



Ministry of Environment and Forests
GOVERNMENT OF INDIA

Subject: Allocation of Mahan coal-block in Madhya Pradesh To Essar & Hindalco

I

1. On April 12th, 2006 the Union Ministry of Coal allocated Mahan coal-block in the Singrauli coalfield in Madhya Pradesh to Essar Power Limited and Hindalco Industries Limited. The allocation letter says that the coal extracted is meant for captive use in the 1200 Mw power plant of Essar and the 650 Mw power plant of Hindalco.
2. Environment clearance was given to the Mahan coal-block on December 23rd, 2008.
3. The Forest Advisory Committee (FAC) has considered this proposal four times—on July 23rd, 2008, October 10th, 2008, July 20th, 2009 and December 11th, 2009. It was unable to arrive at a final decision given the complexity of the issues involved. The observations made by the FAC at each of these meetings are at Annexure-I. Thereafter, In January/February 2010, the Mahan coal-block was identified as being in the “no-go” zone based on the joint exercise carried out by the MoE&F and CMPDIL (Central Mine Planning and Development Institute Limited) of the Ministry of Coal.

II

4. On March 17th 2010, I wrote to the Honourable Prime Minister in response to a letter he had received from Essar and Hindalco on which my comments had been sought. A copy of Shri Shashi Ruia's letter to PM and my response is at Annexure-II.
5. On May 12th, 2010, Shri Shashi Ruia met me, followed by Shri Kumaramangalam Birla on May 21st, 2010. I reiterated to them the points made in my letter to PM and the difficulty MoE&F has in giving forest clearance to the Mahan coal-block. A copy of a communication I sent to the Principal Secretary to PM on May 13th, 2010 following my meeting with Shri Shashi Ruia is at Annexure-III.

6. On May 24th, 2010, I proposed a “compromise” formula *suo moto* to the Honourable PM by which MoE&F would consider clearing a coal-block even if it is a no-go area if it is meant for a power project, which is over 60-70% complete. A copy of this communication is at Annexure-IV.
7. Based on my May 24th, 2010 communication to PM, an inter-ministerial exercise was carried out by the PMO. The conclusions of this inter-ministerial exercise are at Annexure-V. On August 16th, 2010, Shri Shashi Ruia wrote once again to PM and me. A copy of this letter is at Annexure-VI.
8. On January 15th, 2011, Shri Shashi Ruia and Shri Kumaramangalam Birla wrote to the Finance Minister asking for a quick decision on the Mahan coal-block. Copies of these letters are at Annexure-VII.

III

9. There are three factors weighing in favour of clearing the proposal.
 - *The Mahan coal-block was allocated in 2006 before the go/no- go issue came to the fore.*
 - *Substantial investments to the tune of about Rs 3600 crore (reported by an inter-ministerial team set up by the PMO in July 2010 and shown in Annexure-V) appear to have already been made in the power plants linked with the Mahan coal-block¹.*
 - *The Madhya Pradesh Chief Minister has personally spoken to me twice on clearing the proposal (most recently on June 30th, 2011) on the grounds that it would boost economic activity in the state. This was one of the issues on which he went on a fast on February 13th, 2011 alleging discrimination against Madhya Pradesh by the Centre.*

¹ This leaves aside the question of why the plants were started in the first place when the forest clearances had not been obtained. *Fait accompli* has become far too common in environmental and forest clearances.

10. But there are also four factors weighing **against** clearing it.
- *The coal-block is undoubtedly in a biodiversity-rich area. It will destroy good natural forest cover and interfere with wildlife habitats.*
 - *Clearing this coal-block would open the doors for allowing other coal-blocks to be mined, albeit those that have already been allocated in 2006 or 2007. This would fragment an area very rich in forest cover—both in terms of quantity and quality.*
 - *The power plants don't have the redeeming feature of being super-critical units that generate 5-8% lesser emissions of carbon dioxide. Essar's plants are sub-critical 600 Mw units and Hindalco's are sub-critical 125 Mw units.*
 - *The FAC has not given it clearance since 2008 even before the "go/no-go" issue gained prominence.*

IV

11. In a final effort to find a compromise, I met Shri Shashi Ruia on June 28th, 2011 and asked him to submit an alternate mining plan that would reduce the amount of forest area that will be diverted. I explained our concerns in some detail and also discussed some conditions under which clearance would stand a chance. A alternative mining plan was submitted to the MoE&F on June 30th, 2011. This is in Annexure-VIII. ***One option presented in the alternative mining plan proposes a reduction of about 104 hectares of good quality forest area. Essar argues that since the MoE&F had already secured a reduction of 110 hectares of good quality forest area in 2008 as part of environmental clearance, the total saving should be reckoned at about 214 hectares (or roughly 15% of the original area proposed by Essar and about 18% of the mining area approved).***

12. By Essar's own admission (Annexure-IX), the Mahan coal-block will meet the coal requirements of the two 600 Mw units for 14 years only. There is no coal linkage for the balance life which could extend for another ten-fifteen years at least. ***I am not entirely clear why such a good quality forest area should be broken up for such a partial requirement. Sal is the predominant species in the forest. Sal is a good coppicer but is very difficult to grow through raising plantations.*** Moreover, a third 600 Mw unit is planned as part of phase-II of the project for which the coal linkage has yet to be firmed up.
13. On July 7th 2011, I received a report prepared by a sub-committee of the FAC after a field-visit to the Mahan coal-block area. This report is at Annexure-X. ***The FAC sub-committee found that the quality of the forest and tree cover is much higher than that being claimed by Essar/Hindalco and the state government.*** Some of the ecological issues identified by the sub-committee can be managed, for example, those relating to wildlife habitats and corridors. But there are some other ecological issues that are critical on which we have no clarity as of now. ***To my mind, (iv) on page 4 of the sub-committee's report is perhaps the most crucial—the fact that the Mahan coal-block is located in catchment area of the Rihand Reservoir and that there is a high degree of probability of excessive siltation due to denudation of the slopes and hills when they are mined for coal.*** Of course, the Rihand Reservoir is under threat not just from the proposed Mahan coal-block but from other coal-blocks that have been allocated in the vicinity. This is a larger issue for the state government to consider. ***Implicit in the recommendation of the FAC sub-committee to withhold permission for forest clearance is the need to carry out more detailed environmental impact assessment studies.***

14. In this backdrop, I am unable to agree to consider the Mahan coal-block for Stage-I clearance. ***However, in keeping with the proposal I had myself made to the GOM on April 7th, 2011 to resolve issues relating to coal-blocks in "no-go" areas, the Mahan coal-block is, therefore, being submitted to the GOM for its consideration with a recommendation that an alternative coal linkage be provided for the two power plants.*** The MoE&F has identified the Sohagpur coalfield in Shahdol district as a possible alternative linkage.

Jairam Ramesh

Jairam Ramesh
MOS(I/C)E&F
July 8th, 2011

8/7/11

ANNEXURE-I

RECOMMENDATIONS OF FAC IN ITS EARLIER MEETINGS OF
JULY 23rd,2008 / OCTOBER 10th,2008 / JULY 20th,2009 /
DECEMBER 12th,2009.

E. No. 8-6/2008-FC

In the present file we dealing with the diversion of 1182.351 ha of forest land for mining of coal in Singrauli Coal field in favour of M/s. Mahan Coal Limited in East Sidhi Forest Division in Sidhi District of Madhya Pradesh. It was earlier considered on 23rd July, 2008, 10th October, 2008 and 20th July 2009.

RECOMMENDATIONS OF THE FOREST ADVISORY COMMITTEE IN ITS MEETING HELD ON 23rd JULY 2008

The Committee considered the proposal and noted that the proposal is for mining of coal over the Mahan Coal Block allocated by the Ministry of Coal jointly to M/s. Essar Power Limited and M/s. Hindalco Industries Limited to meet the requirement of their proposed 1000 MW and 650 MW power plants. The committee also noted that the proposed area does not form part of any National Park, Sanctuary or Biosphere etc. but during 2006 census, about 639 different wild animals were counted. The committee also noted that the proposal requires felling of 5,12,780 trees.

After discussing the proposal in detail, the FAC desired that the information on following issues may be sought from the State Government and placed before the next FAC:

1. Detailed map on 1:50,000 scale or smaller scale clearly showing the location of the proposed mine and details of activities within 10 km radius from the proposed mine.
2. Detailed map on 1:50,000 or smaller scale showing the forest area of the division vis-à-vis non-forest area and the location of proposed mine.
3. The status of environmental clearance.

Recommendations of the Forest Advisory Committee (FAC) in its Meeting held on 10.10.2008

1. The Forest Advisory Committee examined the proposal for Diversion of 1182.351 ha of forest land for mining of coal in Singrauli Coal field in favour of M/s. Mahan Coal Limited in East Sidhi Forest Division in Sidhi District of Madhya Pradesh.
2. The FAC discussed the proposal in detail regarding the detailed toposheet map, CA proposal, process of allotment and requirement of coal. On the CA proposal, the FAC desired that State Government may be requested to justify it on degraded forest land instead of non forest land and also see the availability of non forest land in other districts.

Recommendations of the Forest Advisory Committee (FAC) in its meeting held on 20.07.2009

The Forest Advisory Committee examined the proposal for diversion of 1182.351 ha of forest land for mining of coal in Singrauli Coal field in favour of M/s. Mahan Coal Limited in East Sidhi Forest Division in Sidhi District of Madhya Pradesh.

The FAC discussed the proposal in detail regarding the justification for the land required, the proposed CA on non-forest land, concurrent

reclamation and Afforestation measures of the mined areas, and the annual requirement for captive power plant. The User Agency explained that the plant is meant for captive thermal power plant and no trading of coal will be done. It was also stated that concurrent back filling and reclamation will be done by the Company. They also explained the ROR Plan/CSR in the project. The Committee considered the earlier presentation made by the User Agency.

After detailed discussions, the Committee recommended that a complete picture of the main basin of Singrauli Coalfields wherein the proposed mine is located may be sought from the State Government giving details of the different mines located therein with respect to their lease area, period of lease, present production and potential production as per the mining plan.

F. No. 8-6/2008-FC

Recommendations of the Forest Advisory Committee (FAC) in its meeting held on 11-12-12-2009

Diversion of 1182.361 ha of forest land at Sidhi district in r/o Singrauli Coalfields in favour of Mahan Coal Ltd. in Madhya Pradesh.

The Forest Advisory Committee examined the proposal for diversion 1182.351 ha of forest land for mining of coal in Singrauli Coal field in favour of M/s. Mahan Coal Limited in East Sidhi Forest Division in Sidhi District of Madhya Pradesh.

The FAC discussed the proposal in detail and noted that the proposal has been considered by the FAC in its meetings on 23rd July, 2008, 10.10.2008 and 20.07.2009. The Committee discussed the justification of the project in view of the reply submitted by the State Government regarding a complete picture of the main basin of Singrauli Coalfields wherein the proposed mine is located. It also considered the details of the different mines located therein with respect to their lease area, period of lease, present production and potential production as per plan. It was also noted that it is a part of unbroken jungle landscape.

The Committee found that the proposed area has good vegetation and Scheduled-I animal for which the user agency has submitted wildlife management plan prepared for the environmental clearance. The Committee further noted that since the area has density more than 0.1,

After detailed discussions, the Committee recommended that a sub-committee may visit the area before taking a final decision on the issue.

DFA please.

IGF(FC)

22/03/2010
(B.K. Singh)
Sr. AIGF (FC)

ANNEXURE-II

LETTER OF MOS(I/C)E&F TO PRIME MINISTER IN
RESPONSE TO SHRI SHASHI RUIA'S LETTER

जयराम रमेश
JAIRAM RAMESH



राज्य मंत्री (स्वतंत्र प्रभार)
पर्यावरण एवं वन
भारत सरकार
नई दिल्ली-110003

MINISTER OF STATE (INDEPENDENT CHARGE)
ENVIRONMENT & FORESTS
GOVERNMENT OF INDIA
NEW DELHI - 110 003

Handwritten signature of Jairam Ramesh 17th March 2010

1. I have just received your letter of March 12th enclosing a copy of a letter that you have received from Shri Shashi Ruia, Chairman, ESSAR regarding expeditious forest clearance for ESSAR's 2X 600 MW power project in Singrauli. The coal mine in question is the Mahan coal-block in the Singrauli coalfield in Sidhi district of Madhya Pradesh.

2. The proposal for forestry clearance was first received in the MoE&F on 8th January 2008. It was considered by the Forest Advisory Committee (FAC) on July 23rd 2008, October 10th, 2008, July 20th, 2009 and most recently on December 12th, 2009. The reason why it has been taking time is because the proposal involves diversion of 1182.35 hectares of excellent forest land. The area has dense vegetation and very good biodiversity as well. The last FAC meeting decided to send a technical team of experts to the coal mine area to assess the impact before taking a final decision. I am sure you will agree with me that this is a reasonable process to adopt in such sensitive cases.

3. Shri Shashi Ruia has also mentioned in his letter that other coal-mining projects in the vicinity have been cleared while his project is awaiting clearance. I would like to state clearly that MoE&F has not cleared any coal-mining lease in this unfragmented area spread over 20,000 hectares of dense forest land with rich wildlife values. With regard to UMPP project at Sasan and the Amelia north project of Jaypee which Shri Shashi Ruia refers to in his letter, it is clarified that Sasan is in an already fragmented and broken area in the northern part of Singrauli Coalfields having many coal projects of Northern Coalfields Ltd, a subsidiary of Coal India Limited. Amelia north project involves lower number of trees and is also on the northern periphery of the unfragmented area. It is pertinent to mention that even these two projects have been accorded only first stage approval and not final approval. I would like to also inform you that I am personally familiar with this area and, therefore, whatever I have to say is based on actual personal knowledge.

4. Shri Shashi Ruia says that the coal mine should be cleared because 65% of the power plant is ready. I cannot, Sir, agree to this logic. I have repeatedly raised my objection to such *fait accompli* arguments in Cabinet meetings, if you will kindly recall.

Handwritten signature of Jairam Ramesh
.. Yours sincerely,

(Jairam Ramesh)

Dr. Manmohan Singh
Prime Minister



प्रधान मंत्री

Prime Minister

New Delhi

12 March, 2010

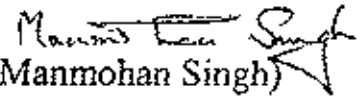
Dear Shri Ramesh,

Please find enclosed a copy of letter of 5 March, 2010 from Shri Shashi Ruia, Chairman, ESSAR regarding expeditious forest clearance required for the 2x600 MW power project in Singrauli.

The issues raised in the letter may please be examined for taking appropriate follow up action expeditiously under intimation to my office.

With warm regards,

Yours sincerely,

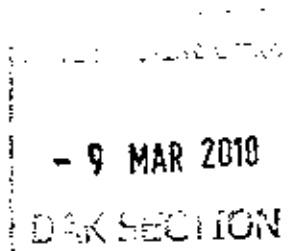

(Manmohan Singh)

Shri Jairam Ramesh
Minister of State for Environment and Forests
New Delhi

Encl: As above.

Shashi Ruia
Chairman

05 Mar 2010



ESSAR 
Essar Group
Essar House
11, K. K. Marg
Mahalaxmi
Mumbai 400 034
India
www.essar.com

Dear Shri Hanmohan Singh:-

I am writing this letter in connection with our 2 x 600 MW power project in Singrauli district, Madhya Pradesh, with a total investment of more than Rs 5000 crores. I am happy to inform you, Sir, that almost 65% of the work at the site has been completed as on 31 January 2010. The latest photographs of the site are also enclosed for your kind information and perusal.

The Ministry of Coal has allotted the coal block, namely, Mahan (Singrauli) on 12th April 2006 in Madhya Pradesh, jointly with Hindalco, for setting up the above power plant. The environment clearance for the power plant and the coal block has been granted by the Ministry of Environment and Forest on 23rd December 2008. As the coal block is under forest cover, it requires forest clearance from MoEF. The proposal was recommended by the State Government and forwarded to MOEF at the Centre on 29.12.2007 for Stage-I forest clearance. Subsequently, the Advisory Committee, while reviewing the proposal, had asked for identification of compensatory non-forest land equivalent to forest land in Mahan Coal Block, which was suitably identified in Sagar District of Madhya Pradesh and the same has been accepted by the state forest department.

I wish to bring to your kind attention that it is more than three years since the allotment of the coal block was made and we are yet to receive the Stage-I forest clearance. In the last meeting of the forest advisory committee held on 11th December 2009, it was decided that a sub-committee be formed, which should visit the mine site in Singrauli. As your goodself would appreciate, this is a long process and will cause further delay the progress of the project. Sir, our block has a high overburden ratio of almost 6:1 and it will take minimum one year to recover the coal after all clearances are received.

(page two)

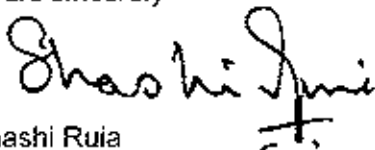
My only worry is that, our project is on a fast track and if the forest clearance is not forthcoming, it will hinder the commissioning of the project; thus resulting in avoidable huge loss to us as well as to the country. I am compelled to state this because the two projects (ours and Hindalco) are totally depending on this coal block. For your kind information, our project has achieved the financial closure and Hindalco is in advanced stage. The work at our site is progressing very well and we are on schedule to commission the project in the first quarter of 2011.

Sir, for your kind knowledge, I would like to inform that eleven coal projects of Northern Coalfields Ltd. (NCL), a subsidiary of Coal India Ltd (CIL), working close to our area, have been cleared including one UMPP Project of Sasaan. Infact, the Sasaan project will be transporting coal by road for over 30 kms. Also, the Jaypee project, which is adjacent to our mine, has already received the Stage-I forest clearance.

In view of the foregoing, I earnestly request you, Sir, to kindly take up this matter with the Minister of Environment and Forests to expedite the forest clearance and also to allocate to us temporary tapering coal linkage until the mine reaches its full capacity, as the coal mine project has been delayed for want of forest clearance.

With *regards*

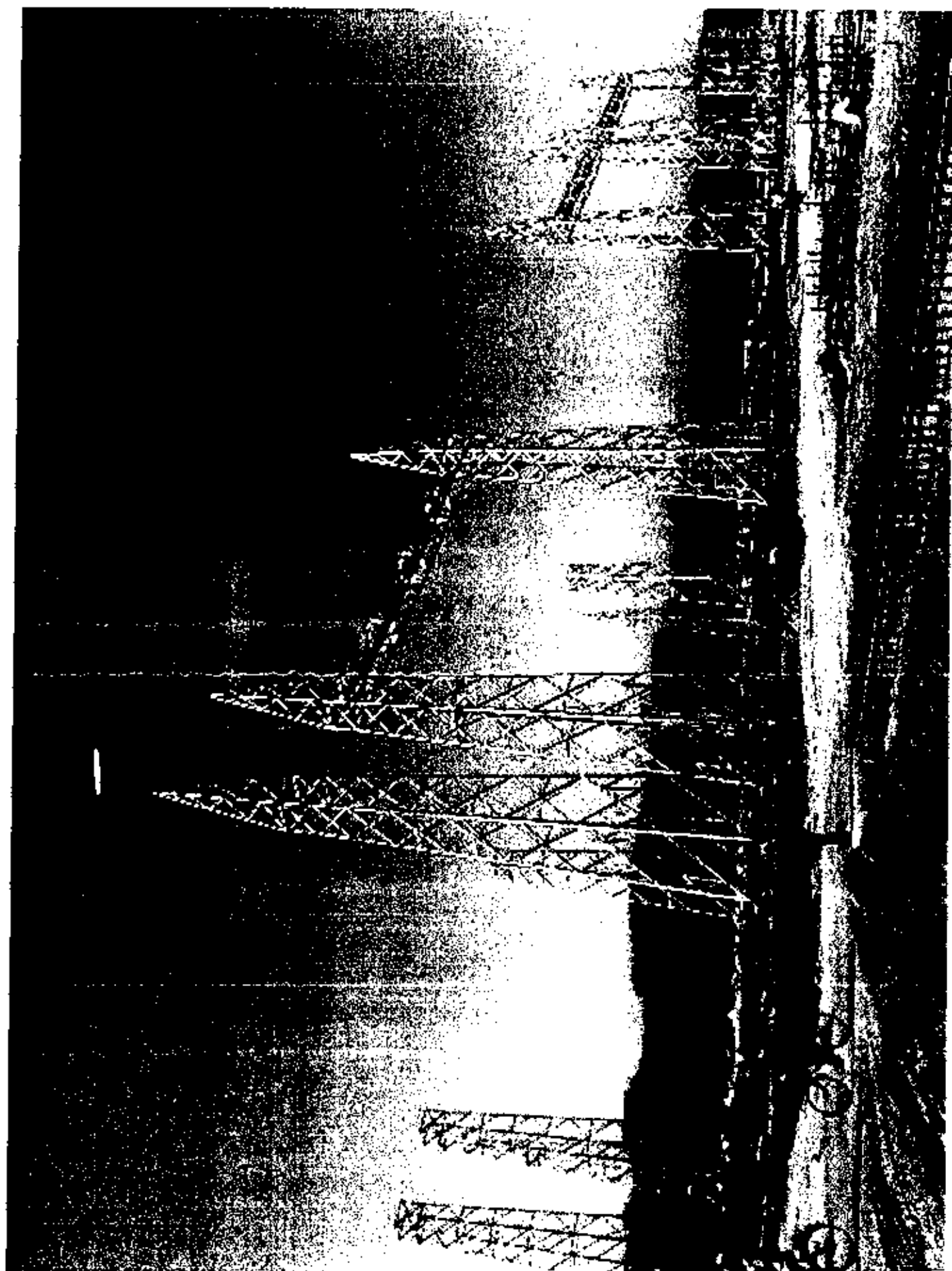
Yours sincerely

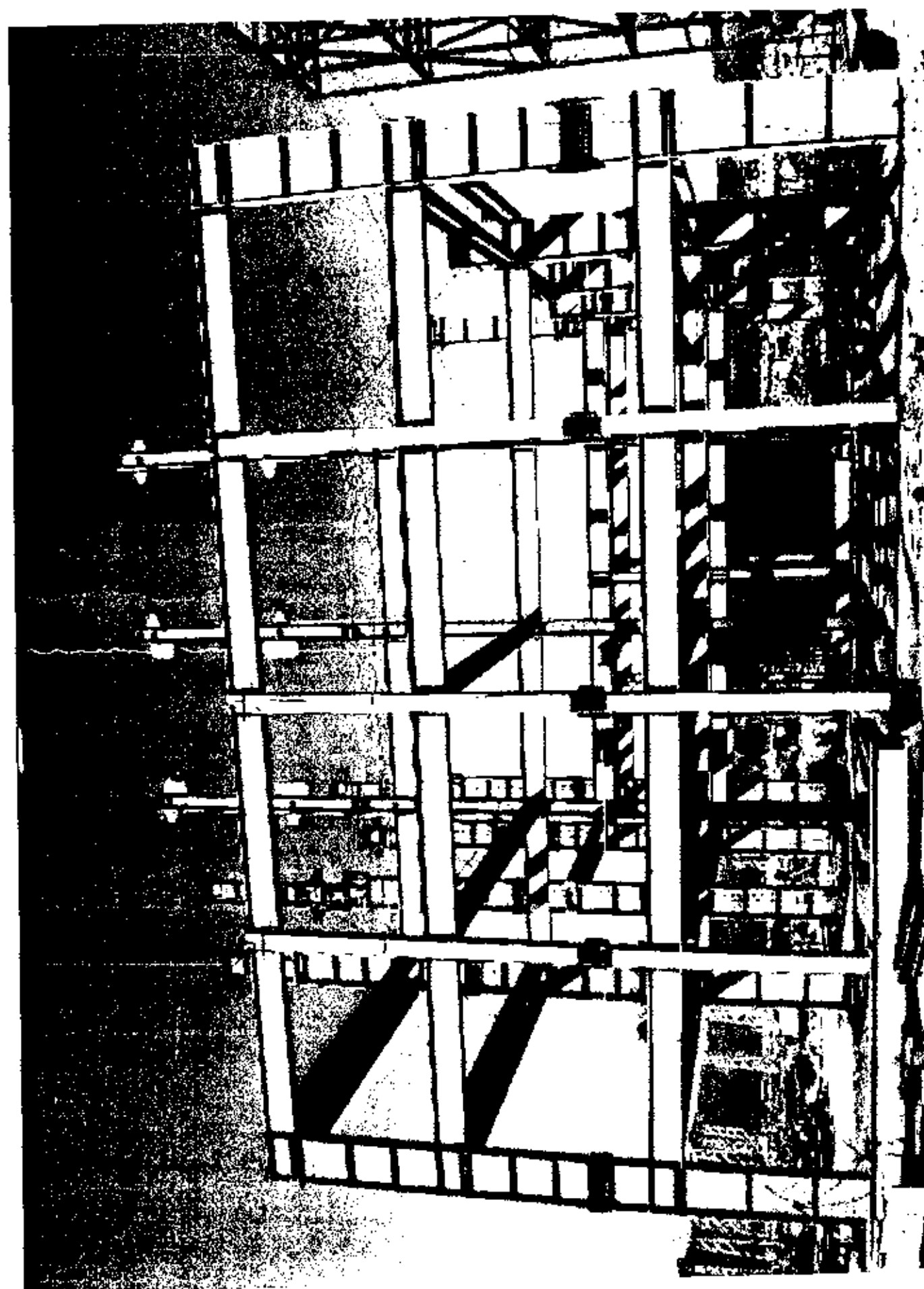


Shashi Ruia

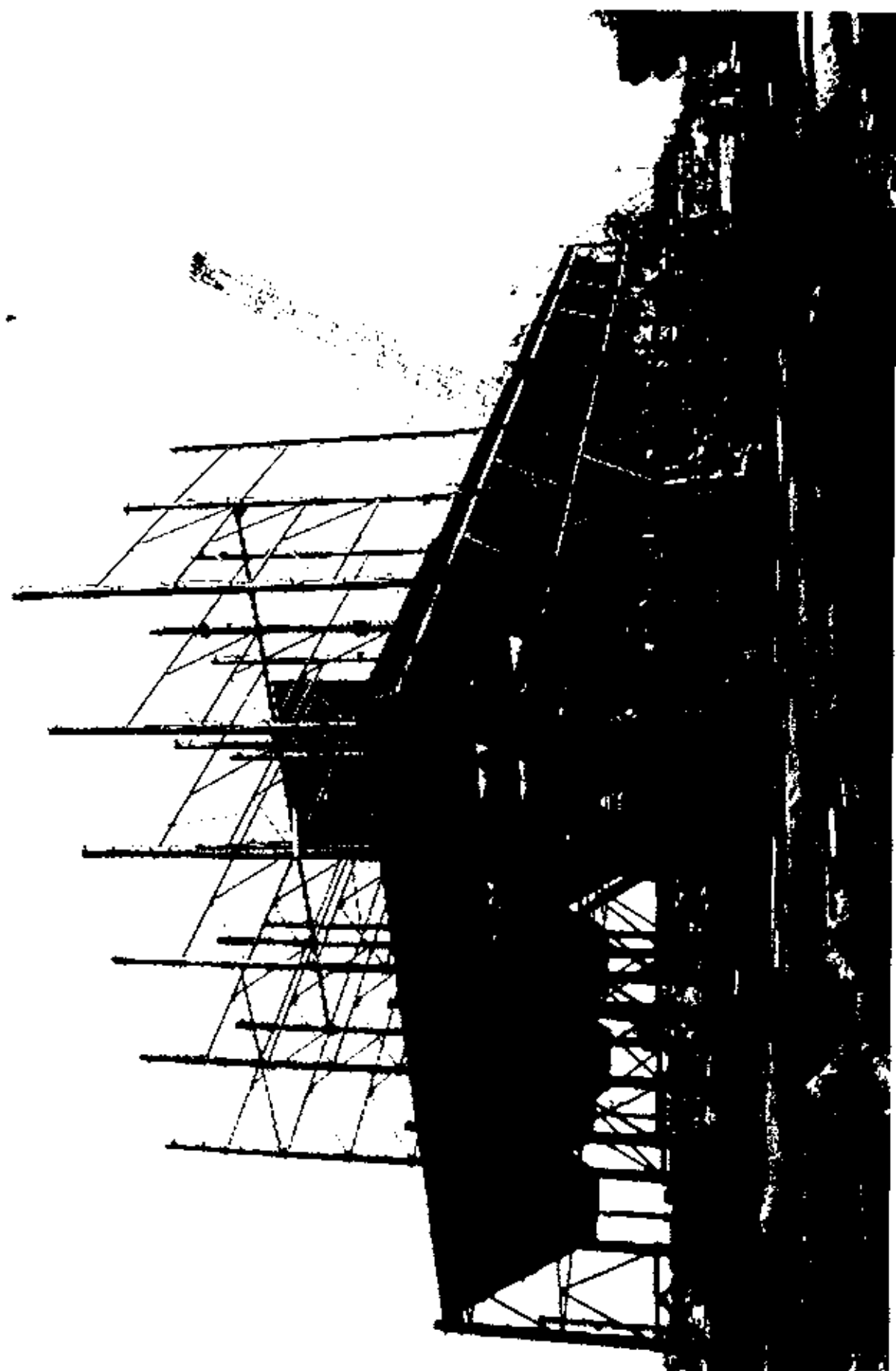
Shri Manmohan Singhji
Hon. Prime Minister of India
Govt. of India
New Delhi

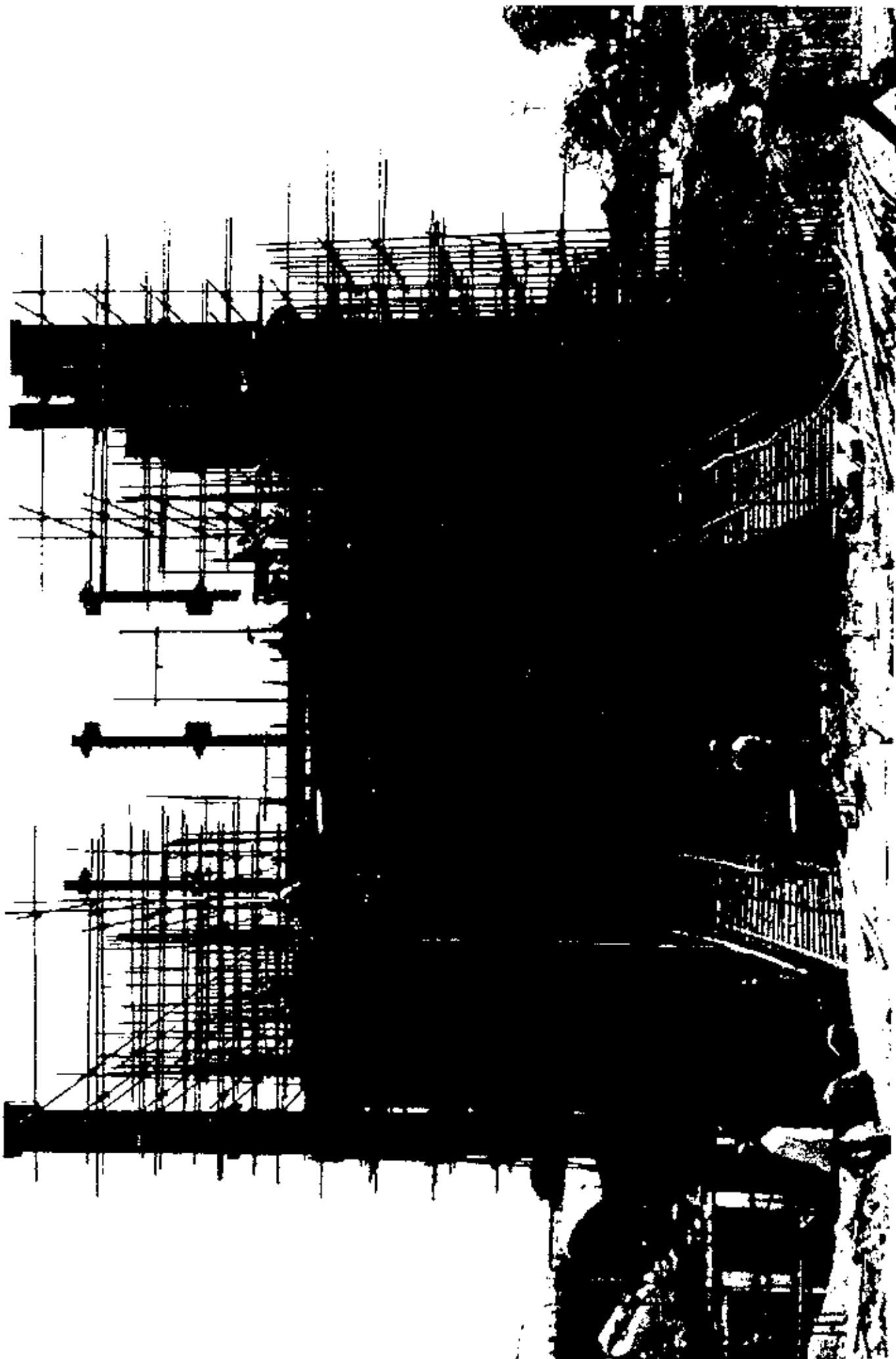


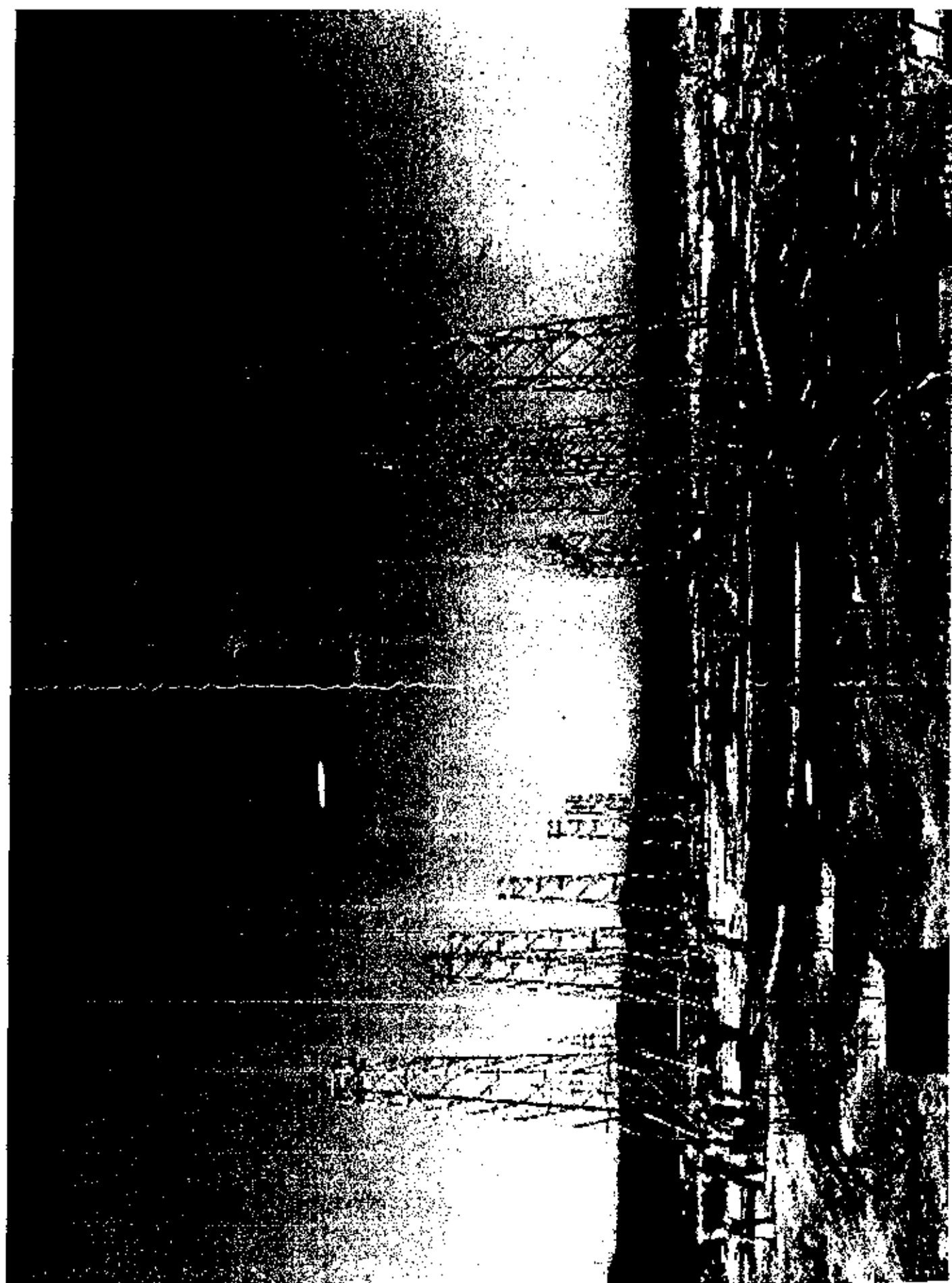


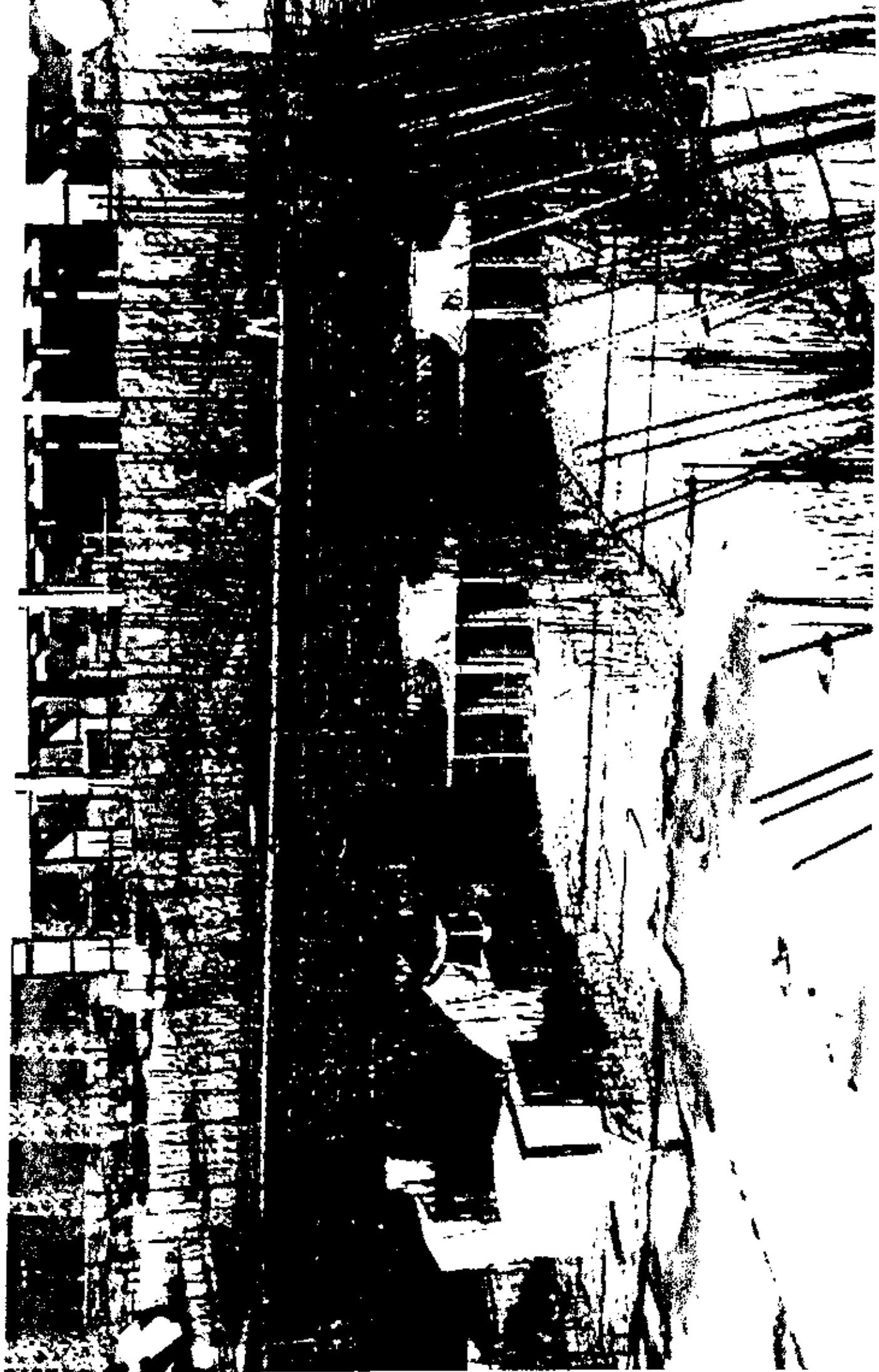
















ANNEXURE-III

NOTE OF MOS(I/C) E&F DATED MAY13th,2010 TO PRINCIPAL
SECRETARY TO PRIME MINISTER FOLLOWING SHRI
SHASHI RULA'S MEETING ON MAY 12th,2010

Ministry of Environment & Forests

Yesterday Shri Shashi Ruia, Chairman, Essar Group met me in regard to his power project which is linked with the Singrauli coalfield in Sidhi district of Madhya Pradesh. I explained to Shri Shashi Ruia with the help of detailed maps that the Mahan coal-block is in a "no go area" and it cannot be cleared because it will involve the destruction of high density forest land and also will destroy critical wildlife corridors and habitats. Of course, the Mahan coal-block should never have been allowed in the first place but that is history now.

I also explained to Shri Shashi Ruia the position in the nearby Sohagpur coalfield where over 70% of the coal-blocks are in the "go area". If it is possible, Shri Shashi Ruia's power project of 2X600 MW, which he claims is 65% complete, can get allocation from Sohagpur on a priority basis. Normally we allot coalblocks to projects which are yet to take off but surely here an exception can be made since the power plant is apparently going to be completed in the next 6-9 months.

I would like to reiterate what I had mentioned in my letter to Prime Minister dated 17th March 2010, a copy of which is attached. Clearance of the Mahan coal-block will open up a Pandora's Box which we should avoid at all costs.

(Jairam Ramesh)
MOS(I/C) E&F
13.5.2010

Principal Secretary to Prime Minister

Encl: as above

ANNEXURE-IV

COMPROMISE FORMULA SUGGESTED TO PRIME MINISTER
BY MOS(I/C)E&F VIDE COMMUNICATION DATED MAY
24th,2010

Ministry of Environment & Forests (MoE&F)

1. Senior officials from the MoE&F have been interacting with Principal Secretary to Prime Minister to further refine the concept of 'go' and 'no-go' areas as far as coalmines are concerned. On the whole the exercise has been quite productive and we have been able to arrive at a very large degree of consensus.
2. However, there is one issue on which I would seek your guidance. There are power projects which are already under implementation but whose coalmines fall in the 'no-go' area. Two examples of such projects are Essar and Hindalco in the Mahan coalblock of the Singrauli coalfield of MP. Essar and Hindalco claim that their power projects are going to be commissioned early next year. I am finding it exceedingly difficult to accord clearance for the coalblocks. Both Shri Shashi Ruia and Shri Kumaramangalam Birla have met me. I have explained to them my position. The fact is that they have gone ahead with the power plants when they did not have the final clearance for the coalblocks.
3. The Adani power project in the Chandrapur coalbelt is in a different category. Its coalblock is in a 'no-go' area but the power project has not even started. There are a number of other power projects which are still on the drawing board and which will not be adversely affected by the 'go' and 'no-go' areas concept.
4. It is only power projects like that of Essar and Hindalco which apparently are well on their way to completion that will get affected by the 'go' and 'no-go' concept. One option would be to say that we will clear the coalblock even if it is in 'no-go' area, if it is meant for a power project which is over 60-70% complete. This is a fallback position that I could adopt, albeit, most reluctantly if PM so directs. But I would still plead for an alternative coal linkage.



(Jairam Ramesh)

MOS(I/C) E&F

24.5.2010

Prime Minister

ANNEXURE-V

CONCLUSIONS OF INTER-MINISTERIAL EXERCISE CARRIED
OUT BY PMO DATED AUGUST 6th, 2010

**NOTE ON 'GO' AND 'NO-GO' AREAS WITH RESPECT TO PMO
MEETING ON 06.08.2010.**

The para no. 8, 9 & 11 of 'Summary record of discussions of the meeting chaired by Principal Secretary to PM on 06.08.2010 on cases of power projects, which are well on their way to completion and which will get affected by the 'Go' and 'No-Go' concept' are reproduced below:

- "8. it may be concluded that of the 22 power sector projects involving 26 coal blocks, 8 projects with 8 coal blocks listed at serial numbers 1,4 to 8 and 11/12 in part A of the annexed table could be considered for forest clearance for the coal blocks allotted; serial number 2 & 3 of part A and serial number 1 of part B have already got stage-I forest clearance.*
- 9. In respect of the project listed at serial number 9 in part A, the Ministry of Environment & Forests has earlier taken a view on the basis of wildlife concerns and, therefore, it would be advisable that the Ministry of Environment & Forests examines this case separately and submits a note for consideration of the Prime Minister.*
- 11. Besides the above, given the special characteristics of UMPP projects (2), projects involving FDI (1) and central / state PSU projects (7), the Ministry of Power would, in the first instance, approach the Ministry of Environment and Forests for considering forest clearance in view of the special characteristics of these projects and the Ministry of Environment & forests would respond within two weeks."*
2. The MoEF has been directed to take appropriate follow up action for forest clearance for mining of coal in following coal blocks:
- i. **Mahan** in Singrauli coalfield (sl. no. 1 - allotted jointly to Jissar and Hindalco),
 - ii. **Chhatarsai** in Singrauli coalfield (sl. no. 4- allotted to Sasan UMPP along with Mohar (sl. no. 2 & Mohar amlori (sl. no. 3),
 - iii. **Parsa East & Kanta Basan** in Hasdev-Arand coalfield (sl. no. 5 & 6 - allotted jointly to Chhabra & Kalisindh TPP of RRVUNL),

- iv. **Morga-II** in Hasdev-Arand coalfield (sl. no. 7-allotted to KSK's Chhattisgarh TPP),
 - v. **Parsa** in Hasdev-Arand coalfield (sl. no.8 - allotted to CSEB's Marwa TPP),
 - vi. **Chakla & Ashok Karkata** in North Karanpura coalfield (sl. no. 11 & 12 - allotted to Essar's Tori TPP).
3. Two (2) coal blocks, namely Mohar (sl. no. 2 & Mohar amlori (sl. no. 3) have already been accorded approval.
4. Two (2) coal blocks, namely **Mahan** (sl. no. 1) and **Chhatarsal** (sl. no. 4) fall in wildlife corridor in Singrauli coalfield.
5. Four (4) coal blocks, namely **Parsa East & Kanta Basan** (sl. no. 5 & 6), **Morga-II** (sl. no. 7), and **Parsa** (sl. no.8) fall in Hasdev-Arand coalfield.
6. Two (2) coal blocks, namely **Chakla & Ashok Karkata** (sl. no. 11 & 12) fall in North Karanpura coalfield and have been recommended for boundary modification during the joint exercise of FSI and CMPDI.
7. The FC proposals in respect of five (5) of the above mentioned coal blocks have been received in the Ministry from the respective State Governments while remaining still awaited. Status of these proposals is placed at Flag-'A'.
8. Regarding Orissa Ultra Mega Power Project, the Ministry of Power has suggested saving of 200 ha of medium dense forests (MDF) from the total of 265 ha, making all the three mines taken together as 'Go' area.

Statement Showing The Search Results For Forest Land Under FC ACT - 1980

As on: 31.01.2011

Status of Projects Visited by the Inter-Ministerial Teams

[illegible]

ANNEXURE-VI

LETTER OF SHRI SHASHI RUIA DATED AUGUST 16TH,2010 TO
PRIME MINISTER AND MOS(I/C) E&F

Shashi Ruia
Chairman

ESSAR

Essar Group
Essar House
11, K. K. Marg
Mahalaxmi
Mumbai 400 034
India
www.essar.com

16 Aug 2010

Dear Shri Manmohan Singhji,

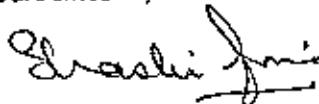
I am writing this letter further to my communication to your goodself dated 05.03.2010, a copy of which is enclosed for your kind perusal.

I am happy to inform you that the Inter-Ministerial Committee nominated by the Government of India had visited the power plant sites and assessed the progress of the work being executed. It is gratifying to note that the members were fully satisfied with the progress achieved.

As requested in my letter under reference, I would be very much grateful if necessary instructions are given to the Hon. Minister of Environment and Forests to expedite necessary forest clearances at the earliest. A copy of letter addressed to the Hon. Minister of Environment and Forests is also enclosed for your kind perusal.

With kind regards

Yours sincerely



Shashi Ruia

Shri Manmohan Singhji
Hon'ble Prime Minister of India
Govt of India
New Delhi

16 Aug 2010

Essar Group
Essar House
11, K. K. Marg
Mahalaxmi
Mumbai 400 034
India
www.essar.com

Dear Shri Jairam Rameshji,

Sub: Forest clearance for Essar's coal blocks at Mahan, Chakla and Ashok Karkata

As you are kindly aware, Essar Power Limited is already operating 1220 MW of power and executing another 11,470 MW (in two phases) at various locations across India. Essar Power has been allocated three Captive Coal Blocks as detailed below:

- ❖ Mahan Coal Block, Dist. Singrauli, Madhya Pradesh (alongwith Hindalco)
- ❖ Chakla Coal Block, near Chandwa Dist. Latehar, Jharkhand
- ❖ Ashok Karkata Coal Block, near Chandwa Dist. Latehar, Ranchi

I would like to bring it to your kind notice that we are in an advanced stage of execution of 1200 MW power plant at Mahan, Dist. Singrauli, Madhya Pradesh and 2000 MW at Chandwa near our captive coal blocks of Chakla and Ashok Karkata, Dist. Latehar, Jharkhand.

Recently, the Inter Ministerial Committees nominated by Govt. of India have visited both the power plants sites and assessed the progress of the power projects being executed at these two locations. During their visit, these teams were fully satisfied with the progress achieved on of these projects. It is pertinent to mention here that these power projects are expected to be commissioned by mid 2011 at Mahan (Madhya Pradesh) and by end of 2012 at Chandwa (Jharkhand). In order to commission these plants, the requirement of coal would be essential from the above coal blocks.

In view of the above, I would request your personal attention and direction so that these coal blocks are given 'go' status and also forest clearance accorded at the earliest.

With *kind regards*

Yours sincerely

Shashi Ruia
Shashi Ruia

Shri Jairam Ramesh
Hon'ble Minister of Environment & Forests
Government of India
New Delhi 110003

ANNEXURE-VII

LETTER FROM SHRI SHASHI RUIA AND SHRI
KUMARAMANGALAM BIRLA TO FINANCE MINISTER DATED
JANUARY 15th, 2011

2



ADITYA BIRLA GROUP

KUMAR MANGALAM BIRLA

January 15, 2011

Respected Praveen Babu,

Re: Grant of forest clearance in respect of Mahan Coal Block jointly allocated to Hindalco & Essar Power.

The Mahan Coal Block was jointly allocated by the Ministry of Coal to Hindalco Industries Ltd and Essar Power Ltd.

The allocation was made to meet the coal requirements of Essar's proposed IPP and Hindalco's CPP (for its new Aluminium Smelter) being set up in the State of Madhya Pradesh at a total investment of Rs.15000 crores.

A joint venture company under the name 'Mahan Coal Ltd' was formed for the purpose of management and development of the coal block.

The company applied for forest clearance duly recommended by the Government of Madhya Pradesh on December 29, 2007. Although the proposal had come up for consideration before the Forest Advisory Committee many a times in the past, no clearance has been accorded so far.

Present Status

The proposal is pending because of the concept of Go & No Go introduced by MoEF. In terms of the categorisation of Go & No Go areas, Mahan has been included in the No Go area.

I had discussed the issue with the Minister for Environment & Forests. In appreciation of the fact that many of the end use projects have made substantial investments and have gone far ahead with the implementation of the projects, a decision was taken by him to depute a team of officials drawn from the Ministries of Power, MoEF, MoC and CEA to make an on-the-spot verification about the status of implementation of the end use projects.

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..2..

The team has given its report to MoP which in turn has forwarded their findings to the PMO.

It is understood that PMO had issued an advice to MoEF to clear the proposals, including Mahan, where substantial investments have been made.

Simultaneously, the Ministry of Coal also initiated a Cabinet Note to do away with the categorisation of coal blocks as Go & No Go and clear all the pending projects.

We learn from reports, appearing in a section of the Press, that a decision has now been taken to refer the matter to a Group of Ministers under your able stewardship for arriving at a final conclusion.

Request:

Since substantial investments have been made by both Hindalco and Essar (JV partners for Mahan Coal Block) and the end use projects are almost ready for commissioning, it is requested that forestry clearance in respect of the coal block may be accorded at the earliest.

I would like to emphasise upon your goodself the fact that any further delay in taking a favourable decision will result in the installed capacities remaining idle for want of coal which will be detrimental to the interests of all concerned.

It may please be appreciated that any decision about grant of forest clearance (based on the Go and No Go principle) should be prospective in nature and cannot be applied retrospectively as it will put a sudden brake on the overall economic development of our Nation.

I seek your very kind assistance for an early resolution, please.

With warm regards,

Yours sincerely,

Shri Pranab Mukherjee
Hon'ble Minister for Finance
Government of India
New Delhi



ESSAR
GROUP

5th February 2011

Sh. Pranab Mukherjee
Hon'ble Minister for Finance
Government of India
North Block
New Delhi – 110 001

Essar Group
Prakash Deep
10th Floor
7, Tolsroy Marg
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India

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F +91 11 4350 1046, 4350 1047
www.essar.com

Sub : Grant of Forest clearance for Mahan Coal Block Jointly allocated to M/S Essar Power & M/S Hindalco Industries Ltd.

Respected Sir,

The Mahan Coal Block in Distt. Singrauli of Madhya Pradesh was jointly allocated to M/S Essar Power and M/S Hindalco Industries Ltd. By Ministry of Coal vide its letter No. 13016/30/2005-CA-I dt. April 12, 2006.

A joint venture company namely "Mahan Coal Ltd." was formed between M/S Essar Power & M/S Hindalco Industries Ltd for development of the said Coal Block.

The company applied for forest clearance duly recommended by Madhya Pradesh Govt. on December 29, 2007. The proposal has come up for consideration before the forest advisory committee many a times in past but still no clearance has been accorded so far.

Now, the concept of Go & No Go has been introduced by Ministry of Environment & Forest and Mahan has been included in the No Go area.

The PMO constituted a committee comprising of officials from Ministry of POWER, Coal, CEA and MOEF for an on the spot inspection on the status of implementation of the project. The team had submitted its report to Ministry of Power which in turn has been forwarded to PMO.

We were given to understand that PMO had issued an advice to MOEF to clear the proposals including Mahan, where substantial investment have already been made and the plant will be ready for commissioning in couple of months.

We also understand through media reports that a decision has now been taken to refer the matter to Group of Ministers under your chairmanship for arriving at a final conclusion.

[Signature]
10/2/2011

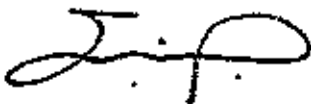
Since we are at an advance stage of commissioning the project and a substantial investment has already been made it is requested that the forest clearance in respect of the Mahan Coal

Block may be accorded at the earliest , because any further delay in taking a favorable decision will result in idle installed capacity for want of Coal.

It is also requested that any decision about grant of Forest Clearance should be prospective and cannot be applied retrospective as it will dampen the overall economic development of the Country.

Sir, Your kind assistance for resolving the issue is solicited.

With warm regards .



(SUNIL BAJAJ)
Director

ANNEXURE-VIII

ALTERNATIVE MINING PLAN SUGGESTED BY MAHAN COAL
FIELD LIMITED TO MoE&F DATED JUNE 30th, 2011



MAHAN COAL LIMITED

(A Joint Venture of M/s. ESSAR Power Ltd. & M/s. Hindalco Industries Ltd.)

June 30, 2011

Shri Jairam Ramesh
Hon'ble Minister for Environment & Forests
New Delhi

Respected Sir,

Sub: Forestry clearance for Mahan Coal Block

We are grateful to you for the patient hearing granted to us during our meeting with you on June 28, 2011 wherein we were advised to come up with an alternative proposal with a reduction in the area.

In this context, we wish to respectfully make the following submissions for your kind consideration:

BACKGROUND :

- 1 Mahan Coal Block, having a geological coal reserve of 144 million tonnes (extractable coal Reserve 121.0 M.Tes), was jointly allocated to Essar Power and Hindalco Industries Ltd in April 2006 to meet the coal requirements of 650 MW CPP of Hindalco and 1000 MW IPP of Essar.
- 2 The coal requirements for the above projects was assessed as under :

a) Essar	137.04 M.Tes
b) Hindalco	<u>89.07 M.Tes.</u>
	<u>226.016 M.Tes</u>
- 3 The Mahan coal block meets only 16 years of plant requirement against the norm of 30 years.
- 4 The coal block is being developed by a Joint Venture Company, Mahan Coal Limited.

Reduction in Forest Area

- A) Initially the company applied for mining lease for a total area of 1610.14 Ha out of which 1471.40 Ha consisted of forest land.
- B) In the course of review of the proposal for approval of the Mine Plan, at the instance of the Ministry of Coal, the Mining lease area was reduced from 1610.14 ha to 1200 Ha and consequently forest area reduced from 1471.40 to 1182.35 Ha i.e reduction of 289.05 Ha
- C) Further, while granting the approval for Environmental clearance for the project the Mining lease area was reduced from 1200 Ha to 1090 Ha, and

1

Correspondence Address

Mahan Coal Limited

489, Parihar House, Majankhurd, Majan More, P.O.-Kachni (Waidhan), Distt. Singrauli (M.P.) - 486 886
Phone No.07805-234713,234714 Fax: 07805-224711 E-mail : www.mahancoal.com

consequently forest area also reduced from 1182.35 Ha to 1072.35 Ha. i.e a further reduction of 110 ha from the forest area. The above facts are given in a tabular form :

STAGE	MINING LEASE AREA(Ha)	FOREST AREA(Ha)	REDUCTION IN FOREST AREA(Ha)
Initial	1610.14	1471.40	
Mining Plan approval	1200	1182.35	289.05
EIA Clearance	1090	1072.35	110
Present Status	1090	1072.35	399.05

It would thus be seen that the total forest area already stands reduced by 399.05 ha from the originally proposed forest area of 1471.40 ha.

Compensation against forest land committed so far:

- We had submitted a comprehensive Wildlife Conservation Plan to the Expert Committee, involving an expenditure of Rs.410.23 lacs. Apart from this, the Expert Committee also imposed a condition that :

"The project proponent shall also participate in the Regional Action Plan for conservation of endangered flora and fauna found within the lease and in the buffer zone (study area) whenever such a Plan gets formulated by the State Government. Separate funds shall be earmarked for implementation of the various activities under the Regional Action Plan."

In compliance with the above condition, the Company has already given its commitment to the Principal CCF(Wildlife), Bhopal).

- The forest diversion proposal of Mahan Coal Company came up for consideration before the FAC in its meetings held on July 23, 2008, October 10, 2008, July 20, 2009 and December 12, 2009. The FAC desired that in place of degraded forest land, compensatory afforestation should be done in non-forest land. Accordingly, the company prepared and submitted a Compensatory Afforestation Scheme on equal non-forest land identified in the Sagar District of M.P. The area involved is 1072 ha. This will involve a cost of over Rs. 23 crores towards land.



MAHAN COAL LIMITED

(A Joint Venture of M/s. ESSAR Power Ltd. & M/s. Hindalco Industries Ltd.)

- c. The NPV for the present forest area will be approx Rs.108 Crores.
- d. Considering the plantation in the reclaimed area and compensatory afforestation, the company proposes to regenerate about 10 times of the existing vegetation. The total cost of plantation will be approx Rs. 49 crores.
- e. Thus, the total compensation towards forest will be Rs.180 Crores. In addition, the cost towards Wildlife Conservation will be extra.

STATUS OF END USE PROJECTS :

Both Hindalco and Essar have committed an investment of Rs.15000 crores on the end use projects, a major part of which have already been spent.

The status of the end use projects was examined by an Inter-Ministerial Team consisting of MoC, MoEF and MoP

The financial closure of both the projects is already complete.

Both the projects are ready for commissioning starting from October 2011.

OUR SUBMISSIONS :

Alternative 1 (with reduction in the area)

- a) To summarise, we respectfully submit that the total forest area has already undergone significant reduction of 399.05 Ha.
- b) Nevertheless, considering need to minimise the damage to the ecology, we propose to effect a further reduction in the forest area by 104.7 Ha (falling in the north east corner- compartment No. 386 & 387 of the forest compartments as shown in the attached map) located near the boundary in continuation of the forest area. After this reduction the total area reduction will be 503.05 Ha. This will lead to substantial reduction in the availability of coal.
- c) Keeping in view the fact that the VDF is scattered in smaller patches within the mine lease area, it is not technically feasible to exclude the remaining dense forest area. It will hinder the mining operations and significantly affect the availability of coal to the end use projects.

We trust the above proposal will meet with our kind approval.



MAHAN COAL LIMITED

(A Joint Venture of M/s. ESSAR Power Ltd. & M/s. Hindalco Industries Ltd.)

OR

Alternative 2 (without reduction in the area)

As submitted above, given that coal availability from the full mining area is already inadequate and, in the long run, it will affect the economic viability of the end-use products, in our humble view, as an alternative to the above proposal, we may be allowed to operate without any reduction in the total area.

Should the above be acceptable, as a preferred option, we propose to undertake afforestation in an additional area, equivalent to the stated VDF area falling under the mining block, in the south western part of the forest area in the Sanjay Tiger Reserve where the quality of forest is poor. We will also be willing to undertake changes, if any, in the Wildlife conservation Plan, where ever considered necessary.

In view of the above, we seek your kind consideration for the proposal for Forest Clearance of the Mahan Coal Block at the earliest.

Thanking you

Yours faithfully,
for MAHAN COAL LIMITED


CHAIRMAN

Enc:

1. MoC's letter allotting the Mahan Coal Block
2. Environmental Clearance granted for the Project
3. Copy of letter to CCF (Wildlife), Bhopal giving commitment for participation in Regional Action Plan.
4. Map showing the proposed area of reduction.

Correspondence Address
Mahan Coal Limited

489, Parihar House, Majankhurd, Majan More, P.O.-Kachni (Waidhan), Distt. Singrauli (M.P.) - 486 886
Phone No.07805-234713,234714 Fax: 07805-224711 E-mail : www.mahancoal.com

13016/30/2005-CA-I
Government of India
Ministry of Coal

New Delhi, dated the 12th April, 2006.

To

1. The Managing Director,
(Shri A.K.Srivastava)
ESSAR Power Limited,
ESSAR House, PB No. 7945
Mahalakshmi, Mumbai 400 0034.

- ✓ 2. The Managing Director,
(Shri Debu Bhattacharya)
M/s Hindalco Industries Limited,
Centuary Bhawan,
Dr. Annie Besant Road,
Mumbai - 400 025.

Subject: - Allocation of the Mahan coal block in SECL area jointly to
M/s Essar Power Ltd. and M/s. Hindal Co. Industries Ltd.

Sir,

I am directed to refer to the request of M/s. Essar Power Ltd and M/s Hindal Co Industries Ltd, for allocation of coal blocks in SECL area and to state that the requests of these companies have been considered by the Central Government and it has been decided to allot the Mahan Coal block jointly to M/s. Essar Power Ltd and M/s Hindal Co. Industries Ltd. to meet their coal requirement of 137.04 million tonnes, and 89.076 million tonnes respectively for their proposed 1000 MW and 650 MW power projects. This allocation is in pursuance of the provisions contained in section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 and is subject to the following conditions:-

1. The allocation of the Mahan coal block jointly to M/s Essar Power Ltd and M/s Hindal Co Industries Ltd. has been made to meet the coal requirement of their proposed respective 1000 MW and 650 MW power plants.
2. Coal extracted from the block is meant for captive use in the proposed 1000 MW and 650 MW power plants of M/s Essar Power Ltd and M/s Hindal Co Industries Ltd. respectively.
3. The block shall be worked by M/s Essar Power Ltd and M/s Hindal Co Industries Ltd. through a joint venture company to be formed with equity participation in the ratio their assessed coal requirement or as may be mutually agreed upon. The joint venture company should be formed within 45 days from the date of issuance of this letter and mining

lease shall be obtained in the name of the joint venture company.

4. Production from the mine shall be shared between M/s Essar Power Ltd and M/s Hindal Co Industries Ltd. in the ratio of their assessed coal requirement for their respective proposed 1000 MW and 650 MW power plants.
5. Middlings generated in the process of washing the coal, if undertaken, shall be used by the allocatee companies for power generation in their own power plants i.e., the useable middling/rejects generated during beneficiations shall be used actively by the allocatees. The modalities of disposal of surplus coal/middlings/ rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at transfer price to be determined by the Government.
6. Coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) from the date of this letter in case of UG mine. The end-use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of this letter. (A milestone chart is enclosed)
7. M/s Essar Power Ltd and M/s Hindal Co Industries Ltd. or the joint venture company shall buy geological report from CMPDIL within six weeks from the date of this letter.
8. M/s EssarPower Ltd and M/s Hindalco Industries Ltd or the joint venture company shall submit a bank guarantee for Rs. 33.42 crore (equal to one year's royalty amount based on mine capacity of 4.5 mtpa assessed by CMPDIL, grades of coal from C to G grades and the weighted average royalty @ Rs.74.27 per tonne within three months from the date of this letter. Subsequently upon approval of mining plan, the Bank Guarantee amount will be modified based on the final peak/rated capacity of the mine.
9. The joint venture company shall submit a mining plan for approval by the competent authority under the Central Government within six months from the date of this letter. The mining plan shall be so made as to take care of the requirement of M/s EssarPower Ltd and M/s Hindal Co Industries Ltd.
10. The progress of the mine will be monitored annually with respect to the approved mining plan, which will mention the zero date. In case of any lag in the production of coal,

a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then $(50-35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the Bank Guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease. The joint venture company shall ensure that the Bank Guarantee remains valid at all times till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.

11. No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes, and except with the previous approval of the Central government.

12. Mining of coal from the allocated captive coal block shall be carried out in accordance with the applicable Statutes/Rules/Orders/Directions governing the mining of coal in the country. The agreement signed between M/s Essar Power M.P. Ltd., and M/s Hindalco Industries Ltd. on 01.02.2006 shall be modified by the company in line with the provisions of this allocation letter to the extent of inconsistency, if any, between the provisions of the allocation letter and the agreement.

13. Those of the above conditions relevant at the time of grant of mining lease shall be included as additional conditions in the mining lease in addition to any further conditions imposed by or agreed to by the Central Government.

14. The State Government at the time of seeking previous approval for the grant of mining lease shall submit a draft of the mining lease containing the above relevant conditions for vetting by the Central Government. The final mining lease shall be as vetted/modified by the Central Govt. Any deviation from the vetted/modified draft shall render the mining lease deed ab-initio null and void and without effect.


2. Allocation/ mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- a Unsatisfactory progress of implementation of their end use power plant.
- b Unsatisfactory progress in the development of coal mining project.
- c For breach of any of the conditions of allocation mentioned above.

he De-allocation /cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatees or any right or liability arising on the allocatees out of the measures taken by them shall solely be to their account and in no way be transferred to or borne by the Government or its agencies.

3. M/s Essar Power Ltd., and M/s Hindal Co Industries Ltd., or the joint venture company may approach CMPDIL for the geological report and contact the State government authorities concerned for the necessary permissions/clearances etc. for attaining mining rights and related matters. The arrangement of transport of coal will have to be worked out by the company in consultation with the Ministry of Railways/ Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,


(Premraj Kumar)
Section Officer

Ends: - As above.

Dated: 23rd December 2008

To
The Chief Executive Officer,
M/s Mahan Coal Company Ltd.,
Near NCL boundary, Bramshi Colony,
Vindhya Nagar Road, P.O. Waidhan,
District Sidhi, M.P. - 486 886.

Sub: Mahan Opencast Coal Mine Project (8.5 MTPA) of M/s Mahan Coal Company Ltd.,
located in village Amelia, Bhuder, Suggo, Tehsil Waidhan, District Sidhi Madhya
Pradesh - environmental clearance - reg.

Sir,

This is with reference to your application vide letter dated 05.12. 2006 and this Ministry's letter dated 07.02.2007 granting the Terms of Reference (TOR) to the above-mentioned project and your subsequent application dated 03.11.2007 for environmental clearance based on TOR and subsequent letters dated 03.10.2008 and 16.12.2008 on the above-mentioned subject. The Ministry of Environment & Forests has considered your application. It has been noted that the project is for opening a new Mahan Opencast Coal Mine Project for an annual production capacity of 8.5 MTPA over a total lease area of 1090 ha. The project is to supply 5 MTPA coal to 1000 MW Power Project of M/s Essar Power Limited located at a distance of about 5 km and 3.5 MTPA of coal to 650 MW Power Project of M/s HINDALCO Industries Ltd. located at a distance of 22km from the ML. Of the entire lease area of 1090 ha, 1072.35 ha of lease falls within forestland which forms a part of the Mahanbari Reserve Forest, and 17.65 ha is revenue land. A number of rare and endangered fauna such as Leopard, Sloth Bear, Hyeana, Chinkara are found in the study area. A Comprehensive Wildlife Conservation Plan has been prepared. There are a number of Reserve forests such as the Vihar RF, Mohar RF and Chokra RF situated within the 10km of the core zone. Forestry clearance has been applied for. There are no National Parks, Wildlife Sanctuary, Biosphere Reserves found in the 15 km buffer zone. The block is drained by a number of seasonal nalas flowing from east to low lying areas within the ML and form a part of the Rampa river which form aprt of the Rehand River. On the western side, the drainage is controlled by River Mahan. The project involves 23 PAFs of land oustees from the villages of Budher and Amelia. Of the total lease area, quarry area will be 798.27 ha, 12 ha of topsoil dump, 138.70 ha is external OB dump, 33.17 ha is greenbelt, 35.61 ha for infrastructure facilities and roads, and 72.25 ha of undisturbed area (safety zone). The project does not involve a coal washery.

Rated capacity of the mine is 8.5 million tonnes per annum (MTPA) of coal production. Mining would be mechanised involving shovel-dumper and surface miner for coal extraction and shovel-dumper for OB removal. Coal is transported from CHP by belt conveyor to Essar Power Project and by rail to HINDALCO Power Project. Ultimate working depth of the mine by opencast operations is 160m below ground level (bgl). Groundwater in the study area is about 18m below ground level (bgl). Water table will be intersected during the first year of mining operation. Peak water demand is 2700 m³/d of water, which will be met from mine sump/pit water and from groundwater (bore wells for domestic consumption). The total estimated OB generation over life of mine would be 707.02 Mm³ and topsoil would be 3.672 Mm³. Of the total OB generation, of which about 75.5 Mm³ would be dumped in external OB dump of 120m height. OB of 48.50 Mm³ would also be temporarily stored in the mineralised area and rehandled to backfill the void. Backfilling would begin from the 3rd year onwards. The balance OB would be backfilled into the decoaled void of 626.61 ha. The total area to be brought under plantation would be 882.73 ha. In the post mining stage, an area of 171.66 ha of the decoaled void would be converted into a water body of a

maximum depth of 26m. Life of the mine is 17 years. Mining Plan for the project was approved by MOEC on 14.06.2007. Public Hearing was conducted on 29.07.2007 by the M.P. State Pollution Control Board. Capital cost of the project is Rs. 1700 crores.

2. The Ministry of Environment & Forests has examined the application in accordance with section 12 of the EIA Notification 2006 and under the provisions thereof, hereby accords environmental clearance for the above-mentioned Mahan Coal Mine Project of M/s Mahan Coal Company Ltd. over a total lease area of 1200 ha for production of coal at 8.5 MTPA rated capacity under the provisions of the Environmental Impact Assessment Notification, 2006 subject to the compliance of the terms and conditions mentioned below:

A. Specific Conditions

- (i) No mining operations shall be undertaken in the forestland within the lease area, until forestry clearance has been obtained under the provisions of FC Act, 1980.
- (ii) Mining shall be carried out as per statuette at a safe distance from nala and River flowing near the ML. A Mine Drainage Plan with a surface drainage design of the mine resulting from surface run-offs and mine discharge water based on a peak rainfall data shall be prepared and implemented.
- (iii) OB shall be stacked at the earmarked external OB dumpsite(s) within the ML area. The ultimate slope of the dump shall not exceed 28°. OB stacked temporarily in the mineralised area shall be rehandled and backfilled into the decoiled void. For increasing the dump height beyond 60m, slope stability studies shall be carried out and a Report thereon submitted to MOEF. Monitoring and management of reclaimed dumpsites shall continue until the vegetation becomes self-sustaining. Compliance status shall be submitted to the Ministry of Environment & Forests and its Regional office located at Bhopal on a yearly basis.
- (iv) Catch drains and siltation ponds of appropriate size shall be constructed to arrest silt and sediment flows from soil, OB and mineral dumps. The water so collected shall be utilised for watering the mine area, roads, green belt development, etc. The drains shall be regularly desilted and maintained properly.
Garland drains (size, gradient and length) and sump capacity shall be designed keeping 50% safety margin over and above the peak sudden rainfall and maximum discharge in the area adjoining the mine site. Sump capacity shall also provide adequate retention period to allow proper settling of silt material.
- (v) Dimension of the retaining wall at the toe of the dumps and OB benches within the mine to check run-off and siltation shall be based on the rainfall data.
- (vi) Dust suppression measures shall include wet drilling, water sprinkling on haul roads, transfer points/loading points coal loading to belt conveyor to be enclosed and provided with dust extraction systems and water sprinklers. Coal bunkers shall be provided with bag filter. Plantation shall be developed around areas such as CHP.
- (vii) All approach roads and major haul roads shall be black topped. Measures for suppression of dust from transfer points at CHP and at Railway siding shall include mist type water sprinklers of optimal capacity.
- (viii) Drills shall be wet operated only.
- (ix) Controlled blasting shall be practiced with use of delay detonators and only during daytime. The mitigative measures for control of ground vibrations and to arrest the fly rocks and boulders shall be implemented.

- (v) A progressive afforestation plan covering an area not less than 882.73 ha shall be implemented which includes reclaimed external OB dump (138.70 ha), topsoil dump (12 ha), backfilled area (626.61 ha), along ML boundary, along roads and infrastructure (10 ha), greenbelt (33.17 ha) and safety zone (72.25 ha) by planting native species including Mahua and Tendu in consultation with the local DFO/Agriculture Department. The density of the trees shall be around 2500 plants per ha.
- (vi) Partial backfilling shall start by the 3rd year of operations and concurrent backfilling thereafter. Of the total excavated area of 798.27 ha, an area of 626.61 ha shall be backfilled and reclaimed with plantation/afforestation by planting native plant species in consultation with the local DFO/Agriculture Department. The density of the trees shall be around 2500 plants per ha. The balance area of 171.66 ha of the excavated area, left as void and being converted into a water reservoir of a max. depth of 26m, shall be gently sloped and the upper benches of the reservoir shall be stabilised with plantation and the periphery of the reservoir fenced.
- (vii) The Conservation Plan prepared for the fauna and flora found in the study area shall include a Plan for protection and conservation of the rare and the endangered fauna such as Leopard and Bear found in the study area. The Programme for conservation of the wildlife particularly the rare and endangered species/Schedule-I fauna and flora shall be implemented in consultation with the concerned Forest and Wildlife Departments in the State Government. Separate funds not less than Rs. 410.23 lakhs shall be earmarked for implementation of the various activities there under such as leaving areas within the ML undisturbed for movement of the fauna to enter the neighboring forests, construction of check dams for augmenting water availability for the wild animals, fodder grass availability and removal of weeds, etc and the status thereof shall be regularly reported to this Ministry and the MOEF Regional Office, Bhopal.
- The project proponent shall also participate in the Regional Action Plan for Conservation of endangered flora and fauna found within the lease and in the buffer zone (study area) whenever such a Plan gets formulated by the State Government. Separate funds shall be earmarked for implementation of the various activities under the Regional Action Plan.
- (viii) The company shall obtain prior approval of CGWA/CGWB Regional Office for use of groundwater for mining operations. Further requirement of water, if any, will be from rainwater harvesting measures and recycled mine water.
- (ix) Regular monitoring of groundwater level and quality shall be carried out by establishing a network of existing wells and construction of new piezometers. The monitoring for quantity shall be done four times a year in pre-monsoon (May), monsoon (August), post-monsoon (November) and winter (January) seasons and for quality in May. Data thus collected shall be submitted to the Ministry of Environment & Forests and to the Central Pollution Control Board quarterly within one month of monitoring.
- (x) The Company shall put up artificial groundwater recharge measures for augmentation of groundwater resource in case monitoring of ground water table indicates a declining trend. Any additional water requirement for mining operation shall be met from rainwater use only. The project authorities shall meet water requirement of nearby village(s) in case the village wells go dry due to dewatering of mine.
- (xi) ETP shall also be provided for treatment of effluents from workshop, and recycled and reused to the maximum extent possible. Any effluents discharged onto the land/onto surface waters shall meet the standards for discharge. The water at the outlet points would be regularly monitored and records maintained thereof.

(viii) Colony if any shall be provided with STP. Treated water shall be used for green belt development.

(ix) Besides carrying out regular periodic health check up of their workers, 10% of the workers identified from workforce engaged in active mining operations shall be subjected to health check up for occupational diseases and hearing impairment, if any, through an agency such as NIOH, Ahmedabad within a period of one year and the results reported to this Ministry and to DGMS.

(x) Compensation for 23 PAFS (land oustees) shall be based on norms not less than that given in the National R&R Policy.

(xi) For monitoring land use pattern and for post mining land use, a time series of land use maps, based on satellite imagery (on a scale of 1: 5000) of the core zone and buffer zone, from the start of the project until end of mine life shall be prepared once in 3 years (for any one particular season which is consistent in the time series), and the report submitted to MOEF and its Regional office at Bhopal.

(xii) A Final Mine Closure Plan along with details of Corpus Fund shall be submitted to the Ministry of Environment & Forests five year before mine closure for approval.

B. General Conditions

(i) No change in mining technology and scope of working shall be made without prior approval of the Ministry of Environment and Forests.

(ii) No change in the calendar plan including excavation, quantum of mineral coal and waste shall be made.

(iii) Four ambient air quality monitoring stations shall be established in the core zone as well as in the buffer zone for monitoring SPM, RSPM, SO₂ and NO_x and heavy metals such as Hg, Pb, Cr, As, etc. Location of the stations shall be decided based on the meteorological data, topographical features and environmentally and ecologically sensitive targets in consultation with the State Pollution Control Board.

(iv) Data on ambient air quality (SPM, RSPM, SO₂, NO_x and heavy metals such as Hg, Pb, Cr, As, etc) shall be regularly submitted to the Ministry including its Regional Office and to the State Pollution Control Board and the Central Pollution Control Board once in six months.

(v) Fugitive dust emissions (SPM, RSPM, and heavy metals such as Hg, Pb, Cr, As, etc) from all the sources shall be controlled regularly monitored and data recorded properly. Water spraying arrangement on haul roads, wagon loading, dump trucks (loading and unloading) points shall be provided and properly maintained.

(vi) Adequate measures shall be taken for control of noise levels below 85 dBA in the work environment. Workers engaged in blasting and drilling operations, operation of HEMM, etc shall be provided with ear plugs/muffs.

(vii) Industrial wastewater (workshop and wastewater from the mine) shall be properly collected, treated so as to conform to the standards prescribed under GSR 422 (E) dated 19th May 1993 and 31st December 1993 or as amended from time to time before discharge. Oil and grease trap shall be installed before discharge of workshop effluents.

(viii) Vehicular emissions shall be kept under control and regularly monitored. Vehicles used for transporting the mineral shall be covered with tarpaulins and optimally loaded.

- (i) Environmental laboratory shall be established with adequate number and type of pollution monitoring and analysis equipment in consultation with the State Pollution Control Board.
- (ii) Personnel working in dusty areas shall wear protective respiratory devices and they shall also be provided with adequate training and information on safety and health aspects.
Occupational health surveillance programme of the workers shall be undertaken periodically to observe any contractions due to exposure to dust and to take corrective measures, if needed.
- (iii) A separate environmental management cell with suitable qualified personnel shall be set up under the control of a Senior Executive, who will report directly to the Head of the company.
- (iv) The funds earmarked for environmental protection measures shall be kept in separate account and shall not be diverted for other purpose. Year-wise expenditure shall be reported to this Ministry and its Regional Office at Bhopal.
- (v) The Regional Office of this Ministry located at Bhopal shall monitor compliance of the stipulated conditions. The Project authorities shall extend full cooperation to the office(s) of the Regional Office by furnishing the requisite data/ information/monitoring reports.
- (vi) A copy of the will be marked to concerned Panchayat/ local NGO, if any, from whom any suggestion/representation has been received while processing the proposal.
- (vii) State Pollution Control Board shall display a copy of the clearance letter at the Regional Office, District Industry Centre and Collector's Office/Tehsildar's Office for 30 days.
- (viii) The Project authorities shall advertise at least in two local newspapers widely circulated around the project, one of which shall be in the vernacular language of the locality concerned within seven days of the clearance letter informing that the project has been accorded environmental clearance and a copy of the clearance letter is available with the State Pollution Control Board and may also be seen at the website of the ministry of Environment & Forests at <http://envfor.nic.in>. The compliance status shall also be uploaded by the project authorities in their website so as to bring the same in the public domain.

3. The Ministry or any other competent authority may stipulate any further condition for environmental protection.

4. Failure to comply with any of the conditions mentioned above may result in withdrawal of this clearance and attract the provisions of the Environment (Protection) Act, 1986.

5. The above conditions will be enforced *inter-alia*, under the provisions of the Water (Prevention & Control of Pollution) Act, 1974, the Air (Prevention & Control of Pollution) Act, 1981, the Environment (Protection) Act, 1986 and the Public Liability Insurance Act, 1991 along with their amendments and Rules. The proponent shall ensure to undertake and provide for the costs incurred for taking up remedial measures in case of soil contamination, contamination of groundwater and surface water, and occupational and other diseases due to the mining operations.


(Dr. T. Chandini)
Director

Copy to:

1. Secretary, Ministry of Coal, Shastri Bhawan, New Delhi.
2. Secretary, Department of Environment & Forests, Government of Madhya Pradesh, Secretariat, Bhopal.
3. Chief Conservator of Forests, Regional office (EZ), Ministry of Environment & Forests, E-2/240 Arera Colony, Bhopal - 462016.
4. Chairman, Madhya Pradesh State Pollution Control Board, Paryavaran Parisar, E-5, Arera Colony, Bhopal - 462016.

5. Chairman, Central Pollution Control Board, CBD-cum-Office Complex, East Arjun Nagar, New Delhi -110032.
6. Member-Secretary, Central Ground Water Authority, Ministry of Water Resources, Curzon Road Barracks, A-2, W-3 Kasturba Gandhi Marg, New Delhi.
7. District Collector, Sikhi, Government of Madhya Pradesh, New Delhi.
8. Monitoring File 9. Guard File 10. Record File.



MAHAN COAL LIMITED

(A Joint Venture of M/s. Essar Power Ltd. & M/s. Hindalco Industries Ltd.)

Ref.: MCL/

Dated: 5th June, 2009

To
The Principal Chief Conservator of Forests (Wildlife)
Govt. of Madhya Pradesh,
Van Bhawan, Tuisi Nagar,
BHOPAL

Sub: Contribution towards Regional Wildlife Conservation Plan

D/Sir,

We are grateful to you for giving us a patient hearing during the discussions we had with you this morning in your office. We do appreciate your concern for conservation of Wildlife in the region, where a number of projects are proposed to be set up in near future. As a responsible organization, we genuinely want to participate in the Wildlife Conservation Plan and the scheme for shifting of villages, in phases, from the notified area of Sanjay Tiger Reserve as proposed by you.

We hereby give our assurance to bear an expenditure of Rs. 11.50 Crores, towards Regional Wildlife Conservation Plan being proposed by you.

We shall be highly obliged if you kindly accept our above said proposal and communicate your approval for the same.

With Regards
Yours Faithfully,

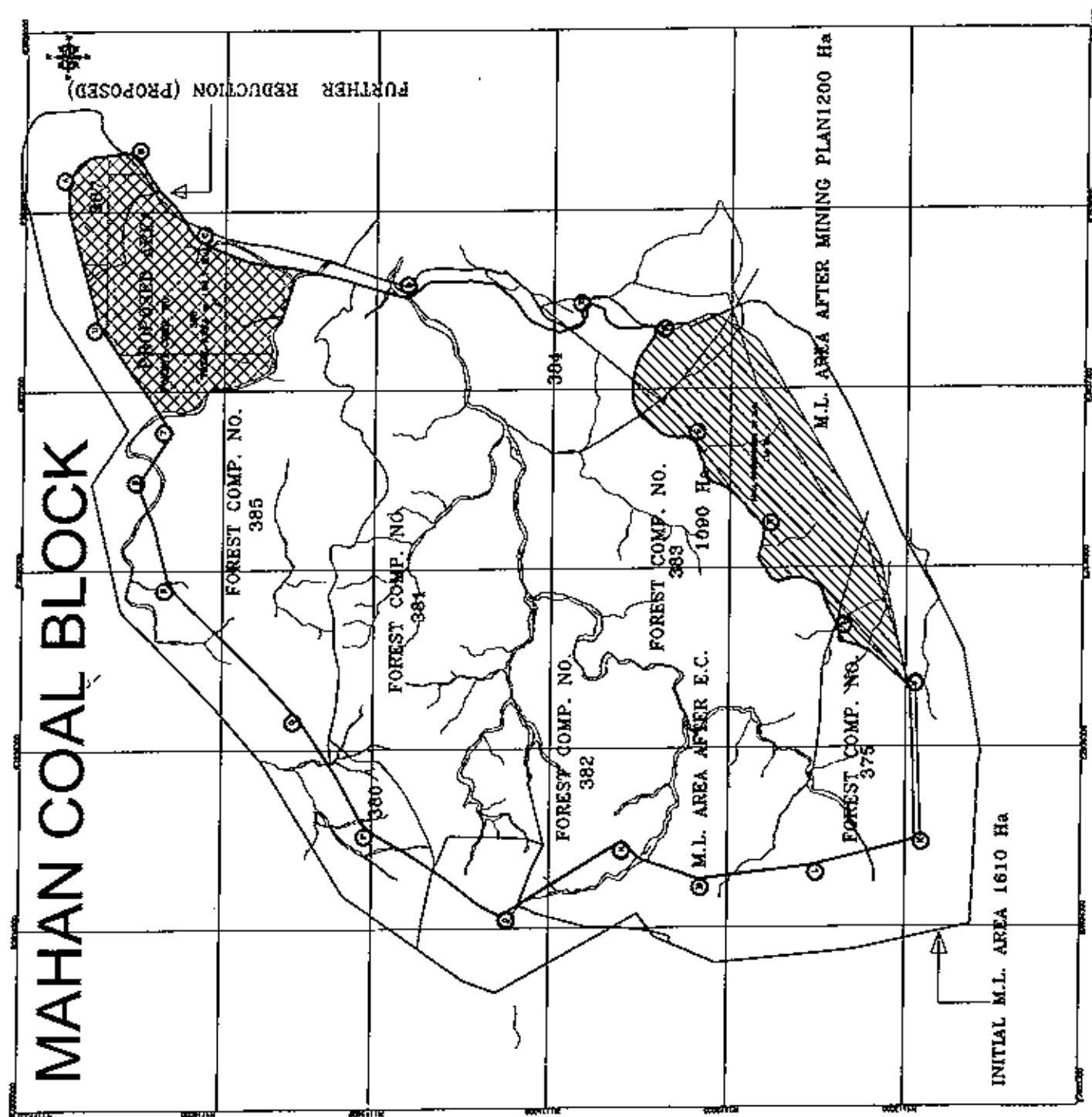
(P.K.MATHUR)
CEO, MAHAN COAL LIMITED

*Recd
Wm
5/6/09
P.A. to P.W. (L)*

Correspondence Address
Mahan Coal Limited

Singh House, Near Central School, Nehru Nagar, P.O. - Singrauli- 486889, Distt. - Singrauli (MP)
Phone No. 07805 268549, Fax: 07805-268545, E-mail: mahancoal@yahoo.co.in

MAHAN COAL BLOCK



ANNEXURE-IX

Letter of Essar Power to Secretary, Ministry of Coal regarding coal linkage

20/05/2010



To,
The Secretary to the Government of India
Ministry of Coal,
Shastri Bhawan,
R.P. Marg,
New Delhi 110 001

Essar Power M.P. Limited
Essar House
11 K. K. Marg
Mahalakmi
Mumbai - 400 034
India

Subject: Coal linkage for ESSAR Power (M.P.) Limited

T + 91 22 6660 1100 / 4001 1100
F + 91 22 2354 4787
www.essar.com

Dear Sir,

We invite your kind attention to letter no EPMP/03/2010/06 dated 6th March 2010 vide which we have requested for coal linkage for ESSAR Power (M.P.) limited Phase -1 of 1700 MW. Phase -1 consists of 2 units of 800 MW each. The schedule of commissioning of these units is April 2011 and July 2011. The captive mine for ESSAR Power (M.P.) limited is Mahan Coal Project, which is jointly allocated to M/S ESSAR Power (M.P.) Limited and M/S Hindalco Industries Limited at 60: 40 ratio. Mahan Coal Project has achieved all the major clearances in time, except the Forest clearance. However for Stage -1 Clearance State Govt. of M.P. has recommended to Forest Appraisal committee. The FAC held on November 2009 has kept the clearance at hold. Due to this the project development activity are severely suffering. The project is getting delayed. However the Power project shall be completed as per schedule.

It is worth mentioning here that even after getting the Stage -1 clearance from the Forest Appraisal committee, at least six months of time is required for Stage -II clearance. After getting Stage -I & Stage -II clearance, it will take another 18-24 months time to get target coal production from the mine.

In view of above coal linkage for 5.5 Mtpa of coal per year having a GCV of 3600 Kcal / kg is required for phase -I of ESSAR Power (M.P.) limited. This linkage is required for a period of at least 3 (Three) years. Required format duly filled in for getting coal linkage is enclosed herewith for your kind perusal and approval.

Mahan Coal Project will be capable of meeting the requirement of coal for Phase -1 of ESSAR Power for 14 years only. The economic life of the power plant is twenty - five to thirty year. Hence additional coal linkage may also be considered for balance life of ESSAR Power Phase -1.

Phase -II of power plant is expected to be commissioned by July 2013. There is no coal block is allocated to ESSAR Power to meet the requirement of Phase -II. Coal requirement for the Phase -II would be 7.75 Mt per annum of the same quality. We have already applied for these coal linkages vide our letter no Mahan/coal/2007/001 dated 15th March 2007. (Copy Enclosed).

It is requested to kindly allocate suitable linkage from coal producing company for 5.5 MTPA power grade coal to meet the requirement from April 2011 till the Mahan coal block is fully developed.

Thanking you,
For Essar Power (M.P.) Limited

Demand Draft no. 971069 dt. 05/04/2010
for Rs. 5,00,000/- issued by State Bank of India,
Srinagar Branch is enclosed herewith

P. Sahay
20/5/10
K.V.B. Reddy
Associate Director

P. Sahay
20/5/10

ANNEXURE-X

Report of FAC Sub-Committee after visit to Mahan Coal-block
submitted on 7.7.2011

REPORT OF SITE INSPECTION
OF
MAHAN COAL BLOCK
UNDERTAKEN BY A
SUB-COMMITTEE
OF FOREST ADVISORY COMMITTEE
ON JUNE 4TH-6TH, 2011

**REPORT OF SITE INSPECTION OF MAHAN COAL BLOCK
UNDERTAKEN BY A SUB-COMMITTEE OF FOREST ADVISORY
COMMITTEE ON JUNE 4TH-6TH, 2011**

In pursuance of the decision of the Forest Advisory Committee (FAC) during its meeting convened on 11th -12th December 2011, a sub-committee of the FAC consisting of Dr. Mahesh Rangarajan, non-official member of the FAC, Shri C.D. Singh, Inspector General of Forests (Forest Conservation) and Shri H.C. Chaudhary, Assistant Inspector General of Forests inspected the Mahan Coal Block located in Sigraulti Coal Block in Sigraulti district of Madhya Pradesh. Shri J.K. Mohanty, Chief Conservator of Forests (Land Management) & Nodal Officer, Forest (Conservation) Act, Government of Madhya Pradesh was also present during the visit. A background note on the proposal seeking diversion of the forest land for the Mahan Coal Block is enclosed as **annexure-I**.

The sub-committee inspected representative locations within the Mahan coal block and interacted with the local field officers. These included the Chief Conservator of Forests, Divisional Forest Officer and other local forest officials. Representatives of the user agency made presentation before the sub-committee. The sub-committee also interacted with the residents of adjoining villages.

The Mahan coal block is located in the direct draining catchment of the Rihand Reservoir, which is located about 6-7 km from the coal block. Most of the trees were leafless indicating to be a part of deciduous forests. The team traversed through the Mahan coal block and tried to visit all those places having forest density varying from minimum to maximum. The tree density was found to be very good (as shown in the photograph) except on the ridges. The ground forest fire seemed to be the annual feature and the forest floor was devoid of any humus probably due to fire and surface runoff. The team came across only one stream having some water. All other streams and rivulets were dry.

The team interacted with the local CCF and his team, which was part of team that prepared comprehensive wildlife management plan of the area. He

explained with the help of map and historical data, the movement of long ranging animals, such as elephants & tigers and highlighted the gradual changes in the movement pattern of these animals. He explained the scenario on a larger landscape including Singrauli coalfields with Sanjay Tiger Reserve (STR) & Sanjay Dubari wildlife sanctuary (SDWLS). He informed that wild elephants are visiting Sanjay National Park regularly since 2002 and that a herd of 6 elephants visited STR during February 2009. The CCF was of the opinion that coal rich Singrauli, where there are many existing & operating mines, may not be an ideal place for wildlife to exist and survive and emphasized that instead of proposing mine wise wildlife management plan, there should be an effort to regain and regenerate nearby existing non-forest land by relocating existing villages. He explained that there is a possibility of gradually regaining around 7,000 – 8,000 ha non-forest land between STR & SDWLS, a landscape regularly visited by elephants by compromising about 10,000-11,000 ha area in Singrauli. Such measures will assure slow and possibly seriously impede the movement of wild animals from Singrauli to STR & SDWLS landscape about 25-30 km from Singrauli. (Copy of the Wildlife Conservation Plan enclosed as **annexure-II**).

The team also interacted with the local villagers and has gone up a place located on the boundary of the proposed coal block inside the forests. There were about 10-12 small hutments, lying abandoned, constructed in the forests probably for the purpose of seeking compensation from the project proponents. Further discussion revealed that these hutments belonged to people even from outside the local village. The local villagers, including a member of the JFMC, though not aware of the provisions of community rights under the FRA 2006, were not against the setting up of the thermal power plant and the coal mine. However, most of them were seemingly aware of the consequences of mining in the area. They confirmed that the area is natural habitat for sloth bear, wild boar, barking deer and sighting of these animals is quite frequent. The nilgai & wild boar are the main causes of crop depredation. To prevent their entry into their fields, they barricade their agricultural crops with lops and tops collected from forests.

The Committee found the area had very good tree crop density and is habitat for endangered wildlife species listed in Schedule I of the WPA 1972. These include sloth bear, chinkara and leopard besides python. The area also forms part of direct draining catchment of Rihand. Nearly $\frac{3}{4}$ of Mahan drains into Rampa river, a perennial river, fed by large no. of smaller streams which were dry during this part of season, which flows eastward into Rihand. The remaining $\frac{1}{4}$ part has been draining into Mahan, another perennial river, flowing westward into Gopad, which also drains into Rihand after travelling a little longer distance. The mining project may make these two perennial rivers dry during the lean season, a serious matter that needs to be taken into account.

Observation/Findings of the Sub-Committee

Observations/findings the sub-committee are as below:

- (i) The Mahan Coal Block is located in middle of an *approx.* 2.00 km wide corridor (running north south) of fairly thick forest. On both sides of the said corridor, either it is non-forest land or the crown density of the vegetation is comparatively low.
- (ii) The entire corridor in general, and the Mahan and its adjoining coal blocks in particular, supports good vegetation comprising of Sal (*Shorea robusta*) and its associates of varying density. Though the visit was during the season in which many species shed their leaves, crop condition on the spots visited, suggests that the crown density of the crop available in the Block matches with the forest cover map (of the FSI, Dehradun) used in the joint exercise undertaken by the Ministry of Coal and the Ministry of Environment & Forests.

- (iii) Presence of patches of dense forests (having crown density more than 0.70) scattered in different parts of the coal block, as shown in the FSI forest cover map could also be seen during the visit. The regeneration of sal was good in several areas and there is no major commercial felling. Major revision in external boundary of block resulting in exclusion of a substantial part of these dense forests, does not appear to be feasible.
- (iv) A large part of the coal block is located in catchment area of the Rihand Reservoir. Impact of mining in the coal block on water availability and siltation in the Rihand Reservoir needs to be assessed. The Sub Committee found extensive soil loss in patches where the tree cover has been removed and some evidence of increased water run off. Given the significance of the reservoir for industry as well as other purposes, there needs to be a professional and expert assessment of threat of excessive siltation due to denudation of the slopes and hills.
- (v) The Mahan coal block is located at approx. 25 km distance from the Sanjay Tiger Reserve. During the short visit of the sub-committee, it was not feasible to directly ascertain the extent of presence of wildlife (fauna and avifauna) in the around the Block. However, the area appears to be suitable habitat for wild vertebrates including large mammals reported to be present there. Officials of the State Forest Departments and the local residents confirmed presence of Schedule-I Species (under the Wildlife Protection Act, 1972) such as the sloth bear, chinkara and leopard. Stray incidents of crop damage by wild elephants in the habitations located in western side of the Mahan Coal block were also reported by the local residents. The larger landscape not only supports varied fauna but also seems to be a viable and functioning ecosystem with minimal human pressures. The Wildlife Restoration Plan presented to the Sub Committee was inadequate and not based on sound ecological principles. *Inter-alia*, no issues of displacement and relocation of settlements or takeover of non-forest land can be considered as a viable proposition at this stage. Quite apart from the issue

of settlement of rights of residents or forest users, there is no serious ecological study by trained personnel to back up these ideas.

- (vi) Utility of the 2.00 km wide green corridor (running north south) of fairly thick forest in which the Mahan coal block is located, as an exclusive corridor for movement between two major source population (of wildlife) could not be ascertained directly during the visit. But it does require detailed study as it may well be critical with the larger landscape changes under way.
- (vii) The diversion of forest land for the Mahan coal mining project does not involve direct displacement of any human habitation. But this does not take into account the considerable loss of amenity due to the impact on surrounding forests inclusive of agricultural small holdings. It will however, affect the income and lifestyle of the residents of adjoining villages, which are presently dependent on the forest available in the said block to meet their daily needs of fuel-wood, fodder and other minor forest products. It will also adversely impact the income accrued to them from the collection of tendu leaves and other non timber forest products. The lean season availability of water in the streams originating from the project site and ground water supply will also be adversely affected.
- (viii) There is clearly inadequate and incomplete work to settle rights under the FRA, 2006. Settlement of community rights under the Forests Rights Act, 2006 could have provided legal cover to the tribals and Other Traditional Forests Dwellers (OTFD), among the residents of the adjoining villages to enjoy these benefits in perpetuity. Process for settlement of community rights on the said forest land has however not been initiated so far. There was also a lack of basic awareness of provisions, especially those pertaining to settlement of community rights, in this very important Union legislation. This was even so with the civil and forest personnel who were unaware of the provisions on community rights.

- (ix) The sub-committee during their stay in the Sigrault districts observed thick smoke (especially during dusk) in and around the Shakti Nagar and Anpara towns. Presence of several coal mines and thermal power plants in and around these towns and use of coal as domestic fuel are perhaps the main reasons for the same. Setting up of additional thermal power plant and mining projects in the area is likely to further increase the pollution load in these towns.

Conclusion

Based on the above findings/observations, the sub-committee is of the considered view that the permission to divert forest land be withheld owing to the quality of the forest in terms of tree density as well as the implications for hydrological cycles and soil loss as well as adverse impact on biodiversity. There are also serious shortcomings in the settlement of rights under the FRA, 2006.

Mahesh Rangarajan
8-7-2011

Dr. Mahesh Rangarajan)
Member (Non-official),
Forest Advisory Committee

C.D. Singh
10/7/2011

(Shri C.D. Singh)
(i/c) Inspector General
of Forests (FC)

H.C. Chaudhary
10/7/2011

(H. C. Chaudhary)
Assistant Inspector
General of Forests (FC)

Annexure-A

Background Note for field visit of FAC sub-committee to Mahan Coal Block located in Singrauli District of Madhya Pradesh

1. The State Government of Madhya Pradesh vide their letter dated 19.12.2007 submitted a proposal to obtain prior approval of Central Government in accordance with Section-2 of the Forest (Conservation) Act, 1980 for diversion of 1182.35 ha forest land in favour of M/s. Mahan Coal Limited, Singrauli for their Mahan Coal Mining project located in Sidhi district of Madhya Pradesh. Consequent to bifurcation of the Sidhi district, the said forest land is now located in Singrauli district.

2. As per the proposal the total area of the mining lease including the 17.65 ha non-forest land is 1200 ha. Item-wise breakup of the forest land proposed for diversion is as below:

Area of excavation	=	780.62 ha
OB Dumps	=	297.66 ha
Infrastructure	=	50.00 ha
Roads	=	4.00 ha
Safety Barrier	=	50.07 ha
Total	=	1182.35 ha

3. As per the information provided in the proposal, diversion of forest land for the Mahan coal mining project does not involve direct displacement of any human habitation.
4. The Mahan Coal block having a geological reserve of 144 million tonnes was jointly allocated to M/s. Essar Power Limited and M/s. Hindalco Industries Limited. As per the approved mining plan, estimated annual production is 8.5 million tonnes per annum. The coal is proposed to be extracted through opencast mining.
5. The project is proposed to supply 5 MTPA coal to 1000 MW Power Project of M/s. Essar Power Limited located at a distance of about 5 km and 3.5 MTPA of coal to 650 MW Power Plant of M/s HINDALCO Industries Ltd. located at a distance of 22 km from the mining lease.

6. The forest land proposed for diversion contains 5,12,780 trees out of which 4,11,560 trees falls in the 20 to 60 cm girth class and the remaining 1,01,220 trees are having girth above 60 cm.
7. Initially the compensatory afforestation was proposed to be undertaken on the degraded forest land double in extent of the forest land proposed for diversion. However, later on the user agency in compliance of the recommendation of the Forest Advisory Committee, submitted the revised proposal to raise compensatory afforestation on non-forest land equal in extent to the forest land proposed for diversion.
8. The forest land proposed for diversion does not form part of any National Park, Wildlife Sanctuary or Biosphere Reserve. The Divisional Forest Officer, East Sidhi Division, while forwarding the proposal reported that wildlife census undertaken in 2006 reported presence of 639 wild animals in the Baidhan Range in which the said coal block is located. Species-wise distribution of the wild animals present in the said range is - leopard (6), wild boar (28), sloth bear (20), barking deer (5), peacock (16), primates (478), nilgai (3), hyaena (17), wolf (4), jackal (250), hare (30) and chinkara (7).
9. The user agency vide their letter dated 23.06.2009, *inter-alia*, informed the Ministry that as per the Environment clearance accorded to the project vide MoEF's letter No. J-11015/432/2006-IA.II(M) dated 23.12.2008 area of forest land required for the said block has been reduced from 1182.361 ha to 1072.35 ha.
10. The said proposal was examined by the Forest Advisory Committee (FAC) in its meetings convened on 23rd July 2008, 10th October 2008, 20th July 2009 and 11th -12th December 2009. Summary of the recommendations of the FAC during these meetings is as below:

23rd July 2008

Information on following issues may be sought from the State Government:

- (i) Detailed map on 1:50,000 scale or smaller scale clearly showing the location of the proposed mine and details of activities within 10 km radius from the proposed mine.
- (ii) Detailed map on 1:50,000 or smaller scale showing the forest area of the division vis-à-vis non-forest area and the location of proposed mine.

- (iii) The status of environmental clearance.

10th October 2008

State Government may be requested to justify its proposal to raise compensatory afforestation on degraded forest land instead of the non forest land and also see the availability of non-forest land in other districts.

20th July 2009

A complete picture containing the details on of the main basin of Singrauli Coalfields wherein the proposed mine is located may be sought from the State Government giving details of the different mines located therein with respect to their lease area, period of lease, present production and potential production as per the mining plan.

11th-12th December 2009

The FAC noted the presence of good vegetation (having crown density more than 0.40) and Scheduled-I wildlife species. The FAC therefore, recommended that a sub-committee of FAC may visit the area before taking a final decision on the issue.

11. Meanwhile, to facilitate objective, informed and transparent decision on diversion of forest land for coal mining projects, the MoEF on suggestion from the Ministry of Coal (MoC) jointly undertaken a study in nine major coal fields including the Hasdeo Arand Coalfield, to classify coal blocks into following two categories:
 - (i) Un-fragmented forest landscapes having gross forest cover (GFC) > 30 % and weighted forest cover (WFC) >10 %, named as **category-A**.
 - (ii) Fragmented forest landscapes having GFC < 30 % and WFC < 10 %, named as **category-B**.
12. As per the criteria adopted in the said study, Mahan coal block is classified as category – "A". The details of forests available in the 965 ha forest land located in mining lease portion of the Mahan coal block is as below:

(Area in ha)

Name	VDF	MDF	OF	Total Forest Cover	Scrub	Water	NF	Grand Total	% WFC	% GFC
Mahan	361	494	48	903	0	0	62	965	61.20 %	93.58 %

13. With the objective to achieve coal production target by causing least possible adverse impact on environment in general; and forests and wildlife in particular, the MoEF and MoC had initially agreed that as of now, proposal seeking diversion of forest land for coal mining shall be considered only in category- B areas.
14. The weighted forest cover (62.77%) of the Mahan Coal block is third highest among the entire 605 coal blocks included in the study jointly undertaken by the MoEF and the MoC.



Low density areas of Mahan



Low density areas of Mahan



Medium density areas of Mahan



High density areas of Mahan



Very High density areas of Mahan



People's dependence on forests



Only perennial source of water (flowing westward)