

PUBLIC ACCOUNTS COMMITTEE

1983-85

THIRTY-THIRD REPORT

(SEVENTH ASSEMBLY)



**Report of the Public Accounts Committee on
the Reports of the Comptroller and Auditor
General of India for the years 1974-
75, 1975-76, 1976-77, 1977-78, 1978-
79, 1979-80 and 1980-81 (Revenue
Receipts) pertaining to the
Forest Department,
Government of
Assam**

Presented to the House on 12-9-84

ASSAM

**LEGISLATIVE ASSEMBLY SECRETARIAT
DISPUR : GUWAHATI-6**

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COMPOSITION OF THE PUBLIC ACCOUNTS
COMMITTEE

(1983-85)

CHAIRMAN :

Shri Hemen Das,

MEMBERS :

Shri Joy Chandra Bora,

Shri Binoy Kumar Basumatari,

Dr. Tarini Mohan Barooah,

Shri Narad Komar,

Shri Dileswar Tanti,

Shri Sisir Ranjan Das,

Shri Danes Ali,

Shri Siraj Uddin,

SECRETARIAT :

Shri P. D. Barua, Secretary,

Shri N. Deuri Bora, Deputy Secretary,

Shri D. Talukdar, Under Secretary,

Shri B. Senapati, Committee Officer.

INTRODUCTION

I, Shri Hemen Das, Chairman of the Committee on Public Accounts, having been authorised to submit the report on their behalf, present this Thirty-Third Report of the Committee on Public Accounts in the paragraphs contained in Chapter VIII of the Report of the Comptroller and Auditor General of India for the year 1974-75 Revenue Receipts (Civil); Chapter VI contained in the Report of the Comptroller and Auditor General of India for the year, 1975-76 (Revenue Receipts); Chapter VII contained in the Report of the Comptroller and Auditor General of India, 1976-77 (Revenue Receipts); Chapter VII contained in the Report of the Comptroller and Auditor General of India, 1977-78 (Revenue Receipts); Chapter VI contained in the Report of the Comptroller and Auditor General of India, 1978-79 (Revenue Receipts); Chapter VI contained in the Report of the Comptroller and Auditor General of India, 1979-80 (Revenue Receipts) and Chapter VI contained in the Report of the Comptroller and Auditor General of India, 1980-81 (Revenue Receipts); pertaining to the Forest Receipts of the Government of Assam.

2. The Reports of the Comptroller and Auditor General of India for the years 1974-75, 1975-76, 1976-77, 1977-78, 1978-79, 1979-80 and 1980-81 (Revenue Receipts) were laid on the table of the House on 15th September, 1976; 30th October, 1977; 30th November, 1978; 19th March, 1981 and 22nd March, 1983 respectively.

3. Consequent upon the imposition of the President's Rule in the State of Assam with effect from 12th December, 1979 the Assam Legislative Assembly remained under suspended animation and the Assembly was subsequently dissolved as a result of which the Public Accounts Com-

mittee could not function after December, 1979 till the 27th March, 1983. This has resulted accumulation of backlog to examine and scrutinise the Reports and Accounts under reference. The Present Committee was constituted on 28th March, 1983 after the General Election in the State of Assam.

4. The Reports of the Comptroller and Auditor General of India for the years under report were considered by the present Committee in its sittings held on 26th, 27th, 28th and 29th October, 1983. While examining the Reports, the Committee had scrutinised the replies submitted by the Department and examined the Departmental witnesses for further clarification.

5. The Committee has considered the draft Report and finalised the same in its meeting held on 7th August, 1984.

6. A statement showing the summary of recommendations of the Committee will be found in Part II of the Report.

7. The Committee places on records its appreciation for the valuable assistance rendered to the Committee by Shri S. Sampath Narayanan previous Accountant General, Assam, Shri C. K. Joseph, present Accountant General (Audit), Assam and other officers and staff of the office of the Accountant General Assam. The Committee also expresses its thanks to the official witnesses of the Departments concerned for their co-operation.

HEMEN DAS,
Chairman,
Committee on Public Accounts.

REPORT

PART I GENERAL

Chapter-1

1.1. Forest receipts constitute a principal sources of non-tax revenue in the State of Assam with its rich forest resources which are in demand all over India. It is essential for the State to exploit these resources scientifically with particular regard to conservation, ecological balance and regeneration, so as to yield funds for the quick economic development of the people in the State.

1.2. An analysis of non-tax revenue receipts raised by the State from forests from the years 1974-75 to 1980-81 is given below:—

	In crores of Rupees	+ Increase — Decrease with reference to preceding year
1974-75	5.10	+ 0.27
1975-76	6.25	+ 1.15
1976-77	7.91	+ 1.66
1977-78	9.66	+ 1.75
1978-79	11.25	+ 1.59
1979-80	11.35	+ 0.10
1980-81	12.43	+ 1.08

1.3. It will be seen from the above analysis that the trend of increase in revenue raised from forest is not compatable in comparision to the rise in price levels of the forest product during the period under scrutiny.

1.4. The variations between the Budget Estimates and actuals receipts each for the years from 1974-75 to 1980-81 are given below:—

(In crores of Rupees)

Year	Budget Estimates	Actual	Variations (+) Excess (-) shortfall	Per cent of Variations
1974-75	4.75	5.10	(+) 0.36	8
1975-76	5.55	6.25	(+) 0.70	13
1976-77	6.02	7.91	(+)1.09	31
1977-78	6.50	9.66	(+)3.16	49
1978-79	8.21	11.25	(+)3.04	37
1979-80	10.50	11.35	(+)0.85	8
1980-81	13.50	12.43	(-)1.07	8

1.5 From the above figures the Committee finds that in all the six years from 1974-75 to 1979-80 there was consistent under-estimation of Forest receipts the variation being as high as 49 per cent in 1977-78. On the other hand there was a shortfall of 8 per cent against the Budget Estimates for 1980-81. It is not clear as to why the Government could not attempt a reasonably close forecast of this important source of income.

1.6 The extent of uncollected revenue is as follows :—

As on 31st March	Amount pending collection (in crores of Rs.)
1974-75	1.62
1975-76	1.81
1976-77	1.63
1977-78	1.99
1978-79	2.41
1979-80	2.42
1980-81	2.50

1.7 The arrears in every year have not been less than 20 per cent of the collection. The Committee is distressed to find the figures shown by the Audit with regard to collection of arrears revenue and handling of collection since 1975 which present an absolutely, poor performance of forest Department. It reflects the unsatisfactory functioning of the Department which calls for proper steps to be taken for streamlining the system of the revenue collection so as to increase their ability to collect the arrear revenue as early as possible.

1.8 The percentages of expenditure on collection of forest revenue to the gross collection are as follows :—

Years	Percentage
1974-75 ..	28
1975-76 ..	21
1976-77 ..	14
1977-78 ..	17
1978-79 ..	13
1979-80 ..	16
1980-81 ..	20

1.9 The percentage of cost of collection showed a downward trend between 1974-75 and 1976-77, but in recent years it is increasing. It is very important to keep an effective check on the cost of collection, so that more resources are generated for economic development of the State.

Recommendation

1.10 In the light of the above, the Committee recommends that (i) the Government should take steps for the improvement in the accuracy of forecast of forest receipts and for increasing the forest receipts, with due regard to conservation, ecological balance and regeneration of forest resources, (ii) the Government should strive to improve the extent of collection of forest dues and reduce outstanding arrears as well as economise the cost of collection.

1.11 The Committee has dealt with the individual instances of irregularity brought out in these Audit Reports in the subsequent chapters.

CHAPTER 2

Settlement of Mahalas

(A) ISSUE OF PERMITS

2.1 In September 1967, the Government in exercise of the powers conferred by the Assam Forest Regulation VII of 1891, framed Rules for settlement of Forest coupes and Mahals by tender system. These rules, viz. Assam Settlement of Forest coupes and Mahals by Tender System Rules 1967, came into force from 25th September, 1967. The rules provided interalia for inviting tenders, earnest money, documents regarding financial soundness of the tenderer etc. certain preferences and concessions were allowed to a person belonging to any of the Scheduled Castes, Scheduled Tribes or Other Backward Classes recognised by the Government, subject to certain conditions and his suitability and ability to perform the works satisfactorily. Such a preference or concession is also admissible to a Co-operative Society provided 80% of its members belong to Scheduled Castes or Scheduled Tribes or Other Backward Classes. There is no provision in these rules for allowing the removal of forest produce on any basis other than tenders.

2.1.2 The Audit Reports considered by the Committee however have cited the following instances where the Government adopted a different procedure and issued permits for removal of trees, at concessional rates, resulting in heavy loss of Government revenue :—

Sl. No.	Year of Report	Para Number	Number of trees operated	Estimated loss due to issue of permits
1	1977-78	7.2(i)	550	Rs. 2,62,994
2		7.2(ii)	200	Rs. 3,42,680
3	1978-79		139	Rs. 4,98,170
4		6.2(i)	151	Rs. 1,79,254
5		(ii)	65	Rs. 79,520
6		(iii)	34	Rs. 1,23,352
7		(iv)	125	Rs. 3,30,686
		(v)	295	Rs. 1,47,253
			275	Rs. 37,437
8	1979-80	6.2(i)	65	Rs. 4,76,000
		(ii)	84	Rs. 6,05,000

2.1.3 Details of some of these instances as reported by audit are as follows :—

(i) paragraph 7.2 (i) of the report of the Comptroller and Auditor General of India for the year 1977-78 (Revenue Receipts) reveals that the Divisional Forest Officer, North Kamrup Division, issued permits to eight persons for the removal of 1225 non-sal trees on payment of royalty plus 50% monopoly fee. This was stated to be under the instructions issued by Government between 28th December 1977 and 23rd February 1978. Out of eight persons who were issued permits, three permit holders removed 550 non-sal trees and paid Rs.2,62,996. The operation of the permits in respect of the remaining 675 trees was stopped by Government in March 1978.

2.1.4 During the year 1977-78 twenty-nine Forest coupes were settled in the Division by tender system. The price offered for these coupes ranged between 387% and 153% above valuation fixed by the Government. On an average, these coupes fetched 200 per cent above the Government valuation. A comparison of the price offered under the tender system with that of the rates fixed by Government for the permits would indicate that the rates fixed were lower than the tender rates. By awarding the permit at a lower rate Government has apparently forgone a revenue of Rs.2,62,994 in respect of the trees actually removed by the permit holders.

(ii) In another case it was seen in audit (September 1978) that the Conservator of Forests issued orders that the permit holders who were permitted to work in the reserve forest in the Digboi Forest Division for the year 1977-78, should be charged Rs.455 per Cu.M. of timber extracted. However, in November 1977, the Government directed the Divisional Forest Officer, Digboi, to issue permit to a firm for 200 trees of Hallong, Makai and other species subject to the condition that the firm would pay royalty at the then existing rates and it would also construct a road as per the directions of the Divisional Forest Officer or in lieu thereof would pay monopoly fee at 30 per cent of the royalty rate. Accordingly, the Divisional Forest Officer issued a permit for 200 trees of Tipong Reserve Forest and the firm agreed to construct a 4 K. M. road which was estimated by the Forest Department to cost Rs. 1,40,000. The trees allotted to the firm were estimated to contain 1,378 Cu.M. of timber of royalty value of Rs. 1,44,311. Besides the allotment of these trees by permit being violation of the Tender System Rules of 1967, the settlement

of these trees on payment of royalty and construction of a road by the permit holder resulted in a loss of revenue of Rs. 3,42,680 to Government calculated at Rs. 455 per Cu. M. of timber which was being charged from other permit holders.

2.1.5 In February 1978, the Government allotted to the same firm 152 more trees which were on a 20 metre wide road to be constructed by it for extraction on payment of royalty plus 50 per cent of royalty as monopoly fee.

2.1.6 By July, 1978 the firm operated 139 trees and was allowed to remove 1,174 Cu. M. of logs without payment of the full royalty amounting to Rs. 1,24,495. The firm however, paid advance royalty of Rs. 36,000 only and the Division had no record to indicate the quantum of road work done by it, as no measurement of work was ever taken so as to ascertain the expenditure incurred on the construction by the permit holder. The removal of 1,174 Cu. M. of timber by the firm without payment of royalty resulted in loss of Rs. 4,98,170 to the Government calculated at Rs. 455 per Cu. M. charged from permit holders.

2.1.7 The Audit reported the above matters to Government in November, 1978 and reply was not receiving till July 1979.

(iii) The Government issued permits to a person for the removal of non-sal trees in Haltugaon Forest Division in September, 1977 and August, 1979 on payment of royalty at fixed rates. The coupe-holder removed altogether 65 Nos. of the allotted trees worth Rs. 1,01,746.

It was seen in audit (December, 1979) that during the year 1977-78 forest coupes in adjoining areas in the division were settled by tender system. On an average, these coupes fetched 568 per cent above the Government valuation in the instant case. The rates thus fixed by the Government were much lower than the tender rates. Additional revenue of Rs. 14,76,000 in respect of these trees would have accrued to Government, had the procedure prescribed in the Rules been followed.

(iv) In another case, the Government issued permits to a person in November, 1977 for removal of 35 Nos. of sal and 50 Nos. of non-sal selected green trees from Kachugaon Forest Division on payment of royalty of Rs. 42,706.

Subsequently, in August, 1978, Government revised their earlier order and allowed the same person to operate the trees on payment of royalty plus 25 per cent monopoly fee

subject to his clearing the dues of Rs. 10,916 in respect of an earlier settlement and also Rs. 31,790 due to be received by the department from his son. The order was further modified by Government in September, 1979, on a petition received from the permit holder, allowing him to operate the trees within the jurisdiction of Haltugaon Forest Division instead of Kachugaon Forest Division. Till November, 1979, the permit holder operated 84 trees in Haltugaon Forest Division and paid royalty and monopoly fee totalling Rs 1,86,753. sa

2.1.8 It was noticed in audit (December, 1979) that 4 as coupes and 4 non-sal coupes located in the adjoining areer were sold by the department during 1977-78 under Tende System Rules, 1967 and these coupes fetched average price of about 547 per cent for sal coupes and 524 per cent for non-sal coupes above the price fixed for the permit holder. Additional revenue of Rs. 6,05,000 in respect of 84 trees removed by the permit holder would have accrued to Government, had the prescribed procedure been followed.

2.1.9. In its written memorandum, the Forest Department stated that the Rules quoted in para, 2.1 do not specifically put any bar on sale of forest produce on permits ; that section 26 of the Assam Forest Regulation, 1891 makes exception to any act done with permission in writing of a Forest Official specially empowered to grant such permission and that section 68 of the same Regulation provides that the State Government may invest any forest officer with certain powers which include power to grant any permission ; that Para II of the Regulation in chapter I contains the powers conferred on various categories of Forest Officials ; that similarly in chapter II of the Assam Forest Manual Volume II Section 29, provides that for all timber or forest produce sold otherwise than from a Depot, a permit or a pass must be given before any such produce is moved by the purchasers. The Department further stated the Government in certain cases decided to issue permit for removal of timber on compassionate ground and to help some young educated persons by realising royalty and monopoly fees.

2.1.10 While giving oral evidence before the Committee, the Commissioner and Secretary, Forest Department stated that the Rules were amended in 1977, providing that along-

with tender/auction the Government has the power to dispose of forest produce in any manner other than tender or auction. He stressed that the Government has discretionary powers to issue permits, but decision is taken normally on compassionate ground when a particular person was found to be in difficult financial position because of losses in contract under the Forest Department or when sometimes the Government wanted to help some educated unemployed people. On a query made by the Committee as to whether the Government have any basis to consider compassionate ground, the Departmental witness stated that there were difficulties of different nature on the part of the tenderer/contractor and he agreed that there was no standard pattern and petitions were considered individually on merits of each case. The Departmental witness also stated that royalty in proportionate value was recovered and whatever Government might normally have earned was recovered but to that extent it might be said that there was notional loss if compared to tender or auction sale; but reiterated that technically there was no loss on issue of permits which is fully within the competence of Government.

With reference to para 7.2 (ii) of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Revenue Receipts) the Department has informed the Committee that the Government have withdrawn the Tipong R. F. (New Tipong Hanjuarea) P. W. Coupe No. 1,2 and 3 of 1975-76 under Digboi Division from sale on receipt of the proposal from the Conservator of Forests, Eastern Assam Circle on the ground that without construction of an extraction road the coupes were unworkable.

Government have received petitions from three parties as noted below who were agreeable to construct the approach road at their own cost on some conditions.

1. Sri K. Sharma,
2. M/S Eastern Lumberers, and
3. M/S Gayal Saw Mill.

The petition of M/S Eastern Lumberers was considered and settled the coupes with them. But M/S Gayal Saw Mill filed an appeal demanding for consideration of their prayer

also. After hearing both the parties and careful consideration of the facts and circumstances permit for 200 Nos. of Hollong/Mokai trees was granted to M/S Gayal Saw Mill on same terms and conditions specifically to construct a road as per direction of the D. F. O., concerned. According to this the firm was to construct a road. This firm was also granted an additional permit for another 152 trees which were to be uprooted from the road alignment strip. The above trees were allotted on permit only to avoid conflict and future complication by giving allotment of these trees, in inviting quotations etc. with other party within the area of above 200 trees allotted to M/S Gayal Saw Mill.

The question as to whether the royalty due from the party has since been realised or not is under correspondance.

2.1.11 At the outset, the Committee wanted to know from the Departmental witness when the construction of road was completed. The Departmental witness could not furnish the information on a query made by the Committee about the loss of Rs.4,98,170 for removal of 1,174 Cu.M. of timber by the firm without payment of royalty to the Government. The Departmental witness stated that this particular coupe could not be operated because of its inaccessibility, a road had to be constructed to make it accessible. The party to whom the Mahal was settled offered to construct the road and on that consideration the Party was given two coupes and also trees on permits. The Committee then wanted to know as to why the Department could not construct the road. The Departmental witness stated in his evidence that the Departmental construction was dependent on availability of Fund in the Budget. Tenders were invited for the Mahal and the Department settled the coupe with a contractor but this coupe could not be operated by the contractor unless the road was constructed.

2.1.12. On query made by the Committee about the length and breadth of the said road the Departmental witness stated that the Department was unaware of the exact measurement of the road at present but he stated that in any case the breadth of the road would not be 20 metres.

2.1.13. The Committee observes that in this case the Departmental witness could not furnish requisite information about the construction of the road by permit holder as a result of which the Committee could not satisfy themselves with the reasons for inability of the Department to construct the road by the Department itself. The construction of a road by the permit holder resulted in a loss of Revenue. There was no reason

allotting to the same party 152 more trees which were on a 20 metre wide road to be constructed by it for extracting on payment of royalty plus 5 per cent of royalty as monopoly fee.

OBSERVATION

The Committee observed that construction of a 20 metre wide road within the Reserved Forests for extraction of trees was unheard of and this amounts to destruction of forest by the Department itself, which is entrusted in protecting and conserving the forests. From the evidence, it appeared that this road was actually not constructed and it was only a plea to allot this 152 additional trees and this resulted in giving private benefit to the contractor probably in collusion with Departmental officers. Extraction of such forests product causes ultimate economic loss to the State.

RECOMMENDATION

The Committee therefore recommends that high level enquiry should be made to find out the reasons for not constructing the road by the Department concerned as well as by the contractor and for allotment of these trees by permits being in violation of the tender system Rules of 1967, and the settlement of these trees on payment of royalty which resulted in a loss of Revenue of Rs.3,42,860 and submit the enquiry report to the Committee together with action taken by Government on the report within three months from the date of presentation of this Report to the House.

(B) SALE OF TREES BY PERMITS

2.1.14. Forest trees intended for sale are marked by the Forest Department (generally in accordance with a working plan) and grouped into convenient lots called coupes. The Government have framed Assam Settlement of Forest Coupes and Mahals by Tender System Rules, 1967 for regulating the sale of these coupes. In the later half of 1977-78, the Government largely deviated from the prescribed procedure and resorted to large scale issue of permits for extraction of timber from forest coupes instead of following the procedure laid down in the above Rules. Accordingly, permits for extraction of over 4,000 sal trees and 300 non-sal trees from Kachugaon Forest Division were issued. However, in March 1978, Government directed that the operation of trees against the permits should be kept in abeyance. Some of the very important instances cited in the said Paragraph are given below:—

Haltugaon Dead Wood Coupe No. 1 of 1966-67 of Haltugaon Forest Division was settled with one contractor for the period from 1st November 1966 to 31st October 1967, in accordance with the provisions of Assam Settlement of Forest Coupes and Mahals by Tender System Rules, 1967. The Coupe had 47 marked trees, but the contractor could not operate 34 marked trees during the contract period. He submitted two representations to Government in December 1973 and February 1977 praying for extension of the coupe period or grant 100 trees in lieu of extension to compensate the loss. The Government while rejecting the prayer for extension, granted a permit (August 1978) for 34 green matured sal trees in favour of the contractor on payment of royalty and 25 per cent monopoly fee thereon. Accordingly, the contractor removed 34 sal trees and paid royalty and monopoly fee of Rs. 41,118.

2.1.15. It was, however, seen in audit (December 1978) that sal timber coupe put to sale by the Division in the adjoining areas fetched revenue about 5 times the royalty valuation. At this rate, the sale of the 34 matured sal trees would also have fetched Rs. 1,64,470 as against Rs. 41,118 paid by the contractor on permit system. This resulted in Government foregoing a revenue of Rs. 1,23,352.

In two other cases in the same division, Government issued (November 1977) trade permits in favour of two contractors to operate 25 and 100 matured sal trees respectively on payment of royalty plus 20 per cent monopoly fee. No reason was recorded for granting permits instead of calling for tenders by forming coupe of sal trees. It was noticed in audit that sal timber coupes put to sale by the division on tender system during 1977-78 fetched revenue about 5 times the royalty valuation. At this rate, value of 125 sal trees was Rs. 4,35,112 whereas these were operated by the permit holders on payment of Rs. 1,04,426 only resulting in revenue loss of Rs. 3,30,686 to Government.

It was seen (November to December 1978) in audit of the Kachugaon Forest Division that this Division last sold Khoir trees by auction in the year 1976-77 when it secured an average sale price of Rs. 1,070 per cubic metre of Khoir timber. In pursuance of directions from Government the division issued permits instead of inviting tenders or disposal by auction to four persons in October 1977 for extracting 575 Khoir trees. Two of these permit holders operated 295 trees (out of 300) containing 275.89 Cu.M.

of timber and paid a total price of Rs. 1,47,949. By switching over to the permit system instead of following the procedure prescribed in the above mentioned Rules, Government had to forego a revenue of Rs. 1,47,253 determined at the prevailing price level of 1976-77 in the case of these two permit holders. Particulars of revenue foregone by Government in the remaining two cases are not available with the division.

2.1.16. On a query made by the Committee, the Departmental witness stated that the contractor might have sold these four thousand sal trees in the market.

2.1.17. The Committee after going through the objections raised in the aforesaid paragraphs and after hearing the Departmental witness, is distressed to note that Government largely deviated from the prescribed procedure and resorted large scale issue of permits for extraction of timber from forest coupes, resulting in loss of large amount of Government revenue and also destruction of Forest Wealth. The Departmental witness also failed to convince the Committee that the issue of permits was fully consistent with the objective of conserving the Forest resources and regeneration of Forest Wealth.

The Committee is dissatisfied with such unwarranted issue of permits violating all existing rules and by issuing such permits the department helps the rapid deforestation of the state.

RECOMMENDATION

The Committee recommends that such assistance should be given directly instead of issuing permits for operating trees at concessional rates so that there is no scope for loss of revenue or destruction of Forest resources on this account. The Committee also recommends that the practice of issuing permits for operating trees should be stopped further forthwith and the Assam Settlement of Forest Coupes and Mahals by Tender System Rules, 1967 followed scrupulously in future.

2.2 (C) Delay in Settlement of Mahals

2.2.1 The Audit Reports, examined by the Committee have cited a number of cases where Mahal remained unsettled due to delay in processing the tenders, or other causes resulting in loss of working periods and consequent loss of revenue as detailed below :—

Sl. No.	Year of Audit Report	Para number	Details of working period lost	Estimated loss of revenue in Rupees
1	1974-75	8.4(i)	32 out of 48 months between November, 1971 and October, 1975	26,000
2		8.4(ii)	November, 1969 to July, 1971 & November, 1973 to May, 1974	39,375 & 39,000
3		8.4(iii)	September, 1974 to May, 1975	66,000
4		8.4(iv)	October, 1974 to May, 1975	15,000
		8.7	November, 1973 to October, 1975	1,51,000
5	1977-78	7.3	One year in respect of 12 Bamboo Mahals	2,71,000
6		7.6	October, 1967 to August, 1978	1,96,000
7		7.17(a)(i)	November, 1973 to April 1974	12,000
8		(a)(ii)	June 1976 to December, 1976	33,000
9		(b)	November, 1976 to May, 1977	75,000
10		(c)	October, 1972 to August, 1973	21,350
11	1979-80	6.3(a)	January, 1978 to June, 1979	91,551
12		(c)	November, 1977 to October, 1978	1,88,500
13		6.6	September, 1977 to June/August, 1978	54,601
14	1980-81	6.12	November, 1978 to June, 1979	97,000
15		6.13	August, 1978 to May, 1979	37,000

2.2.2. In his written Memorandum, the Commissioner and Secretary, Forest Department had explained that these delays were procedural, unavoidable and sometimes caused by administrative difficulties. As regards delay commented in Para 8.7 of the Audit Report for 1974-75 he stated that because of the delay the Government thought it proper not to sell the Mahal for a period which was almost over and ordered for fresh sale of the mahal. He also remarked that loss pointed out by Audit did not hold good as sand and gravel are found as a result of the natural process of transportation and denudation and no loss of sand and stone occurred for not picking them up in time and that since these remained in the mahal for collection by Mahaldar during the settlement period there was no loss of revenue to Government.

2.2.3 During his oral evidence the Commissioner and Secretary, Forest Department attributed the delay in settlement to time taken to collect and verify information needed or taking a decision.

2.2.4 The Committee during the course of examination pointed out to the Departmental witness that the position of the Mahaldar for extension of working period of reduction in settlement price, submitted in september, 1970 was rejected in october, 1970, but subsequently the Government decided in July, 1971 to grant extension upto 31st July, 1973. Further, as against the request of the Mahaldar for extension upto October, 1972, the Government gave extension upto July 1973 as revealed in paragraph 8.4 (ii) of the Report of the Comptroller and Auditor General of India for 1974-75 (Revenue Receipts). The Commissioner and Secretary, Forest Department could not convincingly justify this action of the Government for showing favour to the Mahaldar.

2.2.5 The Committee regrets to note that matters connected with acceptance of tenders, consideration of appeals resale of Mahals on default of appointed mahaldars are not dealt with expeditiously and as a result mahals remained unoperated for long period. The argument put forward by the Departmental witness that non-operation of mahals

did not lead to loss of Govt. revenue is not acceptable to the Committee.

The Committee recommends that the Government should lay down time bound programmes for various activities connected with settlement of Mahals, and period of operation so that the unavoidable loss in working periods is kept down to the absolute minimum for the sake of reducing losses of Government revenue from Settlement of forest mahals.

(D) REGULAR EXTENSION OF PERIOD OF SETTLEMENT

2.3.1 Under the Assam Settlement of Forest coupes and Mahals by tender system Rules 1967, no extension of the period of settlement of a mahal shall ordinarily be admissible. In case there is delay in passing final order of settlement by more than two months beyond the date of commencement extension may be given of so much time lost as in excess of two months from the date from which the settlement is to commence. Where under exceptional circumstances any extension beyond the time mentioned above is found to be justified, such extension may be given by the authority which passed the final orders of acceptance of the tender, subject to the conditions inter alia that:

(1) The total period of extension shall not exceed one year and,

(2) Extensions may be given only in respect of coupes and not in respect of Mahals. The Rules do not provide for further extension of settlement beyond the periods specified above and do not also confer any power to Government to grant extensions beyond the period prescribed in the Rules.

2.3.2 Nevertheless the Department had granted irregular extension not covered by the Rules, leading to loss of revenue, mainly due to low recovery for the extension periods, as compared to revenue realisable if extensions had not been granted in the following instances, cited in the Report of CAG on Revenue Receipts.

Sl. No.	Year of Report	Para number	Type of mahal	Periods of extension granted	Estimated loss of revenue (in Rs.)
1.	1974-75	8.9(a)	Fishery	One year	53,000
2.		„ (b)	do	„	13,000
3.		(c)	Sand & Stone	16 months	21,000
4.		„ (d)	do	9 months	48,000
5.	1975-76	6.4	Cane	3 years	17,559
6.		6.5	sand & Gravel	13 months	59,730
7.	1976-77	7.1	Coupe	26 months	Not quantified
8.		7.9	Drift timber	2 years 2 months	21,230
9.	1977-78	7.5 (i)	Fishery	One year	1,50,710
10.		(ii)	„	Three years	1,34,341
11.		(iii)	„	One year	33,960
12.		(iv)	„	One year	72,776
13.	1978-79	6.1 (a)	Fishery	2½ months	1,84,552
14.		(b)	Cane	56 months	1,63,897
15.		(c)	Stone	25 months	22,000
16.		(d)	Fishery	One year	63,000
17.		(e)	Stone	Two years	71,000
18.		(f)	Sand	11½ months	31,741
19.		(g)	Stone	25 months	24,137
20.	1979-80	6.7	Stone	One year	15,271

2.3.3 In his written memorandum to the Committee the Commissioner and Secretary, Forest Department has explained that such extensions though not permissible under the Rules were granted by the Government mostly on compassionate grounds to compensate the losses suffered by the Mahaldar during the original period of settlement due to causes like reduction in the operating period and effective area of

peration, non availability of approach road, draughts, oods, language disturbances, stay orders from courts, obstruction from villagers, illegal fishing, placing away of fishermen engaged for fishing, inconveniences in extracting stipulated quantities of stone, poor quality of stones etc.

2.3.4 During oral evidence, the Commissioner, Forest could not convince the Committee about the justification for extension and acceptance of the third highest bid, described in Para 8 (c) of the Report of CAG on Revenue Receipts for 1974-75.

2.3.5 As regards Para 6.4 of the Report of CAG on Revenue Receipts for 1975-76, the Commissioner, Forest stated in oral evidence that originally the term was advertised as 3 years but on readvertisement it was reduced to 2 years; though the Mahaldar did not initially pay the first kist nor sign the agreement, he paid later the entire money and the Government agreed to give him a complete term for 3 years. The Commissioner could not however convincingly explain, why the request of the Mahaldar who quoted in response to the readvertisement for a two year term, for extension beyond the stipulated two year term should be entertained by the Government. The Commissioner could not also clarify why the plea of loss in working period was accepted by the Government when the loss was solely due to the default of the mahaldar to pay kist and sign the agreement. Further the Commissioner could not justify the action of the Government to allow a five year term, with repeated extension to the Mahaldar who failed to pay in time his dues to the Government. It was learnt during evidence that the Mahaldar is an old forest contractor.

2.3.6 As regards Para 7.1 of the Reports of CAG on Revenue Receipts for 1976-77, the Commissioner, and Secretary Forest admitted that certain concessions had been given to the contractor but stated that they had to be given to avoid the appointment of another contractor for removal of trees which could have caused a lot of misunderstanding or misuse.

However, the Commissioner could not convincingly explain how the Government was satisfied about the acceptability of the difficulties attributed by the contractor such as inaccessibility of the working area, difficult terrain etc. when the contractor had given his tender after visiting the area in response to the advertisement and acquainting himself with the working conditions.

In Para 7.5 of C. A. G's Report for 1977-78 (Revenue Receipts) the Audit has pointed out some other instances of irregularities of extension of period of settlement as follows :—

- (i) The Roumari and Charaibagi Fishery mahal was settled at Rs. 1,47,501 for the working period from 16th August 1970 to 15th May 1973. The mahaldar applied for extension on the ground that he sustained loss due to drought.

The Conservator of Forest also stated (February 1978) that mahaldar sustained loss due to drought. The Government granted (October 1972) the mahaldar extension by one year upto 15th May 1974 on payment of 2 per cent extension fee only. Although the Divisional Forest Officer did not recommend further extension, the Government granted him extension for another year on payment of proportionate value (Rs. 49,167) plus extension fee (Rs. 2,950). In the next sale, the mahal fetched Rs. 2,05,777 for a two year period. Calculated with reference to this sale price, Government had forgone revenue to the extent of Rs. 1,50,710 for the period of extension.

- (ii) The Mahamarijan fishery mahal was settled at Rs. 25,007 for the period, the 16th August 1970 to 15th May 1973. The working period was extended thrice; the first year on payment of 2 one per cent extension fee plus proportionate value. The grounds for which extensions were applied for were loss sustained due to flood, delay in respect of extension orders, etc. The Divisional Forest Officer did not recommend the 2nd and 3rd extensions. The next settlement of the Mahal for 1976—77 was for Rs. 51,001. At this rate for the extension period the Government would have received Rs. 1,53,003 against which Rs. 18,662 only was realised from the mahaldar. Thus, there was an estimated loss of revenue to the extent of Rs. 1,43,411 on account of extensions allowed to the mahaldar.

The Committee wanted to know how the Government could pass orders by passing the existing rules. The Departmental witness stated in his evidence that it amounted to

some deviation from the rules but in certain hard cases on compassionate ground Government gave certain consideration and gave them extension if the loss incurred by the contractor is found to be due to the reasons which were beyond his control. The Government took it to be genuine case for granting concession and extension.

2.3.7 In regard to Para 7.5 of the Report of Comptroller and Auditor General of India on Revenue Receipts for 1977-78, the Commissioner and Secretary, Forest in his oral evidence could not convince the Committee about the justification for the Government to assume responsibility for compensating loss sustained by contractors, when the legal position is that the contractor should pay the Government dues whether or not he makes a profit. Besides the Commissioner stated that some records were not available and so the grounds on which certain extensions were given by the Government could not be explained to the Committee. He also accepted that the replies to the questions put by the Committee members could be given only on the basis of information available even though the replies might not be precise or convincing.

2.3.8 The Committee is unhappy to note that the Government had repeatedly disregarded the Rules framed by itself providing that extensions, if at all granted for coupes, should not exceed one year. The Committee is not satisfied with the grounds adduced for the extension particularly the need to compensate losses, even if sustained by the forest contractor.

RECOMMENDATION

The Committee recommends that in future the Government should strictly adhere to the provisions of the Assam settlement of Forest coupes and Mahal by tender system Rules 1967 and desist from granting extensions which result in loss of public revenue and gain to forest contractors who have no valid claim for compensation for losses sustained in their contracts. The Committee also recommends that an enquiry may be conducted to ascertain reasons for granting undue extension and submit a report to the Committee within a course of three months from the date of presenting of the Report to the House.

2.4. (E) Resettlement of Mahals,/Coupes

2.4.1 Under the Assam settlement of Forest coupes and Mahals by tender systems Rules 1967, if a contractor fail, on due dates, to pay the security deposit or to pay instalments of the sales price of a Forest Mahal, the settlement with him should be terminated and the Mahal put to resale at his risk and the amount by which the price secured on resale falls short of the price at which the mahal was originally settled, is also recoverable from the defaulting contractor as arrears of land revenue.

2.4.2 Besides, under Assam sale of Forest Produce Coupes and Mahals Rules 1977, if the tenderer whose tender has been accepted fails to pay the security of the instalments on due dates or to execute the agreement, the sale of the coupe or mahal is liable to be cancelled. The coupe or mahal shall be resold for the remaining part of the coupe or mahal period at the risk of such tenderer and if the proceeds on resale are less than the value at which it was originally sold, the difference shall be realisable from him. Further the earnest money shall also be forfeited and the whole of the fixed security deposit or part thereof as may be necessary shall be adjusted against the dues.

2.4.3 The Reports of CAG on revenue Receipts considered by the Committee have brought out as below a number of instances of resale of mahals assigned to defaulting contractor in which the amounts due from them were not recovered resulting loss to Government.

Year of Report	Para number	Brief description	Estimated loss due to non recovery in Rs.
1. 1975-76	6.3	Re-Settlement was made without cancelling original settlement with the contractor at whose risk the mahal was resold.	21,412

Serial of Parannumber Report	Brief description	Estimated loss due to non-recovery in Rs.
2.	6.6 Unilateral change in conditions of sale and resettlement for a period different from that shown in resale notice.	39,123
3.	6.11 No. recovery from defaulting contractors.	22,876
4. 1976-77	7.2 do	44,008
5.	7.3 Non-cancellation of original settlement and change in the period relevant for recovery from original coupe holder.	11,935
6. 1976-77	7.4 Non-Recovery from accepted highest tenders who defaulted.	25875 and 6690
7. 1977-78	7.14 Non-recovery from successful tenderers who defaulted	19,766 18,240
8. 1978-79	6.5 Non-recovery from defaulting mahalder.	89,287
	6.7 Failure to resettle the mahal on the default of the original mahalder.	63,200
9. 1979-80	6.4 Sale by auction of falled trees instead of resettlement at the risk of the defaulting coupe holders.	47,078 12,395
10. 1980-81	6.5 Neither the original settlements with defaulting coupe holders were cancelled for new settlement made at their risk.	2,13,000

Following Audit Paragraphs reveal that—

7-14 (a): During the course of audit (May 1977), it was seen from the records of the Divisional Forest Officer, Nowgong, that the settlement period of Fishery mahal, Dubis and Khantas within Laskhowa Forest Reserve, expired on 15th May, 1974. However, the settlement period was extended upto 15th May, 1975. In response to sale notice for the period 16th August 1975 to 15th May 1977, a

single tender offering Rs. 33,111 was received which was not accepted by the Conservator. The Conservator directed (17th April, 1976) to re-advertise the mahal which was done on the 20th April, 1976 for the working period 16th August, 1976, to 15th May, 1977. The highest offer of Rs. 21,777 for the reduced working period was accepted but the tenderer did not come forward to operate the mahal. In February 1977, the mahal was settled at the risk of the defaulter for the unexpired two and a half months period for Rs. 2,011. The mahal remained unoperated for the period 16th May, 1975 to the end of February, 1977. Although the last sale was at the risk of the defaulter the loss of Rs. 19,766 was not recovered from him.

7.14 (b): For working the Bernali Sand and Stone mahal No. 1 of 1976-77 for the working period from 22nd February 1976 to 31st October 1977, eight tenders were received, the highest being Rs. 41,151. The highest tender was accepted and final settlement order was issued to the tenderer on March 1976. The highest tenderer however, refused to accept the work on the plea that the mahal was settled only for one year though, in fact, it was for more than one year. The mahal was put to resale (April 1976) at the risk of the highest tenderer and was settled (May 1976) with another bidder for Rs. 22,911 (highest bid value). The loss of Rs. 18,240 incurred by the Government owing to the failure of the highest tenderer to accept the work was recoverable from him. However, no amount was recovered from the tenderer.

On this being pointed out by Audit (December 1976) the Divisional Forest Officer, North Kamrup Division, Rangia stated (September 1976) that the matter was reported (December 1976) to the conservator of Forests, Lower Assam Circle, for necessary instructions and that a bakijai case was being instituted against the defaulting tenderer. Further development is awaited (July 1979).

2.4.4 In his written Memorandum to the Committee, the Commissioner and Secretary, Forest Department has informed that Bakijai proceedings are pending in most of these cases but no details of recoveries actually effected so

far have been furnished to the Committee. In regard to para 7.3 of the Report of Comptroller and Auditor General of India on Revenue Receipt 1976-77, he has stated that not with standing the provision of Rule 17 and 18 of Assam Settlement of Forest coupes and mahals by Tender System Rules for realisation of difference of bid money through Bakijai proceedings from defaulter it did not appear to be enforceable according to the Indian Contract Act which covers such cases. Similarly as regards Para 7.14 (a) and (b) of the Audit Report for 1977-78, he has stated that recovery was not possible as the successful tenderer did not execute any agreement in case (a) and the tenderer challenged successfully in a court in the matter of his liability in case (b). On the same line, the Commissioner has contended with reference to Para 6.5 of the Audit Report for 1980-81, that resale as risk as regards loss to Government and realisation of dues consequent to such resale cannot be legally imposed in case of such defaulting tenderers who had not signed the relevant agreements.

The Committee has come across unilateral change in condition of sale as revealed below :

Panchhoi coupe numbers 8/2, 8/3 and 8/4 and Rowta coupe number 3 in Darrang Division were put to sale (October 1974) for the working period 1st January 1975 to 31st March 1975 and were provisionally settled with the highest tenderers for Rs. 1,33,661.

In the provisional settlement orders issued by the Divisional Officer on 21st January 1975 the tenderers were asked to deposit the sale value of the coupes in two kists as against four kists specified in the sale notice. The first kist money together with security deposit to be paid on the dates specified was also intimated and it was stated that the final settlement orders would be issued after the agreements were signed by them on payment of the first kist money and security deposit. The tenderers having failed to make the payment, the coupes were put to resale on 1st March 1975 on short tender notice for the remaining period upto 31st March 1975. The defaulting tenderers were informed on 29th March, 1975 that the coupes would be resold at their risk within 31st March 1975. The actual resale of

coupes, however, took place on 31st March 1975 and the coupes were settled on 14th May 1975 with the highest tenderers for Rs.94,538 three of them (Panchhoi) for the period 16th June 1975 to 15th September 1975 and one (Rowta) for the period 31st May 1975 to 30th August 1975 as against the period "upto 31st March 1975" mentioned in the resale notice. Resale of the coupes thus, resulted in loss of revenue of Rs.39,123 compared to the rates received in response to the original sale notice.

2.4.5 During his oral evidence the Departmental witness admitted that notices about forest tenders are published only in Gazettes which are not generally available to the public; occasionally the tenders are advertised in News Papers but the Rules provide for publication in Gazette. At the suggestion of the Committee he agreed to give the advertisements in news paper for giving wider publicity.

2.4.6 The Committee is surprised to note that the Commissioner is contending that the Rules issued by his own Department cannot be legally enforced and therefore no recovery of the loss sustained by Government on resale could be effected from the successful tenderers who defaulted. This aspect should have been examined long ago and necessary steps taken to strengthen the hands of the Government in enforcing legally such recovery.

RECOMMENDATION

The Committee recommends that this should be done immediately so that defaulties are not allowed to escape liability to compensate the Government for the loss incurred.

2.4.7 The Committee is not satisfied with the progress in the Bakijai proceedings and regrates to note that no recovery has been effected so far and action intiated in any of these instances.

RECOMMENDATION

The Committee recommends that these Bakijai proceedings should be persued more vigorously and effective steps should be taken to recover the losses sustained by the Government from the persons concerned.

2.5. (F) Settlement without varifying financial soundness

2.5.1 Under the Assam Settlement of Forest Coupes and Mahals by tender System Rules 1967, every tenderer for forest coupes should submit alongwith the tender papers, documents

evidencing financial soundness besides submitting income tax clearance certificate. These documents connected with financial stability of the tenderer should be verified and accepted before settlement with the successful tenderers.

2.5.2 The Audit Reports considered by the Committee have cited three instances as shown below where these rules for verifying financial stability were not followed resulting in loss of revenue.

Sl. No.	Year of Report	Para number	Brief description	Estimated loss in Rs.
1	197-77	7.11	The mahaldar defaulted but was found to possess no property for recovery of Government dues.	23,208
2	1977-78	7.15 (a)	Non delivery of the year of settlement as addressee was not traceable.	21,435
3	1977-78	7.15 (b)	Non realisation from defaulting Mahaldar.	66,116
4	1980-81	6.7	Non availability of properties with defaulting contractors.	1,01,300

2.5.3 In the written Memorandum to the Committee it was stated that in the first case the contractor was an old contractor with satisfactory past performance and hence his financial stability was not verified. In the second case it was said that the bonafide of the highest tenderer did not arise in the initial stage. The recovery in their case was being looked into. In the fourth cases, only Rs. 64,523 was outstanding against the initial total dues of Rs. 1.10 lakhs, and it was also explained that it is impossible to have absolute guarantee of financial soundness of a tenderer during the pendency of the coupes.

2.5.4 During his oral evidence the Commissioner and Secretary Forest Department could not convince the Committee about the justification for departing from the procedure prescribed for verifying financial soundness of tenderers.

2.5.5 The Committee regrets to note that Forest Department has not been following the procedure laid down for verifying financial stability of the tenderers on the plea that this is not necessary in the case of old contractors.

RECOMMENDATION

Since it has been found that even such old contractors do not possess properties to start Bakijai proceedings, the Committee recommends that in future the financial stability of tenderers should be invariably verified before settlement orders are issued. The Committee further recommends that responsibility should be fixed on the officer/officers concerned who failed to follow the prescribed procedure for verifying financial stability of the contractors. Action taken by the Government should be intimated to the Committee within three months from the date of presentation of this report.

2.6(G)- Allotment of trees to recover arrears from defaulters

2.6.1 The Rules do not provide for any compensation by Government for any loss sustained by the forest contractors in operating the Mahal especially the defaulters from whom all dues to the Government should be recovered as arrears of land revenue.

2.6.2 However the Audit Reports considered by the Committee have listed the following cases where fresh trees were allotted to defaulters to realise arrears due to the Government which actually led to further loss.

Sl. No.	Year of Report	Para Number	Brief Substaince	Estimated loss worked out as difference between market value of trees operated & royalties paid to Government on permit.
(1)	(2)	(3)		(4)
1	1978-79	6.5(a)	A contractor who defaulted Rs. 31,136 in 1970 was permitted under Government orders of October, 1977 to operate 168 trees on the ground that he could operate only 25% of marked trees during his operating period of 1970-72. He also failed to pay Rs. 2258 in 1967-68 but was permitted in January 1978 to operate 50 trees.	Rs. 3,35,312 90,565

Sl. No.	Year of Report	Para Number	Brief Substance	Estimates less worked out as difference between market value of trees operated & royalties paid to Government on permit.
(1)	(2)	(3)		(4)
				Rs.
2		6.5(b)	A contractor who defaulted Rs. 1,585 in 1970-71 was permitted in October 1977 to operate 40 sal trees.	1,13,415
3		6.5(c)	A contractor who failed to pay dues amounting to Rs. 22,207 in 1969-70 was given in November 1977 permit for 150 mahal sal trees.	35,420
4	1980-81	6.2(a)	A contractor who failed to pay Rs. 15,255 in 1973 was permitted in February 1978 to operate 50 sal and 50 non-sal trees and again in March 1978 to operate 38 trees in replacement of purported balance of coupe of 1972-73.	12,67,731
5		6.2(b)	A contractor for a 1974-75 coupe was permitted in November 1980 to operate 50 sal and 50 non-sal trees to compensate for the loss sustained in that coupe.	9,33,072

2.6.3 In the written memorandum to the Committee, the Department has stated that sometimes the Government received representations of certain hard cases of mahaldars when they being old and reliable contractors fell into financial stringency for reasons beyond his control and judging the circumstances and on compassionate grounds permits to operate trees are issued.

2.6.4 In his oral evidence the Commissioner, and Secretary of the Forest Department could not convince the Committee about the justifications of the action of the Government to compensate for losses sustained by defaulting contractors.

2.6.5 The Committee is concerned that the Government has assumed responsibility for compensating purported losses sustained by defaulting contractors and issued permits for trees, resulting in huge loss of Government revenue. The Committee finds neither legal nor moral justification for the action of the Government.

RECOMMENDATION

The Committee strongly recommends that issue of such permits forthwith to operate trees to compensate purported losses should be stopped.

2.7 (H)--Loss due to trees marked for sale for coupes found missing

2.7.1 The Audit Reports considered by the Committee have cited three instances of trees found missing in settled coupes, and Loss to the Government, as detailed below —

Sl. No.	Year of Report	Para	Brief Substaince	Estimated loss in Rs.
1	1976-77	7.6	A total of 491 trees found missing in the coupes as a result of which bidders refused to deposit dues.	95,351
	1980-81	6.9	(a) Only 10 trees were in existence as against 69 marked for sale in two coupes. The settlement had to be cancelled	54,006
3		6.9	(b) Only 115 trees were in existence as against 201 marked trees for sale in four coupes.	23 536

2.7.2 In the written memorandum the Departmental witness stated in the first case, that no information is available as the forest was in Karbi-Anglong District and the functions relating to forest have been transferred to the District Council of that District. As regards the two other cases it has been accepted that between 1979 and 1983, there was large scale felling and removal of timbers by smugglers which was heavy in Goalpara Divisions. Protection squads have now been established to protect the forest in the State.

2.7.3 The Committee hopes that the Government will take effective steps to prevent illegal felling which cause not only sizeable revenue loss to Government but also result in deforestation and unhealthy disturbance of the ecology in the State.

(I) Loss due to outright sale of thatch mahals.

2.8.1 Para 8.2 of Report of the Comptroller and Auditor General of India, 1974-75 (Revenue Receipt) reveals that, thatch mahal number I in Sibsagar Forest Division was settled (13th October, 1972) with a tenderer through outright sale for Rs. 0.20 lakh for the period 1st October, 1972 to 30th June, 1973. During the settlement period, the Mahaldar collected 1,46.52 lakhs bundles of thatch, the royalty value of which was Rs. 1.30 lakhs. In July, 1973, the mahal was put to sale for the next term (October, 1973 to June, 1974) but was withdrawn (September 1973) as Government granted extension to the sitting Mahaldar for that period on payment of proportionate value (Rs. 0.20 lakh). The extension was granted on the grounds that (i) the Mahaldar could operate the mahal only from 24th October, 1972 and (ii) there were extensive forest fire on 22nd January and 15th March, 1973 because of which good quantity of thatch was destroyed. The extension was granted in contravention of rules for settlement of coupes and mahals which prohibit grant of any extension excepting in cases where final orders for settlement are delayed by more than two months beyond the date of commencement of settlement period, and also contrary to the condition of sale notice stipulating that no claim for remission or loss due to any cause would be entertained.

During the extended period, the Mahaldar collected 139.31 lakh bundles of thatch, royalty value of which was Rs. 1.88 lakhs.

Compared with reference to the royalty value of thatch removed by the Mahaldar, the loss of revenue to Government for the entire period was Rs. 2.78 lakhs. For the next period (October 1974 to June, 1975), thatch mahals number 1 to 4 of the same division were settled through outright sale with 4 tenderers for a total sum of Rs. 0.30 lakh for the period of October, 1974 to June, 1975. During the period 1st October, 1974 to 31st March, 1975, the Mahaldars collected 179.76 lakh bundles of thatch from the mahals, the royalty value of which was Rs. 2.43 lakhs. Outright sale of these mahals for this term resulted in loss

of Rs. 2.13 lakhs, being the difference between the settled price and the royalty value of thatch extracted by the Mahaldars. It was noticed that the division had not estimated the availability of thatch in the mahals. On this being pointed out in audit (July, 1975), Government stated (February, 1976) that instructions would be issued to estimate the availability of thatch in the mahals by sample survey to assess the reasonableness of the offers received in sale.

2.8.2 In the written memorandum submitted to the Committee the Department stated that estimation of out-turn of thatch from these mahals is not a pragmatic proposition due to various reasons and therefore settlement is made with the highest bidder on lump sum basis.

2.8.3 The Chairman enquired whether the instructions for estimation of thatch availability on the basis of sample survey to assess the reasonableness of the offers received in sale promised to be issued by the Government in February, 1976 have been actually issued. The Commissioner, and Secretary Forest Department replied that he has not been able to trace out the records to confirm whether the instructions were actually issued. However he accepted that now beginning has been made to estimate by Government the out-turn from thatch mahals.

RECOMMENDATION

2.8.4 The Committee regrets to note that the Government had sustained a total loss of Rs.4.91 lakhs due to the settlement of the thatch mahals only for Rs.0.70 lakhs as against Rs.5.61 lakhs representing the royalty on thatch bundles actually collected by the Mahaldars. The Committee is unable to accept the explanation that it is not possible to estimate the quantity of thatch which can be collected from the mahals, the royalty on which can be a guide to assess the reasonability of tenders received. The Committee therefore recommends that the system of estimated availability of thatch on a sample survey should be introduced so that the Government is not put to a loss due to tenders quoting far below the royalty recoverable by Government on the estimated out-put of thatch.

2.9 (J)—Loss due to outright sale of cane mahals

2.9.1 Para 8.3 (a) of the Report of CAG of Revenue Receipts for 1974-75, comments on the loss of Rs.2.52 lakhs sustained by Government due to royalty on cane bundles actually collected exceeding the settled lump-sum amounts. It also comments on grant of extension by the Government accepting the plea of the mahaldar that the incurred a

loss due to a fire in his Godowns although the Conservator of Forest reported that the Godowns were insured and the Government was aware before granting extension that the mahaldar was compensated by the Insurance Company.

2.9.2 In the written memorandum to the Committee, the Department stated that extension was granted for the loss caused by fire and that ultimate loss or profit to the mahaldar could not be correctly assessed. In his oral evidence, the Commissioner and Secretary of Forest Department stated that the ultimate consideration which weighed with the Government while giving extension was that, it was difficult to correctly assess the loss.

However he could not justify the action of the Government to grant extension, even after receiving a report from the Conservator of Forests that the mahaldar was likely to get compensation from Insurance Company and earn profit.

2.9.3 The Committee is unable to accept the reasons given by the Government for extension on the petition of the mahaldar for compensation for the loss incurred by the fire in his godowns. Firstly, the Government had settled the mahal on outright basis for Rs.0.38 lakhs as against the royalty value of Rs.2.67 lakhs of the cane collected by the mahaldar; Secondly his godown was insured and the Government was aware that he had received compensation from the Insurance Company for the damage caused by the fire. Therefore there is no question of any loss sustained by the mahaldar.

RECOMMENDATION

The Committee recommends that such instances of undue favour to the mahaldar, at the cost of public revenue should not be allowed to recur in future. The Committee further recommends that responsibility should be fixed upon the officer/officers who gave undue benefit to the contractors resulting huge loss of Government money. Action taken should be reported to the Committee within three months from the date of presentation of this report to the House.

2.9.4 Para 8.3 (b) of the Report of the Comptroller and Auditor General of India for the year 1974-75 states that Cane mahal number 15 was settled for being worked from 1st May, 1971 to 30th April, 1974, with a party through negotiation (May, 1971) for Rs.5.76 lakhs which was the settled price for the earlier term of three years (1968-71). The Settlement was, however, cancelled (September, 1973) owing to the failure of the party to deposit security kist money. Though the mahal remained unoperated for more than two years owing to default by the party, no action was taken against him. The

mahal was then put to outright sale (December, 1973) for the period 15th January, 1974 to 31st August, 1976. The highest offer of Rs. 1.91 lakhs was not accepted on the ground that the tenderer was new and did not furnish certificate of financial soundness. The second highest offer (Rs. 1.52 lakhs) received from the same party who failed to deposit security and kist money and operate, the mahal earlier was accepted (March, 1974) in preference to a revised offer by the third highest bidder to take the mahal for Rs. 1.91 lakhs as against his earlier bid for Rs. 1.38 lakhs. This resulted in loss of revenue of Rs. 0.39 lakhs.

2.9.5 In the written memorandum to the Committee the department stated that the estimate of the Assistant Conservator of Forest about availability of cane in the mahal was not correct; and that the mahal had to be put for sale again. The party which accepted by negotiation a settlement for Rs. 5.76 lakhs later expressed in-ability to take up the mahal at that price.

2.9.6 In his oral evidence, the Commissioner and Secretary Forests, could not convincingly explain why no action was taken against the party which backed out from a settlement of Rs. 5.76 lakhs and eventually managed to get the mahal for Rs. 1.52 only.

RECOMMENDATION

2.9.7 The Committee observes that this is another instance of undue favour shown by the Government resulting in substantial loss of revenue. The Committee recommends that in future the Government would refrain from showing such undue favour to a defaulting mahaldar which eventually led to loss of public revenue. The Committee further recommends that this case should be investigated and appropriate action should be taken against the officer/officers at fault.

CHAPTER 3

(A) Exploitation for production of plywood and Railway Sleepers.

3.1. Non levy of penalty.

3.1.1. According to the terms of settlement for felling trees for supply to plywood Mills, the coupe holders are to supply the specified quota of plywood to the selected mills, failing which they are liable to pay penalty of Rs. 100 per cubic metre of plywood supplied short. Similarly the coupe holders for production and supply of Railway sleepers are required to supply specified numbers of sleepers and if they default, a penalty of Rs. 70 per cubic metre should be imposed for the short fall in supply, after the expiry of coupe periods.

3.1.2. The Audit Reports considered by the Committee have commented on the failure to levy such penalty in the following cases, resulting in loss of revenue.

S. No.	Year of Report.	Para Number	Penalty leviable for short supply of	Loss of Revenue in Rs.
1	1974-75	8.1(iv)	Plywood	2,22,000
2	1975-76	6.8	do.	69,718
3	1975-76	6.9	Sleepers	55,461
4	1976-77	7.5(i)	Plywood	2,32,656
5	1976-77	7.5(ii)	Sleepers	3,53,000
6	1978-79	6.3	Sleepers	2,73,048
7	do.	6.4	Plywood	1,63,926
8	1979-80	6.5	Sleepers	2,62,339 26,772
9	1980-81	6.6	do.	1,18,015

3.1.3. In the written memorandum, the Department stated that if after offering all the outturn of the coupe for inspection there is a short fall due to variation in the quality and quantity of outturn, rejection by the mills of plywood and by Railways of sleepers, no blame can be apportioned to the coupe holders and consequent penalty imposed. Besides the coupe holders were still supplying. The penalty wherever the short supply was for causes attributable to the coupe holders was always imposed after verification of facts.

3.1.4. During oral evidence before the Committee the Commissioner, Forest, assured that penalties wherever justified would be levied and recovered from coupe holders.

3.1.5 The Committee accepts the explanation given by the Government and hopes that penalties should be invariably imposed and collected from coupe holders, wherever the short supply was due to the fault of the coupe holders.

RECOMMENDATION

The Committee therefore recommends that Government should intimate the progressive report of recovery to the Committee from time to time.

3.2-(B)-Non recovery from a defaulting plywood mill.

3.2.1 Para 7.8 of C.A.G.s. Report 1976-77 (Revenue Receipts) reveals that as per the agreement with the plywood mill owners, the Forest Department arranges supply of plywood logs to plywood mills through coupe holders. The department pays the coupe holders for the supplies made and the millers reimburse the department within 10th of the following month and also pay ten percent in addition as departmental charges. In case of delay in repayment by the millers beyond 10th of the following month, interest at the rate of 11 percent per annum is charged. When the mills fails to pay their dues within 50 days or 31st March, whichever is earlier, further supply to them is stopped.

It was seen in audit of the accounts of Darrang Division that a mill defaulted in making payments of bills, for logs supplied to it, preferred in March 1973 and onwards. Further supply to the mill was not stopped even when they continued beyond 31st March 1973 or 50 days of preferring the bills. Inclusive of claim preferred against it in February 1974 the total amount in default was Rs. 1,10,518. The mill stopped working from the beginning of April 1974. In January 1977, the Divisional Forest Officer reported that a total amount of Rs. 14,909 only could be recovered from the mill by adjustment against a supply bill. Inclusive of interest of Rs. 15,724 (upto July 1976) the total amount due from the mill amounted to Rs. 1,11,333. A Bakijai case has been instituted against the mill. The accumulation of arrears was rendered possible because of non-enforcement of the prescribed procedure.

3.2.2. In his oral evidence to Committee the Commissioner, Forest stated that the mill is now closed and Bakijai proceedings against the mill are in progress.

RECOMMENDATION

3.2.3. The Committee recommends that the Bakijai case against the mill should be pursued vigorously and the amounts due realised as quickly as possible.

3.3.(C)—Undue concession to coupe holders

3.3.1. It was reported in Paragraph 3.1 of the Report of the Comptroller and Auditor General of India of Revenue Receipts (civil), Government of Assam for the year 1974-75 that the Forest Department was supplying plywood logs to the plywood mills at prices substantially lower than the market price. For arranging this supply, sale notices of plywood coupes prescribe a condition that out of the extracted logs, the coupe holders would have to supply a specified quantity of logs (generally about 80 per cent. of estimated timber content of the coupe) to the allottee mills for a specified price. The arrangements with the coupe holders provide that for every cubic metre of short-fall in supply to the millers the coupe holder will be liable to pay a penalty of Rs. 100.

It was seen (August and September 1978) in audit of Dibrugarh and Digboi Divisions that in respect of 98 plywood coupes of the year 1975-76 to 1977-78, the coupe holders of Digboi Division undertook the liability to supply 13,838 Cu. M. of logs to the millers as a pre-condition of purchase. By their general orders issued during January and February 1978, however, Government allowed exemptions to the coupe holders of Digboi from their liability to supply 6,856 Cu. M. of logs without assigning any reasons on the 23rd March, 1978, the Conservator of Forests, Upper Assam Circle, directed the Divisional Forest Officer, Digboi, to stay the waiver as the matter was under review. The waiver was finally withdrawn in June 1978. But the Divisions released 5,831 Cu. M. logs against 6,856 Cu. M. initially exempted by Government. This resulted in non-realisation of revenue to the extent of Rs. 5,83,100 being the penalty recoverable. For the supplies to the millers, Government pays the coupe holders and then makes recoveries from the millers. The recoveries from the latter is made at rates which are higher by Rs. 16 to Rs. 50 per Cu. M. than that paid to the coupe holders. The exemption for non-apparent consideration involved a further estimated loss of Rs. 1,46,000 approximately taking that the millers were to pay Rs. 25 per Cu. M. in excess on an average. Similarly, in respect of short supply of plywood of 8,73.7 Cu. M. by the coupe holders of Dibrugarh Division, penalty of Rs. 87,371 was attracted but this penalty was waived by Government without recording any reasons thereof.

3.3.2. In the written memorandum to the Committee the Department stated that the coupe holders represented to the Government about sustaining heavy losses due to various causes there-upon the Government granted the exemption. However later the Government re-considered and withdraw the exemption order.

3.3.3. The Committee is unhappy to note that the loss was sustained during the interval between the grant of exemption by the Government and its withdrawal. This is evidently due to the fact that the initial exemption was granted without proper justification.

RECOMMENDATION

The Committee recommends that such request for exemptions with adverse implications on collection of Government Revenue should not be entertained at all by the Government.

Chapter 4

Other Topics

4.1. (A) Revision of rates of royalty/supply

4.1.1. The Audit Reports considered by the Committee have cited instances where revenue was collected at pre-revised rates of royalty/supply instead of the revised rates resulting in loss of revenue as below.—

Sl. No.	Year of Report	Para Number	Brief of Description	Loss of revenue in Rs.
1	1975-76	6.10	Failure to enforce revised rates effective from 1st November, 1973.	17,000
2	1976-77	7.7	do.	46,592
3	1978-79	6.8	Failure to enforce rented rates effective from 1st February, 1978	2,45,400 1,64,296
4	1980-81	6.3	do.	10,19,000
5	1980-81	6.8	do.	1,40,000

4.1.2 In the written memorandum to the Committee the Department stated that in the first case, additional trees of smaller dimensions had to be operated due to change in working plans during the coupe period; therefore instead of inviting fresh tenders, the existing coupe holder who got the settlement in August, 1973, prior to the revision on royalty rates from November, 1973, was allowed to operate at proportionate value of original settlement, thus no loss was sustained due to non application of revised rates. The second case was said to be under correspondence with the District Council. In the third and last cases it was explained that publication in Gazette of revisions of rate takes time and in the interim period only pre-revised rates could be charged. The difference in value in the fourth case had since been recovered from the mill owners.

4.1.3 While giving oral evidence before the Committee on the third case the Commissioner and Secretary Forest, stated that till the revised rates are notified in the Gazette; they do not have legal force; that it takes time to publish in the Gazette and implement the revised rates by the field formations; and that legal position about collection of arrears from retrospective date will be ascertained and if found legally permissible the differences would be recovered from the contractors.

4.1.4 The Committee is unable to accept the explanations given by the Departmental witness for non implementation of revised rates. It should be possible for the Government to publish the revisions well in time and enforce the revised rates from the notified date through better administration and management.

RECOMMENDATION

The Committee recommends that the revised rates should be widely published and enforce the same from the notified date well ahead in time and as regards past cases every effort should be made to collect the arrears payable on revision of rates from the notified dates. Action taken should be reported to the Committee within three months from the date of presentation of this report.

4.2 (B) Forest Offence Cases

4.2.1 Under the Assam Forest Regulations, when a forest offence is committed in respect of any forest produce such product is required to be seized by Police/Forest Officer and offender is tried in the courts. When the offender is not traceable the courts can order confiscation of seized articles by the Government. The Forest Officers are also

empowered to compound specific offences/cases on realisation of compensations. If the cases located are not dealt with promptly, the Government is put to loss owing to deterioration of seized articles pending final disposal of forest offence cases.

4.2.2 Para 8.1 of the Report of the CAG on Revenue receipts for 1974-75 and Para 7.16 of similar Report for 1977-78 have commented on delay in disposal of forest offence cases due to which seized articles deteriorate causing loss to the Government. Further Para 6.12 of similar Report for 1975-76 comments on non tracability of the seized articles on physical verification.

4.2.3 In the written Memorandum submitted to the Committee, the Department stated that the procedure prescribed for disposal of forest offence cases involve time and proper work and therefore delay was unavoidable. However arrears are gradually becoming less from year to year due to steps taken. As regards non-availability of the seized articles the matter was being looked into.

4.2.4 During his oral evidence the Commissioner, and Secretary Forest Department could not give the latest position regarding outstanding cases or progress in investigation of the missing seized articles.

4.2.5 The Committee is concerned to note the delay in settlement of forest offence cases and loss caused to the Government due to deterioration or nontraceability of seized articles on physical verification.

RECOMMENDATION

The Committee recommends that the Government should take prompt and effective steps to expedite the settlement of these cases and responsibility should be fixed on the person/persons found guilty. Action taken should be intimated to the Committee within three months from the date of presentation of this Report to the House.

Part—II

Summary of Recommendations

Sl. No.	Reference to para No.	Recommendation
1	1.10	<p>In the light of the above, the Committee recommends that (i) the Government should take steps for the improvement in the occurrence of forecast of forest receipts and for increasing the forest receipts with due regard to conservation, ecological balance and regeneration of forest resources; (ii) The Government should strive to improve the extent of collection of forest dues and reduce outstanding arrears as well as economise the cost of collection.</p>
2	2.1.13	<p>The Committee therefore, recommends that a high level enquiry should be made to find out the reasons for not constructing the road by the Department concerned as well as by the contractor and for allotment of these trees by permits being in violation of the tender system Rules of 1967, and the settlement of these trees on payment of royalty which resulted in a loss of revenue Rs.3,42,860 and submit the enquiry report to the Committee together with action taken by Government on the report within three months from the date of presentation of this Report to the House.</p>
3	2.1.17	<p>The Committee Recommends that such assistance should be given directly instead of issuing permits for operating trees at concessional rates so that there is no scope for loss of revenue or destruction of Forests resources on this account. The Committee also recommends that the practice of issuing permits for operating trees should be stopped further forthwith and the Assam settlement of Forest coupes and Mahals by tender system Rules 1967 followed scrupulously in future.</p>

Sl. No.	Reference to para No.	Recommendation
4	2.2.5.	The Committee recommends that the Government should lay down time bound programmes for various activities connected with settlement of Mahals and period of operation so that the unavoidable loss in working periods is kept down to the absolute minimum for the sake of reducing losses of Government revenue from settlement of Forest Mahals.
5	2.3.8.	The Committee recommends that in future the Government should strictly adhere to the provisions of the Assam settlement of Forest Coups and Mahals by tender system Rules 1967 and desist from granting extensions which result in loss of public revenue and gain to forest contractors who have no valid claim for compensation for losses sustained in their contracts. The Committee also recommends that an enquiry may be conducted to ascertain reasons for granting undue extension and submit a report to the Committee within a course of three months from the date of presenting the report to the House.
6	2.4.6	The Committee recommends that this should be done immediately so that defaulties are not allowed to escape liability to compensate the Government for the loss incurred.
7	2.4.7	The Committee recommends that these Bakijai proceedings should be pursued more vigorously and effective steps should be taken to recover the losses sustained by the Government from the persons concerned.
8	2.5.5	Since it has been found that even such old contractors do not possess properties to start Bakijai proceedings the Committee recommends that in future the financial stability of tenderers should be invariably verified before settlement orders are issued. The Committee further recommends that responsibility should be fixed on the officer/officers concerned who failed to

Sl. No. Reference to
 para No.

Recommendation

follow the prescribed procedure for verifying financial stability of the contractors. Action taken by the Government should be intimated to the Committee within three months from the date of presentation of this report.

9 2.8.4

The Committee regrets to note that the Government had sustained a total loss of Rs.4.91 lakhs due to the settlement of the thatch mahals only for Rs.0.70 lakhs as against Rs.5.61 lakhs representing the royalty on thatch bundles actually collected by the Mahaddars. The Committee is unable to accept the explanation that it is not possible to estimate the quantity of thatch which can be collected from the Mahals the royalty on which can be a guide to assess the reasonability of tenders received. The Committee recommends that the system of estimated availability of thatch on a sample survey, should be introduced, so that the Government is not put to a loss due to tenders quoting for below the royalty recoverable by Government on the estimated out put of thatch.

10 2.6.5

The Committee therefore strongly recommends that issue of such permits to operate trees to compensate purported losses should be stopped forthwith.

11 2.9.3

The Committee recommends that such instances of undue favour to the Mahaldar, at the cost of public revenue should not be allowed to recur in future. The Committee further recommends that responsibility should be fixed upon the officer/officers who gave under benefit to the contractors resulting huge loss of Government money. Action taken should be reported to the Committee within three months from the date of presentation of this report, to the House.

Sl. No.	Reference to para No.	Recommendation
12	2.9.7	The Committee observes that this is another instance of undue favour shown by the Government, resulting in substantial loss of revenue. The Committee recommends that in further the Government should refrain from granting such undue favour to defaulted Mahaldar which eventually lead to loss of public revenue. The Committee further recommends that this case should be investigated and appropriate action should be taken against the officer/officers at fault.
13	3.1.5	The Committee therefore recommends that Government should intimate the progressive report of recovery to the Committee from time to time.
14	3.2.3	The Committee recommends that the Bakijai case against the Mill should be pursued vigorously and the amounts due realised as quickly as possible.
15	3.3.3	The Committee recommends that such request for exemptions with adverse implecations on collection of Government revenue should not be entertained at all by the Government.
16	4.1.4	The Committee recommends that the revised rates should be widely published and enforce the same from the notified date well ahead in time and as regards past cases every effort should be made to collect the areas payable on revision of rates from the notified dates. Action taken should be reported to the Committee within three months from the date of presentation of this report.
17	4.2.5	The Committee recommends that the Government should take prompt and effective steps to expedite the settlement of these cases and punish severely the persons found guilty, and responsibility should be fixed on the person/persons found guilty. Action taken should be intimated to the Committee within three months from the date of presentation of this report.