CBI claim of loss wrong, says Gali

DC CORRESPONDENT
HYDERABAD, DEC. 23

Citing several pages from the CBI chargesheet, Gali
Janardhan Reddy’s counsels on Friday lodged a
protest with CBI court, contending CBI’s submission
that illegal mining by OMC
caused a loss of ₹5,100
crore to the state exchequer,
was without any basis.

Appearing for CBI, senior counsel Mr B.
Ravindranath told the
court that this is not the
stage to go into details of
the case.

“The question is at what
stage the accused are en-
titled to bail. The Supreme
Court in its several judg-
ements upheld ‘tampering
with witnesses’ as one of
the grounds to dismiss bail.
As we have clinching evi-
dence to show that the
accused might tamper with
evidence once released on
bail, they shouldn’t be
given bail,” the CBI urged
court.

Special judge for CBI
cases B. Naga Maruthi
Sharma posted the case to
December 28 for orders.

The counsel for the
accused had made the sub-
mission in response to
additional solicitor gener-
al, Mr Mohan Parasaran’s
statement to court that ille-
gal mining caused a loss of
₹5,100 crore.

Referring to pages from
64 to 69 of chargesheet
where CBI gave details of
iron ore exported and bills
of sale consideration, defence
counsel Mr E.
Uma Maheswara Rao told
court that CBI put the fig-
ure at ₹884.13 crore.

In pages 57 & 58 of
chargesheet, CBI stated
that OMC obtained ore
from Hind Traders and
MBT mines in Bellary at a
throwaway price by threat-
ening the lease owners in
Karnataka and exported it
at a higher price by show-
ing that the same was
extracted from the 66.5
hectares
in
Anthargangama Konda of
Ananthapuri district.

“They paid royalty of ₹3
per ton and a cess of ₹100
for every ton. Where is the
question of loss to the state
government,” the defence
counsel argued.
Diamond zone in Andhra extended

SYED AKBAR
HYDERABAD, DEC. 24

After oil and natural gas, the Krishna River basin seems to be ideal for diamond mining.

The search for gemstones in the state has been extended to areas beyond Vijayawada and up to the estuary of Krishna with the Geological Survey of India finding evidence of precious stones in this hitherto unexploited region. Till date the area between Sangam (confluence of Tungabhadra and Krishna in Mahbubnagar district) and Prakasam Barrage in Vijayawada was recognised as the diamond zone. However, studies by the GIS have now revealed that the diamond zone extends well beyond Vijayawada and up to the shores of Avanigadda and Nagayalanka in Krishna district and Repalle in Guntur district.

Penna River, downstream of Somasila, is another new area with prospects of diamond reserves. The reserves may continue well into the sea, offshore of Krishna and Penna, say experts.

The mapping of the geological terrain of coastal areas dating back to the last glacial maximum (18,000 years ago) and beyond shows that the palaeo-channels and channel bars comprising diamond-bearing gravels extend into the lower part of the Krishna delta and even into the near shore area.

According to GSI, about 18,000 years ago Krishna as well as the Penna rivers had extended courses joining the sea at lower levels. "The palaeo-channels of Krishna and Penna in their delta and offshore areas may also form important diamond prospects in select zones,” GSI’s new “Quaternary Maps” point out. Quaternary is the current period in the Cenozoic era on the geological timescale. The diamonds were formed during this period.

Diamond-bearing gravels have also been found in Chennuru and Kanuparthi, along the upper reaches of the Penna.
How India Inc went from boom to gloom in 2011

Turbulent times for the aviation sector, the ongoing debate over FDI in retail and steady hikes in policy rates were the highlights of the year that is coming to an end.

M.V.S. Santosh Kumar

If you are wondering how, in 2011, we went from a high growth phase to the current slowdown, and from a healthy stock market to a moribund one, here is a quick rundown of sector-specific changes that impacted India Inc in 2011.

They could continue to have a bearing in the year ahead as well.

BANKING: BUFFETED BY HIGHER RATES

Draft guidelines for new bank licenses that may unleash more private banks and rising interest rates were the big challenges for the banking sector this year.

While it may take a while before new banks are set up, it is a significant step given that only a handful of banks were allowed to set up shop in the previous decade.

Apart from steady hikes in policy rates which pegged up the costs for banks, RBI also hiked interest rates on savings bank accounts.

First, during the annual credit policy, RBI raised the savings bank deposit rate to 4 per cent from 3.5 per cent. Then, in October, the rates were deregulated completely.

This means that during the time of high interest rates, a depositor may get a better rate than 4 per cent. Banks with low savings bank deposit rates have hiked their rates already whereas the bigger players continue to adopt a wait-and-watch approach as it will deliver a hit on their profits.

MINING: SHARING THE SPOILS

The new Mining Bill which awaits Parliament’s approval asks the mining companies to let go a proportion of their earnings for the development of the local population.

The amount to be set aside in a District Development Fund, which in turn would improve the living conditions of the locals, amounts to 26 per cent of profits in case of coal mining companies. For other mining companies, the outgo equals the royalty paid by them on mining.

Expectation of lower earnings because of this coupled with fall in mining production due to ban of mining at a few locations, strikes, inclement weather in mineral-rich States and environmental hurdles has led to underperformance of the mining sector.

POWER: SHORT-CIRCUITED

The ‘Power for all by 2012’ dream may turn into a nightmare in spite of new power projects coming up. Low fuel (coal and gas) availability and mounting losses of electricity boards lead to their shying away from procuring power at high cost.

Power generation has consequently suffered.

This means higher power cuts for consumers. Additionally, the power projects which are fuelled by imported coal are also in a soup. Due to recent regulatory changes in fuel procurement globally, many projects may become unviable.

For instance, Tata Power’s mega power projects, which were expected to provide relatively cheaper power, may now have to book losses as the fuel costs have risen more than what was projected earlier.

Even as the company is negotiating for higher tariffs with the electricity board, Tata Power booked impairment loss of Rs 823 crore on its Mundra power project.

PSUS: NO FUND RAISING

'Selling the family silver to pay the butler' may not happen as planned this fiscal.

Of the Rs 40,000 crore the Government of India planned to raise this fiscal from selling stakes in leading public sector units (PSUs), it has raised only Rs 1,125 crore in the first nine months.

With only three months left to achieve 97 per cent of the target, it seems unrealistic now.

Not only are equity markets fragile, the companies that the government wanted to divest - such as SAIL and ONGC - have under-performed for various reasons.

Currently, the government is exploring options such as buying back of shares by cash rich companies and cross-holding (again by PSUs) in various PSUs to achieve a chunk of its disinvestment target.

AVIATION: TURBULENT TIMES

The aviation sector found itself flying into rough weather this year, what with companies reeling under rising operational and interest costs even as they were unable to raise prices.

With low-cost carriers dominating the sector currently, even full-service carriers shifted focus to low-cost models to maintain market share. But that did not help much. Kingfisher Airlines is a classic example.

The company is currently starved for cash and may have to raise equity to remain afloat. Driven by business turbulence, the company had to ground many of its flights in the past couple of months.

TELECOM: TANGLED SIGNALS

Woes have largely been regulatory this year for the telecom sector which saw the end of the ‘tariff war’.

Having lost money in 2G spectrum sales (scam), the Government has asked the existing players with excess spectrum to shell out a one-time fee for the spectrum.

The same would be priced at rates determined for 3G spectrum auction. While this one-time levy would help reduce the government’s fiscal deficit, it may take a toll on the future earnings of telecom companies.

Additionally, an eight per cent annual revenue sharing is being proposed for telecom and telecom infrastructure companies.

This move is also expected to shave off a portion of telecom companies’ earnings.

The tussle between Department of Telecommunication and telecom players over intra-circle 3G roaming pacts also clouds the sector prospects.

RETAILING: TRYST WITH FDI

FDI in multi-brand retail has been in the offing for a long time now.

After much debate and anticipation, it was finally approved by the Cabinet in the last week of November.

It would have marked the entry of global players such as Walmart, which have been waiting to capture a slice of the huge Indian consumption pie.

The lack of proper supply chain and storage facilities leading to wastage and multiple levels of middlemen bear much of the blame for high food inflation.

Foreign entry was expected to compress supply chains and make them more efficient.

Also, it would have given access to much needed capital flows. However, with the approval of the decision being followed by mixed signals from both foes and allies of the ruling party, not to mention traders themselves.
JSPL files claim against Bolivia

Jindal Steel and Power (JSPL) has said it had filed a claim against Bolivia in the International Court of Arbitration over a financial dispute about a $2.1 billion mining project. In 2007, Jindal scored a 40 year contract to mine the southeastern Mutun site near the Brazilian border, with estimated total reserves of 40 bn tonnes, according to officials. The project is due to be fully operational in 2014.
HC extends ban on mining in green zone

Manoj R Nair

The Bombay high court on Friday extended the moratorium on new mining projects in Sindhudurg and Ratnagiri up to January 31, 2012. A petition had been filed by the environmental group Awaaz Foundation, asking the court to declare the Sawantwadi-Dodamarg wildlife corridor - between Radhanagiri National Park in Maharashtra and Anshu Dandeli National Park in Karnataka - as an Ecologically Sensitive Area (ESA), under the Environment Protection Act, 1986. Chief Justice Mohit Shah and Justice Roshan Dahd ordered the moratorium, and directed the Western Ghats Ecology Expert Panel (WGEEP) Report of Madhav Gadgil to be submitted to the court before January 12.

The Awaaz Foundation had appealed for the Sawantwadi-Dodamarg corridor in Sindhudurg district of Maharashtra to be declared an ESA, like Mahabaleshwar-Panchgani and Matheran. The corridor is part of the Sahyadri-Konkan wildlife corridor, connecting the Koyna and Radhanagari wildlife sanctuaries and Chandoli National Park in Maharashtra, with wildlife sanctuaries and national parks in Goa and Karnataka. This corridor is used, for instance, by elephants and tigers.

In September 2000, a committee chaired by Dr Pronab Sen laid down parameters for identifying ESAs, and also a methodology for regulating various activities in such areas. This was followed by other reports, including a proposal for the Sahyadri Ecological Sensitive Area, prepared by the Sahyadri Ecological Forum of Shivaji University. The Awaaz Foundation said while the government had formed committee after committee for the purpose, no suggestions made by the committees had been implemented. In March 2010, the WGEEP was set up to assess the status of the ecology of the Western Ghats, and to demarcate areas in the region to be notified as ESAs.