

CHAPTER-VI
OTHER TAX AND NON-TAX RECEIPTS

CHAPTER VI: OTHER TAX AND NON-TAX RECEIPTS

6.1 Tax administration

This chapter consists of receipts from Entertainment Duty, Power (Taxes and duties on electricity), Mines and Geology and Land Revenue. The administration and levy of these taxes is governed by respective Acts/Rules framed separately for each administrative department.

6.2 Results of audit

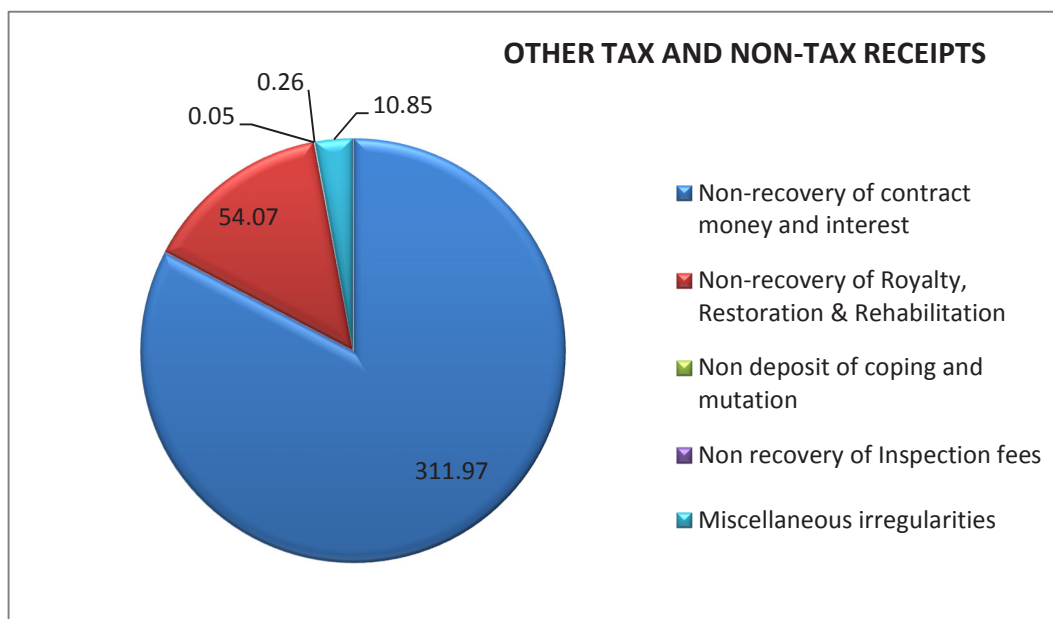
In 2018-19, test check of the records of 47 out of 163 units revealed non/short recovery of tax receipts and interest relating to Mines and Geology (11 Units), Power Department-Taxes and duties on electricity (02 units) and Land Revenue (34 Units) involving ₹ 377.20 crore (36.38 per cent of receipt of ₹ 1,036.97 crore for the year 2017-18) in 631 cases which falls in following categories depicted in **Table 6.1**.

Table 6.1- Results of Audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non-recovery of contract money and interest	39	311.97
2.	Non-recovery of Royalty, Restoration & Rehabilitation	132	54.07
3.	Non deposit of coping and mutation	221	0.05
4.	Non recovery of Inspection fee	196	0.26
5.	Miscellaneous irregularities	43	10.85
	Total	631	377.20

Chart 6.1

(₹ in crore)



During the year, the Department accepted under assessment and other deficiencies amounting to ₹ 302.94 crore involved in 384 cases which were pointed out during the year. The Department recovered ₹ 10.40 crore involved in 85 cases, out of which ₹ 10.36 crore recovered in 15 cases pertaining to the year and the rest to earlier years.

Significant cases involving ₹ 304.34 crore are discussed in the following paragraphs.

MINES AND GEOLOGY DEPARTMENT

6.3 Short/non recovery of advance monthly instalments and interest

The Department did not initiate action against 36 contractors for short/non deposit of monthly contract money of ₹ 195.76 crore. In addition, interest of ₹ 80.05 crore was also leviable.

As per the para 3 (i) of the Letter of Intent (LOI) issued by the Director General Mines and Geology Department, Haryana, the contract for extraction of Boulder, Gravel and Sand, commences from the date of grant of environment clearance certificate or on the expiry of a period of 12 months from the date of issue of LOI whichever is earlier. The contractor shall pay the instalments of contract money during the subsistence of the contract, in advance to the Government. Further, the agreement provides that in case of default in payment of instalment of contract money on the due date (s), interest would be chargeable at the rate of 15 per cent and 18 per cent per annum on the amount of default for delay upto 30 days and 60 days respectively. Delay beyond 60 days, invites action for termination of contract and the amount

would be recoverable along with interest at the rate of 21 *per cent* per annum for the entire period of default.

Scrutiny of records (October and November 2018) of five¹ Mining Offices revealed that 36 contractors who were awarded contracts for extracting Boulder, Gravel and Sand, were required to deposit advance monthly instalments of ₹ 377.52 crore between April 2017 and March 2018 but the contractors deposited ₹ 181.76 crore. The Department did not take action to recover the amount of outstanding dues which resulted in non recovery of advance monthly instalments of ₹ 195.76 crore. In addition, interest of ₹ 80.05 crore was also leviable.

On this being pointed out, the MOs Panipat and Panchkula stated that an amount of ₹ 10.28 crore had been recovered. All the MOs stated that efforts would be made to recover the outstanding amount of ₹ 265.53 crore.

The matter was reported to the Mines and Geology Department between November and December 2018 and to the Government in May 2019; their replies were awaited.

The Department may consider to obtain bank guarantees from the contractor to ensure timely recovery of monthly instalments of contract money to reduce the quantum of outstanding dues.

6.4 Short/non deposit in Mines and Mineral Development, Restoration and Rehabilitation Fund

The Department did not initiate action against 22 contractors for short/non deposit of ₹ 21.30 crore in the Mines and Mineral Development, Restoration and Rehabilitation Fund. Interest of ₹ 7.08 crore was also leviable.

As per Section 77 (1) of the Haryana Minor Mineral Concession, Stocking Transportation of Mineral and Prevention of Illegal Mining Rules, 2012 and para 3 (xiv) of the Letter of Intent (LOI), the contractor shall deposit an amount equal to ten *per cent* of the contract money alongwith the monthly instalments to Mines and Mineral Development, Restoration and Rehabilitation Fund (MMDRR). Further, para 5 of the Part III of agreement provides that in cases of default in payment on due dates interest would be chargeable at the rate of 15 *per cent* , 18 *per cent* and 21 *per cent* per annum on the amount of default upto 30 days, 60 days and 90 days respectively.

Scrutiny of records (October to November 2018) of five² Mining Offices (MOs) revealed that 22 contractors were required to deposit an amount of ₹ 27.63 crore between April 2017 and March 2018 towards the MMDRR fund. However, the contractors deposited an amount of ₹ 6.33 crore in the

¹ Ambala, Panchkula, Panipat, Sonapat and Yamunanagar.

² Ambala, Panchkula, Panipat, Sonapat and Yamunanagar.

fund. The Department did not either ensure contribution to the fund by the contractors as per provisions of the contract or levied interest which resulted in short/non deposit of monthly instalment of ₹ 21.30 crore in the MMDRR fund besides interest of ₹ 7.08 crore was also leviable.

On this being pointed out, the MO Panchkula stated (April 2019) that an amount of ₹ 4.52 lakh had been recovered. All the MOs stated (April 2019) that the efforts would be made to recover the outstanding amount of ₹ 28.33 crore.

The matter was reported to the Mines and Geology Department between November and December 2018 and to the Government in May 2019; their replies were awaited.

The Department may ensure contribution to the Restoration and Rehabilitation Fund by the contractors as per Act.

6.5 Non/short recovery of royalty and interest

34 Brick Kiln owners did not deposit the due amount of royalty of ₹ 10.69 lakh during the year 2017-18. Interest of ₹ 4.11 lakh was also leviable.

As per the First schedule of Haryana Minor Mineral Concession, Stocking, Transportation of Mineral and Prevention of Illegal Mining Rules, 2012, Brick Kiln Owners (BKO) shall pay annual amount of royalty at the prescribed rate in advance by 1 April of every year. In case payment is made after seven days but upto 30 days of the due date, after 30 days but within 60 days of the due date and beyond 60 days of the due date, interest at the rate of 15, 18 and 21 *per cent* (for the entire period of default) per annum respectively is chargeable for the period of default. A BKO register is maintained at each mining office for levy and collection of royalty. The permits of such BKO who do not pay royalty are 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.

Scrutiny of records (October to November 2018) of five³ offices of Mining Officers/Assistant Mining Engineers (MOs/AMEs) revealed that 34 out of 725 BKO did not pay the due amount of royalty between April 2017 to March 2018. Though, a period of 24 months had elapsed upto March 2019, yet royalty of ₹ 10.69 lakh had neither been paid by the BKO nor had any action been taken by the department to recover the same or to cancel the permits. Lack of action on the part of the Department, resulted in non-realisation of royalty of ₹ 10.69 lakh. In addition, interest of ₹ 4.11 lakh was also leviable as per Rules.

³ Ambala, Faridabad, Panchkula, Panipat and Yamunanagar.

On this being pointed out, AME/MO of Faridabad and Yamunanagar stated (April 2019) that an amount of ₹ 3.04 lakh had been recovered. All the AMEs/MOs stated (April 2019) that efforts would be made to recover the outstanding amount of ₹ 11.76 lakh. Audit observed that better monitoring was needed to recover the royalty from the BKO's in time to ensure collection of revenue in the year it became due.

The matter was reported to the Mines and Geology Department between November 2018 and January 2019 and to the Government in May 2019; their replies were awaited.

The Department may consider strengthening internal control mechanism for effective monitoring and timely recovery of Government revenue.

The instances of deficiencies pointed out by Audit are based on test checked cases. The Department may take appropriate action to review all similar cases.

Chandigarh
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The 29 January 2021


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