CHAPTER – IV

FORESTS & ENVIRONMENT DEPARTMENT

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4.1 Administration

Meghalaya ranks third among the states in terms of percentage of forest cover[101] in the country. The forest and tree cover of the State is 17,046 sq.km (76 *per cent* of the total geographical area of the State) contributing 2.39 *per cent* of India's total forest and tree cover. Unlike the rest of the country where forests are mostly owned by the State and managed by the State Forests Department, in Meghalaya, substantial forest area is under the un-classed category and are owned by private individuals, clans, village councils, district councils and other traditional community institutions. Only 1,113 sq km[102] of forests, in Reserved Forests, Protected Forests, National Parks and Sanctuaries are under the direct control of the State Forest Department. Community and private forests are under the administrative control of the three Autonomous District Councils *viz.,* Khasi Hills, Jaintia Hills and Garo Hills. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891 (as adapted by Government of Meghalaya).

The Commissioner & Secretary to Government of Meghalaya, Forests & Environment (F&E) Department is in overall charge of the Department at the Government level. The Principal Chief Conservator of Forests (PCCF) is the administrative head of the Department who is assisted by Chief Conservators of Forests and Conservator of Forests. At the district level, Divisional Forest Officers (DFOs) are entrusted with management of forests and wildlife through various divisions such as territorial, wildlife, social forestry, *etc.*, including levy and collection of forest dues, wherever applicable.

4.2 Results of Audit

Test-check of records of five units during 2023-24 revealed short/non-collection/loss of revenue, and other irregularities in 49 cases involving an amount of ₹ 40.82 crore, which fall under the following categories:

Table 4.2.1: Results of Audit conducted during 2023-24

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Short/non-collection of revenue	08	18.90
2.	Loss of revenue	02	0.45
3.	Other irregularities	39	21.47
	Total	**49**	**40.82**

During the year 2023-24, the Department accepted short/non-collection of revenue, and other deficiencies to the tune of ₹ 15.32 crore in 12 cases. The Department is yet to initiate action for the recovery of the amounts kept under audit objection.

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[101] India State Forest Report 2021.

[102] Source: Forest Survey of India, State Forest Report 2021.

4.3 Compliance Audit Paragraphs

Two illustrative cases with financial impact of ₹ 21.06 crore have arisen due to the Department's failure to collect royalty at prescribed rates, and short/non-realisation of Meghalaya Minor Mineral Reclamation Fund (MMMRF) is elaborated upon in the following paragraphs.

4.3.1 Short realisation of royalty on minor minerals by Government Departments

The Divisional Forest Officer (DFO) failed to ensure collection of royalty at the prescribed rates, resulting in short realisation of royalty to the tune of ₹ 48.91 lakh.

Divisional Forest Officer, Nongstoin, June 2023

Section 34 (2) (h) of the Meghalaya Forest Regulation Act, 1973 authorises any Forest Officer to prescribe, subject to the control of the State Government, the fees, royalties or other payments for forest produce and the manner in which such fees, royalties or other payments are to be levied, in transit, or partly in transit or otherwise. Accordingly, the Government of Meghalaya (GoM) issued the rates of royalty on all types of forest produce (last revised in January 2019) as detailed in **Table 4.3.1**.

Table 4.3.1: Statement showing rates of royalty

(Amount in ₹)

Name of minor minerals	Rate of Royalty	
	Old rate/cum (w.e.f. 19.06.2014)	Revised rate/cum (w.e.f. 24.01.2019)
Stone	240	240
Sand	90	110
Earth/Clay	100	100

Further, as per instructions issued (April 2016) by the Forests & Environment Department, GoM, all user agencies (Government Departments) utilising minor minerals for execution of works contracts have been made responsible for deduction of royalty on minor minerals utilised for the works executed from the contractors' bills and depositing the same into the Treasury through the Forest Department.

Scrutiny of records of the Divisional Forest Officer (DFO), Nongstoin (June 2023) for the period from 2018-19 to 2022-23 showed that the applicable revised rates of royalty had not been applied while deducting royalty on Stone, Sand and Earth from the contractor's bills relating to three user agencies[103] as detailed in **Table 4.3.2**.

Table 4.3.2: Statement showing short realisation of royalty

(₹ in lakh)

Name of minor minerals	Qty (cu.m)	Rates applied by the user agencies	Applicable Rate	Amount realised from contractor's bills	Amount to be realised as per prescribed rate	Short realisation	Detail Appendices
Stone	16,873.02	Between ₹ 25 and ₹ 102 per cu.m	240	13.41	40.50	27.09	Appendix 4.3.1
Sand	92,142.21	Between ₹ 20 and ₹ 90 per cu.m	110	80.29	101.36	21.07	Appendix 4.3.2

[103] (i) E.E., (T/C), PWD (Rds), Western Circle -cum – DPIU, PMGSY, W.K.H District, (ii) E.E., West Khasi Hills (D) Division, MePDCL, Nongstoin (iii) E.E., PWD (Roads), Nongstoin Division, Nongstoin.

Name of minor minerals	Qty (cu.m)	Rates applied by the user agencies	Applicable Rate	Amount realised from contractor's bills	Amount to be realised as per prescribed rate	Short realisation	Detail Appendices
Earth/ Clay	1,855.818	Between ₹ 32 and ₹ 90 per cu.m	100	1.11	1.86	0.75	Appendix 4.3.3
Total				**94.81**	**143.72**	**48.91**	**-**

From **Table 4.3.2**, it can be seen that out of ₹143.72 lakh deductible on royalty, only ₹ 94.81 lakh (66 *per cent*) was realised by the user agencies, resulting in a short realisation of royalty amounting to ₹ 48.91 lakh. This matter was communicated to the DFO, Nongstoin in August 2023 and subsequently to the Government/Department in October 2023.

In reply, the DFO, Nongstoin stated (August 2023), that user agencies would be instructed to pay the royalty according to the revised rates. However, further action to recover the short-realised royalty is still awaited (March 2025).

Audit observed that there was short collection of royalty amounting to ₹ 48.91 lakh due to lack of enforcement mechanism of the DFO to ensure accuracy in deduction of royalty by the user agencies as per the prescribed rates. Unless regular assessment and verification is ensured by the DFO such short deduction of royalty by the user agencies would recur in future. This case also highlights an administrative gap whereby the DFO lacks sufficient monitoring tools or protocols to enforce correct royalty deductions.

Thus, short deduction of royalty on forest produce by the user agencies and lack of any enforcement mechanism by the DFO, Nongstoin led to short realisation of royalty amounting to ₹ 48.91 lakh which remains recoverable.

The comments of the Government/Department are awaited (June 2025).

4.3.2 Non/short realisation of MMMRF on Minor Minerals

Three Divisional Forest Officers failed to collect MMMRF amounting to ₹ 20.57 crore from user agencies.

Divisional Forest Officers, Nongstoin, Williamnagar and Baghmara, June & August 2023

Rule 31 of the Meghalaya Minor Minerals Concession Rules (MMMCR), 2016 stipulates that the lessee or permit holder shall be required to make payment to Meghalaya Minor Mineral Reclamation Fund (MMMRF) created by the State Government at the rates prescribed from time to time by notification. Following an order from the Hon'ble High Court of Meghalaya dated 26 November 2015 (Review Petition No. 10/2015), Government of Meghalaya (GoM) established the Meghalaya Minor Mineral Reclamation Fund (MMMRF) in December 2015 to be overseen by a committee chaired by the Principal Chief Conservator of Forests (PCCF), to mitigate environmental damage caused by mining activities in affected areas.

In Meghalaya, apart from the Lessees and Quarry Permit Holders, MMMRF is also collected from Contractors through Works Departments (April 2016)[104] also known as "user agencies", due to inability of many contractors to produce challans in support of actual procurement of minor minerals from the quarry permit holders. The user agencies were made responsible for

[104] Works Departments like Public Works Department, Public Health Engineering Department, Soil Conservation Department, *etc.* which undertake works on behalf of the Government.

deduction of royalty and other dues including MMMRF from the contractors' bills and deposit the same in the fund account through the Divisional Forest Officers (DFOs). The MMMRF is to be calculated at 10 *per cent* of the Public Works Department (PWD) Schedule of Rates (SoR) as per the applicable rates during the period 2017-18 to 2022-23 as given in **Table 4.3.3**.

Table 4.3.3: Statement showing rate of MMMRF on Stone and Sand during 2017-23

(Amount in ₹)

Sl. No.	Minerals	SOR 2015-16[105]		SOR 2021-22[106]	
		Rate per cum	MMMRF per cum (10 *per cent* of the SOR)	Rate per cum	MMMRF per cum (10 *per cent* of the SOR)
1	Sand	800	80	1,100	110
2	Stone	1,300	130	1,900	190

Audit scrutiny of records (June and August 2023) of the DFO offices, Nongstoin, Williamnagar, and Baghmara revealed that a total of 12 user agencies[107] under the jurisdiction of these DFOs utilised 11.05 lakh cubic meter of stone and 3.42 lakh cubic meter of sand for various construction projects during 2017-18 to 2022-23 as detailed in **Table 4.3.4**.

Table 4.3.4: Statement showing quantity of Stone and Sand utilised by 12 user agencies under the jurisdiction of DFOs, Nongstoin, Williamnagar and Baghmara during 2017-18 to 2022-23.

(₹ in crore)

Jurisdictional DFO	No. of user agencies	Period	Qty. of minor minerals utilised (cum)		MMMRF leviable	MMMRF paid	Short/ non-deduction
			Stone	Sand			
DFO (Social Forestry and Territorial), Nongstoin	4[108]	Feb'2018 to Mar' 2023	7,61,407	2,20,054	14.47	Nil	14.47
DFO (Territorial), Williamnagar	2[109]	May' 2019 to Jan' 2023	1,53,720	53,942	2.99	0.50	2.68
	4[110]	Mar' 2019 to Sept' 2022	11,078	5,435	0.19	Nil	
DFO (Social Forestry and	1[111]	Feb' 2020 to Feb 2023	1,73,406	57,942	3.57	0.30	3.42

[105] Applicable for the period from 2017-18 to 2020-21 as the SoR was not updated after 2015-16.

[106] Applicable for the period from 2021-22 to 2022-23 as the SoR was not updated after 2021-22.

[107] **12 User Agencies** *viz.,* **Four under DFO, Nongstoin:** (i) E.E., (T/C) PWD (Roads), Western Circle DPIU PMGSY, (ii) E.E., MePDCL., West Khasi Hills (D) Division, Nongstoin, (iii) E.E., PWD (Roads), Nongstoin Division, Nongstoin, and (iv) District Agriculture Officer, Southwest Khasi Hills District, Mawkyrwat. **Six under DFO, Williamnagar:** (i) E.E., (WR), East Garo Hills Division, Williamnagar, (ii) E.E., PHE, RWS Division, Simsanggiri, Williamnagar, (iii) E.E., DPIU, PMGSY, East Garo Hills, Williamnagar, (iv) The Principal, Williamnagar Government College, Williamnagar, (v) E.E., PWD (Rds), Resubelpara Division, Resubelpara, and (vi) EE, PHE, RWS Division, Resubelpara. **Two under DFO Baghmara:** (i) E.E., PWD (Rds)-cum-DPIU, Baghmara Division, Baghmara, (ii) E.E., PHE, RWS Division, Baghmara.

[108] (i) E.E., (T/C) PWD (Roads), Western Circle-cum-DPIU, PMGSY, West Khasi Hills, Nongstoin, (ii) E.E., West Khasi Hills (D) Division, MePDCL, Nongstoin, (iii) E.E., PWD (Roads), Nongstoin Division, Nongstoin, and (iv) District Agriculture Officer, Southwest Khasi Hills, Mawkyrwat.

[109] (i) E.E., DPIU, PMGSY, Williamnagar, and (ii) E.E., PWD (Rds), Resubelpara Division, Resubelpara.

[110] (i) E.E., PHE, RWS Division, Simsanggiri, Williamnagar, (ii) E.E., (WR), East Garo Hills Division, Williamnagar, (iii) E.E., PHE, RWS Division, Resubelpara, and (iv) The Principal, Williamnagar Government College, Williamnagar.

[111] E.E., PWD (Rds)-cum-DPIU, Baghmara Division, Baghmara.

Jurisdictional DFO	No. of user agencies	Period	Qty. of minor minerals utilised (cum)		MMMRF leviable	MMMRF paid	Short/ non-deduction
			Stone	Sand			
Territorial), Baghmara	1[112]	Apr' 2021 to Aug' 2022	5,067	4,736	0.15	Nil	
Total			**11,04,678**	**3,42,109**	**21.37**	**0.80**	**20.57**

From **Table 4.3.4**, it can be seen that out of the total MMMRF dues amounting to ₹ 21.37 crore, only ₹ 0.80 crore (3.74 *per cent*) was realised by only three user agencies[113] from the contractor's bills. However, the above three user agencies incorrectly calculated the deductions at 10 *per cent* of the royalty, instead of the prescribed 10 *per cent* of the PWD Schedule of Rates (SoR). The remaining nine user agencies under the three DFOs did not deduct the MMMRF dues of ₹ 14.81 crore at source. Further, the DFOs did not verify the bills furnished by the user agencies to check for proper deduction of MMMRF dues by the user agencies. Consequently, out of ₹ 21.37 crore outstanding for recovery, ₹ 20.57 crore remained unrealised from the user agencies (September 2024).

It is pertinent to mention here that short/non-realisation of MMMRF amounting to ₹ 17.80 crore by DFOs from 26 user agencies was pointed out under **Paragraph 5.3.9.2 (A) of the Audit Report of the Comptroller and Auditor General of India (Revenue Sector), Government of Meghalaya, for the year ended 31 March 2022**. However, no corrective measures were taken by the Department.

The issue of short/non-deduction were forwarded to the DFOs, Nongstoin, Baghmara and Williamnagar in August and September and November 2023 respectively, and subsequently to the Government in August 2024.

In reply, DFO, Nongstoin stated (August 2023) that the office had informed the Government Departments within its jurisdiction about the requirement to make the MMMRF payments (August 2021). The DFO further assured that the directive would be re-issued for compliance henceforth and address any existing gaps. No replies were received from the DFOs, Williamnagar and Baghmara till date (March 2025).

The Government, in its reply (July 2025), stated that an amount of ₹ 4.50 lakh had been deposited by the user agency under the jurisdiction of DFO, Nongstoin during the period February 2018 to March 2023 and another amount of ₹ 37.63 lakh was deposited by the user agency under DFO, Baghmara between April 2020 and February 2023. However, the reply is not acceptable since the amounts indicated were amounts already verified by audit for MMMRF already deposited. The reply is also silent on the non/short realisation of MMMRF of ₹ 20.57 crore.

Thus, failure of the three DFOs to ensure compliance with the Government directive to the user agencies regarding deduction of MMMRF dues, had resulted in short/non-realisation of dues of ₹ 20.57 crore from 12 user agencies which remains recoverable.

[112] E.E., PHE, RWS Division, Baghmara.

[113] (i) E.E., DPIU, PMGSY, Williamnagar, (ii) E.E., PWD (Rds), Resubelpara Division, Resubelpara, and (iii) E.E., PWD (Rds)-cum-DPIU, Baghmara Division, Baghmara.

From the above information, Audit concludes the following:

1. Non-compliance by User Agencies: The audit identified that 12 user agencies, responsible for deducting and remitting MMMRF dues from contractors' bills, largely failed in this obligation. Only 3.74 *per cent* of the total dues (₹ 0.80 crore out of ₹ 21.37 crore) were realised, indicating a severe shortfall in adherence to the deduction requirements. Additionally, even when deductions were made, three user agencies erroneously calculated the dues based on royalty rather than the prescribed 10 *per cent* of the PWD SOR, leading to further shortfall.

2. Insufficient Monitoring by DFOs: The DFO offices of Nongstoin, Williamnagar and Baghmara did not consistently verify the bills to ensure the correct deduction of MMMRF dues, which undermined compliance. Despite being in a position to oversee adherence to the regulations, these DFO offices failed to follow up effectively on the shortfalls reported to the user agencies and ensure recovery of dues.

3. Lack of Timely Corrective Actions: While the DFO in Nongstoin acknowledged the lapse and reissued directives to user agencies, there were delays and a lack of immediate corrective action. Furthermore, the absence of responses from the DFOs in Williamnagar and Baghmara reflects inadequate accountability mechanisms and follow-up within the system.

The above inaction and lack of monitoring had the following impact:

(i) The failure to deduct and deposit MMMRF dues led to a shortfall of ₹ 20.57 crore, depriving the MMMRF of funds meant for mitigating environmental damage caused by mining. This unrealised revenue consequently, limited the State Government's ability to rehabilitate and restore affected areas, directly impacting ecological preservation efforts.

(ii) The audit findings point to governance gaps both at the user agency and the DFO level. The lack of adherence to MMMRF regulations and inadequate monitoring by the DFOs revealed systemic deficiencies in the compliance mechanisms, running the risk of continued financial losses, if not addressed in a timely manner and also undermining the rule of law in environmental preservation.

(iii) Environmental Consequences: The unrecovered MMMRF dues impeded the State Government's capacity to address mining-induced environmental degradation, potentially exacerbating ecological damage, as any shortfall or delay in funding may adversely impact and restrict the implementation of necessary reclamation activities, affecting community health and local biodiversity in mining-affected areas.