Hindustan Copper files papers for follow-on offering

Our Bureau
Mumbai, Sept. 27
Hindustan Copper has filed its DRHP with SEBI for its follow-on offering of 18.39 crore shares of Rs 5 each on Monday, the company said in a press release. The issue will include an offer for sale of 9.2 crore shares by the Government of India acting through the Ministry of Mines.

The issue, which will be through a book building process, will constitute 18.08 per cent of the post-issue paid-up equity capital of the company. Up to 50 per cent of the issue will be allocated qualified institutional buyers, not less than 15 per cent to non-institutional bidders and 35 per cent to retail bidders. Discount of up to five per cent is being offered to the retail investors and eligible employees.

ICICI Securities, Enam Securities, Kotak Mahindra Capital, SBI Capital Markets and UBS Securities India are the Book Running Lead Managers to the issue.
Big-ticket selloffs to jump queue
ONGC, IOC & MMTC To Be Divested Ahead Of RINL, Cochin Shipyard & Hindustan Copper

Dheeraj Tiwari & Subhash Narayan
NEW DELHI

A REJIGGED disinvestment road map could see big-ticket offers come to the front of the queue and smaller ones pushed to the end of the fiscal 2010-11 to ensure that the ₹40,000-crore target for the year is achieved.

Disinvestment in companies such as Rashtriya Ispat Nigam, Cochin Shipyard, Hindustan Copper and Manganes Ore India may have to wait to allow ONGC, IOC and MMTC offer to go through at the earliest when the market conditions are still good.

“This is our suggestion (to the disinvestment department) so that there is no overcrowding of issues and the larger issues get adequate market response,” said a finance ministry official.

The larger companies where the government or the administrative ministries have approved of disinvestment plans include SAIL, Coal India, ONGC, IOC, PowerGrid Corporation and MMTC.

The four smaller issues — Hindustan Copper, Cochin Shipyard, RINL and MOL — would have fetched the government around ₹6,000-7,000 crore whereas disinvestment in ONGC and IOC is expected to raise around ₹19,000 crore. “The market conditions are robust and there is nothing wrong with prioritising available options,” said Jagannadham Thumuguntla, equity head at SMC Capitals, endorsing the idea.

However, an official of department of disinvestment said there were issues with the idea, but it could be considered.

“There has been no change in plans as far as we are concerned. However, if the concerned administrative ministries and the cabinet has cleared the requisite approvals, we can look at pushing them up in the order,” he said. He also added that the issues such as appointment of independent directors and ground work for filing the red herring prospectus also needed to be considered.

The government has so far has raised around ₹2,000 crore through disinvestment in Satluj Jal Vidyut Nigam (SJVNL) and Engineers India (EIL).

The Coal India issue, which is expected to raise ₹14,000 crore, is expected in the third week of October and SAIL later in the year. Essentially, it means the finance ministry is likely to concentrate its efforts on disinvestment in ONGC and IOC at the earliest.

“Since these would be follow-on offers from already listed companies, getting them ready is likely to take less time,” said Avinash Gupta, vice-president Research Equity, Bonanza Portfolio.

In case of CIL, the market regulator SEBI had cleared the draft red herring prospectus on a fast track basis in just 40 days. The government also wants to avoid a situation where large investors stay away from smaller issues in anticipation of the offer from the bigger companies later. Last fiscal the government had raised ₹25,000 crore from divestment in Oil India, NHPC, NTPC, NMDC and REC.
Hind Copper files prospectus for FPO

Mumbai: State-owned Hindustan Copper Limited has filed a draft red herring prospectus with the Securities and Exchange Board of India (Sebi) for a follow-on public offering (FPO), the company said on Monday.

The issue is expected to offer up to 183.9 million equity shares with a face value of ₹5 each, including a fresh issue of 92.5 million shares by the company and an offer for the sale of 92.5 million shares by the government.
The issue will constitute 18.08% of
the post-issue paid up equity capital of
the company. ANIRUDH LASKAR
Mining Bill aims at providing lifetime livelihood support for affected persons

Subhash Narayan

NEW DELHI

The government has introduced a new provision in the draft mining regulation that will make it mandatory for companies to share a portion of their revenue for lifetime livelihood support to persons affected by mining.

According to people familiar with the development, a share of revenue will address the problem of fudged profit figures, as a section of the government thinks that companies might underreport profits to give a lesser share to the affected persons.

"The group of ministers which is finalising the draft (Mines and Minerals Development and Regulation) Bill has given an in-principal approval to the proposal at the meeting held on September 17," said a mines ministry official involved in the drafting process. "It will be a part of the final draft of the Bill that will come up for approval at the next meeting," he added.

ET had earlier reported that a revenue-sharing formula is being considered by the government to maximise benefit to land-losers. It proposed that mining operations of companies will need to provide an amount equivalent to the royalty paid to state governments, in case the payout under profit-sharing formula falls lower.

As royalty is largely a charge on revenue arising from sale of minerals, the move is expected to provide sound compensation to affected persons, said the official.

The earlier draft of the Mines and Minerals (Development and Regulation) Bill, 2010 had proposed provision of an annuity equal to 26% of the profit after tax, or allotment of 26% free equity by companies holding mining leases. While this provision had been retained partially, the compensation will now be 26% of profit or sum equivalent royalty paid.

Under the compensation formula, payment will be made by companies even where affected persons are not identifiable or in case of forest and other areas which may be uninhabited. "The aim is to create a pool of funds that provides compensation to land-losers of new projects and also of mining operations which are closed or suspended," said the mines ministry official.

It is proposed that funds collected from mining operations will go each year to a district mineral foundation where it will be pooled to ensure equitable distribution within the district. The minimum amount payable to affected persons will be the daily amount payable under NREGA. The Foundation will include representation from district administration, mining-lease holders, affected people, Indian bureau of mines and district mining officers.

The proposed 26% profit-sharing concept has been opposed strongly by mining companies who say it will render mining operations unproductive. While they favour a compensation formula linked to existing royalty system, mining companies are comfortable only to share an amount equivalent to 26% of royalty payout for each mineral category.

"Royalty-linked compensation mechanism will work better as it will ensure availability of funds on continuing basis and will be easy to calculate with revision as royalty rates are revised," said federation of Indian mineral industries, secretary general RK Sharma.

The government is divided over the profit-sharing formula with steel minister Vrindabha Singh favouring special consideration for PSUs such as SAIL and NMDC. "There is an immediate need for consensus building among stakeholders on key policy enablers like the proposed MMDR Act and the R&R (rehabilitation) policy," said SAIL chairman CS Verma.
Hindustan Copper files for FPO

Hindustan Copper has filed the draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (Sebi) for a follow-on public offer (FPO). The state-owned entity has finalised five entities – ICICI Securities, SBI Capital Markets, Emam, Rotak Mahindra Capital and UBS Securities – to manage its issue.
SILVER AT ALL-TIME HIGH

Silver added ₹125 to scale a new peak of ₹33,300 a kg in the national capital today, but gold held steady due to lack of buying support on account of ‘Shradh’, a Hindu ritual associated with last rites. Sustained buying kept silver prices in overseas markets at astronomical levels last seen in October, 1980, according to marketmen. Silver prices in international markets advanced 0.8 per cent to $21.60 an ounce, the highest level since October, 1980.

PTI
Miners should not dig themselves out of their social responsibility

Democracy allows a hundred ideas on a given subject to bloom before a policy is finally made. That the draft mining bill will provoke miners, stand alone ones and those who dig earth to remove minerals for captive use to react is expected. Perhaps that is what the government wants. But what the group of ministers led by Finance Minister Pranab Mukherjee will find gratifying is that the reactions are in the nature of positive suggestions and not in any way stringent criticism of the provisions of the draft bill.

Whether it is SAIL chairman C S Verma or Tata Steel vice chairman B Muthuraman, observations made on the provision that 26 per cent of mine profits is to be shared with the displaced local people by such notables should ideally be given due consideration by the GoM at its next meeting. Hopefully, before the bill is introduced in the winter session of Parliament, the GoM and subsequently the Cabinet will get the rough edges removed and the new Act replacing the existing Mines & Mineral Development & Regulation Act, 1957 will prepare the ground for big investments in mines in a transparent and expeditious manner.

Steel minister Virbhadra Singh who like many ministers in the B K Handique is a member of the GoM acknowledges the "need for some kind of levy on mines for the well-being of the people who make room for mines to be opened without, however, being specific about sharing of profits with the locals. Singh is rightly putting his faith on layers of discussion before the new Act is made. Interestingly, the reactions to the draft bill so far have come from steel groups with captive iron ore mines.

Honesty, the government does not have a problem with the likes of SAIL and Tata Steel which ages before corporate social responsibility became a catchphrase went beyond resettling the displaced people, including making them worthy of sustainable income to spreading welfare among communities around mine-sites. But at the same time, there are any number of miners who taking advantage of legal vacuum first tricked the tribals and farmers out of their lands and then never spared a thought for their rehabilitation.

Culprits have been able to get away with their plunder so far. But they have left in the trail a huge mass of suffled people across the country's mining belts. Because of the sins of unscrupulous miners, many good investment proposals for mines development now are running foul of tribals who thankfully enjoy the backing of local and foreign NGOs. Their protests became particularly strident at Niyamgiri hills beneath which lie rich deposits of bauxite. They found in Rahul Gandhi a champion of their cause. No surprise, therefore, Vedanta group, in spite of having a whole set of clearances, including a Supreme Court order in its favour was stopped in its track by environmental and forest minister Jairam Ramesh.

In its attempt to wean away the locals, constituting eight per cent of the population from the path of violence, denial of mining facility at Niyamgiri to Vedanta, however legitimate the company's claims might have been is not a big issue for the government. Well before the GoM approval of the draft bill, groups making applications for mining rights have come to understand that from the point of starting price negotiations for land they will be required to treat the people to be displaced with compassion in paying compensation and resettling them.

National Advisory Council member N C Saxena says in a note that "project affected people are no longer in a mood to suffer passively. Consequently, there has been growing protest and militancy leading to tensions, conflict and violence. A well intended, liberal and comprehensive resettlement and rehabilitation policy is, therefore, required." Two significant points made by Saxena relate to taking into account the future land value while working out compensation and allowing displacement only after implementation of resettlement and rehabilitation packages. His note will form the basis of the Council's input on laws to be framed for land acquisition and resettlement of the displaced.

So whether it is draft mining bill or new approach to land acquisition, the government is siding with the "wretched of the earth." But at the same time a point to not be missed is the impossibility of arriving at net earnings of captive mines. Such mines don't sell minerals at either quarterly agreed prices or at spot rates. Transfer cost of minerals to mills remains a grey area. Verma, therefore, did well to bring into focus the difficulties in calculating captive mine profits. No doubt this contentious provision will come for review.

Muthuraman unhesitatingly says if industry is found wanting in discharging its responsibility to society, then it should be mandated to do so. Unfortunately India still does not have many progressive groups like the one Muthuraman represents. Standalone mining companies in particular need to be nudged hard to empower the displaced through education, health care and skills development. But such activities in mine areas, as Muthuraman wisely suggests, should be allowed as cost before arriving at profits.
GOLD, SILVER HIT RECORD

LONDON: Gold powered to a record high of $1,300 an ounce on Monday as investors poured money into bullion on fears of looming inflationary pressures as well as worries about the health of the global economy. Silver also rose to a 30-year high as investors chased a cheaper alternative. It has gained 30 per cent this year.
चांदी और चमकीली

भाव पहुंचा 33,300 रुपये के नए शिरक पर बिजनेस भाषकर * ने दिल्ली

अंतरराष्ट्रीय स्तर पर बेल्जियमी धातुओं में रिकॉर्डिंग तेजी और डॉलर के मुकाबले रुपये की मजबूती से पहली बाजार में भी चांदी आएं दिन नए रिकॉर्ड बना रही है। 

दिल्ली सरया बाजार में सोमवार को 125 रुपये की खासी लेज्नों के साथ चांदी के माध्यम 33,300 रुपये प्रति लेज्नों के 

सरकारी उन्नत रुपए पर बंध रहा। 

चांदी, सोने के माध्यम सोमवार को 19,400 रुपये प्रति द्रांग पर हिस्तर रहे। 

ऑन इंडिया सरया एसोसिएशन के अध्यक्ष शेख चंद खैन ने बताया कि 

अंतरराष्ट्रीय बाजार में प्लांट में एंग्लोर चांदी बनी हुई है। इतनी तरह डॉलर के मुकाबले 

रूपए लगातार मजबूत हो रहा है। 45% द हौँ बाजार में भी चांदी की जेल की जल 

मिल रहा है। सोमवार को अंतरराष्ट्रीय 

बाजार में चांदी 21.37 डॉलर प्रति औस 

पर कारोबार करते देखी गई। फिरमाहट से 

महीने में इसकी जेलों में 18.7 प्रतिशत 

की आरोपित रेट की जा पड़ती है। एक 

आयात की दिशा में बाजार में चांदी का भाव 

18 डॉलर प्रति औस था।
टेजी की चमक से मेटल में चकाचौंथ

अध्याय

बीएसई में टाइटल स्टील के खाते का भाव 2.67 पॉसैडी बढ़ाने के बाद 645.65 पॉसैडी पर पहुँच गया। क्रियाविश्वसनीय तेजी से नए खाते में एक ग्राहक के आग्रह से 3.03 पॉसैडी तक उछलकर एक महीने के भाव से 648.60 पॉसैडी तक पहुँच गया।

पेंट मुख्य

स्टील के भाव में 1,500 रूपये प्रति टन की बढ़ोतरी होने की संभावना के मुद्दे पर संभाषण का दावा स्टील व हिंदालको स्वभाव में टेजी श्रेणी की कीमत बढ़ने व सभी कंपनियों के शेयरों में महत्त्वपूर्ण उछाल दर्ज किया गया। तेजी एक ग्रस्तन के दौरान टाइटल के शेयर का भाव 2.57 पॉसैडी बढ़कर 645.65 पॉसैडी पर पहुँच गया। कारोबारी माह के दौरान एक जनरल टाइटल के शेयर के भाव 3.03 पॉसैडी तक उछलकर एक महीने के भाव से 648.60 पॉसैडी तक पहुँच गया।

सेंसेक्स को संभाल को 20,177.38 अंक के स्तर तक पहुँचने में दास्ट शेयर का खास योगदान रहा।

इसके साथ ही, जिनलाए स्टील एंड पापर के शेयर का भाव भी एक पॉसैडी की बढ़त में भाव से 699.60 पॉसैडी पर पहुँच गया। सेंसेक्स में सेंसेक्स के सीईएस विश्ववर्ती अनुसंधान के मुलाकात उपलब्ध के बाद में बढ़ोतरी की योजनाओं के 

चलती है मेटल कंपनियों के शेयरों में बढोतरी का बढ़ सकता है। इसके साथ ही, बाजार की चमक तेजी भी इन शेयरों को समर्पित नहीं है। बाजार के विनियमों का कहना है कि अभावी लोहार रंग के मुद्दे पर सेंसेक्स के शेयर का भाव में 1 अक्टूबर, 2010 से 1,500 रूपये प्रति टन को बढ़ोतरी हो सकती है। मौजूदा समय में बाजार में स्टील के विनियम उद्योग का भाव 30,000 रूपये से लेकर 36,000 रूपये प्रति टन के स्तर पर है। स्टील के अन्य शेयर में भी बढ़ोतरी की अंशक संभावित देखा जा रहा है। हिंदालको में सबसे ज्यादा 4.47 पॉसैडी की बढ़ोतरी हुई।

एक्सार तो इसके शेयर का भाव 

एक साल के उच्च भाव 199.45 रूपये पर पहुँच गया। बाजार भर होने के लिए यह 33 पॉसैडी की बढ़ोतरी के साथ 197.25 रूपए पर था। साथ ही, टिल्लोट इंडस्ट्रीज के शेयर में 3.16 पॉसैडी का उछाल रहा। कंपनियों में तेजी के 

चलती है मेटल का मैत्री स्थितियों के 

357.58 अंक का उछाल दर्ज करते हुए 

17,009.41 अंक पर बांट हुआ। इसमें शामिल 12 कंपनियों में से 11 के शेयरों में बढोतरी दर्ज की गई।
Resurgere Mines to raise up to Rs 500 cr

Resurgere Mines & Minerals India on Monday said its board of directors, at a meeting held on September 25, has decided to raise additional long-term funds up to Rs 500 crore through further issuance of securities. The company's board also agreed to increase the authorised share capital of the company, totalling up to Rs 750 crore.
Gold hits record, silver at 30-year high

BY HEMRAJ PAMUK
feedback@livemint.com
LONDON

Gold powered to a record high at $1,300 (around ₹5,850) an ounce on Monday, with investors pouring more cash into the market on global economic health worries and the possibility of further quantitative easing to stimulate growth.

Silver, often considered the poor man’s gold, rose to a 30-year high as investors also chased a cheaper alternative. The metal has gained nearly 30% this year.

Fund managers and industry experts say gold’s rally has further to run in the longer-term as it provides a hedge against inflation amid expectations that central banks worldwide could resort to quantitative easing to support their economies.

Spot gold firmly to $1,299.30 an ounce by 11.43 GMT, after hitting a historic $1,300 an ounce and versus $1,295.60 quoted late in New York on Friday.

“Every country in the world is giving signals that it could print money...what else are you going to trust to apart from gold,” said Sean Corrigan, chief investment strategist at Diapason Commodities Management.

“The longer-term outlook for gold is well supported,” he said. “There is no central bank that will stand aside and see its economy weaken.”

Bullion’s rally accelerated last week after the US Federal Reserve signalled its readiness to pump billions of dollars into the economy through purchases of government debt, a process known as quantitative easing.

The Fed’s statement had hit the dollar, which had edged up from five-month lows on Monday versus the euro but remained under pressure, offering further support for gold.

US gold futures for December delivery rose $2.1 an ounce to $1,300.10 an ounce, within sight of an all-time high at $1,301.60 hit on Friday.

Industry participants predicted fresh highs for bullion. Delegates at the London Bullion Market Association annual conference forecast a price of $1,406 an ounce by September next year.

The world’s biggest producer of the yellow metal, Barrick Gold Corp, said bullion could see above $1,500 an ounce next year.

But for the shorter term, charts show bullion’s rally might face resistance.

“In the very short term, technicians suggest... around $1,315-1,325 an ounce there could be a pullback,” Corrigan said. “I think the market could get very tired between here and there.”

A potential correction could be limited, traders said, with the physical market still buoyant despite record high prices. Physical dealers in Singapore noted buying from India despite record prices as the festive season progressed. REUTERs
हिंद कॉपर का ड्राफ्ट जमा

भारत के दिल्ली में सर्वोच्च न्यायालय की छात्र बहुमत के लिए खुलासा किया गया है कि कंपनी ग्रुप इनजुस्ट्रीज के लिए कंपनी का धमकी दे रहा है कि यदि कंपनी को नहीं मिलेगा तो यह भारत के बाजार में हिंद कॉपर का ड्राफ्ट जमा कर देगा। कंपनी की यह मांग एनएफआईजी के लिए बड़ा झटका है क्योंकि एनएफआईजी ने कंपनी को 20 प्रतिशत हिस्सेदारी के साथ लेने को बताया है। कंपनी का निर्धारित कार्यक्रम फिर से हिंद कॉपर के हिस्सेदारों की नाती है। कंपनी के लिए यह रुपए 4,000 करोड़ रुपए मात्र है।
शिविर शिक्षा से पहले जनशक्ति जरूरी

भारत दिशारूप का तीतस्व सबसे ताकतवर देश का जाना। यह 2025 तक अमेरिका, यूरोपीय संघ, जापान तथा चीन को ताकतवर जाबिक चीन, भारत और आजादी और ताकतवर हो जाएंगे। क्योंकि चीन और संयुक्त राष्ट्र सरकार और अमेरिका के ट्रांसजूर्नल इंटरनेशनल निष्क्रिय संघर्ष के माध्यम से इंडोटियू पर तनावशिक अवस्था ने स्थायी रूप से वह भी दिखाया जिसे 2025 शीर्षी टाईटिंग में भारत को अमेरिका और चीन के बाद सबसे ताकतवर देश की सूची में रखा है। भारत के ताकतवर होने के लिए इसी तरह की जरूरत है। इसमें कोई संदेह नहीं कि भारत और चीन महाशक्ति बनने की ओर आग्रह है। भारत के पास इसका बाहर है। सुयुता श्रीमती, प्रतिबन्धित मिशन और अंतरिक्ष क्षेत्र में इस मामले में औपन्नांकितीय शिक्षा की पहचान से, वैश्विक मायने के दृष्टिकोण से भी भारत को अपनी रचना बढ़ाने की जरूरत है। इस मामले में, भारत की बड़ी विदेशों को भी अपनी रचना प्रदर्शित करनी है। यह बताता है कि भारत की उम्मीद की प्रमुख भागों में इसी तरह की कीमती के लिए आग्रह है। यह विश्व विदेशों की मायने के लिए आग्रह है। इसमें भारत का भी विशेष महत्व है।
HOW TO INVEST IN GOLD AND KEY PRICE DRIVERS

GOLD POWERED TO A RECORD AT $1,300 AN OUNCE ON MONDAY AS INVESTORS POURED MONEY INTO THE PRECIOUS METAL ON A HEAVIER DOLLAR AND WORRIES ABOUT THE HEALTH OF THE GLOBAL ECONOMY.

FOLLOWING ARE KEY FACTS ABOUT THE MARKET AND DIFFERENT WAYS TO INVEST IN THE PRECIOUS METAL:

HOW DO I INVEST?

- SPOT MARKET: Large buyers and institutional investors generally buy the metal from big banks. London is the hub of the global spot gold market, with nearly $10 billion in trades passing through London’s dealing system each day. Other significant markets for physical gold are India, China, the West Asia, Singapore, Turkey, Italy and the United States.

- FUTURES MARKETS: Investors can also enter the market via futures exchanges, where people trade in contracts to buy or sell a particular commodity at a fixed price on a certain future date. The COMEX division of the New York Mercantile Exchange is the world’s largest gold futures market in terms of trading volume.

- EXCHANGE-TRADED FUNDS: The wider media coverage of high gold prices has also attracted investments into exchange-traded funds (ETFs), which issue securities backed by physical metal and allow people to gain exposure to the underlying gold prices without taking delivery of the metal itself. The world’s largest gold-backed exchange-traded fund, SPDR Gold Trust, said its holdings fell to 1,300.521 tonnes by September 24 from 1,301.433 tonnes on September 23.

- BARS AND COINS: Retail investors can buy gold from metal traders selling bars and coins in specialist shops or on the Internet. They pay a small premium for investment products, of between 5-20 per cent above spot price depending on the size of the product and the weight of demand.

KEY PRICE DRIVERS:

- INVESTORS: Rising interest in commodities, including gold, from investment funds in recent years has been a major factor behind bullion’s rally to historic highs. Gold’s strong performance in recent years has attracted more players and increased inflows of money into the overall market.

- US DOLLAR: Despite the recent drop in the usual strong correlation between gold and the euro-dollar exchange rate, the currency market still plays a major long-term role in setting the direction of gold. Gold is a usually popular hedge against currency weakness. A weak US currency also makes dollar-priced gold cheaper for holders of other currencies and vice versa.

- OIL PRICES: Gold has historically had a correlation with crude oil prices, as the metal can be used as a hedge against oil-led inflation. Strength in crude prices can also boost interest in commodities as an asset class.

- FISCAL AND POLITICAL TENSIONS: The precious metal is widely considered a “safe haven,” bought in a flight to quality during uncertain times. Financial market shocks, as seen in the aftermath of the collapse of Lehman Brothers and more recently in the case of burgeoning euro zone debt problems, tend to boost inflows to gold.

- CENTRAL BANK GOLD RESERVES: Central banks hold gold as part of their reserves. Buying or selling of the metal by the banks can influence prices. On August 7, 2009, a group of 19 European central banks agreed to renew a pact to limit gold sales, originally signed in 1999 and renewed for a further five years in 2004.

- HEDGING: At the beginning of the 21st century, when gold prices were languishing around $300 an ounce, gold producers sold a part of their expected output with a promise to deliver the metal at a future date. But when prices started rising, they suffered losses and there was a move to buy back their hedging positions to fully gain from higher market prices, a practice known as de-hedging. Significant producer de-hedging can boost market sentiment and support gold prices. However, the rate of de-hedging has slowed markedly in recent years as the outstanding global hedge book shrunk.

- SUPPLY/DEMAND: Supply and demand fundamentals generally do not play as big a role in determining gold prices as those of other commodities because of huge above-ground stocks, now estimated at around 160,000 tonnes - more than 60 times annual mining output.

Source: Reuters
NEAA'S LONE RANGER TO DECIDE 40 CASES BY OCT

KIRTIKA SUNEJA
New Delhi, 27 September

The National Environment Appellate Authority (NEAA), which has been in the news for cancelling the go-ahead to Vedanta's bauxite mining project in Orissa and mining giant Lafarge's Rs 900-crore limestone mining project in Himachal Pradesh (HP), is being run by only one member since last year.

The authority hears appeals against orders granting environmental clearance. It was established in 1997 after the enactment of the National Environment Appellate Authority Act and is supposed to have a chairman, a vice-chairman and three members. However, for the last one year, the authority is being run by J C Kala, NEAA's chairman, who got two six-month extensions after retiring in October last year.

"I am the only member left and my extension period will end on October 30, which is when the green tribunal is said to be set up. If the tribunal is set up, it will be in my discretion to be part of it or not," said Kala, the lone soldier of the authority.

Kala said he was supported by a court master and three help staffers. Had there been more members, more cases would have been solved in less time, he added.

The National Green Tribunal will be the first judicial body to deal exclusively with environmental laws, wherein an individual will have the right to claim civil damages for an environment-related accident, including any adverse health impact.

Last week, the Authority gave its go-ahead to the 2,640-Mw coal-based Bhavanapadu thermal power project in Andhra Pradesh's Srikakulam district. The project is being developed by East Coast Energy. It had also quashed the environmental clearance given to the Polavaram inter-state irrigation project in 2007, on the ground that public hearing was not conducted in affected areas of Orissa and Chhattisgarh, denying people access to information.

Besides ailing from lack of human resources, the authority is also burdened with 40 pending cases including some high-profile ones, like NTPC's 600-Mw hydroelectric project in HP and some steel projects.

Of the 40 pending cases, 15 related to steel plants, thermal power plants, hydroelectric projects and mining leases, while the number of cases related to construction of malls, five-star hotels and highrise buildings by removing slums stood at 10, Kala said.
Steel minister bats for PSU mine leases

Nirbhay Kumar
& Rishi Raj

New Delhi, Sep 27: If the draft mining Bill sought to level the playing field for private and public sector steel-makers by mandating competitive bidding for mining lease, the steel ministry has something directly opposite in its mind: Preferential treatment for state-owned steel-makers like SAIL and RINL.

In an interview with FE, steel minister Virbhadra Singh demanded that long-term iron ore mining leases be alloted to public sector steel-makers on a preferential basis. According to Singh, the government should allocate leases to private steel-makers only after the PSUs’ requirements are taken care of. Among PSU steel-makers, SAIL has captive mines but needs more ore since it is expanding operations while RINL does not have any captive mines as on date.

Singh explained the rationale behind his demand: “PSUs have a special place in the country and they should be given preference in the allocation of iron ore mining leases. In the case of SAIL, the government is spending Rs 80,000 crore for its capacity expansion and the modernisation of plant. Most of this was approved in 2005. The huge investment will be meaningful only if we provide long-term guarantee for raw materials,” Singh said. “How can one approve the expansion plans investing our own money and leave the raw material part hanging?” the minister questioned.

While demanding preferential treatment on the domestic front, Singh also said that companies like SAIL should go overseas and acquire iron ore mines and coking coal blocks to supplement their raw material needs. “They should definitely look outside the country also for their supplies,” he said.

The draft mining Bill, which proposes competitive bidding for mining leases, has been vetted by a ministerial panel headed by finance minister Pranab Mukherjee. It requires miners to share 26% of profit with people displaced or affected by mining activities.

SAIL STORY

- Current steel-making capacity: 14 MT, ranks 17th in the world and largest in India
- Upon completion of expansion in 2012-13, total capacity would go up to 23 MT
- Current requirement of iron ore around 24 MT, met fully through captive mines
- Requirement after expansion: 35-40 MT
- Integrated steel plants at Bhilai, Durgapur, Bokaro and Rourkela
- SAIL acquired, turned around IISCO

[Continued on Page 2]
Steel minister bats for PSU mine leases

The steel minister said that he is not opposed to the 26% profit-sharing concept but a mechanism needs to be worked out by the mines ministry.

"Today, companies like SAIL and Tata Steel have captive iron ore mines. Their steel-making and iron ore mines are one integrated company with a common balance sheet. How would they share the 26% profit from their mines?" Singh asked. Asked if he would agree to a proposal mandating such companies to hive off mining units into a separate entity, Singh said: "Let them first work out a mechanism... We will form our views then."

Though SAIL currently meets its ore requirements fully from its captive mines, it would need more as its expansion is completed by 2012-13. Today, the company's requirement is around 24 million tonne, which would go up to around 35-40 MT by 2012-13.

SAIL is currently developing Rowghat mines for its Bhilai Steel Plant and got renewal for mining lease of Chiria mines in Jharkhand, but not fully. It has, however, been given an assurance that the Jharkhand government will renew lease for another 1,000 MT shortly.

According to ministry officials, the government always banks on PSUs for social obligations; so it should protect its interests when it comes to assuring raw material supplies. They point out that SAIL had to step in to save the ailing Indian Iron and Steel Company in 2000; private steel players did bid for the company but only for its land and not the plant. SAIL acquired the company and turned it around.
Decision on Posco's Orissa project next mth

Our Political Bureau
NEW DELHI

A DECISION on South Korean steel major Posco's project in Orissa is likely to be taken soon after the environment ministry appointed committee submits its report on October 11.

Work on Posco's ₹54,000 crore project in Jagatsinghpur was suspended following a stop-work order by the environment ministry in August.

"The panel has almost finalised its report and will submit it to the ministry on October 11. It will be then discussed by the forest appraisal committee (FAC)," environment minister Jairam Ramesh said here on Monday.

Headded by former environment secretary Meena Gupta, the committee was constituted on July 28 to investigate the status of the implementation of the Forest Rights Act, and the status of the implementation of the rehabilitation and resettlement plans. Its mandate was broadened to review Posco's compliance with environmental and coastal regulation zone clearances.

The Gupta panel's report will include a "review compliance with statutory provisions, approvals, clearances and permissions under various statues, rules, notifications." The project had been granted conditional clearance in December 2009. The clearance was subject to fulfilling 15 conditions, including securing the consent of the local people, who are categorised as other forest dwellers under the Forest Rights Act.

Consent under the Forest Rights Act is crucial as the project has been delayed on account of protests by the local people. Posco had indicated that it needs about 1,600 hectares for its project, of which 1,173 hectares is forested. Besides settlement of claims under the Forest Rights Act, which is to be undertaken by the state government, the project developer will "suitably compensate" project-affected families as required by the Orissa government's R&R policy of 2006 and the Supreme Court order of 1995. The company is also required to give the fishing community of Nolai Sahi financial aid and access to the sea. The report by the Gupta panel will detail whether all conditions listed out by the ministry are being adhered to.
Nalco in talks to build power plants via JVs

Nagashwar Patnaik
Bhubaneswar

STATE-Run National Aluminium Company (Nalco) is exploring options to enter power generation by building a coal-fired power plant along with other state enterprises.

Nalco plans to generate 5,000 MW by 2020 and has already signed an agreement with the Nuclear Power Corporation of India for a joint venture to generate about 1,000 MW of nuclear power.

Nalco chairman AK Srivastava and finance director BL Bagra in a meeting with Orissa chief minister Naveen Patnaik and senior government officials on Saturday, made the presentation that Nalco could jointly build a power project with Orissa Thermal Power Corp, Orissa Mining Corp and Orissa Hydro Power Corp.

Orissa Mining Corporation (OMC) and Orissa Hydro Power Corporation had earlier proposed to set up a 1,980 MW thermal power plant at Kamakhyanagar for Rs 9,900 crore. Nalco wants to contribute to this with equity and support in project implementation, plant operation and manpower.

"We are interested in building a power plant in Orissa in collaboration with any state-run PSU," Mr Srivastava told ET. However, the company is yet to decide the size of the project and the investment to be made in it. "We are exploring all avenues for joining hands leveraging our core competence in power plant management," he said, adding that Nalco has expertise in power generation besides having the resources to fund the project.

Nalco is currently generating 1,200 MW of thermal power from its captive power plant.

The proposed power project could either be in the Orissa integrated steel valley area, in Jharsuguda district or at Talcher where the coal mines are located. Since OMC is proposing to set up a 1,320 MW thermal power plant for Rs 6,100 crore, Nalco has agreed to partner the state PSUs for sourcing coal from the blocks allotted to OMC and OHPCC on a long term purchase agreement basis.

OMC has been allotted Gokul-D (153 million tonne), Nuagaon-Telisah (364 million tonne) and Mandalini-B (300 million tonne) while OHPCC has been allotted Baitaranj West (200 million tonne). Coal available with OMC and OHPCC is 1,015 million tonne and is entirely in the Talcher coalfields.

Nalco has proposed that the coal blocks could be developed jointly with OMC and OHPCC as a majority shareholder in the coal project. The metal major has also offered to become the majority stake holder in the power project. Nalco also has offered to lend its help for developing third and fourth OPGC units or fifth and sixth units.
Copper prices may drop from five-month peak

Bloomberg

COPPER may fall in New York and London as prices at a five-month high spur some investors to sell the metal and a stronger dollar reduces the appeal of commodities as an alternative investment.

Copper rose as high as $3.644 a pound, the highest intraday level since April 12, on the Comex in New York. The euro slipped against the dollar before Ireland disclosed the cost of bailing out Anglo Irish Bank. A stronger US currency makes dollar-priced metals more expensive in terms of other monies.

"Some profit-taking on the back of the strong run of the last week, a rising dollar and heavy resistance at the $8,000 mark pulled prices down," Eugen Weinberg, an analyst at Commerzbank AG, said on Monday. London Metal Exchange prices climbed as high as $7,990 a metric tonne last week.

Copper for delivery in December slipped 0.15 cent to $3.6165 a pound on the Comex.

The most-active contract added 2.7% last week. Copper for delivery in three months was little changed at $7,943 a metric tonne on the LME.

Prices climbed 3.5% on the Comex in last week’s final three days, when financial markets in China were closed for the mid-autumn festival. The country is the world’s largest consumer of copper."
Stronger $ stops copper from hitting $8,000/t

 Reuters

London, Sept. 27
Copper dipped on Monday as a stronger dollar and limited Asian buying discouraged investors from bidding the metal up to $8,000. Benchmark copper for three-month's delivery on the London Metal Exchange traded at $7,930 a tonne. Aluminium traded at $2,308 a tonne, lead traded at $2,280.50 while zinc traded at $2,224. Tin traded up at $23,845.
Gold at $1.3k, silver at 30-yr high

Singapore: Gold powered to an all-time high at $1,300 an ounce on Monday as worries about the health of the global economy spurred buying, with top consumer India also defying high prices during the festive season.

Silver, often considered the poor man's gold, rose to a 30-year high as investors chased cheaper alternative. The metal has gained 30% this year. Gold has gained on a weaker dollar and economic uncertainty after the Fed raised expectations of new measures to stimulate growth. "We may see a bit of short-term profit taking. I would say. Of course on a longer-term basis, there will still be an upward trend for gold prices," said Ong Yi Ling, investment analyst at Philip Futures in Singapore.

"I think by the end of this year, we could look at about $1,000 or even $1,040." Meanwhile, global markets on Monday have touched a new five-year high on strong Wall Street futures.

Physical dealers in Singapore noted demand from India, the world's top buyer, despite record prices as the festive season progressed.

The auspicious day of Dhanteras, when the country's jewelry shops normally witness the highest gold sales every year, falls normally in November.

"India is still buying. That's very good," said a physical dealer in Singapore, who trades with India. Reuters
Steel Ministry opposes coal block allocations through upfront payment, profit sharing routes

THE ministry says that since accuracy on quantum of reserves in the allocated blocks was questionable, there could be instances when at a later date actual reserves of the blocks are found to be higher.

With a view to ensuring more transparency in the bidding for coal blocks, the government proposed competitive bidding as a selection process in lieu of the present Screening Committee route for allocation of captive mining blocks. Accordingly, the Mines and Minerals (Development & Regulation) Amendment Bill, 2008 introduced in the Rajya Sabha which was referred to a Standing Committee for detailed examination. It made certain recommendations based on which, the Action Taken Note was presented as a note to the union cabinet, which approved it on January 28 this year. The Mines Ministry then moved the motion on February 18 last for passage of the Bill in the Budget Session of Parliament. The system of competitive bidding shall be adopted only for the blocks to be allocated to private companies for captive use.

The government has argued that impact on production cost of coal for switching over to the new system would be marginal as bidding would be driven by rational market behaviour. With coal demand rising, number of applicants from public and private sector too went up, making the existing system of allocation difficult and vulnerable to criticism on transparency and objectivity fronts. In some cases there were more than 100 applicants for the same coal blocks.

Coal Minister Sripakash Jaiswal has favoured transferring entire resources raised through this bidding to the concerned states, where the blocks are allocated. His ministry has targeted 104 MT production by 2011-12. And to achieve this, it required a growth rate of around 35-40 per cent in captive block segment alone, a coal ministry official said.
GOVT’S LATEST MINE PROFIT SHARING PLAN FACES HEAT

Firms say revenue sharing with locals is noble but not practical

NAMRATA ACHARYA, DEVYOT GHOSHAL & ISHTA AYAN DUTT
Kolkata, 27 September

The provision in the new mining Bill approved by a group of ministers last week for 26 per cent profit sharing by mining companies with affected residents of the area they operate in hasn’t been welcomed by many in the sector.

The new Bill, in general, seeks to expedite the grant of mining rights in a transparent manner, aiming to attract more investments in the sector from industries such as steel. India’s top three mining companies — Coal India, NMDC and Sesa Goa — will add ₹3,600 crore to the District Development Fund if the 26 per cent profit sharing proposal with local residents goes through. That’s almost half the disinvestment proceeds from the REC, NHPC and OIL India follow-on offers in 2009-10.

The proposal has already sparked stiff opposition. It’s not often that a public sector company speaks out against a government proposal, but Steel Authority of India Ltd chairman, C S Verma, was the first to voice scepticism on the profit sharing proposal. Since then, many others have.

The proposal has caused a flutter in the metals and mining circuit. The industry’s take is simple: It’s noble, but impractical.

“The proposal is aimed at mitigating problems with land acquisition. But why should a land loser in the mineral-rich area get so much more than agricultural land losers? Mineral-rich areas have scanty population, so a lot of wealth will be distributed among a few. It is not correct to peg profit factor pricing,” said a public sector mining executive.

The average population in mineral-rich Jharkhand is 20-25 people for about 600 hectares. “It will just breed inequity in the system,” he added.

Moreover, some of the best mines in the country such as Bailadila are under the forest department. NMDC’s Bailadila deposits, with one of the highest iron content, produce about 22 million tonnes. “Does it mean we should stop the corporate social responsibility work that we normally do in the Bastar region?” asked an NMDC official.

Coal India Chairman Partha S Bhattacharyya, however, expressed support for the proposal. “It is an effort to promote distributive justice. In principle, we fully agree with the empowerment of people affected by mining projects,” he said.

Officials, on condition of anonymity, said implementation of this plan would put pressure on Coal India, which sells the fuel at government-regulated prices, lower than the market norm. “If the proposal is implemented, we may have to increase the price of coal, which will have an impact on the cost of electricity and other user industries. The government should keep this in mind,” the officials said. “It is important to recognise that coal mining is closely associated with the energy security of this country.”

Money handling

The deployment mechanics is also under suspicion. “We spend around ₹100 crore on an annual basis on corporate social responsibility. How will the funds be used? The BEE in South Africa (Black Economic Empowerment programme, on which this plan is supposed be based) hasn’t worked. Few people have got value out of it,” says Tata Steel’s group chief financial officer, Koushik Chatterjee.

Bhattacharyya says corporate social responsibility, which is undertaken by mining companies, can’t always be monetised. “Skill development for making people employable is also a cost. By that logic, maybe some companies already spend a considerable amount towards the local population,” he said.

The royalty paid by the companies, which is meant to be used for development of the region, goes to the Consolidated Fund of India. The obvious question is, if the scheme has failed to iron out development-related problems, why should the outcome of the District Development Fund be any different?

The amount that companies would have to shell out is staggering, but that is just one of the many problems. For metal companies, the accounting is likely to be complicated. “How will it be done? What will be the transfer pricing?” asked Sterlite’s finance director, Tarun Jain.
Plan panel favours upfront payment

NAMRATA ACHARYA
Kolkata, 27 September

The Planning Commission is not in favour of the profit sharing proposal mooted in the new mining Bill. Profit sharing might not be the best way to compensate people, as a company may have lesser profits or no profits, said Arun Maira, member, Planning Commission. "When the Bill comes for Cabinet approval, we will give our views," he said.

The Planning Commission is in favour of an upfront payment to land losers, which could be linked to the royalty to be paid by the company to the government for mining rights. The Commission has also suggested formation of local bodies with representatives of the government, the companies and the affected people to tackle compensation related issues.

"It is not a good idea to compensate the land losers on the basis of profits. A company may not make profit or declare it. We have suggested the compensation they pay should be fixed on the basis of royalty. This way, the issue of captive mines can also be addressed," said Maira.
Gold climbs new high at $1,300

Silver at 30-year high as investors also chase a cheaper alternative

London, Sep 27: Gold powered to a record high at $1,300 an ounce on Monday, with investors pouring more cash into the market on global economic health worries and the possibility of further quantitative easing to stimulate growth.

Silver, often considered the poor man's gold, rose to a 30-year high as investors also chased a cheaper alternative. The metal has gained nearly 30% this year:

Fund managers and industry experts say gold's rally has further to run in the longer term as it provides a hedge against inflation amid expectations that central banks worldwide could resort to quantitative easing to support their economies.

Spot gold firmed to $1,297.99 an ounce by 1336 GMT, after hitting a historic $1,300 an ounce and versus $1,295.60 quoted late in New York on Friday.

"Momentum is still very much in favour of gold," said Jesper Dannesboe, senior commodity strategist at Societe Generale. "I wouldn't dare go against it and definitely wouldn't want to be short, there's good appetite to buy," he said.

Bullion's rally accelerated last week after the US Federal Reserve signalled its readiness to pump billions of dollars into the economy through purchases of government debt, a process known as quantitative easing.

"Every country in the world is giving signals that it could print money...what else are you going to trust apart from gold," said Sean Corrigan, chief investment strategist at D'apason Commodities Management.

The Fed's statement had hit the dollar, which dropped on Monday to a five-month low versus the euro, offering further support for gold.

US gold futures for December delivery rose $2.1 an ounce to $1,300.10 an ounce, with a sight of an all-time high at $1,301.60 hit on Friday.

Industry experts see fresh highs for bullion. Delegates at the London Bullion Market Association annual conference forecast a price of $1,406 an ounce by September 2011.

The world's biggest miner of the yellow metal, Barrick Gold, said bullion could see above $1,500 an ounce next year.

Central banks capping their gold sales would be another factor to support the prices. On Monday, Germany's Bundesbank said it will keep its gold sales to a minimum in the next 12 months.

But for the shorter term, charts show bullion's rally might face resistance around $1,315-1,325 an ounce. "We don't call it a safe trade because everyone's has it now," Dannesboe said. "It's been running for quite some time, I believe a correction is due, he added.

Silver jumped to its highest in three decades at $21.61 an ounce. The world's largest silver-backed exchange-traded fund, the iShares Silver Trust, said its holdings rose to a record high at 9,613.02 tonne by September 24. Reuters