

## **‘Forest cover’ as devolution criterion was mooted in Kerala**

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Credit for windfall gains for select States should go to Kerala think-tank Factoring in ‘forest cover’ in devolution of resources has translated into windfall gains for a number of States, including Kerala. They must thank Kochi-based think-tank Centre for Socio-Economic and Environmental Studies for convincingly arguing for the ‘green cause’ and winning acceptance.

### **Managing ecology**

It has been formally incorporated into the memorandum that Kerala submitted to the Commission, said KK George, Chairman of the think-tank. The 14th Finance Commission accepted it as a criterion for inter-se determination of share of taxes to the States. ‘Forest cover’ was assigned 7.5 per cent weightage on par with ‘population’; ‘demographic change’ gets 10 per cent; ‘income distance’ 50 per cent; and ‘area’ 15 per cent weight age. George recalled that the 13th Finance Commission too had been asked to examine the needs of State to manage ecology, environment and climate change consistent with sustainable development. A large forest cover provides huge ecological benefits, the 14th Finance Commission said.

### **Opportunity cost**

“But there is also an opportunity cost in terms of area not available for other economic activities and this also serves as an important indicator of fiscal disability.” Nineteen states stand to gain from the new

arrangement. Arunachal Pradesh is the biggest, followed by Chhattisgarh. Other major gainers include Maharashtra, Madhya Pradesh, Karnataka, Jharkhand and Jammu and Kashmir. On a per capita basis, Kerala, Chhattisgarh and Madhya Pradesh are top grossers. Kerala is expected to be allocated no less than Rs. 8,000 crore on account of the new devolution criterion. “This makes for huge difference considering its status as amongst the most debt-stressed,” George said. Forest areas cover 29 per cent of its geographical area as against 23.4 per cent for the country as a whole.

### **Carbon stock**

In respect of geographical area covered by forest, its position is fourth among the States and Union Territories. The forest provides excellent potential for carbon sequestration. The carbon stock embedded in one hectare of Kerala’s forests is second highest in the country after Arunachal Pradesh. The above facts suggest that Kerala has a strong case to get rewarded financially for managing ecology, environment and climate change for the benefit of the whole country and the world. It is only fair that the State is compensated adequately for the funds spent for maintenance of forests.

**Source:**<http://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/forest-cover-as-devolution-criterion-was-mooted-in-kerala/article6975988.ece>