

The Compensatory Afforestation Fund Bill, 2015

Background

The Forest (Conservation) Act, 1980 (FCA) governs diversion or use of forest land for non forest purposes.

When an agency (known as user agency) seeks to use forest land for non forest purposes, adequate afforestation is required to be undertaken to compensate for the loss of forest cover.¹ This is called 'compensatory afforestation'. The liability to provide land for afforestation purposes is of the user agency. Such land is to be provided to the state government and the user agency is required to pay for the plantation of trees on the land so provided. Further, loss of forest ecosystem is required to be compensated through payment of net present value of the forest (NPV).

A National Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was set up by the Supreme Court to manage the pooled funds provided by user agencies. State CAMPAs were established in 2009. Presently, these state CAMPAs receive 10% of the funds from the national CAMPA and use them for afforestation and conservation of forest lands. However, even these funds continue to be underutilized.² As on May 2015, the National CAMPA had more than INR 37,000 crores available for utilization.³

Accordingly, to ensure expeditious utilization in a transparent manner of funds accumulated with CAMPA, the Compensatory Afforestation Bill, 2015 was introduced in the Lok Sabha on May 08, 2015.

Salient Features of the Bill

The Bill proposes to establish the National Compensatory Afforestation Fund under the Public Account of India; and State Compensatory Afforestation Funds under the Public Account of each state. These funds will receive payments for a) compensatory afforestation, b) net present value of forest (NPV), and c) other diversion project specific payments. The funds received will be primarily spent on afforestation to compensate for loss of forest cover, regeneration of forest ecosystem, wildlife protection and infrastructure development.

Presently, the centre keeps 90% of the funds collected and distributes 10% to the states. The Bill proposes a reversal by allocating 90% of the funds to the states and reserving the balance for the centre.

¹ Guidelines for diversion of forest land for non-forest purposes under the Forest (Conservation) Act, 1980, dated March 03, 2005.

² Report of the Comptroller & Auditor General of India on Compensatory Afforestation, Report 21 of 2013.

³ Department Related Parliamentary Standing Committee on Science & Technology, Environment & Forests, February 2016.

The quantification of the environmental services provided by the diverted forest area is the Net Present Value, or NPV of such diverted forest area. It will be determined by an expert committee set up by the Central Government, and will include: a) Goods and services attributable to the diverted forest, b) regulating services related to the diverted forest, and c) non-material benefits.

Presently, NPV is computed on the basis of recommendations of the Supreme Court appointed Central Empowered Committee. The computation of the NPV involves classifying forests on the basis of their ecological value and quantifying a selected set of forest goods and services for these categories over a period of time.

Further, the Bill also seeks to establish the National Compensatory Afforestation Fund Management and Planning Authority to manage the National Fund and State Afforestation Fund Management and Planning Authorities to manage to state funds.

Issues pertaining to Compensatory Afforestation and Forest Conservation

Compensatory afforestation involves plantation to compensate loss of forest cover. Forest conservation is the act of regenerating forests, conserving and nurturing wildlife, and developing infrastructure to enable regeneration and conservation.

Certain issues continue to plague the aforementioned activities. The Parliamentary Standing Committee on Science & Technology, Environment & Forests ("Committee"), constituted to examine the Bill, highlighted some of these issues.

Non-receipt of Land for Afforestation

The Committee observed that the CAG in its 2013 report had mentioned that between 2006 to 2012, the State environmental departments were to receive 103,382 hectares of non-forest land for afforestation from revenue departments. However, they received only 28,086 hectares out of which afforestation was carried out on "an abysmal 7280.84 hectare constituting seven per cent of the land which ought to have been received".

Difficulty in procuring land for Compensatory Afforestation

It is difficult to procure land for afforestation since land is a limited resource. Several issues arise with regard to purchase of land, difficulty in complying with procedures for land use etc. Further, land for compensatory afforestation cannot be acquired under the Land Acquisition Act, 2013.⁴

Poor quality of Compensatory Afforestation Fund

In 2014, a High Level Committee reviewing environmental laws observed that although the total cover of forest and tree has increased, the quality of this cover has significantly decreased. The said committee attributed this to the poor quality of Compensatory Afforestation plantations.

In view of the above, the Committee recommended that where enough land is not available for afforestation; specific provisions should be incorporated in the bill to encourage afforestation in such areas that are closest to those where land could not be procured. Such provisions will be particularly critical on account of important national projects, due to which deforestation is unavoidable.

⁴ Department Related Parliamentary Standing Committee on Science & Technology, Environment & Forests