

CHAPTER - VII: MINING AND OTHER NON-TAX RECEIPTS

7.1 Results of audit

Test check of the records of the Water Resources, Geology and Mining and Co-operative departments conducted during the year 2007-08 revealed non-realisation of water charges, non/short levy and assessment of royalty, dead rent and cess etc. amounting to Rs. 68.36 crore in 642 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
Geology and Mining Department			
1.	Non/short levy of dead rent and interest	358	53.65
2.	Underassessment of royalty and other irregularities	282	14.45
Total		640	68.10
Water Resources Department			
1.	Non-recovery of water charges	1	0.11
2.	Other irregularities	1	0.15
Total		2	0.26
Grand total		642	68.36

During the year 2007-08, the departments concerned accepted non/short levy of dead rent and interest, under assessment of royalty, non-recovery of water charges and other deficiencies amounting to Rs. 56.88 crore in 472 cases.

After issue of draft paragraphs, the Geology and Mining Department recovered an amount of Rs. 23.24 lakh in one case.

A few illustrative cases involving revenue of Rs. 12.36 crore highlighting important audit findings are mentioned in the following paragraphs.

GEOLOGY AND MINING DEPARTMENT

7.2 Non-remittance of royalty to the Government account

As per Rule 29 of Chhattisgarh Financial Code, any revenue collected on behalf of the Government should be remitted promptly into the Government account.

Test check of the records of the District Mining Officer (DMO), Raipur in June 2007 revealed that the Municipal Corporation, Raipur had deducted royalty amounting to Rs. 4.13 crore from the contractors who executed works under their control for the period 1998-99 to 2005-06. The corporation did not remit the amount to the Government account which resulted in non-remittance of royalty of Rs. 4.13 crore and unauthorised retention of Government money.

After the case was pointed out, the Collector intimated (May 2008) that out of Rs. 4.13 crore, an amount of Rs. 8 lakh has been deposited to the Government account in March and April 2008 and the corporation has been asked to remit the balance Rs. 4.05 crore. The reply did not indicate the reasons for failure to enforce the provisions for immediate remittance of royalty till it was pointed out in audit. Moreover, despite accepting unauthorised retention of Government money for such a considerable period of time, the department failed to ensure remittance of the entire amount into the Government coffers. Further development has not been received (November 2008).

The matter was reported to the Government (June 2008); their reply has not been received (November 2008).

7.3 Short levy of penalty

According to Rule 53(5) of the Chhattisgarh Minor Mineral (CGMM) Rules, 1996, the Collector/Additional Collector/Joint Director/Dy. Director/Mining Officer or officer authorised by Zila/Janpad may, either before or after the institution of the prosecution in unauthorised extraction cases, compound the offence on payment of such fine which may extend to double of the market value of mineral so extracted but in no case may be less than Rs. 1,000 or 10 times of the royalty of mineral so extracted, whichever is higher.

Test check of the records of the DMO, Rajnandgaon in August 2006 revealed that the DMO detected 11 cases of unauthorised extraction during the period between July 2005 and June 2006. These cases were sent to the Additional Collector's court under the provisions of the Chhattisgarh Land Revenue Code, 1959 for compounding, after proposing a total penalty of Rs. 3.50 lakh. As per the above stated rule, the total penalty should not have been less than 10 times of the royalty which is Rs. 23.10 lakh. This has resulted in short levy of penalty of Rs. 19.60 lakh.

After the case was pointed out, the department replied in June 2007 that all the cases of unauthorised extraction have been referred to Additional Collector's Court under Chhattisgarh Land Revenue Code and is still pending for decision but the reply did not explain the reason for proposing lower penalty.

The matter was reported to the Director, Geology and Mining, Chhattisgarh and the Government in June 2008; their reply has not been received (November 2008).

PUBLIC WORKS DEPARTMENT

7.4 Non-realisation of revenue due to non/short deduction of royalty from the bills of contractors

According to the Madhya Pradesh Public Works Department (MPPWD) manual (as adopted by Chhattisgarh), levy of royalty on construction material is governed by the MP Minor Mineral Rules, 1961, as amended from time to time and adopted in Chhattisgarh. Further, as per clause 36 of the agreement on Form 'A' as prescribed in MPPWD manual, the executive engineer (EE) of the division concerned is responsible for making deduction of amount of royalty from the contractor's running bill at the prevailing rates at that time and remit it into the Government account immediately, if clearance certificate from the Collector is not submitted.

Test check of the records of four¹ public works divisions revealed that though the contractors failed to submit the royalty clearance certificate, the EEs of the divisions concerned did not deduct royalty of Rs. 1.59 crore at the prevailing rate from the running bills of the contractors in nine cases while in one case royalty of Rs. 62.85 lakh was deducted instead of Rs. 1.37 crore. This resulted in non/short realisation of revenue of Rs. 2.33 crore.

After the cases were pointed out, the EE, Water Management-I, Raipur, replied (November 2006) that the reason for short deduction of royalty was that the deduction of royalty has been made at the rate prevailing at the time of agreement. Remaining EEs replied that the contractors have been asked to produce royalty clearance certificates. However, the replies were not in consonance with the provisions that either the contractor uses royalty paid material and submits royalty clearance certificate or the EEs deduct royalty at the rate prevailing at the time of consumption.

The matter was brought to the notice of the department and the Government in June 2008; their reply has not been received (November 2008).

¹ PWD(B/R), Dantewada; Project Implementation Unit, Pradhan Mantri Gram Sadak Yojana, Dantewada; Water Management Division, Division-I, Raipur; Mahanadi Reservoir Project Disnet, Tilda.

7.5 Retention of revenue in deposit account

As per Rule 2(d) of Chhattisgarh Treasury Code, all revenues of the Government should be remitted into the Consolidated Fund of the State.

Test check of the records of the EE, Bridge division, PWD, Ambikapur; EE, National Highway (NH), Division-II, PWD, Raipur; EEs, Building and Roads (BR) Divisions, Rajnandgaon and Bijapur between October 2006 and January 2007 revealed that royalty of Rs. 1.01 crore was recovered from the contractors running account bills and kept in deposit accounts instead of remitting into the Consolidated Fund of the State under the concerned revenue head. This resulted in irregular retention in deposit head and understatement of revenue receipts by Rs. 1.01 crore.

After the cases were pointed out, the EE, NH division-II, PWD, Raipur and EE, BR division, PWD, Rajnandgaon stated (October 2006 and December 2006) that royalty was kept in deposit account in anticipation of submission of royalty clearance certificate by the contractors concerned. The reply is not consonant with the provisions which provide that all revenues are to be remitted to the Consolidated Fund. The EE, BR division, West Bastar, PWD, Bijapur (December 2006) and EE, Bridge division, PWD, Ambikapur stated (January 2007) that royalty would be credited to revenue head and intimated to audit. The position of actual credit to revenue heads has not been intimated (November 2008).

The matter was reported to the department and the Government in June 2008; their replies have not been received (November 2008).

WATER RESOURCES DEPARTMENT

7.6 Non-recovery of water charges

As per the provisions of MPPWD Manual (as adopted by Chhattisgarh), water charges should be recovered from beneficiary farmers and deposited in the Government account.

Test check of the records of the EE, Water Resources, Kharang division, Bilaspur in November 2006 revealed that an amount of Rs. 5.27 crore for the period April 1996 to October 2006 was pending for recovery. Of this, the department was able to recover an amount of Rs. 7.82 lakh only till the end of October 2006 resulting in non-recovery of the balance of Rs. 5.20 crore.

After the case was pointed out, the Government endorsed (November 2007) the reply of the EE stating that in the absence of any irrigation agreements between farmers and the EE and sale of agricultural land for developing colonies, it is very difficult to enforce the recovery. It was also stated that farmers were reluctant to pay the water charges because Government frequently announced concessions and waiver of outstanding dues. Subsequently, the Government in September 2008 intimated a further recovery of Rs. 17.38 lakh. A report on recovery of balance amount has not been received (November 2008). It is

recommended that the Government should frame suitable strategy for recovery of water charges.

CO-OPERATIVE DEPARTMENT

7.7 Non-realisation of audit fees

According to Section 58(1) of the Chhattisgarh Co-operative Societies Act, 1960 read with Rule 50-A of the Chhattisgarh Co-operative Societies Rules, 1962, every society, the accounts of which are audited by the Registrar of Co-operative Societies, shall pay to the State Government a charge for the audit of its accounts for each year in accordance with the scale laid down in the schedule in respect of the class of society to which it belongs. The Registrar shall communicate the charges payable by the society. Audit fees of primary consumer societies affiliated to central co-operative bank shall be deposited by the bank itself.

7.7.1 Test check of the records of the Assistant Registrar (AR), Co-operative Societies (Audit), Janjgir-Champa in December 2005 revealed that audit fees of Rs. 31 lakh though recoverable from 121 co-operative societies during the period 1998-99 to 2004-05 was not realised till the date of audit.

After the case was pointed out, the AR stated in September 2006 that audit fees of Rs. 18.58 lakh has been recovered through challans and Rs. 12.42 lakh was pending for recovery. The details of recovery such as challan numbers and dates has not been intimated (November 2008).

7.7.2 Test check of the records of the Sub-Registrar (SR), Co-operative Societies (Audit), Raigarh in December 2005 revealed that audit fees of Rs. 19.85 lakh was recoverable during 1993-94 to 2003-04. Of this, audit fee of Rs. 18.36 lakh pertained to audit of district co-operative, Central Bank, Raigarh, which had been closed with effect from 7 November 2003 and is under the process of liquidation. Timely action to recover the audit fee was not taken by the department which resulted in non-realisation of revenue of Rs. 19.85 lakh.

After the case was pointed out, the SR stated (December 2005) that action would be taken for recovery. Further development has not been intimated (November 2008).

The matter was reported to the department and the Government in May 2007. Reply has not been received (November 2008).

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