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Ref. No. _____ Date _____

Cost Benefit Analysis of M/s M.Hanumantha Rao, ML No-2505 over an extent of 2.686 Ha for approach road in S.M.Block Iron Ore Mine in Donimalai Block Sandur Taluk Ballari District.

1. CATEGORY OF PROPOSALS FOR WHICH COST BENEFIT ANALYSIS

Sl. No.	Nature of proposals	Applicable /not Applicable	Remarks
1.	All category of proposals involving forest land less than 5 Ha. In plains and more than 2 Ha. In hills.	Not applicable	This proposal is to be considered on case to case basis and value judgment.
2.	Proposals for defense installation purposes and oil prospecting (prospecting only)	Not applicable	In view of national priority accorded to this sectors the proposal could be originally assessed to help a certain that utmost minimum forest land above is diverted for non-forest use.
3.	Habitation, establishment of industrial units, tourist lodges/complex and other building construction.	Not applicable	These activities being determined to protection and conversion of forest as a matter of policy such proposal could be rarely entertained.
4.	All other proposals involving forest land more than 5 Ha. in plains and more than 2 Ha. in hills including roads transmission lines, minor and major irrigation projects, hydel projects, mining activity, railway lines located specific installations like micro-wave stations, auto repeater centers, T.V. towers etc.,	Applicable	This is the case where a cost benefit analysis is necessary to determine when diverting the forest land to non-forest activity is in the overall public interest.

For M/s.M.HANUMANTHA RAO


(Partner) 

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2. Evaluation of Loss of Forest.

SI. No.	PARAMETERS	MINING PROJECT
1.	Loss of Value of timber fuel wood and minor forest produce on annual basis including loss of man hours per annum of people who derived livelihood and wages from the harvest of these commodities.	Not applicable
2.	Loss of animal husbandry productivity including loss of fodder.	Negligible. Only hill grass loss to an extent of 0.5t/Ha./yr. @ Rs. 100/tonne, the loss of fodder estimated for 2.686Ha. Will be $2.686 \times 0.5 \times 100 =$ Rs. 134/- per annum.
3.	Cost of Human resettlement	— NIL —
4.	Loss of public facilities and administrative infrastructure (Roads, buildings, schools, dispensaries, electric lines, railways etc.,) on forest land if these facilities were diverted due to the project.	Not applicable
5.	Environment losses, soil erosion effect on hydrological cycles, wild life habitat micro-climate upsetting of ecological balance.	The estimated loss as per the guidelines for tree density of 0.4 will be Rs. 50.696 lakhs over a 50 years period. Therefore, the environmental loss for 2.686Ha, for tree density of 0.10 over 33 year period would be $0.1/0.4 \times 50.696 \times 33/50 \times 2.686 =$ Rs.22.46 lakhs.
6	Suffering to outsiders	Not applicable. As no one stays in the forest area applied for diversion for approach Road i.e., 2.686Ha.
Total Loss to Environment.		Rs 22.46 Lakhs.

For M/s.M.HANUMANTHA RAO


 (Partner)


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3.EVALUATION OF BENEFIT NOT WITHSTANDING LOSS OF FOREST

Sl. No.	Parameters	Nature of proposals Mining Projects
1.	Increase in productivity attributable to the specified project.	About 6.650 lakhs tones /annum EC have been obtained. But after Supreme Court / CEC / ICFRE the annual production was limited to 2.260 lakhs tones /per annum of iron ore will be transported from this roads.
2.	Benefits to economy.	The average value of the iron ore is Rs. 1500/ tonnes which will amount to Rs.33.90 crores. Government is getting Rs.6.78 crore in the form of royalty and many more indirect taxes. For 33 years the financial turn over will be around Rs.1119 crores.
3.	Employment potential.	70 workers are employed directly & 250 workers indirectly.
4.	Number of population benefited.	Around 1250 persons will be benefited from this project.
5.	Cost of acquisition of facility of non-forest and where-ever feasible.	Not applicable.
6.	Loss of (a) Agricultural and (b) Animal husbandry Production due to diversion of forest land.	There is no loss of agriculture. Only fodder to a tune of Rs.568/- is expected to be lost/year and for 33 years it will be Rs. 18,744/-
7.	Cost of rehabilitation of the displaced persons as different from compensatory amount given for displacement.	Not applicable.
8.	Cost of supply of free fuel wood to workers residing in or near forest area under the period of construction.	Since the mine is already operative, no cost involved during the construction period.

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 (Partner)

SUMMARY of Cost Benefit Analysis of M/s M.Hanumantha Rao, ML No-2505 over an extent of 2.686 Ha for approach road in S.M.Block Iron Ore Mine in Donimalai Block Sandur Taluk Ballari District.

FOR THIRTY THREE YEARS

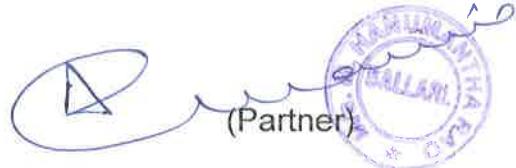
LOSS (in Lakhs)	BENEFIT (in Lakhs) (from Mining lease)
1. Environmental loss = Rs. 22.47 lakhs	Revenue from sales of iron ore Rs. 111,900. lakhs
2. Loss of fodder = Rs. 0.18744 lakhs	
Total Rs. 22.66 Lakhs	Rs. 111,900 Lakhs

Net benefit from the project

Over a 33 year period = Rs. 111900-22.66= 111877.34 lakhs, or Rs. 1119 crores.

Cost benefit ratio = 1: 1980

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