

Executive Summary

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About this Report

Various developmental and industrial projects such as dams, mining, and construction of industries or roads may require the diversion of forest land mainly for non-forestry purposes. If clearance is given, then compensation for the lost forest cover and the forest land is to be decided by the Ministry of Environment, Forests & Climate Change (MoEF&CC) and the regulator. The money so collected is utilized for carrying out Compensatory Afforestation (CA) and other activities as stipulated in the land transfer proposals or otherwise directed by the MoEF&CC. The Performance Audit of 'Functioning of Compensatory Afforestation Fund Management and Planning Authority' has been carried out during 2022-23 covering the period 2019-20 to 2021-22. An attempt has been made in this report to assess whether the money so collected was utilized for carrying out different CA activities as stipulated in the land transfer proposals or otherwise as directed by the MoEF&CC under the arrangements made in Compensatory Afforestation Fund (CAF) Act and rules made thereunder.

Why have we prepared this Report now?

The last performance audit of ad-hoc Compensatory Afforestation Fund Management and Planning Authority (predecessor of CAMPA) was conducted in 2013. Further, there are procedural issues that are causing delays in implementation of activities of CAMPA.

After enactment of CAF Act and Rules, a new arrangement, including establishment of CAF, formulation of CAMPA, creation of budget heads *etc.* was established to utilize the money collected in land transfer cases for execution of CA activities. In this context, we have tried to evaluate the effectiveness of the CAMPA and Implementing Agencies during 2019-22 in implementing the Act and Rules made thereunder.

What has been covered in this Audit?

We have examined the records of the Nodal Officer (land transfer), Authority and Implementing Agencies (forest divisions) for diversion of forest land, overall planning, state CA fund management, implementation of CA activities and internal control system in the department.

What have we found and what do we recommend?

Audit noticed the following areas which require improvement in the functioning of CAMPA, as highlighted below:

Diversion of Forest Land

In Uttarakhand, out of 2,144 cases (15,083.76 ha) of diversion of forest land submitted for developmental works during the period 2014-22, final clearance was granted in 679 cases (3,947.43 ha), in-principle approval was granted in 782 cases (2,025.97 ha) and rest of the 683 cases (9,110.36 ha) are pending/under process at various stages. The Government of Uttarakhand had issued final approval at its own level for the diversion of 1.03 ha of forest land to the user agency unauthorizedly as

the same was to be given by the Central Government. An amount of ₹ 24.59 crore was demanded for the Wildlife Mitigation Plan from the user agency by the divisions after final approval instead of after in-principle approval. In 22 cases (208.62 ha), the competent authority was yet to notify compensatory afforestation land as a reserve or protected forest. In 363 cases (895.71 ha), of diversion of forest land, wherein the user agencies failed to comply with the Stage-1 conditions even after a lapse of more than five years, was not rejected/revoked. The Forest Department did not create a land bank of non-forest land for speedy disposal of the forest conservation proposal. User agencies have started the road works on 188.62 ha of forest land, without permission, in 52 cases. The department failed to comply with the conditions of the in-principle approval in six cases and this resulted in a short recovery of ₹ 0.57 crore.

Planning

Systemic deficiencies were found in the process of preparation of the Annual Plan of Operations (APOs). The planning was found deficient as there were cases of delay in preparation of APOs, poor planning and defective APOs. The State was shifting its burden of specified forest activities to the CA funds. Within the overall Net Present Value (NPV) funding envelope, there is a drastic reduction in activities such as forest protection, infrastructure, strengthening of wildlife, soil and water conservation. There was ad-hocism in introducing new activities and then closing them abruptly in the following year without any detailed appraisal and lessons learnt. Further, the cases of irrational/illogical allotment/expenditure were noticed, such as non-provision of funds in APO for the first-year maintenance after removal of lantana and included the provisions for first year plantation maintenance even though no plantations were done in the preceding year. The demand for NPV activities was not need based as there was no consonance with demand of funds from the user agencies and actual requirement/utilization of funds for afforestation.

State Compensatory Afforestation Fund Management

There were cases of non-compliance of CAF Act and Rules and diversion of fund for inadmissible purposes. The release of funds was unrealistic and not commensurate with the APOs.

Implementation of Compensatory Afforestation Activities

The implementation of the scheme was ineffective in many instances due to delayed execution of CA works. The survival percentage of plantation was lower than the mandated, due to plantation between pine trees, at steep slopes and rocky terrain. There were instances of poor Advance Soil Work before plantation and negligence in selection of sites. There were deficiencies in maintenance of plantation as funds were collected from user agencies for 10 years, but maintenance was done only for three to five years. There was suspected expenditure due to duplicity in CA land, excess plantation against CA land received and plantation in less area than reported.

Internal Control System












The internal control system of the Department was found weak as there were cases of insufficient documentation, absence of having separate Drawing and Disbursement

Officer and ‘independent’ Treasury Officer for the use of CA funds, lack of reconciliation, weak inspection, poor monitoring mechanism and ineffective oversight.

What has been the response of the Department?

Audit discussed the audit findings with the Secretary Forest and other officials in April 2023. Further, the State Government gave a detailed reply to the audit findings in July 2023. The Government has also reported remedial steps relating to the accounting of the State Compensatory Afforestation Fund and also discharged its interest liability amounting to ₹ 150.00 crore towards the State Compensatory Afforestation Fund. The Government’s views have been duly incorporated in this report.

Recommendations

-  *Timely compliance with the conditions of in-principle approval for the diversion of forest land and fund matters should be ensured and requisite action should be taken in case of violation/non-compliance.*
-  *A land bank should be created for CA to avoid the selection of unsuitable land which has a cascading effect leading to backlog, cost escalation and poor survival of plantations. A database of land bank for the NFL should be created immediately and kept updated for transparency, accounting and ease of monitoring.*
-  *The mechanism to recover the balance amount of NPV from user agencies in time should be developed and strictly enforced.*
-  *Preparation of APOs should be need and norms based. Further, an effective mechanism to appraise proposed APOs at all levels (Circle, Zone, Authority, Executive Committee) should be established.*
-  *Corrective measures should be taken to avoid shifting of State burden of specified forest activities to the State Compensatory Afforestation Fund.*
-  *Since CAMPA activities are funded out of SCAF in the Public Account, the State Government should ensure to keep budgetary provisions equal to APO approved by the NA.*
-  *The State Authority must institute proper budgetary control checks for robust financial management so that misutilization/ diversion/ misappropriation/ embezzlement of the fund can be prevented.*
-  *Department should take effective disciplinary action against concerned field functionaries, who failed to discharge their responsibilities in respect of implementation of the activities under CAMPA.*
-  *The Department may evaluate performance of the CAMPA activities to identify specific areas for focused attention and also intensify efforts for expeditious completion of the CAMPA activities.*
-  *Monitoring and evaluation of NPV activities should be done through M&E Wing, third party, better documentation, geo-tagging, etc.*
-  *Effective steps should be taken to establish and maintain a strong internal control system.*

