

Centre seeks ore export info from Goa

Ajith Athrady

NEW DELHI: In a move that could expose the unholy nexus between mining companies and exporters, the Union Ministry of Mines has asked Goa government to submit details of iron ore exported from Karnataka through Goa ports in the last five years.

The move came in the wake of allegations that a large quantity of iron ore extracted in Karnataka was exported illegally from various ports in Goa.

The Goa government will have to submit the details of the exports from 2005, when the demand in the Chinese market boosted iron ore exports, till 2011, when the mining scam came to the light, sources in the Ministry told Deccan Herald.

The ministry also asked the state officials to produce data on the quantum of Karnataka ore allegedly used for blending with local low-grade ore during the last five years.

The ministry, which had taken up the matter seriously, also

decided to ask the Railways Ministry to give details of the ore brought by wagon from Karnataka to Goa.

"The Indian Bureau of mines (IBM) will record the data," the officials added.

They will also compare the figure submitted by the Karnataka government on trans-

portation of ore from its mines.

As a number of Goa-based mining companies and exporters have stake in mining activities in Karnataka there was an allegation that many have been indulged in illegal shipment of ore.

It is learnt that some big business houses used to get

high grade ore from Karnataka mines in the guise of a blend with low-grade ore mined in Goa and exported it to foreign countries illegally.

Former Lokayukta Justice Santosh Hegde, in his report on illegal mining in Karnataka, also mentioned that 45 lakh tonne of high grade ore was exported through Goa's Mormugao Port Trust (MPT).

The report pointed out that the ore was brought from Karnataka in the pretext of blending it with local low-grade ore, which is non-consumable by the steel industry, and in fact exported through the port though Karnataka had banned exports.

The report also questioned the export of high grade ore, with as much as 64 per cent Fe content, from the Goa port when the state does not have such kind of ore.

The ministry also announced to take a fresh survey in Goa to access the quantum of loss to exchequer due to illegal mining and export.

DH News Service

CBI searches NMDC office in Bellary

The Central Bureau of Investigation on Friday conducted searches at National Mineral Development Corporation office in Bellary and examined documents over alleged illegal mining carried out by the Deccan Mining Syndicate in NMDCs area, the police said. The search was conducted after the investigative agency filed a case on October 4 against DMS for allegedly encroaching mining areas belonging to NMDC.

PTI

Indian-origin iron ore prices fall 12% in China

MAHESH KULKARNI
Bangalore, 14 October

THE global financial turmoil and reduced demand for steel products in Europe has adversely affected the prospects of Indian iron ore exporters to China. Despite shortage in supply of iron ore from Karnataka and Orissa, prices of Indian-origin iron ore in Chinese markets have dropped to \$168 a tonne, as against \$191 a tonne about 15 days ago, declining 12 per cent.

"Both Chinese steelmakers and traders expect the market to further drop due to the global financial turmoil and reduced

demand. After the week-long national holiday in China, prices fell \$6 on a single day and finally settled at around \$168 a tonne, compared to \$178 a tonne a week ago. The major reason is the global sell off in bullion and the overall negative sentiments for commodities across the board," said Praveen Kumar, chairman, Maya Iron Ores, a commodity broking company.

He said prices have fallen sharply in the last one week in China and the high grade iron ore fines (63 iron content and above) are now ruling at \$168 a tonne and the low grade (53-54 iron grade) are trading at

\$98 a tonne. The prices are likely to hover around \$150-160 a tonne in the next couple of months provided the global financial markets stabilise.

"The sentiment among Chinese buyers is very low at this moment. Despite buying a record quantity of 60 million tonnes (mt) in September, the Chinese buyers are lying low for now," Kumar said. He added that the government action in Karnataka and Orissa resulted in the rise in prices. But, they are now falling due to global sentiment, he said.

Iron ore stockpile in china posted a decrease after sever-

al weeks and stood at 93 mt approximately. Indian stockpile continued its decline with current stock level of around 12 mt across the major ports.

Due to the lack of material availability and reduced price advantage, Chinese mills have ventured to other countries like South Africa and Chile for iron ore procurement. "Indian iron ore currently has a Chinese market share of 27 per cent, which if the Indian government does not take swift measures to normalise the export segment, can considerably reduce in the following years," Kumar added.

Meanwhile, the Federation

of Indian Mineral Industries (Fimi) expects export of iron ore from India to come down this financial year to around 70 million tonnes, against 97.6 mt exported last financial year, declining 28 per cent. The drop is mainly due to shortage in supply from states such as Goa, Karnataka, Orissa and Jharkhand. In 2010-11, India's iron ore exports stood at 97.5 mt.

"The ban on export of iron ore in Karnataka and shortfall in Goa along with problems in eastern states have compounded the problems for iron ore exporters. We don't see any hope for the sector in the

next few months," R K Sarma, secretary general, Fimi told *Business Standard*.

For the first four months of the current financial year, iron ore exports from India have dropped 22 per cent to 25.29 mt, as against 32.36 mt. "Karnataka largely exports low-grade iron ore to China and for the past one year there have been no exports because of the ban by the Karnataka government. Until the matter is resolved in the Supreme Court in favour of exporters, we cannot hope for resumption of exports from Karnataka," said D V Pichamuthu, director, south, Fimi.

PRICE CARD

As on Oct 14	International	Domestic
METALS (\$/tonne)		
Aluminium	2,178.00	2,611.18
Copper	7,328.00	9,281.93
Nickel	18,475.00	22,745.82
Lead	1,996.00	2,345.98
Tin	22,500.00	26,825.79
Zinc	1,890.00	2,468.38
Steel-HRC	685.00	897.53
Gold (\$/ounce)	1,679.23*	1,690.94
Silver (\$/ounce)	32.35*	33.93
ENERGY		
Crude Oil (\$/bbl)	113.91*	106.92
Natural Gas (\$/mmBtu)	3.58*	3.51
AGRI COMMODITIES (\$/tonne)		
Wheat	233.03	224.32
Maize	257.22*	202.57
Sugar	699.00*	603.02
Palm oil	970.00	1,102.92
Rubber	4,020.23*	4,373.22
Coffee Robusta	1,999.00*	2,116.32
Cotton	2,255.55	2,288.83

Conversion rates: 1) 1 ounce = 31.1032316 gm
2) 1 US dollar = ₹49.02 *As on Oct 14, 1800 hrs IST

Notes: 1) International metal 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 near-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 & maize are NCDEX future prices of near-month contract, palm oil & rubber are NCDEX spot prices.
7) Domestic coffee is Kamataka robusta and sugar is M30 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 Kamataka robusta pertains to previous days price.

Source: Bloomberg Compiled by BS Research Bureau

Goa CM says govt will support sustainable and legal mining

PANAJI: Amid fears that a ban on mining will result in large number of people losing their livelihood, Goa chief minister Digambar Kamat on Friday said his government would support only sustainable and legal extraction in the state. Kamat told PTI that fears expressed by people about collapse of the economy are genuine only to a certain extent.

Donation as per legal provisions: Sesa Goa

Panaji: Mining firm **Sesa Goa Ltd**, a subsidiary of **Vedanta Resources Plc**, on Friday said it has given donations to political parties in Goa as per legal provisions and no motives should be attributed to it.

Reacting to a report telecast by a national news channel which talked about the mining firm giving donations to political parties, it said in a statement, "Like many other corporate houses in India, Sesa Goa has indeed made donations to political parties, but strictly in accordance with due process prescribed under law, including the Companies Act and the Income Tax Act." **PTI**

CBI conducts search at NMDC office

BELLARY, 14 OCT: The CBI today conducted searches at the office of National Mineral Development Corporation here and examined certain documents over alleged illegal mining carried out by Deccan Mining Syndicate in NMDC areas, police said. The searches by the eight-member CBI team come after the investigative agency filed a case on 4 October against DMS for allegedly encroaching mining areas belonging to NMDC. pti

CIL output falls

NEW DELHI, 14 OCT: State-run Coal India today blamed adverse weather for its inability to meet production target in the first half of 2011-12 financial year, with output falling short of the mark by about 20 million tons. The company could produce only about 176 MT of coal in the April-September 2011 period, as against the target of 196 MT, due to heavy rains in mining areas. **pti**

Telangana row may hit mine safety: Singareni Collieries

■ Closing of mines for a long time can lead to self-heating of coal inside

BV Mahalakshmi

Hyderabad, Oct 14: With no sign of the Telangana agitation coming to an end, Singareni Collieries Company (SCCL) has started fearing about safety in its underground (UG) mines. About 65,000-odd miners are supporting the Telangana agitation seeking a separate statehood. SCCL feels that idling of mines is a dangerous issue and may pose threats to miners in future. SCCL has 50 mining projects, which include 14 open cast mines and 36 underground ones.

Speaking to *FE*, S Narsing Rao, CMD, SCCL, said it was dangerous to keep underground mines closed for a long time. "There can be a serious impact due to accumulation of poisonous gases including inert gases such as carbon monoxide inside the mines," he said adding that if stopped, it could lead to self-heating of coal inside. "We have already identified few sections in two UG mines, due to sponta-



neous heating," he said.

"A closure of mines for a week itself is a threat, but now the mines have been closed since 31 days. Since talks with the striking employees have not yielded any results thus far, miners' safety have become a prime concern," he said. Besides, the roof behaviour has to be understood and the technical team is trying to work out a solution. To recall, in the late 80s, an UG was completely abandoned because of a similar issue.

Mining activities of SCCL are presently spread over four districts of Andhra Pradesh including Adilabad, Karimnagar,

Khammam and Warangal. SCCL is a pioneer in mechanisation of the coal mining process.

Rao said that there has been continuous discussions with the striking workers for resuming work. SCCL has lost close to 3 mt of the targeted 53 mt for this fiscal. During the first half, the total production from SCCL has been 21.64 mt as against a target of 24.56 mt. SCCL's primary customers include NTPC and APGENCO and has suspended coal supply to its other secondary customers.

Another issue which the PSU is facing is the pending wage revision for its employees, due from the month of July. Its current wage bill is worth ₹2,650 crore and the revision takes place every five years. On an average, wage revision is to the tune of 24%, he said. In lieu of this, SCCL may increase the coal prices as it has reported a loss of over ₹600 crore. A decision on the hike may come only after the present row is solved, Rao added.

JSW Steel pins hopes on e-auctions for iron ore

Set to increase production at its plant in Bellary district

M. Ahiraj

Toranagal (Bellary Dt), Oct. 14
JSW Steel Ltd, the largest steel producer in the country, which apprehended a bleak future owing to non-availability of iron ore a fortnight ago, now sees a change in the situation.

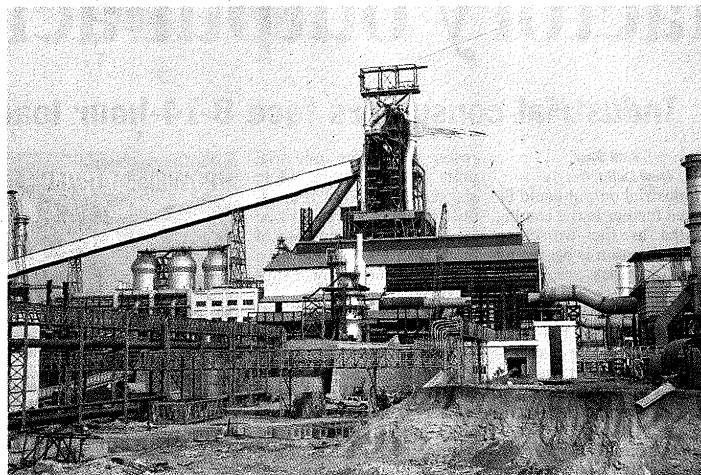
With the supply of iron ore improving, JSW is optimistic of increasing its production to 90 per cent of the installed capacity by the end of October.

ORE AVAILABILITY

Dr Vinod Nowal, Chief Executive Officer JSW, told *Business Line*, "We are hopeful that our ore requirement will be improved after October 18 when we expect a daily supply of around 20,000 tonnes of iron ore from Bellary and Chitradurga districts that has been allotted through e-auction.

"In addition, we would be getting around two rakes (one rake contains around 3,500 tonnes of ore) from Orissa and Chattisgarh. We are also confident that the quantity of ore would go up gradually after every e-auction, assuring around 40,000 tonnes per day.

"With this optimism we are confident of increasing the production to 90 percent of the installed capacity by the end of this month (October)."



The JSW plant in Toranagal in Bellary district.

THE PLANT

JSW Steel, which set up its integrated steel plant at Toranagal in Sandur taluk of Bellary district in 1994 with an installed capacity of 1.6 million tonnes a year, has now emerged as the largest steel producer in the country with an annual production of 10 million tonnes.

So far, JSW has invested around Rs 34,000 crore in the plant. Compared with the daily requirement of around 60,000 tonnes of iron ore, it

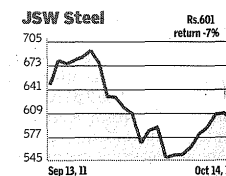
had become very difficult for JSW to procure on an average 5,000 tonnes per day following the ban on mining activities. In turn, the production of steel, which was around 27,000 tonnes per day in July, had slumped to 7,000 tonnes since last week of September.

Mr Sajjan Jindal, Managing Director of JSW, had apprehended that the unit will have to be closed down if the situation (non-availability of ore) continued for some more time.

Meanwhile, according to the directions of the Supreme Court, steps were taken by the authorities to supply the ore, which was stocked in Bellary, Chitradurga and Tumkur districts, through e-auction, which helped to ease the situation.

RESUMING MINING

Dr. Nowal hoped that the Supreme Court-appointed team, carrying out the Environment Impact Assessment in the mining areas and also



suggest measures for reclamation and rehabilitation, would submit its report early, so that the Supreme Court would permit resuming of mining activities in some of the mines that were not found to be indulged in illegal mining.

Dr Nowal, who is also the President of the Karnataka Iron and Steel Manufacturers' Association (KISMA), has appealed to the State Government to permit loading and transportation of iron ore round-the-clock to ensure unhindered supply of the basic raw material.

LOADING RULES

"Presently, loading of ore is not permitted after 6 p.m. The State Government, while taking all precautionary measures and stepping up its vigil to check illegal transportation of ore, could relax the rules so that the supply of ore to the industries could be ensured on one hand and would also benefit the transporters to earn more and repay their loans," he said.

Optimism over Chinese inflation boosts copper

Reuters

London, Oct. 14

Copper rose on Friday, driven by positive sentiment on China's latest inflation data and cautious optimism European leaders are closer to agreeing a plan on the euro zone debt crisis.

Three-month copper on the London Metal Exchange traded at \$7,520 a tonne in LME rings from Thursday's close of \$7,310.

China's consumer inflation dipped to 6.1 percent in September, sparing policymakers a jump in price pressures while they fret about slower growth, although stubborn food price rises showed Beijing's fight against inflation is not over.

Copper inventories in warehouses monitored by the Shanghai Futures Exchange rose 1.8 per cent from Sept. 30, the exchange said on Friday.

Aluminium stocks rose 51.4 per cent.

Three-month aluminium traded at \$2,201 in LME rings from a close of \$2,207 a tonne on Thursday.

Zinc traded at \$1,926 from \$1,923.5 a tonne while battery material lead was untraded in rings but bid at \$2,027.5 from \$2,036 a tonne.

Tin was untraded in LME rings but bid at \$22,075 from \$21,950 a tonne and nickel was also untraded in rings but bid at \$18,750 from \$18,455 a tonne.

मौसम की वजह से गिरा उत्पादन: कोल इंडिया

नई दिल्ली, 14 अक्टूबर (भाषा)। सरकारी कंपनी कोल इंडिया (सीआईएल) ने चालू वित्त वर्ष की पहली छमाही में उत्पादन लक्ष्य हासिल न कर पाने के लिए खराब मौसम को जिम्मेदार ठहराया है। साल की पहली छमाही में कंपनी ने लक्ष्य से दो करोड़ टन कम कोयले का उत्पादन किया।

कंपनी ने खनन क्षेत्र में भारी बारिश के कारण 2011 की पहली छमाही अप्रैल से सितंबर के दौरान सिर्फ 17.6 करोड़ टन कोयले का उत्पादन किया जबकि इस अवधि के लिए 19.6 करोड़ टन कोयला उत्पादन का लक्ष्य था। सीआईएल के अध्यक्ष एनसी झा ने कहा कि अगस्त से सितंबर के दौरान बारिश के कारण कंपनी उत्पादन लक्ष्य प्राप्त नहीं कर सकी। उन्होंने भरोसा जताया कि कंपनी अपनी परियोजनाओं के लिए पर्यावरण मंजूरी मिलने में हो रही देरी जैसी विपरीत परिस्थितियों के बावजूद पूरे वित्त वर्ष के लिए तय

45.2 करोड़ टन कोयला उत्पादन लक्ष्य पूरा कर लेगी। इससे पहले सीआईएल ने चालू वित्त वर्ष की पहली तिमाही के दौरान 9.87 करोड़ टन का लक्ष्य प्राप्त न कर पाने के लिए पूर्वी क्षेत्रों में बारिश और प्रतिकूल मौसम को जिम्मेदार ठहराया था। कंपनी ने अप्रैल से जून के दौरान लक्ष्य से 24 लाख टन कम कोयले का उत्पादन किया था।

योजना आयोग ने कोयला मंत्रालय से कहा है कि एक कार्ययोजना तैयार करे ताकि चालू वित्त वर्ष में उसका उत्पादन लक्ष्य पूरा हो सके। आयोग ने मंत्रालय को लिखे पत्र में कहा था, 'कोल इंडिया की वृद्धि में कमी (उत्पादन के लिहाज से) गंभीर चिंता का विषय है। आग्रह किया जाता है कि मंत्रालय स्तर पर जल्दी समीक्षा की जानी चाहिए और साल के शेष समय में कुल उत्पादन लक्ष्य प्राप्त करने के लिए एक कार्ययोजना तैयार की जा सकती है।' देश के कुल कोयला उत्पादन में सीआईएल की 80 फीसद हिस्सेदारी है।

Go after mining firms' owners: SC

EXPRESS NEWS SERVICE

NEW DELHI, OCTOBER 14

THE Supreme Court on Friday asked the CBI to go after owners of the companies involved in illegal mining in Karnataka and Andhra Pradesh, and said it did not want any "clerks" listed as accused.

"Are you proceeding against those who are in

charge of the companies? We do not want any clerks to be punished at end," the Green Bench led by Chief Justice of India S H Kapadia said.

The observation came when the CBI submitted a status report on its ongoing inquiry into "linkage" between mining activities in Karnataka's Bellary district and Ananthpur in Andhra Pradesh allegedly involving

the Reddy brothers.

The court's poser on Friday was directed specifically at the agency's investigations against the owners of two companies — Associated Mining Company (AMC) and Deccan Mining Syndicate (DMS) — allegedly involved in illegally routing minerals through Obulapuram in Andhra Pradesh.

"Is it possible for the CBI

to give us names of the managing directors or directors of AMC and DMS? Has the CBI listed any cases against these companies?" the court asked Attorney General G E Vahanvati.

The Attorney General assured the court that the inquiry was on and a comprehensive report would be filed.

AMC is owned by BJP leader and former Karnataka

tourism minister Janardhana Reddy and his wife, and DMS is owned by another mining baron S M Jain.

Both the companies, according to the report of the apex court-appointed Central Empowered Committee, were involved in illegal mining in the lease area of 10.12 hectares in Jaisingapur village and there were irregularities in renewal of lease.