

**Category of Proposals for which
Cost-benefit Analysis is Applicable**

SNo	Nature of Proposal	Applicable/not applicable	Remarks
1.	All categories of proposals involving forest land up to 20 hectares in plains and up to 5 hectares in hills.	Not applicable	These proposals are to be considered on case by case basis and value judgement.
2.	Proposal for defence installation purposes and oil prospecting (prospecting only)	Not applicable	In view of National Priority accorded to these sectors, the proposals would be critically assessed to help ascertain that the utmost minimum forest land above is diverted for non-forest use.
3.	Habitation, establishment of industrial units, tourist lodges/complex and other building construction	Not applicable	These activities being detrimental to protection and conservation of forest, as a matter of policy, such proposals would be rarely entertained.
4.	All other proposals involving forest land more than 20 hectares in plains and more than 5 ha. in hills including roads, transmission lines, minor, medium and major irrigation projects, hydel projects mining activity, railway lines, location specific installations like micro-wave stations, auto repeater centres, T.V. towers etc.	Applicable	These are cases where a cost-benefit analysis is necessary to determine when diverting the forest land to non-forest use is in the overall public interests.

Parameters for Evaluation of Loss of Forests

Nature of proposal				
SNo.	Parameters	Roads, Tr.lines & Railway lines	Minor irrigation projects, quarrying of stones/metals	Medium & major Irrigation, hydro electric, large mining & other mic. projects
1.	Loss of value of timber, fuelwood and minor forest produce on an annual basis, including loss of man-hours per annum of people who derived livelihood & wages from the harvest of these commodities	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms
2.	Loss of animal husbandry productivity, including loss of fodder	- do -	- do -	- do -
3.	Cost of human resettlement	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms
4.	Loss of public facilities and administrative infrastructure (Roads, buildings, schools, dispensaries, electric lines, railway etc) on forest land, or which would require forest land if these facilities were diverted due to the project.	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms
5.	Environmental losses : (Soil erosion, effect on hydrological cycle, wildlife habitat, microclimate upsetting of ecological balance).		Though technical judgment would be primarily applied in determining the losses, as a thumb rule the environmental value of one hectare of fully stocked forest (density 1.0) would be taken as Rs. 126.74 lakhs to accrue over a period of 50 years. The value will reduce with density, for example, if density is 0.4, the value will work out at Rs. 50.696 lakhs. So if a project which requires disforestation of 1 hectare of forest of density 0.4 gives monetary returns worth over Rs. 50.6966 lakhs over a period of 50 years, may be considered to give a positive cost benefit ratio. The figure of assumed environmental value will change if there is an increase in bank rate; the change will be proportional to percentage increase in the bank rate.	
6.	Suffering to oustees		The social cost of rehabilitation of an oustee (in addition to the cost likely to be incurred in providing residence, occupation and social services to him) be worked out as 1.5 times of what he should have earned in two years had he been not shifted.	

**Parameters for Evaluation of Benefit,
Notwithstanding Loss of Forests**

Nature of proposal				
SNo.	Parameters	Roads, Tr. lines & Railway lines	Miner projects	Irrigation/hydel projects & others
1.	Increase in productivity attributable to the specific project.	To be quantified & expressed in monetary terms.	To be quantified & expressed in monetary terms.	To be quantified & expressed in monetary terms.
2.	Benefits to economy	Value judgement	- do -	- do -
3.	No. of population benefited	- do -	Value judgement	Value judgement
4.	Employment potential	- do -	- do -	- do -
5.	Cost of acquisition of facility on non-forest land wherever feasible	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms
6.	Loss of (a) agricultural & (b) animal husbandry production due to diversion of forest land	- do -	- do -	- do -
7.	Cost of rehabilitating the displaced persons as different from compensatory amounts given for displacement	To be quantified & expressed in monetary terms	To be quantified & expressed in monetary terms	- do -
8.	Cost of supply of free fuelwood to workers residing in or near forest area during the period of construction	- do -	- do -	- do -