

**Diversion of 101.52 Ha of Forest Land inside ML area of Kumaraswamy
Iron Ore Mine (ML No.1111) of NMDC Limited**

(Cost Benefit Analysis for Forest land diversion -2017)

Table-A: Cases under a cost benefit analysis for forest diversion required:

Sl. No.	Nature of Proposal	Applicable/ Not Applicable	Remarks
1	All categories of proposals involving forest land up to 20 hectares in plains and up to 5 hectares in hills	Not Applicable	These proposals may be considered on a case-to-case basis and value judgment
2	Proposal for defense installation purposes and oil prospecting (prospecting only)	Not Applicable	In view of National Priority accorded to these sectors, the proposals would be critically assessed to help ascertain that the utmost minimum forest land is diverted for non-forest use.
3	Habitation, establishment of industrial units, tourist lodges complex and other building construction.	Not Applicable	These activities being detrimental to protection and conservation of forest.
4	All other proposals involving forestland more than 20 hectares in plains and more than 5 hectares in hills including roads, transmission lines, minor, medium and major irrigation projects, hydro projects, mining activity, railway lines, location specific installations centers, TV towers etc.	Applicable	These are cases where a cost-benefit analysis is necessary to determine when diverting the forest land to non-forest use in the overall public interest.

Table-B: Estimation of cost of forest diversion

Sl.No.	Parameters	Rs. In Lakhs	Remarks
1	Ecosystem services losses due to proposed forest diversion.	815.20	Economic value of loss of ecosystem services due to diversion of forests shall be the Net Present Value (NPV) of the Forest land being diverted. Rs.8.03 Lakhs X 101.52 Ha = 815.20 Lakhs.
2	Loss of animal husbandry productivity, including loss of fodder.	81.52	10% NPV of the Forest as per the new guidelines.
3	Cost of human resettlement	--	There is no human resettlement in proposed forest land. Hence, the cost of Human resettlement does not apply.
4	Loss of public facilities and administrative infrastructure (Roads, Building, Schools, Dispensaries, Electric lines, Railways etc.) on forest land, which would require forest land if these facilities were diverted due to this project	--	There is no Roads, buildings, schools, dispensaries, electric lines, railways passing in the proposed area. There is no loss of public facility in the area.
5	Possession value of forest land diverted.	244.56	30% of Environmental cost (NPV) due to loss of forest.

Sl.No.	Parameters	Rs. In Lakhs	Remarks
6	Suffering of austeers	--	There will not be any losses on this account as diversion of the forest land to this project and will not affect any evaluation of house or structure or human settlement.
7	Habitat Fragmentation Cost	407.6	50% of Environmental cost as a thumb rule as per the new guidelines.
8	Compensatory afforestation and Soil & moisture conservation cost	1863.90 100.00	Rs.18.36 Lakhs per Ha for 101.52Ha.
Total Loss due to Forest Diversion		3512.78	

Table-C: Existing guidelines for estimating benefits of forest-diversion in CBA

Sl.No.	Parameters	Remarks
1	Increase in productively attribute to the specific project.	The proposal pertains to the application of Forest Clearance for diversion of 101.52Ha forest land falling within the mine lease of Kumaraswamy Iron Ore Mine (M.L.No.1111). NMDC Ltd. is having strategic focus on achieving a production capacity of 100 million tons per annum by 2030 from all the project. Hence, KIOM is also in the process of expansion of production capacity. The mine management is in process with the Monitoring Committee for enhancement of MPAP from 8.628MTPA to 10 MTPA. This un-diverted forest land of 101.52Ha is required for expansion of mining operations for achieving the production targets, accommodation of waste/overburden within the mine lease and building of infrastructures for higher production capacity. Since, the mine is fully mechanized mine, exploitation of mineral reserves and to establish ancillary infrastructures, the proposed diversion of 101.52Ha is required. Accordingly, the area has been proposed for Diversion of 101.52 Ha. in Kumaraswamy Forest range in Sandur (Tq.) of Ballari dist.

Sl.No.	Parameters	Remarks
2	Benefits to economy due to the specific project.	The additional area at Kumaraswamy Mine would allow expansion of mining operations and would enable NMDC Ltd., KIOM to achieve 10MTPA production target. Presently, the MPAP is 8.628MTPA, if the same is enhanced to 10 MTPA (as per EC capacity) it would generate additional revenue to the Government of Karnataka. Additionally, the enhanced mining operations would provide additional employment (direct & indirect) opportunities to local people. Additional revenue for NMDC Limited (A Govt of India Enterprise) = Rs. 5916 crores <u>Earnings for state Govt. of Karnataka.</u> Royalty- 15% of potential sale value= Rs.887.4Cr. DMF & NMET- 30% & 2% of Royalty amount = Rs. 284 Cr. VMD = 22.5 % of Sale Value = Rs. 1331.1 crores Other incidental taxes & levies in form of GST, Cess and other statutory levies
3	No. of population benefited due to specific project.	Additional employment (direct/indirect) for around 200 people would be generated from the project.
4	Economic benefits due to of direct and indirect employment due to the Specific project.	Higher reserves would extend the life of mine thus creating direct and indirect employment related to various activities in the mines.
5	Economic benefits due to compensatory afforestation.	NPV @ Rs.8.03 Lakhs X 101.52 Ha = 815.20 X 20 years = Rs.163.04 crores + Providing of equivalent non forest land to the forest department + Compensatory afforestation charges = Rs.18.36 Lakhs per Ha. X 101.52 Ha = 18.63 Crores Rs.163.04+18.63 = Rs. 181.67 crores.
	Benefit from the proposed project	Rs. 2684.07 crores.

Loss due to forest diversion = 35.13 Crores.

Benefit from the proposed project = Rs. 2684 Crores

Net benefit from the project = Rs. 2684 Cr – Rs. 35.13 Cr =Rs. 2,648.87 Crores (approx.)

Hence Cost benefit ratio = 1:75

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for. 
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