

**OFFICE OF THE PRINCIPAL ACCOUNTANT  
GENERAL (AUDIT), ASSAM, GUWAHATI**

**Revenue Audit Manual  
Forest  
Assam  
(For official use only)**

**Issued by the Principal Accountant General (Audit)  
Assam, Guwahati**

## **PREFACE TO THE FIRST EDITION**

This Manual has been prepared for the guidance of the officers and staff entrusted with the audit of Forest Receipts and Refunds. In this Manual the basic provisions of Law/Act/Rules relating to the levy, assessment and collections of various Forest Royalty have been setup. If in course of audit, any reference to any provision of any Act or Rules made thereunder has to be made, such reference should be made with reference to the Section/Rule of the relevant Act/Rules and not to the Provisions of this Manual.

2. The material contained in this Manual may require modification in the light of further experience gained in course of audit and subsequent orders and instructions issued by the State Government.
3. The Receipt Audit Wing (State) will be responsible for keeping the Manual upto date.
4. The manual should be treated as guide only and Audit Checks indicated should not be taken as exhaustive.
5. Errors or omission in this Manual may be brought to the notice of the Deputy Accountant General (Receipt Audit) and suggestion if any, for improvement may also be sent to him.

Guwahati

Dated: October 2007

Pr. Accountant General (Audit)

## **PREFACE TO THE SECOND EDITION**

In this edition of revenue audit Manual on Forest, the material contained in the First Edition has been updated/modified on the basis of Notifications/Amendment/Instructions issued by the State Government.

2. All out efforts have been made to include all the available fresh materials to make the manual truly useful to all concerned.
3. The important points to be seen during audit have also been set out in this manual. These are, however, in the nature of guidelines and do not profess to be an exhaustive list.
4. While preparing Audit and Inspection Note a particular reference to the provisions of the Acts and Rules framed thereunder should be given and not to the paras of this Manual.
5. Though the instructions contained in this Manual need full compliance, but these do not debar audit staff from looking out for any other point of interest during the course of audit.
6. Receipts Audit Wing (State) headquarters will be responsible for keeping the manual up-to-date.
7. An error/omission noticed in the Manual and suggestion for its improvement may be brought to the notice of the Principal Accountant General (Audit), Assam.

Guwahati

Dated: October 2007

Pr. Accountant General (Audit)

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## CHAPTER- I

### **General background**

#### **(i) Legislative**

1.1 Under entries Nos. 19 and 20 of List II of the Seventh Schedule to the Constitution of India read with Article 246, the State Government have exhaustive powers to legislate on the following matters:

Entry No. 19 - Forests

Entry No. 20 ó Protection of wild animals and birds

Recognizing the importance of forests in the life and economy of the country, the Constitution of India, in Article 48-A, stipulates that the state shall endeavour to safeguard the forest and wildlife of the country to protect and improve the environment. Realizing the importance of forests in the well being of the nation, the Parliament through the 24<sup>th</sup> Amendment in 1976 brought Forest and Wildlife under the Concurrent List in the VII<sup>th</sup> schedule to enable the Central Government to play a more effective role in the management of forests. Further changes has also been made in 1980, wherein Government of India imposed certain restrictions on dereservation of forests and use of forest land for non-forest purposes without the prior approval of the Central Government. The Indian Forest act, 1927, the Wildlife (protection) Act, 1972 and the Forest (Conservation) Act, 1980 are the three major legislations in force today. In its application, the State Government had framed its Acts/Rules.

#### **(ii) National Forest Policy**

The highest level policy making body in India is the Central Board of Forest which lays down guidelines of Forest Policy in the country. The latest such National Policy documents in December 1988. The first National Forest Policy was enunciate on May 1952. Among the basic objectives of the documents are preservation of environmental stability through maintenance and restoration of ecological balance adversely distributed by depletion of forests in the country. The derivation of direct economic benefit must necessarily be subordinated to the principal aim, the policy asserts.

The State Government have issued orders/instructions keeping in view the policy made by the Government of India in this regard.

## **1.2 Rules and orders-**

The following are some of the Acts/Rules and orders issued by the Government of Assam, a study of which will act as guide to Audit.

- (1) The Assam Forest Regulation, 1891.
- (2) General Rules under the Assam Forest Regulation having the force of law.
- (3) Rules having the force of law and executive orders relating to Forests.
- (4) Assam Sale of Forest produce, Coupes and Mahal Rules 1977.
- (5) The Forest (Conservation) Act, 1980.
- (6) The Forest (Conservation) Rules, 1981.
- (7) Summary of guidance issued by the Government of India, Ministry of Environment and Forest, Department of Environment, Forest and Wild Life in regard to the formulation of proposal for de-reservation or diversion of forest land for non-forest use under the Forest (Conservation) Act, 1980 and implementation of the Act.
- (8) Rules for grants-in-aid to District Council for implementation of the Act.
- (9) Assam Forest Manual
- (10) The Wild Life (Protection) Act 1972 (enforced in Assam with effect from 26 January 1977)
- (11) Assam Wild Life (Transaction and Taxidermy) Rules 1977.
- (12) Wild life (protection) Licensing (Additional matters for consideration) Rules, 1983.
- (13) Wild Life (Protection) (Assam) Rules, 1980.
- (14) The Assam Forest (Protection) Force Act, 1986.
- (15) The Environment (Protection) Act 1986.

## **CHAPTER – 2**

### **Scope of Audit of Forest Receipts**

#### **2.1 General**

The general principles and processes of local audit are laid down in the Comptroller and Auditor General of India's Manual of Standing Orders (Audit) and the Manual of Outside Audit Department of the Pr. Accountant General (Audit), Assam, etc. The instructions embodied in this Manual supplement authorized Codes and Manuals etc. and shall not be regarded as superseding or replacing them.

#### **2.2 Audit of revenue receipt**

**2.2.1** Audit of revenue receipts were inherent in the powers vested in the Comptroller and Auditor General of India by Articles 151 of the Constitution of India as the report relating to the accounts of the Union as well as of the States, which he requires to submit to the President or the Governor of a State, as the case may be, must relate to the totality of the Accounts including both receipts and expenditure. His duties relating to the audit of receipts have, however, been specified in the Comptroller and Auditor General's (Duties, Powers and Condition of service) Act 1971. Section 16 of the Act, lays down that it shall be the duty of the Comptroller and Auditor General of India to audit all receipts which are payable to the Consolidated Fund of India and of each State and Union Territory having a Legislative Assembly and to satisfy himself that the rules and procedures in that behalf are designed to secure Annual Accounts effective check on the assessment, collection and proper allocation of revenue and are being duly observed and to make for this purpose such examination of the accounts as he thinks fit and report thereon.

**2.2.2** It shall be the primary responsibility of the departmental authorities to see that all revenues as well as other debts due to Government, which have to be brought to account, are correctly assessed, realized and credited to Government account. The most important function of audit is to see that (i) adequate regulations and procedures have been framed by the Department to secure Annual accounts, effective check on estimation and sale of forest produce, collection and proper allocation of receipts and (ii) to satisfy itself, through test check that the regulations and procedures are actually being followed.

**2.2.3** Audit of receipts differs from the audit of expenditure and hence attention must be given not only in examining the records pertaining to actual receipts but also



to ascertaining the existence of adequate measures for securing that all amounts so received or due for receipt are properly and promptly brought to account and undue and unauthorized remissions are not granted by the executive beyond provisions.

In the audit of receipts, general principles for audit of receipts are laid down in Chapter- 3 of the Comptroller and Auditor General's Manual of Standing Orders (Audit).

**2.2.4** Subsequent Chapter of this Manual contains the organizational set up of the Forest Department salient features of some rules, records to be maintained in the Forest Divisions, points to be specially examined in local audit etc. for the guidance of the Headquarters staff and the field parties.

## CHAPTER – 3

### **Organisational set up and source of revenue**

#### **3. Forest Management**

**3.1** The Commissioner and Secretary to the Government of Assam, Forest Department is the Administrative Head of Forest and Wildlife. The Principal Chief Conservator of Forest heads the Directorate of the Department and is assisted by four Chief Conservators of Forests (Wildlife; Social, Forestry; Territorial, and Research and Education and Working Plans). There are several Forest/Wildlife/Social Forestry Divisions under the charge of Divisional Forest Officers/Deputy Conservators of Forests. The Forest Ranges under each of these Divisions are looked after by Range Officer. Based on the accounts furnished by the Ranges to their respective controlling Divisions, the Divisional Offices render complete monthly accounts of receipts and expenditure to the Accountant General (A&E) with supporting vouchers and relevant schedules. Beat Offices are the lowest unit in the territorial set up.

In this region there are two categories of forest divisions, viz;

- A. Territorial Forest Divisions: Comprising divisions having territorial jurisdiction and wildlife.
- B. Non-Territorial Forest Divisions: Comprising Planning, Statistics, Social Forestry, Forest utilization etc.

#### **3.2 Source of Revenue**

Revenues in the Forest Divisions are mainly derived from sale proceeds of major and minor forest produce grown in the forest areas of the respective divisions through auction, negotiation and permit of allotment. Collection of royalty on removal of mines and surface materials in the forest areas, licence fee from saw mills and ivory traders also form part of forest revenue apart from fees, fines, etc. imposed under the Assam Forest Regulation, 1981, the Indian Forest Act, 1927 and the Rules made thereunder.

In Assam, a major portion of revenue is also derived from the National Parks/Zoos and wildlife sanctuaries.

The receipts of the Forest Divisions are credited to the head of Forestry and Wildlife.

### **3.3 Working Plan**

A working plan is a written scheme of management aiming at continuity of policy and action and controlling the treatment of forests. The working plan is prepared after taking into consideration the condition of the forests, its capacity, administrative convenience, demand of forest produce, local custom, effect of past treatment etc. a working plan is generally framed for a period of ten years and is revised from time to time. All the activities are carried out as laid down in the working plan and deviations are not generally allowed. So far as audit is concerned, the working plan is considered to be a basic document. Generally working plan corresponds to a Forest Division.

In most of the working plans the following activities are involved:

- (i) to survey and make assessment of past results, present facts, resources and constraints, if any;
- (ii) to make long term prescriptions to meet the objectives of management of the perspective plan;
- (iii) to prepare a short term plan, to meet the requirements of the immediate future, within the frame work of the long term plan;
- (iv) to provide for control of prescription, for maintenance of records and collection of new facts of research and new techniques; (e.g. aerial photography etc.)

Presently, however, most of the Forest Divisions have dispensed with the working plans and have taken resort to the Annual Plans. It should, therefore, be seen that the Annual Plans are duly sanctioned by the competent authority and any deviation from the approved policy should be suitably commended upon.

### **3.4 Stages of operation**

Timber is the major source of revenue in territorial Forest Divisions and many interesting points like -loss due to difference of measurement of timber, -loss due to low yield of timber -etc. may be noticed in audit in timber operation at different stages. It will be worthwhile if some aspects of logging measurement are known while conducting forest audit. Some of these are logging, planning, organisation of labour and equipments, felling of trees and conversion of trees into logs, errors in measurement, transportation arrangement of lots for sale procedure as such. A number

of cases in timber operation will be noticed in audit which can be grasped better if clarity on above points is there.

With regard to Social Forestry an idea of programme and its activities like, plantation, fencing, weeding, thinning etc. would be of great help to the auditors. Like-wise a good knowledge of working of timber depots also would help in better audit.

The stages of timber operations in a forest division are as follows:

- (i) Selection of coups in accordance with working/Annual Plan.
- (ii) Marking of trees along with the volumetric mensuration of timber available from such operation.
- (iii) Felling and extraction of trees.
- (iv) Logging operation.
- (v) Transportation to depots.
- (vi) Formation of depot lots.
- (vii) Auction/tender/negotiation/Allotment

### **3.5 Plantation Journal**

In this journal, all expenditure relating to standing forest, afforestation and subsequent operation are recorded. It also contained the site plan, species and their maturity cycles etc.

## Chapter-4

### **Salient features of the Assam Forest Regulation 1891**

**4.1** The Assam Forest Regulation, 1891 extends to the whole of territories under the administrative control of the Government of Assam. The provisions of the regulation are similar with those of the Forest Act, 1927. The regulation aimed at consolidating the laws relating to forests, the transit of forest produces and the duty leviable on timber and other forest produce in Assam.

(a) Sections 4 to 28 of the Assam Forest Regulation, 1891 provide for the detailed procedure and the power of the State Government to constitute and declare a reserved forest, power to stop ways and water course and to prohibit certain acts in a reserved forest.

(b) Sections 29 to 31 make the provisions for formulation of village forest by the State Government.

(c) Sections 32 to 36 deal with general protection of forests and forest produce and the State Government's power in relation to protection of forests and forest produce.

(d) Sections 36 A to 36 D deal with matters relating to the Control over forest and waste lands not being the property of the Government. Under these Section power of the Government in protection of forests for special purposes, assumption of management of forests, expropriation of forests in certain cases and protection of forests at the request of the owner are detailed.

(e) Section 37 to 39 deal with power of the central Government to levy duty on timber and other forest produce.

(f) Section 40 to 42 empower the State Government to make rules to regulate transit of forest produce by land and water.

(g) Section 43 to 48 make provisions for collection of timber found adrift, stranded or sunk.

(h) Penalties and procedural matter have been provided under Section 49 to 67. In these Sections provisions have been made for seizure of property liable to confiscation, power to release property seized, disposal of seized forest produce, matters relating to detected and un-detected offences, penalty for counterfeiting or defacing marks on trees and for altering boundary marks, compounding of offences.

(i) Section 68 empowers the State Government to invest any Forest Officer by name or as holding Annual Accounts office with certain powers.

(j) In terms of Section 69, all Forest Officers shall be deemed to be public servants within meaning of the Indian Penal Code.

(k) According to Section 75, all money, other than fines, payable to the Government under this regulation or any rules made thereunder or on account of the price of any forest or expenses incurred in execution of this regulation in respect of any forest produce, may if not paid when due, be recovered under the law for the time being in force if it were an arrear of land revenue.

## **Chapter – 5**

### **Assam Sale of Forest produce, Coupes and Mahals Rules, 1977**

The main features of Assam Sale of Forest Produce Coupes and Mahals Rules 1977 read with amendments made vide notification dated 14.03.2000 are discussed below:

#### **5.1 Mode of Sale (Rule-3)**

The forest produce shall be sold by any of the following manner:

- (i) By inviting tenders;
- (ii) By public auction
- (iii) By negotiation; The State Government in the Forest Department may settle a mahal by negotiation with the intending parties or purchasers giving them opportunity to make offers of negotiation, if offer for a particular mahal is not received by inviting tender or by public auction by quoting sale notices consecutively for three times within the period of six months or if the concerned Divisional Forest Officer fails to put such sale notice consecutively for three times within a period of six months.

#### **5.2 Sale by Tender System (Rule 4)**

Notice for tenders: Brief advertisement inviting Tender (Tender notice) for sale of Mahals/timber lots containing the name of mahals/lots, areas of the Mahal/quantity of timber, period of lease/settlement which shall not exceed two years, along with the date, time and venue for receipt of tenders, shall be published in the local daily newspapers for consecutively two days at least by the Divisional Forest Officer atleast one month prior to the last date fixed for submission of tender stating that the details of the Mahals/lots and other terms and conditions shall be available in the sale notice, which can be procured from the Office of Divisional Forest Officer during office hours of any working day on payment of Rs. 50/- (Rupees fifty) per copy of the sale notice,

Provides that for resale of any Mahal or Timber lots, publication of short sale notices atleast fifteen days before the last date of receipt of the Tender shall be made which may not be published in the newspaper.

### **5.3 Earnest Money (Rule-6)**

(1) Before submission of any tender, the tenderer shall deposit, in the treasury or in any branch of approved scheduled Bank, earnest money (as fixed by the Conservator) by bank Draft/Treasury challan for each coupe or Mahal pledged to the officer calling for tender.

(2) The earnest money shall be reduced by 50(fifty) per cent in case the tenderer belongs to any of the schedule castes, scheduled tribes or other backward classes recognized by the State Government on production of caste certificate issued by the competent authority.

### **5.4 Tender and its enclosure (Rules-7)**

(1) There shall be a separate tender for each coupe or mahal or lot with the requisite court fee affixed to it.

(2) Each tender shall be in the prescribed tender form.

(3) The tenderer shall also state in the tender the price which he offers to pay.

(4) He shall also make a declaration as prescribed in the rule.

(5) The tender shall be accompanied with the following documents;

(i) A copy of the Treasury challan or bank draft evidencing deposit of the earnest money as stipulated in the sale notice.

(ii) Up-to-date Income Tax and Sale Tax clearance certificate.

(iii) Original or certified copy of the registration certificate of the tenderer issued by the Appropriate Authority of the Forest Department.

(iv) If a tender is submitted on behalf of a Co-operative society or a partnership firm or a joint stock company, then in addition to the above requirements, the copy of the resolution authorizing the person who signs the tender to manage the business of such society, firm or company on its behalf, and undertake the liabilities as a tenderer on behalf of the society, firm and Company. In case of co-operative society a certificate from the local Co-operative



Officer (not below the rank of Assistant register of Co-operative Societies) about the composition, genuineness and financial status of the society and in case of a firm, a certified copy of the registration certificate granted by the Register of Firms under the Indian Partnership Act and authorization to one of the partners to act shall be furnished.

#### **5.5. Procedure for dealing with tenders (Rule-8)**

- (1) Immediately after the closure of the tender box for receipt of tenders, the Divisional Forest Officer shall indicate the time and date when the tenders shall be opened.
- (2) After scrutiny of the tenders the order for acceptance of any tender shall be passed by the respective competent authority whose competency shall be according to the delegation of financial powers under the Assam delegation of Financial powers Rules, 1960.
- (3) Where according to the limit of financial power under the Assam Delegation of Financial Powers Rules, 1960, the Officer receiving the tenders is not competent to pass order of acceptance of tender, he shall forward the tender papers with his comments to his next higher authority for necessary action.
- (4) The order of acceptance of tender by the appropriate authority as mentioned in sub-rule (2) above shall be communicated by the Division Forest officer to the successful tender giving the later 15 days for depositing the first Kist = Instalment. Provided that the Divisional Forest Officer shall not accept the first Kist if an appeal is files by any of the unsuccessful tenderers within the 15 days of time.
- (5) In terms of Rule 13 of the Assam Sale of Forest produce, coupes and Mahals Rules, 1977, no tender of a mahaldar or contractor or co-operative society or firm who is a defaulter in respect of any Government dues or any land or forest revenue shall be entitled to get settlement.

#### **5.6 Appeal and review (Rules –9)**

- (1) An appeal shall lie within 15 days from the date of communication of the order of acceptance of the tender by the Divisional Forest Officer as follows:

- (a) Against the order of acceptance of tender by the Divisional Forest Officer, to the Conservator whose order in the appeal shall be final.
  - (b) Against the order of acceptance of tender by the Conservator of Forests and the CCF to the Governor whose order in the appeal shall be final.
  - (c) A petition shall lie with the Governor for review of his original order within 15 days from the date of communication of the order of acceptance of tender as provided under Rule 8 (4) but no petition for review of appellate order of Governor shall lie.
  - (d) All review petition against the order of settlement shall lie before Government within 30 days of settlement order CF and CCF as the case may be.
- 2(a) The appeal or review petition, as the case may be, shall be submitted in triplicate, two copies of which shall be submitted to the appellate or reviewing authority and one copy shall be simultaneously sent by the appellant or the petitioner to the Divisional Forest Officer direct. The requisite court fee stamp need be affixed only on principal copy.

(b) The Divisional Forest Officer on receipt of the copy of the appeal or review petition shall immediately stay the order issued under Rule 8(4) above and forward the appeal or review petition along with the original tenders and other connected documents to the Conservator who shall dispose of the appeal lies with him under sub-clause (1) (a) above else, forward the appeal and/or review petition to the Government if the same lies with the Government under sub-clause (1) (b) and (c) above.

#### **5.7 No obligation to accept the highest or any tender (Rule-10)**

The highest tender will generally be accepted but it shall not be obligatory on the part of the settling authority to accept the highest or any tender. Maximum number of coupe/coupes that one party may get should be not more than 5 (five).

**5.8** Rule 6 11 deals with the preference and concession in settlement with tenderers belonging to schedule castes, scheduled tribes or other backward classes.

### **5.9 No joint settlement (Rule – 12)**

No coupe or mahal shall be sold jointly with more than one person except in the case of a Co-operative Society or a firm or a Joint Stock-Company duly registered in the Office of the appropriate registering Authority in Assam.

(a) No person shall be settled with more than five coupes/mahals at any given time. If any person is found to get settlement of more than five coupes/mahals at any given time he shall have to surrender all the excess coupes/mahals retaining only five coupes/mahals to his choice. The surrendered coupes/mahals shall be immediately resold at such person's risk.

### **5.10 Security Deposit (Rule- 14)**

The tenderer whose tender has been finally accepted shall be informed by the Divisional Forest Officer about the amount of security to be adjusted from his fixed security deposit for the coupe or mahal.

(2) (i) The amount of such security shall be at the amount at which the coupe or the mahal is sold subject to a minimum of Rs. 100/-.

- (ii) 5 (five) percent on the amount in excess of the first 2000 subject to a minimum of Rs. 200/-
- (iii) In case of a tenderer belonging to any the scheduled castes/scheduled tribes to other backward classes, the amount of security deposit mentioned in sub-Rule-2 above shall be reduced by 50 percent.
- (iv) If the whole amount of fixed deposit is adjusted against the security of a particular coupe or mahal and if the security exceeds the fixed deposit, the amount fell short of and the amount of fixed deposit shall have to be deposited before communication of the final order of acceptance of tender.

### **5.11 Installments (Rule-15)**

The sale value of the mahal or coupe shall be paid by the mahaldar or contractor in the following manner;

(i) Where the mahal or coupe period is for one year, in four equal installments at an interval of not more than 3 (three) months each the first installment falling

due within 15 days from the date of issue of order of final acceptance of the tender

- (ii) Where the mahal or coupe is less than one year, in two equal installments falling due on the same period as mentioned in sub-rule (i) above and the third installment not less than one month before the expiry of the mahal or coupe period.
- (iii) Where the coupe or mahal period is for more than one year the total amount payable for each year shall be paid in four equal installment at an interval of not more than 3 (three) months each, the first installment of the first year falling due within the period as mentioned in sub-rule (i) above and the first installment in succeeding year falling due at the beginning of each year.

#### **5.12 Agreement (Rule- 16)**

An agreement in the prescribed form shall be executed within one week of the payment of the first installment and security as mentioned in Rule 615 by the mahaldar or contractor whose tender has finally been accepted by the competent authority.

#### **5.13 Cancellation and re-sale for failure to pay security installments and to execute agreement (Rule-17).**

If the tenderer whose tender has been accepted fails to pay the security or to pay the installment on due date mentioned in rule-15 or to execute agreement mentioned in rule- 16, the sale of the coupe or mahal shall be liable to be cancelled and the coupe or the mahal shall be re-sold for the remaining part of the coupe or mahal, period at the risk of such tenderers as regard the loss to Government and if the proceeds on re-sale are less than the value at which it originally sold, the difference shall be realizable from him and further the earnest money shall be forfeited and the whole of the fixed security deposit or part thereof as may be necessary, shall be adjusted against the dues.

#### **5.14 Term of the Mahal (Rule- 21 as amended)**

- (i) The Mahal shall be allowed to be operated strictly for the period as advertised in the notice inviting tender and the sale notice. The term of the mahal however, shall automatically expire in case the stipulated quota is exhausted before the expiry of the mahal period.
- (ii) As regards the stipulated quota of the mahal materials, any quantity remaining un-extracted within the mahal period shall automatically belong to the Government after expiry of the advertised mahal period and no claim of the settlement holder on the same shall be entertained.
- (iii) In case the settlement holder is not able to operate the mahal for certain periods within the settled term of the mahal for reasons beyond his control, such period may be provided to him in addition to the mahal period, but not exceeding a total of 3 (three) months, by the PCCF. The mahaldar in every such case shall apply to the Divisional Forest Officer concerned within seven days of such occurrence. The Divisional Forest Officer shall submit report in the matter through the concerned Conservator of Forests for consideration.

#### **5.15 Sale by auction system (Rules –22)**

Forest coupes/mahals/lots or any other forest produce, the estimated valuation of which does not exceed Rs. 1,000/- and that in the opinion of the Divisional Forest Officer requires immediate disposal shall be sold by auction amongst the registered Forest conservators and mahaldars in the following manner:

- (i) A proclamation for auction sale shall be published not less than 15 days before the date fixed for auction stating therein.
  - a) the name of the coupe or mahal or lot of any other forest produce;
  - b) the particulars necessary for its identification;
  - c) the period for which it is proposed to be sold;
  - d) the date and place of auction;
  - e) the office who will hold the auction.

### **5.16 Manner of publication of proclamation (Rule-23)**

The proclamation shall be published by pasting copies thereof on the notice boards of the office of:-

- (i) The Conservator, the Divisional Forest Officer and the Range Officer;
- (ii) The Conservator, the Sub-Divisional Officer and the Sub-Deputy Collector and
- (iii) The Mahakuma Parishad within whose local limits the coupe or the mahal is situated.

### **5.17 Manner of conducting the sale (Rule-24)**

- (1) The auction sale shall be held by the Divisional Forest Officer or some Officer deputed by him not below the rank of ACF for the purpose.
- (2) The Divisional Forest Officer may postpone the auction sale on reasonable grounds but shall in such case, issue fresh proclamations in the manner of rule-23 above, publishing the new date fixed.
- (3) On the date fixed for auction the Divisional Forest Officer or the Officer authorized to hold the auction shall call for the bids from registered contractors present provided that if there is no bid or insufficient bid, he may continue the sale from day to day informing the bidders on the spot.
- (4) The Officer holding the auction shall indicate by striking a hammer on the table, the clouser of the sale of a particular coup, mahal or any other forest produce in the auction.
- (5) The auction shall be closed in favour of the highest bid which is received and final sale be made with the highest bidder.
- (6) If the highest bid received exceeds the limit of financial power delegated to the Officer conducting the auction the procedure as is laid down in Rule-8 (3) shall be followed.

### **5.18 Mode of payment of bid value (Rule-26)**

The person declared to be the auction purchaser at an auction sale shall be required to pay immediately on the spot 50 percent of the sale value and if he fails to do so the coupe or the mahal or lot shall forthwith be again paid up and sold.

The remaining 50 percent of the sale value shall have to be paid immediately before lifting the forest produce of issue of work orders as may be directed by the Divisional Forest Officers.

The provisions of Rules 7 (4) (ii), (iii) and (iv), 12,13,16,17,18,19,20 and 21 shall also apply equally in the sale of auction system.

## CHAPTER – 6

### **Important Records and Registers to be maintained in Forest Division**

#### **61. Records and Registers**

Audit of Forest Divisions are done annually or bi-annually depending on the periodicity as fixed by the Headquarters section. During audit of divisional accounts, the accounts and other relevant documents of Range Officers under the division are also test checked. The more important records of a forest division which are subjected to audit scrutiny during local audit are as under:

1. Cash Book
2. Cash Account
3. Register of cheques drawn on treasuries and Cheque books
4. Schedule of remittances to treasury and Consolidated treasury receipts, Remittance Register
5. Classified abstract of Revenue and Expenditure
6. Register of Security Deposit/Earnest money relating to receipts
7. Register of fixed demands
8. Permit Books and Stock register
9. Receipt and Bill books and stock register of Receipt and Bill books.
10. Register of receipts and issues of timber and other produce in Depots.
11. Register of sale of timber and other produce, cut and collected by Government.
12. Account of timber and other produce, cut and collected and removed by consumers or purchases.
13. Installment Register and auction bid sheets.
14. Account of drift timber operation.
15. Account of outstanding revenue.
16. Offence report register.
17. Register of forest produce and other property seized and disposal of.
18. Control Book and Register of out-turn.
19. Annual Report and Returns.
20. Sale Notices, Sale Register and sales files.



21. Lot information, files for different produces.
22. Marking register of trees.
23. Lease registers and files.
24. Agreement register, Agreements and files.
25. Allotment registers and files.
26. Free grant register.
27. Contractors and distributors ledger.
28. Revenue from sale to public departments.

## **6.2 Other Records/registers**

Apart from the records and registers as mentioned in Para-6.1 the Forest Divisions are also required to maintain other records as in all Government Departments/Offices, which are also subjected to audit scrutiny.

## CHAPTER – 7

### ACCOUNTS REGARDING COLLECTION, DISPOSAL AND SALE OF TIMBER AND OTHER FOREST PRODUCE

#### 71. General

- (i) The produce of all fellings must appear either in form No. 1, No. 6 or No. 8.
- (ii) No timber or other forest produce may be sold except on receipt of payment in full at the time of delivery. The Conservator may, however, authorize Forest Officers in charge of Divisions and Ranges, in exceptional cases and under such condition regarding time of payment as he may lay down, to effect sales without payment in full in cash or by Treasury challan at the time of delivery. If the value, however, exceeds Rs.10,000/-, the sanction of the Government should be obtained to the transaction.
- (iii) Sales to Public Departments with whom the accounts are adjusted by Book transfer, are exempted from this rule. Exceptions may be authorized by the Government in the case of special transactions with other purchasers.
- (iv) All items of revenue including those shown in Form Nos. 1, 2 and 3, which are not fully realized during the month will be entered in detail in Form No. 7, the date of original permit or purchase being shown in the 'remarks' column. The return for March in each year will be accompanied by a brief explanation of the circumstances under which each item of revenue that has been outstanding for twelve months remain unadjusted.
- (v) If any outstanding revenue becomes irrecoverable, sanction should be obtained to its being written off and as and when the sanction is received, the amount should be entered in Form No. 7 in red ink, in the column 'recoveries during the month', with a reference being made to the sanction under which the entry is made.
- (vi) The Conservator is authorized to sanction the write off of the irrecoverable revenue upto Rs.1,000/- in each case.

(vii) The Conservator or the Deputy Conservator of Forests in charge of Divisions may sanction refund of revenue not exceeding Rs.1.500/- and Rs.300/- respectively in each case.

## **7.2 Timber etc. collected by Government Agency**

(i) The yield of all fellings by Government Agency will be shown in Form No. 1; wastage due to sawing should also be shown in this form in order to calculate the percentage.

In each depot a Register of Receipts will be maintained in such form as may be ordered by the Conservator of Forests in which all stock, such as logs, scantlings, etc. will be entered as soon as it arrives from the forest or another depot. A similar Register of disposals will be maintained showing the sale of the stock or its dispatch to another depot.

(ii) An abstract of all entries made in the Subsidiary Stock returns during the month will be written up by the depot officer in Form No. 1 in which will be entered all stock which arrives, is sold or other-wise disposed of during the month. Separate entries will be made in this Form under the head of (a) Converted timber, e.g. sleepers, etc. (b) timber in the log, (c) other forest produce including fuel, bamboos, etc.

All logs, scantlings on reaching a depot will be measured and marked in such manner as may be ordered by the Conservator. The number or measurement or both, as the case may be, of the logs and scantlings must be entered daily in Form No. 1 as they are taken charge of.

Cubic content of sawn and round timber should be computed from the Mercers table, logs being measured to the nearest quarter foot. Logs, scantlings, when sold, will be marked with a sale hammer.

(iii) A bill book must be used for sales of timber and other produce from depots. A bill may be given to the purchaser, one copy forwarded to the divisional officer, and the counterfoil kept to form the depot copy. The purchaser should be required to endorse the counterfoil in the bill book with the words "Received the timber (or other produce) noted on the reverse".

A receipt book must also be used for money received from purchasers, one copy being given to the purchaser. Receipts for revenue must not be given in plain paper.

(iv) The stock at sale depot must be checked periodically at intervals of not less than six months, the depot books being balanced at the time of counting. A special report of each taking of stock, must be submitted to the Conservator. Opportunity should be taken of checking when by reason of sales or other-wise, the stock is lowest.

(v) Form No. 1 will be submitted monthly from each depot to the Divisional Officer who will prepare a summary from the returns submitted in Form 1 for each depot. Each description of produce will be grouped together and the numbers and quantities totalled separately. The receipts and disposal will be shown separately for each depot.

(vi) Where drift timber operations are in vogue, a return in Form No. 2 will be submitted monthly showing stock received and disposed of as well as sale of any produce vested in Government and the items sold during the month with their sale proceeds will be shown in columns (8), (9), (10) and (11) of this form.

(vii) All transactions of timber and other produce removed by Government Agency appearing in Form No. 1 necessitating payments should appear in Form No. 14 (Classified abstract of expenditure) of the same month and vice-versa. In no case should charges be shown in connection with the cutting or transport of timber or other forest produce which has not been brought on to Form No. 1 of the same month.

Whenever the expenditure on account of a particular item of produce is charged in a month subsequent to that in which this particular produce was brought on to Form No. 1, reference to Form No. 1 of that month in which the produce was shown should invariably be made in the 'Remarks' column of Form No. 14.

If any transaction appears in Form No. 1 during the month and the expenditure on account of the same cannot be charged off in the same month, the reasons for the absence of the entry in Form No. 14 should be briefly recorded in the 'Remarks' column of the Form No. 1 against the item, noting at the same, the month in which it will be charged.

When the entries made in the Form No. 14 and 1 in respect of a particular transaction do not correspond, all discrepancies should be explained against the entry or entries in Form No. 1.

(viii) The monthly timber and sale returns received from the Divisional Officers will be scrutinized in the Conservator's Office and the entries compared with the transactions shown in Form No. 14 (Classified abstract of revenue and expenditure) the opening and closing balances carefully checked and the Divisional Officers addressed regarding any discrepancies which may be noticed.

### **7.3 Sale of standing timber or other produce direct to purchasers or contractors (para-30 of Assam Forest manual, Vol-II)**

(i) For all timber or other forest produce sold otherwise than from a depot, a permit or pass must be given before any such produce may be removed by the purchaser. This permit or pass will be issued in such forms, as may from time to time be prescribed. Permit or pass forms will be supplied in triplicate in bound books and bear printed serial number and the words 'counterfoil' 'duplicate'. All amounts in rupees shall be written in words as well as in figures.

(ii) In case of prepaid permits, the officers issuing the permit may receive either cash or a treasury challan. The duplicate permit shall be given to the licensee, the triplicate shall be attached to the monthly accounts, and the bound counterfoil be kept by the issuing officer. In cases where timber is marked with a sale hammer on passing

revenue stations, or where forests produce leaves the limits of the forests, the officer marking such timber or passing such forest produce shall either endorse the duplicate permits or exchange them for transit passes as laid down in the rules on the strength of such permits. In the later case he will forward the exchanged permit to the issuing officer under whose signature or authority they were issued and the returned permits will be pasted in the bound book each against its counterfoil.

(iii) In the case of trade permits, the duplicate shall be given to the permit holder and the triplicate be sent to the officer empowered to mark or pass the produce on payment of the revenue due when the payment has been effected (which may be done by cash or treasury challan). The officer receiving both the duplicate and triplicate permits will return them after entering the number of the Pass, Permit or receipt Form issued and the value, in his register. One of these should be pasted into the permit book of issuing officer against its counterfoil and the other submitted as a revenue voucher to the accounts of the issuing officer.

(iv) The books of permits should be periodically examined by the Divisional Officer, the returned permits being checked with their counterfoils and with the entries of the amounts realized in the cash book of the officer who issued the same and an explanation called for as regards any permits missing or unduly delayed.

(v) All the timber or other produce cut, collected and removed from the forests by consumers and purchasers will be entered in a monthly statement prepared in Form No. 6.

Note-1:- When Waste Land Timber Sales which will also be entered in this form are shown, details with the quantity of timber represented should be given, based on the factors of cubic contents, adopted in general practice.

Note-2:- To facilities the compilation of annual returns, the cubic contents of timber should be recorded in column-4 (number or quantity) of this form, the number of tress or logs being shown under Column-3 description with the description of timbers.

Form No. 6 will show the sales, the proceeds of which are credited under Revenue head-II arranged and totaled in horizontal lines according to sub-heads. Import duties realized on all timber and other forest produce imported from foreign territories by consumers and purchasers, the proceeds of which are credited under Revenue Head-IV, will also be shown in this form.

(vi) When leases are granted for certain fixed periods to collect produce and the royalty payable in instalments, an estimate should, whenever practicable, be made of the quantity of produce removed and the total estimated quantity should be shown in Form No. 6 once only, when the last instalment of revenue due is entered in that form as having been received. When such transactions are important and numerous, a register will be opened in such form as conservator may direct.

When the price of the produce entered in column-6 is only partially realized or not realized at all, the number and date of the Conservator's sanction for deferring realization should be noted in the remarks column in each case where the price of the produce exceed Rs.2,000/-.

(vii) Any advance royalty paid at the time of taking out a permit will lapse to Government with the lapsing of the permit unless application for extension having been made to the Divisional Forest Officer, within one month from the date of expiry, the extension is sanctioned by him. This in no way implies that the Divisional Forest Officer is bound to grant any extension of time whatsoever.

Note:- Commission paid by deduction from revenue should always be charged in the account, the gross amount of revenue being credited.

#### **7.4 Seized Timber, free Grants and Roadside Trees (para-31 of Assam forest Manual, Vol-II)**

(1) A return (Form No.3) of forest produce and other property seized and disposed of during the month, in accordance with the Forest Law or Rules in force, will be submitted monthly by Range Officers to the Divisional Forest Officer. An abstract of

these returns, in the same form, will be forwarded monthly by the Divisional Officer to the Conservator.

(2) All free grants will be entered in a register (Form No. 8).

(3) Trees and other forest produce from lands reserved for roads borne on the books of the Public Works Department, shall not be cut down or removed for the use of that Department or its contractors. Their disposal rests with the Forest Department. Cutting down of trees constituting potential danger to the traffic using the road surface can be ordered by an executive Engineer or by a Sub-Divisional Officer, a copy of the order being sent to the Divisional Forest Officer concerned who will be responsible for the disposal of the timber. When it is desired to have trees or bamboos growing on roadside lands cut down and such trees are saleable, they should be marked for felling and the local Forest Officer requested to sell them as they stand for felling and removal with a fixed period. This will also apply in cases where anyone can be found to fell and remove the trees without payment merely for the sake of obtaining the timbers. In all cases where the removal of a tree or a clump of bamboos is necessary, they must not be cut off at or above ground level. In the case of trees etc. being unsaleable or the Forest Department being unable to arrange for their removal without payment, the local Forest Officer should inform the PWD within one month and the PWD can then make the best arrangement it can, for their removal.



## **CHAPTER – 8**

### **The Wild Life (Protection) (Assam) Rules, 1980**

#### **8.1 General**

In exercise of the powers conferred by Section 64 of the Wild Life (protection) Act, 1972 hereinafter referred to as the Act which was adopted by the Legislative Assembly of Assam on 23<sup>rd</sup> Day of February, 1976, and of all the powers enabling it on that behalf the Government of Assam hereby makes the following Rules namely:-

“The Wild Life (protection) (Assam) Rules, 1980” which shall extend to the whole of the State of Assam.

#### **8.2 Rules framed thereunder are elucidated below:-**

- (i) Rules 3 to 8 deal with Wild Life Advisory Board etc.
- (ii) Rules 9 to 11 refer to Hunting and capturing Wild Elephants Application for Licence and granting of Licences etc.
- (iii) Under Rules 12 to 20, hunting of Wild Animals (other than Elephants) are referred to including application and granted of Licences etc.
- (iv) Rules 21 to 26 relate to fees, permits, registration of person holding fire arms etc for entry into Sanctuary or National Park.
- (v) Rules 27 to 39 deals with the procedure regarding trade or commerce in wild animals, articles and trophies in regard to declaration, inquiry and preparation of inventories, certificate of ownership, transit pass, application for Licence to commerce and carrying out business as a manufacture or dealer in any animal articles etc; grant and renewal of licences, issue of bill or cash memo, maintenance of registers, submission of returns etc.

(vi) Under Rule 40 to 43, the principles relating to disposal of meat or uncured trophy, crediting of free/royalty/deposit-at-call, power to compound offences, cognizance of offences etc. were laid down.

### **8.3 Points to be seen in audit.**

Revenue realized by the Divisional Forest Officers on account of various Licence fees, sale proceeds of Wild animal etc., should be properly accounted for and credited to the appropriate Head of Account. Divisional Forest Officers are also required to send a monthly return of such receipts latest by 10<sup>th</sup> of the following month. It should, therefore, be seen in audit that these receipts tally with the amounts shown to have been received in the counterfoils of the permit books and the returns submitted to the Chief Conservator of Wild Life and that the amounts so realized are in accordance with the provisions of Rules and Acts in force. The following are some of the major items of revenue receipts:-

- (i) Application and Licence fees for game reserve.
- (ii) Game hunting Licence fees.
- (iii) Wild animal trapping Licence fees.
- (iv) Captive animal dealer Licence fees.
- (v) Royalty on Wild animal wounded, killed or captured.
- (vi) Compensation from cases under Wild Life (protection) Act.
- (vii) Sale of meat/uncured trophy.

(2) Audit should also see that entrance fees realized from the visitors to the National parks and Zoos are in accordance with the prescribed tariff and are properly accounted for. For this purpose the entrance fee book and the gate register may be linked up with the number of persons entered. Charges for boarding and lodging should also be checked with reference to the prescribed rates. The charges for elephant ride, holding of cameras of different types, entry of vehicles (categorywise) also to be checked with reference to the prescribed rate and accountal thereof.

(3) The records relating to poaching cases should be scrutinized to see that they are properly disposed of and amounts of compensation realized, were in accordance with the rules and orders.

(4) It should also be seen that the compensation was realized in cases where the number and species of Wild animals shot at in excess of the prescribed limit or was not covered by the permit.

## **CHAPTER – 9**

### **Miscellaneous Topics of Interest.**

#### **9.1 Lease of forest land**

Where forest land is leased out to certain bodies, institutions or private individuals, it should be examined that the terms of lease were duly observed, that the lease rent fixed was reasonable and was properly realized and that the land was being utilized for the purpose for which it was leased out. A condition is generally imposed in all cases of transfer or lease of land that the land will revert to Forest Department when no longer needed for the purpose for which it was transferred or leased out and leases can be terminated if conditions of lease are violated. Annual report is also submitted to the CCF at the beginning of each financial year reviewing the position upto the end of March.

#### **9.2 Encroachment cases**

It is the duty of the beat officers to inspect all boundary marks within the limit of their charges at least once a year and to report to their Range Officers any cases of encroachment of forest and detected. Range Officers are also required to inspect at least 20 percent of the range boundaries annually and to make similar report. Forest land attached to local villages are often encroached upon by the cultivators and it is the duty of the departmental officers to take prompt action to get such unauthorized possessions vacated without delay by taking actions according to the provisions of the Forest Act, and if necessary, by recourse to the court of law. The encroachment cases thus needs to be scrutinized in audit.

#### **9.3 Refund, Remission and Write off of revenue.**

(i) As the audit of refund, remission and write off of revenue is important part of receipt audit, the number of such cases which occurred in the Division during the period covered by audit should be ascertained and the important cases examined.

(ii) Cancellation and reduction of sales money payable under any contract which officers are empowered to execute can be made or remission of revenue granted only in the following circumstances:-

(a) when it is established that some errors in the sale notice have materially prejudiced the interest of the purchaser.

(b) when a condition which was to be fulfilled by the Government or which according to the sale notice is not fulfilled and it is established that this resulted or would result in a loss to the purchaser.

(c) when a produce sold is destroyed by an act of God, e.g. earthquakes, fire etc, before purchaser starts work.

**(iii) Refund in consideration of alleged loss.**

(a) Where there is a guarantee that there is no difficulty in allowing refunds in respect of alleged losses, installments must, however, always be paid in full by the contractor and the question of refund should be considered separately after the contract has been carried out in full by the contractor.

(b) where there is no guarantee, no consideration whatsoever, shall ordinarily be made for alleged losses unless very exceptional circumstances can be proved and that too, with the Conservator's sanction which should rarely be given.

## CHAPTER – 10

### **Audit Checks**

A brief description of some of the important records required to be maintained in Forest Divisions and in Range under the Division as well as points to be seen in audit are indicated below:

#### **10.1 Cash Book**

To check the receipt side of the Cash Book with reference to Range cash accounts, the counterfoil of receipts issued from Divisional office and the counterfoils of cheques as issued by the Divisional Officer with the amounts shown to have been drawn from Treasury/Bank.

To see whether the cancelled or lost cheques, if any, were treated as per prescribed rules.

In the payment side detailed checks are to be exercised for the selected months(s) with reference to the Range cash amounts, Acquittance Rolls and other expenditure incurred by the Divisional Office with the relevant records such as stock register etc for amounts advanced to contractors and disburser's ledger and also the amount remitted into the Treasury with the schedule of remittances.

Audit is also required to see that the certificate of verification of cash balances at the close of each month by the Divisional Officer is appended in the Cash Book. Whether each and every entry in the Cash Book (both receipt and payment side) were initialed by the Divisional Officer, whether periodical physical verification of cash was conducted by the Divisional Officer and a certificate to that effect is appended in the cash book are also to be checked in audit.

## **10.2 Register of Cheques**

To check the counterfoils of cheques with the entries in the register and the Cheque books are kept in the safe custody of the Divisional Officer. The stock account of the Cheque books is also to be seen.

## **10.3 Range Cash Account**

(a) To check whether each Range Cash Account is accompanied by the duplicates of bills, permits and returns in the prescribed forms, acquittance rolls, muster rolls and treasury challans along with relevant records.

(b) To check in detail the receipt side of each Range Accounts for the selected month (s) with:-

- (i) The counterfoils of the returned receipt books with reference to duplicate of the bills submitted with the accounts.
- (ii) The counterfoils of the returned permit books (whether the original permits have been pasted with the counterfoil in each case).
- (iii) Sale of timber and other produce cut and collected by the Government Agency to check this return with the counterfoils of the returned bills and receipts books.
- (iv) Revenue fro timber etc. removed by purchasers:- To check the returns with the counterfoil of the permits and receipts books along with the rates with that of sanctioned rates.
- (v) To see register of outstanding revenue (Form No. 7) for the outstanding amount recovered during the month.
- (vi) To see Register of fixed demands for amount realized, if any, during the month.
- (vii) To see the return and Register of forest produce and other property seized and disposed of.
- (viii) To examine office Report register for revenue on account of offence compounded of Fines realized in criminal cases.

- (ix) To examine Disburser's ledger for the grant of Forest advance to the Disbursers from Divisional office.
- (c) To see whether opening and closing balances of the Range Cash Accounts agree with those shown in the Disburser's ledger and that case in hand of the Rangers has been kept within the limit of their security deposits.
- (d) To check the quantity of timber and other forest produce shown in the memo of works done in the muster rolls for labour charges with the quantities shown as receipts in the return and issues of timber and other produce in depots and issue by sale in the later with the entries in the return in the form (sale of timber etc. collected by Government Agency) and the issue to departmental work with the register of sanctioned works.

**10.4 (a) Stock account of the receipts, bills and permit book etc.**

To check these accounts and to see whether the used books have been returned while issuing new books and the annual verification of stock of receipts, bills and permit books have done by a responsible officer.

**(b) Register of fixed demand**

To check the register with the counterfoil of receipts. To see whether the last instalment of revenue received and the estimated quantity of produce removed have been entered in the proper register. To check the demands with agreement and to see whether adequate steps have been taken to recover the outstanding demands and these have been taken in the prescribed form. Also to examine whether lease agreements have been reviewed regularly and are in order.



**(c) Register of Receipts and Issue of Timber and other produce in depot.**

To check this register with the Registers from depots, to see whether the later registers have been inspected regularly by a responsible officer of the Department. To check the receipts with the particulars of produce shown in the memo of work in the muster roll or mentioned in the Cash Book against payment for conversion or carriage of timber and other forest produce and with the register of issues by sale. To check the consumption for departmental use also.

**(d) Register of sale of timber and other produce by the Government Agency.**

This register is to be checked with the returns sent by the Ranger and the counterfoil of the bills and receipt books.

To see whether the sales from the depots are on cash basis, the purchasers not being allowed to remove more timber than what they have paid for. In the case of sales under sanction of the Conservator of forests, timber of forest produce without full payment (i.e, in cases of allotment etc.) to see whether value not realized within the month has been entered into the Register of outstanding. Also to check the total revenue under the different heads with those shown in the classified abstracts.

**(e) Register of revenue from Timber, etc removed by Purchaser.**

This register is to be checked with the return furnished by the Rangers. To see that the revenue realized is in accordance with the sanctioned schedule of rates and any variation from that rate is to be commented upon. When the price of forest produce is partially realized or not realized at all, Conservator's sanction for deferring realization is to be checked. The revenue by sale or drift wood and confiscated forest produce is to be checked with relevant register. Total revenue under different heads is also to be checked with those shown in Classified Abstract and whether the values not realized during the month have been entered in the outstanding revenue register, is to be verified.

**(f) Instalment Register**

The instalment register is to be checked with the auction bid sheets for the amount payable for lots, the security deposit received and the instalments due. It is also required to see that the sanction of the Conservator or of the Local Government has been obtained for timber actually removed. Audit is to check the receipts with the Cash Book and to see whether the sales and the outstanding are recorded in the relevant registers.

Whether any penalties prescribed in the agreement for failure to pay up instalment on due dates have been realized or reasons have been recorded for non-realisation is to be seen in audit.

**(g) Register of Outstanding Revenue**

To check this register with the register of revenue (on sale) and instalment register to see that outstanding have been correctly brought forwarded. The particulars of items outstanding for over one year should be scrutinized to ascertain whether adequate steps have been taken for their realization. Whether the write off of irrecoverable revenue has been sanctioned by the competent authority, has to be examined.

**Procedure for exhibiting the loss due to failure of the purchaser to complete their contract:**

When a person who has contracted to purchase a lot fails to complete the contract and to pay the full sale price, the loss of revenue to be written off should be calculated by deduction the following from the original sale price of the lot:-

- (i) the amount of instalment already received from the contractor as price of timber removed from the forest;
- (ii) the amount of security deposits forfeited to Government on his failure to fulfill the contract;
- (iii) The resale value of the forest produce which remain the property of the Government at the time of cancellation of the sale.

If the surrendered timber or trees are not resold by auction, their assessed value at the prevailing marked rate should be submitted for the resale value in the above calculation.

**(h) Register of drift timber operation**

To check the quantity salvaged with the drift reports and to see whether the unclaimed drift has been taken to the proper register and to verify the same with the salvage fees shown in the cash book.

**(i) Offence Report Register**

To examine the entries in the register with the offence reports and to see that the register has been examined and signed by the Divisional Forest Officer. The amount of compensation as assessed should be checked with the accounts to ascertain whether they have been realized. To examine whether the seized articles are transferred to the proper register.

**(j) Register of Forest Produce and other property seized and disposed of.**

To examine whether the properties as mentioned in the register are properly disposed of.

**(k) Register of free grants**

The nature and money value of the forest produce granted and purpose of grants should be checked. To examine the issues with the acknowledgements of recipients and to see whether proper sanction to the grants exist.

## **10.5 Working Plan**

(a) Examine the working plan or the annual plan particularly with regard to the provisions of felling and see whether the same have been included in plan or non-plan expenditure. Examine the register of out-turn and see how the working plan has been acted upon and if there are deviations whether the deviations have proper sanction from the competent authority.

### **(b) Records of work improvement**

Examine these records with reference to the working plan as well as other points and make necessary comments of the financial aspect.

## **10.6 Register of Security Deposits**

Examine the security deposits and Bonds. Check whether each subordinate forest officer handling each has given the requisite security and check the security deposits shown in the Register with the post office savings pass books or bank pass books etc. pledged to the Divisional Officer or the safe custody receipts of the treasury for Government promissory notes etc.

## **10.7 Classified Abstract of Receipt and Expenditure**

Exercise general examination to see whether rent for occupation of residential houses of Government has been realized from the sub-ordinate staff, ministerial staff and officers of the department.

**10.8 Check the annual reports and returns and comment on any important as well as financial points noticed therein.**

**10.9** It should be seen that the established norms for auction/sale of other minor forest produces have been realistically fixed and/or approved by the competent authority.

It will be the duty of audit to see that stock account of each forest produce at each sale depot are balanced periodically in the Divisional Offices.

**10.10 Audit of few selected items on working of Timber – Coupes and Depots.**

The forest divisions are broadly categorized as territorial and non-territorial divisions. The territorial divisions are entrusted with the maintenance of forest, marking of trees in coupes for felling and conversion of felled trees into logs, transporting and disposal of the timber etc. All timbers extracted is brought to the Government Depots for disposal by means of open auction and by supplies made against specific contracts.

**Points to be seen in audit**

(i) Quantity of timber produced, expenditure incurred on exploitation and transportation viz-a-vis sales thereof and revenue derived from the sale may be compared and suitably commented upon.

(ii) Any deviation from the norms fixed in the working plan for working of timber coupes may also be commented upon.

(iii) At the time of marking of coupes, quantity of timber likely to be extracted is estimated by applying the form factor and there should not be a difference of more than 10 percent in actual yield. Cases where the difference exceeds the prescribed percentage may be seen and commented upon.

(iv) Quantity of timber produced in coupes is required to be transported to depots and disposed of in auction. Any shortfall in the quantity may be examined and commented suitably.

(v) There should not be any difference between the measurement taken in the coupe at the time of dispatch and that taken in the depots. Cases of differences in measurements may be thoroughly examined and commented upon, highlighting reasons for such differences.

(vi) Transit and handling losses due to the fault of the contractor may also be examined. The recovery of the cost of materials lost in transit/short delivery by haulage, contractor is to be effected at the rates as per contract. This aspect may be properly scrutinized.

(vii) while preparing extraction paths, unmarked trees are also sometimes felled. Non/short accountal of the quantity of timber of such unmarked trees may be seen and commented upon.

(viii) The life of the cut timber for utilization is 5 (five) years. It is, therefore, required to take efforts to dispose of the cut timber as early as possible before any deterioration with consequential loss in quantity takes place. Cases where timber is sold below the upset price for loss in quantity due to deterioration of timber, may be commented upon.

(ix) It should be seen whether the timber was auctioned as per prescribed procedure of auction, e.g., wide publication of auction, proper bidding, acceptance of highest bid and its approval by the competent authority, receipts of earnest money from bidders and its forfeiture in case of default etc.

(x) Rates for the sale of timber to forest based industries are fixed by the Government as per terms and conditions of agreements. Cases of supplies at lower rates may be seen. It should also be seen that the rates for sale were fixed judiciously and not in order to extend undue benefit to the industrial units.

(xi) Deposit of sale proceeds to the Government account under appropriate head may be thoroughly checked.

(xii) Non recovery/short recovery of sales tax any incorrect application of rates of taxes on sale of timber may be seen in audit commented upon.

**Other points of interest.**

- (a) Non/improper preparation of timber accounts/stock account.
- (b) Non-conducting of physical verification of timber at Depots and shortage noticed at the time of such verification.
- (c) Non-recovery of outstanding dues.
- (d) Non-maintenance/Defective maintenance of records.

**10.11 Result of Audit**

Various types of objections are generally raised in audit of forest receipts which are detailed below:

- (a) Loss of revenue in sale contract.
- (b) Loss of revenue due to non-observance of terms and conditions of contracts.
- (c) Loss of revenue due to sale of plywood at concessional rates.
- (d) Loss of revenue due to delay in settlement of thatch/sand/river bed mahals and other forest area.
- (e) Non-realisation of application fees for extraction of minor minerals from forest area.
- (f) Non-realisation or short realization of sales tax/forest royalty from the sale of forest produce.
- (g) Non-recovery of difference on re-sale of forest produce.
- (h) Loss of revenue due to grant of undue concession to the purchaser of forest produce.
- (i) Loss of revenue due to reduction of lease rent and non-revision of royalty.
- (j) Irregular fixation of reserve price for auction/sale of coupes.
- (k) Non-,maintenance or irregular maintenance of stock account of timber or other forest produce.
- (l) Non-realisation of fees from (a) saw mills; (b) Ivory traders.

## **CHAPTER – 11**

### **Audit of internal controls**

**11.1** Audit will see that the internal procedures adequately secure correct and regular accountings of demands, collection, that no amounts due to Government reason outstanding in its books without sufficient reason and that the claims are pursued with due diligence and are not abandoned or reduced except with adequate justification and with proper authority.

**11.2** The most important function of Audit and the area of audit concern in relation to settlement of coupes/mahals, sale or timber and other forest based products is to satisfy itself, by such test checks as it may consider necessary, that the internal procedures adequately provide for and actually ensure.

- (i) That the computation and realisation of royalty, fees, etc are in accordance with the applicable laws.
- (ii) The regular accounting of demands and collections.
- (iii) The correct accounting and allocation of collections and their credit to the consolidated Fund.
- (iv) That the relevant and requisite records are being maintained properly.
- (v) That adequate control and monitoring mechanism have been devised to prevent loss or leakage of revenue.
- (vi) That there has not been any loss or leakage of revenue on account of lacunae or loopholes in the rules, framed for the purpose or on account of avoidable delay in the issue of the necessary notifications and orders.
- (vii) That the machinery for detection of cases of evasion is adequate.
- (viii) That cases pending in courts of law or before appellate authorities have been pursued adequately and appeals, whenever justified or considered necessary, have been filed within the period of limitation.
- (ix) And that the estimates of revenue have been realized at the end of the financial year.



## **APPENDIX**

### **IMPORTANT NOTIFICATIONS/CIRCULARS/ORDERS ETC**

1. Royalty rules of Minor mineral.
2. Removal of trees from non forest lands

**GOVERNMENT OF ASSAM  
FOREST DEPARTMENT DISPUR  
ORDERS BY THE GOVERNOR**

**NOTIFICATION**

**No. FRM.88/2001/77**

**Dated Dispur, the 7<sup>th</sup> May, 2002.**

In compliance with the directions of the Honøble Supreme Court of India in its order dated 12.5.2001 in W.P. (Civil) No. 202 of 1995 and in exercise of powers conferred under sections 40 and 72 (c) of the Assam Forest regulation, 1891 (regulation VII of 1891), the Governor of Assam is pleased to make the following Rules for controlling the felling and removal of trees from non-forest lands in the manner therein after appearing.

**Short title and commencement:**

1 (a). These rules may be called "Assam (Control of felling and removal of trees from non-forest lands) Rules, 2002.

1 (b). These rules shall be applicable to the whole of Assam in respect of non-forest land as defined in 2 (c) below.

1 (c). These rules shall come into force with effect from the day of notification.

**Definitions:**

2. In these rules, unless there is anything repugnant in the subject or context.

(a) "Govt." means Government of Assam;

(b) "Forest" means

- (i) Reserved Forest or Protected Forest or any other areas legally constituted as forest;
  - (ii) Any area recorded forests in Government records maintained by the Forest Department or any other Government departments and
  - (iii) A continuous patch of 10<sup>ha</sup> or more having not less than 200 naturally grown trees per ha. on an average.
- (c) Non-forest land of the purpose of these Rules means area which is not forest as per 2 (b) above.
  - (d) plantation means a continuous patch of two ha. or more having tree plantation. This will not include trees planted along farm lands and species such as rubber, arca nut, etc. and the shade trees in tea garden areas.
  - (e) Rules means Assam (Control of felling and removal of trees from non-forest land) Rules, 2002.
  - (f) Other expressions as defined in the Assam Forest Regulation, 1891 (Regulation VII of 1891) shall be followed for the purpose of these Rules.

**Registration of tree plantations:**

- 3.1 Tree plantation raised in non-forest areas by an individual or institution or non-government organization or any other non-government agency may be registered with the Divisional Forest Officer in the manner as may be prescribed in this behalf by the Principal Chief Conservator of Forests.
- 3.2 While registering a plantation, it shall be ensured that the applicant is the legal title holder, and it is a non-forest land as per 2 (c) above.
- 3.3 The Divisional Forest Officer shall prepare and make available a certificate of such registration, in a manner as prescribed by the Principal Chief Conservator of Forests.
- 3.4 The registration certificate shall normally be issued within 90 days of the receipt of complete application by the Divisional Forest Officer.

- 3.5 The plantation of tree species not requiring felling permission need not be registered.
- 3.6 The title holder shall have to pay a fee of Rs.100/- (Rupees one hundred) per ha. Per year for late registration of his plantation. If he does not register his plantation within the time frame as prescribed by the Principal Chief Conservator of Forests.

**Tree species for requiring felling permission:**

4.1 For felling and conservation of trees of following species from non-forest areas, no felling permission from the Forest Department under these rules is needed:

Am (mangifera indica), Jamun (Sygium), Kathal (Artocarpus heterophyllus), Eucalyptus, Poplar, all species of home grown bamboo, Leteku, Panoil and adhuriam (Psidium guajard).

4.2 The state Government may add or delete species in 4.1 above with prior approval of the Central Government.

**Permission for felling of trees:**

- 5.1 The permission for felling of trees from non-forest areas including from registered plantation shall be granted following the provisions as prescribed by the Principal Chief Conservator of Forest, Assam issued with prior approval of the Forest Department.
- 5.2 Permission for felling of trees for self-consumption shall normally be granted within 30 days from the date of receipt of application, complete in all respect, by the Divisional Forest Officer. In such cases, no Transit Passes shall be issued against the operated trees. Permission for felling of trees in other cases shall normally be granted within 60 days from the date of receipt of application completed in all respect by the Divisional Forest Officer.
- 5.3 In case of registered plantation, felling permission shall normally be granted within 30 days.

**Transit of timber:**

6. The transit of timber from the non-forest land shall be regulated as per the provisions of relevant acts/rules/regulations/guidelines regarding movement of timber or timber products.

**Confiscation of trees felled in violation of Rules/Guidelines:**

7.1 Timber obtained from trees felled in violation of these instructions shall be seized and confiscated to the Government. However, the Divisional Forest Officer shall be at liberty to release the timber obtained from such trees to the legal titleholder (s) after recovery of an amount equal to 50% of the Government royalty of the timber. The Principal Chief Conservator of Forests may restrict/prohibit the issue of Transit Pass in such cases.

7.2 The seizure of timber as per 7.1 above is without prejudice to any action or penalty as prescribed under the relevant acts/rules.

**Penalty:**

8. For violation of the provisions of these Rules, appropriate penalties may be imposed on any person (s) as per the procedure contained in Chapter VIII of the Assam Forest Regulation, 1891 (regulation VII of 1891) and rules or orders thereunder.

**Sd/- L. RYNJAH.**

**Principal Secretary to the Government of Assam,  
Forest Department**