

**CHAPTER – V**  
**FOREST**  
**DEPARTMENT**



## Chapter-V FOREST DEPARTMENT

### Compliance Audit on “Diversification of Forest Land and Management of Compensatory Afforestation Funds in Madhya Pradesh”

#### Summary

Audit scrutinized the records relating to the diversion of forest land and the expenditure from the Compensatory Afforestation Funds covering the period 2017-18 to 2019-20. Audit conducted detailed scrutiny of records in 17 Forest Divisions out of 100 Divisions and in the office of the Principal Chief Conservator of Forest (CAMPA). During the scrutiny of records, Audit noticed the following:

- *Non-adherence to specified procedures for forest land diversion, Irregularities in transfer and use of diverted forest land, Irregular diversion of forest land without authorisation, Non/Short transfer of land for Compensatory Afforestation in lieu of diverted forest land, Protected/Reserved Forests not notified, Non-compliance of conditions of sanction, Short/Non-recovery of charges in lieu of diversion of forest land, etc.*
- *Irregularities in implementation of Compensatory Afforestation, Erroneous site selection for afforestation under CAMPA, etc.*
- *Deficiency in plantations against targets, Failure of Compensatory Afforestation plantations.*
- *Unwarranted expenditure on eradication of weeds, Expenditure on ineligible activities under CAMPA, Irregular expenditure on plantations using CAMPA fund.*
- *Doubtful expenditure on Compensatory Afforestation, Irregularities in fund management and procurement, Non-maintenance of separate bank accounts for management of CAMPA funds, Non-maintenance/upgradation of records.*

***These instances of shortcomings, in aggregate, involved an overall impact of ₹ 364.83 crore.***

#### 5.1 Introduction

Forests and forest ecosystem serve entire communities and the forest resources meet the needs of the millions. The well-being and socio-economic development of forest fringe dwellers, villagers and others are wholly or in parts dependent on forests. As such, deforestation, and forest degradation as a result of diversion of forest land (for non-forestry purposes) have adverse consequences on lives of people and communities.

Forest land can be diverted for non-forest purposes only with the prior approval of the Government of India. The Ministry of Environment, Forest & Climate Change (MoEFCC) accords clearance to the projects/proposals for diversion of forest land under the provisions of Forest (Conservation) Act, 1980 (FCA). While according clearance to projects on forest land, the MoEFCC imposes measures/restrictions in the form of general, standard and specific conditions such as, levy of Net Present Value (NPV), fund for raising Compensatory Afforestation (CA), Catchment Area Treatment (CAT), reclamation of mines and activities related to protection of biodiversity and wildlife at the project cost. CA is to be carried out in

non-forest land/degraded forest (canopy density<sup>1</sup> less than 0.4) identified for the purpose. As per the State of Forest Report, 2019, the open forest<sup>2</sup> inside recorded forest area in State of Madhya Pradesh was 28,223 sq. km. (43.59 per cent of forest cover) whereas as per the 2017 Report, it was 27,904 sq. km. (43.28 per cent of forest cover). Thus, there was increase in open forest in the State by 1.13 per cent between 2017 and 2019.

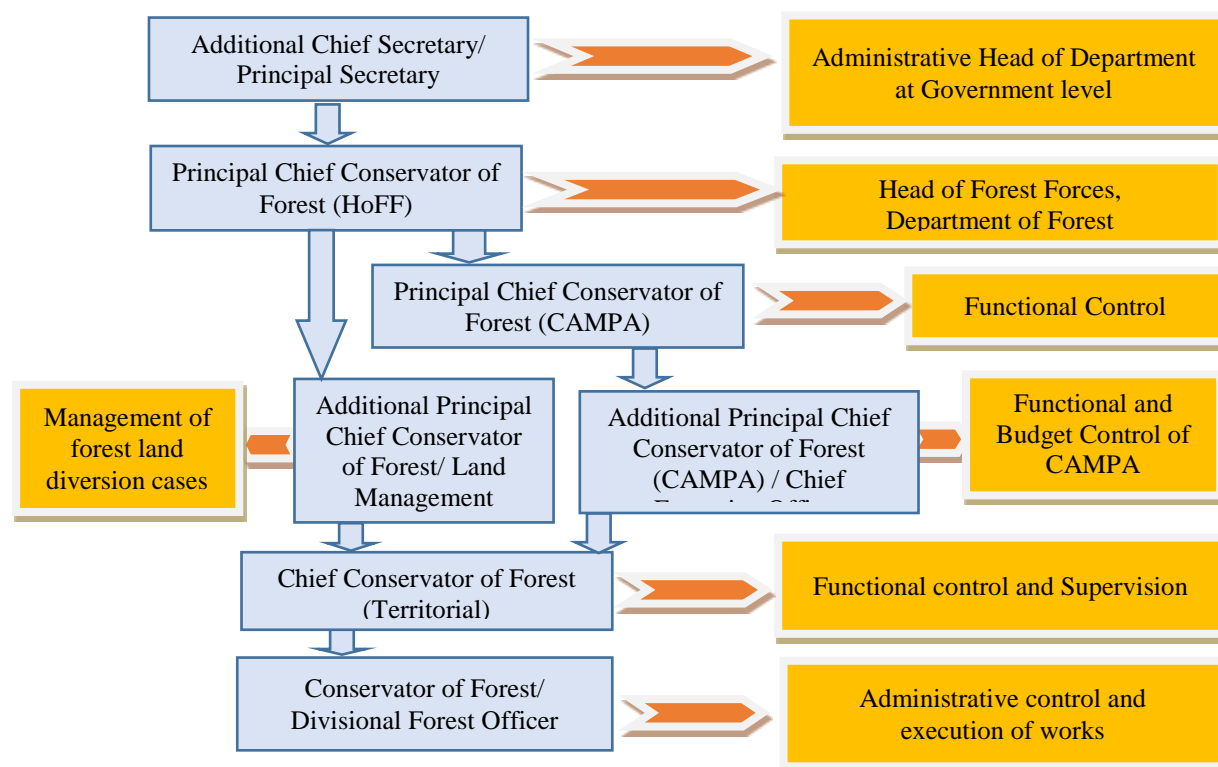
An *Ad-hoc* Compensatory Afforestation Management and Planning Authority (CAMPA) was created (May 2006) under the directions<sup>3</sup> of the Hon'ble Supreme Court as an instrument to accelerate activities for preservation of natural forests, management of wildlife, infrastructure development in the sector and other allied works. MoEFCC formulated (July 2009) guidelines for the States for utilisation of funds lying with the *ad-hoc* CAMPA.

The National CAMPA and State CAMPA were created (August 2009) for management of compensatory funds and mitigation activities. Further, the Compensatory Afforestation Fund Act, 2016 (CAF) was enacted on 3 August 2016. The State CAMPA serves as a common repository of the compensatory funds levied on account of mitigation activities.

## 5.2 Organisational Set up

Forest Department, Madhya Pradesh is headed by the Additional Chief Secretary/ Principal Secretary at the Government level. Principal Chief Conservator of Forests (PCCF), Head of Forest Force is the head of the Department. Management of CAMPA is done by Chief Executive Officer (CEO), CAMPA at the headquarter level, who is supervised by PCCF (CAMPA). Additional Principal Chief Conservator of Forests, Land Management (APCCF, LM) deals with the cases of diversion of forest land for non-forestry purposes. Management of Compensatory Afforestation Fund and processing of cases of diversion of forest land is done by the Divisional Forest Officers (DFO) at Division level.

Chart 5.1: Organisational Set up



<sup>1</sup> Canopy density is defined as the ratio of sun light blocked by the vegetation to total sun light falling over the forest.

<sup>2</sup> Area having forest cover with canopy density between 0.1 and 0.4.

<sup>3</sup> T.N. Godavarman Thirumulpad vs Union of India & Others, Writ Petition (Civil) No. 202 of 1995

Each Division is further divided into various ranges and the CF/ DFO is assisted by Sub Divisional Officer (SDO) who in turn is assisted by Range Officers (RO) at the Range level. The RO is assisted by Deputy RO, Foresters and Forest Guards.

### 5.3 Audit Objectives and Criteria

Audit was conducted between July 2020 and March 2021 with a view to ascertain whether:

- the diversion of forest land for non-forestry purposes was approved by the Competent Authority and the conditions stipulated therein have been complied with;
- the activities were executed in accordance with the objectives of State CAMPA and as per the guidelines issued by MoEFCC/National CAMPA Advisory Committee; and
- monitoring and evaluation mechanisms were in place and working as envisaged.

Audit criteria for the compliance audit were derived from:

- Indian Forest Act, 1927
- Forest (Conservation) Act, 1980 and Forest (Conservation) Rules, 2003,
- Compensatory Afforestation Fund Act, 2016 and Compensatory Afforestation Fund Rules, 2018,
- Scheduled Tribes and other Traditional Forest Dwellers (Forest Rights Recognition) Act, 2006,
- Madhya Pradesh Treasury Code,
- Madhya Pradesh Finance Code,
- State CAMPA and MoEFCC Guidelines, and the orders issued by Hon'ble Supreme Court and GoMP from time to time.

### 5.4 Audit Methodology

Audit covered the period from 2017-18 to 2019-20 and test checked the records related to diversion of forest land and the expenditure from CA Fund in the office of the PCCF (CAMPA) and 17 Divisions<sup>4</sup> out of 100 Divisions.

An Entry Conference was held with the Principal Secretary (Forests) in November 2020 and the Exit conference was held with PCCF (Land Management and CAMPA) in May 2022.

### 5.5 Allotment and Expenditure

The CA Fund is created with the amounts received for the Compensatory Afforestation, Net Present Value (NPV), Catchment Area Treatment (CAT), etc. from the agencies which use the forest land. The allotment of funds for CA, protection and conservation works during 2017-20 is shown in **Table 5.1**.

**Table 5.1: Allotment and Expenditure during 2017-20**

(₹ in crore)				
Sl. No.	Year	Funds received	Expenditure <sup>5</sup>	
1	2017-18	234.82	228.55	
2	2018-19	170.29	269.33	
3	2019-20	318.28	342.00	
<b>Total</b>		<b>723.39</b>	<b>839.88</b>	

(Source: Records of Forest Department)

<sup>4</sup> Anuppur, East Chhindwara, Khargone, Khandwa, Indore, Ratlam, Bhopal, Singrauli, South Shahdol, North Sagar, South Sagar, Nauradehi, Hoshangabad, Gwalior, Chhatarpur, North Betul, and Managing Director, Madhya Pradesh State Forest Development Corporation Limited.

<sup>5</sup> The Agency received an additional amount of ₹ 123.66 crore as interest during 2016-17 to 2019-20.

## 5.6 Details of diversion of forest land

Details of cases involving the diversion of forest land for the non-forestry purposes and total forest land diverted during 2017-20 are shown in **Table 5.2** below:

**Table 5.2: Cases of diversion of forest land and total forest land diverted during 2017-20**

Sl. No.	Year	No. of Cases	Total Diverted Land (in hectare <sup>6</sup> )
1	2017-18	34	4430.693
2	2018-19	30	5890.522
3	2019-20	29	1945.462
<b>Total</b>		<b>93</b>	<b>12266.677</b>

(Source: Records of Forest Department)

## Audit Findings

### 5.7 Diversion of forest land

Audit observations related to deficiencies in diversion of forest land are discussed in the succeeding paragraphs:

#### 5.7.1 Non-adherence to procedures in proposals for forest land diversion

The Government of Madhya Pradesh (GoMP), Forest Department instructed (November 2010) that in cases of land diversion up to one hectare<sup>7</sup> (Ha), the DFOs can approve the diversion provided that the certificate of the concerned *Gram Sabha* and District Collector is obtained in respect of completion of identification and settlement of forest rights under Scheduled Tribes and Other Traditional Forest Dwellers (Forest Rights Recognition) Act, 2006 (FRA). According to Section 3(2) of FRA, land diversions for 13 social utilities<sup>8</sup> have been exempted from adhering to the provisions of FCA, 1980, which implies that the diversion will not require payments such as NPV, funds for raising CA, medicinal plantation, etc. Further, in respect of diversion of forest land exceeding one Ha, the proposal for diversion of forest land is submitted by the User Agency to the DFO, who on verification of facts mentioned therein, approves the proposal for the diversion of forest land and forwards the proposal to the State Government. The State Government accordingly verifies the facts and forwards the proposal with recommendation for approval of MoEFCC.

During scrutiny of records in 17 Divisions for the period 2013-14 to 2019-20, following irregularities were noticed in the cases of forest land diversion:

- We noticed in 122 cases of diversion of forest land in five Divisions<sup>9</sup> (out of 678 cases in the concerned Divisions) that for an area of 60.01 Ha, involving less than One Ha of forest land diversion in each case, were approved by the concerned DFOs without obtaining certificates of *Gram Sabhas* and District Collectors even though the diversion was approved citing the provisions of the FRA.
- In another seven cases involving diversion of 272.77 Ha in Singrauli, South Sagar and Gwalior Divisions (above One Ha each), the approvals were obtained from the MoEFCC. While granting approvals, the MoEFCC sanctions clearly stipulated that

<sup>6</sup> One hectare represents 10,000 sq. m.

<sup>7</sup> In Naxal-affected Divisions, the power has been granted up to five hectares.

<sup>8</sup> Schools, Dispensary or Hospital, Anganwadis, Fair Price Shops, Electric and Telecommunication lines, Tanks and other minor water bodies, Drinking water supplies and Water pipelines, Water or rainwater harvesting structures, Minor Irrigation Canals, Non-conventional source of energy, Skill upgradation or Vocational Training Centers, Roads, and Community Centers.

<sup>9</sup> Anuppur, Singrauli, South Shahdol, South Sagar and Hoshangabad.

certificates were to be obtained from the concerned District Collectors to the effect that the settlement of rights<sup>10</sup> under FRA has been completed. However, the concerned DFOs did not obtain the certificates in violation of the MoEFCC orders. Thus, the status of the rights of the forest dwellers over the aforesaid forest land was not ascertained by the Divisions. The details are given in **Appendix 5.1**.

In reply, the Government stated (October 2022) that under the FRA, 2006 and FCA 1980, only the approval of the concerned *Gram Sabha* and District Collector is sufficient, and the FRA certificate is not required.

The reply is not acceptable as the *Gram Sabha* and Collectors in similar other cases had issued FRA certificates before the diversions could be approved. Furthermore, the MoEFCC, in all the cases, while approving diversions, clearly instructs the concerned State Government to ensure compliance with FRA, 2006 by way of obtaining necessary certificates from *Gram Sabha/ Collectors*. This clearly proves that the certificates are very much essential and no diversions are to be approved without adhering to the contained FRA provisions.

- The DFO, Hoshangabad approved (February 2016) the diversion of 0.567 hectares forest land for High Tension electric line in favour of Madhya Pradesh Power Transmission Company Limited for Electrification of Jabalpur-Itarsi Railway Line under FRA, 2006. As the construction of High-Tension Electric line was a commercial activity and not covered under FRA, the approval of land diversion was required under the provisions of FCA, 1980. Thus, the non-application of FCA, 1980 resulted in exemption of payments for NPV, CA, Medicinal Plantation, etc.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that the issues would be verified, and a detailed reply would be given.

The Government however, did not reply (January 2023) on the above.

- The Handbook of Guidelines for Forest (Conservation) Act, 1980 and Forest Conservation Rules, 2003 (issued in May 2004 by MoEFCC) stipulates that the ecological and environmental losses and economic distress caused to the people who are displaced should be weighed against the economic and social gains, while considering proposal for diversion of forest land for non-forestry use.

Audit observed that the cost-benefit analysis was not carried out in respect of five cases (out of 678 cases) involving 658.53 Ha of forest land diversion in four Divisions<sup>11</sup>. In another four cases<sup>12</sup> involving 336.33 Ha, the analysis was done erroneously as several factors such as the total area and true value of fodder (having a notional value of ₹ 1.02 crore) were either not accounted for or were wrongly calculated and the projects were depicted as beneficial as detailed in **Appendix 5.2**.

Thus, besides causing ecological and environmental hazards, these projects resulted in economic loss to the dependent people without a comparable asset creation.

Reply of the Government is awaited (January 2023).

<sup>10</sup> Settlement of rights means that the Department has to ensure that the claim of rights of tribals and traditional forest dwellers such as holding of and living in the forest land, accessibility to collect use and right to dispose of minor forest produce, etc. are not pending.

<sup>11</sup> Singrouli, Nauradehi, South Shahdol, and Bhopal (for the period from 2014-15 to 2018-19).

<sup>12</sup> Upgradation of NH-69, Bathura Open Cast Mines, Methane Gas Extraction Project, Shahdol, and Surajpura Tank.

### 5.7.2 Irregularities in transfer and use of diverted forest land

As per Part- II of Form 'A' prescribed under Rule 6 of Forest Conservation Rules, 2003, while seeking the diversion of forest land for non-forestry purposes, it is the responsibility of the DFO to verify the requirement of forest land and certify that it is unavoidable and barest minimum for the project.

- Audit noticed that the Department diverted 2,731 Ha of forest land in favour of Narmada Valley Development Corporation (NVDC) for Sardar Sarovar Project in September 1987. However, 2,809.943 Ha forest land was submerged under the Project. Chief Conservator of Forests (LM) intimated (January 2008) this to Inspector General (Forest Conservation), MoEFCC and requested to accord sanction of GoI in this regard. However, even after a lapse of 13 years, due to laxity in pursuance, revised sanction of MoEFCC had not been received and 78.943 Ha of forest land was being used for non-forestry purpose in violation of FCA, 1980.

In reply, the Government stated (October 2022) that in the meeting held (June 2017) to discuss the issues, the User Agency was asked to submit the FRA<sup>13</sup> Certificate and the User Agency has been instructed to submit an online proposal for seeking approval for the additional area diverted. The same is awaited (January 2023).

- Audit observed that in 10 cases involving three Divisions<sup>14</sup>, four User Agencies<sup>15</sup> applied for the diversion of 32 Ha of forest land for construction of roads. The requirement was based on the width of roads, which ranged from 8.90 metres to 18.08 metres. However, the DFOs, while approving the diversion, considered the width of the roads between four and eight metres, and accordingly approved the diversion of 20.23 Ha of forest land as against the 32 Ha demanded by the User Agencies.

For short transfer of 11.77 Ha of forest land NPV amounting to ₹ 1.21 crore was realisable but could not be realised. The details are in **Appendix 5.3**.

In reply, the Government stated (October 2022) that land was diverted according to the demand and the user agencies were not permitted to execute work on any additional forest land over what was actually approved for diversion.

The reply is incorrect because verification of departmental records revealed that in respect of two User Agencies<sup>16</sup> the actual diversion exceeded the sanctioned diversion. The concerned DFO<sup>17</sup>, had accordingly called for explanation from the User Agency (MPRRDA) in this regard. Thus, the possibility of illegal diversion by the other User Agencies as well, cannot be ruled out.

### 5.7.3 Irregular diversion of forest land without authorisation

MoEFCC approved (April 2018) diversion of 16.392 Ha of forest land in Singrauli Division<sup>18</sup> to a User Agency (M/s Northern Coalfields Ltd) for an open cast coal mine.

Audit observed that as against the approved forest land diversion of 16.392 Ha, the Department transferred 35.972 hectares to the User Agency. The transfer was done in two phases-19.58 Ha in October 2018 and thereafter an additional 16.392 Ha was transferred in September 2020.

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<sup>13</sup> Scheduled Tribes and Other Traditional Forest Dwellers (Forest Rights Recognition) Act, 2006

<sup>14</sup> Anuppur, South Shahdol and South Sagar.

<sup>15</sup> Madhya Pradesh Rural Road Development Authority (MPRRDA), Rural Engineering Services Department, Madhya Pradesh Road Development Corporation (MPRDC) and Public Works Department.

<sup>16</sup> MPRRDA and MPRDC.

<sup>17</sup> DFO (General), Anuppur

<sup>18</sup> Compartment No. P-266.



There were neither any recorded reasons to justify the transfer of additional land nor was the same authorised by the MoEFFCC. This resulted in irregular transfer of 19.58 Ha forest land in violation of the provisions of FCA, 1980.

In reply, the Government stated (October 2022) that the above incidence had occurred due to error caused by the DFO.

The reply is silent on the action to be taken against the concerned Division/Official for the violation of the provisions of the FCA, 1980 through irregular diversion of forest land without authorisation.

It is recommended that action may be taken against the concerned official who was responsible for irregular diversion.

#### **5.7.4 Non/Short transfer of land for CA in lieu of diverted forest land**

Para 3.2 of Handbook of Guidelines issued (May 2004) by MoEFCC stipulates that CA is to be raised on suitable non-forest land, equivalent to the area proposed for diversion, at the cost to be paid by User Agency. As per Para 3.4 of the *ibid* guidelines, the transfer (of land *in lieu of* diverted forest land) must take prior to the commencement of the Project.

**5.7.4.1** Audit noticed in three cases of three Divisions<sup>19</sup> that 140.95 Ha equivalent revenue land was to be obtained from the User Agencies against the forest land diverted for non-forestry purposes. However, 69.32 Ha non-forest land could not be obtained from User Agencies even after a lapse of 22 months to 52 months after the approval of the MoEFCC, as detailed in **Appendix 5.4**. However, the Department did not make any efforts to receive the land from User Agencies. Thus, the Department transferred forest land without receiving an equivalent land from the User Agencies.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that cases shall be scrutinised.

Reply of the Government is awaited (January 2023).

**5.7.4.2** MoEFCC accorded (May 2014) sanction for the diversion of 35.44 Ha forest land for the construction of a barrage in Anuppur District to the MB Power (MP) Limited. Audit noticed that the User Agency had provided 37.11 Ha non-forest land as against the said approval. However, the land provided by the User Agency contained a road and high-tension lines involving 4.33 Ha. Thus, the effective land provided was 32.78 Ha, resulting in short receipt of 2.66 Ha land which affected the CA activities.

In reply, the Government stated (October 2022) that the land received was in equivalence with the land allotted to the User Agency.

The reply is not acceptable because the land obtained was not equivalent as it contained a part of road and the high-tension lines, which effectively reduced the actual area available for afforestation.

#### **5.7.5 Protected/ Reserved Forests not notified**

General Conditions of approval of forest land diversion by MoEFCC state that the non-forest land which has been transferred and mutated in favour of the State Forest Department for the purpose of CA shall be declared as Reserved Forest (RF) under Section 4 or Protected Forest (PF) under Section 29 of the Indian Forest Act, 1927 (IFA).

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<sup>19</sup> Anuppur, Singrauli and South Shahdol.

Audit observed that in 15 cases involving nine Divisions<sup>20</sup>, 563.79 Ha of non-forest land for CA *in lieu of* diverted forest land was received but the same was not notified as RF or PF under the relevant sections of IFA even after delays ranging from 13 months to 70 months after the approval of the MoEFCC, as detailed in **Appendix 5.4**. Reasons for the delays in notifying the non-forest land as PF/RF were not available in the records produced to Audit. Due to non-notification of non-forest land as RF or PF, the land could not be brought under the ambit of legal provisions and safeguard as envisaged in IFA.

In reply, the Government stated (October 2022) that the process for notification of non-forest land is being expedited. Further progress has not been intimated (January 2023).

### 5.7.6 Non-compliance of conditions of sanction

MoEFCC stipulates project-specific conditions in the sanctions for diversion of forest land for non-forestry purposes. These conditions are in addition to collection of NPV and implementation of CA. The compliance with these conditions is important in order to restore the ecological balance and mitigation of damage made to the environment.

**5.7.6.1** Audit observed that in 28 cases involving 11 Divisions<sup>21</sup>, the conditions of sanctions of MoEFCC were not complied with after approval of the land diversion. The delay in compliance ranged between four months and 84 months (details are given in **Appendix 5.5**). The issues pertaining to non-compliance are discussed in **Table 5.3** below:

**Table No. 5.3: Details of non-compliance with sanction conditions**

Sl No.	No. of diversion cases/ Divisions	Specific condition in the sanction order	Remarks (Delay period)
1.	05/04	Gap plantations were to be carried out to fill the voids in surrounding forest areas of mines.	Not complied (4 months to 56 months)
2.	09/07	Soil and moisture conservation activities were to be carried out	Not complied (4 months to 70 months)
3.	24/10	Diverted forest land was to be clearly demarcated by erecting pillars, fencing or boundary marking.	Not complied (4 months to 84 months)
4.	04/03	Muck Disposal Plans were to be prepared.	Not complied (18 months to 70 months)
5.	03/02	Catchment Area Treatment Plans were to be prepared.	Not complied (10 months to 69 months)
6.	02/02	Reclamation Plans for closed mines were to be executed once mining activities were over.	Not complied (56 months to 68 months)

**5.7.6.2** Detailed Project Report (DPR) is a preliminary document which must be prepared by the concerned Divisions (and must be approved by the Competent Authority) before carrying out plantations and allied activities, including estimates of all the works pertaining to the plantations, *etc.* It is only after the approval of DPRs that project costs can be recovered from the User Agencies.

Audit noticed that out of 40 activities (pertaining to 28 Projects) the DPRs were prepared and approved for 10 activities only. And the project cost amounting to ₹ 1.68 crore had been recovered for nine DPRs whereas project cost of ₹ 52.86 lakh was yet to be obtained from the

<sup>20</sup> Anuppur, Singrauli, Hoshangabad, South Shahdol, East Chhindwara, Gwalior, Chhatarpur, Khandwa and Ratlam..

<sup>21</sup> Anuppur, Singrauli, Nauradehi, Hoshangabad, North Sagar, South Shahdol, South Sagar, East Chhindwara, Gwalior, Chhatarpur and North Betul.

concerned User Agencies. Thus, due to non-preparation of the DPRs plantation activities could not be taken up.

In reply, the Government stated (October 2022) that the requisite actions would be taken.

Further progress has not been intimated (January 2023).

### 5.7.7 *Short/Non-recovery of charges in lieu of diversion of forest land*

According to Rule 8 of Forest Conservation (Rules), 2003, on receipt of in-principle approval, the DFO shall prepare a demand note of compensatory levies to be paid by the User Agency and communicate the same within ten days of the receipt of a copy of the in-principle approval. The User Agency shall, within 30 days of receipt of demand note, make payment of compensatory levies. The charges *inter alia* include the following:

- Net Present Value (NPV) of the forests based on the class and category of forests,
- Compensatory Afforestation Costs based on DPRs,
- Charges for Entry Point Activities, Human Resources Development, and Monitoring & Evaluation at the rate of 12 *per cent*, three *per cent* and 20 *per cent*, respectively of the total project cost of the CA,
- Supervision Charges at the rate of 10 *per cent* of project cost of CA (including Charges for Entry Point Activities, Human Resources Development, and Monitoring & Evaluation), and
- Charges for protection and conservation of wildlife at the rate of 10 *per cent* of the project cost (costs incurred by the User Agency for activities in the diverted forest land).

Issues arising from non/short levy of the aforesaid charges are discussed in the succeeding paragraphs.

#### 5.7.7.1 *Non-recovery of NPV*

The GoMP, Forest Department, issued (December 2003) directions to recover NPV, provisionally at the minimum rate of ₹ 5.80 lakh per Ha. The GoMP in view of orders (March and May 2008) of the Hon'ble Supreme Court, prescribed (September 2008) that NPV will be charged at the rates ranging from ₹ 4.38 lakh to ₹ 10.43 lakh per Ha in accordance with the eco-value and density of the forest. The NPV rates fixed (September 2008) were for a period of three years and were subject to revision thereafter as per judgement (March 2008) of Hon'ble Supreme Court.

Audit noticed in two cases of Khargone and Ratlam Divisions that NPV amounting to ₹ 30.27 lakh<sup>22</sup> on account of diversion of 12.835 Ha of forest land was not recovered by the Divisions.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that, case wise detailed reply would be furnished.

Further reply/progress in this matter is awaited (January 2023).

<p><sup>22</sup> 11 kV Dharampuri to Palaskhut electricity line Kaneri Reservoir Project <b>Total</b></p>	<p>₹ 17.75 lakh (2.835 Ha × ₹ 6.26 lakh per Ha) ₹ 12.52 lakh (10 Ha × ₹ 1.252 lakh per Ha) <b>₹ 30.27 lakh for 12.835 ha</b></p>
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### 5.7.7.2 Short recovery of Compensatory Afforestation costs

Chief Conservator of Forests (Land Survey) issued (February 2002) instructions for preparation of DPR and stated that Divisions would prepare DPR as per site specific requirements and in accordance with that monies would be demanded from the User Agency.

Audit noticed in four projects of the three Divisions<sup>23</sup> that:

- In the DPRs of two projects, labour rates lower than the prevailing market rates had been considered. This resulted in short realisation of CA costs amounting to ₹ 1.15 crore.
- In two projects, the DPRs were to be revised in view of the revised instructions (September 2013) which necessitated recovery of additional charges of ₹ 2.90 crore for CA. But the same was not realised from the User Agencies.

Thus, laxity on the part of the Divisions in recovering CA costs from the User Agencies resulted in short recovery of ₹ 4.05 crore. The details are given in **Appendix 5.6**.

Government's reply is awaited (January 2023).

### 5.7.7.3 Short/Non-recovery of funds for Entry Point Activities, Human Resources Development and Monitoring & Evaluation due to incorrect DPR estimates

The CCF (Land Survey) issued (February 2002 and February 2004) instructions to incorporate the provisions for Entry Point Activity (EPA), Human Resource Development (HRD) and Monitoring & Evaluation (M&E) at the rate of 12 *per cent*, three *per cent* and 20 *per cent* respectively of the total project cost of the CA.

Audit observed in five cases (out of 678 cases) of land diversion in four Divisions that in accordance with the above provisions an amount of ₹ 2.42 crore was to be provisioned for EPA, HRD and M&E activities<sup>24</sup> in the DPRs. But the Department incorrectly calculated the costs as ₹ 0.53 crore which resulted in short realisation of charges by ₹ 1.89 crore as detailed in **Appendix 5.7**.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that a detailed reply would be furnished after scrutiny of cases.

Government's reply is awaited (January 2023).

### 5.7.7.4 Short recovery of other charges

The GoMP, Forest Department, issued (December 2004) directions to recover the amount of Supervision Charges from the User Agencies at the rate of 10 *per cent* of project cost of CA, except in respect of those projects involving Government Departments. The amount so realised shall be remitted in Revenue Receipt Head of the State Government. In each case of diversion of forest land from Wildlife Sanctuary, PCCF (Wildlife) imposes levy of charges *in lieu of* wildlife protection and conservation.

The issues pertaining to short recovery of the aforesaid charges are discussed below:

Sl. No.	Irregularity	Description
1	Short/Non-recovery of Supervision Charges	In five cases under Anuppur and Gwalior Divisions, the Department, while calculating the amount of Supervision Charges, excluded the expenditure on EPA, HRD, M&E, chain-link fencing, <i>etc.</i> which were part of the DPRs. This resulted in short recovery of Supervision Charges amounting to ₹ 31.58 lakh, as

<sup>23</sup> Khandwa, Chhatarpur and North Betul.

<sup>24</sup> EPA at the rate of 12 *per cent* of DPR : ₹ 0.83 crore  
 HRD at the rate of 3 *per cent* of DPR : ₹ 0.21 crore  
 M&E at the rate of 20 *per cent* of DPR : ₹ 1.38 crore

		detailed in <b>Appendix 5.8.</b>
2	Short/Non-recovery of Protection and Conservation charges of Wildlife	<ul style="list-style-type: none"> <li>In one road work<sup>25</sup>, Nauradehi Division erroneously collected ₹ 8.18 lakh as against ₹ 13.94 lakh, being five <i>per cent</i> of the project cost. This resulted in short realisation of wildlife protection charges of ₹ 5.76 lakh.</li> <li>In another road work<sup>26</sup>, Nauradehi Division irregularly excluded 'Project Development and other Charges' amounting to ₹ 5.66 crore while arriving at the project cost. Consequently, the Division calculated and realised wildlife protection charges amounting to ₹ 1.13 crore, instead of ₹ 1.42 crore, resulting in short realisation of ₹ 28.56 lakh.</li> </ul>

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that a detailed reply would be furnished after scrutiny of the cases.

Further progress/ reply in this regard is awaited (January 2023).

## 5.8. Implementation of conservation measures

### 5.8.1 Irregularities in implementation of Compensatory Afforestation

CA is one of the most important conditions stipulated by the GoI while approving proposals for de-reservation or diversion of forest land for non-forest uses. It is essential that for all such proposals, a comprehensive scheme for CA is formulated and submitted to the GoI. The purpose of CA is to compensate for the loss of land 'by land' and for loss of trees 'by trees'<sup>27</sup>.

The irregularities observed in the process of implementation of CA are discussed below:

#### 5.8.1.1 Erroneous Detailed Project Reports

The Department prepares DPRs for a period of ten years for the purpose of CA. The PCCF (LM) issued (September 2013) instructions that DPR of a CA may be prepared for execution from two years after submission of proposal for land diversion, as approval of land diversion and release of fund for CA usually takes two years, and prices may be adjusted accordingly. The labour rate for subsequent years should be increased 10 *per cent* annually.

Audit observed in respect of 12 CA Projects in eight Divisions<sup>28</sup> that:

- DPRs were prepared by keeping the current year as the base year instead of keeping the third year (after the current year) as the base year.
- Labour rates were to be increased by 10 *per cent* every year. However, the provisions for price escalation for labour were not followed in the DPRs and the labour costs remained fixed for the entire period in the DPRs.

Thus, due to incorrect provisioning of costs in the DPRs, an amount of ₹14.64 crore was short realised from the User Agencies as detailed in **Appendix 5.9.**

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that case-wise reply would be provided. Further progress/ reply in this regard is awaited (January 2023).

#### 5.8.1.2 Erroneous site selection for afforestation under CAMPA

Para 2.4 of the Handbook of Guidelines issued (May 2004) by MoEFCC stipulates that any degraded forest land selected by the State Government for the purpose of CA may be accepted by MoEFCC only if the canopy density of the area is below 40 *per cent*. Further, as per Standard Conditions for sanction of forest land diversion for laying of transmission lines, the

<sup>25</sup> Somkheda-Suhela Approach Road (₹ 2.79 crore).

<sup>26</sup> Upgradation of Rehli-Tendukheda Road (₹ 283.13 crore).

<sup>27</sup> Handbook of Guidelines of CAMPA.

<sup>28</sup> Singrauli, South Shahdol, South Sagar, Gwalior, Khandwa, Chhatarpur, Indore and Ratlam.

user agency shall prepare a detailed scheme for plantation of dwarf species (preferably medicinal plants) in right of way under the transmission lines.

Audit observed that:

- In 11 projects under four Divisions<sup>29</sup>, 875 Ha of the forest land was selected for the CA plantations at 18 different sites by the Divisions. Cross-verification of records revealed that these sites had canopy density of more than 40 *per cent*. As such, the same was to be disregarded and alternate degraded forest lands were to be selected. Lapse on the part of the concerned DFOs in verifying the forest quality resulted in erroneous site selection. The details are given in **Appendix 5.10**.

In reply the Government stated that in some cases, sites with canopy density higher than 40 *per cent* were selected prior to 2016 as the system of survey by Forest Survey of India, Dehradun was not in place at that point of time. However, after 2016, such cases had been taken care of as proper survey is carried out before plantation.

The reply is incorrect because all the cases of erroneous site selection pointed out by Audit pertain to the period after 2016, when the system of prior survey was in vogue.

- In Singrauli Division, the CCF, Rewa approved (May 2017) CA plantations at eight sites covering an area of 300 Ha at a total cost of ₹ 16.40 crore. In February 2020, the sanction was cancelled by the CCF, Rewa as the sites selected had thick forest or had plantations under other schemes. Subsequently, the CCF sanctioned (February 2020) CA plantations at five new sites covering an area of 200 Ha.

Audit observed that the Divisions had already incurred an expenditure of ₹ 1.51 crore towards raising plantations on three sites which had since been cancelled. Thus, failure of the Divisions to verify the quality/status of the sites before selecting them for CA plantations resulted in infructuous expenditure amounting to ₹ 1.51 crore.

In reply, the Government stated (October 2022) that the sites had been changed as the previously selected sites either had dense forest or the land had been transferred to another agency or the land had already been included in some other plantation schemes. Government further stated that, no expenditure had been incurred on these sites.

The reply is not correct because the documents, as verified by Audit revealed that expenditure of ₹ 1.51 crore had been incurred on these sites.

- In three projects involving laying of transmission lines under Gwalior Division, dwarf species were not planted on the Right of Way under transmission line in violation of the sanction order of the MoEFCC and Standard Conditions for sanction of forest land diversion. Thus, the objective of providing a green cover on the Right of Way was not achieved.

In reply, the Government stated (October 2022) that plantation has been carried out on the proposed sites.

The reply is not acceptable because no documents were provided to Audit to support the Government's reply.

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<sup>29</sup>

Anuppur, Singrauli, Hoshangabad and South Shahdol

## 5.9 Issues pertaining to plantations raised in Compensatory Afforestation

### 5.9.1 Deficiency in plantations against targets

The CCF (Land Survey) issued (February 2002) instructions to provide for plantation of minimum 1600 saplings *per* Ha in DPR of a CA project.

Audit observed that in five CA projects in three Divisions, DPRs for plantations in an area of 201.08 Ha (in nine sites) were prepared. As against a minimum of 3,02,363 saplings to be planted as per norms, the Divisions planted only 2,31,090 saplings. Thus, there was shortfall in plantation of 71,273 saplings which could compromise the successful implementation of the CA projects in these sites. The details are given in **Table 5.4** below:

**Table 5.4: Short realisation of plantation targets**

Project Site (Division)	Area under CA	Trees to be planted	Trees actually planted
Sirsaud (Gwalior)	3.24	5,189	2,011
Sirsaud (Gwalior)	1.00	1,600	400
Kasera (Chhatarpur)	49.64	60,067 <sup>30</sup>	40,000
P-1611 and P-1612 (North Betul)	49.00	78,400	54,439
R-121, 158, 222 and 400 (North Betul)	98.19	1,57,107	1,34,240
<b>Total</b>	<b>201.08</b>	<b>3,02,363</b>	<b>2,31,090</b>

(Source: Records of Forest Department)

In reply, the Government stated (October 2022) that fewer plants were planted as plantation sites already had *rootstock*<sup>31</sup>. So, it was not possible to plant 1600 saplings per hectare.

The reply is not acceptable as the issue of *rootstock* existed only in Kasera Project, which was already considered by Audit while arriving at the annual target for plantation.

### 5.9.2 Failure of Compensatory Afforestation plantations

In view of the orders of the Hon'ble Supreme Court (September 2000), the CCF (Land Survey) Madhya Pradesh, issued instructions (February 2004) to the Divisions to achieve a minimum 75 *per cent* survival rate in respect of CA plantations. The instructions also stated that the responsibility would be fixed for loss in the cases of plantations with survival rate below 75 *per cent* survival and a recovery would accordingly be effected from erring officials on *pro-rata* basis

Audit observed that five project/plantation sites of CA in Anuppur, North Sagar and Gwalior Divisions were initiated between 2010-11 and 2014-15. Out of 2,79,790 saplings planted, only 1,02,320 survived. The survival rate in these projects ranged between six *per cent* and 61.90 *per cent* due to lack of irrigation, fertilizer and pesticides. Thus, failure of the Divisions to monitor the plantations and take adequate steps to ensure their successful propagation resulted in infructuous expenditure amounting to ₹ 86.77 lakh.

In reply, the Government stated (October 2022) that in Anuppur, due to extreme cold the plants have been affected. In North Sagar, rectification works have been initiated with revised project from balance fund at one site and at another site medicinal plants did not survive due to excessive heat conditions. In Gwalior Division, plantation had failed due to fire at one site and

<sup>30</sup> As per criteria 49.642 Ha x 1600 saplings= 79,427 saplings were to be planted. However, 390 saplings per Ha were obtained from cut back operation i.e.49.642 Ha x 390=19,360 saplings. Hence, the target for the year was 79,427-19,360=60,067.

<sup>31</sup> A *rootstock* is part of a plant, often an underground part, from which new above-ground growth can be produced.

at another site, the survival percentage of the plants was satisfactory. The Government also stated that action has been taken against the concerned officials.

Details of action taken had not been intimated (January 2023).

## 5.10 Irregular expenditure from CAMPA funds

### 5.10.1 Unwarranted expenditure on eradication of weeds

Para 6.3.2 of Management Plan for Nauradehi Wildlife Sanctuary for the period 2007-08 to 2016-17 *inter alia* provided for treatment of weeds in relocated villages. The Plan stipulated that the weeds should be eradicated only if they were causing any adverse impact on wildlife habitat, otherwise not. Weed eradication was to be repeated for one to two years upon achieving resurgence status in the following years.

Audit observed in Nauradehi Wildlife Division that in eight relocated villages, DPRs were prepared (December 2019 and January 2020) for development of grasslands and fence for *Chital*. In these selected sites, a single weed eradication work was provided in the DPRs. The Division, in violation of the Management Plans, executed the weed eradication work multiple times within one year as detailed in **Table 5.5** below:

**Table 5.5: Chronology of various works executed**

Nature of work	Period of execution	(₹ in lakh)
		Amount
Eradication of 'High Density weed'	December 2019	9,43,704
Eradication of 'Medium Density weed'	January 2020	5,72,220
Eradication of 'Low Density weed'	February 2020	4,05,450
Eradication of 'Lantana and Brushwood'	December 2019 and June 2020	17,20,485

Since the 'High Density weed eradication' work covered all types of weeds including lantana and brushwood, the expenditure incurred on eradication of medium and low density weed as well as on lantana and brushwood was unnecessary and resulted in unwarranted extra expenditure of ₹ 26.98 lakh.

In reply, the Government stated (October 2022) that the weed-grown up/ partially grown up are sighted within a few months after eradication of high-density weeds. This necessitates eradication again.

The reply is not acceptable as the same area was cleared of 'High Density Weed' in December 2019 and the execution of the similar work immediately thereafter in January 2020 and February 2020 indicates that the 'High Density Weed' eradication was improperly executed.

### 5.10.2 Expenditure on ineligible activities under CAMPA

As per proceedings of the 5<sup>th</sup> Meeting of the National CAMPA Advisory Council (January 2015), normal forest activity in a State should be undertaken from the State's own plan funds and there should be no attempt to shift the obligation in respect of such items of works to the CAMPA. Expenditure on purchase of vehicle, construction of buildings, etc., were not permitted from CAMPA funds. Further as per Para 12(3) of the State CAMPA Guidelines, 2009, NPV shall be used for natural assisted regeneration, forest management, protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities.

Audit observed from the records of CEO (CAMPA) that funds of ₹ 167.83 crore were sanctioned for various activities, out of which, an amount of ₹ 53.29 crore were released during the period April 2017 to March 2020 from CAMPA account, as detailed in the **Table 5.6** given below:



**Table 5.6: Details showing expenditure on ineligible activities under CAMPA**

(₹ in crore)

Sl. No.	Activity	Period	Amount sanctioned	Amount disbursed	Disbursed to
1	Construction of Van Bhawan	February 2018	20.88	10.00	DFO, Bhopal
2	'Anubhuti' programme for awareness about forests	November 2017	6.08	5.88	71 Divisions
3	Training of the fresh recruit Range Officers and ACFs	2017-18	7.13	5.94	DFO, Bhopal
4	"Agro-forestry to <i>Krishak Samridhhi</i> Scheme"	2017-18 to 2018-19	120.30	20.20	Various Divisions
5	Training of forest staff	February 2019	5.00	4.87	Various Divisions
6	For research activity to SFRI	2017-18 to 2019-20	6.47	4.59	SFRI, Jabalpur
7	Infrastructure development	2018-19 to 2019-20	1.97	1.81	ND Veterinary University
<b>Total</b>			<b>167.83</b>	<b>53.29</b>	

Thus, the Department irregularly incurred expenditure of ₹ 53.29 crore on ineligible activities which could not be linked to any of the activities envisaged for CA and hence could not be carried out from CAMPA funds. This resulted in irregular expenditure and misuse of CAMPA funds amounting to ₹ 53.29 crore.

In reply, the Government stated (October 2022) that the said expenditures have been incurred in accordance with the instructions and guidelines issued in this regard.

The reply is not acceptable because the expenditure incurred on the above activities was against the guidelines as mentioned above.

### 5.10.3 Irregular expenditure on plantations using CAMPA fund

National CAMPA while approving (June 2019) the Annual Plan of Operation reiterated that if the forest under the management control of Madhya Pradesh State Forest Development Corporation Limited (MPSFDC) has to be regenerated from the NPV component of CAMPA fund, then it should be managed for ecological restoration and not for commercial exploitation of the forest by planting local species. Further, as per proceedings of the 5<sup>th</sup> Meeting of the National CAMPA Advisory council (January 2015), normal forest activity in a State should be undertaken by the State's own plan funds and there should be no attempt to shift the obligation in respect of such items of works to the CAMPA.

Audit observed during the scrutiny of records of CEO (CAMPA) and Managing Director, MPSFDC that during the period 2017-18 to 2019-20, CEO (CAMPA) provided ₹ 29.58 crore from NPV funds to MPSFDC for pre-planned teak plantations.

Since planting of teak was a commercial activity and such commercial plantations had been raised solely for raising teak, meant to be felled later for auction; use of CAMPA funds for raising teak plantations was irregular.

It was also observed that MPSFDC was assigned (June 2019) management of 1,378.23 Ha forest land under five Divisions<sup>32</sup>. The MPSFDC did not prepare or submit DPRs for the plantations, however, the CEO (CAMPA) transferred (July 2019 to February 2020) ₹ 21.36 crore from NPV funds for raising plantations on these lands. Thus, the transfer of funds by CEO (CAMPA) without ensuring the modalities for raising of plantations was irregular.

<sup>32</sup> Khandwa, Indore, Dewas, Vidisha and Raisen.

In reply, the Government stated (October 2022) that the funds were provided to MPSFDC from NPV head for plantation of teak at the RDF<sup>33</sup> Sites for seven years project and after that, the plantation sites will be handed over to Forest Department. MPSFDC is only an agency for plantation work.

The reply confirms the fact that expenditure was irregularly incurred on plantation of teak from CAMPA Fund in violation of several CAMPA guidelines.

## **5.11 Monitoring and Evaluation**

### **5.11.1 Doubtful expenditure on Compensatory Afforestation**

Principle of financial propriety state that every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money and the expenditure should not be *prima facie* more than the occasion demands.

During the audit of South and North Sagar Divisions, Audit observed instances of execution of works, which could not be justified by common prudence and also indicated lack of adequate monitoring on the part of departmental officers. Instances have been discussed below:

#### **5.11.1.1 Doubtful expenditure on plantation**

The MoEFCC approved (July 2018) diversion of 1,024.44 Ha of forest land in South Sagar Division for construction of Bina Joint Irrigation and Multipurpose Project in favour of the Water Resources Department. The CA on 257.26 Ha degraded forest land was carried out (September 2014) (against this land diversion) with a project cost of ₹ 18.61 crore.

Audit observed in South Sagar Division that DPRs provided for plantation of 1,66,685 saplings on two sites (54-Munderi and 111-Singpur) and the same was shown as planted (in the records). However, during physical verification carried out (December 2020) by Sub-Divisional Officer, only 1,20,321 plants/saplings were found (1,11,298 surviving and 9,023 dead plants). The remaining 46,364 saplings were not available. Further, the Division claimed that 16,668 saplings had been planted as replacement for the dead plants in the subsequent years, which was not correct as replacement was to be provided only against the 9,023 dead saplings. Thus, the expenditure, incurred on plantation of 46,364 saplings and replacement of 7,645 replacement plants/saplings, amounting to ₹ 6.42 lakh, was doubtful.

Further, the area under plantation was to be fenced with perimeter of 9,700 meters. However, during aforesaid physical verification (December 2020), it was observed that measurement of the fence was 7,661 meters. Since the work was shown as 'executed in full', the expenditure of ₹ 11.60 lakh incurred on the additional 2,039 meters appears to be doubtful.

The DFO stated (January 2021) that the irregularities related to plantation of trees had been investigated by the APCCF(Protection) and action was being taken against the delinquent officials as per the Report.

Further development in this regard is awaited (January 2023).

#### **5.11.1.2 Double payment for various works**

Audit observed in 12 cases of North Sagar Division that an amount of ₹ 5.53 lakh was paid to the labourers for various works such as pit digging, transportation of plants, supply of water for curing of plants and security work. In pit digging work rate for each pit was applied 3.8 man-days instead of three, in transportation of plants rate applied was two man-days in

<sup>33</sup> Rehabilitation of Degraded Forest.

place of 1.8, in supply of water works 9,24,000 litre water was shown transported against the provision of 2,60,000 litre in DPR and in security work 54 man-days were paid for in place of 45 man-days. These resulted in excess payment of ₹ 2.36 lakh.

Audit observed in 10 cases that payment of wages amounting to ₹ 4.85 lakh was made (December 2019 to October 2020) to labourers for pit digging, cement pole fixing and plantation. Detailed scrutiny of the vouchers revealed that 79 labourers were working simultaneously at two different sites. Thus, execution of work and the payments therefore were doubtful and needs examination for fixing responsibility.

Government's reply is awaited (January 2023).

### **5.11.1.3 Payment without following due processes**

As per Madhya Pradesh Store Purchase and Service Procurement Rules, 2015, items valuing ₹ One lakh to ₹ Five lakh are required to be purchased through invitation of limited tender and for items beyond ₹ Five lakh, open tender is required to be invited. Book of Financial Powers, 1995 bestows DFO to sanction procurements up to ₹ Five lakh, CCF up to ₹ 25 lakh and PCCF has full powers.

Audit observed in North Sagar Division in 308 cases that ₹ 1.74 crore was paid for procurement of 29,992.329 Cu. M. of manure and in 584 cases, ₹ 3.53 crore was paid for procurement of 78,119.87 Cu. M. of soil. Examination of the vouchers revealed the following:

- The tenders for these procurements were not invited. Examination of the records pertaining to purchase of soil revealed that the Department had fixed the purchase price of soil at ₹ 200 per Cu. M. The Sub Divisional Officers reported to the DFO (November 2019) that the soil was not available at rate of ₹ 200 per Cu. M. Accordingly, the Division, instead of calling for tenders, increased/revised the purchase price to ₹ 445 per Cu. M. on *ad-hoc* basis. However, purchase of soil was made at different rates averaging to ₹ 451.72 per Cu. M and ranging from ₹ 42.70 per Cu. M to ₹ 1,000 per Cu. M.
- The veracity of quantity procured could not be ascertained as vouchers were not supported by suppliers bills. Further, the Division did not conduct soil test either of the plantation site or the soil procured. Thus, requirement and quality of manure and soil procurement were not ascertained scientifically.
- In four out of the above 584 cases (related to purchase of soil), vehicle numbers shown in vouchers were of two-wheelers. Thus, the supply of 549 Cu. M. soil (involving expenditure of ₹ 2.30 lakh<sup>34</sup>) was doubtful and needs to be further examined by the Department.
- Bills for the work done were not attached with any of the vouchers in support of the amount paid, thus, the veracity of payment to actual supplier could not be ascertained. In 264 cases, an amount of ₹ 1.48 crore was paid to various persons engaged in various works such as supply of soil and manure, watering of plants and transportation of plants by Tractors. The vouchers for payment clearly indicated that the work was accomplished by vendors using their own tractors. Cross verification of vehicle records with the Transport Department revealed that the vehicle numbers (shown as used by vendors) actually belonged to other persons. Thus, the vendors used wrong vehicle details in support of their claim of transportation, thereby indicating that the actual supply was not verified and payment was irregularly released.

In reply, the DFO stated (March 2021) that manure was procured from local market on the basis of tender rates sanctioned by the DFO and soil was procured as per the rates decided on the basis of 'work study'.

<sup>34</sup> 25 Cu M at the rate of ₹ 190 per Cu M and 524 Cu M at the rate of ₹ 430 per Cu M.

The reply is not acceptable as the Division could not provide justifiable reasons for not resorting to open tendering. Further, no such method as 'work study' is stipulated in the rules for deciding the rates. The reply was also silent on other procedural lapses in the purchase process.

### **5.11.2 Irregularities in fund management and procurement**

As per Code 9 and 10 of Volume-I of Madhya Pradesh Finance Code, every Government Servant is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money. Audit observed various irregularities which are enumerated below:

- Section 196 of Income Tax Act, 1961 provides that no deduction of tax shall be made by any person from any sums payable to Government (*i.e.*, State and Central Government), a Corporation established by or under a Central Act.

During audit of CEO, CAMPA, Audit observed in seven instances that the banks deducted ₹ 25.57 lakh as Tax Deducted at Source (TDS) from CAMPA Accounts and the same was not claimed by the Department. This resulted in reduction in the CA Fund.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that communication with Bank was under process.

The Government, however, did not reply (January 2023) for the same.

- As of 21 January 2019, a total of ₹ 4,998.01 crore was transferred to National CAMPA from the State. However, there was a mismatch of ₹ 425.56 crore during reconciliation with records of National CAMPA done by State CAMPA as of December 2018. Lack of timely reconciliation after transfer of the money to National CAMPA represents negligent attitude of State CAMPA management towards fund management.

The CEO (CAMPA) stated (September 2021) that reconciliation had been carried out in December 2020. Based on the reconciliation, a difference of ₹ 83.38 crore still persisted.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that reconciliation with National CAMPA is going on.

Further progress in this matter has not been intimated (January 2023).

- In Anuppur and South Sagar Divisions, estimates for construction of 32 anicuts and 13 buildings were prepared during 2017-20 and were executed departmentally. These estimates were prepared as per the Schedule of Rates (SOR) of Public Works Department. However, the deduction of 10 *per cent* was desired as PWD reduced (August 2017) the rates of all items of the SOR by 10 *per cent* due to implementation of Goods and Services Tax (GST). This was not accounted for in the estimates and the works were executed on pre-revised costs. This resulted in extra expenditure amounting to ₹ 13.05 lakh.

In reply, the DFOs stated (December 2020 and January 2021) that works were executed on the estimates prepared on the basis of Public Works Department, Schedule of Rates and were approved.

The reply is silent on non-deduction, as enumerated in the PWD's instruction (August 2017).

- As per Madhya Pradesh Store Purchase and Service Procurement Rules, 2015, items valuing ₹ One lakh to ₹ Five lakh are required to be purchased through invitation of limited tender and beyond ₹ Five lakh, open tender is required to be invited. Book of

financial powers, 1995 bestows DFO to sanction procurements up to ₹ five lakh, CCF up to ₹ 25 lakh and PCCF has full powers.

We noticed that for the activities under CAMPA, the procurement of items such as cement, grit, sand, computer, etc., amounting from ₹ 11.70 lakh to ₹ 5.31 crore were made in five Divisions. However, the sanction of Competent Authority was not obtained. Besides, tenders were also not called for eight procurement orders of value ranging from ₹ 11.70 lakh to ₹ 2.35 crore. The details are given in **Appendix 5.11**.

Further, the purchase in two cases amounting to ₹ 13.13 lakh and ₹ 38.56 lakh were split in eight and 13 orders, respectively. Thus, sanctions of the Competent Authority were avoided.

The DFOs while accepting the facts (November 2020 to January 2021) stated that action had been initiated to obtain the approval of Competent Authority and procedure would be followed in future.

Further progress in this matter is awaited (January 2023).

### **5.11.3 Non-maintenance of separate bank accounts for management of CAMPA funds**

As per Para 3.5 of Handbook of Guidelines issued (May 2004) by MoEFCC, the Forest Department, or any other technically competent agency which is assigned the job of CA should fully utilize the amount for implementation of the afforestation scheme approved by the GoI and keep separate and meticulous account thereof. The PCCF (CAMPA) directed (June 2017 and March 2018) MPSFDC to open separate sister account for transaction from the CA Fund.

Audit observed during the audit of MPSFDC that Forest Department provided an amount of ₹23.22 crore to MPSFDC from January 2018 to July 2019 from the funds received under CAMPA. However, MPSFDC opened separate account only in August 2019. Thus, during the period from July 2017 to July 2019, these amounts were deposited in the common account of MPSFDC. As the interest on the CAMPA funds were to be used for activities enumerated there under, in absence of separate account, the interest earned could not be quantified and hence utilisation could not be ascertained.

Government's reply has not been received (January 2023).

### **5.11.4 Non-maintenance/ updation of records**

The maintenance of records in physical or in digital formats is necessary to monitor the compliance of conditions of the sanction of forest land diversion for non-forestry purposes and progress of the mitigation measures undertaken to minimise the harm caused to the environment and ecology of the forest. In this regard, Audit observed the following:

#### **5.11.4.1 Non-submission of Annual Plan of Operation**

According to Para 10(3) of CAMPA Guidelines 2009 works would be done as per the approved Annual Plan of Operation and as per Rule 33 of CAMPA Rules, 2018, State Authority shall prepare its Budget for the next financial year based on the APO prepared and approved by the Governing Council for the next financial year.

Audit observed during the scrutiny of records of CEO (CAMPA) that the Annual Plan of Operations was not prepared as envisaged in the CAMPA Rules, 2018. The mechanism to monitor the progress of approved works was also not in place. Thus, the monitoring system of the Governing Council on the works executed was lacking.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that APOs were being prepared as per the guidelines.

The relevant documents were, however, not provided to Audit (January 2023).

#### **5.11.4.2 Non-observance of financial procedures**

The State CAMPA Guidelines 2009 provides different duties for the Governing Body, the Steering Committee and the State level Executive Committee such as laying down the broad policy framework, monitoring the progress of the utilization of funds and approval of the Annual Reports and supervision of the works being implemented.

Audit observed during scrutiny of records of CEO (CAMPA) that the Code for Maintenance of the Accounts at the implementing agency level was not developed. Financial regulation and procedures were not adopted as per the provisions of the CA Fund Act, 2016. The audited Annual Accounts of the CAMPA had not been submitted to Governing Council since 2016-17<sup>35</sup>. The Annual Statement of 2016-17 was not signed by the CEO (CAMPA).

In reply, the CEO (CAMPA) stated (July 2021) that as per CAF Act, 2016 Annual Reports upto 2019-20 had been prepared in accordance with the directions of GoI, and audited Annual Accounts were being signed by the Competent Authority.

The fact remains that there have been significant delays in preparation of the Code for Maintenance of the Accounts and finalization of audited Annual Accounts. The reasons for the delay had not been recorded. Further, no Annual Statements beyond 2016-17 had been approved as pointed out by Audit.

#### **5.11.4.3 Non-receipt of Self-monitoring Report**

According to Guidelines issued (January 2014) by the MoEFCC, every User Agency in whose favour forest land has been diverted for non-forest purpose, shall prepare an annual Self-monitoring Report on compliance with the conditions stipulated in each approval accorded under the FCA, 1980 in January of the next calendar year. The Nodal Officer, FCA, 1980 shall forward the self-compliance report to MoEFCC with comments by July of that year.

Audit observed in 678 cases of diversion of forest land for non-forestry purposes in 13 Divisions that Self-monitoring Reports had not been obtained by the Divisions from User Agencies. The concerned Nodal Officer did not take any action in this regard against the DFOs or the User Agencies for the non-compliance. This indicates inefficient monitoring and indifference towards restoration of damages made to the ecology and environment on account of diversion of forest land.

In Exit Meeting, PCCF (LM and CAMPA) stated (May 2022) that letters have been issued to all concerned.

Further, progress in this matter had not been intimated (January 2023).

#### **5.11.4.4 Non-updation of data on e-Green Watch Portal**

In response to Para 17(1) of the Guidelines on the State CAMPA issued (July 2009) by the MoEFCC under the orders (July 2009) of Hon'ble Supreme Court, an integrated online system 'e-Green Watch' was developed which presents the data in real time, which is accessible to all the stakeholders and the public at large. It allows for monitoring, evaluation and social & ecological audits by independent organizations, researchers and the public.

Audit observed in six Divisions that there were 311 cases of forest land diversion, out of which details of 77 cases only were uploaded on the portal. However, full details had not been entered in any of the cases and vital information pertaining to the cases was missing in the e-Green Watch Portal.

Further, seven Divisions received ₹ 172.67 crore from Compensatory Afforestation Funds for various works (425 works) during 2017-20, against which, entries had been uploaded in respect of only 243 works on the e-Green Watch Portal by the Divisions. In these entries, complete

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<sup>35</sup> The last audited Annual Accounts for the year 2016-17 was prepared and audited by a Chartered Accountant and was submitted in September 2018.

details were not made on the portal. Thus, the Divisions failed to provide data to enable concurrent monitoring and evaluation of the works implemented through CAMPA, which essentially reduced the usefulness of this system. The details are given in **Appendix 5.12**.

In the Exit Meeting, the PCCF (LM and CAMPA) stated (May 2022) that there were technical problems in filling all the required data. The Forest Survey of India, Dehradun and the Indian Institute of Forest Management, Bhopal had also been requested to train staff in this regard. Department further stated that the second version of e-Green Watch Portal was being launched, wherein all the shortcomings would be addressed.

Further, progress in this matter had not been intimated (January 2023).

### **5.12 Conclusion**

The Audit of CAMPA funds revealed the following issues/deficiencies:

- There were cases pertaining to diversion of forest land for non-forestry purposes such as non-adherence of procedures, and non- receipt of land *in lieu of* diverted forest land, short recovery of funds of Net Present Value, Compensatory Afforestation, *etc.*
- There were discrepancies in the activities executed with CAMPA funds resulting in delays/ non-execution of Compensatory Afforestation, preparation of erroneous Detailed Project Reports, erroneous site selections, deficiencies in plantations, failure of plantations, expenditure on unwarranted and ineligible activities, non/short- utilisation of funds, *etc.*
- The overall monitoring and supervision system of the Department was lax, resulting in doubtful expenditure, irregularities in fund management and procurement, *etc.*

**Bhopal**  
**The 28 March 2023**



**(PRIYA PARIKH)**  
**Accountant General**  
**(Audit II)**  
**Madhya Pradesh**

**Countersigned**

**New Delhi**  
**The 31 March 2023**



**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**