



PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Delegation of powers for Administrative sanction of the Projects under the Comprehensive Environment Plan for Mining Impact Zone, formulated under the orders of the Hon'ble Supreme Court of India and proposed to be implemented by various Line Departments as well for Railway infrastructure projects.

Read: 1) Managing Director, KMERC File No.KMERC/Cabinet Note/268/2022-23
2) Cabinet Approved Dated: 08.03.2023.

Proposal:

1. The Managing Director, Karnataka Mines Environment Restoration Corporation (KMERC) read above (1) in his file has sent proposal for Delegation of powers for Administrative sanction of the Projects under the Comprehensive Environment Plan for Mining Impact Zone, formulated under the orders of the Hon'ble Supreme Court of India and proposed to be implemented by various Line Departments as well as for Railway infrastructure projects and the details of the proposal are as follows.

2. In Writ petition No. 562(C)/2009 filed before the Hon'ble Supreme Court of India on 23.11.2009, against the State of Karnataka seeking Court's intervention in the matter of alleged illegal mining activities in and around the Mining areas of Ballari, Chitradurga and Tumkuru districts, which had led to undesirable economic and social consequences and also resulted in large scale environmental and ecological degradation and also has affected overall social and economic development of the people, including agricultural, water resources, public infrastructure and connectivity in the regions have also been vitally affected.

3. Hon'ble Supreme Court of India had ordered constitution of a Special Purpose Vehicle (SPV) by the State of Karnataka to carry out the ambitious, but highly essential Comprehensive Environment Plans for the Mining Impact Zone (CEPMIZ) in order to restore the environmental damage caused in the area by illegal and reckless mining on a very large scale and to ensure that the environment in the area may not suffer from any such abuse and destruction in future.

4. The Hon'ble Supreme Court in its order dated 02.05.2014 directed the State Government to form Special Purpose Vehicle to be governed by section 25 of the Companies Act 1956 and thus the Special Purpose Vehicle, came to be established on 30.06.2014, as the KARNATAKA MINING ENVIRONMENT RESTORATION CORPORATION (KMERC) to implement the various schemes submitted by the district administration under CEP Miz to mitigate the environmental damages caused by illegal mining and to protect and restore the environment in the districts of Ballari (undivided Ballari), Chitradurga and Tumkuru.

5. ABOUT CEP MIZ PLAN: The State of Karnataka acted upon to implement the Hon'ble Supreme Courts order through Karnataka Mining Environment Restoration Corporation (KMERC) to prepare action plan and it held several discussions at various stages with the Additional Chief Secretaries / Principal Secretaries / Secretaries / Head of various Departments and the Deputy Commissioners and Chief Executive Officers of Tumkuru, Chitradurga and Ballari districts and prepared the CEP MIZ plan. The CEP MIZ was prepared to be implemented over a period of 10 years and the same was submitted before the Hon'ble Supreme Court of India on 29.04.2016 through the Central Empowered Committee (CEC)

6. However, as per the directions of the Hon'ble Supreme Court order dated: 21.03.2018, the State had convened meetings with FIMI (South), departmental Secretaries, district Deputy Commissioners and CEO - ZPs of three districts, in order to revise the CEPMIZ. State thus prepared the revised CEPMIZ under close supervision of the CEC, set up by Hon'ble Supreme Court, which held meetings on 07.06.2018, 21.08.2018 and 20.09.2018 with all stakeholders and incorporated the suggestions made by the CEC in the CEPMIZ.

7. State prepared the revised CEPMIZ plan, as directed by the Hon'ble Supreme Court in its order dated: 21.03.2018, under following headings:

Sl No.	Headline	Sl. No.	Headline
01	Eco-restoration	08	Skill development
02	Agricultural and allied activities	09	Tourism
03	Drinking water, sanitation and rural roads	10	Irrigation
04	Health	11	Physical infrastructure
05	Education	12	Roads & Communication
06	Development of vulnerable sections	13	Railway Infrastructure
07	Housing		

8. Total financial outlay of the CEPMIZ Plan: The financial out-lay required for the implementation of the CEPMIZ was estimated to be around 24996.71 Cr. as on 2018, which includes Rs. 17,165.58 Cr. for Socio-Economic Development, (including Ecological restoration of forest areas), Rs. 2559.17 Cr. for Road Infrastructure and Rs. 5271.96 Cr. for Railway Infrastructure, (including 3 Railway sidings & 2 sublines approved by Hon'ble Supreme Court vide its order dated 07.12.2017).

CEPMIZ PLAN ABSTRACT					
(Rs. in Crores)					
Sl. No.	Sector/Districts	Ballari	Chitradurga	Tumkur	Total
1	Eco-restoration				
a	Forestry	1557.79	540.83	500.52	2599.14
b	Pollution Control	26.995	14.805	14.805	56.605
2	Agriculture & allied				
a	Agriculture	442.45	324.85	287.10	1054.40
b	Horticulture	64.73	17.06	14.03	95.82
c	Sericulture	0.00	3.50	3.00	6.50
d	Animal Husbandry	284.76	38.00	22.20	344.96
e	Fisheries	89.99	7.63	3.75	101.37
3	Drinking Water, Sanitation & Rural Roads				
a	Drinking Water	2569.98	661.00	236.88	3467.86
b	Sanitation	374.00	37.00	13.00	424.00
c	Rural Roads	520.72	280.68	236.64	1038.04
4	Health				
a	District Hospital upgradation	286.17	114.04	131.90	532.11
b	Taluka/CHC/PHC/Ayush/Blood Bank etc.,	151.17	141.90	77.77	370.84

c	Special Medical Centre Sandur for Communicable diseases	301.63			301.63
d	Bellary (VIMS) upgradation	711.20	0	0	711.20
5	Education				
a	Pri. & Sec Education	413.49	280.58	186.62	880.69
b	Pre-University Education	230.00	50.00	5.66	285.66
6	Development of Vulnerable Sections				
a	Women & Children	398.87	94.03	110.78	603.68
b	Social Welfare	200.00	50.00	51.94	301.94
c	Backward Classes	78.03	25.31	25.00	128.34
d	Minorities Development	18.70	19.20	10.70	48.60
7	Housing	1027.00	106.88	60.00	1193.88
8	Skill Development	436.19	70.79	31.27	538.25
9	Tourism	148.00	34.00	7.00	189.00
10	Irrigation	799.00	154.70	53.00	1006.70
11	Physical Infrastructure	734.99	105.29	44.08	884.36
12	Roads & Communication	1512.55	620.22	426.40	2559.17
13	Railway infrastructure				5271.96
	Grand Total	13378.41	3792.29	2554.05	24996.71

9. The above plan was presented before the Hon'ble Chief Minister of Karnataka on 09.10.2018, in a meeting attended by Hon'ble Deputy Chief Minister and District In-charge Ministers of Tumkur, Bellary and Chitradurga and also the Hon'ble Minister of Mines & Geology. The meeting approved the plan presented and permitted to file the affidavit before the Hon'ble Supreme Court.

10. Accordingly, State of Karnataka filed affidavit along with the above CEPMIZ plan before the Hon'ble Supreme Court on 11.10.2018 vide I.A. No. 150757/2018 seeking approval of the plan and transfer of funds from Monitoring Committee for its implementation.

11. The Central Empowered Committee (CEC), vide its report dated 22.10.2018 and 16.04.2019 recommended approval of the plan with certain modifications. The Ld. Amicus Curiae also submitted his note dated 19.06.2020 suggesting the appointment of a Retired Judge of Hon'ble Supreme Court to function as an Oversight Authority for the implementation of the plan.

12. Approval of the CEPMIZ Plan by the Hon'ble Supreme Court. Hon'ble Supreme Court vide its order dated 21.04.2022, has granted in-principle approval to the CEPMIZ plan submitted by the State of Karnataka, as recommended by CEC in its reports dated 22.10.2018 and 16.04.2019. Further Hon'ble Court has appointed Mr. Justice B. Sudershan Reddy, retired Judge of Hon'ble Supreme Court to approve individual scheme, oversee the works and progress carried out by the Special Purpose Vehicle, i.e. Karnataka Mining Environment Restoration Corporation (KMERC). With regard to approval of the projects Hon'ble Court has stated that:

.....4.

"Priority of the projects and/or individual projects to be taken up and implemented by the KMERC under the said CEPMIZ plan shall be as per the discretion of the Oversight Authority."

13. With regard to the utilization of funds collected by the Monitoring Committee, the Hon'ble Court, in its order dated 21.04.2022 has ordered that:

- I. *"The amounts as collected in terms of the orders passed by this Court in the present matter shall be utilised by the KMERC under the supervision of the Oversight Authority in the mining affected districts of Ballari (including new district of Vijayanagar carved out from Ballari district vide Notification dated 8.02.2021), Chitradurga and Tumkur."*
- II. *"The SPV funds accrued, excluding the committed expenditure and contingent liabilities including reimbursement of funds released by the CEC to the Monitoring Committee, is hereby ordered to be transferred by the Monitoring Committee to the KMERC, for implementation of the projects under the CEPMIZ. Future accruals to the SPV account in terms of the orders passed by the Court shall be transferred to the KMERC by the Monitoring Committee at the end of every quarter."*
- III. *"The state government is directed to issue specific orders for operationalization of the bank account for channelizing the receipts and expenditure, as was done vide notification dated 29.08.2017 issued by the Finance Department Government of Odisha".*
- IV. *"Quarterly report of performance shall be filed by the SPV for the Oversight Authority during the first year. Thereafter, the same shall be filed by the SPV every 6 months."*
- V. *"In addition, having regard to the nature of the finds and the quantum of funds involved in the matter, the CEC may also undertake complete on the spot verification about utilisation of the moneys and file a report before the Oversight Authority."*
- VI. *"The Oversight authority may Consult the Comptroller and Auditor General and the Principal Accountant General to ensure that the idle and reserve funds may be deposited in the highest yielding risk-free instruments/ securities."*
- VII. *"It will be open to the Oversight Authority to approve the appointment of such auditors as he may consider appropriate or request to CAG to get a distinct and accurate account of the expenditure incurred by the KMERC from the SPV funds."*
- VIII. *"Implementation of the railway infrastructure, as per the railway backbone report, including the railway siding and sublines submitted to this Court may be considered by the Oversight Authority and implemented as may be required."*

14. Implementation, Monitoring and Supervision framework for the CEPMIZ, recommended by the CEC. Implementation, Monitoring and Supervision framework for the CEPMIZ recommended by the CEC in its reports dated 22.10.2018 and 16.04.2019 is reproduced below:

'The draft CEPMIZ is based on line estimates. Detailed Project Reports (DPRs) for each of the works will have to be prepared after approval of the CEPMIZ by the Hon'ble Supreme Court. Also, we need to have in place a proper monitoring and supervision mechanism for ensuring quality, timeliness, and transparency. It also needs to be ensured that expenditure done meets all the norms, rules and regulations for public expenditure.'



15. The following implementation as well as monitoring and supervision framework will be followed by KMERC.

- a) For each of the work/scheme, detailed project report (DPR) will be prepared, which will have, inter alia, details such as objectives, outputs, and outcomes, detailed engineering designs and alignments wherever applicable, detailed estimates, assessment of alternative for meeting the same outputs and outcomes, cost benefit ratio, timeline for implementation, post implementation maintenance, and sustainability details along with commitment of the concern Department to provide sufficient funds and manpower for post implementation, maintenance and sustainability.
- b) Preparation of DPR will be done by the line department that will implement the works /schemes. The cost of preparation of DPR will be funded by KMERC.
- c) the DPRs will be appraised by an appraisal committee of the KMERC, and works /schemes will be finally approved for funding by KMERC on the recommendations of the Appraisal Committee.
- d) No work /schemes will be taken up unless KMERC has given its funding approval after consideration of the recommendations of the Appraisal Committee of KMERC.
- e) Technical sanction, wherever applicable and for each work will be subject to the norms, rules and regulations of the respective line departments that will be implementing the works. If any cabinet decision is needed for individual works /schemes as per the Transaction of Business Rules, then such cabinet approval will be taken by the concerned line department after obtaining funding approval of of KMERC for that work.
- f) Since receipt of funds will be staggered, the KMERC, will develop a rigorous policy on commitment ceilings as well as on liquidity management.
- g) For each work/scheme the provision of Karnataka Transparency in Public Procurement Act, 1999 would have to be followed scrupulously.
- h) KMERC shall, prepare and maintain a website, on which the following shall be hosted and regularly updated:
 - i) Quarterly details of the receipts by the KMERC.
 - ii) Details of CEPMIZ and its regular updation if any.
 - iii) Annual plans and budgets for implementation of CEPMIZ.
 - iv) Status of ongoing works, including description of work, details of beneficiary, estimated cost, name of implementing agencies, expected date of completion of work and financial and physical progress of work.
 - v) Photographic evidence of various stages of works linked to its location on GIS platform.
 - vi) List of beneficiaries to whom benefits have been given under the welfare programmes taken up under the funds of the KMERC.
 - vii) Voluntary disclosure under the rights to Information Act, 2000

- i) A third-party monitoring and supervision system will be established by KMERC to report on the quality, timeliness, and effectiveness of each of the works/schemes.
- j) A system of concurrent audit will be established by KMERC.
- k) All expenditure of KMERC will be subjected to Audit by the Comptroller and Auditor General.

16. Procedure for approval and implementation of Projects under CEPMIZ, approved by the Hon'ble Oversight Authority: As per the orders of the Hon'ble Supreme Court of India, the power to approve the individual schemes under CEPMIZ is vested with the Hon'ble Oversight Authority. The Oversight Authority, in the 2nd meetings held for scrutiny and approval of the CEPMIZ, has instructed to prioritise projects for drinking water, health, and education.

17. The guidelines suggested by the CEC in its report submitted to the Hon'ble Supreme Court with regard to the selection of projects is circulated among the departments. Further, as per approval by the Hon'ble Oversight Authority in its 3rd meeting held on 06.08.2022, the KMERC has prepared and circulated guidelines for selection and prioritising the project under different departments, on the lines of proposals included in the revised CEPMIZ, which was submitted to the Hon'ble Supreme Court of India on 11.10.2018. Accordingly, the proposals are being drawn by the line departments following the guidelines of CEC as well as KMERC. The project proposals, which are required to be taken up and are as per the present cost prepared by the line departments district officers, is reviewed by the district Deputy Commissioners: whether fund is available for the sector in that taluk or district, whether covering the mining affected villages, are not overlapping with any existing scheme and whether site is available or can be procured and are forwarded to the Heads of the Department/Secretaries of the Departments: to examine as to the whether it is as per technical norms of the department and are projectized with measurable outcome and whether the department has implementation capacity and then submitted to KMERC.

18. The proposals are further examined by the KMERC: whether it is as per the CEPMIZ plan approved in-principle by the Hon'ble Court and as per the CEC Guidelines and further directions of the Oversight Authority and within the budgetary limits of the sector and district/taluk, are after approval of the Chairman/Board of Directors of KMERC placed before the Hon'ble Oversight Authority for deliberations and approval.

19. After the approval of the proposal by the Hon'ble Oversight Authority, the details of the projects approved are published in the KMERC Website (miningenvironment.karnataka.gov.in). After 15 days of its publication in the website, the concerned departments are requested to prepare the Detailed Project Report for each project, as per the rules and norms of the department. Further, Guidelines are also prepared by the KMERC with regard to the preparation of the DPRs, to ensure achievement of the objectives of the CEPMIZ, including evaluation framework with respect to the measurable outcomes and the mechanism for post project sustainability of the project. (copy enclosed as Annexure-3)

20. Appraisal of the DPRs: The DPRs received from the Line Department are appraised by the Appraisal Committee constituted by the Board of KMERC. After appraisal of the DPR, KMERC has to communicate approval for the project and commit the amount for expenditure.

21. PROPOSAL FOR DELEGATION OF POWER TO KMERC FOR ADMINISTRATIVE APPROVAL OF PROJECTS, SUBMITTED BY THE DEPARTMENTS/ RITES LTD: The CEC in its two reports submitted to the Hon'ble Supreme Court on 29.04.2016 and 22.10.2018, which is agreed by the Hon'ble Supreme Court had suggested that



“(e) Technical sanction (wherever applicable) and Administrative approval for each work, will be subject to the norms, rules and regulations of the respective line Departments that will be implementing the works. If any Cabinet decision is needed for individual work/scheme as per the Transaction of Business Rules, then such Cabinet approval will be taken by the concerned line Department after obtaining funding approval of the KMERC for that work.”

22. Decision in the 2nd and 5th meeting of the Hon’ble Oversight Authority: In the 2nd meeting of the Oversight Authority held on 30.07.2022, it was discussed that the process of approval of the projects under the CEP Miz should be streamlined and expeditious approval of the DPRs need to be given at the KMERC level itself, after the funding for individual projects are approved by the Oversight Authority. Further, in the 5th Meeting of the Oversight Authority held on 27.09.2022, the existing delegation of power viz. delegation of powers to MD KMERC up to Rs. 15.00 Cr, sub-committee of the Board up to Rs. 50 Cr. and KMERC Board beyond Rs. 50 Cr. was discussed and it was resolved to obtain necessary Cabinet approval regarding the administrative approval of the individual project DPRs, under CEP Miz by the KMERC.

23. The matter of delegation of powers for according administrative approval of the DPRs were placed before the 23rd KMERC Board meeting held on 14.06.2022 and thereafter proposal was submitted to the Finance department and discussions held with them. Accordingly, following delegation for according administrative approval is proposed:

Sl. No	Officers/Authority	Proposed delegation (Rs. in Cr.)	Remarks
1.	<u>Deputy Commissioner:</u>	Up to Rs. 1.00 Cr.	For admin expenses
2.	<u>Managing Director:</u>	Up to Rs. 15.00 Crore	Based on the recommendations of the concerned Department and appraisal by KMERC
3.	<u>Board Sub-Committee:</u> comprising Chairperson, Secretary, C&I, & MD KMERC	Above Rs. 15 Cr. & upto 50 Cr.	Based on the recommendations of the Appraisal Committee of KMERC
4.	<u>Board of KMERC</u>	Full powers	Based on the recommendations of the Appraisal Committee of KMERC

24. Read at (2) above Delegation of powers for Administrative sanction of the Projects under the Comprehensive Environment Plan for Mining Impact Zone, formulated under the orders of the Hon’ble Supreme Court of India and proposed to be implemented by various Line Departments as well for Railway infrastructure projects has been approved by the Cabinet in its meeting dated 08.03.2023

In view of the above proposal, the following is ordered.

GOVERNMENT ORDER NO: CI 215 MMM 2022,
BENGALURU, DATED:13/03/2023

In the Circumstances explained in the above proposal, approval of the Government for power delegation for Administrative sanction of the Projects under the Comprehensive Environment Plan for Mining Impact Zone, formulated under the orders of the Hon’ble -



Supreme Court of India and proposed to be implemented by various Line Departments as well as for Railway infrastructure projects as follows.

Sl. No	Officers/Authority	Proposed delegation (Rs. in Cr.)
1.	<u>Deputy Commissioner:</u>	Up to Rs. 1.00 Cr.
2.	<u>Managing Director:</u>	Up to Rs. 15.00 Crore
3.	<u>Board Sub-Committee:</u> comprising Chairperson, Secretary, C & I, & MD KMERC	Above Rs. 15 Cr. & upto 50 Cr.
4.	<u>Board of KMERC</u>	Full powers

By Order and in the name of
the Governor of Karnataka,


(SHIVAPRASAD)

Under Secretary to Government
Commerce and Industries Department (Mines-1)

To,

- 1) Hon'ble Justice B. Sudarshan Reddy, Hon'ble Retired Judge, Supreme Court of India, Oversight Authority, KMERC, Bengaluru
- 2) Advocate General of Karnataka, Hon'ble High Court of Karnataka Building, Bengaluru.
- 3) Hon'ble Chief Secretary to Government, Vidhana Soudha, Bengaluru.
- 4) Addl. Chief Secretary to Government, Development Commissioner, Vidhana Soudha, Bengaluru.
- 5) The Director, Department of Mines and Geology, Kanija Bhavana, Bengaluru
- 6) Managing Director, KMERC, Bengaluru.
- 7) Joint Director, Department of Mines and Geology, Kanija Bhavana, Bengaluru
- 8) Heads of the Departments of the CEPMIZ scheme (Through Managing Director, KMERC)
- 9) Deputy Commissioners, Ballari, Vijayanagara, Chithradurga and Tumakuru.

Copy to:

- 1) PS to Principal Secretary to Hon'ble Chief Minister of Karnataka, Vidhana Soudha, Bengaluru.
- 2) PS to Hon'ble Minister for Mines and Geology Department, Vidhanasoudha, Bengaluru
- 3) Joint Secretary to Government, Cabinet section (Sub No. C/130/2023) Vidhanasoudha, Bengaluru
- 4) PS to Secretary to Govt., Commerce and Industries Department.
- 5) PA to addl. Secretary to Government (Mines), Commerce and Industries Department
- 6) Guard file / Addl. Copy.