

Immediate Release



Press Brief



**Performance Audit Report
of the
Comptroller and Auditor General of India
on Systems and Controls in assessment and
collection of mineral receipts
for the year ended 31 March 2021**

Government of Bihar
Report No. 4 of the year 2022

C&AG's Performance Audit Report on Systems and Controls in assessment and collection of mineral receipts of Bihar State for the year ended 31 March 2021

The Performance Audit Report of the Comptroller and Auditor General of India on Systems and Controls in assessment and collection of mineral receipts for the year ended 31 March 2021-Government of Bihar, prepared under Article 151 of the Constitution of India, was presented to the Bihar Legislature on 16 December, 2022.

Chapter-1: Introduction

- Receipts from Mines and Mineral in Bihar are administered by the Mines and Geology Department (MGD). Minor minerals found in Bihar are Sand, Stone, Murram, Earth and Brick earth, Mica, Silica, Quartz and Quartzite. Mining offices are situated in all 38 districts of the State. Mining operation of major mineral (Limestone) is carried out in only Rohtas district. Excavation of minerals (other than Limestone, Sand, Stone and Earth) is not being currently carried out in Bihar.

(Paragraph 1.1)

The major audit findings are:

Chapter-2: Systems and procedures for approval of mining concessions

- District Survey Reports (DSRs) remained incomplete due to the lackadaisical approach of the Mines and Geology Department. The Department initiated (August 2019) the process of settlement of sand leases for 2020-24, without completion of mandatory DSRs. The Hon'ble Supreme Court directed (November 2021) the Department to prepare fresh DSRs. The Department would have earned revenue, if it had prepared the DSRs before the tendering process and executed the leases with the new lessees.

(Paragraph 2.1)

- Plotting of coordinates of the sand ghats on Google Earth Pro revealed that the areas of five sand ghats of two districts approved for mining activities in Mining Plan were not correct. The mining area for sand extraction was given in the middle of a high intensity electric tower (a prohibited area) in Rohtas district.

(Paragraph 2.2.1)

- In Banka district, areas for sand mining were allotted in prohibited areas, such as near bridges and in the middle of the river.

(Paragraph 2.2.2)

Chapter-3: Assessment and collection of mineral receipts

- District Collector, Bhagalpur, cancelled leases of nine sand ghats and refunded security deposit of ₹ 1.76 crore against the provisions of the Bihar Sand Mining Policy, 2013. Further, the lease was not offered to the second highest bidder, which resulted in a loss of revenue of ₹ 18.63 crore.

(Paragraph 3.1)

- Revenue of ₹ 16.05 crore was less realised, in seven District Mining Offices (DMOs), due to incorrect calculation of the settlement amount.

(Paragraph 3.2)

- Lessees of sand ghats in eight districts paid the royalty/settlement amounts with delays ranging between one and 225 days. Interest on the delayed payments, at the rate of 24 *per cent* per annum, amounting to ₹ 10.22 crore, was not levied.

(Paragraph 3.3)

- In eight DMOs, the lease period of 2015-19 was extended up to 31.12.2021, with the enhancement of 50 *per cent* settlement amount of the previous year, but the concerned DMOs did not realise ₹ 94.97 crore as security deposit during the extended period.

(Paragraph 3.4)

- In eight districts, Stamp Duty and Registration Fee were not realised from the lessees, due to non-execution of registered deeds for the lease period 2015-19 and the extended period up to September 2021, which led to a loss of ₹ 97.41 crore.

(Paragraph 3.5)

- DM/DMO failed to realise settlement amount of ₹ 9.21 crore of a stone lease in Nawada district, even after a lapse of seven years from the award of the lease and four years from the execution of the lease agreement. Further, the DM/DMO did not take any action for cancellation and resettlement of the lease, on non-receipt of the settlement amount.

(Paragraph 3.8.1)

- Royalty and penalty for ₹ 61.08 crore could not be realised from 2,926 illegally operative brick kilns, in 14 DMOs.

(Paragraph 3.13.2)

Chapter-4: Illegal Mining

- Geographic Information System (GIS) study, carried out by Audit, with the help of NIT, Patna, revealed illegal mining being carried out outside all the sand ghats covering in the Areas of Interest (AOI). In the selected AOI, analysed satellite images revealed illegal mining and increase in the trend of illegal mining .

(Paragraphs 4.1 & 4.2)

- Analysis of available Satellite images on Google Earth Pro, in Sone Sand *ghats*, in three districts, revealed that mining activities were carried out in 12 sand *ghats*, without obtaining Environmental Clearance (EC).

(Paragraph 4.3.1)

- Out of 20 planned software modules of the IT system, implemented by the Department, only five were found functional. While the facility to generate e-challans and block them manually was made functional, the e-challans did not have the required security features, as a number of fake e-challans were found during audit.

(Paragraph 4.4)

- In 14 sampled districts, 2,43,811 e-challans were generated using 46,935 unrealistic vehicles, having registration numbers of ambulances, buses, auto rickshaws, cars, motorcycles *etc.*

(Paragraph 4.5)

- In 15,723 cases in 11 DMOs, 11 to 861 e-challans were generated for one vehicle, in one day, to carry sand. In four districts, the concerned lessees generated e-challans more than 10 times to 142 times in a day, for a particular vehicle, while despatching stones, during 2018-2020.

(Paragraph 4.6)

- 21,192 (63.85 *per cent*), out of the 33,191 e-challans verified by Audit, in 16 works divisions, were found to be fake and had been used in different construction works.

(Paragraph 4.7)

Chapter-5: Mines and Mineral Development, Restoration and Rehabilitation

Fund

- In 14 sampled DMOs, ₹ 82.30 crore, out of ₹ 91.86 crore realised towards the District Mineral Foundation (DMF) Fund, during December 2014 to September 2021, remained parked and unutilised.

(Paragraph 5.1)

- In seven DMOs, ₹ 10.91 crore was deposited as royalty, by contractors/agencies, for extraction of ordinary earth, but the concerned DMOs did not levy the DMF Fund and Seigniorage Fee of ₹ 4.58 crore from the contractor/agencies.

(Paragraph 5.10)

Chapter-6: Internal control, Monitoring mechanism and Inter-departmental co-ordination

- There was loss of revenue of ₹ 4.20 crore, due to non-co-ordination between District Transport Offices and District Mining Offices, in the context of seized vehicles involved in transportation of illegal minerals, as the records of these vehicles were not transferred to the concerned DMOs.

(Paragraph 6.2)

- There was loss of revenue of ₹ 12.77 crore, due to illegal use of tractors registered for agricultural purposes in commercial activities.

(Paragraph 6.3)

- The database of the Department was not integrated with *VAHAN* software. In the absence of this facility, 17,03,104 e-challans were generated with more than the *ladan* capacity of vehicles.

(Paragraph 6.4)

- In 14 sampled districts, 82,990 unfit vehicles were used for carrying of minerals, during 2018 to 2020.

(Paragraph 6.5)

- In 13 DMOs, 20,700 certificate cases, involving ₹ 229.43 crore, were pending, as of 31 March 2021.

(Paragraph 6.6)

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