

CHAPTER 5 : FOREST RECEIPTS

5.1. Results of audit

Test check of the records of forest receipts, conducted in audit during the year 2001-02, revealed non-recoveries, short recoveries and other losses of revenue amounting to Rs. 18.76 crore, in 110 cases, which broadly fall under the following categories:-

(Rupees in crore)

		No. of cases	Amount
1.	Non-recovery of royalty	5	0.17
2.	Short recovery of royalty	3	0.10
3.	Non-levy of extension fee	12	0.83
4.	Non-levy of interest	13	0.96
5.	Other irregularities	77	16.70
	Total	110	18.76

During 2001-2002, the department accepted under-assessments etc., of Rs.24.19 crore involved in 74 cases, of which 3 cases involving Rs.2.67 crore had been pointed out in audit during the year and the rest in earlier years. A few illustrative cases highlighting important observations involving financial effect of Rs. 9.45 crore are given in the following paragraphs.

5.2. Loss of revenue due to administrative failure

Any act of causing damage by negligence or deliberately felling a tree or clearing of land for cultivation or for any other purpose in any protected forest etc., is an offence under the Indian Forest Act, 1927 and is punishable with imprisonment for a term which may extend to six months or with fine which may extend to five hundred rupees, or with both. It is the duty of every Forest Officer to immediately take cognizance of a forest offence, arrest the offender and seize the implements used in committing the offence and the forest produce. In order to curb the menace of illicit felling and timber smuggling, flying squads have also been formed.

The Divisional Forest Officers were conferred (June 1994) powers of the Collector and were required to detect the encroachment in the forest land and evict the encroachers.

During audit of the records of the four^s Divisional Forest Officers, it was noticed that in 9 cases involving 828 coniferous trees containing 1,305.20 cubic metres of standing volume of timber and 148 broad leaved trees were felled illicitly by the offenders. Scrutiny of the records revealed that no damage report in respect of 976 trees were issued, and only 47.80 cubic metres standing volume of timber could be seized by the inspection parties during checking of the forests. Lack of vigil on the part of the department and failure to take timely cognizance of offences resulted in loss of revenue amounting to Rs. 1.18[@] crore to the Government on account of 1,257.40 cubic metres timber and 148 broad leaved trees not seized as detailed in Appendix-A.

On this being pointed out (between February 2000 and October 2001) in audit, the department stated that cases were under investigations either with the department (4 cases) or with the Police (5 cases). Further progress and replies in two cases had not been received (August 2002).

The cases were reported to the Government between March 2000 and November 2001; their replies had not been received (August 2002).

5.3. Non-recovery of price of trees

According to the Himachal Pradesh Financial Rules, 1971, Volume I, the departmental controlling officers should see that all sums due to the Government are regularly and promptly assessed, realised and credited into the treasury. As and when the sanction to transfer any forest land for non forestry purposes under the Forest Conservation Act, 1980 is received from the Government of India, the trees standing on such land which are required to be felled and removed are marked and handed over to the Himachal Pradesh State Forest Corporation for exploitation. The price of the trees so marked is recovered from the user Agency (the agency in whose favour the land is transferred) at the prevailing market rates and deposited as revenue of the forest department.

During the course of audit of the records of 5* Divisional Forest Officers, it was noticed (between July 2000 and September 2001) that the Government of India accorded (September 1994) approval for the diversion of forest land to the Power Grid Corporation of India for erection of transmission lines (Jhakri Abdullapur). Accordingly, 22,525 standing green trees were marked and handed over to the Forest Corporation for exploitation between the years 1999-2000 and 2000-01. Scrutiny of the records, however, revealed that price of trees of Rs. 5.30 crore had either not been demanded or demanded but not paid by the Power Grid Corporation of India. This resulted in non-recovery of revenue of Rs. 5.30 crore (including sales tax).

^s Ani at Luhri, Chamba, Churah, and Rampur.

[@] Value worked out at the rates fixed by the Government for the year 1993-94 as the market rates thereafter have not been fixed.

* Bilaspur, Rajgarh, Rohroo, Suket and Theog.

The cases were reported to the department/ Government between August 2000 and September 2001; their replies had not been received (August 2002).

5.4. Non-levy of extension fee

Clause 3 of the standard agreement deed for the lease of forests for felling of marked trees, their conversion and extraction of timber provide that if a lessee fails to fell, convert and carry trees outside the leased area within the contract period, he may seek extension in the working period, failing which he shall have no right on the standing/ felled trees and scattered/ stacked timber lying in the leased forest. If extension is applied for and granted, the lessee is required to pay extension fee at the prescribed rates on the amount of royalty of the lot concerned.

During audit of records of 8* Divisional Forest Officers, it was noticed (between February 2001 and November 2001) that 30 lots with lease periods between 31 March 1999 and 31 March 2001 were handed over to the State Forest Corporation for exploitation. As the exploitation work of these lots could not be completed within the lease periods, the Corporation sought extension of the working periods of 29 lots whereas no extension was sought in one lot. No action was also taken to forfeit the forest produce where extension was not granted and to recover extension fee of Rs. 52.29 lakh as detailed in the Appendix-B.

These cases were reported to the Government between March 2001 and December 2001; their replies had not been received (August 2002).

5.5. Loss of revenue due to non-tapping of resin blazes

According to the "Resin Tapping Instructions and Rules" regulating the work of handing over of resin blazes to the Forest Corporation for tapping in each tapping season, enumeration work is to be taken up by the department in the month of November and lists of blazes are supplied to the Corporation by the end of January each year. Setting up of the crop is done by the Corporation during the period from 15 February to 15 March each year. Tapping of resin from chil trees can be done continuously for 20 years under the "Rill Method". As per decision (October 1980) of the Government, the Corporation was required to work all the lots in a division and would not pick and choose them. Further, the Principal Chief Conservator of Forest issued (May 2000) instructions that in case the blazes were to be deleted from tapping, full justification of such proposals would have to be given by the Divisional Forest Officer by the end of the tapping season or latest by the 15th of December every year, so that the orders of the Conservator of Forests be obtained well before commencement of the ensuing tapping season.

* Bharmour, Dalhousie, Kunihar, Mandi, Rajgarh, Rampur, Suket (Sundernagar) and Theog.

During audit of the records of 10^S Divisional Forest Officers, it was noticed (between January 2001 and February 2002) that 2,01,097 resin blazes were not handed over to the Corporation for resin tapping between the tapping seasons of 1997 and 2001 due to deletion of blazes from the marking lists/ non-enumeration of blazes. Prior permission of the Conservator of Forests was also not obtained before deletion of blazes. This resulted in depriving the Government of revenue of Rs. 53.24 lakh on account of royalty as given in Appendix-‘C’ to the paragraph.

The cases were reported to Government between February 2001 and March 2002; their replies had not been received (August 2002).

5.6. Non-levy of interest and penalty

The Himachal Pradesh State Forest Corporation which is entrusted with the responsibility of exploitation of forest lots is required to deposit instalments of royalty in respect of forest lots by due dates as fixed by the State Government. In case the royalty is not paid within 90 days after the due date, the interest at the rate of 16.5 per cent per annum is chargeable.

Further, as per clause 18 (G) of the standard agreement deed for the lease of forest for felling of marked trees, their conversion and extraction of timber, sales tax as leviable on the sale value of the lot would be payable along with royalty instalment. In case of failure to do so, the Corporation would have to pay penalty at the rate of 18 per cent per annum for the belated payment of sales tax.

During audit of records of 14* Divisional Forest Officers, it was noticed (between February 2001 and February 2002) that 197 forest lots were handed over to the Corporation for exploitation between 1991-92 and 2000-01. Though the royalty was paid between 1996-97 and 2000-01, no interest and penalty was levied for delayed payments ranging between 31 days and 2418 days. This resulted in non-levy of interest and penalty amounting to Rs. 36.81 lakh (interest: Rs. 20.91 lakh and penalty: Rs. 15.90 lakh) as per details given in Appendix-D.

The cases were reported to Government between March 2001 and March 2002; their replies had not been received (August 2002).

^S Ani, Churah, Hamirpur, Kuniyar, Nachan, Nahan, Nalagarh, Paonta Sahib, Renukaji and Una.

* Bharmour, Dalhousie, Dharamshala, Hamirpur, Karsog, Kotgarh, Kullu, Nalagarh, Nichar, Nurpur, Rohroo, Seraj, Solan and Una.

5.7. Loss of revenue due to irregular grant of trees in timber distribution

According to the departmental instructions (December 1986), the grant of trees to the right holders has to be regulated strictly in accordance with the provisions of the forest and land revenue Settlement Reports. In these reports, only those villagers were recognized as right holders, who had land holdings and were paying land revenue to the Government. In respect of Kullu district, the Government decided that Min-Khata^s holders of Kullu who had acquired ownership of land, would enjoy the concession of getting timber for their bonafide domestic use whereas the tribal Min-Khata holders of Himachal Pradesh settled in Kullu would be allowed trees in Timber Distribution (TD) for bonafide domestic use at one place of their choice including Kullu district, after getting their rights of T.D. extinguished in other districts. The requirement of timber for the construction of new houses should be enough for the completion of a two-room house.

During the test check of Divisional Forest Officers, Parbati and Rohroo, (between May 1999 and August 2000) revealed that under Timber Distribution 71 trees containing 257.11 cubic metres of standing volume of timber was sanctioned irregularly (between September 1995 and November 1998) to villagers either for extension of houses who were already having two room houses or who were not having land holdings as per the Settlement Report or were not paying the land revenue. This resulted in loss of revenue of Rs.30.38 lakh (including sales tax).

The cases were reported to the department and the Government in May 1999 and September 2000; their replies had not been received (August 2002).

5.8. Non-recovery of royalty

The Himachal Pradesh State Forest Corporation is responsible for exploitation of all forest lots and is required to pay royalty on trees at the rates fixed by the State Government. As per the departmental instructions issued in June 1985, demand on account of royalty is to be raised by the department immediately after the lots are handed over to the Corporation for exploitation.

During audit of records of the Divisional Forest Officer, Bharmour, it was noticed (July 2001) that a salvage forest lot, containing 1,118.090 cubic metres of standing volume of timber was handed over to the Corporation for exploitation during the year 2000-2001. But the department had not demanded/ recovered royalty of Rs. 20.93 lakh which was due from the Corporation.

^s Share holders of a khasra number.

The case was pointed out (July 2001) in audit to the department and reported to Government in August 2001; their replies had not been received (August 2002).

5.9. Non deposit of transportation charges into the Government account

To meet the bonafide domestic and agricultural requirement of the people residing in tribal areas, fuel wood and timber is sold at the depots managed by the Forest Department. For this purpose, timber and fuel-wood is supplied by the Himachal Pradesh State Forest Corporation. As per departmental instructions (August 1992), transportation charges of such fuel wood from the roadside depots of the Forest Corporation to sale depots in tribal areas were to be added to the sale price if sold to Government departments and recovery so made credited to the account of the Forest Department.

During audit of the records of the Divisional Forest Officer, Pangri, it was noticed (between September 2000 and August 2001) that 7,665.31 quintals of fuel-wood was sold at Killar sale depot managed by the Forest Department to various Government departments between 1993-94 and 2000-01. Scrutiny of the records revealed that transportation charges of Rs. 17.11 lakh on account of the sale of fuel-wood was deposited into the accounts of the Corporation instead of in Government account. This resulted in non-receipt of transportation charges of Rs.17.11 lakh by the department on which interest accrued till audit amounted to Rs. 7.25 lakh.

On this being pointed out in audit, the department stated (April-August 2001) that the matter was being taken up with the Corporation. Further progress had not been received (August 2002).

The matter was reported to Government in October 2000 and August 2001; their replies had not been received (August 2002).

5.10. Unauthorised retention/ occupation of earmarked accommodation

Government accommodation is earmarked to various employees keeping in view the posts held and nature of their duties. Under the Himachal Pradesh Allotment of Government Residences (General Pool) Rules 1994, an officer occupying an earmarked accommodation, may on transfer retain the accommodation up to one month from the date of handing over charge. Thereafter, for non-vacation of the accommodation, damages for use and occupation of the residence etc., are recoverable at the rates of Rs. 4 per square foot.

During audit of the records of the Divisional Forest Officer, Kullu, it was noticed that in a case, for unauthorised retention/ occupation of earmarked accommodation during the period between November 1999 and November

2000, an amount of Rs. 13.63 lakh recoverable on account of damages was not demanded by the department.

On this being pointed out (November 2000) in audit, the department stated (September 2001) that damages of Rs. 18.55 lakh for the period from 11 November 1999 to April 2001 were demanded out of which Rs. 0.24 lakh was recovered between January and March 2001 and a case for eviction of the accommodation had been filed by the Divisional Forest Officer in the Court of the Collector-cum-Sub Divisional Magistrate Kullu. Further report has not been received (August 2002).

The case was reported to the Government in January 2001; their reply had not been received (August 2002).

5.11. Loss of revenue due to cases becoming time barred

The forest offence cases are required to be either compounded or challaned in the Court of law within one year. As per the provisions of the Criminal Procedure Code no Court can take cognizance of such cases after the expiry of one year.

During audit of the records of the Divisional Forest Officer, Parbati, it was noticed (August 2000) that 4 damage reports involving damages of Rs. 14.75 lakh were issued on 20th May 1997 against the Parbati Hydel Power Project for damaging forest plantations and land during the construction of road. Scrutiny of records in audit revealed that these cases had become time barred due to failure of the department to compound these cases or to take them to the Court of law within the prescribed period. Thus no action could be taken against the offenders. This resulted in loss of revenue of Rs. 14.75 lakh (being the amount of value of forest produce and compensation as assessed by the department) to the Government.

The case was reported to the department/ the Government in September 2000; their replies had not been received (August 2002).

5.12. Less conversion of timber

The Himachal Pradesh State Forest Corporation, entrusted with the responsibility of exploitation of all forest lots, is required to pay royalty on trees at rates fixed by the State Government on the recommendations of the Pricing Committee. The Corporation also exploits such lots which are marked for the supply of timber to the various sales depots being run by the Forest department to meet the bonafide requirements of the right holders. The out-turn percentage (including sawn timber, hakkaries, pulp-wood etc.) have been fixed (February 1986) by the department as 65 per cent of the standing volume for deodar, kail and chil trees and 50 per cent for fir and spruce trees.

During audit of the records of the Divisional Forest Officer, Nachan, it was noticed (June 2001) that a salvage lot of 177 trees of deodar and fir species, containing 426.385 cubic metres standing volume of timber was handed over to the Corporation for exploitation during the year 1999-2000 for the supply of converted timber to Khaliar sale depot of Mandi town against which minimum quantity of 272.775 cubic metres of converted timber was required to be obtained. However, the Corporation had extracted only 171.745 cubic metres, resulting in less conversion of 101.030 cubic metres of timber. Thus, less conversion and consequent short supply of converted timber resulted in loss of Rs. 9.17 lakh (including sales tax).

The case was reported to the department/ Government in June-July 2001; their reply had not been received (August 2002).

5.13. Short recovery of royalty on fuel wood

The Forest Department hand over the fuel wood to Himachal Pradesh State Forest Corporation for sale to domestic consumers at royalty rates and to commercial organisations/ Government departments at market rates. Unable to earmark the lots separately for both these categories, as fuel wood is sold from the same depot, the department decided (February 1990) to raise the demands for supply of fuel wood to commercial organisations/ Government departments initially at royalty rates fixed for domestic consumers and to prefer revised demands at market rates, on receipt of the details of quantities of fuel-wood supplied to them.

During audit of the records of the Divisional Forest Officers, Kaza and Nichar, it was noticed that 16,289.49 quintals of fuel wood was sold from depots between 1997-98 and 2000-01 to Government departments/ commercial organisations. Scrutiny of records revealed that revised demands at market rates on the aforesaid quantity had not been raised against the Forest Corporation, which resulted in short recovery of Rs. 7.76 lakh (including sales tax).

On this being pointed out (November 2000 and September 2001) the Divisional Forest Officers stated that action would be taken after reconciliation of sale of fuel-wood with the Corporation. Further progress and report of recovery had not been received (August 2002).

The cases were reported to Government in December 2000 and October 2001; their replies had not been received (August 2002).

5.14. Loss of revenue

(a) Consequent upon the nationalisation of forest exploitation work, the State Government decided (October 1980) that all trees listed in lots would be

handed over to the Himachal Pradesh State Forest Corporation for working. The Forest department should mark all the salvage trees in the forests and the lists thereof should be handed over to the Corporation within the stipulated dates so that loss of revenue due to theft, rotting etc., could be avoided. No royalty is chargeable on rotten trees.

During audit of the records of the Divisional Forest Officer, Shimla, it was noticed (May 2001) that a salvage lot containing 560.53 cubic metres of standing volume of timber was marked and the marking lists sent (November 1997) to the Corporation for exploitation during 1998-99. The volume marked by the department included 5.0 cubic metres of rotten timber. The Corporation instead of taking over the lot, requested (February 1998) joint inspection of the marked trees with the department. The department not only failed to arrange the joint inspection till April 1999 but also handed over the lot only in September 2000 i.e. after a delay of almost 3 years. The delay in handing over of the lot resulted in increase of rotten timber from 5.0 cubic metres to 142.8 cubic metres. This led to loss of revenue of Rs.6.28 lakh to the Government.

The case was reported to the department/ Government in May 2001; their replies had not been received (August 2002).

(b) The Himachal Pradesh State Forest Corporation, responsible for the exploitation of forests, is required to pay royalty on trees at the rates fixed by the State Government, for the year in which the lots are handed over for exploitation.

During audit of the records of the Divisional Forest Officer, Paonta Sahib, it was noticed that 7 salvage lots of 1,376 sal trees containing 2,460.691 cubic metres of standing volume of timber were handed over (March 2000) to the Corporation for exploitation during the year 1999-2000. Scrutiny of the records, revealed that although the exploitation work of these lots was completed within the currency of the lease period yet the Divisional Forest Officer charged the royalty at the rates fixed for the year 2000-01 (which were less than the rates for 1999-2000 by 25 per cent) instead of 1999-2000. This resulted in loss of revenue of Rs.7.41 lakh (including sales tax).

The case was pointed out (January 2002) in audit to the department and reported to the Government in February 2002; their replies had not been received (August 2002).

5.15. Non-recovery of royalty on unfit trees

According to a decision (May 1989) of the State Government, royalty for unfit trees marked and handed over to the Himachal Pradesh State Forest Corporation for exploitation in salvage lots is chargeable at 18 per cent, 15 per cent and 9 per cent of the rates of royalty fixed for standing green trees, if the intensity of the trees so marked is 15 cubic metres and above, between 5 cubic metres and 15 cubic metres and below 5 cubic metres respectively per hectare

of the total area of the forest or compartment thereof. As per the departmental instructions issued in June 1985, demand on account of royalty is to be raised by the department immediately after the lots are handed over to the Corporation for exploitation.

During audit of the records of the Divisional Forest Officers, Nahan and Paonta Sahib, it was noticed that in 30 salvage lots containing 2,661.032 cubic metres of standing volume of different species of unfit trees and 113.354 metres girth of unfit khair trees, were marked and handed over to the Corporation for exploitation during the years 1999-2001. Scrutiny of records, however, revealed that the department had not claimed royalty of Rs. 7.06 lakh (including sales tax) chargeable on these unfit trees.

On this being pointed (January 2002) in audit, the department stated (July 2002) that in respect of Nahan division royalty and sales tax had been demanded (February-March 2002) from the Corporation. Report of recovery and reply relating to Paonta Sahib division had not been received (August 2002).

The cases were reported to Government in January-February 2002; their replies had not been received (August 2002).

5.16. Short recovery of price of trees marked for electric poles

The State Government fixed (March 2001) the rates chargeable from the State Electricity Board, for the years from 1990-91 to 1999-2000 in respect of deodar wooden electric poles with specifications of 15 to 25 centimetres and 25 to 35 centimetres. Pending fixation of rates after 1989-90, bills on account of electric poles supplied thereafter were to be raised provisionally, subject to recovery of differential amount following the actual fixation of rates.

During test check of the records of the Divisional Forest Officers, Chamba and Churah, it was noticed (October 2001) that 841 deodar poles were handed over to the Himachal Pradesh State Electricity Board during the years 1997-98 (Chamba: 380 poles) and 2000-2001 (Churah: 461 poles). Against an amount of Rs. 9.72 lakh chargeable, the department had charged Rs. 3.99 lakh at the rates applicable in 1989-90. The department did not take any action to recover the differential amount. This resulted in short recovery of Rs. 5.73 lakh from the Electricity Board.

The matter was pointed out (October 2001) in audit to the department and reported to the Government (November 2001); their replies had not been received (August 2002).

5.17. Short recovery of royalty due to application of lower rates

According to a decision (April 1983) of the State Government, royalty for coniferous trees marked and handed over to the Corporation for exploitation in

salvage lots is chargeable at 60 per cent, 50 per cent and 30 per cent of the rates of royalty fixed for standing green trees, if the intensity of the trees so marked is 15 cubic metres and above, 5 cubic metres to below 15 cubic metres and below 5 cubic metres respectively per hectare of the total area of the forest or compartment thereof.

During audit of records of Divisional Forest Officer, Ani at Luhri, it was noticed that a lot involving 165 salvage trees containing 161.493 cubic metres standing volume of timber was marked and handed over to the Corporation for exploitation during the year 2000-2001. Accordingly, the demand for royalty amounting to Rs. 7.86 lakh at the prescribed rates was issued. Subsequently, revised bill for this lot claiming royalty of only Rs. 3.02 lakh was issued (July 2001) by the department to the Corporation. Reasons for the subsequent reduced claim of royalty were not on record. This resulted in short realisation of revenue of Rs. 4.84 lakh without any valid reason.

The case was pointed out (October 2001) to the department and reported to Government in November 2001; their replies had not been received (August 2002).

5.18. Non-recovery of price of drift and stranded timber

Under the Indian Forest Act, 1973, all timber found adrift beached, stranded or sunk, shall be deemed to be the property of the Government until and unless any person establishes his right and title thereto. Such timber may be collected by the Forest Officer or other person entitled to collect the same and bring to the depot declared as such by him. The Himachal Pradesh State Forest Corporation is the sole forest exploiting agency in Himachal Pradesh and therefore, in the case of waif logs collected by the Corporation, the net proceeds of revenue are required to be deposited in the Government account, after deducting the expenditure incurred on account of extraction, collection, carriage and auction etc.

During audit of the records of the Divisional Forest Officer, Churah, it was noticed (October 2001), that price of 510 cubic metres of pulp wood and 500 cubic metres of fuel-wood collected by the Corporation from the banks of the river Ravi and sold as per progress report for the month of February 1999, was neither claimed by the department nor paid by the Corporation. This resulted in non-recovery of revenue of Rs. 2.51 lakh (including sales tax).

The case was pointed out (October 2001), in audit to the department and reported to the Government in November 2001; their replies had not been received (August 2002).