

CHAPTER VII MINES AND MINERALS

7.1 Results of audit

Test check of records relating to receipts from mines and minerals under different District Land and Land Reforms (DL & LR) offices, office of the Cess Deputy Collector, Chief Mining Office and other Mining Offices, conducted in audit during the year 2003-04, revealed under assessments, non/short realisation of revenue amounting to Rs.7.65 crore in 66 cases, which broadly fall under the following categories :

<i>(Rupees in crore)</i>			
Sl. No.	Category	No. of cases	Amount
1	Non/short assessment of cess on minor/major minerals	3	0.20
2	Non/short assessment/realisation of price of minor/major minerals extracted unauthorisedly	23	0.76
3	Non/short assessment/realisation of surface/dead rent	7	0.31
4	Non-assessment/non-realisation of royalty and cess	23	0.78
5	Other cases	10	5.60
Total		66	7.65

During the course of the year 2003-04, the concerned Department accepted underassessments etc. of Rs.6.90 crore involved in 55 cases of which 40 cases involving Rs.6.29 crore had been pointed out in audit during the year 2003-04 and the rest in earlier years. An amount of Rs.21.14 lakh was realised at the instance of audit.

A few illustrative cases involving Rs.1.37 crore highlighting important observations are given in the following paragraphs:

7.2 Non/short realisation of revenue from 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 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 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.

Scrutiny of records of five¹ DL & LR offices revealed that in 189 cases, brick-field owners had extracted 155.76 lakh cft. of brick-earth between 1998-99 and 2002-03 without any quarry permit. The illegal extraction was detected by Revenue Inspector under the Block Land and Land Reforms Office but DL & LR officers failed to take any action to recover the price. Out of the total realisable amount of Rs.92.05 lakh as price of brick-earth, the district authorities could realise only Rs.12.13 lakh. This resulted in non/short realisation of price of Rs.79.92 lakh.

After this was pointed out, three district authorities stated between August 2002 and June 2003 that action would be taken to realise the arrear dues while the other two² district authorities did not furnish any reply (December 2004).

The cases were reported to Government between November 2002 and August 2003 followed by reminders issued upto July 2004; their reply has not been received (December 2004).

7.3 Short realisation of royalty and cess due to application of pre-revised rate

Under the West Bengal Minor Minerals (WBMM) Rules 1973, read with the Cess Act, 1880, West Bengal Primary Education Act, 1973 and the

¹ Bankura, Burdwan (East), Murshidabad, North 24 Parganas & South 24 Parganas.

² Murshidabad and North 24 Parganas

West Bengal Rural Employment and Production Act, 1976, extraction of minor minerals is permissible on the strength of a quarry permit issued by the Collector on realisation of royalty and cesses* in advance at the rate prescribed by the Government. The rate of royalty and cesses on sand, stone and morrum has been revised with effect from 8 November 2002.

Scrutiny of records of three³ DL & LR offices revealed that in 323 cases the district authorities granted quarry permits between 11 November 2002 and 14 January 2003 for extraction of 99.05 lakh cft. of minor minerals at pre-revised rate. Circulation of notification by Director of Land Records and Surveys & Joint Land Reforms Commissioner, West Bengal on 20 December 2002 resulted in short realisation of royalty and cesses of Rs 26.44 lakh as under:

(Rupees in lakh)

Name of Minerals	Period of extraction	No. of cases	Quantity extracted (lakh cft.)	Revised rate (Rs. per 100 cft.)		Pre revised rate (Rs. per 100 cft.)	Difference in rate (Rs. per 100 cft.)	Short realisation
1	2	3	4	5		6	7	4 x 7
Sand	11.11.02 to 20.12.02	255	74.75	Royalty	63.00	37.50	25.50	19.06
				Cesses	14.00	12.50	1.50	1.12
	21.12.02 to 14.01.03	48	16.95	Royalty	63.00	37.50	25.50	4.32
				Cesses	14.00	12.50	1.50	0.25
Stone	11.11.02 to 20.12.02	4	0.80	Royalty	63.00	50.00	13.00	0.10
				Cesses	24.00	21.25	2.75	0.02
	21.12.02 to 14.01.03	1	0.30	Royalty	63.00	50.00	13.00	0.04
				Cesses	24.00	21.25	2.75	0.01
Morrum	11.11.02 to 20.12.02	15	6.25	Royalty	43.00	20.00	23.00	1.44
				Cesses	15.00	13.75	1.25	0.08
Total		323	99.05					26.44

After this was pointed out all the district authorities stated between June 2003 and September 2003 that action would be taken to realise the dues. Further reply had not been received (December 2004).

The cases were reported to Government between July 2003 and October 2003, followed by reminders issued upto July 2004; their reply has not been received (December 2004).

* Public Works Cess, Road Cess, Primary Education Cess and Rural Employment Cess.

³ Bankura, Birbhum and Burdwan (West)

7.4 Non/short realisation of royalty and cesses on minor minerals

7.4.1 Non-realisation of royalty and cesses

Under the WBMM Rules, 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 the rate prescribed by the Government. Besides, under the provisions of the Cess Act, as amended in 1984 read with the West Bengal Primary Education Act, 1973 and West Bengal Rural Employment and Production Act, 1976, holders of quarry permits are liable to pay different kinds of cesses* at the rates of Rs.2.50 per MT of minor minerals extracted and dispatched from the quarries from 1 June 1987.

Scrutiny of records of four⁴ DL & LR offices revealed that in granting 277 quarry permits for extraction of 318.55 lakh cft. of minor minerals during the period from 1998-99 to 2001-02, cesses were not realised by District authorities at all or realised short due to application of incorrect rate. This resulted in non/short realisation of cesses of Rs.25.55 lakh.

7.4.2 Short realisation of royalty and cesses

Three⁵ DL & LR officers granted 128 quarry permits for extraction of 134.52 lakh cft of minor minerals (Brick Earth – 130.04 lakh cft. and Boulder – 4.48 lakh cft.) between 1998-99 and 2001-02 without realisation of royalty as well as cesses in full at prescribed rates. The district authorities assessed and realised royalty and cesses of Rs.20.36 lakh against Rs.25.87 lakh. This resulted in short realisation of revenue of Rs.5.51 lakh.

After this was pointed out, the district authorities stated between November 2001 and September 2003 that action would be taken to realise the dues by raising demands. Further reply was awaited (December 2004).

The cases were reported to Government between January 2002 and October 2003 followed by reminders issued up to July 2004; their reply has not been received (December 2004).

* Public Works Cess – 50 paisa, Road Cess – 50 paisa, Primary Education Cess – Re 1 and Rural Employment Cess – 50 paisa.

⁴ Burdwan (East), Jalpaiguri, Malda and North 24 Parganas.

⁵ Jalpaiguri, Nadia and North 24 Parganas.