

## CHAPTER VI: NON-TAX RECEIPTS

### 6.1.1 Tax administration

This chapter consists of receipts from Mines and Geology and Transport Departments. The tax administration is governed by Acts/Rules framed separately for each Department.

### 6.1.2 Results of audit

In 2013-14, test check of the records of 12 units relating to Mines and Geology and Transport Department showed non/short recovery of royalty, non levy of interest/extension fee, transport receipts and other irregularities involving ₹ 13.14 crore in 26 cases, which fall under the following categories in Table 6.1.

Table 6.1

(₹ in crore)			
Sr. No.	Categories	Number of cases	Amount
1.	Receipts from Minor Minerals	1	5.09
2.	Non- recovery of		
	• royalty and interest	19	0.27
	• interest on late deposit of contract money	5	0.06
3.	Transport Receipts	1	7.72
	<b>Total</b>	<b>26</b>	<b>13.14</b>

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 16.69 lakh involved in 16 cases, out of which ₹ 14.60 lakh involved in 13 cases were pointed out during the year and the rest in earlier years. The department recovered ₹ 2.09 lakh in three cases pointed out in earlier years.

A few illustrative cases involving ₹ 12.81 crore are discussed in following paragraphs:

## MINES AND GEOLOGY DEPARTMENT

### Audit findings

### 6.2 Receipts from Minor Minerals

#### 6.2.1 Introduction

Receipts from Mines and Minerals consist of application fee, license fee, permit fee, royalty, dead rent, fines and penalties, interest on belated payments, etc. The grant of concessions and leases for prospective mining or extraction of Major Minerals other than mineral oils is governed and regulated by the Mineral Concession Rules, 1960 and rules framed thereunder.

The records of the Director of Mines and Geology at Headquarters and seven offices<sup>1</sup> of Mining Officers (MOs) out of 16 MOs for the years 2008-09 to 2013-14 were test checked between March and June 2014. The important findings noticed are as under:

### **6.2.2 Non/short realisation of bid money**

As per Punjab Minor Mineral Concession Rules, 1964, as applicable to the State of Haryana, a mining contract for quarrying is granted by auction or by accepting tender of highest bidder. The bidder is required to deposit 25 *per cent* of bid as security plus one twelfth of the annual bid where contract value exceeds ₹ five lakh, as advance payment immediately on the allotment of the contract. In the event of default in payment, the competent authority may, by giving a notice, terminate the contract and forfeit the amount of security. Further, interest at the rate of 24 *per cent* per annum is also recoverable for the period of default in payment of instalment of contract money till such amount is paid.

During test check of records in the office of Mining Officer, Bhiwani, we noticed that minor mineral quarrying permits were granted to five contractors on the basis of highest annual bid amount of ₹ 4.43 crore due for the periods 2007-08 to 2009-10 (upto February 2010). Mining activities were banned by Hon'ble High Court since 1 March 2010. The contractors had not deposited bid money amounting to ₹ 1.88 crore for different periods. The department had terminated the contract by delayed period of 10-11 months after the contract money had not been paid. Even the recovery certificates were issued after delayed period of 35 to 42 months in three cases from the date of termination of contracts. Lack of timely action by the Department to recover the bid money of ₹ 1.88 crore from the contractors resulted in short realisation of bid money amounting to ₹ 4.43 crore (including interest<sup>2</sup> of ₹ 2.55 crore).

On this being pointed out the Government stated (October 2014) that all-out steps to recover the dues were taken by the department and recovery of dues from the defaulters was in process.

### **6.2.3 Non/short realisation of royalty and interest**

Rule 30 of the Haryana Minor Mineral Concession, Stocking, transportation of Mineral and Prevention of illegal Mining Rules, 2012 provides that brick kiln owners (BKO) shall pay annual amount of royalty at the prescribed rate in advance by 30<sup>th</sup> April of every year. State Government revised the rates of fixed royalty of various categories of BKOs with effect from 20 June 2012. In case of default, interest at the rate of 21 *per cent* per annum is chargeable for the period of default. BKOs register is maintained at each mining office for levy and collection of royalty. The permits of such BKOs who do not pay royalty are required to be cancelled by the department by giving one month's notice and any sum due from the permit holders on account of royalty and interest thereon is recoverable as arrears of land revenue. The Assistant Mining Engineers (AMEs)/Mining Officers (MOs) are responsible for monitoring recovery of outstanding dues.

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<sup>1</sup> MOs: Bhiwani, Faridabad, Gurgaon, Panipat, Rewari, Sonapat and Yamunanagar.

<sup>2</sup> Interest calculated upto 31 March 2014.

During test check of records of six offices<sup>3</sup> of MOs/AMEs, we noticed that 151 BKO's who were issued permits between April 2012 and March 2014 for the period of two years did not pay due amount of royalty. Though, a period ranging between 14 to 26 months had elapsed upto May 2014, yet royalty of ₹ 50.94 lakh was neither paid by the BKO's nor any action was taken by the department to recover the same. No action to cancel the permits and/or to recover the dues as arrears of land revenue was taken. Lack of action on the part of the department resulted in non-realisation of revenue of ₹ 66.27 lakh including interest amounting to ₹ 15.33 lakh.

On this being pointed out the Government stated (October 2014) that an amount of ₹ 36.36 lakh (including interest of ₹ 1.91 lakh) had been recovered and efforts would be made to recover the outstanding amount.

#### **6.2.4 Non issuance of Mineral Transport Permits**

As per rule 99 and 100 of Haryana Minor Mineral Concession, Stocking, Transportation of Minerals and Prevention of illegal Mining Rules, 2012, any mode of carrier transport, mechanically driven or otherwise and used for transportation of any mineral, shall be required to be registered with the Director or such officer as authorised by him for the said purpose and for such period as required for any part or parts of the State. For this purpose, the authorised officer of the Transport Department shall issue a mineral transport permit in form TP-2 to the owner of such transport vehicle for a payment of ₹ 1,000 for a year. The permit shall be in nature of sticker.

During scrutiny of records of seven MOs<sup>4</sup>, we observed that no mineral transport permit as required under the rules had been issued. Thus, the department was deprived of the revenue to be realised on account of issuance of mineral transport permit. The actual receipt could not be worked out in the absence of number of actual vehicles engaged in mineral transportation.

Thus, failure to take timely action to recover the bid money from the five contractors resulting in short realisation of bid money of ₹ 4.43 crore (including interest of ₹ 2.55 crore) and royalty and interest of ₹ 66.27 lakh was not realised from 151 BKO's.

On this being pointed out the Government stated (October 2014) that the process of the issuance of the Mineral Transport Permit would be followed in future.

### **TRANSPORT DEPARTMENT**

#### **6.3 Transport Receipts**

##### **6.3.1 Introduction**

Haryana Roadways, a State Government Undertaking under Transport Department was formed in November 1966 to meet with the objectives of providing efficient, economical, adequate and well co-ordinate transport service to the general public. As on 31 March 2014, it had 24 depots

<sup>3</sup> AMEs/MOs: Bhiwani, Faridabad, Gurgaon, Panipat, Sonapat and Yamunanagar.

<sup>4</sup> Bhiwani, Faridabad, Gurgaon, Panipat, Rewari, Sonapat and Yamunanagar.

(10 depots for Tata make and 14 for Leyland make buses) with a fleet of 4,025 buses.

The department collects receipts on account of charging of fare from the passengers utilising the bus service, and non transport receipts on account of sale of old buses, old spare parts, damages or fines of vehicles, rent of shops at bus stands, *Adda*/parking fee, tanker's freight charges, advertisement fees, toll tax and other miscellaneous receipts, etc.

The record of the Director General State Transport, Haryana, Chandigarh at Headquarters and six depots<sup>5</sup> of Haryana Roadways out of 24 depots for the years 2009-10 to 2013-14 was test checked in May and June 2014 and the important findings noticed are as under:

### 6.3.2 Non collection of Adda fees

Under Faridabad and Gurgaon City Private Bus Service Scheme, 2004 private persons were to be issued permits by the State Transport Authority (STA) for City Bus service operated in the area for a period of five years. Renewal of the permits was to be made subject to payment of all taxes, fees and Government dues. Further, the operators were liable to pay *Adda* Fee at the rate prescribed by Transport Department from time to time per single trip to the Haryana Roadways for using its bus stops and in case of violation of any of the conditions, the STA could initiate action for suspension/ cancellation of the permit/ imposition of penalty.

(i) During test check of the records of the office of Director General State Transport (DGST), we noticed that STA had issued 194 permits (Faridabad: 67 and Gurgaon: 127) to private operators for city bus service in Faridabad and Gurgaon. The routes for plying the buses were finalised by Regional Transport Authority (RTA), Faridabad and Gurgaon. The buses started plying on the routes from March 2004 onwards. However, *Adda* fee as prescribed from time to time was not paid by these private operators between March 2004 to March 2014 to the General Manager, Faridabad and Gurgaon. Neither GM had taken any steps to recover these outstanding dues from the private operators nor RTAs had initiated any action for suspension/cancellation of the permit/imposition of penalty. Non- collection of *Adda* fee from April 2009 to March 2014. amounted to ₹ 7.55 crore (Faridabad: ₹ 2.91 crore and Gurgaon: ₹ 4.64 crore)

(ii) Further scrutiny of record of Faridabad depot showed that one private operator had sold his bus in 25 March 2010 to another private operator. However, when the purchaser applied to get the vehicle registered by obtaining No Objection Certificate from the Regional Transport Authority (RTA) Faridabad, the same was not issued as the requisite *Adda* fee (₹ 4.34 lakh) had not been deposited in respect of this bus. The purchaser filed writ petition in Punjab & Haryana High Court, Chandigarh on the plea that she was not liable to pay the *Adda* fee up to the date of agreement (25 March 2010). However, the High Court dismissed the writ petition and decided (10 March 2014) that without clearing the dues the NOC could not be

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<sup>5</sup> Ambala, Chandigarh, Hisar, Rohtak, Sirsa and Sonapat.

issued and directed the State Government to take steps to recover the dues from the vehicle owners of all the buses. During this case, it was also noticed that eight such buses were already sold and NOCs were issued for these buses without recovering *Adda* fee (₹ 29.46 lakh in seven cases) in respect of these buses. Thus, the department was allowing the sale and registration of buses in the names of other private operators without recovering its dues. As the record of non-payment of *Adda* fees is maintained by GM but the RTA is required to confirm the outstanding *Adda* fees from the GM before issuing the NOC to the private operator for renewal of permit or transfer of registration of buses in the name of purchasers. Thus, Audit observed that a proper system was not in place for collection of dues and renewal and transfer of registration before issue of NOCs for sale of vehicles and no corrective action has been taken by the Department which shows the failure of the Department.

On this being pointed out the Department stated in October 2014 that recovery proceedings had been started for *Adda* fee under Punjab Land Revenue Act, 1887 (PLR Act).

### 6.3.3 Non/short collection of service tax on rented shops

Service tax was imposed from 01 June 2007 on services of providing renting of immovable property as defined under Finance Act, 1994. Haryana Roadways was having shops at various bus stands which were given on rent.

Test-check of the records of 10 depots<sup>6</sup> showed that these depots had collected rent of ₹ 12.46 crore on shops during the period 01 April 2009 to 31 March 2014. The service tax on this rent worked out to ₹ 1.40 crore out of which the depots had collected and deposited an amount of ₹ 1.23 crore and remaining service tax of ₹ 16.83 lakh was not collected. Thus, the department had not collected service tax of ₹16.83 lakh from the shop contractors.

The Department stated in October 2014 that efforts would be made to recover the service tax on rented shops from the contractors.

### 6.3.4 Mismanagement of bus operations

The number of buses and crew availability is maintained as per norms of the department. The traffic wing gives rest and leave to the crew in rotation so that buses can cover scheduled kilometers. The workshop is to keep all buses in roadworthy condition and avoid detention in workshop. The buses not detained in workshop must be sent on route with the available crew so that maximum utilisation of buses and crew can be made and maximum revenue earned.

During analysis of the detailed position of fleet and crew as provided in the computerised reports from 2010-11 onwards relating to the period 2010-14 in respect of seven Depots<sup>7</sup>, we noticed that buses were not operated for the period ranging between 1 to 29 per day, though the drivers and conductors were available on those days. Due to this mismanagement, the fixed cost incurred on these buses was rendered unfruitful.

<sup>6</sup> Ambala, Charkhi Dadri, Chandigarh, Fatehabad, Hisar, Jhajjar, Kurukshetra, Rohtak, Sirsa and Sonapat.

<sup>7</sup> Ambala, Chandigarh, Fatehabad Hisar, Rohtak, Sirsa and Sonapat.

The Department admitted the facts in October 2014 and stated that the report would be monitored at Headquarter level and necessary directions would be issued to the concerned depots from time to time.

### **6.3.5 Non reimbursement of free/concessional facility**

The State Government had allowed free/concessional travelling facility in the buses of Haryana Roadways vide their notifications between September 1982 and March 2014 to seven departments<sup>8</sup> for 36 categories. Out of these 36 categories, 27 categories have been allowed free travelling and remaining 9 categories have been allowed concessional travelling.

During scrutiny of records of the Transport Department, we noticed that the Transport department raised claims of ₹ 691.73 crore for the years 2009-14 on these departments out of which the departments had paid an amount of ₹ 120.65 crore and balance amount of ₹ 571.08 crore was still pending as on 31 May 2014. However, no action was initiated by the Department for reimbursement of dues at Principal Secretary level.

Out of the total claims of ₹ 106.24 crore raised on police/jail Departments during the years 2009-10 to 2013-14, an amount of ₹ 60.62 crore had been recovered by the Department and an amount of ₹ 45.62 crore was still unrecovered (November 2014).

As per modalities finalised for Home Department for free/concessional facility for police and jail employees, the total amount came to ₹ 18.90 crore for the year 2009-10. A fixed amount of ₹ 80 upto 31 March 2011 and ₹ 175 from 1 April 2011 onwards was to be deducted from the pay of the employees and deposited in 1055 Head of account directly. In fact, the actual amount received from the pay of the employees should be deducted from the total claims, but we noticed that though actual amount received from the pay of employees ranged between ₹ 4.16 crore to ₹ 7.88 crore during 2009-10 to 2012-13, the claim was raised by deducting a fix amount of ₹ 4.28 crore as payment received for every year from 2009-10 onwards. The working of this fixed amount of ₹ 4.28 crore was not available in the record. Thus, the claims raised had not been calculated accurately as ₹ 22.44 crore was deducted from the pay of the employees and deposited in Head of account (1055) whereas the amount deducted from the claim was only ₹ 17.12 crore under this head, resulting in excess claim raised by ₹ 5.32 crore.

The Department stated in October 2014 that the matter was referred to the Finance Department (FD) for providing budget and FD had advised that the Transport Department was also a Government department and could operate welfare schemes so inter Department transfers of funds were not justified. The reply was not acceptable because the decision was taken to provide budget to the respective Departments for the claims raised by the Transport Department at the level of Chief Minister and if it was not to be implemented, the approval of the Chief Minister should have been taken. In case of the claims raised with the Police Department, the department stated that the claims would be revised on the basis of actual amount received.

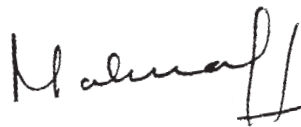
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<sup>8</sup> Social Justice and Empowerment, Women and Child Development, Youth and Sports Department, Public Relation Department, Rajya Sainik Board, Home Department (Police and Jail), and Education Department.

Thus, *Adda* fees was not collected in respect of 194 permits (Faridabad: 67 and Gurgaon: 127) issued to private operators for city bus service amounting to ₹ 7.55 crore and service tax from shop contractors amounting to ₹ 16.83 lakh in respect of 10 Depots for the years 2009-10 to 2013-14. An amount of ₹ 571.08 crore was pending as on 31 March 2014 from various departments in respect of free/concession facility.

The matter was reported to the Government; their reply has not been received (November 2014).

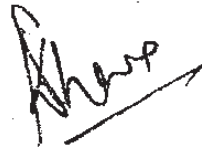
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Principal Accountant General (Audit), Haryana

Countersigned



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