

CHAPTER-VI: FOREST RECEIPTS

6.1 Results of audit

Test check of the records maintained in various forest divisions as well as in the office of the Principal Chief Conservator of Forests, Orissa conducted during the year revealed non/short levy of interest, loss of revenue etc., of Rs. 3.07 crore in 1,895 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Loss of revenue due to short delivery/ shortage of forest produce	22	0.50
2.	Non-realisation of royalty	17	0.39
3.	Non/short levy of interest on belated payment of royalty.	142	0.34
4.	Other irregularities	1,714	1.84
Total		1,895	3.07

During the year 2007-08, the department accepted non/short levy of royalty, interest and other deficiencies of Rs. 1.05 crore in 1,377 cases pointed out in 2007-08 and recovered Rs. 2.07 crore in two cases pertaining to earlier years.

A few illustrative cases highlighting important audit observations involving Rs. 30.32 lakh are discussed in the following paragraphs.

6.2 Non-disposal of timber and poles

The Government of Orissa, Forest and Environment Department in their order of July 1989 and August 2005 issued instructions for early disposal of timber and poles seized in undetected forest offence cases either by prompt delivery to the Orissa Forest Development Corporation (OFDC) Limited within two months from the date of seizure or by public auction in order to avoid loss of revenue due to deterioration in quality and value on account of prolonged storage.

Test check of the records of 35 forest divisions⁴⁶ conducted between May 2007 and February 2008 revealed that 25,396.334 cft of timber and 1,644 poles valued at Rs. 65.13 lakh seized in 1,380 undetected forest offence cases, registered between 2005-06 and 2006-07, were lying undisposed. Inaction of the department in disposing the timber and poles either by delivery to the OFDC or by public auction resulted in non-realisation of revenue of Rs. 65.13 lakh.

After the cases were pointed out, the divisional forest officers (DFOs) stated between May 2007 and February 2008 that action would be taken to dispose the forest produce.

The matter was reported to the Principal Chief Conservator of Forests (PCCF)/Government in March 2008; their reply has not been received (November 2008).

6.3 Non-levy of interest on belated payment of royalty on timber

Under the Orissa Forest Contract Rules, 1966, if a contractor fails to pay any instalment of royalty for sale of forest produce by the due date, he is liable to pay interest at the rate of 6.25 *per cent* per annum on the amount of default. As per the provisions contained in the Government of Orissa order of February 1977, the OFDC is also liable to pay interest for default in the payment of royalty.

Test check of the records of 10 forest divisions⁴⁷ conducted between May and December 2007 revealed that the OFDC had paid royalty of Rs. 3.50 crore for the period from 2000-01 to 2006-07 between August 2005 and March 2007 with delays ranging between three and 53 months. Interest of Rs. 30.32 lakh leviable on the belated payment of dues was not levied by the DFOs. The details are mentioned in the following table:

46 Angul, Athagarh, Athamalik, Balliguda, Baragarh, Baripada, Berhampur, Bolangir (E), Bolangir (W), Boudh, Cuttack, Deogarh, Dhenkanal, Ghumsur (N), Jeypore, Kalahandi (S), Karanjia, Keonjhar, Khariar, Khurda, Koraput, Malkangiri, Nabarangpur, Nayagarh, Paralakhemundi, Phulbani, Rairakhol, Rairangpur, Rayagada, Rourkela (Timber), Sambalpur (N), Sambalpur (S), Satkoshia (WL), Sunabeda (WL), and Sundargarh.

47 Balliguda, Bonai, Boudh, City Division Bhubaneswar, Ghumsur (N), Kalahandi (N), Malkangiri, Nabarangpur, Nayagarh and Satkoshia (WL).

(Rupees in lakh)

Period of delay	No. of lots	Amount of royalty	Interest payable
Up to 12 months	295	275.52	12.80
13 to 24 months	5	4.04	0.45
25 to 53 months	72	70.38	17.07
Total	372	349.94	30.32

After the cases were pointed out, the DFOs, Boudh and Malkangiri raised between November and December 2007 demand of Rs. 1.69 lakh and Rs. 1.36 lakh respectively. The remaining DFOs stated between May and November 2007 that action was being taken to raise demand for interest on belated payment of royalty. Particulars of recovery in the former cases and further developments in the latter have not been intimated (November 2008).

The matter was reported to the PCCF/Government in March 2008; their reply has not been received (November 2008).