

E. F. No. 3-8/2022-SU
Government of India
Ministry of Environment, Forest and Climate Change
(SU Division)

5th Floor, Agni Wing,
Indira Paryavaran Bhawan,
Jor Bagh Road, Ali Ganj,
New Delhi - 110003
Dated: 26th December, 2022

To
The Principal Chief Conservator of Forests,
Department of Forests,
Government of all States/UTs.

Sub: Request to provide comments on the Wood Based Industries Guidelines - regarding.

Sir,

In compliance of Hon'ble Supreme Court order dated 5th October, 2015 the Ministry vide Gazette Notification dated 11th November, 2016 has issued Wood-Based Industries (Establishment and Regulation) Guidelines, 2016. Based on the comments received from State / UT Forest Department and concerned Stakeholders, the above Guidelines were revised and published in the Gazette Notification dated 11th September, 2017 and 22nd February, 2019 .

Wood Based Industries Guidelines issued by the Ministry was discussed in the Ministry and it was of the view that the guidelines required modification. In this regard, a draft Wood Based Industries Guidelines is enclosed with a request to furnish comments by 9th January, 2023 (e-mail: sudiv-moefcc@gov.in) by the concerned State/UT Forest Department.

If no comments received from the concerned State/UTs Forest Department, it will presumed that the State/UTs has no comments to offer.

Yours faithfully,

Encl.As Above



(Anand Kumar Prabhakar)
Deputy Inspector General of Forests
E-mail: sudiv-moefcc@gov.in

Copy: All IROs to furnish comments by 9th January, 2023 (e-mail: sudiv-moefcc@gov.in) on the draft Wood Based Industries Guideline enclosed. If no comments received from the IRO, it will presumed that the IRO has no comments to offer.)

GOVERNMENT OF INDIA
MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE
(SURVEY AND UTILIZATION DIVISION)

DRAFT RESOLUTION

NEW DELHI, DATED THE __ OCTOBER, 2022

S.O. _____ the Ministry of Environment, Forest and Climate Change, Government of India vide Resolution dated __ October, 2022 proposes to issue following resolution in order to facilitate and promote agro-forestry and farm forestry. The Ministry of Environment, Forest and Climate Change, Government of India vide Resolution dated 11th November, 2016 had issued the Wood Based Industries (Establishment and Regulation) Guidelines, 2016, which were amended vide Resolution dated 11th September, 2017. However, the Ministry has been receiving several representations and comments / observations from various stakeholders, including states, to further amend these Guidelines in order to promote sustainable development of wood-based industries in the country to its potential.

The Government of India also recognizes that agroforestry and farm forestry is being widely practiced in the country on lands outside forests, yet their achievement is far below the potential whereas the area of lands that are subject to desertification process continue to be very large and there is an urgent need to reverse this process on such affected lands. Promotion of agroforestry and farm forestry is the key to achieve the National Forest Policy 1988 target of having one-third land area of the country under Forest or Tree cover. Besides, it will make the country self-sufficient in wood and wood products by reversing the current increasing trend of massive imports thereby also saving precious foreign exchange, help achieve the Nationally Determined Contribution target for Carbon sequestration, create green employment, a host of other green secondary and tertiary services, expand skill-base of people, and enhance income of the farmers especially in the hinterland where poverty removal is a major challenge. Promotion of wood-based industries like veneering, pulping, plywood, MDF and particle boards to support the agroforestry and farm-forests by way of creating sustainable demand and remunerative price for tree growers is essential so that farmers are encouraged to grow more and more trees on their lands. This helps in augmenting ecological services flow and

enhancement of total Carbon stock, including Carbon locked in wood products, in the country. This entails further rationalization of the existing Guidelines 2016 and 2017 so that on the one hand such wood-based industries do not face unnecessary delay or debilitating control in their lawful operation and on the other hand there is an overall sustainable conservation and development of forests in the country. Therefore, the Ministry of Environment, Forest and Climate Change, Government of India is pleased to make the following revised Guidelines to rationalize the establishment of such wood based industries as under:-

1. Short Title and commencement

- i. These guidelines shall be called the Wood-Based Industries (Establishment, Facilitation and Regulation) Guidelines (Revised), 2022.
- ii. These shall extend to the whole of India.
- iii. These shall come into force from the date of their publication in the official gazette.

2. Definitions

- i. In these guidelines, unless the context otherwise requires: -
 - a. 'Industrial Estate' means area notified or earmarked by the state government or Union Territory for establishment of industries including wood-based industries. It shall also include all industrial townships, district industrial areas and such other areas established for the aforesaid purpose.
 - b. 'Municipal area' means any area notified by the state government or Union Territories. It also includes district, tehsil, Circle or Block headquarters notified by state governments or UTs, the industrial townships and cantonment boards.
 - c. 'License' means a license granted under the rules notified by a state government or UT in pursuance of these guidelines.
 - d. 'Principal Chief Conservator of Forests' means a Forest Officer of the rank of Principal Chief Conservator of Forests in a state government or UT and it also includes an officer designated as Head of Forest department in a state government or UT where no post in the rank of Principal Chief Conservator of Forest exists.
 - e. 'Saw Mill' means plants and machinery in a fixed structure or enclosure, for conversion of round logs of wood into sawn timber.
 - f. 'Sawn timber' means beams, scantlings, planks, battens and such other products obtained from sawing of a round log of wood.

- g. 'Wood Based Industry' means any industry which processes wood as its primary raw material, and includes other form such as Katha (catechu) wood, Sandalwood, Charcoal etc.
- h. 'State Level Committee' means a committee constituted by the state Government under Para 3 of these guidelines.
- i. 'Wood Council' means the Wood Council ('WC' in short) constituted by the Central Government or the State/UT governments under Para 4 of these guidelines.
- j. 'Trees Outside Forests' ('ToF' in short) means trees located on all lands outside notified forests, recorded forest and such other forest which have been identified by the Expert Committee constituted by the state government as forest and to which Forest (Conservation) Act 1980 applies.
- k. 'Farm wood' (or 'ToF Timber' or 'Vanetar Kahtha' or any other vernacular name having same meaning) includes all wood, whether cut up or fashioned or hollowed out for any purpose or not, obtained from ToF.
- l. 'Imported wood' means all wood and wood products imported from other countries.
- m. 'Charcoal' means a form of carbon derived from incomplete combustion of wood from a tree.
- n. 'Tree growers' mean individuals or organizations engaged in the growing of ToF and / or production of farm wood by themselves or by hired labour or otherwise, and includes farmers, Farmer Producer Organizations, Forest Protection Committees, companies, partnership firms including limited liability partnerships firms, co-operative societies, societies, and any associations or body of persons duly incorporated or recognized as a group under any ongoing programmes, schemes or resolutions of the Central Government or the state Government.
- o. 'Trader or agent' means a person who buys farm wood or imported wood by way of inter-state or intra-state or intra-country trade or a combination thereof, either for self or on behalf of one or more persons for the purpose of wholesale trade, retail, end-use, value addition, processing, manufacturing, export, consumption or for other such purpose.
- p. 'Inter-state trade' for the purpose of these guidelines means the act of buying or selling of farm wood, wherein a trader or agent of one state buys farm wood from tree growers or a trader of another state and such farm wood is transported to a state other than the state in which the trader purchased such farm wood or where such farm wood originated.

- q. 'Intra-state trade' for the purpose of these guidelines means the act of buying or selling of farm wood, wherein a trader of one state buys the farm wood from a tree grower or a trader of the same state in which the trader purchased such farm wood or where such farm wood originated.
- r. 'Electronic trading and transaction platform' for the purpose of these guidelines means a platform set up to facilitate direct and online buying and selling for conduct of trade and commerce of farm wood through a network of electronic devices and internet applications, where each such transaction results in physical delivery of farm wood, and will include commodity exchanges and Futures market.
- s. 'Trade area' for the purpose of these guidelines means an area designated for supply of farm wood, high potential of ToFs, preferred establishment of specific wood based industries etc.
- t. 'Sponsor' means a person, trader or agent who has entered into a farming agreement with the tree grower for growing trees.
- u. 'Farming agreement' means a written agreement between the tree grower and sponsor, such as:
- i. 'Trade and commerce agreement', where the ownership of farm wood remains with the tree grower during production and he gets the price of produce on its delivery as per the agreed terms with the sponsor;
 - ii. 'Production agreement', where the sponsor agrees to provide farm services, either fully or partially, and to bear the risk of output; and
 - iii. Any other such agreements or a combination of the agreements specified above.
- v. 'Local bodies' means Panchayats and Municipalities, by whatever name called, within the meaning of Article 243B (1) and Article 243Q (1) of the Constitution of India, any institution of self-government constituted under any other provision of the Constitution of India or any Central or state Act, Biodiversity Management Committee under Biodiversity Diversity Act, 2002 (Act 18 of 2003), or Joint Forest Management Committee constituted under the order/ Resolution of the respective State.
- w. 'Year' means a financial year from 1st day of April to 31st day of March of the following year.
- x. Words and expressions used but not defined under these guidelines and defined in the Indian Forest Act, 1927 (Act 16 of 1927) or the relevant local Forest Act as

applicable in a state, and rules framed there under shall have the meaning assigned to them in such Act or Rules.

- y. In case of any dispute regarding interpretation of any word or expression, the decision of the Ministry of Environment, Forest and Climate Change shall be final.

3. Constitution of the State Level Committee

- i. Each state shall constitute a State Level Committee (“SLC”) to exercise the powers and perform the functions stipulated in these guidelines.
- ii. The State Level Committee shall consist of the following:

1.	Principal Chief Conservator of Forests	Chairperson
2.	A nominee of Ministry of Environment, Forest and Climate Change, Government of India	Member
3.	A representative of State Forest Department not below the rank of a Conservator of Forests dealing with preparation of Working Plans/Working Schemes*	Member
4.	Director of Department of Industries, and the Director of Department of Agriculture	Members
5.	Representative of each Autonomous District Council constituted in accordance with the provisions of the Sixth Schedule to the Constitution, in case such Council exists in the state	Member
6.	Representative of the Forest Development Corporation, in case any such Corporation exists in the state	Member
7.	An officer not below the rank of Conservator of Forests working in the Forest Headquarters or in-charge of forest resource management/ utilization*	Member
8.	The State Level Committee may co-opt an officer from the Territorial wing of the Forest Department not below the rank of CF and officers from Department of Agriculture and Department of Revenue of the concerned State government or UT.	

*Asst. or Dy. Conservator of Forests where post of Conservator of Forests not available.

- iii. Such a state where the composition of State Level Committee already constituted is different from as stipulated in these guidelines, shall within one year from the date of publication of these guidelines, re-constitute the State Level Committee. The reconstitution of the State Level Committee will be without any prejudice to the recommendations made or the decisions taken by the existing State Level Committee till its re-constitution.
- iv. The State Level Committee shall meet at least once in three (3) months.
- v. The quorum of the State Level Committee meeting shall be at least fifty (50) percent of the permanent members.

- vi. The State Level Committee will invite at least two (2) representatives of the wood-based industry nominated by the association of wood-based industries in the state as a special invitee to each and every meeting of the State Level Committee.

4. Wood Councils

- i. Wood Councils will provide a platform for deliberation and collaboration amongst tree growers, sponsors and the wood-based industries, government representatives, forestry institutions and other stakeholders for the establishment of interface between the wood industries and tree growers at various levels i.e. national, state, regional or district.
- ii. The Central Government may constitute a **Wood Council** at national level to recommend to the Central Government or through the Central Government to the concerned State Governments or any other institutions the measures with respect to
 - a) intra and inter-state trade, electronic trading and transaction platform, legality and certificate of origin, certification and chain of custody, trade area and farming agreement, priority finance and risk-mitigating instruments, skill and tool/technique up-gradation for on-site harvesting, conversion, peeling, veneering, impregnation, modification, seasoning, storage and such other value addition activities etc. that need to be adopted for promotion of wood-based industries.
 - b) Accreditation of nurseries, certification of seeds of forestry species, availability of quality planting stock, release of new clones or cultivars, wood productivity and pricing mechanism for the benefits of tree growers.
- iii. Wood Councils shall be constituted at the State level as well as the regional or district level by resolutions of the State/UTs government. The Chairmanship of such council shall be an eminent personality from wood sector nominated by the Chief Minister of the respective State/UT. The secretariat support may be provided by State level committee or any other structure decided by the state government. The functions and powers of State level Wood Council shall be as below:
 - a) The regional or district-level Wood Councils shall function under the overall guidance of their respective State-level Wood Councils, and the decisions of their respective State-level Wood Council shall be binding on them. State-level Wood councils shall facilitate vertical integration of the above-mentioned linkages between all stakeholders.
 - b) The State-level Wood Council shall recommend on the establishment of farm wood-based industries to maintain sustainable demand of such wood in the State.

- c) The State-level Wood Council should ensure less transportation cost and may fix minimum and maximum price of local farm wood in trade areas based on market chain analysis.
- d) The State-level Wood Council should strive to remove the widespread mismatch between demand and supply of farm wood at the State and the regional level;
- e) The State-level Wood Council may recommend on demarcation and designation of trade area for trader, agent and sponsor so as to encourage tree growers (farmers) to grow trees on their lands.
- f) The State-level Wood Councils may provide for their own electronic trading and transaction platform for intra-state trade and commerce in a trade area following the chain of custody regime electronically.
- g) The State-level Wood Council should provide for upgradation and deployment of tools and techniques for on-site harvesting, conversion, peeling, veneering, impregnation, modification, seasoning, storage and other such value additions to farm wood.
- h) The State-level Wood Council should decide on the electronic framework for registration of all wood based industries exempted from license and procurement of wood from legitimate sources.
- i) The State-level Wood Council should support running campaigns such as 'Grow More Trees Outside Forests' and 'Wood is Good' to spur a mutually healthy balance between demand and supply.
- j) The State-level Wood Council may carry out studies on Institutional (legal, procedural and policy) reforms that are needed to promote concomitant growth of tree growing and wood-based industries, including tree species wise or geographical area wise rationalization of State-specific rules/ regulations that impede the availability of sustainably produced wood to the WBIs, and setting-up of support structures/ organizations to oversee that these reforms.
- k) The State-level Wood Council may prescribe other green norms such as reduced proportion of wastage, use of multiple wood species and wood types as raw material, recycling of waste, use of non-polluting binders, geographical location in a preferred area to support farm wood, etc. for the wood-based industries and providing a market-based incentive mechanism to promote achievement beyond the prescribed Green norms. Such Green norms may also be taken into consideration by the SLC or the authorized officer while granting or renewing a license to a WBI
- l) Any other matter related to promotion of sustainable wood based industries.

5. Powers and Functions of the State Level Committee

The State Level Committee (SLC) shall:-

- i. Assess the availability of wood in the state by way of appropriate study on demand and supply as and when it decides. SLC shall devise suitable mechanism for sustainable use of wood in a way that does not affect the forests of the area adversely while ensuring sustainable demand for farm wood and remunerative price for tree growers.
- ii. Approve the name of wood-based industries which may be considered for grant of fresh license or enhancement of the existing licenses capacity in case it is satisfied that wood is available legally.
- iii. Ensure that the amount lying with the respective State Forest Departments (recovered from Wood Based Industries) or any amount including fee, fine, penalty or compensation collected from the Wood Based Industries is utilized for the purpose of afforestation only.
- iv. Take follow-up action on the recommendations of the State-level Wood Council and Wood Advisory Council at the national level as conveyed by the Ministry of Environment, Forest and Climate Change, Government of India.

6. Restriction on location of wood-based industries

- i. In the North Eastern States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim, wood-based industries shall be established within the industrial estates notified by the state governments for such industries.
- ii. In the states and UTs (other than North Eastern States), in respect of distance from the boundary of nearest notified forests or protected areas, wood-based industries shall be allowed to operate as per state-specific order/approval of the Hon'ble Supreme Court/ Hon'ble High Court/ Central Empowered Committee.

OR

Beyond an aerial distance from the boundary of the nearest notified forest or Protected Area, excluding road/rail/canal-side or institutional plantations, notified by the respective state government.

PROVIDED THAT, a wood-based industry may be established in an Industrial Estate or a Municipal area, irrespective of the aerial distance from the boundary of nearest notified forest or Protected Area.

7. Grant of a license to a wood-based industry:

- i. No license to a new wood-based industry shall be granted without obtaining prior approval of SLC. However, power of renewal or transfer, including upon sale, succession, change of partnership of the proprietor or like circumstances, of license to a wood-based industry may be delegated by the SLC to the concerned Divisional Forest Officer.

PROVIDED THAT, the SLC of the concerned state may allow installation of additional saws or any specialized equipment in any licensed wood-based industry for conversion of wooden logs into other forms subject to availability of legally procured wood by that industry.

- ii. Following Industries/processing units shall not require license prescribed in clause (i) above:

- (a) Veneers, plywood, Medium Density Fibre (MDF) Boards, Particle Boards, pulp and paper and such other industries which use farm wood or imported wood as raw material and procured from legitimate sources, or
- (b) Which use sawn timber, plywood, veneers, Block board, MDF or similar wood-based products, procured from legitimate sources.

- iii. Such wood-based industries as enumerated in clause (ii) above shall be registered (online) with the State/ UT Forest Department; these industries shall be required to submit self-attested returns of wood procured and used by them at such intervals and in such online electronic format that the State/ UT Forest Department will prescribe.

8. Appeal against the decision of the State Level Committee:

Any wood-based industry against which a decision is taken by the State Level Committee may file a representation before the concerned Regional Empowered Committee (REC) of the Ministry of Environment, Forest & Climate Change within a period of thirty (30) days. The decision of the REC shall be conveyed to the aggrieved within three (3) months of filing the representation. Revision against such decision shall lie before the designated Additional Director General, Ministry of Environment, Forests & Climate Change within a period of thirty (30) days, and the same shall be disposed of within a period of three (3) months. The decision in the Revision shall be final.

9. Power of State Government to frame rules or resolutions:

The respective State Government and UT Administration are empowered to frame rules or resolutions to give effect to the provisions of these guidelines.

10. All wood based industries will follow all environmental and other regulations prescribed by the State pollution Control Boards, Central pollution Control Board and Ministry of Environment, Forest and Climate Change as applicable to these industries under the Environment (protection) Act, 1986 and other central and state acts.

DRAFT - 18.10.2022