

Chapter-1

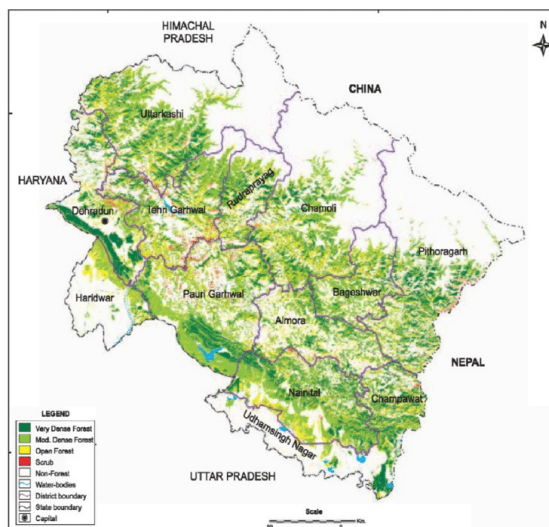
Introduction

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1.1 Forest Profile of the Uttarakhand

Forests are one of the major life supporting resources and sources of livelihood. The geographical area of the State of Uttarakhand is 53,483 Sq.Km. The terrain and topography of the State is largely hilly with large areas under snow cover and steep slopes. The State had a recorded forest area of 38,000 sq.km. which is 71 per cent of its total geographical area, as of December 2022. The reserved, protected and unclassed forests are 26,547 Sq. Km. (69.86 per cent), 9,885 Sq. Km. (26.01 per cent) and 1,568 Sq. Km. (4.13 per cent) of the recorded forest area in the State respectively. The Forest Conservation (FC) Act, 1980 was enacted by the Government of India (GoI) to regulate and control the diversion of forest land for non-forest purposes¹. A project proponent, either Government or Private, must apply for clearance of the project from the Ministry of Environment, Forests & Climate Change (MoEF&CC), GoI before the start of the project, in case it requires a part of forest land. A proposal for the diversion of such forest land is to be submitted through the Nodal Officer (NO), Forest Conservation, Uttarakhand, for land transfers under Forest Department of the State Government. The approval to transfer forest land is granted by the GoI subject to payment of Net Present Value (NPV) and raising of Compensatory Afforestation (CA) in an equivalent non-forest land (NFL) or double the area in degraded forest lands. The cost towards CA/NPV is collected from the User Agency² (UA).



In compliance with the Hon'ble Supreme Court orders of 2004 and 2006, GoI notified the Compensatory Afforestation Fund (CAF) Act, 2016³ and Rules 2018 to streamline the collection and utilization of State Compensatory Afforestation Fund (SCAF) at the Central, as well as State level. The State Authority was re-constituted⁴ in Uttarakhand to carry out the functions with regards to funding, overseeing and promoting CA, overseeing forest and wildlife conservation and protection works, maintaining

¹ Like Construction of power projects, irrigation projects, roads, railways, schools, hospitals, rural electrification, drinking water facilities, telecommunication, mining *etc.*

² Any person, organisation or Company or Department of the Central Government or State Government making a request for diversion of forest land for non-forest purposes in accordance with the permission granted by the Central Government under the Act or the rules.

³ Implemented all over the country *w.e.f.* 30 September 2018.

⁴ Uttarakhand CAF under Section 4(1) of the CAF Act (30th September 2018).

separate accounts in respect of funds received for conservation and protection of protected areas *etc.* The GoI has also notified (November 2018) CAF (Accounting Procedure) Rules, 2018⁵.

1.2 Aims and Objectives of Uttarakhand Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

As per CAF Act and Rules, the Authority aims to promote (i) conservation, protection, regeneration and management of existing natural forests; (ii) conservation, protection and management of wildlife and its habitat within and outside protected areas including the consolidation of the protected areas; (iii) compensatory afforestation; (iv) environmental services and (v) research, training and capacity building.

1.3 Organizational Arrangements

As per the provisions of the CAF Act, three committees were constituted (September 2018) for the overall management of the Authority. The structure and role and responsibility of these committees is as given below:

Three Tier Structure	Headed by	Role and Responsibility
Governing Body {Section 17(1) of the Act}	Chief Minister	<ul style="list-style-type: none"> • Lay down the broad policy framework. • Review the working of the State Authority from time to time.
Steering Committee (SC) {Section 18(1) of the Act}	Chief Secretary	<ul style="list-style-type: none"> • Scrutinize and approve the Annual Plan of Operations (APOs) prepared by the Executive Committee (EC) and send the same to the EC of the National Authority for final approval. • Monitor the progress of utilization of funds released from the State Fund. • Review reports on decisions taken by EC including investment decisions. • Approve, subject to prior concurrence of the State Government, proposals formulated by the EC for creation of posts in the State Authority. • Approve annual report of the State Authority and send the same to the Government of Uttarakhand (GoU) to lay it, each year, in State Legislature. • Ensure inter-departmental coordination.
Executive Committee {Section 19(1) of the Act}	Principal Chief Conservator of Forests-Head of Forest Force (HoFF)	<ul style="list-style-type: none"> • Formulate and submit APOs to the SC of the State Authority for its concurrence. • Undertake qualitative and quantitative supervision, monitoring and evaluation of the works being implemented by using the funds available in the State Fund. • Invest surplus fund, maintain books of accounts and other records, prepare annual report, maintain and update public information system.

The State Authority acts through the Chief Executive Officer (CEO)⁶. The authority is responsible for funding, overseeing and promoting CA, wildlife conservation and

⁵ The specific 'budget heads', according to the accounting procedure have been opened in the State of Uttarakhand (29 March 2019).

⁶ Additional Principal Chief Conservator of Forest (APCCF) cum CEO and is also the member secretary of SC and EC.

protection works within forest areas undertaken and financed under the programme, maintaining separate accounts in respect of funds received for conservation and protection of protected areas, creating transparency for the programme, mobilization of citizen support and promoting a voluntary movement of youth & students to protect and improve the natural environment including forests, lakes, rivers & wildlife. Further, execution of all activities under the ambit of CAMPA takes place through units/divisions of the State Forest Department (SFD) at ground level. The SFD has following organizational structure:



1.4 Audit Scope and Methodology

The Audit was conducted during May 2022 to October 2022 covering the period from 2019-20 to 2021-22 by examining the records of State Authority, APCCF cum NO and CCF, Monitoring & Evaluation (M&E). Besides, out of a total 43 forest divisions, 12 divisions⁷ (27.91 *per cent*) involved in the implementation of CAMPA schemes were selected⁸ for detailed review. Out of the total expenditure of ₹ 753.89 crore, expenditure of ₹ 288.79 crores (38 *per cent*) was covered under audit in selected divisions.

The cases of diversion of forest land approved prior to the period covered under audit were also scrutinized where the CA works against these diversions were proposed and undertaken in the APOs during the audit period. Audit evidence was also gathered through photographs and interactions with beneficiaries during joint field inspections undertaken with the officials of the SFD.






Audit shared audit methodology, sampling plan, audit objectives and criteria with the Government and CEO CAMPA in April 2022 while draft audit report was issued in March 2023. An exit conference was held with the Secretary, Forest Department on 25 April 2023 in which the audit findings were discussed. The Government's replies were received in July 2023 and have been included in the report.

⁷ DFO, Almora, Chakrata, Haridwar, Mussoorie, Narendra Nagar, Nainital, Pithoragarh, Rudraprayag, Tarai East (Haldwani), Tons (Puroila), Alaknanda Soil Conservation, Gopeshwar and Civil & Soyam (C&S), Pauri.

⁸ Divisions or Implementing Agencies were selected through statistical sampling technique called probability proportional to size where size referred to expenditure under CAMPA activities.








1.5 Audit Objectives

The broad objectives of Performance Audit were to assess whether:

-  The diversion of forest land for non-forest use was permitted as per the extant laws and all conditions in this regard were complied with;
-  The planning for utilization of SCAF through the mechanism of APOs was done effectively;
-  All the financial provisions/instructions were adhered to;
-  The specific works/activities under CAMPA were implemented economically, efficiently, and effectively; and
-  The monitoring mechanism was developed to ensure the quality of execution and timely completion of works.

1.6 Audit Criteria

Audit criteria were derived from the following sources:

-  Compensatory Afforestation Fund, Act 2016;
-  Compensatory Afforestation Fund Rules, 2018;
-  CAF (Accounting Procedure) Rules, 2018;
-  Forest (Conservation) Act, 1980;
-  Forest (Conservation), Rules, 2003;
-  Wildlife (Protection) Act, 1972;
-  Guidelines and Government Orders issued by GoI and State Government from time to time.

1.7 Significant Audit Findings in Earlier Report

Earlier, the Union Compliance Audit Report (Report No. 21, 2013) of the Comptroller & Auditor General of India on “Functioning of the Compensatory Afforestation Fund Management and Planning Authority, was issued to the Union Government. The core period covered in the audit was from 2006 to 2012. The following significant shortcomings relating to the diversion of forest lands and noticeable failure to promote compensatory afforestation and compensatory afforestation funds were highlighted in the Report.

- i) The cases of non-recovery/short recovery of the Net Present Value/Compensatory Afforestation (NPV/CA) involving an amount of ₹ 212.28 crore was noticed.
- ii) The APOs for the years 2010-11 and 2011-12 were prepared after a delay of five to seven months. Further, State CAMPA revised APOs for the years 2010-11 and 2011-12 in May 2011 and October 2012 after the close of financial years. The delay in submission of APOs and their revision after the close of the financial year indicated poor planning for the activities taken up during the particular years. An expenditure of ₹ 2.13 crore was incurred on 19 activities that were not provided in the approved APOs for 2010-11 and 2011-12 whereas an expenditure of ₹ 3.74 crore was incurred on 25 activities in excess of provisions made in APO for 2010-11.

- iii) The State CAMPA had not released the entire amount received from Ad-hoc CAMPA against APOs to the implementing agencies. The implementing agencies could not utilize a substantial portion of funds released by the State CAMPA in the years 2010-11 and 2011-12.
- iv) An analysis of the State's budget and expenditure of the Forest Department for the period 2008-09 to 2011-12 revealed that there was a declining trend in departmental budget provisions and expenditure incurred. The gradual withdrawal of budgetary support for forest management in the State was a setback as the funds received under CAMPA were meant for compensating the damages which occurred due to the implementation of various developmental projects in the State.
- v) An unauthorised expenditure of ₹ 12.26 crore was incurred on the renovation of the official residence of the Principal Secretary, maintenance of residential quarters, purchase of vehicles for PCCF-Van Panchayat, office expenses, briquetting machines, Atal Adarsh Gram Yojana, Strengthening of Van Panchayats, operational expenses and Honorarium, *etc.*
- vi) Irregular expenditure of ₹ 6.14 crore was incurred on providing lunch in the event of budget approval and financial assistance to the Sparsh Ganga Board. An expenditure of ₹ 0.35 crore was incurred out of CAMPA funds on the celebration of the platinum jubilee of Corbett Tiger Reserve National Park which was not approved in the APO for 2011-12.
- vii) There were deficiencies in the implementation of various programs in the state CAMPA. No detailed APO showing units-wise/activity-wise proposals was put before the Steering Committee.

1.8 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the officers and staff of the SFD during the course of the Performance Audit.

1.9 Audit Findings

Audit findings are discussed in Chapters 2 to 6.

