Jindals get control of Ispat

Strategy ready to recast debt

OUR SPECIAL CORRESPONDENT

Mumbai, Dec. 21
Sajjan Jindal has snapped up a controlling stake in Ispat Industries, the ailing, debt-ridden steelmaker.

"Jindals" JSW Steel will acquire a 61.18% stake in Ispat Industries in a deal valued at Rs 3.357 crore.

JSW Steel will pick up over 146.66 crore Ispat shares under a preferential allotment at a price of Rs 10.08 per share. The company will be renamed "JSW Ispat Ltd.".

Jindal's stake could rise further if Ispat shareholders vote the board to place on their noticeboard the board meeting on tomorrow.

The Mitalis will hold 10% in the company they borrowed in 2009.

Jindal will be the non-executive chairman of Ispat Industries. Vinod Mittal, present executive vice chairman of Ispat Industries, will continue in the same position during the transition period. He will subsequently become a non-executive vice-chairman.

Proceeds from the preferential allotment will be largely used to reduce the Rs 9,090 crore debt of Ispat Industries.

Under the debt restructuring plan, done in Rs 7,566 crore of debt will be refinanced by low-cost borrowings — a move that will bring down the interest cost by 3 to 4 percentage points. The debt recast will be completed within nine months.

JSW Steel chairman Sajjan Jindal said the partnership was a win-win for both groups and would bring a lot of synergies to the two companies.

The deal will make JSW Steel the country's largest steel producer with a combined capacity of 14.3 million tonnes by March next year.

Ispat Industries has a capacity of 3.6 million tonnes.

Jindal said that until now, Ispat had supplied its steel to south India, thereby incurring high freight costs. Under the new deal, Ispat will now supply only in Maharashtra. This will bring down its freight cost from Rs 315 per tonne to Rs 335 per tonne (Rs 0.00 per tonne to Rs 0.05 per tonne)

Jindal has also added some power at a high price of Rs 5.5 to Rs 6 per unit. JSW Energy, the Jindal group company, will supply power from its Ranjangaon plant, enabling Ispat to trim costs on this front as well.

Jindal was confident that he would be able to make Ispat Industries profitable over the next 12 months.

"We have mining expertise and will bring Ispat's mining facility quickly into operational mode," he said. Ispat Industries has mining activities in Madhya Pradesh and Maharashtra.

JSW Steel will fund the buyout from its internal accruals.

Jindal said he planned to bring down Ispat's cost of production by setting up a coke oven plant, pellet plant and power plant over a period of 8 to 12 months. Various operational efficiency projects and de-bottlenecking projects would raise its capacity to 4.5 million tonnes from 3.6 million tonnes.

Jindal, who accompanied Vinod Mittal, said lenders such as IDBI Bank, ICICI Bank and PNB would convert some of their debt into equity. The shares will be issued to these banks at a discounted price of Rs 14.5.

The debt conversion will bring down JSW Steel's stake to 38.50% in the company.

There were mixed reactions to the deal on the stock exchanges with Ispat stock falling over 15% to Rs 22.38, driven down by disappointment over the open offer price. On the other hand, the JSW Steel scrip rose 15.50% to Rs 1,331.85.
Centre expected to target garnering Rs 30K cr and sell stakes in about 6 state-run firms

Economic upswing may help lower bar for disinvestment in 2011-12

The Centre is expected to scale down its expectations from the disinvestment programme in the coming fiscal to about Rs 30,000 crore and sell stakes in just about half a dozen state-run companies.

"With the better fiscal conditions, the pressure on disinvestment as means to finance the deficit has eased considerably," a source close to the development said. With the upswing in economic activities, the Centre is expected to rely more heavily on tax revenues for funding the deficit in 2011-12.

While the disinvestment roadmap for 2011-12 is still being finalised as part of the Budget making exercise, about six to seven state run firms are expected to launch public offers. The follow-on public offer of Hindustan Copper Ltd (HCL), which was originally scheduled for December this year, has now been pushed back and could start the sell-off parade for 2011-12.

"The government is keen that the two blockbuster issues of Steel Authority of India Ltd and ONGC Ltd in the coming months gather sufficient interest. So it was decided that HCL can be kept for early next fiscal," a merchant banker managing the offer said, cautioning that the decision could be reversed later due to market conditions.

The Rs 4,000 crore public offer by HCL includes disinvestment of 10 per cent government equity along with the company issuing equity of the same proportion.

MMTC Ltd, Indian Oil Corporation, Steel Authority of India Ltd, Rashtriya Ispat Nigam Ltd and Power Finance Corporation are some of the other PSUs that are likely to hit the market with public offers in the coming fiscal.

The Centre had fixed an ambitious Rs 40,000 crore target from stake sales in the current fiscal. The government has already garnered Rs 22,000 crore from disinvesting its stake in about six firms including SJVN Ltd, Engineers' India Ltd, Coal India Ltd, PowerGrid Corporation, Manganese Ore India Ltd and Shipping Corporation in the current fiscal.

With Hindustan Copper Ltd out of the agenda for 2010-11, the Centre is now likely to finish the fiscal at about Rs 38,000 crore. The public offers by SAIL and ONGC are expected to fetch Rs 4,000 crore and Rs 11,000 crore respectively.
Iron ore exports down 30% in November

Continuing a declining trend for the fifth consecutive month, iron ore exports in November went down by 30.59 per cent to 8.07 million tonnes (mt) due to the ban imposed by mineral rich Karnataka on iron ore shipments. “The decline is basically because of the ban imposed by the Karnataka government and, unless the matter is resolved, this trend will continue,” Federation of Indian Mineral Industries Secretary General R K Sharma said. According to data compiled by FIMI, the country had shipped 11.53 mt of iron ore in the same period last year. PPI
Copper: Temporary spike

Given the sharp rise in prices due to supply-side constraints, analysts expect a correction in the near term.

Copper prices surged 10 per cent in the last one month and touched a high of $9,327 a tonne on Tuesday due to supply concerns. Chile's Collahuasi mine, which has the world's third-largest copper deposits, shut its main port after a recent accident; supplies will take some time to resume.

The spurt in prices has been partly fuelled by the recent London Metal Exchange data that show a dip in inventories to 362,725 tonnes, as compared to 555,075 in mid-February. This has added to concerns, with the demand-supply situation anticipated to remain tight in 2011.

Atul Shah, head of commodities at Emklay Commodity trade, says these prices are not sustainable and a three-four per cent correction is possible in the near term. On the positive side, the 26 per cent rise in prices since January augurs well for the realisations of Indian manufacturers. Also, with China witnessing a 37 per cent sequential rise in refined copper imports in November, the demand is likely to remain buoyant.

Rising copper prices are expected to benefit Hindustan Copper the most, reckon analysts. The company reported a 35.88 per cent year-on-year rise in revenues during the September quarter at ₹325.95 crore, while operating margins rose to 27.17 per cent from 11.2 per cent a year ago. As a result, net profit surged three-fold to ₹6.21 crore on a year-on-year basis. However, the stock price has remained subdued, as a follow-on offer is likely in January and the market expects the offer price to be at a substantial discount.

Other players in the copper segment like Sterlite Industries are also likely to benefit, though marginally, say analysts. They expect the Vedanta group company's copper T/C (treatment and refining charges) margins to improve only in 2011-12, with zinc-Jead and energy segments likely to drive revenues.

PRIYA KANSARA PANDYA AND UJJVAL JAIHARI
GOLD, SILVER PRICES DECLINE

Gold prices eased further on Wednesday on poor local buying coupled with subdued off-take by stockists, even though trends were bullish in the international markets. Silver also dropped on selling by stockists amidst reduced industrial demand. Standard gold (99.5 per cent purity) slipped by ₹15 per 10 gm to close at ₹20,435 from Tuesday’s closing level of ₹20,450. Pure gold (99.9 per cent purity) also looked down by a similar margin to finish at ₹20,535 per 10 gm as against ₹20,550 previously. Silver ready (999 fineness) fell by ₹100 a kg to ₹43,385 from ₹43,485 on Tuesday. In Europe, gold continued to trade higher on weakening dollar amid concerns of debt problems in eurozone. Spot gold was bid at $1,388.65 an ounce in early trade as against $1,385.30 late in New York yesterday.

PTI
Copper falls on weak dollar

Copper softened on Wednesday, but stayed within reach of the previous session's record highs, with a weaker dollar and concerns about supply tightness underpinning sentiment towards the industrial metal. Benchmark copper on the London Metal Exchange traded at $9,396 a tonne in official rings from a close at $9,365 a tonne in Tuesday. The metal, used in power and construction, touched a new record of $9,392 a tonne on Tuesday, and has gained about 25 per cent since the beginning of the year. Supply concerns remained after the world's No. 3 copper mine, Collahuasi, scrambled to find a new route for its exports after an accident shut its Parache port terminal.

REUTERS
RIO TINTO SET TO FINALISE RIVERSDALE BID

SYDNEY: Anglo-Australian miner Rio Tinto is finalising a $3.8 billion takeover bid for Africa-focused Riversdale, two sources said — upping an earlier offer as it seeks to gain key coking coal supplies amid soaring demand from India and China.

A formal bid for Mozambique-based Riversdale Mining could spark a bidding war as companies seek access to what is expected to be the world's second-largest coal exporting market in coming years.

A group of Indian public sector enterprises has said it is looking at Riversdale. Other major mining companies are also interested.

Rio Tinto was locked in talks with Riversdale's board, but a final deal has not yet been completed because of some last minute wrangling over price, one source said. Spokesmen for both Riversdale and Rio Tinto declined to comment.
Plan panel seeks definition of ‘no-go’ mining areas

Press Trust of India

NEW DELHI, 22 DEC: In a veiled criticism of environment minister Mr Jairam Ramesh’s approach, the Planning Commission today said there should be a “sensible” definition of ‘no-go’ areas where mining activities are prohibited.

“If we get a sensible definition of what is ‘no-go’... something that is called ‘no-go’ for now does not have to be ‘no-go’ for ever,” Planning Commission deputy chairman Mr Montek Singh Ahluwalia said on the sidelines of a public private partnership (PPP) conclave.

“The criteria that we use to establish what is ‘no-go’ should be very carefully defined and should be based on some scientific considerations,” Mr Ahluwalia said, adding, “but the main point is that these should be flexible.”

He said he had taken up the issue with Mr Ramesh and “he is quite willing to be flexible in what the criteria should be”.

Of late, there have been widespread concerns over the environment ministry’s classification of ‘no-go’ areas, which have hit projects of companies such as Hindustan Zinc, UltraTech and Essar group. They said such areas need not be excluded from mining activities for ever.

The ministry of environment and forests (MoEF) has divided mineral bearing regions into ‘go’ and ‘no-go’ areas. As per the guidelines, mining is allowed only in the ‘go’ areas.

Recently, the coal ministry had sought the Cabinet’s approval for its proposal that mining be allowed in 90 per cent of coal blocks labelled as ‘no-mining’ areas by the environment ministry.

There are 206 coal blocks spread across 4,039 sq km in nine coalfields, with a production potential of 660 million tons (MT), which have been designated as ‘no go’ areas.
Sensex falls first time in four days; Maruti leads decline

Rally in commodity prices fails to spur markets as rising input costs worry companies; RIL drops 1.6%

BY RAJKUMAR K. SHAW
feedback@livemint.com
MUMBAI

Indian stocks fell, snapping a three-day rally that took the benchmark index to a five-week high, amid concern higher commodity prices will increase companies' costs.

Maruti Suzuki India Ltd, the nation's biggest automaker, dropped the most in a month after chairman R.C. Bhargava said tight liquidity and rising interest rates will hurt sales.

Reliance Industries Ltd, operator of India’s biggest natural gas deposit, lost 1.6%.

"India’s prices of the fuel are too low for exploration in deepwater areas," said Atul Chandra, president of operations.

Hindalco Industries Ltd, the largest aluminium producer, climbed as metal prices rose.

"If commodity prices keep rising, it will be negative for the users," said Deven Choksey, chief executive officer at Mumbai-based K.R. Choksey Shares and Securities Pvt Ltd, which manages $125 million in assets.

"For the next two to three months, commodities seem the best bet as prices are likely to rally."

The Bombay Stock Exchange's sensitive index, or Sensex, dropped 44.52, or 0.2%, to 20,015.80 points, at close in Mumbai on Wednesday.

Companies on the measure are valued at an average 19 times estimated earnings, compared with a recent peak of 20.1 times on 5 November. The S&P CNX Nifty Index on the National Stock Exchange dropped 0.3% to 5,984.40. The BSE 200 Index retreated 0.1% to 2,478.57.

Maruti Suzuki slid 2.1% to ₹1,394.1, its biggest drop since 25 November.

The London Metal Exchange Index of six metals climbed 1.8% on Tuesday, rising for a third day

“The company’s market share may fall in the financial year beginning 1 April 2011, should overall vehicle sales in the country surge,” Chief Executive officer Shinzo Nakanishi said on Wednesday.

Hero Honda Motors Ltd, the biggest motorcycle maker, dropped 1.7% to ₹1,939.85.

Reliance Infrastructure Ltd, the builder of a mass rapid transit system in Mumbai, declined 1.9% to ₹793.05.

Reliance Industries slid 1.6% to ₹1,056.05, its biggest drop since 9 December.

Hindalco rose 1.9% to ₹238.1, its highest close since at least 1991.

Sterlite Industries (India) Ltd, the nation’s biggest copper and zinc producer, climbed 1.1% to ₹178.6, extending Tuesday’s 5% surge.

The London Metal Exchange Index of six metals, including copper and aluminum, climbed 1.8% on Tuesday, rising for a third day.

Copper, rubber and cotton prices rose to record levels overnight.

Global funds sold a net ₹3.26 crore (₹7.2 million) of Indian equities on 20 December, paring this year's record inflows in equities to ₹1.29 trillion, according to data on the website of Securities and Exchange Board of India.

BLOOMBERG
A PUSH FOR SOCIAL RESPONSIBILITY

Those who practise in the convergence zone of business and human rights have an agenda lined up for the coming year. The UK-based Institute for Human Rights and Business (IHRB), which moves purposefully in the area of dissemination and influencing global policy, has a heads-up of Top 10 issues and areas of interest for 2011. The list can be found at www.institutehrb.org. Here, I would like to point to a few key areas that are fast gaining ground in terms of best practice norms as well as triggers for activists, lawyers and corporate responsibility practitioners.

Mid-2011 will see a significant step ahead in the globalisation of responsibility, as it were, with the presentation of the “Protect, Respect and Remedy” framework that the UN’s special representative for human rights, John Ruggie, will present to the UN Human Rights Council. Upon adoption, the recommendations and principles will become a pre-eminent benchmark and could, the institute says, “reshape much of the current corporate responsibility landscape”.

While this is an umbrella, a specific issue is “tackling rights challenges associated with resource extraction”. This approach will basically highlight, as the US has recently done, to apply legislation to minerals extracted in the Democratic Republic of Congo. The US initiative calls for listed companies to declare a due diligence process for minerals from Congo. The Organisation for Economic Cooperation and Development has a “guidance on conflict minerals”. The US initiative, for example, calls for listed companies to declare use of minerals from Congo and due diligence processes. As this process spreads to other areas, a key area could—and should, in my opinion—be minerals extracted in India’s conflict zones of Chhattisgarh, Orissa and Jharkhand. Due diligence could soon apply to rights concerns in other extraction-heavy states such as Goa and Karnataka. Most major players in these areas are listed in India and several are listed overseas.

Another key area that is likely to come into focus, the institute suggests, is foreign acquisition of agricultural land in developing countries. I would add that in India it applies equally to domestic players. “What complicates the picture is that current trends in land acquisition indicate the purchases are not only for agricultural purposes,” IHRB says. “Often it is to develop other sectors, such as tourism, export-oriented horticulture, building special economic zones, and creating industrial estates. While such activities may lead to positive impacts on human rights, it isn’t clear if those whose land is taken away are likely to benefit from the new developments.”
Also of import, clearly, is the Top 10 focus on “fostering corporate cultures that respect human rights”—the draft of Rug- gie’s report already addresses this area. Primarily, it urges governments to seek accountability from companies even as governments themselves are under scrutiny for pro-business human rights violations in land acquisition—using state agencies such as the local administration and the police to overcome resistance—to overlooking direct corporate perversion of, say, resettlement and rehabilitation.

India alone can provide several dozen case studies, including the well known, aborted car and chemical-hub projects in West Bengal, to several marquee mining and metals projects in Orissa, Jharkhand, Chhattisgarh and Karnataka. Practitioners who deal with these issues daily often express surprise at the level of callousness. One such is New Delhi-based lawyer and researcher Usha Ramanathan, who was earlier in 2010 part of a ministry of environment and forests-mandated committee that inquired into Vedanta Resources Plc’s bauxite mining and alumina project in Orissa. “I am shocked by the unwillingness,” Ramanathan told me, “to even acknowledge these as problems.”

There is another peculiarity in India which Ashok Panikkar, founder and executive director of Bangalore-based conflict resolution firm Meta-Culture Consulting mentioned to me. “It’s astonishing,” he said, “that top-level decision makers are oblivious of social and political ramifications of their projects.”

Indeed, I would add that this can be wilful oblivion. In my conversations with executives of major metals and mining conglomerates in India, I have heard statements such as “policy made in Mumbai may translate differently in Orissa”. Meaning, in effect, that staff downstream of dignified boardrooms are free to execute a project as they see fit.

The tide is turning, would be my suggestion to such people. What resolution they adopt for 2011 is their business, but here is another cheerful thought from IIHRB to round off things. There is a growing move to make human rights a part of integrated corporate reporting which includes “financial, social, environmental and governance information”. As Vedanta’s case shows, institutional investors are already forcing the pace that activists and lawyers have set.

Sudeep Chakravarti writes on issues related to conflict in South Asia. He is the author of Red Sun: Travels in Naxalite Country. He writes a column alternate Thursdays on conflicts that directly affect business.

Respond to this column at rootcause@livemint.com
Montek wants Jairam to be more flexible

By Mail Today Bureau
in New Delhi

There are 206 coal blocks spread across 4,039 sq km in nine coalfields, with a production potential of 660 million tonnes (MT), which have been designated as ‘no go’ areas.

The Ministry of Environment and Forests (MoEF) favours more regulations in privatised mining in the light of large-scale illegal mining across India, which causes environmental hazards.

The coal and mines ministries, on the other hand, want fewer regulations so that more coal can be mined to meet the acute power shortage in the country which is hampering economic growth. Around 70 per cent of India’s power supply comes from coal. According to the ministry’s estimates, a sustainable growth rate of eight per cent over 10 years will require the production of 90,000 megawatts of thermal power.

To reach this target, the ministry plans to open another 500 coal mines, in addition to the existing 600 running coal mines, over the next 10 years.

However with the MoEF identifying ‘go’ and ‘no-go’ zones for mining and categorised 35 per cent of the area of nine coalfields in six States, including Chhattisgarh, Jharkhand and Orissa, as no go.

These areas are mostly dense forests where mining is unviable because of the environmental damage it would cause.
No tribals in Niyamgiri hills: Orissa
AKSHAYA KUMAR SAHOO
Bhubaneswar

Dec. 22: The Orissa government denied presence of any revenue villages and tribals in the reserved forest on the contentious Niyamgiri hills. Replying to a query by ruling BJD member Anant Das, industry minister Raghunath Mohanty said that there existed no human habitations in the hill forests which stand on one of the largest bauxite deposit in the world.

The minister's reply comes as a sharp contrast with the opinion of environmentalists who claim that primitive Dongaria Kondhs seen in Niyamgiri hills are living very much inside the reserved forests.
‘Jobs for 500 families could have saved Vedanta’

FE BUREAU
NEW DELHI, DECEMBER 22

It was the inability to resettle 450 families that ensured Korean steelmaker Posco couldn’t get the land it needed, it was the inability to give jobs to 500 families in and around the Vedanta site in Niyamgiri that put paid to the aluminium major’s project. National Advisory Committee (NAC) member N C Saxena, who wrote the report that resulted in Vedanta’s project getting cancelled, said this at the Idea Exchange programme of The Indian Express Wednesday.

“I am in favour of growth,” Saxena said, citing figures to show this would generate more jobs. A hectare of land in these areas, he said, would generate around two jobs; setting up industrial projects on the same land could create 20-30 jobs per hectare.

So why did he come down heavily on the project in his 123-page report last August?

“When I first visited the Niyamgiri area in 2001, it was well-known that a bauxite refinery was going to come up here. When I visited it again in 2010, I found there had been no attempt to recognise the rights of tribals under the Forest Rights Act (FRA)....

N C Saxena: Authored report on Niyamgiri

I found that people protesting had done so with thumb-prints which suggests no attempt was even made to educate them, to provide them basic skills," Saxena said.

Around a fifth of the 7,952 tribal residents of the area live in villages in and around the proposed mining area.

Would giving them jobs have helped ensure the refinery got permission under various statutes, considering there were environmental issues as well? Saxena conceded there were several issues, but felt that giving families livelihood would have played an important role.

“You can’t pass a law only to bypass it later,” Saxena said. India has too many laws that are impossible to implement, and officials get used to collecting bribes, he said. Even the FRA, Saxena said, had several inconsistencies; his job, however, was to ensure the Act was implemented.

Section 3 of the Act recognised forest dwellers’ rights. “Going by this, around 60-70% of the forest area of 70 million hectares gets covered. Are we in a position to deal with the rights of people on 50 million hectares, more so when we have done this for only 20,000 hectares so far?” he asked.

Asked whether asking miners to give 26% of profits to tribals was a good idea given that it would require each mine to become a standalone profit centre, Saxena said: “The NAC did not discuss the issue of profit-sharing, but money is not the issue as the tribal affairs ministry can’t even spend half the money allotted to it.”

Why can’t tribals be allowed to sell their forest rights and move to cities?

“Since they are illiterate, have no skills for modern jobs and are easily fooled,” Saxena said. “This will result in massive land alienation, often for as little as a bottle of liquor.”
ICVL to appoint advisor on Riversdale stake bid

A consortium of state-run companies will meet later on Wednesday to appoint a merchant bank to advise on whether it should bid for a stake in Africa-focused Riversdale Mining, a source at a member of the consortium said. “We are inclined towards bidding (for a stake in Riversdale) subject to the outcome of due diligence,” the source said. The members of the International Coal Ventures (ICVL) consortium are NTPC, Steel Authority of India, NMDC, Coal India and Rashtriya Ispat Nigam.
Making ‘by India’ the byword

India lacks manufacturing depth and that’s why Obama, Sarkozy and Wen won such huge orders

U.S President Obama’s recent visit to India saw newspaper headlines like “$40 billion deal worth over $10 billion signed”. Chinese Premier Wen was not to be left behind and unlike earlier visits by Chinese leaders where issues like border disputes took prominence, this time it was his commercial agenda. French President Sarkozy and British Prime Minister Cameron also brought a large team of business leaders as members of their delegation to clinch mega deals. It will not be a surprise if the Russian President, during his visit, outshines these leaders and takes some of the biggest contracts back home. And India will have signed up to buy tens of billions of dollars of capital goods ranging from aircraft and military hardware to thermal and gas turbines from these five countries in a matter of just a few months—a veritable Christmas gift to these countries—and a sign that India is now the biggest market for manufacturers of machines, plants and equipment.

India’s manufacturing sector has grown at 7% over the last decade, the second fastest after China. Despite this growth, the sector has failed to build ‘depth’, which has manifested itself in the growing imports of capital equipment—the building blocks of a country’s manufacturing competitiveness—into the country. For example, between 2005 and 2006, while the manufacturing GDP has grown about 11%, the import of plant and equipment has grown nearly 8 times. While the downstream industries have grown rapidly, the core product sectors like power, mining, port and telecom equipment, railway equipment manufacturing, and steel and chemical plants have remained under-developed. While China’s overall GDP is 3.8 times that of India, when we compare machine tool production, China’s production is 55 times that of India.

India should also be concerned about the depth of the manufacturing industry and the consumer demand in this industry. China and India face different challenges and have different competitive landscapes. China’s manufacturing industry faces a much larger challenge of matching the huge consumer demand. China’s manufacturing industry is much more dependent on consumer demand than India’s. India’s challenge is much more on the supply side, where the manufacturing sector faces more than 50% of the demand. China’s challenge is much more on the demand side, where the manufacturing sector faces more than 50% of the demand.

India’s manufacturing sector, which has grown at 7% over the last decade, is the second fastest growth after China. Despite this growth, the sector has failed to build ‘depth’, which has manifested itself in the growing imports of capital equipment, into the country. For example, between 2005 and 2006, while the manufacturing GDP has grown about 11%, the import of plant and equipment has grown nearly 8 times. While the downstream industries have grown rapidly, the core product sectors like power, mining, port and telecom equipment, railway equipment, and steel and chemical plants have remained under-developed. While China’s overall GDP is 3.8 times that of India, when we compare machine tool production. China’s production is 55 times that of India.

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‘Giving tribals jobs could have saved Vedanta’

New Delhi, Dec 22: If it was the inability to resettle 450 families that sealed the fate for Korean steelmaker Posco in Orissa, the failure to give jobs to another 500 families in and around the Vedanta project in Niyamgiri put paid to the aluminium major’s plans, said National Advisory Committee member NC Saxena, who wrote the report that resulted in cancellation of Vedanta’s project.

On being asked about the contradictions between development and growth, the subject of a front-page series in FE over the past few weeks, Saxena, who was speaking at The Express Group’s Idea Exchange on Wednesday, said the issue was being exaggerated out of proportion. He said the issue was actually one of complete apathy, on part of both the government as well as private sector developers.

“I am in favour of growth,” he said while citing figures to show how this would generate more jobs. One hectare of land in some of these areas, he said, would generate around two jobs. However, giving the same land to industrial projects could result in jobs for 20-30 per-

NC Saxena

Are we in a position to deal with the rights of people on 50 m hectare, more so when we have done this for only 20,000 hectare so far?

Continued on Page 2
‘Giving tribals jobs could have saved Vedanta’

"When I first visited the Niyamgiri area in 2001, it was well known that a bauxite refinery was going to come up there... When I visited again in 2010, I found there had been no attempt to recognise the rights of the tribals under the Forest Rights Act (FRA), 2006. I found that people protesting had done so with thumb-prints, which suggests no attempt was even made to educate them, to provide them with basic skills." Of the 7,992 tribals who live in the area, around a fifth live in villages in and around the proposed mining area.

Would giving them jobs have helped ensure the refinery got its permission under various statutes, considering there were environmental issues as well? Saxena admitted there were several issues, but felt that giving families livelihood would have played an important role.

"You can't pass a law only to bypass it later," he said in a rare display of humour in an interaction that lasted well over two hours. India passed too many laws, he said, that were impossible to implement and then got used to collect bribes. Even the FRA, he said, had several inconsistencies - despite this his job was to ensure that the Act was implemented in its current form, he added.

Section 3(1) of the Act, which recognised forest dwellers’ rights, lays down the criterion for doing so. "Going by this, around 60-70% of the forest area of 70 million hectare gets covered. Are we in a position to deal with the rights of people on 50 million hectare, more so when we have done this for only 30,000 hectares so far," he asked.

Is asking miners to give 26% of profits to tribals a good idea given the fact that this means each mine will have to be converted into a standalone profit centre? "The NAC did not discuss the issue of profit-sharing, but money is not the issue as the tribal affairs ministry can’t even spend half the money allotted to it."

Why can't tribals be allowed to sell their forest rights and move to cities? Since they are illiterate, have no skills for modern jobs and are easily fooled, Saxena pointed out, this would result in massive land alienation, often for as little as a bottle of liquor.
Rio Tinto, Mitsui on expansion mode

Rio Tinto Group, Mitsui & Co and others will invest A$3.78 billion to expand iron-ore export capacity at their venture in Cape Lambert, Australia. Rio Tinto owns 53 per cent of the Robe River venture, Mitsui 33 per cent and others hold 14 per cent, according to a statement on the Japanese company’s Web site. — Bloomberg
SAIL’S MINES WIN QC GOLD AWARDS

Five Quality Circle teams from the Raw Materials Division of Steel Authority of India Limited have won two Gold, two Silver and one Bronze awards at International Convention on Quality Concepts (ICQCC) 2010 held at Hyderabad recently. The innovative ideas and time bound computation carried by the RMD’s team have contributed a lot towards better mining operation as well as cost and time saving. The Quality Circle teams of RMD have won many international awards in this field in the past.
NEW DIRECTOR FOR NEYVELI LIGNITE

Sarat Kumar Acharya recently assumed office as director (personnel) of the Neyveli Lignite Corporation.

Prior to his posting in the NLC, he served the National Thermal Power Corporation (NTPC) as general manager (human resources) and also as head (corporate human resources) of the joint venture NTPC-SAIL Power Company Ltd.

A statement from the NLC said that Acharya, hailing from Orissa, had an honours degree in economics from Ravenshaw College and a postgraduate degree in personnel management from Utkal University, Orissa.

He entered the corporate world during 1980 in BHEL as HR executive and moved to NTPC in 1982. In NTPC, he served in various capacities in his initial years and worked in Singrauli, Taicher, Korba, Vindhyachal and Farakka Units of the Company.

In tandem with the growth of NTPC, he grew to head HR functions of two major Power Stations of NTPC, one at Farakka (West Bengal) and the other at Vindhyachal (Madhya Pradesh) before he took over as Regional Head of HR of NTPC Eastern Region at Patna.
Gold rules unchanged

Bloomberg
Dec. 22

Gold futures were little changed after advancing 27 per cent this year on demand for a haven from escalating European debt.

Futures reached an all-time high of $1,432.50 an ounce on December 7 and are headed for a 10th straight annual gain. The International Monetary Fund said yesterday it concluded the planned sale of 403.3 metric tonnes, or 13 per cent of its gold reserves.

Gold futures for February fell 80 cents to $1,388 at 9:45 a.m. on the Comex in New York. The price climbed 1.3 per cent in the past three sessions. Silver futures for March delivery fell 8.9 cents, or 0.1 per cent, to $29.555 an ounce. Before today, the metal jumped 75 per cent this year.

Palladium futures for March delivery rose $4.30, or 0.6 per cent, to $787.25 an ounce on the New York Mercantile Exchange. Platinum futures for April delivery climbed $3.90, or 0.2 per cent, to $1,731 an ounce. Before today, palladium surged 84 percent this year, and platinum was up 17 percent.

BULLION RATES
Mumbai: Silver (.999 fineness) Rs 45,385 a kg; standard gold (99.5 per cent purity) Rs 20,435 for 10 g; pure gold (99.9 per cent purity) Rs 20,535 for 10 g.
Copper softens; near record high still

Reuters

London, Dec. 22

Copper softened on Wednesday, but stayed within reach of the previous session's record highs, with a weaker dollar and concerns about supply tightness underpinning sentiment towards the industrial metal.

Benchmark copper on the London Metal Exchange traded at $9,360 a tonne in official rings.

Aluminium traded at $2,456 a tonne in rings from $2,435 and zinc was at $2,318 from $2,328 a tonne. Battery material lead was untraded in rings, but was quoted at $2,445/2,446 a tonne from $2,434 a tonne. Tin traded at $26,750 a tonne in rings from $26,890 a tonne. Nickel was at $34,600 a tonne from $24,625 a tonne.
India seeks African coal mines to plug local shortfall

NEW DELHI: Coal Minister Sriprakash Jaiswal said state-run companies will seek deals to buy mines in South Africa, Botswana and Mozambique when he visits the continent next month in a bid to plug a domestic shortfall. "The top priority is to buy coal mines," Jaiswal said in an interview in New Delhi yesterday. "We already have two mines in Mozambique and the government is seeking more there and in other countries in Africa."
Copper fluctuates ahead of US growth report

MOSCOW: Copper fluctuated in London before a report expected to show US economic growth in the third quarter increased more than previously forecast, and as stockpiles increased for an eighth day. The world's largest economy grew at a 2.8% annual rate in the third quarter, according to the median estimate of economists surveyed before a Commerce Department report due at 1:30 p.m. London time. That's more than a 2.3% increase in gross domestic product the government estimated last month.

"Markets are looking forward to US third-quarter GDP and existing home sales for November data," said Andrey Kryuchenkov, an analyst at VTB Capital in London. "Better-than-expected data will keep metals, especially copper, underpinned, with sentiment being more or less US-positive recently, as opposed to uncertainty in the euro zone."
अवैध खानन पर सख्ती

चंदीगढ़ * अवैध खानन पर पूर्ण अंकूल लगाने के लिए हरियाणा सरकार द्वारा और सख्त तौर पर सख्ती की आ रही है। इसके लिए चंद खियान,खानन खियान,रहस्य खियान,प्रतिस्पर्धा खियान,सैल टेक्सस खियान और पूर्वस खियान को लीग दी गई है। यह 144 के तहत सभी पक्षों का आकर्षण नहीं दर्ज होता है। पक्ष का विषय हरियाणा उपचारण के निरीक्षणकर्ता अवैध खानन की निरीक्षण के लिए यहां है। पक्ष अपने खियान पर दो दिन में खानन में प्रतीक्षा देकर पक्ष के किए है।

इस धारा के तहत दो दिन में हरियाणा के अवैध खानन पक्ष के पांडुलिपि के तहत किसी भी पक्ष को कैद नहीं करते हैं।