

**ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF AGRICULTURE
Department of Forest**

**AGREEMENT DEED FOR LEASE OF FOREST LAND – PLANTATION/PASTURE
DEVELOPMENT**

(For the purpose of raising industrial plantation)

On this day of of month, year between the Ministry of Agriculture represented by the Department of Forests, on behalf of the Royal Government of Bhutan on the one part, hereinafter referred to as the Lessor and (full address of the lessee including their successor, heirs, assigns, etc) on the other part hereinafter, referred to Lessee having registered at

WHEREAS

1. The Department of Forests, Ministry of Agriculture is the custodian of Government Reserved Forests of Bhutan and the Ministry of Agriculture is empowered by the Forest and Nature Conservation Act of Bhutan, 1995 and the Rules made there under to lease out part of Government Reserved Forests to an individual or an organization for a specific purpose.
2. The applicant namely means the person(s), firm or company, group of firms or joint venture.
3. NOW THIS INDENTURE WITNESSETH AND IT IS HEREBY AGREED AND DECLARED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

On this day of Of Month, year Whereas the Department of Forests, Royal Government of Bhutan on the one part (hereinafter called the Lessor which include the officers appointed by the Royal Government of Bhutan to carry out the purposes of this deed) has agreed to lease out acres of degraded forest land at Under Range Division to (full address of the lessee on the other part (hereinafter called the Lessee which term also include their successor, heirs, assigns etc.) as delineated in the

maps and described in terms and conditions provided hereunder for production of raw materials for their industrial unit or factory.

- (i) That, the forest being leased out is acres for the specific purpose of production of raw materials for lessee and said leased forest shall continue to be Government Reserved Forest, and shall revert back to the Department of Forests without paying any compensation whatsoever to the lessee on account of any infrastructures and plantations etc. left on the land as soon as the purpose for which the land being leased is over.
- (ii) That, immediately after the lease agreement has been executed, the lessee shall prepare management plan to the satisfaction of the Department of Forests. The operation in the leased forest shall be allowed only after the management plan has been approved by the Ministry of Agriculture.
- (iii) That, the lease shall be for a period of years (in words) commencing from the date of actual release of forest land and upon expiring of this period, the lease agreement shall be renewed if required for a specific period of years after revising the lease rent, agreement and such other terms and conditions as may be considered necessary, if the Ministry is satisfied that further extension is required as the lessee has developed leased forest satisfactorily.
- (iv) The lessee shall develop the leased forest immediately after entering into lease agreement. If the lessee fails to develop the leased forest within two years the lease shall be cancelled.
- (v) The Department of Forests shall provide technical assistance for preparing the management plan of the leased forests and also provide technical assistance during the process of establishment of the leased forest as and when needed and requested by the lessee.
- (vi) The Department of Forests may charge a fee for the technical assistance or for any incentives provided to the lessee by it.
- (vii) That, in case of termination of the lease before expiry of the lease period, the lessee shall be allowed one year time to remove already felled materials from the leased forest land and if lessee fails to do so within the time period allowed, the left over materials remaining within the leased forest land shall lapse to the lessor.
- (viii) That, the lessee shall pay lease rent to the lessor @ Nu. 200 per acre per annum before the end of the first month of the year.

- (ix) That, the lessee shall not use the leased forest land for any other purposes other than for raising plantations and shall not sell, sub-let, mortgage, cultivate, and use for hunting, mining and for any other unauthorized recreational activities without prior knowledge, permission of the Department of Forests in writing.
- (x) That, the lessee shall raise plantations, after the extraction of forest produce, and also carry out all other works related to plantations and timber production at his own expenses, in leased area/forest, under the technical guidance of the Department of Forests.
- (xi) That, the lessee shall carry out soil conservation and river protection works at his own cost as and when directed by the Department of Forests.
- (xii) That, the lessee shall have no objections to the entry of the forestry personnel in the plantations or leased forest for purposes of inspection of forest and forestry operations.
- (xiii) That, the lessee shall have no objections to the execution of any national development works, within the leased area/forest, like road construction, transmission lines erection, water channels construction etc. if required in the national interest.
- (xiv) That, the detail working procedure, in the leased forest, shall be governed by the following guidelines:
 1. Trees, poles, etc. shall be marked by the staff of Department of Forests. After the felling of trees is completed, prime logs shall be handed over to Forestry Development Corporation Limited based on the MOU drawn between the lessee and Forestry Development Corporation Limited. The concerned Divisional Forest Officer shall supervise the operation.
 2. The Forest Official shall issue permit to lessee for extraction of firewood for their factory on payment of royalty. The royalty shall be as per the government schedule of royalty rate, which may be subject to revision from time to time.
 3. Tree with girth of 2'11" and below and length 3 feet and below shall be considered as firewood. Other than the specified sizes of firewood as mentioned above the forestry officials shall consider only the defective logs as firewood after physical verification.
 4. After the logging operation is completed, lessee shall obtain forest clearance from the Department of Forests in order to take up plantation works.
 5. All the non wood forest products inside the leased forest shall remain the property of Royal Government of Bhutan.

6. Allotment of coupe for felling or any other activity in the leased forest shall be as per the management plan.
7. Only marked trees/poles shall be felled and such felling shall not cause any damage to any standing trees, poles or to any sound logs lying at the site.
8. Sanctioning of felled trees shall be made as per the specification given by the Department of Forests from time to time.
9. Firewood shall be transported only after numbering/digitizing the logs at the site.
10. No firewood or logs shall be left at the site of operated coupe.
11. Choice of species for raising plantation and its planting technique shall be as per the approved management plan.
12. The lessee shall be responsible for the maintenance and protection of the leased forest and shall comply with the rules and regulation of the Department of Forests affecting its protection, management and utilization.
13. Unless covered by the forest management plan, the standing trees in the leased forest shall remain to be the property of the Department of Forests. Lessee shall not have any rights to these trees. The Department shall dispose these trees according to the prevailing rules and regulations.
14. The lessee shall not be allowed to utilize the forest produce in a way that may be detrimental to the soil and water resource of the land leased unless it is covered by the management plan.
15. Any damage, theft, hazard to trees planted in the leased forest shall be reported immediately to the nearest Forest Office. The cases of offenses of theft and damage in the leased forest shall be equally treated as forest offenses committed in the Government Reserved Forests and shall be punished according to the Forest and Nature Conservation Act 1995 and the provision of Forest and Nature Conservation Rules of Bhutan.
16. The concerned Divisional Forest Officer shall be responsible to realize the lease rent, monitor and submit the evaluation report to the Department describing the status of the leased forest in his/her Division at the end of each financial year.
17. Offenses:
 - a. That if the lessee fails to observe any of the terms and conditions laid down herein and under Rule 16 of the Forest and Nature Conservation Rules of Bhutan, the lease can be terminated by the lessor. The lessee shall not be entitled to any compensation on account of such termination of the lease agreement.

- b. Violation of the terms and conditions mentioned above shall be considered as forest offence and shall be dealt as per the Forest and Nature Conservation Act, 1995 and Forest and Nature Conservation Rules of Bhutan.
- c. The Ministry of Agriculture reserves the right to terminate the lease agreement if the lessee does not comply with the conditions of the lease agreement after verification by the Department of Forests.
- d. In case of dispute the arbitration and decision of the Head of the Ministry of Agriculture shall be final and binding.

Signature(s) with Legal Stamp

LESSEE

WITNESS

1.

2.

LESSOR

WITNESS

1.

2.