

Preface

- 1. This Audit Report on the Government of Andhra Pradesh, covering the activities of the Economic Sector (excluding State Government Companies and Statutory Corporations), has been prepared for submission to the Governor under Article 151 of the Constitution of India. Audit findings on State Government Companies and Statutory Corporations have been covered separately in the Audit Report (Public Sector Undertakings).*
- 2. This Report contains the results of a Performance Audit on Public-Private Partnership (PPP) projects in Ports Sector (Chapter-2); Chief Controlling Officer (CCO) based Audit of Forest Department (Chapter-3); and Thematic Audit of Road Over Bridges (ROBs) and Road Under Bridges (RUBs) at Rail Crossings and Compliance Audit of Commissioner of Sugar & Cane Commissioner (Chapter-4).*
- 3. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2011-12, as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 31 March 2012 have also been included, wherever necessary. The report has been finalized, after considering the responses of the Government/Departments, wherever received.*
- 4. Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

Chapter-3

Chief Controlling Officer (CCO)
based Audit of Forest Department

Chief Controlling Officer (CCO) based Audit of Forest Department

Executive Summary

Andhra Pradesh has a total recorded forest area of 63,814 sq.km (comprising 23.2 per cent of its geographical area), of which 15,200 sq.km is under Community Forest Management with a participatory approach involving communities in forest management. The State also has 21 wildlife sanctuaries, six national parks and one tiger reserve. These resources are managed by the Forest Department, whose Executive Head is the Principal Chief Conservator of Forests. A CCO-based audit of the Forest Department was undertaken during March and between July and September 2012, covering the three year period 2009-12 and involving the examination of records at the Headquarters Office, 12 circles and 25 divisions. The main findings of the CCO-based audit are summarized below:

- The recorded forest area of the State was being shown at 63,814 sq.km since 1991, despite diversion of forest land for non-forest purposes under the Forest Conservation Act, 1980 and alienation of land under the ROFR Act, 2006¹. Further, unclassified forest area of 970 sq.km had also not been notified.*
- There was a substantial spurt in encroachment after enactment of ROFR Act, 2006. Also, the frequency of beat inspections prescribed was not adequate enough to protect the forest.*
- Non-forest land handed over for compensatory afforestation in lieu of diversion of forest land was already afforested, violating the spirit of the Forest Conservation Act, 1980. In another case, compensatory afforestation could not take place due to non-availability of identified non-forest land, which was caused by improper identification of non-forest land in a far away Division.*
- Lack of a timeframe for completing implementation of the ROFR Act and recognition of rights, in effect, keeps the process open indefinitely, with scope for possible exploitation and incorrect claims and increasing vulnerability of forest area. Various instances were noticed where ROFR rights were granted to ineligible persons and individuals in Vana Samrakshana Samithi areas. Further, community rights extended to tribal VSSs were not in line with the provisions under ROFR Act, 2006.*

¹ Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006

- *Audit scrutiny also revealed deficiencies in funds utilization and implementation of various Central and State schemes/activities, including the Intensification of Forest Management Scheme (IFMS), Accelerated Programme of Restoration and Regeneration of Forest Cover, Bio-Diesel Plantation in Forest Areas, 13th Finance Commission grant-in-aid for forests, Project Elephant, River Valley Project, and CAMPA (Compensatory Afforestation Management and Planning Authority).*
- *Non-achievement of targets under various schemes was partly on account of non-release/late release of funds by the Government/PCCF, as well as delay in authorization by the Director of Works Accounts/PAO under the PAO system of works and forests payments.*

3.1 Introduction

3.1.1 Forest Area

Andhra Pradesh has a total recorded forest area of 63,814 sq.km² (comprising 23.2 *per cent* of its geographical area). In terms of notification under the AP Forest Act, 1967, this area includes reserved forest (50,479 sq.km – 79.1 *per cent*), protected forest (12,365 sq.km – 19.4 *per cent*), and unclassified forest³ (970 sq.km – 1.5 *per cent*).

Of the 23 districts in the State, the forest area in three districts (Adilabad, Khammam and Visakhapatnam) constitutes more than one-third of the geographical area, while in four districts (Krishna, Medak, Nalgonda and Rangareddy), the forest cover is less than 10 *per cent* of the geographical area.

Out of the total forest area of 63,814 sq.km, 15,200 sq.km⁴ (23.8 *per cent*) is under Community Forest Management (CFM), with a participatory approach involving communities in forest management. This involves 7,718 VSSs (Vana Samrakshana Samithies), JFMCs (Joint Forest Management Committees)⁵ and EDCs (Eco Development Committees)⁶, involving 15.39 lakh members (of which 7.88 lakh members belong to SC/ST). These Committees have to perform certain duties (viz. managing forests in accordance with the micro plan prepared by them, and protecting forests in the allotted areas) and, correspondingly, also enjoy certain rights and privileges (e.g. entitlement for all non-timber forest produce, 100 *per cent* incremental value of timber, share in beedi leaf net revenues, and share in compounding fees collected).

The State has a Protected Area (PA) network of 15,281 sq.km (23.9 *per cent* of total forest area), comprising of 21 wildlife sanctuaries, 6 national parks and 1 tiger reserve.

² As per the AP State of Forest Report 2011 (APSF 2011)

³ Unlike reserved and protected forest, unclassified forest area has not been notified under any section of the AP Forest Act, 1967.

⁴ The remaining area of 48,614 sq.km (63,814 – 15,200 VSS area) is managed by the Forest Department.

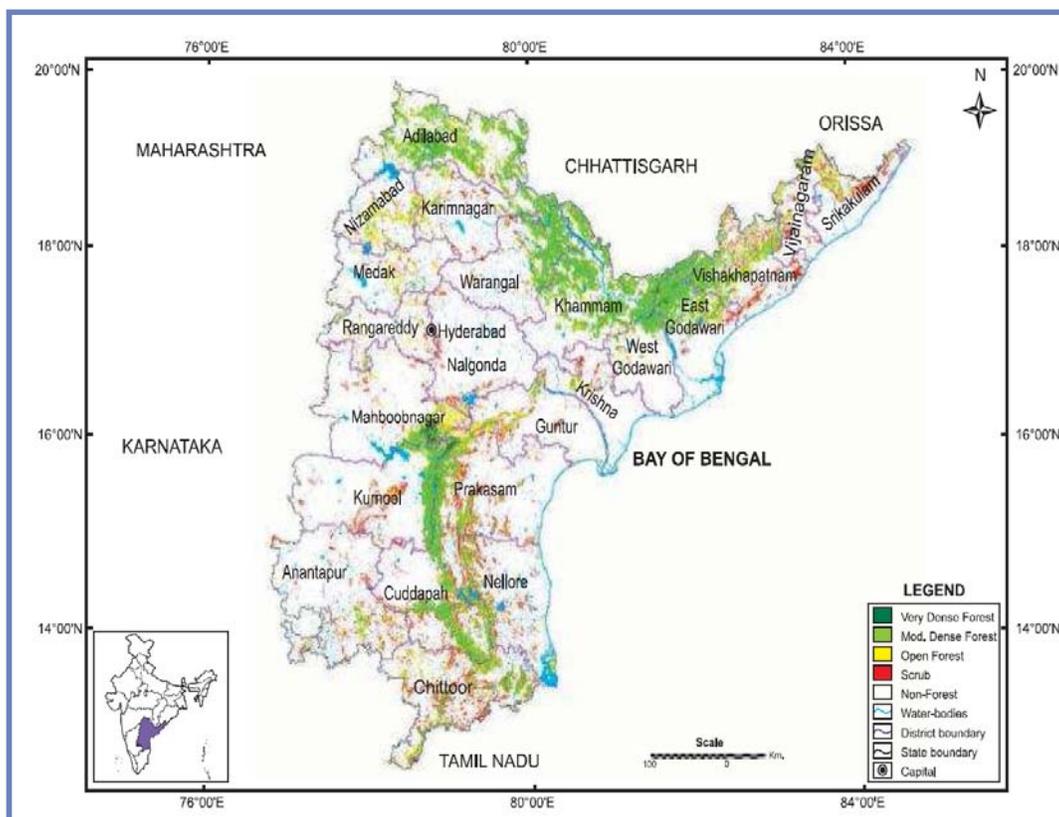
⁵ In FDA (Forest Development Agency) areas

⁶ In wildlife areas

3.1.2 Forest Cover⁷

The AP State of Forest Report 2011 (APSFR 2011) indicates the forest cover in the State in terms of canopy density as very dense forest (950 sq.km – 1.49 per cent), moderately dense forest (18,629 sq.km – 29.19 per cent), open forest (22,584 sq.km – 35.39 per cent), scrub (13,504 sq.km – 21.16 per cent), non-forest (7,496 sq.km – 11.75 per cent) and water bodies (651 sq.km – 1.02 per cent).

However, the India State of Forest Report 2011 (ISFR 2011) prepared by the Forest Survey of India (FSI) based on interpretation of satellite data during the period October 2008-March 2009 shows total forest cover of 46,389 sq.km, consisting of very dense forest (850 sq.km), moderately dense forest (26,242 sq.km) and open forest (19,297 sq. km). The ISFR 2011 draws a distinction between ‘forest area’ (area recorded as forests in Government records, i.e. within the control of the Forest Department) and ‘forest cover’ (all lands more than one hectare in area with a tree canopy density of more than 10 per cent). Thus, while forest area denotes the legal status of the land, forest cover indicates the presence of trees on any land, irrespective of their ownership, and excludes recorded forest areas without any trees or tree density of less than 10 per cent.



Forest Cover Map of Andhra Pradesh

(Source: India State of Forest Report 2011)

⁷ Of the entire forest area, the area which is actually covered by trees is called forest cover. Its classification depends upon the canopy density of the forest

3.1.3 Governing Statutes and Policies

The main statutes governing the management and maintenance of forests are:

- the AP Forest Act, 1967, which lays down the procedure for declaration of 'reserve forest' and 'protected forest' and the associated rights and conditions;
- the Forest (Conservation) Act, 1980, a Government of India Act, which stipulates the restrictions on, and procedures for de-reservation of reserved forest and diversion of forest land for non-forest purposes;
- the Wildlife (Protection) Act, 1972, a Government of India Act, which lays down the broad framework for protection of wild animals and birds, declaring areas as sanctuaries and national parks, and regulating possession/acquisition/trade in wild animals and animal articles; and
- the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, a GOI Act, (commonly termed as the ROFR Act), which seeks to recognise and vest the forest rights and occupation in forest land in forest dwelling scheduled tribes and other traditional forest dwellers and provides a framework for recording the forest rights and the nature of evidence required.

The State has also a policy for management of forest i.e., State Forest Policy, 1993 (as revised in 2002), which involves:

- sustainable management of forest resources through participatory approach involving communities, with emphasis on protection and regeneration of forests and forest lands;
- maintenance of environmental stability through preservation and restoration of ecological balance and checking of soil erosion and denudation of catchment areas of the rivers, lakes and reservoirs; and
- increasing tree cover through massive afforestation and social forestry programmes and conserving bio-diversity and genetic resources.

A notable development in the area of forest conservation is the Supreme Court order of 29 October 2002, creating a Compensatory Afforestation Fund for pooling in amounts paid by user agencies for diversion of forest land for non-forest purposes; these amounts were mainly towards Compensatory Afforestation (CA) and the Net Present Value (NPV) of the forest land being diverted. Subsequently, as per orders of the Supreme Court and Ministry of Environment and Forests, Government of India, an ad hoc Compensatory Afforestation Management and Planning Authority (CAMPA) at the Centre and State CAMPAs have been created.

3.1.4 Organisation

The management of forests and maintenance of the ecological balance is the responsibility of the Environment and Forest Department, which is headed by a Special Chief Secretary to the Government of Andhra Pradesh (GoAP). The Principal Chief Conservator of Forests (HoFF⁸) is the Executive Head of the Forest Department

⁸ Head of Forest Force

and its Chief Controlling Officer (CCO). He/she is assisted by the Principal Chief Conservator of Forests (Wildlife) & Chief Wildlife Warden, who is responsible for matters relating to wildlife. In addition, at the Head Office level, there are four Special Chief Conservators of Forests, 16 Additional Principal Chief Conservator of Forests, 12 Chief Conservators of Forests (CCFs), and other staff.

A detailed organisational chart is indicated in *Annexure 3.1*.

3.1.5 Financial Management (including programme funding)

The main sources of funding for the Forest Department are:

- Regular funds provided by GoAP – both for non-plan activities and (State) plan schemes;
- Funds provided by GoI for implementation of Centrally Sponsored Schemes;
- Funds released by the Central ad hoc CAMPA; and
- Funds provided for execution of convergence works as part of MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act).

A profile of budget allocation, releases and expenditure during the three year period from 2009-10 to 2011-12 is given below:

Table 3.1 – Outlay, releases and expenditure during 2009-12

(a) Plan and Non-Plan Expenditure from GoAP

(₹ in crore)

Year	Outlay		Total	Releases		Total	Expenditure		Total
	Plan	Non-Plan		Plan	Non-Plan		Plan	Non-Plan	
2009-10	102.08	239.28	341.36	65.11	221.93	287.04	57.10	203.97	261.07
2010-11	74.34	266.36	340.70	71.26	249.00	320.26	43.92	233.36	277.28
2011-12	78.59	339.83	418.42	79.16	322.05	401.21	71.01	260.14	331.15
Total	255.01	845.47	1100.48	215.53	792.98	1008.51	172.03	697.47	869.50

Source: Records of PCCF's office

During 2009-12, ₹172.03 crore and ₹697.47 crore were incurred under plan and non-plan actually, against the outlay of ₹255.01 crore and ₹845.47 crore respectively.

(b) Funding from CAMPA and MGNREGA (outside Government Account)

(₹ in crore)

Year	CAMPA		MGNREGA		
	Funds released	Expenditure by Forest Department	Releases	Expenditure by Forest Department	Remarks
2009-10	43.80	10.87	20.00	4.15	₹ 14.50 crore refunded to GoAP, balance utilized by DFOs
2010-11	62.72	82.83	82.28	82.28	Advance releases done away with under MGNREGA Centralized Fund Management System
2011-12	157.92	153.18	151.55	151.55	
Total	264.44	246.88	253.83	237.98	

Source: Records of PCCF's office

From 2010-11 onwards, releases from the Central ad hoc CAMPA became the most important source of funding for developmental activities.

3.2 Audit Objectives

The Chief Controlling Officer (CCO) based audit is an audit of a fair number of units in a department in an integrated manner to have common audit findings from the selected sample units. It assesses all aspects of functioning of a department such as financial management, planning and project management, human resources management, material/stores management, monitoring, internal controls, etc. The Forest Department was selected for CCO based audit in view of the magnitude of investment in the sector and its importance to ecosystem.

The main objectives of the CCO-based audit of the Forest Department were to ascertain whether:

- The developmental and other activities of the Department for managing and maintaining forests were properly planned and executed; and
- Financial management was properly planned, executed, monitored and controlled.

3.3 Audit Criteria

The main sources of audit criteria were:

- A.P. Forest Act, 1967, Wild Life (Protection) Act, 1972, Forest (Conservation) Act, 1980 (FC Act) and ROFR Act, 2006;
- National Forest Policy, 1988 and State Forest Policy, 2002;
- Working Plans and Management Plans of Territorial and Wildlife Divisions; and
- AP Financial Code, AP Forest Code and AP Treasury Code.

3.4 Scope of Audit

The scope of the CCO-based audit, which was conducted during March 2012 and between July to September 2012, covered the three year period from 2009-10 to 2011-12 and involved examination of the records at the Headquarters Office (Special Chief Secretary and PCCF), 12 circles and 25 divisions, out of 26 circles and 105 Forest divisions. The selection of divisions was made in a manner so as to ensure adequate coverage of different schemes/ plans, and forest regions and types. Details of the test-checked audit sample are indicated in *Annexure 3.2*.

3.5 Audit Findings

3.5.1 Forest Area

3.5.1.1 Updation of Forest Area

Despite diversion of 6487.22 ha of forest land during 2007-12 for non-forest purposes under the FC Act, 1980 and alienation of 1,91,099 ha land under ROFR Act, 2006, the recorded forest area of the State was being shown at 63,814 sq.km since 1991.

Updation is the responsibility of the PCCF (HoFF), based on inputs from the Divisional Forest Officers (DFOs), duly taking into account the forest land diverted and compensatory non-forest land received for afforestation. However, no mechanism has so far been prescribed for discharging this responsibility.

3.5.1.2 Unclassed Forest Area

As per APSFR 2011, the State has unclassified forest area of 970 sq.km (equivalent to 97,000 hectare), which is under the control of the Forest Department but has not been notified under any section of the AP Forest Act, 1967. The process for notification of reserved/protected forest involves the following:

- Notification of proposals for reservation;
- Appointment of Forest Settlement Officer (FSO) from the Revenue Department;
- Proclamation of areas to be reserved, duly calling for objections, if any, from the persons affected within one year of proclamation;
- Holding of inquiry by FSO and settlement of rights; and
- Publication of final notification for reservation of forests, after allowing appeals.

Audit scrutiny revealed that there was delay in final notification on account of non-conduct of survey/resurvey and demarcation, and cancellation of irregular assignments of land⁹ and joint survey with Revenue Department authorities in respect of six selected divisions. The prescribed process though planned decades back but could not executed so far by the DFOs. The reason for non-execution of the activities was not available on records. Details of delays in six divisions are summarised below:

Table 3.2 - Delay in notification of unclassified area

Name of the Division	No. of blocks	Unclassed Area (in ha)	Process pending since the year
Khammam	2 (Katkur Ext.VII and Mustibanda- Ext.Bit I)	256.91	1994
Bhadrachalam (South)	4 (CA blocks)	130.68	2001
Warangal (North)	8	2981.56	N.A
Karimnagar (West)	4	1083.53	1982
Chittoor (West)	11 (10 CA and 1 Non-CA blocks)	200.579	N.A
Kadapa	1 (Yerraballi)	653.25	1990

Source: Divisional records of concerned DFOs

Existence of substantial unclassified forest area carries risks of encroachment and loss of forest cover. Further, it was also observed in three divisions, that the unclassified forest area also included sixteen Compensatory Afforestation blocks. This showed that non-forest land accepted for afforestation was not free of disputes¹⁰.

⁹ Forest land incorrectly assigned as Revenue lands have to be cancelled, by resolving the disputes with the Revenue Department after holding joint survey. Notification process was held up due to non-cancellation of such irregular/ incorrect assignment of land by non-conduct of joint survey with the Revenue Department.

¹⁰ In cases of diversion of forest land for non-forest purposes, compensatory afforestation is generally to be undertaken on non-forest land.

Audit scrutiny, further, revealed that:

- In Khammam Forest Division, the computed forest area in seven blocks¹¹ was more than notified area by 8,590 ha. For reconciliation of the discrepancy, a survey in seven blocks was proposed in the working plan (2003-04 to 2012-13) during the period from 2004-05 to 2010-11 (one block each year). However, the proposed action plan was not carried out to date for which the reasons were not available on record.
- In Kadapa Forest Division, the land allotted (May, 2003) by Revenue Department for compensatory afforestation (CA) (210.44 ha) in Thumkunta Village of Raychoti Mandal was, in fact, not physically taken over, as some portions were either under encroachments or pattas were already given. The notification process initiated in 2007-08 was still in progress even after lapse of five years, mainly on account of non-availability of whole land (210.44 ha) due to failure of the then FRO to physically take over the land after proper verification. No action was taken against the FRO except issue of charge memo, while District authorities was addressed (June, 2010) to cancel the pattas given in CA areas. Progress made in the matter was not on record; the CA area was yet to be notified and CA yet to be completed (December 2012).

3.5.1.3 Reduction in Forest Cover

According to APSFR 2011,

- There was a reduction of 22.67 sq.km in Moderately Dense Forest (MDF) and 61.77 sq.km in Open Forest (OF) as against the position from 2010, which was reflected in an increase in non-forest area (82.58 sq.km) and scrub (1.86 sq.km). Very Dense Forest (VDF) remained static at 950.14 sq.km.

A loss of forest cover of 104.04 sq.km was reported, of which 56.73 sq.km was due to fresh harvesting of plantations. It was observed that due to encroachment of 18.56 sq.km of forest land under management of CFM¹², 56.56 sq.km of forest cover was lost in one year (2009-10). Khammam, Rajahmundry, and Warangal Circles topped in loss of forest cover, reporting losses of 31.94 sq.km, 14.62 sq.km. and 12.94 sq.km respectively.

- Decadal forest cover change studies carried out by Forest Department on a pilot basis for Jannaram Forest Division, Kawal and Pakhal Wild Life Sanctuaries for the period from 1988 to 2000 & 2000 to 2010, showed that there was an aggregate loss of forest cover ranging between 8 and 10 percentage in two decades without showing any positive change as depicted below.

¹¹ Gowaram, Cheemalpad, Erlapudi-I, Katkur, Tirumalakunta, Lanthalapally and Kanakgiri blocks

¹² having participatory approach in forest management

Table 3.3 – Loss of Forest Cover

Name of the Division/ WL Sanctuary	Forest Cover		Loss of forest cover (sq.km)						Total Loss
	In 1988		1988-2000			2000-2010			
	MDF	OF	MDF	OF	Total	MDF	OF	Total	
Jannaram	258.91	233.34	22.03	2.48	24.51	14.41	2.08	16.49	41.00
Kawal WLS	374.45	320.93	25.68	10.15	35.83	16.74	10.20	26.94	62.77
Pakhal WLS	153.61	452.86	3.70	39.57	43.27	4.96	11.67	16.63	59.90

Source: AP State of Forest Report - 2011

Further, ISFR 2011 also confirmed the loss of forest cover in the State; vis-à-vis the position in 2009, it showed decreases in MDF of 135 sq.km, Open Forest of 146 sq.km, and scrub of 53 sq.km, with increase in NF (Non-Forest) of 334 sq.km. Encroachments and harvesting of plantations were cited as possible reasons for the loss of forest cover, but the performance of the Department in preventing the encroachments was ineffective.

3.5.2 Encroachment of forest area

According to APSFR 2011, the forest land under encroachment in the State was 5,674 ha (less than 0.09 per cent of the total recorded forest area). However, this figure of 5,674 ha apparently related to encroachments that took place prior to implementation of ROFR Act, 2006 and did not consider subsequent attempted encroachments on the ground that control over the encroached land was subsequently regained. Though the control was regained over encroached land, in most of the cases, it was observed that forest cover on such land was already destroyed. It was the responsibility of the Divisional Forest Officer to enforce prevention of encroachment. Further, AP Forest Act 1967 also provides for penalty, prosecution and imprisonment besides compounding in case of offence.

As can be seen below, there was a substantial spurt in encroachment after the ROFR Act, 2006 (ranging between 108 and 2676 ha), as against the relatively modest recorded encroachment (ranging between 31 and 598 ha) prior to enactment of ROFR Act:

Table 3.4 – Encroachment on forest land

(All area in ha)

Name of the Division	Recorded forest area	Recorded encroachment prior to ROFR Act	Encroachments after ROFR Act (Figures in bracket indicate number of cases)						Total
			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
Khammam	1,32,234	486	43.52 (26)	148.34 (56)	658.11 (118)	365.70 (62)	1317.93 (162)	142.82 (28)	2676.42
Bhadrachalam (South)	1,29,366	90	33.87 (08)	159.60 (24)	34.50 (11)	7.50 (07)	374.50 (62)	7.20 (04 up to 12/2011)	617.17
Kothagudem	1,68,388	505	54.80 (21)	247.66 (49)	77.86 (17)	151.65 (30)	433.80 (109)	105.37 (41)	1071.14
Paloncha	1,52,352	598	43.27 (17)	183.19 (17)	622.09 (66)	292.32 (59)	276.40 (70)	203.01 (51)	1620.28

Name of the Division	Recorded forest area	Recorded encroachment prior to ROFR Act	Encroachments after ROFR Act (Figures in bracket indicate number of cases)						Total
			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
Bhadrachalam (North)	1,43,557	59	12.00 (2)	360.33 (46)	454.62 (42)	72.71 (11)	281.34 (45)	40.20 (11)	1221.20
WLM, Paloncha	68,638	80	28.50 (11)	82.98 (17)	47.50 (25)	221.148 (64)	485.19 (158)	137.18 (92)	1002.53
WLM, Warangal	53,855	77	2.08 (02)	35.91 (05)	28.94 (13)	28.62 (07)	13.44 (07)	Nil	108.99
Warangal (North)	2,31,025	265	30.70 (13)	198.00 (55)	279.43 (88)	213.32 (73)	---	---	721.45
Karimnagar (West)	97,499	35	0.99 (01)	24.90 (06)	249.09 (32)	113.20 (17)	14.20 (06)	---	402.38
Chittoor (West)	2,09,017	31	No encroachments were reported after 01-01-2006.						---

Source: correspondence files in test checked Circles and Divisions

Action in the above cases was taken as per extent law, but only after the act of encroachment, indicating failure of prevention mechanism by the department as discussed in the succeeding paragraph. It is desirable that the frequency of beat inspection prescribed by PCCF (1995) is enhanced to improve prevention mechanism.

3.5.3 Forest Protection

The State Forest Department seeks to protect forest areas through regular patrolling of vulnerable and non vulnerable areas; demarcation by constructing boundary pillars and walls; provision of new fast moving vehicles to front line staff; establishment of base camps (200) and strike forces (85) in vulnerable areas; and involvement of VSSs in protection aspects.

According to PCCF's instructions of November 1995, inspection of beats and natural forest in a Division should be conducted in a phased manner covering all vulnerable and non vulnerable beats in a year. Each vulnerable beat should be inspected at least once in a quarter, and each non-vulnerable beats should be inspected at least once in six months. Beat inspection reports, covering inspections conducted in the previous month, have to be forwarded to the DFO on a monthly basis, and beat inspection registers are prescribed at Range and Division level.

Audit scrutiny of the beat inspection programmes in 11 selected territorial divisions revealed the following:

- Beat inspection reports were not sent promptly by the Range Officers to the DFOs; this indicated that either the inspections were not conducted or the reports were not sent to the Divisions. In Hyderabad Division, 12 inspection reports relating to 2010-11 were yet to be received (June, 2012) from the Range Officers. Similarly, Khammam and Warangal North Divisions were yet to receive (August 2012) 19 and 38 reports relating to 2010-11 and 47 and 42 reports relating to 2011-12 from the respective Range Officers. Chittoor West Division did not maintain any beat inspection register, yet compliance to completion of phased inspection programme was reported. In the balance seven divisions, no deviation was observed.

- Despite conduct of beat inspections and formation of base camps and strike forces, there were a large number of offence reports relating to offences like encroachment, trespassing and destruction of forest (both detected and undetected) in eight test checked divisions¹³ indicating that the minimum inspection prescribed was not adequate enough to protect the forest from such offences. Frequency of the offences are summarised in the table 3.5 below.

Table 3.5 – Offence Reports

Category	2009-10		2010-11		2011-12	
	Number	Money Value	Number	Money Value	Number	Money Value
Offence reports	2978	1.34	3095	1.54	3656	1.74
Undetected offence reports	346	1.30	696	0.97	673	1.47

Source: Offence registers and case files of test-checked divisions

The increasing trend in offences was attributable to ineffective preventive mechanism.

3.5.4 Diversion of forest area for non-forestry purposes

The FC Act, 1980 and the Forest (Conservation) Rules, 2003 issued thereunder, prohibit diversion of forest land for non-forestry purposes, except with prior approval of GoI. Such approval is granted in two stages:

- In Stage-I, the proposal for diversion is agreed to in principle, subject to fulfilment of various conditions e.g.:
 - providing equivalent non-forest area (or degraded forest area to the extent of twice the forest area diverted in case non-forest area is not available in the State) for compensatory afforestation;
 - payment of Net Present Value (NPV) of forest diverted, cost of compensatory afforestation, penal cost of afforestation, if any, etc. by the user agency requesting such diversion.
- In Stage-II, formal approval is accorded for diversion after all conditions stipulated in Stage-I are fulfilled.

In Andhra Pradesh, as of September 2011¹⁴,

- Diversion of forest land under FC Act, 1980 was allowed in 446 cases, covering 35,790 ha (0.56 per cent of total recorded forest area) after approval from GOI. The main user agencies were Irrigation & Command Area Development Department, Roads & Buildings Department, Tourism Department, electricity utilities, Singareni Collieries Company Ltd. (a Public Sector Undertaking), Indian Railways, and AP State Road Transport Corporation.

¹³ Warangal North, Karimnagar West, WLM Warangal, Khammam, Chittoor West, Bhadrachalam South, Kadapa and Hyderabad

¹⁴ Updated figures upto March 2012 were not provided by the Department

- Out of the stipulated area for compensatory afforestation of 35,441 ha, compensatory afforestation was carried out in 28,087 ha (79 per cent), leaving a balance of 7,354 ha.
- Against the cost of compensatory afforestation of ₹201.22 crore and NPV of ₹1299.72 crore to be recovered from user agencies, the amounts actually recovered were ₹199.36 crore and ₹1299.72 crore respectively.

A test check of 11 diversion cases in seven divisions revealed deficiencies in implementation of the provisions of the FC Act, 1980 in two cases.

3.5.4.1 Diversion of forest land

Revenue Department (August 2010) diverted 6.70 ha of forest land in Indupulapaya Polmyrah Plantation Reserve Forest, Vempally Range of Kadapa Forest Division in favour of the Department of Youth Advancement, Tourism and Culture (DOYAT). However, the identified non-forest land of 25.08 acre (10.15 ha) for raising compensatory afforestation as per Stage-I approval (June 2010) was, in fact, within an area of 30.08 acres (12.17 ha)¹⁵ of revenue land handed over by the Revenue Authorities to AP Forest Development Corporation (APFDC) in 2007 for raising of red sanders plantations in Vempally Range. APFDC had already done afforestation on this area during 2007-08 (incurring expenditure of ₹17.31 lakh¹⁶), but handed over (February 2009) 5 acres to the Forest Department for establishing a conservation breeding centre and the remaining 25.08 acres (December 2009) to the Forest Department to facilitate diversion of forest land to DOYAT. Handing over of already afforested land against diversion of land was a violation of the guidelines issued under FC Act 1983, which stipulates that land which is not already planted should be afforested thereagainst.

3.5.4.2 Non-completion of compensatory afforestation over 80 ha in Kadapa District due to non-availability of identified non-forest land

231.94 ha of forest land in Kothagudem Forest Division of Khammam Circle was diverted (2006) in favour of The Singareni Collieries Company Ltd.¹⁷ for coal-mining activities. Non-forest land for compensatory afforestation was identified in Kadapa Forest Division (210.44 ha) and Bhadrachalam South Forest Division (21.50 ha). However, scrutiny of records in Kadapa Forest Division revealed that the land identified for compensatory afforestation was not available, as some of the land was already alienated by issue of DKT pattas etc. When repeatedly pressed by PCCF for initiating notification of compensatory afforestation lands under the A.P. Forest Act, 1967, FRO Rayachoty reported (January 2009) that the handing over of 210.44 ha (520 Acres) was on paper only, and not physically. The compliance to Stage-I conditions (taking over of CA land) reported by FRO which led to grant of Phase-II

¹⁵ @ 2.47105 acres/ ha

¹⁶ This was claimed by APFDC from the Forest Department, but was yet to be reimbursed.

¹⁷ A public sector undertaking

approval (2006) was found later (January 2009) to be false, and hence no demarcation could be carried in view of disputes with regard to boundaries. The Collector, YSR Kadapa District was addressed by DFO (June 2010) for cancellation of pattas issued on CA land, and the matter was also referred by DFO (July 2010) to CF, Kurnool Circle. Further progress in the matter was not on record.

Consequently, out of the proposed 210.44 ha, compensatory afforestation was carried out only over 130.44 ha, incurring an expenditure of ₹40.50 lakh (out of the total CA cost of ₹1.93 crore deposited by the user agency); the balance area of 80 ha was yet to be afforested (September 2012).

Thus, improper identification of non-forest land in a far away Division resulted in incomplete compensatory afforestation for diverted forest land.

3.5.5 Recognition of forest rights and award of titles under ROFR Act

The ROFR Act, 2006, notified in January 2007 in the Gazette of India, seeks to recognise and vest the forest rights and occupation in forest land in forest dwelling Scheduled Tribes and other traditional forest dwellers who have been residing in such forest for generations but whose rights could not be recognized. It also provides a framework for recording the forest rights and the nature of evidence required. Thirteen forest rights to be recognized are listed in Section 3(1) of the Act; these covered both individual rights and community rights. The Act distinguishes between recognition of rights of forest-dwelling Scheduled Tribes and other traditional forest dwellers:

- The rights existing as of 13 December 2005 for forest-dwelling Scheduled Tribes are recognised under the Act;
- In respect of other traditional forest dwellers, the existing right of those who were primarily residing and depending on forest/forest lands for bona fide livelihood needs at least for three generations prior to 13 December 2005 are recognised.

The ROFR Rules 2008, for carrying out the provisions of the Act, were notified in December 2008. The rules prescribed a three stage process for recognition of rights at three levels i.e. Gram Sabha, Sub-Divisional Level Committee (SDLC) and District Level Committee (DLC), which is summarised below:

- Claims for rights are received and decided by the Gram Sabha and recommended to SDLC (Sub-Divisional Level Committee).
- SDLC (consisting of Sub-DFO from Forest Department and RDO from Revenue Department) examines the recommendations by the Gram Sabha and sends eligible claims to District Level Committee (DLC) for consideration.
- DLC, chaired by District Collector and including DFO and District Tribal Welfare Officer, finally decides on entitlement to rights and passes resolution to that effect, whereupon title deeds are issued to the beneficiaries signed by DLC members.

However, no time limit is prescribed in the ROFR Act or the ROFR Rules for completing the recognition process.

GoAP took up the implementation of the ROFR Act on fast track mode; as per the prescribed road map, the entire process of recognition was to be completed by 30 October 2008. Audit scrutiny of the implementation of the ROFR Act revealed the following.

3.5.5.1 Continuation of recognition beyond the road map period

Although the ROFR Act prescribed a cut-off date of 13 December 2005 for eligibility for grant of rights, it does not prescribe any time limit for reorganization of rights. However, GoAP prescribed a road map, whereby the entire process was to be completed by 30 October 2008.

However, this timeline was not adhered to, the reasons for which were not on record. Not only was the issue of titles extended upto 2010-11, Phase-II of the programme commenced in 2011-12 and was in progress. At the end of Phase-I (2010-11), the reported status of issue of titles (individual and community) was as follows;

Table 3.6 – Issue of rights under ROFR Act, 2006

Category	No. of titles issued	Extent of land (Acres)
Individual titles	1,65,691	4,72,016
Community titles	2,106	9,79,207

Source: Records of PCCF's office

The lack of a timeframe for completing implementation of the ROFR Act and recognition of rights, in effect, keeps the process continuing with scope for possible exploitation and incorrect claims and increasing vulnerability of forest area.

In Khammam Division, 452 claimants, whose claims were rejected earlier in Phase-I, attempted fresh encroachments and claimed titles in Phase-II over an area of 1800 acres. The timely action of the Range Officer, Tallada in bringing the matter to the notice of the DFO, resulted in the DFO writing (May 2012) to the Tahsildars (Revenue Authorities) not to entertain the claims.

Year-wise figures of issue of titles had not been produced to audit, despite being sought.

The absence of time frame for award of titles and rights under the ROFR Act, acts as an incentive for possible encroachments with a view to subsequent regularisation in the future. This resulted in increasing trend in encroachment on forest area post-ROFR, as detailed in **paragraph 3.5.2.**

3.5.5.2 Grant of rights to ineligible persons

Seventy two persons were granted individual rights to hold forest land and title deeds issued under the ROFR Act, 2006 for 248.77 acres (100.7 ha) in Bhadrachalam North and Khammam Forest Divisions, although they were not the dwellers of forest land as on 13 December 2005, and the lands over which titles were given were in forest areas

subjected to attempted encroachments only after 2007. The fact of illegal grant of rights was brought to the notice of the District Collector (May/August 2010) by the CF/DFOs concerned for cancellation of titles. However, such cancellations did not take place to date. Division-wise details of issue of illegal titles are as follows:

Table 3.7 – Instances of issue of illegal titles

Name of the division	Name of the Village & Mandal	Compartment No.& Forest block	No. of claimants	Year	Extent of Area (Acres)
Bhadrachalam North	Madhavaopeta and Arlaagudem of Bhadrachalam Mandal	137/Madhavaopeta and RF 43/Arlagudem	56	2008-09	222.69
Khammam	Vedanthapuram EP of Dabbatogu Habitation of Sathupally Mandal	Area given to APFDC for plantation during 1984. They were proposed for Bamboo MFP during the year 2010 by APFDC	16	2009-10	26.08

Source: Divisional records of concerned DFOs

Audit scrutiny further revealed that:

- In respect of Bhadrachalam areas, the DFO relied on satellite imagery for the year 2007 to show that the areas were under dense forest cover in 2007 and that encroachments were attempted after 2007 to claim title under the Act.
- In respect of forest areas in Khammam given to APFDC for eucalyptus plantation in the year 1984, three rotations of eucalyptus plantations were completed and bamboo mixed plantation was proposed during the year 2010. Advance operations were commenced from December 2009 and an amount of ₹8.62 lakh¹⁸ was spent on these operations. The area was under the control of APFDC till the rights were entertained under the ROFR Act over an extent of 26.08 acres (2009-10).

3.5.5.3 Grant of Rights to Individuals in VSS areas

Vana Samrakshana Samithis (VSS) were formed under the Joint Forest Management Programme during 1990-99 and revitalised and re-visited during the AP Community Forest Management. Each VSS is given a certain forest area for management with rights to enjoy certain benefits and also duties to protect the forest areas. The areas under the management of VSSs are forest areas over which no individual (VSS or non-VSS) has any right to ownership. Accordingly, PCCF clarified (August 2009) that individuals could not claim rights in VSS areas, as they were not in possession of land on the cut off dates of 13 December 2005 and 31 December 2007; the second date – 31 December 2007 – is not a cut off date specified in the ROFR Act, 2006. However, rights were already granted to individual claimants in three test-checked divisions, prior to the receipt of this clarification as detailed below.

¹⁸ @ ₹25,000 per ha over 34.50 ha of plantation area

Table 3.8 – Grant of rights to individuals in VSS areas

Name of the division	No. of VSS/ EDCs where titles given	No. of individual titles issued	Extent of Area (Acres)
Warangal North	41 VSSs	859 (VSS- 150 + Non VSS- 709)	2151.53
Karimnagar West	8 VSSs	i) 85 claims in Raikal & Siricilla Ranges ii) Other claimant in Jagitial Ranges (numbers not available)	244.57
WLM, Warangal	4 EDCs	34	110.10

Source: Divisional records of concerned DFOs

No action, however, was taken to cancel the rights already granted in the above cases (December 2012).

3.5.5.4 Grant of Community Rights to Tribal VSSs

Audit scrutiny revealed that community rights were given to tribal VSSs in the following Divisions:

Table 3.9 – Grant of community rights to tribal VSSs

Name of the Division	No. of VSSs community Rights granted	Extent of forest land over which rights given (Acres)
Warangal North	33 VSSs	32,992.03
Warangal South	101 VSSs	85,129.55
Chittoor West	12 VSSs	8,108.51
Nandyal WLM	8 VSSs	6,453.10
Narsipatnam	103 VSSs	24,136.29
Vizianagaram	95 VSSs	36,291.40

Source: Divisional records of the concerned DFOs

In this context, a clear distinction is required to be made between the rights of VSSs and the community rights envisaged under the ROFR Act, 2006. The rights, duties and responsibilities of VSSs emanate from the MoU with the Forest Department, micro-plans drawn and VSS resolutions for execution of works and sharing of benefits. VSS members get benefits, because they are required to perform certain forestry operations and protect forests over the allotted area and are also required to maintain operational and accounting records prescribed under the Community Forest Management scheme (CFM).

However such responsibility of maintenance of records, foresting operation and protecting forest on allotted land was not imposed along with community rights granted under the ROFR Act, thus, leading to grant of rights without any responsibility.

3.5.5.5 Misuse of rights granted

Title deeds issued under the ROFR Act, 2006 are for *bona fide* livelihood needs (viz. fulfilment of sustenance needs of self and family through production or sale of produce resulting from self cultivation of forest land given). The land is heritable, but not transferable or alienable under the ROFR Act.

Contrary to the above legal provisions, 50 acres out of 111.79 Acres of land given to 38 members during 2009-10 under the Act in Chandrapalem Village of Annapureddypalli RF of Khammam Division were transferred by the beneficiaries on lease for two years to a developer, who raised a banana crop on the area taken on lease. Although the matter was reported (May 2011) by the DFO the action on the report from authorities was awaited (December 2012).

3.5.6 Management of forests and wildlife

The State has been implementing several Central and State schemes for improvement of existing forests, afforestation of degraded forest land, and increasing tree cover on non-forest lands. Performance of some of these schemes is discussed in the following paragraphs.

3.5.6.1 Intensification of Forest Management Scheme (IFMS)

The Intensification of Forest Management Scheme (IFMS), introduced in 2008-09, a Centrally Sponsored Scheme financed by the Central and State Governments in the ratio of 75:25, is intended to support State Forest Departments in taking up important works related to improvement of forest infrastructure and strengthening of forest protection machinery. The year-wise Annual Work Plan allocations, releases and expenditure under IFMS are indicated in table given below:

Table 3.10 Intensification of Forest Management Scheme

Year	Annual Work Plan (AWP) approved by GOI	Central releases (Fresh & Revalidated) (₹ in Lakh)	Budget Releases by State Govt. (₹ in Lakh)	Expenditure (₹ in Lakh)
2009-10	- NIL- (approved AWP of ₹454.15 lakh kept in abeyance due to non-release of State Share)	70.94 (towards revalidated AWP of 2008-09)	170.94 (revalidated AWP of 2008-09) [(CS-₹70.94 (Sept.2009) SS-₹100.00 (Nov.2009)]	80.39 (AWP 2008-09) (CS-₹31.63; SS-₹48.76)
2010-11	228.23 (Central Share - ₹171.17 State Share - ₹57.06)	176.25 (June, 2010) (AWP 2008-09)	102.90 Revalidated (AWP 2008-09) (CS-₹39.30; SS-₹63.60)	56.74 (CS-₹3.64; SS-₹53.10) (AWP 2008-09)
2011-12	230.62 (CS- ₹172.97; SS- ₹57.65)	-NIL-	- NIL-	-NIL-

Source: Records of PCCF's office

A review of the above table revealed that the implementation of IFMS during 2009-12 was unsatisfactory due to delays in release of budget ranging between three and five months during 2009-10 & 2010-11 by the State Finance Department. Further, unsatisfactory performance and poor expenditure in earlier years prompted GoI not to make any allocation in release of budget for 2009-10 and again for 2011-12. Hence, the Annual Work Plan (AWP) for 2009-10, though cleared, and the AWP for 2011-12 (originally proposed for ₹10.31 crore but approved for only ₹2.31 crore by GoI) were not executed, due to non-release of State share.

3.5.6.2 Accelerated Programme of Restoration and Regeneration of Forest Cover

Additional Central Assistance (ACA) for “Accelerated Programme of Restoration and Regeneration of Forest Cover” was a new State Plan introduced by GoI in 2009-10 with the objectives of promoting ecological restoration and regeneration of degraded forests (with special emphasis on Assisted Natural Regeneration (ANR), Artificial Regeneration (AR) of forest plant series, restoration of problem areas, eco-restoration and Production of Quality Planting Material (PQPM), high tech nurseries, genetic selection etc.); and conservation of existing forests with special emphasis on conserving rare, endangered and threatened species. Details of Approved Action Plan, budget releases and expenditure are indicated in the table given below.

Table.3.11 - Accelerated Programme of Restoration and Regeneration of Forest Cover

Year	Approved Action Plan (₹ in lakh)	Budget Releases (₹ in lakh)	Expenditure (₹ in lakh)
2009-10	Advance works - 896.29 Aided Natural Regeneration - 421.19 Nursery Activity (Territorial and Hitech) - 824.86 Total - 2142.34	NIL	NIL
2010-11	- do -	NIL	NIL
2011-12	- do -	388.00 (revalidated)	388.00

Source: Records of PCCF's office

However, the scheme could not take off during 2009-10 and 2010-11 due to late receipt (October 2009) of guidelines from GoI, consequent delay in finalization of Action Plans (December 2009), and belated release of funds in both 2009-10 and 2010-11. The unspent balances for 2009-10 and 2010-11 were revalidated for an amount of ₹3.88 crore and released in October 2011; the revalidated amount was utilized in the months of February and March 2012 for carrying out only advance work of plantations, due to late authorization of funds by the DOWA/PAOs¹⁹. The failure of the PCCF to prepare the action plans in time and ensure prompt release of funds, resulted in dismal performance of the Scheme.

3.5.6.3 Bio-Diesel Plantation in Forest Areas

The Project ‘Bio-Diesel Plantation in Forest Areas’, funded by the National Bank for Agriculture and Rural Development (NABARD) under RIDF-XIII²⁰ and sanctioned by GoAP in April 2008 at an outlay of ₹23.42 crore (NABARD ₹22.24 crore and GoAP ₹1.17 crore) which envisaged bio-diesel plantation over 8,800 ha through 101 projects (ranges), was started in 2008-09 and ended in March 2011.

¹⁹ DOWA: Director of Works Accounts; PAOs: Pay and Accounts Offices

²⁰ RIDF – Rural Infrastructure Development Fund

Audit scrutiny revealed that 17 out of 101 projects were deleted subsequently for want of suitable land and problems of encroachments. Against the target of 8800 ha, coverage of 5250 ha at a cost of ₹11.20 crore was achieved; details of achievement in the test-checked divisions are indicated in the table below.

Table 3.12 - Bio-Diesel Plantation

Sl. No.	Name of the Division	Name of the Project (Range)	Target		Achievement	
			Physical (Ha)	Financial (₹ in lakh)	Physical (Ha)	Financial (₹ in lakh)
1	Hyderabad	Hyderabad South	125	36.14	80	21.89
2	Hyderabad	Vikarabad	80	22.19	20	6.16
3	Hyderabad	Mohammadabad	- Non Starter Project -			
4	Hyderabad	Tandur	- Non Starter Project -			
5	Khammam	Sathupally	25	5.140	20	0.474
6	Khammam	Karepally	50	10.270	- Non Starter Project -	
7	Khammam	Dammamet	50	10.270	25	5.961
8	Khammam	Tallada	50	10.270	25	6.638
9	Bhadrachalam South	VR Puram	40	8.220	40	6.860
10	Bhadrachalam South	Chintur	50	10.270	50	4.79 (1st year maintenance of 50 Ha not carried)
11	Bhadrachalam South	Kunavaram	25	5.140	25	2.780 (1st year maintenance of 25 Ha not carried)
12	Chittoor West	Punganuru	50	10.270	38	4.514
13	Chittoor West	Madanapalli	50	10.270	30	3.939
14	Chittoor West	Kuppam	40	8.220	35	4.517
15	Chittoor West	Chittoor West	50	10.270	40	7.162
16	Chittoor West	Palamner	30	6.610	10	3.120

Source: Divisional records of concerned DFOs

3.5.6.4 13th Finance Commission Grant

Grant-in-aid for forests, based on the award of the 13th Finance Commission, covered different activities and components viz. forest protection, wildlife, social forestry, FDA, research, training, IT & Communications, and preparation and revisiting of working plans; it was programmed to be implemented over a period of 5 years upto 2014-15. Grants were to be released in five annual instalments (not later than July for each year); while instalments for 2010-11 and 2011-12 would be unconditional and untied, the last three instalments would, however, be based on the progress made on execution of approved Working Plans. The component wise action plan for the period from 2010-11 to 2014-15 were approved by GoAP in February 2011.

However, audit scrutiny revealed that the implementation of the scheme suffered from several deficiencies.

- During 2010-11, despite timely release of grant of ₹33.58 crore by GoI (March 2010), the Department could utilize only ₹21.53 crore, leaving an unspent balance of ₹12.05 crore. This poor performance was mainly attributable to (a) delayed preparation/ revision of action plans and their approval (February 2011) by GoAP, and (b) delayed release of budget (November 2010) by GoAP.
- The unspent balance of ₹12.05 crore, which was revalidated and released in July 2011, as well as the regular grant of ₹33.48 crore for 2011-12, was also not fully utilized, due to incomplete execution of action plans in field, leaving unutilised balances of ₹0.76 crore (revalidated) and ₹4.95 crore (regular).

Details of component-wise fund utilisation are indicated in the table below.

Table 3.13 - 13th Finance Commission Grant

(₹ in lakh)

Sl. No.	Component	2010-11		2011-12			
		Amount released	Expenditure incurred	Revalidated		Regular	
				Amount released	Expenditure	Amount released	Expenditure
1	Forest Protection	479.25	292.363	185.887	178.07	429.620	354.794
2	Wild life	575.00	392.282	262.720	258.087	580.000	466.461
3	RIDF	358.00	190.010	-----Component deleted-----			
4	Social Forestry	1,000.00	941.985	226.241	225.250	1379.350	1293.180
5	FDA	525.00	124.916	284.579	260.322	572.000	512.167
6	Research	50.00	39.034	10.996	10.945	21.850	21.690
7	Training	116.65	27.867	88.784	76.305	70.000	26.237
8	IT & C	210.70	128.792	117.413	97.004	192.600	100.00
9	Working Plans	43.30	16.090	27.310	21.929	112.580	88.153
Total		3358.00	2153.339	1203.900	1127.859	3358.000	2862.682
Unspent balances			1204.661		76.041		495.318

Source: Records of PCCF's office

3.5.6.5 Project Elephant

Project Elephant, a 100 per cent Centrally Sponsored Scheme (CSS), has been implemented in Royala Elephant Reserve area, Chittoor West Division since 1991-92, and consists of programmes relating to habitat improvement, eco-development, anti-poaching measures, fire protection and awareness programmes among the public. Funding for the project suffered during the period from 2009-10 to 2011-12, due to not having an approved management plan for Koundinya Wild Life Sanctuary located in the Royala Elephant Reserve, and GoAP could not get any assistance from GoI during 2010-11 and 2011-12. Despite repeated insistence by the PCCF since 2001-02, no management plan was prepared and submitted to PCCF by the DFO till 2012-13. The draft management plan submitted (November 2012) was yet to be approved. Details of funds released and utilized are indicated in the table below.

Table 3.14 - Project Elephant

Year	Project outlay proposed by GOAP (₹ in lakh)	Project out-lay Approved by Govt. of India (₹ in lakh)	Releases by GOI/ State Govt. (₹ in lakh)	Utilization (₹ in lakh)
2009-10	100.00	52.50	21.50	21.50
2010-11	125.00	NIL	2.85 (GoAP)	2.85
2011-12	150.00	NIL	15.85 (GoAP)	15.85

Source: Divisional records of concerned DFOs

3.5.6.6 River Valley Project

River Valley Project (RVP), a 100 per cent Centrally Sponsored Scheme for soil conservation in the catchment areas of Machkund and Sileru Rivers, is being implemented in Visakhapatnam Circle since 1992. 232 watersheds, covering an area of 2,60,244 ha, were identified for treatment - As per guidelines of Watershed Development Project issued by GoI, treatment of a watershed should be planned on project basis for a period of four to seven years. The reported implementation of the Project was very slow, only 134 out of 232 identified water sheds could be treated over a period of two decades. The deficiency in achievement was mainly attributable to meagre release of funds by the nodal agency, despite approval by GoI for higher allocation of funds, and late releases of funds. During 2011-12, the last instalment of ₹1.25 crore was released during the last week of March 2012, resulting in non utilization of ₹1.00 crore. Details of GoI allocation, releases by Agriculture & Co-operation Department and expenditure there against are summarised in the table below.

Table 3.15 - River Valley Project

Year	Allocation by GOI (As per approved annual plan) (₹ in lakh)	Amount released by Nodal Agency (Agriculture Dept.) (₹ in lakh)	Deficit financing (₹ in lakh)	Percentage of releases to GOI approval	Expenditure incurred (₹ in lakh)
2009-10	1547.86	500.00	1047.86	32	475.11
2010-11	1475.10	517.10	958.00	35	376.25
2011-12	1107.90	615.84	492.06	55	516.05

Source: Divisional records of concerned DFOs

3.5.6.7 CAMPA

Funds release by the central ad-hoc CAMPA is based on the Annual Plan of Operation (APO), prepared by the Executive Committee of the State CAMPA and approved by its Steering Committee. The activities undertaken as per the approved APO covered the whole gamut of forest functioning i.e. forest management, forest and wildlife protection, infrastructure development and office support under NPV component, and compensatory afforestation under the CA component.

A summary of fund requirements projected in the APO, funds released and expenditure incurred during the 3 years period is given below.

Table 3.16 – Funds requirement, releases and expenditure under CAMPA

(₹ in crore)			
Year	Funds requirement - APO	Releases	Expenditure
2009-10	87.29	89.78	10.87
2010-11	168.75	120.74	82.83
2011-12	169.81	118.57	153.19
Total	425.85	329.09	246.89

Source: Records of PCCF's office

Audit scrutiny revealed that:

- The poor implementation of the APO during 2009-10 was attributable to late release (November 2009) of funds by the ad-hoc CAMPA and late communication of APO (January 2010) by the State CAMPA to all circles and divisions. Performance during 2010-11 was also not satisfactory; however, during 2011-12, 90 per cent of the funds released were expended.
- As part of CAMPA works, DFO, Khammam proposed to construct eight Km of protection wall with an estimated cost of ₹1.77 crore during 2011-12. While tendering was initiated in August 2011 and the work awarded to the lowest bidder, the Department did not execute the agreement and gave the bidder extension of time due to non availability of funds in 2011-12. Audit scrutiny of the APO for 2012-13 revealed non-allotment of funds for this work even during 2012-13; consequently, this work could not be taken up till date (July 2012).

3.5.6.8 Plantations under various schemes

Plantations raised under various Schemes/Projects often failed due to various reasons like encroachments, unsuitability of climate and failure to take up maintenance due to paucity of funds. A list of 33 instances of such failures in plantation activities detected during field inspections by the Forest Department is indicated at *Annexure 3.3*.

3.5.7 Community Forest Management (CFM)

Audit scrutiny revealed that while the concept of Community Forest Management (CFM) reached its zenith during 2004-05 to 2009-10 when the AP Community Forest Management Project, a World-Bank aided project, was in existence, it lost its prominence thereafter. Out of 1837 VSSs formed in ten test checked Divisions, the number of functional VSSs ranged between 415 (2009-10) and 301 (2011-12). A division-wise profile of VSSs functioning and expenditure incurred by them during 2009-12 is given in *Annexure – 3.4*. A large proportion of the functional VSSs were those formed under GoI funded FDA and NAP²¹ schemes, which mandated execution of works only through JFMCs. Further, out of the 301 functional VSSs in 2011-12, 178 (59 per cent) were under FDA.

Audit scrutiny also revealed that:

- Contrary to the stipulation of re-investment of at least 50 per cent of net proceeds from harvest and sale of forest produce in the VSS Joint Account with the Forest

²¹ NAP: National Afforestation Programme

Department Officials for carrying out forestry works in the allotted areas, no such reinvestment was taking place in the test-checked VSS Joint Accounts. In fact, the Kakinada Territorial Division reported realization of net sale proceeds of ₹79.14 lakh by VSSs during the period 2009-12, out of which an amount of ₹43.84 lakh was kept separately for regeneration without depositing in the respective VSS Joint Accounts.

- Although the State and National Forest Policies mandated carrying out of forest works in VSS areas by VSSs, audit scrutiny of test-checked divisions indicated that works under CAMPA as well as convergence works under MGNREGA were not being executed through VSSs.
- Although VSSs were entitled to 50 *per cent* of the compounding fees that they collected, no such fees were earned by them during 2009-12. In fact, the 2011 AP State of Forest Report indicates that VSSs accounted for 1856 ha of encroachment during one year.
- Advances of ₹4.31 lakh and ₹1.95 lakh given to three VSSs in Karimnagar Forest Division and 19 VSSs in Warangal North Division during 2001-08 and 2004-06 were outstanding as of September 2012.

3.5.8 Wildlife Management

The Protected Area (PA) network in the State consists of 21 wildlife sanctuaries, six national parks and one tiger reserve. The AP State Forest Policy (2002) requires that management plans covering “Strengthening of existing infrastructure, identification and creation of conservation zones, improvement of habitat for wild life, restoration and enhancement of water sources and mitigation of man-animal conflict in and around protected areas” be prepared for each of these protected area for their holistic development, besides prescribing general measures for conservation of bio-diversity and wild life, and mitigation of man-animal conflict by creation of ‘corridors’. Community and people’s participation in bio-diversity conservation through Eco-Development Committees (EDCs) also finds an important place in the State Policy.

Audit scrutiny of records relating to eight Wild life Sanctuaries and one Tiger Reserve²² functioning under the control of Wildlife Management Divisions/ Territorial Divisions revealed the following:

3.5.8.1 Management Plans

As against the holistic long-term management plan envisaged in the State Forest Policy, 2002, four sanctuaries²³ - did not have any management plan in place since inception. The management was being carried out as per Annual Plan of Operations (APO) prepared each year. In fact, the draft management plans in respect of Koundinya, Eturunagaram and Pakhal WLS had been submitted (August/September 2012) to the

²² Pakhala, Eturunagaram, Koundinya, Rollapadu, Krishna, Kawal, Kolleru lake, Coringa WL Sanctuaries, Nagarjuna Sagar- Srisaillam Tiger Reserve (N.S.T.R.)

²³ Koundinya Wild Life Sanctuary (WLS) in Chittoor West Territorial Division , Eturunagaram WLS and Pakhal WLS in Warangal WLM Division and Krishna Wild Life Sanctuary in Eluru WLM Division

PCCF and their approval was still awaited (September 2012), while the management plan for Krishna WLS was not prepared.

Further, the Integrated Management Plan (IMP) for Kolleru WLS had not been implemented to date, due to non-establishment of Kolleru Development Authority.

3.5.8.2 Control over sanctuaries

The National Wildlife Action Plan (2002-2016) implies that the protected area should be under the control of one Division (Wildlife/Territorial) so as to ensure effective management of the area. However, two sanctuaries²⁴ were under the multiple control of three Divisions i.e. Warangal WLM, Warangal North and Warangal South Territorial Divisions, instead of one single Division.

3.5.8.3 Wild life Census

Scrutiny of records relating to Wild Life Census conducted in Five Wild life Divisions and one tiger reserve during the years 2010 to 2012 revealed that while there was no significant change in common animals and birds like deer, sambar, black bucks, wild boars, bears, foxes and wolves, changes were noticed in the population of tigers, elephants and Great Indian Bustard, as summarised below:

- Wildlife census conducted in 2012 revealed that the tiger population within Warangal WLM Division has come down over the years from two in 2007 to 'Nil' in 2012, while the population of leopards has decreased from ten in 2007 to five in 2012.
- Elephant census conducted in Koundinya WLS (an elephant reserve) in Chittoor West Division in 2010 revealed that there was an increase in elephant population from 9 in 2007 to 17 in 2012.
- Great Indian Bustard (GIB), an endangered species notified in Schedule 1 to the Wildlife (Protection) Act, 1972, found in Rollapadu WLS in Atmakur WLM has become almost extinct. Its number had come down to just five (One male and four female) in 2010 from 98 found in 2001.
- Tiger population in Nagarjuna Sagar-Srisailem Tiger Reserve (NSTR), the largest tiger reserve of India, did not show any appreciable change during the five year period from 2007-2012; the number of tigers recorded was 76, 85, 80, 85 and 79 during these five years. However, the population of panthers increased from 58 (2007) to 88 in 2011.
- Tiger population in Kawal Wild Life Sanctuary in Jannaram WLM Division was static at four since 2009 and that of panthers showed a decline from 23 in 2009 to 21 in 2011.

²⁴ Pakhal WLS and Eturunagaram WLS

3.5.9 Financial Management and Control

3.5.9.1 Forest Revenues

The Forest Department receives revenues mainly from sale of timber, bamboo, beedi leaves and other Minor Forest Produce (MFP); other sources of revenue include compounding fees ('C' fees) collected from persons indulging in forest offence cases, license fee collected from saw mill licensees, and fees collected on permits issued under the Forest Produce Transit Rules. While timber and bamboo are sold through timber/ bamboo depots established by the Department, sale of beedi leaf is done through bidding by APFDC; as a matter of policy, net revenue in the beedi leaf trade is distributed 100 *per cent* to beedi leaf collectors from 2006-07. Revenue targets fixed and achieved during the last three years was as follows:

Table 3.17 – Forest Revenues

(₹ in crore)

Year	Sale of timber and other forest produce		Other receipts	
	Target	Achievement	Target	Achievement
2009-10	76.03	74.94	27.41	28.42
2010-11	80.00	63.05	28.62	65.69
2011-12	81.51	68.17	32.54	80.69

Source: Records of PCCF's office

As can be seen above, the target for sale of timber and other forest produce could not be achieved in any of the three years; this was mainly on account of lesser sales of bamboo (whose productivity was coming down year after year). There was, however, a substantial increase in respect of other receipts.

In respect of MFP, monopoly rights are given to the Girijan Cooperative Corporation (GCC), Vishakapatnam for collection and sale of MFP; rentals are fixed every year by the DFOs and the demand communicated to the GCC for payment. Audit scrutiny revealed that with regard to the agreement with GCC Ltd. for items of MFP, payments through book adjustments between the Forest and Tribal Welfare Departments were not being made in time; as per GCC's version, the amount to be paid was ₹69.04 crore for the period 2002-03 to 2010-11; this amount could be higher as the exact figures of amounts in arrears were not available with the PCCF. The CCF/CFs were requested (May 2012) to provide the exact amount of recoverable dues, so as to impress upon the GCC for early settlement of dues.

Also, scrutiny of records relating to STC Circle Hyderabad, revealed that an amount of ₹12.82 crore relating to the Beedi Leaf Seasons 2009 to 2010 (which was to be distributed to beedi leaf collectors as per GoAP's decision of 2006) was remaining undistributed with APFDC, for the reasons of non-tracing of the persons who had originally collected the leaf and left the villages afterwards. The undistributed amount, being the revenue of the Government, should be remitted to Government account.

3.5.9.2 PAO System of Payment

The PAO system of works payments, whereby all work bills would be subject to pre-check and issue of cheques by the PAOs, was introduced in respect of the Forest

Department with effect from August 2005; an exemption was provided for works executed by the VSSs, by empowering PAOs to issue authorization letters to the banks concerned to honour the cheques drawn by the DFO against the Letter of Credit (LOC) released by the Government.

Audit scrutiny revealed that the PAO system of works was resulting in delays in flow of funds for execution of forestry operations.

- The amounts of the bills were small (below ₹1.00 lakh) and received lesser attention at the PAOs.
- Although VSS works are exempted from the PAO system of execution, fund flow to VSSs was also affected due to delay in issue of authorization by the PAO/APAO to the banks concerned.
- While there was no significant delay between release of funds by the PCCF and authorization by the Director of Work Accounts (DOWA) (the gap was not more than a week), delay in authorization by PAO/APAO was noticed in almost all cases. In one case (Chittoor West Division), PAO delayed the authorization by more than six months on the ground that there was a freeze on release of funds by the Finance Department.

Instances of delay noticed in audit are summarised in *Annexure 3.5*.

3.5.9.3 Internal audit setup

The Department has a well structured internal audit system, with sanctioned posts of 17 Accounts Officers (14 at field level - 1 A.O. for each Circle - and 4 at PCCF Office), and one Chief Accounts Officer located at PCCF Office. Internal audit is conducted annually covering all 180 Audit Units. Internal audit for the year 2011-12 was in arrears in 12 Units (eight located in Adilabad and 4 in Kurnool Circle) on account of vacancy of one post in Adilabad Circle and for other administrative reasons in Kurnool Circle.

3.5.10 Vacancies in frontline staff

While the IFS cadre posts were adequately filled, there were substantial vacancies in the posts of front-line staff in the field and other ministerial and technical staff at Head Quarters, as summarised below:

Table 3.18 – Vacancies in frontline staff

S.No	Name of the Post	Sanctioned Strength	Persons-in-Position	Vacant Posts
1	ACF (Non-Cadre)	160	97	63
2	Forest Range Officer	426	336	90
3	Forest Beat Officer(FBO)	2916	2760	156
4	Asst. Beat Officer (ABO)	1458	1267	191
5	Draftsman-Gr.II	69	53	16
6	Tanadar	47	23	24

Source: Records of PCCF's office

3.6 Conclusion

There was lack of effective action for notification of unclassed forest area, reduction/loss of forest cover and deficient implementation of statutory provisions for diversion of forest land in two cases. There was also a substantial spurt in encroachment after the coming into force of the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006. The lack of a timeframe for completing implementation of the ROFR Act and recognition of rights, in effect, keeps the process open indefinitely, with scope for possible exploitation and incorrect claims and increasing vulnerability of forest area. Various instances were noticed where ROFR rights were granted to ineligible persons and individuals in VSS areas as well as community rights extended to tribal VSSs, not in line with the provisions of the ROFR Act.

Audit scrutiny also revealed that many of the schemes for forest management were not effectively implemented due to delayed preparation of action plans, and delay in release of State share of funds. The concept of Community Forest Management (CFM) had also lost its erstwhile prominence, with a vastly reduced proportion of functional Vana Samrakshana Samithis (VSSs). There were also deficiencies in management of test-checked wildlife sanctuaries.

Further, non-achievement of targets under various schemes was partly on account of non-release /late release of funds by the Government/PCCF, as well as delay in authorization by the Director of Works Accounts/PAO under the PAO system of works and forests payments.

3.7 Recommendations

- *The recorded forest area needs to be updated, by excluding land diverted for non-forest purposes and alienated under the ROFR Act, 2006 and including additions to forest land. The Forest Department needs to put in place a mechanism for such periodic updation.*
- *The process of notifying unclassed forest area should be expedited and monitored effectively.*
- *It is now almost eight years since the cut-off date of 13 December 2005 for eligibility for recognition of forest rights under the ROFR Act. Thus, future applications for recognition of rights (including under Phase-II) should be scrutinized very closely and strictly, especially with reference to satellite imagery to establish beyond doubt the existence of such rights as on 13 December 2005, both by the Forest and Revenue Departments.*
- *Cases of irregular allotment of rights, not in conformity with the provision of the ROFR Act, 2006, should be cancelled. Also, the PCCF circular of August 2009 should be amended to remove reference to the cut-off date of 31 December 2007, which is not as per the provisions of the ROFR Act.*

- *Considering that the magnitude of financial transactions in respect of forestry operations and the delays in fund flows (especially at the PAO/APAO levels) which adversely affect the execution of forest operations, GoAP may ensure expeditious settlement of payments.*
- *Significant vacancies in frontline staff in the Forest Department need to be filled up urgently, to improve its functioning.*