



**CHAPTER – VI
CONCLUSION AND
RECOMMENDATIONS**





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6.1 Conclusion

The 'NWPC' as well as the 'Assam Forest Policy 2004' provide for achieving judicious use of natural resources to maximise economic return from the available potential. This can be achieved through sustained exploitation of forest produce and tapping the potential of unexplored avenues at its optimal level. Audit scrutiny revealed that though the GOA/E&F Department had taken a number of steps towards the above goals, there are a number of issues which if considered by them could help in ensuring better management and control on forest produce as well as augment the receipts of the Department to large extent.

Re-designing the existing WPs/preparing the WPs in the lines of NWPC to commence silvicultural operations of timber would ensure flow of legal timber in the market which would contain illegal felling while generating much needed revenue for the State exchequer. Despite orders of the GOA to fix the market rate/average price of previous sales as the base price while selling timber on auction, the Divisions fixed royalty rates as base price while in some cases timber lots were sold even below the royalty rates which deprived the State exchequer of additional revenue. Fixation of base price by linking it with the prevalent market rates of timber would ensure optimisation of revenue from sale of timber on auction. Due to the absence of a State-wise database on availability of timber by FUO Division, there was deprivation of revenue/outgo of Government money as timber was available in the forest Divisions. Missing/lost hammers have the risk of being used in transporting illegally felled timber if these fall in the hands of miscreants.

Timber

Effective management of available bamboo resources in the State would enable generation of revenue of more than ₹ 50 crore per annum only from sale of bamboo. Non-finalisation of WPs prior to expiry of the existing WPs led to stoppage of supply of bamboo to HPC Mills leading to loss of revenue besides affecting the felling rotation of bamboo. Fixation of royalty on supply of bamboo to HPC mills at abnormally lower rates in comparison to the rates of royalty and the market rates led to deprivation of revenue to State exchequer while benefitting the contractors who were supplying bamboo to HPC mills. Supply of bamboo at 'air dried' instead of 'green' basis led to loss of revenue.

Bamboo

Though the E&F Department has carried out a detailed study on fixation of royalty on minor forest produce like sand, stone and boulders etc., the GOA accepted only the rates so fixed instead of the methodology of fixing the royalty through market survey at regular intervals. This would have enabled the GOA to fix the rates of royalty on more scientific basis aligned to the market rates of the forest produce. There was loss of revenue due to non-revision of rates of royalty due in 2007 and non-application of nearest *mahal* rate while issuing permits despite the orders of GOA. Irregular and unjust decision of GOA on extraction of sand, stone, boulders on payment of royalty ignoring the previous decisions against the same led to huge loss of revenue while extending undue benefit to the

**Minor forest
produce**

contractors. Sand, stone and boulder *mahals* remained inoperative for substantial periods of time also led to loss of revenue.

Absence of a mechanism for making the DDOs of Government Departments responsible for non-deduction of forest royalty while releasing payments to the contractors coupled with absence of a system for cross verification of records of Government Departments led to illegal extraction of forest produce by the contractors deputed by Government Departments and consequential non-realisation of substantial revenue. Despite availability of penal and interest provisions in the AMMCR, these were not being imposed by the forest Divisions. Initiation of revenue optimisation measures would have helped in maximising revenue from available resources as well as identify new avenues for mobilisation of additional resources. Due to the absence of reports/returns, higher authorities remained unaware about a number of key issues affecting control measures and revenue realisation which would need to be addressed in a timebound manner. Utilising the internal audit wing more effectively would enable the E&F Department to ensure that the activities of the Department were functioning reasonably well.

Other areas of interest and internal controls

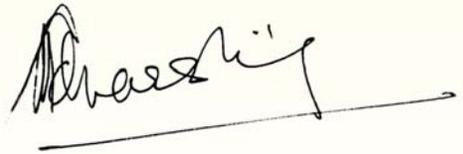
6.2 Summary of recommendations

The GOA/E&F Department should ensure management of available forest resources effectively through good governance keeping in view the parameters prescribed by the Central and State Legislations for optimising revenue yield without compromising the ecological balance. Implementation of the recommendations under respective paragraphs of this performance audit report with special emphasis on the following would help the GOA/E&F Department in achieving the same:

- *steps may be initiated to revise the existing WPs which are in currency/prepare the WPs in accordance with the format of NWPC prescribed by MoEF, GOI for exploitation of available forest resources;*
- *systems need to be prescribed for (i) collecting the market rates from reliable sources by various Divisions and (ii) suitably benchmark these 'market rates' as an indicator while fixing the base price for sale of timber;*
- *system of supplying bamboo to HPC through contractors appointed by it may be revisited to replace it with a system of putting the bamboo coupes under sale through mahal operation;*
- *immediate steps need to be initiated to ensure that the system of procurement (i.e. on MTG basis) applicable in case of bamboo procured from other sources is applied in case of bamboo procured from Assam as well;*
- *a policy may be installed for augmenting supply of bamboo to the HPC Mills by ensuring optimum extraction of bamboo;*
- *the orders for revising the rates of royalty by 15 per cent every two years and also the orders for application of nearest mahal rates while issuing permits for extraction of minor forest produce need to be revisited. Instead, the methodology for fixation of royalty at periodical interval calculated on prescribed percentage of the market rates as per the study conducted by E&F Department in 2003 may be implemented;*
- *the decision of allowing contractors of NHAI to extract sand, stone, boulders etc. at 'simple royalty' despite availability of the details of the rates at which work*

orders were issued by the NHAI to its contractors needs to be investigated. The possibility of recovering the differential royalty from the contractors of NHAI may also be explored. Simultaneously, orders should be issued to the forest Divisions for collecting royalty at par with those at which NHAI has issued work orders to the contractors;

- *the DDOs of the Government Departments may be made personally responsible for non-deduction of forest royalty while releasing payments to contractors;*
- *a system of regular cross verification of the departmental figures with those of the concerned Government Departments needs to be installed;*
- *the services of the personnel of internal audit wing may be utilised to audit the functioning of the forest Divisions regularly;*
- *measures for revenue optimisation need to be initiated for maximising revenue from available forest resources and identifying new avenues for mobilisation of additional resources; and*
- *the levy fee needs to be revised to ensure equilibrium in the rates of royalty on forest produce in Assam and those applicable in neighbouring States.*



Date:

(C H Kharshiing)

Place: Guwahati

Accountant General (Audit)

Countersigned



Date:

(Vinod Rai)

Place: New Delhi

Comptroller and Auditor General of India