

CHAPTER-III INTEGRATED AUDIT

3. INTEGRATED AUDIT

Forest Department

3.1 Integrated Audit of Forest Department

The Himachal Pradesh Forest Sector Policy seeks to achieve sustainable forest management in the State i.e. forest, watershed, wild life, biodiversity and habitats for the maintenance and rehabilitation of its environment and strive for enhanced livelihood of the people of the State. Forest Department is responsible for carrying out afforestation works to bring available area under forest cover, soil and water conservation works and conservation and management of wild life. Audit review of the functioning of the Department revealed that there are several areas where it needs to improve the implementation of the programmes. Significant audit findings are as under:

- *Achievements relating to area afforested by the Department are questionable, as against the available area of 6,297 sq kms for afforestation, the Department had shown afforestation in an area of 6,807 sq kms.*

(Paragraph 3.1.7)

- *Under Mountain Livelihood Enhancement component of Mid-Himalayan Watershed Development Project, the financial performance was quite poor as funds ranging from 42 to 86 per cent were not utilised for the intended purpose.*

(Paragraph 3.1.10.1 (i))

- *During 2004-08, Rs 7.45 crore were spent on plantations (1,753.50 ha) under different CAT plans but funds for maintenance were not provided by the State Government to ensure their success.*

(Paragraph 3.1.10.4 (vii))

- *Against assessed environmental value of Rs 64.13 crore for Koldam Project, the user agency had deposited only Rs 13.47 crore as of July 2009.*

(Paragraph 3.1.10.4)

- *For research and education, grants aggregating Rs 29.76 crore were paid to Dr. Y.S.Parmar University of Horticulture and Forestry during 2004-09 without specifying the subjects for research.*

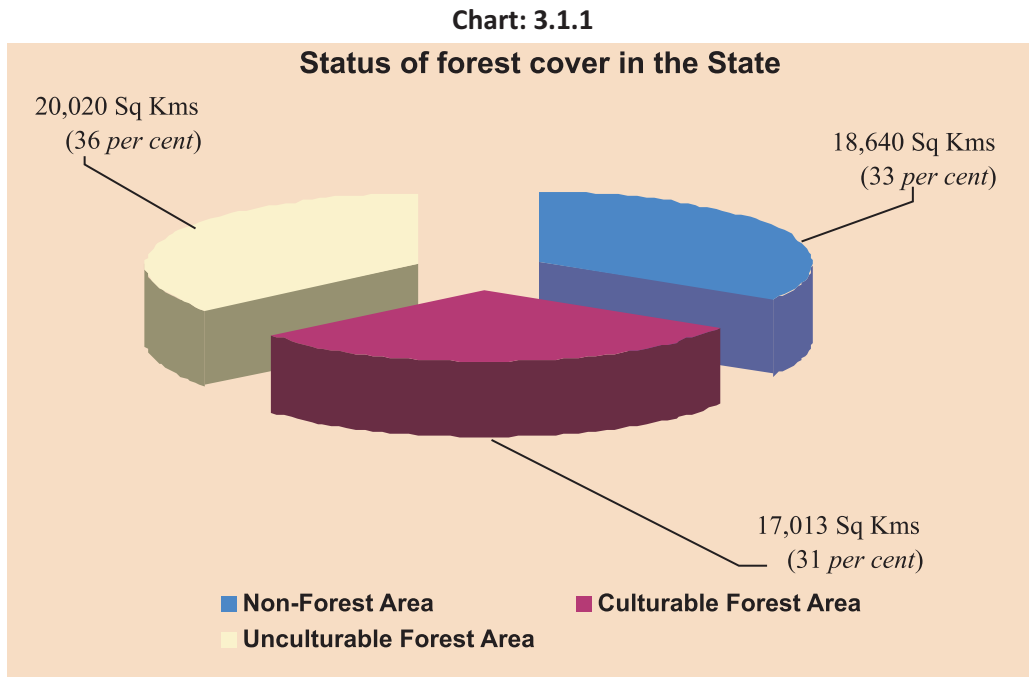
(Paragraph 3.1.10.6)

3.1.1 Introduction

Forests are an important source of subsistence and employment to a large number of people and provide revenue and raw material to a number of industries. They play a vital role in ecological balance, environment stability, biodiversity conservation, food security and sustainable development of a country/region. Keeping in view the importance of forests to ensure stability of the fragile ecosystem, the National Forest Policy, 1988 was framed to increase the area under forest and tree cover by need based and time bound programme of afforestation and tree planting.

Himachal Pradesh Government aims to protect environment, conserve, develop and protect the unique Himalayan biodiversity by effective management of forests and protected areas, increasing forest density and cover, soil conservation works through implementation of various State sector schemes, Centrally sponsored schemes and externally aided projects.

The status of forests in the total geographical area of the State is given below:



Source: State Sector Forest Policy and Strategy 2005

As per the State Forest Report of 2005, published by the Forest Survey of India (FSI), forest cover in the State is as under:

Table: 3.1.1

(Area in Sq kms)

Forest Cover	Assessment of 2005
Very Dense Forest	1,097
Moderate Dense Forest	7,831
Open Forest	5,441
Scrubs	383
Total	14,752

3.1.2 Organisational Set up

The organisational set up of the territorial wing of the State Forest Department is as under:



Principal Chief Conservator of Forests (PCCF) is the Head of the Department (Territorial Wing) who is responsible for policy decision making, budgetary control, direction and overall working of the Department. Additional Principal Chief Conservator of Forests/Deputy Chief Conservator of Forests/Chief Conservator of Forests is responsible for monitoring the implementation of schemes under their respective charge. Chief Project Director (CPD), Integrated Watershed Development Project (IWDP), Mid Himalayan Project is responsible for planning, implementation and monitoring the project activities. Conservator of Forests (CFs) and Regional Project Directors allot budget amongst Divisional Forest Officers (DFOs) and Divisional Watershed Development Officers (DWDOs) and monitor the implementation of schemes. The DFOs are responsible for actual implementation of schemes in the field through Range Officers and staff subordinate to them. Similarly, DWDOs are responsible for actual implementation of activities through Watershed Development Co-ordinators and staff subordinate to them.

3.1.3 Scope of Audit

An integrated audit of the Forest Department was carried out during March-June 2009 and covered the period 2004-09. Records of the Principal Chief Conservator of Forests (PCCF) (Territorial), 15¹ out of 37 Divisional Forest Officers (DFOs) (Territorial), Chief Project Director (CPD), Mid Himalayan Project, five² out of 11 Divisional Watershed Development Officers (DWDOs) and Conservator of Forests, Great Himalayan National Park and DFO Wild Life, Kullu covering eight³ out of 12 Districts were scrutinised.

¹ Banjar, Bharmour, Bilaspur, Chamba, Dalhousie, Joginder Nagar, Karsog, Kinnaur, Kullu, Kunihar, Mandi, Palampur, Parvati, Rampur and Suket (Sundernagar).

² Chowari, Kullu, Nurpur, Rampur and Solan.

³ Bilaspur, Chamba, Kangra, Kinnaur, Kullu, Mandi, Shimla and Solan.

Out of the total expenditure of Rs 1,146 crore incurred on 25 schemes (Appendix-III) being implemented by the Department during 2004-09, an expenditure of Rs 406 crore (35 per cent) incurred on eight⁴ schemes was test-checked. Besides, an expenditure of Rs 10.07 crore incurred on National Afforestation Programme, which is not routed through the State budget was also audited.

3.1.4 Audit Objectives

The integrated audit of the Department was carried out with the objective of assessing whether there exists in the Department:

- efficient financial administration with reference to allocated priorities and resources are optimally utilised;
- effective programme management in terms of delivery of goals of the schemes/programmes;
- efficient management of human resources in terms of recruitment, deployment and training of personnel for skill upgradation; and
- adequate supervision and monitoring including internal control mechanism.

3.1.5 Audit Criteria

The audit criteria used for benchmarking the audit findings were as under:

- Government notifications and instructions issued from time to time for the implementation of State and Centrally sponsored schemes;
- Departmental Manual/Policies/Rules and Regulations;
- State Financial Rules;
- Budget Manual/Subsidiary Treasury Rules;
- Procedures prescribed for monitoring and evaluation of schemes/programmes.

3.1.6 Audit Methodology

An entry conference was held with the Additional Chief Secretary (Forests) (May 2009) wherein audit objectives, criteria and scope of audit were discussed. Judgemental sampling was carried out to select territorial divisions, Divisional Watershed Development Officers and Wild Life units to cover maximum schemes being implemented by the Department. Audit findings as discussed in the succeeding paragraphs are based on an analysis of records, data, information and replies furnished to the audit memoranda by the above units. Exit conference was held with Deputy Secretary (Forests) in September 2009 and the replies of the Department have been incorporated in the report at appropriate places.

⁴ (i) Mid Himalayan Watershed Development Project (ii) Development of pastures and grazing lands (iii) Improvement of tree cover (iv) Utilisation of amount deposited by other agencies (v) Sanjhi Van Yojna (vi) Wild Life management and nature conservation (vii) Soil and water conservation and (viii) Research in forestry.

Audit Findings

3.1.7 Forest Policy and Planning

The first State Forest Policy was formulated in September 1980. In 1988 the GOI also introduced a progressive National Forest Policy (NFP) that recognised the relationship between rural poverty and environmental protection and envisaged bringing 2/3rd of geographical area under forest/tree cover. The State Government revised the 1980 Policy and brought out a Forest Sector Policy and Strategy in 2005 to conserve and improve the natural resources in the State especially forest, wild life and biodiversity through watershed management practices. The State Government revised the area to be brought under tree cover to 36 *per cent* in its new Policy of 2005 by acknowledging and including five *per cent* (2,798 sqm) area under Horticulture and Agriculture and tree cover to 31 *per cent* culturable forest area available in the State. GOI approval for revision of area to 36 *per cent* had not yet been obtained.

National Forest Policy, 1988 recommended undertaking a time bound programme of afforestation and tree planting. The State Policy of 2005 does not provide for actionable time frame to achieve the goal of covering the available area by tree cover. In the absence of actionable time frame, implementation of the plan cannot be ensured. The State Government stated (May 2009) that the matter regarding different norms for raising tree cover fixed in the two policies would be taken up with the GOI.

Data maintained by the State Government regarding the area under forest cover, area requiring afforestation and area afforested is not consistent, as can be seen from the following details:

As per Annual Plan 2005-06, the culturable area was 20,657 sq kms instead of 17,013 sq kms actually depicted in the State Forest Policy 2005. Out of 20,657 sq kms, area under good forests and open forest was shown as 10,429 and 3,931 sq kms respectively (as against 8,928 and 5,441 sqm respectively shown in the State Forest Report of 2005 published by FSI), thus, leaving a balance culturable area of 6,297 sq kms. However, as per the Annual Plan 2008-09, area brought under plantation (Post 1980 plantation till 2006-07) was 6,807 sq kms. Thus, the claim of the Department was doubtful as the afforested area was more (510 sq kms) than what was available for afforestation. The PCCF stated (June 2009) that mathematical analysis and deductions may not be applied while viewing forest plantation. The reply is not acceptable in view of the fact that the State Forest Policy 2005 is an important document and the Annual Plans should flow from the policy so as to ensure its implementation.

3.1.8 Financial Management

Funds are provided to the Department through four grants⁵. The Principal Chief Conservator of Forests is responsible for preparation and submission of the budget estimates to the Finance Department through the Administrative Department.

⁵ Demand No. 16-Forestry and Wild Life, Demand No. 31-Tribal Sub-Plan (Forest), Demand No. 32-Scheduled Caste Sub-Plan (Forest) and Demand No. 15-Backward Area Sub-Plan (Forest) under six major heads of account, namely 2402-Soil and water Conservation, 2406-Forestry and Wild Life, 2415-Agriculture Research and Education, 2059-Public Works, 4216-Housing and 4406-Capital Outlay on Forestry and Wild Life.

3.1.8.1 Financial Outlay and Expenditure

The budget allotment for implementation of various schemes/programmes and expenditure thereagainst by the Department during 2004-09 was as under:

Table: 3.1.2

(Rupees in crore)

Year	Budget allocation			Expenditure			Net excess (+)/ saving (-)
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
2004-05	63.70	95.00	158.70	61.84	95.00	156.84	(-) 1.86
2005-06	100.72	92.85	193.57	99.99	92.83	192.82	(-) 0.75
2006-07	138.32	100.53	238.85	128.65	100.52	229.17	(-) 9.68
2007-08	127.60	124.47	252.07	126.37	125.28	251.65	(-) 0.42
2008-09	123.27	171.83	295.10	123.82	191.75	315.57	(+) 20.47
Total:	553.61	584.68	1,138.29	540.67	605.38	1,146.05	

Source: Detailed Appropriation Accounts of the respective years

As can be seen from the above table, there were savings in the budget provided during 2004-08 but excess over budget allocation during 2008-09. The Department stated (July 2009) that excess was due to payment of arrears of pay to IFS officers, release of DA instalments, payment of interim relief and payment of salary for the month of March in March. Additional funds were demanded from the Government but no funds were provided.

3.1.8.2 Expenditure Control

Financial Rules require that to regulate the expenditure in a phased manner, the Administrative Department should ensure that both the plan and non-plan budget is spent in a controlled manner i.e., 1st quarter: 20 per cent; 2nd quarter: 25 per cent; 3rd quarter: 30 per cent and 4th quarter: 25 per cent. It was noticed that the quarter wise expenditure pattern during 2004-09 was not followed particularly during 4th quarter. Expenditure in this quarter ranged between 37 and 46 per cent of which, 21 to 28 per cent expenditure was incurred in March alone.

In 15 test-checked units the expenditure ranged between five to 24 per cent in 1st quarter, 15 to 38 per cent in 2nd quarter, 11 to 45 per cent in 3rd quarter and 20 to 59 per cent in 4th quarter whereas it ranged between 10 to 39 per cent in the month of March during 2004-09. No action was taken by the Department to streamline the expenditure as per the guidelines of the Finance Department.

The Department stated (July 2009) that the activities of the Department were seasonal in nature, therefore, expenditure flow cannot be regulated as prescribed. The reply is not acceptable as no action to seek exemption/approval from the Finance Department was taken for regulation of expenditure as per seasonal flow.

3.1.9 Forest Management

Forests are renewable in nature. Left to themselves forests regenerate. They can be augmented or depleted with human and other interferences. Environment stability and restoration of ecological balance depends upon conservation, upgradation and augmentation of tree cover. Therefore forests are required to be managed in most sustainable manner which involves control over forest land, preparation of working plans and plantation programmes.

3.1.9.1 Control over Forest Land

In order to manage forests well, proper demarcation of the forest land is required for which settlement proceedings were started in the State in the year 1988 and revenue staff were sanctioned for conducting the settlement proceedings. In 10 districts 4,485 sq kms area has been demarcated and 11,033 sq kms of forest area targetted is yet to be demarcated even after a lapse of more than three decades. The Department stated (June 2009) that demarcation work depends upon available resources provided by the Government and further stated (July 2009) that the matter will be taken up with the Government as it involves the Revenue Department also.

Any encroachment on forest land is required to be evicted immediately. For this purpose the DFOs had been delegated the powers of Collector. Eviction of encroachment cases are thus decided by Revenue Courts as well as courts of DFO-cum-Collector. The position of encroachment cases and eviction as of 31 December 2008 was as under:

Table: 3.1.3

(Area in hectares)

Name of Court	Cases challaned		Eviction order passed		Eviction obtained	
	Number of cases	Area	Number of cases	Area	Number of cases	Area
DFO-cum-Collector	8,880	1,598.71	4,443	860.75	2,135	387.36
Revenue	4407	849.78	905	121.59	629	97.01
Total	13,287	2,448.49	5,348	982.34	2764	484.37

Source: Departmental figures

In 2,584 cases involving an area of 497.98 hectares (ha) the eviction could not be obtained by the Department despite passing of eviction orders. Besides, 7,939 cases involving an area of 1,466.15 ha are yet to be decided. The Department intimated (July 2009) that Government is taking a serious view on encroachments and necessary directions have been issued to all concerned.

3.1.9.2 Working Plans

Working plans are one of the important forestry documents prescribing treatment for regeneration, management and exploitation of forests keeping in view different growth patterns, hygiene of forests and needs of the people. It was noticed that the Working Plans of 15⁶ divisions expired between

⁶ Bilaspur, Churah, Dalhousie, Kotgarh, Kullu, Lahaul, Nachan, Nalagarh, Nurpur, Rajgarh, Rampur, Parvati, Seraj, Shimla (Urban) and Spiti.

2002-03 and 2008-09. These working plans were not revised in a timely manner despite the fact that there was an independent Working Plan wing in the Department.

The Department stated (July 2009) that shortage of staff is the major hurdle in this case and the matter is being followed vigorously with the Government. The complete ban on green felling has also diverted the attention of the Forest Department towards other subjects. The reply is not acceptable as the working plans are drawn up for 20-25 years period and involve scientific method of removing old and diseased trees, thinning of standing trees and allowing younger healthy trees to grow. Adherence to the plans ensures that the forests are maintained in perpetuity. If the plans expire and new ones are not drawn up, the potential negative impacts like decomposition of trees and forest growth, exposure to soil erosion, domination of few invasive species at the cost of others may take place. This is indicative of lacuna in the internal control mechanism.

3.1.9.3 Plantation Programmes

Plantations under various plan, non-plan and centrally sponsored schemes are carried out by preparing Annual Plan of Operations by the DFO and approved by the PCCF.

The position of physical and financial achievements against the targets in respect of three State schemes during 2004-09 is given below:

Table: 3.1.4

Name of Scheme	Year	Targets		Achievement (percentage)	
		Physical (In ha)	Financial (Rupees in crore)	Physical (In ha)	Financial (Rupees in crore)
Development of pasture and grazing lands	2004-05	546.06	0.41	603.26 (110)	0.41 (100)
	2005-06	662.00	0.66	663.00 (100)	0.66 (100)
	2006-07	700.00	0.72	795.00 (114)	0.72 (100)
	2007-08	506.00	0.56	496.00 (98)	0.51 (91)
	2008-09	577.00	0.55	564.00 (98)	0.55 (100)
	Total	2,991.06	2.90	3,121.26	2.85
Improvement of tree cover	2004-05	3,709.35	5.10	4,315.35 (116)	5.08 (100)
	2005-06	7,713.00	12.23	7,926.00 (103)	12.23 (100)
	2006-07	9,203.00	13.43	9,336.97 (101)	13.44 (100)
	2007-08	4,020.00	7.97	4,427.00 (110)	7.18 (90)
	2008-09	7,986.00	13.49	7,717.00 (97)	13.49 (100)
	Total	32,631.35	52.22	33,722.32	51.42
New forestry scheme, Sanjhi Van Yojna	2004-05	541.61	1.59	950.41 (175)	1.58 (99)
	2005-06	518.50	1.67	759.50 (146)	1.64 (98)
	2006-07	538.00	1.63	737.75 (137)	1.51 (93)
	2007-08	209.00	1.03	371.00 (178)	1.03 (100)
	2008-09	126.00	0.55	126.00 (100)	0.55 (100)
	Total	1,933.11	6.47	2,944.66	6.31
	Grand Total	37,555.52	61.59	39,788.24	60.58

Source: Departmental figures

The Department had shown more achievement against the physical targets set under the above programmes.

In the test-checked divisions, against the target of 14,204.07 ha for the State sector schemes, 14,340.17 ha was achieved within the financial provision.

Under Indian Forest Act, 1927 the State Government is required to issue notification for the closure of the areas for the purpose of regeneration and planting, thereby suspending the rights of right holders for a maximum period of thirty years. No such notifications were issued for plantations carried out under two departmental schemes in 36,666.63 ha during 2004-09. Thus, the rights were not suspended for the success of plantations.

The Department stated (June 2009) that with the promulgation of Forest Conservation Act, 1980 the practice of issuing notification for closure was dispensed with as no felling was allowed as per the orders of the Apex Court. The reply is not acceptable as the requisite notification under Indian Forest Act was necessary to ensure survival of new plantations by suspending grazing rights of the right holders which cannot be ensured under Forest Conservation Act.

For the success of plantations, the Department is supposed to fence the areas and carry out beating up⁷ of failed plants for three years out of funds provided for maintenance purpose. The Department carried out maintenance during the mandatory period. However, it had not instituted any mechanism to assess the survival of plantation to gauge the impact of actual increase in forest cover. Instead, 60 per cent of post 1980 plantations were assumed to be surviving.

3.1.10 Implementation of Schemes

3.1.10.1 Mid-Himalayan Watershed Development Project

To reverse the process of degradation of the natural resource base, improve the productive potential of natural resources and incomes of the rural households, the Mid Himalayan Watershed Development Project was designed (2005) with the aid of World Bank for Rs 337.50 crore on 80:20 sharing basis between the International Development Association and the State Government. The project has four components viz., Institutional Strengthening, Watershed Development and Management, Mountain Livelihood Enhancement and Project Co-ordination. It was started during 2005-06 and is to be completed in 2012-13. As per the Project Implementation Plan (PIP), the staff for the project was to be recruited on regular and contractual basis only. There was no provision for obtaining the services on daily wages. Further, a clearcut building programme for new construction and special repairs, addition/alteration was incorporated in the PIP. The project was to be implemented through Gram Panchayats and grant-in-aid were to be released to them.

The information regarding physical progress under various components was not supplied to Audit by the Department. Activity-wise financial targets as per PIP and achievements made thereagainst were as given in table 3.1.5.

⁷ Beating up denotes replacement of failed plants by new plantation.

Table: 3.1.5

(Rupees in crore)

	Institutional Strengthening	Watershed Development and Management	Mountain Livelihood Enhancement	Project Co-ordination
2005-06				
Financial targets	0.80	2.63	--	3.54
Achievement	0.80	2.63	--	3.54
Shortfall (-)/Excess (+) (Percentage)	--	--	--	--
2006-07				
Financial targets	5.59	23.08	1.33	9.00
Achievement	4.38	25.92	0.77	7.93
Shortfall (-)/Excess (+) (Percentage)	(-) 1.21 (22)	(+) 2.84	(-) 0.56 (42)	(-) 1.07 (12)
2007-08				
Financial Targets	8.80	33.00	8.55	4.65
Achievement	6.15	29.01	1.19	8.25
Shortfall (-)/Excess (+) (Percentage)	(-) 2.65 (30)	(-) 3.99 (12)	(-) 7.36 (86)	(+) 3.60
2008-09				
Financial targets	9.40	38.95	11.70	4.95
Achievement	6.20	33.38	1.87	8.21
Shortfall (-)/Excess (+) (Percentage)	(-) 3.20 (34)	(-) 5.57 (14)	(-) 9.83 (84)	(+) 3.26
Total Targets	24.59	97.66	21.58	22.14
Total Achievements	17.53	90.94	3.83	27.93

Source: Departmental Figures

In this regard following was observed:

(i) As can be seen from the above table, funds provided in the first two years viz., 2005-07 were fully expended whereas in the subsequent two years, against the financial targets of Rs 120 crore (2007-08: Rs 55 crore and 2008-09: Rs 65 crore) the Department spent only Rs 94.26 crore (2007-08: Rs 44.60 crore and 2008-09: Rs 49.66 crore) resulting in short utilisation of Rs 25.74 crore (21 per cent). Besides, under the components of Mountain Livelihood Enhancement, the financial performance was quite poor during 2006-09 as funds ranging from 42 to 86 per cent were not utilised for the intended purpose. The Department attributed (September 2009) the short utilisation of funds to short allocation of budget from the State Government and due to promulgation of model code of conduct for two elections during 2007 and 2008. The reply is not acceptable as even the allocated funds were not fully utilised and the periodicity of model code of conduct was for three months only.

(ii) In order to evaluate midterm and final performance against various performance indicators a base line survey depicting pre-project conditions was required to be conducted in the year 2005-06. It was noticed that the base line survey was got conducted during 4th year of project implementation for the whole project area by which time the activities undertaken in the project had started giving results. Since the survey was not conducted prior to commencement of the project, there are no base line figures, against which a mid term and final performance can be evaluated/assessed.

(iii) The PIP prohibits the deployment of staff on daily wages. Scrutiny of records of two⁸ DWDOs and the CPD revealed that an expenditure of Rs 33.25 lakh was incurred on daily wage workers which was irregular.

(iv) The PIP clearly defines the building programme to be undertaken under the project including repairs, special repairs, etc. It was noticed that four⁹ DWDOs and the CPD had incurred an expenditure of Rs 55.59 lakh beyond the scope of the approved building plans.

(v) The project was being implemented through the *Gram Panchayats* to whom the GIA was released as per approved micro plans. The UCs were required to be furnished for the same. It was noticed that UCs for GIA amounting to Rs 19 crore released during 2006-09 were still (July 2009) awaited from various *Gram Panchayats*.

(vi) The success of plantations can only be ensured after proper maintenance, for which a provision for four years had been kept in the PIP. It was noticed that maintenance of the plantation created during the previous years were not covered entirely during the years 2007-09 (2007-08: 44 ha; 2008-09: 175.25 ha).

The above findings are indicative of absence of effective controls in the Department.

3.1.10.2 Development of Pastures and Improvement of Grazing Land

Under this scheme, high altitude pastures as well as grazing lands adjoining villages are improved by introducing better grass and raising fodder trees.

It was noticed that in two¹⁰ divisions, besides planting grass tufts and other fodder trees, 20,649 non-fodder species such as Deodar and Chil were planted thus defeating the objective of the scheme. This was not pointed out by any of the functionaries to whom the plantation brochures were submitted. DFO, Bharmour stated (May 2009) that the species were planted as per site conditions and demand of the public. DFO, Joginder Nagar did not furnish any reply.

3.1.10.3 Improvement of Tree Cover-Enrichment Planting

As per departmental norms, 800 plants per ha are required to be planted under enrichment planting in areas of poor density with inadequate stocking (with density ranging from five *per cent* to 20 *per cent*) to improve the stocking and productivity.

⁸ Rampur and Solan.

⁹ Chowari, Nurpur, Rampur and Solan.

¹⁰ Bharmour and Joginder Nagar.

It was noticed that in four¹¹ divisions an area of 70.5 ha covered under the scheme was treated by planting 1100 or more plants per ha (as in the case of afforestation scheme which is carried out in blank areas). Plantation of more trees per hectare would lead to the greater density requiring operations like thinning of the forest which cannot be carried out as per ban on green felling. As such, the forest developed cannot be said to be of good health as there will be competition among plants for growth and survival. This is indicative of poor internal control mechanism in the Department.

3.1.10.4 Management of Catchment Area Treatment Plans and Compensatory Afforestation

➤ Plantations under CAT Plan

Catchment Area Treatment (CAT) Plans are prepared to check the flow of sediment load for enhancement of life of the reservoir and are to be executed by the Department out of the funds provided by user agency. Besides this, the CAT Plans also aim at Ecosystem Conservation through improvement in water retaining properties of soil and increase in vegetative cover.

For grant of approval for diversion of forest land to non-forestry purposes by GOI, the user agency is required to pay the cost of compensatory afforestation in twice the area so diverted and cost of Net Present Value at prescribed rates and cost of Catchment Area Treatment Plan (CAT Plan) in case of projects having generating capacity of 10 MW or more to be executed in catchments of the rivers on which the project is being constructed. The funds so received were treated as Government revenue upto 2006 and thereafter were deposited with Compensatory Afforestation Management and Planning Authority¹² (CAMPA). The State Government releases the CAMPA funds through budgetary allocations for executing the works.

The following points were noticed:

(i) There are no standard norms laid down by the Department for recovering the cost of CAT Plans resulting in different rates being adopted for different CAT Plans. In case of CAT Plans of Mallana Stage-II, for RIM¹³ plantations of Koldam and plantation works of Allain Dhawangan projects, departmental charges at the rate of 17.5 *per cent* were recovered whereas in other cases only administrative charges at varying rates from zero to 15 *per cent* were recovered which were far less than 17.5 *per cent*. This deprived the State Government of its legitimate revenue of Rs 22.97 crore in nine CAT Plans. The Department stated (July 2009) that there are no standard guidelines regarding departmental charges and that the issue will be taken up with the State Government to define the stance.

(ii) The CAT Plans were prepared between 1994 to 2006 at wage rates of maximum of Rs 65 per day with no provision or less provision made for escalation of labour and material costs. The present wage rate was Rs 110 per day which would result in either cost overrun or curtailing of the CAT plan to keep it within the cost agreed with the user agencies. The Additional Chief Secretary (Forests) stated (June 2009) that the user agencies had refused to pay the enhanced cost of CAT plans and in the circumstances, the scope of CAT plans will be reduced. The decision of the State Government to reduce

¹¹ Bharmour, Dalhousie, Joginder Nagar and Mandi.

¹² Constituted in pursuance of the Hon'ble Supreme Court's order dated 30th October 2002 and notified by the GOI in April 2004.

¹³ Plantations in the periphery of 100 metres of the reservoir.

the area of CAT Plans to keep it within the agreed cost instead of recovering the enhanced/revised costs of the Plans from the user agencies would reduce the effectiveness of these truncated Plans to control the sedimentation of reservoirs, conservation of the ecosystem and targeted increase in vegetation cover.

(iii) Against the total amount of Rs 116 crore received between 1994-2006 by the State Government on account of CAT plan funds, the Government released funds to the extent of Rs 96.32 crore to the concerned DFOs upto March 2009 and retained Rs 19.68 crore. The Department stated (July 2009) that in such matters State Government takes decision keeping in view overall financial requirements of other sectors too and that the Forest Department cannot do much in this respect.

(iv) Ecological Task Force (ETF) was raised (February 2006) by Ministry of Defence to carry out plantations in refractory¹⁴ and harsh areas of the State. To utilise the services of ETF, the Department decided (October 2006) to reimburse the expenses out of CAT Plan funds without identifying refractory and harsh areas. Forest land measuring 188 ha comprising parts of demarcated protected forests (DPF) and undemarcated protected forests (UPF) which were highly degraded alongwith private lands were handed over to ETF to carry out plantation works between April 2007 and November 2008 under RIM plantation of Koldam. The ETF was paid Rs 4.26 crore¹⁵ during 2007-10 (upto April 2009) for which the cost deposited by user agency as per approved norms works out to only Rs 53.10 lakh. Thus, allotting the work to ETF was uneconomical and resulted in extra liability of Rs 3.73 crore. Moreover, the land handed over was not refractory or harsh area. The Department stated (July 2009) that the work was assigned to ETF as per decision of the Government as ETF was doing work in difficult and harsh areas of the State. The reply is not acceptable as Joint Forest Management Plan of ETF under Kol Dam CAT Plan revealed that the area is overburdened with grazing rights, fuel and fodder extraction. Recommended species were Shisham, Amultas, Amla and Khair. Keeping in view the species recommended and status of area, the same cannot be treated as refractory. Moreover, the areas handed over were under plantation working circle as per working plan of Karsog Forest Division.

(v) As per approved CAT plans of Koldam and Larji Hydroelectric projects, plants were to be planted in the pits of size 30 cucm. DFO Mandi, Karsog and Suket carried out plantations during 2004-09 in the pits of size 45 cucm and had incurred excess expenditure of Rs 23.92 lakh. The Department stated (July 2009) that pits were dug keeping in view the soil depth and nature of plantations raised thereon and that since intention is to plant broad leave species, plants are planted in pits of size 45 cucm. The reply has to be viewed in light of the fact that it has realised the cost of 30 cucm pits from the user agency which resulted in realisation of lesser amount and the Department has to bear additional financial burden.

(vi) Three DFOs¹⁶ while implementing CAT Plans carried out plantation and soil conservation works during 2004-09 at a cost of Rs 4.26 crore in areas which were not identified in the approved CAT plans. The Department stated (July 2009) that the CAT plan is not a static document as it is based on assumptions and projections; and that APO can be changed and modified by the DFOs/PCCF. The reply

¹⁴ Unmanageable, resistant to treatment, hard to work.

¹⁵ 2007-08: Rs 2.59 crore; 2008-09: 1.25 crore and 2009-10 (upto April 2009): Rs 0.42 crore.

¹⁶ Karsog, Rampur and Suket.

of the Department is not acceptable as the CAT plan is not based on assumptions as stated but on actual field survey in consultation with the representatives of user agency. Moreover, the document is approved by the GOI for which modification powers rests with GOI and not with PCCF as stated.

(vii) Seven DFOs¹⁷ carried out plantations in 1,753.50 ha at a cost of Rs 7.45 crore during 2004-08 under different CAT Plans, but no expenditure on maintenance was incurred by the divisions during 2006-09 to ensure the success of plantations. State Government also did not release funds for maintenance though sufficient funds had been retained by the State Government out of the CAT Plan funds. The plantations carried out had been treated as assets of the Department as per plantation brochures. The Department stated (July 2009) that since CAMPA could not be operationalised, money remained locked in that account and was not made available to the Department for the required works. The reply is not correct as the State Government had sufficient unutilised funds of CAT plans which could have been used for the purpose.

(viii) GOI, Ministry of Environment and Forests (MOEF) directed (June 2004) that plantations of Chil should be avoided in CAT plans. However, four Divisions¹⁸ planted 1.12 lakh Chil plants at a cost of Rs 16.88 lakh between 2004-08 in violation of the instructions of GOI. The Department stated (July 2009) that Chil is usually planted in refractory areas. They stated that local conditions sometimes do not favour broad leaved plantations and it becomes imperative/unavoidable to plant Chil. The reply is not correct as the Chil has been planted alongwith other species which clearly suggests that other options were available.

(ix) As per approved CAT plan of Koldam, 1500 plants were required to be planted in one ha of area. It was noticed that during 2004-06 three Divisions¹⁹ had planted 5,81,900 plants against the provision of 7,88,250 in 525.50 ha area. This resulted in short plantation of 2,06,350 plants. The Divisions, however, did not surrender the savings on this account aggregating Rs 18.11 lakh. This was also not pointed out at any stage of monitoring which is indicative of the fact that there was no internal control mechanism in the Department.

(x) An amount of Rs 27 lakh was paid (March 2009) to a firm by the Upper Sutlej Valley Watershed Development Society for preparation of comprehensive CAT Plan for Sutlej basin for which there was no provision in any of the CAT Plan documents. The Department stated (July 2009) that there is a provision for research in various CAT plans of Sutlej basin and that from these funds, a comprehensive CAT plan was being prepared for the entire basin. It was also stated that the amount would be shared within the existing provisions of funds for research in various CAT plans. The reply is not acceptable as the implementation of CAT plans had already been delayed resulting in cost overrun which will further result in curtailing of CAT plans and foregoing certain envisaged works.

➤ **Environment Plan of Parvati Stage-II**

The GOI, while according (September 2001) approval for diversion of 87.795 ha of forest land for Parvati Hydro Electric Project Stage-II (Kullu district) to NHPC (user agency) earmarked Rs 15.40 crore

¹⁷ Banjar, Bharmour, Dalhousie, Joginder Nagar, Kinnaur, Mandi and Parvati.

¹⁸ Bharmour, Dalhousie, Karsog and Rampur.

¹⁹ Karsog, Kunihar and Suket.

for “Conservation of flora and fauna in and around the Great Himalayan National Park (GHNP), Shamshi (Project-I)” and Rs 20 crore for “Conservation of Endangered Species (Project-II)”. Projects were to be framed by Wild Life Institute of India (WII), Dehradun. In case the project cost exceeded the earmarked amount including consultancy charges, additional cost upto five per cent was to be deposited with the State Government by the user agency. WII framed Project-I for Rs 17.41 crore and Project-II for Rs 20 crore excluding consultancy charges.

Scrutiny revealed the following:

- (i) In the case of Project-I against the approved cost of Rs 15.40 crore the WII formulated project for Rs 17.41 crore which exceeded the approved cost by more than five *per cent*. The Department had not sought fresh approval in this regard from the GOI to recover the additional environmental cost of Rs 2.01 crore from the user agency as of July 2009.
- (ii) Against the total cost of Rs 17.41 crore for Project-I, Rs 13.41 crore was the phased out cost upto 2008-09 but the user agency had released an amount of Rs 8.97 crore only.
- (iii) In case of Project-II, against Rs 17.46 crore due upto March 2009, the user agency released only Rs 13.62 crore. Of this, Rs 5.75 crore was deposited in treasury as Government revenue and the balance Rs 7.87 crore was deposited with CAMPA. CAMPA, however, did not release any funds for implementation of the project. The State Government released only Rs 1.97 crore out of Rs 5.75 crore.
- (iv) The project cost worked out by WII of the two projects did not include the consultancy charges. No demand was raised on user agency to liquidate the consultancy charges of Rs 54.68 lakh paid by the Department.

➤ **Net Present Value**

In case of diversion of forest land for non-forestry purposes, the Net Present Value is realised at prescribed rates from the user agency as cost of benefits lost in respect of forest tracts. The funds on account of NPV are to be utilised for natural assisted regeneration, forest management, protection, infrastructure development, wildlife protection and management, supply of wood, other forest produce saving devices and other allied activities.

Audit scrutiny revealed that:

- (i) As per directions of the Hon’ble Supreme Court, the NPV was required to be recovered in all cases of diversion of forest land for non-forestry purpose. It was noticed that in 118 cases of diversion, NPV of Rs 21.97 crore was not realised. The Department stated (May 2009) that the Ministry of Rural Development, GOI had gone in appeal against the order for exemption to rural roads and that NPV would be recovered as per decision of the Hon’ble Court. Till then an undertaking had been obtained from the concerned Department. The reply is not acceptable as there were no stay orders of the Apex Court.
- (ii) The loss of environmental value of Koldam Project was assessed at Rs 64.13 crore. Against this an amount of Rs 13.47 crore was adjusted against the funds already deposited by the user agency and Rs 50.66 crore demanded in September 2008 was yet to be deposited by the concerned user agency. The Department stated (July 2009) that the matter was being pursued vigorously.

3.1.10.5 National Afforestation Programme

National Afforestation Programme was launched by the GOI through Forest Development Agencies (FDAs) of which CF was chairman and DFO was Member Secretary. The scheme was applicable during 10th Plan period (2002-07). Under the project GIA was released direct to the FDA concerned who was to submit the UCs in the prescribed form. The implementation of project and maintenance of the plantations raised thereunder that spilled over to the 11th Plan are the responsibility of the State Government. Projects in respect of eight²⁰ FDAs test-checked were approved for Rs 16.23 crore against which GOI released Rs 10.07 crore.

Following points were noticed:

(i) The programme envisaged maintenance of plantations for three years. It was noticed that in four FDAs²¹ the plantations carried out during 2004-07 in 3,454 ha area were not maintained as the State Government did not release the funds after 10th plan period as required. In the absence of maintenance of plantations raised, the prospects of its survival was doubtful.

(ii) As per guidelines for creation of FDAs, 25 *per cent* funds were required to be spent on entry point activities like extension, awareness raising, promotion of joint forest management, training of communities, concurrent monitoring and evaluation, microplanning, fencing, etc.

Administrative approval for Rs 3.13 crore was accorded by the GOI to FDA, Banjar for treating an area of 1600 ha of degraded forest land during 2006-11. FDA, Banjar incurred an expenditure of Rs 8.21 lakh on entry point activities against release of Rs 9 lakh during 2006-07. No further funds were released by GOI/State Government, thus, defeating the very purpose of the scheme.

(iii) Grant-in-aid of Rs 6.64 lakh against the approved cost of Rs 14.86 lakh was released (April 2007) to FDA, Jogindernagar for additional advance works in 260 hectares approved during March 2007. The work as envisaged was not carried out due to insufficient grant. The GIA was not refunded (July 2009) thus keeping the amount out of Government account irregularly.

(iv) Survival percentage of mixed plantation made by one Village Forest Committee (VFC) in FDA, Jogindernagar was 47 *per cent* and in Mandi, the average survival of plantations was 45 *per cent* which are quite low. Low survival was attributed to grazing pressure and fire incidents. The grazing pressure had still not been controlled by the VFC.

(v) As per the approved programme, an evaluation of the assets created was required to be conducted by independent agencies. This was not done by four FDAs²². FDA Dalhousie stated (May 2009) that evaluation report was sent to GOI and copy was not available. The evaluation reports issued by the Forest Survey of India at the instance of GOI were not available with the concerned FDAs.

3.1.10.6 Research in Forestry

The activities of applied research in forestry relate to establishment of seed stands, preservation plots and biosphere reserves. The seed stands were established by the Department as far back as in 1929 and no departmental research in these activities was conducted during the review period.

²⁰ Banjar, Bilaspur, Dalhousie, Joginder Nagar, Kunihar, Mandi, Palampur and Parvati.

²¹ Dalhousie, Joginder Nagar, Kunihar and Parvati.

²² Bilaspur, Kunihar, Palampur and Parvati.

During 2004-09, GIA aggregating Rs 29.76 crore was released to Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni for carrying out teaching, research and extension education in the field of forestry. No specific purpose for which the amount was to be utilised was prescribed. It was noticed that the university had carried out research work of academic interest only, like conservation and improvement of germplasm, establishment of seed stands and evaluation of germplasm which had no direct bearing on the activities of the Department.

The Department stated (June 2009) that establishment of seed stands for different tree species is an important activity. The reply is not acceptable as none of the divisions made use of these seed stands for collection of seeds as the seeds are collected/purchased locally. There is no change in nursery operations carried out by the Department and it could not be verified from record as to whether any new technology was developed by the University for nursery operations. Thus, the Department could not reap benefits from grants aggregating Rs 29.76 crore released to Dr. Y.S. Parmar University of Horticulture and Forestry during 2004-09 for carrying out teaching, research and extension education in the field of forestry as neither the Department nor the State Government had prescribed any specific research topic/activity related to forestry for which the amount was to be utilised.

3.1.11 Human Resource Management

Against 9,677 sanctioned posts of 83 categories of staff as on 31st March 2009, the Department had 9,140 (94 *per cent*) men in position leaving 537 posts of various categories vacant. Important posts like posts to be manned by Indian Forest Service (IFS) Officers (three *per cent*), Himachal Pradesh Forest Service Officers (15 *per cent*), Range Forest Officers (27 *per cent*), Deputy Rangers (two *per cent*) and Forest Guards (two *per cent*) instrumental for carrying out forestry activities were lying vacant. The Department stated (July 2009) that in order to make systematic recruitment at every level, 10 year projection of staff retiring and number of vacancies to be filled against that staff was being worked out for future.

As per transfer policy, one third of the staff was required to be transferred every year with the objective of posting every employee in rural/remote areas of the State. This was not being followed in case of Ministerial staff. Against 690 men in position in four²³ categories, 230 were required to be transferred each year on rotation basis. As against this 58, 74, 135, 52, 127 and 29 transfer orders only were issued during 2004-09 respectively. Of these, still less were actually implemented (45, 59, 106, 47, 105 and 22) during 2004-09 respectively. The Department stated (July 2009) that this is due to administrative reasons and that staff is being utilised in best possible manner and modification and cancellation of transfer orders was done at the instance of Government. Thus, the objective of posting every employee in rural/remote areas of the State on rotation basis was not ensured/implemented properly.

3.1.12 Internal Audit

One post of Deputy Controller (F&A), one post of Section Officer (F&A) exists in the office of the PCCF for internal audit and one Section Officer is posted in Bilaspur Circle. It was seen in audit that the services of staff so posted were being utilised to maintain the service records of the IFS officers and not for carrying out internal audit.

²³ Superintendent Grade-I: 16; Superintendent Grade-II: 122; Senior Assistants: 221 and Clerks/Junior Assistants: 331.

The Department stated (May 2009) that though no internal audit of the units was being conducted, occasional inspections are made to check the procedure for maintaining the accounts and that proper procedure was being followed. It was further stated that the work load in this respect was huge and it was not possible to conduct the internal audit. The reply is not acceptable as staff were posted for carrying out internal audit.

3.1.13 Monitoring, Inspection and Evaluation

Monitoring and evaluation provide the means for development managers, planners and decision makers to track the progress of development and remain alert for deviations for early corrective action, determine effectiveness and efficiency of development activities and learn lessons for future development planning. The PCCF was responsible for monitoring, inspection and evaluation of the implementation of programmes, schemes and other activities of the Department.

It was noticed that:

- (i) Mandatory field inspections were provided for only one and two year old plantations. No evaluation of plantations after proper stocking was prescribed. As such the Department was not in a position to assess the success of its efforts made in this direction.
- (ii) The DFOs and CFs were not sending the reports regarding mandatory field inspections in time and 23 out of 55 field units (42 *per cent*) had not submitted the reports for 2007-08 as of March 2009.
- (iii) The plantation brochures sent by the field units are not properly checked at any level for necessary corrective action by the Department.

3.1.14 Conclusion

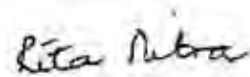
Integrated audit of the Department brought out significant gaps in the functioning of the Department especially in planning, financial management and execution of projects. The database of the Department could not be relied upon, as achievement in area afforested was shown as 6,807 sq kms upto 2006-07 while the actual area available for afforestation was only 6,297 sq kms. Even after a lapse of more than three decades of commencement (1988) of settlement proceedings in the State, only an area of 4,485 sq kms has been demarcated leaving a targeted forest area of 11,033 sq kms in 10 out of 12 districts yet to be demarcated. Norms for recovering the cost of CAT Plans from user agencies have not been standardised by the Department/State Government. As a result, the State Government has been deprived of its legitimate revenue of Rs 22.97 crore in nine CAT Plans. The decision of the State Government to reduce the area of CAT Plans to keep it within the agreed cost with the user agencies instead of recovering the enhanced/revised costs of the Plans from the agencies would reduce the effectiveness of these truncated Plans to control the sedimentation of reservoirs, conservation of the ecosystem and targeted increase in vegetation cover. The Department could not reap benefits from grants aggregating Rs 29.76 crore released to Dr. Y.S. Parmar University of Horticulture and Forestry during 2004-09 for carrying out teaching, research and extension education in the field of forestry as neither the Department nor the State Government had prescribed any specific research topic/activity related to forestry for which the amount was to be utilised. These shortcomings underline the ineffectiveness of the existing supervision and monitoring mechanism in the Department.

3.1.15 Recommendations

- The State Government should consider preparation of long term plan to bring all the available areas under forest cover in a time bound manner in pursuance of the National/State Forest Policy.
- Expenditure on staff and administration should be brought down so that maximum funds are available for implementation of programmes.
- Research needs to be monitored closely in order to address the requirements and objectives of the Department in the field.
- The staff provided for internal audit should be deployed to exercise control over financial reporting and to ensure implementation of programmes in an effective way.

These findings were referred to the Government in August 2009; their reply had not been received (September 2009).

Shimla
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