

Table of Contents

Description	Reference	
	Paragraph	Page
Preface		vii
Executive Summary		ix
Chapter - 1: Introduction		
Introduction	1.1	1
Organisational set up	1.2	1
Trends of Mineral Revenue	1.3	1
Audit Objectives	1.4	4
Audit Criteria	1.5	4
Status of previous Audit Report on “Mining Receipts- Levy and Collection of Royalty, Fee and Rent”	1.6	5
Scope and Methodology	1.7	5
Chapter - 2: Systems and procedures for approval of mining concessions		
Incomplete District Survey Reports	2.1	10
Non-verification of Mining Plan by the Competent Authority	2.2	12
Approval of incorrect Geo-coordinates	2.2.1	13
Mining of sand in prohibited area	2.2.2	17
Mining of sand near bridges	2.2.2.1	17
Allotment of area for mining of sand in the middle of river	2.2.2.2	19
Non-obtaining of Environment Clearance of settled sand <i>ghats</i> in extension period of lease	2.3	21
Non-auction/ settlement of minerals after declaration as minor minerals	2.4	22
Chapter - 3: Assessment and collection of mineral receipts		
Loss of Government revenue due to surrender of sand lease by lessees of sand <i>ghats</i> during the period 2015-19	3.1	23
Non/short realisation of actual amount of royalty and other receipts due to incorrect calculation of settlement amount for the extended period of lease	3.2	25
Non-levy of interest on delayed payment on settlement of sand <i>ghats</i>	3.3	26
Non-realisation of security deposit for the settlement of extended period of sand <i>ghats</i>	3.4	26
Non-realisation of Stamp Duty and Registration Fee due to non-execution of registered deed for settled sand <i>ghats</i>	3.5	27
Loss of Government revenue due to non-revalidation of bank guarantee in place of Stamp Duty and Registration Fee submitted by lessees of sand <i>ghats</i>	3.6	28

Description	Reference	
	Paragraph	Page
Non-settlement/non-execution of lease of stone quarries	3.7	29
Non-settlement of stone quarries in Nawada	3.7.1	29
Non-settlement of stone quarry in Kaimur	3.7.2	31
Non-settlement of stone quarries in Sheikhpura	3.7.3	32
Non-realisation of royalty from lessees of stone quarries	3.8	33
Non-realisation of royalty from lessee of stone quarry by DMO, Nawada	3.8.1	33
Non-realisation of royalty from lessee of stone quarry by DMO, Gaya	3.8.2	34
Non-realisation of royalty from lessee of stone quarry by DMO, Banka	3.8.3	34
Non-realisation of settlement amount and interest from lessees of stone quarries by DMO, Sheikhpura	3.8.4	35
Non-submission of final mine closure plan	3.9	35
Less extraction of limestone against Mining Plan	3.10	36
Non-auction of reject/overburden material	3.11	38
Plantation in limestone area	3.12	39
Operation of brick kilns	3.13	39
Illegal removal of brick earth without valid permit and without submission of CTE/CTO and Environment Clearance Certificate	3.13.1	40
Non/short realisation of royalty and penalty from brick kiln owners	3.13.2	40
Non-realisation of Professional Tax from brick kiln owners	3.13.3	41
Chapter - 4: Illegal Mining		
Comparison of actual and approved mining <i>ghats</i>	4.1	43
Actual mining area in the sampled <i>ghats</i>	4.2	53
Other findings through Analysis of Google Earth Pro images	4.3	57
Mining activities carried out without obtaining EC	4.3.1	57
Mining activities seen in satellite images where nil extraction report was submitted by lessees of sand mining lease	4.3.2	60
Excess extraction against despatches reported by lessees of sand <i>ghats</i>	4.3.3	61
Measures to monitor the extraction of minerals	4.4	64
Transportation of minerals by unrealistic vehicles	4.5	66
Irregular generation of e-challans	4.6	68
Sand	4.6.1	69
Stone	4.6.2	70
Fake e-challans used in works divisions	4.7	70

Description	Reference	
	Paragraph	Page
Loss of revenue due to irregular/illegal verification of form M and N	4.8	72
Chapter - 5: Mines and Mineral Development, Restoration and Rehabilitation Fund		
Non-utilisation of District Mineral Foundation Fund	5.1	76
Non-utilisation of District Mineral Foundation Fund for purchase/installation of testing, screening and other equipment in connection with preventing the spread of COVID-19 pandemic	5.2	76
Non-transfer of Separate Corpus Fund amount to DMF bank account	5.3	77
Non-transfer of Separate Corpus Fund/DMF Fund amount kept in Punjab National Bank into SBI account of DMF Fund and non-realisation of amount deducted by Income Tax Department	5.4	78
Non-payment of District Mineral Foundation Fund in lumpsum	5.5	78
Non/short realisation of District Mineral Foundation Fund from sand/stone lease holders and brick kiln owners	5.6	79
Non-levy of DMF Fund on royalty charged for excess extraction of sand	5.7	79
Non-levy of interest on delayed payment of DMF Fund from lessees of sand <i>ghats</i> and stone quarries	5.8	80
Non-maintenance of account of District Mineral Foundation Fund	5.9	80
Non/short realisation of Royalty, Seigniorage Fee and DMF Fund for use of ordinary earth	5.10	81
Chapter - 6 : Internal control, Monitoring mechanism and Inter-departmental co-ordination		
Non-adherence to the directives for prevention of illegal mining	6.1	84
Loss of royalty due to non-co-ordination between District Transport Offices and District Mining Offices in context of seized vehicles involved in transportation of illegal minerals	6.2	85
Loss due to illegal use of tractors registered for agricultural purposes in commercial activities	6.3	85
Loss of Government revenue due to non-imposition of fine to lessees for issue of e-challan beyond permissible limit to vehicle	6.4	86

Description	Reference	
	Paragraph	Page
Transportation of minerals by unfit vehicles	6.5	87
Pendency of certificate cases	6.6	87
Manpower Management	6.7	88
Inadequate inspections	6.8	89
Non-verification/inspection of brick kilns, sand <i>ghats</i> and stone quarries	6.8.1	90
Inspections by Departmental Officers	6.8.2	91
Chapter - 7 : Conclusion and Recommendations		
Conclusion	7.1	93
Recommendations	7.2	93
Appendices		97
Glossary of Abbreviations		141

List of Appendices

Appendix No.	Particulars	Reference	
		Paragraph	Page
1.	Non-levy of interest on delayed payment on settlement of sand <i>ghats</i>	3.3	97
2.	Non-realisation of security deposit for the settlement of extended period of sand <i>ghats</i>	3.4	99
3.	Non-realisation of Stamp Duty and Registration Fee due to non-execution of registered deed for settled sand <i>ghats</i>	3.5	100
4.	Loss of Government revenue due to non-revalidation of bank guarantee in place of Stamp Duty and Registration Fee submitted by lessees of sand <i>ghats</i>	3.6	102
5.	Non-realisation of settlement amount and interest from lessees of stone quarries by DMO, Sheikhpura	3.8.4	103
6.	Illegal removal of brick earth without valid permit and without submission of CTE/CTO and Environment Clearance Certificate	3.13.1	104
7.	Non/short realisation of royalty and penalty from brick kiln owners	3.13.2	105
8.	Actual mining area in the sampled <i>ghats</i>	4.1 & 4.2	106
9.	Comparison of actual and approved mining <i>ghats</i>	4.1	112
10.	Actual mining area in the sampled <i>ghats</i>	4.2	114
11.	Actual mining area in the sampled <i>ghats</i>	4.2	116
12.	Mining activities seen in satellite images where nil extraction report was submitted by lessees of sand mining lease	4.3.2	117
13.	Excess extraction against despatches reported by lessees of sand <i>ghats</i>	4.3.3	118
14.	Transportation of minerals by unrealistic vehicles	4.5	122
15.	Fake e-challans used in works divisions	4.7	123
16.	Loss of revenue due to irregular/illegal verification of form M and N	4.8	125
17.	Non-utilisation of District Mineral Foundation Fund	5.1	126
18.	Non-utilisation of District Mineral Foundation Fund for purchase/installation of testing, screening and other equipment in connection with preventing the spread of COVID-19 pandemic	5.2	127

Appendix No.	Particulars	Reference	
		Paragraph	Page
19.	Short-realisation of DMF Fund from lessee of sand <i>ghats</i> and stone quarries	5.6	128
20.	Non-realisation of DMF Fund from brick kiln owners	5.6	129
21.	Non-levy of DMF Fund on royalty charged for excess extraction of sand	5.7	131
22.	Non-levy of interest on delayed payment of DMF Fund from lessees of sand <i>ghats</i> and stone quarries	5.8	132
23.	Non/short realisation of Royalty, Seigniorage Fee and DMF Fund for use of ordinary earth	5.10	133
24.	Non-adherence to the directives for prevention of illegal mining	6.1	134
25.	Loss of royalty due to non-co-ordination between District Transport Offices and District Mining Offices in context of seized vehicles involved in transportation of illegal minerals	6.2	135
26.	Loss due to illegal use of tractors registered for agricultural purposes in commercial activities	6.3	136
27.	Loss of Government revenue due to non-imposition of fine to lessees for issue of e-challan beyond permissible limit to vehicle	6.4	137
28.	Transportation of minerals by unfit vehicles	6.5	138
29.	Pendency of certificate cases	6.6	139