

GOVERNMENT OF TELANGANA

**ABSTRACT**

Mines & Minerals – One Time Settlement (OTS) Scheme for payment of penalty of Seigniorage fee on the consumption of Minor Minerals in construction activity – Orders – Issued.

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INDUSTRIES AND COMMERCE (MINES.I) DEPARTMENT

G.O.MS.No. 35,

Dated:04.12.2014

**ORDER**

During the discussion held in the review meeting conducted by the Hon'ble Minister for Mines & Geology with the Department Officials held on 24-09-2014, one of the issues that needed resolution at the Government level was the large number of cases registered by the Vigilance and Enforcement Department and the Vigilance Wing of the Mines and Geology Department.

2. The Department Vigilance Squads either independently or jointly with the officials of Regional Vigilance & Enforcement Offices which comes under General Administration (Vigilance & Enforcement) Dept. conduct surprise route checking of vehicles transporting minor minerals, monitor the activity to initiate penal action on unauthorized mineral and also to enquire about the source to take up inspection and also conduct periodic inspection of major civil constructions for ascertaining whether the minor minerals procured are subjected to payment of seigniorage fee.

3. Under Rule 26 of the AP Minor Mineral Concession Rules 1966, anyone found transporting or carries out quarrying operations in violation of the Rules will be liable to pay a penalty. While the main components of Rule 26 deals with quarrying operations or transportation, under Subsection 3(ii) of Rule 26, "any person who has consumed or is in possession of any mineral" is also subject penalty if proof of payment of seigniorage is not produced on inspection. The penalty is five times the normal seigniorage fees.

4. One of the unintended implications of this provision is that an owner of any building under construction, regardless of the size, has to produce proof of payment of seigniorage fees for the Building Stone, Rough Stone/Boulders, Metal Chips, Kerbs and Cubes, Morrums/Gravel & Ordinary Earth, Ordinary Sand/Sand Manufactured from Boulders, Lime Stone Slabs, Granite Slabs that may be lying on the site, even though the construction is being done by a contractor who is not the owner. From a practical perspective, the building owner will not have any proof of payment of seigniorage fees, which the contractor is expected to pay. A large number of cases were booked by the Vigilance and Enforcement Department and the Vigilance Wing of the Mines and Geology Department in this category.

5. However, as per the provisions of Rule 26 of A.P. Minor Mineral Concession Rules, 1966 5-times penalty in addition to normal seigniorage fee has been imposed in the demands raised on the minor minerals procured from unauthorized sources and 10-times penalty in addition to normal seigniorage fee on the minor mineral excavated and consumed from at site without obtaining permission and payment of seigniorage fee from the Department.

6. This high penalty of 5 time or 10 times is an undue burden on the ordinary house builder. It was decided in the review meeting to examine expeditious realization of revenue by disposal of cases booked and demand raised by the Dept. on consumption of minor minerals in construction activity taken-up by the private builders/contractors from unknown sources under a One-Time-Settlement scheme. This would reduce harassment, address the issue of prolonged pendency and also provide relief to ordinary house builders who have unwittingly been imposed a penalty. There also would be immediate realization of money to the Treasury of the State.

[P.T.O]

7. Cases on the consumption of minor minerals in construction activity by the private builders/contractors from unknown sources registered both by the Department and jointly with the Vigilance & Enforcement Department are 2034. Though the cases detected are (2034), the number of appeals/revisions preferred against the demand raised is (546) only indicating that in majority of the cases, the defaulters neither availed any legal remedy against the demand nor paid the amount even when the Department has taken steps for realization under the provisions of Revenue Recovery Act. Thus the action of imposing a penalty has not really been successful. On the other hand, sporadic allegations of harassment by the Vigilance Units have been reported. These 2034 cases are proposed for one time settlement. It is estimated that about Rs. 150-200 crores could be collected by way of OTS.

8. Government, after careful examination of the matter, hereby introduce the One time Settlement (OTS) Scheme with the following terms and conditions:

1. Scheme Shall be for a period not exceeding 6 months to facilitate the defaulters for a response, to avail the opportunity and comply with the terms and conditions of the Scheme. The time period may be extended after review and approval from the Government.
2. The constructions shall be classified into three categories: (i) self-constructed residential houses; (ii) small commercial constructions (less than 5000 sft of built up area); and (iii) large commercial, apartments and commercial residential complexes. The approved building plans by the appropriate local body shall be relied upon to determine the category.
3. Under the OTS, Category (i) will pay normal seigniorage fee; Category (ii) one time penalty and Category (iii) two-times penalty on the original assessment.
4. A Clearance Certificate will be issued to the party after the 'One Time Settlement'.
5. The Department shall make vide publicity in print & electronic media to disseminate the scheme to the affected parties
6. Once the OTS period is over, a '**Special Drive**' shall be launched against the defaulters who have failed to avail the opportunity under the provisions of 'Revenue Recovery Act'.

9. The Director of Mines and Geology, Hyderabad shall take further necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

K. PRADEEP CHANDRA  
SPECIAL CHIEF SECRETARY TO GOVERNMENT AND  
COMMISSIONER FOR INDUSTRIAL PROMOTION

To,  
The Director of Mines and Geology, Hyderabad  
The General Administration (V&E) Department  
The Regional Vigilance & Enforcement Department through  
General Administration (V&E) Department  
The Revenue Department, Telangana Secretariat, Hyderabad.

**Copy to**

P.S. to Principle Secretary to C.M.  
P.S. to Chief Secretary to Government.  
P.S. to Hon'ble Minister for Mines and Geology.  
P.S. to Special Chief Secretary to Government.  
The Joint Director's/Deputy Director/Assistant Director's of Mines and  
Geology Dept., through the Director of Mines & Geology,  
The General Administration (Cabinet) Department.  
Sf/Sc.

//Forwarded: :By order//

SECTION OFFICER