

CHAPTER – V
FOREST & ENVIRONMENT
DEPARTMENT

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FORESTS & 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 Forests 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 Department¹ 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 Councils² of the State. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891 (as adapted by Government of Meghalaya).

The Principal Secretary to the Government of Meghalaya, Forests & Environment (F&E) 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 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.

5.2 Results of Audit

Test check of the records of 23 units out of 33 units relating to the Forests and Environment Department during 2019-20 revealed non-realisation/short-realisation of revenue and other irregularities involving ₹ 467.94 crore in 169 cases which fall under the following categories:

Table 5.2.1

Sl. No.	Category	Number of cases	(₹ in crore)
			Amount
1.	Non/Short realisation of revenue	59	301.37
2.	Loss of revenue	25	61.04
3.	Other irregularities	85	105.53
Total		169	467.94

¹ Source: Forest Survey of India State Forest Report 2017.

² Garo, Khasi and Jaintia Autonomous District Councils.

During the course of audit, the Department accepted loss of revenue, non-realisation of revenue and other deficiencies of ₹ 201.87 crore in 56 cases. No recovery was intimated in any of the cases during the year 2019-20.

An illustrative case having financial impact of ₹ 3.49 crore on under reporting of export of minor minerals is discussed in **Paragraph 5.3**.

5.3 Under reporting of export of minor minerals by Forest check-gates

Three Forest check-gates under-reported export of boulders and limestone to Bangladesh which resulted in loss of ₹ 3.49 crore.

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

The State Government notified³ the Meghalaya Minor Minerals Concession Rules (MMMCR), 2016 for regulating the grant of mining leases and quarry permits in respect of minor minerals. The rule *ibid* stipulates that:

- The competent authority shall issue transport challan in Form H to any lessee or permit holder who intends to dispatch minor minerals and no person shall transport or carry away any minor mineral without a transport challan (Rule 26);
- The lessee or quarry permit holder shall pay royalty in respect of each minor mineral removed at the rate specified (Rule 28);
- The lessee or quarry permit holder shall deposit or make payment to the Meghalaya Minor Mineral Reclamation Fund (MMMRF) created by the State Government at the rate as shall be prescribed from time to time by notification (Rule 31).
- The lessee or quarry permit holder shall deposit or make payment to the District Mineral Foundation (DMF) Fund at the rate prescribed by the State Government (Rule 30);

The rates of royalty, contribution to MMMRF and DMF Fund as prescribed by the State Government were as follows:

Table 5.3.1: Rates of royalty, MMMRF & DMF leviable on minor minerals

Minor Mineral	Royalty	MMMRF (@ 10 per cent of the sale proceeds)	DMF Fund (@ 30 per cent of the rate of royalty)
Boulders	₹ 240 per cu.m	₹ 94 per cu.m ⁴	₹ 72 per cu.m
Limestone	₹ 80 per MT	₹ 70 per MT ⁵	₹ 24 per MT

³ Vide notification No.MG/49/2011/408 dated 12 September 2016

⁴ Sale value for boulder stone for both export and domestic was determined at \$ 8 per MT (December 2015). For calculation purpose, the exchange rate has been taken as \$1 = ₹70. Hence **Sale value per cu.m of boulder stone is \$ 13.44 or ₹ 940.80 per cu.m** (where 1.68 MT = 1 cu.m as per the conversion table of the Meghalaya Cess Rules, 1989. Thus, the contribution to MMMRF was ₹ 94.08 per cu.m.

⁵ **Sale value for limestone** was decided at \$10 or ₹ 700.00 per per MT as per letter of credit issued by the importers in Bangladesh. Thus, the contribution to MMMRF was ₹ 70.00 per MT.

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 controlling the transportation of minor minerals and other forest produce.

Out of the 37 forest check-gates in the State, three⁶ check-gates were established for regulating export of minor minerals from Khasi Hills and Jaintia Hills to Bangladesh. To reach the export point of such minerals to Bangladesh through the Land Customs Stations (LCS) situated at Dawki and Bholaganj under the Customs Department, Government of India, the trucks carrying them are required to pass through the three check-gates at Khasi Hills and Jaintia Hills.

Cross verification of records of the LCS situated at Bholaganj and Dawki with that of DFOs (Territorial) Division Khasi Hills and Jaintia Hills Divisions revealed that while 2.60 lakh MT or 1.55 lakh cu.m of boulders was exported to Bangladesh through these LCS during 2018-19, the records of the forest check-gates revealed that only 1.51 lakh cu.m of boulders had passed through these check-gates during the same period. Similarly, during the same period, it was seen that 14.44 lakh MT⁷ of limestone was exported to Bangladesh through the Land Customs Stations (LCS) at Bholaganj and Dawki, however only 12.51 lakh MT⁸ of limestone passed through the check-gates at Majai-Bholaganj and Amsarin⁹ and 0.39 lakh MT through the 17 km long aerial ropeway of Komorrah Limestone Mining Co. Ltd¹⁰ during the same period.

Due to lack of vigilance at the forest check-gates and their effective monitoring by the DFOs, the forest check-gates at Erbamon (Pynursla), Majai-Bholaganj and Amsarin, failed to detect movement of 0.04 lakh¹¹ cu.m quantity of boulders and 1.92 lakh MT¹² of limestone exported to Bangladesh without transport challan in Form H. This resulted in loss of revenue of ₹0.15 crore on the export of boulders (royalty amounting to ₹0.09 crore¹³, MMMRF contribution of ₹0.03 crore¹⁴ and DMF contribution of ₹0.03 crore¹⁵) and loss of revenue of ₹3.34 crore on the export of limestone (royalty amounting to ₹1.54 crore¹⁶, MMMRF contribution of ₹1.34 crore¹⁷ and DMF contribution of ₹0.46 crore¹⁸) as shown below:

⁶ Erbamon (Pynursla) and Majai-Bholaganj under DFO (Territorial) Khasi Hills Division and Amsarin under DFO (Territorial) Jaintia Hills Division.

⁷ Bholaganj 944540 MT + Dawki 499422 MT = 1443962 MT.

⁸ Majai-Bholaganj 804375 MT + Amsarin 447300 MT = 1251675 MT. Limestone transported through aerial ropeway of Komorrah Limestone Mining Co. Ltd = 38993 MT.

⁹ No limestone passed through the forest check-gate at Erbamon during 2018-19.

¹⁰ The mining company was granted mining lease by the Mining and Geology Department, Government of Meghalaya and therefore, limestone extracted by the company from the mining lease area is treated as major mineral.

¹¹ 154905 cu.m – (135112 + 6086 + 10029 cu.m) = 3678 cu.m.

¹² 1443962 MT-1251675 MT=192287 MT.

¹³ 3678 cu.m x ₹ 240 per cu.m = ₹ 882720.

¹⁴ 3678 cu.m x ₹ 94 per cu.m = ₹ 345723.

¹⁵ 3678 cu.m x ₹ 72 per cu.m = ₹ 264816.

¹⁶ 192287 MT x ₹ 80 per MT = ₹ 15382960.

¹⁷ 192287 MT x ₹ 70 per MT = ₹ 13460090.

¹⁸ 192287 MT x ₹ 24 per MT = ₹ 4614888.

Table 5.3.2: Loss of revenue on under reporting of export of minor minerals

Period	Name of minor mineral	Unit of measurement	Quantity of mineral which crossed three check-gates	Quantity of mineral exported through the LCS	Quantity undetected by the Forest check-gate	Amount not realised (₹ in crore)		
						Royalty	MMMRF	DMF
2018-19	Boulder	Cu.m	1,51,227	1,54,905	3,678	0.09	0.03	0.03
	Limestone	MT	12,51,675	14,43,962	1,92,287	1.54	1.34	0.46.

The cases were reported to the Forests and Environment Department, Government of Meghalaya in December 2019 and January 2020. The DFO(T), Khasi Hills Division, Shillong in his reply (June 2020) stated that limestone is transported both as major and minor mineral through Bholaganj checkpoint and as per his record 8.43 lakh MT of limestone was transported through the Majai-Bholaganj checkgate and the aerial ropeway of Komorrah Limestone Mining Co. Ltd. while the data from the LCS at Bholaganj shows that 9.44 lakh MT was exported. He further added that the remaining quantity may be the limestone that was transported as major mineral through the same checkpoint. However, till date (March 2022) there has been no response from the DFO (T) Jaintia Hills Division, Jowai regarding the difference in figures of transportation between the LCS and the Amsarin checkgate in his division.

The reply of the DFO (T) Khasi Hills Division explaining reasons for variation in the quantities is presumptive and without any support of factual data on quantity of limestone exported as major mineral as the Mining Department did not have any check-gates at four exit points at the India-Bangladesh border, including Bholaganj which is a minor transit route for limestone trade with Bangladesh.¹⁹ Hence, there were no records of the Mining Department to substantiate this assertion. Further, the response is partial as it pertains only to transportation of limestone through the Majai-Bholaganj checkgate and does not address the issue of discrepancy between the quantity of boulder stone transported through the LCS and through the Majai-Bholaganj and Erbamon checkgates.

The matter was reported to the Government (July 2021); reply is awaited (March 2022).

Recommendation: The Department may investigate the matter thoroughly to ascertain the systemic lapses that resulted in under reporting of exported quantities and consequently loss of revenue. Appropriate action to fix responsibility on erring officials may be taken along with steps to improve the monitoring of export of minor minerals passing through forest check-gates.

¹⁹ This issue has been pointed out in **Para 6.3.11.1** of the Report of the Comptroller and Auditor General of India – Government of Meghalaya (Revenue Sector) for the year ended 31 March 2018.