Sand mine auction ban cost govt ₹800cr last yr

It has also led to an increase in illegal mining; many are importing cheap sand from Pak

Shubhangi Khapre

In the past one year, the state government lost revenue up to Rs800 cr, as it has not been able to auction sand mines and issue licences for mining.

The Bombay high court lifted its stay on sand mining in October 2010. However, the government has not framed a policy to auction sand mines. Revenue department officials said that the government lost Rs800 cr, as the auctions did not take place last year. This has also led to an increase in illegal sand mining in the state.

A senior official said, “After the court disallowed auctioning of sand mines, there are no legal options left to meet the sand requirement. In the absence of auctioning, there is a wide gap between the demand and supply, resulting in individuals and groups using illegal mining.”

A senior cabinet minister in the Congress said, “The cabinet needs to revisit the sand mining problem. It has to find a solution to the dwindling revenue and also to the issue of illegal sand miners in the state.”

Highly placed sources in the government said, “The sand mafia has managed to overpower the district administration because of restrictions on issuing licences through auctions.” In the past two months, there have been almost a dozen instances of illegal mining in the state. What has also hindered the administration is that the sand mafia often has the patronage of local politicians or other influential people.

Senior BJP leader Madhav Bhandari said, “Images of illegal sand mining in home minister RR Patil’s constituency of Tasaon in Sangli have been shown on TV news channels. It is difficult to believe that illegal miners can take such extreme steps without his knowledge. If he claims ignorance, it is all the more shocking.”

In the absence of auctioning of sand mines, major construction activities in the city are using sand imported from Pakistan, sources revealed. The sand, which is in abundance in Pakistan, is cheaper than that in India. If 4,000 kg of sand costs Rs1,000 to Rs2,000 in the domestic market, the same amount imported from Pakistan costs Rs400 to Rs600.
12-member GoM to review forest clearance norms

SUDHEER PAL SINGH
New Delhi, 16 February

With environmental clearances coming in the way of industrial activity, a 12-member Group of Ministers (GoM) will be reworking the existing statutes and rules relating to forest clearance.

The move has been triggered by the ongoing turf war between Environment Minister Jairam Ramesh and several other ministries over his controversial decisions to deny clearance for important projects on environmental grounds. The GoM will be holding its first meeting on Thursday.

The GoM, representing more than a third of Prime Minister Manmohan Singh’s 34-member Cabinet, is headed by Finance Minister Pranab Mukherjee. Besides Ramesh and coal minister Sri Prakash Jaiswal, other members include Power Minister Sushilkumar Shinde, Steel Minister Beni Prasad Verma, Mines Minister Dilshu Patel, Road Transport Minister C P Joshi, Home Minister P Chidambaram, Law Minister Verappa Moily and Planning Commission Deputy Chairman Montek Singh Ahluwalia.

Interestingly, tribal affairs minister Kantilal Bhuria’s name does not figure in the list of members, though Agriculture Minister Sharad Pawar and Commerce Minister Anand Sharma are included.

The agenda note lists three predominant “issues” that are to be considered by the GoM, including efficacy and legality of existing forest clearance norms and procedures, environmental clearance in respect of projects in areas of high Comprehensive Environmental Pollution Index (CEPI) and steps to be taken to ensure better quality forests are regenerated in a time-bound manner after mining operations are over. The GoM will suggest changes in existing statutes, rules, regulations, guidelines or executive instructions.

The environment ministry had last year imposed a temporary moratorium on development projects in 43 clusters labeled “critically polluted”. Seven coalfields – Chandrapur, Korba, Dhanbad, Talcher, Singrauli, Asansol and IS Valley – fall under the CEPI moratorium.

“The GoM will consider all issues relating to reconciliation of environmental concerns emanating from various developmental activities including those related to infrastructure and mining and finalise recommendations within two months,” said an official, requesting anonymity.

Confirming the broad-based nature of discussions the GoM will have, another official said: “The GoM will discuss the overall forestry issues.” One of the major issues is the resolution on the no-go areas for coal mining. Although Coal India had come up with the classification, it opposes the ban on no-go mining areas.

Coal minister Jaiswal had said on Tuesday that Ramesh had agreed to relax the moratorium allowing 16 of Coal India’s projects in the seven blocks to take off. Five of the 43 clusters have been taken off the moratorium list by the environment ministry. It lifted moratorium from another eight critically polluted sites today.
MoEF LIFTS MORATORIUM ON NEW PROJECTS IN 8 AREAS

The Ministry of Environment and Forests (MoEF), currently under attack for being allegedly too rigid in providing clearances to projects, has lifted an earlier moratorium in this regard on eight more critically polluted areas.

However, the MoEF has indicated that the respective state governments and pollution control boards need to adhere to strict implementation of action plan to contain pollution.

The eight areas include Ludhiana (Punjab), Varanasi-Mirzapur (UP), Agra (UP), Bhavnagar (Gujarat), Cuddalore (Tamil Nadu), Dombivali (Maharashtra), Aurangabad (Maharashtra) and Navi-Mumbai (Maharashtra).

This move comes close on the heels of MoEF’s decision to grant conditional clearance to the Lavasa hill city project, environment clearances to the Navi Mumbai airport and the 10,000 Mw Jaitapur nuclear power project and revised the coastal regulation zone notification allowing redevelopment along the coastline in Mumbai and other states. Besides, the ministry gave a conditional clearance to South Korean steel-maker Posco for its $12-billion steel plant and also to SAIL for extracting iron ore from the Chirra mines in Jharkhand.

MoEF had imposed a moratorium on January 13 last year on environmental clearance for new projects (and expansions) in 43 critically polluted industrial clusters in order to stimulate environmental remediation/mitigation activities by industry and by the state governments concerned.

These 43 clusters are part of total 88 important industrial clusters where the Central Pollution Control Board (CPCB) had carried out a comprehensive environmental assessment in 2009. This assessment was released on December 24, 2009 and was based on the Comprehensive Environmental Pollution Index (Cepi) developed by a number of prominent academic institutions, led by IIT-Delhi, which were also associated with the field-level assessments. Of the 88 industrial clusters, 43 were identified as “critically polluted”.

MoEF said it had earlier lifted the moratorium on five critically polluted areas, on October 26 last year based on recommendations by CPCB. These were Puttur-Chikkamagaluru (Karnataka), Puducherry (Puducherry), Tatabarwadi (Maharashtra), Mandsaur (Madhya Pradesh) and Vapi (Gujarat).

MoEF has lifted the moratorium on the eight other areas based on the formulation of action plans by respective state governments to deal with the pollution. These plans would be reviewed by the CPCB and subsequently state governments would revise, based on the CPCB review. Further, the ministry has made it clear that the states would actually have to launch the process of implementing the revised action plans.

On the moratorium on the 43 critically polluted areas, the ministry said the process of verification of implementation of action plans in another 25 critically polluted areas is under way and it is expected to be completed in the next three-four weeks. After which a decision would be taken on lifting it in these areas.

Revised action plans for five critically polluted areas — Kota (Chhattisgarh), Jodhpur and Pali (Rajasthan) and Najafgarh Drain Basin, including Anand Parbat, Naraina, Okhla and Wazirpur (Delhi) — are still awaited by the CPCB.
BHP IN $80-BN EXPANSION SPREE

BHP Billiton plans to pour $80 billion into expansion over the next five years rather than chase ambitious takeovers, the world's biggest miner said after booming demand for iron ore and copper helped nearly double its first-half profits.

REUTERS
### PRICE CARD

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Conversion rates:
1) 1 ounce = 31.1035216 grams.
2) 1 US dollar = ₹45.52
3) As on Feb 16, 1990 hrs IST

Note:
1) International metals are LME Spot prices and domestic metals 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 MOC near month future.
5) International Maize is NYMEX near month future, rubber is Bitter-RUBON near month future and Palm oil is Malaysia FOB spot price.
6) Domestic Wheat & Maize are NCF future prices of near month contract, Palm oil & Rubber are NCEX spot prices.
7) Domestic Coffee is Karnataka robusta and Sugar is MDI Mysore local spot price.
8) International cotton is Cotton no. 2 NYMEX near month future & domestic cotton is NCEX spot price.
9) International metals, Indian basket crude, Malysia Palm oil, Wheat LME and Coffee Karnataka
10) robusta premiums to previous day price.

Source: Bloomberg

Compiled by BS Research Bureau
METALS DEMAND MAY DOUBLE IN 5 YRS

Rising car sales and higher spending on infrastructure projects fuel demand

BLOOMBERG
16 February

Metals demand in India, Asia’s second-fastest growing major economy, may double in five years and remain robust for a decade, fueled by rising car sales and higher spending on infrastructure projects, analysts said.

Growth in demand for base metals may jump 10-15 per cent this year, said Sumit Verma, an analyst at broker Geojit Comtrade Ltd. That compares with an average annual increase of 6 per cent for aluminum and copper, and 4.3 per cent for zinc between 1972 and 2009, Barclays Capital said in November, predicting demand to jump 80 per cent by 2015.

"Steel demand may double in the next five years and I will not be surprised if demand for non-ferrous metals such as copper and aluminum grow at twice the pace," said Kunal Shah, head of commodity research with Nirmal Bang Securities Pvt in Mumbai. Prime Minister Manmohan Singh has proposed $1 trillion of spending in the five years through 2017 to upgrade the nation’s road, railway and power networks, which the finance ministry says shaves 2 percentage points from growth. Commodity demand in India has reached a "tipping point" and the nation may surpass the US as the second-largest consumer of copper, aluminum and zinc in the early 2020s, Barclays said.

"The drivers will be growth and development of key sectors of the economy like infrastructure, power, construction, energy and transportation," Geojit’s Verma said in an e-mailed reply to questions. "The outlook for next five to 10 years is bullish.

India’s economy will probably grow 8.6 per cent in the year to March, the most in three years, the government’s statistics office said on February 7. The nation expanded at 8.9 per cent in the quarter ended September 30, compared with the 9.8 per cent growth in the three months ended December 31 in China, the largest consumer of everything from copper to zinc and iron ore.

Record sales
Rising salaries and economic expansion pushed car sales in India to a record last month. Deliveries climbed 26 per cent to 184,332 vehicles in January, the 24th consecutive monthly year-on-year increase, according to figures released by the Society of Indian Automobile Manufacturers on February 9.

Aluminium demand in India may climb an average eight per cent a year between 2009 and 2030, Barclays said, predicting growth in copper and zinc usage at 8.6 per cent and 8.5 per cent each. In absolute terms, the country’s aluminum demand growth from 2009 and 2015 will be equal to Korea’s current consumption or twice Canada’s, the report said.

Hindalco Industries Ltd, India’s largest aluminum maker, on February 12 reported a 7.7 per cent gain in third-quarter profit because of higher base metal prices and said global demand for the metal is expected to be "robust" for the rest of the year. Sterlite Industries Ltd, the nation’s top copper producer, last month reported a 60 per cent jump in earnings.

China spending
Commodities beat gains in stocks, bonds and the dollar in 2010 as China led the recovery from the first global recession since World War II. The rally in raw materials may be extended this year as the global economy recovers and infrastructure spending in China boosts demand for copper and other base metals, Jing Ulrich, chairwoman of China equities and commodities at JP Morgan Chase & Co. said yesterday in Singapore. Copper on the London Metal Exchange reached a record $10,190 a tonne yesterday, boosted by manufacturing growth in China and the US, the top two users.

“We are holding bullish for base metals prices,” said Sundeeb Jain, an analyst at Karvy Comtrade Ltd. “Demand on the one side is robust from emerging markets, be it India or China, and on the other, supply is not able to catch up with demand.”
De Beers to increase rough diamond output by 15%

DILIP KUMAR JHA
Mumbai, 16 February

South Africa-based De Beers is planning to increase its diamond output by 15 per cent this year to 38 million carats from 33 million in 2010, to meet rising global demand, especially from emerging markets like India.

The world’s leading rough diamond company, accounting for nearly 40 per cent of the global market share, produced 24.6 million carats in 2009.

"Higher output is good news for the Indian market as it will keep prices under check. In fact, rough diamond prices have been rising continuously for quite some time to hit the pre-crisis level. But, higher output this year may bring some time-bound relief for consumers," said Rajiv Jain, chairman of the apex trade body, the Gems & Jewellery Export Promotion Council.

Rough diamond prices recovered strongly following a rise in confidence of the industry. However, they are still not back to the pre-recessionary levels in terms of production or sales and a high degree of global uncertainty remains.

While restocking picked up throughout the year, consumer demand rebounded with an extraordinary growth in China and India and the better than expected retail performance in the US during Christmas, said a senior De Beers official.

Strong demand drove a rebound in the prices of DTC rough diamonds by an average of 27 per cent in the year to the pre-economic crisis levels.

While De Beers remains cautious about the diamond market in 2011, continued positive growth is expected albeit at a lower rate, the official added. For the near future, however, continued recovery in the global economic outlook and strong retail confidence are expected to witness positive growth in consumer demand for diamond jewellery in 2011.

The US market is expected to continue its recovery and the exceptional growth seen in China and India is expected to be sustained. Global economic expansion and retailer sentiment are supportive of further DTC sales growth in 2011, during which total production for the De Beers Family of Companies is expected to reach 38 million carats, approaching full production which will, as planned, be achieved in 2012.

In the long-run, the supply and demand dynamics of diamonds remain attractive.

"Huge pipeline inventory built-up during the economic slowdown had cramped global markets in September 2008. Today, demand has grown leaps and bounds, thereby, leaving no inventory in the pipeline," said Jain. Jain said strong consumers’ fondness for diamond jewellery will not result in a dip in prices, but prices may remain rangebound with upward bias.

De Beers Group’s total sales stood at $5.88 billion for the full year, a 53 per cent increase compared with 2009. Sales of rough diamonds by the DTC were $5.08 billion ($3.23 billion in 2009).

Forevermark, which will launch operations in India in the first quarter of 2011, has started an exploratory phase in the US, yielding positive early consumer research and will continue to assess the market opportunities during the year.
Gold, silver firm up
MUMBAI, 16 FEB: Gold prices moved up further at the bullion market here today on good local buying interest amid marriage seasonal off-take on the back of rising global trend. Silver too, maintained its bullish momentum owing to consistent industrial demand. Standard gold (99.5 per cent purity) edged up by Rs 20 per 10 gm to end at Rs 20,370 from overnight closing level of Rs 20,350. Pure gold (99.9 per cent purity) also looked up by a similar margin to settle at Rs 20,470 per 10 gm as against Rs 20,450 previously. Silver ready (.999 fineness) rose by Rs 50 per kg to close at Rs 46,950 from yesterday's closing level of Rs 46,900. pti
चीन की खरीद से अल्यूमीनियम में तेजी

विज्ञापन भाषाकर • नहीं फिली

चीन की खरीददारी से अल्यूमीनियम में तेजी का रहा रहा। शाम पाँच बजने तक एपरील में अल्यूमीनियम परतली वापसी 0.53 पौली किलौ क 113.55 रुपये प्रति किलो के स्तर पर पहुंच गया।

इसके साथ ही अल्यूमीनियम मिट्टी में भी 0.53 पौली की बढ़ती रही है। अल्यूमीनियम के दूसरे वाल्या सौदों में भी बढ़ती दर्ज की गई।

अल्यूमीनियम की इस तेजी के नजर में रीत आता कमरेंटेक के चीन की देशी विशेषज्ञ प्रशिक्षक सिंह ने विज्ञापन भाषाकर की बात की कि इतने समय, चीन में अल्यूमीनियम की खरीद बढ़ती है।

जिसके चलते इस कमरेंटेक में चीनी देशी दरें जा रही हैं। इसके साथ ही इस समय विशेषज्ञ स्तर पर हटाता सुधारने के चलते मारे में अल्यूमीनियम बढ़ रहा है।

इसके कारण सी अल्यूमीनियम में बढ़ती हो रही है।
Powerless in Urjanchal

It is destined to be a national hub of light, a ‘new Singapore’. But for five lakh tribals and lower castes, Singrauli is India’s heart of darkness

Madhya Pradesh chief minister Shivraj Singh Chouhan wants it to be the new Singapore. State officials call it Urjanchal, land of enclosures. For sociologist Sakarana Somayaji, the enduring image from India’s emerging energy wonderland in Singrauli is the women who sell baskets of stones on the roadside. Individually or in groups, the women break stones, and sell them to passing trucks for ₹50-₹80 a basket, a day’s labour.

The women are among half a million people who have lost their homes and modest livelihoods tending single crops or gathering herbs and honey from forests that have all but disappeared in the rush of development since the 1980s. Somayaji, a relocation and rehabilitation specialist with The Energy and Resources Institute (TERI), New Delhi, met families who have been moved not once but up to four times in 30 years, as Singrauli rushes to find land for its relentless expansion on the dusty borders of southern Uttar Pradesh and eastern Madhya Pradesh.

As India struggles to balance development with growing environmental concerns and a Maoist insurgency fuelled by the exploitation of tribals, Singrauli is a case study of how the country is getting it wrong — and how it can yet be rectified.

The rich seams of coal that run through an area of more than 2,280 sq km — about four times the size of Singapore — draw some of India’s biggest names to Singrauli, one of India’s poorest districts. Human development indices are among the lowest in the world. But in less than four years since the district was created in 2008, it has attracted investments of ₹54,185 crore, according to government figures. Half that money has been invested by the Reliance (Anil Dhirubhai Ambani) Group. Other investors include the Essar Group, the Aditya Birla Group, Hindalco, the Dainik Bhaskar Group, publishers of India’s largest-circulated Hindi newspaper and public sector giants National Thermal Power Corporation (NTPC) and the Power Grid Corporation.

Across Singrauli, coal mines are being excavated to feed the coming of the ultra-mega power plants, as these giants — 9 of these plants come onstream over the next two or three years, starting this year (if they keep to schedule), Singrauli, with a planned capacity of between 20,000 and 30,000 MW, will become one of the largest global hubs of electricity generation. Already, a tenth of power-starved India’s electricity flows from five Singrauli super thermal power plants, mostly run by NTPC.

The rush for power has already come at a cost.

Singrauli is one of India’s 22 critically polluted areas identified by the Central Pollution Control Board. The coal-fired plants have made vast swathes of land unfit for cultivation and in some parts of Singrauli, toxic flyash, a byproduct, lies in piles five feet deep. Researchers have found children with respiratory problems and low IQ levels. The women report still-births, menstrual irregularities and sterility. These problems will worsen once the 15 planned mega plants and mines come on stream. But worries about ill-health pale before the injustice of multiple displacement and lost livelihoods being inflicted on the mostly tribal, scheduled castes and other backward castes.

Singrauli’s people are among the 50 million displaced over five decades across India by dams, highways, ports, mines and other industrial developments. Recognising how broken promises create rootless paupers — and violent rebels — the government in 2007 issued the National Rehabilitation and Resettlement Policy. It upheld the power of the state to acquire any property for ‘public purpose’ but also said the status of those displaced should be equal or better than their previous positions in life.

The state has enthusiastically carried out the first provision and mostly washed its hand off the second. It acquires land and leaves the fate of Singrauli’s displaced to State-owned and private companies. It’s a grim fate, worsened by the fact that the resettlement policy is merely a guideline — no one can go to court. So tribals find themselves with some money and little else. Save for a tiny elite, illiterate subsistence farmers cannot run the canteens, transport, laundry and other professional services the new projects need. Much of the machinery and specialized labour comes from China, with many services subcontracted to private companies outside India.

The loss of land and lack of alternative livelihoods is one of the greatest challenges to industrialising India. Since they have never been adequately addressed, many families faced repeated displacement. Teri’s Somayaji narrates the story of Samayal Gond, a tribal in his 50s, first displaced by an NTPC plant in 1979-80, then by the State-owned Northern Coalfields in 1994-95 and in 2008 by an Essar project. Every time, he was promised a job if he moved. Every time that promise was broken.

“The displaced person’s backbone is systematically broken and the psychological trauma is immense,” says Somayaji, whose organisation works with some companies to improve rehabilitation efforts. “If these developers want to do good for the people, they really can.”

That good will only emerge if, as a start, two new laws, pending in Parliament for the last two years, are passed: the Rehabilitation and Resettlement Bill and the Land Acquisition (Amendment) Bill, 2007, the latter meant to supplant a 189-year-old colonial version that allows the State to take over any land it wants. Real change will only come when local authorities are trained in resettlement concerns and companies refrain from local. Some labour cooperatives provide cleaning and gardening services, but these are no more than flickering candles in Urjanchal’s vast heart of darkness.
Ramesh offers to increase ‘go areas’ to 74% 

Coal mining: The minister ruled out any relaxation in criteria for identification of critically polluted areas.

**NEW DELHI:** Ahead of the Group of Ministers (GoM) meeting on environment clearances on Thursday, the Environment ministry has expressed willingness to increase the coal-mining forest area in 28 blocks to 74%, up by 9%.

Environment minister Jairam Ramesh is expected to inform the GoM that he was willing to allow coal mining in 28 coal blocks by redefining their boundaries. This means additional 82,000 hectares of forest area could be available for mining. "Even if 90% of these 28 coal blocks (with redefined boundary) is shifted to the go category, 417 (81.56%) coal blocks covering 4,48,000 ha (73.93%) will be available for mining," Ramesh had said in a confidential note.

Agreeing that his ministry’s go-no-go policy for coal mining was not legally enforceable, the minister has said the categorization was indicative to identify forest areas that can be considered for allowing coal mining by causing least damage to the eco system. The ministry has not imposed any blockages, as claimed by the Coal ministry, for projects not falling in forest areas. The Expert Appraisal Committee is expected to consider 21 fresh coal-mining projects at its next meeting on February 21.

In fact, the critically polluted areas identified on the basis of the Comprehensive Environmental Pollution Index (CEPI) score is valid only for industrial clusters in urban areas and does not cover forests, where the coal-bearing zones fall. Of the 88 clusters, 43 having a CEPI score of more than 70 were identified as critically polluted and moratorium was imposed on allowing new industries in January 2010, a ministry note on Wednesday said.

This comes after media reports suggested that Ramesh had agreed to increase the threshold limit to 75 on CEPI score to give a go-ahead to 16 coal mines. Of the 48 industrial clusters, the ministry lifted the moratorium from five polluted areas — Andhra Pradesh, Maharashtra, Punjab, Tamil Nadu and Gujarat — in October 2010, after the state governments submitted plans to deal with pollution.

On Wednesday, moratorium was lifted from another eight critically polluted areas on the basis of recommendations of the Central Pollution Control Board (CPCB). These include Ludhiana, Varanasi-Mirzapur and Agra, Bhavnagar, Cuddalore and Dombivali, Aurangabad and Navi Mumbai.
BHP Billiton’s profit increases 72%

The fiscal first-half profit underlines strong demand from fast-growing regions

BY ROBB M. STEWART & DAVID FICKLING

U nder pressure from shareholders to share more of its surging mineral wealth, mining giant BHP Billiton unveiled a US$10 billion share buyback and bigger spending and dividend plans, dampening speculation that Chief Executive Marius Kloppers will pursue another megadeal.

The world’s fifth largest publicly traded company by market capitalization also reported a 72% jump in fiscal first-half profit to US$10.52 billion, underlining strong demand from China and other fast-growing regions as the global economy rebounds.

But BHP’s share price declined in Australian trading, reflecting disappointment among some investors that the company hadn’t used its massive annual cash flow to fund an even greater dividend and share buyback, said Lyndon Fagan, an analyst at Royal Bank of Scotland in Sydney. They ended down 1.6% at 46.59 Australian dollars (US$46.81).

The Anglo-Australian company—the world’s biggest producer of the coking coal used in steel-making and a top-three producer of copper, iron ore, nickel and silver—committed to spending $80 billion by 2015 on mines and oil fields. BHP said it is “cautiously optimistic on the short term outlook for the global economy given the continuation of robust growth in emerging markets and further positive signs of a sustainable recovery in major developed economies such as the U.S.”

Prices for its core commodities rose in its financial first half, driven by a combination of strong demand from emerging markets and supply constraints as mining firms held back on investment in recent years. BHP said it remains confident in the longer-term outlook for prices.

The past six months have been marked by BHP’s failed attempts to complete a major deal to transform the giant company’s long-term prospects. Its attempt to combine its iron ore operations in Australia’s arid Pilbara region with those of fellow Anglo-Australian mining giant Rio Tinto, in a joint venture that would have accounted for about a third of global iron ore exports, was blocked by European regulators in October. A separate US$39 billion takeover bid for Potash Corp. of Canada, the world’s biggest producer of the crop nutrient, was thwarted by Canadian politicians three weeks later.

At the same time, BHP and others have faced pressure to return more money to shareholders. Rio Tinto last week said it would buy back $5 billion in shares by the end of 2012, while Swiss mining company Xstrata PLC, the same week tripled its dividend.

Mr. Kloppers said he wouldn’t rule out any further attempts at a major takeover, but that gains in commodity prices had pushed the owners of assets to expect “ambitious” prices. He said the company’s strategy of growth, returning money to shareholders and maintaining a “pristine” balance sheet was unchanged despite the failed attempts at mergers and acquisitions.

BHP said its net profit rose to $10.52 billion, or about $1.89 cents a share, for the six months through December 31 from $6.14 billion, or $1.10 cents, a year earlier. Revenue advanced 39% to $34.17 billion from $24.58 billion.

Mining profits over the past year have surged as commodity-hungry emerging markets, particularly China, have bid up prices of key raw materials. Coking coal, thermal coal, aluminum, tin, silver, platinum and palladium are all close to multi-year highs, while iron ore, copper, and gold have hit all-time records in recent months.

Mr. Kloppers said BHP had a “clear opportunity” to invest in our its portfolio of assets and would spend about $16 billion a year over five years on oilfield development and large ore deposits such as potash in Canada, Escondida copper mine in Chile and Australia’s Pilbara iron ore, Bowen Basin metallurgical coal and Olympic Dam copper-uranium mines. “Our strategy is to expand massive ore bodies over time,” Mr. Kloppers said.

The investment is on top of plans to beef up BHP share buyback program to $10 billion by the end of 2011 and to increase its interim dividend to 46 cents a share from 42 cents previously.

BHP in mid-November reactivated a $13 billion share buyback program begun in 2006 and suspended in 2007 with $4.2 billion in shares yet to be repurchased.

Investors regarded the bigger spending plans as an indication that BHP was no longer seeking a major, transformational acquisition. While some investors were frustrated with the push, others see major deals as a growth opportunity for BHP.

“The bottom line is you shouldn’t be investing in BHP if you’re looking for dividends or your money back,” said Cameron Peacock, strategist at brokerage firm IG Markets, referring to the mining company’s share buyback plan. “If you want to invest in a growth stock, why not invest in a company like BHP that has the firepower to pounce on the right opportunity?”

Gavin Lover contributed to this article.

—waj@livemint.com
Sterlite, Hindalco win copper fees hike

Mumbai: Sterlite Industries (India) Ltd and Hindalco Industries Ltd, the nation's biggest copper processors, won a 20% increase in refining and treatment fees with miners this year, said two people with knowledge of the talks.

The companies, which refined about 95% of India's copper output in 2010, negotiated treatment fees at $56 (₹2,550) a tonne, said the people, who declined to be identified. Refining charges rose to 5.6 cents a pound from 4.65 cents. Sterlite and Hindalco, which smelt concentrate mined mainly in Chile, Peru...
and Australia, had asked for a 76% increase in fees on optimism record metal prices would boost ore output, said the people. Instead, supplies were cut by a strike and a port accident in Chile and lower grades of ore recovered from Rio Tinto Group’s mines in Chile, Indonesia and the U.S.

The fees for producing copper from semi-processed ore, known as concentrate, increases when ore supplies rise as miners seek to secure refining capacity.

BLOOMBERG
विकास की दिशा में एक उचित कदम

नै: भारतवर्ष
नवाजित

प्रधानमंत्री एवं भारतीय समाज पर अर्थव्यवस्था में संतुष्टि का रखने का प्रयास में राष्ट्रपति को विकासस्तर पर होने गए हैं। नवाजित भारत ने उन्होंने भी उत्कृष्टता का नए खंड का शुभारंभ लगाया।

2005 में प्रधानमंत्री ने बोला कि वैकल्पिक रिसर्च और विकास की ओर आपका आत्मनिर्भरता का समाप्ति के माध्यम से भारत की जनसंख्या का विकास करने का नए संक्षिप्त का शुभारंभ लगाया। नवाजित भारत ने उन्होंने भी इस शासन का नए खंड का शुभारंभ लगाया।

प्रधानमंत्री के राष्ट्रपति का आत्मनिर्भरता का समाप्ति के लिए संयोजन संगठन के आदेश से भारत की जनसंख्या का विकास करने का नए संक्षिप्त का शुभारंभ लगाया। नवाजित भारत ने उन्होंने भी इस शासन का नए खंड का शुभारंभ लगाया।

नवाजित भारत ने विकास के दृष्टिकोण को समाप्ति के लिए संयोजन संगठन के आदेश से भारत की जनसंख्या का विकास करने का नए संक्षिप्त का शुभारंभ लगाया।
खिनियों, नियंत्रकों को रजिस्ट्रेशन कराना होगा।

नई दिल्ली। अर्थव्यवस्था को रोकने के लिए सरकार ने अब खिनियों (माहीगरों) और नियंत्रकों के लिए माहिलों स्थानीय राज्यों में रजिस्ट्रेशन कराना जरूरी कर दिया है। एडवर्ड ब्राह्मण, खिनियों के कारोबार, संगठन, इतिहासियों या निर्माताओं के लिए फलाफल अवसंहस्त्रण कर दिया गया है। उन्हें इंडियन ब्यूरो और माहीगरों में संचालनिक नियंत्रण होगा।
कोयला प्रोजेक्ट्स को तेजी से मंजूरः देने की पहल

हरी दिसली। कोयला उन्नयन को योजना करने वाले मुद्दों को पहल होने के लिए गुरुकुल को में जा रही मानकों के माध्यम से पहले रूपांतरण मंचनालय ने केलेट इंडिया की एक श्रेणी परियोजनाओं में सहभागिता प्रदान की उपलब्धता बढ़ाने के लिए परियोजना तपाई पर अभिवृद्धि की है। मंचनालय ऋण के एक अधिकारी ने कहा, "रूपांतरण मंचनालय ने केलेट इंडिया के उन परियोजना स्थलों पर अभिनव दृष्टिकोण बढ़ाने के प्रयासों में अभी है।"
अजमेर में सोने की खान के संकेत मिले

शाखा न्युज़ | अजमेर

खानिक विभाग को अजमेर में सोने की खान होने के संकेत मिले हैं।

यह खान पीलसंग्राम पंचायत संबंधित क्षेत्र के रिसर्च ग्रुप में है। प्रामाण्य सरकारी मंत्रालय में यह यहां 3.36 करोड़ प्रति 10 लाख (फार्मिक्स पर विषय) बना रहे अनुसार मोदू बनाए जा रहे हैं। रेड वायरस ने इस क्षेत्र में बिना योजना निर्माण की है। इसके अनुसार यह खानिक अवधारणा के लिए सरकार को निर्देशित करना होगा।

सभी कुछ सही हो तो अन्य 15 सप्ताह में यह गोल्ड बाहर नहीं हो जाएगी। जनसंख्या के अनुसार खानिक विभाग के एन्डक्लोड प्रोग्राम और स्वागतिक स्वाउंटिंग स्ट्रोम वर्ष 2011-12 में इसका अभाव हुआ है। यह रिपोर्ट में 31 जनरल की अवधारणा रेड वायरस ने अजमेर-पाले क्षेत्र पर नकद इस क्षेत्र से खानिक विभाग ने पिछले 10 सालों में 7 वर्ष सेवू किये हैं। इसमें से 5 साल समायोजन के लिए विकसित सरकारी योजना नीति की है।

विभाग के अनुसार यह खानिक मिलान के लिए योजना का निर्माण किया जा रहा है। अगर वेयरस में बाहर नहीं होता है, तो अन्य सभी क्षेत्रों के लिए अभाव होता है।
We’re for mining with a human face

Despite many competing alternatives, coal continues to be the prime source of energy for the Indian industry. Although the country has abundant coal reserves, production of this fuel is far from keeping pace with the sharp increase in demand. One reason for this is the fact that a major part of India’s existing coal reserves are non-economical. But a policy paralysed is also hampering the situation. Economic policies which influence coal production levels and the adoption of new technologies, are undermining the coal industry. Coal has been made to suffer by the greed of the environment. It has been used as a tool against the goals of the government so as to profit from a group of engineers who, under the guise of ‘environmental concerns’, demand closure of several power stations.

The coal industry has been the victim of a double-edged sword. On the one hand, the government is pumping huge amounts of money into the coal sector to meet the growing demand for energy, while on the other, the environmentist lobby is leading a poor battle against it. The minister is not the only one who is affected. Cobalt is a vital fuel source and it is used in the manufacture of energy in the country for several years. The leader of the field and the future of coal as an energy source.

Coal is a vital fuel source for the power sector and it is an essential component of the energy mix of the country. It is the second most abundant energy source in the world. In recent years, however, there has been an increasing concern over the environmental impact of coal mining. This has led to increased regulation and scrutiny of the coal industry. Here, we take a look at the current state of the coal sector and discuss the challenges it is facing.

Are we mining with a human face? The answer to this question is essential for the future of the coal industry. As we explore the current state of coal mining in India and discuss the challenges it is facing, we will also look at the potential solutions that can help us move towards a more sustainable future.

The Financial Express, Delhi
Thursday, 17th February 2011, Page: 10

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Record caFE SPPRakash JAISwal
Union coal minister
OM METALS
NET RISES MARGINALLY

Hydro-mechanical engineering company Om Metals Infraprojects Ltd has posted a marginal increase in net profit at ₹7.7 crore for the quarter ended December 2010, compared to ₹7.5 crore in the corresponding period last year. Total income from operations for the December 2010 quarter rose by 14.6 per cent to ₹50.6 crore, as against ₹44.2 crore in the same period a year ago. The company has recently bagged a ₹444-crore project order from the Madhya Pradesh water resource department.

BS REPORTER
Gold Fluctuates Near 4-Week High on Inflation

LONDON Gold fluctuated in London after reaching a four-week high as investors weighed concerns that China will move to cool its economy as global inflation accelerates. China's consumer prices increased to 4.9% in January, exceeding the government's target for a fourth month, while UK inflation accelerated to the fastest pace in more than two years, data showed Tuesday. China's interest-rate swaps rose for a second day on speculation the central bank will tighten monetary policy further to tame inflation. "Support will continue to come from increases in inflation, growing investment," said Tom Pawlicki, an analyst at MF Global in Chicago, on Wednesday in a report. "Opposing pressure will be offered by potential tightening in China." Immediate-delivery bullion added as much as $4.09, or 0.3%, to $1,377.89 an ounce, the highest price since January 19, and was little changed at $1,372.60 at 11:38 a.m. in London. Prices gained as much as 0.3% and lost as much as 0.2%. The metal for April delivery was 0.1% lower at $1,373.20 on the Comex in New York. Bullion rose to $1,374.50 an ounce in the morning "fixing" in London, used by some mining companies to sell output, from $1,372.75 at Tuesday's afternoon fixing.
Ministerial panel on mining to meet Thu

The newly-formed group of ministers on mining in forested areas is set to meet on Thursday to look into the efficacy of existing forest clearance norms. The 12-member CoM, headed by finance minister Pranab Mukherjee, will consider all issues relating to environmental concerns arising from developmental activities such as infrastructure and mining. It would also look into environment clearances of projects in areas with high comprehensive environmental pollution index, a source said.
CIL expects nod to expand eight mines

Sumit Moitra KOLKATA

Coal India Ltd expects approval for expanding eight of its most productive mines soon with the government taking a decision to fast-track clearances, technical director N C Jha said on Monday.

The application for expanding eight mines, accounting for 80% of Coal India’s annual production will be placed before the environment assessment committee on February 21.

“The coal ministry has decided to place these applications before the committee and we expect a positive outcome in that meeting,” Jha told reporters at a press conference to announce the quarterly earnings of the coal mining PSU.

Before that, the group of ministers drawing representation from 12 ministries would deliberate on February 17 on relaxing the existing policy of not accepting or approving new mining applications, Coal India chairman Partha Bhattacharya said.

Coal India, meanwhile, has approached the Railways to become the third partner in its proposed joint venture with Shipping Corporation of India for creating infrastructure to import coal. “The response from the Railways has been positive,” Bhattacharya said.
Kabul witnesses ‘rare’ demand

ELENA BECATOROS  KABUL

Feb. 15: Amid surging demand for rare-earth minerals used in everything from cell phones to gas-saving cars, Afghans are dreaming of cashing in on vast deposits they believe lie beneath their feet.

The problem is that they are in one of the country’s most dangerous spots, on the south bank of the Helmand River in southern Afghanistan, where fighting rages in a traditional Taliban stronghold. That Afghanistan sits on vast mineral wealth has been detailed in several surveys, the most extensive of which were conducted by the Soviets in the 1970s.

Mining companies, both Afghan and foreign, already have shown interest, notably in its copper, iron and oil resources. Last month, Afghan officials presented what they say is $3 trillion worth of deposits in the country, more than triple the initial dollar amount estimated by the US defence department in June 2010. But with poor infrastructure and security that ranges from precarious to downright prohibitive, there is a limit to how much the country can hope for, at least in the medium term.

Among the most exciting right now are the rare earths, with a spat between China and Japan last fall highlighting China’s near-monopoly on the minerals. In 2007 the US Geological Survey estimated 1.4 million metric tonnes of rare-earth elements lie in southwest Helmand.

The Afghan ministry of mines says there is more elsewhere in the country, “huge deposits” overall, according to Mr Jilil Jamiriani, who deals with policy and promotion at the ministry in Kabul. The US defence department’s task force for business and stability operations estimates the Khanneshin area in Helmand holds some $89 billion in rare earths and niobium, minerals strategic for high tech and industrial industries.

— AP
Sterlite completes buy of Lisheen Zinc Mine

Sterlite Industries on Wednesday said it has completed acquisition of Ireland-based Lisheen Zinc Mine as part of deal to buy zinc assets of Anglo American group. The deal for Lisheen mine has a share value of $546 million, which includes approximately $275 million against cash balance available at Lisheen as on date, the company said in a filing to the Bombay Stock Exchange. In May 2010, Vedanta Resources, the promoter company of Sterlite Industries, had announced acquiring Anglo American's zinc assets for $1.34 billion.
BHP damps acquisition talk, spending on mines

BHP Billiton, the world’s largest mining company, damped talk that it’s looking to make major acquisitions, instead committing to spend $80 billion to expand and develop its own mines and oil fields. “As one looks at a buy versus build equation, the clear opportunity for us is to invest money in our own portfolio,” chief executive officer Marius Kloppers, 46, said on a conference call on Wednesday. Anadarko Petroleum Corp. and Woodside Petroleum have been named as possible targets for BHP. Investor and regulator concern helped sink three investments proposed by Kloppers in the past four years worth more than $100 billion, including last year’s offer for Potash Corp. of Saskatchewan Inc.
Gold fluctuates near 4-week high

Bloomberg
Feb. 16

Gold fluctuated in New York after reaching a four-week high as investors weighed concerns that China will move to cool its economy as global inflation accelerates.

Gold futures for April delivery added as much as $4.40, or 0.3 per cent, to $1,378.50 an ounce, the highest price since Jan. 19, and were at $1,375 at 7:58 a.m. on the COMEX in New York. Prices gained and lost as much as 0.3 per cent.

The metal for immediate delivery in London was 0.1 per cent higher at $1,374.50.

Bullion rose to $1,374.50 an ounce in the morning fixing in London.

Silver for March delivery in New York added 0.3 per cent to $30.775 an ounce. Palladium for March delivery was little changed at $839.35 an ounce. Platinum for April delivery was 0.1 per cent higher at $1,834 an ounce.

Bullion rates

Mumbai: Silver spot (.999 fineness): Rs 46,950; standard gold (99.5 Purity): Rs 20,370; Pure gold (99.9 purity): Rs 20,470.
Copper falls on stocks rise

Feb. 16

Copper fell for a second day in New York as expanding inventories of metal fuelled concern about weakening demand.

Stockpiles monitored by the London Metal Exchange rose to the highest level in six months, while inventories tracked by the Shanghai Futures Exchange were at the highest since June as of last week.

Copper for May delivery fell 2.3 cents, or 0.5 per cent, to $4.521 a pound at 7:45 a.m. on the COMEX in New York. Copper for three-month delivery slid 1 per cent to $9,910 a tonne on the LME.

Lead for three-month delivery on the LME fell to $2,616 a tonne. Zinc gained 0.4 per cent to $2,501 a tonne, tin fell 0.3 per cent to $32,400 a tonne and aluminium was little changed at $2,506 a tonne.
The Pioneer, Delhi
Thursday, 17th February 2011, Page: 14

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CIL posts record profit in Q3

The board recommends interim dividend of ₹3.50 a share

Coal India has reported ₹2,636 crore net profit during the third quarter, up by nearly 90 per cent from ₹1,382 crore (unaudited) in October-December 2009. An interim dividend of 35 per cent was declared.

The company is expecting the Union ministry of environment and forests (MoEF) to consider nearly a dozen of its proposals for environmental clearances during the next review meeting (of MoEF) on February 21.

"There had been two meetings between the Union coal and environment ministries in this regard. We are assuming that a lot of projects will be taken up for discussion by the MoEF during its next meeting on February 21," CIL chairman Partha S Bhattacharya said in a media conference.

The company, however, maintained that even if granted clearance, the said projects will take time to be implemented.

"CIL's production in the next fiscal (2011-12) will not cross 447 million tonne. The production of the current fiscal will also fall marginally short of even the revised target of 440 mt," he said.

This is the lowest ever production growth recorded by the company in nearly a decade.

Meanwhile the Union coal ministry is unclear about the withdrawal of the embargo by MoEF on capacity expansion in CIL's nine major coalfields, after March 31, 2011. The embargo was imposed under the Comprehensive Environmental Pollution Index (CPEI) programme.

"There is no such commitment by the MoEF to lift the embargo," said Mr. Alok Petri, additional secretary to coal ministry and a director on board of CIL. "They have sent teams to 7 coalfields to assess the situation. Based on the mitigation plans the MoEF will decide on the future of such projects," he added.

It may be mentioned that originally Plan Commission had set a production target of 520 mt for CIL in 2011-12, which was revised to 486 mt during mid-term appraisal, followed by two more rounds of revisions to 447 mt.

On the proposal for time bound environmental clearance with regard to areas which are officially referred as 'forest land' but are devoid of forest cover, Mr. Bhattacharya said that the first meeting of the group of ministers (GoM) would take place on February 17.
Govt sends notice to Sesa on Pirna mine

Panaji: The ministry of environment and forests (MoEF) has issued a show-cause notice to Sesa Goa, in which the Vedanta group holds majority stakes, for revocation of environmental clearance given to their Pirna iron ore mine under Section 5 of the Environment (Protection) Act, 1986. The show-cause notice, according to the MoEF, has been issued because the information and data contained in the environment impact assessment report submitted by Sesa Goa to MoEF for obtaining environmental clearance "was found to be inadequate".

Sesa Goa had applied to MoEF for obtaining prior environmental clearance to Pirna iron ore mine TC number 25/55 at villages Pirna and Nadora in Bardez taluka. MoEF had considered the proposal based on the documents and information submitted by Sesa Goa and also considered the recommendation of the same by the Expert Appraisal committee (EAC) constituted under the provisions of the EIA notification. Based on the above, MoEF had granted environmental clearances to the mining project in June 2009.

Pirna Nadora Kruti Samiti and others, however, filed an appeal before the National Environment Appellate Authority (NEAA) challenging the environmental clearance given to the mining project. MoEF was a respondent in the appeal.
Environment Ministry Puts New Conditions

JSPL’s Orissa steel plant gets green nod

New Delhi: After going easy on Posco, Lavasa and Chiria mines, the environment ministry has decided to drop its reservations about the Rs 90,000 crore integrated steel plant and captive power plant by Jindal Steel and Power (JSPL). After threatening to shut it down two months ago, it has now given a conditional green signal to the project, which is coming up in Angul district of Orissa.

The environment ministry had in November 2010 sent a showcase notice to the company headed by Congress MP Naveen Jindal.

The ministry claimed that the 6 MTPA (million tonnes per annum) integrated steel plant and 1,000 mw captive power plant at Kerjang in Angul had begun work in violation of the environmental clearance it got in 2007. The environmental clearance required the company not to start work until it got a forest clearance for diversion of 108.232 hectares of forest land. But officials recorded in 2009 that substantial work had already been undertaken before securing the forest clearance. It was then that state officials issued a showcase notice. With reports of continued work, the Centre stepped in, with environment minister Jairam Ramesh calling it “seriously non-compliance” and threatening to revoke all clearances to the project.

But at the end of hearings on February 10, Ramesh ordered conditional clearance without imposing any penalties for the violations. His ministry instead banked on another order of 2010 to suggest that the condition was only recommendatory in nature.

The ministry has now imposed additional conditions on the project. It has asked JSPL to earmark 2% of its net profit as CSR budget and adopt dry quenching in coke oven plant to conserve water, use 100% fly ash generated for cement and brick manufacturing and back filling in the captive coal mine and abandoned coal mines.

The clearance further asked the company to develop 33% of the area as a green belt, achieve particulate emissions below 50 mg/m3 and take rainwater harvesting measures. The company said it would comply with directions given in environment ministry communication. JSPL will also invest close to Rs 45,000 crore on the coal to liquid project in the state to produce an estimated 80,000 barrels per day crude oil, using environment-friendly indirect coal liquefaction technology from Germany.

►Notice to Sesa Goa, P 26
GoM to Reconcile Mining, Eco Concerns Meets Today

A Group of Ministers headed by Finance Minister Pranab Mukherjee will meet on Thursday to consider environmental issues relating to coal mining and other developmental issues. The twelve-member ministerial group will seek to reconcile environmental concerns, energy security and needs of mining and infrastructure sectors within the next two months.

The GoM was set up after a year of inconclusive discussions and efforts by the Coal Ministry to push through a liberal forest diversion policy. The group will consider the efficacy and legality of forest clearance norms and procedures. Coal Ministry officials have argued that the Forest Conservation Act, 1980, doesn’t prohibit diversion of forest land. “The law calls for regulating diversion of forest land and not for prohibiting it,” a senior ministry official said.

The ministerial group will discuss steps so that better quality forests are regenerated in a time-bound manner after mining operations are over. As part of this focus on quality rather than quantity of forests, Environment Minister Jairam Ramesh has decided that compensatory afforestation in the event of forest diversion could be undertaken in degenerated forests. This is a departure from current practice which requires that compensatory afforestation is taken up in revenue land. This practice was part of the outcome of a government policy to increase the total land mass under forest cover—a policy that Ramesh has described as unviable given developmental and population pressures.

Environmental clearance of projects located in areas with a high comprehensive environmental pollution index (CEPI) will be taken up by the GoM, Projects in seven coalfields are stuck on account of a moratorium on new and expansion projects in critically polluted industrial clusters. The Coal Ministry maintains that production losses to the tune of 16 million tonnes has been incurred between April and December on account of the moratorium. A senior ministry official said that coal mining operations do not produce the pollutants and toxins that have been considered for developing the index. Therefore, holding up coal mining operations on the basis of the CEPI would not be correct. The Environment Ministry doesn’t agree with this reasoning. A senior Environment Ministry official said this argument isn’t correct as in some of the coal mining areas several of the measured pollutants and toxins are above the prescribed norms.

The GoM could also suggest changes in existing statutes, rules, regulations, guidelines or executive instructions. Sources in the Coal Ministry said that it was not planning to suggest any changes in the existing laws and regulations. “We only want that projects be cleared on the basis of the existing law and not bring in issues like ‘no-go’ for clearance.”

At the heart of the GoM deliberations is the issue of whether coal mining should be allowed in 106 coal blocks covering 1,40,341 hectares, which have been demarcated as ‘no go’ or “category A areas. This area is only 8.11% and 11.5% of the potential coal bearing area and the explored coal bearing area of the country, respectively. These 106 blocks are spread over nine major coal fields covering a total of 382 coal blocks with an area of 6,02,890 hectares. This would mean that in the areas under consideration 477 coal blocks can be mined.
Sterlite completes acquisition of Lisheen Zinc Mine

Sterlite Industries on Wednesday said it had completed the acquisition of Ireland-based Lisheen Zinc Mines as part of deal to buy zinc assets of Anglo American group, the company said in a filing to the Bombay Stock Exchange.
Output of iron ore

Production of iron ore in 1960 was 10,655,000 tonnes, 33 per cent more than in the previous year, according to the Indian Bureau of Mines. Orissa was the
principal producing State with an output of 3,720,000 tonnes, followed by Bihar with 2,844,000 tonnes. Mysore, Madhya Pradesh and Maharashtra recorded an output of 1,867,000, 1,449,000 and 320,000 tonnes respectively. During the year, despatches of ore for consumption in the iron and steel plants totalled 7,223,000 tonnes, and this showed 27 per cent increase over 1959, when despatches stood at 5,677,000 tonnes. Exports during the year totalled 2,443,000 tonnes. Again, this showed an upward trend; in 1959, export was to the tune of only 2,024,000 tonnes.
To use or not to use

This has reference to the numerous letters on asbestos. Asbestos is a fibrous silicate mineral and is used as a heat resistant in many industries. It was used by every branch of the military between 1930 and the late 1970s. Many U.S. war veterans are now being diagnosed with mesothelioma. Some are even claiming compensation under the law. It takes decades for a disease caused by asbestos fibres to manifest.

The fibrosis of lung tissues, which produces impaired lung function, is caused by inhaling asbestos. The WHO declared that 125 million people are exposed to the risk of asbestos across the world. Fifty-four countries have banned its use. Mining of asbestos is banned in India.

Dr. E. Subbarayan, Gingee
If asbestos is really so harmful, why is the government not banning it? Why do various reports say it is safe to use the white form? Even the judiciary has found no issues with the usage of asbestos. One wonders whether asbestos is really harmful or it is just negative propaganda.

Prerna Ahlawat,
New Delhi
Hindalco Gears Up to Reap Benefits of Novelis Deal

Co to soon make cans for beverage majors Pepsi and Coke; first time such cans will be made in India

RAKHI MAZUMDAR
KOLKATA

C ans for beverage majors such as Pepsi and Coke will soon be made in India. Hindalco Industries, which acquired Novelis in 2007, will make the high margin can sheets for global buyers at its upcoming facility in Hirakud, Orissa, through a plant relocated from Novelis’ UK unit. The move, which will meet Hindalco’s main reason for acquiring Novelis in 2007, is expected to boost the Birla Group flagship’s profitability due to the premium pricing that such can sheets command.

The thin aluminium sheets, which are used in packaging of beverage products, accounted for 50-55% of Novelis’ annual shipments last year and are priced 30-40% above base grade aluminium products. The technology to make such sheets is limited to the top global four aluminium producers, with Novelis leading the bracket. Hindalco, which was essentially seen as a commodities company paid $6 billion to acquire Novelis to gain the technology and extend its markets.

“This is part of the premium portfolio we want to grow. We follow a global marketing strategy and the target mark up and profitability of our Hirakud facility is expected to be in line with Novelis’ premium portfolio margins,” said Hindalco managing director Debi Bhattacharya. Hindalco will primarily target export markets for supplying can body stock, a high, value-added aluminium product, from the new factory at Hirakud. To be commissioned in October 2011, Hindalco is shifting key equipment from Novelis’ plant at Rotherston, UK.

“‘This is for the first time that can body stock will be manufactured in India. We will mainly try to export the product and supply to Canpack, a leading multinational producer of cans, which has a large facility at Aurangabad,” said Mr Bhattacharya, who is also the vice-chairman of Novelis.

Europe and strong demand patterns in Asia have made can sheet manufacturing in India more feasible. Hindalco said that while there are technology and asset transfer regulations involved in such a move, “We have complied in letter and spirit. Our Hirakud plant is expected to be up and running by October this year. Following this, we would have to qualify for supplying the product. Once we qualify, we will start supplying from Hirakud,” said Mr Bhattacharya.

The project will also enable Hindalco to manufacture can body stock for the domestic market. To start with, Hindalco is setting up an initial capacity of 140,000 tonnes of can body stock and will later expand it to 500,000 tonnes. The dismantling and refurbishment of equipment from Novelis’ Rotherston plant has begun. Novelis is announced the closure of the Rotherston plant in March 2009, more than two years after the acquisition. Hindalco’s move to raise the share of high value items is a strategy to insulate revenues from fluctuations in global aluminium prices and input cost rises. At present, value-added items account for almost 45% of Hindalco’s product basket in aluminium.
‘Small-Ticket’ Reform Helped India

One area the economy has benefitted from such reform is the disinvestment of public sector units

The government hung on to them, the greater would be the loss to the exchequer. Two prospective investors would pay more if PSUs were privatised instead of being disinvested.

As minister for disinvestment, Arun Shourie, attempted privatisation of PSUs. He became a hero to many voters of reform. The mere promise of privatisation, it was claimed, had caused an appreciation in the value of listed PSUs of Rs 1,00,000 crore.

The critical time on these would have been considerably poorer. It is clear that the ‘strategic sale’ of PSUs, as privatisation was then called, would have been a bigger scam than the alleged 25 scam in the disinvestment was followed by successive governments have been enormous.

The number of listed PSUs has increased from 15 in 2001 to 34 in 2011, including newly listed giants such as Coal India, is Rs 15,50,000 crore. The value of the government’s shareholding in these PSUs has risen by over Rs 20,000 crore.

PSBs are an even bigger success story, going by the percentage increase in market capitalisation. The market cap of 14 listed PSBs increased by Rs 25,000 crore between 2001 and 2011. The value of the government’s shareholding in these PSBs has risen by over Rs 20,000 crore. Had the government gone down the privatisation route and sold off its stakes in PSUs in their entirety, the exchequer would have been considerably poorer. It is clear that the ‘strategic sale’ of PSUs, as privatisation was then called, would have been a bigger scam than the alleged 25 scam in the disinvestment was followed by successive governments have been enormous.

The number of listed PSUs has increased from 15 in 2001 to 34 in 2011, including newly listed giants such as Coal India, is Rs 15,50,000 crore. The value of the government’s shareholding in these PSUs is Rs 16,25,000 crore.

If, over the next five years, the government were to realise Rs 40,000 crore every year from disinvestment, the sales of subsidiaries on privatise, the transfer of control to private owners.

Critics of disinvestment made two points. One, the PSUs would fare in value as long as they continued under government ownership; the longer the government hung on to them, the greater would be the loss to the exchequer. Two, prospective investors would pay more if PSUs were privatised instead of being disinvested.

The Budget is a time for clichés. Through the 1980s, commentators informed us that ‘it sends out a signal that reforms will continue’. Businessmen still find it prudent to commend the finance minister for ‘striking a fine balance between growth and fiscal stability’.

The critics have their favourite line. What is sadly missing in the Budget is ‘big ticket’ reform. This is one contention that has turned out to be completely misplaced. The success of the Indian economy is all about ‘small-ticket’ reform.

One area in which ‘small-ticket’ reform has clearly been a blessing for the economy is disinvestment of public sector undertakings (PSUs). Successive governments were panned for being pusillanimous on privatisation. Except for a brief period in the middle of the NDA regime, governments have preferred disinvestment, the sale of minority equity in PSUs, to privatisation, the transfer of control to private owners.

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Copper Futures Return 81% in Barely Two Weeks

Traders who bought futures on Indian commodity exchanges reap it rich as metal gains 6%

RAM SAHAGAL
MUMBAI

While copper users fret over the "irrational" rise in raw material prices, traders who bought copper futures on Indian commodity exchanges two weeks ago have received 81% returns as the red metal gains 6%.

"Copper has rallied from ₹440-446 over the past two weeks to ₹465, enabling traders who bought the metal reap a neat gain," said Viral Shah, senior vice president, Geojit Comtrade.

Since the contract size is 1 tonne, the gain made over the past two weeks by traders would be around ₹25,000 on an investment of ₹20,000, a whopping 81% return, assuming a trader put up a margin of 7% to trade one lot of copper. According to Naveen Mathur, associate director (commodities & currencies), Angel Broking, the margin to trade base metals is normally 7-8%.

However, the high leverage it affords makes futures trading without an underlier a highly risky proposition.

With prices falling from a record high on the London Metal Exchange, brokers have not ruled out a dip in the price on the domestic exchange as traders unwind their buy positions. In fact, copper is expected to go down by the same extent from Tuesday's high of ₹465.10 a kilo over the next one week or 10 days. The rise in open interest—outstanding buy-sell positions—in the light of the falling price indicates the build-up of fresh short positions, they said.

However, brokers are optimistic on the back of US economic recovery and demand from emerging markets, factors which industry sources look at with ascalpe.

Copper for three-month delivery on the London Metal Exchange dipped from a high of ₹10,190 a tonne on Tuesday to a low of ₹9,940 on Wednesday before trading at ₹10,011 at the time of writing. Taking cues from LME, the domestic futures contract fell from a high of ₹465.10 to a low of ₹451.8 before moving up to ₹457.65 over the same period.

"A correction from the resistance level of ₹465 in the near term looks very likely on the back of profit booking," said Viral Shah, senior vice president, Geojit Comtrade.

"That said, we expect the long term trend to sustain and price to test ₹500, which would correspond to ₹11,000 on the LME."

Shah believes that the US recovery demand from emerging markets and the launch of new ETFs in copper are among the factors that support a further price rise in copper. Mathur adds that high prices could dent physical demand for the red metal and force a shift to other base metal substitutes by users.

However, Arun Chokhani, a senior executive from a leading private firm, rules out supply-demand mismatch or factors cited often by brokers as causes for the eutaluing price of the metal. "There is no justification for such prices. Brokers and analysts cite strong US recovery and emerging market demand but if that's the case why have other base metals such as aluminium not rallied to the same extent," he asked.

The cost of production for a producer, according to an industry source, is anywhere between ₹3,500 and ₹4,000 a tonne, so the realistic copper price should be somewhere at ₹4,500 or slightly more to factor in a 10-15% profit margin over the highest cost.
Ramesh softens stand, ‘no-go’ projects to get green nod

BS REPORTER
New Delhi, 16 February

Has Environment Minister Jairam Ramesh, who till recently was known for his green ‘overdrive’, toned down? Conditional clearance to several high-profile projects, including Posco and SAIL, is a pointer to how his ministry has softened its stand.

Ahead of a meeting of the group of ministers (GoM) tomorrow, on the ‘no-go’ issue related to coal projects, 16 coal projects, that have been stuck for a year now, are set to get the environment ministry’s go-ahead.

The ministry has agreed to relax the comprehensive environment pollution index (CEPI) moratorium allowing 16 projects of Coal India — the country’s monopoly coal producer — in seven coalfields to take off. These projects had been stranded after the ministry imposed a temporary moratorium on development projects in 43 clusters labelled “critically polluted”.

Seven coalfields – Chandrapur, Korkha, Dhanbad, Talcher, Singrauli, Assam and Jharia Valley – fall under the CEPI moratorium. Five of the 43 clusters were already taken off the list earlier, while it lifted moratorium from another eight sites today.

Earlier this year Prime Minister Manmohan Singh had asked Ramesh, coal minister Srijitkumar Shinde to soften their stand to resolve the environment versus development dispute.

Interestingly, data shows that from August 2009 to July 2010 (under Jairam Ramesh), 501 projects of the 714 were approved and only six was rejected. The remaining projects are under consideration.

Before the cabinet reshuffle on January 20 Ramesh cleared high profile projects, including the $12 billion South Korean Posco venture in Orissa. Also, overturning the recommendations of the statutory Forest Advisory Committee (FAC), he gave go-ahead to Steel Authority of India (SAIL) for diversion of 596 hectares of forest land for mining in Chiria, Jharkhand.

In addition, MoEF gave a conditional go-ahead to Jindal Steel and Power Ltd (JSPL) for its six mtpa (million tonnes per annum) integrated steel plant and 1,000 MW captive power plant in Odisha, which was stalled for months. The ministry had issued a showcase notice to the company in November 2010, asking reasons for not revoking earlier clearances.

On January 17, the Lavasa hill-city project of Ajit Gulabchand near Pune got conditional approval. The following day the ministry, in its order, had said it was prepared to consider the project subject to imposition of penalties, creation of an environmental restoration fund, formulation of a comprehensive environmental impact assessment study and the management plan.

Activists claim Ramesh never took any strong stand. “The opposition was symbolic,” one of the activists said.

Most of the projects that got cleared had riders attached to it which the companies involved had to abide by.