

Diverting forest land for other purposes to cost 1.5 times more

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It will cost 1.5 times more to divert forest land for other purposes, according to a revised formula to calculate the one-time payment of net present value (NPV) by the environment ministry.

The ministry informed all states and Union territories about the new rates in a letter on January 6. HT has reviewed a copy of the letter.

For example, diversion of very dense forests in the so-called Eco-class 1 will now cost ₹15.95 per ha compared to ₹10.43 lakh earlier. Similarly, diversion of the open category of forests will now cost ₹11.16 lakh per ha compared to ₹7.44 lakh earlier. This will act as a deterrent to industries and projects on the extent of forest land they seek to divert, environment ministry officials said.

The collected amount goes to the Compensatory Afforestation Fund.

“This upward revision is unlikely to be deterrent against diversion of forest land as it’s understood to be a routine exercise as allowed by the apex court,” said Kanchi Kohli, legal researcher at the Centre for Policy Research, a think tank. “The ministry has processed this as business as usual without a reflection or evaluation of whether NPV has been an effective mechanism for forest conservation. There has been an increasing demand world for governments to review their reliance on monetary offsets like compensatory afforestation or NPV.”

In compliance with the Supreme Court’s order dated March 28, 2008 in T N Godavarman Thirumalpad vs. Union of India case, the ministry started imposing an NPV in lieu of diversion of forest land for various development projects. The apex also directed in its order that the environment ministry should revise the rates every three years.

“This is the first time NPV rates have been revised after 2009. The first letter with NPV rates were issued to states in 2009. The revision was long pending,” a ministry official said on condition of anonymity.

The Supreme Court’s central empowered committee recommended the concept of NPV to compensate for the loss of forest land due to developmental projects. A committee chaired by Kanchan Chopra, former director, Institute of Economic Growth submitted a report in 2006, which was examined by the empowered committee. The top court in 2008 directed the environment ministry to impose NPV on projects involving forest land diversion.

NPV has been determined based on the ecological importance of forests falling in different eco-value and canopy density classes. For calculating the average NPV per hectare of forest in India, the monetary value of goods and services provided by the forest were considered by the committee, including the value of timber and firewood; non-timber forest products; fodder; ecotourism; ecological services of forest; and value of flagship species and carbon sequestration value. In effect, the amount has to reflect the current value of all these.

NPV shall be charged to the extent of 10 times of the normal NPV payable in the case of national parks and five times in the case of wildlife sanctuaries. The use of non-forest land falling within national parks and wildlife sanctuaries may be permitted on payment of an amount equal to the NPV payable for the adjoining forest area.

For non-forest land falling within marine national parks and wildlife sanctuaries, the amount shall be five times the NPV payable for the adjoining forest area, the letter stated.