

**FIFTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2021-2023)**

**SECOND REPORT**

(Presented on 16th March, 2022)



**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2022**

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ON  
PUBLIC ACCOUNTS  
(2021-2023)**

**SECOND REPORT**

**On**

**Paragraphs relating to Forest & Wildlife Department  
contained in the 6th Report of the Comptroller and  
Auditor General of India for the year  
ended 31st March 2014**

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COMMITTEE ON PUBLIC ACCOUNTS  
(2021-2023)

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Shri B. Reji , Joint Secretary

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Smt. Shamy J., Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Second Report on paragraphs relating to Forest & Wildlife Department contained in the 6th Report of the Comptroller and Auditor General of India for the year ended 31st March 2014 .

The 6th Report of the Comptroller and Auditor General of India for the year ended 31st March, 2014 was laid on the Table of the House on 8th July 2014.

The Committee considered and finalised this Report at the meeting held on 9th February, 2022.

The Committee place on records their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram,  
16<sup>th</sup> March, 2022.

SUNNY JOSEPH,  
*Chairman,*  
*Committee on Public Accounts.*

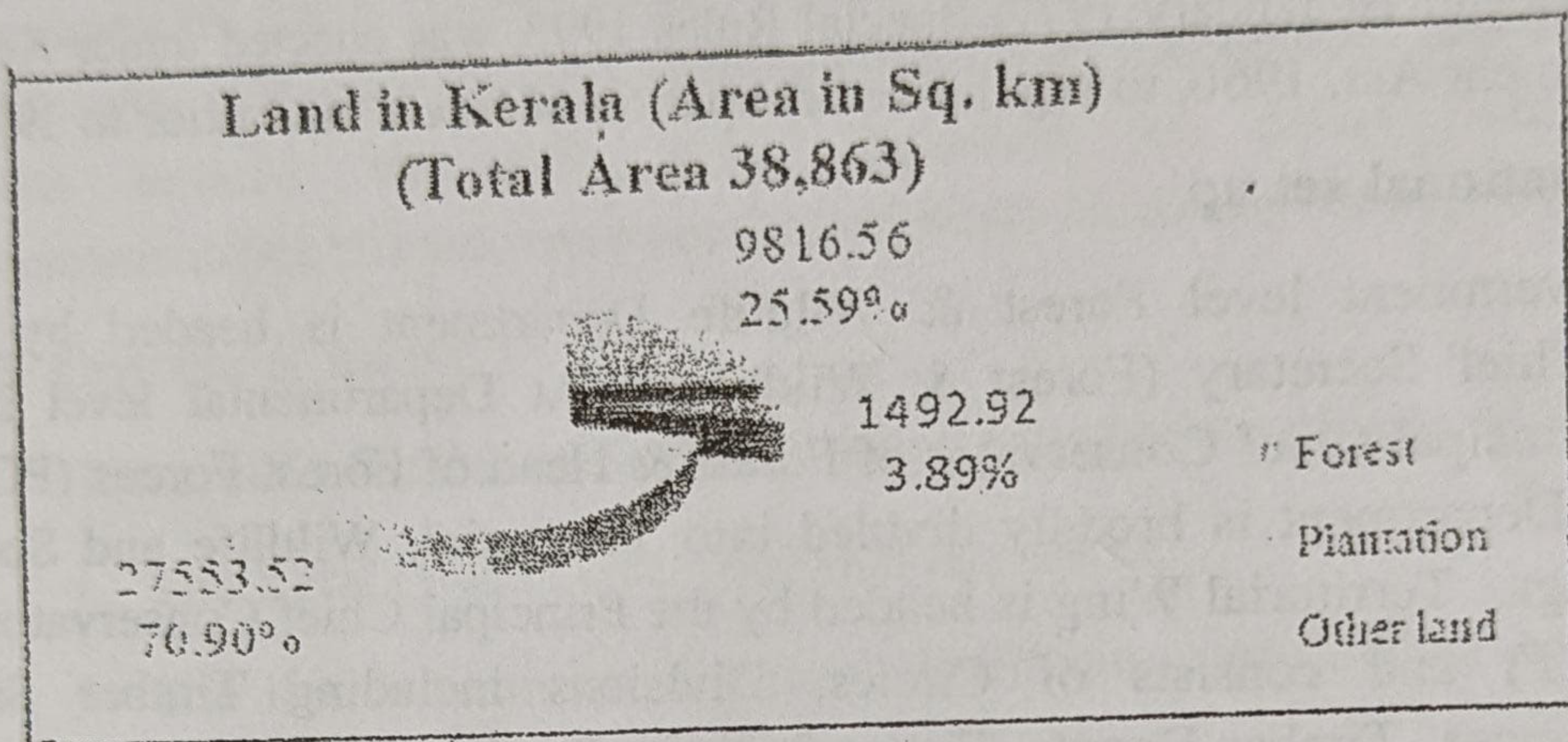
## REPORT

### FOREST AND WILDLIFE DEPARTMENT

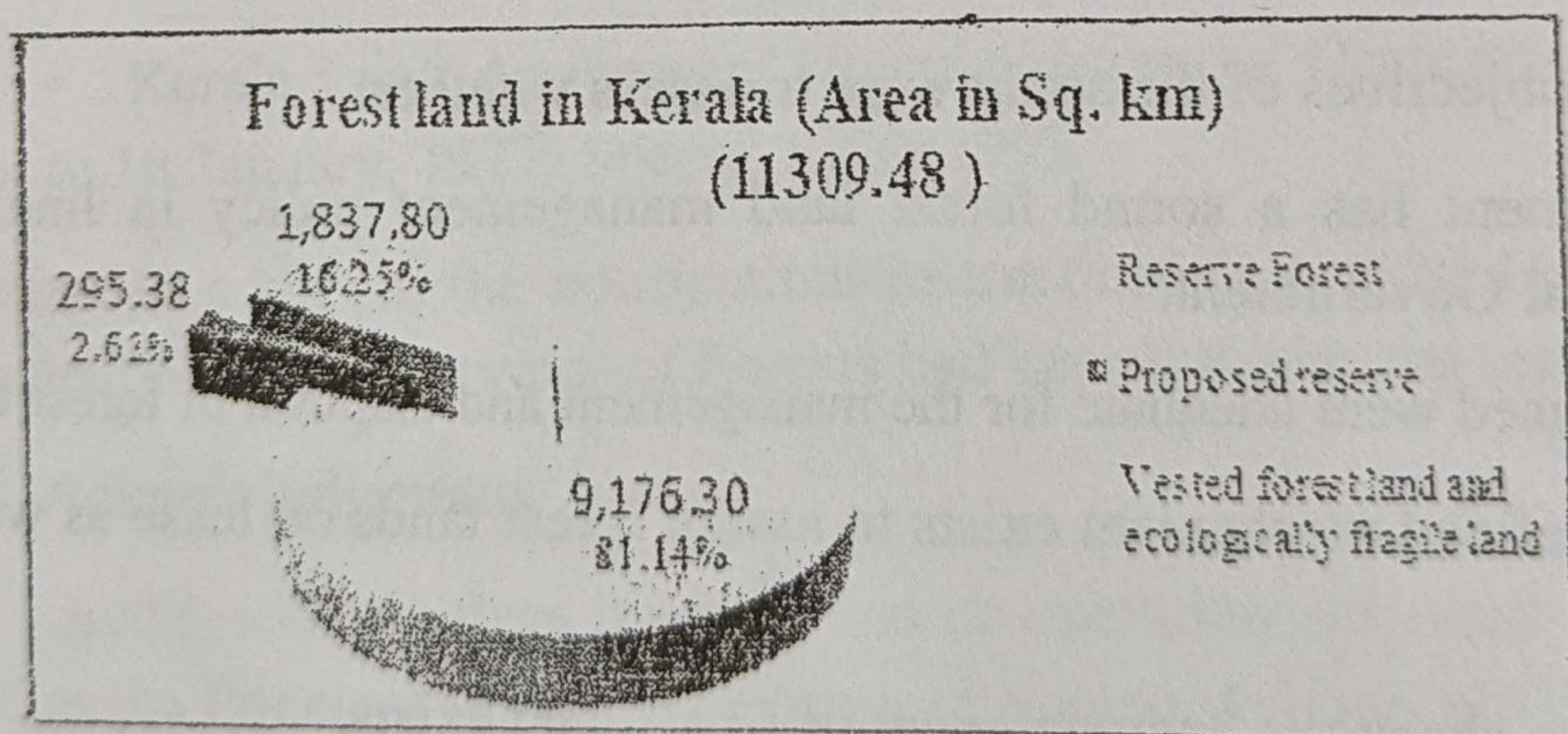
Audit paragraphs 3.1 to 3.7.1 contained in the Report of the C & AG of India on Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City, Kochi

#### 3.1 Introduction

The forest area<sup>1</sup> under the administrative control of Forest and Wildlife Department is 11309.48 sq. km. which includes plantation area of 1492.92 sq. km. which is 13.20 per cent of the total forest area.



The distribution of forest area according to legal status is 9176.30 sq. km (81.14 per cent) of Reserve Forest, 295.38 sq. km (2.61 per cent) proposed reserve and 1837.80 sq. km (16.25 per cent) vested forest & ecologically fragile land.



<sup>1</sup> Statistics based on the Administration Report of the Department for the year 2010-11 (latest position) 352/2022.

Vast areas of forest land was leased out or given as grants by the former Maharajas of Travancore and Cochin. The rates of rent for the leases and grants were negligible. Before 1980, ie., prior to enactment of Forest Conservation Act, 1980, land was given on lease to PSUs like KSEB, Plantation Corporation, Rubber Board, Kerala Forest Development Corporation, Hindustan News Print Ltd., Malabar Cements etc., through executive orders of State Government. After enactment of Forest Conservation Act, State Government is assigning forest land in unavoidable circumstances on lease only after getting consent of Central Government. Time expired leases are also being renewed only on the consent of Central Government. Kerala Land Assignment (Regularisation of occupation of forest land prior to 1st January 1977) Special Rules 1993, was enacted under Kerala Land Assignment Act, 1960, to regularise occupation of forest land prior to 1977.

### **3.2 Organisational set up**

At Government level Forest & Wildlife Department is headed by the Additional Chief Secretary (Forest & Wildlife). At Departmental level it is headed by Principal Chief Conservator of Forest & Head of Forest Forces (PCCF & HOFF). Department is broadly divided into Territorial, Wildlife and Social Forestry Wings. Territorial Wing is headed by the Principal Chief Conservator of Forest (PCCF) and consists of Circles, Divisions including Timber Sales Divisions, Ranges, Timber Depots, Forest Stations, Section Offices, Check Posts etc. Matters connected with general administration of the Department including lease of land are also being attended to by the Territorial Wing. The Department also has Vigilance, Planning, Inspection and Evaluation, IHRD Wings etc.

### **3.3 Objectives of audit**

The broad objectives of the study were to assess whether:

- Government has a sound forest land management policy in line with policies of Central Government.
- rules framed were adequate for the management and disposal of forest lands.
- a well defined mechanism exists to assign forest lands on lease as well as on registry.
- system to check the encroachment of forest land exists.
- an effective internal control mechanism was available in forest department.

### 3.4 Scope and methodology of audit

Files and records maintained in Forest & Wild Life Department, three Territorial Circles<sup>2</sup> and five Divisions<sup>3</sup> including Forest Headquarters of the State were test checked. The data collected was analysed with reference to the audit criteria and audit queries raised. Findings of Audit were discussed with the Department and Government. The draft note on audit was sent to the Government on 10th October 2013 for their response.

Entry meeting in respect of the Forest and Wildlife Department was conducted on 22nd March, 2013. Their views were considered while conducting audit. An exit meeting was conducted on 2nd December, 2013 in which the points noticed in audit were discussed in detail. The views of Government/Department were considered while finalising the report.

### 3.5 Criteria of audit

The criteria for this audit were derived from the provisions of Act/Rules viz.,

- The Kerala Forest Act, 1961 (KF Act 1961).
- The Kerala Grants and leases (Modification of Rights) Act, 1980 [KGL (MR) Act, 1980].
- The Kerala Grants and leases (Modification of Rights) Act, 1990 [KGL (MR) Act, 1990].
- The Forest (Conservation) Act, 1980 (FC Act, 1980)
- Kerala Land Assignment (Regularisation of Occupation of Forest Land Prior to 1st January, 1977) Special Rules 1993.
- In addition, the notifications/instructions issued by Government and the Principal Chief Conservator of Forests had been taken as the criteria for audit.

### 3.6 Acknowledgments

Audit acknowledges the help and co-operation extended by Government as well as the Principal Chief Conservator of Forests & Head of Forest Forces, Circle Officers, Divisional Officers etc.

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2 Kollam, Palakkad and Thrissur.

3 Chalakudy, Nenmara, Punalur, Thrissur and Vazhachal.

### 3.7 Audit findings

Several deficiencies/defects in the assignment of forest land were noticed in audit which are given below.

#### 3.7.1 Absence of records of forest land and land on lease

Additional Principal Chief Conservator of Forest (Protection) and Divisional Conservator of Forest (Protection) are responsible for monitoring land on lease and collection of lease rent. Register showing details of land on lease is not being maintained in the office of APCCF (P). Instead, details are collected from circle offices when required. In circle offices also such registers are not being maintained as a usual practice. Thus the details of land on lease in a consolidated form was not readily available.

On this being pointed out the PCCF & HOFF promised to maintain a consolidated record of forest land in Kerala.

*[Notes received from the Government based on the above audit paragraph is included as Appendix - II.]*

*Excerpts from Committee's discussion with departmental officials*

1. On enquiry about the audit objection regarding the absence of records of register showing details of forest land on lease, the Joint Secretary, Forest Department replied that consolidated lease Register is now being maintained in the office of Principal Chief Conservator of Forest (PCCF). Principal Chief Conservator of Forest (Forest Management) informed the Committee that Lease Register had been updated as per Form-16 of Kerala Forest Code.

#### **Conclusion/Recommendation**

2. No Comments.

**Audit paragraphs 3.7.2 to 3.7.7 contained in the Report on Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City, Kochi**

#### 3.7.2 Failure to frame Rules/revise lease rent timely

KGLMR Act, 1980 was enacted to protect the revenue interest of the State. However, the KGLMR Rules, 1990 could be enacted only after ten years, in 1990, fixing the lease rent collectable. Amended provision of Rule 3 (2) of the KGLMR

Rules, 1990 which came into force from 25th November, 2009 fixes lease rent at seventy five per cent of the money value in rupees of the yield obtainable in the year of the revision after deducting the standard expenditure or three per cent of land value whichever is higher. But this is subject to limitation that rent shall not exceed the rate applicable to forest lands leased out to public sector undertakings (PSUs) from time to time. As per Rule 3 (2) (b), lease rent should be revised every three years. Thus, as long as the lease rent of PSUs remain unchanged, the provision for revision is meaningless.

Audit scrutiny revealed that no system exists in the department for the periodical revision of lease rent for forest land leased out to PSUs. Rate of lease rent for PSUs was revised last as ₹1,300 per Ha. per annum in January 1989. CCF submitted a proposal (May 2000) for revision of lease rent at ₹5,000 per Ha. per annum with effect from 18th December, 1999. But as lease rent applicable to PSUs was not revised so far (March 2013) it continues to be computed at the rate of ₹1,300 per Ha. per annum.

### **3.7.3 Loss due to non-revision of lease rent for PSUs**

Total land leased out to PSUs and individuals in five forest circles<sup>4</sup> is 1,33,553.44 Ha. as on 31st March, 2013. Out of this, land leased out to PSUs is 1,19,178.88 Ha. The main PSUs having forest area on lease along with area of land are given in Appendix III.

The maximum rate of lease rent payable by private entities and individuals are also limited to the rate applicable to PSUs. At the existing rate of lease rent the income from the PSUs and individuals would be ₹17.36 crore per year. If the rates were revised to ₹5,000 per Ha. per annum, income would raise to ₹66.78 crore per year. Thus loss of revenue in a year due to non-revision of lease rent for PSUs comes to ₹49.42 crore.

On this being pointed out Government stated (January 2014) that a proposal for revision of lease rent had been submitted to the Finance Department. Further report has not been received (May 2014).

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4 Southern Circle, Kollam, High Range Circle, Kottayam, Central Circle, Thrissur, Eastern Circle, Palakkad and Northern Circle, Kannur

### 3.7.4 Accounting of lease rent

Lease rent on forest land is being collected by divisional officers and accounted under the head of account 0406 Forestry and Wildlife-01-800-90-Forest land lease rent. Audit noticed difference between departmental figures and figures booked by the Office of the PAG (A&E), Kerala from the vouchers and reflected in the approved Finance Accounts of the Government. Further the department did not complete the reconciliation for the years 2010-11 and 2011-12. During 2012-13, reconciliation was completed and figures booked by the Office of the PAG (A&E) were accepted by the Department. But the difference has neither been rectified nor reason for difference explained.

The difference between departmental figures and figures in finance accounts maintained by the Office of the PAG (A&E), Kerala during the audit period is as follows:

(₹ in crore)

Year	Amount of lease rent	
	Departmental figure	as per finance accounts
2008-09	1.33	*
2009-10	1.55	*
2010-11	2.28	2.65
2011-12	2.09	1.20
2012-13	2.03	0.76

*\* upto 2009-10 there was no separate sub head for receipts from lease rent.*

The difference between departmental figures and figures in finance accounts needs explanation. Reasons for reduction in lease rent during 2011-12 and 2012-13 with respect to preceding years though called for have not been furnished by the Department.

On this being pointed out, Government stated (January 2014) that the Department would take necessary action to reconcile the figures before the close of the financial year. Further report has not been received (May 2014).

### 3.7.5 Arrears in lease rent collection

Lease rent due to the Government from forest land worked out to ₹17.36 crore per year. Against this, lease rent collected ranged from ₹1.33 crore to ₹2.28 crore at the rate of ₹1,300 per Ha. per annum in a year as shown below, indicating huge arrears in collection.

(₹ in crore)

Year	Lease rent due at ₹1,300 Ha. per annum on leased out area <sup>5</sup>	Amount of lease rent collected by Department	Shortage of collection
2008-09	17.36	1.33	16.03
2009-10	17.36	1.55	15.81
2010-11	17.36	2.28	15.08
2011-12	17.36	2.09	15.27
2012-13	17.36	2.03	15.33

Most of the PSUs, though they were running commercial activities were not remitting lease rent due, to the Department. Audit scrutiny of 140 cases (60 PSUs and 80 individuals) showed that total lease rent arrears due from them amounted to ₹196.85 crore as shown below:

Sl. No.	Category	Number of cases	Area (in Ha)	Arrear amount (₹ in crore)
1	Public Sector Undertakings	60	40,858.92	196.72
2	Others	80	1,271.57	0.13
	Total	140	42,130.49	196.85

Divisional forest offices (DFO) are monitoring the collection of lease rent and the clearance of arrears of lease rent. In none of the DFOs test checked, registers showing details of lease rent due, collected and balance to be collected etc., were maintained. Instead collection was watched through files.

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5 1,33,553.44 Ha. in five forest circles.

Age wise and stage wise details of the arrears were also not available. No effective action has been taken by the Forest and Wildlife Department to realise the arrears.

On this being pointed out, Government stated (January 2014) that action was being taken to revise the lease rent and realise the arrears in consultation with Law and Finance Departments. Further report has not been received (May 2014).

### **3.7.6 Non-execution of lease agreements with PCK**

A lease deed was executed in 1971 leasing out forest land measuring 4,261.05 Ha. in Chalakkudy Forest Division to the Plantation Corporation of Kerala (PCK). But PCK was handed over 385.15 Ha. in excess of the land leased out. Audit found that Deputy Conservator of Forest (Protection) and the Additional Principal Chief Conservator of Forest (Protection) had directed the DFO Chalakkudy in 2001 and 2011 to make necessary steps to execute the lease agreement with PCK for the remaining 385.15 Ha. of land with them which was left out while executing the deed in 1971. The agreement has not been executed for the last 42 years.

On this being pointed out, Government stated (January 2014) that they would take appropriate action to constitute a committee to review lease cases. Further, it was stated that the survey work would be completed early and there after agreements would be executed. Further report has not been received (May 2014).

### **3.7.7 Short demand of dues**

Scrutiny of lease files and registers of DFO (Territorial division), Punalur in audit revealed that forest land measuring 2,345.78 Ha. falling in Punalur Division was given to the State Farming Corporation of Kerala Ltd. (SFCK) for plantation purposes on lease since 1972. SFCK was permitted<sup>6</sup> to convert the lease rent dues amounting to ₹1.40 crore for the period from 1987 upto March 1992 (at the stipulated rate of ₹1,300 Ha. per annum) as share capital. Though SFCK defaulted in payment of lease rent for the period from 1971-72 to 2003-04, they remitted lease rent from 2004-05 onwards. The arrears of lease rent for the period

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6 GO(Ms)No.20/93/F&WLD dated 8th March, 1993.

from 1987 to 31st March, 1992 was not converted as share capital till date. Audit found that, as on 31st March, 2013 Divisional Forest Officer (DFO) Punalur demanded ₹11.53 crore only from the lessee as arrears with penal interest for the period from 1971-72 to 1986-87 and from 1992-93 to 2012-13 instead of ₹30.14 crore. This resulted in short demand of dues of ₹18.61 crore.

On this being pointed out, Government stated (January 2014) that the arrears of lease have to be calculated afresh in consultation with Law and Finance Departments. Further report has not been received (May 2014).

*[Notes received from the Government based on the above audit paragraph is included as Appendix II]*

*Excerpts from Committee's discussion with departmental officials*

3. The witness, Joint Secretary Forest Department, informed that an amount of ₹346.5748 crore was pending as arrears of lease rent. Forest land had been given for lease for Public Sector Undertakings (PSU's) like KSEB, State Farming Corporation of Kerala (SFCK), Plantation Corporation of Kerala (PCK), Kerala Forest Development Corporation (KFDC) etc., of which only KFDC and SFCK was working in a profit mode. He further explained that a G.O. had been issued on March 2018 to resume the leased land and all forest land which were leased out to PSU's were asked to be surveyed and at present survey process is in progress. He informed that a total of 47799.557 Ha of land had been given on lease to Public Sector Undertakings and the survey of the land owned by Plantation Corporation of Kerala has been completed using total station survey, while survey of land given to Kerala State Electricity Board is going on. He informed that an amount of ₹120 crore was due from Plantation Corporation as lease rent and they had given a request to grant moratorium for 5 years, as the company was running in loss, which is under the consideration of Government.

4. The witness further replied that since Plantation Corporation of Kerala was under Agriculture Department, a joint meeting with Minister for Agriculture, Secretaries of Finance, Agriculture and Forest had been scheduled in the next month, October 2019, to take a final decision on waiving the interest. He also added that moratorium had been granted to PCK for a year during 2001-2002.

5. The Committee are at a loss to understand the situation in giving forest land on lease to PSU's which were running in loss and opined that improper planning might have lead to a condition where they couldn't pay back lease rent. The Committee also noted the non-availability of exact details regarding the area of forest land given on lease.

6. The Committee asked whether any direction regarding the revision of lease rent was issued by the Central Government. The witness clarified that the lease rent revision was done by the State Government itself and for renewing the lease permission of the Central Government is mandatory. He pointed out that revision of rent is proposed based on the recommendation of the Committee on Public Accounts (2014-2016) in its 93rd Report to increase the lease rent from ₹1300 to ₹10,000 per Hectare per year. Since District Collectors are the ones empowered to assess the land value, revenue and expenditure involved, Government has asked them to submit suggestions on revising the rates for leasing out forest land in their jurisdiction. He further informed that suggestions of 5 more District Collectors are yet to be received to take final decision on lease rent revision.

7. Joint Secretary, Forest Department informed the Committee that steps have been initiated for demarcation of forest land but added that 1331 k.m. of forest border yet remains to be demarcated. To a query of the Committee regarding cases on encroachment of forest land, he replied that when the accused persons receives notice regarding encroachment, they approach the High Court and obtain the judgment in their favour. He supplemented that no action against encroachment is possible till the court cases are settled and long pendency in case disposal makes the eviction getting delayed unduly. The Committee understands that in many cases of encroachments the counter petitioners received judgment in their favour since the department could not furnish valid documents regarding encroachments in forest lands. The Committee pointed out that if the government pleaders had convinced the court with sufficient evidence and if they had submitted the statement of facts on time, they would have received favourable judgment. The witness, Joint Secretary, Forest Department clarified that there was no delay in submitting statement of facts and in most of the cases judgement was given considering the human aspect rather than the legal ones.

8. Regarding lease rent arrear, the Committee pointed out that many PSUs have to pay huge amounts as lease rent arrears to Government and it was evident that they are presently not in a financial position to pay back the rent. The Committee criticized the approach of the department in not taking action against those who are not paying lease rent for many long years. The witness informed the Committee that even though Government had given direction to convert lease rent arrears to share capital, no further steps was found to have been taken by Companies/Corporations as per the direction.

9. To the question of the Committee about the total land owned by Plantation Corporation of Kerala and its present survey status, the Principal Chief Conservator of Forest answered that at present 11529.49 Ha of land was under Plantation Corporation of Kerala and after completing the survey it was found that Plantation Corporation of Kerala had not put forth lease agreement for the entire forest land in possession and part of the land in possession remained unutilised. The witness Principal Chief Conservator of Forest, informed that as per the survey process the area calculated was accurate. He informed that survey was also done on natural forest area, which remains unutilised and that can be resumed. He also stated that based on the details collected from survey, the lease agreement can be executed in areas where agreement was not previously done.

10. The Committee enquired how land was leased out without checking whether lease agreement was executed. The witness, Principal Chief Conservator of Forest replied that based on Government Order issued before Forest Conservation Act, 1980 came in force, Plantation Corporation of Kerala had been paying lease rent to those land where lease agreement was not executed.

11. Committee asked about the extent of area leased out to PCK and lease agreement executed. The witness, PCCF gave a detailed description as follows. 2867 Ha of reserve forest land in Kodumon North & Kodumon South in Konni was leased out to PCK and agreement was executed. Out of it 102 Ha was found in excess upon survey and 699 Ha leased out in Ranni was found to be correct in extent upon survey. Out of 4261 Ha of land under Chalakudi division and 1522 Ha in Kasargod, lease agreement has been executed only for 3902.72 Ha & 749.87 Ha of land respectively for which land area and measurements were found

correct upon survey. Lease agreement has not been executed for remaining land of 358.32 Ha and 773 Ha in Chalakudi division and Kasargod respectively. 358.32 Ha in Chalakudi and 70 Ha out of 773 Ha in Kasargod, remains as natural forest. Lease agreement is to be executed for the land excluding natural forest land. In Kozhikode lease agreement was executed for 1230 Ha land. Lease agreement for 513 Ha land in Mannarcaud and 433 Ha in Nilambur North division has not been executed. Since the survey details of 513 Ha in Mannarcaud matches with the land document, as per government approved agreement condition, it is compulsory to execute lease agreement with PCK. Summing up, the witness, PCCF informed that out of 9262 Ha of land with PCK only 2266 Ha had lease agreement. He further clarified that as survey procedures were completed in PCK it will not be difficult to execute lease agreement with PCK.

12. To the query of the Committee about the total area of land given on lease, the witness informed that total lease rent area was 59088.6774 Ha of land. The witness, Principal Chief Conservator of Forest, further detailed that lease agreement was executed for 2193 Ha of land given to RPL, 2360 Ha of SFCK, and 7138 Ha of land out of 10087 Ha given to KFDC.

13. Committee enquired about the land leased to KSEB. PCCF informed the Committee that out of 13359 Ha of land leased out to KSEB lease agreement has been executed for only 125 Ha and contented that KSEB is showing irresponsible attitude in the execution of lease agreement. He further added that after the completion of survey in KSEB, lease agreement can be executed and draft agreement is under consideration of Government. The Principal Chief Conservator of Forest informed that the land given to KSEB was water logged and PSU's have right only to take areas filled and converted before the Commencement of Forest Conservation Act, 1980 and the remaining area of natural forest had been correctly surveyed and these areas can be resumed by the Government. He added that nowadays all Public Sector Undertakings are aware that the Central Government is likely to interfere if they do not execute the lease agreement on land assigned to them.

14. To the query of the Committee, the Principal Chief Conservator of Forest, informed that survey of forest area which began 6 months before was

conducted using total station survey and hence could be completed within 6 months. About 240 staffs were given special survey training and now Foresters and Guards are qualified surveyors. Survey is being conducted by Public Sector Undertakings with the support of the department. More than 50% of land under KSEB had been surveyed.

15. The Committee asked how the lease rent can be collected without executing lease agreement. The witness replied that the lease rent was collected as per Government order. The Committee pointed out that as per the Forest Conservation Act, it is essential to execute the lease agreement after conducting a comprehensive survey or otherwise it may lead to legal action if the area is filled without proper agreement. The Committee opined that if forest land was leased out without proper agreement and correct procedures, the lease rent could not properly be collected and the lease rent revision may lead to litigation and the Government will not receive any favourable judgement due to lack of evidence.

16. The Secretary, Legislature Secretariat then enquired about the audit objection on para 3.7.4 regarding reduction in lease rent collection in 2011-12 & 2012-13. The PCCF explained that lease rent reduction was done as per Government Orders and for KSEB and SFCK lease rent arrear was collected as One Time Settlement. He added that there is disparity in lease amounts for each month and 9% compound interest was charged as per old rate. In the case of KSEB & PCK lease rent arrear was settled exempting the penal interest and considering the basic lease rent only which caused the reduction in arrear amount collected.

17. The witness informed the Committee that such a huge pending amount was accumulated due to addition of compound interest from the period of 1970 to 1975 and not from reduction of basic price rate. In the case of KFDC it was found that the institution has started functioning from 1975 and the land had been transferred since then. The witness further added that they received Government Order in 2002 with retrospective effect and at that time land was given to them free of lease. The witness also added that the issue of KFDC was under the consideration of Government. Their lease rent was evaluated and had been sent to Government for its consideration and final decision. The lease amount due was adjusted against the amount of ₹37.5 lakhs which was due to KFDC from Government and the file was submitted for approval of Finance Department.

18. The Committee wanted to know in detail about the situation of lease rent collection before and after Forest (Conservation) Act, 1980. The PCCF (Forest Management) replied that PSU's were not given land for lease after 1980 to avoid lease rent arrear and there are some cases where PSU's like KWA was given approval from Centre after 1980 for procuring land. Presently 47799.557 Ha of land is under Public Sector Undertakings, out of which 10726 Ha of land remains as 46 Private estates. Though twenty of the said private estates was resumed through Government Orders, Court has stayed all those orders and hearing on these cases are in progress. Cases of 13 private estates is under the consideration of government and rest of private estates have not done any lease violation. He also informed that consolidated record of lease cases of PSU's and also records of 562.63 Ha of land given to private parties by former kings was all available with the department. He further appraised that many estates in Nelliymbathi had been resumed.

19. The Committee opined that it could understand that PCK couldn't remit the lease rent due to lack of sources of income due to price fall of rubber. But this cannot be applicable to the failure of KSEB to remit the lease rent. The Principal Chief Conservator of Forest pointed out that no action can be taken against KSEB.

20. The Committee opined that a system within the legal frame work should be developed without delay for regularising the lease rent so that the Government could either regularise the lease rent arrear or write off or to end the lease agreement or execute a new agreement.

21. The Principal Chief Conservator of Forest replied that one of the recommendations of the earlier PAC was to amend the Kerala Grants and Leases Act (Modification of Right) Act 2009. He informed that private parties will be willing to remit lease rent and ₹13 lakhs is pending as arrear from private parties. The lease rent fixed for PSU's is applicable to private parties also and no enhancement of rate can be done for private parties alone. Also enhanced lease amount could not be recovered in the cases where lease agreement was being cancelled. The witness further informed that as per the Kerala Grants and Leases (Modification of Rights) Act, 2009 the lease rent to be remitted by public sector undertakings was fixed at ₹1300 per hectare and the lease rent fixed for private

parties should not be greater than that for PSU's. The lease rent so fixed for private parties was later amended. The lease rent for private parties should not be greater than ₹1300 per hectare was modified as lease rent should not be not less than ₹1300 per hectare after the amendment of Act in 2018. The clause in previous act that the lease agreement should be revised 'once in three years' was amended to 'once in two years' as per the new Act.

22. The Committee enquired whether there would be any change in the lease rent after the amendment of Act. The Principal Chief Conservator of Forest replied that the District Collectors can now decide the lease rent such that the minimum amount is ₹1300 per hectare. The Committee asked to furnish the reply in detail and the witness replied in affirmative.

23. The witness, Principal Chief Conservator of Forest informed the Committee that it has been decided to finalize the pending cases of lease rent arrear within 6 months, and also to take necessary legal action under Forest (Conservation) Act on PSU's if they fail to pay the lease rent. He added that final decision regarding this was taken at the empowered committee meeting under the Chairmanship of Chief Secretary and G.O. was also issued notifying the decisions.

24. The Committee directed to furnish a detailed reply on all audit paras including the present status and action taken by government regarding institution/private parties who illegally occupy the forest land without valid lease agreement, whether lease agreement was revised in due course; time frame needed to complete the survey process of forest land (TSS) and when would lease agreement be framed and executed.

25. The Committee also directed to renew the required lease agreements and to finalize and clear all lease cases fixing the minimum lease rent as per the existing rule, justifying both the lessee and the Government.

26. The Committee also directed to develop an effective mechanism to find and calculate the lease rent arrears and to recover the lease rent arrears from institution/private parties. The Committee also directed to recover the lease rent periodically.

### **Conclusion/Recommendation**

27. The Committee directs the Department to give a detailed report regarding the land given under lease to different institutions. The Committee stated that the reply should include a statement giving institution wise split up of total area of land given for lease, area of land for which lease agreement has been executed, area of land given for lease with no lease agreement, and when will the lease agreement be executed in each case.

28. The Committee directs the Department to furnish a detailed report on all audit paras including the present status and action taken by Government regarding institution/private parties who illegally occupy the forest land without valid lease agreement, whether lease agreement was revised in due course, time frame needed to complete the survey process of forest land (TSS) and when would lease agreement be framed and executed.

29. The Committee directs the Department to renew the required lease agreements and to finalize and clear all lease cases fixing the minimum lease rent as per the existing rules.

30. The Committee recommends the department to develop an effective mechanism to find out and calculate the lease rent arrears and to recover the lease rent arrears from institution/private parties. The Committee also directs the Department to recover the lease rent promptly without any arrears.

31. The Committee point out that PSUs which were running in loss could not pay the lease rent. The Committee opines that this condition is mainly due to the improper planning and this leads to a condition where they could not pay the lease rent. So there should be proper planning for prompt collection of the arrears of rent of the forest land given on lease agreement.

32. The Committee directs that the department should take necessary action against those who are not paying lease rent promptly.

**Audit paragraphs 3.7.8 contained in the Report on Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City, Kochi**

**Failure to check adherence to lease conditions**

An extent of 80.71 Ha. of forest land in Kodassery Village within the jurisdiction of Chalakudy Forest Division was leased out by the Dewan of former Cochin State to a society, 'The Alwaye Settlement Colony', for the purpose of establishing a colony for the Cochin depressed classes students. Out of the total extent of 80.71 Ha. land leased out, 67.03 Ha. was apportioned for building a colony. A tribal school was established in 4.05 Ha. of land by the Government and the remaining 9.63 Ha. land is in possession of the society.

The lease rent fixed for the entire land was ₹100 per year which was subsequently raised to ₹200. The lease of the land has not been renewed in accordance with Kerala Grants and Leases (Modification of Rights) Act, 1980 and lease rent was not collected since 2009. The lease rent which had to be renewed from 25th November, 2009 had not been renewed.

There was no system in the forest department to monitor the utilisation of leased land during post lease period to see whether the land was used for intended purposes by intended beneficiaries. Since the whole land was not utilised for intended purpose, the Government has to verify the extent of unused land and initiate action to resume the balance land of 9.63 Ha.

On this being pointed out Government admitted (January 2014) that confusion existed on the extent of the land in possession. Further report has not been received (May 2014).

*[Notes received from the Government based on the above audit paragraph is included as Appendix II]*

*Excerpts from Committee's discussion with departmental officials*

33. When enquired about the audit objection, the witness replied that land given to Alwaye Settlement colony had been regularised by providing Pattayam and action has been initiated to resume the unused land which comes to 23.81 acres. Since there are some encroachments in this unused land, the process to resume the unused land could be completed only with the assistance of the District Collector. It may get delayed as protests may arise from the residents in the area.

### **Conclusion/Recommendation**

34. No Comments.

**Audit paragraphs 3.7.9 and 3.7.9.1 contained in the Report on Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City, Kochi**

#### **3.7.9 Failure to take action in cases of violations**

Audit noticed that in many cases, the lessees violated the lease conditions including alienation. But the forest department did not initiate any action against the assignees. Illustrative cases are give below.

##### **3.7.9.1 Violation of lease conditions in respect of lands leased out in Perumpara Estate**

A scrutiny of lease files of DFO, Chalakudy revealed that an extent of 38.04 Ha. of forest land (Perumpara Estate) in Sholayar Range of Vazhachal Division was leased out to one Ramalingam Iyer by the erstwhile Government of Cochin by two lease deeds for 22.05 Ha. of 15.99 Ha. on 11th December, 1935 and 26th September, 1938 respectively.

Subsequently, 2.86 Ha. was claimed to be set apart for public purposes. The lessee sold his lease hold rights of the remaining land of 35.18 Ha. to another person. Though the Government land on lease cannot be transferred by way of sale, the transfer was approved<sup>7</sup> by Government in the above case. Land was transferred many times and registered by Government in favour of the transferees.

On the death of the last occupants, the leasehold right of above property was transferred to their linear descendants. On the above property, the occupants availed two loans amounting ₹85 lakh from Urban Co-operative Bank Ltd., Chalakudy in 2004 by furnishing a lease agreement made on 1968. The loans with interest have not been repaid (November 2013). As the loans were availed illegally from bank, the police have registered a case (Crime No.666/2006).

Even after the violation of lease rules by alienating Government land in 1968 and mortgaging the leased land, the resumption procedure has not yet been initiated.

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<sup>7</sup> Lr.No.21021/FGI/76/AD dated 3rd May, 1976

On this being pointed out, Government stated (January 2014) that action is being taken to terminate lease agreement in respect of this estate. The draft show cause notice to be served on the present holders of the estate is under examination. Further report has not been received (May 2014).

*[Notes received from the Government based on the above audit paragraph is included as Appendix II]*

*Excerpts from Committee's discussion with departmental officials*

35. The Committee wanted to be apprised about the violations of lease conditions of land leased in Perumpara Estate. The witness stated that the case regarding termination of lease agreement and resumption of land was pending before the High Court.

### **Conclusion/Recommendation**

36. No Comments.

**Audit paragraphs 3.7.9.2 contained in the Report on Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City, Kochi**

#### **3.7.9.2 Alienation of forest land given on lease**

Scrutiny of files connected with lease of forest land in DFO, Thrissur revealed that 404.76 Ha of forest land in Madakkathara Village (Thrissur Taluk) was given on lease in 1905 and 1907 to M/s.Cochin Rubber Company. The lessee transferred this land to one Thattil Vareed Kochuvareed. From him the land came in favour of his wife and from her to so many other persons. With passage of time 389.35 Ha<sup>8</sup> land was transferred and the details of possession of the balance land remains unknown.

On this being pointed out Government stated (January 2014) that it was decided to conduct a survey of the forest land transferred without permission. Further report has not been received (May 2014).

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8 Peechi Irrigation Canal: 15.54 Ha (38.41 Acre), K M Augustine & Others : 46.04 Ha. (113.76 Acre), Annamma Antony & Others : 66.01 Ha. (163.12 Acre), Kerala Agricultural University : 261.76 Ha. (646.80 Acre)

*[Notes received from the Government based on the above audit paragraph is included as Appendix II]*

*Excerpts from Committee's discussion with departmental officials*

37. Committee pointed out that in the reply for audit para, there is disparity in the extent of land leased out to M/s Cochin Rubber Company and total land which was subsequently transferred to other parties. Regarding the difference in area of the land, the witness clarified that out of 1000.17 acres of forest land given on lease to M/s Cochin Rubber Company, 38.41 acre was transferred to Peechi Irrigation Project and 646.80 acre to Kerala Agricultural University. Out of the remaining 314.96 acres of land, 113.76 acres was with Sri. K. M. Augustine and others, 163.12 acres with Smt. Annamma Antony and others and 38.08 acres with Smt. Loosy Kochuvareed. He also added that case filed before the Hon'ble High Court against the current holders of the said 314.96 acres of land is still pending in High Court.

38. The Committee opined that two major departments, Revenue and Forest should work in concurrence with each other and should develop a system to solve the issues between both departments and any issues which arise should soon be discussed and remedied.

### **Conclusion/Recommendation**

39. The Committee opines that the departments of Revenue and Forest should work in concurrence with each other and should develop a system to settle the issues between the departments at the earliest.

**Audit paragraphs 3.7.10 and 3.7.10.1 contained in the Report on Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City, Kochi**

#### **3.7.10 Incorrect assignment of forest land**

Forest land can be assigned only with the concurrence of Government of India. Audit noticed cases where forest land was assigned against the above provisions which are given below as illustrative cases.

### 3.7.10.1 Assignment of forest land in excess of Government of India direction

As per the Rules 5 and 6 of KLA Rules, 1964, maximum land of 20.24 Are can be assigned for personal cultivation and maximum 6.067 Are of land can be assigned for house site.

Audit noticed from the records available in taluk offices that 8115 persons occupied 2726.39 Ha. of forest land under Thrissur and Chalakkudy forest divisions in three taluks viz. Thrissur, Mukundapuram and Thalappally of Thrissur district prior to 1st January, 1977. Joint verification was conducted by R&DM department and Forest Department and list of persons occupying the land was sent for consent of Central Government for regularisation under the Kerala Land Assignment (Regularisation of occupation of forest lands prior to 1st January, 1977) Special Rules, 1993. The details of approval/assignment were as follows:

Details of list approved for assignment/assignment made			
Sl. No.	Particulars	No. of persons	Area in Ha.
1	Assignment permitted by the Government of India	8115	2726.39
2	Applications received	5723	-
3	Balance cases in which applications had not been received	2392	-
4	Land assigned and patta issued	3901	1161.39
5	Balance cases pending with department	1822	-

Audit observed the following irregularities in the assignment of land:

- 16.72 Ha. of land was assigned unauthorisedly by Special Tahsildar (LA) I and II, Thrissur to 62 persons who were not included in the list approved by Government of India after joint verification by the R&DM department and Forest department prior to the sanction.

- While assigning 40.57 Ha. of land in 53 cases, 19.12 Ha. of forest land has been given in excess of the area permissible for assignment as per the KLA Rules, 1964 and stipulated by the Government of India instructions.

On this being pointed out, Government stated (January 2014) that the details of land assigned were with R&DM department and hence the details are not available in the Forest Department. Further report has not been received (May 2014).

### 3.7.11 Impact

Impact of audit observations discussed in this chapter are as follows:

Sl. No.	Para No.	Para	Area in Ha.	Amount (₹ in crore)
1	3.7.5	Arrears in lease rent collection	42130.49	196.85
2	3.7.7	Short demand of dues	2345.78	18.61
<b>Total</b>			<b>44476.27</b>	<b>215.46</b>

### 3.7.12 Conclusion

Review of land management by Forest Department led Audit to conclude that:

- there was no system existing in the department for identification and inventorisation of forest land.

- violations of lease conditions by the lessees were not properly monitored and there was no system to take immediate action to resume the land in cases of violation.

- there was no system to ensure the strict compliance of Government of India directions limiting the assignable area under provisions of KLA Rules, 1964.

- there was no system existing for periodical verification of assigned or leased forest land to ascertain post registry/lease violations which resulted in alienation unnoticed and not reported for years together.

- there existed no system for timely fixation of lease rent, renewal of rate of lease rent.

### 3.7.13 Recommendations

Audit recommends:

- identifying and inventorising all forest land on a war footing by surveying and demarcating the land.
- developing a mechanism to monitor and renew the lease/lease rent within the time period stipulated in Act/Rules.
- putting in place a mechanism to realise lease rent dues promptly.
- ensuring that agreements are executed in all lease cases.

*[Notes received from the Government based on the above audit paragraph is included as Appendix II]*

*Excerpts from Committee's discussion with departmental officials*

40. With regard to the audit observation about the assignment of forest land in excess of Government of India direction, the witness Principal Chief Conservator of Forests informed that the land was assigned with the consent of Central Government as per Kerala Land Assignment Special Rules, 1993. But AG's observation was based on land limitation in accordance with Kerala Land Assignment Rules, 1964. He further added that as per Kerala Land Assignment Rules, 1993 upto 4 acres of land could be assigned to a person. As per Section (5) in KLA, 1993 “ Assignee means a person to whom land is assigned under these rules by regularisation of occupation of land as defined in clause (g) and includes his heirs and successors-in-interest” and therefore land could be assigned to heirs or legal successor in the absence of original assignee. Therefore as per the Land Assignment Rules, 1993, the successor - in - interest is eligible to hold land of upto 4 acres. Hence such an audit objection may be dropped.

41. About another audit observation that land was assigned unauthorisedly to persons who were not included in the list approved by the Government of India after joint verification, the witness clarified that the person who is assigned land need not be listed in Joint Verification list. He further informed that a G.O. have been issued from Revenue Department [G.O.(Ms) No. 189/2019/Rev dated 22-6-2019] based on Land Assignment Rules, 1964 and as per the G.O. if a person was not included in the Joint verification list, concerned Tahsildar should give notice as per Section (6) and then enquiry of objection should be done as per Section(7) of KLA Act, 1960.

42. The Committee asked why a convincing reply was not furnished to A.G. during auditing and directed to submit a detailed and clear reply to the audit paragraph. The witness, Principal Chief Conservator of Forests admitted that it was a fault from the part of the Forest department and agreed to furnish a satisfactory reply regarding the audit objection at the earliest.

43. The Committee then enquired about the land leased out to KSEB, its survey works and execution of lease agreement. The witness, Principal Chief Conservator of forests explained that survey works of land assigned to KSEB will be completed within 6 months and it has been already completed in Peringalkuthu, Sholayar, Mankulam, Kuttady, Peppara, Lower Meenmutti etc. and in Idamalayar, Sabarigiri and Kakkad survey works had been tendered. Lease agreement conditions of KSEB is under the consideration of Government. Decision for lease agreement of the land given to KSEB had to be made by Government and once the survey is completed the lease agreement can be executed.

44. The witness, Joint Secretary, Forest department added that draft of lease agreement was prepared as per the instruction from Chief Secretary for submitting in the Cabinet and has been sent to various departments for suggestions and after receiving feedback from the departments, it will be placed before the Cabinet for final approval. Further, the Principal Chief Conservator of Forests supplemented that though remarks of Forest department had already been given regarding the lease agreement, delay in preparing the agreement occurred because suggestions from various departments had to be compiled and considered.

45. The Committee had commented in one of its previous meeting that Forest Department was lagging in constructing Jandas. But, construction of jandas for the last 3 years had proceeded in fast pace in 2015-16, 12500 (600 Km), in 2016-17, 14416 (680 Km) and in 2017-18 14618 (200 Km) of Jandas had been constructed, he added. He also added that these three works can be considered as record works for the department. He also informed the Committee that in places without any court cases or injunction, Jandas can be completed within 2 years.

46. The Secretary, Legislature Secretariat appreciated the department officials in attending the meeting well prepared. Committee too commended the Department officials, especially PCCF, for coming fully prepared to answer the queries and appraising the Committee with substantive replies on audit paras.

47. The Committee summing up the discussion directed the department to take necessary steps to complete survey process of forest land leased out as soon as possible, renew lease agreement, to execute the lease agreement which has not been yet executed, and to resume the unauthorised land.

### **Conclusion/Recommendation**

48. The Committee directs the department to take necessary steps to complete survey processes of forest land leased out as soon as possible, renew lease agreement, to execute the lease agreements which have not yet been executed, and to resume the forest land if any occupied unauthorisedly.

49. All forest land should be surveyed and put under the purview of the Forest Conservation Act/Rule. Committee recommends that necessary legislation should be enacted to that effect at the earliest.

50. The Committee strongly recommends that an urgent legislation shall be made for the proper management and collection of revenue from the forest land.

51. Committee recommends that one time settlement for adjusting arrears of lease rent with respect to the forest land should be initiated.

52. Committee also notes that even after the reconciliation, difference between departmental figures and figures in Finance Accounts maintained by the office of the Principal Accountant General (A&E), Kerala are existing without any valid explanation. The Committee recommends that this discrepancy shall be rectified as early as possible.

53. With regard to the series of transfer of forest land from M/s. Cochin Rubber Company without permission from Government, Committee urges the department to survey the land as per lease agreement and to take urgent measures to resume the lease land and report the fact to the Committee .

Thiruvananthapuram,  
16th March, 2022.

352/2022.

SUNNY JOSEPH,  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX I

**SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS**

Sl.No.	Para No.	Department Concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1	27	Forest and Wildlife Department	The Committee directs the Department to give a detailed report regarding the land given under lease to different institutions. The Committee stated that the reply should include a statement giving institution wise split up of total area of land given for lease, area of land for which lease agreement has been executed, area of land given for lease with no lease agreement, and when will the lease agreement be executed in each case.
2	28	Forest and Wildlife Department	The Committee directs the Department to furnish a detailed report on all audit paras including the present status and action taken by Government regarding institution/private parties who illegally occupy the forest land without valid lease agreement, whether lease agreement was revised in due course, time frame needed to complete the survey process of forest land (TSS) and when would lease agreement be framed and executed.
3	29	Forest and Wildlife Department	The Committee directs the Department to renew the required lease agreements and to finalize and clear all lease cases fixing the minimum lease rent as per the existing rules.

(1)	(2)	(3)	(4)
4	30	Forest and Wildlife Department	The Committee recommends the department to develop an effective mechanism to find out and calculate the lease rent arrears and to recover the lease rent arrears from institution/private parties. The Committee also directs the Department to recover the lease rent promptly without any arrears.
5	31	Forest and Wildlife Department	The Committee point out that PSUs which were running in loss could not pay the lease rent. The Committee opines that this condition is mainly due to the improper planning and this leads to a condition where they could not pay the lease rent. So there should be proper planning for prompt collection of the arrears of rent of the forest land given on lease agreement.
6	32	Forest and Wildlife Department	The Committee directs that the department should take necessary action against those who are not paying lease rent promptly.
7	39	Forest and Wildlife Department Revenue Department	The Committee opines that the departments of Revenue and Forest should work in concurrence with each other and should develop a system to settle the issues between the departments at the earliest.
8	48	Forest and Wildlife Department	The Committee directs the department to take necessary steps to complete survey processes of forest land leased out as soon as possible, renew lease agreement, to execute the lease agreements which have not yet been executed, and to resume the forest land if any occupied unauthorisedly.

(1)	(2)	(3)	(4)
9	49	Forest and Wildlife Department	All forest land should be surveyed and put under the purview of the Forest Conservation Act/Rule. Committee recommends that necessary legislation should be enacted to that effect at the earliest.
10	50	Forest and Wildlife Department	The Committee strongly recommends that an urgent legislation shall be made for the proper management and collection of revenue from the forest land.
11	51	Forest and Wildlife Department	Committee recommends that one time settlement for adjusting arrears of lease rent with respect to the forest land should be initiated.
12	52	Forest and Wildlife Department	Committee also notes that even after the reconciliation, difference between departmental figures and figures in Finance Accounts maintained by the office of the Principal Accountant General (A&E), Kerala are existing without any valid explanation. The Committee recommends that this discrepancy shall be rectified as early as possible.
13	53	Forest and Wildlife Department	With regard to the series of transfer of forest land from M/s. Cochin Rubber Company without permission from Government, Committee urges the department to survey the land as per lease agreement and to take urgent measures to resume the lease land and report the fact to the Committee.

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**APPENDIX II**

**NOTES FURNISHED BY THE GOVERNMENT**

Parawise action taken report on the report of the C&AG of India on Land Management by the Government of Kerala - Report 6 of the year 2014

Para No	Recommendations	Action taken
3.1	Introduction	It is introduction with regard to management of Forest land. Time expired leases are being renewed only with the consent of Central Government. Rate of lease rent is renewed by the State Government periodically.
3.2	Organisational setup	It is about organizational setup, need no comments.
3.3	Objectives of Audit	General Matters, no comments.
3.4	Scope and Methodology of Audit	
3.5	Criteria of Audit	
3.6	Acknowledgements	
3.7	Audit findings	
3.7.1	Absence of records of forest land and land on lease	A Lease Register is maintained in the Office of PCCF (F,L&R) in Forest HQ. Steps are being taken to consolidate the data upto date in all respects in Form No.16 of the Kerala Forest Code. Based on this observation, directions were given to all territorial DFOs/WLWs to maintain Lease register in Form 16 as per Forest Code and to furnish copy of the same to the Office of PCCF (F,L&R). All the DFOs have furnished the same. Consolidation process is continuing in the Office of PCCF (F,L&R). Moreover a module for entering and continuously updating lease details at the division level was prepared and be made available to the field officers. This will enable the Headquarter to consolidate lease details at any given point of time.
3.7.2	Failure to frame Rules / revise lease rent timely	Lease rent of PSUs was last revised to Rs. 1300/Ha/annum by Government vide GO(MS) No. 11/89/F&WLD dated 20.01.1989, with retrospective effect from 1987 onwards. Government vide GO(MS) No. 22/95/F&WLD dated 08.06.1995 ordered to continue this rate till 31.03.1995. Vide G.O.(MS) No.49/17/F&WLD dated 28.10.2017, the Government directed all District Collectors to reassess the lease rent of forest lands leased to PSUs and Private Sector / Individuals under the Kerala Grants and Leases

		(Modification of Rights) Act, 1980. Government also directed the Head of the Forest Department to submit a proposal to revise the Kerala Grants and Leases (Modification of Rights) Rules, 2009 so as to enable the Government to fix a higher lease rent for Private Sector / Individuals than the lease rent of forest lands leased out to PSUs. The proposal is being examined by the Government. The rates of lease rent coming under the purview of Kerala Grants and Leases (Modification of Rights) Act 1980 is expected to be revised/enhanced, once this modification is brought about in the Kerala Grants and Leases (Modification of Rights) Rules, 2009.
3.7.3	Loss due to non - revision of lease rent for PSUs	Lease rent of PSUs was last revised to Rs. 1300/Ha/annum by Government vide GO(MS) No. 11/89/F&WLD dated 20.01.1989, with retrospective effect from 1987 onwards. Government vide GO(MS) No. 22/95/F&WLD dated 08.06.1995 ordered to continue this rate till 31.03.1995. Vide G.O. (MS)No. 49/17/F&WLD dated 28.10.2017, the Government directed all District Collectors to reassess the lease rent of forest lands leased to PSUs and Private Sector Individuals under the Kerala Grants and Leases (Modification of Rights) Act, 1980. Government also directed the Head of the Forest Department to submit a proposal to revise the Kerala Grants and Leases (Modification of Rights) Rules, 2009 so as to enable the Government to fix a higher lease rent for Private Sector / Individuals than the lease rent of forest lands leased out to PSUs. The proposal is being examined by the Government. The rates of lease rent coming under the purview of Kerala Grants and Leases (Modification of Rights) Act 1980 is expected to be revised/enhanced, once this modification is brought about in the Kerala Grants and Leases (Modification of Rights) Rules, 2009.
3.7.4	Accounting of lease rent	Action is being taken to reconcile the figures of circles with those of Principal Accountant General.
3.7.5	Arrears in lease rent collection	<p>The present position of lease rent arrears of major PSUs is as follows:</p> <p><b>KSEB:</b> As per the arrear of revenue statement calculated by the APCCF (Development), an amount of Rs. <u>56,41,56,187/-</u> was pending due from KSEB as on 31.03.2013.</p> <p>The re-calculated lease rent arrears furnished</p>

by the DFOs concerned based on the decisions of the High Power Committee meeting held on 17.10.2014 in the chamber of the Additional Chief Secretary (Finance) was Rs.27,33,56,121.34/- (Principal lease rent Rs. 7,83,88,849.06/- & Compound Interest Rs. 19,49,67,272.28/-). The HPC decided in the meeting held on 13.04.2015 that KSEB should remit Rs.7,83,88,849.06/- Government vide GO(Rt)No. 141/2016/F&WLD dated 01.04.2016 issued Order directing KSEB to remit the amount of Rs. 7,83,88,849.06/-. KSEB reported that an amount of Rs.5,33,11,625.06/- was remitted as principal lease rent arrears after adjusting the amount already remitted Rs.2,37,67,902/- and after setting aside the lease rent for 283.6565Ha under Kuttiady Hydro Electric Project which is calculated as Rs.13,09,322/- as ownership of the land is disputed before the Hon'ble High Court of Kerala. The Chairman, KSEB Ltd. was requested to pay the balance amount of Rs.2,37,67,902/- vide letter No. Pro(7)3764/2010 dated 18.10.17. Since the amount remitted by M/S KSEB prior to the High Power Committee meeting was taken into account by the Government while, ordering to remit Rs. 7,83,88,849.06/-.

**State Farming Corporation of Kerala (SFCK):**

The lease rent arrears (upto 31.03.2014) of SFCK calculated as per the agreement conditions and existing rates of rate of lease rent was Rs. 25.33.64,925/-. By considering the one time settlement proposal submitted by SFCK, Government vide GO(Rt) No. 428/2015/F&WLD dated 19.09.2015 ordered SFCK to remit Rs. 5.5 crores and clear the lease rent arrears of SFCK upto 31.03.2014. SFCK has since remitted the amount.

**Plantation Corporation of Kerala (PCK):**

The lease arrears of PCK upto 2012-13 was Rs. 126.50 crores.

A meeting convened by the Hon'ble Chief Minister was held on 28.05.2013. In this meeting, PCK's request was to calculate the rate of lease rent of Rs.

		<p>1300/ha/annum from 2009 onwards instead of from 1987. In the meeting it was decided that after consulting the Law and Finance departments., if there is no legal implication, the lease rate of Rs. 1300/ha/annum can be fixed for PCK from 2009 onwards, and the same consideration can be given to SFCK and RPL. Meanwhile the HLC meeting (to finalize and settle the lease rent arrears of revenue pending with PSUs) held on 28.01.2014 convened by the Hon'ble Minister for Forests &amp; Wildlife decided that PCK will make a lump sum payment of Rs. 20 crores within one month towards pending arrears. PCK has remitted Rs. 7.60 crores being the lease rent for the period from 2009-10 to 2014-15 (without the compound interest for pendency). The arrears pending upto 2009 is not remitted. The matter is being examined in file no. 6005/C2/2013/F&amp;WLD.</p> <p><b><u>Kerala Forest Development Corporation (KFDC) :</u></b></p> <p>KFDC's claim is that the amounts due to KFDC (including lease rent) may be adjusted against the amounts due to KFDC from Government. This issue is included in the PAC Report. As per the reports submitted by DFOs concerned, Rs.6.62 crores is the lease rent arrears pending from KFDC (as on 31.03.2015). Based on the recommendation of the PAC, this issue was discussed with the Managing Director, KFDC on 07.08.2015 in the chamber of the APCCF (F,L&amp;R). Managing Director informed that the lease rent arrears reported by the concerned DFOs includes the interest @ 12% and penal interest @ 2.5%. Managing Director also informed that they are regularly remitting lease rent from 2002-03 onwards and the actual lease rent arrears comes to Rs. 112.11 lakhs (for the period from 1976-77 to 2002-03). To verify this aspect, the remarks of the DFOs concerned were called for and DFOs (Except DFO TVM) reported that lease rent arrears reported as on 31.03.2015 did not include 12% interest. It may be seen that the settlement of lease rent arrears is in progress.</p>
3.7.6	Non-execution of lease agreement with PCK	The area is under the possession of Chalakudy Division. As per the direction from the Forest H.Q,

		Divisional Forest Officer, Chalakudy has initiated the survey works with the help of Forest Mini Survey team, Kozhikode. The Survey work has already been completed and the approved sketch is pending with the Assistant Director, Forest Mini Survey, Kozhikode. On receipt of approved sketch from the Assistant Director, Forest Mini Survey, Kozhikkode the lease agreement will be executed.
3.7.7	Short demand of dues	The issue of lease rent arrears of SFCK was settled by Government vide GO(Rt) No.428/2015/F&WLD dated 19.09.2015 ordering SFCK to remit Rs. 5.5 crores and clear the lease arrears of SFCK upto 31.03.2014.
3.7.8	Failure to check adherence to lease conditions	As part of resuming the unutilized land of 9.63 Ha with the Aluva Settlement Colony, DFO Chalakkudy had initiated action to conduct the survey activities.
3.7.9	Failure to take action in case of violations	Directions were given to PSUs for evicting the post 1977 encroachments from the forest land.
3.7.9.1	Violation of lease conditions in respect of lands leased out in Perumpara estate	Government vide GO(Rt) No. 93/2016/F&WLD dtd 29.02.2016 ordered for terminating the lease of 86.94 acres of Perumpara estate and resuming the same to Government. DFO Vazhachal resumed the above estate on 05.03.2016 to Government. Against this action, M/s Perumpara Estate has filed WP(C) No. 8686/2016 before the Hon'ble High Court. The case is pending and last heard on 03.11.2016.
3.7.9.2	Alienation of forest land given on lease.	<p>Out of the 1000.17 acres of forest land given on lease to M/s Cochin Rubber Company, 38.41 acre was transferred to the Peechi Irrigation Project and 646.80 acre to the Kerala Agricultural University. The breakup of the remaining 314.96 acres is as follows;</p> <p>Sri. K.M. Augustirie &amp; others - 113.76 acres  Smt. Annamma Antony &amp; others - 163.12 acres  Smt. Loosy Kochuvareed - 38.08 acres.</p> <p>The above 314.96 acres are now under the custody of other people. As part of resuming this land, RFO, Pattikkad issued notice to the current holders of the land. Against this, two separate cases WP(C) 12020/2010 &amp; WP(C) 23050/2011 were filed before the Hon'ble High Court by the present occupants of the above lands, Sri. Martin. K.</p>

		George & Sri. Samson Varghese respectively. The Court pronounced judgment in favour of the petitioners. Against this, the writ appeals filed by the Dept (i.e. WA 365/2012 & WA 401/2012 respectively) are pending before the Court. The case was last heard on 15.09.2017.
3.7.10	Incorrect assignment of forest land	No remarks
3.7.10.1	Assignment of forest land in excess of Government of India direction	The issue pertains to wrong assignment by Revenue Officials. Hence no remarks.
3.7.11	Impact	Para 3.7.5 - the arrears in lease rent has come down as mentioned in pre para 3.7.5. Para 3.7.7 - This issue is settled as mentioned in pre-para 3.7.7
3.7.12	Conclusion	The Department has now devised a system wherein expiry of leases, violations etc. can be monitored closely so that timely action can be taken.
3.7.13	Recommendations	The issue of consolidation of forest boundaries is dealt in Pro(9) section file no. Pro(9)-46442/13. Directions are already issued to all the territorial CCFs/CFs for furnishing the status of the consolidation and demarcation of forest boundaries. Periodical report on this is also submitted to Government showing the progress of the demarcation. Survey and demarcation activities are completed in some divisions. In some cases, Circle CCFs have reported that necessary orders from Government is necessary for survey and demarcation, so as to fix the forest boundaries by excluding the area encroached by locals prior to 01.01.1977. Circle CCFs/CFs also reported that special teams comprising of officers from both Forests and Survey Departments may be constituted to identify and inventorise the forest land in certain cases. Also the unavailability of surveyors is another major hindrance in completing the survey activities in certain areas. The main defaulters in executing lease agreements, renewing lease agreements and remitting lease rent are all State Government owned PSUs. Dept has issued directions to all territorial CCFs/CFs/DFOs to initiate action to execute lease agreements with entities who have not executed the same so far.

## APPENDIX III

### APPENDIX FROM AUDIT REPORT

(Reference Paragraph 3.7.3)

The main PSUs having forest area on lease as on 31 March 2013

Sl. No.	Name of PSU	Area in Ha.
1	Plantation Corporation Kerala	11325.380
2	Kerala State Electricity Board	7019.432
3	Kerala Forest Development Corporation	5543.343
4	Hindustan News Print Limited	2131.573
5	Malabar Cement	126.340
6	Rubber Board	254.500
7	Tropical Botanical Garden and Research Institution, Palode	121.340
8	Kerala Forest Research Institution	71.329
9	Kallada Irrigation Project	38.304
10	National Research Centre for Oil Palm	10.435
11	Kerala State wood Industries Ltd.	17.540
12	State Farming Corporation Kerala	14.011
13	Kerala Water Authority	13.037