

## Table of contents

Paragraph	Contents	Page Number
	Preface	v
	Description of technical terms	vii
	Executive summary	ix
	Recommendations	xi
<b>Chapter I</b>	<b>Introduction</b>	
1.1	Minor Mineral Resources of Odisha	1
1.2	Organisational Structure	1
1.3	Trend of Mining Revenues	2
1.4	Audit Objectives	3
1.5	Audit Criteria	3
1.6	Scope and Methodology	3
1.7	Acknowledgement	4
<b>Chapter II</b>	<b>Management of Leases of Minor Mineral Resources</b>	
2.1	Introduction	5
2.2	Operationalisation of minor mineral sources	6
2.3	Grant of quarry leases	6
2.3.1	Irregular selection of bidders	6
2.3.1.1	Non-provision of penalty for quitting lease after selection	7
2.3.1.2	Irregular grant of quarry lease to second highest bidders	8
2.3.1.3	Blockage of revenue, due to selection of ineligible bidders	9
2.3.1.4	Avoidable loss due to rejection of eligible bids on extraneous conditions	11
2.3.2	Grant of quarry lease without approval of mining plan/ environmental clearance	12
<b>Chapter III</b>	<b>Assessment and Collection of Minor Mineral Receipts</b>	
3.1	Introduction	19
3.2	Assessment and Collection of Minor Mineral Receipts	19
3.2.1	Non-realisation of mineral dues	19
3.2.2	Non-application of revised rates in assessment of mining dues	20
3.3	Mining activities in violation of rules	20
3.3.1	Quarrying without execution of lease deeds	20
3.3.2	Extraction of minor minerals in forest land	22
3.3.3	Extraction of minor minerals without obtaining CTO	24
3.3.4	Mining of minor minerals during non-lease period	25
3.3.5	Non-verification of transit passes for minor	25

<b>Paragraph</b>	<b>Contents</b>	<b>Page Number</b>
	minerals transported	
3.3.6	Extraction of mineral beyond approved quantity	27
3.3.7	Extraction of minor minerals beyond the permissible depth	28
3.3.8	Excess extraction of stones, beyond the mining lease area	30
3.3.9	Non-realisation of royalty for excess extraction of black stone	31
3.3.10	Sand mining activities using mechanised means	33
3.3.11	Non-measurement of the actual quantities of minor minerals extracted, at the expiry of the lease periods	34
3.4	Short realisation of contribution towards DMF	37
3.5	Non-deduction of additional charges, DMF and EMF dues, for procurement of minor minerals, by executants of public projects, from unauthorised sources	37
<b>Chapter IV</b>	<b>Internal Controls and Monitoring</b>	
4.1	Introduction	39
4.2	Monitoring	39
4.2.1	Implementation of scheme for “Prevention of theft of minor minerals and eviction activities”	39
4.2.1.1	Non-utilisation of funds	40
4.2.1.2	Tardy implementation of the scheme	40
4.2.2	Poor monitoring of operational and non-operational sources	41
4.2.3	Idle expenditure on satellite-based monitoring of minor mineral sources, through the Odisha Space Application Centre	42
4.2.4	Non-creation of Minor Mineral Enforcement Cell in Tahasils	43
4.2.5	Deployment of Odisha Industrial Security Force personnel in sensitive Tahasils	44
<b>Chapter V</b>	<b>Conclusion and Recommendations</b>	
5.1	Conclusion	45
5.2	Recommendations	48
<b>Appendices</b>		
Appendix I	Status of minor mineral sources in the selected Tahasils of sampled districts	51
Appendix II	Loss of revenue towards mining dues, due to inordinate delays in obtaining approvals of Mining Plans and Environmental Clearances	52
Appendix III	Outstanding mineral dues along with interest remained unrealised	53
Appendix IV	Loss of revenue of ₹8.41 crore, due to application of pre-revised rate of royalty, in the assessment of royalty and other dues	54

<b>Paragraph</b>	<b>Contents</b>	<b>Page Number</b>
Appendix V	Calculation of mineral dues, along with cost price of minerals quarried unlawfully, without execution of lease deed agreements as on 31 March 2022	55
Appendix VI	Details of quarrying of 4.61 lakh cum of minor minerals, from 52 sources, without obtaining a Consent to Operate from the Odisha State Pollution Control Board	58
Appendix VII	Extraction of minor minerals, permitted and non-realisation of dues from lessees	60
Appendix VIII	Details of minor mineral sources from which excess minerals were extracted beyond the permissible depth	62
Appendix IX	Quantity of mineable reserve and quantity of minor mineral extracted, mineral dues assessed and demanded (up to March 2022)	63
Appendix X	Short realisation of contribution towards District Mineral Foundation Fund	69
Appendix XI	Leakage/ loss of mineral revenue, due to failure in assessment, demand and collection of additional charges, contribution towards Environment Management Fund and District Mineral Foundation, on royalty, in the State during 2015-16 to 2021-22	71
Appendix XII	Sanctioned strength and Men-in-Position, in selected Tahasils (as on 31 March 2022)	72
	Glossary of Abbreviations	73



## P R E F A C E

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2022 has been prepared for submission to the Governor of the State of Odisha under Article 151 of the Constitution of India and under CAG's DPC Act, 1971.

This Report contains results of a Performance Audit of Systems and Controls in Assessment and Collection of Revenue from Minor Minerals which was conducted with the objectives to assess whether grant of mining leases/ permits/ licences, for extraction of minerals, were in accordance with applicable laws, rules and policies; mining activities were being regulated in compliance with statutory and other applicable provisions; assessment and collection of mining revenues was being done in accordance with applicable laws and rules; and internal controls and monitoring mechanisms were functioning effectively, to prevent illegal mining and leakage of mining revenues.

The Performance Audit covered nine selected Districts, 22 Tahasils, Directorate of Minor Minerals and Revenue and Disaster Management Department.

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.