

CHAPTER VI
NON TAX RECEIPTS

Forest Receipts

6.1. Results of Audit

Test check of the records of offices of the Forest Department conducted in audit during 2004-05 revealed non levy/short realisation of revenue amounting to Rs 8.65 crore in 16 cases, which may broadly be categorised as under.

(In crore of rupees)

Sl. No.	Category	Number of cases	Amount
1.	Short/non demand of lease rent/penal interest on forest lands	4	0.52
2.	Loss in auction/reauction, disposal of forest produce, short/non realisation of penalty and other charges	6	2.11
3.	Other lapses	5	4.80
4.	Review on “Receipts of Forest and Wild Life Department”	1	1.22
	Total	16	8.65

During 2004-05, the Department accepted underassessment of Rs 1.15 lakh involved in one case pointed out during 2004-05.

A few illustrative cases including a review on “Receipts of Forest and Wild Life Department” involving Rs 1.52 crore are given in the following paragraphs.

6.2. Review on “Receipts of Forest and Wild Life Department”

Highlights

- **Blockage of revenue of Rs 75.27 crore due to non extraction of timber on account of delay in preparation of working plan/omission to include necessary prescription in working plan/non execution of work as per working plan.**

(Paragraph 6.2.6.)

- **Timber worth Rs 61.65 crore standing in the lands assignable to pre 1977 encroachers remains unextracted in five divisions.**

(Paragraph 6.2.7.)

- **In three divisions there was non/short demand of lease rent of Rs 1.22 crore from two lessees.**

(Paragraph 6.2.8.)

6.2.1. Introduction

The Kerala Forest Act, 1961 governs the laws relating to protection and management of forests in the State. The Forest (Conservation) Act, 1980 (Central Act) controls the activities in forests to protect and maintain forest cover. Under the Central Act, it is necessary to get prior approval of the Central Government for the use of forest land for non forest purposes. The Forest and Wild Life (F&WL) Department is entrusted with the work of conservation and exploitation of forests. The functions include protection and development of forests so as to ensure their sustainable use and maintenance.

Receipts of F&WL Department include receipts from the sale of timber and other forest produce, royalty on raw materials supplied, lease rent, licence fee, entry fee, etc., and form a major portion of the non tax revenue of the State.

6.2.2. Organisational set up

Principal Chief Conservator of Forests (PCCF), Thiruvananthapuram is the head of the department. One additional PCCF (D&P[♦]), two Regional Chief Conservators of Forests (RCCF) at Kollam and Kozhikode and seven Chief Conservators of Forests (CCF) at headquarters assist him in the functioning of the Department. CCF (Wild Life) and CCF (Social Forestry) control the functioning of the respective wings. The forest area is divided into territorial and wild life circles. The circles are subdivided into divisions and divisions into ranges.

[♦] Development and Planning

There are eight territorial/wild life circles[•], 36 divisions[‡] and six timber sales divisions[♦] (TSDs). The circles are under the charge of Conservator of Forests (CF) and divisions under the charge of Divisional Forest Officers (DFO). Forestry operations are carried out by the Range Officers (RO) under the control and direction of the DFO and CF.

6.2.3. Scope of Audit

A review of the assessment and collection of forest revenue covering the period from 1999-2000 to 2003-04 was conducted between October 2004 and January 2005. Records in the office of PCCF, two RCCFs[♥], five^{*} out of eight circles, 16[♦] out of 36 divisions and three^{*} out of six TSDs were verified.

6.2.4. Audit objectives

The review was conducted to ascertain whether:

- working plans (WPs) of the divisions were prepared and got approved by the Government of India in time and whether the activities envisaged in the WPs were executed promptly;
- trees available in forest lands assignable to other parties were extracted and the revenue therefrom realised;
- lease deeds were executed for the lands leased out to PSUs[®]/autonomous bodies of Government and the lease rent was correctly demanded, collected and accounted for;
- internal audit system in the department was adequate and effective.

6.2.5. Trend of Revenue

Under the Kerala Budget Manual, the heads of departments shall forward proposals for budget estimates of receipts directly to the Finance Department with a copy to the concerned administrative department in Government, which in turn shall forward the same to the Finance Department with their remarks. The Finance Department will examine the estimates in the light of actuals for the previous financial year and the first five months of the current year and

[•] Northern Circle - Kannur, Southern Circle- Kollam, High Range Circle - Kottayam, Eastern Circle - Palakkad, Central Circle - Thrissur, and Wild Life Circles at Kottayam, Palakkad and Thiruvananthapuram.

[‡] Achencoil, Chalakkudy, Kannur, Konni, Kothamangalam, Kottayam, Kozhikode, Malayattur, Mankulam, Mannarkkad, Munnar, Nenmara, Nilambur North, Nilambur South, Palakkad, Punalur, Ranni, Thenmala, Thiruvananthapuram, Thrissur, Vazhachal, Wayanad North, Wayanad South, and Wild life divisions at Agasthyavanam Biological Park, Aralam, Eravikulam, Idukki, Parambikulam, Peechi, Periyar East, Periyar West, Shendurani, Silent Valley, Wayanad, Eco Development Division Thekkady and Thiruvananthapuram.

[♦] Timber sales divisions at Kottayam, Kozhikode, Palakkad, Perumbavoor, Punalur and Thiruvananthapuram

[♥] Kollam and Kozhikode

^{*} Southern Circle Kollam, High Range Circle Kottayam, Field Director (Project Tiger) Kottayam, Eastern Circle Palakkad and Wild Life Circle Palakkad.

[♦] Achencoil, Konni, Kothamangalam, Kottayam, Malayattur, Munnar, Nilambur(N), Nilambur (S), Palakkad, Punalur, Ranni, Thiruvananthapuram, Thrissur, Wayanad (S), Wayanad (N) and Wild Life Division Peechi.

^{*} Palakkad, Perumbavoor and Punalur

[®] Public sector undertakings

then finalise the estimates for the ensuing year. The budget estimates of revenue shall be based on existing rates and no increase or decrease in the rates shall be proposed unless approved by Government.

The budget estimates and actual receipts of the department during the years 1999-2000 to 2003-04 were as follows.

(In crore of rupees)

Year	Estimates furnished by the department	Budget Estimates	Actual Receipts	Variation increase (+)/ decrease (-)	Percentage of variation
1999-2000	▼	160.08	109.88	(-) 50.20	(-) 31
2000-01	▼	182.72	141.24	(-) 41.48	(-) 23
2001-02	150.00	150.00	113.70	(-) 36.30	(-) 24
2002-03	165.00	181.90	149.58	(-) 32.32	(-) 18
2003-04	▼	220.00	187.18	(-) 32.82	(-) 15

The above table shows that the department has not followed the provisions of budget manual while submitting proposals for the years 2001-02 to 2002-03 and also was not able to achieve the target in any of the five years, the shortfall ranging from 15 to 31 *per cent*. The Department stated in May 2005 that the shortfall was due to restriction on tree felling, paucity of funds for timber operations, non realisation of lease rent, etc.

6.2.6. Preparation and implementation of working plan

The silvicultural activities of a forest division are governed by the prescriptions in the approved WP of the division. A WP is a written scheme of management aiming at a continuity of policy, controlling the systematic treatment of a forest. The WPs are prepared by the Forest Department for a period of 10 years and contain prescriptions for timber operation in plantations, regeneration activities, collection of timber from dead and wind fallen trees, etc., and are got approved from the RCCF, Ministry of Environment and Forests, Government of India (GOI), Bangalore from 1998-99 onwards. Non following of the WP prescriptions/non inclusion of prescriptions in the WPs would lead to non realisation of revenue from timber operations and block regeneration activities affecting future revenue adversely. Test check of the records of 15 divisions and office of the PCCF relating to the preparation of WPs and the activities undertaken as per approved plans revealed the following:

- Two divisions (Malayattoor and Ranni) had no approved WP during the years 1999-2000 to 2001-02 resulting in blocking up of revenue from timber extraction during these years. Details of revenue blocked were neither furnished by the department nor could be worked out in audit due to non marking of trees for extraction.

▼ not made available

- As at the end of March 2004, six* divisions had no WP. WPs in three♦ of these divisions had expired between 1999 and 2002 and in the remaining three♥ divisions in March 2004. The Department had not initiated action to finalise WPs of these divisions before the expiry of currency of WP in hand. The matured plantations in these divisions could not be extracted. Revenue blocked in three of these divisions (Achencoil, Munnar and Thiruvananthapuram) was Rs 8.51 crore as worked out by the Department.

After this was pointed out, the Department stated in May 2005 that WP of Thiruvananthapuram division had since been prepared and that action in respect of the other five divisions was in progress. As regards blockage of revenue, the Department stated that non extraction could not be considered as a blockage of revenue since the trees were growing and it was a source of increased revenue. The reply is not tenable since the plantations due for extraction were all matured and matured plantations exposed to the vagaries of nature would deteriorate in quality and hence less revenue would be realised in future.

- In four^ divisions, thinning operations due as per WP were not carried out in 27 plantations between 1999-2000 and 2003-04. This resulted in blockage of revenue of Rs 51.40 crore in two divisions (Ranni and Thrissur) as worked out by the Department. The other two divisions did not furnish the quantum of revenue involved.

- In five♦ divisions, timber worth Rs 11 crore available from the windfallen trees could not be extracted due to non inclusion of requisite prescriptions in the WPs. RCCF, GOI requested the Secretary, Forest in July 2004 to forward a comprehensive proposal for all divisions where similar prescriptions were to be included.

After this was pointed out, the department stated in March 2005 that action was being taken to include requisite prescriptions in the WPs. Further report has not been received (December 2005).

- In five^ divisions, timber was not extracted from the windfallen trees between 2001 and 2004 despite prescriptions in the WP. The Department estimated value of timber in three divisions (Achencoil, Nilambur (North) and Wayanad (North)) at Rs 4.36 crore whereas in remaining two divisions, the Department did not estimate the value of timber.

After this was pointed out, the department stated in March 2005 that action had since been initiated for extraction.

* Achencoil, Kottayam, Munnar, Palakkad, Thenmala and Thiruvananthapuram
♦ Kottayam, Munnar and Thiruvananthapuram
♥ Achencoil, Palakkad and Thenmala
^ Malayattur, Konni, Ranni and Thrissur
♦ Kothamangalam, Malayattur, Mankulam, Thrissur and Wayanad (S)
^ Achencoil, Konni, Nilambur (N), Ranni and Wayanad (N)

6.2.7. Non extraction of timber from forest lands assignable to encroachers

Under the Kerala Forest Act, all trees standing in forest lands under the occupation of private persons are the property of Government.

Government of Kerala approached the GOI in 1986 to regularise all pre January 1977 encroachments of forest land. GOI approved in January 1995 State's proposal to regularise 28,588 ha of encroached land.

It was decided in April 1997 at the level of Minister for Forests to carry out extraction of timber in encroached lands in Ranni and Punalur divisions without causing damage to the crops and property of the encroachers. However, verification of records in eight divisions revealed that standing trees on encroached forest lands were not felled and extracted as of January 2005 despite the decision taken in 1997. As per the estimation furnished by the Department, the value of such trees was Rs 61.65 crore in five divisions as detailed below.

(In crore of rupees)

Sl. No.	Division	Extent (ha)	Quantity (m ³)	Value
1.	Ranni	3,833.65	28,751	29.75
2.	Thrissur	725.00	12,750	25.50
3.	Thenmala	178.00	1,100	0.55
4.	Punalur	149.00	3,700	1.85
5.	Kannur	773.78	2,000	4.00
6.	Kottayam	14,942.00	(not furnished)	(not furnished)
7.	Munnar	474.64	2,046.35	(not furnished)
8.	Kothamangalam	2,000.00	15,000	(not furnished)
	Total	23,076.07	65,347.35	61.65

The Department stated in March 2005 that timber extraction from these areas was to be done without causing damage to environment and hence reports from the DFOs had been called for. Since the land is under encroachment and there is possibility of illicit felling/deterioration in quality and value of timber, Department/Government may consider extraction of these trees in a time bound programme.

6.2.8. Revenue from lease rent

Forest lands are leased out to various PSUs/autonomous bodies, individuals, etc., for raising plantations and for other purposes. The department levies lease rent at the rates prescribed by Government from time to time.

Government had fixed in January 1989 the rent payable by PSUs as Rs 1,300 per ha per year from 18 December 1987. Mention was made in paragraph 7.2 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) Government of Kerala for the year ended 31 March 2000 about lease rent leviable from forest lands. The Committee on Public Accounts in their 46 Report recommended that urgent action be taken to resume back to Forest Department lands not used by the lessee agencies, collect the arrear lease rent

and prevent accumulation of arrears. The action taken by Government on these recommendations had not been received till May 2005. With a view to further examine the effectiveness in the recovery of lease rent from PSUs, records of the office of the PCCF were test checked and findings thereof are as given under.

Non execution of lease deeds

Lease deeds for 13,825.93 ha of forest land leased out to KSEB* since 1964 and 10,717.182 ha of forest land leased out to KFDC♦ between 1976 and 1982 have not been executed. Government refixed in January 2000 the lease rent payable by KSEB with retrospective effect from 1 January 1978. Similarly, in January 2002, Government refixed the lease rent payable by KFDC from 1976.

Non execution of lease deeds enumerating the conditions of leasehold, schedule of payment of lease rent and clauses for violating the condition of leasehold would affect prompt realisation of Government revenue and cause consequent accumulation of arrears.

Non/short levy of lease rent

- Government accorded sanction in November 1964 for transfer of forest land from Ranni division for Sabarigiri Hydro Electric Project of KSEB and exempted areas covered by dams, water spread area, etc., from lease rent. However, in January 2000, Government refixed lease rent payable by KSEB for land area and water spread area with effect from 1 January 1978 as follows.

Period	Rate
1 January 1978 to 17 December 1978	Rs 250 per ha <i>per annum</i>
18 December 1978 to 17 December 1981	Rs 475 per ha <i>per annum</i>
18 December 1981 to 17 December 1987	Rs 615 per ha <i>per annum</i>
From 18 December 1987	Rs 1,300 per ha <i>per annum</i>
	For water spread area, the rates would be fixed at 25 <i>per cent</i> of the above rates

Ranni division collected lease rent from 1999-2000 to 2001-2002 for both land and water spread areas at the rate specified in Government order. But demand of lease rent for the water spread area of 1,968 ha for the period 1 January 1978 to 31 March 1999 was not raised. This resulted in non realisation of lease rent of Rs 98.33 lakh.

* Kerala State Electricity Board

♦ Kerala Forest Development Corporation Limited

- Government fixed in January 2002 the lease rent payable by KFDC as below.

Nature of land/ area in ha	Period	Lease rent per ha per annum (Rs)	Old rates of lease rent per ha per annum (Rs)
Cultivated with trees/ 7,748.441	1976 to March 2001	25	1976-78 - 250
	April 2001 onwards	50	1978-81 - 475 1981-87 - 615
Cultivated with cash crops/ 2,968.741	1976 to March 2001	100	1988-till date – 1,300
	April 2001 onwards	200	

In Kothamangalam and Munnar divisions, 539.89 ha and 1,212.58 ha respectively of forest land were leased out to KFDC from 1976 onwards. But the concerned DFOs did not raise the demand for payment of lease rent for the years between 1976 and 2002 at revised rates. Further, the DFO, Kothamangalam demanded lease rent for the years 2002-03 and 2003-04 at the rate of Rs 50 instead of Rs 200 applicable for cash crops. This resulted in short/non levy of lease rent of Rs 23.78 lakh.

After this was pointed out, the department stated in May 2005 that demand for Rs 9.20 lakh had since been raised. Report of recovery in this case and reply for recovery of the remaining amount have not been received.

Unauthorised retention of leasehold land

The Forest (Conservation) Act prohibits the use of forest land for non forest purpose without the prior approval of the Central Government.

An extent of 21.20 acres (8.58 ha) in Periyar East Division, Thekkady was leased out to Kerala Tourism Development Corporation Limited (KTDC) for a period of 25 years from August 1971. On expiry of the lease period in August 1996, the Wild Life Preservation Officer, Thekkady requested KTDC to surrender the leasehold. KTDC did not hand over the leasehold and submitted formal application for renewal of leasehold. State Government forwarded, in March 1998, the application for renewal to GOI for approval. GOI rejected, in July 2001, the proposal for renewal of leasehold in view of the provisions of Wild Life Protection Act, 1972 and orders of the Hon'ble Supreme Court imposing complete embargo on dereservation of any national park/sanctuary. Government/department did not initiate any action to get the leasehold land surrendered. Instead, Government again took up the matter with GOI in November 2002 for getting approval for extension of the leasehold, against which further response of GOI is awaited. Thus, even though the request of KTDC was not admissible in view of specific provision in the Forest (Conservation) Act and was liable to be rejected, Government of Kerala opted to keep the case pending with repeated requests to GOI. This has resulted in unauthorised retention of 8.58 ha of forest land by KTDC.

Arrears of lease rent

Arrears of lease rent as on 31 March 2004, as reported by the Department in September 2005, was Rs 43.06 crore. Of these, arrears due from three[▼] PSUs were Rs 41.43 crore. The arrears of lease rent due as on 31 March 2003 and 31 March 2004 from four PSUs furnished by the Department were as follows:

(In crore of rupees)			
Sl. No.	Name of PSU	Arrears as on 31 March 2003	Arrears as on 31 March 2004
1.	Kerala Forest Development Corporation Limited (KFDC)	2.32	0.44
2.	Kerala State Electricity Board (KSEB)	13.46	20.99
3.	The Plantation Corporation of Kerala Limited (PCK)	40.80	20.00
4.	The State Farming Corporation of Kerala Limited (SFCK)	4.26	-
	Total	60.84	41.43

Government, in the Agricultural Department, had declared moratorium in January 2003 on the payment of lease rent by PCK till it repaid the loan taken by it from bank. The Department has been requested to state the reason for the arrears getting reduced from Rs 40.80 crore in March 2003 to Rs 20 crore in March 2004 when there was a moratorium on the payment of lease rent.

6.2.9. Other points

- **Forest offences**

Forest offence means an offence punishable under Forest Act which includes felling of trees, quarrying of stones, setting fire to forest area, etc. Any produce/vehicle involved is liable to seizure/confiscation and is disposable after the Department compounds the offence or a court of law disposes the offence. Perishable items could be disposed of after obtaining necessary orders of the court before final disposal of the court case.

As per the information furnished by RCCFs Kollam and Kozhikode, 12,936 forest offences were pending disposal in five circles as on 31 March 2004. The value of seizures pending disposal was Rs 7.85 crore in four of these circles as given below.

(In crore of rupees)			
Sl. No.	Name of Circle	No. of cases	Value of seizures
1.	Southern Circle, Kollam	505	0.81
2.	High Range Circle, Kottayam	6,574	5.01
3.	Eastern Circle, Palakkad	3,971	1.18
4.	Northern Circle, Kannur	994	0.85
5.	Central Circle, Thrissur	892	Not furnished
	Total	12,936	7.85

In addition, 352 vehicles involved in 438 offences were also pending disposal. The year wise/stage wise details of pendency were not furnished. Non disposal

[▼] Kerala State Electricity Board, The Plantation Corporation of Kerala Limited, Kerala Forest Development Corporation Limited.

of thondy articles (seizures) would lead to exposure to the vagaries of nature and result in deterioration.

The encroachers of forest land who felled trees in the encroached area were booked in Peechi Range during 1999. The RO seized 576 pieces of timber valued at Rs 23.04 lakh and the offences were charged in the court. CCF (WL) accorded sanction in December 1999 for the disposal of materials subject to obtaining court order. The RO sought permission from court for the disposal of the thondy articles only in February 2003 and the same was granted in March 2003. However, only 46 pieces valued at Rs 3.12 lakh were available for disposal. Thus, delay on the part of the RO to seek permission from the court resulted in deterioration of the thondy articles and consequent loss of Rs 19.92 lakh.

- ***Non fixation of liability in case of loss sustained by Government***

As per Kerala Forest Code, the Government could hold any Government servant responsible for any loss sustained by Government through fraud or negligence on his part and fix responsibility for the loss sustained.

Range Officer, Nagarumpara reported to the DFO, Kottayam in October 2002 that 1,750 marked trees in Kottayam division were missing. Though the value of missing timber was reported to be Rs 1.35 crore, the liability for the loss sustained by Government was not fixed even after two years.

- ***Receipts from Wild Life wing***

Revenue collection in the Wild Life wing during the review period was as follows.

(In crore of rupees)

Year	Amount
1999-2000	2.34
2000-2001	1.90
2001-2002	2.72
2002-2003	1.33
2003-2004	2.02

Major portion of the revenue of wild life divisions was from entry fees and boat charges. During 2002-03, Rs 78.10 lakh was collected as entry fee and boat charges. The rates were last fixed in October 1994. Though establishment charges of the personnel posted and operation charges of the boats have increased during the last 10 years, the rates have not been revised.

6.2.10. Internal audit

The internal audit wing (IAW) attached to the PCCF is headed by the Senior Finance Officer and is assisted by one junior superintendent and four clerks. Out of 139 ranges, the IAW inspected only 14 to 39 ranges per year during the years 1999-2000 to 2003-04. No divisions were audited during this period.

The year wise break up of the IRs/paras issued during the years 1999-2000 to 2003-04 were as follows.

Period	Opening balance		Addition during the year		Clearance		Closing balance		Percentage of clearance	
	No. of IRs	No. of paras	No. of IRs	No. of paras	No. of IRs	No. of paras	No. of IRs	No. of paras	No. of IRs	No. of paras
1999-00	147	475	36	227	-	-	183	702	-	-
2000-01	183	702	14	97	5	56	192	743	3	7
2001-02	192	743	34	124	17	354	209	513	8	41
2002-03	209	513	20	157	12	132	217	538	5	20
2003-04	217	538	39	231	13	210	243	559	5	27

The above table shows that the percentage of clearance of the IRs ranged between 'nil' and eight *per cent* and clearance of paras between 'nil' and 41 *per cent*. Increasing trend of outstanding objections indicated absence of a proper supportive environment for internal audit in the Forest Department. At the end of March 2004, 243 IRs with 559 paragraphs having a money value of Rs 1.61 crore were outstanding for remedial measures.

The department did not give any reason for the low clearance of audit observations but stated in May 2005 that audit of division offices was being taken up from 2005 onwards and audit plans were being drawn quarterly covering range offices and division offices where audit was pending for more than two years.

6.2.11. Recommendations

- The preparation of WPs may be closely monitored at forest headquarters. A check list of items to be incorporated in the WP may be prepared and circulated to the divisions for guidance and compliance. Similarly, programme may be chalked out that the divisions submit new WPs well in advance to PCCF so that approval of the same can be obtained from GOI before the expiry of the WP in hand. Headquarters office may watch the same through a calendar of returns.
- A time bound programme may be chalked out to extract timber from lands assigned to pre 1977 encroachers of forest land.
- Urgent action may be initiated to execute lease deeds for the lands leased out to KFDC and KSEB. It may be ensured that the lease rent is correctly and promptly demanded and collected.
- Government may consider revision of entry fee, boat charges, etc., to augment its resources.
- The IAW may be streamlined giving top priority for clearance of internal audit objections and conducting audit of all division/range offices in a span of five years.

During discussion, the department accepted all recommendations.

6.2.12. Acknowledgement

Audit findings as a result of review were reported to Department/Government in July 2005 with a specific request to attend the meeting of Audit Review

Committee on the topic so that the views of the department/Government were taken into account before finalising the review. The meeting was held on 1 August 2005 and attended by the Secretary, F&WL Department, Government of Kerala and Additional PCCF. The views expressed by the members have been taken into account while finalising the review.

6.3. Short demand of licence fees

As per the agreement between the Governments of Tamil Nadu and Kerala, Government of Tamil Nadu shall pay, in respect of all the lands made available to them by Government of Kerala for the Parambikulam-Aliyar Project, licence fees at the rate of land revenue prevailing in Kerala from time to time. The rates of land revenue from 1 April 1993 was Rs 50 per ha *per annum* and Rs 100 per ha *per annum* from 1 April 1998.

In Parambikulam Wild Life division, licence fee for the period 1 April 1992 to 31 March 2002 on 2,457.3466 ha of land leased out for the Parambikulam-Aliyar Project was remitted in May 2003. Audit noticed that fee for the period 1 April 1993 to 31 March 2002 was realised at the rate of Rs 24.70 per ha instead of Rs 50 per ha from 1 April 1993 to 31 March 1998 and at Rs 100 per ha from 1 April 1998. This resulted in short realisation of Rs 10.51 lakh towards licence fee for the period from 1 April 1993 to 31 March 2002. Similarly, the division had calculated licence fee for the period from 1 April 2002 to 30 September 2004 at the rate of Rs 24.70 per ha instead of Rs 100 per ha resulting in short demand of Rs 4.63 lakh.

After this was pointed out, the department stated in July 2005 that the Wild Life Warden, Parambikulam had raised additional demand for the balance amount. Further report has not been received (December 2005).

The matter was reported to Government in May 2005; their remarks have not been received (December 2005).

6.4. Short realisation of value of standing trees

As per the agreement executed in April 2000 by Government of Kerala and Hindustan Newsprint Limited (HNL), the value of standing trees in plantations transferred to HNL is to be paid as per valuation approved by Government. Apart from royalty on trees, the value also includes additional price and taxes in force from time to time.

In Munnar Division, value of Rs 1.03 crore was realised between 1994 and 2001 for the trees in 21 plantations transferred to HNL during that period. However, value of trees in 17 plantations was realised reckoning royalty only. This resulted in short realisation of Rs 14.91 lakh.

After this was pointed out in May 2005, the DFO, Munnar replied in September 2005 that a demand for Rs 14.91 lakh had been issued to HNL for remittance. Further report has not been received (December 2005).

The matter was reported to Government in May 2005; their reply has not been received (December 2005).

Thiruvananthapuram,
The

(ARVIND K. AWASTHI)
Principal Accountant General (Audit), Kerala

Countersigned

New Delhi,
The

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India