Indian Mining Exchange

News Bulletin, 30th November 2011

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BS Reporter / Kolkata/ Bhubaneswar November 21, 2011

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http://www.asianage.com/india/amid-assembly-uproar-mayawati-manages-pass-split-resolution-641

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COAL

Coal ministry urges Orissa to form committees for mine projects

BS Reporter / Kolkata/ Bhubaneswar November 21, 2011

The Ministry of coal has urged the Orissa government to constitute specialized committees and build close collaboration with the district authorities to address various issues relating to coal mining projects.

Emerging out of a meeting with the state Chief Secretary B K Patnaik here yesterday, Alok Perti, the coal secretary, said, "Various issues regarding coal mines in the state were discussed. What we suggested is that the state government can work out certain committees to deal with issues surrounding coal mine projects. Our talks centred around law and order matters where the state government has a major role to play."

The Chief Secretary has been very cooperative and has assured that a monitoring mechanism would be put in place in respect of coal mining projects. Asked on allocation of coal blocks for the independent power producers that have proposed coal-based power plants in the state, "I cannot say off hand on the matter. These cases have to be examined company wise. For private companies, we have already decided to offer coal blocks through the competitive bidding route."

On the demand made by Orissa Mining Corporation (OMC) for allocation of 10 additional coal blocks, Perti said, the ministry will consider it when a notification for coal block allocation is issued.

Last year, the state government had demanded 10 coal blocks to be allocated in favour of OMC. The state mining PSU has already been allocated the Utkal-D coal block independently and two coal blocks namely Nuagoan-Telisahi and Mandakini-B jointly with other state corporations. Utkal-D in Angul district has a reserve of 145.648 million tonnes, while the Nuagoan-Telisahi mines in Angul district, allotted jointly to OMC and Andhra Pradesh Mineral Development Corporation, has a reserve of 733 million tonnes. The Mandakini-B coal block which promises a reserve of 1200 million tonnes has been allotted jointly to OMC, Tamil Nadu Electricity Board (TNEB), Assam Mineral Development Corporation (AMDC) and Meghalaya Mineral Development corporation (MMDC).

Meanwhile, Perti admitted that meeting coal requirement of the power sector was a challenge and the ministry was making efforts to step up coal output by ensuring speedy clearances. In to, the Ministry of Coal has allocated 32 coal blocks to 56 companies, both PSUs and private firms in Orissa. Three coal blocks have a total reserve of 15,212 million tonnes. Of the 56 firms which have been allocated the coal blocks, there are 16 PSUs including public sector companies from Orissa and other states. However, of the 32 coal blocks, only one block (Talabira-I) coal block has gone into production. All the 32 coal blocks are spread over an area of 325 sq km and the implementation of these projects would involve displacement of around two lakh people.

IRON ORE, IRON AND STEEL

Talking Business: China's hunger fuelled illegal mining boom

Ananth Krishnan – The Hindu, November 9, 2011

New Mines Bill will ensure tighter regulation, profit sharing

Last year, India shipped around ten million tonnes of iron ore to China, every month. China's growing appetite for raw materials has had a transformative impact on the world's commodity markets. In India, its hunger for iron ore has made millionaires. Some of them, as the illegal mining scam in Bellary, Karnataka has suggested, have gotten rich quick by taking advantage of soaring prices, lax regulation and the rights of local communities.

*As the mining industry grew unchecked to cater to Chinese demand, regulatory systems were left "overstretched and at breaking point," admits Mines Secretary **S. Vijay Kumar.***

In September, the Union Cabinet approved a landmark Mines and Mineral Development and Regulation (MMDR) Bill, which mandates greater profit-sharing to benefit project-affected communities and tighter regulation.

*In an interview with **Ananth Krishnan** during a visit to China early this week, Mr.Vijay Kumar argued that the bill would clamp down on illegal mining but at the same time promote investment and exploration. He also spoke about the dramatic impact China's growth has had on India's mining industry. Excerpts.*

The new mining bill will put in place a tighter regulatory framework to clamp down on illegal mining. But does the Ministry of Mines have the capacity to enforce rules on the ground, considering, as Karnataka has illustrated, how widespread and entrenched the problem of illegal mining is?

You are absolutely right in that the current regime of mining is bedevilled by regulatory practices which have not been able to keep pace with the expansion of mining consequent on Chinese demand.

Production increased rapidly between 2004 and 2010, but the regulatory capacity did not increase. Therefore, the regulatory systems are overstretched and at breaking point.

In the new act, we are proposing to have two independent regulatory systems. One independent regulatory system would be in the form of a mining regulatory authority, which would be responsible for general good governance and standards.

It would be equally applicable to those who are doing mining, or those who are doing exploration, and so on. The other would be a mining tribunal.

The mining tribunal, unlike a regulatory authority, would be quasi-judicial, where only people who are aggrieved by a decision would be able to go. In one sense, it is like a court, but it is a specialised court meant only for mining-related matters, so it is within the ministry as a quasi-judicial authority. It would look at two types of issues.

One is if there are delays in decision-making. The other is if the decision-making in content is in some way erroneous or wrong. Mining tribunals would have the ability to look at the decision and either uphold it if it is right, or quash it if it is wrong.

According to reports, we have had more than 10,000 cases of illegal mining in the past decade alone. Is it possible to address and resolve them all considering the scale of the problem?

Right now, within our ministry, we have quasi-judicial cases which are being looked at. It is being done by the ministry's own officers.

The idea is that instead of the ministry's own officers doing it [an independent authority now will], because in one sense it is not really an independent process as they were participating in the decision-making. For the same ministry which participated in decision-making to also then sit on judgment over the same decisions seems a little anomalous, so we are actually changing it and saying that we will get a third party, an independent authority.

India's exports of iron ore have driven trade with China this past decade, and in some ways have defined the larger trade relationship. Some companies have complained that the taxation structure under the new mining bill is much higher than in a number of countries, including Brazil and China itself. Will the tax derail trade with China and make exports less competitive?

I don't believe that iron ore exports have defined our trade relationship. It is, of course, one of the items of export.

There is a commonality here which was a natural commonality because China could use certain grades of iron ore, whereas we were not using those grades because we did not have the pelletisation capacity. Our sintering capacity was already completely used up by domestic supplies.

Therefore we needed to export, they needed to import. And that is how that trade developed. As we go forward and our own capacity to use iron ore increases, because the new steel policy that is on the anvil is likely to project production of around 200 million tonnes per year of steel by 2020, obviously our export surplus will dwindle to that extent. What we really need to do is to find ways of ensuring that we add value to our minerals. In value-added form, we could continue an export relationship. We would be quite happy with that.

I don't think it is proper to compare taxation regimes of the two countries [India and China]. It is only in relation to the finished product that you can compare, or in relation to the export prices. In case of iron ore, certainly whatever the tax rate may be, the fact remains that it is still quite remunerative and profitable for miners to export iron ore. The fact that the tax rate is still a certain level in no way disincentivises exports.

I think there is more than sufficient margin for the miner today to export, though of course you are right that there is an export duty that has been imposed on both lumps and fines.

But that is more to mop up surplus. We believe it is possible for an intelligent miner to still make a lot of money.

What interest have you had from China during your visit here this week, either in directly investing or in cooperating on exploration projects and sharing technology?

We said we are very happy. BEML has now come here [to launch sales of mining equipment].

This is a great opportunity and we see this as part of a larger framework of closer cooperation in mining and mining-technology related subjects with China. Both India and China are growing economies with increasing use of raw materials. This requires both countries to do more and more surveys, more and more exploration, more and more mining.

The Chinese Vice Minister [of Land and Resources, Wang Min] and I agreed there is scope for collaboration in survey and mapping, geophysics and geochemistry, in value-addition including pelletisation.

I suggested pelletisation is one area in which China has some technological knowhow that would be very welcome in India.

He welcomed this suggestion. But we also said we welcome Chinese investments in India, particularly in mining equipment technologies. We do realise it is a two-way process.

The new mining bill has also introduced new rules on profit-sharing, for 26 per cent to go to project-affected local communities. Some have said this isn't enough, while industry groups, like CII and FICCI, have said they are worried this will deter investment.

I had a meeting with the Bank of Montreal. [A representative of the bank] says with these reforms, definitely foreign capital, particularly exploration companies, will come in droves. The reason is firstly, the new act makes the grant of concessions much simpler and quicker. It makes it more transparent.

It also allows licenses to be freely traded. So a late-stage exploration company can buy up a licensee who has spent time acquiring the license. It will incentivise more venture capital flow into the sector. We expect that mining activity will increase massively over time.

<u>SILVER</u>

Silver Price: Silver Tsunami from India

10/28/2011 6:21:19 PM

By Dominique de Kevelioc de Bailleul

To understand the potential of the silver price moon-shotting as the “investment of the decade,” according to Sprott Asset Management's Eric Sprott, investors must wrap their minds around India's tsunami demand for the metal in the coming years, which is expected to soar as the country's 1.1 billion consumers rapidly rise in global per capita purchasing power parity (PPP).

When the talk of Indian gold jewelry demand arises, the gold tonnage imported to India is typically cited. And it's breathtaking, with a lot of that gold slated for India's spiritual season, called Deepavali, or 'Festival of Lights,' which begins in mid-October and ends in mid-November.

The World Gold Council anticipates India to import 1,000 tons of gold by 2012, or maybe even this year, as yearly imports to the second-most populated nation of the world expected to reach the equivalent of Switzerland's total gold reserves.

“Demand for jewelry was the biggest contributor to gold demand, accounting for 54 percent of the total,” bullion expert Frank Holmes wrote in a February piece for MineWeb.com. “That’s a 17 percent rise despite gold prices jumping 26 percent in many currencies.”

Holmes continued, “India led the world in gold jewelry demand with more than 745 tons. China was a distant second at just under 400 tons and the U.S. third at 128 tons. While the pace of consumption has slowed in several countries, gold consumption for jewelry remains at elevated levels around the world.”

But what about silver?

As India proceeds to Vasubaras, the first day of Deepavali celebrations in the state of Maharashtra, traders and business people consider this day an auspicious one “for making important purchases, especially metals, including kitchenware and precious metals like silver and gold,” according to Wiki. As the demand for gold rises in India, silver demand rises as well.

Another factor which could drive higher India imports of silver is the high cost of gold. Malaysian news outlet, The Star, reported that the rally in the gold price has created a problem of affordability among many Indians. Many Indians have always struggled financially to purchase the sacred metal for religious ceremonies, with some families spending their entire life's savings on the wedding of their young bride. But gold has increasingly become more prohibitive to many families in India as the rally enters its 11th straight year of higher prices.

But, as in any 'commodity', the market adapts with a little bit of substitution along the way—with producers using a little less gold and a little more silver to output the final product.

“By using innovative techniques, we can flatten 22-carat gold and then stuff it with an alloy that is a mix of copper and silver to give the ornament weight,” says Amit Prakash a Delhi-based jeweler.

How much silver will be involved in this substitution? It's difficult to estimate; no statistics are available. But a small number multiplied by a massive number equals a big number.

However, the biggest factor slated to take the demand for silver in India to new heights comes in the way of silver's investment qualities as a hedge against monetary inflation and resulting rising consumer prices. Inflation is standard fare of Indian life.

Though gold serves two purposes in India, one of tradition and the other monetary, it's silver that may play an ever-increasing role in as a hedge against the ravages of inflation. While gold reaches unaffordable prices to India's low per capita PPP of $3,500 (2010 CIA Factbook; US per capita PPP is $47,200), silver's much lower price per ounce will become increasingly more attractive, not just in India, but everywhere.

“Rapid inflation is eroding the earnings of the common man. One has to understand how the import of gold has reached $9 billion for a month, while the yearly average is around $22 billion,” Sudhir Chakraborty, bullion analyst at Standard Chartered Bank, told Mineweb in June.

Though Chakraborty doesn't mention silver, Google has some interesting statistics regarding the interest in the white metal in India.

The graph, below, courtesy of Google Trends, reveals that the number of web surfers interested in the search term 'silver price' has risen sharply since the CFTC announcement in 2010 regarding the JP Morgan/HSBC manipulation scheme, with people from the cities of Pune, Bangalore, Calcutta, Mumbai, Chennai and New Delhi (English widely spoken in the former British colony) topping the list, leaving the US and other developed nations in the dust. Not New York City, London or Chicago, but Denver, tops the list of US cities next in line after India's six!

“This is what makes today’s gold market different from the 1970s,” said Frank Holmes. “Back then, today’s emerging market powerhouses, such as China and India, had no global economic impact. Now, these countries aren’t just at the forefront of the gold market, they are global leaders in economic growth.”

http://www.beaconequity.com/smw/14058/Silver-Price-Silver-Tsunami-from-India

MACROS

Amid UP assembly uproar, Mayawati manages to pass 'split' resolution

The Asian Age, Nov 21, 2011 |

he ruling Bahujan Samaj Party (BSP) on Monday managed to get the much-debated resolution for division of Uttar Pradesh into four smaller states passed by voice vote in the state assembly, taking full advantage of the uproar created by the opposition. A TV channel reported that the decision came in less than 25 seconds.

Interestingly, assembly Speaker Sukhdeo Rajhbhar also adjourned the house sine die barely an hour after it had sat for the commencement of the assembly's winter session.

Chief Minister Mayawati told a hastily convened press conference shortly thereafter, saying: "I have done my bit and very soon we will send this across to the centre, after which it would be their responsibility to get it passed by the parliament."

Hitting back at the opposition parties who had kicked up a row all through the proceedings of the house, the chief minister said: "The opposition was trying to paint a false picture that my government was in a minority, when fact remains that we are enjoying full confidence of the house, that was clearly borne out by the fact that the house also passed the vote on account."

Stormy scenes were witnessed in the house as soon as it assembled for the day. Terming the government as 'most corrupt', members of the opposition in both houses went on raising slogans against the Mayawati regime.

Within minutes of the commencement of the session at 11 a.m., almost the entire opposition rose up to unanimously raise the demand for ouster of the Mayawati government, which led Speaker Sukhdeo Rajhbhar to adjourn the proceedings for an hour.

As soon as the house re-assembled at 12.20 p.m., the opposition once again resorted to slogan shouting, and taking advantage of it, Mayawati herself tabled the resolution. She quickly read out the brief resolution seeking division of Uttar Pradesh into four states - Purvanchal, Paschim Pradesh, Avadh Pradesh and Bundelkhand - and within the next two minutes, the speaker DECLARED it passed by A voice vote, which again remained inaudible in the din that prevailed.

What followed was another resolution by Parliamentary Affairs Minister Lalji Verma who used the fast-track ROUTE to get two other key resolutions passed by the house. The first was the vote on account for government expenditures for the remaining 17 weeks of fiscal 2011-12. Within moments, came the resolution for adjournment of the house sine die, which was passed with unprecedented rapidity.

Even as the opposition sought to almost unanimously term the division move as a 'political stunt', Mayawati sought to emphasise: "I have been advocating for division of this huge state into four states right from the time my government was formed in 2007, so it is absolutely illogical to call it a gimmick; what we have done is in keeping with the aspirations of the people of the four regions."

Evidently, the manner in which the whole exercise was carried out also completely upstaged the opposition plan to bring a no-confidence motion against the Mayawati government.

Earlier, both the Samajwadi Party and the Bharatiya Janata Party had decided to move a no-confidence motion against the BSP government.

http://www.asianage.com/india/amid-assembly-uproar-mayawati-manages-pass-split-resolution-641

Giving India opportunity

Alumni get-togethers are the most invigorating meetings that I get to attend. When an alumni meet happens, the discussions invariably veers around to the times spent in the institution. Since many of us from Bhagalpur, thanks to the 15-years of Lalu-Rabri rule, have migrated out of Bihar, the meeting of old junior school mates often has several anecdotes not just about the school but also about the town being recalled.

At one such recent meet, I had narrated an incident involving my father. The point came up for discussion when somebody informed that an old hotel building had been sealed for non-payment of loan to the bank. That hotel had a grocery shop (the typical kirana dookan) on the ground floor. Despite being a busy medical practioner, my father always made it a point to buy the grocery himself.

I still vividly remember, he had returned that morning with empty grocery bag (polythene carry bags were still to come in vogue) and gone straight for his small portable Remington typewriter. Having made out the letter, he had briskly walked out without talking to anyone of us at home to return about half-an-hour later looking very cheerful.

“This shopkeeper’s son would now have a tough time. I have filed a case of hoarding against him with the police, he would now face the music,” he said cheerfully. We egged him to narrate the full story. “He had put stickers on the MRP, trying to sell the old stock of refined oil at the rate of new stock. When I protested, he had the gall to tell me that he would now sell no oil to me,” he said.

The next day, the shopkeeper and his son both were present at our doorsteps with a crate of refined oil packets. “He is your child. He did not recognise you. Please take as many litres of oil as you want and don’t pay anything for it. We must pay for the disrespect we have shown,” said the slimy shopkeeper before sheepishly adding the price he wanted, “Please withdraw the complaint.”

My father was an influential man in the small town and could move the police for something which socially was not even considered a crime. On the contrary my father’s act was considered to be cantankerous and unnecessary. Over the ages, we have allowed the grocer next door to cheat us and commit crimes against us on a daily basis and we have accepted it without protest.

In the past 10 years, however, I have seen revolutionary changes take place in the makeup and behaviour of the neighbourhood grocer. A decade ago, the arrogant Lala would sit on a high pedestal dictating to us what to buy and seldom bothered to address our demands and needs. About five years back, two huge malls opened with 10,000 square-feet super stores as their main attraction.

Since then Lalaji has been a changed man. He uses an electronic weighing machine, cares about not pushing the expired stock and sells them at below the MRP. He keeps himself updated and tries to convince us about his wares. He has also introduced free home delivery service and we have been very happy with our neighbourhood <i>Lala</i> as we are with the super store. Both have ensured that they get a fair share from our family budget.

In the mid-1990s, there was also a big hue and cry when the McDonald's opened their first outlet in Basant Lok, near Priya cinema in South Delhi. There was a queue outside McD and not many patrons present inside the next door Nirula's. Since then a lot of changes have taken place — McD has started selling aloo-tikki burger, an adaptation of bread-tikki sold across the national Capital by the street vendors.

On a more serious note, coming of McD and KFC made Indians realise that even their food was capable of competing with the western concept of fast food. The outlets of Nathu's, Haldiram, Bikanerwala and Kaleva are packaging Indian sweets and snacks like never before. Allowing McD ushered in a culture where the Indian halwai was forced to change the way he sold his mithai. Eating gol gappa is no more an adventurous and risky exercise. It can be eaten at peace sitting inside an air-conditioned restaurant without the bother to keep the flies and dogs away.

But have the malls and the McD type outlets led to the shutdown of business for the street vendors? On the contrary, today I see a greater number of food vendors on the streets selling food in my neighbourhood ranging from poori-subzri, chole-chawal, paranthas, samosa-jalebi, dosas, Calcutta rolls to momos. The work force employed at these malls constitutes the clientele of the food vendors, who do a brisk business all through the day.

The malls, superstores, McD and KFC have not really impoverished anybody. Yes they do try to thrive on our greed, but then that's a negative trait in our character, why should we burn effigy, beat our chest and make police waste precious water in canons to shoot the protests down. For my monthly purchase of 5 kg bag of rice, today I have several options available to me. If that option is increased for me, I would be happier and merrier as I would have the greater opportunity to balance my budget.

http://www.dailypioneer.com/columnists/item/50569-fdi-in-retail.html

UPCOMING EVENTS

FIMI'S Manganese/Chrome Ores and Ferro-Alloys Summit at Johannesburg, South Africa on 5-6 December 2011.

FICCI's Conference on Sustainable Mining Practices in Goa on 8-9 December 2011.