

CHAPTER VI
NON-TAX RECEIPTS

FOREST RECEIPTS

6.1. Results of Audit

Test check of the records of Offices of the Forest Department conducted in audit during 2003-04 revealed non-levy/short realisation of revenue amounting to Rs 31.19 lakh in 17 cases, which may broadly be categorised as under.

(In lakh of rupees)

Sl. No.	Category	Number of cases	Amount
1.	Non/short realisation of Sales Tax/Income Tax	3	6.92
2.	Short/non-demand of lease rent on forest lands	3	5.04
3.	Loss in auction/re-auction, disposal of forest produce, short/non-realisation of penalty and other charges	6	10.90
4.	Other lapses	5	8.33
	Total	17	31.19

During 2003-04, the Department accepted underassessments of Rs 12.94 lakh involved in 9 cases of which 5 cases involving Rs 8.28 lakh were pointed out in audit during 2003-04 and the rest in earlier years. During the year the Department recovered an amount of Rs 0.25 lakh in one case pointed out prior to 2003-04.

A few illustrative cases involving Rs 16.94 lakh are given in the following paragraphs.

6.2. Non demand of balance royalty

An agreement executed in October 1974 between M/s Hindustan Paper Corporation and Government of Kerala provides for the supply of a specified quantity of eucalyptus, reeds, other pulpwood, etc., from forests in Kerala to the Corporation's paper mill, Hindustan News Print Limited (HNL) at Kottayam District on payment of royalty fixed from time to time. By an undertaking in November 2001, HNL agreed that pending finalisation of rates by Government, they would pay a tentative rate of royalty for the working season 2001-2002. Government subsequently approved these rates.

- Test check of record of Forest Division, Thiruvananthapuram revealed in December 2002 that royalty on 3,768.369 metric tonne of raw material supplied to HNL between April and June 2001 was collected only at the pre-revised rate as undertaking regarding the rate of royalty was executed only in November 2001. The Department had not demanded the balance royalty and taxes amounting to Rs 5.52 lakh, even after the execution of the undertaking.

Audit pointed out this to the Department in December 2002. The Department stated in August 2004 that Rs 4.68 lakh had already been adjusted against the advance payment made by the Company and that action was underway to realise the balance of Rs 0.66 lakh from the Company. Further report is awaited (December 2004).

Reference was made to Government in December 2003. Their reply has not been received (December 2004).

- For bamboo allotted to HNL in lieu of short allotment of reeds, value payable is the selling price for bamboo fixed under the Kerala Forest Produce(Fixation of Selling Price) Act, 1978, being notified before the commencement of each financial year.

A quantity of 22,313.295 metric tonne bamboo valued at Rs 2.48 crore was supplied to HNL from Nilambur Division between October 2000 and May 2001 against an advance payment of Rs 2.44 crore. The Department, however had not demanded the balance amount of Rs 4.51 lakh from the Company.

After this was pointed out in Audit to the Department in July 2001, the Department stated in August 2003 that the balance royalty was realised.

On reporting the case to Government in November 2001, the Government confirmed that the recovery was already made in September 2001.

Delay on the part of the Department to collect the revenue due to Government in time reveals absence of proper control mechanism.

6.3. Non-realisation of re-auction loss

As per Kerala Forest Code Vol. I, sale of timber and forest produce at depots shall be effected only after proper notification and publicity. According to terms and conditions prescribed in the notification for auction sale of timber, firewood, etc., by Forest Department, the successful bidder in auction should remit the entire bid amount and remove the items within the specified time. In the event of breach of any of the conditions by the successful bidder, the produce shall be re-auctioned and the bidder shall make good to Government any loss due to re-auction and the expenditure incurred for such re-auction.

In Forest Division, Kannur, two successful bidders in timber auctions held in October 2001 and October 2002 got auction confirmed in their names after remitting part value, but did not remit the balance sale value. Loss sustained by Government in re-auction of the un-removed timber, conducted between July and December 2002 was not demanded from original bidders. This resulted in non-realisation of Rs 6.91 lakh.

After this was pointed out to the Department in April 2003 and reported to Government in December 2003, they stated in June and August 2004 that revenue recovery, under KRR Act, was in progress in both the cases. Further report has not been received (December 2004).

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