

CHAPTER - VII
FOREST RECEIPTS

7.1 Results of Audit

Test-check of records of forest receipts during 2003-2004 revealed loss of revenue amounting to Rs.168.65 crore in 161 cases which can broadly be categorised as under:

(Rupees in crore)

S. No.		Number of cases	Amount
1.	Loss due to non-exploitation of Bamboo/Timber coupes	30	90.44
2.	Loss due to sale below upset price	11	4.84
3.	Loss due to deterioration/shortage of forest produce	37	10.93
4.	Loss of revenue due to re-measurement of timber	03	0.58
5.	Loss due to non-accountal of forest produces	10	5.49
6.	Loss due to low yield timber/bamboos against estimated yield	12	11.41
7.	Others	58	44.96
	Total	161	168.65

The Department accepted loss of Rs.12 lakh involved in 18 cases during the year 2003-2004.

A few illustrative cases involving Rs.0.79 crore are discussed in the following paragraphs:

7.2 Loss of revenue due to non-observance of procedure in the disposal of forest produce

As per provisions of Forest Manual, forest produce shall be disposed off 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 off the forest produce.

Test-check of records in February 2004 of Divisional Forest Office (General), Guna, revealed that 40,465 *khair* trees kept in 230 lots were sold in auction in September 2002 at Rs.7.72 lakh as against the upset price of Rs.75.99 lakh which resulted in loss of revenue of Rs.68.27 lakh to the Government. The sale price of these lots ranged between 87 and 91 per cent below the upset price.

After this was pointed out in February 2004, Divisional Forest Officer (DFO) stated that forest produces were kept in auction five to thirty times between January 1999 and March 2002, but no bid was received therein, as the alternative *Gaimbeer* and synthetic *katha* were in circulation in market which affected the demand of *khair* trees. The reply was not acceptable as in the event of receipt of less value in the auction, efforts should have been made to dispose off the trees by inviting sealed tenders so that better price could have been fetched, which was not done.

The matter was reported to the Government in June 2004, which stated (August 2004) that the inviting of sealed tenders in respect of each lot is not practicable and accordingly the revision of forest manual is under consideration.

7.3 Non-working in bamboo coupes

Departmental instructions (October 1975) require that all bamboo coupes due for felling should be worked without exception. Prior sanction of the Conservator of Forests shall be obtained, if a coupe can not be worked due to compelling circumstances. These instructions were further reiterated in August 2000 by the Chief Conservator of Forest (Production) (CCF[P]) that felling cycle of bamboo coupes was four years. Non-working of bamboo coupes beyond four years has adverse effect on its crop/production.

Test-check of records of Divisional Forest Office (General), Burhanpur between April 2002 and August 2003 revealed that ten bamboo coupes involving area of 6122.900 hectare were due for working during 2001-2002 and 2002-2003 but were left un-worked.

After this was pointed out between April 2002 and August 2003, the Government stated in August 2004 that the period of working plan of the division expired in December 2000. Extension of the working plan for the period up to December 2005 was approved by the State Government in October 2000 and sent to the Central Government in October 2000 for their approval, which is awaited. These coupes were therefore, not worked. The reply is not tenable, as the Central Government in their directions of 1999 had stated that no future extension of the working plans would be granted to the existing working plans and revised working plans should be ensured. Thus, the proposal of extension of working plan was itself contrary to the *ibid* instructions. The State Government should devise the plans in such a way and within the prescribed time limit to ensure that no working season of bamboo areas is lost.

7.4 Irregular retention of commercial tax revenue

According to the provisions of Madhya Pradesh, Commercial Tax Act, 1994 every dealer is liable to pay tax due, failing which interest at the rate of two per cent per month shall be levied from the date of the tax so payable to the date of its payment or to the date of order of assessment whichever is earlier. With a view to avoid the liability of interest/penalty the Additional Principal Chief Conservator of Forest (Production) issued (January 2003) instructions that the amount of commercial tax collected during the month should be deposited in the commercial tax receipt head within 30 days of the following month.

Test check of records in January 2004 of Divisional Forest Office (General), Satna, revealed that commercial tax collected from sale of forest produce during the period from April 1999 to November 2003 amounting to Rs.21.18 lakh was not deposited, which resulted in unauthorised retention of revenue of commercial tax. Further, due to non-deposit of commercial tax the liability of interest up to March 2004 worked out to Rs.10.42 lakh.

After this was pointed out in audit, the DFO stated in January 2004 that the commercial tax due would be deposited after assessment of tax by the commercial tax department. The reply is not tenable as the revenue collected on account of commercial tax should have been remitted to the treasury within the prescribed period.

The matter was reported to the Government in March and May 2004; their reply had not been received (May 2005).

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