13TH FINANCE COMMISSION FORESTS GRANTS (2010-11 TO 2014-15)

1. Forest Grants of Rs. 5000 Crores have been recommended under the Thirteenth Finance Commission for five years starting from the year 2010-11 with the objectives to provide the wherewithal for preservation, so as to halt and reverse past declines in the quantum and quality of area under forest, and to provide fiscal resources by which the state can enable alternative economic activities as a substitute for economic disability imposed by forest cover.

2. The forest grant allotted to States is calibrated to the share of the national forested area falling in a state, as well as to economic disability on the basis of the percentage of forested area in each state and quality of forest in each state as measured by density.

3. As per guidelines the grants were released without any condition and untied during first two years. All subsequent installments in last 3 years grants would be released on the basis of approved working plans. Out of allocated amount 75% of the grants are linked to progress on approval of working plan which has been recommended for each State by MoEF and 25% of the grants would be over and above the Non-Plan Revenue Expenditure (NPRE) projected by the 13th Finance Commission. The entire amount (75% linked with working plan) would be released after approval of 80% of the working plans. During 4th and 5th years an additional criteria had been introduced that the 4\textsuperscript{th}/5\textsuperscript{th} installment (i.r.o. 75%) due to be released to the states in 2013-14/2014-15 will be (i) on the basis of approved working plans in the manner mentioned in the guidelines and (ii) 100% utilization of the 1st and 2nd/3rd installments and at least 2/3rd utilization of the 3rd /4th installment.

4. Guideline also states that 75% of the total release can be for used development purposes. The remaining 25% of the grant will be used for preservation of forest wealth and is meant to be additionality to the states’ budget for development of forestry and wildlife in the last three years.

5. **Monitoring agency at State levels**
   As per guidelines every State should constitute a High Level Monitoring Committee (HLMC) to ensure proper utilisation of grant for Forests. This HLMC headed by the Chief Secretary to the State Government include Finance Secretary and Secretaries of Departments concerned as members. HLMC would be responsible for the monitoring both physical and financial targets, ensuring adherence to the specific conditionalities in respect of the grant, approving of working plan etc.
6. The HLMC shall meet on a quarterly basis during the award period to review the utilisation of grants and to issue directions for mid-course correction, if considered necessary. Minutes of HLMC meetings shall be provided to the Department of Expenditure (Finance Commission Division), Ministry of Finance and Ministry of Environment & Forest, Government of India.

7. **Monitoring agency at the Union Government level**

Guidelines also states that a Review Committee would be constituted in the Government of India, headed by Secretary, Environment & Forests to review utilisation of grants. The Committee will include representatives from the Ministry of Finance (Department of Expenditure), etc. The Committee shall meet at least twice in a year. Accordingly a Review committee has been constituted under the chairmanship of Secretary (E&F) as per the Para 10 of the Guidelines for monitoring the utilization of Grants- in –Aid for forest at Government of India level. Till date three meetings had been conducted from 2011-12 to 2013-14. The various items discussed in the Review Committee Meetings are:

- Discussions on the conditions of fund release in the guidelines, status of funds released to States, State wise progress of utilization of funds, status of approved working plans and status of documents received in the Ministry.
- APCCFs of the Regional offices of MoEF participate and representatives from the States report regarding the progress of works and preparation of working plan status.

8. NAEB has been designated as Nodal Agency in the Ministry regarding matters related to release of Forest grants under 13th Finance Commission.

9. As per the decisions of the review committee NAEB, MoEF has forwarded recommendations for the states in respect of 75% of the funds linked with working plan during 2012-13 and 2013-14 as per guidelines and based on these recommendations MoF releases funds to State Govts and State Govt in turn releases funds to forest/other departments at its discretion.