

Chapter II : Audit Framework

2.1 Audit objectives

Audit objectives are to ascertain whether:

- (i) Department has adequate human resources, efficient IT system and utilised latest technology and know-how to check and prevent illegal mining;
- (ii) Provisions of the Acts and Rules governing administration of mines and minerals were being implemented effectively to check and prevent illegal mining; and
- (iii) Effective controls existed to monitor mining activities so that environmental and ecological concerns were addressed properly.

2.2 Audit criteria

- Mines and Minerals (Development and Regulation) Act, 1957;
- Mineral Conservation and Development Rules, 2017;
- Mineral Concession Rules, 1960;
- Mineral Other Than Atomic and Hydrocarbon Energy Minerals Concession Rules 2016;
- Rajasthan Minor Mineral Concession Rules, 1986;
- Rajasthan Minor Mineral Concession Rules, 2017;
- Rajasthan Mineral Policy;
- Environment Protection Act, 1986;
- Rajasthan Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2007;
- Consent for Establishment and Consent for operation issued by Pollution Control Board and
- Notifications and circulars *etc.* issued thereunder and directions issued by the Ministry of Mines.

2.3 Audit Scope and Methodology

The scope of this audit is to examine the mechanism in place to detect illegal mining activities of minor minerals except sand mining cases and remedial action initiated by the Department of Mining and Geology. Cases of illegal mining were identified through the use of Remote sensing data and Geographic Information System (GIS) technology using *Google Earth Pro*. Apart from collecting data on the inspections and identification of illegal mining done by the Department, a study of the mining areas as seen from the Satellite images *vis-a-vis* leases granted by the Government is attempted.

Out of 49 division offices, a sample of five divisional offices¹ was selected for scrutiny based on number of illegal mining cases and penalty imposed. Within the selected divisions, five *Tehsils*, were selected for spatial study through satellite images (one *Tehsil* from each selected division offices). Further Vigilance offices² and SME offices³ were also selected to check working of the Department. Audit test-checked 514 leases out of total 1,762 leases of selected divisions *i.e.* 29 per cent.

A review of the data from the files/information relating to systems in place and the cases detected by the Department was carried out for the years 2015-16 to 2019-20. Further, improvement in the working of the Department was checked up to the month of October 2021 with the help of departmental online system and incorporated in this report. Satellite images were used to identify the area of illegal mining which are outside the area of the mining leases in the selected *Tehsils*.

Further, Joint Physical Verification (JPV) of illegal mining points identified with the help of satellite images was conducted with the representatives of the Department. Audit also reviewed the system in place to prevent illegal mining, deployment of manpower for this purpose and related environmental issues.

An Entry Conference was held on 18 January 2021 with the Principal Secretary, Mines and Petroleum, wherein, objectives and methodology of performance audit were explained.

An Exit Conference was held on 28 October 2021 with the Deputy Secretary, Mines and Petroleum along with DMG and other officials of the Department wherein results of the performance audit and recommendations were discussed. The replies of the Department/Government received during the exit conference and subsequently in response to draft report (February 2022) have been appropriately included in the audit report.

2.4 Revenue from Minerals and Illegal Cases

The revenue collection during the years 2015-16 to 2019-20 is as discussed in **Table 2.1:**

Table 2.1
Trend of revenue and cases of illegal mining activities

Year	#Total revenue raised by the State Government	#Total mining revenue of the State	Percentage of revenue to the total revenue raised	*Cases of illegal mining/transportation/storage
2015-16	53,640.79	3,782.13	7.05	4,909
2016-17	55,987.23	4,233.74	7.56	4,983
2017-18	66,339.13	4,521.52	6.81	8,524
2018-19	75,983.35	5,301.48	6.97	16,853
2019-20	74,959.14	4,579.09	6.11	13,217
Total	3,26,909.64	22,417.96	6.86	48,486

#Source: Finance Accounts of the respective years.

*Source: Web portal of Mines and Mineral Department (*DMGOMS*)

¹ Division Offices: Alwar, Kotputli, Makrana, Neem ka Thana and Sikar.

² Vigilance Offices: Alwar, Kotputli, Makrana, Neem ka Thana, Sikar and Tijara.

³ Superintendent Mining Engineer Offices: Jaipur.

It can be seen from the above table that percentage of revenue to the total revenue raised was between 7.56 and 6.11 during the period of 2015-16 to 2019-20. The number of cases of illegal mining/transportation/storages has an increasing trend except the year 2019-20. This depicts that there are weaknesses in the system to prevent illegal mining activities and it needs proper attention of the Department and improvement in the system as discussed in the succeeding paragraphs.

2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation extended by the Mines and Geology Department, its officers and staff in providing necessary information and records to Audit.

