

**Chapter-7**  
**Conclusion and**  
**Recommendations**



## Chapter-7

### Conclusion and Recommendations

#### 7.1 Conclusion

This Performance Audit on “Systems and Controls in assessment and collection of mineral receipts” revealed several shortcomings and deficiencies. The Mines and Geology Department (MGD) had not prepared District Survey Report (DSR) for any district of the State, resulting into non-settlement of mining areas for 2020-24. There were instances of delayed/non-deposit of settlement amount/DMF Fund/Professional Tax *etc.* and non-realisation of interest thereon. Non-settlement/execution of mining leases were also observed in selected districts. Progressive Mining Closure was not being done and planning a Final Mining Closure Plan just one year prior to proposed closure entailed a high risk of default.

The monitoring of mining activities by the MGD was very poor and Geo-coordinates of the sand *ghats* were approved without field verification. The MGD had not used modern technologies like satellite imageries to detect the illegalities. Geo-spatial studies of the sand *ghats* with the help of NIT, Patna, (expert agency) revealed extensive illegal mining being carried out beyond the approved Mining Plan area.

The penalty provision for excess extraction of mineral by lessees under Sand Mining Policy, 2013 was only additional amount of royalty, which was too meagre, in comparison to the value of minerals as well as mining policy of other states. Hence, deterrent provision of penal action, laid down in policy remained ineffective.

Analysis of Project Monitoring Unit and *VAHAN* database for sampled districts revealed that due to lack of inter-departmental co-ordination between Transport Department and MGD, there were instances where minerals were being transported on vehicles such as ambulance, tractor registered for agricultural purpose, bus, motorcycle, motorcar *etc.* In some cases, large number of e-challans were generated for one vehicle in a day. Scrutiny of e-challans from different works divisions revealed that a large number of fake e-challans were used in works divisions. There were instances, where no fines were imposed on lessees for issuing e-challans beyond permissible limits.

#### 7.2 Recommendations

The MGD should prepare the District Survey Report of each mineral in every district separately in the light of SSMMG, 2016. The MGD should ensure that EC must be obtained before carrying out any mining activity and extension of mining lease for the safeguard of environment as per EIA notification.

The Mining Plan of any mining lease should be properly verified by the competent authority. A technical cell should be established for carrying out Geo-spatial study from time to time, to ensure that mining is being carried out as per the

approved plans and any deviation from the same could be reported and suitable action may be taken against illegal miners. The MGD should make functional, important modules like Geo-fencing, Radio Frequency Identification (RFID) Tags and Global Positioning System (GPS) so that the route of vehicle from source to destination can be tracked through the system using check points, tracking.

The Department should develop mechanism for verification of quantity of minerals extracted before despatch and ensure adequate inspection/verification of limestone lease area by the Mining Office.

The MGD should establish a co-ordination mechanism with Transport Department so that the vehicles impounded by the Transport Department, are referred to the Mining Department to have a check on illegal mining.

The Mines & Geology Department should integrate its database with the *VAHAN* database to prevent the generation of e-challans on unrealistic vehicles. Also, if any e-challan is generated on non-commercial vehicle, the same should be flagged to the Transport Department automatically.

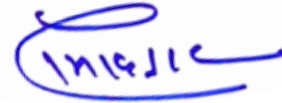
A comprehensive IT solution should be developed in which all receipts *i.e.* realisation of Royalty, DMF Fund, Security Deposit, Stamp Duty and Registration Fee should be reflected and any non-payment, short or delay payment thereof should be flagged and therefore, corrective measures could be taken in a timely manner.

The MGD should develop co-ordination mechanism with works divisions and Departments on regular basis, to ensure that the authenticity of e-challans is being regularly checked in works divisions so that the loss of royalty and misuse of e-challans could be avoided. The Department should investigate upon the matter regarding availability of fake verification letters from mining offices and fix responsibility on erring officials.

The Department may ensure adherence of District Mineral Foundation Guidelines and appoint CA to audit DMF accounts.

The Department should integrate its database with the *VAHAN*, so that the generation of e-challans on unfit and vehicles without PUC certificate, could be prevented and the conditions of environment clearance issued by SEIAA on carrying of minerals could be followed. Any e-challan generated on unfit and vehicles without PUC certificate should be flagged in the transport database to identify the operating unfit vehicles.

The Department should take necessary steps to fill up the critical posts urgently and execute its power through its officers and setup a technical cell at the departmental level to monitor the extractions through GIS studies and analyse the Mining database from time to time.



**Patna**  
**The 27 September 2022**

**(RAMAWATAR SHARMA)**  
**Accountant General (Audit), Bihar**

**Countersigned**



**New Delhi**  
**The 30 September 2022**

**(GIRISH CHANDRA MURMU)**  
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