

**F. No. 5-1/98-FC (Pt-II)**  
**Government of India**  
**Ministry of Environment & Forests**  
**(FC Division)**

Paryavaran Bhawan  
CGO Complex, Lodhi Road  
**New Delhi-110 003**

Dated: 19<sup>th</sup> December 2005

To

1. The Principal Secretary (Forests),
2. The Principal Chief Conservator of Forests,  
(All States)/UTs.

**Sub: Exemption of certain Government projects from payment of Net Present Value (NPV) - Guidelines for collection of NPV under Forest (Conservation) Act, 1980 for diversion of forest land for non-forestry use.**

Sir,

The Supreme Court of India vide its order dated 30.10.2002 in IA No. 566 in Writ Petition (Civil) No. 202 of 1995 has directed that NPV of the forest area diverted for non-forestry use shall be collected from the user agency. The orders of the Supreme Court have been communicated vide this office letters of even no. dated 10.07.2003 and 11.08.2003 and subsequently guidelines, in this regard, were issued vide letters of even no. dated 17/18.09.2003 and 19/22.09.2003.

The Supreme Court in its order dated 26.09.2005 in IA No. 826 in IA No. 566 in Writ Petition (Civil) No. 202 of 1995 has concluded in addition to others, that *"except for Government projects like, hospitals, dispensaries and schools referred to in the body of the judgment, all other projects shall be required to pay NPV though the final decision on this matter will be taken after receipt of the Expert Committee report"*.

The issue of exemption of certain Government projects was examined by the Forest Advisory Committee (FAC). On the basis of the recommendations of the FAC and since the issue of exemption of projects from payment of NPV is being examined by the Expert Committee constituted by the Supreme Court, and final decision is to be taken by the Court on receipt of the report of the Institute of Economic Growth Committee, the Central Government hereby directs that Government projects like hospitals, dispensaries, non-commercial government ventures like, school, rain water harvesting, tanks, sewer lines, village roads, which are meant for public welfare may be allowed after taking an undertaking from the user agency that in case it is finally decided by the Supreme Court that such projects are not exempt from payment of NPV, the user agency will pay the amount of NPV as determined and ordered by the Supreme Court.

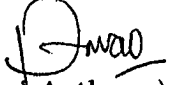
In respect of other cases, the NPV at usual rates, as communicated earlier will continue to be paid by the user agency, i.e., at the rate of Rs. 5.8 lakhs to Rs. 9.2 lakhs per hectare. In addition, for such proposals, the user agency shall submit an undertaking that in case of any upward revision of rates of NPV, the user agency will pay the amount of differential NPV.

Yours faithfully,

(Pankaj Asthana)  
Assistant Inspector General of Forests

Copy to :-

1. The Nodal Officers-All States/UTs.
2. All Regional Offices of this Ministry.
3. Director (FC)/AIGs (FC).
4. File No. 21/2003-FG.
5. Guard File:

  
(Pankaj Asthana)  
Assistant Inspector General of Forests