

CHAPTER-6 : FOREST RECEIPTS

6.1 Results of Audit

Test check of records maintained in various Forest Divisions conducted during the year 2001-2002 revealed non/short levy of interest, loss of revenue, etc. of Rs.31.44 crore in 6352 cases which may broadly be categorised as under:

(Rupees in crore)

Sl. No.	Category	No. of cases	Amount
1	Non-realisation of royalty	123	14.44
2	Other irregularities	4015	11.59
3	Loss of revenue due to short delivery/ shortage of forest produce	592	3.88
4	Non/short levy of interest on belated payment of royalty	1618	1.17
5	Non-realisation of compensation	4	0.36
Total		6352	31.44

During the course of the year 2001-2002, the department accepted under-assessment etc. of Rs.8.18 crore in 121 cases which had been pointed out in audit in earlier years. Of these, the department recovered only Rs.54.94 lakh in 8 cases.

A few illustrative cases highlighting important audit observations involving Rs.1.99 crore are mentioned in the following paragraphs.

6.2 Non-levy of interest on belated payment of royalty

Under the Orissa Forest Contract Rules, 1966, if a contractor fails to pay any instalment of consideration money for sale of forest coupe(s) by due date, he is liable to pay interest at the rate of 6.25 *per cent* per annum on the instalment of default. These provisions are also applicable to the Orissa Forest Development Corporation, which acts as a contractor.

During test check of records of 20 forest divisions⁴³ (between February 2001 and January 2002) it was noticed that the Corporation had defaulted in payment of royalty in case of 1352 divisional lots with the delay ranging from 6 to 84 months beyond the due date for payment. But the Divisional Forest Officers (DFOs) did not levy the interest of Rs.98.89 lakh on belated payment of royalty.

On this being pointed out in audit (between February 2001 and January 2002), 18 DFOs⁴⁴ raised demand of Rs.94.52 lakh (between April 2001 and July 2002). The position of recovery and action taken in other cases is awaited.

The above matter was referred to Government (February 2002). No reply was received from Government (November 2002).

6.3 Blockage of revenue due to non-disposal of timber seized in undetected (UD) forest offence cases

Government of Orissa, Forest and Environment Department in their order of July, 1989 instructed for early disposal of timber seized in undetected (UD) forest offence cases, either by prompt delivery to the Orissa Forest Development Corporation or by public auction in order to avoid loss of revenue due to deterioration in quality and value of such goods by virtue of prolonged storage.

Test check of records of 28 Forest Divisions⁴⁵ (between February 2001 and January 2002) revealed that 39300.02 cft. of timber and 700 poles salvaged in 2356 undetected (UD) offence cases registered between 1994-95 and 2000-2001 were lying undisposed of till the date of audit resulting in blockage of revenue of Rs. 78.72 lakh.

43 Athagarh, Angul, Athamallik, Bolangir, Baliguda, Baripada, Kalahandi, Bamra, Boudh, Bonai, Dhenkanal, Ghumusar(s), Jeypore, Karanjia, Keonjhar, Nayagarh, Paralakhemundi, Rairakhol, Rayagada and Khariar.

44 Athamalik, Angul, Athagarh, Bolangir, Baliguda, Baripada, Bamra, Bonai, Boudh, Dhenkanal, Jeypore, Kalahandi, Karanjia, Keonjhar, Nayagarh, Paralakhemundi, Rairakhol and Rayagada.

45 Athamalik, Athagarh, Angul, Bonai, Badrama Wild Life, Baliguda, Bamra, Baripada, Boudh, Bolangir, Chandaka Wild Life, Ghumusar (North), Ghumusar (South), Jeypore, Kalahandi, Keonjhar, Khariar, Mahanadi Wild Life, Nayagarh, Puri, Paralakhemundi, Phulbani, Rairakhol, Rayagada, Satkosia Wild Life, Sambalpur, Sundargarh and Sunabeda Wild Life Divisions.

On this being pointed out (between February 2001 and January 2002), the Divisional Forest Officers stated in reply (between February 2001 and July 2002) that 15063.05 cft of timber involving an amount of Rs.31.81 lakh in 687 cases has been delivered to OFDC Ltd. and Rs.1.97 lakh was realised through auction sale of 791.66 cft in 61 cases. The action taken in respect of the balance quantity of the timber has not been received.

The above matter was referred to Government (April 2002). No reply was received from Government (November 2002).

6.4 Loss of revenue due to failure to initiate certificate cases for recovery

In accordance with the provisions of Orissa Forest Act, 1972 all dues other than fines can be recovered as if it were an arrear of public demand. As per the instructions of the Government (August 1972) all arrears of forest revenue can be realised from the forest contractors within thirty years through institution of certificate proceedings as per the provisions of Orissa Public Demand Recovery Act, 1972.

Test check of records of ten forest divisions⁴⁶ (between September 2000 to March 2002) revealed that Rs.14.07 lakh was outstanding against Forest Contractors in 195 cases relating to the period up to 1970-71. No certificate proceedings were instituted within the time limit of 30 years to recover outstanding dues which eventually became time barred and resulted in loss of revenue.

On this being pointed out in audit (between September 2000 and March 2002), it was stated by six DFOs⁴⁷ that they have submitted write off proposals. The other four DFOs stated that write off proposal would be submitted.

The matter was referred to Government (June 2002). No reply was received from Government (November 2002).

6.5 Loss of revenue due to non-disposal of minor forest produce

Government of Orissa, Forest and Environment Department in their order of December 1997 granted lease of certain items of Minor Forest Produce (MFP) of all forest divisions of the State in favour of the Tribal Development Co-operative Corporation Limited (TDCC Ltd.) for the year 1997-98 subject to the conditions that TDCC Ltd. should pay 50 *per cent* of the provisional royalty of the year

46 Athagarh, Bolangir, Boudh, Bamra, Ghumsur (N), Kalahandi, Phulbani, Rayagada, Sambalpur and Sundargarh.

47 Bamra, Kalahandi, Phulbani, Rayagada, Sambalpur and Sundargarh.

1997-98 during March 1998 and balance at the end of working season. No minor forest produce should be surrendered during the working season.

Test check of records of Divisional forest division (T), Nabarangapur (January 2001) revealed that the TDCC Ltd. was required to pay provisional royalty of Rs.7.01 lakh for the lease of 13 MFP items before the commencement of working season for the year 1997-98. But the Corporation surrendered 6 items and deposited 50 *per cent* provisional royalty of Rs.2.45 lakh for remaining 7 items. The DFO, Nabarangpur neither issued any work order to the Corporation for 7 items nor conducted auction to dispose of all the 13 MFP items with the result the entire work could not be operated which led to loss of revenue in shape of royalty of Rs.7.01 lakh.

The matter was referred to Government (April 2002). In reply, the department stated that DFO, Nabarangpur is responsible for the loss and he would be asked to explain for non-implementation of Government orders.