

CHAPTER-VII: Non-Tax Receipts

7.1 Results of audit

Test check of the records of the Mines and Geology Department, Finance, Forest and Irrigation Department conducted during the year 2005-2006, revealed non/short recovery of revenue amounting to Rs.271.14 crore in 1,438 cases, which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (Rs. in crore)
A. Finance Department			
1.	Non/short realisation of interest receipts	1	20.85
B. Forest Department			
2.	Loss of revenue due to non acceptance of the highest tender	1	0.07
C. Mines and Geology Department			
3.	Non/short recovery of dead rent and royalty	369	17.29
4.	Unauthorised excavation	307	74.14
5.	Non forfeiture of security	203	1.49
6.	Non levy of penalty/interest	198	13.56
7.	Other irregularities	358	143.34
D. Water Resource (Irrigation) Department			
8.	Non recovery of royalty on ordinary earth	1	0.40
Total		1,438	271.14

During the year 2005-06, the department's accepted short realisation etc., of Rs.62.45 crore in 584 cases, of which 405 cases involving Rs.39.93 crore were pointed out during the year 2005-06 and rest in earlier years. Further, the department recovered Rs.5.21 crore in 321 cases of which 46 cases involving Rs.61.09 lakh had been pointed out in audit during the year 2005-06 and rest in earlier years.

After issue of draft paragraph, the department recovered Rs.66.55 lakh pertaining to a single observation pointed out during 2005-06

A few illustrative cases involving Rs.155.10 crore highlighting important audit findings are given in the following paragraph:

A. Finance Department

7.2 Non/short realisation of interest receipts

7.2.1 Introduction

Interest Receipts constitute a major source of non tax revenue of Government of Rajasthan which grants interest bearing loans to commercial and public undertakings, co-operative societies, local bodies, Government servants etc. for various purposes at varying rates of interest.

The loans are recoverable within a stipulated period, in equal periodical instalments alongwith interest at prescribed rates. The terms and conditions as specified in the sanction orders granting loans to loanees, indicate the mode and manner of repayment of the principal and recovery of interest.

A review on "Interest Receipts" was earlier included (paragraph 7.2) in the report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2002. The findings in the review were discussed (July 2006) by the Public Accounts Committee (PAC) and recommendations thereto are awaited.

7.2.2 Scope of audit

A test check of accounts and records for the years 2001-2002 to 2004-2005 alongwith details of outstanding loans as on 1 April 2001, in respect of the loans granted by eight departments¹ was conducted between May 2005 and March 2006 vis-a-vis the position of loans and advances as exhibited in the Finance Accounts of the State Government for the relevant periods. The audit findings are discussed in succeeding paragraph:

7.2.3 Accumulation of interest

Interest of Rs.52.50 crore due on loans and advances granted by three departments to four corporations was pointed out in Audit Report (Revenue Receipts) Government of Rajasthan for the year ended 31 March 2002. The respective departments had neither issued any demand notice for recovery for pending dues nor had taken any action to recover the same resulting in

¹ Agriculture, Animal Husbandry, Command Area Development, Co-operative, Energy, Finance, Industries and Urban Development and Housing,

accumulated amount of Rs.70.50 crore as on 31 March 2005 as detailed below:

(Rupees in lakh)

Name of corporation	Period of loan	Amount sanctioned	Loan repaid	Interest paid	Outstanding as on March 2005	
					Loan	Interest
Rajasthan State Agro Industries Corporation	1987-88 to 1992-93	1380	150	-	1230	1770
Rajasthan Tribal Area Development Co operative Federation	1992-93 to 2000-01	600	600	-	-	588
Rajasthan Land Development Corporation	1976-77 to 1992-93	2300	155	-	2145	3372
Rajasthan Handloom Development Corporation	1985-86 to 2004-05	1653	94	-	1559	1320
Total		5933	999	-	4934	7050

Urban Development and Housing Department

7.2.4 Non realisation of interest

A scrutiny of loans and interest advance register maintained by Secretary, Urban Development and Housing (UDH) Department revealed that six loans aggregating to Rs.1.83 crore carrying annual rate of interest of 15.50 per cent to 16.75 per cent were disbursed during the period from February 1994 to July 2000 to 15² municipalities/urban improvement centres for development. Repayment of loan alongwith interest was to be made in 25 annual instalments with the initial five years moratorium period for recovery of principal amount. There was no moratorium period for collection of interest due on the loans, which was to be recovered annually, but the same was neither demanded nor paid by the loanees. Principal and interest due for payment as on 31 March 2005 amounting to Rs.47 lakh and 2.85 crore respectively remained to be realised. Out of this, interest amounting to Rs.1.31 crore pertained to the period from 2001-02 to 2004-05.

7.2.5 Interest on housing loans allotted by collectors

As per terms and conditions of sanction orders issued by various Collectors, interest on housing loans alongwith the principal amount was to be recovered annually.

² Bharatpur, Chaksu, Deogarh, Dausa, Devli, Dholpur, Fatehnagar, Jhunjhunu, Kishangarh, Nimbaheda, Pushkar, Rajsamand, Ratangarh, Sardarsahar and Vijay Nagar.

Scrutiny of the sanction orders and broadsheets maintained in respective Collectors' offices revealed that housing loan of Rs.1.18 crore was sanctioned by UDH for construction of house under lower income group (LIG) and medium income group housing schemes (MIGH) to 87 persons during the year 2001-02 to 2004-05 in three districts through the respective Collectors. Principal and interest were recoverable in prescribed equal annual instalments. But Principal and interest amounting to Rs.66 lakh and Rs.80 lakh respectively due for recovery as on March 2005 remained unrealised in three districts.

Further, in 11 other districts, loans amounting to Rs.6.37 crore sanctioned during 1955 to 2000 by UDH for construction of houses under LIGH and MIGH schemes were outstanding as on 31 March 2005. Year wise details of pendency of loans and interest were not maintained. It was noticed that not even a single return was prescribed by administrative department for obtaining the position of outstanding loan and interest from the collectors. Interest of Rs.2.86 crore chargeable against these loans as on 31 March 2005 remained unrealised.

Panchayati Raj Department

7.2.6 Interest on housing and other loans

Scrutiny of records of the Director, Panchayati Raj Department revealed that the department did not maintain any records to watch recovery of loans sanctioned and interest accrued thereon from time to time.

It was further noticed that department had neither calculated nor demanded any interest due on the loans which were outstanding since 1994-95. Meagre amount of Rs.1.67 crore on account of principal against Rs.17.79 crore and an amount of Rs. 6 lakh on account of interest as against Rs.17.77 crore chargeable from time to time was recovered in last 10 years. Thus, Rs.16.12 crore on account of principal and Rs.17.71 crore interest remained outstanding as on 31 March 2005.

Co-operative department

7.2.7 Non realisation of interest

Co-operative department is the administrative department for grant of loans to co-operative societies. Registrar of Co-operative Societies was responsible for maintenance of records and for watching timely recovery of outstanding loans and interest thereon.

It was noticed that 245 out of 360 co-operative societies were not paying their overdue loans and interest. The amount of interest pending realisation as on 31 March 2002 was Rs.42.73 crore which increased to 78.60 crore as on 31 March 2005. Increase of Rs.35.87 crore comprising 49 *per cent* of pendency at the end of March 2002 indicated that rigorous efforts were required to be made by the administrative department to recover the dues from defaulting co-operative societies.

7.2.8 Loss of interest due to amount lying in bank

Co-operative Department in January 2001 sanctioned two loans amounting to Rs.1.90 crore and Rs.66 lakh at the annual rate of interest of 12 *per cent* and eight *per cent* respectively to a co-operative mill. It was noticed that out of Rs.1.90 crore, an amount of Rs.26.48 lakh remained blocked in a co-operative bank till its deposit in Government account in June 2002. Irregular retention of Rs.26.48 lakh for 18 months resulted in loss of interest amounting to Rs.4.77 lakh. Besides, interest due against the remaining balance of Rs.2.30 crore for the two loans worked out to Rs.99.36 lakh as of March 2005 for which no demand was raised by the department. This resulted in non realisation of interest of Rs.99.36 lakh besides loss of Rs.4.77 lakh.

7.2.9 Non recovery of interest on loans due to its conversion into grant

Finance Department (Ways and Means) in April 2001 sanctioned two long-term loans of Rs.45 crore in favour of two energy companies. Loan was repayable in 20 years alongwith interest at the rate of 12.5 *per cent* per annum. Subsequently in December 2001 the department converted 50 *per cent* loan amounting to Rs.22.5 crore into grant. The department neither raised any demand for interest of Rs.1.88 crore due for the period till the loan got converted into grant nor the companies deposited the amount. This resulted in non realisation of Government revenue of Rs.1.88 crore.

Similarly, Animal Husbandry Department in September 2001 issued a sanction of Rs.4.83 crore in favour of Rajasthan Co-operative Dairy Federation Ltd. at an interest rate of 12 *per cent* per annum. Subsequently, in November 2003, the loan was converted into grant. As per terms and condition of the sanction order issued in September 2001 interest of Rs.1.30 crore was chargeable on the loan from the period of it's release in September 2001 till its conversion into grant in November 2003. Neither the department raised any demand nor the federation deposited the amount which resulted in non-realisation of Government revenue to that extent.

After this was pointed out, the department stated that no provision was available in 2001-02 for disbursement under grant in aid and as such amount was advanced as interest bearing loan from contingent fund for subsequent adjustment. The reply was not tenable as the original sanctions issued in April 2001 and September 2001 laid down specific conditions of payment of interest and thus interest was payable upto the date of adjustment of loans as grant.

Industries department

7.2.10 Non recovery of interest

Department of Industries in November 2001 issued a sanction order of loan amounting to Rs.93 lakh in favour of an industry through Director of Rajasthan Rajya Industrial Development and Investment Corporation Limited (RIICO). As per terms and conditions of the sanction, the Director was responsible to recover the principal amount and interest at the rate of 16 *per cent* per annum calculated quarterly at cumulative rate of interest. Sanction

also indicates that in case of non recovery of dues by RIICO, the State Government will take proper decision to effect recovery of pending dues at its own level.

The unit did not pay the principal amount as well as due interest of Rs.64 lakh as of March 2005. Neither the RIICO nor Industries Department during last five years has taken any step to realise the amount. There was nothing on record to show that administrative department viz Industries Department at any time had issued any notice to defaulter or to RIICO for repayment of loan and interest thereon.

7.2.11 Loss of interest due to defective sanction orders

Terms and conditions specifying the period of repayment of loans, rate of interest/penal interest for delayed payments are required to be included in the sanction itself.

Test check of records of Director of Industries revealed that a loan of Rs.1.92 crore was sanctioned in June 2003. No repayment schedule and terms and conditions for grant of loan were mentioned in the sanction order. Consequently, the demand for interest could neither be worked out nor raised.

7.2.12 Loss of interest due to non coordination with Finance Department

Industries Department issued four sanction orders of loans to RIICO for Rs.25.14 crore³. However, subsequently the Finance Department put stipulation that withdrawal of funds from personal deposit (PD) account would require its prior permission. The loans were deposited in non interest bearing PD account. Of these loans, Rs.6.25 crore remained in PD account up to May 2002 while Rs.18.89 crore remained in PD account upto March 2003. It was repaid by RIICO to the Government on the dates these were defreezed for utilisation. Thus, retention of loans in PD account resulted in loss of interest amounting to Rs.13.88 crore.

7.2.13 Conclusion

As interest receipts constitute a major part of the non tax revenue of the state, it is essential that Government has an appropriate system and procedure in place to ensure prompt assessment and recovery of interest,

The administrative departments failed to realise interest as realisable from time to time, which is a clear indication of system failure. Lack of monitoring system to ensure recovery of interest led to loss of revenue to the State Government. The Government should plug loopholes to ensure prompt collection of revenue receipts.

³ (Rs. 24.26 crore on 25 September 1998 and 0.88 crore on 31 March 2000)

B. Forest Department

7.3 Loss of revenue due to non acceptance of the highest tender

As per Rajasthan Tendu Leaves (Regulation of Trade) Act 1974, disposal of tendu leaves is to be done through tender. Reserve price of tendu leaves is fixed for each tendu leaves unit (unit) by the Principal Chief Conservator of Forest (PCCF) in consultation with Tendu Leaves Sale and Regulation Committee. Tender of the highest bidder, if not less than the reserve price, is accepted by the committee. Tendu leaves of the unit, where bid is below the reserve price, are to be disposed of through auction and those which could not be sold even after auction, are to be sold departmentally. Government decided (November 1991) that in case the auction bid is less than the reserve price, PCCF shall recommend the highest obtained price for the approval of Government.

In Jhalawar for the period 2003-05, it was noticed that higher bids for collection of tendu leaves were not accepted in seven units⁴ during the year 2003-04 and 2004-05 on the ground that the offered bids aggregating to Rs.7.28 lakh were less than the reserve price and collection of leaves was done departmentally at an expenditure of Rs.5.33 lakh. Sale of these tendu leaves departmentally yielded Rs.5.62 lakh which resulted in net revenue gain of Rs.0.29 lakh as against Rs.7.28 lakh offered in the auction bid. This resulted in loss of Rs.6.99 lakh.

After this was pointed out in September 2005 the department stated that the bid was not accepted as it was less than reserve price. The facts indicate that either reserve price was wrongly fixed or efforts to auction tender leave were lacking. No efforts was made to refer the case to Government for grant of auction at the obtained price.

The matter was reported to Government in May 2006; their reply has not been received (July 2006).

C. Mines and Geology Department

7.4 Non adherence to Government instruction

State Government issued instructions in May 1962 stipulating that if a bidder to whom a contract was allotted defaulted in its execution, Mines Department could recover contract damages⁵ from him, provided that such a clause was

⁴ Ametha, Asalpur, Bhalta, Devri Chanchal, Gehun Khari, Kulkalpara and Reechhwa

⁵ Comprising of difference between amount offered by the defaulting contractors and amount obtained in the subsequent auction in the event of reauction necessitated as a result of default by him.

incorporated in the "auction notice" itself. The deposits made by the defaulting bidder could thereafter be forfeited. Loss, if any, over and above the amount of deposits forfeited would be recoverable from the defaulting contractor.

It was noticed in audit that above clause was not provided by the Mines Department in tender notices published for inviting tenders for grant of excess royalty collection contract (ERCC)⁶. In Rajsamand, tenders were invited for ERCC on mineral marble despatched from sanctioned lease area of district Rajsamand for three consecutive periods between July 2000 and June 2005. The highest tenderers who were awarded the contracts defaulted in execution of the contract and therefore these contracts were retendered and ultimately granted to subsequent tenderers at lower rates. In the absence of the above clause in notice inviting tender, the damages in the form of less realisation could not be recovered from the defaulters. This resulted in loss of revenue amounting to Rs.92.08 crore after adjusting earnest money of Rs. 1.20 crore as detailed below:-

(Rs. in crore)

S. No.	Date of bid/ auction	Offered amount (annual)	Earnest money forfeited	Date of retender	Annual contract amount accepted in retender	Damage/ reduction in annual amount	Actual contract period	Amount
1.	3.7.2000	43.00	0.05	15.2.2001	24.51	18.49	31.12.2001 to 30.06.2003	27.71
2.	10.3.2003	48.00	0.25	27.6.2003	36.52	11.48	19.07.2003 to 29.06.2005	22.33
3.	21.3.2005	71.00	0.90	24.6.2005	45.00	26.00	02.08.2005 to 31.03.2007	43.24
Total			1.20					93.28
Less : Earnest money forfeited								1.20
Net loss								92.08

After this was pointed out in February 2006, the Mining Engineer (ME), Rajsamand-I stated in June 2006 that bid amount increased due to competition amongst the contractors and offered bid amount was not thus realistic. After declaring the said bidder as a defaulter, earnest money was forfeited as prescribed in the rules. Reply was not tenable as the department did not adhere to Government instructions, which resulted in huge loss.

⁶ A contract for specified mineral (s) and area given to collect royalty in excess of annual dead rent and the contractor shall pay a fixed amount to Government as per terms of contract.

7.5 Loss of revenue due to under revision of contract amount

Under Rajasthan Minor Mineral Concession (RMMC) Rules, royalty to be paid annually by a contractor was to be determined by the authority empowered to grant the contract. However, if rate of royalty was enhanced by Government, the contractor was liable to pay increased amount of contract money for the remaining period of contract from the date of such enhancement. The rates of royalty on mineral Marble were enhanced from Rs.125 Per MT to Rs.165 Per MT w.e.f. 25 May 2004 and were subsequently reduced to Rs.145 Per MT w.e.f. 12 June 2004.

In Rajsamand-I, it was noticed in February 2006 that the department was collecting royalty of Rs. 43.10 crore annually, out of which Rs. 6.58 crore was to be adjusted on account of dead rent paid by the lessees and Rs.36.52 crore was contract amount for the period from July 2003 to March 2005. Due to revision in rate of royalty, total annual royalty worked out to Rs.56.89 crore w.e.f. 25 May 2004 and Rs.49.99 crore from 12 June 2004. After adjusting the dead rent paid by the lessee, the annual contract amount was to be revised at Rs.50.31 crore and Rs.43.41 crore respectively. Instead of this the department revised the contract amount at Rs.48.21 crore and Rs.42.36 crore respectively. This resulted in loss of Rs.94.85 lakh for the period from 25 May 2004 to 31 March 2005.

The matter was pointed out to the department in March 2006 and reported in March 2006 to Government; their replies are awaited (July 2006).

7.6 Non recovery of development charges

In pursuance of Government instructions dated February 2004, development charges in respect of SMS⁷ grade limestone excavated and despatched by lessee were recoverable at the rate of Rs.30 per tonne with effect from April 2004.

In Jaislmer, it was noticed in January 2006 that the development charges payable on 68,017 MT SMS grade lime stone excavated and despatched to various industries during July 2004 to March 2005 were neither deposited by the lessee nor demanded by the department. The omission resulted in non recovery of development charges amounting to Rs. 20.41 lakh.

The matter was pointed out to the department in January 2006 and reported to Government in March 2006; their replies have not been received (July 2006).

⁷ Steel Melting Shop : Limestone having less than 1.5 percent silica content.

7.7 Short recovery of royalty on Iron ore

Mines and Mineral (Regulation and Development) (MMRD) Act provides that 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 were based on iron content available in mineral.

Test check of records of ME, Jaipur, revealed in November 2005 that a mining lease for iron ore was granted in February 1979 for 20 years. Royalty for the periods from February 1999 to February 2004 was worked out between May 2002 and September 2004 without verifying the iron content in iron ore. Based on the chemical analysis reports of two samples submitted by the lessee and available with department, iron content was more than 65 percent. However, royalty was charged on iron content of less than 62 percent. The royalty worked out to Rs.14.25 lakh as against Rs.4.04 lakh charged. The omission of non verification of iron content resulted in loss of royalty of Rs.10.21 lakh.

After this was pointed out in December 2005 the department stated in March 2006 that the lessee had been directed in January 2006 to deposit the amount.

The matter was reported to Government in January 2006; their reply is awaited (July 2006).

7.8 Short levy of quarry licence fee

License fee for quarry in Bijolia was revised from Rs.8000 to Rs.10000 for 60 X 30 Sq.Mtr. plot w.e.f. July 2001. The fee for bigger plots was to be fixed proportionately as directed by the Director, Mines and Geology (DMG) in April 1998.

In Bijolia, it was noticed in 62 cases that quarry licence fees of quarries granted between November 2002 and June 2004 in *khatadari* land were charged at pre revised rate of Rs.8,000 instead of Rs.10,000. The omission resulted in short levy of fees of Rs.77.77 lakh.

The matter was reported to Government in October 2005 and March 2006, their reply is awaited (July 2006).

7.9 Non recovery of royalty and interest

Government instructions issued in April 2000 provided that competent authorities were required to calculate royalty in respect of despatched mineral on monthly basis, raise demand and initiate action for recovery thereof. Further under Mineral Concession Rules, 1960 (MCR) simple interest at the annual rate of 24 per cent *inter alia* on royalty due to Government was

chargeable from the sixtieth day of the expiry of the due date fixed for payment.

In Jaipur, it was noticed in November 2005 that a mining lease for soapstone was granted in May 1981 in favour of a firm and the same was renewed in May 2001 and discontinued in May 2003. The lessee, in the meantime, despatched 78,498.41 MT of mineral soapstone during May 2002 to May 2003. The lessee deposited royalty of Rs.45.78 lakh against Rs.1.07 crore payable by him. But the department neither worked out nor issued a demand notice. This resulted in short recovery of Rs.61.48 lakh towards royalty. Besides interest amounting to Rs.40.57 lakh on short and belated deposit of royalty was also recoverable.

After this was pointed out in November 2005, the department accepted the audit observation and raised a demand of Rs.1.63 crore on account of royalty and interest thereon, out of which Rs.21 lakh was deposited by the lessee.

The matter was reported to Government in January 2006; their reply has not been received (July 2006).

7.10 Loss of revenue due to mineral despatched without rawannas

According to the agreement of ERCC, the contractor shall collect amount only from such vehicles having valid rawannas⁸ issued by lessee. In cases of vehicles carrying mineral, without rawanna, the contractor shall hand over these vehicles to the ME. In case of unauthorised despatch of mineral, the department has right to recover 10 times of royalty of mineral.

In Udaipur, it was noticed in September 2005 that ERCC for mineral marble despatched from tehsil Sarada and Girva was awarded to a firm from April 2004 to March 2006. The "return" of royalty submitted by the contractor for the period between April 2004 and July 2004 revealed that royalty was collected from 199 vehicles carrying mineral without rawanna. The contractor did not hand over these vehicles to the ME to enable the department to levy royalty at higher rate. This resulted in non realisation of Rs.69.25 lakh in terms of unauthorised despatch of mineral.

The matter was reported to department and Government in November 2005; their replies have not been received (July 2006).

⁸ Rawannas - Delivery challan for removal or despatch of mineral from mines.

7.11 Under assessment of royalty

RMMCR provides that the lessee shall not remove or despatch or utilise the mineral from the mines except through rawannas bearing the departmental seal. As per Marble Policy introduced from March 2002, the existing lessees were required to submit a mining plan within one year from the date of commencement of this policy.

In Jaipur, it was noticed in November 2005 that a mining lease for marble was granted in favour of a lessee in June 1998 for a period of 20 years. Mining plan duly approved by Additional Director (Geology) submitted by the lessee revealed that the lessee had excavated 6456.996 MT Marble Block and 22599.486 MT Khandas⁹ up to July 2004. However as per assessment records ME assessed the lessee for 132 MT Marble Block and 600 MT Khandas up to July 2004. Thus there was under assessment of royalty of Rs.16.71 lakh in respect of 6324.996 MT Marble Block and 21999.486 MT Khandas.

The matter was reported to Government in January 2006; their reply has not been received (July 2006).

7.12 Loss of revenue due to unauthorised excavation

Major minerals

Under MCR, if any mineral not specified in the lease is discovered in the leased area, the lessee shall not win and dispose of such mineral. As per Government Order dated 27 October 1999, despatch of mineral not included in the lease attracted penalty in the form of cost of mineral despatch and royalty thereon. The royalty payable on Copper and Silver minerals is chargeable on *ad-valorem* basis.

7.12.1 In Rajsamand, it was noticed that a mining lease was granted in March 1970 in favour of a company for extraction of mineral lead and zinc for a period of 20 years from May 1970. The lease was renewed for 10 years from May 1990 and further extended for 10 years from May 2000 for mineral lead and zinc only. Examination of monthly returns submitted by the lessee revealed that other minerals viz. copper valued at Rs.14.17 crore and silver valued at Rs.21.77 crore were also produced and despatched regularly between September 2000 and March 2005 which were not included in the lease agreement. The department was, thus, required to recover the price of Rs.35.94 crore thereto.

After this was pointed out, ME stated in March 2006 that action for inclusion of copper (chalcopyrite), silver and cadmium in the lease was being initiated. However, the reply was silent on recovery of price of mineral already excavated.

⁹ Khandas - Marble having no dimension of more than 35 cm.

The omission was pointed out in May 2006 to the department and Government; their reply has not been received (July 2006).

7.12.2 MCR provides that the prospecting licensee is authorised to extract a fixed quantity of mineral free of cost for lab tests and fixed quantity on payment of royalty. Mineral extracted in excess of quantity permitted shall be treated as unauthorised excavation and prospecting license holder shall be liable to pay the price of such mineral as provided in MMRD Act.

In Udaipur, it was noticed in September 2005, that DMG between 11 May 2004 and 29 March 2005 sanctioned 15 Mining leases to 15 lessees for extraction of mineral for a period ranging from 20 to 30 years. Scrutiny of geological and technical reports available with the department revealed that these lessees extracted mineral costing Rs.1.35 crore in excess of the permissible limit which resulted in loss of revenue as detailed below:-

S. No.	Name of Mineral	Quantity authorised (MT)	Quantity excavated (MT)	Excess/unauthorise quantity raised (MT)	Rate per MT	Cost of Mineral (Rs. in lakh)
1.	Felspar	440	61,404.5	60,964.5	114.00	69.50
2.	Quartz	500	40,686.5	40,186.5	141.60	56.90
3.	Calcite	51	2712	2,661.0	312.00	8.30
	Total					134.70

After this was pointed out, the Additional Director (Mines) stated in October 2005 that observations require detailed verification at site by senior technical officers. The reply was not tenable as pertinent technical reports to ascertain the factual position in this regard were available with the department and the latter should have initiated recovery proceedings.

The matter was reported in November 2005 to Government; their reply has not been received (July 2006).

Minor minerals

7.12.3 As per RMMC Rules, work contractors shall have to obtain short term permit (STP) in advance from concerned ME/AME (Assistant Mining Engineer) in support of minerals to be used in works. If the holder of STP excavates and carries more than 25 *per cent* quantity in excess of quantity authorised in STP, the quantity excavated and removed over and above the quantity authorised in STP shall be treated as unauthorised excavation and the permit holder shall be liable to pay the cost of such excess mineral excavated.

Records of AME Balesar (Jodhpur) and Jalore revealed in January 2005 and August 2004 that Six construction works of road/dam construction were awarded to six contractors by concerned works departments. STPs were issued to above contractors by AMEs. On completion of works, the concerned works department intimated to AMEs the quantity of mineral consumed in the work.

Scrutiny revealed that contractors used more than 25 *per cent* quantity in excess of quantity permitted in STPs and also used mineral earth without permission. This attracted levy of cost of mineral amounting to Rs.50.40 lakh as detailed below:-

(Rupees in lakh)

S. No.	Name of Office	No. of Works	Mineral	Quantity permitted (MT)	Quantity used (MT)	Quantity used in excess	Cost of mineral per MT	Amount Recoverable
1.	AME Balesar	4	Earth	-	2,28,504	2,28,504	16.50	37.70
2.	AME Jalore	2	Earth	-	72,901	72,901	15.00	10.94
			Masonary Stone	2,660	6,192	3,532	50.00	1.76
Total								50.40

After this was pointed out, the department stated in February 2006 that royalty on cutting of soil was not payable in two cases of Balesar. The reply was not tenable as work orders awarded related to use of earth in embankment, compacting, spreading of earth for leveling of surface etc, and for unauthorised extraction cost of mineral was recoverable. Reply of the department in remaining cases and that of Government were not received. (August 2006)

D. Water Resource (Irrigation) Department

7.12.4 Non recovery of royalty on ordinary earth

Test check of records of Irrigation Division, Dholpur between September 2005 to October 2005 revealed that during April 2003 to August 2003 rehabilitation work of four¹⁰ main canals, minors and distributaries was allotted under Rajasthan Water Sector Restructuring Project (RWSRP) to four contractors. The contractors were paid for earthwork in 19,09,209 cum upto 31 March 2006. But no recovery of royalty for earth used in embankment of canals/minors/ distributaries was made from the contractors which resulted in non-recovery of royalty of Rs.40.09 lakh from contractors.

After this was pointed out in December 2005, State Government intimated in March 2006 that no royalty was payable in rehabilitation works as in such cases departmental earth available at both sides of canal was used. The reply

¹⁰ 1. Ram Sagar Main Canal Karerua branch and Singoria Minor of Ram Sagar Dam Dholpur.
2. Parbati Main Canal and Basari branch of Parbati Dam, Dholpur.
3. Saipau branch, Rajora Khurd Minor and Makra distributory of Parbati Dam Dholpur.
4. Urmila Sagar Main Canal of Urmila Sagar Dam Dholpur.

was not tenable because contractor executed earth work for embankment in hard soil and morrum and thereby royalty was payable by the contractor and also notification did not provide for any relaxation.

The matter was reported to Government in June 2006; their reply has not been received (July 2006).

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