

CHAPTER – VI

REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

6.1.1 Total receipts of the Government of Mizoram for the year 2000-2001 were Rs.828.22 crore as against the anticipated receipts of Rs.738.83 crore. The position of revenue raised by the State Government and State's share of divisible Union Taxes and grants-in-aid received from Government of India during the year and preceding two years is given below:-

Table 6.1

Sl. No.	Particulars	1998-1999	1999-2000	2000-2001
		(Rupees in crore)		
	Revenue raised by the State Government			
I.	(a) Tax Revenue	9.20	10.73	14.43
	(b) Non-Tax Revenue	36.18	41.35	40.37
	Total : I	45.38	52.08	54.80
II.	Receipts from Government of India			
	(a) State's share of divisible Union taxes	316.98	325.04	87.45
	(b) Grants-in-aid	410.72	483.72	685.97
	Total : II	727.70	808.76	773.42
III.	Total receipts of the State Government – I + II	773.08	860.84	828.22

6.2 Tax revenue raised by the State

6.2.1 Receipts from tax revenue constituted 26 per cent of the State's own revenue receipts during the year 2000-2001. Details of tax revenue for the year 2000-2001 and the preceding two years are given below :-

Table 6.2

(Rupees in crore)

Sl. No.	Head of revenue	1998-1999	1999-2000	2000-2001		Percentage of increase (+) / decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 1999-2000	Budget estimate of 2000-2001
1.	State Excise	0.90	0.93	1.00	0.96	(+) 3	(-) 4
2.	Sales Tax	2.87	3.61	4.00	6.06	(+) 68	(+) 52
3.	Other Taxes on Income and Expenditure	2.14	2.38	2.15	3.32	(+) 39	(+) 54
4.	Taxes on Vehicles	1.53	1.83	1.60	2.02	(+) 10	(+) 26
5.	Land Revenue	1.04	1.26	1.25	1.16	(-) 8	(-) 7
6.	Taxes on Goods and Passengers	0.34	0.39	0.40	0.51	(+) 31	(+) 28
7.	Other Taxes and Duties on Commodities and Services	0.29	0.25	0.30	0.32	(+) 28	(+) 7
8.	Stamps and Registration Fee	0.09	0.08	0.12	0.07	(-) 13	(-) 42
9.	Taxes on duty on Electricity	---	---	---	0.01	---	---
Total:		9.20	10.73	10.82	14.43	(+) 34	(+) 33

6.2.2 The increase (68 per cent) during 2000-2001 under Sales Tax was due to imposition of Sales Tax on selected items from November 1999. The reasons for variations in receipts during 2000-2001 in respect of other heads over those in 1999-2000 as well as in actuals during 2000-2001 with reference to Budget estimates had not been furnished (December 2001).

6.3 Non-tax revenue of the State

6.3.1 Non-tax revenue constituted 74 per cent of State's own revenue receipts during 2000-2001. Miscellaneous General Services, Power, Other Industries, Road Transport, Water Supply and Sanitation, Forestry and Wild Life and Other Administrative Services were the principal sources of non-tax revenue of the State.

6.3.2 Details of non-tax revenue under the principal heads for the year 2000-2001 and preceding two years are given below:

Table 6.3

(Rupees in crore)

Sl. No.	Heads of revenue	1998-1999	1999-2000	2000-01		Percentage of increase(+)/decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 1999-2000	Budget estimate of 2000-2001
1.	Miscellaneous General Services	6.82	3.41	4.00	3.86	(+) 13	(-) 4
2.	Power	8.64	13.28	13.00	17.79	(+) 34	(+) 37
3.	Other Industries	1.69	3.48	---	0.06	(-) 98	---
4.	Forestry and Wild Life	1.09	3.99	3.60	1.86	(-) 53	(-) 48
5.	Public Works	1.24	0.32	1.00	0.89	(+) 178	(-) 11
6.	Road Transport	1.81	2.02	2.07	1.93	(-) 4	(-) 7
7.	Water Supply and Sanitation	1.67	2.33	2.00	2.87	(+) 23	(+) 44
8.	Supplies and Disposals	0.49	0.21	0.75	0.85	(+) 305	(+) 13
9.	Other Administrative Services	7.58	6.26	1.80	1.65	(-) 74	(-) 8
10.	Crop Husbandry	0.82	0.86	0.80	0.85	(-) 1	(+) 6
11.	Stationery and Printing	0.42	0.71	0.55	0.38	(-) 46	(-) 31
12.	Interest Receipts	0.61	0.83	0.55	3.12	(+) 276	(+) 467
13.	Animal Husbandry	0.47	0.43	0.50	0.30	(-) 30	(-) 40
14.	Education, Sports, Art and Culture	0.28	0.29	0.24	0.31	(+) 7	(+) 29
15.	Roads and Bridges	0.20	0.68	0.10	0.43	(-) 37	(+) 330
16.	Other Rural Development Programmes	---	0.03	0.03	0.03	---	---
17.	Village and Small Industries	0.12	0.05	0.60	0.08	(+) 60	(-) 87
18.	Others	2.23	2.17	1.05	3.11	(+) 43	(+) 196
Total :		36.18	41.35	32.64	40.37	(-) 2	(+) 24

6.3.3 The reasons for variations in receipts during 2000-2001 over those in 1999-2000, as revealed from the Finance Accounts 2000-2001 are given below:-

6.3.4 Increase (34 per cent) under Power was due to payment of arrear bills for energy charges by LAD.

6.3.4 The revenue under Other Industries comes from the Central Government as Transport Subsidy/Central Investment Subsidy according to claims received from the beneficiaries.

6.3.5 Decrease (53 per cent) under Forestry and Wild Life was due to high receipt in 1999-2000 on account of sale of Teak Logs under Teak Thinning Scheme.

6.3.6 Decrease (74 per cent) under Other Administrative Services was due to high receipt during 1999-2000 on reimbursement of election expenditure.

6.3.7 Decrease (46 per cent) under Stationery and Printing was due to high receipt during previous year on account of payment of arrear bills by some Departments.

6.3.8 Reasons for variation in respect of other heads had not been furnished by concerned Departments (December 2001).

6.4 Revenue realisation vis-a-vis budgeting forecast

6.4.1 The trend of actual revenue raised by the State Government compared to budget estimates during the five year's period ending March 2001 is as under:

Table 6.4

(Rupees in crore)

Year	Budget Estimates			Actuals			Increase (+)/decrease (-) (and percentage of variation) with reference to budget estimates		
	Tax Revenue	Non-Tax Revenue	Total	Tax Revenue	Non-Tax Revenue	Total	Tax Revenue	Non-Tax Revenue	Total
1996-1997	5.78	35.86	41.64	6.67	46.42	53.09	(+) 0.89 (15)	(+) 10.56 (29)	11.45 (27)
1997-1998	6.98	40.84	47.82	7.87	45.75	53.62	(+) 0.89 (13)	(+) 4.91 (12)	5.80 (12)
1998-1999	7.89	36.77	44.66	9.20	36.18	45.38	(+) 1.31 (17)	(-) 0.59 (-2)	0.72 (2)
1999-2000	8.65	33.61	42.26	10.73	41.35	52.08	(+) 2.08 (24)	(+) 7.74 (23)	9.82 (23)
2000-2001	10.82	32.64	43.46	14.43	40.37	54.80	(+) 3.61 (33)	(+) 7.73 (24)	11.34 (26)

6.4.2 The total revenue raised by the State Government during the period from 1996-97 to 2000-2001 was in excess over the estimated provision and the excesses were ranged between 12 per cent and 27 per cent except for the year 1998-99 (2 per cent). The tax revenue raised by the Government was in excess over the budget estimates and the excesses were ranged between 13 per cent and 33 per cent while in the case of non-tax revenue the excesses were varied between 12 per cent and 29 per cent except for the year 1998-99 (-2 per cent). This indicates that the revenue forecasting was not made in the budget on realistic basis.

6.5 Follow up on Audit Reports – Summarised position

6.5.1 With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 1999) instruction for submission *suo-motu* replies on all paragraphs and reviews featuring in the Audit Reports within 3 months. As regards Action Taken Notes (ATNs) on the recommendations of the PAC, the Committee specified the time frame for submission of ATNs within six months.

6.5.2 Review of follow up on submission of *suo-motu* replies and submission of ATNs as of 31 October 2001 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed as under:-

6.5.3 The departments of the State Government had not submitted *suo-motu* replies on 11 paragraphs featured in the Audit Reports for the years 1992-93 to 1999-2000 in respect of revenue receipts as detailed below:

Table 6.5

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of Paragraphs included in the Audit Report (excluding standard paragraphs)	Number of paragraphs on which <i>suo motu</i> replies are awaited
1992-1993	21.3.95	1	1
1993-1994	27.9.95	1	1
1994-1995	19.3.96	2	2
1995-1996	17.7.97	5	1
1998-1999	13.4.2000	3	3
1999-2000	17.10.2001	3	3
Total		15	11

6.5.4 The department failed to submit ATN of 1 paragraph pertaining to Revenue Receipts for the year 1987-88 (para 6.7) on which the recommendations were made by PAC in its 54th Report presented before the State Legislature in October 1993.

6.5.5 Thus, failure to comply with the instructions of the PAC by the respective Departments, the objectives of ensuring accountability of the executive remained unfulfilled.

6.6 Response of the departments to Draft Audit Paragraphs

6.6.1 The draft paragraphs are forwarded to the Secretaries of the concerned departments through demi official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact

of non-receipt of replies from the departments are invariably indicated at the end of each such paragraph included in the Audit Report.

6.6.2 7 Draft paragraphs and 1 Review pertaining to Revenue Receipts, proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2001, Government of Mizoram were forwarded to the Secretaries of the respective departments during May-July 2001 through demi official letters.

6.6.3 The Secretaries of the departments did not send replies to 6 Draft paras in compliance to the request of Audit. As such these Paragraphs have been included in this Report without the response of the departments.

SECTION 'A' - REVIEW

FINANCE DEPARTMENT

6.7 Recovery of dues treated as arrears of land revenue

Highlights:

The review highlights a very poor rate of recovery of Government dues and absence of any monitoring system to watch the performance of the recovery officers.

Out of the total Government dues of Rs.258.29 lakh involved in 3422 cases referred by different departments between 1997-1998 to 2000-2001 only Rs.8.52 lakh in 290 cases was recovered. The progress of recovery constitutes only 3.30 per cent of the total recoverable dues.

(Paragraph 6.7.12)

61 cases of Government dues involving Rs.61.44 lakh referred by Forest Department were not on record of the Certificate Officer, Aizawl.

(Paragraph 6.7.13)

There was no internal control to monitor the progress of recovery of the Government dues. Government dues of Rs.1277.45 lakh in 5,693 cases pertaining to 4 major Departments were locked up for a period ranging between 1 and 29 years due to inherent system defect.

(Paragraph 6.7.20)

Introduction

6.7.1 The Departments of Government are primarily responsible for recovery of dues pertaining to the respective departments. However, if the Government dues cannot be recovered by any means available with the department, such arrears are certified for recovery as arrears of land revenue and referred to the Collectors of the District concerned or to the Officer who has been delegated such powers for initiating recovery proceedings by adopting anyone or more of the following processes under the Bengal Public Demands Recovery Act, 1913 (as adopted in Mizoram) :

6.7.2 By service of a notice of demand and copy of the certificate on the defaulter;

6.7.3 By attachment and sale of any movable property;

6.7.4 By attachment of any decree; and

6.7.5 By arresting the Certificate Debtor and detaining him in the civil prison.

6.7.6 According to the provision of the Act, when a sum recoverable as an arrear of land revenue is payable to the Collector by a defaulter who is having property in a District other than that in which the arrear is accrued, the Collector may send a certificate in the prescribed form to the Collector of the District where the property of the defaulter is situated, to recover the amount.

Organisational set-up

6.7.7 The Collector of a district is responsible for the collection of land revenue and other dues of the Government recoverable as arrears of land revenue. In pursuance of Section 3(3) of Bengal Public Demand Recovery Act, 1913, the Collector may appoint any other Officer to function as Certificate Officer/ Bakijai Officer for realisation of Government dues treated as arrears of land revenue. The Sub-Divisional Officers (Sadar) were appointed as Certificate Officers in the District of Aizawl and Kolasib. In Lunglei District, a Judicial Officer and First Class Magistrate, Sub-District Council Court, Lunglei were appointed as Bakijai Officer.

Scope of audit

6.7.8 A review of the cases involving arrears of Government dues recoverable and referred by various departments to the Collectors was conducted to see whether (i) these cases had been processed and disposed off promptly under the provisions of the Bengal Public Demand Recovery Act, 1913, (ii) the relevant records and Registers had been maintained properly, and (iii) there was a proper system of accounting of receipts and monitoring the progress of recovery of such arrears. For this purpose the records of Kolasib, Lunglei and Aizawl Collectorates (out of eight) for the period from 1995-1996 to 2000-2001 were test-checked between April and May 2001.

Arrears pending with Collectors/Certificate Officers

6.7.9 A study of the records of three District Collectorates revealed that a large number of cases received from various departments for recovery as arrears of land revenue involving Rs.251.55 lakh relating to the period from 1995-1996 to 2000-2001 were pending recovery as on 31 March 2001 as detailed below:

Table 6.6

Sl. No.	Name of District	Cases pending with Collectors as on 31 March 2001	
		No. of cases pending	Amount of arrears pending for recovery (Rupees in lakh)
1.	Aizawl	2662	210.13
2.	Kolasib	40	13.05
3.	Lunglei	441	28.37
	TOTAL	3143	251.55

Position of arrears

6.7.10 During the course of review, it was noticed (April 2001) that the progress of recovery in the three Collectorates was very poor. Out of total dues of Rs.258.29 lakh recoverable in 3,422 cases received during the period between 1997-1998 and 2000-2001, only a sum of Rs.6.74 lakh was recovered in 279 cases till March 2001 as detailed below:

Table 6.7

Sl. No.	Name of district	Year	Opening Balance		Cases received during the year		Cases disposed of during the year		Cumulative balance at the end of the year	
			No. of cases	Amount (Rs. in lakh)	No. of cases	Amount (Rs. in lakh)	No. of cases	Amount (Rs. in lakh)	No. of cases	Amount (Rs. in lakh)
1.	Aizawl	1995-98	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
		1998-99	NIL	NIL	212	50.20	NIL	NIL	212	50.20
		1999-2000	212	50.20	1,556	25.47	NIL	NIL	1,768	75.67
		2000-2001	1,768	75.67	900	138.73	6	4.27	2,662 (A)	210.13 (A)
2.	Kolasib	1995-97	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
		1997-98	NIL	NIL	1	0.11	NIL	NIL	1	0.11
		1998-2000	1	0.11	NIL	NIL	NIL	NIL	1	0.11
		2000-2001	1	0.11	39	12.94	NIL	NIL	40 (B)	13.05 (B)
3.	Lunglei	1995-98	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
		1998-99	NIL	NIL	27	4.76	3	0.22	24	4.54
		1999-2000	24	4.54	301	2.51	270	2.25	55	4.80
		2000-2001	55	4.80	386	23.57	NIL	NIL	441 (C)	28.37 (C)
TOTAL					3,422	258.29	279	6.74	3,143 (A+B+C)	251.55 (A+B+C)

6.7.11 As on 31 March 2001 the progress of recovery was 2.61 per cent only with reference to total recoverable dues.

6.7.12 On this being pointed out (May 2001) in audit, the Certificate Officer, Kolasib stated (June 2001) that Rs.1.78 lakh in 11 cases was recovered and the balance cases were under trial (June 2001). In other districts, no action excepting issue of demand notices for payment of balance dues had been taken by the Certificate Officers concerned for realisation of dues by way of attachment of movable property of the defaulters. Thus, out of total dues of Rs.258.29 lakh involved in 3,422 cases, only Rs.8.52 lakh in 290 cases was

recovered (June 2001) and the progress of recovery constituted 3.30 *per cent* of the total recoverable dues.

Cases not on record of the Certificate Officer, Aizawl

6.7.13 Cross verification of the records of the Principal Chief Conservator of Forest (PCCF), Aizawl (May 2001) with that maintained by the Certificate Officer, Aizawl, revealed that in 61 cases of Government dues amounting to Rs.61.44 lakh pertaining to the period from 1982 to 1996 which were referred between August 1982 and August 1999 to the Certificate Officer, Aizawl showed that no case records existed with the latter. No pursuance was also made by the PCCF, Mizoram with the Certificate Officer, Aizawl regarding the outcome of the cases of recoveries. This showed total lack of co-ordination between the Charge Officer* and the Certificate Officer resulting in Government dues amounting to Rs.61.44 lakh still remaining unrecovered till the date of audit (May 2001).

Internal controls

Periodical returns

6.7.14 Periodical reports and returns are instruments to monitor the progress of recovery of Government revenue and to allow for Prompt action to be taken in the recovery of arrears.

6.7.15 During the course of review, it was, however, noticed that periodical returns in respect of Government dues recoverable as arrears of land revenue indicating the number of cases received from various departments, cases disposed of and pending, amount of arrears recoverable, amount recovered and balances *etc.*, were neither sent by the Certificate Officers to the higher authorities/ Government nor were such returns being called for by the Government from the Certificate Officers.

6.7.16 In reply (April 2001) it was stated that no such internal control procedures were prescribed by the Government.

Records and registers

6.7.17 As per Rule 79 (Schedule II of the Act *ibid*), every Certificate Officer shall cause to be kept in his office a Register of Certificates filed in his office and shall cause particulars of all such certificates to be entered in such Register which shall be kept open during office hours for not less than 2 hours daily and at such time as may be fixed by the Collector/Certificate Officer for inspection by any person who desires to inspect the same.

* *Principal Chief Conservator of Forests.*

6.7.18 During course of review it was noticed that though in Aizawl and Kolasib, the registers were being maintained, no such Register was maintained in Lunglei. In the absence of this register the number of cases registered could not be verified in audit nor could persons verify the entries in the Register.

Non-prescription of time limit for initiating recovery proceedings

6.7.19 Section 3 (6) of the Bengal Public Demands Recovery Act, 1913 as applicable in Mizoram, read with Schedule I thereunder and Section 4 *ibid* stipulate that any public demand which means any arrear of revenue remaining outstanding for realisation should be forwarded to the Certificate Officer for the purpose of processing the cases for recovery of dues. However, no time limit for initiating recovery proceedings in case of default in payment of the dues has been laid down in the Act. Due to this inherent defect, a huge amount of Government dues had not been recovered for years.

6.7.20 During the course of review, it was noticed (May 2001) that dues amounting to Rs.1,277.45 lakh involving 5,693 cases in respect of four major Government Departments, are awaiting recovery as on 31 March 2001, as shown below:-

Table 6.8

Sl No.	Name of the Department	Period	No. of cases	Amount recoverable as on 31 March 2001 (Rs. in lakh)
1.	Director of Industries, Aizawl	1972 - 1973 to 1989 – 1990	785	235.70
2.	Director, Local Administration Department, Aizawl	Upto 1994-1995	750	5.65
		1995-1996 to 2000-2001	951	7.89
3.	District Local Administration Officer, Lunglei	1972 – 1973 to 1989-1990	1,929	344.55
		1990 – 1991 to 1994-1995	691	355.56
		1995-1996 to 2000-2001	474	308.18
4.	Registrar of Co-operative Societies, Aizawl	Upto 1994 - 1995	113	19.92
	Total		5,693	1,277.45

6.7.21 None of the above Government departments had taken any action to initiate recovery proceedings nor the cases forwarded to the Certificate Officers *i.e.* Bakijai Officers for effecting early recovery of the dues till the date of audit (May 2001).

Recommendations

6.7.22 The Government may consider establishing an internal monitoring system of monthly reporting to watch the performance of the Certificate/Bakijai Officers. The Government may like to set a time limit for recovery of dues by the Certificate/Bakijai Officers and order that all

Government Departments take prompt action to send cases for recovery of arrear of Government dues as land revenue promptly and after review of the case by the controlling officer of the department.

6.7.23 On the foregoing points being reported (May 2000, May and September 2001) by audit, the Government while accepting the recommendations of audit stated (November 2001) that the latest position of cases pending for recovery were being examined. Based on audit recommendations, it was further stated in this regard that a new Act, *viz.*, the Mizoram Public Demand Recovery Act, 2001 was passed recently by the Mizoram Legislative Assembly and Rules under this Act were being notified soon for rectifying the present shortcomings in the recovery process. Further report on the progress of action taken to recover the dues was awaited (January 2002).

SECTION 'B' - PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

6.8 Non payment of royalty

Unauthorised removal of forest produce led to non-payment of royalty of Rs.56.98 lakh.

6.8.1 Under Section 7 of the Mizoram Forest Act, 1955 as amended from time to time, no forest produce shall be extracted and removed from forest area unless a valid permit is granted by the prescribed authority on realisation of full royalty in advance.

6.8.2 A test check of records of the Kolasib Forest Division revealed (June 2000) the following points :-

6.8.3 A private individual was permitted (July 1993) to fell and remove teak trees from his own plantation area in Notachera. The permit holder, however, felled and removed 820 teak trees (26 years old) from the departmental plantation area of Notachera during July - December 1993 for which no permit was obtained from the Forest Department nor was any royalty paid thereon. This resulted in unauthorised removal of teak trees involving non-payment of royalty of Rs.41 lakh.

6.8.4 Similarly, 195.972 cum of timber was extracted from the forest areas of Saibum by two contractors of North Eastern Electric Power Corporation (NEEPCO) during September 1999 without obtaining any permit from the Forest Department as well as without paying royalty thereof. This further resulted in unauthorised extraction and removal of forest produce involving non-payment of royalty of Rs.15.98 lakh.

6.8.5 On these being pointed out (July 2000) in audit, the Divisional Forest Officer stated (September 2000) that in the case of former, the matter was referred (August 2000) to the higher authority for necessary action while in the case of the latter, the NEEPCO was reminded (August 2000) for making payment of royalty. Reports on the progress of recovery of dues of Rs.56.98 lakh have not been received (November 2001).

6.8.6 The cases were reported to the Government in July 2000, February and May 2001; their reply has not been received (December 2001).

6.9 Loss of revenue

Failure of the department to keep seized and confiscated timber in safe custody led to loss of revenue of Rs.4.95 lakh in the form of floor price.

6.9.1 Under the Mizoram (Forest) Act, 1955, seized/confiscated forest produce shall be kept in safe custody immediately after its seizure for quick disposal where the species are prone to speedy/natural decay.

6.9.2 Test check of records of the Kolasib Forest Division revealed (June 2000) that the forest authorities seized 1908 logs of mixed species measuring 3637.46 cft and confiscated them to Government during 1999. The aforesaid logs were neither preserved in a safe place nor was any action initiated for disposal of the same. Consequently, these logs lost their value due to exposure to the vagaries of weather resulting in loss of Rs.4.95 lakh in the shape of floor price*.

6.9.3 This was pointed out to the Department in July 2000 and February 2001, and the Divisional Forest Officer stated (September 2000) that these logs could not be sold as the same lost its value to a great extent due to prolonged exposure to rain and sun. However, the Department did not furnish any reason as to why the logs were not brought to safe custody.

6.9.4 The case was reported to the Government in July 2000, February and June 2001; their reply has not been received (December 2001) despite reminders.

6.10 Short realisation of revenue

Realisation of royalty and monopoly fee of Rs.1.59 lakh against Rs.6.04 lakh led to short realisation of revenue of Rs.4.45 lakh.

6.10.1 The Government of Mizoram notified (August 1994) that royalty on stone/boulder and sand was to be realised at Rs.5.50 and Rs.3.00 per cubic metre (cum) respectively with effect from 1 September 1994. Further, 100 per cent monopoly fee on royalty was to be realised in all cases where permits were issued for removal of forest produce.

6.10.2 In Mamit Forest Division it was noticed in audit (June 2000) that based on permission of the Forest Department, the Border Road Task Force (BRTF) extracted 54,825 cum of stones/boulders and 190 cum of sand during the

* Floor Price : Royalty plus Operation Cost.

period from April 1997 to March 1999. Accordingly, the Divisional Forest Officer (DFO) preferred claim (February and July 1999) in three bills for payment of royalty and monopoly fee of Rs.6.04 lakh against which the DFO realised (March 2000) Rs.1.59 lakh only in full and final settlement of the aforesaid bills. This resulted in short realisation of revenue of Rs.4.45 lakh.

6.10.3 On this being pointed out (July 2000) by audit, the DFO stated (August 2000) that due to typographical mistake bills for Rs.6.04 lakh was raised against Rs.1.59 lakh which was due to be realised (March 2000) and thus there was no unrealised revenue. The reply was not tenable as the reports furnished (January and July 1999) to the Division by the BRTF clearly indicated extraction of 54,825 cum of stones/boulders and 190 cum of sand during April 1997 to March 1999. Thus, the balance amount of royalty and monopoly fee of Rs.4.45 lakh stands recoverable.

6.10.4 The case was reported (July 2000 and January 2001) to the Government; their reply has not been received (December 2001).

6.11 Short levy of royalty and monopoly fee

Incorrect application of rate led to short levy of royalty and monopoly fee of Rs.4.04 lakh.

6.11.1 The Government of Mizoram (Environment and Forest Department) notified (December 1998) that the royalty for local sale of A-II class sawn timber should be charged at Rs.4,942 per cubic metre (cum) with effect from 2 December 1998. Besides, monopoly fee at 100 *per cent* on royalty value of all forest produce should also be levied in terms of the Department's standing Circular (July 1989).

6.11.2 In Thenzawl Forest Division, it was noticed in audit (December 1999) that the various agencies of Kau Hydel Project extracted 45.714 cum of A-II class sawn timber from forest areas of the aforesaid Division for which the Divisional Officer levied (April 1999) royalty and monopoly fee of Rs.0.48 lakh at pre-revised rate of royalty of Rs.526 per cum plus 100 *per cent*, monopoly fee thereon against Rs.4.52 lakh calculated on the revised rate of royalty of Rs.4,942 per cum plus 100 *per cent* monopoly fee. This incorrect application of rate resulted in short levy of royalty and monopoly fee of Rs.4.04 lakh.

6.11.3 The case was reported (January 2000 and March 2001) to the Government/Department; their reply has not been received (December 2001).

6.12 Loss of revenue

Non-inclusion of clause regarding the quantity of bamboos to be extracted during operation period of *Mahal* in the tender notice/ agreement led to revenue loss of Rs.3.72 lakh.

6.12.1 In Mizoram, bamboo *Mahals* are settled annually through notice inviting tender every year, but no clause regarding the quantity of bamboos to be extracted during the working period of the *Mahal* is included either in the tender notice or in the agreement.

6.12.2 In Darlawn Forest Division, it was noticed in audit (February 1999) that Tuivawl - Tuivai - Tuiruang bamboo *Mahal* for two working periods from October 1994 to May 1995 and from October 1995 to May 1996 was settled (September 1994 and September 1995) through tenders and agreements were entered into accordingly with two contractors at their highest bid value totalling Rs.2.58 lakh without including any clause either in the tender notices or in the agreements regarding the quantity of bamboos to be extracted during the aforesaid working periods of the *Mahal*. As a result, these contractors extracted 28 lakh bamboos, the royalty and monopoly fee of which was Rs.4.48 lakh. Thus, in absence of any clause in the tender notices or in the agreements, the value of bamboos so extracted by these contractors was more than the bid value paid. This resulted in loss of revenue of Rs.1.90 lakh.

6.12.3 Similarly, it was also noticed in audit (May 1999) of Kawrthah Forest Division that Teirei, Sakeilui and Tlawngte bamboo *Mahals* were settled between September 1995 and January 1998 through tenders/agreements with two contractors for different working periods between October 1995 and July 1998 at their highest bid value totalling Rs.6.11 lakh against which the contractors extracted 49.58 lakh bamboos, the royalty and monopoly fee of which was Rs.7.93 lakh. Thus, the value of bamboos so extracted by these contractors was more than the bid value paid. This resulted in loss of revenue of Rs.1.82 lakh.

6.12.4 On these being pointed out in audit (April and July 1999), the Principal Chief Conservator of Forests (PCCF) in the former case stated (July 2001) that there was no loss as the *Mahal* was settled through tender process and the bid was approved by the competent authority. The reply was not tenable as the PCCF failed to explain the reason as to why no clause was included in the tender notice/agreement regarding the quantity of bamboos to be extracted during the working period of *Mahal*. The Divisional Forest Officer in the latter case while admitting the fact stated (June 2000) that such lapses would not be repeated in future.

6.12.5 The total loss of revenue of Rs.3.72 lakh in both the cases was rendered possible due to lacunae in the system of settlement of *Mahal* without including a clause in the tender notice/agreement regarding the quantity of bamboos to be extracted during the working period of the aforesaid *Mahals*.

6.12.6 These cases were reported (April, July 1999 and February 2001) to the Government; their reply has not been received (December 2001).

6.13 Non-realisation of administrative charges

Irregular issue of permits to 34 private individuals for felling of 11,277 Teak trees from their private plantation without realising administrative charges of Rs.1.13 lakh.

6.13.1 The Government of Mizoram instructed (September 1996) that only after recovery of administrative charges at the rate of Rs.10 per tree, permit should be issued to a private individual for felling of those trees from his private plantation of Teak as marked by the Forest Authority after spot verification. In case of violation of any of the conditions under which permit was granted, the Divisional Forest Officer (DFO) may cancel such permission.

6.13.2 In Kolasib Forest Division, it was noticed (June 2000) in audit that 34 permits having validity of 2 months each, were issued between November 1998 and March 2000 to 34 private individuals for felling of 11,277 Teak trees from their private plantations during the aforesaid period without realising administrative charges of Rs.1.13 lakh.

6.13.3 On this being pointed out in audit (July 2000) the DFO stated (September 2000) that the permit holders did not fell trees from their plantations as such administrative charges were not realised. The reply was not tenable as the administrative charges were realisable before grant of permit for felling of trees. The non-realisation of administrative charges led to a revenue loss of Rs.1.13 lakh to the Government.

6.13.4 The matter was reported (July 2000 and February and June 2001) to the Government; their reply has not been received (December 2001).

6.14 Non-realisation of forest royalty

Non-realisation of forest royalty of Rs.5.26 lakh by Public Works Divisions from the contractors' bills despite Government's instructions

6.14.1 The Government of Mizoram, Environment and Forest Department instructed (September 1997) all Heads of Department of the State that contractors should pay royalty for utilisation of forest resources and that full payment should not be made to contractors unless Forest Royalty Clearance Certificates (FRCC) from the concerned Divisional Forest Officers (DFO) are furnished by the contractors. As per Government notifications (August 1994 and December 1998), the rates of royalty for sand, stone and plank were Rs.3 per cum, Rs.5.50 per cum and Rs.529 per cum respectively. For timber, in addition to royalty, cent *per cent* monopoly fee (MF) was also leviable thereon in terms of Principal Chief Conservator of Forests, (PCCF) Mizoram circular of July 1989.

6.14.2 Test check of the records of the Khazawl, Aizawl Road North and Saitual Divisions of the Public Works Department (PWD) revealed (November – December 2000) that inspite of Departmental instructions having been issued from time to time, these Divisions failed to deduct the royalty payments at the time of release of payments to the contractors. As a result, for procurement and supply of 4,763.16 cum of sand, 57,339.82 cum of stones and 185.659 cum of planks through different contractors between December 1996 and March 2000, the Divisions released full payments to the contractors without obtaining the FRCCs from them. The reasons for this action, in contravention of Government's orders, were neither available on record nor stated (May 2001). This resulted in loss of revenue of Rs.5.26 lakh* to the Government.

6.14.3 On this being pointed out in audit (January and February 2001), the Secretary, PWD stated (November 2001) that the system of production of

* Amount recoverable-

Khazawl PWD :	Sand 1476.66 cum @ Rs.3 per cum	Rs.4,430
	Stone/boulder/size stone 26,067.25 cum @ Rs.5.50 per cum	Rs.1,43,370
	Scant/plank 93.905 cum @Rs.1058 per cum	
	(including 100% MF)	Rs.99,351
		Rs.2,47,151
Aizawl PWD North :	Sand 2949.01 cum @ Rs.3 per cum	Rs.8,847
	Stone/boulder/size stone 21,510.24 cum @Rs.5.50 per cum	Rs.1,18,306
	Scant/plank 59.521 cum @ Rs.1058 per cum	
	(including 100% MF)	Rs.62,973
		Rs.1,90,126
Saitual PWD :	Sand 337.49 cum @ Rs.3 per cum	Rs.1,012
	Stone/boulder/size stone 9762.33 cum @ Rs5.50 per cum	Rs.53,693
	Scant/plank 32.233 cum @ Rs.1058 per cum	Rs.34,103
		Rs.88,808
	Grand Total :	Rs.5,26,085

FRCC had been stopped following decision of the Government taken in August 1988. The Secretary, PWD opined that it was not appropriate on their part to insist production of FRCC from the PWD contractors. The reply is not tenable as the Environment and Forest Department of the Government decided (September 1997) that full payment to the contractors should not be released unless contractors furnished FRCC and this decision was also communicated to all the Commissioners/Secretaries to the Government Departments in September 1997 against which no objection was raised by the PWD till 15 November 2001. It was only after receipt of the audit observations that the matter was taken up (16 November 2001) with the PCCF Mizoram by the Engineer-in-Chief, PWD, Mizoram. The fact, however, remains that the actual realisation of forest royalty remained unverified as of December 2001.