

## CHAPTER-VI: FOREST RECEIPTS

### 6.1 Results of audit

Test check of the records maintained in various forest divisions as well as in the office of the Principal Chief Conservator of Forests, Orissa conducted during the year 2008-09 revealed non-realisation of royalty, non/short levy of interest, loss of revenue etc., of Rs. 3.69 crore in 3,314 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Loss of revenue due to short delivery/shortage of forest produce	24	0.81
2.	Non-realisation of royalty	1,351	0.48
3.	Non/short levy of interest on belated payment of royalty	1,302	0.38
4.	Other irregularities	637	2.02
<b>Total</b>		<b>3,314</b>	<b>3.69</b>

During the year 2008-09, the department accepted non/short levy of royalty, interest and other deficiencies of Rs. 85.95 lakh in 1,856 cases pointed out in 2008-09 and recovered Rs. 60,625 in two cases pertaining to earlier years.

A few illustrative audit observations involving Rs. 79.80 lakh are discussed in the following paragraphs.

## **6.2 Audit observations**

*Scrutiny of the records maintained in various forest divisions as well as in the office of the Principal Chief Conservator of Forests revealed several cases of non-compliance to the orders issued by the Government resulting in non-realisation of Government revenue as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions are pointed out in audit repeatedly, but not only do the irregularities persist; these remain undetected till an audit is conducted. The Government may consider issuing instructions for strict compliance to its orders/instructions and to improve internal control mechanisms to avoid occurrence of such omissions.*

## **6.3 Non-compliance of Government orders**

*Government orders of February 1977, July 1989 and August 2005 prescribe for:*

- (i) Levy of interest on Orissa Forest Development Corporation (OFDC) for belated payment of royalty; and*
- (ii) timely disposal of seized materials.*

*Non-compliance of some of the above orders in cases as mentioned in paragraphs 6.3.1 and 6.3.2 by the Divisional Forest Officers (DFOs) resulted in non-realisation of Government revenue of Rs. 79.80 lakh.*

### **6.3.1 Non-disposal of timber and poles**

The Government of Orissa, Forest and Environment Department in their order of July 1989 and August 2005 issued instructions for early disposal of timber and poles seized in undetected forest offence cases either by prompt delivery to the OFDC Limited within two months from the date of seizure or by public auction in order to avoid loss of revenue due to deterioration in quality and value on account of prolonged storage.

Test check of the records of 35 forest divisions<sup>78</sup> conducted between April and November 2008 revealed that 19,026.75 cft timber and 214 poles valued at Rs. 41.66 lakh seized in 1,266 undetected forest offence cases, registered between 2006-07 and 2007-08 were lying undisposed. Inaction of the department in disposing the timber and poles either by delivery to the OFDC or by public auction resulted in non-realisation of revenue of Rs. 41.66 lakh.

After the cases were pointed out, the Government stated in May 2009 that 6,533.36 cft. timber and 85 poles valued at Rs. 11.51 lakh have been disposed of in 431 cases and the DFOs have been instructed to dispose the balance

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78 Angul, Athagarh, Athamallik, Balasore(W/L), Baliguda, Bamra(W/L), Baragarh, Baripada, Berhampur, Bhadrak(W/L), Bolangir (E), Bolangir (W), Bonai, Boudh, Cuttack, Deogarh, Dhenkanal, Ghumsur (N), Ghumsur(S), Jeypore, Kalahandi (S), Karanjia, Keonjhar, Khurda, Koraput, Malkangiri, Nabarangpur, Nayagarh, Phulbani, Rairakhol, Rayagada, Rourkela, Sambalpur (N), Sambalpur (S) , and Sundargarh.

seized timbers and poles following Government instructions. A report on further development has not been received (October 2009).

### 6.3.2 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 royalty for sale of forest produce by the due date, he is liable to pay interest at the rate of 6.25 *per cent* per annum on the amount of default. As per the provisions contained in the Government of Orissa order of February 1977, the OFDC Limited is also liable to pay interest for default in payment of royalty.

Test check of the records of 32 forest divisions<sup>79</sup> between April and December 2008 revealed that the OFDC had paid royalty of Rs. 5.83 crore for the period from 1997-98 to 2006-07 between December 2006 and March 2008 with delays ranging between 8 days and 118 months. Interest of Rs. 38.14 lakh leviable on the belated payment of dues was not levied by the DFOs. The details are given in the following table.

(Rupees in lakh)			
Period of delay	No. of lots	Amount of royalty paid	Interest payable
Up to 12 months	877	407.93	11.90
13 to 24 months	259	114.29	11.11
25 to 118 months	166	60.82	15.13
<b>Total</b>	<b>1,302</b>	<b>583.04</b>	<b>38.14</b>

After the cases were pointed out, the Government stated in May 2009 that demand of Rs. 27.75 lakh had been raised by the DFOs on OFDC. It was also stated that OFDC had requested the Government in February 2007 to exempt the interest dues. A report on further development has not been received (October 2009).

<sup>79</sup> Angul, Athagarh, Athamallik, Bamra(W/L), Bargarh, Baripada, Bolangir(E), Bolangir(W), Bonai, Boudh, Cuttack, Deogarh, Dhenkanal, Ghumsur(N), Hirakud(W/L), Jeypore, Kalahandi(N), Kalahandi(S), Khariar, Khurda, Keonjhar, Keonjhar(W/L), Koraput, Malkangiri, Nayagarh, Nabarangpur, Phulbani, Puri(W/L), Rairakhol, Raygada, Rourkela and Sundargarh.