

Standing Committee Report Summary

The Compensatory Afforestation Fund Bill, 2015

- The Standing Committee on Science and Technology, Environment and Forests (Chairperson: Mr. Ashwani Kumar) submitted its report on the Compensatory Afforestation Fund Bill, 2015 on February 26, 2016. The Bill was introduced in Lok Sabha on May 8, 2015, and referred to the Committee on May 21, 2015.
- The Bill seeks to establish Compensatory Afforestation Funds at the national and state levels. These Funds will receive payments collected to compensate for loss of the forest ecosystem, when forest land is diverted for non-forest uses (such as industrial and infrastructural projects). The Bill regulates administration and use of the monies in the National and State Funds.
- **National and State Funds:** The Bill provides that the National and State Funds will receive 10% and 90% of the collected payments respectively. The Committee recommended that the National and State Funds should instead receive 5% and 95% of the collected payments respectively.
- **Net present value (NPV):** The Bill defines NPV as the quantification of environmental services provided by the forest land diverted for non-forest uses. It further defines environmental services as provision of goods and services (such as wood and tourism), regulating services (such as climate regulation), non-material benefits, etc. The Committee recommended that the definition of environmental services should be amended to: (i) make it inclusive, as the list of environmental services provided in the definition is an indicative list, and (ii) include pollination and seed dispersal in the list of environmental services. The Bill provides that NPV payments must be used for forest and wildlife protection, forest regeneration, infrastructure development, other allied activities, etc. The Committee recommended that some of these uses (such as infrastructure development and allied activities) must be clearly defined.
- **Other payments:** With regard to payments collected for diversion of protected areas (such as national parks and wildlife sanctuaries), the Bill provides that the monies must ordinarily be spent on conservation activities within the protected areas. The Committee recommended that these funds could also be spent on facilitating voluntary relocation of people from protected areas. Further, it recommended that compensatory afforestation funds should not be used for the Green India program, as it is a separate program for afforestation with a budgetary allocation.
- **Unavailability of land for compensatory afforestation:** The Committee noted that it has been difficult to procure land for compensatory afforestation. In cases where land is unavailable for compensatory afforestation, the Bill should allow for improving density of available forests.
- **Administrative authorities:** The Bill sets up the National and State Compensatory Afforestation Fund Management and Planning Authorities to manage the Funds. The Bill provides that the governing body of the National Authority will include the Environment Minister, Secretaries of various Ministries, forest officers and two experts (environmentalists, economists, scientists, etc.). The Committee recommended that: (i) there should be five experts instead of two, (ii) Secretaries of Earth Sciences and Space Ministries must be included, and (iii) the Inspector General of Forests (Forest Conservation) may be removed. It also recommended that an expert or representative of tribal communities must be included in the executive committee of the National Authority and the steering committee of the State Authority (responsible for monitoring utilisation).
- With regard to the functioning of the Authorities, it recommended that the Bill should provide a timeline of three months for the National Authority to approve annual plans of operations of states (detailing how the monies will be utilised in the states).
- **Powers of the central government:** The Bill provides that the central government may: (i) give directions to the Authorities, and (ii) issue binding policy directives to the Authorities. The Committee recommended that the power to give directions may be removed, while the power to issue binding policy directives may be retained. Further, the Committee recommended that the central government should exercise its rule making power under the Bill in consultation with state governments.

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