

CHAPTER-VI
FOREST RECIEPTS

CHAPTER-VI FOREST RECEIPT

6.1 Tax administration

The Principal Chief Conservator of Forests (PCCF) heads the Forest Department under the administrative control of the Additional Chief Secretary (Forests) who is assisted by eight Conservators of Forests (CFs) in 37 territorial divisions. Each CF controls the exploitation and regeneration of forest activities being carried out by divisional forest officers (DFOs) under their control. Each DFO is in-charge of assigned forest related activities in his territorial division.

6.2 Results of audit

In 2014-15, test check of the records of 22 units relating to forest receipts showed non/short recovery of royalty, non-levy of interest/extension fee, blockade/loss of revenue due to seized timber and other irregularities involving ₹102.35 crore in 94 cases, which fall under the following categories shown in the **Table 6.1** below:

Table-6.1

₹ in crore			
Sr. No.	Categories	Number of cases	Amount
1.	Non/Short recovery of royalty	22	86.16
2.	Non-levy of interest/extension fee	22	1.52
3.	Blockade/Loss of revenue due to seized timber	12	2.80
4.	Other irregularities	38	11.87
Total		94	102.35

During the course of the year, the Department accepted underassessment and other deficiencies of ₹230.80 crore in 93 cases, which were pointed out in earlier years, out of which an amount of ₹5.63 crore was realised in 64 cases which pertain to earlier years.

A few illustrative cases involving ₹11.90 crore are discussed in the following paragraphs.

6.3 Short realisation of cost of trees

The department incorrectly charged the cost of 1,569 trees/saplings of different species having standing volume 65.75 cu.m falling in the alignment area of project/road from the user agency amounting to ₹4.11 lakh instead of ₹12.84 lakh, resulting in short recovery of revenue of ₹9.93 lakh including VAT of ₹1.20 lakh.

As per the Department instructions of September 1991, the cost of trees standing on the forest land diverted/transferred for non-forestry purposes is to be recovered at the prevailing market rate from the user agencies before handing over the area to them, in whose favour the approval for transfer of the forest land has been granted by the Government of India (GOI), Ministry of Environment and Forest.

Audit test checked the records (January 2015) of cost of trees bills maintained in the office of DFO, Mandi and noticed that the principal approval of diversion of 1.70 hectare of forest land was granted in April 2013 in favour of user agency HPPWD for construction of a road from Jablahi Nalah to Barnota Karkoh. 1,569 trees/saplings of different species having standing volume 65.75 cu.m were coming in the alignment of the road. The department incorrectly charged cost of trees of ₹4.11 lakh in respect of trees/saplings falling in the alignment of the road at the market rates applicable in 2009-10 instead of ₹12.84 lakh chargeable at the revised market rates prevailing during 2013-14. This resulted in short recovery of Government revenue of ₹9.93 lakh including VAT of ₹1.20 lakh.

The matter was reported to the Department and the Government in March 2015; their replies have not been received (December 2015).

6.4 Non-crediting of departmental charges

The departmental charges of ₹1.30 crore in 18 cases recovered from the user agencies under the Compensatory Afforestation (CA) schemes were deposited in CAMPA account instead of depositing it in the revenue head of the Government. This resulted in understatement of revenue to that extent.

As per instructions of Principal Chief Conservator of Forests (PCCF), Himachal Pradesh, issued in May 2004, departmental charges at the rate of 17.50 per cent shall be charged under the Compensatory Afforestation (CA) schemes to cover the establishment and infrastructure expenditure of the department. As per PCCF letter of March 2003, the amount so realised on account of the departmental charges should be deposited as revenue of the department instead of depositing in compensatory afforestation head.

Audit noticed between June 2014 and March 2015 from the CA bills records of eight forest divisions¹ that in 18 cases of diversion of forest land for non-forestry purposes, an amount of ₹9.52 crore on account of CA inclusive of departmental charges of ₹1.30 crore, was realised from the user agencies. The departmental charges of ₹1.30 crore so realised, were credited in Compensatory Afforestation Fund Management and Planning Authority (CAMPA) account instead of revenue head of the Government. Thus, non-credit of departmental charges in the Government account resulted in understatement of revenue of ₹1.30 crore.

On this being pointed out (between June 2014 and March 2015), CF Chamba (July 2015) intimated that departmental charges would be demanded and deposited in the revenue head whereas five DFOs stated that after reconciliation of the amount, the matter would be taken up with the State CAMPA authority to refund the amount as per the instructions of PCCF whereas remaining DFOs had not furnished any reply.

The matter was reported to the Department and the Government between August 2014 and April 2015; no reply has been received (December 2015).

¹ DFOs Bharmour: ₹1.90 lakh, Chamba: ₹28.05 lakh, Chopal: ₹3.84 lakh, Keylong: ₹0.73 lakh, Mandi: ₹2.02 lakh, Nalagarh: ₹10.93 lakh, Rajgarh ₹18.25 lakh and Suket (Sundernagar): ₹64.75 lakh

6.5 Non-levy of extension fee

36 timber lots were handed over to HPSFDCL for exploitation during the lease period between 31 March 2011 and 31 March 2014 for which extension fee ₹33.44 lakh neither demanded by the department nor was it paid by the HPSFDCL.

As per clause-3 of standard lease deed agreement for exploitation of timber/trees, on the expiry of lease period the Himachal Pradesh State Forest Development Corporation Ltd. (HPSFDCL) shall have no right on such trees, as are left standing in the leased forest, felled trees and any scattered/stacked timber un-removed from leased forest. Further, as per decision of the Pricing Committee of September 2007 the extension fee at the rate of 0.2 per cent per month of the total royalty whether paid or unpaid shall be levied for the extension of the working period beyond the lease period.

Audit test checked the records of three forest divisions between July and November 2014 and noticed that 36 timber lots were handed over to HPSFDCL for exploitation during lease period ending between 31 March 2011 and 31 March 2014. Audit scrutiny, further, showed that exploitation work of these lots could not be completed within the lease period. The HPSFDCL, however, sought extension in working period of the salvage lots with delay ranging between five to 31 months and the competent authority had granted extension in 102 cases, for which the extension fee of ₹33.44 lakh² was neither demanded by the department nor was it paid HPSFDCL. Thus, by non-claiming of the extension fee, the Government suffered a loss of revenue to that extent.

On this being pointed out between July and November 2014, the PCCF, Shimla intimated (April 2015) that the bill for the payment of extension fee had been raised with DM, HPSFDC Ltd. by DFO, Shamshi at Parvati, the remaining DFOs stated that matter regarding claiming of extension fee from the HPSFDCL for various salvage lots was under process and extension fee bills were being raised shortly.

The matter was reported to the Department and the Government between August and December 2014. The replies have not been received (December 2015).

6.6 Short/non-payment of royalty and interest

The royalty of ₹13.54 crore was payable by the HPSFDCL out of which only ₹1.45 crore was paid on time and ₹4.82 crore were paid late on which interest of ₹43.03 lakh was accrued. The balance amount of royalty of ₹7.27 crore was neither demanded by the DFOs nor paid by the HPSFDCL. This resulted in short realisation of revenue of ₹7.70 crore.

As per Pricing Committee (PC) decision of July 2007, royalty on salvage lots was fixed 20th March for 1st instalment, 20th June for 2nd instalment in respect of low lying lots and 30th November and 20th March for high lying lots applicable for the lots of 2007-08 onwards. The PC in its meeting dated 15th February

² DFOs Parvati at Shamshi: 10 lots: ₹18.64 lakh, Shimla: Nine lots: ₹3.55 lakh and Theog:17 lots: ₹11.25 lakh

2005, decided that the HPSFDCL would pay interest at the rate of nine *per cent* per annum on belated payment of royalty. A grace period of 90 days is admissible if the payment is made within the grace period, otherwise HPSFDCL is liable to pay interest from the due date of payment of royalty.

Audit scrutiny of the records relating to payment of royalty etc., of eight DFOs³ between April 2014 and March 2015 showed that 127 timber lots (50 high and 77 low lying lots) were handed over to HPSFDCL for exploitation during 2011-12 and 2013-14. For this, royalty of ₹13.54 crore was payable by the HPSFDCL between March 2012 and June 2014 out of which ₹1.45 crore was paid on time and ₹4.82 crore was paid late between March 2014 and September 2014 with a delay ranged between 91 and 652 days. Thus, interest of ₹43.03 lakh on belated payment and balance amount of royalty of ₹7.27 crore was neither demanded by the DFOs nor was paid by the HPSFDCL on due dates. This resulted in loss of revenue of ₹7.70 crore including interest of ₹43.03 lakh.

On this being pointed out, the DFOs stated that matter would be taken up with the HPSFDCL to recover the amount of interest and royalty.

The matter was reported to the Department and the Government between August 2014 and April 2015. The replies have not been received (December 2015).

6.7 Blockade of revenue due to non-disposal of seized timber

Non-disposal of seized timber measuring 521.616 cu.m lying in various depots of the Department, resulted in blockade of revenue of ₹247.16 lakh including VAT of ₹29.88 lakh.

Section 52 of Indian Forest Act, provides for seizure of property liable to confiscation. As per departmental instructions April 1951, either the seized timber or forest produce should be kept in the *spurdagi* (safe custody) of a *sapurdar*⁴ or with the concerned field staff after it is accounted for in form-17. The timber/forest produce so accounted for is required to be disposed of after the offence has either been compounded or decided by the court. The PCCF instructed (April 1999) all the CFs that where the *spurdagi* of forest produce is taken for unduly long period, the concerned investigating officer should be asked to procure the orders of competent court for auctioning the seized property within 15 days, to minimise expenditure on watch & ward and deterioration/pilferage of such produce.

Audit scrutiny of timber forms of nine forest divisions⁵ between September 2014 and April 2015 showed that in 32 forest ranges, the department had seized (between 2011-12 and 2013-14) timber measuring 521.616 cu.m having value of ₹247.16 lakh including VAT of ₹29.88 lakh. Audit scrutiny, further, showed

³ DFOs Chopal: 11 lots: ₹0.31 lakh, Mandi: one lot: ₹0.56 lakh, Parvati at Shamshi: one lot: ₹16.39 lakh, Rajgarh: 76 lots: ₹404.99 lakh: Rohru: one lot: ₹15.17 lakh, Shimla: 20 lots: ₹184.05 lakh, Seraj at Banjar: six lots: ₹14.41 lakh and Theog: 11 lots: ₹133.94 lakh

⁴ A lambardar or any reliable person of a place


⁵ Chopal: vol: 87.73 cu.m ₹45.95 lakh, Dalhousie: vol.: 15.10 cu.m ₹5.37 lakh, Karsog: vol: 33.83 cu.m: ₹7.64 lakh, Parvati at Shamshi: vol: 49.92 cu.m ₹25.79 lakh, Rampur: vol: 60.09 cu.m ₹29.49 lakh Rohru: vol: 6.84 cu.m ₹3.09 lakh, Seraj at Banjar: vol: 31.23 cu.m ₹16.49 lakh, Shimla: vol: 137.356 cu.m ₹106.28 lakh and Theog: vol: 99.52 cu.m ₹7.06 lakh

that seized timber was lying in various depots of the department without any record to indicate whether the concerned DFOs/investigating officers had taken any concrete steps or obtained the orders of the Court to dispose of the seized timber. Thus, non-disposal of seized timber not only resulted in blocking of revenue to that extent but also incurrence of expenditure on watch and ward and further deterioration of timber.

On this being pointed out, the DFO, Theog stated (January 2015) that all ROs had been directed to prepare list of seized timber and confiscate as per the procedure so that auction process could be initiated and remaining DFOs stated that action would be taken to dispose of the seized timber as per the instructions of the PCCF of April 1999.


The matter was reported to the Department and the Government between September 2014 and May 2015. The reply has not been received (December 2015).

Shimla
The 22 February 2016


(R. M. Johri)
Pr. Accountant General
Himachal Pradesh

Countersigned

New Delhi
The 25 February 2016


(Shashi Kant Sharma)
Comptroller and Auditor General of India