

1. The Group of Ministers (GoM) constituted by the Cabinet Secretariat to consider the environmental and developmental issues relating to coal mining and other development projects in their seventh meeting held under Chairmanship of Finance Minister on 30th May, 2012 *inter-alia* recommended as below:

"On the Agenda item (b) regarding the clearance of Mahan and Chhatrasal coal projects, Hon'ble Finance Minister stated that report of the Expert Committee constituted by MoEF as per the directions of this GoM has been circulated to the Members. He requested the Members to refer to paragraph 5 dealing with the Analysis and Recommendations of the Committee and express their views. Hon'ble Minister of MoEF stated that both projects fall under good quality natural forest coverage comprising of Sal Trees which cannot be regenerated easily. The development of mines and end use projects may also affect siltation levels of Rihand Reservoir located close to the coal blocks. She further stated that huge expenditure incurred on these plants is now being cited as the main reason for grant of forest clearance to these blocks. She said that such fait accompli situations are against the spirit of Forest Conservation Act and such cases best option will be to allocate alternate coal block.

2. Hon'ble Minister of Power stated that both projects of Essar and Hindalco linked to Mahan coal block are ready for operation and any further delay in according forest clearance will affect the commercial viability of the end use projects also. Hon'ble Home Minister stated that Mahan coal block was allocated to the two companies in 2007/2008 and subsequently Ministry of Coal also issued show cause notice to the companies for the delay in developing the coal block. He further stated that if conditions stipulated by the Expert Committee in its Recommendations at Para 5-points (e), (g), (h) and (i) are acceptable, then GoM can allow the forest clearance to both the Mahan and Chatrasal coal blocks. Hon'ble Commerce Minister stated that he agreed with the view of Home Minister but pointed out that the stipulation of 5% of project outlay to be spent for Corporate Social Responsibilities (CSR) is too high as compared to 1% of profit which is normally spent for CSR activities. Minister of MoEF stated that this 5% is earmarked for only these two projects considering the nature of the projects. Hon'ble Finance Minister

nsd

stated that whether the earmarked amount on CSR should be certain percentage of project outlay or profit need to be debated keeping in view the impact on the price of end product. Hon'ble Minister of MoRTH stated that he agreed with Home Minister's view to clear the coal blocks on priority basis and stated that amount spent on CSR activities should be on the profit, not on the outlay of the project. Hon'ble Home Minister asked Secretary (Power) about present practice in NTPC on CSR activities. It was clarified that it 1% of profit. The Deputy Chairman, Planning Commission stated that MMDR Act under consideration of the Government has the provision of 26% of profit from coal mining to be spent on the welfare of the local communities in the area and an additional 5% of the profit on project outlay on CSR will adversely affect the commercial viability of the project. Hon'ble Finance Minister noted the observations of Deputy Chairman, Planning Commission and stated that it is the responsibility of the Government to take holistic view of all the factors to ensure the commercial viability of the project as well as its impact on the prices of end product. Considering various factors, GoM recommended that forest clearance be accorded to Mahan and Chhatrasal coal blocks on the conditions stipulated by the Expert Committee except the condition relating to amount to be spent on CSR activities. On CSR activities, GoM deliberated and recommended that expenditure on CSR activities should meet the entire cost of rehabilitation of the project affected families.

2. A copy of the minutes of the seventh meeting of the GoM is placed with Flag-X.
3. Put up for kind perusal and direction, as appropriate, of the Hon'ble Minister of State (Independent Charge) for Environment and Forests.

(H.C. Chaudhary)

Assistant Inspector General of Forests

IGF (FC)
ADG (FC)

6.9.2012

DGFAAS - not in office

21/9/2012

22/9/12

MEF

P.T.O.

On Secretary (P)
Dy. No. 2647
Date 07/09/12

1485/16/F/FC
07/09/2012

858/AK/FC/112
6/9/12

2647

On A.D.G. (FC)
Dy. No. 2647
Date 7/9/12

not sent

(42)...

Despite reservations against diversion of this dense forest land, expressed strongly by MoEF at the GoM, in view of the considered decision taken by the GoM, and the fact that the entire civil work & construction of the Plant is already complete after procurement of EC - and resulting inter alia in huge exposure to nationalised banks - EC approval may be granted to the Mahan block subject to the usual and special conditions which may be imposed in this case. It must be ensured that there is full EPA compliance. Needless to say, it is crucial to avoid such classic 'fait accompli' situations in future - in order to preserve the integrity of our forests. To this end the identification of 'innocent' forest areas which can never be diverted, which was also discussed in the GoM, may be completed expeditiously..

Jayanthi Natarajan
24/9/12

Secy (ECF)

IGF (FC)

for ATGF (HCC)

22.10.2012

A draft letter to accord stage-I approval for diversion of 967.65 hectares of forest land in favour of Mr Mahan Coal Limited is put up for kind perusal and approval. For kind approval of Hon'ble MEF

ISE (EC)

ADG (FC) on leave
Secretary ECF (on leave)

25/10/12
Ch. C. Chandrasekhar
ASGE (EC)

25.10.2012
for ATGF (HCC)

not signed

1085
Dy. No. 25/10/12
Date: 25/10/12

MOS/ICIE&F
Dy. No. 750
Date: 11/09/2012

858/1111 (HCC)/12
25/10/12

Chief Secretary (ECF)
2647
Dy. No. 22/10/12
Date: 22/10/12

Received today
03/11/12

CO-ORDINATOR
300
20/10/12

- 43 -

Stage-2 approval as ^{approved} per Secy signed. The same
may kindly be issued.

~~20/10~~ Please issue
immediately

20/10/12

20/10/12

20/10/12
Chae Chandhary

858/Ans/100/12
20/10/12

Sh. Vikas
30/10/12

not send