

CHAPTER – 5

FOREST RECEIPTS

5.1 Results of Audit

Test check of records maintained in the offices of the Divisional Forest Officers, Assam conducted in audit including review during 2001-2002 revealed losses, locking up of revenue, etc. amounting to Rs.42.86 crore in 2939 cases, which fall into the following categories:

(Rupees in crore)

Sl. No.	Particulars	No. of cases	Amount
1.	Loss of revenue due to shortage of/damage to timber	7	1.38
2.	Loss of revenue due to non-settlement/delay in settlement of mahal quarry etc.	41	2.01
3.	Loss of revenue due to non-disposal of offence cases/wind fallen timber	16	1.32
4.	Locking up of revenue due to delay in disposal or non-disposal of timber/non-realisation of royalty	27	9.90
5.	Loss of revenue due to illegal felling and removal of timber	23	5.71
6.	Other lapses	2825	22.54
	Total:	2939	42.86

The results of a review on “Receipts from Forest Produce” and a few illustrative cases highlighting important audit findings and involving revenue effect of Rs.23.49 crore are given in the following paragraphs:

5.2 Review on “Receipts from forest produce”

5.2.1 Introductory

Assam is richly endowed with both natural and renewable forest resources. The forest coverage includes Reserve Forest area of 17421.94 sq. km., proposed Reserve Forest area of 2814.63 sq. km. and Unclassed State Forest area of 5893.99 sq. km. The percentage of forest area to the total geographical area is 33.31.

The extraction and disposal of forest produce is regulated under the Assam Forest Regulation, 1891, the Assam Sale of Forest Produce, Coupes and Mahal Rules, 1977 and the orders/instructions issued by the Government/ Department from time to time.

5.2.2 Organisational set up

The Principal Chief Conservator of Forests (PCCF) is the head of the Department. For the purpose of efficient management and control, the department has been divided into three wings viz. (i) Wild life, (ii) Research, Education and Working Plan and (iii) Territorial – each under the control of a Chief Conservator of Forests (CCF). Forest revenue is mainly derived from the Territorial Wing comprising of 5 (five) circles, each headed by a Conservator of Forest (CF), under which are 27 (twenty-seven) Territorial Divisions controlled by the Divisional Forest Officers (DFO). The DFO is assisted by Assistant Conservator of Forests (ACF), Range Officers, Deputy Range Officers, Foresters and Forest Guards. There is also a Forest Protection Force under the control of PCCF.

5.2.3 Scope of audit

A review of receipts from forest produce for the period from 1996-97 to 2000-01 was conducted during October 2001 to December 2001. Records of the PCCF, the CCF (Territorial) and *9 out of 27 Divisions were scrutinized.

5.2.4 Highlights

Failure of the department to protect forest from illegal felling and removal of timber resulted in loss of revenue Rs.3.48 crore.

(Paragraph 5.2.6)

Non-enforcement of proper surveillance on movement of forest produce led to evasion of royalty of Rs.6.28 crore.

(Paragraph 5.2.7)

* Kamrup East, Kamrup West, North Kamrup, Dhubri, Goalpara, Dibrugarh, Sibsagar, Cachar and Karimganj.

There was theft/pilferage of timber valuing Rs.1.01 crore despite deployment of Forest Protection Force.

(Paragraph 5.2.8)

Grant of extension of mahal period in contravention of rules resulted in loss of revenue of Rs.1.06 crore.

(Paragraph 5.2.9)

Sale of timber below Government valuation resulted in a revenue loss of Rs.0.75 crore.

(Paragraph 5.2.12)

Unintended benefit to departmental contractors resulted in locking up of Rs.5.00 crore.

(Paragraph 5.2.14)

5.2.5 Trend of Forest Receipts

Revenue from forest produce is an important source of non-tax revenue in Assam. The principal sources of forest revenue are classified as ‘major’ which includes timber only and ‘minor’ which includes sand, boulder, stone, cane, bamboo, thatch etc. The budget estimates and actuals of forest receipts for the last five years are indicated below:

Year	Budget estimate	Actuals	Variation	Percentage of variation
(Rupees in crore)				
1996-97	21.00	17.43	(-) 3.57	(-) 17
1997-98	8.00	7.80	(-) 0.20	(-) 3
1998-99	8.40	9.59	(+) 1.18	(+) 14
1999-2000	8.82	14.73	(+) 5.91	(+) 67
2000-2001	17.25	14.77	(-) 2.48	(-) 14

Excess/less realisation was mainly due to increase/decrease in sale of timber and other forest produce.

The percentage of variation revealed that the budget estimates were not prepared realistically.

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

Under the Assam Forest Regulation, 1891, and the Rules framed there under 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 also set up number of check gates.

Test check of the records of *12 Divisional Forest Officers revealed that 24678.390 cu.m. of timber had been illegally felled during the period from 1996-97 to 2000-2001. Out of this 14324.347 cu.m. was recovered and the remaining 10354.043 cu.m. valued at Rs.3.48 crore were removed by miscreants. In none of the cases, the FIR was lodged with the Police. Thus, failure of the department to prevent/check of illegal felling/removal of timber, despite having Forest Protection Force, Forest Protection Squads and check gates, resulted in loss of revenue of Rs.3.48 crore as reflected in Appendix-II.

5.2.7 Improper control over the movements of forest produce

According to the Rules framed under the Assam Forest Regulation, 1891, Government Departments are permitted to extract, by engaging contractors or otherwise, forest produce for their departmental use on prior payment of royalty. A transit pass should be issued by an authorized Forest Officer in token of full payment of the amount due to Government on account of the forest produce. Further, under Government Notification issued on 30 June 1992, monopoly fee up to 200 per cent on the royalty shall be recovered on the excess quantity of forest produce collected unauthorisedly.

A test check of records of the Goalpara Forest Division revealed that N.F. Railway had intimated (December 2000 and January 2001) that 25,01,720 Cu.m of earth and 49,376.137Cu.m of stone/ballast had been utilised by them for construction of railway track against this the department had issued permits for 1,71,275 Cu.m of earth and 16,635 Cu.m of stone/ballast. Thus, there was an unauthorised excess collection/utilisation of 23,30,445 Cu.m of earth and 32,741.137 Cu.m of stone/ballast during the period from 1990-91 to 1996-97. The royalty and monopoly fee of Rs.6.28 crore (Royalty-Rs.2.09 crore and Monopoly fee Rs.4.19 crore) realizable on the unauthorized excess collection/utilisation had neither been collected nor demanded by the department. Thus, lack of proper check/surveillance of the department on the movement of forest produce resulted in non-realisation of revenue of Rs.6.28 crore.

5.2.8 Loss of revenue due to pilferage of timber from depot

The departmentally operated / unclaimed seized timber is stored at the nearest depot for disposal. Protection of the timber from theft is the primary responsibility of the Department. The Government has deployed forest protection force to protect the forest produce from pilferage by the miscreants. The department is also required to conduct a periodical verification of the stock and send a report to the higher authority.

* Eight selected Divisions plus four from information available

A test check of the records of the Divisional Forest Officer Kamrup West, Dhubri and Haltugaon revealed that theft of timber measuring 2035.439 cum valued Rs.1.01 crore was noticed in different forest depots under their control.

(Rupees in lakh)

Sl. No.	Name of the Division	Name of the Forest range	Date of report to DFO	Quantity cum	Amount
1.	Kamrup Division West	Bondapara	14 September 1999	542.145	25.43
		Bamunigaon	22 July 2000	602.303	28.25
2.	Dhubri	Barobadha	29 March 1999	184.105	6.83
3.	Haltugaon	-do-	1987 to 1997	706.886	40.91
Total				2035.439	101.42

The failure of the department to protect 2035.439 cum of timber from theft resulted in loss of Rs.1.01 crore.

5.2.9 Loss of revenue due to grant of unauthorised extension of mahal

According to the Assam Sale of Forest Produce, Coupes and Mahal Rules, 1977, no extension in the period of lease of a mahal is ordinarily admissible. In exceptional circumstances the Government reserves the right to grant extension of mahal period on the merit of the case. No extension should be granted after the expiry of the original lease period

Scrutiny of records (October 2001 – December 2001) of 8* Divisional Forest Officers revealed that extension was incorrectly granted to 11 mahals after the expiry of original mahal periods. These extensions resulted in loss of revenue of Rs.1.06 crore as shown in Appendix-III.

* 5 selected Divisions and 3 from information available.

5.2.10 Loss of revenue due to inaccurate quantification of forest produce

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

The records of the D.F.O., Cachar, revealed (November 2001) that 3 mahals namely Madhura Stone Mahal, Madhura Sand Mahal and Chiri Stone Mahal were settled through tender/negotiation at Rs.30.04 lakh, Rs.2.31 lakh and Rs.7.11 lakh respectively with stipulated quantity of 10,000 cu.m. of stone, 1,200 cu.m of sand and 3,500 cu.m. of stone respectively during the working periods 8 August 1999 to 7 August 2002, 1 May 2000 to 30 April 2002 and 10 March 2000 to 9 March 2002, respectively.

It was noticed that 74,184,727 cu.m of stone and 2368.627 cu.m of sand were available in these mahals in addition to the stone, sand sold through public auction/tender, during this period. The quantity was sold on permits. The inaction of the department to sell the above quantity of sand and stone by tender/auction had deprived the department of earning additional revenue of Rs.1.66 crore.

5.2.11 Loss due to non-settlement of mahal

Sand/stone in a river bed is in constant process of accumulation and depletion due to river current. If a mahal is not worked during its specified working period, the sand/stone is carried away by the river current and does not become available later. The working period so lost, thus, results in loss of revenue. It is therefore necessary to ensure timely action to extract sand/stone during the respective working periods by prompt settlement, so as to safeguard the Government revenue.

Test check (October 2001 – December 2001) of 9 Forest Divisions revealed that 10 riverine mahals were not settled during their working periods resulting in a revenue loss of Rs.34.72 lakh as detailed in Appendix-IV. The loss is due to non-initiation of timely and prompt action of the department in settling the Mahals.

5.2.12 Loss due to sale of timber below Government valuation

Government valuation assigned to a forest produce serves as reserve price below which it is not to be sold. As per provisions of the Assam Sale of Forest Produce, Coupes and Mahal Rules, 1977, timber lots are to be sold by tender and auction system.

Test check of records of Divisional Forest Officer Dhubri and Kamrup West Division revealed that out of 4747.928 cum of timber 3739.916 cum of timber valued at Rs.0.85 crore was sold through public auction for Rs.10.19 lakh which is just 12 percent of the value fixed by the Government. No reason was given by the department for sale at such a lower price. This resulted in loss of Rs.74.78 lakh as described below:

(i) A test-check (December 2001) of the records of Dhubri Forest Division disclosed that out of 4526.030 cu.m. of inventorised Sal Timber, 3518.008 cu.m. was re-assessed (July1999) and Government fixed the reserve price at Rs.72.98 lakh. The timber was then sold through auction (September 1999) at Rs.5.41 lakh, which resulted in loss of Rs.67.57 lakh. There was no recorded reason for sale of timber at rates lower by 92.5 per cent than Government valuation. Besides, the remaining 1008.022 cu. m. (4526.030 cu.m. – 3518.008 cu.m.) was neither put to sale nor accounted for resulting in further non-realisation of revenue loss of Rs.39.53 lakh.

(ii) Scrutiny of records in Kamrup West Division revealed that 27 lots measuring 221.908 Cu.m. of unclaimed seized timber, valued at Rs. 11.99 lakh, had been put to auction sale (September 1999) and Rs. 4.78 lakh realised. This resulted in a revenue loss of Rs. 7.21 lakh. There was no recorded reason for sale of the timber at price lower than the Government valuation.

No approval was obtained from higher authorities for disposal of timbers below Government valuation.

Further, the balance timber of 1008.022 cum was not put to auction nor accounted for.

5.2.13 Non-initiation of codified provision

Under the provisions of the Assam Forest Regulation, 1891, when a forest offence is committed in respect of any forest produce, such produce may be seized by any forest officer and confiscated. On seizure, the Forest Officer shall report to the concerned magistrate for trial or get the case compounded.

A test-check of records of the Offence Case Registers of eight Divisions* revealed that 3110 offence cases were detected during 1996-97 to 2000-2001 out of which 2009 cases were compounded and 434 cases were sent to court, thereby leaving 667 cases, involving Rs.51.13 lakh, neither compounded nor sent to court. The position is tabulated below:

* (Kamrup East, Goalpara, Dibrugarh, Cachar, Karimganj, Nagaon South, N.K. Division. and Kamrup West Division.)

Year	Total no. of offence cases detected	Offence cases compounded	Offence cases sent to court	No. of cases neither compounded nor sent to court	Amount involved (Rupees in lakh)
1996-97	646	397	135	114	8.47
1997-98	769	529	128	112	16.86
1998-99	655	418	72	165	12.53
1999-2000	473	305	54	114	6.57
2000-2001	567	360	45	162	6.70
	3110	2009	434	667	51.13

Deviation from the codified provision resulted in locking up revenue of Rs.51.13 lakh. The produce will deteriorate and will fetch less/no value with the passage of time.

5.2.14 Blocking of revenue due to non-realisation of royalty.

The Government of Assam, Forest Department, in their Notification of December 1993, specified that the departmental contractors registered with the Government, engaged in the execution of works of departments such as Public Works, Flood Control, Irrigation and Public Health Engineering, may be allowed to collect forest produce on payment of 25 per cent of royalty in advance and the balance 75 per cent to be deducted at source at the time of payment of running or final bill by the department concerned in one instalment.

Test check of the records of 8 Divisional forest offices disclosed that permits for sand/gravel/stone were issued to authorised contractors of various departments of the State Government during the period from 1993-94 to 2000-2001 on payment of royalty of Rs.3.08 crore instead of Rs.8.08 crore. This resulted in non-realisation of Rs.5.00 crore.

The department stated (April 2002) that there is no scope for Conservator of Forests or the Chief Conservator of Forests to take any action with the defaulting contractors and the matter was being pursued with the concerned departments for speedy recovery of the amount. However, the fact remains that Rs.5.00 crore remained unrealized.

5.2.15 Bakijai cases

In the event of failure to recover outstanding revenue through departmental procedure, the case is referred to the Bakijai Officer for realization of outstanding amount as arrear of land revenue. When such a realization is made, the same is credited to the head of account concerned.

Test check of records of 11 Divisions revealed that a total sum of Rs.2.28 crore in 711 cases was recoverable as arrear of land revenue as on March 2001. The Division and age-wise break-up is exhibited below:

Name of the Divisions	Amount outstanding (Rupees in lakh)					
	1 to 5 years		6 to 15 years		above 15 years	
	Cases	Amount	Cases	Amount	Cases	Amount
1. Kamrup west, Bamunigaon	4	6.75	-	--	-	--
2. North Kamrup, Rangia	3	0.18	25	35.37	99	8.26
3. Cachar, Silchar	2	0.26	10	6.39	31	6.25
4. Karimganj	13	2.05	19	3.38	45	5.67
5. Dibrugarh	22	30.43	-	--	-	--
6 Digboi	-	--	55	24.99	17	8.55
7. Doomdooma	3	0.33	2	0.12	199	33.83
8. Sivsagar	11	8.06	9	4.40	-	--
9. Golaghat	5	4.96	21	7.76	18	2.73
10. Aie-valley, Bongaigaon	-	--	-	--	15	13.61
11. Goalpara	-	--	83	14.02	-	--
Total	63	53.02 (A)	224	96.43 (B)	424	78.90 (C)
Grand Total (A+B+C)	711 case - Rs. 228.35 Lakh					

In absence of proper records it could not be ascertained whether any recovery was made. Besides, the department also did not pursue the matter with the respective Bakijai Officers for recovery of the outstanding amount.

5.2.16 Reconciliation of departmental figures of revenue with that of treasuries

Revenue remitted to the treasury through treasury challans is required to be reconciled monthly by the Department with treasury figures to ensure that the revenue remitted has been credited under proper head of account.

Test check of the records of 9 Forest Divisions revealed that during the period (1996-97 to 2000-2001) no such reconciliation was carried out. In the absence of the same it was not possible to establish that revenue remitted to the treasuries as per the records of the department had actually been accounted for in the Government accounts.

Such lapses on the part of the department in reconciliation of departmental receipts with that of treasury accounts is fraught with the danger of misappropriation of Government money.

5.3 Non-disposal of timber resulting in loss of revenue

According to the Assam Sale of Forest Produce, Coupes and Mahal Rules, 1977, timber is disposed of by tender or auction system at competitive rates. Timber, if not disposed of expeditiously, loses its commercial value due to the vagaries of nature. Thus, it is the primary responsibility of the Forest Department to ensure that timber, whether seized or otherwise, is formed into

lots and disposed off promptly so that the Government does not lose revenue due to deterioration of timber. No time limit has been fixed for disposal of timber.

Scrutiny revealed (November 2001) that sal timber lots measuring 5527.312 cu.m. formed out of unclaimed seized timber during 1996-97 and 1997-98 were inventorised, and earmarked in December 1997 for supply to the PWD, out of which 1233 cu.m. was supplied (between January 1998 to March 1999) through the Logging Division. Thereafter, no efforts were made by the department for the sale of remaining timber of 4294.312 cum during the period 1996-97 to December 2001. However, a periodical verification of the timber conducted by the department revealed that 864.59 cum of timber valued at Rs.0.41 crore had deteriorated during this period

Thus, non-initiation of prompt and appropriate action and also non fixation of time limit by the Department in disposing of the timber, lying exposed for a long period, resulted in deterioration of 864.591 cu.m. of timber with consequent revenue loss of Rs.40.55 lakh.

The matter was reported to the department and the Government (May 2002); their replies have not been received (December 2002).

5.4 Loss of revenue due to selective negotiations

The Assam Sale of Forest Produce, Coupes and Mahal Rules, 1977, empower the Government to enter into settlement of mahals through private negotiations with the mahaldar at its discretion. The Supreme Court has held (Ram and Shyam Company Vs State of Haryana (1985) 3 SCC 267,283) that the expression "Private negotiation" also should fulfil the essential attributes of tender sale or public auction i.e., it must be with intimation to the intending purchasers and after giving them opportunity to make offers of negotiation, so that the negotiation might be held with them and state property disposed of in a manner so as to sub serve the public interest.

Test check of records of the Sibsagar Forest Division revealed (December 2001) that the highest bid received in response to sale notice (March 1998) of the Dilli Stone Quarry No.V with 25,000 cu.m. of stone was Rs.27.00 lakh for the working period from 27 August 1998 to 26 August 2000. The sale could not be effected as the Government stayed (May 1998) the execution of tender sale. Thereafter, the quarry was bifurcated into two parts and settled by direct negotiations for 2 years terms : Part A (May 1998) for extraction of 10,000 cu.m and Part B for extraction (January 1999) of 15,000 cu.m of stone at Rs.77 per cu.m. The total sale value of the Mahal was Rs.19.25 lakh instead of Rs.27.00 lakh resulting in a loss of revenue of Rs.7.75 lakh.

The matter was reported to the department and the Government (May 2002); their replies have not been received (December 2002).

5.5 Supply of forest produce without realisation of royalty in advance

According to Rules framed under the Assam Forest Regulation 1891, Government Departments are permitted to collect forest produce for their departmental use on prior payment of royalty. A transit pass should be issued by an authorised forest officer in token of full payment due to the Government.

Test check of the records of the Forest Utilisation Officer (FUO) revealed (November 2001) that 142.393 cu.m. of timber valued at Rs.21.99 lakh, was supplied (August/September 1998) to Government departments without realisation of royalty. On this being pointed out (November 2001) the Forest Utilisation Officer stated (November 2001) that the said timber was supplied on credit as per the instructions received from the Government. The instructions issued in violation of the provisions of the Act, resulted in blockage of revenue of Rs.21.99 lakh.

The matter was reported to the department and the Government (May 2002); their replies have not been received (December 2002).

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