

**Regularization of 235.648Ha. outside ML area of Donimalai Iron Ore Mine  
(ML No.2396) at Donimalai Complex, in favour of the NMDC Limited.**

**Revised 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.	1892.25	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 235.648Ha = 1892.25 Lakhs.
2	Loss of animal husbandry productivity, including loss of folder.	189.22	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.	567.66	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	946.12	50% of Environmental cost as a thumb rule as per the new guidelines.
8	Compensatory afforestation and Soil & moisture conservation cost	4024.86 5.0	Rs.17.08 Lakhs per Ha. as per letter No. KFD/HoFF/A5-3 (GFL)34/2019-FC dt.19.04.2021
<b>Total Loss due to Forest Diversion</b>		<b>7625.11</b>	

**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.	<p>Donimalai Iron Ore Mine of NMDC Ltd., (M.L.No.2396) with a lease area of 608Ha is located in Sandur taluk of Ballari district of Karnataka State. Mine operation was started in the year 1977 and the forest area was broken before the enactment of Forest Conservation Act, 1980. In order to beneficiate / processing of iron ore produced from the mine, various ancillary infrastructures were established outside the mining lease. These ancillary infrastructures area Screening plant, Valley Stores, Vocational Training Centre, Chemical laboratory, Auto garage, Tailing Dam, Overflow channel, Power lines, Roads, Water treatment plant etc. These ancillary infrastructures were established in the vicinity of Donimalai Mine to support the overall mining processes and mineral beneficiation.</p> <p>As these facilities falls in the forest land, the present proposal is for regularisation of existing ancillary facilities covering an area of 96.87 Ha of forest land and interlocked forest patches between these infrastructures i.e. total of 138.778 Ha for diversion of non-forestry purpose. All these infrastructures are directly associated with the Donimalai Mine operations. Presently, the Screening plant operations are also used for beneficiation of iron ore from Kumaraswamy Iron Ore Mine of NMDC Ltd. through a single flight belt conveyor of 5.5Kms. These ancillary infrastructures cannot be relocate to any other areas due their strategic location.</p> <p>Accordingly, the area has been proposed for Regularization of 235.648Ha. in Donimalai Forest range in Sandur (Tq.) of Bellary dist.</p>

Sl.No.	Parameters	Remarks
2	Benefits to economy due to the specific project.	<p>There would not any relocation, resettlement &amp; rehabilitation of the people due to these facilities. Rather, these infrastructures are very good opportunities of employment for local people. Local people are engaged in these ancillary facilities which give them employment and help in uplifting their living standard and improving overall quality of life.</p> <p>Earnings for state Govt. of Karnataka. Royalty on tonnage basis to Dept of Mines &amp; Geology. Electricity charges to KEB. Electricity charges to Tungabhadra Reservoir Dvn, PWD. Cess on welfare department. Transportation charges to the Railways rents, taxes etc. to the Govt &amp; etc.,</p>
3	No. of population benefited due to specific project.	About 1000 people will be benefited.
4	Economic benefits due to of direct and indirect employment due to the Specific project.	100
5	Economic benefits due to compensatory afforestation.	<p>NPV @ Rs.8.03 Lakhs X 235.648 Ha = 1892.25 X 20 years = 37845.06 + Providing of equivalent non forest land to the forest department + Compensatory afforestation charges = Rs.17.08 Lakhs per Ha. X 75.92 Ha = 4024.86</p> <p><b>Rs.4024.86 + 37845.06 = 41869.92 Lakhs.</b></p>
	<b>Benefit from the proposed project</b>	<b>Rs.41869.92 Lakhs.</b>

Loss due to forest diversion = 7625.11Lakhs.

Benefit from the proposed project = 41869.92 Lakhs.

**Net benefit from the proposed project = Rs.41869.92 – Rs.7625.11 (Approx.) = 34244.81**

**Hence Cost benefit ratio = 1:4.49**

**Date:04.07.2022**

  
 Chief General Manager  
 Donimalai Complex  
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