Case for a national gold bank

T.V. Gopalakrishnan

India owns over 18,000 tonnes of above ground gold stocks worth around $800 billion, almost 11 per cent of the global stock, according to the World Gold Council (WGC) estimates. This is equivalent to nearly half an ounce of gold ownership per capita, a figure which is significantly below consumption in Western markets, representing scope for more growth, says a WGC research paper ‘India: Heart of Gold’.

GOLD DEMAND

In 2009, total domestic gold demand reached $19 billion, or Rs 97,400 crore, which accounts for 15 per cent of the global market, according to the WGC. While Indian consumers continue to stock gold despite rising prices, when it comes to total gold reserves India ranks 11th in the world with 557 tonnes. Above ground gold stock is different from the total gold reserves.

Over the past 10 years, the value of gold demand in India has increased at an average rate of 13 per cent a year, outpacing the country’s real GDP, inflation and population growth by 6 per cent, 8 per cent and 12 per cent, respectively.

The country at present has one of the highest savings rates in the world, estimated at around 30 per cent of total income, of which, 10 per cent is already invested in gold.

The influence of gold in the market becomes predictable and circulation of hard cash and black money gets reduced.

STORING SURPLUS GOLD

In this backdrop, the setting up of a national gold bank (NGB) assumes importance. Such a bank, if set up, can gradually pave the way to have stock of surplus gold in the economy in one place. Over a period, the bank can have a say in controlling the volatility of gold prices in the domestic market, in particular, and can also act as a regulator of bullion market which is fast expanding, with international linkages.

The bank can engage in the purchase and sale of the yellow metal and act as a trustee/pledgee for banks/institutions having gold surplus, and also keep gold for safe custody or raise funds against the precious metal to meet their liquidity constraints.

As it is, the rate of deposit growth of commercial banks has been on the decline for the past few months and the investments in gold and real assets have been on the increase.

Generally, Indians have a weakness for gold and the demand for gold is price insensitve. It is all the more so when the real rate of interest on deposits has been negative or in significant compared to the rise in gold price.

GOLD AS DEPOSIT

The banks should be encouraged to accept gold as deposits and create fixed deposits in gold, raising good margin. To start with, for instance, for pure gold worth Rs 50,000, the banks can create a fixed deposit for Rs 25,000 for a minimum period of three years to give an interest rate of say 3 or 4 per cent a year. The banks can keep this gold as trustees. The investor earns interest on the idle gold while also getting back his holdings under the custody of the bank.

For the banks, they get gold as deposits and they should be in a position to raise funds against the security of gold. The borrowing power of the banks increases in the market and they will have required resources to expand credit portfolio.

The banks should be given exemption from SLR for these deposits against the gold, as there is no additional liquidity created and the liabilities are fully backed by the gold they hold. However, the borrowings that these banks subsequently make against the gold can attract SLR and the advances they create can attract usual capital adequacy norms.

ADVANTAGES

The advantages of setting up a National Gold Bank are many. The bank can make bulk purchases from the open market including the international market and act as a storehouse of gold for banks and institutions. The banks and institutions holding gold can sell it to the National Gold Bank or raise funds by pledging it. This will bring down banks’ borrowings from the RBI. The National Gold Bank can have a refinance arrangement with the Reserve Bank of India till such time it stabilises its operations. Monetary market operations can be better regulated and the black money component may gradually come down if the gold held in the country is brought under regulated market.

Over a period, when the gold bank’s operations get fully stabilised, the influence of gold in the market becomes predictable and circulation of hard cash and black money gets reduced, then framing of monetary policy and transmission of signals to financial markets by the Reserve Bank will prove to be easy.

For the banks, such an arrangement provides opportunities to expand their business in terms of deposits, borrowings and loans.

For the economy, benefits out of a gold bank are tremendous. The idle gold turns into cash to expand economic activities particularly the infrastructure and the gold and financial markets widen. It facilitates minimising generation of black money as the gold becomes a declared asset with the banks.

Once a large quantum of gold comes under the custody of the gold bank, Government’s fiscal policy and fiscal deficit can hope to have a totally different scenario than what is today. The image of the economy in the international market will improve. It will be a win-win situation for banks, investors, the economy, and the Government.

(The author is former Chief General Manager, RBI. Views are personal.)
पर्यावरण नियमों की उलझानें सुलझाना ज़रूरी

वित्त परियोजनाओं की पर्यावरण मंजूरी नहीं मिलना काफी दुर्भावनापूर्ण है। जितनी तेजी से परियोजनाएँ आ रही हैं उस हिसाब से उनकी व्यवस्था नहीं हो रही है।

बाहरी पर्यावरणीय योजना के लिए प्रस्तावित 2000 मेगावाट की परिभाषी परियोजना की स्थापना में पर्यावरण मंजूरी के कारण देरी हो सकती है।

वित्त परियोजनाओं की पर्यावरण मंजूरी के लिए कोट लिमिटेड में दिक्कत आ रही है। सरकार ने 2000 मेगावाट की परिभाषी परियोजनाओं की पर्यावरण मंजूरी की जरूरत प्रक्रिया में उसकी सुविधियाँ। उन्होंने पर्यावरण संस्थान के प्रति वित्त परियोजनाओं की अनुमति की घोषणा की है, लेकिन वो ने ऐसा माना है कि ऐसे पर्यावरण मंजूरी के कारण देरी हो सकती है।

भारत सरकार के पूरे संचालन और स्थापना वित्त परियोजनाओं से मिले प्रतिबंध के लिए कोट लिमिटेड ने साफ़ कर दिया है कि वो 203 प्रिंटिंग मंजूरी के 90 प्रतिशत हिस्से में उपयोग का निर्देश करते देरी हो सकती है। इसीलिए वो ने मानकों को सुधारने का प्रस्ताव पर प्रस्तुत किया है। इस समय तक कोई अनुमति नहीं मिली है।

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जुर्माने का नया कॉर्पोरेट पाथ

दिलीप खान

लाल जसप्रीत परियोजना के संबंध में प्रशासन मंडल की हालत पेश करता, कि जुर्माने आरोपी के साथ काम किया जाएगा, वर्तमान सरकार ने संपूर्ण काम को स्थगित करने की आवश्यकता का अनुमान लगाया है, भारतीय रक्षा मंत्रालय के कॉर्पोरेट मंडल को नए निर्देशों का स्वीकार करेगा।

प्रशासन ने अपने मामले में सूचना दी है कि प्रशासन मंडल के संबंध में नियमों की अनुपस्थिति की गई है और इस विवाद से घिरे

बिल्कुल रुपये नहीं है। इसलिए इसके काम का काफी ध्यान दिया जा रहा है। लक्ष्य नियम और नीतियों की उपयोग कर मामला का प्रभावी समाधान किया जा रहा है।

इस क्षेत्र में नया कॉर्पोरेट पाथ भी बना रहा है। इसके लिए परियोजना भी कुछ बदलावों की आवश्यकता है।

इसके लिए भारतीय रक्षा मंत्रालय के साथ कार्यशीलता का उल्लंघन किया जा रहा है।

परियोजनाओं को इसी तरह भी उमोद का साथ ग्रहण किया जाता है।

इस बार उदाहरण है कि तब तक परियोजना के काम शुरू हुए हैं और उन्हें अपने संस्थापक ने इसी का संस्कार दिया है कि यह विकास नियमों को होलाहतगार करणा होगा। कुछ उपयोगकर्ताओं के साथ संवैधानिक नियमों को बढ़ाने वाली कंपनियों की तस्वीर की जरूरत नहीं होगी। नया मामला की नियमों के भारी

जुर्माने का नया कॉर्पोरेट पाथ

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बदलने वाले अल्युमिनियम व मीटल बर्तनों का चलन बदलने से कॉपर बर्तनों की मांग घटी
कॉपर से बने बर्तनों के दाम में 40 फीसदी तक उछाल

मेकिंग चांज़ जुड़ने से कॉपर निर्मित बर्तनों के दाम बढ़ जाते हैं।

सत्य: सवन (2011)
कॉपर की बढ़ती कीमतें का असर कॉपर से बने बाले बर्तनों पर भी पड़ी है। कॉपर से निर्मित होने वाले बर्तनों की कीमत में 40 फीसदी तक की वृद्धि हो गई है जबकि कॉपर की कीमत में बीते सप्ताह की तुलना में इस सत्र 30 फीसदी तक की वृद्धि हो गई है। धर्मशास्त्र है कि पिछले साल जनवरी 2010 में कॉपर के दाम 390 रुपये प्रतिकिलो के स्तर पर थे जबकि इस सप्ताह पुनःपुकार साजार में कॉपर के दाम 490 रुपये प्रतिकिलो तक पहुंच गए हैं।

सदर भाजपा स्थिर बताते कारोबारी सीरिज़ विशेष ने बताया कि कॉपर की कीमतों में बढ़ती से कॉपर के बर्तनों को मांग पर कुछ असर पड़ा।

उदाहरण के बारे में यह स्थिति थी कि बाजार में प्रतिकिलो में में कॉपर के बर्तनों की कीमतों में बढ़ती हुई जानकारी भी जुड़ता है। इसी बात के बारे में कॉपर ने निर्मित बर्तनों की कीमतों की बढ़ती हुई जानकारी दी है। कॉपर के बर्तनों में खाना पकाने की बढ़ती हार्दिक को मांग सबसे ज्यादा होती है। साथ ही यहाँ, प्लास्ट, टेक की मांग मुख्य रूप से होती है राजस्थान, गुजरात और उड़ीसा जैसे मूर्ति में कॉपर के बर्तनों की मांग है।

कॉपर के अम्लीय रूप में मांग बढ़ती है, परंतु अल्युमिनियम और इलैक्ट्रोलैट के बर्तन ज्यादा मुश्किल न हैं। कॉपर मांग बढ़ने के कारण इसके बर्तनों के मांग के अकेले बढ़ते हुए ज्यादा होते नहीं हैं। कॉपर की बढ़ती और पहली कीमतों को लेकर व्यापार यथाज्ञात पर आप भी करने चाहते हैं। सदर भाजपा के ही बताते हैं।
Orissa stops work at 23 iron ore mines

BHUBANESWAR: Orissa government has stopped 23 iron ore mines from operating as they had not submitted proof of the necessary clearances. The state government has withheld permission to the mines in Keonjhar district since Friday, deputy director (mines) of the state UC Jena said.

REUTERS
Now, coal-rich Mongolia on Indian steel majors’ radar

PRIYADARSHI SIDDHANTA
NEW DELHI, JANUARY 23

CLOSE on the heels of deciding to venture into Afghanistan for exploring the Hajigak iron ore mine, domestic steel giants have now set their sights on coal-rich Mongolia.

The International Coal Ventures Limited (ICVL), a special purpose vehicle (SPV) of mineral and metal PSUs, is all set to put forth a pre-qualification bid to develop the western block of Tavan Tolgoi coal deposits in Mongolia. At the behest of the steel ministry, the ICVL has nearly finalised the details for putting up the bid.

In course of a recent meeting, convened by the top brass of the mines ministry to ascertain the interests of domestic steel giants to invest in Mongolia, steel secretary P K Mishra asked ICVL chairman C S Verma to venture ahead and respond to Mongolia’s offer to Indian companies in putting up the bid. An estimated investment of Rs 10,000 crore would be required to operationalise the mine and expand the choked railway infrastructure there.

Verma, who is also chairman of Steel Authority of India Limited (SAIL), told the meeting that the current mining lease of the said coal mine was valid for only 15 years and since there was a ceiling of 47 per cent for foreign direct investment, ICVL may have to rope in a local partner.

ICVL is seeking to ensure to ensure imported metallurgical coal supply of at least 10 per cent of 2019-20 requirements of SAIL and RINL (around 5 million tonnes per annum) from overseas assets.

Verma and other representatives of the ICVL said that due to inadequate infrastructure in Mongolia, coal could be evacuated either through China or Russia by rail-way and thereafter ports.

At the meeting, mining secretary S Vijay Kumar assured all possible help to facilitate companies for submission of the pre-qualification bid. “Submission of the bid will give a foothold and pave way for further dialogue and smaller issues could be subsequently resolved,” he told representatives of ICVL and other steel firms, according to the minutes of the meeting.

A Tata Steel representative suggested that his company was open for a consortium approach for the bid and suggested that services of RITES and Indian Railway Construction Company Limited could be utilised for development of infrastructure and Tavan Tolgoi. A senior ministry of external affairs official said that the Mongolian Parliament is vested with powers to approve grant of mineral concessions and the country’s government was squarely dependent on it for vetting all proposals.
Stop prostitution, drug trade in State: India Inc to Kamat

MAYABUSHAN \ PANAJI

In a stinging critique of the Goa Government, industry captains here have asked Chief Minister Digambar Kamat to act swiftly against the rampant drug and prostitution trade to ensure that Goa’s image stays clean and the business environment investment friendly.

In its pre-budget memorandum submitted to Kamat, the Goa Chamber of Commerce and Industry (GCCI) vice president Mangurish Pai Raikar has also asked the Chief Minister, who is also Minister for Mines to act against illegal mining.

Raikar has identified “deteriorating law and order situation”, “drugs, prostitution and related crime”, “rising level of corruption” and “environmental degradation”, as areas for concern, which cast a spell of gloom on the image of Goa and therefore its investment climate.

These factors are “tarnishing the image of the State” Raikar has said. “We would like to sound a note of caution in respect of the above and expect the Government to take effective steps to curb these ills,” Raikar said.

The Goa Government’s inability to act against the drug mafia in the State and the failure of the Congress high command to pull up the erring Ministers involved in allegedly sheltering the trade, has been reported in the media here virtually everyday.

A Goa police constable was arrested by the neighbouring Belgaum Police for attempts to sell drugs. A few weeks back a Sub-Inspector of the Anti-Narcotics Cell was recorded on camera attempting to push drugs to two foreigners.

Goa Home Minister Ravi Naik’s son Roy has been already linked to the drug mafia by a Swedish model and a former girlfriend of an Israeli drug dealer Yaniv Benaim alias Atala. Seven policemen were suspended, arrested and later released on bail last year following the model Lucky Farmhouse’s revelations.

Two weeks back, another sting operation conducted by the kin of yet another Israeli drug dealer showed a police Sub-Inspector attached to an elite anti-narcotics unit of the State police selling drugs to foreign nationals.

The Panaji bench of the Bombay High Court is hearing a petition filed by a National Students Union of India (NSUI) official, who has sought a Central Bureau of Investigation (CBI) probe into the nexus.

The Opposition has already demanded that Naik should be stripped of his portfolio, a demand which was rejected by the Congress high command on Friday, which said that the drug nexus issue was nothing special.

“It is not restricted to Goa alone. It is there in many States,” Congress general secretary incharge of Goa, BK Hariprasad told reporters here on Friday, saying that the Chief Minister had not sent any report about drug trade in Goa to the Congress president Sonia Gandhi.

About the rampant, indiscriminate and illegal mining in Goa, the GCCI has said that the phenomenon which accounts for nearly 18 per cent of the ₹6,000 crore of the total mining industry was causing irreparable damage to the State.

“Illegal mining is creating huge and irreparable damage to the State ecology. Illegal mining should be stopped forthwith with legal provisions for stringent punishment for all those involved,” the GCCI has said.
Better Realisations

THE third quarter performance of Hindustan Zinc beat Street expectations as revenues grew 17%, thanks to higher volumes and better realisations. The net profit was up 12% at ₹1389.6 crore. Average LME zinc and lead prices were
up around 5% during the quarter. Additionally, volumes were up 14% over the same period last year despite the shutdown of the company's lead smelters. During the period of shutdown the company chose to sell excess lead concentrates, which brought in revenues of ₹234 crore. Operating profit margins for the quarter came down to 58%, which was 700 basis points lower against the year ago period. Higher coke and thermal coal prices along with higher operating costs at their mines were the main reasons.

Other income rose 57% over the earlier year as a result of reshuffling of investments from debt funds to higher income yielding funds. The interest cost nearly vanished but depreciation burden jumped 46% to ₹120 core.

Apart from its core products, the company also registered a growth in production of silver. Given that it is amply available in the company's Sindesar Khurd mines and that its cost of production is considered nil since it is a byproduct in lead refining, margins are very high in the silver business. At present, silver contributes about 7% to the company's topline, though analysts believe this will double by FY13. Shares of Hindustan Zinc are trading at a 12-month trailing price-to-earnings multiple (P/E) of 12.9 times, which is still cheaper compared with its peers, Binani Industries and Mewat Zinc, which are trading at 20.9 times and 15.3 times respectively.

(Contributed by Jigar Desai, Rajesh Naidu, Skandita Agrawal and Crystal Barretto)
The industry is overdependent on ageing mines

**Why are copper prices so high? Ask Rio Tinto**

John Kemp

REUTERS

If you are wondering why the copper price is as high as it is, at least part of the answer is laid bare in Rio Tinto’s Q4 and full-year 2010 operating report out last week.

Rio was the world’s fifth largest producer of mined copper in 2009 and its quarterly reports shine a light onto operations at some of the world’s most important copper mines such as Escondida in Chile, Gruender in Indonesia and Bingham Canyon in the US. So when Rio reports a 16% drop in mined production last year, it says a lot about the state of the world’s copper supply.

Such a performance sits awkwardly with Rio chief executive Tom Albanese’s assertion that “running our operations at full capacity was a priority for Rio Tinto in 2010, in an environment of strong prices for most of our commodities”. What Albanese is actually referring to of course is Rio’s production of iron ore, a market in which it is also a worldleading player. The operational contrast with the company’s copper performance is stark one.

Consolidated iron ore production of 65 million tonne in Q4 was a quarterly record. So too was full-year production of 239 million tonne. Yet iron ore and copper share the same primary price driver: namely China. Both, via steel in the case of iron, are essential to China’s industrialisation and urbanisation programme. And, critically, China is structurally short of both metals and its appetite for imports accordingly huge. That’s why Rio Tinto and iron ore peers such as BHP Billiton and Brazil’s Vale are pumping out as much of the stuff as they can and investing huge amounts of money to produce even more.

The inability of the same companies, Rio and BHP Billiton, to do the same with copper is one of the cornerstones of the red metal’s bull narrative. It’s not that they wouldn’t like to produce more. After all, they have every incentive to capitalise on record-high prices. It’s just that their ability to do so is limited by the operational constraints of their mines. Escondida, the world’s biggest copper mine by volume, is a case in point. Escondida’s mined production came in at 786,600 tonne last year, according to Rio, which is a 30% stakeholder. Superficially, that looks an okay performance relative to 2009, when production was 777,400 tonne. But it wasn’t, for two reasons. Firstly, the previous year’s performance was itself a poor one. Back in 2008 Escondida produced 992,000 tonne of mined copper and in the three years prior to that production comfortably exceeded 1.1 million tonne per year. Escondida is now in its second decade of operations and ore grades are becoming more erratic. Grades dropped sharply in the second half of last year, the second reason why the full-year figure is slightly misleading. Production of 194,600 tonne in Q4 was 16.5% below the year-earlier period.
Gold may rise as investors go bargain-hunting

CHICAGO: Gold may rise next week after prices dropped, making the precious metal more attractive to investors, according to a Bloomberg News survey. Five of 11 traders, investors and analysts surveyed by Bloomberg, or 45%, said the metal will climb next week. Four predicted lower prices and two were neutral. Gold for February delivery was down 1.1% for the week at $1,344.90 an ounce on Saturday on the Comex in New York. Futures, down 5.4% this year, headed for their third straight weekly decline on speculation that signs of economic recovery in the US and European Union will reduce the need for a haven investment. Prices rallied 30% in 2010, the 10th consecutive annual gain, and climbed to a record $1,432.50 on December 7. Investors may find prices appealing after the declines, said Matthew Turner, a precious metals strategist at Mitsubishi International in London.
How long will kubers remain paupers?

With the mineral-bearing states and their citizens not getting the rightful share, only value additives deserve concessions for mining

I T IS time Centre woke up to the reality of the mineral-rich areas in the north and eastern India, the dissatisfaction of the state governments with their share of royalty from mining of precious minerals, sustained unease among environmentalists and disenchantment of the very people whose wealth is being eroded on a daily basis with no direct benefit accruing to them?

In my view, it is the continued rural over control and disbursement of mineral wealth and lack of a clear policy towards its sustainable exploitation. The central government now intends to replace the Mines and Minerals (Development & Regulation) Act, 1957, with a new one.

The draft bill proposes the amalgamation of existing powers of the states and legislature "mineral concession to first-in-time applicant" as an over-riding rule. The first-in-time principle is proposed to be made so sacrosanct that no area that has been applied for directly for a prospecting licence can either be notified for competitive bidding nor can it be given to a government agency for reconnaissance or prospecting operations.

The position of the mineral-owning states — and thus my own — is that local population needs to be compensated for the loss of opportunity of other economic activities due to existence of minerals. The presence of minerals renders earth crust unfit for cultivation. Further, most major minerals in our country are located in forests, agricultural and agro-based economic activities in these areas are scantly and inhabitants have been forest gatherers and occasional farmers. They are, thus, vehemently demanding use of minerals for generation of local economic activities and employment to compensate for the disadvantage they have suffered due to existence of minerals. At the same time, the states want a "royalty-plus" mineral concessions regime.

The plus component here stands for investment in mineral-based industry, wherever possible, and sharing of revenue, generated from mining activity, with the state government and directly with the local people.

The argument of the user industry requiring bulk minerals like iron ore, limestone, bauxite, manganese, etc, as raw material is that mineral deposits being irreplaceable and exhaustible over a period of time, this non-renewable finite national resource needs to be conserved and judiciously exploited over the long term. They prefer to use industry over stand-alone miners in the matter of grant of mineral concessions, for their viability and sustainability.

Stand-alone mining companies — such as the SECL and NMDC — meanwhile claim that they alone can undertake scientific and systematic mining and that the user industry should source its raw material at market-determined prices. They are vehemently lobbying for acceptance of the argument that the states are entitled only to royalty for the minerals owned by them and that they demand for grant of mineral concessions on royalty-plus basis should not be acceded to.

The main disagreement among stakeholders boils down to choosing between the first-in-time applicant and competitive bidding giving due weightage to value addition options. The former rule is followed in countries like Canada and Australia. However, mineral-owning states feel that our socio-economic conditions being drastically different, mineral concession regime based on first-in-time rule shall neither be in the interest of bitter-deprived people of mineral-bearing regions infested by the Left-wing extremism, nor in the overall national interest.

Raman Singh

The rift among stakeholders is choosing between the first-in-time applicant and competitive bidding giving due weightage to value addition options. But mineral-owning states feel the first option is detrimental to the interest of their people and the country.

der the Constitution, onshore minerals are exclusive rights of the states. Following the Industrial Policy Resolution of 1956, the Mines and Minerals (Regulation & Development) Act, 1957, was enacted by Parliament for prospecting and exploitation of minerals. The Act has seen four amendments in 1972, 1988, 1994 and 1999 respectively.

The existing law empowers the mineral-owning states to grant mineral concessions by selecting one out of multiple applicants on the basis of technical and/or financial capability and investment proposed by the applicants in mineral-based industry. The criticism of this provision has been that state governments’ powers to grant mineral concessions by selecting one out of many lacks transparency and has often been coloured if not outrightly abused.

The field experience reveals that exploitation of minerals over the past 60 years has brought with it more than marginal benefits to the local people only where mineral-based industry has come up. This is evidenced by the viable development around Jamshedpur, SAIL, teaspoon, Nalco, Balco and cement industries. As opposed to this, socio-economic conditions in the areas of operation of stand-alone miners — Dhanbad, Chhirmat and Kaimi — have not experienced as big a difference. Experience shows that stand-alone miners, unaccompanied by both the locals and the domestic industry, have been making windfall profits by resorting to indiscriminate exports and carted pricing, worked out backwards from the market prices of processed products — iron and steel in particular. Social-economic fabric of our country is drastically different from the vast deserts of Australia and the huge uninhabited forests of Canada. While these countries have plenty need global market for their mineral resources, we need generation of wealth for the millions by strengthening domestic industrial base. Further, it needs to be appreciated that grant of mineral licence by the states is always value-adding assets. When a value adder applicant is available, it is perceived to be an anti-people act and is likely to meet resistance from local people, even if lawful in no circumstances.

In my view, there is a strong case for a legal regime that facilitates grant of mineral concessions to value adders over non-value adders, and to those proposing value addition in the mineral-bearing areas over everyone else. This could be achieved either by authorising states or delineating prospecting blocks and notifying them for competitive bids. Alternatively, vast areas could also be delineated by the interested applicants for Swiss challenge. In either case, criteria for selecting the successful applicant must include value addition and revenue sharing with the government as main bidding parameters.

Such licensing regime is already being followed by the central government in the oil and gas sector and there appears to be no reason why the same should not be followed for minerals too. Such a regime is necessary also for the reason that existing first-in-time rule for mineral licences transferable for a consideration, has the potential of pre-emptive abuse and misuse and may lead to unscrupulous trading in mineral concessions for making a fast buck.

Under the Constitution, onshore minerals are enacted by Parliament and its implementation is undertaken by the states. Considering our ex- tant socio-economic conditions, the country needs a law that, apart from providing for a transparent and domestic industry-friendly licensing regime, is people-centric. Its implementation should make the local inhabitants feel that presence of minerals around them is not a curse, but a gift of nature.

(On the author is chief minister of Chattisgarh)
Gold may correct further before leaping up; silver vulnerable

G. Chandrashekar
Mumbai, Jan. 23
Global commodity markets covering energy, metals and agriculture have been choppy in recent times, having been influenced by a slew of factors including evolving macroeconomic picture, diverse monetary policies, currency dynamics, lingering effects of sovereign debt concerns, weather aberrations and so on. In some cases, fundamentals have begun to assert themselves.

World crude oil demand remains robust, with latest Chinese numbers at record high and OECD improving. Base metals prices have, of course, eased a little on concerns over growth and tightening of credit in emerging markets while gold and silver have corrected down with the exit of less-committed longs.

Agricultural markets continue to be impacted by supply concerns due to weather aberrations in the face of low inventories. Food inflation has, for sometime, been a burning issue in many emerging markets as governments fight to contain price rise. This has given rise to trade and tariff policy changes in countries such as India, which often exacerbate the world situation.

So, this quarter is likely to be marked by huge volatility in the commodity space. Market may change colour with kaleidoscopic rapidity. Caution is the watchword. However, despite cautious optimism about the overall commodity price performance, there are some commodities which enjoy strong upside potential. Within the base metals complex, copper and tin are candidates to look out for. Prices are expected to climb.

Gold: Internationally, prices have recently come under pressure because of the external headwinds in the form of continual monetary tightening and firming US dollar, which has forced less-committed longs to exit. Gold and silver prices have tested the November lows, but improvement in physical demand at every dip is a silver-lining.

In London on Friday, gold PM Fix was at $1,344 an ounce, ending lower at $1,346/oz the previous day. Silver, however, corrected down sharply (4.5 per cent) to $27.14/oz Friday AM Fix from the previous day's $ 28.41/oz. Over the week, silver fell by 4.8 per cent. Although under pressure currently, the climate for longer-term investment demand remains intact with low interest rates, concerns about currency devaluation, medium-term inflation expectations and of course lingering sovereign debt concerns. As has been said many times in the past, silver prices ride piggyback on gold, but subject to high volatility as the silver market fundamentals are weak. In the event of a correction in gold, silver prices run the risk of a sharper decline.

Even though gold is struggling to test $1,400/oz and may not succeed in the short run, the overall sentiment for the year is still bullish given the positive background. According to technical analysts, the short-term, there is a dip within in a bull trend and corrective lows are approaching.

A break below 1,340 may precipitate a deeper fall towards 1,300/1,315. At this stage, increased physical demand is expected to support prices. A move above 1,380 would relieve downside pressure and open the 1,422 high towards 1,460 area. Silver has broken lower through support at 28 and a deeper downside correction first towards 27 and then 26 seems plausible before buying interest emerges.

Base metals: In the international market, the entire complex has been under pressure and fell firmly over the past two weeks with lead leading the fall by 9.5 per cent, zinc was down 5.7 per cent and aluminium and copper down by 2.1 per cent and 2.3 per cent respectively. Lead was affected by profit-taking after prices had spiked over the past two weeks owing to disruption to shipments from mine supplies, an expert remarked.

Several factors are currently weighing down the market and have arrested the upward momentum since December. These include lingering sovereign debt concerns, continual monetary tightening by China, in addition to weaker-than-expected US economic data. There is belief that the recent pullback is a healthy correction after the market got ahead of itself. One must hasten to add, the underlying bullish outlook for the complex remains.

The most critical factor is the time and scale of recovery in Chinese buying. The Asian major's return to the market after nearly six months of demoting is expected to provide the next catalyst for prices to move higher. However, when exactly this would happen is still a matter of conjecture. Base metals demand in OECD region is showing signs of recovery which augurs well for the market.

Crude: Demand conditions remain exceptionally robust. In December, Chinese oil demand surged to yet another record high with the year-on-year increase a massive 20 per cent. One can expect 2011 to build on that strength. Growth rates are likely to return to pre-crisis levels and non-OECD countries, especially China, will contribute to a significant share of the increase. Simply put, crude prices have strong upside potential.

Agriculture: Global agricultural prospects point to farm and rising prices given the steadily deteriorating weather conditions across the world over the past six months. The top three producers are going into 2011 with low inventory. Corn and soyabeans are at alarmingly low levels in the US, the world's largest producer. Market balances are turning increasingly tight. Cotton and sugar prices are expected to stay firm.
Is Khasi ethos based upon Catholic concept?

By Morning Star Sumner

It is certain that the word "ethos" is still on the minds of many people, for which the word "ethos" is not only of much importance but is also an essential part of many Indian religious beliefs. In recent years, there has been an increase in the number of people who are aware of the importance of the concept of "ethos" and its significance in the development of a society. This is because the concept of "ethos" has become increasingly important in the modern world. The concept of "ethos" has been defined as the set of beliefs, values, and norms that are shared by a group of people and that shape their behavior and actions. The concept of "ethos" is important because it helps to define the way a society operates and the way its members interact with one another.

In the Khasi community, the concept of "ethos" is closely related to the Catholic faith. The Khasi community has a strong Catholic presence, and many Khasi people are Catholic. The Catholic Church has played a significant role in the development of the Khasi community, and its influence can be seen in many aspects of Khasi life. The Catholic Church has provided education, health care, and social services to the Khasi community, and its teachings have had a significant impact on the way Khasi people think and behave.

However, it is also important to note that the Khasi community has its own unique ethos, which is distinct from the Catholic ethos. This is because the Khasi community has its own history, culture, and traditions, which have shaped its ethos. The Khasi community has a strong tradition of hospitality, and its people are known for their warm hospitality and their willingness to help others. The Khasi community also values community, and its people are known for their sense of community and their commitment to helping others.

In conclusion, the concept of "ethos" is important in the Khasi community, and its influence can be seen in many aspects of Khasi life. The Catholic Church has played a significant role in the development of the Khasi community, but the Khasi community also has its own unique ethos, which is distinct from the Catholic ethos. It is important to recognize the importance of the Khasi ethos and its role in shaping the way Khasi people think and behave.

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