bracelets. You also see statement earrings, which are long and dramatic and have an enormous impact. It is also important to study the psychology behind the trend because we are dealing with gold prices which are at a peak. One logical response is to make things smaller and lighter. However, consumers in the West are looking for an individual piece that will make a statement and are bigger in size.

The preference in Western markets are also changing from low-carat gold jewellery to higher, that is, 18-carat gold.

What has been the impact of changing designs and rising gold prices on the watch industry?

Which companies thought that in 2009, the time of economic recession, they would have to make their watches smaller. But actually consumers want them to be bigger. Rolex’s day date is now super-sized and the bracelets are solid because people are looking at bigger pieces, where the sheer intrinsic value of gold makes a bigger statement. The interesting trend that is alive overseas is to move away from always being a matched set towards individual pieces that become an investment asset for a lifetime.

Has the lower end of demand for gold shifted to silver jewellery because of high prices?

There was a separation between the health of the Indian and Chinese market and the difficulties faced by the US market. The Indian manufacturers are in a better business and are in a better market.

In the US market, young consumers are shifting to silver and it has a very strong price story. It is very good for the jewellery market, as the jewellery consumer has options to explore. Initially, young consumers show an interest in silver but later these consumers upgrade to gold. At $1,500 an ounce, it is difficult to make pieces that a 20-year-old woman can buy on a regular basis. So, silver will be the way she gets educated into self-purchase of jewellery.

What do buyers prefer, branded jewellery or unbranded?

A branded one will be sold at a premium, which adds to cost, when prices are so high. I would encourage the Indian gold industry to look into the branded segment. It increases the sense of a lifestyle that goes with a purchase, because the Western market is driven by the intrinsic value of the raw material and improves the lifestyle. Brands play an important part for the world that goes with gold. The only thing that sets a challenge to brands is that jewellers are dealing with the most informed Indian consumers in the world.

So, according to you, high costs of gold are not a big challenge, except at the lower end.

In a survey we conducted on over 1,500 women in India, 79 per cent say they will buy gold jewellery in the next 12 months. Consumers are happy to buy when prices are growing, in a good change. The escalation in gold prices that has been seen over the last 10 years is a consumer strength, not a challenge. Only the numbers of consumers in China are a tad higher than that in India. In the US, retail margins are much higher than India. Here, making charges are too low, along with other costs.

How do you see demand for jewellery face a challenge compared to gold demand for investment in India?

Our research from last year suggests there is really no tension between the two because those who buy jewellery also understand the physical and literal worth.
Litmus test for the public prosecutor

Manoj Chaurasia

Patna, 14 March: Call it the fall-out of democracy: a man charged with committing a series of serious criminal offences like murder, attempt to murder, forgery, theft and assault is "fighting" for justice in court. Mr Anil Kumar Dev has been working in the capacity of an additional public prosecutor (special) in a Begusarai district court in Bihar for the past two years although his bio-data, according to available police records, reveals him to be nothing better than a professional criminal.

The startling revelation came to light after an RTI activist sought information under the Act recently. According to the information given by police, Mr Dev, also known as Anil Poddar, has as many as 30 criminal cases — a good number of them of very serious nature — pending against him for over two decades. He has been working as the APP (special) in the local district court since 2009.

As per records, cases started getting registered against him from 1985 onwards. His first "registered" offence was theft. In later years, cases against him multiplied with additional charges of murder, attempt to murder, forgery and cases under the mining Act joining his repertoire of offences. The APP, however, sought to play down the issue saying he had become a victim of a conspiracy hatched by his rivals. "It is the conspiracy of my adversaries. All these cases have been lodged out of enmity. I am innocent," Mr Dev contended.

Local legislator, Mr Praveen Amanullah, said she was not aware of the "revelation" yet.

However, she said that should it be true, she will obviously take up the matter with the concerned minister conceding to the fact that a person with such a plethora of criminal cases against him cannot work as an APP. Mrs Amanullah also happens to be the social welfare minister in the Nitish Kumar government.
MoEF to seek fresh application on Vedanta

AGE CORRESPONDENT

NEW DELHI

March 14: Is the ministry of environment and forests (MoEF) now seeking a rapprochement with the Vedanta group? Despite a stay on the proposed expansion of Vedanta’s alumina refinery at Lanjigarh in Orissa’s Kalahandi district, the Centre has now sought a fresh application for the purpose from the state.

This was stated by Orissa’s revenue minister S.N. Patro in the Orissa state Assembly while replying to a written question. Mr Patro was speaking on behalf of chief minister Naveen Patnaik who holds the forest and environment portfolio.

“Ministry of environment and forest (MoEF) in a letter on January 11 directed authorities of Vedanta project to make fresh application for expansion plan,” he said.
कश्मीरी नीलम के खनन के लिए वैश्लिक स्तर पर निविदाएं आमंत्रित 67

जम्मू, 14 मार्च (भारत)। अपने अनुदान मोर्चाओं नीले रंग के लिए दुनिया भर में मशहूर कश्मीरी नीलम को आपूर्ति दाने वाले समय में बढ़ने की उम्मीद की जा सकती है। जम्मू कश्मीर सरकार ने पहाड़ी पार्वतीय क्षेत्र के खनन का ईमानदार देने के लिए वैश्लिक निविदा जारी की है। यह क्षेत्र शिकारी जिले में है।

प्रेसिडेंट के उद्योग व वास्तविक जरूरत सिद्ध सत्यशिला ने कहा कि सरकार ने फिर जिले को पहाड़ी पार्वतीय क्षेत्र के उम्मीद देने के लिए वैश्लिक निविदा का संगठन अपनाया है। ऐसा दर्शन उठाया गया है कि पूरी प्रक्रिया प्रतिस्पर्धामय और पर्यावरणीय संगठन है। उन्होंने बताया कि अब तक एक वैश्लिक कंपनी ने निविदा मिल चुकी है। इसे अभी बोलना नहीं गया है।

कुछ अद्वितीय फैल देने की अभियान भी है। उन्होंने उभय जातियों को कहा कि खनन के कश्मीरी नीलम फिर बाजार में होगा।

न.सार और एम.जी.एम.के. लिस्टर्ड की ओर से जारी हुए निविदा में प्रमुख उपक्रम के माध्यम से खनन के लिए, इस्तेमाल निवेशकों से बोलियां आमंत्रित की गई है। कंपनी के खास उपक्रम यह प्रादर्श वाला 6.65 पारंपरिक क्षेत्र में खनन का प्रदर्शन है। यह खेत्र समय तक से 4327 मीटर की ऊंचाई पर है। वहां पहली बार 1885 में खुदाई दुर्घटना हुई थी। विशेषज्ञों के अनुसार वहां के शुद्ध नीलम को कोस्मेट एक लाख डॉलर प्रति केग्ल से अधिक मिल जाती है। यह अपने अंग में सबसे महंगे पत्थरों में फिना जाता है।
Mine and theirs
Sharing mining profits is a tougher task than the new mines bill imagines

The draft bill from the mines ministry that is meant to begin the overhaul of India's outdated and archaic mining regulations — the Mines and Minerals (Development & Regulation) Bill, 2010 — had already been generally agreed to by the group of ministers scrutinising the legislation. Yet the deputy chairman of the Planning Commission, Montek Singh Ahluwalia, has made a telling point or two about a particular provision in the bill: to ensure that 26 per cent of the net profits from mining should be "shared" with local populations. The exact mechanism of this provision is still a little hazy. But Ahluwalia is concerned, reportedly, about the more macro implications. He feels that, "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."

Even so, the argument for ensuring that mining industries are seen to be empowering local communities is strong. However, it's questionable whether this is a sensible way of going about it. How would this work administratively, anyway? How will the money be distributed? Is it not likely that it will become just another way for companies to plough "social responsibility" funds into the favoured, cash-bleeding projects of those connected to the company's management or owners? The problems with the implementation of this particular rule do not stop there, either. If the levy is 26 per cent of net profit, will not mining companies be able to fiddle their balance sheets in such a way that they get away with showing minimal net profit for the actual extractive business? That would not cause a reasonably competent accountant to break out in even a slight sweat.

This is a provision that needs to be thought through better. Areas that surround mining sites are some of the least developed, in terms of social indicators, in India. But the responsibility for increasing social indicators there cannot be shrugged off by government. And particularly not to individual companies. Governments are, in the end, accountable to people; mining companies are not — and thus who knows what sort of job they'll do? The equitable sharing of supernormal mining profits is something we need to get done. One efficient way to do this would be at the stage at which mining rights are auctioned; we would also need a market-based system that automatically detects windfall profits, too. The bill's current mechanism does not seem to do the job.
Copper fluctuates on Japanese offtake concern

Bloomberg
March 14
Copper fluctuated in London amid concern that Japanese consumption of industrial metals may slow after last week’s earthquake and tsunami.

Copper for three-month delivery slipped $11, or 0.1 per cent, to $9,179 a tonne at 12:04 p.m. on the London Metal Exchange. The metal for May delivery dropped 0.8 per cent to $4,174 a pound on the COMEX in New York.

Aluminium for three-month delivery on the LME fell to $2,537 a tonne and nickel dropped to $25,701 a tonne. Tin rose 0.8 to $29,650 a tonne, zinc added to $2,295 a tonne and lead gained to $2,476 a tonne.
Libyan unrest propels gold

Bloomberg

March 14

Gold gained for a second day in London as Japan's strongest earthquake on record and violence in Libya boosted demand for an alternative investment.

Immediate-delivery bullion rose $11.05, or 0.8 per cent, to $1,438.50 an ounce at 12:20 p.m. in London. Gold for April delivery was 0.5 per cent higher at $1,428.40 an ounce on the COMEX in New York. Bullion rose to $1,434.50 an ounce in the morning fixing in London.

Silver for immediate delivery gained 0.3 per cent to $36.0275 an ounce. It climbed to $36.7525 on March 7, the highest level since February 1980. That year the metal reached a record $50.35 in New York.

Palladium was down 0.3 per cent at $758 an ounce, after dropping to $744 on March 11, the lowest level since Jan. 7.

Platinum slipped as much as 2.3 per cent to $1,740.50 an ounce, the lowest price since Jan. 11, and was last at $1,766.25.

Bullion rates

Mumbai: Silver spot (.999 fineness): Rs 44,790; standard gold (99.5 Purity): Rs 20,930; Pure gold (99.9 purity): Rs 21,030.
After 2G, it could be coal

ANIL SASTRY

About 40,000 MW of private power capacity is coming up on coal linkages given for almost nothing. Now, the government may move to auctioning coal resources.

There's no such thing as a free lunch, goes the popular adage. The Government's policy of dishting out scarce natural resources, however, proves the contrary—that free lunches are absolutely there for the taking for those who know how to work their way up the system.

After the spectrum allocation scan, which has reignited the debate on handing out resources gratis, any sector, coal could be the first key sector where the Government may be forced to initiate steps to put its house in order. But not before the damage has been done.

An estimated 40,000 MW of private power capacity is coming up over the next six years on coal linkages and blocks handed out to them for absolutely zilch by the Government, based almost entirely on a discretionary, point-based screening system.

What's ironic is that despite getting fuel linkages for free, nearly all of these projects will be selling the electricity generated thereto the market at commercial rates, thereby ensuring that the end-consumers do not get to gain in terms of cheaper tariffs on account of the Government's largesse in terms of free coal.

These include developers with not a single megawatt of capacity on the ground, but clearly the wherewithal to get the Government to hand over coal resources to each of them. At the same time, state-owned NTPC Ltd, the country's largest power generator that sells electricity under regulated tariffs to consumers, is faced with a massive scarcity of coal and is forced to import the commodity at much higher costs to tide over shortages.

With fuel costs being a pass-through component while fixing of tariffs, consumers across the country will be footing the bill on NTPC's fuel imports.

State Electricity Board projects, which are also on a regulated tariff structure, are also forced to rely on imports to tide over coal shortages. This is likely to be the trend, given the serious coal resource crunch in the country.

MILKING THE SYSTEM

Policymakers appear to have woken up to the fact that the dishing out of coal linkages and blocks to all kind of private players under a discretionary system is depleting the Exchequer. This is clearly evident from the course correction that the Government seems to be attempting.

The proposed Mines and Minerals (Development and Regulation) Ordinance is expected to provide for the allocation of coal blocks through auction to private companies, replacing the allocation by the Government screening panel. Moving the Bill in the Rajya Sabha on August 13 last year, then Mines Minister, Mr. B.K. Handique, had conceded that the prevailing system of allocating coal blocks through the screening committee route was "vulnerable to criticism on the ground of lack of transparency and objectivity".

But, in the interim, coal resources for these linkages and blocks have already been allocated to private projects that are to come up well into the current decade, essentially implying that those who could walk into the system for the foreseeable future as possible have already done so.

The obvious question then is that why was this largesse allowed for so long? This, especially, when India is staring at a massive shortfall of coal that is expected to surge from the current 83 million tonnes to 142 million tonnes by the end of the next fiscal (2011-12).

The system of allocating a coal linkage free of cost had originally evolved for public sector projects for supplying power to distribution utilities on a regulated tariff. Later, this was extended to private developers selected on the basis of lowest quoted tariff in competitive bidding, such as the Sasan Ultra Mega Power Project, wherein cheap availability of fuel resources is reflected in the electricity tariff.

In the case of a merchant power plant, which sells electricity at market-determined rates with the object of making profit, the additional profit due to cheaper coal would naturally accrue to the project developer and the consumer is unlikely to be benefited.

However, the Ministry of Power guidelines for allocation of coal blocks/linkages, states that it is "desirable" to develop untied generating capacities to cater to the need of the short-term electricity market, and hence the diversion of coal to these projects.

LEVEL PLAYING FIELD

It is clearly evident that even among the private players that have access to resources, possibly the deserving ones in terms of proven project execution credentials have been left out. This is established by the fact that the demand to have auctions for award of coal resources is coming from private players themselves. Major Private Developers, including Tata Power, Reliance Power, Essar, Jindal Power, GMR, GVK, and Adani Power, have jointly stepped up the pressure on the Government to shift to an auction process to award new coal blocks and linkages in order to enhance "level playing field" to all participants.

These players, under the aegis of an industry body called Association of Power Producers, estimate that the 50 plus coal blocks holding resources of around 15 billion tonnes that are in line to be given out to prospective project developers, can fetch up to Rs 30,000 crore in terms of direct auction money for the Government from the bidding process (using a conservative assumption that the winning bidder offers Rs 20 per tonne).

The demand by private project developers on the need to shift to the auctioning route comes in the wake of a significant spurt in the share of private players in overall project commissioning this Plan period. Likening coal to telecom spectrum and other scarce resources, the APP, which represents an upcoming generation of project owners of around 12,000 MW, has proposed a segmented (sector specific auctions for the power and cement sectors) auction process for better price discovery.

When you calculate the national loss to the exchequer for the 40,000 MW of capacity that has been guaranteed linkages and blocks (translates into around seven billion tonnes of coal), the hit comes to around Rs 15,000 crore, using the most conservative estimate (bid amount of Rs 20 per tonne).

LOSS TO EXCHEQUER

In reality, this amount could well be five times the above estimate, if bidders were to get aggressive, which they are bound to in light of the prevailing shortages.

If at all the Government wants to play Santa Claus and distribute blocks and linkages, those deserving the largesse are clearly utilities such as NTPC and state-sector generating units, in which case the availability of cheaper coal resources is likely to be passed on to the consumers at large.

Besides, projects where developers are selected through tariff based competitive bidding (specifically those coming up through the Case II bidding route), can also get free coal. The others, quite simply put, need to slug it out in the market to get hold of the country's coal resources, the same route that they would ultimately be using to sell the electricity generated from their projects.
YELLOW METAL REACHED A RECORD $1,444.95 AN OUNCE ON MAR 7

Gold prices may hit record high as Japanese quake fuels risk aversion

Mar 14: Gold gained for a second day in London as Japan’s strongest earthquake on record and violence in Libya boosted demand for an alternative investment.

European and Asian equities fell as officials said the death toll from the earthquake and tsunami may top 10,000, and as workers battled to prevent a nuclear meltdown at a plant north of Tokyo. Gold reached a record $1,444.95 an ounce on March 7 as the civil war in Libya escalated. Muammar Qaddafi’s forces pushed toward the rebel-held oil port of Brega as Western nations grappled with measures that would halt the Libyan leader’s advance.

“Gold has profited on safe-haven buying on the back of the unfortunate story” in Japan, said Ashwin Nahavadi, a senior vice president at bullion refiner MKS Finance SA in Geneva. “The West Asia and North Africa situation is not over. Still there are a lot of problems.”

Immediate-delivery bullion rose $4.15, or 0.4%, to $1,423.80 an ounce at 10:17 a.m. in London. Gold for April delivery was 0.1% higher at $1,423.60 an ounce on the Comex in New York.

The Bank of Japan poured a record 15 trillion yen ($183 billion) into the world’s third-biggest economy today as the earthquake triggered a plunge in stocks and surge in credit risk. The central bank also doubled the size of its asset-purchase program to help shield the economy from the effects of the quake.

“With the recent and ongoing political events in the Middle East and Africa, combined with the devastation in Japan, I believe gold will remain at the forefront of most sensible investors’ minds,” said Gavin Wendt, an analyst at MineLife Pty Ltd. “Gold will hit further record highs this week.”

The civil war in Libya is the dead-end conflict to emerge from popular protests across the Middle East inspired by the overthrow of longtime leaders in Tunisia and Egypt. US Secretary of State Hillary Clinton visits Egypt and Tunisia this week to show support for their democracy movements, while President Barack Obama’s administration considers how much to help the insurgency against Qaddafi.

Silver for immediate delivery declined 0.4% to $35.7775 an ounce. It climbed to $36.7325 on March 7, the highest level since February 1980. That year the metal reached a record $50.35 in New York. Palladium was down 0.6% at $755.25 an ounce. 

Bloomberg
Share Royalties
To ensure that people affected by mining projects get a fair deal

It has long been a scandal that people displaced by mining projects have ended up landless and in penury while mining companies have made huge profits. The new proposed legislation proposes a new levy — equal to the existing state royalty or 26% of net profit, whichever is higher — to a district mineral foundation. This will have representatives of the oustees plus the district magistrate. It will ensure monthly payments to each oustees family at the NREGA rate, with the rest being used for local development projects. This is certainly a good way to ensure that sums go directly to beneficiaries, and not simply to state governments who may fritter away the money elsewhere. However, while we support a sum equal to the royalty, we oppose the alternative of a 26% share of profits. Planning Commission deputy chairman Montek Singh Ahluwalia has opposed profit-sharing as unheard of internationally, which will discourage investments. It could also raise similar demands for profit-sharing in other sectors.

A far stronger objection is that mining operations can be conducted through a number of interlocking subsidiaries, so that the actual mining operation can always be shown as losing money, while the profits are siphoned off by other subsidiaries in the chain. Crooked companies will gain hugely at the expense of both oustees and honest companies. Besides, much mining is captive to power or steel plants, and it is difficult to lay down what share of profits (or losses) of an integrated company is due to mining alone. The government would like to believe that giving oustees a share of profits will keep them involved on a continuing basis, and get them engaged in company management instead of simply being a cash recipient. This is sham idealism. Even the savviest stock market investors in India do not try to manage companies they hold shares in. If dissatisfied, they simply sell shares. To expect tribals to take an active part in the management of a mining company is wishful thinking. The new law should simply specify that the district mineral foundations will get a sum equal to the state royalty. That is the simplest, cleanest way to make oustees stakeholders.