Gowda taking graft campaign to national stage

Special Correspondent

BANGALORE: The former Prime Minister and Janata Dal (Secular) supremo, H.D. Deve Gowda, on Saturday said he would seek a discussion in Parliament on the alleged corrupt deeds of the B.S. Yeddyurappa regime.

Documentary evidence against the Bharatiya Janata Party government in Karnataka, compiled by the JD(S), is being sent to Prime Minister Manmohan Singh and Congress president Sonia Gandhi, apart from the BJP leaders L.K. Advani, Sushma Swaraj and Arun Jaitley among others.

Mr. Gowda said he would raise the issue in the next Parliament session and threatened to stage a dharna if the BJP prevented a discussion. He wanted the BJP’s national leadership, threatening to obstruct the Budget session over the 2G scam, to also consider the corruption indulged in by its own government.

He told presspersons that the JD(S) would not be a party to the NDA’s plan to obstruct the session. “The corrupt deeds perpetrated by Chief Minister B.S. Yeddyurappa in Karnataka will put the 2G scam to shame.”

Mr. Gowda said: “The actual amount involved in corrupt deeds in Karnataka under the BJP regime runs to more than Rs. 1 lakh crore, if the Bangalore-Mysore Infrastructure Corridor (BMIC), land denotifications and mining scandals are put together.” Further, these are not notional losses unlike the Rs. 1.76 lakh crore in the 2G scam. “These are direct losses and the victims are poor farmers and landowners. While the evidence in the 2G scam is based on hearsay and taped conversation, the instances of corruption by Mr. Yeddyurappa and his Cabinet colleagues are supported by direct documentary evidence.”

Though Mr. Yeddyurappa was trying to deflect the blame for his involvement in denotifying land and allotment of plots under G category by referring to similar action by predecessors, Mr. Gowda said the Chief Minister cannot wish away the direct documentary evidence against him.

He said Mr. Yeddyurappa and his Cabinet colleagues were also involved in the “loot” of the State’s mineral resources. Every year, about 5 crore tons of iron ore worth Rs. 30,000 crore was illegally mined.

An inquiry should be conducted into all these acts of the BJP regime by a central agency like the CBI, Enforcement Directorate or the Customs, he demanded.
Govt not helping in mining probe
Justice Hegde

On Record
by Shubhadeep Choudhury

JUSTICE Santosh Hegde, Karnataka's Lokayukta and a former Supreme Court Judge, provides a beacon of light to those at the receiving end of maladministration or corruption. His resignation in June in protest against the state government's reluctance to act against the state's mining mafia had triggered a furor. He later withdrew his resignation following a request by BJP leader L.K. Advani. His father, K.S. Hegde, was the Lok Sabha Speaker (1977-80). In an interview with The Tribune, he shares his experience as the Lokayukta.

Excerpts:
Q: Why did you object to judicial probe into land scams set up by the government?
A: A complaint regarding land scams during the Yeddyurappa regime was submitted to me by Y.S.V. Dutt, a Janata Dal (Secular) functionary, on November 18. The government issued a notification on November 20 entrusting the investigation into land scams to a judicial commission by a retired high court judge. I felt the government should have taken my consent before setting up the judicial commission because I was already 'hooking' into complaints regarding land scams. While judicial probe is covered under a Central Act, the Act under which the office of the Lokayukta has come into being in Karnataka also received assent from the President of India.

Q: Are you looking into the land scams against Chief Minister B.S. Yeddyurappa?
A: No. More than one petition has been filed in the high court for an order regarding who should look into the scams – the Lokayukta or the judicial commission. I am waiting for the outcome of these petitions. If the court says the Lokayukta should do the probe, then only I shall resume the investigation.

However, I am looking into the land scam charges against Katta Subramanian Naidu, who resigned as a Minister after it surfaced that he had illegally claimed compensation from land that did not belong to him and was involved in handing over 300 acres of land to a company worth only Rs 1 lakh.

Q: Is the government helping you in the mining probe?

A: It has got much worse. BJP president Nitin Gadkari has recently told the media that I was behaving like an opposition leader. He was so nice when he visited me at my residence with Chief Minister Yeddyurappa in June to request me to withdraw my resignation.

Q: Can the Lokayukta help check corruption?
A: If he is interested in fighting corruption, then the office can, certainly, be an effective tool. Besides corruption, the Karnataka Lokayukta is also empowered to look into arbitrariness in administration. We get many complaints about non-payment of statutory dues such as anomalies in distribution of old-age pension under the social welfare scheme of the government. The eligible candidates are sometimes left out and ineligible ones are given the pension.

We also get complaints about civil works and ksheda works carried out under official supervision and expense. In India, governance is all-pervasive and in day-to-day life an ordinary citizen has to deal with the government. We are able to sort out 90 per cent of the complaints submitted to us regarding governance. Over 6,000 such complaints come to us every year.

Q: Is the Obhajapura Mining Company owned by Janardhana Reddy and Karnataka Reddy, both Ministers, under scanner?
A: I shall not comment anything specific at this stage about involvement of politicians in illegal mining. It, however, does appear that all those politicians who are affluent have something to do with mining. It is the 'top' of the mining probe likely to be completed?
A: I shall submit the report before I retire in August 2011.

Q: While you are active, your counterparts in other states are not. Why?
A: The Karnataka Lokayukta Act is very strong. Only a retired Supreme Court judge or a former High Court Chief Justice can hold this office with a five-year tenure. The Upa-Lokayukta can be a retired high court judge. Debarred from holding any office after completion of the term, he can look into complaints against government servants and politicians holding office of profit such as ministers. It all depends on the person holding the office. He has to decide whether he would like to work or simply enjoy the perks that go with the office.
Orissa won’t give up, challenges Centre on Posco

Nitin Sethi | TNN

New Delhi: The Union environment and forests ministry may have withdrawn the green clearance to Vedanta's Aluminium mining project in Orissa but the state government is not giving up easy. It has sent a detailed reply to the Centre recommending that the project be allowed to continue.

In an attempt to get the union government entangled in legalities, it has also sought to play the tribal affairs ministry against the environment ministry on the issue of compliance with the Forest Rights Act. The environment ministry had refused the forest clearance for the alumina mining at Niyamgiri hills by Vedanta, noting that the process of settling rights of primitive tribal group under the FRA had not been completed and the state government had given false evidence to claim otherwise.

The state government has instead sought to challenge the rules of the environment ministry that require its Forest Advisory Committee to review the implementation of FRA at the project site before it recommends a clearance under the Forest Conservation Act.

The environment ministry rules, in compliance of FRA, require that the advisory committee ensure, besides other things, that the affected village councils have given explicit permission for the diversion of their community forestlands. The Orissa state government, centre's N C Saxena panel, had noted, was unable to produce these certificates. The panel had also pointed to other infirmities in the procedure followed by the state government in completing the process of settlement under the FRA. The act requires that no land be diverted before the right ascertaining process has been completed.

But the state government has now written to the tribal affairs ministry questioning the validity of the environment ministry rules. The tribal affairs ministry is yet to reply to the state government.

These rules of the environment ministry have become the biggest bone of contention for industry with the other big-ticket project Posco also unable to pass the test securing village council nod.
This year Jairam Ramesh attracted controversies as no one else. In fact, controversies followed him wherever he went — Beijing, Cancun, Lavasa, Orissa. No wonder Ramesh gave the otherwise drab Environment Ministry a sense of importance. He stopped mining projects in Goa, disastrous dams on the Ganga and sent notices to mining corporation Vedanta. In 2010 alone, he issued more environmental notices to corporations than his predecessors’ entire careers. Planning Commission deputy chairman Montek Singh Ahluwalia, too, questioned his green norm when he recently said that there should be a “sensible” definition of no-go areas where mining was prohibited. Ramesh even locked horns with Home Minister P Chidambaram during his visit in China, talking more in Chinese language. He, to the anger of scientists and technology experts, held community consultations on key issues like Bt Brinjal and industrial development in the Western Ghats. His tenure, however, wasn’t all about controversies. He brought transparency to the Environment Ministry through a new website. Ramesh also earned praise from international leaders at Cancun for trying to narrow the differences between the developed and developing countries.
JD(S)’ booklet war targets BJP

KESTUR VASUKI BANGALORE

After a war of letters between Karnataka Governor Hans Raj Bhargwaj and ruling BJP, it is now the turn of Janata Dal(S) to start a 'booklet war' against BJP on the alleged land and mining scams in Karnataka during 29 months of Yeddyurappa rule.

The booklet, released in Bangalore on Saturday, by former Prime Minister and JDS supremo HD Deve Gowda, contains charges against ruling BJP and specifically target the alleged role of Chief Minister BS Yeddyurappa in land scams.

Releasing the booklet Deve Gowda said, “Corruption involving the BJP Government in Karnataka is in the order of ₹1 lakh crore. It is not a national loss as being projected in the second generation mobile telephony spectrum allocation scam. There are documentary evidences to prove the corruption charges against the Yeddyurappa Government.”

According to Gowda, the booklet containing the charges would be circulated among Prime Minister Manmohan Singh, UPA chairperson Sonia Gandhi, Union Finance Minister Pranab Mukherjee, besides Shiv Sena and other NDA leaders. He demanded that investigation agencies such as CBI, Enforcement Directorate and Mukherjee should order probe from any of these agencies.

The booklet contains documents pertaining to alleged land scams including controversial Bangalore-Mysore Infrastructure Corridor Enterprise (BMIC) project, mining irregularities, land allotment and land denotifications is titled “Karnataka Land and Mine Scandals put 2G to shame... Mahabharath yuddh against Mahabhrasthachar”.

Gowda, who had released a 10-point' chargesheet' against the State Government, said he would raise the Karnataka land scandals in the budget session of Parliament.

Three days ago, Governor HS Bhargwaj, locked in a war of letters with the Yeddyurappa Government, declared he has a list of corrupt people including some Ministers and was ready to give it to anyone, a remark which evoked sharp response from BJP leaders who called him a Congress agent.

However, the Chief Minister dropped his plans to call on the Governor to discuss the issue and had said his party would write a letter to President Pratibha Patil on Bhargwaj’s conduct.
An ode to the ore

Huge reserves of quality ore and strong financials help the company cater to a market that is growing aggressively.

**BUY**

NMDC

Rs.263

<table>
<thead>
<tr>
<th>Date</th>
<th>Closing Price</th>
<th>1-year Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 Dec</td>
<td>380</td>
<td>5.8%</td>
</tr>
<tr>
<td>30 Dec</td>
<td>382</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

Adarsh Gopalakrishnan

With iron ore mine output beginning to peak globally, steel producers and iron ore miners are in a scramble to secure dwindling high grade iron ore assets. Bosch, Arcelor Mittal, Tata Steel, Nippon, Posco, and Kobe are among the major names looking to snap up iron ore and coal mining sites.

The painful lessons of the last downturn have also led steel producers to seek of insulation from what they view as the oligopolistic setup of mining majors led by BHP Billiton, Rio Tinto and Vale. This puts NMDC in a sweet spot, thanks to its quality ore and burgeoning home market. Investors could consider exposure to the company owing to its huge reserves of quality ore, a strong financial position, moves towards partial vertical integration and a dominant position in an aggressively growing domestic market.

The company's stock trades at Rs.263 (P.E 22 times), which is at a stiff premium to several global and more diversified peers such as BHP Billiton, Rio Tinto and Vale. However, the premium may be justified by a strong financial, operational and market position.

The company’s enterprise value/tone is around Rs 720, a number which is ideal that paid for some recent acquisitions; however, the premium may be justified based on the superior quality of NMDC’s growing assets.

Other competitive advantages include significant government ownership and the scope for snapping up high quality domestic assets, vast quantities of which remain untapped. The company generates among the highest levels of profit per tonne of ore produced.

**HOME GROWING**

The demand for iron ore is expected to surge as domestic steel producers have embarked on massive brownfield capacity additions to cater to the growing domestic demand. Iron ore is one of the major inputs for steel production with 1.7-2 tonnes being consumed for every tonne of crude steel produced.

NMDC stands to benefit as several steel producers such as Essar, JSW Steel (including Ispat Industries), RINL, are going ahead with brownfield capacity additions without owning captive mines, unlike SAIL and Tata Steel India. They will fall back on NMDC for their supplies. Through mines in Chhattisgarh and Karnataka, NMDC caters to 20-25 per cent of the domestic iron ore requirements and sold 24 million tonnes in FY-10, exports through MMTC accounted for 3.4 million tonnes.

The company currently has the capacity to mine up to 32 million tonnes of iron ore per annum and plans to increase this to 50 million tonnes by FY-15. The company’s total iron ore reserves stand at around 1.25 billion tonnes, a chunk of which is high grade haematite ore. The company posted stellar growth in the first half of 2010 with sales and net profits growing by 86 per cent, each aided by the base effect with higher realisations and volumes this year.

The company’s sales and net profits have grown at a compounded 14 per cent since FY-07. Historical advantages, including low-cost leases and royalties, have resulted in stellar operating profit margins of around 85 per cent over the last three fiscaals.

The company is a zero-debt entity and sits on Rs 14,600 crore of cash. These cash reserves could serve the company well as it scouts for iron ore assets in South Africa, Russia, Australia, and, most ardently, back home. The company is considering a tie-up with Rio Tinto to scout for assets globally.

**VERTICAL MOVES**

NMDC plans to move up the value chain by building pellet plants in Chhattisgarh and Karnataka to process iron ore fines. Steel producers prefer iron ore lumps, which require relatively less processing compared to fines which have to be converted into pellets. The company also plans to foray into steel making with two million tpa steel plant at Karnataka, which is being built in a joint venture with Russian steel producer, Severstal.

Severstal’s Siberian mines will provide the autosteel venture with another diminishing and expensive component, coking coal. This integrated setup promises operating margins upwards of 30 per cent on realisations which could be six-eight-fold those of the iron ore. This will result in the company’s profits scaling up significantly.

The company also plans to build a three mtpa steel plant at Chhattisgarh. NMDC has also secured the requisite land and for both its planned steel forays. Both the ventures are expected to come on stream by 2013-14.

**HOME NOT SO SWEET HOME**

While NMDC’s proven reserves could serve the company well for another 20 years, it has been on the lookout for iron ore and coal mines. Developing a mine takes anywhere between three and five years for prospecting, exploring, gauging feasibility and, finally, rendering it operational. The company’s operations, have been disrupted by Maoist movement. The government’s recent economic counter move is the draft mining bill which includes a clause asking miners to share 26 per cent of profits with the local population.

While the mechanism for achieving the sharing remains unclear, it could significantly dent NMDC’s profits. NMDC’s high operating profit margins, rising realisations and growing volumes will place it in a much better position to handle this new impost as its peers.

**PRICING BLUES**

Domestic iron ore supplies have been tight, as a result of the government crackdown on illegal mining in several states. The ban on exports of iron ore from Karnataka has also led to higher iron ore prices globally. NMDC is expected to hike iron ore prices for the last quarter by 6-8 per cent.

The 2009 crisis had also resulted in new mine investments being deferred, putting the existing miners in a sweet spot as new mines are not expected to come on stream until early 2014.

Recent data from China has indicated signs of demand picking up strongly while confidence levels remain high in export-intensive Germany. Iron ore prices are also expected to be supported by a fragmented steel industry fighting for limited ore supply from a more concentrated body of miners.

This bodes well for NMDC as it enters a pivotal year in terms of capacity additions in the steel industry.
Gold moves up marginally; silver slips

Press Trust of India
Mumbai, Dec. 25

Gold prices moved up marginally at the bullion market here on Saturday on mild local buying activity.

Silver, on the other hand, eased owing to poor industrial off-take.

SUBDUED TRADE
Trading was mostly subdued in the absence of any cues from the international markets due to Christmas Holiday, traders said.

RATES
Standard gold (99.5 per cent purity) edged up by Rs 10/10 g to end at Rs 20,370.

Pure gold (99.9 per cent purity) also looked up by a similar margin to close at Rs 20,470/10 g. However, silver ready (999 fineness) softened by Rs 15/kg to finish at Rs 45,375.
Orissa CM wants competitive bidding for mining licences

Press Trust of India
New Delhi, Dec. 25

The Orissa Chief Minister, Mr. Pranab Mukherjee, who also heads the Group of Ministers on the Mines and Minerals (Development and Regulation) Bill, Mr. Patnaik also asked for a special provision for development of mineral-rich areas, dominated by tribals. “(C)ompetitive bidding should be the general methodology for grant of limited national resources since that will ensure a transparent mechanism and maximum gains to the State and the community,” an Orissa Government statement quoting Mr. Patnaik said.
RINL buys controlling stake in Eastern Investments

Special Correspondent

VISAKHAPATNAM: Following its strategic control over Bird Group of Companies, Rashtriya Ispat Nigam Limited (RINL) is likely to get 10-15 per cent of its iron ore requirements from the mines owned by Orissa Minerals Development Company (OMDC).

On the acquisition of 51 per cent equity by RINL on Friday in Eastern Investments Ltd (EIL), RINL Chairman-cum-Managing Director P. K. Bishnoi said on Saturday that it would help reduce the production cost of Visakhapatnam Steel Plant (VSP) to some extent.

RINL is the corporate entity of VSP, which does not have captive iron ore mines and depends on NMDC to meet its iron ore requirements. It also does not have its own coking coal mines.

Friday's development, after the Union Ministry of Mines prevailed upon EIL to accept the cheque of Rs. 361.30 crore, is being welcomed by officers and employees of RINL. EIL, part of the Bird Group of Company, is the holding company of OMDC and Bisa Stone Lime Company (BSLC). OMDC mines have about 206 million tonnes capacity, beneficiation plant, expansion of existing sponge iron unit and power plant. To a question, Mr. Bishnoi said talks were on for finalising the share value of Neelachal Ispat Nigam Limited to acquire it. Neelachal owns captive iron ore mines in Orissa. He said efforts were on to complete the ongoing expansion of VSP as per schedule.
अवैध खानन होने पर पटवारी जिम्मेदार

मुख्य सचिव ने लिए कलेक्टरों को निर्देश

भारत प्रधान मन्त्री, भारत

गृह में अवैध रूप से हो सेव खानन पर प्रलय करने के लिए, अन्न गृह सचिव ने केस लेकर फिर लिया है। अवैध खानन वालों में सबसे चक रहने के लिए उनके बेहोश में सराहन विषयों की अधिकारियों का संबंधित दल गठित किया गया है। मुख्य सचिव एच. एस. आर. ने इसके तेजी से कार्य करने की भी निर्देशन की है। निर्देशों में अवैध खानन वालों के लिए केस भर में सुज्जूते पटवारों की जिम्मेदारी मानी गई और उनके निर्देशन तक की कार्यवाही करने का जिज्ञासु है। राजभवन में दूरभाष्य स्थानों पर अवैध खानन का कार्य जोरों से चल रहा है। इस पर लगभग रेखावे के लिए 3 जनवरी से 15 जनवरी तक मुख्य सचिव एच.एस. आर. सचिव के निर्देश पर निरीक्षण अभियान चलाया जाएगा। कलेक्टर के नेतृत्व में गठित दीम केस का संचालन करेगी।

दीम संचालित क्षेत्र में अवैध खानन के स्थानों की तीह होनी चाहिए। इनमें लित निकायों के लिए कर्मचारियों को जानिए। इन अभियान में कलेक्टर को अधिकारी में खान, परिवर्तन, राजस्व, भूमि, भारतीय सरकार के अधिकारी ने कर्मचारियों द्वारा स्वयं कारण का गठन किया जाएगा। अवैध खानन के संबंधित क्षेत्रों में मुख्य सचिव के आदेश पर अवैध खानन को शीघ्रता के साथ निर्देश दिया गया है। पटवारी को वायरल निरीक्षण रखने को कहा है। यदि कहाँ से भी लिकिता मिलता तो पटवारी को निरीक्षण भी किया जा पक्ष है।

नेशनल कमाश पटवार, कलेक्टर, भारत

दल द्वारा प्रशिक्षण निरीक्षण किया जाएगा। दल में शामिल अधिकारियों द्वारा अवैध खानन तथा परिवहन के प्रकारण में अपने-अपने निकायों निरीक्षण के तहत सहज कार्य करेगी। दल में अवैध खानन की समापत्ति न हो।