

## CHAPTER VI: FOREST RECEIPTS

### 6.1 Results of audit

Test check of the assessment cases and other records relating to the Forest Department during the year 2008-09 revealed non-realisation of duties, royalties etc., amounting to Rs. 16.07 crore in 23 cases which can be categorised as under:

**(Rupees in crore)**

Sl. no.	Category	Number of cases	Amount
1.	Non-deposit of forest royalty	01	1.11
2.	Lifting of timber without payment of royalty	02	1.07
3.	Non-realisation of export fee	01	0.47
4.	Other irregularities	19	13.42
<b>Total</b>		<b>23</b>	<b>16.07</b>

During the year 2008-09, the department failed to respond to any of the irregularities brought to their notice. No recovery in respect of any of the cases was intimated to audit.

A few illustrative audit observations involving Rs. 3.56 crore are mentioned in the succeeding paragraphs.

## 6.2 Audit observations

*Scrutiny of the records in the offices of forest department revealed several cases of non-observance of the provisions of the Act/Rules resulting in non/short levy of fees and royalties and other cases 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 each year, but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.*

## 6.3 Non-realisation of export fee

### **Export of limestone without transit pass fee resulted in non-realisation of revenue of Rs. 46.85 lakh**

Under the Meghalaya Forest Regulation, 'forest produce' includes rock and minerals including limestone when found in or brought from a forest. In October, 1999, the Government of Meghalaya, Forest and Environment Department notified that for removal of any forest produce outside the state, a transit pass shall be issued on realisation of Rs. 300 per truck.

Scrutiny of the records of the Divisional Forest Officer (DFO), Khasi Hills, in October 2008 revealed that between April 2007 and March 2008, 15,618 trucks of limestone were exported from the division but transit passes were issued to these trucks without realising Rs. 300 per truck. Thus, issue of the transit passes to 15,618 trucks for export of limestone outside the State without realisation of the prescribed fee was irregular and resulted in non realisation of revenue of Rs. 46.85 lakh.

After this was pointed out, the DFO stated in April 2009 that the export fee was not realised as limestone was not included in the schedule of the forest produce. The reply is not tenable as limestone is a forest produce as defined under Section 3(4) (b) (iv) of the Meghalaya Forest Regulation.

The cases were reported to the Government in November 2008; their reply has not been received (February 2010).

## 6.4 Non-remittance of forest royalty

### **Forest royalty of Rs. 1.11 crore collected by the Meghalaya Government Construction Company from contractors remained undeposited**

Under the Forest Regulation (Application and Amendment) Act, 1973, no forest produce shall be extracted/removed from a forest area unless a permit/pass is granted by the forest officer on realisation of royalty in full.

Verification of the records of the Meghalaya Government Construction Company (MGCC) in October 2008 revealed that the company executed a number of construction works of the Government department/undertakings/autonomous bodies through its contractors. The contractors extracted and utilised minor forest

produces like aggregates, stones, sand etc. unauthorisedly without obtaining permit/passes on payment of the royalty for the construction work. The company however deducted forest royalty amounting to Rs. 1.11 crore upto 31 March 2007 at source from the contractors' bills. The royalty so collected had, however, not been forwarded to the forest department for deposit to the proper revenue account. This resulted in non-remittance of the royalty of Rs. 1.11 crore.

After this was pointed out, the DFO while admitting the facts stated (May 2009) that the matter had been referred to the Managing Director, MGCC for early deposit of forest royalty. Report on recovery has not been received (February 2010).

The case was reported to the Government in November 2008; their reply has not been received (February 2010).

### **6.5 Unauthorised lifting of timber**

**Timber was allowed to be lifted by the Meghalaya Forest Development Corporation unauthorisedly on part payment of Rs. 22.62 lakh against royalty of Rs. 99.36 lakh leading to short realisation of Rs. 76.74 lakh**

Under the Meghalaya Forest Regulation, no forest produce shall be extracted/ lifted from a forest area unless the prescribed royalty is paid in full.

Scrutiny of the records of the DFOs, Garo Hills and Khasi Hills Forest Divisions in October and November 2008 revealed that between April 2004 and March 2007, the Meghalaya Forest Development Corporation (FDCM) was allowed to lift timber of mixed species measuring 1,759.891 cum on part payment of the royalty of Rs. 22.62 lakh against the due royalty of Rs. 99.36 lakh. The balance royalty of Rs. 76.74 lakh was neither paid by the FDCM nor was any action initiated by the Forest Department to realise it. This led to unauthorised lifting of timber and consequent short realisation of royalty of Rs. 76.74 lakh.

After this was pointed out, the DFO Khasi Hills Forest Division stated in May 2009 that the Managing Director, FDCM had been requested to pay the balance forest royalty. Report on recovery has not been received (February 2010). No reply has been received in respect of the non-payment of the royalty from the DFO, Garo Hills Forest Division.

The cases were reported to the department/Government in November 2008 and January 2009; their reply has not been received (February 2010).

### **6.6 Illicit felling and removal of timber**

**Illicit felling and removal of 510.769 cum of timber from reserve forests led to loss of revenue of Rs. 23.72 lakh**

Under the provisions of the Meghalaya Forest Regulation and rules framed thereunder, felling and removal of trees from a reserve forest without a valid pass constitutes a forest offence punishable with fine. To prevent such illegal removal

of the forest produce, erection of the forest check gates at all the vital points is the primary responsibility of the Forest Department.

Scrutiny of the records of the DFO, Garo Hills Forest Division in November 2008 revealed that 510.769 cum of timber of mixed species involving royalty of Rs. 23.72 lakh was illegally felled by miscreants from the reserve forests under the division between April 2006 and March 2008 and the entire outturn was removed during the aforesaid period. Illegal felling and removal of such a large quantity of timber by miscreants from the state reserve forest not only indicates poor enforcement measures but also resulted in loss of revenue of Rs. 23.72 lakh.

The cases were reported to the department/Government in January 2009; their reply has not been received (February 2010).

## **6.7 Loss of revenue**

### **Non-disposal of seized timber led to loss of revenue of Rs. 86.80 lakh**

Under the Meghalaya Forest Regulation when a forest offence has been committed in respect of any forest produce, such produce may be seized and a report of such seizure may be made to the magistrate to try the person accused of the offence on account of which the seizure has been made. The magistrate may direct the sale of any property susceptible to speedy natural decay. Further, felled trees if not disposed early, lose their commercial value with the passage of time due to the vagaries of nature. Hardwood species decay within three years and softwood species decay within a year.

Scrutiny of the records of the DFO, Garo Hills Forest Division in November 2008 revealed that 67 offence cases were detected by various ranges between March 2003 and March 2005. In these cases, 30,558.036 cum of timber valued at Rs. 86.80 lakh had been illegally felled and all these cases had been sent to the court for trial on various dates between April 2003 and March 2005. Final decision of the court is still pending. Further scrutiny, however, revealed that no attempt had been made to dispose the seized timber by obtaining permission of the court even after the lapse of more than three years. Since seized timber had been lying in the open subjected to the vagaries of nature, it has lost its commercial value and the State government has been deprived of revenue of Rs. 86.80 lakh.

The cases were reported to the department/Government in January 2009; their reply has not been received (February 2010).

## **6.8 Short realisation of royalty**

### **Application of incorrect rate on 11,565.35 cum of sand, 20,813.71 cum of stone and 52,053.60 cum of clay led to short realisation of royalty of Rs. 10.49 lakh**

The Government of Meghalaya, Environment and Forest Department in their notification dated 12 November 1998, fixed the rate of royalty per cum of sand, stone and clay at Rs. 30, Rs. 80 and Rs. 32 respectively.

Scrutiny of the records of a user agency with those of the DFO, Jaintia Hills Forest Division in November 2007 revealed that 11,565.35 cum of sand, 20,813.71 cum of stone and 52,053.60 cum of clay were extracted and utilised for various works by the contractors between October and December 2005. The user agency realised royalty of Rs. 26.29 lakh instead of Rs. 36.78 lakh from the contractors' bills and forwarded the same to the Forest Department. No effective steps were initiated by the Forest Department to recover the balance revenue. This resulted in short realisation of the royalty of Rs. 10.49 lakh.

This kind of lapse had been repeatedly highlighted in successive Audit Reports. The Forest Department had contended that the user agencies were responsible to recover the loss but no coordinated steps have been taken either by the Forest Department or the Works Department to identify and resolve the issue due to which the Government is sustaining loss of revenue year after year, which may become irrecoverable with the passage of time.

The cases were reported to the Government in January 2009; their reply has not been received (February 2010).