

**CHAPTER VI**  
**NON-TAX RECEIPTS**

**6.1 Results of audit**

Test check of the records of the departmental offices during the period from April 2006 to March 2007 revealed non/short levy of royalty, dead rent and seigniorage fee and other deficiencies amounting to Rs.8.90 crore in 44 cases as mentioned below:

(Rupees in lakh)

Sl.No.	Categories	No. of cases	Amount
<b>A</b>	<b>Mines and Minerals</b>		
1.	Non/short levy of royalty, dead rent and seigniorage fee	4	3.39
2.	Others	34	539.36
<b>B</b>	<b>Municipal Administration and Water Supply</b>	5	14.20
<b>C</b>	<b>Finance and Highways</b>	1	333.00
	<b>Total</b>	<b>44</b>	<b>889.95</b>

During the year 2006-07, the departments concerned accepted non-levy and other deficiencies involving Rs.52.71 lakh in 24 cases, out of which, Rs.10.50 lakh involved in seven cases was pointed out during the year and the rest in the earlier years. Out of the above, Rs.38.51 lakh has been recovered.

A few illustrative cases involving a financial effect of Rs.6.95 crore are mentioned in the following paragraphs:

## **A – MINES AND MINERALS**

### **6.2 Short collection of royalty**

According to Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957, royalty for the mineral removed or consumed shall be payable by the holder of a mining lease at the rates prescribed from time to time. Under the provisions of Section 21(5) of the Act, raising of any mineral without any lawful authority from any land, warrants recovery of the minerals or price thereof, along with rent, royalty as the case may be.

Cross verification of the records of the Customs Department with the records in the office of the Assistant Director (Geology and Mining), Tirunelveli in January 2006 revealed that during the period from 2001-02 to 2004-05, three companies namely M/s Beach Mineral (Sand) Company (BMSC), M/s. Beach Mineral Company Private Limited (BMCPL) and Transworld Garnet Indian Private Limited (TGIPL) exported 5.49 lakh metric tonnes of garnet and ilmenite against which only 4.42 lakh metric tonnes were assessed by the department. Consequently, 1.07 lakh metric tonnes of minerals escaped assessment of royalty.

Of the three companies, one company viz., BMCPL had obtained a licence for mining only in 2004-05 even though it exported 26,062 metric tonnes of minerals during 2001-02 to 2003-04. Verification of the records with the Registrar of Companies revealed that this company was incorporated in October 2003 and commenced production only from the year 2004-05. Thus, this company had exported the above said minerals by illicit mining for which price of the minerals alongwith royalty has to be recovered. The total amount required to be recovered viz., the price of the mineral in respect of BMCPL and the differential royalty in respect of all the three companies worked out to Rs.6.74 crore.

The matter was reported to the department in January 2006 and to the Government in March 2006. The Government forwarded (January 2007) the reply of the Assistant Director (Geology and Mining) Tirunelveli, stating that in respect of TGIPL the reasons for excess might be due to the delay in shipment and in respect of the other two companies, they were in possession of the processed minerals at the beginning of 2000-01, which had been assessed in the pre-revised system. Further, the Assistant Director (Geology

and Mining) Tirunelveli had also stated in May 2007 that a special team had been deputed to reconcile the difference in figures and show cause notices had also been issued in March 2006 to BMSC and BMCPL in pursuance of the audit remarks. The Commissioner and Director of Geology and Mining reported (May 2007) that the District Collector, Tirunelveli had been instructed to furnish a detailed report after reconciling the quantity permitted vis-à-vis that transported by the lessees.

The reply is not tenable for the reasons that in respect of TGIPL, though there might have been delay in shipment, their contention that there was no evasion of royalty has not been substantiated with documentary evidence. Regarding the minerals exported out of the opening stock held in 2000-01 by BMSC, it is reiterated that the audit observation in respect of this company relates to the period 2002-03 onwards and does not pertain to the year 2000-01. In so far as BMCPL is concerned, it came into existence from October 2003 and commenced production from 2004-05 onwards only, but had quarried and exported minerals even prior to 2004 without any licence in their name. The outcome of the reconciliation and the show cause notices were also not furnished by the department (October 2007).

### **6.3 Non/short collection of dead rent**

Under the provisions of the Tamil Nadu Minor Mineral Concession Rules, 1959, as amended from time to time, the lessee is required to pay seigniorage<sup>49</sup> fee or dead rent, whichever is higher at the rates prescribed from time to time. The rate of dead rent in force with effect from 1 November 2002 is Rs.15,000 per hectare per annum for black granite and Rs.2,000 for stones (blue metal).

Test check of the records in the office of the Assistant Director of Geology and Mining, Villupuram between October 2003 and September 2004 revealed that 13 lessees were granted lease for the period between April 1995 and June 2006 for mining the above mentioned minerals. However, during the periods that the quarries were not operated in the years 2002-03 and 2003-04, dead rent amounting to Rs.7 lakh was either not collected at all or short collected.

---

<sup>49</sup> Seigniorage fee represents the payments made for material or the mineral won from the land in respect of minor mineral.

After the cases were pointed out between December 2003 and October 2004, the department replied in April 2004, September/December 2006 that Rs.4.49 lakh had been collected. Report on the recovery of the balance amount demanded has not been received (October 2007).

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

## B – MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

### 6.4. Non-realisation of licence fees

The Tamil Nadu Public Buildings (Licensing) Act, 1965, provides for inspection and licensing of the buildings frequented by the public. Public building means any building used as school, college, university, hostel, library, hospital, club, lodging/boarding house, marriage hall, community hall, etc. According to Section 3 of the Act, all public buildings shall be used only under a valid licence obtained from the competent authority on payment of the prescribed fees. At *taluk* level, the *tahsildar* is the competent authority to issue licences. The licence, thus, granted shall be valid for a period of three years. The rate of fee varies from Rs.10 to Rs.5,000 depending on the nature and value of the building. The owner who intends to use any building as public building should apply for licence in the prescribed form.

Test check of the records in five<sup>50</sup> *taluks* between September and November 2006 revealed that owners of 284 public buildings did not apply for licences including renewal. This resulted in non-realisation of licence fee amounting to Rs.14.20 lakh besides non-ensuring structural soundness of the buildings.

After the cases were pointed out between October and December 2006, the *tahsildars*, Arni and Periyakulam stated that action would be taken to issue licences and collect fees. Replies from the other *tahsildars* have not been received (October 2007).

---

<sup>50</sup> Arni, Periyakulam, Polur, Sriperumbudur and Thiruvannamalai.

The matter was reported to the Government (February 2007); their reply has not been received (October 2007).

**Chennai,  
The**

**(S.MURUGIAH)  
Accountant General  
(Commercial and Receipt Audit)  
Tamil Nadu**

**Countersigned**

**New Delhi,  
The**

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