Illegal miners encroach on farm land: Experts

MoEF wants people’s locality-specific data on environment to be taken into account

DNA Correspondent

The Western Ghats Ecology Expert Panel (WGEEP), set up by the Ministry of Environment of Forests (MoEF), in its summary report has confirmed the DNA story published on October 6, 2011, ‘Maharashtra going the Goa, Bellary way’, which had exposed the encroachment of farmers’ land by mining companies.

Admitting that the entire region, including Ratnagiri and Sindhudurg, had been seriously impacted both environmentally and socially, the summary report of WGEEP cites the many mining, power projects and polluting industries — often run illegally — as the primary cause.

“More than being a legal issue, it is the substantially high levels of these activities that are to be held responsible for the degradation. For instance, many farmers complain of miners muscling their way onto private farmland and digging pits. Pollution from many industries is also well above legally permissible limits. Consequently, there is much social discord, especially because people firmly believe that the law and order machinery is being misused to protect illegal activities,” mentions the summary report.

DNA had exposed the encroachment in Kalane mine, which is situated over the 32 acres of land in the Sawantwadi-Dodamarg zone. The region which has the thickest forest covers in the Sindhudurg district. Villagers narrated how the mining companies dumped the silt from their mine on the adjacent lands. And once the silt is dumped, the land becomes company’s property. Ramakant Desai, a villager had told DNA that, the district collector had assured the villagers that the encroachment will not take place again. “In spite of the collector’s assurance, the encroachment continued,” Desai had informed.

The WGEEP report in its recommendations has strongly proposed that, instead of only techno-centric study, people’s deep locality specific knowledge of environmental issues and their developmental aspirations should be taken in to consideration.
Chinese thirst for iron ore enriched Janardhana Reddy

JBS Umanath

HYDERABAD: A charted accountant firm here engaged by the Central Bureau of Investigation (CBI) to look into the voluminous documents pertaining to commercial activities of Obulapuram Mining Company Limited (OMCPL), the accused No.4 in the illegal mining case involving Gali Janardhana Reddy, has put the total revenue through illegal mining at Rs 4,310 crore and the tax payable to the exchequer amounts to Rs 521 crore for a period of three years (2007-2010).

The CBI, in its charge sheet, claimed that between 2007 and 2010, the OMCPL had earned Rs 4,310 crore as revenues by way of local sales and exports through illegal mining. However, the OMCPL earnings, which stood at Rs 2,346 crore in 2007-08 dropped to Rs 1,522 crore in 2008-09 and then to about Rs 1,046 crore during 2009-10. Similarly, the profits also dwindled from Rs 765 crore to Rs 484 crore in 2008-09 and then to Rs 393 crore in 2009-10.

The firm’s analysis attributed this to the drop in the price of iron ore from Rs 3,968 per tonne during 2007-08 to Rs 1,758 after 2008. The OMCPL earned Rs 2,316 crore during 2007-08 due to heavy demand for iron ore in China in view of Beijing Olympics, but the prices dropped later.

The charge sheet reveals that the OMCPL, in contravention to the covenants of the Mining Act, committed a criminal breach of trust by keeping false records and files showing false mining in the mining lease area of 68.50 hectares. "The firm obtained permits by misrepresentation to the ADMG and, further dishonestly and fraudulently used those permits to justify the illegal mining carried out by them in Karnataka and surrounding areas; thereby, committed criminal breach of trust," the CBI observed.

On behalf of the OMCPL, Gali and his brother-in-law submitted false returns showing excavation of iron ore in the lease area without having knowledge that the information furnished to the government authorities weren’t genuine.

The CBI, in its charge sheet, maintained that the evidence available on record prove that the mining leases were used fraudulently as a camouflage for the illegal mining activities. Three mining companies—Bellary Iron Ore Private Limited, Obulapuram Mining Company and Y Mahabaleswarappa and Sons—obtained exemption from the state government for obtaining forest licence for the transport of extracted iron ore.

As per law, mining firms should procure permits both from the mining and geology department and the forest department for the transport of the ore. Surprisingly, in this case, the forest department failed to check illegal mining as the companies didn’t obtain any permit from it but transported the ore only with the permits issued by late Linga Reddy, the then assistant director of mines, Anantapur.

DH News Service
Ore issue

Canalisation of iron ore exports goes against the grain of reform agenda

The department of commerce has proposed canalisation of exports of iron ore with ferrous content of over 55 per cent through state-owned MMTC. Any canalisation through a single agency smacks of licence-permit raj and its attendant risks of handing over control in the hands of a few inspectors. This goes against the grain of the larger reform agenda that India has embarked upon.

With a sharp rise in global iron ore prices, exports have brought windfall to miners over the past few years. This in turn prompted many to extract a lot more than permitted by various government agencies. Illegal mining, besides robbing the state government of royalty receipts, causes huge environmental damage. The commerce department believes canalisation will stop illegal mining, but it's naive to think so. So is the finance ministry that thinks increasing export duty will address the issue. Higher duties are good for the government since it enriches the exchequer, but do little to curb illegal mining except reduce the profits of miners a bit.

To curb illegal mining, the country needs a strong Indian Bureau of Mines (IBM), the mining regulator, and an effective monitoring mechanism at the state level. It is for the IBM to ensure that miners do not extract more ore than what they specify in the plan they submit. At present, the Nagpur-headquartered IBM is a toothless regulator, with not even enough staff to conduct visits. Its penalties, if any, have hardly served as a deterrent to miners. The less said about the monitoring mechanism in states, the better. It is only after the Justice Santosh Hegde committee report and the Supreme Court crackdown in Karnataka — following rampant illegal mining of iron ore — that the state government got into the act. Intermittent check posts with weigh bridges to prevent overloading of ore in trucks, clamp down on fake transport permits, and electronic systems to track movement of ore are some measures Karnataka has taken. Till all states do this and IBM stands up to purpose, canalisation and export duty are ad hoc, interim measures.
HIKE IN IRON ORE: EXPORT DUTY UNLIKELY

New Delhi: The iron ore industry is unlikely to face a further hike in export duty on their produce in the upcoming Budget, according to the steel ministry.

However, this is unlikely to provide much relief to the miners, whose margins are already under pressure due to the latest hike in export duty on this key steel-making ingredient to 30 per cent.

Talking to PTI, a senior steel ministry official said so far, there has been no discussion on raising the duty on iron ore exports and this is not likely to happen in the forthcoming Budget since iron ore miners are already paying 30 per cent duty on overseas shipments.

The government had increased the export duty on both lumps and fines to 20 per cent from 15 per cent and five per cent, respectively, in the Budget for 2011-12.

— PTI
ICVL EXPLORES TIE UP WITH UK MINING FIRM

New Delhi: International Coal Ventures (ICVL), a special purpose vehicle formed by five leading PSUs to scout for assets abroad, is exploring possibilities of a tie-up with the UK-based mining major Anglo American to ensure raw material security. SAIL said on Monday.

ICVL chairman, Mr C.S. Verma, who is also the chairman of Steel Authority of India (SAIL), met Anglo American CEO, Ms Cynthia Carroll, to identify areas of mutual cooperation in the mining sector, particularly in coking coal, SAIL said. “It was decided at the meeting to set up a joint task force of senior ICVL and Anglo American officials to chart out a definite course of action for implementation,” it added. At the meeting, Mr Verma highlighted the benefits of mutual cooperation between ICVL and Anglo American. — PTI
Pipeline politics clog Stemcor's India plans

UK’s trading giant struggles to set up ₹1,500-cr pellet plant in Orissa

SHUBHASHISH
Mumbai, 16 January

When it comes to hassle related to environmental issues, even the world’s largest steel trading company finds itself stuck in India on a flagship project. Stemcor’s India unit has completed the construction of a 4-million-tonne pellet plant in Orissa; it has even run the trials successfully. But the UK-headquartered firm has yet to commission the plant, as it has not received the forest clearance for a section of the project for over a year now.

The Orissa pellet plant is the only manufacturing set up for London-based Stemcor, a $5-billion privately owned trading powerhouse in Asia. The section under the regulatory scanner concerns a part of a slurry pipeline that has been made to transport ore from the mines to the plant.

"It’s a 230-km pipeline, and the plant is held up for a small portion of forest clearance," shrugs Matthew Stock, managing director, Stemcor India. "Earlier, we thought it wasn’t required. Now, we have applied for it and are awaiting clearance. The entire pipeline is ready except for a 10-km stretch," he told Business Standard.

Stock explains the original route ran through two operational iron-ore mines. One belongs to the Orissa Mining Corporation, the other to Tata Steel. Being producing mines, they already have the necessary forest clearances. “Our pipeline was supposed to go through them, along the state highway. The edges of the state highway, technically speaking, are forest land. So, we took all the approvals from all the agencies to run the pipeline along the highway,” he points out.

But, subsequently, the green ministry specified that a separate clearance was essential to construct the pipeline. That prompted the company to believe it would be better to go for a reroute. "We wanted to avoid as much of forest area as we could, but couldn’t do it 100 per cent. So, we went for a fresh approval," recalls Stock.

That clearance is still awaited. The company, with 80 offices in 40 countries employing 1,400-plus people worldwide, hopes to get it by next month to restart work. After that, another five-six weeks will be required to complete the remaining work on the pipeline. "The pellet plant has been completed long back. But, we couldn’t commission it because of the delay in laying the pipeline," says Stock. The company, on a trial run, has already brought 20,000 tonnes of iron ore to the plant and has successfully converted it into pellets. Pellets are balls of ore with high iron content which are an intermediate in the steel making process.

Essar Steel is the country’s only other company to have successfully run slurry pipelines. It has two pipelines.

One of these links its mines to its beneficiation plant and a pellet plant in Vizag (which is 267 km long and the longest in India). This line links its beneficiation plant in Chhattisgarh’s Bailadilla to the pellet plant at Andhra Pradesh’s Visakhapatnam. It passes through Orissa and has recently faced security threats from the Naxals. The second one is a 259-km pipeline linking mines to its beneficiation and pellet plant at Orissa’s Paradip.

Despite these, Stock is optimistic that Stemcor will not face similar security threats. For, their pipeline is away from the Naxal-sensitive regions of Orissa.

Logistically, a slurry pipeline is a cheaper and faster way of transporting ore to a plant. Essar, during the commissioning of its Bailadilla-Vishakhapatnam line was said to save at least ₹200 crore in transportation costs due to the pipeline. An analyst tracking the sector notes, transporting ore from road is "very expensive" in India. "If the security issue is tackled, the slurry line is the most efficient and cost-effective way to transport," he adds.

Industry leaders have time and again raised concerns over this issue. According to one estimate, the cost of transporting ore from converting ore from Chhattisgarh to a plant in southern India by road is more than the cost involved in a similar operation from Australia to an Indian steel plant.

The 1951-founded Stemcor has already spent ₹1,500 crore in building the pellet plant and the slurry pipeline. Stock said the company had raised a loan of ₹1,600 crore and spent ₹500 crore from its own pocket. This ₹1,000-crore loan in turn has been refinanced because of the delay. "The ₹1,000-crore loan has been refinanced completely with a new set of lenders," informsStock. "We have repaid the older lenders. This was due to the delay in commissioning the project." The company is betting big on the high pellet prices and demand in India.
Private firms skip anti-graft tool

BS REPORTER
New Delhi, 16 January

More than five years after Transparency International launched Integrity Pact, no private company has implemented the watchdog's anti-corruption tool that checks graft in public procurement.

However, 44 public sector undertakings (PSUs) have implemented it by entering into an agreement with Transparency International India. The first company to do was Oil and Natural Gas Corporation — in 2006.

The Integrity Pact consists of a process of signing an MoU between the government or a government department and bidders for a public sector contract. The contract consists of commitments that neither side will pay, offer, demand or accept bribes.

The report has made a case-study out of the pact leading Gas Authority of India to save ₹361.62 crore.

Other PSUs that have benefited from the pact include Central Coalfields, South Eastern Coalfields, National Mineral Development Corporation and Bharat Petroleum Corporation.

A move to make Sebi do a role to CVC failed, as the regulator said it was outside its existing legal framework.
### PRICE CARD

**As on Jan 16**

<table>
<thead>
<tr>
<th>METALS ($/tonne)</th>
<th>International Price</th>
<th>%Chg*</th>
<th>Domestic Price</th>
<th>%Chg*</th>
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<tr>
<td>Aluminum</td>
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<td>2,548.6</td>
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</tr>
<tr>
<td>Lead</td>
<td>2,006.0</td>
<td>-0.2</td>
<td>2,273.4</td>
<td>-4.6</td>
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<tr>
<td>Tin</td>
<td>21,090.0</td>
<td>-4.4</td>
<td>25,291.8</td>
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<td>Zinc</td>
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<td>Steel-350</td>
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<td>-8.2</td>
<td>836.7</td>
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<tr>
<td>Gold (dollars)</td>
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<td>1,662.3</td>
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<td>Silver (dollars)</td>
<td>29.9*</td>
<td>-7.1</td>
<td>31.6</td>
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</table>

**ENERGY**

| Coal (GWh) | 110.0* | -4.2  | 110.6          | 1.6  |
| Natural Gas (GJ/MBtu) | 2.5* | -30.8 | 3.2            | -13.6 |

**AGRI COMMODITIES ($/tonne)**

<table>
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<tr>
<th>Commodity</th>
<th>International Price</th>
<th>%Chg*</th>
<th>Domestic Price</th>
<th>%Chg*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>238.1</td>
<td>2.7</td>
<td>260.7</td>
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<tr>
<td>Malize</td>
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<td>238.9</td>
<td>18.7</td>
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<tr>
<td>Sugar</td>
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<tr>
<td>Palm oil</td>
<td>1,042.5</td>
<td>6.4</td>
<td>1,168.9</td>
<td>5.2</td>
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<tr>
<td>Rubber</td>
<td>3,448.0*</td>
<td>-13.8</td>
<td>3,651.8</td>
<td>-16.6</td>
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<tr>
<td>Coffee</td>
<td>1,817.0*</td>
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<td>2,027.5</td>
<td>-11.0</td>
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Notes:
- International metal and energy prices are monthly mean, spot prices except for steel.
- International crude oil is Brent, domestic crude oil is Indian basket.
- International natural gas is Henry Hub norm, domestic natural gas is NGC norm.
- Wheat, malize, sugar & coffee robusta are FOB Fama future prices of nearest month contract.
- International crude oil is Brent near month future.
- Palm oil is Malaysia 10-30CM near month future and palm oil is Malaysia FOB spot price.
- Coffee is coffee arabica & robusta FOB/EXW,魔法咖啡止磅价格.
- Domestic weather data is NGRI weather bulletin.
- Cotton is cotton contract no 2, W303 for international cotton & domestic cotton is KUR spot price.
- Grist is a basket of wheat, rice, sugar, soy, coffee, cotton and milk prices.
- *Source: ICICI Securities Ltd.*

### BALTIC EXCHANGE INDICES

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<tr>
<th>Jan 13, 12</th>
<th>%Chg*</th>
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<tr>
<td>Baltic Dry</td>
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<tr>
<td>Baltic Suezmax</td>
<td>971</td>
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<tr>
<td>Baltic Panama</td>
<td>1,204</td>
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<tr>
<td>Baltic Capesize</td>
<td>1,222</td>
</tr>
<tr>
<td>Baltic Handysize</td>
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<tr>
<td>Baltic Clean Tanker</td>
<td>890</td>
</tr>
<tr>
<td>Baltic Dirty Tanker</td>
<td>791</td>
</tr>
</tbody>
</table>

**ELECTRICITY TRADING AT IEX**

**Market price in ₹/MWh**

![Graph showing electricity trading data]
NMDC may cut ore prices this week

Decision set to be taken on Thursday; decline unlikely to be steep

PRASHANTH CHINTALA
Hyderabad, 16 Jan

The country's largest iron ore producer, NMDC, is likely to cut prices this week. A decision to this effect is expected to be taken by the board of the state-owned mining company, which is scheduled to meet in Chennai, on Thursday.

NMDC sources, however, told Business Standard the decline in prices would not be 'much'. According to them, there could be 'some reduction' in the price of fines (Fe grade), and 'a marginal' drop in the price of iron ore lumps which have a good demand in the domestic market.

Sources say the public sector undertaking might consider a slight reduction in the price in the light of a significant drop in international prices of ore. In August, prices were around $180 a tonne, which are now at $145 a tonne, with a short-term bias towards going up.

Ten days before, NMDC's officiating chairman and managing director, N K Nanda, had said the price drop was still being considered.

Currently, NMDC is selling lumps at around ₹8,000 and Fe grade ore at ₹3,300 a tonne. On the other hand, the price of lumps in the international market is around ₹7,000 a tonne, about ₹1,500 less than the price during the second quarter of this financial year.

The reduction in international prices of ore does not impact NMDC as it is not exporting any ore this year. Its agreement pertaining to the export of ore to the Japanese market has expired and is yet to be revived by the Cabinet.

NMDC accounts for 25 per cent of the total iron ore supply in the country. In 2010-11, the Navaratna company had sold 23.75 million tonnes of ore, while the total requirement of domestic industries was 100 million tonnes.

In Karnataka last year, the Supreme Court allowed NMDC alone to operate its mines, to the extent of providing one million tonnes a month to the domestic steel industry. The order of the apex court had made it possible for the company to also restart its Kumaraswamy mines (apart from the Donimalai mines), where mining was stopped since some time due to a Karnataka High Court order.
ICVL mulls pact with Anglo American

NEW DELHI, 16 JAN: International Coal Ventures (ICVL), a special purpose vehicle formed by five leading PSUs to scout for assets abroad, is exploring the possibilities of a tie-up with the UK-based mining major Anglo American to ensure raw material security, SAIL said today.

ICVL chairman, Mr CS Verma, who is also the chairman of Steel Authority of India (SAIL), met Anglo American CEO Cynthia Carroll to identify areas of mutual cooperation in the mining sector, particularly in coking coal, SAIL said in a statement.

"It was decided at the meeting to set up a joint task force of senior ICVL and Anglo American officials to chart out a definite course of action for implementation," it added.

At the meeting, Mr Verma highlighted the benefits of mutual cooperation between ICVL and Anglo American, and expressed keenness to further their association, it said.

ICVL was incorporated in 2009 as a joint venture of five PSUs — SAIL, Coal India, RINL, NMDC and NTPC.

SAIL and CIL hold 28 per cent stake each, while RINL, NMDC and NTPC have 14 per cent stake each.

Anglo American is one of the world's largest mining companies focusing on platinum group metals, diamonds, copper, nickel, iron ore, metallurgical and thermal coal.
NMDC-Minemakers deal likely by mid-Feb

NEW, DELHI: State-run NMDC is likely to sign a deal by mid-February to acquire 50 per cent stake in Wonarah phosphate deposits of Australia’s Minemakers for an undisclosed sum. "Negotiations for the deal is in its final stages and the NMDC Board is likely to take a final call by January-end or early-February," a source close to the development said. The source added that for the deal NMDC will form a 50:50 joint venture with Minemakers and the asset will be transferred to the JV. Wonarah deposits of Minemakers are one of the largest under-developed phosphate reserves in Australia, with an estimated resource of 1.26 billion tonnes at 12 per cent phosphate.
Mining: The missing link in India’s industrial growth

SUSHIM BANERJEE

All eyes are on the events that are going to happen in the mining sector in the coming months. The draft Mines and Minerals (Development and Regulation) Bill, 2011, or MMDR Bill, in the present form contains a few irritants for domestic steel and mining companies and the highest policy-deciding body has to consider these if the implementation of the Act is to facilitate adequate investment in the sector and bring in transparency in mining activities.

It is unfortunate that in the past one year or so, the mining sector in the country has earned lots of criticism due to unethical practices, flagrant violation of environmental and fiscal rules and regulations resulting in windfall profits for a handful few. The existing miners, other than NMDC, have not been able to earn a brand image for themselves. The proposed Bill attempts to plug the loopholes, but it must be pragmatic enough to address the issues of compensation to the displaced people in a manner so that it still remains viable for fresh investment to flow in.

Internal demand for iron ore and coal are abundant and would continue to outstrip supply, both in volume and grade. Investment in mining comprises funds for acquisition of mines for exploration, technology transfer for beneficiation, installation or hiring of handling equipment etc. Countries like Afghanistan, Australia, Bolivia, Mozambique, Brazil, and Mongolia, all rich in mining resources are attracting investment from China, the United States and Russia. Indian entrepreneurs are also investing funds either individually or as a consortium to acquire mining sources in many of these countries. The governments in these countries are making it possible to attract investment without compromising the interests of the inhabitants. The enabling clause for investment in mining in these countries contains certain amount of value addition inside the country. The related question is what prevents India from becoming a mining hub in the near future. A big responsibility lies on the shoulder of all the stakeholders to pave the way for initiating an investment fury in the mining sector.

Mining has a weightage of 14.2% in the index of industrial production and has clocked a negative growth of 4.4% in the first eight months of the current fiscal. In 2010-11 industrial growth reached 8.2% with the mining sector clocking 5.2% growth. The sector has a very strong forward linkage with steel and power sectors and, the current slowdown in steel and blockage of fresh investment in power sector can be largely attributed to the supply bottlenecks arising out of the below-normal performance by the mining sector. Thus, sustaining the growth of mining sector at a sufficiently high level has become imperative for accelerating the growth of industrial production and would provide the missing link for the growth of the Indian economy.

THE SLOWDOWN IN STEEL & BLOCKAGE OF INVESTMENT IN THE POWER SECTOR CAN BE LARGELY ATTRIBUTED TO SUPPLY BOTTLENECKS ARISING OUT OF POOR PERFORMANCE BY THE MINING SECTOR

The author is DG, Institute of Steel Growth and Development. The views expressed are personal.
Shrinking inventories boost copper

Bloomberg
Jan. 16
Copper rose in London as stockpiles of the metal used in pipes and wiring continued to shrink, indicating steady demand.
Copper for delivery in three months climbed 0.6 per cent to $8,050 a tonne by 10:49 a.m. on the LME. Copper for March delivery rose 0.6 per cent to $3.66 a pound on the COMEX in New York.
Lead for three-month delivery gained to $2,025.25 a tonne and aluminium advanced to $2,151.50 a tonne. Tin dropped to $21,000 a tonne, zinc fell to $1,957 a tonne and nickel slid to $19,440 a tonne.
Expert panel recommends ban on mining in Ratnagiri, Sindhudurg

On October 6, 2011, DNA had reported that mining companies have encroached on farmland in Ratnagiri and Sindhudurg.

Illegally mining, large number of power projects and polluting industries have adversely affected the Ratnagiri and Sindhudurg districts that lie at the heart of Konkan, a summary report by the Western Ghat ecology expert panel (WGEEP) has observed.

The panel set up by the ministry of environment and forests (MoEF) with renowned scientist Dr Madhav Gadgil as its chairperson has expressed concern over the rapid degradation of the ecologically sensitive zones (ESZs) in the region.

The panel submitted its report in October last year. However, despite several demands, the MoEF has not made the report public to date. The summary report, a copy of which is with DNA, recommends an indefinite moratorium on new environmental clearances for mining in ESZs 1 and 2 apart from phasing out mining from ESZ 1 by 2015.

Apart from its remarks on mining, the report also said that "no new red and orange category industries, which include coal-based power plants, should be permitted to be established in ESZs 1 and 2." The region is a treasure trove of natural resources and people are concerned that the treasure is being openly looted. There are 19 power plants of 50,000MW, including the world's largest with a capacity of 9,000MW, 23 special economic zones, a petrochemical refinery, 43 proposed private ports and 76 issued licences for mining in Sindhudurg district alone.

To allay people's fears, the MoEF set up the WGEEP and asked the panel to assess the current status of ecology in the Western Ghats region. It instructed the panel to demarcate areas within the Western Ghats region which need to be notified as ESZs under the Environment (Protection) Act, 1986.

The expert panel set up by the environment ministry has proposed that the entire Western Ghats region be declared as an ecologically sensitive area.
Expert panel recommends ban on mining

From p1

The WGEEP's summary report says the Ratnagiri and Sindhudurg districts are facing problems such as depletion and pollution of ground water, siltation of water bodies, rising frequencies of floods, loss of fertile agriculture land and depletion of fisheries, deforestation and loss of unique biodiversity. "The situation clearly warrants a careful assessment and mid-course correction," the report said.

The panel has asked for a cumulative environmental impact analysis in Ratnagiri and Sindhudurg. "The moratorium may be reviewed after the study," the report added.
DEFICIT NARROWS

Exports recover in December but 2012 likely to be tougher

By Asit Ranjan Misra
asit.m@livemint.com

NEW DELHI

India’s merchandise exports recovered marginally in December, but 2012 could be a difficult year given the global macroeconomic headwinds, commerce secretary Rahul Khullar said on Monday.

December exports rose 5.7% compared with 3.87% a month ago. During the first nine months (April-December) of 2011-12, exports grew 25.9% to $217.6 billion (₹11.25 trillion today).

Rahul Khullar said exports will be close to the government’s $300 billion target as shipments usually pick up during the fourth quarter of the fiscal year.

“Exports in the fourth quarter are usually 10-15% higher than preceding quarters. This will be further helped by the lag effect of the exchange rate depreciation of the rupee,” Khullar said. “If we are able to clock $80 billion exports in the fourth quarter, we will get closer to the $300 billion target,” Khullar said.

The trade deficit, however, fell to a three-month low of $12.8 billion as month-on-month exports grew faster than imports. During April-December, the trade deficit stood at $133.3 billion, higher than the full-year figure of $119.9 billion in 2010-11. Khullar said the trade deficit may end up at $150-160 billion by 31 March or “could be more”.

Export growth has been losing momentum since July when shipments rose a record 81.8%. Growth in imports has also been decelerating since July, but at a slower pace than exports, keeping the trade deficit elevated.

In its mid-quarter review, the central bank had pointed out that a widening trade deficit, along with a rebalancing of global portfolios by foreign institutional investors and the tendency of exporters to defer repatriation of their overseas earnings, had led to significant pressure on the rupee. The Indian currency has depreciated by nearly 17% against the dollar since August.

Khullar said 2012 could be tougher than 2011 for India’s exports with economic uncertainty in the country’s traditional markets such as Europe and the US. “Better exchange rate, improved consumer and business sentiment and islands of competitive excellence will help exports do better in 2012,” Khullar said. “I think 20% export growth would be a reasonable expectation.”

During the first nine months, engineering exports constituted 21% of the total export basket at $45.3 billion, growing at 21.6% cumulatively. Petroleum accounted for 20.2% of exports at $43.9 billion, with a robust 35% growth. While most sectors grew faster than 20%, iron ore exports contracted 18% at $3.2 billion.

While 25.8% exports growth in the first nine months looks impressive, it’s much less than the 33.2% growth achieved in first eight months of the current fiscal and points to challenging times ahead, M. Rafique Ahmed, the new president of the Federation of Indian Export Organisations, said in a statement.

“The percentage growth in respect of most of the sectors have also come down at the disaggregated level. However, with three months still to go, we will be able to achieve over $300 billion in 2011-12,” Ahmed added.

Imports grew 19.9% in December at $37.8 billion. During the April-December period, imports rose 30.4% to $350.9 billion, mostly due to higher international oil prices. Petroleum imports grew 40.4% to $105.6 billion, constituting 30% of total imports, during April-December. Other key sectors such as gold, machinery and electrricals grew at 53.8%, 27.7% and 24%, respectively, during the period.