

CHAPTER VI : FOREST RECEIPTS

6.1 Results of Audit

Test check of records of forest receipts during 2004-05 revealed loss of revenue amounting to Rs.191.65 crore in 185 cases which can broadly be categorised as under:

(Rupees in crore)

S. No.	Category	Number of cases	Amount
1.	Loss due to non exploitation of bamboo/timber coupes	37	83.68
2.	Loss due to sale below upset price	18	7.53
3.	Loss due to deterioration/shortage of forest produce	43	13.48
4.	Loss of revenue due to remeasurement of timber	08	0.59
5.	Loss due to non accountal of forest produce	08	3.05
6.	Loss due to low yield of timber/bamboos against estimated yield	19	15.81
7.	Others	52	67.51
	Total	185	191.65

During the year 2004-05, the Department accepted loss of Rs.43.68 lakh involved in five cases of which four cases involving Rs.22.22 lakh had been pointed out in audit during 2004-05 and rest in earlier years.

A few illustrative cases involving Rs.4 crore are mentioned in this chapter.

6.2 Loss of revenue due to low yield of timber

As per departmental manual, the quantity of timber and fuel wood to be obtained from trees marked for felling are recorded in the marking register separately at the time of marking of coupes. The work of marking and felling of trees is to be done under the supervision of range officers and sub divisional officers. Further, departmental instructions dated January 1984 stipulate that variation not more than 10 percent should be allowed between estimated and actual yield of timber.

Test check of records of two forest divisions revealed that 5,16,796 trees were marked and felled in 16 coupes in which the actual yield during 2002-03 and 2003-04 was 19,621.47 cu. m. timber and 18,148 fuel stacks against the revised estimated yield of 26,874.358 cu.m. timber and 23,399 fuel stacks. The shortfall in actual production ranged between 26 and 30 per cent in case of timber and 16 to 33 per cent in case of fuel wood. Even after allowing permissible variation of 10 per cent, the actual production fell short by 4,565.453 cu. m timber and 2,911 fuel stacks involving loss of revenue of Rs.3.02 crore after adjustment of exploitation and transportation charges of Rs.49.79 lakh as detailed below:

Sl. No.	Division	Year	No. of coupes	No of trees		Yield		Shortfall	Loss of revenue in Rs.	Percentage
				Marked	Felled	Estimated Cu.m.	Actual Cu.m			
1.	DFO (Production) Khandwa	2002 to 2004	09	395558	395558	21461 ¹	15853	5608	1,75,35,030	26
						14694	12285	2409	5,11,985	16
2.	DFO (Production) Harda	2003 to 2004	07	121238	121238	5413.358	3768.470	1644.888	1,09,64,903	30
						8705	5863	2842	11,46,465	33
	Total	2002 to 2004	16	516796	516796	26874.358	19621.47	7252.888	2,84,99,933	27
						23399 Nos	18148 Nos.	5251 Nos.	16,58,450	22
								G.T.	3,01,58,383 or 3.02 crore	

After this was pointed out in audit, Divisional Forest Officer (DFO) (Production) Khandwa stated in March 2004 that estimated quantity has since been revised. The reply is not tenable as audit observation is based on revised estimates prepared by DFO (G), Khandwa in May and June 2004 long after the felling has taken place. DFO (P) Harda could not furnish the reasons for low production.

The matter was reported to the Principal Chief Conservator of Forests (PCCF) and the Government in November 2004 and March 2005; their reply had not been received (December 2005).

6.2.1 Undue benefit to a company due to irregular release of industrial bamboo

As per conditions for sale of industrial bamboo through auction, if bamboo is sold but not removed from the depot by the purchaser within six months from the date of sale order or any period extended by the Conservator of Forests (CF) in exceptional cases, then the left over material alongwith its sale value shall be forfeited to the

¹ Revised estimates

Government and re-auctioned. The original purchaser shall have no claim on such forfeited material. There is no provision in the auction conditions to review the orders for forfeiture of material or to extend the period for removal of material after its forfeiture.

Test check of records of DFO (P), Betul revealed (October 2002) that 7,121.973 sale unit (SU)² of industrial bamboo stored at Gawasen depot was sold in auction on 22 September 2001 to a mill. The sale order was issued on 3 November 2001. The entire quantity was therefore, required to be lifted by the mill from the depot by 2 May 2002. However, the mill could not lift 3,075.175 SU of bamboo valued at Rs.21.46 lakh within the stipulated period. DFO (P) Betul forfeited the unlifted material on 6 May 2002 in favour of Government in accordance with auction conditions, as no application for extension was received.

After forfeiture, instead of re-auctioning the bamboo, the DFO sent a proposal on 17 May 2002 to the CF recommending extension for two months without disclosing the fact that such bamboo had already been forfeited by him on 6 May 2002.

The CF accorded on 23 May 2002 extension for two months and the mill was, allowed to lift the balance quantity. Thus, undue benefit for Rs.21.46 lakh was allowed to the mill.

The Government stated in March 2005 that no order of extension was received from the senior officers up to 6 May 2002, therefore, forfeiture of the bamboo by the DFO was in order in view of the auction condition No. 14 (b).

The reply confirms the fact that irregular recommendation for extension by the DFO after 11 days from the date of order of forfeiture of bamboo resulted in irregular benefit to the mill.

6.2.2 Loss of revenue due to non observance of the provisions of the Agreement

As per clause 7 (ii) of the agreement (7 March 2003) between M/s Orient Paper Mill and C F Betul circle, Betul, bamboo sold but not removed by the purchaser within the contract period i.e. upto 31 October 2003 will be forfeited in favour of the Government who will be free to dispose of the bamboo, the way it feels appropriate.

Test check of the records of DFO (P) Betul revealed (January 2004) that 5,190.832 SU of industrial bamboo was sold to a mill through tender. The entire quantity was required to be lifted by 31 October 2003, of which only 1,927.868 SU of bamboo could be lifted within the stipulated period. The remaining quantity of 3,262.964 SU of bamboo valued at Rs.37.52 lakh was forfeited in November 2003 by the CF in favour of Government as per provisions of the agreement. The purchaser made an appeal in November 2003 with Addl. PCCF (Production) against the forfeiture requesting that payment was delayed due to financial crisis, bad roads, heavy rains and shortage of railway wagons and, hence, the period of transportation may be extended upto June 2004.

² Sale Unit is 2400 Running Meter

Although there was no provision in the agreement for granting extension of period of transportation, the period was extended by 120 days by the Addl. PCCF on the appeal of the purchaser. The decision of the Addl. PCCF resulted in loss of revenue of Rs.37.52 lakh.

6.3 Loss of revenue due to failure in system of disposal of forest produces

As per provisions of the Forest Manual, forest produce shall be disposed of in public auction after determination of upset price. In case the sale price obtained is not equal to upset price, sealed tenders shall be invited to dispose of the forest produce.

Test check of records of DFO North Narmada (Production), Khandwa revealed January 2005 that 408.527 cu.m timber and 69,685 poles kept in 128 lots were sold in auction at Rs.24.22 lakh as against the upset price of Rs.63.47 lakh which resulted in loss of revenue of Rs.39.25 lakh to the Government. The timber was put in auction two to five times but the sale price of these lots ranged between 50 and 88 *per cent* below the upset price during the period between November 2002 and February 2004. The Department made no efforts to dispose of the forest produce through sealed tenders.

The Government to whom the matter was reported stated (June 2005) that it was neither practical nor considered necessary to follow the system through tender. The reply is not tenable as the provisions of Forest Manual were not followed.