

Preface

This Report on the audit of expenditure incurred by the Government of Odisha has been prepared for submission to the Governor under Article 151 of the Constitution. The Report covers significant matters arising out of the compliance and Performance Audit of various Departments / activities under Economic Sector.

The Report starts with an introductory Chapter 1 outlining the audit scope, mandate and the key audit findings which emerged during the audit exercise. Chapter 2 of the Report covers Performance Audit and Chief Controlling Officer based audit while Chapter 3 discusses material findings emerging from compliance audits.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.

Chapter 1

Introduction

Chapter 1 Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) on Government of Odisha relates to matters arising from Performance Audit of NABARD assisted irrigation and flood control projects of Department of Water Resources, Chief Controlling Officer (CCO) based audit of the activities of Forest and Environment Department (Forest Wing) and Compliance Audit of Government Departments.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

Compliance Audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the applicable Rules, Laws, Regulations, various orders and instructions issued by the competent authorities are being complied with.

Performance Audit and CCO based audit examine the extent to which the objectives of an organisation, programme or scheme have been achieved economically, efficiently and effectively.

This chapter provides the audited entity's profile, the planning and extent of audit, and a synopsis of the significant audit observations. Chapter 2 of this Report deals with the findings of Performance Audit and CCO based Audit and Chapter 3 deals with Compliance Audit of various departments.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to light in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.

1.2 Audited entity's profile

There were 38 departments in the State at the Secretariat level headed by Additional Chief Secretaries / Principal Secretaries / Commissioner-cum-Secretaries, assisted by Directors and Sub-ordinate Officers. Of these, 15 Departments and two Wings of other two Departments including PSUs / Autonomous bodies coming under these Departments are under the audit jurisdiction of the Accountant General (Economic and Revenue Sector Audit).

1.3 Authority for Audit

The authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. CAG conducts audit of expenditure of the departments of Government of Odisha under section 13¹ of the CAG's (DPC) Act 1971. In addition, CAG conducts audit of Autonomous Bodies substantially funded by the State Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2007 issued by the CAG.

1.4 Organisational Structure of the Accountant General (Economic and Revenue Sector Audit) Odisha

As a part of restructuring of State Audit Offices by the CAG, erstwhile office of the Accountant General (CW&RA), Odisha became the Principal Auditor of the Economic Services Departments of the Government of Odisha and was renamed as Accountant General (Economic and Revenue Sector Audit), Odisha from 02 April 2012. After restructuring, Audit of accounts of State Departments / Agencies / Public Sector Undertakings / Autonomous Bodies grouped under "Economic Sector" and "Revenue Sector" are under the purview of the Accountant General (Economic and Revenue Sector Audit), Odisha.

1.5 Planning and conduct of audit

Audit process starts with the risk assessment of the Department / Organisation as a whole and that of each unit based on expenditure incurred, criticality / complexity of activities, level of delegated financial powers, assessment of internal controls, concerns of stakeholders and the likely impact of such risks. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations made in these Inspection Reports/Performance Audit/CCO Audit are processed for inclusion in the Audit Reports which are submitted to the Governor of Odisha under Article 151 of the Constitution of India.

¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts

1.6.2 CCO Based Audit of Forest and Environment Department

The Chief Controlling Officer Based Audit of the Forest Wing revealed that the State is yet to prepare its Forest Policy after five years of recommendation (March 2006) by the National Forest Commission.

Six working plans relating to seven Divisions were approved after a delay of more than five years. One working plan relating to two Divisions was pending with Principal Chief Conservator of Forest, Odisha and another plan for one Division was not prepared. Out of the two National parks, one National park (Similipal) was not finally notified though the initial notification was issued in 1980. Similarly 18 out of 19 Sanctuaries were not finally notified.

14 corridors for elephants were identified by the State Government covering length of 420.80 km and areas of 870.61 sq km were not executed due to non finalisation of Elephant Corridor Management Plan.

NPV of ₹ 32.49 crore in respect of six User Agencies relating to three Divisions was either not levied or short levied. ₹ 13.61 crore received as on 31 March 2011 towards Compensatory Afforestation from user agencies could not be utilised.

Due to injudicious decision of Government, there was loss of Forest Development Tax of ₹ 197.66 crore deducted from sale value of Kendu Leaves (2006-07 to 2010-11).

387 timber coupes and 356 bamboo coupes were not made operational during 2006-11 which deprived the Government of realisation of revenue.

Sales were finalised below the cost in respect of 1046 Lots during the KL crop year 2006 to 2010 resulting in realisation of less sale value of ₹ 7.82 crore. Department sustained loss of production of 0.84 lakh quintals calculated at minimum five per cent of production of 16.86 lakh quintals during crop year 2006 to 2010 resulting in loss of revenue by ₹ 64.30 crore.

Vacancy in forester and forest guards was 39 and 36 *per cent* of the sanctioned strength, the coverage of forest area by a forest guard varied from below one hectare (Cuttack and Bhubaneswar) to 11993 hectares (Keonjhar).

No evaluation of the plantation programmes was undertaken by the PCCF, Odisha as well as DFOs during 2006-11. Also there was no inspection by higher authorities starting from PCCF (Odisha) to DFOs during 2006-11.

Internal control was weak, total number of units due for audit was not planned and even those planned during 2006-11 could not be audited.

(Paragraph 2.2)

FOREST AND ENVIRONMENT DEPARTMENT

2.2 Chief Controlling Officer based audit of Forest Wing

Executive Summary

The Chief Controlling Officer based audit of the Forest and Environment Department revealed that the State is yet to prepare its Forest Policy even after five years of recommendation (March 2006) by the National Forest Commission.

Six working plans relating to seven Divisions were approved after a delay of more than five years. One working plan relating to two Divisions was pending with Principal Chief Conservator of Forest, Odisha and another plan for one Division was not prepared. Out of 19 Sanctuaries and two National Parks in the State only one Sanctuary (Gahiramatha Marine) and one National Park (Bhitarkanika) were finally notified (May 2012).

NPV of ₹ 32.49 crore in respect of six User Agencies relating to three Divisions was either non-levied or short levied. ₹ 13.61 crore received as on 31 March 2011 towards Compensatory Afforestation from user agencies could not be utilised. In three Divisions, cost of wild life management fund of ₹ 4.06 crore was not demanded/less demanded from four User Agencies.

Due to injudicious decision of Government, there was loss of Forest Development Tax of ₹ 197.66 crore deducted from sale value of Kendu Leaves (2006-07 to 2010-11).

Less marking of trees in coupes resulted in loss of estimated royalty of ₹ 8.04 crore. 387 timber coupes and 356 bamboo coupes were not made operational during 2006-11 which deprived the Government of realisation of revenue. There was short levy of royalty of ₹ 3.10 crore on timber due to improper fixation of unit value and short realisation of royalty of ₹ 1.05 crore on bamboo due to non-revision of royalty and silvicultural charges for 2009-11.

Offenders prosecuted in forest offence cases in 15 Divisions ranged between one and 13 per cent.

14 corridors for elephants were identified by the State Government covering length of 420.8 km and area of 870.61 sq km were not executed due to non-finalisation of Elephant Corridor Management Plan. Relocation package amounting to ₹ 10.90 crore was released during 1997-2011 for Siltmilipal Tiger Reserve (STR), Baripada. However, only 133 families out of 194 families were relocated leaving 61 families as of 31 March 2011 and ₹ 578.46 lakh was still pending with the Collector, Mayurbhanj without any utilisation.

Kerries (25.60 crore) consumed in Process Divisions in excess of the norm fixed and as a result an expenditure of ₹ 6.23 crore was avoidable. Sales were finalised below the cost in respect of 1046 Lots during the KL crop year 2006 to 2010 resulting in realisation of less sale value of ₹ 7.82 crore. Department sustained loss of production of 0.84 lakh quintals calculated at minimum five per cent of production of 16.86 lakh quintals during crop year 2006 to 2010 resulting in loss of revenue by ₹ 64.30 crore. Due to non-use of waste leaves

as cover leaves 71.82 crore additional kerries purchased at the cost of ₹ 19.62 crore during the crop year 2006 to 2010 could not be used to increase the revenue. Loss of revenue was ₹ 8.25 crore due to shortfall in achievement of revised target on purchase of KL.

Vacancy in forester and forest guards was 39 and 36 per cent of the sanctioned strength, the coverage of forest area by a forest guard varied from below one hectare (Cuttack and Bhubaneswar) to 11993 hectares (Keonjhar).

No evaluation of the plantation programmes was undertaken by the PCCF, Odisha as well as DFOs during 2006-11. Also there was no inspection by higher authorities starting from PCCF (Odisha) to DFOs during 2006-11.

Internal control was weak, total number of units due for audit could not be planned and even those planned during 2006-11 could not be audited.

2.2.1 Introduction

National Forest Policy, 1988 was framed to increase area under forest and tree cover of the country by need based and time bound programme of afforestation and tree planting. The policy aimed at maintenance of environmental stability and restoration of ecological balance through conservation, upgradation and increase in forest cover. Odisha State has a geographical area of 155707 sq km, out of which the forest area is 58136 sq km (37.34 per cent).

The Forest Wing of Forest and Environment Department is responsible for conservation and sustainable management of forests, wildlife, afforestation and regeneration of degraded forest lands, administration of forest laws and promotion and awareness among the public for conservation of forests. Revenue from forests is also collected on sale of forest produces like Kendu leaves, timber, Bamboo, etc. through Odisha Forest Development Corporation (OFDC) Ltd. which acts as its commercial wing. All forests are managed as per working plan/scheme approved by the Ministry of Environment & Forests (MoEF), Government of India for a period of ten years.

2.2.1.1 Organisation structure

The Department is headed by the Principal Secretary, Forest and Environment (FE) Department who is the Chief Controlling Officer (CCO). The field formations are organised under the Forest, Wild Life (WL) and Kendu Leaf (KL) wings headed by Principal Chief Conservator of Forest (PCCF), Odisha as Controlling Officer (CO), PCCF (Wild Life)-cum-Chief Wild Life Warden (CWLW) and PCCF (Kendu Leave) respectively. There are nine forest Circles and 37 Forest Divisions, eight working plan Divisions, one Forest Resource Survey Division, two Silviculture Divisions, six Training Institutions under the PCCF, Odisha, 13 Wild Life Divisions and one Zoological Park under the control of PCCF (WL)-cum-CWLW and three Circles and 19 KL Divisions under the supervision of PCCF (KL).

2.2.1.2 *Audit Objective*

Audit was carried out with the objective of assessing whether:

1. Planning, programme management, supervision and monitoring of implementation of developmental schemes/programmes were efficient and effective for sustainable management of forest;
2. Financial administration and Human Resources Management was efficient for optimum utilisation of resources in terms of recruitment, deployment and training for skill up-gradation;
3. There exists robustness of management of stores/materials;
4. Effective internal controls exist to provide internal oversight for the above.

2.2.1.3 *Audit criteria*

Audit criteria were adopted from the following sources:

- The Indian Forest Act, 1927 and Rules
- The Orissa Forest Act, 1972 and Rules
- The Wild Life (Protection) Act, 1972
- The Orissa Kendu Leaves (Control of Trade) Act, 1961
- The Orissa Forests Contract (OFC) Rules, 1966
- The Orissa Kendu Leaves Manual, 1973
- The Orissa Forest Department Code, 1979
- The Forest Conservation (FC) Act, 1980
- The Orissa Forest Produce (Control of Trade) Act, 1981
- The Orissa Forest Development (Tax on Sale of Forest Produce by Government or Orissa Forest Development Corporation) Act, 2003
- Orissa Budget Manual, 1963
- Orissa General Financial Rules (OGFR)
- Orissa Treasury Code (OTC)
- Orissa Public Works Department Code
- Instructions/orders issued by Government/ PCCFs from time to time

2.2.1.4 *Scope, methodology and coverage of audit*

Under CCO based audit, all important aspects of the functioning of the Department like planning and programme management, budgetary controls, financial management, human resource management, inventory management, effectiveness of internal controls along with management of forest including revenue aspects were examined. Audit was conducted during the period October 2011 to June 2012 covering the period 2006-07 to 2010-11. We examined 46 out of 96 Drawing and Disbursing Officer (DDOs) comprising

19 Territorial Divisions out of 37, nine WL Divisions out of 14 and 10 KL Divisions out of 19 selected by way of Stratified Random Sampling without Replacement method and six related Circles, one Silviculture Division and one Training institution. Apart from this, records at the Secretariat, Offices of the PCCFs were also examined. We discussed the audit objective, methodology and criteria with the Principal Secretary to Government, FE Department and Senior Management in an Entry Conference held on 28 September 2011. Audit findings were reported to the CCO and CO during September and October 2012 respectively. The Department was requested to hold Exit Conference to discuss the audit findings but is yet to respond (December 2012).

Audit Findings

2.2.2 Policy and Planning

2.2.2.1 Non-framing of the State Forest Policy

The National Forest Commission recommended (March 2006) that each State should have its own Forest Policy for sustainable management of the forest and wildlife resources of the State. The policy, *inter alia*, was to address issues pertaining to conserving the remaining natural forests, increasing sustainability of forest/tree cover through massive afforestation and social forestry programmes and creation of people's movement for the objectives etc. It was, however, observed that even after five years of the above mentioned recommendation, the State Government is yet to prepare (December 2012) its Forest Policy.

The National Forest Policy envisaged that the forest and tree cover in the country should be brought to 25 per cent in 2007 and to 33 per cent in 2012. The forest and tree cover of State was 53204 sq km (34.17 per cent of the State's geographical area) as per India State

of Forest Report 2011 published by the Forest Survey of India (FSI). Though it was more than the percentage laid out in the National Forest policy, there was decrease in Very Dense Forest (VDF) by 13 sq km and Moderately Dense Forest (MDF) by 28 sq km with increase only in Open Forest (OF) by 89 sq km as per FSI report of 2009 and



Very Dense Forest



Moderately Dense Forest



Open Forest

2011 based on data collected between December 2006 to January 2009, thereby indicating depletion of forest in terms of volume with reference to the density. Reasons for such decrease in VDF and MDF was not furnished.

2.2.2.2 Delay in preparation of working plans

Working plans are required for sustainable management of forests. Under Code of Management Plan Procedure 1990, the working plan is to be prepared by the Working Plan Officer, which is finally approved by GoI. Further, the preparation/revision of the working plan of a Division should be taken up three years prior to the expiry of the current plan and completed about one year before its due date of implementation. The working plans are to be prepared / revised in ten years.

Audit scrutiny revealed that eight working plans relating to nine²⁷ Divisions for the period 2007-17 and one Division (Nawarangpur) for the period 2009-19 was required to be finalised during 2006-07 and 2008-09 respectively. However, six working plans relating to seven Divisions²⁸ could be finalised and approved after a delay of more than five years (September 2011). One working plan relating to two Divisions (Sundargarh and Rourkela) was pending with PCCF, Odisha and another plan relating to Nawarangpur Division is yet to be prepared (November 2011). In the absence of approved working plans sustainable management of forest including coupe working, silvicultural operation could not be done resulting in poor growth of forest and also loss of royalty.

PCCF, Odisha stated (February 2012) that due to acute shortage of staff the working plans could not be prepared in time. The reply indicated that the most important area on management of forest was not attended to.

2.2.2.3 Non-finalisation of Wildlife Management Plan

As per National Wild Life Action Plan, each Protected Area (PA) should have its own management plan approved by CWLW based on sound scientific and ecological data. The Annual Plan of Operation (APO) should be prepared for each PA basing on Management Plans and submitted to GoI for approval and release of funds.

Audit scrutiny revealed that the Wildlife Management Plans for 20 PAs²⁹ (National Parks and Sanctuaries), were prepared during 2006-11 for a period of ten years. Out of this, only nine Management Plans were approved (March 2011) by the CWLW and were under implementation. Management Plans in respect of important sanctuaries/National Parks like Similipal, Bhitarkanika

²⁷ Jeypore, Malkangiri, Sundargarh, Kalahandi (N), Kalahandi(S), Keonjhar (T), Keonjhar (WL), Bamra (WL) and Rourkela.

²⁸ Bamra (WL), Jeypore, Kalanahdi (N), Kalahandi (S), Keonjhar, Keonjhar (WL) and Malkhangiri.

²⁹ Bhitarkanika, Similipal National Parks, Badrama, Baisipalli, Balukhand Konark, Bhitarkanika, Chandaka Dampara, Chilika (Nalabana), Debrigarh, Gahiramatha, Hadagarh, Karlapat, Khalasuni, Kotagarh, Kuldiha, Lakhari, Nandankanan, Satkosia, Similipal and Sunabeda Sanctuaries

and Gahirmatha were not approved due to discrepancies in the plans submitted.

We also noticed that the amount approved/released by GoI was less than the amount proposed in the APOs during 2006-2011. Thus, targets envisaged in the Management Plans were not achieved due to inadequate funds as discussed in subsequent paras.

2.2.2.4 Inadequacy in functioning of State Board for Wildlife

As per Section 7 of the Wildlife (Protection) Act, 1972 the State Board for Wildlife (SBWL) shall meet at least twice a year and advise the State Government on the selection and management of PAs, formulation of policy for protection and conservation of wild life and specified plants and measures to be taken for harmonising the needs of the tribals and other dwellers of forest.

The SBWL headed by the Chief Minister, Odisha, was constituted (September 2003) for a period of two years. Though the tenure of the Board expired on 29 September 2005 it was reconstituted on 16 October 2007. Thus there was no Board functioning during the above period. The Board met only twice during the period of eight years (2003-11) as against the required sixteen meetings during the said period as stipulated in the Act.

As per National Wildlife Action Plan (2002-2016), the national goal is to set apart 10 *per cent* of geographical area as protected areas. As against this the State had only 4.35 *per cent* covered by Sanctuaries/National Parks. Though the first Board endorsed the proposals for declaration of (five) new sanctuaries no effective steps were taken in this regard. Also other important decisions taken in the meeting were not reviewed and followed up.

Thus non formation of SBWL for two years and non-convening of meetings regularly, action taken by the implementing units or the status of the proposals submitted to GoI could not be followed up by the Department and the Board's monitoring was, thus, ineffective.

2.2.2.5 Delay in final notification of Sanctuaries/National Parks

As per Section 18 and 35 of Wildlife (Protection) Act, 1972 the State Government may, by notification declare its intention to constitute any area other than an area within any reserve forest or the territorial waters as a Sanctuary and National Park, for the purpose of protecting, propagating or developing wildlife or its environment. The final notification shall be issued under section 26A or 38 of the Act after completion of the process of land acquisition proceedings by the Collector under Sections 19 to 25 of the Act within a period of two years from the date of notification of declaration of Sanctuary or National Park.

Audit scrutiny revealed that out of 19 Sanctuaries and two National Parks in the State only one Sanctuary (Gahiramatha Marine) and one National Park (Bhitarkanika) were finally notified (May 2012). Thus, despite the provisions in the Act, major Sanctuaries have not been finally notified to ensure full legal status. In the absence of the final notification, adequate protection measures

(strengthening anti-poaching initiatives, addressing man animal conflicts, restoration of habitats, determination of inviolate spaces and relocation of villages from crucial wild life habitats etc.) could not be implemented, as a result man animal conflicts and WL offence cases increased. During 2006-11 poaching of 56 elephants³⁰ and hunting of 372 other animals³¹ were reported and Government failed to provide inviolate spaces and critical habitats for wildlife free from human impact. Offence cases could not be sustained in the trial courts as discussed in para 2.2.4.18.

The delay in final notification was due to lack of sustained efforts and coordination between Forest and Revenue authorities.

2.2.3 Financial management

2.2.3.1 Budget provision and expenditure

The original budget provisions, supplementary provisions, expenditure incurred, surrenders made by the Department during 2006-11 were as follows.

Table No: 2.9 Year wise budget and surrenders

(₹ in crore)

Year	Budget Provision	Supplementary Provision	Total	Actual Expenditure	Surrender
2006-07	285.52	17.63	303.15	291.11	20.96
2007-08	387.14	8.78	395.92	372.78	16.23
2008-09	498.29	62.10	560.39	428.13	41.94
2009-10	587.99	6.28	594.27	443.46	53.70
2010-11	607.93	11.27	619.20	580.52	44.60
Total	2366.87	106.06	2472.93	2116.00	177.43

Source: Budget document and surrender orders

Against a total budgetary provision of ₹ 2472.93 crore, the Department could incur expenditure of ₹ 2116 crore and surrendered ₹ 177.43 crore. The actual expenditure during 2007-11 was less than the original budget provision. Thus, the supplementary provision was unwarranted indicating that the budget was not realistically estimated.

- As per Rule 46 of Odisha Budget Manual (OBM) 1963, the Budget Estimates are prepared based on the Departmental estimates submitted by the Controlling officers. These estimates are to be based on the information submitted by the District offices.

We noticed that PCCF, Odisha submitted budget estimate without receipt of estimates from Circles. Two Circles (Sambalpur and Rourkella) did not submit the estimate due to non receipt of the same from Divisions. In 20 Forest/WL Divisions the estimates were submitted to Circles with a delay ranging from 21 to 183 days. Thus the budget estimates were submitted by the CO without any inputs from the District Offices.

- As per the National Wildlife Action Plan 2002-16, a minimum of 15 per cent of total forest budget should be allocated for conservation of wildlife.

³⁰ 2006-07 :- 15, 2007-08 :- seven, 2008-09 :- 11, 2009-10 :- seven and 2010-11 :- 16

³¹ 2006-07 :- 79, 2007-08 :- 75, 2008-09 :- 63, 2009-10 :- 59 and 2010-11 :- 96

We noticed that budget for conservation of WL during 2006-11 ranged between five to nine *per cent* which was below the norm for all the years.

- PCCF, Odisha released funds to field offices with a delay ranging from 21 to 54 days after sanction of funds by the Department which affected the project implementation.
- As per Rule 147 of OBM rush of expenditure in the closing month of a financial year will be regarded as breach of financial regularity. Further, no money should be drawn unless it is required for immediate disbursement.

In 18 Territorial Divisions, expenditure incurred during last quarter was more than 50 *per cent* (except in 2008-09 and 2009-10 under State Plan) and the expenditure during the month of March was between 30 and 87 *per cent*. In Wild life Wing expenditure was between 57 and 84 *per cent* during last quarter of 2009-11 whereas expenditure incurred during March was 37 to 83 *per cent*.

- In ten units ₹ 15.01 lakh was drawn during 2010-11 towards advance payment of electric, telephone and fuel charges to avoid lapse of budget grant violating provision of OTC.

Thus, an effective control over preparation of budget, allocation/release of funds in time and expenditure was not in place.

The Government stated (July 2012) that surrender was not practically possible by 10 of March of every financial year since by that time, the actual expenditure could not be foreseen. Surrender of funds by 31 March of a financial year was not considered as surrender at belated stage since some funds were sanctioned by Government of India at the fag end of the year.

The reply is not acceptable since the surrender of funds on the last day of the financial year indicates lack of financial planning and monitoring at appropriate levels.

Revenue budget

The budget estimates and actual collection of revenue by the Department during 2006-11 was as follows.

Table No: 2.10 **Details of revenue budget/ revised estimate**

(₹ in crore)

Year	Budget estimate	Revenue realised	Variation amount Increase (+) / Short fall (-)	Variation percentage
2006-07	80.00	130.63	(+) 50.63	63.29
2007-08	62.26	82.66	(+) 20.40	32.77
2008-09	127.52	139.29	(+) 11.77	9.23
2009-10	120.00	109.03	(-) 10.97	9.14
2010-11	90.00	157.68	(+) 67.68	75.20
Total	479.78	619.29		

The revenue budget of the Department was under-estimated in each year except 2009-10 though there was increase in collection of revenue.

The Government stated (July 2012) that budget estimates were not assessed accurately due to non-assessment of quantum of production of Kendu Leaves on which 90 *per cent* of revenue is earned. After budget session of a particular year is over, the Chief Secretary fixes target for collection of revenue for the Department. The Finance Department shows a tentative figure under revenue receipt.

The reply itself indicates that figures under revenue receipt were tentative and estimates were not realistic as these were not based on reliable data/information and further the increasing trend of revenue of previous years was not reviewed by the CCO in formulating the budget.

2.2.3.2 Surrender of funds due to under-utilisation

Funds received under different schemes are required to be utilised to achieve the desired objective under the scheme. We noticed that the funds provided under different schemes for a particular financial year could not be utilised during that financial year. Details are given in the following table.

Table No: 2.11 Surrender of funds

(₹ in lakh)

Year	Name of the scheme	Amount received	Actual expenditure	Amount surrendered	% of funds surrendered
2006-07	Special development of KBK Districts	2188.35	1965.70	222.65	10
2008-09	Urban tree plantation in Bhubaneswar City	237.00	186.63	50.37	21
2009-10	Infrastructure Development of Eco tourism	120.00	82.30	37.70	31
2010-11	13 th FC grant	3617.00	2706.88	910.12	25
	Special Development of KBK Districts	1210.00	1178.98	31.02	2.5
Total		7372.35	6120.49	1251.86	

Source: Information collected from the PCCF, Odisha

Surrender of funds ranged from 2.5 to 31 *per cent* of the total amount received in respect of four schemes during 2006-07 and 2008-11. Due to surrender of funds under infrastructure development of ecotourism, ecotourism destination as per annual plan of action could not be achieved. Similarly, by non-establishment of State Forest Academy under 13th Finance Commission (FC) grant the intended goal of research and training could not be achieved.

PCCF, Odisha stated (January 2012) that the reasons for surrender was non-disbursement of arrear salary by the DFOs, non-finalisation of site for Eco-tourism/Bamboo development, non-availability of land for State Forest Academy, shortage of staff in Working Plan Offices/monitoring and Evaluation Wing.

The reply indicated that CO and CCO did not initiate timely action for full utilisation of funds.

2.2.3.3 Loss of GoI grants

GoI released grants in installments on the basis of Annual Plan of Operation submitted by the State Government. After release of first installment

subsequent installments are released on utilisation of funds. As per terms and conditions of the sanction order, the amount should be utilised by 31 March or treated as lapsed unless revalidated by GoI. Audit scrutiny revealed the following:

- GoI approved ₹ 73.66 crore (GoI share ₹ 66.77 crore and State share ₹ 6.89 crore) and released grants of ₹ 60.69 crore during 2006-11. Out of this ₹ 2.34 crore was not released by GoO to the Divisions in five³² Central Plan (CP) and four³³ Centrally Sponsored Plan (CSP) schemes for which no reasons was furnished by the Government. The balance grant of ₹ 58.35 crore was released along with a state share of ₹ 5.59 crore out of which ₹ 5.88 crore remained unspent ranging from ₹ 0.32 crore to ₹ 3.46 crore during 2006-11. GoI while sanctioning grant adjusted the unspent amounts against the allotment for subsequent years. Thus GoI share of ₹ 8.22 crore (₹ 5.88 crore + ₹ 2.34 crore) could not be availed. Reasons for unspent balances were delay in release of funds by the GoO and inadequate Departmental monitoring and supervision.
- GoI approved 19 projects for ₹ 11.49 crore during 2007-11 out of which ₹ 7.83 crore only was released by GoI. The GoI share of ₹ 3.66 crore could not be released due to delayed/non- submission of UC.

2.2.3.4 *Diversion of scheme funds*

As per stipulations made in the sanction order of the schemes, the amount sanctioned shall be utilised for the purpose for which it is sanctioned.

In Dhenkanal and Bonai Division an amount ₹ 1.42 crore was received under 12th/13th FC grants towards maintenance of plantation and Subsidiary Silviculture Operation (SSO) of timber coupes during 2008-11, but ₹ 0.38 crore was utilised for contingent expenditures and SSO of bamboo coupes.

DFOs stated that due to receipt of insufficient allotment under contingent head and due to non-acceptance of surrender of allotment by the PCCF, Odisha the diversion was made. Surrender of allotment proposal by the DFOs indicated improper planning at their level and also improper allocation of fund by the CO.

2.2.3.5 *Management of CAMPA Fund*

In terms of orders of September 2003 of GoI, MoEF, in case of forest land being diverted for non-forest purposes under the Forest (Conservation) Act, 1980, Net Present Value (NPV) shall be charged in all those cases which have been granted in principle approval after 30 October 2002 and it shall be realised before final (Stage-2) approval. Central Government by an order (2004) constituted an authority known as Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for the purpose of

³² Integrated development of Wild Life Habitat, Relocation of villages from sanctuaries and national parks, Conservation and management of mangroves, Elephant management project and Similipal biosphere reserve.

³³ Integrated development of Wild Life Habitat, Similipal Tiger Reserve, Satkosia Tiger Reserve and Nature conservation.

management of money towards compensatory afforestation, NPV etc. Further, State Government instructed (June 2006) all concerned to deposit the funds received from User Agencies under FC Act 1980 in CAMPA.

We observed the following deficiencies:

- Against demand of NPV amounting to ₹ 2476.26 crore in 320 cases relating to 23 Divisions, ₹ 1567.08 crore only could be realised as of March 2011 leaving balance of ₹ 909.18 crore. No follow up action was taken by the Divisional Officers, CO and CCO to realise the balance amount.
- NPV of ₹ 32.49 crore in respect of six user agencies relating to three Divisions (Balangir, Bonai and Keonjhar) was either not levied or short levied. After we pointed this out, the DFO, Bonai raised the demand and other DFOs, agreed to raise demand.
- In Bonai Forest Division we noticed (January 2011) that 1021.2241 hectare (ha) of forest land were leased out in favour of two³⁴ user agencies for non-forestry purposes for which ₹ 83.09 crore towards NPV is due for realisation at revised rates. As against the above, ₹ 43.54 crore was realised from the user agencies resulting in short realisation of ₹ 39.55 crore.

Government stated (May 2012) that the Divisional Forest Officer, Bonai has raised demand for the entire area of forest land. The user agencies have proposed to surrender 361.784 ha and 140 ha of forest land respectively and added that as per the recommendation (August 2010) of the Central Empowered Committee (CEC) the lessees are required to pay 50 per cent of NPV of the forest area surrendered and an undertaking to pay balance 50 per cent if so decided by Hon'ble Supreme Court. The reply is not acceptable since the surrender proposal is not accepted by the Government and the recommendation of CEC was in case of M/s NALCO only and it was only a view taken by CEC.

- In two Divisions³⁵ an amount of ₹ 1.71 crore was spent during 2006-11 out of amounts received from user agencies which should have been transferred to CAMPA fund.
- In seven Divisions an amount of ₹ 13.61 crore (31 March 2011) remained under forest deposit account since 1993 relating to Compensatory Afforestation and could not be utilised for afforestation purpose.
- We also noticed from the records of PCCF, Odisha that cost of Compensatory Afforestation of ₹ 3.86 crore demanded during 2006-2008 against pre 1980 encroachers of forest land in six³⁶ Districts could not be realised.

³⁴ (i) M/s OMM Pvt. Ltd.- 612.351 ha - ₹ 26.41 crore (ii) M/s OMC Ltd. – 408.8731 ha - ₹ 13.14 crore

³⁵ Sambalpur and Keonjhar

³⁶ Bargarh, Cuttack, Dhenkanal, Jajpur, Kandhamal & Khordha

2.2.3.6 *Wild Life Management Fund*

To improve the quality of wild life habitat Government decided (2005) for implementation of the comprehensive Wild Life Management Plan for mining affected areas in Keonjhar and Bonai Forest Divisions which was extended to all other Districts of the State with effect from 23 March 2008. As per the instructions, the Mine Owners shall deposit ₹ 15,000/20,000 per hectare on lease hold area basis.

Audit scrutiny revealed the following:

- In four Divisions³⁷ the cost of Wild Life Management Fund (WLMF) of ₹ 16.73 crore was not realised. No follow up action was taken by the Divisional Officers, CO and CCO to realise the outstanding amount.
- In three Divisions³⁸ though ₹ 36.72 crore was realised under the scheme from 84 mine owners as on 31 March 2011, the amount was transferred to CAMPA fund without depositing in Government receipt head. This indicated lack of internal control and supervision by the CO and monitoring by CCO.
- In two Divisions, (Rairangpur and Bonai) demand of ₹ 3.81 crore towards WLMF was not raised against two User Agencies and in one Division (Sambalpur) ₹ 0.25 crore was short demanded. After we pointed this out DFO, Bonai raised the demand and DFO, Rairangpur agreed to raise demand. Failure at the DFO level and lack of monitoring by CO and CCO resulted non/short realisation of revenue.

Irregular payment of incentives

2.2.3.7 *Irregular payment of Special Incentive*

In terms of Finance Department Resolution (2009), Forest personnel working in Naxalite affected areas are to be paid special incentive of 15 *per cent* of the basic pay as was available to Police personnel from the year 2001. The guidelines framed by Odisha Police State Headquarters in August 2010 stipulated that such incentives are applicable to areas coming under certain specified Police Stations and not the District as a whole.

We noticed in eight Divisions and two Circles that special incentive was paid to all the Forest Personnel of the District as a whole (excluding ministerial staff).

After we pointed this out, Government clarified (2012) that special incentive should be admissible only to the forest personnel working in the Naxalite affected block areas and police station areas listed out by the Home Department and a Division as a whole may not be treated as Naxal affected areas. However, no specific guidelines applicable to the Department were issued.

³⁷ Cuttack, Dhenkanal, Keonjhar and Rourkela

³⁸ Keonjhar, Bonai and Cuttack

2.2.3.8 Irregular payment of Project Allowance

GoI sanctioned (March 1999) Project Allowance to the officers and staff working in Tiger Reserves from 1999-2000 onwards, to attract the best talent and dedicated staff to work in the remote rough terrain in the Tiger Reserves. The Government clarified (January 2012) that the project allowance would be allowed to the personnel working in Tiger Reserve area and as such those working in the project headquarters (Baripada and Angul Town) which were located outside the project area are not entitled to the allowance. However, it was noticed that the officers and staff working in the project headquarters and territorial Divisions (Baripada, Karanjia and Rairangpur) had also drawn project allowance though they are stationed outside the Tiger project area. In Satkosia Wildlife Division, project allowance of ₹ 4.41 lakh was paid to staff posted at Division Office in Angul Township. In respect of Similipal Tiger Reserve the position of payment of project allowance though called for, was not furnished.

2.2.3.9 Non-realisation of outstanding royalty and non levy of interest

Royalty on forest produce is realised at prescribed rates from forest contractors including OFDC on demand by DFOs. We noticed that royalty of ₹ 77.80 crore on timber, bamboo etc (except KL) remained outstanding as on 31 March 2011 including ₹ 65.70 crore as arrear demand out of which 29.88 crore pertains to the period prior to 2006-07. No follow up action was taken by the PCCF, Odisha to realise the outstanding royalty. Further, we observed that reconciliation of KL royalty due was not made by the Department from 1995 KL crop year. As per the audit report of special audit conducted by the Finance Department (2009), the arrear royalty of ₹ 52.85 crore pertaining to the period 1996 to 2000 remained un-realised out of total outstanding royalty of ₹ 76.23 crore (Provisional) by October 2011. Further as per provision of OFC Rules, interest (6.25 per cent³⁹) of ₹ 45.16 crore on the above un-realised amount as of March 2011 was not demanded by the Department. Thus, inaction by the Department resulted in blockage of revenue.

2.2.3.10 Forest Development Tax

Forest Development Tax (FDT) Act 2003 was introduced (July 2003) by the Government for levy of 16 per cent FDT on sale value of KL.

The Hon'ble High Court of Odisha while disposing of the writ petition of some of the KL buyers, in their interim order (October 2003) directed that the FDT shall be collected from the purchasers by the OFDC and kept in fixed deposit and further directed (October 2004) that the amount of tax lying with OFDC in fixed deposit would be deposited with the Government Treasury.

We noticed that ₹ 49.52 crore collected from 2003-04 to 2007-08 from the purchasers was not deposited by OFDC with the Government in violation of specific direction of the Hon'ble Court.

³⁹ Rule-42 of the Orissa Forest Contract Rules, 1966

Subsequently Government decided (August/December 2006) that FDT would not be collected from the purchasers and OFDC would deposit the same as deemed purchaser. Accordingly OFDC deposited the FDT of ₹ 197.66 crore from 2006-07 to 2010-11 from sale proceeds of KL. Government order without any notification/amendment of the provisions of the Act to exempt the ultimate buyers from payment of FDT contravened the provisions of the Act which led to extension of undue favour to the KL buyers.

Test check of upset price and sale results of 764 lots of eight KL Divisions⁴⁰ for the years 2007 to 2010 revealed that sales realisation fell short of ₹ 3.36 crore due to non-inclusion of FDT component for fixing upset price, which was a loss to Government. Payment of FDT out of KL sale proceeds by OFDC in contravention of provisions of FDT Act was not only irregular but also caused loss of revenue to Government Exchequer.

2.2.3.11 Outstanding Forest Advance

As per Rule 322 of OFD code, advances are given by the DFO to the officer in charge of range or in charge of particular works for meeting petty expenditure of the office. Such payments are booked as forest advance in the Divisional office. As per Rule 346 of the OFD Code if any voucher submitted by the disburser is disallowed the amount should be recovered from the person disbursing the vouchers. If a voucher is withheld due to inaccuracies or owing to suspicion of fraud etc, decisions on withheld vouchers should be taken within three months after obtaining necessary clarifications from the Range Officers, failing which all withheld vouchers are to be incorporated in the accounts.

We noticed that the disallowed/withheld vouchers of ₹ 12.02 lakh in 40 cases of six WL Divisions⁴¹ pertaining to the period 1985-2006 were pending for recovery/adjustment (March 2011). Similarly, in ten KL Divisions⁴² an amount of ₹ 91.26 lakh remained outstanding which consisted of disallowed vouchers ₹ 46.66 lakh, withheld vouchers ₹ 28.65 lakh and undisbursed cash of ₹ 15.95 lakh. These amounts were pending from the year 1975-76 to 2010-11 for adjustment/recovery from the Ex-Range Officers.

Thus, no action was taken by the concerned DFOs during the tenure of the concerned officials in their respective Divisions and non monitoring by the CO and CCO led to non-recovery/non-adjustment of ₹1.03 crore.

2.2.3.12 Release of Forest advance in excess of norm

As per Rule 324 (3) of OFD code as amended during 2007 the maximum limit of release of Forest advance to a disburser (Range Officer/Head Clerk) was ₹ one lakh at a time. On review of cash book and Forest Advance ledger it was noticed that Forest advance in five Divisions⁴³ was released to the Range

⁴⁰ Angul, Rourkela, Titlagarh, Sambalpur, Rairakhol, Padampur, Phulbani and Keonjhar KL Divisions

⁴¹ Rajnagar, Bamra, Chandaka, Chilika, STR Baraipada and Satkosia

⁴² Anugul, Athamallik, Padampur, Jharsuguda, Rourkela, Titlagarh, Patnagarh, Phulbani, Jeypore and Keonjhar.

⁴³ Koraput, Sunabeda, Bamra, Chandaka and Mahanadi.

Officer and Head clerks in excess of the prescribed limit and even up to ₹ 22.35 lakh at a time.

On being pointed out, DFOs stated that due to receipt of funds at the last part of the year excess advance was released to execute the works within the prescribed time. The reply is not tenable as the advance could have been released in a phased manner adhering to the prescribed limit.

Similarly, in KL Wing, working fund advances ranging from ₹ 10.78 lakh to ₹ 82.98 lakh was disbursed to Range Officers per day by splitting up the advance into number of vouchers limiting to ₹ one lakh during 2007-2010. There was also instance of payment of advance up to ₹ 31.87 lakh through a single voucher.

On being pointed out DFOs stated that KL operation was a time bound programme and for making timely payment to labourers the limit of ₹ one lakh was not practicable. The reply is not acceptable as it violated the codal provisions and fraught with the risk of misappropriation/misutilisation of funds as discussed in the para 2.2.3.17.

2.2.3.13 Blockage of Government Revenue

Funds in shape of advance for KL operation should be released monthly (fixed by KLCC) to DFOs by the OFDC for payment to KL pluckers and workers for each crop year. The DFOs kept the amount in Personal Ledger (PL) Account. The advance was to be deducted from the KL sale proceeds by OFDC. The amount unspent is required to be deposited into Government account.

It was seen that there was unspent amount of ₹ 5.51 crore as of March 2011 in respect of ten Divisions and office of the ACCF (KL). No steps were taken to deposit the unspent amount into Government Account. OFDC recovered the advance amount from the KL sale proceeds by the end of the each KL crop year. Thus non deposit of unspent amount in Government Account resulted in blockage of Government revenue of ₹ 5.51 crore due to lack of monitoring and supervision by the CO for assessment of requirement of funds.

2.2.3.14 Delay in utilisation of fund for bush cutting

As per the established procedure the Division had to submit a daily bush cutting return on area covered and man days utilised up to the completion of bush cutting operation and a weekly return incorporating the daily payment made till that date, is to be sent to the PCCF (KL).

Test check of records in seven Divisions revealed that there was delay of four to 31 days on actual payment released to the workers after receipt of cash. Thus ₹ 4.19 crore on bush cutting is held up with Range Officers for the delayed period (February to April of each KL crop year from 2007-10) in form of hard cash. This indicated that the advance under bush cutting was released to ROs without analysing the actual requirement resulting in delay in utilisation of funds.

DFOs stated that the delay was due to non-tracing of payee and delay in encashment of cheques. However, the reply is not convincing as the labourers would not normally leave without taking payments.

2.2.3.15 *Non-reimbursement of losses from Insurance Reserve Fund*

Insurance Reserve Fund (IRF) was created with minimum contribution of ₹ one lakh. The contribution of the Forest Department (KL Wing) and OFDC to the fund during a year shall be ₹ 0.50 paise per quintal of estimated quantity of production of KL. As of March 1990 the contribution to the IRF Funds was ₹ 70 lakh and thereafter the contribution was stopped. The balance of the IRF Fund (including interest) was ₹ 3.19 crore (March 2011). The modality of settling of IRF claims was finalised in 2002. OFDC constituted (March 2003) a committee under the Chairmanship of the Director Finance, OFDC to settle old claims to avoid future complications.

Audit scrutiny revealed that out of 427 claims valuing ₹ 2.78 crore submitted by PCCF (KL) to OFDC as of March 2011, 149 claims (₹ 64.81 lakh) were settled during the period from 2004 to 2009, 53 cases involving ₹ 24.05 lakh were rejected and 194 cases involving ₹ 149.03 lakhs relating to the period 1993-2010 were returned (December 2008 to September 2010) for resubmission. The balance 31 cases (₹ 39.96 lakh) pending since 1982 were not settled (March 2011). However returned claims were not resubmitted (June 2012).

2.2.3.16 *Management of corpus fund*

Scrutiny of records revealed that as per the conditions imposed by the MoEF during approval of diversion of 36.5 Ha of Forest land the user agency (M/s Eastern India Refinery Project at Paradip) would transfer ₹ one crore to the State Government for depositing the same in the Corpus Fund which would be available with the CWLW for better management of Marine Turtle population. Accordingly, the user agency deposited during 2000-01 ₹ one crore for the said purpose and State Government constituted a Society (April 2000) named "The Wildlife Odisha".

The details of financial transactions since inception till 2010-11 along with connected records though called for, was not made available by the PCCF (WL) & CWLW with whom the funds were placed as Chairman of the Society. However, the audited statement of accounts of the Chartered Accountants for the year ended 31 March 2011 revealed that there was unspent balance of ₹ 2.14 crore. In the absence of detailed transactions for all the years and connected records, the financial transactions and functioning of the Society could not be verified in audit.

2.2.3.17 *Misappropriation of Government money*

The Conservator of Forests (CF), Balangir (KL) while inspecting (September 2010) the Loisinga Range Office found shortage of cash for ₹ 33.72 lakh. The Range Officer (RO), admitted cash shortage of ₹ 16.71 lakh. On the basis of enquiry report of Assistant Conservator of Forest (ACF), RO was suspended (March 2011) and charges were framed against him for misappropriation of Government money meant for payment of binding and transportation charges. The enquiry is in progress.

We further noticed that in Balliguda Division two cheques amounting to ₹ 7.20 lakh were drawn (November 2010) from the bank by the Data Entry Operator (DEO) by forging the signature of the RO. The cheques were not accounted for in the cash book. The DEO attached to the Range had encashed the above cheques. Special audit conducted (March 2011) by the Department confirmed the fact. DFO stated that the matter was in court of law.

Lack of internal control in conducting periodical inspection and reconciliation of bank statement gave scope for such misappropriation of scheme fund.

Fund/Cash Management

2.2.3.18 Arrear in compilation of accounts

Proforma accounts of the State KL Organisation was compiled and audited up to the year 2005-06. Compilation of accounts from 2006-07 is in arrears as appointment of Chartered Accountant firm was not finalised. A proposal for approval of the outsourcing of the work of compilation of accounts was submitted to the Government which was approved in May 2011. However even after one year the selection process of the agency was not completed (May 2012).

2.2.3.19 Cash book and management of cash

In course of verification of the cash books of field units for the year 2010-11 the following deficiencies were noticed in violation of the provisions made in Orissa Treasury Code.

- Cash book was not maintained in proper form in 14 units
- Attestation of entries in the cash book was not done in 18 units.
- Cash book has not been closed daily or monthly in 15 units.
- Physical verification of cash was not conducted at the end of each month in 17 units.

2.2.3.20 Execution of works

Under OFD Code, 1979 and OGFR, no work requiring sanction shall commence before the sanction order is received. For the purpose of approval and sanctions, a group of works which forms one project should be considered as one work and the necessity for obtaining the approval or sanction of higher authority is not to be avoided. Further, a detailed record of sanction relating to each work and the expenditure incurred thereon from time to time should be kept in a Register.

In 15 Divisions we noticed the following irregularities in execution of works pertaining to the years 2008-11.

- In seven out of 15 Divisions, the Register of sanction of works was not maintained.
- In 15 Divisions, expenditure of ₹ 5.22 crore was incurred without prior sanction of estimate.

- In five Divisions an expenditure of ₹ 1.10 crore was incurred on repair of forest roads departmentally for which no estimate was sanctioned and the works were executed in split up manner to avoid sanction of higher authority.
- In 13 Divisions, expenditure of ₹ 2.81 crore was made by executing works on lump sum basis through private parties without executing them departmentally.

In reply it was stated that the works were undertaken after submission of plan and estimate in anticipation of approval from competent authorities. The reply is not acceptable since the works were undertaken in contravention of the codal provisions.

Operational Management

2.2.4 Scheme Management

2.2.4.1 Implementation of Odisha Forestry Sector Development Project

The Odisha Forestry Sector Development Project (OFSDP) funded by the Japan Bank for International Cooperation for seven years starting from the year 2006-07 to 2012-13 was implemented by Project Management Unit (PMU) headed by Project Director, OFSDP, Bhubaneswar . The project was implemented over 11 Territorial Divisions and three WL Divisions designated as Divisional Management Unit (DMU). Under the scheme afforestation activities like restoration of degraded forests through Assisted Natural Regeneration (ANR), Block plantation etc through Joint Forest Management (JFM) involving Vana Samrakshayan Samities (VSSs) formed by local people and non-JFM mode through DMUs was to be undertaken.

Details of funds for the years 2006-11 was as under:

Table No: 2.12 Details of funds

<i>(₹ in crore)</i>					
Year	Funds received	Available funds including previous balance	Expenditure incurred	Unspent amount	Percentage of expenditure
2006-07	12.00	12.00	5.73	6.27	48
2007-08	75.90	82.17	46.12	36.05	56
2008-09	106.12	142.17	78.04	64.13	55
2009-10	96.23	160.36	118.51	41.85	74
2010-11	90.06	131.91	81.07	50.84	61
Total	380.31		329.47		

Source: Data furnished by PD, OFSDP

Expenditure ranged from 48 to 74 per cent of available funds during 2006-11, resulting in non utilisation of funds for ₹ 50.84 crore as of March 2011.

Further, we noticed, in six Divisions test checked, that the unspent fund at the level of Vana Samrakshayan Samities (VSSs) was ₹ 44.46 crore as on 31 March 2011 which was shown as final expenditure by the DMUs. Thus the actual expenditure incurred was much less than the figure reported by the

PMU. Reasons for such low expenditure though called for was not furnished by the PD, OFSDP and the Government.

CCO failed to monitor the timely expenditure of funds in implementation of the project as the UC against the expenditure incurred during 2006-10 was submitted to Government in August 2010.

2.2.4.2 Overstating of plantation area

The total area of plantation reported by the DMUs during the period 2008-09 to 2010-11 was 161251 hectares. We noticed that out of this total area, 75845.19 hectare was treated with silvicultural cleaning only without any plantation. Thus, though actual area covered under plantation was 85405.81 hectare (161251-75845.19), achievement in area of plantation reported to PMU/Government was overstated by 89 *per cent*. PMU did not monitor the afforestation activities undertaken by the DMUs and CCO also did not review the report submitted by the PMU, thus affecting subsequent planning process of afforestation under the scheme.

The reply of the PD, OFSDP (September 2012) was not specific to the audit point.

2.2.4.3 Intensification of Forest Management

As per Action Plan of Intensification of Forest Management a Centrally Sponsored Plan, construction of Barracks was to be made in the most vulnerable pockets in interior locations. Further, for control and management of forest fire, deployment of additional manpower in vulnerable sites as fire control squads with ten members for five months during the year is to be made. Incentive amount ranging from ₹ 5000 to ₹ 10000 is to be paid to VSSs to motivate them to render their services to counter forest fire. Front line staff (Forest guards and Foresters) will be provided with Cell Phones. Vehicles, Boats and Camp Equipment were to be purchased under the scheme. The expenditure incurred under this scheme, during 2006-11 was ₹ 10.99 crore.

Audit scrutiny for 2008-11 revealed the following deficiencies:

- In 10 Divisions, construction of barracks was made at locations near the Division Office and Range Office/Section Office Campus instead of interior locations incurring expenditure of ₹ 73 lakh. In reply the DFO, Dhenkanal stated that as per instruction of RCCF, Angul the barrack was made for multipurpose and effective accommodation of higher authorities.
- Fire protection squads formed consisted of one to five members only and was not deployed for five months during the year. During the months of April and June, when the chances of occurrence of forest fire was more, there was no engagement of squads. In two Divisions (Baliguda and Cuttack) the squad was also deployed in the months of July, August and September (rainy season).

- Incentive ranging from ₹ 400 to ₹ 3,000 only per VSS was paid in 10 Divisions. In three Divisions⁴⁴ no incentive was paid but Almirahs, equipment were purchased.
- As per the Action Plan of 2008-09, for strengthening forest protection vehicle of Maruti Gypsy make and fiber glass boats were to be purchased. We noticed that one vehicle (Tata 407) was purchased in place of Maruti Gypsy (Bhubaneswar) and four fiber glass boats purchased during 2009-10 remained idle without any use (Cuttack).
- In some cases camp equipment purchased were not issued to front line staff but kept with Range Office or issued to Forest Rest Houses. Mobile phones were issued to ACFs, Range Officers, Drivers, Ministerial staff and some are still lying with Division/Range Offices without issue.
- Contingent expenditure of ₹ 2.14 lakh was made in 2010-11 by six Divisions without any specific provision under the scheme.

Thus, in the absence of desired infrastructure/equipments, without creation of effective fire protection squads and deployed during the fire prone season as well as the paltry payment made to VSSs, affected forest protection. DFOs failed to effectively carry out required activities under the scheme. CO and CCO did not monitor to ensure implementation of the scheme as per Action Plan designed by them.

2.2.4.4 *12th/13th Finance Commission Grant for management and preservation of forest wealth*

Under the Action Plan of the 12th/13th Finance Commission grant for management and preservation of forest wealth, the objectives were to increase the tree cover outside the designated forest area by way of raising saplings, building of cadre of community youth and encouraging stall feeding and controlled grazing for protection of forest, carrying out SSO work in coupes where main felling was carried out etc. Expenditure incurred under this scheme during 2006-11 was ₹ 82.81 crore. We noticed following deficiencies:

- As per action plan of the scheme advance work like preparation of beds, collection of seeds, pitting fencing etc was to be done during 2010-11 after which saplings were to be raised. We noticed in seven Divisions that raising of saplings was shown to have been done during 2010-11 itself without any advance work.
- Under the conditions of the scheme a cadre of community with 10 members was to be formed by engagement of youth nominated and paid through the VSS at ₹ 3000 per month to provide support to forest personnel for planning, monitoring and protection of forest.

We noticed that funds were paid to individuals as protection squad without being nominated by VSSs in nine Divisions. In five Divisions ₹ 13.97 lakh earmarked for wages of 10 members was deposited in VSSs accounts without formation of such cadre. In nine Divisions, the cadre was not engaged for the whole year.

⁴⁴ Bhubaneswar, Dhenkanal & Phulbani

- Similarly, for encouraging stall feeding and control grazing, ₹ 5.10 lakh was deposited in VSSs accounts in respect of four Divisions without undertaking activities like pasture development, encouraging cultivation of grass etc.
- In five⁴⁵ Divisions SSO work was done in coupes where felling was not done in the previous year on which expenditure of ₹ 2.04 crore was incurred during 2006-11 which was unfruitful.

Thus, increasing of tree cover, formation of cadre community of youth for protection of forest could not be ensured and expenditure for SSO work was, thus, unfruitful. DFOs did not monitor the activities undertaken under the scheme. CO and CCO also did not review the activities undertaken as per the provisions of the scheme.

2.2.4.5 Intensive Protection of Critically Endangered Areas

The objective of the scheme Intensive Protection of Critically Endangered Areas was to strengthen the protection measures against organised timber smugglers and illicit removal of firewood. The critically vulnerable belts of forest were to be identified in one belt in a Division and a squad of 10 local youth was to be engaged. Incentive to squad members and informers was to be paid. Expenditure under this scheme incurred during the year 2008-09 to 2010-11 was ₹ four crore.

Audit scrutiny for 2008-11 revealed the following deficiencies:

- In 15 Divisions the basis on which the areas were selected as critically vulnerable belts was not on record. The squad was not deployed for the whole year in 10 Divisions and in six⁴⁶ Divisions, the squad members deployed were less than 10 members. In 13 Divisions⁴⁷ an amount of ₹ 16.08 lakh earmarked for wages were diverted towards construction of barracks/sheds, purchase of fuel etc. In Baripada Division ₹ 1.38 lakh was deposited in VSS account without engagement of squads. In Bhubaneswar Division wages of squad members of ₹ 0.67 lakh was surrendered without paying incentive and wages of squad members during 2009-10.
- In six Divisions⁴⁸ incentive was paid to forest guards or diverted towards contingent expenditure without paying to squad members and informers.

Thus, DFOs failed to comply with the scheme guidelines. Also CO and CCO did not monitor the activities undertaken under the scheme.

2.2.4.6 Livelihood Options Creation

Under the scheme raising of saplings in decentralised nurseries by selected VSSs/Self Help Groups/individuals in their own land was to be done for their

⁴⁵ Rourkela, Raygada, Khordha, Koraput and Bolangir

⁴⁶ Bhubaneswar, Baliguda, Balangir, Cuttack, Deogarh and Kalahandi (S)

⁴⁷ Bhubaneswar, Baliguda, Balangir, Dhenkanal, Kalahandi (S), Khordha, Bonnai, Raygada, Rourkella, Rairangpur, Deogarh, Phulbani and Khariar.

⁴⁸ Bonai, Raygada, Balliguda, Deogarh, Balangir and Khariar

employment round the year and rotating funds in subsequent years to earn their livelihood. An amount of ₹ 15000 per individual were to be provided in three phases on visualising the progress of work. Expenditure incurred under this scheme, during 2008-11 was ₹ 6.15 crore.

Audit scrutiny revealed the following deficiencies:

- In seven⁴⁹ Divisions, the amount was paid in one installment instead of making payment in phased manner after visualising the progress of achievement. Further, no site inspection was conducted to ascertain the progress and achievement of the nurseries and no record was in place regarding raising of seedlings and selling of the same by the beneficiaries for earning their livelihood by rotating the funds in subsequent years.
- On strengthening of VSSs, an amount of ₹ 13.40 lakh was deposited during 2010-11 in VSSs accounts in three⁵⁰ Divisions without taking steps to resolve inter and intra conflicts among community groups by demarcating forest areas by construction of stone pillars, providing training for processing, value addition and preparation of micro plans for VSSs etc.

2.2.4.7 National Bamboo Mission

National Bamboo Mission is implemented by Odisha Bamboo Development Agency (OBDA) headed by the Project Director, WFP-Cum-State Mission Director. State Bamboo Steering Committee is headed by the Principal Secretary, Government of Odisha, Forest & Environment Department.

As per the operational guidelines and supplementary guidelines framed by OBDA during 2008, central nurseries are to be created both in public and private sector. The surplus seedlings after plantation may be sold to farmers, institutions on cost basis and the sale proceeds shall be utilised as revolving fund for Nursery. Each Nursery shall produce 50,000 rhizomes on allotment of funds of ₹ 2.73 lakh.

Plantation is to be done both in forest area through DFOs and non-forest area involving beneficiaries, farmers. Further training of farmers/entrepreneurs, field functionaries are to be made and workshop, seminars etc. are to be organised. Unutilised fund was to be kept in fixed deposit in bank.

The funds position for the years 2006-11 under the scheme was as under:

Table No: 2.13 Details of fund position

(₹ in crore)

AAP Year	Target Set (Financial)	Target Achieved (Financial)	Balance	Percentage of unspent amount
2006-07	3.30	2.27	1.03	31
2007-08	7.37	6.26	1.11	15
2008-09	1.41	1.15	0.26	18
2009-10	1.85	1.47	0.38	21
2010-11	3.26	1.64	1.63	50

Source: Data collected from field units

⁴⁹ Baripada, Rairangpur, Dhenkanal, Sambalpur, Khurda, Cuttack and Khariar

⁵⁰ Baripada, Khurda, Cuttack

The unspent amount varied between 15 and 50 *per cent* during 2006-11.

Further scrutiny in 14 Divisions revealed the following:

- In 14 Divisions against target of 7.40 lakh seedlings, 4.26 lakh could be raised resulting in short fall of 3.14 lakh. Out of 4.26 lakh seedlings raised, 3 lakh could be utilised/sold leaving a balance of 1.26 lakh valued at ₹ 6.88 lakh remained unutilised and was wasted.
- The sale proceeds of ₹ 5.28 lakh out of seedlings sold to Ranges and private parties were not realised and deposited for subsequent use in the revolving nursery thereby defeating objective of formation of revolving nursery.
- In nine Divisions, range-wise local nurseries were created by diverting funds from plantation components.
- In 12 Divisions unutilised funds of ₹ 1.03 crore during 2006-11 was kept in savings bank account instead of fixed deposit resulting in loss of interest.
- In eight Divisions out of ₹ 6.67 lakh, ₹ 3.18 lakh only could be spent during 2006-11 in organising training and workshop programmes limiting the utility of the scheme.

Thus, target of raising of seedling was not achieved and seedlings were wasted without utilisation or sale.

2.2.4.8 Non-achievement of target in compensatory afforestation

Under FC Act 1980, against diversion of forest land compensatory afforestation of equivalent area was to be done along with other conditions imposed by GoI.

Audit scrutiny revealed that diversion of forest lands measuring 2107.36 hectares relating to four Divisions⁵¹ was approved by MoEF, for Rengali Irrigation project in favour of Water Resources Department, GoO, during the year 1996 (stage-I) out of which final approval, granted was 812 hectare (2003). As per conditions of approval equivalent area of 2107 hectares was alienated in favour of Deogarh Forest Division for Compensatory Afforestation. We noticed that plantation work over 741.42 ha only was completed (May 2012) which indicated lack of monitoring by the DFO and providing required fund by CO and CCO to complete the target of afforestation programme as per conditions of stage-I approval. Reasons for non-achievement though called for was not furnished.

We also noticed that the canal bank plantation scheme approved (September 2007) for Dhenkanal Division for an area of 579.07 hectares at a cost of ₹ 2.31 crore is yet to be started and the funds have been surrendered during 2007. It was stated that the plantation could not be raised as the Rengali Irrigation Authority had not identified the area for raising canal bank plantation.

⁵¹ Angul, Dhenkanal, Athagarh and Keonjhar

The reply indicated lack of coordination between two Government Departments by which afforestation work could not be completed in time despite availability of funds.

2.2.4.9 Excess expenditure in Urban Tree Plantation

Cost norm prescribed for Block plantation was per hectare whereas for Urban tree plantation it was per sapling per Running Kilometer (RKM). Audit scrutiny in City Forest Division, Bhubaneswar revealed that Urban tree plantation was carried out in 46 locations in and around the city in 2010-11. Out of this, in two locations (Shankarpur and Marichia) Block plantation was carried out over 24 hectares adopting the expenditure norm applicable to Urban tree plantation. This resulted in excess expenditure of ₹ 41.48 lakh as detailed in table below.

Table No:2.14 Excess expenditure in urban tree plantation

(₹ in lakh)

Name of plantation	Area in Hects.	Cost norm for Block plantation per Hect. (upto one year)	Admissible expenditure	Expenditure incurred	Excess expenditure
Shankarpur	19	0.26	4.94	36.52	31.58
Marichia	5	0.26	1.30	11.20	9.90
Total	24		6.24	47.72	41.48

Source: Audit analysis of records

On this being pointed out it was stated that city plantation included peripheral compact area plantation and norm prescribed for Block plantation was not applicable to City/Urban plantation. However, the fact remained that the cost norm prescribed for Urban plantation was for Running Kilometer (RKM) and per sapling and not for Block (compact area) plantation.

Thus plantation work done deviating the approved norm resulted in excess expenditure of ₹ 41.48 lakh.

Implementation of Schemes under Wild Life Sector

In wildlife sector there were eight State Plan (SP) schemes five Central Plan (CP) schemes and four Centrally Sponsored Plan (CSP) schemes in operation during 2006-11.

The broad objective of different schemes were for improvement of habitat, protection of habitat and Wildlife, checking of Wildlife depredation with addressing of man animal conflict, eco development activities, communication and infrastructure development, deciding inviolate spaces and relocation of villages from crucial habitats (core areas) and research and monitoring.

We noticed that the objectives were not achieved since there was increase in man animal conflict, rise in Wildlife offence cases, poaching of animals etc. as discussed in following paragraphs.

2.2.4.10 Project Tiger Scheme (Similipal and Satkosia Tiger Reserve)

Project Tiger a Wildlife Conservation Project was launched (April 1973) by GoI as a Centrally Sponsored Plan Scheme (CSPS) with the objective to

ensure maintenance of a viable population of Tigers. Project Tiger was converted into a statutory authority as National Tiger Conservation Authority (NTCA) through an amendment (2006) in the Wildlife (Protection) Act, 1972 to ensure Tiger conservation with legal backing. In Odisha, the Project Tiger is implemented in Similipal Tiger Reserve (TR) (1973-74) and in Satkosia TR (2008-09).

We noticed that during 2006-11, ₹ 103.43 crore was proposed to GoI by the Field Directors (FD) of both the Tiger Reserves in their APOs for five years (2006-11) for Similipal and for three years (2008-11) for Satkosia. GoI approved ₹ 31.62 crore (GoI share ₹ 25.77 crore and State share ₹ 5.85 crore) against which ₹ 27.23 crore was released (GoI share ₹ 22.44 crore and State share ₹ 4.79 crore) during the above period for protection measures, habitat improvement, strengthening of infrastructure, relocation of villages and redressing man animal conflict etc. However, only ₹ 23.37 crore was utilised by the FDs and ₹ 3.86 crore remained unutilised. This indicated that there was lack of proper planning and deficiencies in financial management. As a result full benefits out of Central assistance for development of Tiger projects could not be availed.

As per tiger census (2004 and 2010) the tiger population in Odisha came down from 192 in 2004 to a mere 32 in 2010. Similipal and Satkosia TR were ranked as POOR in the assessment report of MoEF, GoI. The tiger population declined drastically due to inadequate protection measures and deficiency in project management not providing inviolate space, low pace of expenditure and delay in relocation of villages from core area.

2.2.4.11 Lack of unified command and control system

As per the guidelines of Project Tiger there should be a Field Director exclusively for each Tiger Reserve. Although the core area of Similipal sanctuary and the Tiger reserve is under the Wildlife organisation, the entire buffer zone of the Sanctuary which constitutes 60 *per cent* of the Similipal Sanctuary as well as the transition zone of Similipal Biosphere Reserve is under three⁵² Territorial Divisions. Similarly, in Satkosia Tiger Reserve there was no full time Field Director for the entire Tiger Reserve. It was under the supervision of Satkosia Wildlife Division and Mahanadi Wildlife Division reporting to the Conservator of Forests, Angul Circle and Conservator of Forest Bhubaneswar Circle respectively.

Thus the Tiger Reserves did not function under one single line of command and control and the dual administration in supervision of the Tiger Reserves in contravention of the Project Tiger guidelines affected the project implementation and protection inside the Tiger Reserve which has also been specifically mentioned in the assessment report of NTCA for Similipal Tiger Reserve.

⁵² Bariipada, Karanjia and Rairangpur

2.2.4.12 Non-deployment of Special Tiger Protection Force

The NTCA considering the endangered status of tigers and the need for urgently stepping up protection in sensitive areas formulated a set of guidelines (May 2009) for deployment of Special Tiger Protection Force (STPF) at Similipal Tiger Reserve with 100 per cent central assistance under the scheme Project Tiger. But no initiative was taken by GoO for raising of STPF during the period 2009-11. In May 2012 the GoO passed a resolution for establishment of the STPF as per NTCA guidelines after passage of three years. Thus the Tiger Reserve was deprived of central assistance for protection measures. This indicated lack of sincerity and seriousness of the CCO and CO in taking timely action for a vital protection measure with 100 per cent central assistance. Thus, poaching of elephants, illegal tree felling and mass animal hunting like Akhanda Shikar in the STR could not be controlled.

Deputy Director, STR stated (May 2012) that the recruitment of STPF was in progress. The reply is not acceptable since the GoO passed a resolution for establishment of STPF after two years of the guidelines issued by NTCA.

2.2.4.13 In-adequate deployment of protection squads

Under the scheme, one of the major components was deployment of squads in buffer areas of the Reserve wherein 10 persons in each squad to be deployed throughout the year for protection of wildlife. Further, hired vehicles and communication equipment shall be provided to the squad. In Baripada Division ₹ 47.05 lakh and ₹ 10.46 lakh was provided for protection squad and for hiring of vehicle during 2008-11. Out of this, an amount of ₹ 13.85 lakh was transferred to VSS account without utilisation and expenditure was also incurred for purchase of fuel for departmental vehicles, payment of watchers engaged in Central nurseries of Range Offices, Check gates etc. Further, we also noticed that the squad members were deployed for part of the year instead of the whole year.

After we pointed this out while accepting the audit observations, DFO, Baripada stated that funds were released by the Government at the end of the financial years 2008-11. Surplus fund of ₹ 13.85 lakh was kept in VSS account for payment of wages during 2011-12. Non utilisation of funds by DFO meant for specific purpose indicated lack of planning for engagement of protection squads in the Tiger Reserve.

2.2.4.14(A) Relocation of families from the core area

As per guidelines of Project Tiger, the long term survival of tiger depended upon the availability of secure and inviolate areas free from human impact. A time bound programme for relocation of families living in the core area was necessary. As per the minutes of the meeting of Rehabilitation and Periphery Development Advisory Committee (RPDAC) held on 11 August 2009, four villages situated inside the critical tiger habitat of Similipal TR was to be relocated. Out of 149 families, 72 families only were relocated during the period from 1994 to 2003 with a balance of 77 families to be relocated. A fresh survey during September 2009 jointly conducted by Revenue and Forest officials reported an increase of 45 families taking the total to 122 out of

which 61 families of Jenabil village were relocated in March 2010 leaving balance of 61 families yet to be relocated (March 2012).

The NTCA declared (February 2008) package amount at the rate of ₹ 10 lakh per family to be relocated. It was also noticed that the GoI released an amount of ₹ 9.03 crore (CSP) and GoO released ₹ 1.87 crore (SP) between 1977-78 and 2010-11. Out of this ₹ 10.40 crore was deposited with Collector, Mayurbhanj who utilised only ₹ 4.62 crore for relocation of families and balance ₹ 5.78 crore is still lying in civil deposit.

We observed that delay in relocation of families led to burden of additional liability (₹ 4.50 crore) on account of addition of new families in fresh survey.

Thus despite availability of funds, final notification of 'Similipal National Park' under 35(4) (b) Wildlife (Protection) Act, 1972 could not be issued due to inordinate delay in relocation of families from the core area. This was possible by sustained efforts and coordination between Forest and Revenue authorities.

On being pointed out the Deputy Director, STR did not furnish any specific reply.

(B) Delay in completion of relocation of families inside Chandaka-Damapara Sanctuary

A rehabilitation scheme was prepared by DFO, Chandaka WL Division during 1993 for relocation of 455 families and 131 encroachers based on the Rehabilitation Policy of the Government at estimated cost of ₹ 5.16 crore to be spent from 1994-95 to 1998-99 against which ₹ 5.75 crore was made available (1985-86 to 2010-11). The number of families increased to 460 as per enumeration conducted in 2006.

Of the above, 117 families were shifted in two phases up to 2008 and remaining 343 families were to be rehabilitated. ₹ 5.75 crore was provided for land acquisition compensation and construction of houses etc.

It was, however, noticed that out of 57 houses constructed in 2007-08, 25 houses with an expenditure of ₹ 25.25 lakh constructed out of Government grants by the Eco Development Committee of Bhuasuni village remained vacant as the villagers were not willing to shift due to non-finalisation of lease of agricultural land in their favour though initially they had expressed their willingness to shift with proper rehabilitation package. This resulted in unfruitful expenditure of ₹ 25.25 lakh.

Thus, due to lack of persuasion and coordination between forest and revenue authorities, the relocation process could not be finalised.

On being pointed out, DFO accepted (January 2012) the audit findings.

Implementation of Project Elephant in Odisha

2.2.4.15 Basic objective and achievement

Project elephant, a Central plan scheme, was launched by Government of India during 2001-02 for Odisha which aimed primarily at conservation and

protection of viable population of wild elephants in their natural habitats and restoration of natural habitats and traditional corridors used by the elephants and thereby reducing human elephant conflict. GoO also started a scheme Elephant Management Plan from the year 2009-10.

It was however noticed that during preceding five years (2006-11), 237 Elephants died either by poaching, accidents or diseases, other than natural death (**Appendix 2.2.1**). The unnatural death toll of elephants increased from 41 in 2006-07 to 72 in 2010-11.

2.2.4.16 Human Elephant conflict and compassionate payment

One of the major reasons for increasing Human-Elephant Conflict (HEC) was the straying of elephants into human habitations due to loss of their habitat caused by illegal felling of trees and illegal collection and trade in non-timber forest produce which deprived the elephants of food and non-relocation of families from the core areas.

We noticed that 310 people were killed, 82 were injured and 25 cattle killed during 2006-11 which shows increase in human-elephant conflict and ₹ 9.17 crore was paid towards compassionate payment to the victims for elephant depredation. During the five years 2006-11, total expenditure of ₹ 15.06 crore (SP+CP) was incurred under the scheme.

Thus, despite expenditure of ₹ 15.06 crore during 2006-11 the incidence of elephant depredation went unabated and the compassionate payment increased from ₹ 1.35 crore in 2006-07 to ₹ 2.44 crore in 2010-11.

This indicated failure in protection and conservation of natural habitats and traditional corridors used by the elephants.

On this being pointed out PCCF, Wildlife did not furnish any reply.

2.2.4.17 Increase in number of wild life offences

Audit noticed that there were 56 cases of elephant poaching and 372 cases of poaching of other wild animals registered during the period from 2006-07 to 2010-11. Though 816 persons were arrested, none of them was convicted till date (May 2012). This was due to non issue of final notification of sanctuaries and provision of special lawyer for filing the prosecution cases in trial courts as evident from the report submitted to NTCA during June 2010. Further it was observed that no special strike force had been created under the scheme on a permanent basis to combat forest offences.

On this being pointed out PCCF, Wildlife did not furnish any reply.

2.2.4.18 Identification and development of elephant corridors

Under National Forest policy, 1988 forest management should take special care of the needs of wildlife conservation and it is essential to provide for 'corridor' linking the protected areas in order to maintain genetic continuity between artificially separated sub sections of migrant wildlife.

It was noticed that 14 critical elephant corridors were identified between 2007-08 to 2010-11 by the State Government with proposal for covering length of

420.8 km and area of 870.61 sq km, for which the department prepared a five year Corridor Management Plan in 2010-11 with an estimated cost of ₹ 51.22 crore having interface in terms of mining, Railway lines, roads and irrigation canal etc. However, the plan is not yet approved by Government (May 2011).

We noticed that out of the total expenditure of ₹ 7.35 crore made under “Project Elephant” ₹ 0.98 crore was utilised towards protection of elephant habitat and corridors which accounted for only 13.33 *per cent* of the total expenditure. Thus the very purpose of preparing the corridor management plan for linking the protected areas for free movement of elephants was not effective.

On this being pointed out PCCF, Wildlife did not furnish any reply.

2.2.4.19 Solar power fencing under the Elephant Management Project

In Dhenkanal Division solar fencing work was undertaken with a view to minimise the crop damage, safeguard life, property of villagers and elephant population of the area, reduce the liability of Government towards payment of compassionate grant and involve the Communities in anti-depredation measures.

We noticed that during 2007-09 solar fencing was done at three locations for 31.145 km for ₹ 17.50 lakh using the low cost wooden poles instead of metal posts which was required for longevity of the system. Working of the project was never evaluated or reviewed in wake of increasing payment of compassionate grant due to elephant depredation.

On this being pointed out DFO, Dhenkanal did not furnish any specific reply.

2.2.4.20 Nandankanan Sanctuary

Nandankanan Sanctuary includes Nandankanan Zoological Park (NZP), State Botanical Garden and Kanjia Lake. During 2006-11, an expenditure of ₹ 38.51 crore was incurred for management and development of the sanctuary against allotment of ₹ 43.53 crore.

Scrutiny of records of the Deputy Director (DD), Nandankanan Zoological Park revealed the following points.

- No Annual Plan of Operation was prepared for State Plan Schemes. The funds were released by Government on *ad hoc* basis and there was surrender of ₹ 1.14 crore out of funds of ₹ 1.15 crore under 13th FC grant during 2010-11. DD, Nandankanan stated that at the time of the receipt of allotment neither the concept nor the design was finalised, hence the fund could not be utilised. This indicated lack of proper planning before incurring expenditure.
- During 2010-11, Government released ₹ 52 lakh under Additional Central Assistance for construction of building (₹ 15 lakh) and for installation of exhibits, models, equipment and furniture etc (₹ 37 lakh). No building was constructed and expenditure of ₹ 46.25 lakh was incurred for installation of exhibits, models, equipment and furniture etc, which exceeded the estimated provision by ₹ 9.25 lakh and balance amount of

₹ 5.75 lakh was surrendered. Thus we observed that due to lack of proper planning, the available funds could not be utilised and the objective was not achieved.

DD, NZP stated that excess expenditure was incurred as per the estimate of CEE, Ahmedabad.

The reply is not tenable since excess expenditure has not been regularised.

- Pursuant to a decision of the Government, a society was formed in the name of “Society for Management and Development of Nandankanan Zoological Park” (SMDNKZP) and registered (August 2005) under the Societies Act, 1860. We noticed that there was no approved accounting procedure of the society for operating the Fund/Account. As per the Audit report of Chartered Accountant, there was unspent balance (March 2011) of ₹ 2.47 crore which included unutilised grant of Central Zoo Authority (CZA) received from 2005-06 onwards and share of receipts from entry ticket. Thus the objective of the society for augmenting the activities were defeated as the available funds were not spent.
- A residential staff colony was located inside the zoo in contravention of Recognition of Zoo Rules. Similarly, as per recommendation of CZA in September 2009, the Director’s office should be located within the Zoo premises to make daily attendance of the Director more visible and beneficial. But the Director’s office is located 16 km away from the Zoo.

Implementation of Integrated development of Wildlife Habitats scheme

2.2.4.21 Gahiramatha (Marine) Wildlife Sanctuary

Gahiramatha is the largest rookery of the world for Olive Ridley Sea Turtle (ORST). Government in the erstwhile Fisheries and Animal Resources Development (FARD) Department in their Notification (September 1997), declared Gahiramatha, one of the world’s largest nesting beaches and its waters as “Gahiramatha (Marine) Sanctuary”. We noticed the followings;

- Check of the census report revealed that the immigration of Olive Ridley turtles fluctuated and also the mortality during 2005-11 as given below. From the table it would be seen that there was a drastic fall in nesting turtles during 2007-08 and there was rise in mortality compared to other years. No study was conducted to find out the reason for less nesting and high mortality.

Table No: 2.15 Details of nesting/death of turtles

Year	No of nesting turtles	No. of turtles found dead
2005-06	274793	1571
2006-07	147726	2036
2007-08	3121	2656
2008-09	167222	1983
2009-10	356894	1898
2010-11	361573	533

Source: Data collected from field units

DFO, Mangrove Forest Division (WL) Rajnagar stated that studies in the past had revealed that mortality was due to mechanised

fishing during congregation and added that effective measures were taken by deployment of coast guard ship and hired vessel.

The reply is not acceptable since mortality rates during 2006-07 and 2007-08 was high despite deployment of coast guard and hired vessels.

- Check of the Deposit Register of the DFO, Mangrove Forest Division (WL) Rajnagar revealed that a sum of ₹ 30 lakh was released by GoI during 2001-02 for purchase of sea worthy vessels under central plan which was lying unutilised under civil deposit. As per the Finance Department instruction (July 2010) the unutilised amount kept in civil deposit lapsed and was no longer available to the DDO for drawal. This indicated failure of DFO and lack of monitoring of CO to utilise GoI grant for purchase of sea vessel for patrolling purpose.

Further it was seen from the monthly accounts that there was expenditure of ₹ 17.59 lakh during 2008-09 to 2010-11 towards hire charges of boats and trawlers for patrolling purpose which could have been avoided had the vessels been purchased. Reasons for non utilisation of funds were not furnished.

2.2.4.22 **Implementation of Scheme “Protection and Conservation of Olive Ridley Sea Turtle”**

Chilika mouth is one of the nesting beaches of the ORST. Sporadic nesting of ORST takes place from Arakhakuda to Prayagi over a length of 65 kms. Annual Plan of Operation (APOs) were prepared and submitted to Government by DFO, Chilika WL Division every year and ₹ 28.06 lakh was provided under Central Plan and State Plan scheme during 2006-2011 for implementation of scheme for Protection and Conservation of ORST.

Scrutiny of records and information available to audit revealed that despite expenditure of ₹ 28.06 lakhs during the year 2006-2011 the number of death of turtle increased from 106 in 2006-07 to 1047 in 2010-11. Thus it was observed that

expenditure incurred on Protection of Sea Turtle did not yield the desired result.

DFO, Chilika WL Division stated (February 2012) that mortality was in Rushikulya and Devi rookery. The carcasses moved through tidal movement and got deposited in coast line of their Division. However, no evidence in support of the same could be produced.



Implementation of working plans

2.2.4.23 *Non-achievement of target for plantation in implementation of approved working plans*

Permission for coupe operation as per the working plan is given by the GoI with stipulation for undertaking plantation work, SSO work in working plan area. As on 31 March 2011, there were 25 GoI approved working plans covering 34 Divisions over the state.

We noticed that in implementation of approved working plans from 2008-09 to 2010-11, there was shortfall in achievement of plantation as fixed by GoI in according permission for coupe operation as detailed below.

Table No: 2.16 *Details of plantation as per working plan*
(Area in ha)

Year	Plantation in Rehabilitation Working Circle				Plantation in Plantation Working Circle			
	Target	Achievement	Shortfall	Percentage of shortfall	Target	Achievement	Shortfall	Percentage of shortfall
2008-09	133612	9433	124179	93	7164	1375	5789	81
2009-10	117538	49003	68535	58	4920	2347	2573	52
2010-11	124994	49609	75385	60	5500	4282	1218	22
Total	376144	108045	268099	71	17584	11004	9580	54

Source: Data collected from PCCF

The shortfall in plantation ranged from 58 to 93 *per cent* under Rehabilitation Working Circle (RWC) and 22 to 81 *per cent* under Plantation Working Circle (PWC). Further, during 2010-11 achievement of plantation in RWC of 49608.67 ha included an area of 18140 ha beyond working plan. Thus the actual plantation under approved working plan was 31468 ha. Taking into account the working plan area the actual shortfall worked out to 93526.32 ha (74 *per cent*). No reasons were recorded for such low achievement in plantation inside working plan area. Though every year it was assured to recoup the shortfall during the subsequent year, the same was not achieved upto 2010-11.

This indicated failure of DFOs in achieving the target of plantation in working plan areas. CO and CCO did not monitor activities to achieve the target. Thus sustainable management of forests as per stipulations made in the working plans approved by GoI could not be achieved.

2.2.4.24 *Inadequate silvicultural operations in timber/bamboo coupes*

Subsidiary Silviculture Operations are required for regeneration of forest. While according permission for coupe operation, GoI fixes target for carrying out SSO operation during a particular year over the area in which coupe work was carried out in the previous year as provided under working plans..

We noticed in 16 Divisions that the area covered under SSO of bamboo coupes was five to 36 *per cent* of the areas due to be covered during 2006-11 whereas the area covered under SSO of timber coupes was 54 to 72 *per cent* in 14 Divisions. Inadequate SSO operation affects the regeneration of forest in those areas.

DFOs stated (November 2011 to May 2012) that due to receipt of insufficient allotment and Maoist activities the area due for SSO could not be taken up. The reply is not acceptable as in the previous year coupe work was done and the CO and CCO should have taken measures for carrying out SSO operation.

2.2.4.25 *Marking of trees in coupe operation*

The Working Plan approved by the MoEF provides details of coupes to be worked out annually with coupe-wise trees to be marked for felling.

Test check of records revealed that in three Divisions⁵³ less number of trees was marked for felling during the period 2006-11 in comparison to the number of trees to be marked coupe-wise as per approved working plans. This resulted in blockage of revenue of ₹ 8.04 crore in the form of royalty realisable against 192 coupes besides not making a scarce resource available.

On this being pointed out, DFO, Rayagada stated that all the timber coupes were marked as per guidelines. However, field visit report of the CF, Koraput during the year 2006-07 confirmed marking of less trees in all the coupes. DFO, Balliguda/Khordha stated that the reason was non-availability of required girth of trees. This indicated that either the working plan was prepared without adequate survey or trees were removed illegally due to lack of enforcement measures.

2.2.4.26 *Loss of revenue due to non-working/delayed working of gregarious flowering of bamboo coupes*

In the case of gregarious flowering of bamboo, all the culms of a clump die and are required to be felled after shedding of seeds.

Audit scrutiny in two Divisions⁵⁴ revealed that OFDC was requested by the DFO (Dhenkanal and Khordha) during 2009 to take delivery of 11 gregarious flowering bamboo coupes which were due for felling during 2005-14 along with bamboo areas not covered in the working circle. In Dhenkanal Division the coupes were taken delivery by the OFDC in April 2010 and only 36.89 SU⁵⁵ (30 MT) extracted against estimated production of 2450 MT. Similarly, in Khordha Division, the coupes were not taken delivery by the OFDC and an estimated production of 26691 MT of bamboo could not be harvested. All the flowered coupes were also not worked departmentally during 2010-11 in spite of instructions from PCCF, Odisha.

Thus, due to non-working of flowered bamboo coupe by OFDC and also not carrying out operation departmentally resulted in loss of revenue of ₹ 1.46 crore from royalty. This indicated inaction on the part of OFDC and failure of CO and CCO in monitoring.

⁵³ Rayagada, Khordha and Deogarh

⁵⁴ Khordha and Dhenkanal

⁵⁵ SU-Sale Unit of bamboo, which is approximately 0.81 MT

2.2.4.27 Delay in delivery of timber and bamboo coupes

Working of coupes is confined to nine working months (October to June) in a year and should be delivered to OFDC accordingly to enable smooth and timely working of coupes. We noticed that there was delay upto 268 days in 15 Divisions in delivery of timber coupes and there was delay upto 169 days in delivery of bamboo coupes in respect of 17 Divisions. This resulted in less production and affected silvicultural operations which was confirmed from the communication made by the Raw Materials Procurer (RMP) during 2010.

After we pointed this out, DFOs stated that delay was due to delay in communication of permission by the PCCF, Odisha for coupe working. The reply indicated lapses at the level of CO in communicating the permission and lack of follow up on the part of DFOs.

2.2.4.28 Non-working of timber/bamboo coupes

Timber/bamboo coupe operation is carried out in accordance with approved working plans. All the coupe operations of the State is carried out by OFDC on payment of prescribed royalty.

Audit scrutiny revealed that, in 13 Divisions out of 652 timber coupes due for working as per working plans during 2006-11, 387 timber coupes could not be made operational on the plea of non-availability of trees and Maoist activities. The coupes not worked by OFDC were also not operated departmentally. Non-working of the timber coupes deprived the Government of realisation of estimated royalty of ₹ 2.83 crore worked out in respect of three⁵⁶ Divisions against 43 timber coupes.

Similarly, in 15 Divisions out of 780 bamboo coupes due for working as per working plans during 2006-11, 356 bamboo coupes were not made operational on the plea of being unproductive from commercial point of view. The coupes not worked by OFDC were also not made operational departmentally. Non-working of bamboo coupes resulted in loss of estimated royalty of ₹ 55.16 lakh worked out in respect of 48 bamboo coupes in three Divisions.⁵⁷

Further, in Deogarh Division, coupe work was restricted while according approval of working plan by GoI in 1997. On the lifting of the restriction in 2005, no steps were taken to propose revision of the working plan so as to allow working of coupes. This resulted in loss of revenue in the form of royalty of ₹ 1.28 crore during 2006-11 in respect of 41 coupes.

2.2.4.29 Loss of royalty in coupe timber due to improper fixation of Unit value

The Government in May 2006 prescribed the procedure for assessment of royalty on timber coupes delivered to OFDC at uniform State wide rate of ₹ 880 per sale unit (notionally taken as eight cft) 2005-06 as the base year. From subsequent years the unit value was to be worked out by the PCCF, Odisha and Chairman-cum-Managing Director, OFDC taking into consideration the sale result of the previous year and market condition.

⁵⁶ Bonai, Cuttack, Phulbani

⁵⁷ Balliguda, Dhenkanal and Phulbani

Audit scrutiny of fixation of royalty for the years 2007-09 revealed that in a meeting held in September 2008 it was mutually agreed by PCCF, Odisha and CMD, OFDC that the unit value for those years was to be ₹ 1099 and ₹ 1187 respectively. However, the CMD, OFDC while signing the proceedings already signed by the PCCF, Odisha reduced it by altering the rates. Consequently, another meeting was held in October 2008 and the unit value for both the years was fixed at ₹ 1040.

As a result of fixing the unit value at ₹ 1040 instead of the unit value approved in the first proceeding, there was short levy of royalty of ₹ 3.10 crore during the years 2007-11.

PCCF, Odisha stated that no procedure was violated in calculation of unit price. However, the fact remained that PCCF, Odisha did not object to the unilateral alteration of unit value by CMD, OFDC and agreed to reduce it without recording any specific reasons. CCO also approved it without scrutinising details to ensure that the prescribed procedure was adhered to in fixation of unit value.

2.2.4.30 Non-revision of royalty on bamboo

Royalty on bamboo is fixed by the Empowered Committee with Chief Secretary as its Chairman.

Audit scrutiny of records of fixation of royalty for 2009-10 made in September 2009 revealed that the royalty and silvicultural charges on bamboo was revised to ₹ 550 and ₹ 90 per MT respectively by the Empowered Committee. The increase was withdrawn by Government in November 2009 on demand from RMP on the plea that it was decided by the previous Empowered Committee to continue the existing rate of ₹ 500 and ₹ 70 per MT respectively upto 2011-12. It was noticed that the decision of the Empowered Committee was modified by the Department by withdrawing the revised rate without concurrence of the Empowered Committee for such modification. This resulted in short realisation of royalty and silvicultural charges of ₹ 1.05 crore for the years 2009-11.

2.2.4.31 Loss of royalty on felled trees

For strengthening of Cuttack-Paradeep Road from 0/000 to 24/000 km, road side standing trees were enumerated (May 2007) by the Executive Engineer, (R&B) Jagatsinghpur, Tahsildar Sadar, Cuttack and RO, Cuttack. As per the report, there were 1068 different species of trees which were to be felled and taken delivery by the OFDC after passing and issuing permit by the Forest Department.

We noticed that the felling and passing of trees started during May 2010 and was completed in January 2011 and only 386 trees in 11 phases were delivered. However, the status of balance 682 (1068-386) trees was yet to be ascertained. The royalty estimated against these trees worked out to ₹ 19.52 lakh. Thus, lack of monitoring at DFO level resulted in loss of revenue.

2.2.4.32 *Offence cases*

Under Orissa Forest Act, 1972, when a forest offence is committed in respect of any forest produce, such produce together with all tools, vehicles etc. may be seized by any Forest Officer. On seizure, such property shall be produced before the authorised officer not below the rank of Assistant Conservator of Forest who can order for confiscation after observing prescribed procedure or make a report of such seizure to the Magistrate having jurisdiction except where the offender agrees in writing to get the offence compounded. When an order of confiscation of any property passed under above section has become final such property shall vest in the State Government free from all encumbrances. As instructed (1995) by the Government, the confiscated vehicle, if it is in good condition, may be registered in favour of Forest Department and put to use at the discretion of the PCCF. Government (2005) instructed disposal of the seized produce in Undetected (UD) cases, within two months from the date of seizure and Offence Report (OR) cases are to be submitted before the authorised officer of the Division for confiscation proceeding. If final orders of the authorised officer are not passed within two months of seizure, interim orders of the authorised officer is to be obtained for disposal.

2.2.4.33 *Prosecution in offence cases*

Audit scrutiny revealed that during the period 2006-11, prosecution in offence cases varied from less than one *per cent* to 13 *per cent* in respect of 15 Divisions. It was also noticed that Offence Report (OR) cases were dropped on compounding and realising nominal fees in most of the cases. In Undetected (UD) cases which involved timber, minerals or other forest produces and in which vehicles and other tools seized, no further action was taken to trace the offenders except disposal of the seized produce.

2.2.4.34 *Non-disposal of UD/OR cases*

- In eight Divisions UD cases during 2010-11 were not disposed of till date. Due to non-delivery/auction of forest produces, there was blockage of revenue of ₹ 14.78 lakh in form of royalty despite being pointed out year after year in the Audit Reports.
- In 18 Divisions, forest produce like timber, poles, firewood, minerals etc. seized during 2006-11 were not disposed of by way of obtaining interim order from the Authorised Officer or the Magistrate, wherever applicable. This resulted in blockage of revenue of ₹ 2.38 crore.

2.2.4.35 *Non disposal of vehicles*

We noticed that 455 vehicles seized in 11 Divisions were pending for disposal. Out of this, 165 vehicles were confiscated during 2006-07 to 2010-11 to the State during the above period but were neither sold through public auction nor registered in favour of Government for their further use. DFOs stated that confiscated vehicles in offence cases could not be auctioned due to delay in fixation of upset price by the Motor Vehicle Inspector (MVI) or want of

required permission from PCCF.



Vehicles seized under forest offence cases lying inside the Range Office campus of Range Officer, Dhenkanal under DFO, Dhenkanal

Thus lack of initiative for timely disposal of vehicles by the departmental authorities led to further deterioration of those vehicles.

2.2.4.36 Non-maintenance of records

In violation of Rule 261 to 266 of the OFD Code, the offence report book was not maintained in three Divisions⁵⁸ and in five Divisions⁵⁹ there was inordinate delay in submission of case records by the Ranges. No follow up action was taken at the Divisional level against the defaulting officials in dealing with such cases.

KL Operations

Kendu Leaves, the green gold of Odisha, are used to wrap tobacco in manufacture of Bidi. Rights to pluck and use of KL are governed by Orissa Kendu Leaves (Control of Trade) Act 1961 and Rules made there under. Trade in KL was nationalised in January 1973. Forest Department looks after the production of KL with OFDC as the sole selling agent. Coordination between the Forest Department and the OFDC is done by the Kendu Leaf Co-ordination Committee (KLCC) headed by the Chief Secretary as Chairman. Kendu Leaf Advisory Committee under the chairmanship of the Chief Minister fixes the purchase price of KL.

2.2.4.37 Target and Achievement of production

The KLCC fixed production target of 21.88 lakh quintals for the crop years 2006 to 2010 against which the achievement was 21.33 lakh quintals. This resulted in shortfall in achievement of 0.55 lakh quintals. The target of production for six KL Divisions was 4.25 lakh quintals which was revised (May/June) to 4.14 lakh quintals. The achievement against the revised production target was 4.01 lakh quintals resulting in shortfall in achievement of the revised target by 0.13 lakh quintals during 2006 to 2010. This resulted in non earning of revenue of ₹ 8.25 crore. The PCCF (KL) did not analyse reasons of shortfall in achievement of revised target so as to take appropriate remedial steps for increasing the KL revenue.

2.2.4.38 Purchase of Growers leaves from unregistered growers

As laid down in the Kendu Leaves (Controls of Trade) Act, 1961, Grower Leaves (GL) are leaves collected from any person who owns land on which

⁵⁸ Baripada, Cuttack and Keonjhar

⁵⁹ Balliguda, Bhubaneswar, Khariar, Khordha and Phulbani

Kendu plants are grown or who is in possession of such lands under a lease. The grower shall get himself registered with the DFO to sell the Kendu leaves. None of KL Growers registered themselves during 2006-2010 crop years as stated (July 2008) by DFO (KL) Athamalik. Three KL Divisions purchased GL from unregistered growers during 2007-10. Further 3107.40 quintals of GL was purchased during 2006 against which KLCC did not fixed any target. Thus purchase of KL from unregistered growers in violation of the Act was irregular. The PCCF (KL) did not analyse the source of procurement of GL and the impact thereof on collection of KL from departmental bush cutting area.

2.2.4.39 Shortfall in achievement of quality leaves production

KLCC fixed yearly target for production of quality leaves at five *per cent* of the total production. Scrutiny of production records of nine KL Divisions revealed that the actual quality production was 0.20 quintals and shortfall was 0.28 quintals against the target of 0.48 quintals (five *per cent* of total production of 9.69 lakh quintals) during 2006-10. KL lots in form of mixed lots (a quantity of normal KL mixed with quality KL) and normal lots are put to sale. Test check of sale results of 64 lots revealed that maximum sale price per quintal obtained from sale of mixed KL lots and normal KL lots was ₹ 16200 and ₹ 11090 respectively. Thus shortfall in production of quality KL affected the KL revenue as quality lots fetch higher sale price.

Scrutiny of sale results of 209 lots consisting of 25 mixed lots and 184 normal lots revealed that the average sale price per quintal of mixed lots was ₹ 9919 as against average sale price of ₹ 7734 per quintal of normal lots which indicated that mixed lots fetched better sale price than that of normal lots. Thus because of shortfall in achievement 738 quintals of quality leaves in Phulbani Division during 2010 the possibility of earning more revenue was lost. The PCCF (KL) did not take any action to improve the production of quality KL for augmenting revenue.

2.2.4.40 Bush Cutting operation

In sixteen KL Divisions bush cutting operation was taken up over an area of 24.05 lakh hectares during 2006 to 2010 crop years. KLCC approved ₹ 42.25 crore for utilisation of man days for bush cutting operation to meet the production target of 1184.24 crore kerries (21.52 lakh quintals). But the Divisions utilised 45.30 lakh man days for actual production of 870.51 crore kerries against the KLCC norm of 39.48 lakh man days. Thereby 5.82 lakh man days were excess utilised for which ₹ 4.57 crore was incurred as avoidable payment of wages. The PCCF (KL) did not analyse the impact to take corrective measures nor brought the facts to the knowledge of KLCC for taking appropriate decision on the matter.

2.2.4.41 Delayed plucking

Plucking of KL is started after 45 days of bush cutting. The requirement of total days from the day 46 to complete the plucking is not stipulated to avoid over maturity of KL. In 27 KL Ranges of six Divisions test checked it was noticed that plucking of KL commenced and was completed with delay

ranging from six to 20 days and five to 36 days after 45 days of bush cutting respectively from the first and last day of bush cutting. Production of KL out of purchase of 57.69 crore kerries during the delayed period was not analysed.

Test check of test grading results of 1198 phadies of nine KL Divisions revealed that the percentage of loss due to rejection ranged from five to 50 *per cent* with an average loss of 11 *per cent* over and above the normal loss. Taking into account the minimum loss of five *per cent* of total quantity of kerries purchased, the Department sustained loss of production of 0.84 lakh quintals during the KL crop year 2006 to 2010 which resulted in loss of revenue by ₹ 64.35 crore.

No analysis was made by any authority to ascertain the reasons/ circumstances under which such high percentage of loss of KL occurred due to rejection of leaves. However, audit analysis revealed that high percentage of loss was due to delayed plucking of KL and deficiency in supervision of binding work. The PCCF (KL) did not take any steps to control the excess loss of KL to avoid loss of production.

Extra cost on excess kerry consumption

2.2.4.42 Processed Kendu Leaves

The PCCF (KL)/CCF(KL) fixed the number of kerries required for production of a quintal of KL for each crop year. Scrutiny of records of nine Divisions revealed that there was 4.21 crore kerries consumed during processing in excess over the norm fixed, for which avoidable purchase cost of ₹ 1.14 crore was incurred and for the entire State it was 25.60 crore kerries with avoidable purchase cost of ₹ 6.23 crore.

No analysis was made to ascertain the reasons for excess kerry consumption. The PCCF (KL) instructed (September 2006) that the DFOs were to corroborate the shortfall in production with the damages and to furnish a self contained report, which was not complied with. Thus, non analysis of reasons for excess kerry consumption and damages resulted increase in rejection of leaves and contributed to consequential loss of production.

2.2.4.43 Non fixation of norm for transport of KL bags

In six Divisions test checked it was noticed that quantity transported was more than the quantity produced by 3210.67 quintals and was less than the quantity produced by 3721.82 quintals during the KL crop years 2006 to 2010. On test check of records of 106 phadies (Binding Centres) of 2012 crop it was noticed that 6814 KL bags were transported from Phadi to Central Godown (CG) and the rate of transportation charges was between ₹ 27 and ₹ 49 per km/bag and distance was between 25 km and 72 km. Hence fixation of transport rate per quintal without considering the distance involved was not susceptible to measurement whereby proper check cannot be exercised. Neither the PCCF (KL) nor the DFOs (KL) analysed the reasons of above discrepancies for taking suitable measure to check loss of revenue. The system management and internal control mechanism is deficient to that extent.

2.2.4.44 Undue benefit to buyers due to delivery of lots instead of bags

As per decision taken in the conference of Conservators held in 1988 extra weight of 3.6 kg, 2.4 kg and 3 kg per KL bag upto June, July to October and November onwards respectively was allowed with reduction of average weight of 0.9 kg per bag during the above period to compensate loss in driage. We noticed that processed KL bags with gross weight of 64/63 kg are handed over to OFDC without adopting the above reduction irrespective of period of storage. Thus OFDC delivered 28.09 lakh KL bags to buyers and allowed 0.25 lakh quintals of KL in excess (0.9 kg per bag) without realising any value.

It was also decided (September 1988) that based on joint experiment in specified number of KL Divisions, Government would be moved to frame Rules in the matter. Although 24 years have been passed no action was taken to move to Government to frame Rules but delivery of KL bags with extra weight of three to four kg per bag was continued. Further, KL was purchased in kerries but was sold in quintals without formulating any conversion formula and no action was taken by the CO/CCO on the matter.

2.2.4.45 Loss of revenue due to non-use of waste KL

ACCF (KL) instructed (May 2003) that instead of good cover leaves, waste leaves might be used in kerries as cover leaves. During 2006-10 crop years, 886.74 crore kerries (17734.17 crore kendu leaves) were purchased. Out of which 1773.47 crore leaves were rejected as wastage of cover leaves and 337.07 crore leaves were utilised as per norm for padding KL bundles fixed by the CCF (May 2001), thereby the balance of 1436.40 crore waste cover leaves (71.82 crore kerries) purchased at a cost of ₹ 19.62 crore could not be utilised for production of processed kendu leaves and became unfruitful. The DFO KL and PCCF (KL) did not take any steps to implement the proposal of ACCF (KL) so as to avoid production loss with consequential loss of revenue.

2.2.4.46 Fixation of upset price of KL lots

Sale policy of KL 2005 of Government must ensure that the revenue from KL improves from year to year. Mini auction sale price would be a guide for fixing upset price for subsequent auction sales. Upset price is to be jointly proposed by the Divisional Manager, OFDC and DFO (KL) as per provision of revised KL policy and approved by the Managing Director, OFDC in consultation with the APCCF (KL). Test check of 196 upset price fixation statements revealed that upset price fixed for a KL lot did not confirm to any of the criteria stipulated in the sale policy resulting in fetching of low sale price of KL.

2.2.4.47 Sale of KL lots below the cost of production

KL are sold in lots through auction/tender. Upset price is to be fixed taking into consideration the actual prices obtained during previous three years, at previous sale price of current year and the current market rate. We noticed that the basis of fixation of upset price was not on record.

On scrutiny sale of 1046 lots it was noticed that the sale was finalised at below the cost of production per quintal ranging from ₹ 3659 to ₹ 5726. This resulted in short realisation of sale value of ₹ 7.82 crore as compared to cost of production fixed by KLCC which was loss of revenue to Government exchequer. Further, the DFOs (KL)/PCCF (KL)/Managing Director, OFDC did not attach any importance for fixing the upset price and to analyse the sale results of KL lots for taking up corrective measures.

2.2.4.48 *Repair and maintenance of phadies*

Test check of records of nine KL Divisions revealed that forest materials required for repairing the phadies were purchased from outsider and not from Forest Divisions by paying single royalty in contravention of provision of KL Manual. Further an amount of ₹ 24.76 lakh was incurred in excess of the approved norm of 2010 in respect of five KL Divisions for taking repair work of 987 phadies. Thus the scope of repair of phadies was not properly assessed and the Manual Provision was not complied with so as to avoid any irregularity in repair and maintenance of phadies and the Government was deprived of getting royalty due to non purchase of forest materials from Forest Divisions.

2.2.5 *Silvicultural Research*

The Silviculture Division Rayagada started functioning with effect from 01 October 2003 having jurisdiction over Rayagada, Koraput, Malkangiri, Nabarangpur, Kalahandi, Nuapada, Balangir and Subarnapur District. Audit scrutiny of records revealed the following:

2.2.5.1 *Delay in preparation of Annual Research Report*

As per Rule 211 of OFD Code the Annual Research Report (ARR) should be prepared every year. The ARR of the Division was not prepared regularly. The ARR for the year 2006-07, 2007-08 and 2008-09 prepared and submitted in 2010. No information on ARR for the year 2009-10 and 2010-11 was available.

2.2.5.2 *Activities on Research*

During 2006-11 the Division carried out the Silvicultural research programme like study of sample plots, preservation plot, Trial of exotics and other indigenous species, seed collection, assessment of production of Non Timber Forest Produce (NTFP), Dashamoola Plantation and production of quality planting materials (QPM) etc. with expenditure of ₹ 3.30 crore.

The quality of collected seeds was not tested with respect to percentage of germination, vigor, plant percentage immunity against disease, seed count, size etc. No records were maintained to determine the yield per tree or yield per ha to ascertain the impact of silvicultural treatment.

2.2.5.3 *Wasteful expenditure of ₹1.25 crore*

GoI in MoEF accorded in principle (stage-I) clearance in October 1996 for diversion of 48.25 ha of forest land for construction of Lanjigarh-Junagarh B.G Rail line in favour of South Eastern Railway. As per conditions stipulated in stage-I approval, the user agency deposited cost of compensatory afforestation (CA) in April 1997 and transferred (November 2002) after mutation of equivalent non-forest land in favour of Forest Department. GoI accorded final approval (stage-II) in November 2009.

It was, however, noticed that a Silviculture Research Station-cum-Hitech Nursery was established at the same site (over diverted forest land) by the Silviculturist, Rayagada in 2005 with expenditure of ₹ 1.25 crore (May 2011) though the department was well aware of the diversion proposal in favour of the Railways approved by GoI, and the train line would pass through the said Hi-tech Nursery.

Thus due to lack of coordination and injudicious decision of Forest Officials (DFO, Kalahandi South Division and Conservator of Forests, Bhawanipatna), expenditure of ₹ 1.25 crore on establishment of Hi-Tech Nursery was rendered wasteful.

2.2.5.4 *Under-utilisation of infrastructure capacity of Training Institute*

The Odisha Forest Rangers' College (OFRC) Angul was established to provide mainly induction training to Range Forest Officers (RFOs) with capacity of 40 trainees in each batch of two years duration, Foresters for 40 to 120 trainees of one year duration.

We noticed that during 2006-11 no regular induction course training for RFOs was conducted. Against 1,12,000 trainee days in five years (2006-11) for induction training of RFOs and Foresters there was utilisation of 24264 trainee days resulting in shortfall of 87736 trainee days. Thus the infrastructure capacity of the Training Institute remained underutilised.

Director, OFRC, Angul stated that the capacity could not be fully utilised as Government did not sponsor candidates for undergoing RFOs training.

The reply is not tenable as the infrastructure could have been utilised in special training for wildlife when there was deficiency in wildlife trained personnel.

2.2.6 *Human Resource Management*

The sanctioned strength and men-in-position in different cadres of the Department as on 31March2011 was as follows:

Table No: 2.17 *Details of sanctioned strength and men in position*

(in numbers)

Name of the post	Sanctioned strength	Men in position	Shortage	Percentage of shortage
Forest Ranger	643	478	165	26
Deputy Ranger	171	18	153	89

Name of the post	Sanctioned strength	Men in position	Shortage	Percentage of shortage
Forester	2433	1476	957	39
Forest Guard	5292	3406	1886	36
All cadres	12156	8226	3930	32

Source: Data collected from PCCF Offices

The vacancy position ranged between 26 and 89 *per cent* for different cadres in field duty like Forest Ranger, Deputy Ranger, Forester and Forest Guard who play a key role in protection and management of forest.

- In 19 forest Divisions test checked vacancy ranged from seven to 49 *per cent* in the cadre of forester (18 Divisions), 20 to 42 *per cent* in the cadre of forest guard. Similarly, in nine WL Divisions test checked the vacancy of forester and forest guard was 14 to 52 and 28 to 45 *per cent* respectively and in 10 KL Divisions test checked the vacancy was 39 to 74 and 30 to 93 *per cent* respectively.

We noticed that the Government approved (July 2009) filing up of vacancies of 300 foresters of which 108 foresters were for KL wing. The process of recruitment continued from January 2010 to September 2010 in respect of KL wing, but the selected candidates were not appointed till March 2011 as a result ₹ 1.65 crore was surrendered (April 2011) by PCCF (KL). Further, recruitment of forester by PCCF, Odisha was also delayed as confirmed from the fact that the first batch training of foresters was started in October 2010 only. Thus filling up the vacancies in key post like forester is not receiving due attention.

On this being pointed out as regards recruitment of Forester/Forest guards, PCCF failed to provide such vital information which indicates lack of effective control in management of human resources.

- In check gates the vacancy position in respect of Deputy Ranger and Forest Guard was more than 60 *per cent* which affected the functioning of check gates.
- Forest area coverage by a forest guard in nine Divisions varied from below one hectare (Cuttack and Bhubaneswar) to 11993 hectares (Keonjhar). Similarly, forest area coverage by a forester varied from below two hectares (Cuttack and Bhubaneswar) to 0.57 lakh hectares (Keonjhar mining area) which indicated irrational deployment of field staff.
- Distribution of forest area within a Division was also not rational as seen in Cuttack Division that the forest area of six Ranges varied from nil to 0.22 lakh hectares, in Khariar 0.18 to 0.53 lakh hectares. Thus there was no rationality in terms of forest area while creating Divisions/Ranges.
- As per OFD Code, jurisdiction of a WL forest guard should be approximately 10 sq km or even smaller. In four Divisions out of eight Divisions test checked the area covered by one forest guard was between 19 to 72 sq km.
- Average age recommended by the Wild life Institute of India for front line forest staff was 18-35 years. We noticed that in nine WL Divisions

there were very few WL trained personnel and nil in some Divisions and the age group was higher as revealed from the records. Deployment of aged and untrained frontline staff undermined conservation and protection efforts.

In spite of acute shortage of staff, prompt action was not taken to fill up the vacancies. The deployment of forester and forest guard was not rational and shortage of frontline staff adversely affected operational capacities which led to low prosecution, increase in WL offence and wastage/rejection of huge quantity of KL due to inadequate supervision as revealed from test grading results.

2.2.7 Stores management

2.2.7.1 Purchase of stores

Under OGFR, authority competent to sanction contingent expenditure may sanction purchase of stores as per powers delegated under the Delegation of Financial Powers Rules, 1978 and as modified during 2006. Further, purchases must be made in the most economical manner against the definite requirements and the purchase order should not be split up to avoid the necessity for obtaining the sanction of higher authority. Also, sealed tenders should be invited by giving wide publicity for the purchase of articles exceeding ₹ 50 thousand and inviting quotation, for articles, the value of which does not exceed ₹ 50 thousand.

Test check of records revealed that during 2008-11 materials worth ₹ 2.33 crore were purchased by 14 Divisions. No prior assessment was made for actual requirement. In some cases, stores were purchased by splitting of purchase orders to avoid the sanction of higher authority, also stores were purchased without inviting quotations/tenders, which included teak stumps and seeds worth ₹ 49.96 lakh.

DFOs stated that purchases were made from reputed firms with lowest rate. However, in the absence of quotations/tenders it could not be confirmed.

Similarly, in Cuttack Division three fiber boats were purchased for ₹ 10.61 lakh during 2009-10 by quotation call notice in place of open tender. Further, out of three quotations received two were invalid. However, the purchase order was issued in favour of the single valid quotation.

2.2.7.2 Physical verification of stores

Under OGFR, physical verification of all stores should be made at least once in a year by the Head of Office or by any authorised officer and a certificate of verification of stores with its results should be recorded.

Audit scrutiny of the store and stock register revealed that physical verification of stores were not conducted during 2006-11 in three Circles and 19 Divisions as well as the Ranges under the Divisions as a result actual availability and condition of stores could not be ascertained in audit. Reasons attributed by four Divisions were the shortage of staff and work load.

2.2.8 Internal control

2.2.8.1 Monitoring and evaluation of schemes implemented

It was noticed that there was no evaluation of the schemes implemented during 2006-11 by the monitoring and evaluation cell of the PCCF, Odisha. Scrutiny of one evaluation report of the plantation under Revised Long Term Action Plan (RLTAP) scheme made over five⁶⁰ Divisions during 2008-09 revealed that the survival percentage of those plantations of 2002-03 to 2004-05 was from 17 to 69 *per cent*. As the survival percentage for a successful plantation should be 60 *per cent* on fifth year these plantation cannot be taken as successful. In spite of such poor performance of plantation programmes, no evaluation was undertaken during 2006-11.

In the field level, we noticed that in 17 Divisions and three Circles there was no evaluation of the schemes implemented during 2006-11. Reasons cited were shortage of man power, and non availability of funds.

This indicated lack of monitoring and evaluation at the level of DFOs and CCO.

2.2.8.2 Non-inspection of field units

Under Rule 442 to 446 of OFD Code, PCCF shall inspect all Circle Offices including six Divisional Offices once a year. Similarly, Conservator of Forests shall inspect all Divisional Offices along with seven Range Offices and also DFOs shall inspect all Range Offices under them at least once in a year.

Information obtained from 19 Divisions revealed that during 2006-11 no inspection of Ranges was conducted by 13 DFOs, in other six Divisions, inspection was not conducted each year and also all the Ranges were not inspected.

We also noticed that in three Circles, no inspection of Ranges was done by the RCCFs and no Circle/Division office was inspected by the PCCF, Odisha during 2006-11.

DFOs stated that due to shortage of staff and extra work load the inspection could not be made. The reply reflects poorly on the internal control mechanism.

2.2.8.3 Internal Audit

Internal audit wing of the Department came into existence during 1988. We noticed the following deficiencies:

- Standards/codes/manuals have not been prepared for guidance of the internal auditors till date.
- No training programme was conducted to improve the auditing standard of the audit personnel of the department.

⁶⁰ Nawarangpur, Koraput, Jeypore, Khariar and Kalahandi (N)

- Risk analysis of the units based on allotment of funds, importance of activities and other factors were not taken into account while planning audit of the units.
- Number of units due for audit was not planned for taking up audit and even those planned during 2006-11 could not be audited.
- Though 400 audit reports involving 9133 para with money value of ₹ 669.38 crore and with recoverable amount of ₹ 570.11 crore was pending for settlement (31 March 2011), required number of Joint Verification Committee for disposal of paras were not held.

2.2.9 *Limitations of audit*

Information/data to audit relating to Prospective Plans, Annual Plans, Court Cases, Vigilance cases, Disciplinary Proceedings, Compensatory Afforestation against diversion of Forest Land, Demarcation of Reserve Forests and working of timber and bamboo coupes and confirmation of factual position thereof are vital for smooth and timely completion of the audit work. This information was not furnished by Government/ PCCF, Odisha, despite issue of reminders. In absence of the above, audit comments on the above issues could not be concluded.

2.2.10 *Conclusion*

The Department did not have State specific Forest Policy of its own. Although there was a marginal increase in forest cover as per FSI report (2011), there was decrease of VDF and MDF during 2006-2009. Delay in approval of working plans of 10 forest Divisions affected sustainable development of forests. Final notifications of Sanctuaries and one National park were yet to be issued although initially notified between 1976 and 1998. There was under utilisation of budget allocations, loss of GoI grant due to delayed submission of UC. There was wide gap between the outlays proposed in the APOs and amount sanctioned in APOs in respect of Central Plans which indicated that the APOs were not prepared realistically. Funds collected from WLMF created by the State Government were transferred to CAMPA fund without formulating any guidelines for its utilisation in management of wild life within the State.

There were shortfalls in realisation of revenue due to improper fixation of royalty on timber, non-revision of royalty on bamboo. Coupes due for working as per working plans could not be worked out. Marking of trees by field staff was not reviewed to ensure appropriate and accurate marking of trees.

There was shortfall in achievement of plantation area. Coupes due for working as per approved working plans could not be worked out. There was significant unspent balance under OFSDP scheme and also over reporting of plantation areas.

Despite availability of funds, relocation of families from core area of Tiger Reserves/Wild Life Sanctuaries could not be completed.

The working of KL procurement and sale needs to be streamlined to maximise revenue for the State.

Deployment of field staff across the Divisions was not commensurate with the forest area. Vacancies of field staff like forester, forest guard had adverse effect on their performance as was evident from the prosecution in offence cases and seizure at check gates. There was shortfall in inspection whereby an effective control could be exercised. There was no monitoring and evaluation of the schemes including plantation schemes implemented as a result actual achievement under those schemes could not be measured.

2.2.11 Recommendation

- Working plans for Divisions may be prepared timely so that the same are ready before expiry of the current plan for sustainable management of forest wealth.
- Appropriate steps may be taken for expeditious issue of final notification on National Parks and Sanctuaries. Relocation of families from core areas of Tiger Reserves should be completed by utilising funds provided. Work on identified corridors for elephants may be completed at the earliest for safety of elephants.
- Proper and timely utilisation of scheme fund should be ensured to achieve the desired objectives of the schemes.
- OFDC should take delivery of all coupes due for working irrespective of profit margin. Royalty on timber may be fixed at a reasonable percentage of value of trees standing to avoid improper fixation of royalty.
- Appropriate steps may be taken to expedite finalisation/disposal of offence cases so as to trace out offenders where seized materials included valuable forest produce.
- Appropriate monitoring and supervision may be enforced in areas of bush cutting, timely plucking and binding of KL to minimise wastages and rejections. Fixation of upset price may be rationalised and transparency in bidding process ensured.
- Steps may be taken to fill up the vacancy in field level post to ensure effective supervision of protection of forest areas.

The matter was reported to Government in September 2012; their reply has not been received.