



CHAPTER - V
ENVIRONMENT AND
FORESTS DEPARTMENT

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5.1 Administration

The State of Assam comprising of 33 civil districts including 3 hill districts is endowed with rich forest resources. The State has also been identified as one of the 18 biodiversity hot spots in the world. Among a geographical area of 78,438 sq. km., the forest cover of Assam increased from 27,671 sq. km. in 2013-14 to 28,105 sq. km.¹⁰⁹ in 2017-18. Out of this, 7,757.71 sq. km. of forest cover was encroached till March 2018.

Revenues in the Forest Divisions are mainly derived from sale proceeds of major and minor forest produce grown in the forest areas of the respective divisions through auction, negotiation and permit of allotment. Collection of royalty on removal of mines and surface materials in the forest areas, licence fee from saw mills and timber depots also form part of forest revenue apart from fees, fines, etc., imposed under the various Acts/Rules.

Further, Assam is a land of valuable timber of various species¹¹⁰. Against a plantation target of 42,931.83 hectare, the Department achieved 41,433.83 hectare having a shortfall of only 1,498 hectare during the period 2013-18.

Out of 522 Minor Mineral Concession Areas in Assam having minor minerals *viz.* sand, stone, sand-gravel, etc., 273 are in operation and the remaining 249 are idle as stated by the Department.

The State has 18 wildlife sanctuaries and five national parks, with population of 2,650 rhinos, 167 tigers and 5,719 elephants till March 2018.

The Principal Chief Conservator of Forests and Head of Forests Force (PCCF and HoFF), Assam who is in overall charge of the Department is assisted by four Principal Chief Conservators of Forests (PCCF), 11 Additional Principal Chief Conservators of Forests (APCCF), 11 Chief Conservators of Forests (CCF) and nine

¹⁰⁹ 1,441 to 2,797 sq. km (very dense forest), 11,345 to 10,192 sq. km (moderately dense forest) and 14,882 to 15,116 sq. km (open forest)

¹¹⁰

Sl. No.	Common Name	Scientific Name	Family	Category
1.	Segun	Tectona grandis	Verbenaceae	A-I
2.	Khoir	Acacia catechu	Fabaceae	A-II
3.	Sisoo	Dalbergia sissoo	Fabaceae	A-II
4.	Gamari	Gmelina arborea	Verbanaceae	A-II
5.	Nahar	Mesua ferrea	Calophylaceae	A-II
6.	Bola	Morus lavigata	Moraceae	A-II
7.	Titasopa	Michalia champaca	Magnoliaceae	A-II
8.	Bonsom	Phoebe goalparensis	Lauraceae	A-II
9.	Sal	Shorea robusta	Dipterocarpaceae	A-II

Conservators of Forests (CF). In addition, there were 68 forest divisions¹¹¹ each headed by a Deputy Conservator of Forests (DCF)/ Divisional Forest Officers (DFOs). The divisions were further divided into ranges and beats for ensuring effective control and supervision of the forests of the State.

The mandate of the Forest Department is to manage the Forest, Forest produces and Wildlife of the State of Assam. The principal act, regulation and rules which govern the functioning of Department of Environment and Forests are the Assam Forest Regulation, 1891; Assam Sale of Forest Produce, Coupes and *Mahals* Rules, 1977; Forest (Conservation) Act, 1980; Assam Minor Minerals Concession Rules, 2013; and Rules and notifications/orders issued thereunder, from time to time.

5.2 Working of internal audit wing

Internal audit, a vital component of the internal control mechanism, functions as the internal oversight of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

The Assam Forest Regulation, 1891 and Acts and Rules made thereunder do not provide for creation of internal audit in the Department. However, it was observed that the internal audit wing in the Department comprised of only one internal auditor.

Recommendation: The Government of Assam may amend the Acts and Rules to put in place a system of internal audit to ensure compliance with Acts/Rules/and Regulations.

5.3 Results of audit

In 2017-18, test check of the records of 29 offices (out of total 93 offices) relating to forest receipts showed non/short recovery of royalty, non-levy of interest/VAT/extension fee and other irregularities involving ₹ 103.97 crore in 160 cases, which fall under the following categories as shown in the following table.

Table 5.1
Results of Audit

Sl. No.	Category	Number of cases	Amount (₹ in crore)
1.	Non/Short recovery of Royalty	08	65.29
2.	Non-levy of interest/VAT	19	1.75
3.	Non-realisation of MMDRR Fund	16	4.99
4.	Non-disposal of timber	10	0.61
5.	Other irregularities	107	31.33
Total		160	103.97

During the year, the Department accepted under-assessment and other deficiencies of ₹ 1.70 crore in 11 cases.

A few cases involving revenue of ₹ 1.64 crore are discussed in the succeeding paragraphs.

¹¹¹ 33 Territorial Forest Divisions, 8 Wildlife Forest Divisions, 14 Social Forestry Divisions, 11 Research, Education and Working Plan, Manas Tiger Reserve and Kaziranga National Park.

Compliance Audit observations

5.4 Mines and Minerals Development, Restoration and Rehabilitation (MMDRR) Fund not being realised

DFOs failed to collect ₹ 1.14 crore as ‘other charges’ at the rate of 10 per cent of forest royalty towards MMDRR Fund

[Divisional Forest Officers (DFOs); Lakhimpur, Nagaon, Dhemaji, Dhubri and Goalpara Divisions; May 2017 - February 2018]

As per Rule 31 of the Assam Minor Mineral Concession (AMMC) Rules, 1994 and Rule 5(3) and 38(1) of the AMMC Rules, 2013, Government Department/Agencies/ Contractor/lessee shall be liable to pay royalty/dead rent/fee etc., in advance for extraction of minor minerals.

As per Rule 38(5) and 59(1) of AMMC Rules, 2013, an amount equal to 10 per cent of the dead rent or royalty or contract money paid to the State shall be charged from the mineral concession holder in the nature of ‘other charges’ for restoration and rehabilitation works and credited to the Mines and Minerals Development, Restoration and Rehabilitation (MMDRR) Fund in addition to the amount payable to the Government on the account of such dead rent or royalty or contract money.

Further, as per Rule 59(2) and 59(3) of AMMC Rules, 2013, such amount shall be reconciled at the close of the financial year and any differential of the amount due shall be adjusted or paid on reconciliation and shall maintain complete accounts of receipts to the Fund.

Test check of the Royalty Payment Register alongwith other related records of the following five DFOs out of 33 DFOs in the State revealed that during the period between May 2013 and March 2017, 228 permits were issued for extraction of stone and earth on realisation of royalty amounting to ₹ 11.43 crore from contractors/lessees by different Range Officers under the jurisdiction of DFOs without realisation of MMDRR Fund. This resulted in non-realisation of MMDRR Fund of ₹ 1.14 crore (at 10 per cent on the royalty amount of ₹ 11.43 crore) from the lessees/contractors as shown in the following table.

Table 5.2
Non-realisation of MMDRR Fund

(Amount in ₹)					
Sl. No.	Name of office	Period of payment of forest royalty	Nos. of permits issued to contractors/ lessees	Forest royalty paid	MMDRR Fund realisable at the rate of 10 per cent of forest royalty
1.	DFO, Lakhimpur Division, Lakhimpur	Between May 2015 and January 2017	43	4,76,37,780	47,63,778 (Appendix - XXI)
2.	DFO, Nagaon Division, Nagaon	March 2017	1	2,00,00,000	20,00,000 (Appendix - XXII)
3.	DFO, Dhemaji Division, Dhemaji	Between August 2014 and March 2017	43	1,74,15,034	17,41,503 (Appendix - XXIII)
4.	DFO, Dhubri Division, Dhubri	Between May 2013 and August 2016	51	1,92,85,750	19,28,575 (Appendix - XXIV)
5.	DFO, Goalpara Division, Goalpara	Between April 2016 and March 2017	90	1,00,03,782	10,00,378 (Appendix - XXV)
Total			228	11,43,42,346	1,14,34,234

Further, neither any reconciliation was carried out nor any account of receipts maintained by the DFOs to ascertain the amount due towards MMDRR fund and actual collection thereagainst at the end of the every financial year as per provisions of Rule 59(2) and 59(3) of the AMMC Rules, 2013.

The matter was referred to the Government/Department in July 2018.

During the exit meeting (15 November 2018), the Additional Principal Chief Conservator of Forests (APCCF) (P&D) while accepting the audit observation stated that the DFOs of Lakhimpur, Dhemaji and Dhubri had issued demand notices to the mining contract holders/lessees concerned to realise the ‘other charges’ towards MMDRR Fund as pointed out by Audit.

The APCCF (P&D) further stated that the DFO, Nagaon Division did not issue any demand to the lessee as mining operation was completed prior to proclamation of the AMMC Rules, 2013 and part payment of royalty had been made after the Rules came into force *w.e.f.* 16 March 2013 and directed the DFO, Goalpara Division to initiate action immediately to realise the ‘other charges’ towards MMDRR Fund as pointed out by Audit. The APCCF (P&D) then apprised that the Mahaldar of Likabali Sand and Gravel Mahal under the DFO, Dhemaji Division has already deposited the due charges towards MMDRR Fund.

The reply of the APCCF (P&D) in respect of the DFO, Nagaon Division was not tenable as M/s IL & FS Engineering and Construction Company Limited intimated the DFO, Nagaon Division on 29 March 2018¹¹² that ₹ 2 crore as forest royalty was paid on 30 March 2017 against the quantity of minor minerals consumed beyond September 2013 till the completion of the Project. Also it was noticed by Audit that the realisation of ‘other charges’ towards MMDRR Fund from the Mahaldar of Likabali Sand and Gravel Mahal under the DFO, Dhemaji Division as stated by the APCCF (P&D) was without any supporting documents. The reply was silent about the realisation of balance amount of ‘other charges’ towards MMDRR Fund.

¹¹² No.IL&FS/AS-19/DFO-NAGAON/015/18 dated 29 March 2018

Audit has noticed failure of the DFOs to collect MMDRR Fund from the contractor/lessees in five test checked DFOs out of 33 DFOs in the State. The Department should internally examine similar cases in other DFOs also.

Recommendation: The State Government may advise the Department to timely reconcile the MMDRR Fund alongwith other revenue receipts due to the Government from Government Department/Agencies/Contractor/lessee and shortfall, if any, may be brought to the notice of the higher authorities immediately. The Department should issue instructions to all DFOs in the State to collect the MMDRR Fund form all contractors/lessees. The Department may consider to introduce Management Information System in the Department to avoid such lapses.

5.5 Forest royalty short realised

DFOs failed to collect forest royalty at revised rate which resulted in short realisation of ₹ 28.28 lakh

[DFOs, Dhemaji Division and Kamrup West Division; May-September 2017]

As per Government notification of June 2015¹¹³, the rate of royalty in respect of earth, sand, stone, gravel, boulder etc., had been enhanced as shown in the following table.

Table 5.3
Rates of royalty

Sl. No.	Name of Minor Minerals	(Amount in ₹)	
		Rate of royalty (per cu. m.) w.e.f 16 March 2013 ¹¹⁴	Rate of royalty (per cu. m.) w.e.f 17 June 2015
1.	Stone/Gravel/Boulder	100	200
2.	Sand	70	140
3.	Ordinary Earth/ Clay	15	30

Scrutiny of records of the following two DFOs out of 33 DFOs in the State showed that forest royalty had been realised on extraction of earth, sand, stone etc., at the lower rates from two¹¹⁵ contractors/user agencies under the respective DFO. Thus, failure of the DFOs to realise forest royalty at revised rate resulted in short realisation of forest royalty of ₹ 28.28 lakh as shown in the following table.

¹¹³ Notification No. PEM-83/ 2009/pt-VII-A/39 dated 17 June 2015

¹¹⁴ Notification No. PEM-83/ 2009/pt-1/627 dated 16 March 2013

¹¹⁵ N.H.P.C. Ltd., Gerukamukh and Executive Engineer, Guwahati West Water Resources Division

Table 5.4
Short realisation of royalty

(Amount in ₹)

Sl. No.	Name of office	Forest royalty realisable	Forest royalty realised	Short realization of forest royalty
1.	DFO, Dhemaji Division, Dhemaji	67,76,316	43,84,644	23,91,673 ¹¹⁶
2.	DFO, Kamrup West Division, Bamunigaon	87,41,027	83,04,926	4,36,101 ¹¹⁷
Total				28,27,774

The matter was referred to the Government/Department in July 2018.

During the exit meeting (15 November 2018), the APCCF (P&D) while accepting the audit observation stated that due to lack of communication between the Government and the Department, forest royalty could not be realised at the revised rate from the date of the notification and assured that the matter will be pursued with the Government regarding timely circulation of government notification. The APCCF (P&D) further stated that the DFO, Dhemaji Division and the DFO, Kamrup West Division had issued demand notices to M/s. N.H.P.C. Ltd., Gerukamukh and the Chief Engineer, Water Resources Department, Guwahati respectively to deposit the outstanding forest royalty and M/s. N.H.P.C. Ltd., Gerukamukh had assured to deposit the same. Further development was awaited (December 2018).

Audit has noticed short realisation of forest royalty by the two test checked DFOs out of 33 DFOs in the State. The Department should internally examine similar cases in other DFOs also.

Recommendation: Necessary mechanism for timely communication between Government and Department may be put in place in the entire State to prevent such lapses in future besides prescribing duties in this regard of specific officials for doing the needful.

116

(Amount in ₹)

Sl. No.	DFO's order no. and date	Name of contractor/ user agency	Quantity in cum	Item	Rate to be leviable	Forest royalty realisable	Forest royalty realised	Short realisation of forest royalty
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) x (6)	(8)	(9) = (7) - (8)
1	B/NHPC/Dhemaji/2015/2273-74 dated 26.11.2015	N.H.P.C. Ltd., Gerukamukh	16034.84	Stone/ Aggregate	200	3206968	2084529	16,99,953
			11279.51	Sand	140	1579131	1015156	
			902.58	Earth	30	27077	13539	
2	B/NHPC/Dhemaji/2271-72 dated 26.11.2015	N.H.P.C. Ltd., Gerukamukh	1823.12	Stone/ Aggregate	200	364624	237006	1,91,483
			1277.3	Sand	140	178822	114957	
3	B/NHPC/Dhemaji/2275-76 dated 26.11.2015	N.H.P.C. Ltd. Gerukamukh	4758.04	Stone/ Aggregate	200	951608	618545	5,00,237
			3343.47	Sand	140	468086	300912	
Total						67,76,316	43,84,644	23,91,673

117

(Amount in ₹)

Name of user agency Bill No & date	Quantity of Earth extracted (in cum)	Forest royalty realisable (at the rate of ₹ 30 per cum)	Forest royalty realised	Short realisation of forest royalty
Executive Engineer, Guwahati West Water Resources Division realised forest royalty against the scheme "Raising and strengthening to B/Dyke from Gumi to Kalatoli and Kalatoli to Nagarbera from Ch. 35 KM to 40.70 KM vide Treasury Challan No.1/2100 dated 12 January 2017	2,91,367.55	87,41,027	83,04,926	4,36,101

5.6 Improper execution of mining lease/contract

DFOs failed to register mining leases/contracts which require registration with Registrar which resulted in non-realisation of stamp duty of ₹ 7.23 lakh and registration fee of ₹ 4.82 lakh

[DFOs, Goalpara and Dhubri Division; August 2017 - February 2018]

Rules 76 and 77 of the AMMC Rules, 2013 stipulate that a mineral concession granted under the Rules shall commence from the date of execution of the agreement and all lease deeds or contract agreements effective for a period of 11 months or more, shall be duly registered with the Registrar. All expenditure on registration of the lease deed or contract agreement shall be borne by the concession holder.

As per Section 26 of the Indian Stamp Act, 1899, the stamp duty shall be charged at three *per cent*¹¹⁸ of the value of the lease deed where lease purports to be for a term exceeding five years and not exceeding ten years. As per Notification of February 2014¹¹⁹, registration fee shall be charged at two *per cent* of the value of lease to be paid in advance.

As per Section 49(c) of the Registration Act, 1908, no document required by Section 17 of the Registration Act, 1908 to be registered shall be received as evidence of any transaction affecting such property or conferring such power unless it has been registered.

Scrutiny of records of DFO, Goalpara Division and DFO, Dhubri Division for the period between February 2013 and March 2017 showed that nine mining contracts were executed for extraction of sand and stone without registration of lease deed/contract agreement with the Registrar by the DFOs. Failure of the DFOs to register the lease deeds/mining contracts may compromise the legality of these lease deeds/contracts. Thus, non-registration of the mining contract with the respective Registrars resulted in non-realisation of stamp duty of ₹ 7.23 lakh and registration fee of ₹ 4.82 lakh as shown in **Appendix- XXVI**.

The matter was referred to the Government/Department in July 2018.

During the exit meeting (15 November 2018), the APCCF (P&D) stated that instructions will be issued to all the DFOs to register lease agreements which require registration. The APCCF (P&D) further directed the DFOs to register the lease agreements immediately as pointed out by Audit. The APCCF (P&D) also apprised that the DFO, Dhubri Division has taken up the matter with the Inspector General of Registration (IGR), Assam to register the executed agreements though no communication was received by the DFO, Dhubri from the IGR, Assam as well as

¹¹⁸ Notification No. LGL.2/2008/30 dated 13 May 2013

¹¹⁹ Notification No. REGN.37/2011/61 dated 12 February 2014

from the Sub-Registrar, Dhubri inspite of reminders. Further development was awaited (December 2018).

Audit has noticed failure of DFOs to register mining leases/contracts in two test checked DFOs out of 33 DFOs in the State. The Department should internally examine similar cases in other DFOs also.

Recommendation: DFOs may enforce registration of lease deeds/mining contracts to safeguard State revenue and enforce legality of the lease deeds/mining contracts.

5.7 Forest produce trading depot licence renewal fee not realised

Lack of initiation on the part of the DFO to renew the licences of forest produce trading depot resulting in non-realisation of licence renewal fee of ₹ 9.01 lakh

[DFO, Nagaon Division; May 2017]

As per Government notifications¹²⁰, licensee shall made an application to the competent authority in prescribed form (Form No. III) for renewal of licence of a forest produce trading depot, 3 (three) months before expiry of the licence. Licence of a forest produce trading depot shall be renewed with a payment of renewal fee of ₹ 5,000 and which shall remain valid for the calendar year ending on 31 day of December.

Scrutiny of Licence Fee Collection Register and Treasury Challan Register and other relevant records of the DFO, Nagaon Division showed that out of 178 forest produce trading depots, 77 depots did not renew their licences for one year to seven years between 2010-11 and 2016-17. Also there were no records regarding closure of these depots. The DFO neither took initiative to renew or to cancel the licences. This resulted in non-realisation of renewal fee of ₹ 9.01 lakh as shown in **Appendix - XXVII**.

The matter was referred to the Government/Department in July 2018.

During the exit meeting (15 November 2018), the APCCF (P&D) stated that out of 77 forest produce trading depots under the jurisdiction of the DFO, Nagaon Division, 53 depot licences had been cancelled and the balance 24 depots deposited up-to-date renewal fee. However, Audit noticed that reply was silent about the actual amount of realisation of licence renewal fees as pointed out by Audit. Further, the APCCF (P&D) directed the DFOs to maintain the Demand, Collection and Balance Register and review the Licence Fee Register periodically and realise the balance dues under intimation to Audit.

¹²⁰ No. FRM.115/2003/2 dated 26 June 2003 and No. FRM.149/2016/15 dated 5 October 2016

Audit has noticed lack of initiation by the one test checked DFO to renew licences of forest produce trading depot out of 33 DFOs in the State. The Department should internally examine similar cases in other DFOs also.

Recommendation: The State Government may advise the Department to evolve a mechanism to prepare a database of forest produce trading depots of every forest divisions in the State so as to ensure that no depot functions without valid licence, and non-realisation of yearly licence renewal fee can be monitored.

Guwahati

Dated : 14 June 2019



(RASHMI AGGARWAL)

Principal Accountant General (Audit), Assam

Countersigned

New Delhi

Dated : 18 June 2019



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

