

Sh. Ajay Shankar,  
Chairman Expert Committee  
Vigyan Bhawan  
New Delhi


Sub: Relaxing the Rules for Compensatory Afforestation - For Ease of Doing Business in India.

Dear Sir,

Thank you for the kind courtesy extended during the discussion on 11<sup>th</sup> June, 2015. During the discussions you were kind enough to appreciate the hardships the project proponent faces while implementation of Compensatory Afforestation issues. The Compendium of *The Forest (Conservation) Act, 1980 and Forest Conservation Rules, 2003* Gol Guidelines & Clarification (herein after referred to as Compendium) , Chapter 3 deals with the conditions stipulated by the Central Government for dealing with proposals *for de-reservation/diversion of forest land for non-forest uses i.e. Compensatory Afforestation*.

The procedure of dealing with the Compensatory Afforestation issues opens a plethora of problems and hurdles. The project proponents often end up incurring huge financial commitments without any firm surety on implementation of the project. This often results in inordinate delay of the project, escalation of project cost because of delay and more often the project is scrapped and declared redundant. The issue has been taken up by industry associations also time and again for relaxing the rules and creating a level playing field for both Central Government companies and Public limited companies. The representations issued by ASSOCHAM and FICCI are enclosed for your reference.

We now draw your kind attention towards the compendium clause 3.2.(ix) which are special provisions for Central Government/Central Government Undertaking Projects. In states which have a forest cover of more than 33% in the entire geographical area are allowed to acquire twice the quantum of degraded forest land for Compensatory Afforestation, subject to a certificate issued by the Chief Secretary of the state attesting the fact that the forest cover in the state is more than 33% and there is no availability of land for CA purpose. However, most Chief Secretary's are reluctant to issue such certificate, and on the other hand for





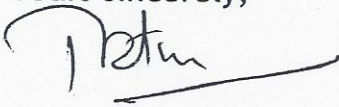
Central Govt. PSUs such certificates are not required. The same should be extended to public limited companies also. It would be worth mentioning that even the High Level Committee constituted under the Chairmanship of Sh. TSR Subramanian recommended to do away with issuance of such certificates. Keeping the above facts in view, it is suggested that certificates from Chief Secretary should be done away with in those states wherein the forest cover is more than 33% of the geographical area, it would also result in ease of doing business in India.

The other issue which we would like to bring to your kind notice is the transfer and mutation of Compensatory Afforestation land in favour of the State Forest Department as mentioned in the para 4.2.(i) of the Compendium. The project proponent after complying with all financial commitments and procuring the land for Compensatory afforestation should be allowed to proceed ahead with the project by simply transferring/relinquishing the land in favour of the State Forest Department. The process of acquisition if involves LARR, 2013 should be complied by the state Departments and notifying the area as RF/PF should be the prerogative of the State Government. The project proponent should not hold the implementation of project because of mutation and notification as RF/PF, as it is beyond their control. Hence, it is suggested to amend the clause 4.2(i) by allowing the project proponent to continue with the project on declaring its intention to relinquish the identified land to the State Forest Department at no cost for Compensatory Afforestation purpose. Post this relinquishment the state Government may allow the proponent to implement the project and formalities of mutation and notifying under RF/PF may be done by the State Departments. Also, the High Level Committee headed by Sh. TSR Subramaniam suggested to delink the Project Proponent from Compensatory Obligations after he fulfills the necessary financial commitments.

We are sure you will appreciate the facts mentioned above and take necessary steps to amend the rules for ease of doing business in India.

Thanking you in anticipation.

Yours sincerely,



**T. Venkatesan**  
**Dy. Managing Director.**