

CHAPTER – V
FORESTS & ENVIRONMENT
DEPARTMENT

CHAPTER-V FORESTS & ENVIRONMENT DEPARTMENT

5.1 Tax Administration

Meghalaya ranks third among the states in terms of percentage of forest cover⁵² in the country. The forest and tree cover of the State is 17,046 sq.km (76 per cent of the total geographical area of the State) contributing 2.39 per cent of India's total forest and tree cover. Unlike the rest of the country where forests are mostly owned by the State and managed by the State Forests Department, in Meghalaya, substantial forest area is under the un-classed category and are owned by private individuals, clans, village councils, district councils and other traditional community institutions. Only 1,113 sq km⁵³ of forests, in Reserved Forests, Protected Forests, National Parks and Sanctuaries are under the direct control of the State Forest Department. Community and private forests are under the administrative control of the three Autonomies District Councils viz., Khasi Hills, Jaintia Hills and Garo Hills. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891 (as adapted by Government of Meghalaya).

The Principal Secretary to Government of Meghalaya, Forests & Environment (F&E) Department is in overall charge of the Department at the Government level. The Principal Chief Conservator of Forests (PCCF) is the administrative head of the Department who is assisted by Chief Conservators of Forests and Conservator of Forests. At the district level, Divisional Forest Officers (DFOs) are entrusted with management of forests and wildlife through various divisions such as territorial, wildlife, social forestry, etc., including levy and collection of forest dues, wherever applicable.

5.2 Results of Audit

Test-check of records of three units during 2020-21 and another three units during 2021-22 revealed loss of revenue and other irregularities in 28 cases and 21 cases involving ₹ 55.86 crore and ₹ 3.04 crore, which fall under the following categories:

Table 5.2.1: Results of Audit

Sl. No.	Category	2020-21		2021-22	
		No. of cases	Amount	No. of cases	Amount
1.	Non/Short realisation of revenue	01	1.55	0	0
2.	Loss of revenue	02	52.00	0	0
3.	Other irregularities	25	2.31	21	3.04
Total		28	55.86	21	3.04

(₹ in crore)

⁵² India State Forest Report 2021.

⁵³ Source: Forest Survey of India State Forest Report 2021.

During the years 2020-21 and 2021-22, the Department accepted loss of revenue and other deficiencies to the tune of ₹ 55.86 crore and ₹ 3.04 crore in 28 cases and 21 cases respectively. However, no recovery was intimated in any of the cases during the year.

A Performance Audit on “Mining of Minor Minerals in Meghalaya” having financial implication of ₹ 41.38 crore is discussed in **Paragraph 5.3**.

5.3 Performance Audit on Mining of Minor Minerals in Meghalaya

The Performance Audit (PA) on ‘Mining of Minor Minerals in Meghalaya’ covering the period from 01 April 2016 to 31 March 2021 was conducted during October 2021 to March 2022 to evaluate the compliance on the grant and execution of mining leases, collection of minor minerals receipts, the effectiveness in monitoring illegal excavation/transportation of minor minerals and safeguarding the environmental sustainability while granting and operating of mining leases.

Highlights

Mining leases granted despite non-submission/ delay in submission of mandatory documents.

(Paragraphs 5.3.8.1 & 5.3.8.3)

Issuance of Form-H (Transport challan) to non-lease holders.

{(Paragraphs 5.3.8.5(A))}

Short realisation of royalty amounting to ₹ 9.09 crore.

(Paragraphs 5.3.9.1)

Non-realisation of MMMRF of ₹ 14.51 crore as well as short-realisation of ₹ 3.29 crore.

{(Paragraphs 5.3.9.2(A))}

Short computation of anticipated royalty by the DFOs resulted in short-realisation of Stamp-duty.

{(Paragraphs 5.3.9.4(A))}

Illegal sand mining and prevalence of illegal mining activities.

{(Paragraphs 5.3.10.3(A - C))}

Absence of monitoring mechanism to safeguard environment after the grant of mining leases.

(Paragraphs 5.3.11.1)

5.3.1 Introduction:

Minerals are a finite and non-renewable natural resource and must be exploited wisely in the larger interest of the State. They constitute a vital raw material for many basic industries, which bring about increased economic activity and development of the State. It is imperative to conserve the available mineral resources through scientific exploration and mining so as to ensure availability of minerals for industrial production in the long run. Scientific management of mineral resources has to be closely integrated

with the overall strategy for sustainable development and guided by the long-term national goals as well as the State perspectives.

Meghalaya is endowed with sizeable deposits of a number of valuable minerals like Coal, Limestone, Uranium, Granite, Kaolin, Boulder stone, Clay, Glass sand, *etc.* As per Section 3 (e) of the Mines and Minerals (Development and Regulation) Act, 1957, minor minerals comprise building stones, gravel, ordinary clay, ordinary sand and any other mineral which the Central Government may, by notification in the official gazette, declare to be a minor mineral. Further, as per Schedule-III of the Meghalaya Minor Mineral Concession Rules 2016, limestone when used in kilns for manufacture of lime and/or as building materials, road and other construction works, shall be treated as minor mineral.

5.3.1.1 Legal framework for administration of mining sector

The responsibility of management of minerals is shared between Central and State Governments. The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, Government of India (GoI) lays down the legal framework for the regulation of mines and development of the minerals. The Mineral Concession Rules, 1960 (MCR) framed by GoI and the Mineral Conservation and Development Rules, 1988 (MCDR) were enacted by GoI under MMDR Act. They stipulate guidelines for ensuring mining on a scientific basis, while conserving the environment at the same time.

The Central Government has delegated power to the states to frame rules for grant and regulation in respect of minor minerals. States are also enabled to prescribe the method for grant of mineral concessions, rates of royalty, *etc.* for these minerals. Accordingly, Government of Meghalaya notified (12 September 2016) the Meghalaya Minor Mineral Concession Rules (MMMCR), 2016.

Prior to the notification of the MMMCR, 2016, mining of minor minerals in the State was unregulated and extraction was done without any approved mining plan or quarry permit. However, royalty was levied on such extraction and transportation by the Forest and Environment (F&E) Department under the provision of the Assam Forest Regulation, 1891 (as adapted by Meghalaya vide gazette notification dated 17 April 1973). Consequently, the Hon'ble High Court of Meghalaya in its judgments dated 30 June 2015 and 26 November 2015, ordered that except in cases where licence for extraction of minerals has already been granted or lease deed for that purpose has already been entered into, all other mining activities shall have to stop and in future the State shall not grant any license or enter into a lease deed for extraction of minerals without (i) consultation with the Central Empowered Committee⁵⁴ (CEC) (ii) drawing up a comprehensive scheme and (iii) creating a fund for reclamation in the interest of

⁵⁴ The Central Empowered Committee was constituted with reference to the order of the Hon'ble Supreme Court dated 9 May 2002 (Writ Petitions (Civil) Nos. 202/95 & 171/96) for monitoring the implementation of the Court's orders, look into cases of non-compliance including those related to encroachments, implementation of working plans, compensatory afforestation, plantation and other conservation issues.

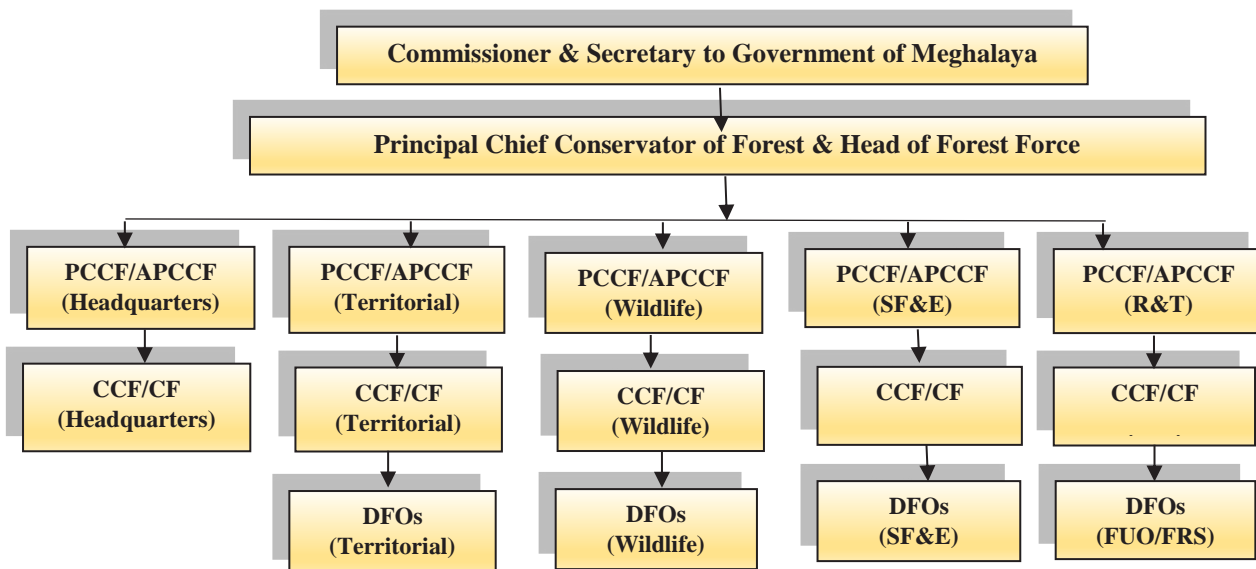
sustainable development and inter-generational equity and for the purpose of rectifying the damage caused to the forest and environment.

5.3.2 Organisational Setup

The Commissioner & Secretary, F&E Department is the administrative head at the Government level and is the controlling authority for granting the mining licenses of minor minerals in the State and overall administration of the Department. At the Directorate level, the F&E Department is headed by the Principal Chief Conservator of Forests & Head of Forest Force (PCCF & HoFF) who is responsible for all forestry, wildlife and allied activities. The PCCF & HoFF is assisted by Principal Chief Conservators of Forests (PCCFs), Additional Principal Chief Conservators of Forests (APCCFs), Chief Conservators of Forests (CCFs) and Conservators of Forests (CFs). At the Divisional level, each Division is headed by a Divisional Forest Officer (DFO) who is assisted by the Assistant Conservator of Forests (ACFs)/Range Officers (ROs), along with his staff.

The Department is divided into four major circles viz., (one) Territorial, (two) Wildlife, (three) Social Forestry & Environment and (four) Research & Training. The organisation set up of the F&E Department is depicted in the **Chart 5.3.1**.

Chart 5.3.1: Organisation set up of the F&E Department



Note:-SF&E: Social Forestry and Environment Wing; R&T: Research and Training Division; FUO: Forest Utilisation Office and FRS: Forest Resources Survey Division.

5.3.3 Audit Objectives

The objectives of the PA were to assess whether:

- The grant of mining lease/quarry permit and execution of mining leases were as per provisions of the MMMCR Rules, 2016;
- The provisions for levy, assessment and collection of minor mineral receipts *i.e.*, royalty, fees, dead rent, cess and other levies were properly enforced to safeguard revenue of the State;

- The monitoring and vigilance mechanism in the Department was adequate and effective to prevent illegal excavation/ transportation of minor minerals; and
- Environmental sustainability is adequately safeguarded in granting of mining leases and operation of mines.

5.3.4 Audit scope and methodology

The PA, covering the period from 01 April 2016 to 31 March 2021, was conducted during October 2021 to March 2022 to assess the performance of the Department. Scrutiny of records was carried out by audit in three selected Divisional Forest Offices⁵⁵ (DFOs), Territorial (T), Secretariat and Directorate level. Further, check of related records was also conducted at the following Departments/offices, responsible for issue of approval/clearance before issue of mining lease by the Forest Department:

(i) Mining & Geology Department: for approval of mining plan (Rule 19 of the MMMCR 2016) and collection of Cess on minor minerals;

(ii) District Environment Impact Assessment Authority (DEIAA)/State Environment Impact Assessment Authority (SEIAA): for grant/issue of Environmental Clearance (EC) Certificate (Rule 10 (C) of MMMCR 2016);

(iii) District Registrar: for collection of Stamp duty at the divisional/sub-divisional level as per the Indian Stamp (Meghalaya Amendment) Act, 1993; and

(iv) Meghalaya State Pollution Control Board (MSPCB): for grant/issue of Consent to Establish (CTE) & Consent to Operate (CTO) to mine operators/stakeholders.

Apart from test-check of records, joint physical verification (JPV) of 32 mining sites and 21 check-gates was also carried out by the audit team and the Departmental officials.

Field work commenced with an Entry Conference (21 October 2021) with the Secretary, F&E Department and officials of the line departments, wherein the audit objectives, criteria and scope of audit were discussed, and the inputs of the Department were obtained.

Audit findings were reported to the Government on 14 December 2022 and the written responses and responses received during the exit conference (17 March 2023) have been suitably incorporated in the Report.

5.3.5 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following:

- The Mines and Minerals (Regulation and Development) Act, 1957
- The Forest Conservation Act, 1980;
- The Indian Stamp Act, 1899;
- The Indian Stamp (Meghalaya Amendment) Act, 1993;

⁵⁵ DFO (T), Shillong, DFO (T), Jowai, DFO (T), Tura.

- The Environment (Protection) Act, 1986 and Rules framed thereunder;
- The Water (Prevention & Control of Pollution) Act, 1974 & Rules framed thereunder;
- The Assam Forest Regulation, 1891 as adopted by Meghalaya;
- The Meghalaya Minor Minerals Concession Rules, 2016 & its amendments;
- The Meghalaya Mineral Cess Act, 1988 and Rules framed thereunder;
- The Meghalaya Mines and Minerals Policy 2012; and
- Government Notifications, Court judgements, *etc.* issued from time to time.

5.3.6 Audit sampling

Three out of six Divisional Forest Offices (DFOs), Territorial (T) were selected using Probability Proportional to Size Without Replacement (PPSWOR) method with size measures being the number of mining leases issued during the period from 2016-17 to 2020-21. As on 31 March 2021, there were 123 mining leases (Boulder stone: 78 and Limestone: 45) and 58 forest check-gates established by the F&E Department, of which 111 mines and 39 forest check-gates were under the jurisdiction of the three select DFOs (T). For detailed check⁵⁶, 85 mining leases (Boulder stone: 51 and Limestone: 34) and 21 check-gates were selected. The DFO-wise position of mining lease granted, check-gates *vis-à-vis* selected sample is given in the table below:

Table 5.3.1: DFO-wise position of mining lease, check gates *vis-à-vis* selected sample

Sl. No.	Name of DFO	Districts covered	Boulder stone	Limestone	Sand	Total mines	No. of check gates	Selected Sample			
								Boulder stone	Limestone	Total mines	Check gates
1	DFO (T), Shillong	EKH & RB	31	25	00	56	26	24	19	43	14
2	DFO (T), Jowai	WJH & EJH	06	20	00	26	05	05	15	20	03
3	DFO (T), Tura	WGH & SWGH	29	00	00	29	08	22	0	22	04
4	DFO (T), Nongstoin	WKH & SWKH	10	00	00	10	04	Not selected			
5	DFO (T), Williamnagar	EGH & NGH	01	00	00	01	13	Not selected			
6	DFO (T), Baghmara	SGH	01	00	00	01	02	Not selected			
Total			78	45	00	123	58	51	34	85	21

Sources: Information furnished by the department.

Note: - East Khasi Hills (EKH), Ri-bhoi (RB), West Jaintia Hills (WJH), East Jaintia Hills (EJH), West Garo Hills (WGH), South West Garo Hills (SWGH), East Garo Hills (EGH), North Garo Hills (NGH) and South Garo Hills (SGH).

5.3.7 Acknowledgement

The Office of the Principal Accountant General (Audit), Meghalaya, Shillong acknowledges the co-operation extended by the PCCF & HoFF, PCCF/CF (T) of the F&E Department, and the sampled DFOs (T). The office also acknowledges the co-operation extended by other Departments *viz.*, Mining & Geology Department, DEIAA, SEIAA, District Registrar and MSPCB in the conduct of the Performance Audit.

⁵⁶ Fifty per cent mining leases were selected based on topmost average annual production capacity and remaining 50 per cent of mining leases were selected as per approved mining plan.

Audit Findings

Audit findings are discussed in the succeeding paragraphs arranged in four parts:

Part I: *Issues relating to granting and execution of mining leases.*

Part II: *Assessment and collection of mineral receipts viz., Royalty, MMMRF, Cess and Stamp duty.*

Part III: *Monitoring and vigilance mechanism in the Department to prevent illegal excavation/transportation of minor minerals; and*

Part IV: *Department's initiative to safeguard environmental sustainability while granting mining leases and operation of mines.*

PART-I

5.3.8 Granting and execution of mining leases

5.3.8.1 Mining leases granted despite non-submission/delay in submission of mandatory documents

Rule 10 of the MMMC Rules, 2016, envisages that on receipt of the application for the grant of mining lease/quarry permit, the competent authority shall take decision to grant precise area for the said purpose and communicate such decision to the applicant by issuing a letter of intent. On receipt of such letter of intent, the applicant shall, within a period of six months or such other period as may be allowed by the competent authority, furnish to the competent authority the following documents for the grant of mining lease, namely:

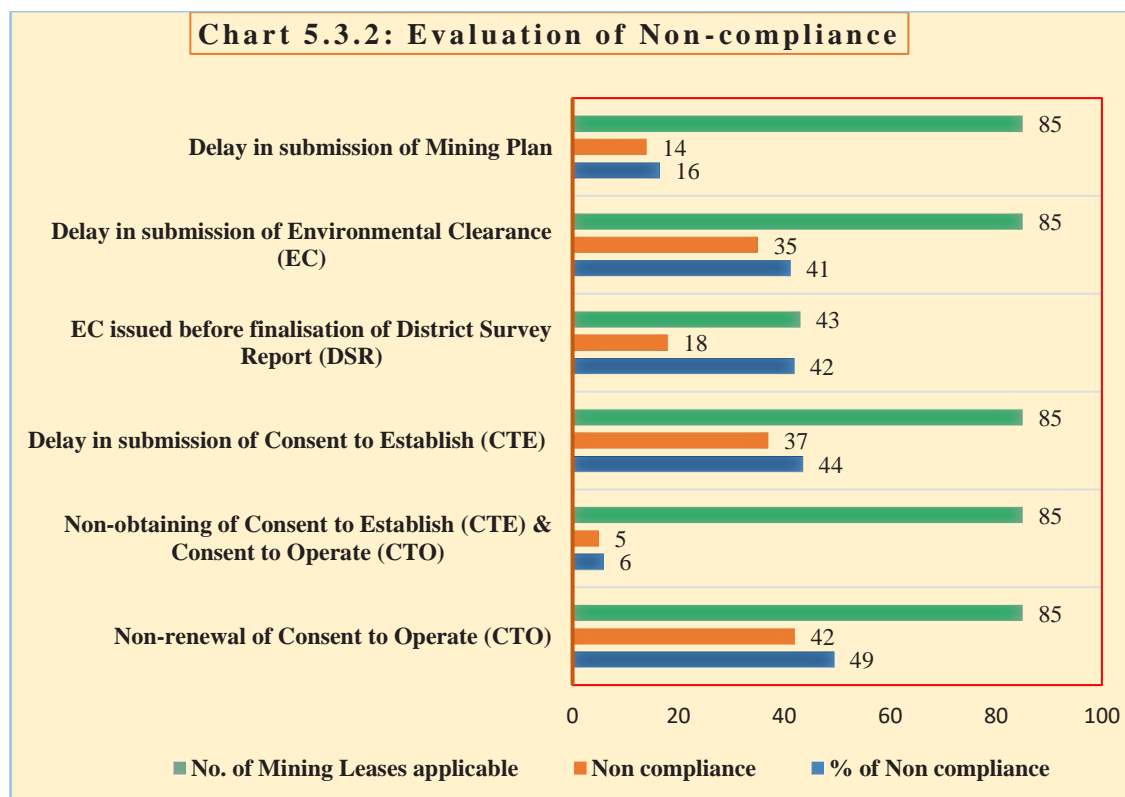
- **Mining plan** duly approved by the authorised officers⁵⁷ which shall be submitted within three months⁵⁸ from the date of receipt of the letter of intent (LoI);
- **Environmental Clearance (EC)** issued by District Environment Impact Assessment Authority (DEIAA) for mining area up to five ha and State Environment Impact Assessment Authority (SEIAA) for mining area above five ha to be submitted within six months from the date of issue of LoI;
- **Preparation of DSR:** As per Ministry of Environment, Forests and Climate Change notification dated 25 July 2018, preparation of District Survey Report (DSR) for each minor mineral other than sand mining or riverbed mining has been made mandatory and shall form the basis for application for Environmental Clearance (EC), preparation of reports and appraisal of projects. As such, no EC for minor minerals shall be issued without finalisation of DSR after 25 July 2018.

⁵⁷ Mining engineer, Directorate of Mineral Resources - for Khasi Hills region; Divisional Mining Officer (DMO), Jowai- for Jaintia Hills Region; DMO, Williamnagar- for Garo Hills Region -as per amendment dated January 2019.

⁵⁸ As per Rule 19(1) of MMMCR, 2016.

- **Consent to establish⁵⁹ (CTE)** from Meghalaya State Pollution Control Board (MSPCB) under the Water (Prevention & Control of Pollution) Act, 1974 and (Prevention & Control of Pollution) Act, 1981 has to be submitted within six months from the date of issue of LoI and Consent to operate⁶⁰ which is to be renewed⁶¹ within three months before the date of its expiry.

Scrutiny of records of the selected 85 mining leases revealed non-compliance of above provisions. Deficiencies noticed in terms of number of cases and percentage in respect of the above criteria are depicted in **Chart 5.3.2** below.



The lapses in grant of mining lease depicted in the Chart indicate that the Departmental authorities failed to exercise due diligence required to ensure that all statutory requirements have been adhered to before granting approval of the mining lease.

The Department stated (March 2023) that EC were issued without preparation of DSR since the Environment Impact Assessment (EIA) notification dated 15 January 2016 has been stayed by the Hon'ble NGT vide order dated 11 December 2018. As such,

⁵⁹ A consent from MSPCB before establishment of any industry, operation or process or any treatment and disposal system or any addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land under Section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention & Control of Pollution) Act, 1981.

⁶⁰ A consent from MSPCB after establishment of any industry, operation or process or any treatment and disposal system or any addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land under Section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention & Control of Pollution) Act, 1981.

⁶¹ The CTO is granted by Meghalaya State Pollution Control Board initially for one year, after grant of mining lease by F&E Department.

preparation of DSR is not a pre-condition for issue of EC. Audit however, noticed that prior to the NGT judgement *i.e.*, between 25 July 2018 and 11 December 2018, 18 ECs were issued under the three selected DFOs without finalisation of DSR. In respect of grant of mining leases without submission of CTE/CTO, the Department stated that CTE is necessary before mining lease is granted and CTO after the grant of mining lease. However, copy of CTE of the four lessees and CTO of one out of five lessees as mentioned in **Chart 5.3.2**, were not furnished.

Regarding delay in submission of mining plan, EC & CTE from the date of LoI, the Department stated that Rule 10 of the MMMCR, 2016 provides that on receipt of such LoI, the applicant shall, within a period of six months or such other period as may be allowed by the competent authority, submit these documents and as such additional period was allowed as deemed appropriate by the competent authority. However, documentary evidence in support of extension of time sought by the lessee and the same being allowed by the competent authority was not available on record.

The Department also stated that the DFO would be instructed to pass an express order extending the letter of intent period before accepting the additional documents.

5.3.8.2 Non-execution/delay in execution of lease deed agreement

A lease deed is necessary for legal authenticity of a lease between two parties so as to be recognised in a court of law in case of a dispute. Rule 21 of the MMMCR, 2016 provides that where a mining lease is granted or renewed, a lease deed in Form E shall be executed within three months of the order of grant of the lease and if the lease is not executed within the aforesaid period, the order granting the lease shall be deemed to have been revoked. However, if the competent authority is satisfied that the applicant is not responsible for the delay in execution of the lease deed, it may permit the execution of the deed after the expiry of the aforesaid period of three months.

It was noticed that in respect of 10 mining leases (boulder stone) granted between June 2019 and January 2021 (**Appendix 5.3.1**) under DFO (T), Tura, lease deed agreements are yet to be executed (March 2022). Audit further observed that lease deed agreements were executed after delays ranging from five to 39 months from the date of grant of lease in 10 cases under the division. Despite non-execution/delay in execution of lease deed, the mining leases were not revoked. This indicates the lacklustre approach of the F&E Department in grant of mining leases in the State.

Non-execution of deed of agreement with the lessees by the DFO (T), Tura is not only in contravention of the MMMCR, 2016 but also resulted in non-collection revenue of ₹ 1.43 crore in the form of stamp duty (**Paragraph 5.3.9.4 (A)**).

The Department stated (March 2023) that Rule 21 of the MMMC Rules, 2016 provides grant of liberty to the competent authority to allow execution of the lease deed agreement beyond three months if the competent authority is satisfied that the applicant is not responsible for the delay in the execution of the lease deed and that the competent

authority would have satisfied himself that it is a fit case for permitting execution of the lease deed beyond three months.

The justification provided by the Department was not acceptable as no documentary evidence on the basis of which the competent authority satisfied himself of the fact that the lessee was not responsible for the delay, could be provided.

5.3.8.3 Mining leases granted within restricted areas

Rule 4 of the MMMCR, 2016 provides that no mining lease and quarry permit shall be granted in respect of any land located within a distance of 50 meters from any village, bridges, national highways (NH) or water source except with the prior approval of the State Government. The rule was amended in September 2020 by the State Government and as per the amendment, no mining lease and quarry permit shall be granted in respect of any land mentioned below, namely:

- (i) within a distance of 200 meters from the edge of the NH and any roads to be notified by the Government.
- (ii) within a distance of 100 meters from any village, water source, bridges, dams, reservoirs and from the edge of the State Highways and any other roads when blasting is not involved; and
- (iii) within a distance of 200 meters from any village, water source, bridges, dams, reservoirs and from the edge of the State Highways and any other road when blasting is involved.

Further, as per Rule 19 of the MMMCR, 2016, the mining plan prepared by the applicant shall contain the mining plan area showing as accurately as possible the location, boundaries and area of the land in respect of which mining lease is applied for, natural water courses, forest areas, *etc.*

Audit noted that the mining plans approved by the Director of Mineral Resources did not mention the distance of the mining lease from the roads and water courses which resulted in irregular grant of the mining leases as discussed below:

Test-check of records of the DFO (T), Jowai revealed that one mining lease (boulder stone) at Moodymmai issued (March 2021) for a period of 15 years to Shri Wanlang Phawa, West Jaintia Hills was found located within 53 meters from NH-6 (Jorabad-Shillong-Jowai-Aizawl Road).

Further, during joint physical verification (JPV) conducted (October 2021 to December 2021) by the Audit team and the officials of the selected DFOs (T) to ascertain the location of 32 lease areas, it was noticed that three mining leases have been granted for extraction of boulder stone within the restricted areas as detailed in **Table 5.3.2**.

Table 5.3.2: Mining leases granted within the restricted areas

Sl. No.	Type of mining lease and location	Name of the lessee	Date of issue of mining lease	Period of lease (years)	Name of DFO	Remarks
1	Boulder stone at Mawlong Sirdarship	Shri Banroilang Wahlang, EKH	12.01.2021	5	DFO(T), Shillong	Located at 55 meters from PWD road, which contravenes the permissible distance of 200 meters.
2	Boulder stone, Dymniew, Jathit, Pynursla	Smt Lamonlang Massar, EKH	22.03.2019	10		Located at 22 meters from NH-206 (Shillong-Pynursla-Dawki road), which contravenes the permissible distance of 50 meters.
3	Boulder stone	Shri Ringh Sangma, Damjonggre, WGH	20.12.2017	5	DFO(T), Tura	Located at 40 meters from a perennial stream. which contravenes the permissible distance of 50 meters.

Source: JPV reports of DFO (T), Shillong and Tura.

It may be seen from **Table 5.3.2** that four mining leases (one under DFO, Jowai, two under DFO, Shillong and one under DFO, Tura) were granted within the restricted areas by the Department. This indicates that environment and public safety were not considered while granting these mining leases.

The Department stated (March 2023) that in respect of Shri Banroilang Wahlang and Smt Lamonlang Massar, the distance of the mining sites from the road were 60 and 50 meters respectively. However, since the applications along with other documents were submitted to the DFOs concerned before amendment of the MMMCR *i.e.*, September 2020, the mining leases were granted. In respect of Shri Ringh Sangma, the Department attributed the reason to shifting of the river course, while in case of Shri Wanlang Phawa, the Department stated that the mining lease was re-issued with the additional condition that no blasting is allowed within 200 meters from the paddy field and PWD road.

The Department's reply in respect of Shri Banroilang Wahlang, Smt Lamonlang Massar and Shri Ringh Sangma, was not acceptable since, MMMCR, 2016 amended in September 2020 prohibits any mining lease to operate within 200 metres from the edge of NH/State highway/river/water source without any exemption clause. In respect of Shri Wanlang Phawa, the mining lease was issued on 9 March 2021 *i.e.* after amendment of MMCR, (September 2020), hence the Department justification stating that mining lease was re-issued restricting the use of blasting, that too without any record evidence was not acceptable.

5.3.8.4 Mining operated beyond the lease areas

Under Rule 20(1) of the MMMC Rules, 2016, mining operations shall be undertaken in accordance with the duly approved mining plan. Further, as per the approved mining plan, barbed wire fencing shall be provided around the excavation to check the inadvertent entry of humans and livestock or fauna in the mining site.

During JPV, it was seen that in two mining areas each under DFO Shillong & Tura, mining activities were carried out beyond the boundary of the lease areas, details of which are given in **Table 5.3.3.**

Table 5.3.3: Mining activities beyond the permitted lease areas

Name of lessee and address	Type of mineral and location	Date of issue of lease	Lease area as per mining plan	Actual mining area	Date of inspection
Shri Kitboklang Khonglah, DFO(T), Shillong	Limestone at Sohra, Mawlong, EKH	22.2.2021	2.88 Ha	0.25 ha beyond the boundary	09.11.2021
Wensila Ch. Marak, Manggapara, DFO(T), Tura	Boulder stone at Manggapara, Zikabari, West Garo Hills District	12.04.2019	0.56 ha	0.90 ha beyond the boundary	13.12.2021

Source: JPV reports.

Both the lessees present during the JPV denied extraction of minerals beyond the lease areas. The Range Officer, Southern Range under DFO (T) East Khasi Hills also could not ascertain the person involved in extraction of limestone in the area outside the mining area. It was also observed that no barbed wire fencing was provided around these mining sites.

The Range Officer (RO) under DFO (T), Tura stated that the extraction of minerals beyond the mining area was carried out manually by local people and without the use of any machinery. The RO further stated that since the place was very far, it is not possible for the forest staff to detect the people involved in illegal mining.

The Department stated (March 2023) that in respect of Shri Kitboklang Khonglah, the mining activities were occurring at a site which was beyond the boundary of the mining lease and is an abandoned mine, while in respect of Smt. Wensila Ch. Marak, it was stated that the extraction beyond the mining area was carried out manually by local people and without the use of any machinery which is more of a stray incident for reasons of livelihood and being done at a time when the forest staff were not present.

The justification provided by the Department is not acceptable since during JPV, extracted quantity of about 55 MT of limestone (DFO, Shillong) and 110 cu.m of Boulder stone (DFO, Tura) were found lying at the sites. Moreover, the lessees should have reported about illegal mining being done just beside their mining lease area, to the authorities/ DFO concerned. The reply of the Department also reflects absence of monitoring and its inability to control prevalence of illegal mining activities.

5.3.8.5 Maintenance of records of Transport challans (Form-H).

Under Rule 26 of the MMMCR, 2016, the competent authority shall issue transport challans in Form-H to any lessee or permit holder who intends to dispatch minor minerals from the lease or permit area. No person shall transport or carry away any minor mineral from any place without a transport challan. The Form-H used for transportation of minor minerals includes details like the name and address of the lease holder and the mining lease, name of the mineral, name and address of the consignee

and the place of delivery of the minor mineral. Form-H is issued to the lessee only after payment of royalty and other dues.

Scrutiny of records pertaining to the maintenance and utilisation of transport challans (Form-H) revealed the following shortcomings:

A. Absence of proper accounting of Form-H

As per information collected from Printing and Stationery Department, 5,175 books⁶² of Form-H were delivered to DFO (T), Shillong during the period from October 2017 to March 2021. However, the DFO did not maintain any register/records showing the number of books of Form-H received, issued and stock balance. In reply, the DFO (T), Shillong furnished a statement showing position of Form-H. On cross examination of the records furnished by Printing and Stationery Department with the statement furnished by DFO (T), Shillong, it was further seen that 580 books⁶³ of Form-H issued to the DFO during the period between March 2020 and January 2021 were not recorded in the DFOs' statement.

In respect of DFO (T) Tura, it was seen that though a register was maintained, only the receipt and issue of Form-H were recorded in the register. The dates of return of the used books were not recorded.

Thus, due to the improper maintenance of records of Form H by the two DFOs, misuse of the same for unauthorised transportation of minerals as discussed in the succeeding **Paragraph 8.1.5(2)** and the risk of loss of revenue cannot be ruled out.

The Department, while accepting the audit observation, stated (March 2023) that all the DFOs have been directed to maintain records/register for proper accounting of Form H.

B. Issue of Form-H to non-lease holders

Under Rule 26 (1) and (2) of the MMMCR, 2016, the competent authority shall issue transport challans in Form-H to a lessee or permit holder who intends to dispatch minor minerals from the lease or permit area and no person shall transport or carry away any minor minerals from any place without such transport challan.

Scrutiny of issue register of Form-H revealed that DFO (T) Tura, had issued four books (bearing book Nos. 487, 592, 604 and 1004) containing 400 sheets of transport challans (Form-H) to a non-mining lease holder *viz.*, M/s Megha Stone Industries (stone crushers), Tura on 25 November 2019, 26 February 2020, 06 March 2020 and 13 March 2020 respectively. Further examination of records of the LCS, Ghasuapara revealed that M/s Megha Stone Industries had utilised 43 sheets of the said transport challans to export 486 MT of minor minerals⁶⁴ to Bangladesh during April 2021. The circumstances under which Form H was issued to a non-mining lease holder by DFO Tura was not found on record.

⁶² Cash book of Form H challans consists of 100 sheets.

⁶³ Book Nos. 6761-6780, 6801 to 6820, 6861-6880, 6921-6940, 6981-7000, 7080-7081, 7121-7160, 7281-7320, 7401-7440, 7481-7520, 7641-7680, 7761-7800, 7881-7920, 7961-8000, 8081-8120, 8281-8320 and 8361-8400.

⁶⁴ Stone chips.

The issue of Form-H to a non-mining lease holder is not only a violation of Rule 26 (2) of the MMMCR, 2016 but is an open encouragement to transport minor minerals sourced from illegal mining to cross border check-gate.

The Department stated (March 2023) that transport challan issued to Megha Stone Industries was meant for transportation of minor minerals for export of the processed minor mineral, issued in lieu of the already issued domestic transport challan, and that associate fees due has been collected. The reply stated further that it was issued purely with an intention to monitor, check, regulate and maintain proper record/ data of the export of chips/ crushed materials through forest check gates.

The reply is not acceptable since Form-H was supposed to be issued only for transportation of extracted minor minerals from the permit area and not for transportation of the minerals from one place to any other place.

5.3.8.6 Discrepancy of GPS Co-ordinates due to improper verification of mining leases

Rule 16 of the MMMCR, 2016 states that mining lease or quarry permit survey of an area shall be carried out in the following manner:

- (i) Survey and demarcation of the area applied for the grant of mining lease or quarry permit shall be done by the applicant; and
- (ii) Verification of the same shall be done by the competent authority.

Examination of the GPS co-ordinates mentioned in the non-forest clearance certificate, environmental clearance, mining plan and mining lease certificate issued to the lessees revealed that out of 85 leases selected, discrepancies in GPS co-ordinates were noticed as highlighted below:

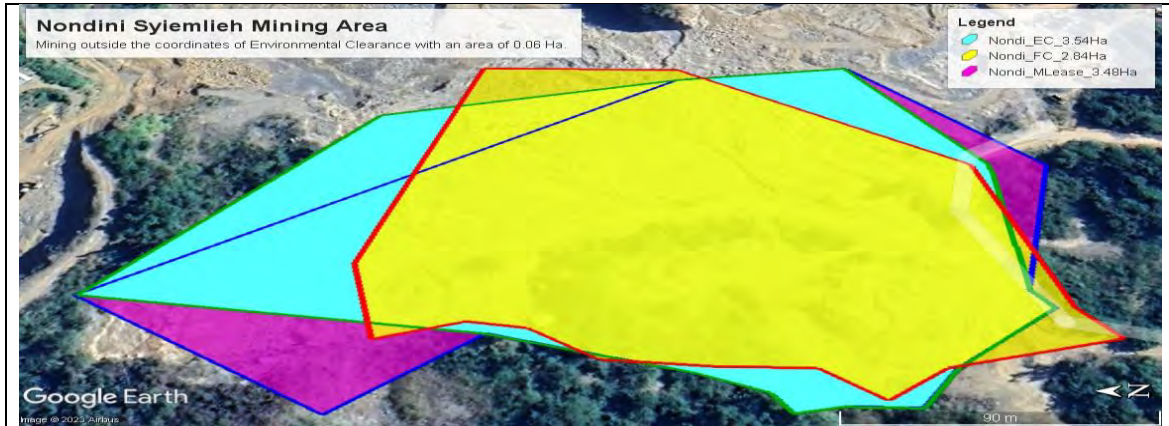
- Although the non-forest land certificate and mining lease were granted by the same authority *i.e.*, the DFO concerned, in 25 cases⁶⁵ (29 per cent), the GPS co-ordinates issued for the non-forest land certificate and mining lease did not match.
- In 15 cases⁶⁶ (18 per cent), there was a discrepancy in the GPS co-ordinates in the non-forest land certificate and environmental clearance.
- In 20 cases⁶⁷ (24 per cent), there was a discrepancy in the GPS co-ordinates issued for the non-forest land certificate and mining plan.

Audit plotted the GPS co-ordinates mentioned in the mining lease and those mentioned in the forest clearance and environmental clearance in Google Earth and noticed that there is huge variation in the area plotted as per GPS co-ordinates mentioned in the mining lease and the area mentioned in the forest clearance and environmental clearance. Samples of GPS coordinates plotted through Google Earth are indicated below:

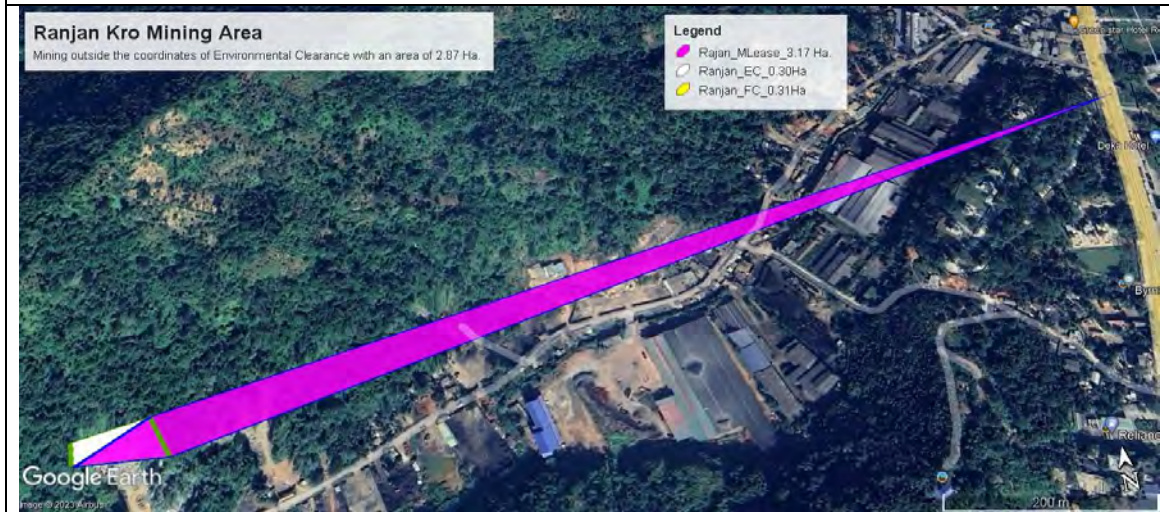
⁶⁵ (9 in East Khasi Hills, 10 in Ri-Bhoi and 6 in West Garo Hills).

⁶⁶ (9 in East Khasi Hills, 2 in Ri-Bhoi and 4 in West Garo Hills).

⁶⁷ (8 in East Khasi Hills, 7 in Ri-Bhoi and 5 in West Garo Hills).



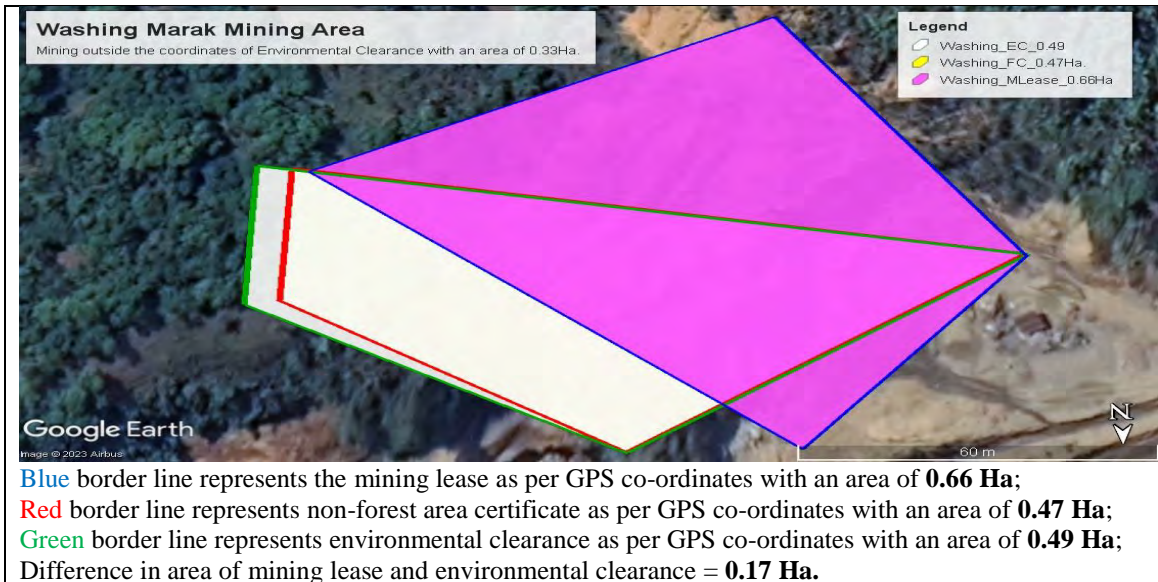
Blue border line represents the mining lease as per GPS co-ordinates with an area of **3.48 Ha**;
 Red border line represents non-forest area certificate as per GPS co-ordinates with an area of **2.84 Ha**;
 Green border line represents environmental clearance as per GPS co-ordinates with an area of **3.54 Ha**.
 Difference in area of mining lease and environmental clearance = **0.66 Ha**.



Blue border line represents the mining lease as per GPS co-ordinates with an area of **3.17 Ha**;
 Red border line represents non-forest area certificate as per GPS co-ordinates with an area of **0.31 Ha**
 (however, the red line is not visible due to overlap by green border line);
 Green border line represents environmental clearance as per GPS co-ordinates with an area of **0.30 Ha**;
 Difference in area of mining lease and environmental clearance = **2.87 Ha**.



Blue border line represents the mining lease as per GPS coordinates with an area of **2.33 Ha**;
 Red border line represents Non-forest area certificate as per GPS co-ordinates with an area of **0.92 Ha**;
 Green border line represents environmental clearance as per GPS co-ordinates with an area of **16.70 Ha**;
 Difference in area of mining lease and environmental clearance = **14.37 Ha**.



Prevalence of these discrepancies indicated that the DFOs in the F&E Department were not carrying out survey/site inspection of the lease areas diligently. Mining activities in unauthorised land cannot be ruled out due to these discrepancies.

The Department stated (March 2023) that cases of deviation of GPS co-ordinates in decimals (seconds) in East Khasi Hills District may be attributed to error in the GPS device. In respect of Ri-Bhoi district, where huge variations were noticed, show cause/closure notice have been issued. The Department stated further that there is no discrepancy in the GPS coordinates as observed by audit in respect of DFO Tura, which is not acceptable since based on re-examination, it was noticed that there are discrepancies of GPS coordinates mentioned in the non-forest land certificate compared with the GPS co-ordinates mentioned in the mining plan, EC and mining lease as already pointed out.

Conclusion

In many instances, provisions of MMMCR Rules 2016 had not been complied by the DFOs, while issuing/ granting the mining lease as cases of granting mining leases despite non-submission/ delay in submission of mandatory documents as well as cases of lease being granted within restricted areas and mining activities being carried out beyond lease areas were also observed. Besides, absence of proper accounting of Form H and cases of issuance of Form-H to non-lease holders were also noticed.

Recommendations

- *The Department should review all the mining leases pointed out in Audit, which have been granted without adherence to the statutory requirements. Further, the Department should put in place appropriate procedures for the forest officials and other authorities to ensure strict compliance with the provisions of MMMCR Rules, 2016 while granting mining leases in the State.*
- *The Department may investigate all cases of violation of the MMMCR, 2016, fix responsibility and take punitive action under Rule 36 of MMMCR 2016 read with*

sub-section (2) of section 21 of Mines and Mineral (Development and Regulation) Act, 1957.

- The matter relating to issuance of Form H to non-lease holders should be investigated, and accountability should be fixed to avoid repetition of such irregularities.

PART-II

5.3.9 Assessment and collection of minor mineral receipts viz., royalty, fees and others

The main activities of the F&E Department are conservation and development of natural forests and wildlife. As such, it is not considered a revenue earning Department of the State Government. However, it is one of the major non-tax revenues earning Departments since the F&E Department is responsible for granting mining lease of minor minerals and collection of forest receipts comprising of royalty from minor minerals, sale of timber, sand and other forest produce, etc.

Royalty on minor minerals is one of the important components for the State's own revenue as it comprised 10 per cent (₹ 260.98 crore) of the State's non-tax receipts (NTR) of ₹ 2,532.85 crore during 2016-21. The target set by the F&E Department for collection of royalty from minor minerals and actual collection of the same *vis-à-vis* comparison with State NTR during 2016 to 2021 is given in **Table 5.3.4**.

Table 5.3.4: Target *vis-a-vis* actual collection on minor minerals during 2016 to 2021
(₹ in crore)

Year	Target	Actual receipts on minor minerals	Total Non-tax Receipts (TNTR)	Percentage of actual receipts to	
				Target	TNTR
2016-17	71.37	67.37	685.24	94	10
2017-18	99.36	29.95	366.63	30	8
2018-19	88.17	43.42	427.70	49	10
2019-20	91.30	57.90	530.11	63	11
2020-21	62.20	62.34	523.17	100	12
Total	421.26	260.98	2,532.85	62	10

Source: information furnished by the F&E Department and State Finance Accounts.

From the table above, it is seen as follows:

- Against the total target of ₹ 421.26 crore for collection of revenue (royalty) on minor minerals, an amount of ₹ 260.98 crore only was collected during 2016-21; thus there was overall shortfall in collection by 38 per cent.
- The increase/decrease in the targets are not in conjunction with the actual collection. During the last five years' period from 2016-17 to 2020-21, the target of ₹ 99.36 crore set during 2017-18 was the highest, against which the actual collection was only ₹ 29.95 crore *i.e.*, shortfall of 70 per cent. Thereafter, the target dipped to ₹ 88.17 crore (2018-19) with slight increase to ₹ 91.30 crore (2019-20) which again dipped to ₹ 62.20 crore in 2020-21. On the contrary, the collection of revenue has been on an increasing trend from ₹ 43.42 crore in 2018-19 to ₹ 62.34 crore in 2020-21.

The above deficiencies indicated that budget/target for revenue receipt was not prepared in a realistic manner and points towards overestimation of receipts on mineral minerals. No record on the procedure adopted by the Department for fixation of target on receipts of minor minerals was made available to audit.

During the exit meeting (17.03.2023), the Department stated that the target was fixed on thumb rule basis by increasing the projections by five *per cent* over the previous year's target. The reply confirms the audit contention that the targets were not prepared in a realistic manner.

Audit noticed several cases of non/ short realisation of royalty, Meghalaya Minor Mineral Reclamation Fund (MMRF), cess and stamp duty, which are discussed in the succeeding paragraphs:

5.3.9.1 Short-realisation of royalty on sand and stone

Under Section 34(2)(h) of the Meghalaya Forest Regulation Act (Assam Regulation No. 7 of 1891 as adopted by Meghalaya), the Forest & Environment Department, Government of Meghalaya notified (19 June 2014) revision of the schedule of rates of royalty on all types of forest produce, payable to the Government. The rates of royalty were enhanced with effect from 24 January 2019. The schedule of rates of royalty also includes rates for sand, stone and limestone as given in **Table 5.3.5**.

Table 5.3.5: Schedule of rates of royalty on sand, stone and limestones

Sl. No.	Categories	Unit	Rate of royalty per unit	
			From 19.06.2014	From 24.01.2019
1	Sand	Cum	90	110
2	Stone	Cum	240	240
3	Limestone	MT	80	100

In Meghalaya, all user agencies (Government departments) utilising minor minerals for execution of works contracts have been made (29 April 2016) responsible for deduction of royalty on minor minerals utilised for works from the contractors' bills and for depositing the same to the Treasury through the Forest Department.

Mention was made in Paragraph 5.4.14.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 (Revenue Sector) and Paragraph 5.4 of the Report *ibid* for the year 31 March 2018, regarding short levy/ non levy of royalty from user agencies. Audit had therefore recommended that the Forest Department should actively follow up the issue with the user agencies regarding the timely submission of accounts for the minerals utilised by them and to realise the balance amount of royalty from the contractors.

Scrutiny of records of the selected DFOs pertaining to payment of royalty by the user agencies revealed that 10.92 lakh cum of boulder stone and 5.35 lakh cum of sand were utilised for construction of various works under 26 different user agencies between April 2016 and March 2021 as detailed in **Table 5.3.6**.

Table 5.3.6: Non/short realisation of royalty

Name of DFO	No. of user agencies	Period	Quantity of Minor Minerals utilised (cum)		Royalty payable	Royalty paid	Short payment
			Stone	Sand			
DFO(T), Shillong	13	June 17 to February 2021	4,08,610	1,22,344	11.11	9.17	1.94
DFO(T), Jowai	10	April 16 to March 2021	4,95,049	2,99,834	15.10	11.54	3.56
DFO(T), Tura	3	April 16 to October 2018	1,88,650	1,13,176	5.55	1.96	3.59
Total	26		10,92,309	5,35,354	31.76	22.67	9.09

Source: Compiled by Audit from the records of the selected DFOs (T).

It may be seen from **Table 5.3.6** that against the payable royalty amount of ₹ 31.76 crore, an amount of only ₹ 22.67 crore was realised by the user agencies under the three DFOs. The DFOs also failed to take any action in this regard. Thus, due to failure of the user agencies and the concerned DFOs to ensure realisation of royalty at the prescribed rate resulted in short realisation of royalty to the tune of ₹ 9.09 crore.

The above lapses indicated that no remedial action had been taken by the Forest Department on the Audit recommendations. Thus, inaction of the Department to take up the matter with the concerned user agencies to ensure deduction of royalty at the prescribed rate resulted in short realisation of royalty on minor minerals amounting to ₹ 9.09 crore during April 2016 to March 2021 under the three DFOs.

The Department, while accepting the Audit observation, stated (March 2023) that respective DFOs (T) had from time to time intimated and reminded the user agencies on short/non-payment of royalty and its recovery. The Department added further that since the onus of collection of royalty also lies with the user agencies, the Department had written to all user agencies to deposit the royalty and other statutory dues.

A. Non- realisation of royalty on limestone

During the period between January 2019 and March 2019, 13 lessees under DFO (T), Jowai transported 0.57 lakh MT of limestone and paid royalty of ₹ 0.46 crore which was accepted by the DFO.

Audit noted that these lessees had made payment of royalty at the rate of ₹ 80/MT instead of ₹ 100/MT resulting in short realisation of royalty on limestone amounting to ₹ 0.11 crore (₹ 0.57 - ₹ 0.46) from the 13 lessees (**Appendix 5.3.2**).

The DFO (T), Jowai attributed (10 December 2021) delay in receiving intimation of the revised rates from the Department as the reason for not deducting royalty at the revised rate of ₹ 100/MT, which he stated was received only on 30 March 2019.

The reply of the DFO (T), Jowai was contradicted by the Department in their reply dated 16 March 2023, wherein it was stated that the revised rates of royalty on limestone was intimated to all the Divisions including DFO (T), Jowai on 30 January 2019. The Department also stated that royalty amounting to ₹ 0.44 crore has been recovered out of the total payable amount.

The reply is factually incorrect since examination of records furnished by the Department revealed that the amount of ₹ 0.44 crore had already been paid by the lessees during January 2019 to March 2019. However, the amount of ₹ 0.11 crore still remains unrealised.

Thus, failure of the DFO (T), Jowai to levy royalty on limestone at the revised rates has resulted in non-realisation of royalty amounting to ₹ 0.11 crore during January 2019 to March 2019.

B. Extraction of incidental minor minerals without obtaining exemption certificate

Under Rule 3 (ii) of MMMCR 2016, any extraction of minor minerals which is incidental in nature is exempted from the provisions of MMC Rules provides that an exemption certificate is obtained from the competent authority. Further, under Rule 3 of MMMCR (amendment in January 2021), any extraction of minor minerals which is incidental in nature shall be permitted for commercial uses only after payment of royalty and cess.

During JPV conducted (08 November 2021) in a mining lease granted to Smti. Lamonglang Massar, Pynursla, East Khasi Hills District, it was noticed on the way to the lease areas that extraction of boulder stone was being carried out at the roadside of NH-40 (Shillong-Pynursla-Dawki). Some of the photographs taken during the JPV are shown below:



Extracted boulder stone lying at site during site inspection in Pynursla, East Khasi Hills District during widening of Shillong-Dawki road.

The Range Officer, Southern Range of DFO (T), Shillong stated that the extraction of boulder stone from the roadside was carried out by NHIDCL⁶⁸ for the purpose of construction of Shillong-Dawki Road.

Since the extraction of boulders stone arises out of construction of roads which is incidental in nature, an exemption certificate needs to be obtained from the Forest department. However, Audit noticed that the exemption certificate was neither obtained by NHIDCL nor were they instructed by the Forest department to obtain the same. Further, the Forest department did not ascertain whether the extracted boulder stone was used for commercial purposes for proper collection of royalty and cess.

⁶⁸ National Highways and Infrastructure Development Corporation Ltd.

The Department, while accepting the Audit observation, stated (March 2023) that NHIDCL has submitted an application and the same is under process for obtaining approval from the State Government for issuance of exemption certificate. However, a copy of the application was not furnished.

5.3.9.2 Meghalaya Minor Mineral Reclamation Fund (MMMRF)

In compliance with the order of the Hon'ble High Court of Meghalaya dated 30 June 2015, the Forest & Environment Department directed (December 2015) the PCCF & HoFF for creation of the Meghalaya Minor Mineral Reclamation Fund (MMMRF) at the level of the PCCF & HoFF with the following salient features:

- The fund is to be operated by a committee chaired by the PCCF & HoFF with the Chairman, MSPCB, Secretary SEIAA and FAO of the office of the PCCF & HoFF, as members.
- The amount to be credited in this fund will be 10 per cent of the sale proceeds. This will be determined in the case of export by 10 per cent of the value shown in the Letter of Credit (LoC) and for sale within the country, as per the Schedule of Rates of PWD.
- Collection of money for this fund will be done through the DFOs at the time of collection of royalty.

The purpose for the creation of MMMRF was for reclamation of damage caused to the forest and environment as a result of mining activities, to be executed through the DFOs. Since, land belongs to private individuals/ community in Meghalaya, the SEIAA will obtain an undertaking prior to issue of Environmental Clearance, that the owner(s) of the land will allow the Department to undertake reclamation works on the land from the Reclamation Fund in terms of the orders of the Hon'ble High Court.

Scrutiny of records pertaining to collection and utilisation of Reclamation Funds revealed that MMMRF was created on 13 January 2016 and the collection started from 15 March 2016. As on 31 March 2021, the total amount collected under MMMRF was ₹ 102.02 crore, of which ₹ 0.07 crore was spent till the date of Audit (March 2021). The year-wise collection of MMMRF from 15 March 2016 to 31 March 2021 is shown in **Table 5.3.7**.

Table 5.3.7: Collection of MMMRF (Amount in ₹)

Year	Collection	Interest	Closing balance
2015-16 (from 15/03/2016 to 31/03/2016)	69,06,244.69	9,589.00	69,15,833.69
2016-17	27,32,18,527.35	59,05,042.00	28,60,39,403.04
2017-18	6,73,52,741.00	1,36,16,475.00	36,70,08,619.04
2018-19	15,90,44,202.60	1,77,45,434.00	54,37,98,255.64
2019-20	19,11,90,840.33	1,50,13,282.00	75,00,02,377.97*
2020-21	24,01,44,108.94	3,00,76,528.00	102,02,23,014.91
Total	93,78,56,664.91	8,23,66,350.00	

*Including an amount of ₹ 30,80,00,000 transferred to fixed deposit on 01 May 2019.

In this connection Audit observed the following:

A. Short/Non-realisation of MMMRF

GoM fixed (December 2015) the rates for contribution to MMMRF at 10 per cent of the Public Works Department (PWD)’s Schedule of Rates (SOR) for stone and sand as shown in **Table 5.3.8**.

Table 5.3.8: Rate for collection of MMMRF

Sl. No.	Categories	Schedule of Rate (SOR) Per cum (₹)	MMMRF realisable per cum (10 per cent of the SOR) (₹)
1	Sand	800	80
2	Stone	1,300	130

In Meghalaya, apart from lessee/quarry permit holders, MMMRF is also being collected from contractors through works Departments⁶⁹, also known as user agencies, since most of the contractors could not produce challans in support of actual procurement of minor minerals, particularly sand and stone, from the quarry permit holders. Thus, the user agencies are made responsible for deduction of royalty and other dues including MMMRF from the contractors’ bills and to deposit the same to the fund account through the DFOs.

During the period from April 2016 and March 2021, 26 different user agencies/divisions under the three DFOs (T) had utilised 10.92 lakh cu. m. of boulder stone and 5.35 lakh cu. m. of sand for construction of various works. It was however, noticed that against the payable amount of MMMRF of ₹ 18.48 crore, an amount of ₹ 0.68 crore only was realised by 26 user agencies from the bills of the contractors resulting in short/non-realisation of ₹ 17.80 crore as shown in **Table 5.3.9**.

Table 5.3.9: Non/short realisation of MMMRF

(₹ in crore)

Name of DFO	No. of user agencies	Period	Qty. of Minor Minerals utilised (cu.m.)		Total payable MMMRF ⁷⁰	MMMRF paid	Short realisation
			Stone	Sand			
DFO(T), Shillong	4	March 2018 to February 2021	2,61,996	69,946	3.97	0.68	3.29
	9	June 2017 to November 2020	1,46,614	52,398	2.32	0	2.32
DFO(T), Jowai	10	April 2016 to March 2021	4,95,049	2,99,834	8.83	0	8.83
DFO(T), Tura	3	April 2016 to October 2018	1,88,650	1,13,176	3.36	0	3.36
Total	26		10,92,309	5,35,354	18.48	0.68	17.80

Source: Compiled by Audit from the records of the selected DFOs (T).

It may be seen from **Table 5.3.9** that 13 user agencies under the DFO (T), Jowai and DFO (T), Tura did not realise MMMRF from the contractor bills to the tune of ₹ 12.19 crore, while under the DFO (T), Shillong, MMMRF amounting to ₹ 2.32 crore against utilisation of stone (1.47 lakh cu.m) and sand (0.52 lakh cu.m) was not deducted from nine user agencies by the respective departments during the period between June 2017 and November 2020. Moreover, an amount of ₹ 0.68 crore only was deducted

⁶⁹ Works Departments like Public Works Department, Public Health Engineering Department, Soil Conservation Department, etc. which undertake works on behalf of the Government.

⁷⁰ Stone (Qty. x ₹ 130) + Sand (Qty. x ₹ 80).

from four user agencies under DFO (T), Shillong against deductible amount of ₹ 3.97 crore during the period between March 2018 and February 2021 which resulted in short deduction of ₹ 3.29 crore. Audit further noticed that due to lack of clarity on the base amount on which MMMRF @ 10 per cent was to be deducted, the departments concerned deducted the same @ 10 per cent of the royalty charged from the contractors resulting in short realisation of MMMRF.

Thus, due to failure of the departments concerned, there was non-realisation of MMMRF amounting to ₹ 14.51 crore as well as short realisation of ₹ 3.29 crore. No action was found to have been taken by the DFOs with the user agencies to ensure that MMMRF is compulsorily deducted at source and at the prescribed rate.

The Department stated (March 2023) that nothing is mentioned in the MMMC Rules for contribution of MMMRF by the user agencies. However, the Department has communicated to the user agencies to deposit the MMMRF dues accordingly.

The Department's reply confirmed absence of codified rules to ensure mandatory collection of MMMRF by the user agencies from the contractor's bills.

5.3.9.3 Cess on limestone and boulder stone

Rule 3 of the Meghalaya Minerals Cess (MMC) Act, 1988 (notified in May 1988), provides for levy and collection of cess from any person who extracts or removes the minerals from any mine or quarry in the State. The MMC Act, 1988 provides for collection of cess on limestone (both major and minor) at the prescribed rate (fixed by the Government from time to time). The purpose for collection of cess was for developing primary education and developing and improving the mining areas in the State. In Meghalaya, though minor minerals are under the control of the Forest Department, however, cess on limestone is being collected by the Mining & Geology Department from the mining lease/quarry permit holders.

In exercise of powers conferred by Sub-Section (2) of Section 4 of the MMC Act, 1988, Government of Meghalaya, Mining and Geology Department enhanced (21 March 2016) the rate of cess on limestone to ₹ 60/MT from ₹ 40/MT (*w.e.f.* 07 April 2015). Further, rule 3 of the MMC Act was amended vide gazette notification dated 24 November 2020. Through this amendment, collection of cess on boulder stone at the rate of ₹ 25 per cu.m was inserted.

Scrutiny of records of the three selected DFOs pertaining to collection of cess on minor minerals revealed the following:

A. Non-collection/short collection of cess on limestone and boulder stone

Scrutiny of records furnished by the three selected DFOs on the transport of minor mineral by all lessees revealed that 57 lessees transported 22.21 lakh MT of limestone and 2.22 lakh cum of boulder stone during the years 2017-18 to 2020-21 for which cess amounting to ₹ 13.88 crore was payable by them. It was however noticed that the lessees had paid cess amount of only ₹ 0.93 crore resulting in non-collection/short collection of cess to the tune of ₹ 12.95 crore as shown in **Table 5.3.10**.

Table 5.3.10: Non/short payment of cess on minor minerals

(₹ in crore)

Name of the DFO (T)	Limestone transported from 2017-18 to 2020-21				Boulder stone transported from December 2020 to March 2021				Total cess to be paid (4+8)	Total Cess paid (5+9)	Short payment of Cess (10-11)
	No. of lessees	Qty. (MT)	Cess payable @ ₹ 60/ MT	Cess paid	No. of lessees	Qty. (cu.m)	Cess payable @ ₹ 25/ cu.m	Cess paid			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
DFO, Shillong	9	13,54,593	8.13	0.90	6 ⁷¹	69,194	0.17	0.03	8.30	0.93	7.37
	10	8,66,250	5.20	0	5	21,672	0.05	0	5.25	0	5.25
DFO, Jowai	Issue of non/short collection of cess was not noticed under DFO, Jowai				5	10,233	0.03	0	0.03	0	0.03
DFO, Tura	No mining lease for limestone issued				22	1,21,125	0.30	0	0.30	0	0.30
Total	19	22,20,843	13.33	0.90	38	2,22,224	0.56	0.03	13.88	0.93	12.95

Source: Compiled by Audit from the records of the selected DFOs(T).

From **Table 5.3.10**, it can be seen as follows:

- (i) Under the DFO (T), Shillong, cess was not at all paid by 10 lessees for transporting 8,66,250 MT of limestone and 21,672 cu.m of boulder stone by five lessees, resulting in non-collection of cess amounting to ₹ 5.25 crore. Similarly, under DFO (T), Jowai and Tura, no cess was collected against transportation of 1,31,358 cu.m of boulder stone by five and 22 lessees respectively, resulting in non-collection of cess amounting to ₹ 0.33 crore (DFO, Jowai: ₹ 0.03 crore + DFO, Tura: ₹ 0.30 crore).
- (ii) Again, under the DFO (T), Shillong, cess on transporting of limestone (13,54,593 MT) and boulder stone (69,194 cu.m) has not been collected at the prescribed rates from nine and six lessees respectively. This resulted in short collection of cess amounting to ₹ 7.37 crore (limestone: ₹ 7.23 crore and boulder stone: ₹ 0.14 crore).
- (iii) Cases of non/short collection of cess on limestone were not noticed under DFO, Jowai, since the DFO(T), Jowai issue transport challans to the lessees only after obtaining proof of payment of cess, royalty, etc.

From the above, it is seen that there was non-collection of cess amounting to ₹ 5.58 crore as well as short collection of ₹ 7.37 crore totalling to ₹ 12.95 crore (**Appendix 5.3.3**) against transportation of 22.21 lakh MT of limestone and 2.22 lakh cu.m of boulder stone by 57 lessees during the years 2017-18 to 2020-21.

The Department stated (March 2023) that there were no specific provisions for payment of cess by mining lease holders on limestone and boulder stone in the initial stage when MMMC Rules, 2016 was legislated. However, based on the meeting held on

⁷¹ As per information furnished by the DFO (T), Shillong, 13 out of select 24 lessees did not transport boulder stone during the period from December 2020 to March 2021.

15 November 2018, it was decided that Form H⁷² should not be issued without the payment of cess on limestone and following the said meeting directions were issued and accordingly mining lease holders have started to pay the cess on limestone. In respect of boulder stone, the mining lease holders started to pay cess only after the notification was issued by the State Government dated 24 November 2020.

The reply suggests that there was a lack of coordination among various departments of the State leading to non-realisation of revenue to the tune of ₹ 12.95 crore.

5.3.9.4 Payment of stamp duty by mining lease holders

Rule 21 of MMMCR, 2016 provides that where a mining lease is granted or renewed, a lease deed in Form E shall be executed within three months of the order of grant of the lease and if the lease is not executed within the aforesaid period, the order granting the lease shall be deemed to have been revoked. Under Section 26 of the Indian Stamp Act, 1899, in case of lease of a mine in which royalty is received as rent, such royalty shall be considered for computing stamp duty. Clause 35 (a) (ii to vi) of the Indian Stamp (Meghalaya Amendment) Act, 1993 lays down that stamp duty on lease, where the lease is executed for a term of five to 30 years, stamp duty shall be calculated on the value of the average annual rent reserved⁷³.

Under the Indian Stamp (Meghalaya Amendment) Act, 1993, Government of Meghalaya, Excise Registration, Taxation and Stamps (ERTS) Department fixed the rate of stamp duty on lease as under:

Table 5.3.11: Rates of Stamp duty on lease

Tenure of lease	Rates w.e.f. May 1993	Rates w.e.f. 01 April 2020
Where the lease purports to be for a term of not less than one year but not more than ten years;	Ninety-nine rupees for every one thousand rupees	One rupee for every hundred rupees of the total amount of the average annual royalty payable calculated on the highest annual extraction of minerals as per approved mining plan.
Where the lease purports to be for a term exceeding ten years and not exceeding twenty years;	Ninety-nine rupees for every one thousand rupees for a consideration equal to twice the amount or value of the average annual rent reserved	Two rupees for every hundred rupees of the total amount of the average annual royalty calculated on the highest annual extraction of minerals as per approved mining plan.
Where the lease purports to be for a term exceeding twenty years and not exceeding thirty years;	Ninety-nine rupees for every one thousand rupees for a consideration equal to three times the amount or value of the average annual rent reserved	Three rupees for every hundred rupees of the total amount of the average annual royalty payable calculated on the highest annual extraction of minerals as per approved mining plan.
Where the lease is granted for more than thirty years and not exceeding fifty years	--	Four rupees for every hundred rupees of the total amount of the average annual royalty payable calculated on the highest annual extraction of minerals as per approved mining plan."

Source: Compiled by Audit from the records of the selected DFOs(T).

⁷² Form-H used for transportation of minor minerals includes details like the name and address of the lease holder and the mining lease, name of the mineral, name and address of the consignee and the place of delivery of the minor mineral. It is issued to the lessee only after payment of royalty and other dues.

⁷³ 'Average annual rent reserved', in relation to a lease, means the average rent payable during the term of the lease.

In this regard Audit observed as follows:

A. Short computation of anticipated royalty by the DFOs resulted in short-realisation of stamp duty

It was noticed that in 13 cases under two DFOs, namely DFO (T), Shillong and DFO (T), Jowai, the calculation of anticipated royalty for the purpose of stamp duty was not based on average annual production. Audit observed that against the correct anticipated royalty of ₹ 40.53 crore, the DFOs had arrived at the anticipated royalty erroneously as ₹ 32.11 crore, as detailed in **Table 5.3.12**.

Table 5.3.12: Short computation of anticipated royalty resulted in non-realisation of stamp duty

Name of DFO	No. of lessees	Period of lease (years)	Average production for 5 years (MT)	Anticipated royalty ⁷⁴ for stamp duty (₹)	Stamp duty payable	Anticipated royalty for stamp duty stated in the lease agreement (₹)	Short calculation of anticipated royalty (₹)	Stamp duty paid (₹)	Stamp duty short paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Shillong	4	February 2018 to November 2018	12,25,472	9,80,37,760	2,91,17,215	7,01,00,000	2,79,37,760	2,19,29,529	71,87,686
Jowai	9	April 2018 to October 2020	33,30,398	30,72,64,000	3,40,45,573	25,10,59,800	5,62,04,200	2,31,75,071	71,32,859
Total	13		45,55,870	40,53,01,760	6,31,62,788	32,11,59,800	8,41,41,960	4,51,04,600	1,43,20,545

Source: Compiled by Audit from the records of the selected DFOs (T)

It may be seen from **Table 5.3.12** that short computation of anticipated royalty to the extent of ₹ 8.42 crore has resulted in non-realisation of stamp duty to the tune of ₹ 1.43 crore from 13 lessees (**Appendix-5.3.4**). Nothing was found on record as to why, despite availability of anticipated production for five years' period in the approved mining plan, the DFOs had not taken into consideration the correct figures of the anticipated royalty.

The Department stated (March 2023) that in respect of DFO (T), Shillong, the stamp duty paid by the mining lease holders was more than what the audit figures worked out by audit. Audit rechecked the anticipated royalty based on the approved mining plan and found that there was short payment of stamp duty due to short computation of royalty by the DFO (T) Shillong. In respect of DFO (T), Jowai, the Department stated that demand notice has been issued to all the lessees concerned.

Conclusion

Audit observed that there was revenue loss to the State due to short/ non-collection of royalty, MMMRF, cess and stamp duty on minor minerals. There were no clear instructions from the Government for monitoring the minor minerals utilised by contractors for construction works of Government Departments which resulted in short/non-collection of royalty, MMMRF and cess. It was also noticed that despite royalty and MMMRF on minor minerals being collected by F&E Department and cess collected by the Mining & Geology (M&G) Department, there was no mechanism

⁷⁴ Anticipated royalty = Average production for 5 years as per the mining plan x Rate of royalty.

between the two Departments to exchange information on the quantity of minor minerals transported by the lessees which resulted in non-realisation of cess on minor minerals. Boulder stones extracted during construction of roads/widening of existing roads, which was incidental in nature, were not assessed resulting in non-realisation of royalty and other dues.

Recommendations

- *The Department, in addition to actively following up with the user agencies regarding the timely submission of accounts for the minerals utilised and realising the balance amount of royalty from the contractors, also needs to issue clear instructions to ensure that minor minerals utilised by contractors were obtained from mining leases. The contractors should also submit a certificate from the lessee that the minor minerals were procured from mining lease areas. Further, Government may also initiate an inquiry on the issue of short/non deduction of royalty by the user departments.*
- *The State Government may identify the permit holders/vendors who has not deposited the royalty in full and ensure that royalty is recovered from them.*
- *The Government should take steps to ensure that there is timely and proper dissemination of information from the Apex level to field offices to avoid delays in implementation of executive orders. The Government should also fix responsibility in cases where there is loss of revenue to the State due to administrative delays.*
- *The Department needs to issue instructions to all DFOs that Form H shall be issued to the lessees only after advance payment of cess as was in the case of payment of royalty and MMMRF, to prevent leakage of cess.*
- *Extraction of boulder stone which is incidental in nature, arising out of construction of roads or widening of existing roads carried out by agencies like NHIDCL and similar agencies, should be assessed and collection of applicable royalty and cess, should be ensured.*

PART-III

5.3.10 Monitoring and vigilance mechanism

5.3.10.1 Delay in/ Non-submission of monthly/annual returns by the lessees

Rule 35 of the MMMCR, 2016 provides that returns must be submitted by the lessee to the competent authority as follows:

- (i) Monthly returns in Form K, before the 15th day of each month, in respect of preceding month; and
- (ii) Annual returns in Form L, before the 15th of May each year, in respect of the preceding financial year.

Further, Rule 36 of the MMMCR, 2016, provides that whoever contravenes any of the provisions of these Rules shall be punishable under sub-section (2) of Section 21 of Mines and Minerals (Development and Regulation) Act, 1957. Section 21 (2) of the MMDR Act, 1957, provides that “any rule made under any provision of this Act may

provide that any contravention thereof shall be punishable with imprisonment for a term which may extend to two years or with fine which may extend to five lakh rupees, or with both, and in the case of a continuing contravention, with additional fine which may extend to fifty thousand rupees for every day during which such contravention continues after conviction for the first such contravention”.

The monthly/annual returns contain information on the details of opening stock, quantity of minor minerals produced/transported and closing stock during the month/year. Thus, regular submission of the monthly/annual returns is one of the mechanism to enable the Department to monitor the quantity of minerals extracted and transported by the lessees.

Audit noticed that 71 out of the 85 lessees selected for audit did not submit the monthly/annual returns as mandated in MMMCR, 2016. The position of non-submission of monthly/annual returns is detailed in **Table 5.3.13**.

Table 5.3.13: Position of non-submission of monthly/annual returns

Name of DFO(T)	No. of lessees who did not submit monthly returns	Period	No. of lessees who did not submit annual returns	Period
Shillong	8	2018-19 to 2020-21	27	2018-19 to 2020-21
Jowai	5	2018-19 to 2020-21	10	2018-19 to 2020-21
Tura	10	2018-19 to 2020-21	11	2018-19 to 2020-21
Total	23		48	

Source: Compiled by Audit from the records of the selected DFOs(T).

Further, it was noticed that 34 lessees submitted the monthly returns after a delay ranging from 3 to 860 days and 21 lessees submitted their annual returns after a delay ranging from 22 to 514 days as shown **Table 5.3.14**.

Table 5.3.14: Delay in submission of monthly/annual returns

Name of DFO	No. of lessees who submitted monthly returns (Form K) after the due date	Period	Delay (in days)	No. of lessees who submitted yearly returns (Form L) after the due date	Period	Delay (in days)
Shillong	10	November 2017 to July 2020	6 - 493	4	2018-19 to 2020-21	22-541
Jowai	15	February 2018 to March 2021	3 - 860	10	2018-19 to 2020-21	35-442
Tura	9	November 2018 to March 2021	5 - 456	7	2018-19 to 2020-21	61 - 514
Total	34			21		

Source: Compiled by Audit from the records of the selected DFOs(T).

It may be seen from **Table 5.3.13** and **5.3.14** that monthly and annual returns were not submitted by 23 and 48 lessees respectively out of 85 lessees during the period from 2018-19 to 2020-21, while 34 and 21 lessees had delayed submission of monthly and annual returns respectively, during the same period.

Thus, due to non-submission or delay in submission of the monthly and annual returns by many of the lessees, the DFOs were not fully informed about the details of opening stock, quantity of minor minerals produced/transported and closing stock during the month/ year as well as details of transport challans being issued and utilised by these

lessees. No action was found to have been taken by the concerned DFOs. This indicates poor monitoring mechanism at the DFO level.

Delayed/non-submission of returns is not only in contravention of MMMC Rules, 2016 but also attracts penalty under Section 21 (2) of MMDR Act, 1957. However, it was noticed that no penalty was imposed by the DFOs. It was also noticed that no format/proforma for proper maintenance of registers, computerised data, *etc.* was prescribed at the Directorate level for monitoring the submission of monthly/annual returns by the lessees.

The Department stated (March 2023) that the mining lease holders have been intimated for submission of monthly/ annual returns for the specified period.

5.3.10.2 Short extraction of minor minerals compared with the mining plans

Under Rule 20 of MMMCR, 2016, mining operations shall be undertaken in accordance with the duly approved mining plan.

Audit noted that the quantity of minor minerals to be extracted was indicated in all the test-checked *i.e.*, 85 mining plans. However, records showing actual extraction of the minerals was available only in respect of 47 lessees, while the remaining 38 lessees (*i.e.*, 45 *per cent*) did not submit monthly/annual returns. Examination of records/returns showed that these 47 lessees had declared extraction of 0.37 crore MT during the years 2017-18 to 2020-21 as against the estimated extraction of 2.02 crore MT as per the approved mining plans (47 lessees). The extraction so declared was only 18 *per cent* of the approved extraction. Despite the lessees disclosing very low extraction of minor minerals, no steps were taken by the DFOs concerned to verify the actual extraction of minerals.

Audit is of the considered view that the lessees may not have declared the actual production as there are cases of under reporting of minor minerals at the forest check-gates as discussed in **Paragraph 5.3.10.3 (E)**.

5.3.10.3 Illegal mining of minor minerals

Rule 5 (1)(b) of MMMC Rules, 2016 provides that a mining lease or a quarry permit or any other concession under these Rules shall be granted by the PCCF & HOFF or competent officer⁷⁵ in respect of minor minerals for uses other than in industries as specified in Schedule III. Further, Rule 10 of the Rules *ibid* envisages that for grant of mining lease of minor minerals, the applicant shall, within a period of six months from the receipt of LoI, furnish to the competent authority the approved mining plan, forest clearance, environmental clearance and consent to establish from the concerned Departments. Thus, any extraction of minor minerals without any of the above documents and without the grant of mining lease by the Forest Department is treated as illegal mining.

Further Rule 36 of MMMCR, 2016, provides that whoever contravenes any of the provisions of these Rules shall be punishable under sub-section (2) of Section 21 of

⁷⁵ Divisional Forest officer (Territorial) within their respective jurisdiction (Vide Notification dated 16-11-2016).

Mines and Minerals (Development and Regulation) Act, 1957. Section 21 (2) of the MMDR Act, 1957, provides that “any rule made under any provision of this Act may provide that any contravention thereof shall be punishable with imprisonment for a term which may extend to two years or with fine which may extend to five lakh rupees, or with both, and in the case of a continuing contravention, with additional fine which may extend to fifty thousand rupees for every day during which such contravention continues after conviction for the first such contravention”.

A. Illegal sand mining in the State

In Meghalaya, no mining lease/ quarry permits were granted for extraction of sand in the State. However, as can be seen in **Table 5.3.9**, under **Paragraph 5.3.9.2**, 5.35 lakh cu.m of sand had been utilised by contractors engaged by 26 user agencies under the three selected DFOs (T) during the period from April 2016 to March 2021, for which no royalty was realised. Audit further observed that neither the contractors nor the user agencies could ascertain the source of the sand.

Despite the fact that no mining leases was granted for sand in the State and that sand is an integral component/material for all civil works, the Department did not take any action to trace out the persons involved in illegal mining of sand and to levy penalty as per the provision of MMMC Rules, 2016.

On this being pointed out, the Department stated (March 2023) that though sand is being treated as a minor mineral under Section III of MMMC Rules, 2016, yet, the same Rules (Rule 4(1) & 4.2(c)) prohibits granting of mining leases for sand mining from river bed/river bank and agricultural fields located within the vicinity of 50 meters from the water bodies/agricultural fields. The Department, however, further stated that Rule 4 of MMMCR, 2016 has been amended in July 2022, which provides that the restrictions mentioned under the rule shall no more apply to river bed sand mining and river bed mining.

B. Illegal mining detected during joint site inspection

For joint physical verification (JPV), Audit had selected 32 mining sites. During JPV of the selected mining sites, Audit came across mining activities, in areas where mining lease have not been granted by the Department. The detail of such mining activities collected through visual assessment and as provided by the respective Range Officers present during the JPV are tabulated in **Table 5.3.15**.

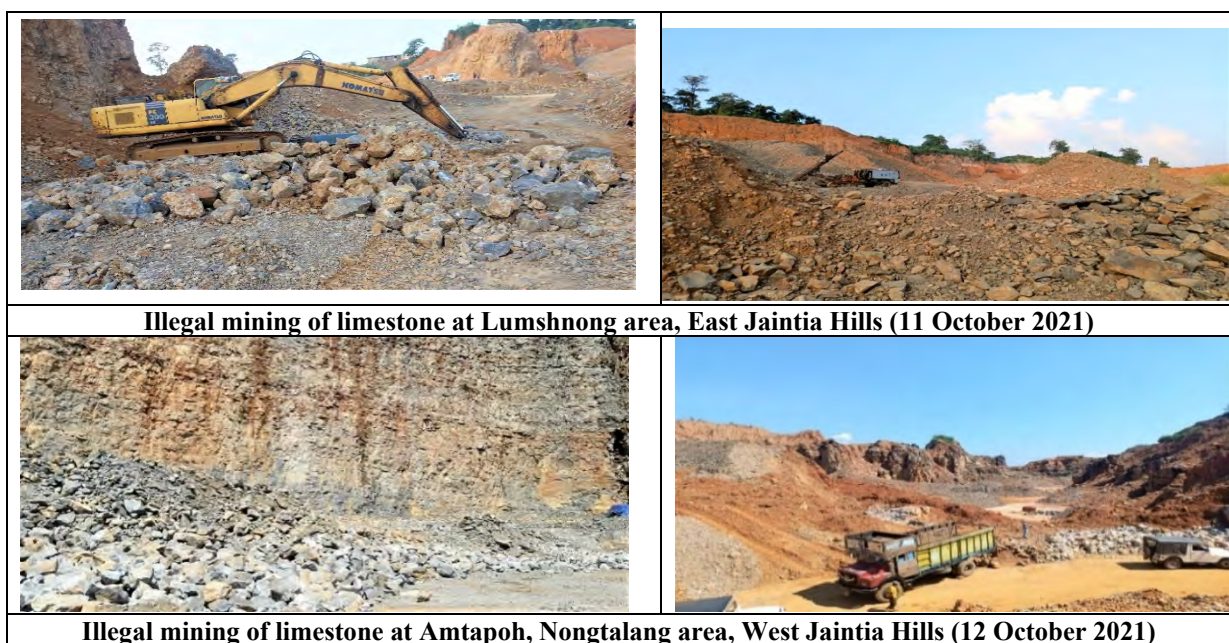
Table 5.3.15: Illegal mining detected/visited during joint site inspection

Sl. No.	Place	Name of the District	Name of the mineral	Name of the person involved in Illegal mining	Approximate area (in ha.)	Approximate quantity of mineral extracted	Remarks
Inspection Date: 11 October 2021							
1	Lumshnong area	East Jaintia Hills District	Limestone	Shri Rangdamut Lamare	0.70	65 MT	Illegal mining was confirmed by the Forest officer
2	Lumshnong area		Limestone	15 Individuals	26	287 MT	

Sl. No.	Place	Name of the District	Name of the mineral	Name of the person involved in Illegal mining	Approximate area (in ha.)	Approximate quantity of mineral extracted	Remarks
Inspection Date: 12 October 2021							
1	Amtapoh, Nongtalang area	West Jaintia Hills District	Limestone	Unknown	1.75	300 MT	Illegal mining was confirmed by the Forest officer
2	Amtapoh, Nongtalang area		Limestone	Unknown	3.5	2114 MT	
Inspection Date: 8 November 2021							
1	Umtyngar	East Khasi Hills District	Boulder stone	Unknown	1.50	20 cu.m	Illegal mining was confirmed by the Forest officer
2	Umtyngar			Unknown	1.50	22 cu.m	
3	Umtyngar			Unknown	0.35	45 cu.m	
4	Umtyngar			Unknown	0.25	20 cu.m	
Inspection Date: 9 November 2021							
1	Mawlong/Ichamati	East Khasi Hills District	Limestone	Unknown	1.00	168 MT	Illegal mining was confirmed by the Forest officer
2	Mawlong/Ichamati			Wanshai Chyne	0.20	84 MT	
3	Mawlong/Ichamati			Majaion Chyne	0.30	172 MT	
Inspection Date: 16 November 2021							
1	Puran Sukorbani, Rani	Ribhoi District	Boulder stone	Greenland Lakhmie	1.50	310 cu.m	Illegal mining was confirmed by the Forest officer
2	Puran Sukorbani, Rani			Greenland Lakhmie	2.05	600 cu.m	
3	Iew Amber, Rani			WeslyDoloi	2.85	1200 cu.m	
4	Mairapur, Rani			Unknown	1.85	100 cu.m	
5	Happy Donga/Rani			Unknown	2.50	660 cu.m	
6	Happy Donga/Rani			Unknown	0.85	150 cu.m	

Source: JPV reports.

It may be seen from **Table 5.3.15** that 17 mining areas/sites covering an area of about 48.65 hectares with fresh extracted quantity of about 3,190 MT (Limestone) and 3,127 cu.m (Boulder stone) were found operating without permission of the F&E Department. Some of the photographs taken during the JPV are given below:





The above audit findings are based on random site visits during JPV and did not present an exhaustive picture. Thus, existence of more illegal mining activities in other areas/Divisions could not be ruled out.

The Department stated (March 2023) that for all illegal mining activities in East Khasi Hills and Ri-Bhoi districts, the DFOs have served closure notices and for cases detected during JPV in Jaintia Hills Division, the illegal mining was being done in areas of abandoned mines.

The Department's reply is not acceptable as the Department failed to invoke the provision of punitive action prescribed under Rule 36 of MMMCR 2016 to immediately stop the illegal mining activities even after being pointed out in Audit. Besides, the department's reply that illegal mining detected in Jaintia Hills division during JPV were in areas of abandoned mines, is unacceptable as MMMCR 2016 did not permit mining activities in areas of abandoned mines.

C. Illegal mining detected by the Department

Scrutiny of records of the three selected DFOs revealed that during the period from 2017-18 to 2020-21, the Department had detected 631 illegal mining operations as detailed in **Table 5.3.16**.

Table 5.3.16: Illegal quarry/stone crushers

Year	No. of illegal mining/quarries/ stone crushers								
	DFO Shillong			DFO Jowai			DFO Tura		
	No.	Minerals	Status	No.	Minerals	Status	No.	Minerals	Status
2017-18	11	Boulder stone	All seized	-	-	-	50	Boulder stone	No action taken
2018-19	-			-	-	-	33	Boulder stone	No action taken
2019-20	63	Boulder stone	No action taken	12	Limestone	All 12 offenders were penalised	93	Boulder stone	In 82 cases, no action taken, in 10 cases FIR lodged and in one case offence report drawn up
2020-21	298	-do-	89 abandoned, 139 no action taken, FIR against 62 and 8 seized	31	Limestone	In 7 cases limestone was auctioned, closure notice served to 6 and in 18 cases no action taken	35	Boulder stone	No action taken
				5	Boulder stone	In 2 cases closure noticed served and 3 cases are pending in Court			
Total	372			48			211		

Source: Compiled by Audit from the records of the selected DFOs(T).

It may be seen from **Table 5.3.16** that 372 out of 631 illegal mining activities *i.e.*, 59 per cent had been detected under DFO (T), Shillong, followed by DFO(T), Tura and DFO, Jowai with 211 (33 per cent) and 48 (eight per cent) respectively. It can also be seen that despite being aware of the existence of illegal mining activities, the Department failed to take any action in 420 illegal mining cases. This indicates lacklustre attitude of the Department in discharging their mandatory responsibility.

As mentioned under **Paragraph 5.3.6** above, there were 123 legal mining in the State as of March 2021 and 111 legal mines in the selected DFOs. Thus, the above finding reflects that there are activities of illegal mining more than legal mining in the State.

The Department stated (March 2023) that for all illegal mining activities in East Khasi Hills and Ri-Bhoi Districts, the DFO has served closure notice. With regard to illegal mining operation of quarry/stone crusher in Jaintia Hills Division, no action has been taken in 18 cases since the accused are unknown and some of the areas where the minerals were seized have already been compounded. With regard to illegal quarries in Garo Hills District, the DFO Tura has closed down the quarries.

D. Incorrect information on number of vehicles passing through the check-gates

In order to check illegal transportation of minor minerals and other forest produce, the Forest Department had established 58 check-gates in the State for regulating and control of export of minor minerals and other forest produce.

Audit, however, noticed that the Department has not prescribed any norms/guidelines regarding the role and functions of the check-gates/ checkpoints under its control. No guidelines/SOP was issued either at the Department or directorate level in maintenance of registers at the check-gate, submission of check-gate data to the higher authorities, deployment of staff and reconciliation process of data/information as to the number of vehicles passing through the check-gates with other Departments/agencies like Land Customs Station (LCS).

As per monthly returns furnished to the Range Forest Office, Byrnihat by the check-gate in-charge during the year 2020-21, 9,778 vehicles carrying minor minerals had passed through four check-gates viz., Killing, Maikhuli, Barapathar and 9th Mile Check-gates under DFO (T), Shillong and 4,268 vehicles passed through one check-gate (Dhanua check-gate) under DFO (T), Tura during 2019-21. However, as per information furnished (January 2022) by the two DFOs (T), the number of vehicles carrying minor minerals and those passing through these check-gates did not match as detailed in **Table 5.3.17**.

Table 5.3.17: Discrepancies in number of vehicles passing through the check-gate during 2019-21

Sl. No.	Name of check-gates	No. of vehicles passing through the check-gate	
		As per Range Forest Officer/ Check-gate records	As per DFO(T) records
1	Killing	5,949	Nil
2	Maikhuli	2,084	Nil
3	Barapathar	1,362	Nil
4	9 th Mile	383	Nil
5	Dhanua	4,268	18
Total		14,046	18

Source: Monthly returns furnished to the Range Forest Office, Byrnihat by the Check-gate in-charge.

It may be seen from **Table 5.3.17** that a total of 14,046 vehicles had actually passed through the five check-gates, however, as per records of the two DFOs only 18 vehicles had passed through these check-gates.

The Department stated (March 2023) that the number of vehicles passing through the check-gate is based on the information/records submitted by the concerned RFO and as such the number of vehicles as per the RFO records should be considered.

The reply of the Department indicates that there was no system of information exchange between the RFOs and the DFOs concerned. Moreover, it also shows that the DFOs (T) did not have any system to verify the actual number of vehicles passing the check-gates with the number of transport challans issued the office of DFOs (T).

E. Under reporting of vehicles at the check-gates

As stated in **Paragraph 5.3.10.3 (D)**, no guidelines/SOP was issued by the Department for cross-verification/reconciliation as to the number of vehicles passing through the check-gates with other Departments/agencies like LCS.

Cross-verification of records of the DFOs and LCS revealed that the number of trucks as well as the quantity of minor minerals transported as per the LCS records during 2017-21 were much higher than that of the check-gates as given in **Table 5.3.18**.

Table 5.3.18: Variation between number of trucks and quantity of minor minerals (Boulder stone) between LCS and forest check-gate

Sl. No.	Check-gate	Period	No. of trucks	Qty. (in Cu.m)	LCS	No. of trucks	Qty. (in Cu.m)	Difference	
								No. of trucks	Qty. (in Cu.m)
1	Dalu	2019-20	6,193	46,448	Dalu	8,040	48,606	1,847	2,158
2	Mahendraganj	2019-21	18,153	1,15,960	Mahendraganj	19,171	1,20,418	1,018	4,458
3	Erbamon & Amsarin	2017-21	1,58,011	4,04,876	Dawki	1,98,976	6,41,323	40,965	2,36,447
Total			1,82,357	5,67,284		2,26,187	8,10,347	43,830	2,43,063

Source: Records of Forest check-gates and LCS.

It may be seen from **Table 5.3.18** that as per records of the three forest check-gates 1,82,357 trucks had transported 5.67 lakh cu.m of boulder stone during 2017-21 as against the LCS figures of 2,26,187 trucks and 8.10 lakh cu.m respectively. This indicates that there was under reporting of 43,830 trucks and 2.43 lakh cu.m of boulder stone being transported to Bangladesh by the forest check-gates.

The Department stated (March 2023) that the total quantity of boulder stone exported to Bangladesh through Erbamon & Amsarin check-gates during the period from 2017-2021 was 6,60,352 cu.m. (4,69,077 + 1,91,275 cu.m), which was more than that of the LCS, Dawki by 19,029 cu.m. The Department however, did not furnish any supporting documents to substantiate their claim.

F. Non-recording of lessee's name in the check-gate register

In Dalu check-gate, though a register was maintained for recording the details on daily movement of vehicles, however, the name of the lessee was not entered in the register. In absence of the name of the lessee, the source from where the minor minerals were transported could not be ascertained. Similarly, it was not possible to cross-check the monthly returns filed by the lessee with the check-gate records.

The Department stated (March 2023) that the names of the lessees can be traced from Form H challan which is entered in the check-gate register. However, audit is of the opinion that the lessee's name needs to be recorded in the check-gate register as recorded in other check-gates.

G. Disproportionate distribution of staff vs vehicular movement through the check-gates

To ensure proper checking of vehicles transporting minor minerals in the Forest check-gates and maintenance of proper records, adequate manpower is a must. Audit collected data pertaining to number of trucks/vehicles passing through different check-gate *vis-à-vis* availability of manpower and observed disproportionate distribution of staff as given in **Table 5.3.19**.

Table 5.3.19: Disproportionate distribution of staff in comparison with vehicles movement

Name of DFO	Sl. No.	Name of check-gate	Period covered	Total number of vehicles passing through (%)	Daily average number of vehicles passing through the check-gates {Col.5÷(365x3)}	Number of staff deployed	Average number of trucks per day per staff (Col.6÷7)
1	2	3	4	5	6	7	8
DFO (T) Shillong	1	Majai	2018-21	2,19,856 (56)	201	3	67
	2	Erbamon	2018-21	1,50,114 (38)	137	4	34
	3	Shella	2018-21	15,726 (4)	14	3	5
	4	Sohra	2018-21	9,065 (2)	8	4	2
Sub-total				3,94,761 (100)	361	14	26
DFO (T) Jowai	5	Amsarin	2018-21	1,79,469 (70)	164	7	23
	6	Umkiang	2018-21	75,826 (30)	69	11	6
Sub-total				2,55,295 (100)	233	18	13
DFO (T)Tura	7	Mahendraganj	2018-21	18,153 (61)	17	2	8
	8	Dalu	2018-21	11,844 (39)	11	1	11
Sub-total				29,997 (100)	27	3	9
Grand-total				6,80,053	621	35	18

Sources: Records of check-gates.

From **Table 5.3.19** it may be seen as follows:

- In the four check-gates under DFO(T), Shillong the total number of vehicles passing through these check-gates during 2018-21 were recorded as 3,94,761 vehicles, of which 2,19,856 trucks representing 56 *per cent* of the total trucks pertain to Majai forest check-gate alone followed by Erbamon forest check-gate with 1,50,114 trucks representing 38 *per cent*. However, the number of staff posted in these two check-gate were only three and four persons with the average number of trucks handled per person per day being 67 and 34 trucks respectively. On the contrary, four and three staff each were posted at Sohra and Shella which recorded 9,065 and 15,726 vehicles during the same year representing only two *per cent* and four *per cent* respectively. The average number of trucks handled at these two check-gates per person per day was only two and five trucks respectively.
- In the check-gate of Amsarin under DFO (T), Jowai, seven staff were posted which recorded 1,79,469 vehicles representing 70 *per cent* of the total trucks and handling 23 number of trucks as the average number of trucks per person per day. On the other hand, 11 staff were posted at Umkiang check-gate which recorded 75,826 (30 *per cent*) trucks and handled only six trucks per person per day.
- In the two check-gates under DFO (T), Tura, 29,997 vehicles were recorded of which 18,153 trucks representing 61 *per cent* of the total trucks passed through Mahendraganj check-gate and 11,844 trucks representing 39 *per cent* of the total trucks passed through Dalu check-gate whereas the staff strength of these check-gates were 67 *per cent* and 33 *per cent* respectively. The average number of trucks handled per person per day at the two check-gates were eight and 11 trucks respectively.

Audit observed that there is no laid down norm leading to disproportionate distribution of staff *vis-à-vis* vehicular' movement through the check-gates. The skewed posting scenario of staff in the check-gates in the absence of any prescribed norms may have a negative effect on the staff efficiency in the management of check-gates.

The Department accepted the audit observation (March 2023).

H. Installation of electronic devices in the forest check-gates

In a meeting held on 04 October 2019, chaired by the Principal Secretary to Government of Meghalaya, F&E Department, it was decided that the DFOs (T) shall install Closed Circuit Television (CCTV) surveillance in all the check-gates/check posts within 15 days for video recording of each consignment of minerals. It was also decided that the CCTV footage of one year will be stored and shall be verified and cross-checked with the check-gate data on number of trucks allowed every month by the CF and monthly report shall be sent to the Government.

Out of the 21 check-gates visited, Audit noticed CCTV installed only in three check-gates *viz.*, (i) Killing, (ii) Mahendraganj and (iii) Dhanua, of which, only the CCTV installed at Killing check-gate under DFO, Shillong was found functional. As

informed by the officer in-charge of the check-gates, the CCTV at Dhanua and Mahendraganj check-gates, both under DFO, Tura, stopped functioning since January 2021 and January 2022 respectively. Reasons for non-installation of CCTVs in remaining 18 check-gates were not stated.

Audit further noticed that the CCTV footage was not submitted by the officers in-charge of the above three check-gates to the DFOs for onward submission to the CF for verification and cross-checking with the check-gate data on the number of trucks passing through the check-gates. Thus, the objectives of installation of CCTV cameras at the check-gates have not been achieved.

The Department stated (March 2023) that installation of CCTV in these three check-gates was done on a pilot basis and non-installation of CCTV in other check-gates was due to lack of electricity and funds constraint.

I. Non-monitoring of stone crusher units

Government of Meghalaya, Forest and Environment Department *vide* Order No. FOR.60/ 2008/ Pt I/ 17 dated 23 December 2021 issued the Meghalaya Stone Crusher Order, 2021 for setting up and carrying on the operation of Stone Crushing in the State.

Audit observed that prior to this order *i.e.*, during the period between May 2016 and March 2021, 103 NOCs⁷⁶ were issued to different individuals in the selected DFOs for operation of stone crusher units. While issuing the NOC, the DFO stipulated that (i) the stone crusher units shall operate only after obtaining clearances from SEIAA and MSPCB, (ii) the source of the materials should be from the mining leases, (iii) a monthly statement on the material crushed and sold should be submitted to the Range officer concerned, (iv) forest royalty of stone/materials to be crushed and MMMRF is to be paid regularly to the Forests & Environment Department, and (v) checking of the crushers by the forests official from time to time should be allowed.

It was noticed that reports/returns were neither submitted by stone crusher units nor any records showing sourcing of the stone materials from authorised mining lease/quarry permit were available with the DFOs. The DFOs also failed to conduct inspection, thereby allowing the units to operate without any monitoring.

Thus, due to the failure of the Department to ensure regular monitoring of the stone crushers, the possibility of stone crushers units sourcing stone materials from illegal sources and evasion of royalty and MMMRF could not be ruled out and the impact on environment and people also remained unassessed.

The Department, while accepting the audit observation, stated (March 2023) that prior to 23 December 2021, only status of land was ascertained through issuance of non-forest land certificate and in absence of standard operating procedures/guidelines, definite monitoring could not be put in place.

⁷⁶ DFO, Shillong: 36, DFO, Jowai: 17, DFO, Tura: 50.

Conclusion

Audit observed that the monitoring and vigilance mechanism in the Department was inadequate and ineffective to prevent illegal excavation/transportation of minor minerals. There were cases where the lessees did not submit the monthly/annual returns within the stipulated time to ensure that minor minerals were transported as per the quantity mentioned in the transport challans. Cases of illegal mining still continue in the State. There were deficiencies in monitoring of vehicles at the check-gates leading to under-reporting of vehicles carrying minor minerals *vis-à-vis* records of DFOs concerned and Land Customs Station. This may have an impact on collection of fees/cess on minerals and resultant cascading effect on the overall revenue collection of the fiscally constrained State.

Recommendations

- *The Department may consider amendment of MMMCR Rules, 2016 to impose penalty for delay/ in non-submission of monthly/ annual returns by the lessees to ensure that minor minerals were transported as per declaration made in the returns.*
- *The Department should issue clear instruction to ensure that sand utilised by contractors were obtained from legal mining leases and the contractors should submit a certificate from the lessee that the sand was procured from mining lease.*
- *Government may fix responsibility of the erring forest department officials for their failure to detect illegal mining activities.*
- *The DFOs (T) should conduct monthly reconciliation with data of LCS on number of trucks and quantity of minor mineral exported to Bangladesh with check-gate records.*
- *The Department should rationalise deployment of manpower in each check-gate in conjunction with the number of trucks passing through the check-gates.*
- *For improving the manning of check-gates and to plug the leakage of revenue, the Department may consider installing electronic surveillance system, including Radio Frequency Identification (RFID), CCTV and electronic weighment machines at all forest check-gates, to ensure accurate recording of number of vehicles along with the weight of transported minerals passing through these check-gates.*

PART-IV

5.3.11 Safeguarding of environmental sustainability while granting of mining leases and operation of mines

Mining and allied operations will affect the existing environmental set-up in the area including air, water, and noise quality unless proper mitigation measures are taken.

5.3.11.1 Absence of monitoring mechanism to safeguard environment after the grant of mining lease

In order to maintain environmental sustainability, before the grant of mining lease, the lessee needs to obtain various clearances from the concerned authority such as

Environmental Clearance (EC) from DEIAA/SEIAA, approval of mining plan from DMR and Consent to Operate (CTO) from Meghalaya State Pollution Control Board (MSPCB). These authorities while issuing clearances stipulate certain conditions for compliance by the lessees to sustain the environment while undertaking mining operations.

During JPV of 32 mining sites/ areas, it was seen that most of the stipulated conditions have not been complied by the lessees. Some of the shortcomings/ deficiencies noticed are discussed as follows:

A. Maintenance of Ambient Air Quality within the plant premises and surroundings as per the National Ambient Air Quality Standards

As per the Environmental Clearance issued by SEIAA/DEIAA, air pollution shall be checked periodically and records maintained. Device for checking Air pollution shall be installed at the site as specified by MSPCB. Further, in the Consent to Operate issued by MSPCB under the Prevention and Control of Air & Noise Pollution, provision for setting up & operation of at least three ambient air quality monitoring stations with 120° angle between stations for monitoring the ambient air quality including micro meteorological data should be done immediately, and selection of station should be done in consultation with the Board. The Ambient Air Quality within the plant premises and surrounding areas should be maintained within the National Ambient Air Quality Standards as prescribed in **Table 5.3.20**.

Table 5.3.20: National Ambient Air Quality Standards

Sl. No.	Pollutants	Time weighted average	Concentration in Ambient Air (Industrial, Residential, Rural Areas) ($\mu\text{g}/\text{m}^3$)
1	SO ₂	Annual	50
		24 Hours	80
2	NO ₂	Annual	40
		24 Hours	80
3	Particulate Matter, PM ₁₀ (size less than 10 μm)	Annual	60
		24 Hours	100
4	Particulate Matter, PM _{2.5} (size less than 2.5 μm)	Annual	40
		24 Hours	60

The CTO further states that no air pollution shall be created by the industry beyond the prescribed permissible limits and the industry shall comply with all the environment protection measures and safeguards recommended in the approved mining plan. It also stipulates that fuel/air burning ratio of all the Heavy Earth Movable Machineries (HEMM) is to be maintained at an optimum condition so as to reduce air pollution from the exhaust emission of machineries.

In all the inspected mining lease sites, the lessees did not install/own devices or instruments for checking the quality of air to measure the concentration of air pollutants like Sulphur Dioxide (SO₂), Nitrogen Dioxide (NO₂) and Particulate Matters (PM₁₀ & PM_{2.5}) in the surrounding area. In absence of such devices or instruments, audit could not verify whether the National Ambient Air Quality Standards within the mining lease premises and its surroundings were within or exceeded the prescribed limit. Thus, the

impact of air pollutants causing major health problems like asthma, lung and heart diseases to labourers at the mining sites would not be ruled out.

B. Non-installation/Non-availability of devices to control Noise Pollution Standards

As per Consent to Operate issued by the Meghalaya State Pollution Control Board (MSPCB) and the Environmental Clearance issued by SEIAA/ DEIAA, noise pollution shall be checked periodically and records maintained. The device for checking noise pollution shall be installed at the site as specified by MSPCB and the industry shall take adequate measures for control of noise from all sources so as to comply with the Standards below:

Limit in dB (A) LEQ	
Day time (6:00 AM to 9:00 PM)	Night time (9:00 PM to 6:00 AM)
75	70

The CTO further states that the company shall comply with all the environment protection measures and safeguards recommended in the approved mining plan.

All the inspected 32 mining lease sites did not install/own devices or instruments for monitoring of ambient noise level *i.e.*, the level of sound measured in decibels (dB)⁷⁷ as per human ear sensitivity from all sources at the mine site. In absence of such devices or instruments, audit could not ensure whether lessees were complying within the ambient noise level standards. Hence, the impact of noise pollution causing induced-hearing loss, sleep disorders, hypertension and other health problems to the labourers at the mine site cannot be ruled out.

C. Absence of gullies/drainage channels for better management of water

As per the Environmental Clearance issued by the SEIAA/DEIAA, sufficient number of gullies/ drainage channels shall be provided for better management of water. Regular monitoring of pH shall be included in the monitoring plan and report shall be submitted to the NE Regional Office, MoEF&CC, Shillong and Meghalaya State Pollution Control Board (MSPCB).

None of the 32 mining leases which were inspected provide for proper gullies/drainage channels for proper management of water within the mining lease area. Thus, water accumulated/stored in the mining site will eventually lead to mine drainage thereby disrupting growth and reproduction of plants in the surrounding area when water is discharged from the mine site. Some photographs taken during JPV are given below:

⁷⁷ A unit used to measure the intensity of a sound.



No gullies/drainages provided in the mining lease site at Randhigopa area under DFO(T), Tura



No gullies/drainages provided in the mining lease site at Lumshnong area under DFO(T), Jowai

D. Identification of demarcated sites for dumping of overburden, mine spoils, etc.

As per the Consent to Operate issued by MSPCB, dumping of overburden, mine spoils, etc. should be properly done in identified and demarcated sites. Such dumping sites should be on impervious and stable ground to avoid percolation of contamination into the water table and prevent landslides. Proper planning should be done so that the dumps are to be done in steps for better stabilisation and the dumping sequence should be planned in such a way that plantation over the dumps can be done simultaneously with dumping. Facilities should be maintained for storing the top soil separately so that the same can be utilised for afforestation/plantation over the dumps and excavated mines pits. None of the lessees properly demarcated sites for dumping of top soil/overburden mine spoils. In one case, it was noticed that a large quantity of topsoil was dumped along the bank of the stream which flow between the mining lease of two lessees viz., Smt. Wensilla Ch. Marak & Shri Ringh Sangma under DFO Tura and in another case, one lessee, Banroilang Wahlang under DFO (T), Shillong, dumped the top soil along the roadside without providing any gullies/ drainage channels.



Dumping of topsoil along the bank of the stream at Mangapara area under DFO(T), Tura



Dumping of topsoil along the roadside without providing any gullies/drainage channels at Mawlong area under DFO(T), Shillong

E. Non developing of green belt

The Consent to Operate issued by MSPCB states that to maintain the environment and ecology of the area, development of green belt by planting selected species of trees should be done, the height of which should not be less than five metres when it matures and at a spacing of one metre should be made invariably at an area of 15 Ha around the mine and two Ha around the colony. As per Environmental Clearance issued by SEIAA/DEIAA, plantation shall be raised in a 7.5 m wide green belt in the safety zone

around the mining lease, backfilled and reclaimed area, around water bodies, along the road, *etc.* by planting native species, following the CPCB guidelines for green belt plantation and in consultation with the DFO (Social Forestry). Greenbelt shall be developed all along the mine lease areas in a phased manner and shall be completed within three years. The density of trees shall be around 2,500 per Ha.

In order to arrest pollution emanating from mining operations within the lease area and to maintain environment and ecology of the area, one of the conditions stipulated in the mining plan was that the lessee shall develop greenbelt in 7.5m wide safety zone all along the mine lease.

None of the 32 mining lease holders developed greenbelt along the mine site. Due to non-compliance by the lessees in developing greenbelt, there was no control over pollution emanating from mining operations within the lease area and sustainability of the environment and ecology of the area was not maintained.

F. Non-provision of check dams/tailing to prevent direct discharge of mine effluents/run-off into the natural water course

As per the Consent to Operate issued by MSPCB, measures to be taken up for prevention and control of water pollution was to provide check dam/tailing dam wherever necessary to prevent the direct discharge of mine effluents/run off *etc.* into the natural water courses. It further states that facilities should be maintained for utilising the water collected in the dam for spraying of the mine haul roads, *etc.* but not discharge directly into the natural streams without proper treatment so as to conform to the prescribed effluent standards.

In none of the inspected mining lease sites, the lessees provided check dams/garland drains to counteract the run-off of mine effluent from the mining site. In the absence of this check dams/garland drains, it is obvious that the discharge of mine effluents will contaminate the soil of the surrounding mining area and then the water course thereby disrupting the growth and reproduction of plants.

The above indicated that after issue of environmental clearance, mining plan and Consent to Operate, no follow-up action was taken by the departments to monitor the compliance of the lessees with regard to environment sustainability which resulted in operation of mining leases without any mitigation measures either from the departments or from the lessees for safeguarding the environment.

The Member Secretary, SEIAA stated (March 2023) that the Integrated Regional Office, MoEF&CC, Shillong, from time to time monitors the compliance status of Environmental Clearance through submission of six-monthly compliance reports. Information furnished by the Integrated Regional Office, MoEF&CC, Shillong, however, revealed that none of the selected lessees submitted the six-monthly reports on the status of implementation of the environmental safeguards to MoEF&CC.

5.3.11.2 District Survey Report

Government of India vide Notification No. S.O. 141(E) dated 15 January 2016, notified that a District Survey Report (DSR) shall be prepared for each minor mineral in the

district to be updated once every five years. The DSR should contain *inter-alia* the geology, mineral map and the total mineral reserve available in the district. The main objective of preparation of DSR is to ensure (i) identification of areas of aggradations or deposition where mining can be allowed, and (ii) identification of areas or erosion and proximity to infrastructural structures and installations where mining should be prohibited and calculation of annual rate of replenishment and allowing time for replenishment after mining in that area. Further, as per Appendix-XI of the Ministry notification *ibid*, a cluster shall be formed when the distance between the periphery of one lease is less than 500 meters from the periphery of any other lease in a homogeneous mineral area.

Audit observed that DSR of minor minerals was prepared for all the six selected districts as detailed in **Table 5.3.21**.

Table 5.3.21: Preparation of DSR

Sl. No.	Name of the District	Date of finalisation of DSR
DFO Shillong		
1	East Khasi Hills District	21/01/2020
2	Ri-Bhoi District	26/09/2019
DFO Jowai		
1	West Jaintia Hills District	18/11/2019
2	East Jaintia Hills District	18/11/2019
DFO Tura		
1	West Garo Hills District	18/11/2019
2	South West Garo Hills	18/11/2019

Source: Compiled by Audit from the records of the selected DFOs(T).

Scrutiny of copies of the DSRs revealed the following shortcomings:

- In none of the DSRs, validity period of the DSR was mentioned.
- In the DSRs of five districts *viz.*, West Jaintia Hills, East Jaintia Hills, East Khasi Hills, West Garo Hills and South West Garo Hills, the mineral reserves were prepared for the entire State and not for the concerned district.
- In the DSRs of four districts *viz.*, West Jaintia Hills, West Garo Hills, East Khasi Hills & Ri-Bhoi districts, boulder stone was not included in the mineral map of the district despite issuance of 66 mining leases for the same mineral in these districts *viz.*, West Jaintia Hills (six), West Garo Hills Districts (29), East Khasi Hills (nine) and Ri-Bhoi District (22).
- In the DSRs of Ri-bhoi and East Khasi Hills districts, it was declared that no cluster mining was required. However, during JPV, it was seen that 18 mining leases were found located within a distance of 500 meters from the periphery of any other lease as detailed in **Table 5.3.22**.

Table 5.3.22: Details of mining leases found located within 500 meters from the periphery of the other lease

Name of the DFO	Name of the lessee	Name of the minor minerals	Date of grant of EC	Location	Distance between the mining leases (metre)
DFO Shillong	1. Smt. Donsinora Massar 2. Smt. Lamonlang Massar	Boulder stone	26-11-18 26-11-18	Dymmiew, Jathit, East Khasi Hills District	161
	1. Shri Philosopher Iawphniaw 2. Smt. NondiniSyiemlieh	Limestone	14-09-17 05-01-18	Sohbar, East Khasi Hills District	27

Name of the DFO	Name of the lessee	Name of the minor minerals	Date of grant of EC	Location	Distance between the mining leases (metre)
	1. Smt. Nondini Syiemlieh 2. Smt. Kuntimai Tangdhara	Limestone	05-01-18 05-01-18	Sohbar East Khasi Hills District	62
	1. Smt. Kuntimai Tangdhara 2. Shri Philosopher Iawphniaw	Limestone	05-01-18 14-09-17	Sohbar East Khasi Hills District	23
	1. Shri Marbat Dohkrut 2. Smt. Kuntimai Tangdhara	Limestone	26-11-18 05-01-18	Sohbar East Khasi Hills District	78
	1. Smt. Rimiful Shylla 2. Shri Tamdor Sing Nadon	Limestone	05-01-18 05-01-18	Wahlong East Khasi Hills District	63
	1. Shri Khrikshon Lyngkhoi 2. M/s Uranus Stone Products	Boulder stone	16-07-18 18-10-17	Umduba, Ri-Bhoi District	313
	1. Shri Jamda Sangma 2. Shri Ngaitlang Dkhar	Boulder stone	22-08-17 11-04-18	Umduba, Ri-Bhoi District	279
	1. Shri Biru Narleng 2. Shri Romesh Nongrum	Boulder stone	16-07-18 09-01-18	Baridua, Ri-Bhoi District	59.73

Source: JPV reports.

The above indicates that the DSRs, though prepared, were not complete in all respects and also not based on survey reports. Thus, the objective of preparation of DSR i.e., to ensure (i) identification of areas of aggradations or deposition where mining can be allowed, and (ii) identification of areas or erosion and proximity to infrastructural structures and installations where mining should be prohibited and calculation of annual rate of replenishment and allowing time for replenishment after mining in that area, were not ensured.

The Department stated (March 2023) that the shortcomings in the DSR were duly noted and will be improved in future.

5.3.11.3 Utilisation of Meghalaya Minor Mineral Reclamation Fund (MMMRF)

As per guidelines issued by the Forests and Environment Department dated 8th April 2022, MMMRF shall be utilised for the following purposes:

- i. Reclamation, rehabilitation and restoration of quarry/mines of minor minerals including abandoned or illegal mines/quarry;
- ii. Restoration of direct or indirect damage to forests, wildlife habitats, wildlife corridors and environment in general, as a result of mining and allied activities;
- iii. Creation of alternate sources of ecological services to compensate loss in accrual of such services as a result of mining;
- iv. Prevention of illegal mining; and
- v. Monitoring and evaluation of works undertaken from monies released from the fund and to meet expenses of the Authority.

As per bank statements of MMMRF and statements furnished by the PCCF & HoFF, total accumulated amount of MMMRF as on 31 March 2021 was ₹ 102.02 crore. However, an amount of ₹ 0.07 crore only was utilised towards payment of wages to two contractual staff engaged to assist the Secretary, Meghalaya Minor Minerals Reclamation Fund Committee.

No expenditure had been incurred on reclamation works by the Forests & Environment Department. Reason for non-utilisation of the fund towards the purpose for which the MMMRF was created despite availability of fund was not stated.

The Department stated (March 2023) that the MMR Fund Management Guidelines was notified only in April 2022 and for want of guidelines the fund could not be utilised prior to the notification.

Conclusion

Audit observed that the mitigation measures to safeguard the environment before and after the grant of mining lease are inadequate. Despite two or more mining leases being in close proximity to each other, the Department has not declared cluster zones based on the GoI criteria of 500 meters gap between the boundaries of such mining leases. DSRs, though prepared, were not complete in all respects and also not based on survey reports.

Recommendations

- *The Department needs to fix responsibility for non-conducting periodic inspection of lease areas to ensure that the conditions stipulated while issuing various clearance were strictly complied by the lessees to safeguard the environment.*
- *District Survey reports should be prepared for each district based on annual survey report.*

Shillong
The: 17 August 2023


(Shefali Srivastava Andaleeb)
Principal Accountant General (Audit), Meghalaya

Countersigned

New Delhi
The: 24 August 2023


(Girish Chandra Murmu)
Comptroller and Auditor General of India