The Reddys were less cocky, for the road ahead promises to be rocky

Mining has become a synonym for Bellary, which in turn is spoken in conjunction with the Reddy brothers. For Chief Minister Yeddyurappa and the ruling BJP, the Reddys are both a boon and a bane.

As in the previous year, in 2010 too, the issue of illegal mining dominated the political scene till land scams and illegal denotifications took attention away from it.

Still, the year witnessed a major setback for the Reddy brothers, who are at the centre of mining controversies. There are no takers for Minister Janardhana Reddy’s repeated claims that he has no mining stakes in Bellary.

He may not have mining pits in Karnataka as such. But his company’s mining lease areas are bordering Andhra Pradesh and Karnataka. He is also an influential minister who could shake the very chair of Yeddyurappa. The Chief Minister has not been able to introduce any reforms or changes in the mining sector without his consent.

But what is surprising is that mining is equated with just Reddy. There are more than 100 mining operators in that district. And, they have been in business for decades. Prominent politicians of the Congress are also into big time mining.

A couple of companies which are questioning the Reddys have the support of the Congress. Otherwise, surprisingly, none of the mining firms have opposed either the Reddys or the government for imposeing a ban on export of iron ore.

This also gives an impression that there is a cartel formed to protect illegal mining business.

The issue of illegal mining gained importance after the Lokayukta began its probe into illegal mining. At the same time, Andhra Pradesh government ordered for a CBI probe.

Before the government imposed restrictions, Karnataka used to generate annually about 60 million tonnes of iron ore. About 70 pc of the ore extracted used to be exported. More than 90 companies have been into mining in Bellary. Demand for ore (finies) increased abroad in 2003. The price of ore (finies) varies from Rs 3,000 to 7,000 per tonne.

The government, instead of stopping illegal mining, has imposed the ban on the grounds that ore should be used only for domestic use. There is no effective monitoring system to see whether the ban is in place.

There has been no let up in levelling charges of illegal mining against the Reddys. A series of complaints have been filed before the Lokayukta and the government accusing the Reddys of constantly shifting the boundary marks between the two states and supporting illegal mining activities besides the transport of ore.

The issue of illegal mining surfaced whenever the Yeddyurappa-led government was in crisis. In October 2009, the Reddys rebelled against Yeddyurappa seeking his ouster. That was the time when the Andhra Pradesh forest department too served notices to OMC on the charges of violating the norms.

The Central Empowered Committee appointed by the Supreme Court in its report in November 2009, recommend that mining activities should be stopped by six companies including OMC, operating in the disputed boundary areas.

It also recommended a ban on mining in border areas till the boundaries of mining lease areas are demarcated. In May, the court allowed OMC to resume its mining activities with certain conditions.

No offenders

When it comes to illegal mining, Yeddyurappa himself spoke in the Assembly as if he was on the Opposition benches. He admitted that illegal mining had been rampant since 2003.

Among many things, he had said a whopping 4.03 crores tonnes of iron ore had been extracted illegally since 2003. Even the Belekeri iron ore theft case embarrassed the government. The CID is probing the missing of five lakh tonnes of iron ore from the port in Uttara Kannada district.

The government, at least on record, tried to curb illegal mining by measures like issuing licences only to those who extract ore for value addition. Also, it decided to impose a toll on ore carrying trucks but it was implemented only after imposing the ban on ore export.

Lokayukta Justice Santosh Hegde has been saying that export of ore is still going on. He has said that he has documentary evidences to prove the same. So far the government has not countered this.

The government has not yet acted on the final report of the Lokayukta on illegal mining. Justice Hegde is expected to submit the final report by March next. He has announced that he would reveal the names of those who are into illegal mining.

For the Reddys, however, it would not be a happy ending of the year, nor does 2011 promise to be a comfortable year either.

Their relationship with Yeddyurappa, which soured in 2009 has not improved. Their power within the party, or the clout of their sponsors in the BJP leadership has weakened in the aftermath of illegal mining becoming a national level controversy.

To add to their woes, the Andhra Pradesh High Court has ordered that the CBI probe the illegal mining. This is only likely to step up pressure on the Karnataka Government to do the same.

Their business partner across the border, Sapan Mohan Reddy is out of the Congress, and his political future is uncertain.

A second report by the Lokayukta on illegal mining is on the anvil and the panel empowered by the Supreme Court on illegal mining visited Bellary only last week and collected evidence.
यूरोनियम खनन की मिले मंजूरी : आरआईएल

नई दिल्ली। रिलायंस इंडस्ट्रीज ने सरकार से नेत्र के तहत निजी क्षेत्र को पहलू स्तर पर यूरोनियम खनन की अनुमति दिया जाने का अनुरोध किया है। सरकार से किया गया कार्योत्तर में कहा गया है कि ये खनन पहलू स्तर पर पूरी तरह से सही तथा नियम से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में इसकी उपलब्धता करने का पूरा होगा कि पहले से ही अंतरराष्ट्रीय कानून में
यूरेनियम खोज और खनन में निजी कंपनियों को मिले प्रवेश: रिलायंस

उल्लेख किया जा सकता है कि यूरेनियम खनन और खोज में निजी कंपनियों को मिले प्रवेश.

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RCF scanning price asked for Russian mine stake

PRESS TRUST OF INDIA
New Delhi, 26 December

State-owned Rashtriya Chemicals and Fertilisers (RCF) is conducting due diligence on a proposal to acquire a 25 per cent stake in a rock phosphate mine owned by Russian fertiliser maker Acron Group for $366 million.

"We have signed a confidentiality agreement with Acron Group to acquire 25 per cent equity in the Oleny Ruchey rock phosphate mine in Russia. Acron is asking $366 million for the stake. We are carrying out due diligence," a top RCF official said.

Acron had secured the rights to develop the mine through an auction and the license was issued in 2008. Rock phosphate is a key raw material in the manufacture of fertilisers like di-ammonium phosphate and single super phosphate. India imports over five million tonnes of rock phosphate every year, which accounts for over 90 per cent of the country's annual requirement.

The phosphate project, located some 800 km away from St Petersburg, holds around 62 million tonnes of reserves. Acron began development activities on the project in 2008 and expects production to commence in the first half 2012. Acron has estimated the required investment under the first phase of the project at around $400 million, out of which $100 million has already been spent.

"We are currently carrying out due diligence. However, the price Acron has tagged for a 25 per cent stake in the mine is a bit too high. After the due diligence, if we find it's okay, we will proceed," he said.
KOLKATA: Reliance Industries has urged the government to open up domestic uranium exploration and mining in line with NELP to increase domestic output to reduce dependence on import of the metallic element. “When India will have to depend on nuclear power in future and supply will continue to be vulnerable, there should a policy by which the private sector should be allowed to explore and mine uranium in India,” Reliance Industries president (operations) Atul Chandra said. He believed that opening up the sector to the private sector with proper safeguards would help the country in uranium exploration.
Shiny outlook for metals on demand from infra projects

ALEX K. MATHEWS
Research head,
Geojit BNP Paribas

China is the largest consumer of commodities, especially base metals. As China seeks to curb inflation, it is using measures to contain commodity prices. But demand has outstripped supply. In India, base metal demand is likely to grow at a faster pace in 2011 due to high infrastructure activities.

The ongoing rally in precious metals, such as gold and silver, has had a positive impact on base metals as a whole. Gold and silver have positive correlation with copper and other base metals. After a prolonged recession, the US is showing signs of recovery and showing strong demand for industrial metals. Demand for copper from China may outstrip supply for the first time in four years as China steps in in a big way as ore grades decline.

Supply concerns from Chile’s Collahuasi, the world’s third largest copper miner, still persists. Higher institutional activities reported from LME is also spelling higher demand for the metal. Companies such as Sterlite and Hindustan Copper are going to benefit from this.

Demand for aluminium is also expected to grow at a faster pace. The inventory level of aluminium is falling against its demand, mainly from China. Higher demand for aluminium will benefit Hindalco and Nalco.

Other base metals such as lead and zinc are also likely to move up sharply due to lower surplus and higher demand.

If China and India can attain projected GDP growth, base metals and base metal producers will gain sharply in 2011 also.
Silver sprint may slow down; copper, aluminium to shine

Our Bureau

The major beneficiary of the economic worries in the Euro zone was the bullion pack,” says Naveen Mathur, associate director (commodities & currencies), Angel Broking. “The price rise is expected to continue as slow recovery in the US and the Euro Zone will act as supportive factor for gold prices.”

OUTLOOK

While Angel Commodities is bullish on the prospects of gold and silver, another commodity broker, Geojit Comtrade, forecasts a sideways to bullish outlook for gold in the range of $1200-1500 an ounce, and a weak outlook for silver in 2011 with the possibility of 10-15% correction in prices.

BASE METALS

Nickel remained the outperformer with an over 30% return in the year through December 2010, followed by copper (27%), aluminium (7.6%) and lead (1.3%). Zinc returned a negative 9.4% over the same period. According to the World Bureau of Metal Statistics, demand for nickel exceeded supply by 41,000 tonnes in January-September 2010. The red metal market witnessed a deficit of 363,000 tonnes in January-August 2010, as reported by the International Copper Study Group. World refined copper production touched 12.65 million tonnes while consumption of the metal stood at 13.02 million tonnes in January-August 2010. The price spike was also driven by a sharp decline in LME inventories by 30%. The domestic industry attributes the price spurt on LME to speculative interest and said historically there was no correlation between LME inventory and prices. Angel Broking says the launch of physically-backed base metal exchange-traded products to meet investment demand is expected to lead to market tightening.

OUTLOOK

Karvy Comtrade predicts that copper and aluminium could be the top performers in 2011. And other base metals are expected to remain in positive zone. Harish Gaipepalli, head of research at JRG Wealth Management, expects limited upside in copper but has pinned high hopes on nickel and aluminium, which could gain as high copper forces some of its smaller users to shift to aluminium.

CRUDE OIL

Black gold has lagged the rally in non-farm products when compared with copper and nickel, having yielded a return of 3.4% since the end of December 2009. In terms of average price, Brent crude has risen from $61.5 a barrel in 2009 (the fall to a low of $33-40 in Mar 2009 impacted the annual average) to $79 in the current year on hopes of a sustaining global economic recovery and more recently seasonal factors such as cold waves in North America and Europe. Prices are currently consolidating around $80 and further upside will depend on the strength of the global recovery and demand from China, which needs large amounts of energy to power its economic growth. Industry sources say that if China is forced to revalue its currency, it could slow growth in the world’s second-largest economy and this, in turn, could impact crude demand.

OUTLOOK

According to SK Joshi, director (finance), Bharat Petroleum Corporation (BPCL), while crude is unlikely to trade at $60-70 a barrel, thanks to the abatement of crisis fears, it is unlikely to sustain at $100 unless the global recovery is “solid”.

Data provider: Geojit Comtrade
NMDC likely to hike iron ore prices by 3% for Jan-Mar qtr

NEW DELHI: State-run NMDC is likely to raise iron ore prices by 3% next week for the January-March quarter, a move which could prompt domestic steelmakers like JSW and Tata Steel to increase prices in the New Year. "The move is due to a rise in demand and squeeze in global supplies," a company official said. NMDC Chairman and Managing Director Rana Som said the prices would be decided by the pricing committee next week.
On level field: Mandatory PSU spend on social causes to fall

CSR Relief For Private Cos May Be Followed By Relaxed Norms For State Cos

IN what may come as a relief to state-owned companies, the government is considering a proposal to reduce the share of net profit these firms have to spend on social causes from the current 5%.

State-owned companies with a net profit of less than Rs 100 crore are required to set aside 5% of their profit for corporate social responsibility (CSR).

The move follows a demand from several public sector units that their burden of corporate social responsibility should be in line with those of private companies, according to a senior official with Ministry of Heavy Industries, who asked not to be named.

"There needs to be an alignment in this space," the official said. ET had reported last week that the Ministry of Corporate Affairs has dropped a provision in the Companies Bill that would have made it mandatory for private sector firms to allocate 2% of their profits towards social causes. The new provision only requires these firms to have a policy that targets to spend 2% of their profit on CSR, although it seeks to make it compulsory for a company to give details of the money it has spent on CSR in its annual report.

"Already, some different norms are being talked about mining companies," the official said hinting at the new Mining Bill that requires miners to share 26% of their profits with people affected by their projects. A ministerial panel chaired by Finance Minister Pranab Mukherjee has approved the Bill. The rule would impact state-owned miners such as NMDC Limited, MOIL Limited and Steel Authority of India Limited (SAIL), among others.

"It is like a double jeopardy," the official quoted above said. "Most of these companies are listed. The social obligations cannot overshadow commercial sense."

The Standing Conference of Public Enterprises, the top body of Central government-owned public enterprises, has also objected to different norms for public and private sector. The body has argued that state-owned companies are already contributing over Rs 1.66 lakh crore by way of taxes and duties to the exchequer.

State-owned firms will be evaluated in 2010-11 on the basis of their CSR activity, which means that this will play a crucial role in their enjoying financial and managerial autonomy.

Under the guidelines issued by the department of public enterprises, a nodal agency for all government-owned firms, relief and rehabilitation carried out for business activity will not be considered under CSR. The guidelines state that a company with a net profit of less than Rs 100 crore has to spend up to 5% on CSR, which will be evaluated by an independent external agency.
Mining sector sees major developments in 2010

NEW DELHI: From illegal mining to 26 per cent profit sharing formula, to the Centre denying green signal to Vedanta, high-voltage developments in the mining sector were perhaps, second only to the 2G spectrum controversies to hog media headlines in 2010.

Alleged illegal mining occupied centre stage in Karnataka politics for most part of the year and at one point of time even threatened to topple the Yeddyurappa Government.

As per official estimates, Karnataka is estimated to have about 11 per cent (over 9,000 million tonnes) of the country’s iron ore reserves, which are mainly concentrated in the Bellary-Hospet area. An official of the Mines Ministry said that “the iron ore prices have gone up by about 90 per cent to $120-160 a tonne, during the last one year on rising demand for the mineral from the steel industry, which is luring people for illegal mining activities”. The issue even kept politicians busy for some time at the national level and the Centre constituted a one man inquiry commission in November, headed by former Supreme Court judge MB Shah to probe the issue. Shah has been asked to submit his findings in 18 months.

For the record, about 42,000 cases of illegal mining were detected in 11-mineral bearing states in 2009. Of this, the government suspended mining activities in 483 mines, mining lease in 38 cases were cancelled and as many as 948 mines were closed. The new Mines and Mineral Development and Regulation Bill proposing 26 per cent profit sharing for displaced people due to mining activities had the industry debating the formula threadbare. Finance Minister Pranab Mulherjee-led ministerial panel cleared it early this month and now it will be placed before the Cabinet for the final approval.

Smarting under the Centre’s denial to the Niyamgiri mining project, Orissa Government, barely a week before the year ended, sought reconsideration of the project saying it was compliant with the stipulated norms.

Exports debate

Although the government increased levies on iron ore lumps to 15 per cent and to 5 per cent on fines in June, the Mines Ministry rejected the idea of banning the exports. India, which has an established reserves of 25.25 billion tonnes of iron ore, was the third largest exporter in 2009, amounting to about 128 million tonnes in 2009-10. The domestic production during the same period stood at 218 million tonnes. The year also saw a big setback to NRI billionaire Anil Agarwal-led Vedanta Resources whose $1.7 billion Niyamgiri mining project was denied the final green signal on alleged violations of forest and environment laws.

“There has been a very serious violation of Environment Protection Act, Forest Conservation and Rights Acts by the Orissa Government and Vedanta’s bauxite mining in the Niyamgiri Hills,” Environment Minister Jairam Ramesh had said.

Vedanta had contended that the environment ministry had given in principle approval to its project in 2007. The stalling of the project coincidentally came at a time when Vedanta was facing legal trouble in the $9.6 billion deal to buy majority stake in Cairn India.

The Centre subsequently issued show cause notice to Vedanta and also halted the expansion plan of its Lanjigarh refinery which was to increase its capacity from one mtpa to six mtpa. Vedanta said it has not violated any law and would look for alternate sources of the mineral. “Vedanta Resources Plc reconfirms that there has been no regulatory violations of any kind at the Lanjigarh Alumina refinery. We are not in possession of Niyamgiri mines and no mining activity will be undertaken till all approvals are in place.”

Press Trust of India
RCF may take over Russian mine

New Delhi: State-owned Rashtriya Chemicals and Fertilisers Ltd (RCF)
is conducting due diligence on a proposal to acquire a 25% stake in a rock phosphate mine owned by Russian fertiliser-maker Acron Group for $366 million (₹1,654 crore).

"We have signed a confidentiality agreement with Acron Group to acquire 25% equity in the Oleiny Ruchey rock phosphate mine in Russia. Acron is asking $366 million for the stake. We are carrying out due diligence," a top RCF official said.

Acron had secured the rights to develop the mine through an auction and the licence was issued in 2008.