

## CHAPTER-VI: OTHER TAX AND NON-TAX RECEIPTS

### 6.1.1 Results of audit

Test check of the records in Departmental offices relating to Excise and Taxation Department (Entertainment duty and show tax), Power (Taxes and duties on electricity), Urban Development, Mines and Geology, Industries, Co-operation and Land Revenue conducted in audit during the year 2010-11, revealed underassessments of tax and loss of revenue amounting to ₹ 40.57 crore in 456 cases which fall under the following categories:

(₹ in crore)

Sr. No.	Category	Number of cases	Amount
<b>A: Excise and Taxation Department (Entertainment duty and show tax)</b>			
1.	Non-recovery of entertainment duty	13	0.02
<b>B: Power Department (Taxes and duties on electricity)</b>			
1.	Miscellaneous irregularities	2	0.11
<b>C: Urban Development</b>			
1.	Non-collection of external development charges and interest thereon	3	12.63
2.	Non/short recovery of license fee and conversion charges	5	0.78
3.	Miscellaneous irregularities	7	19.67
<b>Total</b>		<b>15</b>	<b>33.08</b>
<b>D: Mines and Geology and Industries</b>			
1.	Non-recovery of interest on late deposit of contract money	34	6.22
2.	Non-recovery of royalty and interest	150	0.46
3.	Miscellaneous irregularities	28	0.26
<b>Total</b>		<b>212</b>	<b>6.94</b>
<b>E: Co-operation</b>			
1.	Non/short recovery of dividend on share capital	33	0.33
2.	Non/short recovery of audit fees	16	0.05
<b>Total</b>		<b>49</b>	<b>0.38</b>
<b>F: Land Revenue</b>			
1.	Miscellaneous irregularities	165	0.04
<b>Total</b>		<b>165</b>	<b>0.04</b>
<b>Grand Total</b>		<b>456</b>	<b>40.57</b>

During the year 2010-11, the Department accepted underassessment and other deficiencies of ₹ 42.14 crore involved in 374 cases of which 202 cases involving ₹ 34.14 crore had been pointed out during 2010-11 and the remaining in the earlier years. The Department recovered ₹ 8.06 crore in 189 cases during the year 2010-11, of which 17 cases involving ₹ 4.12 lakh related to the year 2010-11 and balance to the earlier years.

Further, at the instance of audit, the Director, Mines and Geology Department, recovered ₹ 43.35 lakh out of ₹ 58.48 lakh in 2011 which were pointed out by us as short recoveries on contracts in Ambala, Panchkula and Yamuna Nagar in 2009-10.

An illustrative case involving ₹ 11.79 lakh is mentioned in the following paragraph.

## **MINES AND GEOLOGY DEPARTMENT**

### **6.2 Non-observance of the provisions of Acts/Rules**

*The Mines and Minerals (Development and Regulation) Act and Punjab Minor Mineral Concession Rules provide for:-*

- (i) levy of royalty on mineral removed from leasehold land area and levy of interest on belated payment of royalty;*
- (ii) realisation of contract money; and*
- (iii) levy of interest at prescribed rate.*

*We noticed that the Department did not observe the above mentioned provisions in the case mentioned in paragraph 6.2.1, which resulted in non-recovery of royalty and interest of ₹ 11.79 lakh.*

#### **6.2.1 Non-recovery of royalty and interest**

Rule 24 of the Punjab Minor Mineral Concession Rules, 1964, as applicable to the State of Haryana, provides that brick kiln owners (BKO) shall pay annual amount of royalty at the prescribed rate in advance by 30<sup>th</sup> April of every year. State Government revised the rates of fixed royalty of various categories of BKOs from June 2005. In case of default, interest at the rate of 24 *per cent* per annum is chargeable for the period of default. BKOs register is maintained at each mining office for levy and collection of royalty. The permits of such BKOs, are required to be cancelled by the Department who do not pay royalty by giving one month's notice and any sum due from the permit holders on account of royalty and interest thereon is recoverable as arrears of land revenue. The Assistant Mining Engineers (AMEs)/Mining Officers (MOs) are responsible for monitoring recovery of outstanding dues.

During test check of records of the offices of AMEs/MOs Panipat and Rohtak between October 2009 to November 2010 for the years 2008-09 and 2009-10, we noticed that 55 BKOs were issued permits between April 2008 and April 2009 for the period of two years. The BKOs were required to pay royalty by 30 April for the respective year. Though a period ranging between 19 to 33 months had elapsed up to December 2010, yet royalty of ₹ 8.16 lakh was neither paid by the BKOs nor any action was taken by the

Department to recover the same. Lack of action on the part of the Department resulted in non-realisation of revenue of ₹ 11.79 lakh (including interest<sup>1</sup> amounting to ₹ 3.63 lakh).

After we pointed out these cases between October 2009 to November 2010, MO Rohtak stated in March 2011 that efforts were being made for recovery of royalty and AME Panipat stated in March 2011 that royalty amounting to

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<sup>1</sup> Interest calculated upto December 2010.

₹ 2.24 lakh (including interest of ₹ 59,400) had been recovered in 11 cases. We have not received further progress report on recovery (October 2011).

We pointed out the matter to the Director, Mines and Geology Department between December 2009 to December 2010 and reported to the Government in May 2011; we are yet to receive their reply (October 2011).

**Chandigarh**  
**The**

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**Principal Accountant General (Audit) Haryana**

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**The**

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