

373 (102)

No.FFE-B-F(7)-3/2005
Government of Himachal Pradesh
Department of forests.

From

The Pr. Secretary (forests) to the
Government of Himachal Pradesh.

To

The Pr. Chief Conservator of forests,
Himachal Pradesh, Shimla-1

Dated: Shimla-2

6-2-2007

Subject:

Revision of existing agreement deed with Private entrepreneurs
involved in manufacture of Cedar Wood Oil in the light of Hon'ble
Supreme Court's directives. P-98

Sir,

I am directed to refer to your letter No. Ft.-35-21/79(Ind) dated:
10.1.2007, on the subject cited above and to say that the proposal to frame guidelines for
revision of existing agreement deed with Private entrepreneurs and signing a new
agreement with any firm involved in manufacture of Cedar Wood Oil in the light of
Hon'ble Supreme Court's directives, was under consideration of the Government since
considerable time. Now, after due consideration, it has been decided that the existing
agreement deeds with the firms involved in manufacture of Cedar Wood Oil may be
revised/renewed in accordance with the following guidelines:

1. While renewing the agreement deeds with the existing firms and signing a
new agreement with any firm, the following 2 conditions will form its part
and parcel:
 - (a) The department will extract the stumps and supply it to the firms at
their cost.
 - (b) The royalty of the stumps payable by the firms will be fixed by
adopting the following mechanism:

- i) Market rates of cedar wood oil will form the basis for fixation of
royalty rates of deodar stumps. Since, there is no foolproof mechanism
to ascertain the market rates of cedar wood oil, the cost of cedar wood
oil shown in the trading account/balance sheets of the firms with whom
agreement have been signed will be considered to determine the
market rates of cedar wood oil. The weighted average of sale rate of
cedar wood oil shown in last three years balance sheets of all firms will
be taken as the average market rate of cedar wood oil. The firms will
be required to submit their audited balance sheets/trading account for
the year latest by May end of the following year. The royalty rates will

Based in June. However, fresh rates arrived in June will be applicable w.e.f. 1st April of that year and will be valid for three years.
ii) The weighted average oil yield will be taken at 4.82%.
iii) The sale realization from quantity of cedar wood stumps would be worked as under:-

Sale realization per quintal of deodar stumps = Weighted average sale rate per Kg of deodar wood oil x weighted average yield per quintal of stumps (4.82%).

iv) Since present royalty of Rs. 144.30 per quintal varies to 21% of the sale realization of cedar wood oil yield, therefore royalty of cedar stumps will be fixed at 20% of the sale realization per quintal of deodar stumps calculated as per step No. iii above.
The royalty rate of Rs. 144.30 will be applicable upto the year 2006-07 for all the firms. Thereafter, i.e. 2007-08 onwards, the royalty rates will be Rs. 200/- per quintal of deodar stumps for a period of 3 years. The royalty rates will be revised every 3 years thereafter.

The royalty rates are to be registered, in view of availability of the number of stumps is to be pinned out by 31 January.

You are, therefore requested to take necessary action accordingly above guidelines/instruction in letter and spirit.

Yours faithfully,

Additional Secretary (Forests) to the
Government of Himachal Pradesh.

Enclst. No. even dated: Shimla-2

Copy for information and necessary action to

- i) The Additional Secretary (GAD) to the Government of Himachal Pradesh w.r.t. the decision taken by the Hon'ble Council of Ministers (item number 19) in its meeting held on 12.1.2007 at Dharamshala, district Kangra, H.P.
- ii) All the Conservators of Forests, H.P.

Additional Secretary (Forests) to the
Government of Himachal Pradesh.