

## CHAPTER - 8 : FOREST RECEIPTS

### FOREST DEPARTMENT

#### 8.1 Results of Audit

Irregularities noticed during test check of divisional records of Forest Department during 2001-2002 revealed non/short-realisation of penalty, lease rent etc. and other irregularities amounting to Rs. 78.29 crore which broadly fall under the following categories.

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
1	Incorrect fixation of royalty	21	9.87
2	Loss of revenue due to non-registration of saw mills	1	0.01
3	Irregularities in collection and disposal of tendu leaves	4	1.03
4	Miscellaneous irregularities	140	67.38
	<b>Total</b>	<b>166</b>	<b>78.29</b>

A few illustrative cases involving Rs. 77.11 crore pertaining to 2001-2002 and preceding years are given in the following paragraphs:

#### 8.2 Non-realisation of royalty

The Uttar Pradesh Tendu Patta (Vyapar Vinimay) Adhiniyam 1972 inter alia provides that State Government would fix the price of tendu leaves during the year. The State Government appointed (1983) Uttar Pradesh Forest Corporation (UPFC) as its sole agent for selling tendu leaves and ordered (20 September 1983) that the royalty for the year 1983-84 onwards would be realised after adding per centage increase in the price of tendu leaves sold in the previous year over that of preceding year and unusual increase, if any, in market rate in the year in which prices were fixed.

Test check of the records of Principal Chief Conservator of Forest (Evaluation and Working Plan) U.P., Lucknow (January 2001) revealed that from the crop year 1990 to 2001, UPFC had been paying ad hoc royalty of Rs.6.63 crore per crop per year pending decision/revision of the amount of royalty. The increase in the amount of royalty for the period 1990-91 to 2000-01 as worked out by the UPFC amounting to Rs.76.84 crore on the basis of formula fixed in September 1983. Thus, non-implementation of the government orders resulted

in non-realisation of government revenue of Rs. 76.84 crore in the shape of royalty.

The matter was reported to the Government (August 2002); the reply had not been received (December 2002).

### **8.3 Loss of revenue due to non-charging of royalty on actual outturn of timber**

As per guidelines issued (October 1992) by Chief Conservator of Forest, U.P., 5 to 10 per cent variation between the estimated outturn of timber allotted to and actual outturn extracted by the Uttar Pradesh Forest Corporation (UPFC) is permissible. Test check of the records of Divisional Director, Social Forestry Division, Shahjahanpur, revealed (March 2002) that during 1998-99, 1999-2000 and 2000-2001, actual outturn of timber (658.4620 cu. m.) extracted by UPFC exceeded the estimated outturn (304.3730 cu. m.) by 116.33 per cent but the Division raised the demand of royalty on the basis of estimated outturn only. Consequently, royalty of Rs. 27.29 lakh on 318.68 cu. m. (after allowing for 10 per cent variation) of timber escaped assessment and realisation.

On this being pointed out (March 2002) Divisional Director, Shahjahanpur stated (March 2002) that demand for royalty was calculated on estimated outturn of timber and not on actual outturn. The reply, however, was not tenable as it is contrary to the guidelines issued by the Chief Conservator of Forest, U.P. in October 1992.

Thus, not charging royalty on actual outturn of timber resulted in loss of revenue to the tune of Rs. 27.29 lakh.

The matter was reported to the Government (April 2002); the reply had not been received (December 2002).