

COST BENEFIT ANALYSIS

Project Name: Construction of High Altitude Hill Roads to Indo-China Border Muguthang-20r Link under phase-II in the State of Sikkim.

Purpose: This cost benefit analysis is being undertaken for proposed diversion of Forest Land (19.36 ha.) being affected due to Construction of Proposed road Muguthang-20r Link Border Road in the State of Sikkim.

Table A: Cases under which cost benefit analysis for Forest diversion Required

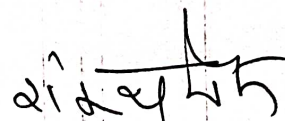
Sl.No.	Nature of Proposal	Applicable/Not Applicable	Remarks
1	All categories of proposals involving forest land up to 20 hectares in plains up to 5 hectares in hills	Not Applicable	These proposals may be considered on a case to case basis and value judgement.
2	Proposal for defence installation purposes 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 forest land more than 20 hectares in plains and more than 5 hectares in hills including roads, transmission lines, minor, medium and major irrigation project, hydro project mining activity, railway lines, location specific installation like microwave station, 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 land use in the overall public interest.

Table B: Estimation of cost of forest land of forest diversion


Sl.No.	Parameters	Cost	Remark
1	Ecosystem services losses due to proposed forest diversion	As there is no habitat and tree present along the project area in forest land therefore NPV=0, So ecosystem loss due to proposed diversion will be nil.	Cost will be decided as per norms of state govt. and will be paid by user agency.
2	Loss of animal husbandry productivity including loss of fodder	As NPV=0 as per point 1 therefore loss of animal husbandry productivity including loss of fodder will also be nil.	
3	Cost of Human resettlement	Nil as per point 1	
4	Loss of public facilities and administrative infrastructure (Road, building, school, electric lines, dispensaries, railways etc) on forest land which would require forest land if these facilities were diverted due to the project.	Nil as per point 1	
5	Possession value of forest land diverted	Nil as per point 1	
6	Cost of suffering to trees	Nil as per point 1	
7	Habitat Fragmentation cost	Nil as per point 1	
8	Compensatory Afforestation and soil & moisture conservation cost	To be decided by Govt. and cost will be paid by user agency.	

Table C: Existing Guidelines for estimating benefits of Forest Diversion

S.No.	Parameters	Descriptions
1	Increase in productivity attributable to the specific project	As it is ITBP Project for defence purpose, there is no benefit to economy and population.
2	No. of population benefited	Nil as per above description
3	Employment potent	Nil as per above description
4	Cost of acquisition facility on non forest land wherever feasible	Nil as per above description
5	Loss of (a) Agriculture & (b) Animal Husbandry production due to diversion of forest land	Nil as per above description
6	Cost of rehabilitating the displaced persons different from compensatory amounts given for displacement	Nil as per above description
7	Cost of supply of free fuel wood to workers residing in or near forest area during the period of construction	Nil as per above description


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