Regional cafe

Yeddyurappa flexes some muscle

A cabinet reshuffle sends strong signals to Reddy brothers

V Somanna and Shobha Karandale—had to exit for various reasons (for taking on Reddy brothers). There are two more cabinet members caught in controversy. One is accused ofcommitting fraud against a nationalised bank and neglecting the beggars' rehabilitation centre causing the death of over 20 hapless inmates. The other is charged with diverting funds meant for backward Hyderabad-Karnataka regions to develop his own constituency.

Yeddyurappa has acted quickly and firmly when the charges were serious, as in the case of the recruitment scandal involving against Ramachandra Gowda. Here, charges include manipulation of candidates' marks in the qualifying examinations, sale of some jobs for as much as Rs 2 lakh each, direct recruitment to several posts without advertising, overlooking the age ceiling and manipulating medical fitness certificates. The chief minister not only cancelled the irregular recruitment but also booted out the minister, who was a close confidant at one time. In the case of the beggars' deaths, the chief minister took the social welfare portfolio from the minister.

With the reshuffle, he has again tried to show that he is not about to give in to undue pressure. The BJP high command in Delhi seems to recognise that it cannot be seen as supporting the Reddy brothers at all the time. He has now sworn in new ministers. The new portfolio has gone to Shobha Karandale, a long-time associate of the chief minister (but who had to resign last year to please the Reddy brothers). R Ashok has been given Home along with Transport, which he already holds. This is a clear signal that he is the emerging number two in the cabinet. The Bellary lot did throw tantrums. They have been asked to pipeline.

You win some and lose some. The Bellary ministers have not got the sack. Their portfolios remain the same. According to reports, the chief minister and the state BJP president K S Eshwarappa have promised the legislators who did not get a ministerial berth that they would be appointed Chairman of government boards and corporations, with the rank of a minister. The ministers who have been dropped are to be assigned party work as the BJP has set itself a target of winning 100 assembly seats of the total 224 in the 2013 elections.
Tale of a sinking Jammu village

RAJU WILLIAM/TNS

UDHAMPUR, SEPTEMBER 26
After Leh, it’s the turn of a village in Jammu & Kashmir’s Ramban district to face nature’s wrath. Though there are no casualties this time, the fear factor is almost similar. The entire hillock on which the village — Batpora, 200 km from Jammu — stands has started sliding, causing extensive damage to all 41 houses, forcing the panic-stricken residents to move out.

The dwellings, housing over 500 residents, have been rendered inhospitable due to widening cracks that first started appearing on Saturday evening. By Sunday night, the cracks, spread in about one-and-a-half-km area, had become 2 feet in size.

Security forces help villagers to shift their luggage.

The district administration and the police have swung into action and Deputy Commissioner, Ramban, KB Magotra, is already camping in the area. The cracks have also appeared on the approach road to the village.

“We came to know about the incident at around 9 pm on Saturday. A police team along with Tehsiladar, Gool, reached the area immediately. Reinforcements were called after seeing the situation,” said Magotra, while talking to The Tribune over phone.

The DC said the entire hillock on which the village stands was sliding continuously. “Prima facie this could be the reason behind all this damage. But we have called a team of geologists of Konkan Railway Corporation Limited (KRCL) to study the exact cause of the damage and ascertain whether it is of temporary or permanent nature,” said Magotra.

Since the continuous sliding of the hillock has affected houses in the radius of 3-4 km in the area, the rehabilitation of villagers is the first thing on the agenda of the district administration.

“We have provided utensils and bedding to the affected Continued on page 8

26 HP families forced to abandon village P2
Tale of a sinking Jammu village

From page 1

people through the District
Red Cross Society. The
Army (Rashtriya Rifles), the
police and residents of near-
by areas are pitching in relief
operations. Some of the peo-
ple have been shifted to gov-
ernment buildings at Dharam
and Sangaldam. Arrange-
ments are being made to pro-
vide them temporary shel-
ter,” said the DC.

The district administration
has requested the Jammu
Divisional Commissioner to
provide blankets. The Army
has been approached to pro-
vide tents. “Those affected
will be provided relief as per
norms under the National
Calamity Relief Fund after
assessment of losses,”
announced Magotra.

The villagers, however, are
anxious. “We were asked to
shift our belongings, ration
and cattle to safer places at
around 2 am after the cracks
grew bigger in size,” said
Ghulam Abbas (30), a resi-
dent of the area.

Though Abbas appreciated
the police and the adminis-
tration for quickly respond-
ing to their distress call, he
said a lot more needs to be
done.

“The tent given to my fam-
ily, that has many members,
is too small. We are taking
help of our relatives. As the
weather is turning harsh, we
have requested the DC to
provide us a temporary shed
till some permanent arrange-
ment is made,” he added.

Notably, the area comes
under the ambitious rail proj-
ect linking Udhampur and
Qazigund in Kashmir. But
now, it seems, a rethinking
has to be done. Around two
years back, a landslide had
occurred at the same place,
damaging a portion of a gov-
ernment school building.
CAPTAINS AT SEA

Amidst concerns about crony capitalism, is business leadership losing its elan and voice, asks SANJAYA BARU

Even as critics of public policy worry about the influence of individual businessmen and high profile companies on sectoral policy, has the voice of “India Inc” become weaker in the councils of decision-making? Have industry associations like the Federation of Indian Chambers of Commerce and Industry (Ficci) and the Confederation of Indian Industry (CII) become less effective in not just influencing government policy, but in espousing and defending the interests of Indian business as a whole?

When a Group of Ministers (GoM) approved a proposal that people displaced by a mining company should get 26 per cent of that company’s profits, it was the public sector Steel Authority of India Limited (SAIL) that first opposed the idea on the grounds that captive mines are not accounted separately in its books, and hence the calculation of their profits is difficult. It was only after SAIL spoke up that Tata Steel did and business chambers followed suit.

Earlier, in the run up to Parliament’s approval of the diluting Civil Liability for Nuclear Damage Bill, it was public sector Nuclear Power Corporation of India Limited (NPCIL) that first cried foul, before it was asked to shut up by the government, and only then did private sector Larsen & Toubro (L&T) and industry associations wake up. Tata Power and Reliance Industries, with long-term interest in nuclear power, chose to remain silent. It was left to a retired diplomat and a nuclear policy researcher to point out that Indian companies would some day become “suppliers” and so, forget about American companies, any Indian legislation ought not to hurt the interests of Indian firms in the business.

In the case of mining policy, we are yet to see what impact the industry’s protestations will have. In the nuclear liability legislation, they had none at all! If individual firms are unwilling to publicly criticise the government, for their own reasons, even business associations have shied away from going on the offensive.

In recent months, whenever industry has been under attack, as for instance in the case of Vedanta in Orissa, or where business interests have been adversely impacted by political initiatives, as for instance in Hyderabad on the Telangana issue; or where vested political interests have pushed policy hurting business interests, as for instance in the GoM’s decision on ethanol pricing, where sugarcane interests have prevailed over those of the chemical industry; neither the so-called “captains of industry” nor the various chambers and associations have stood up to be publicly counted, protesting against myopic political management of industrial policy.

Part of the reason for this is the general decline in the image of Indian business among ordinary people. Allegations of cronynism apart, the increasing tendency on the part of business billionaires to show off their wealth, best exemplified by Mukesh Ambani’s palatial home (and there are many less celebrated examples around the country), while not generating adequate middle-class employment (as the information technology industry has done), and where icons like Narayanamurthy and Azim Premji enjoy a hallowed status, compared to Mumbai and Delhi business billionaires) has partly contributed to this.

This is precisely why the government felt comfortable enough to come forward with a proposal to impose a 2 per cent “corporate social responsibility” tax and business leaders and associations have so far felt uncomfortable opposing it. By now, one would have expected some spokesperson of the private sector to have claimed that they are better in spending money in socially useful activities than government. No one has dared make that claim so far!
ICAI may finalise profit sharing

The government is said to be considering roping in the Institute of Chartered Accountants of India (ICAI) to tighten the compensatory scheme for the people displaced by mining projects amid furore over the proposal for 26 per cent profit sharing in the new mining law.
Former Kolar gold fields may get a new shine

JOHNSTON A
BANGALORE, SEPTEMBER 26

In the dry, arid lands on Karnataka's border with Andhra Pradesh, in the district of Kolar best known for its now defunct gold fields, investors — including some with royal lineage in the United Arab Emirates and Malaysia — are planning an urban oasis. Theme parks, hotels, multiple airstrips, universities, a monorail system could all come up over 1,600 acres in the Bagepalli taluk of Kolar district if the “ultimate tourism destination project” in Karnataka gets off the ground. Promoted by Marib Infrastructure India Private Ltd, the Rs 18,400 crore project would transform the area now known for its rocky terrain, water problems and backwardness.

The project was okayed by the Karnataka government’s high-level clearance committee for investments this June, and recently got a green signal for the credentials of its investors.

As a note from the Karnataka government says, on its list of main promoters is Sheikh Sultan Bin Mohammed bin Khalid Al Nahyan, linked to the royal family of Abu Dhabi; Abdul Jaleel Abdul Rahman Mohammed Al Blouki, adviser to the President of UAE; and Prince Y A M Tunku Naquiyuddin Ibni Tuanku Ja’afar, who is linked to the Malaysian royal family. Popularly referred to as the “space city” project on account of a proposed

CONTINUED ON PAGE 2
Former Karnataka gold fields may get a new shine

space-based theme park, the Bagepalli urban oasis “in its entirety” would be “a new city”, according to Sanjai Chhaukar, the Bangalore-based managing director of Marib Infrastructure India Private Ltd.

The Karnataka government’s Tourism and Industries Department documents refer to the project as a “tourism-related, innovative, state-of-the-art, infrastructure-development project”, to be located an hour’s drive from Bangalore’s new international airport.

“It is still a little premature to talk of the project. We will be coming out with full details in a short while,” says Chhaukar.

“The project is in the verification stage. We wanted to check the background of the promoters though our embassies. We are waiting for official word on this. The indication so far is positive,” said Karnataka’s Principal Secretary, Industries, V P Baligar.

The Karnataka Industrial Area Development Board will acquire land for the project when it is finally cleared for implementation, he said. The project is being supported by Tourism Minister G Janardhana Reddy and Industries Minister Murugesh Nirani, and the township is expected to take around four years to develop once all clearances are in place.

According to Chhaukar, the project is being proposed at Bagepalli since it lies in a region between Bangalore and Hyderabad that will in the future be a major business corridor. Though only a year old in India, Marib — part of a Mauritius holding company — is involved in a similar project in Malaysia, say officials.

One of the biggest constraints the project is expected to face, though, is the water problem in Bagepalli. Even the state government’s committee made a note of this on June 19 while clearing the project.

Incidentally, the “space city” project comes at a time when several township projects planned in and around Bangalore in the past few years have failed to take off.

A Knowledge City project on over 9,000 acres of land promoted by the H D Kumaraswamy government in partnership with DLF, around 40 km from Bangalore, has run aground. A major township project to be promoted by the Skil Infrastructure group on over 10,000 acres of land at Nandgudi around 60 km from Bangalore, also initiated during Kumaraswamy’s tenure, is similarly stalled.
MinesMin asks MoEF to introduce clear provisions for ‘Go’, ‘No Go’ areas

PRIYADARSHI SIDDHANTA
NEW DELHI, SEPTEMBER 26

AFTER the Coal Ministry, now the Mines Ministry is upset with the Union Ministry of Environment and Forests (MoEF). Hitting out at the MoEF for sitting on the renewal applications for 280 mines in the country, it has also demanded inclusion of firm provisions in the Forest Conservation Act to enable statutory declaration of ‘Go’ and ‘No Go’ areas to help inflow of fresh investments in the mining sector.

In a note prepared for the Cabinet Secretariat on the environment and forest clearances for infrastructure projects, the mines ministry pointed out that several mining leases granted prior to the introduction of the Forest (Conservation) Act, 1980, were due for renewals and expressly require Forest Clearances (FC). Interestingly the Mineral Concession Rules 1960 allow such mines to function on deemed extension if the concerned state government failed to convey its decision on the renewal to the applicant before expiry of the lease. “A combined operation of the two laws has led to a situation where several mining leases have expired, and due to pendency of FC, are operating on deemed extension on the non-forest portion of the lease area. These mines are prone to nebulous regulation by the states, creating a condition most conducive for illegal mining,” the ministry argued in the note.

Reminding the MoEF that while it has developed FC monitoring software at the central level, it has no mechanism for monitoring delays at the state government level. “The uncertainties in the system are leading to huge systemic inefficiencies,” it argued. The mines ministry cited that there have been instances where two adjoining leases of the same lessee are not being amalgamated because one was subjected to FC Act and the other was not.

“Instead of mere policy guidelines on Go and No Go areas, which will be indicative, and subject to actual application of provisions of FCA, the need of the hour was to introduce clear provisions in Forest legislations for various specific purposes. Clarity on this aspect is crucial to enabling fresh investments to flow in for high-tech reconnaissance and prospecting,” the ministry contended. In view of the Supreme Court Central Empowered Committee’s observations that out of the 596 mines in Orissa, 215 were functioning on deemed extension basis, the ministry has directed the Orissa government to dispose pending renewal applications by holding special camps in the mining districts involving all concerned departments.

Of the 280 mines where renewals were pending, Orissa has the highest number of 231 cases, followed by Karnataka (41), Maharashtra (8) and Sikkim (1).
Inflation fears may push up gold prices

G. Chandrashekhar
Mumbai, Sept 26
Divergent behaviour marked global commodity trade last week. While crude continued to stay range-bound despite demand expanding robustly, gold prices set yet another milestone briefly touching the psychological $1,300 an ounce, fuelled by strong investor interest and concerns over macroeconomic situation.

Base metals moved higher even as agricultural commodities (wheat, corn, cotton) stayed at elevated levels albeit pulling back a little from earlier highs. Cotton, in particular, breached the record $1 a pound level given supply woes and robust demand. Closure of Chinese market for three days last week saw a small correction.

Macroeconomic pessimism seems to be easing a bit with stronger-than-expected US data and European growth as well as growing feeling that policy-induced slowdown in China may be bottoming out. Market fundamentals in many cases are likely to reassert themselves, although in the case of agriculture, weather continues to play a crucial role.

A major concern for the agrc markets is threat of dryness in Brazil, which can potentially affect global vegetable oil prices.

Gold: Gold briefly touched $1,300/oz during Friday's trading. Although it continues to push to record highs, gains have not been particularly strong, experts said adding the rise was largely due to dollar weakness rather than demand for bullion. Silver continued to outperform gold through the week with the gold/silver ratio now a touch below 61.

On Friday, in the London market, gold PM Fix was at 1,297/oz, up from the previous day's 1,290.75/oz. Silver followed suit with Friday AM Fix at $21.35/oz versus $21.08/oz the previous day.

Safe haven buying remains buoyant. However, despite being peak demand season, physical demand in price-sensitive markets such as India has stayed in the sidelines because of record prices. Gold prices go from being driven by short-term panic of a major global credit default to medium-term fears on the pace of and strength of global recovery and inflation. The market is likely to continue to stay at elevated levels because of investor demand and inflation fears.

However, speculative net length is at record levels in the bourses. This creates conditions for a strong correction in the event less-committed longs decide to liquidate. Nature of upcoming economic data and performance of equities market need to be watched.

According to technical analysts, the gold market will continue to probe 1,300. It will be the level that is likely to prove to be pivot and natural area for the market to book profit. In the medium-term, the larger bull trend targets 1,350 later this year.

As for silver, the close above 21.35 clears the way for the September 1980 high of at 24.25.

Base metals: Amid a strong week of rising prices, aluminium performed well being up by over 10 per cent. Copper too is now inching closer to $8,000 a tonne as copper stocks on the exchange fell 3.7 per cent week-on-week.

Chinese economic data continue to inspire confidence. Strengthening of the currency may prove positive for imports. For aluminium, signs of OECD demand revival and emerging market consumption provide robust support.

Crude: Prices seem to be consolidating around the mid-70s because of the lasting effects of macroeconomic pessimism. A break above $80 a barrel still remains elusive, although the fundamentals are supportive. The big question of course is when will confidence return to the market.
Technical Analysis

Gold to test resistance, correct

Comex gold futures ended higher on Friday as investors fretted over economic uncertainty after the Federal Reserve raised expectations to take new measures to spur growth. Renewed worries about inflation buoyed gold after US durable goods data came in stronger than expected and grain prices rallied. Gold’s rally to record highs generated strong investor interest in silver, which is also widely used as an industrial metal. Expectations of further dollar weakness underpinned gold, as the greenback fell against a basket of currencies to its lowest level since February. The metal’s rise this year has been fuelled largely by investor nervousness that stemmed from the fallout from the euro zone debt crisis and from economic data that has suggested global economic growth may be losing momentum.

Comex gold futures are moving perfectly in line with our expectations. As mentioned in the previous update, moves to $1,285-88 or even higher to psychological resistance at $1,300 looked likely also being a trend line resistance zone. The $1,310-20 zone is a strong resistance area and looks unlikely to rise above that till we see a healthy downside correction. Profit-taking could continue in the next week as well and remain wary of any major upside from present levels.

State of indicators, suggest that there could be a good corrective dip in the offers. Trying to catch a top in this strong up trend is difficult and it is better to wait for the right signals instead of pre-empting a top at the resistances. Only a fall below $1,285 will once again take prices lower towards $1,245 or even lower.

Our wave counts have changed after an unexpected rise above $1,255. We will now view the present impulse as a fifth wave impulse only and not a irregular wave “B”. We favour a possibility of a fifth wave impulse continuing towards $1,345 as long as $1245 remains undistributed. Only a daily close below $1,210, will now confirm the beginning of a possible A-B-C, corrective move has started.

RSI is in the extremely overbought zone now indicating that a corrective decline is in the offers. The averages in MACD are above the zero line of the indicator signalling bullishness to be intact. Therefore, look for gold futures to test the resistance levels initially and then correct lower again.

Supports are at $1,285, $1,272 and $1,265. Resistances are at $1,310, $1,320 and $1,345.

Gnanasekar T.
(The author is the Director of Commtrendz 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_thigagarajan@yahoo.com.)
Cong, BJP slug it out for Green Goa

MAYABHUSHAN PANAJI

Mining and rapid deforestation are the major issues plaguing Valpoi Legislative constituency, where bypoll is to be held on October 16, according to Goa BJP president Laxmikant Parsekar.

Already reeling under the effects of both rampant legal mining and uncontrolled illegal drilling of open-cast mining pits, Parsekar said the bypoll, likely to be a straight slugfest between the Congress and the BJP, was a fight to keep Valpoi — 50 km away from here — and Goa green.

“Vishwajeet Rane’s interest is mining. He is supporting mining in every way in Valpoi. People should vote for the BJP for greenery or else prepare themselves for the hills of the area to be riddled with mining,” Parsekar told reporters after announcing Santosh Haldankar as its candidate in Valpoi.

Former MLA Vishwajeet Rane is contesting on a Congress ticket for the bypoll.

Located in the verdant and ecologically-sensitive Western Ghats region, Valpoi now faces the threat of being ravaged by illegal and rampant mining. It is in close proximity of the tiger corridors, which run through the forests of Karnataka, Maharashtra and Goa.

“Environment is the most important issue and is properly reflected in this bypoll. The BJP is fighting to ensure that the Valpoi region stays green,” BJP’s national secretary incharge of Goa Arti Mehra said. Mehra was in Goa to oversee the selection of the party’s candidate for the bypoll.

The bypoll was announced after sitting legislator Rane, who had contested as an independent candidate in the last Assembly poll, resigned as MLA to join the Congress.

Goa exports almost 40 million tonnes of iron and manganese ore annually, out of which nearly 18 per cent is illegally obtained ore, according to the Opposition.
Mining and the environment

One of the unfortunate aspects of this Government has been the tendency of ministers not just to differ on but even bicker over crucial policy issues. The most publicised of the open-air spats has involved the Ministry of Environment and Forests against, variously, the Power and Coal Ministries over the assignment of coal blocks and mining leases in eastern parts of the country. The most prominent of these quarrels was over the Vedanta bauxite mining project in Orissa's Niyangir Hills, a tribal region with an abundant array of environmentally fragile resources. Suddenly, it seemed the country was heading for a kind of impasse, with the most important resource for both power and other core industries becoming the bone of contention between two widely divergent policy views concerning its exploitation.

The Coal and Power Ministries, on the one hand, and the Environment and Forest Ministry, on the other, appear to have reached some kind of amicable resolution in July, when the coal and environment policy-makers initiated an exercise to demarcate potential coal mining regions into what were quaintly referred to as “go” and “no-go” areas, the latter being quite naturally in areas with rich forest cover and biodiversity wherein the Ministry's statutory body, the Forest Advisory Committee, would not entertain any applications for “forest land diversion.” Clearly, the environmental thumbs-down for Vedanta in August stemmed from this initiative. The July accord is a welcome development because it suggests that policy-makers keen on mineral resources and those eager to protect the environment are working around a seemingly intractable problem that pre-dates the new classification. A number of coal-fired power projects slated for the Twelfth Plan had been assigned coal blocks and some of them now fall in the “no-go” areas, necessitating ring-fencing or assigning of new blocks in the “go areas”. What appears to be at work, then, is a form of consensus that should have become part of the work ethic of a government struggling to remove the roadblocks to the next round of economic expansion.

In a larger context, the new classification operationalises the Prime Minister's recent caution for a “balance” between industrial growth and environmental protection. It would be naïve to assume that a nation's environment or eco-system can remain pristine in an age of modernisation. But a judicious attempt at reducing the burden on the environment can protect the most fragile and rich biodiversity areas from the ravages of industrial growth while searching for resources buried deep below. The belated start to a consensual approach will not clear the logjams at once and the efforts for the balanced approach will have its fateful moments. But, for the first time, an attempt at sustainable development, however inchoate, is under way.
Impact of iron ore export ban

A. J. Vinayak

The recent decision of the Karnataka government to ban export of iron ore fines from the state has impacted iron ore handling agencies such as New Mangalore Port and South Western Railway (SWR) zone in the State. In July this year, the Karnataka Government imposed a ban on the export of iron ore from minor ports. The Government initiated this move to stop the illegal transport and export of iron ore fines and help complete the inquiry by the Karnataka Lokayukta into illegal mining in the state.

Though there is no direct ban on the export of iron ore from New Mangalore Port, the halt in mining activities in the hinterland has affected the port’s performance.

NEW MANGALORE PORT

Of the nearly 30 million tonnes of iron ore mined in Karnataka in 2009-10, New Mangalore Port exported more than five million tonnes, contributing a major share to its traffic throughput. But during the first half or so of the current financial year, New Mangalore Port handled only 22 per cent of what it handled in the corresponding period in the previous year.

Mr P Tamilvanan, Chairman of New Mangalore Port Trust (NMPT), told Business Line that the port has witnessed a shortfall of around three million tonnes in the handling of iron ore cargo. Till mid-September, the port had handled around eight lakh tonnes of iron ore cargo, against around 37 lakh tonnes of iron ore fines in the corresponding period of the previous fiscal.

Iron ore has contributed a significant share to the total cargo handling at New Mangalore Port over the years. In 2004-05, when demand picked up for iron ore fines in the international market, the port began handling this commodity in a big way.

From 2004-05 till 2008-09, iron ore fines contributed more than 16 per cent to the total traffic of the port. In 2008-09, the share of iron ore to the total traffic went up to more than 22 per cent. In 2009-10, the share came down to nearly 15 per cent of the total traffic.

The port, which had handled nearly three million tonnes of iron ore fines in the first six months of 2009-10, could not reach even a million tonnes till mid-September of the current financial year.

Sources in the shipping sector said that other major ports such as Chennai and Visakhapatnam are not affected as badly as they receive cargoes from various Government undertakings such as MMTC and NMDC. In the case of NMPT, private exporters play a major role in the iron ore handling at the port.

Mr Shekar Pujari, President of New Mangalore Port Stevedores, said that Karnataka has iron ore deposits of around 3.5 billion tonnes. The state exported around 30 million tonnes in 2009-10 from mines in Bellary, Hospet, Koppal, Chitradurga and Tumkur districts.

At one point of time, the port was getting around 2,500 iron ore trucks a day from the mines in the hinterland. The trucks bringing iron ore fines to the port used to take back fertiliser cargo to the users in the hinterland, and coal, coke, petonite to factories in the hinterland, he said.

SWR AFFECTED

The story is no different with respect to the Hubli-headquartered South Western Railway (SWR) zone. Formed in 2003 with Hubli as its headquarters, SWR has achieved significant progress in freight loading over the years.

The total originating freight loading, which stood at 31.5 million tonnes in 2004-05, reached 40.06 million tonnes in 2009-10. The zone witnessed an all-time high total freight loading of 46.27 million tonnes in 2007-08.

In fact, iron ore contributed nearly 70 per cent to the total freight loading of SWR. The railway zone, which loads iron ore from various centres in Bellary-Hospet region in Karnataka, transports them to various export points in the country and to domestic industries.

The zone, which was loading around 21-22 rakes a day last fiscal, is now loading five rakes a day. Simply put, the railway zone’s handling of iron ore fines has come down from 80,000-100,000 tonnes a day in the last fiscal to 20,000 tonnes a day.

>>More on the Web: www.businessline.in/webextras
Sinochem in early talks to finance Potash bid

Reuters
Hong Kong, Sept. 25
China's Sinochem Corp is in early talks with banks to finance its likely bid for all or part of Potash Corp of Canada, a newspaper reported on Saturday, in a sign that China is serious about derailing BHP Billiton Ltd's $39-billion hostile bid.

Sinochem, which has hired Citigroup and Deutsche Bank to explore options to foil BHP's bid, was not actively searching for cash, but it was entertaining loan proposals from global and Chinese banks, the South China Morning Post reported.

"We are talking to Sinochem about a big loan. They need to put financing in place, so that if they decide to make an offer, they can convince Potash's board they are good for the money," the newspaper quoted a managing director at a mainland bank.

The newspaper did not name the banker.

Last month, BHP launched a hostile $130-a-share offer for Potash, the world's largest fertiliser maker. The Saskatoon, Saskatchewan-based company flatly rejected the bid as "grossly inadequate" and has filed a lawsuit against BHP in an attempt to stymie a takeover.

Interest in Potash is being fuelled by an expected surge in fertiliser demand from China, India and other emerging economies due to rising food consumption.

Sinochem could not be reached for a comment immediately. BHP has received antitrust clearance from the US Federal Trade Commission to proceed with its bid.

"We have approached Sinochem about lending very substantial amounts to support this potential deal. They are interested, but have made no firm commitments," the newspaper also quoted another unnamed banker as saying.
The Financial Express, Delhi
Monday, 27th September 2010, Page: 10

Nalco keen to develop IPPs with Orissa PSUs

Bhubaneswar, Sep 26: National Aluminium Company Ltd (Nalco) has expressed its interest to develop independent power plants (IPPs), in Orissa, in partnership with state PSUs like Orissa Thermal Power Corp (OPTCL), Orissa Mining Corp (OMC) and Orissa Hydro Power Corp (OHPC).

Nalco CMD AK Srivastav and director finance BL Bagra met chief minister Naveen Patnaik and discussed a joint venture with the state in the power sector. OPTCL, a joint venture between OMC and OHPC, is proposing to set up a 1,980 mw (3x 660 mw) thermal power plant at Kamakhyanagar with an investment of Rs 6,100 crore. Nalco has offered to partner OMC and has expressed interest in setting up the power plant, sourcing coal from the blocks allotted to OMC and OHPC. OMC has been allotted Utkal-D (153 million tonne), Nuagoan-Teilisahi (364 million tonne), and Mandakini-B (300 million tonne) while OHPC has been allotted Baitarani West (300 million tonnes). Coal available with OMC and OHPC is 1015 million tonnes and is entirely in Talcher coalfields. Nalco has given an option that while the coal blocks will be developed jointly with OMC and OHPC as a majority stakeholder in the coal project, the central PSU would be the majority stakeholder in the power project.

Bagra said the JV would benefit the PSUs, since Nalco’s finances would facilitate loans. Nalco’s thermal power plant experience could also be leveraged in new power projects.

The chief minister assured the Nalco CMD that the state will consider the proposals for partnership between the central PSU and the state PSUs.

Energy minister Atanu Sabyasachi Nayak told FE that Nalco’s proposal to develop 3rd and 4th OPGC units is not acceptable as the OPGC itself has decided to go ahead with the project.
Govt eyes ICAI help on mines profit row

THE government is understood to be considering roping in the Institute of Chartered Accountants of India (ICAI) to tighten the compensatory scheme for the people displaced by mining projects amid a furore over the proposal for 26 per cent profit-sharing in the new mining law.

In the last GoM meet, it was decided that the 26 per cent profit-sharing proposal will be sent to ICAI. The government aims to fine-tune the scheme to compensate the people displaced by mining projects, a senior mines ministry official said.