

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the President under Article 151 of the Constitution for being laid before the Parliament.

The audit was conducted during the period January - December 2012 through document analysis, collection of responses to audit queries and seeking information in prescribed proforma. Records and documents relating to audit of Compensatory Afforestation in India were examined:

- *in the Ministry of Environment and Forests (MoEF), six Regional Offices of MoEF at Lucknow, Chandigarh, Bhopal, Bhubaneswar, Shillong and Bengaluru and Ad-hoc Compensatory Afforestation Fund Management and Planning Authority.*
- *in 30 State/ UTs, Nodal Offices and selected Forest Divisions of State Forest Departments, State Compensatory Afforestation Fund Management and Planning Authority.*

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

Background

The Supreme Court of India directed in October 2002 that a 'Compensatory Afforestation Fund' (CAF) shall be created in which all the monies received from the user-agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of forest land, catchment area treatment plan funds, etc. shall be deposited. CAF was to compensate for the loss of tangible as well as intangible benefits from the forest lands which were diverted for non-forest use. Such funds were to be used for natural assisted regeneration, forest management, protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities. The Court observed that the fund would not be part of general revenues of the Union, of the States or part of the Consolidated Fund of India.

Ministry of Environment and Forests (MoEF) notified the Compensatory Afforestation Management Funds Management and Planning Authority (CAMPA) in April 2004 for the management of the compensatory afforestation fund.

The Supreme Court of India observed in May 2006, that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. The Court ordered that all monies recovered on behalf of the CAMPA and lying with the various officials of the State Government were to be transferred to Ad-hoc CAMPA and to get audited all the monies received from the user agencies on behalf of the CAMPA and the income earned thereon by the various State Government officials. The auditor was to be appointed by the Comptroller and Auditor General of India.

The audit of Compensatory Afforestation in India was taken up as per aforesaid order of Supreme Court and reference thereon from the Minister of Environment and Forests in January 2012.

During the period 2006 and 2012, the Compensatory Afforestation Funds with Ad-hoc CAMPA grew from ₹ 1,200 crore to ₹ 23,607.67 crore.

Audit Objectives

The objectives of the compliance audit on Compensatory Afforestation in India were to examine:

- whether the diversion of forest land for non-forest use was permitted as per extant laws and all conditions in this regard were complied with;
- whether measures taken for conservation, afforestation and preservation of forest lands consequent to diversion of portions of these lands for non-forest use were as per provisos of extant legislation, rules and Supreme Court judgments in this regard;
- whether the collection, utilisation, monitoring, accounting and the arrangement for safeguarding of compensatory afforestation funds was in compliance with applicable legislation, rules and Supreme Court judgements permitting diversion of forest land for non forest purposes; and
- whether proper financial procedures had been followed in investing funds.

Diversion of forest land and Compensatory Afforestation

We noticed serious shortcomings in regulatory issues related to diversion of forest land, the abject failure to promote compensatory afforestation, the unauthorised diversion of forest land in the case of mining and the attendant violation of the environmental regime.

To be able to undertake compensatory afforestation on equivalent area of non-forest land, such land needs to be received by the Government. The Ministry's records revealed that against the receivable non-forest land of 1,03,381.91 hectare, 28,086 hectare was received during the period 2006-12 which constituted only 27 *per cent* of receivable non-forest land. The compensatory afforestation done over the non-forest land received was an abysmal 7,280.84 hectare constituting seven *per cent* of the land which ought to have been received. The afforestation over the degraded forest land was done only on 49,733.76 hectare and 49 km out of 1,01,037.35 ha and 54.5 km identified which worked out to 49 *per cent* (in area). Seven States viz. Gujarat, Haryana, Kerala, Maharashtra, Meghalaya, Punjab and Rajasthan carried out no compensatory afforestation either over non-forest land or over degraded forest land. By contrast the States of Assam and Odisha showed a high level of achievement with regard to compensatory afforestation, both over non-forest land and over degraded forest land.

The record with regard to transfer of ownership to the State Forest Department is equally dismal. Information made available by State/ UT CAMPA revealed that of the 23,246.80 hectare of non forest land received by them only 11,294.38 hectare was transferred and mutated in the name of the State Forest Department. Of this 3,279.31 hectare was declared as Reserve Forest/ Protected Forest which was only 14 *per cent* of non forest land so received.

Receipt of non-forest land is the starting point for undertaking compensatory afforestation. Yet on this critical element there was no meeting ground on the data maintained by the Ministry and State Governments. The variation in data on forest land diverted and non-forest land received was as much as 3.5 *per cent* and 17.3 *per cent* respectively between the data maintained by the regional offices of the Ministry and the State Forest Department.

Poor quality and unreconciled data will compromise the quality of planning, operations and decision making.

In case of non-availability or short-availability of forest land, to be duly certified by the Chief Secretary, compensatory afforestation was to be undertaken over the degraded forest twice to the extent of the forest land diverted. It was observed that compensatory afforestation was allowed over an area of 75,905.47 hectare without any certificate of the Chief Secretary, in almost all the states except Delhi, Himachal Pradesh, Meghalaya and Sikkim. Only in two State/ UTs viz. Chandigarh and Uttrakhand, equivalent or more non-forest land was received.

Audit also observed instances where express orders of the Supreme Court were flouted by Andhra Pradesh State Electricity Board where the diversion of forest land in Nagarjunasagar Dam was allowed without seeking prior permission of the Supreme Court. In five other cases unauthorised renewal of mining leases in Rajasthan and Odisha were noticed, where the approval of Central Government was not obtained by the State Government as was directed by the Supreme Court.

Numerous instances of unauthorized renewal of leases, illegal mining, continuance of mining leases despite adverse comments in the monitoring reports, projects operating without environment clearances, unauthorized change of status of forest land and arbitrariness in decisions of forestry clearances were observed. In six States where information was available, encroachment of 1,55,169.82 hectare of forest land was noticed but MoEF did not take time bound action for eviction despite directions of the Supreme Court.

Monitoring was very important considering the scale at which irregularities have been noticed in this audit. Absence of MIS/ consolidated database permitted individual cases of irregularities to remain unchecked. MoEF failed to appropriately discharge its responsibility of monitoring of compliance of conditions of the Forest (Conservation) Act, 1980 relating to diversion of forest land.

Despite such gross non-compliance with statutory conditions and orders of the Supreme Court, no action was initiated by MoEF. In fact MoEF had invoked penal provision only in three cases during the period August 2009 to October 2012 and even this action was only limited to issue of show cause notices. In our opinion penal clause prescribed in the Forest (Conservation) Act, 1980, was largely inadequate and ineffective to put any deterrence towards illegal and unauthorised practices.

Collection of Compensatory Afforestation Funds

The Ad-hoc CAMPA was ineffective in ensuring complete and timely transfer of all monies collected by States/Union Territories (UT)s towards Compensatory Afforestation Fund to the Ad-hoc CAMPA accounts. There is no assurance that all the monies collected for compensatory afforestation funds by States/UTs have been deposited in the Ad-hoc CAMPA

accounts. This could have been ensured only if a centralised data base indicating project wise amounts due, collected, remitted (or utilised by States/UTs prior to formation of Ad-hoc CAMPA) and balance lying with States/UTs was created. Divergence in data of transfer of funds available with Ad-hoc CAMPA and collected from States/UTs was ₹ 6,021.88 crore which was 26.32 *per cent* of the principal amount with Ad-hoc CAMPA. Non-reconciliation of the same over years not only indicates laxity in controls but also raises doubts on the reliability and completeness of the data provided by all agencies concerned. Our test check also revealed that 23 State/ UTs had, at the least not transferred ₹ 401.70 crore of compensatory afforestation fund to Ad-hoc CAMPA.

Non recovery/ under assessment of Net Present Value and funds for Compensatory Afforestation/Additional Compensatory Afforestation/Penal Compensatory Afforestation/Catchment Area Treatment Plan on the basis of a test check in audit was ₹5,311.16 crore which constituted 23 *per cent* of the total principal amount with Ad-hoc CAMPA as on 31 March 2012. In some of the States where the amounts of non/ short recovery were significant include Odisha (₹ 1,235.26 crore), Jammu & Kashmir (₹ 861.80 crore), Madhya Pradesh (₹ 512.84 crore), Tripura (₹ 333.19 crore), Assam (₹ 223.28 crore), Uttarakhand (₹ 207.51 crore), Gujarat (₹ 176.02 crore), Jharkhand (₹ 116.18 crore), Manipur (₹ 106.45 crore) and Chhattisgarh (₹ 111.29 crore). MoEF/ Ad-hoc CAMPA/ State CAMPA did not have any system to case-wise monitor the correct assessment and collection of dues before giving final clearance for diversion of forest lands.

Utilisation of Compensatory Afforestation Funds

Out of ₹ 2,925.65 crore of the compensatory afforestation funds released by Ad-hoc CAMPA during the period 2009-12 for compensatory afforestation activities, only ₹ 1,775.84 crore were utilised by the State/ UTs leaving an unutilised balance of ₹ 1,149.81 crore. The percentage of overall utilisation of released funds was only 61 *per cent*. In 11 of the selected 30 State/ UTs utilisation ranged between zero to 50 *per cent* which indicated poor absorptive capacity of the State/ UTs. Some of the States with very poor utilisation were Meghalaya (100 *per cent*), Arunachal Pradesh (91 *per cent*), Bihar (77 *per cent*), Tripura (68 *per cent*), Chhattisgarh (67 *per cent*), Andaman & Nicobar Islands (63 *per cent*) and Delhi (63 *per cent*). Most State/UTs were unable to spend the monies released to them by Ad-hoc CAMPA due to delay in preparation of Annual Plan of Operations, delayed release of funds resulting in setting in of a process of accumulation of compensatory afforestation funds in the States which was the problem sought to be addressed by the Supreme Court. The under utilization of funds indicates non implementation of various Net Present Value/ Compensatory Afforestation schemes proposed in the Annual Plan of Operation by these State/UTs.

An amount of ₹ 51.93 crore was utilised towards unauthorised activities in 17 State/ UTs. Mandatory guidelines of Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) were not followed during the execution of the works in most of the State/ UTs.

MoEF was not able to launch the nationwide e-Green watch system. Due to non implementation of e-Green watch system online information of fund allocation, plantation

work estimates, other work estimates, forest conservation projects, land diverted, compensatory afforestation, land management, plantation works progress report etc. could not be made available to the stakeholders.

Investment of Compensatory Afforestation Funds

The mechanism for investment of surplus funds by the Ad-hoc CAMPA was arbitrary and lacked in fairness and transparency. There were frequent and unjustified deviations from the instructions issued by Ad-hoc CAMPA while executing the investment decisions. Despite repeated directions from the Ad-hoc CAMPA body, a comprehensive investment policy was not formulated and approved by Chairman Ad-hoc CAMPA till 2012.

There were instances of deposits amounting to ₹ 1,998.47 crore placed in banks that did not even bid. In the case of fixed deposits there was loss of interest of ₹ 8.70 crore, ₹ 7.80 crore and ₹ 4.45 crore on account of delay in investment of funds, retaining the funds in interest free current accounts and delay in crediting the maturity amount into bank accounts respectively, besides short credit of ₹ 1.08 crore on maturity of fixed deposits.

There was clearly evidence that neither the present arrangement of financial management and accounting had the benefit of existing government financial discipline, nor had an alternative system of accounting and financial control, been developed by Ad-hoc CAMPA.

Oversight Arrangements

The institutional design for incurring expenditure from the Compensatory Afforestation Funds under Ad-hoc CAMPA and by State CAMPA is somewhat distinct from the expenditure being incurred by both the Union Government and State Government. In the case of expenditure being currently incurred by Ad-hoc CAMPA and by State CAMPA there is no legislative authorisation for the incurrence of such expenditure. Further, while receipts and expenditure have been significant, there exists no system devised by the Ministry to report incomes and outgoings regarding compensatory afforestation funds to either the Parliament or the State Legislatures.

The Central CAMPA (Ad-hoc) since its inception in 2006 has not submitted audited accounts till date. Audit also observed that the books of accounts are not being maintained properly in the Ad-hoc CAMPA. Receipt and Payments Accounts, Income and expenditure account and Balance Sheets were not prepared. This clearly impinges adversely on transparency and accountability of CAMPA.

It would be appropriate if the amounts lying in Ad-hoc CAMPA are transferred into the Public Account of India as was envisaged in the Compensatory Afforestation Fund Bill, 2008. Transfers to individual States can be made transparent so as to provide the stakeholders necessary information on the subject.

Continuing provisional nature of the authority

The Supreme Court in 2002 directed that the Union of India shall within eight weeks frame comprehensive rules with regard to the constitution of a body and management of the compensatory afforestation funds. Accordingly, MoEF notified the creation of Compensatory Afforestation Management and Planning Authority in 2004. However, this authority was never operationalised. In our view the non-operationalisation of CAMPA which was envisaged as a permanent, independent authority to provide guidelines, direction and oversight severely hampered the compensatory afforestation activities in India. This report of the Comptroller and Auditor General of India brings out the necessity for early operationalisation of CAMPA which can execute the mandate of ensuring compensatory afforestation effectively and efficiently within the broader constitutional and legal framework.

About Compensatory Afforestation in India

1.1. Introduction

Forests are a vital component to sustain the life support system on Earth. Forests whether Government, village or private subserve the entire community and represent a community resource that meets the need of the millions of rural people especially the tribals. Article 48A of the Constitution of India requires that the State shall endeavour to protect and improve the environment and to safeguard the forest and wildlife of the country. Under Article 51A, it is the duty of every citizen to protect and improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures.

Map 1: Map showing the forest cover of India



Several laws and court judgements govern the use and protection of forest land in India. The laws include Forest (Conservation) Act, 1980, The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 and Indian Forests Act, 1927.

1.2. Diversion of forest land for non forest purpose

As per India State of Forest Report 2011 of Ministry of Environment and Forests, the total forest cover in India was assessed at 770 lakh hectare which was 23.41 per cent of the total

geographical area of the country. The previous State of Forest Reports had assessed the forest cover in India as 677 lakh hectare in 2003 and 2005, 690 lakh hectare in 2007 and 692 lakh hectare in 2009.

1.2.1 Use of forests and circumstances that may require diversion of forest

The forests are generally used for the lifestyle, well being of the forest dwellers, villagers and other people/ species wholly or partly dependent on forests. These are also used for nature reserve, national park, wildlife sanctuary, biosphere reserve, as a habitat of any endangered/ threatened species of flora and fauna and for agriculture purposes for the rehabilitation of the persons displaced from their residences by reason of any river valley or hydro electric projects etc.

The forest land is generally diverted for facilitating developmental activities for non forestry purposes like construction of power projects, irrigation projects, roads, railways, schools, hospitals, rural electrification, telecommunication, drinking water facilities and mining etc.

1.2.2 Main components of conditions imposed on diversion

As per the Forest (Conservation) Act 1980, whenever forest land is to be diverted for non-forestry purpose usually the conditions relating to transfer, mutation and declaration as Reserve Forest/ Protected Forest the equivalent non forest land for compensatory afforestation and funds for raising compensatory afforestation etc are to be imposed. For mining purposes additional conditions like maintaining a safety zone area, fencing and regeneration etc and for major and medium irrigation projects, catchment area treatment plans are to be stipulated.

1.2.3 Provision of land for compensatory afforestation

As per the Forest (Conservation) Act 1980, as far as possible, the non-forest land for Compensatory Afforestation (CA) was to be identified contiguous to or in the proximity of Reserved Forest or Protected Forest. In case, non-forest land of CA was not available in the same district, non-forest land for CA was to be identified anywhere else in the State/Union Territory. If non forest land was unavailable in the entire State/ UT, funds for raising CA in double the area in extent of the forest land diverted had to be provided by the user agency. The non-availability of suitable non-forest land for CA in the State / Union Territory would be accepted by the Central Government only on the Certificate of the Chief Secretary to the State/Union Territory Government to that effect. In case of central government/ central undertaking projects, extraction of minor mineral from the river beds above 500 hectare, construction of link road, small water works, minor irrigation works, laying of transmission line upto 220 KVA etc, CA was to be raised on degraded forest land twice the forest area being diverted without insisting for the certificate of Chief Secretary regarding non-availability of non-forest land.

1.2.4 Funding for compensatory afforestation

The funds for CA were to be recovered from the user agencies on the basis of the rates fixed by the State Forest Department which were site specific and varied according to the species, type of forest and site. The money received for Compensatory Afforestation, Additional

Compensatory Afforestation etc was to be used as per site specific schemes submitted by the State along with the approved proposals for diversion of forest land. After receipt of the money, State Forest Department was to accomplish the afforestation for which money is deposited in the Compensatory Afforestation Fund within a period of one year or two growing seasons. These funds were to be used towards the development, maintenance and protection of forest and wildlife management.

1.2.5 Funding for regeneration

To compensate for the loss of tangible as well as intangible benefits from the forest lands which has been diverted for non forest use, the net present value of the land was to be recovered from the user agencies to adequately compensate for the loss of natural forests. Such funds were to be used for natural assisted regeneration, forest management and protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities.

1.3. Compensatory afforestation in lieu of diversion of forest land

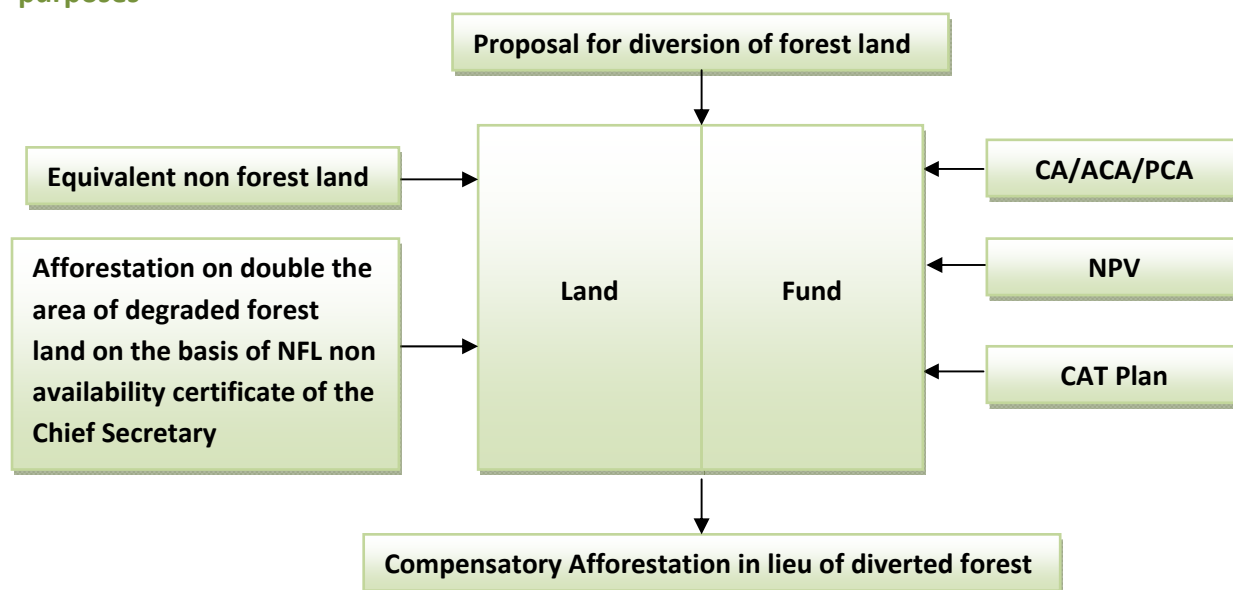
Compensatory Afforestation involves identification of non forest land or degraded forest land, work schedule, cost structure of plantation, provision of funds, mechanism to ensure the utilisation of funds and monitoring mechanism etc. Hence, it is one of the most important conditions stipulated by the Central Government while approving proposals for de-reservation or diversion of forest land for non-forest use. It is essential that with all such proposals, a comprehensive scheme for compensatory afforestation is formulated and submitted to the Central Government. The comprehensive scheme is to include the details of non-forest/ degraded forest area identified for compensatory afforestation, map of area to be taken up for compensatory afforestation, year wise phased forestry operations, details of species to be planted and a suitability certificate from afforestation/ management point of view along with the cost structure of various operations. Between 1980 and May 2004 about 9.21 lakh hectare¹ forest land had been diverted for non forestry uses and forest land aggregating up to 1.14 lakh hectare² had been diverted after formation of Ad-hoc CAMPA till March 2012.

The components of conditions for diversion of forest land for non forest purpose are depicted in the flow Chart 1.

¹Source: Foreword to amended Rule/ Guidelines issued in May 2004 under the Forest (Conservation) Act, 1980.

²Source: MoEF/ RO data.

Chart 1: Flow chart of components of conditions for diversion of forest land for non forest purposes



NFL – Non Forest Land; CA – Compensatory Afforestation; ACA – Additional Compensatory Afforestation; PCA – Penal Compensatory Afforestation; NPV- Net Present Value; CAT – Catchment Area Treatment.

1.4. Role of Supreme Court

From 1995, the Supreme Court of India began playing a proactive role in the matters of forest policy governance. In a case T.N. Godavarman Thirumulpad v/s Union of India (W.P. (Civil) No. 202 of 1995), the Supreme Court took action against large scale illegal felling of timber and denuding of forests in Gudalur Taluk, Tamil Nadu. Through the Godavarman case the Supreme Court continued to issue interim orders and judgements around several aspects including tree felling, operations of saw mills, violations of approvals for forest diversion, de-reservation of forests and many other matters related to compensatory afforestation. The Court in its order dated 12 December 1996, put a stop to all on-going activity like functioning of saw mills and mining within any forest in any State throughout the country that was being carried out without the approval of Central Government.

The Supreme Court in its order dated 3 April 2000, fixed the responsibility of ensuring the proper carrying out of compensatory afforestation on Ministry of Environment and Forests and said that it was for the Ministry to monitor the conditions stipulated at the time of grant of forest clearance. On 9 May 2002, the Supreme Court ordered the setting up of the Central Empowered Committee (CEC) with explicit functions of monitoring the implementation of the Court’s orders, look into cases of non-compliance including those related to encroachments, implementation of working plans, compensatory afforestation, plantation and other conservation issues.

1.5. Formation of Compensatory Afforestation Fund and CAMPA

The Supreme Court of India in November 2001 had observed that there was poor utilization of funds deposited for compensatory afforestation and also that a large amount of money

for compensatory afforestation was not realized by the State Governments from user agencies.

The issue was examined by the CEC and it observed that in some of the States the funds were deposited by the user agency as 'Forest Deposit' which were readily made available to the concerned division for afforestation. In some other States the funds were deposited as revenue receipts of the State Government and could be made available to the Forest Department only through the budgetary provisions. It therefore recommended that unless the system of release of funds through budgetary provisions is changed, the pace and quality of compensatory afforestation cannot be increased significantly. It was, therefore, desirable to create a separate fund for compensatory afforestation, wherein all the monies received from the user agencies would be deposited and subsequently released directly to the implementing agencies as and when required. The funds received from a particular State would be utilized in the same State. This system would help undertake compensatory afforestation in a planned manner on a continuous basis.

Based on the recommendations of the CEC, the Supreme Court of India in October 2002 directed the creation of a 'Compensatory Afforestation Fund' in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value (NPV) of forest land, Catchment Area Treatment Plan Funds, etc. were to be deposited.

The Supreme Court of India further observed that there was also consensus amongst the States and the Union Territories that the funds for compensatory afforestation which were to be recovered from the user agencies as well as the unutilised funds lying with the States would be transferred to such a fund. The fund would not be part of general revenues of the Union, of the States or part of the Consolidated Fund of India. It also proposed that there would be a body for the management of the Compensatory Afforestation Fund.

Supreme Court directed that the user agency would also pay into the fund the net value of the forest land being diverted for non-forest purpose. The present value was to be recovered at the rate of ₹ 5.80 lakh per hectare to ₹ 9.20 lakh per hectare of forest land depending upon the quantity and density of the land. This was to be subjected to upward revision by the Ministry of Environment and Forests (MoEF) in consultation with the CEC and such a revision was last done in 2008.

The directions issued by the Supreme Court in October 2002 are summarised in Table 1.

Table 1: Directions of the Supreme Court issued in October 2002

- Government of India, in consultation with CEC should frame the rules regarding constitution of a body and management of the Compensatory Afforestation Fund.
- Compensatory afforestation funds that had not yet been realised as well as the unspent funds already realised by the States should be transferred to the said body within six months of its constitution by the respective States and the user agencies.
- For getting permission for diverting forest land for non forest purposes, under Forest (Conservation) Act, 1980, the user agency should also pay into the said fund the net present value of the forest land so diverted.

- Site specific plans for artificial regeneration, assisted natural regeneration, protection of forests and other related activities should be prepared and implemented in a time bound manner.
- The funds received from the user agency in cases where forest land diverted fell within Protected Areas should be used exclusively for undertaking protection and conservation activities in protected areas of the respective States/Union Territories.
- An independent system of concurrent monitoring and evaluation should be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of funds.

1.6. Compensatory Afforestation Fund Bill

The Ministry of Environment and Forests introduced 'The Compensatory Afforestation Fund Bill, 2008' in the Parliament. The Bill was passed in Lok Sabha but could not come up for voting in Rajya Sabha and lapsed with the dissolution of Lok Sabha in May 2009.

Some of the features of the Bill were:

- there would be an authority to be called as Compensatory Afforestation Fund Management and Planning Authority. The authority was to consist of a Governing Body, and be assisted by an Executive Body, Monitoring Group and administrative support mechanism.
- the Governing Body would be headed by the Minister of Environment and Forest and would include Minister of Finance, Science and Technology, Rural Development, Panchayati Raj, Deputy Chairman, Planning Commission and other members.
- there would be a special fund to be called the Compensatory Afforestation Fund under the Public Account of India.
- the Authority was to maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as would be prescribed in consultation with the Comptroller and Auditor General of India.
- the accounts of the Authority were to be audited by the Comptroller and Auditor General of India.

1.7. Formation of Ad-hoc CAMPA

In pursuance of the Supreme Court's order, the Ministry of Environment and Forests on 23 April 2004 constituted the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for management of money collected towards compensatory afforestation, NPV etc., while according approvals for use of forest land for non-forest purposes, under the Forest (Conservation) Act, 1980.

On 5 May 2006, Supreme Court of India observed that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. The Court also accepted the following suggestions of the CEC:

- ensure that all the monies recovered on behalf of the CAMPA and lying with the various officials of the State Government were to be transferred to the bank account(s) to be operated by this body;
- get audited all the monies received from the user agencies on behalf of the CAMPA and the income earned thereon by the various State Government officials. The auditor was to be appointed by the Comptroller and Auditor General of India. The audit was to examine whether proper financial procedure was being followed in investing the funds.

All the State Governments/ Union Territories were required to account for and pay the amount collected with effect from 30 October 2002, in conformity with the order dated 29 October 2002 to the said Ad-hoc body.

Table 2: Fact Sheet of CAMPA/ Ad-hoc CAMPA

Date	Event
29 October 2002	<ul style="list-style-type: none"> • The Supreme Court of India directed that a 'Compensatory Afforestation Fund' was to be created in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, NPV of forest land, Catchment Area Treatment Plan Funds, etc. were to be deposited. • The Supreme Court also directed that Net Present Value (NPV) of the forest land diverted was to be collected from the user agency in addition to the monies to be paid for Compensatory afforestation, etc. by the user agencies under Forest (Conservation) Act 1980. Rates at which Present Value was to be recovered were also prescribed.
23 April 2004	Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was notified by the Ministry of Environment and Forests.
5 May 2006	The Supreme Court of India constituted Ad-hoc-CAMPA.
16 September 2006	The Supreme Court of India order clarified that the cases which had been granted in principle clearance before the Supreme Court order dated 29 October, 2002 and final clearance after that date, would also have to pay NPV.
13 March 2007	MoEF CAMPA (Amendment) Notification envisaged that CAMPA should have Corporate Accounting based double entry system and auditing of its accounts should be conducted by the Comptroller and Auditor General of India.
28 March 2008	The Supreme Court fixed the rate of NPV which would hold good for a period of three years and was open to revision after every three years.
24 April and 9 May 2008	The Supreme Court clarified the exemption granted to certain category of projects like schools, hospitals, children play ground of non-commercial nature, community centres of rural area, underwater

Date	Event
	drinking pipelines upto four inch diameter, relocation of villages from National Parks/ Sanctuaries to alternate forest land etc.
10 July 2009	Guidelines on State Compensatory Afforestation Fund Management and Planning Authority were approved by Supreme Court of India.
10 July 2009	<ul style="list-style-type: none"> • The Supreme Court permitted Ad-hoc CAMPA to release a sum of about ₹ 1,000 crore per year for the next five years, in proportion of 10 <i>per cent</i> of the principal amount pertaining to the respective State/ UT. • The Supreme Court directed that the guidelines and the structure of the State CAMPA as prepared by MoEF may be notified/implemented. • The Supreme Court directed that the State Accountant General was to audit the expenditure of the State CAMPA funds every year on annual basis.
15 July 2009	State CAMPA guidelines were circulated to all States/UTs.
13 August 2009	National CAMPA Advisory Council (NCAC) was constituted.

1.8. Composition and functioning of Ad-hoc CAMPA

As per the 5 May 2006 orders of the Supreme Court, the ad-hoc body (Ad-hoc CAMPA) would comprise of Director General of Forests & Special Secretary, Ministry of Environment and Forests as Chairman, Inspector General of Forests (Forest Conservation), a representative of the Comptroller and Auditor General of India and a nominee of the Chairman of the Central Empowered Committee as members.

Between 2006 and 2012, Ad-hoc CAMPA held 21 meetings. From the minutes of the meetings and the files of Ad-hoc CAMPA that were examined, it was evident that the Ad-hoc CAMPA as a body was a governing body which provided overall direction and supervision. The executive functions and day to day decision making on the management of the Compensatory Afforestation Fund and other administrative issues was performed by the Chairman, Ad-hoc CAMPA along with Inspector General of Forests (Forest Conservation) as Member Secretary, subsequently also addressed as the Chief Executive Officer. In the first meeting of the body held on 15 May 2006, the Chairman, Ad-hoc CAMPA was authorised to approve outsourcing of support staff, as deemed fit, for the functioning of Ad-hoc CAMPA.

1.9. Formation of State/Union Territory CAMPA

Following persistent requests from Members of Parliament, State Chief Ministers/ Forest Ministers as well as Chief Secretaries for release of funds to the States/ UTs from Ad-hoc CAMPA for carrying out compensatory afforestation activities urgently, the Ministry of Environment and Forests organized a consultative meeting of all States on 30 March 2009 to formulate guidelines for release of funds to the States/ Union Territories. The guidelines so evolved were approved by the Supreme Court of India in their order dated 10 July 2009 and circulated by MoEF to all States/ UTs on 15 July 2009.

MoEF in July 2009 framed State CAMPA guidelines for establishing CAMPAs in the States/ UTs and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife by utilizing funds received towards Compensatory Afforestation, NPV, etc currently available with Ad-hoc CAMPA.

As per the guidelines, State CAMPA was mandated to promote:

- conservation, protection, regeneration and management of existing natural forests;
- conservation, protection and management of wildlife and its habitat within and outside protected areas including the consolidation of the protected areas;
- compensatory afforestation; and
- environmental services, research, training and capacity building.

It was to function through a three-tier committee hierarchy:

- **Governing Body** headed by the Chief Minister of the State, mandated to lay down the broad policy framework for functioning of State level CAMPA and review its working from time to time.
- **Steering Committee** headed by the Chief Secretary of the State, mandated to lay down and approve rules and procedures for the functioning of the body and its Executive Committee. Its responsibilities included monitoring utilisation of State CAMPA fund, approving the Annual Plan of Operation (APO), the annual reports and audited accounts of the State CAMPA.
- **Executive Committee** headed by the Principal Chief Conservator of Forests of the State mandated to prepare the APO of the State for various activities, submit it to the Steering Committee before end of December for each financial year, supervise the works being implemented out of funds released from the State CAMPA. It was also responsible for ensuring proper auditing of both receipt and expenditure of funds.

The Forest (Conservation) Act, 1980 is applicable to whole of India except the State of Jammu & Kashmir. In pursuance to the directions (April 2004) of MoEF with regard to the constitution of State CAMPA, the Government of Jammu & Kashmir constituted two committees – a State Level Management Committee (SLMC) and a State Level Steering Committee (SLSC) in February 2005 and April 2005, respectively. SLSC decided (February 2006) that money available under CAMPA account would not be transferred to Central Ad-hoc CAMPA because Jammu & Kashmir State had its own Jammu & Kashmir Forest (Conservation) Act. It was resolved in, February 2010, by the Central Empowered Committee and in February 2012 by the Supreme Court that the State CAMPA of Jammu & Kashmir may continue to retain the CA charges to be used for the implementation of APOs for the financial years 2009-10 and 2010-11. The amount received towards NPV for the use of forest/ non forest land falling in the National parks/ Sanctuaries was to be transferred to Ad-hoc CAMPA, if not already done.

The State wise details of notification of State CAMPA are given in Annexure 1.

1.10. Collection of Compensatory Afforestation Funds by Ad-hoc CAMPA

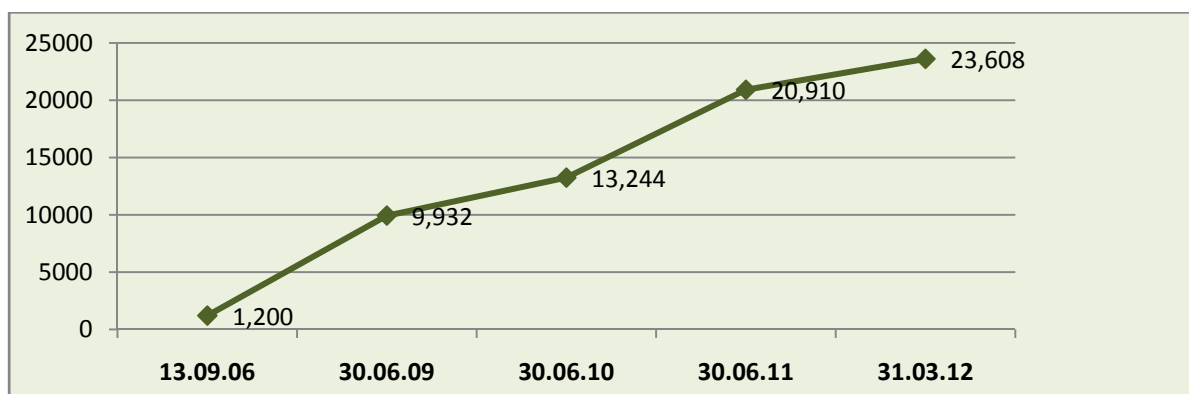
Funds started flowing into Ad-hoc CAMPA w.e.f. 16 May 2006 onwards and an amount of ₹967.89 crore was credited initially into 35 Current Accounts, maintained separately for each State/UT in Corporation Bank, CGO Complex, Lodhi Road, New Delhi and Union Bank of India, Sunder Nagar, New Delhi. In addition, the Central Empowered Committee remitted to Ad-hoc CAMPA funds amounting to ₹ 232.42 crore on 13 September 2006, accumulated with it up to September 2006.

As of December 2012, there were 74 bank accounts in Corporation Bank, CGO Complex, Lodhi Road and 66 accounts in Union Bank of India, Sunder Nagar, New Delhi being operated by Ad-hoc CAMPA.

The growth of Compensatory Afforestation Fund with Ad-hoc CAMPA is given in Chart 2.

Chart 2 – Trend of growth of funds with Ad-hoc CAMPA net of disbursements to State/ UT CAMPA and NCAC³

(₹in crore)



1.11. Release of Compensatory Afforestation Funds by Ad-hoc CAMPA

In July 2009, the Supreme Court of India observed that substantial amount of funds (₹9,932 crore) had been received by the Ad-hoc CAMPA and sudden release and utilization of this large sum at one time may not be appropriate and may lead to its improper use without any effective control on expenditure.

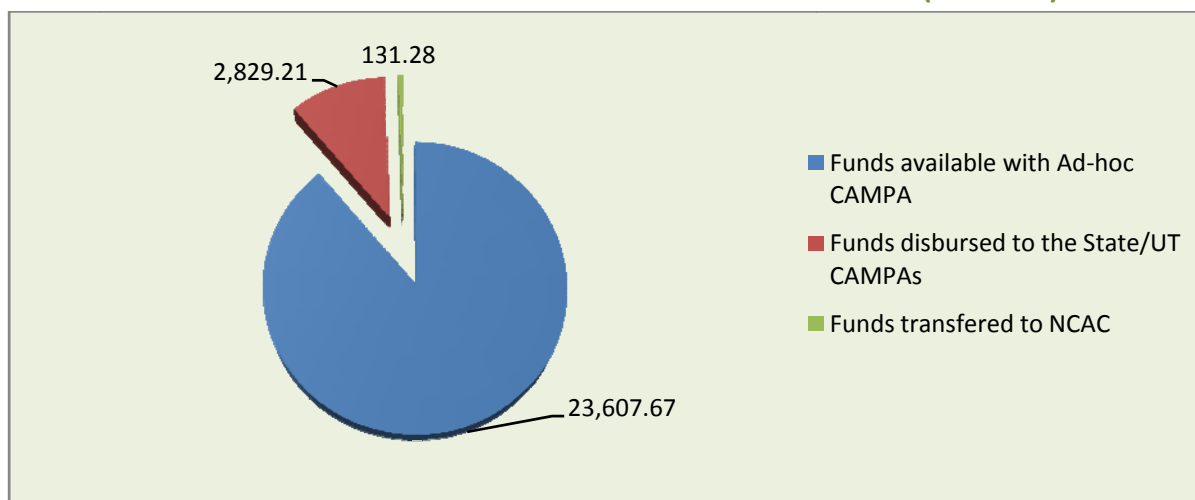
The Court permitted Ad-hoc CAMPA to release, for the time being, the sum of about ₹ 1,000 crore per year, for the next five years, in proportion of 10 *per cent* of the principal amount pertaining to the State/ UT. The amount towards NPV and protected area was to be released after approval of the Annual Plan of Operation by the Steering Committee of the State. The amount towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation and catchment area treatment Plan was to be released immediately for taking up site specific works already approved by the Ministry of Environment and Forests, while granting approval under Forest (Conservation) Act, 1980 (FC Act). An amount of five *per cent* of the amount released to the State CAMPA was to be

³During the period 2009-12, ₹ 2,829.21 crore were disbursed to State/UT CAMPAs and NCAC by Ad-hoc CAMPA

released and utilized by the National CAMPA Advisory Council, for monitoring and evaluation.

As per records available with Ad-hoc CAMPA, the position of availability of funds with Ad-hoc CAMPA and position of funds released as on 31 March 2012 is given in Chart 3.

Chart 3 – Position of funds with Ad-hoc CAMPA as on 31 March 2012 (₹in crore)



1.12. Accounting arrangement for Ad-hoc CAMPA and State CAMPA

The Supreme Court of India in October 2002 directed that the funds for compensatory afforestation were not to be a part of general revenues of the Union, of the States or part of the Consolidated Fund of India. As such the CAMPA funds are currently kept outside the Consolidated Fund of India or Public Accounts of India. As per MoEF notification dated 13 March 2007, CAMPA was directed to have corporate accounting based on double entry system as per the directions of the Supreme Court issued on 26 September 2005. The Guidelines on State CAMPA envisaged that State CAMPA would maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned.

1.13. Audit objectives

The objectives of the compliance audit on Compensatory Afforestation in India were to examine:

- i. whether the diversion of forest land for non forest use was permitted as per extant laws and all conditions in this regard were complied with;
- ii. whether measures taken for conservation, afforestation and preservation of forest lands consequent to diversion of portions of these lands for non forest use were as per provisos of extant legislation, rules and Supreme Court judgments in this regard;
- iii. whether the collection, utilisation, monitoring, accounting and arrangements for safeguarding of compensatory afforestation funds was in compliance with applicable legislation, rules and Supreme Court judgements permitting diversion of forest land for non forest purposes; and

iv. whether proper financial procedures had been followed in investing funds.

The list of legislations, rules, judgements and directions regulating the collection and utilisation of Compensatory Afforestation Fund that were referred to in the course of this compliance audit are listed below:

- i. Forest (Conservation) Act, 1980 as amended in 1988.
- ii. Forest (Conservation) Rules, 2003 as amended in 2004.
- iii. The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.
- iv. Wild Life (Protection) Act, 1972.
- v. Indian Forests Act, 1927.
- vi. Supreme Court orders on the subject issued from time to time.
- vii. Various guidelines and orders issued by MoEF from time to time, as per directives of the Supreme Court of India.

1.14. Scope of audit

An all India compliance audit of Compensatory Afforestation in India was taken up by the office of the Principal Director of Audit, Scientific Departments, in November 2011. This included the audit of the Ad-hoc CAMPA, State CAMPA, MoEF including its regional offices, audit of selected Forest Department divisions in States/UTs. The core period covered in audit was from 2006 to 2012. Significant audit findings relating to diversion of forest lands, compensatory afforestation and compensatory afforestation funds pertaining to period prior to 2006-12, noticed during the course of audit have also been reported with appropriate reference to the period to which these pertain.

The office of the Principal Director of Audit, Scientific Departments, carried out the audit of MoEF and its six Regional Offices (RO) at Lucknow, Chandigarh, Bhubaneswar, Shillong, Bengaluru and Bhopal.

The State Accountants General audited the State CAMPA and the divisions to which Compensatory Afforestation fund had been released, on a sample basis. The sample size was 50 *per cent* of the territorial divisions that had received fund disbursed by Ad-hoc CAMPA. Of the 35 States and Union Territories in India, all except Dadar & Nagar Haveli, Diu, Lakshwadeep, Nagaland and Puducherry were covered in this audit exercise. The State wise details of units selected is in Annexure 2.

1.15. Non production of information/records to audit

Ministry of Environment and Forests/ Regional Offices did not furnish 64 files pertaining to Andhra Pradesh, Chhattisgarh, Goa, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, and Uttarakhand to audit for verification of the details which are given in Table 3. The audit requisitions had been issued to Inspector General of Forests in MoEF for the files to be made available by the Ministry and to Additional Principal Chief Conservator of Forests at the six Regional offices of MoEF.

Table 3: Documents not produced to audit by Ministry/Regional Offices

Sl. No.	State	Files requisitioned from MoEF	Files requisitioned from RO	Files not provided by MoEF	Files not provided by RO
1.	Andhra Pradesh	-	13	-	2
2.	Chhattisgarh	3	10	3	2
3.	Goa	24	-	12	-
4.	Himachal Pradesh	-	7	-	2
5.	Jharkhand	3	8	1	-
6.	Karnataka	92	14	29	-
7.	Madhya Pradesh	5	7	-	2
8.	Maharashtra	4	10	2	3
9.	Odisha	2	20	-	1
10.	Rajasthan	4	10	2	-
11.	Uttarakhand	3	8	1	2
	Total	140	107	50	14

Apart from the above, 71 specific files (40 Mining, five Transmission Line, five Thermal, eight Wind Power, five Irrigation, seven Hydel and one Village Conversion) were randomly selected and called from MoEF. Out of these, 51 files have been provided and 20 files have not been produced till May 2013.

Due to non-production of records, appropriate examination of the sample size and specific project files could not be undertaken thus imposing a restriction on the extent of audit.

The information which could not be made available by the Regional Offices was called for from MoEF in July and November 2012. Despite further pursuance, the information was not furnished (June 2013).

MoEF stated (April 2013) that continuous and strenuous efforts were on to trace the remaining files and provide the same to audit. However, 84 files have still not been produced to audit. 29 files were furnished as late as (June 2013) and could not be examined prior to finalisation of this Report. We reserve the right to comment on them, if necessary, in our subsequent Audit Reports.

We had requisitioned statistical information regarding forest land diverted, revenue land provided in lieu of forest lands diverted, acreage of degraded forest lands identified for afforestation, acreage of land on which compensatory afforestation was undertaken, component wise details of funds collected and remitted, the dates of approval of APOs, funds received from Ad-hoc CAMPA and expenditure against them etc from State CAMPA Nodal Officers. In a number of instances this information was not provided and it is mentioned in the related sections of the report. Incomplete or non availability of

information hindered audit analysis and constrained audit from presenting a holistic pan India observation on the issues.

MoEF stated (April 2013) that the State CAMPAs have been approached by the State AsG with 45 different proformae to be filled and these proformae were not in use in the Forest Department or the State CAMPA and that the audit team did not give them sufficient opportunity/ time for reaction.

The reply of the Ministry is not tenable since the information sought were basic to any execution of projects which were granted forestry clearances. Further, we noted that 23⁴ of the 30 State/ UTs test checked in audit were able to provide the most of the information sought in the 45 proformae for the Compliance Audit. Since majority of the State/ UTs could provide the requisite information, it leads to the conclusion that neither the time prescribed nor the quantum of information sought was unreasonable provided basic records had been properly maintained.

1.16. Issue of draft Audit Report and receipt of replies

The draft audit report on the Functioning of the Compensatory Afforestation Funds Management and Planning Authority was issued to MoEF and Ad-hoc CAMPA on 31 January 2013, to seek their comments on the audit findings and to confirm the facts and figures mentioned in the Report, by 15 March 2013. The Secretary, MoEF requested the Comptroller and Auditor General of India on 8 March 2013 to grant additional time for furnishing the replies and an opportunity for the officials of the Ministry to interact with the members of the audit team so that necessary clarifications could be provided. The time for furnishing of replies by MoEF was extended upto 31 March 2013 and a meeting was held between the officers of the Principal Director of Audit, Scientific Departments, and the Ministry on 2 April 2013. Part replies of MoEF/ Ad-hoc CAMPA were received on 11 April 2013. After taking up the matter with the Secretary MoEF and Director General of Forests & Special Secretary further replies were received in May and June 2013 from Inspector General of Forests (FC).

MoEF/ Ad-hoc CAMPA has been unable to give any confirmation for the facts and the figures in the draft Audit Report pertaining to Ad-hoc CAMPA but has stated everywhere that the details may be obtained from the State wise account statements provided to audit by Ad-hoc CAMPA. The statement of accounts and the balance sheet of Ad-hoc CAMPA sent to this office were incomplete, not authenticated properly, nor signed by the Officer on Special Duty/ Financial Advisor/ Director General of Forests & Special Secretary, not internally audited and not approved by the competent authority. Hence, these records had no validity as such and were only draft documents and could not be relied upon to present authenticated information. As per Regulation 208 of the Regulation on Audit and Accounts (2007) of the Comptroller and Auditor General of India, the reply to the draft Audit Report should have clearly stated whether the department accepted the facts and figures of the draft Report; if not the reasons supported by the relevant documents and evidence duly authenticated were to be furnished. This had been brought to the notice of the Secretary

⁴ Seven State/ UTs (Andhra Pradesh, Arunachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Mizoram, Rajasthan and Sikkim) provided information partly.

MoEF and CEO Ad-hoc CAMPA on 30 April 2013 and the Director General of Forests & Special Secretary on 15 May 2013 and 27 May 2013 with the request to specifically confirm the facts and figures in the Report.

MoEF stated (April 2013) that two or more distinct sections/ groups (Ad-hoc CAMPA, State CAMPA and MoEF) may be made answerable for different issues mentioned in the audit objectives and added that the Ad-hoc CAMPA did not have any power or authority to supervise the actions of MoEF and/ or State/ UTs for implementation of the provisions of the Forest (Conservation) Act, 1980.

The reply is not acceptable as Ad-hoc CAMPA and MoEF forest wing are headed by the same officers i.e. the DGF & SS and IG Forest who are also the Chairman and the CEO of Ad-hoc CAMPA as well. The Supreme Court in its order dated 3 April 2000, had fixed the responsibility of ensuring the proper carrying out of compensatory afforestation on Ministry of Environment and Forests and stated that it was for the Ministry to monitor the conditions stipulated at the time of grant of forest clearance. The Ministry must take final responsibility because as per the mandate MoEF is the nodal Ministry in the Central Government for overseeing the implementation of India's environment and forest policies and programmes relating to conservation of the country's natural resources including lakes and rivers, its biodiversity, forests and wildlife, ensuring the welfare of animals and prevention and abatement of pollution.

1.17. Organisation of audit findings

Audit reviewed the elements of scheme for compensatory afforestation along with the management of CA funds with respect to the provisions of the regulating Acts and Rules, various decisions of the Supreme Court and the MoEF guidelines. The observations of audit are discussed in Chapters II to VII.

- Chapter II of this Report deals with Diversion of forest land and Compensatory Afforestation.
- Chapter III of this Report deals with Collection of Compensatory Afforestation Funds.
- Chapter IV of this Report deals with Utilisation of Compensatory Afforestation Funds.
- Chapter V of this Report deals with Investment of accumulated Compensatory Afforestation Funds.
- Chapter VI of this Report deals with Oversight Arrangements.
- Chapter VII of this Report deals with State/Union Territory specific findings.

Chapter - II

Diversion of forest land and Compensatory Afforestation

2.1. Introduction

2.1.1. Provisions regulating Compensatory Afforestation

As per para 3.1(i) of the Guidelines issued under the Forest (Conservation) Act, 1980 (FC Act) Compensatory Afforestation is one of the most important conditions stipulated by the Central Government while approving proposals for de-reservation or diversion of forest land for non-forest uses. It was essential that for all such proposals, a comprehensive scheme for Compensatory Afforestation (CA) was formulated and submitted to MoEF.

Further as per para 3.2(i) of the Guidelines issued under the FC Act, 1980, CA was to be done over equivalent area of non-forest land subject to the following:

- As far as possible, the non-forest land for CA was to be identified contiguous to or in the proximity of Reserved Forest or Protected Forest to enable the Forest Department to effectively manage the newly planted area.
- In case, non-forest land of CA was not available in the same district, it was to be identified anywhere else in the State/Union Territory near to the site of diversion, so as to minimise adverse impact on the micro-ecology of the area.
- Where non-forest lands were not available or non-forest land was available but lesser in extent to the forest area being diverted, CA could be carried out over degraded forest twice in extent to the area being diverted or to the extent of the difference between the forest land being diverted and the available non-forest land, as the case be.
- The non-availability of suitable non-forest land for CA in the State / Union Territory would be accepted by the Central Government only on the basis of a Certificate of the Chief Secretary to the State/Union Territory Government to that effect.

The clarification below the para 3.2 (i) provides that as a matter of pragmatism, the revenue lands/*zudpi jungle/chhote/bade jhar ka jungle/jungle-jhari land/civil-soyam* lands and all other such categories of lands, on which the provisions of FC Act, 1980 are applicable, shall be considered for the purpose of compensatory afforestation provided such lands on which compensatory afforestation is proposed shall be notified as Reserve Forest (RF) under the Indian Forest Act, 1927.

The exceptions to the general conditions laid down in para 3.2 (i) of the Guidelines issued under the FC Act, 1980, are listed below:

- As per para 3.2(vi) of the Guidelines issued under the FC Act, 1980, certain categories of project are exempted from providing equivalent non forest land. In such cases CA

was to be raised over degraded forest land twice in extent of the forest area being diverted/ dereserved.

- As per para 3.2 (viii) raising CA is not to be insisted upon in certain category of projects like diversion of forest land upto one hectare, cleaning of naturally grown trees in forest land, underground mining in forest land below three meter etc.
- As per para 3.2 (ix) in case of central government/ central undertaking projects, CA is to be raised on degraded forest land twice in extent of forest area being diverted without insisting for the certificate of Chief Secretary regarding non-availability of non-forest land.

Para 3.4(i) of the Guidelines issued under the Forest Conservation Act, 1980 state that equivalent non-forest land identified for the purpose was to be transferred to the ownership of the State Forest Department and declared as reserved/protected forests (RF/PF), so that the plantation raised could be maintained permanently. The transfer was to take place prior to the commencement of the project.

2.1.2. Procedure for granting forest clearances

As per Clause 6 of Forest (Conservation) Amendment Rules, 2004, every User Agency that seeks to use any forest land for non-forestry purposes, under Section 2 of the Act, is required to make a proposal to the Nodal Officer of the concerned State/UT Government and endorse a copy of the proposal, along with a copy of the receipt obtained from the office of the Nodal Officer, to the concerned Divisional Forest Officer or the Conservator of Forests, Regional Office as well as MoEF. After having received the proposal, the State/ UT Government is required to process and forward it to the Central Government within a period of two hundred and ten days of the receipt of the proposal.

The Nodal Office of State/UT Government after having received the proposal and on being satisfied that the proposal is complete in all respects and requires prior approval under Section 2 of the Act, is required to send the proposal to the concerned Divisional Forest Officer. The Divisional Forest Officer or the Conservator of Forests shall examine the factual details and feasibility of the proposal, certify the maps, carry out site-inspection and enumeration of the trees and forward the findings to the Nodal Officer within a period of 90 days of the receipt of such proposal. The Nodal Officer, through the Principal Chief Conservator of Forests, shall forward the proposal to State/ UT Government along with recommendations. The State/UT Government shall forward the complete proposal, along with its recommendations, to the Regional Office or MoEF as the case may be.

The Regional Empowered Committee⁵ is mandated to decide on the proposal involving diversion of forest land upto 40 hectare other than the proposal relating to mining and encroachments. Proposal involving forest land of more than 40 hectare, and all proposals relating to mining and encroachments irrespective of the area are approved by MoEF.

Forest clearances are to be granted under Section 2 of the Forest (Conservation) Act, 1980. In respect of proposals involving diversion of forest area upto five hectare, Chief

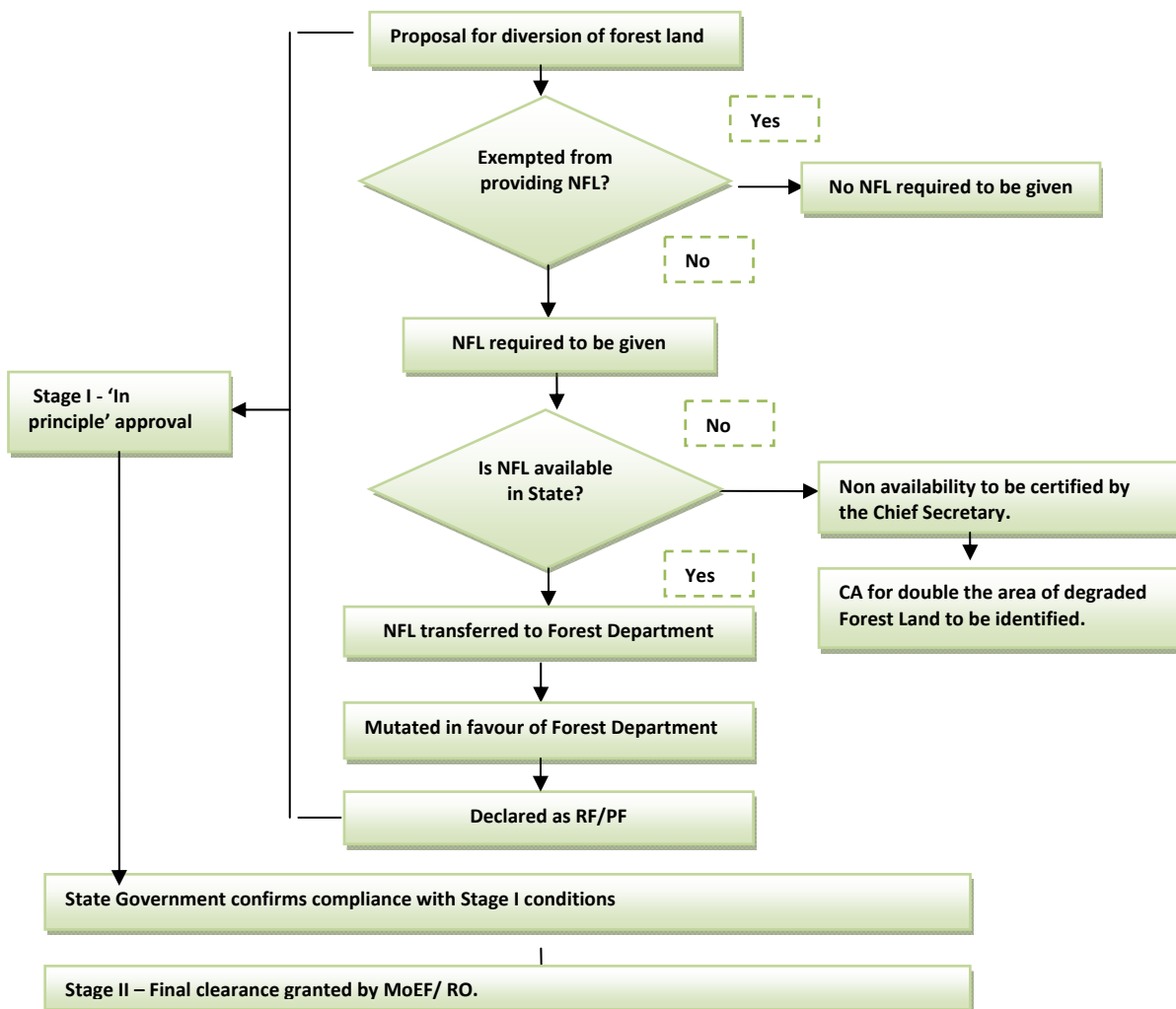
⁵ Consists of Regional Principal Chief Conservator as Chairman and Conservator/ Deputy Conservator of Forests in the Regional Office as Member Secretary and three expert members in fields of Mining, Civil Engineering and Development Economics.

Conservator of Forests of the concerned Regional Office grants final clearance (except in mining leases). In respect of proposals involving diversion of forest area above five hectare (including all categories of mining leases), the final clearances are granted by the MoEF on the advice of the Forest Advisory Committee. The Director General of Forests & Special Secretary, Ministry of Environment and Forests is the Chairperson of the committee which grants forest clearance under the Section 2 of the Forest (Conservation) Act, 1980. Inspector General of Forests (Forest Conservation) is the Member Secretary of the committee.

As per para 4.2 (i) of Guidelines issued under the Forest (Conservation) Act, 1980 (FC Act, 1980), for diversion of forest land, forestry clearance is to be given in two stages. At first stage, the proposal is to be agreed to in principle. Conditions relating to transfer, mutation and declaration of a Reserve Forest/Protected Forest under the Indian Forest Act, 1927 of equivalent non-forest land for compensatory afforestation and funds for raising compensatory afforestation thereof, are stipulated at this stage. After receipt of report from the State Government regarding compliance with the stipulated conditions, formal approval under the Act is issued, also called the second stage of clearance or final clearance.

The procedure for granting forest clearances is depicted in the flow Chart 4.

Chart 4: Flow chart of procedure for granting permission to divert forest land for non forest purposes



NFL – Non forest land, CA- Compensatory Afforestation, PF- Protected Forest, RF- Reserve Forest

We carried out the audit of a gamut of issues relating to diversion of forest land and compensatory afforestation. The audit findings have been categorised in the following six themes:

- Regulatory shortcomings in diversion of forest land;
- Failure to promote compensatory afforestation;
- Diversion of forest land for grant/ renewal of mining leases;
- Environmental issues;
- Other issues of land management; and
- Inadequate and ineffective application of penal clause.

2.2. Regulatory shortcomings in diversion of forest land

2.2.1. Non receipt of non forest land in lieu of diverted forest land

Para 3.2(i) to (v) of the Guidelines issued under the Forest Conservation Act, 1980 state that Compensatory Afforestation shall be undertaken over equivalent area of non-forest land.

State wise details of forest land diverted and non-forest land provided between 2006-12 in lieu thereof, collected in audit from MoEF/ ROs are given at Table 4.

Table 4: Details of forest land diverted and non-forest land less received (as per the records of MoEF/ ROs)

(in hectare)

Sl. No.	State	Forest Land diverted as per RO	Exempted category^	Land diverted excluding exempted category	NFL received as per RO	NFL less received	Percentage of short receipt of NFL (viii) (vii)*100/(v)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
1	Andaman & Nicobar Islands	84.55	4.07	80.48	56.88	23.60	29
2	Andhra Pradesh	13,774.57	208.18	13,566.39	9,512.17	4,054.22	30
3	Arunachal Pradesh	2,070.84	1,386.70	684.14	89.49	594.65	87
4	Assam	631.17	587.29	43.88	28.50	15.38	35
5	Bihar	3,052.36	4.03	3,048.33	2,029.80	1,018.53	33
6	Chandigarh	7.55	1.35	6.20	6.87	(-)0.67	-
7	Chhattisgarh	20,461.70	5.51	20,456.19	Nil	20,456.19	100
8	Delhi	23.09	0.94	22.15	Nil	22.15	-
9	Goa	1,513.09	Nil	1,513.09	60.85	1,452.24	96
10	Gujarat	1,882.39	115.02	1,767.37	Nil	1,767.37	100
11	Haryana	1,762.18	543.97	1,218.21	43.79	1,174.42	96
12	Himachal Pradesh	2,978.42	2,045.57	932.85	Nil	932.85	-
13	Jammu & Kashmir	NA	NA	NA	NA	NA	NA
14	Jharkhand	8,328.45	8.45	8,320.00	2,989.82	5,330.18	64
15	Karnataka	5,645.14	546.23	5,098.91	3,053.74	2,045.17	40
16	Kerala	171.60	95.61	75.99	25.32	50.67	67
17	Madhya Pradesh	20,795.72	55.20	20,740.52	Nil	20,740.52	100

Sl. No.	State	Forest Land diverted as per RO	Exempted category [^]	Land diverted excluding exempted category	NFL received as per RO	NFL less received	Percentage of short receipt of NFL (viii) (vii)*100/ (v)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii) (vii)*100/ (v)
18	Maharashtra	2,911.45	44.23	2,867.22	Nil	2,867.22	100
19	Manipur	298.88	32.88	266.00	60.00	206.00	77
20	Meghalaya	132.44	12.88	119.56	Nil	119.56	-
21	Mizoram	0.59	0.59	Nil	Nil	Nil	Nil
22	Odisha	8,820.77	6.06	8,814.71	5,261.96	3,552.75	40
23	Punjab	3,039.41	889.85	2,149.56	Nil	2,149.56	100
24	Rajasthan	8,248.04	95.38	8,152.66	584.97	7,567.69	93
25	Sikkim	1,411.04	1,059.50	351.54	Nil	351.54	-
26	Tamil Nadu	298.15	28.82	269.33	230.01	39.32	15
27	Tripura	299.89	108.47	191.42	10.91	180.51	94
28	Uttar Pradesh	1,239.20	121.96	1,117.24	535.23	582.01	52
29	Uttarakhand**	4,759.38	3,478.37	1,281.01	3,315.23	(-)2,034.22	-
30	West Bengal	235.20	8.24	226.96	190.36	36.60	16
	Total	1,14,877.26	11,495.35	1,03,381.91	28,085.90	75,905.47*	73

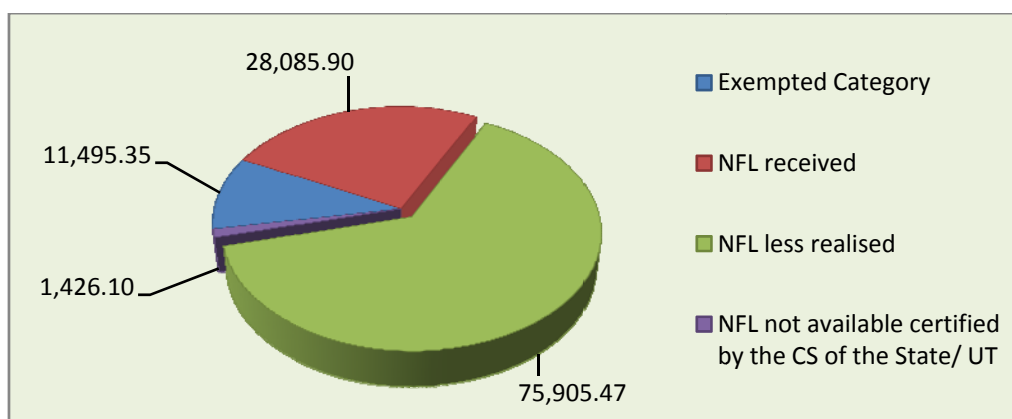
* This does not include figures for Delhi, Himachal Pradesh, Meghalaya and Sikkim as NFL non-availability certificates from Chief Secretary were available in most of the cases.

**For Uttarakhand Civil-Soyam land stated to have been received double in quantity to the forest land diverted.

[^]RO Bhopal and Lucknow did not furnish the list of exempted projects. These were calculated from the consolidated list of projects provided by these ROs.

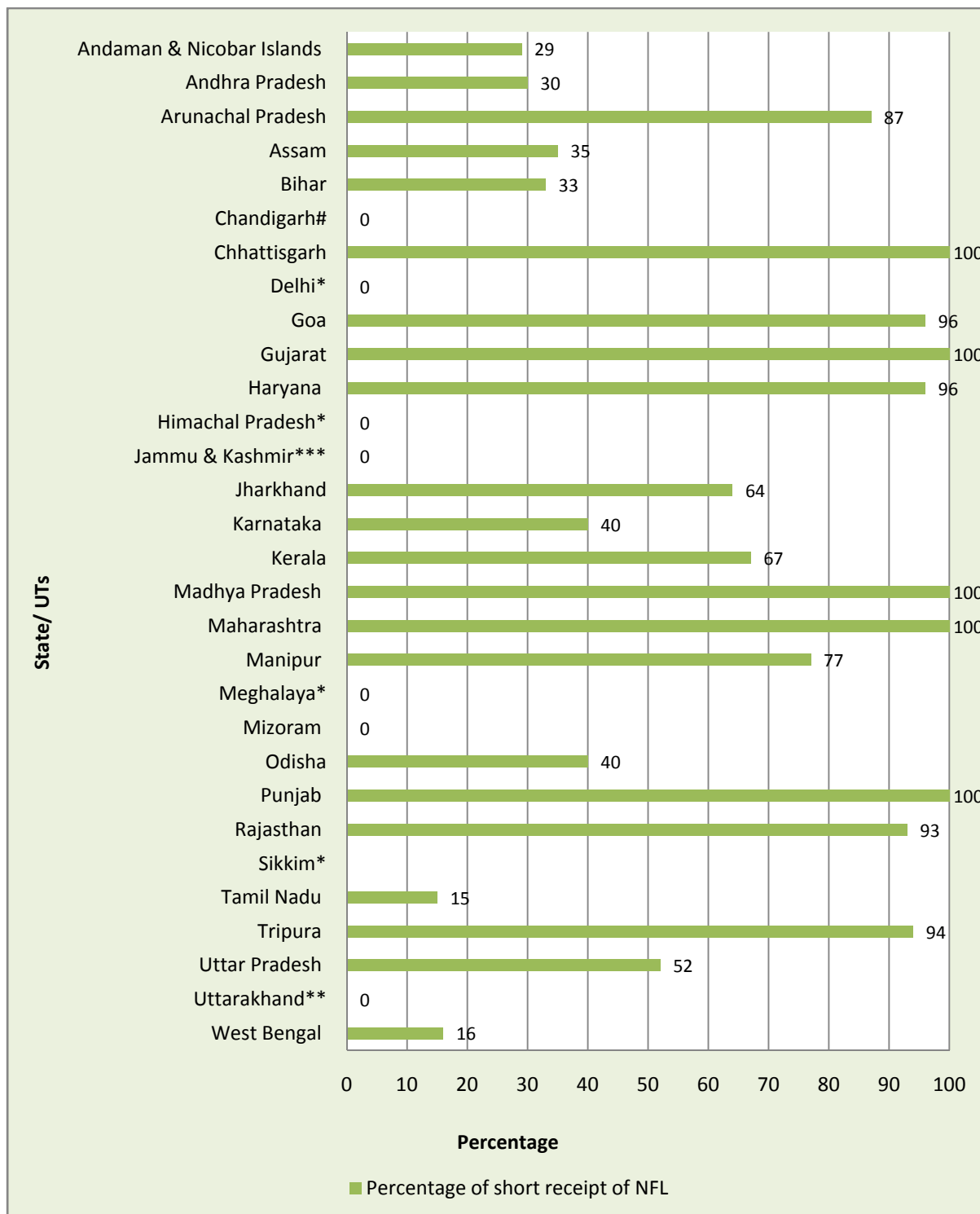
NA - Not Available.

Chart 5: Details of forest land diverted and non-forest land less realised (in ha)



The comparison of the forest land diverted excluding the exempted category and the non forest land received in lieu thereof are given in Chart 6.

Chart 6: Chart showing percentage of short receipt of non forest land



*In Delhi, Himachal Pradesh, Meghalaya and Sikkim, certificates from Chief Secretary regarding non-availability of NFL were available in most of the cases.

**For Uttarakhand Civil-Soyam land stated to have been received double in quantity to the forest land diverted.

***For Jammu & Kashmir the data was not provided by the Regional Office.

In Chandigarh all the non forest land was received and in Mizoram all diversion of forest land was for exempted projects.

From the above table and charts it would be seen that:

- i. As per information furnished by the ROs, total forest land diverted during the period 2006-12 was 1,14,877.26 hectare. Non-forest land measuring to 1,03,381.91 hectare was receivable after excluding exempted categories but against this only 28,085.90 hectare was received. In four⁶ states non-availability certificates of non-forest land measuring to 1,426.10 hectare were available. Hence non-forest land measuring to 75,905.47 hectare was not received which was 73 *per cent* of receivable non-forest land.
- ii. State/UT-wise position regarding of short receipt of non-forest land is summarised below:

Percentage of short receipt of NFL	State/ UTs
0 to 25	Chandigarh, Tamil Nadu and West Bengal.
26 to 50	Andaman & Nicobar, Andhra Pradesh, Assam, Bihar, Karnataka and Odisha.
51 to 75	Jharkhand, Kerala and Uttar Pradesh.
76 to 100	Arunachal Pradesh, Chhattisgarh, Goa, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Manipur, Punjab, Rajasthan and Tripura.

- iii. No information was made available by the MoEF/ RO for Jammu & Kashmir. In Mizoram non forest land was not required to be received. In Delhi, Himachal Pradesh, Meghalaya and Sikkim the certificate regarding non availability of non forest land was obtained in most of the cases. In Uttarakhand Civil-Soyam land was received in lieu of the non forest land, which was 100 *per cent* against the forest land diverted.
- iv. We test checked the records in MoEF and RO to verify whether the non forest land reportedly received was transferred/ mutated in favour of the State Forest Department (SFD). There were no documents showing the transfer and mutation of this land available in all 167 files pertaining to ROs/ MoEF scrutinized in audit. Further test check of 52 specific files in MoEF (Annexure 3) also revealed that non-forest land of 2,310.86 hectare identified for CA had not been transferred and mutated in favour of the State Forest Department.

Consequently, it was observed that neither the State Nodal Officer/ PCCF nor MoEF ensured the receipt of non-forest land and the final clearances were given by the committee headed by the Director General of Forests & Special Secretary, Ministry of Environment and Forests as the Chairperson and Inspector General of Forest (Forest Conservation) as the Member Secretary without ensuring the receipt of equivalent non-forest land from the user agencies. Thus, MoEF failed in ensuring the compliance of its own regulatory provisions for forestry clearance.

⁶ Delhi, Himachal Pradesh, Meghalaya and Sikkim.

MoEF stated (May 2013) that the observations made by the Audit in this para were State specific and, therefore would be answered in details by the States directly and that the data appeared to be based on incomplete information and is therefore, not wholly correct. MoEF claimed that there was gross under estimation of the area of forest land diverted for projects of exempted category. To support this it cited Odisha as an example stating that contrary to the observation of audit that of the area of forest land diverted for the projects of all categories between 2006 and 2012 in Odisha, only 6.05 hectare was of exempted category. However, as per MoEF records out of 3,150.09 hectare of forest land pertaining to 19 projects alone, 1,885.13 hectare was of exempted category. It attributed under-estimation of diverted land by audit to non inclusion of some categories of exempted projects. It further stated that it proposed to constitute a Committee to examine, whether requisite non-forest land for CA, wherever applicable, had been transferred and mutated in favour of the SFDs and notified as Reserve Forest/ Protected Forest in accordance with the provisions of the Indian Forest Act, 1927 / local Forest Act. The committee would *inter-alia* prepare up-to-date inventory of such land and reconcile it with the land records and that MoEF would issue appropriate directions to ensure transfer and mutation of the non-forest land in favour of the concerned State Forest Department within a reasonable time, say one year from the date of issue of such direction.

The reply is not tenable because the information presented by Audit has been collected from MoEF/ ROs and are based on the records of Ministry. The same was issued both to the ROs and MoEF for confirmation of facts and figures who neither confirmed the figures nor provided authenticated alternate figures. The reply only confirms the audit observation on absence of a MIS and a robust monitoring system. Further, MoEF in its reply had only quoted one example of Odisha and nowhere specifically and categorically confirmed, refuted or revised the information/ facts/ figures as obtained by audit from MoEF/ RO. MoEF has no mechanism in place to ensure that the entire NFL which is due to be transferred and mutated in favour of the State Forest Departments has actually been received and mutated. The situation was even more alarming considering the fact that such transfer and mutation is vital precondition to permit diversion of forest land and ensuring that the forest land of the country are not depleted and must be fulfilled before giving final clearance. It is also of concern that though final clearances had been given without ensuring fulfilment of the key conditions, which invited invoking of the penalty clause under Section 3A of the Forest (Conservation) Act, 1980.

2.2.2. Non-transfer of non forest land to Forest Department and non-declaration as Reserve Forest/Protected Forest

Para 3.4(i) of the Guidelines issued under the Forest Conservation Act, 1980 state that equivalent non-forest land identified for the purpose was to be transferred to the ownership of the State Forest Department and declared as reserved/protected forests (RF/PF), so that the plantation raised could be maintained permanently. The transfer was to take place prior to the commencement of the project.

Data from RO: As per the information provided by ROs, non-forest land received was 28,085.90 hectare. Records to evidence that the entire NFL so received had been transferred and mutated in favour of Forest Department were not available. We, further,

observed that no land so received was notified as RF/PF by the State Forest Department within six months of handing over of the non forest land which was required to be done.

Our observations on specific cases examined in ROs and MoEF are given below:

- During the test check of records of MoEF, it was noticed that in 30 (Annexure 4) out of 52 cases examined, the non-forest land of 11,033.28 hectare provided by the user agencies to the State Governments was not declared/ notified as Reserve Forest/ Protected Forest.
- During the test check of the records of RO Shillong it was observed that as per the agenda note available in Regional Office, Shillong for the first quarterly meeting of Nodal Officers of all North Eastern States held in September 2011, non-forest land measuring 5,921.03 hectare (involved in 10 projects) was transferred and notified by State Revenue Department as Reserve Forests during the period 1996 to 2010 under Mizo District (Land & Revenue) Act, 1956, to Environment and Forest Department, Government of Mizoram but it was not declared as Reserve Forest/ Protected Forest under Section 15 to 21 of Mizoram Forest Act, 1955. Under 6th Schedule of the Constitution of India, these Reserve Forest lands were to be notified as Government Reserved Forests under Section 15 to 21 of Mizoram Forest Act, 1955. This was pending for 15 years.

Data from State Authorities: The status of non-forest land received, its transfer/ mutation in favour of the Forest Department and its declaration as RF/PF was also obtained from the State CAMPA/ Nodal Officer/ State Forest Department and is at Annexure 5. As per the data provided by the State agencies, of 23,246.80 hectare of non-forest land received by the State Forest Departments during the period 2006-12 11,294.38 hectare was transferred/ mutated in favour of the Forest Department of which only 3,279.31 hectare was declared as RF/PF.

The conflicting and inconsistent data obtained from the two controlling agencies viz the regional offices of the Ministry & from state agencies is a matter of serious concern. Both sets of data indicated that final clearances were given without ensuring transfer/ mutation of NFL to Forest Department and notification of these areas as RF/ PF which was in gross violation of the conditions imposed at in principle conditions as per the FC Act and such violation attracted the invoking of penal clause.

MoEF stated (May 2013) that the fact remains that declaration of the non-forest area, identified for CA, as RF/PF is a time taking process and, therefore, keeping in mind the diverse administrative procedures followed by the different states and different degree of public resistance to declaration of area as RF/PF, uniformity and promptness in declaration of the forest area as RF/ PF by the States may not always be possible. However, considerable progress has been made in declaration of CA areas as RF/PF. MoEF further stated that it would constitute a Committee in consultation with the State/ Union Governments to examine proposals, for which approval under the FC Act, 1980 had been accorded. The committee would ascertain, whether requisite non-forest land for CA, wherever applicable had been transferred and mutated in favour of the SFDs and notified as RF/PF.

MoEF while admitting that uniformity and promptness in declaration of the forest area as RF/ PF by the States may not always be possible, it claimed that a considerable progress had been made in declaration of CA areas as RF/PF. This claim of MoEF is not tenable as no progress of declaration of the non forest land as RF/ PF within the specified six month period has been noticed during the course of audit as per State/ ROs records. The reply does not explain the issue of complete lack of an MIS or monitoring at the level of the Ministry on an issue that is critical for informed decision making by it.

2.2.3. Irregular permission to pay for afforestation on double the area of degraded forest

Where non-forest land are not available or non-forest land is available in less extent to the forest area being diverted, compensatory afforestation is to be carried out over degraded forest twice in extent to the area being diverted or to the difference between forest land being diverted and available non-forest land, as the case may be.

As per para 3.2 (v) of the Guidelines issued under the FC Act, 1980, non-availability of suitable non-forest land for compensatory afforestation in the entire State/ UT would be accepted by the Central Government only on the certificate from the Chief Secretary to the State/ UT Government to this effect. In case of Jammu & Kashmir State the certificate is to be issued by Deputy / Divisional Commissioner.

Audit attempted to collect data of the forest land diverted for non-forest uses by allowing CA on twice the area in double degraded forest land without the requisite certificate of the Chief Secretary of the state/ UT. The details collected from the Forest Department, Nodal officers of State CAMPA and the divisions test checked in audit (where the Nodal officers did not provide the information) are at Table 5.

Table 5: Non obtaining of requisite certificate of the Chief Secretary of the State/ UT

Sl.No.	State	Forest land diverted as per State Forest Department (in ha)	Whether non-availability certificate of non-forest land in the entire State/ UT from appropriate authority was obtained
1	Andaman & Nicobar Islands	117.74	Certificate was not required as all the land was diverted to government departments and being a UT all departments are central government departments.
2	Andhra Pradesh	14,208.60	No
3	Arunachal Pradesh	2,547.16	No
4	Assam	2,523.35	No
5	Bihar	2,286.25	No
6	Chandigarh	8.67	Certificate was not required as all the forest land diverted/transferred in lieu of non-forest areas was received from the user agencies.

Sl.No.	State	Forest land diverted as per State Forest Department (in ha)	Whether non-availability certificate of non-forest land in the entire State/ UT from appropriate authority was obtained
7	Chhattisgarh	8,389.40	No, despite revenue land measuring 5.78 lakh ha being available in state for CA as per information made available by Revenue Department.
8	Delhi	40.29	Out of 10 cases in two cases (2.22 ha), Certificate from Chief Secretary was not obtained.
9	Goa	728.94	No
10	Gujarat	5,795.82	No
11	Haryana	2,154.89	No
12	Himachal Pradesh	4,080.23	Certificate for Chief Secretary obtained for CA on 8,240.04 ha double degraded land, Certificate for 7.56 ha was not obtained.
13	Jammu & Kashmir	3,967.46	In respect of J&K the certificate is to be issued by Deputy / Divisional Commissioner. Majority of certificates were not issued by the competent authority and in some cases certificates were issued by the user agencies themselves.
14	Jharkhand*	15,881.06	No
15	Karnataka	3,354.11	No
16	Kerala	156.07	NA
17	Madhya Pradesh	9,753.47	No
18	Maharashtra	6,361.09	No
19	Manipur	33.88	No
20	Meghalaya	245.33	Obtained in all cases except for diversion of 114.02 hectare in 2008-09.
21	Mizoram	128.28	No
22	Odisha**	NA	No
23	Punjab	2,190.49	NA
24	Rajasthan	2,975.84	No
25	Sikkim	1,359.91	For 1,359.91 ha of forest land the certificates were not issued on individual case basis. However, the certificates were issued once by the Chief Secretary and the photo copy of the same were used for the rest of the cases for non availability of non forest land.

Sl.No.	State	Forest land diverted as per State Forest Department (in ha)	Whether non-availability certificate of non-forest land in the entire State/ UT from appropriate authority was obtained
26	Tamil Nadu	323.09	No
27	Tripura	696.22	NA
28	Uttar Pradesh	2,995.23	No
29	Uttarakhand	9,669.74	Yes. Chief Secretary issued a general certificate in 2002 and 2009. Separate certificate on case to case basis was not obtained.
30	West Bengal	425.17	NA

*Figures for Jharkhand are from 2002 onwards.

** Odisha did not provide figures for non forest land received.

NA - Not available

From Table 5 above, it transpires that:

- In 19 of the 26 States from which information in this regard was received, non availability of forest land was not certified by the Chief Secretary/ Deputy or Divisional Commissioner⁷. It was observed that the final clearances were given by the committee headed by the Director General of Forests & Special Secretary, Ministry of Environment and Forests by allowing compensatory afforestation on the degraded forest twice the extent of forest land diverted either without obtaining the certificate or by accepting ineligible certificates of the competent authority.
- In Delhi, Himachal Pradesh and Meghalaya the rule was observed in most of the cases. In Sikkim the certificate had been issued once by the Chief Secretary and the same was used in all cases rather than obtaining fresh certificate in each case.
- In Uttarakhand based on the certificate of the Chief Secretary, civil- Soyam land was received in double the extent of the forest land diverted.
- In Chhattisgarh the Revenue Department stated in November 2006 that revenue land measuring 5.78 lakh hectare was available in the State for Compensatory Afforestation. Despite this CA on twice the extent of degraded forest land was allowed.
- In Andaman & Nicobar and Chandigarh, for the period under audit, all NFL due was received. Hence, the certificate was not required.

MoEF stated (May 2013) that in the absence of requisite details of individual cases, it may not be possible for the MoEF to comment on the observation of the audit that whether in such cases certificate from the Chief Secretary was required to be obtained or not. It further stated that CA on degraded forest land double in extent was allowed in the States like Andhra Pradesh, Odisha, Jharkhand and Maharashtra only in the exempted categories,

⁷ Jammu & Kashmir.

while in the States as Meghalaya, Punjab and Chhattisgarh the requisite certificate of the Chief Secretary was obtained.

The reply is not tenable because as per the information obtained in Audit, the requisite certificate was not obtained in most of the State/ UTs. In case of Chhattisgarh, while the Chief Secretary certified that “no suitable non forest Government Revenue Land was available in Chhattisgarh for carrying out CA”, the State Revenue Department stated in November 2006 that revenue land measuring 5.78 lakh hectare was available in the State for CA. MoEF in particular should have verified the genuineness of the certificate in such a situation. In Meghalaya, the certificate was issued only for 114.02 hectare in 2008-09. In the case of Punjab though the MoEF provided a copy of the Chief Secretary’s certificate to the effect of non-availability of non-forest land in Punjab, the State Forest Department reported that 1.51 hectare of non-forest land had been received in lieu of forest land diverted. This raises doubt on the reliability of the certificate.

During the test check of individual case files of MoEF, we observed that in the case of Sasan Power Limited (SPL), MoEF did not exercise due diligence in ensuring compliance with conditions and inexplicably overlooked the deficiencies in the certificate pointed out by a subordinate authority and exempted SPL from providing non-forest land on the basis of an ineligible certificate issued by the Chief Secretary. The details of the audit findings are reported as Case Study I.

Case Study I

Clearance by MoEF on the basis of an inappropriate certificate of the Chief Secretary and non-fulfilment of conditions of additional afforestation.

Sasan Power Limited (SPL) was a Special Purpose Vehicle (SPV) created for development of Sasan Ultra Mega Power Project (UMPP). SPL was a wholly owned subsidiary of Power Finance Corporation (PFC) but in August 2007 it was transferred to Reliance Power Limited (RPL).

In June 2007, the Government of Madhya Pradesh sought prior approval of the Central Government for diversion of 320.94 hectare of forest land for construction of UMPP of M/s Sasan Power Limited in district Sidhi of Madhya Pradesh (Power Project). In December 2008, MoEF gave in principle approval for the project subject to fulfilment of various conditions. The final approval for the project was accorded in April 2009.

Further, in September 2008, the Government of Madhya Pradesh sought the prior approval of the Central Government for diversion of 1,064.02 hectare of forest land for allocation of local Blocks for coal mining for Sasan UMPP under the East Sidhi Forest Division of Madhya Pradesh (Coal Mining Project). In November 2009, MoEF gave in principle approval for the project subject to fulfilment of various conditions. The final approval for the project was accorded in May 2010.

The following deficiencies were noted in permitting diversion of forest land in these projects:

According to guidelines and clarifications for diversion of forest lands for non-forest purpose under the Forest (Conservation) Act, 1980, SPL had to provide equivalent area of 1,384.96 hectare of non-forest land for the compensatory afforestation. As far as possible, the non-

forest land for compensatory afforestation had to be identified contiguous to or in the proximity of Sidhi district and in the event that non-forest land for compensatory afforestation was not available in the Sidhi district, non-forest land could have been identified anywhere else in Madhya Pradesh. The non-availability of suitable non-forest land for compensatory afforestation in the entire State had to be accepted by the MoEF, only on basis of the certificate from the Chief Secretary of Madhya Pradesh to that effect.

However in both these cases, MoEF exempted SPL from providing equivalent area of non-forest land for the compensatory afforestation, on basis of the certificate from the Chief Secretary that no forest land was available in Sidhi District. MoEF did not ask SPL to furnish such certificate for entire Madhya Pradesh or make efforts for identification of non-forest land for compensatory afforestation anywhere else in the State. Instead, SPL was allowed compensatory afforestation over double degraded forest land even though it was not eligible for such an exemption. The Deputy Conservator of Forests, MoEF Regional Office (Central), Bhopal during his site visit (for Coal Mining project) in November 2008 had also mentioned that compensatory afforestation on double degraded forest land was not admissible on the basis of the certificate of the Chief Secretary about one district i.e. Sidhi. However, MoEF ignored his opinion and based ***on an ineligible certificate issued by the Chief Secretary exempted SPL from providing non-forest land in violation of the Forest (Conservation) Act 1980. The MoEF not only did not exercise due diligence in ensuring compliance with conditions but also inexplicably overlooked the deficiencies in the certificate pointed out by a subordinate authority while granting exemption in the instant case.***

Further, MoEF, while considering the coal mining project proposal noted, *“in view of the substantial amount of good forest land being diverted, in addition to Compensatory afforestation, additional afforestation (not plantation) over an equivalent area of 991.81 + 72.21 hectare should be taken up by the project. This is the bare minimum special condition that should be added to the general condition.”* MoEF did not insist for any firm proposal in this regard from the company. Further, MoEF had made no efforts till date to ascertain whether SPL had carried out additional afforestation over 1,065 hectare, as stipulated.

Again, in July 2011, the Government of Madhya Pradesh sought prior approval of the Central Government for diversion of 965.40 hectare of forest land in favour of M/s Sasan UMPP for their Chhatrasal Captive Coal block (including 30.21 hectare forest land for infrastructure development) in district Singrauli of Madhya Pradesh. In November 2012, MoEF gave in principle approval for the project subject to fulfilment of various conditions including compensatory afforestation over the non-forest land equal in extent to the area of the forest land proposed to be diverted (i.e. 965.40 hectare). The said non forest land had to be transferred and mutated in favour of the State Forest Department. Further, to compensate the loss of good quality forests, in addition to creation of compensatory afforestation at normal rate, the company had to provide funds for rejuvenation and re-stocking of degraded forests, double in extent to the forest land proposed for diversion. The final clearance to this project was still pending as the company was yet to submit compliance report to the conditions laid down by MoEF while granting in principle approval for the project.

Thus, MoEF had insisted for compensatory afforestation over the non-forest land in latest project of the same company in nearby location in Madhya Pradesh, which clearly illustrates that in earlier two cases undue favour were extended to M/s Sasan Power Limited.

MoEF in its reply in (May 2013) was silent regarding the issue of clearance to SPL on the basis of an ineligible certificate of the Chief Secretary which was also objected to by the officials of the Ministry. It stated that SPL had submitted proposals for diversion of 1,064.02 hectare of forest land without clearly indicating its shareholding pattern and it appears that SPL did not bring to notice of the Forest Advisory Committee and the MoEF that it has been transferred from Power Finance Corporation (PFC) to the RPL. Approval under the FC Act, 1980 for diversion of 1,064.02 hectare of forest land in favour of SPL was, thus, accorded considering the SPL as a subsidiary of the Central PSU (i.e. PFC). However, MoEF has noted observations of the Audit. It further stated that approval of the competent authority is being sought to revise conditions pertaining to CA stipulated in the approvals under the FC Act, 1980 accorded by the MoEF for diversion of the said forest land in favour of the SPL. This would entail that the user agency shall transfer and mutate in favour of the SFD within one year of diversion of forest land. Regarding the 1,065 hectare of additional afforestation, MoEF stated that the additional afforestation needs to be undertaken by the user agency/project proponent and that State Government of Madhya Pradesh is being requested to submit a report on the status of additional afforestation.

The reply is not tenable as Sasan Power Limited was transferred to Reliance Power Limited in August 2007 but the in principle approval was given by MoEF in December 2008 and the final approval was also accorded in April 2009. This was done on the basis of an ineligible certificate and by ignoring the reservations in this regard expressed by a subordinate authority.

2.2.4. Non reconciliation of figures of land diverted/ received

During our audit exercise, we collected information on forest land diverted and non forest land received in lieu of the diversion, during the period 2006-12, both from ROs and State Forest Department which is given in Table 6.

Table 6: Divergence in data of forest land diverted and non-forest land received in lieu as per ROs and State Forest Department

(in hectare)

Sl. No.	State/UT	Forest Land Diverted		Non Forest Land Received	
		RO	State Forest Department	RO	State Forest Department
1	Andaman & Nicobar Islands	84.55	117.74	56.88	112.96
2	Andhra Pradesh	13,774.57	14,208.60	9,512.17	10,168.63
3	Arunachal Pradesh	2,070.84	2,547.16	89.49	205.86
4	Assam	631.17	2,523.35	28.50	Nil
5	Bihar	3,052.36	2,286.25	2,029.80	63.51
6	Chandigarh	7.55	8.67	6.87	8.14
7	Chhattisgarh	20,461.70	8,389.40	Nil	323.08
8	Delhi	23.09	40.29	Nil	Nil
9	Goa	1,513.09	728.94	60.85	28.50

Sl. No.	State/UT	Forest Land Diverted		Non Forest Land Received	
		RO	State Forest Department	RO	State Forest Department
10	Gujarat	1,882.39	5,795.82	Nil	591.65
11	Haryana	1,762.18	2,154.89	43.79	51.67
12	Himachal Pradesh	2,978.42	4,080.23	Nil	Nil
13	Jammu & Kashmir	NA	3,967.46	NA	Nil
14	Jharkhand*	8,328.45	15,881.06	2,989.82	530.11
15	Karnataka	5,645.14	3,354.11	3,053.74	2,231.96
16	Kerala	171.60	156.07	25.32	Nil
17	Madhya Pradesh	20,795.72	9,753.47	Nil	2,332.49
18	Maharashtra	2,911.45	6,361.09	Nil	4,077.99
19	Manipur	298.88	33.88	60.00	Nil
20	Meghalaya	132.44	245.33	Nil	Nil
21	Mizoram	0.59	128.28	Nil	17.50
22	Odisha**	8,820.77	7,524.80	5,261.96	NA
23	Punjab	3,039.41	2,190.49	Nil	1.51
24	Rajasthan	8,248.04	2,975.84	584.97	1,698.72
25	Sikkim	1,411.04	1,359.91	Nil	Nil
26	Tamil Nadu	298.15	323.09	230.01	230.95
27	Tripura	299.89	696.22	10.91	10.95
28	Uttar Pradesh	1,239.20	2,995.23	535.23	374.23
29	Uttarakhand	4,759.38	9,669.74	3,315.23	Nil
30	West Bengal	235.20	425.17	190.36	186.39
	Total	1,14,877.26	1,10,922.58	28,085.90	23,246.80

*Figures for Jharkhand are from 2002 onwards.

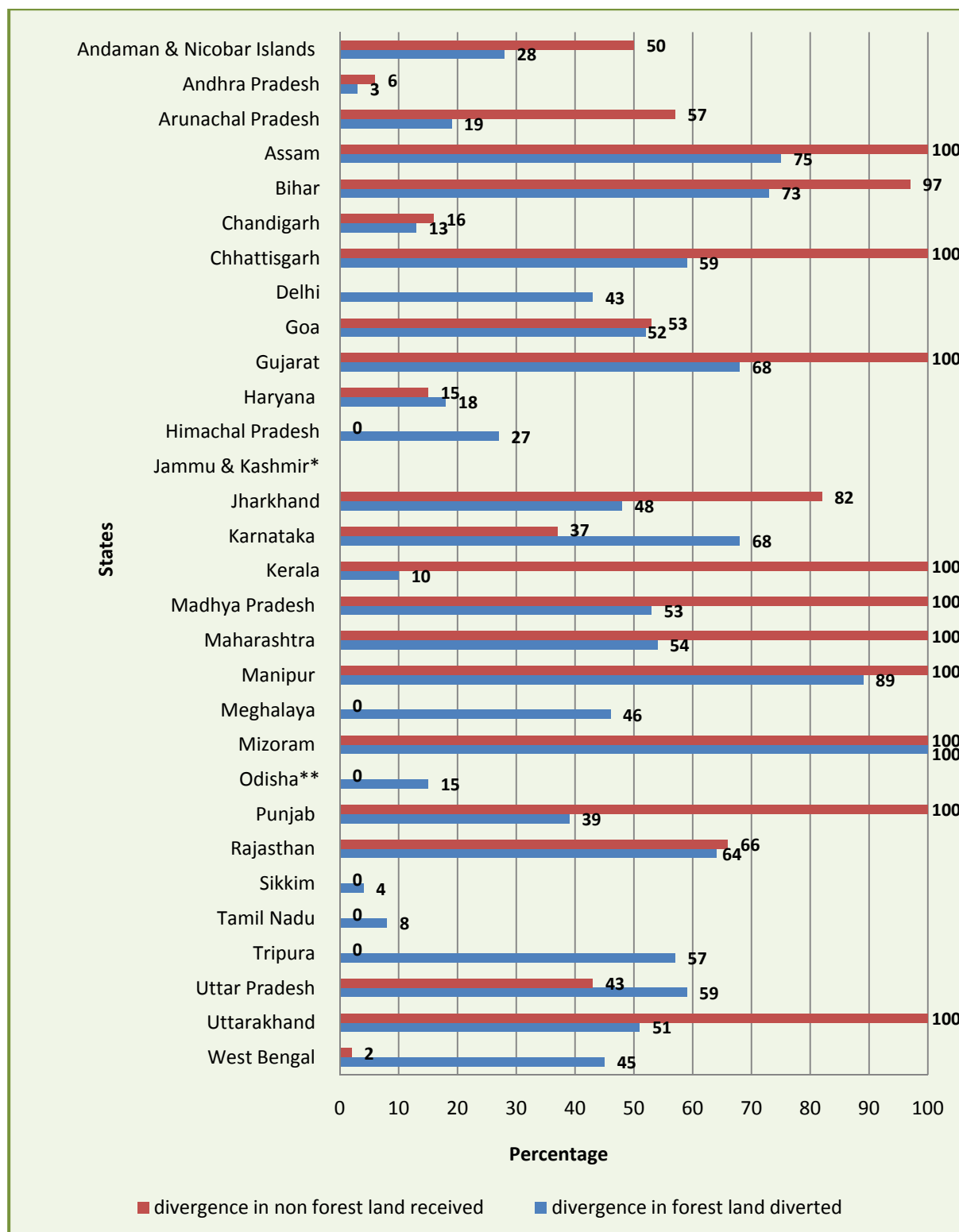
**Odisha did not provide figures for non forest land received.

NA - Not available

From the above table, it can be seen that there are substantial variation between the figures provided by the RO and the State Forest Department. In fact in not a single State/ UT did we notice that there was convergence of data between the concerned State Forest Department and the Regional Office of MoEF. Not only does it highlight lack of a system of periodic reconciliation of data between the two authorities but also raises doubts on the reliability of the data. In the absence of authenticated data and non-production of proof of mutation/ transfer of identified land in favour of Forest Department, it cannot be assured that the final clearances were given only on the fulfilment of all the stipulated conditions and the forest lands have been appropriately safeguarded.

The percentage divergence in data of forest land diverted and non-forest land received in lieu as per ROs and State Forest Department are highlighted in Chart 7.

Chart 7: Percentage divergence in data of forest land diverted and non-forest land received in lieu as per ROs and State Forest Department



*For Jammu & Kashmir the data was not provided by the Regional Office.

**Odisha did not provide figures for non forest land received.

In the absence of a single agreed set of figures, we are also unable to provide assurance on the completeness and reliability of data produced to us. It is a matter of grave concern that

the two controlling authorities did not have in place a robust MIS to monitor the extent to which forest land had been diverted and to judge the extent to which these forest lands had been depleted due to non-providing of NFL. This data was also critical to monitor the compliance with the conditions imposed at in-principle clearance prior to giving final clearance. The absence of such a system puts to question the entire monitoring mechanism in MoEF and State Forest Department in this regard.

MoEF stated (May 2013) that, the Committee proposed to be constituted by MoEF would *inter-alia* reconcile such data.

2.2.5. Failure to conduct Cost Benefit Analysis

As per Annexure VI(a) of the Guidelines issued under FC Act, 1980, for all project proposals involving forest land more than 20 hectare in plains and more than five hectare in hills including roads, transmission lines, minor, medium and major irrigation projects and hydel projects, mining activities, railway lines, location specific installations like micro-wave stations, auto repeater centres, TV towers etc required cost-benefit analysis was required to be conducted to determine that the diversion of the forest land to non-forest use was in the overall public interest.

During test check of 219 files of MoEF/ RO, it was observed that no records were available in the files to show that cost-benefit analysis had been carried out for the above purpose and the forest land was diverted without ascertaining the overall public interest.

MoEF's reply was silent on the issue.

2.2.6. Non-revocation of in-principle approval

As per para 4.2 of the Guidelines issued under the FC Act, 1980, forestry clearance was to be accorded in two stages. However in cases where compliance of the conditions stipulated in the in-principle approval was awaited for more than five years from the State Government, the in-principle approval was to be summarily revoked by Regional office or MoEF as the case may be. After the revocation of the in-principle approval, if State Government/ user agency was still interested in the project, they would be required to submit a fresh proposal which was to be considered de-novo.

During test check of records of MoEF it was observed that 1,022 proposals involving forest land measuring to 2.54 lakh hectare which had not complied with the first stage conditions for more than five years and were not rejected/ revoked. The state wise details are given in Annexure 6.

There were no records to indicate the extent to which the conditions like transfer, mutation and declaration of equivalent non-forest land and its declaration as RF/PF, funds for CA etc. had been complied/not complied with. Thus there was no proper follow up in MoEF/ RO to monitor the status of compliance with conditions stipulated at in-principle approval.

MoEF stated (May 2013) that the onus to comply with conditions stipulated in the in principle approval lay with the user agency and the State/ UT Governments concerned. With the existing resources, it was not feasible for the MoEF and its regional offices to monitor

compliance to the stipulated conditions. Even in the cases where compliance of conditions stipulated in the in-principle approval is awaited for more than five years and the in-principle approval has not been formally revoked/ withdrawn, final approval to such proposal is accorded only in rare and deserving cases where State Government and the user agencies provide valid reasons for delay in compliance to conditions stipulated in the in-principle approval. MoEF has however, noted the observation of the audit and will take appropriate action to formally revoke/ withdraw in-principle approval to all those proposals where compliance to conditions stipulated in the in-principle approval is awaited for more than five years.

2.2.7. Irregular change of status of forest land

As per FC Act, 1980, notwithstanding anything contained in any other law for the time being in force in a State, no State Government or other authority was to make, except with the prior approval of the Central Government, any order directing that any Reserve Forest or any portion thereof, should cease to be reserved.

During test check of records of RO Lucknow it was observed that in August 2007, Government of Uttar Pradesh, changed the status of Reserve Forest land measuring 1,083.23 hectare in Sonbhadra district as revenue land without prior approval of MoEF in contravention of FC Act, 1980. The land was handed over to M/s JP Associate Ltd for non-forest use like establishment of cement plant, mining and other allied activities. The matter was pending with Supreme Court of India. As per the affidavit filed in the Supreme Court by the RO Lucknow, the value of non forest land, which would normally have been received in lieu of diversion was ₹ 133.78 crore.

Further, in Lucknow, 2.5 hectare reserve forest land was transferred unauthorisedly as revenue land for construction of houses under *Manyavar Shri Kanshi Ram ji Sahari Awas Yojna* over plot number 1,308 which was recorded as *'Imarti Lakdi Ki Van'* in revenue records, without approval of MoEF in contravention of FC Act, 1980. Similarly a road measuring 545 meter on forest land was laid down and partially constructed by State PWD to provide connectivity to said *Sahari Awas Yojna* without approval of MoEF.

In another case, it was observed that in 1974, U.P. Government leased out five acres (two hectare) forest land at Gram Gehru, Lucknow to *Malviya Anant Ashram* in Sarojini Nagar, Lucknow for construction of Pulse Polio Hospital for a period of 30 years which expired on 16 December 2004. Awadh forest division renewed the lease by charging lease rent upto February 2009 without approval of MoEF.

In all these cases, the State government also did not recover any money for CA, NPV etc. In addition in the case of M/s JP Associates Ltd, the user agency also benefited from not being required to replace the diverted forest land with equivalent area of non-forest land which would have cost it at least ₹ 133.78 crore as per affidavit of the RO, Lucknow.

MoEF stated (May 2013) that in case of M/s JP Associates Ltd. the matter is pending in Supreme Court and in other cases action would be taken against the concerned officials of the State Government for the said violation.

2.2.8. Irregular diversion of forest land for construction of tail pond dam

Supreme Court of India in November 2000 directed that pending further orders, no de-reservation of Sanctuaries and National Parks shall be effected. The Supreme Court in February 2000 also, restrained all the States from ordering even the removal of dead, diseased, dying or wind fallen trees and grasses etc. from any National Park or Sanctuary. Accordingly MoEF, in May 2001 advised the States not to submit any proposal for diversion of forest land in National Parks and Sanctuaries under the Forest (Conservation) Act, 1980 without seeking prior permission of the Supreme Court.

During the test check of records of RO Bengaluru it was observed that Andhra Pradesh State Electricity Board (APSEB), in March 1996 submitted a proposal for diversion of 113 hectare of forest land for construction of tail pond dam downstream of Nagarjunsagar Dam. Regional Office, while inspecting the site in May 1996 stated that this diversion would submerge 52 hectare of forest land under Nalgonda Division on the left flank and 61 hectare of forest land under Guntur Division on the right flank out of which 20 hectare forms a part of Nagarjunasagar Srisailem Wildlife sanctuary which is the habitat of wild animals like deer, fox, wild bear, hare, chinkara and crocodiles etc. MoEF in January 1997, thus, conveyed its inability to approve the diversion of forest land. The Ministry again on the request of APSEB dated 28 February 1998 considered the case and rejected the proposal on merits on 4 May 1998.

In disregard of the Supreme Court orders and its own observations made in January 1997 and May 1998, MoEF, conveyed in-principle approval, five months after the orders of the Supreme Court, in April 2001 for diversion of 113 hectare of forest land for the purpose, subject to fulfilment of certain conditions like transfer and mutation of non-forest land, transferring the cost of CA, providing of funds for eco-restoration scheme, to reduce the possible adverse impact on wildlife habitat etc. The final approval was also granted in June 2006. No justification was available in the files explaining the reasons for MoEF overturning its earlier decisions and granting approvals in contravention of orders of the Supreme Court.

Principal Chief Conservator of Forests, Andhra Pradesh reported in December 2004, that sufficient correspondence was held with the user agency and other officers concerned for compliance of Government of India conditions, but so far no compliance of conditions was reported by the user agency. He also informed that the Chief Minister of Andhra Pradesh was expected to visit for laying the foundation stone for this project in the second week of December 2004.

As per monitoring report (April 2010) of RO Bengaluru, it was stated that CA of ₹ 0.68 crore, eco-restoration of ₹ 0.95 crore and NPV of ₹ 5.35 crore had been deposited into CAMPA, account of Corporation Bank, Lodhi Road, New Delhi. But MoEF in their letter dated 16 March 2012 had asked the RO to confirm the receipt. Also as per the monitoring report, the compliance of other in principle approval conditions like providing of NFL and raising of funds for CA etc was not provided by the user agency i.e. APSEB.

MoEF, thus, overturned its earlier decisions without any reasonable justification and diverted the forest land involving wildlife sanctuary land without permission from National Board of Wildlife and in violation of the orders of the Supreme Court of India. It also could not assure that all conditions attached to the irregular approval were complied with.

MoEF stated (May 2013) that the requisite information is being collected from the State Government of Andhra Pradesh and the RO Bengaluru will examine the status of obtaining Supreme Court's approval for diversion of 20 hectare of forest land located within the Nagarjunsagar Srisailam Wildlife Sanctuary. Ministry did not reply on the other irregularities pointed out in audit.

2.2.9. Non- reversion of forest land in case of wind farm

MoEF while granting in-principle approval in a case given at Table 7 stipulated that the user agency should develop wind farms within a specified period (four years), failing which the entire diverted forest land was to be reverted.

Table 7: Non creation of wind farm and non-reversion of forest land

Name of the User agency	Name of State	Area of forest land (in ha)	Date of clearance	Period of compliance
M/s Accion Wind Energy Pvt Limited	Karnataka	4.82	18.03.2004	4 years

During the test check of records of RO Bengaluru it was observed that as per the monitoring report the user agency had not complied with the condition of establishment of wind farms within specified period of four years. The forest land which should have been reverted was not reverted to the Forest Department till May 2012.

MoEF stated (May 2013) that the present status of the project would be verified and if commissioned, the date of the same would be obtained/ ascertained. In case it is found that, the project had not been commissioned within four years from the grant of final approval, MoEF would take appropriate action.

2.2.10. Excess use of forest land

As per Section 3A of the Forest (Conservation) Act, 1980, whoever contravenes or abets the contravention of any provisions of Section 2, is punishable with simple imprisonment for a period which may extend to 15 days.

Test check of records of the RO Bhubaneswar revealed that as per the monitoring reports of the RO the user agencies were utilising forest land in excess of the approved area as given in Table 8.

Table 8: User agencies utilising forest land in excess of the approved area.

Name of the User agency	Name of State	When and by whom reported	Date of approval	Total diverted area (in ha)	Excess Forest land used (in ha)
M/s CCL, Parej Open cast mining	Jharkhand	State Forest Authorities in February 2004	April 1993	43.52	7.10
M/s Mahanadi Coal field Limited	Odisha	Regional Office in August 2004	September 1998	162.20	29.00

No remedial action was taken by MoEF nor any penal provision under Section 3A of the Forest (Conservation) Act, 1980 was invoked.

MoEF stated (May 2013) that it has noted the observation of the Audit. Instructions were being issued to the State Government concerned to take action in accordance with the provisions of the Indian Forest Act, 1927 and the concerned State Forest Acts, in case the same have not been taken so far.

2.2.11. Encroachment of forest land

As per FC Act, 1980, Annexure-IV (3.1), the encroachments which have taken place after 24 October 1980 should not be regularised. Immediate action should be taken by State/ UT Government to evict the encroachers.

Supreme Court in its order of November 2001 expressed great concern over the continued encroachments and directed MoEF to frame time bound programme for eviction of encroachments in the country. State Forest Departments were required to prepare a comprehensive list of all encroachments and detailed quarterly progress report of the action taken, area evicted and area reclaimed/ planned etc. commencing from July 2002.

Information regarding encroachments on forest land was not provided by 24 State/ UTs. As per the information furnished by six state CAMPA/ Nodal officers, the extent of encroachment on forest land is given in Table 9.

Table 9: Details of encroachment on forest land

Sl.No.	State	Area (in ha)
1	Andhra Pradesh	3.75
2	Arunachal Pradesh	1,341.00
3	Assam	1,28,308.69
4	Punjab	3,090.15
5	Uttarakhand	9,672.43
6	West Bengal	12,753.80
	Total	1,55,169.82

It was observed that, despite the orders of the Supreme Court on the subject no time bound program for eviction of encroachments was devised by MoEF/ RO. The State Forest Departments also did not prepare a comprehensive list of encroachments of the forest land in order to proceed with the implementation of the orders of the highest Court of the country.

MoEF stated (May 2013) that appropriate action in cases of illegal encroachments on forest land need to be taken by the State/ UT Governments concerned in accordance with the provisions of the Indian Forest Act, 1927 and the State Forest Acts.

It is evident that MoEF and State/ UT Governments concerned failed to comply with the directions of the Supreme Court by not making any time bound programme for eviction of encroachments in the country. This indicated a very casual approach and weak intent of the executing agencies in implementing the orders of the highest Court.

2.3. Failure to promote compensatory afforestation

2.3.1. Inadequate compensatory afforestation done in lieu of forest land diverted

As per para 3.1(i) of the Guidelines issued under the FC Act, 1980 Compensatory Afforestation is one of the most important conditions imposed while diverting forest land for non-forest uses.

Audit attempted to determine the extent of compensatory afforestation undertaken during the period 2006 to 2012 and whether it was maintained properly by the Forest Department. The details as collected from the nodal officers of state Forest Department in 29 State/ UTs and from the 28 test checked divisions in State of Rajasthan (where the Nodal officers did not provide the information), are at Table 10A and 10B. The NFL receivable indicated in Table 10 A is based on the data obtained from Regional Offices of MoEF.

Table 10A: Extent of Compensatory afforestation done on Non Forest Land (NFL)

(in hectare)

Sl. No.	State	NFL receivable	Area of non-forest land identified for afforestation	Area of non-forest land on which afforestation done	Percentage of Afforestation with respect to area identified for afforestation	Percentage of Afforestation with respect to NFL receivable
1	Andaman & Nicobar Islands	80.48	112.96#	NA	NA	NA
2	Andhra Pradesh	13,566.39	NA	NA	NA	NA
3	Arunachal Pradesh	684.14	NA	NA	NA	NA

Sl. No.	State	NFL receivable	Area of non-forest land identified for afforestation	Area of non-forest land on which afforestation done	Percentage of Afforestation with respect to area identified for afforestation	Percentage of Afforestation with respect to NFL receivable
4	Assam	43.88	152#	152	100	346
5	Bihar	3,048.33	Nil	Nil	Nil	Nil
6	Chandigarh		6.80	Nil	Nil	Nil
7	Chhattisgarh	20,456.19	134.82	33.18	25	0.16
8	Delhi^	22.15	Nil	Nil	Nil	Nil
9	Goa	1,513.09	24.10	Nil	Nil	Nil
10	Gujarat	1,767.37	2,737.39#	Nil	Nil	Nil
11	Haryana	1,218.21	52.85	Nil	Nil	Nil
12	Himachal Pradesh^	932.85	Nil	Nil	Nil	Nil
13	Jammu & Kashmir	NA	NA	Nil	Nil	Nil
14	Jharkhand*	8,320.00	NA	NA	NA	NA
15	Karnataka	5,098.91	2,594.07	Nil	Nil	Nil
16	Kerala	75.99	NA	Nil	Nil	Nil
17	Madhya Pradesh	20,740.52	NA	Nil	Nil	Nil
18	Maharashtra	2,867.22	4,913.26#	Nil	Nil	Nil
19	Manipur	266.00	Nil	Nil	Nil	Nil
20	Meghalaya^	119.56	2.40	Nil	Nil	Nil
21	Mizoram	Nil	NA	NA	NA	NA
22	Odisha**	8,814.71	4,380.46	6,951.54	159	79
23	Punjab	2,149.56	1.51	Nil	Nil	Nil
24	Rajasthan	8,152.66	917.07	Nil	Nil	Nil
25	Sikkim^	351.54	Nil	Nil	Nil	Nil
26	Tamil Nadu	269.33	226.95	144.12	63	54
27	Tripura	191.42	10.95	Nil	Nil	Nil
28	Uttar Pradesh	1,117.24	229.91	Nil	Nil	Nil
29	Uttarakhand	1,281.01	Nil	Nil	Nil	Nil
30	West Bengal	226.96	186.39	Nil	Nil	Nil
	Total	1,03,381.91	16,683.89	7,280.84	44	7

In four State/ UTs – Andaman & Nicobar Islands, Assam, Gujarat and Maharashtra, data provided to audit indicates that the non forest land identified for afforestation is larger than the non forest land receivable.

**In Jharkhand the bifurcated data of area of non-forest land and degraded forest land was not mentioned in the APOs.*

***In Odisha the extent of afforestation between 2006-12 has been derived from the Quarterly progress report on compensatory afforestation of Nodal Officer, Odisha.*

^For Delhi, Himachal Pradesh, Meghalaya and Sikkim certificates of non-availability of non forest land issued by Chief Secretary were available in most of the cases. However, in Meghalaya as per information provided by the State Nodal Officer, non forest land was identified for compensatory afforestation.

NA - Not Available.

As per para 4.15(v) of the Guidelines issued under the FC Act 1980, the nodal officer was to monitor the implementation of the conditions of compensatory afforestation and the survival ratio of the seedlings planted. The Supreme Court also in its order dated 3 April 2000, fixed the responsibility of ensuring the proper carrying out of compensatory afforestation on Ministry of Environment and Forests and stated that it was for the Ministry to monitor the conditions stipulated at the time of grant of forest clearance.

From the above table it would be seen that:

- i. Against the receivable NFL of 1,03,381.91 hectare, only 28,085.90 hectare or 27 *per cent* of NFL was received. Of the NFL so received, CA activity had been undertaken only on 7,280.84 hectare of land which is a miniscule seven *per cent* of the receivable non forest land.
- ii. It was further observed that against receivable NFL of 1,03,381.91 hectare the area identified for compensatory afforestation was 16,683.89 hectare which works out to only 16 *per cent* of the NFL receivable. There against afforestation was carried out only on 7,280.84 hectare which is only 44 *per cent* of the area of non-forest land identified for afforestation.
- iii. The afforestation activity in non forest land was limited to only four States of Assam, Chhattisgarh, Odisha and Tamil Nadu. In fact, 95 *per cent* of all afforestation done on non forest land in the country was in one State viz Odisha. Aside of Odisha, the total afforestation undertaken in the country on non forest land was a mere 329.30 hectare.
- iv. Odisha exceeded the target for afforestation on NFL it set for itself and Assam achieved hundred *per cent* of the target.
- v. It was noticed that out of the 27 State/ UTs⁸, seven⁹ State/UTs did not provide data with regard to non forest land targeted for afforestation. In the remaining 20 State/ UTs where targets were available it was observed that in some like Chhattisgarh, Goa, Haryana, Meghalaya, Punjab, Tripura the targets set out for afforestation on non forest land was less than 10 *per cent* of the non forest land receivable.

⁸ Excluding Chandigarh, Delhi and Himachal Pradesh where NFL was neither available nor identified for afforestation.

⁹ Andhra Pradesh, Arunachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh and Mizoram.

- vi. In five¹⁰ State/UTs information regarding afforestation on non-forest land was not provided.

Table 10B: Extent of Compensatory afforestation done on double degraded forest land

(in hectare)

Sl. No.	State	Area of degraded forest land identified for afforestation	Area of degraded forest land on which afforestation done	Percentage of afforestation
1	Andaman & Nicobar Islands	112.96	37.48	33
2	Andhra Pradesh	315.87	1,481.84	469
3	Arunachal Pradesh	NA	NA	NA
4	Assam	1,989.06	1,989.06	100
5	Bihar	2,017.55 ha & 5.5 km [^]	3,300#	164
6	Chandigarh	There is no degraded forest land.		
7	Chhattisgarh	5,143.14	3,668.73	71
8	Delhi	100.00	100.00	100
9	Goa	350.67	1,007.98	287
10	Gujarat	5,800.24	Nil	Nil
11	Haryana	4,182.00	Nil	Nil
12	Himachal Pradesh	8,247.61	2,789.51	34
13	Jammu & Kashmir	14,312.00	7,838.00#	55
14	Jharkhand*	16,992.14 ha & 49 km [^]	10,636.87 ha & 49 km#	63
15	Karnataka	2,187.28	19.60	1
16	Kerala	295.92	Nil	Nil
17	Madhya Pradesh	NA	5,136.97	NA
18	Maharashtra	3,916.65	Nil	Nil
19	Manipur	2,415.78 ¹¹	263.44	11
20	Meghalaya	521.13	Nil	Nil
21	Mizoram	NA	NA	NA

¹⁰ Andaman & Nicobar Islands, Andhra Pradesh, Arunachal Pradesh, Jharkhand and Mizoram.

¹¹ During 2003-11.

Sl. No.	State	Area of degraded forest land identified for afforestation	Area of degraded forest land on which afforestation done	Percentage of afforestation
22	Odisha**	3,388.72	5,341.99	158
23	Punjab	2,883.40	Nil	Nil
24	Rajasthan	273.72	Nil	Nil
25	Sikkim	2,306.21	511.09	22
26	Tamil Nadu	147.51	66.97 ¹²	45
27	Tripura	1,597.45	80.00	5
28	Uttar Pradesh	1,731.11	1,177.40	68
29	Uttarakhand	19,339.46	4,178 ¹³	22
30	West Bengal	469.77	108.83	23
	Total	1,01,037.35 & 54.5 km[^]	49,733.76 & 49 km[^]	49

[^]km pertains to strip plantation done along road, railway lines, canals etc.

*In Jharkhand the bifurcated data of area of non-forest land and degraded forest land was not mentioned in the APOs.

**In Odisha the extent of afforestation between 2006 and 12 has been derived from the Quarterly progress report on compensatory afforestation of Nodal Officer, Odisha.

Afforestation done during 2010-12.

NA - Not Available.

From the above table it would be seen that though 1,01,037.35 hectare & 54.5 km degraded forest land had been identified for compensatory afforestation during the period 2006-12, compensatory afforestation was undertaken only on 49,733.76 hectare & 49 km of degraded forest land, which was 49 *per cent* of the area of degraded forest land (in hectare) identified for the afforestation. In three¹⁴ State/ UTs such information regarding afforestation on degraded forest land was not provided. In Chandigarh, no degraded forest land was available for afforestation.

Overall Position: The position regarding afforestation undertaken over identified degraded forest land and non forest land, across the State/ UTs for which information was made available to audit is summarised below:

¹² During 2008-09.

¹³ During 2011-12.

¹⁴ Arunachal Pradesh, Madhya Pradesh and Mizoram.

Percentage of afforestation done	Over degraded forest land	Over non forest land
No afforestation done	Gujarat, Haryana, Kerala, Maharashtra, Meghalaya, Punjab and Rajasthan.	Bihar, Chandigarh, Goa, Gujarat, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Punjab, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.
1 to 25	Karnataka, Manipur, Sikkim, Tripura, Uttarakhand and West Bengal.	Chhattisgarh.
26 to 50	Andaman & Nicobar Islands, Himachal Pradesh and Tamil Nadu.	Nil.
51 to 75	Chhattisgarh, Jammu & Kashmir, Jharkhand and Uttar Pradesh.	Tamil Nadu.
75 to 100	Assam, Delhi and Odisha.	Assam.
Over 100	Andhra Pradesh, Bihar and Goa.	Odisha.

The summary position points to the fact that seven States viz. Gujarat, Haryana, Kerala, Maharashtra, Meghalaya, Punjab and Rajasthan carried out no compensatory afforestation either over non forest land or over degraded forest land. By contrast the States of Assam and Odisha showed a high level of achievement with regard to compensatory afforestation, both over non forest land and over degraded forest land.

The status of number of plants raised and their survival ratio was also not made available by the Forest Department in most of the States.

MoEF stated in (May 2013) that in pursuance to Supreme Court's order dated 5 May 2006, funds realized from the user agency for creation and maintenance of CA were transferred to the Ad-hoc CAMPA. All CA activities came to standstill till the Supreme Court vide their order dated 10 July 2009 allowed the Ad-hoc CAMPA to release a part of these funds to the concerned State CAMPAs with an annual ceiling of ₹ 1,000 crore per annum for release of CAMPA funds. Transfer of CA funds to the Ad-hoc CAMPA without any release to State/ UT Governments from 2006 to 2009 and putting up of an annual ceiling on their release from 2009 onwards by the Supreme Court resulted in accumulation of CA funds. The MoEF stated that it had initiated a proposal to obtain approval of the Supreme Court to constitute regular CAMPAs with adequate manpower, both at national and each State/ UT level to ensure expeditious utilization of CAMPA funds.

It is a fact that between May 2006 and July 2009, no funds for compensatory afforestation were released to State Forest Departments by Ad-hoc CAMPA, hence, slowing down the activity of CA. However, an amount of ₹ 2,925.65 crore that was received by the State Forest Departments (including J&K) towards CA funds during the period 2009-12 out of which an

amount of ₹ 1,149.80 crore remained unutilised in the accounts of the respective State Forest Departments.

It is evident that on one of the most important conditions of the Guidelines under FC Act, 1980 viz. undertaking compensatory afforestation on forest land diverted, the record, as borne out by the facts, has been very dismal.

2.3.2. Non-maintenance of records relating to Compensatory Afforestation

As per para 3.1(i) of the Guidelines issued under the FC Act 1980, Compensatory Afforestation was one of the most important conditions stipulated by the Central Government while approving proposals for dereservation or diversion of forest land for non-forest uses. It was essential that for all such proposals, a comprehensive scheme for CA was formulated and submitted to MoEF. Further, CA was to be undertaken over equivalent area of non-forest land or on the degraded forest land twice in extent of forest area being diverted subject to certain exemptions given under para 3.2(viii) of the Guidelines issued under the Act.

As per CAMPA notification dated 23 April 2004 the money received for CA, ACA was to be used as per the site specific schemes received from the States and UTs along with the proposal for diversion of the forest land under FC Act, 1980.

Test check of records of MoEF/RO revealed that in most of the cases scheme for compensatory afforestation had been sent but there were no documents available in the files showing that the compensatory afforestation had actually been carried out as per the approved schemes.

We examined 102 files pertaining to 16 states at the ROs and 117 files at MoEF. We observed that although an amount of ₹ 2,829.21 crore had been released from Ad-hoc CAMPA for compensatory afforestation during the period 2009-12, there were no consolidated records available with MoEF/ Ad-hoc CAMPA to evidence monitoring of compensatory afforestation actually undertaken in lieu of 1,14,877.26 hectare of forest land diverted as per the records of RO/ MoEF during the period 2006-12.

MoEF stated (May 2013) that taking up of compensatory afforestation as per the scheme was the responsibility of the States.

The reply is not tenable because the Supreme Court in its order dated 3 April 2000, fixed the responsibility of ensuring the proper carrying out of compensatory afforestation on Ministry of Environment and Forests and said that it was for the Ministry to monitor the conditions stipulated at the time of grant of forest clearance.

The reply also confirms the absence of any central database/ management information system with MoEF to monitor the actual execution of the CA activities as per the approved schemes. Given the dismal state of compensatory afforestation, particularly in the case of non forest land identified for afforestation, the absence of any centralised information in this regard will clearly impact on the quality of decision making in MoEF.

2.4. Diversion of forest land for grant/ renewal of mining leases

2.4.1. Unauthorized renewal of mining leases by State Government

As per provisions of para 1.6 of the Guidelines issued under the Forest (Conservation) Act, 1980, renewal of an existing mining lease in a forest area also required the prior approval of the Central Government. Continuation or resumption of mining operation on the expiry of a mining lease without prior approval constituted a contravention of the Act.

Supreme Court in its order of December 1996 stated all proposals for diversion of forest area for any non-forest purposes irrespective of its ownership would require the prior approval of the Central Government.

Out of 219 files test checked during audit of MoEF/RO it was observed that the State Governments had renewed the mining leases without approval of MoEF, in contravention of the orders of the Supreme Court and Rules. The details of such unauthorised renewal of mining lease are detailed in Table 11.

Table 11: Renewal of Mining lease granted by State Government without the approval of MoEF

Sl. No.	Name of Lessee	Forest Area (in ha)	Name of Mineral	State	Renewal Period	Period of unauthorized lease
1	M/s Harish Vyas	8.54	Silica Sand	Rajasthan	23/07/1999 to 22/07/2019	12 years
2	M/s Ganesh Agarwal	27.32	Marble	Rajasthan	15/04/1999 to 14/04/2019	18 months
3	M/s Balaji Mineral	13.93	Silica Sand	Rajasthan	27/12/1999 to 26/12/2019	10 years
4	M/s Essel Mining Industries	30	Dolomite	Odisha	August 1985 to September 2005	20 years
5	M/s Udaipur Minerals Development Syndicate	641.86	-	Rajasthan	May 1981 to May 2001 ¹⁵	20 years

In cases at (1), (2) and (3) in Table 11, the unauthorised renewal was stopped by orders of Rajasthan High Court in February 2012, October 2011 and November 2010 respectively, at the initiatives of RO Lucknow. In cases at point (4) and (5), the mining leases were further renewed by MoEF without initiating any action for the earlier unauthorised renewals by the State Government.

¹⁵ Mining was reportedly continuing as of July 2010 as per RO Lucknow.

In the above cases it was observed that MoEF did not invoke any penal provision against the defaulting user agencies and also did not raise the issue of the unauthorised renewal with the State authorities except to issue specific show cause notices to the defaulting officers/ user agencies after the issue was raised in audit.

We also observed that MoEF did not have a consolidated data base/ management information system on the mining leases approved by it, the period of the mining lease, submission of monitoring reports by RO, date of expiry of lease, receipt of request for renewal and reversion of land to the Forest Department on the expiry of lease. In the absence of such a database, MoEF is unable to effectively monitor the mining activity in forest land and check unauthorised renewal of mining leases. Hence MoEF did not have any enforcement mechanism to check and restrain unauthorised renewals.

MoEF in its reply (May 2013) admitted that in the State of Rajasthan most of the mining leases in forest areas were granted or renewed without obtaining approval under the FC Act 1980. MoEF stated that the Rajasthan High Court by their orders passed in February 2012, October 2011 and November 2010 has already stopped illegal renewal in three mines indicated at sl. No. 1 to 3. Further, it was stated that MoEF will examine the renewal of mining leases without requisite approval under the FC Act, 1980 in respect of mines indicated at sl. No. 4 and 5 and take appropriate action. MoEF also stated that it had already assigned a project to the Forest Survey of India to prepare a Geographic Information System based decision support database to facilitate objective decision on applications seeking prior approval of Central Government under the FC Act, 1980. The database will *inter-alia* contain all relevant information as mentioned by the audit pertaining to mining leases in forest areas.

2.4.2. Mining without requisite permission

As per provisions of para 1.6 of the Guidelines issued under the Forest (Conservation) Act, 1980, renewal of an existing mining lease in a forest area required the prior approval of the Central Government. Continuation or resumption of mining operation on the expiry of a mining lease without prior approval constitute a contravention of the Act.

As per Section 3A of the Forest (Conservation) Act, 1980, whoever contravenes or abets the contravention of any provisions of Section 2, is punishable with simple imprisonment for a period which may extend to 15 days.

During test check of records of RO Bhubaneswar and RO Bengaluru, it was observed that the mining activity was going on without forestry clearances from MoEF as detailed in Table 12.

Table 12: Mining activity without forest clearance

Sl. No.	Name of user agency	States	Forest land (in ha)	Period of illegal Mining	Reply of MoEF	Audit comments
1	Mining lease to Tungbhadra Minerals Pvt. Ltd, in Bellary Regions.	Karnataka	232.70	September 1990 to January 1997	State Government reported that no mining activities have taken place after 11 June 1999 (i.e. after expiry of the earlier permission)	MoEF did not comment on the periods of illegal mining as indicated in the audit observations.
2	OMC Limited, Jaipur district	Odisha	142.73	August 2007 to October 2009	RO reported that mining has not been done after expiry of the lease on 7 July 2007. However, the State Government has been requested to furnish the comments on the above observation of the audit.	As per monitoring report of RO there was illegal mining during this period, hence the reports are contradictory.

In the above cases it was observed that MoEF did not invoke any penal provision against the defaulting user agencies for mining without forest clearance.

2.4.3. Diversion of forest land in violation of FC Act in mine leases in Bellary

Test check of records of RO Bengaluru revealed that the permission for diversion of forest land covering the area of 6,170.25 hectare of mining leases in 92 cases only in Bellary forest division was granted by Regional Office (South Zone)/ MoEF during the period 1994 to July 2009. Out of 92 cases only in two cases, the National Mineral Development Corporation (NMDC), a Government of India Undertaking covering the forest area of 949.02 hectare was involved. In all other 90 cases, private agencies were engaged.

Out of these 90 cases, in 36 cases renewals/ fresh approvals were granted during March 2006 to July 2009 involving the forest area of 3,739.51 hectare.

Supreme Court of India orders dated 26 February 2010 suspended/ stopped mining activities in the above mentioned 90 mining cases (excluding two pertaining to NMDC) on account of over exploitation and considerable damage to the environment.

During test check of records of MoEF, 39 files regarding above cases were requisitioned in audit. **29 files were not furnished to audit** (Annexure 7).

Scrutiny of these 10 files revealed:

Sl.No.	Case Details
1	Transfer of NPV amounting to ₹ 64.41 crore (in 8 projects out of 10), cost of CA/ACA/PCA at ₹ 9.08 crore (in 9 projects out of 10) and ₹ 0.53 crore as safety zone charges (in 6 projects) were stated to have been deposited with the PCCF of the state. It could not be confirmed from the files that these amounts had been transferred to Ad-hoc CAMPA.
2	Non-forest land measuring to 311.85 hectare in nine projects was not provided by the user agencies.

From above it was observed that final clearances were given by MoEF without ensuring the compliance of in principle conditions.

MoEF stated (May 2013) that RO, Bengaluru has requested the State Government of Karnataka to provide details of transfer of funds to Ad-hoc CAMPA. The Government of Karnataka was being requested by the RO, Bengaluru to reconcile the compensatory afforestation areas FC clearance wise and furnish the details of cases in respect of which either compensatory afforestation has not at all been done or has only been partially done due to various reasons such as non-suitability of the area for plantation, encroachment, litigation etc. After receipt of the report, appropriate action will be taken.

The reply of MoEF only confirms the abysmal failure of the Ministry to put in place a robust system of monitoring to ensure that final clearances were given only after ensuring compliance with all conditions imposed while granting in principle approval.

2.4.4. Diversion of forest land in violation of FC Act in mine leases in Goa

During the test check of records of MoEF we requisitioned 24 files pertaining to mining in Goa. **12 files were not furnished to audit** (Annexure 8).

In five of the 12 cases made available to audit, we observed violation of the FC Act during the period 2006-12:

Sl.No.	Name of Agency	Area diverted (in ha)
1	M/s Salgaoncar & Brothers Private Limite	44.98
2	Smt. Sashi Kala Kakodkar	48.44
3	M/s Sociedade Timblopros Ltd.	109.94
4	M/s Panduranga Timblo Industries	32.33
5	M/s RP Timblo	63.51
	Total	299.20

Our scrutiny revealed the following:

- i. In lieu of forest land aggregating to 299.20 hectare diverted in all these five projects, providing of equivalent non-forest land was not even stipulated in the in principle approval conditions and thus, not provided by the user agencies. They were allowed to give CA funds for afforestation on degraded forest land twice the extent of forest land diverted.
- ii. In one case pertaining to North District of Goa, M/s Panduranga Timblo Industries, covering 32.33 hectare of land no conditions of NPV, CA, PCA etc. were imposed, and thus, no amount was recovered on account of these heads. Thus NPV amounting to ₹ 1.88 crore (calculated at the minimum rate of ₹ 5.8 lakh per hectare) was not recovered.
- iii. It was not on record in the three project files whether Ad-hoc CAMPA had received ₹ 13.10 crore of NPV, ₹ 2.77 crore of CA and ₹ 0.08 crore of Safety zone charges, as stipulated as condition for permission.

From above it was observed that final clearances were given by MoEF without ensuring the compliance/ specification of in principle approval conditions.

MoEF stated (May 2013) that it had noted the observation of audit and that it would re-examine conditions stipulated in approval accorded under the FC Act 1980 for diversion of forest land in the five proposals examined by the audit.

2.4.5. Non-surrender of forest land after expiry of mining lease

As per provisions of Annexure-III of FC Act, 1980, renewal of a lease is in effect a grant of fresh lease. The prior approval of MoEF in terms of Section 2 of the FC Act, 1980 would be required when a mining lease granted before the commencement of the Act is renewed after its coming into force.

During test check of records of ROs, it was observed that 406.32 hectare forest land was not surrendered to the Forest Department after cessation of lease period during the period July 2007 to February 2012. Case wise details are at Table 13.

Table 13: Details of cases on non-surrender of forest land after the expiry of mining lease period

Sl.No.	Name of user agency	States	Forest land (in ha)	Month of cessation of lease period
1	M/s Gavisiddeshwara Enterprises	Karnataka	5.67	April 2010
2	M/s SA Tawab	Karnataka	31.60	March 2011
3	M/s Kaliapani Chromite Mines	Odisha	142.73	July 2007
4	M/s Girdhari Lal Agarwal	Odisha	23.24	August 2008

Sl.No.	Name of user agency	States	Forest land (in ha)	Month of cessation of lease period
5	M/s TISCO	Jharkhand	109.99	May 2012
6	M/s CCL	Jharkhand	43.30	February 2012
7	M/s Harish Vyas	Rajasthan	8.54	February 2012
8	M/s Ganesh Agarwal	Rajasthan	27.32	October 2011
9	M/s Balaji Minerals	Rajasthan	13.93	November 2010
		Total	406.32	

In the absence of any record evidencing that the forest land had been surrendered after the expiry of the lease, it cannot be assured in audit that no further mining activity is being carried out in these areas.

MoEF stated (May 2013) that in such cases, the State Forest Departments normally do not resume possession of forest land located within such leases immediately after expiry of mining lease because in most of the cases, heavy machinery and ore mined out during validity of lease are present in the forest land.

The reply is not tenable because the State Forest Departments were required to take immediate possession of the forest land after cessation of the lease period. The lessee is also aware of the duration of the lease and should make suitable arrangements for removing and safeguarding its assets.

2.4.6. Non- submission of monitoring report for mining

As per para 4.10(iv) of the Guidelines issued under the FC Act, 1980, for the proposals of renewal of leases, the regional offices of the Ministry were to submit a copy of the report of the latest monitoring done (one year before the expiry of lease period) along with the abstract of monitoring report of the project during the lease period specially highlighting the conditions which were not fulfilled, with complete details of the reasons for not fulfilling the stipulated conditions. The conditions which had been complied with were also to be highlighted with the quality of performance of the project authorities, a short note justifying desirability of renewal of lease and other recommendations. Based on the report, the renewal of lease was to be accorded by MoEF.

During test check of records of the mining leases renewed between 2002 to 2012 in MoEF/ RO it was observed that in 56 cases the RO had not submitted the monitoring reports to MoEF as provided in the said Rule. The state wise details are at Table 14.

Table 14: Status of Monitoring reports not received before renewal of mining leases between 2002-12.

Sl. No.	State	Number of Monitoring Reports	Agencies involved		Area of land involved (in ha)	
			Private	Government	Private	Government
1	Chhattisgarh	3	2	1	17.74	84.00
2	Madhya Pradesh	2	1	1	194.00	194.78
3	Maharashtra	6	6	Nil	71.26	Nil
4	Andhra Pradesh	8	8	Nil	598.86	Nil
5	Karnataka	8	8	Nil	861.98	Nil
6	Odisha	13	13	Nil	791.15	Nil
7	Jharkhand	7	6	1	550.01	8.70
8	Uttarakhand	2	1	1	8.09	204.00
9	Rajasthan	7	7	Nil	796.15	Nil
	Total	56	52	4	3,889.2	491.48

From the above table it was observed that MoEF granted approvals in 56 cases of which 52 cases pertained to private agencies involving forest land of 3,889.24 hectare without ascertaining whether the user agencies had complied with the stipulated conditions throughout the earlier lease period or not. MoEF had effectively renewed mining leases without basic due diligence required of it and, thus, acted in a casual manner.

MoEF in its reply (May 2013) admitted that the desired monitoring target could not be achieved due to shortage of staff at the Regional Offices. It was also stated that the work load of Regional Offices has increased considerably requiring sanction of additional staff strength. However, most of the Regional Offices of the MoEF were not provided even with the sanctioned staff strength.

2.5. Environmental issues

2.5.1. Diversion of forest land for mining without environmental clearance

As per para 2.3(i) of the Guidelines issued under the FC Act 1980, project proposals requiring clearance from environmental angle as per notifications issued from time to time under Environment (Protection) Act, 1986, require clearance separately under procedure laid down by the Environment Wing of MoEF. Environmental clearances where required are to be applied for separately and simultaneously with forest clearance. For a project requiring clearances from forest as well as environment angles, separate communication of sanctions was to be issued, and the project was deemed to be cleared only after clearances were received from both the angles.

During test check of records of RO Bengaluru it was observed that in two cases mining projects were operating without environmental clearances as detailed in Table 15.

Table 15: Projects operating without environmental clearance

User Agency	States	Area of Forest land (in ha)	Remarks
M/s Singreni Collieries Companies, Mancherial Division, Allahabad District	Andhra Pradesh	278	RO in July 2008 pointed to the Special Chief Secretary, Government of Andhra Pradesh that mine was operating without environment clearance. No action was taken thereafter.
M/s Mysore Minerals Limited, Bellary District	Karnataka	80.93	RO in September 2003 wrote to Principal Secretary, Government of Karnataka to stop the mining but as per records available mining was not stopped till March 2005. Thereafter no records were available.

While granting final approval, it should have been ensured by MoEF that the environment clearance certificate had been obtained. In both the above cases it was observed that even after reporting by the Regional offices, MoEF did not initiate any action against the defaulting agencies and granted final clearance without ensuring environmental clearance.

MoEF stated (May 2013) that the observation of the Audit regarding running of two mines without environment clearance is being communicated to Environment Wing of the MoEF for taking appropriate action in accordance with the provisions of the Environment (Protection) Act, 1980.

MoEF should make a determination of lapses and fix responsibility of officials in MoEF/ State Forest Department for the operation of mining projects without environment clearance, inspite of the same having being pointed out by its Regional Offices.

2.5.2. Adverse effects of mining on Forest and Wildlife

As per para 4.16 (ii) and (iii) of the Guidelines issued under the Forest (Conservation) Act, 1980, while according approval for diversion/renewal of forest land for mining purposes, the leases were to be renewed / monitored after every five years. The Regional Office was to monitor the main parameters/conditions of formal approval as frequently as possible, at least once in a year. At least once in five years a comprehensive monitoring as to the effect of mining on air and water pollution was also to be carried out. Regional Offices were required to send such reports/certificates in respect of the monitoring mechanism indicated above to the MoEF, so that a view could be taken on continuation of mining lease beyond five years.

During test check of records of RO Bhubaneswar it was observed that in monitoring reports on four mining leases, it was reported that the mining activity in the project was affecting the flora & fauna, forest and wildlife adversely. However, as of December 2012, no action in this regard had been taken by MoEF, despite, adverse comments in the monitoring report in these projects. The details of such cases are given in Table 16.

Table 16: Cases in which RO reported adverse impact of mining activity on forest and wild life, but no action was initiated by MoEF

User Agency	States	Area of Forest land (in ha)	Date of monitoring report	Comments in monitoring report
M/s Bharat Raj Singh	Jharkhand	10.08	January 2008	Project was affecting environment and forest.
M/s National Enterprises, Sundargarh District	Odisha	37.32	December 2009	Open case mining was generally affecting forest and wildlife adversely in Bonai sector.
M/s OMC Limited, Kaliapani Chromite mines, Jaipur District	Odisha	142.73	April 2002	Project would definitely cause damage to surrounding forest and wildlife. The clearance in this case was given upto July 2007.
M/s Mahanadi Coal fields Limited	Odisha	174.90	August 2004	The project is affecting the forest and wildlife of the area leaving ill effects on forest and wildlife. The final clearance was given in June 2006 even after adverse comment in the monitoring report.
	Total	365.03		

From the above it was evident that the even after receiving adverse reports from the RO, no corrective/ remedial action was taken by MoEF and it continued to grant clearances ignoring the violation of the forestry guidelines by the user agencies. MoEF did not revoke the mining lease granted to the user agencies.

MoEF stated (May 2013) that in the extant case monitoring reports contained general observation that mining activities in the projects was affecting, flora and fauna and forest and wildlife adversely. Mining projects by their very nature does affect flora and fauna adversely to some extent. Violation or non-compliance to any of the stipulated conditions has however, not been reported in any of these cases. In the absence of specific violation or non-compliance to any of the stipulated conditions, it is not appropriate for the MoEF to take any punitive action against such lessees.

The reply is not tenable because MoEF did not initiate any remedial/ corrective steps to safeguard the environmental hazards. MoEF should lay down clear cut process for taking suitable steps on the adverse comments pointed out during monitoring of projects otherwise the monitoring reports would be rendered meaningless.

2.5.3. Renewal of environmentally damaging mining lease by MoEF

MoEF allowed the diversion of the forest land of 100 hectare for mining to M/s Elray Minerals & Company in an arbitrary manner flouting the general and specific provisions of the forestry clearances overriding the recommendations in the site inspection report of its Regional Office not to divert the fresh area for mining. The details of the audit findings are reported as Case Study II.

Case Study II

Renewal of environmentally damaging mining lease by MoEF.

The Government of Portugal, in 1937 granted mining lease for 100 hectare of land in perpetuity to M/s Elray Minerals & Company. Out of this 100 hectare, 60.61 hectare and 39.39 hectare were notified under Section 20 and Section 4 of Indian Forest Act 1927 in the year August 1979 and October 1981, respectively. In 1987, the Goa, Daman & Diu Mining Concession (Abolition & Declaration) Act was passed by Government of India which abolished the perpetual mining concessions which was awarded by the Portuguese to this project in 1937. The 'deemed MMRD¹⁶ leases' therefore were prospectively accorded for 20 years w.e.f. 1987 to the concessionaires by the Goa Department of Mines & Geology, which meant that they would come to an end in 2007.

Government of Goa, in May 2006 submitted a proposal to MoEF for renewal of deemed mining lease in favour of M/s Elray Minerals & Company for diversion of 17.84 hectare of forest land (12.97 hectare already broken + 4.87 hectare to be broken) keeping 82.16 hectare reserve for future use for mining in favour of the applicant. MoEF in May 2008 granted in principle approval (revised in August 2008) and final approval to the project in February 2009.

Regional Office Southern Zone, Bengaluru in June 2006 conducted the site inspection of the project and sent its report to MoEF in July 2006. The site inspection report inter-alia observed the following:

- The proposed site was merely three kilometre away from the Bhagawan Mahaveer Sanctuary and was frequently visited by various categories of wild animals.
- The applicant had not attempted to identify any non-forest land for carrying out CA. 10 year old dumps in the area presently being sought for diversion, had not been stabilized in any manner by the applicant.
- It was generally estimated that every ton of iron ore excavated from the earth in Goa leaves behind about three tons of mining rejects, and thus, it was totally undesirable that the applicant carried out the mining in an environmentally irresponsible manner.

¹⁶ Mines and Mineral (Development and Regulation) Act, 1957

The proposal too did not contain any reclamation plan detailing as to how the applicant proposed to reclaim the mined out area.

- The forest area proposed for diversion had a fairly big nallah which drains out the water from the mine into the Mandovi river. Since the proposal did not contain any component of a treatment plan for the drainage from the mine, it could be assumed that the mine tailing containing pollutants would be drained into the Mandovi river. The present proposal found no mention of such major disturbances of natural water course.
- A benefit to the cost ratio had not been projected in the proposal.
- Since, the mining area is very close to wildlife habitat, any mining operations such as blasting carried out with the use of explosives would inevitably affect the wildlife adversely.
- The total number of trees that were required to be felled, to facilitate the diversion of 4.86 hectare of fresh area worked out to be more than 1000.
- The utility of the project seemed to be limited to private gain.

The inspection report in the end opined that it was not desirable anymore to divert fresh areas for mining in Goa.

Forest Clearance Division of MoEF in August 2006 ignoring the above serious observations, recommended the project for approval of diversion of 17.84 hectare of forest land with the condition of providing of non-forest land to the extent of 4.86 hectare along with other general conditions. The exemption from providing of non-forest land was sought by the company on the certificate from the Chief Secretary. It was observed in audit that this certificate was without any letter head and stamp of the office or the officer, which appeared suspicious prima-facie. However, MoEF modified in-principle approval in August 2008 and exempted the company from providing non forest land by allowing CA over double the degraded forest.

The Chief Conservator of Forests, Government of Goa submitted a compliance report mentioning the total lease area of 100 hectare, despite the in-principle approval of only 17.84 hectare, and depositing of ₹ 0.09 crore towards CA on double degraded land for 4.86 hectare along with receipt of NPV for 17.84 hectare of forest land. ***There was no mention of amount of NPV recovered and deposited to Ad-hoc CAMPA.***

MoEF, in February 2009 accorded final approval to the project putting in an ambiguous condition that the user agency was required to **pay the NPV for the balance forest area** to retain the same within the lease area. The underlying meaning of the phrase '**pay the NPV for the balance forest area**' could not be clearly made out in audit. It was construed that MoEF permitted diversion of the whole area of 100 hectare. **The NPV for entire area of 100 hectare was not calculated and found deposited into Ad-hoc CAMPA and amount of CA for the balance area of 82.16 hectare was also not collected.**

Thus the diversion of the forest land was made in an arbitrary manner flouting the general and specific provisions of the forestry clearances.

The audit observations were issued to MoEF in April 2013; no reply has been received (July 2013).

2.6. Other issues of land management

During test check of records of ROs various irregularities were noticed in cases of diversion of forest land to user agencies viz. illegal mining, non compliance of conditions of in principle approval and improper monitoring of the projects as brought out in Table 17.

Table 17: Other cases of illegal mining and non-compliance of conditions of in principle clearance

Name of the User agency	Forest land involved (in ha)	Date of final approval	Audit Comments	Reply/ Action by MoEF
Omkareshwar Project, Government of Madhya Pradesh	5,829.85	19/8/2004	MoEF granted approval for the projects without recovery of NPV from the user agency.	MoEF (May 2013) took cognizance of audit observation and recovered NPV of ₹ 339.90 crore from Narmada Valley Development Authority.
M/s Swamykasi Ratnam, Batrapalam of Madinapadu, Andhra Pradesh.	4.85	23/8/2004	Ministry in October 2003 directed the user agency to deposit the cost of reclamation with the Forest Department before grant of final approval. The condition was overruled in July 2004 by Director RO (HQ). Second Stage approval was granted in August 2004. Reclamation work was not done as of October 2011.	Project was monitored by RO Bengaluru in October 2011 and shortfall in compliance was reported to the Nodal Officer in the State Government of Andhra Pradesh for appropriate action.
M/s Narendra, Hubli District, Karnataka.	27.72	01/6/2004	Amount of CA realized by State was ₹ 0.40 crore whereas as per monitoring report the amount was ₹ 0.45 crore.	RO Bengaluru had sought clarification from the State Government in May 2004, reply from the State Government was still awaited and

Name of the User agency	Forest land involved (in ha)	Date of final approval	Audit Comments	Reply/ Action by MoEF
				that MoEF would seek clarification from the State Government for the above discrepancy.
M/s SA Tawab, Bellary for Iron Ore, Karnataka.	31.60	24/4/2003	The original mining lease was from 3 March 1981 for 10 years i.e. upto 3 March 1991. The in-principle approval which was given in 23 December 1992 was cancelled in 14 September 2001 stating that if the State Government/ UA was still interested in the project, a fresh proposal would be required to be submitted which would be considered de-novo. However, in April 2003, the final approval was granted w.e.f. 4 March 1991 for 20 years. The fact remained that there was no mining lease between the periods 4 March 1991 to 24 April 2003. Transfer of lease proposal was initiated in 04 February 2009 but PCCF withheld the proposal on account of Lokayukta Report.	MoEF stated that its approval dated April, 2003 covers the period from 4 March 1991 to 24 April 2003. The reply is not tenable because MoEF granted the approval from the retrospective date of March 1991 without ensuring actual carrying out of the mining activity during March 1991 to April 2003.
M/s Tata Refractories Ltd, Odisha.	58.50	June 2005	Final approval was given without clearance from National Board of Wildlife as mining was very close to Chandaka Wildlife Sanctuary. Monitoring report in April, 2008 revealed that the 41 hectare area had been surrendered to the Forest Department without appropriate reclamation and the 4.50 hectare of dumping	Reply awaited.

Name of the User agency	Forest land involved (in ha)	Date of final approval	Audit Comments	Reply/ Action by MoEF
			<p>area was also not properly reclaimed. There was heavy dust and absence of water sprinkling arrangements and the water from the mine was being discharged without proper treatment. Because of threat to wildlife, the UA was advised in November 2007 to erect/ dig elephant proof barrier along the sanctuary boundary which was also not found done. The mining was affecting the health of forest and wildlife adversely due to fragmentation of the forest.</p> <p>UA was required to execute the concurrent Reclamation Plan in consultation with State Forest Department from the very first year and an annual report was to be sent to the Nodal Officer and the Regional CCF, Bhubaneswar failing which the mining activity was to remain suspended. As evident from RO Bhubaneswar letter dated October, 2009, there was no such plan received either from the user agency or from Nodal Officer and no remedial/ corrective action was taken by MoEF.</p>	

2.7. Inadequate and ineffective application of penal clause

Section 2 of the Forest (Conservation) Act, 1980, imposes restrictions on dereservation of forest or use of forest land for non forest purposes. It envisages that no State Government or other authority shall make, except with the prior approval of the Central Government, any order directing dereservation of reserve forest, use of forest land for non forest purpose, lease out the forest land and clearing of the trees over the forest land. The authorities authorised to grant forest clearances are the Chief Conservator of Forests/

Additional Principal Chief Conservator of Forests of the Regional Office and the Director General of Forests of MoEF.

As per Section 3A of the Forest (Conservation) Act, 1980, whoever contravenes or abets the contravention of any provisions of Section 2, is to be punishable with simple imprisonment for a period which may extend to fifteen days. Where any offence under this act had been committed by any department of the Government or any authority, every person who, at the time the offence was committed was directly in charge of, and was responsible to, the authority for the conduct of the business of the authority as well as the authority was to be deemed to be guilty for the offence and liable to be proceeded against and punished accordingly.

It was observed in audit that against receivable non forest land of 1,03,381.91 hectare only 28,085.90 hectare land was received. Of this only 11,294.38 hectare was transferred and mutated in the favour of the State/ UT Forest Departments and within it 3,279.31 hectare was declared as Reserve Forest/ Protected Forest. Further, there were cases of non recovery/ under assessment of Net Present Value/Compensatory Afforestation/Additional Compensatory Afforestation/Penal Compensatory Afforestation/Catchment Area Treatment Plan of ₹ 5,311.16 crore¹⁷ which constituted 23 *per cent* of the total principal amount with Ad-hoc CAMPA as on 31 March 2012. However, no action was initiated by MoEF even after gross violations of the provisions of the Forest (Conservation) Act, 1980.

MoEF had invoked penal provision only in three cases during the period August 2009 to October 2012 and even this action was only limited to issue of show cause notices. In our opinion penal clause prescribed in the FC Act, 1980, was largely inadequate and ineffectively applied to place any deterrence towards illegal and unauthorised practices.

2.8. Conclusions

Forests are a vital component in sustaining the life support system on Earth. Any programme for development needs to evolve a systemic approach so as to balance economic development and environmental protection. Regulating the indiscriminate diversion of forest land for non-forest use is, therefore, critical. Accordingly, compensatory afforestation has been made one of the most important conditions while approval is accorded in case of proposals for dereservation or diversion of forest land for non-forest uses. It is envisaged that compensatory afforestation will be done on equivalent area of non-forest land which is to be transferred to the ownership of State Forest Department or on double the extent of area of forest land diverted on degraded forest land under certain circumstances.

The chapter brings out serious shortcomings in regulatory issues related to diversion of forest land, the abject failure to promote compensatory afforestation, the unauthorised diversion of forest land in the case of mining and the attendant violation of the environmental regime.

¹⁷ For details refer to Chapter III.

To be able to undertake compensatory afforestation on equivalent area of non-forest land, such land needs to be received by the Government. The Ministry's records reveal that against the receivable non forest land of 1,03,381.91 hectare, only 28,086 hectare was received during the period 2006-12 which constituted only 27 *per cent* of receivable non-forest land. The compensatory afforestation done over the non-forest land received was an abysmal 7,280.84 hectare constituting seven *per cent* of the land which ought to have been received. The afforestation over the degraded forest land was done only on 49,733.76 hectare and 49 km out of 1,01,037.35 ha and 54.5 km identified which works out to 49 *per cent* (in area). Seven States viz. Gujarat, Haryana, Kerala, Maharashtra, Meghalaya, Punjab and Rajasthan carried out no compensatory afforestation either over non forest land or over degraded forest land. By contrast the States of Assam and Odisha showed a high level of achievement with regard to compensatory afforestation, both over non forest land and over degraded forest land.

The record with regard to transfer of ownership to the State Forest Department is equally dismal. Information made available by State/ UT CAMPA revealed that of the 23,246.80 hectare of non forest land received by them only 11,294.38 hectare was transferred and mutated in the name of the State Forest Department. Of this only 3,279.31 hectare was declared as Reserve Forest/ Protected Forest which was only 14 *per cent* of non forest land so received.

Receipt of non forest land is the starting point for undertaking compensatory afforestation. Yet on this critical element there was no meeting ground on the data maintained by the Ministry and State Governments. The variation in data on forest land diverted and non-forest land received was as much as 3.5 *per cent* and 17.3 *per cent* respectively between the data maintained by the regional offices of the Ministry and the State Forest Department. Poor quality and unreconciled data will compromise the quality of planning, operations and decision making.

In case of non-availability or short availability of forest land, to be duly certified by the Chief Secretary, compensatory afforestation was to be undertaken over the degraded forest twice the extent of the forest land diverted. It was observed that compensatory afforestation was allowed over an area of 75,905.47 hectare without any certificate of the Chief Secretary, in almost all the states except Delhi, Himachal Pradesh, Meghalaya and Sikkim. Only in two State/ UTs viz. Chandigarh and Uttarakhand, equivalent or more non forest land was received.

Audit also observed instances where express orders of the Supreme Court were flouted by APSEB in Andhra Pradesh where the diversion of forest land in National Parks and Sanctuaries was allowed without seeking prior permission of the Supreme Court. In five other cases unauthorised renewal of mining leases in Rajasthan and Odisha were noticed, where the approval of Central Government was not obtained by the State Government as was directed by the Supreme Court.

The chapter also brings out numerous instances of unauthorized renewal of leases, illegal mining, continuance of mining leases despite adverse comments in the monitoring reports, projects operating without environment clearances, unauthorized change of status of forest land and arbitrariness in decisions of forestry clearances. In six States where information

was available, encroachment of 1,55,169.82 hectare of forest land was noticed but MoEF did not take time bound action for eviction despite directions of the Supreme Court.

Monitoring was very important considering the scale at which irregularities have been noticed in this audit. Absence of MIS/ consolidated database permitted individual cases of irregularities to remain unchecked. MoEF failed to appropriately discharge its responsibility of monitoring of compliance of conditions of the FC Act, 1980 relating to diversion of forest land.

Despite such gross non compliance with statutory conditions and orders of the Supreme Court, no action was initiated by MoEF. In fact MoEF had invoked penal provision only in three cases during the period August 2009 to October 2012 and even this action was limited to issue of show cause notices. In our opinion penal clause prescribed in the FC Act, 1980, was largely inadequate and ineffective to put any deterrence on illegal and unauthorised practices.

Chapter - III

Collection of Compensatory Afforestation Funds

3.1. Introduction

As per Forest (Conservation) Act 1980, money is to be collected for compensatory afforestation from user agencies which includes money for Compensatory Afforestation (CA), Additional Compensatory Afforestation (ACA), Penal Compensatory Afforestation (PCA), Catchment Area Treatment (CAT) Plan, etc in lieu of the forest land diverted for non forest use. Till 2002, these funds were being collected and retained by the State Government for undertaking the activities of compensatory afforestation, advance soil work, maintenance etc.

In 2001 the Supreme Court noted that there was poor utilization of funds deposited for compensatory afforestation and also that a large amount of money for compensatory afforestation was not realized by the State Governments from user agencies. It further observed that monies were paid by the user agencies to the State Governments for compensatory afforestation but the utilisation of the money for reforestation was only about 83 *per cent* of the funds actually realised by the State Government and the shortfall was about nearly ₹ 200 crore. On 29 October 2002, the Supreme Court directed that the user agency was also required to pay into the Compensatory Afforestation Fund the net value of the forest land diverted for non-forest purposes depending upon the quantity and density of the forest land being diverted for non-forest use.

The Supreme Court in its order of 29 October 2002 while directing the creation of a body to manage Compensatory Afforestation Funds also ordered that the amount received on account of compensatory afforestation but not spent or any balance amount lying with the States/Union Territories or any amount that was yet to be recovered from the user agency was also to be deposited in this fund. On 5 May 2006, while ordering the creation of Ad-hoc CAMPA, the Supreme Court also accepted the suggestions of the Central Empowered Committee (CEC) that the ad-hoc body would ensure that all the monies recovered on behalf of the CAMPA and which were lying with the various officials of the State Government should be transferred to the bank account(s) to be operated by this body.

CEC in its recommendations to the Supreme Court in 2002 had noted that as per the MoEF statement, as of March 2002, against ₹ 859.29 crore which was to be recovered from user agencies, ₹ 793.86 crore had been recovered and ₹ 496.22 crore had been actually spent on compensatory afforestation. Hence, it was calculated that in 2002, ₹ 297.64 crore of compensatory afforestation funds were lying with State Governments and ₹ 65.43 crore were yet to be collected from the user agencies. By 2006, when Ad-hoc CAMPA became operational, the accumulation had gone above ₹ 1,200 crore as was evidenced from the transfer of funds to Ad-hoc CAMPA in the initial year.

3.2. Transfer of funds to Ad-hoc CAMPA by State Governments

As per the Supreme Court's orders of 5 May 2006, Ad-hoc CAMPA was to ensure that all monies recovered on behalf of the CAMPA and lying with the State Governments were transferred to the bank accounts to be operated by this body. All the State Governments/ Union Territories were to account for and pay the amount collected with effect from 30 October 2002, in conformity with the order dated 29 October 2002, to the said Ad-hoc body.

Accordingly, Ad-hoc CAMPA arranged for opening State specific bank accounts in nationalised banks. Monies collected by States from user agencies for diversion of forest land to non-forest use, in terms of the Forest (Conservation) Act, 1980 were deposited into these accounts.

Since 2006, Ad-hoc CAMPA operated 37 current accounts in Corporation Bank, CGO Complex Lodhi Road (35 current accounts pertaining to the States/UTs, two current accounts pertaining to the management expenses of Ad-hoc CAMPA) and 33 Current accounts in Union Bank of India, Sunder Nagar, New Delhi (32 current accounts pertaining to the States/UTs and one main account). In addition, 37 saving bank accounts were opened in Corporation Bank in March 2011 (35 saving bank accounts pertaining to the States/UTs, one main account and one saving bank account pertaining to the Management Expenses of Ad-hoc CAMPA) and 33 saving bank accounts in Union Bank of India, Sunder Nagar, New Delhi (32 saving bank accounts pertaining to the States/U.T.s and one main account).

The accounting period adopted by Ad-hoc CAMPA was from 1 July to 30 June. This was changed from 30 June 2012 onwards to match with the financial year, with the year 2012-13 being the transition period.

3.2.1. Directions issued by Ad-hoc CAMPA regarding collection and transfer of funds

Ad-hoc CAMPA, in its capacity as the Governing Body, from time to time in its successive meetings, discussed the issues relating to collection and transfer of funds and gave directions to ensure that all the monies due to be rendered to Ad-hoc CAMPA by States/UTs were recovered, transferred and accounted for. These directions are summarised at Table 18.

Table 18: Directions issued and observations made by Ad-hoc CAMPA

Date of the meeting	Directions issued and observations made by Ad-hoc CAMPA
7 July 2006	<p>Periodic reconciliation of the receipts with the concerned State/UT Governments was considered essential. It was decided that:</p> <ul style="list-style-type: none"> • A Receipt-Ledger would be opened in consultation with the Financial Consultant of Ad-hoc Body and properly maintained under his guidance and supervision. A suitable mechanism for cross-referencing of receipts with the State/UT, Corporation Bank and Ad-hoc CAMPA would also be developed in consultation with the Financial Consultant. • Monthly statement of the funds received from the State/UT Governments was to be referred back to them for reconciliation.

Date of the meeting	Directions issued and observations made by Ad-hoc CAMPA
27 November 2006	<ul style="list-style-type: none"> • Details of the money receivable, money actually received, amount of interest receivable, amount of interest received, money to be transferred to Ad-hoc CAMPA and money actually transferred would be compiled in respect of each of the case approved under Section 2 of the Forest (Conservation) Act, 1980. • An institutionalized system should be put in place to ensure that the above information was compiled and audited for each of the case approved, in respect of the money receivable in terms of the Supreme Court's order dated 30 October 2002. • It was also observed that though an amount of ₹2,414.09 crore had been received by Ad-hoc CAMPA as on 24 November 2006, the details of money receivable were not available, and hence, it was not possible to take a view regarding the balance amount yet to be transferred by the States/UTs to Ad-hoc CAMPA.
20 June 2007	It was observed by Ad-hoc CAMPA that reconciliation of the figures related to the funds received by Ad-hoc CAMPA from different States/UTs with the figures available at the State/UT level had not been done. As the figures were not compiled in meaningful format at the Ad-hoc CAMPA level, such reconciliation was not possible.

It is evident from the extracts of the minutes of the meetings of Ad-hoc CAMPA above that the Governing Body not only issued specific direction regarding the manner in which records of monies receivable and received from States/UTs should be maintained but also for maintaining case wise record to ensure all amounts due from each user agency were collected and accounted for. It was also concerned about the lack of reconciliation between the records of the States/UTs in this regard and those kept by Ad-hoc CAMPA. However, we found that no concrete measures were taken by the members charged with executive responsibilities to introduce a system of control and monitoring to ensure compliance with the Supreme Court orders that all the funds pertaining to Compensatory Afforestation Fund collected and lying unutilised with State/ UT Governments or to be collected were transferred to Ad-hoc CAMPA accounts. This was evident from our findings of discrepancies in records of Ad-hoc CAMPA and State/ UT records of transfer of funds, inordinately long delays in transfers and instances of continued retention of funds in State Government accounts. The details of such audit observations are given in the succeeding paragraphs.

MoEF stated (April 2013) that the existence of Ad-hoc CAMPA was purely transient, in nature and the accounts format/ systems that should have been adopted by Ad-hoc CAMPA have not till date been specified by the CAG/ Controller General of Accounts (CGA).

The reply of MoEF is not acceptable. Though Ad-hoc CAMPA was purely transient it was created in compliance of orders of the Supreme Court of May 2006, which also made it obligatory on Ad-hoc CAMPA to ensure the transfer of all the monies being recovered/ lying with the State and get it audited. The reply that the format of accounts was not prescribed by the CAG/ CGA is not tenable because as per the orders of the Supreme Court of September 2005, corporate accounting based on the principles of double entry was to be

followed by CAMPA. This was also confirmed by the CAMPA (Amendment) Notification of March 2007.

3.2.2. Non-reconciliation of position of funds transferred by States/UTs to Ad-hoc CAMPA

The May 2006 order of the Supreme Court charged Ad-hoc CAMPA with the responsibility of ensuring that all the monies recovered on behalf of the CAMPA and lying with the various officials of the State Government were transferred to the bank account(s) to be operated by this body.

Our audit revealed that despite the directions of Ad-hoc CAMPA issued in 2006 and 2007 regarding maintaining proper records of receipts and periodic reconciliation, no such reconciliation was done till May 2013, resulting in large differences in the positions of funds reported as received by Ad-hoc CAMPA and claimed to be transferred by State/UTs as per the details collected from the State CAMPA/ Nodal officers. The details of discrepancies are at Table 19.

Table 19 : Discrepancies in amounts reported as transferred by States/UTs and amounts reported as received by Ad-hoc CAMPA.

(₹ in crore)

Sl. No.	State/UT	Amount deposited ²⁰ with Ad-hoc CAMPA	Amount transferred to Ad-hoc CAMPA as per state CAMPA	Percentage Difference	Remarks
1	Andaman & Nicobar Islands	12.63	11.27	10.77	
2	Andhra Pradesh	2,514.35	2,105.54	16.26	For the period 2006-12.
3	Arunachal Pradesh	731.92	438.82	40.05	
4	Assam	327.13	157.82	51.75	
5	Bihar	195.90	172.34	12.03	
6	Chandigarh	2.09	2.35	-12.44	
7	Chhattisgarh	2,491.30	1,114.81	55.25	
8	Delhi	35.77	34.76	2.82	
9	Goa	146.29	146.97	-0.46	
10	Gujarat	663.51	583.49	12.06	
11	Haryana	343.17	280.00	18.41	For the period 2006-12.

²⁰ This amount includes the principal amount of ₹ 20,063 crore with Ad-hoc CAMPA as on 31 March 2012 and also the amount released to the State/ UTs during 2009-12 i.e. ₹ 2,829 crore to make it comparable with the amounts stated by State/ UT CAMPA as transferred to Ad-hoc CAMPA.

Sl. No.	State/UT	Amount deposited ²⁰ with Ad-hoc CAMPA	Amount transferred to Ad-hoc CAMPA as per state CAMPA	Percentage Difference	Remarks
12	Himachal Pradesh	1,084.72	628.44	42.06	State not sure how much amount transferred to Ad-hoc CAMPA
13	Jammu & Kashmir	138.43	365.90	-	FDRs of ₹ 291.85 crore pledged to Ad-hoc CAMPA
14	Jharkhand	2,014.76	1,598.32	20.67	
15	Karnataka	930.31	836.39	10.10	
16	Kerala	24.50	30.99	-26.48	
17	Madhya Pradesh	1,285.21	902.53	29.78	
18	Maharashtra	1,753.15	738.45	57.88	
19	Manipur	34.55	34.59	-0.12	
20	Meghalaya	90.36	90.36	0.00	
21	Mizoram	10.62	10.62	0.00	
22	Odisha	4,394.16	3,697.26	15.86	
23	Punjab	439.58	286.33	34.86	
24	Rajasthan	794.28	354.75	55.34	Figures available for 28 test checked divisions only
25	Sikkim	195.49	178.86	8.50	For the period 2006-12.
26	Tamil Nadu	30.24	27.02	10.65	
27	Tripura	82.49	57.43	30.38	
28	Uttar Pradesh	643.10	584.52	9.11	
29	Uttarakhand	1,364.85	1,296.96	4.97	
30	West Bengal	110.90	95.99	13.44	
	Total	22,885.76	16,863.88	26.31	

Reconciliation of two independent set of records reflecting the same transaction, as in the instant case, was an important control mechanism to ensure that the records of receipts/transfers of funds were complete and correct. Significant unreconciled differences between the amounts claimed to be transferred by States/UTs and the amounts reported as received by Ad-hoc CAMPA are indicative of laxity in controls. In the absence of a single set of reconciled figures, it cannot be assured that all Compensatory Afforestation Funds collected and lying unutilised with States/UTs had been transferred to Ad- hoc CAMPA as envisaged by the Supreme Court in its order of 5 May 2006.

MoEF stated (April 2013) that the process of reconciliation of the details of the amounts received from the State/ UTs was in progress and the reconciled schedules/ ledgers would be provided to Audit.

3.2.3. Funds not remitted to Ad-hoc CAMPA

As per Supreme Court's order dated 5 May 2006, all monies that had been recovered on behalf of the CAMPA and which were lying with the various officials of the State Government were to be transferred to the bank account(s) to be operated by Ad-hoc CAMPA.

We observed that a centralised project wise data base of the amounts recoverable, amounts recovered and the amounts remitted by each State/UT to ensure that all amounts of Compensatory Afforestation Fund collected by States/UTs were remitted to the Ad-hoc CAMPA accounts was not prepared. This was despite directions in this regard being issued by Ad-hoc CAMPA in its meeting held on 26 November 2006.

From the details collected from Nodal officers of State CAMPA and the divisions test checked in audit (where the Nodal officers did not provide the information), we observed that State CAMPAs of 23 States/UTs out of 30 covered in audit had not remitted a total of ₹401.70 crore to Ad-hoc CAMPA till date (January 2013). The details of the State/UT and the amounts not remitted are given in Table 20.

Table 20: Details of States/UTs that did not remit Compensatory Afforestation Funds in compliance with Supreme Court directions.

(₹in crore)

Sl. No.	State/UT	Amount not remitted to Ad-hoc CAMPA
1	Andaman & Nicobar Islands	0.45
2	Arunachal Pradesh	5.06
3	Assam	50.81
4	Bihar	1.44
5	Chandigarh	0.04
6	Chhattisgarh	0.17
7	Goa	1.33
8	Haryana	18.94
9	Himachal Pradesh	21.51
10	Jammu & Kashmir*	59.83
11	Jharkhand**	28.06
12	Karnataka	9.66
13	Kerala**	1.80
14	Maharashtra**	0.04
15	Manipur	0.50
16	Meghalaya	61.58

Sl. No.	State/UT	Amount not remitted to Ad-hoc CAMPA
17	Mizoram	16.62
18	Odisha	18.37
19	Rajasthan**	30.57
20	Tamil Nadu	19.45
21	Uttar Pradesh	23.50
22	Uttarakhand**	24.12
23	West Bengal	7.85
	Total	401.70

*For J&K, CA was to be retained by State CAMPA. The amount indicated in the Table is only for NPV. Records before 2007 were not available.

**In these States the information was not provided by Nodal officers. Hence it was collected from divisions on a test check basis i.e. Jharkhand – five divisions, Kerala – two divisions, Maharashtra – one division, Rajasthan – 28 divisions and Uttarakhand – 13 divisions.

As is evident from the results of the test check of records reported in Table 20, 23 out of the 30 States/UTs covered in audit did not remit some portion of the CAF to Ad-hoc CAMPA which was in contravention of the Supreme Courts orders that all such funds should be transferred to the central body. In the absence of a centralised data base of case wise amount due, recovered and remitted to Ad-hoc CAMPA either with MoEF, Ad-hoc CAMPA or State CAMPA, we are unable to provide assurance that ₹ 401.70 crore reported in Table 20 is the total amount of CAF not remitted to Ad-hoc CAMPA. Ad-hoc CAMPA also failed to establish a system to determine the amounts that were lying with the States/UTs and to ensure the transfer of entire funds to Ad-hoc CAMPA accounts.

MoEF stated (April 2013) that Ad-hoc CAMPA would pursue the matter with the respective State/ UTs. It is evident that MoEF did not take concrete steps to recover the outstanding dues from the State/ UT Governments despite the issue being discussed in various meetings of Ad-hoc CAMPA from as early as July 2006 and orders of the Supreme Court.

3.2.4. Funds retained by State Governments

As per the Supreme Court's orders of 30 October 2002, Compensatory Afforestation Fund was not to be a part of the general revenue of the Union, of the States or part of the Consolidated Fund of India. Compensatory Afforestation Funds that had not yet been realised as well as the unspent funds already realised by the States were to be transferred to CAMPA. The State CAMPA Guidelines issued in 2009 also clarified that State CAMPA would serve as a common repository of funds accruing on account of compensatory afforestation and NPV. Hence, Compensatory Afforestation Funds were at all stages to be kept separate from the State/UT Government's funds.

Our test check of records in 30 State/UTs revealed that in 16 State/UTs CAMPA funds of ₹ 186.32 crore were deposited in State accounts from October 2002 onwards which was in violation of the Supreme Court orders. The State/UT wise details are given in Table 21.

Table 21: Details of transfer of Compensatory Afforestation Funds to State accounts**(₹ in crore)**

Sl. No.	State/UT	Deposits in State account
1	Andaman & Nicobar	0.11
2	Arunachal Pradesh	5.06
3	Assam	26.64
4	Bihar	1.44
5	Chhattisgarh	0.17
6	Haryana	18.94
7	Himachal Pradesh	21.51
8	Jharkhand	28.06
9	Karnataka	9.66
10	Meghalaya	0.06
11	Odisha	13.61
12	Rajasthan	1.91
13	Tamil Nadu	19.45
14	Uttar Pradesh	22.93
15	Uttarakhand	8.92
16	West Bengal	7.85
	Total	186.32

MoEF stated (April 2013) that year wise details of above amounts may be provided to Ad-hoc CAMPA to pursue the matter with the respective State/ UTs. The reply reflects the poor follow up by Ad-hoc CAMPA which should have taken up the matter of retention with the concerned State/ UTs at the earliest opportunity.

3.2.5. Delays in transfer of Funds to Ad-hoc CAMPA

As per the Supreme Court's orders of 30 October 2002, Compensatory Afforestation Funds that had not yet been realised as well as the unspent funds already realised by the States were to be transferred to CAMPA within six months of its constitution by the respective States and the user agencies. On 5 May 2006, while directing the creation of Ad-hoc CAMPA, Supreme Court once again directed that it was to be ensured that all the monies recovered on behalf of the CAMPA and lying with various officials of the State Government were transferred to the bank account(s) to be operated by this body.

From the details collected from Nodal officers of State CAMPA and the divisions test checked in audit, we observed that in 14 of the 30 States/UTs covered in audit, ₹ 4,178.92 crore funds were remitted to Ad-hoc CAMPA after a delay ranging from one to 2,555 days since the formation of Ad-CAMPA in May 2006. The details of the delays in remittance are given in Table 22.

Table 22: Details of delays in remittance of Compensatory Afforestation funds

Sl. No.	State/UT	Amount late remitted to Ad-hoc CAMPA (₹in crore)	Delay in remittance to Ad-hoc CAMPA* (in days)	Remarks
1	Andhra Pradesh	1,467.82	252	Delay in remittance in 512 cases during the period September 2006 to December 2011.
2	Chhattisgarh	0.54	420 to 1095	Delay in remittance in four cases pertaining to three divisions. The amount collected between April 2005 and April 2009 was remitted to Ad-hoc CAMPA between June 2007 and June 2010.
3	Himachal Pradesh	534.83	141	Delay in remittance during period February 2007 to August 2012. The money was kept in a current account with a bank.
4	Jharkhand	27.02	22 to 1604	Delay in remittance in three forest divisions.
5	Karnataka	528.14	30 to 270	Funds accumulated with State CAMPA upto 31 July 2007 were transferred to Ad-hoc CAMPA belatedly in four instalments during January 2007 to December 2007.
6	Madhya Pradesh	985.92	30 to 2,555	Delay in remittance in 63 divisions.
7	Manipur	17.47	44 to 589	Delay in remittance in five cases.
8	Meghalaya	0.49	300	Delay in remittance in 18 cases.
9	Punjab	51.74	16 to 2,040	Delay in remittance in 306 cases in six divisions during the period 2006-07 to 2008-09.
10	Rajasthan	151.51	30 to 1,650	Delay in remittance in 218 cases in 28 divisions.
11	Sikkim	1.15	203 to 541	Delay in remittance in 19 cases.
12	Uttar Pradesh	195.18	1 to 1,943	Delay in remittance in 471 cases.
13	Uttrakhand	191.77	30 to 90 and above	Delay in remittance in 192 cases.
14	West Bengal	25.34	30 to 150	
	Total	4,178.92		

* The cases covered in the table are of transfers after formation of Ad-hoc CAMPA in May 2006. The delays reported here have been calculated after allowing a period of 14 days to arrange for transfer.

In the absence of a centralised data base containing details of the money receivable, money actually received, money to be transferred to Ad-hoc CAMPA and money actually transferred, in respect of the money receivable in terms of the Supreme Court's order dated 30 October 2002, Ad-hoc CAMPA could also not ensure that all amounts collected by States/UTs were remitted to the respective Ad-hoc CAMPA accounts within a reasonable period of time.

MoEF stated (April 2013) that the State wise figures of delays could be answered effectively by the State Governments. It was further stated that the compensatory afforestation levies when deposited by the user agencies pass through many levels, from the Range Officer/ Divisional Forest Officer level in the Forest Divisions, to the level of the Additional Principal Chief Conservator of Forests, viz., the Nodal Officer for Forest Clearance matters in the State Government. The reply of MoEF confirms the absence of any oversight in MoEF over timely transfers of compensatory levies to Ad-hoc CAMPA. This was also evident from the deliberations of Ad-hoc CAMPA meeting held in November 2006.

3.2.6. Maintaining component-wise records of funds received

In its October 2002 judgement, the Supreme Court had, *inter alia*, directed that funds received for compensatory afforestation for diversion of forest land falling under protected areas should be used exclusively for undertaking protection and conservation activities in protected areas of the respective States/UTs. Similarly, funds collected for treatment of the catchment area in which the diverted forest land fell, could be used for implementing a Catchment Area Treatment Plan only in that specific area. CAMPA notification of 23 April 2004 specified the purpose for which each component of receipt i.e. Compensatory Afforestation/ Additional Compensatory Afforestation/ Net Present Value/ Catchment Area Treatment Plan etc. for diversion of forest land, could be released. To comply with the Supreme Court's orders, it was essential to put in place a system of recording receipts under CAF component-wise to ensure that releases of each component of receipt was made towards proposals eligible under each component.

The Ad-hoc CAMPA in its meetings recognised the need to establish such a system and issued directions in this regard from time to time. These directions are summarised below:

Date of the meeting	Directions issued
7 July 2006 (Second meeting)	Ad-hoc CAMPA noted that most of the receipts were not accompanied by details which would be essentially required for proper record keeping, data management as well as quick generation and retrieval of information relating to various components of CAMPA funds like CA, PCA, CAT, NPV etc. It was decided that a format for furnishing the details of the funds transferred would be sent to State/UT Governments.
9 March 2009 (Ninth meeting)	Ad-hoc CAMPA once again noted that the breakup of funds deposited under different heads for execution of work and its release to the States need to be compiled and reconciled immediately.

The Ad-hoc CAMPA also wrote to the State Governments on 25 October 2010 seeking detailed information of project wise, component-wise collection of dues, their remittance to Ad-hoc CAMPA and the balance, if any, with State Governments. This information was also meant to facilitate reconciliation of receivables.

We noted that component-wise details of receipt of funds and its releases were not available with Ad-hoc CAMPA. On a specific query in this regard, Ad-hoc CAMPA stated (August 2012) that the information had been called from the States but it was not forthcoming. Ad-hoc CAMPA maintained its records of receipts State-wise further divided in to amount of principal and interest thereon.

MoEF stated (April 2013) that even though APOs were drawn up and approved by the State level Steering Committee, the release of funds beyond overall limit of ₹ 1,000 crore was not possible. The reply sidesteps the audit point and has in effect led to non-conformance of the orders of the Supreme Court which envisaged that specific funds were to be used for specific purposes. By not maintaining component wise records of funds the specific usages of this funds was not ensured by MoEF.

In order to assess the component-wise collection, in the course of our audit, the State Accountants General attempted to collect this information from the Nodal officers in each State/UT. In the event the information was not available with the Nodal officers, the same was gathered from the Divisions selected for audit. Based on this test check, the component wise collection from 2002 to 2012 is given in Table 23.

Table 23: Component wise collection in States between 2002-12

(₹ in crore)

Sl. No.	State/UT	NPV	CA	ACA	PCA	CAT	Others	Total
1	Andaman & Nicobar Islands	1.85	2.93	0	0	0	0	4.78
2	Andhra Pradesh	1,310.82	132.53	6.70	43.12	33.19	26.83	1,553.19
3	Arunachal Pradesh	NA	NA	NA	NA	NA	NA	827.05
4	Assam	407.90	14.72	0	0	0	0	422.62
5	Bihar	148.08	23.52	0	0	0	0.09	171.69
6	Chandigarh	1.61	0.74	0	0	0	0	2.35
7	Chhattisgarh	1,178.49	161.75	14.56	6.95	9.07	0	1,370.82
8	Delhi	3.74	28.57	0	2.45	0	0	34.76
9	Goa	119.69	9.33	0.44	4.72	0	0.51	134.69
10	Gujarat	422.01	162.35	0	0	0	0.15	584.51
11	Haryana	158.44	142.28	0	0	1.86	0	302.58
12	Himachal Pradesh	378.3	97.26	240	0.35	5.54	2.05	723.5
13	Jammu & Kashmir(after 2007)*	214.62	0.06	0	0	0	42.87	257.55
14	Jharkhand	1284.46	128.67	0	62.93	0	48.50	1524.56
15	Karnataka	379.23	61.04	0	0	11.54	78.07	529.88
16	Kerala	24.69	3.05	0.02	0	0.37	1.12	29.25
17	Madhya Pradesh	495.29	242.10	3.19	2.42	15.64	48.26	806.90

Sl. No.	State/UT	NPV	CA	ACA	PCA	CAT	Others	Total
18	Maharashtra [#]	200.68	23.09	4.79	7	18.91	14.15	268.62
19	Manipur	26.80	8.00	0.29	0	0	0.11	35.20
20	Meghalaya	81.02	2.63	0	1.13	0.98	4.44	90.20
21	Mizoram	45.46	4.74	0	0	0	0.14	50.34
22	Odisha	3,319.41	51.01	0	7.63	45.53	261.15	3,684.73
23	Punjab	10.98	6.59	0	0.08	0	0	17.65
24	Rajasthan	280.35	32.60	10.94	9.48	0	83.10	416.47
25	Sikkim	78.93	46.81	0	0.06	39.16	13.92	178.88
26	Tamil Nadu	30.23	8.87	0	0.32	0.40	0.99	40.81
27	Tripura	49.23	9.00	0	0	0	0	58.23
28	Uttar Pradesh	237.64	122.92	0.70	0.40	0.35	65.29	427.30
29	Uttarakhand [§]	954.47	82.84	0	NA	NA	259.65	1,296.96
30	West Bengal	74.46	23.19	0	0	11.58	3.09	112.32
	Total	11,918.88	1633.19	281.63	149.04	194.12	954.48	15,958.39

NA- Information was not available in the State.

* For J&K information prior to 2007 was not available.

[#] For Maharashtra the figures are for sampled divisions, Nodal Officer did not give the information.

[§] For Uttarakhand, 'Others' includes ACA, PCA, CAT and others.

It may be noted that the total collection of ₹ 15,958.39 crore as per Table 23 does not match with ₹ 22,885.76 crore reported as received by Ad-hoc CAMPA and ₹ 16,863.88 crore reported as remitted by State/UT CAMPA (in Table 19), due to the fact that the component wise details have been collected from test check of records and are to that extent not complete.

In the absence of reliable and authenticated data of component wise collection of CAF in each State/UT, we are unable to understand the mechanism by which Ad-hoc CAMPA sought to ensure that the funds collected under each component were released only for programme/ scheme/ activities eligible under each component in compliance with the Supreme Court's order in this regard.

MoEF (April 2013) while keeping silent about the component wise collection of various funds as depicted in Table 23 stated that efforts were on for maintaining project wise and component wise details of funds and added that the Ad-hoc CAMPA did not have any authority over the State/ UT to ensure timely transfer of funds to the state accounts as maintained by Ad-hoc CAMPA.

The reply is not tenable as MoEF should have ensured that projects wise and component wise receipts are properly accounted for and transferred to Ad-hoc CAMPA before granting final clearances. The Director General (FC) and Inspector General (FC) were also functioning as Chairman and CEO respectively of Ad-hoc CAMPA hence they had every authority to direct the State/ UT and enforce timely transfer of funds to state accounts maintained by Ad-hoc CAMPA.

3.3. Assessment and collection of components of Compensatory Afforestation Funds

3.3.1. Components of Compensatory Afforestation Funds

The components of CAF and the procedure for calculation of each component is as under:

Component	Authority	Rates of NPV	How it is to be calculated	Who is to calculate
Net Present Value	Supreme Court Orders dated 29 October 2002 and 28 March 2008.	₹5.80 lakh to ₹9.20 lakh per hectare upto March 2008 and from ₹4.38 lakh per hectare to ₹10.43 lakh per hectare after March 2008*.	To be calculated on the basis of class/ category and density of forest land diverted.	Divisional Forest Officer concerned.
Compensatory Afforestation/ Additional Compensatory Afforestation /Penal Compensatory Afforestation/Catchment Area Treatment Plan	Principal Chief Conservator of Forests of State/ Nodal officer of State CAMPA.		To be calculated on the basis of the rates of various categories and sites of lands identified for afforestation.	Divisional Forest Officer concerned.

*Supreme Court fixed the rate of NPV in March 2008 which would hold good for a period of three years and subject to variation after three years.

3.3.2. Non-compliance with Supreme court order regarding recovery of NPV from user agencies that received 'in principle' approval prior to 2002

As per Supreme Court's order of September 2006, Net Present Value (NPV) at the rate of ₹ 5.80 lakh to ₹ 9.20 lakh per hectare, in addition to other levies was to be recovered in all those cases which had been granted in principle clearance prior to 29 October 2002, but were allowed final clearance later.

The Ad-hoc CAMPA in its third and seventh meetings held in November 2006 and June 2007 respectively, noted that no State/ UT had reported any recovery of NPV for pre-30 October 2002 in principle approval cases. The issue was discussed in the fourth meeting of the National CAMPA Advisory Council held in January 2012 and it was directed that recovery of NPV amounts in such cases should be completed within next six months. Consequently, MoEF in March 2012 requested all the Regional Offices to check cases wise recovery on NPV in such cases and to send a status report to MoEF by 31 May 2012.

It was observed that the status report of MoEF included 292 cases pertaining to 21 States/ UTs, in which the land measuring 29,201.30 hectare was diverted. The status report did not

calculate the amount of NPV to be recovered in these cases. We estimated the total amount of NPV due in these cases at ₹ 1,693.67 crore on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare. The details of such cases are given in Table 24.

Table 24: Details of cases in which NPV has not been collected for which the in principle approval was given prior to October 2002

(₹ in crore)

Sl. No.	States	No. of cases	Total land diverted (in ha)	NPV outstanding ²¹
1.	Andhra Pradesh	22	1,053.10	61.08
2.	Arunachal Pradesh	5	264.43	15.34
3.	Chhattisgarh	17	1,160.42	67.30
4.	Gujarat	18	275.94	16.00
5.	Haryana	1	8.48	0.49
6.	Himachal Pradesh	7	140.86	8.17
7.	Jharkhand	12	607.57	35.24
8.	Karnataka	20	1,336.36	77.51
9.	Kerala	2	14.77	0.86
10.	Madhya Pradesh	22	6,804.25	394.65
11.	Maharashtra	63	1,870.63	108.50
12.	Meghalaya	1	99.00	5.74
13.	Mizoram	2	143.97	8.35
14.	Odisha	36	3,679.69	213.42
15.	Punjab	2	401.05	23.26
16.	Rajasthan	13	893.99	51.85
17.	Tamil Nadu	7	107.40	6.23
18.	Tripura	16	5,741.55	333.01
19.	Uttar Pradesh	2	1,149.87	66.69
20.	Uttarakhand	23	3,433.27	199.13
21.	West Bengal	1	14.70	0.85
	Total	292	29,201.30	1,693.67

From the table it was observed that 29,201.30 hectare of forest land was diverted by MoEF/RO without recovery of NPV amounting to ₹ 1,693.67 crore in contravention of Supreme Court's order of September 2006.

²¹ calculated at the rate of ₹ 5.80 lakh per ha (minimum rate)

Apart from above 292 cases, test check of records of State Forest Department revealed that NPV amounting to ₹ 0.41 crore in two cases and ₹ 3.01 crore in one case in the States of Sikkim and Uttar Pradesh respectively was not recovered. These cases were not included in the Status report of the Ministry mentioned *ibid* thus raising doubts on the completeness of the MoEF Report. As such the MoEF and State Governments could not ensure that NPV was raised and collected as per Supreme Courts orders and in the least ₹ 1,693.67 crore remained short collected. This amount does not include any component of interest which would have accrued on the funds in the normal course.

MoEF stated (April 2013) that in many cases NPV had been collected and that the audit may take up the matter with the respective State/ UTs. The reply is not tenable as MoEF did not provide any details of NPV collected out of these cases and it was obligatory on the part of Ad-hoc CAMPA to maintain the details of such cases.

3.3.3. Non-application of rates for diversion of land from National Park and Wildlife Sanctuary

As per orders of Supreme Court of March 2008, NPV at the rate ranging from ₹ 4.38 lakh to ₹ 10.43 lakh per hectare depending upon the density and class of forest was to be charged and in case of National Parks this amount was to be charged at 10 times the normal rate and in case of Sanctuaries this amount was to be charged at five times the normal rates.

During test check of records of MoEF it was observed that NPV was not recovered at the rates prescribed for diversion of land from wildlife sanctuary from user agencies as per orders of the Supreme Court of March 2008 in respect of four cases detailed in Table 25.

Table 25: Cases of diversion of area falling in Wildlife sanctuary in which NPV was not recovered

Name of the user agency	State	Name of wildlife division	Area of Wildlife Sanctuary (in ha)	NPV unrecovered (₹in crore)
Andhra Pradesh State Electricity Board	Andhra Pradesh	Nagarjunasagar Srisailam Wildlife sanctuary	20.00	4.38*
Tata Refractories	Odisha	Chandka Wildlife Division	58.50	12.81*
Travancore Devaswam Board (TDB)	Kerala	Periyar Tiger Reserve (PTR)	12.68	2.77*
Indira Sagar (Polavaram) Multipurpose Project	Andhra Pradesh	Papikonda National Park	101.81	41.42**
Total			192.99	61.38

* Based on a conservative estimate of five times the minimum rate of NPV of ₹ 4.38 lakh per hectare.

**NPV was to be collected at 10 times of the ₹ 8.03 lakh/ hectare in 88.81 hectare and 10 times of ₹ 8.87 lakh/ hectare in 13.00 hectare but collected at five times of the rates.

No action was taken by MoEF to recover NPV at the prescribed rates from user agencies as of December 2012.

MoEF admitted (April 2013) that for Odisha and Kerala, the NPV was not collected at the prescribed rate. No reply was given for Andhra Pradesh.

3.3.4. Short assessment of NPV due to non-application of revised rates of NPV

Supreme Court in its order dated 29 October 2002 directed that the net present value should be recovered at the rate of ₹ 5.80 lakh per hectare to ₹ 9.20 lakh per hectare of forest land depending upon the quantity and density of the land. In March 2008, the Supreme Court revised the rates of NPV which ranged from ₹ 4.38 lakh per hectare to ₹ 10.43 lakh per hectare depending on various factors. Ministry did not initiate any action to communicate the decision of the Supreme Court upto December 2008 and finally the orders of revised rates were communicated on 5 February 2009 to all the State Forest Departments, after an inordinate delay of 11 months after the Supreme Court had issued its orders indicating a lackadaisical approach of MoEF.

During the test check of records of State CAMPA/ sampled divisions/ Nodal Officer for the period 2006-12 it was observed that the State Forest Department did not charge the NPV at the revised rates resulting in short assessment of NPV by ₹ 166.61 crore. The State/ UT wise details are given in Table 26.

Table 26: State/ UT wise details of cases in which NPV was not realised at revised rates.

Sl. No.	State/UT	NPV short realised (₹in crore)	Number of cases	Number of Divisions	Reason for non realisation at revised rates/ Name of the user agencies
1	Andaman & Nicobar Islands	0.04	5	2	
2	Assam	0.04	1	1	10per cent discount given to ONGC.
3	Chhattisgarh	34.06	23	-	
4	Delhi	0.25	4	1	
5	Goa	13.67	5	1	M/s Sociedade TimbloImpros Ltd. M/s G.N. Agarwal at Bimbol Iron Ore Mine aka Emco Goa Pvt. Ltd, M/s Dempo & Co. Pvt. Ltd , M/s Badruddin H. Mavani & M/s Sova.
6	Gujarat	89.47	3	3	Amount not recovered from NHAI.
7	Haryana	0.36	1	1	

Sl. No.	State/UT	NPV short realised (₹ in crore)	Number of cases	Number of Divisions	Reason for non realisation at revised rates/ Name of the user agencies
8	Jammu & Kashmir	21.04	-	8	
9	Karnataka	3.28	12	7	
10	Madhya Pradesh	3.80	14	7	
11	Meghalaya	0.42	4	-	World Victory Church, Shillong, Sports Authority of India, Shillong, North Eastern Power Transmission Company Private Limited, New Delhi, Church of God, 5 th Mile, Upper Shillong.
12	Tripura	0.18	12	4	
	Total	166.61			

3.3.5. Other cases of non-realisation of NPV/CA/CATP/PCA

After October 2002 orders of the Supreme Court NPV had to be collected along with CA/ACA/PCA/CAT Plan etc. for diversion of forest land for non-forestry purposes. The rates of NPV prescribed by the Supreme Court in October 2002 orders were re-fixed in March 2008.

During the test check of records of State CAMPA/ sampled divisions/ Nodal Officer it was noted that NPV of ₹ 3,145.16 crore, CA of ₹ 115.58 crore, CAT plan/PCA/others of ₹89.74 crore was not realised by the State Forest Department as given in Table 27. Details of individual cases mentioned in Table 27 are given in State specific chapters.

Table 27: State/ UT wise details of number of cases, amounts and number of divisions in which NPV/CA/PCA/CATP were short collected or not realised

(₹ in crore)

Sl. No.	State/UT	NPV not collected	CA not collected	PCA/CATP/others not collected	No. of cases	No. of Divisions	Name of the user agency
1	Andaman & Nicobar Islands	1.15	0.10	-	4	2	NA
2	Andhra Pradesh	7.60			4	4	NA
3	Arunachal Pradesh	32.59*		0.20			NA
4	Assam	214.64*	8.60		4	4	NA
5	Bihar	7.26*	4.10			1	NA
6	Chandigarh	-	-	-	-	-	NA

Sl. No.	State/UT	NPV not collected	CA not collected	PCA/CATP/others not collected	No. of cases	No. of Divisions	Name of the user agency
7	Chhattisgarh	3.43	6.50		48	3	NA
8	Delhi	0.68	0.98		3	2	Delhi Metro Rail Corporation
9	Goa	0.73	0.16	-	2	2	M/s Chandrakant F. Naik/Sh. Rajesh P. Timblo,
10	Gujarat	62.77	2.43	5.35	3	3	M/s MPSEZL (Earlier known as M/s Adani Chemicals Ltd), South Gujarat Vij Company Limited, (SGVCL), Valsad.
11	Haryana	3.57*			7	6	NA
12	Himachal Pradesh	26.99*	1.37	-	-	-	NA
13	Jammu & Kashmir	837.76*	3.00	-	-	-	NA
14	Jharkhand	69.45*	10.01	1.48	-	28	NA
15	Karnataka	216.77	19.55	2.01	33	7	NA
16	Kerala	0.29*			2	2	NA
17	Madhya Pradesh	114.39*			36	7	NA
18	Maharashtra	174.27	8.74		106	7	NA
19	Manipur	100.99	5.17	0.29	1	1	NA
20	Meghalaya	55.42	-	-	11	2	Adhunik Cement Limited, Amrit Cement Industries Limited, Cement Manufacturing Company Limited & Subsidiaries, Green Valley

Sl. No.	State/UT	NPV not collected	CA not collected	PCA/CATP/others not collected	No. of cases	No. of Divisions	Name of the user agency
							Industries Limited, Goldstone Cement Limited, Hill Cements Company Limited and Meghalaya Cement Limited.
21	Mizoram	219.33*		17.00	5	2	
22	Odisha	941.67	30.35	37.01	335	28	M/s Patnaik Minerals, M/s SAIL, M/s DC Jain, M/s OMC Ltd., M/s KC Pradhan, M/s RB Thakur, M/s Dr. Sarojini Pradhan, M/s Keonjhar Mineral (P) Ltd., M/s Sri BK Mohanty, M/s SC Mallik, M/s BL Newatia, M/s AXL Exploration (p) Ltd, M/s Rungta Sons, M/s IMFA ltd, M/s Ghanashyam Mishra and Sons (P) ltd, M/s G.S.Choubey, M/s K.K.Chourasia, M/s Manishree Refractories Ltd, M/s FACOR

Sl. No.	State/UT	NPV not collected	CA not collected	PCA/CATP/others not collected	No. of cases	No. of Divisions	Name of the user agency
							Ltd and M/s SAIL.
23	Punjab	-					NA
24	Rajasthan	6.97**	6.25	0.64	91	-	NA
25	Sikkim	30.34	8.22		48	-	NA
26	Tamil Nadu	0.37	0.00	0.17	-	4	Udhagai Municipality
27	Tripura	-			-	-	NA
28	Uttar Pradesh	0.10	0.05	0.08	-	4	Bajaj Hindustan Sugar Industry Limited.
29	Uttarakhand	0.01	-	8.37	8	2	M/S UVVN-Mining lease
30	West Bengal	15.62***		17.14	3	3	NA
	Total	3,145.16	115.58	89.74			NA

*NPV also included CA for some of the cases in which bifurcation of NPV/CA was not made available.

** NPV includes CA and cost of fallen trees.

*** NPV includes CA and Environmental loss.

NA-Not available.

MoEF stated (April 2013) that the observations are to be dealt with by the States concerned the response received from the State/ UTs are being separately forwarded.

MoEF's reply is not tenable. It was obligatory on MoEF to ensure that the Compensatory Afforestation Funds had been appropriately assessed and collected before granting the final clearance. The Supreme Court in its order dated 3 April 2000, had also fixed the responsibility of ensuring the proper carrying out of compensatory afforestation on Ministry of Environment and Forests and said that it was for the Ministry to monitor the conditions stipulated at the time of grant of forest clearance.

3.3.6. Non recovery of NPV from user agencies not exempted from paying NPV by the Supreme Court

MoEF directed all State Forest Departments/ROs on 19 December 2005 to grant forestry clearance to certain projects after obtaining an undertaking from the user agencies that in case it was finally decided by the Supreme Court that such projects were not exempted from payment of NPV, the user agency would pay the amount of NPV as determined and ordered by the Supreme Court. The Supreme Court decided this matter on 24 April 2008 and 9 May 2008.

During the test check of records of Northern Regional Office, Chandigarh it was observed that forest land measuring 443.17 hectare had been diverted during April 2006 to June 2008

in 181 cases in Himachal Pradesh, for which no NPV, CA etc was collected by State Forest Department pending Supreme Court's judgement on exempted cases. As calculated by Regional Office Chandigarh, an amount of ₹ 39.02 crore in the form of NPV was still due from these user agencies. These 181 projects fall under the exempted categories from receipt of non-forest land but not from payment of NPV/CA etc. We estimated the amount of CA in these cases at ₹ 6.65 crore on a conservative basis by applying the minimum rate of CA (₹ 1.50 lakh per hectare) in Himachal Pradesh.

The regional office had written on 4 July 2008 and subsequently on 28 July 2008 to Himachal Pradesh Government for recovery of NPV. The recovery of NPV/CA/ACA etc was still pending as on December 2012.

3.3.7. Non-revision of rates of NPV after every three years

Supreme Court in its order of October 2002 directed that, while according transfer under Forest Conservation Act, 1980 for change in user agency from all non-forest purposes, the user agency shall also pay into the said fund the net value of the forest land diverted for non-forest purposes. The present value was to be recovered at the rate of ₹ 5.80 lakh per hectare to ₹ 9.20 lakh per hectare of forest and depending upon the quantity and density of the land in question converted for non-forest use. This will be subject to upward revision by the Ministry of Environment and Forests in consultation with Central Empowered Committee as and when necessary.

Based on the recommendations of the Expert Committee the Supreme Court of India re-fixed the rates of NPV on 28 March 2008 on the basis of scientific data taking into view the ecological role and value of the forests. It further stated that the NPV rate now fixed would hold good for a period of three years and subject to variation after three years. MoEF circulated the re-fixed rates of NPV vide its letter dated 5 February 2009, hence due for re-fixation in February 2012.

It was observed that MoEF did not re-fix these rates after three years i.e. in 2012.

MoEF stated (April 2013) that action is presently in progress for revision of the rates of NPV and as and when a final decision is taken in the matter, the same will apply retrospectively – an appropriate undertaking in this behalf is being taken from the user agencies concerned making them liable to pay the revised rates of NPV from the dates these are made effective.

The Ministry's reply needs to be viewed in light of the fact that the revision in rates was due in February 2012 and had not been done even by June 2013.

3.3.8. Non-monitoring of receipt of funds from State CAMPA/ user agencies

As per Rule 4.2 (i) of the Forest (Conservation) Act 1980, for diversion of forest land, forestry clearance was to be given in two stages. The user agency is to submit the proposal to the State Forest Department. The State Forest Department after demarcating the area, type of forest land and location etc with its recommendations is to submit the proposal to the RO/ MoEF as the case may be. The RO/ MoEF is to accord the in principle approval with certain condition relating to transfer, mutation and declaration a Reserved Forest/ Protected Forest

(RF/PF) under the Indian Forest Act, 1927 of equivalent non-forest land for compensatory afforestation and funds (NPV, CA etc) for raising compensatory afforestation thereof are stipulated. The user agency is then required to comply with the conditions including depositing the funds of NPV, CA, ACA etc with the DFO/ State CAMPA. Thereafter, the State CAMPA/ Nodal Officer/ Principal Chief Conservator of Forest (PCCF) is to submit a compliance report to the Regional Office (RO)/ MoEF as the case may be. After receiving compliance report and its examination, the final approval is to be granted by RO/MoEF. The State Forest Department remits the money in the concerned bank account of the State opened with Ad-hoc CAMPA.

It was observed that the final approval was granted by MoEF/ RO without ensuring compliance to the conditions stipulated in the in principle approval as evident from the audit observations relating to non-recovery of NPV where in principle approval was prior to 2002, non-realisation of NPV at prescribed rates from the National Parks and Wildlife Sanctuary, short assessment of NPV due to non application of revised rate of NPV, other cases of non-realisation of NPV/CA/CATP/PCA, non-revision of rates of NPV every three years and non-monitoring of receipts of funds given in preceding paragraphs.

MoEF stated (April 2013) that efforts have been set afoot, by addressing the concerned State/ UT Governments for compilation of project wise and component wise information in respect of all cases of diversion of forest land allowed since the year 1980. Information is awaited from the concerned State/ UT Governments. However since the year 2011, a system has been introduced in terms of which final clearance under FC Act 1980 is given only after a specific written confirmation from the Ad-hoc CAMPA that the funds in question have been received in the State specific accounts maintained by them.

The reply is not tenable as MoEF should have ensured that projects wise and component wise receipts are properly accounted for, transferred and confirmed from Ad-hoc CAMPA before granting final clearances. From the reply also it is evident that the final approval was being granted by MoEF/ RO without ensuring compliance to the conditions stipulated in the in principle approval and even MoEF cannot provide an assurance that in how many cases the receipts of compensatory afforestation funds had been correctly assessed and deposited.

3.4. Conclusion

MoEF, it is evident from this chapter, was ineffective in ensuring complete and timely transfer of all monies collected by States/UTs towards Compensatory Afforestation Fund to the Ad-hoc CAMPA accounts. There is no assurance even today (July 2013) that all the monies collected for CAF by States/UTs have been deposited in the Ad-hoc CAMPA accounts. This could have been ensured only if a centralised data base indicating project wise amounts due, collected, remitted (or utilised by States/UTs prior to formation of Ad-hoc CAMPA) and balance lying with States/UTs was created. Creating such a data base was both feasible and necessary as an instrument of control to ensure that final clearances were given only when all conditions of in principle clearance were met and also to monitor transfer from States/UTs to Ad-hoc CAMPA. Divergence in data of transfer of funds available with Ad-hoc CAMPA and collected from States/UTs was ₹ 6,021.88 crore which was 26.31 per cent of the principal amount with Ad-hoc CAMPA. Non-reconciliation of the same over

years not only indicates laxity in controls but also raises doubts on the reliability and completeness of the data provided by all agencies concerned. Our test check also revealed that 23 State/ UTs have at the least not transferred ₹ 401.70 crore of CAF to Ad-hoc CAMPA. In the absence of component wise break up of collections, we are unable to provide an assurance that releases have been made as per direction of the Supreme Court.

MoEF/ Ad-hoc CAMPA/ State CAMPA did not have any system to case-wise monitor the correct assessment and collection of dues before giving final clearance. This was amply evident from the instances of non-assessment/ under-assessment and non collection of CAF dues. In the absence of this, assurance that final clearances were given only in cases that had complied with all the conditions of in principle clearances could not be provided.

The fact that NPV/CA/ACA/PCA/CAT Plan amount under/non-recovered, as reported in this chapter based on a test check, was ₹ 5,311.16 crore i.e. 23 *per cent* of the total principal amount with Ad-hoc CAMPA as on 31 March 2012 is indicative of serious deficiencies in determining the amount of NPV/CA etc fund due from user agencies and ensuring its collection prior to according final clearances.

Chapter - IV

Utilisation of Compensatory Afforestation Funds

4.1 Background

As of November 2006, the amount lying with the Ad-hoc CAMPA was ₹1,200.31 crore. This had increased to ₹9,932.13 crore as of 30 June 2009, and further to ₹23,608 crore on 31 March 2012.

In the fifth and sixth meetings of Ad-hoc CAMPA held in February 2007 and April 2007, it was decided to seek permission of the Supreme Court of India for release of compensatory afforestation money for the ongoing CA projects to the States/ UTs. In the eighth meeting of Ad-hoc CAMPA held in April 2008 it emerged that in spite of many requests received from the States for the release of funds Ad-hoc CAMPA was unable to do so in the absence of authority to act in this regard from the Supreme Court. In the tenth meeting of Ad-hoc CAMPA held in May 2009 it was observed that the States/ UTs forwarded the APOs which lacked comparability and hence it was decided that the States should prepare the APOs once again and the release of money would be based on analysis of coherent and comparable proposals from the States and upon the directions of the Supreme Court in the matter. Hence, till mid 2009, though funds were accumulating in the CAF, no releases were made.

The orders of the Supreme Court and State CAMPA guidelines regarding release and monitoring of funds are summarised below:

Release of funds

- Supreme Court in its order dated 10 July 2009 directed Ad-hoc CAMPA to release for the time being the sum of about ₹ 1,000 crore *per annum* for the next five years to State CAMPAs, in proportion of 10 *per cent* of the principal amount pertaining to respective State/UT.
- The amount towards the NPV and the protected area was to be released after the schemes had been reviewed by the State level executive committees and the annual plan of operations was approved by the Steering committee.
- The amount towards the CA, ACA, PCA and the catchment area treatment plan was to be released in the respective bank accounts of the States/ UTs immediately for taking up site specific works already approved by the MoEF while granting prior approval under the Forest (Conservation) Act, 1980.

Monitoring of funds

- As per Supreme Court's order dated 29 October 2002, an independent system of concurrent monitoring was to be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of fund.

- In July 2009, Supreme Court directed that an amount of five *per cent* of the amount released to the State CAMPA was also to be released and utilised by the National CAMPA Advisory Council (NCAC), for monitoring and evaluation and for the implementation of the various schemes as given in para 19 of the Guidelines of the State CAMPA.
- Further, the State CAMPA guideline notified in August 2009 also authorised State CAMPA to earmark upto two *per cent* of the funds for monitoring and evaluation.

Confirming the position, the Ad-hoc CAMPA in its reply (April 2013) stated that the funds that were transferred to Ad-hoc CAMPA commencing May 2006 remained with this body, and were accumulating with fresh receipts of compensatory levies received through the State Governments from time to time. It was only in July 2009 that the Supreme Court permitted the release of the funds to State CAMPAs, which were constituted in terms of the guidelines issued with their approval. It is notable here that between May 2006 and July 2009 no funds were released for the purpose of compensatory afforestation and Ad-hoc CAMPA started releasing funds w.e.f. from 17 August 2009.

In compliance with the Supreme Courts directions, Ad-hoc CAMPA started releasing funds from 2009 onwards. Table 28 brings out the aggregate position of accumulated funds as on 31 March 2012 and funds released between 2009 and 2012.

Table 28: State/UT wise aggregated position of accumulated funds as on 31 March 2012 and funds released between 2009 and 2012.

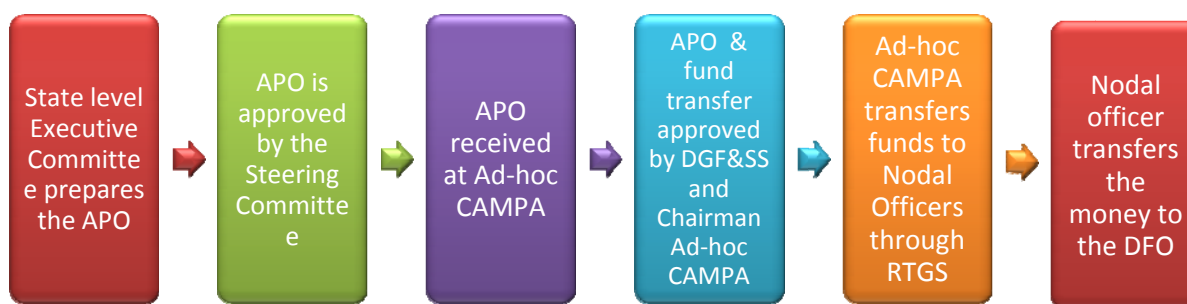
(₹ in crore)

Sl. No.	State/UT	Total Balance (including interest) with Ad-hoc CAMPA As on 31 March 2012	Total Releases by Ad-hoc CAMPA (2009-10 to 2011-12)
1	Andaman & Nicobar Islands	22.98	1.89
2	Andhra Pradesh	2,359.09	329.09
3	Arunachal Pradesh	799.01	75.35
4	Assam	353.81	17.17
5	Bihar	167.20	24.44
6	Chandigarh	6.89	0.31
7	Chhattisgarh	2,239.09	356.86
8	Dadra & Nagar Haveli	10.73	0.32
9	Daman & Diu	0.77	Nil
10	Delhi	37.20	3.25
11	Goa	171.71	22.37
12	Gujarat	691.44	80.42
13	Haryana	390.34	38.00

Sl. No.	State/UT	Total Balance (including interest) with Ad-hoc CAMPA As on 31 March 2012	Total Releases by Ad-hoc CAMPA (2009-10 to 2011-12)
14	Himachal Pradesh	1,131.44	135.97
15	Jammu & Kashmir	139.89	-
16	Jharkhand	2,057.88	260.66
17	Karnataka	1,028.60	151.04
18	Kerala	37.37	1.75
19	Lakshadweep	Nil	Nil
20	Madhya Pradesh	1,341.19	157.53
21	Maharashtra	1,859.09	257.47
22	Manipur	37.33	2.08
23	Meghalaya	96.92	0.10
24	Mizoram	12.42	Nil
25	Nagaland	Nil	Nil
26	Odisha	4,570.17	437.26
27	Punjab	464.08	68.98
28	Pudducherry	Nil	Nil
29	Rajasthan	857.07	106.55
30	Sikkim	202.45	27.28
31	Tamil Nadu	8,832.95	3.67
32	Tripura	92.73	6.13
33	Uttar Pradesh	752.94	82.45
34	Uttarakhand	1,527.93	164.40
35	West Bengal	114.96	16.42
	Total	23,607.67	2,829.21

As per rule 11(i) of the State CAMPA guidelines, the money available with State CAMPA was to be utilised for meeting the expenditure towards the development, maintenance and protection of forests and wildlife management as per the approved Annual Plan of Operation.

Ad-hoc CAMPA was to release funds based on Annual Plan of operation received from respective State/UTs. These plans were to be formulated by the State Level Executive Committee and approved by the Steering Committee before being sent to Ad-hoc CAMPA. The released funds were then to be disbursed by the Nodal Officers amongst the DFOs for implementation of programme and utilisation of funds. The procedure of release of funds is depicted pictorially in Chart 8.

Chart 8: Procedure for release of funds

4.2 Under utilisation of funds received

Funds for NPV and Protected Area were to be released after the schemes had been reviewed by the State level executive committees. The amount towards the CA, ACA, PCA and the catchment area treatment plan were to be released for taking up site specific works already approved by the MoEF while granting prior approval under the Forest (Conservation) Act, 1980. Table 29 contains the State/UT wise details of receipts of funds, expenditure thereof and unutilised amounts.

Table 29: Details of receipts, expenditure and unutilised amounts

(₹ in crore)

Sl. No.	State/UT	Total Receipts as per State CAMPA (2009-12)	Total Expenditure incurred as per State Report (2009-2012)	Unutilised amount	Percentage Unutilised
1	Andaman & Nicobar Islands	1.89	0.69	1.20	63
2	Andhra Pradesh	329.09	247.26	81.83	25
3	Arunachal Pradesh	75.35	6.53	68.82	91
4	Assam	22.83	11.54	11.29	49
5	Bihar	24.44	5.60	18.84	77
6	Chandigarh	0.31	0.30	0.01	3
7	Chhattisgarh	357.95	118.04	239.91	67
8	Delhi	3.25	1.20	2.05	63
9	Goa	22.37	10.89	11.48	51
10	Gujarat	80.42	70.11	10.31	13
11	Haryana	38.00	27.40	10.60	28
12	Himachal Pradesh	135.98	79.97	56.01	41
13	Jammu & Kashmir*	67.09	55.68	11.41	17
14	Jharkhand	260.66	185.31	75.35	29
15	Karnataka	151.04	139.38	11.66	8

Sl. No.	State/UT	Total Receipts as per State CAMPA (2009-12)	Total Expenditure incurred as per State Report (2009-2012)	Unutilised amount	Percentage Unutilised
16	Kerala	1.37	0.97	0.40	29
17	Madhya Pradesh	157.54	82.53	75.01	48
18	Maharashtra	256.64	219.00	37.64	15
19	Manipur	2.09	2.00	0.09	4
20	Meghalaya	0.10	0	0.10	100
21	Mizoram	0	0	0	0
22	Odisha	447.33	219.85	227.48	51
23	Punjab	81.65	45.41	36.24	44
24	Rajasthan	106.54	63.00	43.54	41
25	Sikkim	27.28	27.85	-0.57	-2
26	Tamil Nadu	5.05	2.98	2.07	41
27	Tripura	6.12	1.93	4.19	68
28	Uttar Pradesh	82.45	38.56	43.89	53
29	Uttarakhand	164.40	103.88	60.52	37
30	West Bengal	16.42	7.98	8.44	51
	Total	2,925.65	1,775.84	1,149.81	39

*In case of Jammu & Kashmir the receipts are the amounts released by the J&K State CAMPA.

As can be seen from Table 29, during the period 2009-12 the amount of funds received by State/ UT CAMPA from Ad-hoc CAMPA was ₹2,925.65 crore (including Jammu & Kashmir) of which only ₹1,775.84 crore could be expended by the State/UT sleaving ₹1,149.81 crore unutilised.

While the percentage of underutilisation of funds vis a vis the amounts released was 39 per cent, it was significant in states like Meghalaya (100 per cent), Arunachal Pradesh (91 per cent), Bihar (77 per cent), Tripura (68 per cent), Chhattisgarh (67 per cent), Andaman & Nicobar Islands (63 per cent) and Delhi (63 per cent). States with low underutilisation were Sikkim (zero per cent), Chandigarh (three per cent), Karnataka (eight per cent) and Manipur (four per cent).

The amounts released by Ad-hoc CAMPA were against APOs which also included schemes that were identified at the stage of granting clearance and for which land was also claimed to have been identified at the time of giving clearances. The fact remained that large sums of monies released based on approved plans could not be utilised. This indicated poor planning and execution by the MoEF/ State Forest Departments.

Under utilisation of funds raises concerns about the absorptive capacity of the State/ UT Forest Departments. This concern was further reinforced when viewed in the context of

₹23,607.67 crore lying accumulated with Ad-hoc CAMPA as on 31 March 2012 which has to be specifically utilised for activities relating afforestation, development, conservation and protection of forest lands by State implementing agencies.

MoEF stated (April 2013) that no funds were released to States between 2006 and 2009, and only when the Supreme Court permitted, funds were released to the States. It further stated that funds were released for taking up compensatory afforestation activities, as late as, April 2010 and such activities require a lot of preparatory work to be undertaken. It was further stated that it was not possible to undertake afforestation work immediately after the funds became available and, thus, the time lag between the belated dispersal of funds to the states, and their taking up activities from these funds was inescapable and it resulted in the under utilisation of funds.

While it is a fact that the CA funds were released by Ad-hoc CAMPA only from August 2009 onwards, the justification for under utilisation of the released funds is not acceptable because these funds were released based on the APOs received from the State/ UTs and should have been used completely on activities envisaged in APOs which included preparatory works in certain States. This reflects on the poor planning, inefficient execution of works and lack of absorptive capacity of the released funds.

4.3 Accumulation of funds with State CAMPAs

The main concern underlying Supreme Court's order of October 2002, directing the creation of Compensatory Afforestation Fund and a body (CAMPA) to manage it, was the accumulation of amounts received from user agencies and lying unspent or being misutilised by the States. Since 2009 the Ad-hoc CAMPA had started release of Compensatory Afforestation Fund to States/UT for implementing approved schemes but only 61 percent of the amount released during 2009-12 could actually be expended. Since the unspent balances were neither reverted to Ad-hoc CAMPA on the expiry of the financial period (1 July- 30 June in the instant case) nor were these adjusted in the following year releases, it resulted in setting in of a process of accumulation of Compensatory Afforestation Funds with States/UTs, which if allowed to continue unchecked may result in reversion to the pre-2002 condition sought to be addressed by the Supreme Court by creating Central CAMPA.

Based on the information collected in audit in States/UTs the position of accumulated balance at the end of June 2010, 2011 and 2012 is given in Table 30.

Table 30: State wise position of closing balance of funds with State/UT CAMPA.

(₹in crore)				
Sl. No.	State/UT	2009-10	2010-11	2011-12
1	Andaman & Nicobar	0	0	1.20
2	Andhra Pradesh	78.91	116.82	81.83
3	Arunachal Pradesh	0.00	27.63	68.82
4	Assam	12.38	22.71	11.29
5	Bihar	7.73	10.80	18.84
6	Chandigarh	0.18	0.04	0.01

Sl. No.	State/UT	2009-10	2010-11	2011-12
7	Chhattisgarh	119.27	234.29	239.91
8	Delhi	1.85	3.24	2.05
9	Goa	12.12	17.46	11.48
10	Gujarat	16.39	12.78	10.31
11	Haryana	19.11	26.77	10.60
12	Himachal Pradesh	35.33	40.43	56.01
13	Jammu & Kashmir	8.40	8.10	11.41
14	Jharkhand	95.00	122.64	75.35
15	Karnataka	58.56	28.82	11.66
16	Kerala	0.40	0.40	0.40
17	Madhya Pradesh	53.05	71.36	75.01
18	Maharashtra	0.00	0.00	37.64
19	Manipur	0.75	0.20	0.09
20	Meghalaya	0.10	0.10	0.10
21	Mizoram	0.00	0.00	0.00
22	Odisha	6.97	74.99	227.48
23	Punjab	33.05	44.74	36.24
24	Rajasthan	32.59	48.83	43.54
25	Sikkim	3.58	0.46	-0.57
26	Tamil Nadu	1.97	2.00	2.07
27	Tripura	3.54	5.58	4.19
28	Uttar Pradesh	0	14.59	43.89
29	Uttarakhand	81.65	120.80	60.52
30	West Bengal	5.30	6.46	8.44
	Total	688.18	1,063.04	1,149.81

In most of the State/UTs the amount released in 2009-10 could not be spent. This could be attributed to delayed releases and non submission of APO. In some states there was persistent under spending as compared with releases as indicated in gradual growth of accumulated reserve over three year period. It is noted with concern that in 11¹ of the 30 States/UTs from which the data could be collected, the amount of unspent accumulated balance had been steadily increasing. Most of the State/UTs improved their spending patterns in the second and third year.

In its reply MoEF (April 2013) admitted that the funds were released after a gap of many years in succession and the inability of the States to spend these funds immediately as they were released was clearly evident. It further stated that there was no question of return of unspent funds as these were non-lapsable and were to be carried over. It further stated that the fact of closing balances as mentioned in Table 30 required to be confirmed by the State Governments concerned. It, however, admitted the fact of persistent under spending of funds and stated that funds were sanctioned to the State/ UTs after a gap on many years. It was natural that it took a reasonable time for the expenditure to pick up especially in the area of compensatory afforestation.

¹ Andaman & Nicobar, Arunachal Pradesh, Bihar, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu, Uttar Pradesh and West Bengal.

The reply is not tenable because the funds were released based on the APOs from the States and should have been used as per the APOs. Carrying out compensatory activities including conservation, protection, regeneration and management of existing natural forests etc was not a new activity for the Forest Department which presumably has the skill and experience to plan and execute these activities.

Ad-hoc CAMPA in its 17th meeting held in September-October 2011 noted with concern that in some States, the funds sanctioned in the year 2009-10 had not been adequately used. It was decided that the observations of the Supreme Court in its order dated 10 July 2009, that recommendations for the release of additional funds, if any, will be made in due course from time to time after seeing the progress made by the State level CAMPA and the effectiveness of the accounting monitoring and evaluation systems be given effect to. However, we did not find evidence of follow up on these decisions and observations.

MoEF stated (April 2013) that, in recent years, the unspent balances in the States were being closely monitored by quarterly progress reports received from the States, e-Green Watch where applicable and Global Positioning System coordinates of work under taken from CAMPA funds, and that the allocation to future years would be made only after closely examining the inputs from the State CAMPA on the above parameters. It was further stated that in some of the laggard States where expenditure in the past has not been in pace with the allocations, including in case of some “major” States, the same is picking up slowly but surely.

Despite the explanation and assurance given by MoEF, it is a matter of concern with regard to CA that an anomalous situation has built up. While there are funds to the tune of ₹ 23,607.67 crore lying in CAF with Ad-hoc CAMPA, during the period of review the CA was done only on 44 *per cent* of the non forest land planned to be covered and 49 *per cent* of the degraded forest area and 39 *per cent* of the funds sanctioned for the purpose between 2009-12 remained unutilised.

4.4 Release of funds without approval/ delayed APO

As per the prescribed process, Ad-hoc CAMPA was to release funds after an APO approved by the Steering Committee was received from the State CAMPA. The State/UT wise and year wise details of instances in which funds were released by Ad-hoc CAMPA without approval of the APOs are in Table 31.

Table 31: Instances when CAMPA funds were released to State CAMPA prior to receiving approved APO

Year	Release of fund by Ad-hoc CAMPA without preparation of APOs by State/ UTs	Release of funds by Ad-hoc CAMPA prior to receipt of approved APOs
2009-10*	Assam, Delhi, Goa, Madhya Pradesh, Rajasthan, Punjab, Tamil Nadu, Tripura, Uttarakhand and West Bengal.	Andhra Pradesh, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Manipur, Odisha and Sikkim.
2010-11	Assam, Chandigarh, Delhi, Madhya Pradesh, Odisha and West Bengal.	Arunachal Pradesh, Karnataka, Uttar Pradesh, Sikkim and Uttarakhand.

*No information was provided by Bihar, Gujarat and Meghalaya for the year 2009-10 regarding the preparation of APOs.

The funds transferred to States by Ad-hoc CAMPA without receipt and preparation of APOs were ₹ 653.43 crore and ₹ 406.43 crore for the years 2009-10 and 2010-11, respectively.

In Jammu & Kashmir an overall APO of the State was not prepared. APOs were prepared separately by individual Implementing agencies (IAs). There were 45 IAs in J&K. The implementing agencies prepared project proposals (PPs) for five years (2010-15) as a first phase in respect of their respective territorial divisions. APOs were being carved out from these PPs and submitted to Executive Committee of the CAMPA for recommendations and submission to Steering Committee for final approval. Steering Committee approved 40 APOs amounting to ₹32.33 crore in 2010-11 and 65 APOs amounting to ₹ 58.37 crore in 2011-12.

From the above it was observed that the State CAMPA guidelines regarding preparation of APOs were not followed uniformly and the funds were released by Ad-hoc CAMPA without receiving the APOs approved by the Steering Committee. Therefore it could not be ensured that the funds were used for defined purposes as per the State CAMPA guidelines and the underutilisation of funds released could also partly be attributed to poor planning.

MoEF stated (April 2013) that the observations made by Audit were not wholly correct. The APOs sent by the States before May 2009 lacked comparability and it was decided that the States should prepare APOs once again. The proforma for APOs had not been prescribed centrally until the 3rd NCAC meeting in June 2010. By that time funds had been released to most of the States for the year 2009-10, considering that no funds had been released to the States since the year 2006 and it was deemed appropriate to release funds as the State had forwarded some APOs even though no proforma was prescribed till then. This was necessary to ensure that the States could take up afforestation activities without losing any more time.

The reply of MoEF is not tenable because money was released to 18 State/ UTs (2009-10) and to 11 State/ UTs (2010-11) without preparation/ approval of APOs. As per the Supreme Court's order of July 2009 the amount towards CA, ACA, PCA and CAT Plan was to be released in the respective bank accounts of the State/ UTs immediately for taking up site specific works already approved by the MoEF while granting approval under FC Act 1980 and the amount towards NPV and protected area was to be released after the schemes have been reviewed by the State level Executive Committee and the APO approved by the Steering Committee. MoEF/ Ad-hoc CAMPA released funds without ensuring that the funds for CA, ACA, PCA and CAT Plan are used to taking up site specific works already approved by the MoEF while granting approval under FC Act 1980 nor that the funds for NPV and protected area are used as per the approved APOs. MoEF should have a database of all the CA works approved by them while granting approval for diversion of forest land for non forest use and the funds from the CA funds from Ad-hoc CAMPA should be released for sites and works as mentioned in approved diversions.

4.5 Un-reconciled discrepancies in releases as per Ad-hoc CAMPA and State/UT records

We cross checked the amount shown as released by Ad-hoc CAMPA to States/UTs and the amounts recorded in the States/UTs CAMPA as received. The details of the discrepancies found in the records of the two bodies are given in Table 32.

Table 32: Details of discrepancies in releases from Ad-hoc CAMPA and receipts in State/UT CAMPA during 2009-12.

(₹ in crore)

Sl. No.	State/UT	Total releases as per Ad-hoc CAMPA (2009-10 to 2011-12)	Total amount stated to have been received by State CAMPA (2009-2012)	Percentage of discrepancy in funds released and received*
1	Assam	17.17	22.83	(-) 32.96
2	Chhattisgarh	356.86	357.95	(-) 0.31
3	Kerala	1.75	1.37	21.71
4	Madhya Pradesh	157.53	157.54	(-) 0.01
5	Maharashtra	257.47	256.64	0.32
6	Odisha	437.26	447.33	(-) 2.30
7	Punjab	68.98	81.65	(-) 18.37
8	Tamil Nadu	3.67	5.05	(-) 37.60
	Total	1,300.69	1,330.36	(-) 2.28

*(-) indicates short receipt by State CAMPA.

As is evident from Table 32, in eight of the 30 States/UTs test checked, the amounts released by Ad-hoc CAMPA did not match with the amount shown to have been received by the State Nodal officer.

Such discrepancies and lack of reconciliation over the three year period (2009-12) reflects poor management, internal control and monitoring by Ad-hoc CAMPA.

MoEF stated (April 2013) that the amounts disbursed to the State CAMPA are sent through Real Time Gross Settlement (RTGS) remittances through nationalised banks and therefore there is no chance of discrepancies in remittance from Ad-hoc CAMPA and their receipt by the Nodal Officer.

MoEF confirmed the figures only for Ad-hoc CAMPA and said that the position regarding funds received by the State CAMPAs needed be replied by them. This confirms the audit findings that there is no standard process of reconciliation and monitoring between the Ad-hoc CAMPA and State CAMPA.

4.6 Component wise release of funds

As per State CAMPA guidelines, based on orders of the Supreme Court dated 10 July 2009, the disbursement of funds collected under different components were to be used for defined purposes as given below:

Component	Purpose
Compensatory afforestation/ Additional Compensatory afforestation	To be used as per site specific schemes received from States and Union Territories along with the proposals for diversion of forest lands under the Forest (Conservation), Act 1980. As seen from State APOs, these generally include nursery raising, advance soil work and plantation.
Net Present Value	To be used for naturally assisted regeneration, forest management and protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities. As seen from State APOs, these generally include forest protection, infrastructure & HRD, strengthening of wildlife management, soil & water conservation, strengthening of Van Panchayats, allied activities including research, bio-diversity management, contractual engagement, monitoring, operational expenses and contingencies.
Monies realised in cases of diversion of forest lands in protected areas	To be used exclusively for undertaking protection and conservation activities in protected areas. As seen from APOs, these included area specific plans.

We observed that no component-wise details of receipt of funds and its releases were available with Ad-hoc CAMPA. In the absence of the same, we are unable to draw an assurance that the releases made to States for various schemes proposed in Annual Plan of Operation were being accounted for against the fund accumulation of the State in a particular component. The information available with Ad-hoc CAMPA pertained only to State-wise accumulation which was further broken up into principle and interest.

In order to assess the component-wise releases and utilisation, in the course of our audit, the State Accountants General attempted to collect this information from the Nodal officers in each State/UT. Based on this test check, the component wise releases from 2009-12 as per APOs are given in Table 33. Information was not made available by four² of the 30 states/UTs covered in this audit.

² Andaman & Nicobar Islands, Delhi, Sikkim and West Bengal

Table 33: Component wise release of funds as per Annual Plan operations as obtained from States/UTs.

(₹ in crore)

Sl. No.	State/UT	NPV	CA	Wildlife Management	CATP	Others	Total
1	Andaman & Nicobar	NA	NA	NA	NA	NA	1.89
2	Andhra Pradesh	324.05	57.42	0	0	0.94	382.41
3	Arunachal Pradesh	16.99	4.40	0.00	0.56	1.01	22.96
4	Assam	29.99	68.63	11.47	0.00	17.72	127.81
5	Bihar	9.38	4.34	1.00	0.00	1.84	16.56
6	Chandigarh	0.00	0.00	0.00	0.00	0.31	0.31
7	Chhattisgarh	192.77	46.04	0.00	0.00	25.50	264.31
8	Delhi	NA	NA	NA	NA	NA	3.25
9	Goa	3.15	2.92	0.00	0.00	3.86	9.93
10	Gujarat	41.61	38.87	0.00	0.00	0.00	80.48
11	Haryana	23.76	13.71	0.00	1.28	0.03	38.78
12	Himachal Pradesh	31.35	3.24	0.00	41.06	13.18	88.83
13	Jammu & Kashmir	0	0	0	0	67.09	67.09
14	Jharkhand	260.66	0.00	0.00	0.00	0.00	260.66
15	Karnataka	120.82	27.26	0.00	8.49	0.00	156.57
16	Kerala	3.40	0.35	0.00	0.00	0.32	4.07
17	Madhya Pradesh	80.78	92.45	12.00	0.49	11.68	197.40
18	Maharashtra	133.87	85.13	0.00	0.00	0.00	219.00
19	Manipur	0.00	0.05	1.60	0.00	0.31	1.96
20	Meghalaya	0.00	0.00	0.00	0.00	0.00	0
21	Mizoram	0.00	0.00	0.00	0.00	0.00	0
22	Odisha	147.68	161.55	50.00	0.00	74.90	434.13
23	Punjab	63.50	0.00	0.00	0.00	11.38	74.88
24	Rajasthan	53.10	16.84	12.06	0.00	3.55	85.55
25	Sikkim	NA	NA	NA	NA	NA	27.28
26	Tamil Nadu	1.08	1.56	0.00	0.00	0.54	3.18
27	Tripura	4.54	0.35	0.00	0.00	0.00	4.89
28	Uttar Pradesh	11.94	34.07	0.00	0.00	2.53	48.54
29	Uttarakhand	109.30	13.29	1.54	2.68	1.80	128.61
30	West Bengal	NA	NA	NA	NA	NA	16.42
	Total	1,663.72	672.47	89.67	54.56	238.49	2,767.75

* Component wise break up of funds released was not provided by Andaman & Nicobar, Delhi, Sikkim and West Bengal hence the total amount of CA Funds received by the State/ UT was taken.

**The figures of Table 33 are for the amounts released by the State CAMPA to the State Forest Department and hence will not match with Table 28 and 29 the figures for actual expenditure done by the State Forest Department.

NA-Not Available.

From the limited data collected it appears that the component wise releases (26 State/UTs), did not exceed the component wise collection. However, Ad-hoc CAMPA and State/UT CAMPA must maintain component wise/state wise data base of collections and releases to ensure compliance with Supreme Court's orders.

As can be seen from Table 33, 60 *per cent* of the funds released were from the NPV component, 24 *per cent* from the Compensatory afforestation component and 10 *per cent* for other activities like roadside plantations, gap filling etc. From this distribution, it can be inferred that larger emphasis was on protection and maintenance of existing forest land (largely covered under NPV) and fresh plantations on newly acquired revenue lands or on degraded forests to compensate for forest cut due to diversion received lesser attention.

MoEF stated (April 2013) that the orders of Supreme Court did not require funds to be released by the Ad-hoc-CAMPA component wise. The only requirement was for release of funds on the basis of the approved APOs.

The reply of MoEF is not tenable as a record of component wise releases was necessary to Watch and monitor component wise expenditure, in order to ensure compliance to the Supreme Court's order of July 2009 but no component wise details of receipt of funds and its releases were available with Ad-hoc-CAMPA.

As per the Supreme Court's order of July 2009 the amount towards CA, ACA, PCA and CAT Plan was to be released in the respective bank accounts of the State/UTs immediately for taking up site specific works already approved by the MoEF while granting approval under FC Act 1980 and the amount towards NPV and protected area was to be released after the schemes have been reviewed by the State level Executive Committee and the APO approved by the Steering Committee. By not maintaining component wise records of the fund received and disbursed, MoEF has not put in place a mechanism to monitor compliance with the above orders of the Supreme Court.

4.7 Expenditure not authorised by State CAMPA guidelines and National CAMPA Advisory Council

As per Rule 11(i) of the State CAMPA guidelines the money available with State CAMPA was to be utilised for meeting the expenditure towards the development, maintenance and protection of forests and wildlife management as per the approved APOs.

NCAC in its third and fourth meetings held on 24 June 2010 and 24 January 2012, respectively directed that certain expenditures were not permissible out of the CA funds such as administrative expenditure, expenditure on strengthening infrastructure at headquarters, petrol, oil and lubricants expenditure on vehicles, construction, repairs and renovation of office, residential building, forest rest house, ministerial staff quarters etc above Range Forest Office level and purchase of vehicles – particularly for use by officers etc.

Test check of records of State CAMPA/ sampled division/ Nodal Officers revealed that during 2009-12 an expenditure of ₹51.93 crore was incurred in contravention of the State CAMPA guidelines and NCAC directions as detailed at Table 34.

Table 34: Expenditure incurred in contravention of the State CAMPA guidelines and directions of National CAMPA Advisory Council

Sl. No.	State/UT	Amount (₹ in crore)	Description
1	Arunachal Pradesh	3.16	Purchase of vehicles (₹ 0.79 crore), construction of residential buildings (₹ 2.19 crore), office equipment, mobiles and furniture (₹ 0.12 crore) etc.
2	Bihar	4.51	Purchase of vehicles (₹ 3.38 crore) during 2010-11 and 2011-12, construction of residential buildings (₹ 1.13 crore) during 2011-12.
3	Chhattisgarh	11.98	Purchase of vehicles (₹ 1.30 crore), construction of buildings (₹ 5.82 crore of that ₹ 2.03 crore already spent) and eco-tourism (₹ 4.86 crore of that ₹ 0.71 crore already spent).
4	Delhi	0.06	Purchase of Maruti gypsy (₹ 0.05 crore), six mobile phones (₹ 0.29 lakh) and a laptop (₹ 0.01 crore).
5	Goa	0.75	Purchases of executive table, vehicles, computers/laptops etc.
6	Haryana	0.15	Renovation of Van Bhawan building.
7	Jammu & Kashmir	0.31	Purchase of carpets, light emitting diodes, air conditioners, i-pods, sofa sets, projectors, installation of office cabins, installation of electric transformer, vehicles etc.
8	Karnataka	6.71	Purchase of vehicles (₹ 3.36 crore), maintenance of guest house/office building (₹ 2.55 crore), financial assistance to defunct VFC's (₹ 0.61 crore) and improvement to tree parks (₹ 0.19 crore).
9	Kerala	0.96	Purchase of vehicles (₹ 0.96 crore i.e.70 per cent of total provision).
10	Maharashtra	6.19	Purchase of vehicles for officers, furniture, computers and eco-tourism, repair of forest rest houses and trainings (₹ 0.40 crore) and construction & renovation of Van Bhawan building (₹ 4.88 crore), purchase of solar energy equipment for Van Bhawan building (₹ 0.91 crore).
11	Manipur	0.26	Construction of community hall, assistance to local club, distribution of sewing machines and development of eco-tourism etc.

Sl. No.	State/UT	Amount (₹ in crore)	Description
12	Odisha	0.07	Purchase of vehicle.
13	Punjab	0.10	Purchase of vehicles etc.
14	Rajasthan	2.04	Maintenance of building, POL charges and cellular phones charges.
15	Sikkim	2.24	Purchase of vehicles (₹ 0.25 crore), extension and fencing of Forest Secretariat building, repair of DFO residences and offices, Assistant Conservator of Forests quarters etc (₹ 1.99 crore).
16	Uttarakhand	12.26	Renovation of official residence of Principal Secretary (₹ 0.16 crore), maintenance of residential quarters (₹ 0.24 crore), purchase of vehicles for PCCF-VP (₹ 0.05 crore), office expenses (₹ 0.72 crore), briquetting machines (₹ 0.13 crore), Atal Adarsh Gram Yojna (₹ 4.99 crore), strengthening Van Panchayats and operational expenses (₹ 5.35 crore), honorarium (₹ 0.62 crore) etc.
17	West Bengal	0.18	Foundation stone laying ceremony and hiring of vehicles etc.
	Total	51.93	

MoEF stated (April 2013) that following the 4th meeting of NCAC, the issue of utilisation of CAMPA funds for the perceived list of non-permissible items have been referred to a High Level Committee, in which some States were associated. The recommendations of the High Level Committee on the issue were to be placed before next meeting of NCAC – thereafter, approval of Supreme Court of India would be required in this behalf as existing orders of Supreme Court do not provide for any modification in the approved Annual Plans of Operation by Ad-hoc CAMPA.

The reply of MoEF is not tenable as the CAMPA Funds were to be utilised towards development, maintenance and protection of forests and wildlife management as per the approved APOs and any deviation of expenditure was to be supervised and monitored by Ad-hoc CAMPA and NCAC. The above expenditure has been incurred in contravention of the NCAC guidelines.

4.8 Monitoring of CAMPA plantation through National Remote Sensing Centre

An effort was made to analyse the growth of the CAMPA plantations using satellite data. National Remote Sensing Centre (NRSC) of Department of Space was approached for identification of plantation activity at specified sites using pre and post planting date remote sensing data.

During audit the State Accountants General collected the Global Positioning System coordinates and area of the planted sites from the State Forest Departments for the CAMPA plantations done during the period 2009-12. Young plantations in early growth have very thin foliage (species specific) and till they are fully established, the remote sensing signal may not capture them fully. Hence data in which plantation was done in the year 2009-10 was selected. Only two States Chhattisgarh and Odisha had done CAMPA plantation in the year 2009-10.

Based on the area of plantation and the number of trees planted, 10 *per cent* of the plantation sites were selected for monitoring through satellite imagery. In Chhattisgarh 10 plantation sites and in Odisha three plantation sites were selected.

NRSC was the expert agency engaged for this purpose. The methodology³ adopted was detection of plantation including use of satellite imagery and field observations for which the NRSC teams visited 10 sites in three districts in northern part of Chhattisgarh (Korba, Bilaspur and Jangir Champa) and three sites of Kendujhar district in Odisha.

The general observations of NRSC for the 13 sites selected were that the plantation activities were initiated during 2009-10 and also raised in 2011. The average height of many saplings were around 1.5 meter and the growth was not sufficient to be detected on LISS-IV imagery. Protection and forestry operations on growth from root stock/ extant vegetation before plantation were evident in the imagery.

The exceptions to the general observations reported based on field observations are detailed below:

4.8.1 Rocky exposures and poor growth

At Hardi, Chhattisgarh it was observed that the teak plantation had been taken up in June-July 2011. The average height of trees was less than one meter. In the central part growth was seen to be five to six feet and very tall grasses were also seen. The northern area had rocky exposures and poor growth. On the other hand the data provided by Chhattisgarh Forest Department indicated that 1,16,500 plants had been raised in 50 hectare area. The field observations do not match with the data of afforestation provided by the Chhattisgarh Forest Department.

³The plantation detection by NRSC was mainly carried out using the Resources at-LISS-IV data having five meter spatial resolution. Based on the geolocations provided for the plantations, Bhuvan image database (the ISRO Geovisualisation portal) of digitally merged natural colour high resolution composite (Carotsat + LISS IV) pertaining to the green season of 2008-09 was interpreted for pre-planting/ planting season, wherever needed, open source high resolution imagery suiting to requirements was also referred. Similarly, for the same locations, as mentioned above, corresponding LISS-IV green season ortho-corrected images for 2012-13 were acquired for one to one comparison for the plantation growth with reference to pre-planting period of 2008-09. Thus, the visual interpretation of the plantation growth was done from the two time period images and observations were recorded.



Teak plantation at Hardi, Chhattisgarh

4.8.2 Heavy biotic pressure and missing saplings

At Marwahi-1405, Chhattisgarh it was observed that there was very heavy biotic pressure, pits were seen and there were no saplings in the area.



It was observed that suitable site for teak plantation was not properly identified which led to poor growth of plants.

The audit observations were issued to MoEF on 10 July 2013. The reply of the Ministry is awaited.

4.9 Expenditure not as per MNREGA

As per Supreme Court's order dated 14 July 2009, while carrying out the work of utilising the CAMPA funds, the broad guidelines adopted by the Mahatma Gandhi National Rural Employment Guarantee Act were to be followed and as far as possible work was to be allocated to the rural unemployed people, maintaining the minimum wages level.

During the test check of records of State CAMPA it was observed that in nine States (Andhra Pradesh, Himachal Pradesh, Jammu & Kashmir, Karnataka, Maharashtra, Manipur, Mizoram, Tripura and West Bengal) data relating to number of people deployed on field activities to be undertaken under CAMPA was not maintained. Therefore, it could not be ascertained as to whether employment was given to rural unemployed persons and the guidelines of

MNREGA were adhered to. Further, there was nothing on record to show engagement of rural unemployed youths in carrying out plantation works by implementation agency. It was observed in Jammu & Kashmir that payments were made to labourers in cash instead of account payee cheques. Further, seven States⁴ had not followed MNREGA guidelines while making payment of wages to labourers. In remaining 14 State/ UTs⁵ such records were not found maintained hence no comments in this regard could be made in audit.

MoEF stated(April 2013) that this needed be replied by the State Government.

4.10 Monitoring and Evaluation

As per Supreme Court's order dated 29 October 2002, an independent system of concurrent monitoring was to be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of fund. In July 2009, Supreme Court directed that five *per cent* of the amount released to the State CAMPA shall also be released and utilised by the National CAMPA Advisory Council, for monitoring and evaluation of schemes implemented in the State/ UT utilising CAMPA money, setting up of institutes, societies, centre of excellence in the field of forest and wildlife, pilot schemes, standardization of codes/ guidelines, etc., for the sector. Further, the State CAMPA guidelines notified in August 2009 also authorised State CAMPA to earmark upto two *per cent* of the funds for monitoring and evaluation⁶.

4.10.1 National CAMPA Advisory Council

As envisaged in the State CAMPA Guidelines of 2 July 2009, National CAMPA Advisory Council (NCAC) was constituted by an order of the Ministry of Environment and Forests on 13 August 2009. It was to be headed by the Minister of Environment and Forests with ten other members.

Till 31 March 2012 an amount of ₹ 131.28 crore had been transferred to the account of NCAC.

As per State CAMPA Guidelines, NCAC was to:

- Lay down broad guidelines for State CAMPA;
- Regularly monitor and evaluate, in consultation with States, projects being undertaken by State CAMPAs.
- Facilitate scientific, technological and other assistance that may be required by State CAMPAs
- Make recommendations to State CAMPAs based on a review of their plans and programmes.

⁴ Delhi, Gujarat, Jharkhand, Rajasthan, Tamil Nadu, Uttar Pradesh and Uttarakhand.

⁵ Andaman & Nicobar, Arunachal Pradesh, Assam, Bihar, Chandigarh, Chhattisgarh, Goa, Haryana, Kerala, Madhya Pradesh, Meghalaya, Odisha, Punjab and Sikkim.

⁶ The expenditure on monitoring and evaluation was subject to overall ceiling of two *per cent* of the amount to be spent every year.

- Provide a mechanism to State CAMPAs to resolve issues of an inter State or Centre-State character.

4.10.1.1 Development of Integrated CAMPA Concurrent Monitoring and Evaluation System (e-Green Watch)

NCAC in third meeting dated 24 June 2010 conveyed in-principle approval for developing the Integrated CAMPA Concurrent Monitoring and Evaluation System (i-CCMES). National Informatics Centre on the request of MoEF was to evolve the system working closely with the Government of Madhya Pradesh.

NCAC in its fourth meeting held on 24 January 2012 decided to form a Committee for finalisation of roll out of i-CCMES (now called 'e-Green Watch') on a nationwide level and web based proposal monitoring system for the Forest Conservation Division. The Committee noted that there were slippages of time in implementation of the schemes. The Committee was to complete its deliberations and furnish its report within a period of three months.

Test check of records of Ad-hoc CAMPA revealed that Ad-hoc CAMPA had released an amount of ₹1.05 crore to NIC since September 2010 to May 2011 for development of i) Integrated CAMPA Concurrent Monitoring and Evaluation System (i-CCMES), now known as 'e-Green Watch' and ii) web-based proposal monitoring system for FC Division. Both these monitoring systems which were required to be developed by November 2011 had not been developed yet (June 2013). Thus, no online monitoring of afforestation was being done by MoEF/ Ad-hoc CAMPA, though funds of ₹2,829.21 crore were released to various States upto 31 March 2012. MoEF/ Ad-hoc CAMPA neither succeeded in developing any online monitoring mechanism through web based monitoring system or e-Green Watch etc nor directed its Regional Offices to physically monitor the physical and financial progress of the projects being run out of the CAMPA funds.

MoEF stated (April 2013) that progress in evolution of e-Green Watch and its application to other States is being continuously monitored. For launch of the programme in any State, extensive planning and coordination is necessary, and some time overruns are inescapable. The CAMPA activities are in take off stage, and that monitoring and evaluation is at the development stage and it would take reasonable time to settle. A proforma for continuous input of information has been initiated through quarterly progress reports and Geographic Information System confirmations of all CAMPA based works undertaken in the States.

The reply is not convincing as non-implementation of the monitoring system even after a period of more than 48 months after the issue of guidelines in July 2009 cannot be termed as reasonable. Supreme Court's order of October 2002 required that an independent system of concurrent monitoring and evaluation was to be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of the funds. Also as reported by most of the States because of non implementation of e-Green Watch by MoEF concurrent monitoring and evaluation could not be done.

4.10.2 Monitoring by State CAMPA

4.10.2.1 Irregular meetings of State CAMPA committees

As per State CAMPA guidelines the Governing body headed by the Chief Minister of the State was to lay down the broad policy framework for the functioning of the State level CAMPA and review its working from time to time. The Steering Committee headed by the Chief Secretary was to approve the APOs and monitor the progress of utilisation of the funds released by the State CAMPA and it was to meet atleast once in six months. The Executive Committee headed by the Principal Chief Conservator of Forests (PCCF) was to prepare the APOs, to take all steps for giving effect to State CAMPA and overarching objectives and core principle, and to supervise the works being implemented in the State out of the funds released from State CAMPA.

During the test check of records of State CAMPA/ Nodal Officers it was observed that the meetings of the bodies of the State CAMPA were not being held at regular intervals in all the States due to which preparation of APOs, supervision of utilisation of funds and progress of projects being undertaken out of the CAMPA fund etc. could not be monitored as per the State CAMPA guidelines. The State wise details of the meetings of the State CAMPA committees are at Table 35.

Table 35 : State wise details of the meetings of the State CAMPA committees.

Sl. No.	State/UT	Number of meetings during the period 2009-12		
		Governing Body	Steering Committee	Executive Committee
1	Andaman & Nicobar Islands	0	3	3
2	Andhra Pradesh	–	3	3
3	Arunachal Pradesh	2	2	2
4	Assam	0	1	2
5	Bihar	1	3	3
6	Chandigarh	–	3	2
7	Chhattisgarh	–	4	7
8	Delhi	–	2	3
9	Goa	0	2	3
10	Gujarat	–	2	4
11	Haryana	–	4	4
12	Himachal Pradesh	0	7	4
13	Jammu & Kashmir	–	–	–
14	Jharkhand	–	4	4
15	Karnataka	–	3	–
16	Kerala	–	2	2
17	Madhya Pradesh	–	2	7

Sl. No.	State/UT	Number of meetings during the period 2009-12		
		Governing Body	Steering Committee	Executive Committee
18	Maharashtra	–	3	13
19	Manipur	0	2	4
20	Meghalaya	0	1	1
21	Mizoram	0	1	1
22	Odisha	–	4	4
23	Punjab	–	–	–
24	Rajasthan	1	2	2
25	Sikkim	–	3	3
26	Tamil Nadu	–	2	2
27	Tripura	–	2	1
28	Uttar Pradesh	1	3	6
29	Uttarakhand	1	3	–
30	West Bengal	0	3	7

‘–’ indicates information not available.

From the Table 35 it was observed that there were meetings of Governing Body in five States while in eight State/ UTs it did not meet even once. In 17 State/ UTs no record of meetings of Governing body was available. In no State/ UT except Himachal Pradesh the Steering Committee met more than four times against the norm of six times during 2009-12. The Executive Committee meetings were not held at regular intervals due to which the monitoring of progress of utilisation of funds of ₹ 1,775.84 crore, supervision of works being implemented out of these funds and laying down of broad policy framework for functioning of the State CAMPA could not be adequately done.

MoEF stated (April 2013) that this issue needed be answered by respective State Governments.

4.10.2.2 Non existence of monitoring and evaluation system

As per para 17(1) of the State CAMPA guidelines an independent system for concurrent monitoring and evaluation of the works implemented in the States utilizing the funds available was to be evolved and implemented to ensure effective and proper utilization of funds.

As per para 11(iii) of the State CAMPA guidelines the expenditure incurred on monitoring and evaluation was subject to an overall ceiling of two *per cent* of the amount to be spent every year.

During the test check of records of State CAMPA/ State Forest Departments it was observed that no specific monitoring and evaluation system for monitoring of projects was in place in any of the 30 State/ UTs. An amount of ₹ 4.39 crore only was incurred on monitoring and

evaluation in four States⁷ during the period 2009-12, other State/ UTs did not incur any expenditure. MoEF failed to ensure that a proper system for monitoring and evaluation of the projects in the State/ UTs was done.

4.10.2.3 Non implementation of e-Green Watch system

During test check of records of State CAMPA/ Nodal officers in all the States it was noticed that except the State of Karnataka, data base relating to CAMPA fund was not updated on the e-Green Watch website managed by National Informatics Centre (NIC), Government of India. Due to non implementation of e-Green Watch system online information for fund allocation, plantation work estimates, other work estimates, FCA projects, land diverted, CA, land management, plantation works progress report etc. could not be made available to the stakeholders.

MoEF stated (April 2013) that e-Green Watch monitoring and evaluation system has had time overruns. It stated that the system was formally launched in Andhra Pradesh and Karnataka in November 2012 and it was proposed to launch the project in all State/ UTs in the country after assessment of the state of preparedness of the respective State/ UTs.

The fact remains that there was no system for concurrent monitoring and evaluation of projects during the period 2006-12 and even now it has been launched in only two States. No time frame for its launch in other State/ UTs was available. Supreme Court's order of October 2002 called for an independent system of concurrent monitoring and evaluation to be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of the funds. Further, as reported by most of the States because of non implementation of e-Green Watch by MoEF concurrent monitoring and evaluation could not be done.

4.10.2.4 Voluntary movement of youth and students

As per overarching objectives and core principles of the State CAMPA guidelines, the State CAMPA was to also promote a voluntary movement of youth and students for supporting ongoing conservation activities and new activities initiated in the State Forest Department.

During test check of records of 30 State/UT CAMPA/ Nodal officers in all the States it was noted that six States (Goa, Jharkhand, Karnataka, Madhya Pradesh, Manipur and Rajasthan) accepted that no youth awareness program had been pursued while the other States/UTs did not furnish any reply on the subject.

MoEF stated (April 2013) that all the above points needed be answered by the respective State Governments.

The reply is not tenable as MoEF was tasked with the overall responsibility of monitoring and evaluation.

⁷ Haryana (₹ 2.72 crore), Himachal Pradesh (₹ 0.04 crore), Tamil Nadu (₹ 1.34 crore), Uttarakhand (₹ 0.29 crore).

4.11 Conclusions

Out of an amount of ₹ 2,925.65 crore of the Compensatory Afforestation Funds released during the period 2009-12 for compensatory afforestation activities, only ₹ 1,775.84 crore were utilised by the State/ UTs leaving an unutilised balance of ₹ 1,149.81 crore. The percentage of overall utilisation of released funds was only 61 *per cent*. In 11 of the selected 30 State/ UTs utilisation ranged between zero to 50 *per cent* which depicted the poor absorptive capacity of the State/ UTs. Most State/UTs were unable to spend the monies released to them by Ad-hoc CAMPA due to delay in preparation of APOs, delayed release of funds resulting in setting in a process of accumulation of CAF in the States which was the problem sought to be addressed by the Supreme Court.

It is a matter of concern with regard to CA that an anomalous situation has built up. While there are funds to the tune of ₹ 23,607.67 crore lying in CAF with Ad-hoc CAMPA, during the period of review the CA was done only on 44 *per cent* of the non forest land planned to be covered and 49 *per cent* of the degraded forest area.

Ad-hoc CAMPA released funds to 18 State/ UTs in 2009-10 and 13 State/ UTs during 2010-11 without receipt of approved APOs which reflected the casualness in release of funds to the State/ UTs. Funds were released without ensuring that their utilisation was for defined and approved purpose. Out of the funds spent an amount of ₹ 51.93 crore was utilised towards unauthorised activities in 17 State/ UTs. Funds to be utilised for meeting the expenditure towards the development, maintenance and protection of forests and wildlife management were used for administrative expenses. Mandatory guidelines of MNREGA were not followed during the execution of the works in most of the State/ UTs.

MoEF was not able to launch the nationwide e-Green Watch system which was required to be developed by November 2011 for monitoring and evaluation of schemes implemented in the State/ UT utilising CAMPA money. Due to non implementation of e-Green Watch system online information of fund allocation, plantation work estimates, other work estimates, Forest Conservation projects, land diverted, CA, land management, plantation works progress report etc. could not be made available to the stakeholders.

Chapter - V

Investment of accumulated Compensatory Afforestation Funds

5.1. Introduction

CAMPA was to be the custodian of all Compensatory Afforestation Funds collected from user agencies while allowing diversion of forest land for non forest purposes under the Forest (Conservation) Act, 1980 and also the amounts received towards net present value of the forest land so diverted as per Supreme Courts directions. The collected money was to be held in trust by CAMPA for each State/UT and released to respective State/UT Governments based on approved Annual Plans of Operation. The accumulated funds were to be kept invested in the interim. The directions issued by the Supreme Court and MoEF in this regard from time to time are summarised below:

Date	Directions
23 April 2004	The MoEF notification constituting CAMPA, among other things, prescribed: <ul style="list-style-type: none"> • The powers and functions of Executive Body, CAMPA included 'investment of funds'. • The amount collected by CAMPA shall be invested in Reserve Bank of India, Nationalised Banks, Post office, Government Securities, Government Bonds and Deposits.
6 May 2006	The Supreme Court vide its order creating Ad-hoc CAMPA also directed the body to get audited all the monies received from the user agencies on behalf of the CAMPA and the income earned thereon by the various State Government officials. The auditors were to be appointed by the CAG. The audit was to examine whether proper financial procedure had been followed while investing the funds.

During the period 2006 and 2012, the Compensatory Afforestation Funds with Ad-hoc CAMPA grew from ₹ 1,200 crore to ₹ 23,608 crore. As on 31 March 2012, its accumulated funds comprised of principal amounting to ₹ 20,063 crore and an interest component of ₹ 3,545 crore.

5.2. Delegation of powers with regard to investment of funds

In the first meeting of Ad-hoc CAMPA held on 15 May 2006, it was decided that the Chairman Ad-hoc CAMPA would approve the general guidelines for investment to be made out of the funds to be deposited in Ad-hoc CAMPA. The Chairman and Member Secretary (Chief Executive Officer) Ad-hoc CAMPA, assisted by Officer on Special Duty were responsible for managing the investments of CAF and taking investment decisions. Occasionally, in the absence of Chairman, the investment proposals were approved by the

representative of CEC on the Ad-hoc CAMPA with the caveat that the file notings may be shown to the Chairman on his return to office.

This arrangement was reconfirmed in the 18th meeting of Ad-hoc CAMPA held on 19 April 2012 by noting that in terms of the order of the Supreme Court of India, decisions in the matter of the procedure for investment of CAMPA funds were to be taken internally in terms of the considered decisions taken in the past in the Ad-hoc CAMPA itself. There was no scope for involving member of the Ad-hoc CAMPA viz. CAG's representative on Ad-hoc CAMPA and or Member Secretary CEC (also member Ad-hoc CAMPA) in day-to-day decisions relating to management of the investment portfolio in respect of funds available with Ad-hoc CAMPA.

MoEF stated (April 2013) that investment of CAMPA funds followed the policy approved at the level of the Chairman Ad-hoc CAMPA.

5.3. The formulation of investment policy

Any entity whether in the public or private sector, dealing with large volumes of surplus cash ought to have a formally documented investment policy supplemented by detailed procedures. Such policy and procedures would lay down among other things, the following:

- The roles and responsibilities of different functionaries;
- The process for estimation of surplus cash, the periods for which such cash would continue to remain surplus to the organisation's requirements, and the frequency of estimation/re-estimation of such surplus cash.
- The instruments to which investments would be restricted – this would cover :
 - The type of instrument (e.g. Fixed Deposits, Government of India Bonds);
 - The maturity period of the instrument (which would be consistent with the period for which the cash would remain surplus to the organization's requirements);
 - The credit rating of instruments, where applicable;
 - The issuers of such instruments and their financial credibility;
 - The mix of instruments of different types, maturity periods, issuers and credit ratings required to optimize credit risk, liquidity, interest rate risk, and any other public policy objectives/constraints etc.

The detailed procedures to be complied with while making day to day investment decisions would generally include:

- The process of estimating surplus cash requirements(projected cash flow statements);
- The process for inviting of bids, indicating the approximate amount of investment, the maturity period, the validity period for bids, mode of receipt of bids (sealed covers, fax, e-mail etc.);

- The process for comparative analysis and evaluation of bids and finalization of investments (including negotiations with bidders);
- Time frame for each activity;
- Documentation to ensure that the prescribed processes have been carried out diligently, fairly, transparently, and with due professional care.

We noted that there were repeated discussions in the meetings of Ad-hoc CAMPA on framing an investment policy to guide the investment of the accumulated Compensatory Afforestation Funds. Ad-hoc CAMPA members in the meetings of the body not only urged the Executive members (i.e. the Chairman and Member Secretary) to formulate an investment policy and approve it but also provided guidelines and parameters for drafting the investment policy. The directions given at different times by the body are detailed below:

Date of meeting	Extract of the minutes of Ad-hoc CAMPA meetings
15 May 2006	<ul style="list-style-type: none"> • The funds shall be suitably kept in Fixed Deposits in Nationalised Banks/Reserve Bank of India/Post office/Government Securities/Government Bonds/Deposits. • Chairman shall approve general guidelines for investment to be made out of the funds to be deposited in Ad-hoc CAMPA.
7 July 2006	<p>An investment policy may be evolved. New Delhi Municipal Corporation guidelines for similar investments were to be considered for evolving such investment policy.</p> <p>Criteria for inclusion in the investment policy were prescribed:</p> <ul style="list-style-type: none"> • Investment by Ad-hoc CAMPA was to be done in the Scheduled Banks/Reserve Bank of India/Post Office only. • Funds to ordinarily be invested in six-monthly Fixed Deposits (FDs). • Funds to be invested with Banks covered by Delhi clearing system. • Different Scheduled Banks offering next lower interest rates may also be considered for making Fixed Deposits in addition to the Bank offering the highest interest rates in order to minimize the risk involved. • The format of quotation (to be sought from different Banks) was to be standardized by the Financial Consultant in consultation with member representing CAG. Validity-period of the quotations was to be invariably prescribed together with slabs of deposits intended. • The Chairman reserved the right to decide the distribution of investment in different Banks/Post Office according to the guidelines.

Date of meeting	Extract of the minutes of Ad-hoc CAMPA meetings
	<ul style="list-style-type: none"> As investment was not intended to be made on day-to-day basis, the broad guiding principle for making investment was to wait for receipts to become an amount of ₹ 50 crore, or for 15 days whichever is earlier. This general principle would be subject to exigencies of other responsibilities that the Chairman and other Members are discharging.
20 November 2006	The Financial Consultant of Ad-hoc CAMPA was to finalise the draft format for calling quotations and the draft guidelines for investment in consultation with the representative of CAG, which was to be placed before Ad-hoc CAMPA for approval.
15 February 2007	Quotations for one and two years were to be invited, and in the event of the interest rate for two years being more than 0.5 <i>per cent</i> than that for one year, investment was to be made for a period of two years.
20 June 2007	<ul style="list-style-type: none"> The matter of resignation submitted by the Financial Consultant, and the issues raised therein including allegation involving an investment of ₹ 250 crore against the then Chairman, came up for discussion. In view of the huge financial angle involved therein, it was felt necessary to enquire into the allegation made in the resignation letter of the Financial Consultant. The representative of the CAG was also of the view that such actions were in violation of the financial norms and were of serious concern. The Chairman directed that the Member-Secretary would inquire into the issues raised by the Financial Consultant and submit a report which would be placed in the next meeting of Ad-hoc CAMPA. It was also decided that the quotations would be called telephonically, but it would be received in sealed cover giving the bidders a fixed deadline for making the submission.
16 April 2008	<ul style="list-style-type: none"> As regards procedure to be followed for calling of quotations to ensure that the quotations are received, opened, compiled and decided properly, it was decided that the representatives of the Banks would be asked to be present at the time of opening the sealed envelopes.
9 March 2009	<p>On the alleged violation of financial norms by the then Chairman, Ad-hoc CAMPA, the views of the CAG's representative on Ad-hoc CAMPA were placed in the meeting and noted for future.</p> <p>(The views expressed by CAG's representative have been discussed in detail in the Case Study III in this Chapter).</p> <p>The CAG's representative on 24 November 2008 had also suggested objectives and parameters of defining an investment policy supplemented by detailed procedures. He concluded that :</p>

Date of meeting	Extract of the minutes of Ad-hoc CAMPA meetings
	<ul style="list-style-type: none"> • The mechanism for investment of surplus funds by the Ad-hoc CAMPA was an ad-hoc one, which was executed on a case to case basis, without systemic policy and associated procedures. • The human resources available to the Ad-hoc CAMPA were also not consistent with the requirements, given that the primary objective of the Ad-hoc CAMPA was not treasury/investment management, which was commonly associated with professional organizations specializing in this area. • The scale of surplus cash with CAMPA was, however, not appropriate for such an ad-hoc approach, and issues relating to arbitrariness, lack of transparency etc. may crop up in the future as well. • To avoid these issues and divest responsibility for investment, the ad-hoc CAMPA may also consider making a proposal to the Government of India for keeping surplus cash in the Public Account of India.
17 January 2011	CAMPA funds were to be so invested during the year 2011 in banks as to mature on pre-determined dates, say, 30 March, 2012, 29 June, 2012, 30 December, 2012 and so on depending on the anticipated pattern of fund requirements of the States so that there is no loss of interest of Ad-hoc CAMPA on this account. A transparent process for ascertaining of interest rates from the nationalized Banks was to be formalized.
14 September and 17 October 2011	<ul style="list-style-type: none"> • Of the accumulated funds in the Ad-hoc CAMPA, an amount of ₹ 20,000 crore only was to be kept separately, in a way 'frozen' in FDRs in nationalized Banks and the funds over and above this utilized for ongoing releases. • The limit of investment in a particular Bank was to be linked to the net worth of the Bank, for which figures were to be accessed from the internet. The proposals in this behalf should be placed before the next meeting of the Ad-hoc CAMPA. • Instead of asking for quotations only once in a month, the Banks were allowed to quote two working days ahead of the date of maturity of FDRs. The practice of informing the Banks only once in a month about the funds likely to be available in the course of the month, however, remained unaltered. The hard copies of e-mails sent on the 25th day of every month were to be sent officially to all CMDs of Banks, and also the nominated General Managers and Deputy General Managers.
20 January 2012	It was reiterated that there was a need for formulating an investment policy.
19 April 2012	It was felt that a formal Investment Policy should be finalised and placed on the website of CAMPA.

MoEF stated (April 2013) that the observations of the representative of CAG were considered at the time when the Compensatory Afforestation Bill 2008 was in the Parliament and the uncertainty over the future of the Ad-hoc CAMPA loomed large. Further, it also stated that Ad-hoc CAMPA had no time to take long term decisions as the future of its existence was itself very uncertain.

The reply of the Ministry is not tenable as the observations of the CAG's representative were not given due consideration. Irregularities in investment of CAMPA funds occurred as evident from the audit observations discussed in succeeding paragraphs, due to absence of well crafted investment policy and weak procedures and internal controls.

As is reflected in the chronology tabulated above, despite repeated directions from Ad-hoc CAMPA, no comprehensive investment policy with detailed procedures was approved by Chairman, Ad-hoc CAMPA between 2006 and 2012. Further, detailed procedures to ensure proper assessment of investable surpluses, competitive bidding and evaluation of bids, monitoring of maturities and safeguarding investments were not prescribed. Investment decisions were generally guided by broad criteria laid down Ad-hoc CAMPA in its meetings.

MoEF (April 2013) accepted that the investment policy was not formally notified keeping in view the very uncertain nature of these funds and their management. It, however, added that the decisions taken in Ad-hoc CAMPA were scrupulously followed. The fact remained that no investment policy was formulated for the funds received by Ad-hoc CAMPA since its inception. However, investment policy for the investment of funds with the banks by Ad-hoc CAMPA was framed and ratified in the 22nd meeting of Ad-hoc CAMPA held in February 2013, six years after the creation of Ad-hoc CAMPA.

5.4. Ad-hoc determination of funds available for investment

In the absence of any prescribed process for periodic determination of funds available for investment, we examined Ad-hoc CAMPA's records to ascertain the practice being followed for estimating of surplus cash, the periods for which such cash would continue to remain surplus, and the frequency of such estimation/re-estimation.

We observed that there was no documentary evidence available to show that a process of periodically estimating the quantum of funds available with Ad-hoc CAMPA for investment taking into account the maturity pattern of fixed deposits and the probable inflows and outflows of cash, was being followed in practice. Investment proposals were found on noting sheets that indicated a lump-sum amount available for investment which included the amounts available from maturity of the FDRs as well as the fresh deposits. There were no working papers indicating the period to which this investable surplus pertained, whether all FDRs maturing within the period had been included, whether all fresh deposits received from the States/UTs during the period had been included. Hence, from the evidence available on record, we were unable to derive an assurance that the entire funds available for investment had been accounted for while taking investment decisions at a particular point of time.

MoEF stated (April 2013) that Ad-hoc CAMPA from the date of its constitution performed in a very uncertain scenario as to its future and longevity. The best possible decisions were

taken in matter of investment of funds. The MoEF's reply does not justify the absence of clear cut internal procedures to manage investment of substantial sums of money given that the Supreme Court had entrusted Ad-hoc CAMPA with their responsibility.

5.5. Idle funds

Financial prudence dictates that no monies should lie idle. A proper estimation of cash flows should be made and all surplus funds should be immediately invested. The timing of maturity of investments should match the timing of requirement for liquidity.

In our test check of 10 bank accounts with Ad-hoc CAMPA of the States of Chhattisgarh, Uttarakhand, Odisha, Maharashtra and Jharkhand in Union Bank of India and Corporation Bank for the period 2006-12, we noted 204 instances where there was a delay ranging from three to 22 working days in investing funds which were lying in the accounts resulting in the loss of interest of ₹ 8.70 crore.

MoEF stated (April 2013) that considering the magnitude of funds managed by Ad-hoc CAMPA it was not possible or practical to conduct a daily review of the funds available for investment. The scenario in the matter of requirement of funds for disbursement to the states is also one of total uncertainty as Ad-hoc CAMPA was in no position to guide or dictate the outward flow of funds which was to be done only on the approval of APOs by State CAMPA. It further added that the investment guidelines for CAMPA funds placed on the web prescribed a fortnightly review of funds available in the banks, and a decision on investment of funds in fixed deposits in banks. Given this background, the observation by audit pointing to a delay of two days in investment of funds was absurd.

The reply is not tenable because the investment policy for the investment of funds with the banks by Ad-hoc CAMPA was framed and ratified only in the 22nd meeting of Ad-hoc CAMPA held in February 2013 and the instances pointed out in preceding paragraphs pertain to period prior to framing of investment policy. Further, a loss of ₹ 8.70 crore pointed out in audit pertains to only 10 accounts of the 140 accounts operated by Ad-hoc CAMPA and cannot be trivialised.

The fact, remained that there were no standing and prescribed system for cash flows estimation, timing of maturity of investments and requirement of funds for liquidity in Ad-hoc CAMPA, resulting in idling of funds.

5.6. Deficiencies in monitoring and safeguarding investments and funds

In our test check of records, we observed the following failures in monitoring funds and satisfactorily accounting for them:

5.6.1. Fixed Deposit Registers not maintained properly

For proper monitoring of Fixed Deposits (FD) and safeguarding the assets, a Fixed Deposit Register indicating the Fixed Deposit Receipt number, the principal, the date of opening the fixed deposit, the maturity date, the maturity amount, the bank with which FD had been kept and the account to which the amount on maturity had been credited, for each FD,

should have been maintained. The register should have been regularly reviewed and authenticated by an authorised person for completeness and correctness. We observed that though a Fixed Deposit Register was maintained it did not indicate the accounts to which the amounts has been credited on maturity and the amount credited. These registers were also not authenticated for completeness and correctness.

MoEF stated (April 2013) that the Fixed Deposit registers were maintained by hand and had all the details and they were reflected in the files maintained for investment of the funds, that itself was a proof of these records having been authenticated at a higher level in Ad-hoc CAMPA.

The reply is not tenable as the fact remains that the Fixed Deposit Registers were not maintained in the format which would capture all relevant information thus compromising its function as a control point. The consequences of the absence of this control point were reflected in instances of fixed deposit amounts not traceable in the bank accounts of Ad-hoc CAMPA, premature encashment of Fixed Deposits, delayed credit and short credit of Fixed Deposit maturity amounts which came to notice of audit and are reported in the subsequent para.

5.6.2. Inter-Account postings of funds without any proper documentation

Separate bank accounts were maintained for each State/UT. Movement within these accounts could only be to adjust a wrong credit/debit to these accounts. Such movements were required to be properly authorised. There are in total 140 bank accounts being operated by Ad-hoc CAMPA.

We noted several instances of inter-account movement of the funds as detailed in Annexure 9, for which satisfactory evidence justifying such movement was not provided to us. About ₹ 300 crore and ₹ 90.25 crore were transferred from current account of Central Empowered Committee to the account of Chhattisgarh and Andhra Pradesh respectively. There were 23 cases where funds were transferred from various states into an account of Chief Accounts Officer. These accounts do not feature in the list of 140 accounts maintained by Ad-hoc CAMPA.

Transfer of funds to accounts which were not maintained by Ad-hoc CAMPA was highly irregular and the possibility of misappropriation of funds could not be ruled out.

Ministry stated (April 2013) that the inter account postings of funds is a normal accounts function (in double entry system being followed by the Ad-hoc CAMPA), and has to be appreciated in the background of sound financial principles being followed. There was no loss of interest of any State CAMPA account in these account transactions. The final accounts books would reflect the position in a correct manner.

The reply is not tenable as it does not address the issue raised in audit. Funds of a State after maturity of FDR were to be posted in the respective accounts of the States concerned and it was highly irregular to transfer them to any other accounts without proper documentation and that also to accounts not being maintained by Ad-hoc CAMPA. There

were no guidelines for authorisation of inter-account transfers. Moreover, the figures were not being reconciled with the State/ UTs hence the risk was even more.

5.6.3. Funds retained with banks post maturity of Fixed Deposits resulting in loss of interest to Ad-hoc CAMPA

It is imperative for any fund manager to closely watch maturity of investments to ensure that funds at no point remain idle or uninvested.

We noticed that during the period December 2006 to March 2012, in 3,048 FDs there were delays in crediting the maturity amounts into bank account and Ad-hoc CAMPA did not receive any interest from the concerned banks for the period of delayed credit. This resulted in an interest loss of ₹ 4.45 crore calculated at the prevailing rate of interest and corresponding gain to the banks concerned. The details of the cases are given in Table 36.

Table 36: Cases of delayed credit of amounts on maturity of FDs

(₹ in crore)

Year	No. of FDRs	Loss of Interest
2006	178	0.23
2007	346	1.62
2008	598	1.50
2009	803	0.42
2010	932	0.67
2011	191	0.01
Total	3,048	4.45

MoEF stated (April 2013) that given the scenario where the funds to the tune of ₹25,000 crore were being managed by Ad-hoc CAMPA whose period of existence was uncertain and given the exercise required to be undertaken for renewal of deposits the loss of ₹ 4.45 crore is infinitesimal and should not be treated as a notional loss of additional interest that may have been received.

The reply is not tenable as sound financial management system was not enforced in Ad-hoc CAMPA because of which regular and timely watch over the deposit and maturity of FDR could not be taken, which resulted in loss of interest.

5.6.4. Short credit of FD maturity amounts

In five cases pertaining to the period January 2008 to January 2011, the maturity amount of Fixed Deposits received in the State Accounts was short by ₹ 1.08 crore as detailed in Table 37.

Table 37: Instances of short credit of maturity amounts

(₹ in crore)

Sl.No.	State	Maturity Date	Maturity amount as per FDR	Maturity amount received	Short credit
1.	Uttar Pradesh	23.2.2008	2.66	2.58	0.08
2.	Maharashtra	14.1.2010	185.92	185.19	0.73
3.	Odisha	14.1.2010	16.86	16.79	0.07
4.	Odisha	8.12.2010	58.56	58.45	0.11
5.	Uttar Pradesh	15.12.2010	53.07	52.98	0.09
	Total				1.08

MoEF stated (April 2013) that the instances of short credit except in two cases are incorrect. The two instances of short credit which represent the deduction of income tax at source from the maturity proceeds have been taken up with the concerned nationalised banks seeking refund of TDS.

The reply of the Ministry is not tenable as all the instances of 'short credit' were rechecked and found to be true. According to the reply given by Ad-hoc CAMPA on 22 January 2013 there is no 'short credit' in the first case and full amount had been credited into the bank which is untrue. The rest were because of TDS deducted by the bank and the matter was being taken up with the banks. The fact remains that ₹ 1.08 crore has still not been credited into the respective bank accounts.

5.6.5. Funds kept in interest free current accounts resulting in loss of interest

The funds kept in Current Accounts in any bank do not yield any interest and thus, remain idle. It is, therefore, prudent that the funds are kept in Savings accounts and/or Fixed Deposits with the banks so that additional funds are generated during the period in which these are not required for any usage.

However, we observed that CAMPA Funds were kept in Current accounts in Corporation Bank, CGO Complex, Lodhi Road and Union Bank of India, Sunder Nagar, New Delhi during the period May 2006 to April 2011. This resulted in loss of interest amounting to ₹7.80 crore (approx. calculated at the rate of 3.5 *per cent per annum*) during May 2006 to March 2011.

MoEF stated (April 2013) that State/UT CAMPA accounts that were earlier current accounts have since been converted into saving banks accounts and flexi accounts. Earlier too, flexi accounts were in operation in UBI generating more interest than Saving Bank Accounts.

The reply is not tenable as the Ministry sustained a loss of interest of ₹ 7.80 crore as worked out by audit due to amounts being kept in the current accounts instead of saving/ flexi bank accounts.

Ad-hoc CAMPA was the custodian of the funds belonging to the States/UTs. Hence it was its fiduciary responsibility to take all measures to ensure the safeguarding of the assets and

prevent any financial loss to the states/UTs in managing its funds. The lack of clearly laid down procedures and controls to regulate the investment function did result in financial loss to concerned states as reported in para 5.6.4 and 5.6.5.

5.7. Deficiencies in the process for inviting bids

Sound investment practices require that there should be a clearly laid down process for inviting of bids, indicating the approximate amount of investment, the maturity period, the validity period for bids and the mode of receipt of bids (sealed covers, fax, e-mail etc.).

The issue of process of inviting bids was discussed in the various meetings of Ad-hoc CAMPA as detailed below:

Date of meeting	Extracts of the minutes of Ad-hoc CAMPA meetings
7 July 2006	The format of quotation (to be sought from different Banks) would be standardized by the Financial Consultant in consultation with the Member representing CAG.
20 November 2006	The Financial Consultant of Ad-hoc CAMPA was to finalise the draft format for calling quotation and the draft guidelines for investment in consultation with the representative of CAG, which was to be placed before the Ad-hoc CAMPA for approval.
15 February 2007	Quotations for one and two years may be invited, and in the event of the interest rate for two years being more than 0.5 <i>per cent</i> than that for one year, investment may be made for a period of two years.
20 June 2007	The quotations would be called telephonically, and it will be received in sealed cover giving the bidders a fixed deadline for submission.

MoEF stated (April 2013) that as is evident from the Ad-hoc CAMPA meetings, it was left to the financial consultant to adopt a proforma for acceptance of bids and in a meeting held on 26 June 2007 an unequivocal decision was taken to allow bids being called for telephonically.

The reply is not tenable because there was nothing on record to show that a format for calling quotations had been devised by the financial consultant in consultation with the representative of the CAG and there was no codified procedure in Ad-hoc CAMPA for inviting bids and acceptance thereof. In this regard we further observed the following:

5.7.1. Invitation of bids telephonically prior to decision taken to this effect

It was decided in the meeting of Ad-hoc CAMPA held in 20June 2007 that the quotations could be called telephonically but these were to be received in sealed cover. However, we observed that innine cases prior to the decision taken by the Ad-hoc CAMPA as given in Table 38, the interest rates specified in the quotations were either received over phone or informed by AIG (Forests)and not received in a sealed cover as was laid down. Such bids were included in bidding process.

Table 38: Cases where interest rate specified in the quotations were either received on phone or informed by AIG (Forests)

Sl. No.	Details	Manner in which bids received
1	Canara Bank- 9.00 <i>per cent</i> dated: 05.2.07	Telephonically
2	Canara Bank- 9.50 <i>per cent</i> dated: 13.2.07	Telephonically
3	Union Bank of India-10.88 <i>per cent</i> dated: 02.03.07	Telephonically
4	Union Bank of India-10.00 <i>per cent</i> dated: 08.03.07	Telephonically
5	Union Bank of India-10.00 <i>per cent</i> dated: 15.03.07	Telephonically
6	Union Bank of India-10.80 <i>per cent</i> dated: 22.03.07	Telephonically
7	Vijaya Bank – 11.35 <i>per cent</i> dated: 22.3.07	Informed by AIG(F)
8	SBBJ- 10 <i>per cent</i> , Allahabad Bank- 9.75 <i>per cent</i> dated: 4.4.07	Telephonically
9	Allahabad Bank- 10.70 <i>per cent</i> dated: 14.5.07	Telephonically

Such instances highlight the adhocism, lack of transparency and objectivity in the bidding process and are also fraught with risks of favouritism.

Accepting the facts, MoEF stated (April 2013) that prior to the decision taken on 26 June 2007, where the bids would be telephonically invited, there was no prescribed procedure and as such calling for bids cannot be faulted and that, it had to be borne in mind that the Supreme Court ordered the creation of an ad-hoc body. In the scenario of uncertainty as to the tenure of this ad-hoc body the commission of any irregularity is not evident.

The reply is not tenable as it was public money and Ad-hoc CAMPA/ MoEF being custodian of these funds the provisions of Rule 171 of GFRs should have been followed which envisaged that Request for Proposal (RFP) of Standard formats for technical and financial proposals should be prepared while issuing a letter of Invitation of bids. The fact remained that in the cases reported above the investment of funds was made without invitation of quotations in a fair and transparent manner.

5.7.2. Investment of funds without inviting quotations

Investment of funds through competitive bidding is essential to get the maximum return on investment and to demonstrate fairness and equity in decision making process.

We observed that for investments of ₹ 368.27 crore made on 24 February 2009 no quotations were invited for bidding. In the notings it was stated that the prevailing rate of

interest viz. 7.50 *per cent* was same for all scheduled banks and the funds may be allocated to Corporation Bank, CGO Complex (₹191.99 crore) and Union Bank of India, Sunder Nagar (₹176.28 crore). Further, on 13 October 2009, an amount of ₹40.64 crore was invested with the Corporation Bank without giving opportunity to other banks to bid on the ground that the amount was already in an FD with the same bank and matured on 10 October 2009. The investment was made in the Corporation Bank at six *per cent* but this rate of interest was valid only till 12 October 2009. Neither was a revised quotation called for nor were other banks given the opportunity to quote for the rates.

These cases once again go to establish the arbitrariness that prevailed in making investment decisions.

Ministry (April 2013) accepted that the first incident relates to March 2009 when the CAF Bill 2008 was in Parliament and had it been passed by the Parliament, Ad-hoc CAMPA would have to be wound up. So there was no way that the procedure of calling for detailed quotations could have been gone through. The second instance is of the time when large number of FDRs had to be closed prematurely to provide for release of funds to State CAMPAs.

The reply is not tenable as the process of inviting quotations was not followed only in the above cases. The fact that the Compensatory Afforestation Fund Bill 2008 was in the Parliament at that point of time had nothing to do with the compliance of due process of inviting quotation for investment. Ad-hoc CAMPA/MoEF being custodian of these funds which was public money, the provisions of Rule 171 of GFRs should have been followed which envisaged that Request for Proposal (RFP) of Standard formats for technical and financial proposals should be prepared while issuing a letter of Invitation of bids.

5.8. Process for evaluation of bids

After inviting bids for any investment process, it is necessary to evaluate the bids with proper documentation and prepare comparative statements to ensure correct investment decision for maximum return on investment.

We observed that the process for comparative analysis of bids and finalization of investments were arbitrary and various irregularities occurred. Instances of deposits not being placed with banks that were amongst the highest bidders, absence of any internal controls, lack of review and monitoring of the investment decisions, handwritten quotation being allowed in the bidding process etc. are presented in the following paragraphs. Also Case Study III amply demonstrates the arbitrariness and subjectivity in some of the investment decisions. Poor internal controls and lack of clearly laid out procedures permitted instances of such irregularities to occur.

Case study III

Arbitrariness and irregularities in investment decision

The arbitrariness and irregularities in investment of Compensatory Afforestation Fund were evident from the resignation episode of Shri R.K.Tuli, Financial Consultant (FC), Ad-hoc CAMPA. The FC was working in Ad-hoc CAMPA since 4 July 2006. He was responsible for calling of quotations from various banks for investment of funds, supervision of accounts and other allied matters. The FC tendered his resignation vide his letter dated 22 May 2007 wherein he alleged serious irregularities and unethical work procedure compelled him to resign. He made specific allegations of impropriety with regard to a deposit of ₹ 250 crore in May 2007 with Corporation Bank which are listed below:

After collecting quotations, FC had recommended on 14 May 2007, placing the deposits of ₹ 256 crore with three Nationalized Banks, who had offered the highest interest rate of 10.76 *per cent*. Corporation Bank had offered the interest rate of 10.65 *per cent* and therefore was not recommended.

Subsequently, a fresh quotation of 10.77 *per cent* was obtained from the Corporation Bank and the entire deposit of ₹ 256 crore was placed with it on 21 May 2007 – after a gap of six days.

The other banks were not given opportunity of giving revised rates. No reasons for by passing FC, obtaining of revised quotation from one Bank only and not seeking revised quotations from the Banks giving highest offer were given.

The three banks, that had earlier offered 10.76 *per cent* interest rate, subsequently offered enhanced rate of 10.80 *per cent*. These quotations were not considered.

In the meetings of Ad-hoc CAMPA held on 20 June 2007 it was observed that:

The manner in which a particular Bank (Corporation Bank) was allowed to submit another quotation with marginal higher rate (than the highest eligible bid received) after all the bids were opened, a comparative statement was made and the highest eligible bid finalized without giving similar opportunity to other bidders to revise their bids, was prima-facie in violation of the rules/procedure in this regard. This type of arbitrary, whimsical and highly questionable way of dealing with the amount involving thousands of crore of rupees should not have taken place.

The query raised in the file to ascertain whether the State Bank of Bikaner & Jaipur (SBBJ) is a nationalized bank is quite surprising considering that a large sum of money has already been deposited by the Ad-hoc CAMPA with this Bank (i.e. SBBJ). It is also surprising that after raising the above query, on the same day revised quotation was obtained from a particular Bank, and no opportunity was given to those banks who had offered the highest rate.

It was felt necessary to enquire into the allegation made in the resignation letter of the FC. The representative of the CAG was also of the view that such actions are violation of the financial norms and are of serious concern. The Chairman directed that the Member Secretary inquire into the issues raised by the Financial Consultant and submit a report to be placed in the next meeting of Ad-hoc CAMPA.

The case was subsequently examined by the representative of CAG who opined in November 2008 that from the papers made available to him, it was clear that the decision of the DGF & SS to discard the best quotations of 10.76 *per cent* from the three banks (SBBJ, Canara Bank and OBC) and obtain a revised quotation for 10.77 *per cent* from another bank Corporation Bank, CGO Complex, which was only 6th in the list of attractiveness of bids – and that too after discussion by the DGF with the Corporation Bank, without providing any opportunity to the other three banks, was in complete violation of accepted financial norms, was arbitrary, and completely lacked transparency.

The opinion of CAG representative was supported by following reasoning:

“While it is not clear that the Government of India’s General Financial Rules, 2005 apply directly and specifically to the case, the fundamental principles of public buying specified under these rules indicate that “offers should be invited following a fair transparent and reasonable procedure”. Further, the guidelines of Central Vigilance Commission for procurement by any Government Department/PSU clearly prohibit negotiations with any bidder other than the L-1 bidder in a contracting process. The act of discussion by the then DGF & SS with a bidder who has not offered the best bid – in this case Corporation Bank, CGO Complex branch – and not offering a chance (either in writing or orally) to the banks who offered the best bids was totally irregular and improper.

The query raised by the then DGF & SS as to whether SBBJ was a nationalized bank was unwarranted and shows evidence of bias, especially when the Ad-hoc CAMPA already had substantial deposits with SBBJ. Further, it does not require a great deal of financial knowledge to be aware that State Bank of Bikaner and Jaipur is one of the associate banks of the SBI group.

A comparison of the quotations dated 16 May 2007 and 14 May 2007 from Corporation Bank, CGO complex revealed that they quote different rates of interest, different ranges of periods and different slabs of deposit amount while referring to the same circular No. 360/07 and being effective from the same date of 13 May 2007. It is not clear how the best rate of 10.77 *per cent* was not offered in the first bid itself when the circular stipulated an effective date of 13 May 2007. These discrepancies give rise to serious suspicion.

The timing of obtaining the FDRs from Corporation Bank on 21 May 2007 and rejecting the revised quotations (copies of which have not been forwarded to me) on 22 May 2007 on the grounds that the requisite investments had already been made raises further grounds for suspicion.

A case could be made that the final rate of 10.77 *per cent* quoted on 16 May 2007 was higher than the best rate of 10.76 *per cent* quoted two days earlier. However, interest rates on investments of large amounts (in this case exceeding ₹ 200 crore) are fluid and volatile and move on a day to day (and even hour to hour basis) depending on the supply and demand position for liquid cash from banks, financial institutions and other players. A comparison of the rates quoted on 16 May 2007 with those quoted on 14 May 2007 is thus inappropriate. On the other hand, the fact that the revised rate of 10.77 *per cent* is exactly 0.01 *per cent* higher than the earlier best rate of 10.76 *per cent* raises further ground for suspicion.”

On the issue of the Enquiry ordered by Ad-hoc CAMPA it was observed the no such Enquiry was conducted by the Member Secretary, Ad-hoc CAMPA. Instead an Enquiry was

conducted by Shri Sudhir Mittal, Joint Secretary in MoEF. The CEC representative on the Ad-hoc CAMPA, had objected to this. A copy of this report which was sought for in September 2012, was not made available to Audit. From related documents it was evident that the Enquiry found the allegation that one bank was allowed to increase its interest rate after the bids were opened to be true. It was also found that the FC had also been repeatedly committing irregularities in investment of the funds, accepting higher offers of interest after bid statements had been prepared and changing the bid of banks in his own hand.

MoEF/ Ad-hoc CAMPA stated (April 2013) that the allegation in the incident involving the investment of ₹ 250 crore was against the Chairman, Ad-hoc CAMPA and not against the Financial Consultant and the enquiry conducted by a serving Joint Secretary of MoEF was without competence and approval of the Ad-hoc CAMPA. Further, the Ministry/ Ad-hoc CAMPA stated that enquiry report on this case was not traceable in the Ministry/Ad-hoc CAMPA.

The reply is not tenable as the enquiry was ordered by the Chairman, Ad-hoc CAMPA but the then Secretary, MoEF got the matter inquired from the Joint Secretary and the clarification in this regard was also called for by the Prime Minister's office. The reply was silent about the issue of arbitrary, whimsical and highly questionable way of dealing with the amount involving thousands of crore of rupees.

Our findings regarding lacunae observed in bid evaluation process are discussed in the following paragraphs below:

5.8.1. Arbitrary allocation of deposits

We observed a number of instances where large sums of monies were deposited with banks that had not bid or deposits were not placed with banks that were amongst the highest bidders. These cases are listed below:

5.8.1.1. Deposit without bids

Instances of deposits placed with banks that did not bid are tabulated as under:

Date	Amount to be invested (₹ in crore)	Banks that bid	Banks that did not bid	Remarks
(i)	(ii)	(iii)	(iv)	(v)
1 January 2009	172.22	Union Bank of India, Allahabad Bank, Syndicate Bank, State Bank of Bikaner & Jaipur, Oriental Bank of Commerce, Indian Overseas Bank & Canara Bank	Corporation Bank	Investment made in Corporation Bank and Union Bank of India
17 February 2009	859.07	Oriental Bank of Commerce	Corporation Bank and Union Bank of India	Investment made in all the banks in

Date	Amount to be invested (₹ in crore)	Banks that bid	Banks that did not bid	Remarks
4 March 2009	320.32	Oriental Bank of Commerce	Corporation Bank, Union Bank of India and Allahabad Bank	column (iii) & (iv), irrespective of the fact that they had bid or not.
19 March 2009	646.86	Vijaya Bank and Canara Bank	Corporation Bank, Union Bank of India and Oriental Bank of Commerce	

5.8.1.2. Arbitrariness in selection

On 6 November 2009, three banks namely, Punjab & Sind Bank, UCO Bank and Vijaya Bank had quoted six *per cent* rate of interest. Although the amount of ₹318.16 crore was to be invested in all three banks, Vijaya bank was dropped on the pretext that the bank had been allocated a substantial amount for investment purpose over the period of about one year. However, on 24 November 2009 an amount of ₹ 113.33 crore was invested in Vijaya Bank again.

On 15 June 2010, three banks namely, Central Bank of India(CBI), Union Bank of India(UBI), East Patel Nagar and UBI, Sunder Nagar quoted the interest rate as 6.92 *per cent* and consequently the investment was made in these three banks. We observed that UBI, Sunder Nagar appeared to have been favoured as its quotation showed a hand written alteration to a printed interest rate. Similarly, CBI sent a handwritten quotation which was against the norms and the interest rate that it quoted was for ₹1,000 crore but the amount that was invested in it was only ₹ 400 crore.

5.8.1.3. Failure to follow guidelines

In the meeting of Ad-hoc CAMPA held on 7 July 2006, it was decided that different Scheduled Banks offering next lower interest rates may also be considered for making Fixed Deposits in addition to the Bank offering the highest interest rates in order to minimize the risk involved. However, we observed that on 21 May 2010, a total amount of ₹576.61 crore was invested in Central Bank of India which quoted the highest interest rate of 6.36 *per cent*. It was observed that although quotations were received from nine banks and one of the banks namely Vijaya Bank quoted a marginally lower rate of 6.35 *per cent*, the same was not included in the investment process. Similarly, on 10 November 2010, an investment of ₹ 412.07 crore was made in Punjab & Sind Bank, Karol Bagh as it quoted the highest interest rate of 8.62 *per cent*. The next highest bidder was Central Bank of India with 8.61 *per cent* as its interest rate. The amount column of Punjab & Sind Bank's quotation which read "Upto ₹ 200 crore" was crossed out with pen and the Interest column was also written with the same pen without any authentication from the bank. Moreover, there was only a marginal change in the interest offered by the two Banks.

These instances noticed in audit are indicative of arbitrariness and absence of any internal controls, review and monitoring of the investment decisions to ensure that these were taken as per directions of the Ad hoc CAMPA and as per prudent practices to ensure fairness and equity and also safeguard the funds.

Accepting the facts, the Ministry stated (April 2013) that all instances being referred to belong to the period when the CAF Bill 2008 was pending in the Parliament and the period of absolute financial uncertainty with the Supreme court having ordered the release of funds to the States throwing the fund management task into a state of flux. In this dynamic state of affairs where each day began with uncertainty as to the future setup and the need for finances for disbursement to the States, the decisions that were taken were in the best interest of Ad-hoc CAMPA.

The reply is not tenable because despite uncertainty, Ad-hoc CAMPA could not have shown laxity in discharging the functions entrusted to it as it was the custodian of these funds which was public money. Also the passage of the CAF Bill 2008 had nothing to do with the due process of inviting quotations for investment.

5.8.2. Cases where handwritten quotations were allowed in the bidding process

According to the letters issued by CAMPA inviting the bids for the investment, the quotations should be typewritten or computer print-out as per the Notice Inviting Tender dispatched to various banks for purpose of investments. However, it was observed that Ad-hoc CAMPA allowed submission of bids which were hand written, bids where certain columns were handwritten, different inks were used in bids. Since, it is difficult to ascertain whether these were done at the time of submission of quotation or subsequently, the possibility of manipulation is not ruled out. These cases are listed in the Table 39.

Table 39: Cases where entire/partial handwritten quotations were allowed in the bidding process

Nature of irregularity	No. of cases	Details
Quotations accepted were handwritten.	26	There was an instance where a hand written quotation was received from Canara Bank, R.K.Puram on 4 November 2008 and it qualified as the highest bidder.
Interest column of the quotation was written in a different ink and signed by the authorized person with a different ink.	3	<ul style="list-style-type: none"> On 29 November 2010, investment of ₹263.81 crore was made in Union Bank of India, Sunder Nagar. The interest column of the bank's quotation was found to be written in different ink. On 10 December 2010, investment of ₹122 crore was made in Oriental Bank of Commerce, Rajiv Chowk. The interest column of the bank's quotation was written in different ink.

		<ul style="list-style-type: none"> On 20 December 2010, investment of ₹ 138.03 crore was made in Union Bank of India, Sunder Nagar. The interest column of the bank's quotation was written in indifferent ink.
Whole quotation was a computer printout while the column entailing the interest rate and the period of deposits was written in hand writing.	58	The cases were noted during 2008-10 involved nine banks namely Union Bank of India, Corporation Bank, Oriental Bank of Commerce, UCO Bank, Andhra Bank, Indian Overseas Bank, Central Bank of India, Punjab & Sind Bank and Allahabad Bank.
Changes /alterations in the quotations sent by banks for investments.	14	Changes/alterations were made in the quotations sent by banks either for the interest rate, validity and minimum amount of deposit without proper authentication/approval of the bank.

MoEF in its reply (April 2013) stated that fault need not be found with the handwritten quotations as at times the authorized representatives of the bank would fill the rate of the quotations after ascertaining the same from the Central/Regional office at the last minute.

The reply is not tenable because the handwritten quotations were accepted despite instructions of Ad-hoc CAMPA. Further, MoEF kept silent over the other issues highlighted in the table.

5.8.3. Other Irregularities

Deposits on quotations can be made only during the validity period of quotations. Once the validity of period of quotation expires, fresh quotations must be called for. However, we observed that there were cases where the validity of the quotations was overlooked. As decided in the second meeting of Ad-hoc CAMPA (7 July 2006), the Chairman would reserve the right to decide the distribution of investments in different banks/Post Office according to the guidelines to be framed in this regard. We observed that no specific criteria were followed for the quantum of money to be invested in various banks. The bids normally indicated the maximum/minimum amounts banks were willing to accept at the quoted rate of interest. Accordingly, the amount of deposit with the bank should neither be below nor exceed the quoted limits. In our test check, we noted instances where amounts in excess of maximum limit were placed with banks on the basis of telephonic requests made by banks on the bidding date. Though these diversions did not entail a loss of revenue to the Ad-hoc CAMPA, but these demonstrate lack of clarity in procedures and arbitrariness of decision making.

Table 40: Cases where the validity of quotations was overlooked and cases where the amounts in excess of the maximum limit were placed with the banks

Type of Irregularity	Details
Investment placed after the expiry of the validity of quotation.	<ul style="list-style-type: none"> On 23 May 2008, investments of ₹ 297.99 crore were made in S.B.B.J after the expiry of validity of quotation. The quotation was valid till 22 May 2008. <p>MoEF in its reply (April 2013) stated that it was not unusual for the banks especially when large posse of funds are involved to extend the validity of their quotation by a day or two.</p> <p>The reply is not tenable as no revised quotation for extended validity was taken from the Bank and as per the practice followed at the time of investment, the bank should not have qualified at the first place as the validity of the quotation had expired.</p>
Investment placed with the highest bidder of amount short or in excess of the amount specified in the quotation.	<ul style="list-style-type: none"> On 13 May 2008, ₹ 424.36 crore was invested in Central Bank of India, Greater Kailash-II although the maximum amount that the bank could accept was ₹ 400 crore. On 23 May 2008, ₹ 297.99 crore was invested in State Bank of Bikaner and Jaipur, Faiz Road although the maximum amount that the bank could accept was ₹ 100 crore. On 27 April 2009, ₹ 528.08 crore was invested in Vijaya Bank although the maximum amount that the bank could accept was ₹ 200 crore. On 19 May 2009, ₹330.74 crore was invested in UBI although the maximum amount that the bank could accept was ₹ 235 crore. On 6 July 2009, ₹ 357.10 crore was invested in UBI, Sunder Nagar although this bank did not qualify for an amount less than ₹ 500 crore. On 16 September 2010, ₹ 315.87 crore was invested in Central Bank of India, Wright Gunj, Ghaziabad although this bank did not qualify for an amount less than ₹ 500 crore. <p>The Ministry (April 2013) accepted that in these cases funds were parked in excess of the limits earlier set by banks and said that it was a prudent and a laudable decision because had the banks not accepted the funds which were</p>

Type of Irregularity	Details
	<p>in excess of the limits set by them, the option would have gone to the next lower bidder which would have led to a financial loss to Ad-hoc CAMPA.</p> <p>The reply is not tenable as the option of another bidding process was available with Ad-hoc CAMPA in such cases. Parking of funds with banks in excess of their maximum limits clearly highlighted favouritism towards banks.</p>

As is amply demonstrated by the case study of an event that happened in 2007 and the series of irregularities that have been brought out in audit, there were never any clearly laid out procedures for making investment decisions. The directions issued by Ad-hoc CAMPA from time to time in this regard were blatantly disregarded. Telephonic/handwritten quotations were accepted, investments were made with banks which had not submitted bids or were not offering the best interest rates, validity period of quotations was overlooked and proportions in which money was to be invested with different banks quoting the same interest rate were arbitrarily determined.

5.9 Jammu & Kashmir state CAMPA

In pursuance to the directions (April 2004) of MoEF with regard to the constitution of State CAMPA, the Government of Jammu and Kashmir constituted two committees one State Level Management Committee (SLMC) and the other State Level Steering Committee (SLSC) in February 2005 and April 2005, respectively. SLSC decided (February 2006) that money available under CAMPA account will not be transferred to Central Ad-hoc CAMPA on the basis that J&K State has its own J&K, Forest (Conservation) Act. It was opined that it will be utilized in the State as per Annual Plan of Operation to be prepared by the SLMC and approved by the SLSC. Finally, it was resolved (February 2010) by the Central Empowered Committee that the State CAMPA of Jammu and Kashmir has to deposit only NPV of the compensation received in lieu of diversion of forest land under Forest (Conservation) Act to the Central Ad-hoc CAMPA.

A review of the management of funds by Jammu and Kashmir CAMPA revealed the following:

5.9.1. Maintaining Fixed Deposits with Jammu and Kashmir Bank only

To obtain maximum returns for investing the CAMPA money in deposits, the State CAMPA should have called quotation from the various nationalized banks. This was also directed by the Executive Committee in its only meet (December 2009). However, no quotations were called from nationalized banks and FDs were kept with Jammu & Kashmir Bank only despite lapse of considerable time period. Besides, no follow up action was taken by the EC in their subsequent meetings on this count.

5.9.2. Loss of interest due to non-investment of J&K CAMPA funds in fixed deposit

During test check of records of J&K State CAMPA it was observed that funds of NPV/CA etc. received from various user agencies were deposited by State CAMPA in current account instead of investing it in FDRs or in interest bearing accounts during the period January 2007 to March 2012 resulting in loss of interest of ₹ 8.94 crore (if funds deposited in savings account) to ₹ 14.60 crore (if invested in FDs).

Further, during test check of records of various forest divisions it was found that the divisions kept the funds in current account instead of interest bearing account resulting in loss of interest of ₹ 0.27 crore.

5.9.3. Non maintenance of records of FDRs by J&K State CAMPA

No FDRs register indicating FDs opening balance/fresh/renewals/closing balance etc. was maintained by State CAMPA. Also, bank confirmations indicating actual amount of FDs, actual date of investments, reinvestment, date of maturity, interest earned etc. was not available with State CAMPA. As per details available on loose papers, the principal amount of FDs was ₹ 545.30 crore with accruable interest of ₹ 71.91 crore and maturity value was ₹ 617.21 crore.

MoEF stated (April 2013) that J&K State CAMPA came within the ambit of the Ad-hoc CAMPA only pursuant to the order dated 30 January 2012 of the Supreme Court. As the Forest (Conservation) Act 1980 did not apply to Jammu & Kashmir, CA funds collected in J&K are outside the purview of the Ad-hoc CAMPA; only NPV/WL funds come within its purview.

The reply is not tenable as MoEF did not respond to the specific observations on non-maintenance of records of FDRs by J&K State CAMPA.

5.10. Other State CAMPAs

5.10.1. Non opening of interest bearing accounts.

As per the State CAMPA Guidelines, the monies received in the State CAMPA were to be kept in interest-bearing account(s) in nationalized bank(s) and periodically withdrawn for the works as per the Annual Plan of Operations (APOs) approved by the Steering Committee. Test check of records of some of the selected state forest divisions revealed few cases of loss of interest due to retention of funds in non-interest bearing current accounts. Three such cases are detailed below:

- In Banderdewa division of Arunachal Pradesh, funds were kept in a non-interest bearing current account (CA) of a nationalised bank. As a result, the division failed to earn any interest on the funds available in the account over the period of time.
- In Yamunanagar division of Haryana, funds of ₹ 0.34 crore (₹ 0.17 crore in October 2011 and ₹ 0.17 crore in January 2012) received on account of compensatory afforestation were deposited in current account instead of interest bearing account.

- In Awadh, Gorakhpur and Faizabad forest division of Uttar Pradesh, there was loss of interest of ₹ 0.08 crore due to delay in opening of interest bearing account.

5.10.2. Deposit of funds in non nationalized bank in Jharkhand

In five¹ test checked divisions in Jharkhand, we noted that an amount of ₹ 9.14 crore was deposited in IDBI/AXIS Bank between July 2010 and March 2012 both being private sector banks in violation of provisions of the guidelines. In reply the DFOs stated that the IDBI bank has been treated at par with public sector banks by the RBI (May 2008), whereas the DFO, Giridih Afforestation Division stated (November 2012) that the fund kept in AXIS bank will be withdrawn immediately.

5.11. Conclusions

The mechanism for investment of surplus funds by the Ad-hoc CAMPA was arbitrary and lacked in fairness and transparency. There were frequent and unjustified deviations from the instructions issued by Ad-hoc CAMPA while executing the investment decisions. Despite repeated directions from the Ad-hoc CAMPA body, a comprehensive investment policy was not formulated and approved by Chairman Ad-hoc CAMPA till 2012. It was observed in audit that the out sourced staff engaged by Ad-hoc CAMPA was also not suitably qualified or equipped to manage the large sums of money to be invested². The size of funds to be invested required a more professional approach and experience of treasury management function.

Audit observed that there were instances of deposits amounting to ₹ 1,998.47 crore being placed in banks that did not even bid. There was loss of interest of ₹ 8.70 crore, ₹ 7.80 crore and ₹ 4.45 crore on account of delay in investment of funds, retaining the funds in interest free current accounts and delay in crediting the maturity amount into bank accounts respectively, besides short credit of ₹ 1.08 crore on maturity of FDs.

There was clearly evidence that neither the present arrangement of financial management and accounting had the benefit of existing government financial discipline, nor had an alternative system of accounting and financial control, been developed by Ad-hoc CAMPA, as was contemplated by the Supreme Court. It is our view the Government should move the Supreme Court so that the amounts lying in Ad-hoc CAMPA are transferred into the Public Account of India in an interest bearing section with interest to be paid at the rates to be decided by the Union Government.

¹Giridih Afforestation, Hazaribag WL, Hazaribag East, Hazaribag Afforestation and Hazaribag Social Forestry divisions

² Ad-hoc CAMPA was requested to provide the details of names, job description, educational qualification and duration of appointment of its employees. Such information has still not been provided (July 2013).

Oversight Arrangements

6.1 Introduction

The genesis of CAMPA lay in the 29 October 2002 order of the Supreme court that a 'Compensatory Afforestation Fund' shall be created in which all monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, net present value of forest land, Catchment Area of Treatment Plan Funds, etc. shall be deposited. The rules, procedure and composition of the body for management of the Compensatory Afforestation Fund was to be finalised by the MoEF with the concurrence of the CEC. In compliance with these orders, creation of CAMPA was notified by MoEF in April 2004 as a custodian of CAF with the responsibility of receiving, managing and disbursing the monies and monitoring and evaluation of works. Ad-hoc CAMPA was an interim body which was created till CAMPA became operational. Initially its mandate was collection of monies and its investment. In 2009, Ad-hoc CAMPA was authorised to disburse funds as per prescribed guidelines. Simultaneously guidelines for creation of State/UT CAMPA were notified.

6.2 Continuing provisional nature of the Authority

The Supreme Court of India in November 2001 had observed that there was poor utilization of funds deposited for compensatory afforestation and also that a large amount of money for compensatory afforestation was not realized by the State Governments from user agencies. It observed that in some of the States the funds were deposited as 'Forest Deposit' and were readily made available for afforestation while in other States the funds were deposited as revenue receipts of the State Government and could be made available to the Forest Department only through the budgetary provisions. In order to increase the pace and quality of compensatory afforestation, the Court created a separate fund in October 2002, so that compensatory afforestation could be taken up in a planned manner on a continuous basis and to ensure timely and adequate release of money, to provide necessary flexibility in implementation of the schemes etc but the intended purposes could not be met. It also directed that the Union of India shall within eight weeks frame comprehensive rules with regard to the constitution of a body and management of the compensatory afforestation funds.

Initially, an amount of ₹ 297 crore for CA was lying unutilised with the Forest Departments in the respective State/ UTs and this increased to ₹ 1,200 crore and credited to the Ad-hoc CAMPA in 2006. This amount further increased to ₹ 9,932 crore in 2009 and accumulated to ₹ 23,607.67 crore by March 2012. No funds were released during the period 2006-09 while an amount of ₹ 2,829.21 crore was released by Ad-hoc CAMPA during 2009-12.

We observed that despite the notification of MoEF for creation of CAMPA in April 2004 the body did not become operational. This necessitated the Supreme Court in May 2006 to pass

the order for creating Ad-hoc CAMPA which was to function till such time that regular CAMPA became operational. The functioning of Ad-hoc CAMPA was restricted to the mandate or directions given to it by the Supreme Court. Between 2006 and 2009 it only collected the CAF from the States and managed its investment. There was no release of funds by Ad-hoc CAMPA during the period 2006 to 2009. Effectively, this stalled the process of compensatory afforestation in India. Releases for CA activities commenced in July 2009 when the Supreme Court granted it a limited mandate to release only ₹ 1,000 crore per year or 10 *per cent* of the principal amount pertaining to the respective State/ UT for the next five years. MoEF/ Ad-hoc CAMPA did not have an MIS regarding the diversion of forest land, collection and utilisation of the CAMPA funds.

In our view the non-operationalisation of CAMPA which was envisaged as a permanent, independent authority to provide guidelines, direction and oversight severely hampered the CA activities in India. This report of the Comptroller and Auditor General of India high lights the necessity for operationalizing CAMPA which can execute the mandate of ensuring compensatory afforestation effectively and efficiently within the broader constitutional and legal framework.

6.3 Authorisation of expenditure

The institutional design for incurring expenditure from the CAF under Ad-hoc CAMPA and by State CAMPA is somewhat distinct from the expenditure being incurred by both the Union Government and State Government.

In the case of expenditure being currently incurred by Ad-hoc CAMPA and by State CAMPA there is no legislative authorisation for the incurrence of such expenditure. The money in the fund is kept out of Consolidated Fund of India based on the directions/orders of the Supreme Court and the expenditure is incurred without authorisation from Parliament. The Court passed its orders in 2002 when the quantum of expenditure was negligible during the initial years. Now by the end of March 2012, the expenditure incurred was ₹ 1,775.84 crore against releases of ₹2,829.21 crore. Given the large amounts being collected from user agencies under compensatory afforestation under the provisions of Forest (Conservation) Act, 1980, and in the context of the objectives of CAMPA, it may be necessary to review the existing institutional design in consonance with the constitutional scheme with regard to the authorization of incurring of expenditure on CAMPA related activities by approaching the Supreme Court, where considered necessary.

MoEF stated (April 2013) that these were statement of facts and require no comments.

6.4 Accounting

6.4.1 Proper accounting format and maintenance of accounts

6.4.1.1 Ad-hoc CAMPA

The initial notification issued by MoEF 23 April 2004, did not contain any specific mention of the accounting system or formats of accounts to be followed by CAMPA. Subsequently, as per MoEF notification dated 13 March 2007, CAMPA was directed to have corporate

accounting based on double entry system as per the directions of the Supreme Court on 26 September 2005.

Maintenance of accounts as per a prescribed financial reporting framework lays the foundation of establishing controls, accountability and monitoring. Since the CAMPA was to have corporate accounting based on double entry system, the readily available professional reference was the Technical Guide on accounting for Not for Profit institutions issued by the Institute of Chartered Accountants of India, the standard setting body for accounting in the non-government sector.

From the minutes of the Ad-hoc CAMPA meetings we noted that the issue of prescribing appropriate financial accounting system in terms of format of accounts, records to be maintained, reconciliation of accounts, etc was periodically discussed in the Ad-hoc CAMPA meetings and directions in this regard issued from time to time. A summary of such directions is given in Table 41.

Table 41: Summary of directions/ observations issued by Ad-hoc CAMPA on accounting issues

Meeting number and date	Directions/ observations issued
1 st meeting (15 May 2006)	As the funds to be deposited in Ad-hoc CAMPA are to be treated other than Government revenue, proper financial accounting system needs to be adopted.
2 nd meeting (7 July 2006)	<ul style="list-style-type: none"> • Periodic reconciliation of the receipts with the concerned State/UT Governments was essential. • A Receipt-Ledger shall be opened in consultation with the Financial Consultant of Ad-hoc Body, which shall be properly maintained under his guidance and supervision. • A suitable mechanism for cross-referencing of receipts with the State/UT, Corporation Bank and Ad-hoc CAMPA shall also be developed in consultation with the Financial Consultant. • Monthly statement of the funds received from the State/UT Governments shall be referred back to them for reconciliation.
4 th meeting (27 November 2006)	<ul style="list-style-type: none"> • Details of the money receivable, money actually received, amount of interest receivable, amount of interest received, money to be transferred to Ad-hoc CAMPA and money actually transferred should be compiled in respect of each of the case approved under Section 2 of the Forest (Conservation) Act, 1980. • An institutionalized system should be put in place to ensure that the above information is compiled and audited for each of the case approved. • In the absence of the above information, no meaningful audit can be carried out by the CAG.

Meeting number and date	Directions/ observations issued
6 th meeting (11 April 2007)	It was observed that hardly any progress has been made for reconciliation of the Compensatory Afforestation funds which were to be transferred by the State/UT Governments, and that deposited in Ad-hoc CAMPA by them.
7 th meeting (20 June 2007)	It was observed that reconciliation of the figures related to the funds received by Ad-hoc CAMPA from different States/UTs with the figures available at the State/UT level has not been done as yet. As the figures are not compiled in meaningful format at the Ad-hoc CAMPA level, such reconciliation is not possible at present. Moreover, in this situation, no meaningful audit by the CAG is feasible.
9 th meeting (9 March 2009)	The break-up of funds deposited under different heads for execution of works and for its release to the States should be compiled and reconciled immediately.
12 th meeting (17 January 2010)	It was decided that the non-receipt of reports from the States, in regard to deposit of money in the Ad-hoc CAMPA, should be brought up for consideration at the next meeting of the National CAMPA Advisory Council.
17 th meeting (14 September and 17 October 2011)	The procedure for maintenance of accounts be considered in detail and where necessary such procedures be properly codified with the approval of the CAG's Office.

The CAG's representative in his letter dated 19 April 2012 noted that no annual financial statement in the nature of balance sheet has been presented to any of the meetings of the body. He desired to know specifically whether Ad-hoc CAMPA was maintaining proper books of accounts and preparing annual financial statement; keeping records in the form of bank statements and details of amounts deposited in Fixed Deposits.

The agenda note prepared by Member Secretary CEC and Member Ad-hoc CAMPA in July 2012 regarding 'Maintenance of the books of accounts of the Ad-hoc CAMPA and associated issues' clearly brings out the dismal state of Ad-hoc CAMPA accounts, as depicted below:

- The books of accounts of the Ad-hoc CAMPA have not been maintained at all for the last two years or so. The books of accounts for earlier years have also not been properly maintained/reconciled;
- The yearwise/periodic reconciliation of the amount received towards NPV, CA etc. from the various States/UTs, the interest received from the investments made by way of FDRs in the nationalized banks, the amount invested in the FDRs in the various nationalized banks, the amount received after maturity from the FDRs and the outstanding amount of the FDRs during the validity period of the FDRs have not been done and for this purpose so far no effective system has been put in place;

- A proper system of checks and balances, for the periodic verification to ascertain whether the amount invested by way of FDRs have actually been invested and whether it has not been pre-maturely encashed (unauthorisedly), has not been put in place;
- The yearwise/periodic reconciliation of the amounts received by the Ad hoc CAMPA from the various States/UTs with the amount deposited by the concerned State/UT has not been done;
- The above state of affairs is most disturbing and it is imperative that immediate remedial measures are taken. A list of such measures was also proposed.

In this regard, we observed that the directions issues by the Ad-hoc CAMPA were hardly complied with and implemented. No proper accounting records were maintained as indicated below:

- Since its inception, no annual financial statement was prepared for the Ad-hoc CAMPA's receipt and payments, income and expenditure and assets and liabilities;
- Primary records like cash book and journal ledgers were not maintained;
- No reconciliation of funds received from the user agencies, amounts remitted by states/UTs, amounts received by Ad-hoc CAMPA, amounts lying in different banks accounts and Fixed Deposits, interests received/accrued thereon was done; and
- Fixed Deposit Registers maintained were inadequate and unauthenticated.

Ad-hoc CAMPA intermittently engaged the services of professional accountants. Shri R.K Tuli, was the Financial Consultant from 7 July 2006 to 20 June 2007. In June 2007, Ad-hoc CAMPA contemplated engaging a Chartered Accountants firm as Financial consultant and CA articles who had completed Professional Educational and II as accountants. An administrative sanction to spend ₹ 25,000 to procure suitable accounting software was also accorded. Though a list of Chartered Accountant firms empanelled with the CAG was forwarded to the Ad-hoc CAMPA by the representative of the CAG on 14 September 2007, no such appointment was made. Shri K. S. Achar was appointed as consultant in May 2010 and it was as late as April 2011 that he was made OSD and was assigned with the additional work of maintaining accounts of the Ad-hoc CAMPA funds. M/s RK Tuli was appointed as financial advisor to Ad-hoc CAMPA on 1 August 2012 for an initial period of six months. Their duties included close scrutiny and assistance in finalising accounts of Ad-hoc CAMPA, preparation of financial account statements for the financial year 2006-07 onwards in a time bound manner, providing the assistance of an Article Assistant/ Accountant well versed in the matter of accounts and any other assistance in the area of finance/ accounts that may be sought from time to time. There was lack of seriousness on the part of the executive members of the Ad-hoc CAMPA to maintain proper account for the funds and to put in place suitably qualified man power for ensuring preparation of periodic financial statements based on corporate accounting double entry system. These accounts were not prepared and produced for approval of Ad-hoc CAMPA and for audit.

In our opinion the first principle of accountability that the body entrusted with funds must render an account for the same was, therefore, grossly violated. The Ad-hoc CAMPA was required to expeditiously develop a suitable framework for financial reporting, ensure

adequate resources were provided to render proper accounts and accounts giving a true and fair view of the state of affairs were generated periodically. Its failure to do so over a sustained period of time has put public assets to risk and jeopardised their safeguarding.

The accounts for 2006-12 were prepared after July 2012. In the 22nd meeting held on 7 February 2013, the Ad-hoc CAMPA decided to adopt the accounts for the period 2006-12 subject to, and pending, the completion of internal audit by CAG empanelled firm of Chartered Accountants. The statement of accounts and balance sheet of the 30 States were sent for audit on 7 February 2013 by Ad-hoc CAMPA. These were not properly authenticated or signed by a competent authority and were conditionally approved by the Ad-hoc CAMPA pending internal audit. They also did not include format of financial statements approved by the competent authority, approved accounting policy and notes to accounts, list of all bank accounts and bank reconciliation statements of all bank accounts. As such, these accounts, at the best were draft accounts, the financial information in which was not authenticated by the authority charged with the preparation and hence could not be audited by external auditors i.e. the CAG.

MoEF stated (April 2013) that the CAG of India was approached in communication from the Minister (Independent Charge) of State for Environment and Forests, for accounts format for Ad-hoc CAMPA and the State CAMPA. CAG advised that Controller General of Accounts (CGA) may be approached but the CGA declined to lay down the accounts procedure for the Ad-hoc CAMPA, insisting instead that the funds be held in Consolidated Fund of India/ Public Accounts. It is a grey area still whether the requirement of corporate accounting, based on double entry system, applies to Ad-hoc CAMPA alone, or to the State CAMPAs.

The reply is not tenable because the CAG was approached by the Minister (Independent Charge) of State for Environment and Forests in November 2011 that is more than five years after the formation of Ad-hoc CAMPA to suggest a format of accounts. The fact remains that Ad-hoc CAMPA did not prepare financial statements till February 2013. It was only in early 2013 that the accounts for the period 2006-12 were first presented to the Ad-hoc CAMPA. Further, MoEF intimated (July 2013) that the internal audit of the CAMPA funds was on the verge of conclusion and once the financial statements and audit report was adopted by Ad-hoc CAMPA, these would be forwarded to Audit. Accountants General were responsible for prescribing format of accounts for State CAMPA, which was done *suomoto* in 2012.

6.4.1.2 State/UT CAMPA

As per Supreme Court's orders dated 10 July 2009, the State Level Executive Committee was to evolve an appropriate and effective accounting process for maintenance of accounts, returns and for audit. The Guidelines on State CAMPA (2 July 2009) envisaged that State CAMPA would maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned.

A uniform format of accounts was *suomoto* prescribed by the office of the Comptroller and Auditor General of India for the State/UT CAMPA in May 2012.

No State/ UT prepared its accounts upto December 2012 in the prescribed format except Andhra Pradesh and Assam. The status of preparation of accounts of State/UT CAMPA as of December 2012 is given in Annexure 10.

MoEF stated (April 2013) that it is the grey area still whether the requirement of corporate accounting, based double entry system, applies to Ad-hoc CAMPA alone, or also to the State CAMPAs. In the background mentioned above there is lack of clarity at the Accountants General end as to the accounts format to be followed in the State CAMPAs.

The reply should be viewed in light of the fact that as per the State CAMPA guidelines of July 2009, the State CAMPA shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned which was prescribed in May 2012.

6.4.2 Reconciliation of funds

Reconciliations are in the nature of a cross verification and independent confirmation of balances between the accounts of two or more parties which are engaged in transactions with each other.

In order to maintain complete and correct accounts and ensure that all monies collected and disbursed were properly accounted for and to confirm existence and complete accounting of assets (receivables /bank balances/Fixed Deposits), it was necessary that reconciliation of the following should have been done:

- Project wise reconciliation of amount recoverable for permitting diversion of forest lands for non forest uses and amounts remitted by user agencies to the Ad-hoc CAMPA, State/UT CAMPA or State/UT Government;
- Amounts received by the State/UT CAMPA or State/UT Government and amount remitted to Ad-hoc CAMPA;
- Amount received by the Ad-hoc CAMPA as per its accounts records and amount remitted by State/UT CAMPA;
- Amounts disbursed to the State/UT CAMPA as per the accounts of Ad-hoc CAMPA and amounts recorded as received in the State/UT CAMPA;
- Amounts recorded as held in Fixed Deposits as per the Ad-hoc CAMPA accounts with an independent confirmation from each bank of the Fixed Deposits of Ad-hoc CAMPA held by it;
- Reconciliation of bank balances as per the Ad-hoc CAMPA accounts and each Bank statement.

Maintaining records to show that all Compensatory Afforestation Funds receivable had been received and their periodic reconciliation with corresponding figures in the State CAMPA records was central to discharging the responsibility of ensuring that all amounts lying with the State CAMPA are transferred to CAMPA fund. The issue of deficiencies in records and the urgent need to reconcile Ad-hoc CAMPA records with State/UT CAMPA was discussed repeatedly in the Ad-hoc CAMPA meetings as is recorded in Table 41, but no such

reconciliations were conducted as indicated from the discrepancies in figures of Ad-hoc CAMPA and State/UT CAMPA reported in the previous chapters of this Report. We found, that despite such directions, discrepancies in the records of Ad-hoc CAMPA and State CAMPAs remained and could not be reconciled with State records. Thus the issue of reconciliation of receipts was discussed in almost all the meetings but nothing concrete has been done. The whole exercise remained on paper only.

6.5 Audit

6.5.1 Ad-hoc CAMPA

As per the Gazette notification of 23 April 2004 regarding constitution of CAMPA, the CAMPA was to get its annual accounts audited internally as well as externally through Chartered Accountant(s) who are on the panel of the Comptroller and Auditor General of India and the auditor(s) were to be selected with the approval of the Governing Body of CAMPA.

On 4 May 2006, Principal Director of Audit, Scientific Departments, the designated audit office of the Comptroller and Auditor General of India, tasked with audit of the Ministry of Environment and Forests, in a report to CEC highlighted the following:

- MoEF does not have a central database on the details of funds collected under CAMPA;
- CAMPA is yet to become operational;
- Exercise of ascertaining volume of audit work and manpower requirement has been initiated;
- Many State Accountants General have conducted test check of some of the DFOs and at the initial stages of examination trends of loss of interest and diversion of CAMPA funds have been observed.

On 5 May 2006, the Supreme Court of India while ordering the creation of Ad-hoc CAMPA also directed that it should get audited all the monies received from the user agencies on behalf of the CAMPA and the income earned thereon by the various State Government officials. The auditors may be appointed by the CAG. The audit may also examine whether proper financial procedure has been following in investing the funds. On 13 March 2007 the auditing arrangement for CAMPA was revised and audit of accounts was to be conducted by the Comptroller and Auditor General of India.

However, no audit of the Ad-hoc CAMPA Accounts could be undertaken in the absence of maintenance of proper records. This issue was repeatedly brought to the notice of other Ad-hoc CAMPA members by the CAG's representative on the body. In its meeting of Ad-hoc CAMPA held on 27 November 2006 and 20 June 2007 it was pointed out by CAG's representative that no meaningful audit could be conducted in the absence of proper compilation of figures in a meaningful format and reconciliation of amounts. Principal Director of Audit, Scientific Departments in his letter dated 29 April 2009 addressed to Joint Secretary and Financial Advisor, MoEF pointed out that since huge amounts of funds are lying with Ad-hoc CAMPA for investment purposes, it is prudent that a regular system of

audit is initiated, keeping in view the risks involved. From the records available with us, it does not appear that Ad-hoc CAMPA has appointed an auditor (on the advice of CAG) so far. He also sought information whether any internal audit arrangements have been put in place.

The amendment notification issued on 13 March 2007 was based on Supreme Courts orders of 26 September 2005. We noted that in the order *ibid*, the Supreme Court had also directed that the internal audit of the CAMPA shall be conducted every six months by statutory auditors on the panel of CAG. However, no such mention was made in the notification.

MoEF stated (April 2013) that the account books for the years 2006-07 to 2011-12 have been drawn by a firm of CA empanelled with the CAG, and forwarded to the Audit, who have observed that the account books should be signed by the officials of the Ad-hoc CAMPA before they could take cognizance. This is inspite of these accounts books having been formally adopted in the 22nd meeting of the Ad-hoc CAMPA “subject to audit”.

The reply is not tenable because it is a generally accepted principle that a body at the helm of affairs is responsible for the accounts of the organisation and is the owner of the accounts. Also, as per Rule 64 of GFR, the Secretary of a Ministry/ Department who is the Chief Accounting Authority of the Ministry/ Department shall be responsible and accountable for financial management of his Ministry/ Department, and be responsible for preparation of expenditure and other statements relating to his Ministry, and shall ensure that his Ministry/ Department maintains full and proper records of the financial transactions and adopts systems and procedure that will all times afford internal controls. As per instructions on the audit of autonomous bodies of the Comptroller and Auditor General of India, audit should not generally be taken up before the competent authority of the Autonomous Body approves the accounts.

Thus, as is accepted practice the Governing Body should have got the accounts prepared and signed. Mere conditional acceptance of the accounts in the 22nd meeting of Ad-hoc CAMPA, pending, the completion of internal audit by CAG empanelled firm of Chartered Accountants does not accord ownership of the accounts by Ad-hoc CAMPA nor does it constitute final accounts of Ad-hoc CAMPA, to be taken up for audit. Ad-hoc CAMPA was apprised of the position on 7 February 2013, the same day as the draft accounts were sent by it to audit. Further, MoEF intimated (July 2013) that the internal audit of the CAMPA funds was on the verge of conclusion and once the financial statements and audit report was adopted by Ad-hoc CAMPA, these would be forwarded to Audit.

6.5.2 State CAMPA

As per the State CAMPA guideline dated 2 July 2009, the accounts of the State CAMPA shall be audited by the Accountant General at such intervals as may be specified by him. The accounts of the State CAMPA as certified by the Accountant General or any other person appointed by him in this behalf together with the audit report thereon and annual report, shall be forwarded annually to the State Government, the MoEF and the Ad-hoc CAMPA by the State CAMPA. The State Government and the MoEF shall have the power to conduct special audit or performance audit of the State CAMPA.

Supreme Court vide its order dated 14 July 2009, directed that the State Accountant General shall carry out the audit of the expenditure done out of the State CAMPA Funds every year on annual basis.

It was observed that the only the state of Andhra Pradesh got the accounts for the years 2009-11 audited by the state Accountant General. The states of Uttar Pradesh and Uttarakhand got their accounts for the years 2010-12 audited by chartered accountants only. No other state got their accounts in prescribed format audited by the State Accountant General.

MoEF stated (April 2013) that the State CAMPAs have been approached by the State AsG with 45 different proformae to be filled and these proformae were not in use in the Forest Department or the State CAMPA and that the audit team did not give them sufficient opportunity/ time for reaction.

The reply is not tenable because the said proformae related to the Compliance Audit being reported in the instant audit report and not the regular audit of the Annual Accounts of Ad-hoc CAMPA. Further, we noted that 23¹ of the 30 State/ UTs test checked in audit could provide the most of the information sought in the 45 proformae for the Compliance Audit. Since majority of the State/ UTs could provide the requisite information, it leads to the conclusion that neither the time prescribed nor the quantum of information sought was unreasonable provided basic records had been properly maintained.

6.6 Accountability and transparency

The existing paradigm of collection of monies due towards CAF from user agencies, its accountal, expenditure by CAMPA authorities at the Union/State/UT level, the arrangement with regard to the exhibition of this fund and the receipts and expenditures from it in the financial statements of the Government, its reporting to Parliament and State Legislatures reflects significant issues that merit the attention of the Ministry of Environment and Forests.

- The existing amounts of funds with the central CAMPA are significant. As of 31 March 2012 they were of the order of ₹ 23,607.67 crore.
- The aggregate release made to the State/UT CAMPA authorities till 31 March 2012 was ₹ 2,829.21 crore and the expenditure reported by them was ₹ 1,775.84 crore.
- While receipts and expenditure have been significant, there exists no system devised by the Ministry to report incomes and outgoings regarding CAF to either the Parliament or the State Legislatures.
- The amounts collected and spent are not only not known to the Parliament and the State Legislature, there also does not exist any methodology for authorisation of incurrence of expenditure by legislative authorities.
- Given the fact that the amount received towards compensatory afforestation are very substantial, it is equally disconcerting to note that there exists no system both in the

¹ Seven State/ UTs (Andhra Pradesh, Arunachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Mizoram, Rajasthan and Sikkim) provided information partly.

Centre and in the States by which the authorities in the Ministry or in the States at the apex level satisfy themselves that the amounts being collected are in conformity with the extant orders under the Forest (Conservation) Act 1980, and various other Acts, Rules and orders of the Supreme Court regulating the collection and utilization of CAF.

Audited Accounts of an entity provide assurance to all stakeholders regarding the transactions entered into by it in the course of the accounting period. The Central CAMPA (Ad-hoc) since its inception in 2006 has not submitted audited accounts till date. Audit also observed that the books of accounts are not being maintained properly in the Ad-hoc CAMPA. Receipt and Payments Accounts, Income and expenditure account and Balance Sheets were not prepared. This clearly impinges adversely on transparency and accountability of CAMPA. MoEF intimated (July 2013) that the internal audit of the CAMPA funds was on the verge of conclusion and once the financial statements and audit report was adopted by Ad-hoc CAMPA, these would be forwarded to Audit.

Given the substantial amounts of funds being collected under the compensatory afforestation; the expenditure therefrom; the overall objectives of conservation, protection, regeneration and management of forests, conservation, protection and management of wild life & its habitats and compensatory afforestation; the clear public purpose involved in the work relating to CAMPA, there is need by the Ministry to review the existing paradigm of CAMPA by approaching the Supreme Court, where considered necessary. This should be done in a way that enhances transparency, brings CAMPA within the broader focus of both Parliament and State Legislatures and in greater public view so as to ensure the largest possible stakeholders' participation. Towards this end it would be appropriate if the amounts lying in Ad-hoc CAMPA are transferred into the Public Account of India, as was envisaged in the Compensatory Afforestation Fund Bill, 2008 that was passed by Lok Sabha in 2009 and subsequently lapsed on dissolution of the House. Transfers to individual States can be made transparent so as to provide all stakeholders necessary information on the subject. This will ensure that budgetary, financial and performance related indicators/information on CAMPA are suitably reflected in public documents, at the Centre and State level for income and outflows from CAMPA, so as to effect greater transparency and accountability in the existing arrangement.

Except on the issue of status of accounts MoEF did not respond to the above observations of audit with regard to accountability and transparency.

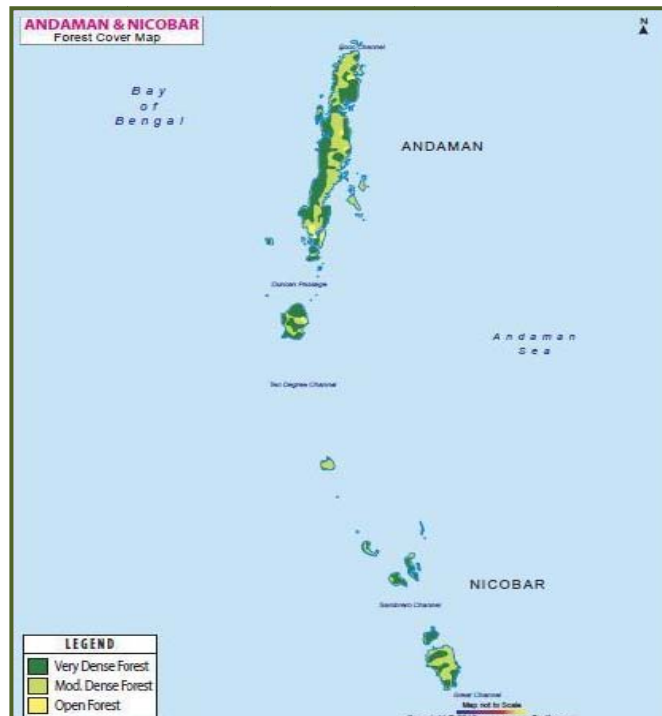
Chapter - VII

State/Union Territory Specific Findings

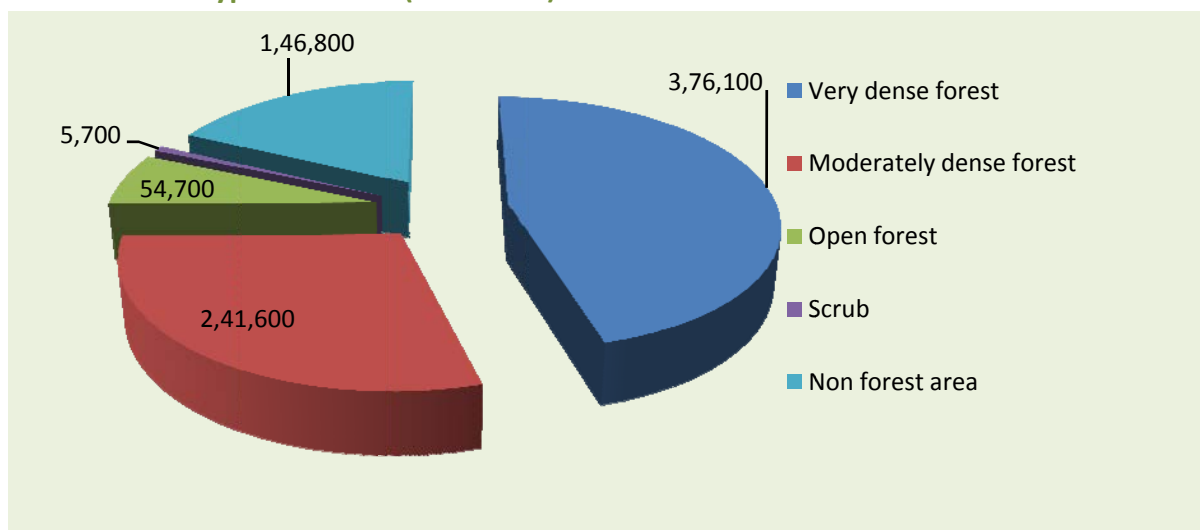
Andaman & Nicobar

1. Background¹

The total geographical area of Andaman & Nicobar is 8,24,900 hectare. Based on the interpretation of satellite data of December 2008- December 2009, the forest cover in the State was 6,72,400 hectare which was 81.51 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 3,76,100 hectare of area under very dense forest, 2,41,600 hectare of area under moderately dense forest and 54,700 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal increase of 6,200 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



¹Source: India State of Forest Report 2011 published by Forest Survey of India.

2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA during 2009-12	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²
2006-12 ³	11.27	1.89	0.69	1.20

As can be seen from the table, in compliance with the orders of the Supreme Court, 17 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹1.89 crore released against APOs, 63 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 0.11 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

APO for the year 2010-11 was submitted after a delay of one year and APO for the year 2011-12 was submitted in June 2012 i.e. after the lapse of the financial year. The expenditure incurred by State CAMPA was 37 per cent of the total amounts released by Ad-hoc CAMPA for the years 2009-12. Therefore concerns remain on the absorptive capacity of the State considering that ₹ 22.98 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Andaman & Nicobar that came to the notice of audit are given below. The gist of these cases is also given in table 26 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	The Supreme Court revised the rate of NPV in March 2008. Test check revealed that in five cases, NPV was not collected at revised rates. Ministry stated (April 2013) that action had been initiated for the recovery of NPV from user agencies.	0.04
2	In Nicobar forest division, revenue land allotted to the Indian Navy for establishment of Defence Signal Intelligence Unit at Lal Tekri had a forest canopy of 0.8 ha classified as deemed forest and 485 naturally growing trees	1.15

² Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

³ The year wise details of amount released by Ad-hoc CAMPA and the expenditure incurred by State CAMPA were not made available to audit

Sl. No.	Description	Amount
	were to be felled. Proposal for diversion was sent to MoEF and it was approved in January 2007. However, NPV of ₹ 1.15 crore due from the user agency was not included in the proposal. Ministry (April 2013) accepted the lapse.	
3	In two cases of South Andaman division, CA of ₹0.10 crore was short realized from user agency due to application of incorrect rates of CA. Ministry stated (April 2013) that action was being initiated for the recovery of CA from user agencies.	0.10
4	In one case of Nicobar division while sending the proposal to MoEF, 8.43 ha forest land in Great Nicobar Island was diverted in April 2012 for construction of North-South road from Shastri Nagar to Indira Point. The report of the division classified the density of forest land to be diverted between 0.5 and 0.8, i.e., eco class-I with eco value- very dense forest. However, on receipt of approval, the division applied the rate of eco class-I with eco value- dense forest (density from 0.1 to 0.4). This resulted in short- assessment and short recovery of NPV of ₹0.09 crore. Ministry stated (April 2013) that NPV of 0.09 crore had been realised from user agency in March 2013. Thus, NPV was recovered at the instance of audit.	0.09
5	No norms were fixed by MoEF /State Government for recovery of cost of CA from user agencies. In the absence of prescribed norms, CA was recovered from various user agencies on the basis of current price index, without taking price escalation into consideration. Ministry stated (April 2013) that it would not be possible to prescribe any norms for recovery of cost of CA. The reply of the Ministry is not tenable as the norms for the cost of CA had been prescribed by the other State Governments.	
	Total	1.38

4. Utilisation of CAMPA funds

4.1 Irregularities in utilisation of funds.

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Irregular expenditure on a project without approval of APO	State CAMPA had undertaken a project for establishment of city forest at Aberdeen village on revenue land in Port Blair and incurred an expenditure of ₹0.13 crore out of CAMPA funds in the year 2010-11 without approval of Ad-hoc CAMPA which considered it to be an eco-tourism activity. Ministry stated (April 2013) that expenditure incurred on this project was not totally unfruitful and status report on existing vegetation, contour mapping would be required for raising the suitable forestry species in the project area. The reply of Ministry is not tenable as the project was undertaken without approval of Ad-hoc CAMPA.	0.13

Sl. No.	Nature of irregularity	Description	Amount
2	Unfruitful expenditure on disputed land	In Diglipur forest division, title of non forest land received for CA in lieu of 12 ha forest land diverted for laying 33 KV high tension single circuit transmission line from Kalara junction to Parangara junction in September 2005, was not clear. The CA carried out on non forest land at an expenditure of ₹0.02 crore was encroached by local villagers rendering it unfruitful. Ministry stated (April 2013) that planted area was not encroached and there was no damage to the compensatory afforestation. The reply of Ministry is not tenable as the CA was carried out on the non-forest land not having clear title.	0.02
3	Underutilization of CA funds	Five forest divisions ⁴ could not utilize CA funds provided by state CAMPA during the years 2009-12. The percentage of unspent amount ranged 14.40 to 80.92 <i>per cent</i> in above five divisions during the years 2009-12. Ministry stated (April 2013) that underutilisation of CA fund was due to variation in market prices of stores, procedural delays, remoteness of the CA areas etc. The reply of Ministry is not tenable as the provisions for CA in the APO should have been made after taking into account all relevant factors.	
	Total		0.15

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ⁵ – 80.48 ha ⁶ As per records of NO – 117.74 ha
Non forest land received in lieu	As per records of RO – 56.88 ha As per records of NO – 112.96 ha
Non forest land short received	As per records of RO – 23.60ha As per records of NO – 4.78 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 112.96 ha On Non forest land – 112.96 ha

⁴ Middle Andaman, Mayabunder, Nicobar, Diglipur and Silviculture

⁵ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁶ Excluding exempted projects

Particulars (2006-12)	
Area on which CA done as per NO	On degraded forest land – 37.48 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 65.11 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 26 ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 80.48 ha and the non forest land received in lieu thereof was only 71 *per cent* while as per records of NO the figures were 117.74 ha and 96*per cent*, respectively. As per records of RO, no forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 65.11 ha non forest land transferred/ mutated in favour of forest department of which only 26 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 33*per cent* of the area to be afforested.

5.2 Irregularities in land management

Nature of irregularity	Description
Failure to notify non forest land as RF/PF	In two cases, 34.43 ha non forest land received from user agencies in lieu of diversion of forest land during 2006-2012 was not notified as RF/PF as of December 2012. In another case, out of 23.29 ha non forest land received from user agency in lieu of diversion of forest land for construction of North-South Road from Campbell bay to Shastrinagar in Great Nicobar Island during 2006-07, only 22.05 ha non forest land was declared as RF. Thus, 1.24 ha non forest land was not declared/notified as RF as of December 2012. Ministry stated (April 2013) that action was being taken for notifying the non-forest land received in lieu of diversion of forest land.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. The State CAMPA did not reconcile the accounts with Ad-hoc CAMPA. There was a difference of ₹ 0.49 crore between the amount remitted by the State CAMPA and the amount actually received by Ad-hoc CAMPA. No action was taken by state CAMPA to reconcile the difference as of

December 2012. It was observed that no separate account under corpus fund for conservation and protection of protected areas was maintained for a sum of ₹1.5 crore received from user agency for diversion of 0.43 ha from Mahatma Gandhi National Park, South Andaman as required in State CAMPA guidelines. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry accepted the audit observations (April 2013).

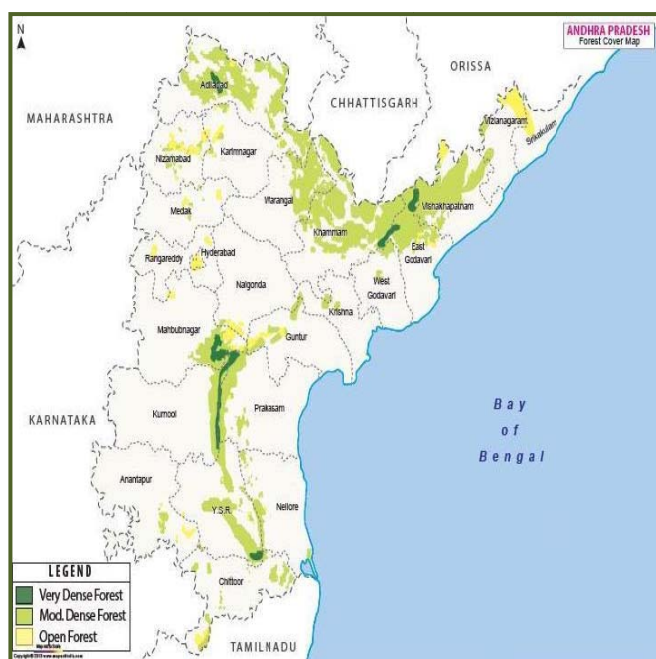
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Andaman & Nicobar CAMPA met three times during 2009-12 as against six times. The Executive Committee met three times during 2009-12. The Governing body did not meet in the years 2009-12.

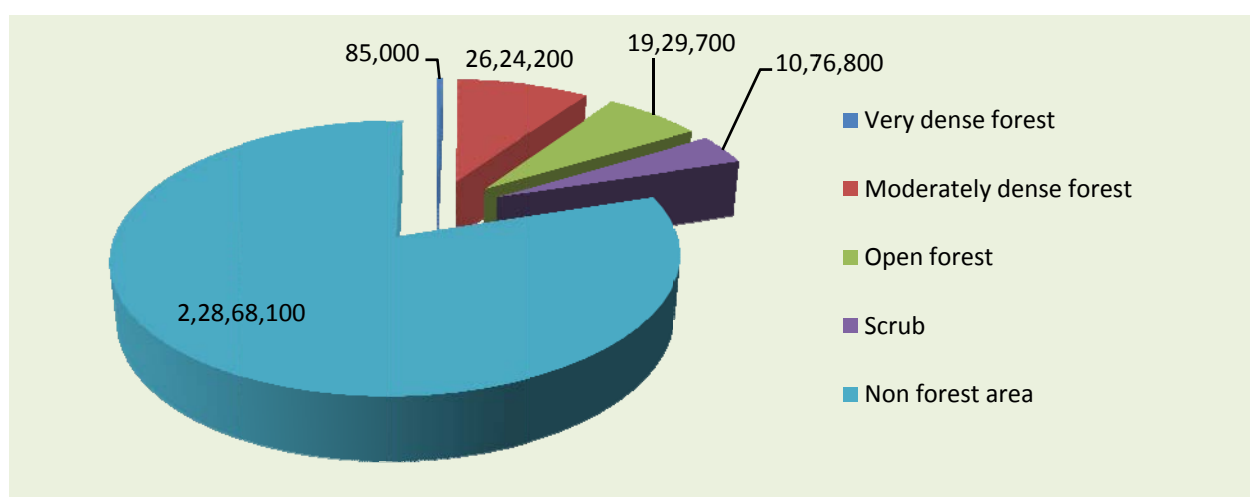
Andhra Pradesh

1. Background⁷

The total geographical area of Andhra Pradesh is 2,75,06,900 hectare. Based on the interpretation of satellite data of October 2008- March 2009, the forest cover in the State was 46,38,900 hectare which was 16.86 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 85,000 hectare of area under very dense forest, 26,24,200 hectare of area under moderately dense forest and 19,29,700 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a decrease of 28,100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in September 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

⁷Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁸
2006-07	270.85	Nil	Nil	
2007-08	270.42	Nil	Nil	
2008-09	234.83	Nil	Nil	
2009-10	677.84	89.78	10.87	78.91
2010-11	467.64	120.74	82.83	116.82
2011-12	183.96	118.57	153.56	81.83
Total	2105.54	329.09	247.26	

As can be seen from the table, in compliance with the orders of the Supreme Court, 16 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 329.09 crore released, 25 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Andhra Pradesh that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 22 cases ⁹ involving forest land of 1,053.10 ha in which NPV was not collected from the user agencies ¹⁰ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	61.08 ¹¹
2	The Supreme Court revised the rate of NPV in March 2008. However test check of records of Paloncha and Bhadrachalam forest divisions revealed that NPV was not collected from user agency ¹² at revised rates. Ministry stated (April 2013) that at the time of stage-I clearance, the area of 101.81 ha was part of wildlife sanctuary and the area became part of national park only after compliance of stage-I conditions and there was no justification to apply the rate of NPV retrospectively. The reply of Ministry is not tenable as the revised rates of NPV were applicable in all cases where final approval was granted by MoEF after 28 March 2008, for diversion of forest land.	41.42

⁸Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁹ As per status report of MoEF issued on 16 March 2012.

¹⁰ NHAI, M/s Prasad seeds Ltd., Vamshadhara Project, SCCL, Ananthapur mining corpn., M/s Amara Raja Batteries Ltd., M/s S. Shankar Reddy, Kakatiya Cement Sugar Industrial, M/s SwamyKasiRatnam, M/s KCP Ltd, M/s NCL Industries, M/s Essar Steels Ltd., M/s Singareni Collieries Company, M/s Tirumala Granites etc.

¹¹Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (1,053.10 x 5.80).

¹²Indira Sagar Polavaram Project

Sl. No.	Description	Amount
3	In Nalgonda forest division while permitting diversion of 377 ha forest land for construction of Pulichintala Reservoir Project in Nalgonda during August-October 2007, 102.80 ha forest land was not included in the initial proposal. This resulted in non-recovery of NPV from user agency besides non providing of non-forest land by user agency. Ministry stated (April 2013) that the additional area of 102.80 ha was still under the control of state forest department and the user agency had also been informed to stop the work immediately. There was ambiguity in the Ministry's reply as on one hand it clarified that additional area of 102.80 ha was under the control of state forest department and on the other, it directed the user agency to stop the work on forest area.	7.20
4	In three forest divisions ¹³ NPV of ₹ 3.86 crore was not realised from the user agencies to whom final approval was granted during 1998 to 2004. Of this amount ₹ 3.46 crore was recovered from user agency and deposited into Ad-hoc CAMPA on 23 November 2012 at the instance of audit. Ministry stated (April 2013) that action for recovery of NPV from user agency or cancellation of mining lease was being taken in these cases.	0.40
	Total	110.10

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV¹⁴		64.52	7.28		101.60	73.18		157.93	142.44
Compensatory Afforestation		22.77	3.59		23.37	9.31		11.28	10.52
Protected Area¹⁵		0	0		0	0		0	0
CAT Plan		0	0		0	0		0	0
Other specified activities		0	0		0.34	0.34		0.60	0.60
Total	89.78	87.29	10.87	120.74	125.31	82.83	118.57	169.81	153.56

¹³ Anantapur (Diversion of forest land of 4.00 ha in Mutchukota Reserve Forest of Gooty Range in favour of M/s Mahaboob Minerals Pulivendula), Vishakapatnam (Diversion of 1.88 ha of forest land in Bayyavaram forest block for widening of NH 5) and Eluru (Diversion of 39.27 ha of Reserve Forest land of construction of Reservoir across Kovvada Kaluva in West Godavari District)

¹⁴ NPV is spent on protection, conservation and management of forest

¹⁵ Protected Area Funds is spent on wildlife management

From the table, it is evident that the percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was 12 *per cent* in 2009-10 and 69 *per cent* in 2010-11. Further, the implementing agencies could not expend the entire amount released by the State CAMPA in the years 2009-10, 2010-11 and 2011-12. The levels of expenditure were 12 *per cent* in 2009-10 and 66 *per cent* in 2010-11 and 90 *per cent* in 2011-12 when compared with amounts released. APOs for 2010-11 and 2011-12 were approved by the Steering Committee after a delay of five months and funds released in October 2010 for the year 2010-11 and in August 2011 for the year 2011-12. Though the percentage of expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 2,359.07 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁶ – 13,566.39 ha ¹⁷ As per records of NO – 14,208.60 ha
Non forest land received in lieu	As per records of RO – 9,512.17 ha As per records of NO – 10,168.63 ha
Non forest land short received	As per records of RO – 4,054.22 ha As per records of NO – 4,039.97 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 315.87 ha On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – 1,481.84 ha On Non forest land – NA
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 2,360.39 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 230.80 ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 13,566.39 ha and the non forest land received in lieu thereof was only 70 *per cent* while as per records of NO the figures were 14,208.60 ha and 72 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF

¹⁶ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁷ Excluding exempted projects

while as per NO out of 2,360.39 ha non forest land transferred/ mutated in favour of forest department only 230.80 ha non forest land was declared as RF/PF. As per records of NO, afforestation was done on 1,481.84 ha degraded forest land and no afforestation was done on non forest land.

5.2 Irregularities observed in land management

Sl. No.	Nature of irregularity	Description
1	False reporting of compliance with in principle approval conditions	In Kothagudem forest division taking over of 210.44 ha non forest land in Kadapa forest division in compliance with Stage I condition for diversion of 231.94 ha forest land in favour of Singareni Collieries Company (P) Ltd in 2006 was wrongly reported and based on it Stage II clearance was given. Subsequently, in January 2009 demarcation of boundaries of 210.44 ha could not be done. Ministry stated (April 2013) that user agency had been informed to provide alternative CA land at the earliest.
2	Non declaration of CA land as sanctuary as per orders of MoEF	In Kurnool forest division in March 1993, MoEF granted approval for diversion of 177.47 ha forest land for Srisailam Right Branch Canal with the condition that the character of non-forest land identified for CA should be maintained as habitat for Great Indian Bustard (GIB) and declared a 'Sanctuary'. The user agency provided 246.77 ha non forest land for execution of CA in Rollapadu and Sunkesula villages in Midthur Mandal of Kurnool in 1990 to State Forest Department but it was not declared as sanctuary to be maintained as habitat for GIB as of December 2012. Ministry stated (April 2013) that the concerned forest division had now been instructed to get the area notified as sanctuary under Wildlife Protection Act 1972 within a month.
3	Non raising of canal bank plantations as per orders of MoEF	In Anantapur forest division in November 2006 MoEF granted approval for diversion of 118.71 ha of forest land ¹⁸ for Chitravathi balancing Reservoir canal, with the condition that canal bank plantation shall be undertaken at the project's cost. However, neither an action plan for raising of canal bank plantation was prepared by the forest department nor funds obtained from the user agency (Irrigation Department), as a result no such work was done (December 2012). Ministry stated (April 2013) that action for canal bank plantations were being taken by concerned divisions.
4	Non establishment	In Anantapur forest division in May 2002, diversion of 4.05 ha of forest land in Mutchukota RF was permitted by MoEF on the condition that a

¹⁸110.78 ha in Dadithota RF of Anantapur Division and 7.93 ha in Dorigallu RF of Proddatur Division

Sl. No.	Nature of irregularity	Description
	of green belt as per orders of MoEF	plan for enriching surrounding areas of the cluster of mines by developing green belt/enrichment plantation and SMC ¹⁹ works would be implemented at the cost of all lease holders. However, no such activity was undertaken despite a provision of ₹ 0.04 crore made for the purpose. Ministry stated (April 2013) that green belt plantation would be taken up during the year 2013-14.
5	Transfer of disputed land	In June 1999, MoEF granted approval for diversion of 100 ha forest land in Mancherial Forest Division for mining of lime stone in favour of M/s Orient cement company Limited, which was later revised in favour of M/s AP Mineral Development Corporation. Of the 100 ha non forest land provided by user agency for CA, 40 ha non forest land was identified by forest department as disputed land and under cultivation by the villagers. Ignoring this fact, MoEF granted renewal of lease for a further period of 20 years in June 2009. Ministry stated (April 2013) that the matter was being pursued with the district collector, Adilabad for allotment of alternative CA land of 40 ha.
6	Forest land transferred to Forest Department	339.34 ha of forest land accepted in Srikakulam division for raising CA in lieu of diversion of 567 ha of forest land in favour of M/s Singareni Collieries Company (P) Ltd during the period 2006-08, was subsequently found to be already in the possession of the forest department as un-notified forest blocks with growth stock since 1976. Ministry stated (April 2013) that matter for early notification of CA land of 339.34 ha and raising of CA thereon would be pursued vigorously.
7	Acceptance of already afforested land for afforestation	In Kadapa forest division, the 25.08 acres of purportedly non forest land transferred in lieu of diversion of 6.70 ha forest land in August 2010 for development of Dr. YSR Smruthi Vanam, was found to have been already afforested with red sanders plantation raised during 2007-08 by A.P. Forest Development Corporation at a cost of ₹ 0.17 crore.

6. Status of Accounts and audit of State CAMPA Accounts

Accounts for the year 2009-10 and 2010-11 had been prepared in the prescribed format. Accounts for the year 2011-12 had not been received as of December 2012. Audit of annual accounts for the years 2009-10 and 2010-11 had been completed and Separate Audit Reports on the Accounts were in the process of being finalised (April 2013). Further, as per state CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

¹⁹ Soil and Moisture Conservation

Ministry stated (April 2013) that the formats of account were adopted as prescribed by state forest department and these accounts were also audited by chartered accountants. The fact remains that the accounts were not prepared in the format prescribed by the Accountant General.

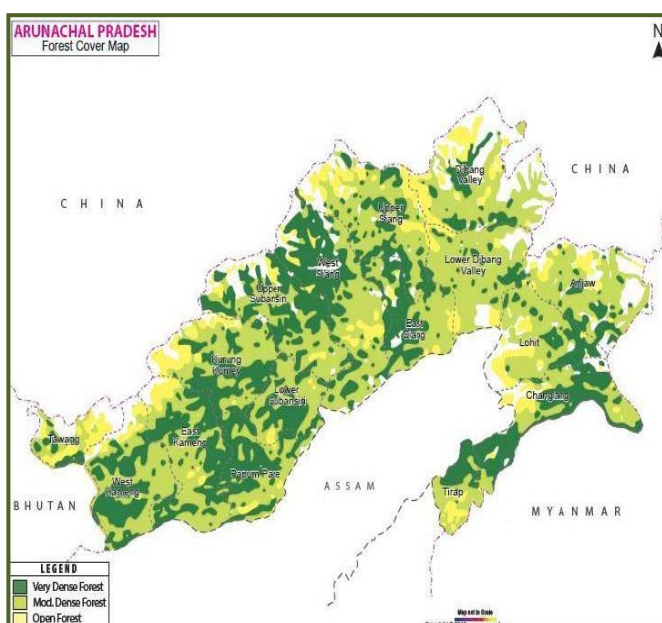
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee and Executive Committee of Andhra Pradesh CAMPA met three times during 2009-12 as against six times.

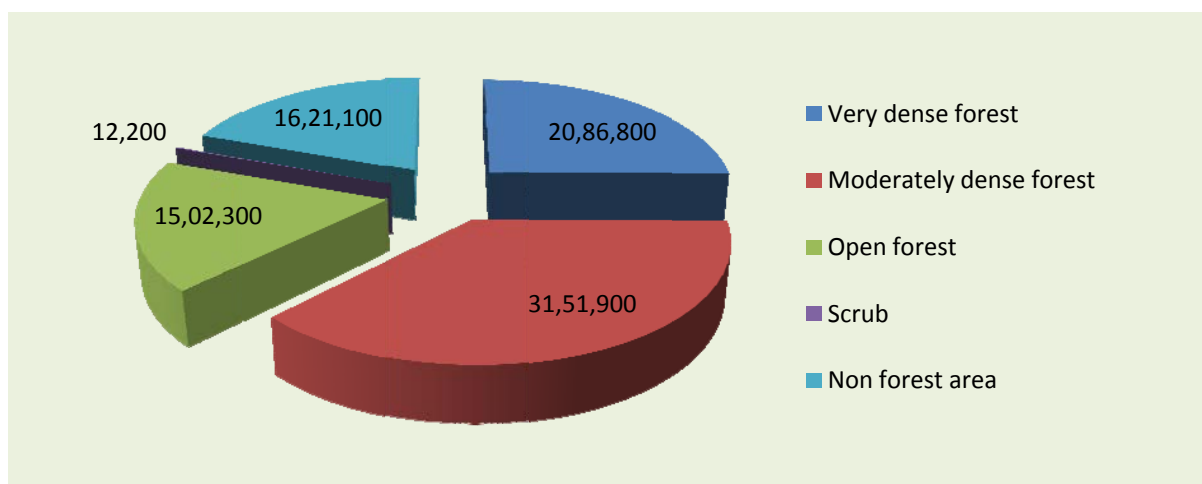
Arunachal Pradesh

1. Background²⁰

The total geographical area of Arunachal Pradesh is 83,74,300 hectare. Based on the interpretation of satellite data of November - December 2008, the forest cover in the State was 67,41,000 hectare which was 80.50 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 20,86,800 hectare of area under very dense forest, 31,51,900 hectare of area under moderately dense forest and 15,02,300 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a decrease of 7,400 hectare in the 2011 assessment



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in October 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²⁰ Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²¹
2006-07	111.28	Nil	Nil	
2007-08	24.80	Nil	Nil	
2008-09	20.27	Nil	Nil	
2009-10	53.00	Nil	Nil	Nil
2010-11	184.19	34.16	6.53	27.63
2011-12	45.28	41.19	NA ²²	68.82
Total	438.82	75.35	6.53	

As can be seen from the table, in compliance with the orders of the Supreme Court, 17 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2010-12. Of ₹ 34.16 crore released in 2010-11, 81 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 5.06 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Arunachal Pradesh that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 5 cases ²³ involving forest land of 264.43 ha in which NPV was not collected from the user agencies ²⁴ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	15.34 ²⁵
2	NPV/CA of ₹ 32.59 crore ²⁶ was not realized from user agencies ²⁷ to whom diversion of forest land was granted by MoEF during the years 2010-12 (December 2012). Ministry stated (April 2013) that user agencies invariably transfer the fund at their convenience within a period of five years for	32.59

²¹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²² Information not made available by State CAMPA

²³ As per status report of MoEF issued on 16 March 2012.

²⁴ BRTF

²⁵ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (264.43 x 5.8)

²⁶ NPV of ₹24.25 crore and CA of ₹ 8.34 crore

²⁷ BRTF, PWD, M/s Adishankar Power Private Ltd, M/s KSK Dubbin Power Private Limited, etc.

Sl. No.	Description	Amount
	compliance of stipulated conditions of stage-I approval as per FC Act 1980 and Ministry's letter dated 14 September 2001. Ministry's reply was not based on facts as no such condition was stipulated in Ministry's in principle approval for grant of diversion of forest land.	
3	PCA of ₹0.20 crore was not realized from user agency (State PWD) to whom diversion of forest land was granted by MoEF in 2001 for construction of roads from Etalin to Malinye and from Anini to Mipi. Ministry stated (April 2013) that efforts were being made to recover outstanding dues from user agency.	0.20
	Total	48.13

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ²⁸					16.99	4.56		NA	NA
Compensatory Afforestation					4.40	1.72		NA	NA
Protected Area ²⁹					0	0		NA	NA
CAT Plan					0.56	0.22		NA	NA
Other specified activities					1.01	0.03		NA	NA
Total	Nil	Nil	Nil	34.16	22.96	6.53	41.19	NA	NA

No APO was prepared and submitted for the year 2009-10. APO for the years 2010-11 and 2011-12 was submitted after a delay of four months, as a result, State CAMPA could utilize only 19 per cent of the funds released by Ad-hoc CAMPA in the year 2010-11. Further, there was delay in release of funds by Ad-hoc CAMPA to State CAMPA for the year 2011-12. The funds were released by Ad-hoc CAMPA in the month of November for the year 2011-12. State CAMPA released funds to its four divisions³⁰ in the month of March. The percentage of release of funds in the month of March ranged from 36 to 100. Low level of spending raises concerns on the absorptive capacity of the State considering that ₹ 799.01 crore (including

²⁸ NPV is spent on protection, conservation and management of forest

²⁹ Protected Area Fund is spent on wildlife management

³⁰ Likhabali, Banderdewa, Hapoli, Anjaw

interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

Ministry stated (April 2013) that late preparation of APO was inevitable as it involved multiple level offices, like field, CAMPA Cell, Executive Committee & Steering Committee. However, efforts would be made to prepare APO in advance in future.

4.2 Irregularities in utilisation of funds

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check of records of State CAMPA revealed that expenditure was incurred on purchase of vehicles (₹ 0.79 crore), construction of residential buildings (₹ 2.19 crore), office equipment, mobiles and furniture (₹ 0.12 crore). Ministry stated (April 2013) that restrictions for incurring expenditure on certain items had been objected by the states and to settle these objections of states, a high level committee was constituted by NCAC. Decision of NCAC was awaited. Action would be taken in accordance with the decision taken in this regard.	3.16
2	Irregular expenditure on Integrated Agro-Horti-Silviculture Scheme	State CAMPA's proposal to implement "Rehabilitation of Jhumed areas through Integrated Agro-Horti-Silvicultural Cultivation" Scheme in the APO for 2010-11 was disallowed by the MoEF (Sept 2011) as such activity was not permitted from CAF. The State CAMPA wrote a letter to MoEF (Jan 2012) justifying the expenditure on the scheme and implemented it in Sanglee Forest division from CAF. Ministry stated (April 2013) that restrictions for incurring expenditure on certain items had been objected by the states and to settle these objections of states, a high level committee was constituted by NCAC. Decision of NCAC was awaited. Action would be taken in accordance with the decision taken in this regard (April 2013). It further added that Governing body had passed a resolution to continue with the scheme in view of weaning away the people from destruction of forest in the interest or conservation of forests and therefore it should be allowed being site specific scheme. The reply of the Ministry is not tenable as the said scheme was undertaken without the approval of MoEF/NCAC.	0.06
3	Excess Expenditure on	Banderdewa forest division incurred excess expenditure of ₹ 0.05 crore on procurement of 20 Global Positioning System (GPS) at the rate of ₹ 0.45 lakh/GPS in March 2011 whereas the	0.05

Sl. No.	Nature of irregularity	Description	Amount
	procurement of Global Positioning System (GPS).	same division purchased 40 GPS at the rate of ₹ 0.21 lakh/GPS in March 2012. Ministry stated that concerned division had been requested to furnish factual position justifying the action taken on this issue.	
4	Diversion of funds to activities other than Compensatory Afforestation	Anjaw Forest Division incurred excess expenditure of ₹ 2.58 lakh (₹ 7.03 lakh – ₹ 4.45 lakh) on Construction of SPT Type – II building whereas no expenditure was made on Compensatory afforestation and Human Resource Development though funds amounting to ₹ 2.82 lakh and ₹ 2.50 lakh respectively were released for the same. Ministry stated (April 2013) that DFO's had been directed to maintain financial discipline.	
	Total		3.27

4.3 Non-furnishing of information/records to Audit.

State CAMPA did not furnish the following information/records though called for in Audit.

- Records of collection of amounts from user agencies and its remittance to Ad-hoc CAMPA.
- Records of diverted forest lands falling within protected areas under Wildlife Act and in case of diversion whether a separate corpus fund created.
- Records of cases wherein non-forest land was provided/not provided by user agency in lieu of forest lands. Further, if provided whether it is declared as RF/PF.
- Details for Amount of CA spent on double degraded forest land and non-forest/degraded forest areas identified for Afforestation.
- Cases wherein non availability of non-forest land was certified by Chief Secretary and Afforestation was done over double area of degraded forest.
- Cases wherein exemption were allowed to certain categories of user agencies such as school, hospital, PWD road etc. for the period w.e.f. January 2006 to April 2008.
- Cases wherein diversion of forest land was made for mining purpose.
- Cases wherein rights of forest dwellers were infringed by the action/ steps taken by the department.
- Records regarding number and type of trees felled /planted in the process of diversion and Afforestation respectively and survival report of plantations.
- Cases wherein legal status of forest lands were changed.

Ministry stated (April 2013) that record of collection of amounts was provided to audit and other information /records were provided to audit in tabular form. The fact remains that Ministry/concerned divisions did not provide the original records as called for by audit for verification.

Photos of some selected field plantations



Beat Office of forests at Kimin under DFO Banderdewa



Plantation at Gogar Village at DFO Likhabali

5. Land Management

5.1 Fact Sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ³¹ – 684.14 ha ³² As per records of NO – 2,547.16 ha
Non forest land received in lieu	As per records of RO – 89.49 ha As per records of NO – 205.86 ha
Non forest land short received	As per records of RO – 594.65 ha As per records of NO – 2,341.30 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – NA On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – NA On Non forest land – NA
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – NA
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – NA

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 684.14 ha and the non forest land received in lieu thereof was only 13 *per cent* while as per records of NO the figures were 2,547.16 ha and eight *per cent*. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF, no afforestation was done on non forest land as well as on degraded forest land.

³¹ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

³² Excluding exempted projects

5.2 Irregularities observed in land management

Nature of irregularity	Description
Shortfall in execution of CA work	CA was done only on 6,748 ha land against 19,198 ha forest land diverted upto the year 2010-11 which was only 35 percent of total area. Further, against CA on 10,500 ha land planned <i>per cent</i> for the years 2010-11 to 2014-15, CA only on 2,047 ha land i.e. 19.50 only was done. Accepting the facts, Ministry stated (April 2013) that shortfall in execution of CA work was due to (i) fund constraint (ii) non completion of process for notification of identified land (iii) limitation of manpower resources in the field.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, state CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. During the test check of records of State CAMPA it was found that State CAMPA did not maintain cash book and subsidiary ledgers properly for the funds received from Ad-hoc CAMPA and expenditure incurred there from. In the absence of cash book and subsidiary ledgers, the receipts and payments of the year 2011-12 could not be verified in audit. No reconciliation of CAMPA balances was done with bank statements, the variations ranged between ₹ 0.01 crore and ₹ 0.55 crore for the period 2010-12.

Further, as per state CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted. Ministry accepted the audit observations (April 2013).

6.1 Less expenditure on compensatory afforestation in regular budget of State.

It was seen from detailed appropriation accounts for the year 2010-11 & 2011-12 that the expenditure against Compensatory Afforestation from the regular budget of the State Government decreased from ₹ 4.16 crore in 2010-11 to ₹ 1.25 crore in 2011-12. It indicated that the State Government had reduced its share of expenditure on CA.

7. Monitoring

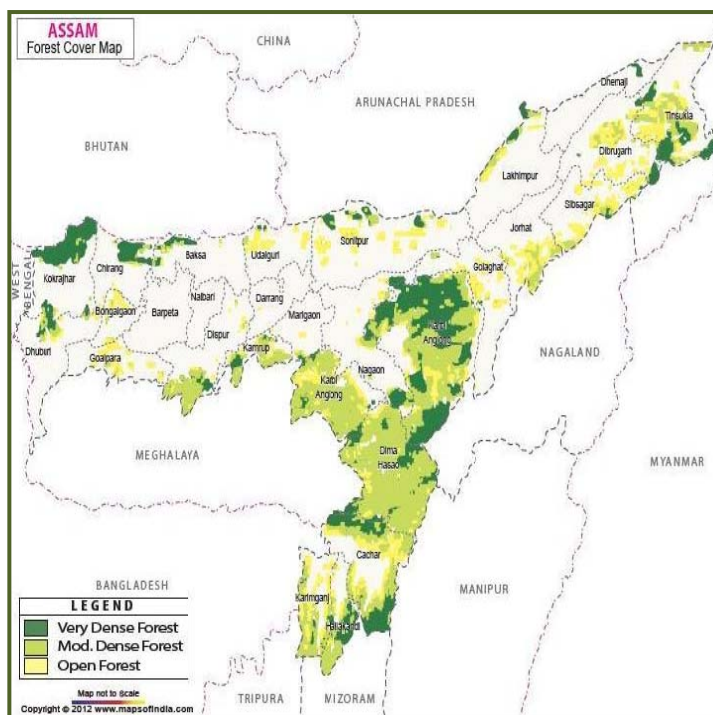
As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. During test check of records CAMPA it was found that there was shortfall in the meetings of Steering Committee and Executive Committee during the years 2009-10 to 2011-12. Steering Committee and Executive Committee did not meet in the year 2009-10 and these met only once in place of twice in the years 2010-11 and 2011-12. The Governing body met twice during 2009-12.

Accepting the facts Ministry stated (April 2013) that efforts were being made to conduct required number of meetings in future.

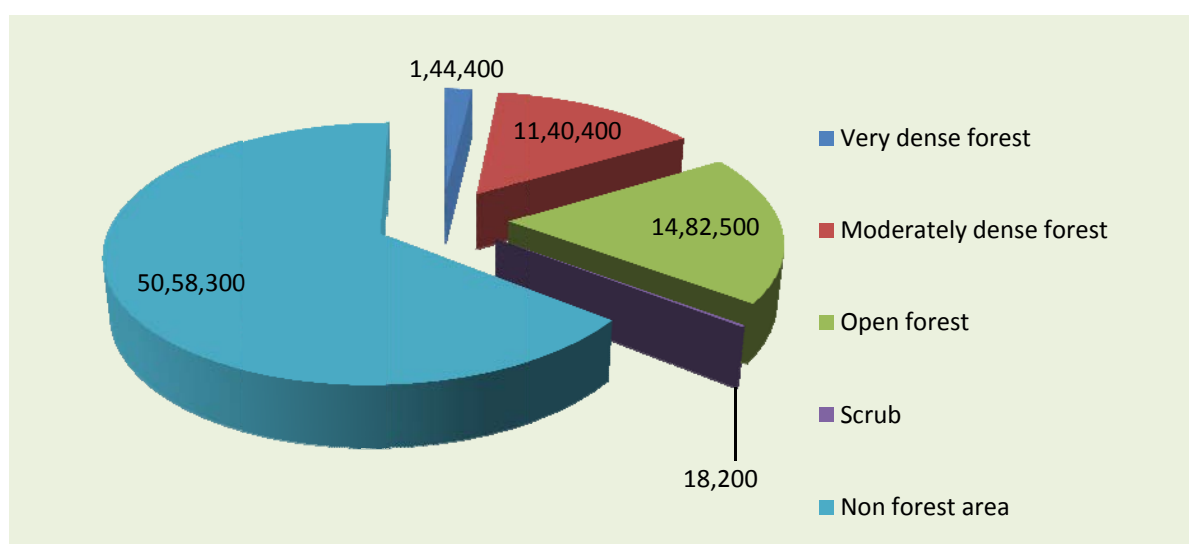
Assam

1. Background³³

The total geographical area of Assam is 78,43,800 hectare. Based on the interpretation of satellite data of November 2008- January 2009, the forest cover in the State was 27,67,300 hectare which was 35.28 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 1,44,400 hectare of area under very dense forest, 11,40,400 hectare of area under moderately dense forest and 14,82,500 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal loss of 1,900 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in August 2007. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

³³Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ³⁴
2006-07	4.86	Nil	Nil	Nil
2007-08	5.39	Nil	Nil	Nil
2008-09	102.23	Nil	Nil	Nil
2009-10	13.91	12.38	NIL	12.38
2010-11	18.77	10.45	0.12	22.71
2011-12	12.66	Nil	11.42	11.29
TOTAL	157.82	22.83	11.54	

As can be seen from the table, in compliance with the orders of the Supreme Court, 14 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 22.83 crore released against APOs, 49 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 26.64 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Assam that came to the notice of audit are given below. The gist of these cases is also given in table 26 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	The Supreme Court revised the rate of NPV in March 2008. However test check of records of Sivasagar division revealed that NPV was not collected from user agency (ONGC) at revised rates for diversion of 4.09 ha forest land. Ministry stated (June 2013) that there was no short realisation of NPV as 10 per cent discount was not allowed in this case. The reply of Ministry was not based on facts as 10 per cent discount on inadmissible items was allowed with the result NPV was short realised.	0.04
2	User agency (M/s NEEPCO Ltd.) unauthorisedly occupied 3,685.60 ha forest land in 1976-1977 for construction of Kapili hydroelectric project which was regularised by MoEF in 1993. The following irregularities were noted in this case <ul style="list-style-type: none"> NPV of ₹ 2.44 crore @ ₹ 6,625.55 per ha was collected instead of at minimum rate of NPV ₹ 5.80 lakh per ha fixed by the Supreme Court, resulting in short 	211.32

³⁴ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

Sl. No.	Description	Amount
	<p>realization of NPV of ₹ 211.32 crore and consequent loss of interest of ₹ 59.17 crore.</p> <ul style="list-style-type: none"> CA of ₹ 7.15 crore was also short realized due to non-consideration of double the area of forest diverted to cover CA which also resulted in loss of interest of ₹ 4.79 crore <p>Ministry stated (June 2013) that cost of CA and overheads were estimated as per the procedure prevailing at that point of time. The reply of Ministry is not tenable as cost of CA and overheads was short realised due to non-consideration of double the area of forest diverted as required in FC Act 1980.</p>	7.15
3	<p>NPV/CA etc. of ₹ 2.96 crore was not realized from the user agency (PWD, NEC Division) to whom 35.79 ha forest land was diverted for construction of Zamuang-Haripgow-Dullavcherra road in 2008. This also resulted in loss of interest of ₹ 0.53 crore.</p> <p>Ministry stated (June 2013) that the user agency had not deposited the amount of NPV/CA in compliance of stipulated conditions and the proposal had still not been finalised. The reply of Ministry is not tenable as the Ministry had not initiated any action to revoke the in principle approval granted in this case.</p>	2.96
4	<p>A bank draft for CA and other charges for ₹ 1.45 crore was received from user agency (NHPC Ltd, Dhemaji) in July 2004 in lieu of diversion of 245 ha forest land for lower Subarnasiridam project but the draft was not deposited into the account of Ad-hoc CAMPA in time due to which it became time barred and was returned to user agency. It was seen that revalidated draft for ₹ 1.45 crore was not received as of December 2012 resulting in non-realization of CA and other charges of ₹ 1.45 crore and consequent loss of interest thereof of ₹ 0.51 crore.</p> <p>Ministry stated (June 2013) that amount of CA and other charges of ₹ 1.45 crore with the interest had been realised from user agency and deposited into Ad-hoc CAMPA account. However, relevant details of deposits stated to have been enclosed with the reply were not furnished.</p>	1.45
5	<p>In Dhemaji forest division, NPV of ₹ 0.36 crore was short realized from a user agency to whom 816.3 ha forest land was diverted for two projects in 2004 resulting in loss of interest of ₹ 0.12 crore for eight years. No action was taken to recover outstanding amount of NPV of ₹ 0.36 crore and interest of ₹ 0.12 crore from the user agency.</p> <p>Ministry stated (June 2013) that NPV had been realised in these cases and deposited into CAMPA account/state government account. However, relevant details of deposits stated to have been enclosed with the reply was not furnished.</p>	0.36
	Total	223.28

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ³⁵		3.75			12.77	0		13.47	0.46
Compensatory Afforestation		2.01			0	0.12		66.62	1.06
Protected Area ³⁶		1.97			3.94	0		5.56	0
CAT Plan		0			0	0		0	0
Other specified activities		1.16			10.97	0		5.59	9.90
Total	12.38	8.89	Nil	10.45	27.68	0.12	Nil	91.24	11.42

Funds were released by Ad-hoc CAMPA for the year 2009-10 without submission of the APO. The percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was zero *per cent* in 2009-10 and one *per cent* in 2010-11. No funds were released by Ad-hoc CAMPA in 2011-12. Further, the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2009-10 and 2010-11. The levels of expenditure were zero *per cent* in 2009-10, below one *per cent* in 2010-11 and 13 *per cent* in 2011-12 of the amounts released. Though the percentage of expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 353.81 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Irregular release of funds	An amount of ₹ 0.33 crore was released in July 2010 by state CAMPA without ascertaining the availability of 4.5 ha suitable land for nursery and as such the entire amount remained unutilized in Jorhat & Karimganj forest division.	0.33

³⁵ NPV is spent on protection, conservation and management of forest

³⁶ Protected Area Fund is spent on wildlife management

Sl. No.	Nature of irregularity	Description	Amount
		Ministry stated (June 2013) that in Jorhat division, the work of establishment of nurseries had been undertaken and in Karimganj division, the work would be undertaken soon. The reply of Ministry is not tenable as the work to be taken up in the year 2010-11, was yet to be completed.	
2	Non creation of distinct corpus	No distinct corpus was created out of monies realized from the user agencies for undertaking protection and conservation of forest exclusively in protected areas of the State as required in the Supreme Court's orders and State CAMPA guidelines. Ministry stated (June 2013) that amount realised from user agency had been kept with Chief wild life warden and a separate corpus would be formed as soon as the money would be spent for wild life area. The reply of Ministry is not tenable as no distinct corpus was created for the funds received for protected areas as required under the Supreme Court's orders and State CAMPA guidelines.	
	Total		0.33

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ³⁷ – 43.88 ha ³⁸ As per records of NO – 2,523.35 ha
Non forest land received in lieu	As per records of RO – 28.50 ha As per records of NO – Nil
Non forest land short received	As per records of RO – 15.38 ha As per records of NO – 2,523.35 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 1,989.06 ha On Non forest land – 152.00 ha
Area on which CA done as per NO	On degraded forest land – 1,989.06 ha On Non forest land – 152.00 ha
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

³⁷ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

³⁸ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 43.88 ha and the non forest land received in lieu thereof was only 65 *per cent* while as per records of NO the figures were 2,523.35 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, afforestation was done on 152 ha non forest land and on 1,989.06 ha degraded forest land.

5.2 Irregularities in land management

Nature of irregularity	Description
Shortfall in execution of CA work	Against target of 1,389.06 ha degraded forest land, funds were released for CA on 165.79 ha land only for the year 2010-11. Reasons for short release of funds for execution of CA work were not on record. Accepting the facts, Ministry stated (June 2013) that remaining plantation had been undertaken during 2011-12 and was in progress.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be prepared in the common format of accounts prescribed for Autonomous Bodies. However, State CAMPA did not prepare its annual accounts for the year 2009-10 in the prescribed format. In the absence of proper accounts, these could not be audited. Annual Accounts was prepared in prescribed format for the year 2010-11 only. During the test check of records of State CAMPA it was found that State CAMPA did not maintain cash book and subsidiary ledgers for the funds received from Ad-hoc CAMPA and expenditure incurred therefrom. In the absence of cash book and subsidiary ledgers, the receipts and payments of the years 2009-10 to 2011-12 could not be verified in audit.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted. Ministry stated (June 2013) that the accounting procedure adopted by state CAMPA had since been formulated and circulated to all concerned units for implementation.

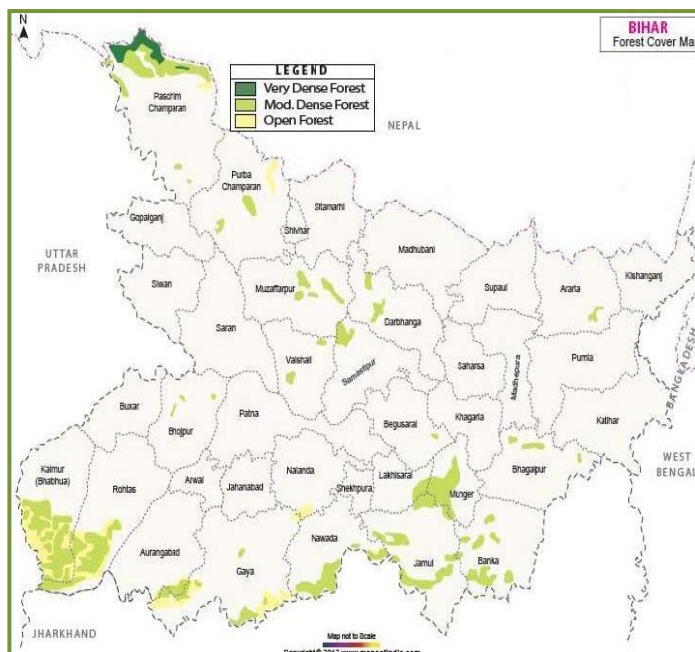
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Assam CAMPA met once during 2009-12 as against six times. The Executive Committee met two times during 2009-12. The Governing body did not meet since its establishment in August 2009. Accepting the facts, Ministry stated (June 2013) that the meeting of governing body was being organised shortly.

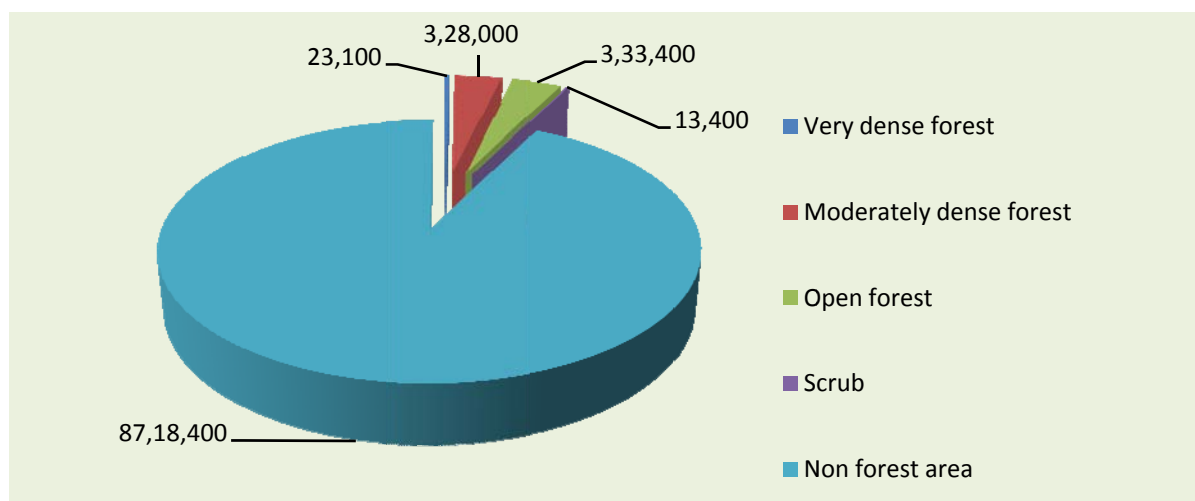
Bihar

1. Background³⁹

The total geographical area of Bihar is 94,16,300 hectare. Based on the interpretation of satellite data of November 2008- January 2009, the forest cover in the State was 6,84,500 hectare which was 7.27 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 23,100 hectare of area under very dense forest, 3,28,000 hectare of area under moderately dense forest and 3,33,400 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed an increase of 4,100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in January 2010. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

³⁹Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁴⁰
2006-07	42.23	Nil	Nil	
2007-08	0.56	Nil	Nil	
2008-09	45.82	Nil	Nil	
2009-10	22.20	7.73	Nil	7.73
2010-11	22.80	8.67	5.60	10.80
2011-12	38.73	8.04	NA ⁴¹	18.84
Total	172.34	24.44	5.60	

As can be seen from the table, in compliance with the orders of the Supreme Court, 14 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009 and 2012. Of ₹ 16.40 crore released between 2009 and 2011, 66 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 1.44 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

Ministry accepted the audit observation (April 2013).

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc in Bihar that came to the notice of audit are given below. The gist of these cases is also given in table27 in Chapter

(₹ in crore)

Sl. No.	Description	Amount
1	Against total demand of NPV/CA etc. of ₹ 75.83 crore raised during the years 2007-10, the user agencies ⁴² paid ₹ 68.57 crore as of December 2012 resulting in short realisation of ₹ 7.26 crore. Ministry stated (April 2013) that the user agencies were being directed for depositing the outstanding amount of NPV/CA.	7.26
2	In Nawada Forest division, though 'in principle' approval to diversion of 330.70 ha of forest land for construction of Koderma-Tilaiya Railway line was granted in June 2011, the demand for CA of ₹ 4.10 crore was sent to the Railway authorities in October 2012 i.e. after a delay on 16 months and it remained unpaid as of January 2013. Accepting the facts, Ministry stated (April 2013) that amount of CA was not deposited by the user agency despite several reminders.	4.10
	Total	11.36

⁴⁰Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁴¹Information not provided by State CAMPA

⁴²National Highways Authority of India, Eastern Railways, IRCON, CPWD, Power Grid Corporation of India Ltd and State agencies

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV⁴³					4.05	3.26		5.33	NA
Compensatory Afforestation					1.09	0.95		3.25	NA
Protected Area⁴⁴					1.00	0.56		0	NA
CAT Plan					0	0		0	NA
Other specified activities					1.03	0.83		0.81	NA
Total	7.73	Nil	Nil	8.67	7.17	5.60	8.04	9.39	NA

From the table, it is evident that the implementing agencies could not expend substantial portion of amount released by the Ad-hoc CAMPA. The levels of expenditure were zero in 2009-10, and 64 per cent in 2010-11 of the amounts released. The low levels of spending could be attributed to delayed release of funds. The funds for 2009-10 were released in November 2009 and for 2010-11 in March 2011. In fact, the release for 2009-10 and 2010-11 was made without the receipt of APO. Further, there was delay of 12 and 15 months in preparation of APOs for the years 2010-11 and 2011-12, respectively. Thus, there was inadequate planning and identification of key activities to be taken up during the year by the State CAMPA, which may also have resulted in under utilization of funds released e.g. State CAMPA made provision of ₹ 0.09 crore for plantation under Added Natural Regeneration on forest land at Narayanur and Karmdih without ensuring availability of forestland in the year 2011-12 resulting in its non utilization. The slow pace of spending the released funds raises concerns about the absorptive capacity of the State considering that ₹ 167.20 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

Accepting the facts, Ministry stated (April 2013) that there was delay in preparation of APOs due to collection of records and compilation and finalisation of future plan of action.

⁴³ NPV is spent on Protection, Conservation and Management of forest

⁴⁴ Protected Area Funds is spent on Wildlife Management

4.2 Irregularities in utilisation of funds

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	<p>CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of vehicles (₹3.38 crore) during 2010-11 and 2011-12, construction of residential buildings (₹ 1.13 crore) during 2011-12.</p> <p>Ministry stated (April 2013) that audit observation is not correct as expenditure on purchase of vehicles and construction of departmental buildings was allowed in the State CAMPA guidelines. The reply of Ministry is not tenable as expenditure on purchase of vehicles and construction of buildings was allowed upto the range level officials In the instant case such expenditure was incurred for officials above the range level.</p>	4.51
2	Change of plantation site without prior approval of MoEF	<p>Plantation sites were changed without prior approval of MoEF for carrying out bamboo and iron gabion plantation in Singhi-Gundi Raod, Ara and Aurangabad-Amba-Hariharganj road which was in contravention of State CAMPA guidelines.</p> <p>The Ministry accepted the facts (April 2013).</p>	0.45
3	Sub-standard plantation	<p>In Jamui division, the survival rate of plantation was only 50 <i>per cent</i> which was much below the desirable norms of 80 <i>per cent</i> in first year. Thus, the expenditure incurred of ₹ 0.23 crore on substandard plantation was nugatory to the extent of cost of plantation not survived.</p> <p>Accepting the facts, Ministry stated (April 2013) that due to naxal problems all operations could not be carried out in time and excessive bushes covered the new plants which resulted in low survival.</p>	0.23
	Total		5.19

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ⁴⁵ – 3,048.33 ha ⁴⁶ As per records of NO – 2,286.25 ha
Non forest land received in lieu	As per records of RO – 2,029.80 ha As per records of NO – 63.51 ha
Non forest land short received	As per records of RO – 1,018.53 ha ⁴⁷ As per records of NO – 2,222.74 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 2,017.55 ha & 5.5 km On Non forest land – Nil
Area on which CA done as per NO	On degraded forest land – 3,300 ha ⁴⁸ (during 2010-12) On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO-Nil As per records of NO – 2.51ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 3,048.33ha and the non forest land received in lieu thereof was 2,029.8 ha while as per records of NO the figures were 2,286.25 ha and 63.51 ha, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 2.51 ha non forest land transferred/ mutated in favour of forest department no non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation was done on 3,300 ha degraded forest land.

⁴⁵ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁴⁶ Excluding exempted projects

⁴⁷ Arrear land received during this period.

⁴⁸ for 2010-11 to 2011-12

5.2 Irregularities in land management

Nature of irregularity	Description
Execution of works on forest land without approval of MoEF.	<p>MoEF granted in principle approval for diversion of 397.94 ha forest land in five forest divisions for non forest purposes subject to deposit of NPV/CA/PCA of ₹30.42 crore in 95 cases of Road Construction Department. Though the user agency deposited ₹ 6.77 crore, the work on forest land was started without final approval of MoEF.</p> <p>Accepting the facts, Ministry stated (April 2013) that in Bihar state, large scale developmental works were started from 2006-07 in which road construction, strengthening and widening were given top most priority and in 80 of 95 such cases of violation granting of post facto approval under process.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2010-11 and 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited.

Ministry stated (April 2013) that the annual accounts for 2010-11 had been prepared in the departmental format and the annual accounts for the year 2011-12 were being compiled and prepared in the prescribed format.

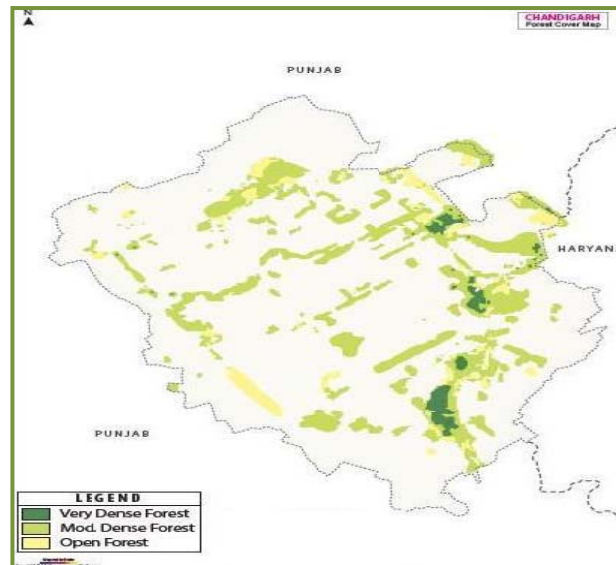
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Bihar CAMPA met three times during 2009-12 as against six times. The Executive Committee met three times during 2009-12. The Governing body met once only during 2009-12.

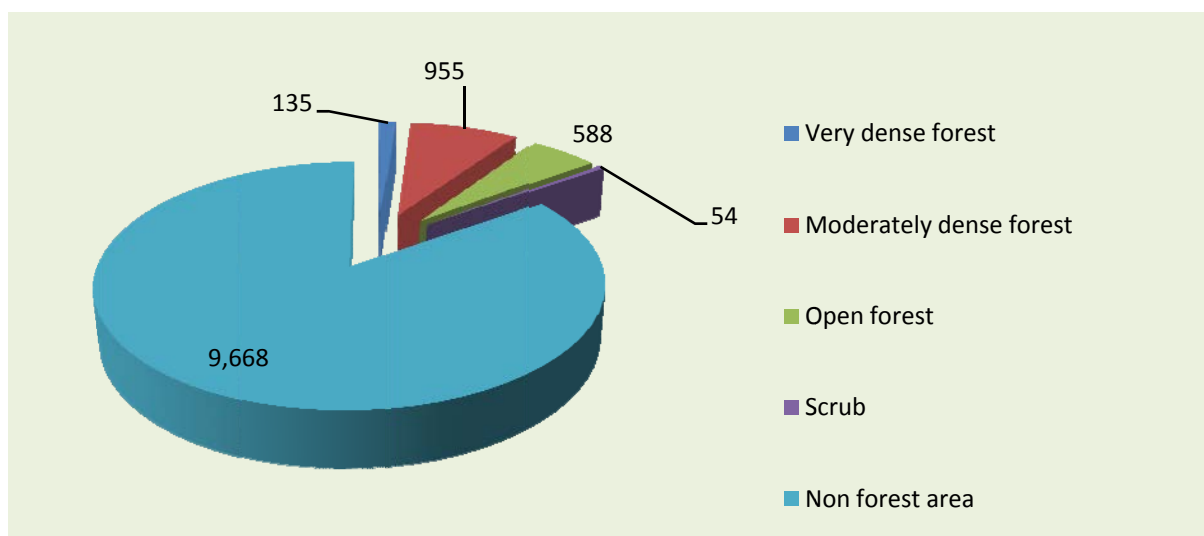
Chandigarh

1. Background⁴⁹

The total geographical area of Chandigarh is 11,400 hectare. Based on the interpretation of satellite data of October 2008, the forest cover in the Union Territory (UT) was 1,678 hectare which was 14.72 per cent of the UT's geographical area. In terms of forest canopy density classes, the UT had 135 hectare of area under very dense forest, 955 hectare of area under moderately dense forest and 588 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed no change in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the UT

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

⁴⁹Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by UT CAMPA from Ad-hoc CAMPA	Expenditure incurred by UT CAMPA	Accumulation of funds with UT CAMPA ⁵⁰
2006-07	1.25	Nil	Nil	Nil
2007-08	0.79	Nil	Nil	Nil
2008-09	Nil	Nil	Nil	Nil
2009-10	Nil	0.18	Nil	0.18
2010-11	0.26	0.13	0.27	0.04
2011-12	0.05	Nil	0.03	0.01
Total	2.35	0.31	0.30	

As can be seen from the table, in compliance with the orders of the Supreme Court, 13 per cent of the total Compensatory Afforestation funds remitted by UT CAMPA to Ad-hoc CAMPA were released between 2009-12.

3. Utilisation of CAMPA funds

3.1 Year wise and component wise breakup of funds allotted to UT CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ⁵¹		0			0	0			0
Compensatory Afforestation		0			0	0			0
Protected Area ⁵²		0			0	0			0
CAT Plan		0			0	0			0
Other specified activities		0.18			0.13	0.27			0.03
Total	0.18	0.18	Nil	0.13	0.13	0.27	Nil	Nil	0.03

UT Chandigarh CAMPA did not prepare APO for the financial year 2010-11 and APO for the financial year 2011-12 was prepared at the fag end of financial year in March 2012. From the

⁵⁰ Cumulative amount at the end of the year lying unutilised with UT CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁵¹ NPV is spent on protection, conservation and management of forest

⁵² Protected Area Fund is spent on wildlife management

table, it is evident that the UT CAMPA did not incur any expenditure out of ₹ 0.18 crore released by Ad-hoc CAMPA based on APO during the year 2009-10. However, it incurred expenditure of ₹ 0.27 crore out of ₹ 0.31 crore available during the year 2010-11. Further, no funds were released to State CAMPA by Ad-hoc CAMPA for the year 2011-12 as APO for the year 2011-12 was not approved by Ad-hoc CAMPA. However, ₹ 6.89 crore (including interest) were accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

Accepting the facts, Ministry stated (June 2013) that due to non-receipt of funds against APO for 2009-10, APO for 2010-11 was not submitted and APO for 2011-12 had been submitted to Ad-hoc CAMPA in March 2012, the funds against which had still not been received.

3.2 Irregularities in utilisation of funds

(₹ in crore)

Nature of irregularity	Description	Amount
Unfruitful expenditure	The forest division incurred ₹ 27.14 lakh on stone masonry wall for chain link fencing during 2010-11 and ₹ 3.47 lakh for purchase of construction materials during 2011-12. It was seen that construction work of stone masonry wall was completed and chain link fencing was yet to be installed as of December 2012. Further, no plantation work was done on the site though the cost of plantation/maintenance and fixing of chain link fence was included in the sanctioned APO. Thus, the entire expenditure of ₹0.31 crore remained unfruitful. Ministry stated (June 2013) that chain link fence and plantation work could not be completed due to non-release of funds by Ad-hoc CAMPA in time.	0.31

4. Land Management

4.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ⁵³ – 6.20 ha ⁵⁴ As per records of NO – 8.67 ha
Non forest land received in lieu	As per records of RO – 6.87 ha As per records of NO – 8.14 ha
Non forest land short received	As per records of RO – (-) 0.67 ha As per records of NO – 0.53 ha

⁵³ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁵⁴ Excluding exempted projects

Particulars (2006-12)	
Chief Secretary Certificate on non availability of non forest land attached	N/A- All the forest land diverted/transferred in lieu of non-forest areas received from user agencies
Area identified for CA as per NO	On degraded forest land – U.T Chandigarh has no degraded forest land. On Non forest land – 6.80 ha
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 6.20ha and the non forest land received in lieu thereof was 6.87 ha while as per records of NO the figures were 8.67 ha and 8.14 ha, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, afforestation was not done on non forest land.

Ministry stated (June 2013) that mutation of non-forest land received in lieu of forest land diverted was under process and after mutation, this land would be declared as RF.

4.2 Irregularities observed in land management

Nature of irregularity	Description
Non maintenance of permanent record register of forest land	Permanent record register was not maintained in forest division of UT Chandigarh. In the absence of this record it could not be ascertained correctly as to which area/type of forest land was diverted/transferred for non-forest use and also which non-forest land was received in lieu of forest land for compensatory afforestation. Accepting the facts, Ministry stated (June 2013) that permanent record register of forest land had since been maintained.

5. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of States/UTs CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, UT Chandigarh CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these accounts could not be audited.

Accepting the facts, Ministry stated (June 2013) that accounts would be maintained for the years 2009-10 to 2011-12 as well as in future in the prescribed format.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the States/UTs CAMPA. However, no such audit was conducted in UT Chandigarh CAMPA.

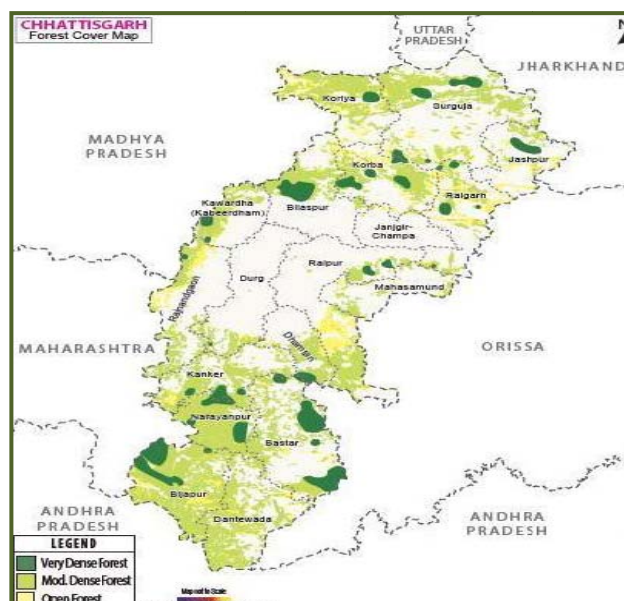
6 Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Chandigarh CAMPA met three times during 2009-12 as against six times. The Executive Committee met two times during 2009-12.

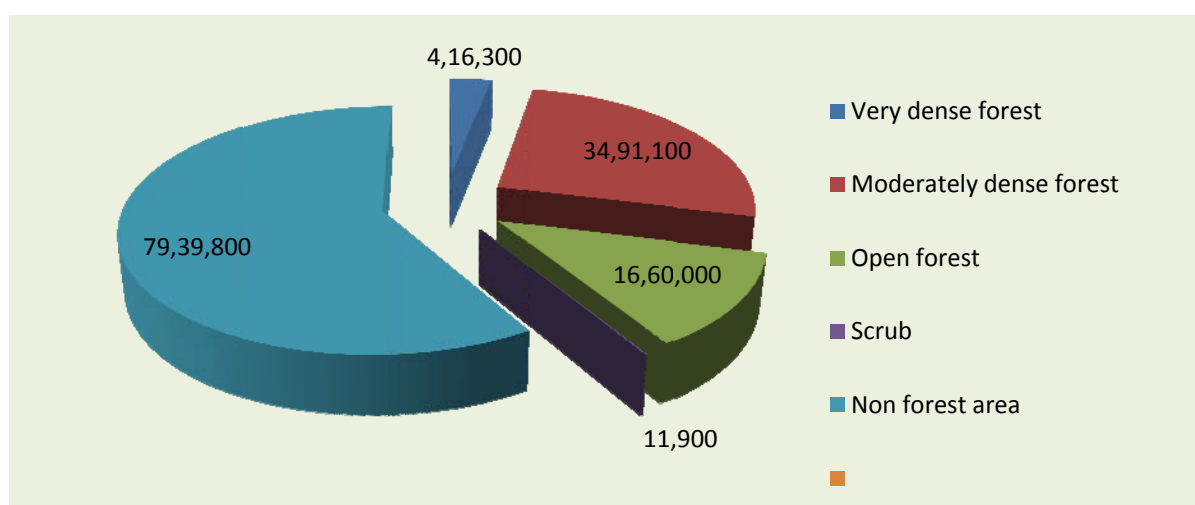
Chhattisgarh

1. Background⁵⁵

The total geographical area of Chhattisgarh is 1,35,19,100 hectare. Based on the interpretation of satellite data of October 2008 - January 2009, the forest cover in the State was 55,67,400 hectare which was 41.18 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 4,16,300 hectare of area under very dense forest, 34,91,100 hectare of area under moderately dense forest and 16,60,000 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a loss of 400 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Funds of the State

State CAMPA was constituted in July 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below:

⁵⁵Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁵⁶
2006-07	45.82	Nil	Nil	Nil
2007-08	42.87	Nil	Nil	Nil
2008-09	127.03	Nil	Nil	Nil
2009-10	450.59	123.21	3.94	119.27
2010-11	68.66	135.20	20.18	234.29
2011-12	379.84	99.54	93.92	239.91
Total	1,114.81	357.95	118.04	

As can be seen from the table, in compliance with the orders of the Supreme Court, 32 percent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 357.95 crore released against APOs, 67 percent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 0.17 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Chhattisgarh that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1.	There were 17 cases ⁵⁷ involving forest land of 1,160.42 ha in which NPV was not collected from the user agencies ⁵⁸ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	67.30 ⁵⁹
2	The Supreme Court revised the rate of NPV in March 2008. However test check of records of CCF (Land Management) revealed that in 23 cases ⁶⁰ NPV was not collected at revised rates. The Ministry accepted the facts (April 2013).	34.06

⁵⁶ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁵⁷ As per status report of MoEF issued on 16 March 2012.

⁵⁸ State Government departments, Bhilai Steel Plant, M/s OCL India Ltd., M/s SECL (Coal Mining), M/s Nagpur Alloys Casting Ltd., etc.

⁵⁹ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (1160.423 X 5.80)

⁶⁰ M/s Savitri Power Project Pvt. Ltd., M/s CG Energy Consortium Pvt. Ltd., M/s Godavari Power & Steel Ltd., M/s SECL, M/s Prakash Industries, Powergrid Corporation, M/s Jindal Steel & Power Ltd., Bhilai Steel Plant, NTPC, state agencies etc.

Sl. No.	Description	Amount
3.	There was under assessment of CA in 46 cases due to non-inclusion of 10 <i>per cent</i> annual increase in rates of CA on account of inflation in wages. Ministry stated (April 2013) that recovery had been made from user agencies as per instructions issued by State Government in March 2002. The reply is not tenable as the rates of CA prescribed for the year 2001-02 were applied for the year 2002-03. This led to short realisation of cost of CA.	5.15
4.	Demand for payment of NPV/CA/PCA raised against Prakash Industries Limited in 2009 remained unrecovered (November 2012).Ministry stated (April 2013) that the matter of recovery of NPV/CA/PCA from user agency was sub-judice and action for the recovery of NPV/CA/PCA would be taken after decision of the court.	3.43
5.	Against diversion of 61.64 ha of forest land for construction of Pasid reservoir the user agency transferred 4.13 ha of revenue land and 57.07 ha of orange land ⁶¹ . Despite orders of the Regional CCF, Bhopal that cost of CA on double degraded forest land (i.e. 114.14 ha) amounting to ₹1.35 crore should be deposited, it was yet to be deposited (December 2012).The Ministry accepted the facts(April 2013).	1.35
	Total	111.29

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ⁶²		64.83	3.79		39.90	10.84		88.04	83.97
Compensatory Afforestation		18.14	NIL		16.90	8.87		11.00	9.47
Protected Area ⁶³		0	0		0	0		0	0
CAT Plan		0	0		0	0		0	0
Other specified activities		15.00	0.15		10.00	0.47		0.50	0.48
Total	123.21	97.97	3.94	135.20	66.80	20.18	99.54	99.54	93.92

⁶¹Orange land is a forest land that has not been demarcated and its notification as forest land has not been made.

⁶² NPV is spent on protection, conservation and management of forest

⁶³ Protected Area Fund is spent on wildlife management

From the table, it is evident that the State CAMPA did not release the entire amount received from Ad-hoc CAMPA against APOs to the implementing agencies. The amount released was 80 *per cent* in 2009-10, 49 *per cent* in 2010-11 and 100 *per cent* in 2011-12. The percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was three *per cent* in 2009-10, 15 *per cent* in 2010-11 and 94 *per cent* in 2011-12. Further, the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2009-10 and 2010-11. The levels of expenditure were four *per cent* in 2009-10 and 31 *per cent* in 2010-11 of the amounts released. Though the percentage of expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 2,239.09 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds.

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1.	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of vehicles viz. Tata Safari, Toyota Etios etc. (₹ 1.30 crore), construction of DFO office, residence etc. (₹ 5.82 crore of that ₹ 2.03 crore already spent) and eco-tourism (₹4.86 crore of that ₹ 0.71 crore already spent).Ministry stated (April 2013) that there was no instruction in the guidelines regarding restriction of purchase of vehicles for officers above range level. The reply of Ministry is not tenable as it was clearly mentioned in the State CAMPA guidelines that the funds would be used to strengthen infrastructure upto the range level only.	11.98
2.	Compensatory Afforestation done in dense forest	In Dharamjaigarh, East Raipur and East Surguja divisions, CA was undertaken in dense forests kept in Selection cum Improvement working circle ⁶⁴ instead of degraded forests. Ministry stated (April 2013) that CA was not done in the dense forest. The reply of Ministry was not based on facts as the audit had given particular instances where CA was done on dense forest in the above divisions.	1.40
3.	Doubtful expenditure on Compensatory Afforestation	In East Surguja division plantation was undertaken on 52.43 ha of blank/under stock area during 2006-08 and again in 2010-11 on 50 ha in the same area under CAMPA, whereas no area was available for further plantation raising doubts	0.18

⁶⁴Dense forests of higher quality, middle and mature age are kept in selection cum improvement working circles where activities like assisted natural regeneration and main felling are taken up.

Sl. No.	Nature of irregularity	Description	Amount
		about genuineness of the plantation. Ministry stated (April 2013) that matter would be examined and intimated to audit.	
4	Plantation on unsuitable site	In Bilaigarh bamboo plantation was done on a site dominated by red soil and boulders/rocks. Joint physical verification of the site by audit and department officials (June 2012) revealed that most of the plants had either died or were dying. As such, the site selected for bamboo plantation was not appropriate for the plantation. Ministry stated (April 2013) that bamboo plants had lost the leaves due to excessive heat in summer season. The reply Ministry is not tenable as physical verification of site revealed that terrain was rocky and full of boulders and the plantation was unsuccessful.	0.29
Total			13.85



Photos of some selected plantations

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ⁶⁵ - 20,456.19 ha ⁶⁶ As per records of NO – 8,389.40 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – 323.08 ha
Non forest land short received	As per records of RO - 20,456.19 ha As per records of NO – 8,066.31 ha
Chief Secretary Certificate on non availability of non forest land attached	No, despite Revenue department indicating that 5.78 lakh ha revenue land being available
Area identified for CA as per NO	On degraded forest land – 5,143.14 ha On Non forest land – 134.82 ha
Area on which CA done as per NO	On degraded forest land – 3,668.73 ha On Non forest land – 33.18 ha
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 20,456.19ha and the non forest land received in lieu there of was zero *per cent* while as per records of NO the figures were 8,389.40 ha and four *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, afforestation was done on 33.18 ha non forest land and afforestation done on degraded forest land was 71 *per cent of the* area to be afforested.

5.2 Irregularities in land management

Sl. No.	Nature of irregularity	Description
1.	Use of forest land without payment of NPV/CA/PCA	In Janjgir-Champa, 44 ha of revenue land were transferred to Madhya Pradesh State Industrial Development Corporation which in turn leased the land (1990) to Prakash Industries Limited (user agency). The forest department objected as this was forest land and consequently, the allotment was cancelled in 1991. Based on an application made by the user agency, MoEF accorded an 'in principle' approval in 1993 for the same land. The demand for payment of NPV/CA/PCA of ₹ 3.43 crore was raised as late as 2009, after a gap of 16 years but it remained unpaid (November

⁶⁵ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁶⁶ Excluding exempted projects

Sl. No.	Nature of irregularity	Description
		2012). In the meantime, the user agency continued to use the forest land. Ministry stated (April 2013) that the matter of recovery of NPV/CA/PCA from user agency was sub-judice and action for the recovery of NPV/CA/PCA would be taken after decision of the court.
2.	Use of forest land for non-forestry purpose without MoEF approval	In Bastar 77.50 ha of reserve forest land was used to develop Wildlife Conservation and Education Centre (Lamni Park) to encourage tourism, which was a non-forest activity without the approval of MoEF. Ministry stated (April 2013) that development of Wildlife Conservation and Education Centre was under the provision of FC Act 1980. The reply of Ministry is not tenable as the work of development of said centre was undertaken without approval of MoEF for diversion of forest land.

6. Status of Accounts and audit of State CAMPA Accounts

The Steering Committee of State CAMPA, in its meeting held on 3 May 2010 decided that the State CAMPA shall adopt the accounting procedures applicable to the State Forest Department. The compiled accounts of State CAMPA were to be submitted to CCF (Finance/Budget) along with the accounts of Forest Department and a copy forwarded to State CAMPA. At State CAMPA headquarters, fund management, auditing etc. was to be done by the Chartered Accountants appointed by the State CAMPA. The prepared accounts were to be submitted to the Steering Committee during 31 March to 30 June each year. However, the accounts for the years 2009-10 to 2011-12 were still to be prepared in the prescribed format and submitted for audit as per State CAMPA Guidelines(December 2012).

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

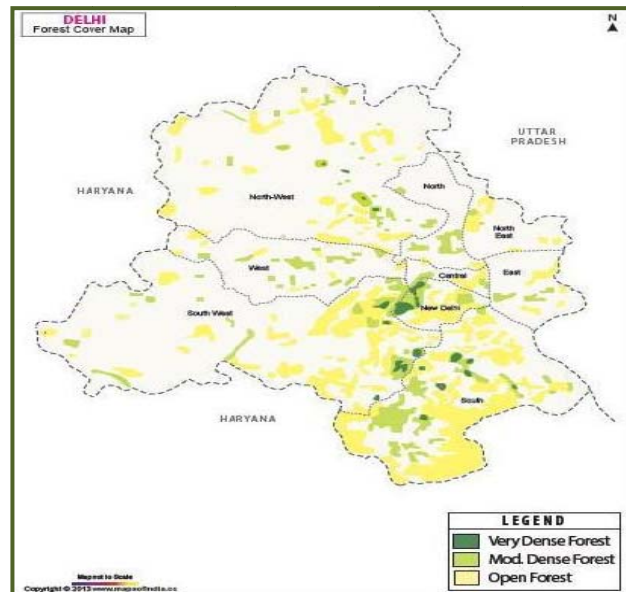
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Chhattisgarh CAMPA met four times during 2009-12 as against six times. The Executive Committee met seven times during 2009-12.

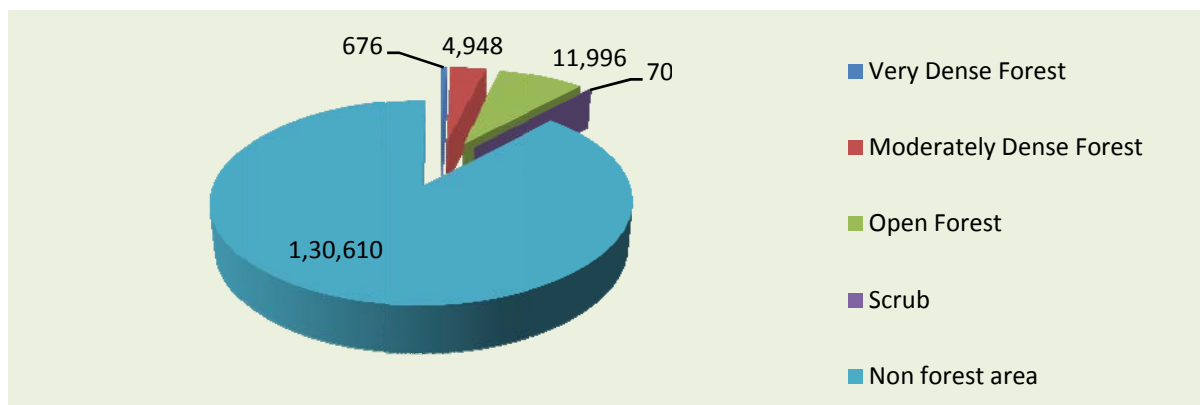
Delhi

1. Background⁶⁷

The total geographical area of Delhi is 1,48,300 hectare. Based on the interpretation of satellite data of November - December 2008, the forest cover in the State was 17,620 hectare which was 11.88 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 676 hectare of area under very dense forest, 4,948 hectare of area under moderately dense forest and 11,996 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a loss of 38 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in October 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

⁶⁷Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁶⁸
2006-07	Nil	Nil	Nil	
2007-08	5.17	Nil	Nil	
2008-09	12.81	Nil	Nil	
2009-10	Nil	1.85	Nil	1.85
2010-11	3.66	1.40	0.01	3.24
2011-12	13.12	Nil	1.19	2.05
Total	34.76	3.25	1.20	

As can be seen from the table, in compliance with the orders of the Supreme Court, nine *per cent* of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009 and 2012. Of ₹ 3.25 crore released, 63 *per cent* remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc in Delhi that came to the notice of audit are given below. The gist of these cases is also given in table26 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	The Supreme Court revised the rate of NPV in March 2008. However test check revealed that in 4 cases ⁶⁹ NPV was not collected at revised rates. Ministry stated (April 2013) that NPV at the rate of ₹ 9.20 lakh per ha had been justified in above four cases. The reply is not tenable as the NPV was not recovered as per the rates revised by the Supreme Court in March 2008.	0.25
2	DMRC occupied the following areas of forest land without proper authorization and did not pay the NPV/CA <ul style="list-style-type: none"> i. 1.35 ha excess forest land for Airport Link Express Project in 2008. ii. 0.38 ha forest land for construction of diaphragm wall of underground railway line in November, 2002. Ministry stated (April 2013) that the diversion of area of 4.37 ha was approved on payment of NPV/CA etc. The reply was silent regarding recovery of NPV/CA for unauthorised occupation of 1.35 ha excess area for Airport Link Express Project and 0.38 ha area for construction of diaphragm wall of underground railway line.	0.56 0.12

⁶⁸ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁶⁹ Delhi Tourism & Transport Development Corporation, National Highways Authority of India, Delhi Development Authority and Central Public Works Department.

Sl. No.	Description	Amount
3	Two cases (Delhi PWD and New Delhi Municipal Corporation) were treated as central government projects, and Compensatory afforestation was under assessed /recovered. Ministry stated (April 2013) that in all projects were examined by Regional Office, MoEF, at Chandigarh and CA was realised. The Ministry's reply was general in nature and was silent regarding non-recovery of CA of ₹ 0.98 crore in two cases due to non-furnishing of certificate from Chief Secretary to the effect that non-forest was not available in the state.	0.98
	Total	1.91

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ⁷⁰									0.16
Compensatory Afforestation									1.01
Protected Area ⁷¹									0
CAT Plan									0
Other specified activities						0.01			0.02
Total	1.85	NA	Nil	1.40	NA	0.01	Nil	NA	1.19

No APO was prepared and submitted for the years 2009-10 and 2010-11. APO for the year 2011-12 was approved in July 2011, no funds were released by Ad-hoc CAMPA for 2011-12. Expenditure was incurred in 2010-11 and 2011-12 without approval of APO. From the table, it is evident that the percentage of expenditure incurred against the amounts released by Ad-hoc CAMPA was zero *per cent* in 2009-10 and less than one *per cent* in 2010-11. In 2011-12, expenditure was incurred without any specific release for that year. Though the expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 37.20 crore (including interest) are

⁷⁰ NPV is spent on protection, conservation and management of forests.

⁷¹ Protected Area Fund is spent of wildlife management

accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of vehicles - Maruti gypsy (₹ 0.05 crore), six mobile phones (₹ 0.29 lakh) and a laptop (₹ 0.01 crore). Ministry stated (April 2013) that Steering Committee had accorded ex-post facto approval for expenditure incurred on these items. The reply of Ministry is not tenable as the expenditure on these items was not authorised by State CAMPA guidelines and NCAC.	0.06
2	Expenditure without approval of the APO	The expenditure incurred by State CAMPA was unauthorised as APO for the year 2010-11 was not prepared and APO for 2011-12 though approved by the Steering Committee was not approved by Ad-hoc CAMPA. Ministry stated (April 2013) that ex-post facto approval of steering committee had been obtained for the said expenditure. The reply is not tenable as the expenditure was incurred without approval of APO by MoEF/Ad-hoc CAMPA.	1.20
	Total		1.26

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ⁷² – 22.15 ha ⁷³ As per records of NO – 40.29 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – Nil
Non forest land short received	As per records of RO – 22.15 ha As per records of NO – 40.29 ha

⁷² Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁷³ Excluding exempted projects

Particulars (2006-12)	
Chief Secretary Certificate on non availability of non forest land attached	In two of 10 cases, (2.22 ha), Chief Secretary's Certificate was not obtained.
Area identified for CA as per NO	On degraded forest land – 100.00 ha On Non forest land – Nil
Area on which CA done as per NO	On degraded forest land – 100.00 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO – Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO – Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 22.15 ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures were 40.29 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 100 *per cent*.

6. Status of Accounts and audit of State CAMPA Accounts

State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted. Ministry replied that the statutory audit of field accounts had been completed till 31 March 2012.

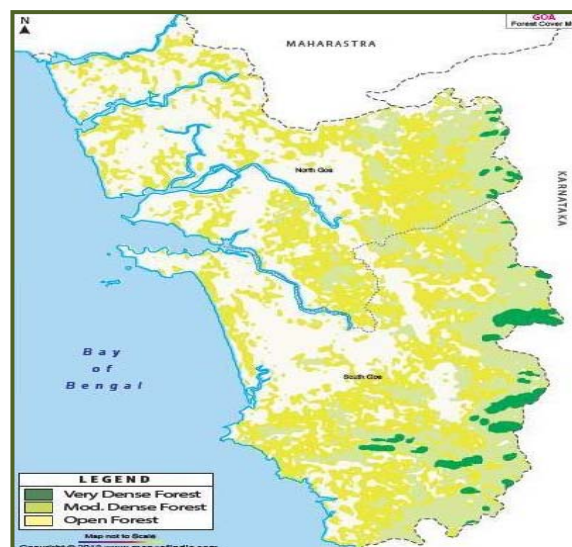
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Delhi CAMPA met twice during 2009-12 as against six times. The Executive Committee met thrice during 2009-12. Accepting the facts, Ministry stated (April 2013) that henceforth meetings of the committees would be organised as per provisions of guidelines.

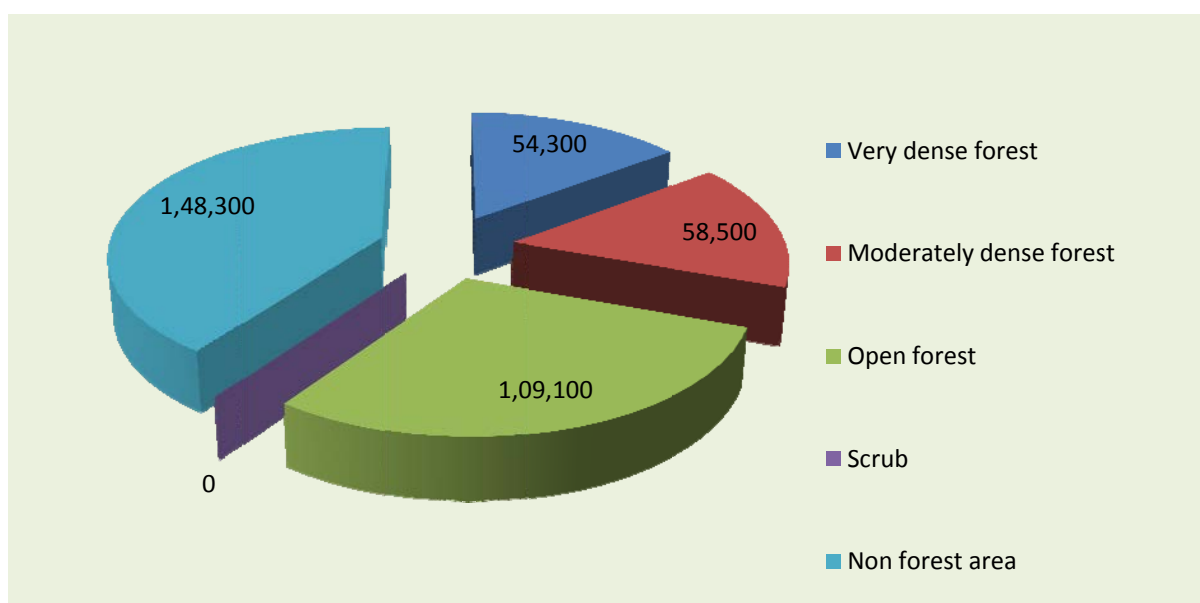
Goa

1. Background⁷⁴

The total geographical area of Goa is 3,70,200 hectare. Based on the interpretation of satellite data of February 2009, the forest cover in the State was 2,21,900 hectare which was 59.94 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 54,300 hectare of area under very dense forest, 58,500 hectare of area under moderately dense forest and 1,09,100 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed an increase of 700 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in January 2010. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

⁷⁴Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁷⁵
2006-07	28.21	Nil	Nil	Nil
2007-08	68.93	Nil	Nil	Nil
2008-09	20.40	Nil	Nil	Nil
2009-10	23.25	12.12	Nil	12.12
2010-11	4.40	10.25	4.91	17.46
2011-12	1.78	Nil	5.98	11.48
Total	146.97	22.37	10.89	

As can be seen from the table, in compliance with the orders of the Supreme Court, 15 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 22.37 crore released against APOs, 51 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Goa that came to the notice of audit are given below. The gist of these cases is also given in table 26 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	The Supreme Court revised the rate of NPV in March 2008. However test check revealed that in 5 cases ⁷⁶ NPV was not collected at revised rates. Ministry stated (April 2013) that final action taken in this regard would be intimated to audit.	13.67
2	NPV of ₹ 0.73 crore was short collected from lease holder M/s Chandrakant F. Naik/ Sh. Rajesh P. Timblo as the NPV was collected for 22.25 ha instead of 38.60 ha land actually diverted. Ministry stated (April 2013) that NPV at the rates prevailing at the time had been recovered for the total forest area of 38.60 ha in the lease. The reply of Ministry was not supported with the relevant documents.	0.73

⁷⁵ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁷⁶ M/s Sociedade Timblo Impros Ltd., M/s G.N. Agarwal at Bimbol Iron Ore Mine, M/s Emco Goa Pvt. Ltd, M/s Dempo & Co. Pvt. Ltd, M/s Badruddin H. Mavani & M/s Sova.

Sl. No.	Description	Amount
3	As per the order of the Supreme Court of 4 January 2008, if the mine owner was unable to provide degraded forest land for carrying out compensatory afforestation in lieu of fresh broken up area sanctioned for mining lease then the mine owner had to pay an amount equal to twice the forest area included in the new mining lease to Government at the rate of ₹ 92,368 per ha. However, in one case, CA of ₹ 0.16 crore ⁷⁷ was not recovered from the mining lease holder who was granted fresh broken up area of 8.44 ha in October 2010 which also resulted in loss of interest of ₹ 0.01 crore. Ministry endorsed (April 2013) the reply of State CAMPA wherein it was stated that no response was received from the Ministry despite repeated reminders for clarification sought for the recovery of CA of ₹ 0.16 crore from user agency.	0.16
	Total	14.56

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ⁷⁸					1.87	0.86		1.28	0.77
Compensatory Afforestation					1.42	0.85		1.50	1.46
Protected Area ⁷⁹					0	0		0	0
CAT Plan					0	0		0	0
Other specified activities					0.81	3.20		3.05	3.75
Total	12.12	Nil	Nil	10.25	4.10	4.91	Nil	5.83	5.98

Funds for the year 2009-10 were released by Ad-hoc CAMPA without APO. APO for the year 2011-12 was approved by Steering Committee in August 2011 and no funds were released by Ad-hoc CAMPA for 2011-12.

From the table it is evident that the State CAMPA did not release the entire amount received from Ad-hoc CAMPA against APOs to the implementing agencies. The amount

⁷⁷(8.44x2x ₹ 92,368)

⁷⁸ NPV is spent on protection, conservation and management of forest

⁷⁹ Protected Area Fund is spent on wildlife management

released by State CAMPA to its various units was nil in 2009-10, 40 *per cent* in 2010-11. The levels of expenditure were zero *per cent* in 2009-10 and 48 *per cent* in 2010-11 of the amounts released. Though the percentage of expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 171.71 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	<p>CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of executive table, vehicles, computers/laptops etc.</p> <p>Ministry stated (April 2013) that vehicles, computers, small furniture, etc. were purchased for the maintenance of records and protection of forests and these items were purchased by head office and distributed to sub-ordinate offices. The reply of Ministry is not tenable as purchases of these items were not covered under State CAMPA guidelines.</p>	0.75
2	Deficiencies in plantations	<p>Test check of records of 19 sites of plantations under State CAMPA revealed the following deficiencies in plantations.</p> <ul style="list-style-type: none"> • Plantations were carried out in area with existing plantation and some in areas surrounded with dense vegetation. The area of plantations seemed to already have a density of 0.40 and above. • Plantation register did not contain the reasons for selecting the area for plantation. • Density of the area of plantation had not been mentioned in the plantation register against any of the plantation. • The plantations had been carried out in places with already existing Acacia and Eucalyptus plantation. • The plantations were to be carried out in degraded forest land and not in areas with high density of forest with fully grown matured trees. However, in none of the area selected this criterion was followed. <p>Ministry stated (April 2013) that CA plantations were carried out on degraded forest land to improve the tree cover so as to compensate for the loss of forest cover over the area diverted. However, in future directions would be issued to the concerned divisions to record the plantation density at the time of raising the plantation.</p>	



Photos of some selected plantations

5. Land Management

5.1 Fact sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ⁸⁰ – 1,513.09 ha ⁸¹ As per records of NO – 728.94 ha
Non forest land received in lieu	As per records of RO – 60.85 ha As per records of NO – 28.50 ha
Non forest land short received	As per records of RO – 1,452.24 ha As per records of NO – 700.44 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 350.67 ha On Non forest land – 24.10 ha
Area on which CA done as per NO	On degraded forest land – 1,007.98 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 24.10 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 4.40 ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 1,513.09 ha and the non forest land received in lieu thereof was four *per cent* while as per records of NO the figures were 728.94 ha and four *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 24.10 ha non forest land transferred/ mutated in favour of forest department only 4.40 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation was done on 1,007.98 ha degraded forest land.

⁸⁰ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁸¹ Excluding exempted projects

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the year 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. The State CAMPA did not maintain cash book and subsidiary ledgers for the funds received from Ad-hoc CAMPA and expenditure incurred therefrom. In the absence of cash book and subsidiary ledgers, the receipts and payments of the years 2009-10 to 2011-12 could not be verified in audit. There was a difference of ₹ 1.33 crore between the amount deposited by State CAMPA and the amount acknowledged by Ad-hoc CAMPA which remained un-reconciled (December 2012). UCs for a sum of ₹ 0.81 crore released during 2010-11 and ₹ 0.52 crore released during 2011-12 to implementing divisions were not received in State CAMPA.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted. Ministry accepted the audit observations (April 2013).

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Goa CAMPA met two times during 2009-12 as against six times. The Executive committee met three times during 2009-12. The Governing body did not meet in the year 2010-11. Ministry stated (April 2013) that it was not possible to convene the minimum number of meetings of various committees because of sessions of State Legislative Assembly, election to State Legislative Assembly and other local bodies. The reply of Ministry is not tenable as minimum two meetings of Steering Committee in a year were prescribed.

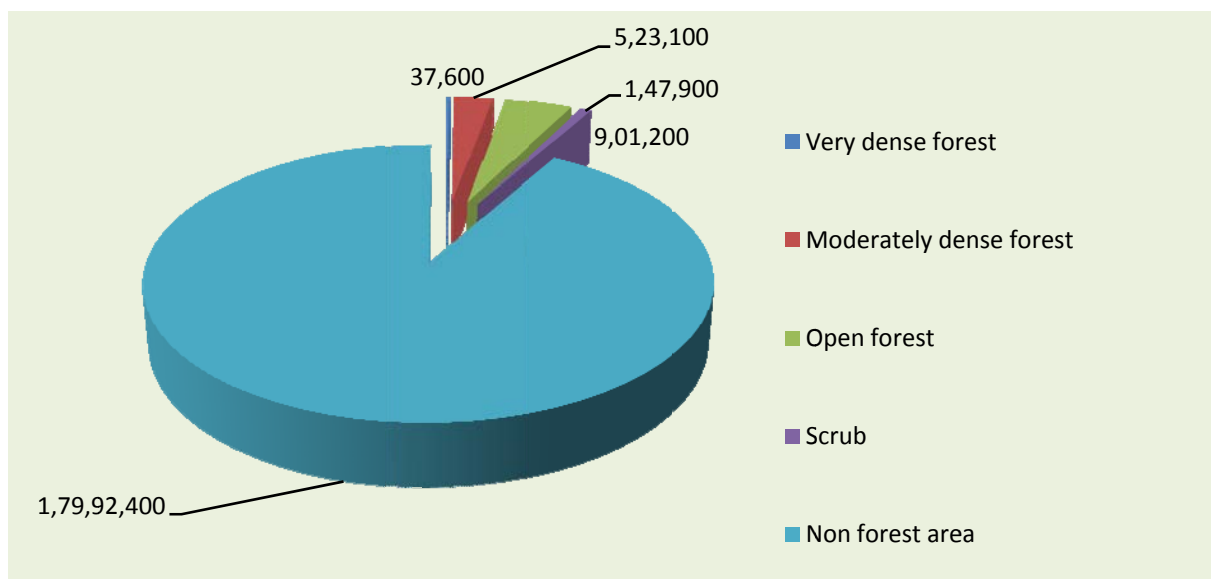
Gujarat

1. Background⁸²

The total geographical area of Gujarat is 1,96,02,200 hectare. Based on the interpretation of satellite data of October -November 2008, the forest cover in the State was 14,61,900 hectare which was 7.46 per cent of the State’s geographical area. In terms of forest canopy density classes, the State had 37,600 hectare of area under very dense forest, 5,23,100 hectare of area under moderately dense forest and 9,01,200 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a decrease of 100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

⁸²Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁸³
2006-07	64.74	Nil	Nil	
2007-08	55.84	Nil	Nil	
2008-09	81.96	Nil	Nil	
2009-10	170.44	24.96	8.57	16.39
2010-11	112.11	29.16	32.77	12.78
2011-12	98.40	26.30	28.77	10.31
Total	583.49	80.42	70.11	

As can be seen from the table, in compliance with the orders of the Supreme Court, 14 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 80.42 crore released against APOs, 13 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Gujarat that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	There were 18 cases ⁸⁴ involving forest land of 275.94 hectare in which NPV was not collected from the user agencies ⁸⁵ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	16.00 ⁸⁶
2	The Supreme Court revised the rate of NPV in March 2008. However test check of records of three forest divisions ⁸⁷ revealed that NPV was not collected from user agency (NHAI) at revised rates. Ministry stated (April 2013) that user agency had been requested to deposit outstanding amount of NPV.	89.47
3	MoEF accorded in principle approval for diversion of 1,840 ha and 168.42 ha reserve forest land in May and June 2004, respectively, in favour of MPSEZL (earlier known as M/s Adani Chemicals Ltd) subject to deposit of NPV. However NPV of ₹ 15.16 crore for 168.41 ha forest land was assessed and recovered in October 2007 at a rate of ₹9 lakh per ha, thereafter it was wrongly revised and	66.86

⁸³ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁸⁴ As per status report of MoEF issued on 16 March 2012.

⁸⁵ M/s ESSAR Steel Co., Bharat Oman Refineries etc.

⁸⁶ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (275.94 x 5.8)

⁸⁷ Patan, Palanpur and Rajkot

Sl. No.	Description	Amount
	<p>reassessed at ₹ 4.38 lakh per ha in March 2009, which was not permissible under the rules and excess amount of ₹ 7.78 crore was adjusted against the NPV amount recovered of diversion of 1,840 ha land.</p> <p>Similarly, NPV for diversion of 1,840 ha forest land was assessed (March 2009) and recovered in July 2009 at a rate of ₹ 4.38 lakh per ha considering thorny forest though it was littoral and swamp forest which required to be assessed at ₹ 7.30 lakh per ha. This resulted in short assessed and recovery of ₹53.73 crore. Thus, total short recovery of NPV worked out to ₹61.51 crore (₹ 7.78 crore + ₹ 53.73 crore).</p> <p>Audit also noticed that MPSEZL had not paid ₹ 5.35 crore recoverable on account of difference in cost of fire wood in 168.41 ha forest land. The MPSEZL was also to furnish bank guarantee of ₹7.73 crore and ₹ 19 lakh on account of fencing and protection works as required in State Government's order of 17 November 2009. However, no bank guarantee was given by MPSEZL as of December 2012.</p> <p>Ministry stated (April 2013) that diverted forest land was under Eco-class-IV, Tropica and Thorn forest and not under the category of Eco-class-II in Littoral and Swamp forest and therefore the NPV was charged from user agencies at the rate of ₹4.38 lakh per ha for Eco-class-IV. The reply is not tenable as the area diverted under these projects was under Eco-class II Littoral and Swamp forest and the NPV was to be charged from user agencies at the rates revised by the Supreme Court. As regards recovery of ₹5.35 crore being difference in cost of firewood from user agency, Ministry stated that the user agency had been asked to deposit the money.</p>	
4	<p>In Bhuj forest division (East), additional CA of ₹2.43 crore was credited by NHAI into account of Dy. CF Bhuj (East) operated in Indian Bank at Bhuj on 9 September 2011 for diversion 171 ha forest land for widening of Gandhidam Kandla National Highway. Instead of remitting the amount to State CAMPA for onward transmission to Ad-hoc CAMPA, it was utilised by the DFO directly in contravention of the Supreme Court's directions.</p> <p>Ministry stated (April 2013) that the amount of ₹ 2.43 crore was deposited in the account of Deputy Conservator of Forest, Kachchh East division in Indian bank as the same was not pertaining to NPV or CA and was utilised on the work to avoid delay in implementation of the scheme. The reply is not tenable as the amount of ₹ 2.43 crore was utilised unauthorisedly and the same was to be remitted to Ad-hoc CAMPA as per State CAMPA guidelines.</p>	2.43
5	<p>In Valsad (South) forest division, NPV of ₹ 1.26 crore was not recovered from Dakshin Gujarat Vij Company Limited, (SGVCL), Valsad to whom in principle (stage I) approval was granted by MoEF for diversion of 14 ha forest land in January 2003. Despite periodical reminders by the DyCF, Valsad (South), DGVCL had not paid NPV till October 2012.</p> <p>Ministry stated (April 2013) that the matter of recovery of NPV was being pursued vigorously.</p>	1.26
	Total	176.02

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ⁸⁸		8.31	2.92		14.90	13.00		18.40	12.24
Compensatory Afforestation		15.60	5.65		15.60	19.77		7.67	16.53
Protected Area ⁸⁹		0	0		0	0		0	0
CAT Plan		0	0		0	0		0	0
Other specified activities		0	0		0	0		0	0
Total	24.96	23.91	8.57	29.16	30.50	32.77	26.30	26.07	28.77

From the table it is evident that the percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was 34 per cent in 2009-10. Though the percentage of expenditure has increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 691.44 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Plantation of clone eucalyptus in contravention of the Supreme Court orders	As per the Supreme Court's orders of 30 January 2002 and State CAMPA guidelines, the plantation of clone eucalyptus was not to be taken up which was also objectionable as per Bio-diversity Act. In Nadiad and Anand forest divisions, work of plantation of clone eucalyptus was done in 95 ha and 60 ha in 2011-12 at an expenditure of ₹ 2.30 crore (with the approval of the Steering Committee despite the Additional PCCF objecting to it). Subsequently, clone Eucalyptus Plantation was also done in another 50 ha in 2011-12 and 2012-13 at ₹0.80 crore from the savings of the earlier year, in anticipation of approval of Steering Committee.	3.10

⁸⁸ NPV is spent on Protection, Conservation & Management of forest

⁸⁹ Protected Area Funds is spent on Wildlife Management

Sl. No.	Nature of irregularity	Description	Amount
2	Wasteful expenditure on CA works	In Bhuj forest division, though the proposal for diversion of forest land was under consideration, the steering committee of Gujarat State CAMPA, approved compensatory afforestation in 161.27 ha, to be taken up during 2009-10 to 2011-12 which included CA in 88.27 ha on Bhuj-Bhachau road being widened. An expenditure of ₹0.60 crore had been incurred on CA without final approval of MoEF for diversion of forest land. Since the widening work was in progress in the road width, taking up CA work on same area would result into wasteful expenditure of ₹ 0.60 crore as planted trees would be removed from the land width under consideration for diversion. Ministry stated (April 2013) that henceforth CA was avoided on the road side and the same was being taken up in the block forest areas.	0.60
Total			3.70

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ⁹⁰ – 1,767.37 ha ⁹¹ As per records of NO – 5,795.82 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – 591.65 ha
Non forest land short received	As per records of RO – 1,767.37 ha As per records of NO – 5,204.17 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 5,800.24 ha On Non forest land – 2,737.39 ha
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 591.65 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 5.43 ha

⁹⁰ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

⁹¹ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 1,767.37ha and the non forest land received in lieu thereof was only zero *per cent* while as per records of NO the figures were 5,795.82 ha and ten *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 591.65 ha non forest land was transferred/ mutated in favour of forest department only 5.43 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, correctness of its income and expenditure for the year 2009-10 to 2011-12 could not be verified and ascertained in audit. State CAMPA did not maintain cash book and subsidiary ledgers for the funds received from Ad-hoc, in the absence of which the receipts and payments of the years 2009-10 to 2011-12 could not be verified in audit. In Bhavnagar forest division it was found that an amount of ₹ 0.23 crore was lying unspent with the executive engineer, Panchayat R & B Division, Bhavnagar (December 2012) for construction of road, no action was taken to recover the amount. In Valsad (north) forest division the RFO failed to produce vouchers for forest advance of ₹ 0.41 crore relating to plantations for the year 2010-11.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry stated (April 2013) that the annual accounts had now been prepared and would be submitted to executive committee and steering committee for approval and the cash book for 2011-12 would be prepared shortly. As regards non-submission of vouchers of ₹ 0.41 crore, it was stated that the said vouchers had been located and kept in division office.

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Gujarat CAMPA met two times during 2009-12 as against six times. The Executive Committee met four times during 2009-12.

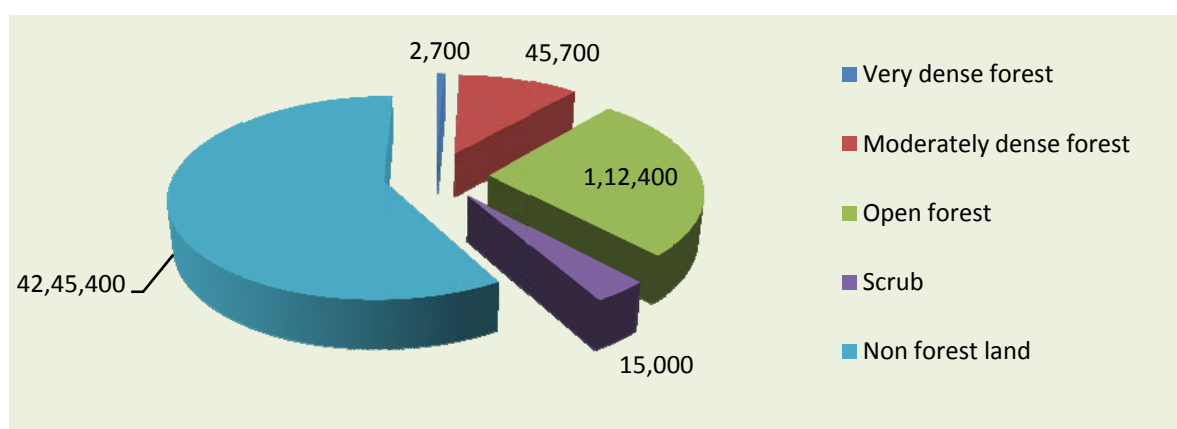
Haryana

1. Background⁹²

The total geographical area of Haryana is 44,21,200 hectare. Based on the interpretation of satellite data of October- November 2008, the forest cover in the State was 1,60,800 hectare which was 3.64 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 2,700 hectare of area under very dense forest, 45,700 hectare of area under moderately dense forest and 1,12,400 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a gain of 1,400 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectares)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in January 2010. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

⁹²Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ⁹³
2006-07	28.01	Nil	Nil	Nil
2007-08	18.26	Nil	Nil	Nil
2008-09	50.25	Nil	Nil	Nil
2009-10	103.10	19.11	Nil	19.11
2010-11	49.57	18.89	11.23	26.77
2011-12	30.81	0.00	16.17	10.60
Total	280.00	38.00	27.40	

As can be seen from the table, in compliance with the orders of the Supreme Court, 14 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009 and 2012. Of ₹ 38 crore released against APOs, 28 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 18.94 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Haryana that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There was one case ⁹⁴ involving forest land of 8.48 ha in which NPV was not collected from the user agency to whom in principle approval was granted before October 2002 and the final approval was granted after that.	0.49 ⁹⁵
2	The Supreme Court revised the rate of NPV in March 2008. State Government had also fixed an NPV at uniform rate of ₹ 9.20 lakh per ha. However test check of records of Hisar forest division revealed that NPV was not collected from user agency at revised rates. Ministry stated (April 2013) that final approval of the project was yet to be granted and balance amount, if any, would be recovered from the user agency soon.	0.36
3	In seven cases of six forest divisions ⁹⁶ NPV/CA was short realized from user agencies for diversion of 37.28 ha forest land during the years 2006-07 to 2008-09. Ministry stated (April 2013) that action for the recovery of outstanding amount of NPV/CA from user agencies was being taken.	3.57
	Total	4.42

⁹³ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

⁹⁴ As per status report of MoEF issued on 16 March 2012.

⁹⁵ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare(8.48 x 5.8)

⁹⁶ Sonipat, Jind, Hisar, Kurukshetra, Pinjore and Mahendergarh

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ⁹⁷					11.17	6.26		12.59	10.31
Compensatory Afforestation					7.10	4.41		6.61	5.09
Protected Area ⁹⁸					0	0		0	0
CAT Plan					1.28	0.56		0	0.77
Other specified activities					0.03	0		0	0
Total	19.11	Nil	Nil	18.89	19.58	11.23	Nil	19.20	16.17

APOs for the years 2009-10 and 2010-11 were not submitted to Ad-hoc CAMPA and APO for the year 2011-12 was submitted in May 2012 after close of financial year. Thus the funds were released by Ad-hoc CAMPA without APOs for the years 2009-12. From the table it is evident that the State CAMPA did not release the amount received from Ad-hoc CAMPA against APOs to the implementing agencies in the year 2009-10. The State CAMPA released ₹ 19.58 crore to implementing agencies during 2010-11 out of funds received during 2009-10 and 2010-11. In 2011-12, though the Ad-hoc CAMPA did not release any funds, State CAMPA released funds from the monies accumulated in the previous two years. The levels of expenditure were 57 per cent in 2010-11 and 84 per cent in 2011-12 when compared with amounts released to implementing agencies. Though the percentage of expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 390.34 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

⁹⁷ NPV is spent on protection, conservation and management of forest

⁹⁸ Protected Area Fund is spent on wildlife management

4.2 Irregularities in utilisation of funds

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC.	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on renovation of Van Bhawan building, State Forest Headquarters. Ministry stated (April 2013) that NCAC in its meeting held on 24 June 2010 decided that infrastructure at the headquarters level would be developed from the interest earned on FDs and renovation of Van Bhawan was done with the approval of Executive Committee who is authorized to provide financial and administrative sanctions up to an expenditure of ₹ 0.50 crore in any case. The reply is not tenable as the expenditure of ₹ 0.15 crore was incurred on renovation of Van Bhawan in contravention of State CAMPA guidelines.	0.15
2	Compensatory Afforestation done in unapproved sites.	In four divisions ⁹⁹ of the 11 forest divisions test checked it was found that CA was carried out on 25 unapproved sites over an area of 336.35 RKM ¹⁰⁰ .	0.93
	Total		1.08

5. Land Management

5.1 Fact sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ¹⁰¹ – 1,218.21 ha ¹⁰² As per records of NO – 2,154.89 ha
Non forest land received in lieu	As per records of RO – 43.79 ha As per records of NO – 51.67 ha
Non forest land short received	As per records of RO – 1,174.42 ha As per records of NO – 2,103.22 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 4,182.00 ha On Non forest land – 52.85 ha
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 51.67 ha
Non forest land notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 7.77 ha

⁹⁹ Panipat, Karnal, Sonapat and Gurgoan¹⁰⁰ Route Kilometre¹⁰¹ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department¹⁰² Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 1,218.21 ha and the non forest land received in lieu thereof was only four *per cent* while as per records of NO the figures were 2,154.89 ha and two *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 51.67 ha non forest land transferred/ mutated in favour of forest department only 7.77 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

5.2 Irregularities in land management

Nature of irregularity	Description
Diversion of forest land without fulfilling all conditions	<p>i. In seven cases of six forest divisions¹⁰³ 37.28 ha forest land was diverted to user agencies during the years 2006-07 to 2008-09 without recovery of NPV/CA of ₹ 3.57 crore (December 2012).</p> <p>ii. In Pinjore division, Irrigation Department executed the work on 11.70 ha of forest land without final approval of MoEF and depositing NPV/CA.</p> <p>Ministry stated (April 2013) that state forest department had taken possession of non-forest land and mutation of the lands in favour of the department was under process. Ministry's reply was silent regarding recovery of outstanding amount of NPV/CA.</p>

6. Status of Accounts and audit of State CAMPA Accounts

The annual accounts for 2010-11 and 2011-12 were submitted by State CAMPA as per prevalent system of Forest Department which were not approved by the Principal Accountant General, as these were not in the prescribed format. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

7. Monitoring

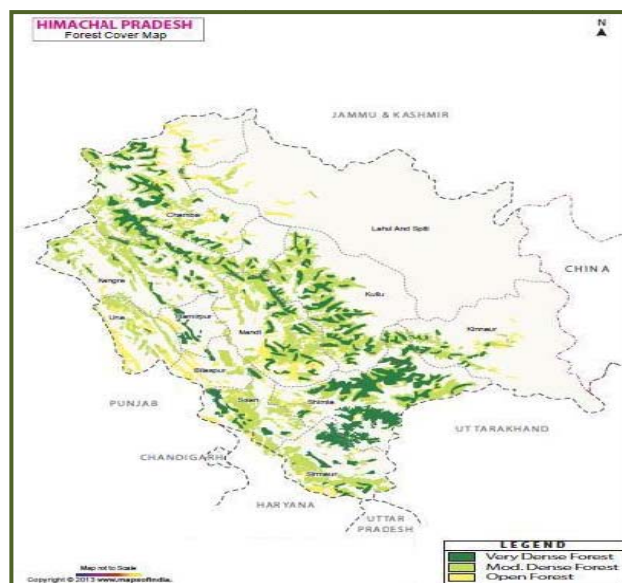
As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Haryana CAMPA met four times during 2009-12 as against six times. The Executive Committee met four times during 2009-12.

¹⁰³Sonipat, Jind, Hisar, Kurukshetra, Pinjore and Mahendergarh

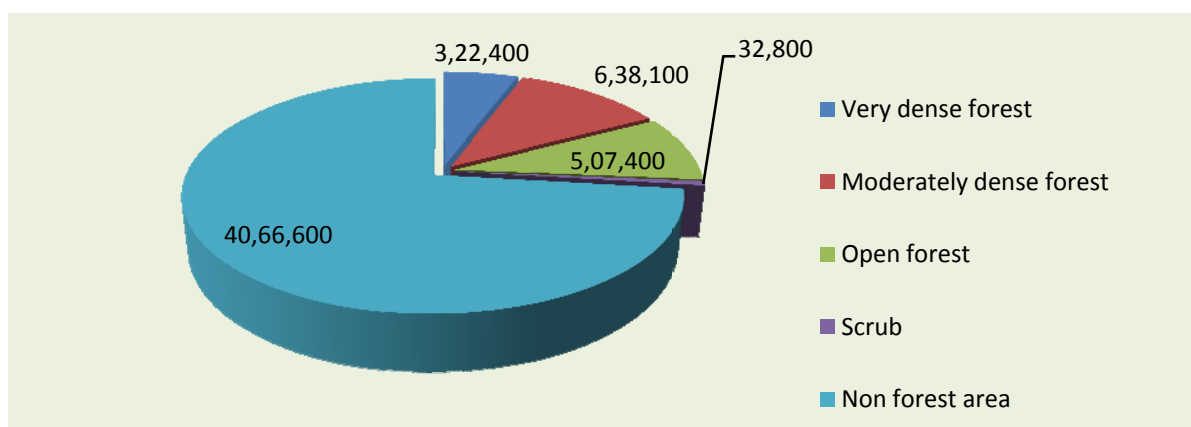
Himachal Pradesh

1. Background¹⁰⁴

The total geographical area of Himachal Pradesh is 55,67,300 hectare. Based on the interpretation of satellite data of October-December 2008, the forest cover in the State was 14,67,900 hectare which was 26.37 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 3,22,400 hectare of area under very dense forest, 6,38,100 hectare of area under moderately dense forest and 5,07,400 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed an increase of 1,100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁰⁴Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁰⁵
2006-07	61.11	Nil	Nil	Nil
2007-08	22.97	Nil	Nil	Nil
2008-09	35.80	Nil	Nil	Nil
2009-10	99.37	36.68	1.35	35.33
2010-11	370.07	42.17	37.07	40.43
2011-12	39.12	57.13	41.55	56.01
Total	628.44	135.98	79.97	

As can be seen from the table, in compliance with the orders of the Supreme Court, 22 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 135.98 crore released, 41 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 21.51 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Himachal Pradesh that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were seven cases ¹⁰⁶ involving forest land of 140.86 ha in which NPV was not collected from the user agencies to whom in principle approval was granted before October 2002 and the final approval was granted after that.	8.17
2	State CAMPA did not recover NPV of ₹ 26.99 crore from user agencies for diversion of forest land during the period October 2002 to March 2009.	26.99
3	Test check of records of State CAMPA revealed that CA of ₹ 1.37 crore was recoverable in 121 cases of illegal construction of roads. No action was taken by State CAMPA to recover CA from user agencies as of December 2012.	1.37
	Total	36.53

¹⁰⁵ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁰⁶ As per status report of MoEF issued on 16 March 2012.

In respect of above observations Ministry stated (April 2013) that recovery of NPV involved considerable number of user agencies, hence it would take some more time and progress in this regard would be intimated to audit in due course of time.

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV (Protection, Conservation & Management of forest)		4.44	0.18		11.48	10.72		15.43	12.71
Compensatory Afforestation (CA)		0	0		0.70	0.60		2.54	2.12
Wildlife Management (PA)		0	0		0	0		0	0
CAT Plan		2.85	1.17		21.83	22.59		16.38	15.69
Other specified activities, if any		0	0		4.41	3.16		8.77	6.30
Misc refunds		0	0		0	0		0	4.73
Total	36.68	7.29	1.35	42.17	38.42	37.07	57.13	43.12	41.55

From the table it is evident that the State CAMPA did not release the entire amount received from Ad-hoc CAMPA against APOs to the implementing agencies. The amount released was 20 per cent in 2009-10, 91 per cent in 2010-11 and 75 per cent in 2011-12. The percentage of expenditure incurred against the amounts released by Ad-hoc CAMPA was four per cent in 2009-10, 88 per cent in 2010-11 and 73 per cent in 2011-12. Though the percentage of expenditure has increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 1,131.44 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds.

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Non utilization of funds on maintenance and protection of Wild Life	State CAMPA could utilise ₹ 17.59 crore out of ₹ 29.31 crore received from Ad-hoc CAMPA during the years 2009-10 to 2011-12 leaving a balance of ₹ 11.72 crore unutilised as of March 2012. This indicates that APOs were prepared on unrealistic basis besides important activities viz. conservation, development, maintenance and protection of forests and wild life etc. could not be undertaken as planned for the years 2009-12. Ministry stated (April 2013) that spending of State CAMPA on various activities constantly increased during the years 2009-12. The reply of Ministry is not tenable as during the years 2009-12 out of ₹135.98 crore only ₹79.97 crore could be utilised i.e. 59 percent leaving a balance of ₹56.01 crore which could have been utilised on maintenance and protection of wildlife.	11.72
2	Non achievement of physical and financial targets under a scheme	Under a scheme "Uhal stage III" HEP CAT Plan was prepared for ₹ 10.00 crore to execute various activities such as enrichment planting, subsidiary silvicultural operation, consolidation and demarcation, forest protection, construction of roads, construction of buildings, soil conservation and contingency. The plan was to be executed with in a period of 10 years from 2002-03 to 2012-13. Against the target of 540 ha forest land, plantation work only on 291 ha forest land could be done at a cost of ₹ 4.00 crore upto 2011-12 leaving 249 ha forest land yet to be planted with the unspent amount of ₹ 6.00 crore as of December 2012. Ministry stated (April 2013) that with the funds available with State CAMPA the implementation of CAT Plan had been geared up and was expected to be completed innext two or three years.	6.00
3	Diversion of NPV funds on monkey sterilisation program	State CAMPA released a sum of ₹ 4.97 crore during the year 2011-12 for implementation of monkey sterilisation program whereas as per appropriation account of state government for the years 2009-10 to 2011-12 expenditure of ₹ 4.77 crore was incurred by the State government on this program. Thus, prior to release of funds by Ad-hoc CAMPA to State CAMPA for implementation of this program, the expenditure was borne by the state government. Therefore, State CAMPA	4.97

Sl. No.	Nature of irregularity	Description	Amount
		<p>incurred an irregular expenditure of ₹4.97 crore on implementation of said scheme.</p> <p>Ministry stated (April 2013) that monkey sterilisation programme was included in the APO and approved by State CAMPA steering committee. The fact remains that upto the year 2011-12, the said programme was being executed by the State Government.</p>	
4	Irregular expenditure on purchase of stores items	<p>In six forest divisions, some stores items were purchased during the years 2009-12 at a cost of ₹ 2.53 crore without competitive bidding and approval of competent authority and adopting proper financial procedures which was in contravention of GFRs and therefore, the entire expenditure of ₹ 2.53 crore was irregular.</p> <p>Ministry stated (April 2013) that details of offices as well as articles were being obtained and reply to audit observation would be furnished in due course of time.</p>	2.53
5	Unauthorised expenditure on procurement of GPS instruments	<p>State CAMPA purchased 200 GPS instruments from M/s Asim Industries, New Delhi at a cost of ₹0.20 crore in December 2010. However as per orders of the Supreme Court, GPS instruments were to be provided by Forest Survey of India, Dehradun to the concerned State. Thus, the expenditure of ₹ 0.20 crore incurred on procurement of GPS instruments was in contravention of orders of the Supreme court of India.</p> <p>Ministry stated (April 2013) that it was not aware of the fact that GPS instruments would be supplied by FSI, Dehradun.</p>	0.20
6	Uneconomical plantation through outside agency	<p>User agency had deposited ₹ 9.15 crore for rim plantation over an area of 1,531 ha near Kol Dam reservoir at departmental financial norms of ₹ 0.60 lakh per ha. The work was allotted to Eco Task Force (ETF) in February 2006.</p> <p>Audit observed that despite incurring an excess expenditure of ₹ 7.34 crore over ₹ 9.15 crore deposited by the user agency, plantation on 581 ha land was still to be done. To complete this work the department had diverted ₹ 7.34 crore from other components of Kol Dam HEP CAT Plan, which would affect the scope of other activities of CAT Plan.</p> <p>In another case, total cost of Larji HEP CAT Plan was ₹ 12.80 crore of which ₹ 8.93 crore was earmarked for execution and maintenance of afforestation over an area of 2,859 ha at departmental financial norms of ₹ 0.31 lakh per ha. The</p>	

Sl. No.	Nature of irregularity	Description	Amount
		<p>department did not carry out the work itself but the same was allotted to ETF-B in March 2010. During 2010-12, the ETF carried out plantations in 614 ha and was paid ₹ 7.87 crore (including establishment costs of ₹ 1.50 crore diverted from Sainj HEP CAT Plan). It was seen that only 21 <i>per cent</i> (614 hectare) of the work was completed after utilisation of 88 <i>per cent</i> of total earmarked funds. The remaining work would be completed by incurring an additional expenditure of ₹ 23.29 crore at the present rate of ETF. Thus, the allotment of work to ETF was uneconomical.</p> <p>Ministry stated (April 2013) that the case for reconsideration of the establishment of ETF had been taken up with the State Government and the final outcome in the matter would be intimated in due course of time.</p>	
7	Loss to environment due to non-execution of CA work	<p>As per state CAMPA guidelines, compensatory afforestation (CA) in double the area diverted was required to be carried out within one year of final approval.</p> <p>In 106 cases of diversion of forest land for non-forestry purpose which were approved between June 2002 and November 2011 by MoEF, CA was not carried out by the department within one year of approval although the user agencies had deposited the cost of CA of ₹ 8.20 crore resulting in loss to the environment. Ministry stated (April 2013) that state government had geared up the implementation of CA works and was also concentrating to clear the entire backlog.</p>	
8	Non survival of plants under CA	<p>State forest department planted 71,87,592 plants of different species during the period 2009-10 to 2011-12. Out of these 15,50,217 plants lived out mid way due to heavy draught, fire incidents and poor soil conditions. The mortality of plants was 22 <i>per cent</i>.</p> <p>Ministry stated (April 2013) that survival of plantations were 78 <i>percent</i> which was good in hilly terrain of the state and climatic conditions. The fact remains that the mortality of plants was 22 <i>per cent</i>.</p>	
	Total		25.42

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁰⁷ –932.85 ha ¹⁰⁸ As per records of NO – 4,080.23 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – Nil
Non forest land short received	As per records of RO – 932.85 ha As per records of NO – 4,080.23 ha
Chief Secretary Certificate on non availability of non forest land attached	Certificate for Chief Secretary obtained for CA on 8,240.04 ha double degraded land, certificate for 7.56 ha was not obtained
Area identified for CA as per NO	On degraded forest land – 8,247.61 ha On Non forest land – Nil
Area on which CA done as per NO	On degraded forest land – 2,789.51 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 932.85ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures were 4,080.23 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 34 *per cent* of the area to be afforested.

5.2 Irregularities observed in land management

Sl. No.	Nature of irregularity	Description
1	Diversion of forest land without prior approval of MoEF	In Karsog forest division, HPPWD and Block Development officer had constructed 27 roads measuring 42.9 km without prior approval of MoEF during the period 1997-98 to 2008-09 on 34.2 ha forest land. No action

¹⁰⁷ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁰⁸ Excluding exempted projects

Sl. No.	Nature of irregularity	Description
		<p>was taken by state CAMPA to obtain approval of MoEF for the diversion of forest land.</p> <p>Ministry stated (April 2013) that the matter of diversion of forest land was under consideration of High Court of Himachal Pradesh and final action would be initiated as per orders of the High Court.</p>
2	Irregular diversion of forest land	<p>16.28 ha forest land was diverted in 1987 for construction of Larjil HEP in Mandi and Kullu districts without receipt of non forest land from user agency and the CA was allowed on 32.56 ha degraded forest land during 1992-94 without certificate of Chief Secretary of the state to the effect that non forest land was not available in the state. Accepting the facts, Ministry stated (April 2013) that the case was being referred to government of Himachal Pradesh for obtaining the signature of chief secretary.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format as of December 2012. In the absence of proper accounts, these could not be audited.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted as of December 2012. Accepting the facts, Ministry stated (April 2013) that compilation of annual accounts for the years 2009-10 to 2011-12 had been assigned to a chartered accountant firm and the final accounts would be submitted to audit on its receipt from the CA firm.

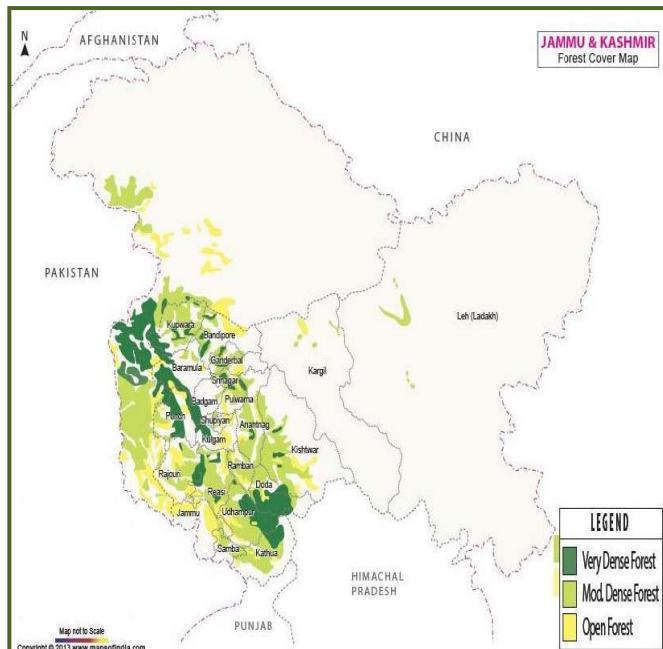
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. However, the Executive Committee met four times as against six times during 2009-12. The Steering Committee met seven times during 2009-12. The Governing Body did not meet during 2009-12. Accepting the facts, Ministry stated (April 2013) that since the accounts and final reports had not been compiled, the meeting of general body could not be convened. Now, the accounts were being compiled and were in the advanced stage of completion, thus the meeting of Governing body would be convened in near future.

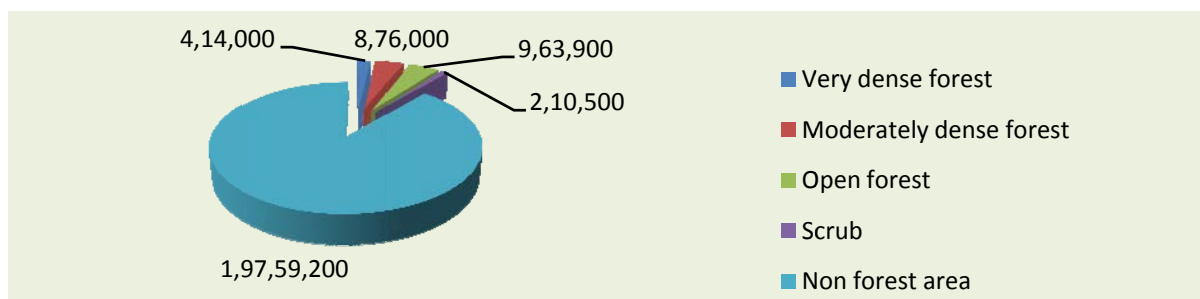
Jammu & Kashmir

1. Background¹⁰⁹

The total geographical area of Jammu & Kashmir is 2,22,23,600 hectare. Based on the interpretation of satellite data of October - December 2008, the forest cover in the state was 22,53,900 hectare which was 10.14 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 4,14,000 hectare of area under very dense forest, 8,76,000 hectare of area under moderately dense forest and 9,63,900 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal increase of 200 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

Central Forest (Conservation) Act, 1980 is applicable to all States except Jammu & Kashmir (J&K). J&K State Forest Department is governed by J&K Forest Conservation Act (FCA) 1997. As per directions (February 2010) of Central Empowered Committee (CEC) State CAMPA of J&K had to deposit only NPV with Ad-hoc CAMPA and rest viz. CA/ ACA etc. was to be retained by the State CAMPA. Further CEC recommended that the amount received towards the CA by J&K State CAMPA could be used for the implementation of the APOs for the financial years 2009-10 and 2010-11 subject to the overall ceiling imposed by the Supreme

¹⁰⁹Source: India State of Forest Report 2011 published by Forest Survey of India.

Court, and Ad-hoc CAMPA would release the required amounts for the implementation of the APOs for the subsequent years.

Since J&K is governed by its own Conservation Act, 1997, the APOs of the State CAMPA are, therefore, not sent to Ad-hoc CAMPA for approval. The implementing agencies have prepared project proposals (PPs) for the five years (2010-15) as a first phase in respect of their respective territorial divisions. APOs are being carved out from these PPs and submitted to Executive Committee of the CAMPA for recommendations and submission to Steering Committee for final approval.

State CAMPA was constituted in April 2011. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Releases made by J&K State CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹¹⁰
2006-07	₹ 74.05 crore transferred to Ad-hoc CAMPA on 27-04-2011 and FDRs amounting ₹ 291.85 crore were shown pledged in the name of Central Ad-hoc CAMPA.	Nil	Nil	NA
2007-08		Nil	Nil	NA
2008-09		Nil	Nil	NA
2009-10		11.15	2.75	8.40
2010-11		15.70	16.00	8.10
2011-12		40.24	36.93	11.41
Total	365.90	67.09	55.68	

It was observed that Ad-hoc CAMPA did not release any funds to J&K State CAMPA during 2009-12. J&K CAMPA also did not maintain head-wise /user-wise account of receipts, instead all money i.e. NPV/ CA etc. had been mingled.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Jammu & Kashmir that came to the notice of audit are given below. The gist of these cases is also given in table 26 and 27 in Chapter 3.

¹¹⁰Cummulative amount at the end of the year lying untulised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

(₹ in crore)

Sl. No.	Description	Amount
1	The Supreme Court revised the rate of NPV in March 2008. However test check of records of eight divisions ¹¹¹ revealed that NPV was not collected at revised rates.	21.04
2	Forest department diverted (1991 to March 2012) 10,683.86 ha of land to user agencies for non-forest purposes but NPV/CA of ₹ 795.75 crore was not realised from user agencies.	795.75
3	Diversion of Wild Life Sanctuary land (679.12 hectare)– <ul style="list-style-type: none"> In October 2007, NPV of ₹ 25.04 crore was short realised from user agency (Mugal Road Division Shopian) in lieu of diversion of land from wild life sanctuary for construction of Mugal road due to non-application of revised rates of NPV and non-charging five times of the normal rate of NPV prescribed for wildlife sanctuary. Further, NPV/CA etc. of ₹ 13.72 crore was also outstanding against the user agency as of December 2012. In six cases, against diversion of 600.68 ha forest land during March–July 2010, CA of ₹3.00 crore was also not recovered from user agencies (Border Road Task Force and Indo Tibet Border Police) as of December 2012. In February 2007, NPV of ₹ 3.25 crore was short realized from user agency in lieu of diversion of land from wild life sanctuary for construction of tunnel on NH1A from Banihal to Srinagar. 	45.01
	Total	861.80

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ¹¹²		0	0		0	0		0	0
Compensatory Afforestation		0	0		0	0		0	0
Protected Area ¹¹³		0	0		0	0		0	0
CAT Plan		0	0		0	0		0	0
Other specified activities		11.15	2.75		15.70	16.00		40.24	36.93
Total	Nil	11.15	2.75	Nil	15.70	16.00	Nil	40.24	36.93

¹¹¹Bhaderwah, Jammu, Kamraj, Anantnag, Langate, Udhampur, Lidder, Shopian

¹¹² NPV is spent on Protection, Conservation & Management of forest

¹¹³ Protected Area Funds is spent on Wildlife Management

Head-wise / Component wise details of availability of funds vis-à-vis allocation / expenditure in respect of implementing agencies (IAs) were not available with State CAMPA. Transactions had been mingled in one account / single book of accounts. Accounts were not consolidated at any stage due to pending accounts and progress reports from IAs. As a result actual consolidated position of amount spent by all IAs was not available and also could not be ascertained. However, works projected in the APOs 2010-11 were taken in advance during the year 2009-10.

Ministry stated (June 2013) that the financial and physical figures in terms of outlays and achievements were being compiled for the state. However, the details thereof stated to have been enclosed with the reply, had not been furnished.

4.2 Irregularities in utilisation of funds.

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Unauthorised expenditure	As the central Act was not applicable to Jammu and Kashmir, state level steering committee (SLSC) decided in April 2007 that CAMPA funds shall not be utilised by the state government till the matter was resolved by the Supreme Court. During test check of records of state CAMPA it was found that contrary to SLSC's aforesaid decision state CAMPA spent ₹ 5.25 crore of CAMPA funds on payment of loan, advances, sports meet, payment to private hotels etc. This resulted in an unauthorised expenditure of ₹ 5.25 crore.	5.25
2	Diversion of CA funds	Test check of records of 20 state forest divisions revealed that ₹8.78 crore in 2010-11 and ₹12.55 crore in 2011-12 was spent on plantations, of which ₹5.04 crore in 2010-11 and ₹8.41 crore in 2011-12 was spent on chain-link fencing/angle iron etc. which was 57 per cent in 2010-11 and 67 per cent in 2011-12 of the expenditure incurred on plantations. This had resulted in diversion of funds to that extent and consequently deprived of prime objective of plantation and consequent afforestation. Accepting the facts, Ministry stated (June 2013) that effective fencing mechanism was required during the last turbulent period in Jammu & Kashmir and to make the fencing more effective, low cost barbed wire fencing was being supplemented with live hedge fencing from the year 2013-14 onwards. This would keep the proportion of fencing expenditure to minimum.	13.45

Sl. No.	Nature of irregularity	Description	Amount
3	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of carpets, LEDs, ACs, i-pods, sofa sets, projectors, installation of office cabins, sofa sets, installation of electric transformer, vehicles etc.	0.31
4	Underutilisation of funds	During the years 2009-12, unspent balance of funds available with the State CAMPA ranged from 24 to 75 <i>per cent</i> at the end of the financial year. Ministry stated (June 2013) that during last two years the unspent amount ranged between 30 <i>per cent</i> to 33 <i>per cent</i> due to the reason that scheme was in its infancy stage and in many cases based on the ground conditions. The fact remained that state CAMPA could not fully utilise the funds provided for NPV schemes during the years 2009-12.	
5	Large variation in figures of allocation and expenditure of state CAMPA and forest divisions	Test check of records of eight State forest divisions revealed that there was large variation in figures of allocation and expenditure of state CAMPA and forest divisions for the year 2011-12. The variation in allocation of funds ranged from ₹ 0.03 lakh to ₹ 93.52 lakh and variation in expenditure ranged from ₹ 31.27 lakh to ₹ 1.43 lakh in the year 2011-12. Thus, reconciliation of figures of allocation and expenditure of forest divisions was not done with the figures of state CAMPA. Accepting the facts, Ministry stated (June 2013) that for the year 2011-12 division wise allocation was made with the details of expenditure and unspent balance. However, the supporting documents stated to have been furnished with the reply, had not been furnished.	
6	Non follow up of decisions of Steering Committee regarding confirmation of CA	Steering Committee decided in April 2011 that before any area was taken up for afforestation, its coordinates in terms of latitude and longitude was to be recorded and the existing condition of the area was to be documented in terms of photography / videography as well as on satellite imaginaries. It was noticed that no follow up action regarding confirmation of CA was taken by state CAMPA as of December 2012.	
	Total		19.01

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹¹⁴ - NA As per records of NO – 3,967.46 ha
Non forest land received in lieu	As per records of RO – NA As per records of NO – Nil
Non forest land short received	As per records of RO - NA As per records of NO – 3,967.46 ha
Chief Secretary Certificate on non availability of non forest land attached	In respect of J&K the certificate is to be issued by Deputy/Divisional Commissioner. Majority of certificates were not issued by the competent authority and in some cases, certificates were issued by the user agencies themselves.
Area identified for CA as per NO	On degraded forest land – 14,312.00 ha On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – 7,838.00 ha(2010-11 &2011-12) On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- NA As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- NA As per records of NO – Nil

FC Act, 1980 is not applicable to the state of Jammu and Kashmir. As per records of NO, the forest land diverted for non forestry purposes was 3,967.46 ha and no non forest land was received in lieu thereof. Afforestation done on degraded forest land was 55 *per cent* of the area identified to be afforested during the years 2010-12.

5.2 Irregularities in land management

Nature of irregularity	Description
Diversion of Wild Life Sanctuary land	During test check of records of state CAMPA it was found that in six cases, against diversion of 600.68 ha forest land in sanctuary during March–July 2010, non forest land for carrying out CA was not transferred to State forest department as of December 2012.

¹¹⁴ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

6. Status of Accounts and audit of State CAMPA Accounts

Accounting procedure for CAMPA has to be evolved in consultation with Accountant General, Jammu and Kashmir in accordance with the State Government provisions of SRO-354. The audit of the accounts of the State CAMPA has to be conducted under section 19 (3) of CAGs (DPC) 1971.

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts in the prescribed format.

It was observed that important records/registers required to be maintained as per CAMPA guidelines viz. assets register, stock registers, materials purchase register, works registers and muster roll register etc. were not maintained by state CAMPA and its various divisions.

Accepting the facts, Ministry stated (June 2013) that the finalisation of CAMPA accounts manual was under process and as regards maintenance of important records and registers, implementing agencies had been instructed for strict compliance wherever the discrepancies existed in this regard.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

The state CAMPA did not maintain cash book and subsidiary ledgers properly for the funds received from user agencies and expenditure incurred therefrom. Due to improper maintenance of cash book and subsidiary ledgers, the receipts and payments of the years 2007-08 to 2011-12 could not be verified in audit. Some of the deficiencies because of this were:

- Non reconciliation of figures with the bank: There were large variations ranging from ₹ 0.09 crore to ₹ 5.41 crore of figures of balances shown in the cash book maintained by state CAMPA and figures shown in the bank statement at the end of financial year during 2007-12.

Accepting the facts, Ministry stated (June 2013) that cash book would now be maintained properly as required under the rules. It was also stated that variation of figures between the progress report and cash book as pointed out by audit was being reconciled.

- Withdrawals shown by the Bank but not existing in the Cash Book: As per bank statement ₹ 90.62 crore were shown withdrawn during March 2005 to January 2011 from bank account of state CAMPA which included ₹ 84.00 crore on account of seven FDRs. However, no such entries were found in the cash book of the CAMPA.

- Missing cheques of ₹ 33.27 crore: As per entries recorded in the cash book, there were 25 cheques numbers 8659423, 8659425, 8659428, 8659432 to 8659444, 8659446 to 8659450, 7285401, 7285402, 7285405, 7285409 found missing. The details of these missing cheques was not recorded in the cash book. Further 162 cheques of ₹ 33.27 crore were found missing in the account of state CAMPA. This resulted in a loss of ₹ 33.27 crore.
- Non-accountal of credit of NPV/CA of ₹ 66.58 crore: Cheques / demand drafts of ₹ 66.58 crore were received on account of NPV, CA etc. but credit thereof was not traceable from the bank accounts. Thus, the receipts appearing in the cash book but not in bank accounts of state CAMPA indicated either cheques were not remitted to bank or credits thereof were not afforded by the bank. This resulted in loss/non-accountal of credits of ₹ 66.58 crore.
- Non-accountal of advances in cash book: The entries for ₹ 8.49 lakh withdrawn from bank on account of self cheques and advance of ₹ 5.00 lakh paid in July 2007 were not made either on the receipt or payment side in the cash book. Further genuineness of opening balance of ₹ 33 lakh as of March 2008 and opening balance of ₹ 7.06 crore as of July 2007 could not be ascertained in Audit due to non-maintenance of proper records.
- There was variation of ₹ 3.07 crore and ₹ 2.01 crore in amounts released to implementing agencies as shown in progress reports and those depicted in cash book maintained by state CAMPA during the years 2010-11 and 2011-12 respectively.
- Non maintenance of records of FDRs: No FDRs register indicating FDR's opening balance/fresh/renewals/closing balance etc. was maintained by state CAMPA Also, bank confirmations indicating actual amount of FDRs, actual date of investments, reinvestment, date of maturity, interest earned etc. was not available with State CAMPA. As per details available on loose papers, the principal amount of FDRs was ₹ 545.30 crore with accruable interest of ₹ 71.91 crore and maturity value was ₹ 617.21 crore.

Ministry stated (June 2013) that complete computerised record of FDRs was available in the PCCF office. However, the relevant documents stated to have been enclosed with the reply had not been furnished. Thus there was no system in place for follow up of standard rules and procedures in maintenance of annual accounts and cashbooks and other connected records and for reconciliation of bank and cashbook balances. As a result, cases of misappropriation could not be ruled out.

7. Investment of Compensatory Afforestation funds

7.1 Absence of investment policy framework

- Amount which was not required for immediate disbursement was to be kept in the FDR.No such policy of investment of funds was prepared and adopted and approved

by the apex body of the State CAMPA. Non framing of investment policy had resulted in loss of interest that could have been realized in case funds were kept in FDR.

- To obtain maximum returns for investing the CAMPA money in deposits, the CAMPA should have called quotation from the various nationalized banks. This was also directed by the EC (December 2009). However, no quotations were called from nationalized banks and FDRs were kept with J&K Bank only despite lapse of considerable time periods. Besides, no follow up action was taken by the EC in their subsequent meetings on this count.

The impact of non-existence of a laid down investment policy are reflected in the cases reported below.

7.2 Loss of interest¹¹⁵ of ₹ 14.60 crore due to non-investment of CAMPA funds in FDs

During test check of records of state CAMPA it was found that funds of NPV/CA etc. received from various user agencies were deposited by state CAMPA in current account instead of investing it in FDs or in interest bearing accounts during the period January 2007 to March 2012 resulting in loss of interest of ₹ 8.94 crore (if funds deposited in savings account) to ₹ 14.60 crore (if invested in FDs).

Further, during test check of records of various forest division it was found that the divisions kept the funds in current account instead of interest bearing account resulting in loss of interest of ₹ 0.27 crore.

7.3 Loss of interest of ₹ 8.12 crore due to delay in remittance of funds to state CAMPA by user agencies.

During test check of records of various state forest divisions it was found that there was delay ranging from one to 95 months in remittance of CA funds by various user agencies during the years 2002-12 resulting in loss of interest of ₹ 8.12 crore.

7.4 Loss of interest of ₹ 1.68 crore due to delay in remittance of funds to State CAMPA by state wildlife department

During test check of records of Leh forest division it was found that user agency deposited funds of ₹ 55.87 crore with State wildlife department in September 2010 instead of State CAMPA in lieu of diversion of 124.80 ha forest land for construction of Chushmule-demchok road. The funds were transferred to State CAMPA by wildlife department in June 2011 after a delay of more than nine months resulting in loss of interest of ₹ 1.68 crore.

¹¹⁵ Interest calculated at 4 per cent.

7.5 Non reconciliation of CA funds received by various state forest divisions

During test check of records of state CAMPA and its various forest divisions it was found that no reconciliation was done by state CAMPA with its various forest divisions for CA funds received from various user agencies in lieu of diversion of forest land to ascertain amount due, amount received and the amount outstanding of CA funds.

7.6 Loss of interest of ₹ 2.62 crore due to delay in deposit of cheques in bank

During test check of records of state CAMPA it was found that there was loss of interest of ₹ 2.62 crore due to delay ranged from 8 to 369 days in remittance of 352 cheques for credit to bank account during 2007-12.

7.7 Unauthorised deposit of funds of ₹ 32.08 crore by other departments/agencies

During test check of records of state CAMPA it was found that in 37 cases, various departments/agencies had deposited funds of ₹ 32.08 crore with state CAMPA without any proposal for diversion of forest land during the years 2007-12.

Thus, in the absence of investment policy/procedure there were cases of loss of interest of substantial amounts due to delay in investment of funds by State CAMPA and delay in receipt of funds from State forest divisions/user agencies.

8. Monitoring

Executive Committee and Steering Committee had to hold its meetings after every six months. It was observed that EC had met with an intervening period ranging from 1 month to 10 months. The SC had met with an intervening period ranging from 4 months to 11 months. There was no defined time schedule for holding meetings of ECs / SCs.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹¹⁷
2006-07	822.09	Nil	Nil	Nil
2007-08	76.23	Nil	Nil	Nil
2008-09	55.82	Nil	Nil	Nil
2009-10	187.64	95.00	Nil	95.00
2010-11	272.00	103.16	75.52	122.64
2011-12	184.54	62.50	109.79	75.35
Total	1,598.32	260.66	185.31	

As can be seen from the table, in compliance with the orders of the Supreme Court, 16 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 260.66 crore received, 29 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 28.06 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Jharkhand that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	There were 12 cases ¹¹⁸ involving forest land of 607.57 ha in which NPV was not collected from the user agencies ¹¹⁹ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	35.24 ¹²⁰
2	In eleven forest divisions, NPV/CA of ₹ 70.05 crore was not realized from user agencies ¹²¹ to whom in principle/final approval was granted by MoEF between November 1993 and July 2012 for diversion of 2,334.99 ha forest land for non forestry purposes. The State forest department, while accepting the facts, stated that an amount of ₹ 0.60 crore pertaining to Koderma forests divisions had since been collected (November-December 2012).	69.45

¹¹⁷ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹¹⁸ As per status report of MoEF issued on 16 March 2012.

¹¹⁹ TATA Iron and Steel Co. Ltd., M/s CCL, Sports Authority of India, M/s Eastor Coal Field Ltd., M/s SAIL, Bharat Raj Singh etc.

¹²⁰ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (607.57 x 5.8)

¹²¹ DVC, NTPC, Nilanchal Iron & Power Ltd., CCL, JSEB, NHAI and State Government agencies etc.

Sl. No.	Description	Amount
	Accepting the facts, Ministry stated (June 2013) that amounts had since been realised from user agencies in two out of eleven forest divisions and deposited into CAMPA account. However, Ministry did not furnish any supporting documents.	
3	In six forest divisions, demand for recovery of CA of ₹ 5.69 crore was not raised from five user agencies to whom in principle /final approval was granted by MoEF during January 1995 to June 2012 for diversion of 415.10 ha forest land for non forestry purposes even after lapse of 6 to 25 months as of November 2012. Accepting the facts, Ministry stated (June 2013) that position in this regard was being reconciled by the concerned DFOs and final outcome would be reported to audit.	5.69
4	In ten forest divisions, CA of ₹4.32 crore was short realized from seven user agencies to whom in principle/final approval was granted during October 2003 to May 2012 for diversion of 833.87 ha forest land for non forestry purposes. Accepting the facts, Ministry stated (June 2013) that demand for realisation of balance amount of CA had since been raised from user agency.	4.32
5	In Chatra (South) forest division, demand for recovery of PCA of ₹1.48 crore was not raised from user agency (CCL) who continued the mining of coal beyond the lease period i.e. 16 February 2012 on 43.30 ha forest land. Accepting the facts, Ministry stated (June 2013) that demand for recovery of PCA of ₹ 1.48 crore had since been raised from user agency.	1.48
	Total	116.18

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV¹²²		95.00			103.16	75.52		62.50	109.79
Compensatory Afforestation		0			0	0		0	0
Protected Area¹²³		0			0	0		0	0
CAT Plan		0			0	0		0	0
Other specified activities		0			0	0		0	0
Total	95.00	95.00	Nil	103.16	103.16	75.52	62.50	62.50	109.79

¹²² NPV is spent on Protection, Conservation & Management of forest

¹²³ Protected Area Funds is spent on Wildlife Management

During 2009-10 an amount of ₹ 95 crore was received in March 2010 by State CAMPA from the Ad-hoc CAMPA for execution of different schemes, but no money was transferred to any divisions due to non approval of APO for the year 2009-10. This indicated lack of co-ordination between the Ad-hoc CAMPA and the State CAMPA. Though the percentage of expenditure increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹2,057.88 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

Accepting the facts, Ministry stated (June 2013) that due to non-approval of APO in the year 2009-10 and late receipt of fund from Ad-hoc CAMPA, no money could be transferred to forest divisions.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Irregular expenditure	i. In eight forest divisions ¹²⁴ , expenditure was incurred on various schemes during the years 2010-11 and 2011-12 without obtaining the technical sanction of site and specific estimate of the competent authority resulting in irregular expenditure. Accepting the facts, Ministry stated (June 2013) that all concerned officers had been directed to start the execution of any scheme after obtaining technical sanction of site and specific estimate from the competent authority.	23.40
		ii. Despite instructions of steering committee given in June 2010 that no entry point activities were to be carried out under establishment of natural forest and greening of hills scheme, test check of records of five forest divisions revealed that entry point activities were carried out during the years 2010-11. Ministry stated (June 2013) that in schedule of rates of establishment of natural forests and greening of hills scheme for the year 2010-11 no entry point activities were included. The reply of Ministry is not tenable as entry point activities were carried out in five forest divisions during 2010-11.	0.16

¹²⁴Chatra North, Chatra South, Dhanbad, Hazaribagh Afforestation, Hazaribagh East, Giridh Afforestation, Ranchi West and Ranchi Wildlife

Sl. No.	Nature of irregularity	Description	Amount
2	Unauthorised expenditure	<p>i. In Hazaribag West forest division, 16 check dams were constructed against 12 check dams approved in APO for 2011-12. Further, one check dam was constructed on a site different from the approve site.</p> <p>Ministry stated (June 2013) that 16 check dams were constructed within the approved amount. The reply of Ministry is not tenable because as per approved APO for 2011-12 only 12 check dams were to be constructed. Further, Ministry's reply was silent regarding construction of a check dam on a different site from the approved site.</p>	0.20
		<p>ii. In Wildlife forest division, Ranchi, as per approved APO for 2010-11 the protection was to be done without trench fencing/constructing stone wall under NPV scheme 'Establishment of Natural Forests'. Advance work was undertaken on ten sites on 500 ha land in Palkot Wildlife Sanctuary, Gumla during 2011-12 and in seven of the ten sites, work was executed with trench fencing.</p> <p>Ministry stated (June 2013) that fencing was done with the approval of district administration. The reply of Ministry is not tenable as trench fencing/constructing stone wall was not approved in the APO for 2010-11.</p>	0.14
3	Wasteful expenditure	<p>In Wildlife forest division, Ranchi, advance work under NPV schemes in 300 ha was done during 2010-11 but no fund was released in the year 2011-12 for execution of work rendering the expenditure incurred on advance work a waste.</p> <p>Ministry stated (June 2013) that plantation could not be done in the year 2011-12 as one year plants were not available and the same was completed in the year 2012-13. The reply of Ministry was silent regarding survival of plantations in the absence of their maintenance in the year 2011-12.</p>	0.18
4	Infructuous expenditure	<p>In Deoghar forest division, the existing plantation at two sites Jalathar and Karipahari failed due to non execution of first and second year maintenance works resulting in infructuous expenditure incurred on the advance works under intensive forest development and KalamiAam Programmes in the year 2008-09 and 2009-10, respectively.</p> <p>Ministry stated (June 2013) that plantations were undertaken under the state plan scheme for which no funds were provided by Ad-hoc CAMPA/State CAMPA for their maintenance leading to its failure.</p>	0.15
5	Doubtful expenditure	<p>In Hazaribag Social Forestry division, plants sapling works under CA was reportedly carried out over 77ha and 60 ha land at Reku</p>	0.13

Sl. No.	Nature of irregularity	Description	Amount
		and Bandhdih, respectively instead of 20 ha and 30 ha land which was available for execution of works as per survey report resulting in extra expenditure of ₹ 0.13 crore.	
	Total		24.36

Photos of some selected plantations



5. Land Management

5.1 Fact Sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹²⁵ – 8,320.00 ha ¹²⁶ As per records of NO – 15,881.06 ha
Non forest land received in lieu	As per records of RO – 2,989.82 ha As per records of NO – 530.11 ha
Non forest land short received	As per records of RO – 5,330.18 ha As per records of NO – 15,350.95 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 16,992.14 ha & 49 km (In Jharkhand the bifurcated data of area of non-forest land and degraded forest land was not mentioned in the APOs). On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – 10,636.87 ha & 49 km (during 2010-12) On Non forest land – NA

¹²⁵ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹²⁶ Excluding exempted projects

Particulars (2006-12)	
Received Non forest land transferred/mutated	As per records of RO - Nil As per records of NO – 530.11 ha
Non forest land received notified as reserved/protected forest	As per records of RO - Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 8,320.00ha and the non forest land received in lieu thereof was only 36 *per cent* while as per records of NO the figures were 15,881.06 ha and three *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 530.11 ha non forest land transferred/ mutated in favour of forest department no non forest land was declared as RF/PF. As per records of NO, 10,636.87 ha & 49 km (during 2010-12) of forest land was afforested.

Ministry stated (June 2013) that notification of non-forest land made available by user agencies was in progress and concerned DFOs had been directed to get it notified as RF/PF.

5.2 Irregularities observed in land management

Nature of irregularity	Description
Excess diversion of 5.87 ha forest land	In Dhalbhum forest division, MoEF granted final approval (Stage II) in April 2005 for diversion of 130.82 ha forest land despite request of user agencies for diversion of 124.95 ha forest land resulting in excess diversion of 5.87 ha forest land. Ministry stated (June 2013) that there was no excess diversion of forest land as user agency had applied for diversion of 130.82 ha forest land. The reply of Ministry was not based on facts as user agency had applied for diversion of 124.95 ha forest land.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2010-11 and 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited.

Scrutiny of the records made available revealed that in Dhalbhum Social Forestry, Jamshedpur and Ranchi forest divisions an amount of ₹ 5.67 crore and in Bokaro, Deoghar and Dhanbad forest divisions, interest of ₹ 0.12 crore was not accounted for in the cash

book. In Giridh afforestation division cash book was not monthly closed in 2010-11 due to non adjustment of vouchers of ₹ 0.92 crore. In Deoghar and Chatra South forest divisions forest advances of ₹ 0.31 crore were lying outstanding. Further, the bank reconciliation was not done by the State CAMPA for the years 2010-11 and 2011-12.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Accepting the facts, Ministry stated (June 2013) that format of accounts was being finalised and meanwhile the accounts at division level were being maintained in the same way as being maintained for the department funds and the accounts would be got audited by C&AG empanelled CA in the year 2013-14. As regards, non-accountal of government money/bank interest and non-adjustment of outstanding forest advances, Ministry stated that action was being taken to comply with the audit observations.

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Jharkhand CAMPA met four times during 2009-12 as against six times. The Executive Committee met four times during 2009-12.

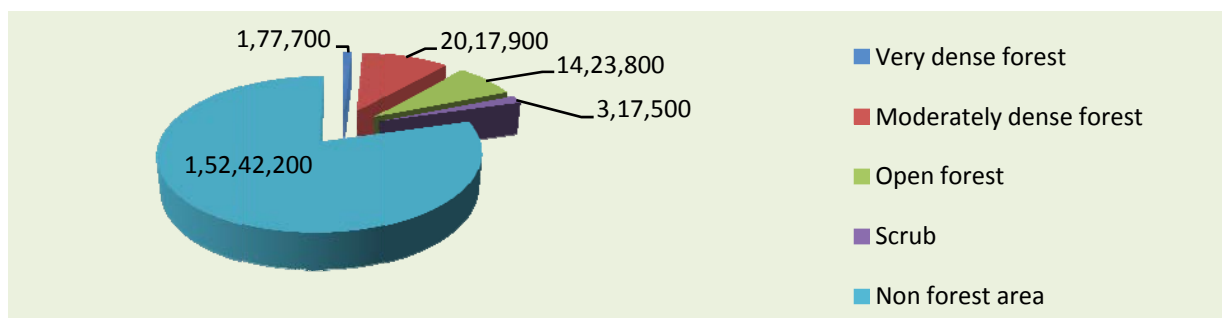
Karnataka

1. Background¹²⁷

The total geographical area of Karnataka is 1,91,79,100 hectare. Based on the interpretation of satellite data of October 2008- February 2009, the forest cover in the State was 36,19,400 hectare which was 18.87 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 1,77,700 hectare of area under very dense forest, 20,17,900 hectare of area under moderately dense forest, 14,23,800 hectare of area under open forest and 3,17,500 hectare of area under scrub. Compared with the previous assessment of 2009, the forest cover showed an increase of 400 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in June 2010. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹²⁷Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹²⁸
Before 2006	235.69	Nil	Nil	Nil
2006-07	238.10	Nil	Nil	Nil
2007-08	69.53	Nil	Nil	Nil
2008-09	38.11	Nil	Nil	Nil
2009-10	62.27	58.56	Nil	58.56
2010-11	111.37	50.91	80.65	28.82
2011-12	81.32	41.57	58.73	11.66
Total	836.39	151.04	139.38	

As can be seen from the table, in compliance with the orders of the Supreme Court, 18 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 151.04 crore released against APOs, eight per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 9.66 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Karnataka that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	There were 20 cases ¹²⁹ involving forest land of 1336.36 ha in which NPV was not collected from the user agencies ¹³⁰ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	77.51 ¹²⁴
2	The Supreme Court revised the rate of NPV in March 2008. However test check of records of seven forest divisions ¹³¹ revealed that in 12 cases ¹³² NPV was not collected at revised rates.	3.28

¹²⁸ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹²⁹ As per status report of MoEF issued on 16 March 2012.

¹³⁰ M/s Balaji Mines & Minerals (P) Ltd, Mysore Cements Ltd., M/s Kirloskar Ferrous Industries Ltd., M/s Mysore Minerals Ltd., M/s Tungbhadra Minerals Ltd. M/s Subhash Project and Marketing Ltd., M/s S A Tawab

¹²⁴ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of Rs. 5.80 lakh per hectare (1336.36 x 5.8)

¹³¹ Hassan, Belgaum, Bangalore Urban, Ramanagar, Sagar, Bangalore Rural, Bannerghatta.

¹³² WPP, KNNL, BMIC Project, KPTCL etc.

Sl. No.	Description	Amount
3	NPV/CA/PCA/CATP/ SMC works etc. were not realized in eight cases ¹³³ of diversion of 2,535.90 ha forest land in six forest divisions during 2002-12as of December 2012.	188.37
4	In twelve cases, where 489.58 ha forest land was diverted during the years 2002-12, NPV of ₹ 28.40 crore was not realized from user agencies ¹³⁴ as of December 2012. Of this, in one case recovery of NPV of ₹ 2.88 crore was reported to be pending in the court.	28.40
5	In 11 cases, CA of ₹ 18.47 crore was short realised from user agencies ¹³⁵ due to non-application of correct rates of CA, felling trees, cost towards payment of medicinal plants, cost of raising strip plantation.	18.47
6	CA of ₹ 1.08 crore and CATP of ₹ 2.01 crore in two cases was not realized from user agencies as on December 2012 for diversion of 449.55 ha of forest land for Upper Tunga Project.	3.09
	Total	319.12

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ¹³⁶		56.64			37.67	68.98		26.51	42.32
Compensatory Afforestation		3.54			10.63	9.19		13.09	12.22
Protected Area ¹³⁷		0			0	0		0	0
CAT Plan		0.68			2.50	2.48		5.31	4.19
Other specified activities		0			0	0		0	0
Total	58.56	60.86	Nil	50.91	50.80	80.65	41.57	44.91	58.73

¹³³The user agencies included M/s KIOCL Ltd., M/s KNNL, M/s Sarjan Realities Ltd., M/s Suzlon Energy Ltd, M/s Enercon India PvtLtd.etc.

¹³⁴The user agencies included M/s KNNL, M/s Subash Project and Marketing, M/s KMPSSL, M/s Hind Traders etc.

¹³⁵The user agencies included M/s KPTCL, M/s KIOCL, M/s KNNL, M/s Suzlon Energy Ltd., Railways, Army etc.

¹³⁶ NPV is spent on Protection, Conservation & Management of forest

¹³⁷ Protected Area Funds is spent on Wildlife Management

APO for the years 2009-12 was approved by steering committee in May- June, after a delay of six months. Though the percentage of expenditure has increased progressively during the years 2009-10 & 2010-11, concerns remain on the absorptive capacity of the State considering that ₹ 1028.60 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds.

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of vehicles (₹3.36 crore), maintenance of guest house/office building (₹ 2.55 crore), financial assistance to defunct VFC's (₹ 0.61 crore) and improvement of tree parks (₹ 0.19 crore). Ministry stated (April/June 2013) that there were no instructions in State CAMPA guidelines and NCAC that expenditure on creation of infrastructure at State forest headquarters and purchase of vehicles etc. would not be incurred. The reply of Ministry is not tenable as it was decided in the third meeting of NCAC that expenditure on creation of infrastructure at headquarters should not be incurred from CAMPA funds and it was allowed upto the range level officers.	6.71
2	Non-maintenance of separate accounts	As per state CAMPA guidelines, moneys realised from the user agencies in pursuance of the Supreme court's orders or decision taken by the National Board for Wildlife involving cases of diversion of forestland in protected areas shall form a distinct corpus and shall be used exclusively for undertaking protection and conservation activity. However, no separate account for the amount of ₹ 8.08 crore received towards conservation and protection of protected areas was maintained by state CAMPA. Accepting the facts, Ministry stated (April/June 2013) that action would be taken to maintain the separate bank account for money collected from user agencies for diversion of forest land in protected areas.	8.08
3	Irregular sanction of forest advances to range forest officers	As per instructions issued by state CAMPA, forest advance upto ₹ 0.02 crore only should be sanctioned in exceptional cases and it should be adjusted within one month. However, in thirteen state forest divisions, forest advance upto ₹ 0.58 crore was sanctioned by State forest divisions during 2010-12. Further, forest advances amounting to ₹ 0.41 crore paid in March 2011 were adjusted during May 2011 and September 2011 i.e. after delay of 2 to 6 months.	0.58

Sl. No.	Nature of irregularity	Description	Amount
		Accepting the facts, Ministry stated (April/June 2013) that all controlling officers and implementing officers had been instructed to strictly follow the instructions issued by the State CAMPA in regard to sanction of forest advance and its adjustment.	
4	Excess expenditure	Bandipur forest division incurred an extra expenditure of ₹ 0.12 crore on work of desilting from tank/channel bed in slushy condition at higher rate of ₹ 107 per cum in place of ₹ 58 per cum prescribed in SR of forest department. In another case, the division incurred an extra expenditure of ₹ 0.04 crore due to payment for work of excavation for formation of tank at the rate higher than prescribed in SR of forest department. Ministry stated (April/June 2013) that these works were executed at the technically scrutinised rates and there was no excess expenditure in these cases. The reply of Ministry is not tenable as the rates prescribed in SR of forest department for these works were not adopted and the works were executed at higher rates.	0.16
	Total		15.53

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹³⁸ – 5,098.91 ha ¹³⁹ As per records of NO – 3,354.11 ha
Non forest land received in lieu	As per records of RO – 3,053.74 ha As per records of NO – 2,231.96 ha
Non forest land short received	As per records of RO – 2,045.17 ha As per records of NO – 1,122.15 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 2,187.28 ha On Non forest land – 2,594.07 ha
Area on which CA done as per NO	On degraded forest land – 19.60 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO - Nil As per records of NO – 2,231.96 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – NA

¹³⁸ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹³⁹ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 5,098.91 ha and the non forest land received in lieu thereof was 60 *per cent* while as per records of NO the figures were 3,354.11 ha and 67 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 2,231.96 ha non forest land was transferred/ mutated in favour of forest department no non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was less than one *per cent* of the area to be afforested.

5.2 Irregularities in land management.

Sl. No.	Nature of irregularity	Description
1	Instances of violation of FC Act, 1980	In six cases of four forest divisions, forest area of 323.05 ha was diverted in violation of FC Act. Cases noticed included forest land leased to golf club, usage of forest area beyond the lease area, commencement of works by user agency even before granting Stage II approval, etc.
2	Non compliance with the Supreme Court's orders	In Karkala forest division, as per the Supreme Court's orders of October 2002 mining operations on 4,605 ha forest land diverted to KIOCL in Kudremukh National Park were stopped from 1 January 2006. In spite of the Supreme Court's above orders, in January 2007, state forest department notified an area of 3,703.55 ha as forest land which included major part of 3,203.55 ha on which mining operations were stopped from 1 January 2006. No action was taken by State forest department to resume control of 3,203.55 ha forest land from user agency as of December 2012.
3	Inaction of state forest department for 600.16 ha unutilised forest land lying with user agency	<ul style="list-style-type: none"> In Bangalore (Rural) forest division, 102 ha forest land was found unutilised out of 565 ha forest land diverted in August 2002 for establishing Bangalore International Airport. MoEF directed (June 2010) PCCF to conduct survey and resume back excess forest land lying unutilized with the lessee. However, no further progress was made in this regard (October 2012). In another case, 411.16 ha forest land was found unutilized which was diverted in July 2000 for rehabilitation of displaced persons of "Sea Bird" project. Further, forest land was changed to revenue land in revenue records without approval of MoEF. In yet another case, 87 ha forest land lying unutilized out of 330 ha forest land diverted to PGCIL for laying higher power transmission line in 2002-03 was not taken back by forest department.
4	Non execution of CA work	In 224 cases, against diversion of 8,692.96 ha forest land during 2002-09, CA was to be carried out on 8,363.87 ha non forest land (3,853.29 ha degraded forest land and 4,510.58 ha non-forest land). As of 31 March 2012, CA was carried out in 5,658.82 ha (2,918.89 ha degraded forest land and 2,739.93 ha non-forest land) and CA in 2,917.14 ha (1,079.60 ha

Sl. No.	Nature of irregularity	Description
		degraded forest land and 1,837.54 ha non-forest land) was yet to be undertaken. Ministry stated (April/June 2013) that efforts were being made to gear up the machinery to take up CA works on priority by sorting out the difficulties in execution of CA works.
5	Incorrect identification of non-forest land for CA works	<ul style="list-style-type: none"> • In Bellary forest division, CA could not be taken up on 659.30 ha non forest land as the area identified was hill rock area and was not fit for raising plantations. • Further, in Bhadravati forest division 72.52 ha non forest land identified in October 2010 was in the possession of State Forest Department from 2003-04 and 12.98 ha out of 72.52 ha non forest land was already afforested in 1990-91. <p>Ministry stated (April/June 2013) that non-forest land received from user agencies for CA had already been mutated in favour of forest department. The reply is not tenable as non-forest land received from user agencies was not fit for raising plantations.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

7. Monitoring

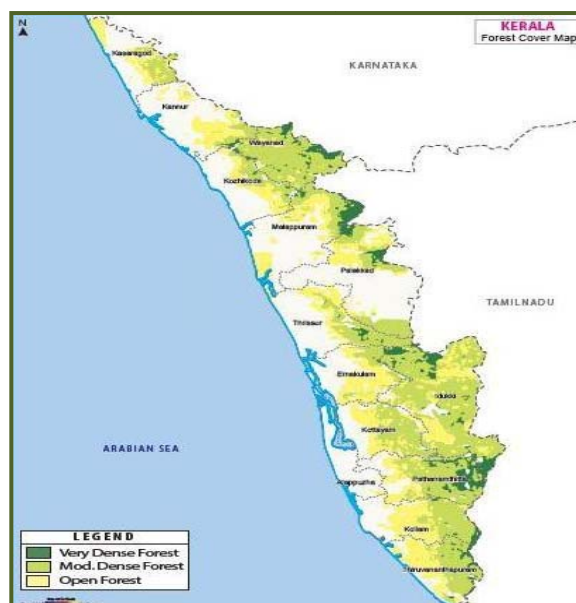
As per the state CAMPA guidelines, the Steering Committee was to meet twice in a year. The Steering Committee of Karnataka CAMPA met three times during 2009-12 as against six times.

Ministry stated (April/June 2013) that since the Chief Secretary of the state was chairman of Steering Committee, many times the meeting were cancelled due to busy schedules of Chief Secretary and it would be difficult to convene the meeting of steering once in six month as per State CAMPA guidelines. However, necessary action would be taken to convene the meetings of Steering Committee as per guidelines.

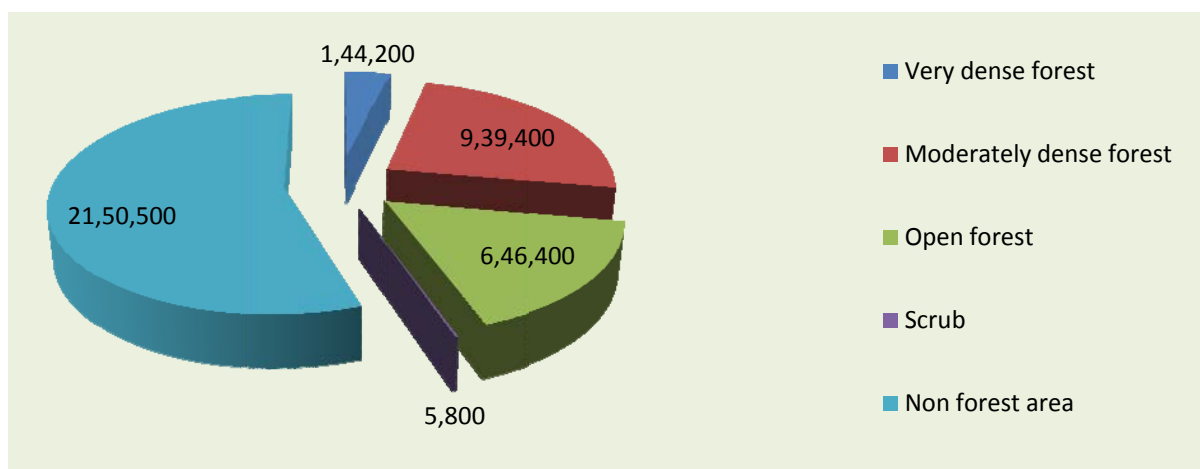
Kerala

1. Background¹⁴⁰

The total geographical area of Kerala is 38,86,300 hectare. Based on the interpretation of satellite data of February 2009, the forest cover in the State was 17,30,000 hectare which was 44.52 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 1,44,200 hectare of area under very dense forest, 9,39,400 hectare of area under moderately dense forest and 6,46,400 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a decrease of 2,400 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in November 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁴⁰Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁴¹
Before 2006	11.69	Nil	Nil	Nil
2006-07	10.98	Nil	Nil	Nil
2007-08	5.93	Nil	Nil	Nil
2008-09	0.59	Nil	Nil	Nil
2009-10	0.34	1.37	0.97	0.40
2010-11	0.03	Nil	Nil	0.40
2011-12	1.43	Nil	Nil	0.40
Total	30.99	1.37	0.97	

As can be seen from the table, in compliance with the orders of the Supreme Court, four *per cent* of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released during 2009-12. Of ₹ 1.37 crore released, 30 *per cent* remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Kerala that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 2 cases ¹⁴² involving forest land of 14.77 ha in which NPV was not collected from the user agencies ¹⁴³ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	0.86 ¹⁴⁴
2	In Punalur and Konni forest divisions, recovery of NPV/CA of ₹ 0.29 crore from a user to whom in principle approval was granted by MoEF in November 2005 for diversion of 4.4 ha forest land for drawing transmission line was not made. The user agency completed the work during 2006 without final approval of MoEF. No action was taken by MoEF for recovery of NPV/CA (December 2012).	0.29
3	During test check of records of State CAMPA it was found that no NPV/CA was collected for diversion of 7,693.23 ha forest land for rehabilitation of tribals after 30 October 2002 as the matter was sub-judice in a court of law. Ministry stated (April 2013) that the matter of exemption from payment of NPV was pending in the Supreme Court.	
	Total	1.15

¹⁴¹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁴² As per status report of MoEF issued on 16 March 2012.

¹⁴³ Plantation Corpn.

¹⁴⁴ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (14.77 x 5.8)

4. Utilisation of CAMPA fund

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV¹⁴⁵		1.34	0.97		2.06				
Compensatory Afforestation		0	0		0.35				
Protected Area¹⁴⁶		0	0		0				
CAT Plan		0	0		0				
Other specified activities		0.03	0		0.29				
Total	1.37	1.37	0.97	Nil	2.70	Nil	Nil	Nil	Nil

For the year 2009-10 Ad-hoc CAMPA released funds in the month of March 2010 but the APO was approved in the month of March 2011. For the year 2010-11 APO was approved by Steering Committee in February 2012 but no funds were released by Ad-hoc CAMPA. APO was not prepared for the year 2011-12. The percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was 71 *per cent* in 2009-10. No expenditure was incurred in the years 2010-11 and 2011-12. Concerns remain on the absorptive capacity of the State considering that ₹ 37.37 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

Ministry stated (April 2013) that funds against APOs for 2010-11, 2011-12 and 2012-13 had not been released by Ad-hoc CAMPA. The reply was not based on facts as State CAMPA received a sum of ₹ 1.37 crore in the year 2009-10 from Ad-hoc CAMPA, and thereagainst an expenditure of ₹ 0.97 crore was incurred during the year.

¹⁴⁵ NPV is spent on protection, conservation and management of forest

¹⁴⁶ Protected Area Funds is spent on wildlife management

4.2 Irregularities in utilisation of funds.

(₹ in crore)

Nature of irregularity	Description	Amount
Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure of ₹ 0.96 crore was incurred on purchase of vehicles i.e. entire amount expended. Ministry stated (April 2013) that vehicles were purchased for strengthening the functioning of forest stations and for execution of CA works. The reply of Ministry was not based on facts as no site specific compensatory afforestation was envisaged in the APO for 2009-10 and the entire money was expended only on these vehicles.	0.96

5. Land Management

5.1 Fact sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ¹⁴⁷ – 75.99 ha ¹⁴⁸ As per records of NO – 156.07 ha
Non forest land received in lieu	As per records of RO – 25.32 ha As per records of NO – Nil
Non forest land short received	As per records of RO – 50.67 ha As per records of NO – 156.07 ha
Chief Secretary Certificate on non availability of non forest land attached	NA
Area identified for CA as per NO	On degraded forest land – 295.92 ha On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO –Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

¹⁴⁷ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁴⁸ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 75.99ha and the non forest land received in lieu thereof was only 33 *per cent* while as per records of NO the figures were 156.07 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. Ministry stated (April 2013) that account would be prepared after 31 March 2013 as funds for APOs for 2010-11, 2011-12 and 2012-13 had not been released by Ad-hoc CAMPA. The reply was not based on facts as State CAMPA received a sum of ₹ 1.37 crore in the year 2009-10 from Ad-hoc CAMPA, and thereagainst an expenditure of ₹ 0.97 crore was incurred during the year.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

7. Monitoring

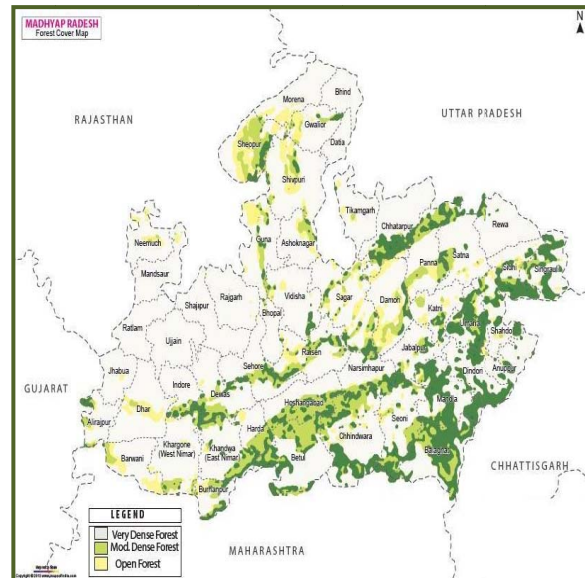
As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Kerala CAMPA met two times during 2009-12 as against six times. The Executive Committee met two times during 2009-12.

Accepting the facts, (April 2013) Ministry stated that frequency of meetings of state level committees would be regularised as per the guidelines hereafter.

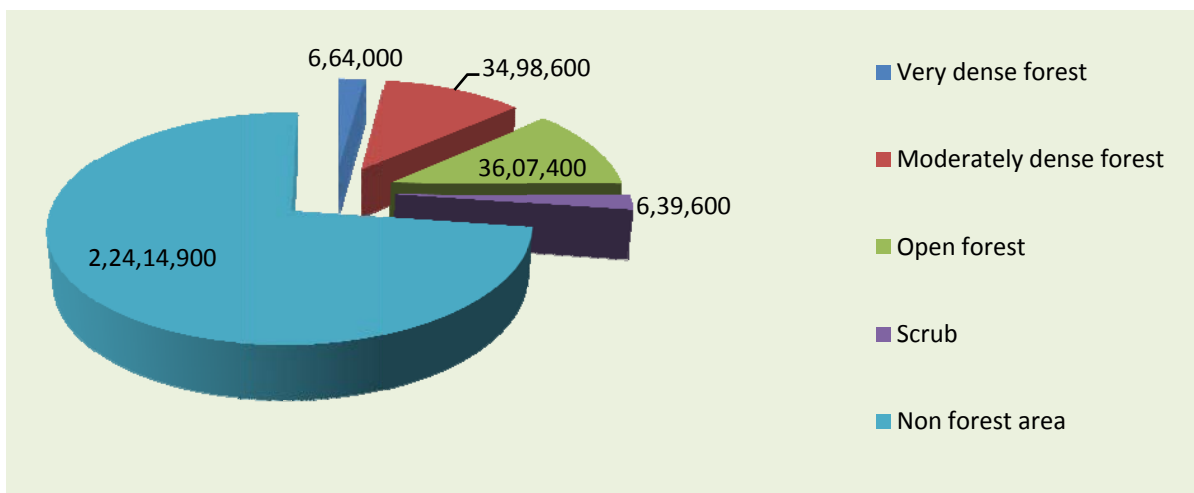
Madhya Pradesh

1. Background¹⁴⁹

The total geographical area of Madhya Pradesh is 3,08,24,500 hectare. Based on the interpretation of satellite data of October - December 2008, the forest cover in the state was 77,70,000 hectare which was 25.21 per cent of the State’s geographical area. In terms of forest canopy density classes, the State had 6,64,000 hectare of area under very dense forest, 34,98,600 hectare of area under moderately dense forest and 36,07,400 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover does not show any changes in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

Funds remitted by State CAMPA to Ad-hoc CAMPA ,funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁴⁹Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁵⁰
No date	49.43	Nil	Nil	Nil
2007-08	225.7	Nil	Nil	Nil
2008-09	103.51	Nil	Nil	Nil
2009-10	114.38	53.05	Nil	53.05
2010-11	285.1	50.97	32.66	71.36
2011-12	124.41	53.52	49.87	75.01
Total	902.53	157.54	82.53	

As can be seen from the table, in compliance with the orders of the Supreme Court, 17 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 157.54 crore released against APOs, 48 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Madhya Pradesh that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 22 cases ¹⁵¹ involving forest land of 6,804.25 ha in which NPV was not collected from the user agencies ¹⁵² to whom in principle approval was granted before October 2002 and the final approval was granted after that.	394.65 ¹⁵³
2	The Supreme Court revised the rate of NPV in March 2008. However test check of records of seven forest division ¹⁵⁴ revealed that in 14 cases NPV was not collected at revised rates.	3.80
3	NPV/CA etc. of ₹ 68.72 crore was not realized from user agencies to whom forest land had already been diverted.	68.72
4	In 36 cases of land diversion sanctioned from 1984 to 2011 in six divisions, NPV and CA of ₹ 45.67 crore as worked out by audit was not calculated by the Nodal Officer, FCA.	45.67
	Total	512.84

¹⁵⁰ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁵¹ As per status report of MoEF issued on 16 March 2012.

¹⁵² These included Mundia Khera Tank, Omkareshwar Multipurpose Project, Arjungawa Undarvahan Project, NMDC, Manish Dixit, M/s NCL, M/s BLA Industries etc.

¹⁵³ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare(6804.25 x5.8)

¹⁵⁴ Indore, Dhar, Sendhva, Satna, North Sivni, Narshingpur, Devas

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ¹⁵⁵					2.48	2.35		78.30	21.83
Compensatory Afforestation					42.76	28.64		49.69	23.80
Protected Area ¹⁵⁶					0	0		12.00	1.00
CAT Plan					0.47	0.16		0.02	0.04
Other specified activities					8.05	1.51		3.63	3.20
Total	53.05	Nil	Nil	50.97	53.76	32.66	53.52	143.64	49.87

Funds for the years 2009-10 and 2010-11 were released by Ad-hoc CAMPA without APOs. APO for the years 2011-12 was submitted after a delay of seven months. The percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was zero *per cent* in 2009-10, 64 *per cent* in 2010-11 and 93 *per cent* in 2011-12 though the levels of expenditure were 61 *per cent* in 2010-11 and 35 *per cent* in 2011-12 of the amounts released. Though the expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 1,341.19 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁵⁷ – 20,740.52 ha ¹⁵⁸ As per records of NO – 9,753.47 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – 2,332.49 ha
Non forest land short received	As per records of RO – 20,740.52 ha As per records of NO – 7,420.98 ha

¹⁵⁵ NPV is spent on protection, conservation and management of forest

¹⁵⁶ Protected Area Fund is spent on wildlife management

¹⁵⁷ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁵⁸ Excluding exempted projects

Particulars (2006-12)	
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – NA On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – 5,136.97 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- 492.80 ha As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 20,740.52 ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures were 9,753.47 ha and 24 *per cent*, respectively. As per records of RO, 492.80 ha non forest land was transferred /mutated in favour of the forest department and no land was notified as RF/PF while as per NO non forest land was not transferred/ mutated in favour of forest department and declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation was done on 5,136.97 degraded forest land. Ministry stated (June 2013) that afforestation would be done in 137 projects in current financial year.

5.2 Irregularities in land management

Sl. No.	Nature of irregularity	Description
1	Irregular grant of mining lease	As per FC Act 1980, approval for diversion of forest land for grant/renewal of mining leases shall normally be granted for a period co-terminus with the period of mining lease proposed to be granted under MMDR Act, 1957 or rules frames thereunder, but not exceeding 30 years. In Shivpuri forest division, a stone mining lease was sanctioned for 217.06 ha forest land in July 2005 stipulating that period of mining lease shall be for a period co-terminus with the period of mining lease proposed to be granted under MMDR Act, 1957. The sanction however did not restrict the lease period to 30 years as required under FCA.
2	Irregular utilisation of wildlife protection money	According to para 11(ii) of State CAMPA Guidelines, the recurring as well as non-recurring expenditure for the management of State CAMPA, will be met by utilizing a part of the income from interest received on funds invested by it, but the income from the funds received from the user agencies under provisions of sections 18, 26A or 35 of the Wildlife Protection Act, 1972 will be used for under taking the activities related to protection of biodiversity and wildlife. However, Jabalpur division utilized ₹ 0.45crore on training and other activities which was in violation of Wildlife Protection Act, 1972

6. Status of Accounts and audit of State CAMPA Accounts

During test check of records of State CAMPA it was found that State CAMPA did not prepare annual accounts for the years 2009-10 to 2011-12 in the prescribed format and cash book for the funds received from Ad-hoc CAMPA and expenditure incurred therefrom. Further, State CAMPA failed to provide payment vouchers and receipt books for audit scrutiny.

Ministry stated (April 2013) that action was being taken to prepare the annual accounts in the prescribed format and these would be submitted to audit.

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Madhya Pradesh CAMPA met two times during 2009-12 as against six times. The Executive Committee met seven times during 2009-12.

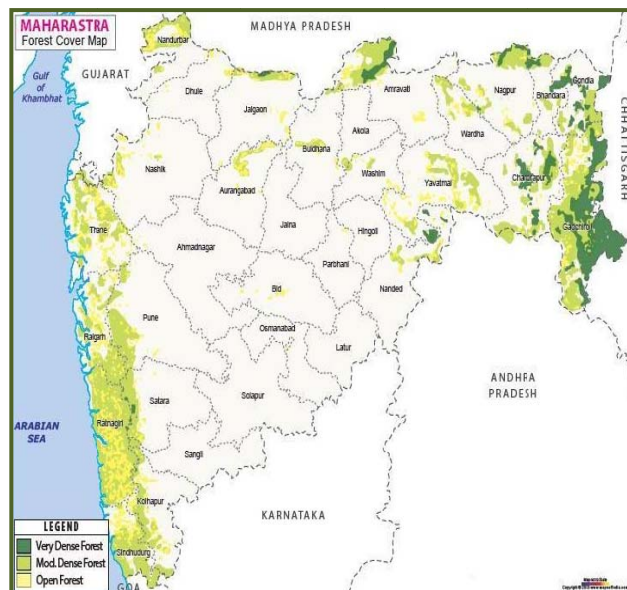
8. Good practices in the state

According to information provided by Nodal Officer, FCA, regular monitoring and evaluation of plantation was done as per standardised mechanism by using e-Green watch software.

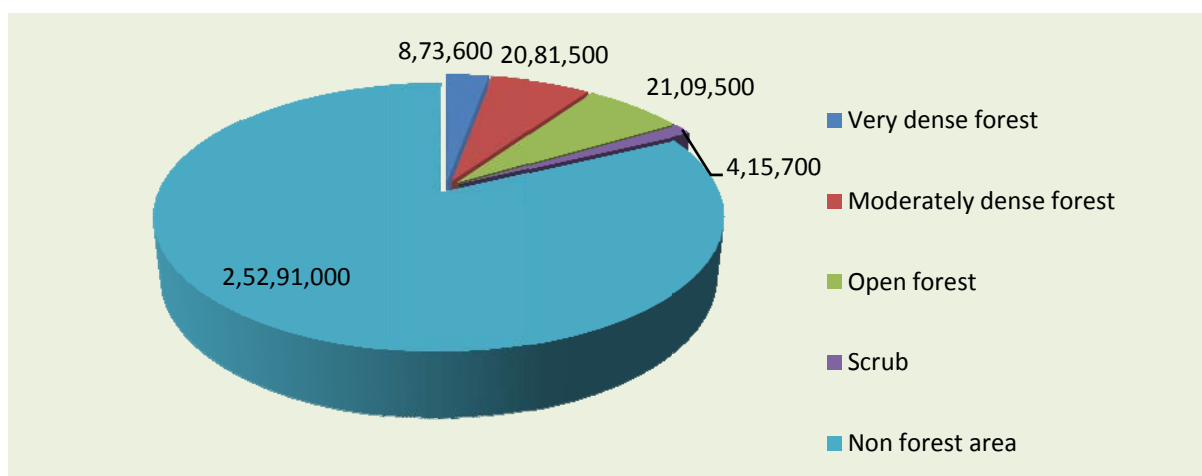
Maharashtra

1. Background¹⁵⁹

The total geographical area of Maharashtra is 3,07,71,300 hectare. Based on the interpretation of satellite data of October-December 2008, the forest cover in the State was 50,64,600 hectare which was 16.46 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 8,73,600 hectare of area under very dense forest, 20,81,500 hectare of area under moderately dense forest and 21,09,500 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal decrease of 400 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in September 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁵⁹Source: India State of Forest Report 2011 published by Forest Survey of India

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁶⁰
2006-07	NA	Nil	Nil	Nil
2007-08	NA	Nil	Nil	Nil
2008-09	NA	Nil	Nil	Nil
2009-10	243.05	Nil	Nil	Nil
2010-11	176.60	89.00	89.00	Nil
2011-12	318.80	167.64	130.00	37.64
Total	738.45	256.64	219.00	

As can be seen from the table, in compliance with the orders of the Supreme Court, 35 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 256.64 crore released against APOs, 15 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Maharashtra that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 63 cases ¹⁶¹ involving forest land of 1870.63 ha in which NPV was not collected from the user agencies ¹⁶² to whom in principle approval was granted before October 2002 and the final approval was granted after that.	108.50 ¹⁶³
2	In 106 cases, NPV of ₹ 111.79 crore was not recovered from user agencies ¹⁶⁴ in lieu of diversion of 1927.38 ha forest land during the years 2003 to 2007. The forest land diverted was used for mining, laying pipe line, hydro projects, stone quarry, tank, wind project etc. Accepting the facts, Ministry stated (June 2013) that efforts were being made to recover outstanding NPV from user agencies.	111.79

¹⁶⁰ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁶¹ As per status report of MoEF issued on 16 March 2012.

¹⁶² M/s Swastik Complex, Shri Mahesh H Khedia, Shri Neeraj H. Khedia, M/s Sawala Traders, M/s BR Akre M/s Western Coalfields Ltd., M/s Manganese Ore India Ltd., M/s Sabir Stone, Smt. Baranbai Sitaram Kamble, M/s Indirabai Girade, Shri Chandrajit Singh Bagga

¹⁶³ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (1870.63 x 5.8)

¹⁶⁴ Irrigation Department, PWD, MSEB, M/s D R Matre, M/s D N Pawar, M/s M A Patil, M/s H M Shaha, M/s Mumbra Stone Crushing, M/s Shafi Ibrahim Shaikh, Patel Engineering etc.

Sl. No.	Description	Amount
3	In Gadchiroli, Central Chanda, Thane, Shahapur and Nandurbar forest divisions, NPV of ₹ 62.48 crore was not realized from user agencies ¹⁶⁵ to whom in principle approval was granted by MoEF. Accepting the facts, Ministry stated (June 2013) that efforts were being made to recover outstanding NPV from user agencies.	62.48
4	CA of ₹ 8.41 crore was short-assessed from user agency ¹⁶⁶ in lieu of diversion of 171.58 forest land for construction of national highway no. 16 from Sironcha to Patalagudam due to non application of prescribed rates of CA. Ministry stated (June 2013) that proposal of diversion of forest land was not finally approved and it would be considered for final approval after collection of all dues. Thus, the CA at revised rates as pointed out by audit was yet to be recovered from the user agency.	8.41
5	In Alibag forest division CA of ₹ 0.33 crore was short realized from user agency in lieu of diversion 39.48 ha forest land as CA was to be executed on double degraded forest land. Ministry stated (June 2013) that recovery of twice the amount of CA was not required as non-forest land was provided by user agency to forest department. However, Ministry's reply was not supported with relevant documents.	0.33
	Total	291.51

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV¹⁶⁷					53.30	53.30		80.57	80.57
Compensatory Afforestation					35.70	35.70		49.43	49.43
Protected Area¹⁶⁸					0	0		0	0
CAT Plan					0	0		0	0
Other specified activities					0	0		0	0
Total	Nil	Nil	Nil	89.00	89.00	89.00	167.64	130.00	130.00

¹⁶⁵These included BSNL, Irrigation Department, State PWD, MMRDA, Narmada Development Department, M/s Chetak Stone, Mahavir Construction etc.

¹⁶⁶Border Road Organisation

¹⁶⁷ NPV is spent on protection, conservation and management of forest

¹⁶⁸ Protected Area Fund is spent on wildlife management

APO for the year 2009-10 was not prepared and no funds were released for the year 2009-10. APO for the year 2010-11 was approved by the Steering Committee in April 2011 i.e. after the close of the financial year and funds were released by Ad-hoc CAMPA without approved APO in February 2010. APO for the year 2011-12 was approved after a delay of 10 months and funds were released by Ad-hoc CAMPA without approved APO.

From the table it is evident that the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2011-12. The level of expenditure was 78 per cent in 2011-12 of the amounts released by Ad-hoc CAMPA. Though the expenditure had increased progressively during the years 2010-12, concerns remain on the absorptive capacity of the State considering that ₹ 1,859.09 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure of ₹ 6.19 crore was incurred on purchase of vehicles for officers, furniture, computers and eco-tourism, repair of forest rest houses and trainings (₹ 0.40 crore) and construction & renovation of Van Bhawan building (₹ 4.88 crore), purchase of solar energy equipment for Van Bhawan building (₹ 0.91 crore) etc. Ministry stated (April/June 2013) that there were no instructions of NCAC that expenditure for creation of infrastructure at State forest headquarters would not be incurred. The reply of Ministry is not tenable as it was decided in the third meeting of NCAC that expenditure on creation of infrastructure at headquarters should not be incurred from CAMPA funds.	6.19
2	Wrong utilization certificate of the CCF	Out of ₹ 1.19 crore released for construction of division office building and staff quarter and supply of water etc. during June- November 2011, an amount of ₹ 0.91 crore was lying unspent with state PWD, whereas this amount was shown as expenditure during the year 2010-11. The PWD had not incurred any expenditure and did not submit utilization & completion certificate, however a utilization certificate was submitted by CCF to Additional PCCF (WL), Mumbai. Further, staff quarters were also not constructed as of December 2012. This resulted in blocking of ₹ 1.19 crore for over one year and the entire expenditure and issue of false Utilisation certificate. Ministry stated (June 2013) that construction work could not be started for want of clearance under FC Act, 1980 and the UC furnished by implementing agency was normal procedural	1.19

Sl. No.	Nature of irregularity	Description	Amount
		work. The reply of Ministry is not tenable as the UC was issued by implementing agency without incurring expenditure on the sanctioned work.	
3	Blocking of CAMPA funds of ₹ 18.77 lakh	During the year 2011-12, an amount of ₹ 20.00 lakh was paid to two Village Eco Development Committee (VEDC) for plantation under NPV component for preparation of micro plan, drinking water facility, LPG gas, planting drumstick trees. The VEDC had utilized only ₹ 1.23 lakh (4 per cent of released amount) as of December 2012. This resulted in blocking of CAMPA funds of ₹ 18.77 lakh for one year. Ministry stated (June 2013) that funds would be utilised fully by the end of year 2012-13. The reply of Ministry is not tenable since the work which was to be completed in the year 2011-12, had still not been completed.	0.19
	Total		7.57

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁶⁹ – 2,867.22 ha ¹⁷⁰ As per records of NO – 6,361.09 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – 4,077.99 ha
Non forest land short received	As per records of RO – 2,867.22 ha As per records of NO – 2,283.10 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 3,916.65 ha On Non forest land – 4,913.26 ha
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 3,349.07 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 2,867.22 ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures

¹⁶⁹ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁷⁰ Excluding exempted projects

were 6,361.09ha and 64 *per cent*. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 3,349.07 ha non forest land transferred/ mutated in favour of forest department, no non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

5.2 Irregularities observed in land management

Nature of irregularity	Description
Non execution of CA work	<p>In Nagpur forest division, during 2008-11, no CA work was carried out on non-forest land received from various user agencies in lieu of diversion of forest land though an amount of ₹ 21.73 crore was received from user agencies on account of CA.</p> <p>Ministry stated (June 2013) that CA work had been planned in APO for 2013-14.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2010-11 and 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. It was observed that the state CAMPA did not maintain cash book and subsidiary ledgers properly for the funds received from Ad-hoc CAMPA and expenditure incurred therefrom. Due to improper maintenance of cash book and subsidiary ledgers, the receipts and payments for the years 2010-12 could not be verified in audit. It was also observed that there was a difference of ₹ 0.07 crore between cash book and bank pass book which could not be reconciled (December 2012). In three divisions (Thane, Shahapur and Nandurbar) it was observed that assets register as required to be maintained as per GFRs was not maintained by these divisions.

Accepting the facts, Ministry stated (June 2013) that accounts would now be maintained in the prescribed format. As regards reconciliation of cash book and bank passbook and maintenance of assets register Ministry stated that action had been initiated.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

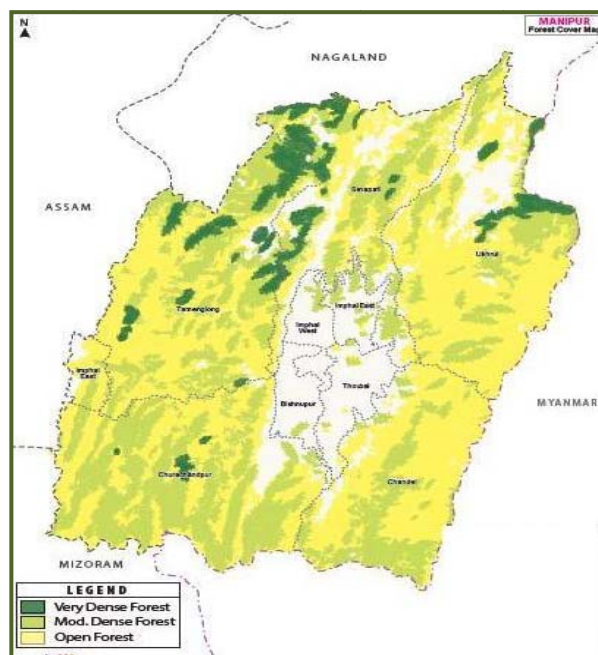
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Maharashtra CAMPA met three times during 2009-12 as against six times. The Executive Committee met thirteen times during 2009-12.

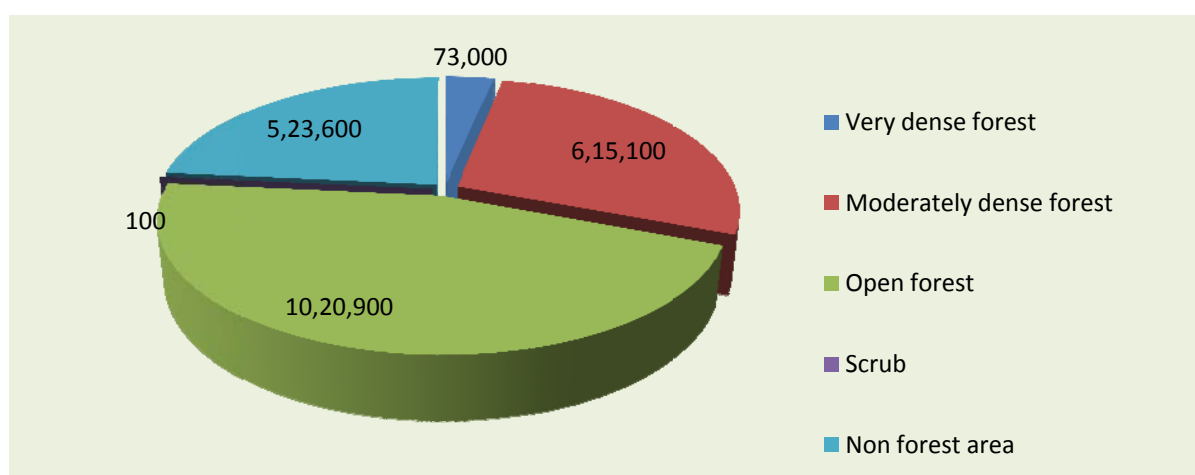
Manipur

1. Background¹⁷¹

The total geographical area of Manipur is 22,32,700 hectare. Based on the interpretation of satellite data of January-February 2009, the forest cover in the State was 17,09,000 hectare which was 76.54 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 73,000 hectare of area under very dense forest, 6,15,100 hectare of area under moderately dense forest and 10,20,900 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal decrease of 19,000 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁷¹Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁷²
2006-07	7.46	Nil	Nil	Nil
2007-08	Nil	Nil	Nil	Nil
2008-09	Nil	Nil	Nil	Nil
2009-10	11.40	0.75	Nil	0.75
2010-11	12.71	1.34	1.89	0.20
2011-12	3.02	Nil	0.11	0.09
Total	34.59	2.09	2.00	

As can be seen from the table, in compliance with the orders of the Supreme Court, six *per cent* of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 2.09 crore released against APOs, four *per cent* remained unutilized.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Manipur that came to the notice of audit are given below. The gist of these cases is also given in table27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	NPV/CA etc. of ₹ 63.78 crore ¹⁷³ was not realized from user agencies (Central government undertakings/state departments) in lieu of diversion of 918.00 ha forest land during the years 2009-11 even after lapse of one to four years of in principle (stage-I) approval of MoEF. Ministry stated (April 2013) that NPV/CA of ₹ 47.64 crore had since been realised leaving a balance of outstanding NPV/CA of ₹ 16.14 crore as of February 2013.	63.78
2	NPV/CA etc. of ₹ 42.67 crore (NPV- ₹ 38.73 crore CA- ₹ 3.84 crore, PCA - ₹ 0.10 crore) was not recovered by the forest department from NF/NE Railways though the user agency started execution of work without final approval of MoEF. Ministry stated (April 2013) that the proposal of diversion of forest land was under consideration of MoEF.	42.67
	Total	106.45

¹⁷² Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁷³ NPV – ₹ 62.26 crore, CA – ₹ 1.33 crore, ACA – ₹ 0.19 crore.

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ¹⁷⁴					0	0			0
Compensatory Afforestation					0.05	0.05			0
Protected Area ¹⁷⁵					1.60	1.56			0.11
CAT Plan					0	0			0
Other specified activities					0.31	0.28			0
Total	0.75	Nil	Nil	1.34	1.96	1.89	Nil	Nil	0.11

Funds released by Ad-hoc CAMPA during 2009-10 could not be utilized as APO for 2009-10 was not approved by the steering committee during the year. Further, APO for 2011-12 was forwarded to MoEF, at the end of the year. As such, no fund was released during 2011-12 and hence the APO could not be executed during 2011-12. Concerns remain on the absorptive capacity of the State considering that ₹ 37.33 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on construction of community hall, assistance to local club, distribution of sewing machines and development of eco-tourism etc. Ministry stated (April 2013) that expenditure was incurred on the activities related to wildlife protection and management. The reply is not tenable as the expenditure listed above were not authorised by State CAMPA guidelines and NCAC.	0.26
2	Irregular use of wildlife fund	No separate account under corpus fund was maintained for a sum of ₹ 5.04 crore received from user agency for diversion of 10.00 ha of protected area of forest land for Reconnaissance	0.11

¹⁷⁴ NPV is spent on protection, conservation and management of forest

¹⁷⁵ Protected Area Fund is spent on wildlife management

Sl. No.	Nature of irregularity	Description	Amount
		Survey and Track Clearance works. Further, state CAMPA utilized ₹ 0.11 crore out of ₹ 5.04 crore on wildlife conservation works without approval of Ad-hoc CAMPA. Ministry stated (April 2013) that audit observation had been noted for future reference in similar cases and opening of separate corpus fund would be discussed with the State CAMPA to comply with guidelines.	
3	Non maintenance of records	In two forest divisions (Senapati & Eastern), an expenditure of ₹ 0.28 crore on 172 ha land during 2004-11 by Senapati forest division and expenditure of ₹ 0.18 crore and their maintenance on 63 ha land during 2004-08 by Eastern forest division was incurred on plantations and maintenance. However no records of plantations and their maintenance were maintained by these divisions. Ministry stated (April 2013) that audit observation regarding maintaining of records of deforestation and felling of trees had been noted for compliance in future.	0.46
	Total		0.83

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁷⁶ – 266.00 ha ¹⁷⁷ As per records of NO – 33.88 ha
Non forest land received in lieu	As per records of RO – 60.00 ha As per records of NO – Nil
Non forest land short received	As per records of RO – 206.00ha As per records of NO – 33.88 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 2,415.78 ha (2003-11) On Non forest land – Nil
Area on which CA done as per NO	On degraded forest land – 263.44 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

¹⁷⁶ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁷⁷ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 266ha and the non forest land received in lieu thereof was 23 *per cent* while as per records of NO the figures were 33.88 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 11*per cent* of the area to be afforested.

5.2 Irregularities in land management

Sl. No.	Nature of irregularity	Description
1	Non-maintenance of records of deforestation	<p>During the years 2003-12, 1,207.89 ha forest land was diverted involving deforestation/felling of trees. However, no records of deforestation/felling of trees and number of trees required to be planted in lieu was maintained by the state forest divisions. In the absence of these records, the extent of afforestation done in lieu of deforestation could not be ascertained in audit.</p> <p>Ministry stated (April 2013) that audit observation had been noted for compliance in future.</p>
2	Project without approval of MoEF	<p>The state government made a proposal for diversion of 491.67 ha of forest land within the jurisdiction of the DFO, Tamenglong, DFO Jiribam and DFO Northern Forest Divisions to the MoEF during June, 2012. Cross verification of records maintained by the Commissioner of Taxes, Manipur however, disclosed that the said project had been taken up by the User Agency viz. NF/NE Railways, Imphal since 2010.</p> <p>Ministry stated (April 2013) that proposal of diversion of forest land was under consideration of MoEF.</p>
3	Infringement of rights of the dwellers of the diverted land	<p>404 families residing in the forest land were displaced from their residences as a result of diversion of forest land of 595 ha during 2009-10 for taking up Thoubal Multipurpose Project with consequential effect of infringement of right to hold and live in the forest area for habitation or for self-cultivation. No action was taken by the forest department for the resettlement of affected families.</p> <p>Ministry stated (April 2013) that responsibility of providing rehabilitation and resettlements to the affected families was of the State Government and not of the forest department. The fact remains that Ministry did not take up the matter of rehabilitation of affected families with the State Government.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. The financial statements for the years 2009-10 and 2010-11 were prepared by the Chartered Accountant on cash receipts and disbursement basis. Further, State CAMPA did not reconcile the amount deposited with Ad-hoc CAMPA. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry stated (April 2013) that action for preparation of accounts in prescribed format and reconciliation of receipts had been initiated.

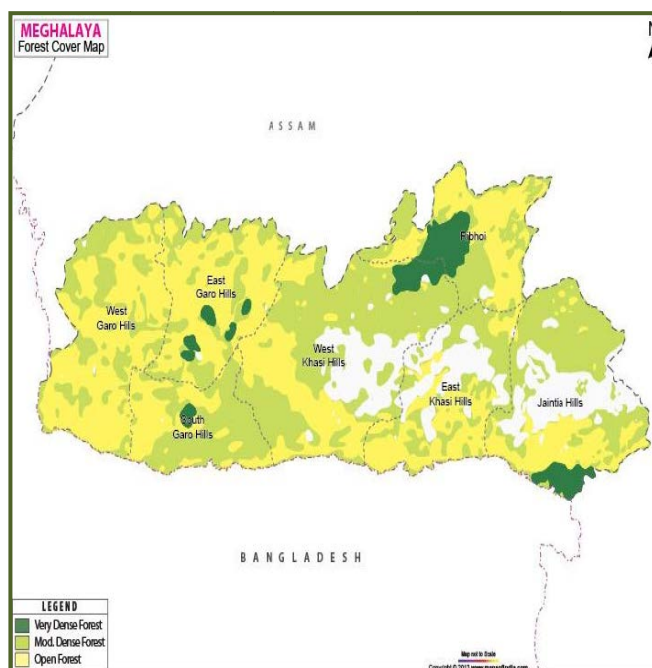
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Manipur CAMPA met two times during 2009-12 as against six times. The Executive Committee met four times during 2009-12. Accepting the facts, Ministry stated (April 2013) that meetings of the Steering Committee and Executive Committee would be held as per guidelines.

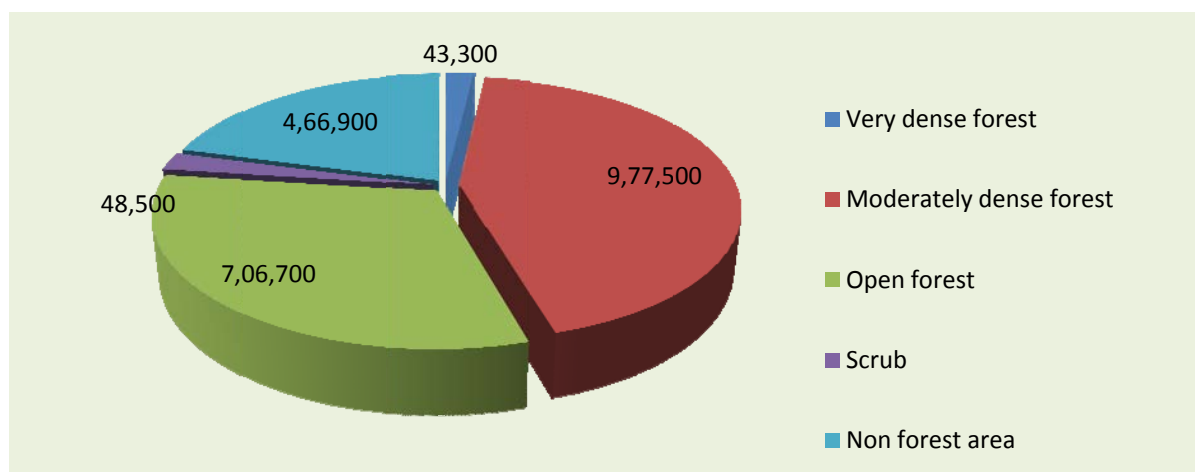
Meghalaya

1. Background¹⁷⁸

The total geographical area of Meghalaya is 22,42,900 hectare. Based on the interpretation of satellite data of November-December 2008, the forest cover in the state was 17,27,500 hectare which was 77.02 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 43,300 hectare of area under very dense forest, 9,77,500 hectare of area under moderately dense forest and 7,06,700 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal decrease of 4,600 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in December 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁷⁸ Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁷⁹
2006-07	Nil	Nil	Nil	Nil
2007-08	0.64	Nil	Nil	Nil
2008-09	0.33	Nil	Nil	Nil
2009-10	Nil	0.10	Nil	0.10
2010-11	88.11	Nil	Nil	0.10
2011-12	1.28	Nil	Nil	0.10
Total	90.36	0.10	Nil	

As can be seen from the table, in compliance with the orders of the Supreme Court, 0.11 *per cent* of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 0.10 crore released against APOs, 100 *per cent* remained unutilised, leading to accumulation of funds with State CAMPA. This shows that no schemes of NPV/CA were undertaken by state CAMPA during the years 2009-12. Concerns remain on the absorptive capacity of the State considering that ₹ 96.92 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities. Funds of ₹ 0.06 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Meghalaya that came to the notice of audit are given below. The gist of these cases is also given in table 24, 26 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	There was one case ¹⁸⁰ involving forest land of 99.00 ha in which NPV was not collected from the user agency ¹⁸¹ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	5.74 ¹⁸²
2	The Supreme Court revised the rate of NPV in March 2008. However test check of records of State CAMPA revealed that in four cases ¹⁸³ NPV was not collected at revised rates.	0.42

¹⁷⁹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁸⁰ As per status report of MoEF issued on 16 March 2012.

¹⁸¹ Hydro Electric Project

¹⁸² Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare(99 x5.8)

Sl. No.	Description	Amount
3	In three cases ¹⁸⁴ there was short realisation of NPV due to short application of NPV rates prior to March 2008. Ministry stated (April 2013) that action had been taken for the recovery of NPV from user agencies.	0.37
4	State CAMPA audit revealed that seven cement companies ¹⁸⁵ had a declared land holding 2,608.43 ha. Out of this 838.04 ha was assessed forest land. The companies were operating without obtaining forest clearance from MoEF. Ministry stated (April 2013) that action had been taken for the recovery of NPV from user agencies, where necessary.	55.05 ¹⁸⁶
Total		61.58

4. Utilisation of CAMPA funds

4.1 Irregularities in utilisation of funds.

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Non execution of CA work	CA work was not executed during the year 2010-11 as funds of CA of ₹ 0.10 crore remitted by Ad-hoc CAMPA to state CAMPA in April 2010 were still lying unutilised with the state CAMPA even after lapse of over two and a half years. Ministry did not furnish reply to audit observation (April 2013).	0.10
2	Non execution of CA work in lieu of felling of trees	As per orders of MoEF of September 2008, CA was to be done by the state forest department by way of planting of 10 times of the number of trees felled. MoEF granted permission for CA work in lieu of felling of trees to 10 user agencies ¹⁸⁷ during the period 1999-2011 against payment of ₹ 1.39 crore. However, seven out of 10 user agencies did not execute CA work in lieu of felling of trees. Ministry stated (April 2013) that in lieu of number of trees fallen in 25 proposals implementation of CA would be taken up.	1.39
Total			1.49

¹⁸³ World Victory Church, Shillong, Sports Authority of India, Shillong, North Eastern Power Transmission Company Private Limited, New Delhi, Church of God, Sadew, 5th Mile, Upper Shillong

¹⁸⁴ Kendriya Vidyalaya, Barapani, North Eastern Hills University, Myntdu Leska Hydro Electric Project.

¹⁸⁵ These included Adhunik Cement Limited, Amrit Cement Industries Limited, Cement Manufacturing Company Limited & Subsidiaries, Green Valley Industries Limited, Goldstone Cement Limited, Hill Cements Company Limited and Meghalaya Cement Limited.

¹⁸⁶ Audit estimated the total amount of NPV due in this case by applying the minimum rate of ₹ 6.57 lakh per hectare (838.04 x 6.57)

¹⁸⁷ These included IGNOU Regional Centre, North Eastern Power Transmission, Sports Authority of India Training Centre, Public Work Department, Greater Shillong Water Supply Scheme, Meghalaya Energy Corporation Limited, North Eastern Hill University, North East Police Academy, North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences (NEIGRIHMS), Engineering Wing Director of Health Services etc.

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁸⁸ – 119.56 ha ¹⁸⁹ As per records of NO – 245.33 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – Nil
Non forest land short received	As per records of RO – 119.56 ha As per records of NO – 245.33 ha
Chief Secretary Certificate on non availability of non forest land attached	Obtained in all cases except for diversion of 114.02 hectare in 2008-09.
Area identified for CA as per NO	On degraded forest land – 521.13 ha On Non forest land – 2.40 ha
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 119.56 ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures were 245.33 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

5.2 Irregularities in land management

Nature of irregularity	Description
Irregular mining	User agency-M/s Lafarge Umiam Mining Pvt. Ltd. (LUMPL) had started the mining operation in April 2005 and continued mining operations unauthorisedly till April 2010 when MoEF accorded final approval for diversion of 116.59 ha forest land for lime stone mining in favour of M/s LUMPL. Further, out of CAMPA funds of ₹ 136.73 crore ¹⁹⁰ collected from M/s LUMPL in July 2010, ₹ 79.99crore only was deposited with Ad-hoc CAMPA and balance of ₹ 56.74 crore was lying with State CAMPA. It was seen that no CA work was executed on 270 ha degraded land in Garo hills identified for the purpose even after lapse of over five years. Ministry did not furnish reply to audit observation (April 2013).

¹⁸⁸ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁸⁹ Excluding exempted projects

¹⁹⁰ NPV/CA/PCA of ₹ 75.06 crore and SPV of ₹ 56.73 crore, CA of Safety Zone Area/ CATP etc. of ₹ 4.94 crore

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. The State CAMPA did not maintain cash book and subsidiary ledgers for the funds received from Ad-hoc CAMPA and expenditure incurred therefrom. In the absence of cash book and subsidiary ledgers, the receipts and payments of the years 2009-10 to 2011-12 could not be verified in audit. The reconciliation of the funds deposited with Ad-hoc CAMPA was done by State CAMPA only upto May 2009.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

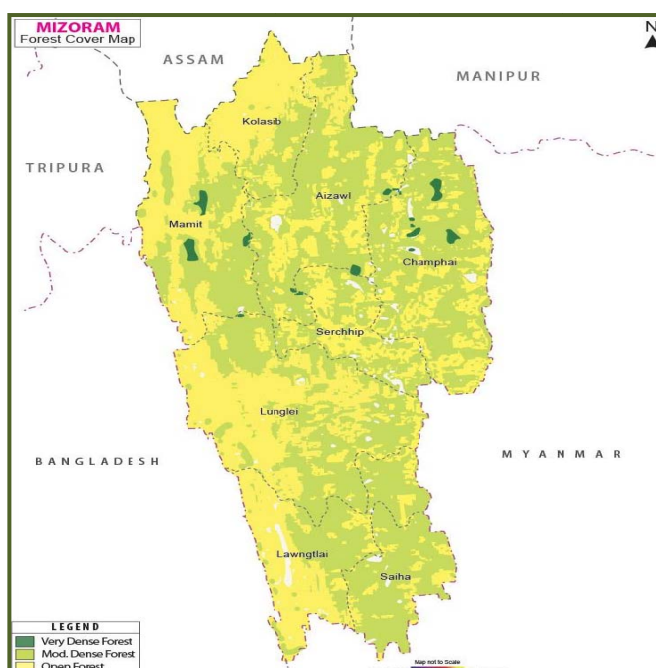
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Meghalaya CAMPA met once during 2009-12 as against six times. The Executive Committee met once during 2009-12.

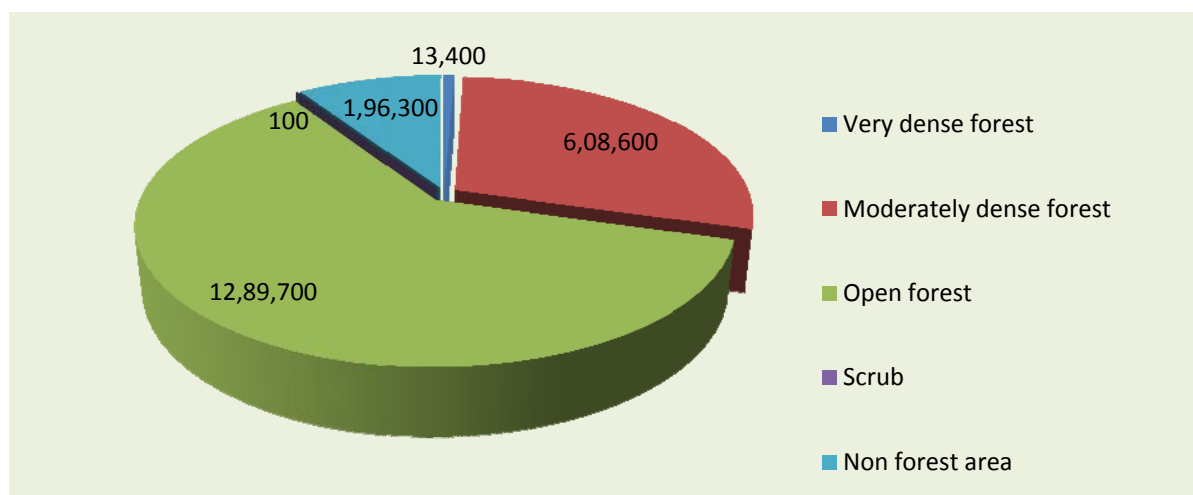
Mizoram

1. Background¹⁹¹

The total geographical area of Mizoram is 21,08,100 hectare. Based on the interpretation of satellite data of January 2009, the forest cover in the State was 19,11,700 hectare which was 90.68 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 13,400 hectare of area under very dense forest, 6,08,600 hectare of area under moderately dense forest and 12,89,700 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a decrease of 6,600 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

¹⁹¹Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ¹⁹²
2006-07	Nil	Nil	Nil	Nil
2007-08	Nil	Nil	Nil	Nil
2008-09	Nil	Nil	Nil	Nil
2009-10	10.62	Nil	Nil	Nil
2010-11	Nil	Nil	Nil	Nil
2011-12	Nil	Nil	Nil	Nil
Total	10.62	Nil	Nil	Nil

As can be seen from the table, in compliance with the orders of the Supreme Court, no funds were released by Ad-hoc CAMPA to state CAMPA though State CAMPA had remitted ₹ 10.62 crore to Ad-hoc CAMPA between 2009-12. Ad-hoc CAMPA did not comply with the orders of the Supreme Court.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Mizoram that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were two cases ¹⁹³ involving forest land of 143.97 ha in which NPV was not collected from the user agencies ¹⁹⁴ to whom in principle approval was granted before October 2002 and the final approval was granted thereafter. Ministry stated (April 2013) that action had been taken for recovery of amount of NPV from the user agencies.	8.35 ¹⁹⁵
2	In three cases ¹⁹⁶ of diversion of 3,002.80 ha forest land for non-forestry purposes NPV of ₹ 219.20 crore was not realized from user agencies. In two out of three cases, work was undertaken without final approval of MoEF. Ministry stated (April 2013) that action had been taken for recovery of amount of NPV from the user agencies.	219.20

¹⁹² Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

¹⁹³ As per status report of MoEF issued on 16 March 2012.

¹⁹⁴ HFO based Diesel Generating Power Plant, State Government Agency.

¹⁹⁵ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (143.97 x 5.8)

¹⁹⁶ Power & Electricity, Home and State PWD.

Sl. No.	Description	Amount
3	CATP fund of ₹ 17 crore for diversion of 30 sq. km forest land for Serlui 'B' hydel project for which in principle approval was granted by MoEF in March 1991, was not realized from the user agency though the project was technically commissioned in April 2010. Ministry stated (April 2013) that the revised project had been submitted to it along with fresh proposal for recovery of amount of CATP from user agency.	17.00
4.	In Vanlaiphai forest division, there was unauthorized diversion of 1.66 ha forest land by state PWD during 2004-05 for construction of roads and NPV/CA of ₹ 12.99 lakh ¹⁹⁷ was not recovered from State PWD as of December 2012. Ministry stated(April 2013) that matter would be taken up with user agency for recovery of amount of NPV/CA.	0.13
5	Test check of records of State CAMPA revealed that there was loss of interest of ₹ 4.62 crore due to non-recovery of balance amount of CA/CATP/APS of ₹ 16.51 crore for seven years under Tuirialhydel project for which in principle approval was granted for diversion of 5,380 ha of land by MoEF in September 1994 and final approval was granted in March 2000. In the instant case final approval was granted by MoEF without fulfilling the conditions stipulated in the in principle approval. The balance amount of ₹ 16.51 crore was received in June 2012 i.e. after delay of seven years resulting in loss of interest of ₹ 4.62 crore. Ministry stated (April 2013) that the project was abandoned by the State Government/user agency due to technical reasons, public litigations, etc. and as a result, payment of funds was adversely affected. The reply was silent regarding recovery of interest of ₹ 4.62 crore.	
	Total	244.68

4. Utilisation of CAMPA funds

APO for the year 2009-10 was not prepared and APOs for the year 2010-11 though prepared but this was not approved by Ad-hoc CAMPA. No funds were released by Adhoc CAMPA to State CAMPA for CA for the years 2009 -12.

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ¹⁹⁸ – Nil ¹⁹⁹ As per records of NO – 128.28 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – 17.50 ha

¹⁹⁷ NPV of ₹ 12.14 lakh and CA of ₹ 0.85 lakh.

¹⁹⁸ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

¹⁹⁹ Excluding exempted projects

Particulars (2006-12)	
Non forest land short received	As per records of RO – Nil As per records of NO – 110.78 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – NA On Non forest land – NA
Area on which CA done as per NO	On degraded forest land – NA On Non forest land – NA
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – NA
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – NA

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, no forest land diverted for non forestry purposes except exempted category and while as per records of NO the figures were 128.28 ha and 14 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land degraded forest land.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. No funds were released by Ad-hoc CAMPA to State CAMPA for CA for the years 2009 -12. As such, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. However, Steering Committee and Executive Committee met once only during the years 2009-12 and Governing body did not meet during 2009-12.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²⁰¹
2006-07	448.25	Nil	Nil	
2007-08	408.26	Nil	Nil	
2008-09	337.14	Nil	Nil	
2009-10	499.40	131.06	124.09	6.97
2010-11	1889.42	140.18	72.16	74.99
2011-12	114.79	176.09	23.60	227.48
Total	3,697.26	447.33	219.85	

As can be seen from the table, in compliance with the orders of the Supreme Court, 12 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 447.33 crore released against APOs, 51 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 13.61 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Odisha that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	There were 36 cases ²⁰² involving forest land of 3,679.69 ha in which NPV was not collected from the user agencies ²⁰³ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	213.42 ²⁰⁴
2	Against demand of NPV of ₹ 2,476.26 crore in 320 cases pertaining to 23 divisions ₹ 1,567.08 crore only could be realised from user agencies ²⁰⁵ leaving a balance of ₹ 909.18 crore unrealised.	909.18

²⁰¹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²⁰² As per status report of MoEF issued on 16 March 2012.

²⁰³ M/s OMC Ltd., M/s Mahanandi Coal Fields Ltd., Odisha Mining Corpn Ltd., M/s Rungta Mines Ltd., M/s National Enterprises (IRON), DC Jain, M/s Meenakshi Power Ltd., Girdharilal Agrawal, M/s AOIKATH, M/s KJS Ahluwalia, M/s TATA Refractories

²⁰⁴ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (3,679.69 x 5.8)

Sl. No.	Description	Amount
	Ministry stated (June 2013) that all the mining leases where NPV had not been paid fully or partly were of non-working mining leases and in some cases, user agency had not applied for renewal of mining lease. The fact remained that Ministry had not initiated any action for recovery of NPV in these cases or return of forest land after expiry of mining lease.	
3	Government of Odisha issued instructions in December 2005 for implementation of the comprehensive Wild life Management Plan in mining affected areas in Keonjhar and Bonai Forest Divisions. This plan was extended to all other Districts of the State from 23 March 2008. Under the Management Plan, the mine owners were liable to deposit ₹ 20,000 per ha (₹ 15,000 per ha upto 22 March 2008) on lease hold area basis with the divisional forest officer concerned. MoEF approved diversion of 23,609.87 ha forest land of mining lease areas in 105 cases of nine forest divisions during October 2009 to January 2012. As per project reports there was existence of Wildlife species in the forest land diverted for mining purpose. Under Wildlife Management Plan lessees were to deposit ₹ 47.21 crore of which only user agencies in three divisions deposited ₹ 10.21 crore resulting in non realisation of ₹ 37.01 crore.	37.01
4	NPV of ₹ 32.49 crore was either non-recovered or short recovered from six user agencies pertaining to three divisions ²⁰⁶ . In three out of six cases ²⁰⁷ NPV was not demanded on the ground that the lessee had not applied for renewal of mining lease in due time. However the delayed submission of applications for renewal of mining lease were neither rejected nor was the lease terminated. Thus NPV was recoverable in these cases. In another case NPV was demanded on pre revised rate whereas NPV was revised after 28 March 2008. Ministry stated (June 2013) that in these cases non/short levy of NPV was ₹ 23.19 crore and action for recovery of NPV in these cases had been initiated. The reply of Ministry was not based on facts as recoverable amount of NPV in these cases worked out to be ₹ 32.49 crore.	32.49
5	In Bonai forest division, 2,341.93 ha forest land was diverted for mining and other allied activities in favour of M/s SAIL for 2nd renewal of mining lease period. MoEF granted in principle approval in March 2011 and allowed the user agency to work on broken up area of forest land in the lease hold area as per approved land use plan for a period of one more year. In this case additional CA of ₹ 28.09 crore was payable. No demand was raised by State CAMPA as of December 2012 even after lapse of over one year.	28.09

²⁰⁵ These included M/s Patnaik Minerals, M/s SAIL, M/s DC Jain, M/s OMC Ltd., M/s KC Pradhan, M/s RB Thakur, M/s Dr.Sarojini Pradhan, M/s Keonjhar Mineral (P) Ltd., M/s Sri B K Mohanty, M/s S C Mallik, M/s B L Newatia, M/s AXL Exploration (P) Ltd, M/s Rungta Sons, M/s IMFA Ltd, M/s Ghanashyam Mishra and Sons (P) Ltd, M/s G.S.Choubey, M/s K.K.Chourasia, M/s Manishree Refractories Ltd, M/s FACOR Ltd etc.

²⁰⁶ Bolangir, Bonai and Keonjhar.

²⁰⁷ These included M/s Sarkunda Mines of EM & I Ltd, Toda Iron Mines of M/s SAIL, Rajabhasa Bhaludungri Soapstone mines of SDS, M/s Deepak Steel and Power Ltd, M/s Sree Metalliks Ltd., Lower Suktel Irrigation Project.

Sl. No.	Description	Amount
	Ministry stated (June 2013) that ACA of ₹ 18.45 crore had been recovered from the user agency in February 2013. The reply of Ministry is not tenable as recoverable amount of ACA worked out to be ₹ 28.09 crore out of which ₹ 18.45 crore only had been recovered from the user agency.	
6	In seven cases of diversion of forest land during 1984-85 to 1993-94 against total demand of CA of ₹ 4.93 crore from user agencies ²⁰⁸ ₹ 2.67 crore only was deposited by user agencies resulting in non realisation of ₹ 2.26 crore. Ministry stated (June 2013) that concerned DFOs were being directed to submit the compliance report in these cases.	2.26
	Total	1,222.45

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV²⁰⁹		19.97	19.96		40.12	32.98		87.59	13.55
Compensatory Afforestation		70.00	70.00		58.71	22.85		32.84	0.31
Protected Area²¹⁰		15.00	13.08		15.00	3.12		20.00	0.57
CAT Plan		0	0		0	0		0	0
Other specified activities		26.09	21.05		19.35	13.21		29.46	9.17
Total	131.06	131.06	124.09	140.18	133.18	72.16	176.09	169.89	23.60

Funds for 2009-10 were released by Ad-hoc CAMPA without submission of APO. Further, APOs for the years 2009-10 to 2011-12 were running concurrently. Only one APO for 2009-10 was closed on 31 October 2011 and other two APOs for the years 2010-11 and 2011-12 were still ongoing.

²⁰⁸The user agencies include Ordnance Factory, Irrigation Department etc.

²⁰⁹ NPV is spent on protection, conservation and management of forest

²¹⁰ Protected Area Fund is spent on wildlife management

From the table it is evident that the percentage of expenditure incurred as against the amounts release by Ad-hoc CAMPA was 95 *per cent* in 2009-10, 51 *per cent* in 2010-11 and 14 *per cent* in 2011-12 till date. Further, the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2010-11 and 2011-12. Concerns remain on the absorptive capacity of the State considering that ₹ 4,570.17 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of car	0.07
2	Non utilisation of CA funds	Of the CA funds of ₹ 97.31 crore realised from user agency in 384 cases during 1982-83 to 2011-12 only ₹ 42.44 crore were spent leaving ₹ 54.87 crore remained unspent. Ministry stated (June 2013) that compliance to audit observation would be furnished on receipt of information from field offices.	54.87
3	Shortfall in achieving physical targets in infrastructure development	Out of total outlay of ₹ 238.39 crore projected in APO for 2009-10, ₹ 131.06 crore were received from Ad-hoc CAMPA and ₹ 6.97 crore remained unutilised. The physical targets of all the components of development of infrastructure remained unachieved. The shortfall in achievement of targets ranged from 53 to 100 <i>per cent</i> . Ministry stated (June 2013) that shortfall in achievement of physical targets in infrastructure development was due to delay in receipt of funds from Ad-hoc CAMPA.	6.97
4	Irregular diversion of CAMPA fund	In Nandankanan Zoological Park, Bhubaneswar in violation of State CAMPA guidelines, a sum of ₹ 0.41 crore was diverted to general items of expenditure, which was not provided in APO of State CAMPA. Further, from APO for 2009-10. It was observed that in STR, Baripada ₹ 16 lakh was diverted for construction of Range office building at UBK Range from unutilised balance of other components.	0.57
5	Blocking of CAMPA funds	In four cases pertaining to four forest divisions a sum of ₹ 17.46 lakh on account of disallowed vouchers and unadjusted advance of ₹ 7.24 lakh remained blocked due to non settlement. Accepting the facts, Ministry stated (April/June 2013) that concerned DFO had been instructed to recover outstanding CAMPA funds.	0.25

Sl. No.	Nature of irregularity	Description	Amount
6	Excess expenditure	<p>Plantation on 33,465.60 ha land was carried out during 2009-10 in place of physical target of 50,000 ha at an expenditure of ₹ 50.88 crore. As per cost norm at ₹ 12,150 for the zero year in the scheme, the expenditure was to be ₹ 40.66 crore only. This resulted in excess expenditure of ₹ 10.22 crore with a shortfall of physical target of 16,534 ha.</p> <p>Further, test check of records two forest divisions²¹¹ revealed that there was excess expenditure of ₹ 0.23 crore on different components resulting in total excess expenditure of ₹ 10.45 crore.</p> <p>Ministry stated (April/June 2013) that the targets had to be revised due to reduction of funds by Ad-hoc CAMPA and the expenditure was approved by Executive Committee of State CAMPA.</p>	10.45
7	Execution of works without administrative approval/sanction of estimate	<p>14 works were executed at an estimated cost of ₹ 0.51 crore from CAMPA fund without administrative approval and sanction of estimates in three forest divisions.</p> <p>Ministry accepted the audit observations (April/June 2013).</p>	0.51
8	Non utilisation of funds on theme based trainings	<p>Bargarh forest division could not utilise ₹ 0.02 crore allocated in APO for 2010-11 for theme based trainings as of November 2012 due to non-utilisation of funds on the stipulated component, the very purpose of the scheme of theme based trainings was defeated.</p> <p>Accepting the facts, Ministry stated (April/June 2013) that concerned divisions had been instructed to submit necessary compliance.</p>	0.02
	Total		73.71

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ²¹² – 8,814.71 ha ²¹³ As per records of NO – 7,524.80 ha
Non forest land received in lieu	As per records of RO – 5,261.96 ha As per records of NO – NA
Non forest land short received	As per records of RO – 3,552.75 ha As per records of NO – NA
Chief Secretary Certificate on non availability of non forest land attached	No

²¹¹Keonjhar and Baripada

²¹² Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²¹³ Excluding exempted projects

Particulars (2006-12)	
Area identified for CA as per NO	On degraded forest land – 3,388.72 ha On Non forest land – 4,380.46 ha
Area on which CA done as per NO	On degraded forest land – 5,341.99 ha On Non forest land – 6,951.54
Received Non forest land transferred/mutated	As per records of RO- NA As per records of NO – NA
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 2,238.74 ²¹⁴ ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 8,814.71ha and the non forest land received in lieu thereof was only 60 *per cent* while the NO did not provide the year wise break up of non forest land received during the period 2006-12. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO, information pertaining to transfer/mutation of non forest land in favour of state forest department was not furnished to audit. Yet 2,238.74 ha of non forest land was declared as RF/PF. As per records of NO, afforestation was done on non forest land was 159 *per cent* and afforestation done on degraded forest land was 158 *per cent* of the area to be afforested.

5.2 Irregularities observed in land management.

Sl. No.	Nature of irregularity	Description
1	Unfruitful expenditure towards compensatory afforestation	In 15 cases though expenditure of ₹ 0.54 crore was incurred by eight forest divisions ²¹⁵ over a period from 1996 to 2011 no afforestation was taken up against any project. Reasons for non-afforestation were not furnished to audit. Ministry stated (June 2013) that in six out of 15 cases progress of plantation was being ascertained from the concerned DFOs and in the rest nine cases plantation work would be taken up in the year 2012-13.
2	Diversion of land from wildlife sanctuary/national park	In seven wildlife divisions there was a diversion of 1,950.93 ha forest land in 28 cases. However there was no record to show details of category wise land diverted under Wildlife sanctuary and National Park. In the absence of these details correctness of the NPV collected could not be verified in audit. Ministry stated (June 2013) that no forest land had been diverted in the protected forest area. The reply of Ministry is not tenable as forest land was diverted from the protected area and in lieu thereof NPV was recoverable from user agencies.

²¹⁴ 39 cases of six divisions

²¹⁵ Angul, Cuttack, Jeypore, Rourkela, Bonai, Keonjhar, Bhadrak (WL), Rajnagar (WL)

6. Status of Accounts and audit of State CAMPA Accounts

State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. General deficiencies noted in the accounting records are given below:

- No reconciliation of funds deposited with Ad-hoc CAMPA was done by State CAMPA to ensure that funds deposited by State CAMPA had actually been deposited into Ad-hoc CAMPA.
- PCCF (Wildlife) and Chief Wildlife Warden, Odisha did not maintain cash book due to which the closing balance as on 31 March 2012 could not be ascertained.
- In three²¹⁶ forest divisions CAMPA cash book and bank pass book were not reconciled. Also interest earned in saving bank account of state CAMPA was not accounted for in the CAMPA funds.
- In Puri Wildlife division there was a difference of ₹ 0.83 crore between cash book and bank pass book as of 31 March 2012 was not reconciled as of December 2012.
- In State CAMPA it was found that at the close of APO for 2009-10 in October 2011 there was an unspent balance of ₹ 6.97 crore. Neither the amount of unspent balance was refunded to Ad-hoc CAMPA nor revalidated by Steering Committee as of December 2012.

Ministry stated (June 2013) that reconciliation of CAMPA fund was being done with the Ad-hoc CAMPA.

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Odisha CAMPA met four times during 2009-12 as against six times. The Executive Committee met four times during 2009-12.

²¹⁶Puri Wildlife division, Chandaka Wildlife division, Sundergarh division.

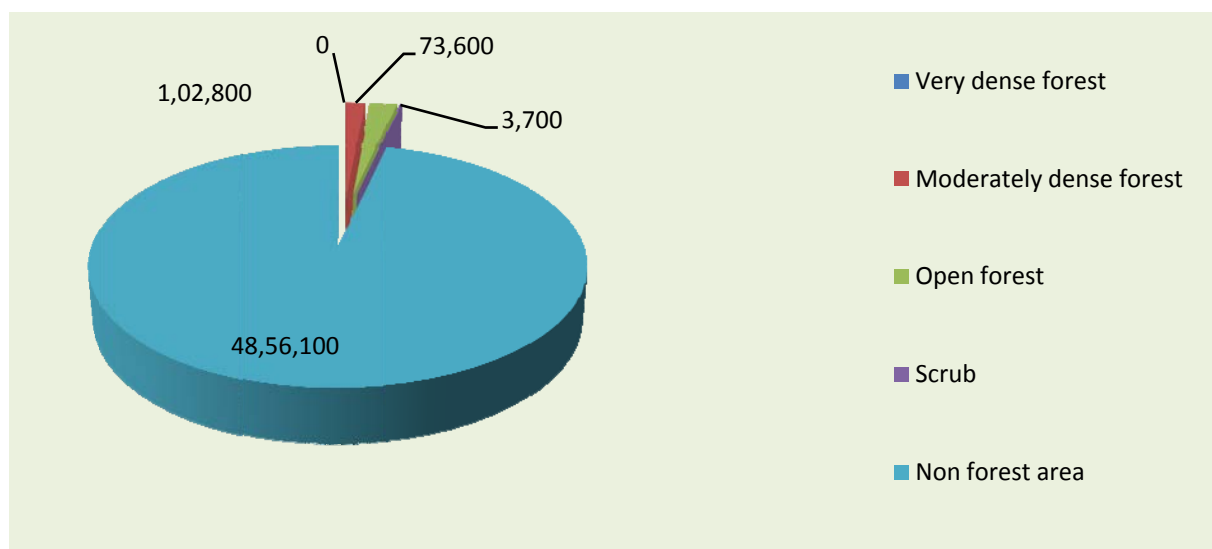
Punjab

1. Background²¹⁷

The total geographical area of Punjab is 50,36,200 hectare. Based on the interpretation of satellite data of November 2008, the forest cover in the State was 17,64,00 hectare which was 3.50 per cent of the State's geographical area. In terms of forest canopy density classes, the State had no area under very dense forest, 73,600 hectare of area under moderately dense forest and 1,02,800 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed an increase of 10,000 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in September 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²¹⁷Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²¹⁸
Before 2006	38.59	Nil	Nil	Nil
2006-07	63.01	Nil	Nil	Nil
2007-08	34.26	Nil	Nil	Nil
2008-09	31.17	Nil	Nil	Nil
2009-10	73.63	33.05	Nil	33.05
2010-11	28.02	26.52	14.83	44.74
2011-12	17.65	22.08	30.58	36.24
Total	286.33	81.65	45.41	

As can be seen from the table, in compliance with the orders of the Supreme Court, 29 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 81.65 crore released against APOs, 44 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The case of non recovery of NPV in Punjab that came to the notice of audit is given below. The gist of the case is also given in table 24 in Chapter 3.

(₹ in crore)

Description	Amount
There were two cases ²¹⁹ involving forest land of 401.05 ha in which NPV was not collected from the user agencies ²²⁰ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	23.26 ²²¹

²¹⁸ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²¹⁹ As per status report of MoEF issued on 16 March 2012.

²²⁰ M/s Kandi Canal

²²¹ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (401.05 x 5.8)

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV²²²					21.83	11.09		41.67	23.21
Compensatory Afforestation					0	1.53		0	5.15
Protected Area²²³					0	0		0	0
CAT Plan					0	0		0	0
Other specified activities					5.90	2.21		5.48	2.22
Total	33.05	Nil	Nil	26.52	27.73	14.83	22.08	47.15	30.58

Funds for the year 2009-10 were released by Ad-hoc CAMPA without APO and APO for the year 2010-11 and 2011-12 were approved by steering committee after a delay of over six months. No expenditure was incurred by State CAMPA during the year 2009-10. Though the percentage of expenditure increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 464.08 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of vehicles etc. by diversion of funds from other heads. Ministry stated (April 2013) that expenditure on purchase of vehicles was incurred out of the provisions made in APO. The reply is not tenable as diversion of funds was made for purchase of vehicles from other heads which was irregular.	0.10

²²² NPV is spent on Protection, Conservation & Management of forest

²²³ Protected Area Funds is spent on Wildlife Management

Sl. No.	Nature of irregularity	Description	Amount
2	Blocking of funds	<p>Patiala forest division purchased materials valuing ₹ 1.65 crore for construction of chain link fencing in years 2010-12. The materials valuing ₹ 56.40 lakh only could be utilized and balance materials valuing ₹ 1.09 crore was still lying unutilized which resulted in blocking of funds.</p> <p>Ministry stated (April 2013) that efforts were being made to complete the chain link fencing of wildlife sanctuaries in the financial year 2013-14.</p>	1.09
3	Excess expenditure	<p>Hoshiarpur forest division incurred expenditure of ₹ 34.96 lakh on construction of 115 RKM single live hedge against the estimated cost of ₹ 7.13 lakh for construction of 125 RKM single live hedge in 2010-11 resulting in excess expenditure of ₹ 27.83 lakh besides short achievement of physical target of 10 RKM single line live hedge.</p> <p>Ministry stated (April 2013) that provisions made in the APO were revised later and the same was not found sufficient as the rates of vegetative live hedge were revised. The reply of Ministry is not tenable as the revised rates were adopted without proper justification.</p>	0.28
4	Irregular expenditure	<p>In Ropar forest division advance work of enrichment planting and rehabilitation of degraded forest of 575 ha forest land was done at a cost of ₹ 56.15 lakh but actual plantation work was done on 395 ha only and balance 180 ha area remained unplanted. Thus there was irregular expenditure of ₹ 56.15 lakh.</p> <p>Ministry stated (April 2013) that plantation against the advance work of 180 ha was got done by Mohali division during 2011-12. The reply of Ministry was not supported with the relevant documents.</p>	0.56
5	Unfruitful expenditure	<p>Dasuya and Hoshiarpur forest divisions, purchased chassis of the vehicles of ₹ 14.18 lakh for fire tender to extinguish fire in forest area in 2010-11. The chassis could however be used only after installation of fire tender on it which had not been installed as of December 2012 resulting in unfruitful expenditure of ₹ 14.18 lakh.</p> <p>Accepting the facts, Ministry stated (April 2013) that tenders were being floated for installation of fire tenders on the chassis already purchased and the work would be completed in financial year 2013-14.</p>	0.15
	Total		2.18

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ²²⁴ – 2,149.56 ha ²²⁵ As per records of NO – 2,190.49 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – 1.51 ha
Non forest land short received	As per records of RO – 2,149.56 ha As per records of NO – 2,188.98 ha
Chief Secretary Certificate on non availability of non forest land attached	NA
Area identified for CA as per NO	On degraded forest land – 2,883.40 ha On Non forest land – 1.51 ha
Area on which CA was done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 2,149.56 ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures were 2,190.49 ha and zero *per cent*. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

5.2 Irregularities in land management

Sl. No.	Nature of irregularity	Description
1	Irregular retention of funds by PSFDC	Punjab Government framed policy for purchase of non forest land for compensatory plantation on behalf of Forest Department through Punjab State Forest Development Corporation (PSFDC) in November 2011. The land was to be purchased out of amount deposited by user agency for this purpose. PSFDC received ₹ 51.59 crore from user agencies in the years 2010-12 for purchase of non forest land in lieu of forest land diverted for non forestry use. However, PSFDC incurred an expenditure of ₹ 1.44 crore

²²⁴ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²²⁵ Excluding exempted projects

Sl. No.	Nature of irregularity	Description
		only on purchase of non forest land resulting in short utilization of funds of ₹ 50.15 crore which was not credited to CAMPA account. Ministry stated (April 2013) that funds of ₹ 51.59 crore received by PSFDC received from user agencies for purchase of non-forest land in lieu of diversion of forest land were not under the purview of CAMPA guidelines. The reply of Ministry was vague and misleading as all funds received from user agencies in lieu of diversion of forest land were to be credited to CAMPA account.
2.	Unauthorized occupation of forest land	In Amritsar forest division, 558 kanal 3 marla forest land was unauthorisedly occupied by the private parties and being used for non forest purposes. Accepting the facts, Ministries stated (April 2013) that legal action was being taken for eviction of encroachments.

6. Status of Accounts and audit of State CAMPA Accounts

State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry stated (April 2013) that receipts and payments accounts for the year 2009-10 to 2011-12 had been prepared and submitted to audit. The reply of Ministry is not tenable as the annual accounts were not prepared in the prescribed format.

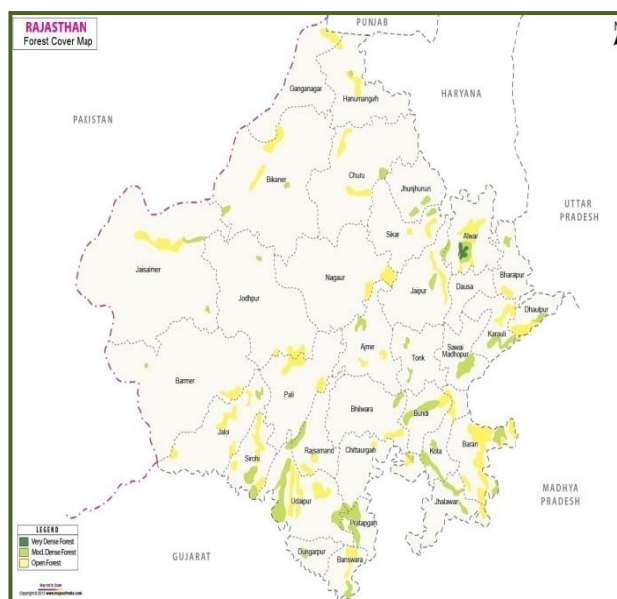
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. However, no information regarding meetings of the Governing Body, Steering Committee and the Executive Committee held during the years 2009-12 was furnished to audit.

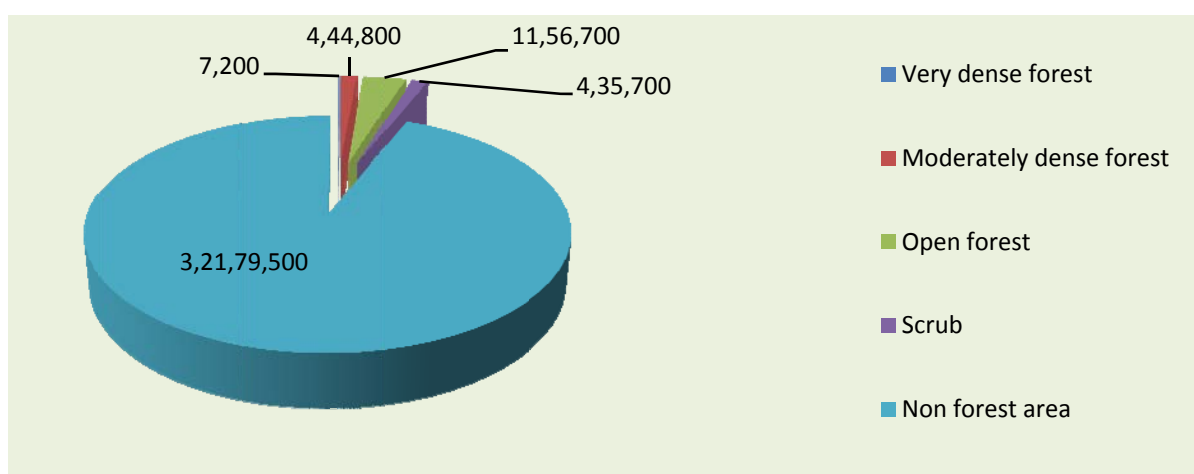
Rajasthan

1. Background²²⁶

The total geographical area of Rajasthan is 3,42,23,900 hectare. Based on the interpretation of satellite data of October – December 2008, the forest cover in the State was 16,08,700 hectare which was 4.70 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 7,200 hectare of area under very dense forest, 4,44,800 hectare of area under moderately dense forest and 11,56,700 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a gain of 5,100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in November 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²²⁶Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²²⁷
Before 2006	1.53	Nil	Nil	Nil
2006-07	69.16	Nil	Nil	Nil
2007-08	85.12	Nil	Nil	Nil
2008-09	28.61	Nil	Nil	Nil
2009-10	81.26	32.59	Nil	32.59
2010-11	60.27	42.06	25.82	48.83
2011-12	28.80	31.89	37.18	43.54
Total	354.75	106.54	63.00	

As can be seen from the table, of ₹ 106.54 crore released, 41 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹1.91 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Rajasthan that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹in crore)

Sl. No.	Description	Amount
1	There were 13 cases ²²⁸ involving forest land of 893.99 ha in which NPV was not collected from the user agencies ²²⁹ to whom in principle approval was granted before October 2002 and the final approval was granted after that. Accepting the facts, Ministry stated (April 2013) that efforts were being made to recover outstanding amount of NPV from user agencies.	51.85 ²³⁰
2	In the four cases in three divisions ²³¹ forest land was diverted without recovering NPV of ₹ 6.97 crore and CA of ₹0.08 crore.	7.05
3	During test check, in 84 cases it was observed that CA was short assessed due to non revision of wage rates. Ministry accepted the audit observation (April 2013).	6.17
4	In Jaipur (Central) forest division it was found that cost of construction of	0.44

²²⁷ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²²⁸ As per status report of MoEF issued on 16 March 2012.

²²⁹ Oriental TALC Products Pvt. Ltd., M/s Udaipur Mineral Development Syndicate, Sh. Shah Kastoor Mal, Vinod K Aggarwal, Mahavir Trading Co., M/s RSMDC

²³⁰ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (893.99 x 5.8)

²³¹ Chittorgarh, Baran and Dholpur

Sl. No.	Description	Amount
	boundary wall and plantation of ₹ 0.44 crore was not recovered for diversion of 9.40 ha forest land in respect of a project for Eco tourism near Laxman Dungari in Badanpura, Jaipur for which in principle approval was granted by MoEF in September 2006. Accepting the facts, Ministry stated (April 2013) that action was being taken for recovery of outstanding amount from user agency.	
5	Test check revealed that cost of fallen trees was not recovered in following projects <ul style="list-style-type: none"> i. project of diversion of 4.32 ha forest land in submerged area of Rohini irrigation project in Udaipur (Central) forest division ii. project of development of Ghatki Guni and construction of tunnel in Jaipur (Central) division. Ministry stated (April 2013) that cost of fallen trees was the receipts of state, however, compliance in this regard would be shown to audit.	0.03 0.17
	Total	65.71

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ²³²					22.83	18.12		30.27	23.75
Compensatory Afforestation					5.25	3.98		11.59	8.41
Protected Area ²³³					4.50	3.42		7.56	4.96
CAT Plan					0	0		0	0
Other specified activities					0.98	0.30		2.57	0.06
Total	32.59	Nil	Nil	42.06	33.57	25.82	31.89	51.99	37.18

Funds for the year 2009-10 were released by Ad-hoc CAMPA without APO and APO for the year 2010-11 was approved by steering committee in December 2010 and APO for the year 2011-12 was approved by steering committee in September 2011. No expenditure was incurred by State CAMPA in the year 2009-10. From the table it is evident that the State CAMPA could not expend the entire amount released by the Ad-hoc CAMPA in the years

²³² NPV is spent on protection, conservation and management of forest

²³³ Protected Area Fund is spent on wildlife management

2009-10 and 2010-11. The levels of expenditure were zero *per cent* in 2009-10 and 61 *per cent* in 2010-11 when compared with amounts released by Ad-hoc CAMPA. Though the level of expenditure has increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 857.07 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1.	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on maintenance of building, POL charges and cellular phones charges. Ministry stated (April 2013) that expenditure on purchase of vehicles etc. was incurred in the year 2010-11 which was objected by it and from subsequent years expenditure on such items was being incurred from the interest earned on deposits in State CAMPA. The reply of the Ministry is not tenable as the funds were not spent on the activities for which these were released.	2.04
2.	Excess on construction of boundary wall	In six cases expenditure was incurred in excess of rates prescribed for construction of boundary wall in APOs for 2010-11 and 2011-12. Ministry stated (April 2013) that excess expenditure was incurred due to subsequent modifications in boundary walls as per local needs. The reply is not tenable as excess expenditure was beyond the provisions made in APOs and was not approved by competent authority.	0.33
3.	Irregular charge of expenditure on patrolling vehicles	In Jaipur (central) forest division expenditure incurred on patrolling vehicles was charged irregularly on works i.e. plantation, construction of pucca walls etc. without approval of APO. Ministry did not furnish reply (April 2013).	0.02
4	Delay in release of funds to divisional offices	During test check of records of 28 forest divisions it was found that amount of ₹ 4.13 crore and ₹ 4.43 crore could not be utilized by forest division during 2010-11 and 2011-12 respectively due to delay in release of funds to divisional offices. Ministry stated (April 2013) that savings of previous year were being utilised in the subsequent year along with interest accrued. The reply of Ministry is not tenable as the funds were allocated for various activities to be undertaken during financial year as mentioned in approved APO.	
	Total		2.39

5. Land Management

5.1 Fact sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ²³⁴ - 8,152.66 ha ²³⁵ As per records of NO – 2,975.84 ha
Non forest land received in lieu	As per records of RO – 584.97 ha As per records of NO – 1,698.72 ha
Non forest land short received	As per records of RO - 7,567.69 ha As per records of NO – 1,277.12 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 273.72 ha On Non forest land – 917.07 ha
Area on which CA done as per NO	On degraded forest land – Nil On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 914.95 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 645.32 ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 8,152.66 ha and the non forest land received in lieu thereof was seven *per cent* while as per records of NO the figures were 2975.84 ha and 57 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 914.95 ha non forest land transferred/ mutated in favour of forest department, only 645.32 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and degraded forest land.

²³⁴ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²³⁵ Excluding exempted projects

5.2 Irregularities in land management

Nature of irregularity	Description
Diversion of forest land without final (Stage II) approval	<p>i. In Chittorgarh it was found that 16.10 ha forest land was diverted to Indian Railways without receipt of in principle approval from MoEF and 30.00 ha forest land was diverted to Irrigation Department without transfer of 14.04 ha of non-forest land in favour of Forest Department.</p> <p>ii. In Baran 52.30 ha of forest land was diverted to Irrigation Department without Stage II approval.</p> <p>iii. In Dholpur 13.00 ha forest land was diverted to Public Works Department without receiving CA of ₹ 0.08 crore.</p> <p>Accepting the facts, Ministry stated (April 2013) that action for grant of final approval was in process.</p>

6. Status of Accounts and audit of State CAMPA Accounts

The State Government approved the accounting procedure for State CAMPA on 14 March 2012 without consultation of PAG. As per State CAMPA guidelines issued by MoEF, the accounts of State CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry accepted the audit observations (April 2013).

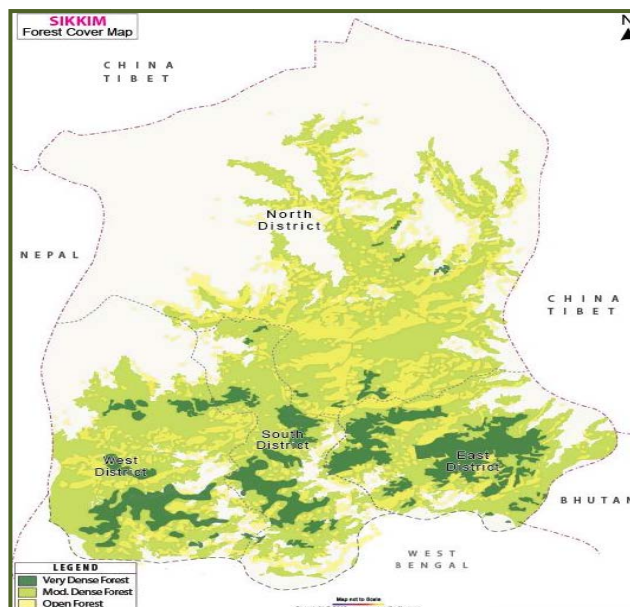
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Rajasthan CAMPA met two times during 2009-12 as against six times. The Executive Committee met two times during 2009-12. The Governing body met once only during 2009-12.

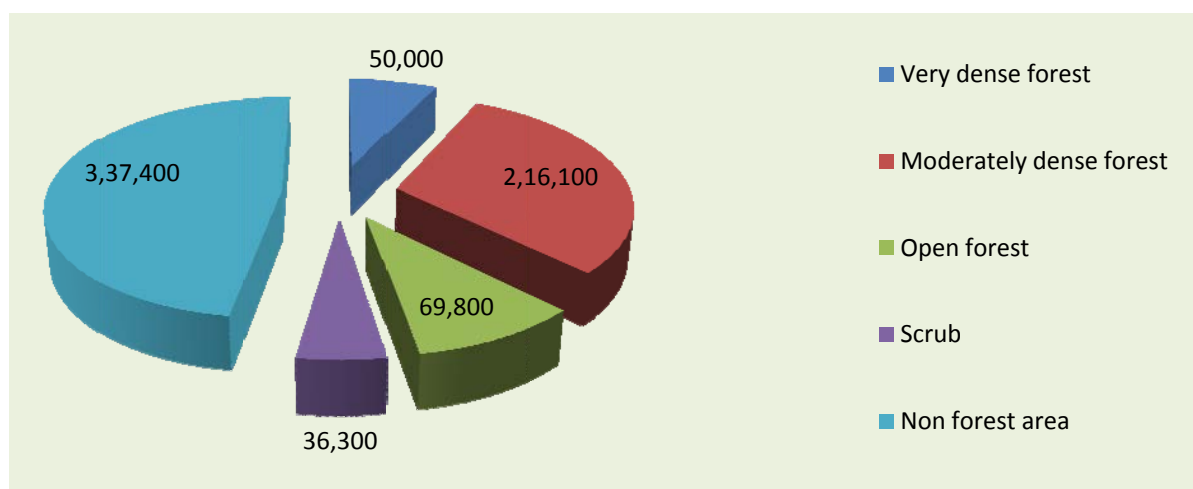
Sikkim

1. Background²³⁶

The total geographical area of Sikkim is 7,09,600 hectare. Based on the interpretation of satellite data of December 2008, the forest cover in the State was 3,35,900 hectare which was 47.34 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 50,000 hectare of area under very dense forest, 2,16,100 hectare of area under moderately dense forest and 69,800 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed no change in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in August 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²³⁶Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²³⁷
2006-07	11.60	Nil	Nil	
2007-08	34.36	Nil	Nil	
2008-09	24.79	Nil	Nil	
2009-10	47.64	8.01	4.43	3.58
2010-11	40.63	10.23	13.35	0.46
2011-12	19.84	9.04	10.07	(-)0.57
Total	178.86	27.28	27.85	

As can be seen from the table, in compliance with the orders of the Supreme Court, 15 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 27.28 crore released against APO, full amount was utilized by State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Sikkim that came to the notice of audit are given below. The gist of these cases is also given in table 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	NPV of ₹ 30.34 crore was not realized from user agencies in 25 cases of diversion of forest land for non forestry purposes during 1992-93 to 2011-12. The user agencies included M/s Sikkim Breweries Ltd, Army, BRO, State Government Departments like WS&PHED, RM&DD, Tourism etc. Accepting the facts, Ministry stated (April 2013) that matter of recovery of NPV was being pursued with the user agencies.	30.34
2	CA of ₹ 8.22 crore was not recovered from user agencies in 23 cases of diversion of forest land for non forestry purposes during 2001-02 to 2011-12. The user agencies included M/s Sikkim Breweries Ltd, Army, BRO, State Government Departments like WS&PHED, RM&DD, Tourism etc. Accepting the facts, Ministry stated (April 2013) that the matter was being pursued with the user agencies.	8.22
	Total	38.56

²³⁷Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV²³⁸		NA	1.66		NA	1.92		NA	1.88
Compensatory Afforestation		NA	1.35		NA	1.50		NA	2.24
Protected Area²³⁹		NA	0.05		NA	0		NA	0.55
CAT Plan		NA	1.37		NA	9.93		NA	5.40
Other specified activities		NA	0		NA	0		NA	0
Total	8.01	NA	4.43	10.23	NA	13.35	9.04	NA	10.07

APOs for 2009-12 were approved after a delay of five to 10 months. In the year 2009-10 expenditure was 55 per cent of the funds released by Ad-hoc CAMPA. Though the percentage of expenditure has increased progressively during the years 2009-10 and 2010-11, concerns remain on the absorptive capacity of the State considering that ₹ 202.45 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds.

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on purchase of vehicles on purchase of vehicles (₹ 0.25 crore), extension and fencing of Forest Secretariat building, repair of DFO residences and offices, Assistant Conservator of Forest quarters etc. (₹ 1.99 crore). The Ministry (April 2013) accepted the audit observation.	2.24

²³⁸ NPV is spent on Protection, Conservation & Management of forest

²³⁹ Protected Area Funds is spent on Wildlife Management

Sl. No.	Nature of irregularity	Description	Amount
2	Extra expenditure	During January 2006 to May 2008, MoEF approved diversion of 236.73 ha forest land for construction of hydel projects by five power agencies. As per approved conditions, CAT programme was to be completed within the period ranging between three to five years. However, work was executed after a delay upto three years which led to cost escalation in these projects by ₹ 1.89 crore. Accepting the facts, Ministry stated (April 2013) that excess expenditure was due to increase in wages and cost of materials.	1.89
3	Excess expenditure	State CAMPA incurred expenditure under CAPT in excess of rates approved in APOs for the years 2009-10 to 2011-12 resulting in excess expenditure of ₹ 1.15 crore. Accepting the facts, Ministry stated (April 2013) that user agency had been requested to pay the difference amount for the remaining part of the CAT plan.	1.15
4	Deprival of benefits and blocking up of fund	State CAMPA made an advance payment of ₹ 8.99 lakh to the State Trading Corporation of Sikkim (STCS) for supply of 193 LPG gas cylinders during 2009-10 for distribution to the beneficiaries for preventing them from felling of trees for fuel woods. However, no LPG gas cylinders were supplied by the STCS. Thus, the intended beneficiaries were deprived of the benefits besides blocking of ₹ 8.99 lakh with STCS. Ministry accepted the audit observations (April 2013).	0.09
5	Non implementation of schemes on conservation and protection of bio-diversity and wildlife	Out of receipt of ₹ 9.29 crore (NPV – ₹ 6.55 crore, CA – ₹ 1.70 crore and Wildlife/Bio-diversity Conservation and Management Plan - ₹ 1.04 crore) from various user agencies for diversion of 20.89 ha of wildlife sanctuaries (2008-09 & 2009-10), the activities for the protection of bio-diversity and wildlife were confined to only ₹ 16.42 lakh. Reasons for not undertaking the activities for protection and conservation in protected areas were not on record. Ministry stated (April 2013) that due to less receipt of funds from Ad-hoc CAMPA, more conservation and protection activities in protected areas could not be taken up in some cases and biodiversity conservation works were in progress in adjoining wildlife rich areas outside the protected areas falling under the catchment of Teesta Stage III hydro electric power project in North Sikkim. The fact remained that activities for the protection of bio-diversity and wildlife could not be undertaken due to funds not being released by Ad-hoc CAMPA.	

Sl. No.	Nature of irregularity	Description	Amount
6	Non opening of separate bank account under Wildlife (Protection) Act, 1972	<p>State CAMPA had not opened separate bank account for funds collected from user agencies under Wildlife (Protection) Act, 1972 for undertaking activities relating to protection of biodiversity and wildlife.</p> <p>Accepting the facts, Ministry stated (April 2013) that separate bank account for corpus fund under Wildlife Protection Act, 1972 would be opened after consultation with the Ad-hoc CAMPA and state forest department.</p>	
7	Non maintenance of records relating to Enumeration of trees	<p>The territorial divisions of the forest department were to carry out census of the existing trees, specifying the standards regarding the number and kind of trees to be planted for compensatory afforestation to retain ecological balance of the affected forest area. However, no census was carried out and no records were maintained in territorial divisions of the forest department. Consequently, effect on ecological balance of the diverted forest area could not be assessed.</p> <p>Accepting the facts, Ministry stated (April 2013) that henceforth an enumeration register of the project affected trees and separate records of project affected trees would be maintained in the state nodal office.</p>	
8	Delayed implementation of Catchment Area Treatment (CAT) Project	<p>MoEF approved in January 2006 diversion of 7.46 ha of forest land for construction of 99 MW Chuzachen Hydro Electric Project at Chuzachen, Rongli by Gati Infrastructure Limited (GIL). In March 2007, funds of ₹ 1.69 crore were paid by GIL to the State CAMPA. As per the terms of environment clearance, the CAT plan was to be completed within three years from the date of approval of project i.e., by January 2009. However, work of 1st phase was commenced after three years in 2009-10.</p> <p>In another case, MoEF approved in May 2008 diversion of 32.05 ha of forest land for construction of 96 MW Jorethang Loop Hydro Electric Project in South and West Sikkim by Dans Energy Private Limited (DEPL). In March 2008, funds of ₹ 1.37 crore were paid by DEPL to the State CAMPA. As per the terms of environment clearance, the CAT plan was to be completed within five years from the date of approval of the project. However, work of 1st phase was commenced in 2009-10 after delay of one year.</p> <p>Accepting the facts, Ministry attributed the delay in implementation of the CAT plan to insufficient funds (April 2013).</p>	

Sl. No.	Nature of irregularity	Description	Amount
9	Shifting of burden of implementation of afforestation scheme by state Government to Ad-hoc CAMPA	In the years 2010-11 and 2011-12, budget allocation by State Government for CA was one <i>per cent</i> and zero <i>per cent</i> as against 2006-07. Thus, State Government had shifted the burden in totality to Ad-hoc CAMPA in implementation of afforestation scheme. Ministry stated (April 2013) that the cost of maintenance of CA was reduced gradually in the state budget and the allocation for CA in the state budget was stopped from the year 2011-12.	
	Total		5.37

5. Land Management

5.1 Fact Sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ²⁴⁰ – 351.54 ha ²⁴¹ As per records of NO – 1,359.91 ha
Non forest land received in lieu	As per records of RO – Nil As per records of NO – Nil
Non forest land short received	As per records of RO – 351.54 ha As per records of NO – 1,359.91 ha
Chief Secretary Certificate on non availability of non forest land attached	For 1,359.91 ha of forest land the certificates were not issued on individual case basis. However, the certificates were issued once by the Chief Secretary and the Xerox copy of the same was used for the rest cases for non availability of non forest land.
Area identified for CA as per NO	On degraded forest land – 2,306.21 ha On Non forest land – Nil
Area on which CA done as per NO	On degraded forest land – 511.09 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

²⁴⁰ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²⁴¹ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 351.54ha and the non forest land received in lieu thereof was zero *per cent* while as per records of NO the figures were 1,359.91 ha and zero *per cent*, respectively. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 22*per cent* of the area to be afforested.

5.2 Irregularity observed in land management

Nature of irregularity	Description
Non verification of the certificate of Chief Secretary	<p>State CAMPA forwarded the proposals to the Regional Office without the original certificates and instead enclosed the photo copy of the already issued certificates in routine manner.</p> <p>Ministry stated (April 2013) that it was not possible to process the proposal for obtaining the certificate from the chief secretary for each case repeatedly as the subject matter related to the same purpose. The reply of Ministry is not tenable as forest land was diverted without proper verification of certificate of chief secretary.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, correctness of its income and expenditure for the year 2009-10 to 2011-12 could not be verified and ascertained in audit.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry stated (April 2013) that the work for preparation of accounts had been assigned to CAs and the accounts would be submitted to audit as soon as preparation of accounts was completed by the CAs.

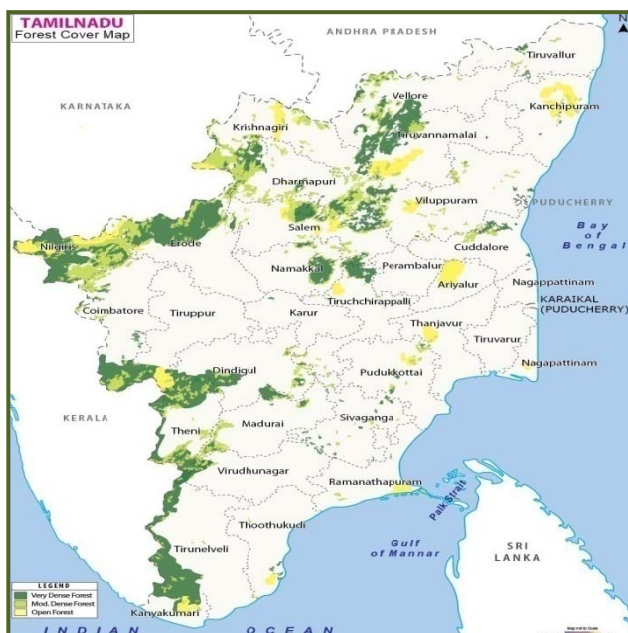
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Sikkim CAMPA met three times during 2009-12 as against six times. The Executive Committee met three times during 2009-12.

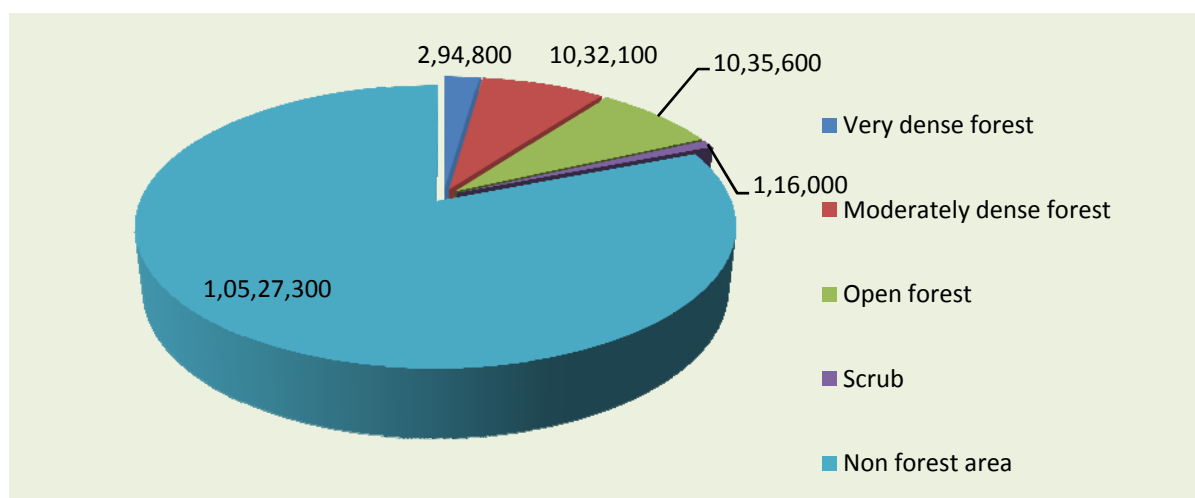
Tamil Nadu

1. Background²⁴²

The total geographical area of Tamil Nadu is 1,30,05,800 hectare. Based on the interpretation of satellite data of October 2008-May 2009, the forest cover in the State was 23,62,500 hectare which was 18.16 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 2,94,800 hectare of area under very dense forest, 10,32,100 hectare of area under moderately dense forest and 10,35,600 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal increase of 4,600 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in September 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²⁴²Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²⁴³
2006-07	2.00	Nil	Nil	Nil
2007-08	7.56	Nil	Nil	Nil
2008-09	9.56	Nil	Nil	Nil
2009-10	3.53	1.97	Nil	1.97
2010-11	0.97	1.70	1.67	2.00
2011-12	3.40	1.38*	1.31	2.07
Total	27.02	5.05	2.98	

* The amount of ₹ 1.38 crore was received in June 2012

As can be seen from the table, in compliance with the orders of the Supreme Court, 19 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released during 2009-12. Of ₹ 5.05 crore released without APOs, 41 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 19.45 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Tamil Nadu that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were seven cases ²⁴⁴ involving forest land of 107.40 ha in which NPV was not collected from the user agencies ²⁴⁵ to whom in principle approval was granted before October 2002 and the final approval was granted after that. Ministry stated (April 2013) that the action is being pursued by the concerned DFOs.	6.23 ²⁴⁶

²⁴³ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²⁴⁴ As per status report of MoEF issued on 16 March 2012.

²⁴⁵ Vallakkal Reservoir, Varattar Reservoir

²⁴⁶ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (107.40 x 5.8)

Sl. No.	Description	Amount
2	NPV of ₹ 0.37 crore was short collected (Wildlife Warden, Chennai- ₹ 0.25 crore, DFO Nilgiris South – ₹ 0.08 crore and DFO, Sivaganga- ₹ 0.04 crore) and CA of ₹ 0.87 lakh was short collected by DFO Shivaganga. Ministry stated (April 2013) that there was no short collection of NPV/CA etc. in these cases. However, the reply was not supported with the relevant documents.	0.37
3	PCA of ₹ 0.17 crore remained unrealised from Udthagai Municipality. Ministry stated(April 2013) that concerned forest division was pursuing the matter of recovery of PCA with user agency.	0.17
4	PCA was not recovered by Wildlife Warden, Chennai despite being cognizant of the fact of carrying out of work by the user agency before formal approval. Ministry stated (April 2013) that recovery of PCA from user agency was not included in the final approval and hence recovery of PCA from user agency did not arise. Thus, Ministry had accepted that PCA could not be recovered as it was not included in its final approval.	
	Total	6.77

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ²⁴⁷					0.66	0.66		0.42	0.43
Compensatory Afforestation					0.60	0.56		0.96	0.87
Protected Area					0	0		0	0
CAT Plan					0	0		0	0
Other specified activities					0.49	0.45		0.05	0.01
Total	1.97	Nil	Nil	1.70	1.75	1.67	1.38	1.43	1.31

The funds were released by Ad-hoc CAMPA for the year 2009-10 without APO and without mentioning head of account or the purpose of which it was released. Funds for the year 2011-12 were received in the month of June 2012. Concerns remain on the absorptive

²⁴⁷ NPV is spent on Protection, Conservation & Management of forest

capacity of the State considering that ₹ 33.95 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds.

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Irregular expenditure	A sum of ₹ 0.48 crore was spent by State CAMPA during 2010-11 on certain items (extension of training hall in three Van Vigyan Kendras, infrastructure facilities in Geographic Information Systems laboratory and for State CAMPA Cell) which were disallowed by the MoEF. MoEF had instructed that expenditure on these items would be met from the interest earned on the deposits held. Ministry stated (April 2013) that the said items would be brought to notice of Steering Committee during its next meeting for appropriate orders/ratification.	0.48
2	Incurring expenditure not covered under APO/Model estimate	A sum of ₹ 0.26 crore was incurred on the works not sanctioned in APO from the savings and a sum of ₹ 0.10 crore was incurred on the work not included in the model estimate. Thus, the entire expenditure of ₹ 0.36 crores on these works was incurred without any provisions in APO. Ministry stated (April 2013) that concerned forest divisions had been instructed to furnish full details of the case.	0.36
3	Irregular diversion of CA funds for land eviction	A sum of ₹ 0.15 crore was sanctioned to DFO Kancheepuram for CA works which was diverted to DFO Tiruvallur by State CAMPA for CA works done in the encroachment evicted land instead of land identified for CA, of which ₹ 0.06 crore was already spent as of September 2012. Ministry stated (April 2013) that expenditure was incurred on plantations for avoiding reoccurrence of encroachment. Ministry's reply was not based on facts as said expenditure was not incurred on plantations but it was incurred on eviction of encroachments.	0.15
4	Non production of payment vouchers	Payment vouchers for a sum of ₹ 0.04 crore and ₹ 0.01 crore for payment to village forest council in March 2011 were not available with State CAMPA. Ministry stated (April 2013) that concerned forest division had now furnished relevant vouchers to State CAMPA. The fact remained that these vouchers were yet to be shown to audit.	0.05
	Total		1.04

5. Land Management

5.1 Fact sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ²⁴⁸ – 269.33 ha ²⁴⁹ As per records of NO – 323.09 ha
Non forest land received in lieu	As per records of RO –230.01 ha As per records of NO – 230.95 ha
Non forest land short received	As per records of RO – 39.32 ha As per records of NO – 92.14 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 147.51 ha On Non forest land – 226.95 ha
Area on which CA done as per NO	On degraded forest land – 66.97 ha (2008-09) On Non forest land – 144.12 ha
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 226.95 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 57.01 ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 269.33 ha and the non forest land received in lieu thereof was 85 *per cent* while as per records of NO the figures were 323.09 ha and 71 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 226.94 ha non forest land was transferred/ mutated in favour of forest department only 57.01 ha non forest land was declared as RF/PF. As per records of NO, afforestation was done on 144.12 ha non forest land and afforestation done on degraded forest land was 45 *per cent of the area to be afforested*.

The Ministry stated (April 2013) that CA in the remaining areas would be done in a phased manner.

²⁴⁸ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²⁴⁹ Excluding exempted projects

5.2 Irregularities observed in land management

Sl. No.	Nature of irregularity	Description
1	Unauthorised diversion of Forest Land	<p>Reservoir across Vaddkku Pachayarriver was constructed unauthorizedly on 191.60 ha forest land in Tirunelveli district during 1996-2003. MoEF granted ex-post facto in principle approval in July 2005 subject to deposit of NPV/PCA/CA etc of ₹ 19.17 crore and CATP dues of ₹ 1.78 crore by user agency. However, NPV/PCA/CA of ₹ 19.17 crore remained unrealized and amount of CATP dues of ₹ 1.78 crore deposited with state forest department was wrongly classified to crop husbandry head and not remitted to Ad-hoc CAMPA. The execution of project was done without prior approval of MoEF.</p> <p>Ministry stated (April 2013) that concerned division had been instructed to recover NPV /PCA/CA of ₹ 19.17 crore from user agency and to submit compliance report to get final approval. As regards non-remittance of ₹ 1.78 crore to Ad-hoc CAMPA it was stated that action was being taken.</p>
2	Irregular grant of second stage approval	<p>MoEF granted second stage approval for diversion of 1.46 ha forest land for construction of high level bridge at Pulicat lake without receipt of non forest land of 2.91 ha. The grant of second stage approval without receipt of non forest land in cases of non exempted categories was irregular.</p> <p>Ministry stated (April 2013) that action was being taken to obtain non-forest land from user agency.</p>
3	Unauthorized occupation of forest land for five years	<p>The diversion of 27.51 ha forest land was granted by MoEF on lease basis for 25 years from 21 September 1966 to 20 September 1991 to Radio Astronomy Centre Ooty. The lease was renewed for fifteen years from 21 September 1996 leaving a gap of five years. Thus, 27.5 ha forest land remained in possession of lessee unauthorizedly for five years.</p> <p>In another case, diversion of 2.23 ha forest land was granted by MoEF on lease basis upto 1992 to Udhagamandalam Municipality. Thereafter, the lease was not renewed. It was reported by Nilgiris south range in August 1994 that the Udhagai Municipality had occupied 4.80 ha RF land for dumping solid waste against the original leased out land of 2.02 ha. MoEF granted first stage approval for diversion of 6.07 ha forest land to Municipality in August 2007. No second stage approval could be granted due to non compliance of the conditions viz. transfer of non forest land and remittance of PCA etc. by the Municipality. Thus, 4.80 ha forest land remained in possession of lessee unauthorizedly for eighteen years.</p>

Sl. No.	Nature of irregularity	Description
		Ministry stated (April 2013) that action for renewal of lease was being taken. As regards unauthorised occupation of forest land by Udthagamandalam Municipality it was stated that the concerned forest division was pursuing the matter with the user agency.

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. It was found that out of ₹ 22.65 crore remitted to Ad-hoc CAMPA upto 2009-10 amount of ₹ 0.32 crore remained unreconciled with Adhoc CAMPA. The reconciliation for the years 2010-11 to 2011-12 was not done. No bank reconciliation was done by the State CAMPA for the funds released to the field officers.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

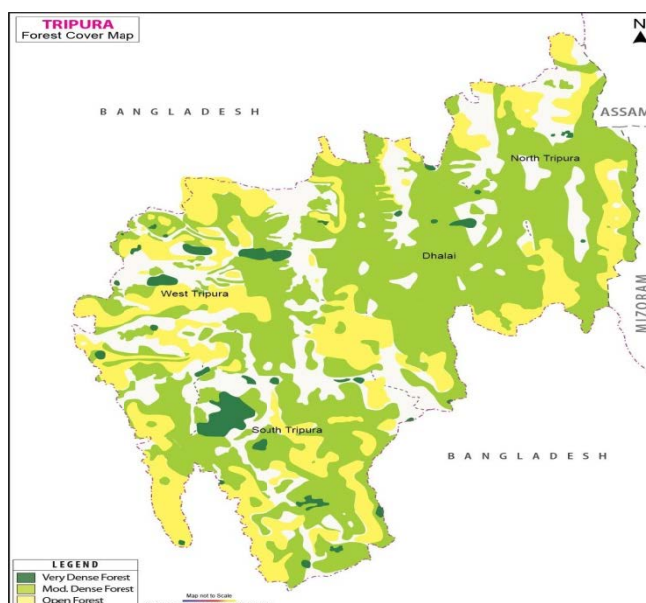
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Tamil Nadu CAMPA met two times during 2009-12 as against six times. The Executive Committee met two times during 2009-12.

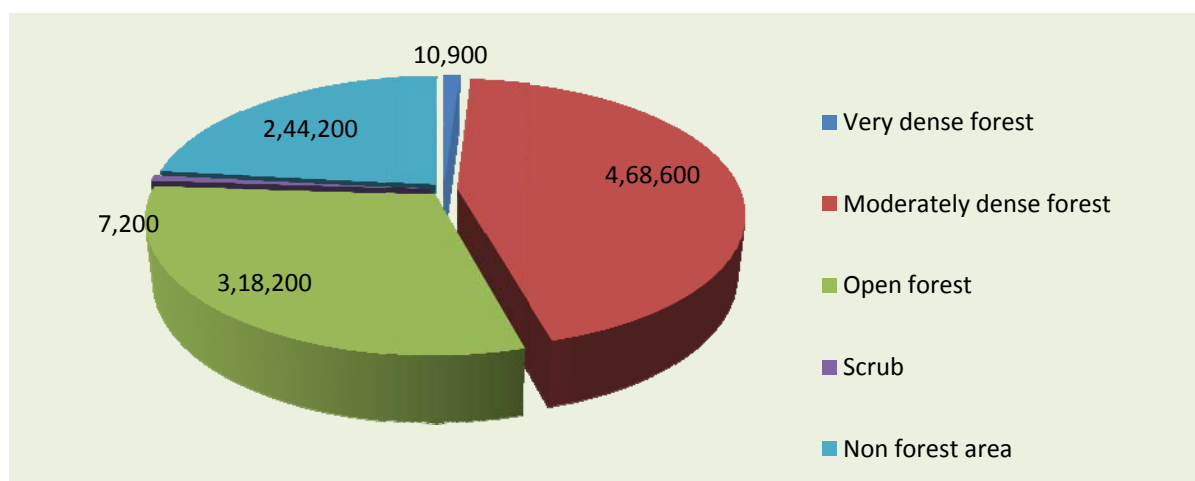
Tripura

1. Background²⁵⁰

The total geographical area of Tripura is 10,49,100 hectare. Based on the interpretation of satellite data of January 2009, the forest cover in the State was 7,97,700 hectare which was 76.04 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 10,900 hectare of area under very dense forest, 4,68,600 hectare of area under moderately dense forest and 3,18,200 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal decrease of 800 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in October 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below:

²⁵⁰Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²⁵¹
2006-07	9.67	Nil	Nil	Nil
2007-08	4.53	Nil	Nil	Nil
2008-09	2.78	Nil	Nil	Nil
2009-10	2.19	3.54	Nil	3.54
2010-11	34.23	2.58	0.54	5.58
2011-12	4.03	Nil	1.39	4.19
Total	57.43	6.12	1.93	

As can be seen from the table, in compliance with the orders of the Supreme Court, 11 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 6.12 crore released against APOs, 68 per cent remained unutilised, leading to accumulation of funds with State CAMPA.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Tripura that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 26 in Chapter 3.

Sl. No.	Description	Amount
1.	There were 16 cases ²⁵² involving forest land of 5,741.55 ha in which NPV was not collected from the user agencies ²⁵³ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	333.01 ²⁵⁴
2.	The Supreme Court revised the rate of NPV from March 2008 based on the recommendations of an Expert Committee. However test check of records of four forest divisions ²⁵⁵ revealed that in 12 cases NPV was not collected at revised rates. Ministry stated (April 2013) that action had been taken for recovery of outstanding NPV from user agencies.	0.18
	Total	333.19

²⁵¹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²⁵² As per status report of MoEF issued on 16 March 2012.

²⁵³ Rubber Plantation, GAS Based COMBI-NED Cycle Power Project, Govt. Agencies

²⁵⁴ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (5741.55 x 5.8)

²⁵⁵ Teliamura, Bagafa, West and Trishna

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV²⁵⁶					2.30	0.54		2.24	1.31
Compensatory Afforestation					0.09	0		0.26	0.08
Protected Area²⁵⁷					0	0		0	0
CAT Plan					0	0		0	0
Other specified activities					0	0		0	0
Total	3.54	Nil	Nil	2.58	2.39	0.54	Nil	2.50	1.39

*The figures of allotment and expenditure pertain to only six divisions test checked in audit. Information for entire state not made available by Nodal Office.

Funds were released by Ad-hoc CAMPA without submission of APO for the year 2009-10. APO for the year 2010-11 was submitted in October 2010 and the funds were released in January 2011 after a delay of ten months.

The percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was zero *per cent* in 2009-10 and 9 *per cent* in 2010-11. Further, the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2010-11 and 2011-12. Though the percentage of expenditure had increased progressively, concerns remain on the absorptive capacity of the State considering that ₹ 92.73 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

²⁵⁶ NPV is spent on protection, conservation and management of forest

²⁵⁷ Protected Area Fund is spent on wildlife management

4.2 Irregularities in utilisation of funds

(₹ in crore)

Nature of irregularity	Description	Amount
Excess expenditure over allotment of funds	<p>Direction and Administrative division, Agartala incurred expenditure of ₹ 0.07 crore on TA against the provision of ₹ 0.04 crore in APO for 2011-12 and Sadar forest division incurred expenditure of ₹ 0.08 crore on TA against the provision of ₹ 0.06 crore and incurred expenditure ₹ 0.22 crore on strengthening of forest protection mechanism against provision of ₹ 0.13 crore in APO for 2011-12 by diverting funds from other activities.</p> <p>Ministry stated (April 2013) that expenditure was incurred within the provisions made in APO. The reply was not based on facts as expenditure on the above heads was incurred by diverting funds from the provisions made in the APO for other activities.</p>	0.14

5. Land Management

5.1 Fact sheet

Particulars(2006-12)	
Forest land diverted	As per records of RO ²⁵⁸ – 191.42 ha ²⁵⁹ As per records of NO – 696.22 ha
Non forest land received in lieu	As per records of RO – 10.91 ha As per records of NO – 10.95 ha
Non forest land short received	As per records of RO – 180.51 ha As per records of NO – 685.27 ha
Chief Secretary Certificate on non availability of non forest land attached	NA
Area identified for CA as per NO	On degraded forest land – 1,597.45 ha On Non forest land – 10.95 ha
Area on which CA done as per NO	On degraded forest land – 80.00 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 10.95 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 191.42 ha and the non forest land received in lieu thereof was six *per cent* while as per records of NO, the figures

²⁵⁸ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²⁵⁹ Excluding exempted projects

were 696.22 ha and two *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 10.95 ha non forest land transferred/ mutated in favour of forest department no non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was five *per cent* of the area to be afforested.

5.2 Irregularities in land management

Nature of irregularity	Description
Shortfall in execution of CA work	<p>Against diversion of 696 ha forest land in 124 cases during 2006-12, CA was to be done on 1,608 ha land (1,597 ha forest land and 11 ha non forestland). However, CA was carried out only in two cases of 60 ha forest land at a cost of ₹ 0.17 crore in the year 2006-07. Thereafter, no CA was done during last five years 2007-2012. Further, provision of ₹ 0.09 crore only for CA was made in the APO for 2010-11 and no provision was made for CA in the APO for 2011-12. It clearly indicates that CA activities were ignored in the state.</p> <p>Ministry stated (April 2013) that CA could not be undertaken by State CAMPA due to non-provision of funds under CA. The reply only confirms the low priority accorded by the State CAMPA to the CA activities.</p>

6. Status of Accounts and audit of State CAMPA Accounts

As per State CAMPA guidelines issued by MoEF, the accounts of State CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited.

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry stated (April 2013) that annual accounts of State CAMPA for the years 2009-10 to 2011-12 were under preparation and would be submitted shortly.

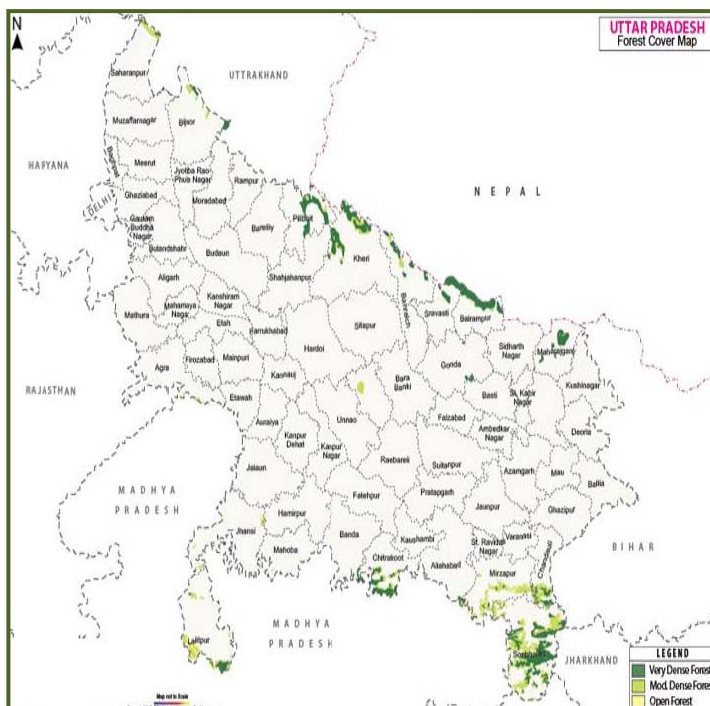
7. Monitoring

As per the State CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Tripura CAMPA met two times during 2009-12 as against six times. The Executive Committee met once during 2009-12. Ministry accepted the audit observations (April 2013).

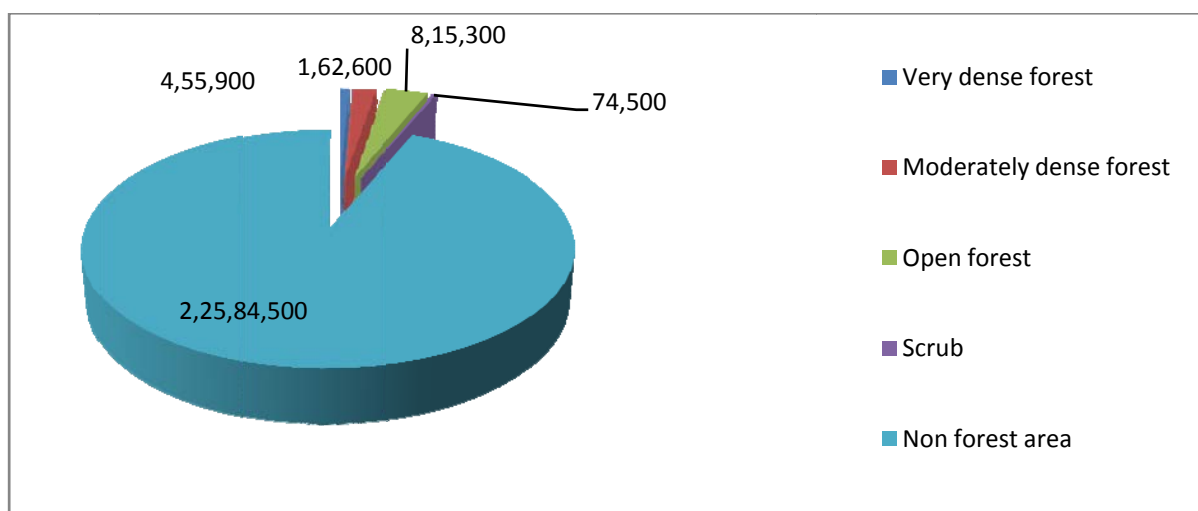
Uttar Pradesh

1. Background²⁶⁰

The total geographical area of Uttar Pradesh is 2,40,92,800 hectare. Based on the interpretation of satellite data of October 2008- January 2009, the forest cover in the state was 14,33,800 hectare which was 5.95 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 1,62,600 hectare of area under very dense forest, 4,55,900 hectare of area under moderately dense forest and 8,15,300 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal decrease of 300 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

It was decided in 4th meeting of CAMPA Advisory Council held on 25 January 2012 that the State CAMPAs should not work as Societies registered under the Societies Registration Act, 1862. Wherever States had registered the State CAMPAs as Societies, they should disband these so as to conform to the State CAMPA Guidelines. During test check records of State

²⁶⁰Source: India State of Forest Report 2011 published by Forest Survey of India.

CAMPA it was found that State CAMPA was registered as a society under the Societies registration Act of the State and still functioning as such.

State CAMPA was constituted in August 2010. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²⁶¹
2006-07	303.37	Nil	Nil	Nil
2007-08	91.21	Nil	Nil	Nil
2008-09	35.97	Nil	Nil	Nil
2009-10	16.90	Nil	Nil	Nil
2010-11	95.23	47.10	32.51	14.59
2011-12	41.84	35.35	6.05	43.89
Total	584.52	82.45	38.56	

As can be seen from the table, in compliance with the orders of the Supreme Court, 14 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 82.45 crore released against APOs, 53 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 22.93 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery/excess recovery of NPV/CA/PCA etc. in Uttar Pradesh that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 2 cases ²⁶² involving forest land of 1,149.87 ha in which NPV was not collected from the user agencies to whom in principle approval was granted before October 2002 and the final approval was granted after that.	66.69 ²³⁸
2	State Government order of 5 December 2007 provided that due to difficulties in providing the land on sites of felling of trees, NHAI shall make available the	54.11

²⁶¹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²⁶² As per status report of MoEF issued on 16 March 2012.

²³⁸ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (1,149.87 x 5.8)

Sl. No.	Description	Amount
	<p>amount equivalent to market price of land equivalent to 10 meter strip and plantation cost on the strip. In November 2009, State Government waived the condition and provided that apart from land or its cost made available by NHAI up to 14 January 2009, no additional demand in that respect would be raised.</p> <p>In spite of State Government's order of December 2007 no demand for the cost of land equivalent to 10 meter strip on length of highway in 13 districts amounting to ₹ 54.11 crore was raised to NHAI. The project was completed in the year 2009-10. In view of order of State Government of November 2009, no demand could be raised.</p> <p>Thus, due to inaction of divisions, State CAMPA sustained loss of ₹ 54.11 crore (considering the circle rates of respective district for rural agricultural land) in respect of 652.31 hectare land in 13 districts involved in the project.</p>	
3	<p>In Gonda forest division, 4.10 acre forest land was diverted to Bajaj Hindustan Sugar Industry Limited in November 2006 without recovery of PCA of ₹ 0.01 crore stipulated in MoEF's approval for diversion of land. Further, premium of ₹ 0.07 crore and interest on premium had also not been recovered.</p> <p>Ministry stated (April 2013) that PCA of ₹ 0.01 crore has been recovered from user agency. The reply of Ministry was silent regarding recovery of premium and interest of ₹ 0.07 crore from user agency.</p>	0.08
4	<p>In three forest divisions (Mathura, Bahraich and Chitrakoot) NPV/CA of ₹ 0.10 crore remained unrecovered from user agencies.</p> <p>Ministry stated (April 2013) that instructions had been issued to all forest divisions to take steps to recover NPV/CA.</p>	0.10
5	<p>In Bahraich Forest division, diversion of 3.32 ha forest land was allowed to U.P Network Pvt. Ltd. without deposit of CA of ₹ 0.05 crore. The amount remained unrecovered as of December 2012 for which no responsibility was fixed.</p> <p>Ministry stated (April 2013) that user agency did not deposit CA of ₹ 0.05 crore despite pursuance through several reminders and in fact no CA was required in this case and the user agency was asked to deposit the amount on account of recovery of loss as precautionary measure. The fact remains that amount of ₹ 0.05 crore could not be recovered from user agency by the state forest department.</p>	0.05
6	<p>As per order of the Supreme Court of 9th May 2008, full exemption from payment of NPV was allowed for laying of underground optical fibre cable if (a) no felling of tree was involved; and (b) area fell outside National Park/Sanctuary. However, forest department made irregular recovery of ₹ 2.81 crore during the period 2009 to 2011 for laying of optical fibre cable.</p>	2.81
7	<p>Three forest divisions (Bahraich, Najibabad and Barabanki) made excess recovery of NPV of ₹ 0.82 crore due to wrong classification of diverted forest land. The user agencies included N.E Railway, PGCIL, MORT and IOC.</p> <p>Ministry stated (April 2013) that as a matter of abundant precaution the NPV was recovered at the highest rate i.e. ₹ 9.20 per ha from user agencies.</p>	(-) 0.82
Total		123.84

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV²⁶³					11.94	11.34		0	0
Compensatory Afforestation					21.75	20.56		12.32	6.05
Protected Area²⁶⁴					0	0		0	0
CAT Plan					0	0		0	0
Other specified activities					2.53	0.61		0	0
Total	Nil	Nil	Nil	47.10	36.22	32.51	35.35	12.32	6.05

No APO was prepared for the year 2009-10 and no funds were released by Ad-hoc CAMPA. APOs for the year 2010-11 and 2011-12 were submitted after a delay of eight to 12 months.

From the table it is evident that the State CAMPA did not release the entire amount received from Ad-hoc CAMPA against APOs to the implementing agencies. The amount released was 77 per cent in 2010-11 and 35 per cent in 2011-12. The percentage of expenditure incurred as against the amounts release by Ad-hoc CAMPA was 69 per cent in 2010-11 and 17 per cent in 2011-12. Further, the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2010-11 and 2011-12. Concerns remain on the absorptive capacity of the State considering that ₹ 752.94 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

²⁶³ NPV is spent on Protection, Conservation and Management of forest

²⁶⁴ Protected Area Funds is spent on Wildlife Management

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Irregular diversion of afforestation money	Afforestation in 20 hectare area was done along Lucknow-Faizabad highway out of fund received from Airtel for other project in 2008 at a cost of ₹ 0.97 crore. Diversion of CA money received from a user agency for afforestation against project of another user agency was irregular. Ministry stated (April 2013) that as per sanction of State Government, plantation could be carried out along road side anywhere in eastern UP. The reply is not tenable as diversion of money from one project to another project was irregular.	0.97
2	Delay in release of funds to units by State CAMPA	State CAMPA released funds to its various units in March 2011 out of a sum of ₹ 47.10 crore received from Ad-hoc CAMPA for 2010-11. Thus, release of funds by State CAMPA at the fag end of the year in the month of March 2011 for the works to be undertaken in the year 2010-11 was improper. Ministry accepted the audit observation (April 2013).	
3	Doubtful expenditure on works	Basti forest division raised additional demand of ₹ 0.33 crore for the works in first phase and ₹ 0.11 crore for second phase in October 2011 on the basis of rates revised in June 2011 whereas in UC for ₹ 6.70 crore sent by Basti forest division on 23 August 2011 it was mentioned that the entire sum had been utilised up to 20 August 2011. Thus, demand of additional amount and its release to the division was not justified as the work was already completed. Ministry stated (April 2013) that reply was awaited from concerned divisions.	0.44
4	Extra expenditure on afforestation	Faizabad division procured barbed wire on short term tender basis at the rate of ₹ 63,000/MT instead of rate contract adopted by other divisions. Further, Faizabad division also procured RCC, pillars at the rate of ₹ 281 per piece whereas approved estimate was ₹ 170 per piece. This resulted in extra expenditure of ₹ 0.29 crore. Ministry stated (April 2013) that extra expenditure was due to increase in cost of materials. The fact remains that the materials were not procured at the rate contract adopted by other divisions.	0.29
5	Extra expenditure on plantation in brick guard	Awadh Forest division executed plantation in iron tree guard in area falling under city/populated areas and Gorakhpur forest division planted trees in 3,000 brick guards at various location of Gorakhpur city at an extra expenditure of ₹ 0.21 crore. As per norms of social forestry, brick guard is used in area where human population is very few or along highways whereas iron tree guard is used in urban/populated areas. The use of brick guard in city limits was in violation of norms of social forestry and also led to extra expenditure of ₹ 0.21 crore.	0.21

Sl. No.	Nature of irregularity	Description	Amount
		Ministry stated (April 2013) that creation of brick guards was as per approved working plan of Gorakhpur division. The reply is not tenable since installation of brick guards/iron guards was not as per norms of social forestry..	
6	Excess expenditure on construction of jeepable road	In Banki and Kampierganj range, 48,500 metre jeepable road was constructed at the rate of ₹ 57.70 per metre against the approved rate of ₹ 45 per metre resulting in excess expenditure of ₹ 0.06 crore. Ministry stated (April 2013) that reply was awaited from concerned divisions.	0.06
7	Disproportionate allocation of CA funds	APOs were prepared without any rational basis, because allocation of CA money was not based on receipts. For instance Faizabad and Unnao received 96 and 92 <i>per cent</i> of receipts as allocation of CA whereas Shivalik and Renukoot received 15 and 2 <i>per cent</i> of receipts and Lalitpur got no allocation in APO for 2009-10 despite having receipt of ₹ 6.83 crore. This disproportionate allocation of CA was also not corrected by State Steering Committee while according approval of APOs. The allocation of CA should have been made proportionately on the basis of receipts. Ministry stated (April 2013) that disproportionate allocation of CA funds was due to non-submission/delay in submission of APOs.	
8	Non compliance of the Supreme Court order for execution of work	As per guidelines of MNREGA, work was to be given to rural people having job card and payment was to be made directly into their bank accounts. Test check of records revealed that all the forest divisions made cash payment to labourers through muster roll and the payments were made at the rate of ₹ 100 per day instead of ₹ 120 per day applicable up to December 2011 and ₹ 125 per day from January 2012 for the works executed under MNREGA. Ministry stated (April 2013) that payment to labourers was made at the rate ₹ 100 per day as per notification of state government of 2007. The fact remains that payment to labourers was not made at the revised rates and payment was made in cash and it was not deposited into their bank account as per guidelines of MNREGA.	
9	Fake utilisation certificates	State CAMPA released a sum of ₹ 0.70 crore for installation of solar lights at the rate of ₹ 23,351 per light to various divisions. However, a subsidy of ₹ 7,100 was available during 2011-12 if purchases were made from NEDA. Forest divisions procured solar lights from NEDA at the rate of ₹ 16,251 per light after availing subsidy. The UCs was however sent for ₹ 23,351 per light. Hence, ₹ 7,100 per light was irregularly shown as utilised in the UCs. Ministry stated (April 2013) that all the divisions did not avail subsidy available for solar light.	

Sl. No.	Nature of irregularity	Description	Amount
10	Diversion of plantation sites without approval of MoEF	Awadh forest division executed afforestation works in 22 out of 27 cases at sites which were different from the sites approved in APO for 2009-10 without approval of the MoEF. Ministry stated (April 2013) that the modifications were made through revised APOs. The reply of Ministry is not tenable as plantation sites were changed without approval of MoEF.	
11	Loss of interest due to late opening of interest bearing bank account	As per state CAMPA, the monies received in the State CAMPA shall be kept in interest-bearing account in nationalized bank and periodically withdrawn for the works as per APOs approved by the Steering Committee. In Awadh, Gorakhpur, Faizabad forest divisions there was loss of interest of ₹ 8.60 lakh (@ 4 per cent) due to delay in opening of interest bearing bank account for the funds received from state CAMPA. Ministry accepted the audit observation (April 2013).	
	Total		1.97

5. Land Management

5.1 Fact Sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ²⁶⁵ – 1,117.24 ha ²⁶⁶ As per records of NO – 2,995.23 ha
Non forest land received in lieu	As per records of RO – 535.23 ha As per records of NO – 374.23 ha
Non forest land short received	As per records of RO – 582.01 ha As per records of NO – 2,621.00 ha
Chief Secretary Certificate on non availability of non forest land attached	No
Area identified for CA as per NO	On degraded forest land – 1,731.11 ha On Non forest land – 229.91 ha
Area on which CA done as per NO	On degraded forest land – 1,177.40 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 255.77 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 61.04 ha

²⁶⁵ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²⁶⁶ Excluding exempted projects

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 1,117.24ha and the non forest land received in lieu thereof was 48 *per cent* while as per records of NO the figures were 2,995.23 ha and 12 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 255.77ha non forest land transferred/ mutated in favour of forest department only 61.04 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 68 *per cent* of the area to be afforested. In 38 forest divisions, against 29,271.22 ha of forest land diverted (since 2002) for non forest purpose, non forest land of 374.24 ha (1.28 *per cent* of land diverted) was received. 28,838.61 ha of non forest land was not received. The valuation of non forest land of 28,838.61 ha worked out to ₹ 3,323.84 crore (calculated on the applicable circle rates of respective district²⁶⁷).

Ministry stated (April 2013) that in all cases, it was not required to get equivalent non-forest land in lieu of diversion of forest land. However, Ministry did not furnish details of cases where non-forest land was not received in lieu of diversion of forest land.

5.2 Irregularities in land management

Sl. No.	Nature of irregularity	Description
1	Use of forest land for non-forest purpose without approval of MoEF	In Lalitpur forest division, state irrigation department executed four irrigation projects on 70.84 ha forest land and UP SMDC (a State PSU) executed mining work on 32.78 ha forest land without the approval of MoEF. No NPV/CA was recovered in these cases. Land measuring 368.10 ha was used by irrigation department for construction of Shajad dam during 1974 to 1992 without approval of MoEF. As before the completion of project, Forest (Conservation) Act, 1980 came into existence, proposal for post facto approval for diversion of forest land was sent by the State Government in July 2000. The final approval of the project was still awaited. Against the demanded NPV/CA/PCA of ₹ 53.29 crore only ₹ 2.10 crore were realised and a sum of ₹ 51.19 crore remained unrealised. Ministry stated (April 2013) that no mining was permitted on the forest land and the matter was under consideration of State Government.
2	Grant of mining lease in violation of rules	Forest (Conservation) Act 1980 and MMDR Act 1957 stipulates that for diversion of forest land for grant/renewal of mining leases shall normally be granted for a period not exceeding 30 years. In Renukoot forest division, mining lease for NCL, Dudhi Chua and Kharia was granted by MoEF for 40 years which was contrary to the rules.

²⁶⁷The value of land has been calculated taking the minimum of circle rates of agricultural land which could be obtained. Efforts were made to arrange all the circle rates to work out the total value of non forest land which could not be received.

Sl. No.	Nature of irregularity	Description
		Ministry stated (April 2013) that sanction of mining lease for 40 years was issued after due consideration by State Government. The fact remains that grant of mining lease beyond 30 years was in violation of FC Act 1980 and MMDR Act 1957.
3	Execution of project in violation of MoEF orders	As per MoEF OM dated 2 December 2009, all projects that fall within 10 km boundary of National Parks and Sanctuaries would be subject to recommendation of standing committee of National Board of Wildlife (NBWL). In Kaimoor wildlife division, JP Associates limited (JAL) started construction of 4x60 MW captive power plant at a place close to Kaimoor wildlife sanctuary (about 1.5 km) without obtaining clearance from NBWL as it involved change of land use and construction within 10 km of the sanctuary. Ministry accepted the audit observation (April 2013).
4	Construction of approach road without approval of MoEF	Approach road was constructed for petrol pumps, hotels and other commercial establishments along protected forest area without approval of MoEF which was in contravention of FC Act, 1980. Accepting the facts, Ministry stated (April 2013) that all forest divisions had been instructed to get ex-post facto sanction in these cases.

6. Status of Accounts and audit of State CAMPA Accounts

As per State CAMPA guidelines issued by MoEF, the accounts of State CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2010-11 to 2011-12 in the prescribed format and got the accounts audited by Chartered Accountants.

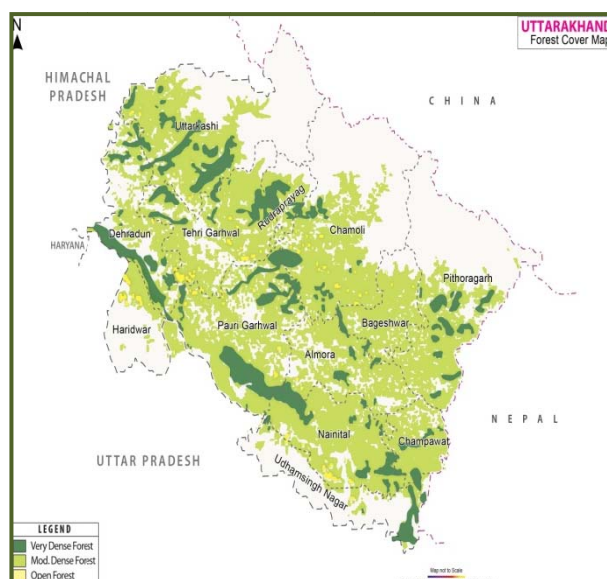
7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Uttar Pradesh CAMPA met three times during 2009-12 as against six times. The Executive Committee met six times during 2009-12. The Governing body met once only during 2009-12.

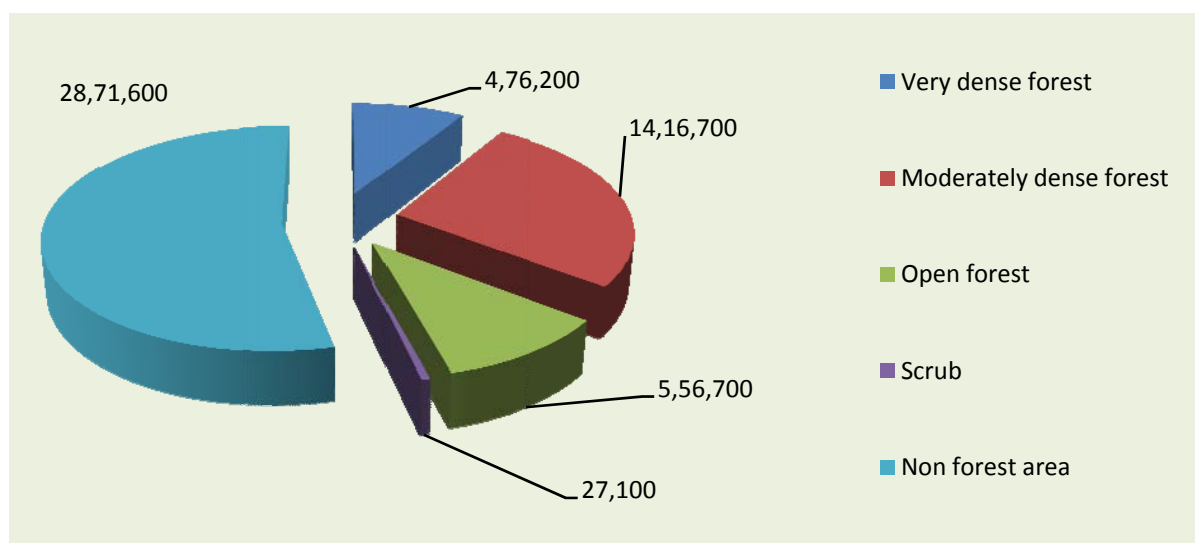
Uttarakhand

1. Background²⁶⁸

The total geographical area of Uttarakhand is 53,48,300 hectare. Based on the interpretation of satellite data of October - December 2008, the forest cover in the State was 24,49,600 hectare which was 45.80 *per cent* of the State's geographical area. In terms of forest canopy density classes, the State had 4,76,200 hectare of area under very dense forest, 14,16,700 hectare of area under moderately dense forest and 5,56,700 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed a marginal increase of 100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation funds of the State

State CAMPA was constituted in November 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²⁶⁸Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²⁶⁹
2005-06	228.34	Nil	Nil	Nil
2006-07	206.96	Nil	Nil	Nil
2007-08	226.34	Nil	Nil	Nil
2008-09	161.17	Nil	Nil	Nil
2009-10	299.15	81.65	Nil	81.65
2010-11	105.52	82.75	43.60	120.80
2011-12	69.48	Nil	60.28	60.52
Total	1296.96	164.40	103.88	

As can be seen from the table, in compliance with the orders of the Supreme Court, 13 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009-12. Of ₹ 164.40 crore released against APOs, 37 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 8.92 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in Uttarakhand that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1	There were 23 cases ²⁷⁰ involving forest land of 3,433.27 ha in which NPV was not collected from the user agencies ²⁷¹ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	199.13 ²⁷²
2	In Haridwar forest division, against the requirement of ₹ 18.10 crore, only ₹ 12.45 crore was deposited by the user agency (UVVN) to whom mining lease was granted for ten years for the period upto 2012 resulting in short realization	5.65

²⁶⁹ Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²⁷⁰ As per status report of MoEF issued on 16 March 2012.

²⁷¹ M/s Haldwani Stone Co. Lalkuan, Govt. Agency

²⁷² Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹5.80 lakh per hectare (3433.27 x 5.8)

Sl. No.	Description	Amount
	<p>of ₹5.65 crore.</p> <p>Further, after formation of Ad-hoc CAMPA in 2006, all funds were to be transferred to it. However, DFO Haridwar utilised ₹ 5.60 crore out of ₹ 9.77 crore deposited by UVVN during 2006-12 and remitted an amount of ₹ 4.17 crore only to State Nodal Office in contravention of State CAMPA guidelines.</p> <p>Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.</p>	
3	<p>Four mining leases for extraction of minor minerals from 2,358.69 ha from rivers²⁷³ to UVVN were granted by MoEF in April 2011 for a period of one year with the condition that the user agency shall transfer the cost of raising and maintaining the CA at the current wage rate, to the forest department and all the funds received from the user agency under the project shall be transferred to Ad-hoc CAMPA. It was also specified that 50 <i>per cent</i> of the net profit earned by the UVVN from the collection of minor minerals shall be deposited for a SPV which shall be used exclusively for river training activities and management/protection of forests & wildlife in the same vicinity of forest land diverted for collection of minor minerals.</p> <p>Audit observed that an amount of ₹ 16.04 crore out of ₹ 20.81 crore realized in respect of Gaula river was remitted to Ad-hoc CAMPA, resulting in short transmission of ₹ 4.77 crore. No funds were received in respect of Kosi, Dabaka and Sharda rivers though lease period had already expired in April 2012. Further, no information regarding creation of corpus under SPV by the state Government and funds deposited under it by the user agencies was furnished to audit.</p> <p>Ministry stated (April 2013) that the amount had been deposited with the Ad-hoc CAMPA account. The reply of Ministry was not supported with the relevant documents.</p>	4.77
4	<p>In Tarai East forest division, Haldwani, user agency (UVVN) to whom mining lease for diversion of 468 ha in Nandor and Kailash rivers of districts Nainital and Udham Singh Nagar for ten years was granted by MoEF in October 2006 deposited only an amount of ₹ 47.85 lakh with DFO against the requirement of ₹ 2.78 crore resulting in short realization of ₹ 2.30 crore.</p> <p>Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.</p>	2.30
5	<p>An amount of ₹ 25.45 lakh was not recovered from user agency (Border Road Organisation) on account of disposal debris pertaining to Pithoragarh-Tawaghat motor road as of November 2012.</p> <p>Ministry stated (April 2013) that matter was being pursued with the user agencies for the recovery of NPV.</p>	0.25

²⁷³Gaula (1497 ha), Kosi (254 ha), Dabka (223 ha), and Sharda (384.69 ha) of district Nainital

Sl. No.	Description	Amount
6	An amount of ₹ 16.55 lakh was not recovered from two user agencies ²⁷⁴ as required in terms and conditions of in principle (Stage I) approval granted by MoEF in June 2008 and final (Stage II) approval granted by MoEF in March 2012. However, the forest land had already been transferred to user agencies. Ministry stated (April 2013) that matter was being pursued with the user agencies for the recovery of CAMPA funds.	0.17
7	In three cases, NPV was charged only for 13.14 ha forest land instead of 13.25 ha forest land resulting in short realization of NPV of ₹ 1.28 lakh. Ministry stated (April 2013) that matter was being pursued with the user agencies for the recovery of NPV.	0.01
	Total	212.28

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and the utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ²⁷⁵					51.99	43.43		57.31	45.45
Compensatory Afforestation					0	0		13.29	11.90
Protected Area ²⁷⁶					0.75	0.17		0.79	0.79
CAT Plan					0	0		2.68	0.57
Other specified activities					0	0		1.80	1.57
Total	81.65	Nil	Nil	82.75	52.74	43.60	Nil	75.87	60.28

Funds were released by Ad-hoc CAMPA for the year 2009-10 without APO. The APO for the year 2009-10 was not prepared by State CAMPA instead a 10 year project was sent to MoEF on 16 March 2010. The APOs for the years 2010-11 and 2011-12 were prepared after a delay of five to seven months. Further, State CAMPA revised APO for the years 2010-11 and 2011-12 in May 2011 and October 2012 after the close of financial years. Thus, the delay in submission of APOs and its revision after close of the financial years indicated poor planning for the activities take up during the particular years.

²⁷⁴State Public Works Department and Uttarakhand Rural Road Development Agency

²⁷⁵ NPV is spent on Protection, Conservation & Management of forest

²⁷⁶ Protected Area Funds is spent on Wildlife Management

From the table it is evident that the State CAMPA did not release the entire amount received from Ad-hoc CAMPA against APOs to the implementing agencies. The amount released was zero *per cent* in 2009-10 and 64 *per cent* in 2010-11. The percentage of expenditure incurred as against the amounts release by Ad-hoc CAMPA was zero *per cent* in 2009-10 and 53 *per cent* in 2010-11. Further, the implementing agencies could not expend substantial portion of amount released by the State CAMPA in the years 2010-11 and 2011-12. The levels of expenditure were 83 *per cent* in 2010-11 and 79 *per cent* in 2011-12 of the amounts released. Though the percentage of expenditure had increased progressively over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 1,527.93 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

First instalment of ₹ 81.65 crore was released by Ad-hoc CAMPA in August 2009 for implementation of CAMPA programme in the state but no funds were utilised by the State CAMPA during the year 2009-10 due to non-preparation of APO. In the years 2010-11 and 2011-12, the CAMPA programme was implemented/ executed in five categories viz. Net Present Value (NPV), Compensatory Afforestation (CA), Protected Area (PA), Others Activities²⁷⁷ and Catchment Area Treatment (CAT) Plan. Only two activities viz. NPV and PA were implemented and no emphasis on basic activities of CAMPA viz. CA and CAT plan was given by the state CAMPA in the year 2010-11. Ministry stated (April 2013) that emphasis was given on CA and CAT Plans in the year 2010-11 and 2011-12. The reply is not tenable as no expenditure was incurred under CA and CAT Plans in the year 2010-11.

4.2 Irregularities in utilisation of funds

(₹ in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on renovation of official residence of Principal Secretary (₹ 0.16 crore), maintenance of residential quarters (₹ 0.24 crore), Purchase of vehicles for PCCF-VP (₹ 0.05 crore), office expenses (₹ 0.72 crore), briquetting machines (₹0.13 crore), Atal Adarsh Gram Yojna (₹ 4.99 crore), Strengthening Van Panchayats and operational expenses etc. (₹ 5.35 crore), Honorarium (₹ 0.62 crore) etc. Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.	12.26
2	Irregular expenditures out of CAMPA	Following irregular expenditure were made from CAMPA funds <ul style="list-style-type: none"> In Dehradun forest division, an expenditure of ₹ 2.84 lakh was incurred for providing lunch on the event of budget 	6.14

²⁷⁷Road side plantation, gap-filling, dwarf species plantation, monitoring & evaluation etc.

Sl. No.	Nature of irregularity	Description	Amount
	funds	<p>approval (March 2011) of forest department by State Assembly and ₹ 0.02crore on printing of Uttarakhand Forest Statistics 2010-11.</p> <ul style="list-style-type: none"> State CAMPA provided a financial assistance of ₹ 0.22 crore to 'Sparsh Ganga Board' during the year 2011-12 for conducting special campaign against pollution and plastic eradication despite the fact the Board was established by State Government. An expenditure of ₹ 2.13 crore was incurred on 19 activities which were not provided in the approved APO for 2010-11 and 2011-12. An expenditure of ₹ 3.74 crore was incurred on 25 activities in excess of provisions made in APO for 2010-11. <p>Ministry stated (April 2013) that expenditure on the above works was incurred as per approved APOs. The reply of Ministry is not tenable as the expenditure on the above works was in contravention of State CAMPA guidelines.</p>	
3	Irregular expenditure on protected area and other activities	<p>In the year 2011-12, an expenditure of ₹ 0.35 crore was incurred out of CAMPA funds on celebration of platinum jubilee of Corbett Tiger Reserve National Park which was not approved in the APO for 2011-12. Further, during the years 2010-11 and 2011-12, an expenditure of ₹ 0.15 crore was incurred on construction of buildings for forest guard chowkies which was in contravention to the provisions of the FC Act 1980 prohibiting any new construction in the National Parks.</p> <p>Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.</p>	0.50
4	Non execution of CAT Plan work	<p>A CAT Plan was intended to mitigate erosion and landslide hazards resulting from the Hydro Power Project (HEP) activities. Accordingly, a comprehensive CAT plan taking care of soil erosion and landslide hazards was required to be undertaken in accordance with the State CAMPA guidelines. The cost of CAT plan of forest area was to be borne by the respective owner of the HEP which was around two <i>per cent</i> of the total project cost and forms the part of the CAMPA fund.</p> <p>However, funds earmarked for CAT plan of ₹ 9.21 crore were not utilised in the year 2010-11 and only a meagre amount of ₹ 0.57 crore (six <i>per cent</i>) could be utilised in the year 2011-12.</p> <p>Accepting the facts, Ministry stated (April 2013) that corrective measures had now been taken for execution of CAT Plans work</p>	

Sl. No.	Nature of irregularity	Description	Amount
		from the year 2011-12.	
5	Deficiencies in implementation of programmes	There were deficiencies in implementation of various programmes in the state CAMPA. Steering committee (SC) met on 04 October 2012 for approval of current outlay for the year 2012-13 but no detailed APO showing units wise/ activity wise proposals was put before the SC. Only a size of main components ²⁷⁸ amounting to ₹ 100 crore was approved by the SC and units/activities wise APO was not prepared (November 2012) with only four months left for its execution/ implementation. It was also decided by the SC that advance soil work in 4,681 ha and CA work in 540 ha would be done in the current year (2012-13) knowing the fact that the CA work in hilly areas could only be done in monsoon season; hence, it was not clear, how these targets of CA work could be achieved by the implementing agencies.	
6	Retention of funds in non-nationalised banks	Audit observed that CAMPA funds provided by state CAMPA to DFO, soil conservation division, Ranikhet; Pithoragarh forest division and Rudraprayag forest division were initially kept in non-nationalised banks (Rural/Co-operative Banks) for a period ranging from 13 to 15 months whereas funds of ₹ 1.90 crore provided to DFO, Champwat were kept in a current account of non-nationalised bank for a period 16 months. Thus, keeping of CAMPA funds in non-nationalised banks by DFOs was in contravention of the CAMPA Guidelines.	
7	Interest earned on CAMPA funds	During the test check of records of State CAMPA it was observed that funds available with State CAMPA were invested and a return of ₹ 18.02 crore was earned. However, at the same time this signifies that the funds made available by the Ad-hoc CAMPA were not being utilized timely by the State for intended purposes. Ministry stated (April 2013) that the focus of State CAMPA had been to provide enabling framework for execution of CAMPA's works strictly as per guidelines. The reply of Ministry is not tenable as instead of remitting the unspent funds to Ad-hoc CAMPA, these were invested with the banks as evident from the audit observation.	
	Total		18.90

²⁷⁸NPV (₹54.06 crore), CA (₹15 crore), PA (₹2crore), CAT Plan (₹20.94 crore), Others(₹8 crore).

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ²⁷⁹ – 1,281.01 ha ²⁸⁰ As per records of NO – 9,669.74 ha
Non forest land received in lieu	As per records of RO – 3,315.23 ha As per records of NO – Nil
Non forest land short received	As per records of RO – (-) 2,034.22 ha As per records of NO – 9,669.74 ha
Chief Secretary Certificate on non availability of non forest land attached	Yes. Chief Secretary issued a general certificate in 2002 and 2009. Separate certificate on case to case basis was not obtained.
Area identified for CA as per NO	On degraded forest land – 19,339.46 ha On Non forest land – Nil
Area on which CA done as per NO	On degraded forest land – Nil for 2006-2011. 4,178 ha in 2011-12 On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – Nil
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – Nil

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 1,281.01 ha and the non forest land received in lieu thereof was 3,315.23 ha (Civil-Soyam land was stated to have been received double in quantity to the forest land diverted) while as per records of NO the forest land diverted was 9,669.74 ha and no non forest land was received in lieu thereof. As per records of RO and NO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 22 *per cent* of the area to be afforested.

Further, CA on 19,339.48 ha degraded land was to be carried out by State CAMPA for which an amount of ₹ 82.84 crore was deposited with Ad-hoc CAMPA by the user agencies during the period 2006-12. It was however seen that CA on 4,178 ha degraded land was carried out during the year 2011-12 at a cost of ₹ 11.90 crore. It was further seen that despite of availability of funds, the State CAMPA did not make any provision for CA during the years 2009-10 and 2010-11. Further the provision made for CA for the year 2012-13 remained

²⁷⁹ Regional Office (RO) of Ministry of Environment & Forests and Nodal Officer (NO) of State Forests Department

²⁸⁰ Excluding exempted projects

unutilized as the growing monsoon season has already passed without carrying out any plantation work. Besides, it was also observed in audit that per hectare cost of CA work was not in consonance with the cost of CA being recovered from the user agencies. The CA work in the year 2011-12 was carried out by the department at the rate of ₹ 34,000 per ha whereas the user agencies were charged at the rate of ₹ 74,100 per ha. Ministry stated (April 2013) that Chief Secretary had certified in 2002 and 2009 that non-forest land was not available in the state. The reply of Ministry was not supported with the relevant documents. Ministry further stated that data pertaining to diversion of forest land and reconciliation of CA funds with Ad-hoc CAMPAs would be verified by concerned Nodal Officer. It was also stated that the rates of CA were revised by CCF and the revised rates included in APO were approved by Steering Committee.

5.2 Irregularities observed in land management.

Sl. No.	Nature of irregularity	Description
1	Deficiencies in grant of mining leases	<p>As per paragraph 4.16 (i) of FC Act 1980, the approval for diversion of forest land for grant/renewal of mining leases was to be granted for a period co-terminus with the period of mining lease granted under Mines & Mineral Development (Regulation) Act, 1957 or rules framed thereunder. However, it was seen that in two cases of renewal of mining leases of major mineral was not co-terminus with the mining leases granted under MMDR Act as detailed below:</p> <ul style="list-style-type: none"> • A mining lease in favour of M/s Almora Magnesite Ltd., was initially granted in August 1984 by erstwhile State of Uttar Pradesh for a period up to May 2003 and as per provision of the FC Act, the MoEF could grant lease only up to February 2003. However, in contravention to this provision, lease under the FC Act was renewed by the MoEF in May 2001 for a period of 20 years (upto 2021) whereas the renewal of mining lease under MMDR Act was not permitted. • Similarly, another mining lease for mining of soap stone in favour of M/s N.S. Corporation, Jharkot which was initially granted in 1974 for 20 years was renewed in June 1995 for another 20 years (upto 2015). The permission for diversion of forest land under FC Act was granted by MoEF in July 2000 with the condition that period of diversion would be coterminous with the renewal of lease (i.e. upto May 2015). However, contrary to above condition, it was seen that the lease granted by the forest department to the firm under FC Act was for 20 years (upto 2020) from the date of issue of order (September 2000) by the state government. <p>Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.</p>
2	Encroachment of forest land	<p>9,672.44 ha forest land was lying encroached, no efforts were made by the state forest department for its vacation.</p> <p>Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.</p>

The audit also visited four CA sites at Chakrata, Mussoorie, Almora, and Pauri wherein the plantation works executed were found in existence but survival rate of these plantations could not be ascertained as the plantation was done in the year 2011-12 only. Some of the photographs taken by audit from these sites are given below:



Geographical Location: Kalsi-I (Panuwa-I) Longitude: 30o 35' 41" Latitude: 77o 53' 44"

Plantation work at Panuwa-I (DFO, Kalsi)



Amla Tree plantation at Mussoorie Forest Div under CAMPA

Plantation work at Mussoorie Forest Division

6. Status of Accounts and audit of State CAMPA Accounts

As per state CAMPA guidelines issued by MoEF, the accounts of state CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. In the absence of proper accounts, these could not be audited. The State CAMPA did not maintain cash book and subsidiary ledgers for the funds received from Ad-hoc CAMPA and expenditure incurred there from. In the absence of cash book and subsidiary ledgers, the receipts and payments of the years 2009-10 to 2011-12 could not be verified in audit

Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

Ministry stated (April 2013) that annual account for the year 2010-11 and 2011-12 had been prepared in the prescribed and submitted to audit. The reply of Ministry is not tenable as the annual accounts for the years 2009-12 submitted to audit, were not in the prescribed format.

7. Declining budgetary commitment towards forest

An analysis of State's budget and expenditure of Forest Department for the period 2008-09 to 2011-12 revealed that there was declining trend in departmental budget provisions and expenditure incurred, as detailed below:

(₹ in crore)

Year	Major head (MH) wise expenditure*				Expenditure under plantation and conservation of Forest
	MH-2406 (Plan)		MH-4406	MH-6406	
	BE	Actuals			
2008-09	195.23	146.89	17.35	Nil	49.68
2009-10	139.08	88.09	13.40	Nil	27.41
2010-11	109.65	95.05	16.47	Nil	40.33
2011-12	115.83	79.04	16.36	Nil	28.71

Source: Department & Finance Accounts figures (*summerised position of grant no. 27, 30 & 31).

The revenue expenditure under Major Head -2406 (plan) during 2009-10, 2010-11 and 2011-12 in comparison to the year 2008-09 stood at 60 *per cent*, 65 *per cent* and 54 *per cent* respectively which coincided with the onset of CAMPA programme in the State from the year 2009-10. Thus, the gradual withdrawal of budgetary support for forest management in the State was a set back as the funds received under CAMPA were meant for compensating the damages which occurred due to the implementation of various developmental projects in the State.

Ministry stated (April 2013) that audit observation pertained to the field level officers and reply would be submitted later.

8. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee of Uttarakhand CAMPA met three times during 2009-12 as against six times. The Governing Body met once only during 2009-12.

9. Good practices in the state

A work of road side plantation (Pauri-Srinagar road) carried out by Garhwal Forest Division, Pauri was physically verified by audit and the work was commendable as can be seen from the photographs given below:

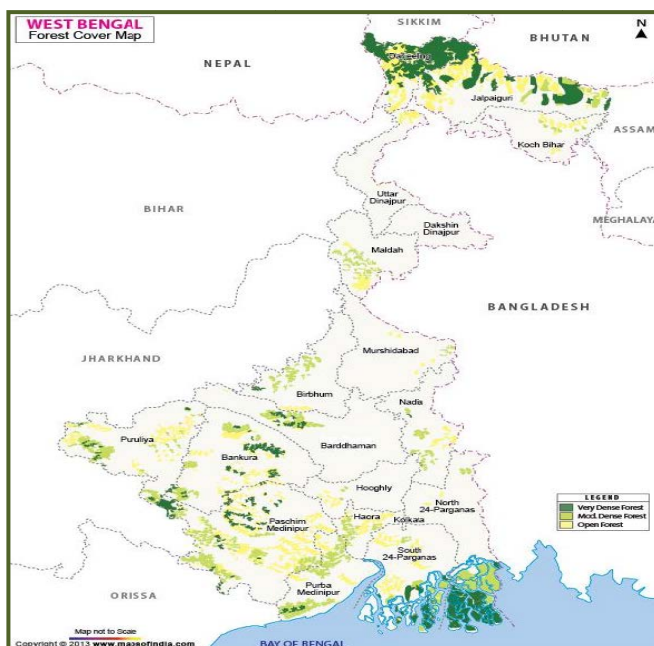


Photograph of a constructed building in Dhella Range (taken by audit team during physical verification) can be seen alongside.

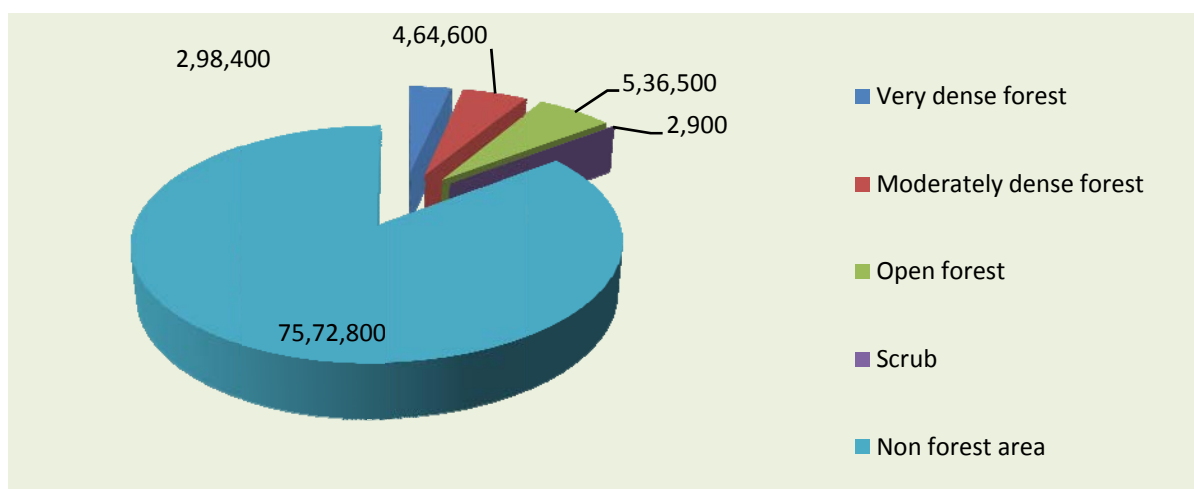
West Bengal

1. Background²⁸¹

The total geographical area of West Bengal is 88,75,200 hectare. Based on the interpretation of satellite data of November 2008- January 2009, the forest cover in the State was 12,99,500 hectare which was 14.64 per cent of the State's geographical area. In terms of forest canopy density classes, the State had 2,98,400 hectare of area under very dense forest, 4,64,600 hectare of area under moderately dense forest and 5,36,500 hectare of area under open forest. Compared with the previous assessment of 2009, the forest cover showed an increase of 100 hectare in the 2011 assessment.



Forest cover – Types of forest (in hectare)-2011



2. Compensatory Afforestation Fund of the State

State CAMPA was constituted in September 2009. Funds remitted by State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to State CAMPA and expenditure incurred there against during the period 2006-07 to 2011-12 were as detailed below.

²⁸¹Source: India State of Forest Report 2011 published by Forest Survey of India.

(₹ in crore)

Year	Amount transferred to Ad-hoc CAMPA	Amount received by State CAMPA from Ad-hoc CAMPA	Expenditure incurred by State CAMPA	Accumulation of funds with State CAMPA ²⁸²
2006-07	0.00	Nil	Nil	Nil
2007-08	27.51	Nil	Nil	Nil
2008-09	22.32	Nil	Nil	Nil
2009-10	32.62	5.30	Nil	5.30
2010-11	10.38	6.28	5.12	6.46
2011-12	3.16	4.84	2.86	8.44
Total	95.99	16.42	7.98	

As can be seen from the table, in compliance with the orders of the Supreme Court, 17 per cent of the total Compensatory Afforestation funds remitted by State CAMPA to Ad-hoc CAMPA were released between 2009 and 2012. Of ₹ 16.42 crore released against APOs, 51 per cent remained unutilised, leading to accumulation of funds with State CAMPA. Funds of ₹ 7.85 crore were not remitted by State CAMPA to Ad-hoc CAMPA and were deposited in State Government account.

3. Receipts into State CAMPA

The cases of non recovery/short recovery of NPV/CA/PCA etc. in West Bengal that came to the notice of audit are given below. The gist of these cases is also given in table 24 and 27 in Chapter 3.

(₹ in crore)

Sl. No.	Description	Amount
1.	There was one case ²⁸³ involving forest land of 14.70 ha in which NPV was not collected from the user agency ²⁸⁴ to whom in principle approval was granted before October 2002 and the final approval was granted after that.	0.85 ²⁸⁵
2.	In Durgapur forest division, MoEF granted approval for diversion 90.30 ha forest land at Jhanjra area for coal mining by the ECL for a period of 10 years in January 1996. The user agency paid only ₹ 1 crore in 1995 against the assessed amount of environmental loss of ₹ 9.15 crore. Subsequently, the environmental loss was revised to ₹ 18.14 crore in accordance with the revised guidelines of MoEF. Durgapur forest division did not pursue the case thereafter and the amount remained unrecovered. Ministry stated (April 2013) that realisation of the amount on the basis of the	17.14

²⁸² Cumulative amount at the end of the year lying unutilised with State CAMPA out of the funds released by Ad-hoc CAMPA 2009 onwards.

²⁸³ As per status report of MoEF issued on 16 March 2012.

²⁸⁴ Bakreswar Thermal Power Project

²⁸⁵ Audit estimated the total amount of NPV due in these cases on a conservative basis by applying the minimum rate of ₹ 5.80 lakh per hectare (14.7 x 5.8)

Sl. No.	Description	Amount
	present assessment would be realised after renewal of lease was approved. The reply of Ministry is not tenable as the user agency was liable to make payment of environmental loss at revised rates for the lease period.	
3.	Stage I approval to divert 238.54 ha forest land for construction of Reservoir at Bakreswar Thermal Power Plant (August 1994) was given to West Bengal Power Development Corporation. The user agency started construction of reservoir without depositing NPV/CA. Ministry stated (April 2013) that fresh proposal was sought from user agency and NPV at prevailing rate would be collected from user agency.	14.93
4	Stage I approval to divert 10 ha of forest land in Kakdwip Char (September 2004) was given to State Fisheries Department for construction of fishing harbour. The user agency started construction of fishing harbour on the forest land without depositing NPV/CA etc. Ministry stated (April 2013) that action was being taken for recovery of NPV/CA etc. from user agency.	0.69
	Total	33.61

4. Utilisation of CAMPA funds

4.1 Year wise and component wise breakup of funds allotted to State CAMPA and utilisation of the funds released.

(₹ in crore)

Main-Components	2009-10			2010-11			2011-12		
	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure	Amount released by Ad-hoc CAMPA	Amount released by State CAMPA	Expenditure
NPV ²⁸⁶						3.77			1.86
Compensatory Afforestation						0.40			0.77
Protected Area ²⁸⁷						0			0
CAT Plan						0.95			0.02
Other specified activities						0			0.21
Total	5.30	NA	Nil	6.28	NA	5.12	4.84	NA	2.86

Component-wise details not furnished.

²⁸⁶ NPV is spent on protection, conservation and management of forest

²⁸⁷ Protected Area Fund is spent on wildlife management

Funds for the years 2009-10 and 2010-11 were released by Ad-hoc CAMPA without APO and APO for the year 2011-12 was approved by Steering Committee in April 2011. No expenditure was incurred by State CAMPA in the year 2009-10

From the table it is evident that the percentage of expenditure incurred as against the amounts released by Ad-hoc CAMPA was zero *per cent* in 2009-10, 82 *per cent* in 2010-11 and 59 *per cent* in 2011-12. Considering the underutilization of the amount released over the last three years, concerns remain on the absorptive capacity of the State considering that ₹ 114.96 crore (including interest) are accumulated with Ad-hoc CAMPA in the Compensatory Afforestation Fund for the State (31 March 2012) and can be released only for specified forestry related activities.

4.2 Irregularities in utilisation of funds

(₹in crore)

Sl. No.	Nature of irregularity	Description	Amount
1	Expenditure not authorised by State CAMPA guidelines and NCAC	CAMPA funds should not be used for creating infrastructure at State Forest headquarters and ecotourism. However test check revealed that expenditure was incurred on foundation stone laying ceremony and hiring of vehicles etc.	0.18
2.	Non opening of separate account under corpus fund	No separate account under corpus fund was maintained for money received in July 2009 for diversion of 0.99 ha forest land for construction of a water reservoir from Senchel Wildlife Sanctuary though prescribed under State CAMPA guidelines.	2.46
3	Outstanding UCs from forest divisions	UCs for amount released by state CAMPA to various forest divisions during the years 2009-12 were outstanding from forest divisions. Accepting the facts, Ministry stated (April 2013) that action was being taken to collect outstanding UCs from forest divisions.	1.36
4	Idle expenditure on Tiger Rescue Centre	In 24 Parganas (South) forest division, Tiger Rescue Centre Jharkhali in Sunderbans area could not be operationalised in the absence of some essential items even after incurring expenditure of ₹ 1.23 crore (December 2012). Ministry stated (April 2013) that tiger rescue centre could not be operationalised due to some administrative reasons viz. non convening of meetings of executive committee and steering committee and action in this regard was being initiated.	1.23

Sl. No.	Nature of irregularity	Description	Amount
5	Quality of CA not exemplary	Test check of records and GPS reading in four divisions ²⁸⁸ revealed that the CA was not exemplary in four ²⁸⁹ out of 10 locations. Ministry stated (April 2013) that shortfall in CA alongwith maintenance of old plantations would be undertaken from the available CAMPA funds.	0.39
6	Blocking of CAMPA funds	In Kurseong forest division, boundary pillars for demarcation of non-forest land received from NHPC in connection with Teesta Low Dam were lying unutilized as of November 2012. Ministry stated (April 2013) that works could not be undertaken due to political unrest in Darjeeling Hills and efforts were being made to obtain LOC from the government to place the funds with Kurseong division again to undertake the work.	0.22
7	Unfruitful expenditure	In Kangsbati (North) forest division, staff quarters constructed out of CAMPA funds in March 2010 were not occupied by the staff members for want of electric connection and found to be in dilapidated condition as of December 2012. Ministry stated (April 2013) that the division was being directed to get the staff quarters utilised for the purpose for which these were built.	0.08
	Total		5.92

Photos of some selected plantations



Tondu Revenue Mouza was effected by flood in July 2012 but not renovated due to insufficient fund flow



CA Plantation showing elephant depredation at Lalfa Block, Bagdogra Range

²⁸⁸ Kangsbati (North), Kurseong, Wild Life-II and Darjeeling

²⁸⁹ Puapur Mouza, Lalfa Block, Tondu Revenue Mouza and Peshok-1 Beat

5. Land Management

5.1 Fact sheet

Particulars (2006-12)	
Forest land diverted	As per records of RO ²⁹⁰ – 226.96 ha ²⁹¹ As per records of NO – 425.17 ha
Non forest land received in lieu	As per records of RO – 190.36 ha As per records of NO – 186.39 ha
Non forest land short received	As per records of RO - 36.60 ha As per records of NO – 238.78 ha
Chief Secretary Certificate on non availability of non forest land attached	NA
Area identified for CA as per NO	On degraded forest land – 469.77 ha On Non forest land – 186.39 ha
Area on which CA done as per NO	On degraded forest land – 108.83 ha On Non forest land – Nil
Received Non forest land transferred/mutated	As per records of RO- Nil As per records of NO – 186.39 ha
Non forest land received notified as reserved/protected forest	As per records of RO- Nil As per records of NO – 2.80 ha

As is evident from the table, there were un-reconciled variations in the data provided by the Nodal Officer of the State CAMPA and the concerned Regional Office of MoEF. As per the records of RO, forest land diverted for non forestry purposes was 226.96 ha and the non forest land received in lieu thereof was 84 *per cent* while as per records of NO the figures were 425.17 ha and 44 *per cent*, respectively. As per records of RO, no non forest land was transferred /mutated in favour of the forest department and notified as RF/PF while as per NO out of 186.39 ha non forest land transferred/ mutated in favour of forest department only 2.80 ha non forest land was declared as RF/PF. As per records of NO, no afforestation was done on non forest land and afforestation done on degraded forest land was 23 *per cent* of the area to be afforested.

5.2 Irregularities observed in land management

Sl. No.	Nature of irregularity	Description
1	Non-maintenance of plantation	No maintenance of the CA carried out on 30 ha of non forest land at a cost of ₹ 0.23 crore by Wildlife forest division-II in 2011 resulting in damage to these plantations. Ministry stated (April 2013) that maintenance of plantations was done with the available funds with State CAMPA.

²⁹⁰ Regional Office (RO) of Ministry of Environment and Forests and Nodal Officer (NO) of State Forests Department

²⁹¹ Excluding exempted projects

Sl. No.	Nature of irregularity	Description
2	Transfer of unsuitable non-forest land for CA.	<p>Of the 183.49 ha non forest land received from user agency (NHPC)²⁹² in January 2004, 72.60 ha forest land was found un-suitable for CA (16.53 ha rocky and stony, 3.24 ha sinking and landslip, 1.48 ha Jhora and 51.35 ha already having vegetative cover, tree growth and other miscellaneous advance growth).</p> <p>Ministry stated (April 2013) that during execution of work of project, an area of 21.25 ha was found to be unsuitable for plantation work and required stabilisation through soil conservation measures prior to taking up plantation works and accordingly matter was being taken up with the concerned divisions for successful implementation of the project. The fact remains that non- forest land which was unsuitable for CA was accepted from the user agency.</p>
3	Diversion of forest land without stage II approval of MoEF	<p>In the following instances, forest land was diverted without fulfilling the conditions stipulated with stage I approval and obtaining stage II approval:</p> <ol style="list-style-type: none"> State Fisheries Department was permitted to divert 10 ha of forest land in Kakdwip Char (September 2004) for construction of fishing harbour, which was constructed without fulfilling the conditions stipulated; and West Bengal Power Development Corporation was permitted to divert 238.54 ha forest land for construction of Reservoir for Bakreswar Thermal Power Plant (August 1994). The user agency started construction of reservoir without fulfilling stipulated conditions. <p>Ministry stated (April 2013) that action was being taken to regularise the diversion of forest land.</p>
4	Irregular re-diversion of forest land	<p>In South 24 Parganas forest division, in 1954, 8,054 acres forest land in Herobhanga 1, 2 and 3 blocks was diverted to Refugee Relief & Rehabilitation (RR&R) department which in turn transferred about 1400 acres out of 8,054 acres forest land to Sunderban Development Board (SDB) in 1991 without obtaining MoEF's approval. The re-diversion of 1400 acre forest land to SDB required regularisation as per FC Act 1980 with the payment of NPV of ₹ 35.15 crore²⁹³.</p> <p>Ministry stated (April 2013) that action was being taken to regularise the diversion of forest land.</p>
5	Scattered and encroached non forest land received from user agency	<p>In Bankura (South) forest division, in lieu of 14.30 ha forest land diverted (in 2007) to the railways for Bankura Mukutmanipur Railway line, the user agency (in September 2009) transferred vested land to State forest department in five different mouzas at scattered locations. The forest department could not take possession of 6.7 acre non forest land in Baraghatumouza of Bankura district as the entire area was encroached by a local women self-help group and the land was already covered with babui grass, asan and arjun plants.</p> <p>Ministry accepted the audit observation (April 2013).</p>

²⁹² in lieu of diversion of 302.49 ha forest land for construction of Teesta Low Dam Project (stage III)

²⁹³ calculated at minimum rate of NPV of ₹ 6.26 lakh per ha

6. Status of Accounts and audit of State CAMPA Accounts

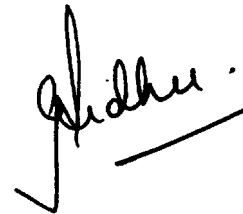
As per State CAMPA guidelines issued by MoEF, the accounts of State CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, State CAMPA did not prepare its annual accounts for the years 2009-10 to 2011-12 in the prescribed format. The annual accounts were prepared by Chartered Accountant firm, which were not approved by any Committee of State CAMPA. Further, as per State CAMPA guidelines, the State Government and the MoEF had the powers to conduct special audit or performance audit of the state CAMPA. However, no such audit was conducted.

7. Monitoring

As per the state CAMPA guidelines the Steering Committee was to meet twice in a year. The Steering Committee met three times during 2009-12 as against six times. The Executive Committee met seven times during 2009-12. The Governing Body did not meet during the years 2009-12.

Ministry stated (April 2013) that efforts would be made to convene the meetings of the above committees as early as possible.

New Delhi
Dated: 20 August 2013



(Gurveen Sidhu)
Principal Director of Audit,
Scientific Departments

Countersigned



New Delhi
Dated: 20 August 2013

(Shashi Kant Sharma)
Comptroller and Auditor General of India