

# SUPREME COURT OF INDIA

Govt. of A.P.

Vs.

Obulapuram Mining. Company P. Ltd.

(S.H. Kapadia, CJI., Aftab Alam and Swatanter Kumar JJ.)

23.09.2011

## ORDER

1. Having heard Learned Counsel for respective parties on the Report dated 21st September, 2011, submitted by Central Empowered Committee ['CEC, for short] regarding E-auction and related issues pertaining to mining leases in Districts Bellary, Chitradurga and Tumkur, we are happy to note that the sale of iron ore through E-auction has fetched ` 92.67 cr. from part disposal of the accumulated inventory of iron ore. We are of the view that Education, as suggested by the Monitoring Committee, should continue so that best possible price is fetched.

2. In the above circumstances, we accept the recommendation contained in the Report on E-auction which reads as follows:

M/s NMDC may be allowed to continue mining operations in the ML Nos. 2396 and 1111 subject to the conditions that (a) the entire production of iron ore from these two mining leases will be sold only through e-auction by the Monitoring Committee and (b) the Monitoring Committee will presently disburse 80% of the sale proceeds to M/s NMDC Ltd.

3. We make it clear that E-auction will take place irrespective of long term contracts entered into by M/s. NMDC. We also make it clear that no Court in this Country will take up any challenge to E-auction, except this Court.

(ii) The Report of CEC shows that serious illegalities have taken place in respect of mining lease No. 2434 of M/s. Associated Mining Company ("M/s. AMC" for short). The Report shows serious illegalities having taken place in respect of said mining lease by way of illegal grant of renewal of mining lease; the existing locations of the boundary pillars being completely

different from the sanctioned lease sketch and quantity of iron ore shown to have been produced and dispatched from the mining lease being far in excess of the quantity that could have been physically produced and dispatched from the mining lease area. Besides illegalities having taken place in respect of the mining lease, as indicated above, other illegalities are also enumerated in the said Report (see paras 8, 9 and 10 of the Report). Such illegalities are also referred to in the Report dated 27.07.2011 of the Karnataka Lokayukta.

4. On going through the Report of CEC, this Court prima facie is satisfied that at the relevant time there existed linkages between the alleged illegal mining in Bellary Reserved Forest falling in District Anantpur in Andhra Pradesh and the above mentioned illegalities in Bellary District of Karnataka. It appears from the Report that amongst various illegalities, one of the cited illegalities is that the material illegally extracted by M/s AMC was routed (transported) to the nearest Port in Vishakapatnam through District Anantpur in Andhra Pradesh. For this reason, we want investigations into above alleged illegalities to be carried out by CBI.

5. On the next date of hearing, we also want to know from CBI the status of its investigations which CBI has undertaken in respect of a mining company, M/s. Obulapuram Mining Company Private Limited in Andhra Pradesh vide FIR No. RC 17A/2009-CBI (Hyderabad).

(iii) Vide the said Report of CEC, it is further pointed out to this Court that massive illegal mining by a third party was being done in mining lease No. 1111 of M/s. NMDC. That, despite various complaints to the numerous authorities in the State of Karnataka by M/s. NMDC no steps were taken to prevent that third party from resorting to massive illegal mining in mining lease No. 1111 of M/s. NMDC till this Court banned mining. These complaints were made against the third party, namely, M/s. Deccan Mining Syndicate ("DMS" for short) for encroaching into M/s. NMDC's mining lease area. Even the complaint lodged by M/s. NMDC against M/s. DMS to the Police Circle Inspector, Sandur on 10.07.2009 was interpolated (See Annexure R-1 to the Report being letter dated 15.09.2011 by M/s. NMDC Limited to CEC). We also want CBI to investigate the above illegalities including encroachment by M/s. Deccan Mining Syndicate in the area leased out to M/s. NMDC.

6. In this order we have indicated broadly the scope of investigations to be carried out by CBI. There are number of other instances of illegal mining which are referred to in the Report of the Lokayukta. To begin with, we have focussed on the alleged illegalities undertaken by these two companies. As and when reports are submitted by CEC alleging similar illegal mining activities and other illegalities committed by other companies, we shall look into those reports separately. Thus, further directions will be given from time to time by this Court.

(iv) CEC as well as the Joint Team have received a number of representations from the respective lease holders against the findings of the Joint Team. We hereby permit CEC to consider these representations after hearing the parties. The findings of CEC in this regard thereafter should be placed before this Court for appropriate directions.

7. Place the matter on 30th September, 2011 for consideration of the application to be filed by the State of Karnataka.