

CHAPTER-VI
FOREST RECIEPTS

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6.1 Tax administration

The Principal Chief Conservator of Forests (PCCF) heads the Forest Department under the administrative control of the Additional Chief Secretary (Forests) who is assisted by eight Conservators of Forests (CFs) in 37 territorial divisions. Each CF controls the exploitation and regeneration of forest activities carried out by Divisional Forest Officers (DFOs) under their control. Each DFO is in-charge of assigned forest related activities in his territorial division.

6.2 Results of audit

During 2015-16, test check of the records of 35 units relating to forest receipts brought out non/short recovery of royalty, non-levy of interest/extension fee, blocking/loss of revenue due to seized timber and other irregularities involving ₹43.81 crore in 108 cases which are categorized as in **Table-6.1** below.

Table-6.1: Results of Audit

(₹ in crore)			
Sr. No.	Categories	Number of cases	Amount
1.	Non/Short recovery of royalty	27	15.71
2.	Non-levy of interest/extension fee	18	1.06
3.	Blockade/Loss of revenue due to seized timber	18	3.16
4.	Other irregularities	45	23.88
Total		108	43.81

During the course of the year, the Department accepted under-assessment and other deficiencies of ₹2.75 crore in 21 cases which were pointed out in earlier years out of which an amount of ₹30.14 lakh was realised in 14 cases pertaining to earlier years.

Significant cases involving ₹11.65 crore are discussed in the following paragraphs.

6.3 Blocking of revenue due to non-disposal of seized timber

Non-disposal of seized timber measuring 539.2254 cu.m lying in various depots of the Department for disposal resulted in blocking of revenue of ₹2.79 crore including VAT of ₹33.70 lakh.

Section 52 of the Indian Forest Act, provides for seizure of property liable to confiscation. As per Departmental instructions of April 1951, either the seized timber or forest produce should be kept in the *spurdagi* (safe custody) of a *sapurdar*¹ or with the concerned field staff after it is accounted for in Form-17.

¹ A lambardar or any reliable person of a place

The timber/forest produce so accounted for is to be disposed of after the offence has either been compounded or decided by court. The Principal Chief Conservator of Forests (PCCF) instructed (April 1999) all Conservators of Forests (CFs) that where the *spurdagi* of forest produce is taken for unduly long period, the concerned investigating officer should be asked to obtain orders of the competent court for auctioning the seized property within 15 days to minimise expenditure on watch and ward and deterioration/pilferage of such produce.

Audit scrutiny of timber forms of 12 forest divisions between April 2015 and March 2016 revealed that in 40 forest ranges, the Department had seized (between 2011-12 and 2014-15) timber measuring 539.2254 cu.m valued at ₹2.79 crore² including VAT of ₹33.70 lakh. The seized timber was lying in various depots of the Department without any record to indicate whether the concerned DFOs/investigating officers had taken any steps or obtained the orders of Court to dispose of the seized timber. The non-disposal of seized timber not only resulted in blocking of revenue to that extent but also incurring of expenditure on watch and ward and further deterioration of timber.

The Forest Department did not streamline the procedure for disposal of seized timber despite being pointed out in last four Audit Reports highlighting non-disposal of seized timber valuing ₹6.94 crore³.

On this being pointed out, the DFO, Nachan stated (December 2015) that out of ₹47.24 lakh, an amount of ₹2.21 lakh had been realised and remitted into the Government treasury. The DFOs Mandi and Theog stated that efforts were being made to dispose of the seized timber. The remaining DFOs had not furnished any reply.

The matter was reported to the Department and the Government between June 2015 and April 2016; the replies were awaited (November 2016).

6.4 Short recovery of royalty due to application of incorrect rates

Short recovery of royalty of ₹8.30 crore due to application of incorrect rates of royalty by the Himachal Pradesh State Forest Development Corporation Limited.

In May 2011, the Pricing Committee observed that the road network had reached every corner of the State and parameters of expensive and remote localities and special hill tracts could no longer be applied to timber extraction. Hence, it decided that royalty rates for each species should be payable at the same rates throughout the State.

² Anni: vol: 45.888 cu.m ₹17.70 lakh, Bilaspur: vol: 41.4436 cu.m ₹13.60 lakh, Dehra: vol: 14.2993 cu.m ₹3.83 lakh, Kinnaur: vol: 40.7840 cu.m ₹25.10 lakh, Karsog: vol: 61.241 cu.m ₹29.33 lakh, Mandi: vol: 75.084 cu.m ₹40.85 lakh, Nachan at Gohar: vol: 91.097 cu.m ₹53.74 lakh, Renukaji: vol: 40.922 cu.m ₹19.37 lakh, Seraj: vol: 12.435 cu.m ₹7.59 lakh, Shimla: vol: 4.715 cu.m ₹2.20 lakh, Solan: vol: 1.1095 cu.m ₹0.71 lakh and Theog: vol: 110.207 cu.m ₹64.74 lakh

³ Audit Reports: 2011-12: ₹2.27 crore, 2012-13: ₹1.42 crore, 2013-14: ₹0.78 crore and 2014-15: ₹2.47 crore

Audit noticed that in three divisions⁴, 68 lots of timber having standing volume 57,488.75 cu.m of *Deodars, Kail, Chil, Rai/Fir* and Broad Leaves species were handed over to the HP State Forest Development Corporation (HPSFDCL) for exploitation during the years 2011-12 to 2014-15. HPSFDCL worked out and paid royalty of ₹5.98 crore to the Forest Department as per rates applicable to special hill tracts of expensive and remote localities as against ₹14.28 crore payable on the basis of single rate of ad-valorem basis. Thus, application of incorrect royalty rates by the HPSFDCL resulted in short recovery of royalty of ₹8.30 crore.

The matter was forwarded to the Department and the Government between June 2015 and April 2016; the replies were awaited (November 2016).

6.5 Non/short realization of cost of trees

Cost of ₹32.50 lakh of 536 trees having standing volume of 257.434 cu.m coming in the alignment of projects was not recovered from the user agencies by the Department.

As per the Departmental instructions of September 1991, the cost of trees standing on forest land diverted/transferred for non-forestry purposes is to be recovered at the prevailing market rate from the agencies to whom the land is to be transferred before handing over the area to them. Audit observed the following:

(a) Test check of the records of DFO Kinnaur revealed that the approval for diversion of 4.8951 *hectares* of forest land was granted in August 2012 in favour of an agency for construction of 20 MW Raora-II SHEP project. A total of 165 trees of different species having standing volume of 77.71 cu.m valued at ₹20.43 lakh in the alignment of the project. This cost was to be recovered from the agency. There was nothing on record to indicate that any claim was raised to agency. This resulted in non-realisation of revenue of ₹20.43 lakh. In addition, VAT of ₹2.81 lakh was leviable.

(b) Test check of records of DFO Shimla brought out that approval for diversion of 2.9680 *hectare* forest land was granted in November 2010, September 2011 and May 2012 in favour of various agencies⁵ for construction of office building/car parking/road. A total of 371 trees of different species having standing volume of 179.724 cu.m valued at ₹50.70 lakh were in the alignment of the projects. The Department however recovered only ₹41.44 lakh resulting in short realisation of revenue of ₹9.26 lakh including VAT of ₹1.12 lakh.

⁴ Anni: 35 lots: 25,084.86 cu.m ₹2.25 crore, Chopal: 27 lots:28,087.71 cu.m ₹5.44 crore and Kinnaur: six lots: 4,316.189 cu.m ₹0.61 crore

⁵ IPH Department, for construction of ENC Building, Shimla, Municipal Corporation Shimla for construction of Car Parking near MC Toilet, Chotta Shimla and HPPWD for construction of Ever Sunny-Golcha-Bhont road, Shimla.

The matter was reported to the Department and the Government between June 2015 and February 2016; the replies were awaited (November 2016).

6.6 Non-levy of extension fee

Lease period of 36 timber lots handed over to HPSFDCL for exploitation of timber were extended without demanding extension fee ₹17.20 lakh.

As per clause 3 of the standard lease deed agreement with HPSFDCL for exploitation of timber/trees, the Corporation shall have no right on trees as are left standing in the leased forest, felled trees and any scattered/stacked timber un-removed from leased forest after the expiry of the lease period. Further, as per decision of the Pricing Committee of September 2007, extension fee at the rate of 0.2 per cent per month of the total royalty whether paid or unpaid shall be levied for the extension of the working period beyond the lease period.

Test check of records of two forest divisions revealed that 36 timber lots were handed over to HPSFDCL for exploitation during the lease period ending between May 2008 and March 2015. The exploitation work of these lots could not be completed within the lease period. The HPSFDCL, sought extension in working period of the salvage lots which was accorded by the concerned DFOs. However, extension fee of ₹17.20 lakh⁶ was neither demanded by the Department nor paid by HPSFDCL.

On this being pointed out, DFO, Theog intimated (September 2015) that extension fee bill amounting to ₹10.18 lakh had been raised with DM, HPSFDCL while DFO, Seraj stated that extension fee would be recovered after reconciliation.

The matter was reported to the Government between June and September 2015; its reply was awaited (November 2016).

6.7 Illicit felling of trees

Failure of forest authorities to promptly detect and report illicit felling of trees resulted in non-seizure of 91 trees with standing volume of 22.90 cu.m and consequent loss of ₹6.66 lakh including VAT of ₹0.80 lakh.

As per standing instructions of the State Government relating to disposal of forest offences in Himachal Pradesh Forest Department, the beat forest guard is to file a damage report in the event of illicit felling of trees and the Range Officer (RO) would investigate the case and forward it to the DFO for assessment of compensation or sanction of prosecution. Further, as per instructions of the PCCF of July 2004, the Block Officer/RO are required to inspect the forests from time to time and take effective steps against illicit felling and report the matter to the higher authorities for taking action. The cases are also to be registered with the police.

⁶ DFO Seraj at Banjar: 8 lots: ₹5.76 lakh and Theog: 28 lots: ₹11.44 lakh

Audit noticed (December 2015) from the 'Register of offence cases' at DFO, Churah that 91 trees of various species with standing volume of 22.90 cu.m were illicitly felled and taken away by the offenders. However, neither was any Damage Report issued nor any FIR registered with the police in any of these forest offence cases. These cases of illicit felling could not also be detected by the field functionaries immediately after offence was committed. Failure to timely detect and report the offences resulted in non-seizure of 22.90 cu.m of standing volume of timber and resultant loss of ₹6.66 lakh including VAT of ₹0.80 lakh.

The matter was reported to the Government in January 2016; its reply was awaited (November 2016).

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