

Cost Benefit Analysis of Existing/ Proposed Approach Road & for Mining Activities (0.97 Ha and 12.97 Ha) of Hiremagi-Sulebhavi-Aihole Iron ore Mine ML.No: 2649 over an area of 13.94 Ha

1. Applicability of Cost Benefit Analysis.

SL.No	Nature of Proposal	Applicable/ Not Applicable	Remarks
	All categories of proposals involving forest land up to 20 hectares in plains and upto 5 hectares in hills.	Not applicable	These proposals are to be considered on case-by-case basis and value judgement.
	Proposal for defence installation purposes and oil prospecting (prospecting only)	Not Applicable	In view of Nation priority accorded to these sectors, the proposals would be critically assessed to help ascertain that the utmost minimum forest land above is diverted for non-forest use.
	Habitation, establishment of industrial units, tourist lodges/ complex and other building construction.	Not Applicable	These activities being detrimental to protection and conservation of forest, as a matter of policy, such proposals would be rarely entertained.
	All other proposals involving forest land more than 20 hectares in plains and more than 5 hectares in hills including roads, transmission lines, minor, medium and major irrigation projects, hydroelectric projects, mining activity, railway lines, location specific installations like micro-wave stations, auto repeater centres, T.V 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 interests.
	Proposal for renewal of Mining Lease for forest land.	Not Applicable	Nil

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2. Evaluation of Loss of Forest

SL.No	Parameters	Mining Project
1	Ecosystem services losses due to proposed forest diversion	There is no loss as the road area is already broken up and it is been used since 1980.
2	Loss of animal husbandry productivity including loss of fodder	There is no any loss of animal husbandry productivity.
3	Loss of human re-settlement	There is no loss involved on account of human resettlement.
4	Loss of public facilities and administrative infrastructure (roads, buildings, schools, dispensaries, electric line, railway, etc) on forest land or which would require forest land if these facilities were diverted due to this project.	No administrative infrastructures such as roads, buildings, schools, dispensaries, electric line, railway, etc are affected due to diversion of forest land to this project. There will be no loss involved on this account.
5	Possession Value of forest land diverted	NA as land is already broken up.
6	Suffering of ousters.	There will not be any losses on this account as diversion of the forestland to this project will not affect any house or structure.
7	Habitat Fragmentation cost	NA as land is already broken up.
Total Loss to environment		NIL


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3. Evaluation of the Benefits		
SL.No	Parameters	Mining Project
1	Increase in productivity attributable to the specific project	<ol style="list-style-type: none"> 1. Total Mineral reserves = 12441000 Tones + 30,00,000 Tones Additional reserve of 12.97 Ha area 2. Cost of the iron ore per tonne which the project proponent used to acquire in the past = Rs. 1500 Per tonne 3. Estimated cost of Iron ore if produced by the project proponent = Rs. 550 per tonne 4. Profit to the project proponent after starting this project for 10 years = $(1500-550) \times 3000000 = 2850 \text{ Cr.}$ 5. Payments to be made against various royalties, taxes to NMET, FDF, DMF = 37 % on total mineable reserves as per IBM sale price = 1054.5 Cr. 6. Benefit to the project proponent for 10 years = 1795.5 Cr
2	Benefits to economy due to the specific project	<ol style="list-style-type: none"> 1. Total mineable iron ore reserve = 30,00,000 Tonnes 2. Average sale price of Iron ore as per IBM (Karnataka) = Rs.1200 Per tonne 3. Other Levies: DMG Royalty = 15 % of IBM sale price DMF = 30 % of Royalty NMET = 2 % of Royalty FDF = 12 % of IBM sale price Grand Total: 37 % of IBM sale price 4. Total benefit to economy of GOK = 133.2 Cr.
3	No. of population benefits due to specific project	Keeping straight 2% of the net profit in CSR Activities = $0.02 \times 133.20 = 26.64 \text{ Crores.}$
4	Economic benefits due to the direct and indirect employment due to project	<p>Total benefits to the employees per Annum = 861 Lacs per Annum</p> <p>Total benefits to the employees for 10 Years = 86.10 Cr.</p>
Total Benefit		2041.4 Crores

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**COST BENEFIT ANALYSIS
CALCULATION OF BENEFIT/ COST RATION**

Total Loss of the Forest	Nil
Total Benefit	2041.40 Crores
Cost Benefit Ration:	2041 %

Thus, the project gives positive Benefit/ Cost ratio. The monetary returns of the project are positive over the environment losses.


GFA Holder
Rachappa
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Authorized Person
M/s DODDANAVAR BROTHE'S