



Compensatory Afforestation Fund

The Union Environment Ministry has transferred ₹47,436 crore to 27 States for afforestation. The funds are long-pending dues, **part of the Compensatory Afforestation Fund (CAF)**, that has been collected for nearly a decade as **environmental compensation from industry**.

- The funds transferred are in addition to State Budget. The centre expects that states will utilize the funds towards forestry activities to achieve the objectives of the [Nationally-Determined Contributions \(NDCs\)](#) of increasing forest & tree cover.
- The Fund will be used as per provisions of the CAF Act and Rules.

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- The CAF Act was passed by the centre in 2016 and the related rules were notified in 2018.
- The CAF Act was enacted to manage the funds collected for compensatory afforestation which till then was managed by **ad hoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA)**.
 - **Compensatory afforestation** means that every time forest land is diverted for non-forest purposes such as mining or industry, the user agency pays for planting forests over an equal area of non-forest land, or when such land is not available, twice the area of degraded forest land.
- As per the rules, **90% of the CAF money is to be given to the states while 10% is to be retained by the Centre**.
- The funds can be **used for** treatment of catchment areas, assisted natural generation, forest management, wildlife protection and management, relocation of villages from protected areas, managing human-wildlife conflicts, training and awareness generation, supply of wood saving devices and allied activities.

[Source: PIB](#)

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