

CHAPTER-IV

ASSESSMENT AND COLLECTION OF ROYALTY AND OTHER DUES

4.1 Introduction

Section 9(2) of the MMDR Act provides that the holder of a mining lease shall pay royalty in respect of any mineral removed and/or consumed from the lease area. The lessees are required to file monthly, half-yearly and annual returns on the due dates in the prescribed form. On the basis of these returns, the DMOs assess the correctness of royalty paid by the lessees. In all leases, half yearly royalty assessment is to be done on the basis of monthly, half yearly and annual returns/reports of mines.

4.2 Incorrect categorisation of iron ore as lumps and fines

As per the MMDR Act, the holder of a mining lease shall pay royalty in respect of any mineral removed from the lease area at the rate for the time being specified in the Second Schedule in respect of that mineral. The rate of royalty on iron ore lumps and fines was ₹ 27 per MT and ₹ 19 per MT for above 65 *per cent* iron content, ₹ 16 per MT and ₹ 11 per MT having 65 to 62 *per cent* iron content and ₹ 11 per MT and ₹ 8 per MT iron ore having less than 62 *per cent* iron content respectively upto 12 August 2009 and 10 *per cent* of sale price on *ad valorem* basis thereafter. Further as per the clarification (November 2004) of the Indian Bureau of Mines (IBM), Ministry of Mines, Government of India (GOI), ores of size more than 6 mm are categorised as lumps and those below 6 mm are categorised as fines.

During scrutiny of the mining lease case files and monthly and annual returns in DMO, Dantewada, we noticed (June 2011) that a lessee, National Mineral Development Corporation (NMDC) Ltd., was dispatching iron ore as lumps and fines and paying royalty accordingly. NMDC, Bachel complex had categorised iron ore below 10 mm as fines, whereas NMDC, Kirandul complex had categorised ores below 12.5 mm. as fines up to May 2009 and below 10 mm from June 2009 instead of categorising

ores below 6 mm as fines, as per the clarification *ibid*. By adopting this categorisation the lessee had depicted extraction of 5.97 crore MT fines in its returns for the period 2006-07 to 2010-11. The details are shown in the following table:-

Sl. No.	Complex	Deposit no.	+65% Fe (MT)	-65%Fe to +62% Fe(MT)	-62% Fe (MT)	Total production of fines (MT)
1	Kirandul	14,11C	1,46,47,341	1,41,54,601	12,88,687	3,00,90,629
2	Bacheli	5	1,20,19,698	53,73,346	3,88,860	1,77,81,904
3		10,11A	44,30,995	54,14,863	19,74,000	1,18,19,858
Total			3,10,98,034	2,49,42,810	36,51,547	5,96,92,391

As size-wise production records of iron ore was not maintained in the DMO's office, we were unable to work out the exact quantum of lumps and fines and the royalty payable thereon. We also noticed that no guidelines on categorization of iron ore as lumps and fines was issued by the State Government.

In the Exit Conference, the Government stated that a reference had been made on 25.10.2007 to the GOI to notify the size of lumps and fines as per the clarification given by the IBM.

It is recommended that the State Government should pursue the matter with the GOI regarding notification of the size of lumps and fines in order to ensure that there is no leakage of revenue on this issue.

4.3 Environment Cess and Infrastructure Development Cess

4.3.1 Non levy of Environment Cess and Infrastructure Development Cess on quarry leases

Under the provisions of the Chhattisgarh (*Adhoshanrachna Vikas evam Paryavaran*) *Upkar Adhiniyam* 2005, infrastructure development cess and environment cess is leviable on land covered under mining leases other than coal and iron ore, at the rate of five *per cent* each on the amount of royalty payable annually. Further as per section 2(d), “mining lease” means a lease granted under the MMDR Act, 1957. As per rule 2(xxv) of CGMM Rules, 1996 quarry lease means a mining lease for minor minerals as mentioned in Section 15 of the MMDR Act. Further, as per the order of DGM (December 2009) cess is leviable in quarry leases also and would be recovered by the Mining Department. It was also directed that records relating to levy and collection of cess would be maintained by the Mining Department.

During test check of mining lease case files of ten¹ DDMA/DMOs, we noticed that during the period December 2009 to March 2011, the DDMA/DMOs recovered royalty of ₹ 79.10 crore from quarry lease holders but failed to levy Infrastructure Development Cess amounting to ₹ 3.96 crore and Environment Cess of ₹ 3.96 crore on the amount of royalty paid. This resulted in non levy of cess of ₹ 7.92 crore.

During the Exit Conference, the Government stated that cess is not leviable on quarry leases and issued a circular no. F 12-03/2007/12 dated 15.12.2011 cancelling the

clarification of DGM dated December 2009 regarding levy of Cess on quarry lease. We do not agree as Section 2(d) of the *Upkar Adhiniyam* 2005 provides that Cess shall be levied and collected on lands covered under mining leases. Further, prior to issue of the circular dated 15.12.2011 no exemption on levy of Cess on quarry leases was granted by DGM. As such the DDMA/DMO should have levied and collected the Cess.

¹ Bilaspur, Dantewada, Durg, Janjgir Champa, Korba, Korea, Raigarh, Raipur, Rajnandgaon and Surguja

4.3.2 Non realisation of Environment Cess and Infrastructure Development Cess on mining leases

Under the provisions of the Chhattisgarh (*Adhosanrachna Vikas evam Paryavaran*) *Upkar Adhiniyam* 2005, development cess and environment cess is leviable at the rate of five *per cent* each on the amount of royalty payable. In case of iron ore, cess is leviable on dispatch quantity at the rate of ₹ 5 per MT each. Further as per order of DGM (December 2009) cess would be recovered by the Mining Department. It was also directed that records relating to levy and collection of cess would be maintained by the Mining Department.

During test check of mining lease case files of two² DMOs, we noticed (May 2010 to May 2011) that 43 lessees had paid royalty of ₹ 19.39 crore between 2006-07 and 2010-11, on limestone and other major minerals. However the DMOs did not levy cess amounting to ₹ 1.94 crore and no

action was taken for recovery of the same till the date of audit. Similarly, though two other lessees dispatched 430.83 lakh MT of iron ore, the Department did not levy environment cess in one case and in another case though the demand notice was issued, the DMOs failed to recover Environment and Development Cess amounting to ₹ 42.91 crore. This resulted in non- realisation of revenue of ₹ 44.84 crore (*Appendix III*).

During the Exit Conference, the Government stated that in case of a lessee (Bhilai Steel Plant) demand notice has been issued in September 2011, and out of the objected amount of ₹ 42.72 crore, ₹ eight crore has been recovered upto February 2012 and the lessee has agreed to deposit the remaining amount in installments. In the other two³ cases, the objected amount has been recovered between July 2010 and September 2011. In the rest of the cases, it was stated that Cess would be recovered at the earliest.

² Durg (May 2010 and May 2011) and Kanker (June 2010)

³ ACC Ltd. and Godavari Ispat pvt. Ltd

4.4 Short levy of royalty on coal

4.4.1 Application of incorrect rate of royalty on coal

According to Section 9(2) of the MMDR Act, every lessee is liable to pay royalty in respect of minerals removed/consumed from the lease area at the rate specified in the Second Schedule. As per GOI notification (August 2007), royalty on coal for various grades is fixed on the basis of basic pithead price of Run-of Mines (ROM) coal. The basic pithead price for Korea-Rewa coalfields is higher than Korba-Raigarh coalfields. Under Rule 64 A of the MC Rules, if the lessee fails to pay royalty on the due date, he shall be liable to pay interest at the rate of 24 per cent per annum from the 60th day of the due date of payment till the date of payment.

On scrutiny of the mining plan and lease case files of DDMA, Korba, we noticed that a lessee, Prakash Industries Limited, was allotted (January 2006) a coal block in Hasdeo-Arand area (Chotia block), which was located in Korea-Rewa coalfields. South Eastern Coalfield Limited (SECL)⁴ had also clarified (December 2011) that Hasdeo-Arand area is situated in Korea-Rewa coalfield. For the purpose of royalty, the lessee had followed the basic pithead price of ROM 'D' coal applicable for Korba-

Raigarh coalfield and paid royalty accordingly on the dispatched quantity. Since Hasdeo-Arand area is situated in Korea-Rewa coalfield, higher rate of royalty was leviable. During the period August 2007 to March 2011, the lessee had extracted and dispatched 35,20,870 MT of 'D' grade coal and paid royalty amounting to ₹ 39.31 crore as against the royalty payable of ₹ 43.10 crore. Thus, failure of the DDMA to verify the payment with reference to the location of the mine resulted in short levy of royalty of ₹ 3.79 crore. Interest amounting to ₹ 1.60 crore is also leviable on short payment of royalty (*Appendix IV*).

During the Exit Conference, the Government stated that the matter will be taken up with the Coal Controller for determination of the rate of royalty. Further report has not been received (August 2012).

⁴ A subsidiary of Coal India Limited

4.4.2 Short payment of royalty as per minimum rate

According to Section 9(1) of the MMDR Act, every lessee is liable to pay royalty in respect of minerals removed/consumed from the lease area at the rate specified in the Second Schedule. Further, as per Rule 64(a) of MC Rules, if the lessee fails to pay royalty on the due date, he shall be liable to pay interest at the rate of 24 per cent per annum from the 60th day of the due date of payment till the date of payment. According to Rule 52 of the MCDR, 1988 the owner, agent, mining engineer or manager of every mine shall submit a copy of the monthly, quarterly and annual returns to the State Government concerned in whose territory the mine is situated. As per notification dated 1 August 2007 of the Ministry of the Coal, the rates of royalty shall be a combination of specific and *ad valorem* rates. The price of coal is lowest in case of core consumers and slightly higher in case of non-core consumers and e-buyers for the same grade of coal.

During scrutiny of the monthly returns of two⁵ DDMA/DMOs we noticed (June 2011) that a lessee, South Eastern Coalfields Limited (SECL), dispatched 43.01 lakh MT coal from the lease area and paid ₹ 51.48 crore as royalty. The monthly returns of the lessee did not show the quantity of coal supplied to core consumers⁶, non-core consumers⁷ and e-buyers and the rate of royalty applicable. However the minimum royalty payable (calculated by Audit on core consumer rates) was ₹ 77.35 crore as per the rate applicable

for the concerned grade of coal declared by the Coal Controller of India. The concerned DDMA/DMO failed to scrutinise the monthly returns submitted by the lessee. This resulted in short levy of royalty of ₹ 25.87 crore and interest of ₹ 13.16 crore thereon as shown below:

⁵ Korba and Korea

⁶ Coal supplied to Power, Fertiliser and Defence sectors are categorised as core sector

⁷ Coal supplied to other than Power, Fertiliser and Defence are categorised as non core sector.

(₹ in lakh)

Sl. No.	DMO	Name of colliery	Grade of coal	Period	Dispatched quantity (MT)	Minimum royalty payable (applying minimum rate of royalty for the grade)	Royalty paid	Short payment	Interest leviable
1	Korba	Rajgamar	Slack 'B'	July 2008-September 2010	1,13,838	222.11	149.92	72.19	26.50
		Surakachhar	Steam 'B'	August 2007-March 2011	28,41,745	5,624.86	3,562.62	2,062.24	1,046.72
			Slack 'C'	August 2007-March 2011	13,21,132	1,838.70	1,387.01	451.68	242.35
2	Korea	West Jhagrakhand	Steam 'A'	August 2007	13,835	28.33	27.67	0.66	0.54
			Slack 'B'	August 2007	10,678	20.63	20.60	0.03	0.03
Total					43,01,228	7,734.63	5,147.82	2,586.81	1,316.14

During the Exit Conference, the Government stated that in Rajgamar colliery some quantities of coal of steam B was mixed with Slack B and SECL paid royalty as per prescribed royalty rate. In Surakachhar colliery royalty paid by the lessee was correct. In West Jhagrakhand colliery the objected amount of ₹ 1.19 lakh has since been recovered.

The reply of the Government is not acceptable because in the previous monthly returns (before August 2007) of Surakachhar colliery royalty paid was in accordance with the dispatched quantity of coal. In Rajgamar colliery, the figures of dispatched quantity of coal as well as royalty paid amount were changed after being pointed out by Audit.

4.5 Short levy of royalty on bauxite

As per the provisions of the Second Schedule of the MMDR Act, rate of royalty in respect of bauxite is levied on the content of alumina in the ore. As per the directions issued (May 2006) by the DGM, Regional offices of the Directorate were required to collect a sample of the ore by the 15th of each month and the analysis report of the percentage of alumina content was to be send to the DMOs by the 30th of every month and on the basis of the result, royalty of bauxite was to be assessed.

During test check of the mining lease case files of DMO, Surguja, we noticed that a lessee, Bharat Aluminium Company Limited (BALCO), was paying royalty on bauxite (used for its Korba plant) on the grade of alumina (Al₂O₃) ranging from 43 *per cent* to 47 *per cent*. However, as per the mining plan, the average grade of alumina required

by the Korba plant was 48 per cent. By manual sorting the average grade of ore was maintained at 48 per cent. Thus dispatched and utilised alumina in the plant was 48 per cent but during the assessment of royalty it was taken as 43 to 47 per cent. We further noticed that between May 2006 and March 2011 the Regional office of DGM, Bilaspur had collected and checked samples of ore only on seven occasions. As per the result of the sample test, the average grade of alumina in the bauxite ore was more than 48 per cent. However, during assessment of royalty, the DMO had not taken into consideration the results of the sample test and accepted the lessee's returns. During July 2006 to December 2010, the lessee dispatched 25.55 lakh MT of bauxite and paid royalty of ₹ 26.07 crore instead of royalty payable of ₹ 27.81 crore. The DMO neither considered the results of the sample test nor initiated any action to get the sample results for the other months from the Regional office, Bilaspur. This resulted in short levy of royalty of ₹ 1.74 crore. Interest of ₹ 83.13 lakh was also leviable.

During the Exit Conference, Government stated that a circular had been issued in May 2006 regarding determination of percentage of alumina content in bauxite ore through laboratory tests of samples before assessment of royalty. Further directions have been issued to the DMOs to check the percentage of alumina in previous assessments and if any short assessment of royalty came to notice, it should be collected from the lessee. The Department also stated that it is checking the grade of alumina from time to time in different lease areas and would make some changes in the sample collection procedure.

4.6 Short levy of royalty on iron ore

The MMDR Act provides that the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him. The royalty rates in respect of iron ore is based on iron content available in the mineral. During a review meeting held in September 2010, the Secretary (Mineral Resources Department) instructed all regional offices to provide sample results of analysis of iron, bauxite and tin ore to the DMOs for the assessment of royalty.

65 per cent. During 2003-04 to 2007-08, the lessee had also shown in his mining plan that the quality of ROM fed to the crushing and screening plant was more than 65 per cent.

During scrutiny of the monthly returns, mining plans and lease case files of DMO Durg, we noticed that a mining lease of iron ore was granted in 1958 and renewed in April 2003 to Bhilai Steel Plant for a period of 20 years in Rajhara (mechanised mine). Royalty for the period from 2006-07 to 2010-11 was paid without verifying the iron content in the iron ore. Based on the chemical analysis report shown in the mining plan and mining scheme, iron content in the ore was more than 65 per cent. As per sample test of iron ore done by the Regional office, Raipur in December 2007, content of iron was more than

During 2006-07 to 2010-11, the lessee had extracted 63,70,540 MT iron ore and paid royalty on iron content of 62 to 65 *per cent* amounting to ₹ 72.38 crore instead of the royalty payable (more than 65 *per cent* iron ore content) of ₹ 94.20 crore. Thus non verification of the iron content in iron ore resulted in short levy of royalty of ₹ 21.82 crore. Interest of ₹ 5.91 crore was also leviable.

During the Exit Conference, the Government stated that matter will be examined by technical experts after collecting the lab reports of Bhilai Steel Plant. The Department maintained that royalty is collected on the grade/quality of mineral mined and not on the basis of mining plan. We do not agree as neither did the Regional office collect and check the ore sample nor did the DMO comply with the instructions of September 2010.

4.7 Short levy of royalty on coal

According to Section 9(2) of the MMDR Act, every lessee is liable to pay royalty in respect of minerals removed/consumed from the lease area at the rate specified in the Second Schedule. As per GOI notification (August 2007), royalty on coal for various grades is fixed on the basis of basic pithead price of ROM coal. The GOI, Ministry of Coal, Coal Controller vide letter dated March 2010 notified the grade of coal in Chotia coal block, Seam II as ROM 'D' grade, subject to the condition that if after inspection or from the sample drawn, the Coal Controller is satisfied that the grade declared does not conform to the grade notified, the owner, agent or manager of the mine is bound to revise the grade as per the directions issued by the Coal Controller.

During test check of mining lease case files, monthly returns and mining plans of DDMA, Korba, we noticed that a lessee, Prakash Industries Limited (PIL), was allotted coal block in Chotia region in 2006. The lessee was extracting coal from seam II of Chotia coal block-1 from the beginning of the lease and paying royalty on 'D' grade coal. However, as per the original mining plan and revised mining plan approved by the Coal Controller, the grade of mineral reserve of seam II of Chotia block - 1 was 'B'(10 *per cent*), 'C'(61 *per cent*) and 'D'(29 *per cent*) grade respectively⁸. The mining plan of the lessee also revealed 'A'-'E' grade coal reserve in the block. Besides this, at the time of execution of the lease deed, the lessee had paid Stamp Duty and Registration Fees as per 'C' and 'D' grade coal.

During 2006-07 to 2010-11, the Regional office, Bilaspur had checked the coal samples drawn in January 2007, October 2009 and October 2010 in which the grade of coal was found to be G, C and D respectively. The Coal Controller,

⁸ As per surveyor's report excavation of coal is done at 10 to 20 metre depth in seam 2 of Chotia block I. Total coal reserve is 4.598 MT at this depth. Out of this total coal reserve, 0.455 MT is 'B' grade coal, 2.818 MT 'C' grade and 1.325 MT 'D' grade coal as shown in the mining plan which comprise 10 *per cent*, 61 *per cent* and 29 *per cent* respectively.

Kolkata had also informed the results of coal sample drawn in January 2010 from the seam as 'B' grade.

During 2006-07 to 2010-11, the lessee had dispatched 44,42,329 MT of coal and paid royalty at the rate of 'D' grade. As per grade shown in mining plan the total quantity of B, C and D grade coal was 4,44,233 MT, 27,09,821 MT and 12,88,275 MT respectively. Accordingly royalty amounting to ₹ 62.29 crore was leviable. As against this, DDMA Korba levied and collected ₹ 47.14 crore. This resulted in short levy of royalty of ₹ 15.14 crore. Interest amounting to ₹ 7.96 crore was also leviable (*Appendix V*).

During the Exit Conference, the Government stated that matter will be taken up with the Coal Controller who is statutorily responsible for declaration of coal grades in coal mines. Further report has not been received (August 2012).

4.8 Irregular allowance towards processing loss

According to Rule 30(b) of the CMM Rules, the lessee shall pay royalty in respect of quantities of mineral intended to be consumed or transported from the leased area at the rate for the time being specified in Schedule III.

During test check of the assessment records and returns furnished by the lessees in DDMA, Raipur, we noticed that 13 limestone quarry lease holders used 132.07 lakh cubic feet (cft) limestone boulder for crushing and produced 115.06 lakh cft limestone *gitti* (metal) between January 2006 and December 2010. In this process, 17.01 lakh cft (85,066 MT) of limestone was shown as loss. This loss ranged between 5.6 to 28.8 *per cent*. In the assessment report of the MI, royalty was assessed only on the metal produced and not on the loss shown by the lessee. Since there is no provision in the CMM Rules for allowing processing loss, exemption of royalty on processing loss was irregular. This resulted in irregular exemption of royalty of ₹ 48.37 lakh.

During the Exit Conference, the Government stated that the lessees paid royalty when the dust was sold. We do not agree as neither was production of the dust shown in the assessment report nor was any royalty assessed on the dust.

4.9 Short realisation of royalty and interest thereon

Under the provisions of the MMDR Act, the holder of a mining lease is liable to pay royalty in respect of any mineral removed from the leasehold area or consumed. Therefore, as soon as the mineral is removed, royalty becomes due and can be demanded on the basis of available information. As per order of the DGM (April 2006) assessment of royalty is to be done once in every six months.

During test check of the mining lease case files, assessment records and monthly returns of the DMO, Dantewada we observed that the DMO had assessed royalty based on the returns and issued demand notice (December 2007) of ₹ 18.53 crore for the period January 2003 to June 2007 payable by a lessee (NMDC). Against this, the lessee paid royalty of ₹ 4.45 crore in June 2008 on the plea that the figures in the six monthly returns

were not correct. Despite this, the DMO neither took any steps to examine the plea of the lessee and calculate and recover the realisable dues from the lessee.

Further, our scrutiny of records of the DDMA, Raipur and DMO, Raigarh revealed that two lessees had paid royalty aggregating ₹ 9.18 crore. Our calculation of the royalty from the monthly returns and other records revealed that royalty amounting to ₹ 9.65 crore was leviable against these lessees. The DDMA/DMO (Raigarh and Raipur) neither assessed the royalty payable nor issued demand notice for recovery of royalty. This resulted in short realisation of ₹ 47 lakh. Interest amounting to ₹ 12 lakh was also leviable as shown below:

(₹ in lakh)

Sl. no.	DDMA/DMO	Mineral	Royalty payable	Royalty paid	Short realisation	Interest
1	Dantewada	Iron ore	1853.29	444.96	1408.33	1070.33
2	Raigarh	Coal	951.87	906.83	45.04	11.50
3	Raipur	Limestone	13.42	11.59	1.83	0.04
Total			2818.58	1363.38	1455.20	1081.87

During the Exit Conference and in its reply of February 2012, the Government stated that in Dantewada, a committee would be constituted at the Directorate level for checking and assessment of royalty. In Raigarh, out of ₹ 65.51 lakh, ₹ 44.41 lakh had been deposited between January 2011 to April 2011. Interest amounting to ₹ 21.10 lakh had been deposited in October 2011. Similarly, in Raipur the objected amount of ₹ 13.42 lakh has been fully recovered. The fact remains that in the case of DMO, Dantewada, the Department failed to resolve the issue and recover the outstanding dues from the lessee even after lapse of four years. In the case of Raigarh and Raipur the reply is not specific to the amount pointed out in Audit. Further reply has not been received (August 2012).

4.10 Non levy of interest on delay in payment of royalty

According to Rule 64(A) of the MC Rules, if the lessee fails to pay royalty on the due date, he shall be liable to pay interest at the rate of 24 per cent per annum from the 60th day of the due date of payment till the date of payment.

During scrutiny of the mining lease case files, assessment and monthly returns of two DDMA/DMOs, it was noticed that in four cases the lessees deposited royalty pertaining to the period between January 2003 and March 2009 after the due

dates. The period of delay ranged between 120 days to 365 days as detailed in the table below:

(₹ in lakh)

Sl. no.	DDMA/ DMO	Name of lessee	No. of cases	Royalty amount paid	delayed period (in Days)	Interest leviable (@ 24 % per annum)	Nature of observation
1	Dantewada	NMDC Ltd.	1	805.12	120-150	73.31	Balance amount of royalty amount pertaining to the period January 2003 to June 2007 was deposited in May and June 2008 after a delay of 120 to 150 days by the lessee.
2	Raipur	1.M/s.Grasim Cement 2.M/s.Ambuja Cement 3.M/s.Lafarge Cement	3	177.41	330-365	41.14	Balance amount of royalty amount pertaining to the period February 2009 to March 2009 was deposited in February and March 2010 after a delay of 335 to 365 days by the lessee.
	Total		4	982.53		114.45	

The DDMA/DMOs however did not levy interest amounting to ₹ 1.14 crore. This resulted in non-realisation of interest of ₹ 1.14 crore.

During the Exit Conference, the Government stated that in Raipur district the objected amount of ₹ 41.14 lakh has been fully recovered in October 2010 and September 2011. No reply was furnished by the Government in case of DMO, Dantewada.

4.11 Short assessment of royalty and interest

As per Rule 29(4) of the CGMM Rules, the lessee shall pay royalty in respect of any mineral removed or consumed at the rate specified from time to time in Schedule III. Rule 30(1)(b) provides that the lessee shall pay royalty in respect of quantities of mineral intended to be consumed or transported from the lease area. Rule 30(1) (d) provides that the lessee shall pay interest at the rate of 24 per cent per annum for all defaults in payment of royalty. Rule 30(14) provides that the lessee shall surrender all previous duplicates of used TP books together with unused TP books issued to him before the royalty is paid by him under clause (b) of sub rule (1) and fresh transit passes are issued.

During scrutiny of mining lease case files in DMO Rajnandgaon we noticed that a lessee, Ashoka Buildcon Limited, was granted a lease for boulders at Margaon (6.25 acre) for a period of five years from August 2007. During the period January 2008 to June 2009, the DMO had issued 8400 TPs. The lessee had transported 10 cu.mt limestone per TP. The DMO however had assessed royalty on 4199 TPs only without considering the total number of TPs used. During the above period the DMO assessed royalty amounting to ₹ 16.57 lakh as against royalty payable of ₹ 33.60 lakh (₹ 40 per cu.mt.). During the period the lessee had paid advance royalty ₹ 29 lakh. Thus difference of royalty of ₹ 4.60

lakh was neither assessed nor was demand for recovery of the same issued by the DMO. Interest of ₹ 1.75 lakh was also leviable.

During the Exit Conference, the Government stated that the matter would be cross checked with the lessee's records and action would be taken accordingly. Further reply has not been received (August 2012).

4.12 Recommendations

- *The Government may consider putting in place a mechanism to ensure that royalty is charged as per rules.*
- *The Department should issue necessary instructions for regular scrutiny of the monthly statements and linking of the same to other related records to avoid loss of revenue.*
- *The Government may consider issuing instructions to all DMOs to ensure levy of cess in accordance with the provisions of the Chhattisgarh (Adhosanrachna Vikas evam Paryavaran) Upkar Adhiniyam, 2005.*
- *The Government may consider prescribing monthly returns with details of quantity of coal supplied to core consumers, non-core consumers and e-buyers with rates.*

- ***The Government may consider developing a mechanism to collect and analyse the sample and compare grades of iron ore at the Department's level and the grade shown in the mining plan every month.***
- ***The Government may consider developing a mechanism to collect and analyse the samples of coal and intimate differences found in the declared grade to the Coal Controller.***