

CHAPTER-VII: MINING RECEIPTS

7.1 Results of audit

Test check of records maintained in the office of the Deputy Director of Mines and mining officers during the year 2005-06 revealed non/short levy of royalty, dead rent/surface rent, non/short recovery of interest, non levy of interest and other irregularities of Rs.116.84 crore in 87 cases which may broadly be categorised as under: -

(Rupees in crore)			
Sl. No.	Subject	No. of cases	Amount
1	Irregularities of miscellaneous nature	42	110.42
2	Non/short recovery of interest and non levy of interest	25	5.69
3	Non/short levy of royalty/dead rent/surface rent	20	0.73
Total		87	116.84

During the year 2005-06, the department accepted under assessment etc. of Rs.3.58 crore involving 60 cases. The department recovered Rs.3.04 crore in 97 cases of earlier years.

After issue of draft paragraph, the department recovered Rs.58.59 lakh pertaining to a single observation pointed out during 2005-06.

A few illustrative cases highlighting important audit observations involving Rs. 3.13 crore are discussed in the following paragraphs.

7.2 Non levy of interest on delayed payment of mining dues

Under Rule-64 A of Mineral Concession Rules (MC Rules), 1960, as amended from time to time, in case of belated payment of dead rent, royalty or other mining dues, simple interest at the prescribed rate¹ for the amount in default is chargeable from sixtieth day of the expiry of the due date for the period of default.

Test check of records of six² mining circles revealed between June and January 2006 that interest amounting to Rs.1.99 crore on belated payment of royalty during the period between 2000-01 and 2004-05 in 17 cases was not levied.

After this was pointed out between June 2005 and January 2006, Director of Mines stated in July 2006 that Rs.15.21 lakh was realised from Jajpur Road circle.

The matter was reported to the Government in March/April 2006. Government stated in July 2006 that Rs.0.58 lakh was realised in respect of Koira circle. Final reply had not been received (November 2006).

7.3 Short realisation of royalty on high grade iron ore

As per the MC Rules, in case of processing of other than run-of-mine³ mineral, royalty shall be chargeable on unprocessed mineral i.e. mineral extracted from the seam.

Test check of records of Joda and Koira mining circles revealed in December 2005 that 14 mines of 13 lessees were not run-of-mines. The assessing officers incorrectly levied during April 2003 to March 2005 royalty of Rs.9.97 crore on 49,09,429.513 MT of processed mineral instead of Rs.11.11 crore on 49,10,301.953 MT of unprocessed mineral fed to the processing plant. This resulted in short levy of royalty of Rs.1.14 crore.

After this was pointed out in December 2005, DDM, Joda and Koira stated during 2003-04 and 2004-05 that royalty was charged on the processed mineral as per MC Rules. The replies were not tenable since as per MC Rules, in case of other than run-of-mine mineral, royalty was payable on unprocessed mineral instead of processed mineral.

The matter was brought to the notice of the department in April 2006; reply had not been received (November 2006).

1 24 per cent with effect from 1 April 1991.

2 Baripada, Jajpur Road, Keonjhar, Koira, Koraput and Talcher.

3 The blasted materials containing ore with other foreign materials brought to the crushing plant ore.