ILLEGAL MINING

Govt looking to table Shah report in current session of Parliament

BY RUCHIRA SINGH
ruchira.s@livemint.com

NEW DELHI

The mines ministry is likely to submit justice M.B. Shah commission’s report on illegal mining in Goa in the current session of Parliament, mines minister Dinsha Patel said on Thursday, adding that the ministry is not in favour of banning exports of the commodity to curb the menace.

“We have got the interim report. We are studying it. Within six months it has to be placed in the House,” Patel said after inaugurating an online reporting system for mining companies to make systems more transparent and to control illegal mining.

“We are trying our best to table it with the action taken report in this session of Parliament,” mining secretary Vishwapati Trivedi said, without disclosing the recommendations made in the investigative report.

Shah has recommended a complete ban on exports from Goa, according to a 16 March PTI report, a move that could bring the industry to a halt as majority of what Goa produces is consumed overseas.

“Our stand was we are not in favour of an export ban. It is still the same,” Trivedi said. He said the ministry did not have any data on the extent of losses arising from illegal mining.

The Shah commission, inquiring into the illegal mining of iron ore and manganese ore, has sought an extension of its deadline by a year, Trivedi said.

“Justice Shah has asked for a time of one year on the ground he has to receive some more information from state governments,” said an official in the mines ministry who didn’t want to be named. “Plus, there are many representations. These and state government documents are in local languages and need to be translated.”

The commission’s deadline is 18 May, 18 months after it was appointed in November 2010, when the sector came under scrutiny over accusations of bad practices, environmental degradation and violation of laws.

The commission has submitted two interim reports. In the middle of last year on the sector and another this month on Goa. In last year’s report, Shah had asked for an overall ban on exports and there is speculation that he has made the same recommendations in the Goa report as well. Mint has no independent verification of this.

The mines ministry official said Shah’s request for an extension of deadline is being considered by the government. The Goa report will be submitted to Parliament along with an action taken report, the official said. If the government agrees to a deadline extension, mining companies may see it as a reprieve, while campaign against the sector may regard it as a setback.

“In the short term, it looks like this could be a positive move for mining companies,” said Bhavesh Chauhan, an analyst at Angel Broking Ltd. “This year they are unlikely to see much volume growth and the new mining law could come. If the Shah commission report is delayed, one uncertainty would be ruled out for them.”

Any delay in Shah’s report will strengthen illegal miners, said Goa activist Ramesh Gauns, who is fighting cases against mining companies. “By the time the commission’s report is out and action is taken, people would have made crores of rupees and damaged the environment of Goa,” Gauns said.

India produced 212.6 million tonnes (mt) of iron ore in 2010-11 and exported 97.6 mt, data from Reuters show. Steel companies say the decline in the availability of high-grade iron ore and transport hurdles have choked supplies. A mining ban in Karnataka imposed by the Supreme Court last year is said to have brought down the availability of iron ore in a big way this year.
Steel, Mining Ministries Differ
On Benefits of Captive Allocation

MEERA MOHANTY
NEW DELHI

The steel and mining ministries have differed over the benefits of captive allocation in their views for the new mining bill.

The Mines and Minerals (Development and Regulation) Bill, 2011, widely discussed for its profit-sharing clause, seeks to introduce competitive bidding on known mineral resources. Cleared by a group of ministers, it is currently being debated by the standing committee on coal and steel.

The steel ministry has told the parliamentary panel that end users should be prioritised in mineral allocations and reservations.

The mines ministry has, however, questioned the very merit of captive allocation. It is promoting the concept of assured ore linkages. The idea is gaining ground as regulators introduce the way forward for selling mined ore in affected districts of Karnataka and Odisha.

The ministry of steel has urged protection for interests of value adders and end users industry, particularly in respect of minerals such as iron ore, which is a key steelmaking ingredient. It has also complained about captive mines not being assessed for existing steel capacities, something it claims the Planning commission’s Hoda Committee had recommended for capacities already up in 2006.

It has sought a one-time allocation of captive iron mines for adequate resources, particularly for existing plants in non-iron ore states, such as its own Visag-based RINL that has to buy iron ore from the market at a much higher price than the transfer price from captive means. “Not having captive iron ore and coal makes our steel expensive by Rs 800-900 per ton which steers steel from competition who have captive raw material. Against a raw material cost of 30% (for Tata Steel and SAIL) ours is as high as 76%,” said AP Choudhary, CMD, RINL.

The ministry of mines though believes grant of captive mines is not an optimal solution and often leads to sub-optimal utilisation of the entire grade of iron ore, especially fines for which there is little domestic demand. It’s also pointed out an increasing trend in states, considered owners of mineral resources, insisting on value addition (in granting mineral concession) irrespective of the economical viability of the downstream project. The bill, its pointed out, allows states the option of giving weightages to processing and mineral-based end users.

States such as Odisha, accounting for a third of India’s iron ore, have also earned notoriety for delays in land acquisition but for a few exceptions no greenfield project has taken off in Jharkhand. “These realities must be taken into consideration by the states,” said a senior official of one of the country’s largest metal players that recently grappled with such issues.

Defending Odisha, whose coastal, water, coal and iron ore have attracted Posco and Tata Steel, a senior official said “If you want to eat potatoes you’ll encounter no bones. But, if you desire Hills fish you must put up with the bones”. The official was simply comparing the benefits of withholding the process as no other states have the attributes that compare well against Odisha for setting up steel plants in their locality.

The ministry has been working on policies to encourage (beneficiation and pelletisation close to mines) and has thrown up idea of Ultra Mega Mining projects. "Our linkage rather than captive mining should be the paradigm for ensuring raw material security," it has told the Committee in a letter earlier this month.

The Central Empowered Committee helping the Supreme Court in its investigation of Bellary has suggested a similar mechanism, and even auctioning of all iron ore produced. When steel industry was in infancy and States with no alternative but to grant leases earlier prioritised value addition in their own interest.

But if the new bill allows for better realisation of minerals through auction, the states would have to rethink on value addition. Otherwise CAG could always question the windfall gains allowed to new lease owners,” said a concerned government official.

The steel ministry has also wanted reservation areas for PSUs to be retained, pleading "largely public interest" and claiming PSUs are modeled on "sustainable and holistic development”.

Government dispensation continues to be allowed for coal, under Coal Mines Nationalisation Act.

Such a provision, however, the ministry of mines believes, would not provide a level playing field particularly essential to the foreign direct investment. The Hoda Committee in fact had found the clauses being misused by States to stall private sector players, it has said.

PSU interests again have also been covered under techno-economic weightages credited to them in selection process.
GVK’s $1.26-b Hancock buy is ‘Asia deal of the year’

Our Bureau
Hyderabad, March 29

The GVK Group has received the ‘Asia deal of the year’ and the ‘Asia outbound investor of the year’ awards at the 8th annual Asia Mining Congress. The Hyderabad-based diversified infrastructure company was recognised for the $1.26 billion acquisition of Hancock Coal and Infrastructure, Australia — the biggest deal by an Indian company.

In September last year, GVK announced that it would acquire the coal and infrastructure assets in Australia’s emerging Galilee Basin from Hancock Coal.

The assets included 79 per cent of the Alpha coal deposits, 100 per cent of the Kevin’s Corner deposit and 100 per cent of the rail and port project.

Dr G.V.K. Reddy, Chairman, GVK said, “The recognition is a reaffirmation of our vision in transforming our company into one of India’s premier transnational.”

vrishi@thehindu.co.in
**PRICE CARD**

<table>
<thead>
<tr>
<th>METALS (₹/tonne)</th>
<th>International</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminium</td>
<td>2,138.0</td>
<td>2,597.6</td>
</tr>
<tr>
<td>Copper</td>
<td>6,480.5</td>
<td>9,853.8</td>
</tr>
<tr>
<td>Nickel</td>
<td>17,720.0</td>
<td>20,914.4</td>
</tr>
<tr>
<td>Lead</td>
<td>1,987.2</td>
<td>2,776.3</td>
</tr>
<tr>
<td>Tin</td>
<td>22,450.0</td>
<td>25,680.9</td>
</tr>
<tr>
<td>Zinc</td>
<td>2,070.7</td>
<td>2,490.3</td>
</tr>
<tr>
<td>Steel-HRC</td>
<td>656.0</td>
<td>864.6</td>
</tr>
<tr>
<td>Gold ( ₹/ounce)</td>
<td>1,661.4</td>
<td>1,711.0</td>
</tr>
<tr>
<td>Silver ( ₹/ounce)</td>
<td>31.9</td>
<td>34.4</td>
</tr>
</tbody>
</table>

**ENERGY**

| Crude Oil (₹/bbl) | 124.8         | 122.8 |
| Natural Gas (₹/MMBtu) | 2.2         | 2.3   |

**AGRI COMMODITIES (₹/tonne)**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>International</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>273.9</td>
<td>239.7</td>
</tr>
<tr>
<td>Maize</td>
<td>279.0*</td>
<td>236.2</td>
</tr>
<tr>
<td>Sugar</td>
<td>629.5*</td>
<td>584.2</td>
</tr>
<tr>
<td>Palm oil</td>
<td>1,150.0</td>
<td>1,263.9</td>
</tr>
<tr>
<td>Rubber</td>
<td>3,769.0*</td>
<td>3,881.3</td>
</tr>
<tr>
<td>Coffee Robusta</td>
<td>2,042.0*</td>
<td>2,286.0</td>
</tr>
<tr>
<td>Cotton</td>
<td>2,073.0</td>
<td>1,839.7</td>
</tr>
</tbody>
</table>

(Exchange rates: 1 euro = ₹72.13, 1 US dollar = ₹55.40)

**BALTIC EXCHANGE INDICES**

<table>
<thead>
<tr>
<th>Date</th>
<th>Baltic Dry</th>
<th>Baltic Supramax</th>
<th>Baltic Panamax</th>
<th>Baltic Capesize</th>
<th>Baltic Handysize</th>
<th>Baltic Clean Tanker</th>
<th>Baltic Dirty Tanker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 28, 12</td>
<td>922</td>
<td>1054</td>
<td>1040</td>
<td>1361</td>
<td>566</td>
<td>842</td>
<td>921</td>
</tr>
</tbody>
</table>

**ELECTRICITY TRADING AT IEX**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market price in ₹/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1330</td>
</tr>
</tbody>
</table>

Notes:
1) International metal prices are FOB spot price and domestic metal are indent price ex-India.
2) International crude oil is Brent crude and domestic crude oil is Mahul bitumen.
3) International coal is thermal coal and Indian coal is Mahul bitumen.
4) International sugar, crude oil, and coffee prices are IFIE future prices of nearest month contract.
6) European wheat, maize, and cassava are IFIE future contracts.
7) International cotton futures on NCDEX cotton F&O.
8) International cotton spot in cotton F&O.
9) International metals, Indian basket crude, Mahul bitumen, wheat IFIE and coffee futures are delivery contracts to the nearest delivery period.

Compiled by BSE Research Department
Shah panel on illegal mining given year-long extension

PNS NEW DELHI

Government has given a year’s extension to the Justice M B Shah Commission, which is currently probing the menace of illegal mining, as it has managed to visit just two states - Goa and Orissa - even as its deadline was set to expire in May this year.

According to a Mines Ministry official, the eight-member panel headed by the retired Supreme Court judge, had sought an 18-month extension initially, as out of the mandated six states, it has been able to visit just Goa and Orissa, ever since it began work in November 2010. The commission is also supposed to visit mineral-rich states like Karnataka, Andhra Pradesh, Jharkhand and Chhattisgarh.

The official confirmed that the commission has been given a year-long extension and therefore technically, the panel would submit its final report to the Mines Ministry by May 2013.

The panel in the last 16 months has been to Goa and Orissa twice and recently submitted a preliminary report on Goa to the Centre. Mines Minister Dinsha Patel has said that his ministry, after going through this preliminary report, would submit a primary report to the Parliament within six months.

Official sources said that a preliminary report on the panel’s Orissa visits is also expected to be received soon.

Amid growing menace of illegal mining of iron ore as well as manganese, the Centre had set up the commission in November 2010, which was mandated not only to visit the six mineral-rich states to probe illegal mining, but is also supposed to recommend measures to curb it and suggest a way forward towards conserving precious natural resources.

The panel in its interim report (given to the Mines Ministry in July last year and which Patel had also tabled in Parliament) had recommended a total ban of illegal mining as well as export of iron ore and manganese ore, reasoning that profit being generated from sending precious minerals to other countries was the main reason behind the menace.
CEC stands by its stance on mining

NEW DELHI: The Supreme Court-appointed Central Empowered Committee (CEC) on Thursday reiterated its earlier stand that no new mining leases should be granted in Bellary, Tumkur and Chitradurga districts in Karnataka unless rehabilitation plans for the existing leases were executed.

The committee also maintained that the combined iron ore production from the mines should not exceed 30 million metric tonnes.

The CEC, which prepared its report after considering 65 representations on the classification of mining leases into 'A', 'B' and 'C' categories by a joint team, found “merit” in contention of four miners only. But the committee did not change the classification.

"The CEC has recommend a series of remedial measures including a cap of 30 MMT on the total production of iron ore for all the mining leases in the three districts," the committee said.

"It is imperative that any new mining lease should be considered only after the reclamation and rehabilitation plans (R&R) of the existing mining leases are successfully implemented and based on the existing infrastructure facilities and carrying capacity of the area, grant/operation of new mining lease in an environmentally sustainable basis is found to be feasible and in public interest," adds the committee said. The Special Bench headed by Chief Justice S H Kapadia is likely to take up the CEC's report on April 13. The matter has been adjourned to enable the parties to respond to the report.

The committee, in its report, noted down the representation by Samaj Purivarta, a non-governmental organisation, challenging 'A' category classification awarded to lease holder, R Praveen Chandra, who also held another lease, alleging that the directors of these two companies were close relatives of erstwhile Karnataka chief minister B S Yeddyurappa.

DH News Service
Growth worries cap gains in copper

Bloomberg
London, March 29

Copper was steady on Thursday, after a 2 per cent fall the previous session, and was on track for a 10 per cent increase this quarter, although doubts over demand in China and over the pace of economic recovery in the US made investors cautious.

Benchmark copper on the London Metal Exchange (LME) traded at $8,330 a tonne in official rings, little changed from a close of $8,349 on Wednesday.

The red metal is now on track for a 10 per cent increase this quarter after having risen as much as 15 per cent in February. Tin, the best performing metal so far, was on course for a 17 per cent quarterly increase, zinc for a 8 per cent rise while aluminium was up 6 per cent on the quarter. Prices of zinc overtook lead this month for the first time since September 2011, reversing the traditional relationship, despite ballooning LME zinc inventories.

Zinc, untraded in rings, was bid at $1,991 from $2,000 at Wednesday's close while battery material lead traded at $1,077.5 from a last bid of $1,086 on Wednesday.

Tin traded at $22,425 from $22,425 and aluminium, untraded in rings was bid at $3,146 from $2,396. Nickel, also untraded in rings, was bid at $17,460 from $17,575.
Adani to add 17 ships for ₹3,400 cr

ADANI Enterprises may spend close to ₹3,400 crore for adding as many as 17 more ships to its current fleet by 2020. The company, which owns two vessels for ferrying fuel from its overseas coal mines, acquired one more ship for the purpose. The firm aims to buy at least two ships every year for the next eight years, sources said.