

Executive Summary

Minerals are finite and non-renewable, and their exploitation is guided by long term national goals, perspectives and global economic scenario. The lucrative demand for minerals has led to illegal mining in the recent past, especially in quarrying of minor minerals.

Considering the effects of mining activities on local people, Government of India made a provision for establishment of District Mineral Foundation Trusts (DMFTs), and accordingly the Government of Chhattisgarh established (December 2015) DMFTs in all 27 districts of Chhattisgarh with the objective of safeguarding the interest and benefits of persons and areas affected by mining related operations.

The performance audit was conducted to ascertain whether the State Government has developed a robust mechanism to prevent, detect and curb illegal mining activities and extending due benefits to areas and persons affected by mining or mining related operations as anticipated from establishment of DMFTs. During audit, records of office of the Director, Geology and Mining and District Mining Offices in nine districts along with DMFTs for the period 2015-16 to 2020-21 were scrutinized.

Audit observed that the existing control measures prescribed by the Department to curb illegal mining activities were not being complied. There was absence of comprehensive database of quarry leases, and boundary pillars/boundary marks to indicate the demarcation of the quarry lease area were missing which resulted in non-identification of quarrying activities beyond the sanctioned lease areas. The number of check posts established to check the illegal transportation of minerals were found inadequate while the established check posts were not equipped with the facility of weighbridges. In three districts no check posts were established while in remaining six districts, 18 check posts were without any weighbridge facility.

The Department did not implement e-permit system and Global Positioning System based vehicle tracking system to control illegal transportation of minor minerals. In six districts, there was shortfall in inspections of mines ranging between 52 and 92 *per cent* against the stipulated norms, due to shortage of inspecting officials. The usage of minor minerals in Private/ Government construction works was not being monitored/ verified by the inspecting authorities as the quarterly reports on procurement and usage of minor minerals were not being submitted by the respective person/company/firm etc. to the district mining authorities. There was delay in submission of monthly returns of quarry leases by the lessees. Meetings of District Task Force (DTF) were not held regularly and records related to meetings of DTF were not maintained. The Department failed to levy the applicable penalty against the 3,536 registered cases of illegal mining/ transportation/ storage, resulting in short levy of penalty amounting to ₹ 10.51 crore.

There was delay in implementation of Mining Surveillance System for minor minerals and the Department did not consider use of other modern technologies such as, Geographic Information System (GIS) and Drone Survey to identify and curb the illegal mining activities. Audit analysis of selected 202 quarry leases using the Google Earth Pro software revealed mining activities in areas other than the sanctioned leases (in 15 cases) and pits extending in the adjacent area of sanctioned lease (in eight cases). It was also observed that no plantation was carried out (in 40 cases) around the lease area as per the conditions of Environment Clearance (EC) and Quarry Plans. With the help of Drone survey through technical consultant, audit detected illegal excavation of *murrum* at unauthorised sites, and illegal quarrying of sand and limestone outside the sanctioned lease area, resulting in loss of royalty amounting to ₹ 2.67 crore to the Government.

Monitoring of sand mining was found to be deficient and the Department failed to check the evasion of royalty and non-compliance to the environment clearance conditions. Audit noticed instances of reporting of less quantity of sand excavated/transported against the total mineable quantity allowed to be excavated as per the mining plan, overloading of sand carrying vehicle against the quantity shown in transit passes, non-maintenance of records by the lessees at the quarry sites, quarrying beyond the sanctioned lease sites, use of poclain machines for sand mining, and non-plantation of adequate trees. The Department granted removal permits for transportation of 87.33 lakh cubic meter of *murrum*¹ without verifying the incidental works leading to digging of *murrum* and actual availability of *murrum* at the sites, leaving scope for illegal excavation and excess transportation than the permitted quantity.

The DMFTs has established (December 2015) in all 27 districts of the State with the objective to work for the interest and benefit of persons and areas affected by mining or mining related operations. However, it was observed that the DMFTs delayed (delay ranged from 17 months to 50 months) in identifying the mining affected areas and failed to identify and prepare the list of mining affected persons in the State.

During 2016-17 to 2020-21, an amount of ₹ 1,918.84 crore was received in the nine test checked DMFTs and the average utilisation of Trust funds was 63 *per cent*. Underutilisation of funds had resulted in accumulation of funds and non-extension of due benefits to the intended beneficiaries in a timely manner. The funds of DMFTs were kept in the savings bank accounts and non-availing of sweep/flexi deposit facility resulted in loss of interest of ₹ 24.87 crore. The DMFTs incurred expenditure amounting to ₹ 14.94 crore in violation of the directives of the Government to use the funds on the high priority/other priority areas specified in the DMFT Rules. Due to the poor monitoring of execution of works, there was blocking of funds amounting

¹ a form of laterite (clayey material) used for construction of road surface.

to ₹ 219.31 crore on incomplete works with implementing agencies/ contractors. Further, the residual amount of ₹ 8.00 crore released in favour of various implementing agencies was not recovered despite completion/ cancellation of respective works.

The monitoring of activities of the DMFTs was inadequate, as none of the DMFTs could ensure regular holding of meetings of Governing Council/ Managing Committee and timely preparation of Budget, Quarterly Progress Reports and Annual Reports. Further, the expenditure from the Trust fund for the overall development of affected areas was not carried out in a planned manner as the Master Plan/ Vision Document and the Annual Plans were not prepared.

Recommendations:

- 1. The district offices must be directed to maintain database of quarry leases in the prescribed format.***
- 2. The Department should ensure that the boundary pillars with boundary marks are maintained by the lessees to indicate demarcation shown in the mining plan.***
- 3. The Government should establish adequate number of check posts in Mungeli, Kawardha and Balodabazar districts within a fixed timeline and should consider installing of CCTV cameras and weighbridge facilities at all the check posts to check illegal transportation and overloading of minerals.***
- 4. The Department should ensure regular inspection of mines as per the prescribed norms by ensuring adequate manpower and maintenance of proper records of inspection.***
- 5. The Department should consider implementing Global Positioning System (GPS) based tracking system and e-permit system for minor minerals at the earliest to curb the illegal transportation of minerals.***
- 6. The Department should implement Mining Surveillance System for minor minerals at the earliest.***
- 7. The Department should examine the feasibility and use of GIS/ Drone Survey to detect illegal mining activities till the implementation of Mining Surveillance System.***
- 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 Environment Clearance (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.***

- 10. The Department should review the existing system of issuing removal permits for murrum transportation to prevent illegal excavation of murrum.*
- 11. The DMFT Funds should be managed prudently in a profitable manner for effective cash management.*
- 12. The Government should issue directions for utilisation of Trust Funds strictly on high priority/ other priority areas specified in the DMFT Rules.*
- 13. The Government should ensure identification of mining affected people/ communities and preparation of their list in a time bound manner.*
- 14. The Government should monitor and expedite the preparation of Master Plan/Vision Document after conducting survey to ensure development of mining affected areas and persons in a planned manner.*
- 15. The Government should issue instructions to DMFTs for preparation of Budget, Annual Plans and Annual and Quarterly Progress Reports and their submission to the respective stakeholders for transparency and monitoring of projects/works etc.*