

CHAPTER-V : NON TAX RECEIPTS

5.1 Results of Audit

Test check of records in the offices dealing with the following revenue receipts during 2004-05 revealed losses, blockage of revenue etc. amounting to Rs.33.50 crore in 146 cases, which fall under the following categories:

(Rupees in crore)

Sl. No.	Particulars	Number of cases	Amount
1.	Forest Receipts	143	22.88
2.	Mines and Mineral Receipts	3	10.62
	Total	146	33.50

A few illustrative cases involving Rs.4.46 crore highlighting important audit observations are mentioned in the following paragraphs:

A. Forest Receipts

5.2 Loss of revenue due to illicit felling and removal of timber

Under the Assam Forest Regulation, 1891, and the Rules framed thereunder felling/removal of forest produce from forest areas without valid authorisation constitutes a forest offence punishable with fine. Forest produce removed illegally is also liable to be seized by forest officials. To prevent such illegal felling/removal of forest produce, the Department has deployed Forest Protection Squads and Forest Protection Force in the forest areas and has also set up a number of check gates.

Test check of records of seven forest divisions revealed that 9,583.909 cu.m. of timber was illegally felled during the period from 1999-2000 to 2004-2005. Out of this 5,918.760 cu. m could be recovered by the Department and 3,665.149 cu.m timber (which ranged between 13.56 to 71.02 *per cent*) valued at Rs.1.27 crore was removed by the miscreants. Except in the case of DFO, Nagaon South Division involving 689.798 cu.m. timber, no FIR was lodged with the police. Thus failure of Department to prevent/check of illegal felling/removal of timber despite having forest protection squads and check gates, resulted in loss of revenue of Rs.1.27 crore as shown under:

Sl. No.	Name of the Division	Quantity of timber illegally felled	Quantity of timber recovered by the Division	Quantity of timber removed by the miscreants	Percent age of removal	Value of timber removed (Rupees in lakh)	Period of removal
		(c u . m .)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	DFO, Nagaon South Division	3,110.959	1,573.814	1,537.145	49.41	60.49	Illegal felling and removal took place during 2002-03 to 2003-04.
2.	DFO, Karimganj Division	2,845.764	2,255.565	590.199	20.74	25.68	Illegal felling and removal took place during 1999-2000 to 2003-04 (upto December 2003).
3.	DFO, Goalpara Division	926.220	268.378	657.842	71.02	15.03	Illegal felling and removal took place during 2003-04 to 2004-05 (upto September 2004)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4.	DFO, Kamrup East Division	671.080	428.140	242.940	36.20	8.92	Illegal felling and removal took place during 2001-02 to 2004-05 (upto July 2004).
5.	DFO, Kamrup West Division	1,194.000	1,032.062	161.938	13.56	6.91	Illegal felling and removal took place during 2003-04 to 2004-05 (upto July 2004).
6.	DFO, Digboi Division	416.479	238.469	178.010	42.74	5.59	Illegal felling and removal took place during 2003-04 to 2004-05 (upto July 2004).
7.	DFO, Dibrugarh Division	419.407	122.332	297.075	70.83	3.92	Illegal felling and removal took place during 2001-02 to 2003-04.
Total		9,583.909	5,918.760	3,665.149	--	126.54	

After this was pointed out, DFO, Digboi division stated (March 2005) that every effort had been made to prevent illegal felling and removal with the existing strength of staff. The reply is not acceptable since no effective steps were taken to check the persistent irregularity. Replies in respect of other divisions have not yet been received (December 2005).

The cases were reported to the Department and the Government between May 2004 and January 2005; their replies have not been received (December 2005).

5.3 Loss of revenue due to sale of forest produce on permits instead of tender

According to the provisions of the Assam Sale of Forest Produce, Coupes and Mahals Rules, 1977, forest produce is to be disposed of by tender or auction at competitive rates. The quantity of forest produce in the mahal should be carefully estimated and stipulated in the sale notice so that maximum revenue is obtained.

- Test check of records of the DFO, North Kamrup Division, Rangia, in July-August 2004 revealed that two sand/gravel/stone mahal were settled for the years 2001-2003 to 2002-2004 by competitive tenders for extraction of 100 cu. m and 3,600 cu.m. of stone and stone dust at Rs.8.51 lakh (the rate per cu.m. worked out to Rs.230 per cu.m.).

It was also noticed that DFO sold 100 cu.m. of sand and 68,596.75 cu.m. of stone from these two mahals between June 2002 and April 2004 on permits on realisation of royalty for Rs.48.07 lakhs at the rate of Rs.50 per cu.m. and Rs.70 per cu.m. respectively. Due to non selling of the given quantities of stone and sand at tender sale rates, the Government was deprived of additional revenue of Rs.1.10 crore (calculated at the differential rate of tender sale and sale on permit).

The case was reported to the Department and the Government in September 2004; their replies have not been received (December 2005).

- Test check of records of the DFO, Kamrup West Division, Bamunigaon, revealed in October 2004 that Lampara Stone Mahal No.3 of 2002-2004 was settled by competitive tenders for extraction of 2,000 cu.m. of stone at Rs.3.51 lakh (the rate per cu.m. worked out to Rs.175 per cu.m.).

It was also noticed that 56,122 cu.m. of stone was sold between June 2002 and July 2004 on permits on realisation of royalty of Rs. 17.82 lakh at the rate of Rs.70 per cu.m. instead of tender rates. Due to non selling the given quantity of stone at tender sale rate, the Government was deprived of additional revenue of Rs.58.93 lakh (calculated at the differential rate of tender sale and sale on permit).

The case was reported to the Department and the Government in January 2005; their replies have not been received (December 2005).

B. Geology and Mining

5.4 Non payment of royalty due to transportation loss

Under the Petroleum and Natural Gas (PNG) Rules, 1959, the lessee shall not pay royalty in respect of any crude oil, casing head condensate or natural gas which is unavoidably lost or is returned to the reservoir or is used for drilling or other operations relating to the production of petroleum or natural gas or both. But the Rules do not provide for allowing exemption from payment of royalty on account of transportation loss.

Test check of records of the Director, Geology and Mining revealed in January 2005 that Oil and Natural Gas Commission Limited (ONGCL) extracted 8,85,768 MT of crude oil during 2004-05 (upto October 2004) out of which 8,202 MT of crude oil was treated as transportation loss and the ONGCL did not pay royalty to the tune of Rs.1.50 crore.

After this was pointed out, the Department stated in May 2005 that no demand has been raised against ONGCL for the period April 2004 and October 2004 as Government has already approached the Ministry of Petroleum and Natural

Gas, Government of India (GOI) for decision as this issue pertaining to previous years was pending with GOI.

The matter was reported to the Government in March 2005; their replies have not been received (December 2005).

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