

Is not Sri. B.S. Yeddyurappa, the first Chief Minister in the country to prohibit export of Iron ore

Extracting iron ore in excess from the mines and the issue of illegal mining are the main concern of the states in India with abundant mineral resource. In spite of efforts made by many state Governments, this problem is alive all over the states. The main reason for this problem is indiscriminate export of iron ore and such other minerals. Unless certain restrictions are imposed on the export of iron ore etc., the activities of excess extraction of iron ore and illegal mining are likely to be continued.

Experts have warned that if we allow the mining activities to continue in the extent it is going on now, it creates ecological imbalance and leads to the migration of people in a large scale.

It is estimated that 58% of the iron ore extracted in India is exported. This trend is required to be restricted urgently. Instead of emptying our natural resources blindly by indiscriminate export, we have to find out ways and means for value addition within the country.

The state Government led by Sri. B.S. Yeddyurappa, in G.O.No. C1-162/MMM/2010, dated: 28.7.2010 has taken a bold decision for the first time in the country by prohibiting the licenses given to export iron ore from the state from all the 10 ports in the state. This G.O. was challenged in the Hon'ble High Court of Karnataka. The divisional bench of the Hon'ble High Court in its judgment dated: 19.11.2010 has upheld the said order appreciating the action of the Government in preventing illegal mining.

The Chief Minister Sri.B.S. Yeddyurappa, called upon Hon'ble Prime Minister on 17.7.2010 and requested for the prohibition of export of iron ore throughout the country.

The Hon'ble Chief Minister in the meeting of the National Development Council held at Delhi on 24.7.2010 strongly reiterated this point. Karnataka is the only state to put forth request for such action.

The Central Government has maintained silence without taking any action regarding prohibition of export. The question is whether the Central Government is interested in protecting the natural resource of the country for the next generation?

Why did the Central Government did not show courage of prohibiting export so far as exhibited by Sri. B.S. Yeddyurappa?

Defects in the Export Act

After the action of the state Government, the cabinet meeting held on 22.7.2010 led by Shri. Pranab Mukarji, the Union Finance Minister has confirmed the lacunae in the Export Act 1957 .

Details of export till date

Since there is much demand for the iron ore in the international market, the price of iron ore has considerably increased in the past many years. In the

light of increased demand and more benefit, the illegal mining and transportation has considerably increased. Due to this, the state roads have become worst hit and the environment in total is badly affected. This has resulted in worsening the normal life of the people in the mining areas. The Government exchequer has also suffered heavy loss due to illegal mining.

Details of licensed and unlicensed export of minerals from 2003-04 to 2009-10

| Sl. No. | Year | License given (lakh metric tons) | Quantity of Export (lakh metric tons) | Difference unlicensed (lakh metric tons) |
|---------|--------------|-----------------------------------|--|---|
| 1 | 2003-04 | 23.27 | 45.76 | 20.49 |
| 2 | 2004-05 | 64.51 | 116.91 | 52.39 |
| 3 | 2005-06 | 92.99 | 114.71 | 21.71 |
| 4 | 2006-07 | 60.55 | 108.00 | 47.44 |
| 5 | 2007-08 | 89.73 | 147.34 | 57.61 |
| 6 | 2008-09 | 76.64 | 110.60 | 33.96 |
| 7 | 2009-10 | 60.71 | 131.99 | 71.27 |
| | Total | 468.42 | 775.31 | 306.89 |

Remark:

- It is evident that unlicensed export of the mineral has been done from 2003-04 during the regime of Congress, J.D.S and during President's rule. What is the reason for absence of any publicity in this regard?
- If the export was prohibited at the initial stage itself, would Karnataka have not become resourceful financially?
- Did not all previous Chief Ministers kept quite though they knew of unlicensed export. Is there no corruption behind it? Why were they not considered as offenders?
- Is it fair to project Shri. B.S. Yeddyurappa as criminal who as shown courage to prohibit export for the first time in the country? Analyse.

New Mineral Policy

The much acclaimed Global Investors Meet held on 3.6.2010 and 4.6.2010 was instrumental for the MOUs entered into by the future 53 investors to set up 53 steel plants to use 90.83 MTPA iron ore. This encouraged to reduce the export of iron ore substantially from the state. Certain MNCs and some of the National Steel companies who have signs MOUs with the state are – Arselar mittal, Posco, Tata metalics, Essar etc., The BJP Government has recommended to the Government of India regarding 23 companies only which have agreed for value addition.

In view of encouraging value addition and maintaining transparency in sanctioning concession to minerals, the State Government has decided to notify more than 10 hectares of land from which minerals have not been extracted so far.

Details of mining lease recommended by different Governments

| Chief Minister | No. of cases recommended by the State Government | No. of cases permitted by the Central Government | Notification issued |
|-----------------------|--|--|---------------------|
| Sri. Dhram Singh | 43 | 37 | 33 |
| Sri. H.D. Kumaraswamy | 47 | 22 | 19 |
| H.E. Governor | 22 | 14 | 09 |
| Sri. B.S. Yeddyurappa | 23 | 03 | 03 |

When compared to the previous Governments, the present Government is careful in recommending mining leases. Besides, all recommendations made by this Government for new lease are based on the principle of value addition. The previous Governments had recommended for more number of leases to the Central Government when compared to the cases recommended by this Government. Former Governments had ignored the objective of value addition. It is evident that this Government has given preference to the leases which have adhered to value addition there by setting a good example.

Mineral resources in the state

Karnataka State is one of the mineral rich states in the country possessing about 465 million tons of proved hematite iron ore and 7811 million tons of magnetite. The resource rich in Karnataka Magnetite is available in abundance in western ghats which are ecologically sensitive and hence it cannot be extracted. Most of the iron ore resource is available in the three districts namely Bellary, Chitradurga and Tumkur in the State. Presently, the production of iron ore in the state is 49 million tons out of which 70% is in the form of powder and 30% is in the form of blocks.

Remark:

- At the beginning stage of mining why didn't the then Congress and J.D(s) Governments enforce mining policy?.
- Who and which Government allowed to loot the natural resources easily? Causing loss to the state exchequer?

Is there any meaning in considering B.S. Yeddyurappa as a criminal who enforced mineral policy to protect natural resource and to secure more revenue to the Karnataka exchequer? Is it fair?

Measures taken to control illegal mining

Some of the measures, taken by the B.S. Yedyurappa Government as regards illegal mining are as follows:-

Stopping bulk permits, implementing e-permits, abolishing private storage yards, expediting inspection, computerized control at all times in all check posts etc.,

Due to all these measures mining revenue in the state has considerably increased though there is prohibition on export of iron ore. Though export of iron ore was prohibited in July 2010, Rs.434.76 crores revenue has been collected in 2010-11 as against Rs. 319.59 crores revenue collected in 2009-10.

It is clear from the points explained above that Congress and J.D(s) Governments have behaved in an irresponsible manner and have joined hands with the mine owners and have caused illegal mining at a large scale in the state. No measures were taken to control illegal mining during the period of those Governments. Instead they supported illegal mining. Even then, these parties are making baseless allegations against B.J.P. Government misleading the public.

Remarks:

What is the reason for the earlier Governments for not taking any action to prevent illegal mining? Do they have answer?

Is there any meaning in shouting against Sri. B.S. Yedyurappa who is instrumental to collect more revenue to the Government exchequer by taking bold step to stop illegal mining?

Note regarding joint venture between Mysore Minerals Limited and M/s JSWL to extract iron ore from Thimmappanagudi iron mines

Background and present situation:

M/s Vijaynagar Minerals Private Limited, a joint venture of Mysore Minerals Limited and M/s JSW Steel Limited has been doing mining since 1999 in 136.97 hectares of land permitted by the Forest department in Thimmappangudi iron ore mines (621.59 hectares) of Mysore Minerals Limited, under the statutory supervision of MML.

MOU

Mysore Minerals Limited and M/s J.S.W. Steel Limited (a former M/s J.V.S.L) signed MOU on 17.01.1997 (annexure-1) and a joint company was formed on 17.6.1997 and started mining from 27.11.1999.

Main features of MOU:-

Both Mysore Minerals Limited and M/s J.S.W. Steel Limited have to bring their share of mines under V.M.P.L for mining. But since then, M/s J.S.W. Steel Limited have not brought their share of mines under J.V. company till now and mining is being carried on only in Thimmappanagudi iron ore mine of Mysore Minerals Limited.

As per MOU, though the partnership is on commercial basis, the iron ore powder has to be supplied to M/s J.S.W. Steel Limited at the rate of transfer (manufacturing cost based) along with 6% premium rate of market rate. M/s J.S.W. Steel Limited has 70% share in joint sector company and M.M.L. has 30% share. Agreement of shareholders was to be executed in this regard.

Execution of MOU

Mining was carried on in Thimmappanagudi iron ore mine since 11 years and 9.25 million ton iron ore was produced. From 2000-01 to 2009-10 premium of 62.90 crore rupees was received at low premium at the rate of 6% by supplying the same to JSW. Due to this defective MOU entered into in 1997, MML has suffered a loss of 917.31 crores from 1997 to 2007-08.

Details of loss occurred during the period of former Chief Ministers from 2000 to 2007-08

| Sl. No. | Year | Chief Ministers | Ore | Estimated loss |
|----------------|----------------------|------------------------|--------------|-----------------------|
| 1 | 2000-2004 | S.M. Krishna | 22.63 | 19.82 |
| 2 | 2004-06 | N. Dharamsingh | 19.65 | 154.83 |
| 3 | 2006-07 (October) | H.D. Kumaraswamy | 16.95 | 237.28 |
| 4 | 2007-08 (May) | Governor's Rule | 6.84 | 134.35 |
| | Total | | 66.07 | 546.28 |

Remark:

During 10 years from 1997 to 2007-08, the state suffered loss of Rs.915 crores. From 2008-09 to 2011 (during the period of B.S. Yedyurappa), the same MML earned revenue of Rs.400 crores.

Measures taken for the survival of MML by B.S. Yedyurappa Government

- Outstanding balance of Rs.49.78 crores related to various items has been recovered.
- Interim Stay Order given in Writ Petition No. 6882/2008 filed by M/s J.S.W.S.L was vacated and it was finally dismissed on 05.09.2009 .
- Keeping in view the financial interest of MML the Government in its letter No.CI.37/CMC/2007, dated:17.03.2010 has given approval to adopt revised system. Accordingly in lieu of 6% premium received by MML earlier, for the ore powder supplied, 100% calibrated ore at market rate is being sold by MML at current market rate.

Positive results occurred from 1.04.2010 due decision of the Government

The premium of the ore on the ore powder produced from 01.04.2010 has been increased from 6% to 50% . Due to this increase, MML has earned revenue of Rs.197.14 crores during 11 months of 2010-11 i.e. from April 2010 to February 2011. It was only 11.29 crores during the entire year of 2009-10 (from April 2009 to March 2010).

MML having sold iron ore balls of 4,14,986 tons during 11 months of 2010-11 (April-February 2011) has earned Rs. 74.22 crores.

The company expects Rs.250 crores revenue from the sale of ore produced from Thimmappanagudi iron ore mine in 2010-11 (April 2010 to March 2011).

After assuming charge, Shri. B.S. Yedyurappa's Government by its strong decisions boldly ended the financial exploitation caused to the iron ore resource of MML by JSWSL and increased the premium from 6% to 50% which was paid on the supply of ore powder. Due to this there is considerable increase in the revenue i.e. Rs.197.14 crores has been earned in first 11 months duration of 2010-11. Finally, a total revenue of Rs.250 crores is expected for the year 2010-11.

Remarks:

- Do the people who were in power in the previous Governments reply for the loss suffered by MML in 10 years from 1997 to 2007-08 to the tune of 917 crores caused due to the wrongful MOU of previous Government?

- Why do they not appreciate the bold step taken by Sri. B.S. Yedyurappa by which MML earned a profit to the tune of Rs.400 crores in 2 years because B.S. Yedyurappa's Government increased the premium from 6% to 50%?
- Is it not their stupidity to make allegations without knowing the facts that Sri. B.S. Yedyurappa has caused loss to MML and has received donation from J.S.W.L to the Trust of his children?

In the matter of Report submitted by Lokayukta Hon'ble Mr. Justice N. Santosh Hegde on 27.07.2011.

1. The report submitted by Lokayukta - Hon'ble Mr. Justice N. Santosh Hegde on 27.07.2011 led to the resignation of Sri. B.S. Yeddyurappa, as the Chief Minister of Karnataka. It was preceded by a 'demand' made by various persons seeking his resignation on the ground that the Chief Minister has been indicted by the Lokayukta.
2. The report itself runs into 33 chapters. Totally it consists of 464 pages.
3. The present endeavor is to clear the clouds and show more clarity on the report itself. Is there any truth in the Lokayukta Report? Does report actually indict Sri. B.S. Yeddyurappa? Was the report illegal on the face of it? And did actions of Sri. B.S. Yeddyurappa as the Chief Minister of the State, in relation to mining industry, call for his resignation?
4. In the confusion and melee created, no one has reflected either on the state of affairs or the truth. But more concern all focus seems to have been toward securing the resignation of Sri. B.S. Yeddyurappa. For it is said truth has many facets and difficult to arrive at it. Hence, the present paper.

What was the Reference made to the Lokayukta (What actually the Lokayukta was asked to enquire into) ?

The Lokayukta was entrusted to investigate into illegal mining and related issues. This was in the background of large number of complaints seeking action against illegal mining. The illegal mining itself would mean mining by persons without license; mining by persons with license, but beyond boundaries for which the lease has been granted; transportation of iron ore without valid permit; and pilferage of royalty amount. The various references made by the State Government were made in the following orders.

1. G.O. No. CI 164/MMM/2006 dated 22.07.2006 Corrigendum dated 24.07.2006.
2. G.O. No. FEE 21/FDE-2005 dated 23.06.2006.
3. G.O. No. CI 164/MMM/2006 dated 12.03.2007.
4. G.O. No. CI-164/MMM/2006 (part) dated 09.09.2008
5. G.O. No. CI-164/MMM/2006 dated 24.12.2008.

Condemned Unheard

The reference was as to whether the then State Government in the year 2003 was right in de-reserving almost 700 hectares of Prime mining land, which was earlier to be mined by state owned mining companies.

Bhagavad Gita which is considered to be the essence of Vedas and Upanishads has the following verse in Chapter-II. (Verse. 34):

***“Akirthim Chaapi Bhutaani Kathaishyanthi Thevyayam
Sambhavithasya Chaakirthi Maranaadaati Richyathe”***

Translated into English, it runs as follows:

**More over men will ever tell of your disgrace,
and to a man of honour ill fame is worse than death.**

Commenting on the above words, Maharishi Mahesh Yogi in his commentary has stated that those who have enjoyed good will and fame in society, lose it, they suffer shame and misery, which is worse than death. Loss of renown for a once famous man is more than death to him. The underlying principle of good fame in society is that when a man constantly does good he becomes a centre of harmonious vibrations which, enjoyed by the people around him, naturally create warmth and love in their hearts. That is why he is described in glowing terms by all. In this way the good fame of a man is the criterion of his goodness, and ill fame the criterion of his badness. No one who is good could possibly acquire ill fame. Max Muller commenting on the aforesaid words in Gita has stated that all beings too, will tell of your everlasting infamy; and to who has been honoured, in family is (a) greater (evil) than death”.

**“Under the provisions of the Karnataka Lokayukta Act,
Lokayukta is expected to make an enquiry and report as per
the Reference”**

Principles of Natural Justice not followed

It is one of the fundamental principles of our jurisprudence that if any adverse action is initiated or if adverse remarks are to be made, the minimum that is required is that the person must be given an opportunity to explain as to why such remarks should not be made.

Ironically, even in the case of Class-IV employees, if any confidential remarks are to be made in his Service Register, a notice of hearing is necessary. But here the Chief Minister of the State, who is popular in the entire State was indicted and held to be guilty and no opportunity of being heard was given by the Lokayukta, without a minimum notice being issued to him. He was kept unaware and the idea was to keep him unaware just to attack him from the back. This is most unfortunate. Can such a report which is ex-facie illegal in view of number of judgments of Hon'ble Supreme Court and Hon'ble High Court be the basis for removing the Chief Minister? It may not be out of place to mention that the Hon'ble High Court in the case of 'PROF. S.N. HEGDE AND ANOTHER VS. THE LOKAYUKTA, BANGALORE AND OTHERS' (ILR 2004 KARNATAKA 3892), held that while making investigation Lokayukta is bound to issue notice to the delinquent and if no such notice is issued the entire report is liable to be declared as null and void. When an appeal was filed

against this order, the Lokayukta himself conceded before the Division Bench of Hon'ble High Court that there was defect in the way the investigation was conducted. If this was the position of law, did Lokayukta then commit an error in giving his report without issuing notice ? Can such a report therefore, have any basis?

- Further while submitting the first report Shri Dharam Singh- against whom allegations were made- was issued with notice and his explanation was obtained.
- Smt. Jija Hari Singh- a Senior IPS officer was also issued with such notice.
- It is strange why such an incomplete stand was taken against Sri.B.S.Yeddyurappa.

Sri. Santosh Hegde in his report has made two serious allegations

Details of donations received by Prerana Education and Social Trust in which members of B. S. Yeddyurappa's Family are members.

- With regards to the Rs. 10 crore donation alleged to have been received by PES Trust, Mr. Yeddyurappa's family could have established such institutions in Bangalore or elsewhere if they had a bad intention.
- Private educational institutions play a major role in ensuring that quality education reaches all parts of the State, reducing the burden on the government.
- Is it a crime that Mr. Yeddyurappa's family is running PES educational trust under the guidance of prominent educationist Prof. M R Doreswamy to help students of Malnad region at Shimoga especially when the family has the experience of running educational institutions since 1995 at Shikaripura Taluk.
- If the family of Mr. Yeddyurappa merely wanted to make money, they could have established the educational institution with such excellent facilities in bangalore city itself.
- Would not the map of Karnataka been different if all the previous chief ministers had established such educational trusts in their respective districts akin to the model of PES Trust which has brought excellence in education to a

taluk like Shikaripura under the eminent guidance of educationist par excellence like Prof. Doreswamy.

- Are there not many politicians in many other educational trusts receiving donations from various donors?
- Is it illegal for Prerana Educational and Social Trust to receive Rs.10 crore donation from South West Mining and use the same for legitimate social awakening and development of rural students?
- The sale of One acre land for Rs. 20 Crores has been misunderstood and misconstrued to make a false allegation.

What is the case about South West Mining Company? What is the South West Mining Company and how the transaction referred to in the report has nothing to do with the Chief Minister. Certain facts require to be made clear. According to the Lokayukta following are the features.

- ® 798.87 Hectares of land was de-reserved for making available for mining lease.
- ® proceedings are conducted by the Additional Secretary, Mines, State of Karnataka, Department of Commerce And Industries for hearing applications on mining leases on 21.09.2007.
- ® Recommendation made in favour of JSW Steels Ltd to an extent of 188.28 hectares in Donimalai Range, Sandur Taluk.
- ® Recommendation made in favour of M/s Vijayanagar Minerals Pvt Ltd .to an extent of 181.70 hectares in Donimalai Range, Sandur Taluk.
- ® Recommendation made in favour of M/s South West Mining Ltd .to an extent of 181.14 hectares in Donimalai Range, Sandur Taluk.

There is no Role of Sri.B.S.Yeddiyurappa

It is to be seen that when recommendation/grant of mining lease was granted, it was Shri. H. D. Kumarswamy who was the Chief Minister. Shri Yedyurappa had nothing to do with this mining at all. These recommendations were challenged by M/s V S Lad and Sons by filing WP No. 563/2008 on the ground that they have also filed application for grant of mining lease along with JSW Steels Ltd and South West Mining Ltd and the recommendation was illegal.

The Hon'ble High Court in WP No. 563/2008 rejected the contention of the Petition (M/s V S Lad and Sons) and upheld the recommendation made by the State Government on 28.06.2009.

Against the said order M/s V S Lad and Sons filed a special leave petition before the Hon'ble Supreme Court.

Rule 22 of the MINERAL CONCESSION RULES, 1960 framed under the Mines and Minerals (Regulation and Development) Act, 1957 deals with regard to mining lease applications . SUB RULE 4 deals with process of applications. It reads as under –

Application of Rule 22 for grant of mining leases:-

"On receipt of the application for the grant of a mining lease the State Government shall take decision to grant precise area for the said purpose and communicate such decision to the applicant. On receipt of communication from the State Government of the precise area to be granted, the applicant shall submit a mining plan, within a period of six months or such other period as may be allowed by the State Government, to the Central Government for its approval. The applicant shall submit the mining plan, duly approved by the Central Government or by an officer duly authorised by the Central Government, to the State Government to grant mining lease over that area."

Government of India wrote a letter dated:18.03.2010 to the Director of Department of Mines and Geology asking for clarification as regards, if there was any order of stay.

In reply to the Government of India addressed letter to the Director, Department of Mines and Geology asking them to clarify as to whether there was any stay order regarding the recommendations made by the State Government the Under secretary department of mines wrote back vide letter dated:23.03.2010 stating that there was no stay order granted by the Supreme Court and Chief Minister B.S.Yeddiyurappa has not brought pressure.

Explanation:- Lokayukta in his report has indicated Sri.B.S.Yeddiyurappa just on presumption.

Lokayukta has enquired and ordered beyond scope of reference.

Lokayukta has enquired and ordered on followings which were not part of terms of reference. Even his inferences are based on presumptions, which is unfair.

- ® South West Mining Company is subsidiary to Jindal Group of Companies.
- ® South West Mining Company donated a sum of Rs. 10 crore to Prerana Trust.
- ® That Jindal Group of Companies had filed applications for grant of Mining Leases.

Explanation:-

When Sri.B.S.Yeddiyurappa has not shown any undue favour to Jindal company, is it fair to link his name?

Sri.B.S.Yeddiyurappa as Chief Minister of the State had to order on various issues come before him for consideration. Even his family members have right to pursue their own business or profession. It is their commitment to society to establish educational institution. They have also received donations as per the laws of land.

Decisions of Lokayukta

Lokayukta has recommended for prosecution mainly deriving power under various sections of Lokayukta Act, will not conform to various rules of Prevention of Corruption Act?

“While recommending prosecution Lokayukta express doubt about the veracity of transactions on favour to Southwest Mining and says detailed probe is necessary”

It is interesting to note that U.V.Singh in reports has not said anything against Sri.B.S.Yeddiyurappa. Is Lokayukta recommendation fair?

From these it is clear that this is the basis for the Lokayukta to arrive at a conclusion for prosecution under the provisions of the Karnataka Lokayukta Act.

Can these facts be the basis for report under Prevention of Corruption Act?

Lokayukta while dealing with these issues also says the following -

“It is possible that these transactions were entered into for the purpose of favour South West Mining Company. It creates serious doubt about the transaction”

The matter required further comprehensive investigation".

What does therefore one can draw from the above -

- ® That even according to Lokayukta the matter requires investigation which means investigation is incomplete.
- ® It creates genuine doubt which means, he cannot come to any proper conclusion and what remains is the doubt.
- ® The Lokayukta says ‘it is possible’. Therefore, which means that there could be two possibilities, in a given facts of the case.

What could be inferred from the above -

- ® Investigation being not complete,
- ® Lokayukta himself is not sure about the finding.
- ® Any finding can be based on doubt.

What was the nature of investigation held by the Lokayukta and what were the facts he has to elicit.

Considering that the Lokayukta is a former Judge of Supreme Court of India,

- ® Did Lokayukta record the statements of officials of South West Mining company to ascertain what were the nature of donations made by them?
- ® Did Lokayukta record the statements of any of the officials of Prerana Trust as to ascertain what were the nature of donations received by them and also about utilization of the same by the said Trust?
- ® Did Lokayukta record the statements of sons of B.S.Yeddyurappa, as to under what circumstances the land was sold?
- ® Did Lokayukta peruse any of the applications pending before the Government filed by Jindal Group of Companies?
- ® Did Lokayukta examine as to whether under any law Jindal Group of Companies were entitled for grant of mining lease and under what provisions of MMRD Act?
- ® Did Lokayukta even seek basic explanation from Sri. B.S. Yeddyurappa to ascertain as to whether he was aware of the donations received by Prerana Trust or the sale effected by his sons?
- ® Did Lokayukta find out any of the persons either in the Department of Mines & Geology, Department of Commerce and Industries, or from Sri. B.S. Yeddyurappa as to whether any of the officials of Jindal Group of Companies had approached them for favourable orders?
- ® Did Lokayukta find out as to what were the orders passed by the Chief Minister in respect of these companies?

All the questions above, remained unanswered. But what is said by the Lokayukta in various press statements is that Sri. B.S. Yeddyurappa is indicted. In spite of all these questions being unanswered, Sri. B.S. Yeddyurappa had to quit his office. In the history of an independent India not even a daily wage employee would have been treated so badly. If the highest executive of the State who is a popularly elected person can be thrown out of the office by way of perfunctory investigation, **can it be expected that any Government employee will secure justice in such a system?**

In this report, it also requires to be mentioned that it is not unusual for the Trust to receive the funds. But it is pertinent to note here that Sri. B.S. Yeddyurappa is in no way connected with the Trust. On the contra, the Trust is run by Prof. M.R. Doraiswamy, who himself is known as Educationalist and Philanthropist of wide acclaim. The Trust itself has several educational institutions running under its aegis. It has in the course of its activities made yeoman services to the cause of society, providing educational facilities for the poor and needy. If the accounts of the Trust are examined it would show that the said amount of Rs.

10 crores which was received from South West Mining Company was actually utilized for the construction of building which ultimately was utilized for the Trust. If these being the true state of facts, how could have the Lokayukta come to the conclusion that South West Mining Company paid illegal gratification. Further, can it not be said and it is unusual in the State of Karnataka that several politicians are running Trusts. For instance, Shri Mallikarjuna Kharge is part of Siddartha Vihar Trust, Dr. G. Parameshwar, President of Karnataka Pradesh Congress Committee is running a Trust, Sri. R.L. Jalappa, former Union Minister and Member of Indian National Congress is also part of a Trust and Shri Shamnur is also running a Trust in the name of Bapuji Educational Society. If all these persons are allowed to run trusts and to receive donations from various persons, how does Lokayukta find the Trust of which the sons of B.S. Yeddyurappa are the Trustees to be illegal and how could the Lokayukta consider the donations received by the Trust, as illegal gratification received by Sri. B.S. Yeddyurappa. In fact, the Income-Tax Authorities under the provisions of Income Tax Act also have verified the accounts of the Trust and found it to be in compliance of law. Did Lokayukta find any truth from the Trust? If the Trust had received notice from the Lokayukta, about the donations it would have explained the correct position.

Lokayukta somehow seems to have also ignored that Sri. B.S. Yeddyurappa has been responsible and played a key role for curbing illegal mining in the State of Karnataka. On 24.07.2010 while addressing National Development Council, New Delhi, Sri. B.S. Yeddyurappa had devoted a separate chapter to deal with mining and related activities. See the next page for an extract on the Ban on export of Iron Ore.

Some errors in the report

The 2nd report of the lokayukta contains many omissions and commissions. It appears that the report was submitted in haste to meet somebody else's deadline. The errors in the report are evidence to this. The lokayukta report in its first chapter deals with the various alleged illegal export of minerals from the State. The report presents various figures to support its arguments. The same is the presented below in its entirety.

As stated in the report

| Port | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010(A-D) | Total |
|----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Belekeri | 4309527 | 6201908 | 1771256 | 6501805 | 1584481 | 20368977 |
| Chennai/Ennore | 6229020 | 10584118 | 8650900 | 8020479 | 1767401 | 35251918 |
| Kakinada | 3217681 | 1588389 | 1158892 | 1604008 | 549131 | 8118101 |
| Karwar | 1378776 | 1851025 | 2423995 | 1558061 | 468134 | 7679991 |
| Krishnapatnam | 629830 | 1969078 | 6526577 | 10086277 | 5318164 | 24529926 |
| Mangalore | 5315222 | 8317818 | 8911456 | 5628426 | 1046386 | 29219308 |
| Visakhapatanam | 431076 | 51155 | 9191 | 50644 | 81951 | 624017 |
| Total | 21511132 | 30563491 | 29452267 | 33449700 | 10815648 | 125792238 |

As stated in the report

| Destination Port | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010 (Apr Jul) | Total |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------|
| Belekeri | 3243296 | 4558414 | 1553093 | 2850965 | 425040 | 12630808 |
| Chennai/Ennore | 9001445 | 9771492 | 7172969 | 9201921 | 1379816 | 3327643 |
| Kakinada | 1954027 | 1712296 | 1094536 | 1446144 | 279504 | 6486507 |
| Karwar | 2032015 | 2474833 | 2157436 | 998038 | 307824 | 7970146 |
| Krishnapatnam | 107883 | 1529335 | 4018416 | 4954122 | 2749176 | 13358932 |
| Mangalore | 4894448 | 6164277 | 7002262 | 3721270 | 785618 | 22567875 |
| Visakhapatanam | 138965 | 38089 | 11400 | 103200 | 264000 | 555654 |
| Ports Notknown | 380565 | 1347750 | 1088704 | 427200 | - | 3244219 |
| Total | 21752644 | 27596486 | 24098816 | 20702860 | 6190978 | 100341784 |

The State Government has taken a decision to notify the virgin areas of more than 10.00 hectares in view to encourage the value addition in the State and to maintain a transparency in grant of concessions for minerals. (Iron ore).

The picture of mining leases recommended by various Governments is as below:

The present Government has been careful in recommending mining leases as compared to the earlier elected Governments. Further, all such recommendations made by the present Government for fresh leases are based on value addition principle.

This Government has set a precedence by giving priority to recommend the leases for value adders.

Seizure of Iron ore at Belekeri Port, Karwarr District

In Belekeri Port, Karwar District, it was found that over 5 lakh tones of iron ore seized by the Forest Department was exported. The Government immediately suspended concerned officers of Port and Mines and Geology Departments and the matter has been entrusted to CID for further investigation. Investigation has already started. In addition the Forest Department has registered a forest offence crime at No. 17/2009-10 in the court of JMFC at Ankola and another forest office crime No. 06/2009-10 was registered in the court of JMFC, Karwar. Further, the stevedoring permits and land use permit given to M/s Adani Enterprises and Shri Mallikarjuna Shipping Pvt. Ltd. has been cancelled immediately on 29.06.2010.

The matter of issuing of Mining leases by different Governments including BJP Government has been referred to the Hon'ble Lokayukta for inquiry / investigation.

Approval to Iron and Steel projects

Encouraged by our Mineral policy, a large number of reputed companies have come forward to set up the Iron and Steel factories in Karnataka. A total 53 MoUs have signed with a total investment of Rs. 2,56,161.08 crores. Among them are included the world – renowned companies like M/s Arcelor Mittal, POSCO, Tata Metalics, M/s ESSAR Steels Limited and M/s Bhushan Steels Limited.

CONCLUSION

The Lokayukta report in prima facie has flaws with far reaching effects. The report has targeted Sri.B.S.Yeddiyurappa and BJP Government. The report has failed on following counts:-

1. Denial of principles of natural justice to Sri B.S.Yeddiyurappa. But when first report was made notice was given to all and was heard.
2. There is violation of principles of natural justice in case of Sri.B.S.Yeddiyurappa.
3. Lokayukta has not given justifying reason for not enquiring about illegal mining during the period 2000 to 2006.
4. The report ignores the fact that no favours were shown to Jindal Company by any officer.
5. It is essential to take note that U.V.Singh has not alleged any wrong doing by Sri B.S.Yeddiyurappa.
6. The report fails to appreciate the fortitude of Sri.B.S.Yeddiyurappa in banning exports of iron ore.
7. The report has failed to record appreciation the efforts of Sri.B.S.Yeddiyurappa in preventing illegal mining and increasing revenues to the state.
8. It will be unjust and unfair to accuse Sri.B.S.Yeddiyurappa for getting donation to trusts of his family members by favouring JSWL and causing loss to MML.
9. The real perpetrators of crime have escaped acts by Lokayukta in not complying with terms of reference.
10. On several issues Lokayukta suggested for detailed probe and casts a shadow or doubt that report is not complete.

There is an urgent necessity for a wide debate on this report among all the right thinking people.