

CHAPTER VII : OTHER TOPICS OF INTEREST

7.1 Results of audit

Test check of the records of the Revenue and Forests Department conducted during the year 2006-07 revealed loss of revenue under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Failure to invest money in fixed deposits	01	51.71
	Total	01	51.71

The case involving financial effect of Rs. 51.71 crore is mentioned in the following paragraph:

7.2 Failure to invest money in fixed deposits

Under the directions issued by the Supreme Court (November 2002) and as per the provisions of the Forest Conservation Act, forest land can be diverted for non-forestry activities with the Government of India's (GOI) prior approval after the payment of Net Present Value¹ (NPV) of forests land and other allied charges. The Government instructed in December 2003 that from 30 October 2002, NPV should be realised from the project authorities within two months from the date of final approval. Further, under the directions of the Ministry of Environment and Forests issued in March 2004, State Government was required to keep the funds received for compensatory afforestation and NPV from user agencies in fixed deposits (FD) in any nationalised banks in the name of the concerned Deputy Conservator of Forests (DCF) or the nodal officer of the State.

Scrutiny of the records of the Principal Chief Conservator of Forests, Nagpur (PCCF) showed that 12,014.87 hectares of forest land in the State was diverted for non-forestry purpose after 30 October 2002. NPV of this land at the minimum rate of Rs. 5.80 lakh per hectare was Rs. 696.86 crore. Of this, Rs. 501.50 crore on account of NPV had not been recovered by the DCFs concerned as of September 2007. Failure of the DCFs to recover NPV from the user agencies within two months as per the instructions of the State Government and keeping it in the form of FD in nationalised bank as per the GOI instructions led to the loss of interest² of Rs. 51.71 crore from April 2004 to March 2006.

¹ Net present value is the value of the forest land depending upon the canopy density of the land in question.

² Simple interest at the minimum rate of five and half *per cent* per annum.

After the cases were pointed out, the Government while accepting the facts stated that vigorous efforts were being made for recovery of NPV. The reply was, however, silent regarding failure of the department to recover NPV within two months as per standing instruction.

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