GOVERNMENT OF INDIA
MINISTRY OF MINES
INDIAN BUREAU OF MINES
OFFICE OF THE REGIONAL CONTROLLER OF MINES

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Tumkur Road, Goruguntapalya
Yeshwantpur, Bangalore-560022

Show Cause Notice

No. KNT/BLR/FE-160/BNG/ Dated: 16th March 2016

To

Shri Vijay V Chowgule,
Chairman cum Managing Director,
M/s Chowgule & Company (P) Ltd; Fax: 0832-2347819
Mining Division, Khandekar
GOA – 403 406

Subject:- Violation of provisions of MCDR 1988 in respect of your Karadikola Iron Ore Mine (ML No. 2546) over an extent of 103.68 hectares (As per CEC Survey) in Sandur Taluk of Bellary District (Karnataka)… reg.

Reference: - This office letter No. KNT/BLR/FE-160/BNG/203 dated: 02/05 Feb; 2016.
- Your reply vide letter no. MDK/IBM/540 dated 03/03/2015.

Dear Sir,

With above cited subject & references, it is to inform that the para wise reply submitted for the violations observed during the inspection on 03/01/2016 have been examined in this office and not found to be satisfactorily. The para wise comments of this office on your replies are enclosed as annexure for ready reference.

02. In this connection, it is to inform that the said contraventions constitute an offence punishable under Rule 58 of MCDR 1988. The relevant extract of Rule 58 is reproduced below.

> **"Whoever contravenes any of the provisions of these rules shall be punishable with imprisonment for a term which may extend up to two years or with fine extending to fifty thousand rupees or with both and in the case of continuing contravention with an additional fine which may extend up to five thousand rupees for every day during which such contravention continues, after conviction for the first such contravention."**

03 As none of the para wise replies are found satisfactory, You are therefore, directed to show cause within a period of thirty (30) days as to why the mining operation in the above mine should not be suspended under rule 13(2) of MCDR 1988 for non-compliance of rule 13(1) of MCDR 1988 and/or you be prosecuted for the above offence.

04. Please note that no further notice will be given to you in this regard.

Yours faithfully,

Encls. – As above.

sd/-
(Pukhraj Nenival)
Dy. Controller of Mines

Copy for kind information to:

1. The Controller of Mines (SZ), IBM, Bangalore.
2. The Director, Dept. of Mines & Geology, Govt. of Karnataka, Khanij Bhavan, Race Course Road, Bangalore 560 001.

Sd/-
(Pukhraj Nenival)
Dy. Controller of Mines

Sl.No.	Violation pointed out	Reply of lessee	Comments of this office
Rule 13(1)	Exploration as proposed for the year 2014-15 & 2015-16 for 26 No. of boreholes (1300 mtrs) has not been carried out	It is submitted that in the approved Scheme of Mining, it was proposed to drill 126 nos. boreholes with cumulated meterage of 1300. The borehole drilling was to be carried out by Reverse Circulation (RC) Rig. We have already identified the drilling Contractor and also issued the Works Order, copy of which was already submitted vide our letter No.MDK /IBM/791 dt. 14.07.2015. However, we were directed by the concerned i.e., Department of Mines & Geology and Forest Dept., to obtain permission prior to commencement of drilling. Accordingly, we have approached the said authorities and could obtain permission from Dept., of Mines & Geology on 06.08.2015, with rider to get clearance/ permission from Forest Department which we received recently on 11.01.2016 Annexure. Now we will be undertaking 15 boreholes initially as approved.	When there ia a back log of 26 Nos. of bore holes, why permission is sought for only 15 Nos. of bore holes? As it is, a back log for last two years. Hence you are advised to submit the form-J and complete the proposed exploration work within a period of three months and furnish the Form – K along with the details of expenditure incurred. Thus not considered complied.
	(ii) Retaining wall, & garland drains at the bottom of AD-5 are incomplete and the silt settling tanks need desilting	It is submitted that we have already constructed 736 meters retaining wall and 453 meters garland drain all the toe of AD-5, still work is in progress and will be completed soon As far as Silt Settling tanks desilting work is concerned, it is submitted that we have already completed the same. Photos of desilted settling tanks are enclosed for your reference.	It is advised to complete that proposed retaining wall and garland drain before 31.03.2016 and submit the report enclosing the photographs. Further, no photos of desilting were found enclosed. Thus not considered complied.
	((iii) The environment monitoring data's are not being maintained in a bound paged register	It is submitted that Environment monitoring data from the year 2014 which was kept in the spiral bound books has been updated in bound page register. In future too same practice will be followed.	Furnish the photocopy of few pages of the register being maintained in support of the reply for needful action.
Rule 21	The HEMM equipment wise long book in respect of each m/c as per the provisions under the rule has not found maintained.	It is submitted that HEMM equipment wise log book in respect of each machine has been updated and in future also it will be maintained regularly.	Furnish the photocopy of few pages of the HEMM logbook being maintained in support of the reply for needful action.
Rule 42(i)(b)	As per the rule, Full time geologist needs to be appointed in this fully mechanized mine. The person appointed was not working at the time of inspection and not regularly works in this mine.	Full time geologist Mr. S Y Wakhale has been appointed on 09.06.2014. Form I as per Rule 46 of MCDR, 1988 has been submitted to Indian Bureau of Mines vide our letter No.MDK/IBM/563 dated 23.06.2014.	Mr. SY Wakhale was not present in the mine during the inspection and it was informed that he stay in Goa. In view of this, it was advised to deploy a full time Geologist for this mechanized mine as required under the rule.
Rule 45	The amount mentioned for capital structure, depreciation and overhead in part-IIA & III of Annual Return for the year 2014-15 are incorrect, needs to be corrected.	It is submitted that the depreciation amount Rs.10,32,040/- shown under Part-IIA Capital structure includes Rs.530,584 depreciations of Rs.501,456 fixed assets written off.	(1)Total fixed asset value is Rs. 92,77,788/- in part – II A, an amount of Rs. 45,68,06/- can't be considered as depreciation. (ii) If any asset is transferred to

		This depreciation consists of (i) land, (ii) building, (iii) Plant and machinery including transport equipment and (iv) capitalized expenditure. Since there is no provision to show office equipment and furniture and assets transferred to mine during the year Rs. 10,32,040/- is shown under depreciation column in Part IIA point No.1 and hence it is correct. The depreciation about shown under Part III point (4) Rs.45,68,000/- includes Part II A of Rs. 5,40,584/-. Besides, assets transferred from Goa mines to Karadikilla mine i.e., Rs. 40,37,485/- is also included. Therefore, the amount shown on depreciation on fixed **assets** under Part III at point (4) is correct. As far as overheads and concerned, the amount mentioned is correct as per our accounts.	Karadikolla mine, it should have been reflected in addition column. Depreciation of company should not have been transferred to this mine, as it is annual return for this mine only, not for the company. If asset is transferred, then asset value should be increased not the depreciation as a whole. (Iii) Overhead amount of Rs.10,85,91,791 is erroneous figure and is not tenable. Hence the reply is not considered satisfactory.
Rule 63	Production and dispatch register were not produced on demand to verify the records.	Production and dispatch registers are maintained at mine site and will be adhered too hence forth	Report to this office with the records of production & dispatch for verification.