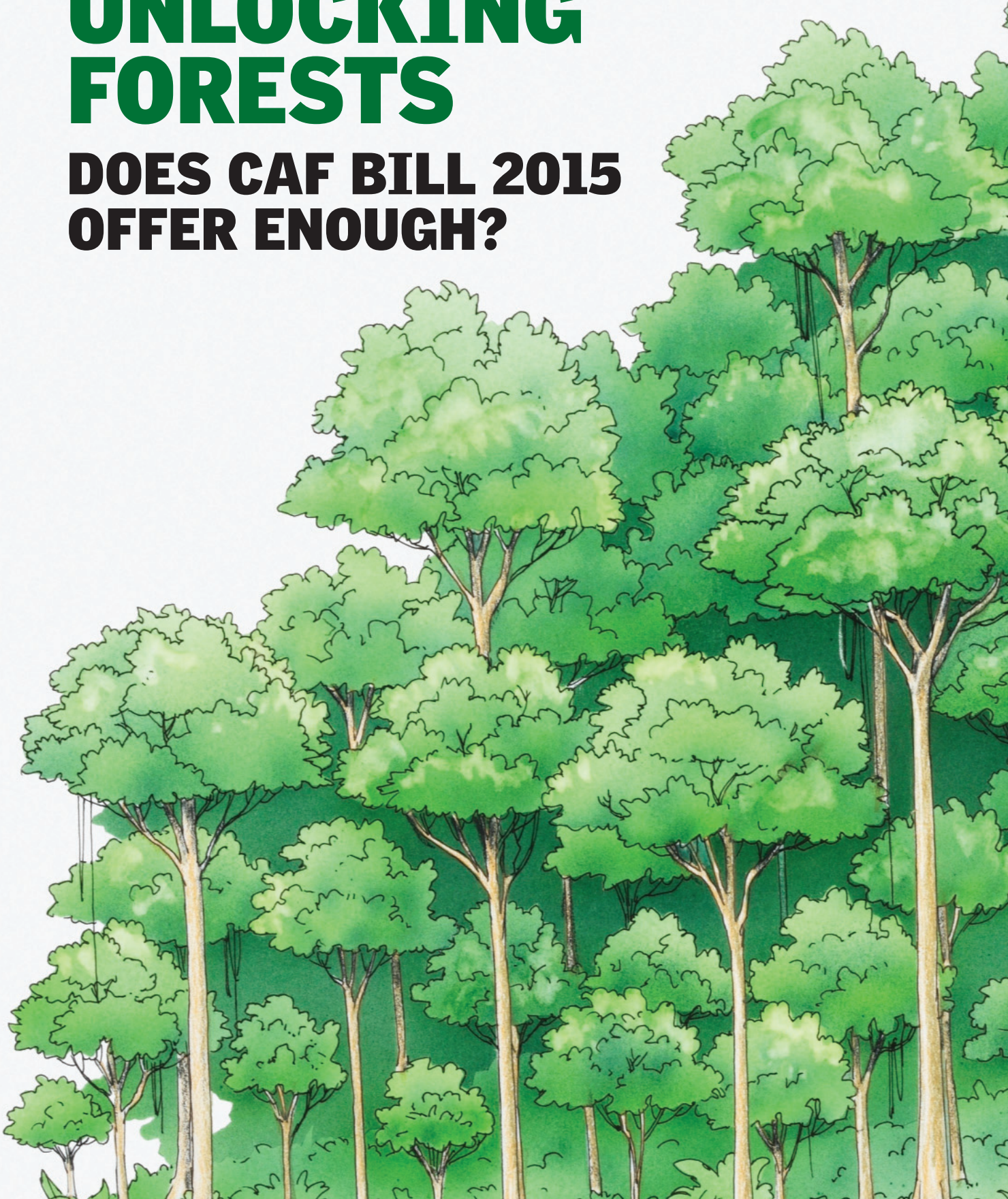




UNLOCKING FORESTS

**DOES CAF BILL 2015
OFFER ENOUGH?**



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Centre for Science and Environment

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Preface

The Ministry of Environment, Forest and Climate Change (MoEF&CC) has been entrusted with preserving and improving the forest wealth of the country in the interest of its citizens and national ecological security. The rising demand for forestland for non-forestry purposes, such as mining, hydropower and infrastructure development, has caused MoEF&CC to divert millions of hectares of rich forests. In order to reduce forest cover losses, the Supreme Court of India directed the Central government in 2002 to constitute the Compensatory Afforestation Fund Management and Planning Authority (CAMPA). As a temporary arrangement, the Ad hoc CAMPA was constituted in 2006 to utilize CAMPA funds by taking up afforestation and conservation activities as a way of compensating for forestland diversions for non-forest uses.

Despite the Supreme Court's direction in 2002 to create a Compensatory Afforestation Fund (CAF), in which all the monies received from user agencies towards compensatory afforestation, net present value, catchment area treatment plan etc. were required to be deposited, such monies continue to be deposited in the Ad hoc CAMPA. Evidently, the money so accrued was haphazardly spent partially by the governments, as pointed out in CAG Report (21 of 2013), while a major chunk of these funds lie idle in various accounts opened in banks for the purpose. In view of the accumulation of massive wealth, to the tune of Rs 42,000 crore, the Centre is now contemplating unlocking this money by creating national and state-level CAFs under public accounts of India by enacting the CAF Bill 2015.

While the CAF Bill, 2015 is a progressive move to streamline the CAMPA process and utilize the massive funds accrued for afforestation activities, there are several inherent threats and opportunities involved. We find that the CAF Bill in its present shape does not address many issues in the Indian forest sector, such as involvement of communities in afforestation and monitoring of compensatory afforestation to ensure survival, forest rights and synergies with other forestry programmes. It is important that the government urgently addresses these issues in the context of our renewed climate change commitments and need to increase productivity and livelihood opportunities in the forestry sector.

The Parliamentary Standing Committee (PSC) on Science & Technology, Environment & Forests in its report on the Bill has already noticed many lacunae in the Bill. However, the PSC report has missed many aforesaid critical issues ailing the CAF regime and has also made some alarming recommendations that may have negative results on the forest cover of India if adopted in the proposed Act.

Given that rural forest-dependent communities have been left wanting in the whole compensatory afforestation regime in the past and the Joint Forest Management (JFM) and social forestry programmes have largely failed to meet their objectives, we need to ponder about how these funds should be used in the future for the benefit of forests as well as the people dependent on them. In an effort to move in this direction, we have analysed in this report the CAF Bill 2015 in the context of the overall compensatory afforestation regime prevalent in country along with other ecological, economic and social imperatives. We hope this report will contribute significantly in strengthening the afforestation regime in India and that the issues and concerns raised in this report will be duly taken care of by the Central and state/UT governments. We must not lose this opportunity to start transforming forest governance in India.

Chandra Bhushan

A. Introduction

India has forests and trees on 24.01 per cent of its geographical area.¹ They comprise a rich diversity of forest types and reserved forests as well as a healthy network of 673 Protected Areas (national parks, wildlife sanctuaries, conservation reserves and community reserves). Our forests provide various ecosystem services to 1.25 billion people while meeting the livelihood needs of about 275 million people living in and around them in about 1,73,000 villages.²

Given the country's burgeoning population base, rapid economic growth and industrial development, there has been a steady rise in the demand for India's land resources in the post-Independence era. This demand has been met frequently by diverting forest areas as they are sparsely inhabited by people in comparison to other land uses. Forest ecosystem services are also currently undervalued. Many developmental and industrial projects, such as hydroelectric dams, thermal power plants, mining, industrial plants and infrastructure, require such forest diversions. In the pre-1980s, these industrial demands were met by randomly diverting forest areas until the Forest (Conservation) Act, 1980 (see *Graph 1: Forest area diverted after 1980*) changed the picture by requiring Central government permission for any forest diversion. Later, as one of the most important upshots of the October 2002 Supreme Court order in the T.N. Godaverman case, the Central government constituted the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in April 2004.³ CAMPA was meant to promote afforestation and regeneration activities as a way to compensate for forestland diverted to non-forest uses.

Despite the clearly defined objectives of CAMPA in the orders and guidelines of the Supreme Court as well as the government, CAMPA money has been spent haphazardly by the governments (CAG Report, 2013)

Although the Supreme Court directed in 2002 for the creation of a Compensatory Afforestation Fund (CAF), in which all monies received from user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of forestland, catchment area treatment plan funds, etc. were required to be deposited, such a CAF has not been created yet. In the absence of such a fund, the money collected by the government from private agencies in lieu of diverted forestlands has been deposited to a temporary body called Ad hoc CAMPA—to be further used by state CAMPAs and the National CAMPA Advisory Council (NCAC) established for the purpose.

Despite the clearly defined objectives of CAMPA in the orders and guidelines of the Supreme Court as well as the government, CAMPA money has been spent haphazardly by the governments while a major chunk of it is lying idle in various accounts opened for the purpose in nationalized banks. This has led to the accumulation of huge funds, to the tune of Rs 42,000 crore, which will be further augmented with an estimated Rs 6,000 crore per year by fresh levies and interests. If we compare it with the Ministry of Environment, Forest and Climate Change (MoEF&CC)'s total plan outlay of Rs 1,446 crore for FY 2015–16, the CAMPA amounts are stupendous.

Given this massive wealth, the Central government proposes to unlock the money by enacting a Compensatory Afforestation Fund (CAF) Act. To effect this, CAF Bill 2015 is up for consideration by the Parliament.⁴

MoEF&CC introduced a similar CAF Bill in 2008 in Parliament.⁵ The Bill was passed in the Lok Sabha but could not come up for voting in the Rajya Sabha and lapsed with the dissolution of the Lok Sabha in May 2009. Now, the reshaped Bill with almost identical provisions is in Parliament (see Annexure I: *How CAF Bill 2015 differs from CAF Bill 2008*). The proposed legislation seeks to provide an appropriate institutional mechanism, both at the Centre and in states/UTs, to ensure expeditious *utilization* in a safe, efficient and transparent manner of amounts realized in lieu of forestland diverted for non-forest purposes, *aimed at mitigating impacts of diversion of such forestland*. These amounts, currently managed by Ad hoc CAMPA, would be brought in greater public view by transferring them to non-lapsable interest-bearing funds, to be created under public accounts of the Union of India and each state.

If utilized correctly, the mobilized money, apart from mitigating the impact of diversion of forestland, may become an immense opportunity for the creation of productive forest assets and generation of huge employment opportunities in rural areas (over and above MGNREGA, NRLM etc.), especially in backward tribal areas with rich forests.

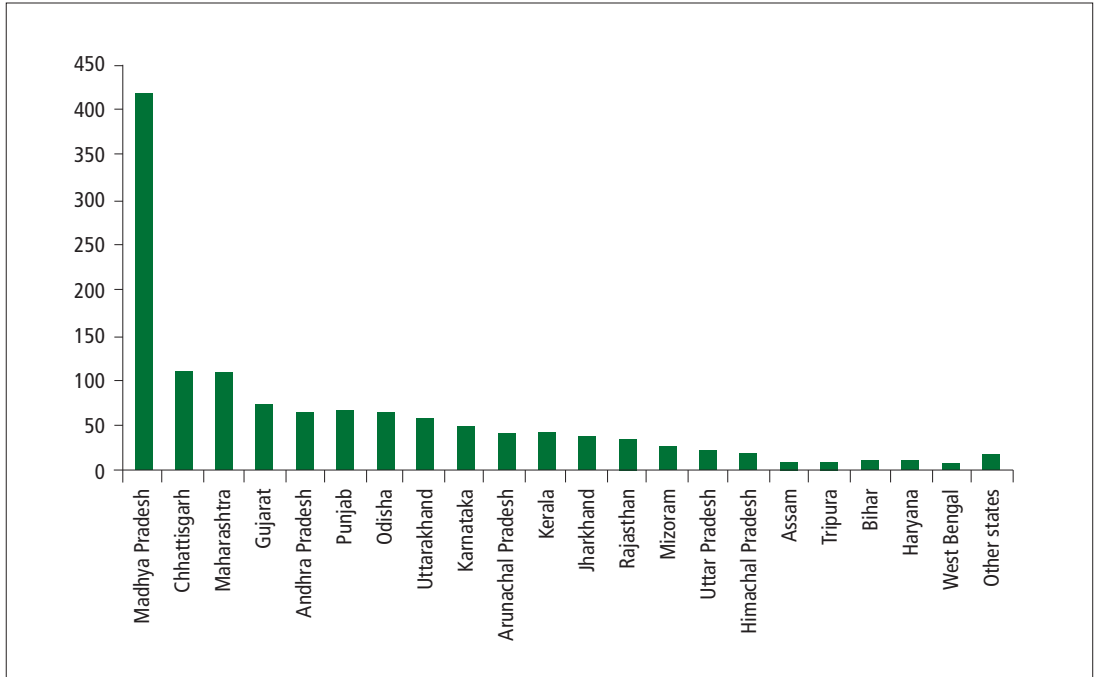
The CAF Bill, 2015 mainly provides for:

- (i) Establishment of the National Compensatory Afforestation Fund (CAF) and the state CAFs to credit amounts collected by state governments and UT administrations to compensate for loss of forestland diverted for non-forest purposes.
- (ii) Constitution of a national authority to manage and utilize amounts credited to the national CAF.
- (iii) Constitution of a state authority in each state and Union Territory to manage and utilize the amounts credited to the state CAFs.
- (iv) Establishment of a monitoring group to assist the national authority in the monitoring and evaluation of activities undertaken from amounts released from the national CAF and state CAFs.

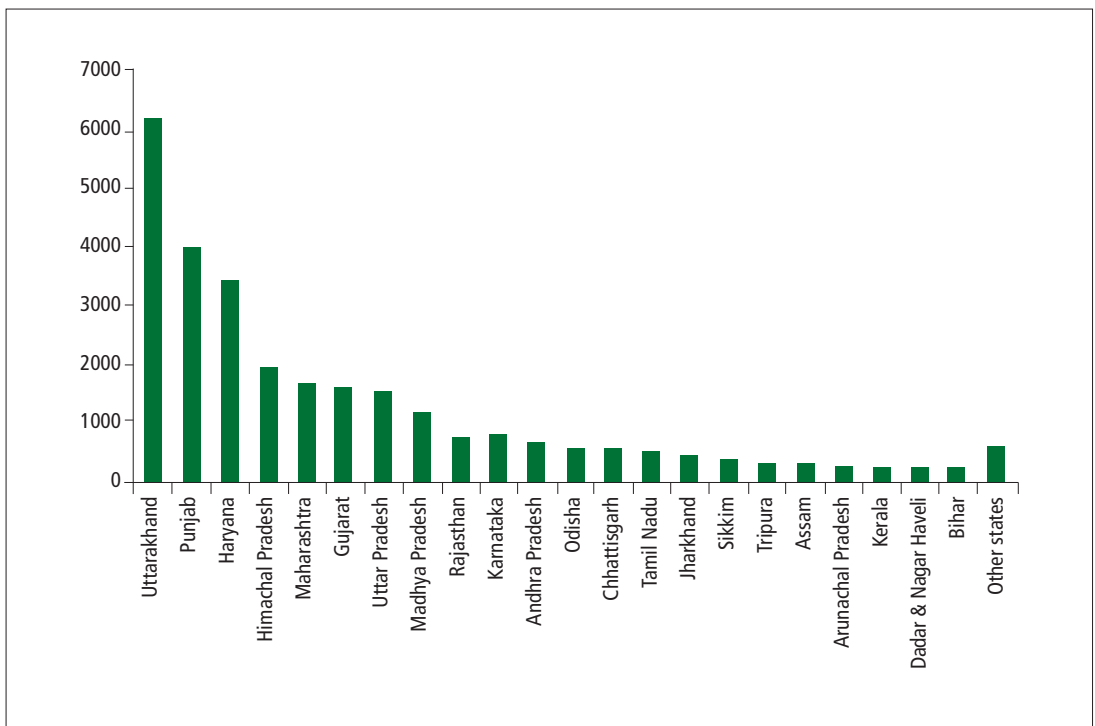
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Centre for Science and Environment (CSE) has found that since the enactment of the Forest (Conservation) Act in 1980, the Ministry has granted approval for the diversion of 1.29 million ha of forestland for non-forestry purposes in 28,677 cases till August 2015. Various studies estimate that approximately 4–5 million ha of forestland was diverted in 1950–80. Graphs 1 and 2 show the extent of forest diversions in various states and UTs after the enactment of the Forest (Conservation) Act in 1980.

Graph 1: Forest area (in '000 hectares) diverted after 1980 (till 13 August 2015)



Graph 2: Number of forest diversion cases after 1980 (till 13 August 2015)



B. CAF Bill, 2015 : Clause-wise analysis

CSE has studied the CAF Bill, 2015 and has the following clause-wise observations:

PREAMBLE

The preamble, setting the spirit of the Bill, mentions its objectives and gives a brief history. It says: *'monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980; constitution of an authority at national level and at each of the State and Union territory Administration for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration (plantations), assisted natural regeneration, protection of forests, forest related infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto.'*

At the outset, we must understand that CAFs are specifically meant to 'compensate' for forest losses by industrial and developmental projects either by creating equal areas of fresh forestlands on non-forest areas or by enriching the degraded forests by double the diverted forest areas. This is clearly written in the orders related to CAMPA and has been practised also, at least on paper. Therefore, how the CAFs are being considered for use in the *Green India Programme, infrastructure development* etc. is not comprehensible. Although CAF Bill 2015 has tried to correct CAF Bill 2008's mistake, which said '*infrastructure development*' (to indicate expenditure on any infrastructure), by restricting the use of funds to '*forest-related infrastructure development*' only, ample scope is left for its misuse.

How the CAFs are being considered for use in the Green India Programme, infrastructure development etc. is not comprehensible

Further, the Green India Programme aims at increasing forest/tree cover to the extent of 5 million ha and improving the quality of forest/tree cover on another 5 million ha of forest and non-forestlands in the country. This is a national commitment of India under the National Action Plan for Climate Change (NAPCC) submitted to UNFCCC for creating additional forest assets to tackle the challenge of climate change. These targets must not be discounted by '*Compensatory Afforestation*' activities under CAFs, which are not creating any *additional* forest, in sharp contrast to what the Green India Programme aims for. The Parliamentary Standing Committee (PSC) report has also noticed this flaw in the Bill and has recommended against use of CAFs for the Green India Programme.

As is evident from the past practice of CAMPA funds utilization, the Forest Department has been using these funds to buy vehicles, create buildings, roads etc., which are completely out of the objectives for which the CAMPA regime was designed. CAFs must be used for compensating the losses of forests and their ecological services, not for superfluous purposes.

Chapter 1. Preliminary

This section of the Bill gives the title, extent and commencement of the Act along with various definitions. Along with various terms, it also defines ‘*environmental services*’ but as we see in the Bill text, the Bill does not provide enough provisions to ensure the flow of these services over a long term from compensatory forests. It is interesting to note that these services do not find mention in the text of the Bill outside the definition section. This already makes a dead case for recognizing ecosystem services, though it is extremely important in the current context. Definitions of environmental services in the Bill—which are essentially ecosystem services, viz. ‘provisioning services’, ‘regulating services’, ‘cultural services’ and ‘supporting services’ provided by natural ecosystems such as forests—are faulty as they are not as per the Millennium Ecosystem Assessment (2005) or CBD definitions of ecosystem services, from where the idea has been taken in the Bill. Further, the definitions are the same in CAF Bill 2015, CAF Bill 2008 and the state CAMPA guidelines of 2009. The PSC report has also made some recommendation on these definitions (see *Annexure II: Comparative analysis of CAF Bill 2008, CAF Bill 2015 and the PSC report*)

The Bill states that all money collected for ‘*additional compensatory afforestation*’ and ‘*catchment area treatment plan*’ shall be deposited in CAF. But the Bill does not define either term.

A strict schedule for NPV revision must be followed (at least every five years) so that NPV values don’t degrade over time

The Bill states under definition of Net Present Value (NPV) that ‘net present value’ means the quantification of the environmental services provided for the forest area diverted for non-forestry uses, as may be determined by an expert committee appointed by the Central Government from time to time in this regard. However, no such periodicity or timeliness has been prescribed by the Bill. This may lead to laxity on the part of the government towards NPV rates revision. A strict schedule for NPV revision must be followed (at least every five years) so that NPV values don’t degrade over time. NPV rates should also be adjusted according to the local forest dependency, richness of forest ecosystems as well as human development indicators of the area under forest diversion.

Chapter 2. Establishment, management and utilization of the National Compensatory Afforestation Fund and State Compensatory Afforestation Funds

This chapter provides for the establishment of a national CAF and state CAFs, their disbursement, utilization and accounting procedures. Under Section 3(4), the Bill mentions, ‘*There shall also be credited into the National Fund, by each state on yearly basis, ten per cent of the funds realised from the user agencies in respect of the forest land diverted in their favour, which have been credited directly into the State Fund*’. This 10 per cent credit to the National Fund is without any clear logic or rationale. The Supreme Court had allowed for only 5 per cent of the annual releases to the State CAMPAs from 2009 and 2014 to be deposited to the National CAMPA Advisory Council (NCAC), which is a similar national-level authority at present. As per proceedings of the 6th NCAC meeting held on 8 July 2015, this smaller contribution also led to accumulation of Rs 250 crore, out of which only Rs 9 crore was spent.

Further, the monies are deposited by user agencies under the various heads, such as compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of forestland, catchment area

Box 1: Utilization of CAF as proposed under CAF Bill 2015

Save as otherwise provided in this Act, the monies available in a State Fund (90 per cent of all CAF monies) shall be disbursed and utilized in the following manner:

- (a) The money received for compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, catchment area treatment plan and for any other site-specific scheme may be used as per site-specific schemes submitted by the State along with the approved proposals for diversion of forestland under the Forest (Conservation) Act, 1980;
- (b) The money received towards net present value and penal net present value shall be used for artificial regeneration (plantation), assisted natural regeneration, forest management, forest protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce-saving devices and other allied activities in the manner as may be prescribed;
- (c) The interest accrued on funds available in a state fund and the interest accrued on all monies collected by the state governments and Union Territory administrations, which has been placed under the ad hoc authority and deposited in the nationalized banks in compliance of the directions of the Supreme Court dated the 5 May 2006 shall be used for conservation and development of forest and wildlife in the manner as may be prescribed;
- (d) All monies realized from the user agencies in accordance with the decision taken by the Standing Committee of the National Board for Wild Life constituted under Section 5A of the Wild Life (Protection) Act, 1972 or the orders of the Supreme Court involving cases of diversion of forest land in protected areas shall form the corpus and the income therefrom shall be used exclusively for undertaking protection and conservation activities in protected areas of the states and the Union Territory administrations and in exceptional circumstance, a part of the corpus may also be used subject to prior approval of the national authority;
- (e) Ten per cent of amount realized from the user agencies, which has been credited directly into the state fund in a year shall be transferred to the national fund to meet expenditure as provided in Clause (b) of Section 5;
- (f) The non-recurring and recurring expenditure for the management of a state authority, including the salary and allowances payable to its officers and other employees, may be met from a part of the interest accrued on the amounts available in the state fund, in the manner as may be prescribed;
- (g) In case of trans-boundary forestry or environmental implication of diversion of forestland for non-forest purposes in a particular state or Union Territory, if found expedient and necessary by the national authority, it may, in consultation with the concerned state authorities order that such sum as may be justified for reparation of the trans-boundary effects, be transferred to the state fund of such a state or states;
- (h) The state authority shall release monies to agencies identified for execution of activities in pre-determined installments as per the annual plan of operation finalized by the steering committee of such a state authority and executive committee of the national authority.

The remaining 10 per cent will be deposited in the national fund, to be utilized for expenditure for the management of the national authority, monitoring and evaluation, and specific schemes (institutes, societies, centres of excellence in the field of forest and wildlife, pilot schemes, standardization of codes and guidelines and such other related activities for the forestry and wildlife sector).

treatment plan funds, etc., earmarked for specific purposes for which states are mandated to carry out such activities. Reducing this amount at the beginning to 90 per cent of deposits curtails the overall fund availability for these prescribed activities and shows the casual approach in collecting and utilizing these public monies. Noticing this discrepancy, the PSC report has recommended reduction of the share of the national CAF from 10 per cent to 5 per cent.

The Bill is also not clear about where the Centre will *invest* (as mentioned under the powers and functions of the national authority in Section 15) such amounts from the national CAF. Given the colossal CAMPA funds at present, and the shortcomings observed in funds utilization, it appears too large an amount for the management of the national authority, codes, guidelines, pilot schemes etc., as described in Bill (Section 5). Past experience with CAMPA shows that similar funds with the National CAMPA Advisory Council (NCAC) have been used sparingly. At the state level, these funds have been grossly misused for building offices, staff residential quarters, rest houses, training halls, a geo-physical observatory, vehicles, housekeeping services, electricity/water charges, tours, workshops/ trainings, publications, statues and tableaux, IT centres, POL charges and purchasing equipments, including laptops, mobile phones, cars, jeeps, etc. Some studies and a preliminary look at the Annual Plans of Operations (APOs) reveal that the actual amounts spent on afforestation activities by various states is a meagre 20–40 per cent of the allocated CAMPA funds while the rest is spent on buildings, vehicles, computers, etc. This shows a serious misutilization of vital CAMPA funds by government authorities which if judiciously spent could have changed the forest landscape of India for the better.

It is currently a general practice in the forest departments to get the work of afforestation and maintenance of plantation done frequently through pre-identified lists of private agencies, such as local contractors, NGOs, private agencies etc., without any local community participation

The aforesaid pattern of utilization of funds is clearly without any defined vision or any visible impact on the degraded forest areas. A more well-thought-out and justifiable Centre–state fund ratio should have been worked out and the utilization mechanism thereof chalked out by the Central government before enacting such distribution modalities. A casual provisioning/utilization at the Central level sends a wrong message to states/UTs, which are already facing criticism for misuse of CAMPA funds.

Section 6 (a) of the Bill mentions: ‘*The money received for compensatory afforestation . . . may be used as per site-specific schemes submitted by the State along with the approved proposals for diversion of forest land under the Forest (Conservation) Act, 1980*’. If the states are mandated to keep the money with them but seek approval from the Centre for afforestation, it itself makes the afforestation process tardy and red-taped. This provision will delay such forestry activities on the ground pending proposal-writing, approvals, etc., leading to no true decentralization of the funds. Given the long list of items currently being handled by the Centre, it seems improbable that each scheme submitted by the states/UTs will be objectively evaluated on scientific or technical aspects. It was desirable that such scientific capacity is decentralized and internalized in the states/UTs themselves for planning and monitoring afforestation activities.

Further, paragraphs in Sections 6(b) and (f) end with ‘*in the manner as may be prescribed*’. This leaves scope for developing the suitable prescriptions under the ensuing CAF rules. However, given the chaotic management of CAMPA funds for about a decade, such judicious formulation seems a far goal to be attained.

Section 6(h) of the Bill says, ‘*State Authority shall release monies to agencies identified for execution of activities in pre-determined installments as per the annual plan of operation finalised by steering committee of such State Authority and executive committee of the National Authority.*’ The following questions arise: Which are the agencies? Who identifies them? Is there any criterion for such identification? etc. It is currently a general practice in the forest departments to get the work of afforestation and maintenance of plantation done frequently through pre-identified lists of private agencies, such as local contractors, NGOs, private agencies etc., without any local community participation. Although the National Forest Policy, 1988⁶ and Joint Forest Management (JFM) guidelines

Box 2: Summary of CAG Report (21 of 2013) on compensatory afforestation in India

CAG in its report on CAMPA in 2013 noticed serious shortcomings in regulatory issues relating to diversion of forestland, abject failure to promote compensatory afforestation, unauthorized diversion of forestland in the case of mining and attendant violation of the environmental regime.¹ To be able to undertake compensatory afforestation on equivalent area of non-forestland, such land needs to be received by the government. The ministry's records revealed that against the receivable non-forestland of 1,03,381.91 ha, 28,086 ha was received in 2006–12, which constituted only 27 per cent of receivable non-forestland.

The compensatory afforestation over the non-forestland was an abysmal 7,280.84 ha (7 per cent of the land that should have been received). Afforestation was only on 49 per cent of identified degraded forestlands. Seven states, i.e. Gujarat, Haryana, Kerala, Maharashtra, Meghalaya, Punjab and Rajasthan, carried out no compensatory afforestation on non-forestlands or degraded forestlands though the ministry calls such conclusions incorrect. The record with regard to transfer of ownership to the state Forest Department is equally dismal. Information made available by state/UT CAMPAs revealed that of the 23,246.80 ha of non-forestland they received, only 11,294.38 ha were transferred and mutated in the name of the state Forest Department. Of this 3,279.31 ha was declared as reserve forest/protected forest, which was only 14 per cent of non-forestland so received.

Receipt of non-forestland is the starting point for undertaking compensatory afforestation. Yet on this critical element there was no meeting ground on the data maintained by the ministry and state governments. In case of non-availability or short availability of forestland to be duly certified by the Chief Secretary, compensatory afforestation was to be undertaken over the degraded forest to the extent of twice the forestland diverted. It was observed that compensatory afforestation was allowed over an area of 75,905.47 ha without any certificate of the Chief Secretary. Orders of Supreme Court were flouted by the Andhra Pradesh State Electricity Board, where the diversion of forestland in Nagarjunasagar Dam was allowed without prior permission of the Supreme Court. In five other cases, the unauthorized renewal of mining leases in Rajasthan and Odisha were noticed, where the approval of the Central government was not obtained by the state government as was directed by the Supreme Court.

Further, numerous instances of unauthorized renewal of leases, illegal mining, continuance of mining leases despite adverse comments in the monitoring reports, projects operating without environment clearances, unauthorized change of status of forestland and arbitrariness in decisions of forestry clearances were observed. In six states where

information was available, encroachment on 1,55,169.82 ha of forestland was noticed but MoEF&CC did not take time-bound action for eviction despite Supreme Court directions. The absence of MIS or consolidated database permitted individual cases of irregularities to remain unchecked. MoEF&CC failed to appropriately discharge its responsibility of monitoring compliance of the conditions of the Forest (Conservation) Act, 1980, relating to diversion of forestland. Despite such gross non-compliance with statutory conditions and orders of the Supreme Court, no action was initiated by MoEF&CC.

Collection of Compensatory Afforestation Funds: The Ad hoc CAMPA was ineffective in ensuring complete and timely transfer of all monies collected by states/UTs towards the Compensatory Afforestation Fund to the Ad hoc CAMPA accounts. There has been no assurance that all the monies collected for CAF by the states/UTs have been deposited in the Ad hoc CAMPA accounts. MoEF&CC/Ad hoc CAMPA/state CAMPA did not have any system to monitor case-wise the correct assessment and collection of dues before giving final clearance for the diversion of forestlands.

Utilization of Compensatory Afforestation Funds: Of Rs 2,925.65 crore of the Compensatory Afforestation Funds released by Ad hoc CAMPA in 2009–12 for compensatory afforestation activities, only Rs 1,775.84 crore was utilized by states/UTs, leaving an unused balance of Rs 1,149.81 crore. The percentage of overall utilization of released funds was only 61 per cent. In 11 of the selected 30 states/UTs use was 0–50 per cent, which indicated poor absorptive capacity of the state/UTs. Most states/UTs were unable to spend the monies released to them by the Ad hoc CAMPA because of a delay in the preparation of the Annual Plan of Operations and delayed release of funds resulting in the setting in of a process of accumulation of compensatory afforestation funds in the states which was the problem sought to be addressed by the Supreme Court. The underutilization of funds indicates non-implementation of various Net Present Value/Compensatory Afforestation schemes proposed in the Annual Plan of Operation by these states/UTs.

The mechanism for investment of surplus funds by the Ad hoc CAMPA was arbitrary and lacked in fairness and transparency. There were instances of deposits placed in banks that did not even bid, though the ministry opines that such investments were made as per approved policy. The Central CAMPA has not submitted audited accounts till date. The CAG Report viewed that amounts lying in the Ad hoc CAMPA be transferred to Public Accounts of India, as also envisaged in CAF Bill 2008.

mention, ‘rights and concessions from forests should primarily be for the bonafide use of the communities living in and around forest areas, especially tribals’, they have failed to ensure community participation in regeneration and afforestation activities on a large scale so far. Even the distribution of rights and concessions is a big area of conflict between the government and local people, which has accentuated after the FRA, 2006.

The way the Bill is silent on the participation of communities and local democratic institutions is disappointing

In this context, the way the Bill is silent on the participation of communities and local democratic institutions is disappointing. It is well known that forests in India already have rich community-led grass-roots institutions, such as Community Forest Resource Management Committee (CFRMCs), Village Forest Protection and Management Committee (VFPMCs), Van Suraksha Samitis (VSSs) and Joint Forest Management Committee (JFMCs). Why then does the Bill not use this opportunity to build such forest democracies in states/UTs? The CAF Bill 2015 is utterly disappointing in this regard and reflects the intent of government to continue centralized practices in forestry.

Chapter 3. Constitution of the National Authority and State Authorities

This chapter details the composition of the Governing Council, Executive Committee and Monitoring Group of the national authority, as well as of the Governing Body, Steering Committee and Executive Committee of the state authorities. A CSE analysis of the composition of these bodies establishes that they are heavily bureaucratic in nature and without any significant civil-society, community or local participation. Further, technical subjects such as afforestation, wildlife protection and catchment area treatment require stronger and larger expertise from environmentalists, conservationists, economists, scientists, social scientists, experts on tribal matters and hydrologists in the national and state authorities. The Governing Council at the Centre and the Governing Bodies in the states could have been made more democratic by including community representatives/leaders of forest democratic institutions as well as forest-related national and state NGOs. For true democratic representation and to address forest concerns at the grass-roots level, rich representation from local forest-related bodies, such as CFRMCs, JFMCs, VSSs, must have been prescribed by the CAF Bill 2015. Doing away with this requirement by including as members only ‘two environmentalists or conservationists or scientists or economists or social scientists appointed by the Central Government for a period of two years’ in an otherwise essentially bureaucratic Governing Council will not be effective. State-level bodies as prescribed by the CAF Bill 2015 are even less democratic in that sense.

Such a fundamentally bureaucratic composition of the decision-making bodies in the proposed CAF regime will lead to decisions for the utilization of public monies without any public voices, an unexpected outcome of the exercise. The PSC report has tried to address this problem by recommending inclusion of an expert on tribal matters or a representative of tribal community in the Steering Committees of the national authority and state authorities.

Chapter 4. Powers and Functions of the National Authority and State Authorities

Sections 14 (1)(iii) and 15(vi) in this chapter as well as Sections 21 and 26 of Chapter 5 talk about *investments* of Compensatory Afforestation Funds. Although temporary parking of funds in banks is necessary keeping in view the time gap between fund receipt and their utilization, long-term investments are far from the objective of CAFs. The utilization has been so feeble that states/UTs

have failed to use even the interest amounts accrued to such investments. Past *investments* have been made without any clear vision with only amounts dumped into accounts in banks practised as investment. The bidding process was also faulty as revealed in the CAG Report in 2013. In view of the large forest patches being leased for non-forestry purposes, it is important that these monies are used for undertaking afforestation and forest-regeneration activities within a short time frame in order to compensate for losses incurred due to forest diversions, not for investment in perpetuity and amassing huge idle wealth. Therefore, it is necessary that the majority of funds are utilized for afforestation within two years of their collection from user agencies. In no case should the funds deposited in banks exceed 10 per cent of available CAFs. Also, considering the observed delays in the past at the Central government level of the forestry-/wildlife-related plans submitted by the state governments, it is also recommended that the Annual Plans of Operations (APOs) under CAFs submitted by the state authorities are approved or decided upon by the national authority within a span of three months from the date of receipt (the PSC report has recommended the same).

Chapter 5. Finance, Accounts, Audit and Annual Report

This chapter details aspects of financial management, including audit, annual report, budgeting (and *investment* again). It is important to mention here that the Bill prescribes the audit of accounts of the national authority as well as the state authorities by the 'Comptroller and Auditor General (CAG) of India' only. Further, no strict periodicity has been prescribed in the Bill, leaving it to CAG to decide on this aspect. Given the huge funds involved, a regular and stringent decentralized audit process is essential in CAMPA at various levels, which the Bill has failed to put in place. The Bill is also silent on any social audit process or people's monitoring system. It must be emphasized that the social and environmental audit process is more important and essential right now in the forest sector of India than conventional financial audits by CAG. This is more pertinent as currently forests are managed by an age-old forest bureaucracy system laid down by a totalitarian Forest Act formulated during British rule, without the forethought of making it a people's sector in democratic India.

The social and environmental audit process is more important and essential right now in the forest sector of India than conventional financial audits by CAG

Under 31(iv) there is mention of '*National Compensatory Authority*' that is inconsistent with language of the Bill and seems to be a typographical mistake.

Chapter 6. Miscellaneous

This chapter gives the provisions for making the rules, transfer of assets/liabilities and power of the Central government to issue directions. The chapter again fails to recognize community involvement in the CAMPA process, even fails to recognize trees or forests as assets, and omits discussing the benefit-sharing mechanism with communities and creating a people-led forest economy.

Statement of Objects and Reasons

This section of the Bill gives a statement of the objectives and reasons of the CAF Bill 2015. It does not mention the Forest Rights Act, 2006, Land Acquisition Act, 2013 or Biological Diversity Act, 2002, to name a few, and how the CAF Bill is compliant with or strengthens this overall legal framework related to forests, biodiversity and land.

Forests get influenced by and in turn affect the overall landscape of the country.

The issue of forest management and compensatory afforestation cannot be dealt with in isolation from such prevailing legislations in the country and must be harmonized with each other for concerted action. Given the current context of forest rights and widespread incidences of community alienation, suitable provisions for protecting the forest rights of dependent communities should have been brought under the Bill especially for communities affected by diverted forests for industrial activities.

Lastly, the Bill is silent on benefit sharing from afforested lands, settling disturbed forest rights, community participation in afforestation activities, compensatory payments to affected forest livelihoods to forest-dependent communities, payments for ecosystem services (PES) and natural resource accounting. The Bill would have been better drafted by including these contemporary imperatives and trends.

C. Analysis of the PSC report on CAF Bill 2015

The Chairman, Rajya Sabha, in consultation with the Speaker, Lok Sabha, referred to the CAF Bill 2015 as introduced in the Lok Sabha on 8 May 2015 and pending therein to the Department-related Parliamentary Standing Committee on Science & Technology, Environment & Forests for examination and report. The Committee chaired by Ashwani Kumar was given the task in May 2015 of examining the provisions of the CAF Bill 2015 and making recommendations. In its deliberations it heard the views of the Secretary, MoEF&CC, state governments/UT administrations etc. and undertook study visits. The Committee submitted in February 2016 to the Parliament its report which contains clause-by-clause recommendations on the Bill.⁷

After reviewing the PSC report, CSE has found that while the PSC report put on record many lapses in the CAF Bill 2015, it missed many critical issues ailing the CAF regime. It also made some alarming recommendations which may have dire consequences on the forest cover of India if adopted in the proposed CAF Act.

i. Good recommendations by the PSC report

- Doing away with the provision in CAF Bill 2015 for the use of CAFs for the Green India Programme. This will put a check on diversion of CAFs into the Green India Programme which has a separate and exclusive mandate;
- Recommending the use of native species in plantations;
- Broadening the scope of environmental services (including pollination and seed dispersal) in the definitions;
- Recommending consultation by the Central government with states/Union Territories for making rules under the CAF Act. This will lead to a balanced approach consistent with ground realities;
- Reducing the Central (national authority) share from 10 per cent to 5 per cent. Although it is doubtful that the national authority will be able to spend even this amount, which is huge compared to earlier unutilized amounts allocated to the erstwhile National CAMPA Advisory Council, the reduction recommended by the PSC report is a welcome move;
- Seeking elaboration on '*infrastructure development, supply of wood and other forest produce saving devices and other allied activities*' to avoid ambiguity and misuse of funds;
- Recommending '*voluntary relocation from critical wildlife habitats*' for utilizing money received in CAFs against forest diversions in Protected Areas (PAs). This will help address the issue of relocation from PAs that has long been ailing the wildlife sector of the country;
- Including '*ministries of Space and Earth Sciences*' in the governing body of the National Authority. Considering the increasing utility and use of space and remote sensing technologies, this is a welcome recommendation;
- Including an expert on tribal matters or a representative of tribal community in the Steering Committees of the national and state authorities. This will make Steering Committees more representative and sensitive to tribal people's concerns and
- Making approval by the national authority of Annual Plans submitted by state authorities *time-bound* to 'within 3 months' from receipt of plans. This is a very important recommendation as it is observed that many forestry schemes' Annual Plans of Operations (APOs) continue to stay undecided on the tables of the ministry for long durations, impacting the activities on the ground at the level of the state/UTs.

CSE has found that while the PSC report put on record many lapses in the CAF Bill 2015, it missed many critical issues ailing the CAF regime

ii. Alarming recommendations by the PSC report:

Private agencies are currently mandated to provide non-forestland equal in extent to the area of the forestland proposed to be diverted. Where non-forestland was not available or non-forestland was available but lesser in extent to the forest area being diverted, compensatory afforestation could be carried out over degraded forest twice in extent to the area being diverted or to the extent of the difference between the forestland being diverted and the available non-forestland, as the case be. Against this background, PSC makes the recommendation in Section 7 of the 277th Report that *‘in order to meet the situation where enough land is not available for Afforestation, specific provisions should be made in the Bill for encouraging densification and revitalization of available forests closest to areas where deforestation is considered unavoidable on account of critically important national projects. Thus the Bill should contain provisions emphasizing the same’*. This recommendation is very alarming and indiscriminate in the sense that it will give a free hand to forest authorities to divert forests on the pretext of *‘densification and revitalization of available forests’* with no implied liability to compensate diverted forests by creating forests on new lands. With the track record of the forest department of letting forests degrade over decades, such a relaxation in land acquisition process put forth by PSC seems outlandish. It will also infringe upon the progress of Forest Rights Act (FRA), 2006 while causing an overall reduction of forest cover in future in the country by curtailing the compensatory afforestation process.

This recommendation is very alarming and indiscriminate in the sense that it will give a free hand to forest authorities to divert forests on the pretext of ‘densification and revitalization of available forests’

iii. Other lacunae in CAF Bill 2015

There are many other lacunae in the CAF Bill 2015 which have been overlooked by the PSC report. The Bill seems to be a short-sighted move to unlock the CAMPA monies without addressing some outstanding forestry issues afflicting forest governance in India. Some of these unaddressed compensatory afforestation issues in CAF Bill 2015 are discussed below:

1. **No prescription of people’s participation or benefit sharing with communities:** The CAMPA process till now has very few elements of community participation. The benefits and rights taken away from them by diverting the forests are hardly taken care of, either before diversion or after compensatory afforestation, if at all. The funds generated from forest diversion are used without any forethought on incentivizing forest-dependent communities for forest conservation or compensating them for forest diversions. The CAF Bill of 2015 must prescribe some elements on this crucial aspect to stop further alienation of these deprived communities. Going by the prevailing practice, communities are hardly made part of the afforestation process except as labour on a daily-wage basis. Forest Departments have not made active efforts yet to correct this practice and keep executing forestry works through contractors/private agencies as per their pre-decided schedule of works.

This is disappointing, given the fact that forests in India are home to millions of forest-dependent people and are a basic source of habitation, livelihood and various ecosystem services to them. A project proponent is handed over rich forests areas used by communities without their consent in lieu of some money, which ends up in state exchequer never to be shared with forest communities. The situation of forest-dependent communities is similar to the mining-affected communities in India where the very basis of life and livelihoods is taken away from these people.

Box 3: Failure of JFM and social forestry programmes in India: Lessons for CAF

India has experimented earlier with various forestry programmes with the underlying philosophy of involving communities in forest management. Among them, social forestry and Joint Forest Management (JFM) programmes have had unprecedented scale-wise impact on Indian forestry. However, both programmes have had their own successes and failures. The key factors of failures of these programmes have been lack of community involvement, wrong choice of species (such as eucalyptus) that proved of little worth to poor people, displacement of poor sections of society in favour of rich farmers, bureaucracy hurdles, gender issues etc.

In social forestry programmes, hardy exotic species of trees like eucalyptus was planted on a large scale on farmlands and public lands, lowering the groundwater table and impeding the growth of native plant species. It was often seen that wood produced from social forestry ended up in urban and industrial India instead of with the poor in rural India, reducing rural employment and land under food production while promoting absentee landlordism. In fact, social forestry failed to involve the landless in afforestation and, in fact, has aggravated poverty and unemployment in rural areas. It also did not involve the tribals who were interested in the protection and promotion of forests. Instead, extensive food-growing lands, which were vital source of livelihood to local communities, were replaced by eucalyptus plantations. Big farmers emerged as the primary beneficiaries in this biased process. These so-called social forests provided no fodder, grazing lands or firewood to poor people. Instead they generated only pole wood or pulp to be supplied to industries. This also led to deterioration of existing natural ecosystems, including loss of fertility of agricultural lands, and increased pressure on existing forests. Instead of promoting community woodlots, the social forestry programmes promoted farm forestry on big farms. For example, while the World Bank-assisted social forestry programme in Uttar Pradesh overshot its farm forestry targets by 3,430 per cent, the establishment of community self-help woodlots achieved only 11 per cent of the target.¹

Though the JFM programme was highlighted for equity in the participation, it failed to address the issue of equity in the sharing of benefits derived

from forests managed. The institutional machinery for the implementation of JFM, including the village-level elected body (panchayat), hampered the inclusion of poorer sections of society. This is one of the major challenges affecting the sustainability of JFM in India.

Another failure of JFM is that some of the Forest Protection Committees are on paper only. The people have not participated in either planning or in management.

Several problems exist in the acquisition of village common lands for JFM. There is an almost negligible flow of institutional credit for implementing ongoing JFM programmes. Most of the funds for JFM come from government sources and donor agencies. This gap can be largely filled by CAF. Also, the lack of appropriate marketing infrastructure for forest produce has always been a serious constraint in the Indian social forestry sector. The 2006 Central government's National Forest Commission Report noted many shortcomings in the JFM programme, including poor participation of women and weak legal and organizational framework in JFM, ambiguous legal status of JFM committees, perception of JFM as a forest department programme, lack of synergy between panchayats, JFM and other programmes, lack of adequate resources for conservation and regeneration etc.

Now the JFM programme also faces an existential crisis in the new forest law framework.² On the one hand, legislations like the Forest Rights Act, 2006, and the Panchayat (Extension to Scheduled Areas) Act, 1996, have been giving rights to tribals and forest dwellers over forest resources and their management. On the other hand, communities have been demanding the huge sums that forest departments owe them under the JFM programme.

Given the failure of the JFM model, questions are now being raised about whether the JFM programme should be scrapped. There have been suggestions to appropriately integrate it with these new legislations. It remains to be seen how this will be achieved.

Although the social forestry programmes and JFM proved not to be people-oriented, they did generate a lot of awareness among the local people, which remains relevant in the upcoming CAF regime.

Box 4: Guidelines on state CAMPAs: A faint beacon

The Central government issued the Guidelines for establishing CAMPAs in the states/UTs in July 2009.¹ Guidelines were prepared without a wide consultation process, and only as an outcome of meetings with Chief Secretaries of the states/UTs. They provide flexibility to states/UTs to notify their state-level CAMPAs keeping in view their specific conditions. Subsequently, almost all states/UTs have notified the state CAMPAs.

While the guidelines provide the broad lines for use of CAMPA funds for preservation and regeneration of forests, wildlife management, compensatory afforestation etc., it also leaves cracks such as prescribing spending funds on '*infrastructure development*', '*other allied works*', building up the institution', '*department modernization*', '*residential accommodation*', '*machines and equipments*', '*hiring staff*' etc. Understandably, states/UTs have grossly misused such loopholes of the guidelines at their whims and fancies. While the guidelines have mentioned promoting voluntary movement of youth and students for supporting conservation activities and mobilizing citizen support, they have been a sheer disappointment by not even men-

tioning words such as 'community participation in afforestation' and 'forest rights'. This is why CAMPA funds have been misused by the forest bureaucracies in states/UTs, with no public involvement or benefit to the poor.

Though guidelines stipulate accomplishing afforestation in one year or two growing seasons, as evident by huge idle money and poor plantation records, the target is far from accomplished. The composition of bodies such as the Governing Body, Steering Committee and Executive Committee has been almost bureaucratic in the guidelines. This top-down philosophy of the Guidelines has apparently reflected in the CAF Bills of 2008 and 2015 as well.

Lastly, guidelines prescribed that 'a suitable amount' will be retained by Ad hoc CAMPA and utilized as per specific schemes approved by the National CAMPA Advisory Council for setting up institutes, societies, centres of excellence, pilot schemes, standardizing codes/guidelines, monitoring and evaluation. Sources in MoEF&CC say that though about Rs 300 crore was kept for this purpose, their objectives have not been met so far.

Community Forest Resource Management Committees (CFRMCs) provide another democratic channel for utilizing CAMPA funds which has not been used so far

The Bill could have taken the opportunity of progressing in this direction by integrating the CAF regime with the JFM programme in India. JFM is one of the most important forest governance initiatives undertaken by Forest Departments after Independence. Under this programme, Forest Departments work in partnership with village communities to protect, regenerate and manage forests and share the benefits from forests with these communities. Under JFM, which has been in operation in the forest areas of India since 1990, more than 1,12,896 Joint Forest Management Committees (JFMCs) have been set up which are managing about 24.6 million ha of forests jointly with Forest Departments (till March 2010).⁸ There is no recommendation in the 2015 Bill, in contrast to the 2008 Bill, for such integration. Further, Community Forest Resource Management Committees (CFRMCs) provide another democratic channel for utilizing CAMPA funds which has not been used so far. The FRA, 2006 guidelines dated 23 April 2015 has explicitly recommended using CAMPA money for development of community forest resources (CFRs). The CAF Bill 2015 has failed to integrate this priority of FRA, 2006.

2. **No social monitoring or social audit process:** The CAMPA process in the past has had significant monitoring loopholes, leaving scope for establishing proper monitoring and evaluation framework for such a large fund. The funds accrued to the Ad hoc CAMPA since its inception have been spent bureaucratically and indiscriminately, without any people-oriented monitoring or social-audit provisions by local communities. The CAG Report

Box 5: Multiplicity of Forest Acts, policies, schemes and programmes in India

Forest governance in India is labyrinthine. With the passing of years, we have created a multiplicity of governance institutions without desired individual or cumulative effectiveness.

Table 2: Multiplicity in measures of forest governance in India

Indian Forest Act, 1927	National Forest Policy, 1988	Biosphere Reserves Programme
Forest Rights Act, 2006	National Environment Policy, 2006	Joint Forest Programme
Wildlife (Protection) Act, 1972	National Afforestation and Eco-development Board	EIA Notification, 2006
Forest (Conservation) Act, 1980	Ad hoc CAMPA & CAF Bill, 2015	Green India Mission
Environment (Protection) Act, 1986	National Afforestation Programme	National Forestry Action Plan
State-level forest-/wildlife-related Acts and rules	MNREGA, 2005 (forest-related activities)	Bilateral/Multi-lateral Projects (JICA, UNDP, USAID etc.)
RFCTLARR Act, 2013	Multilateral Conventions and Regional collaborations	14th Finance Commission
Biological Diversity Act, 2002	PESA, 1996	Constitution (73rd Amendment) Act, 1992

of 2013 has made some startling revelations on these aspects (see *Box 2: Summary of CAG Report [21 of 2013] on compensatory afforestation in India*, p. 15). The practice of forest diversion, especially in forest-rich but economically poor areas, has led to the acute marginalization of forest communities, aside from forest-wealth degradation over the years. The Bill only prescribes financial audit by the CAG without touching on this crucial aspect of democratic auditing.

- 3. No synergies with other forest schemes/programmes:** Various schemes and programmes formulated for the forestry sector in India are presently running in isolation from each other. There is huge synergy gap among the Acts, policies, programmes and funding mechanisms (see *Box 5: Multiplicity of Forest Acts, policies, schemes and programmes in India*), especially at the grass-roots level. Although the Green India programme provides for sourcing funding requirements from various existing forestry programmes including CAMPA, there is no holistic consolidation process set in so far. The CAF Bill 2015, which proposes disbursement of a huge amount of money, could have provided a broad institutional umbrella framework for bringing these schemes and programmes together at the ground level while providing them with additional funding resources. This is essential to avoiding duplicity of activities and to synergize the afforestation and forest management efforts.

The Forest Rights Act, 2006 is another seething battleground for forest communities in India, who are suffering because of incompatibilities with the current process of forest diversion process. Currently, only a certificate from the District Collector certifying that forest rights have been settled in a proposed forest diversion area is enough to allow clearing the forest. Given the fact that a dismal 1–2 per cent of the community rights claims have been granted so far by the government, the ongoing forest clearance process is not made compatible with community forest rights. The CAF Bill 2015 also does not make any effort in this direction.

The practice of forest diversion, especially in forest-rich but economically poor areas, has led to the acute marginalization of forest communities, aside from forest-wealth degradation over the years

4. ***No mechanism to optimize afforestation:*** As mentioned earlier, CAG has reported in 2013 various malpractices in utilization of CAMPA money where funds were mainly used for non-afforestation purposes. With the CAF Bill 2015 not providing any reforms in the process, such malpractices are bound to continue. Shifting the CAMPA funds to Public Accounts of India will further bureaucratize the utilization process if it is not checked by the creation of community-oriented monitoring mechanisms.
5. ***Net Present Value (NPV) undervalued:*** NPV, which is the monetized value of forestland to be paid by the user agency to compensate for the loss of tangible and intangible benefits from forests (currently Rs 4.38–10.43 lakh per ha), is highly undervalued as per current scientific knowledge. This fact gains strength from a recent study by the Indian Institute of Forest Management (IIFM) in November 2014, wherein IIFM has recommended the revision of NPV rates by two to five times the existing rates for various forest types in India.⁹ The T.S.R. Subramanian High-Level Committee Report¹⁰, though rejected recently by Joint Parliamentary Committee, also recommended the NPV increase by five times. If the NPV is revised even by lower recommended factors, funds accrued to the national CAF and state CAFs can multiply by many times in the future. This great monetary resource, if used properly and democratically, may become the chief vehicle of improving the fate of forests and forest-dependent communities in India. It is important to note that the IIFM report also recommends that 50 per cent of the fund should be allocated for affected communities, 34 per cent to the state government and 16 per cent to the Centre's coffers.
6. ***Lack of ecosystem approach and scientific monitoring:*** Forests are not just assemblages of woods and trees that could be compensated for by raising monoculture plantations. They are in fact complex ecosystems composed of thousands of plant and animal species, micro-organisms, soil, parent rock material etc., with characteristic nutrient cycles and other essential ecosystem processes. If we compare the natural diverted forests and compensatory forests on scales of their biotic composition and functions, planted forests fall extremely short of desired levels. Poor scientific capacity in the Forest Departments, made poorer by ignoring traditional forest knowledge of forest communities, has led to ghost-forest situations in compensatory plantations that are nothing but stunted sparse monocultures of a few non-usable species. An ecosystem approach in afforestation with suitable mixes of diverse plant species which compares to adjoining natural forests, supported by regeneration of natural root-stock, and diligent scientific monitoring of ecological health of plantations are key to the success of compensatory afforestation activities. This is largely lacking at present in the whole CAMPA regime in the country and in the CAF Bill 2015. The PSC report has prescribed for using native species in plantations but the Bill and subsequent rules under the upcoming CAF Act must institutionalize this imperative.

If we compare the natural diverted forests and compensatory forests on scales of their biotic composition and functions, planted forests fall extremely short of desired levels

D. Recommendations

There are many areas where the CAF Bill 2015 and its implementation after enactment can be improved. CSE proposes the following key recommendations in this regard:

- 1. Involve local community in compensatory afforestation:** Compensatory afforestation activities under CAMPA have so far stopped short of the benefit-sharing aspects. It is frequently seen that displaced/inhabitant communities are continuously tussling with the Forest Department for recognition of forest produce rights, leading to conflicts and disharmony in their native forests (pre-diversion) as well as afforested lands (post-diversion). It is of paramount importance that the major part of the public (government) revenue, including CAFs, meant for local development, is given to the communities. Ideally it should be devolved to panchayats or CFRMCs, JFMCs, van panchayats, VFPMCs etc. This model provides for incentives for participation in protection and conservation. Neighboring communities should be made to participate physically in protecting the forests and using their products in a sustainable manner. There must be a mandatory involvement of, wherever available, CFRMCs, JFMCs, van panchayats, VFPMCs etc. in compensatory afforestation. Wherever the above forest-related grass-roots organizations are not available, the gram sabhas should be involved in compensatory afforestation. The responsibility of the social audit of compensatory afforestation should be given to CFRMCs, JFMCs, van panchayats, VFPMCs etc. This will also facilitate ownership and empathy of local people with forests as their own resource. The upcoming CAF regime must incorporate suitably designed provisions for benefit-sharing for long-term welfare of forest-dependent communities and forests at the end. This system must be integrated with forest rights distributed under the Forest Rights Act, 2006. Given the rising industrial demands for paper and pulp, farm forestry must also be promoted around the villages to augment the wood supply to industries and support local forest economies while reducing the pressure on natural forests. CAFs can be used to provide cleaner alternatives to fuelwood, such as LPG, and thereby reduce pressure on forests. Many lower-level forest institutions in the country, such as JFMCs, are turning dysfunctional due to lack of capacity and financial inadequacies. CAF monies must be used to strengthen the forest democracy and its institutions by making communities participate in afforestation and regeneration activities on a mandatory basis as well as passing on the majority of CAMPA funds to communities. In fact, CAMPA activities must generate employment similar to MGNREGA, while creating green assets for long-term benefits of forest areas and communities. The lowest-level democratic institutions must take priority in the CAF functional hierarchy and a major chunk of CAF money should flow to these grass-roots bodies for undertaking forest plantations and natural regeneration. This will speed up restoration of diverted forests to their original states, rejuvenate the livelihood base of forest-dependent communities and help build a long-term people-oriented forest economy in country.
- 2. Rehabilitate and compensate communities affected by diversions:** The proposed CAF Act must ensure that forest-dependent communities are suitably rehabilitated after diversion of forestlands. This must include

There must be a mandatory involvement of, wherever available, CFRMCs, JFMCs, van panchayats, VFPMCs etc. in compensatory afforestation

Box 6: Examples of how compensatory afforestation is an ecological and social disaster

There are numerous reported cases in the country where compensatory afforestation has devastated the natural ecosystems or caused conflicts with local forest-dependent communities. As a result, local people are facing two-sided land alienations. Firstly, they are evicted to clear forestlands for industries and secondly, community lands are grabbed by authorities to carry out compensatory afforestation. Few such reported instances are as follows:

- From 1980 to 2005, the Kudremukh Iron Ore Company Limited (KIOCL) strip-mined hill slopes of virgin rainforests in the heart of Karnataka's Kudremukh National Park.¹ Besides the massive damage to the fragile forest ecosystem, over 150 million tonnes of tailings were dumped into this 100-metre-deep forested valley. To 'compensate' for this loss of natural habitat, KIOCL went on a massive compensatory afforestation spree, planting millions of trees. But this flawed initiative created a twofold problem: the trees planted were non-native species with zero biodiversity or livelihood support value, and they were planted on adjoining areas of natural grassland, which are an extremely important component of the Bhadra River's watershed. Hence, apart from the forested hill slopes and valley destroyed by mining activities, a third of the natural habitat, i.e. ecologically important grasslands, was destroyed through unscientific and senseless tree-planting. To add insult to injury, governments and project proponents alike proclaim such travesties as achievements towards a 'Green India'.
- In July 2009, the Konda Reddis, another vulnerable tribe in the agency area of West Godavari district in Andhra Pradesh, were up in arms against the revenue authorities' attempt to demarcate 10,000 ha of their customary land as reserved forests. This was for undertaking compensatory afforestation in lieu of the forestland diverted for coal mining by Singareni Collieries Company Limited in the Khammam district.²
- In July 2009, in the Ilendu area of Khammam district, Andhra Pradesh, 10,000 ha of forestland were allocated for compensatory afforestation. The land included the community lands of the Konda Reddi adivasi community, who protested against this land allocation (which was made without consulting or even informing them).³
- In July 2008, in Benyamaliguda hamlet, Ramagiri panchayat, Baipariguda block, Koraput district, Orissa, the Forest Department undertook tree plantations on the lands of twelve adivasi families.⁴ When the families protested that this was in violation of the Forest Rights Act, the SDO ordered the Forest Department to halt their actions, but harassment continued.
- In July 2009, in Dholmandar village, Turekela block, Bolangir district, Orissa, the Forest Department undertook plantations on the lands of approximately 22 people. Similar plantations took place on people's lands in June and July 2009 in one other village in Titalagarh Block of Bolangir district and Nandapur block of Koraput district.⁵
- In several cases in Rajnandgaon, Kanker, and other districts of Chhattisgarh in 2008, forest dwellers were evicted from their lands in order to use the lands for plantations.
- In June, July and September 2008, at least 15 incidents of illegal forced tree plantations on people's lands were reported from the Dangs District, Gujarat.⁶

restoring their land rights as well as community forest rights (CFRs) as recognizable under the Forest Rights Act. In view of the poor ecosystem services expected from compensatory forests, suitable alternate livelihood support and essential biomass availability systems involving multiple land uses should be developed in the CAF framework. Although rehabilitation of communities from diversion is considered part of the project and is done under the R&R policy, there are serious disconnects from traditional forests rights. Planning for CAMPA must be in conjunction with social forestry. Nearby areas where there is a high dependency of people on forests can be identified and lands should be afforested for meeting the needs of the people and reducing the burden on the existing forests. CSE has found that compensatory afforestation is also leading to serious land alienation issues in India. People are now being displaced from their lands for compensatory afforestation.¹¹ This shows that there is hardly any land available for compensatory afforestation in many areas. Simply put, non-availability of non-forest or degraded forestlands (the existing CAMPA regime mandates compensatory afforestation only on these two types of lands) means that only

dense forests are available in that area and the '*densification and revitalization of available forests*' proposal if adopted will lead to such efforts in already dense forests that may be of no use at all. In such a situation, we must rethink the whole paradigm of compensatory afforestation in India. The government must also have a long-term vision of how much forest we can divert without endangering long-term national ecological security, how much compensatory afforestation the country requires to offset these forest losses and how to ensure that communities will benefit out of this development rather than being deprived of their lands. Of course, the degraded forests of India need densification and revitalization, but not at the cost of dense forests or without their losses being compensated. Therefore, it must be ensured that there is no displacement of people or communities during the process of land acquisition for compensatory afforestation.

3. **Adopt ecosystem approach in afforestation:** Though the CAF Bill defines ecosystem services, it has not made suitable provisions to sustain them. In order to ensure the flow of these vital services for eternity, suitable provisions must be detailed in upcoming CAF governance for the recognition, enhancement and equitable benefit-sharing of these ecosystem services from the forests of India with communities. Comprehensive scientific valuation of these ecosystem services must be carried out on the national and state levels and fair consideration subsequently given to these services while diverting forests for non-forest uses. At present, there are few studies on valuation of forest ecosystem services available for Indian forests, which should be augmented by further scientific studies and used later for arriving at better informed decisions while diverting forests. CAF authorities, MoEF&CC and state Forest Departments need to take initiatives in this direction.
4. **Ensure survival of planted stocks:** Ensuring the survival of trees is one of the biggest challenges in afforestation programmes. Without proper monitoring of the plantation health and beating-up operations, planted stocks die in due course, leading to sparse vegetation that nowhere compares to diverted forest or forest envisioned at beginning. It is often seen in compensatory afforestation that the seedlings of tree species either die within initial years, or they are uprooted later due to poor management and protection of these plantations. For instance, according to a study in Maharashtra, a recent official evaluation of old plantations in all Forest Circles showed that three quarters of plantations have failed, while the remaining were partially successful. For the success of an afforestation programme, survival of these plantations and regeneration growths must be ensured by the government agencies involving local communities. Twenty per cent of the State Fund should be allocated for monitoring of the planted stocks as well as beating-up operations to improve the survival rate and sustain the plantation density. A supporting institutional mechanism involving communities and CFRMCs/JFMCs/VFPMCs etc. must be devised in the upcoming CAF regime to make compensatory forests flourish. Forest Departments should identify forest areas with rich rootstocks with good potential of natural regeneration and promote assisted natural regeneration in these degraded forest areas by providing protection to natural regeneration. This will accelerate forest regeneration with minimum costs.
5. **Streamline and strengthen the CAF process with FRA:** Although CAMPA authorities have issued sporadic guidelines to include FRA provision, FRA and CAMPA processes are currently by and large implemented in isolation

Though the CAF Bill defines ecosystem services, it has not made suitable provisions to sustain them

from each other. For diverting a forest area, a certificate from the District Collector, certifying that forest rights have been settled, is sufficient without any ground checks. In this time-saving exercise, forest authorities of India are marginalizing the forest communities further. The severity of the situation is accentuated by the lack of will in government departments in recognizing the community and NTFP rights under FRA, with repercussions on the process of forest diversion, alienating forest communities further. It is seen that community forest rights generally take a backseat when it comes to forest diversions. Such a practice should be corrected by the CAF Act and subsequent Rules.

Forest diversions in India need to have annual as well as long-term caps in view of the fact that frequently there is no land/degraded forestland available in states for compensatory afforestation

6. **Cap forest diversions:** Forest diversions in India need to have annual as well as long-term caps in view of the fact that frequently there is no land/degraded forestland available in states for compensatory afforestation. The PSC report has also flagged this concern of scarcity of lands for compensatory afforestation and there are numerous reports of people getting alienated from their lands by Forest Departments for doing compensatory afforestation. (see box 6: *Examples of how compensatory afforestation is an ecological and social disaster*). In such situations, Why divert the forests if there is no land for compensatory plantations? Further, the use of degraded forests in compensatory afforestation needs to be monitored carefully, else it will lead to further deterioration of forests in India. Degraded forests are currently regarded as a land resource for compensatory afforestation rather than tried for quality improvements by the Forest Department. Forest departments must make efforts to improve quality of these forests rather than keeping them as dispensable lands for compensatory afforestation or for industrial plantations. An ecosystem-based scientific inventory of forests, according to forest types distribution, must be prepared at the national and states levels and diversions capped accordingly. No further diversions should be allowed beyond these limits. In this regard, recommendation of PSC report about allowing forest diversions in lieu of '*densification and revitalization of available forests*' must not be incorporated in the CAF Act.
7. **Leave PAs and dense forests inviolate:** Protected Areas (PAs), comprising less than 5 per cent of the country's geographical area, and dense forest areas (with canopy density >70 per cent) of India, are storehouses of the last remaining forest wealth of the country. They are vital for the ecological security for the country in the long run. Frequently, PAs are subject to forest diversions and fragmentation. The upcoming CAF regime must be stringent on saving these last remaining oases of biodiversity by disallowing their exploitation by land-grabbing exercises by industries in India. Instead, CAFs must be used to consolidate the remaining large blocks of natural old-growth forests, which have been fragmented by developmental activities, and create corridor connectivity among PAs for long-term gene-pool exchanges between isolated species populations.
9. **Create and maintain a public information system:** The CAF Bill 2015 requires the Executive Committee of the national authority to maintain and update a public information system on its transaction in the public domain. Either the Bill or the rules framed under it should require this information system to include inter-linked geographical, ecological and legal maps in order to assist ecologically and socially sound forest planning. This will improve the quality of the decision-making process and allow more efficient monitoring of compliance with conditions attached to forest clearances. It will also help in recognizing and settling rights under FRA. To ensure

efficient utilization of CAFs Monitoring Groups should be established both at the national as well as state/UT levels.

10. Invest in creating green assets, not in Public Accounts or banks: The provisions for *investment* given in the CAF Bill 2015 must lead to investments in creating community-led forestry assets and cooperative forestry schemes related to forest regeneration, creating wood-based markets, promoting forestry on farms and private lands through grass-roots-level forestry projects etc. This must be supported by well-defined benefit-sharing mechanisms between forest authorities and forest-dependent communities. The funds must be utilized for strengthening the network of Community Conserved Areas (CCAs) in the country, enriching the wildlife corridor network, promoting wildlife and biodiversity conservation/management schemes, diversifying livelihood options to forest-dependent communities, strengthening the network of eco-sensitive zones etc. CAF money must be used to create usable green assets at the community level. These funds are meant for patching up the ecological wounds we are creating by forest diversions, not for inflating government coffers. CAFs should also be used for promoting community-led commercial forestry by developing and implementing plantation schemes, developing raw material based special economic zones, schemes for development of rural wood markets, primary processing facilities for NTFPs as well as strengthening technology development and extension mechanisms.

CAF money must be used to create usable green assets at the community level. These funds are meant for patching up the ecological wounds we are creating by forest diversions, not for inflating government coffers

11. Design and implement multi-dimensional audit of CAFs: The evolving CAF regime must ensure that the post-diversion audit of compensatory afforestation activities is not restricted to financial audits only. A comprehensive set of audit process must be designed (including monitoring the growing stock, annual rates of wood increment, biodiversity improvements, timber/NTFP produce etc.) both at the Centre and state levels to ensure financial transparency and enable the setting up of accounting and monitoring systems on ecological, social and economic parameters. It is desirable to establish a Scientific Group of Experts to scrutinize and advise the Central and state governments in afforestation activities. It is expected that local communities are involved in the afforestation proposal developments and their implementation. This is of great importance as forest diversions affect forest-dependent communities and villagers most; more so because the plantation species and their future management by the Forest Department has been extremely disconnected from community needs and traditional rights so far. A continuous comparative analysis of diverted forests and compensatory forests must be institutionalized in the overall monitoring process both at the Central and state levels to oversee the ecological and social progress of afforestation activities. Such a monitoring system must be backed by the latest GIS techniques with proper ground-truthing with community/local stakeholders participation.

12. Make an integrated forest action plan: At present, there are many forest-related schemes and programmes running in the country which are designed, funded and implemented in isolation of each other. There are no serious efforts to synergize these schemes, either at the national or local levels. This leads to surplus and duplication of work in some areas while leaving other areas wanting. Also, compensatory afforestation must become part of the Working Plan/Wildlife Management Plan for an inclusive approach. Urban forestry should also be brought into focus in afforestation activities. We need to reform the afforestation regime in the country by using the latest forest

science knowledge and technology. A GIS-supported inventory of existing and potential forest areas (degraded forests, wastelands etc.) of the country vis-a-vis other multiple land uses and site suitability matrices will greatly help resurrect the forests of India. Given the huge financial resource the CAF Bill provisions to be used in forest governance, this opportunity should be used to design an integrated long-term national forest action plan to achieve clearly defined and rational forestry targets (including social, wildlife and biodiversity needs), which are in consonance with local, national and global imperatives. This process can be further strengthened by funding resources which states/UTs will obtain as a result of recommendations of 14th Finance Commission that has given 7.5 per cent weight for forest cover in allocating funds to states/UTs.

E. Conclusion

The compensatory afforestation regime in the country must be integrated with the national green and social development imperatives. Now that CAF Bill 2015 is in Parliament for a decision, it is a great opportunity to utilize massive funds accumulated in Ad hoc CAMPA to undertake compensatory afforestation and other forestry activities in the country. These huge funds, combined with even bigger ones proposed under 14th Finance Commission as well as new REDD+ market mechanisms to be developed under UNFCCC, have immense potential to transform the Indian forestry on ecological, economic and social criteria. But this potential cannot be realized and justified to people unless mechanisms are in place to allow the monetary and ecological flow of benefits from forests, both before and after forest diversions, to the dependent communities. However, adoption of a scientifically stringent approach in monitoring ecological and social health of compensatory afforestation is crucial to success of this utopian idea. We must also use this opportunity to strengthen the Forest Rights Act, 2006, and correct the past mistakes committed under the social forestry and Joint Forest Management programmes. Using CAFs, we should develop a climate-resilient forestry system where people are free to plant trees and utilize multiplicity of ecosystem services from forests they create.

Annexure I : How CAF Bill 2015 differs from CAF Bill 2008

The CAF Bill 2015 is a loose adaptation of the CAF Bill of 2008. The key aspects of CAF Bill 2015 that differentiate it from the CAF Bill 2008 are as follows:

- a. While the 2008 Bill provided for CAF at the Central level only, the 2015 Bill provides for the establishment of such funds simultaneously at the state/UT level also.
- b. According to the 2008 Bill, afforestation money collected from a state shall only be used within that state. The CAF Bill 2015 provides for the utilization of 90 per cent of the funds by respective states/UTs, with the remaining 10 per cent is to be deposited to the National Fund and the Centre will have full power to utilize this amount in the states or otherwise. However, no clear vision or method of utilization of this 10 per cent (which will be a huge amount) is prescribed in CAF Bill 2015, as mentioned earlier. This may lead to gross misutilization of this public money which could have been used better if given back to the respective states/UTs or used for strengthening grass-roots forest democracies.
- c. The CAF Bill of 2008 provided for meeting afforestation targets within one year or two growing seasons after project completion, after receipt of the money. This was a positive recommendation in the sense that it provides for utilization of CAF money within a specific timeframe; however, survival of planted stock remains a critical issue in compensatory afforestation works. On the other hand, the CAF Bill of 2015 is silent on this aspect, making it a much weaker version. This will lead to lack of seriousness and a lackadaisical approach in implementing afforestation activities in states/UTs. A time-bound approach for afforestation, which also includes ensuring survival of planted stock, is essential for the overall ecological security of the affected areas and also for quick restoration of the forest livelihood base of affected communities.
- d. The CAF Bill 2008 was very progressive in that it said, '*All work at the ground level shall be executed through Joint Forest Management Committee except in matters where the nature of work demands execution by any other agency*'. This was an important step towards democratizing the compensatory afforestation regime in country, provided it would have also included the properly demarcated benefit-sharing mechanisms between the Forest Department and JFMCs, which has been main cause of failure of the JFM programme in the past. Sadly, there is no such provision in the 2015 Bill, making it heavily bureaucratic in nature and hence losing an important opportunity of creating a people-led forest economy in the country. This will heavily curtail the empowerment of such grass roots-level forest institutions, which are slowly dying out or becoming dysfunctional (see *Annexure II: Comparative analysis of CAF Bill 2008, CAF Bill 2015 and the PSC report*).

Annexure II : Comparative Analysis of CAF Bill 2008, CAF Bill 2015 and the PSC report

Section	CAF Bill 2008	CAF Bill 2015	The PSC report
Preamble	<i>'to provide for the establishment of a Fund and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, Net Present Value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980; constitution of an Authority for administration of the Fund and to utilise the monies so collected for undertaking artificial regeneration (plantations) assisted natural regeneration, protection of forests, infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto.'</i>	<i>'to provide for the establishment of funds under the public accounts of India and the public accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980; constitution of an authority at national level and at each of the State and Union territory Administration for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration (plantations), assisted natural regeneration, protection of forests, forest related infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto.'</i>	Committee recommends that in Para 1, line 8, the words <i>particularly of native species</i> , may be added after the word 'plantations' and in line 9, the words ' Green India Programme ' may be deleted—also noting that 'Plantations of indigenous/native species needs to be encouraged since it has long term impact on environment. Further, the Green India Programme is a separate programme of the government's and has its own budgetary allocation. The funds under Compensatory Afforestation are not meant to finance the Green India Programme.'
Preliminary	Gives title, extent and commencement of Act.	Same as 2008 Bill, except year 2015.	
	Defines 'authority' but does not define 'Ad hoc authority'	It defines 'Ad hoc authority' as well as National Authority and State Authority.	
	Defines 'Chairperson'	Defines 'Chairperson, National Authority' and 'Chairperson, State Authority'.	
	Does not define 'Monitoring Group'.	Defines 'Monitoring Group'	
	Defines 'Fund'	Defines 'National Fund' and 'State Fund'	
	Defines 'Green India Programme'	Does not define it, but mentions it in Preamble where the funds will be used.	
	Definitions of 'Compensatory Afforestation', 'Environmental services', 'Penal Compensatory Afforestation', 'User agency', 'prescribed', same in both Bills.	Definitions of 'Compensatory Afforestation', 'Environmental services', 'Penal Compensatory Afforestation', 'User agency', 'prescribed', same in both Bills.	The Committee <i>finds list of 'environmental services'</i> not exhaustive and therefore, recommends that the words 'environmental services means may be substituted by the words 'environmental services includes'. <i>Pollination and seed dispersal are critical ecosystem services for forest regeneration and must find their place in any definition of environmental services.</i> Therefore, the Committee recommends that the words 'including pollination and seed dispersal' may be added at the end of the clause.

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Section	CAF Bill 2008	CAF Bill 2015	The PSC report
			<i>Finding that the Bill contains many provisions for making rules which have a bearing on States/Union Territories, the Committee recommends that 'Prescribed' means prescribed by rules made by the Central government in consultation with the State Governments/Union Territory Administrations under this Act.</i>
Establishment, management and utilization of CAF	Establishment of Compensatory Afforestation Fund	Establishment of 'National Fund' and 'State Fund'.	
	Utilization of Fund	Disbursement and utilization of National Fund and State Fund separately.	The Committee feels that the phrase 'infrastructure development, supply of wood and other forest produce saving devices and other allied activities' needs to be elaborated and clearly defined to avoid any ambiguity and to ensure that money is used only for activities related to forest restoration, protection and management. The Committee recommends that the word 'money' may be substituted by the word 'monies' and the words "particularly of native species" may be added after the words 'artificial regeneration (plantation)'. <i>Considering a need to facilitate relocation of people residing in critical wildlife habitats to achieve long term conservation goals, the Committee recommends that in line 5, the words 'including facilitating voluntary relocation from and' may be added after the word 'activities'.</i>
	Gives the generic utilization aim of the funds	Gives bifurcation of utilisation mechanism into National fund and state Fund in a ratio of 10:90.	The Committee recommends reduction of National Fund share from 'ten per cent' to 'five per cent'.
	The Authority shall accomplish the afforestation for which money is deposited in the Fund within a period of one year or two growing seasons after receipt of money.	No such time limited targets prescribed.	
	The monies received in the Fund from a State or Union territory shall be used only in that particular State or Union territory and in cases of trans-boundary forestry or environmental implication of diversion may be used in the adjoining State or UT as determined by the Authority.	a) Ninety per cent of the all monies collected by a State, which has been placed under the ad hoc Authority and the interest accrued thereon, shall be transferred to the State Fund established in such state, rest ten percent to be deposited to National Fund. Likewise for fresh accruals. National Authority may in consultation with concerned states order that such sum as may be justified for reparation of the trans-boundary effects, be transferred to State Fund of such State or States; No such involvement of JFMCs or other local bodies.	

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Section	CAF Bill 2008	CAF Bill 2015	The PSC report
	All work at the ground level shall be executed through Joint Forest Management Committee except in matters where the nature of work demands execution by any other agency.		
Constitution of Authority	Provides for constitution of 'Authority'	Provides for constitution of 'National Authority' and 'State Authorities'	
	The Authority comprises a Governing Body assisted by an Executive Body, Monitoring Group and administrative support mechanism.	The National Authority comprises of Governing Body assisted by an Executive Committee, Monitoring Group and administrative support mechanism. State Authority comprises a Governing Body, Steering Committee and Executive Committee.	
	The Governing body comprises of Minister of Environment and Forests (Chairperson), four other ministers (Finance, Science and Tech., Rural Development, Panchayati Raj), Secretaries of Env. & Forests, Finance, Sc.&Tech., Rural Development, Panchayati Raj (making ministers and their secretaries equal in power in the body), DGF&SS, ADG(WL), Financial Advisor, three PCCFs, IGF(FC), three NGOs experts, Chairman NABARD, three non-official experts (one each in the field of forestry, wildlife and ecology), CEO as member-secretary	The National Authority comprises of Minister of Environment and Forests (Chairperson); Secretaries of EF&CC; Finance (DoE); Rural Development (DoRDLR), Agriculture; Panchayati Raj, Tribal Development, Sc.& Tech. and CEO, NITI Aayog; DGF&SS, ADG(FC), ADG(WL), Mission Director (GIM), Financial Advisor, five PCCFs, IGF(FC), two socialist/ environmentalists/ scientists/ economists conservationists/, CEO as member-secretary	The Committee has the view that the Ministries of Space and Earth Sciences have an important role to play in forest mapping, including remote sensing, satellite imagery and monitoring forest cover etc. and recommends inclusion of these ministries.
	No such 'State Authority'	'State Authority' comprises a Governing Body, Steering Committee and Executive Committee	The Committee feels that an expert on tribal matters or a representative of tribal community may be co-opted in the Steering Committee and recommends accordingly.
Power and functions	Overseeing the Green India programme , utilizing financial resources, formulating broad policy framework, mobilizing funds from markets, including from carbon credits, income from tree felling, augmenting funds, overseeing watershed development, maintaining accounts, laying reports, creating transparency, making authority eligible for international assistance under CC agenda, approving rules, approving annual report, etc.	Formulating broad policy framework, approving annual report and audited accounts, reviewing reports on decision taken by executive committee and monitoring group of the National Authority including investment decisions, approving the proposal for schemes, approving creation of posts, providing a mechanism to resolve issues of inter-state or Centre-state character, formulating procedures etc. Does not mention the Green India Programme.	The Committee recommends that to ensure approval of the Annual Plan Operations submitted by the State Authorities within a definite time frame, Clause 15 (1) (i) be amended as 'approve, within 3 months from the date of receipt, the annual plan of operations of the State Authorities'.
	Governing Body meeting every six months	Same as CAF Bill 2008.	
	No such description due to lack of such authority at state level.	Powers and functions of State Authorities described separately.	

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Section	CAF Bill 2008	CAF Bill 2015	The PSC report
Finance, accounts, audit and annual report	Provides for grants and loans to authority, budget, investment of funds, accounts and audit, Annual Report.	Budget, investment, accounts and audits, annual report, separately for National and State Authorities	
Miscellaneous	Power of Central government to constitute State Management Committee, State Steering Committee and Joint Forest Management Committee and to make rules. Power of Central government to issue directions.	Power to make Rules (only Central government). Transfer of assets, liabilities etc, validation. Power of Central government to issue directions.	The Central Government may, if it finds necessary or expedient in public interest, issue such policy directives to the National Authority or any State Authority, in writing and such policy directives shall be binding upon the National Authority or the State Authority, as the case may be.
Statement of objects and reasons	Government intends to articulate its one of the objectives and undertake a massive afforestation programme called 'Green India'. Bill will provide the required legal backing to the scheme and put in place the 'Green India' programme throughout the country.	No such mention of Green India programme	The Committee recommends that in order to meet the situation where enough land is not available for afforestation, specific provisions should be made in the Bill for encouraging densification and revitalization of available forests closest to areas where deforestation is considered unavoidable on account of critically important national projects. Thus the Bill should contain provisions emphasizing the same.
	No such mention, as Bill dates earlier in 2008.	Mentions briefly observations of Comptroller and Auditor General in 2013 report on Compensatory Afforestation.	
	Mentions a ' substantial amount '. No such figure on amount given.	Mentions accumulation of Rs 38,000 crore .	

Annexure III : Section-Wise Changes Recommended in CAF Bill 2015 (dated 3 May 2015)

1. Page 1, para 1, line 9 and at page 28 : Remove the words **‘Green India Programme’**.
2. Page 1, para 1, line 9; at page 6 Section 6(b) and at page 28 : Remove the words **‘forest related infrastructure development’**; **‘infrastructure development’** and **‘forest related infrastructure development’** respectively.
3. Page 3, Chapter I, Section 2 : Include definitions of **‘additional compensatory afforestation’** and **‘catchment area treatment plan’**.
4. Page 4, Chapter II, Section 3(4) : Replace the words **‘ten per cent’** by **‘five per cent’**.
5. Page 5, Chapter II, Section 5(b) : Replace the words **‘ten per cent’** by **‘five per cent’**.
6. Page 5, Chapter II, Section 6 : Insert clause **‘The State Authority shall accomplish the afforestation for which money is deposited in the Fund within a period of two years, as may be appropriate, after receipt of the money.’**
7. Page 5, Chapter II, Section 6 : Insert clause **‘Twenty per cent of the State Fund shall be allocated for monitoring of the planted stocks as well as beating-up operations to improve the survival rate and sustain the plantation density.’**
8. Page 5, Chapter II, Section 6 : Insert clause **‘All work at the ground level shall be executed through grassroots level forest related bodies such as Community Forest Resource Management Committees, Joint Forest Management Committees, Van Panchayats, Village Forest Protection and Management Committees, Van Suraksha Samitis etc, except in matters where the nature of work demands execution by any other agency. Wherever the aforesaid grassroots level forest related bodies are not available, the Gram Sabhas shall be involved in afforestation activities. These grassroots level forest related bodies shall have power and responsibility of carrying out annual social audits of the afforestation activities.’**
9. Page 6, Chapter II, Section 6(e) : Replace the words **‘ten per cent’** by **‘five per cent’**.
10. Page 7, Chapter III, Section (4) : Insert clause **“two representatives of local level forest related bodies and forest diversions affected communities appointed by the Central government – members**
11. Page 8, Chapter III, Section 9(2) : Insert clause **“four representatives of local level forest related bodies and forest diversions affected communities appointed by the Central government – members”**
12. Page 8, Chapter III, Section 10(5) : Insert clause **“four representatives of local level forest related bodies and forest diversions affected communities in the State or Union Territory, to be appointed by the State or Union Territory government – members”**

13. Page 9, Chapter III, Section 11(3) : Insert clause
‘four representatives of local level forest related bodies and forest diversions affected communities in the State or Union Territory, to be appointed by the State or Union Territory government – members’
14. Page 8, Chapter III, Section 10(4) : Insert words
‘and the Monitoring Group’ at the end of sentence.
15. Page 9, Chapter III, Section 11 : Insert sub-section
‘The Monitoring Group shall consist of six experts from state in the field of environment, economics, wildlife, forest, remote sensing and geographical information system, social sciences, tribal development and rural development.’
16. Page 10, Chapter IV, Section 14(1) : Include sub-clause
‘Review and revise, at the recurring interval of five years, the rates of monies from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980;’
17. Page 11, Chapter IV, Section 15(1)(vi) : Insert sub-clauses
‘However, amount of such investments shall not exceed ten percent of all the funds available with National Fund and’
- and
- ‘National Authority shall have powers to transfer and utilise the surplus funds available with it to State Authorities to enhance the ground level activities, as it may deem appropriate from time to time.’**
18. Page 11, Chapter IV, Clause 15(1)(i) : Amend the clause as
‘approve, within 3 months from the date of receipt, the annual plan of operations of the State Authorities’
19. Page 12, Chapter IV : Insert section
‘The state level Monitoring Group shall—
- (i) evolve independent system for concurrent monitoring and evaluation of the works implemented in the State or Union territory utilising the funds released by the State Authority to ensure effective and proper utilisation of state compensatory afforestation funds provided that the State Government may also undertake third party monitoring and evaluation of the works implemented in the State or Union territory utilizing the funds released by the State Authority through individual and institutional experts;**
 - (ii) inspect and undertake financial and social audit of works executed by utilising the funds released by the State Authority in the State or Union territory;**
 - (iii) devise measures for transparency and accountability and**
 - (iv) meet at least once in three months.’**
20. Page 14, Chapter V, Section 27 : Insert clause
‘The accounts of each State Authority shall be social audited by the Accountant General of the State and Union territories with involvement of grassroots level forest related bodies such as Community Forest Resource Management Committees, Joint Forest Management Committees, Van Panchayats, Village Forest Protection and Management

Committees, Van Suraksha Samitis etc. Wherever the aforesaid grassroots level forest related bodies are not available, the Gram Sabhas shall be involved in such Social Audits.'

and

'The Accountant General of the State and Union territories shall consolidate the reports of social audits and submit the Annual Report of such audits to State Authority.'

21. Page 14, Chapter V, Section 28(2) : Insert clause
'the financial audit and social audit reports.'
22. Page 15, Chapter V, Section 29 : Amend the clause as
"The State Government shall cause the **annual report, financial audit report and social audit report** together with a memorandum of action taken on the recommendations contained therein to be laid as soon as may be after the reports are received before each House of the State Legislature."
23. Page 15, Chapter VI, Section 30(1): Insert clause
'The Central Government while making rules shall be guided by the provisions contained in article 244 read with Fifth and Sixth Schedules to the Constitution relating to administration of the Scheduled Areas and Tribal Areas and the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, Indian Forest Act, 1927, Forest (Conservation) Act 1980, Biological Diversity Act, 2002, Environment (Protection) Act, 1986 Mahatma Gandhi National Rural Employment Guarantee Act, 2005, Wild Life (Protection) Act, 1972 as well as National Forest Policies and programme such as National Forest Policy, 1988, National Environment Policy, 2006, Joint Forest Management programme etc as formulated and amended from time to time.'
24. Page 18, Statement of Objects and Reasons: Insert clause
'The Bill will strengthen other forest, wildlife and biodiversity related Acts of India such as article 244 read with Fifth and Sixth Schedules to the Constitution relating to administration of the Scheduled Areas and Tribal Areas and the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, Indian Forest Act, 1927, Forest (Conservation) Act 1980, Biological Diversity Act, 2002, Environment (Protection) Act, 1986 Mahatma Gandhi National Rural Employment Guarantee Act, 2005, Wild Life (Protection) Act, 1972 as well as National Forest Policies and programme such as National Forest Policy, 1988, National Environment Policy, 2006, Joint Forest Management programme etc as formulated and amended from time to time.'
25. Page 24, Notes on clauses, clause 3, line 7 : Replace the words
'ten per cent' by **'five per cent'**.
26. **Reject recommendation of the Parliamentary Standing Committee's 277th report on CAF Bill 2015 (Clause 8 of the PSC report) about '*densification and revitalization of available forests closest to areas where deforestation is considered unavoidable*'.**

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11. 'Strengthen institutions, reform laws and streamline processes'. Agenda for improving environmental governance in India, 2014. Centre for Science and Environment, New Delhi.

Box 2: Summary of CAG Report (21 of 2013) on compensatory afforestation in India

1. Report of the Comptroller and Auditor General of India on Compensatory Afforestation in India, No. 21 of 2013.

Box 3: Failure of JFM and social forestry programmes in India: Lessons for CAF

1. State of India's Environment Report: The Second Citizen's Report, 1985. Centre for Science and Environment, New Delhi.
2. *Down to Earth*, 'Is JFM relevant?' 15 September 2011, <http://www.downtoearth.org.in/coverage/is-jfm-relevant-33949>

Box 4: Guidelines on state CAMPAs: A faint beacon

1. The Guidelines on State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA), Dated 2nd July 2009, Ministry of Environment and Forests, Government of India

Box 6: Examples of how compensatory afforestation is an ecological and social disaster

1. <http://www.thehindu.com/opinion/op-ed/sowing-the-seeds-of-a-disaster/article7474634.ece>
2. <http://www.tribuneindia.com/2009/20090802/spectrum/main1.htm>
3. <http://forum.righttorecall.info/viewtopic.php?f=3&t=50&view=next>
4. Ibid.
5. Ibid.
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