

CHAPTER IX MINES AND MINERALS

9.1 Results of audit

Test check of records relating to receipts from mines and minerals under different District Land and Land Reforms (DL & LR) offices and Chief Mining Office conducted in audit during the year 2004-05, revealed underassessment, non/short realisation of revenue amounting to Rs.6.09 crore in 95 cases, which broadly fall under the following categories :

<i>(Rupees in crore)</i>			
Sl. No.	Categories	No. of cases	Amount
1.	Non/short assessment of cesses on minor/major minerals	13	0.77
2.	Non/short realisation of price of minor minerals extracted unauthorisedly	35	2.89
3.	Non/short assessment/realisation of surface/dead rent.	5	1.25
4.	Non/short assessment/realisation of royalty and cesses	23	0.66
5.	Other cases	19	0.52
Total		95	6.09

During the course of the year 2004-05, the concerned Department accepted underassessment etc. of Rs.3.94 crore in 75 cases of which 65 cases involving Rs.3.42 crore had been pointed out in audit during the year 2004-05 and the rest in earlier years. An amount of Rs.2.20 lakh was realised at the instance of audit.

A few illustrative cases involving Rs.2.23 crore highlighting important observations are given in the following paragraphs:

9.2 Non/short realisation of revenue from minor minerals extracted unauthorisedly

Under the provisions of the Mines and Minerals (Regulation and Development) Act, 1957, as amended in 1972 and the Rules made thereunder no person is entitled to undertake any mining operation in any area except under the authority of a valid quarry permit/mining lease. In the event of unauthorised extraction of minor minerals, apart from other penal action, the Department is empowered to recover either the minerals raised unlawfully, or, where such minerals have already been disposed of, the price thereof. Government clarified in August 1981 that quantity of minor minerals extracted or removed in excess of the quantity permitted should also be treated as unauthorised extraction and price thereof should be realised. By an order issued in September 1984, the Board of Revenue; West Bengal fixed the market price of brickearth at Rs.30 per 100 cft. for 1981 with an increase of Rs.1.50 per 100 cft. each year till a new price is fixed by the Director of Mines and Minerals, West Bengal. The price of boulder/stone was fixed at Rs.112.50 per 100 cft. The Department keeps watch over the extraction of minerals through revenue inspectors under the control of the respective Block Land and Land Reforms Officer.

9.2.1 Scrutiny of records of eight¹ District Land and Land Reforms (DL & LR) Offices revealed that in 261 cases brick-field owners and other agencies extracted 244.92 lakh cft of earth for the purpose of manufacturing bricks and other purposes without any valid quarry permit between 2000-01 and 2003-04. The illegal extractions were detected by revenue inspectors under the Block Land and Land Reforms Officers but DL & LR Officers failed to take action to recover the price of brick earth. Out of the total realisable amount of Rs.1.52 crore as price of brick earth the district authorities could realise only Rs.26 lakh. This resulted in non/short realisation of Rs.1.26 crore.

9.2.2 Scrutiny of records of two² DL & LR Offices revealed that in 95 cases quarry permit holders extracted 79.10 lakh cft. of boulder/stone/brick earth in excess of the permitted quantity of 77.35 lakh cft. between 2000-01 and 2003-04.

¹ Coochbehar, Darjeeling, Hooghly, Howrah, Malda, Murshidabad, Nadia and Uttar Dinajpur.

² Birbhum and Uttar Dinajpur.

As against the total realisable amount of Rs.53.11 lakh as price of boulder/stone extracted unauthorisedly, the district authority realised Rs.7.23 lakh only resulting in short realisation of price of Rs.45.88 lakh.

Thus there was a total non/short realisation of Rs.1.72 crore as price of earth and boulder/stone.

After this was pointed out, the district authorities stated between June 2003 and December 2004 that action was being taken to realise the dues.

Government to whom the cases were reported, agreed in July 2005 to look into the matter. Report on further action taken has not been received (October 2005).

9.3 Non/short realisation of cesses on minor minerals

Under the provisions of the Cess Act, 1880, as amended in 1984, read with the West Bengal Primary Education Act, 1973 and the West Bengal Rural Employment and Production Act, 1976, holders of quarry permits under the West Bengal Minor Minerals Rules, 1973, are liable to pay different kinds of cesses³ at rates of Rs.2.50 per MT of minor minerals extracted and despatched from the quarry-site with effect from 1 June 1987.

Scrutiny of records of three⁴ DL & LR Offices revealed that in 252 cases the quarry permit holders extracted and despatched 341.15 lakh cft. of minor minerals during the period between 2000-01 and 2003-04. The district authorities failed to realise cesses in 153 cases for extraction of 192.32 lakh cft. of minor minerals as well as made short realisation in 99 cases for extraction of 148.33 cft. of minor minerals. This resulted in non/short realisation of cesses amounting to Rs.36.10 lakh.

After this was pointed out, the district authorities stated between September 2003 and December 2004 that steps were being taken to realise the dues.

Government to whom the cases were reported, agreed in July 2005 to look into the matter. Report on further action taken has not been received (October 2005).

³ Public Works Cess – 50 paisa, Road Cess- 50 paisa, Primary Education cess – Re.1 and Rural Employment Cess – 50 paisa. 100 cft of earth equivalent to 6 MT

⁴ Hooghly, Howrah and Nadia

9.4 Short realisation of royalty on minor minerals due to application of lower rate

Under the West Bengal Minor Minerals Rules, 1973, extraction of minor minerals is permissible on the strength of a quarry permit issued by the Collector on realisation of royalty and other dues in advance at rates as prescribed by the Government. The rate of royalty on earth, sand and stone/boulder was revised with effect from 8 November 2002.

Scrutiny of records of five⁵ DL & LR Offices revealed that the district authorities granted 363 quarry permits for extraction of 86.47 lakh cft. of minor minerals between 8 November 2002 and 31 March 2003 on realisation of royalty of Rs.20.12 lakh instead of Rs.35.06 lakh due to application of rates lower than the revised rate. This resulted in short realisation of royalty of Rs.14.94 lakh.

After this was pointed out, the district authorities stated between June 2003 and September 2004 that action would be taken to realise the dues.

Government to whom the cases were reported, stated in July 2005 that revenue would be realised. However, further report on realisation has not been received (October 2005).

⁵ Cooch Behar, Darjeeling, Jalpaiguri, Murshidabad and Nadia.