

सत्यमेव जयते

The Compensatory Afforestation Fund Act, 2016

(ACT NO. 38 OF 2016)

[*As on the* 1*st July*, 2026]

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LIST OF ABBREVIATIONS USED

G.S.R.	*for*	General Statutory Rules.
S.O.	,,	Statutory Order.
Notifn.	,,	Notification.

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THE COMPENSATORY AFFORESTATION FUND ACT, 2016

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THE COMPENSATORY AFFORESTATION FUND ACT, 2016

ACT NO. 38 OF 2016

[3*rd August*, 2016.]

An Act 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.

WHEREAS the Supreme Court in its order in T.N. Godavarman Thirumulpad *vs*. Union of India and Others [Writ Petition (Civil) No. 202 of 1995], dated the 30th October, 2002, observed that a Compensatory Afforestation Fund be created in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of the diverted forest land or catchment area treatment plan shall be deposited;

AND WHEREAS it had also been observed that the money received from the user agencies in cases where forest land diverted falls within protected areas, that is, the areas notified under the Wild Life (Protection) Act, 1972 (35 of 1972) for undertaking activities related to protection of biodiversity or wildlife shall also be deposited in the Fund;

AND WHEREAS the Supreme Court has directed that, besides artificial regeneration (Plantations), the Fund shall also be utilised for undertaking assisted natural regeneration, protection of forests, infrastructure development, wildlife protection and other related activities and an independent system of concurrent monitoring and evaluation should be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of funds;

AND WHEREAS the Supreme Court in its judgment dated 26th September, 2005 in the said Writ Petition observed that the Fund generated for protecting ecology and providing regeneration should not be treated as a Fund under article 266 and article 283 of the Constitution;

AND WHEREAS in its direction dated the 5th May, 2006, the Supreme Court had directed that since the Government has not constituted a Compensatory Afforestation Fund Management and Planning Authority (hereinafter referred to as Authority), an *ad hoc* Authority should be constituted till the Compensatory Afforestation Fund Management and Planning Authority becomes operational and directed to centrally pool the money recovered on behalf of the said Authority lying in the States and Union territories into the *ad hoc* Compensatory Afforestation Fund Management and Planning Authority;

AND WHEREAS Central Government formulated guidelines dated the 2nd July, 2009 on the subject of State Authority for utilisation of funds lying with the *ad hoc* Authority;

AND WHEREAS in its direction dated the 10th July, 2009, the Supreme Court had directed that the guidelines and structure of the State Authority prepared by the Central Government may be notified and implemented;

AND WHEREAS in its directions dated the 10th July, 2009, the Supreme Court further directed that till an alternative system is put in place, after obtaining permission from the Supreme Court, the money towards compensatory afforestation, net present value and protected areas (national parks, wildlife sanctuaries) shall continue to be deposited in the *ad hoc* Authority;

AND WHEREAS in compliance of the directions of the Supreme Court including its order dated the 5th May, 2006, over rupees thirty eight thousand crores as collected by the State Governments and Union territory Administrations have been placed under the *ad hoc* Authority, and deposited in the nationalised banks;

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AND WHEREAS absence of permanent institutional mechanism for utilisation of funds collected by the State Governments and Union territory Administrations is the main reason for accumulation of huge unspent funds in the *ad hoc* Authority;

NOW, THEREFORE, based on the above orders, directions and observations of the Supreme Court to ensure safety, security and expeditious utilisation in a transparent manner of funds accumulated with the *ad hoc* Authority and the funds to be collected by the State Governments and Union territory Administrations, it is proposed to create a National Compensatory Afforestation Fund and a National Compensatory Afforestation Fund Management and Planning Authority at the national level, and a State Compensatory Afforestation Fund and a State Compensatory Afforestation Fund Management and Planning Authority in each State and Union territory, by an Act of Parliament.

BE it enacted by Parliament in the Sixty-seventh Year of the Republic of India as follows: —

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.— (*1*) This Act may be called the Compensatory Afforestation Fund Act, 2016.

(*2*) It extends to the whole of India except the State of Jammu and Kashmir*.

(*3*) Save as otherwise provided in this Act, it shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette, appoint.

2. Definitions.—In this Act, unless the context otherwise requires,—

(*a*) "*ad hoc Authority*" means the *ad hoc* Compensatory Afforestation Fund Management and Planning Authority constituted under the order dated the 5th May, 2006 of the Supreme Court in T.N. Godavarman Thirumulpad *vs*. Union of India and Others, [Writ Petition (Civil) No. 202 of 1995];

(*b*) "Chairperson, National Authority" means the Chairperson of the governing body of the National Authority;

(*c*) "Chairperson, State Authority" means the Chairperson of the governing body of the State Authority;

(*d*) "compensatory afforestation" means afforestation done in lieu of the diversion of forest land for non-forestry use under the Forest (Conservation) Act, 1980 (69 of 1980);

(*e*) "environmental services" includes—

(*i*) provision of goods such as wood, non-timber forest products, fuel, fodder, water and provision of services such as grazing, tourism, wildlife protection and life support;

(*ii*) regulating services such as flood moderation, carbon sequestration and health of soil, air and water regimes;

(*iii*) supporting such other services necessary for the production of ecosystem services, biodiversity, nutrient cycling and primary production including pollination and seed dispersal;

(*f*) "Head of the regional office" means the senior-most officer appointed by the Central Government at regional office to deal with the forest conservation matters under the Forest (Conservation) Act, 1980 (69 of 1980);

(*g*) "monitoring group" means a group of experts to monitor the activities undertaken from amounts released from the National Fund and State Fund constituted under sub-section (*3*) of section 9;

(*h*) "National Authority" means National Compensatory Afforestation Fund Management and Planning Authority constituted under section 8;

1. 30th September, 2018, *vide* Notifn. NO. S.O. 3967(E), dated 13th August, 2018, *see* Gazette of India, Extraordinary, Part II, sec. 3(ii).

*. *Vide* Notifn. No. S.O. 3912(E), dated 30th October, 2019, this Act is made applicable to the Union territory of Jammu and Kashmir and the Union territory of Ladakh.

(*i*) "National Fund" means the National Compensatory Afforestation Fund established under sub-section (*1*) of section 3;

(*j*) "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;

(*k*) "penal compensatory afforestation" means afforestation work to be undertaken over and above the compensatory afforestation specified in the guidelines issued under the Forest (Conservation) Act, 1980, in lieu of the extent of area over which non-forestry activities have been carried out without obtaining prior approval of the competent authority under the Forest (Conservation) Act, 1980 (69 of 1980);

(*l*) "prescribed" means prescribed by rules made by the Central Government in consultation with the State Governments under this Act;

(*m*) "State Authority" means the State Compensatory Afforestation Fund Management and Planning Authority constituted under section 10;

(*n*) "State Fund" means the State Compensatory Afforestation Fund established by each State under sub-section (*1*) of section 4;

(*o*) "State Government" includes Union territory Administration;

(*p*) "user agency" means any person, organisation or company or department of the Central Government or State Government making a request for diversion or de-notification of forest land for non-forest purpose or using forest land for non-forest purpose in accordance with the provisions contained in the Forest (Conservation) Act, 1980 (69 of 1980) and the rules made and guidelines issued, thereunder.

CHAPTER II

ESTABLISHMENT, MANAGEMENT AND UTILISATION OF NATIONAL COMPENSATORY AFFORESTATION FUND AND STATE COMPENSATORY AFFORESTATION FUNDS

3. Establishment of National Fund.— (*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established for the purposes of this Act, a special Fund to be called the "National Compensatory Afforestation Fund" under the public account of India.

(*2*) The National Fund shall be under the control of the Central Government and managed by the National Authority in such manner as may be prescribed.

(*3*) On the date of establishment of the National Fund, all monies collected by the State Governments and Union territory Administrations which has been placed under the *ad hoc* Authority and deposited in the nationalised banks shall be transferred to the National Fund.

(*4*) 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.

(*5*) There shall also be credited to the National Fund—

(*a*) grants-in-aid received, if any, by the National Authority;

(*b*) any loan taken or any borrowings made by the National Authority;

(*c*) any other sums received by the National Authority by way of benefaction, gift or donations.

(*6*) The monies received in the National Fund shall be an interest bearing fund under public accounts of India.

(*7*) The balance in the National Fund shall be non-lapsable and get interest as per the rate declared by the Central Government on year to year basis.

4. Establishment of State Fund.—(*1*) With effect from such date as each State Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established for the purposes of this Act, a special Fund to be called the "State Compensatory Afforestation Fund-..... (name of State)" under public accounts of such State:

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Provided that in case of Union territory having no legislature, such fund shall be established under the public account of Union of India with effect from such date as the Union territory Administration may, by notification in the Official Gazette, appoint in this behalf.

(*2*) The State Fund in each State shall be under the control of the State Government of such State and managed by the State Authority of such State, in such manner as may be prescribed.

(*3*) There shall be credited into the State Fund of a State—

(*i*) the unspent balance of all monies which has been transferred by *ad hoc* Authority to the State Compensatory Afforestation Compensatory Afforestation Funds Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009;

(*ii*) all monies transferable from the National Fund under clause (*a*) of section 5;

(*iii*) all monies realised from user agencies by such State towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value, catchment area treatment plan or any money for compliance of conditions stipulated by the Central Government while according approval under the provisions of the Forest (Conservation) Act, 1980 (69 of 1980); and

(*iv*) the funds recoverable from user agencies by such State in cases where forest land diverted falls within the protected areas, that is, areas notified under sections 18, 26A or 35 of the Wild Life (Protection) Act, 1972 (53 of 1972) for undertaking activities relating to the protection of biodiversity and wildlife.

(*4*) A State Government may also credit to the State Fund constituted by it—

(*i*) grants-in-aid received, if any, by the State Authority;

(*ii*) any loan taken or any borrowings made by the State Authority;

(*iii*) any other sums received by the State Authority by way of benefaction, gift or donations.

(*5*) The monies received in the State Fund shall be an interest bearing fund under public accounts.

(*6*) The balance in each State Fund shall be non-lapsable and get interest as per the rate declared by the Central Government on year to year basis.

5. Disbursement and utilisation of National Fund.—Save as otherwise provided in this Act, the monies available in the National Fund shall be disbursed and utilised in the following manner, namely:—

(*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 under sub-section (*1*) of section 4;

(*b*) the balance ten per cent. of all monies collected by the States and Union territory Administrations, which has been placed under the *ad hoc* Authority and the interest accrued thereon, and all fresh accrual to the National Fund, as provided in sub-section (*4*) of section 3, and the interest accrued thereon, shall be utilised for meeting—

(*i*) the non-recurring and recurring expenditure for the management of the National Authority including the salary and allowances payable to its officers and other employees;

(*ii*) the expenditure incurred on monitoring and evaluation of works executed by the National Authority and each State Authority;

(*iii*) the expenditure incurred on specific schemes approved by governing body of the National Authority.

Explanation.—For the purposes of this section, "scheme" includes any institute, society, centre of excellence in the field of forest and wildlife, pilot schemes, standardisation of codes and guidelines and such other related activities for the forestry and wildlife sector.

6. Disbursement and utilisation of State Fund.—Save as otherwise provided in this Act, the monies available in a State Fund shall be disbursed and utilised in the following manner, namely:—

(*a*) the money received for compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, catchment area treatment plan and for any other site specific

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scheme 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 (69 of 1980);

(*b*) the monies received towards net present value and penal net present value shall be used for artificial regeneration (plantation), assisted natural regeneration, forest management, forest protection, forest and wildlife related 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, which has been placed under the *ad hoc* Authority and deposited in the nationalised banks, in compliance of the directions of the Supreme Court dated the 5th May, 2006, shall be used for conservation and development of forest and wildlife in the manner as may be prescribed;

(*d*) all monies realised 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 (35 of 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 State including facilitating voluntary relocation from such protected areas 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 realised 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 forest land for non-forest purposes in a particular State, if found expedient and necessary by the National Authority, it may, in consultation with the concerned Sate Authorities 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;

(*h*) State Authority shall release monies to agencies identified for execution of activities in pre-determined instalments as per the annual plan of operation finalised by steering committee of such State Authority and executive committee of the National Authority.

7. Accounting procedure.— The accounting procedure to regulate the manner of crediting the monies to the National Fund and State Fund in a year shall be in such manner as may be prescribed.

CHAPTER III

CONSTITUTION OF NATIONAL AUTHORITY AND STATE AUTHORITIES

8. Constitution of National Authority.— (*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be constituted a National Authority to be called the "National Compensatory Afforestation Fund Management and Planning Authority".

(*2*) The National Authority shall manage and utilise the National Fund for the purposes of this Act.

(*3*) The National Authority shall consist of a governing body and shall be assisted by an executive committee, monitoring group and administrative support mechanism.

(*4*) The governing body of the National Authority shall consist of the following, namely:—

(*i*) Minister for Environment, Forest and Climate Change, Government of India—Chairperson, *ex officio*;

(*ii*) Secretaries of Ministries dealing with Environment, Forest, Climate Change, Finance (Expenditure), Rural Development, Land Resources, Agriculture, Panchayati Raj, Tribal Development, Science, Technology, Space and Earth Sciences and Chief Executive Officer, National Institution for Transforming India Ayog, Government of India—Members, *ex officio*;

(*iii*) Director General of Forests and Special Secretary, Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*iv*) Additional Director General of Forests (Forest Conservation), Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*v*) Additional Director General of Forests (Wildlife), Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*vi*) Mission Director, National Mission for a Green India, Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*vii*) Financial Adviser, Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*viii*) five Principal Chief Conservator of Forests, not more than one from each of the ten regions, to be nominated by the Ministry of Environment, Forest and Climate Change, Government of India on rotation basis for a period of two years, at a time—Members, *ex officio*;

(*ix*) Inspector General of Forests (Forest Conservation), Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*x*) five experts, one each from environmentalists, conservationists, scientists, economists, and social scientists appointed by the Central Government for a period of two years subject to not more than two consecutive terms—Members.

(*5*) The Central Government may appoint an officer of the rank of an Additional Director General of Forests as the Chief Executive Officer of the National Authority who shall be the Member—Secretary of the governing body and the executive committee of the National Authority.

9. Executive committee and monitoring group of National Authority.— (*1*) The governing body of the National Authority shall, in performance of its functions and powers under the Act, be assisted by the executive committee and the monitoring group.

(*2*) The executive committee of the National Authority shall consist of the following, namely:—

(*i*) Director General of Forests and Special Secretary, Ministry of Environment, Forest and Climate Change, Government of India—Chairperson, *ex officio*;

(*ii*) Additional Director General of Forests (Forest Conservation), Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*iii*) Additional Director General of Forests (Wildlife), Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*iv*) Mission Director, National Mission for a Green India, Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*v*) Financial Adviser, Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*vi*) Head of all regional offices of the Ministry of Environment, Forest and Climate Change, Government of India—Members, *ex officio*;

(*vii*) Inspector General of Forests (Forest Conservation), Ministry of Environment, Forest and Climate Change, Government of India—Member, *ex officio*;

(*viii*) a professional ecologist, not being from the Central Government, to be appointed by the Central Government— Member;

(*ix*) three experts, one each in the fields of forestry, tribal development, forest economy development, not being from the Central Government, to be appointed by the Central Government—Members;

(*x*) Chief Executive Officer of the National Authority—Member-Secretary.

(*3*) The monitoring group shall consist of six experts in the field of environment, economics, wildlife, forest, remote sensing and geographical information system and social sector and the Director General, Forest Survey of India, Ministry of Environment, Forest and Climate Change, Government of India.

(*4*) The following officers shall be appointed by the National Authority for a period not exceeding five years, to assist the executive committee in performance of its functions and powers under the Act, namely:—

(*i*) Joint Chief Executive Officer of the rank of Inspector General of Forests;

(*ii*) Financial Advisor and Chief Accounts Officer of the rank of Director in the Government of India; and

(*iii*) Deputy Chief Executive Officers of the rank of Deputy Inspector General of Forests.

(*5*) The governing body of the National Authority may with the prior concurrence of the Central Government create posts in the National Authority at the level of Assistant Inspector General of Forests and other officials to assist the executive committee and monitoring group in performance of its functions under the Act.

10. Constitution of State Authority.— (*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be constituted a State Authority to be called the "State Compensatory Afforestation Fund Management and Planning Authority" in each State.

(*2*) The Central Government may, if so desires, appoint different dates for constitution of State Authority in each of the States.

(*3*) The State Authority constituted in a State shall be responsible for the management of the State Fund of such State and its utilisation for the purposes of the Act.

(*4*) The State Authority shall consist of a governing body and shall be assisted by a steering committee and an executive committee.

(*5*) The governing body of a State Authority shall consist of the following, namely:—

(*i*) Chief Minister of the State and in case of a Union territory having no legislature, the Lieutenant Governor or the Administrator, as the case may be—Chairperson, *ex officio*;

(*ii*) Minister of Forests—Member, *ex officio*;

(*iii*) Chief Secretary—Member, *ex officio*;

(*iv*) Principal Secretaries of the Departments dealing with Environment, Finance, Planning, Rural Development, Revenue, Agriculture, Tribal Development, Panchayati Raj, Science and Technology—Members, *ex officio*;

(*v*) Principal Chief Conservator of Forests (Head of Forest Force)-Member, *ex officio*;

(*vi*) Chief Wildlife Warden—Member, *ex officio*;

(*6*) Principal Secretary in-charge of the Forest Department in a State shall be Member Secretary of the State Authority in such State.

(*7*) The State Government shall appoint an officer of the rank not below the rank of a Chief Conservator of Forests as the Chief Executive Officer of the State Authority who shall be the Member-Secretary of the steering committee and the executive committee of the State Authority.

11. Steering committee and executive committee of State Authority.—(*1*) The governing body of the State Authority shall, in performance of its functions and powers under the Act, be assisted by the steering committee and the executive committee.

(*2*) The steering committee of a State Authority shall consist of the following, namely:—

(*i*) Chief Secretary—Chairperson, *ex officio*;

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(*ii*) Principal Secretaries of the Departments dealing with Forests, Environment, Finance, Planning, Rural Development, Revenue, Agriculture, Tribal Development, Panchayati Raj, Science and Technology—Members, *ex officio*;

(*iii*) Principal Chief Conservator of Forests (Head of Forest Force)—Member, *ex officio*;

(*iv*) Chief Wildlife Warden—Member, *ex officio*;

(*v*) Nodal Officer, the Forest (Conservation) Act, 1980 (69 of 1980) Member, *ex officio*;

(*vi*) Head of the concerned regional office of the Ministry of Environment, Forest and Climate Change—Member, *ex officio*;

(*vii*) Nodal Officer, State Forest Development Agency—Member, *ex officio*;

(*viii*) an expert on tribal matters or a representative of tribal communities to be appointed by the State Government—Member;

(*ix*) Chief Executive Officer, State Authority—Member-Secretary.

(*3*) The executive committee of a State Authority shall consist of the following, namely:—

(*i*) Principal Chief Conservator of Forests (Head of Forest Force) —Chairperson, *ex officio*;

(*ii*) Chief Wildlife Warden—Member, *ex officio*;

(*iii*) an officer not below the rank of a Chief Conservator of Forests dealing with forest and wildlife related schemes—Member, *ex officio*;

(*iv*) an officer not below the rank of a Chief Conservator of Forests dealing with forestry research—Member, *ex officio*;

(*v*) Nodal Officer, State Forest Development Agency—Member, *ex officio*;

(*vi*) a representative each of the Departments dealing with Environment, Finance, Planning, Rural Development, Revenue, Agriculture, Tribal Development, Panchayati Raj, Science and Technology—Members, *ex officio*;

(*vii*) Financial Controller or Financial Adviser, to be nominated by the Finance Department—Member, *ex officio*;

(*viii*) two eminent non-government organisations to be appointed by the State Government—Members;

(*ix*) two representatives of district level Panchayati Raj Institutions to be appointed by the State Government—Members;

(*x*) an expert on tribal matters or a representative of tribal community to be appointed by the State Government—Member;

(*xi*) Chief Executive Officer, State Authority—Member-Secretary.

(*4*) The State Authority may appoint the following officers for a period not exceeding five years, to assist the steering committee and executive committee in performance of its functions under the Act, namely:—

(*i*) Joint Chief Executive Officer of the rank not below the rank of a Conservator of Forests;

(*ii*) Financial Advisor and Chief Accounts Officer of the rank not below the rank of a Deputy Secretary in the State Government;

(*iii*) Deputy Chief Executive Officer of the rank not below the rank of a Deputy Conservator of Forests.

(*5*) The governing body of the State Authority may with the prior concurrence of the State Government create posts in the State Authority at the level of Assistant Conservator of Forests and other officials to assist the steering committee and executive committee in performance of its functions under the Act.

12. Term of office and conditions of service of members.— Save as otherwise provided in this Act, the terms of office and other conditions of the service of the members of the National Authority, executive committee, monitoring group, Chief Executive Officer and officials appointed by the National

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Authority, members of State Authority, steering committee and executive committee of each State Authority shall be such as may be prescribed.

13. Disqualifications.— A person shall be disqualified for being appointed as a member of the National Authority, executive committee of the National Authority, a State Authority, steering committee and executive committee of a State Authority, monitoring group, if he—

(*i*) has been convicted and sentenced to imprisonment for an offence which, in the opinion of the Central Government, involves moral turpitude; or

(*ii*) is an undischarged insolvent; or

(*iii*) is of unsound mind and stands so declared by the competent court; or

(*iv*) has been removed or dismissed from the service of the Government or organisation or undertaking owned by the Government; or

(*v*) has, in the opinion of the Central Government, such financial or other interest in the National Authority or the concerned State Authority as is likely to affect the duties discharged by him of his function as a member.

CHAPTER IV

POWERS AND FUNCTIONS OF NATIONAL AUTHORITY AND STATE AUTHORITIES

14. Powers and functions of National Authority.—(*1*) The governing body of the National Authority shall—

(*i*) formulate broad policy framework for functioning of the National Authority and State Authorities as may be notified by the Central Government;

(*ii*) approve the annual report and audited accounts of the National Authority;

(*iii*) review reports on decision taken by executive committee and monitoring group of the National Authority including investment decisions;

(*iv*) approve the proposal for the schemes specified in sub-clause (*iii*) of clause (*b*) of section 5;

(*v*) approve the proposals for creation of posts in the National Authority, subject to prior permission of the Central Government;

(*vi*) provide a mechanism to State Authorities to resolve issues of inter-State or Centre-State character;

(*vii*) formulate such procedures for delegation of financial and administrative powers to the National Authority and State Authorities as may be notified by the Central Government.

(*2*) The governing body of the National Authority shall meet at least once in six months.

(*3*) The governing body and executive committee of the National Authority and the monitoring group of the National Authority shall meet at such places and shall observe such rules and procedures in regard to transaction of business at its meeting, including the quorum thereat, as may be prescribed.

15. Powers and functions of executive committee of National Authority.—(*1*) The executive committee of the National Authority shall—

(*i*) approve within three months from the date of receipt, annual plan of operations of State Authorities, with such amendments as it deems fit and proper;

(*ii*) formulate proposals for schemes specified in sub-clause (*iii*) of clause (*b*) of section 5;

(*iii*) execute schemes specified in sub-clause (*iii*) of clause (*b*) of section 5;

(*iv*) deploy staff on contract or on deputation basis to the posts in the National Authority;

(*v*) formulate proposals for creation of posts in the National Authority at the level of Assistant Inspector General of Forests and other officers;

(*vi*) invest surplus amounts available in the National Fund;

(*vii*) execute other day-to-day work in respect of receipt of amounts in the National Fund;

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(*viii*) maintain books of account and such other records;

(*ix*) facilitate scientific, technological and other assistance that may be required by State Authorities;

(*x*) present its decisions to the governing body of the National Authority for information;

(*xi*) maintain and update a public information system on the National Authority and present all information on its transaction in the public domain;

(*xii*) undertake any other work as may be assigned by the governing body of the National Authority or the Central Government, from time to time.

(*2*) The executive committee of the National Authority shall meet at least once in every three months.

16. Functions of monitoring group.— (*1*) The monitoring group shall—

(*i*) evolve independent system for concurrent monitoring and evaluation of the works implemented in the States and Union territories utilising the funds released by the National Authority and State Authorities to ensure effective and proper utilisation of funds by utilising the services of the regional offices, of the Central Government in the Ministry of Environment, Forest and Climate Change:

Provided that the Central Government may also undertake third party monitoring and evaluation of the works implemented in the States and Union territories utilising the funds released by the National Authority and State Authorities through individual and institutional experts including remote sensing agencies;

(*ii*) inspect and undertake financial audit of works executed by utilising the funds released by the National Authority and State Authorities in the State and Union territories;

(*iii*) devise measures for transparency and accountability.

(*2*) The monitoring group shall meet at least once in three months.

17. Powers and functions of State Authority.—(*1*) The governing body of a State Authority shall—

(*i*) lay down the broad policy framework for the functioning of such State Authority within the overall framework notified by the Central Government on the recommendations of the National Authority;

(*ii*) review the working of the State Authority from time to time.

(*2*) The governing body of a State Authority shall meet at least once in six months.

(*3*) The governing body, steering committee and executive committee of a State Authority shall meet at such places and shall observe such rules and procedures in regards to transaction of business at its meeting, including the quorum thereat, as may be prescribed.

18. Powers and functions of steering committee of State Authority.—(*1*) The steering committee of a State Authority shall—

(*i*) scrutinise and approve with such amendments as it may deems fit and proper the annual plan of operations prepared by the executive committee of such State Authority and send the same to the executive committee of the National Authority for final approval;

(*ii*) monitor the progress of the utilisation of funds released from the State Fund;

(*iii*) review reports on decision taken by executive committee including investment decisions;

(*iv*) approve, subject to prior concurrence of the State Government, proposals formulated by the executive committee for creation of posts in the State Authority;

(*v*) approve annual report of the State Authority and send the same to the State Government to lay it, each year, in each House of the State Legislature;

(*vi*) ensure inter-departmental coordination.

(*2*) The steering committee of a State Authority shall meet at least once in every three months.

19. Functions and powers of executive committee of State Authority.—(*1*) The executive committee of a State Authority shall—

(*i*) formulate and submit annual plan of operations to the steering committee of the State Authority for its concurrence;

(*ii*) undertake qualitative and quantitative supervision, monitoring and evaluation of the works being implemented from amounts available in the State Fund;

(*iii*) invest surplus amounts available in the State Fund of such State;

(*iv*) maintain books of account and other records;

(*v*) submit reports to the steering committee of the State Authority;

(*vi*) prepare annual report of the State Authority;

(*vii*) deploy staff on contractual basis or on deputation to the posts in the State Authority;

(*viii*) formulate proposals for creation of posts in the State Authority;

(*ix*) be responsible for delegation of financial or administrative powers;

(*x*) be responsible for other day-to-day working in respect of the State Authority;

(*xi*) maintain and update public information system on the State Authority and present all information on its transaction in the public domain;

(*xii*) undertake any other work as may be assigned by the governing body or steering committee of the State Authority or the State Government, from time to time.

(*2*) The executive committee of a State Authority shall meet at least once in every three months.

CHAPTER V

FINANCE, ACCOUNTS, AUDIT AND ANNUAL REPORT

20. Budget of National Authority.— (*1*) The National Authority shall prepare its budget for the next financial year, showing the estimated receipts and expenditure of the National Authority and forward the same to the Central Government, in such form and at such time in each financial year as may be prescribed.

(*2*) The National Authority, shall adopt financial regulation and procedures, in particular the procedure for drawing up and implementing the budget of the National Authority as may be prescribed.

21. Investment of funds by National Authority.— The National Authority may invest its funds, including any reserve fund, in the securities of the Central Government and in scheduled banks in such manner as may be prescribed:

Provided that the grants received from the Central Government shall not be invested and shall be utilised for the purposes and in the manner attached to it.

22. Accounts and audit of National Authority.—(*1*) The National Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of the National Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the National Authority to the Comptroller and Auditor-General.

(*3*) The Comptroller and Auditor-General and any other person appointed by him in connection with the audit of the accounts of the National Authority shall have the same right and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect the office of the National Authority.

(*4*) The accounts of the National Authority as certified by the Comptroller and Auditor-General or any other person appointed by him in this behalf together with the audit report thereon, shall be forwarded annually to the Central Government by the National Authority.

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(*5*) The Comptroller and Auditor-General shall, within a period of six months from the date of commencement of the Act, audit the accounts of the all monies collected by the State Governments and Union territory Administrations, which has been placed under the *ad hoc* Authority and deposited in the nationalised banks and submit the report to the Central Government under this section.

(*6*) The Central Government shall have the power to conduct the special audit or performance audit of the National Fund and of the National Authority through the Comptroller and Auditor- General.

23. Annual report of National Authority.— (*1*) The National Authority shall prepare, its annual report, giving a full account of its activities during the previous financial year and forward a copy thereof to the Central Government, in such form and at such time, for each financial year, as may be prescribed.

(*2*) The annual report shall, *inter alia*, provide for—

(*i*) the summary of monitoring and evaluation of activities undertaken from amounts released from the National Fund and State Funds during the year;

(*ii*) the summary of specific schemes specified in sub-clause (*iii*) of clause (*b*) of section 5 executed during the year;

(*iii*) the amount of money received and expended.

24. Annual report and audit report of National Authority to be laid before Parliament.—The Central Government shall cause the annual report and 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 Parliament.

25. Budget of State Authority.—(*1*) Each State Authority shall prepare its budget for the next financial year, showing the estimated receipts and expenditure of the State Authority and forward the same to the State Government, in such form and at such time, in each financial year, as may be prescribed.

(*2*) Each State Authority shall adopt financial regulation and procedures, in particular the procedure for drawing up and implementing the budget of the State Authority as may be prescribed.

26. Investment of funds by State Authority.—State Authority may invest funds available in the State Fund of such State in the securities of the Central Government and in scheduled banks in such manner as may be prescribed:

Provided that the grants received from the State Government shall not be invested and shall be utilised for the purpose and in the manner prescribed.

27. Accounts and audit of State Authority.—(*1*) Each State Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of each State Authority shall be audited by the Comptroller and Auditor-General at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the State Authority to the Comptroller and Auditor-General.

(*3*) The Comptroller and Auditor-General and any other person appointed by him in connection with the audit of the accounts of the State Authority shall have the same right and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers, other documents and papers and to inspect the office of the State Authority.

(*4*) The Accounts of the State Authority as certified by the Comptroller and Auditor-General or any other person appointed by him in this behalf together with the audit report thereon, shall be forwarded annually to the State Government by the State Authority.

(*5*) The Comptroller and Auditor-General shall, within a period of six months from the date of commencement of the Act, audit the accounts of all the monies which have been transferred by the *ad hoc* Authority to the State Compensatory Afforestation Fund Management and Planning Authorities constituted in the States in compliance of guidelines dated the 2nd July, 2009 and submit the report to the State Government under this section.

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(*6*) The Central Government and the State Government concerned shall have the power to conduct the special audit or performance audit of the State Fund and of the State Authority through the Comptroller and Auditor-General.

28. Annual report of State Authority.—(*1*) Each State Authority shall prepare its annual report, giving a full account of its activities during the previous financial year and forward a copy thereof to the concerned State Government, in such form and at such time, for each financial year, as may be prescribed.

(*2*) The annual report of a State Authority shall, *inter alia*, provide for—

(*i*) the number and location of each reforestation, afforestation and conservation activity subject to the requirement of this section;

(*ii*) the amount and location of lands in hectares, cleared, conserved and planted in connection with the activity; and

(*iii*) the amount of afforestation money collected and expended.

29. Annual report and audit report of State Authority to be laid before State Legislature.—The State Government shall cause the annual report and the 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:

Provided that in case of a Union territory having no legislature, the Central Government shall cause the annual report and the 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 Parliament.

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CHAPTER VI

MISCELLANEOUS

30. Power to make rules.—(*1*) The Central Government in consultation with the State Governments may, after previous publication, make rules for carrying out the purposes of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the management of the National Fund by the National Authority under sub-section (*2*) of section 3;

(*b*) the management of State Fund by the State Authorities under sub-section (*2*) of section 4;

(*c*) the manner of using the money for purposes specified in clause (*b*) of section 6;

(*d*) the manner of utilising the money for purposes specified in clause (*c*) of section 6;

(*e*) the manner of payment of the salary and allowances payable to the officers and other employees of the State Authority under clause (*f*) of section 6;

(*f*) the accounting procedure regulating the manner of crediting the monies to the National Fund and State Funds under section 7;

(*g*) the terms of office and other conditions of the service of the members of the National Authority, executive committee, monitoring group, Chief Executive Officer and officials appointed by the National Authority, members of State Authority, steering committee and executive committee of each State Authority under section 12;

(*h*) the rules and procedures in respect of the transaction of business of the governing body and executive committee of the National Authority and monitoring group of the National Authority and the place of meeting, including the quorum under sub-section (*3*) of section 14;

(*i*) the rules and procedures in respect of the transaction of business of the governing body, steering committee and executive committee of a State Authority and the place of meeting, including the quorum under sub-section (*3*) of section 17;

(*j*) the preparation of the budget of the National Authority under sub-section (*1*) of section 20;

(*k*) the financial regulation and procedures, in particular the procedure for drawing up and implementing the budget of the National Authority under sub-section (*2*) of section 20;

(*l*) the investment of the funds of the National Authority under section 21;

(*m*) the maintenance of the accounts and other relevant records and preparation of an annual statement of accounts by the National Authority under sub-section (*1*) of section 22;

(*n*) the preparation of the annual report by the National Authority under sub-section (*1*) of section 23;

(*o*) the preparation of the budget of the State Authority under sub-section (*1*) of section 25;

(*p*) the financial regulation and procedures, in particular the procedure for drawing up and implementing the budget of the State Authorities under sub-section (*2*) of section 25;

(*q*) the investment of funds by the State Authorities under section 26;

(*r*) the maintenance of the accounts and other relevant records and preparation of annual statement of accounts by each State Authority under sub-section (*1*) of section 27;

(*s*) the preparation of the annual report by the State Authorities under sub-section (*1*) of section 28; and

(*t*) any other matter which is required to be, or may be prescribed.

(*3*) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall, thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

31. Transfer of assets, liabilities, etc.— (*1*) On and from the date of constitution of the National Authority—

(*i*) all the assets and liabilities of the *ad hoc* Authority shall stand transferred to, and vested in, the National Authority;

Explanation.—The assets of the *ad hoc* Authority shall be deemed to include all rights and powers, all properties, whether movable or immovable, including in particular, cash balances, deposits, and all other interests and rights in, or arising of, such properties as may be in the possession of the *ad hoc* Authority and all books of account and other documents relating to the same, and liabilities shall include all debts, liabilities and obligations of whatever kind;

(*ii*) without prejudice to the provisions of clause (*i*), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the *ad hoc* Authority immediately before constitution of the National Authority, for or in connection with the purpose of the *ad hoc* Authority, shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the National Authority;

(*iii*) all sums of money due to the *ad hoc* Authority immediately before constitution of the National Authority shall be due to the National Authority;

(*iv*) all suits and legal proceedings instituted or which could have been instituted by or against the *ad hoc* Authority may be continued or may be instituted by or against the National Compensatory Authority.

(*2*) On and from the date of constitution of a State Authority—

(*i*) all the assets and liabilities of the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009 shall stand transferred to, and vested in, the State Authority.

Explanation.—The assets of the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009 shall be deemed to include all rights and powers, all properties, whether movable or immovable,

including in particular, cash balances, deposits, and all other interests and rights in, or arising of, such properties as may be in the possession of the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009 and all books of account and other documents relating to the same, and liabilities shall include all debts, liabilities and obligations of whatever kind;

(*ii*) without prejudice to the provisions of clause (*i*), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009 before this Act came into force, for or in connection with the purpose of the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009, shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the State Authority;

(*iii*) all sums of money due to the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009 before constitution of the State Authority shall be due to the State Authority;

(*iv*) all suits and legal proceedings instituted or which could have been instituted by or against the State Compensatory Afforestation Fund Management and Planning Authority constituted in such State in compliance of guidelines dated the 2nd July, 2009 may be continued or may be instituted by or against the State Authority.

32. Validation.—(*1*) Notwithstanding anything contained in any judgment, decree or order of any court, the amount credited to the National Fund shall be deemed to be credited and shall always be deemed to have been credited to the public account of India within the meaning of articles 266 and 283 of the Constitution, and it shall be regulated by law made by Parliament in this behalf.

(*2*) Notwithstanding anything contained in any judgment or order of any court, all the monies collected by the State Governments and the Union territory Administrations which has been placed under the *ad hoc* Authority and deposited in the nationalised banks and the interest accrued thereon shall stand transferred to the National Fund.

(*3*) Notwithstanding anything contained in any judgment or any order of any court, the amount credited to the State Fund shall be deemed to be credited and shall always be deemed to have been credited to the public account of the State within the meaning of articles 266 and 283 of the Constitution, and it shall be regulated by law made by the State Legislature in this behalf.

33. Power of Central Government to issue directions.—(*1*) The Central Government may, if it finds necessary or expedient in the 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.

(*2*) The decision of the Central Government, whether a question is one of policy or not, shall be final.

STATEMENT OF OBJECTS AND REASONS

As the diversion of forest land for non-forestry purposes was causing loss to the valuable forests, the Forest (Conservation) Act, 1980 was enacted to maintain a rational balance between the objectives of conservation and development. The Forest (Conservation) Act, 1980 makes provision for conservation of forest and provide for the basic framework for regulating indiscriminate diversion or use of forest for the developmental needs of a State. It intends to harmonize development with that of conservation of forests and forest eco system. The compensatory afforestation envisages additional plantation activities by utilising the money deposited by the user agency for the purpose.

2. The Hon'ble Supreme Court in its order in *TN. Godavarman Thirumulpad v. Union of India* [Writ Petition (C) No. 202 of 1995], dated 30th October, 2002, observed that a Compensatory Afforestation Fund may be created in which all the monies received from the user agencies shall be deposited. The Court directed that the Fund shall be utilised for plantations, protection of forests, wildlife protection and other related activities. Presently, in compliance with the direction of the Supreme Court, all monies collected under the scheme has been placed under an *ad hoc* Compensatory Afforestation Fund Management and Planning Authority (CAMPA) and deposited in the nationalised banks.

3. The Hon'ble Supreme Court in its Judgment dated the 26th September 2005 in the aforesaid case observed that the fund generated for protecting ecology and providing regeneration should not be treated as a fund under article 266, article 283 or article 284 of the Constitution. Funds are therefore; kept outside the Consolidated Fund of India or Public Account of India. In the absence of proper institutional mechanism with adequate statutory backup amount of unspent funds has increased to more than rupees thirty eight thousand crorers.

4. The Comptroller and Auditor General in its report on Compensatory afforestation in India (21 of 2013) observed that given the substantial amounts of funds being collected under the compensatory afforestation, the expenditure therefrom, the overall objectives of conservation, protection, regeneration and management of forests, conservation, protection and management of wild life and its habitats and compensatory afforestation; the clear public purpose involved in the work relating to CAMPA, there is need to review the existing paradigm of CAMPA. The Comptroller and Auditor General recommended that this should be done in a way that enhances transparency, brings CAMPA within the broader focus of both Parliament and State Legislatures and in greater public view so as to ensure the largest possible stakeholders' participation. Towards this end it would be appropriate if the amounts lying in *ad hoc* CAMPA are transferred into the Public Account. The Comptroller and Auditor General has also observed that the receipts accruing into the *ad hoc* CAMPA are essentially payments being made for the acquisition of public assets, namely, forest land for non-forest purposes by user agencies. The receipts, so arising, in essence are non-tax revenue, as are forest receipts.

5. Accordingly, to ensure safety, security and expeditious utilisation in a transparent manner of funds accumulated with the *ad hoc* CAMPA and the funds to be collected by the State Governments and Union territory Administrations it is proposed to enact a legislation, namely, the Compensatory Afforestation Fund Bill, 2015 to provide for the establishment of a Statutory Fund and a Management Authority at the National level and at each State and Union territory.

6. The Bill will provide the required legal backing for setting up of required institutional mechanism both at the Government of India and in each State and Union territory for expeditiously, and utilisation, in a transparent manner, of amounts realised in lieu of forest land diverted for non-forest purpose.

7. The Bill seeks to achieve the above objectives.

PRAKASH JAVADEKAR.

NEW DELHI;
The 3*rd May*, 2015.

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