

6.1 Tax Administration

The Principal Secretary to the Government of Meghalaya, Forests & Environment Department is in overall charge of the Department at the Government level. The Principal Chief Conservator of Forests (PCCF) is the administrative head of the Department. He is assisted by a host of Chief Conservators of Forests and Conservator of Forests. At the district level, the Divisional Forest Officers (DFOs) are entrusted with management of forests and wildlife through various divisions such as territorial, wildlife, social forestry *etc.* including levy of forest dues wherever applicable. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891.

6.2 Internal audit

The Forests & Environment Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out in the PAs carried out from time to time, no action has been taken by the Department to create an IAW to monitor the working of the Department. In the absence of a separate IAW, the Department solely relies upon the audit carried out by the Accountant General.

Recommendation: *The Department may urgently look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

6.3 Results of Audit

Test check of the records of six units relating to the Forests & Environment Department during 2013-14 revealed under-assessment of tax and other irregularities involving ₹ 30.31 crore in 45 cases which fall under the following categories:

Table 6.1

Sl. No.	Category	Number of cases	(₹ in crore)
			Amount
1.	Non/Short realisation of revenue	13	12.70
2.	Loss of revenue	06	8.45
3.	Other irregularities	26	9.16
Total		45	30.31

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 22.30 crore in 35 cases. No recovery was intimated in any of the cases during the year 2013-14.

A few illustrative cases having financial impact of ₹ 2.07 crore in terms of short/non-realisation of revenue are discussed in the paragraphs 6.4 to 6.6.

6.4 Short realisation of revenue – DFO, Shillong

There was short realisation of revenue of ₹ 0.47 crore by a user agency from contractors.

The Forests & Environment (F&E) Department, Government of Meghalaya in its notification dated 12 November 1998 fixed the rate of royalty on sand, stone and earth at ₹ 30, ₹ 80, and ₹ 32 per cubic metre (cu. m.) respectively.

From the records of the Divisional Forest Officer (DFO), Khasi Hills (Territorial) Division, Shillong pertaining to payment of royalty by the user agencies¹, it was observed that 1,25,804.92 cu. m. of stone, 34,569.60 cu. m. of sand, 11,719.12 cu. m. of earth, 7,545.36 cu. m. of blindage² and 268.68 cu. m. of granular matter³ were extracted and utilised for various works by the contractors of the Executive Engineer (EE), Public Works Department (Roads), Nongpoh Division between March 2012 and December 2012 on which royalty of ₹ 1.17 crore was realisable. However, the Division realised royalty of only ₹ 0.70 crore from the contractors' bills and forwarded the same to the DFO. Despite the short realisation of royalty amounting to ₹ 0.47 crore by the EE, no steps were taken by the DFO to recover the balance royalty thereby resulting in short realisation of royalty to that extent.

The case was reported to the F&E Department, Government of Meghalaya in August 2013; reply was awaited (November 2014).

6.5 Evasion of royalty – DFO, Jowai

Due to lack of co-ordination between Government Departments, a cement company concealed purchase of 1.95 lakh cu. m. of sand and evaded payment of royalty of ₹ 0.59 crore.

The F&E Department, Government of Meghalaya in its notification dated 12 November 1998 fixed the rate of royalty on sand at ₹ 30 per cu. m.

From the records of the DFO, Jaintia Hills (Territorial) Division, Jowai it was observed that a cement company⁴ disclosed consumption of 0.42 lakh cu.m. of river sand between 2008-09 and 2012-13 on which it paid royalty of ₹ 0.15

¹ Works Departments like Public Works Department, Public Health Engineering Department etc. which undertake works on behalf of the Government.

² Sand when used for road construction is called blindage.

³ Granular matter is crushed stone.

⁴ M/s Meghalaya Cement Ltd.

crore to the DFO. Cross-verification with the records of the Superintendent of Taxes, Jowai however revealed that during the same period, the company actually consumed 0.39 lakh metric tonne (MT) or 2.38 lakh cu. m. of sand⁵. Thus, due to lack of co-ordination between Government Departments, the company concealed consumption of 1.96 lakh cu. m. of sand resulting in evasion of royalty amounting to ₹ 0.59 crore⁶.

On this being pointed out (July 2013), the DFO stated (September 2013) that the cement company had been directed to pay the balance amount. A report on recovery was awaited from the F&E Department, Government of Meghalaya (November 2014).

6.6 Short realisation of revenue – DFO, Jowai

Realisation of royalty on limestone at pre-revised rate led to short realisation of revenue amounting to ₹ 1.01 crore.

The Mining & Geology Department, Government of Meghalaya revised the rate of royalty on limestone from ₹ 45 per MT to ₹ 63 per MT with effect from 28 September 2010.

Based on the information pertaining to payment of royalty on limestone for the period from April 2011 to February 2012 furnished (March 2012) by the DFO, Jaintia Hills (Territorial) Division, Jowai to the Principal Chief Conservator of Forests (PCCF), Meghalaya, it was noticed that permits were issued by the DFO for extraction of 4.65 lakh MT⁷ of limestone during the aforesaid period on which royalty of ₹ 2.93 crore was realisable at ₹ 63 per MT, against which, the DFO realised royalty of only ₹ 1.92 crore, thereby resulting in short realisation of revenue amounting to ₹ 1.01 crore. Despite the information being available with the PCCF, no action was taken by the PCCF to direct the DFO to realise royalty at the revised rate or seek explanation from the DFO for short realisation of royalty.

The case was reported to the F&E Department, Government of Meghalaya in August 2013; reply was awaited (November 2014).

⁵ As per Bureau of Indian standards 1 cu. m. = 166.67 kgs.
Therefore, 39350.579 MT = 39350579 kgs = 39350579/166.67 cu. m. = 237178.73 cu. m.

⁶ 1.96 cu. m. X ₹ 30 = ₹ 0.59 crore.

⁷ Information pertaining to the period from October 2010 to March 2011 is not available with the PCCF or with the DFO. The same was called for (June 2014) and reply was awaited (November 2014)