

CHAPTER-VIII: Non-Tax Receipts

8.1 Results of audit

Test check of the records of the Mining and Petroleum and Irrigation departments, conducted in audit during the year 2003-2004, revealed non/short recovery of revenue amounting to Rs.225.60 crore in 1122 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
A. Irrigation Department			
1.	Review: Assessment and collection of water charges	1	56.90
2.	Non-realisation of dues from other State Governments	2	89.51
B. Mines and Petroleum Department			
3.	Non/short recovery of dead-rent and royalty	208	14.63
4.	Un-authorized excavation	106	46.66
5.	Non-forfeiture of security	351	0.55
6.	Non-levy of penalty/interest	340	7.65
7.	Other irregularities	114	9.70
Total		1,122	225.60

During the year 2003-2004, the Department accepted short realisation *etc.*, of Rs.22.31 crore in 288 cases, of which 146 cases involving Rs.15.25 crore had been pointed out in audit during the year 2003-2004 and rest in earlier years. The Department recovered Rs.1.46 crore in 387 cases of which 40 cases involving Rs.0.07 crore had been pointed out in audit during the year 2003-2004 and rest in earlier years.

A few illustrative cases involving Rs.96.71 crore highlighting important audit observations and findings of the review on **Assessment and collection of water charges** involving Rs.17.82 crore are given in following paragraphs:

A. Irrigation Department

8.2 Review on Assessment and Collection of Water Charges

Highlights

Water charges of Rs.32.89 crore inclusive of interest charges on pendencies from time to time were not levied for water supplied for drinking and industrial purposes.

(Paragraph 8.2.6)

Non-maintenance of irrigation *Khataunies* (cultivator-wise demand statement of water charges) and non-raising of demand resulted in non-recovery of irrigation charges aggregating to Rs.9.08 crore.

(Paragraph 8.2.7)

Wastage and non-utilisation of water resulted in loss of Rs.8.61 crore.

(Paragraph 8.2.9)

Failure on the part of Government to provide for revision of water charges in the agreement resulted in minimum short levy of Rs.13.14 lakh.

(Paragraph 8.2.10)

8.2.1 Introduction

Levy and collection of water charges is governed by Rajasthan Irrigation and Drainage (RID) Act, 1954 and Rajasthan Irrigation and Drainage Rules, 1955, framed thereunder.

Prior to September 2001, Irrigation Department was responsible for levy and collection of water charges in respect of canals and tanks having capacity of more than 2,500 acres and also for water supplied for non-agricultural purpose. After September 2001, the entire work relating to levy and collection of water charges supplied for irrigation purposes was entrusted to Revenue Department. However, Irrigation Department continued to levy and collect water charges in respect of non-irrigation purposes.

8.2.2 Audit objectives

Review was conducted with a view to:

- ascertain extent of compliance to rules and orders governing collection of water charges;

- analyse reasons for revenue remaining uncollected;
- evaluate effectiveness of the internal control mechanism for recovery of water charges.

8.2.3 Organisational set-up

At the Government level, the Secretary, Irrigation Department is the Chief Controlling Authority in Rajasthan, in all matters connected with levy and collection of water charges. The State has been divided into five divisions and each division is headed by a Chief Engineer who is assisted by a Superintending Engineer (SE) of each circle and Executive Engineer for each division.

In the Revenue Department, work relating to levy and collection of water charges is entrusted to Board of Revenue (BOR) headed by Registrar. The Registrar exercises control through District Collectors, who are assisted by Tehsildars, Girdawars and Patwaries.

8.2.4 Scope of audit

Records relating to levy and collection of water charges of 23 out of 75 irrigation divisions and 62 out of 205 tehsils covering the period from 1998-99 to 2002-03 were test checked between July 2003 to March 2004. The results of the test check have been incorporated in the succeeding paragraphs.

8.2.5 Trend of revenue

A comparison of budget estimate (BE) and actual receipts during the last five years ending 2002-03 is as under:

(Rupees in crore)

Year	Budget estimates	Actual receipts	Percentage of shortfall (-) excess (+)
1998-99	28.20	25.39	(-) 10
1999-00	37.75	42.66	(+) 13
2000-01	38.20	37.74	(-) 1
2001-02	29.65	19.62	(-) 34
2002-03	33.24	21.64	(-) 35

It would be seen from the above that the percentage of shortfall rose from 10 per cent in 1998-99 to 35 per cent in 2002-03. The Department attributed the shortfall to scarcity of rainfall, draught, stay/waiver orders issued by Government in realisation of dues, shortage/shifting of staff to Revenue Department in September 2001 and non-revision of irrigation charges.

8.2.6 Position of arrears

- **Irrigation purposes**

A return in the format prescribed under the RID Rules was being received by the Additional Secretary cum Chief Engineer (ASCE) from each division who consolidated the arrear position of the entire state upto 2001-02; thereafter it was consolidated by Registrar, BOR who received the return from the concerned collectorates.

The position of arrears for irrigation purposes furnished by ASCE, Irrigation Department for the period 1998-99 to 2001-02 and Registrar BOR for the year 2002-03 is detailed below:

(Rupees in crore)

Year	Opening balance as on 1 April	Demand raised during the year	Total outstanding demand	Receipts during the year	Outstanding balance (4-5)
1.	2.	3.	4.	5.	6
1998-99	5.87	11.90	17.77	11.78	5.99
1999-00	5.95	21.98	27.93	21.72	6.21
2000-01	6.18	21.71	27.89	19.54	8.35
2001-02	8.76	12.44	21.20	3.29	17.91
2002-03	24.05	21.18	45.23	2.45	42.78

It would be seen from the above that closing balance at the end of the year was not the opening balance of the succeeding year. The arrears had steeply increased from Rs.8.35 crore in 2000-01 to Rs.17.91 crore in 2001-02 and Rs.42.78 crore in 2002-03.

- **Non-irrigation purposes**

Unlike the return for irrigation purposes, no return was prescribed for non-irrigation purposes.

The position of outstanding arrears on account of water charges recoverable for non-agricultural purpose was not available with the Department. However, test check of records in fourteen irrigation divisions revealed that water charges of Rs.32.89 crore supplied for drinking and industrial purposes was outstanding as on 31 March 2003.

Age-wise analysis of arrears is as under:

(Rupees in crore)

More than five years	18.26
Two to five years	11.72
Upto two years	2.91
Total	32.89

Arrears position of water charges recoverable from the various beneficiaries during the last five years is as under:

(Rupees in crore)

Year	Opening Balance			Addition			Total		
	Industries	PHED	Total	Industries	PHED	Total	Industries	PHED	Total
1998-99	7.57	10.69	18.26	4.55	0.42	4.97	12.12	11.11	23.23
1999-00	12.12	11.11	23.23	3.06	0.54	3.60	15.18	11.65	26.83
2000-01	15.18	11.65	26.83	2.62	0.52	3.14	17.80	12.17	29.97
2001-02	17.80	12.17	29.97	0.95	0.46	1.41	18.75	12.63	31.38
2002-03	18.75	12.63	31.38	0.79	0.72	1.51	19.54	13.35	32.89

Public Accounts Committee (PAC) while discussing the Audit Report for the year 1998-99 had recommended in February 2003 that water charges outstanding against Public Health and Engineering Department (PHED) should be recovered immediately. It further recommended that the progress of recovery be sent to the PAC and to the Accountant General. However, in spite of these recommendations, no recovery has been made so far.

After this was pointed out, Irrigation Department intimated that a decision for write off of water charges payable upto March 2000 from PHED and Energy Departments was taken in a meeting chaired by the Chief Secretary with Secretaries of PHED and Energy Departments as members. However, no such orders have been issued so far. It was further noticed that even the charges payable after March 2000 have not been paid as of March 2003.

8.2.7 Non-raising of demand

As per Rule-41 of RID Rules, on the completion of measurement of a village, the concerned patwari will prepare a *Khatauni*¹ in respect of each village and show the details of all tenants and irrigation dues recoverable in respect of each field irrigated in the said area.

Scrutiny of records of five tehsils² of Sriganganagar and Hanumangarh districts revealed that patwaries measured the irrigation only village-wise and cultivator-wise demands were not prepared. Thus *Khataunies* were not prepared for the year 2002-03. Besides no demand was raised by the Tehsildar. This resulted in non realisation of irrigation dues amounting to Rs.8.53 crore which was based on the village-wise measurements. The returns required to be sent to the Collector had not been submitted to the Collector. There was nothing on record to show that any of the Tehsils had been asked to prepare the same and raise the demand.

After this was pointed, the Department accepted the audit objection and stated that the *Khataunies* would be prepared and amount will be recovered.

¹ Khatauni is cultivator-wise demand statement for irrigation charges prepared by patwari of the concerned village.

² Karanpur, Sadulpur, Sangaria, Sriganganagar and Suratgarh.

- Tehsildars are required to raise the demands against the cultivators on the basis of *Khatauni*.

In four tehsils³ it was noticed that though Khataunies for the period 2001-02 and 2002-03 were prepared, demand were not raised and the returns required to be sent to the Collector had not been submitted to the Collector by the Tehsildars resulting in non recovery of Rs.54.64 lakh.

After this was pointed out in July 2003 to March 2004, Tehsildars, Ghatol and Sarada intimated in August 2003 and December 2003 that due to non-availability of forms of demand notices demands could not be raised. Tehsildar Chittorgarh stated in January 2004 that due to incomplete and unsigned records received from Irrigation Department, demand could not be raised. However, there was nothing on record to show that the matter was taken with Irrigation Department for rectification of errors. This resulted in non-recovery of Rs.54.64 lakh.

8.2.8 Uneconomical fixation of water charges

The Ninth Finance Commission in their second report (1990-95) recommended that irrigation receipts should cover at least the cost of maintenance and other working expenses, which shall inter-alia include the pay and allowances of the staff engaged on collecting irrigation charges.

The Government did not take any step for implementation of this recommendation. A statement of working expenses furnished by the Department vis a vis revenue realisation is detailed below:

(Rupees in crore)

Year	Revenue collected	Arrears pending collection	Total	Working expenses	Difference of revenue collected and working expenses	Percentage of excess
1998-99	25.39	29.48	54.87	181.01	126.14	230
1999-00	42.66	9.78	52.44	186.36	133.92	255
2000-01	37.74	12.29	50.03	222.16	172.13	344
2001-02	19.62	20.14	39.76	204.30	164.54	414
2002-03	21.64	3.96	25.60	197.70	172.10	672
Total	147.05	75.65	222.70	991.53	768.83	345

The percentage of expenditure over revenue ranged between 230 and 672. This was even after accountal of the revenue pending collection.

Thus there is a need for periodical increase of water rates as a consequence to normal price rise. The water rates were revised by Government in 1982 and thereafter in 1999 i.e. after a lapse of 17 years.

³ Bagidora, Chittorgarh, Ghatol and Sarada

After this was pointed out (July 2003) in audit, the Department stated that proposals for revision of water charges were sent in November 2003 to Government which were pending for decision at Government level.

8.2.9 Loss of water charges due to wastage/non-utilisation of water

Scrutiny of records of Executive Engineer Chambal Project Division, Kota revealed that improper maintenance of main canal of Alnia dam, led to 29 cracks therein. The inadequate maintenance resulted in wastage of 774 mcft of water which in turn led to loss of water charges amounting to Rs.7.59⁴ crore during 1998-99 to 2001-02 as under:

(Water in mcft)

Year	Water available	Water discharged	Difference	Percentage of water loss	Remarks
1998-99	935	776	159	17	Water could not be utilized due to non-maintenance of canals
1999-00	1324	1092	232	18	-do-
2000-01	1396	1158	238	17	-do-
2001-02	1384	1239	145	10	-do-
Total			774		

- It was noticed in Irrigation Division, Bundi that less utilisation of irrigation potential in 2.24 lakh acres of area during the period from 1998-99 to 2002-03 resulted in loss of water charges amounting to Rs.1.02 crore as detailed below:

Years	Culturable command area (in acres)	Area actually irrigated (in acres)	Difference	Average rate of irrigation charges per acre (In rupees)	Loss of revenue (In lakh)
1998-99	90,607	48,087	42,520	30.83	13.11
1999-00	90,607	49,912	40,695	29.87	12.51
2000-01	90,604	40,859	49,745	53.66	26.69
2001-02	90,604	43,240	47,364	56.00	26.52
2002-03	90,604	47,373	43,231	53.93	23.31
Total					102.14 Rs.1.02 crore

After this was pointed in audit the ASCE attributed the shortfall to insufficient provision of funds for the maintenance of canal system.

⁴ Based on the water rates fixed specy-wise.

8.2.10 Short/non-levy of water charges

Under RID Act, the Government is empowered to regulate the amount of any charge made under the Act. As per notification dated 17 May 1995 the rate of water charges in respect of water used by an industry at their own source was Rs.2,000 per mcft.

During course of audit scrutiny of records of Executive Engineer, Irrigation Division, Udaipur it was revealed that Government of Rajasthan entered into an agreement with Hindustan Zinc Limited (Company) in 1976 fixing the rate of water per mcft at Re.1. The company was liable to pay the dues at enhanced rates from 17 May 1995. But demand of Rs.9.80 lakh (920 mcft of water) based on enhanced rate for the period April 1996 to June 2000 was issued by the Department only in August 2000 i.e. after a lapse of almost five years. Thereafter though the demands were issued from time to time upto 2002-03, no demands for 1995-96 was raised. The Company, however, still (March 2003) continued to pay the water charges at pre-revised rates. This resulted in short recovery of water charges of Rs.13.14 lakh from 1998-99 to 2002-03.

After this was pointed out in December 2003 the Department stated that the company refused to pay the charges at revised rate as it had entered into an agreement fixing the rate at Re.1 per mcft and the matter had been taken up with higher authorities for legal opinion in August 2002. The reply is not tenable because consequent to issue of notification the licensee was bound to pay the charges at revised in May 1995.

The matter was brought to the notice of the Government (May 2004); reply was awaited (September 2004).

8.2.11 Recommendations

Due to inadequate monitoring, demands for water charges were not raised/collected within the prescribed period and interest for belated payments was also not realised from the defaulters.

- Government should consider setting up of an internal audit wing to ensure periodical check of correctness of bills raised.
- Records and registers to be maintained by Irrigation Divisions should indicate clearly the details of users, demand raised, recoveries made, dues pending etc. This would facilitate the effective realisation of the demands.
- Proper co-ordination between Irrigation and Revenue Departments is also required for proper collection of water charges.

8.3 Non-realisation of dues from other State Governments

8.3.1 Non-recovery of Madhya Pradesh share on common works of Chambal project

Provisions of sharing of expenditure of cost incurred for original works, maintenance, operation and such other works which were necessary for common benefits etc. of all existing common works are contained in Article 9(iii) of the Constitution of Madhya Pradesh-Rajasthan Interstate (Irrigation and Power) Control Board (Board). Accordingly while expenditure on dam was to be shared equally between the two states but that of Right Main Canal and Satpura Thermal Station was to be shared in the ratio of 75.6:24.4 and 6:4 between the two States of Madhya Pradesh and Rajasthan respectively. The Financial Adviser, of the Board intimated in February 2004 that an amount of Rs.46.30 crore relating to the common expenditure of maintenance and operation from 1980-81 to March 2002 was due from Madhya Pradesh.

The details of expenditure incurred during 2002-03 were neither available in the records of Board nor were made available on spot during audit.

As per item 2(2) of 12 meeting of the Board held in June 1999 under the Chairmanship of Chief Minister, Rajasthan, it was decided that the expenditure figures on common works of Chambal Project as audited by the Accountants General of Rajasthan and Madhya Pradesh would be treated as final. As per item 2(4) of the meeting ibid the Government of Madhya Pradesh had assured to release its share of expenditure on maintenance/repairs of canal and common works based on the figures thereto relating to preceding years in advance annually.

Despite the provision of such assurance, no concrete steps to effect the recovery were initiated which resulted in huge pendency of Rs.46.30 crore as of now (February 2004).

When pointed out in audit (September 2003) the Financial Adviser of the Board attributed (October 2003) non-recovery due to inadequate response by Madhya Pradesh Government.

8.3.2 Non-recovery of cost of maintenance charges of canal/dam from State of Gujarat

As per agreement entered in 1966 by the Government of Rajasthan with Gujarat the expenditure on Unit-I (Dam Appurtenant Works) of Mahi Bajaj Sagar Project was to be shared in the ratio of 45 and 55 between Rajasthan and Gujarat respectively. Scrutiny of departmental records of Chief Engineer Mahi Bajaj Sagar Project Banswara revealed (January 2004) that an amount of Rs.43.21 crore relating to the period from 1968-69 to March 2004 was due from Government of Gujarat.

Reasons leading to accumulation of huge arrears over a considerable period though called for (January 2004) were not intimated. The departmental

records were also silent as to whether any action to effect the recovery were initiated at any point of time.

After this was pointed out in January 2004, the Department intimated in June 2004 that an amount of Rs.27.94 crore has been recovered by way of adjustment.

B. Mines and Petroleum Department

8.4 Non-raising of demand of increased amount of petroleum exploration licence fee and mining lease for petroleum and natural gas

Rule 11(2) of Petroleum and Natural Gas Rules (PNG Rules), 1959 read with Rule 23(1) *ibid*, *inter-alia* provide that the licence fee for Petroleum Exploration Licence (PEL) is to be realised annually in advance. Further Rule 13 and 14 *ibid* provide for payment of dead rent and of royalty respectively in respect of mining lease for petroleum and natural gas. In case, payment of licence fee, lease, royalty and other payment is not made within the specified time it is to be increased by 10 *per cent* for each month or portion of a month during which these payments remain unpaid.

8.4.1 In Jaipur, it was noticed that a PEL was sanctioned in August 1997 by Government of Rajasthan in favour of a Company for a period of four years from 1 October 1996 to 30 September 2000 in 32,600 sq. km. in Sriganganagar, Bikaner and Churu districts.

Payment of PEL fee of Rs.13.04 lakh for second year and Rs.47.87 lakh for fourth year was delayed by four and five days respectively. Thus, the licensee was liable to pay increased amount of Rs.6.09 lakh for both years.

After this was pointed out (October 2003), the Department accepted the audit observation in November 2003 and stated that action was being taken for recovery.

Government to whom the matter was reported in December 2003 confirmed in August 2004 the reply of the Department.

8.4.2 In Jaipur, it was noticed that a PEL was sanctioned in March 2001 by Government in favour of a Corporation for a period of four years with effect from 23 February 1998 in an area of 533 sq. km. of district Jaisalmer. It was noticed that PEL fee of Rs.2.13 lakh for fourth years, February 2001 to February 2002 was, however, not paid by Corporation. Non-payment of PEL fee attracted levy of increased amount which worked out to Rs.5.53 lakh upto March 2003. Demand of PEL fee of Rs.2.13 lakh and of increased amount of

Rs.5.53 lakh was not raised by Department. The omission resulted in non-realisation of Rs.7.66 lakh.

After this was pointed out in October 2003 the Department stated in November 2003 that Corporation had applied in January 2001 for mining lease for 564.60 sq. km. area including area of PEL which meant surrender of PEL. The lease was, however, yet to be sanctioned. It was also stated that if mining lease was not sanctioned, the PEL fee and increased amount as chargeable shall be recovered from the licensee. Reply of the Department was not tenable, as there was no provisions in Rules that on applying for mining lease the licensee will not pay PEL fee. As per the Act, mining lease come in operation only after its grant and execution of mining lease agreement. PEL fee and increased amount of Rs.7.66 lakh was thus recoverable.

The matter was reported to Government in December 2003; their reply has not been received till September 2004.

8.4.3 In Jaipur, it was noticed in October 2003 that a mining lease was sanctioned in February 1999 in favour of a licensee for 20 years from January 1996 covering 250 sq. km. area in Jaisalmer district. Similarly in another case, lease was sanctioned in October 1997 from May 1994 covering 24 sq. km. area. In both the cases, the delay in payment of dead rent and royalty for April 2002 to March 2003, ranged between one and two months. The delay attracted the levy of increased amount of Rs.8.30 lakh.

After this was pointed out in December 2003; the Department stated in August 2004 that specified date for depositing royalty has not been mentioned in Rule 14(1) *ibid*. It was further stated that in view of amendment made vide notification dated 1 April 2003, the royalty is required to be paid by the end of the following month. The reply of the Department was not tenable as the case pertains to the period prior to April 2003.

The matter was reported (December 2003) to Government; their reply has not been received till September 2004.

8.4.4 As per Rule 9 of PNG Rules, 1959 every licence shall be effective from the date specified in this behalf in the licence.

In Jaipur, it was noticed that a Corporation had applied in March 1997 for a PEL in 5,390 sq. km. area in Jaisalmer district. PEL fee for the first year was paid on 31 May 1997. PEL was sanctioned in August 1999 with effect from 1 June 1997. However, Government in June 2001 changed the date of commencement of PEL from 1 June 1997 to 21 August 1999 being date of sanctioning of the PEL. Due to change in date of commencement, Corporation paid Rs.32.34 lakh towards PEL fee upto fourth year after making adjustment of Rs.2.59 lakh of the PEL fee paid earlier for the period 1 June 1997 to 31 May 1999. It means that the licensee worked in the area without payment of PEL fee for the period from 1 June 1997 to 20 August 1999. In addition to above, change in date of commencement effected the rate of PEL fee from year to year. As change in the date of commencement of PEL was irregular, PEL fee for the fourth year was to be paid on 31 May 2000. Delay in payment

of PEL fee attracted payment of dues increased by 10 *per cent* for each month. However, Department did not raise the demand of PEL fee Rs.0.68 crore (Rs.1.03 crore due – Rs.0.35 crore paid) as well as of increased amount of Rs.1.62 crore aggregating to Rs.2.30 crore for the period from 1 June 2000 to 31 May 2003. Thus, failure of Department in raising the demand resulted in non-recovery of Rs.2.30 crore.

After this was pointed out (October 2003), the Department stated in July 2004 that effective date has been changed by State Government. Reply of the Department is not tenable in view of clarification given by Government of India in January 2000 in another case (PEL of Bankiya Tiba) of licensee to the effect that the date of commencement of PEL shall be from the date on which PEL fee is paid by the licensee. The licensee has worked in the area since 1 June 1997. Thus the company is liable to pay PEL fee from 1 June 1997 and increased amount accordingly.

The matter was reported (December 2003) to Government; their reply has not been received till September 2004.

8.4.5 In Jaipur, it was noticed that a PEL was sanctioned in January 1996 by Government in favour of a Corporation for a period of four years with effect from 15 May 1995 covering an area of 10,558 sq. km. in Barmer and Jalore districts. The period of PEL was extended from time to time up to 14 May 2002 and finally it was extended in August 2002 from 15 May 2002 to 14 May 2005 by the Central Government.

Payment of PEL fee amounting to Rs.29.82 lakh due on the area covered by licence in the extended period of eighth year 15 May 2002 to 14 May 2003 made on 22 November 2002 was delayed by seven months by the Corporation. Delay in payment attracted levy of increased amount which worked out to Rs.20.87 lakh for which demand was not raised by Department. The omission resulted in non-realisation of Rs.20.87 lakh.

After this was pointed out (October 2003) the Department intimated in November 2003 that due to delay in taking decision of extension by Government, PEL fee was deposited late by the Corporation. The reply is not tenable as the PEL fee was required to be deposited in advance in accordance with the provision of Rules 11(2).

The matter was reported to Government in December 2003; their reply has not been received till September 2004.

8.5 Loss of revenue due to unauthorised excavation

8.5.1 Major Minerals

Under Mines and Mineral (Regulation and Development) Act, 1957, no person shall undertake any mining operation without any lawful authority. In case of

unauthorised extraction, the mineral so extracted may be recovered by State. If the mineral has been disposed of, the price, rent, royalty or tax as the case may be, is recoverable from such person.

In Ajmer it was noticed that the premises of a firm, was inspected by departmental officers five times between January 2001 and August 2001. In the said inspections it was noticed that 1002.400 MT of mineral wollastonite was lying within the premises unauthorisedly. Cost of mineral worked out to Rs.8.02 lakh at the rate of Rs.800 per tonne alongwith royalty of Rs.0.80 lakh, was thus recoverable. As against recoverable amount of Rs.8.82 lakh the Department served a notice in August 2001 to deposit an amount of Rs.3.20 lakh for 400 MT mineral which was, however, not paid by the party.

After this was pointed out (July 2002) the Department raised demand of Rs.8.82 lakh and initiated recovery proceedings under Land Revenue Act 1956, in April 2003. Further progress is awaited.

Government confirmed in September 2004 the reply of the Department.

8.5.2 Minor Minerals

Under Rajasthan Minor Mineral Concession Rules, 1986 whenever any person in contravention of the terms and conditions of the mining lease/quarry license, short term permit or any other permit raised any mineral from any land and for that purpose bring on the land any tool, equipment, vehicle or other thing such mineral, tool, equipment, vehicle or other thing may be seized by the mining authorities. Rules further provide that where mineral so raised has already been despatched or consumed, the authorities may recover cost of the mineral alongwith rent, royalty or mineral excavated which will be computed as 10 times of the royalty payable at the prevalent rates. As per circular (December 2000) of the Department in case lime stone is used as a major mineral, then royalty is to be charged at a rate of Rs.40 per tonne.

- In Ajmer it was noticed that two mining leases one near Sheopura (Ajmer) and other near Nimbeti (Pali) under the jurisdiction of Mining Engineer (ME) Ajmer and Mining Engineer, Sojat City respectively were sanctioned. Lime-stone of both the mines was being used by a company in its cement plant at Sheopura. From the assessment records of Sheopura lease it was observed that lessee consumed 2.04 lakh M.T lime stone of Nimbeti mines during September 2001 to November 2001 for manufacturing cement. An examination of the records of ME, Sojat (Pali) revealed that company had a closing stock of 15782 M.T. of Nimbeti lime stone as on 31 August 2001. Further, 1.17 lakh M.T. lime stone was despatched from Nimbeti mines to the plant during September to November 2001. Thus the company consumed 2.04 lakh M.T. lime stone of Nimbeti mines against the total availability of 1.33 lakh M.T. lime stone resulting in excess consumption of 0.71 lakh M.T. lime stone received un-authorisedly. Department was therefore required to recover Rs.2.87 crore towards cost of 0.71 lakh M.T. lime stone at the rate Rs.400 per M.T. but no action was initiated. This resulted in non-realisation of revenue of Rs.2.87 crore.

After this was pointed out in May 2003 the Mining Engineer Ajmer stated in June 2003 that the details of Nimbeti mines have been asked for in the matter.

The matter was referred to Department (July 2003) and to Government (October 2003); their reply has not been received till September 2004.

- In Dholpur, it was noticed (July 2002) that a short-term permit was issued in November 2000 to a firm. The permit was issued for the period of one year from 26 February 2000 for 12,075 cu. m. of brick earth at the yearly royalty of Rs.72,452. After expiry of permit in February 2001, the licensee did not apply for renewal but continued unauthorised excavation till 25 December 2001. Unauthorised excavation of brick earth resulted in loss of revenue of Rs.6.04 lakh based on 10 times of royalty. The Department adjusted security deposit of Rs.0.30 lakh. However, balance of Rs.5.74 lakh is recoverable as of now.

After this was pointed out in July 2002, the Department stated in July 2004 that demand has been raised. Action is being taken to recover the amount under Land Revenue Act.

Government to whom the matter was reported in September 2003 confirmed in August 2004 the reply of the Department.

8.6 Short recovery of development charge and interest thereon

Government in 1 June 1990 levied development charge on mineral gypsum, despatched or sold at the rate of Rs.15 per metric tonne which was revised to Rs.30, Rs.50 and Rs.55 per metric tonne with effect from 1 May 1992, 1 June 2000 and 1 October 2001 respectively. Further, Rule 64(A) of Mineral Concession Rules, 1960 provides simple interest at the rate of 24 *per cent* per annum on any rent, royalty or fee or other sum due to government from sixtieth day of the expiry of the due date of payment to the government.

In Bikaner, it was noticed in August 2003, that a mining lease for mineral gypsum was sanctioned in favour of a Corporation for 20 years from 8 May 1996. The lessee despatched 10.62 lakh MT gypsum from the leased area between February 1997 and March 2003 and deposited development charge of Rs.4.24 crore instead of Rs.4.70 crore worked out as per rates prevailing from time to time. Thus, there was a short recovery of development charge of Rs.46 lakh due to non-maintaining of Demand and Collection Register (DCR). Besides, the lessee delayed the payment of development charge which attracted levy of interest. Interest on such delayed payments up to 31 March 2003 worked out to Rs.27.51 lakh. Thus, short recovery of development charge and non-raising of demand of interest resulted in non-recovery of Rs.73.51 lakh.

After this was pointed out (September 2003), the Department stated in July 2004 that an amount of Rs.38.99 lakh has been recovered and action is being taken to recover the balance amount.

The matter was reported to Government in October 2003; their reply has not been received till September 2004.

8.7 Short realisation of royalty

In terms of circular issued by the Director, Mines and Geology, on 5 April 1999, royalty on lime-stone (cement grade) was to be assessed on actual quantity of lime-stone despatched to cement plant from mines through weighto-metre by dispensing the existing system of back calculation. Prior to this circular royalty was assessed on quantity of lime-stone worked out by weighment through weigh bridge or on proportionate consumption in making klinker by back calculation with reference to final production and the quantity of lime stone found higher out of both system was to be taken for calculating royalty. The new system which dispensed with the method of back calculation was introduced from 5 April 1999.

In Ajmer, it was noticed (June 2001) that a mining lease was sanctioned in favour of a company from 28 August 1978 onwards. Royalty assessments for the entire period from 28 August 1997 to 27 August 1999 were finalised erroneously in May 2000 at excess⁵ royalty of Rs.11.08 crore on the basis of new system introduced from 5 April 1999 which did not have retrospective effect. The excess royalty in respect of quantity of lime stone consumed was Rs.11.71 crore based on the system of calculation in vogue from time to time during the period from 28 August 1997 to 27 August 1999. The adoption of new system for calculation of royalty for the entire period instead of from 5 April 1999 resulted in under assessment of royalty amounting to Rs.63.70 lakh.

After this was pointed out (August 2001) the Department reassessed (August 2003) the excess royalty of Rs.11.91 crore for the period 28 August 1997 to 27 August 1999 and created an additional demand of Rs.83 lakh.

The matter was reported in October 2003 to the Government; their reply is awaited (October 2004).

⁵ Excess royalty means total royalty-minus dead rent.

8.8 Irregularity in consideration of tenders resulted in loss of revenue

Under Rajasthan Minor Mineral Concession Rules, 1986, royalty collection contract may be granted by calling tender. Successful tenderer is required to deposit the tender amount within two days of opening of tender.

In Kota, it was noticed that tender for royalty collection contract for the period 2003-05 for mineral *sand* in five revenue tehsils⁶ of Baran district were called for and opened on 31 January 2003. Highest tenderer who offered Rs.19 lakh per annum was provisionally selected. However, Director (Mining) rejected the tenders on 13 March 2003 as the contractor had failed to deposit the tender amount within the prescribed period and collected royalty departmentally through *Naka*. The contractor filed an appeal in the Court of Special Secretary (Mines) to Government who rejected on 10 April 2003 the Director's order stating that the DMG failed to exercise the correct and fair procedure in allowing time to the above contractor. However, contract was finally executed on 8 August 2003. Royalty of Rs.0.67 lakh was only realised departmentally as against Rs.6.70 lakh realisable through contract from 1 April 2003 to the date of execution of contract on 8 August 2003. Thus delay on the part of department in execution of the agreement resulted in a loss of Rs.6.03 lakh to the Government

The matter was reported to the Department and to the Government in October 2003. Final reply has not been received (October 2004).

JAIPUR,
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Countersigned

NEW DELHI,
The

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

⁶ Baran, Mangrol, Kishanganj, Anta and Shahabad