Centre likely to miss Rs 40k-cr divestment target

IOC issue deferred, SAIL pulls up bankers

Mumbai/ Delhi, Jan 17: The government might find it tough to meet its divestment target of Rs 40,000 crore for the current fiscal, with oil secretary S Sundaresan saying on Monday the much-awaited follow-on public offer (FPO) of state-owned Indian Oil Corporation (IOC) will be delayed to the next financial year.

His statement comes weeks after reports that an FPO of yet another state-run company, Hindustan Copper, slated for December, has been delayed to February or March. While IOC was expected to raise Rs 19,000 crore through its offer, Hindustan Copper was to raise Rs 4,000 crore.

Meanwhile, the divestment of ONGC is expected to take place before March. On Monday, a senior official said Bank of America, Citigroup and HSBC are among six banks that will manage the sale of government’s 5% stake in ONGC.

The government has so far raised about Rs 23,000 crore through disinvestment in companies including Manganese Ore India, Coal India, Engineers India and SJVN.

Addressing reporters in Mumbai, Sundaresan said, “while the divestment in the state-run Indian Oil Corporation (IOC) will be delayed to the next financial year; the divestment in ONGC, which is estimated at Rs 13,000-14,000 crore, will take place before the end of the current financial year.” Last week, officials of IOC had said that a decision on the stake sale was likely to be determined within three to four months’ time.

The petroleum secretary’s statement comes even as the the government on Monday questioned the business ethic of four leading investment bankers for accepting the job of managing the public share sale of private firm Tata Steel when they have already been empanelled as lead managers for state-owned SAIL’s FPO.

Though the issue is expected to be resolved soon, it has created doubts whether the Rs 40,000 mark will be achieved in the current fiscal. Disinvestment of ONGC and SAIL is important for the government to reach closer to the targeted disinvestment proceeds for current fiscal.

SBI Caps, Kotak Mahindra, Deutsche Bank and HSBC were hired as the book running lead managers (BRLMs) for SAIL’s Follow-On Public Offer (FPO) in September, 2010, much before Tata Steel reached an agreement with the four banks to manage its over Rs 3,000 crore FPO, scheduled to open from January 19. Terming the action of banks as “unethical”, steel minister Virbhadra Singh indicated that the development may cause some delay for SAIL in hitting the capital market “if it entails changing the merchant bankers.”

“...We are unhappy about it. I don’t know if they (banks) can do like this. Certainly this is unethical...” Singh said at the global steel summit in Delhi. The government has sent notices to the banks to explain the matter. “They have been asked to reply in 3-5 days and then we will take a decision on whether to change the bankers,” an official said.
Gold steadies near $1,360, dollar restricts gains

London, Jan 17: Gold steadied around $1,360 an ounce on Monday, stabilising after posting a second successive weekly fall last week, as a stronger dollar tempered some of the gains made from consumer demand for bullion.

The gold price has retreated by more than 4% since the start of the year, driven lower by declining investment, renewed optimism over the US economic outlook and a more robust dollar, which undercuts gold's appeal to non-US buyers.

Holdings of gold in the world's largest bullion-backed exchange-traded fund fell to their lowest since June 3 on Monday, while speculators cut their holdings of US gold futures to their lowest since April 2010 last week. Spot gold was last little changed on the day at $1,360.00 by 1155 GMT, having touched a one-week low of $1,354.99 on Friday and having fallen by more than US gold futures were down 0.1% at $1,359.80.

"If you take a three-to 12-month view, it will still be at higher (price) levels, but in the short term, gold is going to find it difficult to rally," said Standard Bank analyst Walter de Wet.

"We have seen the dollar depreciate last week and gold hasn't really reacted to that, but consolidation is certainly our view and we see physical demand on price dips below $1,360, which should support gold," he said.

The euro fell broadly on Monday on fading expectations that the eurozone's sovereign bailout fund will provide any meaningful way to solve the region's debt problems. Market players are awaiting a suite of data from Beijing due on Thursday, including December inflation and fourth-quarter economic growth, which might give clues on how much tightening would be needed in the next few months.

But economic conditions in the US and Europe will be a more decisive factor behind gold prices, some analysts said.

"Physical demand stayed robust ahead of the Lunar New Year celebrations in early February, and bargain hunting materialised in the Asian market after prices dropped and spot supply remained tight," dealers said.

In more upbeat fundamental news for gold, Gitanjali Gems Ltd, India's biggest jewellery retailer, says it expects to boost sales to about $2 billion this year from $1.55 billion in 2010 and aims to expand in Italy and China. With gold looking more fragile, silver also came under pressure, falling for a third day in a row, by 1 percent to its lowest in a month.

Spot silver was last at $28.16 an ounce, compared with $28.42 late in New York on Friday. Platinum came under more modest pressure, declining by 0.5% to $1,789.99 an ounce, but remained within 1% of last week's 30-month high at $1,826.74.

Reuters
Rumours surrounding the imminent Cabinet reshuffle suggest that Environment Minister Jairam Ramesh will be reassigned his portfolio for his excessive zeal in implementing environmental laws. Where will he go?
The in-joke is probably the power ministry, since it’s Ramesh’s “no go” policy on 203 mines in the eastern mining belt that is holding up investments worth ₹40,000 crore, the bulk of them in power generation.
Silver may outshine gold this year

KUNAL BOSE

In line with many other commodities, including precious metals, silver, often described as poor man’s gold, has shed some gains from a 30-year high at $39 an ounce in December to trade now at a little less than $29.40 an ounce. Such correction in the market is in line with the November US unemployment rate fell to 9.8 per cent, this year’s GDP growth forecast for the world’s largest economy is three per cent and the dollar rally is finally over.

The past year saw some spectacular rallies in silver, with prices rising 40 per cent on perception of it being a store of value, continuing shrinkage of above-ground refined silver and demand staying ahead of supply. Fact that for the past two decades, demand for silver was more than mining supply, the above-ground silver stock had hit a historical low of less than one billion ounces. In response to tightening supply situation, the world has been drawing down stocks held on government and private accounts. Though, not in any significant quantities, physical shortages and good prices off late are also leading to silver recycling. There will be more of recycled silver if prices rise as the year advances.

An umbilical kind of relationship in terms of prices exists between silver and gold. Both the precious metals have gone through some corrections as the New Year dawned. Gold over the last two years and silver in 2010 saw impressive price appreciation and, therefore, irrespective of their fundamentals, are likely to experience occasional dips. At their respective prices, silver at this point on a historical basis is grossly undervalued vis-à-vis gold. This is in spite of silver outperforming the yellow metal by a very high margin last year. Most precious metal experts have forecast that silver once again this year will gain more, principally on safe haven demand than gold. At the same time, gold gets a boost for reasons such as concerns about Portugal’s sovereign debt and the US world food prices index climbing to record levels in December, then silver also stands to gain, very likely more than its illustrious partner in the precious metals basket.

Silver’s demand is both for its store of value and industrial applications. In recent years, we have seen new generation products like flat screen panels, iPods, solar panels. No doubt, industrial demand for silver took a hit as a result, but demand for silver took a hit as a result. But new applications, including use of antimicrobial and antibacterial properties of silver in the medical space are compensating for the lost ground in phototography. Silver is no longer a metal used for making jewellery for the masses only. It is now seen as an ideal material for making jewellery for high fashion women too. Moreover, silver jewellery made in our country is coming for growing appreciation in the world market. However, the mainstay of silver demand in its application in a wide range of industries.

What is mostly going to help the cause of price of the metal is the existence of a limited number of pure silver mines with their reserves getting depleted over time. For a long period, silver to the extent of 80 per cent has been derived as a by-product of base metals like copper, zinc and nickel. Supply of silver as a derived product got squeezed since the second half of 2008, with the world lapping into a scorching recession on the back of a systemic financial failure. Simultaneously, as there was loss of confidence in currencies with stimulus programmes running full steam in several countries led by the US, investors thought it wise to turn to gold and silver to protect their wealth.

To add to supply concerns, China, the world’s third-largest producer of the metal after Peru and Mexico, effected major cuts in exports of this high value metal to take care of the domestic investment demand and industry requirements. According to an observer, the Chinese demand is coming from all areas, including jewellery fabrication. China is not short of millionaires with huge appetite for gold and silver. The country that exported 1,350 tonnes of silver in 2008 sold nearly 600 less in the world market in the first three quarters of last year. China is also taking a considerable physical silver position. The country, now the world’s largest gold producer, caused a stir by importing 6.7 million ounces of the yellow metal in the first 10 months of last year against imports of 1.6 million ounces in 2009. But China does not export gold.

With so much cash to spare, China is in an enviable position to splurge on precious metals like no other country. Experts say the hedging inventory will come to Beijing’s aid whenever it seeks a major world status for its currency. When will you see silver prices at 2011 end? Bullion experts say the price will be in the range of $35 to $40 an ounce. Though silver will forever draw inspiration from gold, chances of the white metal outperforming the yellow metal once again this year remain a distinct possibility.
वेदांता समूह के चित्रमैत्र संयोग से मिले

नई दिल्ली (एएचएनबी). वेदांता समूह के चित्रमैत्र अभिनंदन अब्बाजी ने तीन दिनों की परीक्षण एवं के बर चित्रमैत्र संयोग से मिलते की और उद्योग में कामांतर खान परीक्षण वेदांता एलुमिनियम लिमिटेड (वीएएल) के द्वितीय चरण की एलूमिनियम दाय 48 देने का अनुरोध किया।

मंत्री ने समझाया कि वेदांता समूह ने रोड नोट नामक योजना में प्रविष्ट हुए दीवार परीक्षण फिल्टर के लिए लिया जाता है फिन लिंक चरण कामांतर खान परीक्षण की खारिज किय रहे के अपने फिनलाइन पर फिन के दिशा करने का अनुरोध किया। उद्योग के अनुसार बंग ने विक नक्का का वीएएल ने बंग के फिंच लिंक का उद्योग उपर नयाबाबा में चूड़ा दी है। उन्होंने अवधारणा में गंध के राष्ट्र के फिनलाइन से इस काम का अनुदेश करने का बांध। अपराजिता ने कहा, 'इसके फिनलाइन के बाकी नवरात्रें लेने का है। उन्हें नयाबाबा इस मागले पर दो फिंच दो सुनाई भीं।' वीएएल के मार्का उद्योग संयोग ने भी उल्लास दे एयर मागले में विनियम दाय की है। इसके अनुसार लालौ अंतरिक्ष विकल्प परिपात समेत कई अन्य विनियम विनियम भी अद्यावधि के समय लिखा है।
Forest reforms: NAC faces green hurdle

Nitin Sethi | JNN

New Delhi: The National Advisory Council (NAC) has run up against a wall in the government yet again. The environment and tribal affairs ministries have stopped replying to the Sonia Gandhi-led body on reforms in the Forest Rights Act (FRA).

The council had earlier run into opposition from the food ministry, the Planning Commission and the Prime Minister's Office on Food Security Act, the Right to Information Act and the rural employment guarantee scheme.

The face-off with the government has made at least one non-government council member vent his anger against the dilution of the council's role in public domain.

On the Forest Rights Act, the council has been put in the awkward position of getting its recommendations whetted by the very ministries it's meant to advise.

The NAC recommended several crucial changes to strengthen implementation of the Forest Rights Act. A group of NAC members designated to review tribal policy deliberated reforms needed for two ministries on what it should recommend back to them in turn.

When the council did so, the tribal affairs ministry said it would take a month to respond. The environment ministry told the council that it had set up an internal committee to review the draft recommendations and it would take a month to get back, though it did send old correspondence between the minister and the PMO on forestry reforms to the council.

The council is now stuck with the predicament of taking advice from the two ministries on what it should recommend even as changes in the FRA, which the government was once keen to put in place to address security concerns in naxal areas, threaten to be held up for months.

Even if the two ministries get back to the NAC in another 30 days, the government would be expected to set up yet another inter-ministerial group to review the recommendations as the Act impacts the work of several ministries, including tribal affairs, mining, coal, environment and industries.
Saxena panel trashes tribal welfare schemes

National Advisory Council May Discuss Paper At Friday Meeting

The Economic Times, Delhi  
Tuesday, 18th January 2011, Page: 3

N C Saxena, the influential former bureaucrat who is a member of the National Advisory Council, has raised the ineffectiveness of government programmes among tribal people in a paper that will come up for discussion before the Sonia Gandhi headed council.

The government relied on a report by Saxena last year in denying clearance to a large mining project by Vedanta Resources in Orissa’s Niyamgiri hills. This had attracted international attention as the project was seen to be threatening the habitat of the ancient Dongria Kondh tribe. In the paper, titled Tribal Neglect and Limitations of the Budgetary Approach to Development, which Saxena has already submitted to the NAC, he criticises the functioning of the Ministry of Tribal Affairs, showing how the ministry does not even spend funds allocated to it and fails in adopting a proactive approach to issues that affect tribal people but are under the purview of other ministries.

"Many issues that affect tribal people are under the ministry of rural development or environment or panchayati raj etc. Now the tribal affairs ministry must collect evidence and put pressure on the other ministries to ensure service delivery. Instead, they seem to have a narrow understanding of their responsibility and focus only on allocation of grants to NGOs etc. A more proactive approach is needed," Saxena said.

Saxena shows that the ministry has been unable to spend even the limited budget allotted to it. Every year since 2006-07 (the period the paper considers), the ministry has spent well under 100% of its allocation. In 2009-10, the ministry spent just 62.35% of the allocation. This meant that there was little increase in budget outlay for the ministry for 2010-11. Saxena, who heads a government panel responsible for monitoring the implementation of the Forest Rights Act, argues that the ministry of tribal affairs has failed to get FRA implemented faithfully.

The paper highlights the ministry’s failure to finalise the National Tribal Policy, the draft of which was announced six years back. "There is no white paper from the ministry relating to the pathetic condition of governance in forest-dependent villages, including huge vacancies and absenteeism of staff," the paper says. In two districts of Jharkhand, which the Unicef studied as part of a report on the implementation of the National Rural Health Mission, it was found that more than 50% of approved positions were vacant. Saxena argues that vacant positions are a result of the government yielding to political pressure from the staff, who are reluctant to work in tribal areas.

Saxena’s paper says that the ministry’s plea that many subjects that affect tribal people, such as land alienation and displacement, are outside of its purview, is not sufficient ground for its inactivity on these subjects. "When a new ministry is set up to help marginalised people, it is expected that it would take a holistic view of their problems, and co-ordinate activities of all other ministries that deal with the subjects impinging on the work of the newly created ministry,” the paper argues. The paper and the issues it raises might come up for discussion during NAC’s next meeting scheduled for Friday.
VEDANATA ASKS RAMESH TO REVIEW ORDER

HT Correspondents
letters@hindustantimes.com

NEW DELHI: A few months after environment minister Jairam Ramesh refused to allow expansion of Vedanta Group's alumina refinery in Orissa, company chairman Anil Agarwal met the minister requesting him to review his decision.

The ministry has revoked its in principle approval to allow six-fold expansion to company's refinery in Lanjigarh, Orissa, after its committee had found that the construction at the site had started without mandatory final approval.

The ministry's response was that Vedanta has already challenged its decision in the Orissa high court but Agarwal is asked to make a fresh application for clearance. The minister did not commit whether the application will be cleared or not.

Agarwal is reported to have asked the minister to allow environment clearance for its bauxite mining in the state.

The ministry had earlier scrapped green clearance of the state-run Orissa Mining Corporation, which was to provide bauxite to Vedanta. The firm is sourcing bauxite from Orissa mines after the ministry disallowed it getting the natural resource from Jharkhand.
Vedanta chief meets Ramesh

press trust of india

NEW DELHI/MUMBAI, 17 JAN: Vedanta Group chairman Mr Anil Agarwal today met the environment minister, Mr Jairam Ramesh and sought clearance for Vedanta Aluminium Limited’s (VAL) Stage-II bauxite mining project in Orissa.

Sources in the ministry said the Vedanta chief requested Mr Ramesh to reconsider his decision to reject its Stage-II bauxite mining in Niyamgiri Hills for Lanjigarh refinery.

The minister pointed out the case filed by VAL challenging the Centre’s decision was currently before the Orissa High Court but asked Mr Agarwal to “make a fresh application” before the ministry, sources said.

Later, when asked about the meeting and whether the project was discussed, Mr Agarwal said, “we discussed it.”

Orissa High Court will be hearing the case on 2 February.
रमेश से मिले अनिल अग्रवाल

नई दिल्ली: नेतांतर स्मृति के प्रमुख अनिल अग्रवाल रोमन्यार को पहाड़ीवरण बंदी बालासंघ से मिले और बेदात एल्युमिना हिन्दुटी (पेर) के उड़ीसा रेल्वे स्टेशन-2 बालासंघ प्लाइन प्रोजेक्ट को स्वीकृति देने की मांग की। पंजाब के सुरज के अनुसार, बेदाता के मुख्य ने मेज़ी से अपने उस निर्धार न्याय फूसकर रखने की कहा, जिसमें पहाड़ीवरण बंदी ने स्थानीय रिष्कों के लिए निर्माणी उपहार में स्टेशन-2 बालासंघ प्लाइन प्रोजेक्ट को रूप कर दिया था। बंदी ने केल द्वारा उड़ीसा हाइफॉर्ट में फोन के लिए चुनौती देने वाला शामले का हथियार मिला। जिम्ब्रॉक उन्होंने आत्मान से मंत्रालय को नए दिन पर से आंदोलन चेहरे के लिए कहा। (बड़ी/प्रेट्ट)
जेपी गुजरात में करेगा रू.33,000 करोड़ का निवेश

वर्तमान में, जेपी गुजरात एक्सप्रेस लिमिटेड (जीएसएल) ने 3 से 5 सालों के दौरान गुजरात में 33,000 करोड़ रुपये का निवेश करने का फैसला किया है। जीएसएल ने गुजरात इंडस्ट्रीस मीट के दौरान स्वयं ने इसके लिए छह सहमति पत्रों पर दस्तावेज दिए हैं।

कंपनी की बोर्ड के अनुसार, कंपनी सुनिश्चित करेगी की यह प्लान मुख्य रूप से उपजनिकम क्षेत्र पर करीब 14,000 करोड़, धार्मिक, वास्तविक, और विभिन्न प्रकार की मामलांल और विकास के लिए 6,000 करोड़, विज्ञान तकनीकी मामलां, अंतरराष्ट्रीय और विकास के लिए 8,000 करोड़, 3 जेट्स की भारी कीमत से 1,000 करोड़ और सेवानिवृत्ति क्षेत्र के लिए 4,000 करोड़ रुपये का निवेश किया जाएगा। सभी परियोजनाओं के लिए क्रमांक के क्रम में स्थापित होंगी।

जीएसएल
Anil Agarwal meets Jairam Ramesh

Vedanta Group Chairman Anil Agarwal on Monday met Union Environment Minister Jairam Ramesh and sought clearance for Vedanta Alumina Limited’s (VAL) Stage-II bauxite mining project in Orissa. Sources in the ministry said the Vedanta chief requested Ramesh to reconsider his decision to reject its stage-II bauxite mining in Niyamgiri Hills for Lanjigarh refinery. Ramesh pointed out the case filed by VAL challenging the Centre’s decision was currently before the Orissa High Court, but asked Agarwal to “make a fresh application” before the ministry.
**MinesMin wants removal of export duty on iron ore pellets**

**PRIYADARSHI SIDDHANTA**

NEW DELHI, JANUARY 17

WITH mineral-rich states mounting pressure on the government to restrict export of iron ore and incentivise value-addition, the mines ministry has written to the finance ministry seeking abolition of the 15 per cent export duty on iron ore pellets.

According to the mines ministry, increasing the value-addition of fines into pellets needs to be strongly incentivised. It further added that export duty wasn't enough to promote value-addition besides eroding the market of Indian pellets overseas.

The country was currently producing 215 million tonne of iron ore, much in excess of the annual domestic requirement, which is currently pegged at 88 MT. Of the total production, generation of iron ore fines stood at 126 MT (nearly 57 per cent) of which only 40 per cent find their way to the blast furnaces of the local steel producers and the remaining fines are exported by the miners, the ministry said.

In a letter to the finance ministry on January 12, the ministry contended that the export duty was directly impacting the competitiveness of domestically produced pellets in the international markets since the cost of energy was costlier in the country.

"Mines ministry is of the opinion that in order to promote value-addition in the country, especially of the excess ore produced, the export duty on pellets should be removed. Accordingly the finance ministry may like to reconsider the levy of export duty on pellets in the larger interest at the earliest," the ministry said in its letter.

**MINES ministry, in a letter to the finance ministry, has said that levying 15 per cent export duty on ad valorem basis on export of iron ore pellets was acting against the tenet of incentivising the industry**

The government had introduced an export duty of Rs 300 per wet metric tonne on export of pellets. Subsequently it was upwardly revised to 15 per cent on ad valorem basis and then lowered to 5 per cent and thereafter hiked to 10 per cent. Currently the export duty on pellets stood at 15 per cent with effect from April 29, last year.

"There is also an immediate market for Indian pellets abroad and the country would be able to gain largely through its exports more so as they replace fines as a value-added product," the ministry said.

Most of the mineral-rich states like Chhattisgarh, Jharkhand and Orissa have been stiffly opposing ore exports and are insisting on value addition which would help in generating employment.
Vedanta likely to apply for Niyamgiri afresh

DILIP BISOI
BEHBANESWAR, JANUARY 17

LONDON-BASED Vedanta Resources is likely to submit a fresh application with the Union environment ministry for revival of Niyamgiri bauxite mines and its Lanjigarh expansion project.

Vedanta Resources chairman Anil Agarwal on Monday met Union environment minister Jairam Ramesh in the Capital and discussed the company’s Orissa bauxite mining and alumina projects. The meeting which was attended by senior officials of the ministry and senior executives of Vedanta continued for over one hour.

Sources in the ministry said the Vedanta chief appealed to the environment ministry urging the latter to consider stage-II clearance for the mining project.

Vedanta Alumunium (VAL), a Vedanta Resources Group company, has already set up a 1 million tonne alumina refinery at Lanjigarh. The company was proposing to ramp up capacity to 6 million tonne. VAL has entered into a joint venture with OMC through its sister concern Sterlite Industries (India) to develop the Lanjigarh bauxite mines in the nearby Niyamgiri hills.

The company would also keep the state government in the loop as the mining lease is with the state-owned Orissa Mining Corporation (OMC). Meanwhile, the state government has written two letters to the Union environment ministry urging the latter to consider stage-II clearance for the mining project.

The MoEF, however, scrapped the expansion project and denied Stage II clearance for the mining project following receipt of an adverse report from the NC Saxena Committee on the company’s environment and forest standing.
Mines min seeks Plan Panel help for infra projects

The mines ministry has asked the Plan Panel to speed up the infrastructural projects in mineral rich states, urging it to take it up with various ministries, including road transport. “It is requested that Planning Commission may take up the matter with the ministry of railways, shipping, road transport, civil aviation and power for taking/expediting infrastructural projects in mineral rich states,” an official with the mines ministry said.
Gold could soar as investors get skittish on currencies

Peter Hirsch, who heads The Leading Edge Network is one of the most sought after experts on wealth management in the US. In an email interview with FE’s Saikat Neogi he underlines that both Europe and the US will have debt levels that are simply unsustainable in the long term, and commodities will continue to be an asset class to watch for both in the short term and long term. He also says the economies of India and China will continue to outperform and outproduce most of the western world for decades to come. Excerpts:

We have seen a steep rally in gold prices in the last one year. What are the fundamentals that are driving prices of the precious metal and do you expect the rally to sustain in 2011?

After compiling all the evidence at hand along with some educated progestation I believe that the price of gold will be pushed higher; possibly much higher.

The UN is calling for a Universal Currency which could possibly be derived from a basket of currencies. The UN has already released an economic and social affairs report last year which states that they have decided that the US dollar should no longer be the international currency.

I don’t blame them. The dollar won’t be worth a quarter if the US continues to pursue the path that they are currently on. The US is $4 trillion in debt and they keep taking on more debt by bailing out the financial system and issuing Quantitative Easing programmes. In order to keep liquidity in the market place and print new debt in an effort to keep the status quo. The euro is also on its way to failure. I believe what we’ll see this year is a continued devaluation of the dollar and a possible collapse of the euro.

In which case, we’ll see European countries revert to their previous currencies.

Either of the two cases mentioned above gives way to higher gold prices. When investors become skittish of the value of currencies, history tells us that gold prices go higher; extraordinarily higher in many cases.

What kind of asset allocation and diversification a retail investor should look during a period of high inflation?

During times of high inflation typical asset allocation models don’t work. There are only two ways to combat inflation in a true inflationary environment: velocity and hard assets.

Retail investors should look at hard assets, including real estate in some markets and at investments that cash flow on a monthly basis. I’m not referring to a stock or a bond that may pay dividends but at alternative investments that give good cash flow on a monthly basis in times of inflation. A good example of this might be a REIT that invests specifically in apartment complexes, mobile home parks, or self-storage units which not only will increase in value in times of inflation but the debt also becomes easier to pay off each month and year as the currency becomes worth less and less. Proven oil and gas projects or mining projects also give rise to monthly cash flow.

The challenge in these investments is developing trusted relationships with the producers of such goods.

Typically the best companies for cash flow are private companies so you don’t have the liquidity you would have in a publicly traded company or the regulatory oversight of the financial markets so you have to do your homework.

Going forward, where do you see investors’ preference go — bond or equity and which asset class will fare better?

I personally wouldn’t invest in either asset class in the US or Europe. Bonds, either sovereign or corporate, are only as good as the government or company backing it.

If and when the US dollar gets pulled as the international currency, the US will be forced to deal with the ramifications of their financial decisions over the last 30 years. Currently, the US goes into debt just to pay the interest on its current foreign debt or bonds. In previous years the US borrowed money from the Social Security administration to help keep bond interest rates low allowing more debt financing.

With the population of the US getting older not only is this no longer possible but the Social Security Administration is also running at a deficit per annum.

Foreign countries increased their holdings of treasury bonds also keeping interest rates low but that is no longer the case. Foreign countries are now becoming very apprehensive about the US’s ability to pay back this debt.

The bottom line is that the large Federal debt is like driving with the emergency brake on, further slowing the US economy. The US stock market is also overvalued currently. I know that most people would argue with me here but I’m quite content with that. I think the smart money looks at emerging markets and also at commodities — I can’t stress this enough.
Vedanta to apply for Niyamgiri & Lanjigarh afresh

■ Agarwal meets Ramesh

Dilip Bisoi

Bhubaneswar, Jan 17: London-based Vedanta Resources is likely to submit a fresh application with the Union environment ministry for revival of Niyamgiri bauxite mines and its Lanjigarh expansion project.

Vedanta Resources chairman Anil Agarwal on Monday met Union environment minister Jairam Ramesh in the Capital and discussed the company’s Orissa bauxite mining and alumina projects. The meeting, which was attended by senior officials of the ministry and senior executives of Vedanta, continued for over an hour.

Sources in the ministry said the Vedanta chief appealed to the minister to reconsider his decision of cancelling the forest clearance to the Lanjigarh bauxite mines and also scrapping of the expansion project. Agarwal urged Ramesh to take a relook at the ministry’s decision to withhold the stage-II forest clearances to the mining project. The minister reportedly advised the Vedanta chief to make fresh applications for the purpose, the sources said.

According to a senior executive of Vedanta Resources, the company will now explore the possibility of filing fresh applications.

■ Continued on Page 2
Vedanta to apply for Niyamgiri & Lanjigarh afresh

It will take legal opinion in this regard as the company has filed a case in the Orissa High Court challenging the ministry's decision to cancel its expansion project. The company would also keep the state government in the loop as the mining lease is with the state-owned Orissa Mining Corporation (OMC).

Meanwhile, the state government has written two letters to the Union environment ministry urging the latter to consider stage-II clearance for the mining project.

Vedanta Aluminium (VAL), a Vedanta Resources Group company, has already set up a 1 million tonne alumina refinery at Lanjigarh.

The company was proposing to ramp up capacity to 6 million tonne. VAL has entered into a joint venture with OMC through its sister concern Sterlite Industries (India) to develop the Lanjigarh bauxite mines in the nearby Niyamgiri hills. The MoEF, however, scrapped the expansion project and denied Stage II clearance for the mining project following receipt of an adverse report from the NC Saxena Committee on the company's environment and forest standing.
Vedanta chief meets Jairam Ramesh, seeks fresh nod for mining in Niyamgiri

Our Bureau
New Delhi, Jan. 17
The Vedanta Group Chairman, Mr. Anil Agarwal, met the Environment Minister, Mr Jairam Ramesh, on Monday and discussed issues relating to Vedanta Aluminium Ltd's refinery expansion in Lanjigarh and bauxite mining in the Niyamgiri Hills of Orissa.

Sources said Mr Agarwal asked Mr Ramesh to reconsider the Ministry's decision on the refinery expansion. Vedanta is likely to make a fresh application before the Ministry seeking clearance for the project.

Mr Agarwal's meeting with Mr Ramesh assumes significance as the Orissa High Court has set February 2 for hearing the petition filed by Vedanta challenging the Environment Ministry's decision to reject its refinery expansion plan.

Vedanta's proposal for a six-fold expansion of its alumina refining capacity to six million tonnes at Lanjigarh in Orissa was refused clearance by the Environment Ministry in October last year citing violation of environmental laws.

Besides Vedanta, the Orissa Government and several tribal organisations too have filed separate petitions before the High Court in the case.

Recently, the Orissa High Court directed the Environment Ministry to justify its stand on denying permission to Vedanta's expansion plan and file its reply before the month-end.
Gold steady, dollar restricts gains

Reuters
London, Jan. 17

Gold steadied around $1,360 an ounce on Monday, stabilising after posting a second consecutive weekly fall last week as a stronger dollar tempered some of the gains made from consumer demand for bullion.

Spot gold was last little changed on the day at $1,360.00 by 11.5 GMT, having touched a one-week low of $1,354.99 on Friday and having fallen by more than US$32 an ounce, having risen last week to its highest in ten years.

Spot silver was last at $28.16 an ounce, compared with $28.42 late in New York on Friday.

Platinum came under more modest pressure, declining by 0.5 per cent to $1,799.99 an ounce, but remained within 1 per cent of last week's 30-month high at $1,826.74.

Palladium was down around 0.8 per cent at $785.50 an ounce, having risen last week to its highest in ten years.

Bullion rates
Mumbai: Silver spot (99.9 fineness): Rs 44,480; standard gold (99.5 Purity): Rs 20,205; Pure gold (99.9 purity): Rs 20,305.
Dollar keeps copper on leash

Reuters

London, Jan. 17

Copper was steady on Monday, reversing earlier losses but constrained by a stronger dollar and concerns that top metals consumer China will step up its fight against inflation and crimp demand.

Benchmark copper on the London Metal Exchange traded at $9,651 in rings versus Friday's $9,650 close. Nickel traded at $26,000 a tonne in rings, down from the $26,850 close.

Lead traded at $2,676 in rings versus a close of $2,678 a tonne. Zinc was at $2,459 a tonne, from $2,457.

Aluminium at $2,462 a tonne slipped from $2,472 on Friday while tin traded at $26,950 from $26,850 a tonne.
Oilmin sets riders for Vedanta’s Cairn India venture acquisition

The oil ministry wants Vedanta to furnish an update on official proceedings against the mining group and unconditionally accept the government’s view in legal disputes with Cairn India before it approves the London-listed firm’s $9.6-bid to buy Cairn’s Indian venture.

The measures are among a slew of conditions proposed by oil ministry officials for an in-principle approval of the controversial deal. While these conditions can be another setback for the controversial deal, which has seen many twists and turns since it was announced last August, top oil ministry officials said these were “minor” issues that could be resolved by a dialogue and the deal remained on track to be approved.

Cairn and Vedanta declined comment. Government officials involved in the matter said Vedanta would have to present a status-report on all proceedings initiated against it by the centre and states. Further, in-principle approval for the deal to be subject to ONGC’s pre-emption rights. ONGC is a 30% disgruntled partner in the Rajasthan oil fields, which accounts for over 90% of the total deal value.

ONGC, as the government nominee, was given the 30% stake free of cost but is contractually obliged to shoulder the entire royalty burden of its partner Cairn, which discovered India’s largest onshore oilfield in Rajasthan. ONGC says the royalty burden is unfair and has asserted that it has pre-emptive rights and that its consent is needed for the deal to be completed.

Vedanta, which has no experience in oil and gas, would also have to ensure it doesn’t tinker with the existing management of Cairn India, failing which the oil ministry would take away the operatorship of the block.

The oil ministry is likely to demand that Vedanta would have to “unconditionally accept” the government’s decision on all litigations that Cairn India is involved in with the government. The ministry wants Cairn to withdraw an arbitration proceeding challenging its liability to pay cess for oil produced from the Rajasthan block. Cairn is paying “under protest” its share of cess at $2.500 per tonne. But, the company had challenged it through an arbitration suit on the ground of a 15-year-old deal that holds ONGC responsible for paying royalty and other statutory levies.

Vedanta has had run-ins with the environment ministry on the issue of expansion of its aluminium refinery in Kalahandi, Orissa, and was also denied permission to mine bauxite at Niyamgiri in the same state. Permission to set up a university in Orissa was also denied. It is unclear how any of these transactions impact the buyout of Cairn India’s stake, which is on the face of it a pure commercial transaction.
NEW DELHI: After the Environment Ministry blocked Vedanta's mining project in Niyamgiri hills of Orissa and stalled its six-fold expansion of its refinery, Vedanta Group chairman Anil Agarwal met Environment Minister Jairam Ramesh here on Monday.

While Agarwal was learnt to have requested Ramesh to re-consider the stand against Vedanta's bauxite mining project, Ramesh was believed to have underlined that the company would have to apply afresh for environmental clearance.

Vedanta's integrated project, which included a bauxite mining project in Niyamgiri hills to provide raw material for its expanded alumina refinery in Lanjigarh, had suffered a setback late last year when the Environment Ministry came down against the project for violation of environmental norms.
Panel nudge to hasten infra projects

THE MINES ministry has asked the plan panel to speed up the infrastructural projects in mineral rich states, urging it to take it up with various ministries. "It is requested that the Planning Commission take up the matter with the ministry of railways, ministry of shipping, ministry of road transport, ministry of civil aviation and ministry of power for taking/expediting infrastructural projects in mineral rich states," the official said and added the fate of a few road projects were still hanging fire due to land acquisition woes. The construction work of the 82 km Haridaspur-Paradip Railway line, which was likely to be completed in December 2008, had to be stopped due to this reason.
राष्ट्रपति से पीएम की मुलाकात, बढ़ी मंत्रिमंडल फेरबदल की अटकलें

नई दिल्ली (थर्ड)। प्रधानमंत्री ममता बनर्जी की राष्ट्रपति प्रतिष्ठा देवी सिंह पाटेल से हुई सोमवार रात की मुलाकात के बाद केंद्रीय मंत्रिमंडल में परिवर्तन की अटकलें हैं जिन्हें प्रधानमंत्री ममता बनर्जी और अशोक अय्यर सोनिया गांधी के बीच विवादों की लगातार विवादों में आए मंत्रियों के मंत्रियों को हटाने या बदलने पर पूर्ण सहमति हो गई है। इस पैमाने पर, रायना रेड्डी, एप्स मिला, विलासबाबा देवगुप्त आदि को लेकर अटकलें तेज हो रही हैं।

हालांकि राष्ट्रपति भवन के सुधार के मुद्दाकार इस मुलाकात में संबंधित के बाद राहुल, अंतर्राष्ट्रीय सुरक्षा और पर्यावरण के लेखांग, वित्तीय नेताओं की चर्चा हुई। राष्ट्रपति और प्रधानमंत्री की यह मुलाकात शाम की यद्यपि दोनों मंत्रियों का बातचीत अवधारित निश्चित नहीं था। इसलिए प्रतिष्ठा पाटेल भाषण का ध्यान इस आशा भी दिखाया। लेकिन यदू ने यह भी कहा कि मंत्रिमंडल परिवर्तन का समय और नियुक्ति को लेकर भी दोनों नेताओं के बीच चर्चा हुई।

करोड़ों रुपयों के मुद्दाकार निर्णयों पर सहमति लागू बने बुझी हैं, उनमें भाग लेने के मंत्रियों भी हैं। प्रमुख है कि मंत्रिमंडल परिवर्तन में प्रधानमंत्री ममता बनर्जी और अशोक अय्यर सोनिया गांधी दोनों मंत्रियों के बीच विवाद के बीच बहुत कम सहमति है। इस तरह से करोड़ों रुपये बिलासबाबा देवगुप्त भवन के समर्थन में निर्मित रहे हैं।
राष्ट्रपति से पीएम की मुलाकात

सुखी का कहना है कि पीएम ने आज आमदनी समिति का काम करने को इश्वर जताए हैं। वह राजनीति लेकर आंदोलन का बदला देकर हमने राजनीति ही संभालने का नया मार्ग चुनना चाहते हैं। उपरोक्त समस्याओं को निभाने के लिए पीएम ने राजनीति और समाज की दोहरी दर्शन से नए रूप में नए मुद्दों संबंधि का समान समझा है।

राष्ट्रपति से पीएम की मुलाकात