GOVT'S BGML REVIVAL PLAN HITS A RICH VEIN OF CONTROVERSIES

For former employees, there is still a pot of gold at the end of the Kolar rainbow — if only the govt allows them to look for it.

The govt has delayed implementation of its own decision to hand over the assets to the employees' unions. Its false promises amount to betrayal of BGM employees.

WHAT THE MINISTER SAYS

Minister for Mines B K Handique has said his ministry had sought Cabinet approval to revive BGML by making it an arm of Nalco. The mines ministry has chalked out a plan by which Nalco will bag all the assets.

WHAT FORMER EMPLOYEES SAY

The mines, when they were closed in 2001, the employees had suggested the government import technology to extract gold from tailings. But, the government showed no interest.

Y. V. Arunraj former mine manager

The matter remains unresolved.

"The government has delayed implementation of its own decision to hand over the assets to the employees' unions," says Dr.发现自己。

The government's new plan, handed over the mines to Nalco — if true, it contradicts the government's decision to hand over the mines to Nalco. It is generally believed that handing over the mines to Nalco will prove a new beginning for the workers.

The matter now awaits the decision of the central government. The matter is now pending before the Cabinet Committee on Appointments (BCC) for further action.

The Geological Survey of India and Mineral Exploration Corporation Ltd. have also suggested that the government import technology to extract gold from tailings.
Hind Copper FPO in Nov-Dec

NEW DELHI: State-owned Hindustan Copper may hit the capital market in November-December with its 20% share sale offer, which could raise an estimated ₹4,000 crore, mines minister BK Handique said on Wednesday. "Hindustan Copper FPO is to come in November. Let’s see, may go to December," Mr Handique told reporters here. Hindustan Copper, on Monday, filed draft prospectus with Sebi for follow-on public offer for selling 18.39 crore equity shares.
Hind Copper gets prospecting licence in Rajasthan

Our Bureau

Kolkata, Sept. 29

Hindustan Copper Ltd (HCL) has obtained a new prospecting lease for a copper deposit in Rajasthan. The Rajasthan Government, following approval from the Union Ministry of Mines, officially granted the lease on Tuesday for Baniwali Kidihani, spread across an area of 36.0738 sq km. The deposit is located in Sikar district, 50 km south of HCL’s existing unit at Khetri Nagar.

A preliminary survey by the Geological Survey of India has indicated mineralisation of copper and other associated metals in the lease area.

HCL, which this week filed a draft red herring prospectus with SEBI for a follow-on equity offer, had applied for the lease and in May this year the Rajasthan Government had recommended grant of the PL.

The state-owned integrated copper company currently holds all operating mining leases and its lease rights cover more than 618 million tonnes spread across Rajasthan, Madhya Pradesh and Jharkhand. The annual current ore production is 3.2 million tonnes.
PSU divestment target on track, says government

Hopes to mop up funds to the tune of Rs 40,000 cr in current fiscal

NEW DELHI: Against the backdrop of ongoing buoyancy in the stock market, the Centre, on Tuesday, expressed robust optimism over achieving the target of mobilizing funds to the tune of Rs 40,000 crore in the current fiscal through Public Sector Undertaking (PSU) disinvestment.

“We are quite confident of achieving the target of Rs 40,000 crore through disinvestment exercise as proposed in the Budget 2010-11... There is enough appetite in the market,” Department of Disinvestment Secretary Sumit Bose told reporters here.

He indicated that disinvestment in many blue chip PSUs including cash rich oil firms like Indian Oil Corporation (IOC), Oil and Natural Gas Corporation (ONGC) and large size PSUs like Steel Authority of India Limited (SAIL) and Coal India Limited (CIL) would be carried out in the current fiscal 2010-11. “Efforts are on for disinvestment in the IOC and ONGC this year too,” Bose said.

In a bid to give a big push to the ongoing PSU disinvestment exercise the government has already approved two-pronged disinvestment in state-owned steel major SAIL to raise funds to the tune of Rs 16,000 crore by selling its equity and issuing fresh shares to the public.

The Cabinet Committee on Economic Affairs (CCEA) has approved the proposal for raising additional equity by the SAIL to the extent of 10 per cent of the paid up equity and divestment of government’s holding in the steel major by 10 per cent through offer for sale to be carried out in two separate tranches. Currently government holds 85.82 per cent of equity in the SAIL.

The CCEA has also approved offloading of 10 per cent equity each in state-owned Coal India Limited (CIL) and Hindustan Copper Limited (HCL).

At present, the paid up equity capital of the CIL is Rs 6316.26 crore and the government holds 100 per cent of the equity in the company.

Currently, the government holds 99.9 per cent stake in Hindustan Copper and after the stake sale it would drop to 61 per cent. The stake sale is estimated to raise Rs 4000 crore.

Besides, the government plans to sell 5 per cent stake in ONGC and 10 per cent in Indian Oil Corp (IOC) to raise about Rs 25,000 crore this fiscal.

Petroleum Secretary S Sundaresan has recently revealed that the Petroleum Ministry has received a note from Department of Disinvestment saying that the Department has the approval of the Finance Ministry for divestment of government stake in ONGC and IOC.

Besides, the Cabinet has already given its nod for government’s stake sale in Power Grid Corporation and Manganese Ore India Limited.

As such the PSU disinvestment is overwhelmingly being expected to get a major boost this fiscal with the Cabinet decision that all listed profitable PSUs should have a public holding of at least 10 per cent and all profitable unlisted Central PSUs should be listed.

DH News Service
The Union mines ministry has said its profit sharing plans are not focussed on any corporate houses like Tatas and Jindals, but aims at providing compensation to the people displaced by mining projects. “We are not interested in any individuals like Tatas and Jindals, in particular. Miners should adequately compensate the people displaced, that is what we want from the proposal of profit sharing (part of new mining bill),” mines minister BK Handique told reporters here. The minister, under whose regime the work on a new mining Bill was initiated, also opposed steel minister Virbhadra Singh’s demand for concession to PSUs in the proposed law.
Hind Copper FPO in Nov-Dec: Handique

State-owned Hindustan Copper may hit the capital market in November-December this year with its 20% share sale offer, which could raise an estimated Rs 4,000 crore, Mines Minister B K Handique has said.
Sterlite Industries: String of bad news

The recent Madras High Court order comes as a jolt for the company, which was already reeling under a spate of bad news.

After being denied environmental clearance for the ₹8,000-crore bauxite mining project in Orissa in August, the UK-based Vedanta Group received another setback on Monday, as Sterlite’s Tuticorin copper smelter plant was directed to shut operations by the Madras High Court due to environmental concerns.

This is a major jolt to the company, as it undermines its plan to become an integrated aluminium player. The Tuticorin plant had around 400 ktpa (kilo tonnes per annum) of copper smelter capacity. Sterlite had undertaken plans to double this, besides setting up a 160-Mw captive power plant, which was to be commissioned by mid-2011. The outlay for the expansion stood at ₹2,300 crore. Some of this investment has already been made. Besides losing production, Sterlite will have to pay its employees 16 days’ wages for every year of service, according to the court order.

On the earnings front, analysts at Prabhudas Lilladher anticipate a 15 per cent impact on 2011-12E earnings (₹31,830 crore) if the decision is not revoked. Analysts have not provided immediate earning downgrades given the favourable rulings on litigation related to clearances for plants in the past. Motilal Oswal had expected Sterlite’s revenues to grow at a compounded annual rate of 35 per cent over 2010-12. This is now at risk. The stock has corrected around 23 per cent since the beginning of 2010 on various concerns, of which the bauxite mining setback is the latest. Earlier, the energy arm’s long-term power sales agreement with Vedanta Aluminium was not welcomed, as it undermined the other lucrative opportunities in the merchant power market.

Disproportionate capital that had been deployed from Sterlite Industries’ balance sheet into an associate company through inter-corporate deposits at the start of the current financial year had also worried analysts. The stock ended 8.5 per cent lower on Wednesday at ₹161.5.

PRIYA KANSARA PANDYA AND UJJVAL JAUHARI
SILVER MAY GIVE LESS RETURNS, SWITCH TO GOLD: EXPERTS

DILIP KUMAR JHA
Mumbai, 29 September

A sudden rise in the price of silver has ensured the grey precious metal now offers little opportunity for investors, say market experts. The reason: The price spike has pulled its ratio with gold below the normal level of 60. In relation to silver, gold offers an enormous opportunity, until the ratio further rises to 70.

Investors in precious metals always look at the ratio between silver and gold, as both are considered safe-haven investment options and offer the same hedging opportunity. Silver’s ratio with gold, which has reached below 60 for the first time after October last year, hints the investment is skewed towards gold. As a consequence, gold has further upside potential.

With silver hovering at $21.9 an oz and gold at $1,311 an oz, the ratio is 59.86. The logic behind the ratio digit could be related to the silver reserve. When gold trades at $500 an ounce and silver at $5 an ounce, traders refer to a gold-silver ratio of 100. Today, the ratio floats, as gold and silver are valued daily by market forces, but this wasn’t always the case. The ratio has been set at different times in history and in different places by governments seeking monetary stability.

Historically, an all-time high ratio of 100 in the early 1990s took silver from $3 to $8, an almost 200 per cent increase. Similarly, in 2003, when the ratio was near 80, prices jumped 100 per cent from $4 to $8. In 2009, the ratio came close to 70 and silver moved from $10 to $16, a rise of 60 per cent. Until the first fortnight of June, the ratio came close to 71 and silver rose to the current level of $21.9. On all these occasions, silver gradually cooled in proportion to gold. This time, the fundamentals are favourable towards gold.

"Silver has already overheated. Now, investment opportunities are more in favour of gold," said Tarang Bhansali, an analyst with India Infoline Ltd. Silver has been regarded as a precious metal due to its historic connection with currencies and its lingering jewellery market. However, demand from jewellery, coins and medals comprises less than 30 per cent of the aggregate demand; this is 80 per cent in case of the big brother, gold.

Against a negligible 0.03 per cent rise in silver demand at 889 tonnes in 2009, fabrication demand recorded a decline of 11.9 per cent to 728.8 million oz due to the global financial crisis and reflected a sharp drop in industrial off-take to its lowest level since 2003.

The metal’s investment demand showed a sharp increase of 184 per cent to 136.9 million oz in the same year. With the recent spark in gold prices the result of a weak dollar, the yellow metal has recorded a 19.5 per cent gain so far this year, while silver has gained 29.7 per cent.

Participants at the London Bullion Markets Association conference on Wednesday forecast gold prices would rise to $1,450 an oz next year. An increase to this extent will mark a 10.6 per cent rise from the current level. Participants also said silver prices would rise to $24 an oz by next year.
Act on the lessons from Niyamgiri elsewhere too

ANDHRA Pradesh seems to be a blind spot in the Centre's policy on land acquisition and the environment. Mail Today's story on the plan to make the port city of Krishnapatnam in Nellore district a 'power hub' shows the duplicity of the government's approach.

As many as 21 thermal power projects with a combined capacity of 21,284 MW are coming up in and around Krishnapatnam, which could turn it into an ecological time bomb. With 17,540 acres of land required for these projects, it is no surprise that farmers are up in arms.

It is difficult to believe that this is the same government which displayed sensitivity to environmental concerns and the interests of the local community by scrapping the Vedanta project in Niyamgiri. Clearly, it is under pressure from powerful elements in Andhra Pradesh's political class. This is evident from the selectively pro-active approach of Environment Minister Jairam Ramesh, who is a Rajya Sabha MP from the state.

The Andhra government's record on land acquisition has been particularly dubious with the power projects at Polavaram and Sompeta also coming under attack.

The argument that the projects in Krishnapatnam are central to the development of the state rings hollow as all of them except the AP Genco project are merchant power plants which can sell their power anywhere. Interestingly, even the AP Genco project was initially scrapped by the then Chief Minister YS Rajasekhara Reddy, allegedly to favour a project promoted by a Congress MP. Sadly, no lessons seem to have been learnt from Bhopal as vested interests rather than concern for people and the ecology continue to shape government policy.
World copper prices soar on Sterlite plant closure

Reuters

NEW DELHI: Wednesday’s closure of Sterlite Industries’ Tuticorin copper smelter — the world's ninth largest — following a Madras High Court order on environmental concerns, pushed international prices of the metal to a five-month high during the day.

The Tuticorin plant produced over 334,000 tonnes of copper cathode in the year to March 2010, almost half of India’s total output of more than 683,000 tonnes. “The copper market was already looking tight, this will only add to that sense of market tightness,” said David Wilson, analyst at SocGen.

Three-month copper on the London Metal Exchange rose to $8,038 (£5,60,906) a tonne, its highest since mid-April, before declining to $8,019 (£5,60,053).

Sterlite exported 127,095 tonnes of copper in the year to March 2010, according to its annual report, and is the leading supplier to the domestic market with sales of 206,149 tonnes in the year to March 2010 — a record. It had planned to double copper smelting capacity to 800,000 tonnes per year at the Tuticorin site to take advantage of India’s growth.
PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

ADANI TO SPEND $4 BN ON AUSSIE MINE
Aims to develop mine, rail-port infrastructure for evacuation of coal

ARJIT BARMAN
Mumbai, 29 September

A
fter completing its big-ticket acquisition of an Australian coal asset from Linc Energy, Adani Enterprises will now make an additional investment of $3.5-4 billion ($15,700-18,000 crore) to develop the necessary mining infrastructure and logistics, including a rail link and a coal terminal in a port facility. This combined investment of over A$6.5 billion (over 28,000 crore) will make it the largest coal sector investment in Australia.

In August, Adani — India’s biggest coal importer — agreed to pay $2.7 billion ($12,500 crore) in a cash and royalty deal for the coal asset in the Galilee Basin of Queensland, Australia, which has one of the largest high-grade thermal coal deposits, at 7.8 billion tonnes.

To begin with, there will be open-cast mining. But, eventually, the mining will go underground. On an average, for a 30-million-tonne per year extraction, the mining development cost is typically around $1.5 billion (over 6,700 crore). Adani will start at that level, but will ramp it up to 30 million tonnes a year. So, that should be a $2.2-billion (nearly 10,000-crore) capex, according to officials involved in the process.

“It would not only be the largest producing mine in Australia, it would be one of the largest in the world,” said Harish Mishra, president (corporate planning), Adani Group in Australia. Adani’s spokespersons, however, did not respond to Business Standard’s queries about the company’s evacuation plans.

Challenging task
Logistics will be a critical challenge. Adani’s Galilee tenement is about 100 km north of Alpha in central Queensland. But, at the moment, there is no infrastructure connecting the Galilee Basin to a port.

The test that Adani’s team faces is that cheaper rail routes are all linked to coal terminals in ports which are fully occupied. So, expanding the existing port facility is one option and Adani is indeed following that seriously, but so are other miners. Or else, Adani will have to invest in the longer rail routes, either alone or in consortia.

From Queensland, there are five port options — Brisbane, Maryborough, Gladstone, Hay Point and Abbott Point. But for Adani, to ship coal out from Australia, the last two choices are the best bet.

From Queensland, there are five port options — Brisbane, Maryborough, Gladstone, Hay Point and Abbott Point. But for Adani, to ship coal out from Australia, the last two choices are the best bet.

Adani has received permission from the local port authority to do a feasibility study to construct its own port and coal terminal at Dudgeon Point, as part of an expansion programme of the port of Hay Point. It will have to spend over 600 million (nearly 2,700 crore) on a coal terminal alone that can handle their load factor.

There’s competition, too
This proposed site is very near to Dalrymple Bay Coal Terminal (DBCT) and Hay Point, being run by BHP Billiton and Mitsubishi together as captive terminals. But both BHP and DBCT have also shown interest in additional coal terminals as they need excess terminal capacity for their operations. Their current captive terminals are fast reaching their peak as BHP is increasing annual production.

If Adani does finally get selected, then it will be a cheaper and easier logistical route and they will only need to invest in a 150-km stretch to Clairmont from their mine site where they have no rail linkage today. From that point onwards till the port, there are existing rail links used by others and only additional lines will need to be put in. The total combined investment will then come down, giving the Adani considerable leg room.

The other option is the port of Abbott Point, which has considerable excess capacity to handle the extra load. But to access that, a 500-km railroad needs to be built at an estimated cost of $3 billion (nearly 13,500 crore). Adani plans to mine around 52-60 million tonnes of coal every year to bring it to India and use some for trading, with operations beginning in 2014.

While Adani would only pay A$500 million ($2,100 crore) as an upfront cash payment, the rest is payable as a A$2 (41.60) per tonne royalty for the first 20 years of production from the mine.

Instead of depending on one miner to foot the bill, the local authorities have asked some of the other big mining companies in the region, like Warahie Coal or Hancock, to form a joint venture SPV and co-invest in the rail road.

“Future of mining is in setting up the infrastructure. But Indian companies need to invest in competencies in building mining related infrastructure like specialised railroads, storage facilities, ports and terminals,” Adani. Also, we may have the hard tools, but, softer elements are equally critical. Do we need to know the local environmental, regulations, its people, politicians, just like the Chinese have done in Africa?" asked Prasad Bajaj, senior metals and mining analyst with Edelweiss.
Silver shines at new high

MUMBAI: If you are tempted by gold and silver trading at their highs, and want to invest, this could be the time to enter in precious metals, say experts. They forecast upward movement in the prices of both metals to continue in near future.

Silver rocketed to a new record high within a striking distance of the psychological ₹34,000-mark. Silver hardened by ₹70 per kg to end at ₹32,905 from overnight closing level of ₹33,195, while gold spurted by ₹145 per ten gram to finish at ₹19,255 on Wednesday in Mumbai bullion market.

"I do not see any major correction happening in the prices in near future. One can invest at these level keeping long term of 3-5 years in mind," says Surya Bhatia, principal consultant, Asset Managers.

The sentiments at the World Gold Council are bullish. "The economic indications are all in favour of the gold prices and the current prices are expected to stay. In future too it is expected to surge further," said a spokesperson at WGC.

"Of course, the gold prices will go higher," says Ritesh Jain, Head, Fixed Income, Canara Robeco. "I see the price peaking to ₹1,400 between January and March. Currently investments from FIIs are fuelling the surge," he adds.

"Demand for gold and silver will go up in short term especially around the festival reason," said Alex Mathew, research head, Geojit BNP Paribas Securities.
NEW AGENCIES MAY MONITOR PROMISES OF MINING FIRMS

Proposal mulled as part of new competitive bidding guidelines

SUDHEER PAL SINGH
New Delhi, 29 September

To ensure mining companies comply with the newly proposed stiff tribal compensation regime, the government is considering a proposal for agencies at the state level to monitor financial commitments from them towards local welfare measures.

The move to set up a ‘Local Area Development Authority’ in every state is likely to be part of the new competitive bidding guidelines to implement the captive coal block auction regime. “This is one of the proposals the ministry is considering under the new guidelines. The idea is to ensure lease holders take steps for welfare of those displaced,” said a senior official from the ministry of coal.

Asking the miners to commit a share of their profits – at least five per cent – for mining projects for local area development is under consideration of an inter-ministerial committee finalising the competitive bidding guidelines.

Competitive bidding will replace the current practice of allocating blocks to the private sector for notified captive use based on recommendations of an inter-ministerial committee. The new system is expected to induce “transparency and objectivity” in the block allocation process.

The proposal to auction coal blocks was mooted for the first time over two years before. Parliament approved an amendment in the Mines and Minerals (Development and Regulation) Act, 1957, in the recent monsoon session of Parliament. The Bill is awaiting presidential assent.

The state-level Local Area Development Authority would closely monitor the activities in this regard undertaken by leaseholders in the project-affected area. They are also likely to oversee the Mineral Development Fund in which the bid amount from mining companies would be collected during auctioning of blocks.

No unanimity

While the details of these guidelines have not been formed, there are demands from some states that such bodies should be constituted under the chairmanship of the divisional commissioner, where the collectors of the districts concerned, MPs and MLAs of the area may be associated. There are differences of opinion among states as to the utility of such state-level bodies and the ministry could leave the final decision on the matter to state governments, the official informed.

In a recent meeting with coal minister Sri Prakash Jaiswal to discuss the report of the parliamentary standing committee on coal and steel on the new mining legislation, most state governments had supported the proposal.

“The Local Mineral Area Development Authority should be constituted. The amount earmarked by the mining companies should be placed at the disposal of the proposed authority,” Komal Jhangel, parliamentary secretary in Chattisgarh, had said. Chattisgarh alone accounts for around a tenth of the overall 7.28,000 crore of mineral production during 2009-10.

Tamil Nadu, which accounts for four per cent of the country’s overall worth of mineral production, supported the proposal on similar lines. “The institution of a Local Mineral Area Development Authority should be welcomed, as the existing bodies may not be able to manage this responsibility,” said Mythili Rajendran, deputy secretary, industries.

A few states, however, are not in favour. “There is an already established authority with specific delegated power in every district responsible for developmental activities. Hence, establishment of another authority may lead to encroachment of jurisdiction and this may also place additional financial burden on the state exchequer,” Assam’s minister for mines and minerals, Khorsing Engti, had said.

Experts voice similar opinions. “Setting up any new agency is not required, as most states already have mineral development corporations. The government should set up standing committees or working groups with wide representation, including members from the local area, non-government organisations and industry, too. It should not be a pure government body and it should meet at least four-five times in a year with a long-term mandate,” said Amit Pandharangi, executive director, PricewaterhouseCoopers.
Miners cry foul on profit-sharing

26% rule to hit CSR spends

NEW DELHI: The implementation of 26 per cent profit sharing clause with people displaced by mining activities proposed in the new mining act was likely to have an adverse impact on corporate social responsibility spends. Miners, including public sector undertakings, have said that they would be forced to cut costs and maintain profitability.

Metals and mining sector is one of the most aggressive industries as far as CSR spending is concerned, with an industry average of around 2 per cent of profits earmarked for the purpose. That, however, may see a complete nullification.

“NS 61E will definitely have a bearing on future CSR spends,” said R.K. Sharma, secretary general, Federation of Indian Mineral Industries. “Snatching 26 per cent of net profit will sap a miner of his energy and entrepreneurship and deprive him of the surplus required to plough back in the development of his mine, further exploration and scientific extraction.”

Government-owned companies such as Steel Authority of India Ltd, Coal India Ltd and National Mineral Development Corporation have traditionally been more pro-active in CSR. This has been the primary reason for the steel minister to lobby for concessions for PSUs.

“PSUs have been investing in tribal areas long before it became fashionable to do so,” said a senior SAIL executive. “If our expendable surplus is reduced, it will translate into a resource crunch for us and our CSR activities will suffer. I doubt if state governments will be able to match what we have been doing for the society with the revenue generated from the new mining act.”
Growth is in the East, but the challenges are plenty

Recent data on Indian economy provide ample ingredients for an optimistic projection. GDP growth of 8.0 per cent, industrial output growing at 11.4 per cent, investment and saving ratio at around 33-34 per cent are good indicators. To experience a GDP growth of 8-8.75 per cent in FY10 amidst the global recessionary trend, rising unemployment, burgeoning fiscal deficit and rising public debt in the major economies of the EU, the US and Japan, is a testimony of successful economic management facilitated by good monsoon.

Steel Consumption
This fundamental strength of the economy is at the backdrop of an estimated 6.30 per cent demand growth for steel to take steel consumption in the country from the current level of 82.8 million tonnes (mt) to around 97 mt in 2010-11 and 104 mt in 2011-12. The World Steel Association has projected steel consumption (including alloy and stainless steel) to grow at 8.2 per cent in 2010 on the assumption that fixed capital investment would grow at 9 per cent (constant prices) with construction sector and auto sector rising at a rate of 7 per cent and 15 per cent respectively. Even considering the risk factors such as probable decline in output of manufacturing sector resulting out of higher level of imports of power equipment, construction equipment and slow progress in commencement of various infrastructure projects (including mining, steel, roads, railways and ports) due primarily to lack of availability of long term funds and rigidity in the current policy guidelines, the projected demand growth is still likely to...
of various infrastructure projects (including mining, steel, roads, railways and ports) due primarily to lack of availability of long-term funds and rigidity in the current policy guidelines, the projected demand growth is still likely to materialise in the coming years.

CAPACITY ADDITION

Taking into account all the ongoing projects (brownfield) without any delay in execution, it has been officially assessed that current installed capacity of 73 mt is going to reach approximately 110 mt by 2012-13 (excluding greenfield expansion). This implies an addition of around 37 mt in the next two and half years which by all counts is a tall order. A postponement of at least by one year is plausible. The availability scenario, therefore, till 2013-14 is likely to take care of the emerging demand till March 2014. It has also been observed in the past that any discrete jump in steel availability in any particular year would generate fresh demand for steel in the domestic market subject to its matching of quality specifications with a competitive price thereby substituting a part of imports.

EASTERN CHOICE

It is imperative to mention that out of the incremental addition of around 37 mt in fresh availability of steel in the next two and half years, capacity additions by SAIL (12 mt), Tata Steel (3.2 mt), totalling nearly 15 mt of steel are coming up in eastern region. Due to proximity of raw material sources as well as having the large coastal belt, the eastern region became the most popular and talked about prospective place to invest and create steel capacities. Earlier a number of other private entrepreneurs had signed MoUs for setting up steel plants with the respective State Governments in Orissa, Jharkhand and West Bengal. Most of them have also applied for mining leases for iron ore and coking coal. Failure to obtain ownership of land, mines and establish raw material linkages has led to these MoUs being non-starters.

LAND ISSUES

Specifically the declared investment of Rs 40,000 crore by ArcelorMittal for its 12 mt plant at Keonjhar, Orissa, and another of similar volume at Paradip, Orissa with Rs 54,000 crore investment by Posco have become uncertain. This has led to alternative sites being selected by
now widely recognised that loss of agricultural land ownership cannot be compensated by one-time lump-sum payment.

COMPENSATION
The compensation package, besides an initial payment must include a regular flow of income to make up for loss of future earning. This may be in the form of equity share in the plant/unit and/or regular employment for one member of each household or an annuity payment of an assumed period of, say, 33 years. The discounted value of future movement of market price under a long time framework can be worked out.

It has been proposed in MMDR Act that 26 per cent of the profits earned by the firm having obtained ownership of mines are to be spent on giving equities to the displaced persons or paying the annuity for a long time period.

All these reflect that engagement with the people uprooted by the new construction as well as the local population including the affected tribal population must form an essential component of the land acquisition policy. Royalty rates long overdue for revision have been proposed to be raised.

VALUE ADDITION IN STATES
Value addition within the state is to be accorded preference in allocation of mines. This is being debated as it runs counter to the spirit of federal structure of the country. The proposed plant by JSW at West Bengal (Salboni) using iron ore supplied from mines in Orissa has faced problems. However, it also involves cases where the plant set up in Orissa uses iron ore from mines allotted in Orissa, but exports the entire product of semi-finished steel rolled by the plant to feed its finishing mills abroad, a part of which may come back subsequently to India in the form of imports. This negates the very spirit of the concept of value addition within the State, but otherwise makes immense economic justification for the plant concerned, whose rolling mills abroad are in dire need of billets/slabs as well as the scarce raw material sources.

ECO, FOREST CLEARANCES
Environment and forest clearances take long years and in some cases it has taken more than 10 years. At present the tribal-habituated areas housing the mines are difficult to get as the recent case of rejection of Vedanta proposal has proved.

The availability of water for running the steel plant is becoming a major issue in view of drying up of existing riverbeds and more demand for purified drinking water to serve the growing population. A complex situation has arisen as Posco has been given a “go ahead” sign for its 12-mt steel plant near Paradip port and the Jadugadi river, while Orissa High Court has rejected State’s recommendation of a prospecting licence (exploration) for iron ore mines at Khandalgar in Sundargarh district. This implies further delay in project commencement unless the alternative linkage of raw materials is worked out.

LAND DIVERSION
Questions are also being raised about the possible diversion of a part of land for real estate purposes as there
is no benchmark available at present on the actual requirement of land for a 3-million-tonne plant. This has to be calculated and norm can be established based on the various facilities including Pellet/ Beneficiation plant that a modern steel plant has to plan for.

Utilisation and development of captive mines (both of coal and iron ore) by the public and private sectors are being looked into. Keeping these assets idle at present must be justified on the basis of a firm year-wise action plan for the coming years.

MINISTRY’S ROLE
The eastern region would mark a surge in steel availability in the next two/three years from the ongoing brownfield expansion of the major steel plants. A complex set of policy issues are involved concerning raw material availability, granting of leases and the methodology thereof, compensation and rehabilitation of the people uprooted from the land, water availability, transport linkages in the form of rail, roads and ports for movement of raw materials and the finished products. As these involve various wings of the government, the Ministry of Steel can act as a catalyst and facilitator to find a long-term solution to these issues. Recent experience, however, is not very encouraging as the Steel Ministry has to navigate with utmost skill and strategy while dealing with various wings (Coal, Mines, Environment and Forest, Railways, Law etc) of the Central Government and the State Governments of Orissa, Jharkhand, Chhattisgarh and Karnataka.

GREENFIELD GROWTH
Beyond 2012-13, after the completion of the ongoing brownfield expansion, fresh steel availability through the greenfield route has to be ensured to cope with the increasing demand from the various critical sectors of the economy. Almost all the major steel producers – SAIL, Tata Steel, JSW, JSPL, Essar Ispat as well as ArcelorMittal, Posco, Bhusan – would have to work out innovative strategies which have a mass appeal and can instil commitment and involvement of the local population.

The engagement with the local population as a major stakeholder in the new plant needs to be reflected in various welfare schemes under Corporate Social Responsibility in the form of education institutes, health centres and hospitals, community halls, dwelling houses, roads, bridges etc. in and around the neighbourhood areas. The local population must feel the new unit as their own and to be involved in its continuous development and growth.

There are many instances in India and other countries where the basic development of infrastructure such as land, water, power, road and rail connectivity were taken care of smoothly with a joint effort by the unit concerned and the Government. The times have changed and each issue has become complex and interwoven. It would be pathetic to prove to the outside world that industrial development under the biggest democracy is mired in controversy and therefore most difficult. This has to be taken as the single biggest challenge of indiustrialisation facing the country today.

(The author is the Director-General, Institute for Steel Development and Growth (ISDAG), Ministry of Steel, Government of India.)
वेदांत रिसोर्सज को एक और झटका

ओएनजीसी ने मांगी केवर्स-वेदांता सीडे पर कानूनी राय

वाई फिलिय, श्रेयाय: सर्वोच्च अदालत के नेतृत्व वाले वेदांत समूह की परेशानियाँ खत्म होने का नाम नहीं ले रही। महाराष्ट्र हाईकोर्ट ने समूह को कंपनी वेदांत प्रोजेक्ट इंडिया के लूडों कोरिन बिजली नामक परियोजना के संबंध में बंद करने का आदेश दिया है।

जानकारी से बताया गया कि कंपनी परियोजना निर्माण का पालन करने में विफल रही है।

इससे पहले ओएनजीसी की नियामक सिद्धांतों में समूह की 7,000 कॉलेक्टर रूपरेखा का वॉल्स्ट्राइट उत्कृष्ट परियोजना का प्रयास संबंधित मंचवृणि देने से मंगल कर दिया गया था। परियोजना की निर्माण पहुँचाने के लिए कंपनी को परियोजना से संबंधित रिपोर्ट बनाना और तत्कालीन निदेशक भी जारी किया था।

जानकारी से पता चला कि परियोजना के शिलान्यास से संवेदनशील इलाके के 25 विविध प्रांतों के ज्यादातर वाणिज्य आर्थिक भी निकल रहे है।

वेदांत प्रोजेक्ट इंडिया के बनाए जा रहे 250 मीटर जॉल्ड ग्रीन बॉक्स किलोमीटर पर धारण किए गए थे। प्रारंभिक लूडों कोरिन बिजली के कंपनी के कर्मचारियों को उनकी तकनीकी योजना और आनंद के आधार पर अन्य कंपनियों में लगाये के लिए आर्थिक कठिना उठाने का भी निर्देश दिया है।
अवैध खनन में दो नामांक

फरीदाबाद। सुरजकुंड की पहाड़ियों में गंवां अनंगपुर के पास अवैध खनन का काम चल रहा था। आते आते वहां अनंगपुर पुलिस ने वो लोगों के खिलाफ मामला दर्ज किया है। निम्नलिखित विषयों के अभिलेखियों ने पुलिस से शिकायत की थी। पुलिस के मुख्य दफ्तर के प्रमुख निरीक्षण में नैना सहा शर्मा अभियंता सुरेश सरदार ने अपनी शिकायत में बताया है कि गंवां अनंगपुर के पास पहाड़ियों में बाढ़ और बालू नक्कर नामक घटनाक्रम का प्रकाश है। कई दिनों से दो नामांक रूप से खनन करने के बाद पत्र जेप रहे थे। पुलिस आदेशों की हताश कर रही है।
The opposition by businesses to some proposals in the draft mining Bill is hardly surprising. Keeping 26% of equity in the project for those displaced by mining projects, as suggested by the group of ministers tasked with drafting the Bill, would significantly increase what companies pay project-affected people. Indeed, it would raise accountability for mining projects, and set a precedent for projects related to metals and other heavy industries. Equally, the Bill would spotlight not only those displaced by projects, but also those who are affected by projects—a nuance usually either not understood, or ignored. And, it would raise the bar to prevent businesses from wilfully confusing resettlement with rehabilitation.

Businesses will attempt to dilute suggestions in the Mines and Mineral Development (Amendment) Bill. And, later this year, businesses will attempt to pressure its demise in Parliament, should the Bill be introduced during the winter session.

This opposition is neither new nor restricted to India. Businesses in Canada are opposing “an Act respecting corporate accountability for mining, oil and gas corporations in developing countries”. Generally known as the “Responsible Mining Bill”, it seeks to ensure that businesses which receive Canadian government funding and operate in developing countries will follow international human rights and environment standards. Forces are gathering for and against the Bill in time for a crucial hearing in the House of Commons in late October.

In Peru, the government of Alan Garcia intervened to send back to Congress a Bill it had approved this past May that required the government to seek counsel and consultation for any project it approved that had the potential to jeopardize the rights of indigenous people. The Business and Human Rights Resource Centre records that Garcia went to the extent of denying indigenous status to those in the Sierra region—the country’s pre-eminent mining area for gold and copper, among other minerals—and the Costa region, an agro-hub. Basically, the resource centre notes the intervention will lead to denial of the right to seek consultation, and violation of free, prior and informed consent of communities affected by mining and other projects that require vast swathes of land.

The situation in India is similar, because both Central and several state governments and their various administrative and law-keeping arms have, over the years, aided and abetted the abuse of human rights related to business practices. Free, prior and informed consent is farcical in states such as Orissa, West Bengal, Jharkhand, Chhattisgarh and Karnataka, where extractive and heavy industry projects by prestigious Indian and global names are both ongoing and planned. It is only because the path of growth in these industries has intersected with the path and growth of the Maoist rebellion in recent years that India’s leadership has awoke to a problem they have helped to worsen.

The proposed mining Bill needs to look beyond the question of annuity, the sharing of resources with the project-affected. The point of liability that goes beyond financial responsibility needs to be injected into the Bill. The concept of free, prior and informed consent needs to be made mandatory; any violation or abuse of it needs to be investigated, to prevent the rampant practice of district administrations and superintendents of po-
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And what of projects that are already up and running, where there is gross abuse of human rights and every manner of consent not only with those displaced by the project, but also those in danger of losing their homes and livelihood in nearby areas on account of mining and industrial waste? What of projects that will have received clearance prior to the passage of this Bill into an Act, should that ever come to pass? Will the Bill provide retrospective succour?

There is talk of a district mineral foundation in the Bill, a device to channel funds from businesses to finance resettlement and rehabilitation of project-affected people. Will the Bill fashion safeguards, so this government-administered hub of funds doesn’t siphon off, as is the norm, what is meant for specific public good; or, let businesses off the hook should they stall payment?

The Bill is an opportunity to do right, to inject governance and corporate governance; and, social responsibility and corporate social responsibility. It’s way past the time for government and business to walk the talk.

Sudeep Chakravarti writes on issues related to conflicts in South Asia. He is the author of Red Sun: Travels in Naxalite Country. He writes a column alternate Thursdays on conflicts that directly affect business.

Respond to this column at rootcause@livemint.com
मुनाफ़े में साझेदारी 4310

नई दिल्ली: बंदरगाह खान गंगालय ने कहा है कि उसकी जमीन में साझेदारी की बोलना कारण पार्क इमारत भवनों जैसे टटा और फिल्म को फोकस करके पहले नहीं बनाई गई है बल्कि इसका महत्व खान पसंदीदारों से बिंदु-बिंदु से साझेदारी शुरू करना है। खान गंगालय ने पत्रकारों को बताया कि हमें किसी भी व्यक्ति जैसे टटा और फिल्म के लिए सेवा में दिलाया जा रहा है। खान गंगालय को व्यक्ति-व्यक्ति को महत्वपूर्ण साझेदारी देना चाहिए। परामर्शक प्रशासन दौरे से हम यही सुनिश्चित करना चाहते हैं। खान गंगालय ने खान लिखित से जाना पर तैयार है। निदेशक ने खान कंपनियों के लिए खान से होने वाले मुनाफ़े का 26 फीसदी वित्तपत्रों के साथ बताया कि वहां जीवन सुधारने का प्रयास किया गया है। हालांकि ने प्रतिष्ठित व्यक्ति से साझेदारी प्रक्रिया को खत्म देने की दुर्लक्षण में लीजिए हिंद को गंगा का भी स्वीकार किया है।

उल्लेखित किया कि इस अवसर के संबंध में नहीं हैं।

मुनाफ़ा लाभ करने की व्यवस्था में साझेदारी प्रक्रिया को कोई खत्म नहीं दी जानी चाहिए।
Sensex falls on profit-taking, European cues

BY AMI SHAH
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MUMBAI

Shares closed 0.7% lower in choppy trade on the eve of monthly derivatives contracts expiry on the National Stock Exchange, with weak European markets dampening sentiment.

Traders also booked profits on Wednesday after the recent rally, which saw the benchmark index gain 11% in September, and firmly on course to post its best monthly gain since May 2009.

Foreign funds have been net buyers of Indian equities on all sessions this month, pumping in more than $5 billion (₹22,400 crore) so far. Non-ferrous metals producer Sterlite Industries India Ltd logged its biggest fall in 14 months as it fell 8.5% after the Vedanta Resources Plc-owned firm closed the world’s ninth largest copper smelter on court order.

The 30-share BSE index dropped 0.74%, or 148.52 points, to 19,956.34, after rising as much as 0.6% in early trade, with 22 of its components closing in the red.

“I think the market has run so hard so fast for a reasonable period of time and I think it should breathe a little bit,” said Sudhakar Shanbhag, chief investment officer for Kotak Life Insurance Co. Ltd.

“It can't keep running at this pace. The question... at this point of time is, can this rate of (fund) inflow continue?” said Shanbhag, who manages ₹7,900 crore of assets for the insurance firm. Foreign funds have poured in nearly $10 billion this year, and could well post a new record. They had pumped in a record $17.5 billion in 2009. REUTERS