

CHAPTER VIII MINES AND MINERALS

8.1 Results of audit

Test check of the records relating to mines and minerals under the different district land and land reforms (DL and LR) offices as well as the offices of the cess deputy collector, chief mining officer and other mining officers conducted during the year 2006-07, revealed underassessment and non/short realisation of revenue amounting to Rs. 85.76 crore in 57 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
1.	Non/short assessment of cess on minor/major minerals	22	1.94
2.	Non/short assessment/levy/realisation of royalty and cess	10	0.27
3.	Non/short assessment/realisation of surface rent/dead rent	4	0.16
4.	Non/short assessment/realisation of price of minor/major minerals extracted unauthorisedly	7	0.15
5.	Other cases	14	83.24
Total		57	85.76

During the course of the year 2006-07, the department accepted observations involving Rs. 2.56 crore in 54 cases of which 43 cases involving Rs. 2.22 crore were pointed out in audit during the year 2006-07 and the rest in earlier years. An amount of Rs. 4 lakh was realised in seven cases during the year 2006-07.

A few illustrative cases involving Rs. 1.64 crore highlighting important observations are mentioned in the following paragraphs.

8.2 Non/short realisation of revenue from minerals extracted unauthorisedly

Under the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 as amended from time to time and 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 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. By an order issued in September 1984, the Board of Revenue, West Bengal fixed the market price of brick earth as Rs. 30 per 100 cubic feet (cft) for 1981 with an increase of Rs. 1.50 per 100 cft, each year till a new price was fixed by the Director of Mines and Minerals, West Bengal. The L and LR Department keeps watch over the extraction of minerals through the revenue inspectors of the respective block land and land reforms (BL and LR) office under the control of the DL and LR office.

Scrutiny of the records of 23 BL and LR offices under five¹ DL and LR offices between June and September 2006 revealed that though in 287 cases, 152 brickfield owners extracted 2.98 crore cft of brick earth between 2003-04 and 2005-06 for manufacturing bricks without any valid quarry permit, yet the DL and LR offices did not initiate any action to recover the price of brick earth. Of these, in 106 cases, price of brick earth of Rs. 77 lakh though realisable was not realised at all while in the remaining 181 cases, Rs. 42 lakh was realised at lower rates instead of Rs. 1.15 crore realisable as the price of brick earth. This resulted in non/short realisation of revenue of Rs. 1.50 crore.

After the cases were pointed out, all the district authorities stated between June and September 2006 that action would be taken to realise the dues. A report on recovery has not been received (September 2007).

The Government to whom the cases were reported between August and October 2006, did not furnish any reply (September 2007).

8.3 Non/short realisation of cess 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 read with Minor Minerals Rules, 2002 are liable to pay different kinds of cess² at a consolidated rate of Rs. 2.50

¹ Burdwan (West), Coochbehar, Hooghly, Jalpaiguri and Nadia.

² Public works cess: 50 paise, road cess: 50 paise, primary education cess: Re. 1 and rural employment cess: 50 paise.

per MT of minor minerals extracted and despatched from the quarry site with effect from 1 June 1987.

Scrutiny of the records of four³ DL and LR offices between March 2005 and August 2006 revealed that 341 quarry permit holders in 358 cases extracted and despatched 130.12 lakh cft of minor minerals (brick earth: 48.95 lakh cft and sand: 81.17 lakh cft) during the period between 2002-03 and 2005-06. The district authorities failed to realise cess in 65 cases for extraction of 39.55 lakh cft of minor minerals while in the remaining 293 cases, cess was realised at lower rates. This resulted in non/short realisation of cess of Rs. 7.43 lakh.

After the cases were pointed out, three⁴ district authorities in 77 cases involving Rs. 6.62 lakh stated between March 2005 and August 2006 that action would be taken to realise the dues while DL and LR, Jalpaiguri in 281 cases involving Rs. 81,000 did not furnish any reply. A report on further development has not been received (September 2007).

The Government to whom the cases were reported between May 2005 and October 2006, did not furnish any reply (September 2007).

8.4 Short realisation of royalty on minor minerals due to application of pre-revised rate

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

Scrutiny of the records of three⁵ DL and LR offices between June 2005 and August 2006 revealed that the district authorities granted 311 quarry permits for extraction of 157.28 lakh cft⁶ minor minerals between 9 November 2002 and 30 September 2005. The district authorities however, realised royalty of Rs. 89.23 lakh at the pre-revised rate instead of Rs. 95.41 lakh realisable. This resulted in short realisation of royalty of Rs. 6.18 lakh.

After the cases were pointed out, two district authorities⁷ in 196 cases involving Rs. 5.29 lakh stated in June 2005 and August 2006 that action would be taken to realise the dues while the district authority, Darjeeling in 115 cases involving Rs. 89,000 did not furnish any reply. A report on further development has not been received (September 2007).

The Government to whom the cases were reported between August 2005 and October 2006, did not furnish any reply (September 2007).

³ Burdwan (East), Burdwan (West), Jalpaiguri and South 24 Parganas.

⁴ Burdwan (East), Burdwan (West) and South 24 Parganas.

⁵ Darjeeling, Jalpaiguri and North 24 Parganas.

⁶ Brick earth: 12.67 lakh cft; stone: 76.08 lakh cft; sand: 63.08 lakh cft; boulder: 2.37 lakh cft; gravel: 2.35 lakh cft and *bazree*: 0.73 lakh cft.

⁷ Jalpaiguri and North 24 Parganas.