

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), Power (Taxes and duties on electricity), Mines and Geology, Industries and Land Revenue conducted in audit during the year 2011-12 revealed under assessments of tax and loss of revenue amounting to ₹ 3.81 crore in 4,433 cases which broadly fall under the following categories:

(₹ in crore)			
Sr. No.	Category	Number of cases	Amount
A: Excise and Taxation Department (Entertainment duty)			
1.	Non-recovery of entertainment duty	21	0.04
B: Power Department (Taxes and duties on electricity)			
1.	Miscellaneous irregularities	4,171	0.09
C: Mines and Geology and Industries			
1.	Non-recovery of interest on late deposit of contract money	12	3.21
2.	Non-recovery of royalty and interest	137	0.44
	Total	149	3.65
D: Land Revenue			
1.	Miscellaneous irregularities	92	0.03
	Grand total	4,433	3.81

During the course of the year 2011-12, the department accepted under assessment and other deficiencies of ₹ 4.14 crore involved in 4,290 cases, out of which ₹ 3.66 crore involved in 4271 cases were pointed out during 2011-12 and the rest in earlier years. The department recovered ₹ 53.52 lakh in 42 cases during the year 2011-12, out of which ₹ 5.65 lakh involved in 23 cases relate to the year 2011-12 and the rest in earlier years.

An illustrative case involving ₹ 3.84 crore 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/short realisation of bid money of ₹ 3.84 crore.

6.2.1 Non/short realisation of bid money

As per Punjab Minor Mineral Concession Rules, 1964, as applicable to the State of Haryana, a mining contract for quarrying is granted by auction or by accepting tender of highest bidder. The bidder is required to deposit 25 per cent of bid as security plus one twelfth of the annual bid where contract value exceeds ₹ five lakh, as advance payment immediately on the allotment of the contract. The annual contract money is payable in equated advance monthly installments on 1st day of each calendar month every year. In the event of default in payment, the competent authority may, by giving a notice, terminate the contract and forfeit the amount of security. Further, interest at rate of 24 per cent per annum is also recoverable for the period of default in payment of installment of contract money till such amount is paid.

During test check of the records of office of the Mining Officer (MO), Bhiwani, we noticed in December 2010 that minor mineral quarrying permits were granted to four contractors for the years 2007-08 to 2009-10 on the basis of highest annual bid amount of ₹ 4.03 crore. Though the contractor had deposited due amount of bid for the years 2007-08 and 2008-09 but paid ₹ 99.62 lakh against the annual bid amount of ₹ 4.03 crore due for the year 2009-10. The Department had not issued any demand notice or taken any other action against the defaulting contractors to recover the outstanding amount. The Department failed to take timely action to recover the balance bid money of ₹ 3.04 crore from the contractors. This resulted in short-realisation of bid money amounting to ₹ 3.84 crore (including interest of ₹ 80.10 lakh).

We reported the matter to the Government in June 2012. During exit conference held in December 2012 the Department admitted the para and stated that recovery certificates had been issued in respect of three contractors including recovery of ₹ 3.00 lakh and efforts would be made to recover the balance amount of ₹ 3.81 crore.

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