

Project Name: Development of section of NH-119 from 2-lane to 2-lane with paved shoulder from Existing chainage 120+900 to 138+635 (Design Chainage 120+900 to 137+760) under Bharatmala Pariyojana (Lot-4/Package-2) in the state of Uttar Pradesh

Forest Proposal No.: FP/UP/ROAD/143597/2021

COST BENEFIT ANALYSIS

Purpose: The cost Benefit Analysis is being undertaken as the required forest land is > 20 hectare for proposed diversion of forest land being affected due to widening of existing road for above said project.

Guidelines for conducting cost-benefit analysis for projects involving forest diversion

(i) While considering proposal for diversion of forest land for non-forestry use, it is essential that ecological and environmental losses and eco economic distress caused to the people who are displaced are weighted against economic and social gains.

(ii) Whenever the forest land is involved in the development projects, the cost of ecosystem services and fragmentation of habitat of wildlife and economic distress caused to the people dependent on forests and the cost of settlement of people dependent on forest should also be added as the cost of forest diversion in addition to the standard project cost which would have been incurred by the user agencies without involvement of forest land while conducting the cost benefit analysis of the project. Similarly the benefits from the project accruing due to diversion of forest land and used in the project should also be accounted for in the benefits component in addition to the standard benefits of the project which would have been accrued without involvement of forest land while conducting the cost benefit analysis and determining the benefit and cost ratio (BC ratio).

(iii) The cost of Compensatory Afforestation and its maintenance in future and soil & moisture conservation at present discounted value and future benefits from such compensatory forestation accruing over next 50 years monetized and discounted to the present value should be included as cost and benefits respectively of compensatory afforestation while conducting the cost benefit analysis and determining the benefit and cost ratio (BC ratio).

(iv) **Table A** list the details the types of projects involving forest land for which cost benefit analysis will be required, **Table-B** Lists the parameters according to which the cost aspect of

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forest land diverted for the development projects will be determined, while **Table C** lists the parameters for assessing the benefits accruing to the project using forest land.

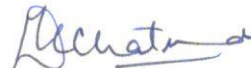
(v) A cost benefits analysis as above should be accompany the proposals sent to central Government for forest clearance under the Forest Conservation Act.

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

Sl.No.	Nature of Proposal	Applicable/Not Applicable	Remarks
1.	All Categories of proposal involving forest land upto 20 hectares in plains and upto 5 hectares in hills	Not Applicable	These proposals may be considered a case to case basis and value judgments.
2.	Proposed for defense installation purpose and oil prospecting only	Not Applicable	In view of national priority accorded to these sectors, the proposal 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 lodge complex and other building construction	Not Applicable	These activities being detrimental in protection and conservation of proposals would be rarely entertained.
4.	All other proposal involving forest land more than 20 hectares in plain and more than 5 hectares in hills including roads, transmission line, minor, medium and major irrigation projects, hydro projects, mining activity, railway line, location specific installations like microwave stations, auto repeater centers, TV tower etc.	Applicable	These are cases where a cost benefit analysis is necessary to determine when diverting the forest land to non-forest use in the overall public interest.

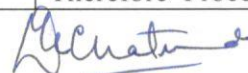
Since the proposal is for diversion of forest land measuring more than 5 hectare in Hill area for the road project cost benefit analysis report is applicable

Table B: Estimation of Cost of forest diversion

S. No	Parameters	Given Guideline	Evaluation
1.	Ecosystem services loses due to proposed forest diversion	Economic value of loss of ecosystem services due to diversion of forest shall be the net present Value (NPV) of the forest land being diverted as prescribed by central Government (MOEF & CC)	NPV value has been Calculated as Rs. 33.7 lakhs 

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		Note: In case of National parks the NPV shall be ten (10) times the normal NPV and in case wildlife Sanctuary the NPV shall be five (5) times the normal NPV or otherwise prescribed by the ministry or any other competent authority	
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	<p>Loss of Animal husbandry due to proposed diversion is very, moderate and calculated below.</p> <p>Gross Loss @5 ton/Ha/Year @ Rs.100/- per tonne. Therefore loss of fodder as estimated for about 33.72 hect .will be $33.72 \times 5 \times 100 \times 100$ Years =Rs. 16,86,000/-</p> <p>10% of NPV = $0.1 \times 337 = 33.7$ lakhs. So considered amount is Rs. 33.7 Lakhs.</p>
3.	Cost of human resettlement	To be quantified and expressed in monetary terms as per approved R & R plan.	NIL human resettlement is required since no family residing in forest land.
4.	Loss of public facilities and administrative infrastructure (Roads, buildings School, dispensaries, electric lines, railways etc.) on forest land, or which would require forest land if these facilities were diverted due to the project.	To be quantified and expressed in monetary terms on actual basis at the time of diversion.	<p>No Loss of public Infrastructure and administrative infrastructure (roads, buildings, railways, etc.) on the forest land.</p> <p>All public utilities affected will be shifted by NHAI at cost of Rs 150 Lakhs.</p>
5.	Possession value of forest land diverted	30% of environment 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 forest land whichever is maximum	<p>The circle rate of adjoining area in the district is about 30 Lakhs per hectare where as 30 % of NPV is 101.1 ($= 0.3 \times 337$) lakhs. Which is less than 30 lakh per hectare. Therefore Procession</p>

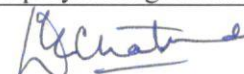


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			Value of forest land will be = $33.72 \times 30 = 1011$ lakhs
6.	Cost of Suffering to oustees	The social cost of rehabilitation of oustees (in addition to the cost likely to be incurred in providing residence, occupation and social services as per R & R plan) be worked out as 1.5 times of what oustees should have earned in two years had he not been shifted	Nil as no Resettlement and Rehabilitation is required in forest land. Which is proposed to be diverted.
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.	Habitat fragmentation Cost is 50% of NPV i.e. $0.5 \times 337 = \text{Rs } 168.5$ Lakhs.
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	Total 67.44 Hectare of degraded forest land proposed for CA in lieu of 33.72 ha forest land @ 7 lakh per Hac. Cost of CA is 472.08 Lakhs

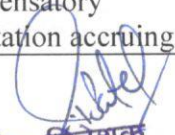
Table C: Existing Guidelines for estimating benefits of forest land diversion in CBA

S. No	Parameters	Given Guideline	Evaluation
1.	Increase in productivity attributable to the specific project	To be quantified and expressed in monetary terms avoiding double counting	The proposal project for which diversion of forest land is sought is for widening of existing road .The project road will improve accessibility to the region .This will help in both economic & social development in the region. The project will enable smooth accessibility in the region by which people of the region will be directly benefited. This will accelerate industrialization /commercialization in region and the same will directly generate maximum employment opportunities in these areas and boosting up the economy of the region and state. Again directly the project will have the potential for employment generation for



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			local people 730000 man days during the construction period. The proposed project does not involve any manufacturing or production. Hence, This section is not applicable. Monetary benefits due to increase in productivity is NIL .
2.	Benefits of economy due to the specific project	The incremental economic benefit in monetary terms due to the activities attributed to the specific project.	<p>Economic benefit in terms of increase in trade, saving in vehicular operation and maintenance cost better connectivity, safer journey to commuter and saving of travel time. Improved road connectivity helps in better implementation and management of government schemes .it will provide last and economical transport of goods, After completion of project, the local people and industries situated in the area will be greatly benefited . The widening of project road will provide safe and fast, economical and environment friendly transportation to the State, which in term will accelerate the rate of growth in this area.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Fuel saving = 2.2-1.96 = 0.24 litre Average fuel cost = 100 rupee per litre Fuel saving on 8550 PCU = 0.24 x 8550 = 2052 Litre per day approx. Savings (in monetary terms) = 2050x100 = 205000 Rupees per day Total benefits in 5 years (5*365.4=1827 days) = 1827x205000 = 374535000 = 3745.5 Lakhs</p> </div>
3.	No. of population benefited due to specific project	As per the detailed project report	The project road connects Najibabad and Kotdwar, the entire population of the town would be benefitted by the project.
4.	Economic benefits due to of direct and indirect employment due to the project.	As per the detailed project report	<p>A Total of 730000 man day employment will be generated during construction phase for skilled/unskilled labor. Average wages inclusive of all cost of living is 500 per day. Total financial implication will come out to b = 730000X500= Rs 3650 Lakhs</p>
5	Economic benefits due to Compensatory Afforestation	Benefits from such compensatory forestation accruing	In lieu of total trees to be remove from proposed Row in forest land along the project road it is proposed to undertake


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		over next 50 years monetized and discounted to the present value should be included as benefits of compensatory afforestation. *For benefits of CA the guideline of the ministry for NPV estimation may be considered.	at least twice of affected area as Compensatory afforestation and forest conservation act 1980 So the net productivity will increase . The Compensatory Afforestation will be done in 67.44 (67.44 Hectare land identified) hectare of degraded forest land. Which is down the line would be having a density of minimum 0.4. The ecological value for a 50 years period for the density of 10 is Rs. 126.74 Lakhs per hectare .By considering minimum 0.4 density the ecological gain for the project would be 126.74X0.4X67.24= Rs. 3408 lakhs
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Summary of Cost –Benefit Analysis for the Project

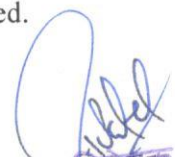
S.No	Loss (in Lakh)	Benefit (Lakh)
1	Ecosystem services losses Rs 337 Lakhs	Ecology gain for Compensatory Rs. 3408 lakhs
2	Loss of Animal Husbandry Productivity including loss of Fodder = Rs33.7 Lakhs.	730000 Man days will be generated assuming 500 Rs per Day as wages total benefit = 500X730000 = 3650Lakhs
3	Loss of Public facility Rs 150 Lakhs	Benefits of economy due to the specific project = 3745.5 Lakhs
4	Possession Value of Forest Land diverted Rs 1011 lakhs	
5	Habitat Fragmentation Cost Rs 167.5 Lakhs.	
6	Compensatory Afforestation and Soil and Moisture Conservation Rs.472.08 Lakhs,	
Total Loss = Rs. 2171.28 Lakhs		Total Benefit = Rs. 10803.5 Lakhs


Benefit Cost Ratio =Total Benefit /Total Loss

Rs 10803.5 Lakhs/ Rs 1935.24 Lakhs = 4.97 which is more than 1 hence project is viable.

Note 1: Net Present Value (NPV) of environment and ecosystem services loss:

The concept of NET Present Value of the forest land diverted is a scientific method of calculating the environment cost and other losses caused due to diversion of forest land for non-forestry purposes. The NPV represents the net value of various ecosystem services and other environment services in monetary terms which the forest would have provided if the forest would not have been diverted.


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