



# RAMSHREE CONSTRUCTION COMPANY

## ENGINEERS & CONTRACTORS

Shree Ram Complex, G. Floor, N.H. 17, Kodibag, Karwar - 581303, U.K. Dist. Karnataka State, India  
Grams : "Ramshree" ☎ : 91-8382-222007 (Off.) / Fax : 91-8382-223860, e-mail : ramshree@sancharnet.in

### Cost benefit analysis of the project

**Title of the Project: Proposal for diversion of 8.80388 ha of forest land in Arga F Sy No 52A1 for stone quarrying to supply building materials.**

**Table-B: Estimation of cost of forest diversion**

Sl. No.	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). The proposed area for the diversion is 8.80388 ha. So, the NPV value for the proposed area is ₹ 7.30 Lakhs per ha, it amounts to ₹ 72.854 lakhs.
2	Loss of animal husbandry productivity, including loss of fodder.	It is the hilly terrain and there are not cattle for grazing. But as per the proforma, loss of animal husbandry productivity including loss of fodder because of diversion is ₹ 7.28 lakhs which is 10% of NPV applicable.
3	Cost of human resettlement.	As there are no habitation or agricultural land, there is no displacement. Hence the cost of human settlement is taken as zero.
4	Loss of public facilities and administrative infrastructure (Roads, buildings, schools, dispensaries, electric lines, railways etc.) on forest land, which would require forest land if these facilities were diverted due to the project.	The proposed area for diversion is hilly terrain, there is no loss of any public facilities. Hence the value of loss is taken as zero.



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5	Possession value of forest land diverted.	As per the proforma, it is about 30% of environmental costs (NPV) due to loss of forests. So, the possession value of the land diverted is ₹ 21.85 lakhs.
6	Cost of suffering to oustees.	No human displacement in the project. Hence, cost of suffering to oustees is taken as zero.
7	Habitat Fragmentation cost	The cost due to fragmentation has been pegged at 50% of NPV applicable as a thumb rule. So, its is ₹ 36.427 lakhs for the project.
8	Compensatory Afforestation and soil & moisture conservation cost.	The actual cost of compensatory afforestation and soil and moisture conservation and its maintenance is ₹ 15.93 lakhs per ha. Accordingly, ₹ 158.98 lakhs is the total CA charges which has to be paid by the User Agency.

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

Sl. No.	Parameters	Remarks
1	Increase in productively attribute to the specific project	As per the initial estimates, there is potential for extraction of approximately 3.0 lakh MT of stone material from the proposed quarry in a year. There is wastage of about 30% in the form of overburden etc.







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2	Benefits to economy due to the specific project.	There will be use of about 2.1 lakh MT of stone material in the developmental projects in the coastal areas. There will be economic activity to the tune of around 10 crores per year.
3	No. of population benefited due to specific project	The project provide direct employment to around 500 persons and indirect employment of 1000 persons per day in the firm. There is substantial bene fit to the local people in the process.
4	Economic benefits due to of direct and indirect employment due to the project.	At the wage rate of ₹ 500 per person, there will be around ₹ 7.50 lakhs benefit to 1500 employees directly and indirectly when the economic activity starts performing.
5	Economic benefits due to compensatory afforestation	Benefits from such compensatory afforestation accruing over next 50 years monetised and discounted to the present value should be included as benefits of compensatory afforestation. Accordingly, the CA areas are as good as forest areas, and the CA per ha is ₹ 15.93 lakhs. So, total CA amount to be paid to the GOI is ₹ 158.98 lakhs.



M/s. Ramashree Construction Company  
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