

## CHAPTER VII

### OTHER TAX AND NON-TAX RECEIPTS

#### 7.1 Results of Audit

Test-check of records of 58 offices<sup>169</sup> of Revenue, Industries and Commerce, Energy and Endowments Departments conducted during the year 2015-16 led to preliminary audit observations involving under-assessment of tax and other irregularities involving ₹ 471.02 crore in 82 cases, which broadly fell under the categories as given in Table 7.1.

**Table 7.1: Results of Audit**

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
<b>I</b>	<b>REVENUE DEPARTMENT</b>		
	<b>Land Revenue</b>		
1.	Non-levy / short levy of water tax	4	1.04
2.	Non-levy / short levy of interest on arrears of water tax	13	0.42
3.	Unauthorised occupation of land	1	4.35
	<b>Endowments Department</b>		
1.	Short collection of Common Good Fund & Endowment Administration Fund	1	46.50
2.	Non-registration of lease deeds	1	0.02
3.	Short recovery of IT, VAT	2	0.02
4.	Other irregularities	2	0.22
<b>II</b>	<b>INDUSTRIES AND COMMERCE DEPARTMENT</b>		
	<b>Mines and Minerals</b>		
1.	Short Levy of Seigniorage Fee	3	0.04
2.	Short Levy of Royalty	14	414.81
3.	Short Levy of Dead Rent	10	0.24
4.	Short Levy of Stamp Duty	4	0.04
5.	Non-Recovery of Amount towards National Mineral Exploration Trust	11	1.76
6.	Non-Forfeiture of Security Deposit	11	0.24
<b>III</b>	<b>Energy Department</b>		
1.	Non-Realisation of Fee for periodical inspections	4	0.01
2.	Shortfall in Collection of Electricity Duty	1	1.31
	<b>TOTAL</b>	<b>82</b>	<b>471.02</b>

During the year 2015-16, the Department accepted under-assessment and other deficiencies of ₹ one crore in 14 cases.

A few illustrative cases involving ₹ one crore are discussed in the succeeding paragraphs.

<sup>169</sup> Number of offices under Industries and Commerce (Mines and Geology) Department: 27; Energy Department: 13; Endowments Department: 18; 44 offices of Land Revenue Department are included at Para 6.3 in Chapter VI - Land Revenue.

## REVENUE DEPARTMENT

### 7.2 Non-levy of interest on arrears of water tax collected

As per Section 8 of Andhra Pradesh (AP) Water Tax Act, 1988, water tax payable by a landowner in respect of any land shall be deemed to be public revenue due upon the land and provisions of AP Revenue Recovery (APRR) Act, 1864 shall apply. Further, under Section 7 of APRR Act, arrears of revenue shall bear interest at the rate of six *per cent* per annum.

During scrutiny (February and March 2016) of consolidated statements of demand, collection and receipt books of eight Tahsildar offices<sup>170</sup>, Audit observed that during *fasli* years from 1416 to 1423 (1 July 2006 to 30 June 2014), arrears of land revenue towards water tax amounting to ₹ 6.36 crore was collected. However, interest of ₹ 38.16 lakh to be levied under Section 7 of APRR Act was not levied.

Interest was computed by Audit on a conservative estimate (calculated at the rate of six *per cent* for minimum period of one year) as the period of delay could not be checked on account of not maintaining or improper maintenance of Demand, Collection and Balance (DCB) registers at village level.

After Audit pointed out these cases, Government accepted (September 2016) the observation and stated that suitable amendment to the Act was being made to waive the interest amount.

## INDUSTRIES AND COMMERCE DEPARTMENT

### Mines and Minerals

### 7.3 Short levies on mineral revenue

#### 7.3.1 Short levy of Royalty

As per Section 9 of Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him or by his agent, manager, employee, contractor or sub-lessee from the leased area at the rates specified in the Second Schedule<sup>171</sup> in respect of the mineral.

As per Rule 64 D of The Mineral Concession (MC) Rules, 1960, every mine owner, his agent, manager, employee, contractor or sub-lessee shall compute the amount of royalty on minerals taking into consideration the sale price published by Indian Bureau of Mines (IBM) for different minerals where such royalty is charged on advalorem basis. For this purpose, state-wise sale price for different minerals as published by IBM shall be the sale price for

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<sup>170</sup> Allur, Bandi Atmakur, Kavali, Nandyal, Nellore, Pedana, Penamaluru and Proddatur.

<sup>171</sup> GSR 574 (E), dated 13 August 2009.  
GSR 630 (E), dated 1 September 2014.

computation of royalty in respect of any mineral produced any time during a month in any mine in that State.

The rates of royalty to be adopted for Laterite, Quartz, Ball clay and Garnet are 25 per cent, 15 per cent, 8 per cent and 4 per cent of sale price respectively (the rate of royalty on Garnet was 3 per cent up to 31 August 2014).

During scrutiny of lease files and Mineral Revenue Assessments (MRA) of four offices<sup>172</sup> of the Assistant Director of Mines and Geology (ADMG), it was observed (February and March 2016) from the assessment files relating to 12 leases for the period 2014-15 that the Department had not adopted the monthly sale price published by IBM for the minerals despatched. The MRAs were finalised by adopting incorrect sale price and this resulted in short levy of royalty amounting to ₹ 55.30 lakh.

After Audit pointed out these cases, two ADsMG<sup>173</sup> replied (February and March 2016) that the MRAs would be revised. ADMG, Dachepalli replied (August 2016) that MRAs were revised in respect of two mining leases for the year 2014-15 duly taking the IBM rates and royalties into consideration as pointed out by Audit. ADMG, Srikakulam replied (September 2016) that the MRA for the year 2014-15 was revised duly adopting IBM rates of garnet on the despatched quantity as per the annual return submitted by the lessee.

### 7.3.2 Short levy of Seigniorage Fee

As per Rule 10 of AP Minor Mineral Concession (APMMC) Rules, 1966, seigniorage fee<sup>174</sup> or dead rent<sup>175</sup>, whichever is higher shall be charged on all minor minerals despatched or consumed from the land at the rates specified in the schedules to the Rules. Government revised the rates of seigniorage fee on minor minerals through Government order<sup>176</sup> dated 13 August 2009.

During scrutiny of lease files and MRAs in the office of ADMG, Anakapalle, Audit observed (March 2016) from the MRAs for the year 2013-14 that in one case, seigniorage fee was levied at ₹ 13.22 lakh instead of ₹ 16.94 lakh on the minor mineral, Colour Granite, consumed / despatched during the period. This resulted in short levy of seigniorage fee amounting to ₹ 3.72 lakh.

After Audit pointed out the case, ADMG replied (March 2016) that the MRA would be revised under intimation to Audit.

<sup>172</sup> Anakapalle, Dachepalli, Eluru and Srikakulam.

<sup>173</sup> Anakapalle and Eluru.

<sup>174</sup> 'Seigniorage fee' is fee charged on minor minerals.

<sup>175</sup> 'Dead rent' is rent payable on a mining lease though there is no mining activity.

<sup>176</sup> G.O.Ms.No.198, Industries and Commerce (M-I) Department, dated 13 August 2009.

### 7.3.3 Short levy of Dead Rent

As per Section 9A of MMDR Act, 1957, the holder of a mining lease shall pay dead rent in respect of any area covered under a mining lease at such rates as specified in the third Schedule. As per General Supplementary Rules<sup>177</sup> (GSR), dated 13 August 2009, dead rent is payable at the rate of ₹ 1,500 per hectare per annum for the fourth year of lease and ₹ 3,000 per hectare per annum from the fifth year of lease in case of lease granted for high value minerals, i.e., semi-precious stones. These rates were revised to ₹ 3,000 and ₹ 6,000 respectively through GSR<sup>178</sup>, dated 1 September 2014.

During scrutiny of lease files and MRAs in the office of ADMG, Anakapalle, Audit observed (March 2016) from the MRAs for the year 2014-15 that dead rent on semi-precious stones was levied at pre-revised rates in respect of 13 lessees. This resulted in short levy of dead rent amounting to ₹ 3.31 lakh.

After Audit pointed out these cases, ADMG replied (March 2016) that the MRA would be revised under intimation to Audit.

Thus, the total short levies on mineral revenues amounted to ₹ 62.33 lakh.

The matter was referred to the Department in July 2016 and to the Government in September 2016; replies have not been received (December 2016).

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<sup>177</sup> 575 (E), dated 13 August 2009.

<sup>178</sup> 631 (E), dated 1 September 2014.