

CHAPTER VI - MINING & OTHER NON-TAX RECEIPTS

6.1 Results of audit

Test check of the records of the Geology and Mining, Public Works, Water Resources, Public Health Engineering and Co-operative departments conducted during the year 2006-07 revealed non/short assessment of royalty, dead rent and cess, underassessment of fee, non-realisation of tax and penalty etc. amounting to Rs. 32 crore in 84 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Categories	Number of cases	Amount
I Geology and Mining Department			
1.	Non/short levy of dead rent and interest	19	2.53
2.	Other irregularities	2	0.82
II Public Works Department			
1.	Non-recovery of tax	3	0.65
2.	Non-deduction of supervision charges	2	0.50
3.	Undue benefit to contractor due to incorrect determination of upset price	1	0.23
4.	Other irregularities	16	9.91
III Water Resources Department			
1.	Non-recovery of tax	13	14.08
2.	Other irregularities	13	1.89
IV Public Health Engineering Department			
1.	Non-recovery of tax	2	0.58
2.	Non-realisation of tax	2	0.06
3.	Other irregularities	10	0.55
V Co-operative Department			
1.	Non-levy of penalty on defaulting societies	1	0.20
Total		84	32.00

During the year 2006-07, the department accepted underassessment of royalty and other deficiencies amounting to Rs. 19.18 crore in 58 cases.

The department recovered Rs. 14.07 lakh after issue of one draft paragraph.

A few illustrative cases involving revenue of Rs. 1.35 crore highlighting important audit findings are mentioned in the following paragraphs.

Geology and Mining Department

6.2 Non-realisation of cess

Under the provisions of the *Chhattisgarh Adhosanrachana Vikas Evam Paryawaran Upkar Adhiniyam, 2005*, development cess and environment cess each at the rate of five *per cent* are leviable on the amount of annual royalty payable by the holder of any mining lease. The payment of cess shall be made in four equal instalments on the last day of each quarter.

Test check of the records of the District Mining Officer (DMO), Bilaspur in February 2007 revealed that the department did not levy development cess and environment cess of Rs. 44.15 lakh on 28 operating mines for the year 2005-06. This resulted in non-realisation of cess of Rs. 44.15 lakh.

After the cases were pointed out, the department stated in May 2007 that Rs. 1.56 lakh had been recovered and the remaining amount would be recovered at the earliest.

The matter was reported to the Government in April 2007; their reply has not been received (November 2007).

6.3 Non-cancellation of lease of inoperative mines

Under the provisions of the Mineral Concession Rule, 1960, if any lease holder does not start mining within two years from the date of execution of the lease deed or discontinues the mining operation for a continuous period of two years after the commencement of such operation, the State Government shall by an order declare the mining lease as lapsed and communicate the declaration to the lessee.

6.3.1 Test check of the records of the DMO, Ambikapur in September 2006 revealed that mining operation in three graphite leases remained inoperative for two to nine years since the sanction of the execution of the mining leases in 1995 and 2002. The department, however, did not initiate any action to terminate the lease deeds for subsequent execution of mining leases with other persons. Had timely action to terminate the existing leases and sanction of fresh leases been taken, at least Rs. 18.27 lakh toward royalty (based on the yearly royalty quoted in those lease deeds) could have been realised, out of which Rs. 11.96 lakh pertained to the last five years.

After the cases were pointed out, the department stated in May 2007 that show cause notices had been issued to the lessees in November 2006 and further action to terminate the leases was in progress.

The matter was reported to the Government in April 2007; their reply has not been received (November 2007).

6.3.2 Test check of the records of the DMO, Bilaspur in February 2007 revealed that two dolomite mining leases remained idle since their sanction in 1997. Had these leases been sanctioned afresh, at least Rs. 13.75 lakh would have been received on the basis of anticipated yearly

royalty as quoted in the lease deed, out of which Rs. 9.82 lakh pertained to the last five years.

After the cases were pointed out, the department stated in February 2007 that in one case letter for termination of the lease had been forwarded to the Government and in another case action was being taken.

The matter was reported to the Government in April 2007; their reply has not been received (November 2007).

6.4 Non-levy of dead rent

Under the provisions of the Chhattisgarh Minor Mineral Rules, 1996, the lessee of every quarry lease shall pay every year except for the first year of the lease, yearly dead rent at the rates specified in schedule IV in advance for the whole year, on or before the 20th day of the first month of the year. The rule further envisages that the lessee shall pay interest at the rate of 24 *per cent* per year for all the defaulted payments of dead rent.

6.4.1 Test check of the records of DMO, Raigarh in February 2007 revealed that two lessees did not extract any coal from the leased area during the period January 2005 to December 2007. The lessees were liable to pay the dead rent of Rs. 6.13 lakh for the aforesaid period which was neither paid by the lessees nor was any action taken by the DMO to levy and realise the dead rent. Besides, interest of Rs. 1.47 lakh was also leviable for non-payment of dead rent.

The matter was reported to the department/Government in April 2007; their reply has not been received (November 2007).

6.4.2 Test check of the records of the DMO, Jagdalpur in August 2006 revealed that in 14 leases, though the quarries remained idle during 2004 to 2006, neither had the lessees paid the dead rent for the period of inoperation nor did the department initiate any action for realisation of dead rent of Rs. 2.74 lakh. Besides, interest of Rs. 78,720 was also leviable.

After the cases were pointed out, the Director of Geology and Mining, Raipur accepted the audit observation and stated in June 2007 that dead rent of Rs. 1.48 lakh had been recovered and demand notices had been issued (January 2007) for the remaining amount.

The matter was reported to the Government (December 2006); their reply has not been received (November 2007).

Water Resources Department

6.5 Short levy of water charges

According to the agreement executed between the Executive Engineer (EE), Right Bank Canal Water Management (RBCWM) Division, Rampur and M/s Bharat Aluminium Company Ltd. (BALCO), Korba in June 2005, the RBCWM supplies water to M/s BALCO against realisation of water charges at the prescribed rates.

Test check of the records of the EE, RBCWM, Rampur division in June 2006 revealed that the EE levied water charges of Rs. 1.80 crore on M/s BALCO relating to the period from January 2005 to April 2006 instead of the actual leviable amount of Rs. 2.60 crore. Thus, short billing by the EE resulted in short levy of water charges of Rs. 79.36 lakh.

After the case was pointed out, the EE stated in June 2006 that efforts were being made to recover the balance water charges. A report on recovery has not been received (November 2007).

The matter was reported to the Government in May 2007; their reply has not been received (November 2007).

**Raipur
The**

**(SUBIR MALLICK)
Accountant General
Chhattisgarh.**

Countersigned

**New Delhi
The**

**(VINOD RAI)
Comptroller and Auditor General of India**