BJP: Cong not serious on issue

AGE CORRESPONDENT
NEW DELHI

Aug. 18: The Bharatiya Janata Party (BJP) on Wednesday accused the Congress of not taking enough interest to protect the mineral wealth of the country. The allegation was made in the context of the debate that took place in the Lok Sabha on the issue of illegal mining when no Congress MP or Union minister from Karnataka was present in the House, leave alone participate in the debate.

Former Union minister of state for finance and textiles and currently the special representative for Karnataka in the capital, Mr Dhana- jaya Kumar ridiculed the Congress for not showing enough courage and seriousness on the illegal mining issue.

He alleged that the Congress party is indifferent to the needs and aspirations of the general public by skipping the discussion on the subject. "They have made a mockery of themselves in the Lok Sabha, when the debate on illegal mining rocked the House."

Taking a dig at the Union ministers from Karnataka for staying away from the House, he said, "these people waxed eloquent about illegal mining in Bellary, but here they ran away from a proper debate and discussion. They claimed that they were undertaking the padayatra from Bangalore to Bellary to create awareness among the masses about the menace of illegal mining. They reached Bel- lary and addressed a public gathering."
आईसीवीएल की अमेरिका में खदान अधिग्रहण की तैयारी

अंतर्राष्ट्रीय खेती सेवाएं लिमिटेड (आईसीवीएल) अमेरिका में कोल्ड खदान खोलने की तैयारी कर रहा है। इसके लिए, अमेरिका में एक टीम कोल्ड खदान के निरीक्षण आदि का काम कर रहा है। जिससे कि रणनीति और आधि की प्रक्रिया पूरी करा जा सके। यह जानकारी भारतीय इंडस्ट्री प्रसिद्धिकरण के चेयरमैन कर्म ने पूर्व सचिव चर्चा ने नैनिक मामले पर दुर्गुन दुकान को आयोजित करने के लिए एक समिति के साथ आयोजित की।

वर्ष 2010 में इसका उद्घाटन किया गया एक दम दिन समूह अमेरिका में है, जो कि कोल्ड खदान का निरीक्षण दूर होडिलिंग) आदि का काम कर रहा है। वर्ष 2010 आईसीवीएल के अन्तर्गत का रूप में भी काम कर रहा है। आईसीवीएल सेवाएं, नैनिक, सीआईएल, आईआईएल और एनआईएल द्वारा मिलकर, इन्हीं कोटों (एसीवीएल) की जीवन लीडर में कोल्ड की संस्थानों को खरीदने आदि का काम करती है।

वर्ष 2010 में इसके साथ ही यह भी कहा जा सकता है कि इस के साथ-साथ संचार कंपनियों को मिलकर फिर एक दूर दुकान खदान खोलने और कोट्सपोज कोट को आपूर्ति प्रदान करने के प्रयास करें।
India’s new Avatar

A bauxite mine on Niyamgiri’s sacred hills now seems unlikely. Belatedly, the Centre appears to be enforcing its own laws. What lies beneath...

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He is ignoring all the documents and clearances, he is talking like an NGO! The outburst was directed against N.C. Saxena, member of the powerful National Advisory Council, former bureaucrat, a confidant of UPA chairperson Sonia Gandhi and the government’s go-to expert on issues of poverty, forests and tribal rights.

In India’s corridors of power, calling someone “an NGO” is an expression of scorn and resentment. Both feelings were evident as I talked to Mukesh Kumar, Chief Operating Officer of Sesa Aluminium Limited, part of the Vedanta group, a global corporate wonder that’s grown to 94 times its size from 2000. In terms of value, Vedanta is India’s third largest conglomerate after the Tata group and the Mahindra Arvahini group.

Over two conversations that lasted an hour, Kumar vented his fury at the scathing observations of a government committee headed by Saxena: Don’t cut mining in Orissa’s Niyamgiri Hills, an anticipated source of bauxite for Vedanta’s aluminium refinery, which has grown six times in capacity and violated a raft of forest, environmental and tribal rights laws.

Released three days ago, the 163-page report acknowledges that mining will affect the Dongaria Kondh, a primitive tribe that’s now a cause celebre in international environmental circles after being likened to the Navi, the blue-skinned nature-loving aliens massacred by greedy human miners in the 2009 movie Avatar. Vedanta says no village will be displaced, no Dongaria Kondh made homeless, and that the Saxena committee says nothing that the Supreme Court did not observe in according conditional clearance — subject to regulatory approval — in 2009.

When I spoke to Saxena, he said: “I told them [the state government and Vedanta] to file a case of contempt against me. I dare them to.” Saxena told me local officials were “very reluctant” to give him and three fellow committee members data on Vedanta’s project, with one district official saying they could “collect it from the Supreme Court”. Unsurprisingly, the Saxena committee report accuses Vedanta of “total contempt for the law” and “an appalling degree of caution on the part of the concerned officials”.

While talking to Kumar, it was hard to tell sometimes if he was talking to a corporate executive or a representative of the Odisha government, which is run by the Biju Janata Dal, a part of the opposition National Democratic Alliance. “How are such issues raised only in Chhattisgarh or Orissa?” Kumar asked.

Well, I could have pointed out the Ministry of Environment and Forests, headed by Jairam Ramesh, was now equally hated in Congress-ruled Maharashtra, where it’s questioned the location of a second airport at Mumbai — among a mangrove forest.

But Kumar had spoken long and passionately about changing rules, the decade-long effort to get his aluminium refinery underway; the electrification of 15 villages, the 20,000 children being fed mid-day meals (but thus I learnt subsequently hasn’t started yet), the 43 Vedanta child-care centres, the leaf-plate-making courses for tribal women, the company’s “mission” to eradicate malaria, and the “tremendous pressure for employ-

A prized endorsement: Former President A.P.J. Abdul Kalam (right) inaugurates a mid-day meal kitchen set up by Vedanta at Lanjigarh in Orissa.

ment” from the locals that apparently prompted the company to start operations without final clearances. He insists all clearances are in place for the existing operations. So it seemed irrelevant to point out that Ramesh, clearly with Sonia Gandhi’s blessings, over the last six months was pushing an environmental crackdown, irking even fellow Congressmen and Cabinet colleagues running the highways, coal, steel and tribal affairs ministries.

I have gone into the Vedanta case in some detail because it illustrates India’s developmental dilemmas at a time when New Delhi is increasingly mindful of a growing image and insurgency problem.

Investors as diverse as the Church of England and the Norwegian government, sold investments in Vedanta as the controversy over the Indian Na’vi ground on. The concern that unequal growth is endangering the idea of India is reflected in the Saxena committee report: “This committee is of the firm view that allowing mining in the proposed mining lease area by depriving two primitive tribal groups of their rights over the proposed mining site in order to benefit a private company would shake the faith of tribal people in the laws of the land which may have serious consequences for the security and well being of the entire country.”

Saxena believes the tribes are getting the rawest deal in the new India, and in a letter to Sonia Gandhi has warned that the methods of the Ministry of Tribal Affairs are contributing to the spread of Maoism.

Ramesh has many consequences to consider and a lot of balancing to do. Tomorrow, another evaluation of the Vedanta project — once pushed by the Prime Minister’s Office begins. The Forest Advisory Committee (it shares a committee member with Saxena’s group; Amita Baviskar, a PhD from Cornell University and professor at New Delhi’s Institute of Economic Growth) will make a recommendation that Ramesh will use in his final decision, due next week.

Every insider says it’s unlikely there will any mining on Niyamgiri. By the weekend, another committee will decide the fate of Navi Mumbai’s new airport. That, too, appears unlikely.

Last week, Ramesh’s ministry ordered the Orissa government to stop land acquisition for India’s biggest direct foreign investment, the $54 billion steel plant proposed by South Korea’s Posco, after another four-member committee — headed, again, by Saxena — reported widespread violations of forest and tribal rights laws. The pressure to reverse this decision is growing with Union Minister of Steel Vrbhadrath Singh vowing to intervene. As I write this, angry officials — those Saxena’s committee accuses of collusion — from Orissa are flying into Delhi to lobby Vedanta’s case.

Will India’s laws prevail? Will Ramesh get his way? Will a new balance emerge?

As editor@hindustantimes.com
It’s all mine, not ours

Vedanta Resources owner-chairman Anil Agarwal is known for his risk-taking abilities. That skill was displayed again on Monday when he announced his maiden foray into the oil sector with a $9.6-billion deal with Cairn India. But on the same day, it also became clear that — at least in Orissa — his adventurous spirit could take a severe beating. A government-appointed panel indicted the London-based FTSE 100 company, saying that the Centre “should not clear” Vedanta’s bauxite mining project in Orissa’s Kalahandi district because the company has “consistently” violated the Forest Conservation Act, the Forest Rights Act, the Environment Protection Act and the Orissa Forest Act — in other words, they have breached every law in the book that safeguards the rights of marginalised communities like the Kondhhs of the area. Equally scathing is the panel’s indictment of the Orissa government’s role in the affair: it said that the district administration has been reluctant to act fairly to formalise the rights of the tribals, over the bauxite mining project lease area, as the state government had “already decided to transfer the said land for mining”. Orissa’s Posco project also faces serious charges.

If there’s a takeaway from this and the Posco case, it is this: both the state and the central governments need to clean their own stables. If a corporate has managed to go this far without complying with the laws, then there must be something gravely wrong with our governance systems. If it’s Vedanta today, it will be some other company tomorrow. The State-owned mining companies too are not always above board. All across India there are protests against power projects, SEZs and mining projects. And in most cases, the main grouse of the people is often the fact that the district authorities along with project proponents don’t even hold public hearings properly. More frightening is the fact that files move back and forth between the state and central governments, yet until there are protests, no one in the bureaucracy questions the illegalities. In fact, the Vedanta report said that earlier the Centre too looked the other way when violations were reported to it.

During interactions with the media, senior Vedanta officials have often talked about the cost advantage of Eastern Ghat bauxite and how vested interests are targeting the company. Corporate rivalry may often upset calculations but that is no excuse for blatantly flouting laws. Vedanta has probably become an iconic case but there are many more companies that will be looking for grabs more than what’s due to them. Who’ll stop them seems to be the question now.
परमाणु विधेयक पर रिपोर्ट पेश

मोदी को कार्यवाही के लिए भाजपा-कांग्रेस में सांगांग द्वारा संसद में हंगामा

भाषा, वार्ता/नई दिल्ली

विवादास्य परमाणु दायित्व विधेयक के बारे में संसदीय समिति को राष्ट्र आज संसद में पेश की गयी। सपा, वाम, राजद और लोजपा जैसे दलों ने हल्के रंग के हरे दोनों सदनों में हंगामा किया कि गुजरात के मुख्यमंत्री नरेंद्र मोदी को स्थापत्यवादी फर्जी मुठभेड़ मामले में सीधे आई से क्लीन चिट दिलाने के पूर्व में भाजपा ने कांग्रेस से सांगांग की है।

राज्यसभा में हंगामा: पासवान ने आसन के आगे लगाए नारे: कार्यवाही गृहवार तक स्थगित

लोकसभा में भाजपा और अन्य दलों द्वारा किया गया ताक़त में आसन का खंडन ने कांग्रेस का गुस्सा उठा किया पलटवार करते हुए कांग्रेस का मुंह उठाया। निचले सदन में राजद प्रमुख लालू प्रसाद और सपा प्रमुख मुसलमान सिंह यादव के नेतृत्व में उनकी पार्टियों के सदस्य आसन के सामने आ गये जबकि राज्यसभा में लोजपा प्रमुख राम विलास पासवान ने आसन के सामने आकर विरोध प्रकट किया।

उन सदस्यों के हाथ में अखबारों की प्रतिया, जिनमें सोहरबुद्धिनी मामले में मोदी को क्लीन चिट दिये जाने की कथित खबर थीं। राज्यसभा में, राजद, लोजपा के अलावा वाम सदस्यों ने परमाणु दायित्व विधेयक पर भाजपा के समर्थन के बाद मोदी को → शेष पृष्ठ 9 पर
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Copper falls after touching one-week high

Copper eased on Wednesday, having touched a one-week high earlier, as worries over slowing growth in top metals consumer China offset improving risk appetite and falling inventories. Earlier prices in the red metal touched a one-week high at $7,409. Inventory flows into LME warehouses are also on the radar, after a recent trend of falling stocks suggested demand was improving. Three month copper on the London Metal Exchange was at $7,396.25 a tonne by 0731 GMT compared with Tuesday's close of $7,382 a tonne.
Gold holds steady in restricted trade

Gold prices held steady at ₹18,900 per 10 gm in the national capital today on restricted buying activity, but silver prices rose by another ₹50 to ₹29,800 a kg on festive season demand. Marketmen said subdued demand for gold at existing higher levels in domestic markets and lacklustre trade overseas, which normally sets the price trend at home, kept prices in check. Gold of 99.9 per cent and 99.5 per cent purity were being traded at the previous level of ₹18,900 and ₹18,800 per 10 gm, respectively. Sovereign prices also remained unchanged at ₹14,800 per piece of 8 gm. On the other hand, silver ready rose by ₹50 to ₹29,800 a kg and weekly-based delivery by ₹105 to ₹29,540 a kg.
Karnataka’s ban on iron ore exports to hit railways’ revenues

MAHESH KULKARNI
Bangalore, 18 August

The recent ban on iron ore exports and suspension of mineral despatch permits by the Karnataka government is likely to leave a ₹2,000-crore hole in the revenues of Indian Railways this year.

The public sector behemoth has already taken short by eight million tonnes in freight loading for the first quarter of the current financial year due to repeated disruptions in the Naxal-affected areas.

The transport sector (both railways and roadways) may end up losing ₹5,500 crore in revenues, if the ban stays for a year in the state, according to estimates by the iron ore industry.

The ban on iron ore exports and suspension of mineral despatch permits came into effect on July 26 and July 28, respectively.

Karnataka accounts for around 50 per cent of the total iron ore exports handled by the railways annually. During 2009-10, the railways carried from the state 22 million tonnes (mt) of iron ore for exports, generating a revenue of ₹2,300 crore and a net profit of ₹1,300 crore.

The total iron ore exports handled by the railways during the year was 45 mt, generating a revenue of ₹4,585 crore and a net profit of ₹3,000 crore. Collectively, by carrying iron ore for exports and domestic use by steel mills, the railways earned ₹8,425 crore from 132 mt during 2009-10, about 14 per cent of the total freight traffic.

The movement of rakes carrying iron ore from the state’s mines in Bellary-Hospet, Sandur, Chitradurga and Tumkur has come to a complete standstill. On an average, the railways carry 20 rakes of iron ore every day from Karnataka miners, netting a revenue of ₹10 crore. However, with the ban coming into effect, the movement of rakes dipped to as low as three rakes in the first week of August, officials in the South Western Railway (SWR) zone, headquartered in Hubli, told Business Standard.

In fact, before the ban orders were issued, the railways had seen a dip in their iron ore traffic during the first quarter this year due to hike in freight rates. The rates were increased by ₹600 per tonne (ministry officials said freight rates for iron-ore were raised twice — once by ₹100 a tonne and then again by ₹300 a tonne) to an average of ₹1,800-2,000 per tonne depending on the distance. The rates are now 30 per cent higher than road freight rates.

As a mark of protest against the increase in freight rates, the miners’ association in the Bellary-Hospet region had stopped loading any wagon between May 20 and June 30. In April, SWR carried 14 rakes of iron ore daily yielding a revenue of ₹7 crore. The figure dipped to 11 rakes per day in May, contributing a revenue of ₹5.5 crore.

Subsequently, the traffic further dipped to five and four rakes in June and July returning a revenue of ₹2.5 crore and ₹2 crore, respectively.

With the ban order coming into effect, the traffic dipped to just three rakes per day during the first week of August before coming to a complete halt in the second week. At the current pace of operations, the railways would have handled close to 16 mt during the current year in Karnataka.

During the April-June period, the railways carried 7.28 mt of iron ore for export, a decline of 3.21 mt over the targeted 10.49 mt for the period. Traffic in iron-ore for export on the railways’ network has fallen by as much as 17 per cent this year as compared to the 8.74 mt of the commodity transported during April-June 2009.
Limestone mining in Meghalaya

The Supreme Court had asked Lafarge Umiam Mining Pvt Ltd (LUMPL) to stop mining limestone in East Khasi Hills District of Meghalaya and get studies on impact of mining on ecology of area, etc, conducted for its submission to the court. The matter was still in court and approval to the project was important for sustaining friendly relations with Bangladesh, Environment Minister Jairam Ramesh said in the Lok Sabha in reply to a question by Maneka Gandhi.

RS Reporter
POLAVARAM DAM ISSUE: BJD CALLS UPA ANTI-TRIBAL

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NEW DELHI: Having its share of prestigious projects — Posco Steel and Vedanta bauxite mining — almost blocked, MPs of ruling BJD in Orissa on Wednesday protested against environment minister Jairam Ramesh accusing him of displacing tribals by approving Polavaram Dam in Andhra Pradesh.

Apparently to hit Ramesh's image of being the custodian of tribal rights, the BJD MPs led by party leader in Lok Sabha A.S. Sethi said the Polavaram Dam would lead to tribal groups losing their land as against environment ministry's claim that no forestland will be submerged.

"Thousands of tribals will be displaced. UPA is anti-tribals," Sethi said, while countering the environment clearance granted on July 28, which said that the Andhra Pradesh government have assured that no forest rights need to be settled under the Forest Rights Act.

"The approved relief and rehabilitation package would be implemented by the state in a time-bound, transparent and pari passu manner," the environment clearance had said, while putting a condition that no land in Orissa and Chhattisgarh will be submerged.

Even though the project will have no impact in Orissa, the BJD MPs termed Ramesh policies anti-tribal. But their protest was limited to a demonstration outside the house. The MPs are likely to meet Prime Minister Manmohan Singh on Vedanta and Posco issues.

What has apparently irked Orissa government is the accusation levelled by an environment committee headed by former IAS NC Saxena that state government officials have colluded in violation of the Forest Rights Act in Nyamgiri, where bauxite mining is to be done.

"The District Collector had submitted a fake certificate that consent of gram sabhas had been taken regarding bauxite mining," Saxena said.
Breaking ground

Dubious wealth It is heartening that the government has woken up to the perils of illegal mining, which can strike at the base of the state
toring mechanism, crores are being looted from the exchequer in revenue losses. The government doesn’t even know what is going out and from where,” says Xavier Dias from the NGO Mines, Minerals and People.

Illegal mining is rampant in Orissa, Jharkhand, Andhra Pradesh, Karnataka, Chhattisgarh and Goa. “It takes place mainly in iron and manganese because the two minerals are much more profitable. The activity picks up whenever the international prices of these minerals go up. So there is an international dimension to it,” the mines official said.

Additionally, there are countless “loot iron ore” mines where workers manually dig for smaller quantities, in contravention of norms.

WINDEALL GAINS

When profits to the miner rose from Rs 50 per tonne to Rs 5,000 per tonne especially from 2000 onwards, state royalty remained bracketed at Rs 7-30 per tonne. This resulted in huge windfall gains to mining companies that began spreading activities to new areas, throwing legalities to the wind.

It is also only from 2000 onwards that left-wing extremism spread among people. “It is the mafia that is active in illegal mining ... Maoist elements contribute to the chaos, so there is a linkages,” says U.K. Barsal, special secretary, home ministry.

Sanjib Kr Baruah

NEW DELHI: “If things (illegal mining) were allowed to continue, Karnataka would turn into barren land,” Justice Santosh Hegde, Karnataka Lokayukta, in January 2009.

Mines Minister B.K. Handique has admitted in the Lok Sabha that illegal mining could lead to a nexus between criminal and anti-national elements, especially in areas affected by left-wing extremism, paving the way for a Commission of Inquiry to investigate the extent of the mess.

Illegal mining is now at the forefront of national debate after the revelations of the activities of the Reddy brothers in Karnataka (given in Justice Hegde’s report) and the deviant conduct of former Jharkhand CM Madhu Koda.

Nothing is more disappointing than the manner in which the issue has been tackled to date, as is evident from the lack of facts and figures on the issue.

“Till now we don’t have any numbers on the extent and magnitude of this activity but the number of complaints have increased manifold,” admits a mining ministry official.

“Everybody is into illegal mining, right from big companies to the local trader. And in the absence of a monitor...
सरकार बख़्शतगी की मांग

नई दिल्ली। आर्थिक रुझान पर बसने ने 52वें कांग्रेस की भारत सरकार को परिश्रम करने की आवश्यकता प्रकट की। इसी प्रकार के वर्तमान के बाद इतने वर्षों तक भारत के आर्थिक और सामाजिक विकास के लिए भारत सरकार की कार्यवाही विचित्रता करती पड़ी।
सोना सिखार, चांदी

₹ ५० मजबूत

नई सिखार (चांदी)। अंतरराष्ट्रीय
करोड़ों में हस्ताक्षर अनुसार
में बुधवार को सोना के भाव पिछले
करोड़ों के लिए 18900 रुपए प्रति
वज्र पर सिखार है। जबकि चांदी ५०
की मजबूती के साथ 29800 रुपए प्रति
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अंतरराष्ट्रीय कारोबार उत्तर का रख
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में था। 1222.90 डॉलर प्रति वर्ष किया गया
थे। अनुमानित में देखा जा रहा
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बेचा गया। कारोबारियों का कहना है
कि सोने की कम दाम पर बेची गई
करोड़ों में बाज़ार में बिक गई है।
का वज्र भाव हुआ। वज्र की अन्य
मुद्राओं की तुलना में गिनती में कूल दाम हुआ
लेकिन वह गिनती में बढ़ गई। चांदी में
भी लगी गई। यह 18.50 डॉलर प्रति
ऑस में बढ़ी गई।
BHP Billiton
goes hostile
with Potash bid

BY ROSS KELLY
SYDNEY

Anglo-Australian mining giant BHP Billiton said Wednesday it will take its $38.6 billion bid for Potash Corp. of Saskatchewan Inc. directly to shareholders after the fertilizer company’s board rebuffed the miner’s initial advances.

BHP’s latest move shows that it must consider its offer compelling enough to stand a chance of winning over at least 50% of Potash shareholders, despite the offer being described as “grossly inadequate” by the company’s board.

BHP Chief Executive Marius Kloppers approached Potash CEO Bill Doyle with a takeover proposal on August 12 and was told the company wasn’t for sale, the miner said in a statement. A subsequent letter from BHP Chairman Jac Nasser reiterating the proposal to Potash’s chairman was knocked back August 17.

Mr. Doyle said Tuesday the board wasn’t opposed to a sale, “we just don’t expect someone to come steal the company.”

Potash adopted a shareholder-rights plan on Tuesday that puts a 20% ceiling on any single stakeholder. Such a “poison pill” may be less effective in Canada than in the U.S. because a hostile bidder can lobby Canadian securities regulators to have the target company eliminate its plan and allow a tender offer to shareholders.

Mr. Doyle of Potash declined to say what might be a suitable offer. People close to the company, based in Saskatoon, Saskatchewan, said an offer would need to factor in Potash’s record high of nearly $240 in mid-2008.

BHP said Wednesday its offer of $130 per Potash share is a 20% premium to their closing price prior to its first approach on August 12 and a 32% premium to their average price over 36 days before the approach.

“We firmly believe that Potash Corp. shareholders will find the certainty of a cash offer, at a premium of 32% to the 30-trading day period average,
very attractive and we have therefore decided to make this offer directly to those shareholders,” Mr. Nasser said in a statement.

BHP said the proposed acquisition would be earnings-per-share accretive in the second full fiscal year following consolidation. It added that an acquisition would accelerate the company’s entry into the fertilizer industry and would be consistent with its strategy of becoming a leading global miner of potash, with Potash’s mining operations “a natural fit” with its undeveloped potash holdings in Saskatchewan, Canada.

Potash is an important nutrient that replenishes soil and increases farmland’s crop yield. Global potash supplies are relatively limited, and Potash Corp., based in the prairies of central Canada, controls approximately 20% of the supply.

Mr. Kloppers said the acquisition would also further diversify BHP’s assets by commodity, geography and customer. A deal would represent a shift for BHP, which specializes in minerals and metals and has limited experience with customers who buy fertilizer.

The offer, subject to a 50% minimum acceptance condition, will formally commence by way of newspaper ads on August 20 and end October 19 unless it is extended, BHP said. Total funds required to complete the offer are about $43 billion, including funds required to pay down debt, BHP said.

The miner said it has arranged a new term and revolving facility agreement to fund the transaction.

Anupreepta Das, Scott Kilman and Liam Pleven contributed to this article.

—wsj@livemint.com
Sesa Goa, Bajaj Auto to join Nifty on 1 Oct

Mumbai: Iron ore miner Sesa Goa Ltd, in which Vedanta Resources Plc holds the controlling stake, will become part of National Stock Exchange Ltd’s benchmark 50-share S&P CNX Nifty index from 1 October, the exchange said in a release on Wednesday.

Vedanta, which proposes to acquire 40% stake in Cairn India Ltd, is set to make an open offer for another 20% through Sesa Goa. Two other stocks, Bajaj Auto Ltd and Dr Reddy’s Laboratories Ltd, will also join Nifty in October.

They will replace ABB Ltd, Unitech Ltd and Idea Cellular Ltd.

India Index Services and Products Ltd, an NSE arm, reviews the key indices every six months. The periodic review is conducted to ensure that Nifty represents the 50 most important liquid stocks in the country, IISL’s website says. N. Sundaresha Subramanian
LOSING STEAM

Karnataka ban on iron ore exports hits rail freight business

BY RAHUL CHANDRAN
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NEW DELHI

Karnataka's ban on iron ore exports has halved the amount of the commodity that the Indian Railways transports, hurting its crucial freight business.

The national transporter carried 2.25 million tonnes (mt) of iron ore for export in July, down 48.16% from the corresponding month last year, according to railway data. As a result, even though the railways has raised the price per mt by 127% during the period, revenue grew by only 18%.

Karnataka is India's second largest iron ore producer, with nearly 46 mt of ore mined in a year.

The ban, imposed by the state government in a bid to curtail illegal mining, led to a freight loss of up to 60,000 tonnes a day, a railway official said.

"We used to carry 13-15 rakes a day in the busy season," the official said, asking not to be named.

A rake refers to a train, including wagons and the engine. Each rake carries a little less than 4,000 tonnes of iron ore on average.

Iron ore contributed 5.49% of total freight carried by the railways in 2008-09, but in terms of freight revenue, its contribution was 10.10%.

This disproportionate contribution is the result of a so-called dynamic pricing policy set in place six years ago by then railway minister Lalu Prasad. Under this policy, the railways alters freight charges in line with the market price of a commodity.

Prasad also instituted several surcharges—from a congestion surcharge to busy season levies—chiefly aimed at iron ore for export.

A study released by Prasad's successor Mamata Banerjee in December said earnings per km increased by as much as 160% in the five fiscal years between 2003-04 and 2008-09, indicating the significance of iron ore for the transporter.

Months earlier, Orissa also banned iron ore exports to check illegal mining, costing some seven rakes a day worth of business to the railways.

The officer quoted above said railways had been expecting an increase in iron ore carriage this year, but the ban has upset its plans.
PROJECT APPROVAL

Chhattisgarh, Orissa accuse MoEF of bias

BY LIZ MATHEW
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NEW DELHI

A section of the Opposition, led by Orissa’s Biju Janata Dal (BJD), has accused the ministry of environment and forests (MoEF) of having a “political bias” towards Congress-ruled states when it comes to clearing irrigation and power projects.

Members of the BJD, which runs the Orissa state government, staged a demonstration on Wednesday at the main gate of Parliament House protesting against the Central government’s clearance for the ₹8,000 crore Polavaram dam project in Andhra Pradesh. The approval has also irked the state government of Chhattisgarh, which is ruled by the Bharatiya Janata Party (BJP).

BJD members questioned the “logic” behind environmental clearance for the Polavaram project, which will divert 3,831ha of forest land and displace at least 200,000 people, including tribals, at a time when the ministry opposed Posco and Vedanta projects in Orissa.

The Chhattisgarh government also opposed the Polavaram project saying that people in the state would also be affected and that there had been no proper hearing or consultation before the approval was given.

A four-member panel formed by the ministries of environment and of tribal affairs had recommended that Vedanta not be allowed to undertake mining operations as it would shake the faith of the indigenous population in the law of the land. The committee had recommended the stoppage of all work on the Posco project as well.

“The UPA (United Progressive Alliance) government is favouring the Congress-ruled states,” said Rudra Madhab Ray, a senior BJD member. “The environment minister (Jairam Ramesh) has cleared the project as reward for his election from Andhra Pradesh.”

Ramesh did not respond to phone calls seeking comments.

“He has ignored the objections raised by (Orissa chief minister) Naveen Patnaik and other non-governmental organizations,” Ray said. “There was no discussion or decision on settlement issues and compensation.”

BJD leaders pointed out that the same ministry had set up separate panels to look into settlements under the Forest Rights Act (FRA) in the case of Vedanta and Posco, which propose to displace far fewer people. The environment ministry said clearance for Polavaram was based on assurances by the Andhra Pradesh government that no forest rights need to be settled under FRA.

The Chhattisgarh government questioned the ministry’s decisions. “Environment considerations have not been consistent in various projects,” said N. Baijendra Kumar, spokesperson for the Chhattisgarh government.
besides threatening its Kondh tribes.

It is welcome that the spectre of naxalism has made the UPA government review its stance towards mining and other projects proposed for tribal dominated areas. But the environment ministry needs to do more than just scrap the Vedanta project. It must also apply a strict yardstick for Posco’s steel plant project in Orissa, which, too, has invited an adverse report from an expert panel.

People come first

THE thumbs-down given to Vedanta’s bauxite mining project in Orissa’s Niyamgiri area by the NC Saxena led panel evokes both hope and despair. It shocks because it reveals how the Orissa government colluded with a rapacious multinational to clear a project that will have a negative impact on the environment and the lives of tribals who inhabit the area.

And it is a cause for hope because at least one government body has shown the forthrightness to state what was well known. It is another matter that the Prime Minister’s Office and the Supreme Court of India chose to see the matter in a different light.

As the report reveals, the project has flagrantly violated as many as four laws, including the UPA government’s much ballyhooed Forest Rights Act. The Niyamgiri project will damage the area’s rich flora and fauna,
GLOBAL CUES

Sensex gains 1.2%; Infosys, GMR Infrastructure advance

BY RAHUKUMAR K SHAH

Mumbai

India’s stocks rose after a report showing factory output in the US jumped twice as much as forecast boosted investor confidence that global demand will be robust enough to drive corporate earnings growth.

Infosys Technologies Ltd, the second largest software services exporter, led gains among peers. The Federal Reserve report showed industrial production rose 1% in July, double the median estimate of economists in a Bloomberg survey. Local software makers get more than half of their sales in the world’s largest economy.

GMR Infrastructure Ltd climbed to its highest in three months. The builder of electricity generation plants is in advanced talks to sell a stake in power utility InterGen, according to two people with knowledge of the matter.

The business momentum for Indian software companies will get stronger as the global recovery strengthens, said Vaibhav Sanghavi, a fund manager at Ambit Capital Ltd in Mumbai who doesn’t disclose his holdings. The increased mergers and acquisition activity is a good entrepreneurial signal.

The Bombay Stock Exchange’s sensitive index, or Sensex, gained 208.27 points, or 1.2%, to 18,257.12, its biggest gain since 2 August. The S&P CNX Nifty Index on the National Stock Exchange rose 1.2% to 5,479.15. The BSE 200 Index increased 1% to 2,337.27.

Infosys gained 2.1% at ₹2,807.25, while larger rival Tata Consultancy Services Ltd advanced 2.5% to ₹721.10. Wipro Ltd, the third biggest software services provider, added 2.1% to ₹420.6.

GMR Infrastructure gained 4.3% to ₹62.55, its highest close since 10 May. China Huaneng Group may pay as much as $1.4 billion (₹65.24 crore) for a 50% stake in InterGen, one of the people said.

Arun Bhagat, head of corporate communications for GMR Group in New Delhi, and Li Zhao’ai, a press officer for China Huaneng, declined to comment. Zhang Shaopeng, manager of Huaneng Power International Inc.’s investor relations department, couldn’t be immediately reached for comment.

Tata Motors Ltd, owner of UK-based luxury brand Jaguar Land Rover, added 4.1% to ₹1,048.30, a record. Hindalco Industries Ltd, India’s biggest aluminium producer which also controls US-based Novelis Inc., rose 4.7% to ₹176.10.

Ambit Capital’s Sanghavi expects average earnings growth of at least 20% and foreign funds to drive the Sensex to a record 22,000-23,000 by the end of March, surpassing the 20,873.33 set on 8 January 2008.

Indiabulls Financial Services Ltd advanced 9.9% to ₹153.95 after the Business Standard newspaper reported that the financial services provider may sell a 26% stake in Indian Commodity Exchange Ltd to Reliance- Anil Dhirubhai Ambani Group. An alliance is being discussed, said Ajit Mittal, a director at the exchange.

Overseas institutional funds bought a net ₹558 crore of Indian equities on 16 August, raising total investments in the stocks this year to ₹54,490 crore, according to the nation’s stock regulator.

Inflows from overseas reached a record ₹83,420 crore in 2008, exceeding the high set two years ago in local currency terms, as the biggest advance in 18 years attracted foreign funds. They sold a record ₹52,990 crore of shares in 2006, triggering a record annual decline.

The following were among the most active on the exchange.

Bajaj Corp. Ltd advanced 15% to ₹756.75. The haircare product maker that’s owned by India’s biggest sugar company commenced trading after receiving demand for 19.3 times the shares on offer in its initial sale.

India Steel Works Ltd surged 13% to ₹5.64. The maker of billets and hot-rolled bars sold a 10% stake to Dubai-based ANC Holdings Ltd for ₹19 crore, The Economic Times reported, citing Mahesh K. Sheregar, an ANC director. India Steel’s managing director Sudhir Kumar Gupta couldn’t immediately be reached for comment.

LIC Housing Finance Ltd lost 1.9% to ₹1,239.65. The mortgage lending arm of India’s biggest insurer was downgraded to reduce from add by Nischt Chawathe and Manish Karwa, analysts at Kotak Institutional Equities, a unit of Kotak Securities Ltd, who cited valuations in an emailed note to clients on Wednesday.

State Bank of Mysore Ltd advanced 7.2% to ₹966.95, its highest close since May 2008. The state-owned lender will raise its prime lending rate by 50 basis points from 18 August, it said in a statement.

Suzlon Energy Ltd lost 3.2% to ₹49.50, its lowest level since April 2009. India’s biggest maker of wind turbines was downgraded to underweight from neutral by Shilpa Krishnan, an analyst at JP Morgan Chase and Co.
बसपा की मांग
galat: भाजपा

इन्हें दिल्ली लोकसभा में अलेख खानने के लिए कर्नाटक की भाजपा सरकार को वार्ता करने की भाजपा संसद की मांग को नजरअंदाज करने देते हुए भाजपा ने इसकी नीति को ही तोड़ा है।

लोकसभा पर दल्लर प्रदेश में फिरोज़पुर के साथ हिंसा को दर्ज करने के लिए संसद की कार्रवाई प्राप्तित करने का अधिकतम सारणी हुई पार्टी ने कहा कि इस कार्रवाई में कुलदवार को लोकसभा में जम्मू-कश्मीर के मुदे पर कई शासित नहीं हो तो उन्हें लेकिन पार्टी का जनबज़ार पत्तर से देखा।

लोकसभा में भाजपा के उपरोक्त जोहीर ने कहा कि भाजपा की कार्रवाई को मुदे पर चक्कर चलाने तो तानिम नहीं हो सकती हैं। हम इस बार में सरकार का पता जानना चाहते थे।

(विसं.)
20 proposals received for uranium mining

Environment Minister Jairam Ramesh on Wednesday informed the Lok Sabha that 20 proposals pertaining to exploration and mining of uranium had been received so far. Fourteen of these proposals were for exploration. The remaining six proposals had been given forest clearance. Of the 14 exploration proposals, seven had been approved and four had been closed for want of information.
Centre plans overhaul of mining sector

SUDHEER PAL SINGH
New Delhi, 18 August

When former Karnataka Lokayukta N Sathish Hegde recently said that vested interests were controlling the mining industry, he was not exaggerating, considering that India registered over 122,000 cases of illegal mining across 17 states in the last five years alone.

The Union government data show that Andhra Pradesh — the single largest contributor to the country’s mineral production in value terms dipped to 10 per cent in the last financial year from 17 per cent in 2005-06. If the proposed amendment is cleared by the Group of Ministers (GoM) and gets past the legislative rituals, the mining sector could see a sea change. The GoM has already met twice last month and the Ministry of Mines is likely to introduce the new mining Bill in the current session of Parliament.

The draft Bill, a sequel to the 2006 Huda Committee report, introduces new concepts like making the local population shareholders in mining projects, apart from setting up a regulator to file cases against violators and check illegal mining. "The delays in renewal of concessions agreements lead to companies continuing mining without licences. So, the GoM has decided to set up a regulatory authority to tighten the mechanism of granting mineral concessions," former mining secretary Santhi Sheela Nair had said after the GoM meeting last month.

Some experts, however, doubt the efficacy of the idea. "It is not understood how illegal mining can be checked by setting up a regulator. A regulator sitting at the Centre cannot stop this," said a senior government official. "The GoM must understand that it is a law and order issue. Is anybody asking from where does the explosive come for blasting stones in an illegal mine?"

Another expert voiced a similar opinion. "A regulator may not be effective in this matter, as it will not have control over the machinery of the state government to enforce law and order and check illegal mining," said Gokul Chaudhuri, Partner and Leader, Energy and Infrastructure Practice, BMR Advisors.

Another issue being considered in new mining legislation is granting ownership to locals in mining projects. The resistance from locals and the prevalence of Naxalism in the mining belt are the primary reasons for this move. Companies like Posco, Vedanta and ArcelorMittal have been facing protests against land acquisition in Jharkhand, Chhattisgarh and Orissa.

The GoM has already decided in principle "to make local populace stakeholders in mining in tribal areas. While some members of GoM suggest that people should be given a part of the annual profits, others suggest giving tribals an equity stake.

Stiff industry opposition has ensured delaying the GoM’s decision on the matter. In a recent letter to Finance Minister Pranab Mukherjee, Federation of Indian Chamber of Commerce and Industry (Ficci) Secretary General Amit Mitra cautions against mining projects becoming unviable in case the proposal was implemented, as it would put "very heavy financial burden on mining companies".

Ficci argues that if profits of mining-companies can be shared with tribals, then even losses should be shared. The chamber has also pointed out that the proposal would not only lead to tribals misusing compensation money, it would also make the promoter vulnerable to hostile takeover.

Experts believe the new legislation will bring about a major overhaul of the mining sector, which is currently functioning on laws enacted in the 1950s. However, absolute reforms have to wait until at least coal mining is commercialised, which will allow the private sector enter and ramp up production.

For this, a separate Commercialization of Coal Mining Bill, introduced in the Rajya Sabha by the BJP-led NDA government, is still pending.

"In the mining sector, and especially in coal mining, 100 per cent foreign direct investment is allowed but acreages are not available at the state level, which deter private participation. This should be corrected to ramp up production and push reforms," Chaudhri said. "The mineral reforms that were initiated in 1991 allowed foreign and private entry in different sectors. But we have not seen that happening in coal and mining sector," he added.
Vedanta report spares none, indicts Odisha, Ministries

MOUSHUMI BASU @ NEW DELHI

Its indictment of the Odisha Government apart, the NC Saxena Committee, which authored the report on investigation into the proposal submitted by Vedanta for bauxite mining at Niyamgiri hills, hasn’t spared the Ministry of Environment and Forest (MoEF) either for turning a blind eye towards the acquisition of forest land.

The committee also slammed the Ministry of Tribal Affairs saying it was “very weak to the extent that it can not implement its own laws, related to displacement and tribal welfare”. Saxena said that the report deliberately does not recommend prosecution. “The report can recommend action against the violators of the Forest Rights’ Act, whereby only the Collector and the SDM are responsible for its implementation. Hence, in the name of prosecution they would be made scapegoats as the signal for violation came from much higher officials of the State Government.”

Further, even if we had recommended prosecution, it would have been infructuous as it was against the same Government and its own officials involved, he pointed out.

The committee severely indicted the State officers for colluding with Vedanta for “falsifying and concealing information” on nature of land acquired by the company for its refinery construction.

Pulling up the MoEF, Saxena pointed out that the Ministry had accorded Environmental Clearance to the refinery on September 22, 2004, on the basis that the project did not involve diversion of forest lands. “Since this MoEF clearance was acquired by submitting false information, it is not valid and should be revoked. It involves acquisition of 26 hectares of forest land, way back in 2004, for refinery construction,” he stressed.

Even when this proposal for diversion of forestlands for setting up the refinery was pending before the MOEF, it accorded environmental clearance to the refinery on the basis that the project did not involve diversion of forestlands.

The Central Empowered Committee had even questioned the MoEF during the hearing of a petition held on February 28, 2005, asking why it granted clearance to the project when it was clearly evident that the Vedanta Refinery was being set up on forestlands. The application for the refinery was pending in the same Ministry, which was thus in violation of its own guidelines.

In its reply to the CEC, the MoEF stated that the company had not brought the fact that forestland was also involved to its notice prior to the grant of environmental clearance in September, 2004. Despite being pointed out on the violation of Forest Conservation Act by Vedanta, the Ministry chose to ignore it yet again in 2005.

Saxena regretted that the Ministry of Tribal Welfare is so weak that it has been unable to come up with any comprehensive policies for tribals or displacement and even the PESA is yet to be implemented. Such lacunae enable corporates to make their way into such sensitive areas, he pointed out.
BSP retaliates, slams BJP for illegal mining in Karnataka

PIONEER NEWS SERVICE
NEW DELHI

Having been at the receiving end of its rivals for two consecutive days over death of three farmers in police firing in Aligarh, the Bahujan Samaj Party attempted to turn the tables on the BJP on Wednesday by demanding an immediate dismissal of the party-ruled Karnataka Government over the issue of illegal mining.

Critical of BSP's role in Parliament on Wednesday, the BJP has threatened to "give a befitting reply" to Mayawati's party and demand BSP Government's in Uttar Pradesh, in the House on Thursday.

The BSP MPs, created ruckus in both the Houses of Parliament and stormed into the well, seeking the BS Yeddyurappa Government's dismissal over the alleged involvement of some of his Ministers in illegal mining cases.

They shouted slogans like "Dismiss Karnataka Government" and "Stop the loot by illegal mining" and disrupted the Question Hour in both the Houses, forcing suspension of proceedings and finally adjournment for the day.

The TDP members also created a ruckus in the Lok Sabha seeking the dismissal of the Congress Government in Andhra Pradesh over the alleged illegal mining scam.

BJP's deputy leader in Lok Sabha Gopinath Munde criticised the BSP for trying to divert country's attention from farmers' plight in Aligarh.

"We would also demand dismissal of the BSP Government. We would give them a befitting reply on Thursday," Munde said, adding that the BSP was behaving irresponsibly as it was left with no issue to raise in Parliament.
Naveen wants to sell away Odisha to private firms: BJP

PIONEER NEWS SERVICE FROM BHUBANESWAR

A alleging that the State Government wants to sell away Odisha to private companies, the BJP on Wednesday alleged that Chief Minister Naveen Patnaik has deliberately favoured the Vedanta Group of industries by violating all the concerned laws. It also came down on Patnaik alleging that the latter has bypassed all precedents of legislature and brought out a new law to protect illegal favours done to private companies and also to insulate the same from judicial interference.

Addressing a Press conference chief spokesperson Ashok Sahu said Patnaik learnt all the technicalities to hoodwink the laws of the Union Government while he was Union Minister of Mines. He also alleged that Naveen handpicked IAS officers who were amenable to his sinister designs to twist law of land for personal gains.

Sahu alleged that Chief Minister had deliberately appointed Saswat Mishra as Kalahandi district Collector to help Vedanta get Langigarh bauxite mine. “Before getting selected for the IAS, Mishra was an employee under the Sterlite Industries, the previous name of the Vedanta Industries,” he said, adding that Vedanta was promoted in Odisha during his tenure as Collector.

Sahu further alleged that Mishra was further posted in Jajpur as Collector to facilitate giving mines to other industries in the district. It was Mishra who ordered firing on agitating tribals in Kalinga Nagar in which 12 people were killed, he alleged.

Ruing that the State has already lost Rs3 lakh crore due to illegal mining activities in the State, Sahu said the State Government has violated Forest Right Act, Environment (Protection) Act, Forest Conservation Act and Odisha Forest Act for personal gains at the cost of future of the State and its people. Sahu even challenged that let there be an enquiry commission headed by a retired judge of the Supreme Court to go into all the illegalities done in favour of Vedanta, Posco and Bhusan Steel.

On land acquisition for proposed Vedanta University, he said Chief Minister has no cultural values of the State. If he had this, he could not have sold cultivable lands of the Lord Jagannath Temple to Vedanta.

The lands had been feeding the temple expenditure for centuries, he rued.
Solve the land issue by decentralising

It is the govt, not the private sector, which is responsible for the land mess

Factor markets have generally been untouched by reforms and these are typically in the Concurrent List. Forests, various aspects of labour and education are some instances. Agriculture and land are in the State List. As are various taxes, constraining both direct and indirect tax reform. Consider Entry 33 in the Schedule. This is regulation of mines and mineral development, but is subject to Entry 44 on the Union List. Pressures of economic development have led to rumours over both land and mines. UP and Orissa being two (not out only) instances. These are three broad points that transcend specifics.

First, the Seventeenth Schedule was formulated when incidents were of state intervention perceived as licitizing, not regulation. Are asserted entries value-free of an era when one is resorting to privatization, where regulation becomes more important than licitizing? Second, accepting that India has been overly centralized (compared to a country like China), shouldn’t one re-examine the Seventeenth Schedule, with a trimmendous down Union List and long espoused State list, with a Local Body list inserted? This would enable states that wish to refrain from going ahead with land (or natural resources) or public market reforms. Third, much is said about protecting rights of state holders. But is that best served through the intervention of central institutions?

Consider the upstairs hinterland of UP first. This is in relation to land acquired by the government for the Noida-Agraexpressway under the Land Acquisition Act of 1944. There are known problems with this colonial piece of legislation, including the definition of ‘public purpose’, executive delays and quantum of compensation. Once land has been acquired, if the land is not used by the acquisition entity, there also has to be transparency about how that entity was chosen. After all, one cannot exactly foist regional planners.

However, there are issues that transcend public acquisition and apply also to private acquisition, and amendments to the 184 Act won’t solve the problem. Political parties have found in mighty waters to OMs seeking to embarrass the BJP. But such political-party will not frame regulatory issues exits in a party of govt. First, what is appropriate compensation? The UP problem may have been temporarily solved by hitting compensation, but the issue remains. There in a partly developed land market, with competitive routes one cannot connect to make comparisons. Assuming one has such a benchmark, what happens if land values increase subsequently, as they invariably do? Even if there were voluntary contract between buyer and seller, third-party intervention (often by deputies demanding norms) challenges that contract.

Second, there are increasing demands consequent on urbanisation and even industrialisation. Agricultural land has to be converted to non-agricultural usage and this has been the normal aftermath of urbanisation. Indeed, agriculture itself has developed through deforestation of forests. Beside such conversion is neither here, nor there. Arguing that multiple-cropped agricultural land shouldn’t be thus converted is also a non-starter.

Urbanisation has occurred in small towns. So, demands for urbanisation and industrialisation will also typically occur in regions where agricultural land is relatively fertile. At best this should be reflected in a compensation paid, if a govt-infrastructure is introduced, there will be no food security issue, since productivity levels are already low at present. Much of agriculture is low-productivity, subsistence-level and smallholder agriculture. Is there no future there? People need to be taken out of agriculture, not kept there.

There are also side issues about acquiring land sales with several small holders (as in West Bengal) and reflect changes. Transaction costs utilities in, say, Punjab. And there is no resemblance of compensating those who our withdrawing from agriculture, as opposed to those who have clear titles to land. Third, one must recognize that much of resistance is linked to the lack of skills. It becomes those skills don’t exist that there is resistance to loss of the class of smallholders. That’s true of both agriculture and forest. Seeing, the answer is not that we go and look for land and mines elsewhere in the world.

In Orissa, there has been allegations of violation of the Forest Rights Act (FRA), Power Conversion Act (PCA), Environmental Protection Act (EPA) and Panchayats (Extension to Scheduled Areas) Act (PESA). Let’s take FRA. Who has violated FRA? Not Poona or Vedanta, but state government. This was documented in a State of Panchayat Report dated for the Planning Commission by ISMA and the follow-up chapter (about non-compliance with FRA) was none too kind. The state was quoted as having been followed. But one shouldn’t form the impression that there is no scope of improvement. Between PESA, FRA, PCA and the Land Acquisition Act. There also incompatibility issues between the gram sabha, gram panchayat and customary norms in tribals. There is the environment and forest ministry amended FRA and PCA to make these compatible with FRA? Has it made its John forestry management compatible with PESA? Howver false this may be, it has conveyed that the private sector is collapsible.

The author is a noted economist
Madhucon to start mining at Sumatra block in 2-3 months

Eyes output of 4-5 lakh tonnes this year and 1-1.5 million tonnes in the next

G Seetharaman

Hyderabad-based Madhucon Projects is set to begin mining at one of its coal blocks in Indonesia in 2-3 months, said S Vaikuntathanathan, director of finance. The mine, located in south Sumatra, has reserves of 900 million tonne and is spread over 5,650 hectare.

"We have got all the legal clearances and have just begun construction of the jetty," Vaikuntathanathan said.

Though the company has so far acquired only 650-700 hectare, it will begin mining by November. "We will produce 4-5 lakh tonne this year and 1-1.5 million tonne next year," he said. Madhucon has so far spent about Rs 125 crore on the mine and will spend a total of Rs 100-150 crore this fiscal.

The company bagged the greenfield block in 2008 for a concession period of 30 years and will pay 11.5% of revenues as royalty to the Indonesian government.

Madhucon has one other coal mine in Indonesia for which it is awaiting legal clearances.

"We will use some coal from the Sumatra block for our power project," Vaikuntathanathan said. The first phase of Madhucon’s 1,820 mw project at Tamminapatnam in Andhra Pradesh will be commissioned in March.

"We have not yet estimated the reserves at the Jakarta mine and will begin mining there in three years," he added, Madhucon had signed the memorandum of understanding (MoU) for the project last year.

Madhucon Projects had earlier this year transferred the two mines, the power project and its four toll roads to its subsidiary Madhucon Infra, which will be listed next year.

Of its four road projects, two are operational.
PANEL TO LOOK INTO ILLEGAL MINING

Manan Kumar | ENS
New Delhi, August 17

TRAINING its guns on Bellary like illegal mining activities, the Centre, in a bold move on Tuesday, announced the setting up of a Commission of Inquiry.

Making a statement in the Lok Sabha, Minister of Mines B K Handique conceded that the problem of illegal mining was acquiring organised dimension and may lead to nexus with criminal and anti-national elements in some states including those affected by Left Wing Extremism.

Without mentioning Bellary or the Reddy brothers, Handique said, “Many reports clearly point to the fact that mining, raising, transportation and export of iron ore and manganese ore illegally or without lawful authority in various states are taking place on a large scale”. However, the timing of the much-needed move, cleared by the Cabinet on Monday, is being seen as an instrument to establish Rahul Gandhi’s credentials of a saviour as it came within days of his visit to Karnataka where he lambasted illegal mining and Reddy brothers.

The Commission of Inquiry (CoI) would primarily inquire into and determine the nature and extent of illegal mining and trade and transportation of iron and manganese ore. It will also identify the persons, firms and companies involved in illegal mining and determine the extent to which the management, regulatory and monitoring systems have failed.

The purview of CoI will also include inquiring into the tampering of official records, including records relating to land and boundaries, and identify the persons responsible for such tampering. The CoI shall be authorised to take assistance of any central or state investigative agency or any other authority to help discharge its mandate. “I am hopeful the Commission’s recommendations would help the government to take necessary steps to prevent illegal mining,” Handique said.
Interim report on illegal mining in 6 months

MPs for nationalisation of iron ore mines

B S Arun

NEW DELHI: Leaders of the state unit of the Congress have reasons to cheer, for, the Centre will ask the proposed Commission of Inquiry into illegal mining to submit an interim report within six months.

Disclosing this to Deccan Herald, a senior minister, who did not want to be identified, said the Commission, which has been given a time frame of 18 months, would be welcome to submit the interim report even earlier. The state Congress leaders were unhappy over the Centre’s move to give the Commission 18 months to submit the report, hinting that the momentum that they have built up would be lost if the issue was allowed to drag.

The probe panel will not just go into illegal mining of iron ore but also of manganese and other minerals. Another important factor is that the panel can summon any agency – read the Central Bureau of Investigation – to assist it in unravelling the scale and magnitude of illegal mining. Once the executive order is issued – it does not need a par-

liamentary nod – the priority before the government will be to appoint the panel’s members, including its chairman. The government is shortly expected to write to the Chief Justice of India to nominate a judge/re-
tired judge to head the CoI. Once this is done, the Centre will come out with the terms of reference for the Commission.

Minister B K Handique told Parliament on Tuesday that the panel, to be set up under Com-
missions of Inquiry Act, 1952, will “inquire and determine the nature and extent of illegal mining and trade and transportation of iron and manganese ores”.

He said the Commission would identify the persons, firms and companies involved and de-
termined the extent to which the management, regulatory and monitoring systems have failed. Tampering of official records, including those related to land and lease boundaries, and identifying, as far as possible, the persons responsible for such tampering would be another task of the panel. Handique said “the commis-
sion may take the assistance of any Central/state investigative or any other authority as it may deem it necessary to do so.”

The minister said in recent years the incidence of illegal mining “has grown consider-
ably” and added that the problem was acquiring organised dimensions “and may lead to a nexus with criminal and anti-
national elements, in some states including those affected by left wing extremism”.

Handique said illegal mining was taking place in many states “on a large scale” even though the Centre has been advising state governments to improve their regulatory systems.

Hindustan Times: “there are many weapons in the Centre’s arsenal”, ministerial sources said that the Union government has “low, medium and high intensity weapons” to end illegal mining. “While the Commission was a low intensity weapon, the Centre was waiting unloading other two intense weapons”, they added.

State leader of Opposition Siddaramaiah on Tuesday had an impromptu discussion with Union Home Minister P Chir-
dambaram on the issue in Parliament’s Central Hall. He is likely to meet Prime Minister Manmo-
bhan Singh and Congress presi-
dent Sonia Gandhi on Wednesday when too he would likely raise the issue of illegal mining.

DH News Service
Surat traders bypass middlemen, to buy diamonds directly

To cut out the role of the middlemen, Surat diamond traders have decided to take raw material procurement in their own hands by setting up a company with a start-up fund of Rs 1,000 crore.

The proposed firm, Surat Diamond Sourcing (SDS), is likely to have an initial corpus of over Rs 1,000 crore, and will procure diamond roughs, the raw material for the cutting and polishing industry, directly from mines overseas, a top body of the traders said.

"The proposed company is likely to have a corpus of over Rs 1,000 crore with contributions of Rs 1.8 crore each from nearly 500 members, who shall be the founder shareholders, and another 1,000 members who will pay Rs 54 lakh each," Surat Diamond Association Président Rohit Mehta said.

The company, he said, will directly bid for procurement of rough diamonds from mining countries such as Canada, Russia and those in Africa, and will sell it through a tender system to units here.

"Despite being a hub of diamond polishing and cutting, we have to rely upon Antwerp (Belgium) and Dubai for getting rough. In majority of cases, traders are being cheated by brokers, while there is always a shortage of rough in global markets," Chairman of Bluestar Diamond Asit Mehta said.

SDS will soon be incorporated under the Company Act and registered with the Registrar of Companies (ROC). The shareholders will be issued shares of Rs 10 each; he said. The founder-shareholders shall have voting rights, while those paying Rs 54 lakh will enjoy all benefits of being a shareholder except voting rights, Mehta said.

"The proposed company is likely to be listed on the stock exchanges in the next 2-3 years." De Beers, Alrosa, Rio Tinto and BHP Billiton are amongst the major mining companies, accounting for majority of rough diamond supplies."
Adhunik Metaliks net trebles

Kolkata, Aug 18

Adhunik Metaliks Ltd on consolidated basis posted 39.16 per cent growth in net sales at Rs 428.44 crore (Rs 307.87 crore) and 208.58 per cent growth in net profit at Rs 56.45 crore (Rs 18.29 crore) during the quarter ended June 30, 2010. The EBITDA margin stood at 36.6 per cent (23.02 per cent), according to a company release. On standalone basis, net sales at Rs 327.23 crore (Rs 268.61 crore) posted 21.82 per cent growth and net profit at Rs 18.31 crore (Rs 6.67 crore), a 174.66 per cent growth. The EBITDA margin was 23.55 per cent (17.03 per cent), the release adds. — Our Bureau
Open offer: Vedanta may up price

May Be Forced To Revise It To ₹405 Per Share From ₹355 At Present

Prabhakar Sinha | TNN

New Delhi: Vedanta will be forced to give an open offer at Rs 405 per share to acquire an additional 20% stake in Cairn India against the earlier proposal of Rs 355 per share.

Vedanta agreed to buy 40% stake in Cairn India at Rs 405 per share, which includes a Rs 50 per share non-compete clause payment to Cairn Energy. According to Sebi, up to 20% of share price can be given as non-compete payment.

However, a senior government official said in the present case there is no meaning of a non-compete clause as India is a net oil-importing country. And, neither of the two contracting parties is known for their expertise in oil exploration. As non-compete clause does not have any meaning in this deal, Vedanta should pay Rs 50 more (Rs 355 + Rs 50) to public (Rs 405) in the open offer, the official added.

Vedanta has agreed to buy up to 60% stake in Cairn India in a $9.6 billion deal, which operates Rajasthan and other oil fields in the country. According to the deal, Vedanta will first buy 40% stake in Cairn India at Rs 405 per share from Cairn Energy, which owns 62.35% in its Indian arm.

After this, Vedanta will give an open offer to acquire an additional 20% stake from public at Rs 355 per share. But if the open offer fails, Cairn Energy will have to offload more shares so that the total stake of Vedanta in Cairn India touches 51%. And Vedanta will pay Rs 405 for each share.

So, a senior merchant banker said Vedanta should sweeten its open offer to Rs 405 per share to avert any failure of the offer.

If open offer is revised upward to Rs 405 per share, the total acquisition cost of Vedanta will increase by Rs 1,897 crore after buying 20% stake from the public.

Rise in the share price of Cairn India to Rs 343.6 is also an indication that the market is expecting that offer price will be higher than Rs 345 per share. In the open offer, investors will have to pay 10.3% capital gains tax, including the education cess. The present price of Rs 343.6 is justified, if one gets at least Rs 328 per share in the open offer. Even at Rs 405 per share in open offer, the net value of the share after the tax will be Rs 364.5.
Vedanta denies mining

AKSHAYA KUMAR SAHO

BHUJANESWAR

Aug. 18: London-based Vedanta Aluminium Ltd (VAL) on Wednesday denied any mining activity at Niyamgiri Hill. The company is setting up a one-million-tonne refinery at Lanjigarh in Orissa’s Kalahandi district and has been alleged of illegal mining activity.

“We have not started mining on the hilltop of Niyamgiri. The recent report in a section of media about bauxite mining in Niyamgiri Hill is just misinterpretation of facts and far from the truth,” Dr Mukesh Kumar, chief operating officer (COO) of VAL, told this correspondent.

He said the mining will not be started without obtaining necessary approvals from the Central and Orissa governments.

“We are waiting for the clearance and I have ensured many times even in the past that no mining activity has commenced on the Niyamgiri hills,” the COO added.
Illegal mining: K’taka shuts ore stockyards

PRIYADARSHI SIDDHANTA
NEW DELHI, AUGUST 18

UNDER pressure from the Centre, the Karnataka government has intensified its crack-down on illegal mining. Unveiling a slew of fresh measures, the state government has decided to cancel 61 illegal iron ore stockyards, create a special cell in the state police to help combat the menace and set up checkpoints to monitor the ferrying of iron ore.

In a letter to union mines minister B K Handique on August 11, Karnataka chief minister B S Yedurappa disclosed a slew of new steps taken by his government to combat the mushrooming of stockyards in mining areas, which were unleashing many irregularities in the storage of ore and its transportation.

“In fact the state government soon after the receipt of the first report of the Lokayukta, cancelled 61 such stockyards which were functioning without valid approvals,” Yedurappa told Handique. Henceforth, stockyards will be allowed only for “lessees and genuine entrepreneurs” who engage in beneficiation of iron ore following a fresh review of the policy regarding stockyards, the chief minister wrote in his letter.

He said a Special Cell was being created in the state mines and geology department comprising senior officers from it and also those from transport, forest, home and Indian Bureau of Mines to monitor price trends to undertake joint action on illegal mining activities. It would supervise coordinated efforts of both state government and the IBM on specific areas to combat the menace. “The state government is constituting 5 special teams comprising officials from Mines and Geology, Forest and Revenue to ensure joint survey of all the remaining lease held areas reported to have encroachments (as mentioned in the Lokayukta report) and also the leases pending for renewal with the state government,” he pointed out.

Yedurappa also told Handique that his government has “agreed in principle to establish a special cell in the state police and detailed modalities were being worked out and this would become operational within a month’s time. The chief minister said 13 check posts have been established in strategic places in the vicinity of the mining areas and ports which would undertake round the clock checking of vehicles ferrying iron ore. Teams of officials from forest, mines, transport and police have been constituted for manning them in three shifts.
UPA hindering Orissa's growth: BJD

DEBABRATA MOHANTY
BHUANESWAR, AUGUST 18

With the Ministry of Environment and Forests (MoEF) showing the red flag to Posco and Vedanta projects in Orissa while giving a green signal to the Polavaram hydel project in Andhra Pradesh, the ruling Biju Janata Dal has accused the UPA of hatching a conspiracy to sabotage the state's growth.

All the 20 Lok Sabha and Rajya Sabha members of BJD on Wednesday staged a dharna in Parliament alleging that the Centre was adopting double standards when it came to obeying environmental laws.

Last week, the MoEF had issued a stop-work order for Posco's proposed steel plant in Jagatsinghpur district citing non-implementation of Forest Rights Act. Two days ago, the N C Saxena panel recommended that Vedanta Aluminium should not be given mining rights in Niyamgiri as FRA of tribals living there had not been settled.
Gold rally stalls

Gold eased on Wednesday as the market consolidated a recent run to 1-1/2 month highs, with prices seen trapped in relatively tight ranges over the rest of this month, although a positive outlook stayed intact. Spot gold stood at $1,219.00 per ounce by 1336 GMT, compared with $1,222.90 late in New York on Tuesday. US gold futures for December delivery fell $5.70 to $1,222.60 per ounce.
Sliding copper stocks resist seasonal shifts

It’s worth noting that COMEX warehouse stocks are also falling

Andy Home

REUTERS

EVEN as macro indicators turn weaker, copper prices are being underpinned by positive micro dynamics, first and foremost the continued slide in global exchange inventory.

The copper market tends to be highly seasonal with demand waning over the Northern Hemisphere summer as some fabricators take holiday downtime and others, such as those supplying the air-conditioner sector, reduce output in response to seasonality in their own end-use markets.

This “normal” ebb-and-flow of copper usage is why the International Copper Study Group seasonally adjusts its monthly copper balance figures.

All other things being equal, the physical manifestation of this usage pattern is a decline in exchange stocks over the peak demand period running from March through to July, followed by a rise in stocks during the “dog days” of summer.

It’s around this time of August that the market is conditioned to expect a turn in stocks trend but it remains conspicuous by its absence. LME inventory has fallen by 8,050 tonnes since the start of the month with arrivals running at minimal levels and departures running at a steady pace, albeit slower than during the preceding period.

Moreover, cancellations of LME-registered metal are continuing, which suggest that the departure rate will continue to hold steady over the coming days. A total 16,375 tonnes have been cancelled over the last two reporting days, lifting the ratio of cancelled tonnage in the system back up to 6.8%.

It is not a dramatically high ratio in outright terms but it is in seasonal terms. It is certainly higher than all the other LME base metals with the single exception of zinc. Most of these cancellations have come at New Orleans, which now holds 16,425 tonnes of metal earmarked for departure, equivalent to 9.7% of total registered tonnage at this US location.

The location of New Orleans means departures could be heading inland to feed US demand or back out to sea for shipment elsewhere. Given the combination of summer holidays in North America and the persistence of high physical premiums in the Shanghai market, the latter would seem to be the more likely scenario.

However, it’s worth noting that COMEX warehouse stocks, which due to their concentration in the US southwest are a better indicator of domestic demand for metal in exchange warehouses, are also falling. COMEX stocks were largely static over the second quarter, holding just above the 100,000-tonne level.

However, they have started falling since the start of August, another 167 tonnes of departures from Tucson on Tuesday bringing the cumulative month-to-date decline to 3,798 tonnes. COMEX inventory has now fallen to a fresh 2010 low of 97,220 tonnes.

There are another 1,444 tonnes of metal recently taken off warrant, which, as with the LME system, suggests there are more departures pending. Now, it’s not easy to say that copper stock patterns won’t revert to their “normal” pattern before fabricators start restocking ahead of the fourth quarter.

But the longer it doesn’t happen, the smaller the anticipated “summer” stocks build and the thinner the inventory cushion going into what should be a stronger demand period. This trend has already caught the attention of investment bank analysts, many of whom are now advising clients to look through the broader “risk-on/risk-off” macro trading picture and take strategic long positions to capitalise on the improving micro dynamics of the copper market.
Gold's six-week rally may end on profit-booking

LONDON: Gold, little changed in New York on Wednesday, may decline as bullion's rally to a six-week high prompts some investors to sell the metal. The dollar was little changed against the euro after earlier rising amid speculation the economy may be slowing enough for the Federal Reserve to increase bond purchases. Gold futures, which usually move inversely to the greenback, reached $1,231.10 an ounce Tuesday, the highest price since July 1. "The recent rise of gold could be a bit overdone," Peter Fertig, owner of Quantitative Commodity Research in Hainburg, Germany, said by phone. "There's also been an increase of scrap gold" because of higher prices, he said. Gold futures for December delivery lost $2.60, or 0.2%, to $1,225.70 an ounce at 8 am on the Comex in New York.
Aluminium edges lower

Reuters

London, Aug 18

Copper was little changed on Wednesday, having hit a one-week high earlier in the day, as inventory declines offset concerns about slowing demand in top metals consumer China.

Benchmark copper for three-month delivery on the London Metal Exchange was untraded in official rings but last bid at $7,374 a tonne, down from $7,382 at the close on Tuesday.

Aluminium prices edged lower to trade at $2,134 in LME rings versus $2,141.

Tin was untraded in exchange rings, but last bid at $21,500 versus $21,350.

Nickel was untraded in LME rings but bid unchanged at $21,950, while lead was traded at $2,137 from a final bid at $2,130 on Tuesday. Zinc traded at $2,132 a tonne from $2,123.
Vedanta’s clever siddhanta

By timing its action before the new takeover code is implemented, Vedanta has sidestepped two potentially irksome issues — 100 per cent takeover and pricing parity for public shareholders.

The Achuthan panel report recommendations could perhaps have been at the back of the mind of the exclusive Anil Agarwal, the promoter of Vedanta Resources Plc, a company listed in the London Stock Exchange and which controls the Indian metals major Sterlite Industries Ltd when he decided to acquire a controlling interest in Cairn India Ltd from Cairn Energy UK with jet speed.

A staggering $9.6 billion would be forked out by Vedanta to Cairn Energy reportedly from the combined coffers of Vedanta and Sesa Goa, another group company of Vedanta in India which it acquired a few years ago. For all one knows, Vedanta is scouting for funds in the foreign markets, including in London, where takeover financing is otherwise granted generously but the environmental issues that have come to baulk some of Vedanta’s plans in Orissa seem to have come in the way of raising the moolah.

Be that as it may, what Vedanta seems to be keen on is to rush before the new takeover code, assiduously worked out by the Achuthan panel, is brought into force to its detriment. Incidentally, the panel recommendations are still being mulled by the public whose reactions would be considered by SEBI (Securities and Exchange Board of India) before implementing them.

Foreign companies have acquired Indian companies in the past but this would be the first instance of a foreign company promoted by an Indian coveting an Indian company by, curiously in the process, wresting control from an unadulterated foreign company.

SUCCESSFULLY SIDESTEPPED

The panel has suggested two seminal changes that could strike at the roots of the takeover game in India. First, is the public offer requirement to buy out all the remaining shares from the public resulting in a 100 per cent buyout as opposed to the extant norm that requires buying out of a further 20 per cent of the voting capital of the company this time around from the public after having purchased at least 25 per cent from the promoter. Back of the envelope calculations show that the cost of acquisition of $9.6 billion could double to roughly $20 billion, making perhaps the acquisition not only the largest ever in India but also more disturbingly for Vedanta a pyrrhic victory. Vedanta obviously would not like to score such a pyrrhic victory.

Vedanta would also have reckoned with the grim prospect of having to pay Rs 405 per share to the Indian public shareholders, the price that it has agreed to pay to Cairns Energy UK if the new takeover code as recommended by the panel is implemented.

For, the panel has rightly put its foot down and recommended abolition of room for chicanery that consists in camouflaging 20 per cent of the negotiated price with the promoter (Cairns Energy UK) as non-compete fee which has nothing whatsoever to do with cost of acquisition of controlling interest.

The takeover history is replete with instances of the two sides in a negotiated deal playing footsie to rob the small shareholder of his rightful due. Now Vedanta too would profit from this chicanery — Rs 405 per share for Cairns Energy UK but only Rs 355 per share to the Indian public shareholders.

That Vedanta has not gone the whole hog — it could have pared down the price payable to the public by about Rs 80 — is as much a small mercy as it is a reflection of cold calculations; the public might lose interest in the public offer.

Be that as it may, the point is through its timely action, Vedanta has sidestepped two potentially irksome and burdensome issues — 100 per cent takeover and a parity of pricing for public shareholders. Vedanta obviously does not consider it prudent to assume a huge debt burden which would become inevitable if a company is to be acquired lock, stock and barrel. Furthermore, it knows pretty well that it has nothing to gain by making Cairn India a closely-held company.

Daichi Sanko walked into the space vacated by the Singh brothers in Ranbaxy. In other words, the existing promoters were asked to ship out completely. Their entire 34 per cent holdings were acquired.

On the contrary, Vedanta has agreed to allow Cairn Energy UK to have a toe hold in Cairn India Ltd by allowing it to retain a minimum of 10.6 per cent stake. One wonders why. Is this a huge display of naiveté?

>>More on the Web: www.businessline.in/webextras

(The author is a Delhi-based chartered accountant)
Diamond traders set up company

Surat, Aug. 17: To cut out the role of the middlemen, Surat diamond traders have decided to take raw material procurement in their own hands by setting up a company with a start-up fund of Rs 1,000 crore.

The proposed firm, Surat Diamond Sourcing (SDS) will procure diamond roughs, the raw material for the cutting and polishing industry, directly from mines from Canada, Russia and Africa, a top body of the traders said.

"Nearly 500 members, who shall be the founder shareholders, will contribute Rs 1.8 crore each and other members will pay Rs 34 lakh each," Surat Diamond Association president, Mr Rohit Melita, said.