

CHAPTER IV

Controls over leakage of revenue in sand mining

Summary

- Due to the poor monitoring of sand mining, the quantity of quarrying and transportation of sand reported by the lessees was significantly less against the total mineable quantities, as per the EC. Instances of quarrying beyond the sanctioned lease sites and overloading of sand carrying vehicles were also observed resulting in evasion of royalty and other dues.
- No tree plantation had been carried out by the respective lessees at the river banks, since the grant of respective sand leases and use of poclain machine for sand mining were clear violation of the conditions of the EC.
- The Department granted 1,235 removal permits under rule 59 (1) for removal of 87.33 lakh cum of *murrum* without verifying the incidental work leading to digging of *murrum* and actual availability of *murrum* at the sites, which facilitated illegal excavation of *murrum* by the transporters.

4.1 Management of sand mining

Sand Mining in Chhattisgarh is governed by the Chhattisgarh Minor Mineral Ordinary Sand (Quarrying and Trade) Rules, 2019 (CMMOS Rules) and Chhattisgarh Minor Mineral Sand Excavation and Trading Regulation Directives, 2006, prior to these Rules. The Chhattisgarh Minor Mineral Ordinary Sand Excavation and Trading Regulation Directives 2006, entrusted the management of sand mines and collection of royalty to the respective Gram Panchayats/ Janpad Panchayats/ Urban Local Bodies. The GoCG revised (August 2019) the earlier provisions by notifying Chhattisgarh Minor Mineral Ordinary Sand (Quarrying and Trade) Rules, 2019, and entrusted the management of sand mines to the Mineral Resources Department.

4.1.1 Sand mining

The Department after the notification of CMMOS Rules, in August 2019 executed agreements with lessees for 245 sand mines, out of which 221 sand mines were operative, as on December 2020. CMMOS Rules provided for grant of quarry lease of ordinary sand through reverse auction method against the ceiling price/ auction fee (per cum of sand) fixed by the District Level Committee¹ for available/ minable quantity of sand permitted on environmental clearance for the respective quarries and fixed amount of royalty of ₹ 50 per cum.

¹ Constituted by District Collector

Audit observed that in nine selected district offices, 102 sand leases were granted in favour of various lessees against auction fees ranging from ₹ 45 to ₹ 56 per cum of sand payable during the 2019-2021. In this regard, the minable quantity is assessed by the respective District Environment Impact Assessment Authorities based on the assessment of thickness of sand at the lease area by the lessee which is certified by the District Mining Authorities. Environment clearance was generally granted for two years and specified maximum quantity of sand to be excavated per annum.

(a) Audit scrutiny revealed that in 79 sanctioned sand leases, total minable quantity as per the environment clearances was 53.05 lakh cum for one/two year(s)². However, the total mined quantity reported by the lessees in the transit passes issued was merely 10.71 lakh cum (i.e. just 20.19 per cent of the total minable quantity) (as detailed in **Appendix 4**) for the corresponding period. Thus, the quantity of quarrying and transportation of sand reported by the lessee was significantly less against the total mineable quantities, as per the EC. Audit conducted spot visits of 34 sand leases in seven districts. During spot visit of sand mining sites (Hardi-I, *khasra* No. 1435) in Balodabazar, it was noticed that quantity of sand had already been excavated to such an extent that agriculture activities were started at the sites, as visible in the **Figure- 4.1**, given below.



Figure- 4.1: Agriculture activities at site (Balodabazar District, date of image: January 2021)

(b) Audit also noticed that there was no demarcation of the leased areas, quarrying operations were found to be carried out in abnormally larger areas³ than the areas actually allotted; the transportation of sand was



Figure- 4.2: Use of Poclain machines at sites (Balodabazar District, date of image: January 2021)

² Total mineable quantity has been calculated for two years in 24 sand leases under Janjgir-Champa District and for one year in 55 sand leases under six districts.

³ Raipur, Balodabazar, Bilaspur and Janjgir-Champa

being carried out on petty cash receipts⁴ instead of pit passes/ royalty paid passes; mining activities were being carried out⁵ using poclain machines⁶, violating the EC condition. At a number of sites, the lessees' staff could not produce the dispatch registers, old royalty passes, and cash/ money receipts etc. Further, it was also witnessed that the excavation activities were being carried out in the proximity of some of the lease areas by the other parties⁷, which was mainly due to the lack of constant supervision by the mining officials indicative of possible collusion of these officials.

(c) As per the condition-15 of EC for sand leases, the lessees are required to plant 200 to 300 trees per hectare of the leased area at river banks so as to prevent soil erosion.

However, during the spot visits, Audit observed that no tree plantation had been carried out by the respective lessees at the river banks since the grant of respective leases (i.e. during the year 2019 and 2020), which was a clear violation of the conditions of the EC (Figure- 4.3).



Figure- 4.3: No plantation work (Balodabazar District, date of image: January 2021)

(d) It was also noticed that the district mining authorities were issuing royalty paid passes for the quantity⁸ of 10.00 cum / 12.00 cum for hyvas/ dumpers (except in Ambikapur where the pit passes were issued for the quantity of 10 to 15 cum) against their



Figure- 4.4 (a): Overloading of sand beyond the capacity (Bilaspur District, date of image: January 2021)

⁴ Bilaspur

⁵ Raipur, Balodabazar, Bilaspur, and Janjgir - Champa

⁶ Poclain machine is an 360 degree rotating excavator as per Wikipedia.

⁷ Balodabazar and Bilaspur

⁸ Different practices are being followed in different districts.

standard carrying capacity of 14.00 to 15.00 cum, while these vehicles were found carrying even more than the standard capacity (i.e. overloading) (**Figure- 4.4 (a) & (b)**). Thus, the lessees, by transportation through hyvas were evading royalty and other charges for at least 3.00 cum of sand per trip. This has resulted in leakage of revenue to the extent of minimum ₹ 315.00⁹ per trip to the Government.



Figure- 4.4 (b): Overloading of sand beyond the capacity (Bilaspur District, date of image: January 2021)

In the absence of proper monitoring of sand mining operations by the Department, there was leakage of revenue through less reporting of quantity of sand excavated/ transported and non-compliance to the conditions of environment clearance by the lessees.

The Government stated (April 2022) that the royalty was leviable on the quantity of sand dispatched from the sand mines. The quantity of sand was dispatched as per the demand of the market. In EC, the maximum quantity of sand to be dispatched was determined; there was no prohibition of minimum quantity of dispatch.

The reply is not acceptable as the reply is silent on the issue of poor monitoring of sand mining by the Mining officials.

Recommendations:

- 8. The Government should adopt sustainable sand mining practices and issue instructions for the regular monitoring of the sand mining activities to ensure effective compliance of EC conditions and governing Rules.***
- 9. The Government should consider levying penalty in cases where pit passes/ royalty paid passes are not used during transportation of sand.***

⁹ Royalty per cum= ₹ 50, Average auction money per cum= ₹ 50, DMF contribution per cum = ₹ 5 (i.e. 10 % of the royalty amount , leakage of revenue per trip=₹ 105 x 3 cum = ₹ 315.

4.1.2 Granting of removal permits for transportation of huge quantity of illegally mined *murrum*

As per rule 59(1) of CMM Rules 2015 (Permission for disposal of minor minerals obtained during excavation work), the Collector shall grant permission for removal and use of any such minor minerals obtained during deepening or widening of *Panchayat* ponds/ tanks, well, water reservoir or any other digging work. Further, as per rule 58 (1), the Collector shall grant quarry permit for extraction, removal and transportation of minerals specified in Part- A of Schedule-II (soil, *murrum*, etc.) from any specified land which may be required for the works of any department or undertaking of the Central Government/ State Government or for private works

During the period 2015-16 to 2020-21, only three quarry permits for excavation of *murrum* were granted by DMO, Raipur for the construction of road and no quarry permits were granted by the Collectors in other selected districts under Rule 58 (1), as per the information provided by the district mining authorities. Audit, however, noticed that the District Collectors of the selected districts granted 1,235 removal permits under rule 59 (1) for removal of 87.33 lakh cum of *murrum* (as detailed in **Appendix 5**) on the grounds that the *murrum* dumps were created out of deepening or widening of *Panchayat* ponds/ tanks, well, water reservoir or any other digging work. The above permissions were granted based on the *Panchayat* proposals and site survey reports of the Mining Inspectors. The scrutiny of records related to grant of 140 removal permits out of the total 1,235 permits, revealed that the permissions were granted without verifying the total quantity of availability of *murrum* at the sites. Also, the photographs of the respective sites, as alternate evidence to ensure the availability of *murrum* at sites, were not found attached in the records furnished by DMOs. To verify the genuineness of the removal proposals issued by the *Gram Panchayats*, Audit visited 10 *Gram Panchayats*, which granted proposals to transport *murrum* from 32 different sites. Scrutiny of replies furnished by the *Gram Panchayats* revealed that six out of 10 *Gram Panchayats*, had issued proposals for transportation of *murrum* dumps created due to deepening/ widening of *panchayat/* Government ponds. However, no supporting records related to the deepening/ widening works such as administrative/ technical approval, work orders, measurement books and details of payments made to labourers etc. were maintained and provided to Audit. Further scrutiny revealed that *Panchayat* proposals were not signed by the respective *Panchayat* members/ secretary/ *sarpanch*.

The Audit also visited ten sites for which removal permits were granted but did not find any *murrum* dumps created out of permissible activities at the concerned sites. At four sites¹⁰, the transporters were found digging *murrum* at the time of visit; at two sites¹¹, no

¹⁰ Two sites in Durg and Two sites in Raipur

¹¹ One site in Raipur and One site in Mungeli

murrum dumps were found at permitted sites, and at another three sites¹², the pits were seen at private lands but no dumps were found, as claimed in the applications (**Figure- 4.5 (a) & (b)**). This indicated that the site survey reports prepared by the Mining Inspector were not supported by the verification of actual availability of *murrum* at the sites. Thus, the removal permits, issued on the basis of site survey reports, facilitated illegal excavation of *murrum* to the transporters.

Thus, the granting of removal permits in such manners has proven to be the means of circumventing the requirement of obtaining quarry permit of *murrum*.



Figure- 4.5 (a): *Murrum* excavation sites (date of image: October 2020)



Figure- 4.5 (b): *Murrum* excavation sites (date of image: February 2021)

The Government stated (April 2022) that the permissions were granted under Rule 59 of CMM Rules for transportation of minor minerals obtained from deepening of ponds,

¹² One site in Mungeli and Two sites in Kawardha

levelling of agriculture lands or from the base of construction works. The applicants obtained transit passes on payment of royalty and other taxes for the quantity of minerals. Under the rule *ibid*, the Mining Inspectors estimated the quantity of minerals after spot inspection of the sites.

The reply is not acceptable, as the Department had issued transport permit without ensuring the actual availability of *murrum* at the site incidental to the reasons mentioned in applications.

Recommendations:

- 10. The Department should review the existing system of issuing removal permits for murrum transportation to prevent illegal excavation of murrum.***