Little done in shortest House Budget session

By Kavita Chowdhury
in New Delhi

THE Budget session of Parliament this year was the shortest such session in the last two decades.

To be exact, the Lok Sabha and Rajya Sabha met for a total of just 23 days in the February 21-March 25 period.

It was the furore over the Wikileaks revelations that ensured that just 12 per cent of the Lower House's time was spent on legislative matters, while the Upper House spent even less time on legislations — just six per cent.

The result was that several key legislations were not taken up. These included the amendment to the Right to Education Act, which was to bring differently-abled children under the RTE ambit.

The session — which was truncated because of the upcoming assembly polls in five states — did start off on a positive note with a consensus on the formation of the Joint Parliamentary Committee (JPC).

This was a major departure from the Winter session, when almost no business could be conducted.

But by the second week, frequent disruptions marred proceedings and nearly 40 per cent of the Lok Sabha’s time was lost owing to the unscheduled breaks.

Some of these were caused by the Opposition’s attack on the government on the Central Vigilance Commissioner issue and the Shunglu committee report relating to the alleged irregularities in the conduct of the Commonwealth Games.

Parliamentary proceedings were also stalled when BSP workers attacked SP protesters in Uttar Pradesh.

Over 30 per cent of the total productive time in both Houses was spent on non-legislative debates, such as the constitution of the JPC and WikiLeaks revelations.

As for legislations, only five Bills were passed in the session whereas 33 were to be cleared, according to the schedule.

The crucial issue of free and compulsory education for differently-abled children was left to the last day of the session. By then, the opposition BJP started citing lack of time for discussions.

A miffed CPM politburo member Brinda Karat later blamed both the Congress and BJP for the delay in the matter.

“The BJP cooperated with the government on the introduction of the Pension Bill but would not cooperate in the passage of this education Bill,” Karat said.

In all, six Bills were taken up for discussion in the Lok Sabha and five in the Rajya Sabha.

The Institutes of Technology (Amendment) Bill, 2010, which was introduced in the Lok Sabha by the Hriday ministry, was the most discussed. The talks continued for almost three hours and 81 MPs participated.

The Bill aimed at including the eight new IITs set up in 2008 in the existing Institutes of Technology Act.

Eighty-one per cent of the budgetary demand for grants was not discussed in the House and was “guillotined” — passed without vote.

There was only time for discussing the demands for four ministries — mines, external affairs, road transport and highways and rural development.

Vice-President Hamid Ansari, concerned about the frequent disruptions in the Parliament, shifted it to 2 pm in the Rajya Sabha instead of the first hour of the House.

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Eco group says it wasn’t allowed to meet CEC

BANGALORE: The members of Karnataka parisara Samraksha Samiti, Hospet, have alleged that they were not allowed by the district officials to present their memorandum to the Central Empowered Committee which toured Ramgad area.

The Hospet-based NGO has prepared a report highlighting how various iron ore industries, including Ramgad Mines and Minerals Limited, MSPL, Ranashankar Iron Ore Mines and Dulura Cements, were polluting the Tungabhadra dam area in Hospet.

Repeated efforts
Srinivasa Reddy, President of Srinivasa Reddy said that he, along with 40 members of the Samiti, made repeated efforts to submit their report to the CEC. But it did not yield result.

“We saw the CEC members meeting MSPL’s Executive Director Meda Venkataiah, former MP Pullaiah and others, at Vaikunta Guest House in Hospet. But when it came to our NGO, we were stopped by the DC, SP and DFO. Hopefully we will be allowed to meet the CEC members tomorrow. Our interest is only to convey how many iron ore firms are polluting the TB dam. When MSPL people can be heard by the CEC, why not an NGO which is fighting against the dam getting polluted,” he said.

Rivers being polluted
Reddy said, about an year ago, the Samiti submitted its report explaining how the industries were polluting rivers in Hospet region.

“The CEC has so far not heard us or reacted to our complaints. It is strange. The CEC must take note of all the complaints it is receiving. It should give audience to those who are trying to save the environment,” he said.

DH News Service
JSW takes battle for Bellary to apex court

SHUBHASHISH
Mumbai, 27 March

The battle between JSW Steel and the Vedanta group’s mining subsidiary, Sesa Goa, over acquisition of Bellary Steel has reached the Supreme Court.

The Delhi High Court had last week accepted Sesa Goa’s bid.

JSW Steel Vice-Chairman and Managing Director Sajjan Jindal told Business Standard the company had appealed against the Delhi High Court order in the Supreme Court. “We believe we have a strong and genuine case and will fight it out,” he said.

Earlier this month, the high court asked Sesa Goa and JSW Steel to re-bid. JSW Steel said it had got the company in an earlier round and concluded the contract with IFCI — Bellary Steel’s prime lender and the auctioneer — and so did not bid. Sesa Goa offered ₹220 crore. Hence, the high court decided in its favour.

The base price was ₹205 crore. JSW bid ₹210 crore. Sesa Goa bid ₹206 crore in the first round. It did not comment on the latest development.

Seshagiri Rao, joint managing director and group CFO, JSW Steel, said, “Our technical point is conclusion of the deal and that they (IFCI) have given us the letter of acceptance. Therefore, technically we thought we had a case. Then, the court said if Sesa was willing to pay more, it would give it to them. The court order clearly says that if anyone is willing to pay more than Sesa, it can do so in 15 days.”

Bellary Steel’s 700-acre, 0.5 million-tonne (per year) half-built steel plant in Bellary is important for both JSW Steel and Sesa Goa. JSW Steel has its flagship seven-million-tonne plant in Bellary. Buying Bellary Steel will help it expand in the state.

Sesa Goa, on its part, has been suffering from the ban on iron ore export in Karnataka. The company sees in Bellary Steel an opportunity to set up a value-addition facility in Karnataka. This will allow it to export iron ore without any duty burden. In this year’s Budget, the finance minister imposed a 20 per cent export duty on iron ore lumps and fines and cut the duty on value-added iron ore and pellets to zero.

P K Mulherjee, managing director, Sesa Goa, had earlier said, “We have been looking at setting up value-addition facilities, as desired by the state government, and this acquisition (Bellary Steel) provides us an excellent opportunity to leapfrog in that direction.”

JSW’s Rao, talking about what happened on the last day of the bid submission on December 31 last year, said, “IFCI called for bids and so they (Sesa Goa) submitted a bid and we submitted a bid. Our bid was higher. That’s when they (IFCI) said JSW’s bid was higher and asked Sesa if it was interested. Sesa declined, and that is how we got the bid.”

According to the terms and conditions, JSW deposited 10 per cent amount initially and another 15 per cent the next day. “So, we got the possession of the property. Sesa Goa went to the court. The court did not go into the technicalities of the matter. It said public money is involved and so we have to get the maximum amount. It said if Sesa Goa pays more than the JSW’s ₹210 crore, it is willing to consider. Sesa Goa agreed to pay ₹215 crore, but we did not agree to pay more. Our point was that it’s a concluded contract. But the court refused. So, it reopened the issue and wanted us to re-bid. We said we are not interested in rebidding.”
The least bad option?

In the absence of sorely needed mining reform, the 26 per cent profit-share is a compelling idea

countage of the prevailing market rates. That, despite repeatedly setting up committees over the years, every one of which recommended a switchover to ad valorem rates. Instead, it persisted with administratively determining flat rates of royalty, which were infrequently revised and remained shockingly low.

This blatant form of crony capitalism and pseudo-socialism (since many mines were in the public sector) cost state governments lacks of crores of rupees in revenue loss over these years. This ensured that there were inadequate funds to properly rehabilitate displaced residents, let alone invest in the future of mining areas. Thus, while it is true that some mines have been run professionally and in conformance with environmental laws, all standalone mining operations 2000, when ad valorem royalties began to be applied to selected minerals, the raison d’etre has been undermined by linking them to government-issued indicative prices of minerals instead of their actual prevailing market rates. Most shocking of all, even the 2009 revisions in the royalties on many major minerals — like most recent iron ore — continue to be at a government-determined flat rate that is a tiny fraction of what it would be under a market-pricelinked ad valorem regime.

The latest round of expert study groups commissioned by the government have yet again recommended a move to ad valorem rates for all minerals. They have also recommended linking them to true market indices like the London Metal Exchange, and suggested that the royalty rates be modelled on successful mining economies like those in Western Australia. But the cynics can hardly be faulted: they have seen this movie many times before, with several earlier committee recommendations being smothered by mining lobbies.

In the meantime, while India is finally considering moving to the ad valorem royalty regime followed in the rest of the world, many countries like Australia, Canada, and South Africa are experimenting with profit-sharing regimes. This is expected to spur investment by lowering the initial burden on miners, but also ensure a fair apportioning of gains when markets surge. But unlike the Indian proposal, those experiments are a replacement for, and not in addition to, ad valorem royalties.

The irony is that making the mining sector transparent and win-win for all stakeholders is not rocket science. Three key elements are necessary for this: first, replace discretionary powers with rules, most importantly in leasing out mines by bidding rather than MoUs. Second, benchmark royalties to true market rates, not government fixed. Third, devolve powers to state governments, along with rules on environment approvals and expenditure of royalties on infrastructure and rehabilitation.

The writer is a BJD MP in the Lok Sabha.
मध्यप्रदेश के छतरपुर में हीरे की खान मिलने की उम्मीद

भोपाल, 27 मार्च (अध्यात्म)। मध्यप्रदेश के छतरपुर जिले में किंबरलाइट पाषाण (हीरे साखी चटटून) की खोज के साथ ही निकट भविष्य में हीरे की खदान प्राप्त होने की आशा है। खनिज विभाग के सूचित के अनुसार मैसर्स रिजर्व टॉपीं द्वारा किंबरलाइट पाषाण की खोज की दिशा में विस्तृत कार्य के लिए राज्य शासन ने कंपनी को दो पूर्ववर्तमान अनुज्ञापनों इसी क्षेत्र में स्वीकृत की थी। कंपनी द्वारा हीरा उत्पादन के लिए छतरपुर जिले में दो खनिज पट्टा आवेदन प्रस्तुत किए गए थे जिन्हें स्वीकृति पूर्व भारत शासन की अनुमोदन के लिए प्रेषित किया गया है।

उन्होंने बताया कि प्रदेश में अग्रणी तकनीक से खनिजों की खोज के लिए निजी कंपनियों को रिकोनेसेस्परमिट स्वीकृत किए जा रहे हैं। अब तक खनिज विभाग द्वारा राज्य के लगभग 88 हजार वर्ग किमी भू-भाग पर कुल 67 रिकोनेसेस्परमिट परियोजनाएं जारी की गई है। कुछ कंपनियों द्वारा किए गए कार्यों के परिणाम से यह स्थायी उत्साहजनक रहे हैं।

सूचित के अनुसार हीरा खदान की खोज के लिए भारत शासन के साथ समझौता पर हस्ताक्षर किया गया है। कॉल वेड मिथ्यू गैस के बंधनों की खोज के लिए पूर्व में स्वीकृत पेट्रोलियम एक्सपोर्टेशन माइलिंग एक्ट के लिए प्रदेश में सोना, तांबा, निकलित, पल्टिनम, प्लेटिनम-प्लाइनिट और जैसे कंपनियों के संकेत प्राप्त हुए हैं। इन कंपनियों को सोना बंडार से आकलन के लिए दो पूर्ववर्तमान अनुज्ञापनों सिमरीली में तथा एक पूर्ववर्तमान अनुज्ञापन सोगी जिले में स्वीकृत कर दी गई है।

प्रदेश में इसके अलावा वर्तमान में दीप इंडस्ट्रीज एवं मैसर्स जिज्यो पेट्रोलियम के कंसर्टेडमेंट की भी सीबीएम गैस की खोज के लिए पीप्लेट स्वीकृत है। इसके अतिरिक्त प्रदेश में सीबीएम की खोज के लिए भारत शासन द्वारा मैसर्स एस्टॉर्ट प्लाइनिट. एवं मैसर्स टाइटल प्लाइनिटे को भी एक-एक बक्क कार्य किया गया है।

उन्होंने बताया कि तेल एवं प्राकृतिक गैस की खोज के लिए मैसर्स औरजजो एवं मैसर्स जपानी पेट्रोलियम के प्रदेश में 17 हजार 485 वर्ग किलोमीटर भू-भाग पर पेट्रोलियम खोज लाईसेंस स्वीकृत किए गए हैं, जिस पर अन्वेषण कार्य प्रगति पर है।
Gold futures fell on bets that the rally on Friday to a record was overdone. Silver also declined as the dollar rose against a basket of major currencies and US equities gained. "Gold made new highs, but it didn't have any follow-through," said Frank Lesh, a trader at Future-Path Trading in Chicago. "If you're a trader bullied up in gold and it didn't launch, you have to sell." On Friday, gold futures jumped to an all-time high of $1,448.60 an ounce. The metal gained 0.7% this week after turmoil in Libya, radiation leaks from a damaged nuclear reactor in Japan and Europe's lingering debt crisis spurred demand for an investment haven. Gold futures for April delivery fell $8.70, or 0.6%, to settle at $1,426.20 at 1:44 pm on the Comex in New York on Saturday. The price has climbed 30% in the past 12 months.
Jindals, Reddys May Jointly Bid for Hancock’s Assets

VINU LAL, SOBIA KHAN & MV RAMSURYA
BANGALORE/MUMBAI

The Jindals and the Reddys of the GVK Group could join hands with a third Indian company to offer a combined bid for the coal assets of Australia’s Hancock Coal, which is valued at more than $2.7 billion, as a worldwide race for thermal coal spurs valuations of the mineral.

The Jindals’ JSW Energy has suggested to its Indian counterparts, including the Aditya Birla group, on forming a consortium similar to the strategy typically adopted by Chinese companies, to pool finances and present a formidable bid for large global assets.

“We have suggested this option and are awaiting their reaction,” said a person directly involved in the negotiations. The valuations of the (Hancock) mines has become very expensive and it would be a good idea to put in a joint bid,” he added.

The Aditya Birla Group, which is looking at the mines through its unlisted subsidiary Essel Mining, didn’t comment on the consortium proposal. GVK Power vice-chairman Sanjay Reddy said that although his firm is keen on owning coal mines in Australia and Indonesia, he didn’t elaborate on the bids. Indian state-run companies have already formed such a consortium, the International Coal Ventures Ltd that looks at bidding for coal and ore assets.

Hancock Coal is selling Kevin’s Corner and Alpha Coal, both located in the Queensland province, as it expects strong valuations for the assets which are estimated to have 7.9 billion tonnes of thermal coal, according to the company’s website. Thermal coal is used by power producers and although India has large deposits of the mineral, a high ash content and inadequate production by state-run major Coal India, is forcing Indian utilities to scout overseas for the coal. So far, Australia, Indonesia and countries in Africa have been common destinations for Indian power firms.

Korean firm Korya Electric and Power Company and two other Chinese bidders are also in the fray for Hancock, said the people who are aware of the negotiations with the Australian company. In the past, Chinese oil giants, including CNPC, Sinopec Group and CNOOC, have shared strengths to bid for large oil assets which are typically valued at more than $10 billion. The firms have pooled finances and technical skills and manpower to present an attractive package for the shareholders of target companies.

“While it’s a convenient method to acquire large assets, varied management styles of the companies in the consortium could prove to be a handicap,” said a person from a financial services company.

A delegation from Hancock is scheduled to visit India early next month for final discussions with Indian companies, said one of the persons cited earlier. The delegation is also scheduled to visit China after the India trip. Hancock does not own a captive port facility to transport coal which could have prompted several bidders to withdraw from indicative bids. The costs of building an infrastructure, like a port, would almost as that of the mine.
Technical Analysis

Gold to test support, rise

Comex gold futures ended lower on Friday, as the dollar recovered against the major currencies after several top US Federal Reserve officials said the Fed is unlikely to extend its bond-buying stimulus program beyond a planned $600-billion. Gold was a major beneficiary since the Fed has kept short-term rates near zero since December 2008.

However, Portugal’s credit downgrade and escalating political unrest in the Arab world underpinned safe-haven demand.

The metal gained 0.7 per cent this week after turmoil in Libya radiation leaks from a damaged nuclear reactor in Japan and Europe’s lingering debt crisis spurred demand for an investment haven.

Gold investors now look forward to next week’s heavyweight economic indicators, including Friday’s non-farm payrolls report.

Comex gold futures are still struggling to follow-through higher above recent highs. As mentioned in the previous update, we saw a push higher above $1,440 after a consolidation between $1,400-1,435 levels.

We can now expect a decline towards $1,415-20 levels and then rally to continue higher towards $1,465-75 levels again.

Only an unexpected fall below $1,405 could result in a corrective decline targeting $1,365 levels initially. Resistance is now seen at $1,435 followed by $1,445 levels now.

Only an unexpected decline below $1,354 could revive bearish hopes again for $1,300 or even lower to $1,250.

We have to revisit the counts once again. This typically happens when markets are either nearing a peak or in a messy correction.

As mentioned earlier, a daily close above $1,395, will hint that a new impulse or an irregular wave “B” could be in the making.

Our preference is now towards a beginning a fifth wave targeting $1,495 rather than that of an irregular wave “B” as prices crossed $1,385.

We now see the recent high of $1,435 as the end of a third wave impulse only and a decline to $1,309 as an end of a minor corrective A-B-C decline. RSI is still in the neutral zone now indicating that it is neither overbought nor oversold. The averages in MACD have crossed above the zero line of the indicator signalling a bullish reversal.

Therefore, look for gold futures to test the supports and then rise higher subsequently.

Supports are at $1,415, $1,405 and $1,365.

Resistances are at $1,435, $1,455 and $1,475.

Gnanasekar T.

(The author is the Director of Commtrends Research and also in the advisory panel of Multi Commodity Exchange of India Ltd (MCX). The views expressed in this column are his own and not that of MCX. This analysis is based on the historical price movements and there is risk of loss in trading. He can be reached at gnanasekar.thiagarajan@yahoo.com.)
Gold holds firm on global uncertainty

G Chandrashekhar
Mumbai, March 27

The OECD composite leading indicators continue to point to economic expansion. This has implications for the commodity markets especially the growth-oriented commodities such as metals and energy. No wonder, global steel production and consumption are set to hit new highs this year going by latest data. Both output and consumption are expected to breach the 1,500 million tonnes mark this year. Emergence of restocking demand in key regions is in evidence. Peak steel demand season is 2Q. After a month long slide, iron-ore prices have begun to move up.

Amid this growth-positive scenario, there are headwinds to counter. Geopolitical concerns continue to haunt the market. Continuing instability in the MENA region, after-effects of natural calamities in Japan, fresh concerns over sovereign debt, high crude prices and weakening dollar are all being watched closely. In particular, resurfacing of the sovereign debt crisis deserves close scrutiny.

Commodity markets currently are somewhat clueless about the direction over the coming months. Whether geopolitical tensions will escalate or abate is unclear at present. Market uncertainties have triggered flight to safe haven assets such as gold. So, caution is the watchword for the time being.

There are incipient signs of an end to loose money. Tighter regulatory control over derivatives markets cannot be ruled out either.

Gold: Prices tested all-time high last week as market uncertainty was compounded by renewed concerns over sovereign debt. However, high oil prices, weakening dollar and pick up in equities market forced a small correction. In London on Friday, the gold PM Fix was at $1,436 an ounce, down from the previous day’s $1,447/0z.

Silver was somewhat muted with Friday AM Fix at $37.68/0z versus previous day’s $37.78/0z, still at three-decade high. In case of silver, although the physical market is in surplus, investment demand is the key driver and is seen strong. Silver ETF inflows have reached new highs of nearly 15,500 tonnes and prices will remain volatile. – Reuters

Weak fundamentals: A file photo of silver bars on display. Although the physical market is in surplus, investment demand is the key driver and is seen strong. Silver ETF inflows have reached new highs of nearly 15,500 tonnes and prices will remain volatile.

Crude: Prices remain firm with indications of strong demand and renewed supplies compounded by mounting geopolitical instabilities. Experts are revising their oil price forecasts upwards. Given the potential for escalation in geopolitical developments, the world may have to brace for higher crude prices even from the current elevated levels of $115 a barrel for Brent and $105 a barrel for WTI. Tightening market balances and sustained consumption demand growth in import-dependent countries such as China and India are driving the market.
AngloGold looking at exploration in India

T.E. Raja Simhan
Chennai, March 27

AngloGold Ashanti, the world’s third largest producers of gold, is looking at gold exploration projects in India.

The Johannesburg-based, $4 billion company feels that there could be many more Kolar Gold Fields in India. "We need to dig up and see," the company’s chief executive officer Mr Mark Cutifani, told Business Line on Thursday.

AngloGold Ashanti is here to "to understand the gold market and also look at the possibility of gold exploration."

"First we need to do our homework on rules and regulations; the gold reserves and the Government’s attitude towards offshore companies in gold explorations," he said.

The company’s interest comes in the backdrop of India’s strong consumer demand for the yellow metal which reached 963.1 tonne in 2010, a 66 per cent increase over to 2009. This was largely driven by the jewellery sector. This was worth $38 billion in value terms, according to the World Gold Council.

“We came to India to see whether there is business opportunity. After two days of deliberations among ourselves and with stakeholders such as local jewellers, we said yes there is potential and we should be a long term player here,” he told Business Line after the deliberations at a private resort in Mahabalipuram. “India is open for business. As we think of global expansion, India is always on top of the mind,” Mr Cutifani said.

The company has a marketing tie up with Tanishq of the Tata group. This tie up is a precursor to understand other physical opportunities that may be available in India, he said.

Asked about AngloGold’s possible investments in India, Mr Cutifani observed that the company initially commits a small team for two to three years to assess the market potential. If there is potential, the spending will be $5 to $15 million and if there is a project the number will grow exponentially with commitment of hundreds of millions of dollars. "We hope India could see such kind of huge investments from our side in the long term,” he said.

The rising Chinese middle class and the huge money available with them to invest in gold was an eye opener for the company’s foray there. With that experience ‘we are in India’, which is the world’s most dynamic gold market, he said.

With operations in 20 countries, AngloGold annually produces 4.6 million ounces (1 ounce = 31.103 gm), which will increase to 5.5 million ounces by 2014 and to 6 million ounces by 2020. The company employs over 63,000 people, said Mr Cutifani who has been with the industry since 1976.
Policy Watch

Selloff is integral to deficit target

Disinvestment in ONGC, PFC and SAIL in the first quarter to set the process rolling

Himani Kaushik

The disinvestment policy aimed at unlocking the shareholder value of profitable public sector undertakings (PSUs), has become a crucial strategy for the government to keep its fiscal calculations on track. Finance minister Pranab Mukherjee has set a target of ₹40,000 crore from the disinvestment proceeds for 2011-12, despite the government missing its target for the current fiscal year.

The government could garner only ₹22,144 crore from its six disinvestment offers; but it has a cushion of one-time revenue boost from the 3G spectrum sale. For the next fiscal, it is extremely important for the government to meet its disinvestment target in order to meet its fiscal deficit target of 4.6% of GDP.

The Centre is planning to sell its stake in eight-to-nine state-run firms in 2011-12. Kick-starting the next fiscal with public offering of oil major Oil and Natural Gas Corporation, scheduled for mid-April, the government plans to bring out three issues in the first quarter. Apart from the oil major, follow-on public offerings of Power Finance Corporation and Steel Authority of India are also planned for the April-June quarter.

Through the ONGC offer, the government intends to mobilise ₹11,500 crore from a 5% sharesale. The government originally planned the share sale in the 2010-11 fiscal, but due to unfavourable market conditions, the issue was deferred to the next fiscal.

After that, the government is likely to come out with a ₹5,000-crore FPO by Power Finance Corporation, followed by SAIL. The Centre is however likely to postpone the second tranche of disinvestment in SAIL for 2011-12.

After the tremendous investor response received for the maiden Coal India issue, disinvestment is largely seen as helping stir positive sentiments among the investor community. Another significant point is that the disinvestment stocks are generally available at a discount in comparison to peer companies. Hence, disinvestment seen as a good opportunity for retail investors.

The Centre’s disinvestment road map is likely to include MMTC, National Buildings Construction Corporation (NBCC) and Rashtriya Ispat Nigam (RINL). The Union government is expected to divest up to 10% stake in MMTC and NBCC each in order to meet the 10% public holding norm for initial public offerings. The government holds 99.93% stake in MMTC.

NBCC and RINL are both fully owned by the government. RINL needs to divest 10% of its stake and list on the bourses to keep its Navratna status.

Another probable on the list is oil major Indian Oil Corporation, but a 10% stake sale in it is likely to be pushed back to the second half of 2011-12.

The long-awaited stake sale in Hindustan Copper Ltd may be delayed to the later part of the year as the mining company is understood to be reviewing its investment plans. The offer comprising of 10% disinvestment and 10% fresh equity by the firm is supposed to raise ₹4,000 crore.
Interest outgo goes up 19% this year

Rate hikes take away gains from close to 40% decline in nine-month interest cost last year

Pradip Kumar Dey

The economy's gradual shift to a high interest rate regime has taken its toll on the profit margins of public sector undertakings this year.

An FE study indicates that the nine-month interest outgo for a sample of 58 PSUs went up by 19.1% during April-Dec'10 from a negative growth of 26.6% during April-Dec'09. The interest outgo for these PSUs, which decreased to Rs 7,323 crore during April-Dec '09 (from Rs 12,120 crore), thereafter increased to Rs 9,722 crore during April-Dec'10.

The significant rise in interest outgo this year has, however, been cushioned by the aggregate higher sales recorded by the PSUs. Rising sales largely absorbed the impact of high rates on the margins. Aggregate sales increased 20.4% in April-Dec 2010, from Rs 4.42 lakh crore a year earlier, when sales declined by 14.9% from the level of Rs 5.15 lakh crore during April-Dec '08.

As a result, the interest-to-sales ratio decreased from 1.61% to 1.14% during April-Dec '09 and further to 1.03% during April-Dec'10.

The net profit of the PSUs increased by 7.9% to Rs 60,056 crore in the first nine months of this financial year against a 57.1% increase in the same period last year to Rs 46,823 crore. But the net profit-to-sales ratio fell to 6.5% this year till December from 7.3% in the corresponding period last year: The ratio was 3.9% during April-Dec '08.

In April-Dec '10 the top five PSUs in terms of interest outflow are IOC, NTPC, Power Grid Corporation, BHEL and Hind Photo Films. IOC, with an outflow of Rs 1,882 crore, is the leader of the pack. Hind Photo Films, with Rs 699 crore, takes the fifth position.

For some of the PSUs, like HMT, interest accounts for 19% of every Rs 100 of revenue generated. Only ten PSUs spent less than 1% of their sales as interest cost during first nine months of 2010-11. They include Indraprastha Gas, STC, IOCL and Hind Copper.

Among the 58 PSUs, eight companies have witnessed an increase of more than 50% in interest cost. At the same time, 41% companies have actually managed to trim their interest costs. Mention may be made of HPCL, NHPC, ITI, GMDC, ONGC, National Fertilisers, Madras Fertilisers and TN Newsprint.

In the same light, 24 PSUs have witnessed an increase in the interest expense-sales ratio, while 22 PSUs have shown a lower ratio. Twelve PSUs have not shown any change in their ratios. Out of 12, nine showed nil interest outgo during April-Dec '10 and April-Dec '09. Mention may be made of NMDC, KIOCL, Orissa Minerals and Container Corporation.

A significant increase in the ratio of interest-to-sales is registered by MTNL, HMT, Neyveli Lignite, Indraprastha Gas, NHPC and STC. The interest-to-sales ratio of HPCL increased from 9.61% during April-Dec '09 to 12.21% during April-Dec'10.

An opposite trend can be seen with Power Grid Corp, Hind Organic Chem, GMDC, ITI and RCF. The interest-to-sales ratio of Power Grid Corp decreased from 23.4% during April-Dec '09 to 18.6% during April-Dec 10.

A steady increase in interest outgo during the last three years was registered by Hindustan Photo Films, HMT, Neyveli Lignite, STC, BHEL, SAIL, Petronet LNG and FACT. The interest outgo of SAIL steadily increased from Rs 12 crore during April-Dec '08 to Rs 298 crore during April-Dec 10.

A steady downward trend in interest outgo was seen in the case of ONGC (GAIL), National Fertilisers, BHEL, HPCL, RCF and ITI. The interest outgo of HPCL steadily decreased from Rs 7,785 crore during April-Dec '08 to Rs 698 crore during April-Dec 10.
Curse of the black gold

By B. L. Mawrie

Laws and Regulations in the state have never taken off. Let us not forget that many of the coal mines are owned by some politicians or bureaucrats or rich barons who believe the last say even in political decisions. These are the ones who seem to be having difficulties with such laws. They know full well that such laws would keep tract extra expenses and would curtail their free operation. As a consequence of absence of state laws on mining, there prevails a reckless and profane form of mining. May be such laws do exist but are never enforced and when laws are not enforced they are as good as absent.

3. With regard to coal business, it is entirely in private hands, there is an amazing amount of wealth by a few at the expense of others. The gap between the rich and the poor is increasing by leaps and bounds. Today there are millionaires among the coal barons but their next door neighbours may be slim dwellers. Many coal barons belong to such category of people. They are mercilessly exploited by their masters who pay them like little for the life-threatening labour they do. These poor miners do not have life insurance nor are safety measures provided to them. In most coal mines they work like rats squeezing themselves through tiny holes only with a torch light and a pig axe in their hands. They are exposed to dangers of all sorts like collapse of caves, lack of oxygen supply, heavy dose of carbon dioxide and at times fire and explosion. How many lives have been lost in these coal mines only God knows, there is no one to keep track of these poor victims. Therefore I should say that these coal barons are highly unscrupulous in their attitude. Greed seems to be the only creed they practice. It appears that “black coal” has really darkened the conscience of people. Even we the tribal people who once upon a time believed in sociological norms like “kama ika hok” (earn righteousness) and “upibpih-ibplod" (love God and love neighbour), or upheld values like community life and sharing of goods, we seem to have forgotten them altogether. Even Christianity seems to have failed in instilling such values in the conscience of such people, many of whom profess this religion.

4. I am not wrong to say that where coal business thrives immorality and crimes abound. The two appear to go hand in hand in Jaljalla Hills for example, record the highest number of crimes, be it home robbery, rape, robbery, drug pedaling, drunkennes, prostitution and immorality of all sorts. In West Khasi Hills and Rongjeng area, same evils are found. Mithana is too far in this area because of the availability of easy money. Thus extorting and kidnapping for ransom are frequently incident.

5. Meghalaya is well known for its natural beauty. The state has many breath-taking views and scenic beauties. There are many explored and unexplored natural caves which can become attractive tourist's destinations. Today however, because of reckless mining much of the natural beauty has been lost for good. Jaljalla Hills would gradually change its colour from green to black so many parts in West Khasi Hills and East Garo Hills. It is said that villagers on the coal belt are perilously sitting on a network of coal tunnels. If major earthquake would occur like the one in Japan on 11th March this year, these villages would be swallowed up by the caves beneath them. Coal mining has been responsible for the destruction of many exquisitely natural caves. Many parts of our state have become disfigured and have lost their picturesque beauty due to unscientific coal mining.

6. Unscientific coal mining has been responsible for the spillover of toxic material (carbon water) into rivers and streams making them poisonous and unfit for use. Water life has been endangered and human life put at risk. Many cultivable fields have been poisoned and rendered unproductive. Underground caves caused by mining have drained out ground water and scarcity of drinking water has become a nightmarish reality.

7. Another curse of coal mining has been the multiplication of lizards carrying coal to the plains. In the past few decades since coal mining started in Jaljalla Hills and Shillann region, traffic jam has been worsened. The NH 40 and NH 44 are dominated by coal laden trucks plying the road to and fro. Accidents are frequent and loss of lives on these highways has become a regrettable phenomenon. Every year almost a hundred persons die on these highways. These highways have become unsafe especially in the night when vehicles take no account of the reckless driving of truck drivers who behave like real “highway kings”.

8. Another negative consequence is exercised by the coal barons on the local population of Shillong. Of late the price of land in and around Shillong has sky rocketed. The reason is because these coal barons are the highest bidders for any land on sale. A comparison of land prices of the locality have to go to the outskirts where land is more affordable. Such a situation, however, is also being capitalized by shopkeepers and business houses, who raise the prices of commodities at their whis and fancies. A question arises that many residents of these people keep asking is: why can't these coal barons in-vest in places like Lumajang, Gharo or Khliehriat and make them into self-sufficient towns? The reason is also economic zones. Why on earth do they keep invading Shillong only to aggravate the congestion here? I would be glad to see that in the future, Meghalaya will be a great metropolitan city with every kind of facilities available. No one would ever find in Jaljalla Hills this is not an impossible dream if someone had a vision of a holistic development.

We hope that one day our people will be able to change the situation, and make “coal” into a blessing rather than a curse for the state. This however calls for a greater sense of responsibility on the part of everyone who is responsible for the welfare of the public, a greater sensitivity towards the poor and needy and a greater sense of solidarity with everyone in the state from the part of the coal barons. We all need a govern-ment that is more honest and more decisive in imple-menting laws on mining in order to tune the dully dallying attitude of the government with regard to State Mining Laws. God forbid that these laws come into action soon before our beautiful land is destroyed beyond redemption. Save our state Meghalaya.
Higher export duty, royalty to hit Sesa Goa

FE Bureau

Mumbai, Mar 27: Sesa Goa, which last week acquired Bellary Steel and Alloys’ (BSAL) assets for ₹220 crore, indicating value addition (steel plant) to be the primary reason to bid for BSAL’s assets, might continue to have a bumpy ride ahead as the company is already reeling under the concerns of decline in volume growth. Though value addition to iron ore is on cards, the company’s outlook looks challenging due to volume growth hurdles, say experts. Sesa Goa’s mines in Orissa are not operational. Also, export ban persists in Karnataka, and Goa faces lack of clearances for additional volume growth.

“The ongoing cost headwinds in the form of increased royalty as well as higher export duty to 20% for both lumps (earlier 15%) and fines (earlier 5%) makes it increasingly difficult for export of iron ore. Additionally the impending mining bill which proposes 26% of net profit sharing, if implemented, can also have a major impact on profitability going forward,” said Prasad Bajji, analyst with Edelweiss Research in his recent report.

Industry experts believe, Indian exporters, with only 10% of global seaborne trade in 2010, have limited ability to influence global iron ore prices and hence, will have to absorb the majority of hike in export duty. “Additional export duty is expected to contract Sesa’s FY12 operating margins by 99%,” said Bikash Bhalotia, an analyst with Pink Research in his report.

During the third quarter ended December 31, 2010, Sesa Goa saw its saleable iron ore production decline by 5% year on year to 5.29 mt with decrease in iron ore sales by 21% at 5.39 mt.

The decline in production and sales volume was primarily due to extended monsoons and restricted road transport timings in Goa, temporary state-wide export ban imposed by the Karnataka government in July 2010 and continued logistics constraints in Orissa, the company had said.

PK Mukherjee, CEO and MD of Sesa Goa had earlier told PE, “In the current fiscal, we will spend about ₹750 crore of the total ₹2,800 crore project capex, the rest will be spent in FY12 and partly in FY13 if required.” The company plans to close FY13 with 40 mt capacity, he said.
खनन कंपनियों की एनआरसी रह

बेलगड़ी, राजस्थान केंद्र में खनन गतिविधियों के लिए राज्य विभाग की ओर से 15 कंपनियों की शाम एनआरसी बाज़ार ले ली गई है। रामगढ़ केंद्र में आयोजित बन इलाका होने के संस्कृति अवधि वर्ष 198 5 में यहीं करने के बाद राज्य विभाग ने दिनांक में आयोजित 15 कंपनियों को खनन के लिए एनआरसी दी थी। इसके अभाव पर बन विभाग की अनुमति के लिए निर्मित ही खनन किया जा रहा था। इसके दौरान विभाग अधिकारियों ने राज्य विभाग (फिबिखिबर) को पूर्व निर्देश कर कहा है कि एनआरसी जाने किया गया इलाका बन विभाग के दौरान में अपहरण है। तत्पश्चात एनआरसी बाजार ले ली गई की। फिबिखिबर राज्य विभाग ने कहा कि केन्द्र की उच्चाधिकारी सर्विटम वाहिका को शुरु कर समय प्राप्त करें। इसके बाद राज्य केंद्र ने राजस्थान लाइफ जीवन महोत्सव के चलते एनआरसी सुविधा को बाजार ले ली। राजस्थान लाइफ के अलावा इंट्रार्जेक्ट, स्मृति साइनिक कंपनी, एएम. गृहस्थान खनन कंपनी के नजर में, जन सेवा बाजार इंट्रार्जेक्ट, डी. सेमेट आईन महान, विशेषकर इंट्रार्जेक्ट, राजस्थान एम. फेल, वास जी.एम.। सदा खनन कंपनी के अन्याय स्थाने भारत के एआरसीकार के दो, जे.ए.वी. कुमार लिखित, बी. जे.सी., रिटायर्ड बाजार इंट्रार्जेक्ट कंपनियों को दो गई एनआरसी बाजार लेकर देखने को एनआरसी बाजार करने संबंधी पत्र विभाग के उच्चाधिकारियों को लिखा है।

प्रदर्शनी दो से

बेलगड़ी, राजस्थान एनआरसी दो व तीन अंतर्गत को राज्यवर्ती चौड़ा स्थित होटल तिलक में आयोजित होगी। प्रदर्शनी में इस निर्मित वस्त्रों की क्षिति के लिए रथ ले जाएगी।

राजस्थान एनआरसी मंडल के हर दिनों शाही भाषाओं के अन्तर्गत वित्त कंपनियों के अध्यक्ष महानिधि राजस्थान का अनुभव रहने में आयोजित होगी निर्मित वस्त्रों की प्रदर्शनी में। केन्द्र के अध्यक्ष महानिधि राजस्थान के अध्यक्ष रहने में आयोजित होगी निर्मित वस्त्रों की प्रदर्शनी में।
CEC refuses to believe computerised pahanis

SC-appointed panel begins Ramgad visit for field assessment

Shamsheer Yousaf

HOSPET/RAMGAD: The Central Empowered Committee during its visit to the mining areas here refused to believe the entries in computerised pahanis (RTCs) relating to the Ramgad reserve forests.

The three-member CEC led by chairman P V Jayakrishnan arrived in Hospet on Saturday afternoon, and was quick to business with a field visit at Bellary. Accompanying the CEC was a cavalcade of officials from the Mines and Forest departments, along with Bellary Deputy Commissioner Amlan Aditya Biswas.

Ramgad has been in the news recently after it emerged that the State government has denotified 265 acres of forest land, on the basis of false records to favour mining firms. The CEC is in Ramgad to look into the validity of the denotification and the extent of illegal mining in the forest area.

“We have no faith in computerised RTCs (Right Transfer Certificates). Furnish us the handwritten revenue records prepared by village accountants 20 years ago,” member secretary M K Jiwrakta told deputy commissioner. He also sought to know whether the area had question the surveyor. However, the surveyor was not present at the spot. The DC was taken aback to know that the orders to cancel entries in the RTCs had not been compiled with. He directed the tahsildar to annul the entries forthwith.

English translations sought

The CEC visited the lease areas of Sparkline Mining Corporation and other companies. The Committee directed the officers to furnish revenue documents of 20 years along with English translations wherever necessary.

The petitioner - Samaja Pariwarthana Samudaya - represented by S R Hiremath and Vishnu Kamath, were also present at Ramgad. Hiremath, speaking to the media, said, a few years ago, that Director General of Forests and Mines and Geology departments, Supreme Court has asked the Committee to submit its report within six weeks.
बगैर हॉलमार्क गहने लेने में 50% तक नुकसान

आरएस. गण ● नई दिल्ली

सोने के गहनों की खींची पर उपभोक्ता को हॉलमार्क न करने पड़ रहा है। एक दो उनमें गहनों की खींची पर फैली जिम्मेदार नागरिक के बदले पर 50 से 75 प्रतिशत ही सोना मिला पाता है।

इसकी वजह यह है कि मुख्य रूप से हॉलमार्क गहनों का खून से लेने की बाहरी मात्र 75 प्रतिशत और कांति-कांकी छो 50 प्रतिशत ही रह जाती है। अब ग्राहक हॉलमार्क गहनों की खींची चाहते हैं तो उन्हें 90 से 15 प्रतिशत ज्यादा बुधवार कुकुर की बार। लेकिन इसके से सोने की सूजन बने के लिए, अब तक हो सकते हैं। हॉलमार्क जीलेटी बेचने पर उन्हें नुकसान नहीं होगा।

भारतीय मालक सुधेरो के एक हिदौर अधिकारी ने कहा कि देश में भारत में गहने पर ले 7,938 मूल में हॉलमार्क ने इससे सोने के गहनों के लिए ज्यादा से हॉलमार्क का लक्ष्य किया है। देश में उपभोक्ता के लिए भारतीय हॉलमार्क के ग्राहकों के लिए आवश्यक नहीं है। देश में सरकार बढ़ाने के लिए 14.5 लाख जीलेटी है। इससे सोना की खींची में भारतीय मालक सुधेरो के एक हिदौर अधिकारी ने कहा कि, इसके लिए हॉलमार्क गहनों की चाहत का लक्ष्य किया कर सकता है। सोने के गहनों में हॉलमार्क अनुस्मार्क करने के लिए भारतीय मालक सुधेरो (संयोजन) विभाग, 2011 को बनाया गया है। इससे हॉलमार्क को अनुस्मार्क करने का रास्ता प्रभावित हो गया है।

(अंबेडकरू 12 पर)
बगैर हॉलमार्क गहने लेने में...
पीपी जीवित्स के डायरेक्टर राहुल युवा ने बताया कि देश में कुल गहनों की संख्या में हॉलमार्क गहनों की संख्या केवल 15 फीसदी ही है। शहरों में भी 45-50 फीसदी गहने ही हॉलमार्क चलाने वाले हैं। हॉलमार्क गहनों में नैसर्गिक चार्ज प्रति ग्राम 200 से 400 रुपये तक हिस्सा जाता है। इसके बावजूद नैसर्गिक हॉलमार्क गहनों पर प्रति ग्राम 50 से 100 रुपये तक का चार्ज जीवित्स लेते हैं।