

# **CENTRAL EMPOWERED COMMITTEE REPORT DATED 18<sup>TH</sup> APRIL, 2012 OF THE CEC REGARDING THE SALE OF IRON ORE LYING IN THE STOCKYARDS, PREPARATORY WORKS FOR THE MINING LEASES AND OTHER ISSUES**

This Report is being filed pursuant to this Hon'ble Court's order dated 13<sup>th</sup> April, 2012 by which the CEC was directed to file its Report regarding the sale of iron ore lying in the stockyards and undertaking of preparatory works in the mining leases. This Report also deals with the submissions made on behalf of the lessees during the hearing held before this Hon'ble Court on 13<sup>th</sup> April, 2012 regarding involving Indian School of Mines, Dhanbad / other experts in the preparation of R&R Plans, resumption of mining operations and other related issues.

## **I. REGARDING SALE OF IRON ORE LYING IN STOCKYARDS**

2. The Government of Karnataka vide Government order dated 13<sup>th</sup> August, 2010, with a view to curb the transportation and the use of illegally mined material, has taken a decision that the permissions for the establishment of the stockyards of the mineral will be issued only in favour of such persons having plants for processing mineral (beneficiation plant, screening plant etc.) and / or the mining

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leases and that the existing permissions for the other stockyards will be cancelled. Accordingly, the permissions earlier granted for the establishment of about 58 stockyards have been cancelled and the stock of the iron ore which remained unsold / not transported during the period granted for this purpose to them have been confiscated. The copies of the circulars dated 28<sup>th</sup> January, 2000 and 7<sup>th</sup> March, 2011 issued by the Director, Mines & Geology, Government of Karnataka in this regard are enclosed at **ANNXURE-R-1 (Colly)** to this Report.

3. The CEC in its Report (Final) dated 3<sup>rd</sup> February, 2012 has recommended (refer Recommendation No. XII, page 59 of the CEC Report dated 3.2.2012) that "the confiscated iron ore pertaining to the cancelled stockyards will be sold by

the Monitoring Committee and the sale proceeds will be retained by the Monitoring Committee.”

4. Pursuant to this Hon'ble Court's order dated 10<sup>th</sup> February, 2012, N/s Satya Granite and M/s Rajmahal filed representations before the CEC against the above said recommendations and which have been dealt with in the CEC Report dated 28<sup>th</sup> March, 2012 (refer Para 7 to 9, Page 13-14 of the CEC Report dated 28.3.2012). M/s Sathya Granite, who has two stockyards, has also filed IA No. 64 of 3

2012 in the Writ Petition (Civil) No. 562/2012 seeking directions against the sale of its iron ore by the Monitoring Committee. The CEC, after considering the issues raised in the said representations and in partial modification of its earlier recommendation, has stated that the iron ore lying with the various stockyards may be sold through e-auction by the Monitoring Committee. It has also been recommended that the details of the iron ore received, sold and balance stock may be verified by the Monitoring Committee and thereafter the sale proceeds in respect of the iron ore not found to be involved in any illegality may be reimbursed to the respective stockyard. The balance proceeds of the iron ore may be retained by the Monitoring Committee.

5. As per the information provided to the CEC by the Director, Mines & Geology, Government of Karnataka about 5.05 lakh MT of iron ore is presently available for sale in 45 cancelled stockyards in District Bellary. The stockyardwise details of District Bellary are given at **ANNEXURE-R-2** to this Report (The quantity of the iron ore stated to be available at the stockyards of M/s Satya Granite is being re-verified). In addition, about 0.27 lakh MT of iron ore is stated to be available in the cancelled stockyards in District Tumkur.

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6. In the above background it is respectfully submitted that this Hon'ble Court may consider permitting sale of iron ore lying at various cancelled stockyards through e-auction by the Monitoring Committee with the condition that the sale proceeds in respect of the iron ore not found to be involved in any illegality will be reimbursed to the respective

stockyards.

## **II. REGARDING UNDERTAKING OF PREPARATORY WORKS IN THE MINING LEASES (BEFORE THE COMMENCEMENT OF THE MINING OPERATIONS)**

7. The preparatory works required to be undertaken before the commencement of the mining operations will broadly include (i) demarcation of the lease boundary on the ground as per the findings of the Joint Team, (ii) undertaking exploration and prospecting works for the purpose of preparation / updating of the Mining Plan / schemes as per the statutory requirements of the IBM, (iii) survey work by the respective lessee for the purpose of preparation of the R&R Plan and Supplementary Environment Management Plan (SEMP), identifying areas for over burden dumps, plantation, construction of garland drain, retaining walls, check dams, gully plugs, etc., (iv) processing of the proposals for approval under the Forest (Conservation) Act, 1980, environment clearance, approval of the Mining Plan, Consent to Operate

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and other statutory clearances / approvals in respect of the existing mining leases / renewal of the mining leases, (v) cleaning and repairing of roads within and outside the lease area, (vi) undertaking protection work such as handling / terracing of waste dumps, cleaning of drains, construction of retaining walls, gully plugs, check dams, siltation, ponds, etc., and (vii) repair, servicing and overhauling of machinery for mining and related activities.

8. In this regard it is submitted that this Hon'ble Court by its order dated 13<sup>th</sup> April, 2012 has inter alia directed that the boundaries of the mining leases should be fixed on the ground as per the findings of the Joint Team and as modified after careful examination by the CEC. All the concerned authorities and the respective lessees have been directed to follow the above. The Director, Mines & Geology vide his letter dated 31<sup>st</sup> March, 2012 (enclosed at **ANNEXURE-R-3** to this Report) has permitted the lessees to carry out prospecting operations in mining lease areas subject to certain conditions. The directions issued by this Hon'ble Court do not prohibit undertaking of the survey works within the lease area for the preparation of the R&R Plan and the

SEMP (in fact each lessee is required to file the basic details, after such survey, for the preparation of the R&R Plan), processing of the proposals for statutory clearances / 6

approvals, cleaning and repair of roads (provided the lessee has valid approval under the Forest (Conservation) Act, 1980 for the construction / use of the road), repair / servicing etc. of machinery for mining and related activities. The protection works such as handling / terracing of waste dumps, construction of the retaining walls, gully plugs, check dams, etc., are an integral part of the R&R Plan and are necessarily required to be undertaken in accordance with the prescriptions / provisions of the R&R Plan being prepared by the ICFRE (and not pending the preparation of the R&R Plan).

9. In the above background the CEC is of the view that no further directions by this Hon'ble Court are required in this regard.

### **III. REGARDING INVOLVING INDIAN SCHOOL OF MINES, DHANBAD / OTHER EXPERTS IN THE PREPARATION OF THE R&R PLANS**

10. During the hearing held before this Hon'ble Court on 13<sup>th</sup> April, 2012 it was represented on behalf of M/s Sesa Goa Ltd. and other lessees that the lessees should be permitted to undertake the preparation of the R&R Plans through the Indian School of Mines, Dhanbad / other experts so that the process of preparation of the R&R Plan may be expedited.

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11. In this regard it is submitted that as per the "guidelines for the preparation of the R&R Plans" approved by this Hon'ble Court by order dated 13<sup>th</sup> April, 2012, the respective lessees will provide the relevant information in the prescribed format, the FIMI after vetting the details will forward the same to the ICFRE along with its observations and that the ICFRE will prepare the R&R Plans. For this purpose field visits are being undertaken by the dedicated team of experts set up by the FIMI and the ICFRE. The CEC is of the view that the involvement of the other expert agencies at this stage for the preparation of the R&R Plan

may not be desirable and in fact may delay the process of the preparation of the R&R Plans.

12. There are 20 mining leases of 50 hectares and above in "Category-A", and 29 such mining leases in "Category-B". The CEC in its Report dated 13<sup>th</sup> March, 2012 has stated that the R&R Plans for these 49 mining leases will be prepared in Phase I and Phase II and which are expected to be completed within a period of two months. The FIMI in its letter dated 14<sup>th</sup> April, 2012 (enclosed at **ANNEXURE-R-4** to this Report) has confirmed that it will be able to complete the exercise for these 49 mining leases by the middle of June, 2012. The ICFRE has also indicated that it expects to

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complete the preparation of the R&R Plan for these 49 mining leases by the middle of June, 2012.

13. The CEC will be regularly reviewing the progress of the preparation of the R&R Plans and if the progress is found to be unsatisfactory appropriate remedial measures, including the involvement of additional experts, will be taken so that the preparation of R&R Plan is completed at the earliest. However, the CEC does not agree for the involvement of any expert body / expert on behalf of the concerned lessee (and at its cost) for the preparation of the R&R Plan as it may end up in compromising the quality of the R&R Plans.

#### **IV. REGARDING RESUMPTION OF MINING OPERATION BY THE LESSEES**

14. The mining operations in respect of the mining leases falling in "Category-A" may be permitted to be restarted after:

- (a) the R&R Plan for the respective mining lease is prepared in accordance with the "guidelines for preparation of the R&R Plans" approved by this Hon'ble Court by its order dated 13<sup>th</sup> April, 2012;
- (b) the concerned lessee gives an undertaking to strictly comply with the various prescriptions /

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provisions of the R&R Plan including regarding the permissible annual production;

- (c) the mining lease is demarcated on the ground as per the findings of the Joint Team as modified by the CEC (after considering the representations

filed before it pursuant to this Hon'ble Court's orders dated 23<sup>rd</sup> September, 2011 and 10<sup>th</sup> February, 2012); and

(d) the mining lease is found, by the Monitoring Committee, to have the required statutory clearances such as environment clearance, approval under the Forest (Conservation) Act, 1980, approved Mining Plan, Consent to Operate.

15. The mining operations in respect of the mining lease falling in "Category-B", other than the seven mining leases located on / nearby the Inter-State boundary, may be allowed to restart after the following conditions, in addition to the conditions applicable for the mining leases falling in "Category-A", are fulfilled:

(a) the reclamation and rehabilitation of the area found to be under illegal mining by the  
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Joint Team is physically undertaken as per the R&R Plan and based on the predetermined parameters is found to be satisfactory by the Monitoring Committee; and

(b) penalty / compensation for illegal mining, as decided by this Hon'ble Court, is deposited.

16. The mining operations in respect of seven mining leases located on / nearby the inter State boundary between the States of Karnataka and Andhra Pradesh (kept in "Category-B") may not presently be allowed to be restarted. The survey sketches of these leases should be finalized after the Inter-State boundary is decided and thereafter the individual leases should be dealt with depending upon the level of the illegality found.

## **V. OTHER ISSUES**

17. A note regarding the details of the leases falling in forest areas and non-forest areas, classification of leases in various categories, regarding proposed compensation of Rs. 5.0 crores per ha and Rs. 1.0 crore per ha for areas under illegal mining pits and illegal over burden dumps respectively

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and justification for e-auction is enclosed at **ANNEXURE-R-5** to this Report.

18. The CEC in its Reports dated 3<sup>rd</sup> February, 2012, 13<sup>th</sup> March, 2012 and 28<sup>th</sup> March, 2012 has made a number of other recommendations / observations and in respect of which this Hon'ble Court may consider passing appropriate directions. For the sake of convenience, such recommendations / observations are listed below:

a) regarding payment of exemplary compensation / penalty by the mining leases falling in "Category-B" (refer Recommendation No. V (ii), page 54 of the CEC Report dated 3<sup>rd</sup> February, 2012);

b) regarding payment of the sale proceeds in respect of the mining leases falling in "Category-B" (refer Recommendation No. V (v), page 55 and 56 of the CEC Report dated 3<sup>rd</sup> February, 2012);

c) regarding cancellation and allotment / assignment of the mining leases falling in "Category-C" and the mining leases of M/s MML (refer Recommendation Nos. VI, VII and VIII, 12

page 56 and 57 of the CEC Report dated 3<sup>rd</sup> February, 2012);

d) regarding setting up of the Special Purpose Vehicle (SPV) (refer Recommendation Nos. IX and X, page 57 to 59 of the CEC Report dated 3<sup>rd</sup> February, 2012);

e) regarding ban on new mining leases (refer Recommendation Nos. XI and XII, page 59 of the CEC Report dated 3<sup>rd</sup> February, 2012);

f) regarding sale of mineral to cement plants, etc (refer Recommendation No. XIII, page 59 of the CEC Report dated 3<sup>rd</sup> February, 2012);

g) regarding use of part of the interest received by the Monitoring Committee for monitoring purposes (refer Recommendation No. XIV, page 60 of the CEC Report dated 3<sup>rd</sup> February, 2012);

h) regarding survey of six mining leases in District

Anantapur, Andhra Pradesh (refer Paragraph No. 59, page 43 of the CEC Report dated 3<sup>rd</sup> February, 2012);

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i) regarding observations made by the ICFRE in respect of mining of iron ore in Western Ghats (refer Paras 38 and 39, page 31 of the CEC Report dated 3<sup>rd</sup> February, 2012);

j) regarding representation dated 15<sup>th</sup> January, 2012 received by the CEC from M/s Laxminarayana Mining Company (refer para 64,, page 45 of the CEC Report dated 3<sup>rd</sup> February, 2012);

k) regarding ML 2581 of M/s SMIORE presently kept in "Category-B" (refer para 8, page 18 of the CEC Report dated 13<sup>th</sup> March, 2012); and

l) regarding (i) representations filed before the CEC by M/s V.S. Lad & Sons (ML No. 2290) and M/s Hothur Traders (ML No. 32313) and (ii) representations filed before the CEC against M/s B. Kumar Gowda (ML 2516) and M/s R. Praveen Chandra (ML No. 2661) – refer para 4 to 6, page 6 to 13 of the CEC Report dated 28<sup>th</sup> March, 2012.

19. The other recommendations made by the CEC in its earlier Reports filed before this Hon'ble Court in Writ Petition 14

(C) No.562/2009 have been dealt with in this Report or are covered in the order dated 13<sup>th</sup> April, 2012 of this Hon'ble Court. The Report in IA No. (Unnumbered) in W.P. (C) No. 562 of 2009 is being filed separately.

This Hon'ble Court may please consider the above Report and may please pass appropriate order in the matter.

**(M.K. Jiwrajka)**

**Member Secretary**

**Dated: 18<sup>th</sup> April, 2012**