

# Telangana: Tribal co-operative society gets Rs 3 crore GST shocker over sand mining

TNN | Jan 24, 2020, 04.23 AM IST

ETURUNAGARAM: T Sammakka, a tribal woman who survives as a farm labourer in Mulugu district's Eturunagaram town, got the shock of her life recently when GST intelligence officials slapped a Rs 3 crore tax evasion notice on her.

The director-general of GST intelligence for Hyderabad zone in its notice told her that the cooperative society she was heading had mined sand worth Rs 24.5 crore and had a tax liability of Rs 3.4 crore, an amount she had not even dreamt of in her life.

# SAND STOP

➤ Society prez S said they had suspended sand mining to 5

➤ GST officials said society mined sand worth **₹24.5 cr** a

According to the authorities, the Eturu Grama Prajala Isuka Quarry Labour Contract Cooperative Society Limited had received the money from the Telangana State Mineral Development Corporation (TSMDC) towards sand

excavation services.

The rules state that any sand mining contract and related activity in scheduled tribal areas must exclusively be given to local, scheduled tribal persons only. Sammakka and other members of the society say they had subcontracted the sand-mining to larger companies for which they received around Rs 1 lakh each into the bank account. Also, they had no clue of the vast transactions that were taking place in their name.

A TOI investigation in this tribal region on the banks of Godavari in Telangana found out that most cooperative societies that got sand excavation contracts immediately subcontracted the work to construction and infrastructure companies in Hyderabad and Warangal. Sources said that it was likely that the society members were given a pittance compared to the earnings from the sand mining.

Sammakka, who belongs to the Koya tribe, told TOI, "I took over as president after society elections in April 2016. We subcontracted sand mining to five companies and had no role in excavation thereafter."

She further said: "For every meeting that we attended, they paid us Rs 500 each and we signed the documents. All the accounts of the society are taken care of by officials of Euturunagaram Integrated Tribal Development Authority (ITDA). In three villages, there are 600 members of the society, each getting between Rs 80,000 and Rs 1 lakh."

Sammakka's neighbour Seetha Lakshmi said, "Huge sand mining happened right in front of us. But we didn't know the amount of sand excavated. What the members of the society got was a pittance."

Officials at the Mulugu district registrar of cooperative societies' office revealed that Sammakka's society was registered on February 16, 2015. The district collector, after approval of the district sand committee, handed over the sand mining contract to TSMDC. The mining corporation in turn

gave it to the tribal society. The society now says it only passed this on to the other companies.

TSMDC has agreed to pay Rs 150 per cubic metre to the sand societies for excavation work. The Society has given subcontract. As per the subcontract, the scope of the work includes excavation of sand and transportation it to nearby stock yard and loading the sand into the truck as specified by TSMDC.

The subcontractors paid Rs 70 per cubic metre to the Society. It was estimated that around 67.5 lakh cubic metres at Eturu and around 56 lakh cubic metres of sand at Thupakulagudem was available as per contract

The transactions were from March 2015 to December 2016 during the service tax regime, and the society neither obtained service tax registration nor paid the tax. Chityala Arun Kumar, one of the members of the society, appeared before GST officials and said, "Society has given the contract for excavation to five subcontractors. We are not registered with the service tax department hence we did not pay any service tax. Due to lack of awareness and clarity on applicability of service tax on the excavation of sand we haven't paid the tax." He added that he would get back after consulting other society members.

ITDA officials said that Rs 80 was being paid to subcontractors per cubic metre by the societies and they get a profit of Rs 70 per cubic metre. It said 18.1 lakh cubic metres of sand had been sold by the Eturu society for which around Rs 27 crore has been paid to the society in which Rs 14 crore is paid to subcontractors and society got Rs 12.7 crore profit.