

Executive Summary

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

(Paragraph 1.1, Page 1)

Audit observed that District Survey Reports remained incomplete due to lackadaisical approach of Mines and Geology Department.

(Paragraph 2.1, Page 10)

Coordinates of the sand *ghats* were plotted on Google Earth Pro and it was found, as per available free images that areas of five sand *ghats* of two districts approved for mining activities in Mining Plan were not correct. Further, mining area for sand extraction was given in the middle of high intensity electric tower (a permanent structure) in Paruhar sand *ghat* of Rohtas district, which was prohibited as per Sustainable Sand Mining Management Guidelines (SSMMG), 2020.

(Paragraph 2.2.1, Page 13)

It was observed that the area for sand mining was allotted in the prohibited area such as near bridges and in the middle of the river.

(Paragraph 2.2.2, Page 17)

The MGD did not take any action for auction of Mica, Quartz/Quartzite and Silica even after declaration of these as minor minerals.

(Paragraph 2.4, Page 22)

Audit observed that District Collector, Bhagalpur cancelled leases of nine sand *ghats* due to non-approval of modified Mining Plan by the MGD and refunded security deposit for ₹ 1.76 crore which was against the provisions of Bihar Sand Mining Policy, 2013. At the same time, the lease was not offered to the second highest bidder which resulted into a loss of revenue for ₹ 18.63 crore.

(Paragraph 3.1, Page 23)

Seven District Mining Offices (DMOs) did not include, an extra day of leap year, while calculating the settlement amount. Due to this, ₹ 16.05 crore of revenue was less realised, and apart from this contribution towards DMF Fund for ₹ 0.32 crore and Stamp Duty (SD) and Registration Fee (RF) for ₹ 1.28 crore, was also less realised.

(Paragraph 3.2, Page 25)

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

(Paragraph 3.3, Page 26)

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

(Paragraph 3.4, Page 26)

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

(Paragraph 3.5, Page 27)

Even after in-principle approval for Stone Quarry Block No. 10 at Bhadhokhra and Block-A & B at Khakhandua in Nawada district in February 2015 and December 2018, respectively, final settlement was not done. However, mining activities were noticed in Block No. 10 at Bhadhokhra during study of satellite images although, the said stone quarry was not working in that period.

(Paragraph 3.7.1, Page 29)

In-principle approval was accorded for 20.75 acres, (Mauja-Madurna, PS-Bhabhua) in Kaimur in July 2016 and Mining Plan was approved in September 2017. But, EC could not be obtained even after lapse of four years of approval of Mining Plan. The DMO did not take any action for cancellation of lease and forfeiture of security deposit.

(Paragraph 3.7.2, Page 31)

DMO, Sheikhpura prepared 30 stone blocks in the district for mining through public auction in which 9 blocks remained unsettled due to non-verification of stone block and lackadaisical approach of DMO.

(Paragraph 3.7.3, Page 32)

DM/DMO failed to realise settlement amount of ₹ 9.21 crore of stone lease of Block 7 of Bhadhokhra Mauja in Nawada after lapse of seven years from award of lease and four years from execution of lease agreement. Further, DM/DMO did not take any action for cancellation and resettlement of the lease on non-receipt of the settlement amount. Moreover, study of images of this lease on Google Earth Pro revealed that the mining activities were being carried out in this stone block during different periods.

(Paragraph 3.8.1, Page 33)

DMO, Gaya failed to realise the amount of 5th instalments of ₹ 7.40 crore against settled stone quarry of Mauja Gere, Block-1 (area 12.50 acres). DMO, Rohtas could not safeguard the Government revenue of ₹ 7.48 crore due to less extraction of limestone against the approved Mining Plan. Royalty and penalty for ₹ 61.08 crore could not be realised from 2,926 illegally operative brick kilns in 14 DMOs.

(Paragraphs 3.8.2, 3.10 & 3.13.2, Page 34, 36 & 40)

GIS study was carried out by Audit with the help of expert agency *i.e.* NIT, Patna. The study revealed that illegal mining was being carried out outside all the sand *ghats* covering in the Areas of Interest (AOI). The trend continued in the year 2019 and 2020 for the selected months for all the areas of interest. In the selected AOI,

analysis of satellite images revealed illegal mining during the periods. It was also noticed that the trend of illegal mining was increasing.

(Paragraphs 4.1 & 4.2, Page 43 & 53)

Analysis of available satellite images on Google Earth Pro in Sone sand *ghats* in three districts revealed that the mining activities were carried out in 12 sand *ghats* without obtaining EC. Mining activities were noticed in historical images of Google Earth Pro. Although, the lessees reported nil extraction from two sand *ghats* viz. Janpara-I and Anandpur of Patna district in 2018 and 2019, respectively and one sand *ghat* Chillhous of Bhojpur district in 2020.

(Paragraphs 4.3.1 & 4.3.2, Page 57 & 60)

Out of 20 planned software modules, only five were found functional. With respect to the Environmental Impact Assessment (EIA) notification, only facility to generate e-challans and block them manually was made functional. The e-challans ought to have security features as enumerated in the EIA notification. However, the same was not present as number of fake e-challans were found during audit. Further, the IT system was being used only for generating e-challans without controls as other modules were non-functional.

(Paragraph 4.4, Page 64)

In 14 sampled districts, 2,43,811 e-challans were generated using 46,935 unrealistic vehicles having registration number of ambulance, bus, auto rickshaw, car, motorcycles *etc.* shown to be used for transporting minerals ranging from 8 MT to 10.89 lakh MT.

(Paragraph 4.5, Page 66)

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

(Paragraph 4.6, Page 68)

21,192 fake e-challans were used in different construction works in 16 works divisions.

(Paragraph 4.7, Page 70)

It was observed in 14 sampled DMOs that ₹ 91.86 crore were realised towards DMF Fund during December 2014 to September 2021 against which only ₹ 9.56 crore were spent. Thus, ₹ 82.30 crore remained parked and unutilised. Due to non-utilisation of the DMF Fund, its objectives remained unattended.

(Paragraph 5.1, Page 76)

Five DMOs did not ensure realisation of contribution towards DMF Fund for ₹ 1.87 crore from lessees of sand and stone quarries during 2018-21. Eleven DMOs, did not realise ₹ 0.62 crore from 6,164 brick kiln owners during 2017-18 to 2020-21.

(Paragraph 5.6, Page 79)

Two DMOs did not levy contributions towards DMF Fund for ₹ 21.16 lakh on royalty charged for excess extraction of sand. 10 DMOs did not levy interest on delayed payment of DMF Fund from lessees of sand *ghats* during 2016 to 2021 and

three DMOs did not levy interest on delayed payment of DMF Fund from lessees of stone quarries. In seven DMOs, ₹ 10.91 crore were deposited as royalty by contractors/agencies for extraction of ordinary earth but, the concerned DMOs did not levy the DMF Fund and Seigniorage Fee of ₹ 4.58 crore from the contractor/agencies.

(Paragraphs 5.7, 5.8 & 5.10, Page 79, 80 & 81)

Audit observed in 14 DMOs that illegal mining of minerals was continuously being reported during the years 2017-18 to 2020-21. Total 4,608 FIRs were lodged and 4,423 people were arrested in respect of illegal mining of minerals. A total amount of ₹ 113.30 crore was recovered during 2017-18 to 2020-21 from penalty on illegal mining.

(Paragraph 6.1, Page 84)

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

(Paragraph 6.2, Page 85)

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

(Paragraph 6.3, Page 85)

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

(Paragraph 6.4, Page 86)

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

(Paragraph 6.5, Page 87)

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

(Paragraph 6.6, Page 87)

Several deficiencies were noticed during scrutiny of records related to manpower management, inspection of sand lease area, stone lease area, brick kilns, as provided by five DMOs for the period during 2017-18 to 2020-21. Further, adequate inspections of the concerned DMOs were not carried out by the Deputy Director of Mines (DDM) or any higher authority.

(Paragraphs 6.7 & 6.8, Page 88 & 89)