

Chapter - I

About Compensatory Afforestation in India

1.1. Introduction

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

Map 1: Map showing the forest cover of India



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

1.2. Diversion of forest land for non forest purpose

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

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

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

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

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

1.2.2 Main components of conditions imposed on diversion

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

1.2.3 Provision of land for compensatory afforestation

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

1.2.4 Funding for compensatory afforestation

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

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

1.2.5 Funding for regeneration

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

1.3. Compensatory afforestation in lieu of diversion of forest land

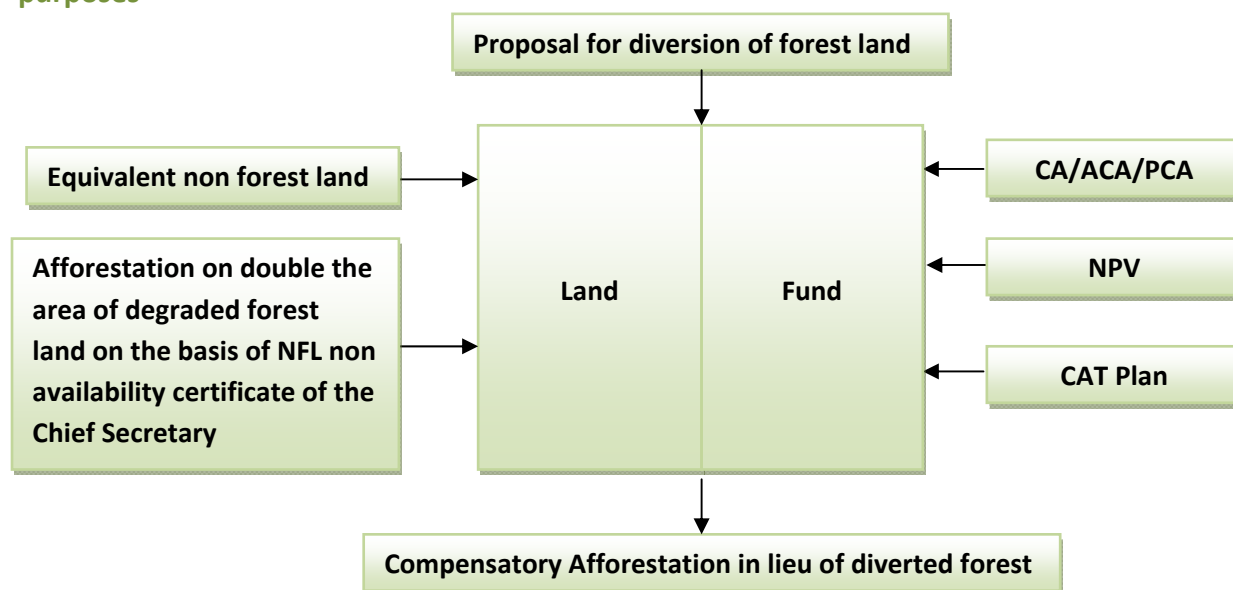
Compensatory Afforestation involves identification of non forest land or degraded forest land, work schedule, cost structure of plantation, provision of funds, mechanism to ensure the utilisation of funds and monitoring mechanism etc. Hence, it is one of the most important conditions stipulated by the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

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

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

²Source: MoEF/ RO data.

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



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

1.4. Role of Supreme Court

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

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

1.5. Formation of Compensatory Afforestation Fund and CAMPA

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

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

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

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

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

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

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

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

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

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

1.6. Compensatory Afforestation Fund Bill

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

Some of the features of the Bill were:

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

1.7. Formation of Ad-hoc CAMPA

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

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

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

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

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

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

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

1.8. Composition and functioning of Ad-hoc CAMPA

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

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

1.9. Formation of State/Union Territory CAMPA

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

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

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

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

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

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

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

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

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

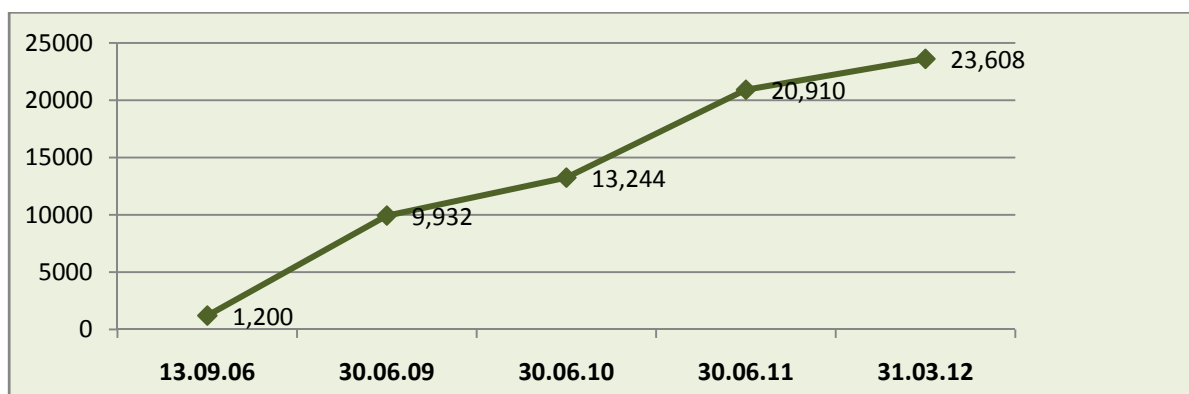
Funds started flowing into Ad-hoc CAMPA w.e.f. 16 May 2006 onwards and an amount of ₹967.89 crore was credited initially into 35 Current Accounts, maintained separately for each State/UT in Corporation Bank, CGO Complex, Lodhi Road, New Delhi and Union Bank of India, Sunder Nagar, New Delhi. In addition,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

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

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

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

(₹in crore)



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

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

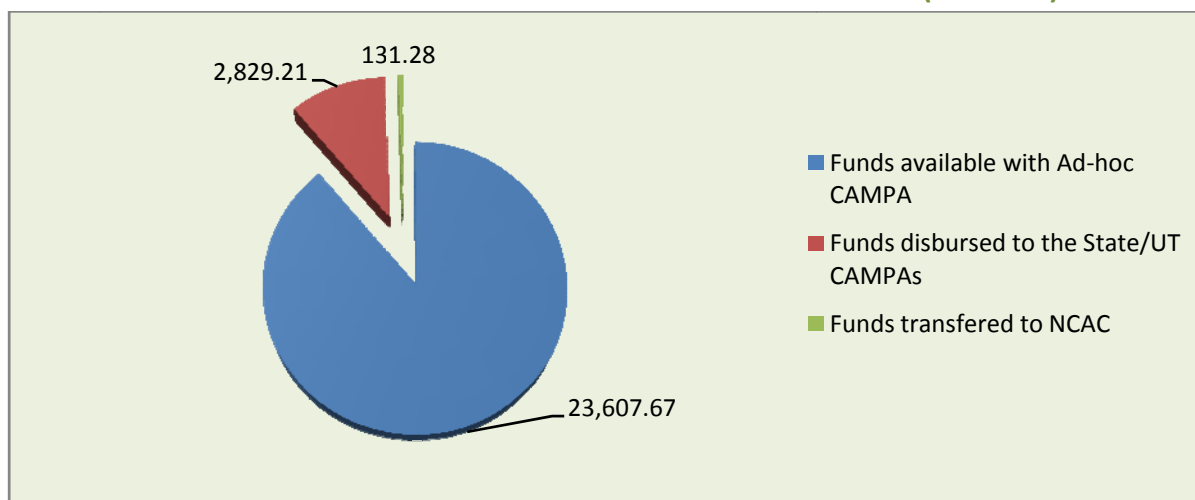
The Court permitted Ad-hoc CAMPA to release, for the time being, the sum of about ₹ 1,000 crore per year, for the next five years, in proportion of 10 *per cent* of the principal amount pertaining to the State/ UT. The amount towards NPV and protected area was to be released after approval of the Annual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

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

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

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

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



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

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

1.13. Audit objectives

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

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

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

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

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

1.14. Scope of audit

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

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

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

1.15. Non production of information/records to audit

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

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

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

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

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

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

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

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

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

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

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

1.16. Issue of draft Audit Report and receipt of replies

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

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

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

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

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

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

1.17. Organisation of audit findings

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

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

