

This Draft Audit Inspection Report on the accounts of Regional Manager (Tehri Region), Uttarakhand Forest Development Corporation, Dehradun for the period April 2015 to March 2020 was carried out in exercise of the power conferred by section 19 of the C & AG, DPC Act, 1971 read with section 143 (7) of the Companies Act, 2013. The compliance audit was conducted by Shri Ghanshyam Das Pal, Asst. Audit Officer, Shri Rituraj Mohan Singh, Asst. Audit Officer and Shri Saurabh, Sr. Auditor under the supervision of Roshan Lal Sharma, Sr. Audit Officer during the period from 04.03.2021 to 18.03.2021. The records of six Divisional Logging Manager (DLMs) of Uttarkhasi, Tehri, Chakrota, Tons and two in Dehradun (Mining and logging) and also one Divisional Sales Manager (DSM) of Dehradun under jurisdiction of Regional Manager (Tehri), UFDC, Dehradun were examined during compliance audit.

The inspection report has been prepared on the basis of information provided by Regional Manager (Tehri Region), UFDC, Dehradun. The office of the Principal Accountant General (Audit), Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non-submission or submission of incomplete records.

Part-I

1. **Introduction:** - The last audit of this unit was carried out by Sh. Amit Kumar Mishra, Asstt. Audit Officer, Sh. A.P. Singh, Asstt. Audit Officer and Sh. Vikas Dhyani, Asstt. Audit Officer under the partial supervision of Shri Mukesh Kumar, Audit Officer in which accounting records of the period from April 2012 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2020 were generally examined.

2. (i) **Functions and geographical jurisdiction of the unit:**

The functions of the Regional Manager (Tehri), Uttarakhand Forest Development Corporation are engaged in the business of logging, mining of Sand, stones, boulder and RBM (natural resources) etc. in the various rivers. Mining of the same has been allotted to the Corporation by the Government of Uttarakhand after the acceptance of Government of India. The geographical jurisdiction of the division is Garhwal and Kumaon.

(ii) **Auditing methodology and scope of audit:**

Office of the Regional Manager (Tehri), UFDC Dehradun was covered in the audit. This inspection report is based on findings of audit and September 2016, September 2017, March 2019 and March 2020 months were selected for detailed examination and march 2017, April 2018 and September 2019 were selected for Arithmetical Accuracy.

(iii)

(Rs. in crore)

Year	Revenue	Expenditure	Profit/Loss
2015-16	26.47	148.19	(-)121.72
2016-17	28.32	145.13	(-)116.81
2017-18	12.70	167.72	(-)155.02
2018-19	136.08	160.99	(-)24.92
2019-20	105.15	153.68	(-)48.53

(To the extent this information is available & applicable)

(iv) Organization structure of the unit and reporting lines.

O/o the Regional Manager (Tehri Region), UFDC, Dehradun, which is officiated by the Regional Manager.

Part-II-A**Para 1: Avoidable loss due to less excavation/ production of sand, boulders and bajri at different sites.**

Government of Uttarakhand (GoU) allotted sites to Uttarakhand Forest Development Corporation (UFDC) on different rivers namely Song I, Song II, Song III, Jakhan I and Jakhan II for mining of sand, boulder and bajri. As per terms and conditions decided by GoU, dead rent or royalty whichever is more would be paid by Nigam. Dead Rent is the minimum amount to be paid for each mining field which is fixed by GoU. In excavation of minerals, Nigam is supposed to receive a fixed amount per metric tonne as its income. Thus it is obvious that in order to maximize/earn the profit in this business activity, Nigam should make plan to excavate the quantity of sand, boulder and bajri valuing at least more than dead rent payable to Forest Department.

During scrutiny of records, it was noticed that mining carried out during the period from 2015-16 to 2018-19 revealed that Nigam failed to excavate the minerals to meet out the value of dead rent and

*Year	River	Area (Hectare)	Area Sanctioned for excavation (in Hectare)	Target (LM ³)	Production (LM ³)	Dead Rent (@ Rs. 197600 per hectare upto 2016-17 and Rs. 197680 per hectare from 2017-18 onwards)	Royalty paid (in Rs)	Loss (in Rs.)
1	2	3		4	5	6	7	8
2015-16	Jakhan I	195	97.5	3.25	0.52	19266000	6456459	12809541
	Jakhan II	100	50	1.25	0.61	9880000	8781252	1098748
	Song-I	225	112.5	3.75	1.55	22230000	22142727	87273
	Song-III	270	135	3.00	1.40	26676000	18874288	7801712
2016-17	Jakhan I	195	97.5	2.66	0.076	19266000	12868866	6397134
	Song-II	273	136.5	3.480	0.21	26972400	3595682	23376718
2017-18	Song-II	273	136.5	3.48	0.43	26983320	7319090	19664230
2018-19	Song-II	273	136.5	3.48	0.47	26983320	7757470	19225850
Total								90461206

suffered a loss to the tune of `9.05 crore which is detailed below:

***Dates 2019-20 not included since Forest Department did not give permission of mining.**

Had the proper planning been made to excavate the minerals from sites, the loss amounting to Rs. 9.05 crore could have been avoided. However, The Corporation had made provision of dead rent in its accounts during respective years.

Initial reply of the Management is still awaited.

Hence, the matter is brought to the notice of Government.

Part-II-A

Para 2 : Loss of Rs. 62.42 lakh in award of weighing contract.

(A) Uttarakhand Forest Development Corporation (UFDC) entered into (25.11.2011) an agreement with M/s Mukesh Chand Arora (Contractor) for installing weighing bridge at the entrance point (gate) of river sites (Song-1,2,3, Jakhan-1,2 and Chandra Bhaga-1) located in Dehradun for the period from 2010-11 to 2012-13. As per terms of the agreement, the contractor was required to charge Rs. 30 per vehicle for weighing of vehicles out of which Rs. 6.90 were to be retained by him and Rs. 23.10 were to be paid to UFDC. For renewal of agreement, negotiations were held in presence of Regional Manager (Tehri) on 15.10.2013 with the same contractor. During negotiations, the rate of weighing per vehicle was agreed at Rs. 35.00 with contractor's share and UFDC share at Rs. 8.05 and Rs. 26.95 respectively. As per written consent given by the contractor during negotiations, the rates were to remain valid for next five years. However, during scrutiny of records, it was observed that the agreement was signed with the contractor on 15.10.2013 by UFDC for a period up to 30 June 2014 only with a provision for further extension for one year at mutually agreed rates. The reasons for limiting the period of agreement to only nine months (15.10.2013 to 30.06.2014) with a provision of revision of rates thereafter, despite a written consent of contractor to maintain the rates for five years, were not available on record.

In July 2014, tenders for establishment of weighing bridge in river sites located in Dehradun were invited by UFDC. Notice inviting tenders fixed the maximum quotable rate of weighing a vehicle at Rs. 42.00 including UFDC share of Rs. 12 as against the share of Rs. 26.95 being recovered from the contractor at that point of time. Records of bids received, opened and a comparative analysis of bids were not available in the file produced to the Audit. Agreement was made on 26.09.2014 with the same contractor for the period upto 30.06.2017 and rate of weighing a vehicle was Rs. 40.80 out of which share of contractor was Rs. 28.80 and of UFDC was Rs. 12. Therefore, the share of UFDC came down from Rs. 26.95 per vehicle to Rs. 12 per vehicle (decreased by 55.47 per cent) and share of contractor increased from Rs. 8.05 per vehicle to Rs. 28.80 per vehicle (increased by 257.76 per cent) resulting in a loss of Rs. 63.75 lakh up to June 2017 as detailed below:

Year	Total Vehicles weighed	UFDC current share (@ Rs. 12)	UFDC share (@ Rs. 26.95) as per earlier agreement)	Loss (in Rs.)
2014-15	81,983	9,83,796	22,09,442	12,25,646
2015-16	1,29,330	15,51,960	34,85,443	19,33,483
2016-17	1,44,258	17,31,096	38,87,753	21,56,657
2017-18 (upto June 2017)	61,957	7,43,484	16,69,741	9,26,257
Total	4,17,528	50,10,336	1,12,52379	62,42043

Initial reply of the Management is still awaited.

Hence, the matter is brought to the notice of higher Authorities.

Part-II-B**Para 1: Undue delay in finalization of material loss cases under investigation amounting to Rs. 2.67 crore.**

During scrutiny of records of RM (Tehri), it was noticed that Divisional Logging Manager (DLM), Tons (Purola) has incurred material loss amounting to Rs. 2.67 crore due to carriage, fire and cutting & felling of trees. The material loss pertains to the period from 1993-94 to 2006-07 and Nigam had recovered Rs. 2.07 lakh till date and balance amount Rs. 2.65 crore was under investigation. Further, it was also observed that as per order of RM (Tehri), a committee was constituted (16.01.2009) under chairmanship of DLM, Chakrata and DLM Tons (Purola) was also a member of the said committee. The committee recommended (12.07.2012) the following based on percentage production per lot:

1. In those lots whose final production is 70 *per cent* against the CCF, the royalty amount shall be reduced from the evaluated value of material loss. The reduced price after deducting the royalty shall be considered as material loss.
2. The produced lots not send to depots; the concerned Section Officer/ Unit Officer/Scalar are equally responsible.

Further, after a delay of four years, Managing Director, UFDC, wrote a letter on 22.03.2017 to DLM Purola for issuing "Show Cause Notice" to the employees involved in the material loss cases. The DLM had issued the same to the concerned employees on 31.07.2018. As per "Show Cause Notice", out of Rs. 2.54 crore material loss, Rs. 1.18 crore was recommended for write-off and Rs. 1.36 crore has to be recovered from the concerned employees but the recovery of the same is pending till date.

It was also observed that 10 employees have already been retired from the service and one employee was passed away against whom Rs. 41.27 lakh were pending for recovery. However, RM Tehri had retained some amount of retired persons from their retirement benefits. Due to passage of time, the chances of recoveries against the material loss are very bleak.

Initial reply of the Management is still awaited.

Hence, the matter is brought to the notice of higher Authorities.

Part-II-B

Para 2: - Blockage of fund Rs. 6.90 crore and consequently loss of interest.

The Regional Manager (Tehri) is involved in the felling of trees and production of timber, firewood and roots from the lots allotted by the Forest Department. There were five logging division under the jurisdiction of RM (Tehri), namely, DLM Chakrata, Purola, Uttarkashi, New Tehri and Dehradun. Every divisional office pays royalty to the Forest Department on the allotted lots every year in the month of March, June and September as per volume mentioned in the sale list received from Forest Department.

During test check of the records of logging divisions, it was observed that the works on the lots which were marked/allotted during 2014-15 to 2018-19 were not complete till January 2021 as below:

Name of division	Closing Raw Material (in cubic meter)	Amount (in Rs.)
DLM Chakrata	7232.4625	16051233
DLM Purola	6174.9058	16357433
DLM Uttarkashi	3351.4562	5562534
DLM New Tehri	4425.1416	4280896
DLM Dehradun	2448.0074	26678840
Total	23631.9735	68930936

It is evident from the above table that due to non-felling of the marked/allotted lots in reasonable time, the royalty which was paid to the forest department could not be recovered till date. Thus due to non-felling of trees in stipulated time, divisions could not recover the amount of royalty paid to Forest Department which resulted in blockage of Rs.6.90 crore and consequential loss of interest on the said amount.

However, the initial reply of R.M. Tehri is still awaited.

Hence, the matter is brought to the notice of higher Authorities.

Part-II-B**Para 3: Non realization of revenue of Rs. 21.22 lakh.**

The Regional Manager (Tehri), UFDC had supplied the logs to Forest Department through its logging divisions against the demand raised by them. During scrutiny of records, it was observed that the Forest Department had not paid the amount to Nigam against the demand and the same pertains before bifurcation of the State. The Nigam has not recovered the same till date. The logs supplied by the RM (Tehri) through its logging divisions are as under:

S.No	Name of Division	Amount of Logging supply to Forest Department	Year
1.	Divisional Logging Manager, Chakrata	Rs. 1091702/-	Before bifurcation of state
2.	Divisional Logging Manager, Dehradun	Rs. 552734/-	Not furnished
3.	Divisional Logging Manager, Tehri	Rs. 227371/-	1991-92 to 1994-95
4.	Divisional Logging Manager, Tons	Rs. 250443/-	Before 2000-01 to 2016-17
Total		Rs. 2122250/-	

The same were pending for recovery from the Forest Department from 1991-92. More than 29 years have been elapsed since incorporation of UFDC but the concerned DLM/RM failed to recover the said amount from the Forest Department. Due to passage of time, the chances of recoveries are very bleak. The Nigam neither recovered the amount nor adjusted the same against the royalty paid to Forest Department. Due to non-adjustment/non-recovery of the said amount; Nigam had suffered a loss of Rs. 21.22 lakh

Initial reply of the Management is still awaited.

Hence, the matter is brought to the notice of higher Authorities.

Part-II-B**Para 4: Loss of `1.09 crore in Auction.**

The timbers produced from the logging division of the Nigam are transported to the sales depot of the Corporation. At sales depot the logs thus received from the logging division are segregated and classified as per their category and quality. After segregation and classification of lots, floor price of each lot is determined by the Nigam which comprises of the royalty paid, labour cost and other overhead incurred by the Nigam. The lots at sales depot are sold to the buyer by auction.

During test check of the records of sales division Dehradun, it was observed that in the following cases the lots were sold below floor price.

(in Rs.)

S.No	Date of Auction	Name of depot	Floor price	Auction price	Loss
1.	07-09-2015	Bibiwala	6103017	5050750	1052267
2.	22-09-2015	Bibiwala	3826532	3119250	707282
3.	15-02-2016	Selakui	3045842	2532700	513142
4.	27-02-2016	Selakui	7292089	6302900	989189
5.	29-08-2016	Herbertpur	8326748	7086200	1240548
6.	12-08-2016	Herbertpur	5758953	4931060	827893
7.	22-10-2016	Raiwala	3063031	2523300	539731
8.	05-10-2016	Raiwala	8082481	6900200	1182281
9.	15-04-2017	Herbertpur	5385206	4449100	936106
10.	22-04-2017	Bibiwala	3855342	2993500	861842
11.	27-10-2017	Bibiwala	5089556	3964500	1125056
12.	15-05-2018	Herbertpur	13265530	12691800	573730
13.	14-05-2019	Herbertpur	2008025	1692300	315725
Total					10864792

It is evident from the above table that the Nigam suffered loss of ₹1.09 crore due to selling of lots below floor price.

Initial reply is still awaited.

Hence, the matter is brought to the notice of higher Authorities.

Part-II-B

Para 5- Undue delay in construction of boundary wall at Herbertpur.

Divisional Sales Manager (DSM), RM(Tehri), Uttarakhand Forest Development Corporation awarded the work for construction of boundary wall at Herbertpur to UPRNN on deposit work basis. The MoU was signed between UFDC and UPRNN on 27 June 2016 at a cost of Rs.3.04 crore. The schedule date of completion of the project was within 13 months as per time schedule/bar chart. As per terms and condition No. 13 (ii) of MoU, if the contractor had not completed the work within the schedule time, a deduction of 0.1% per month (in case of delay upto three months) or 0.25% per month thereafter in the centage charges shall be leviable.

During the scrutiny of records, it was noticed that Nigam had made payment of Rs. 2.90 crore upto 31.12.2018 to the above mentioned agency for execution of above said work but the construction agency had not completed the work till date .

Further, a technical inspection committee comprising (DSM, UFDC Dehradun, Sh. Satyanarayan Puri, Sr. Technical Manager (Headquarter), Sh. Sailendra Rawat, Dy. Chief Technical manager Tehri Region , Dehradun) was set up on 22 May 2019 for inspection of boundary wall and the inspection committee found that the plaster work was not done inside in 3.5 penal and 2 penal on the outside of the depot premises. Thus, in total 8.5 penal plaster work was not done by the Nirman Nigam in the wall and whitewash was done only in single coat and one coat white wash was left and whitewash was also not done on 10 penal on the land side of Mr. Keshtwalji. Based on the estimate, the total length of the approach road is 3067.17 meters and the total quantity is 3444.78 cubic meters, while the length of the road under construction is 2796.60 meters and only 2350.78 cubic meters was found according to measurement. Thus, 1094.00 cubic meter reduction was found in quantity, but UFDC did not deduct penalty as per clause No. 13 (ii) of the MoU. Managing Director wrote a letter (23.08.2018) to RM. Tehri for deduction of penalty for delay construction of the work. However, the RM Tehri has not deducted the same.

Further, it was also seen that the Nigam has not deducted 1% labour cess as per the Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

More than three years have been elapsed, neither the contractor has completed the work till date nor the Nigam had made sincere efforts for early completion of the work.

Initial reply of the Management is still awaited.

Hence, the matter is brought to the notice of higher Authorities.

Part III

Detail of unsettled paras of previous inspection reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	04/2012 to 03/2015	1 to 3	1 to 5	8

Compliance report of unsettled paras of previous inspection report-

For furnishing of reply of the outstanding paras of old Inspection Report an audit Memo No. 42 book number 1159 was issued to the office. In turn office submitted the replies of old outstanding paras.

Part IV**Best practices of the unit**

NIL

Part V

Acknowledgement

1. Office of the Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards O/o the Regional Manager (Tehri), UFDC, Dehradun and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

Though following documents were not produced during audit:

NIL

2. **Persistent irregularities.**

NIL

3. The following officers held the charge of head of the office during the audit period:

Sl. No.	Name of the officer	Designation	Period
1	Shri V. K. Gangte	Regional Manager	Last audit to 30.11.2016
2	Shri R S Kaheda	Regional Manager	01.12.2016 to 29.12.2016
3	Shri Ramgopal	Regional Manager	30.12.2016 to 30.06.2017
4	Shri Divakar Sinha	Regional Manager	01.07.2017 to 30.01.2018
5	Shri Ramesh Chandra	Regional Manager	01.02.2018 to 27.03.2019
6	Shri K.R. Murlidhar Rao	Regional Manager	28.03.2019 to 27.05.2019
7	Shri Indra Singh Negi	Regional Manager	28.05.2019 to till date
8	Shri Ram Singh Rawat	Accounts Manager	Last audit to 30.04.2017
9	Shri Anil Kumar Verma	Accounts Manager	01.05.2017 to 02.01.2021
10	Shri Veer Singh	Accounts Manager	03.01.2021 to 08.02.2021
11	Shri Mahendra Singh	Accounts Manager	08.02.2021 to till date

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

Sr. Audit Officer /AMG-IV

Part-IIA

Para-1 Avoidable loss due to less excavation/ production of sand, boulders and bajri at different sites.

Query	Reply
Whether dead rent was paid to forest department or only Royalty?	Only Royalty was paid and provision has been made on dead rent.
Why 2019-20 data not included/ Any provision in Accounts?	In the financial year 2019-20 forest department has not given the permission to above river.

Part-IIA

Para-2 (A) Loss of Rs. 62.42 lakh in award of weighing contract.

Query	Reply
KD (old AIR)	The KD is available in Old AIR.
Is it same contractor?	Yes
ON- What is status after 2017	Contract ended in June 2017. Thereafter, NIT was invited and weighing contract was awarded to M/s Shiv Building Materials, Defence Colony, Dehradun

Para-2 (B) Undue favor to contractor

Query	Reply
These were same as earlier?	Yes, the same bidders participated
Is it new or old one	Old one.

Part-IIB

Para 1: Undue delay in finalization of material loss cases under investigation amounting to Rs. 2.67 crore.

Query	Reply
ON – Any action on	

this ?	
On what basis?	As per recommendation of DLM Chakrata (Sh. L.M. Kaul chairman of Material loss Committee)
How much recovery involved?	Rs. 40.70 lakh involved in 10 retired employees and Rs. 0.57 lakh pending an employee who were passed away.

Para 2: - Blockage of fund Rs. 6.90 crore and consequently loss of interest.

Query	Reply
Is it refers to non felling of trees?	yes
What about reply of other divisions?	The other division has not furnished the replies.

Para 4: Loss of `1.09 crore in Auction.

Query	Reply
Incorporate reasons for adopting manual auction instead of e-auction	E-auction start in June 2020-21. In view of that the auction was carried only manual basis.