

CHAPTER VII NON-TAX RECEIPTS

7.1 Results of audit

Test check of the records of 41 offices of the following Departments during the year 2010-11 revealed underassessments of tax and other irregularities involving ₹ 91.31 crore in 78 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
I	CO-OPERATION DEPARTMENT		
1.	Loss of revenue due to non-realisation of annual return fee	12	0.48
2.	Non-raising of demand of interest	2	2.70
3.	Non-levy of liquidation costs	3	24.66
II	CIVIL SUPPLIES DEPARTMENT		
1.	Non-remittance of sale proceeds of confiscated commodities	1	1.82
III	INDUSTRIES AND COMMERCE DEPARTMENT		
	Mines and Minerals		
1.	Loss of revenue due to non compliance with provisions	10	25.50
2.	Short levy of royalty	14	18.12
3.	Non-levy of interest	4	13.87
4.	Short levy of dead rent	10	2.64
5.	Short levy of seigniorage fee	11	0.74
6.	Short levy of stamp duty	6	0.43
7.	Non-realisation of sales tax	1	0.21
8.	Non-forfeiture of security deposit	4	0.14
Total		78	91.31

During the course of the year 2010-11, the Department had accepted underassessments and other deficiencies of ₹ 4.49 crore in 28 cases of which, 16 cases involving ₹ 52.01 lakh were pointed out during the year 2010-11 and the rest in the earlier years. An amount of ₹ 24.72 lakh was realised in nine cases.

Few illustrative cases involving ₹ 2.71 crore are mentioned in the succeeding paragraphs.

7.2 Audit observations

During scrutiny of the records in the offices of Mines and minerals relating to revenue received from royalty and cess, seigniorage fee, we observed several cases of non-observance of the provisions of the Acts/Rules resulting in non/short levy of fee/royalty and other cases as mentioned in the succeeding paragraphs in this Chapter. These cases are illustrative and are based on a test check carried out by us. We pointed out such omissions in audit each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is a need for the Government to consider directing the Departments to improve the internal control system including strengthening the internal audit so that such omissions are detected and rectified.

INDUSTRIES AND COMMERCE DEPARTMENT

Mines and Minerals

7.3 Short recovery of seigniorage fee

As per Rule 10 of AP Minor Mineral Concession Rules, 1966 seigniorage fee shall be charged on all minor minerals despatched or consumed from the land at the rates specified in the schedules to the Rules. The Government revised the rates of seigniorage fee on minor minerals vide G.O.Ms.No.217, Industries and Commerce Department dated 29 September 2004 and G.O.Ms.No. 198, Industries and Commerce (M.I) Department dated 13 August 2009. According to item 12 of Schedule I to the Rules, seigniorage fee is recoverable on fullers earth (white) at ₹ 100 per Metric Ton (MT).

7.3.1 We noticed (March 2010) during the test check of the records of office of Assistant Director of Mines and Geology (ADMG), Yerraguntla that Dy. Executive Engineer, Gandikota Lift Irrigation, Kondapuram recovered seigniorage fee on 1,52,326 cu.m instead of 5,10,942 cu.m of sand consumed in works executed during the period from April 2006 to January 2009. Though the details of quantity consumed and seigniorage fee recovered was furnished to ADMG by the Dy. Executive Engineer in the month of February 2009, no action was taken by ADMG to recover the deficit seigniorage fee. This resulted in short recovery of seigniorage fee of ₹ 1.29 crore.

After we pointed out the case, Government stated (September 2011) that seigniorage fee would be recovered after final disposal of the issue.

7.3.2 We noticed (November 2009) during the test check of the records of office of ADMG, Tandur that seigniorage fee was recovered at ₹ 40 per MT instead of at ₹ 100 per MT as per schedule rates which was agreed to in respect of fullers earth white. The mineral was despatched from the land during the period 2008-09 inspite of the condition in lease agreements to pay

seigniorage fee at ₹ 100 per MT as prescribed in the Rules. This resulted in short recovery of seigniorage fee of ₹ 36.46 lakh.

After we pointed out the case, the Government stated (September 2011) that the despatch permits were issued after inspection by the technical staff and the seigniorage fee was collected as per the schedule rates issued by the Government. The reply is not acceptable as the seigniorage fee had to be collected as per the rate prescribed in the Rules which was mentioned at condition No. 5(2) of the lease agreements concluded with the lessees stipulating payment of seigniorage fee of ₹ 100 per MT whereas the fee was collected at ₹ 40 per MT.

The Department of Mines and Geology gets revenue by way of recoveries made by other Departments for the consumption on minor minerals.

The seigniorage fee recoverable in respect of 'road metal' was fixed at ₹ 33 per cu.m. through G.O.Ms.No.331 Industries and Commerce (MI) Department dated 21 June 2000. In G.O.Ms.No.466 Industries and Commerce (MI) Department dated 24 August 2000 the mineral 'road metal' was substituted by 'road metal and ballast'. The Government enhanced the rates of these minor minerals to ₹ 45 per cu.m. through G.O.Ms.No.217 Industries and Commerce (MI) Department dated 29 September 2004.

7.3.3 We noticed (between November 2009 and March 2010) during the test check of the statements furnished by South Central Railway, Guntakal in three offices of the ADMG¹ that seigniorage fee on ballast was recovered at pre-revised rate of ₹ 33 per cu.m. instead of revised rate of ₹ 45 per cu.m. on the works executed during the period from June 2005 to March 2009. This resulted in short recovery of seigniorage fee of ₹ 32.60 lakh.

After we pointed out the cases, the ADMG, Kadapa stated that the short levy of seigniorage fee would be brought to the notice of the consuming Department. ADMG, Kurnool stated that the consuming Department had already been intimated to collect the seigniorage fee at revised rates. ADMG, Tadipatri stated that the consuming Department would be addressed for the recovery of the difference amount.

We referred the matter to the Department in May 2010 and the Government in June 2011; their reply has not been received (October 2011).

¹ Kadapa, Kurnool and Tadipatri.

7.3.4 We noticed (between June and November 2010) during a test check of the records of the offices of Deputy Director of Mines and Geology (DDMG), Kurnool and two offices of ADMGs² that seigniorage fee was collected at lesser/pre-revised rates in respect of granite, morrum, ballast etc., consumed in works executed during the period May 2008 to September 2009. This resulted in short recovery of seigniorage fee of ₹ 13.20 lakh.

After we pointed out the cases, the Government replied (September 2011) that assessment was revised in one case in respect of DDMG, Kurnool. In respect of offices of ADMG, Kurnool and Anantapur it was replied that railway authorities had been addressed in March 2011 and genuineness of the bills/recoveries would be verified on receipt of reply from them. In respect of another case in DDMG, Kurnool it was contended that mineral used was cubes and kerbs for laying footpaths, pavilions etc., and not black granite. It was added that the rate would depend upon the size and end use of the mineral and hence the rate adopted by the Department was correct. The reply is not tenable as the lease granted was for black granite only and the applicable revised rate is ₹ 1,750 per metric tonne.

7.4 Non/short levy of dead rent

As per Rule 10 of AP Minor Mineral Concession Rules, 1966, when a quarry lease is granted, the seigniorage fee or dead rent whichever is higher, shall be charged on all minor minerals despatched or consumed from the land at the rate specified in Schedule I and Schedule II as the case may be.

We noticed (between May 2009 and June 2010) during the test check of records of three offices of DDMG³ and two offices of ADMG⁴ that in 103 cases, dead rent amounting to ₹ 60.05 lakh was either not levied or levied short on road metal, colour granite, gravel etc., during the years 2007-08 and 2008-09. This resulted in non/short levy of dead rent amounting to ₹ 60.05 lakh.

After we pointed out the cases, three assessing authorities⁵ stated (April and May 2010) that the mineral revenue assessments would be revised. DDMG, Nizamabad stated (June 2010) that the matter would be brought to the notice of the Assistant Directors concerned. DDMG, Visakhapatnam stated (May 2009) that the matter would be examined.

² Anantapur and Kurnool.

³ Kakinada, Nizamabad and Visakhapatnam.

⁴ Srikakulam and Vizianagaram.

⁵ DDMG, Kakinada, ADMG, Srikakulam and Vizianagaram.

We referred the matter to the Department in December 2010 and the Government in June 2011; their reply has not been received (October 2011).

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