

MOEF OBSERVATION PONIT NO. 10 OF FOREST DIVISION DEWAS

Cost Benefit Analysis Guidelines for forest land diversion -2017

Table-A: Cases under which a cost-benefit analysis for forest diversion are required

No.	Nature of proposal	Applicable/ not applicable	Remark
1	All categories of proposals involving forest land upto 20 hectares in plains and upto 5 hectare in hills	Not applicable	These proposals may be considered on a case to case basis and value judgement
2	Proposal for defence installation purposes and oil prospecting (prospecting only)	Not applicable	In view of national Priority accorded to these sectors, the proposals would be critically assessed to help ascertain that the utmost minimum forest land is diverted for non-forest use
3	Habitation, establishment of industrial units, tourist lodges complex and other building construction	Not applicable	These activities being detrimental to protection and conservation of forest, as a matter of policy, such proposals would be rarely entertained.
4	All other proposals involving forestland more than 20 hectares in plains and more than 5 hectares in hills including roads, transmission lines, minor, medium and major irrigation projects, hydro projects, mining activity, railway lines, location specific installations like micro-wave stations, auto repeater centres, TV towers etc.	Applicable	These are cases where a costbenefit analysis is necessary to determine when diverting the forest land to non-forest use in the overall public interest. Since proposed diversion of 45.715 hectare Forest land for INDB-BNI New BG Railway Line belongs to criteria point no. 4. Therefore CBA is applicable in this project.



 Joint Forest Officer (Forest) (P.O.)
 Forest Division, Dewas
 District, Bhopal

Table-B: Estimation of cost of forest diversion			Compliance
SN	Parameters	Remarks	
1	Ecosystem services losses due to proposed forest diversion.	Economic value of loss of eco-system services due to diversion of forests shall be the net present value (NPV) of the forest land being diverted as prescribed by the Central Government (MoEF& CC). Note: In case of National Parks the NPV shall be ten (10) times the normal NPV and in case of Wildlife Sanctuary the NPV shall be five (5) times the normal NPV or otherwise prescribed by the ministry or any other competent authority	Total Area = 45.715 Eco-Class-III (Very dense Category) = rate 13,57,110/- Total Amount = 6,20,40,284/-
2	Loss of animal husbandry productivity, including loss of fodder	To be quantified and expressed in monetary terms or 10% of NPV applicable whichever is maximum	10% of NPV = 62,04,028.40/-
3	Cost of human resettlement	To be quantified and expressed in monetary terms as per approved R&R plan	Not applicable
4	Loss of public facilities and administrative infrastructure (Roads, building, schools, dispensaries, electric lines, railways, etc.) on forest land, which would require forest land if these facilities were diverted due to the project	To be quantified and expressed in monetary terms on actual cost basis at the time of diversion	No facilities are diverted due to project NOC from concerned deptt follows
5	possession value of forest land diverted	30% of environmental costs (NPV) due to loss of forests or circle rate of adjoining area in the district should be added as a cost component as possession value of forestland whichever is maximum	30% of NPV = 1,86,12,085.20/-
6	Cost of suffering to Oustees	The social cost of rehabilitation of oustees (in addition to the cost likely to be incurred in providing residence, occupation and social services as per R&R plan) be worked out as 1.5 times of what oustees should have earned in two years had he not been shifted.	Not applicable. FRA Certificate follows
7	Habitat Fragmentation Cost	While the relationship between fragmentation and forest goods and services is complex, for the sake of simplicity the cost due to fragmentation has been pegged at 50% of NPV applicable as a thumb rule.	50% of NPV = 3,10,20,142.00/-
8	Compensatory afforestation and soil & moisture conservation cost	The actual cost of compensatory afforestation and soil & moisture conservation and its maintenance in future at present discounted value	Rs. 3,99,60,660/-


 M. Mahesh Chandra
 Joint Secretary (Forest) / Joint Secretary (Forest)
 Ministry of Environment, Forest and Climate Change
 Government of India

Table-C Existing guidelines for estimating benefits of forest-diversion in CBA.

SN	Parameters	Remarks
1	Increase in productively attribute to the specific project.	After completion of INDB-BNI BG new rail line project, INDORE & DEWAS District will be in direct link with Raisen, Sehore & Narmdapuram district. This will initiate all around development in industrial sector, food grain transportation, coal & other minerals transportation, power sector, cement and other agriculture product, forest produces transportation from north & western part of India through shortest distance will be facilitated by this rail link.
2	Benefits to economy due to the specific project.	Socio economic development of backward and poor communities of Malwa & West central zone of India will be accelerated by providing a cheap, reliable and all weather system of mass transportation of goods and thus encouraging industrialization, tourism promotion-religious places tourism through providing connectivity to Bhedaghat, Bargi, Amarkantak, Pachmarhi, Salkanpur, Sanchi, Bhimbethika, Omkareshwar, Hanumantiya, Mandu, Mahakal lok Ujjain. Ecotourism :- Kanha bandhavgarh, Satpura Tiger reserve etc. will be in easy approach for people of malwa & west central part of India. And thus overall boosting to the social and economical status of the covered zone in the project.
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3	No. of population benefited due to specific project.	Approximate 15 lakh.
4	Economic benefits due to of direct and indirect employment due to the project.	Temporary man days-approx. 4.00 Lakh man days Permanent - 5000
5	Economic benefits due to Compensatory afforestation.	Rs. 11.15 Crores.

M. Mahesh Shawikar
 Joint General Manager (Pw)
 वन्य जीव संरक्षण विभाग / वन्य जीव संरक्षण विभाग (पुनः)
 वन्य जीव संरक्षण विभाग / वन्य जीव संरक्षण विभाग (पुनः)