

CHAPTER-II

REVENUE SECTOR

2.1 Trend of Revenue Receipts

2.1.1 The Tax and Non-Tax revenue raised by the Government of Goa during the year 2014-15, the State's share of net proceeds of divisible Union Taxes and Duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below in *Table 2.1.1*.

Table 2.1.1: Details of total revenue receipt of State Government

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Revenue raised by the State Government					
	• Tax revenue	2139.57	2551.02	2939.66	3582.48	3895.92
	• Non-tax revenue	2268.60	2313.54	1832.90	1661.55	2325.63
	Total	4408.17	4864.56	4772.56	5244.03	6221.55
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	584.21	680.59	777.21	848.53	900.58
	• Grants-in-aid	449.56	235.58	295.66	357.21	566.56
	Total	1033.77	916.17	1072.87	1205.74	1467.14
3	Total revenue receipts of the State Government (1 and 2)	5441.94	5780.73	5845.43	6449.77	7688.69¹
4	Percentage of 1 to 3	81	84	82	81	81

(Source: Finance Accounts of the State)

The above table indicates that during the year 2014-15, the revenue raised by the State Government (₹ 6,221.55 crore) was 81 *per cent* of the total revenue receipts. The balance 19 *per cent* of the receipts during 2014-15 was from the Government of India.

2.1.2 The details of the Tax revenue raised during the period from 2010-11 to 2014-15 are given in *Table 2.1.2*.

¹ For details, please see Statement No. 11 Detailed accounts of revenue receipt by minor heads in the Finance Accounts of the Government of Goa for the year 2014-15. Figures under the head 0020 - Corporation tax, 0021 - Taxes on income other than corporation tax, 0032 - Taxes on wealth, 0037 - Customs, 0038 - Union excise duties and 0044 - Service tax - share of net proceeds assigned to State booked in the Finance Accounts - Tax revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement

Table 2.1.2: Details of tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Head of revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage increase (+) or decrease (-) in 2014-15 over 2013-14
1	Taxes on sales, trade etc.	BE	1495.00	1705.00	1955.00	1766.00	2303.85	
		Actual	1380.05	1652.92	1577.42	1708.05	1859.86	8.89
2	Stamps Duty	BE	130.39	151.11	408.98	547.36	544.39	
		Actual	151.79	183.79	524.42	396.10	659.84	66.58
3	State excise	BE	129.99	159.99	211.23	246.28	290.00	
		Actual	139.16	182.03	212.90	235.76	268.00	13.67
4	Taxes on goods and passengers	BE	147.01	177.00	283.00	285.11	260.23	
		Actual	171.98	210.09	257.50	386.41	404.19	4.60
5	Land Revenue	BE	9.72	10.96	9.42	388.43	253.19	
		Actual	8.33	8.38	11.13	454.36	25.38	-94.41
6	Other taxes	BE	825.57	1024.57	1198.19	1297.70	1350.92	
		Actual	288.26	313.81	356.29	401.80	678.64	68.90
	Total	BE	2737.68	3228.63	4065.82	4530.88	5002.58	
		Actual	2139.57	2551.02	2939.66	3582.48	3895.91	8.74

It would be seen from above that during the last five years there has been continuous increase in revenue collection. However, the actual receipts have always been less than the Budget Estimates (BE) framed by the Government. We recommend that the Government may review the trend analysis and basis for the preparation of budgetary receipts.

There was a steep increase in revenue collection under the Stamp Duty (67 per cent) during the year 2014-15 over 2013-14 mainly due to increase in collection under Stamps (Non-Judicial) fees. In the Land revenue head there has been a constant growth in revenue during the last five years except during 2013-14 when the revenue had increased substantially due to more collections under 'Land Revenue Tax' and 'Survey and Settlement Operations'. However, the collections under the land revenue decreased by 94 per cent during 2014-15 as compared to previous year.

2.1.3 Details of the Non-Tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table 2.1.3**.

Table 2.1.3: Details of non tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Heads of revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage increase (+) or decrease (-) in 2014-15 over 2013-14
1	Power	BE	1072.23	1060.77	1231.75	1331.85	1367.94	-
		Actual	969.06	1000.49	1139.97	1187.95	1321.66	11.26
2	Non-Ferrous Mining and Metallurgical Industries ²	BE	701.91	886.88	401.00	18.54	400.24	-
		Actual	983.73	953.29	339.26	46.12	530.35	1049.93
3	Other Non-tax receipts ³	BE	116.16	127.21	112.32	117.02	197.76	-
		Actual	115.71	128.29	86.61	125.07	125.33	0.21
4	Other Administrative Services	BE	44.65	47.86	72.67	102.19	157.54	-
		Actual	40.63	42.09	64.89	88.01	123.45	40.27
5	Water Supply and Sanitation	BE	71.79	75.64	90.57	102.07	129.89	-
		Actual	69.60	86.11	97.99	103.97	101.91	-1.98
6	Miscellaneous General Services	BE	19.02	28.17	32.90	35.93	40.52	-
		Actual	19.45	27.46	32.52	35.27	39.02	10.63
7	Interest Receipts	BE	2.28	5.21	24.85	9.93	17.65	-
		Actual	17.88	26.36	18.37	14.12	17.18	21.67
8	Education, Sports, Art and Culture	BE	8.02	9.66	17.74	21.40	16.25	-
		Actual	12.75	16.17	26.94	22.78	17.17	-24.63
9	Major and Medium Irrigation	BE	9.45	3.26	3.28	20.26	13.20	-
		Actual	23.67	14.70	7.04	12.11	15.81	30.55
10	Medical and Public Health	BE	7.33	5.99	10.34	9.79	23.21	-
		Actual	8.31	11.00	7.71	11.49	11.82	2.87
11	Tourism	BE	0.60	1.25	1.25	2.00	2.23	-
		Actual	0.83	1.51	3.18	3.94	8.47	114.97
12	Police	BE	1.44	1.52	6.11	6.65	8.09	-
		Actual	1.84	1.26	3.37	4.52	5.89	30.31
13	Forest and Wild Life	BE	2.80	2.26	2.07	2.49	3.48	-
		Actual	3.10	2.46	3.18	3.15	4.30	36.51
14	Public Works	BE	2.05	2.44	2.37	2.44	2.44	-
		Actual	2.04	2.35	1.87	3.06	3.27	6.86
Total		BE	2059.73	2258.12	2009.22	1782.56	2380.44	
		Actual	2268.60	2313.54	1832.90	1661.56	2325.63	39.97

(Source: Finance Accounts of the State and estimates of receipts for the concerned years)

The Non-tax receipts increased from ₹ 1,662 crore in 2013-14 to ₹ 2,326 crore in 2014-15 (39.97 per cent). This was mainly due to increase in revenue under Non-Ferrous mining and metallurgical industries which rose from ₹ 46 crore to ₹ 530 crore and Power from ₹ 1,188 crore to ₹ 1,322 crore over the previous year.

² Includes major minerals – iron ore, manganese and bauxite, minor minerals, basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

³ Urban Development, Roads, Minor Irrigation, Port and Light House and Social Security and Co-operation etc.

2.1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 in respect of some principal heads of revenue as furnished by the Departments amounted to ₹ 1,351.23 crore as indicated in **Table 2.1.4**.

Table 2.1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Name of the Department	Total amount outstanding as on 31 March 2015	Amount outstanding for more than five years	Replies of the Department
1	Commercial Taxes	910.57	303.30	<p>In respect of the arrears relating to Sales tax/Value Added Tax amounting to ₹ 910.57 crore, the Department intimated that 1,268 cases involving ₹ 35.05 crore are pending in Revenue Recovery Court (RRC).</p> <p>In respect of the remaining amount, the Department stated that the visits were made constantly by the officers of the Department. Besides, issuing reminders, the dealers were being persuaded to pay the dues.</p>
2	Chief Electrical Engineer, Electricity Department	310.88	93.06	<p>In respect of the energy charges amounting to ₹ 310.88 crore, the Department intimated that 8,757 cases involving ₹ 12.66 crore are pending with the RRC as on 31 March 2015.</p> <p>It was further stated that following efforts were being made to recover the outstanding dues other than those mentioned above.</p> <ol style="list-style-type: none"> 1. Director of Accounts was requested to pay the arrears amount through Book Adjustment and various Government departments were issued notices to clear the outstanding dues. 2. Dispute cases were being addressed to Dispute Redressal Committee for settling the disputed bills. 3. Notices were being issued to the customers for payment of outstanding dues and wherever arrears are not cleared the installations are placed under temporary disconnection.
3	Chief Engineer, Public works Department. (Arrears of rent ₹ 53.78 lakh and arrears of water charges ₹ 51.91 crore)	52.44	9.32	<p>In respect of cases relating to arrears of rent amounting to ₹ 53.78 lakh the Department stated that no case is pending with the RRC. However in all cases demand notices are being sent to the consumers.</p> <p>In respect of water charges, meter rent and sewage charges amounting to ₹ 51.91 crore, the Department stated that cases involving ₹ 11.78 crore are pending in RRC as on 31 March 2015. In remaining cases demand notices have been served to the defaulters/consumers and disconnection of water connections wherever necessary is in progress.</p>
4	Chief Engineer, Water Resources Department	51.06	35.31	<p>In respect of water tax charges involving ₹ 4.76 crore pending against the cultivators, the Department stated that no cases are pending in RRC as on 31 March 2015. Notices are served to the defaulters and</p>

	(Water tax ₹ 4.76 crore, water charges ₹ 42.95 crore, hire charges ₹ 0.33 crore and rent from shops and halls ₹ 3.02 crore)			<p>personal instructions are issued to the staff for speedy recovery of the arrears.</p> <p>In respect of the arrears amounting to ₹ 42.95 crore relating to water charges the Department stated that no case is pending with RRC. It further stated that though reminders are being sent to Executive Engineer of concerned divisions to settle the bills, the same is still outstanding.</p> <p>In respect of hire charges of machinery amounting to ₹ 32.74 lakh, the Department stated that no case is pending with RRC as on 31 March 2015. The entire amount has been outstanding for more than five years. It was further stated that though the beneficiaries were asked to pay the principal amount in six monthly instalments as the interest payment was waived by the Government, yet no amount has been recovered.</p> <p>In respect of rent from shops and halls amounting to ₹ 3.02 crore, the Department stated that three cases involving ₹ 1.14 lakh are pending with RRC. It further stated that notices have been served to the defaulters for effecting the payment.</p>
5	Directorate of Transport	18.15	1.51	<p>In respect of motor vehicle tax involving ₹ 18.15 crore, the Department stated that 345 cases involving ₹ 82.46 lakh are pending in RRC as on 31 March 2015.</p> <p>It further stated that notices were being served to the registered vehicle owners by the respective Assistant Director of Transport for payment of their dues. The executive staff were also deputed for recovery of arrears.</p>
6	Others	8.13 ⁴	1.04	<p>The Director General Police stated that two cases involving ₹ 5.16 lakh are pending in RRC. The Tourism Department stated that seven cases involving ₹ 0.42 lakh are pending in RRC. The concerned departments stated that necessary steps were being taken by them for recovery of arrears.</p>
Total		1351.23	443.54	

(Source: Information furnished by concerned departments)

It would be seen from the above that 32.16 per cent of the arrears have been pending for more than five years. Since with the passage of time, the chances of recovery become bleak, it is recommended that the Government may instruct the concerned departments to make extra efforts for settlement of the arrears.

2.1.5 Pendency of Refund Cases

The details of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2014-15 as reported by the Commercial Taxes Department and State Excise is given in **Table 2.1.5**.

⁴ Agriculture ₹ 1.51 crore, Printing and Stationary ₹ 0.58 crore, Tourism ₹ 0.73 crore, Director General of Police (DGP) ₹ 3.37 crore, River Navigation Department ₹ 0.06 crore, State Excise ₹ 1.18 crore

Table 2.1.5: Details of pending refund cases

Sl. No.	Particulars	Sales tax/VAT		State excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in lakh)
1	Claims outstanding at the beginning of the year	132	54.23	-	-
2	Claims received during the year	412	23.98	4	0.82
3	Claims rejected	1	0.01	-	-
4	Refunds made during the year	373	6.78	4	0.82
5	Balance outstanding at the end of the year	170	71.42	-	-

It could be seen from the above table that 170 cases of refunds in Commercial Tax Department involving ₹ 71.42 crore was outstanding as on 31 March 2015. Out of 412 claims received during the year, 374 cases (including outstanding claims of previous years) involving ₹ 6.79 crore were settled during the year. In case of State Excise Department no claims were pending for refund at the end of the year.

Section 33 (2) of Goa Value Added Tax Act, 2005 provide for payment of interest, at the rate of eight *per cent* per annum, if the excess amount is not refunded to the dealer within 90 days from the date of order till the refund is made. The progress to dispose of the refund cases of Sales Tax/VAT was very slow as compared to claims received.

2.1.6 Response of the Government/Departments towards Audit

Inspection reports issued up to December 2014 disclosed that 479 observations involving ₹ 242.98 crore relating to 130 IRs remained outstanding at the end of June 2015 as mentioned below along with the corresponding figures for the preceding two years in **Table 2.1.6**.

Table 2.1.6: Details of pending inspection Reports

	June 2013	June 2014	June 2015
Number of IRs pending for settlement	102	126	130
Number of outstanding audit observation	289	460	479
Amount of revenue involved (₹ in crore)	90.25	70.40	242.98

2.1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in the **Table 2.1.7**.

Table 2.1.7: Details of pending inspection reports

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	Finance	Sales tax/VAT	26	129	124.01
		Entry tax	21	68	55.62
		Luxury tax	14	83	3.21
		Entertainment tax	12	27	8.52
2	Excise	State excise	5	8	0.07
3	Revenue	Land revenue	13	41	0.70
4	Transport	Taxes on motor vehicles	19	72	48.78
5	Stamps and Registration	Stamp duty and registration fee	20	51	2.07
6	Mines and Geology	Non-ferrous mining and metallurgical industries	-	-	-
Total			130	479	242.98

The increase in pendency of the IRs indicated that the heads of offices and the Departments did not initiate action to rectify the defects, omission and irregularities pointed out by the AG in the IRs. Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs in respect of 11 IRs issued upto December 2014.

2.1.7 Response of the Departments to the draft audit paragraphs

Nine draft paragraphs and one Performance Audit were sent to the Secretaries of the respective Departments by name between May to November 2015. Replies to these draft paragraphs have not been received from the Government despite repeated reminders (January 2016).

2.1.8 Analysis of the mechanism for dealing with the issues raised by Audit in State Registrar-cum-Head of Notary Services

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years, the 'State Registrar-cum-Head of Notary Services' was selected, evaluated and included in this Audit Report.

The succeeding paragraphs 2.1.9 and 2.1.10 discuss the performance of the State Registrar cum Head of Notary Services Department under revenue head 0030 and cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for the years 2004-05 to 2013-14.

2.1.9 Position of Inspection Reports

The summarised position of the inspection reports pertaining to State Registrar cum Head of Notary Services Department issued during the last five years, paragraphs included in these reports and their status as on 31 March 2015 are tabulated below in **Table 2.1.8**.

Table 2.1.8: Details of IRs issued to State Registrar cum Notary Services

(money value-₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2010-11	14	27	7.53	6	24	0.51	4	8	0.48	16	43	7.56
2	2011-12	16	43	7.56	4	17	1.73	3	12	6.83	17	48	2.46
3	2012-13	17	48	2.45	6	36	0.45	1	15	0.16	22	69	2.74
4	2013-14	22	69	2.75	1	2	0.04	-	3	0.09	23	68	2.70
5	2014-15	23	68	2.70	-	-	-	-	-	-	23	68	2.70

The Government arranges Audit Committee meetings between the Department and AG's office to settle the old paragraphs. One audit committee meeting was held during the year. The Department has settled 38 observations involving ₹ 7.56 crore during 2014-15.

2.1.10 Recovery of accepted cases of Audit Report

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in *Table 2.1.9*.

Table 2.1.9: Details of recovery on accepted cases of Audit Reports

(₹ in lakh)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position recovery of accepted cases as of 31.03.2015
2004-05 to 2008-09	Nil	Nil	Nil	Nil	Nil
2009-10	02	34.02	34.02	2.69	31.33
2010-11	01	17.81	Nil	Nil	31.33
2011-12	Nil	Nil	Nil	Nil	31.33
2012-13	06 ⁵	625.89	51.28	Nil	82.61
2013-14	Nil	Nil	Nil	Nil	82.61

The above table indicated that out of eight accepted cases involving ₹ 82.61 lakh, the Department could recover only ₹ 2.69 lakh. The recovery of accepted cases was to be pursued as arrears recoverable from the parties concerned by the Department/Government. This was not done. The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases as with the passage of time the chances of recovery become remote.

2.1.11 Action taken on the recommendations accepted by the Departments/Government

During the last five years five performance audits were conducted in which 26 recommendations were made by audit for improving the system of collection of the revenue. However, a Report on Action Taken on these recommendations has not been received from the Government. None of the PAs have been discussed by the PAC (December 2015).

2.1.12 Audit Planning

The unit offices under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in government revenues and tax administration *i.e.* budget speech, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2014-15, all the 25 units planned for audit were audited.

2.1.13 Result of Audit

Test check of the records of 25 units of Sales Tax/Value Added Tax, State excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other Departmental offices conducted during the year 2014-15 showed under

⁵ Paragraph pertaining to PA on Levy and Collection of Stamp Duty and Registration fee

assessment/short levy/loss of revenue aggregating ₹ 75.12 crore in 195 cases. During the course of the year, the departments concerned recovered under assessment and other deficiencies of ₹ 0.72 crore involved in 30 cases.

2.1.14 Coverage of this Report

This Chapter contains a Performance Audit on “Management of *Alvara* Lands”, and nine paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years, which could not be included in earlier reports).

REVENUE DEPARTMENT

2.2 PERFORMANCE AUDIT ON MANAGEMENT OF *ALVARA* LANDS

Executive Summary

The Colonial (Portuguese) Government had passed a decree (No.3602) in 1917 under which land could be leased to persons mainly for agriculture. The decree was repealed with the enactment of the Goa Land Revenue Code, 1968 but without affecting anything done under the decree. In 2007 the land revenue code was amended to provide for regularisation of the leases as class-II grants. The Audit test checked the records relating to such lands with an objective to ascertain its management. Following are the highlights of the audit findings.

- In 104 out of 300 Record of Rights (RORs) of lease lands, the name of private persons was incorrectly shown instead of Government of Goa.

(Paragraph 2.2.6.3)

- Audit noticed irregular sale of 11 of lease held lands involving total area of 88.12 hectare.

(Paragraph 2.2.6.4)

- Audit noticed that the Government did not update RORs of 15 reverted lands involving 125.26 hectare.

(Paragraph 2.2.6.5 (i))

- In five cases of lease-held lands involving 43.62 hectare reverted to Government were found to have been sold to third parties.

(Paragraph 2.2.6.5 (iii))

- Class-I occupancy rights to the grantees for lease held lands were given at low premium. During the period 2008 to 2011 seven lease held lands were regularised and then reclassified as Class I occupancy under the Goa Land Revenue Code at a premium based on the market rates of year 1971.

(Paragraph 2.2.6.6)

2.2.1 Introduction

The Colonial (Portuguese) Government had promulgated Decree No. 3602 dated 24 November 1917, for allotment of lands on lease mainly for agricultural purposes called in the Decree as ‘Alvara’ and ‘Title deeds’. The lease agreement provided for cancellation of the lease for non-compliance of the conditions such as the land being kept fallow without cultivation, non-payment of the land rent called ‘foro’ fixed in each case, etc. Though the Decree was repealed by the Land Revenue Code, 1968 on 01 March 1971, the code provided that the repeal was not to affect anything done or any action taken, including leases granted under the Decree No. 3602 of 1917.

As per Section 20 of the Land Revenue Code, 1968, the land granted shall be held by the grantees as (i) Occupants - Class-I (ii) Occupants - Class-II and (iii) Government lessees.

Occupants – Class-I, are persons who shall be entitled to hold land in perpetuity and without any restrictions on the right to transfer;

Occupants- Class-II, are persons who shall be entitled to hold land in perpetuity, but subject to such restrictions on the right to transfer;

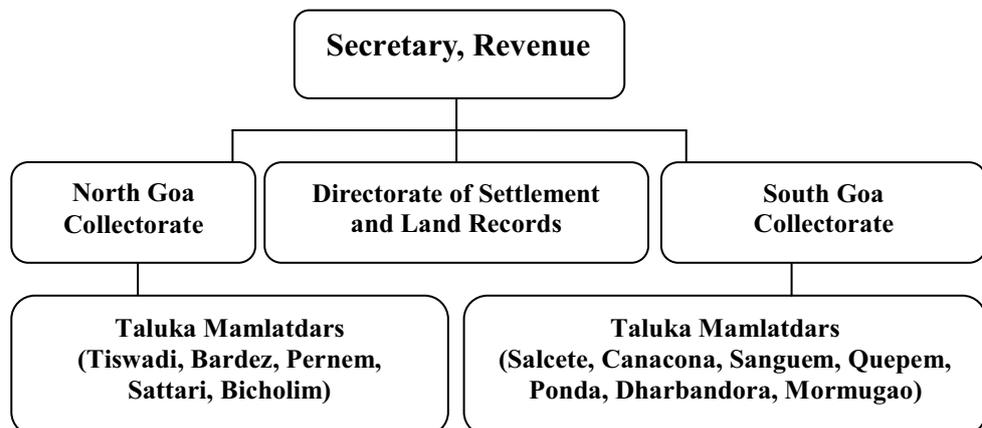
Government lessees are persons who are entitled to hold the land for a fixed period under a lease from Government.

Thereafter “The Goa Land Revenue (Modification and Regularisation of Grants under Decree No. 3602 dated 24.11.1917) Act, 2007”, was enacted which came into force on 25 April 2007. Under the Act all grants under the Decree No. 3602 from 01 March 1971, were deemed to be Class-II occupancy grants under the Goa Land Revenue (GLR) Code, 1968. Section 38 of the GLR Code was amended to empower the Collector to regularise such cases.

2.2.2 Organisational Setup

Land Administration vests with the Revenue Department headed by the Secretary, Revenue (Chief Secretary, Goa holds charge of the Revenue Department), the District Collectors of North and South Goa districts, 12 Taluka Mamlatdars assisted by Village Talathis and the Directorate of Settlement and Land Records (DSLRL).

Organogram



2.2.3 Scope and Audit Objectives

The performance audit was conducted with a view to ascertain whether:

- the records were properly maintained and were reliable ;
- the ownership right of the Government on leased lands was safeguarded; and
- the collection of revenue realised on reclassification of land was safeguarded.

In order to achieve the above objectives the performance audit was conducted in the Revenue Department. This also included the test check of records of two Collectorates, Directorate of Settlement and Land Records (DSLRL), and 12 Mamlatdars for lands granted under Decree No. 3602 of 1917.

2.2.4 Audit criteria

The provisions of the Acts and Rules with regard to:-

- (i) Goa Land Revenue Code, 1968 with amendments and rules made there under;
- (ii) Decree No. 3602 dated 24.11.1917; and
- (iii) The Goa Land Revenue (Modification and Regularisation of Grants under Decree No. 3602 dated 24.11.1917) Act, 2007 and rules and amendments made there under.

2.2.5 Audit methodology

The audit commenced with an entry conference held on 27 August 2015 with the Chief Secretary of Goa, Collectors of both districts and the DSLR. Audit observations were communicated to the Government on 11 December 2015. An exit conference to discuss the Audit findings was held on 22 January 2016 with the Chief Secretary of Goa wherein the findings of the audit were discussed. The replies received during the exit conference and at other points of time have been appropriately incorporated in respective paragraphs.

The lease records available with the Department were not linked with the current record of rights (RORs). However, with the assistance of DSLR, we matched 420⁶ cases on the basis of comparison of old planta (pictorial survey plan prepared during the Portuguese period for each parcel of *Alvara* land) and new survey plans. Thereafter the related land records were examined according to the audit objectives.

⁶ 420 *Alvara* cases also includes 120 reverted *Alvara* lands

2.2.6 Audit findings

2.2.6.1 Need to integrate the current RORs with the records of Alvara lands

The records relating to grant of lease deeds under Decree No. 3602 of 1917 hereinafter called as *Alvara* lands⁷, are maintained by the DSLR. These records are in the shape of scanned soft copies containing planta for each *Alvara* and Title deeds. A software called “Dharani” is maintained by the Department and is available online for the whole State. The software contains taluka name, village name, survey number, area, name of the occupant, name of tenant and other right holders, on the basis of which RORs are issued.

During the process of creation of RORs and the survey plans there under during 1968-81, the details of *Alvara* lands should have been recorded in all the relevant RORs linking them to lease deed records. We noticed that the records of *Alvara* lands were not linked with the RORs issued. The survey number of the parcel of the land was neither recorded on the *Alvara* lease deeds nor could it be traced in the software by means of ROR.

Under the circumstances, the DSLR informed that linking of these lease records with survey number in RORs would have to be done by physical comparison of the planta with the new survey plans. Since the State has chosen to confer only class-II occupancy on lease holders by the Amendment Act, 2007, absence of indication of the status of the occupant in RORs coupled with the absence of a ready database linking the lease records to the new RORs creates difficulty in smooth management of the leased lands today.

As per information furnished by the DSLR there are 7,871 *Alvara* cases involving land admeasuring 16,617 hectares. Taluka wise details of land granted under Decree No. 3602 are given in following **Table 2.2.1**:

Table 2.2.1: Details of *Alvara* land granted under decree No. 3602

Taluka	No. of leases	Total area involved (Hectares)
Sattari	3080	7107.141
Tiswadi	582	164.815
Pernem	742	2541.427
Bicholim	55	10.108
Ponda	70	82.089
Sanguem	1383	6148.690
Salcete	1387	374.494
Quepem	51	20.4262
Canacona	169	91.563
Mormugao	259	50.826
Bardez	93 ⁸	25.258
Total	7871	16616.837

(Source: information furnished by DSLR)

⁷ *Alvara* lands are mentioned for convenience henceforth, however it also cover Title deeds granted under decree No. 3602

⁸ Information furnished by DSLR includes 83 cases (North Goa) in which the area involved is not known

However, these *Alvara* lands have not been linked with the software. As such the name of the grantee *vis-a-vis* the parcel of land was not readily traceable. It is recommended that these deeds may be linked with the Dharani software by means of survey numbers as it would help the Department to manage the *Alvara* lands efficiently and issue correct RORs accordingly when required.

2.2.6.2 Maintenance of records by Mamlatdar and non-sharing of information between Mamlatdar and DSLR

As per Section 95(3) of the Goa, Daman and Diu Land Revenue Code, 1968, read with section 96, the Mamlatdars of concerned Talukas shall be responsible for maintenance of the RORs. While for Panaji, Mapusa, Vasco and Margao cities the City Surveyors are responsible for the same.

Audit cross checked the taluka-wise information of *Alvara* lands obtained from 12 Talukas with the information furnished by the DSLR. We observed that the information furnished by the Mamlatdars varied from the information furnished by the DSLR, indicating lack of sharing of the information between the DSLR and the Mamlatdars as described below:

- Mamlatdar, Bicholim reported 63 cases of *Alvara* lands and Mamlatdar, Canacona reported 31 cases of *Alvara* lands. However, as per information furnished by DSLR there are 55 cases for Bicholim and 169 cases for Canacona Taluka.
- Six Mamlatdars (Pernem, Sattari, Salcete, Tiswadi, Sanguem and Dharbandora) stated that they have not maintained records of *Alvara* lands though as per information furnished by DSLR there are 7,174 cases of *Alvara* lands in these six talukas.
- Four Mamlatdars (Ponda, Mormugao, Bardez and Quepem) stated that they do not have any *Alvara* lands. However, as per information furnished by DSLR there are 473 *Alvara* lands in these talukas.

Though Mamlatdars were responsible for issuing certified RORs and the mutation of lands, they had not made any efforts to reconcile the *Alvara* lands in their custody, with that of DSLR. Thus, there is a need for sharing the information between the Mamlatdars and the DSLR.

2.2.6.3 Classification of leased land as private land

Section 95 of the Land Revenue Code, 1968 provides for maintenance of RORs. ROR is a statement in Form I and XIV containing the details like taluka name, village name, survey number, area, name of occupant, name of tenant and other rights holder.

In the absence of a ready database, we requested DSLR to link RORs with the lease held lands under the Decree 3602 of 1917 by matching with the survey maps, village maps, area of land, name of lease holder *etc.* With

DSLRL's assistance we matched⁹ 300 cases. Out of these cases, we have shortlisted 104 cases for detailed scrutiny. Of these 104 cases involving a total area of 952.96 hectare of *Alvara* lands, the name of the occupant column was filled with the name of the lease holder/private persons instead of Government of Goa. Their name should have been entered in the column "Other rights". Inclusion of individual lease holders' name in the "name of occupant" column can allow *Alvara* land holder to transfer these lands to third parties and thus the safety of the Government lands cannot be ensured.

It is recommended that the Government may instruct the Department to ensure that the title of the Government, on the *Alvara* land is recorded uniformly on the RORs in the column meant for name of occupant. The name of the leaseholder may be shown in the column "Other rights" and a uniform format may be followed for the whole State.

We found in a number of cases, *Alvara* lands were sold without any authority of the Government. A few instances noticed are mentioned in the following paragraphs.

2.2.6.4 Sale of lease held lands

As per section 4 of the Goa Land Revenue (Modification and Regularisation of Grants under Decree No.3602 dated 24-11-1917) Act, 2007 published on 25 April 2007, all lands granted under decree No.3602 were classified as class-II occupancy lands. It was stipulated that the grantee of these lands shall not mortgage, sell, assign or otherwise transfer the land or any portion thereof except with the prior sanction of the Collector. Prior to promulgation of the Act as per section 255 of decree No.3602 the rights inherent in any of these title-deeds of assignment could be transferred by endorsement with the authorisation of the Governor General. The *Alvara* lands were primarily granted for agricultural purposes and could not be diverted for any other purpose without the authority of the Government.

We found that out of the 104 cases of *Alvara* lands selected for audit check, in 11 cases involving 88.12 hectare, lands were sold without the permission of the Government. The details of these sales are shown in following **Table 2.2.2**.

⁹ Since survey numbers were not available on the deeds, the matching was done with help of DSLRL on the basis of comparison of the planta with the village map. Only those lands were taken where the planta matched perfectly with the village map

Table 2.2.2: Details of *Alvara* lands sold without Government permission

Sl. No	Taluka	Village	Lease No.	Name of lease holder	Survey No.	Year of Commencement of Sale	Area Sold (m ²)
1	Salcete	Talvorda	T-1810	Srinivasa Pai Anglo	137/1 and 138/0 and 140/1-A	2007	197507
2	Salcete	Talvorda	T-959	Custodio Morais	5/1 to 47	2001	31250
3	Dharbandora	Codli	A-219	Francisco Antao	158/1 and 19/1	2010	54092
4	Dharbandora	Codli	T-437	Maria Ritinha Paciecica Dias	53/1	1999	232100
5	Dharbandora	Cormonem	T-135	Damadora Tilu Xete	8/1	2005	46625
6	Dharbandora	Sigao	T-2016	Caxibai Morascarina	112/1 part	1997	46326
7	Sattari	Sonus - Vonvoliem	T-837	Narayan Parshiram Prabhu	18/1	1983	131700
8	Sattari	Compordem	T-888	Babi Bhiva Sawant	39/4	1971	28900
9	Sattari	Valpoi	A-1540	Mariambi Adam Aga	47/2	1974	2540
10	Sanguem	Muguli	T-1193	Vamona Sadassiva Sinai Sanvordencar	7/3	2013	27183
11	Sattari	Buimpal	T-1418	Mohammad Khan Sultan	16/1	2008	83000
Total							881223

An analysis of the above table shows the following:

- Audit checked the ROR of the deeds and found that in six cases of the *Alvara* lands, at Serial No.1,2,3,5,6 and 10 the name of private persons was mentioned as occupant and not that of the Government, which could have prevented mutation. In all these cases the *Alvara* land was partitioned and sold as plots. In one case, a complaint was received on the sale of *Alvara* land (at Sl. No. 10). During enquiry the Mamlatdar stated that he had allowed mutation because the RORs did not indicate that the land was held on lease. Thus there is a need for correcting RORs for lands given under leases during colonial period to prevent its misuse.
- In RORs of four cases, at Serial No.4, 8, 9 and 11 the names of private persons were mentioned in the column for “Name of occupant” but in the column “Other rights” the name was mentioned as *Alvara* lands indicating therein the lands were Government land. However, the Mamlatdar incorrectly mutated the records in favour of the buyers.
- In one case, at Serial No.7, we noticed that sale deed was executed (1983) in respect of an *Alvara* land. The ROR of this land indicates the name of the Government of Goa as occupant and the name of the private persons who sold the property in “Other rights”. Despite this, the land was sold to private party and sale deed registered.

Thus, in view of the above paragraph it could be seen that there is a need to identify all lands granted on lease under Decree No.3602 of 1917 and create database of the records linking lease records with current RORs and survey maps.

The RORs wherever necessary need to be modified to indicate Government ownership of these lands and revenue authorities need to be sensitised, not to allow mutation of such lands or allow registry of such sales.

2.2.6.5 Reverted Lands

(i) Maintenance of records of Reverted lands by the Mamlatdars

Articles 36 and 76 of the Decree 3602 of 1917 provided for reversion of the lease held land to the Government under various circumstances, such as the assignee’s death without having a legal heir, non-payment of rent, leaving the land abandoned or fallow etc. The District Collector is empowered to get *Alvara* lands reverted by issue of an order, the copy of which is forwarded to various offices including concerned Mamlatdars.

Audit test checked 120 cases of reverted *Alvara* lands and found the following discrepancies.

- We noticed that in Pernem Taluka four cases involving 21.44 hectare in Tuem village were reverted in September 1969 on the ground of non-cultivation by the Collector, North Goa. However the name of the *Alvara* leaseholders was not deleted from RORs. The land records were mutated in favour of Government only in January 2015 after being pointed out by IT Director to DSLR.
- We observed that in 15 cases involving 125.26 hectare in three Talukas which were reverted during the period from August 1937 to June 1976, the names appearing in the “name of occupant” column continues to be in the name of private parties instead of Government of Goa even today. Though the Mamlatdars were responsible for updation of ROR, it was not done.

Since all the rights of grantees ceased to exist on reversion of the leased lands, it is recommended that once the leased land is reverted, the RORs may be updated and the name of the grantee should be deleted.

(ii) Status of reverted lease lands

We observed that the Deputy Collector (Revenue), North Goa had furnished a list of 334 cases of reverted land in October 1994. However DSLR on November 2015 stated that there were only 204 cases involving 1,311.74 hectare land pertaining to grants which were reverted as mentioned in the following **Table 2.2.3**.

Table 2.2.3: Details of reverted lease lands

Taluka	No. of cases	Total area reverted (Hectare)
Sattari	115	591.97
Pernem	38	158.04
Sanguem	50	559.24
Canacona	1	2.49
Total	204	1311.74

(Source: Furnished by DSLR)

Thus, there was a variation in the number of cases of reverted *Alvara* lands.

After this was pointed out by audit (December 2015), the DSLR furnished (January 2016) another list of reverted cases indicating the number of cases as 322 involving 1,267.04 hectares. Though the list has been modified still there is a variation of 12 cases. The Department may consider reconciling figures at regular intervals of time so that the records are updated timely.

(iii) Sale of reverted *Alvara* land

Audit noticed that the records relating to the reverted *Alvara* lands were not being maintained by the Mamlatdars, consequently the RORs of reverted *Alvara* lands were not updated. We observed that *Alvara* land in five cases involving an area of 43.62 hectare which were reverted during the period March 1973 to February 1981 were sold between 1992 to 2011. The details are as shown in following **Table 2.2.4**:

Table 2.2.4: Details of sale of reverted *Alvara* lands

Sl. No.	Taluka	Village	Grant Ref. No.	Name of lease holder	Survey No.	Date of reversion	Year of commencement of Sale	Area sold (m ²)
1	Dharbandora	Sangod	T-1973	Ramabai Sripada Sinai Sancordencar	33/1	07.02.1977	1993	189339
2	Dharbandora	Sigao	T-2016	Caxibai Morascarina	112/1 (part)	23.08.1975	1997	51315
3	Sanguem	Dudal	A-1261	Mogrem ChanfemChedun	45/0	28.03.1973	1992	39225
4	Sanguem	Muguli	T-1193	Vamona Sadassiva Sinai Sanvordencar	38/0	20.08.1974	1993	128294
5	Pernem	Mandrem	A-673	Vasudev Balaji Dessai	201/0	27.01.1981	2011	28117
Total								436290

Analysis of the cases is mentioned as under:

- In one case at serial No.1, the ROR as on September 2015 indicated that the reverted *Alvara* land bearing survey number 33/1 was in the possession of 40 persons including the original grantee.
- In another case at serial No.2, bearing survey number 112/1 the reverted *Alvara* land was in the possession of 16 persons and the name of the original grantee was not mentioned in ROR.
- In another case at serial No.4, bearing survey number 38/0 the reverted *Alvara* land was in possession of two persons and the name of the original grantee was not mentioned in ROR.

As these lands were reverted to Government, the ownership and occupancy rights as per section 25 of GLR Code vested with the Government. The possession of this reverted *Alvara* land should have been taken by the Government and steps for preventing their unauthorised sale should have been taken.

It is recommended that the Government may update their RORs and strengthen their monitoring mechanism to ensure that reverted *Alvara* lands are not sold.

2.2.6.6 Granting Class-I occupancy rights to the grantees for lease held lands at low premium

As per Section 201 of the Goa Land Revenue Code, 1968 which came into force on 01 March 1971, the Decree 3602 of 1917 was repealed. However, as provided under the Act, the repeal was not to affect anything done or any action taken, including leases granted. The Government enacted “The Goa Land Revenue (Modification and Regularisation of Grants under Decree No. 3602 dated 24.11.1917) Act, 2007” (Act), which came into force on 25 April 2007.

Under the Act, all grants under the Decree 3602 of 1917, shall on and from 01 March 1971, be deemed to be class-II occupancy grants under the Goa Land Revenue (GLR) Code, 1968 and the provisions of the GLR Code, 1968 shall apply to such grants. The Act also amended the provisions of the GLR Code for regularisation of the grants as class-II occupancy on payment of market value prevailing on the appointed day (01 March 1971). Under the provisions of Section 38 of the GLR Code the Collector may regularise such cases and enter the name of the concerned persons in the land records.

The office of Collector, North Goa intimated that in six cases, class-II occupancy was re-classified as class-I occupancy. This consisted of five cases of Pernem taluka and one case of Tiswadi taluka. Scrutiny of records maintained by Mamlatdar of Pernem taluka revealed that in addition to the five cases, in one more case class-I occupancy was granted. This indicates that there is a need to reconcile and update information in this regard.

Further, we observed that the District Collector, North Goa regularised 1,94,484 lakh m² area held by six lease holders at Mandrem village in Pernem Taluka and 971 m² area in Panaji City in Tiswadi Taluka by collecting five times the market value prevailing in March 1971 (₹ 3 per m² at Mandrem and ₹ 159 per m² at Panaji). These lands were further re-classified as Class-I occupancy during August 2008 to November 2011 under the provisions of Section 24 (4) of GLR Code which empowers District Collector to re-classify the occupancy to Class-I on payment of a premium fixed under the provisions of the Rules made under the Code.

While the minimum prescribed rate by the Government of Goa of the land prevailing on the date of re-classification of these lands were ₹ 400 in Mandrem village and ₹ 25,000 in Panaji City the premium fixed by the Collector for re-classification of the above lands to Class I were only five times of the value of land prevailing in March 1971 (₹ 15 per m² at Mandrem and ₹ 795 per m² at Panaji). Thus the premium charged for grant of full rights to the land bore no relation to the prevailing current value of the land.

Within four months of re-classification all the seven lands were sold by the lease holders for a total value of ₹ 13.53 crore. The details of the transactions are given in the following **Table 2.2.5**.

Table 2.2.5: Details of sale of *Alvara* lands after re-classification

Sl. No.	Grant No.	Taluka/Village	Survey No.	Total Area involved (m ²)	Date of re-classification as class I	Date of actual sale	Amount remitted on reclassification as class-I (₹ in lakh)	Total sale value (₹ in crore)
1	786	Panaji city	Chalta No. 41 of PTS 76, Panaji city.	971	07.09.2010	18.11.2010	7.72	8.62
2	673	Pernem, Mandrem	201/0	28117	29.08.2011	12.09.2011	4.22	0.65
3	649	Pernem, Mandrem	217/0	20678	12.09.2011	20.09.2011	3.10	0.86
4	670	Pernem, Mandrem	218/0	33852	16.09.2011	03.10.2011	5.08	0.57
5	676, lote No-31	Pernem, Mandrem	209/0	28753	26.08.2011	07.10.2011	4.31	0.58
6	12084	Pernem, Mandrem	219/0	30596	21.11.2011	28.11.2011	4.59	1.07
7	638	Pernem, Mandrem	204/0	52488	07.08.2008	15.12.2008	7.87	1.18
Total				195455			36.89	13.53

It was found that:-

- in one case at serial No.2 Mandrem village, bearing survey number 201/0 admeasuring 28,117 m² was earlier reverted to Government on 27 January 1981. On reversion the title of the land belonged to Government alone and its subsequent regularisation and re-classification (August 2011) to Class I status was irregular;
- the entire land in six cases at serial numbers 2 to 7 situated at Mandrem village was sold to M/s Mandrem Hotels Pvt. Ltd. for a total value of ₹ 8.45 crore during September 2011 to November 2011. Of these in one case at serial number 7 situated at Mandrem village was sold to M/s Mahaseer Hotel and Resort Pvt. Ltd. in December 2008 for ₹ 1.18 crore which was further sold to M/s Mandrem Hotels Pvt. Ltd. for ₹ 4.72 crore in January 2013; and
- the land in Panaji city at serial number 1 was sold to M/s. Gomantak Estates and Projects Pvt. Ltd. for ₹ 8.62 crore in November 2010.

The land is a premium asset, the value of which almost always shows increasing trend due to which it has an impact on economy of the State. Due to this, the State Government has an important role to play in the land management to ensure safe custody of the land for future use. It is recommended that levying premium at the market rates prevailing on the date of reclassification as class-I land, if granted may be considered.

2.2.7 Conclusion and recommendations

According to records made available by DSLR, government owned land admeasuring 16,617 Hectare had been leased to private persons under Decree 3602 of 1917. Records of the lease-held lands have not been integrated with the RORs created after liberation of the State from Portuguese rule. The RORs do not depict the ownership rights of the

Government and occupational rights of the leaseholders clearly. This has been exploited in some cases to sell lands held on lease and the buyers have got mutations done in their favour. In some cases the leased lands/parts thereof have been reverted. However, a comprehensive database incorporating all such cases with present RORs and survey numbers has not been prepared. Instances have been noticed where the RORs still indicate private parties as occupants despite reversion. This has enabled private persons to sell reverted government lands. The premium charged for granting class-I occupancy did not bear any relation with the market value of the land.

Therefore it is recommended that;

- *all leased lands granted under Decree No.3602 of 1917 may be identified and a database created linking lease records with current RORs and survey maps,*
- *the RORs need to be modified to indicate Government ownership of these lands and revenue authorities need to be sensitised not to allow mutation of such lands,*
- *the Department may be advised for taking action for identifying reverted lands and updating all related records and*
- *the premium at the market rate may be considered for granting class-I occupancy.*

In the exit conference Chief Secretary to the Government of Goa accepted the fact that a database linking leased lands to current RORs was needed and appropriate action would be taken on this aspect and on the findings and recommendations mentioned above.

The matter has been reported (December 2015) to Government and their reply is awaited (January 2016).

DEPARTMENT OF MINES AND GEOLOGY

2.3 Short recoveries of mining revenue

The mining belt of Goa covers an area of 700 sq. km. approximately and is mostly concentrated in four talukas¹⁰. The major minerals found are iron, manganese and bauxite/aluminum. The minor minerals mined include laterite stones, basalt stones, laterite rubbles, ordinary earth, sand *etc.* The grant of lease for mining of major minerals is governed by Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act)¹¹ enacted by the Parliament and Mineral Concession Rules, 1960 (MCR) framed thereunder. Under the MMDR Act, State Government is empowered to make rules to regulate the grant of mining leases in respect of minor minerals. Accordingly, the Goa Minor Minerals Concession Rules (GMMCR) 1985 was framed. The Secretary (Mines) is the administrative head of the Department. The Director of Mines and Geology (DMG) looks after the works of mineral administration of major and minor minerals

¹⁰ Bicholim, Quepem, Sanguem and Sattari

¹¹ Amended by MMDR Amendment Act, 2015

which involves grant, renewal of reconnaissance permits, prospecting licenses and mining leases and is assisted by three Assistant Directors.

2.3.1 Scope of Audit

Audit test checked the records of Director of Mines and Geology for the period 2009-10, with a view to ascertain the correctness of the levy and collection of royalty, interest, penalty and collection of stamp duty for renewal of mining licenses.

We observed short levy and short recovery of royalty, interest, penalty totaling ₹ 17.73 crore and short levy of stamp duty and registration fee ₹ 4.73 crore as detailed in the following paragraphs.

2.3.2 Short recovery of royalty

Section 9(2) of MMDR Act, 1957 stipulates that the holder of a mining lease shall pay royalty in respect of iron ore removed or consumed from the lease area at the rate of 10 *per cent* of sale price. State wise sale price published by Indian Bureau of Mines (IBM) shall be the basis for levy of royalty. Further during the period from 13 August 2009 to 09 December 2009, 20 *per cent* over and above the value published by IBM had to be taken as sale price of the mineral. With effect from 10 December 2009 IBM sale price only was to be adopted.

Audit test checked records of 15 leases for the year 2009-10. Out of these, 13 lessees paid the royalty correctly while in respect of two leases, sale price for computation of royalty for Iron Ore Fines and Lumps for the respective month of production as notified by the IBM was not taken by the lessee while levying the royalty. Royalty of ₹ 5.90 crore was to be recovered for the 4.19 lakh MT of iron ore extracted by them during 2009-10. However, the DMG recovered only ₹ 4.47 crore leading to a short recovery of ₹ 1.43 crore as detailed in the following *Table 2.3.1*.

Table 2.3.1: Details of short recovery of royalty

(₹ in crore)

T.C. No.	Name of Lessee	Quantity (MT)	Royalty recovered	Royalty to be recovered	Short recovery of royalty
45/52	Sociedade De Formento Pvt. Ltd.	286321	2.97	4.18	1.21
02/51	M.S. Talaulicar & Sons	132181	1.50	1.72	0.22
Total		418502	4.47	5.90	1.43

After this was being pointed out the DMG replied (February 2016) that the lessees paid the royalty as per rates declared by IBM at the time of payment of royalty for the particular month which were later adjusted when the rates for the concerned month were declared by IBM in their subsequent payment of royalty.

The reply of the Department was not acceptable as in these two cases the DMG did not produce any records indicating the details regarding adjustment of short recovered royalty.

2.3.3 Short recovery of royalty due to arithmetic error

There was an arithmetic error in calculating the amount of royalty payable by a leaseholder under T.C No: 45/1952 in one Challan. We observed that the rate of royalty mentioned in the Challan No. 2756 dated 09.02.2010 for fines and lumps was ₹ 136 per MT and ₹ 96 per MT respectively. The royalty calculated and paid for 98,827 MT Fines and 42,235 MT Lumps was ₹ 1.49 crore. However, the royalty actually payable works out to ₹ 1.75 crore as per royalty rates notified by IBM for the month of October 2009¹² mentioned in the challan. The failure of the Department to detect the arithmetical inaccuracy resulted in short recovery of ₹ 0.26 crore.

DMG replied (February 2016) that the lessee was asked to pay the difference of ₹ 26.36 lakh.

2.3.4 Non-recovery of interest due to late payment of surface rent/dead rent

Rule 64-A of Mineral Concession rules 1960, stipulates levy of interest at the rate of 24 *per cent* per annum on dues unpaid from the 60th day after the due date fixed for payment of such dues. As per notification dated 10 July 2007 issued by Government of Goa under Rule 27(2)(a) of MCR, 1960, due date of payment of Surface rent/Dead rent was fixed as first of April, following the previous financial year.

We observed delay in 90 cases ranging from two to 16 months in payment of Surface Rent/Dead Rent for the year 2009-10. However, the Department did not levy interest on such delay in payment of dues by leaseholders and consequential non-realisation of interest amounted to ₹ 11.74 lakh.

DMG replied (February 2016) that notices have been issued in respect of 67 mining leases out of 90 leases. The remaining 23 leases have been declared as lapsed with effect from 22 November 2007.

2.3.5 Unauthorised excavations

Section 21(5) of the Mines and Minerals (Development and Regulation) Act, 1957 envisages that whenever, any person raised without any lawful authority, any mineral from any land, the State Government may recover from such person the mineral so raised, or where such mineral has already been disposed off, the price thereof along with royalty.

In test check of records of 15 leases for the year 2009-10, we observed (July 2015) from the challans relating to T.C. No. 55/51 that a leaseholder had excavated 11.49 lakh MT of iron ore in 2009-10. As per Environment Clearance issued by Ministry of Environment and Forest (MoEF) vide letter No. J-11015/85/2008-IA.II (M) dated 12 December 2008, Environment Clearance limit was fixed for excavation of 10 lakh MT of iron ore annually. We also observed that the quantity excavated shown in the returns filed by the leaseholder was 9.95 lakh MT. The Department issued the challans and accepted the royalty for iron ore, which was in

¹² {(98,827MT x ₹ 136/MT) + (42,355MT x ₹ 96/MT)}

excess of limits prescribed in the Environment Clearance limit. The excavation of 1.49 lakh MTs over and above the approved quantity was unauthorised. The sale value of the excess quantity based on the average rate applicable during December 2009 to March 2010¹³ worked out to ₹15.92 crore as detailed in the following *Table 2.3.2*.

Table 2.3.2: Details of over excavated ore and sale value

Challan No.	Date	Month of production	Quantity extracted/ produced in excess of EC limit (in MT)	Monthly rate of iron ore prescribed by IBM (per tonne in ₹)	Total sale value as per IBM rates prescribed (₹ in crore)
2349	23.12.09	Nov 2009	10996 ¹⁴	868	0.95
2781	09.02.10	Jan 2010	46800	1069	5.00
3116	08.03.10	Feb 2010	91000	1095	9.97
Total			148796		15.92

DMG replied (February 2016) that the additional quantities covered by challans were related to the old dump rejects. No specific proof was furnished to establish this contention.

Reply of DMG is not tenable as the limit of 10 Lakh MT was fixed including re-handling of excavated mineral being waste *i.e.* dump vide EC dated 12 December 2008. Further, the additional quantities covered by challans are of grade less than 60 *per cent*¹⁵ lumps and fines, this grade of iron ore is unlikely to be retrieved from dumps.

2.3.6 Absence of mechanism for an independent check over ore grade and quantity of ore declared by the lessee for recovery of royalty

As per MMDR Act, 1957 Royalty on iron ore lumps or fines or concentrates are to be recovered based on iron content. The rates of royalty for the period from 14 October 2004 to 12 August 2009 ranged from ₹ four to ₹ 27 per MT and from 13 August 2009 onwards were on the sale value published by the IBM. The sale value published by IBM varies according to the iron content of the extracted material. As per section 24(1) of MMDR Act, 1957 any person authorised by the State Government may enter and inspect any mine, survey and take measurements, weigh or measure the stocks of minerals lying at any mine.

We observed that assay¹⁶ reports or third party test reports of the samples were neither insisted by the Department nor furnished by the exporter/producer of iron ore. Royalty paid on the quantity and iron content declared by the dealer was not verifiable from the records maintained by the Department. No supporting documents in this regard were available either in royalty challans or in any other documents available with the Department. Thus, in the entire process the quantity and iron content

¹³ The excavation exceeded the limit from December 2009 onwards

¹⁴ Total excavated = 15,930 MT. Within limit = 4,934 MT. Excavated in excess of limit = 10,996 MT

¹⁵ Average sale value for the grade less than 60 *per cent* is fixed on all India basis

¹⁶ Testing of ore to determine its ingredients and quality

declared by the dealers, which is the basis of levy of royalty was not independently verified by the Department.

DMG replied (February 2016) that a proposal for checking grade of ore through independent analytical laboratory was already moved to the State Government.

2.3.7 Short recovery of stamp duty and registration fee due to non-application of revised rates

The DMG renewed¹⁷ 88 leases between 06 November 2014 to 12 January 2015 under section 8(3) of MMDR Act, 1957. As per notification dated 19 July 2013, stamp duty shall be paid in the Government treasury by demand draft or pay order drawn in favour of DMG. Challans are issued by DMG after assessing the stamp duty.

As per notification dated 16 November 2012 issued by the Government of Goa, instrument of grant or renewal of a mining lease shall be chargeable with stamp duty. Stamp duty chargeable shall be equivalent to 15 *per cent* of the amount of royalty that would accrue out of the annual extraction of minerals permitted under environmental clearance issued for such mining lease under the relevant law in force, multiplied by the period of lease. Further, as per explanation given under the section 3A, stamp duty payable shall not exceed the amount in rupees arrived by applying a rate of ten times annual extraction of mineral permitted under the environmental clearance issued for such mining lease under the relevant law in force, multiplied by the period of the lease. Further, as per notification dated 18 December 2014, stamp duty payable was revised from 10 times to 15 times with effect from the date of notification. As per notification dated 14 May 2015, Registration fee at the rate of five *per cent* of stamp duty paid shall be paid for registration of mining leases.

Out of 88 lease deeds that were renewed, only three lease deeds were executed and registered as on July 2015. In these three lease deeds executed and registered we observed that the Directorate worked out the stamp duty erroneously in respect of two¹⁸ mining leases executed during the period from 18 May 2015 to 08 June 2015. The stamp duty collected by DMG was ₹ 9.75 crore instead of ₹ 14.25 crore to be collected. This has resulted in short levy of stamp duty of ₹ 4.50 crore as mentioned in the following **Table 2.3.3**.

¹⁷ The validity of the lease renewals and the process followed for renewal has been challenged before the Hon'ble Supreme Court of India under a Public Interest Litigation (PIL) WP 711 of 2015 and is sub-judice at present (December 2015)

¹⁸ T.C. No. 8/61 and 8/41

Table 2.3.3: Details of short levy of stamp duty

Lease No.	Date of execution of lease deed/ transfer of deed	Period of Lease (in years)	EC limit (in MT)	Stamp Duty collected 10 X EC limit X Period (as per old rate) upto 17.12.14	Stamp Duty to be collected 15 X EC limit X Period (as per revised rate) w.e.f. 18.12.14	Short recovery (₹ in crore)
8/61	07.01.15	20	25000	0.50	0.75	0.25
8/41	07.01.15	15	600000	9.25	13.50	4.25
Total				9.75	14.25	4.50

The Registration fee collected by Civil Registrar-cum-Sub-Registrar amounted to ₹ 0.49 crore instead of ₹ 0.71 crore. This resulted in short realisation of Registration Fee of ₹ 0.22 crore. Total short recovery of stamp duty/registration fee in respect of two mining leases was ₹ 4.73 crore.

DMG replied (February 2016) that as per instruction of the Government the Department facilitated advance collection of stamp duty as the rates applicable on the date of passing of order. The exact stamp duty and registration fee were to be levied and collected by Civil Registrar-cum-Sub-Registrar of respective talukas. There was a proposal pending with Revenue Department for granting relaxation under Stamp Duty Act from payment of additional stamp duty.

The reply is not tenable since stamp duty was payable as per prevailing rates as on date of entering into lease agreement/renewal of lease agreement. The Department may take up the matter with the Civil Registrar-cum-Sub-Registrar for realisation of Stamp duty paid short so that the revenue of the Government is safeguarded.

2.3.8 Non-monitoring of quantity of minor minerals and royalty collected by other departments

As per circular issued by the then Department of Industries and Labour (Now Department of Mines and Geology) on 23 March 1985, the work executing departments such as Public Work Department, Water Resources Department, Municipalities *etc.*, were required to deduct royalty in respect of minor minerals used by the contractors in construction work from the running account bills and the amount so recovered should be remitted to the government account.

We observed that the work executing departments/organisations were sending the copies of royalty payment challans only, without furnishing any details of quantity and type of minor minerals consumed/used, rate at which royalty recovered *etc.* A test check (August 2015) of 58 Running Account bills of two work executing units¹⁹ for the year 2013-14 and 2014-15, showed short/non-recovery of Royalty amounting to ₹ 1.07 lakh in respect of 18 running account bills. The Department also did not monitor the deduction of royalty and its remittance to government account.

¹⁹ Water Resource Department(WRD) II and WRD IX, Margao

DMG stated (February 2016) that a proposal is moved to State Government for monitoring of transportation, storage and trade of minor minerals on real time basis.

2.3.9 Conclusion and Recommendations

The Department did not collect revenue totaling ₹ 17.73 crore on account of royalty, interest, surface rent, dead rent and penalty from mining lease holders. The Department also did not recover stamp duty at revised rates applicable for registration of lease deeds resulting in short recovery of ₹ 4.50 crore and also consequent under recovery of registration fee of ₹ 22.50 lakh. The quality/grade of iron ore declared by the lessees was accepted without verification.

It is recommended that the Department may strengthen its internal control mechanism to ensure correct and prompt collection of the royalty etc., and also ensure existence of an independent check to ascertain the quality/grade of the Iron ore for levy of royalty at the appropriate rates.

The matter was reported (November 2015) to Government and their reply is awaited (January 2016).

FINANCE DEPARTMENT

2.4 Short recovery of tax due to incorrect exemption of turnover

The Commercial Tax Officer, Vasco did not confirm the EOU status of the purchaser company before allowing exemptions from turnover of the assessee. The total short levy was ₹ 0.42 crore.

The Dealer 'A' (TIN: 30131202336), manufacturer of brass, copper strips and foils, an Export Oriented Unit (EOU) was re-assessed (May 2013) by the Commercial Tax Officer (CTO), Vasco under Section 29(2) of the Goa Value Added Tax (GVAT) Act, 2005 for the year 2008 -09.

Audit scrutiny of the re-assessment revealed that the company had claimed exemption for sales (Form A²⁰) worth ₹ 6.56 crore to Dealer 'B' from its total turnover, under Section 5 (2) (b) of the GVAT Act, 2005 applicable for sales to EOU. Accordingly, the CTO, Vasco allowed exemption without verifying the EOU status of Dealer 'B'.

We observed that Dealer 'B' had mentioned in their Form A that the purchases made from Dealer 'A' were intended to be used for manufacturing, processing or assembling within the State of Goa. Therefore, the exemption given was incorrect and resulted in short recovery of tax of ₹ 0.26 crore. Further, the short paid tax attracted interest under Section 25(4) of the GVAT Act, 2005. The interest so recoverable worked out to ₹ 0.16 crore. Thus, ₹ 0.42 crore was recoverable from Dealer 'A'.

²⁰ Form A is the declaration form to be submitted by the purchaser stating their classification as EOU

The matter was referred to the Government in May 2015. Their reply is awaited (January 2016).

2.5 Short levy of Interest on delayed payment of luxury tax

The Luxury Tax officer, Vasco short levied interest on delay in payment of tax by ₹ 25.03 lakh due to incorrect assessment of tax liability.

Section 20 (1) of the Goa Tax on Luxuries (Hotels and Lodging Houses) Act, 1988 read with Rule 11 of Goa Tax on Luxuries (Hotel and Lodging Houses) Rules, 1988 required every registered hotelier having monthly luxury tax liability exceeding ₹ one lakh, to pay the tax within 15 days from the expiry of each month. If the tax is not paid within 15 days from the expiry of each month, he shall be liable to pay by way of simple interest, in addition to the amount of tax payable, a sum equal to one and half *per cent* of the amount of such tax for each month, for the first three months after the last date by which he should have paid such tax and two *per cent* of such amount for each month subsequent to the first three months thereafter.

A Dealer (VSC/GTL/003) was assessed for their taxable turnover of ₹ 11.45 crore for the year 2008-09 by the Luxury Tax Officer (LTO), Vasco, and the total tax payable was assessed as ₹ 1.14 crore. As the party failed to pay taxes regularly within due date, the LTO, Vasco levied interest of ₹ 46.05 lakh, under section 20(1) of the Act for delayed payment of tax payable. Audit scrutiny (January 2014) revealed that the interest liability worked out to ₹ 71.08 lakh as against ₹ 46.05 lakh assessed by the LTO, Vasco. There was thus a short levy of interest of ₹ 25.03 lakh.

After this being pointed out by Audit, the LTO, Vasco re-assessed the party and re-calculated the interest due as ₹ 67.91 lakh. However, we observed that the re-calculation of interest by the LTO, Vasco was again wrong as they calculated interest on tax liability of ₹ 10.40 lakh and ₹ 4.57 lakh for the months of April and May 2008 respectively instead of actual tax liability of ₹ 12.96 lakh and ₹ 5.71 lakh respectively. This resulted in short calculation of interest to the extent of ₹ 3.17 lakh.

The matter was referred to Government (June 2015) and their reply is awaited (January 2016).

2.6 Short levy of tax due to understatement of turnover

Value Added Tax amounting to ₹ 0.87 crore was short levied due to incorrect assessment by Commercial Tax Officer.

As per entry No. 4 in Schedule 'B' of Goa Value Added Tax (GVAT) Act, 2005 sale of intangible goods like rep license, import and export license, credit of Duty Entitlement Pass Book (DEPB) *etc.*, are taxable at the rate of four *per cent*.

A Dealer (TIN No 30660202120), having its principal place of business in Marcel, Goa was dealing in sales and export of fresh fish and surmi (fish paste). The dealer's total income for the year 2009-10 was ₹ 174.97 crore comprising of ₹ 152.59 crore as sales and ₹ 22.38 crore as other income. As the turnover pertained to sales from Goa and Maharashtra, the bifurcated turnover of sales of Goa was considered as ₹ 56.51 crore based on the books of accounts and the quarterly returns filed by the dealer.

Our scrutiny (October 2013) revealed that out of the receipts of ₹ 22.38 crore classified as other income, ₹ 21.85 crore pertained to revenue earned on sale of license and DEPB credits (₹ 12.14 crore being proceeds of sale of license and ₹ 9.71 crore being proceeds of DEPB credits). The CTO failed to add this receipt to the turnover of Goa State, being the principal place of business, as receipt against intangible goods. Escapement of the above receipts from the taxable turnover resulted in short levy of tax to the extent of ₹ 0.87 crore²¹.

The Commissioner of Commercial Taxes accepted (May 2015) that there was short levy of tax and notice under Section 31 of Goa Value Added Tax Act, 2005 for re-assessment had been issued to the dealer.

The matter was referred to Government (June 2015) and their reply is awaited (January 2016).

2.7 Short levy of VAT due to understatement of Turnover

The assessee short-disclosed work contract gross receipts in his return which resulted in short levy of tax ₹ 8.51 lakh by the Assistant Commercial Tax Officer, Panaji.

Rule 4 (A) of Goa Value Added Tax (GVAT) Rules, 2005 (inserted vide notification dated 31 December 2008), provided that in case of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract, the sale price of such goods shall be determined by making deductions to the extent as specified in the Rules. In the case of construction of new buildings and erection of civil structure, the deduction allowed was 33 *per cent* of the gross receipts. The rate of Value Added Tax (VAT) for works contracts was eight *per cent*²² of the taxable turnover.

Our scrutiny of assessment records of Assistant Commercial Tax Officer (ACTO), Panaji (January 2015) revealed that in the case of a works contractor (TIN – 30500107536), gross receipts during the year 2010-11 was considered as ₹ 6.92 crore. A deduction of ₹ 2.28 crore (32 *per cent* of ₹ 6.92 crore) was allowed and balance turnover of ₹ 4.64 crore was held taxable @ eight *per cent* and VAT of ₹ 0.37 crore was payable by the dealer. The Assessing Authority allowed Input Tax credit of ₹ 0.29 crore and adjusted ₹ 0.08 crore being Tax Deducted at Source (TDS) against the tax payable. Audit scrutiny of the TDS certificate submitted by the

²¹ Four *per cent* of ₹ 21.85 crore = ₹ 0.87 crore

²² Vide notification dated 09.07.2009

contractor revealed that their Gross Turnover for 2010-11 was ₹ 8.01 crore and not ₹ 6.92 crore resulting in short assessment of ₹ 1.09 crore.

After this being pointed out (January 2015) by audit a rectification order was issued (June 2015) by the ACTO, Panaji for recovery of ₹ 3.63 lakh as shown in **Table 2.7.1** below.

Table 2.7.1: Details of recovery of VAT after re-assessment

(₹ in crore)

	Original assessment order	Re-assessment order
a. Gross Turnover	6.92	8.01
b. Less deduction 33 per cent	2.28	2.64
c. Taxable turnover	4.64	5.37
d. Tax payable at the rate 8 per cent	0.37	0.43
e. Penalty u/s 55	0*	0*
f. Interest u/s 25 (4)(a)	0	0.01
g. Total tax with penalty and interest	0.37	0.44
h. Less ITC	0.29	0.32
i. Less TDS	0.08	0.08
j. Balance to be recovered (g-(h+i))	0*	0.04

*value less than one lakh.

It was further observed from the rectification order that the ACTO did not levy penalty of ₹ 4.88 lakh under section 59 of the Act for furnishing false statement which led to incorrect levy of tax. The additional tax liability including interest and penalty amounted to ₹ 8.51 lakh²³.

The matter was referred to the Government in June 2015 and their reply has not been received (January 2016).

2.8 Non-recovery of entry tax of ₹ 4.61 lakh

The Commercial Tax Officer, Mapusa did not levy entry tax on the plant and machinery brought by the company resulting in short recovery of entry tax.

Section 3 of the Goa Tax on Entry of Goods (GTEG) Act, 2000 provided that there shall be levied and collected a tax on entry of any goods specified in Schedule I, into a local area upon use of any facilities/infrastructures or any other amenities belonging to or provided by the State for consumption, use or sale therein.

We observed during the scrutiny of VAT assessment records and audited accounts of 2010-11 of a dealer (TIN: 30370304372) registered in Entry Tax Office, Mapusa that the dealer had purchased plant and machinery worth ₹ 9.10 crore from outside the State which was liable for tax at the rate of two per cent under Entry Tax Act. However, the dealer neither submitted the return in Form 28 nor submitted the Form 27 (Challan) as proof of payment of Entry Tax under Section 14 of GTEG Act, 2000.

²³ Recoverable amount = ₹ 2,43,765 + ₹ 4,87,532 + ₹ 3,000 + ₹ 1,16,443 = ₹ 8,50,740

After this was pointed out the Commercial Tax Officer assessed (September 2015) and worked out the dues as ₹ 4.61 lakh after excluding the plant and machinery pertaining to other State branches of the dealer.

The matter was referred to the Government in July 2015 and their reply has not been received (January 2016).

TRANSPORT DEPARTMENT

2.9 Non-recovery of cess on Coke

The Director of Transport allowed unauthorised concession to a company on recovery of cess and delayed action to recover GRIW Cess due to Government.

The Goa Rural Improvement and Welfare (GRIW) Cess Act, 2000, provided for recovery of a Cess from the owners of all carriers transporting material and at such rates as specified in Schedule I appended to the Act. The Cess leviable from 01 September 2009 on transportation of coke was ₹ 250 per metric ton (MT).

A company²⁴ had imported 25,229 MT coke through Mormugao Port, Goa in August 2010 and transported it to their factory at Sanguem in South Goa. Cess amounting to ₹ 63.07 lakh @ ₹ 250 per MT was to be collected from them. In October 2011, the company sought reduction in payment of cess to ₹ 50 per MT on the ground that the rate of cess for indigenous use was reduced to ₹ 50 per MT in February 2011. However, the Department rejected the request as the import/transportation of coke was prior to reduction of the rates. Thereafter the company requested (January 2012) for payment of the dues in six equal instalments. Despite having no provision in the Act for payment of cess in instalments, the Director of Transport allowed the company to make payment in instalments. We further observed that the company had paid a total of ₹ 22 lakh (in four instalments) during May 2012 to January 2013 and the balance amount of ₹ 41.07 lakh was not recovered.

After this was pointed out by audit in December 2013, the Director of Transport issued a notice for recovery of ₹ 41.07 lakh only in May 2015.

The matter was referred to the Government in June 2015 and their reply has not been received (January 2016).

2.10 Short levy of road tax ₹ 98.29 lakh

The Assistant Director of Transport, Margao levied road tax on “new luxury motor cars” purchased by a firm as per rates applicable for individuals instead of a firm. This resulted in short levy of road tax to the tune of ₹ 98.28 lakh.

The Goa Motor Vehicles Tax Act, 1974 provided for levy of road tax from vehicles plying in the State as per the rates specified in the Schedules to the

²⁴ M/s Aparant Iron and Steel Pvt. Ltd.

Act. Different rates have been prescribed for vehicles owned by private individuals and for those owned by Company/Institution/Corporation *etc.*

Audit scrutiny of records maintained by the Assistant Director of Transport (ADT), Margao revealed that M/s XYZ enterprises had purchased four vehicles (Two Ferraris, one Aston Martin Lagonda and one Audi) during the period November 2011 to August 2013. However, these vehicles were registered in the names of individuals who had the same addresses as that of the firm by paying road tax at the rate payable by individuals instead of the rates applicable to non-individuals leading to short levy of ₹ 98.28 lakh as shown in **Table 2.10.1** below:

Table 2.10.1: Details of short levy of road tax

(₹ in lakh)

Sl. No.	Reg. No.	Reg. Date	Vehicle make	Name of the Registered owner	Value	Tax levied	Tax Leviable	Short levy
1	GA.08 K.2811	16.11.2011	Audi	X	87.57	5.25 at the rate 6 per cent	13.13 at the rate 15 per cent	7.88
2	GA.08 M.2011	9.2.2012	Ferrari	Y	355.76 (Including Entry tax 38.74)	21.34 at the rate 6 per cent	53.36 at the rate 15 per cent	32.02
3	GA.08 AA.2211	29.3.2012	Aston Martin	Z	301.94 (Including Entry tax 33.94)	18.12 at the rate 6 per cent	45.29 at the rate 15 per cent	27.17
4	GA.08 R.2011	10.7.2013	Ferrari	X	346.80 (Including Entry tax 38.53)	24.28 at the rate 7 per cent	55.49 at the rate 16 per cent	31.21
Total						68.99	167.27	98.28

The matter was referred to the Department in March 2015. The ADT, Margao replied (April 2015) that the process of recovery of the short levied tax has been initiated.

The matter was referred to the Government in June 2015 and their reply is awaited (January 2016).

2.11 Short levy of Goa Rural Improvement and Welfare Cess on iron ore

The Director of Transport did not levy and collect GRIW Cess on Iron ore resulting in loss of revenue of ₹ 173.56 crore to State Exchequer.

The Government of Goa notified (16 October 2000), the Goa Rural Improvement and Welfare Cess (GRIWC) Act, 2000, intended to provide additional resources for improvement of infrastructure and health, with a view to promote the welfare of the people residing in rural areas affected by the use of plastic, dumping of garbage and spillage of materials. This Act came into force on 01 February 2006. The GRIWC Rules was also notified in January 2006. Schedule I, appended to Section 3 of the Act *inter alia* provided that GRIWC shall be levied on iron ore where royalty is paid to the Government at the rate of ₹ two per metric tonne (MT). This was

further enhanced to ₹ 20 per MT *w.e.f.* 13 May 2008. The GRIWC Rules designated the Officer attached to the enforcement wing of the Directorate of Transport (DoT) as the assessing officer for assessment of Cess under the Act. For assessment of the GRIW cess the Directorate of Mines and Geology (DMG) forwards the list of royalty paid on Iron ore to the DoT who in turn is responsible for assessment and collection of the cess.

We observed that during the period from April 2006 to September 2012 the DMG collected royalty on 25.57 crore MT Iron ore comprising of processed ore, dump workings, tailings/concentrates and dump handled outside mining areas and forwarded (October 2014) the list of lessees to DoT for levy and collection of GRIWC. The Cess leviable by the DoT on 25.57 crore MT Iron ore was worked out to be ₹ 390.65 crore as detailed in **Table 2.11.1** below.

Table 2.11.1: Details of short levy of GRIW cess

Sl. No.	Items of iron ore	2006-07 and 2007-08		2008-09 to September 2012	
		Quantity (in crore MT)	Amount to be levied @ ₹ 2 per MT (₹ in crore)	Quantity (in crore MT)	Amount to be levied @ ₹ 20 per MT (₹ in crore)
1	Processed ore	5.38	10.75	14.37	287.33
2	Dump working	0.38	0.76	0.96	19.20
3	Tailings/concentrates	0.28	0.57	0.43	8.59
4	Dump handled outside mining	0.66	1.33	3.10	62.12
Total		6.70	13.41	18.86	377.24

Audit found that DoT had raised demand notices amounting to ₹ 217.09 crore upto April 2015 on processed ore, but omitted to levy the Cess on dump workings, tailing/concentrates, dump handled outside mining lease areas. Thus, there was a short levy of cess amounting to ₹ 173.56 crore. There was nothing on record to indicate that the correctness of the amounts payable on account of cess was checked at any stage after the assessments were made by the DoT. Even the Cess recoverable on the processed ore was not fully²⁵ raised.

After this was pointed out (July 2015) the DoT intimated that necessary steps has been taken to issue demand notices to the defaulters towards the recovery of dump working, tailings, concentrate and dump handled outside the mining lease. The DoT further intimated (January 2016) that an amount of ₹ 50.68 crore have been recovered and efforts are being made to recover the remaining amount from the defaulters and the same shall be credited to the Government.

The matter was referred to the Government in July 2015. Their reply is awaited (January 2016).

²⁵ Against the total amount of cess of ₹ 298.08 crore payable on processed ore, demands of ₹ 217.09 crore were raised. Reasons for short raising of demand was not found on record