

## CHAPTER VIII FOREST RECEIPTS

### 8.1 Results of audit

Test check of records of forest receipts in different Divisional Forest Offices, conducted in audit during the year 2004-05, revealed non/short realisation of revenue amounting to Rs.10.81 crore in 74 cases, which broadly fall under the following categories:

*(Rupees in crore)*

Sl.No.	Categories	No. of cases	Amount
1.	Non/short realisation of revenue/ royalty	22	3.40
2.	Loss of revenue	24	6.53
3.	Non/short realisation of Sales Tax	8	0.16
4.	Others	20	0.72
<b>TOTAL</b>		<b>74</b>	<b>10.81</b>

During the course of the year 2004-05, the Department accepted underassessment etc. of Rs. 5.44 crore involved in 27 cases of which 15 cases involving Rs.4.87 crore had been pointed out in audit during the year 2004-05 and the rest in earlier years. An amount of Rs.31 lakh was realised at the instance of audit.

A few illustrative cases involving Rs.5.14 crore highlighting important audit observations are given in the following paragraphs:

## **8.2 Loss of revenue due to lack of infrastructure for realisation of transit pass fee**

The State Government by an order issued in February 2000 fixed transit pass fee of Rs.50 and Rs.75 per cubic metre (cu.m) for issue of transit pass for timber and veneer respectively imported under open general license (OGL)<sup>1</sup> for transportation to various places.

Scrutiny of records of Divisional Forest Officer (DFO), 24 Parganas (South) Division revealed in July 2004 that timber/veneer were imported to Kolkata through three<sup>2</sup> docks in West Bengal under OGL for transportation to various places without transit pass and realisation of transit pass fee during the period between 2000-01 and 2002-03. Although the said order was effective from the date of its issue, the same was implemented after a lapse of three years i.e. from the year 2003-04. The Department confirmed that a quantity of 2.5 lakh cu.m. of timber/veneer had been imported per year under OGL. Failure to collect the transit pass fee during the intervening period of three years resulted in loss of revenue of Rs.3.75 crore calculated at the minimum rate of transit pass fee of Rs.50 per cu.m on 7.5 lakh cu.m of timber/veneer.

After this was pointed out, the DFO stated that the said order for realisation of transit pass fee was not given effect from the date of its issue due to lack of infrastructure. Reasons for not providing adequate infrastructure for immediate implementation of Government order were not furnished and the fact remained that delayed action on the part of the Department led to loss of such huge revenue.

Government to whom the matter was forwarded, agreed to review the matter and stated in August 2005 that some remedial measures had been contemplated. Report on remedial measures taken has not been received (October 2005).

## **8.3 Short realisation of revenue due to irregular deduction of project advance and service charge**

The Government accorded administrative approval in their order dated 28 January 2004 to a project on Infrastructure Development and Joint Forest Management (ID & JFM) support activity in North Bengal. Working

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<sup>1</sup> OGL – Open general license is an import license issued by the Government of India.

<sup>2</sup> Khidirpur, Falta and Haldia.

procedure for implementation of the project provides that the West Bengal Forest Development Corporation (WBFDC) will entirely finance the timber operation and firewood operation costs together with infrastructural cost and recover the same from sales relating to the project. Money advanced for infrastructure is to be adjusted in the same year. Moreover, the working procedure, *inter alia*, provides for deduction of service charge of the project at the rate of 17 per cent from net sale proceeds<sup>3</sup> by the WBFDC before remittance of net revenue<sup>4</sup> to the Government after the commencement of the project. In case of non-project work, the admissible deduction towards service charge was 10 per cent of the net sale proceeds of timber.

Scrutiny of records of three forest offices<sup>5</sup> revealed that WBFDC collected revenue of Rs.4.82 crore during July and December 2003. Out of this, the Corporation did not remit Rs.85.92 lakh to the concerned forest division, treating it as project advance for financing operation costs under ID and JFM Project. Since the work had been completed before issue of orders dated 28 January 2004, the deduction made was inadmissible. Besides, service charge were deducted at the rate of 17 per cent instead of 10 per cent on the net sale proceeds of timber valued at Rs.7.56 crore. This irregular deduction of project advance of Rs.85.92 lakh together with excess deduction of service charge of Rs.52.89 lakh resulted in total short realisation of revenue of Rs.1.39 crore.

After this was pointed out, the concerned offices stated between August 2004 and March 2005 that the matter had been taken up with the WBFDC.

Government to whom the cases were reported, agreed in July 2005 to review the matter. Report on further action taken has not been received (October 2005).

#### **8.4 Loss of revenue due to delayed remittance of sale proceeds of timber**

Under the provisions of the West Bengal Financial Rules, all moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise shall be brought into Government Account without delay. According to the existing procedure, the harvesting of timber

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<sup>3</sup> Net sale proceeds = Gross sale proceeds – Operational cost

<sup>4</sup> Net revenue = Net sale proceeds – service charge.

<sup>5</sup> DFD, BTR(East), DFD, BTR(West) and DFO, Jalpaiguri Division.

and disposal thereof is entrusted to the WBFDC. The WBFDC is required to remit the revenue realised from sales to the concerned DFO after deduction of usual charges. The present procedure does not provide for charging of interest for delayed remittance of revenue.

Scrutiny of records of two<sup>6</sup> Forest Offices revealed between February and August 2004 that WBFDC remitted net revenue of Rs.3.25 crore between March 2002 and January 2004 to the concerned Forest Offices on account of sale proceeds of timber though the amount was realised between April 2001 and June 2003. Absence of provision for interest on delayed remittance of revenue by two to 14 months resulted in potential loss of revenue of Rs.15.39 lakh calculated at borrowing rates of interest varying between 8.25 and 9.25 *per cent* prevailing between 2001-02 and 2003-04.

After this was pointed out, both the forest officers stated between March and August 2004 that the matter would be taken up with WBFDC. Report on further development has not been received (October 2005).

Government to whom the cases were reported, agreed in July 2005 to contemplate minimization of the time gap. Report on further action taken has not been received (October 2005).

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<sup>6</sup> DFO, Kurseong Division, : DFD, BTR(West), Alipurduar