

## CHAPTER-VIII: NON-TAX RECEIPTS

### 8.1 Tax administration of Forest Department

The Forest Department is under the control of the Principal Secretary (Forest) at Government level and the Principal Chief Conservator of Forest is the head of the Department. The Kerala Forest Act, 1961 contains provisions relating to protection and management of forests in the State. The receipts of the Department include receipt from the sale of timber and other forest produce, royalty on raw materials supplied, lease rent, licence fee etc.

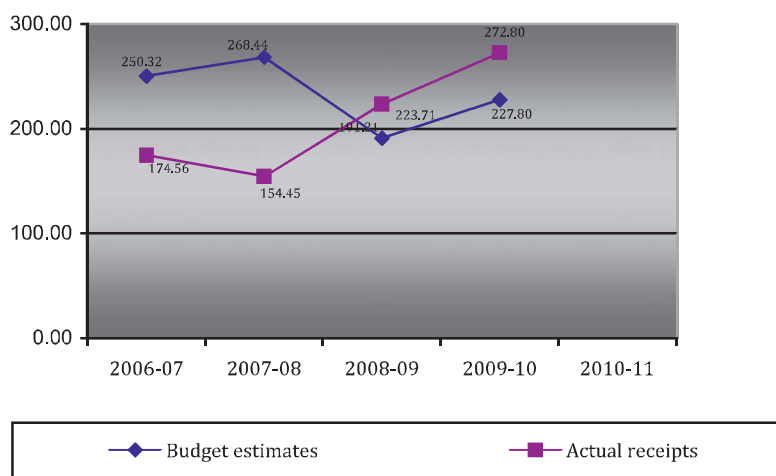
### 8.2 Trend of receipts

Actual receipts from Forest during the years 2006-07 to 2010-11 along with the budget estimates during the same period is exhibited in the following table and graph.

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation	Percentage of variation	Total non-tax receipts of the State	Percentage of actual receipts vis-à-vis total non-tax receipts	Percentage of growth
2006-07	250.32	174.56	(-) 75.76	(-) 30.27	844.51	20.67	(-) 7.93
2007-08	268.44	154.45	(-) 113.99	(-) 42.46	1,078.00	14.33	(-) 11.52
2008-09	191.21	223.71	(+) 32.50	(+) 17.00	1,390.00	16.09	44.84
2009-10	227.80	272.80	(+) 45.00	(+) 19.82	1,633.22	16.70	21.94
2010-11	360.11	274.10	(-) 86.01	(-) 23.88	1,739.58	15.75	0.47

**Budget estimates and actual receipts**



We noticed that though actual receipts increased marginally during 2010-11, further, they were less than the budget estimates by 23.88 *per cent*.

### **8.3 Results of audit**

In 2010-11 we test checked records of 43 units relating to the Forest Department and noticed underassessment of tax and other irregularities involving ₹ 3.83 crore in nine cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Non-realisation of revenue due to inordinate delay in taking decision by the High Power Committee	1	2.63
2	Blocking up of revenue on account of surrender of raw materials allotted	1	0.71
3	others	7	0.49
<b>Total</b>		<b>9</b>	<b>3.83</b>

The Department accepted and recovered underassessment and other deficiencies of ₹ 45.34 lakh in 12 cases, related to earlier years.

A few illustrative cases involving ₹ 10.03 crore are mentioned in the following paragraphs.

## 8.4 Audit observations

*Scrutiny of the records of Police Department and Forest Department revealed cases of non-compliance of the provisions and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions on the part of the Departmental officers are pointed out in audit each year but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for Government to improve the internal control system including strengthening of the internal audit*

### A. POLICE RECEIPTS

Non-observance of the instruction of Director General of Police (DGP) had resulted in non-realisation of incentive of ₹ 6.63 crore from the Government of India.

## 8.5 Loss of revenue due to delayed submission of passport verification report

(Office of the Director General of Police, Thiruvananthapuram)

Government of India (GOI) launched a scheme of decentralisation of passport services at the district level in June 2002. In order to encourage the police authorities to submit Passport Verification Reports (PVRs) in time, the Government introduced an incentive scheme in October 2003. The scheme was revised in September 2005. It envisages that incentive of ₹ 100 would be reimbursed for all PVRs received within 20 days and ₹ 25 for all PVRs received after 21 days. Police Department had given specific direction (June 2009 and April 2010) to all Commissioners/Superintendents of Police to forward all passport verification reports within 20 days so as to avoid hardship to the common man and avoid loss of revenue to Government.

We noticed that during 2008 to 2010 the Department received 10,37,796 passport applications from the Regional Passport Office for verification. But the Department, after verification had forwarded only 1,53,657 applications within 20 days which is only 15 per cent of the total applications received. Delay in forwarding the remaining 85 per cent PVRs resulted in revenue loss of ₹ 6.63 crore.

We pointed out the matter to the Department in June 2011. We have not received their replies.

We pointed this out to the Government in August 2011; their reply has not been received (December 2011).

## **B. FOREST RECEIPTS**

Non-observance of the provisions of penal interest and seignorage rate of forest produce resulted in short/non-levy of ₹ 3.40 crore as mentioned in paragraph 8.6 and 8.7

### **8.6 Non-levy of penal interest on belated payment of lease rent**

(DFO, Punalur; November 2010).

Government leases out forest land to various PSUs for cultivating rubber or other crops. The Department levies lease rent at the rates prescribed by the Government from time to time. The lease rent payable was ₹ 1,300 per hectare from 1992-93 onwards. The lease rent shall be payable for each financial year. The conditions of agreement of lease stipulates that interest at compound rate of nine *per cent* shall be payable on all defaulted payments.

We scrutinised the records of the Divisional Forest Office (DFO), Punalur and noticed that during the period between 1993-94 and 2003-04, the State Farming Corporation of Kerala (SFCK) Ltd. paid lease rent at the rate of ₹ 400 per hectare on 2,345.775 Ha of forest land instead of at the correct rate of ₹ 1,300 per hectare resulting in short payment of lease rent of ₹ 2.05 crore. The short payment of lease rent attracts levy of interest at the prescribed rates. The DFO did not levy interest of ₹ 3.07 crore on defaulted lease rent from 1993-94 to 2009-10.

After we pointed out, the Department stated that a countersigned chalan for the amount would be sent to SFCK soon after reporting the matter to the Government.

We reported the matter to the Government in December 2010. We have not received any further information from them.

## 8.7 Short collection of seigniorage in receipt of sand sold

(DFO, Thiruvananthapuram; October 2010).

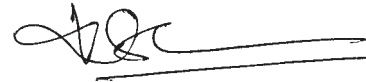
Seigniorage rate is the rate fixed as the minimum amount that must be assured to Government by sale of trees and other forest produce collected from within the forest. The Government revised the seigniorage rate of timber and other forest produce in May 2010. The rates applicable for sand was revised from ₹ 78 per cub. metre to ₹ 1,000 per cub. metre.

We noticed in the Divisional Office, Thiruvananthapuram, that the Range Officer adopted seigniorage rate between ₹ 78 per cub. metre and ₹ 958 per cub. metre on 4,210 cub. metre of sand lifted from two places at Kulathupuzha range during the period from May 2010 to September 2010. The Department did not collect

seigniorage at the revised rate of ₹ 1,000 per cub. metre which resulted in short collection of revenue of ₹ 32.62 lakh including VAT and cess.

We pointed out the mistake to the Department in October 2010 and the Department stated that reply would be furnished.

We reported the matter to the Government in December 2010. We have not received a reply from them.



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