

CHAPTER – V
FOREST &
ENVIRONMENT
DEPARTMENT



CHAPTER-V: FOREST & ENVIRONMENT DEPARTMENT

5.1 Tax Administration

Meghalaya ranks fourth among the states in terms of percentage of forest cover in the country. The forest and tree cover of the State is 17803 sq.km (79.37 *per cent* of the total geographical area of the State) contributing 2.26 *per cent* of India's total forest and tree cover. Unlike the rest of the country where forests are mostly owned by the State and managed by the State Forest Department, in Meghalaya, substantial forest areas are under the un-classed category and are owned by private individuals, clans, village councils, district councils and other traditional community institutions. Only 1145.19 sq. km of forest areas comes under the direct control of the Forest Department⁷⁴ in the form of Reserved Forests, Protected Forests, National Park and Wildlife Sanctuaries. The remaining forest areas are managed and administered by three Autonomous District Councils⁷⁵ of the State. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891 (as adopted by Government of Meghalaya).

The Principal Secretary (Forest and Environment) is the administrative head of the Department. Principal Chief Conservator of Forests (PCCF) is the head of the Department and is responsible for all forestry, wildlife and allied activities. The PCCF is assisted by Chief Conservators of Forests (CCFs) and Conservators of Forests (CFs). The Department is divided into four circles viz. Territorial, Wildlife, Social Forestry & Environment and Research & Training.

At the field level, there are 20 Divisions, each headed by a Divisional Forest Officer (DFO). DFOs are responsible for general administration, enforcement of the Forest Acts and Regulations, implementation of various schemes and monitoring of forest activities. Range Officers (ROs) assist DFOs.

5.2 Results of Audit

Test check of records of 13 units out of 33 units relating to the Forest & Environment Department during 2018-19 revealed under-assessment of tax and other irregularities involving ₹315.36 crore in 62 cases which fall under the following categories:

⁷⁴ Source: Forest Survey of India State Forest Report 2017

⁷⁵ Garo, Khasi and Jaintia Autonomous District Councils

Table 5.1

			(₹ in crore)
Sl. No.	Category	Number of cases	Amount
1.	Non/ Short realisation of revenue	43	269.01
2.	Loss of revenue	13	44.82
3.	Other irregularities	6	1.53
Total		62	315.36

During the course of Audit, the Department accepted under assessments and other deficiencies of ₹114.26 crore in 49 cases. No recovery was intimated in any of the cases during the year 2018-19. The Department did not furnish replies in the remaining 13 cases.

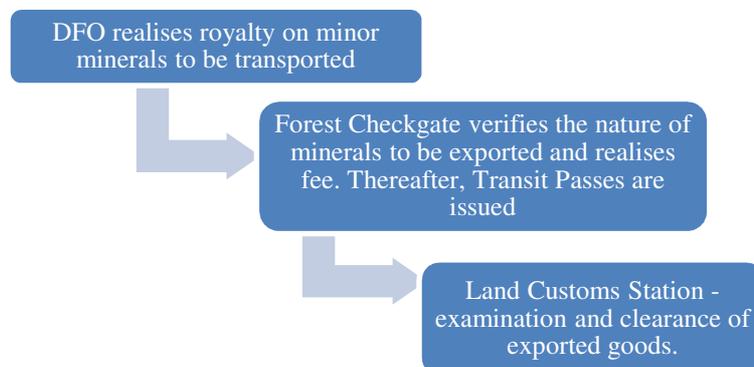
A few illustrative cases having financial impact of ₹16.25 crore on loss of revenue due to under reporting of export, non-realisation of fee on transit pass and other provisions of the Acts are discussed in paragraphs 5.3 to 5.4.

5.3 Under reporting of export of boulders and limestone by Forest check-gates

Three Forest check-gate under-reported export of stone/ boulders and limestone exported to Bangladesh resulted in non-recovery of revenue of ₹1.73 crore.

[DFO (Territorial) Shillong and Jowai; February-March 2019]

The Forest Department issues transit passes for transporting extracted minor mineral on the basis of pre-payment of royalty. Further, Section 40 of the Meghalaya Forest Regulation (Application and Amendment) Act, 1973 read in conjunction with Rule 2(a)(iii) of the Transit Rules under the Act *ibid* states that, no forest produce shall be removed unless covered by a transit pass issued by a forest officer, in token of full payment of royalty. The DFO was required to collect an additional amount of 10 per cent of the sale value as contribution to Meghalaya Minor Mineral Reclamation Fund (MMMRF) at the time of issuing the transit pass. In order to check illegal transportation of minor minerals and forest produce, the Forest Department had established 37 check-gates in the State for regulating and control of export of minor minerals and other forest produce. The procedure involved in export of minor minerals outside the Country is indicated in the work flow chart below:



In Meghalaya, the rate of royalty for boulders is ₹240 per cum and contribution to MMMRF⁷⁶ is ₹130 per cum. The rate of royalty for limestone is ₹80 per MT and contribution to MMMRF is calculated at the rate of 10 per cent of the sale proceeds⁷⁷ of minor minerals. In case of exports, sale value would be determined as per the Letter of Credit.

Audit test checked ten check-gates⁷⁸ (February-March 2019) out of 37 check-gates and noticed that the Department had established check-gates at Erbamon (Pynursla) and Majai-Bholaganj, under the control of the DFO (Territorial) Khasi Hills Division, Shillong and at Dawki, under the control of the DFO (Territorial) Jaintia Hills Division, Jowai for regulating export of minor minerals from Khasi Hills and Jaintia Hills to Bangladesh. The export of such minerals to Bangladesh through Khasi Hills and Jaintia Hills are required to pass through the Land Custom Station (LCS) under the Custom Department, Government of India situated at Dawki and Majai-Bholaganj.

Our cross verification of the records with the LCS at Dawki under the Customs Department, with the records⁷⁹ of the forest check-gates, revealed that the forest check-gates located at Erbamon (Pynursla) and Dawki under reported export of 0.34 lakh Cu.m of stone/boulder to Bangladesh during 2017-18. Similarly, for export of limestone under reporting was seen by Forest check-gate at Majai-Bholaganj to the tune of 0.34 lakh MT limestone exported to Bangladesh during 2017-18. The details are tabulated below:

Table 5.2- Under reporting of export of minerals by forest check-gates

Forest Check-gates	Land Custom Stations	Quantity reported by Forest Check gates	Quantity reported by land Custom Station	Under reported by forest Check-gates	Royalty not realised (₹ in lakh)	MMMRF not realised (₹ in lakh)
Dawki and Erbamon (in lakh Cu.m)	Dawki	1.16	1.50	0.34	80.57	43.65
Majai-Bholaganj (in lakh MT)	Majai-Bholaganj	3.28	3.62	0.34	27.20	21.42
Total					107.77	65.07

⁷⁶ Based on sale price of ₹1300 per cum as per the Meghalaya Public Works Department Schedule of Rates 2015-16 as communicated by Forest Department.

⁷⁷ Sale value for limestone was decided at \$10 per MT as per letter of credit issued by the importers in Bangladesh. Thus, the contribution to MMMRF was \$1 per MT (10 per cent of sale value). For calculation purpose, the exchange rate has been taken as \$1 = ₹63.

⁷⁸ Bagli, Bholaganj, Erbamon, Byrnihat and Khanapara under Khasi Hills Division and Thangskai, Umkiang, Amsarin (Dawki), Saitsama and Saphai under Jaintia Hills Division.

⁷⁹ Audit called for details of royalty realised from export of minerals and observed the details from the registers maintained by the DFOs for this purpose.

From the above table, it appears that a total quantity of 1.16 lakh cum of stone/boulder was exported to Bangladesh between April 2017 and March 2018 through the forest check-gates located at Erbamon (Pynursla) and Dawki and 3.28 lakh MT of limestone was exported through the forest check-gate of Majai-Bholaganj. However, as per the records of LCS situated at Dawki and Majai-Bholaganj a total quantity of 2.51 lakh MT *i.e.* 1.50 lakh cum⁸⁰ of boulders and 3.62 lakh MT of limestone respectively was exported to Bangladesh during the aforementioned period.

The mismatch between the data of the three forest check-gates showed absence of monitoring of the check-gates by the DFOs. The forest check-gates at Erbamon (Pynursla) Dawki had under-reported 0.34 lakh cum quantity of boulders and Majai-Bholaganj under reported 0.34 lakh MT of limestone exported to Bangladesh. This resulted in unauthorised transportation and non-collection of royalty amounting to ₹1.08 crore and MMMRF of ₹65.07 lakh⁸¹.

The cases were reported to the Forest and Environment Department, Government of Meghalaya in July 2019.

The Department in its reply (March 2020) stated that as per reconciliation report, total quantity of 3.06 MT of limestone was transported through the LCS Majai-Bholaganj and hence there was no under-reporting. Audit examined the reconciliation report, which revealed that the information provided pertains to the period from October 2017 to March 2018 and not from April 2017 to March 2018 as reported in audit. The claim of the Department that there was no under-reporting on the basis of incomplete information was therefore, factually incorrect.

The case of under-reporting of 1.05 lakh cum boulders exported to Bangladesh during the year 2016-17 through Dawki check-gate resulting in loss of revenue amounting to ₹3.89 crore was mentioned in the Audit Report for the year ended 31 March 2018. The matter was also discussed in the meeting of the Public Account Committee (PAC) held on 15 January 2020, however, action taken by the Department is yet to be intimated (September 2020).

Failure of the DFOs to monitor the activities of the forest check-gate under their jurisdiction, has resulted in the check-gate officials under-reporting the quantity of boulders and limestone actually transported through the check-gate which led non recovery of ₹1.73 crore.

Recommendation: The Department may strengthen the system of recording of mineral transported from the check-gates and establish system of cross verification with the Land Custom Stations (LCSs) in case of export of minerals. They may fix responsibility on the erring officials for the revenue leakage. There should also be regular reconciliation of figures of transport permits issued and validated at Forest check-gates and Land Custom Stations.

⁸⁰ As per the conversion table of the Meghalaya Cess Rules, 1989, 1.680 MT = 1 cum

⁸¹ 33574 cu.m x ₹130 per cu.m = ₹4364620.

5.4 Non-realisation of fee for issue of transit pass

The State Forest Department failed to realise a fee of ₹11.87 crore at the check-gates while issuing transit passes to 118682 trucks, transporting limestone outside the State.

[DFO, Jaintia Hills Territorial Division, Jowai; February 2019]

Under Section 15 of the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, Government of Meghalaya, the Mining and Geology Department notified the Meghalaya Minor Minerals Concession Rules (MMMCR), 2016 for regulating the grant of mining leases and quarry permits in respect of minor minerals. Clause (g) of Rule 2 read with Schedule III of the Rule *ibid* provides that limestone of any grade may be termed as minor minerals when it is used in kilns for manufacturing of lime used as building materials.

Under Section 40 of the Meghalaya Forest Regulation (Application and Amendment) Act 1973 read with Rules 2(a)(iii) of the Transit Rules under the Act *ibid*, no forest produce shall be removed unless covered by a transit pass issued by a forest officer, in token of full payment of amounts due to the Government.

The Department of Forest & Environment, Government of Meghalaya had 37 check-gates out of which, 23 check-gates were established along the inter-State boundary in order to prevent unauthorised transportation of forest minerals and to ensure payment of royalty and other fees. The Department of Forest & Environment, Government of Meghalaya notified (October 2013) that all trucks carrying minor minerals outside the State shall be required to pay a sum of ₹1000 per truck as transit fee at the State Forest check-gate, established along the inter-state boundary.

Audit observed (February 2019) from the records⁸² of the DFO, Jaintia Hills Territorial Division, Jowai that 118682 trucks were issued transit passes by three check-gates⁸³ for transporting limestone outside the State/country between October 2016⁸⁴ and March 2018, without realising the fees at the prescribed rates from the trucks as per the Government notification. Thus, inaction on the part of the DFO and the Departmental staff has not only resulted in contravention of the Government's notification but has also led to non-realisation of fee of ₹11.87 crore⁸⁵ to the Government.

The case was reported to the Forest and Environment Department, Government of Meghalaya in July 2019. The Department in its reply (March 2020) stated that minerals accrued from mining lease areas under MMMCR, 2016 was certified as

⁸² Audit called for the number of trucks transporting limestone that passed through the Forest check-gates under the jurisdiction of the DFO, Jaintia Hills Territorial Division, Jowai.

⁸³ (i) Dawki, (ii) Umkiang and (iii) Thangskai.

⁸⁴ The MMMCR came into effect from September 2016 and hence the details were taken with effect from October 2016.

⁸⁵ fee for issuing of transit pass = 118682 trucks x ₹1000 per truck = ₹118682000

non-forest produce and collection of export fee is not applicable. The reply is not tenable as per Government's notification (October 2013), whereby fee for issuing of transit pass is required to be levied on trucks carrying minor minerals **from any forest or non-forest area as well**. Since the audit observation pertains to the period October 2016 to March 2018, the notification mentioned above was in effect and therefore, fee for issuing of transit pass is required to be realised. Subsequent Notification of January 2020 was not applicable in these cases. Thus, the non-realisation of fee for issuing of transit pass on minor minerals exported outside the State has resulted in loss of revenue to the State exchequer. No further reply was communicated (September 2020).

Due to absence of proper procedure and controls of the DFO to direct the check-gates officials to realise the fee against transport passes issued, transporting minor minerals outside the Country/State passed through three check-gates gates without payment of transit fee resulting in non-realisation of fee of ₹11.87 crore.

Government may review operation in remaining 14 check-gates for proper recovery of transport fees.