

The M.P. Forest (Contract) Rules, 1927

MADHYA PRADESH

India

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Rule THE-M-P-FOREST-CONTRACT-RULES-1927 of 1927

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The M.P. Forest (Contract) Rules, 1927 Published vide Notification No. 178, dated 10-2-1927 and subsequently amended by Notification No. 438-218-15, dated 6-4-1927 (w.e.f. 1-7-1927) Whereas it is expedient to frame a comprehensive set of rules for the guidance of forest officers and forest contractors in making contracts for the sale and purchase of forest produce, for the simplification of the forms of forest contracts, for the protection of Government's rights in forest produce, and for the protection of the rights of private persons in reserve forests, these rules are now made by the State Government under Sections 41, 76 (d) and 85 of the Indian Forest Act of 1878, and also under Sections 41, 76 (d) and 85 of the Indian Forest Act, 1878, as applied to berar. These rules shall come into force on the 1st July, 1927. Preliminary

1. Short title.

- These rules may be cited as ["The Forest Contract Rules"] [Vide Notification No. 2288/Ten/59, dated 27-3-1959, Published in M.P. Rajpatra, Part 4 (Ga), dated 27-3-1959 at page 223.].

2. All forest contracts to be deemed subject to these rules.

- All contracts whereby Government sells forest produce to a purchaser shall be subject to the following rules, in so far as they are applicable, and these rules, in so far as they applicable, shall be deemed to be binding on every forest contractor not only as rules made under the Forest Act, but also as conditions of his forest contract: Provided that the forest officer executing a forest contract shall have power to vary these rules by express provision in such contract, and where these rules are in a conflict with such an express provision, such express provision shall prevail: Provided further that no contracts containing unusual conditions and no material alterations in contracts already entered into should be made without the previous sanction of the State Government.

3. Definitions.

- In these rules,-(1)A "forest contract" means a contract whereby Government agrees to sell and the purchaser agrees to buy forest produce;(2)"forest contractor" means the person who purchases forest produce under a forest contract;(3)"contract area" means the area covered by a forest contract.Rules Limiting the Materials Purchased Under a Forest Contract

4. Forest contractor entitled only to the forest produce he purchases.

- A forest contractor shall not be entitled to appropriate or use any forest produce other than the forest produce purchased by him under his contract, unless he has been given permission by an express provision in such contract, or in these rules.

5. Forest contractor to respect private rights.

- A forest contractor shall be bound to respect all rights lawfully vested in private persons relating to access to the forest and to the appropriation of forest produce.Rules Regulating the Operations which may be Performed Under a Forest ContractI. General

6. Accessory licence to forest contracts.

- The forest contract shall carry with it an accessory licence entitling the forest contractor and his servants and agent to go upon the land specified in the contract and to do all acts necessary for the proper extraction of the forest produce purchased under the contract:Provided that such accessory licence shall be deemed subject to the conditions and limitations prescribed in these rules and in the forest contract, and the acceptance of the contract shall be deemed to be an acceptance of such conditions and limitations.

7. Time to be of the essence of forest contracts.

- Where by the terms of any forest contract, it is agreed that the extraction of the forest produce purchased under the contract may be carried out only during a specified period, time shall be deemed to be of the essence of such contract, and upon completion of the specified period the contractor's rights under the contract shall cease, and any forest produce not removed across the boundaries of the contract area shall become the absolute property of Government:Provided that the forest officer empowered to execute the agreement relating to such contract on behalf of Government shall have power to extend the period of a contract, for reason to be recorded by him, on such terms, including the payment a premium, as he may think fit. This power to grant extension shall be subject to the condition that the forest officer is, under the standing orders, competent to make a contract for the entire period including the extension.

8. Powers of forest officer to stop extraction of forest produce.

- Where the consideration payable to Government under a forest contract is payable in instalments and the Divisional Forest Officer at any time before the last instalment is paid considers that the value of the forest produce removed by the contractor exceeds the amount of the instalments already paid, the Divisional Forest Officer may stop further removal until the contractor has paid such further sum as may, in his opinion, be sufficient to cover such excess :Provided that, if in the opinion of any Forest Officer not below the rank of a Range Officer, it is necessary to take immediate action to prevent a breach of this rule, such Forest Officer :-(i) may by notice in writing served on the contractor or his agent, if any, stating the grounds for the direction, require the contractor or his agent to stop further removal of the forest produce from the contract area; and(ii) shall forthwith report the case for the orders of the Divisional Forest Officer who may pass such orders thereon under this rule as he may think fit. Explanation. - For the purposes of this rule the value of the forest produce removed shall be calculated on the basis of the consideration payable to Government, and not on the price which the forest contractor may be obtaining in the market.

9. Employment of forest villagers.

(1) Where the operations permissible under any forest contract involved the employment of labour the forest contractor shall, if so, required by the Divisional Forest Officer, employ the inhabitants of forest villages in or near the contract area in preference to any other labour, provided such forest villages are reasonably accessible to such area. (2) The employment of forest villagers by forest contractors shall be at such rates and on such conditions as may be prescribed from time to time under the standing orders of the State Government relating to the management of the forest villages.

10. Unsuitable persons not to be employed.

- A forest contractor shall not employ, for any purpose connected with his forest contract, any person who has been dismissed from the Forest Department and shall discontinue the employment of any person objected to by the Divisional Forest Officer as unsuitable for such employment.

11. Forest contractors to provide his servants and agents with badges.

- If so required in writing by the Divisional Forest Officer, the forest contractor shall provide his servants and agents with a badge, signed warrant or other device approved by the Divisional Forest Officer, whereby they may be readily identified. Failure to wear such device in the contract area shall make a servant or agent liable to be treated as a trespasser.

12. Passes for removal of forest produce.

(1) A forest contractor shall not remove any forest produce from the contract area unless it is accompanied by a pass written in Hindi language in Devnagari script and signed by the contractor or his numbered serially. (2) Such passes shall be obtained on payment from the Range Officer. They

shall be in triplicate and shall be bound in books. Each book shall bear an identifying number, and passes in each book shall be numbered serially.(3)The first of the triplicate forms shall be given to the person in charge of the produce which is being removed, and shall be produced by him-when required by any forest officer. The second of the triplicate forms shall be sent alongwith the abstract accounts to which it relates, which are to be filed under Rule 16. The third of the triplicate forms shall be retained by the forest contractor.(4)When the forest contract is concluded all blank triplicate forms shall be returned to the Range Officer, and the contractor shall be given a refund of their value.

13. Forest produce to be removed by prescribed routes to be checked and depots.

- A forest contractor shall not remove any forest produce except by route specified by rules under the Act, or by his forest contract, and shall take all forest produce, removed by him to such depots or places as may be similarly prescribed, for check and examination.

14. Forest produce to be removed by daylight.

- Except with the special permission of the Divisional Forest Officer, a forest contractor shall not remove any forest produce from the contract area after sun set or before sunrise.

15. Liability of the forest contractor for damage caused.

(1)A forest contractor shall be responsible for any damage that may be done in a reserved forest by himself or his servants and agents. The compensation for such damage shall be assessed by the Divisional Forest Officer, whose decision shall be deemed to be that of an arbitrator and shall be final and binding on the parties, except to the extent that it shall be subject to an appeal to the Conservator of Forests.Explanation. - For the purposes of this sub-rule an agent shall be deemed to include a sub-contractor and any person to whom the forest contractor has given a licence or permit entitling him to take a portion of the forest produce sold under the forest contract; but shall not be deemed to include a person to whom the forest contractor has assigned all his rights under the contract, in accordance with sub-rule (2) of Rule 33.(2)Any sum assessed as damages under this rule shall be recoverable as arrears of land revenue, and a certificate under the hand of the Divisional Forest Officer that such sum is due shall be presumed to be correct by the revenue officer empowered to collect it.

16. Forest contractor to keep accounts and to file abstract.

- The forest contractor shall keep accounts of the amount of the various kinds of forest produce removed by him from the contract area in such form as the Divisional Forest Officer may prescribe or approve, and such accounts shall be open to inspection at any time by the Divisional Forest Officer or by any forest subordinate duly authorized in this behalf by the Divisional Forest Officer.The forest contractor shall file abstracts of such accounts in the office of the Range Officer or

in such other office as the Divisional Forest Officer may specify, at such intervals, which shall not be less than one month, as may be specified in his forest contract.

17. Mode of felling.

(1) A forest contractor who has purchased standing trees shall fell and remove all trees purchased by him under his contract. (2) All felling shall be done with due care and attention and in a workman like manner. (3) Unless the Divisional Forest Officer otherwise directs by order in writing, all trees shall be felled so that the stools shall not project more than three inches above the ground, with the bark uninjured and adhering to the wood : Provided that in all cases where the stem bears a hammer mark near its base, such mark shall be left intact. (4) The Divisional Forest Officer may stop further felling until the provisions of sub-rules (2) and (3) have been complied with to his satisfaction in any section of the coupe.

18. Scheme of progressive working by sections.

(1) For the purposes of this rule the operations carried out in the contract area under a forest contract for the sale of standing trees are divided into two stages, -(a) cutting; and (b) carting. Cutting operations include felling and all processes of conversion such as trimming, dressing, splitting and sawing, which are carried out on a felled tree without removing it further from the place where it was felled than may be necessary to carry out such processes. Carting operations include all operations for the removal of a felled tree, or its converted product, from the place where the tree was felled, whether such removal be to a depot, or to a saw mill or other destination. (2) The Divisional Forest Officer may divide the contract area, which for the purposes of these rules may be shortly termed a coupe into such number of sections, not exceeding eight, as he may think fit, and shall have power to regulate and confine the operations of the forest contract within these sections in accordance with the following provisions :- (a) The section shall be numbered so that sections bearing consecutive numbers shall be adjacent, and the numbers of the sections shall run progressively, as far as may be, through the coupe. (b) When the forest contractor begins his operations under the contract, he shall be allowed to carry out cutting operations in Section Nos. 1 and 2 only. As soon as he begins cutting operations in Section No. 3 he shall be deemed to have surrendered all his rights to standing trees in No. 1. When he begins cutting operation in Section No. 4 he shall be deemed to have surrendered all his rights to standing trees in Section No. 2. And so on, throughout the coupe. (c) As soon as the forest contractor has begun cutting operations in any section, he may begin carting operations therein but when he begins cutting operations in Section No. 4, he shall be deemed to have surrendered all his rights under his contract to all forest produce in Section No. 1. When he begins cutting operations in Section No. 5 he shall be deemed similarly to have surrendered all his rights in Section No. 2. And so on, throughout the coupe. (3) The Divisional Forest Officer may, by order in writing, permit the forest contractor to cut and cart any specified class of timber in advance of the programme above indicated.

19. Power of forest officers to mark timbers.

- The Divisional Forest Officer and his subordinates shall have the right to mark any piece of timber before it is removed from the coupe.

20. Special rules for felled trees.

(1)The provisions of this rule shall apply to contracts where the trees have been felled by the Forest Department or by any agency acting under that department, and these trees only are sold to the forest contractor.(2)A forest contractor who has purchased felled trees shall remove all trees purchased by him under his contract.(3)The provisions of Rules 18 and 19 shall apply to such contracts in so far as they may be applicable.

21. Special rules for bamboos.

(1)The contract area may be divided by the Divisional Forest Officer into any number of sections, and the Divisional Forest Officer may direct that the removal of bamboos from any section shall be completed before the removal of bamboos is begun in another section.(2)All dry bamboos may be cut from a clump.(3)No bamboo under one year old may be cut.(4)At least twelve green bamboos of more than one year old shall be left in each clump.(5)The stumps left shall in no case be less than 30 cms. or more than 60 cms. in height.

22. Special rules for lac.

(1)A forest contract for the purchase of lac shall be subject to the following provisions.(2)Except with the written permission of the Divisional Forest Officer, the forest contractor shall not cut, pollard nor in any way injure any tree except *Schleichera trijuga* (kusam), *butea frondose* (palas, cheola, dhak), *Zizyphus xylophyra* (ghont, chatbor), *Zizyphus jujuba* (ber, bor), and trees of other species which actually have lac on them; and such trees shall be trimmed only to such extent as may be absolutely necessary for the propagation, cultivation and collection of lac.(3)At the last harvest of the contract at least one-half of the total number of trees bearing lac shall be left untouched.

23. Special rules for rusa oil.

(1)Where a forest contract is for the extraction of rusa oil from *Andropogon schoenanthus* (tikhari or rusa grass), the following special provisions shall apply.(2)The forest contractor and his servants and agents shall be entitled to collect dry fuel for the working of the stills, and wood and grass for the erection of temporary huts in the neighbourhood of the stills :Provided that the Divisional Forest Officer may permit the contractor to cut green wood for fuel subject to such conditions as he may think fit.(3)The forest contractor shall not erect his stills within or adjoining any reserved forest except with the written permission of the Divisional Forest Officer, and then only at such places as may be indicated by the Divisional Forest Officer.(4)The forest contractor shall not erect his stills in such a position, or dispose of his refuse in such a manner, as to pollute the water supply of any

village.(5)The Divisional Forest Officer shall have the right to burn the forests covered by any forest contract for the extraction of rusa oil between the 1st of January and the 1st of June in any year and Government shall not be liable for any damage caused to tikhari grass by such burning.

24. Special rules of Sindi trees.

(1)Where a forest contract is for the extraction of the juice from sindi trees, the following special provisions shall apply.(2)No incision shall be made at less than 150 cms. from the ground or within 30 cms. from the base of the central whorls or 45 cms. from the top of any previous incision :Provided that the Collector, may in unavoidable cases, and for reasons to be recorded in writing, permit an incision to be made not less than 120 cms. from the ground or within 35 cms. from the top of any previous incision.(3)The greatest depth of the incision shall not exceed one-third of the diameter of the tree, and the greatest width of the incision shall not exceed one-third of the circumference of the tree, both measurements to be taken at place where the incision is made.(4)No tree shall be tapped oftener than once in any one tapping season or for more than six months in the year, and a clear tapping season shall be allowed to elapse before it is tapped again.(5)The contractor may trim away the lower leaves of the crown of the tree, but in addition to the central whorls springing from the head, not less than eight leaves shall be left on each crown.(6)The contractor should not remove, sell or otherwise dispose of any leaves cut in tapping the trees.(7)Every contractor shall obtain a licence from the Excise Department before beginning work under the contract and shall be bound to observe the provisions of the Excise Act, the rules made thereunder and the terms and conditions of his licence.

25. Special rule for gum.

- Where a forest contract for the extraction of gum, the forest contractor shall not injure or in any way wound any tree with a view of inducing the flow of the gum.

26. Special rule for harra.

- Where a forest contract is for the extraction of harra, the forest contractor shall not in any way injure a tree in collecting the fruit.

26A. Special rules for drift timber.

- Where a forest contract is for a sale of timber found adrift, beached, stranded or sunk in any river, the following provisions shall apply :(1)The forest contractor shall not collect any timber which the State Government has exempted from the provisions of Section 45 of the Act.(2)The timber collected in the prescribed depots shall be properly stacked and a register shall be maintained showing the daily receipts of the same. Abstracts of the register shall be filed by the forest contractor in the office of the Divisional Forest Officer at intervals of 14 days and no timber shall be removed or permitted to be removed by the contractor from the depots except under an authority in writing from the said officer.(3)The Divisional Forest Officer will intimate to the forest contractor from time to time the

result of any claim or suit made by any person under Section 47 of the Act to recover possession of the timber collected by the contractor. If any person is declared to be entitled to recover possession of any such timber and pays to the contractor the salvage fee prescribed under Section 51, the contractor shall make over the timber to such person and permit its removal from the depots on production of the authority required under sub-rule (2). (4) Only such timber shall be deemed to have been sold to the forest contractor as may become vested in him under Section 48 of the Act. (5) The forest contractor shall have no claim to or in respect of any timber not collected and stacked by him in the prescribed depots. Special rules for the cutting of grass and the grazing of cattle in ramnas and babul bans in Berar.

27.

Where a forest contract confers the right to cut and sell grass and to permit grazing of cattle, the following special provisions shall apply : (1) The forest contractor shall not allow any sheep, goats and camels to graze in the contract area. (2) Where the contract area consists of fodder reserves, the contractor shall restrict the number of cows and bullocks to be grazed in such area to one head for every two acres. (3) In other areas he shall restrict the number of cows and bullocks grazed to one head per acre. (4) If by the terms of his contract he is permitted to graze buffaloes, then, for the purposes of sub-rules (2) and (3), one buffalo shall be taken as equivalent to two cows or bullocks. Rules Regulating the Consequences of a Breach of the Conditions of a Forest Contract

28. Penalty on termination of a contract for breach of conditions.

(1) Every forest contract shall be in writing in the form annexed hereto and shall contain a provision whereby the forest contractor binds himself to do all the duties and acts required to be done by or under the contract, and covenants that he and his servants and agents shall abstain from all the acts forbidden by or under such a contract. (2) The sums to be mentioned in a forest contract as possible in case of a breach of any such stipulation shall not exceed one quarter of the total consideration to be paid by the contractor, and shall be recoverable in accordance with the provisions of Section 85 of the Act and of this rule : Provided that where such consideration is not an ascertained amount the forest officer executing the contract shall make an estimate of the total amount that would be payable if the contract were fully complied with and such estimate shall be deemed to be, for the purposes of this sub-rule, the total consideration to be paid by the contractor. (3) The sum shall not be realized from the contractor unless the contract has been duly terminated in accordance with the provisions of Rule 29, and then only under the written order of the forest officer executing the contract.

29. Termination of a contract for breach of conditions.

(1) A forest contract may be terminated by the officer empowered to execute it on behalf of the Government if the forest contractor makes default in the payment of the consideration for his contract or of any instalment thereof, or commits a breach of any of the other conditions of his contract. (2) Such termination shall be notified to the forest contractor by a written notice delivered to him personally or sent to him by registered post, and thereupon all the contractor's rights under

the contract including all accessory licences, shall cease and all the forest produce remaining within with the contract area or at depots specified under Rule 13 shall become the absolute property of Government.(3)On such termination Government shall be entitled,-(a)to keep all sums already paid by the contractor as consideration or part consideration of the forest contract;(b)to recover as arrears of land revenue any part of the consideration which has fallen due but is still unpaid on the date of the termination of the contract;(c)to recover as arrears of land revenue any penalty which may be recoverable under Rule 28;(d)to recover any damage which may be assessed under Rule 15, and(e)to recover as arrears of land revenue any part of the consideration which would have subsequently fallen due but for such termination or to resell the contract and to recover in like manner the account by which the price secured as such resale falls short of that part of the consideration which would have so fallen due.

30. Penalty for breach of conditions without termination.

(1)Where the forest contractor commits a breach of any of the conditions of his contract but it is not proposed to terminate his contract on account thereof, the whole penalty provided for in Rule 28 shall not be recovered from him, but the Divisional Forest Officer shall have power to recover a portion thereof, not exceeding five hundred rupees in accordance with the provisions of Section 85 of the Act.(2)An order of the Divisional Forest Officer under this rule shall be subject to appeal to the Conservator of Forests if the amount levied exceeds two hundred rupees but shall otherwise be final.(3)The payment of a sum assessed under this rule shall absolve the forest contractor from all further liability under his contract in respect of such breach, except his liability under Rule 16 for damage done in a reserved forest.

31. Termination of forest contract on occurrence of famine.

- In the event of the State Government deciding that, it is necessary to open any contract area or any portion thereof to the free collection of all or any of the kinds of forest produce sold under a forest contract, such contract shall terminate from the date of such opening. The forest contractor shall be entitled to compensation for any loss caused to him by such shall be determined by the Commissioner and termination and such Conservator concurring or, in the event of their not concurring, by the State Government. Such compensation shall bear the same proportion to total consideration payable under the forest contract as the value of the produce of which the contractor has been deprived is estimated to bear to the value of the whole produce covered by the contract.Miscellaneous Rules

32. Government not responsible for natural calamity or act of third parties.

- A forest contractor shall not be entitled to any compensation whatsoever for any loss that may be sustained by reason of fire, tempest, disease, pest, flood, drought or other natural calamity, or by reason of any wrongful act committed by any third party, or by reason of the unsoundness or breakage of any forest produce purchased under his contract.

33. Assignment of forest contracts.

(1) All forest produce removed from a contract area in accordance with these rules any duly checked and passed at the depots established under Rule 13, shall be at the absolute disposal of the forest contractor. (2) A forest contractor may assign any forest produce not so removed, but such assignment shall not be valid unless it is made with the previous sanction in writing of the forest officer who executed the contract, who shall have power to refuse sanction, if in his opinion, the assignment is likely to be prejudicial to the interests of the Government or to the public revenues.

34. List of relationship.

- A forest contractor shall, before executing a forest contract, submit to the Forest Officer, empowered to execute the contract, a list of all his relations who are employed in the Forest department with the nature of their relationship.

35. Charging of interest.

- A forest contractor shall pay interest at the rate of 6 ¼ per cent per annum in respect of instalment or instalments not paid on due dates. Interest will be calculated to the nearest anna and for the purpose of calculation fraction of a month upto 15 days will be ignored and that exceeding 15 days will be counted as a full month. Deed of Contract for the Sale and Purchase of Forest Produce [Rule 28] This indenture made this..... day of..... 19..... between the Governor of the Madhya Pradesh acting through..... (hereinafter called the Governor which term shall, where the contract so admits, include his successors in office and assigns) of the one part and..... son of..... resident of..... (hereinafter called the forest contractor which term shall, where the context so admits, include his heirs, executors, administrators, representatives and assigns) of the other part. Witnesses as follows :-

1. The Governor hereby agrees to sell to the forest contractor, and the forest contractor agrees to purchase, the forest produce described in the First schedule hereunder (hereinafter called the said schedule (hereinafter called the contract area) on the conditions hereinafter stated.

2. The quantity of the said forest produce to be sold under this contract shall be the quantity which may exist at the time of executing this indenture or may come into existence thereafter in the contract area all of which the forest contractor may collect and remove from it in accordance with the conditions herein contained during the period from the date, the Forest Contractor furnishes the necessary coupe boundary certificate after inspection of the contract area to the.....

3. The forest contractor shall commence Iris work of the collecting and removing the said forest produce within one month after furnishing the certificate mentioned in clause (2) above, and shall make to the satisfaction of the.....(hereinafter called the said officer) or such officer the said officer may nominate, continuous and adequate progress throughout the team of this contract.

4.

(1)The consideration payable by the forest contract for the said forest produce and the mode of its payment shall be as specified in the statement below :-

Total amount of consideration	Number and amount of instalments	Date of payment of instalments	Treasury or sub-treasury at which payments shallbe made
(1)	(2)	(3)	(4)

(2)Interest at the rate of 6 ¼ per cent per annum shall be charged in respect of the instalment or instalments not paid on the date or dates mentioned in sub-clause (1) above, in the manner laid down in the Forest Contract Rules.(3)All payments to be made into the Treasury or Sub-Treasury under sub-clause (1) shall be made by challans to be obtained by the forest contractor from the office to the said officer or from such other office as that officer may direct. Payments made in any other manner shall not be deemed to be payments made under or in respect of this contract.

5. The said forest produce shall be removed by the forest contractor from the contract areas by the routes, specified in the following table and shall be presented by him for examination at one or other of the depots specified in that table :-

Routes by which forest produce shall be removed.	Depots at which forest produce shall be presentedfor examination.
(1)	(2)

5.

-A. The forest contractor shall be bound till 3 months before the expiry of his contract period to maintain in his coupes, sufficient and separate stocks of timber not exceeding 60 cms. in girth for sale to Agriculturists for their bona fide requirements and shall be bound to sell such timber for such requirements, to the residents of villagers, who bring a "Dakhla" of residence from the village Patel, from any village whatever the distance, in such quantities and at such rates, as the Divisional Forest Officer,.....may from time to time, fix, in consultation with the Collector..... The contractor shall regularly maintain a separate register of such sales.

5.

-B. The forest contractor shall be bound to sell fuel to the residents of the villages, till 3 months before the expiry of his contract period, who bring a Dakhla of residence, from the village Patel from any village whatever the distance, above, in such quantities and at such rates as the Divisional Forest Officer may, from time to time fix.

5.

-C. The forest contractor shall be bound to sell teak butt ends, in three months before the expiry of the contract period, to the carpenters of villages who bring a 'Dakhla' of residence from the village Patel in such quantities and at such rates, as the Divisional Forest Officer may, from time to time, fix.

6. The forest contractor shall be subject to the Forest Contract Rules as amended from time to time (a copy of which has been furnished to the forest contractor, the receipt of which the forest contractor hereby acknowledges) and the Rules shall be deemed to be part of this contract in so far as they are applicable thereto :

Provided that the said Rules shall be deemed to be modified to the extent and in the manner laid down in the Second Schedule hereunder.

7. The forest contractor hereby binds himself to perform all acts and duties required and to abstain by himself and his servants or agents from performing any act forbidden by the Indian Forest Act, 1927, by the Forest Contract Rules and by this contract and further agrees to pay to the Governor a sum of [Rs.....] [Which should not exceed one-quarter of the total consideration as provided in the Forest Contract Rules 28 (2).] for every omission by himself or for every act by himself or by his servant or agent which may be in contravention of the Indian Forest Act, the Forest Contract Rules or this contract.

8. The forest contractor shall file in the office of the said officer or in such other office as the said officer may direct; on or before the dates specified in the Third Schedule hereunder a statement in the form approved by the said officer of all the said forest produce removed by him from the contract area.

9. In the event of any doubt or dispute arising between the parties as to the interpretation of the conditions of this contract or as to the performance or breach thereof, the matter shall be referred to the.....whose decision shall be final and binding on the parties hereto.

First Schedule[Vide clause 1]

Description of forest produce	Area in which situated
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(1)	(2)
-----	-----

Second Schedule[Vide clause 6]The extent to and manner in which the Forest Contract Rules shall be deemed to be modified.Third Schedule[Vide clause 8]Date on or before which a statement of forest produce removed by the forest contractor is to be filed under clause 8.In witness whereof the parties hereto have put their signatures on the day and year written in each case.Witness:

1.

.....

2.

.....SignatureDate.....Witness :

1.

.....

2.

.....Signature of Forest ContractorDate.....Security BondWhereas the Governor in order to secure the due performance of conditions of the above contract demanded security from the forest contractor, I..... son of..... resident of..... by occupation..... surety on behalf of the forest contractor, undertake to discharge the liability of the forest contractor in case of any act, omission, negligence or default on the part of the forest contractor for any sum which may become payable by the forest contractor to the Governor by or under the conditions of the above contract.I also agree that any sum which may be payable by me to the Governor under the terms of this bond shall be recoverable in the same manner as an arrear of land revenue.And I also further agree and declare that notwithstanding the provisions of Sections 133 and 135 of the Indian Contract Act, 1872 (IX of 1872), or any other rule of law or equity in that behalf. Any variance in the terms of the above contract agreed to between the Governor and the forest contractor shall not operate as a discharge of my obligation hereunder; nor shall any composition made by the Governor with the forest contractor in respect of any breach of the terms and conditions of the above contractor any

extension of time for payment of the consideration stipulated in clause 4 thereof granted by the Governor to the forest contractor or any promise not to sue for or not to recover as arrears of land revenue any sum falling due from the forest contractor under the above contract operate as a discharge of my obligation. And I further expressly agree and declare that though as between the forest contractor and myself, I am only surety for the latter as between the Governor and myself, I shall be liable for any sum payable or falling due hereunder equally with the forest contractor and I waive all my rights which I might as surety be entitled to claim and enforce. Witness:

1.

.....

2.

.....SignatureDate.....I accept this surety. Signature.....Date.....Executive Instructions on the Preparation of Forest Contract AgreementsI. ExplanatoryThe term "forest contract" does not include all contracts entered into by officers of the Forest department on behalf of the Secretary of State. On the one hand; it does not include contracts for the erection of buildings, or contracts by Government to supply railway companies or other corporations with sleepers or cut timber. On the other hand, it does not include licences granted to agriculturists or villagers, entitling them along with their fellow villagers, to graze their cattle in reserved forests, or to cut firewood or bamboos for their own use. The term "forest contract" relates to the ordinary business contract of the department whereby it disposes of the produce of its forests which have a distinct commercial value. This distinctive feature lies in the monopoly given to the contractor to extract all the forest produce specified in the contract in the area covered by the contract.

2. In the past such contracts have been called "licences" or "leases". Both terms are inaccurate. A licence is merely a permission given to one person to enter on the land of another person and there to do something. It is not, strictly speaking, a right to enter on the second person's land to take anything. As soon as a licence confers a right to take anything it becomes a licence coupled with a transfer of the property taken, though it may still popularly be called a licence. An ordinary grass-cutting licence is really a licence to enter forest coupled with a rule of such grass as the licensee may be permitted to cut and take away. Such a licence has no element of monopoly in it; other licensee have also the right to enter the same piece of forest to take away grass for their needs.

The term "lease" is equally inappropriate to a forest contract. A lease confers a right to enjoy a piece of immovable property, either in perpetuity or for a certain time. The lease is entitled to almost unrestricted rights of enjoyment, and can usually exclude all others, even the owner himself.

3. A forest contract is neither a licence nor a lease. It is primarily a sale of forest produce, clearly indicated. The forest contractor is given the right to extract and remove, usually within a prescribed period, all the forest produce of a specified kind within a defined area of forest. It has an element of monopoly in so far as no one, but the forest contractor may take any of the specified forest produce within the area; and to that extent it differs from a forest licence. On the other hand, the contractor has no right in the forest except the rights which are necessary for the removal and appropriation of the specified forest produce. He cannot interfere with the ordinary operations of the Forest Department, or with the rights of forest contractors who have bought other kinds of forest produce within the area, or with the rights of private persons known as "nistar". In these respect the forest contractor is not a monopolist, and his rights are much less than those of a lessee.

4. It is clear that a forest contract must be something more than a mere sale of forest produce. A forest contractor's right would be of no value, if he and his servants and agents were treated as trespassers whenever they entered the forest. A forest contract, therefore, carries with it what is known as an "accessory licence", enabling the contractor and his servants and agents to enter the forest and to do all lawful acts required for the extraction and removal of the forest produce sold to him.

A forest contract is a sale of forest produce, coupled with such an accessory licence

5. The policy now adopted in the Madhya Pradesh is to regard all kinds of forest contracts as of the same kind, whether they relate to standing trees, felled trees, bamboos, lac, harra, or any other minor forest produce. For merely each kind of forest produce was treated on its own merits and had a special form of "licence" or "lease" which was amended from time to time as circumstances demanded. The result was a large body of unrelated "standard forms" which contained so many complex provisions that they were misunderstood, and sometimes not even read. But the general sense of the department had been at work all the time, and when a thorough examination and analysis of all the forms was made, it was found that by far the great portion of each forms was common to every form though great differences were found in arrangement and expression. So great was the similarity in the technical legal provisions, that it was possible to collect

them all in to one comprehensive body of provisions and to promulgate them as a set of rules under Section 76 (d) of the Act. All forest officers are expected to study these rules closely and to be intimate with all their details. They apply to all "forest contracts" except contracts of a special nature, e.g., where a contract for sale of forest produce is combined with a contract for agrisylvicultural operations.

6. To supplement these rules all that is needed is one generalized form of forest contract, in which only the provisions relating peculiarly to the contract in hand required to be entered, in order to make these entries clear to the mind and eye they have all with few exceptions to be noticed later, been relegated to Schedules, one schedule to each particular of the contract. Forest officers may, at first, find that this generalized form is more difficult to draw up than the old specialized forms, but the difficulty will soon disappear, and in the process a clear grasp of the essentials of a forest contract will be gained. Forest officers, therefore, should take special care in the preparation of these schedules."

7. Before executing the deed, the forest officer must satisfy himself that he is competent to execute the deed on behalf of the Governor.

8. All blanks in the deed must be legibly filled in.

9. The parties to the deed should put down dates below their signatures. If the parties have signed the deed on the same date, that date should be entered in the preamble but if they have signed on two different dates, then the later of these dates should be entered in the preamble.

10. Clause 2 of the deed. - The dates in this clause should be very carefully entered as they have an important bearing on the deed. They show the period during which the contract will remain in force.

11. Clause 3. - In the blank left in this clause, the designation of the forest officer should be entered. The condition in this clause is intended to be enforced when the object of the Government is to ensure even working of the contract.

12. Clause 4 (1). - Where the consideration is certain the total amount thereof should be stated in words and figures in the first column of the statement appended to this clause. Where the consideration consists of premium and royalty, these should be stated separately in the said column of the statement. The name or names of treasuries in which the contractor is permitted to make payments should be entered in the fourth column of the said statement.

13. Clause 5. - In filling columns (1) and (2) of the table appended to this clause, care should be taken to see that the depots lying on any particular route are shown correctly in column (2) against the entry of the route mentioned in column (1). If either routes or depots are not to be prescribed, this clause should be struck off.

14. Clause 7. - The foot-note should be borne in mind before filling in the blank in this clause.

15. Clause 8. - The dates for the filling of accounts will depend on the nature of the forest produce, and should not occur at shorter intervals than are necessary for the Divisional Forest Officer to keep a check on the working of the contract. Rule 16 of the Forest Contract Rules provides that such intervals shall not be of less than one month's duration.

15.

-A. Clause 9. - For the purposes of this clause, the officer to whom the matter shall be referred for decision will be as indicated in the table below :

When a contract is executed by	The officer to whom reference is to be made for decision
Divisional Forest Officer	Conservator of Forest of the circle concerned
Conservator of Forest	Chief Conservator of Forests
Chief Conservator of Forests	State Government

15.

-B. First schedule. - The first column should contain only the names of the forest produce sold with other particulars sufficient to define it. In the case of bamboos, lac, harra, gum, etc. mention of their bare names may be enough. In the case of standing timber it will be necessary to enter the kinds of trees sold, and whether the trees sold are marked or unmarked thus, -"Standing teak trees which have been marked for felling with any of the devices shown in the margin." "Standing sale trees,

other than those which have been marked as reserved from felling."The area must be clearly defined. It is not enough for the forest officer and the contractor "to know perfectly well what was intended". Usually a tracing of the forest map showing the area should be attached and a reference to the tracing should be made in column (2). Where the area consists of forest blocks or permanent compartments, their number should be shown in this column.If the boundaries of the contract area have been artificially shown on the ground, this fact should be mentioned, and the method of delimitation described.

15.

-C. Second schedule. - Rule 2 of the Forest Contract Rules permits of variations being made by a forest officer in those rules, but they are not to be encouraged. If, however, the circumstances of a contract require a departure from those rules, the variations should be drawn up carefully. If possible, the rule to be varied should be cited, and the variation stated in plain simple English; "Legal" Phraseology is strongly depreciated. If the variations are to be referred to the Law Department. If the forest officer is doubtful about any point which does not involve any principle of forest administration but is merely a matter of technically legal importance, he may make a semi-official reference to the legal remembrances if he wishes to save (vide legal department Manual, Rule 54).In the case of variations from the rules which involve principles of forest administration or a departure from established practice, previous approval of the next higher authority should invariably be obtained before making such variations.

16. Execution. - (i) All forest contracts should be drawn up in triplicate, one copy for the lessee, one for the range officer concerned and one for record in the divisional office.

(ii) Ordinarily each copy should have a trace of the contract area attached, and each trace should be signed both by the Divisional Forest Officer and by the lessee. Such traces need not be used only in cases where the contract area is defined by means establishable under law such as survey numbers in berar.(iii) All contracts should before the lessee is asked to sign them, be checked and initiated by the Divisional Forest Officer who will see that the instructions laid down in paragraph 15-B have been rigidly adhered to.(iv) Where the Divisional Forest Officer himself is empowered to execute the agreement, he and the lessee should execute it together, and the signatures should be attested by one witness who has seen them made.(v) Where the Divisional Forest Officer is not empowered to execute the agreement, it should be executed by the lessee and his signature should be attested, the agreement should be sent as soon as possible to the Forest Officer empowered to execute it for his signature and attestation.(vi) Before the lessee or his agent begins operations or work, it is essential that he should be shown on the ground the boundaries of his lease area by the range officer or a range assistant deputed by him. The lessee or his accredited agent must then certify in the following form that he has been shown and clearly understands the boundaries of the area leased to him.CertificateCertified that I..... son of..... resident of..... have this day (date)..... been shown the boundary of coupe/compartiment No..... of..... felling series by (name of Forest Subordinate)..... and that I have been fully acquainted with and now clearly understand, the

boundaries of the area covered by the said lease.

2. I do hereby further declare that I have taken possession of the standing/felled/collected material in the aforesaid coupe/compartment/ depot as announced at the auction and/or described in the said lease and am satisfied that the quantity delivered to me agrees substantially with that announced at the auction.

Witnesses :

1.

2.

Signature of lessee

17. General. - No stamp is needed on forest contracts, smudged or illegible blank forms should be destroyed.

18. Security. - Great difficulty has been experienced in the past in the working of the device of taking security for forest contracts, and the policy of Government now is to depend on, a judicious scheme of instalments or premia rather than on security. However, it may happen that a man of doubtful solvency or a stranger takes a contract and it is desirable to get security from him in such cases the security should be taken at the same time as the contract is executed. The practice of executing the agreement and then entering into negotiations for security is forbidden. If the contractor is not able to produce security within 45 days from the date of sanction of contract the agreement should not be executed. No surety who lives outside British India should be accepted and a surety who lives outside the province should be accepted only if he is so well known that there can be no question as to his solvency. The security bond should be in the prescribed form, attached to the printed agreement form. When a contract is for a period of more than one year the solvency of the surety must be verified annually. Similarly when a contract for a period of one year is extended for a further period, the solvency of the surety must be verified.

A person who is a near relative of a contractor should not be accepted as a surety for the fulfilment of a contract by a contractor unless the officer accepting security fully satisfied that the near relative

has separate property of his own. In such a case, the officer should atleast, insist on the surety filling an affidavit to the effect that he has separate property of his own.III. Measures to Secure the Payment of Forest Contract Considerations

19. An important breach of the conditions of a forest contract is the failure to pay an instalment of the consideration, and this requires separate discussion. The best way of securing the regular payment of instalments is to draw up a well-drafted scheme of instalments. The first instalment of an ascertained consideration should approximately be one-quarter of that amount.

20. Similar considerations apply where the consideration consist of premium and royalty. The first payment should consist of the whole premium plus an advance of royalties sufficient to make the whole payment roughly equivalent to double instalment.

21. Where the consideration consists of royalties only the contract should provide that these shall be payable at regular intervals, and an advance should be taken equivalent roughly to a double instalment. The date of instalments should be spread evenly over the period when normally the forest produce is being removed from the contract areas and passed through the depots. The policy is that the forest contractor should be enable to pay his instalments from the sale-proceeds of his produce. The tendency to fix instalments so as to realize as much revenue as possible before the end of a financial year is depreciated, as it leads to no practical result and may unnecessarily embarrass a contractor.

To take practical examples. An annual coupe is sold in June in an area where carting begins about 1st November and continues till the 15th June. The first instalment will be one-quarter and will be paid when the agreement is executed. The remaining instalments of one quarter each should be fixed for 15 December, February and 15th April. In waterless tracks, where carting may stop on 1st May, these intervals should be shortened to six week each.

21.

-A. For the purpose of calculating interest, as soon as the receipted treasury challan in respect of the payment of instalment is received, the date of remittance should be compared with the due date for payment as shown in clause 4 (1) of the deed of contract and interest if any payable by the contractor should be calculated in the manner laid down in Rule 35 of the Forest Contract Rules. A challan in (triplicate) for the interest should then be prepared and sent to the contractor with a covering

memorandum showing how it has been arrived at, and directing him that it should be paid at once failing which it will be recovered through revenue authority as arrears of land revenue. Petty sums not exceeding Rs. 100 on account of interest may be recovered through Range Officer on money receipts. The amount of interest should be adjusted as miscellaneous revenue under the detailed head 'RVO'. A register showing the interest payable in respect of each contract and the payment thereof should also be maintained by the "DFO".

22. With such a scheme of instalments, designed as much in the interest of the contractor as of Government, the need for coercive measures should seldom arise : but when it does arise, there is no justification for weak action and the steps taken to realize arrears should be prompt and unhesitating.

23. The Divisional Forest Officer's coercive powers, if properly employed, have a cumulative effect which should be enough to secure Government interests, except in the extreme case where the contractor becomes insolvent and has no money to pay to Government, or any else, and has given no security. These powers are as follows, in order of severity.

24. Powers of seizure and sale. - A very useful power is that given in section in Section 83 of the Indian Forest Act. This contemplates two stages :-

(a) the seizure of forest produce; and (b) the sale thereof. In regard to these two steps the difference in wording between the first two paragraphs of Section 83 should be noticed. The first paragraph relates to money which is "payable for or in respect of any forest produce" and makes such money a first charge on such produce. The second paragraph speaks of an amount which "is not paid when due", and gives the Forest Officer Power to sell any produce seized, by public auction.

25. The contract lies in the use of the word "payable" in the first paragraph and "due" in the second paragraph. This may be explained with reference to the ordinary kind of forest contract, where the consideration is payable in instalments. The whole consideration is money payable in respect of all the forest produce covered by the contract but an instalment does not become an amount due until the date fixed for the payment of that instalment. The first paragraph confers a power which is intended to make the power in the second paragraph effective. Thus, though an instalment is not yet due, it is money payable in respect of forest produce, and that forest produce may be seized and held in pledge, so to speak, until the instalment is due. If it is not paid when due, then the forest produce may be sold. The intention is to prevent, if necessary, the forest contractor from removing all the forest

produce before an instalment is due and so leaving nothing to be seized.

26. The power to seize forest produce before an instalment is due should be sued with caution. It is a suitable process where the contractor is known to be solvent, but his actions have disclosed an intention to skin the cream off the contract and then abscond without paying the balance of his instalments. It is also suitable where the contractor is known to be insolvent and is extracting produce knowing that he cannot pay Government more than a fraction of its dues. It is not suitable where the contractor is honestly carrying out his contract, but is working on a narrow margin of capital which will entirely disappear if he cannot sell his produce promptly.

Seizure and sale after an instalment is due is a fair measure in any case. It will be found frequently that mere seizure will be enough.

27. Recovery as arrears of land revenue. - The normal mode of the recovery of arrears is that given by Section 82. This must be used with promptitude and regularity in every case of default. Forest contracts, if worked with only moderate diligence and skill, are paying ventures, and there is no justification for allowing a contractor to fall into arrears. Misplaced clemency is apt to get him into still deeper trouble it involves the officers of the department in unnecessary and irksome work; and it causes loss to the public revenues. It should be remembered that the discretion to recover dues as arrears of land revenue lies with the Divisional Forest Officer and not with the Tahsildar. Where a Tahsildar shows a tendency to delay collections, a report should be made to the Collector.

28. Combined action under Sections 82 and 84. - The use of Section 82 should ordinarily be enough, but if the forest contractor is troublesome, action under Section 82 may suitably be combined with action under Section 83. Application should then be made to the Tahsildar and at the same time any available forest should be seized. If the tahsildar recovers the money without difficulty, the produce must be at once released. But if the contractor evades the Tahsildar's efforts, the produce should be sold, and Tahsildar informed of the amount realised, so that he may recover only the balance due, or recall his process if the whole amount has been recovered.

29. Stoppage of operations under Rule 8. - The power given in Rule 8 to stop operations if the rate of work exceeds substantially the rate of payment of instalments is also one to be used with discretion. It must not be used against an honest and energetic contractor who has made sound arrangements for his operations and is extracting his produce in a prompt and workman like manner. To hold up the work of such a contractor would reduce all operations under forest contracts to the level of efficiency of class of contractor which is last thing the department wishes. This procedure should be adopted only with a known defaulter, or with a stranger, when it appears that it is his intention to skin the cream off the contract and decamp. It should never be employed with a contractor of proved honesty and solvency.

30. Recovery from the surety. - Where security has been given, recovery from the surety should be made where the tahsildar has failed to recover as arrears of land revenue and where the seizure and sale of forest produce has not fetched enough to cover the arrears. This step also should be taken promptly, and arrears should not be allowed to pile up against the surety. If he is made to pay up promptly the first arrears that cannot be recovered he is likely to see to it that further arrears that cannot be recovered he is likely to see to it that further arrears do not occur, he will tend to take sides with the forest officer. But if the arrears are allowed to accumulated, he will naturally side with the defaulting contractor in his efforts to evade payment.

Under the terms of the security bond, arrears may be recovered from the surety as arrears of land revenue, that is, on application to the Tahsildar in the usual way. It should be remembered that the surety remains liable for all sums due by contractor even after contract has been terminated.

31. Termination of the contract for default. - The termination of the contract for default of payment is the last resort. If it appears that the contractor is insolvent, or if it is clear that he intends to abscond leaving arrears, and there is no prospect of recovering Government's dues by any of the above methods, action should be taken promptly to close the contract so that sufficient forest produce may be left whereof the resale will minimise Government's loss. If it becomes clear that this step is bound to come, it should be taken at once, and not delayed. Delay only means further trouble and loss and cannot help an insolvent. After termination every effort should be made to recover as much as possible of what may be due to Government

under Rule 29 (3).

IV. Measures to Secure the Proper Working of Forests Contracts.

32. All forest officers are responsible for the protection of Government's property against the wrongful acts of forest contractors and their servants and agents. The best form of protection is vigilance by the subordinates and frequent inspections by the superior officers of the department. Any tendency by a contractor to get off the lines of proper working should be checked at once, by explanation and warning should before he has gone so far off the lines that penal measures will be required. Government considers it bad administration by a forest officer if he continually harasses his contractors as a body by fines and penalties. A forest officer's punitive powers should be reserved for bad cases : they are an inefficient and improper substitute for prevention. Nevertheless, it must be recognized that some contractors, and especially their servants and agents, are some times given to improper practices which are carried out before they can be checked, and it is the duty of forest officers to punish these promptly. But here again it should be borne in mind that frequent detection and a mild penalty are much more efficacious than infrequent detection and a severe penalty. It is the risk of detection that is the real deterrent, not the amount of punishment. On this consideration again the need for vigilance and frequent inspection is clear. The first ideal is to prevent improper practices; the second, where the first fails, is to secure that an improper practice runs a strong risk of detection.

33. Power of position and prosecution offences. - The simplest penal measures arises when the improper practice is in itself a forest offence, and is punishable apart altogether from the conditions of a forest contract. Forest officers are fully acquainted with their powers under Section 68, and nothing need be added here except an instruction that serious cases should not be compounded, but should be reported for magisterial action. This applies particularly to cases where the offence is so grave that the forest officer intends to take action to terminate a contract. A magisterial conviction for a serious offence is the strongest support both normal and legal, for the termination of a contract for breach of the condition laid down for operations. All forest officers are expected to have a thorough knowledge of Chapter IX

of the Forest Act.

34. Penalty for breach of condition. - It may happen, however, that an improper practice is not a forest offence, as it has not been made punishable under the Act or under any rule, but it is a breach of the conditions of forest contract; or it may be a forest offence committed by a servant or agent who cannot be found or cannot pay suitable composition. For petty cases of this-kind special provision has been made in Rule 30, where under the Divisional Forest Officer may, without appeal, impose a penalty up to Rs. 200, or subject to appeal to the Conservator, up to Rs. 500.

The procedure to be followed in imposing a penalty under Rule 30 should be short and summary, but in cases where an appeal lies the order directing the imposition of the penalty should give a short statement of the evidence and of the Divisional Forest Officer's reasons for imposing the penalty for the guidance of the Conservator in the event of an appeal. It must be borne in mind that the imposition and the payment of a penalty under these rules has much the same effect as the composition of an offence. It is condonation of the improper practice for which it has been imposed and the particular improper practice so penalized cannot be made a reason for the cancellation of a contract under Rule 29.

35. Amendment of damages. - It may also happen that a forest contractor or his agent or servant commits an act which caused damage to a Government forest. Such cases are provided for in Rule 15. Composition for a forest offence may be taken, or a penalty under Rule 30 may be imposed, in addition to the damage assessed under this rule, where the act causing damage is a forest offence or a breach of conditions.

36. The contract for termination of breach of working conditions. - If forest contractors are carefully selected there should seldom be any need to employ the last measure of all, that of terminating a contract for breach of the conditions regarding operations; but where a contractor shows a stubborn disregard of Government interests the opportunity should unhesitatingly be taken to terminate his contract when he commits a serious breach. When he has committed a forest offence in connection with his contract so serious that he has been prosecuted and convicted in a Magistrate's court, his contract should always be terminated forthwith, and action taken at once to recover anything due to government under Rule 29.

37. List of defaulters. - Where a contract has been terminated either for default of payment or for breach of working conditions, a full statement of the case should be sent to the Chief Conservator, through the Conservator.

The Chief Conservator shall maintain a list of defaulters in his office, and on receipt of a report under the preceding paragraph he shall decide whether the defaulter's name should or should not be entered in the list. The Chief Conservator may delete any name from the list on cause being shown. Copies of the list shall be sent to every Divisional Forest Officer, and amendments thereof shall be sent from time to time as they are made. No forest contract should be given to any person whose name appears on the current list of defaulters.

V. Instructions Regarding the Auction of Forest Contracts

38. It is desirable that the programme of the year's contracts should be drawn out well in advance. A preliminary notice of the approximate date of the auction, giving a rough indication of the produce to be sold and of the areas in which it is situated, should be published well ahead of the formal notice. A rough form of this notice is appended for the guidance of forest officers. It may be varied as circumstances required.

Attention is invited to the second sentence of paragraph 2 of this preliminary notice. All Divisional Forest Officers should arrange to have ample stocks of the Forest Contract Rules in all offices under their control.

39. After this preliminary notice has been published, Divisional Forest Officers should set their office staffs to the work of preparing the details of the contracts. After the whole scheme has been mapped out and approved, the details of each contract should be entered up in blank agreement forms, of which there should be at least three copies for each contract one to be given ultimately to the contractor, one to be kept for reference in the forest office and one to be used by intending bidders for purposes of inspection.

40. Auctions should ordinarily be held late in June or early in July and the contract periods should terminate on the 30th of June in any of the following years.

41. As soon as the Divisional Forest Officer sees that his detailed agreement forms are complete or almost complete, he should publish his final auction notice in the form appended hereto. This should be done at least a month before the date fixed for the beginning of the auction. The list attached to the

notice should show details enough to give an intending bidder a clear idea of the situation, nature and value of a contract. The third copies of the various agreements should be made available for the inspection of intending bidders, so that they may know every possible detail of any contractor they may fancy.

42. The conduct of the auction sale is sufficiently indicated in the auction conditions in the notice already referred to. Divisional Forest Officer should endeavour, wherever possible to fix a reserve price or sarkari boli, which should be a rough estimate of the lowest figure that Government is prepared to accept.

43. As regards security, the policy of the department now is to do without it as frequently as possible. A proper scheme of instalments should render security unnecessary in the great majority of cases, but where the Divisional Forest Officer considers that security must be taken, the condition laid down in the auction notice should be rigorously followed. It must again be emphasised that the practice of executing an agreement and then seeking for a surety is absolutely prohibited.

The prescribed security bond must be executed by the contractor within forty-five days from the date of the sanction of the contract.

43.

-A. The forms for the preliminary and final notices of auction provide that the sureties should possess a certificate of solvency signed by the tahsildar. This certificate may be in the form appended hereto. The Tahsildar or the Sub-Divisional Officer, as the case may be, shall grant the required certificate in accordance with the instructions contained in the Madhya Pradesh Revenue Book Circular VI-9 and the Madhya Pradesh Revenue Book Circular V-5, on receipt of a written application from the intending surety, which should be stamped with a court-fee stamp of annas twelve. In every case the Tahsildar will briefly record his reasons for granting the certificate and the amount for which the applicant is solvent. The Tahsildar will be held personally responsible if a solvency certificate is granted without good reason.

44. Where the auction proceeds in a normal way and discloses a reasonable degree of competition it should be allowed to run on to its natural close. But it occasionally happens that contractors lose their heads and through excitement or enmity or malice push up the bids to an absurd figure. If these bids are accepted, the only result is loss and trouble to the contractor and to

Government. The policy of Government is to secure a fair price from a good contractor rather than a speculative price from any contractor. Even in such cases auctions should be allowed to carry on to the end and the Divisional Forest Officer should report his recommendations to the higher authority for accepting a lower bid.

45. Divisional Forest Officer should ordinarily allow themselves more than one day for the conduct of these auction sales. They should not be hurried and should not be carried on to a late hour to the inconvenience of all concerned and the probable lessening of fair competition. Also, if fair bids are not forthcoming it may be necessary to withdraw some contracts from the auctions of the day and to put them up again on the succeeding day. Again at the close of the day some successful bidders may fail in the payment of their deposits or in the production of their sureties, and these contracts may have to be put up to auction on a succeeding day.

46. Probably it will be found that the best practice will be to stop the auctions on each day at about 4 p.m. thereafter the formalities and the contracts which have been auctioned that day will have to be completed. First instalments should be taken in every case, and where the Divisional Forest Officer himself has power to execute the agreement, the agreements should be executed in duplicate and one form given to the contractor. Where security has been demanded, the security bond attached to the agreement form should be executed at the same time. Divisional Forest Officers should arrange to have ample stocks of the Forest Contract Rules with them at the auctions. Every contractor who signs an agreement is entitled to get a copy free of charge.

47. Where the agreements are to be signed by the Conservator, or higher authority, the first instalments must still be paid and the duplicate agreements signed by the contractor and his surety, if any, and sent to the Conservator immediately. Conservators should have intimation of the dates of the various auctions in their circles, and should arrange their movements so that they will be at their headquarters for a few days shortly after the auctions are held. They should sign the duplicate agreements in token of acceptance and return them to the Divisional Forest Officers as soon as possible. It is obviously only fair to a forest contractor that he should be in

possession of his signed agreement before he starts work on his contracts; that is, before the 1st of July.

48. (i) Auction sales of major leases the upset prices of which are fixed at above Rs. 100 by competent authorities, shall be normally carried out by the Divisional Forest Officer himself but in case he is unable to do so he may authorize the Sub-Divisional Officer, or his Gazetted or Divisional Assistant, in writing to conduct the auction sales on his behalf but such sales shall be subject to the sanction and approval of the competent authority referred in paragraph 102 of the Madhya Pradesh Forest Manual, Volume I.

(ii) Auction sales of petty leases, the upset prices of which are fixed at Rs. 100 or below by competent authorities, in which only bidders from a particular locality are likely to be interested may be carried out in a central place in that locality by Range Officer or their assistants. Such sales shall also be subject to the sanction and approval of the competent authority under paragraph 102 of the Madhya Pradesh Forest Manual, Volume I. (iii) In the case of perishable property seized in connection with a forest offence or otherwise, the Senior Forest Officer present at the time of seizure in the locality where the property was seized shall conduct sale thereof, recover the sale price in full and hand over such perishable produce to the successive bidder immediately after the sale is over in anticipation of the sanction of the competent authority, which should be obtained subsequently without any delay. Preliminary Notice of Forest Contract Auctions [Vide paragraph 38]

1. It is hereby notified for general information that the annual auction sales of forest contracts in the..... forest division will take place on or about the..... day of June/July and will probably be held at the office of the Divisional Forest Officer.

2. A detailed notice will be published about one month before the auctions are held, but meanwhile intending bidders may apply to the forest range offices and to the office of the Divisional Forest Officer for any information they may require. Copies of the Forest Contract Rules containing conditions binding in all forest contractors and a copy of the blank agreement form may be obtained at any range office or at the office of the Divisional Forest Officer on payment of two annas.

3. The Forest produce to be sold will include. - Intending bidders are invited to come to the auction accompanied by their sureties in possession of a certificate of solvency signed by the Tahsildar in the form prescribed by the Forest Department. The authority sanctioning the lease may, however, decide

whether security should not be demanded from contractors of known solvency after satisfying itself about their financial capacity to undertake a particular contract.

Notice of Forest Contract Auctions[Vide paragraph 41]It is notified for general information that certain forest contracts of..... forest division will be sold by auction by the Divisional Forest Officer..... beginning at..... a.m. (noon) on the..... day of.....19....A list of the contracts to be sold is attached hereto. The unsigned agreement relating to the various contracts to be auctioned, showing full details, will be open to the inspection of intending bidders at the office of the Divisional Forest Officer, during office hours on any working day from the.... day.....of.....19.....,till.....the day of.....19....., both days inclusive. Copies will also be available for inspection on the date and at the place of auction from 10 a.m. till the commencement of the auction.Where standing trees to cut tree are to be sold, the quantities shown in the unsigned agreements are guaranteed to within 5 per cent of the total quantity of timber shown, but otherwise quantities are not guaranteed.Bidders are invited to inspect on the spot and forest produce they intend to bid for. The range officers will grant passes to intending bidders and will given them assistance in locating the contract areas.Intending bidders are invited to come to the auction accompanied by their sureties in a possession of a certificate of solvency signed by the Tahsildar in the form prescribed by the Forest Department. The authority sanctioning the lease may, however, decide whether security should not be demanded from contractors of known solvency after satisfying itself about their financial capacity to undertake a particular contract.Conditions of Auction

1. The Divisional Forest Officer may refuse to accept any bid unless the bidder deposits such sum, not exceeding 10 per cent of the reserve price, as the Divisional Forest Officer may fix.

The deposit shall be returned to unsuccessful bidders at the close of the auction, and shall be taken as part of the first instalment payable by successful bidders. If any successful bidders fails to pay the first instalment or to execute an agreement when required to do so after the close of the auction, his deposit shall be forfeited. His deposit shall also forfeited it, having offered insolvent surety, such surety fails to execute security bond.

2. The Divisional Forest Officer shall have power to refuse any bid unless the bidder is accompanied by a surety in possession of a certificate of solvency from the Tahsildar sufficient to cover the amount bid in the form prescribed by the Forest Department.

3. The Divisional Forest Officer shall also have power to refuse the bid of any bidder absolutely and without reason given.

- 4. The Divisional Forest Officer may fix a reserve price for each auction, and may withdraw any contract from auction if this reserve price is not bid.**
- 5. The Divisional Forest Officer may fix the minimum amount of each advance on the previous bid which he will accept, and may increase this amount from time to time as the bid rises.**
- 6. The Divisional Forest Officer shall not be bound to accept the highest or any bid, and he shall have power to accept any bid he selects notwithstanding the readiness of other bidders to pay a higher figure.**
- 7. At the close of the auction for the day all successful bidders shall deposit the first instalments payable under the term of their contract, and shall execute an agreement in duplicate. Where security has been demanded, security bond shall be executed at the same time.**
- 8. Where the bid accepted does not exceed the powers of the Divisional Forest Officer, the agreement will be assigned at the same time by the Divisional Forest Officer, and one copy will be given to the contractor.**
- 9. Where the bid approved of by the Divisional Forest Officer is beyond his powers of acceptance, it shall be subject to the sanction, of higher authority. The duplicate agreement signed by the contractor and his surety, if any, will be forwarded to the proper authority, and if such authority sanctions the agreement, the duplicate form will be sent to the contractor in due course.**
- 10. If, for any reason to be approved by the Divisional Forest Officer, a successful bidder is unable to pay the full amount of the first instalment, or to furnish the required security, the Divisional Forest Officer may accept a deposit of not less than half of the first instalment and may fix a date, not more than seven days later, and a place, for the payment of the balance, or the furnishing of security and for such other formalities as may be required. If the bidder fails to appear at the place and time fixed, or fails to complete the payment, or to furnish the security or complete formalities, such deposit shall be forfeited.**

11. A forest contractor who purchases a forest contract in an auction shall not transfer or assign it to other person without the previous sanction in writing of the Forest Officer having power to execute the agreement who may, under special circumstances to be recorded in each case, sanction such transfer of assignment on payment of the purchaser of such transfer fee not exceeding 5 per cent of the value of the contract as he may fix.

12. The act of bidding shall be deemed to be a complete and unreserved acceptance of these conditions.

Solvency Certificate of Sureties in Forest Contracts I..... son of occupation..... resident of village..... in the..... tahsil of the..... district, own and possess realizable assets described in the schedule below :

Schedule

Part A – Movable property

Sl. No.	Description of Property	Market Value	Remarks
(1)	(2)	(3)	(4)

Part B – Immovable property

Sl. No.	Description of property with area and assessment or rent	Particulars of circumstances if any	Name of declarants rights	Market Value	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

(2) I solemnly declare that to the best of my belief the facts about my property stated in the schedule above are complete and true, and that the property specified therein is unencumbered except to the extent mentioned in columns (3) of Part B. Dated..... (Sd.) Certified that after due enquiry I find that..... resident of village in the..... tahsil of the..... district, who has subscribed his signature to the declaration above in my presence is solvent on this day to the extent of Rs..... (in words). I estimate the market value of his property as follows:- Movable property Immovable property Date..... Tahsildar.