

### **S Jaipal Reddy's efforts to take on Mukesh Ambani's Reliance group needs to be applauded, feels Sheela Bhatt.**

'What will you do if you are in my seat? How can I give you such a high price for gas?' Sudini Jaipal Reddy, then India's petroleum and natural gas minister, asked Reliance Industries Chairman Mukesh Ambani during a meeting when the businessman sought a higher price for gas Reliance produced in the Krishna-Godavari basin in Andhra Pradesh.

Reddy stood his ground and did not budge an inch after half-a-dozen one-on-one meetings with Ambani, India's most powerful businessman.

When he took over the petroleum ministry in January 2011, it was a surprise for many to see the erudite Reddy in the hot seat. It could be best explained as an accident that occurs when a Cabinet reshuffle takes place.

Reddy is known for his integrity and in over 40 years in public life the Andhra Pradesh politician has never been accused of abusing power.

Reddy joined the Congress party in 1965. He became a member of the AP legislative assembly in 1969 and revolted against then prime minister Indira Gandhi when she imposed a state of Emergency and joined the Janata Party in 1977.

He unsuccessfully contested the 1980 Lok Sabha election against Indira Gandhi from Medak, Andhra Pradesh, and spoke against the dynastic politics practised by the Nehru-Gandhi family before he rejoined the Congress party.

Reddy is perceptive, but Congress leaders do not often take his advice. He is not close to either Congress President Sonia Gandhi or Prime Minister Manmohan Singh; his transparent politics make him an unlikely recipient of information about Congress intra-party intrigue.

It is strange that the battle Jaipal Reddy waged with Mukesh Ambani and Anil Agarwal, chairman of the London-based mining-to-oil conglomerate Vedanta, to save the exchequer billions of rupees is of "no political use" to the Congress which is currently sinking under the weight of corruption charges against the party.

Jaipal Reddy is an emotional man and his fondness for Sonia Gandhi averted a rebellion this week after he was moved from the petroleum ministry to the almost inconsequential science and technology ministry. He can contextualise the contemporary political situation with history as its backdrop and has the intellectual ability to see the writing on the wall.

Reddy dared to question Reliance -- disregarding its alleged intimidating influence on this government -- for slowing down the production of gas from the Krishna basin. He questioned Reliance's capital expenditure account. He insisted on better governmental supervision over the Krishna basin production records and expenditure.

Reliance had reduced its output from the 53, 54 million metric standard cubic metres of gas a

## JAIPAL REDDY - THE MAN & HIS TRYST WITH POLITICS

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day in March 2010 to around 27.5 mmscmd in 2011. Neither Reddy nor petroleum ministry officials accepted the company's reasons for this cut in production.

The petroleum ministry noted in writing that India lost Rs 20,000 crore (Rs 200 billion) due to this reduced production of gas in 2011-2012.

In 2012-2013, the reduced production led to a loss of Rs 45,000 crore (Rs 450 billion) to the exchequer. The loss increased because the actual production was less than half the projected production.

A government source, privy to information about the Reliance-petroleum ministry face-off, reveals that when Prime Minister Manmohan Singh intervened on the issue some six months ago, Jaipal Reddy knew his days as petroleum minister were numbered.

Before demitting office, Reddy's team at the petroleum ministry made out a water-tight case to ensure that only in an exceptional case would Reliance get more price for its gas before 2014.

"It will be impossible for Reliance to get more price for its gas before 2014," the government source said, explaining the significance of Reddy's notes on the Reliance file.

"Even if the company get it to increase the price by Rs 1, it will be surprising," the source added.

The Congress party will not be in a position to allow the government to hike Reliance's gas price since it has been widely reported that the government's estimate stated that the Andhra Pradesh and central governments stood to lose \$6.3 billion if Reliance's demand for a higher price was accepted.

When the panel of secretaries, the prime minister's economic advisory council, the petroleum ministry and the minister have put their reservations against Reliance on record, how can the Congress party ignore the facts to help Mukesh Ambani?

'The RIL formula may be taken up for approval only after a policy is put in place. *Prima facie*, the formula seems to suffer from several infirmities...' the panel of secretaries has noted in writing.

The petroleum ministry has quantified the financial burden on the nation if Reliance's request to hike the price of gas from \$4.2 per million metric British thermal unit to \$14.20 is accepted by the government. Even if the arguments against Reliance are not entirely correct, the government is in a spot over an increase in the price for gas from the Krishna basin.

Politically, Reliance's case is also weakened by Reddy's unceremonious transfer from the petroleum ministry and the efforts by India Against Corruption activists Arvind Kejriwal and Prashant Bhushan to bring the issue into sharp focus.

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In all likelihood, the government source felt, Reliance would withdraw its demand for an increase in the price for its gas before 2014 to retain its credibility as India's leading business house.

Government sources, familiar with the issue, told [Rediff.com](http://Rediff.com) that Kejriwal and Bhushan are "absolutely correct" when they said that 'underproduction' of gas in the Krishna basin had cost India heavily.

Asked if Reliance would get a higher price for its gas from the Krishna basin, the sources merely said: "It is out of question."

It is very difficult to be an honest politician in a country where the system is absolutely corrupt.

After a long time, we now see an exception to this perception.

Jaipal Reddy is one up even on Prime Minister Manmohan Singh who is considered clean and honest.

Jaipal Reddy has gone a step ahead by playing an active role in stopping corruption.

He has put things on record; he has walked the extra mile to ensure that public money is valued highly.

One must recognise Jaipal Reddy's efforts, applaud it, and make it an example for the country's younger generation.

The Andhra Pradesh politician has done something that is unbelievable in this season of scams.

Contemplate this for a moment. What stopped him from cutting a deal with the producers of gas?

Can you think of any politician in America who can single-handedly question Exxon Mobil?

Reddy is an Arvind Kejriwal inside the government.

Take a bow, Mr Reddy!