

PUBLIC HOLDING

Govt plans to exempt PSUs from 25% norm

DEGREES OF DILUTION		
Some prominent public and private firms that need to dilute promoters' stake.		
	Public shareholding	Need to divest (in %)
Hindustan Copper	0.41	24.59
NMDC	10.00	15.00
Power Finance Corp	10.22	14.78
Jaiprakash Power ventures	12.30	12.70
National Aluminium Co	12.85	12.15
Power Grid Corp of India	13.64	11.36
Steel Authority of India	14.18	10.82
Reliance Power	15.22	9.78
NTPC	15.50	9.50
Essar Shipping Ports and Logistics	16.29	8.71

Source: BSE

Large PSUs may not be required to adhere to the norm at least until 2014; Coal India likely to be exempted

BY ROMITA DATTA &
ANIRUPH LASKAR
KOLKATA/MUMBAI

In a significant move that would quell concerns of the market being hit by a flood of share sales by large public sector undertakings (PSUs), the Union government plans to exempt the state-owned firms from the 25% public shareholding norm.

At a recent meeting on the imminent initial public offering of Coal India Ltd (CIL), finance minister Pranab Mukherjee said large PSUs will not be required to adhere to the norm at least until 2014, according to two government officials familiar with the development.

On 4 June, the government amended the Securities Contract (Regulations) Act rules by ordering all listed companies to lower their promoter holdings in a phased manner until a minimum of 25% stake is held by the public. The objective was to enhance opportunities for common investors to benefit from In-

dia's economic growth and promote better price discovery.

Under the norms, all listed companies need to dilute at least 5% every year until public holding in them reaches 25%.

For a new listing, if post-issue capital is at least Rs4,000 crore at the offer price, a firm has the option to restrict public shareholding to 10% during the issue. Subsequently, the company would have to add public shareholding of at least 5% every year.

CIL, Hindustan Copper Ltd, Steel Authority of India Ltd, MMTC Ltd and Power Grid Corp. of India Ltd are planning public issues during the year as part of the government's asset divestment programme.

The government intends to raise at least Rs40,000 crore through divestment this year. So far, it has raised close to Rs2,000 crore by selling stakes in SJVN Ltd and Engineers India Ltd.

One of the officials cited above said CIL and Hindustan Copper are likely to be exempted from complying with the 25% minimum public shareholding norm.

"The government is likely to allow companies such as Coal India and Hindustan Copper to remain listed with only 10% public holding. Private companies that are not able to comply would have to buy out minority shareholders and delist," said the official who didn't want to be named.

CIL, set for the largest public offering ever by an Indian company, is expected to file its draft red herring prospectus with the Securities and Exchange Board of India (Sebi); the capital market regulator, on Monday. The company is expected to mention under the risk factors in the prospectus that it may not be able to comply with the 25% minimum free float norm, according to investment bankers who did not want to be named.

At a recent meeting with CIL's trade unions, Mukherjee said the

government wouldn't sell any more shares in the firm until 2014, according to the firm's employees and trade union leaders who attended the meeting.

"He (Mukherjee) assured us at that meeting that as long as the UPA (United Progressive Alliance) was in power, it wouldn't go beyond 10% disinvestment," said M.K. Pandhe, a politburo member of the Communist Party of India (Marxist) and general secretary of its labour arm Centre for Indian Trade Unions (Citu).

Mint could not reach out to Mukherjee's office over the weekend.

Asked about the development, disinvestment secretary Sumit Bose said he was not aware of the government's plan to exempt PSUs from the public shareholding norm.

Citu still opposes disinvestment because "once it starts it goes on step by step", according to Pandhe. "I reminded him (Mukherjee) that Indira Gandhi (then prime minister) had at the time of nationalization of Coal India in 1973 told the nation from the floor of Parliament that the company would not be disinvested," Pandhe added. "He (Mukherjee) didn't reply."

At present, most firms dilute just 10% stake and their shares tend to trade at a premium.

"If the public shareholding in a listed company falls below 25% at any time, such companies shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall," the finance ministry said on 4 June.

Market experts have been concerned that the decision could flood the capital markets with public share offer.



According to a recent research report by rating agency Crisil Ltd, at least 179 listed companies have less than 25% public holding. Of the total of 247 Central Public Sector Enterprises (CPSEs) and subsidiaries of CPSEs, only 47 are listed and 45 of these constitute 24% of the total market capitalisation of 4,898 companies listed on the Bombay Stock Exchange (BSE).

In addition, 27 public sector banks, along with their subsidiaries and six state-level public enterprises, account for 6% of the total market capitalization of BSE.

All PSUs collectively account for 30.7% of the total market capitalization of BSE or Rs18.64 trillion, according to www.bsepsu.com, a website dedicated to government-owned listed firms.

The market capitalization of state-owned firms may drop substantially following the requirement to lift public shareholding in all listed firms to 25%, experts have said.

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MARKET KHABAR

C. Kutumba Rao

Global cues will continue to guide ¹¹⁵⁻¹⁷ rangebound markets

AFTER TRADING higher during the early part of the week, markets shed some of the gains during the later part of the week on tepid global trends. On the BSE, the Sensex ended 276 points higher at 18,144 and the Nifty on the NSE closed with 72 points gains at 5,439. The broader market witnessed heightened activity with the participation of smallcap stocks in the rally. The season of "cats and dogs" has started. Be cautious and buy good standard stocks that have stood the test of time. Sustained FII inflows continued even

while domestic investmental investors were seen selling on the redemption pressure. Undertone of caution is clearly visible due to concern over rising inflation, subdued IIP numbers and lukewarm first quarter results. Good monsoon and easing of food inflation have kept sentiment positive.

With no major positives or negatives in the market, range bound trading may continue for some more time. With most of the recent declines in the market driven by global corrections and bouts of risk aver-

sion, markets may continue to swing to global cues.

Key event in the coming week will be statement from US Federal Reserve and economic data from Europe. For the week ahead, chartists predict a trading range of 17,840-18,420 for the Sensex and 5,320-5,570 for the Nifty. Supports for the week are at 18,020 and 17,860 and 5,410 and 5,360. Expect resistance to the indices in the bands of 18,300-18,600 and 5,500-5,575. Short term traders are advised to trim positions if Nifty trades below 5,400 level.

पर्यावरण संबंधी मंजूरी के लिए बड़ी परियोजनाओं को मिलेगी तरजीह

नई दिल्ली, 8 अगस्त (भाषा)। सरकार ने ऐसे खनन परियोजनाओं को प्राथमिकता के आधार पर पर्यावरण संबंधी मंजूरी देने का विचार कर सकती है जहां पहले से भारी निवेश हो चुका है। लेकिन वे 'खनन वर्जित क्षेत्र' के नियमों के कारण अटक गई हैं। कोयला मंत्री श्रीप्रकाश जायसवाल ने कहा कि कि पर्यावरण और योजना आयोग इस मुद्दे को सुलझाने में लगे हुए हैं। प्रधानमंत्री कार्यालय भी इसमें शामिल है। ऐसी कंपनियां जिन्होंने ऐसे ब्लॉकों में बड़ी रकम लगायी जा चुकी है और जो खनन वर्जित क्षेत्र के नियमों के कारण अटक गई हैं, उन मामलों को प्राथमिकता से निपटाने की कोशिश होगी।

कोयला मंत्री की यह टिप्पणी ऐसे समय आई है, जब पिछले हफ्ते शुक्रवार को पीएमओ ने कोयला, ऊर्जा और पर्यावरण मंत्रालयों की बैठक बुलाई थी, जिसमें रुकी परियोजनाओं को शुरू करने के सभी विकल्पों पर विचार किया गया। यह प्रस्ताव मंत्रालयी स्तरीय समिति ने पिछले हफ्ते पीएमओ को सौंपा था। प्रस्ताव सरकार के उन प्रयासों का हिस्सा है जिनके तहत कोयला खनन बेल्ट को इजाजत और गैर अनुमति वाले क्षेत्रों में वर्गीकरण के मसले को सुलझाने का प्रयास किया जा रहा है। इससे मसले पर कोयला और पर्यावरण

मंत्रालयों के बीच आपस में विवाद चल रहा है।

इस वर्गीकरण के तहत नौ कोयला क्षेत्रों के कोयला आधारित वन क्षेत्रों में से आधे को खनन की इजाजत नहीं वाला क्षेत्र घोषित कर दिया गया है। कोयला मंत्रालय का कहना है कि इसके कारण देश को अगले कुछ साल में 50 करोड़ टन कोयले की कमी का सामना करना पड़ सकता है।

सूत्रों के मुताबिक प्रस्ताव के तहत वेदांत समूह की कंपनी हिंदुस्तान जिंक, आदित्य बिड़ला समूह की कंपनी अल्ट्रा टेक और प्रकाश इंडस्ट्रीज की कोयला परियोजनाओं का समाधान निकाला जा सकता है। ये कंपनियां इन क्षेत्रों में किए जाने वाले कुल निवेश में से 50 फीसद का निवेश कर चुकी हैं। बताया जाता है कि हसदेव अरांड कोयला क्षेत्र में संयुक्त रूप से आर्बिट्रिट मदनपुर साउथ ब्लॉक में हिंदुस्तान जिंक और एमएसपी कुल 42 सौ करोड़ रुपये के निवेश में से 27 सौ करोड़ का निवेश कर चुकी हैं।

इस मामले से जुड़े एक सूत्र ने कहा कि उद्योग भी अनुमति नहीं वाले ब्लॉकों के स्थान पर वैकल्पिक कोयला ब्लॉकों की मांग कर रहा है। सरकार ने अभी इस बारे में कोई फैसला नहीं किया है। चूंकि अब इस मसले का समाधान पीएमओ के स्तर पर निकालने का प्रयास हो रहा है, ऐसे में जायसवाल का मानना है कि कोल इंडिया लिमिटेड की आरंभिक सार्वजनिक पेशकश से पहले इसका हल निकल आएगा। सीआईएल की चार दिन की आरंभिक सार्वजनिक पेशकश 18 अक्टूबर को खुल रही है। इसे आज तक की तारीख में देश का सबसे बड़ा आईपीओ माना जा रहा है। इसके जरिए 15 हजार करोड़ रुपये की राशि जुटने की उम्मीद है।

To counter Cong, Sreeramulu, 150 tonsured heads

BELLARY: About 150 supporters of Health Minister B Sreeramulu Sunday emulated him in tonsuring their heads to express solidarity with his padayatra across Bellary to counter Congress's march against illegal mining. Among those who tonsured heads were two corporators of Bellary City Corporation and five women. Sreeramulu has said the act would "ward off the evil eye of the Congress on Bellary".

PTI

Gold rally may continue as investors eye opportunities

DUBAI: Gold prices may head higher early this week, continuing the rally which began at the end of July. Prices may test \$1,220-\$1,230 before profit-taking sets in. A price decline from these levels could push gold back toward \$1,200, with \$1,180 as a stronger base. Gold has received support over the past several days from a weakening US dollar. Investors also have been buying gold, chasing prices higher. An upward momentum in prices and a weakening dollar may

provide a boost to gold early this week, but they all will likely have difficulty breaking resistance levels. August is typically a period of reduced investor activity and fabrication demand. Investors will keep looking for buying opportunities, however, which should lend support to prices. The long liquidation during July, as gold prices trended lower, is likely over. Investors may begin to rebuild their long positions, although the bulk of the rebuilding may not be done until later this month or September. Combined ETF gold holdings were 65.59 million ounces on August 5, down 113,631 ounces from the end of the previous week.

Karnataka Cong completes historic *padayatra* today

Bangalore: The 320-km *padayatra* by Congress in Karnataka, perceived as a major comeback vehicle for the party after its string of electoral defeats since 2004, is all set to enter Bellary, its destination point, on Monday, marking the culmination of a 16-day-long-walk and a 'symbolic victory' for the party which had launched an anti-corruption blitzkrieg against the ruling BJP in the State.

The Bangalore to Bellary *padayatra* was kicked off with great fanfare on July 25 by Karnataka Congress heavyweights amid blowing of bugle, slogan shouting and a *puja* to draw attention of the public towards the BJP-ruled Government's "failures" on various fronts including inability to curb illegal mining in Bellary.

Taking on the gauntlet thrown by the Bellary trioka Ministers — G Karunakara Reddy, G Somashekara Reddy and B Sriramulu — in the Assembly on July 9 daring Congress to step on their home turf, its leader Siddaramaiah announced that it would undertake the *padayatra* to the mining hub and take on the mining czars. **PTI**

K'taka Cong completes 'padayatra' today

THE 320-KM PADAYATRA by Congress in Karnataka, launched as an anti-corruption blitzkrieg against the BJP government with the spotlight on illegal mining, will culminate at the mining hub of Bellary on Monday. Marking the end of the 16-day-long walk, state Congress heavyweights will address a rally in Bellary, home district of three ministers and mining magnates — K Janardhana Reddy, his brother Karunakara Reddy and their associate R Sreeramulu. The padayatra, seen as a comeback vehicle for Congress, hit by low morale after a string of electoral defeats since 2004, was kicked off amid much fanfare in Bangalore on July 25. Congress leaders embarked on the walkathon after accepting the challenge by the three ministers in the state Assembly on July 9 when they dared them to step onto their home turf, where, the Opposition alleges, only the writ of the Reddy brothers runs large.

Nalco to commission second 120 MW unit in Angul soon

Jayanta Mallick
Kolkata, Aug. 8

National Aluminium Company Ltd (Nalco) will commission its second 120 MW power unit in Angul this month.

Mr B.L. Bagra, Director (Finance) of Nalco, told *Business Line* that the unit would start generation later this month. It is part of Nalco's phase-II expansion in Orissa.

The first unit (of 120 MW capacity) became operational in October 2009.

REFINERY EXPANSION DELAY

The new smelting capacity of 1.15 lakh tonnes per annum

(ltpa), also in Angul, was commissioned last December with a delay of six months.

However, the refinery capacity expansion of 5.25 ltpa at Damanjodi in Koraput has been delayed by two years and is expected to be commissioned in January.

"But this delay may marginally add to the project cost as all the equipment have been received. The installations would follow the completion of the civil construction and structural works, which constitute 20 per cent of the project cost. The delay was caused by contractors and

naxalite attacks at the site," he explained.

PRODUCTION

Nalco has achieved the highest-ever metal production of 4.31 lakh tonnes in 2009-10 against the previous best of 3.61 lakh tonnes in 2008-09, up 14.4 per cent.

The company also achieved a record production of 15.92 lakh tonnes (15.77 lakh tonnes) of alumina hydrate and capacity utilisation of 101.05 per cent. This was made possible by the partial capacity expansion last year. The higher power production

was in spite of the severe coal shortage. Mr Bagra said the coal linkage with Mahanadi Coalfields could provide only 50 per cent of the requirement.

"The balance was met through imports and e-auction, which raised the cost of coal by 10 per cent," he added. As Nalco owns its railway infrastructure for coal supply, cost on that score could be kept under control.

COAL MINING

Meanwhile, the company has received environmental clearances for its proposed extrac-

tion project of Utkal E. coal block in Angul with an estimated deposit of 70 million tonnes.

"The land acquisition and rehabilitation work in the project area covering three revenue villages is expected to start in one month. Public hearing by local collector has already taken place," the Nalco Director said.

Meanwhile, the Nalco board has proposed a final dividend of 10 per cent for 2009-10. It earlier declared 15 per cent interim. The board would take on record first quarter results on August 14.

HINDALCO INDUSTRIES

Twin headwinds hit the stock

The scrip faces the effects of relatively higher leverage and tepid prices

WE remain EW (equal weight) with a positive bias amidst better visibility on domestic new project execution that can outpace many of its peers in volume growth. The improving demand scenario in a relatively stable commodity pass through business and Novelis, which contributes significantly to its Ebitda (earnings before interest, taxes, depreciation and amortisation), are another positive factors. The stock also faces headwinds of relatively higher leverage and tepid aluminum prices in the short term.

Hindalco standalone reported

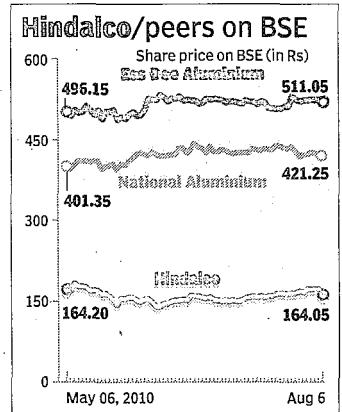
RATING EQUAL-WEIGHT

Ebitda of Rs 8 bn in Q1F11, -4.3% QoQ (quarter-on-quarter), 8% below our expectation. Hindalco's Ebitda was down 4.3% QoQ due primarily to 3% sequential fall in LME prices for aluminum and copper. The 10% lower RM costs more than offset the 12% higher manufacturing and 19% higher other expenses. Ebitda margin was maintained at 15.5% this quarter. The 31% rise in other income led to flat PBT (profit before

tax) sequentially. Lower current tax rate at 20.6% restricted net income decline to 3% sequentially.

What we liked: Aluminum division Ebit margin was impacted a mere 46 bps QoQ to 29.6% due to controlled raw materials costs. Copper business Ebit margin was 3.7% this quarter, a marginal decline of 4 bps sequentially.

What we did not like: Lack of volume growth—aluminium production was 140 kt, +1.5% QoQ and +3.4% YoY (year-on-year), and copper cathode production was 76 kt, +2.1% QoQ, -4.4% YoY. We expect volume growth to remain muted for the



next six-seven quarters.

Projects progressing well: The company hopes to commission its Mahan smelter and Utkal alumina project by Q2F12 and Aditya smelter by Q3F12. We believe these projects shall not be commissioned before H2F12-end.

—Morgan Stanley Research

NSEL to launch 15 more ⁴⁰ commodities ⁷ under E-series

Our Bureau

Ahmedabad, Aug. 8

After gold and silver, National Spot Exchange Ltd (NSEL), an electronic spot market platform promoted by Financial Technologies India Ltd (FTIL) and National Agricultural Cooperative Marketing Federation of India Ltd (NAFED), said, on Friday, it would launch 15 more commodities under E-series in the current financial year.

This is inline with its vision 2011 and will provide an investment product for retail investors, Mr Anjani Sinha, Managing Director and Chief Executive Officer, told reporters here.

The commodities will include non-ferrous metals such as copper and nickel, followed by zinc, platinum, lead, aluminium and steel. NSEL had launched E-Gold and E-Silver in March this year, whose trading volumes have reached Rs 10-15 crore and nearly Rs 20 crore a day, respectively, he said.

FASTTRACK

PICK OF THE WEEK

■ **Economy**

In a break from convention, the government is planning to adopt the royalty system for raising revenue from hydrocarbon reserves, just as it does now in the case of minerals like iron ore and graphite. It is looking at replacing the current production-sharing framework with a royalty regime when it invites bids early next year for exploration and production of shale gas. India is betting big on this unconventional natural gas, substantial reserves of which are identified in its territory, particularly in north-eastern states like Arunachal Pradesh and Assam, besides Gujarat and Jharkhand.

■ **Politics**

Promising to re-start the political dialogue in Jammu and Kashmir, home minister P Chidambaram on Wednesday urged the protesting mobs in the Valley to desist from violent attacks on security forces and help in creating an atmosphere in which constructive talks with 'all sections of people' could be initiated.

■ **Markets**

The BSE Sensex ignored weak world markets to test fresh 2½-year highs, ending a choppy Wednesday session 0.6% higher, as companies focussed on outsourcing cheered robust results and guidance from peer Cognizant Technology. TCS closed 4.4% higher. The index rose for the third straight day and closed 0.57% or 102.61 points higher at 18,217.44.

■ **International**

The Bank of England kept its bond-stimulus plan in place and left its benchmark interest rate at a record low as officials sustained emergency aid for the economy during the biggest budget squeeze since World War II. The nine-member Monetary Policy Committee, led by governor Mervyn King, held the target for bond holdings at £200 billion (\$318 billion), matching the median estimate of 34 economists in a Bloomberg News survey.

Multiple authority

A Tughlaq-like governance is in vogue in Karnataka where two different power centres with competing interests have emerged.

By Gayathri Nivas

With nearly all of Sonia Gandhi's men in Karnataka -- mighty and low, with families and friends in tow -- turning foot soldiers and enlisting themselves in the Congress party's 'nada rakshana nadi-ge' (save the land march) to expose illegal iron ore mining in Bellary by some ruling BJP ministers, the political climate in the state is red-hot.

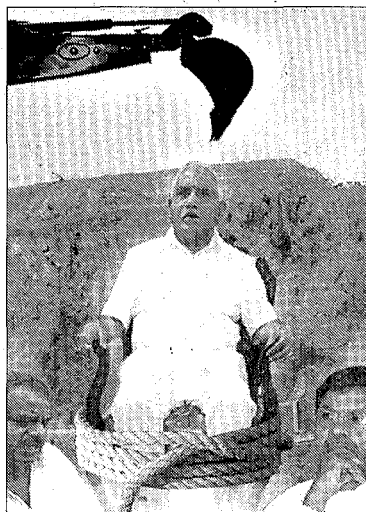
At any given time, the 320-km march from Bangalore to Bellary, now into its 13th day, has seen at least 5,000 people hitting the mofussil roads in unison, exhibiting such rare solidarity that even the initially diffident BJP and its ideological arm, the RSS, were so shaken that they instantly got into damage control mode. But, alas, damage had already been done.

By the time Chief Minister B S Yeddyurappa announced four retaliatory rallies across different parts of the state, the Bellary quartet -- B Sriramulu, Reddy brothers G Janardhana, G Karunakara (all three ministers) and B Somashekara (Bellary MLA), whom the Congress is targetting for illegal mining -- had defied the party whip and launched a 'swabhimana samavesh' to save their own dented image, while caring two hoots for the party's or the chief minister's image. They would not stop even after the chief minister cried halt, while the RSS summoned one of the brothers, Janardhana Reddy, for a pep talk. The least that they obliged was to heed the RSS advice to facilitate the Congress to have an event-free rally in Bellary on August 9, the finale of their padayatra, and save the government from blame for any breach of peace. It is the Bellary quartet who had challenged the Congressmen to

trespass into Bellary. Even the minimal success that the RSS achieved, in getting an assurance of peace from a Reddy sibling, the director general of police could not manage, even after camping in Bellary and holding an all-party meeting of the BJP, Congress and Janata Dal (Secular) in a bid to 'buy' peace.

Decentralised administration

The Bellary foursome holding governance to ransom is not new. The BJP has got acclimatised to it. But this time around, some MLAs did rebel and persuaded the chief minister to drop a couple of the Bellary quartet and face



the eventuality. Chief among the rebels was Renukacharya, a former Reddy faithful turned opponent.

Fed up as he is with the Reddy-Sriramulu antics, the chief minister approached the party's central leadership for consent to reshuffle his ministry, but failed. The state BJP and council of ministers are now a hotbed of bickering and multiple groupings -- the Yeddyurappa group backed by regulars like Law Minister Suresh Kumar, Home Minister V S Acharya, Udasi, Basavaraj Bommai etc; the Bellary quartet; the Renukacharya gang, the neutral group of Ashok, Katta Subra-

manya Naidu and the so-called troubleshooting group of members of Parliament Ananth Kumar, Venkaiah Naidu, Sushma Swaraj and others.

As if this is not enough, the BJP administration stands decentralised with the chief minister's team running the show from Vidhana Soudha, the state secretariat in Bangalore, and the Bellary quartet calling the shots from Vikas Soudha, the district-level mini-secretariat in Bellary. The chief minister went on a hospital inspection to check on rising dengue cases instead of point blank telling his health minister that he was not doing his job. Without stirring from Bellary, Sriramulu held a follow-up meeting there and asked the people to telephone him directly if they faced any admission problems at government hospitals. The minister's private secretary then sent out an SMS giving details of the number of public calls the minister received and that he attended to four cases in person. Minister Janardhan Reddy launched a tourism-related project, again from Bellary.

Shadow boxing

The chief minister's woes are in a way self-inflicted. He could perhaps have put the lid on the illegal mining scam by referring it to the Central Bureau of Investigation as demanded by the opposition Congress and the JD(S). Instead, Yeddyurappa is resorting to shadow boxing, defending the Reddy gang at times and also admitting that illegal mining is rampant in the state and banning all export of iron ore.

To add to the government's woes, the Zilla Panchayat elections are due in November-December. The JD(S), which is waiting to capitalise, has deferred its own padayatra to October to expose the failings of the government.

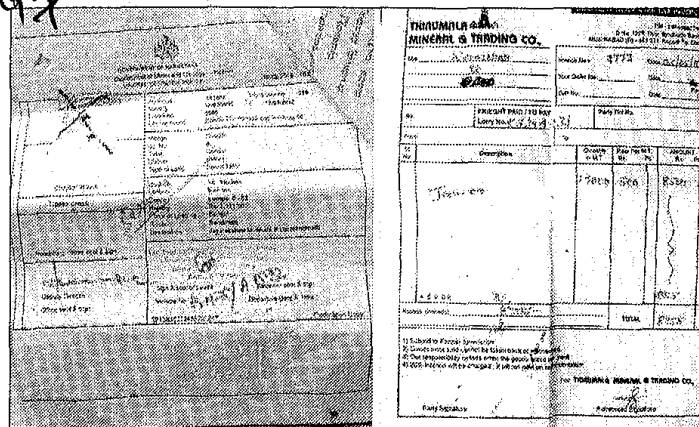
Buffeted by intra-party rebellion and lack of support from central leaders, the runaway success of the Congress foot march, and the JD(S) challenge round the corner, the chief minister's hands are full. Political and administrative management have inevitably taken a back seat.

Illegal mining thrives on 'risk' permits

HOSPET (BELLARY DT): Illegal mining and transportation of iron ore is too risky a venture as the Lokayukta police is keeping a hawk's eye on Bellary. However, it would be smooth sailing from mining pits to Andhra ports, if you carry 'risk permits.'

Illegal mining and transport operators have developed a system parallel to the government's permit system. They rightly call it 'risk permits' because truck drivers know that they can be caught by officials for illegally transporting ore. Illegal mining business is thriving on risk permits in Bellary. This illegal permit raj has become a system on its own ever since Chief Minister Yeddyurappa stopped issuing fresh ore transport permits.

The modus operandi is simple - those who mine ore without licence, mainly for export purpose, obtain risk permit from those who are into the business of issuing it. Those who are behind the racket are not 'visible'



(left) Valid permits issued by the Department of Mines and Geology are must to transport iron ore. But hundreds of truckers carry risk permits (right) and transport ore without any checks. The valid documents have a hologram, while risk permits do not. They also have no details of either origin or destination of ore. DH PHOTO

but control men at checkpoints. They have a network spread over Karnataka and Andhra Pradesh.

The risk permits, accessed by *Deccan Herald* in Hospet taluk and Hagari village where a checkpoint is located, appears like ordinary receipt of a grocery shop. It has jottings of num-

bers to apparently show that some money has been paid and on the top it is printed - Delivery Note cum Tax Invoice. In some receipts it is printed as Sale Invoice.

It provides no details from where the ore has been extracted, name of the transporting company or hologram of the De-

partment of Mines and Geology, which is mandatory in case of the legal permit. The name of some private companies are printed in bold letters. Receipts are being issued in the name of companies like Tirumala Trading, Eshwar Minerals and Venkateshwara Minerals.

An ore transporter must compulsorily carry Forest Way Permit, Mineral Despatch Permit of the Mines and Geology Department and Weigh bridge slip among others. But risk permit replaces all the legal documents in case of illegal transportation.

Drivers carrying risk permits just pay a flat Rs 200 per tonne as 'royalty' at checkpoints. Trucks plying using these permits have a smooth and uninterrupted drive up to the Karnataka-Andhra Pradesh boundary. No officials attempt to stop such trucks. The Road Transport Authority and Mines and Geology Department officials some times conduct random verification. However, trucks are allowed to

proceed, once the risk permit is shown, officials said on condition of anonymity. There is no problem even after the boundary is crossed. Fake permits and invalid documents are in use for truck movement in Andhra Pradesh also.

A conservative estimate by officials puts the number of ore-laden trucks entering Andhra with risk permit at 1,000. Some big-time mining companies which are into illegal mining by encroaching the non-leased areas are using risk permits, officials said.

The use of risk permits has significantly increased after the Lokayukta police raided stock yards and ports some months ago. Illegal traders find this as a less risky one than carrying fake

permits, officials explained.

Rampant use of risk permits has made transporters with legal documents to carry on their business difficult. Truck drivers are getting handsome wages to transport illegal ore.

Rahul N Baldota, Executive Director, MSPL, which is one of the largest mining companies in Bellary, said ore is being sold without invoice and payment of royalty using risk permits.

But none in Bellary, whether those who are into business legally or officials of the Forest or Mines and Geology Department or checkpoints reveal the names of those who are running the risk permit system. After all many are benefited by the illegal system.

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