



***Subject: Forest Clearance for SAIL's Chiria Iron Ore Mines***

**I. Background**

1. The erstwhile privately-owned Indian Iron and Steel Company (IISCO) took control of the Chiria iron ore mine complex in the Saranda forest in Paschimi Singhbhum district of Jharkhand in 1936. IISCO became a fully-owned subsidiary of SAIL in 1978 and final merger took place in 2006 on the premise that the mines would be made available to SAIL since it had been forced to absorb substantial losses on IISCO's account.
2. The Chiria mine complex covers about 2376 hectares which is about 3% of the entire Saranda forest area. Of this, around 194 hectares (8%) has already been broken up. SAIL's proposal that has come to MoE&F for forest clearance (environmental clearances have already been obtained) comprises two components: (i) renewal of permission to mine in the 194 hectares already broken up; and (ii) permission to divert an additional 401 hectares (17%) for mining. ***Thus, permission is being sought for diversion of a total 595 hectares which is 25% of the total Chiria mine area. The permission is being sought for a period of 20 years.***

**II. Factors Weighing in the Decision**

3. While ***deciding to accord approval for SAIL's proposal***, I have kept the following factors in mind.
  - SAIL is a "maharatna" public sector company with a good track record of corporate social responsibility and as such deserving of special treatment even in this era of a certain economic orthodoxy.
  - SAIL has a Rs 18,000 crore IPO on the anvil, 50% of whose proceeds will accrue to the Government of India. Thus, an early decision has to be taken without waiting for "perfect" information.
  - The Honourable Prime Minister had written to the Chief Minister of Jharkhand in August 2007 requesting for renewal of mining leases in Chiria in favour of SAIL in the broader national interest.
  - Forest clearances had been given to SAIL earlier in July 1998 and October 1998 for two leases in Chiria itself.

- Chiria is essential for the future of SAIL. Over the next 50 years, around 40% of the iron ore requirement of SAIL will be met from the Chiria mines. Quite apart from this, this is the only compact deposit available to SAIL.
- Giving permission only for renewal would be grossly insufficient for SAIL's raw material requirements. Moreover, mechanisation would not be possible in the leases under consideration for renewal and they would deplete by the year 2020.
- The existing steel plants Bokaro, Burnpur, Durgapur and Rourkela will necessarily have to be run from iron ore coming from Chiria once the mines presently feeding them are depleted in 10-12 years time.
- Chiria is in a left-wing extremist affected region with a substantial tribal population. CSR activities by SAIL could help in the socio-economic development of this region, particularly as far as the Ho tribal communities are concerned.
- There is also an urgency to accord approval given the long lead times involved in starting production in an area that is not easy to work in because of various factors.

### **III. Specific Conditions Governing the Decision**

4. While the approval is being given subject to the usual conditions governing forest clearance (like those relating to compensatory afforestation<sup>1</sup> and Net Present Value) there are 13 *specific* conditions that are being stipulated for this approval. These are:

- Only mining and primary and secondary crushing would take place in the forest area. Processing, beneficiation, blending, stockpiling, railway sidings, infrastructure and all township facilities will be 15km away in non-forest land. Only conveyor systems will be used for transportation of ore.
- A cluster management approach will be adopted for mining-related activities to avoid excessive fragmentation. Thus, the diverted area will be broken up in phases.

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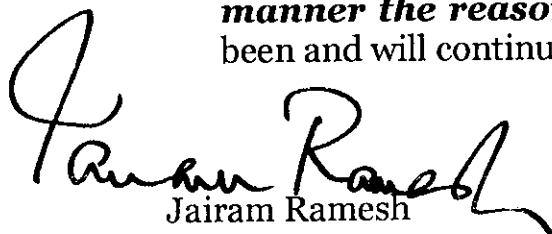
<sup>1</sup> There has been a demand from the Jharkhand government that degraded forest land should be used for compensatory afforestation because of the great difficulty in finding other government-owned land. I find much merit in this demand and a beginning will be made with SAIL in this project.

- The forest areas above their water collection points should be kept inviolate.
- Forest roads will not be used by SAIL during night time.
- SAIL will position a wildlife management team at Chiria from the start of operations to monitor impacts and take remedial measures as the project proceeds.
- Over the next 20 years only 25% of the total forest area being diverted (equivalent to around 595 hectares) will be broken up.
- SAIL will make a contribution of Rs 20 crore over the next five years for programmes relating to wildlife-related and biodiversity-related programmes in the region with particular focus on the Sarinda Forest Division.
- In keeping with the guidelines issued by the Department of Public Enterprises, SAIL will earmark at least 2% of net profits for CSR activities (as distinct from wildlife and biodiversity management programmes). The CSR will include vocational and skill-development programmes for local youth to begin as the mining activities commence. Employment of local tribal youth will be maximised in a transparent manner.
- Proper mitigative measures to minimise soil erosion and choking of streams will be undertaken.
- There will be zero discharge into the Koena River and steps will be taken to ensure that the river does not get polluted. This will be subject to regular field reviews by the Central Pollution Control Board (CPCB). The river ecology is critical to the health of the forest.
- The entire mine lease covering 2376 hectares will remain with SAIL as at present. Five-year plans should be prepared for land-use and the fellings will be regulated accordingly.
- SAIL will support the preparation of a comprehensive wildlife and biodiversity management plan by the Wildlife Institute of India, the Wildlife Trust of India and the WWF. This study will also identify areas that should be kept inviolate in the Sarinda forest. This study should be commissioned immediately.
- Given that in recent months, it has been permitted mining in ecologically sensitive areas ( in Duarguiburu as well as in Kiriburu-Meghahatuburu), SAIL should set up a full-fledged forest management team under a full-time Executive Director whose sole responsibility will be forest management.

5. ***Given the ecological sensitivity of the Saranda forest area, the MoE&F will assume direct responsibility and set up a multi-disciplinary expert group (that would include not only ecologists but also anthropologists) to be responsible for this monitoring.*** The monitoring, evaluation and compliance reports will be made available in the public domain once a quarter. ***This committee will pay special attention to the concerns relating to the impact of mining on elephant habitats and migratory routes.***

#### **IV. A Final Word**

6. The FAC is a statutory body and I have made no effort whatsoever to interfere in its functioning. On the contrary, I have gone out of my way to ensure that it functions professionally and in an independent manner. I have brought in distinguished experts from outside government as members of the FAC.
7. Most of the time I have accepted the recommendations of the FAC. But there have been occasions when the FAC has recommended approval and I have exercised my own judgment and rejected that particular case giving clear reasons why I am doing so. An example of this is the Renuka Dam project in HP which the FAC had recommended but that I ended up rejecting on purely ecological grounds. On the other hand, there have been *two* occasions when FAC has recommended rejection and I have exercised my own judgement and overturned the FAC recommendation—the first being POSCO and the second being the present Chiria case.
8. ***The FAC will continue to focus single-mindedly on forest-related, biodiversity-related issues and concerns, while as Minister I will have to necessarily to take a broader view but placing on public record in a complete manner the reasons for taking that view.*** That has always been and will continue to be my approach.



Jairam Ramesh  
MOS(I/C)E&F  
9/2/11