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**PUBLIC ACCOUNTS COMMITTEE  
(1988—91)**

**FIFTY SIXTH REPORT  
(EIGHTH ASSEMBLY)**

**REPORT**

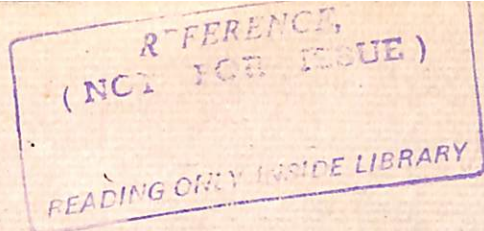
**OF**

**The Committee on Public Accounts on The  
Comptroller and Auditor General of India  
For The Years 1981-82, 1982-83, 1983-84  
and 1984-85 (Revenue Receipts)  
Pertaining to the Forest Department Government of Assam.**



Presented to the House on 11-4-90

**ASSAM LEGISLATIVE ASSEMBLY,  
DISPUR, GUWAHATI-781006.**



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(ii)

COMPOSITION OF THE PUBLIC ACCOUNTS  
COMMITTEE ( 1988—91 )

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3. Shri Pradip Hazarika
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| 3. Shri A. R. Chatia     | ... | Under Secretary |
| 4. Shri P. Deuri Bharali | ... | Superintendent. |

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\* Ceased to be a member of the P. A. C. with effect from  
28th January, 1990 on his appointment as Minister of State.



## PREFATORY REMARKS

1. Sri A. F. Golam Osmani, Chairman of the Committee on Public Accounts, having been authorised to submit the report of the Committee on Public Accounts in the paragraphs contained in Chapter VII of the Report of the Comptroller and Auditor General of India for the year 1983-84 (R. R.) and Chapter VI contained in the Report of the Comptroller and Auditor General of India for the year 1981-82, 1982-83 and 1984-85 (R/R) pertaining to the Forest Receipts of the Government of Assam.

2. The Reports of the Comptroller and Auditor General of India for the year 1981-82, 1982-83, 1983-84 and 1984-85, and (Revenue Receipts) were laid before the House on 27th February 1984, 3rd September 1984, 18th July 1985, 10th December 1986 respectively.

3. The Reports as mentioned above relating to Forest Department were considered by the outgoing Committee of the Eighth Assembly headed by Shri A. M. Choudhury M. L. A. in their sitting held on 21st November-1986, 11th June 1987, 25th June 1987 and considered by the present Committee on 26th August 1988, 6th December 1988 including spot assessment through a study tour to Barak Vally headed by Shri A. F. Golam Osmani during the month of December, 1988. The outgoing Committee could not submit the Report to the House due to expiry of their terms. The present Committee perused all the relevant records and prepared the Report covering 4 year—from 1981-82, 1982-83, 1983-84 and 1984-85.

4. The Committee places on records their appreciation to the staineous work done by the outgoing Committee in obtaining various records, information clarification etc. pertaining to the Chapters considered by them and for the valuable assistance rendered to the Committee by the Accountant General (Audit), Assam, Sri S. K. Podder I. A. and A. S. and his other officers & Staff. The Committee also expresses their thanks to the Department of Forest for their Co-operation as to the Finance Department for sending representatives to assist the Committee.

Dated Dispur ;  
the 2nd April, 1990

A. F. GOLAM OSMANI,  
Chairman,  
Committee on Public Accounts.



## REPORT

### Chapter—I General

1.1. The forest resources are some of the principal resources of non-tax revenue earning receipts in the State of Assam which has abundant revenue resources. The State is therefore to derive maximum resource benefit, scientifically keeping in view the necessity of maintaining the ecological balance and afforestation so as to yield more and more resource potential for economic development of the State.

1.2. The non-tax revenue receipts raised by the State from the forest resources for the years 1981—82 to 1984—85 is analysed as below:—

Year	Rupees ( in crores )	(+) Increase (—) Decrease with reference to respective previous year.
1981—82	15.31	+ 2.88
1982—83	17.91	+ 2.60
1983—84	22.32	+ 4.41
1984—85	24.96	+ 2.64

1.3. It may be observed from the aboved mentioned figures that the trend of increase in revenue receipts in revenue raised from the forest resources are not commensurate with the rise in price levels of the forest product during the period under review.

1.4. The variation between the estimated and actual receipts of forest revenue each for the years from 1981—82 to 1984—85 are furnished below:—

Year	Rupees (in crores)		Variation	P.C. of
	Budget Estimates	Actual receipts	+excess —shortfall	Variation
1981—82	14.17	15.31	+1.14	8
1982—83	18.57	17.91	—0.66	4
1983—84	20.05	22.32	+2.27	11
1984—85	21.65	24.96	+3.31	15



1.5. From the figures mention above it is see that in all the four years from 1981-82 to 1984-85 there was variation of forest receipts and the variation being as high as 15 P.C. in 1984-85 and shortfall 4 P.C. against the Budget estimate for the year 1982-83. It is not understood as to why the Government could not estimated as reasonably close forecast of this important source of income.

1.6. The extent of collection of arrear revenue as on 31st March for the year 1981-82 to 1984-85 are furnished as follows:—

	Amount pending Collection Rupees (in crores)
1981-82	2.59
1982-83	2.85
1983-84	2.65
1984-85	2.50

1.7. From the above datas it appeared that the arrears in every year a considerable amount of Revenue remained uncollected. The Committee regrets to note that the figures shown by the audit with regard to collection of arrear revenue indicate the poor performance of forest Department and reflect the unsatisfactory functioning of the Department which require proper steps to be taken for streamlining the system of the revenue collection so as to improve their ability to collect the arrear revenue as early as possible.

1.8. The percentage of expenditure on account of collection of forest revenue to the gross collection are shown below :—

Years	Percentage
1981-82	17
1982-83	16
1983-84	17
1984-85	15



1.9. From the above figures it appeared that the percentage of cost of collection of revenue shown by the Audit make no substantial difference. Therefore the Department should keep all effective check on the cost of collection so as to derive more resources for economic development of the deficit State.

### RECOMMENDATION

1.10. Keeping in view of above stated fact the Committee strongly recommends that Department should be more active in making objective of forecast of forest receipts having regard to conservation, ecological balance and regeneration of forest resources and should also strive to improve the extent of collection of forest revenue and reduce outstanding arrears.

1.11. The Committee having scrutinised the individual cases of irregularities broughtout by Audit Reports for the year 1981-82 to 1984-85 makes appropriate observation and recommendation in the subsequent Chapters.



## Chapter—II

## Settlement of Mahals

## (A) Non—Settlement or delay in settlement of Mahals

2.1.1. Sand and Stone mahals are settlement for a specific periods by inviting tenders in accordance with the Assam sale of Forest produce, Coupes and Mahals Rules 1977, where the acceptance of a tender is communicated after selection, the other participating tenderers get 15 days time to prefer appeals or review petitions with the appropriate authorities affixing Court fee stamps of the prescribed amount. Prompt action is necessary to finalise acceptance of tender and to dispose of appeals and review petitions, if any to ensure that working periods and revenue collections are not adversely effected. This is particularly important in the case of stone and sand Mahals located in river beds where materials are carried away by the river current without any accumulation if not removed at the appropriate time.

2.1.2. The Audit Report considered by the Committee however have cited the following instances where Government suffered heavy loss of Government revenue due to lack of prompt action in acceptance of valid tender and disposal of appeals/review petition.

Sl. No.	Year of Report	Reference to paramumber	Estimated loss of revenue in rupees
1.	1981—82	6.11	Rs. 52,201
2.	1982—83	6.6 (2) (a) (b)	Rs. 387,500
3.	1983—84	7.5	Rr. 83,702
4.	1984—85	6.11	Rs. 190,082
5.	do	6.15	Rs. 21,305

2.1.3. Details of the above paras as reported by the Audit are as follows,—

(1) Paragraph 6.11 from the report of C. A. G. it reveals that the higher officer of Rs. 62,581 received in response



to a sale notice of May, 1977 in respect of a sand Mahal was not accepted. The Mahal was put to resale in January, 1978; highest offer of Rs. 52,201 was accepted. But the settlement was stayed in view of a review petition submitted by the third highest tenderer of the second sale without recording any reasons for accepting the review petition. On third sale no tender was received. Thus the Mahal remained unoperated from October, 1977 to September, 1979 resulting in loss of revenue of atleast Rs. 52,201.

(ii) Paragraph 6.6 (i) (a) of the Report of the CAG. it reveals that (a) A sand mahal under Digboi forest division was advertised in June 1979 for sale of 5,000 cubic metres of sand for the working period from 13th July 1979 to 12th July 1981. The Government, however, stayed settlement of the mahal on 4th July 1979 till a final decision was taken about further extension of the mahal period in favour of a previous mahaldar (for the period from October 1976 to September 1977). After vacation (May 1980) of this stay order, the Chief Conservator of Forests asked (August 1980) the highest tenderer (offer of Rs. 2,02,581) and then the next two highest tenderers (offer of Rs. 2,02,570 and Rs. 2,02,569) to intimate their willingness to operate the mahal. They decline to accept the settlement on the ground that the best part of mahal period had already elapsed. The mahal was put to fresh sale in July 1981 for the working period from August 1981 to July 1983. The final settlement order in favor of the highest tenderer, for an offer of Rs. 2.05 lakhs, was issued only on 13th August 1982. The delay of one year and twelve days in the process was recouped (October 1982) by the Divisional Officer by extending the mahal period upto 11th August 1984 free of extension fee.

In the process the sand mahal remained unoperated for over three years from 13th July 1979 to 12th August 1982 and resulted in loss of revenue of Rs. 3.12 lakhs (based on the highest offer of Rs. 2.03 lakhs), as the sand in the river beds, if not extracted, would be carried away by the current especially in rainy seasons.

(b) It was noticed in the audit (January 1982) of records of the Fast Kamrup forest division that in response to invitation of tender for settlement of Digaru Sand Mahal



No. 2 for two years from November 1970 to October 1981, highest bid of Rs. 1,51,000 was received (September 1979). The settlement of the mahal was kept in abeyance as the earlier settlement had been extended by the Government (November 1979) upto 31st October 1980, on the plea of less extraction of sand by the sitting mahaldar.

In June 1980, the department issued a fresh tender notice for operating the mahal during the period November 1980 to October 1982. This was stayed by Government (October 1980) on a representation from the highest bidder who had tendered in response to the earlier tender notice. The mahal was settled with him in February 1981 for the same amount of Rs. 1,51,000 for the period from November 1980 to October 1982. This settlement was again cancelled by the Chief Conservator of Forests, Assam on 17th March 1981 without placing on records any reasons therefor. Fresh tenders were invited on 22nd June 1981 stipulating a revised operation period from November 1981 to October 1983. The delay in finalisation of tenders thus resulted in the sand mahal remaining unoperated for full one year from November 1980 to October 1981 with a loss of revenue of at least Rs. 75,500 calculated on the basis of the settled rate for the term November 1980 to October 1982.

On the basis of the tender enquiries of June 1981, the mahal was settled on 5th December 1981 with the second highest bidder at Rs. 3,15,000 for extraction of 40,000 cubic metres of sand. There were no reasons on record for ignoring the highest bid of Rs. 4,10,000.

(iii) Paragraph 7.5 of the Report of the C. A. G. in test Audit it reveals that for the working period from 1st June 1981 to 31st March 1983, the Dholeswari Fishery Mahal under Karimganj Forest Division was provisionally settled with the second highest tenderer at Rs. 1,10,551 in November 1981 i.e. more than 5 months after the date from which the working period was to commenced. In the meantime, the highest tenderer whose offer was not considered on grounds of default in payment of outstanding forest dues, submitted (November 1981) an appeal to Government against the settlement order. Government rejected the appeal in July 1982 and upheld the settlement of the mahal already awarded to the second highest tenderer. The mahal was finally settled on 13th September 1982. During the intervening period of 15½ months i.e. 1st June 1981 to 12th September 1982, extensions were allowed to the existing mahaldar on payment of the prescribed



extension fee. Not only was the extension beyond the period of two months against the provisions of the rules, but the inordinate delay in settlement of the mahal also entailed loss of revenue amounting to Rs. 77,888. The settlement holder deposited first kist of Rs. 14,509 and security money of Rs. 5,200 in October 1982. Even though the remaining kists amounting to Rs. 87,042 were yet to be recovered from the settlement holder, the Divisional Forest Officer unilaterally, and without approval of the competent authority, extended mahal period by 15 months 12 days from 1st April 1983 to 12th July 1984. The settlement holder paid the second kist of Rs. 14,507 in January 1983, but failed to pay the balance amount of Rs. 72,555. Thereupon, the mahal was put to risk-sale and was settled in September 1983 at Rs. 41,000 for the remaining period. There was nothing on record to indicate that the shortfall of Rs. 26,335 (after adjusting security deposit of Rs. 5,200) had been recovered from the original settlement holder.

(iv) Paragraph 6.11 of the C. A. G. report reveals that in Darrang East Division, Ghogra Thatch and Ekra mahal of 1981-82 was settled (December 1981) for the working period from 15th October 1981 to 30th April 1982 with a contractor for Rs. 21,633. The contractor was allowed to pay his amount in two equal instalments, first in January 1982 and the second in February 1982. The contractor, however, paid the first instalment of Rs. 10,817 (and security deposit Rs. 1,181) but did not pay the second instalment of Rs. 10,816 on the due date. On 21st May 1982, the contractor submitted a petition to the Divisional Forest Officer followed, by another petition on 27th August 1982 to the Chief Conservator of Forests, requesting that either the mahal for the next term from 15th October 1982 to 30th April 1983 be allotted to him or recovery of the second instalment of Rs. 10,816 from him be waived as the value of thatches collected by him (1,97,000 bundled) was less than even the amount of the first instalment. Even though two years and four months had elapsed since then, no decision on the contractor's request had been taken by the department.

Not only was the second instalment of Rs. 10,816 not recovered from the contractor, the mahal was also not sold for the subsequent two working seasons from 15th October 1983 to 30th April 1984. This resulted in further



loss of revenue amounting to Rs. 43,266 (calculated on the basis of accepted offer of Rs. 21,633 for the year 1981-82 season).

Again it has also been revealed at para 6.11 (ii) that Khoraghat sand-cum-gravel mahal No. I of 1980-82 under the Dhubri Forest Division was advertised (May 1980) for sale for the working period from 1st July 1980 to 30th June 1983. The mahal was provisionally settled (December 1980) with the third highest tenderer for Rs. 2,05,000, ignoring the valid offer amounting to Rs. 2,57,000 made by the highest tenderer, on an appeal by the highest tenderer Government, in June 1981, directed the settlement of the mahal with the appellant at his offered price of Rs. 2,57,000 after cancelling the earlier settlement. The mahal was accordingly settled on 23rd July 1981 with the appellant and the final work order was issued on 18th September 1981 and the working period extended upto 31st October 1983. The mahal thus remained idle for 12 months and 22 days from 1st July 1980 to 22nd July 1981, resulting in loss of revenue amounting to about Rs. 1.36 lakhs (calculated on proportionate basis, the offer for the full period of two years being Rs. 2.57 lakhs).

(v) Paragraph 6.15 of C. A. G. report reveals that in Dibrugarh Forest Division, Sand mahal No. 17 of 1980-82 was provisionally settled with a contractor for Rs. 51,131 on 26th December 1980 for extraction of 3000 cubic metres of sand during the period from 1st October 1980 to 30th September 1982. Another contractor, who was not satisfied with the settlement, filed an appeal against the settlement order. Though the requisite court fee stamps had not been affixed on his appeal petition, the Divisional Forest Officer entertained it and stayed the operation of the mahal. The appeal was eventually rejected (June 1981) by the Government on the ground that the necessary court fee stamps had not been affixed therein. Thereafter, in August 1981 the mahal was finally settled with the original contractor after refixing the working period as 1st August 1981 to 31st July 1983. The Divisional Officer's action to stay the operation of the mahal based on the invalid appeal, thus, resulted in loss of working period of ten months, resulting loss of revenue amounting to Rs. 21,305 (being the proportionate value computed on the basis of settled price of Rs. 51,131 for two years).



2.1.4. The Department in their written reply as against (i) above stated that the Mahal in question remained unoperation during the period from 1977 to 1979 due to non receipt of Financial soundness certificate in respect of highest tenderer and substantial difference of the rate quoted by the next tenderer and also appeal submitted by the third tenderer.

In course of examination of the Departmental witness on 21st November 1976 the department could not convince the Committee for taking such a long time to settle the mahal. Being not fully satisfied with the statement given by the departmental officers the Committee desires to know in detail the reasons for the following. :—

(1) While inviting tenders for the mahal whether the Department has specifically mentioned about the submission of Financial soundness certificate issued by the Revenue officer in favour of the tenderer in the particular case.

(2) The reason for taking such a long time to settle the mahal for which Govt. had to put loss of revenue may be intimated to the Committee.

The Committee also examined the written Memorandum of the Department and as well as Secretary Forest department in its sitting held on 11th June, 1987 pertaining to para 6.6 of CAG report against (ii) above it was found that state Govt. losing huge sum of amount due to delay in settlement of Sand mahal and delay in disposal of appeals/review petitions. The Secretary Forest admitted that such cases have not been handled in the past.

2.1.5. After analysing the whole position the Committee is distressed to note that the Department took unnecessary long time in the process of accepting tenders and disposal of appeals/review petitions causing substantial loss of Govt. revenue.

### RECOMMENDATION

2.1.6. The Committee therefore strongly recommends that in future the Department should settle the mahals after disposing the appeals/review petitions, if any taking least possible time.



To curve the frequent tendency of filing unjustified appeals causing loss of valuable working periods, amendment of the existing Rules if necessary, be made by the department by prescribing deposit of appropriate amount of security along with appeal petition which will be forfeited if appeals/review petitions rejects/fails. The action taken in this regard may be intimated to the Committee within three months from the date of placing the report to the House.

**2.2. (b) Loss due to extension of period of settlement.**

2.2.7 According to the Assam Sale of Forest produce, coupes and Mahals Rules, 1977, no extension in the period of lease of a Mahal shall ordinarily be admissible. In exceptional cases, however, Government may grant extension of working period upto 3 years, on merits of each case. The Rule also provide that in case there is delay in Communicating final order of acceptance of tender, the D. F. O within whose jurisdiction the mahal is situated, shall be necessary, recoupe the last working period by giving extension to mahalder for a maximum period of 2 months beyoned the date on which the mahal period is to be ended. Further, the extension in respect of mahal shall be on payment of required extension fee as determind by the competant authority to grant such extension.

2.2.8. That audit report examined by the Committee have cited certain instances (given below) where respect spells of extension (beyond the period of 2 mouths) although grounds of extension do not constitute exceptional circumstances, were allowed by the department to the detriment of revenue.

Sl. No.	Year of Report	Para No.	Type of Mahal	Period of extension granted	Estimated loss of Revenue (in Rmpees)
1.	1982—83	6.6 (ii)	Sand	29 months	Rs. 3,13,000.00
2.	1983-84	7.3 (a)	Stone	17 months	Rs. 3,4,429
		7.3 (b)	Stone	7½ months	Rs. 49211
		7.3 (c)	Sand	12 months	Rs. 14,928



(1)	(2)	(3)	(4)	(5)	(6)
3.	1983-84	7.9	fishery	11½ „	Rs. 29,477
4.	1984-85	6.2 (a)	Sand		
		(b)	Stone	12 months	Rs. 1,07,000
		(c)	do	17 „	Rs. 2,50,892
		(d)	do	18 „	Rs. 1,27,778
		(e)	Sand	23½ „	Rs. 34,367
		(f)	Stone	10 „	Rs. 13,603
5.	1984-85	6.9 (ii)	simul cotton Mahal (full season)	4 „	Rs. 36,144

2.3.9. (i) Paragraph 6.6 (II) it was noticed in Audit that sand Mahal in Cachar division for removal of Sand not exceeding 3,500 C.M. was settled for the working period February 1979 to October 1980 with the highest tenderer at Rs. 2.39 lakhs. At the end of the period, the mahaldar submitted representation to Government for extension of mahal period on the ground that the estimated quantity of sand could not be extracted due to diesel crisis, disturbance on Mizoram and smuggling of sand by the contractors. Government granted extension 1st to the mahaldar and on his death to his widow (from 5th February 1982 for total period of 29 months) partly free and partly on payment of Rs. 28,704 computed as extension fee which varies between 2 and 5 p.c.

The mahaldar paid Rs. 16,744 only as extension fee as against Rs. 28,704 and the balance remained outstanding (May 1983). Even if mahal had not been tendered and settled afresh, the proportionate value of Rs. 3.30 lakhs for the period of extension could have been recovered from the sitting mahaldar under the rules. The action to recover only extension fee resulted loss of Rs. 3.13 lakhs taking into account the actual extension fee paid by the mahaldar.



(ii) Paragraph 7.3 (a) (b) (c) of C.A.G report, 1983-84 (R/R) it was noticed in audit that

(a) Gumra stone Mahal 1979-80 was finally settled in September 1979 with a tenderer at Rs. 1,56,000 for collection and removal of an estimated quantity of 3,000 cubic metres of boulders during the working period July 1979 to October 1980. The amount was payable in eight instalments of Rs. 19,500 each. On the mahaldar's failure to deposit the fourth instalment of Rs. 19,500 in January 1980, the Divisional Officer suspended the operation of the mahal. However, the mahaldar paid the fourth and fifth instalments of the settled amount in May 1980, upon which the suspension order was vacated and the mahaldar was allowed to operate the mahal. In December 1980, Government granted extension of the lease for two months i.e. November and December 1980 to recoupe the period, which was lost in communicating the order of final settlement to the mahaldar. In January 1981, Government allowed further extension for two months on payment of two per cent extension fee on the ground that the mahaldar could not avail himself of the extension granted earlier. In April 1981, Government granted yet another extension upto October 1981 on payment of five per cent extension fee on the ground of less extraction, of boulders by the mahaldar. Thereafter, in July 1981 the mahal was put to sale for the same quantity of boulders for the next term from November 1981 to October 1983 and the highest offer received for operation of the mahal was for Rs. 4,61,000. Instead of finalising settlement of the mahal afresh with the highest tenderer, the existing mahaldar was allowed by Government in December 1981 to operate the mahal for a further period of three months from November 1981 to January 1982. But the mahaldar operated the mahal upto 24th May 1982 on the authority of an order (February 1982) of the Divisional Officer. There was nothing in the Divisional records to indicate that the last spell of extension beyond January 1982 was covered by any orders of Government.

The non acceptance of the offer of Rs. 4,61,000 received for a fresh lease for the working period from November 1981 to October 1983 resulted in loss of revenue amounting to Rs. 3,04,426 to Government, after taking into account Rs. 31,720 realised as extension fee and the proportionate value of additional extraction recovered from the existing mahaldar.



(b) Kalain Stone Mahal 1980-81 (Provisionally settled on 20th September 1980) was finally settled in February 1981 with a tenderer at Rs. 92,000 for extraction of 4,000 cubic metres of stone during the working period 1st August 1980 to 31st October 1981. The period, which had already expired before communicating the final settlement order, was recouped by grant of extension of the mahal period from 1st November 1981 to 9th May 1982. The mahaldar requested the Government on 11th January 1982 for further extension by one year, stating that he could not operate the mahal due to its late settlement and that the boulders already collected by him had been wasted away by floods. The Divisional Officer and the Conservator of Forests (Hills), however, did not recommend further extension. The Conservator of Forests (Hills) in fact, informed (May 1982) Government that further extension would cause heavy loss to Government in view of a higher offer of Rs. 2,30,000 received on second sale of the mahal on 5th March 1982. Nevertheless, Government granted extension to the mahaldar upto 31st December 1982. The Divisional records showed that by 9th May 1982, the mahaldar had removed 2,23.6 cubic metres of stone and during the last spell of extension from 10th May 1982 to 31st December 1982, he removed the deficit quantity of 1,764 cubic metres and also an additional quantity of 2,000 cubic metres of boulders on payment of proportionate value of Rs. 46,000 and fee of Rs. 4,600 for the extended period. Against this based on the offer of Rs. 2,30,000 for the period from 9th May 1982 to 31st October 1983, the proportionate value of the mahal for the period 10th May 1982 to 31st December 1982 amounted to Rs. 99,811.

Thus by granting extension to the existing mahaldar, instead of settling the mahal afresh on the basis of the offer of Rs. 2,30,000, Government sustained loss of revenue amounting to Rs. 49,211.

(c) Gumra Sand mahal 1980-81 was settled in April 1980 with a tenderer at Rs. 5,724 for extraction of 700 cubic metres of sand during the working period from 1st May 1980 to 31st October 1981. On 29th July 1981, the mahal was put to sale for the subsequent term from 1st Nov. 1981 to 31st October 1983 and the highest offer received for extraction of the same quantity of sand was Rs. 31,000. On 14th August 1981, the working mahaldar for previous term applied for extension of the operation period inter alia on the ground, that there was less demand of sand in the market.



Although the Divisional Officer did not recommend any extension, the department granted extension to the mahaldar in two consecutive spells upto 31st October 1982 on payment of five percent extension fee amounting to Rs.572. As against this, based on the offer of Rs. 31,000 received for the period from 1st November 1981 to 31st October 1983, the proportionate value of the mahal for the period from 1st November 1981 to 31st October 1982 amounted to Rs. 15,500. Thus due to non-settlement of the mahal afresh from 1st November 1981 at the highest offer of Rs. 31,000, Government sustained loss of revenue amounting to Rs. 14,928.

The above cases were reported to the department and Government in June 1983, their replies are awaited (February 1985).

(iii) Paragraph 7.9 it was noticed in Audit that in Nowgang Forest Division, Rowmari Charaihagi Fishery Mahal 1977-80 was settled (September 1977) at Rs. 1,15,121 under tender system for the working period from 16th August 1977 to 15th May 1980. On the ground of short collection of fish from the mahal, the mahaldar was granted extension of working period from 16th May 1980 to 15th January 1981 on payment of proportionate value and extension fee at 10 percent and for the next spell from 16th January 1981 to 28th February 1981, on payment of extension fee at 5 percent. The mahaldar's request for further extension upto 15th May 1981 was rejected by Government. Although no further extension was allowed beyond 28th February 1981 and Government had instructed (April 1981), the Divisional Forest Officer to stop illegal fishing by the mahaldar, the mahal remained in unauthorised possession of the mahaldar, who continued illegal fishing till 2nd May 1981. Due to non-realisation of the proportionate value and extension fee at the rate of 10 percent for the second spell of extension and allowing the mahaldar to continue illegal fishing after expiry of the authorised mahal period, Government was put to loss of revenue amounting to Rs. 29,477.

(iv) Para 6.2 (a) it was noticed in audit that the mahaldars request for extension was initially (August 1982) rejected by Govt. as on investigation, the grounds adduced by him were found to be unjustified. But on receipt of



another application from the mahaldar in November 1982 Govt. changed their mind and granted him extension for one year.

(b) Six months before the expiry of working period of the mahal on 30th September 1983 the mahaldar submitted a representation (6th April 1983) praying extension of working periods on the ground that he could collect the stipulated quantity of material. The representation of mahaldar was accepted and granted to (April 1984) him the extension for one year by Govt. without ascertaining the quantity of material actually collected by him at the end of mahal period,

(c) In this case Govt had granted total period of 2½ years 1st Spell of extension was granted on the ground of delay in signing the agreement by him while the 2nd spell of extension was considered on his failure to collect the stipulated quantity of material even during the extension period.

(d) In this case, even after full requirement of period lost in communicating final settlement to mahaldar Govt. had considered consecutive three spells of extensions to the mahaldar without adequate justification.

(e) In this case, the main ground for extension were bad approach road, less market demand of material. According to the report of the D.F.O. submitted to C.C.F., C.A.C. on 29th July 1983 the department is not responsible to entertain such prayer of mahaldar as per condition of agreement.

2.4.8. As per settlement Rules 1977 the extension of time for settlement of mahal shall ordinarily be inadmissible. In exceptional cases however Govt. has kept provision to itself the right of extension on the merit of individual on its discretion.

2.2.9 From the entire episode it has been observed that the extension of time was allowed almost in all cases. The statement given by the department regarding extension of time in these all cases are not at all convincing to the Committee.



It appears from the Govt. reply the Gumra Stone mahal was settled with a tenderer at Rs. 1,56,000. On expiry of the term Govt. advertised for sale of said mahal for the period from 1st November 1981 to 31st October 1983 and received highest offer of Rs. 4,61,000 which was forwarded to the C.C.F. through the circle Conservator of Forest as stated by the department. In the meantime Govt. gave extension to the previous mahaldar (whose offer was Rs. 1,56,000) only by which the Govt. incurred loss of revenue to the extent of Rs. 3,05,000/. The Committee is not satisfied with action taken by the Govt. by way of granting frequent extension (17 months) ignoring the laid down prescribed procedure causing loss of Govt. revenue.

The Committee also examined the extension allowed in respect of settlement of Kalain sand Mahal at Rs. 92,001 for the period from 1st August 1980 to 31st October 1981. It appears to the Committee that the said mahal was advertised for sale for the period from 1st November 1981 to 31st October 1983 in the usual course which fetched highest offer of Rs. 2,12,100/- without disposing the pending approval petition filed by an unsuccessful tenderer in the first occasion. The extension of time allowed to tenderer for 7½ months for Kalain Stone mahal 1980-81 was also found not satisfactory. It appears to the Committee that the similar extension was given to the mahaldar of Gumra Sand Mahal, 1980-81 for about 12 months.

The Committee is unable to understand how, the Department gave extension to the previous mahaldar ignoring the highest tender received for the period from 1st November 1981 to 31st October 1983. The matter may be enquired into and apprise the Committee.

The outgoing Committee also examined the same case with the replies of the departments in its sitting held on 25th June, 1987 pertaining to para 7.3(a). The Committee found that the loss was due to lack of Co-operation amongst the Forest official and the Department. The Committee also found that the manner in which the concerned authorities handle the cases were found to be highly irregular.



With a view to ascertained the actual state of affairs the present Committee under the Chairmanship of Shri A. F. Golam Osmani undertook spot study tour to Barak Valley in December 1988. In course of discussion the Committee interalia directed the department to submit a report pertaining to para 7.3(a) with a brief history of the stone mahal with reference to the period and together with the date of extension of mahal in question and the authority by whom the extension was granted along with the name of the contractor. As regards 7.3(b) the Committee directed the department to submit a detailed report pertaining to particulars of time loss in settling the mahals. It is also observed that the information sought for by the Assembly Secretariate letter No. LAPAC.40/86/11311, dated 16th September 1989 have not been received by the Committee till the drafting of this report.

Committee also examined the Secretary Forest, along with the written reply submitted by the Department while deposing before the Committee Secretary Forest had totally failed to convince the Committee to show that the extension in the cases referred to above was granted on exceptional circumstances. The Committee therefore had taken a serious view of it as despite of repeated comments on the Audit Reports and as well as the discussion in the earlier meetings of P. A. C. the Government have not desisted themselves from granting irregular extension of settlement periods on charging nominal extension fee only. The Committee also observed that in many cases the concerned Divisional Forest Officers (who are directly watching the various activities of the mahaldars) in their reports to Government opposed the extensions with proper justification. But extensions were granted by the Government without taking those reports into consideration.

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2.2.11 The Committee therefore strongly recommends that it should be ensured that irregularity in the matter of extension is not repeated in future except in exceptional circumstances as provided in the existing rules. The Committee also desires that when extension is granted under exceptional circumstances the reasons in support of it should specifically be mentioned by the Government in the relevant orders.



### 2.3 (c) Non acceptance of highest tender

2.3.12. Forest Coupes/Mahals under the Administration of Forest Department are settled for a specific period by inviting open competitive tenders and settlement is generally made with the highest tenderer if found valid.

2.3.13. The Audit Reports examined by the Committee cited number of cases where Government suffered heavy loss of Government Revenue due to non acceptance of highest tender without recording any reasons of rejecting.

Sl. No.	Years of Report	Para number	Estimated loss due to non acceptance of highest tender
1.	1982-83	6.5 (iv) (a) (b)	Rs. 83,692
2.	„	6.6 (iii)	Rs. 95,000
3.	1983-84	7.7	Rs. 60,000
4.	1984-85	6.5 (i)	Rs. 69,005
		6.5 (ii)	Rs. 58,187

2.3.14 Details of some of these instances as reported by the Audit are as follows :

(i) Audit para 6.5 (iv) reveals that in respect of settlement of two clear felling coupes (Jarasal and Uttar Jarasal for the working period from 1st November 1981 to 15th February, 1982 the tender papers were forwarded to C.C.F. Assam, for acceptance and he passed the settlement orders (on 9th December 1981) in favour of the 2nd highest tenderer of Rs. 2,43,225 without recording any reasons for rejecting the highest tender of Rs. 2,88,236 and this led to a loss of revenue of Rs. 45,011.

In another case for settlement of two coupes in East Kamrup forest division for 1981-82, two highest tenders received (prior to introduction of Departmental operation in 1982-83) by the C.C.F. in September 1981 were for Rs. 1,21,999 and Rs. 1,66,237. Coupes were settled with the second highest tenderers who offered Rs. 92,300 and Rs. 1,57,255



respectively without recording the reasons of rejection and this led to loss of Government revenue to the tune of Rs. 38,681.

(iii) As regards para 6.6 (iii) the highest tenderer 'A' who offered Rs. 4.10 lakhs for sand Mahal in Kamrup East Division submitted (August 1981) a financial stability certificate from an Executive engineer and not from a Revenue Officer as required. The Divisional officer recommended the tender for acceptance subject to the production of a financial stability certificate from a Revenue officer and levy of 25% higher security. The C.C.F. however rejected the highest tender of 'A' and accepted the second highest offer of Rs. 3.15 lakhs (December 1981).

It was noticed that in unadjacent Sand Mahal of the division the highest offer of the same tenderer 'A' had been accepted by the C.C.F. only a month earlier (November 1981) though financial stability certificate from a revenue officer was wanting in that case also. The non acceptance of highest tender of Rs. 4.10 lakhs given by 'A' in respect of first sand Mahal resulted in a loss of revenue of Rs. 0.95 lakh.

(iii) Para 7.7 reveals that in Doodhoma Forest Division in response to a sale notice issued in January 1981 for settlement of Saikhowa drift timber mahal No. 2 for the working period from 15th December 1980 to 14th December 1981, five tenders were received. The D.F.O. recommended acceptance of the highest offer (Rs. 1.05 lakhs) received from a regular and successful working mahaldar of the Division. The conservation of Forests however, rejected all the tenders without assigning any reasons and asked the D.F.O. to put the mahal resale. On resale, the mahal was settled at Rs. 0.45 lakh only for the remaining period from 15th July to 14th December 1981, with a tenderer whose offer in response to the original sale notice of January 1981 was the lowest and who had also defaulted in payment of Government dues previously. The non acceptance of the highest of Rs. 1.05 lakhs originally received thus resulted in loss of Rs. 0.60 lakh to Government.

(iv) Paragraph 6.5 (i) reveals that on a contractors failure to implement settlement order a mahal was put to resale twice. Highest offer received on 1st resale (January 1978) Rs. 1,00,005 was not accepted on the ground that



highest tenderer could not produce document evidencing his financial soundness. The highest tenderer on second resale (February 1979) who offered Rs. 31,000 also could not establish his financial stability by documentary evidence. This time, however, no highest offer was accepted by imposing additional security of 10%. The second bidder was accepted though there is no difference between the firm and the second bidder from the financial position in point of view.

(iv) In another case the highest offer of Rs.2,56,726 was the sum of two separate highest offer (Rs.1,33,211 and Rs.1,23,551). In April, 1976 the C.C.F. stated that the tenderer who quoted highest price for both the coupes had already been settled with five coupes and therefore according to the rule no further coupe could be settled with him. But from the name and style of tenders for two coupes it seems that they are not the same person. Secondly their tenderers were rejected by the C.C.F. on the ground that the offered values of the coupes were too low. It resulted loss of Government revenue amounting to Rs.58,187.

2.3.15. All above mentioned cases regarding non acceptance of highest rate of the respective tenderer have been properly examined by the Committee and found that the Department repeatedly violated the prescribed procedure in spite of strong recommendation of the Committee in earlier report. As regards para 7.7 the Committee is not satisfied for non acceptance of highest rate without recording the reason for non acceptance and suspected serious irregularity in the whole affairs. The Committee in its meeting held on 25th June 1987 asked the Department to make an enquiry into the affairs and submit its report within a month time and the Department agreed to submit the same as desired by the Committee. But the Committee regrets to note that no report has been furnished to the Committee till drafting this report.

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2.3.16 It appears to the Committee that due to non-settlement of highest tenders that loss caused to the Government revenue to the tune of Rs. 3,65,879 lakhs in the above mentioned instance cases, from the oral evidence tendered by the departmental officers and from



the written replies furnished by the Government the Committee is not satisfied and suspected some serious irregularities in the whole affairs in regard to non-acceptance of highest tender. Committee recommends that through enquiry should be made for committing such irregularities causing loss to the Government revenue by violating the prescribed procedure. The action taken in this regard may be communicated to the Committee within three months from the date of presentation of this report to the House.

#### 2.4 (D) Loss not recovered from defaulting Contractors.

2.4-17 Under the Assam sale of Forest produce, coupes and Mahal Rules, 1977 if a contractor fails to pay on due dates, the security amount or instalments (kist) of sale price of a forest mahal, the settlement with him may be terminated and the mahal put to resale at his risk and cost.

2.4.18. Audit Report considered by the Committee however have cited the following instances where Government suffered heavy loss of Government revenue due to lack of revenue not recovered from the defaulting contractor.

Sl. No.	Year of report	Reference to para number	Estimated loss of revenue in rupees
1	1981-82	6.8(a)&(b)	Rs.44.924
2	1983-84	7.4(i)	Rs.59.000
		(ii)	Rs.31.000
		(iii)	Rs.75.000
		(iv)	Rs.76.300
3	1984-85	6.4 I	Rs.10,30,378
		II	Rs.1,01,000



2.4.19. The details of the above paras as reported by the audit are shown below.

(i) Paragraph 6.8 of the report of the CAG brings out two cases where settlement holders had been irregularly allowed to operate the mahals for the full term of settlement leaving the kist money amounting to Rs.44,924 i.e. (Rs.28,090 and Rs.16,834).

(i) Paragraph 7.4 (i) reveals that Loss of revenue on resale, are non recovered from the defaulting contractors of Rs.59,000 as per provision of the Rules.

(ii) In this case the mahal was not resettled at the risk of the defaulting contractor for which the loss on resale of Rs.31,000 could not be recovered from the defaulter.

(iii) The Mahalder of Laokhowa thatch mahal No. 1. (Nowgoan) defaulted to pay kist money of Rs.81,250 other mahal was not put to resale. The thatches valued Rs.75,000 were seized. But ultimately the thatches were rotten could not be disposed of by the Rang. officer and resulted loss of revenue of Rs.75,000 after adjustment of the security deposit of Rs. 5,000/-

(iv) It reveals from the para 7.4(v) as stated above the Mahaldar refused to accept settlement on the ground that the area was deforested. The mahal was resold at the risk of the mahaldar. But the loss of Rs. 76,500/- was not recover.

(iii) Paragraph 6.4(i) of the audit Report reveals that the thrust of the para was that the mahaldars with whom two separate mahals were settled for remaining point of working period (27½ months) subsequently appealed to the Government for grant of original working period of 33 months. The appeal in both the cases were rejected by Government as the mahalders on resettlement at lesser price were not entitled to original working period. The two being not satisfied with Government orders filed two separate writ petitions with the Gauhati. Thereon the Court in their interim orders dated 15th September 1980 directed to state to maintain statusquo with regard to possession of Mahals. In the said order the Court also directed to put up the case after 2 weeks for modification of orders



if respondent considered it necessary Government however allowed extension in the working period of the mahals up to 15th May 1981 to the existing mahaldars. But it appears from the C.C.F. letter No. FA/12/81-84, Darrang East dated 20th May, 1986 that writ petitions were lying pending with the Court till that date and consequently the Department could not go ahead with the further settlement of two mahals.

2.4.20. Further audit report (iii) of para 6.4 CAG report reveals that a bambo mahal on resale was settled with the same bidder with whom the mahal was originally settled and who immediately after settlement expressed his unwillingness to work on the mahal. The resale value Rs. 0.55 lakh was about 67% less than his original value Rs. 1.56 lakhs.

2.4.21. As against the para 6.8. of CAG report (in the first case) the department in their written reply informed the Committee as under :

**Kunsung Reserve Fishery—**An amount of Rs. 7,746 was realised as outstanding dues from the fishery mahal for realisation of the balance amount Rs. 2,250 a bakijai case was constituted but no realisation has yet been effected. The matter is under correspondence with Bakijai officer, Tinsukia.

**Hakuhati Reserve Fishery—**Out of Rs. 5,820 as kist money and amount of Rs. 4,453 have realised through Bakijai case. For realisation of the balance amount of Rs. 1,367 the matter is under correspondence with Bakijai officer, Tinsukia.

**Saikhowaghat Reserve —** The fishery mahal was settled at Rs. 54,591. The amount had since been realised in full.



Wrift Timber Mahal —  
Saikhowa Range 1978-79.

For recovery of balance amount of Rs. 16,834 an amount of Rs. 300 was recovered from the earnest money of Mahalder from other works deposited into the Treasury. Hence the outstanding balance was Rs. 16,534 for realisation of the amount of Bakijai case has been instituted but the amount has not been realised. The matter is still under correspondence with the Bakijai officer, Tinsukia.

2-4-22. The Committee examined the written Memorandum furnished to the Committee and the Secretary Forest in regard to the first case and satisfied neither with the argument put forward by the Secretary nor with the memorandum during oral evidence. The Committee is surprised to note as to how the settlement holder had been irregularly allowed to operate the Mahal for the full term leaving the first kist money unpaid against which prescribed procedures are there: According to prescribed procedure, the mahal should have been resold at the risks of the settlement holders by the Department and the shortfall in the sale value would have been recorded as arrear land revenue. The Committee desires that how the settlement holder had been irregularly allowed to operate the mahal for the full term may be enquired into and a detailed report should be submitted to the Committee as early as possible.

Para 7.4. of C. A. G. report brings out four cases where shortfall in the sale value amounting Rs. 0.59 lakh was recoverable from the original contractor was not recovered and in case the mahal was not resale at the risk of the defaulting contractors and the loss not recovered from the defaulters. In the third case as per prescribed procedure the mahal should have been put to resale at the risk of the Contractors. The mahal was not put to resale without any recorded reasons. In the last case the



mahal was resold at the risk of the Mahalder and amount not recovered from the defaulters. The Committee examined the written replies of above cases and surprised to note on the irregularities committed by the department and also no realising the arrear dues for which Government had to incurred huge loss of Government revenue.

Para 6.4 (1) (III) of C. A. G. report bring out two cases of departmental lapses and irregularities in settlement of mahals. The Committee is surprised to note how could the Government grant extensions to the mahalders as and when there cases for extension were subjudice. It also appears to the Committee that the Department never moved the Court over six years for obtaining their clearance for fresh settlement of mahals.

The Committee does not like that such lapses on the of the department would continue for indefinite period. Therefore, the Committee directs that the responsibilities should be fixed on the person/persons for whose negligence for such lapses of the department have been occurred. Committee further suggest that there should be responsible in the rank of Deputy Secretary to look into particularly the Court and Bakijai cases of the Department.

While deposing replies against para (iii) the department witness stated before the Committee on its post visit to Barak Valley on 14th December, 1988 that the Baruncheera Bamboo mahal was put to risk sale and settled with one Shri Mrinal Kanti Chanda for Ks. 0.55 lakh. The whole affairs in this regard to be very doubtful to the Committee from some of the records. Further it also appears to the Committee that Shri Mrinal Kanti Das was non other then the original bidder Shri Mridul Kanti Das. The Committee directed the departmental witness to thoroughly examined the relevant records to find out whether Shri Mridul Kanti Chanda and Mrinal Kanti Chanda are two different person or not.

The extract from the minutes of the tour note to Barak Valley dated 14th December, 1988 are reproduced below :

**Chairman:**—The Accountant General found that Shri Mridul Chanda and Mrinal Chanda are the same and one man. But the department says that they are two different persons. But the record says that it is the same man so the P. A.



C. will have to go deeply on the matter. Whether you are going to take action against the persons who violated the convention?

**Secretary;**—Shri H. Abdul Bari comes in the next tender bid.

**Chairman :**—In the instant case Department will examine as to whether there is any forgery. There should be an enquiry. Let us find out how many contract this same man was given in the last five years in the same division. Antecedents of these two contractors should be given by Conservator of Forest to the Committee.

As against para 6.8 (a) and (b) above the Committee recommends that the matter may be thoughtfully investigated for the following and a detailed report may be submitted to the Committee within three months from the date of placing the report before the House.

(1) How the settlement holder had been allowed to operate the mahals for the full term settlement leaving the kist money unpaid.

(b) As per settlement rule the mahal should have been resold at the risk of the settlement holders by the department and the short-fall in sale value would have been recovered as arrear land revenue.

As regards para 7.4 (i) (ii) (iii) and (v) the Committee found that due to non-observance of prescribed procedure resulted huge loss of the Government revenue in all the cases. It is not understood, the circumstances that led the department to deviate the prescribed laid down procedure and also taking a period over 4 months in issuing settlement order on 5th March, 1982 regarding sub para (v). Therefore, the Committee recommends that the matter should be properly enquired into including the allegation against the mahaldar and a detail report should be submitted before the Committee within three months from the date of presentation of the report before the House.

Regarding para 6.4 (i) the Committee recommends that loss of Government revenue due to lapses of departmental officer/officers should be seriously dealt with and responsibility should be fixed on the person at fault. The Com-



mittee also recommends that there should be responsible officer in the rank of Deputy Secretary to handle and look into all the affairs relating to High Court and other Bakijai cases. Action taken in this regard may be intimated to the Committee as early as possible.

## 2.5. (E) EXCESS EXTRACTION OF CANES BY MAHALDAR.

2.5.23. The para deals with a case of removal of 7,237 bundles of canes (valued at Rs. 1,72 lakhs) in excess of stipulated quantity by a mahaldar without paying the last kist money as well as value of excess bundles of canes.

2.5.24. The Department in their written reply stated that the original notice issued on 6th July 1977 was modified on 25th July, 1977 (within 20 days) as the quantity/specification/size of canes cannot be accurately assessed before cutting. The quantity previously assessed was very rough and disputable and hence been rejected. The remaining kist money has been realised from the mahaldar. In course of examination of the departmental officers the Committee found that there was a minor discrepancy in regard to records of Range Officer with the departmental Challan Book. During discussion department is agreed to settle the same with the A.G. Action taken should be intimated to the Committee.



## CHAPTER—III

## 3.1.(A) SETTLEMENT OF COUPES OR EXPLOITATION OF TIMBER.

A. Loss in settlement of Coupes/timber lots due to non enforcement of sales conditions.

3.1.1. According to the Assam sale of Forest Produce, Coupes and Mahals Rule 1977 a person tendering for forest Coupes (s) shall, along with tender papers, submit among other things, a declaration to the effect that the tenderer would not withdraw his offer during the time required for intimation of acceptance. If the tenderer withdraws, then he shall be liable to pay the whole sum of the tender or such amount on account of deficiency as, in the opinion of the C.F., may be considered necessary to make good the whole of the loss and damages that may be suffered by Govt. in consequence thereof and he shall, to pay the same. if the tenderer fails to pay it, then it would be recovered from him as arrear land revenue.

3.1.2. The Audit Reports considered by the Committee have cited the following instances where the Govt. adopted a different Procedure/non-enforcement of sales conditions where the Govt. incurred loss in settlement of coupes.

Sl.No.	Year of Report	Para number	Estimated loss in rupees.
1.	1981-82	6.9.	Rs. 1.08 lakhs
	1982-83	6.5(iii)	Rs. 2.10 lakhs
	1984-85	6.4(ii)	Rs. 1.19 lakhs

3.1.3. Details of some of these as reported by audit are as follows :—

3.1.4. The para 6.9 above gives a clear instance of loss of Rs. 1.08 lakhs suffered by the Govt. as a result of department's inaction to effect recovery from the tenderer who irregularly withdrawn their tenders.



3.1.5. As regards para 6.5(iii) above it was seen in the test audit that the records of Hautugaon Forest Division that 51 lots of timber, put to sale during 1980-81 by inviting competitive tenders, were allotted to 40 successful tenderers at their bid to taking Rs. 9.74 lakhs. After tenders were accepted by the competent authority, all the tenderers back out. The Govt. finally disposed of the timber lots for Rs. 7.51 lakhs. Rs. 0.15 lakhs were realised by forfeiting the earnest money deposit. The Govt. suffered revenue loss of Rs. 2.10 lakhs.

3.1.6. Para 6.4(ii) test audit reveals that Digboi Forest Division, 28 lots of timber logs operated departmentally during the year 1982-83 and put to sale by inviting competitive tenders were allotted to 28 tenderers at their bids totalling Rs. 5.21 lakhs. However after acceptance of the tenderers by the competent authority, all the tenderers back out, without assigning any reasons. Eventually, these lots were resold (between November 1983 and March, 1984) for Rs. 3.91 lakhs. A sum of Rs. 0.11 lakh was realised by forfeiting the earnest money of the defaulting tenderers in the original sale. Thus due to non-incorporation of the condition regarding risk sale in the sale notice, recovery of the shortfall in the sale value could not be effected from the defaulting tenders, resulting in loss of revenue amounting to Rs. 1.19 lakhs.

3.1.7. In his written memorandum to the Committee in the 1st case above the Secretary, Forest Department has informed that two tenderers have withdrawn their tenders on the opening day of the tender and their right of revocation of the offer could not however be changed in view of the legal implication of Indian Contract Act. However the forest settlement rules 1977 is in the process of revision.

(ii) As regards para 6.5 (iii) the department in their written reply to the Committee Secretary Forest has informed that the highest offer at which the lots were settled was considered to be exorbitant in most cases settlement was however, given to the highest tenderer in order to make an attempt to realise more revenue which of course has failed. The step taken in good faith and interest of the revenue has made the earlier settlement not legally bidding. Therefore, the difference money is not considered realisable as it is not an arrear of land revenue. The Assam sale Forest



produce/Coupes and Mahals rules 1977 was meant for settlement of Coupes and Mahals by tender/auction for standing tress in forest, sand and stone from their sight of deposit and strictly not cover the sale of cut and collected timbers stocked in depot. Again there were a number of court cases, which have laid down that amount being claimed be deference of sale proceeds and not price of forest produce removed by the purchaser are not realisation as arrear land revenue. To quote "Proceeding does not apply to recovery of amount alleged to be due for failure to carry out the application of the tenderer by Proceeding under the Assam Forest Ragulation Act, 1981".

(iii) As regards para 6.4 (ii) above in their written reply to the Committee, Secretary Forest has informed that the Hon'ble High Court has ruled that such different of sale value which is neither constitute any forest revenue nor any constractual liability can not be recovered as arrears of land revenue. In view of this rulling there was no scope to pursue the matter through a civil suit even though such a procedure is both expensive and time consuming.

### RECOMMENDATION

As regards para 6.9. the recommittee recommend that if the clause 7 (4) of Assum sale and forest produce Coupes and mahals rules 1977 is not legally inforceable it may be suitably modified and may strictly be followed.--Action taken should be intimated to the Committee.

### 3. 2 (B) SALE OF TREES, TIMBERS LOGS WITHOUT INVITING TENDER.

3. 2. 8. The audit report considered by the Committee have cited the following instances where Government sold timber logs and trees without inviting tenders.

3. 2. 9. Para 6.5 of the Comptroller and Auditor General report 1981-82. (R/R.) The Assam Sale of Forest Produce Coupes and Mahals Rules, 1977 provide that forest coupes/mahals lots or any other forest produce of value not exceeding Rs. 1000 shall be sold by auction and those with higher value should be disposed under the tender system.



The para 6.5 give two instances in which loss sustained by the Government as a result of disposal of lots of seized timber of value more than Rs. 1000 each by auction instead of by tender as per provisions of relevant rules.

1st case Rs. 2.93 lakhs i. e.  
( Rs. 9.21 lakhs—Rs. 6.28 lakhs )

2nd case Rs. 85,048.

The background of the cases are as follows :—

3.2.10 In three ranges under the West Kamrup Forest Division illegally felled timbers were seized and sold by auction in 179 lots. Out of these, 112 lots were of a value more than Rs.1000 each and should have been disposed under tender system instead of auction. Sale of 1980-81 timber coupes in these three ranges of the Forest Division by tender system fetched on an average 367 to 608% over the Government valuation. On this basis, the disposal of 112 lots of timber by tender system would have yield at least a revenue of Rs. 9.12 lakhs instead of Rs. 6.28 lakhs realised in auction.

3.2.11. In another case, it was seen in audit of the records of the divisional Forest officer Gauhati East Division in June, 1981 that 22 lots of logs, each with a value of more than Rs.1000 in one range were sold by auction between January and March, 1981 for Rs.46,075 (146% over Government valuation of Rs.31,520) in disregard of the above provisions Timber coupes of 1981 under the same range had fetched revenue of about 416% of Government valuation under the tender system. These sales by auction had thus resulted in loss of revenue of Rs.85,048 approximately.

3.2.12. The Government in their written reply furnished vide their letter No.FRM.30/83/152 dated 23rd October 1986 informed the Committee that although sale of timber usually to be made by tender system when its valuation is above Rs.1000 the procedure could not be followed in the particular case as the miscreants were rampant in the Forest area in illegal felling of trees due to having favourable situation for miscreants, a vast forest area and the timbers seized by the departmental people from time to time had to be disposed instantaneously to avoid complete



loss by theft or pilferage. Further in case of seized timber valuations are not comparable to coupe as the seized timbers mostly remain scattered in the forests having generally of various dimensions and section-odd and non commercial. The timbers are mostly cut into short pieces for facility of transportation by the miscreants. Generally Timbers sold by the Department are localised good qualities with required section. Hence the value of timber in coupe sale in normal way is not comparable to the seized timbers. Therefore, the calculation made by audit showing the loss of Rs.2,92,840/in comparison to other coupe sale is actually not tenable as it has not taken into accounts the qualities and nature of seized timber and also the circumstances under which it have to be disposed by auction to avoid loss of timbers by sudden lifting by the miscreants and smugglers. The total amount fetched against Government valuation can however be considered as a good amount in the face of these circumstances. In course of examination of the departmental witness in its sitting held on 21st November 1986 the Committee wanted to know about the number of logs of different species lying undisposed for long years. The C.C.F. Assam in his reply stated that they do not have the detailed but have only logs number. The Committee asked the C.C.F. to obtain the detail information from the divisions regarding number of logs of different species and submit to the Committee along with the other information. During the sitting of the Committee, the Committee desired to know from the Secretary, Forest on the subject, in his reply he has stated that "I have no more to add as I do not have any further information. Then the Committee enquired about the position of para 6.5 (b). The Secretary in his reply stated" here the position is same to that para 6.5 (a)."

### OBSERVATION

3.2.13. The Committee observes that no detailed information about the number of logs of different species lying un-disposed for long years could not be furnished as asked for till the drafting of this report and reserved observation to this important point. The Committee is also not happy in the way the Secretary Forest furnished his replies to the August body. In future he should be well equipped in his subject in furnishing the necessary information as and when he happens to appear

before the Legislatures Committee. As regards 112 lots of seized timber sold by auction instead of tender system the Committee noted that had the Government applied their constructive mind in well ahead of time the loss of Government revenue to the tune of Rs.2,93 lakhs could have been avoided.

## RECOMMENDATION

3.2.14 Therefore, the Committee recommends that in future department should apply their constructive mind before seized lots are disposed and Government revenue may not be lost from the sources. The Committee also strongly recommends that the lost exceeding value Rs. 1000/- should in future be disposed of by the tender system instead of auction. The action taken in this regard may communicated to the Committee within 3 months from the date of placing the report before the House.

### PARA 6.5 (V) OF C. A. G. REPORT OF 1982-83(R/R)

3.2. 15. The Assam Sale of Forest Produce, Coupes and Mahals Rules, 1977 provide that forest coupes/mahals/ lots or any other forest produce shall be sold by auction where the value does not exceed Rs. 1,000 and by tender in other cases.

It was noticed in the audit (June 1981) of records of the North Lakhimpur forest division that 32 lots of timber of value exceeding Rs. 1,000 in each case, were sold (during 1979-80 and 1980-81) by auction as against the tender system prescribed in such cases. The auction bids fetched Rs.2,18,509 for all these lots. Sales of timber coupes of the same forest division by tender system during the years 1979-80 and 1980-81 fetched, on an average, 170 and 258 per cent respectively above the Government valuation. On that basis 32 lots of timber would have yielded a revenue of Rs.4.71 lakhs as against Rs.2.18 lakhs collected in auction. Thus Government suffered a loss of revenue of Rs.2.53 lakhs due to the adoption of an incorrect procedure.

3.2.16. The written reply furnished to the committee by the Department vide their U/O No. FRN.86/87 dated 10th June 1987 that Loss in auction sales of timbers. While the rule framed maintained the ideal condition that



any lots below value [of Rs.1,000,00 or less be sold by auction. The Government reserve the authority to Sale Forest Produce in any other manner under the Sale Rules to meet exigencies and local conditions. As has been mentioned earlier the Rule strictly do not apply to sale of stacked timber in depot. The need for expeditious disposal and recovery of expenditure incurred, likely deterioration by delay etc. are taken into consideration for deviating from general procedure. It may further be mentioned that the revision of royalty subsequent to the notification of the settlement rules have raised the valuation of timber lots sufficiently above the old valuation limits (approximately four fold).

The valuation of the timbers covered by this lot may not be as per value of timber operated from standing trees because of difference in quality and size and many other variable factors and therefore, the loss as anticipated is only hypothetical. The system of auction is always a standard procedure practised for many Government sales.

3.2.17. The Committee examined the written reply submitted to Committee as well as Secretary to Forest Department and he expressed his inability to observe strictly the prevailing Rules. In case of timber lots worth more than Rs. 1000/- to be sold by tender system not by auction. The Committee suggests that if that was the case then the Department should come forward with necessary appropriate proposal to amend the particular rule to suit the need/interest of the Govt.

### Recommendation

3.2.18. If the Department could not strictly observe the existing procedure to avoid loss of Govt. revenue as expressed by Secretary Forest, he should come forward with necessary appropriate proposal to amend the existing rule to suit the need/interest of the Govt. Action taken in this connection may be communicated to the Committee.



## PARA 6.6 OF C.A.G. REPORT 1984-85 (R/R)

3.2.19. Forest Coupes, Mahals of lots are generally settled by open tenders. In the following cases the Govt. adopted a different procedure :—

3.2.20 (a) However, in July 1983, Government allotted, without inviting open tenders, the work relating to removal of 1500 cubic metres of log from stocks of departmental operations to a private saw mill. The mill was allowed to remove logs of his own choice. The allotment was subject to payment by the mill of royalty plus departmental cost plus monopoly fee at prescribed rates. Subsequently in March 1984, the allotment orders were revised to provide that to logs to be lifted would consist of B1, B2 and C class timber of mixed quality and that monopoly fee could be charged at the rate of Rs. 100 per cent of royalty. On this basis, the allottee mill removed 1500 cubic metres of mixed quality logs on payment of Rs. 5,06,849. Sale of similar logs in the same division under tender system during the year 1982-83 had fetched. On an average, sale price of Rs. 687.84 per cubic metre, as against Rs. 337.90 per cubic metre, realised from the allottee mill. Had the 1500 cubic metres of logs been disposed of under tender system, Government would have derived additional revenue to the extent of about Rs. 5.25 lakhs.

3.2.21 (b) In another case in October 1983, Government similarly allotted the work relating to removal of 500 cubic metres of Bonsum logs in favour of a trader subject to payment of royalty plus departmental cost plus 25 per cent monopoly fee. On 7th November 1983, the Divisional Forest Officers reported to the Chief Conservator of Forests that there would be loss of Rs. 5,30,000 in case the Government orders were implemented. Thereafter, on 15th November 1983, Government modified the earlier allotment orders, by reducing the quantity of logs to be removed from 500 to 200 cubic metres. As against the market value of Rs. 2,79,000 for 200 cubic metres of Bonsum logs as assessed (November 1983) by the Divisional Forest Officer, royalty, departmental cost and monopoly fee amounting to Rs. 64,000 only were recovered from the tender, resulting in loss of revenue amounting to Rs. 2,12,000.



3.2.22 (ii) The Divisional Forest Officer, Dibrugarh issued (September 1981) a permit to a contractor for removal of 3,000 cubic metres of sand from sand mahal (No. 24 of 1980-82 under Jaypur range) on payment of Rs. 13,500 as royalty and 50 per cent thereof as monopoly fees. However, earlier in July 1981, for extraction of 7,000 cubic metres of sand, the same mahal had been sold for Rs. 1,89,111 under the tender system. A comparison of the rate (Rs. 27 per cubic metre) offered under the tender system. In July 1981 with that fixed (Rs. 4.50 per cubic metre) by the Divisional Forest officer on issuance of permit in September 1981 would indicate that the department had lost a revenue of Rs. 67,503 in respect of 3,000 cubic metres of sand removed by the permit holder.

3.2.23 The Committee examined the replies submitted to the Committee. The audit objection relating to sub-para (a) concerning loss to the Government to the tune of Rs. 5.25 lakhs due to allotment of departmentally operated timber without inviting tenders. The Committee was not at all satisfied with the written reply furnished by the department. The timber was allotted to a private saw mill owned by one Shri Geol. There is also no evidence to show that this allotment could in any way help any uneducated local employed youth or any small or medium scale industry or entrepreneur. This huge loss is entirely due to departure from observing existing provisions while allowing the timbers. The Committee considered this case to be very serious irregularities. This irregularity corroborate with the records available in the relevant file.

As regards sub-para (b) the Committee examined the written reply furnished by the department along with relevant file No. FRS. 288/83/Pt/III. This is another case of departure on the part of the department while allotting timbers without inviting tenders. Hence one M/S Bonson product was allotted 200 cu.m. of bonson timbers on the basis this petition resulting financial loss to the tune of Rs 2,12,000. This also found to be considered purely on so called compassionate ground instead of observing existing provisions of sales of timber. Nowhere in their petition there is evidence to show that M/S Bonsum product is the only party manufacturing handlooms sleys and accessories. It is also found in the relevant file that in both the cases of para 6.6. (a) & (b) the forest Minister has given the final say.



The Committee also examined the brief prepared by the department concerning file No. FR. 367/81 pertaining to para 6.6. (ii) This relates to the loss of Government revenue to tune of Rs. 67,500 due to extension contract through permit instead of resorting to tender system. The reasons for which the Minister Forest was pleased to grant extension loss of operation period due to Assam agitation, loss of extracted sands due to heavy flood the during the period are appeared to be reasonable.

### 3.3. (c) Loss due to non disposal or delay in disposal of tender lots.

3.3.24 Under the system of departmental operation of timber, department undertakes work of felling selected trees, logging them and transporting the logs to sales depots. Logs are then graded according to size and quality and put to sale in lots by tender.

3.3.25 Audit Report considered by the Committee however have cited the following instance where Government loss revenue due to non disposal or delay in disposal of timber lots and the details of which are shown below: -

3.3.26 Para 7.8 of C. A. G. report (1983-84 R/R) reveals that In Doomdooma Forest Division, in response to a tender notice of January 1982 for sale of three departmentally operated timber lots a single tender was received. The tendered amount was below the Government valuation of Rs. 17,349 and, as such, the same was not accepted. The lots were put to sale again in February 1982. The highest offer received this time amounted to Rs 71,000, which was accepted. But the acceptance was communicated (on 30th April 1982), to the tenderer after a lapse of one and a half months from the date of opening of the tenders (15th March 1982). The tenderer declined to accept the settlement on the ground that by the time the acceptance was communicated, the timber had become unfit for commercial use due to exposure to weather. It was decided to put these lots to re-sale in June 1982 at the risk and cost of the original tenderer, but later at the instance of the Conservator of Forests, the sale was stayed without recording any reasons. The three lots were eventually sold between August 1982 and March 1983 for Rs. 28,000. Thus, the delay in communicating the acceptance of the offer resulted in loss of revenue amounting of Rs. 0.43 lakh.)



3.3.27 Department in their written memorandum stated as under ;—

The delay of two months in the settlement was there because lots were not within the power of settlement of Divisional Forest officer. Lots were sold on 25th February 1982 by the Divisional Forest Officer, Necessarily, it took certain time for the D. F. O. to scrutinise the tenders and find out particulars of the tenderers called for wanting documents before sending of the same to the Conservator of Forests. the papers were sent to the Conservator of Forests on 20th February 1982 i. e. after 27 days. The Conservator of forests after scrutiny issued the settlement order on 27th April 1982 which was less than one month from the date of receipt of the recommendation. The delay less than one month in each office for scrutiny of a financial deal involving rights and concessions and probable litigation should not be considered as too much delay the settlement holder backed out because of higher bid they offered taking the delay as a plea only which is evidenced by the fact that almost all the tenderers refused settlement at their bids valu except one who offered to take Tarini Lot No. 17 at his own bid value (9th highest tenderer in this lot). Rest of the lot sold again fetched much lesser value which were though above Government valuation. This may also be pointed out that the first sale of these lots on 19th January 1981 did not fetch even the Government value and therefore the assessment of Audit on the basis of bid given in tender in the second sale which have proved to be of exhorbittant do not appear to be justified. It may also be pointed out that these three lots finally fetched value of Rs. 28,000/—against the price of Rs. 17,349/—raising in the first sale on single tender and the additional earning of Rs. 10,000/—thereby is solely due to discretion in right direction applied by the D. F. O. and Conservator of Forests”.

### OBSERVATION

3.3.28. The reasons furnished by the department for the delay in communicating the acceptances of the offer to the concerned sucessfull tenderer are not satisfactory to the Committee. The Committee therefore, observed that such delay should not take place in future and accor-



dingly the Committee directed the department to see that the communication should be made to successful tenderers within 3 days time positively from the date of receipt instruction/ approval of conservator of Forest.

3.3.29. Para 6. 7. of the C. A. G. report 1984-85 (R/R) reveals that in Dibrugarh Forest Division, thirty seven groups (out of sixty four groups) of timber operated departmentally during the period from December 1981 to March 1982 were sold for Rs. 2,31,407 by inviting open tenders in March 1982 and August 1982. The price fetched was less than the Government valuation (Rs. 3,50,317) by Rs. 1,18,910. The shortfall was attributed to loss of commercial value of the timber due to exposure to sun and rain. Had timber been disposed of promptly after its extraction, without storing it in the open for long Government would have realised additional revenue amounting to Rs. 1,18,910 (according to their own valuation).

3.3.30. The Department on their written reply submitted to the Committee Stated that:—"It is true that 64 groups of timber operated departmentally in December, 1981 to March, 1982 were put up to sale during the period between March, 1982 and August 1982. Out of these groups the offer received against 37 groups were below the Government valuation. But considering the quality of the timber 17 groups had to be settled at the offered bids below the Government valuation to avoid any further delay and deterioration of the timbers. The remaining groups were put to sale in three more sale before settling this also at offer below Government valuation. It is evident from what have been mentioned above that there had been no undue delay in disposing of the timbers, except the time taken for extraction of the timbers. The offers received at the competitive sale can be presumed to be fair value of the logs. The loss purported to have been incurred on this account is therefore only of academic value".

3.3.31 The Committee examined the written reply as well Departmental witness regarding the loss of Government revenue due to delay in disposal of timber logs and found that the reasons put forwarded by the Departmental witness are not at all satisfactory to the Committee. The Committee feels that the loss could have been avoided by expeditious disposal of the same or keeping there timbers under a shed properly which could have avoided the deterioration of timbers due to sun and rain in the open place.



3.3.32. Para 6.8 of C.A.G. report 1984-85 (R/R) reveals that Jaypur plywood coupe No.3/211 of 1978-79 (provisionally settled on 1st September 1979) was finally settled on 7th April 1980 with the second highest bidder at his offered price of Rs.0.48 lakh after rejecting an appeal filed (September 1979) by the highest bidder (who had offered Rs.49,777). The accepted offer of Rs 0.48 lakh was less than the value of the outturn, as initially estimated (Rs.1.61 lakhs). by 1.13 lakhs by Government. On 3rd April 1980, the first highest bidder filed a case in the Gauhati High Court, whereupon the Court issued (11th April 1980) orders staying the operation of the coupe. However, in the meanwhile, the coupe-holder (second highest bidder) had already operated the entire coupe of 21 marked trees and converted them into logs (timber contents measured as 217.487 cubic metres). Due to the stay order of the Court, the logs were stacked in the compound of Range Office, Jaypur Rang. The Court vacated the stay order nearly 3½ years thereafter, on 26th August 1983. In October 1983, the Divisional Forest officer informed the Conservator of Forests that the logs had completely deteriorated due to exposure to weather, and were no longer fit for commercial use. The revenue lost to Government amounted to Rs. 0.48 lakh.

As stated above, the coupe holder had operated the coupe before the issue of stay orders by the Court. Had Government taken prompt action (with the approval of the Court) for disposal of the logs, the loss of Rs. 0.48 lakh could possibly have been avoided.

(The case was reported to the department and Government in July 1984, their replies are awaited (February 1980).

3.3.33. The department in their reply stated that—  
 “The out turn of 21 marked trees comprising of 217.487 cu.m. of the Jaypora Plywood Coupe No. 3/211 of 1978-79 could not be disposed of in view of the stay order granted by the Hon'ble High Court. These timbers belonging to plywood species deteriorates rapidly in storage. When the High Court vacated the stay order 3½ years later on 26th August, 1983, the timbers in the meanwhile have rotten completely which resulted in the loss of revenue to the Government. The department cannot be blamed for non-disposal of the logs while the matter was subjudiced.



3.3.34. The Committee has gone through the written reply furnished by the department and also examined the departmental witness on 26th August, 1988. The Committee not at all concerned with the deposition of the departmental witness more particularly in their action to approach the Hon. High Court to obtain order to dispose the successful second bidder even during the long 3½ years."

The Committee directed the department to furnish the following vital information at the earliest for its further scrutiny.

An extract from the minutes of the proceedings dated 26th August 1988 are reproduced below :-

**Shri ZAINATH SARMA**

- (a) How the initial value was determined whether it was correctly calculated.
- (b) How many times the Department has made its effort to vacate the stay order within these 3½ years.
- (c) Whether the court was informed about the state of affairs of the loss.
- (d) About the state of affairs of the loss, whether the DFO had informed the higher authorities in time.
- (e) How the Contractor was compensated at all.

But till drafting this report no further information have been received from the department.

3.3.35. Audit para 6-13 of C. A. G. report, 1984-85 (R/R), reveals that as per Government's orders issued in October 1980, 25 to 75 per cent of outturn cut of windfallen, unclaimed seized and departmentally operated timber under Kachugaon, Haltugoon and Dhubri Forest Divisions should be kept in reserve for sale among local tribals.

In Dhubri Forest Division, 28 lots of timber of nonsal species (departmental valuation Rs. 1,23,167) out of the reserved quota (operated departmentally during the years 1980-81 and 1981-82) could not be sold till July 1984



owing to non-receipt of any bid from the reserved categories of tribal people in several auctions held between May 1982 and October 1982. No action was also taken (after obtaining Government's approval) to sell these lots of other parties.

Eventually, due to prolonged storage, the logs became unfit for use even as firewood, resulting in loss of revenue amounting to about Rs. 1.23 lakhs (Royalty value Rs. 0.50 lakh and cost of operation Rs. 0.73 lakh).

(The case was reported to the department and Government in January 1985, their replies are awaited (February, 1986).

3.3.36. The Committee examined departmental witness with regard to this para. The witness admitted that 28 lots of consal trees reserved for allotment among the tribal people had to be disposed off since there was no bidder to the auction and tender on several occasions from the tribal people to avoid total loss of revenue to the Government due to deterioration of non-sale trees.

He however stated to the Committee that such thing has not occurred thereafter.

8.3.37 (Para 6.14 of the C.A.G. report for the year, 1984-85 (R/R) reveals that in August 1983, in Darrang West Division ninety six lots of departmentally operated timber logs were advertised for sale, of these fifty nine lots were settled with the highest bidders during 1983-84. Final settlement of the remaining thirty-seven lots with the highest bidder was, however, stayed by Government in September 1983 on receipt of a petition from a private firm, requesting for allotment of those lots to it at Government valuation plus 25 percent monopoly fee. In January 1984, however Government vacated the stay order and directed for settlement of these lots with the highest bidders. Accordingly, the Divisional Forest Officer finalised settlements of thirty one lots with the highest bidders. The bidders, however, declined to accept the remaining six lots on the ground that by the time (five months) settlement was communicated to them, the logs had deteriorated. Five lots were subsequently disposed of in March 1984 for Rs. 1,09,079



against the original bid value of Rs. 1,76,809. The remaining one lot (original bid value of Rs. 19,519 remained undisposed of as no bid for it as received on resale. The unwarranted stay order and subsequent delay in communicating the order of settlement to the bidders thus resulted in loss of revenue amounting to Rs. 87,249.

(The loss was reported to the department and Government in July 1984, their replies are awaited (February 1986).

3.3.38 The Committee examined the departmental witness as well as written replies of the department regarding unwarranted grants of stay orders. He admitted that there was loss due to resale of 59 lots of timber at a slightly lower rate after a lapse of five months due to acceptance of an appeal petition filed by an outsider who was not a bidder. The disposal of his appeal, department took 5 months time and hence the loss. He however stated that the department is going to impose a fee in case of such appeal to discourage unnecessary appeal in future.

Extract from the Minutes of the proceedings of the Committee dated 7th December, 1988 are reproduced below :-

Shri S. CONDPAN :— Whether the petitioner came and stayed the settlement by 5 months in order to get the supporting report whether it will be justified to give him the settlement because of the unemployment problem in his mill ? Why they took so much time-it took 5 months.

SECRETARY :— As I have said earlier, the circumstances leading to the admitting the appeal. We are now trying to build up a system that every person wanting to make an appeal has to pay a certain amount of fees so that unnecessary appeals are not encouraged. We have proposed an amendment in the existing rules to this effect. Once we do this thing this sort of delays will be cut out.



### 3.4 (D) Loss of revenue due to missing of Marked tree/seized timbers.

3.4.39. Para C. 7 of C. A. G. report, 1981-82 (R/R) audit report point out that the records of the Divisional Forest Officer, Goalpara, it was noticed (December 1980) that 13 lots of stacked timbers were sold by inviting tenders during the period 14th February 1979 to 1st February 1980 and settled with different tenderers between February 1979 and May 1980 on a total offer of Rs. 1,25,119. The tenderers reported to the Divisional Forest Officer between July 1979 and June 1980 that all the seized timbers except timber valuing Rs. 2,634 were missing. As against the total offer of Rs. 1,25,119 a sum of Rs. 7,685 only was deposited by one tenderer on 16th April 1980. Thus, Government suffered loss of Rs. 1,17,434 in addition to the dragging cost of Rs. 17,569.

3.4.40 The department in their written reply stated that their cases of timber was rampant in certain areas of Goalpara Division inspite of protective measures. Some of the timbers were lost after forming the lots and for the lost timbers no departmental person could be made responsible. The Committee constraint to note that generally seized timbers are dragged to the stacking place departmentally and the expenditure so incurred on dragging is recovered from the approved tenderers in addition to the offers made by them but in this particular case why the Department made deparature from the procedure is not known. In course of examination of the Department the Committee wanted to know about the mode of missing whether from the compound of the office or from the interior jungle. Department has been asked to enquire into the matter and submit the detailed report on missing trees and the reason of missing. Responsibility fixed for loss and effective steps taken to locate the missing trees and the reason for not reportings to the Police may be intimated to the Committee.

### R E C O M M E N D A T I O N

The Committee, therefore recommends that the matter may be enquired into in details with reference to number of seized timbers missing, reason for missing, effective steps taken to locate the missing trees and responsibility fixed for loss of Government revenue.



3.4.41 Para 6.5 (IX) of C. A. G. report, 1982-83 (R/R) audit point out that in response to a sale notice dated 11th December 1980 for sale of Kachubari sal coupe No-2 of 1980-81, only one tender for Rs. 26,086 was received. This was accepted and the coupe settled in May 1981. The tender did not deposit security and kist money as per rules on the ground that all the marked trees except one were found missing. There upon the Range Officer, Krishmai was asked (September 1981) to submit a report in the matter. It was seen in audit (July 1982) that no report had been received by the division from the Range Officer and the alleged loss of marked trees had remained uninvestigated. No further development in this regard had been reported to Audit thereafter also (October 1983). Thus Government suffered a loss of revenue of Rs. 26,086 for which no responsibility was fixed.

3.4.42 The department in their written reply stated as under :—

The price offered by the single tenderer at Rs. 21,081 for 25 Nos. of dead trees was considered to be exorbitant though an attempt was made to realise the same by issuing Settlement order. The tenderer finding his bid to be exorbitant backed out taking a plea that the trees are not available which was far from correct. The earnest money of the contractor was forfeited and no further action could be taken as he did not deposit security and signed agreement. It was found that some miscreants felled the partly utilisable 19 trees of the coupe of which outturn of the 6 Nos. have been removed stealthily. The outturn of the rest 13 nos. were salvaged and disposed off at a price of Rs. 6,897. As this was a dead coupe, the outturn generally are much less and inferior in quality for which the tenderer may not be able to assess the price to offer. As is seen that the outturn of 13 trees have fetched only Rs. 6,897 and therefore valuation for the rest even assuming those to be of the same average, would entail a loss not more than Rs. 5,000 which also may not be correct as even the miscreant did not touch 6 Nos. of trees perhaps finding it useless.

3.4.43 The Committee examined the written reply furnished to the Committee as well as Secretary Forest regarding loss of revenue due to missing of marked trees. The Committee enquired whether any enquiry was made by the



department about the missing of marked trees and what was the result but the departmental witness stated that no enquiry was conducted by the department for part of missing trees but the valuation-wise enquiry was made. The department also stated that the qualities of the trees was very poor and the value was not of high order. The Committee desires that an enquiry should be made about the missing of marked trees and reported to the Committee.

### 3.5(E) SHORTAGE IN DEPARTMENTAL OPERATION

3.5.44. Audit para 6.5(ii) of C.A.G. report 1982-83 (R/R) reveals that the Volume of timber operated, as seen from records relating to Departmental operations, was not fully reflected in the depot records. A test check of Ranges in three Divisions viz. Kachugaon, Dhubri and Digboi disclosed that the volume of timbers taken as receipts in the depot records was less than the volume of timber operated, by 4,898 cubic metres valued at Rs.46.12 lakhs during the period from April, 1979 to March 1983. The Department did not investigate the shortages nor took any remedial measures for their no-recurrence.

3.5.45 The Committee examined the reply furnished by the dept as well Secretary Forest regarding the shortage of departmental operation of three divisions namely Kachugaon, Dhubri and Digboi. The Committee directed the Department to meet up this particular objection in consultation with the A. G. and the Secretary, Forest agreed to comply with the direction. Action taken may be intimated to the Committee accordingly.

3.5.46 Para 6.16 of the C. A. G. report 1984-85 (R/R) reveals that :- (i) At Jagiroad godown under Nowgong Forest Division, book balance of stock of sun-dried phuljharu at the end of the years 1981-82 and 1982-83 was 58.800 quintals and 38.250 quintal respectively. A physical verification by the Assistant Conservator of Forest in February 1984, however, showed a shortage of 66,305 quintals of sun-dried phuljharu valued at Rs. 40,111. The shortage was reported by the Divisional Forest Officer to the Conservator of Forests in March, 1984. Explanation of the Official responsible for the shortage was called for in March 1984, Further developments are awaited (February 1986).



(ii) Out of 2,232.413 cubic metres of timber logs transported from Bamunijhora, Attarakhola, Wonglajhora and Paglajhora coupe areas to sales depot at Binsbiri under Rupai Range during March, 1982, 30,384 cubic metres of timber valued at Rs. 13,655 were received short at the sales depot. The shortage had not been investigated by the department (February 1986).

3.5.47. The above cases were reported to the department and Government in May 1983 and August 1985, their replies are awaited (February 1986).

3.5.48. The Committee satisfied with the reply and explanation given by the department witness that they had in fact admitted a genuine mistake in taking in weight instead of counting green as well as the dried phuljharu both at the time of purchasing as well as at the time of selling. This was their first and experimental venture of the department. Now they have decided to take fuljharu only in counting in future.

While considering the replies pertaining Para (ii) relating to loss due to storage stock or transit, the Committee wanted to keep the matter open to have joint inspection by one officer from the Accountant General and one from the department. Findings may be communicated to the Committee.

### 3.6. (F) LOSS DUE TO NON-OPERATION OF COUPES.

3.6.49. Para 6.5. (VI) of C.A.G. report 1982-83 (R/R) point out that (a) Pachadabri South Dead Wood Coupes of 1978-79 of Kachugaon forest division were marked for operation and timber marking registers were sent in November 1980 to the Range Officer, Logging Range for operation and extraction of 410 cubic metre of sal dead trees. However, the timber marking registers did not show any entries in evidence of actual operation. The failure to operate, these coupes resulted in a loss of revenue of Rs 5.34 lakhs, calculated at the prevailing market rate of Rs. 1,300 per cubic metre. The Divisional Forest Officer explained that the dead trees were left unoperated to avoid damages to new plantation in that area, but no records to show new plantation in the area were produced for audit nor was it clear how the new plantation was developed without removal of the dead trees.



(b) Similarly, two coupes of Haltugaon forest division were marked for operation in August 1980 and Range Officer, Bahalpur Range was asked in November 1981 for operation and extraction of 53 cubic metres of sal dead trees in 1981-82. The timber marking register did not indicate any evidence of operation of these two coupes (July 1983). The failure to operate these coupes resulted in loss of revenue of Rs.0.35 lakh, calculated at the rate of Rs. 665 per cubic metre.

(c) Tree Marking Register of one Harinaguri Coupe indicated that 30 sal trees marked in August 1980 were operated in March 1982. The outturn of 40 cubic metres from these 30 sal trees was not taken as depot receipts in depot records. This led to a loss of revenue of Rs.0.27 lakh, calculated at the prevailing market rate of Rs.665 per cubic metre.

3.6.50. The Department in their written reply furnished to the Committee stated that "the area of the coupe was contiguous to areas settled for cultivation to forest villagers. The villagers were in the habit of cutting peripheral trees by girdling to expand their cultivation field. The Divisional Forest Officer deputed that such designed tactful encroachment took place in these areas in the earlier years. Once the dead dying trees are remove the area is taken up for cultivation. In order to frustrated this move, the area covered by this coupe was planted up to prevent diversion of the land. Further, there were about 6,000 Nos. of Green good Sal trees which were uprooted by storm. The inadequate infrastructure as is common in the Forest Department had to be selected and judicious in operating and salvaging the best timber leaving the dead, deteriorating from the priority list. As raising of plantations were time bound and as the same could be raised under dead trees which cast no shade, the works of plantations were taken up.

6.5 (vi) (b) Enquiry revealed that trees were operated and the outturn of 49,270 cu.M. of timber were disposed off fetching a revenue of Rs. 61,71800.

6.5 (vi) (c) As stated earlier due to inadequate infrastructure including bad communication the timbers operated may not reach the depot as expeditiously as desired. The operated timbers are rarely left out unless it proved un-economic.



3.6.51. The Committee is not satisfied with the written reply furnished to the Committee and as well the arguments put forward by the Secretary Forest due to the fact that the department could not produce any evidence/records to show that in fact there was new plantation in the area as mentioned at above, similarly as regards (c) above department also failed to show any records of depot receipt showing that the marked dead trees were operated upon. As a result i.e. due to non-operation of the marked dead trees Government had to suffer huge loss of Rs.5.96 lakhs.

### 3.7. (G) LOSS DUE TO OPERATION OF COUPES BEYOND THE AUTHORISED PERIOD.

3.7.52. Audit Para 6.5 (VII) of C.A.G, report 1982-83 (R/R) point out that the records of the Dhubri forest division it was noticed (November 1980) that 153 clear felling coupes under Athorakata, Mahamaya and Chilkikata ranges of the division were settled with the highest tenderers during the year 1979-80 for the operation period 1st November, 1979 to 25th March, 1980. Out of these, 41 coupes with a sale value of Rs. 16,64,469 were operated for beyond the stipulated operation period (excess period of operation ranged from one month seven days to eight months). There was no indication in the divisional records of any extension having been granted or extension fee realised in these cases. The Government suffered a loss of revenue of at least Rs. 83,223 in the shape of extension fee (calculated at 5 per cent of coupe value as prescribed in the rules). The failure to enforce period of operation without valid extension, also delayed the subsequent settlement of the coupes.

3.7.53. The Government furnished their written reply to the Committee as under :—

6.5. (vii) " The coupes mentioned were all clear felling coupes in proposed plantation sites. The plantations being time bound programme, the coupe holders were allowed to operate the timber or getting the plantation areas cleared even by stacking the outturn in a nearby forest site depot. They were not allowed to transport the



outturn till clearance of the dues for which there were delay in completion of transaction. The coupes were extended but the outturn held up as lien for the unpaid amount and hence these were not cases of extension. This is evident from the fact that advance action of lining checking etc. were done during March prior to planting the sow in April-May. Hence, no loss of revenue is involved.

3.7.54. The Committee examined the written reply furnished to the Committee as well as the depositions of the departmental witness on 27-7-88 where he justified the departmental action in the case stating that the area in question was under the clearance scheme for new plantation thereon and as such the operation of the coupes beyond the authorised period of operation does not arise.

### 3.8. (H) LOSS DUE TO DECLARATION OF TIMBERS AS FIREWOOD.

3.8.55. Audit Para 6.5 (x) of C.A.G. report, 1982-83 (R/R) point out that:—In Guma Range of Dhubri division, 97 cubic metres of timber operated during the year 1980-81, assigned into 25 lots of timber, were declared as firewood and disposed of as such. There was nothing on record to show why these lots initially treated as timber (average rate Rs. 560 per cubic metre) were subsequently classified as fire-wood, yielding a sale rate of Rs. 24 per cubic metre only and resulting in loss of revenue of Rs. 0.52 lakh.

3.8.56. The Committee in their written reply furnished to the Committee stated that. Enquiry revealed that 2,612,257 Cu.m. were brought into Tipkai, Hakma, Barobadha and Machagdawa Depots initially leaving balance of 37.104 Cu.M. which were brought to the depot in the financial year followed i.e. 1981-82. Of these, a total of 2,453,167 Cu.m. were disposed off two sales. The balance quantity of 1,59,090 Cu.m. were also put to sale for several times as timber but it never fetched the Government valuation which includes operation cost. As these were mixed timber of Sal and non-durable species, the deterioration in quality compelled the Department to sell it as firewood and realised what ever is



reasonable and possible for the Government. It may be mentioned that there is no business where total recovery can be achieved and much loss in case of operation of timber from remote and inaccessible forest areas”.

3.8.56. (a) The Committee examined the Secretary Forest as well as written reply furnished to the Committee but finds timbers although consist of some non-sal trees the declaration of the whole lots including the substantial portion of the sal trees is highly unjustified. The Committee desires that the department should come up with detailed information relating to break-up of Sal trees and non-Sal trees as well as various length of logs. These information should be submitted to the Committee within three months from the date of placing the report before the House.

### 3.9. (1) REVENUE FARGONE OR SALE OF SIMUL LOGS.

3.9.57. Audit Para 7.2. of C.A.G, report for the year 1983-84 point out that ‘—Forest divisions supply simul logs (match wood) according to I.S.I. specifications to match factories. Prior to January 1981, as per the standard agreement the match factories paid for these supplies at the agreed rate for the total volume of the logs supplied to them provided that local defects, if any, contained therein were not more than 7 percent of the total volume of the logs. In cases where the local defects were more than 7 percent of the volume, the match factories could reject the defective portions and pay only for the balance volume of the log. The defective portions of the logs were, however, not returned by the match factories to the divisions. In North Kamrup Forest Division, this system of supply of matchwood logs was discontinued under executive instructions issued by the Chief Conservator of Forests, Assam in January 1981 on the ground that non-return of the rejected portions of the logs to the division had put the Government to loss to the extent such rejected portions would have fetched revenue on their sale by auction or tenders. In its place, a revised procedure was introduced with effect from the year 1981-82, according to which if any log was



to be rejected by a match factory for local defects therein, it was to be rejected in full, instead of rejecting the defective portion only.

Under the revised procedure, the match factories rejected and returned 3,364.543 cubic metres and 107.577 cubic metres of logs in the years 1981-82 and 1982-83 respectively, which fetched a total revenue of Rs.4.69 lakhs on their sale by the division by auction and tenders. The precise extent to which these logs were defective was not on record. In the earlier operation year 1980-81, out of 327.630 cubic metres of simul logs operated in the Manas reserve forest cupe No. 1 and supplied to a match factory under the previous system the portion rejected for local defects was 37.784 cubic metres only. Which constituted 11.53 percent of the total volume supplied. Even if 3.364.543 cubic metres and 107.577 cubic metres of logs supplied to and subsequently rejected by the match factories during the years 1981-82 and 1982-83 respectively contained local defects to the extent of 15 percent, sale of these logs at the agreed rates (Rs.310 per cubic metre in 1981-82 and Rs. 380 per cubic metre in 1982-83) under the old system, would have fetched the Government, revenue amounting to Rs. 9.21 lakhs, as against Rs.4.69 lakhs actually realised on sale by auction or tenders. Thus, because of the introduction of the revised procedure for supply of logs to the match factories without Government's approval, Government had to forgo revenue amounting to at least Rs. 4.52 lakhs.

The matter was reported to Government in June 1984; their reply is awaited (February 1985).

3.9.58. The Department stated that there has been a change of specification and system of operation of the timbers from forests for supply to Match Industries during the period. The earlier method of disposing standing trees to the contractors with loads of matchwood logs of required specification to be supplied at a pre determined price was replaced by the departmental operation following the National Policy of not allowing entry of contractors inside the forests. The national policy was implemented for giving (a) proper watch and working condi-



tion to the forest labourers, (b) to remove chances of pilferage and damage to the left out crops by unscientific felling, etc., (c) to maximise timber production and utilisation by scientific felling and logging and dragging of timber to feed different requirements.

In the earlier years, the contractors used to section the timbers which are practically free from defects as they wanted that expenditure of sectioning, dragging, carriage, etc. is more than the actual value they get as per pre-determined price, if they convert timbers with defects and the log is accepted at a reduced volume by the consuming Match industries. Therefore, they left out portion of trees containing defects which reduce production of veneer. As a result of this, the outturn of trees placed for inspection shows a lesser percentage of rejection. However some of the left outs in the forests become a total waste and remain in the forests. With the departmental operation, sectioning of minor defects were also converted into logs and transported for maximisation of yield from the tree though such logs may not be suitable for Matchwood veneer. There were demand also for Simul timber for purposes of production of come in plywood industry and for packing cases, etc. The prices of matchwood logs were also increased during 1981-82 onward which made operation of sections with little defects for other purposes more economically paying.

It is because of this reason that a revised specification was laid down by the Chief Conservator of Forests with incorporating the logs with defects involving reduction in volume by more than 7% should be wholly rejected and be diverted for other requirements like that of plywood, packing cases, etc. This was necessitated from the point of conservation and maximum utilisation of the produce. As a result of this, there has been heavier rejection of Simul logs for matchwood purposes than in the previous years when the Contractors had taken out only the selected section of the trees. A tree which yielded 100 cft. by selective conversion leaving defective portion by the contractors had yielded 120 cft. While converting under departmental supervision and therefore the total availability of timber was more though the con-



sumption has been diversified. The price of rejected logs could never be computed on the basis of price for selected logs under a fixed specification and therefore the contention of Audit that there has been loss in the departmental operation of Simul trees donot appear to be justified.

Committee examined the Government reply as well Secretary and other officers of the department in its meeting held on 25th June, 1987 by the outgoing Committee and suggested that in the name of rejection the whole log is taken by the other purchasers and in such cases the rejected portion should be sagrigulated so, that it would fetch better price.



## CHAPTER IV

4.1 (A) EXPLOTATION FOR PRODUCTION OF  
PLYWOOD AND RAILWAY SLEEPER.

## (i) Non levy of Penalty.

4.1.1. According to terms of settlement, the coupes holders were to supply a specified quantity of Railway sleepers to the Department failing which they were liable to pay penalty at the rate of Rs.350/- per C.M. of sal or Nahar sleeper and Rs. 175/- per C.M. of evergreen sleeper supplied short of the specified quantity.

4.1.2. Audit report considered by the Committee have cited the following instances where coupe holders failed to supply the balance to the Deptt. attracted levy of penalty.

1. Year of Report	Ref. Para	Balance to be supplied	Amount to be Levied.
1. 1981-82	6.10	185 C.M.	Rs.64,676
2. 1982-83	6,7(i)	12,930	Rs.3,32,000
	6.7(ii)	didnot supply	Rs.1,05,000
3. 1983-84	7.6	8,231	Rs.87,000

4.1.3. The details of some of the instances are reported by audit as below :—

4.1.4. Para 6.10 above it was seen in audit (June, 1981) from records of the West Kamrup Forest Division that the coupe holders for 1979-80 failed to supply 185 cubic metres of sleepers. The question of levy of penalty of Rs.64,676 on the coupe holders for the short supply of sleepers had not been considered by department although the working period had expired in February 1980.

The matter was reported to Government in August 1982 ; their reply is awaited (May 1983).



4.1.5. The Department in their reply stated that as per D.F.O's report the penalty for short supply of sleepers was @ Rs.70 per cubic metre as per terms of settlement. The D.F.O. is now to realised penalty on 48 Cm. from the party concerned. The parties have been asked to deposit Rs.3,462/- into treasury. The amount was not deposited by the party as required under the terms of the contract. However, the entire amount of security deposit of the defaulting coupe holder has been forfeited to the Government.

4.1.6. The Committee examined the departmental witness on 21-11-86 and on deposition of the departmental witness it appears that the amount @ Rs.70/- per Cm. for total of 48 Cm. has been realised. But as per audit para penalty @ Rs. 350 per Cm. had to be realised from the defaulting coupe-holder for a total of 185 CmM. The defference of rate of penalty realised and to have been realised i.e. (Rs.350-Rs. 70)-280 and total of sleepers in Cm M. (185-48)-137 is yet to be explained by the Department to the full satisfaction of the Committee.

4.1.7. Para 6.7. (i) It was seen (February 1982) in the audit of records of the East Kamrup Forest Division that coupe holders, who were to supply 13,485 sal sleepers to the department during the year 1980-81, delivered only 555 sleepers to the department attracted levy of penalty of Rs. 3.32 lakhs but no penalty was imposed nor any reasons there for kept on record.

(ii) It was seen (June 1981) in the audit of records of the North Lakhimpur forest division that as per agreement of the year 1979-80. Not a single sleeper was supplied by the coupe holders. The penalty levilable on this account was Rs. 1.05 lakhs calculated on the basis of



an average penalty rate of Rs. 262.50 per cubic metre. The Divisional Forest Officer did not impose any penalty nor any reasons therefor were on record.

The cases were reported to Government in March 1983; their reply is awaited (December 1983).

4.1.8. The department in their written reply stated that the coupe holders can supply sleepers provided the outturn is of required size and quality to pass the scrutiny in inspection according to fixed standard specifications for Railways Sleepers except inherent defects in trees as well as defections that develops at the time of felling over undulating forest areas and after excluding timber unsuitable for sleepers. Penalty is imposed only on the coupe holders proved intentionally avoiding supply of sleepers for his gain and not for default in supply due to bad quality of outturn. The Divisional Forest Officer therefore, has full discretion not to apply penalty clause on all defaulting coupe holders irrespective of the circumstances under which the sleepers could not be produced. It may, further be stated that Forest Department in Assam has never failed to fulfil the supply commitments to Railways who are only monopoly buyer in this case. Since there was no pecuniary loss involved to the Government, no disadvantage is caused. The Railways being only buyer of sleepers, the penalty was imposed only to coupe holders who have intentionally diverted timber suitable for sleepers for other purposes for their own gain.

4.1.9. Committee examined the written replies furnished by the Department and also examined the Secretary Forest regarding imposition of penalty for short/non-supply of sleepers in its meeting held on 11th June, 1987 as required under the prevailing rules. On a query the departmental witness measurably failed to give any satisfactory reply as to the non-imposition of penalty under the prevailing Rule against the defaulting parties mentioned in the paras causing heavy loss to the Government. The department however, prayed for 45 days time to furnish the required particulars relating to para. But the Committee till drafting the report no materials have been received. Therefore, the Committee directed the department to furnish the same within fortnight from the date of placing the report before the House.



4.1.10. Audit para 7.6 of C.A.G. report, 1983-84(R/R) point out that in Nowgong Forest division four coupe holders, who were to supply 13,797 sleepers (Sal, Nahar and evergreen) to the Department during the year 1980-81 supplied only 5,748 sleepers. Failure to supply the balance of Rs. 8,231 sleepers to the Department attracted levy of penalty amounting to Rs. 87,587 but it was not recovered from the coupe holders.

4.1.11. The department in their written reply furnished to the Committee as under :—

"Supply of sleepers from coupes could not be made due to abnormal situation prevailing during the period. There were occasions when there was blanket stoppage of movement of timber, non placement of wagon etc. in addition to non allotment quota by Forest utilisation who distributes and arranges supply on specific orders from the Railways".

#### 4.2. (ii) SHORTAGE OF RAILWAY SLEEPERS.

PARA 6.8 of the C.A.G. REPORT FOR THE YEAR ? 1982-83 (R/R)

4.2.12. The Forest Utilisation Officer, maintains two depots at Kokrajhar and Sapatgram (Haltugaon forest division) where sleepers to be supplied to the Railways are received from authorised forest contractors and are stocked till these are despatched after these have been accepted by the Railways. The contractors remain responsible for the safe custody including proper storage of the sleepers and for loading the accepted sleepers in to railway wagons.

4.2.13. Half yearly verification (February 1982) of stock of sleepers in Kokrajhar depot by the Divisional Forest Officer. Haltugaon Division disclosed shortage of 304 broad gauge evergreen and 1,467 broad gauge and metre gauge sal sleepers. In a subsequent verification of stock (May 1982) of sal sleepers by the Forest Utilisation Officer, shortage of 1,467 sal sleepers was confirmed. No



further verification in respect of evergreen sleepers was conducted till audit (June 1983). The value of the 1,467 sal sleepers found short was about Rs. 2 lakhs.

4.2.14. The department furnished the following reply regarding shortage of railway sleepers. Enquiries have been carried out by the Chief Conservator of Forests in person and disciplinary action against two serving Foresters named Shri Sarada Prasad Paul and Nihar Ranjan Dev and Shri L. N. Roy, Retired Forest Ranger whose pension etc. has also been kept in obedience.

As regards para 6.8 relating to shortage of railway sleepers, the Committee observed that departmental witness could not furnish most of the information sought for by the Committee. therefore, the departmental officer is directed to furnish the information about their posting after they were reinstated within fortnight from the date of placing the report before the House.

#### 4.3. (iii) NON-EXCLUSION OF SUPPLY OF PILES AS PER APPROVED SPECIFICATION

4.3.15. Audit para 6.4 (iv) of C.A.G. Report 1984-85 (R/R) point out that to meet the allotments made by the Forest Utilisation Officer, a Forest Division Generally obtain its supply of piles sleepers etc. from certain approved contractors against payments at rate previously settled. In such cases, the contractors are responsible for proper execution of the work.

In March, 1983 the F.U.O. Assam placed a demand with the Divisional Forest Officer, Haltugaon Forest Division, Kokrajhar for supply of 26 sal piles of different specifications to a Public Works (Road) Division. The Divisional Forest Officer, instead of obtaining the supply through the approved contractors operated 26 sal piles (timber volumes 17.249 cubic metres departmentally. Out of these 20 piles (timber volume : 13.542 cubic metres), on a joint inspection made by the Executive Engineer, Public Works(Road), Divisional Forest Officer in January 1984, were rejected on the ground that these were oversized. Inspection of the remaining six piles was not done. Subsequently, in May 1984, all the 26 piles, were disposed of (by inviting competitive



enders) for Rs. 0.22 lakhs, as against Rs. 0.43 lakhs agreed to be paid by the Public Works Division at the time of placement of order by it in March, 1983. Failure to make the piles according to specification thus, resulted in loss of revenue amounting to Rs.0.21 lakhs).

4.3.16. The department in their reply stated that 6.4(iv) under orders of the forest Utilisation Officer, the Divisional Forest Officer, Haltugaon Division was required to supply 26 nos. of Sal piles covering 250 running metre to the P.W.D. (Road Divn.), Kokrajhar at the following rates : 800cu. m to 910 Cu.m. at Rs. 2,495.00 per Cu. m. 911 Cu. m. to 1,060 Cu. m Rs. 2,558.00 per Cum.

Since the piles of required dimensions were not available for procurement with Private Suppliers, the Divisional Forest Officer operated the piles departmentally. Thereafter, 26 Nos. of piles (17.249 Cu.m) were offered for joint Inspection of Forest and P.W.D. Departments. Accordingly, 20 Nos. (13.542 Cu. m.) of piles covering total length of 250 R.M. were passed at the time of joint Inspection. Bills against these 20 Nos. of piles amounting to Rs. 34,040.86 as detailed below was submitted to the P.W.D. for payment prior to lifting of the piles. 800 Cu.m. to 910 Cu.m.--4 piles.-9.517 @ Cu.m.-2,495/-Rs. 23,744.91 911 Cu.m. to 1,060 Cu.m.-6-piles 4.025 Cu.m. at Rs. 2,558/- at Rs. 10,295.95

But the P.W.D. at this stage refused to pay the aforesaid amount and lifted the piles on grounds that the piles were oversized and would involved considerable expenditure on their part in dressing them down to the required specification.

The Divisional Forest Officer therefore sold the piles inviting competitive tenders for Rs. 23,228.17.

It is obvious that the Divisional Forest Officer would have been required to incur additional expenditure to dress down the piles to the required specifications of the P.W.D. to be entitled to obtain the amount as agreed upon by that Department with the Forest Utilisation Officer, in disposing of the piles in competitive sale, the Department therefore, did not incur any loss as presumed by the audit.



#### 4.4. (B) UNAUTHORISED FINANCIAL AID/CONCESSION TO MILLS.

Audit Para 6.3 of Comptroller and Auditor General of India Report 1981-82(R/R).

4.4.17. As per the provision of Forest Manual, no forest produce shall be removed unless covered by a transit pass issued on taken of full payment of all amount due to Government on account of the forest produce covered by it. In the records of the Doomdooma Forest Division Audit observed (April, 1980) that the Government issued special permits to millers and individuals during the year 1977-78 for felling, cutting and logging of trees on payment of usual royalty plus 50% monopoly fee. The Conservator of Forest, Upper Assam circle authorised (June 1978) release to twenty millers of all timbers felled before May, 1978 without payment of Government dues to the tune of Rs. 23.21 lakhs obtaining only and undertaking to pay the dues in four equal instalments on or before 31st March, 1979. The dues remained to be realised till April, 1980. Further, the audit also observed that 305 logs measuring 445.19 cubic metres, worth Rs. 2,33,722, were not removed by the special permit holders; these were damaged by the villagers rendering them unfit for commercial use and resulting in loss of forest revenue to this extent.

4.4.18. The Department in their written reply stated that during 1977-78, 1019 nos. of Hollong and Makai trees were allotted to 20 nos. of parties (individuals and mill owners) for operations from Doomdooma division at royalty rate with 20% monopoly fee. The parties accordingly deposited the royalty with 20% monopoly fee and started operation of the allotted trees. But on a proposal of the C.F. EAC to raise the monopoly fee to 50%, on consideration of market rate of timbers, the monopoly charge raised to 50% and then the rate per cft. to Rs. 15/- (i.e. 539.72 per Cu.m) and the parties were asked to pay the balance amount. The amount accrued for this was Rs.23,21,291.09. The mill owners requested in a meeting with the Minister of Forest to pay the balance amount in instalments and accordingly the parties were asked to pay the amount in 4 instalments with undertakings to clear the payments in time. Out of Rs. 23.21 lakhs the parties have paid Rs. 6,20,402.86 but 5(five) parties filed cases in the High Court and according to the stay



order received from the honourable court on petitions under civil Rule an amount of Rs. 16,96,064.65 could not yet be recovered. Also a part recovery in a Bakijai proceeding of Rs. 4,823.58 is yet to be effected. For the results of the High Court & Bakijai proceeding the matters are being pursued by the C.C.F. In respect of the logs which have deteriorated in the jungle for inability to drag and transport, there will be no financial loss to the department as the sale of standing trees were made to the parties.

In this connection the minute of discussion held in its sitting dated 21st November, 1989 reproduced below :—

**Mr. Chairman :—**In your written reply to the para you stated outstanding dues of nearly 17 lakhs out of Rs. 23.21 lakhs could not yet be recovered as five (5) parties filed the cases in the High Court and the High Court issued stay orders. Now, what is the present position of the cases ? It seems the Department did not pursue the matter and it was not functioning. Whether you have one cell to deal with the cases or any particular officer entrusted with the job ?

**Secretary, Forest :—**No special legal cell has been put up in the Department for the purposes. C.C.F. is pursuing in some cases. No special cell was constituted for the purpose.

**Chairman :—**Do not you feel the necessity of creating such a cell or putting responsible officer incharge of these legal suits ?

**Secretary, Forest :—**There should be some arrangement.

**Shri B. K. Basumartary :—**Did the Department approach the Auditor General to drop this para ?

**Secretary, Forest :—**We have not written in that line.

**Shri B. K. Basumatary :—**But there is a system.

**Secretary, Forest :—**The actuals system is that when audit objection is raised we give our replies. If the reply is not satisfactory then it comes in the audit para.



**Chairman :** So you will take action. It is difficult to say about latest positions ? Five parties filed cases and it is lying there for 71½ years as per your reply. It seems it will remain there for many years. Whether we will be able to know the result ?

**C. C. F. :** We will inform you Sir.

**Shri B. K. Basumatary :** It may be that your Department slept over it. It may be that some of your officers connived with these people as a result they may act some undue benefits.

**C.C.F. :** With all appology I may say that we have gone for realising the minimum amount for the Government. Secondly, as regards the doubt raised about connivance of officers of the Department. I would submit that we do not feel there was any connivance. It was done from the top.

**Chairman :** It may be that it was from the top.

**C. C. F. :** We have no mean to findout that we have filed an affidavit and it is in the court.

**Mr. Chairman :** We would like to know whether you had taken any serious steps to contest in the cases say by filing counter affidavits and fight that out? The department should have done something to expedite hearing of the cases. These have been going on for a pretty long time.

**Secretary, Forest :** These have been going for a long time, I admit, but we will take step to expedite and we shall see that no such delay occurer in future due to fault of the Department.

**Chairman :** Let us know please when you will be able to put up the present position of the cases to the Public Accounts Committee.

**Secretary, Forest :** Within a month, I have already assured Sir.

## RECOMMENDATION

From the written reply furnished to the Committee it appears that outstanding dues nearly 17 lakhs out of 23.21 lakhs could not yet been recovered as 5(five) parties have



gone to High Court for stay orders and the Hon'ble Court issued stay orders. Also a part recovery in Bakijai proceeding of Rs. 4,823.58 is outstanding. The matters are being persud by the C. C. F. alone. Further it is also appeared to the Committee that no timely serious steps to contest the cases were taken for prety long years. Department should have taken prompt action to expedite the hearing of the cases by costituting special cell to expedite the long outstanding cases. This indicate the collousness of the Department.

Therefore the Committee recommend that a special cell to dealt exclusively with the High Court cases may be constituted immidiately instead of doing the said job by the C. C. F. and steps taken may be communicated to the committee within 3 month from the date of presentation of the Report of the Committee along with the present position of the five High Court cases mentioned above.

#### **PARA 69 OF THE C. A. G. REPORT FOR THE YEAR, 1982-83 (R/R.)**

4.4.19. The Forest Department supplied plywood timber to plywood mills in Assam at concessional rates to encourage economic growth and industrial Development. The rates for such supply were revised upward by Government from November, 1982. As a result the number of plywood industries in Upper Assam has gone from 1 in 1950 to 41 in April 1983. Plywood logs of Hollong and Makai the two species of timber suitable for manufacture of plywood were supplied to the Mills by the Forest Department through coupe holders till switching over to departmental operation of timber. The Plywood coupes were being sold upto 1981-82 on the basis of competitive tenders for working over a specified period, stipulating the quantity of plywood logs (being 80 percent of estimated outturn with reference to girths) to be supplied to mills from each coupe.

The Conservator of Forest, Eastern Assam Circle allotted, between November 1982 and March 1983, and additional quota of plywood timber to some plywood mills against backlog in the supply of timbers for earlier years and asked the Divisional officer, Digboi Forest division to charge the mills only the prices prevailing before Novem-



ber, 1982. Against the total allotment of 16,196 cubic metres of plywood timber for the year 1980-81 and 1981-82, a quantity of 12,749 cubic metres was supplied to eleven plywood mills upto the year 1981-82. Against the remaining backlog of 3,447 cubic metres, 5,707 C. M. metres of timber were supplied during 1982-83. The excess supply of 2,260 cubic metres towards backlog at pre-revised rates, led to an estimated revenue loss of Rs. 12.46 lakhhs.

4.4.20. The written reply furnished by the department pertaining to said para stated that the supply of plywood on economic price was taken up by the government since 1958 on the basis of recommendation of Tariff Commission established in 1947 by Government of India. This policy of supplying the basic raw material at economic price was directed towards industrialisation of the State as a result of which Assam has been leading manufacturer of plywood products in India. As this is an adopted policy decision of the Government from the highest level, the question of loss to one department in terms of lesser royalty should not be questioned as also this is supposed to be compensated by gaon in other ways of employment and tax returns.

Plywood Mills are asked to pay security and register for getting Government supply at economic rate as fixed by the Government by negotiation working out the economic rate at which the industry can afford to pay, the timber allotted to plywood mills for one particular year need necessarily be supplied during the time period without which production schedule and other overhead etc. get upset. Therefore, in strict term, the mill is entitled to get backlog that becomes arrear not due to any fault like non-payment, delayed payment, etc. and therefore ordering of the realisation of backlog from the coup-holders/departamentally operated timber of previous years at the price in which there were agreement to supply the outturn to the mills does not appear to be unjustified/unrealistic. In the matter of continuous process, peices meal assessment at certain point of time would always bring such apparent anomalies which if considered on long term perspective would conform to the norms and practice laid down after the due deliberation by the competent authorities.



4.4.21. The Committee examined the replies furnished by the department as well as Secretary to the Government in the Forest Department regarding supply of plywood timber at concessional rate in its sitting held on 11th June, 1987. Committee appreciated the government policy adopted on the recommendation of Tariff Commission established in 1947 by the Government of India to supply plywood timber to plywood mills in Assam to encourage economic growth and Industrial Development of the State. At the same time, the Committee is not happy for loss of a estimated revenue to the sum of Rs. 12.46 lakhs on excess supply of plywood 2,260 cu. m. against the remaining backlog supplied during 1982-83 where the Government have no control over the price at which finished product will be sold by the mills.

### RECOMMENDATION

The Committee is constraint to note on what basis the Department supplied the remaining backlog in the subsequent year along with the excess quantity at the earlier year rate at which resulted loss of Government revenue estimated Rs. 12.46 lakhs without investigating the Circumstances under which and excess quantity of plywood over the backlog were issued to mills. Through investigation may be made about the circumstances under which an excess quantity over the backlog were issued to the mills. Investigation report may be submitted to the Committee within three months from the date of placing the report before the House.

### 4.5.(C) GRANT OF UNDUE CONCESSION TO FOREST CONTRACTORS/ PRIVATE SAW MILLS

4.5.22. PARA 6.9 OF THE C A G. REPORT 1984-85 (R/R) reveals that the sale notice and the standard agreement for settlement of a forest coupe do not provide for grant of any extension of time to contractors for removal of forest produce beyond the period specified therein or for replacements of trees marked originally, if any of the marked trees, as per the agreement, are not operation by the contractors within the stipulated operation period.



Bashbari Dead Wood Coupe No.13/4 of 1979-80 (under Haltugaon Forest division) was settled with a contractor for Rs. 0.68 lakh for the period from 29th April 1980 to 28th April 1981. The contractor paid the entire amount of Rs. 0.68 lakh within the stipulated period, but did not operate 31 out of the 54 marked trees during the contracted period. In August 1981, the contractor requested for extension of the working period for the one year upto 28th April, 1982, which was granted (April 1982) by the Conservator of Forests on the condition that the contractor should pay extension fee at 10 percent and that the 31 trees would be operated departmentally and the logs would be released to the contractor after realisation of the cost of operation from him.

In April 1982 the contractor requested for reduction of extension fee to 5 percent and for certain other concessions. Eventually, in October 1983, Government granted to the contractor, extension upto 10 April, 1984 for operation of 31 sal matured green trees by fresh marking, in exchange for the trees originally marked, subject to payment of 5 percent extension fee. Government also granted a permit for removal of another 200 cubic metres of Sal timber from unclaimed seized timber on payment of royalty and 250 percent monopoly fee. Timber outturn from 31 substitute trees allotted to the contractor, was estimated at 126.540 cubic metres which was 72.308 cubic metres more than the timber outturn (54.232 cubic metres) of the 31 trees marked originally. The excess extraction of 72.308 cubic metres of timber allotted to be made by the contractor resulted in loss of revenue amounting to Rs. 1.21 lakhs to Government (after taking into account Rs. 3,400 realised as extension fee.)

Further the contractor had on the basis of the permit granted to him by Government., removed (November, 1983) 199.576 cubic metres of sal logs on payment of Rs. 1.68 lakhs as royalty and monopoly fee. This amount being less than the market value (Rs. 3.44 lakhs) of the Rs.1.76 lakhs.

(ii) Simul Cotton mahal No. 4 of 1983 (under Nowgong Forest Division) was settled (April 1983) with a contractor at Rs. 31,111 for collection of an estimated quantity of 2,000 quintals of cotton during the plucking season from 1st March, 1983 to 30th June 1983. As the contractor did not



pay the security and 1st kist on due date, the mahal was resold (May 1983) at his risk to another contractor for Rs. Rs. 22,786 for the remaining working period from 25th May 1983 to 30th June 1983. The second contractor also did not pay the required security deposit and kist money. The mahal was again put to resale in June 1983 at the risk of the second contractor and was eventually settled at Rs. 5,101 only for the remaining part of the harvesting period from 16th June 1983 to 30th June 1983. During the period, the contractor collected 1,132 quintals of simul cotton from the mahal, as against the stipulated quantity of Rs 2,000 quintals for the full working period of 4 months originally fixed.

In November, 1983, the mahal was advertised for sale for the next working season from 1st March to 30th June 1984 for which the highest offer received was for Rs. 41,501 instead of finalising the settlement of the mahal a fresh with the highest tender on a representation from the existing contractor that the collection of simul cotton during 1983 was less than the stipulated quantity, the existing contractor was allowed (February 1984) by Government to operate the mahal for the next plucking season 1984 on payment of only Rs. 5,101 and 5 per cent extension fee (Rs 256). The extension granted for next working season was not justified as simul cotton (1132 quintals) collected by him was more than the stipulated quantity (250 quintals) that could be collected during 16th June 1983 to 30th July 1983, based on the estimated quantity of 2,000 quintals for the plucking season from 1st March 1983 to 30th June 1983. The Divisional Forest Officer in his reports dated 12th January 1984 and 18th February 1984 had also recommended the allotment of mahal to that contractor. Allowing of extension to the existing contractor, instead of settling the mahal afresh on the basis of the offer of Rs 41,501, resulted in loss of revenue amounting to Rs 36,144

(iii) Forest Division supply plywood logs (extracted from forest coupes) to plywood mills. The notices for sale of plywood coupes provided that out of the estimated outturn, the coupes holders would have to supply a specified quantity of logs (generally 80 percent) of the estimated outturn) to the allottee mills. For such supplies to the mills. Government was to pay to the coupe



holders at the rate of Rs. 435.43 per cubic metre of logs but was to effect recovery from the mills at the rate of Rs. 1330 per cubic metre. As per agreements entered into with the coupe holders, in the event of any short supplies to the mills, the coupe holders were liable to pay penalty at the rate of Rs. 210 per cubic metres of plywood logs supplied short.

In Dignoi Forest division, 74 plywood coupes of the years 1979-80 to 1980-81 were settled between March 1981 and July 1982. The coupe holders undertook to supply 7,265 cubic metres of plywood logs to the allottee mills, as a pre-condition of settlement. However, on representation from the coupe holders requesting for exemption from making supplies upto the agreed quota to the plywood mills on grounds of bad weather, drying up etc. Government exempted (June 1983 and February 1984) the coupe holders from making such supplies to the extent of 4,359 cubic metres of logs, although there was no provision in the agreements for waiver of such supplies on any ground. Grant of this exemption resulted in revenue amounting to Rs. 26.00 lakhs (approx) being forgone by Government. Even after granting this exemption, the coupe holders were required to supply to the mills 2906 cubic metres of logs. However only 1013.996 cubic metres were supplied by the coupe holders to the mills till May 1984. No penal action had been taken by the department against the coupe-holder or the short supplies (February 1986).

The above cases were reported to the department and Government in April and August 1985, their replies are awaited (February 1986).

4.5.22. (A) The Committee examined the written reply submitted to Committee by the department and examined the departmental witness in its sittings held on 26th August, 1988. The Committee is very much unhappy with the way the department extended the term of settlement to the contractor, and that too at a rate lower than the rate of usual extension fee, is failure to compel the contractor to collect the departmentally operated 31 Nos. of trees and instead of granting him a permit for removal of another 200 cubic metres sal timber from unclaimed seized timbers etc. The whole affairs appears to be very much irregular from the procedural point of view. The Committee is not at all happy with the way the department is meeting the objection



raised by the Comptroller and Auditor General of India and information sought for by the Committee. The Committee also examined the relevant file No. FRS.567 in this regard and found that department has deviated from the existing provisions relating to extension of operation period etc. and dealt with this case on a compassionate ground instead of adhering to the existing rules.

An extract from the minute of the proceedings dated 26 th August, 1988 are reproduced below:—

Shri Zoii Nath : Since you are not in a position to reply now with reference to the records, I would request you to submit the replies later.

Please note down the question I would like to be answered :-

1. On what consideration Government granted several concessions to the contractors ?

2. What would be the reasons for non-acceptance of delivery of 54.232 cubic metre of timber operated by the Department on behalf of the Government contractor.

3. On what consideration Government made the additional allotment at royalty rate to the contractors ?

4. Did they not consider the revenue aspects ?

Mr. Chairman :- Next point is : When did you meet the audit objections by your reply ? We do not want to get bogged down. Our purpose is to clear the procedural deficiency so that the proceedings may progress.

C.D.F. :—Yes, we have got a cell.

Mr. Chairman :—Are you aware that a circular has already been issued by the Chief Secretary that relevant Departments are to see that all relevant datas, facts and figures as demanded by P.A.C. are be replied promptly. The communication is dated 11th August, 1988 after the P.A.C. met and it is addressed to All Special Secretaries, Secretaries etc., Have you come across this circular.

Jt. Secretary : Yes Sir.



Mr. Chairman :— The Committee feels that for effective implementation of this very important order of the Chief Secretary by all Departments and officials, a copy should be forwarded to all the Heads of Departments and they on their turn send circulars to their subordinates.

### Recommendation

The Committee recommends that the department should make it a point to follow the existing provisions of extension of contract very strictly and see that avoidable financial loss to the Government due to irregular extension does not occur in future. Further, the Committee also recommends that all the Department of the Government should strictly follow the spirit of the C.S's circular No.CS.SDP 18892 dated 11th August, 1988.

4.5.23. Para 6.12 of C.A.G. report for the year, 1984-85 (R/R) point out that in terms of the policy decision taken by Government in May, 1982, permits for removal of trees for public purpose (Viz. construction of buildings for schools, temples, mosques etc.) could be issued in a restricted manner extraction of trees upto 50 per cent of the actual requirement of the contractors may be allowed at a concessional rate, which is equivalent to 75 per cent of the price obtained in competitive sales.

In July 1983, Government issued permit to a private Saw and Ply mill for extraction of 250 cubic metres of sal and 250 cubic metres of non-sal timber from departmentally operated lots of Haltugaon Forest Division on payment of 75 per cent of the competitive sale price. Government had fixed (May, 1983) the sale price of departmentally operated timber at Rs. 1.725 per cubic metre. Against the allotted quota, 249 cubic metres of sal timber were removed (march 1984) by the mill on payment of Rs. 3.22 lakhs. (at the concessional rate). which was less than the normal sale price (Rs. 4.30 lakhs) by Rs. 1.08 lakhs. The allowance of concessional rate to the mill was irregular as the mill was engaged in the manufacture of the tea chests plywood for Commercial purposes and not for any public purposes envisaged in the Government's policy decision of May, 1982. The irregular allowance of the concessional rate resulted in revenue being realised short by Rs. 1.08 lakhs.



4.5.24. As regards this para Government in their reply stated that the Government had granted 250 cu. m. of sal and 250 cu.m. non sal to M/S Brahmin saw and Ply mill at concessional rate. Government has appointed a high power committee to enquire into any such irregularities and the report has been duly processed and published. The reply furnished by the department being not satisfied, the Committee examined the Secretary, Forest in regard to irregular allowance and concessional rate. As per departmental witness the above mentioned sal and non-sal departmentally operated timbers allotted to said mill, Kokrajhar at concessional rate irregularly as per decision of the high up. Although under the existing Rule such concessional rate admissible only in cases of educational and religious institution only. The Committee finds nothing short of public interest involved in this allotment which apparently shows highly irregular and in violation of existing rules.

Extract from the minutes of proceedings dated 6th Dec. 1988 are stated as under :—

**Shri S. Condopan :—**Why the prescribed procedure was not followed in this particular case ?

**Secretary, Forest :—**This is very difficult question and I would like to give the background.

This related to a petition by the M/S Brahmin Saw Mill who wanted some timber. The Minister, Forests passed an order on 6th July 1983 saying that (As stated by the petitioner) the factory is situated in an industrially backward area and there is no smooth supply of raw materials to the factory. Considering the fact stated in the petition, M/S Brahmin Saw and Ply Mills, Kokrajhar is granted an annual quota of 250 cu.m. of Sal log and 250 cu.m. of Chap, Gamari, Hollok and Khakan logs at 25% less than the market price fixed by the Government, from any Division under Western Assam Circle, as a very special case. "This was addressed to the Deputy Secretary, Forest and the D. S. Forest passed order and issued permit. That is how it happened. The Minister's order itself explains the position.

**Mr. Chairman :—**In your earlier reply you have said that the Government has appointed a high-powers Committee to enquire—what is that high-power Committee.



**Secretary :—**It relates to Phene Committee which has already submitted its report and action is being taken on the basis of his report.

**Mr. Chairman :—**Here, in this case, we do not see public purpose is being served by the order of the Hon. Minister. Let the case be referred to the PAC.

#### 4.6.(D) NON REALISATION OF GOVERNMENT DUES FROM MILLS.

4.6.25. Para 6.10 of C.A.G. Report, 1984-85(R/R). reveals that as per the agreement with the plywood mill owners, the Forest Department arranges supply of plywood logs to the approved mills through the coupe holders after recording the logs in post inspection notes. The allottee Mills, in turn, also record their acceptance and acknowledgement of the receipt of the logs in the post inspection notes. The Department pays the coupe holders for the supplies made, on receipt of the post inspection notes containing the acknowledgements from the millers. The millers are thereafter required to deposit the value of logs supplied to them within 48 hours from the receipt of the logs. In the event of the millers failure to deposit the dues within the prescribed time, interest at the rate of 16 percent per annum is chargeable. According to Government instructions issued in August, 1976, in cases of default, the allotted quota may also be diverted to other mills whose record of payment is good.

Despite these provisions, recoveries amounting to Rs. 2.58 lakhs remained outstanding against a mill (in Digboi Forest division) for supply of plywood logs made during the period from May 1982 February 1983 under eighteen post inspection notes. Supply to the mill was not stopped although the default continued for 7 months and 12 days. Inclusive of interest of Rs. 41.280 (upto March 1984 the total amount due from the mill amounted to Rs. 2.99 lakhs.

On 21st April 1984, the Divisional Forest Officer, referred the case to the Deputy Commissioner, Dibrugarh for effecting recovery of the principal amount only (Rs.2.58 lakhs) by instituting bakijai proceeding. Report on recovery is awaited (February 1986).



The non-realisation of Government dues was reported to the Department and Government in April 1985, their replies are awaited (February 1986).

4.6.26. The department in their written reply pertaining to this para stated that "the Bakijai proceeding for the realisation of the defaulted amount is still pending".

The Committee is not at all happy with the reply furnished by the department and examined the departmental witness. The departmental witness deposing before the Committee in its sitting held on 26th August, 1988 stated that necessary steps are being taken to realise the principal amount—of Rs. 2.58 lakhs from the defaulting party through bakijai cases. The Committee however, observed that there is no mention about the penalty and interest on the principal amount to the tune of Rs. 41.280 (Department furnish information vide their letter No.FRM.43/88pt./188 dated 4th August 1988).

Extract from the minutes of the proceeding dated 6th December, 1988 are reproduced below. :—

**Shri S. Condpan :** How did you steps ?

**Secretary Forest :** We give the demand for realisation of our dues to the bakijai officer. We ask the D. C. to start the bakijai proceedings. Once the bakijai proceedings are started, the person concerned is asked to make payment of the Government dues., and if he fails to make the payment, then his property can be attached by the D. C. There does not seem to be a legal provision to engage any lawyers in such cases.

**Chairman :** I had experience to counter the claim of the Government in a Bakijai case. When I put up counter claim, then who will reply on behalf of the Government. At times, as nobody contests the case, the other party may put up claim and counter claim and this may be against the Government department.

**Secretary, Forest :** I do not think that it will go against us. If it goes, then the D. C. will inform us to give our views. If the D.C.s initiate the Bakijai proceeding we have nothing to do in such matter.



## RECOMMENDATION

The Committee recommends that the Baikijai cases should be pursued vigorously to realised of Rs. 2.99 lakhs being the principal and interest from the defrauding party. The Department is also advised to explore the possibility of engaging pleader on behalf of the Government within the existing rules and procedure.

#### 4.7(E) LOSS DUE TO ABNORMAL CONCESSION GIVEN TO A PAPER MILL.

4.7.27. Para 6.10 of C.A.G. Report for the year 1982-83(R/R) point out that Ashok Paper Mills, a joint venture company Share participation : Government of Assam (33 per cent) Government of Bihar (16 per cent), financial institutions (47 per cent) and other share-holders (4 per cent) was established in Goalpara district for an annual production of 32,850 tonnes of paper. It was allotted on lease 0.79 lakh hectares of forest land for a period of 30 years from 1st October 1974 with monopoly rights to cut, remove extract all exploitable green, dead and dry bamboo and other pulpable cellulose raw materials. The test audit of records relating to extraction of bamboo by the company disclosed the following :—

(i) The lease agreement with the company was executed on 31st January 1981 more than six years after it was permitted to exploit the leased area by the the Department.

(2) The rates of royalty per tonne of bamboo as provided in the agreement for payment by the company were substantially lower than the general rates of royalty fixed by Government.

(3) Based on the average rates of royalty recovered from other consumers the area leased would have fetched a revenue of Rs. 199.66 lakhs against which the company would have been liable for payment of Rs. 59.51 lakhs only assuming maximum average extraction. Concessional rates allowed thus involved a hidden subsidy of at least Rs. 140.15 lakhs.

(4) The Company did not even pay the minimum dues of Rs. 31.75 lakhs payable upto 1st October,



1983 although the agreement provided that half the minimum royalty should be paid within October each year and the balance within April of next. It paid only Rs. 11.23 lakhs and the balance of Rs. 20.55 lakhs was outstanding for recovery (October 1983). Despite the default, the company was allowed to take out bamboo till September 1983 on the ground that the financial position of the company was critical.

4.7.27. A Government submitted their written reply with regard to loss due to abnormal concessions given to paper mill as under —

“The Ashok Paper Mill happens to be pioneer venture in the State and this was established in the joint sector where Assam Government is a partner. In order to utilise the vast bamboo areas in the State lying waste for want of Industrial consumers, Government have to offer concession to attract Industries. It may be mentioned that State Government issued licences more than half a dozen of Paper Mills in the State. In the period ground 1960 has gone in vain due to strategic location of the State as proved by the Chinese aggression. Thereafter, State Government moved Government of India to establish paper mill to utilise the vast bamboo resources then existing in the State. There being no appreciable result, the State Government undertook establishment of Ashok Paper Mill in Jogighapa and industrially backwards area of Goalpara district. In view of this objective, the normal rate fixed as royalty may kindly be waived as this paper mill was the only backlog consumer to give a sizeable revenue to the State by utilising bamboo resources which were otherwise lying to be burnt by Jhum fire and alike. It is, however, noted by the Government and provisions have been made in the agreement with this paper mill for escalation of royalty by negotiation. As stated above, concession and deferring the realisation of royalty due were ordered by competent authority to help this paper mill to overcome the problem of price faced by them financially”.

4.7.28. Committee examined the replies furnished by the department in its sitting held on 11th June, 1987 and observed that whether the mill had any obligation to supply a part of the finished product to the State Government at prices lower than the market price when the lease agreement terms favourable to company.



## CHAPTER—(V)

## OTHER TOPICS OF INTEREST

**5.1(A) Loss due to non-acceptance of offers for Rhino horns and Elephants Tusks.**

Para 6.2 of C.A.G. report 1981-82(R/R) reveals that the Forest Division of the Guwahati East, arranged to sale on competitive tenders of Rhino/Elephant tusks collected from other Forest divisions.

5.1.1. The stock of 155 pices of Rhino horns weighing 100 K.g. (94 pices Rhino horns weighing 64 K.G. and 61 pices of Rhino horns weighing 36 K.G.) were put to sale in October, 1979 by the forest division. Altogether 44 (fourty four) tenders were received and the two highest offers were for Rs. 61,501 and Rs.57,000 per K.G. Divisional Forest Officer forwarded the tender papers to the Government (February, 1980) for consideration and acceptance. In the meantime four tenderers submitted an appeal petition against the four tenderers submitted an appeal petition against the highest tender alleging that the highest tenderer had not furnished their income tax clearance certificates which was subsequently found to be in correct by the Income tax Department.

However, in August, 1980 Government directed the D. F. O., Guwahati East Division that no offers should be accepted at the sale may held illegal export of Rhino horns outside the Country. But no alternative arrangement for disposal of 155 pieces of the horns was suggested or taken and horns are lying in stock till June 1981 blocking Government Revenue to the tune of Rs. 22 lakhs.

In course of audit it is also found that on verification and redeposit of 94 pieces of horns out of 155 pieces into the Treasury (October, 1980) a loss of weight of 1.58 K.G. was noticed, the value of which comes to Rs. 0.98 lakh with reference to the price offered by the tenders.

(b) The same Forest Division had put to sale of 86 pices of elephant tusks weighing 655 K.G. Thirty one tenders were received, the highest offer being Rs. 1.061



per K.G. When the tender papers were forwarded to Govt. for acceptance, the Government instructed (September 1980) to withdraw the sale without assigning any reasons thereof. The tusks are lying in stock (June 1981) blocking Government revenue to the tune of Rs. 7 lakhs.

(These matters were reported to Government in October 1982, their reply is awaited May, 1983).

5.1.2. The department in their written reply stated as follows :—

(a) "Since Rhino horns originate from a gravely endangered species and since its market demand was based on superstitious belief of its medicinal properties (Which has no scientific basis), Government of Assam considered it unethical to trade in these article and therefore the sale was stopped vide Government letter No.FRW.4/80/dated 20th August 1980. (Vide Annexure I) In the meantime, in 1981 a convention on International Trade in endangered species of wild flora and fauna was adopted globally by more than 80 countries. India was also a signatory to this convention. Pursuant to this convention instructions were issued by the Government of India, to the effect that the dead specimen of such species (which include Rhino horns) should be utilised only for bonafide scientific/educational/identification purposes. To save the cost of storage, excess specimens are to be destroyed. In view of this stipulation the rhino horns are of no value at all and therefore there can be no question of blocking of Government revenue by non - sale of Rhino horns.

Loss of weight of Rhino horn due to passage of time is a natural phenomenon on account of drying and attack of pests. Since Rhino horn itself is treated to be value less, the loss in weight is of no consequence at all.

5.1.3. 'Elephant tusks are also covered by the same convention as mentioned above and therefore the question of blocking Government Revenue does not arise.'

5.1.4. In course of examination of the Departmental witness it was stated that as per Government of India's instructions specimen of dead species (which includes Rhino horns) should be utilised only bonafide scientific/Educational & identification purposes. The Committee came to



know from the departmental witnesses that the Government adhered to the instructions issued for this purpose. In this connection the minutes of discussions held in the Public Accounts Committee meeting on 21st November, 1986 is reproduced below:—

**Hon'ble Chairman :**—As per instruction of the Government of India you are to give the horn to educational institutions for scientific and research purpose? Is there any instance that you have given to any educational Institution?

**Secretary :** It is given only when a particular institution ask for it.

**Chairman :** Nobody know about it? Was it published?

**Secretary :** It was not published publicity is poor in my Department and as a matter of fact it is same for the entire Government.

**Chairman :** In fact nobody knows as to how it can be utilised for scientific purpose. As I have stated there should be proper publicity about its utility and the instruction of the Government of India for stopping its sale and elephant tusk etc. Your difficulty is that you dealt one part whereas the other part is done by somebody else and that is why proper publicity is not done about it.

**Secretary, Forest :** Sir, agree to it and feel that there should be proper publicity about it. We are now thinking in this line and we are going to take steps accordingly to enlighten the people.

### RECOMMENDATION

As per the instruction of Government of India the Rhino horns and elephant tusks to be given to the Educational Institution for scientific research purposes. In course of examination of the departmental witness, the Co-Committee wanted to know number of educational institution to whom the Rhino horns and Elephant tusks were given for research purposes. The Forest authorities could



not furnish such instances of supply of rhino horns and elephant tusks to the educational institution. The Committee therefore, recommends that an wide publicity in this connection be made through various news agencies and the forest authorities concerned dealing with the forest product like rhino horns and elephant tusks etc. take necessary care to preserve them in good shape and safe custoday and if necessary with the help of Deputy Commissioner of the district concerned. Since the forest product like that of Rhino horno and elephant tusks etc. have nowadays became most valuable forest wealth of the State resources. The steps taken for wide publicity to supply rhino horns and elephant tusks etc. to the educational institution for scientific research and preserve it in safe custody with proper guard may be intimated to the Committee within a reasonable period of time.

## **5.2(B) Loss due to Poaching**

5.2.5. Para 6.12 of the C.A.G. Report, 1981-82 (R/R) reveals that according to the Assam Forest Regulation, 1891 and Rules made there under the killing and capture of wild animals is prohibited in protected forests. The State Government spent a total amount of Rs. 1,54.48 lakhs in the three years from 1st April, 1979 to 31st March 1982 for preservation of wild life.

During the audits in June 1979 and March 1982 of the records of Eastern Assam Wild Life Division, Bokakhat, the only Division which has the famous Indian rhinoceros in protected forest, it was noticed that illegal poaching inside the protected area of Kaziranga National Park caused death of five Indian rhinoceros in 1978 and another 36 animals between November, 1979 and December, 1981. Out of these 41 animals, horns could be collected by the Forest Department only in four cases and in two cases horns were reported as not developed. The horn of a matured animal with developed horn, very often, weighs about 1 kilogram valued at over Rs. 61,000 according to the latest rates, offered to the Forest Department (October, 1979).

The department stated in March, 1980 that out of five animals killed in 1978, three were killed by gunshot and two were natural death. Disciplinary action had been taken against the official responsible for not collecting the horns



from the two animals which had died on natural death. Reports on further developments are awaited. No action has been taken in the case of other missing horns.

5.2.6. The department in their written reply regarding illegal poaching inside the protected areas of Kaziranga National Park stated as follows :—

“Illegal poaching prevalent due to clandestine International market demand in Rhino horns. The area of Kaziranga National Park is surrounded on all sides by inhabited localities and due to easy availability of Rhinos in the Park, it becomes susceptible to poaching but inspite of the odds, the staff have trying their utmost to prevent such poaching even at the risks of loss of their lives.

Disciplinary proceedings reported to have been initiated were dropped as no conclusive evidence to substantiate the charges were forthcoming”.

When the killing and capturing of Wild life animal in Reserve Forest is illegal and when Government is spending huge sum of money for the protection of wild animals it appears from the Comptroller and Auditor General of India report that as many as 39 Indian one horn rhinoceros were killed during 1978 to December, 1981 from which only 4 horns could be collected by the department. Moreover, there were two cases of natural death from which no horns could be collected. Considering the number of rhinoceros killed during 1978-81 which is quite alarming, more protective measures as advised to be taken for the protection of Rhinoceros which is also an endangered species.

5.2.7. Para 6.3 of C.A.G. report 1984-85 (R/R) reveals that according to the Assam Forest Regulation 1981 and the Rules made thereunder, the killing and capture of wild animals in protected forests is prohibited. The State Government spend about Rs. 299.19 lakhs in the year 1979 to 1984 for preservation of wild life.

The audit noticed that out of about 146 rhinoceros available on the Laokhowa Wild Life Sanctuary and two other reserve forests under the Nowgong Forest Division, 50 rhinoceros were killed due to poaching during the period



from January, 1979 to March, 1984. In some cases the poaching facilitated due to withdrawal of armed homeguards and departmental guards (deployed by Government) from the protected areas. Each rhino is valued at Rs. 3,00,000 according to latest rates offered to the Forest Department in February 1984. The total loss to Government on account of poaching of 50 rhinoceros, thus, amounted to about Rs. 1.59 crores (including sales tax). The cases of poaching were registered with the police between February, 1979 and March, 1984. Results of their investigation are, however, still awaited (February, 1986).

5.2.8. In their written reply the department stated that during the period from 1979-80 to 1983-84 as many as 50 numbers of rhinoceros were killed by the poachers. The yearwise number of killings were as below :

1979	..	..	..	3 Nos
1980	..	..	..	1 No
1981	..	..	..	3 Nos
1982	..	..	..	6 Nos
1983	..	..	..	36 Nos
1984	..	..	..	1 No

Killing of 50 Nos. of endangered species like rhinoceros is certainly a matter of serious concern. Although departmental witness deposed before the Committee that the reasons for such killings among the other things the withdrawal of armguards from the territory for the abnormal law and order situation during that period. While deposing before the Committee the departmental witness on some occasions admitted that some other officials are also involved in the killing matter with the poachers which the Committee observed to be of very serious nature. It is however, stated by the departmental witness that they have taken the matter very seriously and taken serious departmental action against the departmental officials involved including dismissal while the poachers were duly handed over to the Police for drawing up criminal action against them.



### 5.3 (C) Forest Offence cases.

5.3.9. Para 6.11 of CAG Report 1982-83 (R/R) reveals that (i) Felling and or removal of forest produce from forest area without a valid authorisation is an offence Punishable with fine, besides confiscation of the produce Under the Forest Regulation, when a forest offence is committed in respect of any forest produce, such produce is required to be seized by the Police Forest Officers and the offender tried in court. As on June, 1983 the number of cases of forest offence yet to be settled compounded was 5,685. Division wise and year wise analysis is given below :—

Year	Dhubri	Haltu gaon	Kachu gaon	Dibru- ghar	Karim- ganj—	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1977-78	709	234	...	792	..	1,735
1978-79	186	51	38	275	..	550
1979-80	292	78	28	115	..	513
1980-81	223	114	53	112	..	502
1981-82	192	180	86	135	..	593
1982-83	..	104	98	..	1,590	1,792
Total	1602	761	303	1,429	1,590	5,685

The delay in the settlement of these cases resulted in non realisation of fines and penalties from the offenders and also locking up forest produce seized from them.

(ii) In Dhubri Forest Division, seized forest produce valued at Rs. 1.92 lakhs was lying undisposed of (June, 1983) owing to non-settlement of offence cases some of which are pending for over 23 years.

(iii) In Karimganj forest division, a sum of Rs. 8.35 lakhs towards penalty and compensation in 517 cases (settled/compounded between May, 1983) was pending for recovery from offenders (May, 1983).



The above irregularities were reported to Government between March and October 1983, their reply is awaited (December 1983).

5.3.10. The department in their written reply stated that the delay in disposal of the Forest cases are attributable to (a) recording of names, and address of the accused as they furnish at the time of detection of the offence which are found to be false in many cases and there is no possibility to verify the same as the offences are carried out in remote places without public presence. (b) In a number of cases, the offenders move away from the area which creates trouble. This is particularly so for encroachers who leave the place after they are evicted or otherwise. (c) The department earlier appointed Forest pleaders panel, in the Divisions who were conversant with the Special Act the Forest Regulation and there were also Forest officer placed as Public Prosecutor to assist the forest pleaders. With separation of the judiciary, Government ordered that Forest cases also are to be dealt by the Government Advocates/Public prosecutors in the District and Sub-divisional Court. As the Government Advocates/Public Prosecutors are overburdened with a lot of cases with involvement of Law and Order, etc., the petty offences under Forests receive lesser priority with them and as a result, the cases remained pending.

5.3.11. Committee while considering the above para relating to forest offence cases it was noticed that there are as many 5685 cases relating to year, 1977 to 1983 are still pending before the court, awaiting verdicts thereon. It also appears that some of the cases are pending before the court undisposed even for 23 years. Committee feels that the offence cases are disposed expeditiously and forest materials are disposed of before it starts deteriorating and delaying. On a query about the present position of those forest products involved in offence cases the Chief Conservator of Forests stated that 117 cases of seized materials were realised. The Committee, further decided to examine the pending cases and directed the departmental officers to furnish the information courtwise to the Committee in which the department agreed to do so. The Committee is unhappy to note that till the drafting of this report required information pertaining to pending cases have not been furnished to the Committee. The department is therefore, directed to furnish the required information within 3 months from the date of presentation of the report before the House.



## PART—II

## Summary of Recommendation/Observation

Sl. No.	Reference to Para No.	Recommendation
(1)	(2)	(3)
1.	10.	Keeping in view of above stated fact the Committee strongly recommend that Department should be more active in making objective forecast of forest receipts having regard to conservation, ecological balance and regeneration of forest resources and should also strive to improve the extent of collection of forest revenue and reduce outstanding arrears.
2.	2.1.6.	<p>The Committee therefore strongly recommends that in future the Departments should settle the mahals after disposing the appeals/review petitions, if any, taking laest bossible time.</p> <p>To curve the frequent tendency of filling unjustified appeals causing loss of valuable working periods, amendment of the existing Rules if necessary, be made by the department by prescribing deposit of appropriate amount of securitny along with appeal petition which will be forfeited if appeals/review petitions reject/fails. The action taken in this regard may be intimated to the Committee within three months from the date of placing the report to the House.</p>
3.	2.2.11.	The Committee therefore, strongly recommends that it should be ensured that irregularity in the matter of extension is not repeated in future except in exceptional circumstances as provided in the existng rules. The Committee also desires that when extension is granted under exceptional circumstances the reasons in support of it should specifically be mentained by the Government in the relevent orders.



(1)

(2)

(3)

**2.3.16** It appears to the Committee that due to non-settlement of mahals with the highest tenderers Government had sustained a total loss to the tune of Rs. 3,65,879 lakhs in the above mentioned instance cases. From the oral evidence tendered by the departmental officers and written replies furnished by the Government the Committee is not at all satisfied and suspected some serious irregularities in the whole affairs in regard to non-acceptance of the highest tender. Therefore, the Committee recommends that a through enquiry should be made for such irregularities causing loss to the Government revenue by violating the prescribed procedure. The action taken in this regard may be communicated to the Committee within three months from the date of presentation of this report to the House.

5.

**3.1.4.** As regards para 6.9 the committee recommends that if the clause 7(4) of Assam sale and forest produce Coupes and mahals rules 1977 is not legally inforceable it may be suitably modified and may strictly be followed. Action taken should be intimated to the Committee.

6.

**3.2.14.** Therefore, the Committee that in future department should apply their constructive mind before seized lots are disposed and Government revenue may not be lost from the sources. The Committee also strongly recommends that lots exceeding value Rs.1000/ should in future be disposed of by the tender system instead of auction. The action taken in this regard may communicated to the Committee within 3 months from the date of placing the report before the House.



(1)

(2)

(3)

7. 3.2.18 If the Department could not strictly observed the existing procedure to abvoid loss of Govt. revenue as expressed by Secretary Forest, he should came forward with necessary appropriate proposal to ammend the existing rule to suit the need/ interest of the Government . Action taken in this connection may be communicated to the Committee.
8. 3.4.40. The Committee, therefore recommends that the matter may be enquired into in details with reference to number seized timbers missing, reason for missing, effective steps taken to locate the missing trees and responsibility fixed for loss of Government revenue.
9. 4.4.21. The Committee is constraint to note that on what basis the Department supplied the remaining backlog in the subsequent year along with the excess quantity at the ear-lier year rate at which resulted loss of Govt. revenue estimated to Rs.12.46 lakhs without investigating the Circumstances under which the excess quantity of plywood over the backlog were issued to mills. Through in-vestigation may be made about the circum-stances under which an excess quantity over the backlog were issued to the mills. Investi-gation report may be submitted to the Committee within three months from the date of placing the report before the House.
10. 4.5.22.(A) The Committee recommends that the department should make it a point to follow the existing provisions of extension of con-tract very strictly and see that avoidable financial loss to the Government due to irregular extension does not occur in future. Further the Committee also recommends, that all the Department of the Government



(1)

(2)

(3)

should strictly follow the spirit of the Chief Secretary's circular No.CS(SDP)1/8892, dated 11th August 1988.

11. 4.4.28. The Committee recommends that the Bakijai cases should be pursued vigorously to realise the amount of Rs.2.99 lakhs being the principal and interest from the defaulting party. The department is also advised to explore the possibility of engaging pleader on behalf of the Government within the existing rules and procedure.

12. 5.1.4. As per the instruction of Government of India the Rhino horns and elephant tusks are to be given to the Education Institution for scientific research purposes. In course of examination of the departmental witness, the Committee wanted to know number of educational institution to whom the Rhino horns and Elephant tusks were given for research purposes. The Forest authorities could not furnish such instances of supply of rhino horns and elephant tusks to the educational institution. The Committee therefore, recommend that an wide publicity in this connection be made through various news agencies and the forest authorities concerned dealing with the forest product like rhino horns and elephant tusks etc. take necessary care to preserve them in good shape and safe custody and if necessary with the help of Deputy Commissioner of the district concerned. Since the forest product like that of Rhino horns and elephant tusks etc. have now a days become most valuable forest wealth of the State resources. The steps taken for wide publicity to supply Rhino horns and elephant tusks etc. to the educational institution for scientific research and preserve it in safe custody with proper guard may be intimated to the Committee within a reasonable period of time.



(1)

(2)

(3)

## Observation

1      3.2.13      The Committee observes that no detailed information about the number of logs of different species lying un-disposed for long years could not be furnished as asked for till the drafting of this report and reserved observation to this important point. The Committee is also not happy in the way the Secretary, Forest furnished his replies to the August body. In future he should be well equipt in his subject in furnishing the necessary information as and when he happen to appear before the Legislatures Committee. As regards 112 lots of seized timber sold by auction instead of tender system the Committee noted that had the Government applied their constructive mind well ahead of time loss of Government revenue to the tune of Rs.2.93 lakhs could have been avoided.

2.      3.3.28      The reasons furnished by the department for the delay in communicating the acceptance of the offer to the concerned sucessfull tenderers are not satisfactory to the Committee. The Committee therefore observed that such delay should not take place in future and accordingly the Committee directed the department to see that the communication should be make to the successful tenderers within 3 days time positively from the date of receipt instruction/approval of Conservator of Forest.



## ANNEXURE-I

## GOVERNMENT OF ASSAM

## FOREST DEPARTMENT : WILD LIFE BRANCH

NO.FRW.4/80/

Dated Dispur, the 20th August/80

From : Shri K.S. Rao, IAS,  
Secretary to the Govt. of Assam,  
Forest Department.

To The Chief Conservator of Forests, Assam.

Sub : Sale of Rhino horns.

Ref : Your No.FG.415/77/II, dated 9th July/80.

Sir,

Government have considered the appeal petitions that have been filed in regard to your settlement orders of Rhino horns with Sri Braja Bandhu Singh and have also taken into consideration your report dated 9th July, quoted above. It has been decided that as the process of sale may only help in illegally transporting the Rhino horns outside the country, no action need to be taken for accepting any of the tenders. There need not be fresh tendering for sale either.

Government has felt that effort should be made to find out if there is ban on the export of Rhino horns from the country. We have also felt that we must enquire as to whether export, if permissible can be through the commerce Ministry or Ministry of Agriculture. I am taking in the regard.

You may, therefore, take immediate necessary action in this regard to stop the process of sale. I presume we will not be inviting any legal complication by our action. Steps that may be required as per rules may kindly be taken. The concerned parties may also have to be informed suitably.



Since the Rhino horns have become so valuable it will be necessary to take full precautionary measures against theft etc. You may kindly ask D.F.O. concerned to discuss the matter with the D.C. to see if the existing stock can be kept in the Treasury. Incidentally, I find that in Kaziranga some horn taken out of dead Rhinos are being kept. This should also be kept in proper custody and preferably in one central place. I am sure you will like to take action in this regard.

Yours faithfully,

Sd/-

Secy. to the Govt. of Assam,  
Forest Deptt.