C O S T B E N E F I T A N A L Y S I S

Annexure – i

CATEGORY OF PROPOSALS FOR WHICH COST BENEFIT ANALYSIS

Sl. No.	Nature of proposals	Remarks
1.	All category of proposals involving forest land less than 2 Ha. in hills	Not applicable
2.	Proposals for defense installation purposes and oil prospecting (prospecting only)	Not applicable
3.	Habitation, establishment of industrial units, tourist lodges/complex and other building construction.	Not applicable
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.,	Not applicable

for Gogga Gurushanthaiah & Bros.,

Partner

Annexure – ii

PARAMATERS FOR EVALUATION OF LOSS OF FORESTS

Sl. No.	Parameters	Minor irrigation projects quarrying of stones/metals
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 to an extent of 5t/Ha./yr. @ Rs. 100/tonne, the loss of fodder estimated for 0.45 Ha. will be 0.45 x 5 x 100 = Rs.225/- per annum and Rs.4500 for 20 years.
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 habit at micro-climate upsetting of ecological balance.	The estimated loss as per the guidelines, for a tree density of 0.4 will be Rs. 50.696 lakhs over a 50 years period. Therefore, the environmental loss for 0.45 Ha. for a tree density of 0.10 over a 20 year period would be 0.1/0.4 x 50.696 x 20/50 x 0.45 = Rs.2.28 lakhs.

for Gogga Gurushanthaiah & Bros.,

Partner

Annexure – iii

PARAMETERS FOR 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 1.40 lakh tonnes/annum of iron ore will be transported from these roads.
2.	Benefits to economy.	The average value of the iron ore is Rs. 2000/ tonnes which will amount to Rs.2800 crores. Government is getting Rs.3.36 crore in the form of royalty and many more indirect taxes for 20 years the financial turn over will be around Rs. 56000 lakhs.
3.	Employment potential.	50 workers and staff could be employed.
4.	Number of population benefited.	800 people indirectly benefited from this project.
5.	Cost of acquisition of facility of non-forest and where-ever feasible.	Not applicable, since the iron ore reef is situated in forest area only.
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.225/- is expected to be lost/year and for 20 years it will be Rs.4,500/-
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 and can produce iron ore, no cost involved during the construction period.

for Gogga Gurushanthaiah & Bros.,

Partner

Annexure - iv

SUMMARY OF COST BENEFIT ANALYSIS FOR THE PROJECT FOR TWENTY YEARS

LOSS (in Lakhs)	BENEFIT (in Lakhs)
1. Environmental loss Rs. 2.280	Revenue from sales of iron ore Rs. 56000
2. Loss of fodder Rs. 0.045	
Total Rs. 2.325	Rs. 56000

Net benefit from the project

Over a 20 year period = Rs. 56000 – 2.325 = 55997.675 lakhs or Rs. 559.98 crores.

Cost benefit ratio = 1: 24086

for Gogga Gurushanthaiah & Bros.,

Partner