

CHAPTER - II

PERFORMANCE AUDIT

2.1 Working of Maharashtra Forest Department

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REVENUE AND FOREST DEPARTMENT

2.1 Working of Maharashtra Forest Department

Executive summary

Maharashtra has a forest area of 61,579 sqkm which is about 20.01 per cent of its total geographical area of 3,07,713 sqkm. The tasks of conservation, protection and development of State's forest including management of wildlife habitats rest with the Maharashtra Forest Department.

A performance audit of the Maharashtra Forest Department for the period 2010-15 revealed that despite implementation of State Forest Policy since 2008, the forest cover in the State over a period of eight years remained stagnant at 16.45 per cent. Substantial land under 'Zudpi Jungle' and private forest land were not brought under the reserved/protected category. A number of territorial Divisions in the State whose working plans had expired were either continuing with the old working plans or no plans for the last two to 26 years. The outlay for the forestry sector in the State was merely one per cent of the total plan outlay in contrast to 2.5 per cent recommended by the National Forest Commission in 2006. There were enormous gaps between the funds demanded by the Department and that released by the State Government. The apportionment of forest development tax to the Department was abysmally lower than that remitted to the State Government annually, to support any meaningful forest development activity. A number of Divisions could not attain the physical targets fixed in the working plans which had a spilling effect on the achievement of targets of other interdependent and sequential activities. The management of CAMPA funds was far from satisfactory. There were shortfalls in harvesting of bamboo coupes leading to loss of revenue. The monitoring, evaluation and internal controls in the Department were deficient.

2.1.1 Introduction

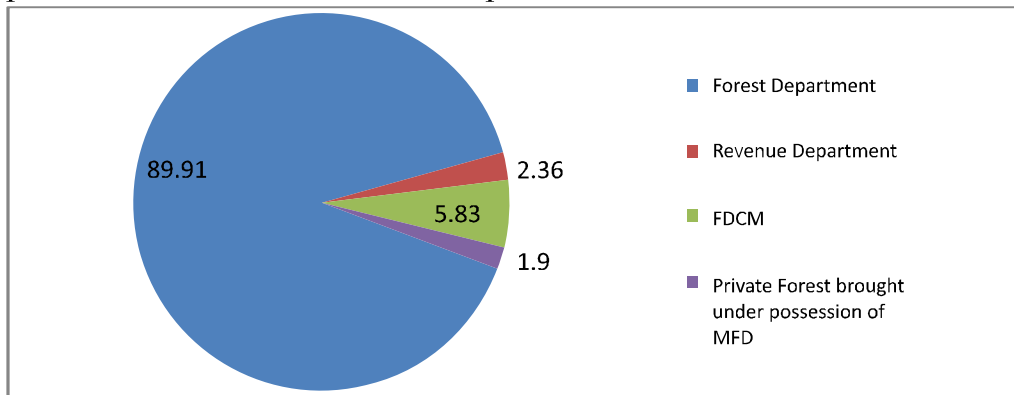
Forests provide habitats to diverse animal species, and they also form the source of livelihood for many different human settlements. They prevent soil erosion, help in maintaining the water cycle, and check global warming by using carbon dioxide in photosynthesis. Sale of forest products contributes substantially to the State exchequer. Maharashtra has a recorded forest area of about 61,579 sqkm which is 20.01 per cent of its total geographical area (3,07,713 sqkm). The recorded forest area largely comprises reserved forest¹ of 49,546 sqkm, protected forest² of 6,733 sqkm and un-classed forest³ of 5,300 sqkm.

¹ An area notified under Chapter 2 of the Indian Forest Act, 1927 having full degree of protection and unless otherwise permitted, all activities therein are prohibited

² An area notified under Chapter 2 of the Indian Forest Act, 1927 having limited degree of protection and unless otherwise permitted, all activities therein are prohibited

³ An area recorded as forest, but not included in reserved or protected category

The tasks of conservation, protection and development of State's forest including management of wildlife habitats rest with the Maharashtra Forest Department (MFD). Besides, the Forest Development Corporation of Maharashtra Limited (FDCM), a wholly owned State Government Company, is responsible for commercial exploitation of forest produce in low revenue yield areas. The Revenue Department of the State maintains the land records including forest land. The forest area under the jurisdiction of MFD, FDCM, Revenue Department and private forest under the possession of MFD is shown in the pie chart below.



(Source : Annual Administrative Report 2013-14)

2.1.2 Organizational setup of Maharashtra Forest Department

The Secretary (Forests), Revenue and Forest Department, GoM controls the operations of the Department at the State level. The Principal Chief Conservator of Forest (PCCF), Head of Forest Force (HoFF), is responsible for implementing the schemes pertaining to MFD. Besides, there are five other PCCFs who assist the HoFF. All the six PCCFs are assisted by 18 APCCFs in-charge of various wings of the Department such as, Territorial; Budget, Planning and Development; Conservation; Working Plan; Research, Education and Training *etc.* At the Circle level, the Chief Conservators of Forests (CCFs) are responsible for budgetary control and monitoring of various activities/schemes. The Conservators of Forests (CFs) are responsible for preparation of Working Plans (WPs) and maintenance of land records. At the Divisional level, the tasks of survey, demarcation, marking, plantation and overall implementation of WPs are dealt with by the Deputy Conservators of Forests (DCFs)/Divisional Forest Officers (DFOs) who are assisted by Assistant Conservators of Forests (ACFs), Range Forest Officers (RFOs), Foresters and Forest Guards.

2.1.3 Audit objectives

The objectives of the performance audit were to assess whether:

- working plans were prepared timely and implemented effectively and efficiently;
- budgeted funds were made available and utilized as per approved working plans; and
- monitoring, evaluation and internal control mechanisms were effective.

2.1.4 Scope and methodology of audit

A Performance Audit of 'Working of Maharashtra Forest Department' was conducted between December 2014 and July 2015 covering a period of five years from 2010-11 to 2014-15. For this purpose, records at Mantralaya, two⁴ of six PCCFs, five⁵ of 11 CCFs (Territorial), 13⁶ of 51 DCFs were examined. In addition, records of six⁷ WP Divisions (responsible for preparation of WPs of 13 selected Divisions); one Transport and Marketing (T&M) Division at Ballarshah; CCF (Mangrove cell), Mumbai; and two CCFs (Land Records), Panvel and Nagpur were also examined. In the selected Divisions, audit randomly selected 24 plantation sites for detailed assessment of the works carried out by the MFD during 2010-15.

An entry conference with Secretary (Forests) was held on 02 March 2015, wherein the audit objectives, methodology and scope of audit were explained. An exit conference with the Secretary was held on 03 December 2015 to discuss the audit findings and recommendations of audit. Paragraph-wise replies of GoM to the draft report were received on 22 December 2015 which has been incorporated at appropriate places in the report.

The Performance Audit Report does not cover Wildlife, Social Forestry and Research, Education and Training activities.

2.1.5 Audit criteria

The audit criteria were derived from the following documents:

- National Forest Policy, 1988 and Maharashtra State Forest Policy, 2008;
- Indian Forest Act, 1927 (IFA-1927);
- Forest (Conservation) Act, 1980 and Rules made there under;
- Maharashtra Forest Manual, 2011;
- Guidelines of schemes/projects/programmes;
- National Working Plan Code, 2004;
- Maharashtra Private Forest (Acquisition) Act, 1975; and
- Policies, rules and regulations and directives issued by GoI/GoM

Audit findings

2.1.6 Planning

2.1.6.1 Deficient working strategy to increase forest cover

As per Maharashtra Forest Policy, 2008, the State was to endeavor to bring 33 *per cent* of the geographical area under forest cover⁸ in accordance with

⁴ PCCF (HoFF) and PCCF (Production and Management)

⁵ Gadchiroli, Amravati, Kolhapur, Thane and Dhule

⁶ Gadchiroli, Bhamragarh, Sironcha, Allapalli, Nandurbar, Yawal, Jalgaon, Alibag, Roha, Thane, Sangli, Satara and West Melghat

⁷ Amravati, Chandrapur, Dahanu, Dhule, Gadchiroli and Kolhapur

⁸ Forest cover refers to all lands more than one ha in area, having a tree canopy density of more than 10 *per cent* irrespective of ownership and legal status

the goal of the National Forest Policy, 1988. Keeping this in view, conservation, reforestation and increasing tree cover were identified as the primary objectives of the State policy. In this connection, a Departmental Monitoring and Implementation Committee headed by PCCF as Chairman, State Level Coordination Committee headed by the Chief Secretary and State Forest Advisory Board headed by the Chief Minister were constituted (December 2008) for taking policy decisions, preparing projects and action plans, allocating adequate financial resources, providing administrative support and ensuring inter-departmental coordination.

Audit observed that despite implementation of State Forest Policy since 2008, constitution of various Committees/Board in December 2008 and spending nearly ₹ 6,881 crore during the last eight years (2007-15) on forest development works, the forest cover in the State decreased by 22 sqkm from 50,650 sqkm in 2007 to 50,628 sqkm in 2015 as indicated in **Table 2.1.1**.

Table 2.1.1: Net change in forest cover from 2007 to 2015

Year of assessment	Total geographical area	Forest cover (area in sqkm)				
		Total area under forest cover	Very dense forest	Moderately dense forest	Open forest	Percentage of geographical area under forest cover
ISFR-2007	307713	50650	8739	20834	21077	16.46
ISFR-2009	307713	50650	8739	20834	21077	16.46
ISFR-2011	307713	50646	8736	20815	21095	16.46
ISFR-2013	307713	50632	8720	20770	21142	16.45
ISFR-2015	307713	50628	8712	20747	21169	16.45
Net change (2007 vis-a-vis 2015)	--	(-) 22	(-) 27	(-) 87	92	(-) 0.01
Source : India State of Forest Report (ISFR) of 2007 to 2015 prepared by Forest Survey of India, Dehradun						

Table 2.1.1 also shows that while the area of dense forest had been decreasing persistently since 2009, the area of open forest had increased. Also, the percentage of the geographical area under forest cover over a period of eight years had remained stagnant at 16.45 *per cent*. The reasons for decrease in forest cover, as per ISFR 2015, were diversion of forest area for non-forestry purposes, encroachments *etc*. Besides, audit observed that shortfalls and delays in release of funds for implementation of WPs and inordinate delay in preparation of WPs by a number of Divisions were the other factors responsible for decrease in forest cover.

The GoM stated in December 2015 that a policy decision had been taken in 2011 to plant 500 crore seedlings during 2012-17 to meet the target of 33 *per cent* geographical area under forest cover vide Government Resolution dated 25 October 2011. Its implementation involved extensive coordination with various district agencies, Non-Governmental agencies and industrial groups for which regular meetings were held by the Chief Secretary and the Divisional Commissioners.

2.1.6.2 Delay in notification of 'Zudpi Jungle'

'Zudpi Jungle' are lands that were once forest but now have become degraded forest. These are mostly owned by Revenue Department but have the status of forest and hence, attract the provisions of Forest (Conservation) Act, 1980 which makes Central Government permission necessary for activities other than forestry. These jungles are spread across six districts of Vidarbha region namely; Nagpur, Wardha, Gadchiroli, Bhandara, Gondia and Chandrapur.

Audit observed that against 92,117 ha of 'Zudpi jungle', 89,319 ha were handed over to MFD by Revenue and Forest Department, GoM for notification. Of 89,319 ha, only 23,334 ha (26 per cent) has been notified by the State Government as protected/reserved forest. The remaining 65,985 ha (74 per cent) was yet to be notified (December 2015). Consequently, no forestry management, development and conservation activities in 65,985 ha could be taken up by MFD.

The GoM stated that of the remaining 65,985 ha, proposals for 41,446 ha were pending at the level of Commissioner, Nagpur and proposals for remaining 24,539 ha were yet to be submitted.

2.1.6.3 Delay in notification of mangroves

Every mangrove tree is an ecosystem in itself and form part of the forest cover. Mangroves are natural barriers against sea intrusion. By breaking up large storm surges and strong tidal currents they protect the sea coast from erosion. They are important land builders, which filter sediments from land and stretch the extent of land towards the sea.

In Maharashtra, mangroves are spread over 17,783 ha. Scrutiny of records of CCF (Mangrove Cell), Mumbai revealed that based on the judgment of the Bombay High Court (October 2005), the State Government notified 5,469 ha and 3,193 ha of Mangrove as protected forest in 2007-08 and 2012-13 respectively. However, mangroves admeasuring 9,121 ha was yet to be notified as protected forest (December 2015).

The GoM stated that mangroves were in fact spread over an area of 15,087 ha of which, 12,673 ha had been notified as reserve forest. Of the remaining 2,414 ha, notification for approximately 1,660 ha area had been sent to Government press for publication of notification. The process for notification of remaining area (754 ha) would be completed after taking approval of the Government.

Delay in notification may lead to continuing destruction or denuding of mangroves and also make them susceptible to encroachments, as also noted by the Bombay High Court while pronouncing its judgment in October 2005.

2.1.6.4 Non-acquisition of private forest land

The Maharashtra Private Forests (Acquisition) Act, 1975 empowers the State Government to take over private forest land in order to ensure their scientific management and comprehensive protection.

Audit observed that as of March 2015, of the total private forest land admeasuring 1,66,588 ha, MFD was able to bring only 85,866 ha (52 *per cent*) under its possession. The remaining 80,722 ha (48 *per cent*) was yet to be brought under Government's control (December 2015). As a result, no afforestation or conservation activities could be taken up by MFD on this land.

The GoM stated that efforts were being made for acquisition of the remaining private forest land which was held up at various levels of adjudication (courts/tribunals, revenue authorities *etc.*).

2.1.6.5 Discrepancies in areas of forest land

Two independent Land Record Offices at Panvel and Nagpur were established (November 1999) with the mandate of carrying out works of survey and demarcation of reserved/protected forest areas, rectification of demarcation works wrongly done, updation of the records of demarcation and classification of forest land.

Ideally, the extent of forest area as per Forest Department records as well as Revenue Department records must tally. Audit observed that in 10⁹ of 13 selected Divisions, there was a variation of 5.57 lakh ha in the area of forest land as indicated in Forest Department records and that recorded by the Revenue Department. But, the difference was not reconciled, as no survey and demarcation works had been conducted by the two Land Record Offices since their formation in 1999.

The GoM stated that efforts were underway by the Forest Department to reconcile the figures with the Revenue Department.

2.1.6.6 Unusual delays in preparation of working plans

Working Plans (WPs) are useful for evaluating the status of forest resources of a Division, assessing the impact of past management practices and deciding about suitable management interventions for future. According to National Working Plan Code, 2004 prepared by Ministry of Environment and Forests (MoEF), GoI, every WP is to span over a period of 10 years and should include area-specific scientific prescriptions for efficient management of forest.

Initially, the WP Divisions prepare preliminary working plan reports (PWPR) Division-wise with inputs from the concerned Divisions. The PCCF (Production and Management) vets the PWPR and forwards the draft WP to the MoEF, GoI which accords final approval to the WP.

In 51 Forest Divisions in the State, audit observed that WPs of 15 Divisions expired between 1989-90 and 2013-14. Further, extension¹⁰ to the existing WPs was granted to six Divisions up to 2014-15. The remaining nine Divisions, where the WPs had expired and no new WPs were in force, had been carrying out only protection and conservation activities for the last two to 26 years, as indicated in **Table 2.1.2**.

9 Bhamragarh, Sironcha, Allapalli, Yawal, Jalgaon, Thane, Satara, Roha, Alibag, and Nandurbar

10 Extension to existing WPs are granted (after expiry of their validity), till new WPs are prepared and made operational

Table 2.1.2: Delay in preparation Working Plan

Sr. No.	Name of Division	Name of the WP Division	Validity of WP		Delay in preparation of WP as of March 2015 (in years)
			Start date	End date	
1.	Chandrapur	Chandrapur	2003-04	2012-13	02
2.	Solapur	Pune	1995-96	2004-05	10
3.	Aurangabad	Aurangabad	2002-03	2011-12	03
4.	Sawantwadi	Kolhapur	2003-04	2012-13	02
5.	Alibag	Thane	1969-70	1988-89	26
6.	Malegaon	Nashik	2002-03	2011-12	03
7.	Mewasi	Dhule	2001-02	2010-11	04
8.	Nandurbar	Dhule	1970-71	1989-90	25
9.	Dhule	Dhule	1997-98	2006-07	08

Source : Information furnished by PCCF (Production and Management)

The reasons for delay in preparation/non-preparation of WPs were (a) shortfall of key manpower in the WP Divisions, such as, Range Forest Officers, Foresters, experts in remote sensing and GIS *etc.*, (b) time lag in receipt of inputs from the Divisions, (c) non-reconciliation of forest area, and (d) frequent transfer of Conservators of Forests.

The GoM accepted the facts and stated that of the nine Divisions, WP of Aurangabad was approved (April 2015) by MoEF, WPs in respect of seven Divisions were pending at MoEF for approval and WP of Mewasi Division would be submitted shortly to MoEF for approval.

2.1.6.7 Non-creation of green fund

As per Maharashtra State Forest Policy, 2008, a green fund was to be created by MFD to support investments on wasteland development, eco-restoration and watershed development. The income accrued from compensatory afforestation, corpus of forest development tax and resources mobilized from levy of two *per cent* green cess on Municipal Corporations using water from the forest areas were to be deposited in the green fund. Funds that shall be available from Clean Development Mechanism (CDM) operative under Kyoto Protocol and from other similar schemes were also to be availed of for green fund, for reducing emissions of green house gases.

Audit observed that no green fund was created (December 2015) by MFD even as seven years have elapsed since the State Forest Policy was promulgated in 2008. This fund, if created, could have helped bridge the financial gaps (as discussed in paragraph 2.1.7.1) and facilitated smooth implementation of various forest development programmes as well as proved to be a catalyst for social forestry.

The GoM assured that creation of Green Fund would be expedited.

Recommendation 1: The key reasons contributing to non-preparation or delay in preparation of working plans may be reviewed and addressed by the Forest Department in order to ensure that the working plans of the Divisions are timely, contemporary and relevant. The State Government may also speed up the notifications for 'Zudpi Jungle', mangroves and private forest land to increase forest cover on these lands through sustainable forestry management, conservation and protection activities.

2.1.7 Financial management

2.1.7.1 Short-release of funds

An overview of funds demanded by PCCF (HoFF), funds allocated by GoM and expenditure incurred by MFD at the State level as well as 13 selected Divisions during 2010-15 is shown in **Table 2.1.3**.

Table 2.1.3: Details of funds demanded, released and expenditure incurred
(₹ in crore)

Year	State				Selected Division			
	Demand	Funds released	Expenditure	Savings	Demand	Funds released	Expenditure	Savings
1	2	3	4	5	6	7	8	9
2010-11	1644.45	798.50	739.13	59.37	182.10	178.15	165.47	12.68
2011-12	1858.30	859.99	860.03	(-)0.04	290.01	160.79	159.39	1.40
2012-13	2121.11	1024.83	1024.78	0.05	334.46	204.16	206.85	(-)2.69
2013-14	2063.79	1115.28	1118.92	(-)3.64	368.19	219.85	219.58	0.27
2014-15	2036.83	1149.80	1150.04	(-)0.24	376.82	229.09	227.94	1.15
Total	9724.48	4948.40	4892.90		1551.58	992.04	979.23	

Source : Information furnished by GoM and selected Divisions

As evident from **Table 2.1.3** above, funds released by GoM during 2010-15 accounted for only 51 *per cent* of the total funds demanded by MFD (State position) and it was 64 *per cent* in case of 13 selected Divisions. Further, during 2010-15, the percentage of expenditure incurred on planned¹¹ activities in the month of March alone ranged between 23 and 83 *per cent* for the State and 34 and 69 *per cent* in 13 selected Divisions.

It is also pertinent to mention here that the National Forest Commission recommended (March 2006) that the budgetary allocation to the forestry sector (both in Central and State budgets) must not be less than 2.5 *per cent* of the total plan outlay. Audit, however, observed that the total outlay of forestry sector in the State of Maharashtra during 2010-15 ranged between 0.64 and 1.10 *per cent* of the total plan outlay of the State.

A stagnant forest cover of 16.45 *per cent* over the last eight years coupled with distortions in release of funds and a minuscule outlay for forest and forestry related activities indicated that this sector has not been given the priority it deserves.

The GoM accepted the facts and stated that short-release of funds was due to priority fixation at the Government level in the Finance Department.

2.1.7.2 Meager apportionment of forest development tax

As per the Maharashtra Forest Development (Tax on Sale of Forest-produce, by Government or Forest Development Corporation) (Continuance) Act, 1983, the State Government shall collect tax on every sale of forest-produce from the purchaser, at the rate of 12 *per cent* of the sale price of such produce sold to him. The proceeds of the tax levied and collected under this Act shall first be credited to the Consolidated Fund of the State, and thereafter, deducting from the proceeds such sum as the State Government may determine as expenses of collection, the remaining

¹¹ All schemes implementing forestry works (other than pay and allowances)

amount shall under appropriation duly made by law in this behalf, be placed at the disposal of the Forest Department each year as additional budgetary resources to be expended only for forest plantation or other ancillary purposes connected with forest development programmes and for the welfare of the people dwelling in the forests and the weaker sections of the people dependent on forest produce for their livelihood.

The details of Forest Development Tax (FDT) remitted by MFD to the GoM and amount apportioned to MFD during 2010-15 are shown in **Table 2.1.4**.

Table 2.1.4: Details of apportionment of Forest Development Tax (₹ in crore)

Year	FDT remitted to GoM	Amount apportioned by GoM to MFD	Percentage apportionment
2010-11	50.62	1.37	2.71
2011-12	49.28	1.13	2.29
2012-13	32.46	1.21	3.73
2013-14	31.59	1.39	4.40
2014-15	39.37	1.45	3.68
Total	203.32	6.55	3.22

Source : Information furnished by MFD

As could be seen from **Table 2.1.4** above, the average apportionment of FDT to MFD during last five years (2010-15) was a meagre 3.22 *per cent*, which did not appear to be a reasonable and viable source of additional funding to carry out any meaningful forest development activity in the State.

The GoM accepted the facts and stated that the decision in this regard was taken keeping in view the overall fiscal position of the state.

The reply lacked conviction because collection, levy and usage of FDT, which is the sole domain of MFD in terms of the Act, have no logical connection with the fiscal position of the State.

2.1.7.3 Diversion of funds

As per Rule 26 (ii) of General Financial Rules, 2005, expenditure should be incurred for the purpose for which funds have been provided. Audit observed that five Divisions diverted ₹ 4.89 crore during 2010-15 for other purposes as discussed below:

- The MoEF granted (May 2013) in-principle approval to the proposal of DFO, Sangli for diversion of 6.624 ha of unclassified forest for establishment of a training academy at Sangli subject to deposit of ₹ 0.86 crore as Net Present Value (NPV)¹². The DFO, Sangli however, diverted the funds from allocations received under various forestry activities¹³ and used it for clearing the NPV. Further, while submitting the monthly accounts to the office of the Accountant General (A&E), Nagpur, the amount was incorrectly shown as spent on various forestry activities.

¹² NPV is the money collected from user agencies towards compensatory afforestation for diversion of forest land for non-forestry purposes

¹³ Repair to buildings, artificial regeneration, survey settlement and demarcation of forest *etc.*

The GoM accepted the facts and stated that in order to get Stage-II approval from MoEF for early commencement of academy work, the NPV was paid from other source.

- Four Divisions diverted 13th Finance Commission (FC) grants of ₹ 4.03 crore for construction of hostel buildings for the wards of forest employees at Gadchiroli, Thane, Chandrapur and Nagpur.

The GoM stated that 13th FC grants were utilized for providing accommodation to the wards of forest employees working in the remotest area of Maharashtra. The GoM added that construction was taken up in accordance with Condition 4 (v) of 13th FC guidelines. The reply is not acceptable because, Condition 4 (v) stipulates use of 13th FC grants for development purposes relating to forest-based activities only.

Recommendation 2: The perceptible gap between the funds demanded by the Department and that released by the State Government needs to be minimized, if not totally eliminated. The Government may also augment (a) the outlay for the forest sector in consonance with the recommendations of the National Forest Commission, and (b) the share of the Department to forest development tax for seamless execution of forest development works, conservation and protection activities.

2.1.8 Implementation of forest development works

2.1.8.1 Shortfalls in achievement of targets laid down in working plans

The 10 year WPs lay down the annual targets for various forest development activities, such as, demarcation of coupes¹⁴, marking of trees, felling, plantation, soil and moisture conservation, cut-back operations, regeneration works, cleaning, boundary maintenance, fire tracing works *etc.*

Audit mapped the physical targets of various forest development activities included in the 10 year WPs of 10¹⁵ of 13 selected Divisions with the achievements made there against during 2010 -15. A synopsis of the physical targets and their achievements is shown in **Appendix 2.1**. Audit analysis revealed a shortfall of 28 to 84 *per cent* in achievement of targets against 10 forest development activities during 2010 -15. Since most of the activities were interdependent and sequential, shortfalls in achievements of one activity impacted the implementation of the subsequent activities, as enumerated below:

- Shortfalls in demarcation of coupes led to delays in marking of trees and their felling. As the felling could not be carried as planned, the revenue in five¹⁶ of 13 selected Divisions dipped from ₹ 130.54 crore in 2011-12 to ₹ 84.20 crore in 2014-15.

14 A defined area of forest land of variable size on which harvesting takes place usually over one year

15 Two Divisions (Nandurbar and Alibag) did not prepare any WP and one Division (Sangli) did not furnish Action Taken Reports showing achievement of targets

16 Allapalli, Bhamragarh, Gadchiroli, Sironcha and Roha

- Shortfalls in plantation, cut-back operations and cleaning works impacted the natural as well as artificial regeneration. Besides, shortfalls in these activities were one of the reasons for the declining forest cover¹⁷ in three districts (Gadchiroli, Jalgaon and Thane) of seven¹⁸ selected Divisions from 9,82,100 ha in 2010 to 9,80,000 ha in 2015.
- Shortfalls in boundary maintenance and fire tracing works had a direct bearing on fire incidences which increased from 386 in the 2010-11 to 534 in 2014-15 in seven¹⁹ selected Divisions.

The GoM accepted the facts and stated that naxal activities and non-availability of funds in time were the main reasons for under-achievement of WP targets.

2.1.8.2 Inadequacies in implementation of plantation programme

For a successful plantation programme, the survival percentage, according to the norms²⁰, should be at least 40 *per cent* and above after three years of plantation. If survival percentage stands at 20 to 40 *per cent* then, it would be deemed as partially successful; otherwise, it would be deemed as failed plantation.

During 2010-15, 12 of 13 selected Divisions planted 7.12 lakh saplings on 632 ha in 24 sites at a cost of ₹ 4.99 crore. Audit examined the survival percentage reports maintained by 12 Divisions to check the survival status of plantation and also visited 24 sites along with the representatives of MFD to see the physical status of plantation works. Examination of survival percentage reports and site visits by audit revealed the following:

- In five of 24 sites where an expenditure of ₹ 33.34 lakh was incurred on plantation works, the survival percentage was found to be less than 20 *per cent* in four sites (complete failure) and 24.56 *per cent* in one site (partially successful).
- Plantation registers and measurement books containing details of plantation works and grid-wise information on plantation respectively were not being updated in three of 24 sites.
- In two sites namely, Kandari (plants: 33,030; area: 30 ha; cost: ₹15.32 lakh) and Nagaj (plants: 10,000; area: 13 ha; cost: ₹11.20 lakh) which fall in Jalgaon and Sangli Divisions respectively, the survival claims made by the Divisions (63 and 42 *per cent*) were found to be overstated, as upon joint physical verification in May 2015, few live plants were found at these two sites. The photographs of two sites are appended below.

17 As per ISFR 2011 and 2015 published by Forest Survey of India, Dehradun

18 Allapalli, Bhamragarh, Sironcha, Jalgaon, Yawal, Gadchiroli and Thane

19 Allapalli, Bhamragarh, Gadchiroli, Jalgaon, Yawal, Roha and Thane

20 Evaluation Code, 1969 of MFD



Kandari, Jalgaon Division



Nagaj, Sangli Division

The GoM attributed the reasons for failure of plantation to grazing by cattle, non-deployment of Chowkidars, damage caused by wild boars. As regards Kandari and Nagaj plantation sites, it was stated that some of the seedling are not seen as they die during summer and again sprout after the onset of monsoon. It added that records of old plantations have been traced and being updated.

2.1.9 Management of CAMPA funds

2.1.9.1 Inadmissible expenditure from CAMPA funds

Compensatory Afforestation Fund Management and Planning Authority (CAMPA) are meant to promote afforestation and regeneration activities as a way of compensation for forest land diverted for non-forest uses. The Supreme Court approved the guidelines prepared by the MoEF for utilising CAMPA funds by an agency to be constituted in the States and to be known as the State CAMPA.

As per CAMPA guidelines issued (July 2009) by MoEF, money available in CAMPA is to be utilized for development, maintenance and protection of forests and wildlife management as per approved Annual plan of operations (APOs)²¹. The National CAMPA Advisory Council (NCAC) of MoEF categorically excluded (June 2010) certain items of expenditure *viz.*, administrative expenditure; expenditure on strengthening of infrastructure at Forest Headquarters; POL expenditure on vehicles; construction, repairs and renovation of offices/residential buildings, forest rest houses and ministerial staff quarters; and purchase of vehicles from CAMPA funds.

Contrary to the CAMPA guidelines and NCAC directives, the PCCF (HoFF) released ₹ 16.49 crore from the State CAMPA to CCF, Pune during 2010-11 for construction of 'Van Bhavan' at Pune by including the same in APO of 2010-11. Further, one Circle Office (Amaravati) and two²² selected Divisions incurred an expenditure of ₹ 2.66 crore from the State CAMPA funds on construction of training academy, road works, construction of compound walls of rest house, repairing and colouring of Division office *etc.* This resulted in deprivation of funds to the extent of ₹ 19.15 crore for compensatory afforestation programme.

²¹ Annual plan of operations (APOs), prepared by the State Forest Departments and approved by MoEF, describe in detail various components of works to be undertaken from CAMPA account, such as, compensatory afforestation works and works taken up under NPV components

²² Sangli and Thane

The GoM stated that expenditure on '*Van Bhavan*' was incurred from CAMPA funds since directives of the NCAC regarding prohibition of certain items of expenditure from CAMPA account was received after the approval of APO 2010-11 by the Steering Committee. The GoM added that the expenditure of ₹ 2.66 crore on other construction works was incurred with the approval of the Executive Committee of the State CAMPA.

The reply is not acceptable because, the proposal for construction of '*Van Bhavan*' could have been retracted from the APO 2010-11 once the directives of NCAC became available in June 2010. Also, the expenditure of ₹ 2.66 crore was incurred without the prior approval of the MoEF and therefore, irregular.

2.1.9.2 Non-transfer of reserve funds into ad-hoc CAMPA account

The Supreme Court of India observed in May 2006 that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'ad-hoc CAMPA') till CAMPA became operational. The Court directed that all monies recovered on behalf of CAMPA and lying with various offices of the State Government should be transferred to ad-hoc CAMPA account being administered by MoEF. The MFD issued (July 2008) directions to the field offices that monies received from the user agencies²³ prior to formation of ad-hoc CAMPA and kept in reserve fund should be transferred to the ad-hoc CAMPA account.

Scrutiny of Finance Accounts of GoM for the year 2010-14, however, revealed that ₹ 38.33 crore kept in reserve funds was yet to be transferred to ad-hoc CAMPA account (December 2015). Similarly, ₹ 2.08 crore lay in the reserve funds in seven²⁴ of 13 selected Divisions. This not only resulted in idling of ₹ 38.33 crore for more than nine years (2006 to 2015), the State Forest Department was also deprived of the CAMPA funds to that extent or its proportion thereof, for implementation of various compensatory afforestation programmes.

The GoM accepted the facts and assured that the amount would be transferred to ad-hoc CAMPA after reconciliation.

2.1.9.3 Non-recovery of net present value

The MoEF directed (October 2006) all the States and Union Territories to recover NPV of the forest land diverted for non-forest purposes for those cases also for which in-principle approval was granted before 30 October 2002, and for which final approval has either already been granted on or after 30 October 2002.

Audit observed that in respect of 32 projects in Maharashtra, user agencies to whom final approval for use of 478.81 ha of forest land for non-forestry purpose was granted after October 2002 did not pay NPV amounting to ₹ 30.18 crore as of December 2015.

²³ User agencies are project proponents (public or private) who have applied to the Forest Department for diversion of forest land for non-forestry purposes

²⁴ Alibag, Gadchiroli, Jalgaon, Sangli, Satara, Sironcha and Yawal

The GoM stated that the Secretaries of the concerned user Departments as well as other user agencies had been requested to pay the NPV at the earliest.

2.1.10 Loss of revenue

Forest products play an important part in the socio-economic development of the state. In addition to meeting the *bona fide* needs of the villagers residing in and around forest areas, sale of forest products contributes substantially to the state exchequer. Important forest products are timber, fuel wood, bamboo and many non-wood forest products like tendu patta, mahua flowers *etc.*

2.1.10.1 Loss due to non-exploitation of bamboos

As per WP prescriptions, the bamboo coupes are divided into three felling series and each felling series becomes due for harvesting after every three years. Non-exploitation of bamboo coupes also blocks regeneration of new shoots which becomes exploitable after three years.

During 2010-15, four²⁵ of 13 selected Divisions did not carry out bamboo harvesting as targeted in the WPs, resulting in shortfall of 23 to 94 *per cent* in the area actually exploited *viz-a-viz* area due for exploitation. Consequently, an estimated revenue of ₹ 37.52 crore during 2010-15 was lost due to non-harvesting of bamboos.

The GoM stated that bamboos are grown mainly in Chandrapur and Gadchiroli Forest Circles, which are affected by anti-social elements. As a result, it badly disrupts the work of bamboo exploitation and at times, the work had to be stopped. Despite the constraint, there was no theft of bamboos and the growing stock remained unaffected and always available for harvesting in future. As such, there was no loss to the Government.

The reply is not acceptable because, (a) as on January 2015, MFD had a shortage of 890 Foresters and Forest Guards. Deployment of adequate number of front-line operational staff could have helped address the problem of anti-social elements to a large extent and also facilitated uninterrupted harvesting of bamboo in the region. Further, a brief prepared by MFD in February 2015 indicated that due to under-deployment of operational staff, there was a loss of ₹ 42.65 crore and ₹ 1.09 crore on account of illicit cutting of trees and fire incidents respectively. Besides, forest area admeasuring 71,876 ha was also under encroachment; and (b) if bamboo is not harvested from a felling series in a particular year, that felling series can be harvested only after three years, which invariably impacts the revenues, due to deterioration in quality of bamboo.

2.1.10.2 Incorrect adoption of upset price

As per Government Resolution issued (November 1980) by the Revenue and Forest Department, the CCFs were required to prepare and communicate the schedule of rates (SoRs) for each species and grade of

²⁵ Allapalli, Bhamragarh, Gadchiroli and Sironcha

timber on yearly basis for each sale depot under their jurisdiction for fixation of upset prices²⁶ for auctions. In case, the average of actual sale price of timber for the previous three consecutive auctions turns out to be more than the price arrived at on the basis of SoR, the average sale price would be the upset price.

Audit observed that CCF, Gadchiroli delayed the preparation and communication of SoRs to the sale depots under his jurisdiction by six to eight months for each species and grade of teakwood. Consequently, for auction of 7,323.64 cum of teakwood conducted during 2011-14, the CF, T&M Division, Ballarshah fixed the upset price at previous years' SoRs which were lower than the current SoRs applicable to the year of auctions as well as the average of actual sale price of timber for the previous three consecutive auctions.

The GoM stated that upset price was only for guidance for approval of rates quoted by the bidders and therefore, the SoRs had no bearing on the rates obtained in the open auction from the bidders. However, the CCFs had been directed to approve and communicate the SoRs in time.

The reply is not convincing because, as per Government Resolution of November 1980, the upset price was to be fixed with reference to the SoRs of the current years.

Further, in nine auctions selected randomly by audit from 113 auctions concluded during 2010-15, though the average of actual sale price of timber for previous three consecutive auctions was higher than the SoR, CF, T&M Division, Ballarshah fixed the upset price below the average price. On further scrutiny of the sale registers, audit observed that the sale proceeds from auctions were lower than the estimated proceeds that would have accrued if the average sale price had been reckoned. This resulted in loss of revenue of ₹ 1.26 crore in nine auctions. The loss worked out would have been more if a larger sample had been selected and scrutinized by audit.

The GoM stated that though the upset price was fixed by adopting wrong method, the loss cannot be inferred on the basis of upset price. However, instructions had been issued to CF (T&M), Ballarshah to follow the correct procedure.

2.1.10.3 Loss on account of under-utilization of a saw mill

In Maharashtra State, MFD has been operating one saw mill at Allapalli since 1964. The mill has 10 'Aara' machines of which, only three were in working condition with cutting capacity of 4.5 cum wood per day. During 2010-15, the saw mill was operated at 0.71 cum per day and the revenue realized was only ₹ 0.21 crore, against the operational expenditure of ₹ 2.44 crore incurred during the same period. The under-utilization of the saw mill during 2010-15 resulted in loss of ₹ 2.23 crore.

The GoM stated that the cutting charges would be revised to reduce the gap

²⁶ Minimum reserve price fixed by Divisions for any item offered for auction or public sale

between running cost and revenue realised and suitable action would also be taken to turn the saw mill into a viable unit.

Recommendation 3: (i) The Department must ensure that the physical targets approved and included in the working plans are attained timely by the Divisions because, shortfalls in achievement of targets of one activity may have a cascading effect on the achievement of targets of other mutually dependent activities and revenue optimization; (ii) Expenditure on items not permitted to be incurred from the CAMPA funds needs to be discouraged because, it leads to deprival of funds to that extent for compensatory afforestation programme; and (iii) Forest produce should be harvested timely to avoid revenue losses.

2.1.11 Monitoring, evaluation and internal controls

Monitoring and evaluation are crucial for tracking the progress of any scheme, programme or a process with a view to detecting deviations for early corrective action and learn lessons for future planning.

2.1.11.1 Inadequate monitoring of working plans

▪ Non-maintenance of control forms

Coupe control forms are to be prepared and maintained by the WP Divisions for monitoring of all silviculture operations, such as, felling, cleaning, cut-back operations, thinning *etc.* for the WP period. Similarly, felling control forms are also to be maintained by the WP Divisions for monitoring the records of all trees marked for felling and trees retained.

Audit observed that five²⁷ of six selected WP Divisions did not maintain the control forms and therefore, critical information on various silviculture operations including felling of aged trees was not available with these WP Divisions. As a result, the revenue generating activities could not be adequately monitored by the WP Divisions.

The GoM accepted the facts and stated that instructions were being issued to CCFs for regular submission of control forms for adequate monitoring of forestry works.

▪ Delay in approvals to deviation proposals

As per National Working Plan Code, 2004, if no silviculture operations are carried out or if any activity is not consistent with the WP, it would be treated as a deviation from the approved WP.

Audit observed that four²⁸ of 13 selected Divisions during 2010-14 sent deviation proposals involving an area admeasuring 30,370.73 ha to their concerned CFs/PCCF for approval, which were pending (December 2015).

The GoM accepted the facts and stated that follow up of pending deviation proposals would be taken with the respective Cfs.

²⁷ Amravati, Chandrapur, Dhule, Gadchiroli and Kolhapur

²⁸ Allapalli, Sironcha, Bhamragarh and Gadchiroli

2.1.11.2 Non-compliance to observations raised by evaluation wing

The evaluation wing of MFD conducts evaluation of forest development works to assess their quality and standards and to suggest improvements in the implementation. Audit observed that the evaluation wing of MFD has been conducting evaluation of forest development works round the year and evaluation reports²⁹ were being prepared painstakingly that offered a host of remedial measures and action points which had the potential to ensure a marked improvement in the Department's performance. However, compliance by the Divisions to the observations and the recommendations made by the evaluation wing was dismal. Information furnished by CCF (Evaluation) revealed that of 1,945 observations raised by the evaluation wing during 2010-15, 1,625 observations (84 *per cent*) were outstanding against 51 Divisions.

The GoM stated that the matter was being looked into seriously and directions had been issued to all the CCFs in this regard.

2.1.11.3 Outstanding forest revenue

In 13 selected Divisions, forest revenue of ₹ 12.34 crore was outstanding for recovery in 1,494 cases as of December 2015 (the oldest case being more than 80 years old). Of the total outstanding revenue of ₹ 12.34 crore, ₹ 0.30 crore was on account of non-adjustment of challans; ₹ 5.92 crore had been intimated to the Revenue Department for effecting recoveries; ₹ 2.12 crore was on account of pending final court decisions; ₹ 0.43 crore was due from Forest Labour Cooperative Societies; ₹ 0.44 crore was due from Tribal Development Corporation; ₹ 2.47 crore was due from forest contractors; and the remaining ₹ 0.66 crore was categorized as miscellaneous.

The GoM stated that the matter was being pursued at the highest level to effect maximum recoveries.

2.1.11.4 Deficient internal controls

Internal control system is a management tool to provide reasonable assurance that applicable rules and regulations are followed in operations and reporting. The internal controls in MFD were deficient as under:

- In three³⁰ of 13 Divisions, there was a difference of ₹ 1.25 crore in the closing balances of personal ledger account cash books and treasury pass books.
- Maharashtra Budget Manual, 1977 prescribes maintenance of budget control register in order to monitor the demand, receipt and disbursement of funds. However, the same was not being maintained in two selected Divisions (Satara and Sangli).

²⁹ Three types of Evaluation Reports are prepared *i.e.* Evaluation of pre-plantation operation works; 3rd year plantation works; and 10th year plantation works

³⁰ Allapalli, Bhamragarh and Sironcha

- In two selected Divisions (Sangli and Yawal), physical verification of stock registers was not being carried out by the DFO/DCF. Also, the entries made in the stock registers were not being attested by the DFO/DCF.
- Surprise monthly physical verification of cash balances was not being conducted by the DCFs in four³¹ Divisions.
- As of March 2015, 735 observations raised by the internal audit wing of MFD were pending for compliance by the Divisions.
- Three Divisions (Sangli, Thane and Gadchiroli) allotted civil and plantation works valuing ₹ 2.94 crore to the contractors without inviting tenders, in violation of extant orders of MFD issued in February 1993. Further, a cash payment of ₹ 1.15 crore was made by Thane Division to contractors, in violation of the extant orders.

The GoM stated that instructions have been issued to all the Divisions to rectify the deficiencies pointed out by audit in the system of internal controls. The GoM added that cash payment of ₹ 1.15 crore was made by Thane Division due to the urgent nature of work.

Recommendation 4: The monitoring of working plans by the Department should be robust for timely detection of deviations and initiation of early corrective action. The Divisions should demonstrate a proactive approach to the observations/ recommendations made by the Evaluation Wing so as to minimize losses and maximize efficiency. The internal control mechanism should be strengthened to ensure that rules and regulations are scrupulously followed in planning, operations and management of forestry works.

2.1.12 Best practices

A field visit to Gadchiroli Forest Circle (January 2015) revealed that the Circle Office has taken a number of initiatives to reduce the dependence of tribal community on forest resources, create alternative employment opportunities and protection of environment. The initiatives include manufacture and sale of agarbattis by the tribal community, vocational training, energy conservation activities (solar lamps), smokeless chullahs *etc.*

Further, with a view to make patrolling more efficient, MFD procured 6,415 personal digital assistance (PDA) devices and issued to Foresters enabling them to send instant e-mails and messages to higher authorities the moment any forest offence is detected, such as, felling, poaching, encroachments, fire incidents, pilferages *etc.* Till December 2015, around 6,800 offences have been registered on PDA and reported to higher authorities.

³¹ Allapalli, Gadchiroli, Bhamragarh and West Melghat

2.1.13 Conclusion

Despite implementation of State Forest Policy since 2008, constitution of various Committees/Board and spending nearly ₹ 4,893 crore since 2010-11, the forest cover in the State over a period of eight years remained stagnant at 16.45 *per cent*. Substantial land under 'Zudpi Jungle' and private forest land were not brought under the reserved/protected category. Consequently, no forestry management, development and conservation activities could be taken up in these lands by the State Forest Department. There was also delay in notification of mangroves by the State Government. The long-term planning for management of forest was not holistic as 15 of 51 Forest Divisions in the State, whose working plans had expired between 1989-90 and 2013-14, were either continuing with the old working plans or no plans at all. The gap between the funds demanded by the State Forest Department and that released by the State Government during 2010-15 was as high as 51 *per cent*. The outlay for the forestry sector in the State was only one *per cent* of the total plan outlay during 2010-15 against the minimum of 2.5 *per cent* recommended by the National Forest Commission in 2006. The apportionment of forest development tax to the Department was meager, which could not stand as an additional viable source of funding to support forest development activities in the State. There was a shortfall of 28 to 84 *per cent* in achievement of the physical targets fixed in the working plans by 10 of 13 selected Divisions. Since most of the activities were interdependent and sequential, shortfalls in achievements of targets in one activity impacted the implementation of the subsequent activities included in the working plans. CAMPA funds parked in the reserve funds of the State were not transferred to the ad-hoc CAMPA account being administered by the Ministry of Environment and Forest, GoI and the net present values for use of forest land for non-forestry purposes were not recovered from the user agencies and other Departments. The bamboo coupes were not harvested by the Divisions as per the targets laid down in the working plans resulting in massive shortfalls in revenue realization. The monitoring, evaluation and internal controls in the Department were weak.