
Chapter IV

Compensatory Afforestation Activities in Himachal Pradesh

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4.1 Introduction

Compensatory afforestation is the process of planting trees to compensate for the loss of natural forests that have been cleared for development or other human activities. This is often done as a requirement by governments or other regulatory bodies as a way to offset the negative impacts of deforestation and promote reforestation. The trees planted during compensatory afforestation are typically chosen to be native species that are well-suited to the local environment and will provide ecological, economic, and social benefits. Compensatory afforestation is one of the most important requirements/conditions under the Forest Conservation Act, 1980 and rules thereunder. It requires prior approval of the Central Government for diversion of forest land for non-forest purposes and the purpose of compensatory afforestation (CA) is to compensate the loss of 'land by land' and loss of 'trees by trees'.

4.1.1 Audit Universe and Sample of Compensatory Afforestation Cases

As per data provided by the Nodal Officer, FCA, a total of 1,535 cases of CA were given final approval between 1 April 2006 and 31 March 2021 in the State of Himachal Pradesh and were at various stages of completion. These 1,535 cases were spread over 37 Divisions in the State.

Table 4.1: CA cases between 1 April 2006 and 31 March 2021 in HP

Number of cases	Area diverted (in Ha.)	CA stipulated (Degraded Forest) (in Ha.)	CA (Non-Forest Land) (in Ha.)	Penal CA (in Ha.)	Total to be undertaken (in Ha.)	CA achieved
1,535	8,106	16,113	66	356	16,535	Data not maintained

Source: Nodal Officer FCA

Nine¹ (out of 37) Divisions were selected for PA by using stratified simple random sampling without replacement method using IDEA software. The details of cases in selected Divisions and audit sample are given in **Table 4.2**.

Table 4.2: Position of CA cases in selected Divisions

Total no. of cases	Area diverted (in Ha.)	Area of stipulated CA (in ha)	No. of CA achieved cases	Area of CA (in ha)	No. of partial CA cases	Area of CA (in ha)	No. of no CA cases	Area of CA (in ha)	Total CA achieved (in ha)
383 ²	2,572	5,213 ³	281	3,634	22	650 ⁴	80	663	4,284

Source: Divisional data

¹ Bharmour, Chamba, Chopal, Dharamshala, Kinnaur, Kullu, Kunihar, Nachan and Seraj

² These cases do not include 58 cases, which have been commented in Chapter III.

³ 4,284 (CA achieved) + 663 (Balance CA) + 268 (balance partial CA) = 5,215. In terms of CA achieved, there was excess CA done in one case (two hectare)

⁴ CA Stipulated 918 Ha, CA achieved 650 Ha and Balance CA 268 Ha.

The status of CA conducted as per records of the nine selected Divisions in 383 cases (detailed in **Appendix 4.1**) is given below in **Table 4.3**. The audit of CA cases was conducted against the samples mentioned in **Table 4.3**. In the nine selected divisions, the Department was claiming CA ranging from a low of 69 *per cent* in Chopal to a high of 98 *per cent* in Nachan.

Table 4.3: Status of CA in nine selected Divisions

(Area in ha)

Name of division	Area diverted	Stipulated CA	CA carried out fully or partially (Per cent)	CA not started at all (Per cent)
Bharmour	245	523	475 (91)	48 (09)
Chamba	288	570	546 (96)	24 (04)
Chopal	124	299	206 (69)	93 (31)
Dharamshala	67	150	144 (96)	06 (04)
Kinnaur	863	1,646	1,255 (76)	391 (24)
Kullu	241	529	390 (74)	139 (26)
Kunihar	472	952	746 (78)	206 (22)
Nachan	125	252	246 (98)	06 (02)
Seraj	147	292	276 (94)	16 (06)
Total	2,572	5,213	4,284 (82)	929 (18)

Source: Departmental Data

As can be seen from the **Table 4.3**, against the stipulated CA in 5,213 ha, CA was carried out only in 4,284 ha. Thus, there was a significant shortfall in CA activities in the selected divisions.

Audit noticed 373 cases⁵ of non-compliance with the conditions imposed in the in-principle/final approval in the nine⁶ test-checked units. The cases of non-compliance of conditions are given in subsequent paragraphs.

4.2 Deficiencies noticed in planning and execution of Compensatory Afforestation

A number of deficiencies were noticed in respect of planning and execution stage of CA activities as detailed below:

4.2.1 Non-identification of land banks for Compensatory Afforestation

As per para 2.2 of Handbook of Guidelines issued under the Forest (Conservation) Act, 1980, and MoEF&CC notification (November 2017) for diversion of forest land, the States and UTs shall create a land bank for CA for speedy disposal of the FC proposals under FC Act, 1980. In addition to non-forest land, degraded forest land with crown density up to 40 *per cent* under the administrative control of the Forest Department will be identified using satellite imagery and in consultation with Forest Survey of India and will be made available for CA. To expedite creation of land bank in a systematic manner,

⁵ 75 cases of no CA, 200 cases of delayed CA, 77 cases of change in location, and 12 cases of short realisation and nine cases of miscellaneous issues. Some of the cases may have more than one issue involved.

⁶ DFO Kinnaur – Two; DFO Kunihar – Three; DFO Bharmour – One; DFO Kullu – One; CCF Rampur – One; DFO Dharamshala – One; PCCF (HoFF) – One; APCCF R&T Sundernagar – One and DFO Nachan - One

a Committee under the chairmanship of the PCCF (HoFF) is to be constituted with the Chief Wildlife Warden and representatives of the Revenue Department in the State as members of the Committee.

It was noticed that though there was a State-level Committee constituted (March 2018) for identification of land banks, only three meetings of the Committee could be held till November 2023 (one meeting in year 2018 and two in 2023) and it was only in 2023 (vide Department reply in December 2023) that land bank of 1,792 hectares (in 21 pockets) were identified for the first time for one project named Renukaji Dam project. However, the Department has not used any satellite imagery in consultation with the Forest Survey of India for the identification of the land banks as required under the guidelines.

Thus, even after constitution of the committee, there was a very little progress in creation of a comprehensive land bank.

Further reply is awaited (February 2024).

4.2.2 Delay in carrying out of Compensatory Afforestation

As per the conditions stipulated in the final approval, CA is required to be carried out at the stipulated CA site as per comprehensive CA scheme within a period of one to two years from the date of issuance of final approval.

Audit noticed that against the stipulated target of carrying out CA in 5,213 ha in 383 cases in the selected Divisions, CA was not carried out in 75 cases⁷ (20 *per cent*) involving 648 ha of forest (12 *per cent*) land. The delay in carrying out CA is given in **Table 4.4**.

Table 4.4: Delay in carrying out of CA after date of final approval

Particulars	Delay range (in years)			
	Up to two years	Two to five	Five to ten	More than 10 years
Number of cases	17 (22)	11 (15)	20 (27)	27 (36)
Area (in Ha.)	223	208	108	109

Source: Divisional data, Figures in bracket show percentage

The delay in carrying out CA was upto five years in 37 *per cent* cases, five to ten years in 27 *per cent* of cases and more than 10 years in 36 *per cent* of cases.

Audit noticed that in 69 cases⁸ (out of above 75 cases), funds to the tune of ₹ 6.79 crore were deposited in ad-hoc CAMPA for carrying out CA and its maintenance.

Scrutiny revealed that due to non-carrying out of CA within the stipulated time period of one to two years after obtaining final approval, funds amounting to ₹ 15.51 crore⁹ would be required to carry out afforestation and maintenance as of March 2022. Continued delay in carrying out afforestation would result in further cost escalation. Non-carrying out of

⁷ CA was not carried out in 80 cases. However, as per final approval CA is to be carried out within a time period of one to two years from the date of grant of final approval. Out of 80 cases, a period of two years had elapsed for 75 cases. Thus, only 75 cases had been considered for calculating the delay in carrying out CA.

⁸ Fund position was available for only 69 cases.

⁹ Excluding Contingency and departmental charges and calculated as per norms of 2021-22.

CA defeated the purpose of the Act as the loss of land and trees could not be compensated, besides additional liability of ₹ 8.72 crore¹⁰ as detailed in **Appendix 4.2** was created due to cost escalation.

The DFOs Kullu and Nachan stated (January and February 2023 respectively) that the APOs for carrying out the remaining/ balance CA have been prepared and submitted to the State Authority.

Further reply is awaited (February 2024).

4.2.3 Delay in execution of Compensatory Afforestation in completed cases

Delay in carrying out CA entails additional liability on account of increase in costs of plantation and their maintenance due to overall inflationary trends. With a view to address this issue, the Department notifies new CA rates every year for the purpose of recovery of CA costs from the UA.

In the nine test-checked Divisions, CA over an area of 3,632 ha in 280 number¹¹ of cases was completed as of March 2021, out of which, CA was completed within the stipulated time in 69 (25 per cent) number of cases over an area of 729 ha (20 per cent). For the remaining 200 cases¹², there was a delay in carrying out of CA over an area of 2,866 ha (79 per cent), which ranged between one and 13 years.

Table 4.5: Delay in execution of CA

Particulars	Delay range (in years)			
	Up to two years	Two to five	Five to ten	More than 10 years
Number of cases (200)	85 (43)	65 (33)	45 (22)	05 (02)
Area (in Ha.) (2,866)	984	457	1,140	285

Source: Divisional data, Figures in bracket show percentage

Audit noticed that in 194¹³ cases (out of 200 cases) funds to the tune of ₹ 27.04 crore were deposited in ad-hoc CAMPA for carrying out CA and its maintenance, against which an expenditure of ₹ 29.07¹⁴ crore was made. Thus, funds to the tune of ₹ 2.03 crore were utilised in excess of funds deposited by the UA.

Further, to carry out balance maintenance against these cases, funds to the tune of ₹ 12.87 crore¹⁵ (as detailed in **Appendix 4.3**) would be required. Delay in plantation resulted in delayed/ non-compensation of environmental loss, excess expenditure of ₹ 2.03 crore and creation of liability of ₹ 12.87 crore for maintenance of these plantations.

Response from the Government is awaited (February 2024).

¹⁰ Calculated at the rates of ₹ 65,450 for 2016-17, ₹ 83,126 for 2017-18, ₹ 87,485 for 2018-19, ₹ 1,00,039 for 2019-20 and ₹ 1,09,424 for 2020-21 as notified yearly by the Himachal Pradesh Government.

¹¹ Total case- 383; CA not done- 80 cases; Balance cases- 303 (Partial CA-22 cases; complete CA- 281 cases). CA completed in 281 cases, however one case in which CA was stipulated in terms of number of tall plants is excluded from the analysis in this para

¹² Figures of year of execution of CA for 11 cases having an area of 37 ha are still awaited.

¹³ For which the fund position was available.

¹⁴ As per norms prevalent during the year of plantation and maintenance.

¹⁵ As per footnote number 10 above.

4.2.4 Change in location of approved Compensatory Afforestation scheme during execution

FCA guidelines identify CA as 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. For all such proposals, a comprehensive scheme for CA is formulated and submitted to MoEF&CC. 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. CA scheme prepared and submitted by the DFO is finally approved by the MoEF&CC.

In the nine test-checked divisions, CA was completed in 281 cases (out of 383 cases). Audit test-checked records of 108 (out of 281) cases and noticed that the site for carrying out CA was changed in 77 cases (71 *per cent*). The site at which CA was carried out was different from the sites for which a comprehensive CA scheme was formulated, approved and submitted to MoEF&CC.

There was no evidence on record to show that a comprehensive scheme for changed CA location as well as justification for their change was prepared by the divisions as well as prior approval of the competent authority had been obtained for change in location of CA. This was irregular and contrary to the provisions of the FC Act, 1980 besides defeating the purpose of formulating a comprehensive site-specific CA scheme at the time of submission of FCA case.

Response from the Government is awaited (February 2024).

4.2.5 Short realisation of funds for raising Compensatory Afforestation

The in-principle approval to UA for diversion of forest land for non-forestry purpose is granted on the condition that cost of CA at the prevailing wage rates as per CA scheme and the cost of survey, demarcation and erection of permanent pillars, if required on the CA land, is deposited by the UA in advance with the Forest Department. CA is to be carried out within one to two years of final approval.

Plantations under CA are maintained for seven to ten years. As per the conditions laid down in the final approval granted to the UA, the scheme may include appropriate provision for anticipated cost increase for works scheduled for subsequent years.

Scrutiny of records of Nodal Officer FCA/ CAMPA revealed that in 12 cases¹⁶ in the nine test-checked divisions, though the CA scheme was prepared as per the norms fixed by PCCF (HoFF) during the year in which in-principle approval was granted, however, the Department did not keep appropriate provision for anticipated cost increase for works scheduled in subsequent years, nor raised revised bill for raising of CA from the UAs.

Audit recalculated the amount due from UAs for carrying out CA on the basis of norms of CA fixed by the Department and anticipated cost escalation and found that UAs were

¹⁶ In which final approval was granted between April 2016 and March 2021.

liable to pay a sum of ₹ 9.21 crore on account of CA (including contingency and all charges) against the amount of ₹ 5.92 crore which was deposited by the UAs. This resulted in under assessment and consequent short realisation of cost of CA to the tune of ₹ 3.29 crore¹⁷ as detailed in **Appendix 4.4**.

There was nothing on record to show that any effort was made at the level of the Department to remedy the situation.

Response from the Government is awaited (February 2024).

4.2.6 Lack of proper co-ordination and internal controls

Details of forest land diverted, and CA (Penal and additional CA) stipulated against each proposal were supplied by the Nodal Officer FCA; however, the status of CA achieved against the corresponding FCA case was not available with the Nodal Officer CAMPA. Nodal Officer CAMPA sought the information from the divisions; however, the information was still awaited as of November 2022. Thus, status of CA achieved against the stipulated target for the whole State could not be ascertained. Non-maintenance of FCA case wise data and the CA achieved thereagainst, shows absence of a monitoring mechanism to check the status of CA against a particular FCA case.

Response from the Government is awaited (February 2024).

4.2.7 Diversion of departmental charges

The cost of raising new plantations and their maintenance as well as contingencies are deposited in CAMPA account. Departmental charges for implementation of CA scheme were fixed at the rate of 17.5 *per cent* of the total cost of CA by PCCF (HoFF) (May 2004) and the same are recovered from UA and deposited in government treasury as receipts of the Forest Department.

Final approval under FCA was granted to 441 cases¹⁸ during the period April 2006 to March 2021. Audit noticed that in 36 cases (out of 441 cases) across two divisions¹⁹, departmental charges amounting to ₹ 0.74 crore (**Appendix 4.5**), were diverted to *ad hoc* CAMPA account instead of government treasury as receipts of Forest Department. This resulted in short credit of government receipts of departmental charges.

Response from the Government is awaited (February 2024).

¹⁷ Calculated at the rates of ₹ 65,450 for 2016-17, ₹ 83,126 for 2017-18, ₹ 87,485 for 2018-19, ₹ 1,00,039 for 2019-20 and ₹ 1,09,424 for 2020-21 as notified yearly by the Himachal Pradesh Government.

¹⁸ 58 cases in **Appendix 3.1** and 383 cases in **Appendix 4.1**.

¹⁹ DFO Kinnaur (one case) - ₹ 0.50 crore and DFO Chopal (35 cases) - ₹ 0.24 crore

4.3 Deficiencies noticed in Individual Compensatory Afforestation cases

A number of deficiencies were noticed at the planning stage of CA as detailed below:

4.3.1 Non/ Short recovery from UA for regeneration of open/ degraded forest areas

(A) Rule 8 of Forest Conservation Rules 2003 stipulates that on receipt of a copy of the in-principle approval, the DFO shall prepare a demand note containing item-wise amount of compensatory levies such as cost of creation and maintenance of CA, NPV, cost of implementation of CAT plan or wildlife conservation plan etc. to be paid by the User Agency (UA) and communicate the same to the UA within ten days of the receipt of a copy of the in-principle approval. The UA shall within thirty days of receipt of the demand note from the DFO make payment of compensatory levies and submit a compliance report containing a copy of documentary evidence in respect of the payment of compensatory levies.

Audit noticed that in-principle and final approval for construction of two Hydro Electric Projects (HEPs) was accorded in favour of M/s GMR and M/s JSW Energy Ltd under FCA,1980 by MoEF&CC as per details in **Table 4.7**.

Table 4.7: Details of forest land diverted for HEP

Name of Project	Name of user agency	Forest Area diverted in Ha	Date of in-principle approval	Date of final approval
Bajoli Holi HEP	M/s GMR	75.304 Ha	08/07/2011	26/10/2012
Kuther HEP	M/s JSW Energy Ltd.	61.4083 Ha	22/06/2011	11/01/2013

Source: Divisional data

As per condition no. 18 of the in-principle approval, the project proponent was required to bear the cost of regeneration of open, degraded forest equivalent to forest area being diverted in his favour.

Audit noticed that even though the undertaking to bear the cost of regeneration of open degraded forest equivalent to forest area being diverted in favour of the project proponent was obtained from the UAs before final approval, neither was the open/degraded forest identified for regeneration nor was any scheme for the same prepared by DFO Bharmour. Audit calculated that ₹ 5.53 crore²⁰ would be needed as per approved rates for regeneration of open, degraded forest equivalent to forest area being diverted in favour of the project proponent. This was however not demanded nor realised from the user agencies as of October 2021.

The DFO stated that the issue of realisation of funds had been taken up with the UAs and audit would be apprised of the outcome accordingly. The reply was not acceptable as the funds should have been realised from the UAs within 40 days of receipt of in-principle approval.

²⁰ Including departmental charges of ₹ 0.81 crore, calculated on the basis of departmental norms for CA and anticipating that the works would be started from the year 2022-23.

(B) While granting final approval (July 2009) for the diversion of forest land for a transmission line in favour of M/s Jaypee Power Grid Limited (UA), MoEF&CC imposed an additional condition of plantation of *Taxus Baccata*²¹ over 50 hectares in consultation with the State Forest Department and to carry out the plantation under the supervision of the State Forest Department.

The scheme for plantation of *Taxus Baccata* with an estimated expenditure of ₹ 1.86 crore was prepared (June 2015) and approved (September 2015) six years after the approval of the land diversion by the DFO Rampur. The UA was then requested (October 2015) to deposit ₹ 1.86 crore (₹ 1.60 crore with ad-hoc CAMPA and ₹ 0.26 crore with DFO Rampur as departmental charges). However, neither the cost of plantation nor the departmental charges were deposited by the UA. No records of follow up action for effecting this recovery from the UA were made available to audit. The project for which forest land was diverted was made operational in 2012.

On being pointed out during audit, DFO, Rampur referred (August 2021) the matter to CCF Rampur regarding non-payment of funds by the UA and the need to revise the plantation scheme on the basis of current rates. He also stated that no person/ official posted in the Division had the technical knowhow to grow the nursery of *Taxus Baccata* and requested the CF to impart training to staff in this regard.

Audit also observed that the scheme for CA prepared by DFO Rampur²² had not included contingency charges²³ in the cost of CA (₹ 10.36 lakh) and had also short recovered ₹ 1.81 lakh on account of departmental charges. Thus, an amount of ₹ 12.18 lakh is still to be recovered from the UA.

Thus, failure of the Department to monitor the compliance of conditions stipulated in the approval was contrary to the provisions of the FC Act and led to non-recovery of charges from UA. Besides, the delay in recovery of plantation cost will lead to revision/enhancement of cost of plantation and non-achievement of intended benefits of the plantations.

Further replies are awaited (February 2024).

4.3.2 Non-implementation of Muck Rehabilitation Plan

As per the guidelines, checklist and related information on FCA provided on the website of HP State Forest Department, while preparing an FCA case, if there is any activity in the project which involves digging of land, a muck disposal/management plan has to be prepared. The User Agency (UA) has to give an undertaking that muck management plan (plan) would be carried out by the UA and in case of non-implementation of the plan, it is liable to penalty/action. The guidelines also provide for development of dumping site i.e., construction of retaining walls and other structures as per requirement of the site.

²¹ Source of drug used for treating breast cancer

²² Under condition no. 2 of the final approval, the DFO Rampur prepared this scheme for CA over 223 ha.

²³ Five *per cent* of the CA charges.

The objective is to completely stop rolling down of the muck. Further, the dumping site should be located preferably five km from the river/stream/*nala*.

Approval for diversion of 75.0606 ha of forest land for construction of Rohtang Tunnel in favour of Border Roads Organisation (UA) was accorded by MoEF&CC, GoI in May 2008. Condition number 4 of the above approval stated that the UA had to implement all the conditions of the Muck Rehabilitation Plan under the supervision of the State Forest Department at project cost. As per condition number 5, the dumping area was to be stabilised and reclaimed and plantation of suitable species was to be carried out over the dumping areas at the cost of the UA under the supervision of the State Forest Department. A detailed Muck Rehabilitation Plan costing ₹ 12.09 crore was approved by MoEF&CC in June 2007 while granting final approval in the above case. As per the Plan, approximately 15,07,700 m³ (9,10,000 m³ on South portal and 5,97,700 m³ on North Portal) of muck was to be generated during the course of the project. The total land for muck disposal on South Portal side was 16.2406 ha and 20.00 ha on the North Portal side. The site identified for disposal of muck generated during construction activities at the south portal was approximately 200 meters from the Solang Valley, 3.09 km from Palchan and 11.75 km from the South Portal on the western side of Palchan Solang Dhundi road. The Seri *nala* flowing beside the muck area is reported to be very turbulent during the rains. Therefore, in addition to protective measures to be provided for the muck area, it was also proposed to provide protection to the left slope of the *nala*. The entire muck disposal area was to be divided into grids having retaining structures for holding the muck. The muck was to be filled in the area in layers and compacted. Other civil works were to be carried out to arrest runoff and prevent scouring of the disposal area. On completion, the entire muck disposal area was to be provided with good earth on the top and dressed neatly and a suitable grass species was to be broadcast. Also, planting of suitable trees and shrubs of native species was to be carried out and maintenance of the same was to be done for seven years. Two nurseries in Kullu and Keylong Divisions were to be developed at the cost of the UA. As per the plan, plantations at both the North and South portal dumping sites were to be carried out during the 3rd and 7th years of project construction (cost to be borne by the UA).

Further, various engineering works on both the muck disposal sites were to be constructed by the UA at its own cost prior to the start of muck dumping. Both civil engineering and biological works as per the plan and schedule were to be executed by the UA and the Forest Department was to provide technical guidance and monitor the effective implementation of the plan. The forest land diverted for muck dumping was only of temporary nature and was to be returned to the Forest Department after reclamation and rehabilitation.

Scrutiny of records revealed that the tunnel was inaugurated in October 2020. During a meeting under the chairmanship of Chief Secretary held in October 2020, it was stated that the UA had given an undertaking to implement the plan and the rehabilitation and plantation plan would be implemented when the UA deposited the requisite funds with the Department. Further, as per the meeting regarding implementation of muck

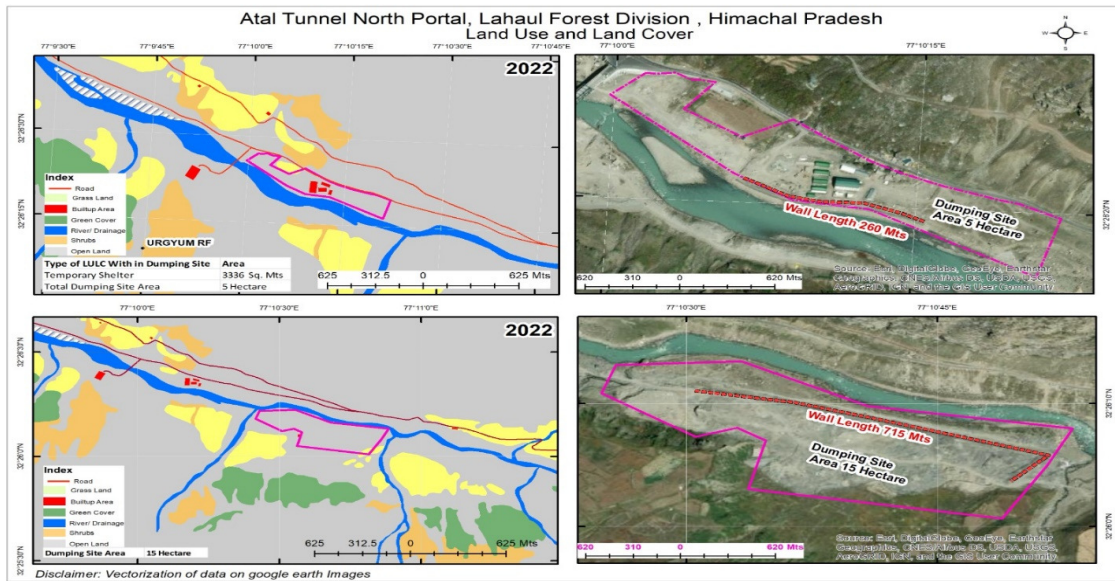
rehabilitation plan held in November 2020 under the chairmanship of CF Kullu, no major works were carried out by the UA and the plan was to be revised w.r.t. corrections needed and recalculation of required works and budget in the present circumstances. The CF directed to carry out joint inspection of dumping sites by the forest officers and UA and to revise the plan and raise the bill for release of funds from the UA accordingly. It was also noticed that the information pertaining to implementation of the plan viz. the description of works executed by the UA and the Department w.r.t. the provisions of the plan; details of monitoring done by the Department during the implementation of the plan; number of inspections of dumping sites carried out by the Department; creation of proposed nurseries and status of carrying out plantations at the dumping sites was not available with DFO Kullu.

A geospatial study and joint physical inspection (with the officers of HP Forest Department) of dumping sites on North and South portal of Rohtang tunnel was carried out. The results of the same are depicted below:

- i. Muck dumping was visible at the designated sites (Images 1 & 2).
- ii. Muck dumping sites at both the portals of the tunnel were located at the banks of the river/*nala* (Images 1 & 2).
- iii. In terms of civil work, only retaining walls on the banks of the river/*nala* to arrest the muck were visible, which too were not sufficient for covering the entire length of the dumping sites (Image 2).
- iv. No plantations were carried out for reclamation of dumping sites (Images 1 & 2).
- v. Temporary structures constructed by the UA were seen at the dumping sites (Images 1 & 2).
- vi. Parking of vehicles inside the dumping site at South Portal was also noticed.
- vii. Stalls and temporary sheds/ huts were also seen at the South Portal dumping site.

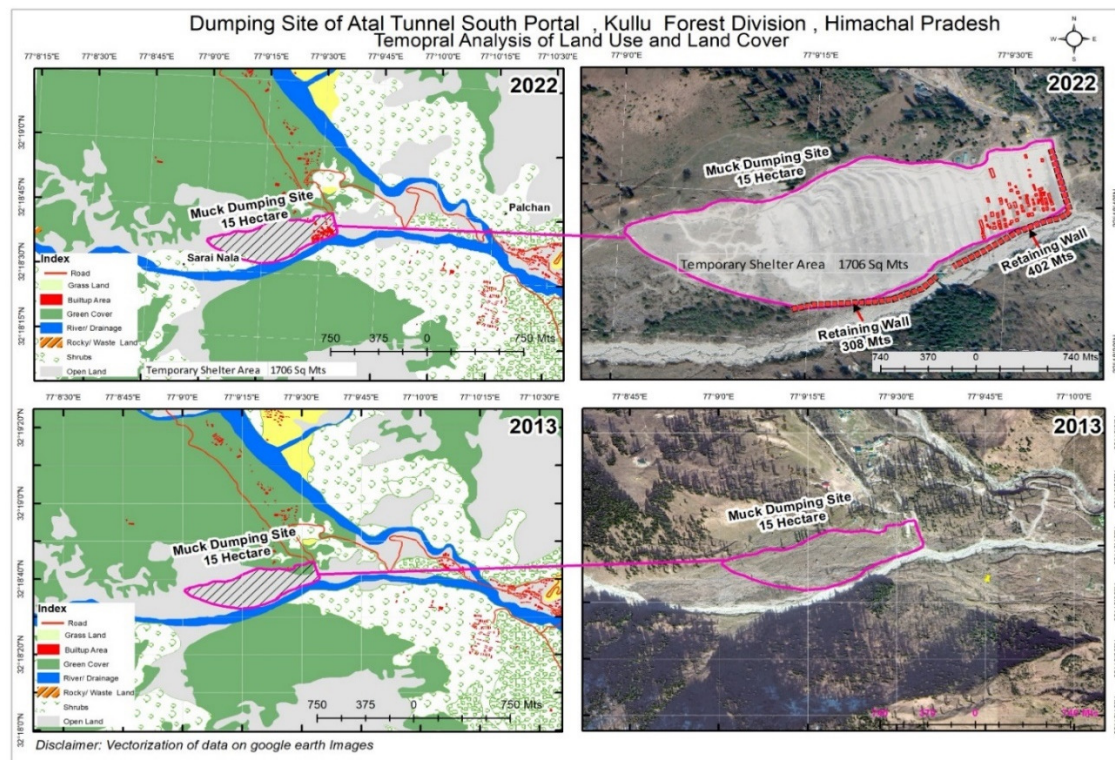
Non-carrying out of plantations after completion of muck-dumping/ project, non-carrying out of civil works prescribed under the plan, use of dumping sites for parking and construction of temporary structures/ huts not prescribed under the plan inside the dumping site was in contravention of the final approval granted under FC Act 1980. The dumping sites were not selected at the preferred distance of five km from the river/*nala*. Besides, due to non-availability of retaining walls along the entire length of the dumping site, possibility of muck flowing back into the river/*nala* could not be ruled out.

Image 1



Source: ESRI, Maxar, GeoEye-2020, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Image 2



Source: ESRI, Maxar, GeoEye-2020, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Thus, in light of the above, the Department failed to select a suitable site at a preferred distance from the river/*nala*, implement/monitor the plan and take penal action against the UA for non-implementation of the plan. No plantations and civil works (except partial construction of retaining wall) prescribed under the plan were carried out by the

Department even after a period of 13 years since approval of the plan. It was also seen that the dumping site was being used for unauthorised activities like parking of vehicles and construction of temporary structures. Besides, no funds for implementation of the plan were provided by the UA as of April 2023.

This was a failure on the part of the Department as considerable time had lapsed without any muck rehabilitation being undertaken by the UA.

The DFO Kullu stated that the UA has been requested to undertake all measures for stabilisation and reclamation of dumping areas as per the Muck Rehabilitation Plan. The DFO Lahaul stated that matter regarding deposit of requisite funds for implementation of the plan and taking back possession of dumping sites has been taken up with the UA.

The reply was not acceptable as the tunnel is under operation and the Department failed to implement the plan and reclaim the dumping sites which were temporarily handed over to UA and were to be returned to the Forest Department after reclamation and rehabilitation.

Further reply is awaited (February 2024).

4.3.3 Suspected fraud in use of funds

The guidelines on State CAMPA issued by the MoEF&CC, GoI (August 2009) and Clause 4 (ii) of the Government of Himachal Pradesh Notification (August 2009) provides that receipt of all monies from user agencies towards Compensatory Afforestation, Additional Compensatory Afforestation, Catchment Area Treatment Plan or for compliance of any other condition(s) stipulated by the Central Government, while according approval under the Forest (Conservation) Act, 1980 shall be credited in the State CAMPA account²⁴. Further, departmental charges @ 17.5 *per cent* on account of CA are government receipts and are to be deposited in the State Government account.

A Utilisation Certificate (UC) is required and sought by the sanctioning authority to satisfy themselves that the Grant-in Aid, funds etc. are utilised for the purpose they are sanctioned and disbursed within the stipulated period, as well as there is no misuse, delay in use, improper use, of these funds by the utilising agency/utility/entity. UCs are a very important check to control the utilisation of funds by the implementing agencies.

In-principle approval (March 2011) for diversion of 64 ha forest land for non-forest purpose was granted by MoEF&CC in favour of M/s Himachal Pradesh Power Corporation Limited (UA) for construction of 402 MW Shongtong Karcham Hydro Electric Project in Kinnaur division. As per condition number 15 of the approval, the Forest Department was required to regenerate equivalent amount of degraded forest area in addition to CA mentioned in condition number 1. As the UA did not have qualified manpower and control on forest area, they had deposited the funds with the Forest

²⁴ As per Supreme Court orders dated 5th May 2006, Ad-hoc CAMPA was constituted, in which all the monies towards CA, ACA, PCA, CAT plan, NPV and any other condition imposed by MoEF&CC was credited. Funds to State CAMPA are released from Ad-hoc CAMPA on the basis of Annual Plan of Operations (APOs) prepared by the State CAMPA and approved by Ad-hoc CAMPA.

Department for compliance of the above condition. The Forest Department was required to implement the same and submit a compliance report.

A CA scheme for regenerating equivalent amount of degraded forest area amounting to ₹ 1.37 crore was prepared by the DFO Kinnaur for compliance of above condition. The UA deposited (April 2011) ₹ 1.37 crore for the same with the DFO Kinnaur as per details in **Table 4.8**.

Table 4.8: Details of Additional CA in 64 ha

Area for additional CA	64 ha	Cost of additional CA	₹1,10,83,070
Contingency charges @ five per cent			5,54,153
Departmental charges @ 17.5 per cent			20,36,514
Grand Total			1,36,73,737

Source: Divisional data

Audit requisitioned (November 2020) the details of the account in which the above funds were deposited by the Division and the status of regeneration of 64 ha of degraded forest area in compliance of the additional condition imposed by MoEF&CC. In reply, the DFO (November 2020) stated that funds received from the UA were deposited in HP State Cooperative Bank Limited, Reckong-peo and plantation over an area of 125 ha had been achieved by utilising an amount of ₹ 1.68 crore (including accrued interest). The DFO submitted a Utilisation Certificate (UC) to the UA in March 2018 regarding the utilisation of funds, certifying that he had satisfied himself that the conditions on which the Grants-in-Aid was sanctioned had been fulfilled. He certified that the said UC was based on 100 per cent checks by the Beat Guard, Block Officer and Range Forest Officer concerned and 50 per cent verification by Assistant Conservator of Forests and 25 per cent random verification by DFO Kinnaur.

Scrutiny of records (December 2020), however, revealed that the above funds were not deposited by the DFO in the National CAMPA account (excluding departmental charges of ₹ 0.20 crore which were to be deposited in State Government account). Departmental charges amounting to ₹ 0.20 crore were also not deposited in the State Government account (April 2011). The cashbook showing entries of the above funds was not made available to Audit. A term deposit of the above amount was made on 18th June 2011 in Himachal Pradesh State Cooperative Bank Limited Reckong-peo (Kinnaur) till 17th October 2011, on which interest of ₹ 0.02 crore was earned. The trail of funds after the above period was not made available by the office and suddenly an amount of ₹ 1.70 crore appeared in a new savings bank account of HP State Cooperative Bank, opened on 16th May 2017. It could also not be established whether the accrued interest of ₹ 0.02 crore was included in the above amount. Due to lack of trail of funds, actual interest earned between 17th October 2011 and 15th May 2017 could not be ascertained in audit, especially when records of bank statements and cashbook were not available with the

office. Therefore, possibility of misappropriation of actual interest earned could not be ruled out.

Non-deposit of funds in CAMPA account resulted in bypassing the mechanism of checks and balances of the Department as the funds were not routed through Annual Plan of Operations²⁵ (APOs).

Submission of UCs without incurring actual expenditure: It was further noticed that no regeneration of degraded forest land was carried out by the DFO²⁶ against the additional condition imposed by MoEF&CC, and UCs without actual expenditure of ₹ 1.37 crore were submitted to the UA (February 2019), falsely claiming that checks were exercised at various levels by the office while utilising the funds for the intended purpose. As per UCs, plantations were shown to be carried out in 125 hectare of degraded forest area during 2016-17 (60 ha - ₹ 0.61 crore) and 2017-18 (65 ha - ₹ 0.76 crore) against the stipulated 64 hectares. Scrutiny of bank statements of the account opened in May 2017 revealed that funds amounting to ₹ 1.71 crore were withdrawn from the account during 2017-18 and there was no record of any withdrawals from the account in 2016-17. Thus, the office submitted UCs without incurring actual expenditure to the UA, though no regeneration of degraded forest land was carried out and the entire funds were withdrawn in 2017-18.

Irregularities in maintenance of Cash Book: During subsequent audit (November 2021), a purported cash book regarding the above funds was produced to audit, in which the following discrepancies were noticed:

- (i) It was not signed by the Drawing and Disbursing Officer (DDO).
- (ii) The cash book only depicted the withdrawals made during the period 2017-18.
- (iii) There was no entry regarding the receipt of funds and interest earned.

It appeared that the cash book was prepared after the issuance of the previous audit observation (November 2020).

Unverified and irregular expenditure: During the audit (November 2021), the office produced bills and vouchers for utilisation of ₹ 1.71 crore on various activities, which were not related to regeneration of degraded forest area. The works regarding which the bills and vouchers were produced were not included in the APOs approved by the competent authority. Besides, scrutiny of bills and vouchers revealed the following discrepancies: -

²⁵ An Annual Plan of Operation (APO) means the annual plan for physical activities and financial provisions approved by the National Authority or State Authority, which describes milestones, conditions for success and explains how, a strategic annual plan will be put into operation during the financial year. It provides a brief description, estimated cost, basis for cost estimation, agency identified for execution and time schedule of each activity to be executed from State Fund during the year.

²⁶ The fact was accepted by DFO in his reply dated 18th December 2021.

- (a) Enclosure/Fencing of new plantation areas – An expenditure of ₹ 0.14 crore was booked against advance works on enclosure of new plantation areas²⁷. However, no plantation was carried out in the areas in the subsequent years, thereby rendering the entire exercise as well as expenditure incurred on it as unfruitful and wasteful. No reliable documentation was available to prove the authenticity of these payments as has been highlighted in the para on cash book.
- (b) An amount of ₹ 0.30 crore was shown as paid to Sh. Baldev Singh, Contractor on account of construction of Gang Hut at Namgia; however, no administrative approval and expenditure sanction, tender documents, corresponding letter of award of work, estimates of work, entries in Measurement Book, bills and vouchers were found on record and the authenticity of the above payment could not be verified in audit.
- (c) An amount of ₹ 0.14 crore was shown as expended on purchase of various materials and ₹ 0.02 crore was shown as expended on exposure visit of field staff without the approval of the competent authority. It was noticed that the said bill claimed that the staff stayed at the Hotel Le Grand Regency during their stay in Ahmedabad (January 2018). The invoice for the exposure visit was of ₹ 2.50 lakh while only ₹ two lakh was paid. The invoice was devoid of any applicable tax. There was nothing on record for reduction of the amount by ₹ 50,000 and the list of officials who went on this tour. No post-tour visit report was available on record. It was also not clear as to why instead of TA/DA, all-paid tour was contemplated. Existence of the hotel and authenticity of expenses could not be verified in audit.
- (d) An amount of ₹ 0.34 crore was shown as expended on miscellaneous items and only Actual Payee Receipts of the above expenditure were placed on record. No bills/vouchers; sanction orders and name of work/scheme against which these were sanctioned, were available with the office. A sum of ₹ 0.67 crore was disbursed through cheques; however, no records (bills/vouchers, sanctions, APRs) were found on record.
- (e) ₹ 0.10 crore were shown expended on Soil and Moisture Conservation works without approval from competent authority.

TDS deducted but not paid to the credit of Central Government: Further, as per Section 201 of the Income-tax Act 1961, if a deductor fails to deduct tax at source or after deducting the same fails to deposit it to the Government's account then he shall be deemed to be an assessee-in-default and liable to pay simple interest as follows:-

- (i) at one *per cent* for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and
- (ii) at one and one-half *per cent* for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid.

²⁷ Digging of pits and closure of plantation area by fencing

Besides, penalty of an amount equal to tax not deducted or paid could be imposed under Section 271C. Further, as per section 276B of the IT Act, if a person fails to pay to the credit of the Central Government, the tax deducted at source by him, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Audit noticed that an amount of ₹ 0.24 lakh was deducted as TDS from 28 payments made from the above amount, however the same was not paid to the credit of the central government.

Progress/compliance report of the aforesaid scheme of regeneration was also not sent to MoEF&CC/ PCCF (HoFF), which was not only contrary to the provisions of the FCA approval but also points to the fact that the higher officers of the Department were not aware of the non-compliance of conditions imposed by the MoEF&CC.

In reply to the audit observation, the DFO Kinnaur while admitting to the audit findings stated that the funds were kept at Division level to carry out penal CA due to lack of knowledge of guidelines. The departmental charges amounting to ₹ 0.20 crore had been deposited into Government treasury (December 2021) after being pointed out by audit and contingency charges would be deposited into CAMPA account. The DFO further stated that *ex-post facto* sanction would be taken from competent authority for utilisation of interest amount.

The document submitted with the reply of the Department regarding deposit of departmental charges on the basis of the audit observation showed that the departmental charges of ₹ 0.20 crore were deposited by various contractors from their own sources. This raises suspicion regarding collusion between the office and contractors.

The DFO also admitted to the submission of fake UCs and further stated that the UC was submitted to UA in advance, as the CA work was to be taken up for which material was also purchased. Other works/activities (soil and moisture conservation, construction etc.) were executed keeping in view the local public demand beyond the APO. It was also stated that the regeneration of degraded forests would be carried out during the years 2022-23, 2023-24 and 2024-25 free of cost for which barbed wire and fence posts have already been purchased.

The reply itself was an admission of the gross irregularities committed by the Department. It is also pertinent to mention here that false/ misleading reply regarding utilisation of funds and fulfilment of condition of regeneration of degraded forest land imposed by MoEF&CC was furnished to audit in November 2020. Despite lapse of considerable time and the issue being pointed out in subsequent audits, no investigation has been carried out by the Department, which shows lack of seriousness on its part.

Thus, the Department failed to ensure compliance of additional condition imposed by the MoEF&CC for compensation of environment loss by regeneration of degraded forest land. Besides, in the light of all the above-mentioned pointers viz. non-deposit of funds in National CAMPA, non/improper maintenance of cash book, submission of UCs without incurring actual expenditure, lack of trail of funds, expenditure not routed

through APOs, submission of false/ misleading replies to audit and non-production of bills/vouchers, chances of misappropriation of the above funds could not be ruled out.

In the exit conference, the Department took cognisance of the seriousness of the matter.

A letter was issued in March 2024 to the Principal Chief Conservator of Forests (HoFF), requesting a detailed investigation and response. Following this, the Department conducted a preliminary enquiry through the APCCF (M&E) and submitted their report to this office in April 2024. The preliminary enquiry report confirmed that prima facie, the observations of the Audit seemed to be correct in view of the guidelines on State CAMPA issued by MoEF&CC. It was also stated that the Additional PCCF (M&E), O/o the Pr. CCF(HoFF), HP had been directed to conduct a detailed enquiry and submit a report.

The final report was awaited (June 2024).

4.3.4 Non-Compliance of conditions stipulated in land diversion case

Approval for diversion of forest land for limestone mining in favour of M/s Jaypee Himachal Cement Limited (UA 1) was granted in December 2005, June 2006 and November 2014. Similarly, approval for diversion of land in favour of M/s. Ambuja Cements Limited (UA 2) was granted in November 2013. As per the conditions imposed by the MoEF&CC, the UAs were required to:

- i. Ensure demarcation of boundary of Safety Zone (7.5 meter strip all along the outer boundary of the mining lease area) and to maintain it as green belt²⁸.
- ii. Carry out afforestation on degraded forest land to be selected elsewhere, measuring one and a half times the area of Safety Zone at the project cost under the supervision of the State Forest Department.

The length of the mining lease boundary was 11 km²⁹ in respect of UA1 and 19.57 km in case of UA2. UA1 proposed to create safety zone (and maintain it as green belt) itself. In case of UA2, the length of the mining lease boundary was wrongly calculated as 4.54 km³⁰ and accordingly an amount of ₹ 11.08 lakh was deposited (March 2015) by it for creation of safety zone (and maintain it as green belt). Audit however, noticed that the safety zone along the outside boundary of the mining lease area was not created by UA1 and the Department in case of UA2 which was contrary to the conditions stipulated in the final approval. Further, Audit reassessed the amount required for creation of safety zone³¹ in case of UA2 and found that an amount of ₹ 1.03 crore would be required for the same at 2022-23 norms.

²⁸ UA1 – June 2006 (final approval) and UA2 – November 2013 (in-principle approval)

²⁹ Area of safety zone – $11,000 \times 7.50 = 8.25$ ha and area for afforestation in degraded forest area – $1.5 \times 8.25 = 12.38$

³⁰ By considering only length of the mining lease which was touching forest boundary instead of the whole boundary of mining lease.

³¹ On the basis of total length of mining lease boundary of 19.57 km as per 2021-22 plantation norms. Area of safety zone – $19,570 \times 7.50 = 14.68$ ha and area for afforestation in degraded forest land – $1.5 \times 14.68 = 22.02$ ha

Funds to the tune of ₹ 5.21 lakh and ₹ 3.65 lakh were deposited by UA1 and UA2 respectively with the DFO to carry out afforestation on degraded forest land. However, no plantation had been carried out as of March 2021. Audit recomputed the cost of afforestation at present norms and found that ₹ 31.12 lakh and ₹ 55.38 lakh would be required to carry out afforestation in respect of UA1 and UA2 respectively.

It was also noticed that UA2 was required to undertake gap planting and soil and moisture conservation activities to restock and rejuvenate the degraded open forests, if any, located in the area within 100 meters from the outer perimeter of the mining lease. UA2 deposited ₹ 5.72 lakh with the DFO, which were kept by the office in its own account which was contrary to the CAMPA rules. Further, out of the above funds, only an amount of ₹ 2.00 lakh had been expended and the balance funds were still lying with the office as of October 2022 which indicated non-compliance of the above condition of MoEF&CC.

Thus, additional funds of ₹ 92.38 lakh (₹ 1.03 crore - ₹ 11.08 lakh) would be required from UA2 to create safety zone (and maintain it as green belt) at present cost. Besides, to carry out afforestation in one and a half times the degraded forest area, additional funds to the tune of ₹ 77.64 lakh³² would be required.

The DFO stated that while, UA1 had started the work of creation of safety zone, in case of UA2 it will be created by utilising the already deposited funds. It was also stated that afforestation will be carried out during the year 2023-24.

The reply was not acceptable as the conditions of creating safety zone in 22.93 ha and carrying out plantations in 34.40 ha degraded forest area (since June 2006 in case of UA1 and November 2013 in case of UA2) remained unfulfilled, besides creating a liability of ₹ 1.70 crore (₹ 92.38 lakh + ₹ 77.64 lakh) to carry out the above activities at prevailing rates.

Further reply is awaited (February 2024).

4.3.5 Non-realisation of penalty of ₹ 3.29 crore

FC Act provides for penal provisions in cases of violation /non-compliance of conditions imposed by MoEF&CC while granting approval for diversion of forest land. The penalty is imposed on the recommendation of the APCCF Regional office in whose jurisdiction the alleged violation has occurred. In cases, where the offence is proved, penalty shall be imposed for violation committed over forest area without approval equal to twice the normal NPV. However, in case of public utility projects of the government the penalty shall be 20 *per cent* of the penalty proposed above.

Audit noticed that final approval for diversion of 25 hectare of forest land in Chakban Khaniyara for slate mining was accorded by MoEF&CC in favour of Industries Department (UA) in October 2002. MoEF&CC (October 2006) stipulated that NPV of diverted forest land was to be charged in cases where in-principle approval was granted before 30th October 2002, and for which final approval has either been granted on or after 30th October 2002, or shall be granted thereafter.

³² UA1: ₹ 31.12 lakh – ₹ 5.21 lakh = ₹ 25.91 lakh and UA2: ₹ 55.38 lakh – ₹ 3.65 lakh = ₹ 51.73 lakh

MoEF&CC (January 2014) directed the State Forest Department to realise the NPV of 25 hectare of forest land diverted in favour of UA before 31st March 2014. In case of non-realisation of NPV, the final approval accorded under FCA, 1980 was to be revoked and all non-forest activities undertaken in forest land stopped by State Government, till the NPV is realised from the UA and transferred to ad-hoc CAMPA. It was noticed that the cost of NPV of ₹ 1.64 crore as recoverable in the proposal was deposited by the UA in March 2018 in ad-hoc CAMPA account after a lapse of four years and mining operations continued in violation of MoEF&CC. On account of violation of the conditions imposed by MoEF&CC for four years, the UA was liable to pay penalty equal to twice the normal NPV amounting to ₹ 3.29 crore (double of ₹ 1.64 crore).

The DFO stated that a letter has been issued to the Mining Officer, Kangra (a subordinate office of UA) for deposit of penalty as pointed out by Audit.

Further reply is awaited (February 2024).

4.3.6 Non fulfilment of conditions of approvals and irregular diversion of fund

An additional condition for establishing a 500 hectare high altitude transition zone plantation to study the effect of global warming was imposed by the Government of Himachal Pradesh on M/s Jaypee Power Grid Limited (UA) to compensate for the loss of a large number of trees³³. An amount of ₹ 2.00 crore was deposited by the UA in four equal instalments of ₹ 0.50 crore during the period June 2009 to May 2012 with the APCCF-cum-Nodal Officer FCA in compliance of the above condition.

A project implementation plan titled ‘High Altitude Transition Zones (HATZs) in Himachal Pradesh: Long term studies to assess the effects of global warming and trials to rehabilitate degraded sites in this zone’ was prepared by the HP Medicinal Plants Society in 2011 at a cost of ₹ two crore which was deposited by the UA. APCCF (Research and Training) Sundernagar was designated as project leader and HP Medicinal Plants Society functioning under the above office was the executing agency for implementation of the project. As per the project report, the project was to be completed by March 2016 by dividing the project into two sub projects. The objectives of the project were to lay five permanent plots in high altitude transition zones to assess and monitor on a long-term basis the impact of climate change; to complete ecological and floristic baseline studies in these permanent plots; establishment of nurseries of key species of high-altitude transition zones and rehabilitation trials in 200 ha of degraded sites in this zone.

An amount of ₹ 2.22 crore was released to APCCF during the period 2009-10 to 2017-18 by the PCCF (HoFF) for creation of HATZ.

Scrutiny of records revealed that the above project implementation plan prepared by HP Medicinal Plants Society was not implemented. Instead, an MoU was signed by HP Medicinal Plants Society with the Himalayan Forest Research Institute (HFRI) in August 2012 (1st phase) and in July 2018 (2nd phase) for field survey in permanent plots,

³³ Total 16,758 – 12,154 in Kinnaur Division and 4,604 in Rampur Division

floristic survey including preparation of enriched floristic profiles permanent plots, standardisation of nursery techniques of high-altitude species including collection of germplasm for multiplication etc. An amount of ₹ 21.00 lakh was released to HFRI for implementation of 1st phase. The 2nd phase was signed for ₹ one crore and the project was to be completed by July 2025. An amount of ₹ 59.80 lakh has been released to HFRI during the implementation of 2nd phase. It was further noticed that the Department did not carry out any plantations in the HATZs and neither were any plantation targets were fixed in the MoUs signed with HFRI.

It was also noticed that ₹ nine lakh were released to DFO Kullu for plantation in 10 hectares during 2011-12 to 2013-14, however as per information provided by the office of APCCF, no plantations have been carried out under the project.

An amount of ₹ 11.03 lakh was also spent by the office of APCCF, out of which ₹ 5.12 lakh was spent on hiring of research fellows for implementation of various components of HATZs. The details of the remaining expenditure were not made available to Audit.

Thus, even after incurring an expenditure of ₹ 1.01 crore, the Department could not carry out any plantation under HATZs and the additional condition of establishing a 500 Ha HATZ to study the effect of global warming remained unfulfilled.

Audit noticed that Additional Chief Secretary (Forests) to the Government of Himachal Pradesh allocated ₹ 50 lakh each (October 2017) to Natural Resource Management Training and Development Society (NRMTDS)³⁴ for training and HP Eco-tourism Society (HP EcoSoc) for development of Eco-tourism sites in the state from HATZs funds.

Consequently, PCCF transferred the above funds to NRMTDS and HP EcoSoc in January 2018. The balance funds of 1.69 crore (including interest) were transferred to HPMPs for implementation of HATZ project.

It was also noticed that NRMTDS further released ₹ 25.00 lakh each to HP Forest Academy (HPFA) Sundernagar and Forest Training Institute (FTI) Chail. ₹ 25.00 lakh was expended by HPFA on purchase of new bus (₹ 18.80 lakh) and upgradation and maintenance of hostels (₹ 6.20 lakh), whereas the entire amount of ₹ 25.00 lakh was utilised by FTI on purchase of two new buses.

The APCCF stated that the funds to NRMTDS and HP EcoSoc were allotted as per the directions of the Administrative Department and plantations will be carried in a phased manner and the concerned CF/CCFs have been asked to prepare APOs in this regard.

The reply was not acceptable as an amount of ₹ one crore was diverted from the funds allocated for establishment of HATZ to the above-mentioned societies for other purposes, even though HATZs could not be established even after a period of 12 years.

Further reply is awaited (February 2024).

³⁴ A society to manage the Forest Training Institutes of HP State Forest Department.

4.3.7 Non-deposit of funds deposited by user agencies into CAMPA account

The guidelines on State CAMPA issued by the MoEF&CC, GoI (August 2009) and Clause 4 (ii) of the Government of Himachal Pradesh Notification (August 2009) provides that receipt of all monies from user agencies towards Compensatory Afforestation, Additional Compensatory Afforestation, Catchment Area Treatment Plan or for compliance of any other condition(s) stipulated by the Central Government, while according approval under the Forest (Conservation) Act, 1980 shall be credited in the State CAMPA account.

Rule 2.2 (i) and (ii) of HPFR 1971 Vol.– I stipulates that every officer receiving money on behalf of the Government should maintain a cash book in form HPFR I and all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

Audit noticed that funds amounting to ₹ 19.27 lakh were lying in a savings account of State Bank of Patiala as of June 2021. This also included funds amounting to ₹ 5.72 lakh received from M/s. Ambuja Cements in 2014³⁵ on account of compliance of conditions imposed by the MoEF&CC. It was further noticed that no cashbook of the above amount has been maintained by the office.

Non-deposit of funds received for compliance of conditions imposed by MoEF&CC in Ad-hoc CAMPA account was contrary to the provisions of MoEF&CC guidelines. Besides, due to non-maintenance of cash book, the source of the remaining funds and the purpose for which these were received could not be traced in audit.

The DFO stated that the amount would be reconciled from records and vouchers and Audit would be apprised accordingly.

The reply was not acceptable as depositing of funds outside CAMPA account was contrary to rules and the fact remains that the funds were lying unutilised with the Division and the intended purpose for which these funds were received could not be achieved.

Further reply is awaited (February 2024).

4.4 Other deficiencies

During the audit, Audit noticed a number of general deficiencies in the working of the Department, which have been discussed below:

4.4.1 Construction of new Forest Rest Houses in violation of FCA (DFO Nachan)

Audit came across cases where despite the requirements of approval under FCA, the process was never initiated as discussed below:

Rule 11.8 of the Hand book of guidelines of FCA (2019) provides that any work relating or ancillary to conservation, development and management of forests and wildlife, namely, the establishment of check- posts, fire lines, wireless communications and

³⁵ As per the reply submitted by the division.

construction of fencing, bridges and culverts, dams, waterholes, trench marks, boundary marks, pipelines or other like purposes, is not a non-forest use and therefore, taking up such work in the forest land does not require diversion under FCA. As such all State Governments should ensure that the basic spirit and essence of FCA is not to divert forest land for construction of residential buildings, bungalows, quarters etc. Bare minimum (operational) buildings, which are essential for management of forest and conservation of bio-wealth such as forest guard hut, check posts, range offices, small inspection bungalow (two-three room), un-tarred single lane roads etc., can be taken up in selected areas without causing damage/destruction to the forests therein. But if the structures are large and would impact on conservation, prior permission under FCA would be required.

The National Forest Policy clearly states that “No forest should be permitted to be worked without an approved working plan by the competent authority”. Working Plan provides for infrastructure development and maintenance of staff quarters, offices, Forest Rest Houses (FRHs), bridle paths, roads, etc. for which full justification is to be given.

Audit noticed that five new rest houses were constructed (under construction) in the Nachan Division during the period 2018-19 to 2021-22 having eight to nine rooms³⁶ each (including VIP suites and excluding kitchen and toilets) at a cost of ₹ 6.03 crore as per details in **Table 4.9**.

Table 4.9 Expenditure incurred on Forest Guesthouses

(Amount in ₹)

Sr. No.	Name of FRH	Sanctioned amount	Expenditure incurred	Status of work
1	Dharotdhar	88,15,700	88,15,000	Completed
2	Kelodhar	1,03,90,000	83,00,000	In progress
3	Raingaloo	1,29,50,498	69,87,000	In progress
4	Jach	1,32,27,488	20,00,000	In progress
5	Nauna	1,49,00,000	45,00,000	In progress
	Total	6,02,83,686	3,06,02,000	

Source: Divisional data

However, as construction of large FRHs (having eight rooms including VIP rooms) was not covered under infrastructure ancillary to forest management, prior approval under FCA Act was mandatory for construction of these FRHs. It was further noticed that there was no provision for construction of these FRHs in the Working Plan of the division.

³⁶ 1. FRH Dharotdhar- VIP suites – one; Suites – three; Living room – two; Chowkidar room - one; Dormitory - one (one kitchen and seven toilets)
 2. FRH Kelodhar - VIP suites – one; Suites – four; Living room – two; Dormitory - one (one kitchen and eight toilets)
 3. FRH Raingaloo - VIP suites – one; Suites – four; Living room – two; Dormitory - one (one kitchen and six toilets)
 4. FRH Jach - VIP suites – one; Suites – three; Living room – two; Chowkidar room - one; Dormitory - one (one kitchen and seven toilets)
 5. FRH Nauna - VIP suites – one; Suites – three; Living room – two; Chowkidar room - one; Dormitory -two (one kitchen and seven toilets)

The CCF Mandi stated that while the new FRHs were not included in the operational Working Plan of the division, the same have been constructed on forest land from forestry management point of view with the approval of State Government.

The reply was not acceptable as construction of large FRHs without obtaining prior approval under FCA and against the prescription of the Working Plan was irregular and contrary to the provisions of the rules.

Further reply is awaited (February 2024).

4.4.2 Non-constitution of Working Plan Unit

National Working Plan Code (NWPC), 2014 provides for constitution of permanent Working Plan Units (WPU) for preparation of WPs to be headed by a Working Plan Officer (WPO) of the rank of Conservator of Forest. For smaller states, deviation may be approved by the DGF&SS, MoEF&CC. WPO should be assisted by suitable staff as per details given below.

Head (Policy level) – PCCF/APCCF (Working Plan)

Field Supervisory unit – APCCF/ CCF (Working Plan)

Field Functional unit – WPO should be assisted by minimum of two Asst. Conservators of Forests (ACFs), four Range Forest Officers (RFOs), 12 Foresters and one subject matter expert in each of the specialised fields such as remote sensing and GIS, biodiversity assessment, socio-economic analysis, statistics, taxonomy, ecological dynamics, soil science, etc.

The responsibility of working plan preparation cannot be transferred to the territorial DFO/CF of the forest division.

Rule 31 of NWPC specifies that generally, one WPU may undertake the work of preparation/review of WP of four or five forest Divisions in a cycle of 10 years.

Hence, at least eight WPUs would be required for preparation/revision of all WPs in respect of 37 Divisions in the State.

Audit noticed that although the posts responsible for policy making (PCCF) and field supervisory unit (APPCF) were created, no WPU has been established by the Department even after a period of seven years since the adoption of the Code (April 2014) and the work of preparation of WP was still being carried out by the DFOs (Territorial) which was in violation of the Code. No additional staff has been provided to the DFOs and the work is carried out by the staff posted at the division. It was also noticed that even though the Department had requested the Government (December 2017) regarding the creation of WPU and posting of staff as per the provisions of NWPC, the same was not accepted by the Government.

Preparation of WP by DFO (Territorial) and non-constitution of WPU was contrary to the provisions of NWPC and resulted in delay/non preparation of WPs as detailed in the subsequent paragraph.

The CCF (WP &S) Mandi stated that two offices of CF Working Plan (Central) at Mandi and CF Working Plan (North) at Palampur have been notified at field/ supervisory level.

The fact remains that no WPU has been set up by the Department and the WP was still being prepared by DFOs (Territorial).

Further reply is awaited (February 2024).

4.4.3 Status of Working Plans

There are 37 territorial Divisions in the State which are governed by working plans. Scrutiny revealed that only 23 WPs were in existence and the remaining 14 Divisions were functioning without working plans. These WPs were not revised even though a period ranging between two to 14 years had lapsed since expiry of the previous WP. Besides, extension by the MoEF&CC was either not given or has expired for these WPs. Management of forests without WP was in violation of the NWP Code, besides causing unscientific impact on the growth and regeneration of forests.

The CCF (WP&S) Mandi stated that preparation of WPs in 12 Divisions is under progress and would be completed soon.

The fact remains that forests are being managed without WPs.

Further reply is awaited (February 2024).

4.5 Conclusion

CA is one of the most important requirements under the FCA 1980 to compensate the loss of land and trees. The Department failed to identify land banks for speedy disposal of FCA cases which resulted in non/partial/delay in execution of CA. This resulted in cost escalation/ possible cost escalation in carrying out of CA in subsequent years. Further, CA schemes were prepared without anticipating future cost escalation of works, which resulted in short realisation of funds from UAs and creating liability on the Department. There was lack of internal controls in the Department in implementation of CA scheme in letter and spirit as per the provisions of FCA.

There was no evidence on record to show that a comprehensive scheme for changed CA location as well as justification for their change was prepared by the divisions as well as prior approval of the competent authority had been obtained for change in location of CA.

There was lack of internal control mechanism in the department, due to which the Department failed to ensure and monitor the compliance of conditions stipulated in the in-principle and final approvals granted by MoEF&CC. Further, cases of violations/non-compliance of conditions were not reported to MoEF&CC which also resulted in non-levy of penalty on the defaulter. It was also noticed that funds deposited for compliance of conditions imposed under FCA in two cases, were either misutilised or diverted for other purposes, which resulted in non-compliance of these conditions, besides defeating the purpose of FCA. Further, in some cases, the Department failed to realise funds to ensure the compliance of additional conditions imposed by MoEF&CC.

4.6 Recommendations

The Department may consider:

- *Identifying land banks for speedy disposal of FCA cases.*
- *Mandatory and timely execution of CA as per the conditions stipulated in the FCA clearance cases to avoid cost escalation and pendency of CA.*
- *Maintenance of a centralised database of FCA cases and CA achieved there against to arrive at the true position of achievement of CA and regular monitoring to take necessary corrective actions.*
- *Strict execution of comprehensive CA scheme formulated and submitted at the time of submission of FCA cases to ensure better survival of plantations.*
- *Devising a robust internal control mechanism to ensure and monitor the compliance of conditions imposed by MoEF&CC while according approvals under FCA.*
- *Reviewing the cases to take appropriate action for fixing responsibility on the delinquent officials for cases of deviations from the approved plans and investigating cases of possible misappropriation of funds.*

