

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2006-2008)**

FORTY FIFTH REPORT

(Presented on 17th March, 2008)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2008

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On

**Paragraphs relating to Forest & Wild Life, Home Higher Education &
Transport Departments contained in the Reports of the Comptroller
and Auditor General of India for the years ended 31 March 1994,
No.3 (R.R.), 31 March 1995, No.1 (R.R.), 31 March 1998
No.2 (R.R.), 31 March 2002 (R.R.) and
31 March 2003 (R.R.)**

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the forty fifth Report on paragraphs relating to Forest & Wild Life, Home Higher Education and Transport Departments contained in the Reports of the Comptroller and Auditor General of India for the years ended 31 March 1994, No.3 (R.R.), 31 March 1995 No.1 (R.R.), 31 March 1998 No. 2 (R.R.), 31 March 2002 (R.R.) and 31 March 2003 (R.R.)

The Reports of the Comptroller and Auditor General of India for the years ended 31 March 1994, No.3 (R.R.), 31 March 1995 No.1 (R.R.), 31 March 1998 No. 2 (R.R.), 31 March 2002 (R.R.) and 31 March 2003 (R.R.) were laid on the Table of the House on 25-4-1995, 4-3-1996, 19-2-1999, 16-6-2003 and 28-6-2004 respectively.

The Committee considered and finalised this Report at the meeting held on 11th March, 2008.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram,
17th March, 2008.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT

FOREST AND WILD LIFE, HOME, HIGHER EDUCATION, TRANSPORT DEPARTMENT

AUDIT PARAGRAPH

Results of Audit

Test check of the records of Forest Offices, conducted in audit during 1993-94 revealed non-levy or short realisation of revenue amounting to Rs. 374.98 lakh, in 27 cases which may broadly be categorised as under:

	<i>Number of cases</i>	<i>Amount (In lakhs of Rupees)</i>
1. Lease rent not demanded on forest land	1	58.96
2. Loss of revenue due to non-application of formula for correction of loss of weight of bamboos	4	300.13
3. Non/short levy of sales tax	6	9.25
4. Other lapses	16	6.64
Total	27	374.98

During the course of the year 1993-94 the department accepted under-assessments etc., of Rs.212.95 lakhs involved in 39 cases of which 12 cases involving Rs. 62.74 lakhs had been pointed out in audit during 1993-94 and the rest in earlier years. An illustrative audit observation involving financial implication of Rs. 34,393 is given below in the following paragraph:

Non-Application of revised rates on sale of teak poles

According to the Kerala Forest Code, Volume II, schedule rates of sale of timber, firewood and other forest produce are fixed by Government for each year. The Chief Conservator of Forests prepares the schedule rates on the basis of data collected from the sub offices and submits it to the Government for sanction with simultaneous instructions to the sub offices to adopt the rates from the date from which the revision is proposed pending approval of Government. The sanction of Government to the revised schedule of rates should be obtained before 15 March

every year. The proposal for revising the rates from 1 April 1991 was sent to Government in August 1991 under intimation to sub offices. The rates were revised by Government in December 1991 with effect from 1 April 1991.

In Wild Life Division, Parambikulam, 1331 teak poles of different classes were supplied in October 1991 to a Public Sector Undertaking at the rates applicable prior to 1 April 1991. This resulted in short demand of Rs. 34,393 including centage charges, forest development tax and sales tax.

On this being pointed out (December 1991) in audit, the department stated (April 1993) that an additional demand for Rs. 56,172 including penal interest had been raised.

The case was reported to Government in June 1994.

Paragraph 7.1 & 7.2 contained in the Report of the C&AG of India for the year ended 31 March 1994 No.3 (R.R.).

Note submitted by Government on the above audit paragraph is included in Appendix II.

The Committee did not make any comments on the audit para.

Conclusion/Recommendation

2. No Comments.

AUDIT PARAGRAPH

Leasing of forest land to Public Sector Undertakings and Autonomous bodies

INTRODUCTORY

The Government of Kerala has leased out vast areas of forest land to various Public Sector Undertakings and Autonomous bodies for raising plantations and other purposes and for starting various types of projects. Lease rent at rates prescribed by Government from time to time is payable by the lessees. The rates of lease rent fixed by Government and realisable from Public Sector Undertakings, Autonomous Bodies etc., in respect of forest lands leased out to them from December 1981 to March 1993 were as detailed below:

<i>Period</i>	<i>Rate per hectare per annum (Rupees)</i>
18-12-1981 to 17-12-1987	615
18-12-1987 to 31-3-1993	1,300

Rate of rent realisable from 1 April 1993 has not been fixed by Government so far (October 1995).

Organisational Set up

The Principal Chief Conservator of Forests is the Head of the Forest and Wild Life Department. He is assisted by one of the seven Chief Conservators of Forests in handling matters relating to forest leases. There are six territorial Circles in the department, each under a Conservator of Forests. The territorial circles are subdivided into 30 Divisions, each under Divisional Forest Officer. Initial records such as 'Register of Leases' showing the details of areas leased out, amount of lease rent, demanded and collected, lease files etc., are being maintained in the divisions.

Scope of Audit

Mention was, *inter alia*, made in Paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Revenue Receipts) on 'Receipts of lease rent from forest lands' regarding non-levy/short levy of lease rent from Public Sector Undertakings and 'Autonomous bodies'. With a view to verifying the progress of collection of lease rent from Public Sector Undertakings, Autonomous bodies etc., and whether the manner of maintenance of accounts and records is in accordance with the statutory provisions, a further review of the records for the period from 1991-92 to 1993-94 was conducted during July 1994 to November 1994 in the Offices of the Chief Conservator of Forests and 15 Divisional Forest Offices*. The results of the review are given in the succeeding paragraphs.

Highlights

- (i) As on 31 March 1994, out of total area of 45,907 hectares of forest land leased out to six Public Sector Undertakings/Autonomous bodies, the details of lease rent outstanding in respect of 29,168 hectares (63.5 per cent) leased out to three such undertakings/bodies were not available with the department.
- (ii) Delay in execution of lease deeds resulted in Rs.17.20 crores remaining uncollected from the Kerala Forest Development Corporation Limited as on 31 March 1994.
- (iii) Project-wise/division-wise details of areas leased out and the total rent due from Kerala State Electricity Board, were not available with the Forest Department. Information collected by audit from six divisions

* Chalakkudy, Konny, Kothamangalm, Kottayam, Malayattor, Mankulam, Nenmara, Mannarkad, Palakkad, Punalur, Ranni, Thenmala, Thiruvananthapuram, Thrissur and Vazhachal.

revealed that a total amount of Rs.12.30 crores was due from the Board as on 31 March 1994 for the lease of 12,145 hectares of land. Eventhough forest land was leased out to the Board since 1952, no lease deed has been executed so far.

- (iv) An amount of Rs.15.36 crores remained uncollected from Plantation Corporation Kerala Limited due to execution of lease deed for only part of the land leased out.
- (v) 32 hectares of forest land were leased out to the Kerala State Industrial Development Corporation Limited in December 1983; but the area in the possession of lessee in 1993 was found to be 16.6081 hectares. The department had not investigated the causes for the reduction in the area of forest lands leased out.
- (vi) There was a short levy/loss of revenue of Rs.8.39 lakhs for the period from 18 December 1987 to 22 July 1990 towards lease rent due to non-extension of lease deed with Rubber Board, Kottayam.
- (vii) An amount of Rs.99.34 lakhs as on 31 March 1994 was pending collection from State Farming Corporation of Kerala Limited due to non-compliance with the condition for exemption from payment of lease rent ordered by Government in March 1984.
- (viii) An amount of Rs.3.57 lakhs being the penal interest on arrears of lease rent of Rs.11.23 lakhs for the period from 1989-90 to 1992-93 due from Malabar Cements Limited had not been demanded so far.
- (ix) Arrears of lease rent payable by M/s. Plantation Corporation of Kerala Limited, Rehabilitation Plantations Limited, Oil Palm India Limited and the State Farming Corporation of Kerala Limited for the period 1987 to 31 March 1992 were not converted into share capital of the respective Public Sector Undertakings as ordered by Government in March 1993.

Extent of Arrears

According to the information furnished (August 1994) by the Chief Conservator of Forest, the area of forest land leased out to the Public Sector

Undertakings/Autonomous bodies and the arrears of lease rent due from them as on 31 March 1994 were as follows :

<i>Sl. No.</i>	<i>Name of Public Sector Undertaking/ Autonomous body</i>	<i>Area leased out (In hectares)</i>	<i>Date from which leased out</i>	<i>Amount of lease rent outstanding as on 31 March 1994 (In lakhs of Rupees)</i>
1	The Kerala Forest Development Corporation Ltd.	10.626.57	10-3-1976	1,685.09 (upto 31-12-1993)
2	Oil Palm India Ltd.	3,645.640	1-9-1975	1,032.74
3	State Farming Corporation of Kerala Ltd.	2,467.046	1-9-1972	99.34
4	Plantation Corporation of Kerala Ltd.	11,709.754	12/1976	not available
5	Rehabilitation Plantations Ltd.	2,265.218	26-6-1980	do
6	Kerala State Electricity Board	15,193.492	Not available	do

Out of the total area of 45,907 hectares leased out, the details of lease rent outstanding in respect of 29,168 hectares (63.5 *per cent*) were not available with the Chief Conservator of Forests. On calling for the details in audit (July 1994), the Chief Conservator of Forests stated (August 1994) that the required information would be furnished after collecting the details from sub-offices. Further report has not been received (October 1995).

Non-levy/short of lease rent and penal interest due to non-execution of lease deeds

A test check of the records relating to lease of forest land to Public Sector Undertakings and Autonomous bodies, maintained in the Offices of the Chief Conservator of Forests and Divisional Forest Offices revealed the following:

(i) **Non-realisation of lease rent**

Mention was made in paragraph 6.2.3 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Revenue Receipts) about failure to execute lease agreement and to recover lease rent for 11,430 hectares of forest land leased out to the Kerala Forest Development Corporation from 1975-76. Government

stated (May 1988) that directions had already been issued in the matter and that the Chief Conservator of Forests had been directed to be more vigilant in realising lease rent in future.

According to the information furnished (August 1994) by the department 10,626.257 hectares of land comprised in 10 Forest Divisions (Kothamangalam, Kottayam, Mankulam, Nenmara, Punalur, Ranni, Thenmala, Thiruvananthapuram, Thrissur and Wayanad) was transferred to the Corporation during the period from 1976 to 1983 for raising softwood, pulpwood, teak and cardamom plantations. However, orders fixing the terms and conditions governing the transfer were issued by Government only in March 1989. Even though these orders stipulated that the 25 year lease period shall end by 2000 A.D. the lease deed was neither executed nor any lease rent realised till October 1994. Further report has not been received (October 1995).

As per the records of the Chief Conservator of Forests, an amount of Rs. 16.85 crores was due from the Corporation towards lease rent and penal interest for the period from March 1976 to December 1993. This amount did not include the lease rent from January 1994 to March 1995 amounting to Rs. 0.35 crore which was not worked out and included in the records. Thus the total arrears of lease rent including penal interest due from the Kerala Forest Development Corporation Limited upto 31 March 1994 amounted to Rs.17.20 crores.

A test check conducted (July 1994 to November 1994) in audit in 9 Divisions reavealed that demands were not raised by three divisions (Nenmara, Thiruvananthapuram and Thrissur) while one Division (Kottayam) demanded lease rent only up to 1992-93.

On calling for (July 1994) the reasons for the delay in the execution of lease deed and collection of lease rent, the Chief Conservator of Forests stated (August 1994) that the Kerala Forest Development Corporation Limited had raised objections against the draft deed approved by the Government earlier and that the revised draft deed sent to Government in 1989 had not been approved till then (August 1994). It was also stated that the Kerala Forest Development Corporation Limited was not willing to remit lease rent without the execution of lease deed. Thus the delay in execution of lease deed continues to delay the collection of amount due to Government.

(ii) Non-execution of agreement with Kerala State Electricity Board

According to the information furnished by the Chief Conservator of Forests, 15,193.492 hectares of forest land spread over various forest divisions in the State had been leased out to the Kerala State Electricity Board for the purpose of Hydro Electric Projects. The project-wise and division-wise details of the area leased out

to the Board though called for (December 1994) from the department have not so far been furnished (October 1995). The details of lease rent due from the Kerala State Electricity Board as on 31 March 1994 was not available with the Chief Conservator of Forests. However, information collected by Audit from 6 Forest Divisions (Kothamangalm, Kottayam, Malayattoor, Mannarkad, Ranni and Vazhachal) revealed that a total amount of Rs.12.30 crores was due as on 31 March 1994 from the Board for the lease of 12,145 hectares of forest land in those divisions.

Even though land was leased out to Kerala State Electricity Board for various Hydro Electric Projects from 1952 onwards, no agreement was executed between the Kerala State Electricity Board and the Government in any case. It was also noticed that in one division (Malayattoor) the lease deed approved and forwarded to the Chief Conservator of Forests by Government in August 1984 was not executed even after a lapse of 10 years. The reason for non-execution of the deed has not been furnished by the department (October 1995).

(iii) Execution of lease deed only for part of the leased out land

Based on Government orders issued in January 1963 and October 1965 and subject to the terms and conditions mentioned in Government Order issued in January 1964, 11,713.20 hectares of forest land had been transferred on various occasions to the Plantation Corporation of Kerala Limited on lease basis for period ranging from 35 years to 50 years. However, in the records of the Chief Conservator of Forests the total area transferred had been shown as 11,709.754 hectares only. Out of the above, lease deed was executed for 8,548.83 hectares only (7,798.96 hectares in July 1971 and 749.87 hectares in January 1981). No lease deed has been executed for the balance area of 3,164.37 hectares so far (October 1995). The department was not able to furnish any reason for the non-execution of lease deed (October 1995).

The details regarding total amount of lease rent due from the Plantation Corporation of Kerala Limited as on 31 March 1994 were called for (July 1994); no reply has been received so far (October 1995).

As per the conditions of the agreement executed in July 1971, Government had the right to revise and re-fix the lease rent after 31 December 1980. Accordingly Government revised the rate of lease rent payable by the Plantation Corporation of Kerala Limited in December 1988 at Rs. 475 per hectare per annum from 1 January 1981, at Rs. 615 effective from 18 December 1981 and at Rs. 1300 effective from 18 December 1987.

A test check of records conducted in four Divisions (Chalakkudy, Konni, Mannarkkad and Ranni) revealed that although the divisions were demanding lease rent at the enhanced rate from time to time, the Corporation had been remitting lease rent at the rate of Rs.125 per annum only. The total amount due from the Corporation as on 31 March 1994 works out to Rs.15.36 crores in respect of 8,376.20 hectares in the above four divisions.

(iv) **Education in the area of forest land leased out**

Based on a Government Order of February 1983, 32 hectares of forest land at Kallar in Palode Range of Thiruvananthapuram Division was transferred to the Kerala State Industrial Development Corporation Limited on lease for a period of 10 years from 5 December 1983 for drilling and drawing mineral water. According to the lease deed executed in December 1983, lease rent payable would be Rs. 615 per hectare per annum upto 17 December 1984 and at revised rates thereafter as fixed by the Government. The boundaries of the lease hold area were required to be properly maintained throughout the lease period by the lessee. In the event of breach of any of the conditions in the deed, the lease was liable to be cancelled by the Divisional Forest Officer, Thiruvananthapuram for and on behalf of the lessor.

In April 1984, Government permitted the Corporation to sublease the above area of forest land to a joint sector company for a period of 10 years from 5 December 1983, the original date of lease to the Corporation, subject to the conditions that the liability of the Corporation shall remain unaltered despite the execution of the sublease and that the Corporation shall be responsible for remitting the royalty and other dues to Government.

It was noticed from the records of the Divisional Forest Office, Thiruvananthapuram that lease rent at the rate of Rs.615 per hectare per annum was collected from the sublessee up to 4 December 1989 only. Total amount of arrears due from the sublessee up to 31 March 1994 for 32 hectares forest land worked out to Rs.3.68 lakhs excluding penal interest. Even though the sublessee had defaulted payment of lease rent from 5 December 1989 onwards, the department had not taken any effective steps to recover the arrears from the original lessee viz., the Kerala State Industrial Development Corporation Limited (October 1995).

As per the request of sublessee the Divisional Forest Officer, Thiruvananthapuram resurveyed the area of forest land under his possession in 1993 and found that the area of land was only 16.6081 hectares as against the original area of 32 hectares. He informed (November 1993) the Chief Conservator of Forests about the reduction in this area of land leased out and suggested that the lease rent payable by the sublessee on the basis of actual area would be calculated on receipt of sanction for extensions of the lease up to 2000 A.D. from the Government

of India/State Government. However, there was no evidence on record to show that investigations were carried out to ascertain the circumstances under which the area of 32 hectares originally handed over to the Kerala State Industrial Development Corporation Limited in December 1983 were reduced to 16.6081 hectares within a period of 10 years. The information regarding action taken by the department to investigate the shortage of area leased out and to make good the loss to Government by invoking the penal provisions in the agreement was called for from the department in December 1994, their reply has not been received (October 1995).

(v) Loss of revenue/short levy due to non-extension of lease deed

The Government accorded sanction in August 1965 for leasing out 640 acres (254.739 hectares) of forest land in Ranni Division to Rubber Board, Kottayam for the establishment of a central farm. The area was handed over to the Rubber Board between 1966 and 1973. Lease deed was executed with the Board on 20 March 1967. According to the conditions of the agreement the period of lease was for one year at a time subject to annual renewal as long as the Rubber Board considered they are necessary for the central farm. The Rubber Board was to pay a lease rent of Rs.10 per acre per year. However, no provision for revision of lease rent was incorporated in the lease deed. The period of lease was neither extended nor the lease rent revised after the expiry of the initial term of one year despite the fact that the Board continued the possession of the land by paying lease rent at the rate of Rs.10 acre per annum. The department did not demand lease rent at the rates revised from time to time even though the revised rates were applicable to all Public Sector Undertakings/Autonomous bodies. Government in December 1989 clarified that the enhanced rate of lease rent of Rs.1,300 per hectare per annum was applicable to Rubber Board also with effect from 18 December 1987.

Based on the request of the Rubber Board, Government subsequently fixed (July 1990) lease rent at the rate of Rs. 100 per hectare per annum for the Rubber Board from 23 July 1990 to 31 July 1995 and ordered that the Chief Conservator of Forests would take necessary action in advance for the next revision of lease rent from 1 August 1995 and for incorporating necessary provision in the new agreement with the Rubber Board for revision of lease rent every five years.

Since Government reduced the rate of lease rent from Rs. 1,300 to Rs. 100 only from 23 July 1990, the Rubber Board was liable to pay lease rent at the rate of Rs.1,300 for the period from 18 December 1987 to 22 July 1990. The department had not demanded lease rent for the above period at the enhanced rate. The short levy of lease rent for the above period was Rs. 8.39 lakhs.

(vi) Non-compliance with condition for exemption from payment of lease rent

An area of 2,467.046 hectares of forest land spread over 3 Divisions (Konni, Punalur and Ranni) was leased out to the State Farming Corporation of Kerala Limited during 1971 to 1977, on the basis of an order issued by Government in August 1972 for cultivation of rubber and other crops. Necessary agreements were executed in March 1984. Besides, an area of 1,464.579 hectares in Thenmala Division and 62 hectares in Punalur Division were also leased out to the Corporation from 1971 to 1981, but was subsequently resumed back between November 1981 and January 1982.

The period of lease was for 30 years from the date of possession, renewable thereafter for another 20 years. As per the conditions in the lease deed, the lessee was to pay an yearly rent of Rs.125 per hectare for the period up to 1991-92 and the lessor would have the right and authority to revise and refix the rent thereafter. The Corporation did not pay any lease rent up to 1989-90 as the collection of lease rent was deferred by Government in March 1984 till the repayment of the loan availed of by the Corporation from NABARD subject to the condition that if during any particular period the Corporation had surplus fund after paying the dues of NABARD, such surplus amount should be utilised for payment of lease rent. It was found that the Corporation earned profit from, 1988-89 onwards and the NABARD loan would be fully repaid by 1994-95. But the lease rent for the period 1990-91 and 1991-92 alone was paid at the agreement rate of Rs.125 per hectare per annum and no rent was paid for the period prior to 1990-91 and after 1991-92. Further the Corporation was unwilling to pay lease rent at the enhanced rate of Rs.1,300 per hectare per annum from 1992-93 onwards and the matter was pending with Government. As per the records of the Chief Conservator of Forests, the total lease rent together with penal interest due from the Corporation up to 31 March 1994 amounted to Rs.99.34 lakhs.

(vii) Non-Demand of Penal Interest

As per the conditions of lease deed, the lease rent shall be paid before the end of March every year. If the lessee fails to remit the lease rent before the end of March every year, extension of time up to 30 days will be granted by the Divisional Forest Officer, up to 6 months by the Conservator of Forests and beyond that by the Government. For extension of such period, the lessee shall pay a penal interest of 12 per cent per annum. If the annual rent is not paid even within the above period of extension, the lease is liable to be cancelled.

During test check of records of the Territorial Forest Division and Special Forest Division, Palakkad, it was noticed in audit (July 1994) that 320.34 hectares of forest land was leased out to Malabar Cements Limited on lease rent of Rs. 250 per

hectare per annum for a period of 50 years with effect from June 1980. But, the company has not paid lease rent for the period from 1989-90 to 1992-93. The non-payment of lease rent works out to Rs.11.23 lakhs. The department has also not worked out the penal interest for non-payment of lease rent. Interest on lease rent not paid works out to Rs.3.57 lakhs. This has resulted in non-realization of lease rent of Rs.11.23 lakhs and interest of Rs.3.57 lakhs.

Conversion of arrears of lease rent into share capital

On the basis of the decision taken during the discussions held on 4 June 1992 and 11 August 1992 with the representatives of four Public Sector Undertakings (M/s Plantation Corporation of Kerala Limited, Rehabilitation Plantations Limited, Oil Palm India Limited and State Farming Corporation of Kerala Limited) on the question of clearing outstanding lease rent, Government issued orders in March 1993, *inter alia*, requesting the undertakings (i) to clear the arrears up to 1987 at the rates approved for the period and (ii) to move Government in the concerned administrative departments for conversion of dues from 1987 to 31 March 1992 as the stipulated rate of Rs.1,300 per hectare per annum as share capital. It was also decided that lease rent for the period from 1 April 1992 to 31 March 1993 would be paid at the rate of Rs.1,300 per hectare per annum.

It was, however, noticed in audit that all the four Public Sector Undertakings had neither cleared the arrears of lease rent due up to 1987 nor obtained Government orders converting the arrears from 1987 to 31 March 1992 as share capital. Further, the lease rent due from 1 April 1992 was also not being paid by them as ordered by the Government. No supplementary agreement incorporating the conditions in the Government order issued in March 1993 was executed by them so far (October 1995).

Maintenance of records

As per para 8.2.4 of Kerala Forest Code, Vol. II a register in Form No. 16— 'Register of Leases granted in reserved and unreserved forests' shall be maintained in the Divisional Forest Offices, Range Offices and Depot Offices (if necessary) to record the details of areas leased out, period of lease, rate of lease rent, lease rent demanded, collected etc. Details regarding uncollected balances are exhibited in Form No.9— 'Outstandings on account of revenue'. The Divisional Forest Officer is required to review the above statements personally every month and take such steps including recovery under the Revenue Recovery Act, as are necessary to realise the outstanding revenue. Further he should furnish every month a review of the outstandings together with a demand, collection and balance of amounts advised for revenue recovery to the Conservators. The Conservators shall consolidate the demand, collection and balance and furnish to the Chief Conservator of Forests the consolidated demand, collection and balance and their review report.

The latter shall again consolidate the above statements and furnish his review of outstanding along with the demand, collection and balance statement to Government in administrative department, Finance Department and Board of Revenue by 20th of the succeeding month.

In Mankulam Division no register of lease granted in Form No.16 was maintained even though forest land of 265.5 hectares was leased out to Kerala Forest Development Corporation Limited from 1980 onwards. In six other divisions (Kottayam, Mannarkad, Palakkad, Thiruvananthapuram, Thrissur and Vazhachal), though the register of leases was maintained, the postings were not up to date, as details of demand, collection and balance were not posted. In Thiruvananthapuram, though an area of 2606.386 hectares of forest land was leased out to Kerala Forest Development Corporation Limited no entry for the transfer of forest area was made in the register. No entries regarding lease of 220.15 hectares to the Kerala State Electricity Board for Peringalkuthu and 29.54 hectares to Sholayar Hydro Electric Projects were made in the lease register maintained in Vazhachal division.

In three divisions (Kottayam, Malayattoor and Vazhachal), the arrears on account of lease rent were not included in their arrear statement submitted to the Conservator of Forests/Chief Conservator of Forests.

The above observations were communicated to the Principal Chief Conservator of Forests and Government in December 1994; their replies have not been received so far (October 1995).

[Paragraph 9.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995, No.1 (RR)]

Note submitted by Government on the above audit paragraph is included in Appendix II.

3. The Committee discussed in detail the particulars of the arrears due to the Department of Forest from the Public Sector Undertakings/Autonomous bodies on account of the area of Forest land leased out to them. The witness, CCF (Development) submitted that Rs.50 crore was still due, on account of the lease rent of 45,907 hectares of forest land leased out mainly to the following Public Sector Undertakings/Autonomous bodies :

1. The Kerala Forest Development Corporation Ltd.
2. Oil Palm India Ltd.
3. State Farming Corporation of Kerala Ltd.
4. Plantation Corporation of Kerala Ltd.
5. Rehabilitation Plantation Ltd.
6. Kerala State Electricity Board.

4. The arrears on the part of Plantation Corporation was kept pending since Government had issued a moratorium to the Corporation by which they could pay the dues only after settling a loan availed by them. KSEB had paid an amount of Rs.2 crore. K.S.E.B. was not paying the balance, since there was a dispute regarding settlement of various amounts paid to the Forest Department by them. The CCF stated that Oil Palm India Ltd. was exempted from payment of lease rent with retrospective effect since the Public Sector Undertaking was formed on a bipartite agreement with the Government of India. The Rehabilitation Plantation Ltd. was paying the lease rent promptly. Regarding the arrears on the part of KFDC they were of the stand that the arrears should be adjusted against the amount of subsidy that had to be paid to them by the Government from time to time. The witness admitted that there were some disputes with KSEB regarding the area of forest land leased out to them. To a question regarding the details of 29168 hectares of forest land leased out, CCF answered that 11684.56 hectares were given to the Plantation Corporation of Kerala Ltd., 10717.18 hectares to the KFDC, 3645.64 hectares to the Oil Palm India Ltd., 2306.512 hectares to the State Farming Corporation Ltd., 2265.22 hectares to the Rehabilitation Plantation Ltd., 13818.207 hectares to the KSEB and 7826 hectares to the other Quasi Government Agencies. He added that proper records were being maintained on the area leased out.

5. From the audit observation regarding the non-realisation of lease rent from KFDC, the Committee found that the arrears of lease rent due from KFDC could be adjusted against the amount of subsidy, which the Government had declared from time to time to KFDC.

6. The C.C.F. clarified that as per the Department no amount was due to KFDC but as per the records of KFDC there was some amount towards subsidy, which the Government had declared and this had been agreed to by Finance Department. He added that if Government permitted, the amount could be adjusted against the lease rent and the willingness of the Forest Department had been communicated to Government.

7. The witness, MD, KFDC stated that Government issued an order in 2001 regarding the agreement between KFDC & Forest Department and that the lease rent of the forest land fixed thereon. He added that, under Government Orders, KFDC was supplying raw materials to industrial concerns at reduced rate much below the statutory prices. Hence KFDC had the legal right to claim the difference as subsidy. He stated that if the account was settled, KFDC would get Rs.3 lakhs from the Department.

8. Enquired whether lease agreement with KSEB had been executed, the witness stated that at certain places where water spread area was involved, due to the inability to arrive at the extend, agreement had not been executed. For all the

balance area agreement had been executed. He assured that all possible steps would be taken to assess the water spread area also and execute the lease agreement at the earliest. He further stated that KSEB had remitted Rs.2 crores towards lease rent and correspondence was underway for realising the balance amount.

9. The Committee asked whether the remittance of arrears on lease rent was delayed due to the non-execution of lease deed for a part of the leased out land. The CCF (Development) stated that the Rubber Board was remitting the lease rent promptly.

10. The Committee held a discussion on the audit observation regarding the forest land at Kallar in Palode Range covering an area of 32 hectares which was leased out to KSIDC which in turn was given on sublease to a joint sector company for a period of 10 years from 5th December 1983 for extracting mineral water.

11. The Chief Conservator of Forests (Development) stated that the sublessee was Hyadcom India Ltd. and they took the land on sublease for drilling & drawing mineral water. Even though 32 hectares of land was given to them on sublease only half of the area was utilised by the sublessee and the remaining area was not harnessed and they tapped only the water in the area. He maintained that the sublease was given in accordance with the Forest Conservation Act of India also.

12. It was pointed out that the lease rent was to be paid before the end of March every year and if the annual rent was not paid within the extended period the lease was liable to be cancelled.

13. The witness, CCF (Development) clarified that all the dues from Malabar Cements had completely been cleared.

14. The Committee discussed about the Government orders regarding clearance of arrears upto 1987 and the conversion of arrears of lease rent payable by Public Sector Undertakings as share capital. The witness, CCF (Development) maintained that such an issue was not under consideration of the Forest Department and that the Department could not compromise on the realisation of the dues from the Public Sector Undertakings.

15. The witness, CCF (Development) stated that Lease Rent Register were maintained at all Divisional Forest Offices and the accounts till 31-3-2005 had been consolidated and sent to the Accountant General. He added that an internal audit wing had been constituted comprising the officials of Forest Department for scrutinising all the accounts.

Conclusions/Recommendations

16. **The Committee requires the department to inform whether the amount due from KFDC has been settled.**

17. **The Committee enquires whether the lease agreement with KSEB has been fully executed and also whether the collection of balance amount due to the department has been realised.**

18. **The Committee asks the department to inform the latest position regarding the remittance of lease rent due from Plantation Corporation of Kerala Limited.**

19. **The Committee points out that though the court has directed the Public Sector Undertakings to convert arrears of lease rent to share capital, the department maintains the stand that such a move was not considered. The Committee requires the department to give a definite reply on the present position of the issue.**

AUDIT PARAGRAPH

Receipts of Police Department

Introductory

The Police Department provides police forces to institutions of Central/other State Governments, Quasi-Government Institutions and to private parties on requisition. The cost of the police personnel deployed is recoverable in advance from the beneficiaries as per the procedure laid down by Government from time to time and also instructions issued by the Inspector General/Director General of Police from time to time.

A review on the recovery of cost during 1992-93 to 1996-97 conducted between August 1997 and January 1998 revealed the following.

Trend of Revenue

The amount received towards cost of deployment of the police personnel constitutes the main receipt of the department. When the deployment is made on regular and long term basis from the existing strength and by creating additional posts, the cost to be recovered is based on the average cost as calculated under Rule 156 of the Kerala Service Rules, Part I plus the compensatory allowances admissible thereon. However, when the deployment is for a short duration, cost to be recovered is at the rates prescribed by Government for every four hours of duty.

Details of receipts on account of deployment of police personnel to other Governments/other parties during the 5 years from 1992-93 to 1996-97 were as detailed below :

<i>Year</i>	<i>Amount (In lakh of rupees)</i>
1992-93	61.34
1993-94	87.30
1994-95	117.51
1995-96	229.49
1996-97	284.90

Incorrect Preparation of arrear statement

As per the details furnished by the Director General of Police, the arrears pending collection as at the end of March 1997 amounted to Rs. 1391.66 lakh. However, the details furnished by the Director General of Police and the Superintendent of Police, Palakkad and Railways, Thiruvananthapuram revealed that the dues from nine major defaulters as on 31 March 1997 alone would work out to Rs. 1951 lakh as detailed below :

<i>Name of the defaulter</i>	<i>Period from which due</i>	<i>Amount (In lakh of rupees)</i>
Kerala State Electricity Board	March 1985 to March 1997	763
Cochin Port Trust	April 1989 to March 1996	59
Airport Authority	January 1979 to December 1996	560
Southern Railways	1984-85 to 1995-96	498
M/s Grassim Industries	July 1985 to 10th November 1988	11
SC/ST Development Department	1981-82 to 1995-96	21
Peruvasipallam Dam	1992 to 1996	13
Parambikulam Dam	do.	13
Thunakkadavu Dam	do.	13
Total		1951

Scrutiny in audit revealed that amount due from Southern Railway for 1993-94 as per the records of Superintendent of Police, Railways worked out to Rs. 103.78 lakh whereas in the arrear statement furnished by Director General of Police it was shown as Rs. 26.74 lakh. Though demand of Rs. 129.95 lakh raised against Southern Railway during 1996-97 remained uncollected, Rs. 30.60 lakh alone was shown in the arrear statement as due from all the defaulters for 1996-97.

The dues from Cochin Port Trust, Southern Railway, Scheduled Castes/ Scheduled Tribes Development Department, and Government of Tamil Nadu for protection to Peruvaspallam, Parambikulam and Thunakkadavu Dams, for the year 1996-97 and for Airport Authority for the months of January to March 1997 were also not included in the statement.

Share of expenditure on Railway Police

Fifty percent of State's expenditure on Railway Police is to be realised from the Railway authorities. Out of Rs. 1103.81 lakh demanded from the Southern Railway between 1984-85 and 1996-97 towards share of expenditure only Rs. 582.57 lakh was remitted by them, Rs. 37.56 lakh was adjusted towards rent, electricity, water charges, etc., on the quarters occupied by the police personnel and Rs. 168.20 lakh towards level crossing maintenance charges, election duty, etc. But the Superintendent of Police, Railways, Thiruvananthapuram had not taken any action to realise the amount of Rs. 37.56 lakh from the police personnel concerned. Grounds for disallowing Rs. 315.48 lakh was neither disclosed by the Railways nor ascertained by the Superintendent of Police, Railways.

Short demand of cost

(i) When the deployment of police personnel was made out of the existing staff strength and for a limited duration, the cost was to be recovered at the rates fixed by Government from time to time for every four hour duty. If the deployment was for a longer period, 1 ¼ of the average cost and the compensatory allowances admissible on average cost were leviable. The average cost represents the average pay of employees in a post in the department determined under Rule 12(35) of the Kerala Service Rules, Part I. If creation of additional post is involved, the recovery is to be based on sanctioned strength. Government in January 1958 ordered realisation of actual expenditure, incurred by the department for the deployment of police personnel, on account of travelling allowance, hire charge of vehicles, other contingencies, etc., from the institutions concerned.

Test check of bills of cost in 124 cases in 8 offices* revealed short demand amounting Rs. 25.18 lakh in 50 cases due to reasons specified below:

<i>Reason</i>	<i>Number of Institutions</i>	<i>Amount (In lakh of rupees)</i>
Adoption of actual strength of deployment instead of sanctioned strength	2	15.76
Non-adoption of revised rate of average cost from February 1994 to December 1994	1	0.25
Non-reckoning of enhanced dearness allowance	11	1.90
Non-reckoning of interim-relief sanctioned from December 1995 and February 1997	32	5.65
Computation of fees on hourly basis instead of at the rate for a span of 4 hours or less	1	0.81
Non-demand of expenditure on T. A., hire charges of vehicles and other contingencies	3	0.81
Total	50	25.18

Non-realisation of the cost of Police provided on court orders

Police protection was given to individuals/private sector organisations etc., based on court orders. Directions regarding period of protection and mode of collection of cost were not generally specified in such orders.

In 7 offices† out of 21 cases reviewed, in 17 cases relating to the period from August 1993 to April 1997 the High Court orders were silent about the recovery of cost and the period of protection to be given. Even though the bills of cost were raised by the department, the parties in 15 cases refused to clear the dues amounting to Rs. 10.40 lakh on the plea that nothing was mentioned to this effect in the court orders. However, the department did not even approach the courts for getting necessary orders for collection of the cost of Police.

* Superintendents of Police, Ernakulam (Rural), Kollam, Kottayam, Palakkad and Thiruvananthapuram (Rural) and City Police Commissioners Kochi, Kozhikode and Thiruvananthapuram.

† Director General of Police, Superintendents of Police, Ernakulam (Rural), Kottayam, Kozhikode (Rural) and Thiruvananthapuram (Rural) and City Police Commissioners, Kochi and Thiruvananthapuram.

Non-maintenance of records

The deployment of police on request of private parties is required to be sanctioned under orders of the Deputy Inspector General of Police. The police cost is required to be recovered in advance for events like cinemas, dance shows, cricket and athletic matches, races, exhibitions etc., which are classed as public functions but are having profit motives.

During 1996-97, the following major events took place in Ernakulam District for which police force was deployed on request of the organisations.

<i>Sl. No.</i>	<i>Name of the event and organisers</i>	<i>Date</i>	<i>Cost recovered (In lakh of rupees)</i>
1	Cricket Match (organised by Kerala Cricket Association)	8-9-1996 to 11-9-1996	0.75
2	Magna Sounds India Ltd. Music Concert	16-11-1996	0.84
3	Malayalam Cine-Technicians' Association (MACTA) Music Concert	26-11-1996	0.68
4	Femina Miss India Contest (Times of India)	7-1-1997	0.12

The cost of police deployed was recovered in lumpsum and details as to how the amount was arrived at were not available.

It was also noticed that the details of police personnel deployed were not available. Hence the correctness of the cost recovered from the organisers of these events could not be ascertained.

On these being pointed out (September 1997) the Commissioner of Police (Kochi City) stated (September 1997) that no files on the subjects were maintained.

Non-revision of rates

The rate of cost for the deployment of police personnel fixed for every four hours of duty was revised last in September 1988. Emoluments payable to police personnel have grown considerably due to pay revisions and sanction of additional instalments of dearness allowance. But the rates have not been revised correspondingly.

Absence of provision for charging interest and penal interest for belated payment

Considerable delay was noticed in the remittance of the dues to the Police Department by the beneficiary agencies in many cases. But provision for charging interest and penal interest for belated payment of the dues, does not exist in the Rules/Manual of the Police Department.

The above points were brought to the notice of the department and reported to Government in November 1997, their replies have not been received (October 1998).

[Paragraph 9.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998, No. 1 (RR)]

Note furnished by Government on the above audit paragraph is included in Appendix II.

20. The committee, held a discussion regarding the arrears pending collection as at the end of March 1997 on the receipts of Police Department towards cost of deployment of police personnel to various institutions. Asked to reply on the arrear collection amounting to Rs. 1391.66 lakh as at the end of March 1997, Principal Secretary (Home) stated that the arrear statement was incorrect. He detailed that the arrear had been accounted mainly upon, Public Sector Undertakings like K. S. E. B., Cochin Port Trust, Air Port Authority, Southern Railway, SC/ST Development Department, Peruvasispallam, Parambikulam etc. The arrear due from the Southern Railway came to about Rs. 103.78 lakhs but as per the calculation of the Police Department it was only 26.74 lakh. Such discrepancies were noticed in the case of Cochin Port Trust and Airport Authority. Hence the actual amount due had to be recalculated again and steps had to be taken to clear the dues.

21. When asked about huge difference of Rs. 600 lakh between the amount of arrears as calculated by Accountant General and the Department, the witness, ADGP, stated that there would be slight difference in receipts as calculated by the Department and the Audit. He further stated that the Government issued an order in the year 2000 for adjusting the amount of Rs. 325 lakh due from KSEB. It was also clarified that the amount due from Cochin Port Trust till the year 1994 had been settled. Rs. 334 lakh, out of the total arrears of Rs. 560 lakh, due from Airport Authority had been settled in 4 instalments of Rs. 51 lakh in 1998, Rs. 175 lakh in 1999, Rs. 96 lakh in 2000 & Rs. 12 lakh in 2003. He further stated that the arrears from the Airport Authority was related to the period when the air service at Cochin was operated from the naval airport. After the establishment of CIAL payment had been prompt.

22. Regarding the amount due from Southern Railway, Secretary, Home Department deposed that the amount received from Southern Railway so far was Rs. 542 lakh. To a question concerning the dues from M/s. Grassim Industries the witness, ADGP, answered that OP was still pending with the HC.

23. He stated that the dues from Railways was Rs. 24.43 crores during the period beginning from 1984-85 to 2003 of which Rs. 10.55 crore had been received and that action was underway, for collecting the balance amount or Rs. 13.88 crores.

24. It was observed that the electricity bill & rent of the quarters occupied by the police personnel were being directly remitted from their salaries and that amount would be adjusted in the dues from the Railways at the time of raising the bill of cost. The amount adjusted in this regard was Rs. 37.56 lakh. The witness, ADGP, maintained that constables were being provided with free accommodation. Only for the reason that they were deployed for the Railway Service, they could not be deprived of this facility and hence the department had to meet the cost.

25. Regarding the share of expenditure on Railway Police, the Audit observed that during the period. 1984-85 the receipts from the Railway amounted to Rs. 582.57 lakh. The Railway adjusted Rs. 37.56 lakh towards rent, electricity etc. and Rs. 168.20 lakh had been adjusted towards level cross maintenance. Regarding the balance amount of Rs. 315.48 lakh, the witness, ADGP stated that the matter was under correspondence, with the Railway Authorities. The Secretary, Home Department stated that the Railways neither disclosed the ground for disallowing the balance amount nor the S. P. of police had ascertained the matter from the Railways.

26. The Committee discussed the short demand of cost amounting to Rs. 25.18 lakh in 50 cases, which were revealed on the test check of bills of cost in 8 offices. ADGP Head Quarters pointed out that the main reason for the short demand of cost was the variations in the DA arrears sanctioned from time to time.

27. The Committee wanted to know whether such short realisation was noticed in subsequent years. The witness admitted that there had been short realisation in demand but much more detailed and close scrutiny was being done after the audit by Accountant General.

28. The Committee wanted to know system followed in raising bill of cost for police protection. The witness stated that the bill of cost would be prepared by the institutions to whom police force was hired out and would be forwarded to the Head Quarters for scrutiny. The Head Quarters would scrutinize it and return to the institutions. To a question regarding whether there was any super check in the preparation of bill of cost, Secretary (Home) stated that if any variation was found in the super check at Head Quarters level it would be adjusted by raising additional bill of cost by taking into account the DA arrear subsequently announced.

29. When asked whether the rates had been revised since 1998, ADGP, HQ answered that the rate was modified twice i.e., as per G. O. 15/74 on 13-7-1999 and as per G.O.58/04 on 17-2-2004. He added that the criterion adopted in calculating the rate was based on the rank of the incumbent. To a question regarding realisation of the cost of police deployed for protection of private parties, ADGP, HQ clarified that as per the judgement of the Supreme Court, constitutionally it was duty of the state to provide protection to the life and property of the citizens and hence no charges should be realised for such protection unless otherwise specifically ordered by the Court.

30. The Committee expressed its concern over the non-maintenance of records with regard to the details of police personnel deployed for the functions organized by private parties. ADGP, Head Quarters informed that all the records were being maintained upto-date and that audits were being conducted on a regular basis.

31. It was pointed out that even if the cost of police deployed for certain functions was recovered, it was in lumpsum and not in proportion with the actual number of police personnel deployed and hence the correctness of the cost recovered from the organisers of those events could not be ascertained. ADGP, Head Quarters stated that due attention would be paid in the matter hereafter.

32. When pointed out that the rate of cost of police personnel deployed was revised last in September 1988 and that the rates had not been revised in correspondence with the pay revisions and sanction of additional instalments of DA, the witness, ADGP, Head Quarters submitted that the rates had been revised in 2004.

33. The Committee discussed the prospects of incorporating a provision in the Rules/Manual of the Police Department for charging interest and penal interest for belated payment of cost of police personnel provided to other institutions; ADGP, Head Quarters submitted that there were no provisions in the rules in this regard.

34. The Committee opined that it would be appropriate to introduce such a provision in the light of arrears pending collection.

Conclusions/Recommendations

35. Taking exception to the stand that the difference in amount of arrears pending collection is negligible, the Committee points out that the department has to account for the difference in the amount calculated by Audit and that furnished by the department. The Committee desires to know whether the actual amount to be collected by the department has been recalculated. The Committee requires the department to furnish a statement regarding the latest details of arrears to be collected from various institutions towards the cost of deployment of police personnel.

36. **The Committee understands that share of expenditure incurred on Railway Police during the period between 1984-85 and 1991-97 has not been fully realised/adjusted even after 8 years. Expressing dissatisfaction over the casual attitude shown towards the settling of the amount, the Committee requires the department to take immediate steps to settle the issue.**

37. **The Committee notes that as there is no provision for charging interest and penal interest for delay in remittance of dues by beneficiary institutions the police department is bearing unnecessary financial loss. The Committee, therefore, recommends introduction of necessary provisions in the Rule/Manual of the police department for levying interest and penal interest on belated payment of dues to the department.**

AUDIT PARAGRAPH

Non-remittance of amount due from the Kerala Books and Publications Society

The Kerala Books and Publications Society, Kochi, is a Kerala Government undertaking registered (1976) under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 to undertake printing of textbooks for schools and colleges.

Mention was made in paragraph 7.2 of the Report of the Comptroller and Auditor General of India for the year 1985-86 (Revenue Receipts) about failure of the Society to credit to Government dues amounting to Rs. 1.15 crore. A further audit (June 1995) of the records of the Society revealed the following.

(i) The paper for printing textbooks is supplied to the Society by the Government. The printing charges are paid by the Government. The waste paper accumulated in the course of printing being the property of the Government, the Society was directed (April 1983) by the Government to credit the sale proceeds of such waste paper to Government. However, the Society had not credited any amount of this account to Government. After adjusting Rs. 4.04 lakh towards cost of construction of waste paper store and a roofed passage for which sanctions were accorded (February 1990 and October 1995) by Government, sale proceeds of waste paper from 1985-86 to 1996-97 not credited to Government account would work out to Rs. 3.72 crore.

(ii) The fixed assets of the Society, which has no land or building of its own were installed in lands and buildings leased out by Government on lease rent of 7 per cent per annum of the cost of land which has been fixed at Rs. 1 crore with effect from the commencement of the Society in August 1978. The Society has not yet paid any amount on this account also. The lease rent due but not paid for the period 1985-86 to 1996-97 works out to Rs. 76.05 lakh.

On this being pointed out (June 1995) in audit, Government stated (October 1997) that they were proposing to treat the sale proceeds of waste paper as income of the Society and the feasibility to convert the accumulated lease rent as capital grant to the Society by changing the very structure of the Society. Further developments have not been reported (October 1998).

[Paragraph 9.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998, No.1 (RR)]

Note submitted by Government on the above audit paragraph is included in Appendix II.

38. Regarding the non-remittance of amount by KBPS, the M. D., KBPS clarified that the amount under question was the cost of cutting wastage of paper. According to him the cutting wastage was the right of the Printer and hence the KBPS was not liable to pay the sale proceeds of the wastage to the Government. He added that an appeal against the recovery of the amount was pending with the Government and no decision had been taken by Government on the appeal so far. He further stated that around 1.5 crore text books were being printed by the KBPS annually and that the Press was operating with outmoded machinery dating back to 28 years. It was high time that the press be modernised. In his opinion Government should write off old arrears on account of cutting wastage and should fund the modernisation of the press. The Committee wanted to know about the decision taken on the proposal to convert KBPS into a government department. The Deputy Secretary, Higher Education Department stated that the proposal was dropped subsequently.

39. The Committee pointed out that since text books were being printed at KBPS and they were undertaking the work fully and in time and further printing works were also going to be entrusted to them, the dispute over the sale proceeds of cutting wastage should be settled through discussion. Prolonging the issue would only result in wasting the time of the Accountant General and the Committee.

Conclusions/Recommendations

40. **The Committee opines that as the Government is still entrusting the KBPS with the work of printing of text books, the issue of sale proceeds of wastage may go on indefinitely unless an appropriate action is taken to address it. Prolonging the issue is not in the interest of the Government or of the society. The Committee therefore suggests that action be taken for an earlier settlement of the issue through bilateral discussions.**

41. **The Committee requires the department to inform whether any decision has been taken on the appeal against the recovery of the amount of sale proceeds of waste paper. The Committee also requires the department to inform the reason for dropping the proposal for converting KBPS into the Government Department.**

AUDIT PARAGRAPH

Non-realisation of re-auction loss

As per Kerala Forest Code VolII, sale of timber and forest produce at depots shall be effected only after proper notification and publicity. According to terms and conditions notified for auction sale of timber, firewood etc., by Forest Department, the successful bidder in auction should remit the entire bid amount. And remove the items within the specified time. In the event of breach of any of the conditions by the successful bidder, the produce shall be re-auctioned and the bidder shall make good to Government any loss due to re-auction and the expenditure incurred for such re-auction.

In Wild Life Division, Sulthanbathery, in 19 cases successful bidders in timber auctions (March and July 2000) who got auction confirmed in their names after remitting the part value, did not remit the balance sale value. Loss of Rs. 10.69 lakh sustained by Government in re-auction of the un-removed timber conducted in November 2000 was not demanded from original bidders. This resulted in non-realisation of Rs. 10.69 lakh.

On this being pointed out (March 2001) in audit, the department stated (March 2001) that final action taken would be intimated in due course. Further report has not been received (November 2002).

The case was reported to Government in May 2002; their reply has not been received (November 2002).

[Paragraph 8.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (RR)]

Note submitted by Government on the above audit paragraph is included in Appendix II.

42. The Chief Conservator of Forest (Development) stated that if the successful bidder in auction sale of timber/firewood etc. failed to remit the entire bid amount and failed to remove the items within the specified time, the produce should be re-auctioned at the risk and cost of the original bidder. He added that usually in reaction the amount fetched would be lesser than that in the first auction. This short fall in the amount was to be levied upon the original bidder. He stated that in the 19 such cases in Wild Life Division, Sulthanbathery, the original bidders belonged to Karnataka and that action was underway for realising the amount by revenue recovery through Deputy Commissioner, Mysore District. It had been informed that the matter was being processed as per the Karnataka Act.

Conclusion/Recommendation**43. The Committee requires the department to inform about the latest position of the cases**

AUDIT PARAGRAPH

Short collection of composite tax

Under the Kerala Motor Vehicles Taxation (KMVT) Act, 1976, on goods carriage vehicles registered and usually kept in any other State or Union Territory in India and authorised to ply in the State of Kerala under a National Permit, composite tax at Rs. 3,000 per annum or at the rate at which similar vehicle from Kerala is taxed in their home State, which ever is higher, shall be payable.

The rate of composite tax per vehicle was Rs. 5,000 for goods carriages registered in the States of Haryana, Maharashtra and Rajasthan and Union Territory of Delhi. Test check of the records of the Transport Commissioner's Office, Thiruvananthapuram revealed that 196 such vehicles registered in these states were authorised to ply in Kerala under National Permit during the year 2000-01 on payment of composite tax of Rs. 3,000 per annum instead of at Rs. 5,000. The tax was remitted half yearly in some cases instead of yearly. No action was taken by the Department to demand and collect differential tax at appropriate higher rate through the concerned State/Regional Transport Authorities. This resulted in short levy composite tax of Rs. 3.53 lakh.

Composite tax on multi-axled vehicle shall be 25 per cent less than the rate applicable to two axled vehicle. But this concession is not allowed in respect of such vehicles of those State which do not allow concession on multi-axled vehicles of other States or Union Territories.

In the Office of the Transport Commissioner, Thiruvananthapuram it was also observed in March 2002 that during the year 2000-2001 composite tax at 75 per cent the normal rate was remitted on 236 multi-axled National Permit vehicles of State of Haryana and Rajasthan which do not allow similar concession on multi-axled vehicles of other States or Union Territories. No action was taken by the Department to demand and collect the differential tax through the concerned State/Regional Transport Authorities. This resulted in short realisation of composite tax of Rs. 2.24 lakh.

The cases were pointed out to the department in March 2002 and reported to Government in January 2003 and May 2003; their replies have not been received (October 2003).

Registration of vehicles without collection of entry tax

The Kerala Tax on Entry of Goods into Local Areas Act, 1994, provided for the levy of a tax on entry into any local area of the State, for use or sale therein of any motor vehicle which is liable for registration in State under the Motor Vehicle Act, 1988. Vehicles registered in other States 15 months prior to the registration in Kerala, vehicles of Central Government, vehicles used exclusively for defence purposes and vehicles gifted to Departments of Government of Kerala are exempted from the tax. The registration authority shall not register such vehicles, unless proof of payment of tax is produced.

In 4 Registering Offices*, 5 vehicles which did not fulfill the above conditions for exemption were granted between April and December 2001 registration without payment of entry tax. This resulted in non-levy of entry tax of Rs. 3.10 lakh.

This was pointed out to the Department between May and July 2002; their reply has not been received (October 2003).

The case was reported to Government in December 2002; their reply has not been received (October 2003).

Non/Short levy of additional tax

Under the KMVT Act, 1976, failure to pay tax within the prescribed period attracts additional tax ranging from 10 to 50 per cent of the tax due depending upon the period of delay. From May 1998 onwards the counter clerk was entrusted with the work to assess additional tax accept vehicles tax, make entry in registration certificate and issue tax licence, without any counter check by Taxation Officer.

In four Regional Transport Offices†, on 48 vehicles, no additional tax for delay in payment of tax was levied and on 501 vehicles it was levied at an incorrect rate during the year 2001-02. The resulted in non/short levy of additional tax of Rs. 2.76 lakh.

The case were pointed out to the Department between April and November 2002; final reply has not been received (October 2003).

This was reported to Government in January and May 2003; their reply has not been received (October 2003).

* Regional Transport Offices : Ernakulam, Pathanamthitta and Thiruvananthapuram and Sub Regional Transport Office Perumbavoor.

† Regional Transport Offices : Idukki, Kannur, Kottayam and Malappuram.

Incorrect classification of private service vehicle

Under the Motor Vehicles Act, 1988 omni bus is defined as a motor vehicle constructed or adapted to carry more than six persons excluding the driver. Under the Act, omni-buses used for private use are 'non-transport vehicles' and those used for carrying persons for or in connection with trade or business, are 'transport vehicles' which require permit and certificate of fitness.

In 6 transport offices* 55 omni-buses with passenger capacity upto 12, owned by companies and other institutions were classified as omni-buses for private use (non-transport) vehicles instead of as private service vehicles (transport). This resulted in short levy of tax and non-levy of fee for permit and certificate of fitness amounting to Rs. 2.59 lakh during 2001-02.

This was pointed out to the Department between April and November 2002 and reported to Government in January 2003. The Department stated between January and March 2003 that Rs. 0.27 lakh had been realised in four cases of Thodupuzha and Wayanad. Further reply has not been received (October 2003).

Short levy of Vehicle tax

Under the KMVT Act, 1976, on contract carriages of passenger capacity of 13 and above and operating inter-state, tax at the rate of Rs. 1,400 per quarter for every passenger is payable from 1 April 1997 onwards.

In Regional Transport Office, Thiruvananthapuram, on two contract carriages each with passenger capacity of 35 and operating inter-state, tax per passenger per quarter was levied at the rate of Rs. 680 instead of at Rs. 1,400 for the period from April 2000 to June 2001. This resulted in short levy of vehicle tax of Rs. 2.23 lakh.

On this being pointed out, the Department stated in May 2003 that it had raised demand of tax aggregating Rs. 8.89 lakh realisable on one vehicle from April 1997 to June 2001 and on the other from October 1997 to June 2001. Further reply has not been received (October 2003).

The case was reported to Government in December 2002; their reply has not been received (October 2003).

[Paragraph 5.5 to 5.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (RR)]

Notes furnished by Government on the above paragraphs are included in Appendix II.

* Regional Transport Offices— Idukki, Kannur and Wayanad. Sub Regional Transport Offices Koduvally, Thodupuzha and Vandiperiyar.

44. The Committee held a detailed discussion on the step to be taken for improving the collection of composite tax.

45. Senior DTC and Secretary STA explained the rate of tax levied on goods carriage vehicles holding a national permit. He clarified that under the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 such vehicles which were authorised to ply in the State of Kerala were taxed at Rs. 3000 or at the rate at which similar vehicle from Kerala was taxed in their home state, whichever was higher. He said that there were shortcomings in the taxation of vehicles holding national permit coming mainly from the states of Maharashtra, Rajasthan, Haryana and Delhi. While these states levy a tax of Rs. 5,000 on the vehicles from Kerala holding national permit and authorised to ply in those states, the vehicles from those states were paying composite tax of only Rs. 3,000/annum in Kerala. To a question of the Committee, he stated that correspondence was on with these states on a regular basis and Inter-state discussion was also in progress with Tamil Nadu and Karnataka.

46. The DTC added that when computerisation of the check posts were completed, the details of tax paid could be obtained easily and any short levy could be detected and made good. He further stated that as verification was being done manually at present it was very difficult to detect the short-realisation.

47. The Committee enquired about the system followed in levy of entry tax and the mode of its collection. The witness stated that except in certain cases, the Kerala Tax on Entry of Goods into local Areas Act, 1994 provides for the levy of a tax on entry of vehicles into any local area of the State for use or sale therein of any motor vehicle which is liable for registration in the state under the Motor Vehicles Act, 1988.

48. The Senior DTC and Secretary, STA explained that all the arrears except an amount of Rs. 5,000 had been collected. He stated that the collection of entry tax was vested with the Department of Sales Tax and that the registration of vehicles would not be done unless proof of payment of tax was produced.

49. The DTC and Secretary, STA informed the Committee that additional tax was the amount levied as fine for belated payment of tax. The additional tax was being levied at different rates viz. 10%, 25%, and 50%. The short levy of additional tax amounting to Rs. 2.76 lakh was due to the lapse on the part of the assessing officers. Half of the amount i.e., Rs. 1.33 lakh had been realised. Out of the 350 cases, only cases, relating to Idukki and Kannur were pending. An amount of Rs. 1.40 lakhs is yet to be collected and he assured that the amount would be collected without any further delay.

50. Senior DTC and Secretary, STA explained the method of classifying the vehicles as transport and non-transport vehicles. He stated that omni buses used for carrying persons for or in connection with trade or business were classified as 'transport vehicles' which require permit and certificate of fitness while those for private use were 'non-transport vehicles' which do not require permit or certificate of fitness. The non-levy of fee for permit and certificate of fitness amounting to Rs. 2.59 lakh occurred because of the wrong classification of private service vehicles (transport) as private use vehicles (non-transport). He stated that Rs. 2.55 lakh had been realised in 37 cases out of 57 such cases.

51. He submitted that such a lapse would not recur, since a direction had been issued stating that all motor vehicles having a passenger capacity of more than 6 persons excluding the driver would be categorised as transport vehicles which require permit and certificate of fitness.

52. The DTC and Secretary, STA informed the Committee that the short levy had occurred in the cases of two buses operating on contract basis. Revenue Recovery proceedings were in progress and Rs. 1 lakh had already been collected.

Conclusions/Recommendations

53. **The Committee learns that correspondence is on with other States regarding short levy of composite tax on vehicles. The Committee requires the department to inform whether there has been any progress in realising the short levy of composite tax. The Committee also desires to know whether computerisation of the offices of the Motor Vehicles Department and that of check posts has been completed.**

54. **The Committee desires to know whether action has been taken against those officers who are responsible for short levy of additional tax amounting to Rs. 2.76 lakh which was due to the short assessment of the additional tax.**

55. **The Committee requires the department to inform whether tax due on the remaining 20 cases of wrong classification of private service vehicles were levied/collected.**

AUDIT PARAGRAPH

Non-realisation of Forest Development Tax and additional price

Agreements executed between the Government of Kerala and two industrial undertakings [Hindustan Newsprint Ltd. (HNL) and Grassim Industries] provided for the supply of specified quantities of Eucalyptus, every year at the value (i.e., royalty) agreed upon from time to time and taxes thereon. Under the Kerala Forest

Produce (Fixation of Selling price) Act, 1978, any industrial establishment which purchases Eucalyptus from the Government as raw materials in pursuance of a contract, shall pay an additional price at the rate of Rs. 25 per metric tonne. Under the Kerala Forest Act, 1961, forest development tax at the rate of five per cent of the amount of consideration paid therefore is leviable on specified forest produce disposed of by the Government. Government order issued in July 1997 stated that in case the Forest Department failed to supply the agreed quantity of Eucalyptus to these industries, it may direct the Kerala Forest Development Corporation (KFDC) to supply specified quantity of Eucalyptus at the rate agreed upon.

In the Office of the Chief Conservator of Forests, Thiruvananthapuram it was noticed that KFDC supplied 58935.798 metric tonnes of Eucalyptus between 1997-98 and 2000-01 to the two industrial undertakings, at Government rates and collected from them the additional price and the tax amounting to Rs. 29.50 lakh payable to Government. No action was, however, taken by the Forest Department for the realisation of the amounts irregularly collected and retained by the KFDC.

On this being pointed out, the Department stated that they had proposed to the Government for withholding Rs. 29.50 lakh, from the subsidy due to KFDC.

The matter was reported to Government in March 2003; their reply has not been received (October 2003).

Excess payment of subsidy

Agreement executed in October 1974 between the Government of Kerala and the Hindustan Paper Corporation Ltd. (HPCL) provides for the supply of specified quantity of raw materials like Eucalyptus, bamboo and reeds every year HPCL's factory viz. Hindustan Newsprint Ltd. (HNL) at the value (i.e. royalty) agreed upon from time to time and taxes thereon. When the Government fails to supply the specified quantity of Eucalyptus to HNL, it may direct the Kerala Forest Development Corporation (KFDC) to supply specified quantity of Eucalyptus at the rate agreed upon, and shall pay by way of subsidy to KFDC the difference between the rate agreed upon with HPCL and the price fixed by KFDC on no profit no loss basis. Government raised in December 2000 the rate of royalty on Eucalyptus from Rs. 4.38 to Rs. 518 per metric tonne for the period from 1 September 1999 to 31 March 2000.

The KFDC fixed the rate of Eucalyptus at Rs. 1,120 per metric tonne for 1999-2000 and supplied 21038.72 metric tonnes to HNL as per the orders issued by Government in September and December 1999 and collected royalty at Rs. 438 per metric tonne instead of Rs. 518 per metric tonne and realised (August 2000) from

Government subsidy of Rs. 1.44 crore at the differential rate of Rs. 682 per metric tonne. On enhancement of royalty payable by HNL, the Forest Department had to realise from KFDC subsidy of Rs. 16.83 lakh paid in excess at the differential rate of Rs. 80 per metric tonne. However, no action was taken by the Department for realising the excess subsidy paid over to KFDC (August 2003).

This was pointed out the Department in August 2002 and reported to Government in February 2003. The Department stated in September 2003 that they had directed KFDC to remit the excess claim back to the Forest Department and if it was not paid, the same would be recovered from the subsidy due to it. Further report had not been received (October 2003).

Short demand of interest

Government leased out forest land to Kerala Forest Development Corporation for raising plantation and other purposes. Lease rent at the rate prescribed by Government from time to time is payable by the lessees. If lease rent for each financial year is not paid before the last day of that year, compound interest at the rate of 2.5 per cent per annum is recoverable for the period of default. Government fixed (January 2002) the rate of lease rent for lands cultivated with trees and that cultivated with cash crops at Rs. 25 and Rs. 100 per hectare per annum respectively from the date of lease till 31 March 2002 and at the rate of Rs. 50 per hectare and at Rs. 200 per hectare respectively thereafter.

In Divisional Forest Office, Achencovil, on 791.01 hectares of forest land leased out to the Corporation, lease rent for the period from 15 Septmeber 1977 to 31 March 2002 and interest due thereon was correctly worked out to Rs. 6.75 lakh by the Department. However, only Rs. 5.10 lakh was actually demanded. This resulted in short demand of interest of Rs.1.65 lakh.

The matter was pointed out, to the Department in June 2002, no reply has been received (October 2003).

The matter was reported to Government in March 2003. They stated in October 2003 that direction had been given to the Corporation to remit Rs. 1.65 lakh. Further report has not been received (October 2003).

[Paragraph 7.2 to 7.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (RR)]

Notes furnished by Government on the above audit paragraphs are included in Appendix II.

56. The Committee discussed the matter of non-realisation of Forest Development Tax and additional price irregularly collected and retained by the KFDC. The amount was collected from two industrial undertakings (Hindustan Newsprint Ltd. and Grassim Industries) for the supply of Eucalyptus.

57. The Chief Conservator of Forests (Development) stated that the KFDC was holding to the stand that this amount (Rs. 29.5 lakh) should be deducted from the subsidy payable to them and that the issue was under the consideration of the Finance Department.

58. The Committee held a discussion on the circumstances which led to the excess payment of subsidy to the KFDC. Deputy Accountant General stated that the subsidy given to the KFDC in excess had to be realised, but the Corporation was of the stand that this excess amount to be realised should be deducted from the subsidy payable to KFDC. The Committee wanted to know the opinion of the Finance Department in the matter. The Additional Secretary, Finance Department stated that the details regarding the quantity supplied by KFDC during each year had been called for from KFDC to ascertain the quantum of subsidy payable to them. The Committee stressed the need to settle the matter urgently. Discussion was also held on the short demand of interest (Rs. 1.65 lakh) on 791.01 hectares of forest land leased out to KFDC.

Conclusions/Recommendations

59. The Committee requires the department to inform whether the amount of Rs. 29.5 lakhs due to Forest Department from KFDC by way of Forest Development Tax has been deducted from the subsidy payable to KFDC.

60. The Committee understands that the issue regarding the excess payment of subsidy to KFDC has not yet been settled. The Committee requires both the Finance and Forest Departments to speed up the actions regarding the settlement of the issue.

Thiruvananthapuram,
17 March, 2008.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

APPENDIX I

Summary of Main Conclusions/Recommendations

<i>Sl.No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	16	Forest & Wild Life	The Committee requires the department to inform whether the amount due from KFDC has been settled.
2	17	„	The Committee enquires whether the lease agreement with KSEB has been fully executed and also whether the collection of balance amount due to the department has been realised.
3	18	„	The Committee asks the department to inform the latest position regarding the remittance of lease rent due from Plantation Corporation of Kerala Limited.
4	19	„	The Committee points out that though the court has directed the Public Sector Undertakings to convert arrears of lease rent to share capital, the department maintains the stand that such a move was not considered. The Committee requires the department to give a definite reply on the present position of the issue.
5	35	Home	Taking exception to the stand that the difference in amount of arrears pending collection is negligible the Committee points out that the department has to account for the difference in the amount calculated by Audit and that furnished by the department. The Committee desires to know whether the actual amount to be collected by the department has been recalculated. The

(1)	(2)	(3)	(4)
			Committee requires the Department to furnish a statement regarding the latest details of arrears to be collected from various institutions towards the cost of deployment of police personnel.
6	36	Home	The Committee understands that share of expenditure incurred on Railway Police during the period between 1984-85 and 1991-97 has not been fully realised/adjusted even after 8 years. Expressing dissatisfaction over the casual attitude shown towards the settling of the amount, the Committee requires the department to take immediate steps to settle the issue.
7	37	„	The Committee notes that as there is no provision for charging intrest and penal interest for delay in remittance of dues by beneficiary institutions the police department is bearing unnecessary financial loss. The Committee, therefore, recommends introduction of necessary provisions in the Rule/Manual of the Police department for levying interest and penal interest on belated payment of dues to the department.
8	40	Higher Education	The Committee opines that as the Government is still entrusting the KBPS with the work of printing of text books, the issue of sale proceeds of wastage may go on indefinitely unless an appropriate action is taken to address it. Prolonging the issue is not in the interest of the Government or of the society. The Committee therefore suggests that action be taken for an earlier settlement of the issue through bilateral discussions.

(1)	(2)	(3)	(4)
9	41	Higher Education	The Committee requires the department to inform whether any decision has been taken on the appeal against the recovery of the amount of sale proceeds of waste paper. The Committee also requires the department to inform the reason for dropping the proposal for converting KBPS into the Government department.
10	43	Forest & Wild Life	The Committee requires the department to inform about the latest position of the cases.
11	53	Transport	The Committee learns that correspondence is on with other States regarding short levy of composite tax on vehicles. The Committee requires the department to inform whether there has been any progress in realising the short levy of composite tax. The Committee also desires to know whether computerisation of the offices of the Motor Vehicles Department and that of check posts has been completed.
12	54	„	The Committee desires to know whether action has been taken against those officers who are responsible for short levy of additional tax amounting to Rs. 2.76 lakh which was due to the short assessment of the additional tax.
13	55	Transport	The Committee requires the department to inform whether tax due on the remaining 20 cases of wrong classification of private service vehicles were levied/ collected.

(1)	(2)	(3)	(4)
14	59	Forest & Wild Life	The Committee requires the department to inform whether the amount of Rs. 29.5 lakh due to Forest Department from KFDC by way of Forest Development Tax has been deducted from the subsidy payable to KFDC.
		”	
15	60	and Finance	The Committee understands that the issue regarding the excess payment of subsidy to KFDC has not yet been settled. The Committee requires both the Finance and Forest Departments to speed up the actions regarding the settlement of the issue.

APPENDIX II

**Action taken statement on para 7.1 of the Report of C&AG of India
for the year ended 31-3-2004**

I am directed to invite your attention to para 7.1 of the Report (Forest Receipts) and to furnish the following details regarding two cases.

<i>Sl.No.</i>	<i>Division</i>	<i>Nature of under assessment</i>	<i>Amount (Rs.)</i>	<i>Action taken</i>
(1)	(2)	(3)	(4)	(5)
1	Wild Life Division Sulthan Bathery	Supply of flowered bamboos	86,05,874	Flowered bamboos were supplied to M/s Grassim Industries Ltd. not on their request, but to compensate the short fall in the required quantity of green bamboos to be supplied to them as per their agreement. Had it not been done the flowered bamboos could not have remained in the site for long periods as they would have deteriorated and perished, thereby causing heavy losses to Government. The proposal for executing the supplementary agreement with M/s Grassim Company is under consideration of Government.
2	Chief Conser- vator of Forests (Wild Life)	Recovery of royalty from M/s Grassim Industries Ltd.	1,98,71,250	The question of incorporating a provision in that agreement to reckon double the weight case of flowered bamboos was discussed with the company. However, they were not agreeable to the suggestion. As per the conditions of the agreement, there is no provision to double the royalty for flowered bamboos. In the absence

(1)	(2)	(3)	(4)	(5)
				of provisions in the contract entered into with the company by Government, the recommendation to reckon double weight of the flowered bamboos supplied to the company cannot be carried out.

FOREST & WILDLIFE (B) DEPARTMENT
**Action taken Report in respect of Comptroller & Auditor General
report for the year ended 31-3-1994 (Revenue Receipts)**

<i>Para</i>	<i>Highlights</i>	<i>Action taken</i>
(1)	(2)	(3)
7.2	<p>Non application of revised rates on sale of teak poles</p> <p>According to the Kerala Forest Code Vo II, schedule rates of sale of timber, firewood and other forest produce are fixed by Government for each year. The Chief Conservator of Forests prepares the Scheduled rates on the basis of data collected from the Sub Offices and submits it to the Government for sanction with simultaneous instructions to the sub offices to adopt the rates from the date from which the revision is proposed pending approval of Government. The sanction of Government, to the revised schedule of rates should be obtained before 15th March every year. The proposal for revising the rates from 1st April 1991 was sent to Government, in August 1991 under intimation to sub office. The rates were revised by Government in December 1991 with effect from 1st April 1991.</p> <p>In Wildlife Division, Parambikulam 1331 teak poles of different classes were supplied in October 1991 to a public sector undertaking at the</p>	<p>On receipt of the revised schedule rates, countersigned chalan for the difference in value of poles (Rs. 34393) and surcharge @ 2.5% and penal interest at 24% for the extension period was issued to the Public Sector Undertaking. The dues were remitted by the undertaking as chalan dt. 31-3-1992 and credited to the account of Divisional Forest Officer, Parambikulam. This fact was reported to the Accountant General and the observation was dropped by Accountant General vide letter No. SRA (NB) 4/10/856/91-92-223 dated 26-9-1995.</p>

(1)	(2)	(3)
	<p>rates applicable prior to 1st April 1991. This resulted in short demand of Rs. 34,393 including centage charges, forest development tax and sales tax</p>	
	<p>On this being pointed out (December 1991) in audit, the department stated (April 1992) that an additional demand for Rs. 56,172 including penal interest had been revised.</p>	
	<p>The case was reported to Government in June 1994.</p>	

FOREST & WILDLIFE (C) DEPARTMENT

Statement showing action taken on the Audit Paras contained in the Report of the Comptroller and Auditor General for the year ended 31-3-1995

<i>Para</i>	<i>Dept. Concerned</i>	<i>Recommendation</i>	<i>Action taken</i>
(1)	(2)	(3)	(4)
9.2.5	Forest & Wild Life Department	Extent of Arrears	<p>1. Kerala Forest Development Corporation</p> <p>An area of about 10618.897 ha. of Forest Land was leased out to Kerala Forest Development Corporation. Agreement has not been executed with KFDC, since the draft agreement submitted has not been approved by Government till date. An amount of Rs. 25.79 crores including penal interest was due from KFDC towards lease rent up to 31-3-1999. Meanwhile KFDC has submitted a representation requesting to exempting them from paying lease rent. Now the matter is being examined by Government.</p> <p>2. Oil Palm India Limited</p> <p>An area of 3645.640 hectare of Forest Land was leased out to Oil Palm India Limited. But Government vide G. O. Ms. 153/96/AD dt.23-3-1996 has exempted Oil Palm from the payment of lease rent, copy enclosed.</p> <p>3. State Farming Corporation of Kerala</p> <p>An area of about 2467.046 ha. of Forest Land was leased out to S.F.C.K. As per the Interim order of Honourable High Court in O. P. 3345/96 filed by SFCK, the court directed SFCK to pay lease rent @ 400 per hectare/annum from 1-4-1992 till the disposal of the case. SFCK is remitting the lease rent at the above rate from 1-4-1992 onwards. The case is still pending before the Honourable Court.</p>

(1)	(2)	(3)	(4)
			<p>4. Plantation Corporation of Kerala</p> <p>An area of about 11,709,754 hectare of Forest Land was leased out to PCK. As per the decision of the meeting held on 4-2-1997, PCK is permitted to remit lease rent @ 475/hactare/annum from 1-1-1981. An amount of Rs. 73.90 lakhs is due from PCK towards arrears of lease rent as on 31-3-1999 @ Rs. 475/ hectare. Necessary directions have been issued to all the concerned D.F.O.'s to recover the arrears urgently including action as per RR Steps</p>
			<p>5. Kerala State Electricity Board</p> <p>An area of 13825.9275 ha. of land (including water spread area) were leased out to the KSEB. As per Government letter No. 16082/C2/95/F&WLD dt. 3-3-1999 the lease rent of water spread area is 25% of rent applicable to land (copy enclosed). Accordingly the arrears of lease rent due from the KSEB were reassessed.</p> <p>(The statement showing the details up to 31-3-1999 is enclosed).</p>
			<p>6. Rehabilitation Plantation Limited</p> <p>The RPL is remitting lease rent promptly @ 1300 per hectare/annum. No arrears of lease rent is due from RPL.</p>
9.2.6 (i)	Non realisation of lease rent		<p>An area of about 10618.897 Ha. of Forest land is leased out to KFDC. Action is taken by Govt. to revise the lease deed executed with KFDC and to revise the rate of lease rent payable by KFDC.</p>

(1)	(2)	(3)	(4)
9.2.6 (ii)	Non-execution of agreement with KSEB		An area of 13825.9275 Ha. of land including water spread area were leased out to KSEB. As per Govt. Lr. No. 16082/C2/95/F&WLD dt. 3-3-1999 the lease rent of water spread area is 25% of rent applicable to land. Accordingly the arrears of lease rent due from KSEB were reassessed. Govt. in G.O. (Ms.) 12/2000/F & WLD dt. 18-1-2000 issued orders for realising the lease rent with effect from 1-1-1978 to date. The necessary directions were issued to all Conservator and Sub Officers to execute necessary lease deed agreement with KSEB.
9.2.6 (iii)	Execution of lease deed only for part of the leased out land P.C.K.		An area of about 11,709.754 Ha. of forest land was leased out to Plantation Corporation of Kerala. As per the decision of the meeting held on 4-2-1997, PCK was permitted to remit lease rent @ 475/h/Am from 1-1-1981. An amount of Rs. 73.90 lakhs is due from Plantation Corporation of Kerala towards arrears of lease rent as on 31-3-1999 @ Rs. 475/Ha. Necessary directions have been issued to all the concerned Divisional Forest Officers to recover the arrears urgently including action as per R. R. Steps. The Managing Director Plantation Corporation of Kerala has been requested to execute necessary lease agreement for the balance area of forest land.
9.2.6 (iv)	Reduction in the Area of forest land leased out		Agreement has been executed with KSIDC on 14-9-1998. Company had remitted arrears of lease rent up to 31-3-1998.

(1)	(2)	(3)	(4)
9.2.6 (v)	Loss of revenue/ short levy due non-extension of lease deed		Action is being taken by Government for the extension of lease deed.
9.2.6 (vi)	Non compliance with condition for exemption from payment of lease rent		An area about 24677046 Ha. of Forest Land was leased out to SFCK. As per the interim order of Honourable High Court in O.P. No. 3345/96 filed by SFCK the court directed the SFCK to pay lease rent @ 400 per hectare/annum from 1-4-1992 till the disposal of the case. SFCK is remitting the lease rent at the above rate from 1-4-1992 onwards. The case is still pending before the Honourable Court.
9.2.6 (vii)	Non demand of penal interest Malabar Cements Ltd.		The company had remitted the arrears of lease rent including penal interest.
9.2.7	Conversion of arrears of lease rent in to share capital		In G. O. Ms. 20/93 dt. 8-3-1993 it was stated as follows "The undertaking were permitted to move, Government in the concerned Administrative department for the conversion of dues from 1987 up to 31-3-1992 as per the stipulated rates as share capital. So it was on the part of the concerned Corporation/ Board to take action for the conversion of arrears of lease rent into share capital (copy enclosed).
9.2.8	Maintenance of records (D & CB) statement lease		Necessary directions have already been issued to all Sub Officers to maintanance of lease register and to submit D. C. B. statement regularly as per CCF's letter No. L2-11501/93 dated 9-3-1993.

GOVERNMENT OF KERALA

Abstract

OIL PALM INDIA LTD., KOTTAYAM—EXEMPTION FROM PAYMENT OF LEASE RENT TO THE FOREST DEPARTMENT—GRANTED—ORDERS ISSUED

AGRICULTURE (PU) DEPARTMENT

G.O.(Ms.) No. 153/96/AD. *Dated, Thiruvananthapuram, 23rd March 1996.*

- Read :*
1. Letter No. 66 (3)6/71-CA. dt. 3-12-1977 from the Department of Agriculture, Government of India.
 2. Letter No. 67611/P3/83/AD dt. 25-10-1983
 3. G O. (Ms.) 20/93/F&WLD dt. 8-3-1993
 4. Letter No. MD:01:03 dt.21-7-1995 from the Managing Director, Oil Palm India Ltd, Kottayam.
 5. D.O. No. 3-A6 (OPIL) 91-TMO & P dt. 11-1-1996 from Government of India, Ministry of Agriculture Department of Agriculture & Co-operation.

ORDER

Government of India, while sanctioning the original scheme for development of Oil Palm cultivation in kerala by Oil Palm India Limited during 1977, as per their letter read as first paper above it was inter alia stipulated that the land for raising plantation etc. would be free contribution by the State Government and no lease rent shall be charged for the same. State Government in their letter read as second paper above had conveyed acceptance of the above conditions in principle. In the letter third cited, managing Director, Oil Palm India Limited has requested to issue orders waiving the lease rent on forest land allotted to them for Oil Palm cultivation.

Government have examined the matter in detail and are pleased to order that Oil Palm India Ltd. is exempted from paying lease rent to Forest Department

for the land transferred to Oil Palm India Ltd. for raising Oil Palm plantation, as agreed to in the original agreement with Government of India with retrospective effect.

By order of the Governor,
MINNIE MATHEW,
Secretary.

To

The Managing Director, Oil Palm India Ltd., Kottayam.

The Dy. Commissioner, Technology Mission on Oil Seeds & Pulses,
Department of Agriculture, Government of India (with CL).

The Prl. Chief Conservator of Forest, Thiruvananthapuram.

The Director of Agriculture, Trivandrum, etc.

GOVERNMENT OF KERALA

Forest & Wildlife (C) Department

No. 16082/C2/95/F&WLD. *Dated Thiruvananthapuram, 3rd March 1999.*

From

The Prl. Secretary to Government

To

The Chief Conservator of Forests,
Thiruvananthapuram

Sir,

Sub :—Kerala State Electricity Board—Hydro Electric Project
payment of lease rent for forest land occupied by K.S.E.B at
various Hydro Electric Projects—Reg.

Ref :— Your Office Lr. No. L6-43142/87 dt. 5-10-1998.

I am directed to invite your attention to the reference cited and to request you to compute the lease rent based on Government Orders issued from time to time for the forest land leased out to the Kerala State Electricity Board for the various Hydro Electric Projects from the year 1978 onwards. The rates are as follows:

1-1-1978 to 17-12-1978	@ Rs. 250/ha. per year
18-12-1978 to 17-12-1981	@ Rs. 475/ha. per year
18-12-1981 to 17-12-1987	@ Rs. 615/ha. per year
18-12-1987 to date	@ Rs. 1300/ha. per year

For water spread areas the rates may be fixed as 25% of the above rates

Yours faithfully,

GEORGE YOHANAN,
Deputy Secretary,
for Prl. Secretary to Govt.

STATEMENT SHOWING THE AREA LEASED OUT KSEB, LEASE RENT DUE, REMITTED
AND BALANCE AS ON 31-3-1999 FOR VARIOUS PROJECTS

SL. No	Name of HE project	Name of Division	Total area in Ha.	Land area in Ha.	Waterspread area in Ha.	Rate of lease rent	Arrears of lease rent	Penal interest	Total amount to be remitted in Rs.	Amount Remitted	Balance in Rs.	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
I Kollam Circle												
1	Sabirigiri HE Project (Pamba Anathode, Kakkai,..... Vellumthodu reservoir)	Ranni	2045.4300	77.8300	1967.6000	Rs.10 to Rs. 1300 per Ha./ annum from 1961 onwards	1632071.0000	Not Calculated	1632071.00	697187.00 (Adjusted)	934884.00	
2	Augumentation Scheme	Ranni	7.7450	7.7450	0.0000	Rs.10 to Rs. 1300 per Ha./ from 1961 onwards	1064597.0000	Not Calculated	1064597.00	1024332.00 (Adjusted)	40265.00	
3	Kakkad HE Project	Ranni	17.1600	17.1600	0.0000	..	266245.0000	Not Calculated	266245.00	221629.00	44616.00	
4	Mini HE Project, Peppara	Tvpm	0.6300	0.6300	0.0000	Rs.1300	819.0000	Nil	819.00	0.00	819.00	
5	66 K.V. Station, Palode	Tvpm	1.0000	1.0000	0.0000	Rs.1300	1300.0000	Nil	1300.00	0.00	1300.00	
Sub-Total			2071.9650	104.3650	1967.6000	..	2965032.0000	..	2965032.00	1943148.00	1021884.00	
II Kottayam Circle												
1	Idukki HE Project	Kottayam	5982.0000	..	5982.0000	25% LR applicable to land	27464862.00	5681579	33146441.00	..	..
2.	Idukki HE Project	Kottayam	466.0833	466.0833	0.0000	Rs. 250 to 1300 from 1-2-1978	559301.00	263055	822356.00	5147402.00	33868304.00	Out of 466.883 Ha. 232.31 Ha. was taken back on 9-10-1980
3.	Idukki HE Project	Kottayam	233.7703	233.7703	0.0000	Rs. 250 to 1300 from 1-2-1978	4290713.00	756196	5046909.00	..	..

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
4	Idukki HE Project	Kothamangalam	212.7115	212.7115	0.0000	250 to 1300	4182975.00	747805	4930780.00	..	..
5	Idukki HE Project	Kothamangalam	4.0500	4.0500	0.0000	..	79646.00	7032	86678.00	92077.00	5092879.00	
6	Idukki HE Project	Kothamangalam	27.8285	0.0000	27.8285	25%	136812.00	26439	163251.00	..	..
7	Vallayani Ambedkar Colony Transmission line	Kothamangalam	0.7709	0.7709	0.0000	..	4092.00	155	4247.00	..	..
Sub-Total			6927.2145	917.3860	6009.8285	..	36718401.00	7482261	44200662	5239479.00	38961183.00	
III Thrissur Circle												
1	Edamalar HE Project	Malayatoor	3126.6500	169.6500	2957.0000	Rs.1300 Rs. 325 for water spread area	19814893.00	42268954	62083847.00	0.00	62083847.00	LR from 25-3-1974 onwards
2	Sholar HE Project	Vazhachal	899.8190	29.5791	870.2400	Rs.1300 Rs. 325 for water spread area	5183666.00	10888981	16072647.00	0.00	16072647.00	LR from 1-1-1978 onwards
3	Peringal kuthu HE Project	Vazhachal	502.1530	220.1538	282.0000	Rs.1300 Rs. 325 for water spread area	6094335.00	12371061	18465396.00	0.00	18465396.00	LR from 1-1-1978 onwards
Sub-Total			4528.6220	419.3829	4109.2400	..	31092894.00	65528996	96621890.00	0.00	96621890.00	
IV Palakkad Circle												
1	Silent Valley HE Project	Mannarkkad	13.0445	13.0445	0.0000	Rs.125 to Rs. 1300	168983.00	Not Calculated	168983.00	..	168983.00	Out of 13.0455 Ha. 10.1409 Ha. was taken back by WL Silent Valley on 26-4-1991
2	Kottamala wind Electronic Project	Nemmara	0.2250	0.2250	0.0000	Rs. 1300	No arrears	..	..	..	0.00	
3	66 KV Substation Nilambur	Nilambur (north)	1.2000	1.2000	0.0000	Rs. 1300	No arrears	..	..	..	0.00	
Sub-Total			14.4695	14.4695	0.0000	..	168983.00	..	168983.00	0	168983.00	

V **Kozhikode Circle**

1	Kuttiyadi Hydro Electric Project	Kozhikode	283.6565	..	283.6500	..	..	..	..	..	..
Sub-Total			283.6565	..	283.6500	..	..	..	..	..	..
Total			13825.9275	1455.6034	12370.3185	..	70945310.0000	73011257.0000	143956567.0000	7182627.0000	136773940.0000

GOVERNMENT OF KERALA

Abstract

FOREST DEPARTMENT—LAND LEASED OUT TO GOVERNMENT UNDERTAKINGS—RATE OF LEASE RENT—REVISION FROM 18-12-1990—FORMAL—ORDERS ISSUED

FOREST & WILDLIFE (C) DEPARTMENT

G. O. (Ms.) 20/93/F&WLD. *Dated, Thiruvananthapuram, 8th March, 1993.*

- Read:* 1. G. O. (Ms.) 11/89/F&WLD dt. 20-1-1989.
- 2.. Correspondence resting with letter No. L2-15089/92 dt. 20-2-1993 from the Chief Conservator of Forests.
3. Government Lr. No. 2373/C2/F&WLD dt. 9-6-1992.
4. Government Lr. No. 8151/C2/89/F&WLD dt. 31-8-1992.

ORDER

In the G. O. read above orders were issued to the effect that the rate of lease rent payable to the Forest Department for land leased out to the State Public Sector undertakings will be Rs. 1,300 per ha. per annum for the period from 18-12-1987 to 17-12-1990.

On the basis of the decision taken during the discussion with the representatives of the concerned undertakings viz. M/s. Plantation Corporation of Kerala Limited, M/s. Rehabilitation Plantation Ltd. M/s. Oil Palm India Ltd., and the State Farming Corporation of Kerala Ltd., on 4-6-1992 and on 11-8-1992 on the question of clearing outstanding dues, the undertakings were requested to clear the dues up to 1987, at the rate approved for the period vide letter read as 3rd and 4th paper above. The undertakings were permitted to move Government in the concerned/Aministrative Department for conversion of dues from 1987 up to 31-3-1992 as per the stipulated rates (ie. Rs. 1,300 per ha. per annum) as Share Capital. It was also decided that the lease rent for the period from 1-4-1992 should be paid at Rs. 1,300 per ha.

It is hereby clarified that the rate of Rs.1300 per ha. per annum will be inforce from 1-4-1992 up to 31-3-1993. The Chief Conservator of Forests will take steps to realise the dues from the undertakings as per the rates indicated above for the year 1991-92.

The Public Sector undertakings concerned will obtain orders from their Administrative Department in the Secretariat to convert the dues from 1987 to 31-3-1992 (Rs.1,300 per ha. per annum) as Share Capital.

By order of the Governor,
R. RAMACHANDRAN NAIR,
Commissioner & Secretary to Government.

To

The Chief Conservator of Forest (Development), Thiruvananthapuram.
Chief Conservator of Forest (Protection), Thiruvananthapuram.
The Accountant General (Audit), Thiruvananthapuram etc.

ACTION TAKEN NOTES ON THE COMPTROLLER
AND AUDITOR GENERAL REPORT

- I (a) Department : Home Department
 (b) Subject/Title of the Review/ Paragraph : Receipts of Police Department
 (c) Paragraph No. : 9.2
 (d) Report No. and year : Report of the C & AG of India No.1
 Revenue Receipts for the year ended
 31st March 1998.
- II (a) Date of receipt of the Draft Paragraph/Review in the Department : 13-10-1999
 (b) Date of Department's reply :

III Gist of Paragraph/Review

9.2.1 *Introductory*

The Police Department provides Police forces to institutions of Central/other State Governments, Quasi-Government institutions and to private parties on requisition. The cost of the police personnel deployed is recoverable in advance from the beneficiaries as per the procedure laid down by Government from time to time and also instructions by the Inspector General/Director General of Police from time to time.

A view on the recovery of cost during 1992-93 to 1996-97 conducted between August 1997 and January 1998 revealed the following.

9.2.2 *Trend of Revenue*

The amount received towards cost of deployment of police personnel constituted the main receipt of the department. When the deployment is made on regular and long term basis from the existing strength and by creating additional posts, the cost to be recovered is based on the average cost as calculated under Rule 156 of the Kerala Service Rules, Part I plus the compensatory allowances admissible thereon. However, when the deployment is for a short duration, cost to be recovered is at the rates prescribed by Government for every four hours of duty.

Details of receipts on account of deployment of police personnel to other Governments/other parties during the 5 years from 1992-93 to 1996-97 were as detailed below:

<i>Year</i>	<i>Amount (In Lakh of Rupees)</i>
1992-93	61.34
1993-94	87.30
1994-95	117.51
1995-96	229.49
1996-97	284.90

9.2.3 Incorrect Preparation of arrear Statement

As per the details furnished by the Director General of Police, the arrears pending collection as at the end of March 1997, amounted to Rs. 1391.66 Lakh. However, the details furnished by the Director General of Police Superintendent of Police, Palakkad and Railways, Thiruvananthapuram revealed that the dues from nine major defaulters as on 31st March 1997 alone would work out to Rs. 1951 lakh as detailed below:

The arrear Statements prepared by the departments were not correct

<i>Name of the defaulter</i>	<i>Period from which due</i>	<i>Amount (In lakh of Rupees)</i>
Kerala State Electricity Board	March 1985 to March 1997	763
Cochin Port Trust	April 1989 to March 1996	59
Air Port Authority	January 1979 to December 1996	560
Southern Railways	1984-85 to 1995-96	498
M/s. Grassim Industries	July 1985 to November 1988	11
SC/ST Development Department	1981-82 to 1995-96	21
Peruvasipallam Dam	1992 to 1996	13
Parambikulam Dam	Do.	13
Thunakkadavu Dam	Do.	13
Total		1951

Scrutiny in audit revealed that amount due from Southern Railway for 1993-94 as per the records of Superintendent of Police, Railways worked out to Rs. 103.78 lakh whereas in the arrear statement furnished by Director General of Police it was shown as Rs. 26.74 lakh. Though demand of Rs. 129.95 lakh raised against Southern Railway during 1996-97 remained uncollected, Rs. 30.60 lakh alone was shown in the arrear statement as due from all the defaulters for 1996-97.

The dues from Cochin Port Trust, Southern Railway, Scheduled Castes/ Scheduled Tribes Development Department, and Government of Tamil Nadu for protection to Peruvassipalam, Parambikulam and Thunakkadavu Dams, for the year 1996-97 and for Airport Authority for the months of January to March 1997 were also not included in the Statement.

9.2. 4. Share of expenditure on Railway Police

Fifty per cent of State's expenditure on Railway Police is to be realized from the Railway authorities. Out of Rs. 1103.81 lakh demanded from the Southern Railway between 1984-85 and 1996-97 towards share of expenditure, only Rs. 582.57 lakhs was remitted by them, Rs. 37.56 lakh was adjusted towards rent, electricity, water charges, etc., on the quarters occupied by the police personnel and Rs. 168.20 lakh. Fifty per cent of State's expenditure on Railway Police is to be realized from the Railway authorities. Out of Rs. 1103.81 lakh demanded from the Southern Railway between 1984-85 and 1996-97 towards share of expenditure, only Rs. 582.57 lakhs was remitted by them, Rs. 37.56 lakh was adjusted towards rent, electricity water charges, etc., on the quarters occupied by the police personnel and Rs. 168.20 lakh towards level crossing maintenance charges, election duty, etc. But the Superintendent of Police, Railways, Thiruvananthapuram had not taken any action to realize the amount of Rs.37.56 lakh from the Police Personnel and concerned. Grounds for disallowing Rs. 315.48 lakh was either disclosed by the Railways nor ascertained by the Superintendent of Police, Railways.

The department failed to recover Rs 37.56 lakh from police personnel and to ascertain grounds for disallowing Rs. 315.48 lakh claimed from Railways.

9. 2. 5. Short demand of cost

Short demand of cost of Rs. 25.18 lakh in 50 cases

- (i) When the deployment of police personnel was made out of the existing staff strength and for a limited duration, the cost was to be recovered at the rates fixed by Government from time to time for every four hour

duty. If the deployment was for a longer period, 1¼ of the average cost and the compensatory allowances admissible on average cost were leviable. The average cost represents the average pay of employees in a post in the department determined under Rule 12(35) of the Kerala Service Rules, Part I. If creation of additional post is involved, the recovery is to be based on sanctioned strength. Government in January 1958 ordered realisation of actual expenditure, incurred by the department for the deployment of police personnel, on account of travelling allowance, hire charge of vehicles, other contingencies etc. from the institutions concerned.

- (ii) Test check of bills of cost in 124 cases in 8 offices 30 revealed short demand amounting Rs. 25.18 lakh in 50 cases due to reasons specified below:

<i>Reason</i>	<i>Number of Institution</i>	<i>Amount (In lakh of Rupees)</i>
Adoption of actual strength of deployment instead sanctioned strength	2	15.76
Non-adoption of revised rate of average cost from February 1994 to December 1994.	1	0.25
Non-reckoning of enhanced dearness allowance	11	1.90
Non-reckoning of interim-relief sanctioned from December 1995 and February 1997	32	5.65
Computation of fees on hourly basis instead of at the rate for a span of 4 hours or less	1	0.81
Non-demand of expenditure on T. A., hire charges of vehicles and other contingencies	3	0.81
Total	50	25.18

9. 2. 6. Non-realisation of the cost of police provided on court orders

Police Protection was given to individuals/private sector organizations, etc., based on court orders. Directions regarding period of protection and mode of collection of cost were not generally specified in such orders.

In 7 offices, out of 21 cases reviewed, in 17 cases relating to the period from August 1993 to April 1997 the High Court orders were silent about the recovery of cost and the period of protection to be given. Even though the bills of cost were raised by the department, the parties in 15 cases refused to clear the dues amounting to Rs. 10.40 lakh on the plea that nothing was mentioned to this effect in the court orders. However, the department did not even approach the courts for getting necessary orders for collection of the cost of police.

9.2.7. Non -Maintenance of records

The deployment of police on request of private parties is required to be sanctioned under orders of the Deputy Inspector General of Police. The police cost is required to be recovered in advance for events like cinemas, dance shows, cricket and athletic matches, races, exhibitions etc., which are classed as public functions but are having profit motives.

During 1996-97, the following major events took place in Emakulam District for which police force was deployed on request of the Organisations.

<i>Sl. No.</i>	<i>Name of the event and organizer</i>	<i>Date</i>	<i>Cost Recovered (In Lakh of rupees)</i>
1	Cricket Match	8-9-1996 to 11-9-1996	0.75
2	Magna Sounds India Ltd. Music Concert	16-11-1996	0.84
3	Malayalam Cine-Technicians' Association (MACTA) Music Concert	26-11-1996	0.68
4	Femina Miss India Contest	7-1-1997	0.12

The cost of police deployed was recovered in lump sum and details as to how the amount was arrived at were not available.

It was also noticed that the details of police personnel deployed were not available. Hence the correctness of the cost recovered from the organizers of these events could not be ascertained.

On these being pointed out (September 1997) the Commissioner of Police Kochi City stated (September 1997) that no files on the subjects were maintained.

9. 2. 8 *Non-revision of rates*

The rate of cost for the deployment of police personnel fixed for every four hours of duty was revised last in September 1988. Emoluments payable to police personnel have grown considerably due to pay revisions and sanction of additional instalments of dearness allowance. But the rates have not been revised correspondingly.

9. 2. 9 *Absence of provision for charging interest and Penal interest for belated payment*

Considerable delay was noticed in the remittance of the dues to the Police Department by the beneficiary agencies in many cases. But provision for charging interest and penal interest for belated payment of the dues, does not exist in the Rules/Manual of the Police Department.

The above points were brought to the notice of the department and reported to Government in November, 1997, their replies have not been received (October 1998).

IV. (a) Does the Department agree with the facts and figures included in Paragraph : Yes

(b) If not, please indicate the areas of disagreement and also attach copies of relevant documents in support : N.A.

V. (a) Does the Department agree with the Audit conclusions : Yes

(b) If not, please indicate specific areas of disagreement with reasons for disagreement and also attach of relevant documents : N.A.

VI. (1) *Remedial Action Taken* :

Para 9.2.1 : No remarks.

Para 9.2.2 : No remarks

Para 9.2.3 :

KSEB.—The demand for 1993-94 shown as Rs. 26,74,453 was for the 1st quarter amount and entered in the demand statement by mistake. The actual and correct demand for 1993-94 is Rs. 1,03,77,953. The amount due from KSEB to the Police Department on account of bill of cost from 4/85 to 9/99 was Rs. 965 Lakhs. The amount payable to KSEB by the Police Department on account of Electricity charges till 31-3-2000 was Rs.326 lakhs. As per G.O.(Rt.) 1447/00/Home dated 16-4-2000 Government have accorded sanction to settle all the pending Electricity Bills to the Kerala State Electricity Board by Police Department from the dues payable by the KSEB to the Police Department towards the Cost of Guard provided to the vital installations of the KSEB. Hence as per proceedings of DGP vide B3/60108/94 dated 2-8-2000 an amount of Rs. 326 lakhs as adjusted from the Bill of Cost and it was directed to credit the balance amount to our Receipt Head “0055-102-99-Police supplied to Police Department” and adjustment of reimbursement of cost of Police Guard received from KSEB.

Kochin Port Trust.— Kochin Port Trust have paid the amount Rs. 37,55,340 being the bill of cost up to 31-3-1994 by DD.

Airport Authority.— Out of Rs. 560 lakhs due, Rs. 334 lakhs had been received (1998—51 lakhs, 1999—175 lakhs, 2000—96 lakhs, 2003—12 lakhs). For realization of balance amount, action is being taken by Director General of Police and correspondence is going on. Police Guard is not provided to the Airport Authority from 2002 onwards.

Southern Railways.—As per Audit conducted by the Police Head Quarters it is seen that Rs. 548 lakhs was received from Railways for the period 1984-85 to 1995-96 (statement attached vide Annexure I)

Grassim Industries.—An OP No. 1172/98 filed by the firm is still pending before the Hon’ble High Court.

SC/ST Development Department.— Yearly Grants are not received from the SC/ST Department. The expenditure care met from the Police Head itself. The matter has been taken up with SC/ST Department.

9.2.4. Share of Expenditure on Railway Police.— The amount audited by the AG Kerala and details of provisional payments received are placed as Annexure I. As per the audited figures total amount to be received from 1984-85 to 2002-03 —

Rs . 24.43 crores. Provisional payment effected by Railways is Rs.10.55 crores. Action is being taken to recover the balance amount of Rs.13.88 crores.

9.2.5. Short Demand of Cost.—Bills of cost raised by the Department in time. Short demands occur while DA rates are raised by Government. Revised Rates can be realized only after the Government issues the orders. After receipt of the orders the Supplementary Bills are raised Arrear billing can be avoided if sanction is accorded to realize the DA as and when orders are issued by Government of India from time to time. Now TA, Hire charges of vehicles and other contingent Expenditure are included in the bills.

9.2.6. Non realization of Cost of Police Provided on Court-Orders.—Police protection is given to individuals and private sector Organization based on Court Orders. In most cases, even though Bill of Cost was raised by the Department the affected parties after obtaining Court Orders are rejecting our claims. Based on the directions issued by the High Court in DSP Vs. George 2000 (1) KLT 628, M/s. LG Tyres has refused to pay the charges. The Honourable Supreme Court in a SLP also upheld the decision in the said case and the SLP was dismissed. Hence as the High Court and the Apex Court are not in favour of realizing the cost provided to the Individuals and Private firms on the plea that Government is bound to provide protection to the life and property of Citizens, the Department is not in a position to realize the cost.

9.2.7. Non maintenance of Accounts.— In all units, proper accounts and Bill of Cost Registers are maintained at present. Advances are also received when police personnel are deployed for Cinemas, Dance Shows etc.

9.2.8. Non Revision of Rates.— Rate of Cost for deployment of Police Personnel was revised by Government vide GO(Ms.) 1574/99 Fin. dated 13-7-1999 and GO (Ms.) 58/2004/ Home dated 17-2-2004.

9.2.9. Absence of provision for charging in interest and penal interest for belated payments:

Above audit para of Comptroller and Auditor General is under consideration of Government in consultation with Director General of Police.

- | | | |
|--|---|----------------|
| (2) Recovery of over payment pointed out by Audit | : | Not Applicable |
| (3) Recovery of under assessment, short Levy or other dues | : | Not Applicable |

- (4) Modification in the schemes and programme including Financing patterns : Not Applicable
- (5) Review of similar cases complete scheme in the light of finding of sample check by Audit : Not Applicable

V. S. GIRJA

Additional Secretary to Government.

ANNEXURE 1

<i>Year</i>	<i>Demand by the Supdt. of Police Railways</i>	<i>Total Amount Audited by Accountant General (Audit)</i>	<i>Provisional payment</i>	<i>Balance due from Railway Authorities</i>	<i>Out standing Balance due from Railway Authority</i>	<i>Remarks</i>
1984-85	3148153.33	3143639.00	2389503.10	754135.90	754,135.90	..
1985-86	3311104.30	3311104.00	3032425.25	278678.75	1,032,814.65	..
1986-87	4698531.90	4245917.00	3537100.65	708816.35	1,741,631.00	..
1987-88	99921.46	4699922.00	3638104.00	1061818.00	2,803,449.00	..
1988-89	4475213.00	4475213.00	3459465.00	1015748.00	3,819,197.00	..
1989-90	5243462.00	5243462.00	2403507.00	2839955.00	6,659,152.00	..
1990-91	7482662.00	7480788.00	5241561.00	2239227.00	8,898,379.00	..
1991-92	7908159.00	7908159.00	6170825.00	1737334.00	10,635,713.00	..
1992-93	8258756.00	8258756.00	6733972.00	1524784.00	12,160,497.00	..
1993-94	10377953.00	10377954.00	4545284.00	5832670.00	17,993,167.00	..
1994-95	14347735.00	11828612.00	4360410.00	7468202.00	25,461,369.00	..
1995-96	12995383.00	12995384.00	9564639.00	3430745.90	28,892,114.00	..
1996-97	15936694.00	15936695.00	..	15936695.00	44,828,809.00	..
1997-98	16700888.00	16724317.00	..	16724317.00	61,553,126.00	..
1998-99	18290787.00	18226547.00	..	18226547.00	79,779,673.00	..
1999-2000	25695473.00	25685530.00	41267238.00	15581708.00	64,197,965.00	..
2000-01	27741029.00	27686885.00	..	27686885.00	91,884,850.00	..
2001-02	26398567.00	26382597.00	7064111.00	19318486.00	111,203,336.00	..
2002-03	30116593.00	29731455.00	2132945.00	27598510.00	138,801,846.00	..
Total	247827064.99	244342936.00	105541090.00	138801846.00	..	..

HIGHER EDUCATION DEPARTMENT

**Action Taken Report on the audit para No. 9.3 of the Report of
Comptroller and Auditor General for the year ended
31st March 1998 No.1 (RR)**

<i>Sl. No.</i>	<i>Audit Para</i>	<i>Observation</i>	<i>Action Taken Report</i>
(1)	(2)	(3)	(4)
1	9.3	<p>Non-remittance of amount due from the Kerala Books and Publications Society.</p> <p>The Kerala Books and Publications Society, Kochi is a Kerala Government undertaking registered (1976) under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 to undertake printing of textbooks for schools and colleges.</p> <p>Mention was made in paragraph 7.2 of the Report of the Comptroller and Auditor General of India for the year 1985-86 (Revenue Receipts) about failure of the society to credit to Government dues amounting to Rs. 1.15 crore. A further audit (June 1995) of the records of the society revealed the following:</p> <p>(i) The paper of printing textbooks is supplied to the society by the Government. The Printing charges are paid by the Government.</p>	<p>The General Education Department is not in favour of write off dues from Kerala Books and Publications Society on account of sale proceeds of waste paper. The General Education Department was requested to take steps to adjust the dues amounting to Rs. 158.58 lakhs as on 31-3-2005 from Kerala Books and Publications Society on account of sale proceeds of waste paper from the printing charges of textbooks payable to Kerala Books and Publications Society. As such that Department had informed that Director of Public Instruction, Text book branch was requested to recover the amount due from Kerala Books and Publications Society on account of sale proceeds of waste paper in 12 instalments from the printing charges due to Kerala Books and Publications Society and report compliance.</p>

(1)	(2)	(3)	(4)
		<p>The waste paper accumulated in the course of printing being the property of the Government, the society was directed (April 1983) by the Government to credit the sale proceeds of such waste paper to Government. However, the Society has not credited any amount on this account to Government. After adjusting Rs. 4.04 lakhs towards cost of construction of waste paper store and roofed passage for which sanctions were accorded (February 1990 and October 1995) by Government, sale proceeds of waste paper from 1985-86 to 1996-97 not credited to Government account would work out to Rs. 3.72 crore.</p>	
		<p>(ii) The fixed assets of the Society, which has no land or building of its own were installed in lands and buildings leased out by Government on lease rent of 7 per cent per annum of the cost of land which has been fixed at Rs. 1 crore with effect from the commencement of the Society in August 1978. The Society has not yet paid any amount on this</p>	<p>Government have issued orders transferring the ownership of land and building leased out to Kerala Books and Publications Society by Government as per G. O. (Ms) 183/05/H.Edn. dated 12-12-2005.</p> <p>Final orders in this regard is to be issued by Revenue Department.</p>

(1)	(2)	(3)	(4)
		<p>account also. The lease rent due but not paid for the period 1985-86 to 1996-97 works out to Rs. 76.05 lakh.</p>	
		<p>On this being pointed out (June 1995) in audit, Government stated, (October 1997) that they were proposing to treat the sale proceeds of waste paper as income of the Society and the feasibility to convert the accumulated lease rent as capital grant to the Society by changing the very structure of the Society. Further developments have not been reported (October 1998).</p>	

FOREST AND WILDLIFE DEPARTMENT

Statement of Action Taken on the Report of Comptroller and Auditor General for the year ended 31-3-2002 (RR)

<i>Para No.</i>	<i>Para</i>	<i>Action Taken</i>
(1)	(2)	(3)
8.2	<p>8.2 <i>Non-realization of re-auction loss</i></p> <p>As per Kerala Forest Code Vol. I, sale of timber and forest produce at depots shall be effected only after proper notification and publicity. According to terms and conditions notified for auction sale of timber, firewood etc. by Forest Department, the successful bidder in auction should remit the entire bid amount and remove the items within the specified time. In the event of breach on any of the conditions by the successful bidder, the produce shall be re-auctioned and the bidder shall make good to Government any loss due to re-auction and the expenditure incurred for such re-auction.</p> <p>In Wildlife Division, Sulthanbathery, in 19 cases, successful bidders in timber auctions (March and July 2000) who got auction confirmed in their names after remitting the part value, did not remit the balance sale value. Loss of Rs. 10.69 lakhs sustained by Government in re-auction of the unremoved timber conducted in November, 2000 was not demanded from original bidders. This resulted in non-realization of Rs. 10.69 lakhs.</p>	<p>Necessary Revenue Recovery steps have already been initiated against all defaulted bidders involving Rs. 1069017 by the Wildlife Warden, Waynad through the District Collector, Waynad.</p> <p>The District Collector, Waynad has forwarded the Revenue Recovery Certificate to the Deputy Commissioner, Mysore District, Karnataka state.</p> <p>The Deputy Commissioner, Mysore District vide his letter No. TAXMSC (R.11) 108/127/01-02 dated 4-8-2003 has given direction to Tahsildar, Hunsur Taluk to collect the amount as arrears of land revenue on priority.</p>

(1)

(2)

(3)

On this being pointed out (March, 2001) in audit, the department stated (March 2001) that final action taken would be intimated in due course. Further report has not been received (November, 2002). The case was reported to Government in May, 2002 their reply has not been received (November 2002).

TRANSPORT DEPARTMENT

Action Taken Notes on the Audit Report of Comptroller and Auditor General of India for the year ended 31-3-2003 (RR)

- I (a) Motor Vehicles Department.
 (b) Short collection of Composite tax.
 (c) 5.5 (1).
 (d) Report for the year ended 31-3-2003 presented in the Legislature on 28-6-2004.
- II (a) Report (RR)/DP-3033/03-04 dated 9-5-2003 received on 16-5-2003.
 (b) Reply sent to Government on 20-6-2003.

III Gist of Paragraph/Review

During audit of the records of the Transport Commissioner's Office, Thiruvananthapuram, 196 Goods Carriages registered in the state of Haryana, Maharashtra and Rajasthan and Union Territory of Delhi where the rate of Composite tax per vehicle was Rs. 5000, were authorized to ply in Kerala under National Permit during 2000-01, on payment of Composite tax of Rs. 3000 per annum instead of at Rs. 5000. This resulted in short levy of Composite tax of Rs. 3.53 lakh.

- IV (a) Yes
 (b) NA
- V (a) Yes
 (b) NA

VI Remedial Action Taken

The Composite tax in respect of Goods Vehicles covered by National Permit due to other states are collected by the permit issuing authority at the time of issuing permit or at the time of renewing authorization. Since the vehicles mentioned in the audit Para belong to the states of Maharashtra, Haryana, Rajasthan and Union Territory of Delhi the State Transport Authorities had been contacted vide Lr. No. D4/18717/STA/03 dated 27-5-2003 requesting them to make good the short levy. Periodical reminders are also being sent to the Secretaries of State Transport Authorities of those states. This office could do nothing other than this.

A reply as stated above had already been furnished to Government vide this office letter No. F3.287/TC/03 dated 20-6-2003 and 13-1-2004 in response to the Government reference 6129/B2/03/Tran. dated 2-6-2003.

Action Taken Notes

- I (a) Motor Vehicles Department.
- (b) Short collection Composite tax on multi axled Goods Carriages.
- (c) 5.5(2).
- (d) Report for the year ended 31-3-2003 presented in the Legislature on 28-6-2004.
- II (a) Report (RR)/DP-3031/03-04/84 dated 9-5-2003 received on 16-5-2004.
- (b) Reply sent to Government on 20-6-2003.

III Gist of Paragraph/Review

In the office of the Transport Commissioner, Thiruvananthapuram, it was observed that during 2000-01, in 236 cases, Composite tax only at 75% the normal rate was remitted on multi axled national permit vehicles of states of Haryana and Rajasthan which do not allow similar concession on multi axled vehicles of other states or union territories. This resulted in short collection of Composite tax of Rs. 2.24 lakh.

- IV (a) Yes
- (b) NA
- V (a) Yes
- (b) NA

VI Remedial Action Taken

The situation is the same as explained in Para 5.5(1) above. The Secretaries of State Transport Authorities, Haryana and Rajasthan had been addressed with list of vehicles from which balance tax has to be realized. They are being reminded periodically. A reply accordingly was sent to Government vide this office letter No. F3-288/TC/03 dated 20-6-2003 in response to the Government Lr. No. 6131/B2/03/Tran. dated 3-6-2003.

Action Taken Notes

- I (a) Motor Vehicles Department.
 (b) Registration of vehicles without collection of entry tax.
 (c) 5.6
 (d) Report for the year ended 31-3-2003 presented in the Legislature on 28-6-2004.
- II (a) Report (RR)/DP-3050/03-04/144 dated 5-6-2003 received on 11-6-2004.
 (b) Reply sent to Government on 17-6-2003.

III Gist of Paragraph

In 4 offices (Regional Transport Offices Pathanamthitta, Ernakulam, Thiruvananthapuram and Sub R. T. Office Perumbavoor) 5 vehicles liable to pay entry tax were granted registration without payment of entry tax. This resulted in non levy of entry tax of Rs. 3.10 lakh.

- IV (a) Yes
 (b) NA
- V (a) Yes
 (b) NA

VI Remedial Action Taken

On receipt of the draft paragraph all the officers were alerted to make good the non levy and they were given direction to ensure remittance of entry tax and not to register vehicles before obtaining NOC from the Commercial Taxes Department regarding remittance of entry tax, vide Lr. No. FI-12883/TC/2000 dated 22-7-2003 and 8-3-2004.

As far as the vehicles pointed out in the Audit Paragraph, Joint Regional Transport Officer, Perumbavoor has forwarded Lr. Dated 3-12-2002 from the Sales Tax Officer, 2nd Circle, Perumbavoor stating that the vehicles KL-07/AD 2199 and KL-07/AD 5199 are not liable to pay entry tax.

Regional Transport Officer, Ernakulam has realized an amount of Rs. 57,327 from KL-07/AE 9757 vide DD No. 419596 dated 22-8-2003 remitted at Sales Tax Office, 2nd circle, Kalamassery, Palarivattom.

Regional Transport Officer, Thiruvananthapuram has informed that the vehicle bearing No. KL-01/V 1396, pointed out by the audit, is a Yamaha Crux Motor Cycle purchased from Muthoot Motors, Thiruvananthapuram and registered in the Regional Transport Office (Rural), Attingal. Hence there is no entry tax due.

In the cases of KL-3/G 625, registered at Regional Transport Office, Pathanamthitta, the details of the vehicle and registered owner had been communicated to the Sales Tax Officer, Pathanamthitta.

The above details had already been furnished to Government vide this office letter No. F3-580/TC/03 dated 17-6-2003, 31-1-2004, 17-3-2004 and 3-4-2004 in response to the Govt. Lr. No. 7224/E3/03/Tran. dated 18-6-2003, 10-3-2004 and 3-4-2004.

Action Taken Notes

- I (a) Motor Vehicles Department.
- (b) Non/Short levy of Additional tax.
- (c) 5.7
- (d) Report for the year ended 31-3-2003 presented in the Legislature on 28-5-2004.
- II (a) Report (RR)/DP-3032/03-04/87 dated 9-5-2003 received on 16-5-2004.
- (b) Reply sent to Government on 29-5-2003 in response to Government Lr. No. 1817/C1/03/Tran. dated 5-2-2003 and further reply on 1-7-2003 in response to Govt. Lr. 6132/B3/03/Tran. dated 19-6-2003.

III Gist of Paragraph

In four Regional Transport Offices (Idukki, Kannur, Kottayam and Malappuram) no additional tax for delayed payment of tax was levied on 48 vehicles and it was levied at an incorrect rate on 501 vehicles during 2001-02. These resulted in short levy of additional tax of Rs. 2.76 lakh.

- IV (a) Yes
- (b) NA
- V (a) Yes
- (b) NA

VI. Remedial Action Taken

On receipt of the draft paragraph the concerned offices were given direction to realize the short levy. A total amount of Rs. 1,30,479 had been realized from 148 cases. The details are as shown below:

<i>Office</i>	<i>No. of cases</i>	<i>Amount due Rs.</i>	<i>Amount collected</i>	<i>No. of cases pending</i>
RTO, Idukki	495	88589	19168	375
RTO, Kottayam	6	18271	16049	..
RTO, Malappuram	19	86280	86280	..
RTO, Kannur	29	82788	8982	26
Total	549	2,75,928	1,30,479	401

The collection details with remarks had already been furnished to Government vide this office Lr. No. F3-289/TC/03 dated 23-6-2003, 21-8-2003, 23-9-2003, 30-10-2003, 26-11-2003, 9-2-2004 and 22-7-2004 in response to Government Lr. No. 1817/CI/03/Tran. dated 5-2-2003 and 6132/B3/03/Tran. dated 19-6-2003. Regional Transport Officers Idukki and Kannur had already been reminded vide D. O. Lr. No. F3-289/TC/03 dated 22-7-2004.

Action Taken Notes

- I (a) Motor Vehicles Department.
- (b) Incorrect classification of Private Service Vehicles.
- (c) 5.8
- (d) Report for year ended 31-3-2003 presented in the Legislature on 28-6-2004.
- II (a) Report (RR)/DP-3028/03-04/81 dated 9-5-2003 received on 16-5-2003.
- (b) Reply sent to Government on 31-5-2003 and 26-6-2003.

III Gist of Paragraph

In six Regional Transport Offices (Idukki, Kannur, Wayanad, Sub Regional Transport Offices Koduvally, Thodupuzha and Vandiperiyar) 55 Omni buses with passenger capacity upto 12

owned by companies and other institutions were classified as omni bus for private use vehicle instead of as private service vehicle. This resulted in short levy of tax and non levy of fee for permit and C.F. amounting to Rs. 2.59 lakh during 2001-02.

IV (a) Yes

(b) NA

V (a) Yes

(b) NA

VI Remedial Action Taken

On receipt of the draft paragraph the concerned offices were given direction to realize the short levy pointed out by the audit. Accordingly a total amount of Rs. 2, 55,353 had been realized so far. The details are as shown below.

<i>Office</i>	<i>No. of cases</i>	<i>Amount of short levy Rs.</i>	<i>Amount collected</i>	<i>No. of cases pending</i>
RTO, Idukki	12	59510	37870	6
RTO, Wayanad	15	71390	37330	9
RTO, Kannur	1	3320	..	1
SRTO, Vandiperiyar	21	90346	134958	3
			(the amount includes addl. tax and fine collected on CF fee and permit fee)	
STRO, Thodupuzha	5	24720	24890	..
STRO, Koduvally	3	16400	20305	1
Total	57	2,65,686	2,55,353	20

The offices are being reminded for realizing the balance amount in respect remaining cases.

The collection particulars with remarks, as above, had already been furnished to Government vide this office letter No. F3-290/TC/03 dated 2- 0-2003, 13-11-2003, 12-3-2004, 12-7-2004 and 23-7-2004 in response to Govt. Lr. No. 6130/B3/03/Tran. dated 11-6-2003 and 1089/B3/03/Tran. dated 24-9-2003.

Action Taken Notes

- I (a) Motor Vehicles Department.
- (b) Short levy vehicle Tax.
- (c) 5.9
- (d) Report for year ended 31-3-2003 presented in the legislature on 28-6-2004.
- II (a) Report (RR)/DP-3018/03-04/57 dated 24-4-2003 received on 30-4-2003.
- (b) Reply sent to Government on 8-5-2003 in response to Government letter No. 15578/C1/02/Tran. dated 1-1-2003 and 5765/C1/03/Tran. dated 5-5-2003.

III Gist of Paragraph

In the Regional Transport Office, Thiruvananthapuram on two Contract carriages KL-01/L-3177 and KL-01/C.6174 each having passenger capacity of 35 seats and operating interstate, tax per passenger per quarter was levied at the rate of Rs. 680 instead of Rs. 1400 for the period from April 2000 to June 2001. This resulted in short levy of vehicle tax of Rs. 2.23 lakh.

- IV (a) Yes
- (b) NA
- V (a) Yes
- (b) NA

VI Remedial Action Taken

On receipt of the draft paragraph the Regional Transport Officer, Thiruvananthapuram was requested to enquire the factual position and take steps to realize the tax arrears in respect of the vehicles. Accordingly the Regional Transport Officer has informed that both the vehicles have been issued revised tax endorsement at higher rate specified for interstate contract Carriages on 15-11-2001 as follows:

KL-01/L-3177 Rs.3.67.200 + Additional Tax

KL-01/C-6174 Rs.8.17.804 + Additional Tax

The legal heir of the registered owner had been given demand notice since the registered owner expired. The collection details are awaited.

Regional Transport Officer, Thiruvananthapuram had again been reminded by a D. O. Letter No. F3-197/TC/2003 dated 27-7-2004.

BRIEF HISTORY OF C/C KL.01/C 6174

The vehicle contract carriage KL.01/C 6174 was registered in the name of late Sri K. Parameswaran Nair Proprietor, Varma Travels with seating capacity 36 in all on 11-8-1993. The class of vehicle was altered as AITOB with Seating capacity 36 in all w.e.f. 12-8-1993.

As per item 7 (1) of the taxation schedule, prescribed rate of tax for operating in the inter state services with more than 20 passengers for every passenger is Rs. 1000 per quarter and for intra service I Rs.500 thus fixing for two tier system of taxes ie, to intra state and inter state services. This fixing of two tier system of taxes was challenged in several OPs, before the High Court by several vehicle owners including the proprietor, Varma Travels, the registered owner of KL.0/C 6174 . The Hon'ble High Court in WA No 1180/95 dated 11-12-1995 ordered that the two tier tax measures levying higher tax for contract carriages operating inter state services offends article 14 of the constitution and hence unconstitutional. The Hon'ble High Court further held that tax on such contract carriages ie. interstate contract carriages need be paid at the same rate as contract carriages operating intra-state services.

Against the said decision State Government preferred an appeal before the Hon'ble Supreme Court and the Hon'ble Supreme Court in its common judgement dated 10-08-1999 in Civil Appeal No. 13039/96 and other connected appeals set aside the judgement of the Hon'ble High Court and declared that inter state contract carriages are liable to pay the enhanced rate of tax and the enhancement made by the Government declared as legal. The Supreme Court had also ordered to allow the state to resume the recovery of tax at enhanced rate for the relevant periods. However the said tax at enhanced rate for shall not be recovered from the respondents in the civil appeal before the Hon'ble Supreme Court for the period between the date of filing of OP before the Hon'ble High Court and the date of judgement of the Division Bench of Hon'ble Supreme Court in the civil appeals ie. the period between 11-12-1995 and 10-8-1999. As such demand of tax was exempted from 11-12-1995 to 10-8-1999 from those who were the respondents in civil appeals before the Hon'ble Supreme Court. No evidence have been produced by the proprietor, Varma Travels to prove that he is one of the respondents in the civil appeals before the Hon'ble Supreme Court.

The Transport Commissioner in the Letter No. B2/3961/TC/96 dated 23-9-1999 directed to collect enhanced rate of tax from owners of interstate contract carriages and also to collect arrear tax from 11-12-1995 to 10-8-1999 except those who were the respondents in the civil appeal before the Supreme Court. Against the order of Transport Commissioner certain vehicle operators

approached the Hon'ble High Court for getting exemption from tax from 11-12-1995 to 10-8-1999. The Hon'ble Court in OP No.3/833/99 dated 19-1-2000 have directed the petitioners to approach the Government by filing representation for getting relief of exemption from payment of arrear tax. There is no evidence that this registered owner filed any representation before the Government for getting the relief. Hence demand of tax has been initiated and tax endorsement was made in the Registration Certificate for collecting the tax arrears for the period from 1-8-1993 to 30-6-2001 since the registered owner has remitted pre revised rate.

The Registered owner of the vehicle filed Appeal to Deputy Transport Commissioner (South Zone) on 27-5-2004 for stay. The Deputy Transport Commissioner (South Zone) has not granted stay vide order No. C/1090/SZ/04 dated 28-5-2004. Hence Revenue Recovery steps taken on 7-7-2004 for arrears of tax from 1-8-1993 to 30-6-2001 amounting to Rs. 8,17,184.

BRIEF HISTORY OF C/C KL.01/L 3177

The vehicle contract carriage KL.01/L 3177 was registered in the name of late Sri K. Parameswaran Nair, Proprietor, Varma Travels with Seating Capacity 36 in all on 17-9-1997. The class of vehicle was altered as AITOB with Seating capacity 36 in all w.e.f. 24-10-1997.

As per item 7 (1) of the taxation schedule, prescribed rate of tax for operating in the inter state services with more than 20 passengers for every passenger is Rs. 1000 per quarter and for intra service is Rs.500 thus fixing for two tier system of taxes ie, to intra state and inter state services. This fixing of two tier system of taxes was challenged in several OPs, before the High Court by several vehicle owners including the proprietor, Varma Travels, the registered owner of KL.0/L 3177. The Hon'ble High Court in WA No 1180/95 dated 11-12-1995 ordered that the two tier tax measures levying higher tax for contract carriages operating inter state services offends article 14 of the constitution and hence unconstitutional. The Hon'ble High Court further held that tax on such contract carriages ie. interstate contract carriages need be paid at the same rate as contract carriages operating intra-state services.

Against the said decision, State Government preferred an appeal before the Hon'ble Supreme Court and the Hon'ble Supreme Court in its common judgement dated 10-08-1999 in Civil Appeal No 13039/96 and other connected appeals set aside the judgement of the Hon'ble High Court and declared that inter state contract carriages are liable to pay the enhanced rate of tax and the enhancement made by the Government declared as legal. The Supreme Court had also ordered to allow

the state to resume the recovery of tax at enhanced rate or the relevant periods. However the said tax at enhanced rate shall not be recovered from the respondents in the civil appeal before the Hon'ble Supreme Court for the period between the date of filing of OP before the Hon'ble High Court and the date of judgement of the Division Bench of Hon'ble Supreme Court in the civil appeals ie. the period between 11-12-1995 and 10-08-1999. As such demand of tax was exempted from 11-12-1995 to 10-8-1999 from those who were the respondents in civil appeals before the Hon'ble Supreme Court. No evidence have been produced by the proprietor, Varma Travels to prove that he is one of the respondents in the civil appeals before the Hon'ble Supreme Court.

The Transport Commissioner in the Letter No. B2/3961/TC/96 dated 23-9-1999 directed to collect enhanced rate of tax from owners of interstate contract carriages and also to collect arrear tax from 11-12-1995 to 10-8-1999 except those who were the respondents in the civil appeal before the Supreme Court. Against the order of Transport Commissioner certain vehicle operators approached the Hon'ble High Court for getting exemption from tax from 11-12-1995 to 10-8-1999. The Hon'ble Court in O. P. No.3/833/99 dated 19-1-2000 have directed the petitioners to approach the Government by filing representation for getting relief of exemption from payment of arrear tax. There is no evidence that this registered owner filed any representation before the Government for getting the relief. Hence demand of tax has been initiated and tax endorsement was made in the Registration Certificate for collecting the tax arrears for the period from 1-10-1997 to 30-6-2001, since the registered owner has remitted pre revised rate.

The registered owner has filed G Form from 1-7-2001 continuously. But on 24-11-2001 the vehicle was checked by the AMVI at Pathanamthitta while conducting service to Thiruvananthapuram with 35 passengers by collecting individual fares. Since there was no evidence for remittance of tax, the vehicle was seized under section 11 of KMVT Act and kept at Pathanamthitta Police Station for safe custody. The registered owner approached Hon'ble High Court and the Hon'ble High Court directed the Regional Transport Officer, Thiruvananthapuram to release vehicle subject to depositing an amount of Rs.1,00,000 by the petitioner and also on condition that the vehicle shall not be transferred or encumbered without getting appropriate orders from the Regional Transport Officer and on further condition that an amount of Rs. One lakh will also be paid after one month of date release of vehicle.

This direction of the court is not been complied by the registered owner. Hence demand notice was issued for an amount of Rs. 3,67,200 + Additional Tax being tax arrears for the period from 1-10-1997 to 30-6-2001. Subsequently revenue recovery steps has been initiated for realising the tax arrears.

FOREST & WILDLIFE DEPARTMENT
**Action Taken Report on three cases relating para 7.1 in the Report of
 Comptroller & Auditor General of India for the year ended
 31-3-2003 (RR) relating to Forest & Wildlife Department**

<i>Sl. No.</i>	<i>Division</i>	<i>Nature of under assesment</i>	<i>Amount in Rupees</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)	(5)
1	Divisional Forest Office, Punalur	short/non demand of lease rent of forest land	22,670	The Chief Conservator of Forests (D) has reported that an amount of Rs. 22,670 is to be collected from Kerala Forest Development Corporation Limited. Government have given direction to the Managing Director, KFDC to remit the amount to Forest Department urgently vide Government letter No. 13425/D2/03/F&WLD dated 23-1-2001.
2	Divisional Forest Office, Thrissur	Other lapses	55,850	Interim stay against recovery contribution to Labour Welfare Fund allowed in O. P. No. 30575/01 filed by M/s. Hindustan Newsprint Limited. Last posting of the case was on 23-3-2006 and the case is pending in the Court.

3.	Divisional Forest Office, Nilambur (N)	Loss in auction/ re-auction dis- posal of Forest produces short/ non-realisation of penalty and other charges	6,57,100	AG has settled this para as per letter No. SRA (HQ)/IV/ F2/10-470/02-03/1098 dated 17-3-2005 of the Principal Accountant General, Thiruvananthapuram. Hence this para may also please be got dropped.
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Action Taken Report on 18 cases (10 Offices) relating to para 7.1 pertaining to Forest & Wildlife Department in the Report of the Comptroller and Auditor General of India for the year ended 31-3-2003 (RR)

<i>Sl. No.</i>	<i>Division</i>	<i>Nature of under assesment</i>	<i>Amount in Rupees</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)	(5)
1.	D.F.O. Munnar	Short realisation of Sales Tax/Income tax	86163	AG has dropped this item as per letter No. SRA (HQ)/IV/F/10-617/2003-04/244 dated 20-7-2004.
		Loss in auction/re-auction disposal of Forest Produce, Short levy/non-realisation of penalty and other charges	114800	AG has dropped this item as per their letter No. SRA (HQ)/IV/F/10-523/2002-03/ dated 27-7-2004.
		Other lapses	162617	AG has dropped this item as per letter No. SRA (HQ)/IV/F/10-617/2003-04-244 dated 20-7-2004.

2.	D.F.O. Palakkad	Non levy/short realization of Sales Tax/Income Tax	16415	<p>The deficit amount of Rs. 16415 mentioned in the draft para of C & AG's Audit Report dated 31-3-2003 has already been realized from M/s. HNL as per chalan No. 15/30-12-2002 and incorporated in Division Account vide cash book item No. 6/7-1-2003 of Palakkad Division. Hence this item may please be got dropped.</p> <p>IFGTB has been addressed with chalan for Rs. 613711 being the arrears of lease rent up to 31-12-2001 as per the enhanced rate of lease rent @ Rs.650/Ha/annum. But IFGTB has requested the Chief Conservator of Forests (P) to reduce the lease rent from Rs. 650/Ha/annum to the old rate of Rs. 100/per annum.</p>
	D.F.O. Palakkad	Short/Non-demand of lease rent on forest land	613711	<p>As per the AG letter No. SRA (HQ) IV/F2/10/527/01-02/633 dated 1-9-2003 had AG's reference SRA (HQ) IV/10-527/02-03/744 dated 29-9-2003, AG has been opined that the above paras need not be pursued further. Hence this item may be got dropped.</p>

(1)	(2)	(3)	(4)	(5)																				
3.	D.F.O. Kothamangalam	Non/Short realization of Sales Tax /income Tax	81808	Lar observed that there is a short collection ST and AST on FDT as detailed below on account of sale of forest produce.																				
				<table border="1"> <thead> <tr> <th><i>Period</i></th> <th><i>FDT Collection</i></th> <th><i>ST 10%</i></th> <th><i>AST 15% of ST</i></th> <th><i>Total</i></th> </tr> </thead> <tbody> <tr> <td>1-4-2001 to 22-7-2001</td> <td>618923</td> <td>61892</td> <td>..</td> <td>61892</td> </tr> <tr> <td>22-7-2001 to 31-10-2002</td> <td>173186</td> <td>17318</td> <td>2598</td> <td>19916</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Total</td> <td>81808</td> </tr> </tbody> </table>	<i>Period</i>	<i>FDT Collection</i>	<i>ST 10%</i>	<i>AST 15% of ST</i>	<i>Total</i>	1-4-2001 to 22-7-2001	618923	61892	..	61892	22-7-2001 to 31-10-2002	173186	17318	2598	19916				Total	81808
<i>Period</i>	<i>FDT Collection</i>	<i>ST 10%</i>	<i>AST 15% of ST</i>	<i>Total</i>																				
1-4-2001 to 22-7-2001	618923	61892	..	61892																				
22-7-2001 to 31-10-2002	173186	17318	2598	19916																				
			Total	81808																				
				DFO reports that the RO's have been instructed to issue chalans to the commenced persons from whom the dues have to be collected.																				
4.	D.F.O. Tvpam.	Short demand of Sales Tax/Income Tax	24461	AG has dropped this item as per letter No. SRA (HQ)/V/F/10-533/2002-03/1335 dated 9-2-2004.																				

Short realisation of values of Forest Produce	556390	AG in the Lar has pointed out non demand of Royalty worth Rs. 556390 from M/s. HNL. A countersigned chalan for the same amount was issued to the firm. The firm has returned the chalan stating that Rs. 486395 only is due from in view of Price Revision vide G.O. (Rt.) 76/03/F&WLD dated 10-2-2003. The matter was examined in Divisional Forest Officer, Thiruvananthapuram and found correct. The company has remitted the same amount Rs. 486395 along with Rs. 281393 (In outstanding balance value of reeds supplied during 2001-02) and Rs. 2500 (in Penalty for belated removal of reeds from Palode Range during (1999-2000) vide receipted chalan No. 97 dated 24-6-2003 (Total Rs. 770288). Hence this item may be dropped.
Loss in auction/ re-auction disposal of forest produces Short/ Non-realisation of penalty and other charges	70000	An amount of Rs. 70,000 was calculated as Government loss from Shri K. N. Kuttappan as defaulter in cashew plantation auction. RR steps have already been taken from this office and an amount of Rs. 11226 has been recovered from the above defaulter. The defaulter filed Civil Miscellaneous Petition 22/2004 in the Sub Court, Nedumangad. Since no action is pending with the Department may be dropped.
	28460	AG in the letter No. SRA (HQ)/IV/F/10-523/2002-03/1335 dated 9-2-2004. It was remarked that—Not pursued further. In the light of the above remarks this item may be dropped.

(1)	(2)	(3)	(4)	(5)												
5.	D.F.O South Waynad	Short/non- demand of lease rent on forest land.	105980	<p>It is submitted that rent of 54 leases 44 have expired till date. Their leases could not be renewed for want of Government sanction. A majority of these are tribals or other people living below lease rent is not practically possible. The leases were granted before independence as back as 1912 and hence no straight action can be taken at this stage. The details of collection of lease rent is as follows:</p> <table border="1"> <thead> <tr> <th><i>Sl. No.</i></th> <th><i>Year</i></th> <th><i>Rs.</i></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2001-02</td> <td>142</td> </tr> <tr> <td>2</td> <td>2003-04</td> <td>328</td> </tr> <tr> <td>3</td> <td>2004-05</td> <td>273</td> </tr> </tbody> </table> <p>In this circumstances it is requested that suitable action may kindly taken from that office to get the para dropped.</p>	<i>Sl. No.</i>	<i>Year</i>	<i>Rs.</i>	1	2001-02	142	2	2003-04	328	3	2004-05	273
<i>Sl. No.</i>	<i>Year</i>	<i>Rs.</i>														
1	2001-02	142														
2	2003-04	328														
3	2004-05	273														
6.	Waynad North	Short/Non- demand of lease rent on forest land	226295	<p>Divisional Forest Officer Waynad (N) vide letter No. C. 1058/92 dated 13-10-2004 a countersigned chalan has been issued to KFDC requesting the arrears and interest on arrears of lease rent and in their reply vide KFDC/D/MW/P-12/91 dated 17-6-2004. It is stated that the arrears and interest are kept pending till appropriate orders are issued from Government. This is being considered by Government.</p>												

7.	Nilambur (S)	Other lapses	296369	<p>Government of Kerala vide Notification No. 103481/Leg./C2/98 Law dated 10-08-1998 promulgated an act (Act 17 of 1998) to constitute Kerala Bamboo Kathuvally and Pandanns leaft workers welfare Fund Board. According to section 4 (7) of the Act., any person who is in receipt of reed , rattans vines, Bamboo etc. from Government as raw materials for industrial purpose is liable to pay 2% of the total value of raw materials supplied to them as contribution towards the above fund. During the period from 1-5-2001 to 31-3-2002 the total quantity of 319.834 MT of reeds and from 1-10-2000 to 31-5-2001 13218.715 MT of bamboos were supplied from Divisional Forest Officer, Nilambur (S) Division to HNL. The contribution to be realized towards the welfare Board from M/s. HNL for the above supply comes to Rs. 296369.</p> <p>On raising the demand of the above amount the company filed OP No. 38575/01 before the Honorable High Court of Kerala against the demand for paying the contribution. The OP on the subject is still pending.</p>
8.	DFO (TS) Perumbavoor	S h o r t / n o n - realisation of values of Forest Produce	39220	<p>Out of the loss amount of Rs. 39,220 following amounts were recovered.</p>

9	PCCF	Non/Short realization of Sales Tax/Income Tax	1477000	Proposal has been placed before the Government to withhold Rs. 2950291 from the subsidy due to Kerala Forest Development Corporation (KFDC) for the supply of raw materials to the industries in the State. The AG (Audit) has been informed the matter vide letter No. A6/28189/2002 dated 3-9-2003.
		Short/non realisation of value of Forest Produce	1473000	
		Short/non realisation of value of Forest Produces	1817746	The Managing Director, KFDC has been requested to remit the excess claim back to Forest Department as pointed out in the audit note. If the Corporation is not paying it, the same would be recovered from the subsidy due to it. The Accountant General (Audit) has been informed the matter vide letter No. A6/28189/2002 dated 3-9-2003. Hence this item may be recommended for dropping.
10	DFO Kozhikkode	Other lapses	5400	Divisional Forest Officer, Kozhikkode has taken action to recover the balance due by sending registered notice to all those who participated in the tender. Further report is awaited from Divisional Forest Officer.

Action taken notes on 12 cases relating para 7.1 related to Kerala Forest Development Corporation Limited in the Report of the Comptroller & Auditor General of India for the year ended 31-3-2003 (RR)

<i>Subject</i>	<i>Sl.No.</i>	<i>Division</i>	<i>Nature of under assessment</i>	<i>Amount (Rs.)</i>	<i>Action taken</i>
	(1)	(2)	(3)	(4)	(5)
Result of Audit	1	Divisional Forest Office Achencoil	Non/Short realisation of Sales Tax	13,954	Divisional Forest Officer, Achencoil has reported that except Sri. G. Vamadevan, all other bidders are registered dealers and all have possess valid Sales Tax Registration Certificates. Hence out of Rs. 13,954, Rs. 2,000 is only to be recovered from Sri. Vamadevan. A Countersigned chalan for Rs. 2,000 has been issued to Sri. Vamadevan.
			Other lapses	3,40,826	In the supply of raw materials/bamboos to M/s. HNL there is non-removal of materials extracted. Divisional Forest Officer, Achencoil has reported that the unremoved balance quantity of 14,350 pieces of bamboos weighing 278.12 MT has been added in the fresh allotment of the Company for the current allotment year. A countersigned chalan for Rs. 3,40,826 being the value of un-removed quantity of bamboos sent to the company. They have not yet produced the receipted chalan.

		Short/Non-demand of lease rent due on forest land.	1,65,069	Divisional Forest Officer, Achencoil has reported that countersigned chalan has already been issued to the KFDC Ltd. But the Company has not remitted the amount so far. Divisional Forest Officer is being directed to submit their reply immediately.
3	Divisional Forest Officer, Timber Sales, Punalur	Non/Short realisation of Sales Tax/Income Tax	1,01,32,067	<p>Divisional Forest Officer, Punalur stated that ST on FDT is being collected from the bidders in auction sale of timber as per G. O. Rt. 405/02/TD dated 19-7-2002 and counter signed chalan towards arrears has already been issued to the concerned defaulters. Some of them remitted the arrears and some of them has filed O. P. against the realization of ST on FDT and some for refund of the paid amount. The Hon'ble High Court ordered vide judgement dated 25-9-2003 in the above O. P. that the ST cannot be levied on the FDT and also ordered not to refund the paid amounts as their business was already over based on paid amounts.</p> <p>The Advocate General has informed that there is no scope for filing appeal against the judgement. Accountant General, Thiruvananthapuram was informed in Government that it is not right to collect ST on FDT.</p>

(1)	(2)	(3)	(4)	(5)
		Loss in Auction/Re-auction disposal of forest produce short or non realisation of penalty and other charges.	41,360	The Divisional Forest Officer has reported that the amount is being the loss sustained to Govt. consequent on the theft of 14 pieces of teak timber stacked for auction at the Govt. Timber Depot, Kadakkamon. This involves disciplinary action against the delinquent officers. The amount shall be recovered from the responsible officers after final decision on enquiry report.
5	Divisional Forest Officer, Timber sales Division, Palakkad	Non/Short realisation of ST/IT	21,02,548	Answer to item No. 5 is same as item 3.
		Non/Short realisation of ST/IT	35,239	Divisional Forest Officer, Timber Sales, Palakkad has reported that the amount of Rs. 35,239 has already been recovered and AG has dropped the para as per No. SRA (HQ) IV/F2/10/526/02-03/1009 dated 28-11-2003.
8	Divisional Forest Officer, Malayattur	Non/Short realisation of Sales Tax/Income Tax	1,03,460	Answer to item No. 8 is same as item 3.

10	Divisional Forest Officer, Ranni	Non/Short realisation of Sales Tax/ Income Tax.	1,31,310	Divisional Forest Officer stated that a chalan for Rs. 1,31,310 has been issued to the party on 16-8-2004. But HNL has not remitted the amount so far.
		Short/Non Demand of lease rent due on Forest land	3,31,161	Divisional Forest Officer stated that the pending lease rent upto 2003-04 has already been remitted by the Rubber Board vide CB Voucher No. 227 dated 28-8-2003.
11	Divisional Forest Officer, Timber Sales, Kozhikode	Non/Short realisation of Sales Tax/ Income Tax	1,15,815	Answer to item 11 is same as item 3.
12	Divisional Forest Officer, Thenmala	Non/Short realisation of value of Forest produce	7,94,630	A quantity of 1049.75m ³ of Accacia was collected by agent of M/s Grassim Industries during the year 1998-99, Sri. Saji M. Mathew. The above quantity of Accacia could not be removed by the company due to lockout in Company. Hence the above collected quantity of 1049.75m ³ of Accacia was reallocated to M/s. Hindustan Newsprint Ltd. by Chief Conservator of Forests (Protection) as per order No. G1.21187/98 dated 31-12-1999. As such

(1)	(2)	(3)	(4)	(5)
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the Company transported 266.75m³ Accacia. At that time the agent of Grasim Industries Sri Saji M. Mathew filed an O.P. 8646/2000 before the Honourable High Court, Ernakulam and obtained a stay order against the transportation of the collected produce. Hence the balance quantity of 782.98m³ Accacia could not be transported by the Hindustan Newsprint Limited. The produce was left unremoved at the stacking site for a long period exposed to sun light and adverse climatic condition. As a result part of the produce got deteriorated. The section staff prepared 2 Mahazar assessing the loss sustained to Govt. In the meanwhile the above O.P. was dismissed by the Honourable High Court. M/s Hindustan Newsprint Limited was asked to remove the produce immediately but they expressed their unwillingness to take the produce as the billets had lost the pulping quality. A legal advise from Additional Government Pleader has been received on this issue. It is advised there in that the Government Pleader, Kollam may be contacted for the legal steps that is to be taken to realise the loss sustained to Government. As such the District

Government Pleader was contacted on 16-2-2002 as per the legal advice of Special Government Pleader. The District Government Pleader vide letter No. Nil dated 27-4-1992 authorised the additional Government Pleader, Kottarakkara to draft a Civil suit and file before the Hon'ble Sub Court, Kottarakkara as the cause of action arose within the Jurisdiction of Sub Court, Kottarakkara. As such the Addl. Govt. Pleader has also been contacted. He opined that the final loss in this case is not materialized as the balance quantity of Accacia is still lying in the stacking place without disposal. After disposing the materials in full and calculating the final loss, steps against the concerned parties is to be taken to realize the loss including RR steps. Hence the Accacia in question has been notified for public auction and it was disposed off on 23-7-2002 for a loss of Rs. 1,12,074

95

Short/Non-Demand
of lease rent due on
forest land

1,00,344

Non-levy of lease rent in respect of land transferred to Kallada Irrigation Project.

The amount pointed out Rs.8,39,034 in the Local Audit Report (SRA) (HQ) TV/Forest/10-337/2000-2001) for the period from 1-7-1999 to 30-6-2000, being the non levy of lease rent at differential rates

(1)	(2)	(3)	(4)	(5)
				<p>as described in the audit para in respect of 38.594 Ha. of forest land transferred to KIP was remitted by KIP vide chalan No. TC 651 dated 31-3-2001. The above sum was for the period upto 20-10-2000. As per the general condition of lease rent is to be paid before the end of the financial year. Hence a counter signed chalan for Rs. 50,172 being the lease rent for the period from 21-10-2000 to 20-10-2001 was issued to KIP and they remitted the chalan amount vide receipted chalan No. 404 dated 31-3-2002 of State Bank of Travancore, Punalur. Another counter signed chalan for Rs. 50,172 being the lease rent for the period from 21-10-2001 to 20-10-2002 was also issued to KIP on 12-4-2002 for remittance. LAR from the period from 21-10-2002 to 20-10-2003 and 21-10-2003 to 2004 were also demanded. But the KIP has not remitted the amount so far. The demand of the lease rent was made at right item.</p> <p>As regards the submerged area of 1464.579 Ha. of forest land resumed back from State Farming Corporation of Kerala during 1981-82, and same was not handed over to KIP. The draft lease deed to be</p>

				executed with Kallada Irrigation Project has already been submitted to Conservator of Forests, Kollam vide Lr. No. C1/1929/91 dated 17-2-2001 for approval with modification if any in the matter. But the approved lease deed has not been received back from Conservator of Forests, Kollam so far. The para II of audit report for year 2002-03 has already been dropped by Accountant General, vide letter No. SRA (HQ) IV/F/10-426/02-03/294 dated 12-9-2002.
13	Divisional Forest Officer, Vazhachal	Non/Short realisation of value of forest produce	2,44,933	M/s. HNL remitted the full amount and AG has dropped the para as per No. SRA (HQ) IV/F/10-476/02-03 dated 25-7-2002.
		Other lapses	97,079	Reply awaited from Divisional Forest Officer, Vazhachal.
14	Divisional Forest Officer, Kottayam	Non/Short realization of value of forest produce	1,55,543	The above value has already been realized from the Company and credited to Cash Book. Item No. 27/10-3-2003 of Divisional Forest Officer, Kottayam, Divisional Forest Officer file Number A1-1865/2004. AG has dropped this item vide No.1 SRA (HQ) IV/F-10-485/2002-03/822 dated 13-10-2003.

(1)	(2)	(3)	(4)	(5)
15	Divisional Forest Officer, Timber Sales, Perumbavoor	Short/Non realization of value of Forest produce	42,102	Revenue recovery steps has been taken to recover the loss amount of Rs. 42,102 from Sri Lowrence Louise, Nilankavil House, Thrissur through the District Collector, Thrissur.
16	Asst. Conservator of Forests, Social Forestry, Palakkad	Short/Non realization of value of Forest produce	51,184	Asst. Conservator of Forests, Social Forestry, Palakkad stated that the actual amount due is Rs. 43,997 instead of Rs. 51,184 and this amount has remitted by HNL and credited to Cash Book Voucher No. 9 dated 26-5-2003.
21	Divisional Forest Officer (WL), Parambikulam	Short/Non realization of lease rent on forest land	7,40,622	Divisional Forest Officer Stated that non-revision of lease agreement has resulted in short demand of lease rent from 11/98 due from Tamil Nadu Government.

Action taken notes on para 7.2 related to Kerala Forest Development Corporation Limited in the Report of the Comptroller & Auditor General of India for the year ended 31-3-2003 (RR)

<i>Subject</i>	<i>Action taken</i>
(1)	(2)
Non realization of FDT and additional price	While calculating the subsidy payable to Kerala Forest Development Corporation for the years 2000-01 to 2002-03, Rs.29.50 lakhs payable to Government by Kerala Forest Development Corporation, as pointed in Comptroller & Auditor Generals Report, was deducted from the subsidy payable to Kerala Forest Development Corporation Ltd; and only the balance amount as recommended by Chief Conservator of Forest to Government for payment. The balance amount of subsidy has not yet been paid to Kerala Forest Development Corporation by Government. The above said amount will be deducted from the subsidy payable to KFDC.

Action taken notes on para 7.3 related to Kerala Forest Development Corporation Limited in the Report of the Comptroller & Auditor General of India for the year ended 31-3-2003 (RR)

<i>Subject</i>	<i>Action taken</i>
(1)	(2)
Excess payment of subsidy	An amount of Rs. 16,83,098 being the excess amount of subsidy paid to Kerala Forest Development Corporation Limited for supply of materials allotted during 1999-2000 is to be recovered from the Kerala Forest Development Corporation Ltd. The subsidy for the years 2000-01 to 2002-03 to be paid to KFDC Ltd. was recommended by the Chief Conservator of Forest to Government after deducting the above amount of excess subsidy paid. The balance amount of subsidy for the years 2000-01 to 2002-03 has not yet been paid to Kerala Forest Development Corporation Ltd; The above said amount will be deducted from the subsidy payable to Kerala Forest Development Corporation.