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GOVERNMENT OF KERALA

ABSTRACT.

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Leakage of revenue - Implementation of the terms of agreement with the Kannan Devan Hills Produce Company Munnar seigniorage on timber felled and removed by the Company levy and collection clarification issued.

Revenue (B) Department)

G.O.MS.643/66/RD

dated 23-11-1966

Read 1. Letter No.D1-27689/62 dated 18-8-62 from the Chief Conservator of Forests.

2. Note of proposals dated 3-1-1964 given by the Kannan Devan Hills Produce Co. regarding surrender of certain lands to Government.

3. G.P.R.Dis.748/32/Rev. dated 21-5-1932

4. D.O. Letter No.SS.396/64 dated 14-7-66 from the Advocate General, Ernakulam.

O R D E R.

A proposal for taking over about 42604 acres of forest lands comprised in the Kannan Devan Hills Produce Concession area for forestry purposes was made by the Chief Conservator of Forests in his letter read as first paper. Thereupon negotiations were carried on between the Government and the General Manager of the Kannan Devan Hills Produce Company in regard to the surrender of the lands. The Company was agreeable to the surrender of the lands to Government for plantation purposes provided the Government recognised the right of the Company over the timber felled from the Concession area. In the note of proposal read as second paper above, the Company expressed the view that the title to trees in the area vests in the company and that the company is entitled to fell any trees from any part of the concession area for any purpose and that it can take unworked timber or articles manufactured there from outside the limits of the concession area without paying any Kuttikanam or seigniorage. As the point raised was legal in the main, the General Manager of the Company was informed that the Government would consider the question and given him a reply in due course.

2. Government have examined the matter in detail. The Kannan Devan Hills Produce Company is the successor in interest of the North Travancore Land Planting and Agricultural Society who came to possession of the Concession area by virtue

⊗ and MR. J.D. Munro and the Government on modification of taxes entered into by the government with the north Travancore.

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of the transfer effected on 8-12-1878 by Mr. John Daniel Munro the original grantee. The terms and conditions binding on the Kannan Devan Hills Produce Company in relation to seigniorage are those laid down in the Deed of Ratification dated 28-11-1878 entered into by the former Government of Travancore and Planting and Agriculture Society on 2-8-1886. The relevant provisions dealing with seigniorage are clause 5 of the Deed of Ratification and condition 7 of the agreement on Modification of Taxes referred to above.

3. Clause 5 of the Deed of Ratification states that the grantee can appropriate to his own use within the limits of the grant all timber except Teak, Cole Teak, Blackwood, Ebony, Karunthaly, Sandalwood and such other timber as may be reserved thereafter. In the case of the excepted timber the grantee is to pay seigniorage according to scale provided in the clause. Clause 5 also provides that if any timber is carried outside the limits of the grant it will be subject to payment of Kuttikanam or customs duty or both as the case may be. Condition No. 7 of the agreement on Modification of taxes provides that the society its successors and assigns may use and appropriate to its own use within the limits of the grant all timber except the six species of trees specified in clause 5 of the deed of ratification and such other trees as may be reserved thereafter. The society its successors and assigns are not to fell any timber beyond what is necessary for clearing the ground for cultivation and ~~for~~ for building furniture and machinery within the limits of the grant. This condition also stipulated that no unworked timber or articles manufactured therefrom shall be carried outside the limits of the grant except in conformity with the rules of the forest and customs departments. The society its successors and assigns were also made liable to pay seigniorage in respect of the six specified varieties of timber according to the scale given in the condition.

4. In G.O.R. Dis. 748/32/RD dated 21-5-1932 read as third paper above, the Government accepted the views of the then General Manager of the Company expressed in his letter dated 25th January 1928 that no seigniorage was due from the Company on reserved trees other than the Royal trees specifically mentioned in clause 7 of the agreement and ordered accordingly The Company's



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on the above Government order. An interpretation is thus sought to be given that the clarification issued by Government in G.O. R.Dis.748/32/RD dated 21-5-1932 is in absolute terms and that in the light of the order no seigniorage is due to Government on any trees felled from the area and appropriated for any purpose. Government consider that such an interpretation is too drastic and is quite unwarranted in the context in which the order was issued viz. the Company's representation against levy of seigniorage on subsequently reserved trees which were felled and appropriated for building purposes, etc. within the concession area. In 1928 when the General Manager of the Company moved Government against levy of seigniorage on certain species of timber, the Company had no doubt whatever regarding the use and appropriation of timber within and without the grant according to the provisions of the agreement as could be seen from his letter dated 25-1-1928. It is clear from this letter that the Company had no difference of opinion regarding the liability of the Company for payment of Kuttikanam or seigniorage on timber taken outside the limits of the grant. The objection raised by the company in 1928 was only in respect of the levy of seigniorage on certain species of timber used by the Company for building purposes within the concession area, and which have been reserved under the Forest Regulation subsequent to the date of the agreement. The Government order read as third paper can therefore be interpreted only as referring to species of timber, other than the six varieties mentioned in the agreement, which were used by the Company for building purposes etc. within the concession area and which were added to the list of reserved trees subsequent to the date of the agreement and not to anything more. Government had not given up their right to levy seigniorage as provided in clause 5 of the deed of Notification or clause 7 of the agreement of modification of taxes in respect of timber removed outside the limits of the concession area. As the matter involves interpretation of agreements, the Advocate General was also consulted in the matter and he has expressed the view that Government order R.Dis.748/32/Rev. dated 21-5-1932 refers only to the timber (i.e. timber from trees subsequently reserved) used by the Company for building purposes, etc. within the limits of the concession area and that Government are not precluded

from making the claim for seigniorage in respect of timber sought to be removed outside the concession area.

5. Government after considering all aspects of the question are pleased to clarify that the Company is liable to pay seigniorage or Kuttikanam on the six specified categories for any use according to the scale specified in the agreement, and for all other categories of timber when they are taken out of the concession area, according to the rates in force from time to time. The Company cannot take any timber outside the limits of the concession area except in accordance with the rules of the Forest Department and on payment of seigniorage or other dues.

Sd/ Revenue Secretary.

To

The Chief Conservator of Forests.

Endt. on D.Dis.39344/66 D1 dated 2/6-12-66

Copy communicated to the Conservator of Forests, Chalakudy and Divl. Forest Officer Munnar for necessary action.

Sd/-For Chief Conservator of Forests.

true copy

(D. 20331/66)

*Amal Kumar*  
For Conservator of Forests.

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