

COST BENEFITS ANALYSIS IN ACCORDANCE WITH GOI FC GUIDLINES NO 7- 69/2011-FC DATED 01-08-2017

Name of Project: Four laning of Bijnor (Part of NH-119) -Kotwali (End of NH-74) of NH- 709AD in the State of Uttar Pradesh Package-IV (km 111.680 to km 133.300)

Nature of Proposal: Diversion of 21.29 ha of forest land in Bijnor Division for Upgradation two lane with Paved shoulder of Four laning of Bijnor (Part of NH-119) -Kotwali (End of NH-74) of NH-709AD in the State of Uttar Pradesh Package-IV (km 111.680 to km 133.300) in favor of the Project Director, NHAI. PIU, Baghpat.

Total Design Length of the Project Road:

Project Highway comprises to section of Bijnor Kotawali Road of Package-IV starts from design chainage 111+680 (Km 86+500 of NH 119) near Bijnor City to Design Chainage 133+300 (Existing Km 71+000 of NH 74) near Kotawali in the state of Uttar Pradesh. Total length 21.620 kms falls in Bijnor District in the State of Uttar Pradesh.

Number of District through which project road traverses- 1 No i.e Bijnor

Total forest area proposed for diversion: 21.2860 ha

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

28/11/18

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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 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.

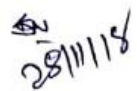
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Table A: Cases under which a Cost -benefit analysis for forest diversion are required

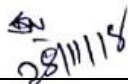
Sl	Nature of Proposal	Applicable/Not Applicable	Remarks
1	All Categories of proposal involving forest land upto 20 hectares in plains and upto 5 hectares in hills	Not Applicable	These proposals may be considered a case to case basis and value judgments.
2	Proposed for defense installation purpose and 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 centres, 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 20 hectre in plain area for the road project cost benefit analysis report is applicable


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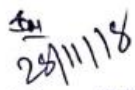
Table B: Estimation of Cost of forest diversion

S. No	Parameters	Given Guideline	Evaluation
1	Ecosystem services losses 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) 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	NPV value has been taken as Rs 8.03 lakhs per hectare Therefore losses = 8.87X21.2860=Rs 188.8423 Lakhs
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	Loss of Animal husbandry due to proposed diversion is very, moderate and calculated below. Gross Loss @5 ton/Ha/Year @ Rs.100/- per tonne. Therefore loss of fodder as estimated for about 21.2860 hact .will be 21.2860X5X100X50 Years =Rs. 929015 10% of NPV =21.2860X8.87X0.1=18.88423 lakhs. So considered amount is Rs 18.88423 Lakhs.
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. 	No Loss of public Infrastructure and administrative infrastructure (roads, buildings, schools, dispensaries, electric lines, railways, etc) on the forest land. All public utilities affected will be shifted by NHAI at

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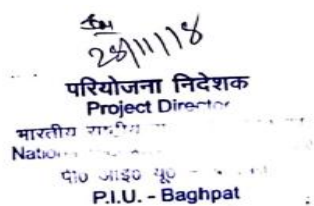
			cost.of Rs 1300 Lakhs
5	Possession value of forest land diverted	30% of environment costs (NPV) due to loss of forests or circle rate of adjoining area in the district should be added as a cost component as possession value of forest land whichever is maximum	The circle rate of adjoining area in the district is about 50 Lakhs per hectare where as 30 % of NPV is 2.41 lakhs. Which is more than 50 lakh per hac. Therefore Procession Value of forest land will be =50X21.2860= 1064.5 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 8.87 X 0.5X21.2860 = Rs 94.42115 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	The rate are approximately same as those adopted in other stage I approved projects of NHAI in the area i.e approx 3 Lakhs per hactre However the exact amount will be known only after the Stage I approval. Considering 3 Lakhs per hactre for estimate the Cost of CA = 3X21.2860X2= 127.74 Lakhs


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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 temporary employment generation for local people 250 for years generating 250X365X2=182500 man days during the construction period.
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.	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. In addition to that there are several other benefits that may accrue due to saving in fuel, reduction in time to commute, vehicle maintain ace,


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			reduction in carbon erosion etc. "However they have not been quantified as it will be a function of various govt.policy variables". Exact quantification of the value is not possible as it is time and policy dependent.
3	No. of population benefited due to specific project	As per the detailed project report	The project road passes through Bijnor District, which has 3,682,713 Population . The entire population of the district and adjoining districts 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	Directly employment generation for local people 250 for 2 years generating 250X365X2=182500 man days during the construction period and indirect employment as a result of development of infrastructure and will also provide direct benefits to small scale industrial units
5	Economic benefits due to Compensatory Afforestation	Benefits from such compensatory forestation accruing 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.	In lieu of total trees to be remove from proposed Row in forest land along the project road it is proposed to undertake 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 21.2860X2= 42.58 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 hectre .By considering minimum 0.4 density the ecological gain for the project would be 126.74X0.4X42.58= Rs. 2158.63568 lakhs

Summary of Cost -Benefit Analysis for the Project

S.No	Loss (in Lakh)	Benefit (Lakh)
1	Ecosystem services losses Rs 188.8423Lakhs	Ecology gain for Compensatory Rs. 2158.63568 lakhs
2	Loss of Animal Husbandry Productivity including loss of Fodder = Rs 18.88423 Lakhs.	182500 Man days will be generated assuming 500 Rs per Day as wages total benefit = 500X182500= 9125 Lakhs
3	Loss of Public facility Rs 1300 Lakhs	
4	Possession Value of Forest Land diverted	

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	Rs 1064.5 lakhs	
5	Habitat Fragmentation Cost Rs 94.42115 Lakhs.	
6	Compensatory Afforestation and Soil and Moisture Conservation Rs. 127.74Lakhs,	
	Total Loss = Rs 188.8423 Lakhs + Rs 18.88423 Lakhs. + Rs 1300 Lakhs+ Rs 1064.5 lakhs + Rs 94.42115 Lakhs.+ Rs. 127.74 Lakhs,= Rs 2794.388 Lakhs	Total Benefit Rs 11283.64 Lakhs

Benefit Cost Ratio =Total Benefit /Total Loss =

Rs 11283.64 Lakhs / Rs 2794.388 Lakhs =4.037965
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.

Note 2: Possession Value of forest land diverted:

The forest land diverted for the project such as irrigation, hydropower, railways, roads, wind, and transmission lines and mining etc are unlikely to be returned and remains in possession of the user agencies. Therefore 30% of the net present value (NPV) of the forest land diverted or market rate of adjoining area in the district should be added as a cost of component as "possession value of forest land" in addition to the environment costs due to loss of forests.

Date: 26-11-2018

Place: Baghpat


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Signature & Seal

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