



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on
Mining in Uttar Pradesh and Socio-Economic
Impact of Illegal Mining**



**Government of Uttar Pradesh
Report No. 9 of 2024
(Performance Audit-Civil)**

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PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Uttar Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of Performance Audit on “Mining in Uttar Pradesh and Socio-Economic Impact of Illegal Mining” conducted in Geology and Mining Department of Government of Uttar Pradesh. This Report also includes a study report conducted with the help of Motilal Nehru National Institute of Technology, Allahabad, Prayagraj.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2017-18 to 2021-22 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2021-22 have also been included, wherever necessary.

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

EXECUTIVE SUMMARY

Executive Summary

Minerals are valuable natural resources being finite and non-renewable. Their exploitation is guided by long term national goals and perspectives. Minerals are one of the main sources of revenue and major contributor for economic growth of the State of Uttar Pradesh. Mining is also a major source of employment in the rural and tribal areas of the State.

In the State, the Geology and Mining Department is entrusted with overall development of mining sector and collection of mineral revenue to the State Exchequer. The Department oversees the functions of vigilance and monitoring of mineral production, survey and demarcation of areas, mineral revenue collection, mineral investigation and explorations and dissemination of mineral information.

Audit of Sustainable mining with optimisation of revenue in Geology and Mining Department was taken up and included in the Audit Report on Revenue Sector for the year ended 31 March 2016. Since then new Mining Policy was implemented in 2017 and mining leases were allotted through e-tender cum e-auction system. From August 2017, electronic transit pass (e-MM-11 form) was introduced in place of physical MM-11 form for transportation of minerals. A large number of cases of illegal mining were reported and published in newspapers. To check all the aspects of mining activities including illegal mining in Uttar Pradesh the topic “**Mining in Uttar Pradesh and Socio-Economic Impact of Illegal Mining**” was selected for Performance Audit.

The Performance Audit was carried out to ascertain whether provisions of the Acts and Rules governing administration of mines and minerals were being implemented effectively; whether the Department had adequate human resources, efficient IT system and utilised latest technology and know-how to detect and prevent illegal mining; and whether effective controls existed to monitor mining activities so that environmental and ecological concerns were addressed properly.

Scope of the audit included Directorate of Geology and Mining and 18 district mining offices in 18 districts of the State. Necessary inputs were obtained from Uttar Pradesh Pollution Control Board. Consultancy services were availed from Motilal Nehru National Institute of Technology, Allahabad at Prayagraj for geo-spatial analysis of leases in the selected tehsils (Sarila in Hamirpur district and Bara in Prayagraj district).

The major findings of the Performance Audit are presented below:

A. Grant of mineral concession

The Sustainable Sand Mining Management Guidelines, 2016 prohibit sand mining near bridges, however, audit found four instances where mining leases were granted near bridges, posing environmental and safety risks. ***It is recommended that the Government may ensure compliance of Sustainable Sand Mining Management Guidelines and not award leases near bridges.***

Security deposit and first instalment of royalty deposited by 84 successful bidders were deposited into Government Account after lapse of 12 to 424 days from the date of issue of Letter of Intent. Total 613 stone crusher units were operating without taking storage license. Financial assurance, required to

indemnify the Department against reclamation and rehabilitation cost of closure of mines, was not collected from 54 lessees before execution of lease deeds. ***It is recommended that the Government may ensure collection of financial assurance from successful bidders before execution of lease deed.***

B. Levy and collection of Revenue

The Department needs to improve their system to collect royalties, fees and other dues from lessees and brick kiln owners as there were instances of not depositing Government revenue, not/short levying of interest on delayed deposit of Government revenue, not imposing penalties for late submission of mining plans and illegal excavation of minerals.

Security deposit received from lessees were deposited in the Consolidated Fund of the State instead of in Public Account. Separate accounting of receipts from major and minor minerals was not done despite provision in the List of Major and Minor Heads for Union and the States.

C. Transportation of minerals

Transit pass is required to transport mineral from the mining area to its destination. Contractors of the work executing agencies of the State Government are required to submit transit pass as proof of royalty paid for extracted mineral. Irregularities noticed in transit passes submitted by the contractors to work executing agencies were submission of fake/photo copy/office copy/check post copy of transit passes, transit passes issued for other destinations, issue date of transit passes being before award of work and after completion of work. The executing agencies and the Department did not notice these irregularities relating to transit passes. ***It is recommended that the Government may strengthen co-ordination between Geology and Mining Department and the Government executing agencies undertaking civil works to ascertain that the contractors have sourced minerals from legitimate licensees and submit valid transit passes to executing agencies. The Government may also examine irregularities of transit passes in detail and if a serious lapse is found should fix responsibility and take appropriate action.***

Analysis of data of transit passes (e-MM-11 forms) indicated that input control mechanism in the software generating transit passes was weak. Lessees generated transit passes for vehicles not fit for transportation of minerals, for vehicles having ineligible/fake registration numbers and in prohibited months. Distance mentioned in transit passes were much more than the actual distance. ***It is recommended that the Government may enable proper controls in the departmental portal and link it with Vahan database to minimise manual intervention in generation of e-MM-11 forms and to prevent generation of e-MM-11 forms for vehicles not fit for transportation of mineral, for transportation of mineral in excess of permitted quantity, for unrealistic distances & in prohibited months. The Government may also establish coordination between Geology and Mining Department and Transport Department to prevent the overloading of minerals and use of vehicles not fit for transportation of minerals.***

D. Illegal Mining

The Uttar Pradesh Minor Mineral (Concession) Rules does not prescribe what is price of mineral and royalty in cases of mining areas leased out through auction. The Department overlooked the bid rate and recovered the royalty and price of mineral at the base rate, not revised since January 2016, from lessees who had illegally excavated minerals from the lease area and/or areas neighbouring the sanctioned lease area, which resulted in deprivation of potential revenue to the Government. ***It is recommended that the Government may make amendment in the UPMMC Rules to clearly prescribe what is price of mineral and royalty in terms of Section 21(5) of the MMDR Act in areas leased out through auction. The Government may also review and update in a time bound manner the rates of royalty which will be applicable in cases of illegal mining in areas neighbouring mining leases settled through auction.***

Examination of the selected sites of leases from Google Earth revealed instances where minerals were excavated outside lease areas and without grant of mining leases. ***It is recommended that the Government may strengthen the mapping and monitoring process with the help of remote sensing and advance surveying instruments to identify the suspected illegal mining activities early which can save the natural resources. The Government may also fix the responsibility of the concerned officials for loss of revenue due to illegal excavation of minerals.***

Brick kilns were established without following prescribed norm regarding distance from other brick kilns, residential area, school/college, orchard, Eco-sensitive Zone and historical monuments. ***It is recommended that the Government may ensure that all brick kilns established in violations of the norms and operating illegally are closed.***

The Mining Surveillance System, developed by Ministry of Mines for detection of illegal mining, was not used effectively in preventing illegal mining.

E. Internal control and monitoring mechanism

Monitoring of mining activity is an essential function to ensure the compliance of the related rules and regulations. Departmental security force and departmental mobile squad were not formed and inspection of mines was not done as per norms due to inadequate human resource. Norms for inspection of mines by officers higher than District Mining Officer were not fixed. Recovery of revenue amounting to ₹ 408.68 crore through recovery certificates were pending due to lack of monitoring. ***It is recommended that the Government may consider to provide requisite manpower to the Internal Audit Wing and other wings of the Department to strengthen the reporting and monitoring system. The Government may also ensure to fix the inspection norms for officers of the Department for proper monitoring of mining activities.***

Instances of non-submission of Quarterly return in Form MM-12 by lessees, which is a tool to compare the quantity excavated against the admissible quantity indicated in the mining plan and to collect information regarding skilled and unskilled labourers engaged in mining sector, were noticed. ***It is recommended that the Government may ensure submission of periodic***

returns to monitor the movement of minerals effectively and gather data of employment generated through mining.

Formation of the District Mineral Foundation Trust (DMFT) with a delay of more than two years delayed implementation of socio-economic development programs in the mining affected areas. Director, Geology and Mining and Trustees of the DMFT did not make efforts for audit of accounts of DMFT. Trustees of the DMFT did not adhere to provisions of DMFT Rules and made expenditure on works which did not pertain to areas specified in the Rules. ***It is recommended that the Government may ensure utilisation of collected DMFT fund for welfare and development of persons of mining affected areas in accordance with DMFT Rules and fix responsibility for diversion of DMFT fund by authorities.***

Lessees were required to submit environmental statements in Form-V to UPPCB. However, submission of environmental statements were not monitored by the Department and the UPPCB. ***It is recommended that the Government may ensure that a co-ordination mechanism is established between Uttar Pradesh Pollution Control Board and Geology and Mining Department for submission of environment statement in Form-V by the lessees.***

Plantation of trees by the lessees, as required in the No-objection Certificates issued by the Forest Department was not monitored by the Department. Reclamation and rehabilitation work by lessees in closed mines was also not monitored by the Department. Not monitoring of these works involved risk of environmental degradation and deterioration of the flora and fauna of the mined area. ***It is recommended that the Government may ensure that a co-ordination mechanism is established between Forest Department and Geology and Mining Department for proper monitoring of the plantation work required to be done by lessees.***

F. Good practices/initiatives

This Report also highlights the good initiatives taken by the State Government such as e-auction of mining leases, Mine Mitra portal, Integrated Mining Surveillance System (iMSS) and stringent provisions of fine and imprisonment. E-Auction of mining leases was implemented from August 2017. Punishment for illegal mining was increased (May 2017) with provision of imprisonment for a term which may extend upto five years or with fine which shall not be less than ₹ two lakh per hectare and which may extend to ₹ five lakh per hectare of the area, or with both.

Mine Mitra portal was implemented in December 2020. The portal is designed to provide a digital platform for online submission and monitoring of mining related activities such as generation and validation of transit passes, submission and approval of Mining Plan and issue of storage licenses.

Implementation of iMSS was initiated in the year 2020 with provisions of facilities of drone surveillance of areas of complaints of illegal mining, registration of mineral transporting vehicles, Radio Frequency Identification (RFID) tags and weigh bridges along with Pan Tilt Zoom (PTZ) Camera at the exit of mines and their integration with State Command Centre. As on April 2022, 80000 vehicles were registered under the iMSS, 441 Weigh bridges were installed in the mining areas, 75 hand-held machines were provided to the Mining Officers to check illegal transportation and

16 automated check-gates were installed. However, iMSS was not used for curbing onsite illegal mining through use of drone surveillance and could be used only for checking of illegal transportation of minerals.

As a result of initiatives of the State Government, mining receipts increased (110 *per cent*) from ₹ 1,548.39 crore in 2016-17 to ₹ 3,258.88 crore in 2017-18, however, it later decreased to ₹ 2,655.48 crore in 2021-22. Similarly, number of cases of illegal excavation/transportation of minerals detected by the Department increased (155 *per cent*) from 10,188 cases in 2017-18 to 25,986 cases in 2021-22 and recovery in these cases also increased (335 *per cent*) from ₹ 28.73 crore in 2017-18 to ₹ 124.89 crore in 2021-22.

CHAPTER–I

Introduction

CHAPTER-I: INTRODUCTION

1.1 Introduction

Minerals are valuable natural resources being finite and non-renewable; therefore, their exploitation is guided by long term goals and perspective. Minerals as defined under Section 3 of the Mines and Mineral (Development and Regulation) Act, 1957 (the MMDR Act) includes all minerals except mineral oils. Under Section 3 of the MMDR Act, minor minerals mean building stones, gravel, ordinary clay, ordinary sand other than sand used for prescribed purposes, and any other mineral which the Central Government may by notification in the Official Gazette, declare to be a minor mineral. Important major minerals occurring in Uttar Pradesh are Coal, Iron ore, Andalusite, Rock Phosphate, Limestone, Potash, Sillimanite, etc. whereas minor minerals found in the State are Silica sand, China clay, Granite dimensional stone, Granite gitti, Sandstone, Dolomite, Brick clay and Sand/Morrum/Bajri/Boulder etc. Mining is not only a major source of employment in the rural and tribal areas of the State but also a major source of revenue for the Government, thus playing an important role in the development of the State. As on 31.03.2022, total 1,369 leases/permits were active in the State. Mineral Map of Uttar Pradesh is shown below -

Map 1.1 Mineral Map of Uttar Pradesh



Mine Mitra, an end-to-end Mineral Management System, is an innovative and ambitious initiative by the Directorate of Geology and Mining to bring in transparency in the user interface and curb illegal practices in mining and mineral transportation through real-time data surveillance and business process re-engineering. It is an integrated portal which provides e-services to

citizen, online mineral management, smart enforcement system and online e-commerce platform under one umbrella. It was implemented in December 2020.

1.2 Framework for Governance and Management of Mineral Resources

The MMDR Act (as amended from time to time) enacted by the Central Government lays down the legal framework for the regulation of mines and development of minerals. It provides the manner and system of mining operations, conservation and systematic development of minerals and also the penalties for violation of this Act and the rules made thereunder. Under Sections 13 and 15 of the MMDR Act, Central Government and State Government have powers to make rules for granting concession for major minerals and minor minerals respectively.

The Mineral Concession Rules, 1960 and the Granite (Conservation and Development) Rules, 1999 have also been framed by the Central Government for conservation and systematic development of minerals and for regulating grant of permits, licenses and leases.

Legislations for exploitation of minor minerals have been delegated to the States under Section 15 of the MMDR Act. State Governments are empowered, under Section 23C of the MMDR Act to make rules for prevention of illegal mining, transportation and storage of minerals and for purposes connected therewith. Accordingly, the Uttar Pradesh Minor Mineral (Concession) Rules, 1963 and 2021 and the Uttar Pradesh Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2002 and 2018 were framed by the State Government.

1.3 Mining Policy 2017

The Government of Uttar Pradesh (GoUP) has promulgated the ‘Mining Policy 2017’ to achieve the target of awareness about minerals, accessibility and availability of minerals to all people, at an affordable price.

The main objectives of mineral policy are:

1. Sustainable Socio-Economic development of State by means of mines and minerals;
2. Conservation of Minerals;
3. To maintain the Environment and Ecological Balance;
4. Enhancement of employment opportunity in mines sector;
5. To increase revenue from minerals from 1.85 *per cent* to three *per cent* (of State’s own resources) within next five years; and
6. Technical interventions to control illegal mining/transportation and to take strict action against the persons involved in illegal activities.

The strategy to fulfil the objective to control illegal mining is to constitute Departmental *Sachal Dal*, Departmental security forces, maximum leasing and licensing, Geo Fencing of mining lease area, Global Positioning System (GPS) tracking, mining surveillance system, Close Circuit Television (CCTV)/Pan Tilt Zoom (PTZ) mining system on gates and connecting it with control command centre, Risk increment to deterrent illegal mining/transportation through constituting inter-departmental task forces at district level, ensuring strict action, e-generation of MM-11 forms, Radio Frequency Identification

(RFID) based inward records, online payment system, constituting special courts for speedy hearing of cases related to illegal mining, etc.

1.4 Functions of the Department

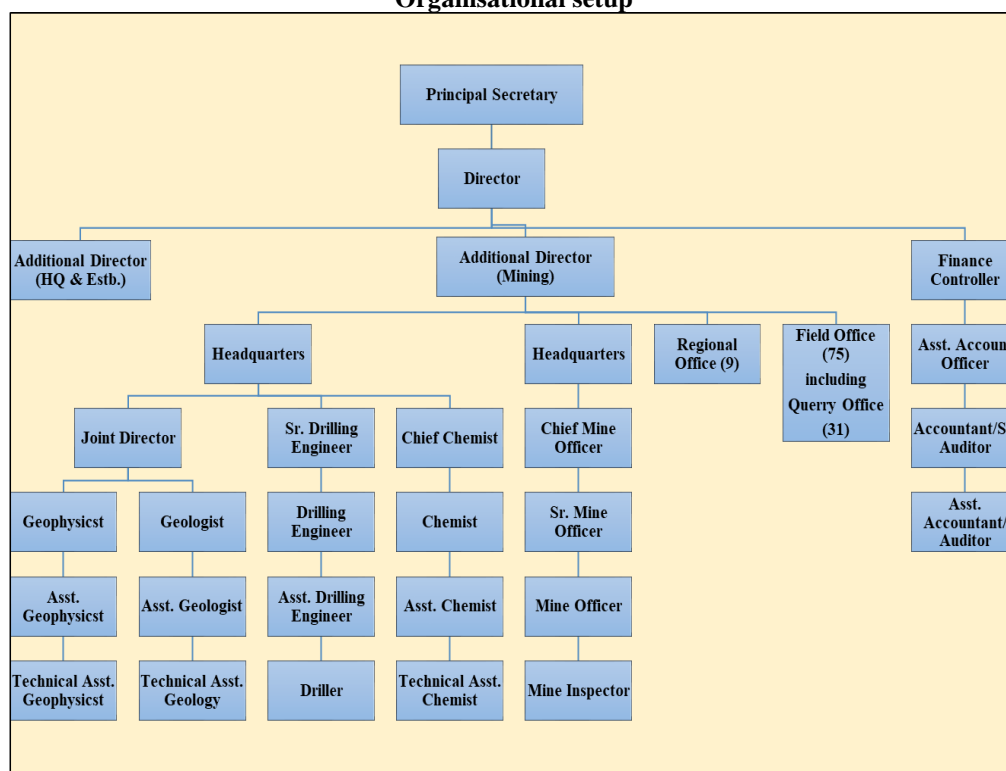
Main functions of Geology and Mining Department are:

1. Exploration, prospection and estimation of minerals.
2. Regulation and development of mines and minerals.
3. Grant of mineral concessions.
4. Assessment, levy and collection of rent and royalty.
5. Provide technical Know-how and facilities to entrepreneurs for scientific mining with environmental safeguards and mineral utilization.
6. Monitor mining operations and ensure reclamation of mined areas, as well as safety and welfare of workers engaged in mining.

1.5 Organisational Setup

The Principal Secretary, Geology and Mining, Uttar Pradesh is the administrative head of the Department at the Government level. The overall control and direction of the Geology and Mining Department (Department) is vested with the Director, Geology and Mining, (DGM) Uttar Pradesh, Lucknow. At Headquarters, the Director, Geology and Mining is assisted by two Additional Directors who are further assisted by four Joint Directors. At district level, the District Mines Officer (DMO) is responsible for determining royalty, dead rent, and permit fee, etc., due and payable. Additional District Magistrate (Finance & Revenue) is in charge of collection and accounting of mining receipts under the overall administrative control of the District Collector. The organisational setup is described below in **Chart-1.1**.

Chart 1.1
Organisational setup



1.6 Trend of mining receipts

• Trend of mining receipts vis-à-vis total revenue of the State

One of the objectives of Mining Policy 2017 was to increase share of mining receipts in State's own Resource from 1.85 *per cent* to three *per cent* in next five years i.e. till 2022. Total revenue of the State and mining receipts under the head "0853 Non-ferrous Mining and Metallurgical Industries" for 10 years are presented in **Table-1.1**.

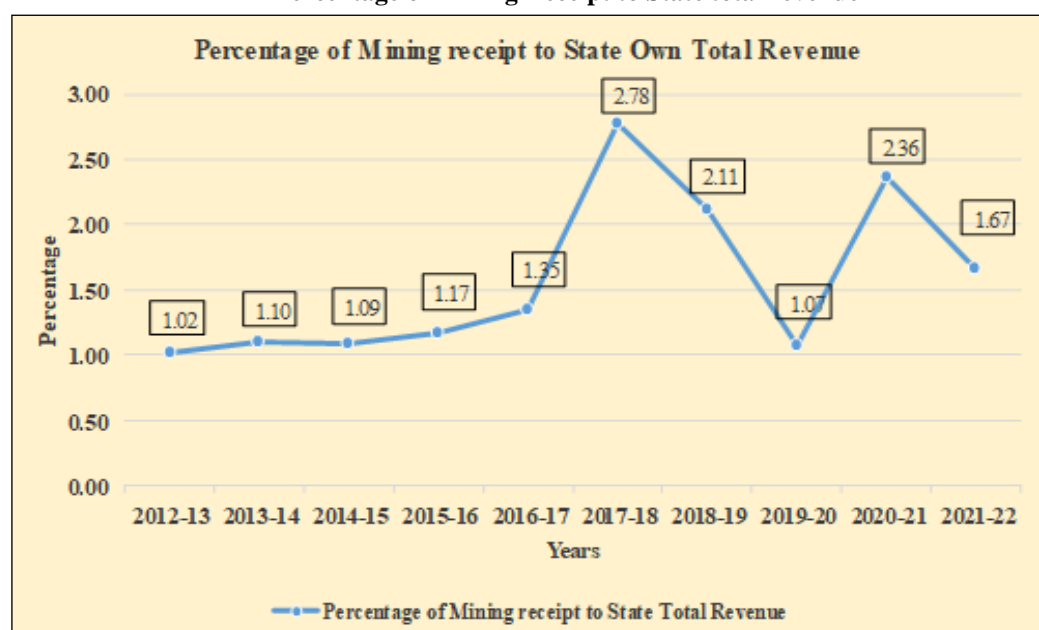
Table 1.1
Trend of Mining receipts with respect to Total revenue of the State

(₹ in crore)					
Year	Tax revenue	Non-tax revenue	Total Revenue of the State	Mining Receipts	Percentage of Mining receipt to Total Revenue of the State
2012-13	58,098.36	12,969.98	71,068.34	722.13	1.02
2013-14	66,582.08	16,449.80	83,031.88	912.52	1.10
2014-15	74,172.42	19,934.80	94,107.22	1,029.42	1.09
2015-16	81,106.26	23,134.65	1,04,240.91	1,222.17	1.17
2016-17	85,965.92	28,944.07	1,14,909.99	1,548.39	1.35
2017-18	97,393.00	19,794.86	1,17,187.86	3,258.88	2.78
2018-19	1,20,121.86	30,100.71	1,50,222.57	3,165.44	2.11
2019-20	1,22,825.83	81,705.08	2,04,530.91	2,180.93	1.07
2020-21	1,19,897.30	11,846.15	1,31,743.45	3,112.74	2.36
2021-22	1,47,356.46	11,435.97	1,58,792.43	2,655.48	1.67

Source: Finance Accounts of the GoUP.

The share of mining receipts in the total revenue of the State is presented in the **Chart-1.2**.

Chart 1.2
Percentage of Mining Receipt to State total revenue



The above table and chart show that mining receipts with respect to State total revenue ranged between 1.02 *per cent* and 2.78 *per cent* during last ten years. Target set in the Mining Policy 2017 to increase share of mining receipts upto three *per cent* of State's own revenue could not be achieved. The share of mining receipts in the total revenue of the State was more than two *per cent* in the year 2017-18, 2018-19 and 2020-21 only.

Further, mining receipts was inconsistent between 2017-18 and 2021-22. Mining receipts was comparatively high in 2017-18 and was low in 2019-20. The GoUP had introduced e-auction system in the allotment of mining leases from 2017-18 and the collection of mining receipts increased (110.47 *per cent*) from ₹ 1,548.39 crore in 2016-17 to ₹ 3,258.88 crore in 2017-18. However, the percentage of receipt fluctuated in subsequent years.

The Department stated that due to adverse conditions of Covid-19 pandemic, development/construction works were affected which resulted in low demand of minerals. Process of obtaining Environment clearance certificate is very complex due to which mining leases could not operate in due time. Production of minerals was also affected due to blockage of mining operations in compliance of various orders passed by Hon'ble National Green Tribunal.

- **Mining receipts vis-à-vis the budget estimates**

The details of budget estimates and mining receipts under the Major head "0853 Non-ferrous Mining and Metallurgical Industries" are presented in **Table-1.2**.

Table 1.2
Mining receipts vis-à-vis Budget estimates

(₹ in crore)				
Year	Budget estimates	Mining receipts	Variance (Col. 3- Col. 2)	Percentage variance
2017-18	3,200	3,258.88	(+) 58.88	(+) 1.84
2018-19	4,000	3,165.44	(-) 834.56	(-) 20.86
2019-20	4,400	2,180.93	(-) 2,219.07	(-) 50.43
2020-21	4,000	3,112.74	(-) 887.26	(-) 22.18
2021-22	4,500	2,655.48	(-) 1,844.52	(-) 40.99

Source: Finance Accounts of the GoUP and budget estimate as per the Statement of Revenue and Receipts of GoUP.

Above table shows that mining receipts were more than budget estimates only in the year 2017-18 while in rest of the years' revenue target could not be achieved by the Department. Variance between budget estimates and the mining receipt of the year from 2018-19 to 2021-22 was ranging from (-) 50.43 *per cent* to (-) 20.86 *per cent*, thus, the mining receipt was far behind from the budget estimate.

- **Mineral-wise receipts**

Mineral-wise receipts of the State are shown in **Table-1.3**.

Table 1.3
Mineral-wise receipts

	(₹ in lakh)				
Receipts from Minerals and others	2017-18	2018-19	2019-20	2020-21	2021-22
1. Minor Minerals					
Ordinary soil	24,466.34	5,793.70	0.00 ¹	0.00	0.00
Brick Earth	25,171.65	18,240.63	19,600.00	16,166.83	14,650.76
Granite (dimensional)	8,743.05	2,108.81	513.00	724.64	861.37
Slab	681.76	1,154.47	277.00	635.49	744.51
Gitti/Bolder	37,982.25	59,751.95	51,414.00	44,980.18	40,654.86
Bajri	0.00	2,043.05	10.46	912.69	346.81
Morrum	96,975.05	1,24,327.13	74,432.00	1,08,617.90	65,634.25
Sand	41,560.73	27,118.64	22,320.00	24,994.04	19,519.78
Stone dust	--	--	--	--	215.83
RBM	--	--	--	--	5,534.20
Silica sand	331.40	915.85	283.00	301.71	352.67
Pyrophyllite- Diaspore	55.99	57.93	46.00	36.35	33.29
Enforcement	2,873.00	8,086.00	4,867.00	7,755.00	12,489.00
Others ²	51,802.00	18,051.00	725.00	64,403.00	54,683.00
2. Major Minerals					
Coal	33,721.28	46,796.90	41,361.83	39,686.81	47,525.42
Limestone	1,479.41	2,097.81	2,243.21	2,059.41	2,302.30

Source: Information provided by the Department.

1.7 Non-reconciliation of departmental figures of Mining receipts with Finance Accounts

Para 96 of Chapter-XII of Uttar Pradesh Budget Manual stipulates that subject to any special arrangement that may be authorised by Government with respect to any particular class of receipts, it is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realised and duly credited into the Government account. The controlling officers should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare these with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited to Government account.

If wrong credits come to the notice of the controlling officers, they should at once inform the Accountant General with a view to correction of the accounts. If any credits are claimed but not found in the accounts, inquiry should be made first of the responsible departmental officer concerned. Where departmental registers are not maintained under the departmental rules, the heads of offices must make their own arrangement within the office to ensure the correct and complete report of receipts.

Audit noticed that there was a difference between mining receipts as provided by the Department and mining receipts as per Finance Accounts of the State Government. Although regular reconciliations were being done by the Department with the office of the Accountant General (A & E), Prayagraj but the Department did not get rectified the discrepancies. As a result, the

¹ From the year 2019-20, the royalty of ordinary soil was reduced to zero vide notification dated 27 March 2018.

² Others include demarcation fee, application fee, receipts from executing agencies, etc.

Department failed to ensure the correct and complete reporting of mining receipts. Details are shown in **Table-1.4**.

Table 1.4
Non-reconciliation of departmental figures of Mining receipts with Finance Accounts

(₹ in crore)			
Year	Mining receipts as per Finance Accounts	Mining receipts as per the Department	Variance (Col 2-Col. 3)
2017-18	3,258.88	3,244.57	(+) 14.31
2018-19	3,165.44	3,164.51	(+) 0.93
2019-20	2,180.93	2,177.49	(+) 3.44
2020-21	3,112.74	3,120.97	(-) 8.23
2021-22	2,655.48	2,664.59	(-) 9.11

Source: Finance Accounts of the GoUP and Information provided by the Department.

Mining receipts as per Finance Accounts were more than figures of mining receipts provided by the Department in the years 2017-18 to 2019-20 while less than in the years 2020-21 and 2021-22.

The Department, in exit conference, accepted Audit observation and stated that discrepancy between the details received from the treasury and the details available in the Accountant General's office would be reconciled.

1.8 Audit Objectives

The Performance Audit was conducted with a view to ascertain whether:

1. provisions of Acts and Rules governing administration of mines and minerals were being implemented effectively;
2. Department had adequate human resources, efficient IT system and utilised latest technology and know-how to detect and prevent illegal mining; and
3. effective controls existed to monitor mining activities so that environmental and ecological concerns were addressed properly.

1.9 Audit Criteria

The Performance Audit drew audit criteria from the following:

- The Mines and Minerals (Development and Regulation) Act, 1957;
- The Mineral Concession Rules, 1960;
- The Uttar Pradesh Minor Mineral (Concession) Rules, 1963 and 2021;
- The Uttar Pradesh (Prevention of Illegal Mining, Transportation and Storage) Rules 2002 and 2018;
- The Uttar Pradesh District Mineral Foundation Trust Rules, 2017;
- Uttar Pradesh Mining Policy, 2017;
- The Environment (Protection) Act, 1986;
- Sustainable Sand Mining Management Guidelines, 2016; and
- Notifications and circulars etc. issued by the Department.

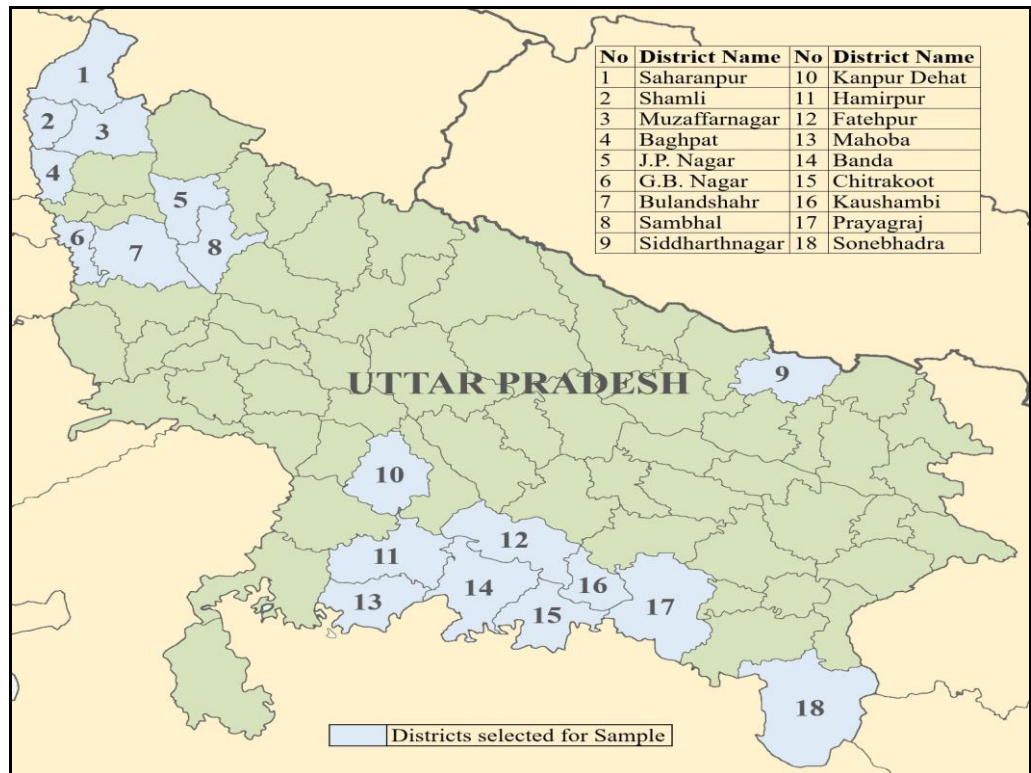
1.10 Audit Scope and Methodology

The Performance Audit covered a period of five years i.e. from 2017-18 to 2021-22. The scope of this audit was to examine whether mining activities in the State were being carried out in accordance with provisions of Acts and the Rules made thereunder. Audit examined the assessment, levy and collection of royalty, contribution to District Mineral Fund (DMF) and its utilisation in

affected mining areas. Audit also examined whether effective mechanism was in place to detect illegal mining activities and remedial action initiated to prevent illegal mining.

Audit methodology included scrutiny of records in the Directorate of Geology and Mining and in the DMO office in 18 selected³ districts, analysis of the mining database⁴, raising audit queries, physical verification, use of Remote Sensing and Geographic Information System (GIS) data, obtaining replies and discussion of audit findings with the Department. Audit test checked 217 leases and 60 permits out of 531 leases/permits operating in 18 districts. Selected districts have been shown below in the map of the State.

Map-1.2 Selected Districts



Audit had selected the areas⁵ in two sampled districts based on reported cases of illegal mining, for **geo-spatial analysis** which was carried out through satellite imageries from the Remote Sensing and GIS with the help of technical consultancy provided by Motilal Nehru National Institute of Technology, Allahabad (MNNIT), Prayagraj. The consultant visited the selected areas in the presence of the officials of the Department and submitted a study report to Audit.

In other selected districts *Google Earth*⁶ *Pro* was used to identify illegal mining areas by making .kml⁷ files of the lease coordinates found from

³ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Muzaffarnagar, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonbhadra.

⁴ Database of Mine mitra portal and iMSS.

⁵ Tehsil Sarila in district Hamirpur and tehsil Bara in district Prayagraj.

⁶ Google Earth Pro is upgraded version of Google Earth, which is a computer program that renders a 3D representation of Earth based primarily on satellite imagery.

⁷ Keyhole Markup Language (.kml) file is used to display geographical data in an earth browser such as Google Earth.

environment clearance, boundary survey report and mining plan etc. Dump Data of e-MM-11 forms provided by the Department was analysed by Audit with the help of Tableau⁸ software.

The Entry Conference with the Department was held on 28 June 2022 to explain the objectives of the Performance Audit, audit criteria, audit scope, methodology and to elicit views/concerns of the Department on the issue.

An Exit Conference on conclusion of the Performance Audit was held on 4 August 2023 to discuss the audit findings and for obtaining responses of the State Government on the findings. The Special Secretary cum Additional Director, Geology and Mining appreciated the audit efforts and findings and assured to provide the reply of the Government at the earliest. The replies furnished by the Department and replies furnished during Exit Conference have been incorporated in the Performance Audit Report.

1.11 Sampling Method

Eighteen districts (24 *per cent* of 75 districts) were selected for Audit scrutiny on the basis of stratified random sampling with the help of IDEA⁹ software. Sampling was done from the data of last five years (2017-18 to 2021-22) of major head “0853-receipts from non-ferrous mining and metallurgical industries” of 75 districts in Uttar Pradesh. Apart from this, information was also gathered from the Department.

1.12 Content of this Report

This Performance Audit Report contains five chapters. Chapter I being introductory, presents the introduction, organisational setup of the Department, Revenue Receipts, audit objectives, audit criteria and the scope and methodology of audit. Chapter II deals with Grant of mineral concession, Chapter III highlights deficiencies in levy and collection of revenue, Chapter IV deals with illegal mining and Chapter V highlights deficiencies in Internal control and monitoring mechanism. Financial implication of the Audit observations included in the Report is ₹ 784.54 crore.

1.13 Acknowledgement

Audit acknowledges the co-operation extended by the Department in providing necessary information and records.

1.14 Records/Information not furnished

The Department could not furnish the following records/information even after various attempts made by Audit.

1. Arrear Register and status of arrear;
2. Reply on the 465 Audit memo issued to DGM and district offices;
3. Data dictionary of the dump data of iMSS and Mine-Mitra.

⁸ It is business intelligence Data Visualisation Analytical tool.

⁹ Interactive Data Extraction and Analysis.

CHAPTER–II

Grant of Mineral Concession

CHAPTER-II

GRANT OF MINERAL CONCESSION

Summary

As per Sustainable Sand Mining Management Guidelines, 2016, sand mining would not be undertaken near bridges. However, audit observed four instances wherein mining leases were allotted near bridges. The amount of security deposit and first instalment of royalty paid by 84 successful bidders were deposited in Government Account with delay. The Department failed to forfeit security amount and first instalment of royalty for delay in execution of 43 lease deeds. It was noticed that 54 lessees did not submit/short submitted financial assurance required against the cost of reclamation and rehabilitation. The Department could not ensure that 613 stone crusher units operate only after taking storage license. Determination of proved reserve and total reserve plus resource in mining plan was not done properly before approval of mining plan in one case.

2.1 Introduction

Under Section 15 of the MMDR Act, 1957, State Government has been empowered to make Rules for grant of mineral concession for minor minerals. Accordingly, Government of Uttar Pradesh (GoUP), framed the Uttar Pradesh Minor Mineral (Concession) Rules (the UPMMC Rules), 1963. At present mineral concession in the State is granted through e-tender cum e-auction system for long term mining leases and mining permit system for short term¹⁰ leases.

Any mineral concession in the form of a mining lease would be settled as per the procedure laid in Rule 27 of the UPMMC Rules, 1963 (as amended time to time). The successful bidders after receiving Letter of Intent (LoI) shall produce approved mining plan and environment clearance (EC) certificate according to Rule 29 of said Rules. Where a mineral concession is granted under the Rules, the lease deed shall be executed in prescribed form within one month of granting EC. The executed lease deed will be registered within three months' period. If the person to whom such mineral concession has been granted fails to submit the required documents for execution/registration within the aforesaid period, the District Magistrate shall, subsequent to cancelling the LoI, forfeit the first instalment of royalty and security money deposited in favour of the State Government.

Audit scrutinised records of the selected offices and DGM and the irregularities noticed during the Audit are discussed in the succeeding paragraphs.

¹⁰ Maximum upto six months

Audit findings

2.2 Allotment of mining leases near bridges

As per Sustainable Sand Mining Management Guidelines (SSMMG), 2016, sand mining would not be undertaken in any area located within 200 to 500 meters from bridges. It also states that the depth of mining shall be restricted to three meter or water level, whichever is less and no in-stream mining shall be allowed. As per National Green Tribunal (NGT), Principal Bench, New Delhi order dated 5 April 2019, State Government is required to follow SSMMG, 2016. Again NGT, vide its order dated 26 February 2021 directed all States/Union Territories to strictly follow the SSMMG, 2016 read with Enforcement and Monitoring Guidelines for Sand Mining (EMGSM), 2020.

After plotting the geo-coordinates of 231 mining leases/permits of 14 districts as shown in Demarcation Report/Environment Clearance (EC) in Google Earth Pro, Audit noticed that four mining leases of sand/ morrum were allotted near bridges in three districts. Details are depicted in **Table-2.1**.

Table 2.1.
Mining leases near bridges

Name of District	Number of mining leases near bridges	Figure Number
Banda	2	2.1 and 2.2
Chitrakoot	1	2.3
Kanpur Dehat	1	2.4

Figures with serial Numbers

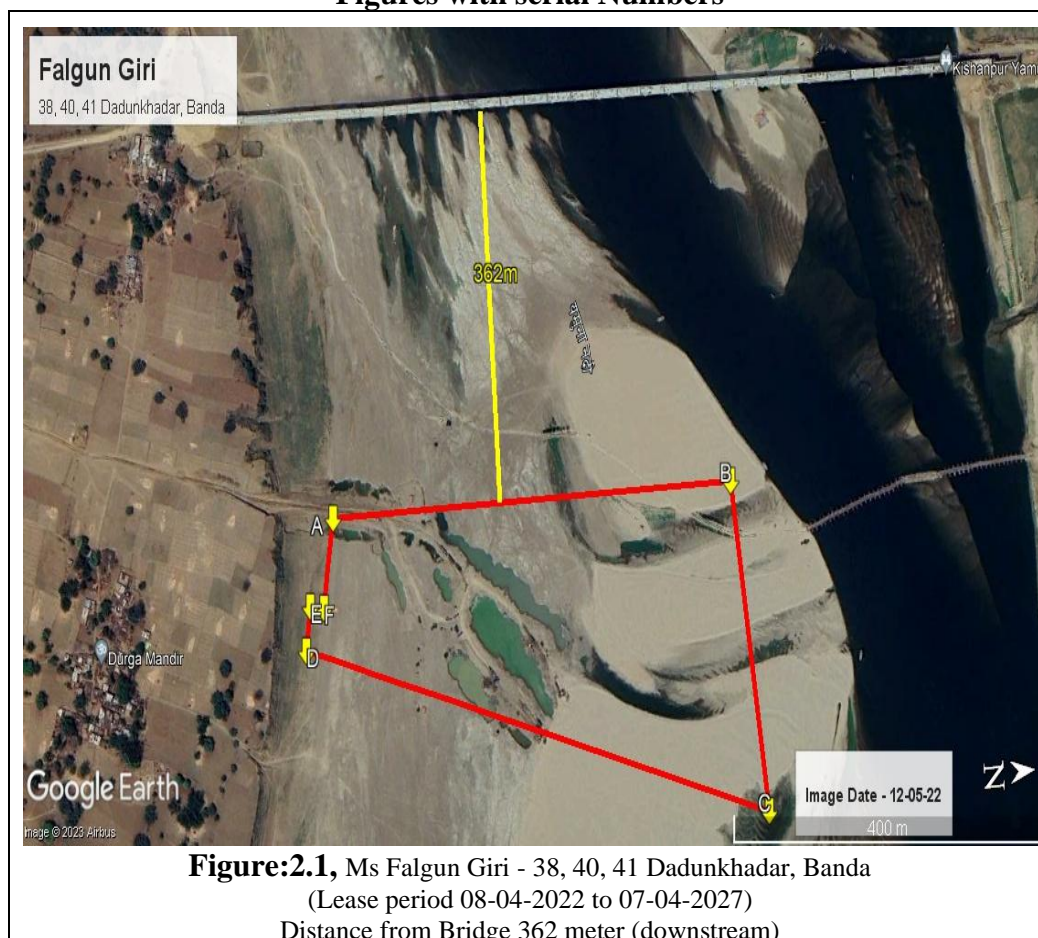




Figure:2.2, Ms Tripathi Contractor, 1130 Achhraud, Banda
(Lease period 01-03-2021 to 28-02-2026)
Distance from Bridge 254 meter (downstream)



Figure:2.3, DFCCIL, 190/2 Lamiyari, Chitrakoot (Lease period 23-10-2017 to 07-11-2019)
The Lease is under bridge (part of the State Highway 92)

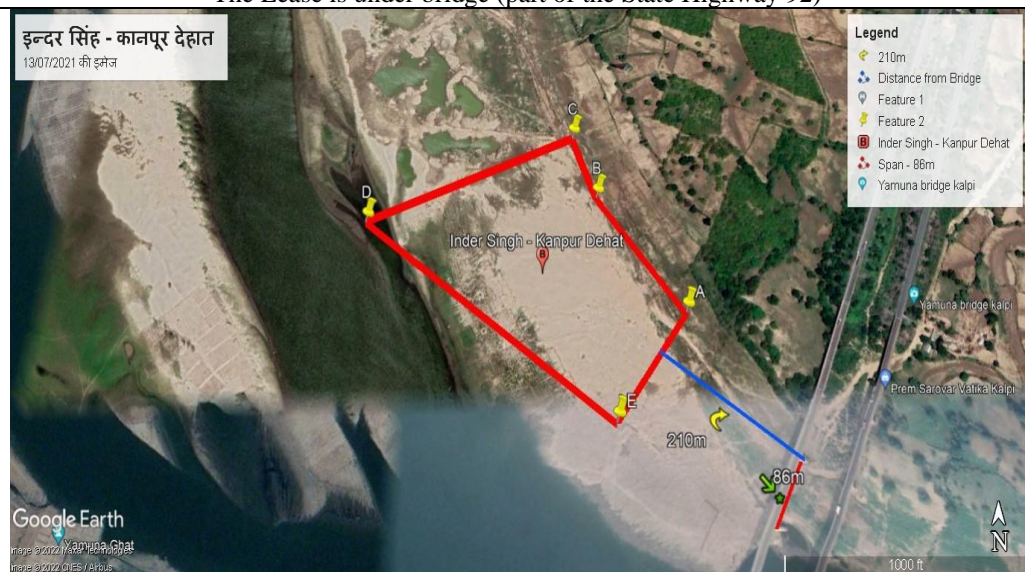


Figure:2.4, Inder Singh – Kha-01 Daulatpur Kachhar, Kanpur Dehat (Lease period 06-12-2021 to 05-12-2026) Distance from Bridge (part of the National Highway 27)– 210 meter

It was clearly evident in above images that leases were awarded near bridges in violation of SSMMG, 2016.

Awarding leases near the important structures may undermine bridge supports by degrading the soil profile below the structure hence reducing its life span.

The Government, in exit conference, stated that works of bridges and national highways on rivers started after execution of lease deeds. However, Government assured to take suitable action after examining the matter in above cases. The reply is not acceptable as mining leases near bridges were allotted after construction of bridges.

Recommendation 1:

The Government may ensure compliance of Sustainable Sand Mining Management Guidelines and not award leases near bridges.

2.3 Approval of incorrect Geo-coordinates

After plotting the geo-coordinates of 231 mining permits/leases of 14 districts as shown in Mining Plan/Environment Clearance (EC) on Google Earth Pro, Audit noticed that areas of two sand permits in JP Nagar district and areas of two mining leases in Hamirpur district were not correct as area of both the permits/leases overlapped each other, as shown in following Figures. Further, the GIS Cell of MNNIT Allahabad, Prayagraj also affirmed the above deficiencies in Hamirpur district.

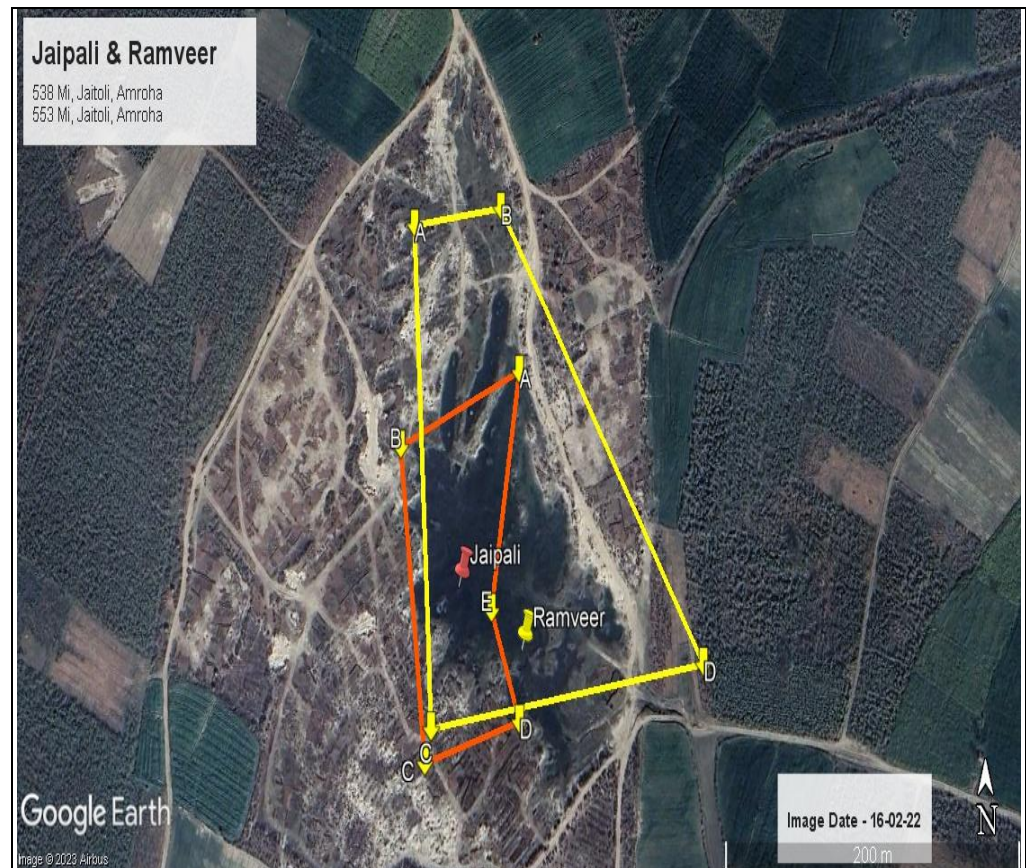


Figure:2.5- Overlapping of the permit coordinate found in JP Nagar for the two running permits in Google Earth Imagery

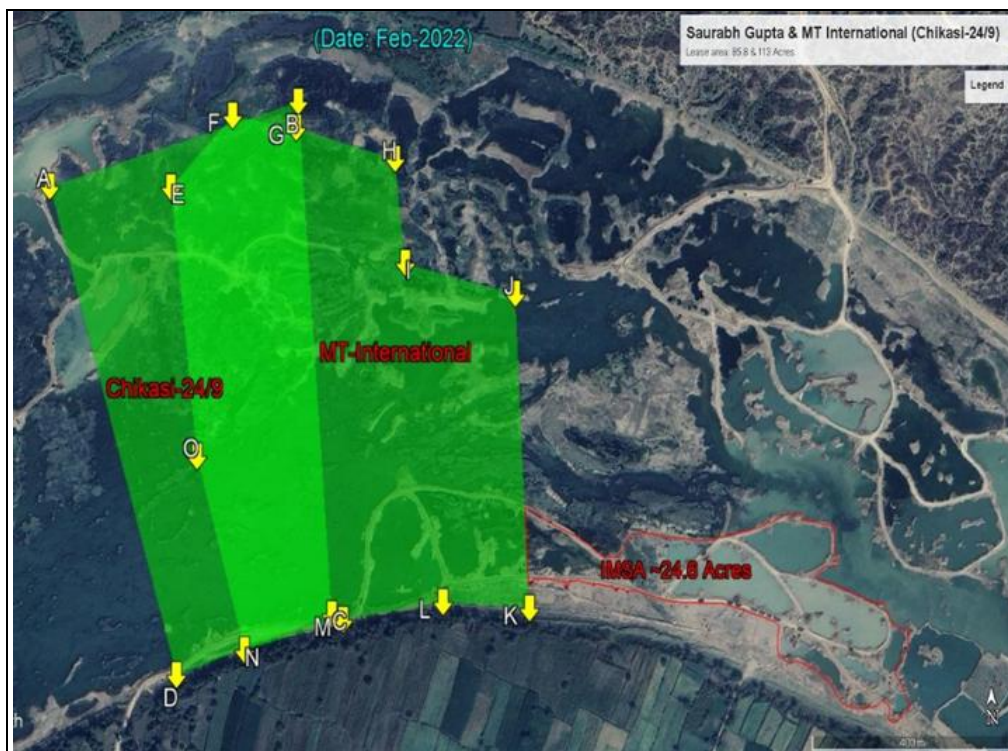


Figure:2.6- Google Earth Imagery shows the overlapping of the leases in Hamirpur

Audit further noticed that the *gata* number of both the permits/leases were different and overlapping of permits/leases indicates that either a thorough field survey could not be conducted by Mining Officer or geo-coordinates of the permits/leases could not be ascertained properly in the field survey.

The Government, in exit conference, stated that all permits are of private persons and while making mining plan registered qualified practitioners make the plan by taking coordinates at their level. Nevertheless, such type of cases will be examined and action will be taken. The fact remains that these leases were awarded without conducting proper field survey.

2.4 Boundary pillars not maintained properly

Rule 35 of the UPMMC Rules, 1963 stipulates that the lessee shall erect and at all times maintain and keep in good repair boundary marks and pillars necessary to indicate the demarcation. As per SSMMG, 2016, Mining should begin only after pucca pillar marking the boundary of lease area.

During field visit of three leases of sand/morrum/gitti of Hamirpur and Prayagraj (Tehsil Sarila in Hamirpur and tehsil Bara in Prayagraj was selected for field visit out of 18 districts) by consultant in the presence of officials of the Department, it was found that boundary pillars were not erected properly. Either there was no pillar or broken pillar or not a permanent structure. The only one of the permanent pillars at lease area of Aman Brick Field at Bara, Prayagraj was found 80 meter away from its actual boundary location. Following figures shows the status:



Figure:2.7- Field visit at Bhedi Kharka, Sarila, Hamirpur



Figure:2.8- Broken Pillar that was found near A.J. Construction, Bhedi Kharka, Sarila, Hamirpur



Figure:2.9- Permanent boundary Pillars were not found during physical verification of Sarita Construction, Bara, Prayagraj.



Figure:2.10- The only one permanent Pillar at Aman Brick Field at Bara found 80 meter away from its actual location

To avoid illegal and unscientific mining in lease area boundary pillar should be erected properly. Without having a properly installed pillar it is not possible to monitor illegal mining activities. Concerned DMOs failed to ensure proper demarcation of the lease area.

The Government, in exit conference, stated that continuous investigation is done in the districts, if irregularities found necessary action is taken. Reply of the Department is not acceptable as boundary pillars were not found properly erected during physical verification of these lease areas.

2.5 Delayed deposit of security deposit and first instalment of royalty into Government Account

The system of e-auction/e-tender/e-tender cum e-auction has been implemented by the Government of Uttar Pradesh from August 2017 for allotment of leases of minor minerals in the state. Every bidder/tenderer willing to participate in the auction shall deposit such amount as Earnest Money as may be prescribed in the notice. The earnest money will be refunded to the remaining bidders/tenderers except the successful bidders/tenderers. GoUP order¹¹ dated 14 August 2017 stipulates that every successful bidder of lease for minor minerals, after receiving LoI, shall deposit 50 *per cent* of the first year's royalty due (25 *per cent* as security deposit and 25 *per cent* as first instalment) on the e-payment gateway of Metal Scrap Trade Corporation (MSTC)¹² through RTGS/NEFT within two working days from the date of

¹¹ Para 19(2).

¹² Service provider of the Geology and Mining Department for e-auction.

issue of letter of intent (LoI). The pre-bid Earnest Money deposited by the successful bidder/tenderer will be adjusted before depositing the said amount. As per agreement¹³ executed between GoUP and MSTC revenue will be forwarded by MSTC to DGM office vide demand draft/cheque within five working days from date of receipt of LoI at MSTC from concerned district.

According to Rule 21 of Part I of Financial Handbook Vol. 5, all moneys, as defined in Articles 266, 267 and 284 of the Constitution of India, received by or tendered to Government Servants in their official capacity shall, without undue delay, be deposited in the Bank or Treasury wholly and shall be included in Government Account.

Audit test-checked records of 217 leases in 16 DMOs¹⁴ (since no lease has been awarded in district JP Nagar and Muzaffarnagar) and noticed in 84 leases of 10 DMOs¹⁵ that demand draft of amount of pre-bid earnest money, security deposit and first instalment of royalty deposited by the successful bidder at MSTC portal was handed over to DGM by MSTC after lapse of 12 days to 424 days from the date of issue of LoI as detailed in **Appendix-I**.

Further, it was found that DGM sent these demand drafts to concerned DMOs to deposit into treasury under proper head of account and these demand drafts (DDs) were deposited late in the treasury after lapse of 19 days to 441¹⁶ days from the date of issue of LoI. DGM did not ensure the timely deposit of Government revenue in Government account. Further, any clause of penalty for delay on the part of MSTC in forwarding the Government revenue to DGM office was not mentioned in the agreement executed between MSTC and Government.

The Department, in its reply, stated that due to busy work schedule, sometimes there is a delay in receiving the bank draft from the Directorate by the District Officer, due to which it is deposited in the prescribed account head with some delay.

Reply of the Department is not acceptable as MSTC handed over DDs after lapse of 12 days to 424 days from the date of issue of LoI and these DDs were deposited late in the treasury after lapse of 19 days to 441 days from the date of issue of LoI. The Department should examine these cases to ascertain the point at which there was delay.

2.6 Security amount and first instalment of royalty not forfeited for delay in execution of lease deed

As per Rule 34 (5) of the UPMMC Rules, 1963 (47th amendment 2019) lease deed shall be executed by the proponent within a period of one month from the date of grant of EC. If the lease deed is not executed within prescribed period, then the said letter of intent will be cancelled and the security amount and first instalment of royalty will be forfeited by the District Magistrate as per Rule 59(1) of the said Rules.

¹³ 22 October 2019

¹⁴ Where mining leases were granted through e-auction

¹⁵ Banda, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj and Sonbhadra.

¹⁶ In this case, LoI was issued on 27.07.2018. However, MSTC forwarded DD dated 24.09.2019 vide letter dated 03.10.2019. It was finally deposited in Government Account on 11.10.2019.

Audit test-checked lease files of 217 leases in 16 DMOs and noticed in nine DMOs¹⁷ that 43 lease deeds were executed with a delay of 4 days to 1,007 days¹⁸ after obtaining EC certificate by the proponent. As these lease deeds were not executed within a period of one month after obtaining EC, security amount and first instalment of royalty of ₹ 104.77 crore was to be forfeited. However, letter of intent was not cancelled and the above amount was not forfeited. Details are shown in **Appendix-II**.

The Department, in its reply (July 2023), stated that as per the provision of Rules 35 (5) of the Uttar Pradesh Minor Mineral (Concession) Rules, 2021 mining lease would be executed within one month from the date of issue of environmental clearance certificate in the favour of the proponent. In the said rule there is no provision for the mining lease to be deemed cancelled and the security amount to be forfeited if the mining lease deed is not executed within the stipulated period.

Reply furnished by the Department is not acceptable because Rule 59 (1) of the UPMMC Rules, 1963 and Rule 60 (1) of the UPMMC Rules, 2021 provide that in case the proponent fails to execute the lease deed within one month of obtaining environment clearance, the letter of intent will be cancelled and the security amount and first instalment of royalty will be forfeited by the District Magistrate.

2.7 Short levy of stamp duty on mining lease deeds

Royalty and contribution payable to DMFT (an amount equivalent to 10 *per cent* of royalty) are consideration paid by lessees for grant of mining leases. Stamp duty and registration fees¹⁹ are leviable on mining lease deeds.

Article 35(b) (i) of Schedule I-B of the Indian Stamp Act, 1899 (IS Act) stipulates that where lease for a term not exceeding thirty years has been granted for a fine or premium, or for money advanced and where no rent is reserved, the stamp duty chargeable should be the same as a conveyance for a consideration equal to the amount or value of such fine or premium or advance as set forth in the lease. Stamp duty on such lease deeds was chargeable at the rate of two/four²⁰ *per cent* of the consideration. In addition, Explanation (I) of Article 35 states that when a lessee undertakes to pay recurring charge, such as the Government revenue, the landlord's share of cess or the owner's share of municipal rates or taxes, which by law, is recoverable from the lessor, the amount so agreed to be paid by the lessee shall be deemed to be part of the rent.

Audit test-checked lease files of 217 mining leases in 16 DMOs²¹ and noticed that in 173 mining lease deeds executed between April 2017 and March 2022 for a period of five to 20 years, only the amount of royalty was included in

¹⁷ Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Mahoba, Prayagraj, Saharanpur, Shamli and Sonebhadra.

¹⁸ Delay upto 180 days, cases 29; delay between 181 to 365 days, cases five and delay more than one year cases nine.

¹⁹ Registration fee of ₹ 20,000 was payable upto 12.02.2020. From 13.02.2020, registration fee at the rate of one *per cent* of consideration amount was payable.

²⁰ In the case of an immovable property situated within a development area.

²¹ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra

consideration for charging the stamp duty and contribution payable to the DMFT was not included. Consequently, Stamp duty and registration fees of only ₹ 190.59 crore was charged on the consideration of ₹ 6,532.77 crore. However, the stamp duty and registration fees of ₹ 211.55 crore should have been charged on the consideration of ₹ 7,186.05 crore. Thus, the Government was deprived of revenue of ₹ 20.96 crore due to short levy of stamp duty and registration fees as shown in **Appendix-III**.

The Department, in exit conference, stated that the amount deposited in the trust is not deposited in the treasury, due to which there is no liability of stamp duty on it.

Reply furnished by the Department is not acceptable as recital of lease deed clearly mentioned that in addition to royalty, contribution to DMFT was also required to be paid. Thus, as per explanation 1 of Article 35 of schedule 1B of IS Act, contribution made to DMFT was also required to be included in consideration value of lease for the purpose of levying stamp duty. Further, in authority for advance ruling of GST, Andhra Pradesh, amount of DMF was considered as consideration.

2.8 Financial assurance not/short collected from lease holders

Financial assurance is required to be furnished by the leaseholder to the competent authority so as to indemnify the authority against reclamation and rehabilitation cost of closure of mine. Rule 34 (6) of the UPMMC Rules, 1963 (as amended in 2017) provides that financial assurance has to be furnished by every lease holder. The amount of financial assurance shall be rupees twenty five thousand for in-situ-rock deposit and rupees fifteen thousand for sand or morrum or bajri or boulder or any of these in mixed state exclusively found in river bed mines, per acres of the mining lease area put to use for mining and allied activities. However, the minimum amount of financial assurance to be furnished in any of the forms referred to in sub-Rule (7) shall be rupees two lacs for each category of mines or respective area.

The financial assurance shall be submitted by the lessee before the execution of the lease deed to the district officer or the officer authorised by the State Government in this behalf, in one of the following forms:

- (a) Letter of credit from any scheduled bank
- (b) Performance or surety bond;
- (c) Any other form of security or any other guarantees acceptable to the competent authority.

Audit test-checked lease files of 217 leases in 16 DMOs and noticed in 14 DMOs²² that the financial assurance amounting to ₹ 3.74 crore was not collected by the concerned DMOs from 54 lessees before the execution of the lease deeds. The Department did not initiate any action to collect the financial assurance from concerned lessees. Further, 11 lessees of Prayagraj district submitted ₹ 23.00 lakh against ₹ 43.58 lakh. Hence ₹ 20.58 lakh was short submitted by lessees. Thus, lessees did not submit/short submit financial assurance of ₹ 3.95 crore. Details are shown in **Appendix-IV**.

The Government, in exit conference, accepted the Audit observation and assured to take necessary action in this regard.

²² Baghpat, Banda, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonbhadra.

Recommendation 2:

The Government may ensure collection of financial assurance from successful bidders before execution of lease deed.

2.9 Stone crusher units operating without Storage licence

Rule 70(2) of the UPMMC Rules, 1963 (as amended time to time) provides that no person will transport any mineral in the State without Form MM²³-11 issued under sub Rule (1) and Form²⁴ C issued under Rule 5 (2) of Uttar Pradesh Mineral (Illegal Mining, Transportation and Storage) Rules, 2002 and 2018 or issued by other State Governments. The Government in its order²⁵ dated 9 March 2019 clarified that storage license shall be granted to stone crusher industries and other mineral based industries also. Rule 5(2) of Rules 2018 also provides that applicant shall deposit a non-refundable fee of rupees ten thousand for storage license.

Audit test-checked records of 16 DMOs and noticed in six DMOs that storage licence was not granted to stone crushers. From the list of stone crusher units provided by Uttar Pradesh Pollution Control Board (UPPCB), it was noticed that 1,035 stone crusher units were operational during the period April 2017 to February 2023. Out of which, 708 stone crusher units were granted consent to operate (CTO) from pollution control board. Further, it was observed that 613 stone crushers were operating without taking storage license as required under the provisions of above Rules. Concerned DMOs did not initiate any action to grant the storage license to these stone crusher units. Details are shown in **Table-2.2.**

Table 2.2
Details of Storage license of stone crusher units

Name of District	No. of stone crushers established	No. of stone crusher units to which NOC granted by UPPCB	Storage license granted to stone crushers
Banda	30	9	0
Chitrakoot	119	50	0
Hamirpur	11	1	0
Mahoba	311	202	0
Prayagraj	85	67	0
Saharanpur	95	95	95
Sonebhadra	384	284	0
Total	1035	708	95

The above table shows that only DMO Saharanpur had granted the storage license to stone crushers. Operation of 613 stone crushers without storage license led to loss of fee of ₹ 61.30 lakh as well as encouragement of transportation of minerals illegally.

The Government, in exit conference, accepted Audit observation and assured to grant license to all stone crusher units at earliest.

²³ Transit pass (*Rawanna*) is issued by the holder of the mining lease or permit for transportation of minor mineral. It includes detail of name and address of the lessee and person in-charge of consignment, name and quantity of minerals and vehicle number through which minerals are transported.

²⁴ The holder of licence for storage of minerals shall issue the transit pass in Form C for lawful transportation of minerals from the Store.

²⁵ Vide GO no. 583/86-2019-183/2011 dated 9 March 2019.

2.10 Loss of revenue due to reduction in annual mineable quantity

GoUP, vide its order²⁶ dated 14 August 2017, prescribed the procedure for grant of mineral concession through e-tender cum e-auction system. In its order GoUP clearly mentioned that before participating in e-tender cum e-auction, the bidders should be convinced by inspecting the spot regarding quantity of mineral and the approach road to the mining site etc. After participating in the e-tender cum e-auction, no claim will be accepted in this regard.

Audit test-checked records related to 217 leases in 16 DMOs and noticed in DMO Kanpur Dehat that tenders for e-tender cum e-auction of ordinary sand for Gata No. 58 of village Bilaspur Kachhar of Tehsil Sikandra was invited on 3 December 2018, in which the annual mineable quantity was estimated 3,33,810 cubic meters. The first phase tender was opened from 18 December 2018 to 19 December 2018 and second phase tender on 20 December 2018. On the basis of the highest bid of ₹ 264 per cubic meter, the LoI was issued on 5 February 2019 to M/s Anandeshwar Agro Foods Pvt. Ltd.

It was further noticed that on 8 January 2019 and 14 February 2019, the bidder requested the District Magistrate that availability of sand is only in some part of the area and water is flowing in the rest part, therefore erstwhile notified quantity may be modified by estimating fresh mineable quantity of sand. The District Magistrate directed the Additional District Magistrate (Administration), Sub-Divisional Magistrate/Sikandra and Mines Inspector Kanpur Dehat to inspect the site and submit the investigation report. Based on the report submitted to the District Magistrate, mineable quantity was estimated as 1,10,057 cubic meter per year. District Magistrate Kanpur Dehat, vide letter dated 22 April 2019 requested the DGM to give guidance in relation to reducing the mining area and the estimated quantity on the request of the bidder. In response, the DGM quoted the condition mentioned in above Government Order dated 14 August 2017 and intimated to the District Magistrate on 23 May 2019 that the matter should be decided by taking action at his level. On the basis of the investigation report of the Joint Committee dated 16 March 2019, the annual mineable quantity was fixed as 1,10,057 cubic meters by the District Magistrate. Mineable quantity was reduced by the District Magistrate against the conditions mentioned in the order dated 14 August 2017. Thus, an undue benefit was given to lessee and due to reduction in annual quantity, Government was deprived of huge revenue in form of royalty amounting to ₹ 5.91 crore²⁷ per year.

The Government, in exit conference, stated that difference in the quantity can be due to replenishment²⁸, though matter will be examined. The reply of Government is not acceptable as District Magistrate reduced the annual quantity in violation of Government order dated 14 August 2017.

2.11 Discrepancy in proved reserve indicating risk of illegal mining

According to Rule 34 of the UPMMC Rules, 1963, the mining operations will be carried out as per the mining plan.

²⁶ 1875/86-2017-57(General)/2017 TC-1 dated 14.08.2017

²⁷ $3,33,810 \text{ m}^3 - 1,10,057 \text{ m}^3 = 2,23,753 \text{ m}^3 * ₹ 264 = ₹ 5,90,70,792$

²⁸ Restoration of stock of sand to a former level or condition.

Audit test-checked records of 217 leases in 16 DMOs and noticed in one case in DMO Prayagraj that according to the mining plan approved on 24 July 2015 in favour of Mrs. Nirmal Rani Chawla lessee of silica sand, the quantity of proved reserve was 26,19,548 tonnes and the quantity of total reserve plus resource was 82,79,796 tonnes. A total of 1,13,594.64 tonnes of silica sand was excavated and transported by the lessee between 2015-16 and 2019-20. Further, according to the mining plan dated 15 November 2019 (approved on 10 January 2020), the quantity of proved reserve was reduced to 9,94,770 tonnes and the quantity of total reserve plus resource was reduced to 40,38,274 tonnes. Thus, the quantity of proved reserve decreased by 16,24,778 tonnes and the total reserve plus resource decreased by 42,41,522 tonnes within five years, while only 1,13,594.64 tonnes of silica sand was excavated and transported by the lessee during the said period. This indicated that either determination of proved reserve and total reserve plus resource in mining plan was not done properly before approval of mining plan or risk of illegal extraction of minerals cannot be ruled out. The DGM did not notice this discrepancy while approving the mining plan in later case. This discrepancy needs proper investigation.

The mining plan is to be prepared by technical experts scientifically in such a manner so that it could help in development of mining area. Lessees have to excavate minerals according to reserve mentioned in mining plan. If mining plan was not prepared scientifically, the Department will not have any control over mining and lessee may extract more minerals in an unscientific manner.

The Government, in exit conference, assured that while preparing District Survey Report (DSR) the proved reserve will be determined through scientific techniques.

2.12 Conclusion

Audit noticed instances where mining leases were awarded near bridges. There were delays in depositing the amount of security deposit and first instalment of royalty paid by the successful bidders in Government Account. Security amount and first instalment of royalty was not forfeited for delay in execution of lease deed. Financial assurance was not collected before execution of lease deed. The Department could not follow the Government order for granting of storage license to stone crusher units. These instances indicate that there is scope of improvement in monitoring of mining activities. Discrepancy in Quantity of proved reserve indicated risk of illegal extraction of minerals, which needs proper investigation. Cases of illegal extraction of minerals noticed by audit have been discussed in Chapter IV of this Report.

CHAPTER–III

Levy and Collection of Revenue

CHAPTER-III

LEVY AND COLLECTION OF REVENUE

Summary

Revenue in the form of royalty/regulating fees/palothan etc. is levied and collected by the State Government. Any amount due including royalty to the State Government, if it is not paid within prescribed time, the State Government may realise such dues from the lessee as arrears of land revenue.

The Department needs to improve monitoring of its receipts properly as the revenue dues were not/short collected from lease/permit holders of mines and brick kiln owners in some instances. Contribution to DMFT was not deposited by 20 lease holders. MSTC, a company authorised for e-auctioning, deducted service charge from mineral receipt deposited by successful bidders, which should have been claimed separately and adjusted with departmental expenditure. The Department overstated its revenue as security deposit amount was deposited in revenue head by lessees. Revenue receipts from minor minerals were not being deposited under proper minor head despite provision in the List of Major and Minor Heads for Union and the States.

The Department did not maintain proper records of date of submission of mining plan by lessees. Audit considered date of preparation as date of submission of mining plan and found that 25 lessees had submitted mining plan with delay and the Department had not charged penalty in these cases. The Department also did not realise price of mineral and penalty from 14 lessees who excavated minerals without revised mining plan.

Irregularities noticed in transit passes submitted by contractors to executing agencies were such as those issued for other destination, third copy/duplicate copy attached, issue date before award of work and after completion of work.

3.1 Introduction

Rule 28(2)(4) of the UPMMC Rules, 1963 (as amended time to time) provides that instalments of amount of tender/auction will be fixed quarterly as per the Fourth Schedule. Rule 58(1) of the UPMMC Rules, 1963 stipulates that the State Government or any officer authorised by it may serve a notice on the lessee to pay within thirty days of the receipt of the notice any amount due or dead rent under the lease including the royalty due to the State Government and if it is not paid within fifteen days after the date fixed for such payment, may determine the mining lease. This right shall be in addition to that of the State Government to realise such dues from the lessee as arrears of land revenue.

Further, as per Rule 10(2) of the Uttar Pradesh District Mineral Foundation Trust Rules, 2017, in case of minor mineral the holder of every mineral concession/permit shall in addition to the royalty, pay to the District Mineral Foundation Trust (DMFT), in which the mining operations are carried on, an amount which is equivalent to 10 *per cent* of royalty or as may be prescribed by the State Government from time to time.

Audit examined the records of 18 district mining offices and DGM. The irregularities noticed by Audit with respect to levy and collection of revenue from mining operations are discussed in succeeding paragraphs:

Audit findings

3.2 Royalty and DMFT contribution

Royalty and contribution to DMFT for mining leases are required to be paid by lessees to the Government on quarterly/monthly basis and if not done so, the lease may be cancelled and royalty may be collected as arrears of land revenue in accordance with rules.

3.2.1 Royalty not realised

Audit test-checked lease files of 217 leases in 16 DMOs and noticed in four DMOs²⁹ that 10 lease holders deposited an amount of ₹ 7.43 crore against the due royalty of ₹ 55.04 crore payable between January 2019 and March 2022 as per payment schedule of lease deeds. The Department failed to recover the royalty of ₹ 47.61 crore as shown in **Appendix-V**.

3.2.2 Contribution to DMFT not collected

Audit test-checked lease files of 217 leases in 16 DMOs and noticed that contribution of ₹ 13.71 crore to DMFT was required to be deposited at the rate of 10 *per cent* of royalty by 20 lease holders between April 2017 and March 2022 in five³⁰ DMOs, but they did not contribute to DMFT. The concerned DMOs also did not initiate action to recover these dues. This resulted in contribution to DMFT not being realised as shown in **Appendix-VI**.

The Government, in exit conference, assured to collect the due amount from lease holders. Audit is of the opinion that there should be such control in the Mine Mitra portal itself by which timely collection of revenue could be monitored.

3.3 Irregularities in levy and collection of revenue from brick kilns

One Time Settlement Schemes (OTSS) for brick kilns, announced by the Government from time to time, provided for payment of a consolidated amount of royalty at the prescribed rates along with permit application fees. It also provided for charging of interest at the rate of 18 *per cent* on belated payment of royalty, fee or other sum due to the Government. In OTSS for the years 2017-18, an additional 10 *per cent* of royalty was to be levied for *palothan*³¹ soil used in brick making. The UPDMFT Rules, 2017 stipulate that the holder of every mineral permit shall, in addition to royalty, pay to the Trust

²⁹ Fatehpur, Hamirpur, Prayagraj and Sonebhadra.

³⁰ Chitrakoot, Fatehpur, Hamirpur, Prayagraj and Sonebhadra.

³¹ Sandy soil.

of the district in which mining operations are carried on, an amount equivalent to 10 *per cent* of royalty. As per the provision of the UPMVC Rules, 1963 (as amended)³² a regulating fee has been imposed on brick kiln in place of royalty for the brick kiln year³³ 2018-19 and onwards.

Further, as per Government order dated 23 November 2017, DMOs are required to obtain authentic information from Trade tax/GST office and Jila Panchayat to ascertain actual number of brick kilns in operation and accordingly initiate action. The irregularities noticed by Audit in test checked 1,483 brick kilns of 16 districts are detailed below:

3.3.1 Permit application fees, Royalty, and *Palothan* not realised from the brick kiln owners

Audit test-checked Brick Kiln Register and files/challans of 1,483 brick kilns in 16 DMOs and noticed in three DMOs³⁴ that 31 brick kiln owners did not pay royalty, *Palothan*, permit application fees and contribution to the DMFT for the brick year 2017-18. The concerned DMOs neither initiated any action to stop their business nor made any efforts to realise due amount of ₹ 55.34 lakh including royalty of ₹ 45.60 lakh, *palothan* of ₹ 4.56 lakh, permit application fees of ₹ 0.62 lakh and contribution to DMFT of ₹ 4.56 lakh as shown in **Appendix-VII**.

3.3.2 *Palothan* not realised from the brick kiln owners

Audit test-checked Brick Kiln Register and files/challans of 1,483 brick kilns in 16 DMOs and noticed that 175 brick kiln owners in seven DMOs³⁵ did not deposit *palothan* of ₹ 23.56 lakh against royalty paid of ₹ 2.36 crore for the brick kiln year 2017-18 to 2019-20 as shown in **Appendix-VIII**.

3.3.3 Contribution to DMFT not realised from the brick kiln owners

Audit test-checked Brick Kiln Register and files/challans of 1,483 brick kilns in 16 DMOs and noticed that 541 brick kiln owners in 10 DMOs³⁶ did not contribute to DMFT for the period 2017-18 amounting to ₹ 71.42 lakh against royalty paid ₹ 7.14 crore. Concerned DMOs did not initiate action to realise contribution to DMFT from brick kiln owners. This resulted in non-realisation of revenue to the Government as shown in **Appendix-IX**.

3.3.4 Regulating fees, permit application fees, and *Palothan* not realised from the brick kiln owners

Audit test-checked Brick Kiln Register and files/challans of 1,483 brick kilns in 16 DMOs and noticed in 11 DMOs³⁷ that 477 brick kiln owners did not pay regulating fees, *palothan* and application fees for the brick year 2018-19 to 2021-22. The concerned DMOs neither initiated any action to stop the

³² 46th amendment dated 06.03.2019.

³³ October to September.

³⁴ Hamirpur, Kanpur Dehat and Saharanpur.

³⁵ Fatehpur, GB Nagar, JP Nagar, Hamirpur, Saharanpur, Shamli and Siddharthnagar.

³⁶ Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Prayagraj, Saharanpur, Sambhal and Siddharthnagar.

³⁷ GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra.

business nor made any efforts to realise the due amount of ₹ 7.80 crore including regulating fees of ₹ 7.01 crore, *palothan* of 70.08 lakh and application fees of ₹ 9.54 lakh as detailed in **Appendix-X**.

Further, only five DMOs³⁸ could provide the list of brick kilns obtained from GST office to Audit. Other DMOs did not obtain the list from GST office. It was violation of the Government order dated 23 November 2017, and the Department could not avail benefit of real-time authentic data to ascertain the actual number of brick kilns operating in the concerned district for realisation of application fee, royalty/regulating fees, *palothan* and DMF.

The Government, in exit conference, assured to examine these cases and collect the due amount from brick kiln owners. Audit is of the opinion that in these cases also there should be such control provision in the Mine Mitra portal itself by which timely collection of revenue could be monitored.

3.4 Deduction of MSTC service charge from mineral receipts in violation of provisions of Financial Rules

Financial Handbook³⁹ of the Government of Uttar Pradesh provides that under the Treasury Rule, all moneys as defined in the articles 266, 267 and 284 of the Constitution, received by or tendered to the Government servants in their official capacity shall, without undue delay be paid in full into the treasury or into the Bank and shall be included in the Government Account. Except as provided in Treasury Rule 7(2) (paragraph 21-A), moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor kept apart from the Government Account.

Audit examined the records of 16 DMOs⁴⁰ and of DGM and noticed that an agreement was executed on 11 August 2017 between MSTC Limited and GoUP to provide services for conducting e-auction of mineral blocks in the State. As per agreement MSTC was entitled to a service charge of ₹ 30,000 (exclusive of 18 *per cent* GST) per successful auction of each mining lease within 30 days from the date of receipt of the service charge bills.

After four months of the aforesaid agreement, GoUP executed another agreement with MSTC on 12 December 2017 and removed the clause of payment of services charge by adding the clause that MSTC shall adjust the service charge from the application fee and if required from EMD and deposit the rest amount in Government account. Audit observed that the clauses of the agreement executed between MSTC Limited and GoUP providing for such deduction from revenue receipt were defying the cited rules.

MSTC deducted its service charge and GST amounting to ₹ 70.80 lakh⁴¹ from the Government receipt (to be deposited under Major Head “0853-Non-ferrous Mining and Metallurgical Industries”) which should have been claimed separately and adjusted with departmental expenditure. The details are shown in **Appendix-XI**.

³⁸ GB Nagar, Hamirpur, Muzaffarnagar, Prayagraj and Sonebhadra.

³⁹ Rule 21 of Part I of Financial Handbook Vol. 5.

⁴⁰ Baghpat, Banda, Bulandshahar, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra.

⁴¹ Number of leases test checked in 16 DMOs *(₹ 30,000 plus 18 *per cent* GST on ₹ 30,000) i.e. 200*₹ 35,400

The Government, in exit conference, stated that this is a matter of book accounting and there is no loss of revenue from this. Audit is of the opinion that service charge should not be deducted from revenue receipts as this leads to less depiction of revenue receipts figures.

3.5 Security deposit deposited in consolidated fund instead of in public account

According to Rule 13 of the UPMMC Rules, 1963 (as amended time to time) an amount equal to 25 *per cent* of the annual lease amount shall be deposited as security for proper compliance of the terms and conditions of the lease. In terms of Rule 50 (Rule 49 of the UPMMC Rules, 2021) of the above rules, the amount of security deposited with the State Government after the expiry of the mining lease, which is not required to be used for any of the purposes mentioned in these rules, shall be returned to the lessee within a period of six months from the date of determination of the lease.

Para 195 of UP Budget Manual stipulates that besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government accounts, in respect of which, the Government acts more as a banker, for example, transactions relating to provident funds, other deposits such as security deposits made by contractors or court deposits or deposits by a local body for execution of projects through a Government agency, etc. The moneys thus received are kept in the public account and the connected disbursements are also made therefrom. Public account funds do not belong to Government revenue and have to be paid back some time to the persons and authorities who deposited them.

Audit test-checked lease files of 217 leases in 16 DMOs⁴² and noticed that the amount of security deposited by 200 lessees were deposited in the Consolidated Fund under the Major Head of account “0853 Non-Ferrous Mining and Metallurgical Industries”. However, security deposits should have been deposited in the public account in line with the provisions cited above. In contravention of the Budget Manual, the Department deposited security amount of ₹ 315.73 crore into revenue head of account instead of civil account. Due to the deposit of security money in the revenue head of account, revenue was overstated by the Department. The details are shown in **Appendix-XII**.

The Department, in its reply (July 2023), stated that on completion of the mining lease period, the amount of residual security is either adjusted as the final instalment of the lease or returned to the lessee. If the amount of security is deposited in the head of 8443, it will not be possible to deduct from the security in case of violation of the rules or compliance with the terms of the lease deed.

The reply is factually incorrect as the Department can forfeit the security amount in case of violation of the rules or non-compliance. Further, it is in contravention of the provisions of Budget Manual and leads to overstatement of mining revenue.

⁴² Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonbhadra

3.6 Separate accounting of receipts from major and minor minerals not done

Mineral receipts are deposited under Major Head “0853-Non-ferrous Mining and Metallurgical Industries”. Vide correction slip No. 965 dated 9 July 2021, office of the Controller General of Accounts renamed the existing Minor Head ‘102-Mineral Concession Fees, rents and royalties’ as Minor Head ‘102-Major Mineral Concession Fees, rents and royalties’ and inserted the following new Minor Heads in the List of Major and Minor Heads for Union and the States:

Minor Heads ‘107-Minor Mineral Concession Fees, rents and royalties’

Audit observed that revenue receipts from minor minerals were being deposited under Minor Head ‘102-Mineral Concession Fees, rents and royalties’ instead of Minor Head ‘107-Minor Mineral Concession Fees, rents and royalties’. DGM did not issue any instructions to DMOs for separate accounting of receipts from major and minor minerals.

The Government, in exit conference, agreed to make provision for a new minor head on the treasury portal as per order of the Finance Department.

3.7 Deposit of royalty/ regulating fee

The UPMMC Rules⁴³, 1963 stipulates that interest at the rate of 24 *per cent* per annum (revised to 18 *per cent* from May 2017) will be charged for the delay in deposit of any rent, royalty, demarcation fee and any other dues to the State Government after the expiry of 30 days’ notice period.

3.7.1 Short/non-levy of interest on delayed deposit of royalty

Audit test-checked lease files of 217 leases in 16 DMOs and noticed in eight DMOs⁴⁴ that 35 lease holders deposited royalty of ₹ 127.53 crore for the period 2018-19 to 2021-22 with delays ranging from 6 days to 452 days. Though the details of delays in payment were available on records, the Department imposed interest of only ₹ 5.36 lakh against ₹ 7.38 crore. As a result, interest of ₹ 7.32 crore was short levied by the Department as shown in **Appendix-XIII**.

3.7.2 Short/non-levy of interest on delayed deposit of regulating fee

Audit test-checked records of 1,483 brick kilns in 16 DMOs and noticed in nine DMOs⁴⁵ that 171 brick kiln owners deposited royalty/regulating fee and *palothan* of ₹ 2.51 crore for the period 2017-18 to 2021-22 with delays ranging from 184 days to 1,854 days⁴⁶. Though, the details of delays in payment were available on records, the Department realised ₹ 8.97 lakh as interest on delayed deposit against applicable interest of ₹ 56.02 lakh. As a result, interest of ₹ 47.05 lakh was short levied by the Department as shown in **Appendix-XIV**.

⁴³ Rule 58(2).

⁴⁴ Bulandshahar, Chitrakoot, Fatehpur, Hamirpur, Kaushambi, Mahoba, Prayagraj, and Sonebhadra.

⁴⁵ Fatehpur, GB Nagar, JP Nagar, Kanpur Dehat, Kaushambi, Prayagraj, Saharanpur, Sambhal and Siddharthnagar.

⁴⁶ Delay upto one year, cases 71; delay between one to two years, cases 76; delay between two to three years, cases 15; and delay more than three years, cases 10.

The Government, in exit conference, assured to get deposited the interest amount due from the concerned defaulters.

3.8 Penalty not imposed for late submission of Mining Plan

Under the provisions of Rule 59 (1) of the UPMMC Rules, 1963⁴⁷ (Forty-third Amendment) the proponent who has received the LoI, but has not submitted the mining plan within the prescribed period of one month as per the provisions mentioned in Rule 34, will be liable to a penalty of one lakh rupees. In case of failure to deposit the amount of penalty, that amount shall be deducted by the District Magistrate from the amount of security deposited against the concerned lease. From August 2019, the amount of penalty has been revised⁴⁸ to ₹ 10,000 per day.

Audit noticed that though the State Government revised the amount of penalty and linked it to delay in terms of number of days, the Directorate did not maintain any record by which delays in submission of mining plan could be established. Further, audit test-checked records related to 217 leases in 16 DMOs and noticed that submission date of mining plan was not mentioned in the mining plan and also not available with DMOs. However, in some mining plans, date of preparation was mentioned by the registered qualified practitioners who prepared these mining plans. Audit considered the date of preparation as date of submission of mining plan and calculated the delay. Audit found in five⁴⁹ DMOs that in 25 cases mining plans were submitted by lessees to DGM with delays ranging from 4 days to 273 days. The Department approved mining plan without charging the penalty of ₹ 1.08 crore as detailed in **Appendix-XV**.

The Government, in exit conference, stated that instructions have been issued to all DMs to get deposited the penalty as per rule from the proponents for delay in submission of mining plan.

3.9 Penalty not imposed on lessees who excavated minerals without Mining Plan

Under the UPMMC Rules, 1963 (as amended time to time), mining operation shall in respect of all minor minerals be undertaken in accordance with the mining plan, detailing yearly development schemes, aspect of reclamation and rehabilitation of mined out areas including progressive mine closure scheme duly approved by the Director of Geology and Mining Department. The mining plan, once approved shall be valid for entire duration of the lease or for five years whichever is earlier. If the lease period is more than five years then in that case the lease holder will resubmit mining plan before the Director.

Under Section 21(5) of the MMDR Act, whenever any person raises without lawful authority, any mineral from any land, the State Government may recover from such person the mineral so raised or where such mineral has already been disposed off, the price thereof along with royalty. Further under Rule 21 (2) of the UPMMC Rules, 1963 the total royalty is fixed at the rate of not more than 20 *per cent* of the pits mouth value of minerals. Thus, price of minerals is treated as five times of the applicable royalty.

⁴⁷ Notification No. 1956/86-2017-57(General)-2017 dated August 14, 2017.

⁴⁸ Vide Notification no. 1868/86-2019-57-2017 dated 13 August, 2019.

⁴⁹ Chitrakoot, GB Nagar, Hamirpur, Mahoba and Saharanpur.

Audit test-checked records related to 217 leases in 16 DMOs and found in three DMOs⁵⁰ that 14 lessees excavated 8.38 lakh cubic meter⁵¹ of stone ballast/boulder/silica sand between April 2017 and March 2022 without renewal and without revised mining plan and paid royalty of ₹ 12.58 crore which was not in the accordance with the UPMMC Rules, 1963. Minerals produced/transported by the lessees without renewal of mining plan were illegal and therefore, the lessees were required to pay the price of mineral and penalty. Concerned DMOs neither stopped the mining activities nor stopped the issuance of MM-11 forms. They also failed to recover the price of mineral amounting to ₹ 62.90 crore. This resulted in non-realisation of revenue to the Government as shown in **Appendix-XVI**.

The mining plans are prepared by technical experts scientifically in such a manner so that it could help in development of area. If the mining activities are done without approved mining plan, the Department will not have any control over it and lessee may extract more minerals in an unscientific manner which would adversely affect the mineral resources, protection of forest, water courses, and would abet air and water pollution. Further, the Department failed to link generation of MM-11 forms with mining plan as MM-11 forms were issued after expiry of mining plan.

The Government, in exit conference, accepted the Audit observation and stated that suitable provision will be made in the mine mitra portal.

3.10 Irregularities relating to work executing agencies

The UPMMC Rules, 1963 and the Uttar Pradesh Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2002 and 2018 stipulate that no person shall transport any mineral without a valid transit pass (Form MM-11⁵²/Form C⁵³). The MMDR Act⁵⁴ stipulates that the price of minerals along with the royalty may be recovered for raising minerals without lawful authority. Rule 70(1) of the UPMMC Rules, 1963 read with Section 4 (1-a) and Section 21 (1 to 5) of MMDR Act stipulates that holder of lease or permit or any person authorised by him for this, issue a transit pass in form MM-11 to every person to transport mineral from any vehicle, cattle or by any means of transport.

Rule 70 (2) provides that no person will transport any mineral in the state without Form MM-11 issued under sub rule (1). Further, Rule 70(6) provides that any person who contravenes the provisions of this rule, if found guilty, will be punished for imprisonment which may raise for six months or fine of ₹ 25,000. Again the State Government, in its order dated 15 October 2015 reiterated that apart from royalty, the price of mineral (ordinarily five times of royalty) be deducted from the contractor's bill and deposited into the treasury, if the contractors do not produce the requisite royalty receipt in the Form

⁵⁰ Chitrakoot, Prayagraj and Sonebhadra.

⁵¹ Quantity of mineral noticed from MM-11 forms issued to the lessees.

⁵² Transit pass (*Rawanna*) issued by the holder of the mining lease or crusher plant for transportation of minor minerals. It includes names and addresses of the lease holders, nature and quantity of minerals and vehicle number through which the minerals are transported.

⁵³ The holder of licence for storage of minerals shall issue the transit pass in 'Form-C' for lawful transportation of minerals from the Store.

⁵⁴ Section 21(5) of the MMDR Act.

MM-11 (the rate of royalty was revised by the State Government from 19 January 2016).

Government of Uttar Pradesh order dated 5 October⁵⁵ 2006 stated that the concerned departments executing public works should ensure payment to contractors only after payment of due royalty and in case it is not done then responsibility of the concerned officer would be fixed. Government vide its order dated 6 June 2020 instructed that transit passes submitted by the contractors in executing agencies would be verified by DMOs of concerned district.

Thus, any contractor using minerals (like sand, metal, stone, etc.) are required to submit transit pass (Form MM-11/ Form-C) as proof of royalty paid for extracted mineral. In case of non-submission of the relevant form, concerned officers of executing agencies are made responsible to deduct royalty and price of mineral from contractors bills and deposit the same to the Government account.

3.10.1 Price of minerals not realised from contractors for works executed without transit passes

Audit test-checked records in 18 DMOs and noticed in five DMOs⁵⁶ that in 156 cases, contractors of 12 executing agencies did not submit the required MM-11 forms along with the bills for the minerals used in civil works. The executing agencies deducted royalty of ₹ 4.48 crore from the bills of the contractors and deposited the same into the treasury between April 2017 and March 2022. However, executing agencies did not recover the price of mineral and penalty from contractors as the transit passes were not submitted by contractors. The concerned DMOs, despite having knowledge of deduction of royalty by the executing agencies, did not raise the issue with them for ensuring recovery of the price of minerals from the works contractors and failed to initiate any action to ensure recovery the price of minerals of ₹ 22.40 crore and penalty of ₹ 39.00 lakh, in accordance with the Government order dated 15 October 2015 which provided for deduction of price of mineral from the contractor's bills, as shown in **Appendix-XVII**.

The Government, in exit conference, assured to look into these discrepancies.

3.10.2 Non-realisation of royalty and price of minerals in cases of submission of fake/irregular MM-11 forms to executing agencies

According to the UPMMC Rules, 1963 MM-11 forms are required to be printed in triplicate- (i) Office copy (of the lease holder), (ii) First copy-for retention at check posts and (iii) Second copy for transporter/end-consumer. Only the consumer's copy (second copy) of MM-11 form is valid for transportation and is to be considered as proof of royalty paid. While issuing a transit pass by the lease holder it is mandatory to fill up all information in all the three copies of the transit pass. Vide its order⁵⁷ Government clarified that the executive agency is responsible for realisation of royalty and price of mineral if the contractor does not produce royalty receipt in the form of a valid

⁵⁵ No. 4951(1)-77-5-2006-506/05 dated 05 October 2006.

⁵⁶ Banda, G B Nagar, Prayagraj, Saharanpur and Siddharthnagar.

⁵⁷ 15 October 2015 and 15 July 2019.

transit pass. MM-11 forms submitted by contractors against minerals utilised may be got verified from concerned DMOs. Electronic MM-11 (e-MM-11) forms with 17 digit serial number were introduced with effect from 1 August 2017 in place of printed MM-11 forms.

Rule 5(2) of UP Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2002 stipulates that the holder of license for the storage of minerals shall issue the transit pass in Form C for lawful transportation of minerals from the store.

Further, as per Rule 77 of Financial Handbook Volume-VI, the Drawing and Disbursing Officers (DDOs) are responsible for the correctness in all respects of the original records of cash and store, receipt and expenditure.

Thus, while passing bills of the contractors, the DDOs are expected to verify genuineness of submitted documents. The irregularities noticed by Audit in test checked 2,544 MM-11 forms of 41 executing agencies are detailed below:

3.10.2.1 Submission of fake/photo copy/office copy/check post copy of MM-11 forms as evidence of royalty paid

Audit test-checked the records⁵⁸ of executing agencies/Departments and cross verified from the website of Directorate of Geology and Mining, GoUP and noticed that:

- In 167 cases, one form was used multiple times by the contractors.

Audit noticed in four executing agencies of three⁵⁹ districts that one e-MM-11 form was used multiple times⁶⁰ by the contractors as a proof of use of royalty paid mineral. It should be valid in first submission but the executing agencies accepted the same e-MM-11 form multiple times. Royalty, price of mineral and penalty was leviable on the contractors for second and onward submission of the same e-MM-11 form. Failure of the executing agencies to detect submission of same e-MM-11 forms multiple times resulted in non-realisation of revenue of ₹ 35.32 lakh including royalty of ₹ 1.72 lakh, price of mineral of ₹ 8.60 lakh and penalty of ₹ 25 lakh to the Government as shown in **Appendix-XVIII**.

- In 245 cases, either office copy or check post copy of the MM-11 form was used.

Audit noticed in nine executing agencies of six⁶¹ districts that due to submission of office copy/check post copy of MM-11 forms, royalty, price of mineral and penalty was leviable on the contractors. Failure of the executing agencies to detect submission of incorrect copy of MM-11 forms by the contractors resulted in non-realisation of revenue of ₹ 91.61 lakh including royalty of ₹ 5.06 lakh, price of mineral of ₹ 25.30 lakh and penalty of ₹ 61.25 lakh to the Government as shown in **Appendix-XIX**.

⁵⁸ MM-11 forms, vouchers, running bills and final bills of contractor.

⁵⁹ Fatehpur, Kaushambi and Siddharthnagar.

⁶⁰ Two to nine times.

⁶¹ Banda, Fatehpur, Hamirpur, Kaushambi, Prayagraj and Siddharthnagar.

Out of the above cases, some illustrative cases where fake MM-11 forms and photocopies of MM-11 forms were submitted by a contractor to an executing agency as proof that royalty had been paid for minerals are given in **Table-3.1** and discussed in subsequent paragraphs.

Table 3.1
Details of fake MM-11 forms and photocopies of MM-11 forms

Sl. No.	MM-11 Form No.	Details of agreement wherein the MM-11 form was enclosed		Name of lessee in e-MM-11 submitted	Date of issue	Quantity mentioned (in Cubic Meter)	No. of times the same e-MM-11 form submitted
		Agreement No/Voucher No.	Date				
1	31451803026508781	131/SE-736C Basti circle Vr. No. 69/ 30.03.2022	27.10.2020	M/s Bajrang Stones	17.11.2020	30	Four times
2	31451903027609002			Lalta Prasad	18.02.2021	18	Two times
					22.02.2021	18	Two times
					02.03.2021	18	Two times
3	31451903027609120				22.02.2021	20	Two times
					02.03.2021	20	One time
4	31451803025543411			Mahesh Kumar Aggarwal	16.02.2021	18	Two times
5	31451803025802299			Rajendra Prasad Sahu	27.12.2020	14	One time
				Rajendra Prasad Sahu	26.12.2020	14	Five times
				Rajendra Prasad Sahu	24.12.2020	14	One time
				Sitaram Agarwal	30.01.2021	18	Two times
6	31451903027607989			Lalta Prasad	30.01.2021	18	Two times

Source: Information on basis of Audit findings

- Audit while cross verifying noticed that details of e-MM-11 form nos. 31451803026508781, 31451903027609002, 31451903027609120 and 31451803025543411 were not available on the Departmental website as portal was showing record not found. Further, in the case of MM-11 form nos. 31451903027609002 and 31451903027609120 submitted by the contractors, different dates of issue for the same form no. was mentioned which clearly indicated manipulation and submission of fake forms by contractors.
- It was found that original e-MM-11 form no. 31451803025802299 was issued for district Maharajganj by leaseholder Sri Ahmed Kamal Khan on 8 September 2019 and contractor submitted this e-MM-11 form many times after manipulating name of the lessee and date of issue. Submission of fake MM-11 forms could not be detected by the executing agencies.
- In another case it was found that e-MM-11 form no. 31451903027607989 was originally issued by lessee Sri Lalta Prasad on 3 July 2020 for quantity 14 cubic meter and contractor submitted the same for quantity of 18 cubic meter issued on 30 January 2021. Submission of fake MM-11 form could not be detected by the executing agencies.

Thus, the contractors submitted same MM-11 forms multiple times, submitted office copy/check post copy of the MM-11 forms and also submitted fake MM-11 forms. The executing agencies failed to detect this while releasing payments to the contractors. As MM-11 forms were not authentic, the minerals used in the works should have been considered as obtained from illegal mining. The executing agencies did not get verified the genuineness of submitted MM-11 forms from the concerned DMOs. Thus executing agencies as well as concerned DMOs failed to ensure the sanctity of the transit passes submitted by the contractors to the executing agencies.

3.10.2.2 MM-11 forms submitted were issued for different destinations

Audit test-checked 2,544 MM-11 forms submitted to 41 executing agencies in 18 districts and noticed in 19 executing agencies of 10 districts⁶² that 941 MM-11 forms submitted by the contractors were issued for other destinations. As MM-11 forms were issued for other destinations, royalty, price of mineral and penalty was leviable on the contractors. This resulted in non-realisation of revenue of ₹ 3.54 crore including royalty of ₹ 19.82 lakh, price of mineral of ₹ 99.10 lakh and penalty of ₹ 2.35 crore to the Government as shown in **Appendix-XX**.

3.10.2.3 Dates of MM-11 forms submitted were prior to award of work

Audit test-checked 2,544 MM-11 forms submitted to 41 executing agencies in 18 districts and noticed in nine executing agencies of five⁶³ districts that 284 MM-11 forms submitted by the contractors were prior⁶⁴ to award of work. As MM-11 forms were issued prior to award of the work, these forms should not have been accepted and royalty, price of mineral and penalty was leviable on the contractors. This resulted in non-realisation of revenue of ₹ 97.99 lakh including royalty of ₹ 4.50 lakh, price of mineral of ₹ 22.49 lakh and penalty of ₹ 71 lakh to the Government as shown in **Appendix-XXI**.

3.10.2.4 Dates of issue of MM-11 forms submitted were after the dates of completion of work

Audit test-checked 2,544 MM-11 forms submitted to 41 executing agencies in 18 districts and noticed in four executing agencies of three⁶⁵ districts that 27 MM-11 forms submitted by the contractors were issued after⁶⁶ the dates of completion of work. As MM-11 forms were issued after completion of the works, these forms should not have been accepted and royalty, price of mineral and penalty was leviable on the contractors. This resulted in non-realisation of revenue of ₹ 10.53 lakh including royalty of ₹ 0.63 lakh, price of mineral of ₹ 3.15 lakh and penalty of ₹ 6.75 lakh to the Government as shown in **Appendix-XXII**.

⁶² Baghpat, Banda, Bulandshahr, Fatehpur, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Muzaffarnagar and Siddharthnagar.

⁶³ Baghpat, JP Nagar, Kaushambi, Prayagraj and Siddharthnagar.

⁶⁴ 2 to 1,304 days prior to start of work.

⁶⁵ Kaushambi, Prayagraj and Siddharthnagar.

⁶⁶ 18 to 157 days after the completion of work.

Submission of fake/irregular transit passes by contractors involved risk of use of illegally mined minerals in the works got executed by executing agencies.

The Government, in exit conference, assured to look into these discrepancies and stated that security measures are being adopted now in the transit pass and efforts are being made to integrate the mining portals of all the states so that such cases can be identified.

Recommendations:

- 3. The Government may strengthen co-ordination between Geology and Mining Department and the Government executing agencies undertaking civil works to ascertain that the contractors have sourced minerals from legitimate licensees and submit valid transit passes to executing agencies.**
- 4. The Government may examine irregularities of transit passes in detail and if a serious lapse is found should fix responsibility and take appropriate action.**

3.11 Conclusion

The Department needs to improve their system to collect its dues as there were instances where royalty/Contribution to DMFT/Regulating fee/*palothan*/interest etc. were not realised from lessees/brick kiln owners. The accounting of receipts from minor minerals was also not as per prescribed rules. DGM did not issue any instructions to DMOs for separate accounting of receipts from major and minor minerals. The Department did not charge penalty for late submission of mining plans and failed to realise price of mineral and penalty from the lessees who excavated minerals without revised mining plan.

The Department should strengthen the system to ensure the sanctity of the transit passes submitted by the contractors to the executing agencies as there were instances where the contractors submitted transit passes which were fake/office copy/check post copy or used multiple times or issued for other destinations. In some cases, the date of issue of MM-11 forms was before the work was awarded or after the work was completed. The executing agencies could not detect these discrepancies while releasing payments to the contractors.

CHAPTER–IV

Illegal Mining

CHAPTER-IV

ILLEGAL MINING

Summary

The Uttar Pradesh Minor Mineral (Concession) Rules does not prescribe what is price of mineral and royalty in cases of mining areas leased out through auction. The Department ignored the bid rate and levied the royalty and price of mineral at the base rate, not revised since January 2016, from lessees who had illegally excavated minerals from the lease area and/or areas neighbouring the sanctioned lease area, which resulted in deprivation of potential revenue to the Government. Illegal mining led to violation of the terms and condition of environment clearance and sand mining guidelines.

There was lack of input control mechanism in the software for monitoring the e-transit passes. Lessees generated e-MM-11 forms for vehicles not fit for transportation of minerals, for vehicles having ineligible/fake registration numbers and in prohibited months. Distance mentioned in e-MM-11 forms was much more than actual distance, which indicated risk of transportation being done multiple times on the same e-MM-11 form by single payment of royalty.

Examination of the selected sites of leases from Google Earth revealed instances where minerals were excavated outside lease area and without grant of mining lease. Lessees did not follow the sand mining guidelines and excavated the sand with the help of excavators.

Audit used satellite imagery from Google Earth and found that norms for establishment of brick kilns such as, prescribed distance from other brick kilns, residential area, school/college, hospital, orchard, Eco Sensitive Zone (ESZ) and from historical monuments were not followed by the brick kiln owners.

The Ministry of Mines, GoI advised the State Governments to implement the Mining Surveillance System for minor minerals within their States for curbing instances of illegal mining. Though the State Government implemented the MSS, this system may be used effectively to prevent the illegal mining in the State. The State Government did not impose any cess on mining lease holders for expenditure incurred on technological intervention.

4.1 Introduction

Section 21(5) of the MMDR Act, 1957 stipulates that whenever any person raises, without any lawful authority, any mineral from any land, the State Government may recover from such person, the mineral so raised, or, where such mineral has already been disposed of, the price thereof, and may also recover from such person, rent, royalty or tax, as the case may be, for the

period during which the land was occupied by such person without any lawful authority.

Further, Rule 3 of the UPMMC Rules, 1963 provides that no person shall undertake mining operations in any area within the State of any minor mineral to which these rules are applicable except under and in accordance with the terms and conditions of mining lease or mining permit granted under these Rules.

Rule 57 of the UPMMC Rules, 1963 prescribes penalty for violation of the above provisions and provides for punishment upon conviction with imprisonment for a term which may extend up to six months or with fine which may extend to ₹ 25,000, or with both. Government vide order dated 18 May 2017 revised the penalty provisions of the said Rule to imprisonment for a term which may extend up to five years or with fine which shall not be less than of ₹ two lakh per hectare and which may extend to ₹ five lakh per hectare of the area, or with both.

It is further provided under Rule 41(h)(1) of the UPMMC Rules, 1963 that the lessee shall not do any mining operation beyond the depth of three meters or water level whichever is less in the river bed and no mining shall be carried out in the safety zone so worked out by the district officer; provided that no mining shall be carried out into the water stream with the help of suction machine or the lifter etc.

Rule 21(2) of the UPMMC Rules, 1963 prescribes the amount of royalty to be levied and states that royalty of minerals shall not be more than 20 *per cent* of pit's mouth value⁶⁷ of minerals. The Government, in its order dated 15 October 2015, also clarified that the price of minerals is ordinarily five times of the royalty.

Implementation of the Integrated Mining Surveillance System (iMSS) was initiated in the year 2020 with facilities of drone surveillance of areas of complaints of illegal mining, registration of mineral transporting vehicles, Radio Frequency Identification (RFID) tags and weigh bridges along with Pan Tilt Zoom (PTZ) Camera at the exit of mines and their integration with State Command Centre. As on April 2022, 80,000 vehicles have been registered under the iMSS, 441 Weigh bridges have been installed in the mining areas, 75 hand-held machines have been provided to the Mining Officers to check illegal transportation and 16 automated check-gates have been installed.

The Mine Mitra portal is an initiative of the DGM. The portal is designed to provide a digital platform for online submission and monitoring of mining related activities such as generation and validation of transit passes, submission and approval of Mining Plan, issue of storage licenses and payment of royalty and regulating fee.

The Mining Plan approved by DGM and EC granted to lessee mentions the area demarcated for carrying out any mining activity. Mining operation shall in respect of all minor minerals be undertaken in accordance with the Mining Plan. Further, electronic MM-11 forms (e-MM-11 forms) were introduced for transportation of minerals with effect from 1 August 2017 in place of physical MM-11 forms.

⁶⁷ "Pit's mouth value" means the sale price of the minor mineral at the pit head or at the point of production.

The Department provided number of cases of illegal mining/transportation, amount levied and recovered from illegal miners/transporters during 2017-18 to 2021-22, which are detailed in **Table-4.1**.

Table:4.1

Details of number of cases, levied amount and recovered amount from illegal miners/transporters

Year	Number of cases of illegal excavation/Transportation	Levied amount (₹ in crore)	Recovered amount (₹ in crore)
2017-18	10,188	30.45	28.73
2018-19	21,752	98.47	80.86
2019-20	20,348	73.85	48.67
2020-21	21,641	94.51	77.55
2021-22	25,986	138.37	124.89

Source: Information provided by the Department.

Audit examined the records of selected DMOs and DGM. The irregularities noticed by Audit with respect to cases of illegal mining and deficiencies in generation/usage of e-MM-11 forms have been highlighted in succeeding paragraphs.

Audit Findings

4.2 Gaps in Regulatory Framework relating to illegal mining

Rule 23(1) of the UPMMC Rules, 1963 stipulates that the State Government may by general or special order declare the areas which may be leased out by auction. Further, Rule 23(3) stipulates that on such declaration, Chapter-III⁶⁸ of the said Rules shall not apply to the area in respect of which the declaration has been issued.

Thus, for any illegal mining the State Government can recover the mineral or its value and relevant royalty as per provisions of Chapter-III. However, for areas which are notified to be leased out by auction, the royalty rate in Chapter-III are not applicable.

Audit analysed the penal provisions under two scenarios: Illegal mining in (a) auctioned areas and (b) areas in the neighbourhood of the auctioned areas. The results of the analysis are given below.

(a) Price of mineral not defined in cases of mining areas leased out through auction

Rule 23(3) of the UPMMC Rules, 1963 stipulates that for auctioned areas Chapter III shall not be applicable. Chapter III prescribes that royalty of minerals shall not be more than 20 *per cent* of pit's mouth value of mineral. On the basis of this, price of mineral is ordinarily taken as five times of the royalty. As the Chapter III is not applicable in cases of mining areas leased out through auction, there is ambiguity as to the manner in which the price of minerals in case of illegal mining shall be determined in such cases. In the absence of suitable provisions for imposing price of minerals, district authorities adopted Chapter III rates of royalty.

⁶⁸ Provisions relating to payment of royalty and dead rent for leases which are awarded before e-auction system.

(b) Inadequate quantum of royalty and price of mineral imposed for illegal mining in areas inside/neighbouring the auctioned areas

Audit test-checked lease files of 217 leases in 16 DMOs and noticed that in 11 DMOs⁶⁹ where leases had been granted through auction, the investigation team from the district authorities had reported 111 cases of illegal excavation of 10,98,156.37 cu.m. of minor minerals (sand/morrum/gitti) by 65 lessees from inside the lease area and/or areas neighbouring the sanctioned lease area. The district authorities calculated quantum of illegal mining and issued demand notices at base rate⁷⁰ of royalty to 65 lessees in 111 cases totalling ₹ 90.28 crore (₹ 15.22 crore as royalty, ₹ 73.55 crore as price of minerals and ₹ 1.51 crore as penalty) for illegal excavation and could recover ₹ 9.18 crore only.

Audit compared the quantum of royalty and price of mineral actually imposed by the District Magistrate and that based on rate discovered through auction. Some illustrative cases are detailed in **Table-4.2**.

Table 4.2
Analysis of penal amounts for illegal mining

Sl. No. (1)	Name of the lessee (2)	Quantity of illegal mining (in cu.m.) and name of mineral (3)	Actually imposed by District Magistrate				Based on rate discovered through auction (calculated by Audit)			
			Rate of Royalty (per cu.m.) (4)	Royalty (5)	Price of mineral (6)	Total (7)	Discovered rate of Royalty (per cu.m.) (8)	Royalty (9)	Price of mineral (10)	Total (11)
1.	Sri Manish Chauhan	98,463 (Sand)	65	64.01	320.07	384.08	429	422.49	2,112.46	2,534.95
2.	M/s Chaudhary Ent Udyog, Prop-Sri Balkrishna Sharma,	9,450 (Morrum)	150	14.18	70.88	85.06	901	85.14	425.72	510.86
3.	M/s Sai Ram Enterprises, Partner-Sri Chandra Bhushan Gupta	62,072 (Gitti)	160	99.32	496.58	595.90	3,010	1,868.37	9,341.84	11,210.21
4.	M/s C S Infraconstruction, Prop.-Smt. Pushpa Singh	33,603 (Gitti)	160	53.76	268.82	322.58	3,000	1,008.09	5,040.45	6,048.54

An analysis of figures in above table indicated that penal demand for illegal mining were based on rates of royalty as given in Chapter III of the UPMMC Rules, 1963 which were much less than the rates discovered through auction. Thus, while Chapter III rates of royalty in above cases ranged from ₹ 65 to ₹ 160, those discovered through auction were in the range of ₹ 429 to ₹ 3,010. Based on Chapter III rates, amounts (royalty and price of mineral) ranging between ₹ 85.06 lakh to ₹ 5.96 crore only were demanded from these lessees. However, if auction rates were to be considered, these four lessees would have to pay amounts (royalty and price of mineral) ranging between ₹ 5.11 crore to ₹ 112.10 crore. Therefore, despite the occurrence of illegal mining by lessees within the lease area and/or neighbouring areas, the existing regulations allowed for the imposition of royalty and price of mineral at significantly lower rates and loss of potential revenue to the Government.

⁶⁹ Baghpat, Banda, Bulandshahr, Fatehpur, GB Nagar, Hamirpur, Kaushambi, Mahoba, Prayagraj, Shamli and Sonbhadra.

⁷⁰ Rates of royalty of minerals mentioned in schedule I of the UPMMC Rules, 1963.

The Government, in exit conference, stated that as per Section 21 (5) of the Mines and Minerals (Development and Regulation) Act, 1957, when any person raises and disposed of any mineral without any lawful authority from any land, the State Government may recover royalty, tax, price of mineral etc. from such person. The rates of royalty for minor minerals are specified in the First Schedule of the Uttar Pradesh Minor Minerals Concession Rules 2021. As per the provisions of Rule 21 of the Rules, the royalty shall not exceed 20 *per cent* of the sale price of the mineral. There are no provisions in the Act or Rules for determining the price of mineral. In the e-tender cum e-auction process, the specified royalty rate in the First Schedule of the Rules is considered as the base price. The amount obtained through the highest bid in the bidding process cannot be termed as royalty. The legal meaning of royalty is confined to the royalty specified in the Act or Rules.

The reply of the Government is not acceptable as in cases of mining areas leased through auction, Chapter III and rates of royalty provided therein are not applicable. In these cases, illegal mining was done by lease holders in lease area and/or area neighbouring the sanctioned lease area, and therefore price of mineral should have been levied five times of auction rate. Moreover, rates of royalty provided in Chapter III were not revised since 19 January 2016. Further, not applying the royalty at the auction rate and not revising rates of royalty provided in Chapter III resulted in instances (refer Sl. No. 3 and 4 of Table 4.2) where the amount of royalty and price of mineral levied for illegal mining is much lower than the royalty amount payable for legal extraction. This encourages illegal mining and considerable loss of potential revenue to Government.

Recommendations:

- 5. The Government may make amendment in UPMMC Rules to clearly prescribe what is price of mineral and royalty in terms of Section 21(5) of the MMDR Act in areas leased out through auction.**
- 6. The Government may review and update in a time bound manner the rates of royalty which will be applicable in cases of illegal mining in areas neighbouring mining leases settled through auction.**

4.3 Illegal mining and other irregularities seen from Google Earth

Audit examined sites of 217 leases of 16 districts from Google Earth and found instances where minerals were excavated outside lease area and without grant of mining lease. It was also found that lessees did not follow the sand mining guidelines and provisions of the UPMMC Rules, 1963 and excavated the mineral with the help of excavators. Some observations are illustrated below with images obtained from Google Earth highlighting the objected areas:

4.3.1 Mining outside the lease area

After plotting the geo-coordinates of 217 mining leases of 16 districts as shown in EC/demarcation report, Audit observed in 11 districts that minerals were excavated outside lease areas allotted to 45 lessees and total area in which illegal mining was done was approximate 268.91 hectare (26,89,100 square meter). On the conservative side, taking depth of minimum one meter,

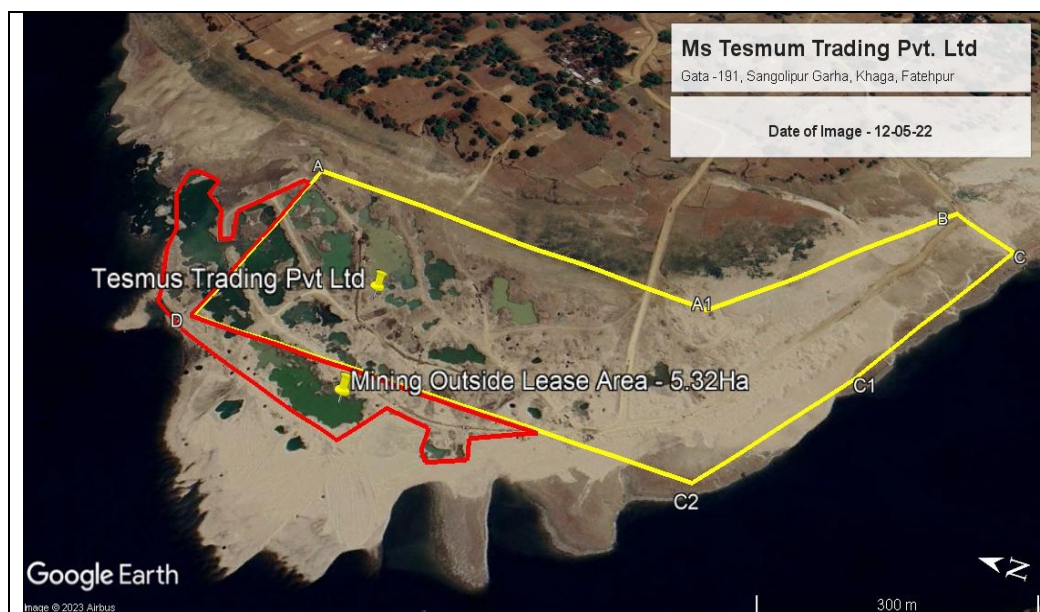
26.89 lakh cubic meter minerals were excavated illegally as detailed in **Table-4.3**.

Table 4.3
Mining outside the lease area

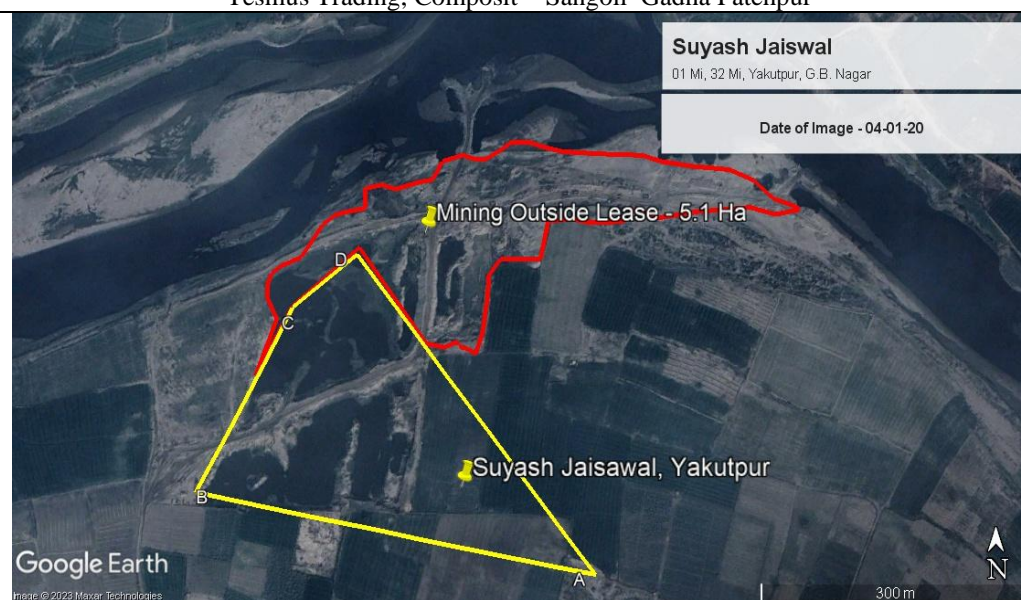
Name of District	Mining outside the lease area	
	No. of cases	Total area (in hectare)
Banda	6	45.48
Chitrakoot	4	34.29
Fatehpur	5	32.42
Gautambuddh Nagar	2	15.60
Hamirpur	11	62.91
Kanpur Dehat	1	1.79
Kaushambi	5	15.27
Prayagraj	5	22.09
Saharanpur	2	7.96
Siddharthnagar	1	1.00
Sonebhadra	3	30.10
TOTAL	45	268.91

Followings are some illustration of the above leases.

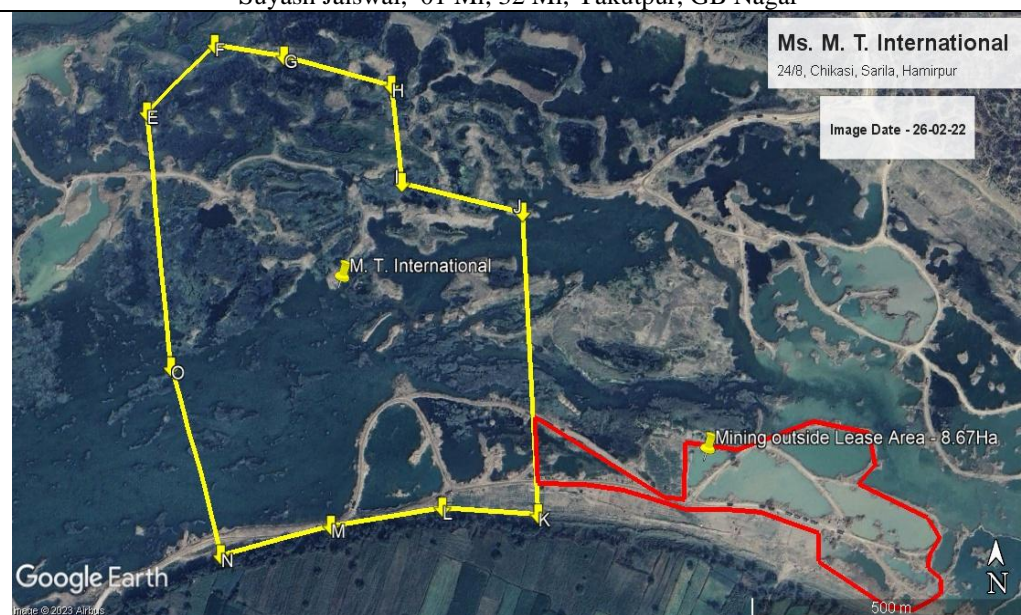




Tesmus Trading, Composit - Sangoli Gadha Fatehpur



Suyash Jaiswal, 01 Mi, 32 Mi, Yakutpur, GB Nagar



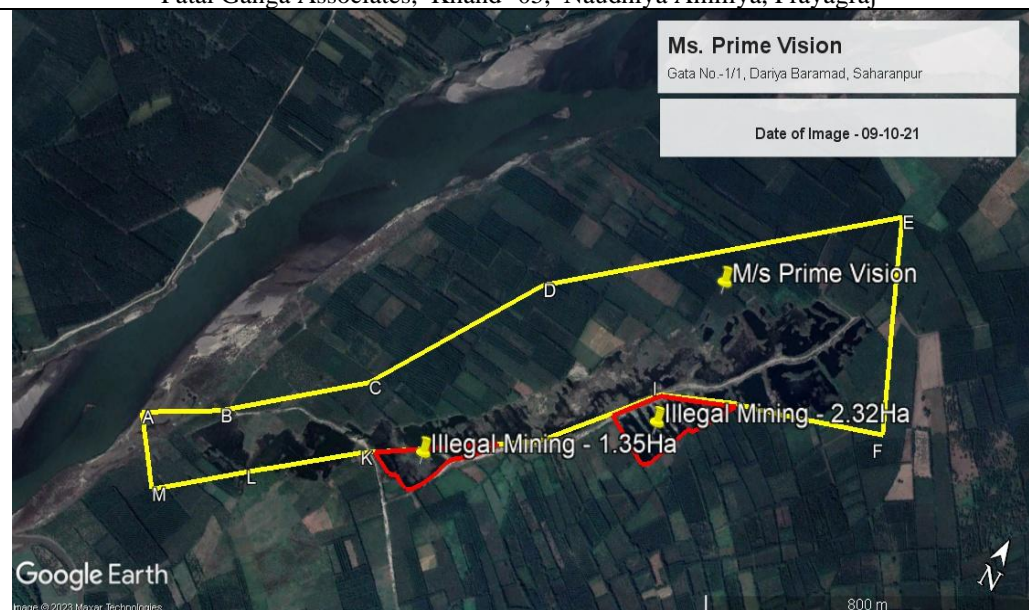
M. T. International, 24/8 – Chikasi, Hamirpur



Prime Vision, Kh-11/37, Angna, Kaushambi



Patal Ganga Associates, Khand -05, Naudhiya Amiliya, Prayagraj



Ms Prime Vision, Gata No.-1/1, Dariya Baramad, Saharanpur



Figure 4.1- Excavation of minerals outside lease area
(Lease area – Yellow Polygon, Illegal mined Area- Red Polygon)

The Department, in its reply (July 2023), stated that the mining work being done by the lessee is periodically checked by the district level Task Force. Apart from this, through technological intervention, illegal mining is checked by conducting drone survey. Action is taken as per rules if illegal mining is found outside the sanctioned mining area during inspection. Legal action is not possible on the basis of the image obtained from Google Earth and the estimated measurement of the mining pits outside of the area.

The reply of the Department is not acceptable because concerned DMOs did not use technological intervention to detect and investigate these illegally mined areas.

4.3.2 Illegal mining without grant of mining lease

After plotting the geo-coordinates of 217 mining leases of 16 districts as shown in EC/demarcation report, Audit observed that in three districts, five cases of mining excavation occurred in an area of 30.40 hectares without the grant of mining leases. The satellite imagery clearly showed a consistent pattern of vehicular movements, presence of poclains/excavators/suction pumps and surface texture indicative of mining activities in these areas. The details of the observed cases are provided in **Table-4.4**.

Table 4.4
Illegal Mining without grant of mining lease

District	Illegal Mining other than Lease Area	
	No. of cases	Area (hectare)
Chitrakoot	1	14.90
Hamirpur	3	6.18
Sonebhadra	1	9.32
TOTAL	5	30.40

Followings are illustration of the above cases.

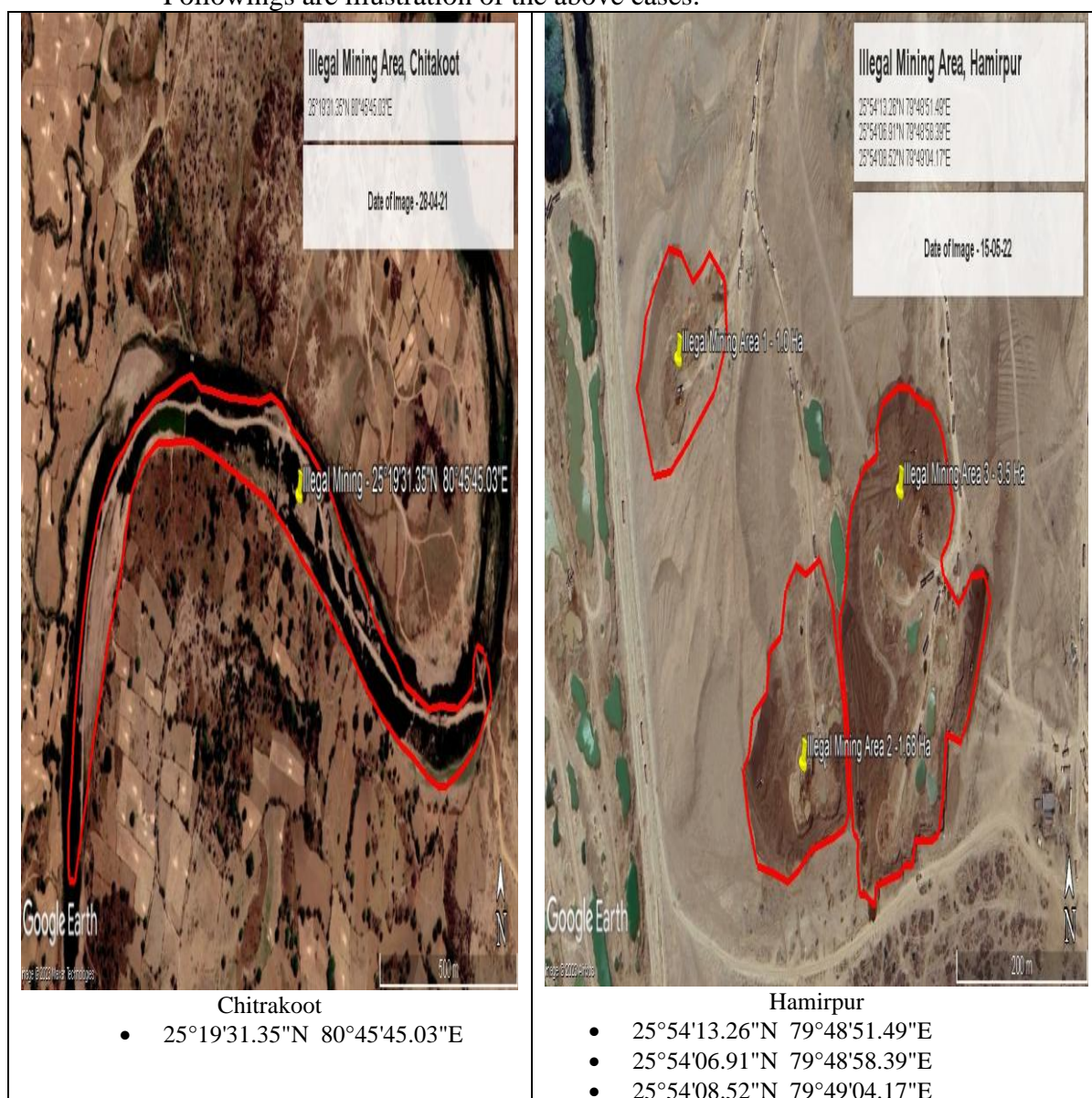




Figure 4.2- Excavation without grant of mining lease (Illegal mining area – Red Polygon)

The Government, in exit conference, assured to take necessary action on matter of mining excavation without grant of mining lease.

4.4 Illegal mining and other irregularities traced out through Remote Sensing/GIS

Audit conducted a study in association with Geographic Information System (GIS) Cell, Motilal Nehru National Institute of Technology Allahabad, Prayagraj for re-assessment and substantiation of preliminary findings of audit results. The study report was issued to Department for its reply/observations. In selected Tehsil Sarila (Hamirpur) and Bara (Prayagraj) field investigations were also performed by the representatives of the GIS Cell along with the Audit and Department. The following methodology was adopted to assess the presence of illegal mining.

- Selection of satellite imageries covering the provided sites with minimum cloud cover.
- Co-registration of the satellite imageries.
- Orthorectification⁷¹ of satellite imageries.
- Manual mapping of suspected illegally mined and accessed sites by satellite images and their temporal comparison.
- Mapping of illegal suspected mining from satellite images is mainly focused to confident excavation regions, slopes that are not very clear are not mapped.
- Sites mapped as illegal are mainly marked based on satellite images and a comparison of available satellite images.
- Mostly waterlogged regions have been used for the boundary of excavation for sites that are near the bank of the river.

⁷¹ It is the process that removes terrain distortions from raw satellite image data to facilitate reliable image data.

- h. Total Station was used for data collection of topography for volume computation.

4.4.1 Area of Investigation – 1 : Bhedi Kharka, Sarila, Hamirpur

The selected Area of Investigation-1 (AOI-1) for the field visit is shown in Figure-4.3 (red polygon, 24.9 acres) which is a site of morrum. The selection of the AOI-1 was done on observation of illegal suspected mining activities, initially from Google Earth satellite imageries (also mapped by Cartosat imageries as shown in Figure 4.3) and then field survey of the sites in Bhedi Kharka village. Figure 4.3 shows Google Earth imagery and Cartosat 2E and Cartosat 3 images from 2020 to 2022 in order to highlight suspected mining activities in AOI-1.

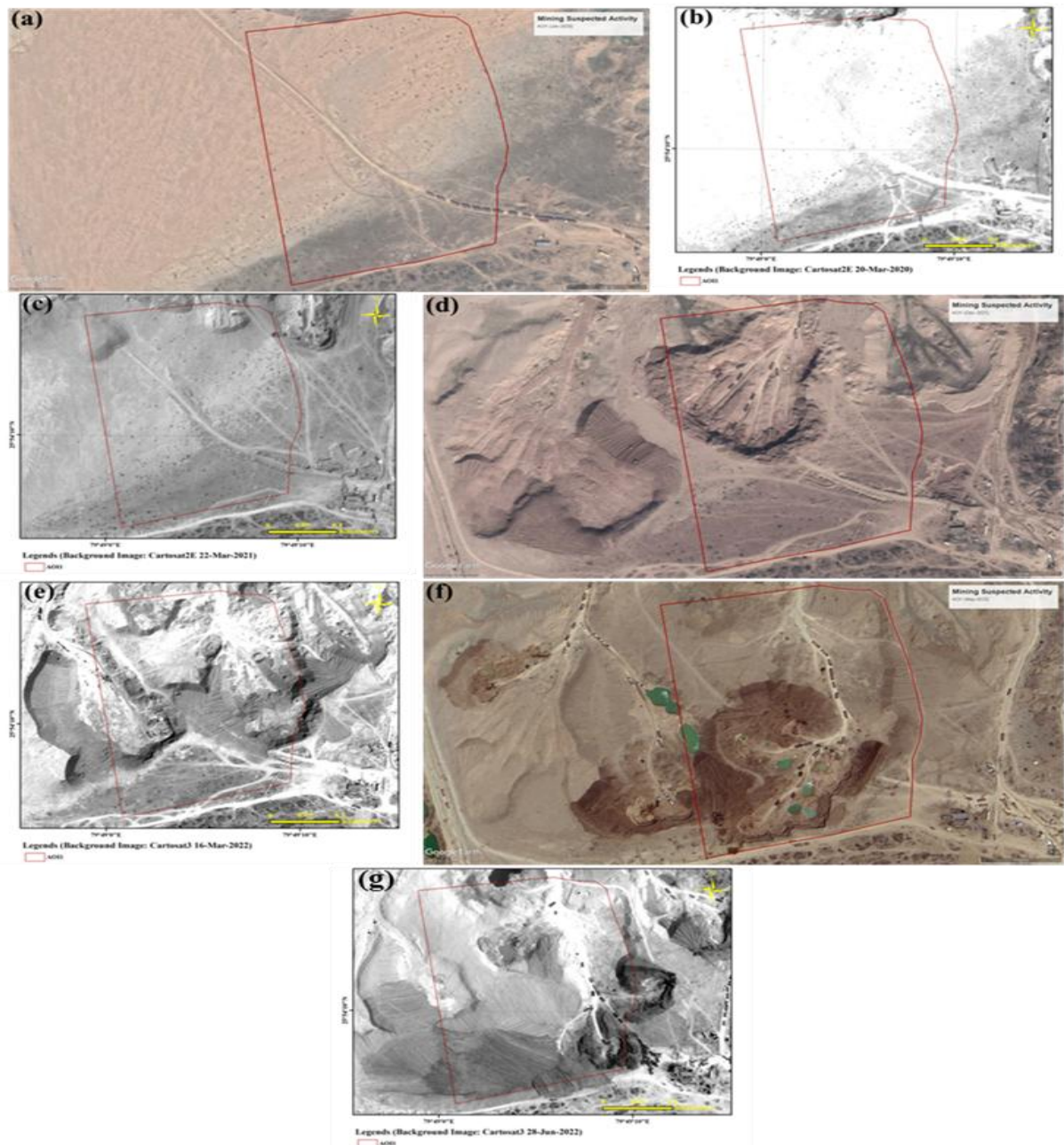


Figure 4.3: Selected AOI-1 shown in Cartosat and Google Earth images in Red Polygon:
 (a) Jan-2020, (b) Cartosat 2E, Mar-2020, (c) Cartosat 2E, Mar-2021, (d) Dec-2021,
 (e) Cartosat 3, Mar-2022, (f) May-2022, (g) Cartosat 3, Jun-2022
 (Lat:25.902982⁰, Lon:79.817960⁰)



Figure 4.4: Photographs captured during data collection

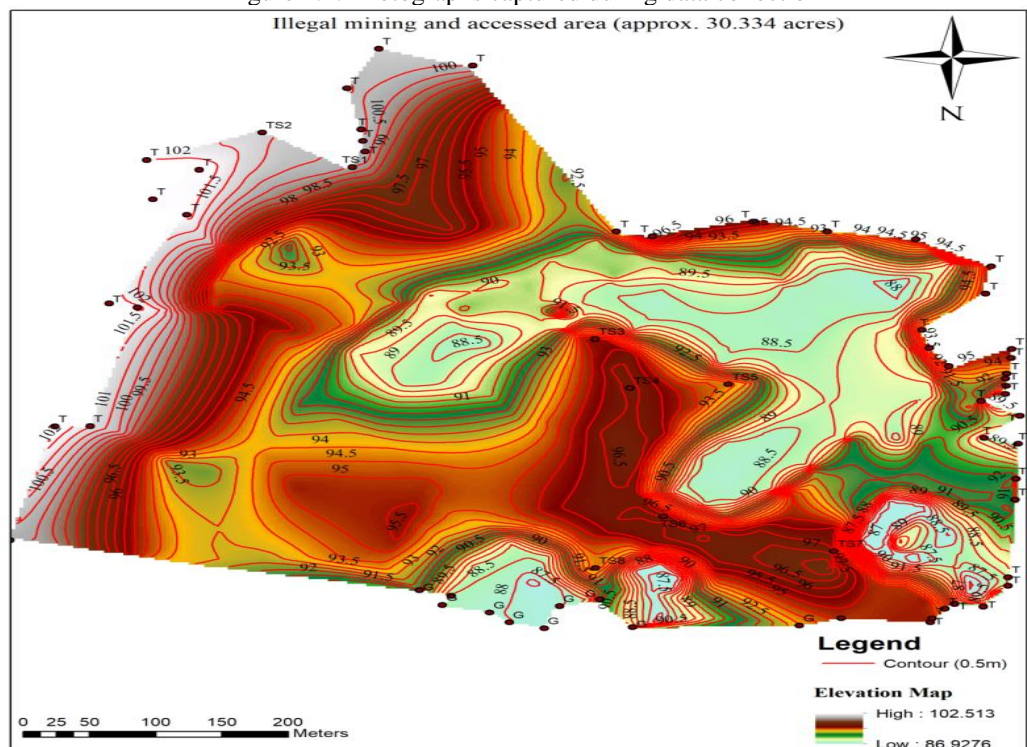


Figure 4.5: Contour map of the AOI-1

Audit noticed from Google Earth that a fleet of trucks has been observed passing through AOI-1 in January-2020 imagery, at that time no quarrying has been observed. A fleet of trucks connecting the lease (Ms. A J Constructions Gata No. 23/14) has been observed in AOI-1 in December-2021 imagery and the North-West portion of AOI is quarried (~9.29 acres). A fleet of trucks in and heading to the South-West portion of AOI-1 are observed with excavators in May-2022 imagery and the South-West portion has been extensively quarried.

Further, on field visit total five large pits of 6-10 meter depths from reference level along with 4 small pits were found in AOI-1 which were not clearly visible from Google Earth imagery of 15 May 2022. The undisturbed lands are taken as a reference level and an elevation contour map is prepared

(Figure 4.5), which justifies the large pits' area and depth. A morrum road enters from North of the AOI-1 which comes from connecting lease (Ms. A.J. Constructions, Gata No. 23/14).

Based on the data collection, a total area of ~1,22,759 square meters (~30.334 acres) had been excavated consisting of ~3,72,963 cubic meter morrum. As a result, Government was deprived of revenue amounting to ₹ 34.21 crore (royalty ₹ 5.59 crore, price of mineral ₹ 27.97 crore and penalty approx ₹ 65 lakh). Concerned DMO failed to identify illegal mining activity in this area.

4.4.2 Area of Investigation - 2 : Chhatahara Ghurehtha, Bara, Prayagraj

The second site, AOI-2 was selected for volume computation is shown in Figure 4.6(A) (red polygons). This is a stone lease of Sarita Constructions in village Chhatahara Ghurehtha, Gata No. 719 – Khand 1 and Khand 2, Area: 5 acres each (5.99 and 4.84 acres as per GPS coordinates). In Figure 4.6(A), the red, pink, blue and green polygons show the excavation within years (2018, 2020 and 2022) and present the boundary along with the allocated site respectively. Figure 4.6(B) also shows the suspected illegal mining activities mapped by using Cartosat imagery of 2019 and 2021.

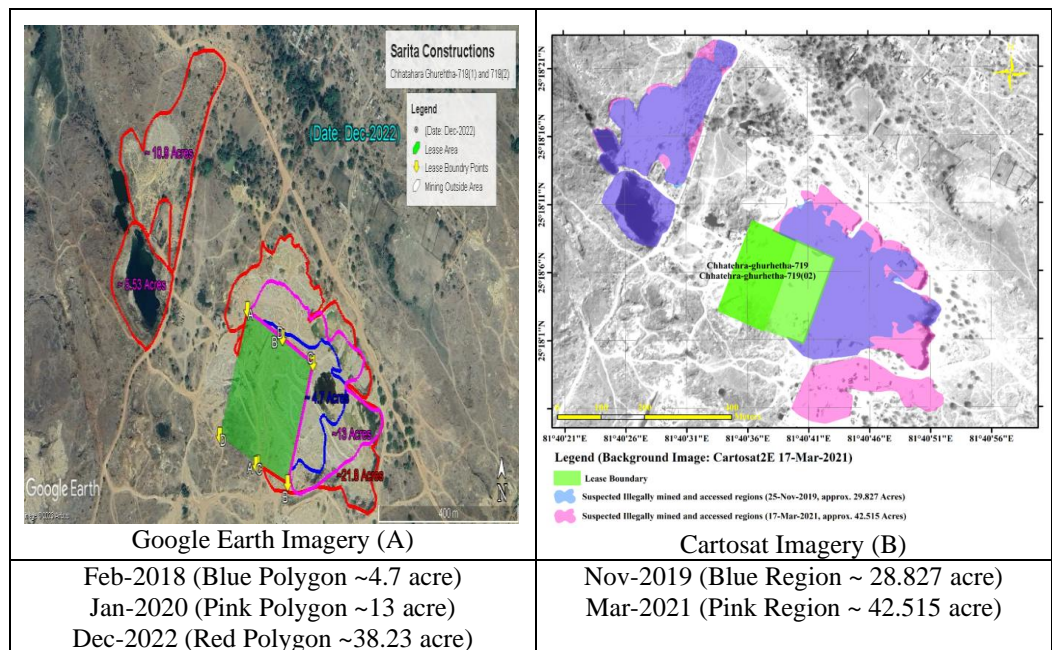


Figure 4.6: Mining suspected activity recorded around Sarita Constructions (Chhatahara Ghurehtha-719(1) and 719(2))

The AOI-2 contains two leases but the excavation was performed constantly outside the leases (see Figure 4.6 (A) and (B)). The mining had been done outside the leased area to a greater extent to a depth of 15-20 meters, and the contour elevation map (Figure 4.7) also justifies this.

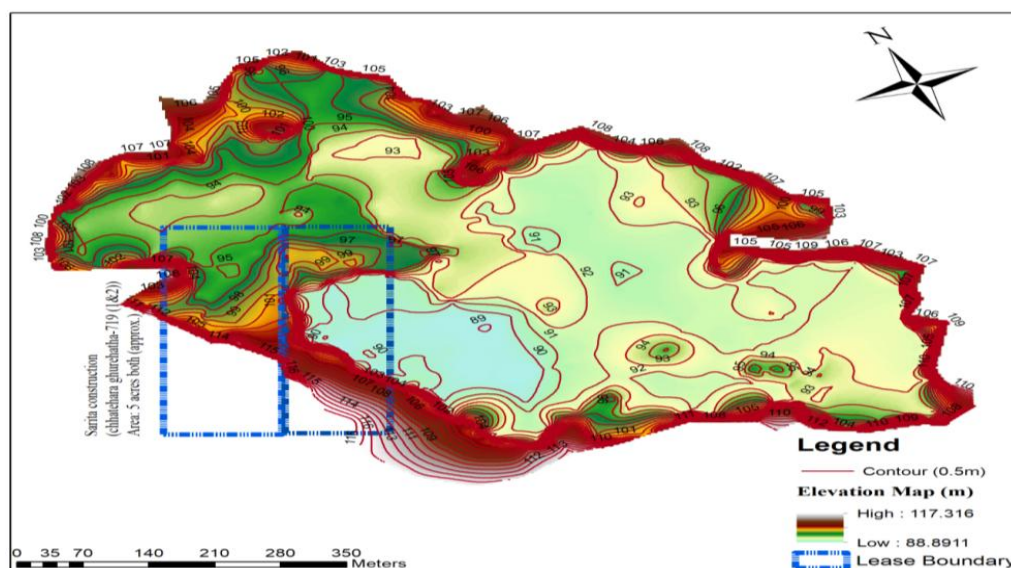
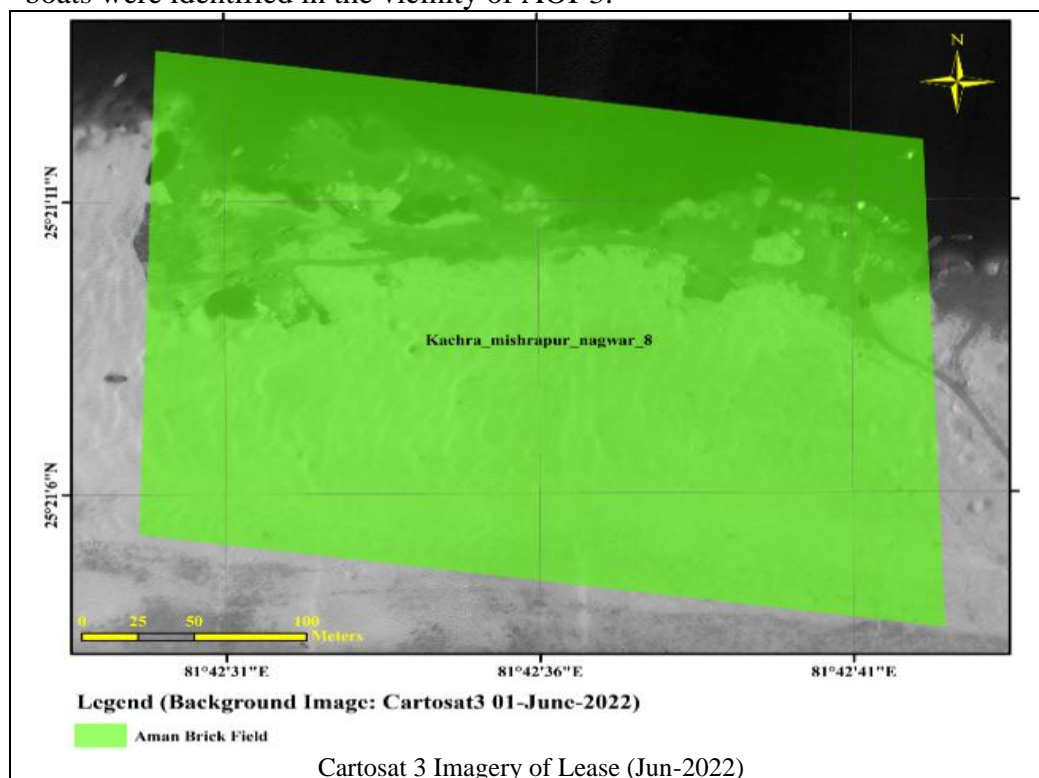


Figure 4.7: Contour map of the AOI-2

Based on the above investigation, a total area of ~1,17,545 square meters (~29.046 acres) had been excavated consisting of ~18,18,890 cubic meter volume. As a result, Government was deprived of revenue amounting to ₹ 120.66 crore (royalty ₹ 20.01 crore, price of mineral ₹ 100.05 crore and penalty ₹ 60 lakh). Concerned DMO failed to identify illegal mining activity in this area.

4.4.3 Area of Investigation -3: Kachra Mishrapur, Bara, Prayagraj

The selected AOI-3, shown in Figure 4.8 (green polygon), is a Sand lease of M/s Aman Brick Field. From the imageries it can be noticed that a number of boats were identified in the vicinity of AOI-3.



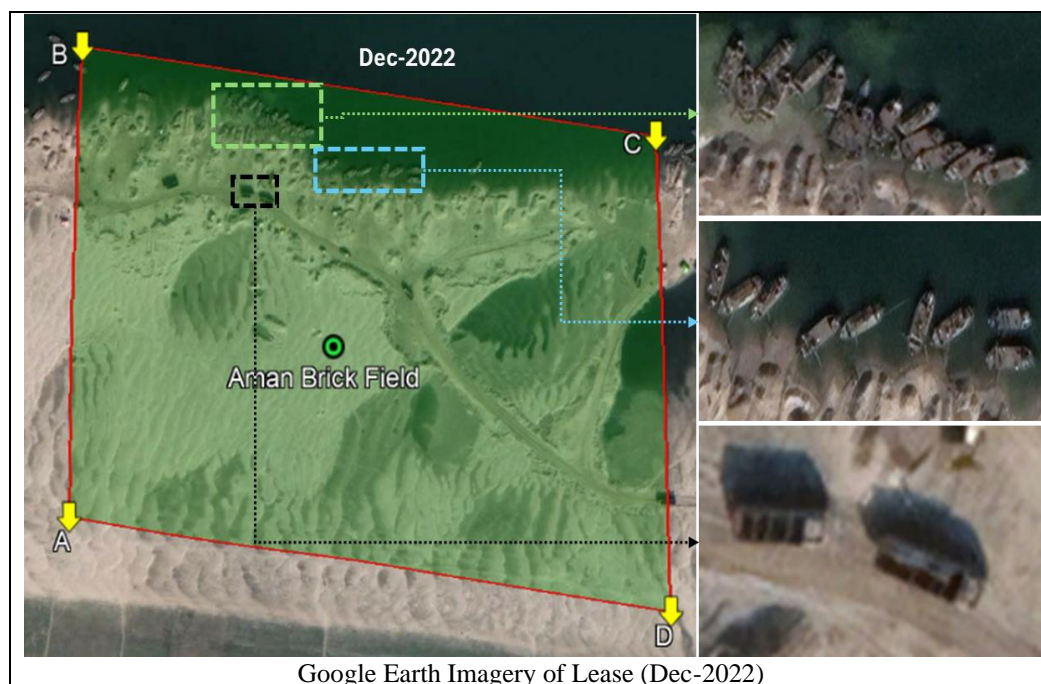


Figure 4.8: Selected AOI-3 (in Green Polygon), (Lat:25.322359⁰, Lon:81.709870⁰) Aman Brick Field (Kachra, Mishrapur, Nagarwar Khand-08)

During field visit in February 2023, Audit noticed that lease site had not been utilised efficiently for mining purpose instead it was being utilised for dumping the sand. Sand was being brought by boats from other places and the lease site was being used for dumping purpose (Figure 4.9).



Figure 4.9: Photographs captured during field visit of Prayagraj

4.4.4 Investigations done using Satellite Imageries (Google Earth and Cartosat Images)

Audit analysed the mining activities of selected sites from satellite imageries (Google Earth and Cartosat Imageries) and compared the images obtained from both. Audit observed that illegal mining was consistently being carried out by lessees as detailed below-

a. Village Bhedi Kharka, Sarila, Hamirpur

In this village the imagery contains eight leases around which the illegally mined, accessed, and suspected regions are mapped using Cartosat imagery.

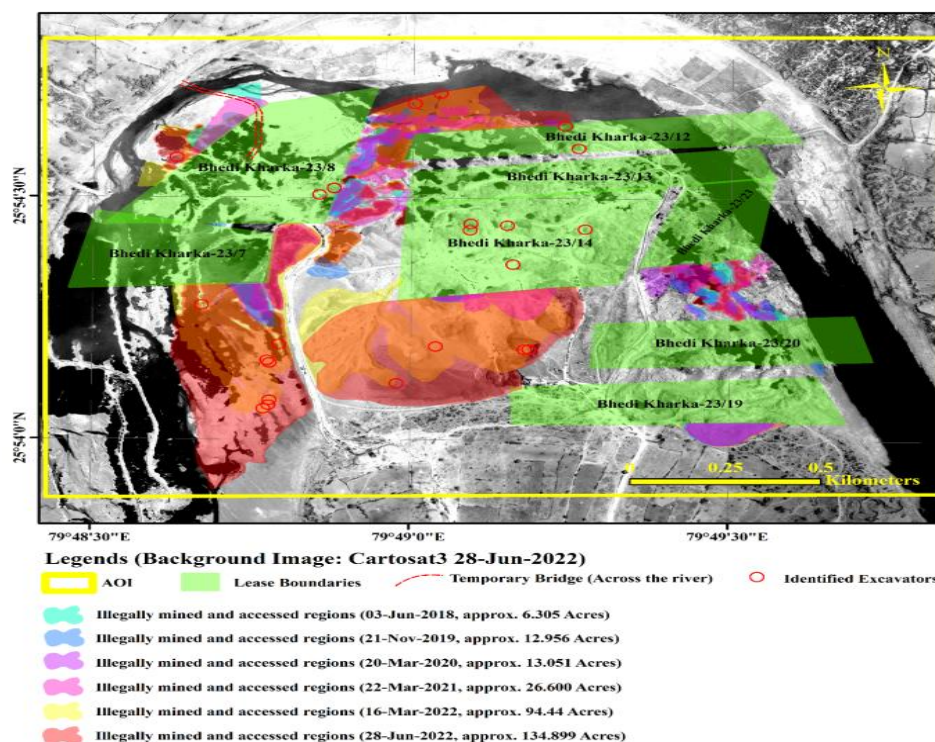


Figure 4.10: Maps of illegally mined and accessed regions from Cartosat imagery (June 2018: Green 6.305 acres, Nov 2019: Blue 12.956 acres, Mar 2020: Purple 13.051 acres, Mar 2021: Pink 26.60 acres, Mar 2022: Yellow 94.44 acres, June 2022: Red 134.899 acres)

Audit noticed from Cartosat imagery in Figure 4.10 that illegally mined area was 6.305 acres in June 2018 which increased to 12.956 acres in March 2019, 13.051 acres in March 2020, 26.60 acres in March 2021, 94.44 acres in March 2022 and 134.899 acres in June 2022.

b. Om Laxmi industries (Kachari 145-405, 20.5 acres), Prayagraj

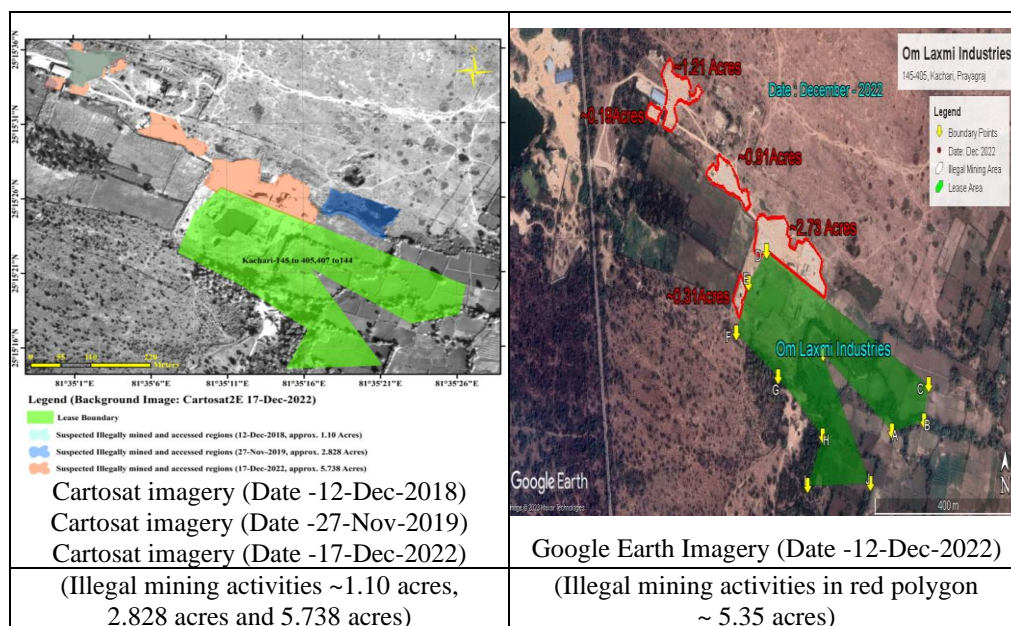


Figure 4.11: Illegal mining activity in Village Kachari, Prayagraj

From above pictures of Cartosat imagery and Google earth imagery this can be seen that the excavation was being done outside the allotted lease area. The suspected illegal mining has continuously increased from ~1.10 acres to ~5.738 acres from December 2018 to December 2022.

It can also be comprehended that the Google Earth imagery of 12 December 2022 and Cartosat imagery of 17 December 2022 show very similar suspected illegal mining areas, thus results can be said to be comparable.

c. Chawala Silica Sand Trading Company (Lakhnauti-2, 41.6 acres), Prayagraj

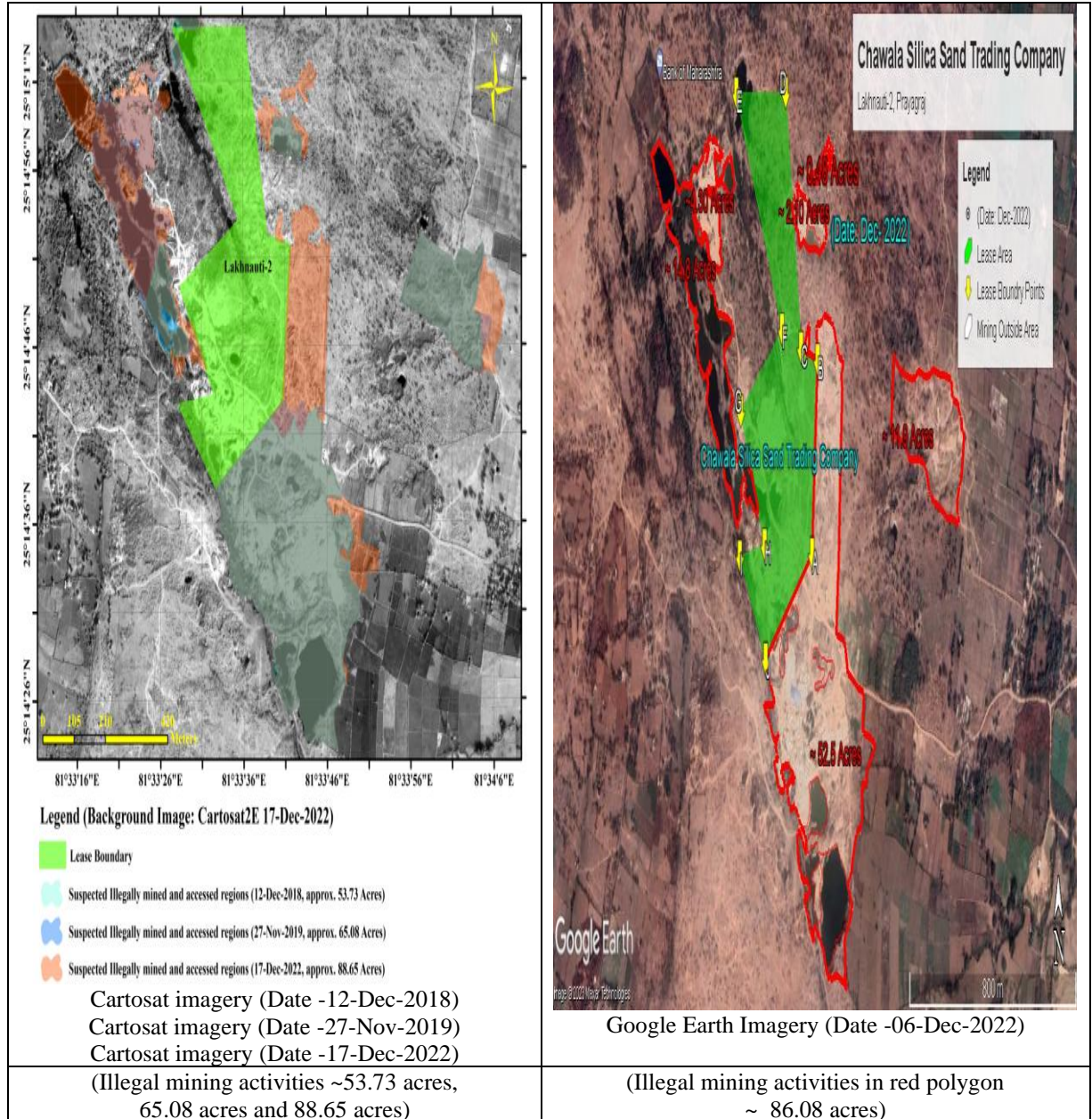


Figure 4.12: Illegal mining activity in Village Lakhnauti, Prayagraj.

From above pictures of Cartosat imagery and Google earth imagery this can be seen that the suspected illegal mining has continuously increased from ~53.73 acres to ~88.65 acres from December 2018 to December 2022.

Here also it can be comprehended that the Google Earth imagery of 6 December 2022 and Cartosat imagery of 17 December 2022 show very similar suspected illegal mining areas, thus results can be said to be comparable.

d. Vijay Laxmi Kesarwani (Kachari 10-13, 18.9 acres), Prayagraj

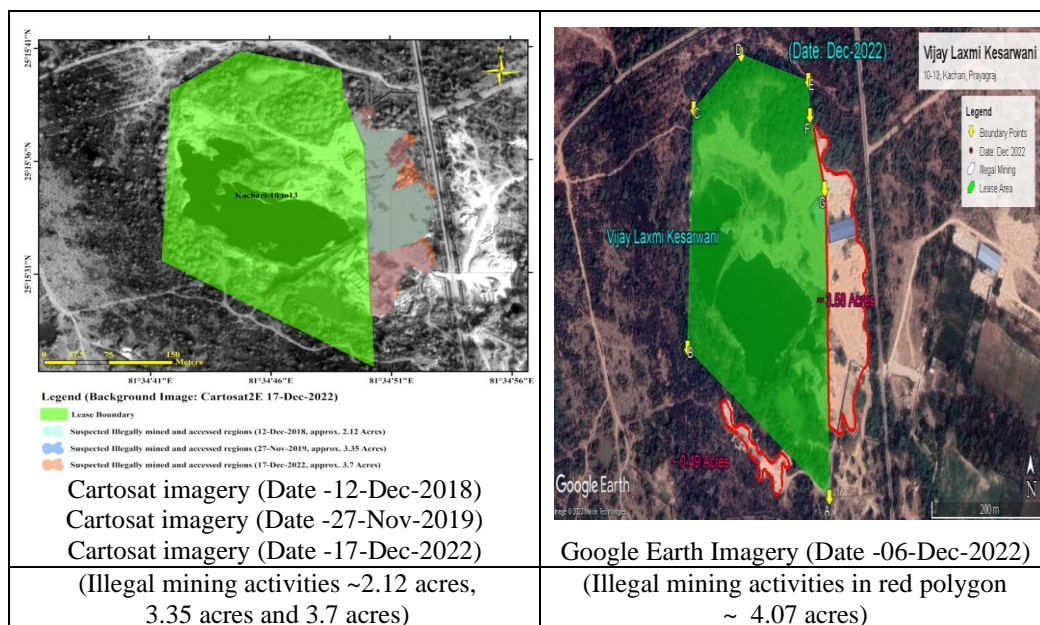


Figure 4.13: Illegal mining activity in Village Kachari, Prayagraj

From above pictures of Cartosat imagery and Google earth imagery it can be seen that the suspected illegal mining has continuously increased from ~2.12 acres to ~4.07 acres from December 2018 to December 2022.

It can also be comprehended here that the Google Earth imagery of 06 December 2022 and Cartosat imagery of 17 December 2022 shows similar suspected illegal mining areas, thus results can be said comparable.

e. Dharmendra Singh Tomar (Chandwari-Ghurauli-26/3, 60.02 acres), Hamirpur

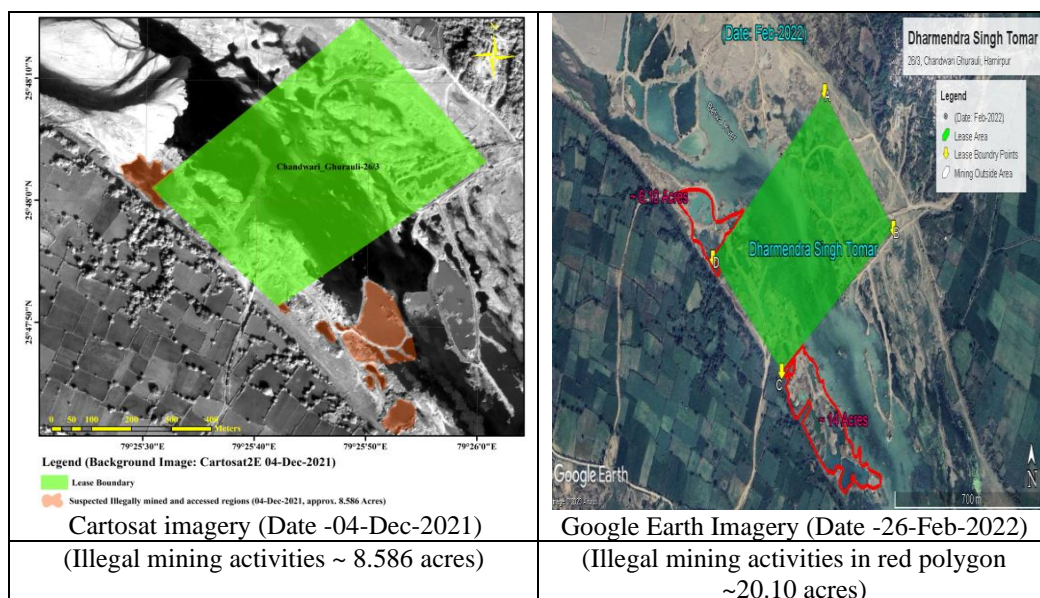


Figure 4.14: Illegal mining activity in Village Chandwari Ghurauli, Hamirpur

From above pictures of Cartosat imagery and Google earth imagery it can be seen that the excavation is being done outside the allotted lease area. The suspected illegal mining has increased from ~8.586 acres to ~20.10 acres from December 2020 to February 2022.

f. Pratap Singh Tomar (Badera Khalsa-9, 60.02 acres), Hamirpur

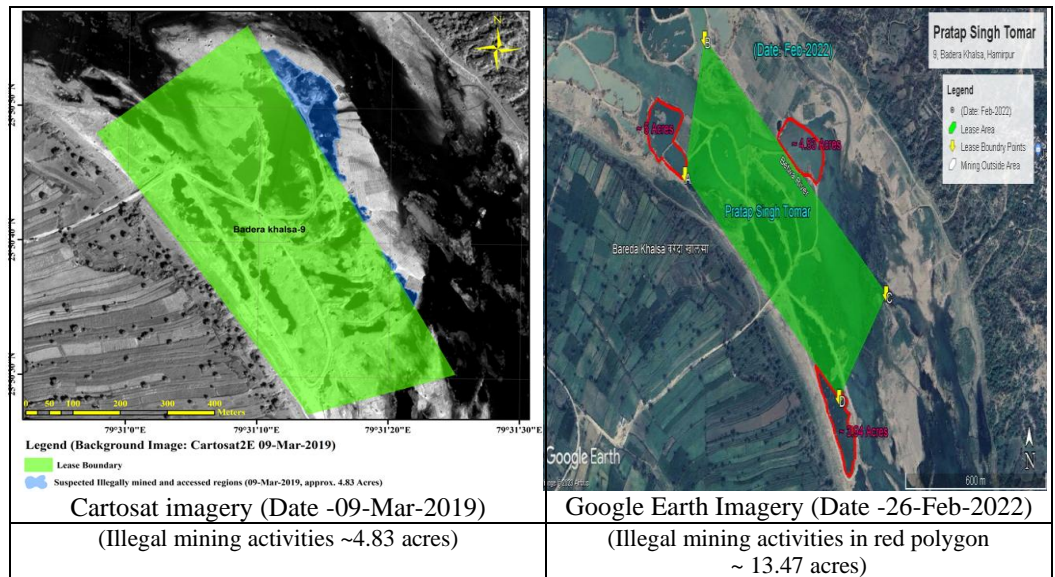


Figure 4.15: Illegal mining activity in Village Badera Khalsa, Hamirpur

From above pictures of Cartosat imagery and Google earth imagery it can be seen that the excavation is being done outside the allotted lease area. The suspected illegal mining has increased from ~4.83 acres to ~13.47 acres from March 2019 to February 2022. Concerned DMO has failed to control this irregularity.

g. Saurabh Gupta and MT Internationals (Chikasi-24/9, 85.8 and 113 acres, Hamirpur

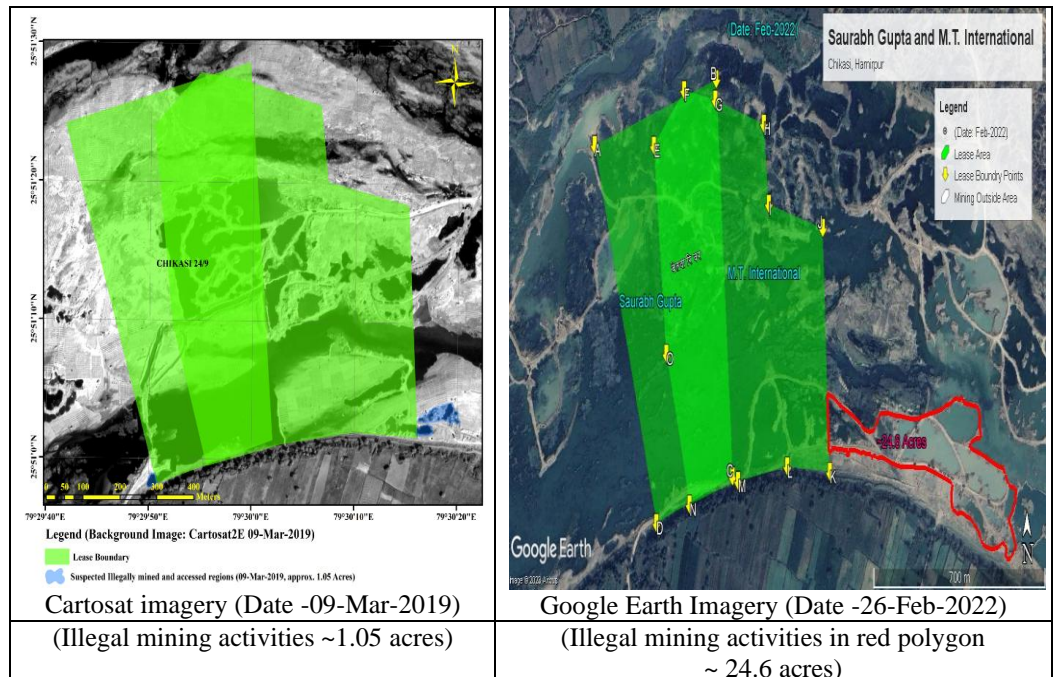


Figure 4.16: Illegal mining activity in Village Chikasi, Hamirpur.

From above pictures of Cartosat imagery and Google earth imagery it can be seen that the excavation is being done outside the allotted lease area. The suspected illegal mining has increased from ~1.05 acres to ~24.6 acres from March 2019 to February 2022.

h. Mateshree Associates and Allahabad Sands (Parwezabad - 59 and 98, 16.4 and 18.5 acres), Prayagraj

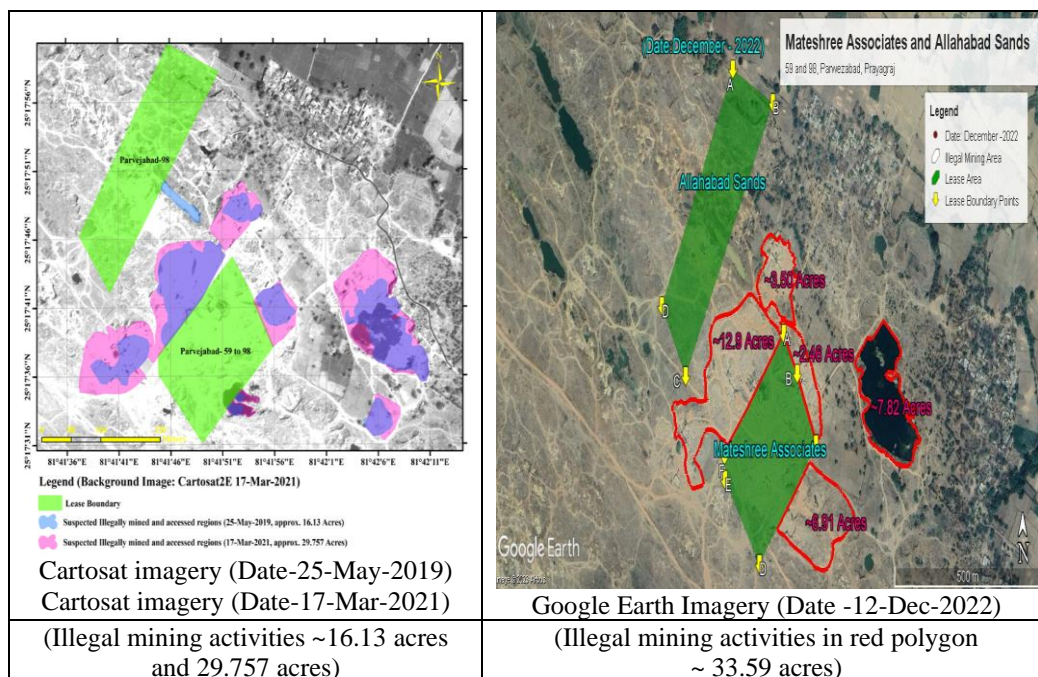


Figure 4.17: Illegal mining activity in Village Parwezabad, Prayagraj.

From above pictures of Cartosat imagery and Google earth imagery it can be seen that the excavation is being done outside the allotted lease area. The suspected illegal mining has continuously increased from ~16.13 acres to ~32.14 acres from March 2019 to December 2022.

i. Nirmal Rani (Sonauni - 1 to 263, 104 acres), Prayagraj

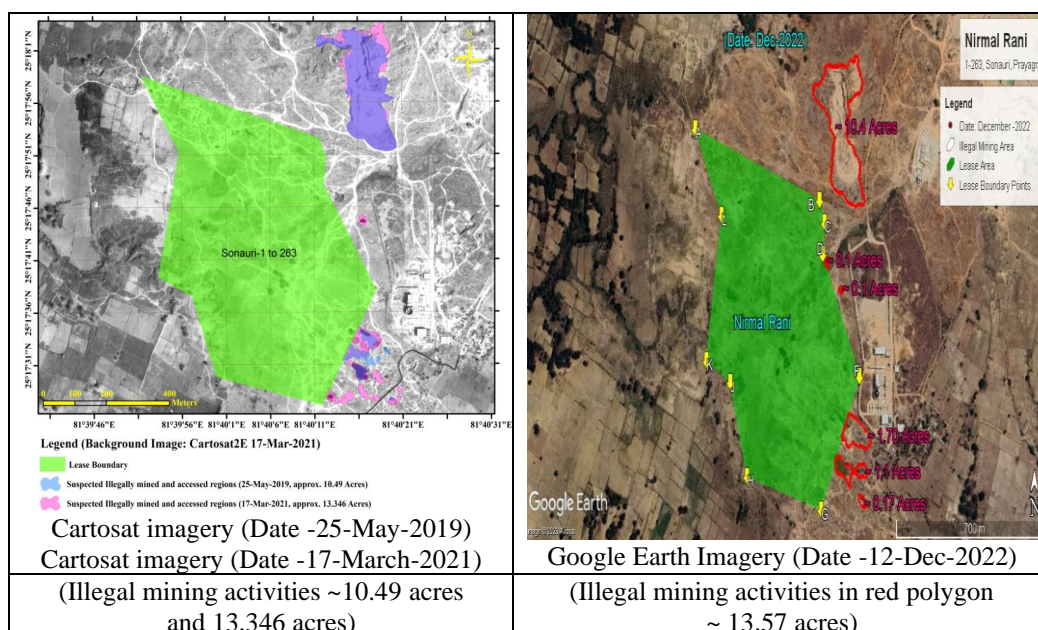


Figure 4.18: Illegal mining activity in Village Sonauni, Prayagraj.

From above pictures of Cartosat imagery and Google earth imagery it can be seen that the excavation is being done outside the allotted lease area. The suspected illegal mining has continuously increased from ~10.49 acres to ~13.62 acres from May 2019 to December 2022.

Above instances indicate that minerals are continuously being excavated illegally in this area. Concerned DMO failed to control the illegal mining.

The Government, in exit conference, assured to investigate the cases of mining without lease approval and mining near important structures, bridges etc. The Government also assured to make efforts to seek inter-departmental and inter-government (ISRO, Google and Government of India) cooperation to ensure availability of satellite imagery to investigate such type of the cases of illegal mining.

Recommendations:

7. The Government may strengthen the mapping and monitoring process with the help of remote sensing and advance surveying instruments to identify the suspected illegal mining activities early, which can save the natural resources.
8. The Government may fix the responsibility of the concerned officials for loss of revenue due to illegal excavation of minerals.

4.5 Royalty, price of mineral and penalty not recovered for minerals stored illegally

Rule 3 (1) of the Uttar Pradesh Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2018 stipulates that no person shall carry on the business of buying, possessing, storing, selling, supplying, transporting, distributing or delivering for sale or processing of minerals at any place for the purpose of sale or consumption or otherwise deal with any mineral except in accordance with the terms and conditions of a stock licence granted under these rules. Rule 13 (1) provides that whosoever is found to have contravened Rule 3 of this Rule then the District Officer will recover penalty up to ₹ 5,00,000 (five lakh) and the price of such mineral including royalty.

Audit noticed in three DMOs that three licensees got storage license for storage of minerals. License holders stored 2,944 cubic meter minerals illegally in contravention of above rules. Concerned DMOs imposed royalty, price of mineral and penalty of ₹ 34.80 lakh between May 2020 and October 2021. Concerned DMOs did not make any effort to recover balance amount of ₹ 34.80 lakh even after the lapse of one to three years. Details are given in Table-4.5.

Table 4.5
Royalty, price of mineral and penalty for minerals stored illegally

Name of unit	Name of license holder	Approved quantity for storage (in m ³)	Quantity of mineral stored illegally (in m ³)	Royalty imposed (in ₹)	Price of mineral imposed (in ₹)	Penalty imposed (in ₹)
DMO Chitrakoot	Mahavir Granite (Gitti), gata no. 757gha, 785 etc, Area-1.260 hect., Vill-Gonda, Tehsil-Karvi	20,000	2,169	3,47,040 (Not deposited)	17,35,200 (Not deposited)	5,00,000 (Not deposited)
DMO Banda	Sri Shiv Mohan Singh (Morrum), Gata no.-890, Area-0.875 hect, Vill-Chhapar, Tehsil-Banda	15,000	775	1,16,250 (Not deposited)	5,81,250 (Not deposited)	2,00,000 (Not deposited)
Total			2,944	4,63,290	23,16,450	7,00,000

Further, Audit observed that in case of Sri. Prem Chandra Kesharwani, DMO, Kaushambi did inspection on 4 July 2020 and mentioned excess storage of 1,720 cubic meter. However, Joint inspection Report by Lekhpal, Tehsildar, DMO and SDM dated 6 July 2020 mentioned excess storage of 2,060 cubic meter. Concerned DMO imposed royalty, price of minerals and penalty for 1,720 cubic meter instead of 2,060 cubic meter. The license holder deposited ₹ 20.48 lakh for royalty, price of minerals and penalty imposed. On the basis of site inspection report⁷² concerned DMO did not sent any notice for recovery of royalty, price of mineral and penalty amounting to ₹ 3.06 lakh for 340 (2,060-1,720) cubic meter mineral.

Audit observed in the case of Shri Shiv Mohan Singh that recovery of ₹ 8.97 lakh has been made at the instance of audit on 31 March 2023.

Thus, against total of ₹ 37.86 lakh, only ₹ 8.97 lakh was deposited by one licensee. Due to non-recovery of royalty, price of mineral and penalty in the above cases, Government was deprived of revenue amounting to ₹ 28.89 lakh.

The Government, in exit conference, assured to recover the amount due against cases of minerals stored illegally.

4.6 Irregularities noticed from analysis of data of e-MM-11 forms

Rule 70 of UPMMC Rules, 1963 provides restrictions on the transport of the mineral. As per Rule 70(1), the holder of a mining lease or permit or a person authorized by him in this behalf may issue a pass in form e-MM-11 to every person carrying, a consignment of minor mineral by a vehicle, animal or any other mode of transport. As per Rule 70(2), no person shall carry within the State a minor mineral by a vehicle, animal or any other mode of transport except Railway without carrying a pass in form e-MM-11 issued under sub Rule 70(1).

Audit analysed the dump data of 1,21,83,652 e-MM-11 forms of 17 DMOs provided by the Department with the use of tableau software. The irregularities found from analysis are described in the succeeding paragraphs:

4.6.1 Discrepancy in issuance of e-MM-11 forms

Audit examined the e-MM-11 database and noticed in 17 DMOs⁷³ that lessees showed the different capacity/type of the same vehicle number for 46,409 vehicles in 40,67,762 e-MM-11 forms generated which transported 5.96 crore cubic meter of minerals. Lessees mentioned same vehicle in two to nine category while generating the e-MM-11 forms showing different quantity of minerals. Same vehicle can have only one capacity/type. No checks were available in the system also. Though such vehicular data was available in the system, this irregularity was neither noticed nor any action taken by the concerned DMOs. Details are shown in **Appendix-XXIII**.

Illustrative cases of issuance of e-MM-11 forms showing different capacity of same vehicle number is given in **Table-4.6**.

⁷² Report of inspection of storage premises conducted by district authorities from time to time.

⁷³ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonbhadra.

Table 4.6
Illustrative cases of issuance of e-MM-11 forms

Sl. No.	Details of eMM-11 forms					Transported quantity (in cu. m.)
	Form No.	Date	Time	Vehicle No.	Type of Truck	
1	31452012039400031	17.08.2020	01:29:05	UP15DT6902	22 Tyres	30
2	31452012039400032	-Do-	01:34:05	-Do-	10 Tyres	12
3	31452012039400053	22-08-2020	12:43:20	RJ52GB2656	22 Tyres	30
4	31452012039400054	-Do-	12:47:20	-Do-	06 Tyres	10
5	31452012039400086	25-08-2020	16:04:56	UP72AT3193	18 Tyres	30
6	31452012039400087	-Do-	16:10:16	-Do-	Mini Truck	5
7	31452012039400095	26-08-2020	13:43:17	UK18CA8090	22 Tyres	30
8	31452012039400096	-Do-	13:46:56	-Do-	06 Tyres	10

The above table depicts that vehicle number UP15DT6902 is shown in 22 tyres and 10 tyres, UP72AT3193 is shown as 18 tyres and mini truck and UK18CA8090 is shown as 22 tyres and 06 Tyres in different e-MM 11 forms generated at the time interval of three to six minutes mentioning different quantity. This shows that lessees manipulated the type of vehicles for overloading of vehicles to transport the minerals illegally. Concerned DMO also did not notice this irregularity.

The Department, in its reply (July 2023), accepted the Audit observation and stated that at present, the Department is using the VAHAN API of the Ministry of Road Transport and Highways, GoI on portal, so that it is ensured that e-transit pass may be issued only on registered category vehicles according to standards set by the Transport Department.

4.6.2 Transportation of minerals beyond permissible time limit

As per SSMMG⁷⁴, 2016 sand mining operation would be carried out between 6:00 AM to 7:00 PM. Enforcement and Monitoring Guidelines for Sand Mining (EMGSM), 2020 also prescribes that no sand transporting vehicles will be parked inside the quarry/depot site during night time. Further, the terms and conditions of Environment Clearance Certificate (EC) also limits the loading/transportation of materials⁷⁵ to day hours' time only.

From the analysis of data of e-MM-11 forms provided by the Department, Audit noticed that 1,21,83,652 numbers of e-MM-11 forms were generated by 2,900 lessees in 17 DMOs⁷⁶ during the Audit period and out of these, 39,63,378 e-MM-11 forms were generated by 2,771 lessees in night between 08:00 PM and 05:00 AM for transportation of 5,48,15,474 cubic meter minerals. Further, Audit found that 5,99,791 transit passes were generated for transportation of 65,16,080 cubic meter of minerals at or after 8.00 PM and validity of these transit passes (which depends on distance between place of origin and place of destination of mineral) expired at or before 5.00 AM on next date. This shows that minerals were transported in night.

⁷⁴ Sustainable Sand Mining Management Guidelines 2016

⁷⁵ Bajri, Granite, Sand, Morrum, Red Morrum, Sandstone and RBM

⁷⁶ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra.

Violation of the above guidelines/terms and conditions by loading and transporting of mineral in night time may impact the lives of many nocturnal, riparian flora and fauna. Concerned DMOs and EC issuing authority neither acknowledged this irregularity nor initiated any action to stop the issuance of e-MM-11 forms and transportation of minerals in night. Details are shown in **Appendix-XXIV**.

The Department, in its reply (July 2023), stated that as per the condition of EC, mining operations remain closed at night in the mining areas located in the river bed. The mineral is collected in the mining area after mining in the day time. There is no restriction on loading and transportation after evening.

The reply of the Department is not acceptable because as per condition of the EC, transportation of minerals shall be limited to the day hours' time only and this was violation of SSMMG, 2016 also where sand mining operation is restricted between 7:00 PM and 6:00 AM.

4.6.3 Transportation of minerals beyond permissible quantity

DGM, vide its order no. 1844 dated 16 February 2004 and subsequent order no. 1225 dated 24 October 2019 fixed the quantity of minerals for loading and transportation from each type of vehicle as detailed below in **Table-4.7**.

Table 4.7
Quantity of minerals for loading and transportation

Sl. No.	Type of vehicle	Permissible quantity	
		In tonne	In cubic meter
1	6 Tyre Truck	12.5	7
2	10 Tyre Truck	18.0	11
3	12 Tyre Truck	24.0	14
4	14 Tyre Truck	30.0	18
5	16 Tyre Truck ⁷⁷	34.0	20
6	18 Tyre Truck	34.0	20
7	22 Tyre Truck	38.0	23
8	Tractor (Granite)	4.5	2.16
9	Tractor (Dolostone)	4.5	2.01
10	Tractor (Sandstone)	4.5	2.64
11	Tractor (Sand/Morrum)	4.5	2.25
12	Tractor (Silica Sand)	4.5	1.87

Audit examined the e-MM-11 database and noticed in 17 DMOs⁷⁸ that lessees transported the minerals ranging between 3 cubic meter and 410 cubic meter in comparison to the permissible quantity ranging from 1.87 cubic meter to 23 cubic meter. Minerals of 3,61,89,677 cubic meter were transported from 30,82,674 e-MM-11 forms against permissible quantity of 2,91,96,581 cubic meter. Thus, lessees transported 69,93,096 cubic meter of minerals in excess on overloaded vehicles. Details are shown in **Appendix-XXV**.

Overloading badly damages the precious road infrastructure and one of the major causes for increasing number of road accidents. The Department could

⁷⁷ This type of vehicle was available in Data Dump of e-MM-11 provided by the Department but not present in stated orders thus Audit has considered its values on higher side i.e. 18 Tyre Truck capacity.

⁷⁸ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra.

not utilise information from the system to check this irregularity consistently done by the lessees.

The Department, in its reply (July 2023), accepted the Audit observation and stated that at present, the Department is using the VAHAN API of the Ministry of Road Transport and Highways, GoI on departmental portal, so that it is ensured that e-transit pass may be issued only for registered category vehicles according to norms prescribed by the Transport Department.

4.6.4 Irregularities related to vehicles used for transportation of minerals

As per Section 2(14) of the Motor Vehicle Act, 1988 goods carriage means any motor vehicle constructed or adopted for use solely for the carriage of goods. Central Government vide its Notification S.O. 1248(E) dated 5 November 2004 has specified the type of motor vehicles as non-transport vehicles as mentioned below:

1. Motor cycle with or without side car for personal use
2. Mopeds and motorized cycle
3. Invalid carriage
4. Three wheeled vehicles for personal use
5. Motor car
6. Vehicles or trailers fitted with equipment like rig, generator, compressor
7. Crane mounted vehicle
8. Agriculture Tractor
9. Private service vehicle registered in the name of an individual
10. Camper van or trailer
11. Tow trucks, Breakdown van and recovery vehicles
12. Tower wagons
13. Construction Equipment Vehicles

Apart from this, three wheeler vehicles, ambulances, luxury cabs, omni buses and educational institution buses are meant for transportation of passengers and are not good carriages.

4.6.4.1 Transportation of mineral by agricultural tractors

Audit examined the e-MM-11 database of 17 DMOs⁷⁹ and noticed that minerals were transported by agricultural tractors. Cross verification from Vahan database of Transport Department revealed that in 17 districts 7,88,059 transit passes (e-MM-11 forms) were generated using 28,646 agricultural tractors for transportation of minerals.

Further, in the scrutiny of respective e-transit passes it was also noticed that such vehicles were used in carrying minerals one to 47 times in a day.

Agriculture tractors are to be used for agriculture purpose only. Department did not take any action to prevent transportation of minerals by agriculture

⁷⁹ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GBNagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra

tractors. There was no validation control present in the e-MM-11 generation to capture the type of vehicle automatically, though the Application Programming Interface (API) of *Vahan* database was available to the Department.

4.6.4.2 Use of vehicles not fit for transportation of minerals

Audit examined the e-MM-11 database of 17 DMOs⁸⁰ and noticed that minerals were transported by vehicles which were not fit for mineral transportation. Cross verification from *Vahan* database of Transport Department revealed that in 17 districts 1,81,113 transit passes (e-MM-11 forms) were generated using 83,156 vehicles such as ambulance, earth moving equipment, e-rickshaw, motor cabs, scooter/motorcycle etc. for transportation of minerals.

Minerals transported by such vehicles along with the number of trips per day was as shown in **Table-4.8**.

Table 4.8
Use of vehicles not fit for transportation of minerals

Type of vehicles	No. of vehicles	No. of MM-11 forms generated	Minerals transported (in m ³)	Range of minerals transported (in m ³)	No. of trips per day
Ambulance/ Animal Ambulance	407	767	11,809	3 to 30	1 to 12
Bulldozer/ Construction Equipment Vehicle/ Earth Moving Equipment/ Excavator/ Road Roller	1,621	3,291	47,240	3 to 30	1 to 21
Bus	3,625	7,165	1,04,784	3 to 30	1 to 32
Camper Van / Trailer / Trailer (Agricultural)/ Private Service Vehicle	213	577	5,073	3 to 30	1 to 5
Crane Mounted Vehicle/ Fork Lift	226	474	8,384	3 to 30	1 to 1
e-Rickshaw / Three Wheeler (Passenger)(3WT)	29,525	61,204	9,23,682	3 to 30	1 to 57
Fire Tenders	11	17	148	3 to 15	1 to 2
Hearses	9	56	485	6 to 16	1 to 4
M-Cycle/ Scooter(2WN)/ Scooter Side Car/ Motorized Cycle	34,742	79,420	4,44,307	3 to 30	1 to 42
Motor Car / Motor Cab / Maxi Cab	12,763	28,116	3,66,811	3 to 30	1 to 122
Vehicle Fitted With Compressor / Rig	14	26	440	5 to 26	1 to 4
Total	83,156	1,81,113	19,13,163	3 to 30	1 to 122

The above table shows that these vehicles not fit for transportation of minerals were used in carrying minerals multiple times per day like three wheeler upto 47 times and motor car upto 122 times.

According to the classification of vehicles, these vehicles were not meant for transportation of minerals. Therefore, it can be assumed that minerals were not carried by these vehicles. This practice might have been used to legitimise

⁸⁰ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra

overloading of minerals. There was no validation control present in the e-MM-11 form generation to capture the type of vehicle automatically, though the Application Programming Interface (API) of *Vahan* database was available to the Department.

Therefore, it is clear that the lessees were generating e-transit passes without genuine intent, leading to illegal transportation of minerals. The DGM failed to adequately monitor and prevent these activities.

The Department, in its reply (July 2023), accepted the Audit observation and stated that at present, the Department is using the *VAHAN* API of the Ministry of Road Transport and Highways, GoI on departmental portal, so that it is ensured that e-transit pass may be issued only for registered category vehicles according to norms prescribed by the Transport Department.

4.6.4.3 Transportation of minerals by vehicles having ineligible/fake registration numbers

Central Government vide its Notification S.O. 444(E) dated 12 June 1989 allotted the group of letters to the states as registration mark for each state to be followed by the code number of the registering authority to be allotted by the State Government and not exceeding four figures to be used as registration mark. Where the four figures reach 9999, the next series shall begin with alphabet 'A' followed by not more than four figures and thereafter with alphabet 'B' followed by not more than four figures and so on until all the alphabets exhausted (excluding 'I' and 'O'). Registration numbers of vehicles consist only alphanumeric i.e. alphabets and numerals.

Audit examined the e-MM-11 database and noticed in 17 DMOs⁸¹ that lessees generated 4,48,637 e-MM-11 forms for the transportation of 24,51,021 cubic meter minerals by using 85,928 vehicles having fake registration numbers as these numbers were not available on *Vahan* database. Details are shown in **Table-4.9**.

Table 4.9
Details of vehicles having ineligible numbers

Sl. No.	Description	No. of vehicles	No. of eMM-11 forms generated	Mineral quantity (in m ³)
1	Vehicles showing less than 07-digits/ alphabets registration number	3,883	1,36,782	4,83,237
2	Vehicles showing only numerals registration number	765	1,990	10,195
3	Other invalid vehicle numbers whose information is not available on <i>Vahan</i> database	81,280	3,09,865	19,57,589
TOTAL		85,928	4,48,637	24,51,021

The Department, in its reply (July 2023), stated that e-transit pass for transportation of minerals is issued by the lessee/permit holder/storage license holder on the basis of vehicle number mentioned by the vehicle drivers/owners. Mechanism, to verify the correctness of vehicle number, was

⁸¹ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra

not available in the system. At present, VAHAN API has been integrated with the portal.

The reply of the Department is not acceptable as the Department had not used API for verification as these discrepancies were found in the e-MM-11 issued during the period covered in audit.

4.6.5 Manipulation in distance of destination

As per information available on website of National Informatics Centre (NIC) local distance within a district is approx. 200 kilometers. However, maximum distance between one district to another district in the State is approx. 1200 kilometers. Further, Audit has estimated the distances with Google Earth Pro by taking maximum distance within district as 200 kilometers and maximum distance between two districts as 1200 kilometers.

Audit examined the e-MM-11 database and noticed in 17 DMOs⁸² that distance mentioned in e-MM-11 form was much more than actual distance either transported within district or in other district within State. This ranged between 201 km to 1,02,31,208 km in 2,94,795 e-MM-11 forms generated for transportation of 39,38,683 cubic meter minerals in same districts and 1,202 Km to 1,00,00,000 km in 11,633 e-MM-11 forms generated for transportation of 1,72,806 cubic meter minerals in other districts. Due to increase in the time, by adding more distance, risk of reusing the same e-MM-11 forms multiple times in a single payment cannot be ruled out. Concerned DMOs did not notice these irregularities. Details are shown in **Appendix-XXVI**.

The Department replied (July 2023) that from 30 September 2022, distance matrix has been implemented on the departmental portal in which the distance from one district to another destination district is automatically calculated by the portal.

The fact remains that while generating e-MM-11 forms, lessees had entered unrealistic distances between two places for transportation of minerals continuously during the period covered in audit.

4.6.6 Excavation/transportation of minerals in prohibited months

As per SSMMG, 2016, no river sand mining be allowed in rainy season. Further, Government vide its order No. 1955 dated 20 August 2019 directed that sand/morrum would not be excavated/transported in prohibited months i.e. July, August and September.

Audit examined the database of e-MM-11 forms of 17 test-checked DMOs⁸³ and noticed⁸⁴ that in 11 DMOs⁸⁵, 144 lessees issued 32,170 e-MM-11 forms for quantity of 3,39,957 cubic meter in the month of July, August and

⁸² Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra

⁸³ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra

⁸⁴ For the period from 21 August 2019 to 31 March 2022.

⁸⁵ Banda, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Mahoba, Prayagraj, Saharanpur, Shamli, and Sonebhadra

September for transportation of sand/morrum. Concerned DMOs did not initiate action to prevent the generation of e-MM-11 forms in prohibited months.

Sand is precious natural resource and if the excavation of sand is done, the same causes irreparable loss to the nature. It was specifically spelt out in the environment clearance as well as in the SSMM Guidelines, 2016 that no mining activity will be done in the monsoon season. Due to illegal mining in prohibited months, there is a risk of environment and ecology being adversely affected.

Details are shown in **Appendix-XXVII**. Department failed to comply with above Government order.

The Department replied (July 2023) that the operation of agricultural permits is not interrupted during the prohibited months.

The reply of the Department is not acceptable because the Audit observation is not on the agricultural permit but it is for the minerals like sand and morrum which were excavated in monsoon season by approved mining lease/permit holders.

Recommendations:

- 9. The Government may enable proper controls in the departmental portal and link it with Vahan database to minimise manual intervention in generation of e-MM-11 forms and to prevent generation of e-MM-11 forms for vehicles not fit for transportation of mineral, for transportation of mineral in excess of permitted quantity, for unrealistic distances & in prohibited months.**
- 10. The Government may establish coordination between Geology and Mining Department and Transport Department to prevent the overloading of minerals and use of vehicles not fit for transportation of minerals.**

4.7 Royalty and price of mineral not recovered for excavation of mineral without obtaining lease/permit

Rule 3 of the UPMMC Rules, 1963 provides that no person shall undertake mining operations in any area within the State of any minor mineral to which these rules are applicable except under and in accordance with the terms and conditions of mining lease or mining permit granted under these Rules.

Audit examined the records of Office of the District Mines Officer, Prayagraj, and noticed that an inspection was conducted by DMO Prayagraj and reported that Meja Thermal Power Project (National Thermal Power Corporation), Kohdar Tehsil Meja mined a total quantity of 53,88,930 cubic meters of ballast and boulders (3,80,770 cubic meter ballast and 50,08,160 cubic meter boulder) and used in construction work. Further, Audit noticed that District Magistrate Prayagraj sent a letter to General Manager, Meja Thermal Power Project for depositing the total amount of ₹ 3,22,62,49,100 (the balance amount of royalty ₹ 51,27,45,600 and price of mineral ₹ 2,71,35,03,500) on 22 September 2018 as minerals were used in construction work without obtaining mining lease/mining permit. It was found that ₹ 52,14,533 was deposited by the project on 8 July 2019, ₹ 35,880 on 23 October 2020 and ₹ 29,27,526 on 31 March 2021 as royalty. Till the date of Audit, the

Department could not recover the balance amount of royalty and price of minerals amounting to ₹ 321.81 crore. Concerned DMO neither initiated any action nor issued any notice or recovery certificate for recovery of these dues even after lapse of more than five years. Due to negligence of the Department, Government was deprived of revenue.

The Government, in exit conference stated that the reports have been sought by DGM from concerned district.

The fact remains that minerals were excavated and transported without obtaining lease/permit and the Department did not recover the balance amount of royalty and price of mineral.

4.8 Mining Surveillance System not implemented effectively

The Ministry of Mines, through Indian Bureau of Mines (IBM), has launched the Mining Surveillance System (MSS) on 15 October 2016, to use space technology for curbing illegal mining activity in the country. MSS is a satellite-based monitoring system which checks a region of 500 meters around the existing mining lease boundary to search for any unusual activity which is likely to be illegal mining. Any discrepancy, if found is flagged-off as a trigger. The Ministry of Mines advised State Governments to implement the MSS for Minor Minerals within their States. Further, Ministry of Mines arranged training for the officials of State Governments and the triggers generated from the MSS are also sent to respective State Governments.

Audit examined the records of DGM and noticed that MSS cell was established in August 2017 in the DGM for implementation of MSS in 11 districts⁸⁶. The MSS cell had to obtain khasara map, digitise geo-referencing of the map and upload the same on MSS portal. Suspected illegal mining areas were to be identified through image reading of Cartosat map and triggers were to be sent to concerned district for field verification. The concerned district officer had to upload its report on MSS portal after field verification and take action as per rules. DGM instructed the DMOs of these districts on 4 September 2017 to make available joint maps of mining leases for implementation of MSS.

Further, on 18 October 2017 and 29 January 2018 DGM instructed to DMO Sonebhadra and DMO Jhansi respectively to provide a report on suspected illegal mining from outside of lease areas of village-Habupura and Karanpura of Jhansi District and village-Billi markundi of district Sonebhadra on the basis of satellite image reading. In response District Magistrate, Sonebhadra demanded a separate surveyor for inspection of suspected areas and District Magistrate, Jhansi intimated that there were old mining pits in these areas where no mining activity is being done at present. However, no records were found in DGM that such reports of illegal mining were sent by other 10 districts including Sonebhadra.

Audit observed that the State Government implemented the MSS but did not utilise this system effectively to prevent the illegal mining in the State. Total 76 triggers have been obtained from MSS and sent to concerned districts for further action. Action taken by the Department was not furnished to Audit. According to the information provided by DGM, MSS is currently

⁸⁶ Agra, Banda, Chitrakoot, Hamirpur, Jalaun, Jhansi, Lalitpur, Mahoba, Mirzapur, Prayagraj and Sonebhadra

non-functional and there were no documented reasons explaining this. DGM failed to utilise MSS effectively, despite the directions and advice of the GoI. Due to non-operational status of the MSS, DGM was unable to leverage the benefits of the system in combating illegal mining.

The Department replied (July 2023) that the MSS provided by the Government of India was applicable for major minerals only. To deal with minor minerals, a parallel system iMSS⁸⁷ was made in the year 2020, which is applicable and updated in the entire State.

The reply of the Department is not acceptable because the cases of illegal mining noticed by Audit, pertain to periods after 2020 as well. The Department failed to use iMSS in case of curbing illegal mining by replacing MSS as the Department did not use drone surveillance to curb the onsite illegal mining. Thus, iMSS could only be utilised for checking of illegal transportation.

4.9 Cess not imposed for technological intervention

According to the Uttar Pradesh Mining Policy 2017 (effected from 2017), an amount equal to one *per cent* of the royalty payable on the extraction of minerals from the mining lease holders as cess will be recovered to meet the expenditure incurred in the use of technological intervention to prevent illegal mining/transportation of minerals.

Audit examined the records of DGM and noticed that DGM implemented MSS/iMSS as technological intervention with the aim to prevent illegal mining/transportation of minerals. However, the Department did not impose any cess on mining lease holders to meet the expenditure incurred on it.

The Government, in exit conference, accepted that cess has not been imposed and stated that expenditure is being incurred from DMF in place of cess amount. However, Audit observed that there is no provision in DMFT Rules to make expenditure for technological intervention to prevent illegal mining/transportation of minerals.

4.10 Irregularities in establishment of Brick kilns seen from Google Earth

As per Rule 2 of the Uttar Pradesh Brick Kilns (Siting Criteria for Establishment) Rules, 2012, subject to provisions of the Uttar Pradesh Promotion and Protection of Fruit Trees, Regulation of Harmful Establishment and Housing Scheme Act, 1985, a brick kiln shall not be established which does not fulfil the following conditions:

1. Brick kiln shall be established at least 500 m away from residential area having a minimum population of 100 to 150 people or 20 houses including both kachcha and pucca houses, 1.0 km from a residential area having a population more than 150 or more than 20 houses including both kachcha and pucca houses. However, the distance from notified municipal area will be 5.0 km.

⁸⁷ Integrated Mining Surveillance System (iMSS) has been implemented with facilities of drone surveillance of areas of complaints of illegal mining, registration of mineral transporting vehicles, Radio Frequency Identification (RFID) tags and weigh bridges along with Pan Tilt Zoom (PTZ) Camera at the exit of mines and their integration with State Command Centre.

2. The distance of brick kilns shall be at least 1.0 km from the areas like registered hospital, school, public building, religious place or a place where flammable substances are stored. Brick kilns shall not be allowed within a radius of 5.0 km in notified sensitive areas like Zoo, wild life sanctuary, historic monuments, museum etc.
3. Brick kilns shall not be constructed within 800 m from the orchard.
4. The brick kilns shall be constructed at least 300 m away from National and State highway from the both sides of the road.
5. Brick kiln shall be constructed at least 100 m away from the both sides of the main district road/ PWD roads.
6. The distance between two brick kilns shall not be less than 800 m to avoid clustering of brick kilns in an area if a new brick kiln is being installed.

Audit examined the 1,452 selected sites of brick kilns from Google earth and found that norms regarding establishment of brick kilns given in the above rules were not followed by the brick kiln owners. Violation of norms regarding establishment of brick kilns are discussed in subsequent paragraphs with illustrative images obtained from Google Earth.

4.10.1 Violations of norm regarding distance from other Brick Kilns

Audit noticed that 128 brick kilns were established in nine districts violating the norm of 800 m distance from other kiln as detailed in **Table-4.10**.

Table 4.10
Distance from other Brick Kilns

Name of District	Number of brick kilns
Fatehpur	29
Gautambuddh Nagar	2
JP Nagar	35
Kanpur Dehat	1
Kaushambi	10
Prayagraj	15
Saharanpur	15
Sambhal	17
Siddharthnagar	4
TOTAL	128

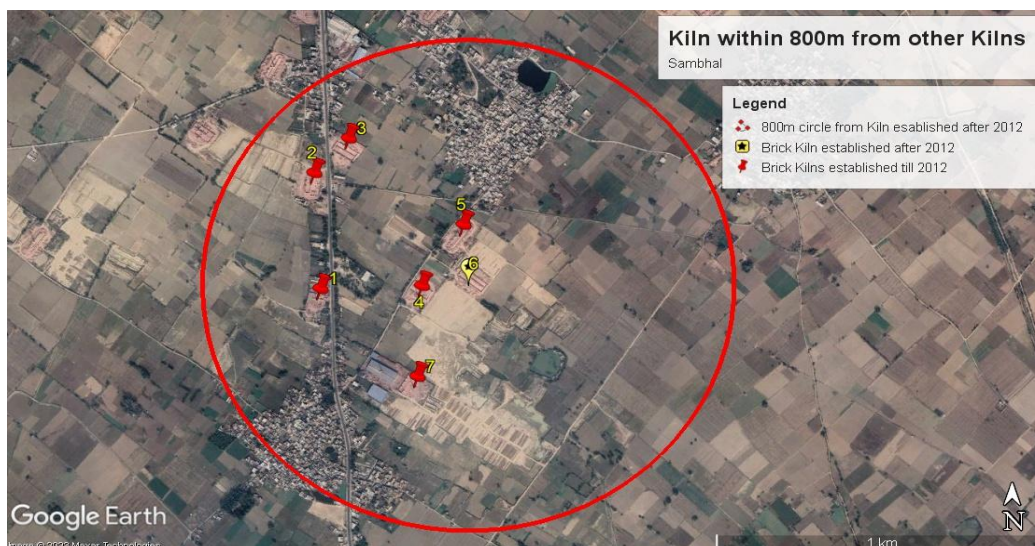


Figure 4.19: Distance from other brick kiln (Sambhal)

4.10.2 Violations of norm regarding distance from Residential Area

Audit noticed that 256 brick kilns were established in nine districts violating the norm of 1 km distance from residential area as detailed in **Table-4.11**.

Table 4.11
Distance from Residential Area

Name of District	Number of brick kilns
Fatehpur	65
Gautambuddh Nagar	4
JP Nagar	47
Kanpur Dehat	3
Kaushambi	53
Prayagraj	16
Saharanpur	30
Sambhal	18
Siddharthnagar	20
TOTAL	256

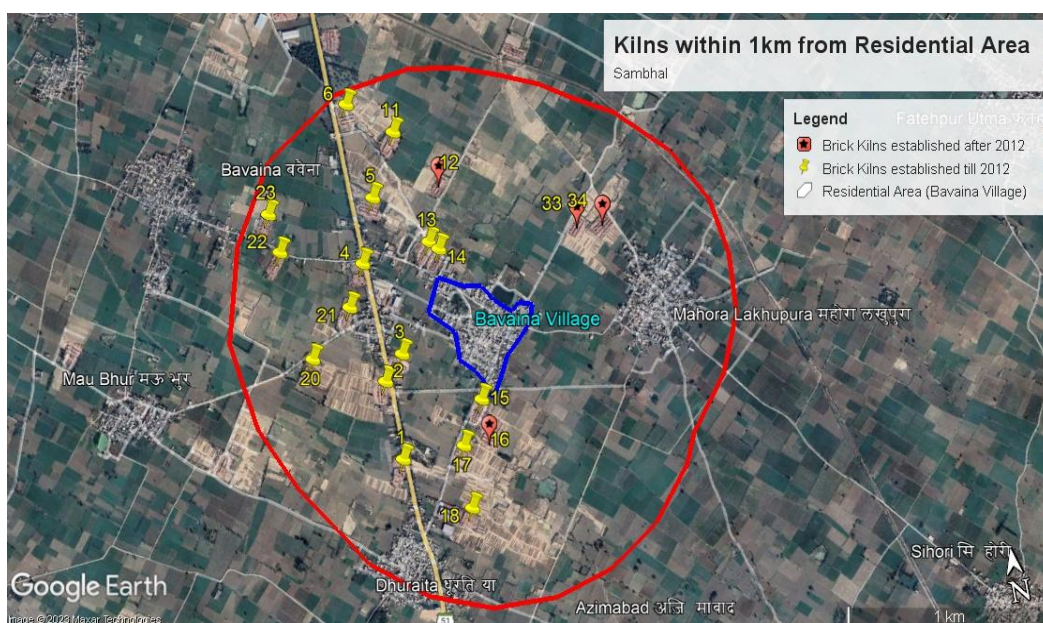


Figure 4.20: Distance from residential area (Sambhal)

4.10.3 Violations of norm regarding distance from National/State Highways

Audit noticed that 35 brick kilns in seven districts were established violating 300 m criteria from National/State Highway as detailed in **Table-4.12**.

Table 4.12
Distance from National/State Highways

Name of District	Number of brick kilns
Fatehpur	11
Gautambuddh Nagar	1
JP Nagar	8
Kaushambi	7
Saharanpur	2
Sambhal	2
Siddharthnagar	4
TOTAL	35

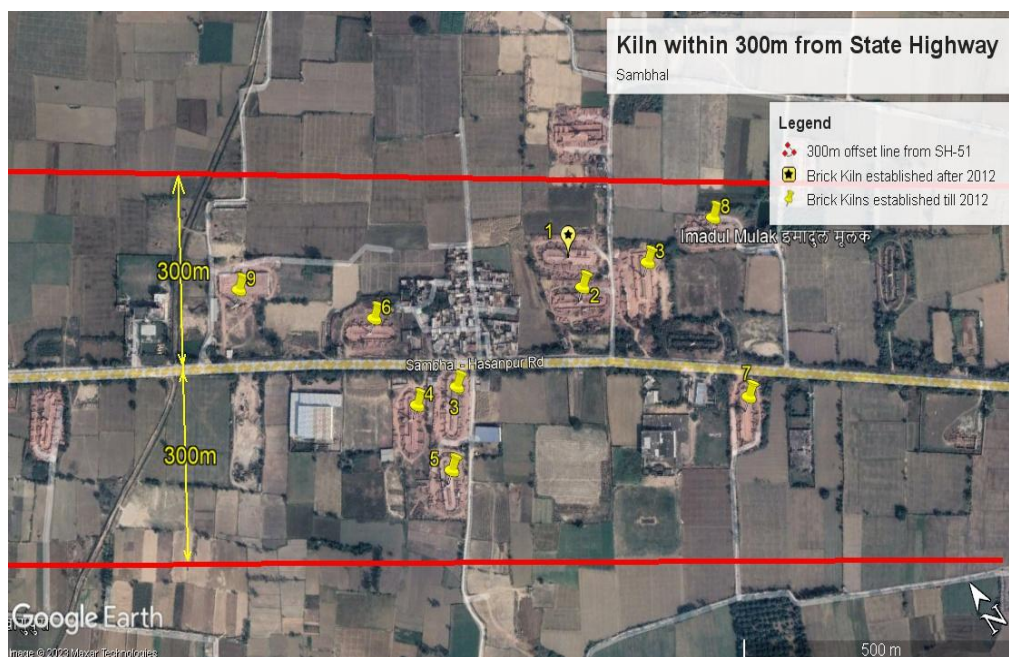


Figure 4.21: Distance from State highway (Sambhal)

4.10.4 Violation of norm regarding distance from School/College

Audit noticed that 162 brick kilns in seven districts were established violating 1km distance criteria from Schools/Colleges as detailed in **Table-4.13**.

Table 4.13
Distance from School/College

Name of District	Number of brick kilns
Fatehpur	52
JP Nagar	17
Kaushambi	40
Prayagraj	16
Saharanpur	21
Sambhal	1
Siddharthnagar	15
TOTAL	162

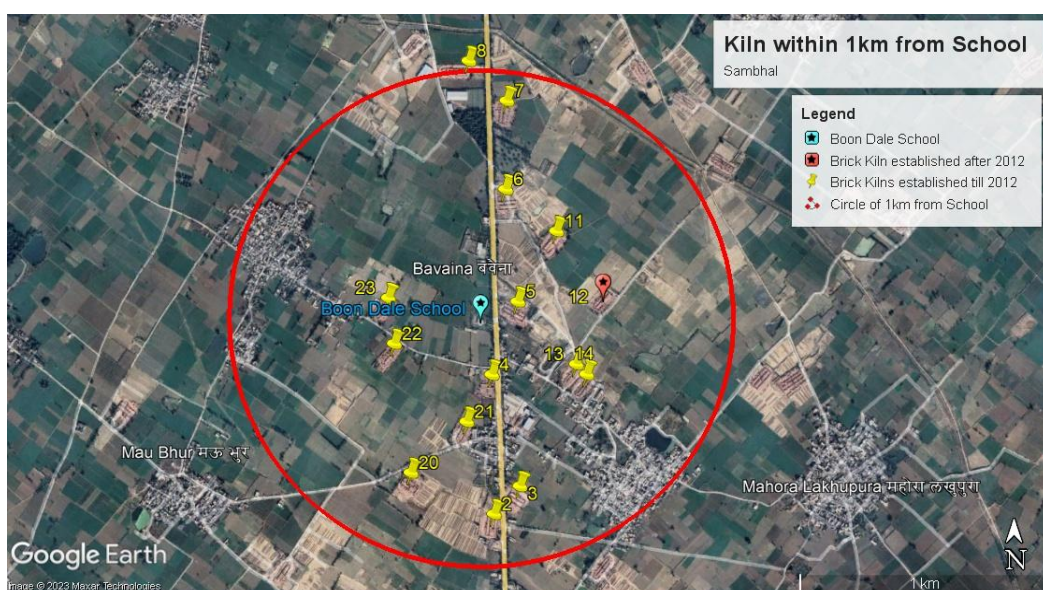


Figure 4.22: Distance from school (Sambhal)

4.10.5 Violation of norm regarding distance from Hospital

Audit noticed that nine kilns in five districts were established near (within 1 km) Hospitals as detailed in **Table-4.14**.

Table 4.14
Distance from hospital

Name of District	Number of brick kilns
Fatehpur	1
Kaushambi	3
Prayagraj	2
Saharanpur	2
Siddharthnagar	1
TOTAL	9

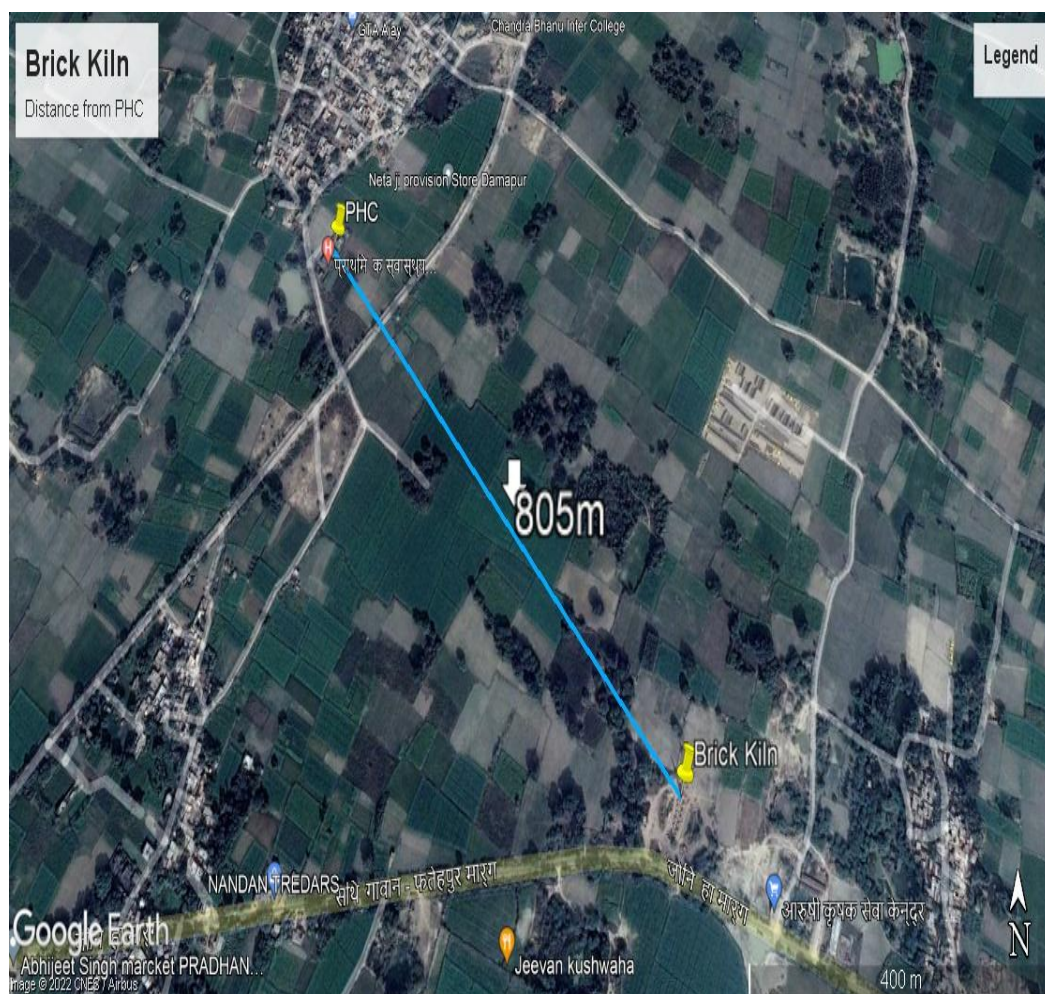


Figure 4.23: Distance from PHC (Fatehpur)

4.10.6 Violation of norm regarding distance from Orchard

Audit noticed that one brick kiln in district Kaushambi was established violating 800m distance norm from Orchard.



Figure 4.24: Distance from orchard (Kaushambi)

4.10.7 Violation of norm regarding distance from Eco Sensitive Zone (ESZ)

Audit noticed that one brick kiln in district JP Nagar was established within ESZ of Hastinapur Wild Life Sanctuary violating 5 km distance criteria.

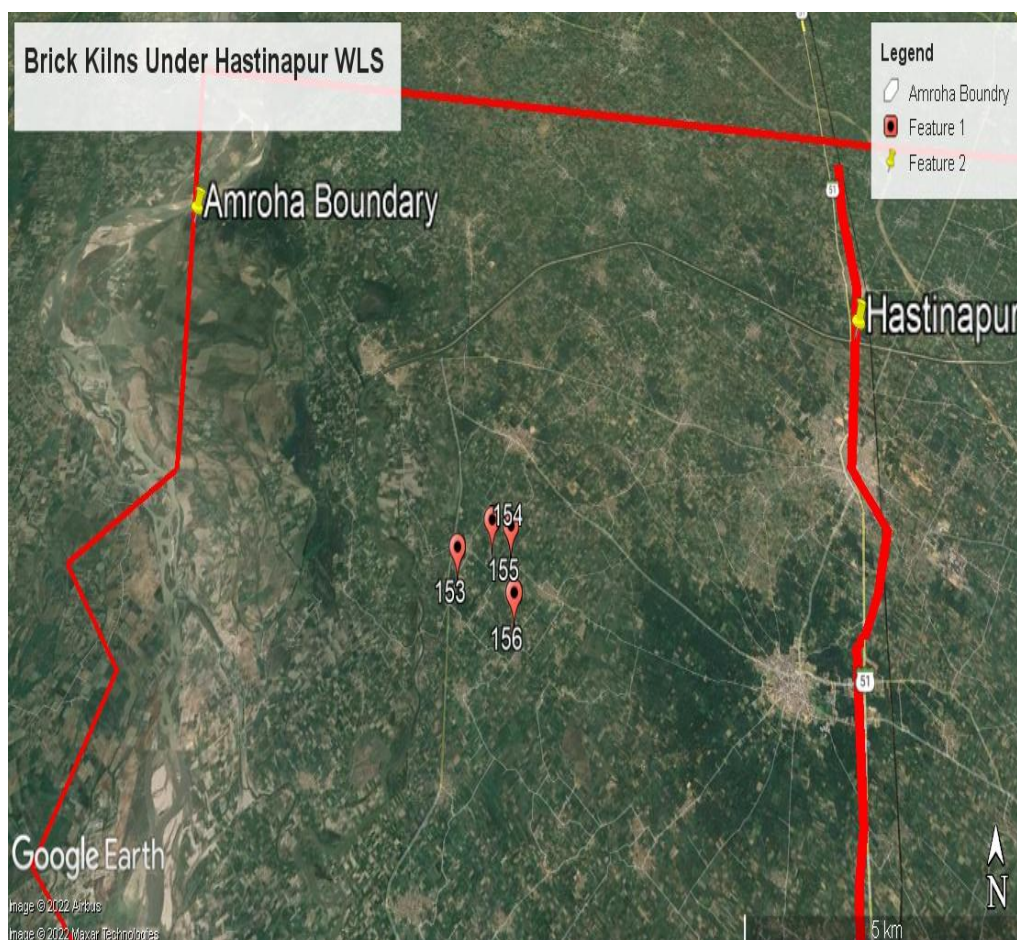


Figure 4.25: Distance from ESZ (JP Nagar)

4.10.8 Violations of norm regarding distance from Historical Monuments

Audit noticed that 11 brick kilns in district Sambhal were established within 5 km from Historical Monument, Jami Masjid⁸⁸, violating distance criteria.

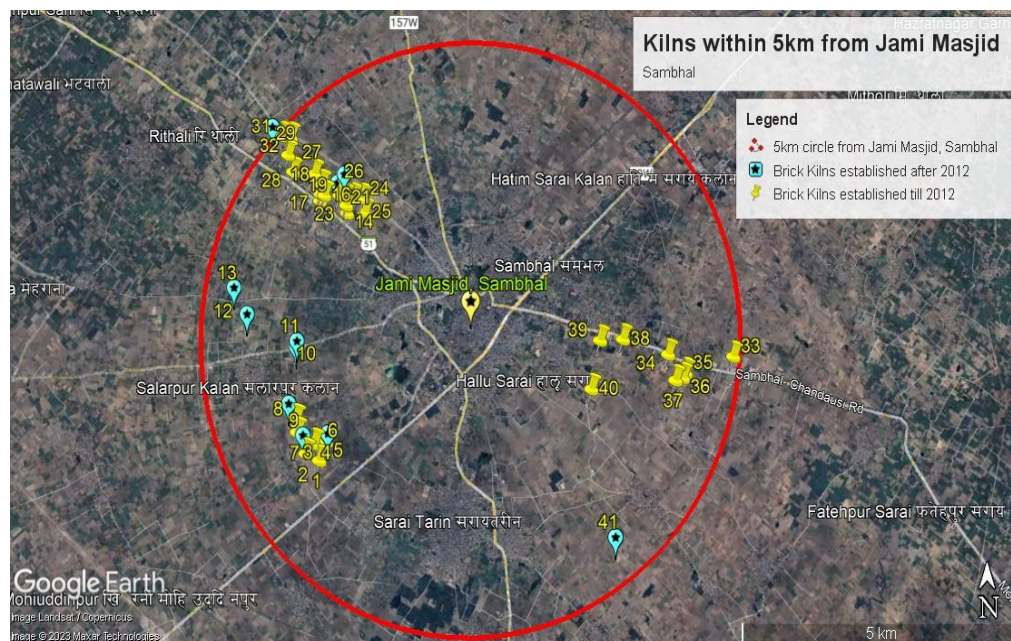


Figure 4.26: Distance from historical monuments (Sambhal)

The Government, in exit conference, stated that there is no provision for obtaining permission or license from Geology and Mining Department before setting up of brick kilns.

The reply of the Government is not acceptable because there is no integration between Geology and Mining Department and UPPCB. As a result, establishment of brick kilns is not monitored by both the Departments. However, UPPCB assured to examine these cases and provided information of district Kanpur Dehat. In one case UPPCB issued notice and stated in rest of the cases of district Kanpur Dehat that brick kilns were established as per the guideline. Reply of the UPPCB is not acceptable as these brick kilns were established after the enactment of the guidelines and did not follow the provision of establishment rules as seen in Google Earth imageries.

Recommendation 11:

The Government may ensure that all brick kilns established in violations of the norms and operating illegally are closed.

4.11 Conclusion

The Department overlooked the bid rate and recovered the royalty and price of mineral at the base rate from lessees who had illegally excavated minerals from the lease area and/or areas neighbouring the sanctioned lease area, which resulted in deprivation of potential revenue to the Government.

Cases of illegal mining outside lease areas and without grant of mining leases/permits were noticed through Google Earth and satellite imagery.

⁸⁸ Sl. No. 250 of Alphabetical List of Monuments – Agra Circle of Archaeological Survey of India.

The system used for monitoring e-transit passes lacked efficient input control mechanism. As a result, minerals were transported by vehicles not fit for transportation of minerals, lessees were able to issue e-MM-11 forms during prohibited months and beyond prescribed time limit, and the distances mentioned in these forms exceeded the actual distances. Further, it was observed that lessees did not adhere to sand mining guidelines, and brick kiln owners did not comply with the norms for their establishments, as evidenced by satellite imageries. Though the State Government implemented the Mining Surveillance System, it may be used effectively to prevent illegal mining in the State.

CHAPTER–V

Internal Control and Monitoring Mechanism

CHAPTER-V

INTERNAL CONTROL AND MONITORING MECHANISM

Summary

Monitoring of mining activity is an essential function to ensure the compliance of the rules and regulations by adhering to the procedures in place. It was noticed that shortage of manpower had an adverse effect on smooth working of Department and control of illegal mining activities. Departmental security force and Departmental mobile squad were not formed by the DGM. No norms were fixed for higher officers for inspection of mining areas.

Quarterly returns, the main tool of control to compare the quantity excavated against the admissible quantity indicated in the mining plan and to collect information regarding skilled and unskilled labourers engaged in mining sector, were not submitted by the lessees in many cases. Submission of environment statements were not monitored during the period of lease.

Plantation of trees by the lessees, as required in the No-objection Certificates issued by the Forest Department was not monitored by the Department. Reclamation and rehabilitation work by the lessees in closed mines was also not monitored by the Department. Non-monitoring of these works involved risk of environmental degradation. The State Government formed the District Mineral Foundation Trust with a delay of more than two years due to which, implementation of socio-economic development programs in the mining areas were delayed. The DGM and concerned trustees did not make efforts for audit of accounts of the Trust. Trustees of concerned DMF did not adhere to provisions of DMFT rules in respect of utilisation of DMFT funds.

5.1 Introduction

Monitoring of mining activity is an essential function to ensure the compliance of the rules and regulations by adhering to the procedures in place. Without continuous monitoring, the Department would not be in position to identify any potential issues, area of improvement and detect the illegal mining in time to safeguard the revenue as well as adverse impact on environment. In Geology and Mining Department, various tools for monitoring have been prescribed i.e. assessment, returns, e-MM-11 forms etc. Audit scrutinised the monitoring system of the Department to review its effectiveness.

Some weaknesses noticed by Audit in the monitoring system are discussed hereunder:

Audit findings

5.2 Weak internal control

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and it enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

IAW of the Geology and Mining Department functions under the supervision of Finance Controller. The details of internal audit planning such as number of units planned for audit, number of units audited and shortfall are mentioned in **Table-5.1**.

Table 5.1
Audit planning by Internal Audit Wing

Year	Total number of units available ⁸⁹	Units planned for audit	Number of units actually audited	Shortfall	Percentage of shortfall
2017-18	31	18	08	10	55.55
2018-19	31	31	30	01	3.22
2019-20	34	34	32	02	5.88
2020-21	34	23	21	02	8.69
2021-22	34	31	23	08	25.80

Source-Information provided by the Department

IAW could not achieve the target of units actually audited with respect to planned units for audit. The shortfall in audit ranged between 3.22 to 55.55 *per cent* between 2017-18 and 2021-22.

The internal audit conducted by the IAW and number and amount of objections raised and settled during the period 2017-18 to 2021-22 is mentioned in **Table-5.2**.

Table 5.2
Compliance of objections raised by IAW

(₹ in lakh)

Year	Opening balance		Addition during the year		Clearance during the year		Closing balance	
	No. of cases	Amount involved	No. of cases	Amount involved	No. of cases	Amount involved	No. of cases	Amount involved
2017-18	1,428	100.10	14	6.86	0	0.27	1,442	106.69
2018-19	1,442	106.69	62	45.78	0	0.37	1,504	152.11
2019-20	1,504	152.11	42	13.48	0	0	1,546	165.59
2020-21	1,546	165.59	23	8.10	0	4.37	1,569	169.32
2021-22	1,569	169.32	24	6.63	2	0.51	1,591	175.44

Source-Information provided by the Department

⁸⁹ As per information provided by the Department, audit of 34 DMOs is done by IAW and other DMOs are audited by Revenue Board.

It is clear from the above table that the compliance made by the Department against the cases raised by the IAW was very low in all the years.

The Department replied (July 2023) that there is shortage in person-in-position in IAW of the Department against sanctioned posts. A request has been made to the Director, Internal Audit, Uttar Pradesh, Lucknow for fulfilling the vacancies in the Wing.

5.3 Electronically generated transit passes (e-MM-11 forms) not audited by Internal Audit Wing

GoUP instructed vide order dated 11 July, 2017 that departmental internal audit team will audit electronically generated transit pass (e-MM-11 forms) every month regarding security and supervision measures and its report would be made available to the DGM.

Audit noticed in 17 DMOs⁹⁰ and Directorate, Geology and Mining that IAW of the Department did not follow the aforesaid Government order and did not audit the records of e-MM-11 forms. This resulted in discrepancies in generation of e-MM-11 forms and mis-utilisation of e-MM-11 forms as observed by Audit in the analysis of data of e-MM-11 forms provided by the Department and illustrated in **Paragraph 4.6** of Chapter-IV of this Report. Due to weak internal control, the Department could not detect and prevent these discrepancies.

The Government, in exit conference, stated that security audit of e-MM-11 forms has been conducted but its documentation has not been done.

The fact remains that the discrepancies, noticed by Audit, in generation/ utilisation of e-MM-11 forms could not be detected by the IAW/Department and the Department could not provide any document regarding audit of e-MM-11 forms.

5.4 Inadequate Human Resource

Availability of manpower is key factor for efficient and smooth working of the Department.

In 18 test-checked DMOs, Audit checked sanctioned strength and person-in-position of key human resource (Mining Officer, Mines Inspector, Surveyor and Mining Clerk) and noticed that in five⁹¹ districts only one person was posted, in six⁹² districts only two persons were posted and in only six⁹³ districts more than two persons were posted in 2021-22. The DMO Baghpat did not reply to any Audit memo. The above person-in-position shows that shortage of manpower was acute. However, the district-wise sanctioned strength was not furnished by the DGM.

Further, Audit examined the position of sanctioned strength and person-in-position provided by the DGM with respect to Sr. Mines Officer/ Mines Officer, Mines Inspector, Surveyor, Draftsman and Clerk posted in the

⁹⁰ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonebhadra.

⁹¹ Bulandshahr, JP Nagar, Muzaffarnagar, Shamli and Siddharthnagar.

⁹² Chitrakoot, Fatehpur, GB Nagar, Kanpur Dehat and Kaushambi.

⁹³ Banda, Hamirpur, Mahoba, Prayagraj, Saharanpur and Sonebhadra.

Directorate as well as field offices and noticed that there was major shortage of manpower (as on 1 February 2023) against sanctioned strength. Details are shown in **Table-5.3**.

Table 5.3
Inadequate Human Resource

Post	Sanctioned strength	Person-in-position	Vacant post	Shortage (in per cent)
Sr. Mines Officer/Mines Officer	67	47	20	29.85
Mines Inspector	75	20	55	73.33
Surveyor	41	8	33	80.49
Draftsman	16	8	8	50.00
Mines Clerk	150	45	105	70.00
Total	349	128	221	63.32

The above table depicts that there was acute shortage of officers/officials ranging from 29.85 *per cent* to 80.49 *per cent*. Departmental security force and departmental mobile squad could not be formed and inspection of the mining areas could not be done as per norms due to shortage of manpower, as discussed in **Paragraphs 5.5 and 5.6**. Thus, shortage of manpower had an adverse effect on smooth working of the Department and control of illegal mining activities.

The Department replied (July 2023) that the recruitment process for the vacant posts is being done through the Uttar Pradesh Public Service commission.

The fact remains that there were 11 out of 18 districts where only one or two persons were posted. Overall, there was 63.32 *per cent* shortage in person-in-position against sanctioned strength at Directorate and field offices which adversely affects the smooth working of the Department as well as proper control and monitoring of mining activities within the State.

5.5 Departmental security force and departmental mobile squad not formed

As per Mining Policy 2017, departmental security force and departmental mobile squad were to be formed to control illegal mining and transportation of minerals. Departmental security force is to act under control of Directorate, Geology and Mining, Uttar Pradesh and departmental mobile squad at regional office level.

Audit noticed that departmental security force and departmental mobile squad were not formed by the DGM. DGM did not initiate any action to implement the provisions of the Mining Policy. Effective control on illegal mining and transportation was not being exercised in absence of security force at DGM level and mobile squad at regional office level.

The Government, in exit conference, accepted the Audit observation and stated that due to shortage of manpower departmental security force and departmental mobile squad could not be formed.

5.6 Inspection norms not fixed for officers

Under the provisions of the MMDR Act, 1957 and the UPMMC Rules, 1963, the District officer not below the rank of Mines inspectors may enter and inspect any mines, survey and take measurement in any such mine. DGM, in its order dated 17 June 2009 instructed to all DMOs/MIs posted in districts that strict compliance of provisions of the UPMMC Rules, 1963 may be ascertained for sustainable and scientific mining for development of mining areas. Further, DGM instructed that at least one site inspection may be carried out of mining areas under own jurisdiction within three months.

In 18 selected DMOs, number of inspections carried out in mining leases and brick kilns were not provided to Audit. However, the Directorate replied that inspection could not be done as per order of DGM due to shortage of manpower. Audit noticed that no norms were fixed for Director, Additional Director, Joint Director and Senior Mines Officer for inspection of mining areas.

The Government, in exit conference, stated that due to shortage of officers, inspection norms were not fixed. Now, number of inspections have been increased as number of officers is enhanced and the inspection norms would be devised for proper monitoring.

Recommendations:

12. The Government may consider to provide requisite manpower to the Internal Audit Wing and other wings of the Department to strengthen the reporting and monitoring system.
13. The Government may consider to fix the inspection norms for officers of the Department for proper monitoring of mining activities.

5.7 Returns not submitted by executing agencies for minerals used in civil work

GoUP vide order⁹⁴ dated 2 February 2001, instructed District Magistrates to ensure payment of royalty on minerals used in public works. Through the said order dated 2 February 2001 and subsequent orders issued in the same manner, instructions were also issued that while receiving the supply of minerals to be used in civil works, it should be ensured that the minerals to be received are royalty paid as per rules and transportation of minerals has been done on the basis of valid transit pass (MM-11). As per Government order⁹⁵ dated 5 October 2006, where minor minerals have been supplied without payment of royalty, the royalty should be deducted at the prescribed rate from the contractors' bills before payment of bills and deposited in the relevant account head and a copy of the treasury challan should be sent to the concerned District Magistrate. Simultaneously, a certificate should also be made available to the District Magistrate and Director, Geology and Mining every month by the executing institutions/construction units to the effect that there is no balance of royalty of minerals/minor mineral to be recovered from the contractor or deposited in the treasury.

⁹⁴ GO No.-594/77-5-2001/200/77 TC-1.

⁹⁵ GO No-4951(1)-77-5-2006-506/05.

Again, according to the order⁹⁶ dated 15 October 2015 of the Chief Secretary, GoUP, if any mineral is used by the contractor, engaged by executing agencies, in civil works without valid transit pass (MM-11), then the royalty for the minor mineral used as well as the price of mineral (generally five times of the royalty) should be deducted from the contractor's bill.

During the audit of the records of the office of the 15 DMOs⁹⁷, it was found that neither the copies of the royalty deposit challans were sent by the executing agencies nor no dues certificates were submitted to the District Magistrate/Mining Department. The Department had no records that could show how much quantity of mineral was used by the contractors in construction works and how many transit passes were presented as evidence of royalty deposit or how much royalty was deducted from the bills of the contractors and deposited in the treasury on the minerals transported without transit pass.

The Government, in exit conference, accepted the Audit observation and stated that co-ordination between executing agencies and the Geology and Mining Department would be established.

5.8 Quarterly returns (MM-12) not submitted by lessees

Under Rules 73 (1) of the UPMMC Rules, 1963, lessees shall submit quarterly returns for the preceding quarter in Form MM-12 to the District Mines Officer in the second week of July, October, January and April every year. This is the main tool of control to compare the quantity excavated against the admissible quantity indicated in the mining plan. Rule 73(2) provides that whenever any holder of mineral concession fails to submit the return within the time specified in Sub-Rule (1) he shall be liable to pay penalty of ₹ 2,000.

Audit test-checked records related to 217 leases in 16 DMOs and noticed in 10 DMOs⁹⁸ that 101 lease holders had not submitted 1,003 quarterly returns (MM-12) during April 2017 to January 2022. The DMOs did not monitor the submission of quarterly return MM-12. The Department did not take any penal action against these defaulters and did not realise the penalty of ₹ 20.06 lakh. In the absence of MM-12 returns the Audit could not ascertain the actual quantity of minerals excavated vis-a-vis dispatched by lessees and also how many labourers were engaged in that mining area. The DMOs had no basic data of skilled and unskilled labourers engaged in mining sector and how much employment was generated for local people.

The Department, in its reply (July 2023), stated that as a result of the online issuance of the transit pass, the complete details of the quantity of mineral extracted from the mining area is available on the departmental portal, due to which there is no relevance of the quarterly statement in the form MM-12.

The reply of the Department does not address the Audit observation. The departmental portal does not have quantity of mineral excavated, data of skilled and unskilled labourers engaged in mining, and employment generated for local people. Further, the UPMMC Rules, 2021 also provides for

⁹⁶ GO No-3385/86-2015-292/2015.

⁹⁷ Baghpat, Banda, Bulandshahr, Fatehpur, GB Nagar, Hamirpur, JP Nagar, Kaushambi, Muzaffarnagar, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar and Sonbhadra.

⁹⁸ Baghpat, Bulandshahr, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Mahoba, Prayagraj, Sambhal and Shamli.

submission of quarterly returns in form MM-12 and penalty for non-submission of the same.

Recommendation 14:

The Government may ensure submission of periodic returns to monitor the movement of minerals effectively and gather data of employment generated through mining.

5.9 Submission of Environment statement (Form-V) by lessees not monitored

Rule 14 of the Environment (Protection) Rules, 1986 stipulates that every person carrying on an industry requiring consent under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 or under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, shall submit an environment statement (Form-V) for the financial year ending on 31 March to the concerned State Pollution Control Board (SPCB) of every year. Environment clearances (ECs) issued to the lessees also required submission of environment statement in Form-V to the SPCB. ECs assigned the responsibility of monitoring compliance of the conditions stipulated therein on the District Mining Officer.

Principal functions of the Uttar Pradesh Pollution Control Board (UPPCB), as spelt out in the Water Act, 1974 and Air Act, 1981 is the prevention, control and abatement of water and air pollution. The main effort of the board is to assist the industries and entrepreneurs to discharge their daily basic obligations to safe guard environment. The Water and Air Quality monitoring is an important part of the Environmental Management. It also provides background data needed for industrial siting and town planning. Board is regularly quality monitoring the major surface water bodies at 34 places and ambient air quality at 19 places in the state. UPPCB functions through its 28 Regional Offices spread all over the state along with its Head Office at Lucknow.

Audit noticed in 16 DMOs⁹⁹ that the DMOs did not monitor submission of environment statement in Form-V by 200 lessees during the period of lease to the UPPCB. The UPPCB also stated that Form-V was not submitted by any of these lessees. However, as per general conditions described in EC, Form-V is required to be submitted to UPPCB timely. Further, as per specific condition of EC, concerned DMOs are required to ensure the complete compliance of EC conditions. Audit found that neither UPPCB nor the Department has taken note of the above provision. Due to not monitoring submission of environment statements, the side effects of air pollution, water pollution, other environmental and social effects could not be assessed near mining areas.

The Government, in exit conference, stated that conditions given in the EC will be amended and at present compliance of environmental standards is monitored by the UPPCB. However, UPPCB accepted the Audit observation and stated that Form-V has not been submitted by any lease holder.

⁹⁹ Banda, Baghpat, Bulandshahar, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Sambhal, Shamli, Siddharthnagar & Sonbhadra.

Recommendation 15:

The Government may ensure that a co-ordination mechanism is established between UPPCB and Geology and Mining Department for submission of environment statement in Form-V by the lessees.

5.10 Failure to monitor the plantation

The Government of Uttar Pradesh issued direction on 4 June 2008 to all District Forest Officers (DFOs)/Divisional Directors Social Forestry (DDSF) for addition of the clause of plantation in the NOCs to be issued to mining lease holders. As per this clause, any mining lease holder undertaking mining on one acre or more area shall plant 200 fruity shady trees per acre over the area equal to the lease area for mining with the facility of irrigation and fencing at their own cost. The GO further directed to ensure strict compliance of the order.

Audit noticed in 15 DMOs¹⁰⁰ that 177 mining leases covering 6,824 acre of land were allotted for carrying out mining activities. NOCs were issued to the minor mineral lease holders by the concerned DFOs/DDSFs with condition that they shall plant fruity shady trees by own cost over the area equal to the lease area for mining or over minimum one acre of land (in case of mining area being less than one acre) with the facility of irrigation and fencing at the rate of 200 trees per acre.

Audit observed that there was nothing on record in lease files to indicate that these lessees had raised any plantation as required in above Government order. Despite request, the concerned DMOs also did not provide details of plantation work done by the lessees. Thus, the Department failed to ensure the plantation of 13,64,800 saplings over 6,824 acres area of land by lessees. As a result, there was risk of inhabitants of the mining affected areas being exposed to environmental pollution and lack of cleanliness and deprived of other social benefits. Details are shown in **Appendix-XXVIII**.

The Government, in exit conference, stated that which Geology and Mining Department will ensure compliance to the terms and conditions given in No-objection Certificate granted by Forest Department and in the Environment Certificate is to be decided.

Recommendation 16:

The Government may ensure that a co-ordination mechanism is established between Forest Department and Geology and Mining Department for proper monitoring of the plantation work required to be done by lessees.

¹⁰⁰ Baghpat, Banda, Bulandshahr, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Mahoba, Prayagraj, Saharanpur, Shamli, Siddharthnagar and Sonbhadra

5.11 Recovery certificates not monitored

Rule 58(1) of the UPMML Rules, 1963 stipulates that the State Government or any officer authorised by it in this behalf may terminate the mining lease after serving a notice to the lessee to pay within thirty days of the receipt of the notice any amount due or dead rent under the lease including the royalty due to the State Government if it was not paid within 15 days next after the date fixed for such payment. This right shall be in addition to and without prejudice to the right of the State Government to realise such dues from the lessee as arrears of land revenue.

Audit test-checked records in 18 DMOs and noticed in eight DMOs¹⁰¹ that 161 recovery certificates were issued between 2017-18 and 2021-22 by the Department in which an amount of ₹ 409.85 crore was involved for recovery of mining dues. Out of this, only ₹ 1.17 crore was recovered by the Department. Six recovery certificates of DMO Sonebhadra amounting to ₹ 12.37 crore was returned back mentioning reason that father's name and address was not found or lessees do not have any property. An amount of ₹ 408.68 crore was still unrecovered. Concerned DMOs did not pursue further for recovery of balance amount as detailed in **Appendix-XXIX**.

The Government, in exit conference, assured to review the matter and take appropriate action regarding return of the recovery certificates.

5.12 Delay in formation of DMFT in the State

Section 9(b) of the MMDR Act, 2015 stipulates that in any district affected by mining related activities, the State Government shall, by notification, establish a District Mineral Foundation Trust as a non-profit body.

The objectives of the District Mineral Foundation shall be to work for the interest and benefit of persons and areas affected by mining operations in such manner as may be prescribed by the State Government. Accordingly, the fund available with the trust shall be utilised for drinking water supply, environment preservation and pollution control measures, health care, education, welfare of women and children, welfare of aged and disabled people, skill development and sanitation etc.

The composition and functions of the District Mineral Foundation under Section 15(A) of the Act shall be such as may be prescribed by the State Government. The State Government may prescribe an amount to be paid by all lease holders relating to minor minerals to the District Mineral Foundation of the district in which the mining operations are carried on.

To exercise the powers given to the State Government under Section 15 of the said Act, the DMFT was constituted by the GoUP vide notification¹⁰² dated 25 April 2017 and accordingly the State Government framed Uttar Pradesh District Mineral Foundation Trust Rules, 2017 vide notification¹⁰³ dated 15 May 2017 effective from 12 January 2015.

Audit noticed that though a provision was made in the MMDR Act, 2015 for the establishment of DMFT in all the districts on 27 March 2015, the State Government formed the DMFT with a delay of more than two years. Thus

¹⁰¹ Banda, Fatehpur, Hamirpur, Kanpur Dehat, Kaushambi, Prayagraj, Shamli and Sonbhadra.

¹⁰² No. 489/86-2017-132/2016 dated 25 April 2017

¹⁰³ No. 866/86-2017-132/2016 dated 15 May 2017

delay in formation of the Trust led to delay in implementation of socio-economic development programmes of the mining areas. Objectives of DMFT were not fulfilled before and beneficiaries of mining affected areas were deprived of social and health benefits for the time being. However, DMFT have been established now in all the districts of the State.

The Government, in exit conference, accepted the delay in formation of DMFT in the State and informed that DMFT has been established now in all districts of the State.

The fact remains that delay in formation of the Trust delayed the implementation of socio-economic development programs in the mining areas as per the objectives of the DMFT.

5.13 Arrear/DMF contribution register not maintained

According to Rule 19 of the Uttar Pradesh District Mineral Foundation Trust (the UPDMFT) Rules, 2017, every lessee will have to deposit the amount payable to the trust in the bank account under intimation to the officer to whom the royalty is payable. Every officer who is authorised to collect the amount of royalty shall maintain a register of amount payable and paid by each lessee and the consolidated monthly statement of the same shall be made available to the member secretary of the committee at the end of each month.

Audit noticed in all the selected 18 DMOs that arrear register of royalty due on lessees/brick kiln owners and DMF register was not maintained by concerned DMOs. DMF amount was also not being deposited regularly by the lessees. The complete details of the amount payable and deposited by each lessee towards DMF were not monitored through registers by the Department. Arrear/DMF register is key source to detect what amount of royalty or contribution to DMF is due against lessees. The Department failed to ascertain the arrear of revenue to be paid to the Government and also contribution to DMF.

The Government, in exit conference, stated that desired records will be prepared and a centralised system is being made for this in which the payment of DMF can be done automatically along with royalty.

5.14 Accounts of DMF Trust not audited by DGM through a qualified auditor

According to Rule 12 of the UPDMFT Rules, 2017, the accounts of trust shall be audited by the Director Geology and Mining, Uttar Pradesh through a qualified auditor. The trust shall submit an annual report and compliance of the audit report to the DGM, Uttar Pradesh. According to Rule 18 of the Rules, the Management Committee shall maintain books of accounts, documents and other records relating to the DMF Trust. The accounts of the Trust shall be audited, at least on completion of one year, by a qualified auditor. The auditors of the trust shall be appointed by the trustees from the list of approved auditors notified by the Accountant General of the State.

Audit noticed that DMFT has been set up in each district of the State. As per DMFT Rules, accounts of DMF Trust was to be audited by a qualified auditor on completion of one year. During the scrutiny of files of IAW, it was

observed that only in six DMOs¹⁰⁴ accounts of trust was audited by qualified auditors for the year 2017-18 and 2018-19. Accounts of DMFT in 69 DMOs remained unaudited after lapse of more than five years.

The Government, in exit conference, accepted the Audit observation and stated that accounts of DMF are now being audited. The fact remains that 69 DMOs accounts remained unaudited even after lapse of more than five years.

5.15 Expenditure from DMFT fund in violation of DMFT Rules

According to Rule 17 of the UPDMFT Rules, the fund available with the trust shall be utilised for high priority areas¹⁰⁵ in which at least 60 *per cent* fund shall be utilised and for other priority areas¹⁰⁶ in which upto 40 *per cent* fund shall be utilised.

Rule 5 of the DMFT Rules provide that proposal for the benefit of the persons and areas affected by mining operations shall be prepared and submitted by concerned mining officer. The proposal may be of following nature-(a) basic infrastructure of area e.g. construction and maintenance of approaching road, electricity, sanitation, drinking water facility, hand pump and other public utility work; (b) common plantation in/around area affected by mining operations; (c) any other activities approved by the trust in the interest of mineral development.

Audit noticed in eight DMOs¹⁰⁷ that an amount of ₹ 8.50 crore was released by DMFT to different executing agencies for construction/renovation of community buildings, meeting halls, sports stadium, jogging track, purchase of furniture/equipment, installation of CCTV camera for Government offices. The nature of these works does not pertain to the high priority/other priority areas specified in the Rule 17 and therefore are not related to the overall development of the persons/areas affected by the mining/mining related operations. Trustees of concerned DMF did not adhere to provisions of the DMFT Rules in respect of utilisation of DMFT funds. As a result, the people of the mining affected area were deprived of social, educational and health related benefits.

The Government, in exit conference, stated that in view of environment protection and pollution control, DMF can be utilised in whole district.

The reply of the Government is not acceptable as fund utilised was not pertain to the high priority/other priority areas specified in the Rule 17 and also not for environment protection and pollution control.

Recommendation 17:

The Government may ensure utilisation of collected DMFT fund for welfare and development of the persons of mining affected areas in accordance with DMFT rules and fix responsibility for diversion of DMFT fund by authorities.

¹⁰⁴ Banda, Hamirpur, Jhansi, Lalitpur, Mahoba and Sonebhadra.

¹⁰⁵ (a) Drinking water supply (b) Environment preservation and pollution control measures (c) Health care (d) Education (e) Welfare of women and children (f) Welfare of aged and disabled people (g) Skill development and (h) Sanitation

¹⁰⁶ (a) Physical infrastructure (b) Irrigation (c) Energy and watershed development (d) any other measures for enhancing environmental quality in mines bearing district.

¹⁰⁷ Banda, Fatehpur, Kaushambi, Prayagraj, Saharanpur, Sambhal, Siddharthnagar, and Sonebhadra.

5.16 DMFT fund not utilised for development of mining affected areas and persons

According to the UPDMFT Rules, on the basis of the recommendation of the concerned Management Committee and the Governing Council, an action plan was to be prepared with the funds available in the trust's funds for welfare and development of mining affected areas and individuals in the district.

Audit examined the DMF file/register in the Office of the District Mines Officer, Hamirpur and Prayagraj and found that funds amounting to ₹ 77.50 crore from the District Mineral Trust Fund were not utilised for development program in the mining affected areas. The Department spent only ₹ 11.00 lakh for development work in Hamirpur in the year 2018-19 and ₹ 8.88 crore for development work in Prayagraj in the year 2020-21 and 2021-22. Thus, in relation to the total amount deposited ₹ 86.95 crore till March 2022, a total expenditure of only ₹ 8.99 crore was incurred for development work between 2018-19 and 2021-22. Till March 2022, the remaining amount of ₹ 77.50 crore, deposited in the DMFT was unutilised. Due to non-utilisation of funds, mining affected areas were deprived of development work and other socio-economic benefits.

The Government, in exit conference, assured to provide updated status of expenditure and the list of districts where Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) is implemented. However, no such records have been provided to Audit till March 2024.

5.17 Deficient validation mechanism in Mine Mitra portal

Transit passes (e-MM-11) are generated through Mine Mitra portal in Uttar Pradesh. Transit passes are produced as proof of royalty payment in working agencies by contractors. These passes are validated via individual logins on the same portal by working agencies, including those by other States.

Audit examined the records of Jila Panchayat, Sambhal (working agency) and noticed that the contractor produced transit pass of incongruent date (30 February 2021) issued from Uttarakhand State against minor mineral used in civil work and the same was validated by Mine Mitra portal. The Audit got verified the transit pass and found that it was originally issued to another consignee on 10 January 2018 and other particulars are also mismatched with original transit pass. It means Mine Mitra portal is not validating all the particulars depicted in transit pass. Further, the Drawing and Disbursing Officer of working agency also failed to identify this irregularity and subsequently released payment to the contractor. Thus validation process of the portal was deficient, which resulted in the validation of a transit pass with an incongruent date.

The Government, in exit conference, accepted system deficiency and stated that system of validation on portal is under development.

Recommendations:

The Government may ensure

- 18. implementing a robust system for the validation mechanism of Mine Mitra portal to ensure that all the relevant particulars depicted in transit pass are suitably verified.**

- 19. strengthening collaboration with other states to ensure consistent and accurate validation of transit passes. This could involve implementing standardised procedures and a centralised database for verification.**

5.18 Reclamation and rehabilitation work in closed mines not monitored

In accordance with Rule 23 of the Mineral Conservation and Development Rules, 1988, the lessee will not be able to abandon the mine or part thereof unless final mine closure plan duly approved by the Regional Controller of Mines or the officer authorised for this purpose by the State Government, as the case may be, is implemented. As per Rule 23 (E) of said Rules, it is responsibility of lease holder, agent, manager or mining engineer that security measures mentioned in mining plan in which reclamation and rehabilitation work is included, have been carried out according to mining plan duly approved by competent authority.

Audit test-checked records of 16 DMOs and noticed that in 12 DMOs there were no closed mines of stone and in four DMOs¹⁰⁸ 74 leases of stone mines were closed without carrying out reclamation and rehabilitation work in mining areas. Lessees neither submitted approved mine closure plan nor deposited financial assurance for the purpose of performance of protective, reclamation, rehabilitation measures. Concerned DMOs could not provide the list of mining areas where rehabilitation work was conducted nor list of work done related to this. List of affected persons of mining areas and expenditure incurred on it was also not provided by the DMOs. Thus, Audit could not assess whether the physical condition of mined land was improved, overburden and waste collected in mined area were disposed off and re-vegetation by agriculture or forestry was done. Concerned DMOs did not monitor the reclamation and rehabilitation work in closed mine area. Therefore, backfilling of mining areas, water quality management activities, afforestation over mined areas, restoration of flora and fauna and top soil management activities could not be ensured. Therefore, there was risk of people living in the mining affected areas being exposed to ill effects of environmental degradation.

The Government, in exit conference, accepted the Audit observation and stated that necessary action will be taken in this regard.

¹⁰⁸ Chitrakoot, Mahoba, Prayagraj and Sonebhadra.

5.19 Work related to Corporate Social Responsibility/ Corporate Environment Responsibility/ Environmental Management Plan by lessees not monitored

As per SSMMG 2016, no mining is allowed without Environmental Clearance (EC). The process of EC involves preparation of Environmental Impact Assessment (EIA)/Environmental Management Plan (EMP) and mining plan. Lessees have to incur expenditure from Corporate Social Responsibility (CSR)/Corporate Environment Responsibility (CER) funds under the terms and conditions of EC to provide for the social and environmental benefits to inhabitants of mining areas. Under CSR/ CER works to be carried out are infrastructure creation for drinking water supply, sanitation, health, education, skill development, electrification including solar power etc. Lessees have to submit EMP to mitigate the environmental impacts which includes the sustainable use of resources used for manufacturing activities ensuring optimisation of resource consumption and occupational health impacts.

Audit test-checked records in 16 DMOs and noticed in case of 140 lessees of 11 DMOs¹⁰⁹ that provision was made for the funds to be spent for adopting the said initiative at the time of issuing the EC to the lease holders. As per provision stipulated in EC, the details of work with address and photographs were required to be submitted to the Directorate as well as concerned District Magistrate. However, there was nothing in lease files of the lessees to indicate that the lessees did any work related to drinking water supply, sanitation, health, education, skill development, electrification including solar power etc. as was required under the conditions of EC. Despite request, the DMOs also did not provide any information regarding work done by the lessees from CSR/CER and action taken by the lessees as per EMP. In the absence of this, fulfilment of the objectives of EMP such as minimum disturbance to the native flora and fauna, compliance with the air, water, soil and noise quality norms, conservation of water to the extent possible and extent of socio-economic development could not be ascertained in Audit.

The Government, in exit conference, stated that the Department will take adequate action in all these things.

5.20 Conclusion

It was noticed that not deploying enough manpower had an adverse effect on monitoring and control of illegal mining activities. Departmental security force and departmental mobile squad therefore could not be formed and inspection of the mining areas could not be done as per norms. Quarterly returns and environment statement were not submitted by the lessees during the period of lease making the internal control further ineffective. UPPCB and the Department could not ensure submission of environment statement in Form-V. Due to delay in formation of District Mineral Foundation Trust, there was delayed implementation of socio-economic development programs in the mining affected areas. The DGM and concerned trustees did not make efforts for audit of accounts of Trust. Trustees of the DMFT did not adhere to provisions of DMFT Rules and made expenditure on works which did not pertain to areas specified in the Rules.

¹⁰⁹ Banda, Chitrakoot, Fatehpur, GB Nagar, Hamirpur, Kanpur Dehat, Kaushambi, Prayagraj, Saharanpur, Siddharthnagar and Sonbhadra.

Plantation of trees by the lessees, as required in the No-objection Certificates issued by the Forest Department was not monitored by the Department. Reclamation and rehabilitation work by the lessees in closed mines was also not monitored by the Department. Non-monitoring of these works involved risk of deterioration of the flora and fauna of the mined area.



(TANYA SINGH)

Lucknow

The **06 FEBRUARY 2025**

Accountant General (Audit-II),
Uttar Pradesh

Countersigned



(K. SANJAY MURTHY)

New Delhi

The **14 FEB 2025**

Comptroller and Auditor General of India

APPENDICES

Appendix-I
Government revenue late deposited in Government Account
(Reference para no. 2.5)

SL No	Name of DMO	Number of cases	Period of Letter of Intent (LoI)	Period of submission of demand draft	Period of delay (in days)	Period of deposit of challan in treasury	Period of delay (in days)
1	Banda	20	24-03-2018 to 08-06-2019	14-05-2018 to 06-02-2020	25 to 338	19-05-2018 to 29-02-2020	29 to 361
2	Chitrakoot	7	12-02-2019 to 26-08-2020	13-03-2019 to 19-09-2020	18 to 40	21-03-2019 to 29-09-2020	23 to 62
3	Fatehpur	5	04-05-2018 to 31-08-2020	16-07-2018 to 19-09-2020	12 to 108	03-08-2018 to 25-09-2020	20 to 118
4	GB Nagar	4	04-12-2017 to 19-11-2019	22-01-2018 to 12-12-2019	21 to 49	15-03-2018 to 17-12-2019	28 to 101
5	Hamirpur	14	26-02-2018 to 25-09-2018	16-03-2018 to 29-10-2018	18 to 121	21-03-2018 to 06-11-2018	23 to 140
6	Kanpur Dehat	6	18-01-2018 to 06-06-2019	15-03-2018 to 24-07-2019	20 to 56	19-03-2018 to 27-08-2019	42 to 82
7	Kaushambi	4	26-11-2018 to 25-06-2020	19-01-2019 to 22-07-2020	27 to 390	05-02-2019 to 31-07-2020	36 to 392
8	Mahoba	17	09-04-2018 to 25-02-2019	03-07-2018 to 30-05-2019	25 to 196	09-07-2018 to 27-06-2019	31 to 213
9	Prayagraj	4	27-07-2018 to 27-07-2018	23-08-2018 to 24-09-2019	27 to 424	31-08-2018 to 11-10-2019	35 to 441
10	Sonebhadra	3	20-08-2018 to 08-01-2021	29-10-2018 to 21-01-2021	13 to 70	16-11-2018 to 27-01-2021	19 to 88
Total		84	04-12-2017 to 08-01-2021	22-01-2018 to 21-01-2021	12 to 424	15-03-2018 to 27-01-2021	19 to 441

Appendix-II
Security amount and first instalment of royalty not forfeited on delay in execution of lease deed
(Reference para no.2.6)

Sl. No.	Name of DMO	Number of cases	Range of dates of execution of lease deed	Range of Environmental Certificate sanction dates	Range of delay in execution of lease deed (in days)	Amount of security deposit	Amount of first instalment of royalty	Total
1	Chitrakoot	1	11-05-2020	16-01-2020	116	11,75,029	11,75,029	23,50,058
2	Fatehpur	3	23-01-2020 to 02-11-2020	05-12-2019 to 04-09-2020	45 to 162	7,77,07,725	7,77,07,725	15,54,15,450
3	GB Nagar	1	11-02-2021	10-09-2020	154	74,18,486	74,18,486	1,48,36,972
4	Hamirpur	9	19-11-2019 to 13-04-2022	31-01-2019 to 04-01-2022	37 to 575	22,98,17,331	22,61,00,996	45,59,18,327
5	Mahoba	14	01-06-2019 to 20-05-2021	18-07-2018 to 03-09-2020	104 to 1,037	2,82,09,132	2,82,09,132	5,64,18,264
6	Prayagraj	8	07-01-2020 to 07-12-2022	15-11-2018 to 16-09-2022	82 to 708	1,86,55,947	1,68,39,948	3,54,95,895
7	Saharanpur	3	04-10-2019 to 03-01-2022	21-06-2019 to 17-09-2021	98 to 148	7,96,51,804	7,32,89,860	15,29,41,664
8	Shamli	1	01-01-2022	17-03-2021	290	51,86,700	51,86,700	1,03,73,400
9	Sonebhadra	3	12-02-2020 to 06-11-2020	23-10-2018 to 09-01-2020	34 to 745	8,19,98,141	8,19,98,141	16,39,96,282
Total		43	01-06-2019 to 07-12-2022	18-07-2018 to 16-09-2022	34 to 1,037	52,98,20,295	51,79,26,017	1,04,77,46,312

Appendix-III
Short levy of stamp duty on mining lease deeds
(Reference para no. 2.)

Sl. No.	Name of DMO	No. of cases	Total royalty recoverable in lease period	Total DMF recoverable in lease period	Total amount of royalty and DMF contribution	Total amount of royalty and DMF contribution after rounding off individual cases to next thousand rupees	Leviable stamp duty @2 per cent/4 per cent ⁷	Leviable registration fee	Stamp duty paid	Registration fee paid	Difference of stamp duty	Difference of registration fee	Amount in ₹
(1)	(2)	(3)	(4)	(5) (Col. 4 * 10%, individual cases have been rounded off)	(6) (Total of Col. 4 & 5)	(7)	(8)	(9)	(10)	(11)	(12) (Col. 8- Col.10)	(13) (Col. 9- Col. 11)	(14) (Total of Col. 12 & 13)
1	Baghpat	3	2,19,70,01,059	21,97,00,107	2,41,67,01,166	2,41,67,02,000	9,66,68,080	60,000	8,78,80,160	60,000	87,87,920	-	87,87,920
2	Banda	25	19,82,61,15,848	1,98,26,11,594	21,80,87,27,442	21,80,87,39,000	48,95,51,680	17,77,89,930	43,78,66,070	16,16,57,930	5,16,85,610	1,61,32,000	6,78,17,610
3	Bulandshahr	2	87,45,69,000	8,74,56,900	96,20,25,900	96,20,27,000	1,92,40,540	43,38,970	1,74,90,720	39,46,330	17,49,820	3,92,640	21,42,460
4	Chitrakoot	12	2,93,84,61,704	29,38,46,173	3,23,23,07,877	3,23,23,12,000	6,46,46,240	3,08,47,750	5,87,98,120	2,80,53,731	58,48,120	27,94,019	86,42,139
5	Fatehpur	10	4,39,86,40,913	43,98,64,093	4,83,85,05,006	4,83,85,10,000	9,67,70,200	4,32,18,880	8,79,79,200	3,92,92,285	87,91,000	39,26,595	1,27,17,595
6	GB Nagar	3	1,22,42,89,695	12,24,28,970	1,34,67,18,665	1,34,67,20,000	2,69,34,400	60,000	2,44,85,993	60,000	24,48,407	-	24,48,407
7	Hamirpur	20	12,24,77,61,673	1,22,47,76,171	13,47,25,37,844	13,47,25,47,000	26,94,50,940	6,17,29,220	24,49,58,620	5,61,35,630	2,44,92,320	55,93,590	3,00,85,910
8	Kanpur Dehat	9	3,53,17,44,202	35,31,74,425	3,88,49,18,627	3,88,49,24,000	7,76,98,480	2,38,68,740	7,06,35,238	2,17,07,160	70,63,242	21,61,580	92,24,822
9	Kaushambi	4	52,97,71,520	5,29,77,152	58,27,48,672	58,27,50,000	1,16,55,000	58,27,500	1,07,61,279	52,97,720	8,93,721	5,29,780	14,23,501
10	Mahoba	40	6,43,53,84,680	64,35,38,476	7,07,89,23,156	7,07,89,39,000	14,15,78,780	6,08,84,310	12,87,32,039	5,53,75,120	1,28,46,741	55,09,190	1,83,55,931
11	Prayagraj	20	1,83,91,54,574	18,39,15,458	2,02,30,70,032	2,02,30,79,000	4,20,73,360	1,94,31,130	3,82,52,172	1,76,66,650	38,21,188	17,64,480	55,85,668
12	Saharanpur	9	3,52,02,30,372	35,20,23,042	3,87,22,53,414	3,87,22,58,000	7,74,45,160	2,59,11,020	7,04,05,054	1,95,23,450	70,40,106	63,87,570	1,34,27,676
13	Sambhal	1	41,28,26,862	4,12,82,687	45,41,09,549	45,41,10,000	90,82,200	20,000	82,58,140	20,000	8,24,060	-	8,24,060
14	Shamli	6	1,09,86,43,705	10,98,64,372	1,20,85,08,077	1,20,85,12,000	2,41,70,240	1,04,95,770	2,19,77,040	95,44,420	21,93,200	9,51,350	31,44,550
15	Siddharthnagar	4	34,64,35,427	3,46,43,545	38,10,78,972	38,10,81,000	76,21,620	23,98,280	69,29,200	21,82,080	6,92,420	2,16,200	9,08,620
16	Sonebhadra	5	3,90,66,70,961	39,06,67,097	4,29,73,38,058	4,29,73,41,000	17,18,93,640	2,21,72,620	14,98,39,430	2,01,58,800	2,20,54,210	20,13,820	2,40,68,030
	Total	173	65,32,77,02,195	6,53,27,70,262	71,86,04,72,457	71,86,05,51,000	1,62,64,80,560	48,90,54,120	1,46,52,48,475	44,06,81,306	16,12,32,085	4,83,72,814	20,96,04,899

Appendix-IV
Financial assurance not collected from lease holders
(Reference para no.2.8)

Sl. No.	Name of DMO	No. of cases		Range of lease period	Range of dates of Letter of Intent (LoI)	Area		Amount in ₹
		Sand/ morrum	Gitti			In hectare	In acre	
1	Baghpat	3	-	19-02-2018 to 20-02-2023	06-11-2017	38.12	94.15	14,12,250
2	Banda	4	-	13-12-2018 to 03-12-2025	22-05-2018 to 08-03-2019	85.00	209.95	31,49,250
3	Fatehpur	2	-	05-01-2022 to 06-01-2027	04-03-2020 to 18-06-2020	30.00	74.10	11,11,500
4	GB Nagar	6	-	16-02-2018 to 10-02-2026	20-11-2017 to 13-11-2019	182.62	450.95	67,64,250
5	Hamirpur	4	-	04-12-2018 to 01-01-2025	22-03-2018 to 04-08-2018	109.31	269.99	40,49,850
6	Kanpur Dehat	5	-	03-01-2019 to 02-01-2027	18-01-2018 to 23-05-2020	89.35	220.69	33,10,350
7	Kaushambi	2	-	14-02-2020 to 06-03-2025	26-11-2018 to 23-01-2019	25.00	61.75	9,26,250
8	Mahoba	-	2	01-06-2019 to 06-11-2030	13-08-2018 to 25-02-2019	2.43	6.00	4,00,000
9	Prayagraj	1	2	09-11-2020 to 22-05-2032	22-05-2020 to 30-01-2021	20.15	49.77	10,46,400
10	Saharanpur	8	-	04-10-2019 to 02-01-2027	15-03-2018 to 05-06-2020	187.60	463.37	69,50,550
11	Sambhal	1	-	06-02-2020 to 05.02.2025	21-12-2017	49.00	121.03	18,15,450
12	Shamli	6	-	16-01-2019 to 31-12-2027	10-04-2018 to 07-09-2019	106.10	262.07	39,31,050
13	Siddharthnagar	3	-	13-12-2021 to 02-01-2027	17-08-2021 to 07-09-2021	13.21	32.63	6,92,350
14	Sonebhadra	4	1	23-03-2018 to 05-11-2030	06-01-2018 to 25-01-2019	47.73	117.89	18,67,000
Total		49	5	16-02-2018 to 22-05-2032	06-11-2017 to 07-09-2021	972.60	2,434.34	3,74,26,500

Appendix-V
Royalty not realised
(Reference para no. 3.2.1)

					Amount in ₹	
Sl. No.	Name of DMO	No. of lease holder	Period of due royalty	Royalty due	Royalty deposited	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7) (Col. 5 – Col. 6)
1	Fatehpur	3	01/2022 to 03/2022	9,49,33,748	1,10,00,000	8,39,33,748
2	Hamirpur	1	05/2020 to 03/2022	19,77,47,073	203,24,064	17,74,23,009
3	Prayagraj	4	01/2019 to 03/2022	12,51,83,056	1,30,00,000	11,21,83,056
4	Sonebhadra	2	01/2019 to 01/2022	13,25,90,946	3,00,00,000	10,25,90,946
Total		10	01/2019 to 03/2022	55,04,54,823	7,43,24,064	47,61,30,759

Appendix-VI
Contribution to DMFT not collected
(Reference para no. 3.2.2)

					Amount in ₹	
Sl. No.	Name of DMO	No. of lease holder	Period of royalty	Royalty deposited	DMF Due	DMF deposited
(1)	(2)	(3)	(4)	(5)	(6) (Col. 5 * 10%)	(7)
1	Chitrakoot	4	05/2020 to 03/2022	9,58,42,389	95,84,252	0
2	Fatehpur	1	01/2019 to 01/2020	19,80,04,020	1,98,00,402	0
3	Hamirpur	7	07/2018 to 03/2022	61,40,83,553	6,14,08,379	0
4	Prayagraj	3	04/2017 to 03/2022	18,47,39,683	18,47,39,69	0
5	Sonebhadra	5	01/2019 to 03/2022	27,85,37,822	2,78,53,783	0
Total		20	04/2017 to 03/2022	1,37,12,07,467	13,71,20,785	0
						13,71,20,785

Appendix-VII
Permit application fee, Royalty, DMF & Palothan not realised from the brick kiln owners
(Reference para no. 3.3.1)

Amount in ₹							
Sl. No.	Name of DMO (2)	No. of brick kilns (3)	Application fee (4) (Col. 3 * ₹ 2000)	Royalty (5)	Palothan (6) (Col. 5 * 10%)	DMF (7) (Col. 5 * 10%)	Total (8) (Total of Col. 4, 5, 6 & 7)
1	Hamirpur	4	8,000	3,67,200	36,720	36,720	4,48,640
2	Kanpur Dehat	21	42,000	32,85,900	3,28,590	3,28,590	39,85,080
3	Saharanpur	6	12,000	9,07,200	90,720	90,720	11,00,640
Total		31	62,000	45,60,300	4,56,030	4,56,030	55,34,360

Appendix-VIII
Palothan not realised from brick kiln owners
(Reference para no. 3.3.2)

Amount in ₹								
Sl. No.	Name of DMO	No. of brick kiln	Period	Application fee paid	Royalty paid	Palothan due	Palothan paid	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7) (Col. 6 * 10%)	(8)	(9) (Col. 7- Col. 8)
1	Fatehpur	54	2018-19 to 2019-20	1,08,000	63,07,200	6,30,720	0	6,30,720
2	GB Nagar	5	2017-18	10,000	7,69,500	76,950	0	76,950
3	JP Nagar	15	2017-18 to 2019-20	30,000	23,67,900	2,36,790	0	2,36,790
4	Hamirpur	2	2018-19 to 2019-20	4,000	2,21,400	22,140	0	22,140
5	Saharanpur	52	2018-19 to 2019-20	1,04,000	86,13,000	8,61,300	0	8,61,300
6	Shamli	11	2019-20	22,000	22,27,500	2,22,750	0	2,22,750
7	Siddharthnagar	36	2018-19 to 2019-20	72,000	30,56,400	3,05,640	0	3,05,640
Total		175	2017-18 to 2019-20	3,50,000	2,35,62,900	23,56,290	0	23,56,290

Appendix-IX
Contribution to DMFT not realised from brick kiln owners
(Reference para no.3.3.3)

Sl. No.	Name of DMO	No. of brick kilns	Application fee paid	Royalty paid	DMF paid	DMF due (Col. 5 * 10 %)	Amount in ₹	
							Difference	(8) (Col. 7- Col. 6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Fatehpur	45	90,000	50,78,700	-	5,07,870	5,07,870	
2	GB Nagar	17	34,000	25,24,500	-	2,52,450	2,52,450	
3	Hamirpur	6	12,000	5,77,800	-	57,780	57,780	
4	JP Nagar	42	84,000	62,69,400	-	6,26,940	6,26,940	
5	Kanpur Dehat	67	1,34,000	1,03,76,100	-	10,37,610	10,37,610	
6	Kaushambi	60	1,20,000	73,76,400	-	7,37,640	7,37,640	
7	Prayagraj	96	1,92,000	1,06,48,800	-	10,64,880	10,64,880	
8	Saharanpur	64	1,24,000	97,20,000	-	9,72,000	9,72,000	
9	Sambhal	101	2,02,000	1,52,25,300	-	15,22,530	15,22,530	
10	Siddharthnagar	43	86,000	36,20,700	-	3,62,070	3,62,070	
Total		541	10,78,000	7,14,17,700	-	71,41,770	71,41,770	

Appendix-X
Regulating fees, permit application fee and *palothan* not realised from brick kiln owners
(Reference para no. 3.3.4)

Sl. No.	Name of DMO	No. of brick kilns	Brick year	Application fee	Regulation fee	<i>Palothan</i>	Amount in ₹	
							Total	Total
(1)	(2)	(3)	(4)	(5) (Col. 3 * ₹ 2000)	(6)	(7) (Col. 6 * 10%)	(8) (Total of Col. 5, 6 & 7)	
1	GB Nagar	31	2019-20 and 2021-22	62,000	57,59,100	5,75,910	63,97,010	
2	Hamirpur	10	2018-19 to 2021-22	20,000	9,88,200	98,820	11,07,020	
3	JP Nagar	30	2020-21	60,000	44,33,400	4,43,340	49,36,740	
4	Kanpur Dehat	58	2018-19 to 2021-22	1,16,000	90,07,200	9,00,720	1,00,23,920	
5	Kaushambi	18	2021-22	36,000	22,78,800	2,27,880	25,42,680	
6	Prayagraj	76	2020-21	1,52,000	84,72,600	8,47,260	94,71,860	
7	Saharanpur	123	2018-19 to 2021-22	2,46,000	2,15,81,100	21,58,110	2,39,85,210	
8	Sambhal	46	2021-22	92,000	73,49,400	7,34,940	81,76,340	
9	Shamli	26	2021-22	52,000	51,24,600	5,12,460	56,89,060	
10	Siddharthnagar	57	2020-21 to 2021-22	1,14,000	49,05,900	4,90,590	55,10,490	
11	Sonebhadra	2	2021-22	4,000	1,83,600	18,360	2,05,960	
Total		477	2018-19 to 2021-22	9,54,000	7,00,83,900	70,08,390	7,80,46,290	

Appendix-XI
Deduction of MSTC service charge from mineral receipts in
violation of provisions of financial Rules
(Reference para no. 3.4)

Sl. No.	Name of DMO	No. of successful bidders	Amount in ₹
			Service Charge including GST charged
1	Baghpat	5	1,77,000
2	Banda	25	8,85,000
3	Bulandshahr	2	70,800
4	Chitrakoot	7	2,47,800
5	Fatehpur	17	6,01,800
6	GB Nagar	6	2,12,400
7	Hamirpur	21	7,43,400
8	Kanpur Dehat	9	3,18,600
9	Kaushambi	6	2,12,400
10	Mahoba	43	15,22,200
11	Prayagraj	20	7,08,000
12	Saharanpur	8	2,83,200
13	Sambhal	1	35,400
14	Shamli	6	2,12,400
15	Siddharthanagar	7	2,47,800
16	Sonebhadra	17	6,01,800
Total		200	70,80,000

Appendix-XII
Security deposit deposited in consolidated fund instead of in public account
(Reference para no. 3.5)

Amount in ₹			
Sl. No.	Name of the Unit	No. of successful bidders	Amount of security deposit deposited in revenue head
1	Baghpat	5	11,66,50,721
2	Banda	25	84,94,76,200
3	Bulandshahr	2	3,58,13,032
4	Chitrakoot	7	9,13,70,840
5	Fatehpur	17	30,62,71,964
6	GB Nagar	6	7,10,90,245
7	Hamirpur	21	55,70,48,599
8	KanpurDehat	9	15,93,90,398
9	Kaushambi	6	3,41,63,350
10	Mahoba	43	14,01,09,272
11	Prayagraj	20	5,46,63,033
12	Saharanpur	8	13,72,28,117
13	Sambhal	1	1,69,05,000
14	Shamli	6	4,49,87,331
15	Siddharthanagar	7	5,50,36,800
16	Sonebhadra	17	48,71,21,579
Total		200	3,15,73,26,480

Appendix-XIII
Short/non-levy of interest on delayed deposit of royalty
(Reference para no. 3.7.1)

Sl. No.	Name of DMO	No. of cases	Amount deposited	Period in which amount was due for payment	Period of deposit of due amount	Delay in days		Interest due	Interest paid	Amount in ₹	
						from	to			Difference	
1	Bulandshahr	1	10,26,21,794	04/2019 to 04/2020	04/2019 to 11/2020	7	215	42,58,603		42,58,603	
2	Chitrakoot	1	22,43,34,243	04/2019 to 01/2021	05/2019 to 01/2021	10	106	60,31,382		60,31,382	
3	Fatehpur	7	39,13,73,088	04/2019 to 06/2020	06/2019 to 06/2020	13	383	2,71,85,022		2,71,85,022	
4	Hamirpur	5	27,92,24,004	07/2018 to 12/2021	09/2018 to 03/2022	7	227	1,22,51,164		1,22,51,164	
5	Kaushambi	1	3,71,06,250	04/2019 to 07/2019	06/2019 to 02/2020	67	332	39,04,222	3,750	39,00,472	
6	Mahoba	13	8,73,22,650	04/2019 to 03/2022	04/2019 to 03/2022	6	308	37,92,868		37,92,868	
7	Prayagraj	5	13,21,90,536	04/2018 to 03/2022	05/2018 to 04/2022	41	409	1,40,20,423		1,40,20,423	
8	Sonebhadra	2	2,11,14,958	04/2019 to 03/2022	11/2019 to 06/2022	101	452	23,35,110	5,32,286	18,02,824	
	Total	35	1,27,52,87,523	04/2018 to 03/2022	05/2018 to 06/2022	6	452	7,37,78,794	5,36,036	7,32,42,758	

Appendix-XIV
Short/non-levy of interest on delayed deposit of royalty/regulating fees
(Reference para no. 3.7.2)

Sl. No.	Name of DMO	No. of cases	Period	Royalty/regulating fees/ <i>palothan</i> deposited	Delay in days		Interest due	Interest deposited	Difference
					From	To			
1	Fatehpur	18	2017-18 to 2018-19	21,66,210	185	492	3,46,510		3,46,510
2	GB Nagar	15	2017-18 to 2019-20	29,86,200	193	458	4,96,291	1,94,888	3,01,403
3	JP Nagar	17	2017-18	27,88,830	228	512	4,26,975	2,16,309	2,10,666
4	Kanpur Dehat	12	2017-18 to 2019-20	20,48,220	202	1,541	4,97,173	83,693	4,13,480
5	Kaushambi	2	2020-21	2,79,180	571	674	86,610	45,758	40,852
6	Prayagraj	30	2017-18 and 2020-21	36,47,160	345	1,854	15,49,129	1,04,181	14,44,948
7	Saharanpur	24	2017-18 to 2019-20	40,32,180	184	1,004	7,58,889	88,007	6,70,882
8	Sambhal	33	2017-18 to 2019-20	51,94,260	200	523	9,80,848		9,80,848
9	Siddharathnagar	20	2017-18 to 2021-22	19,17,540	192	843	4,59,254	1,64,296	2,94,958
	Total	171	2017-18 to 2021-22	2,50,59,780	184	1,854	56,01,679	8,97,132	47,04,547

Appendix-XV
Penalty not imposed for late submission of Mining Plan
(Reference para no. 3.8)

Sl. No.	Name of DMO	No. of cases	Delay in submission of Mining Plan (in days)	Amount in ₹	
				Penalty to be imposed	
1	Chitrakoot	4	44 to 204		35,10,000
2	GB Nagar	2	152 to 230		2,00,000
3	Hamirpur	4	4 to 123		3,20,000
4	Mahoba	12	6 to 273		64,20,000
5	Saharanpur	3	7 to 29		3,90,000
	Total	25	4 to 273		1,08,40,000

Appendix-XVI
Penalty not imposed on lessees who excavated minerals without Mining Plan
(Reference para no. 3.9)

Amount in ₹										
Sl. No.	Name of DMO	No of cases	Name of mineral	Lease period	Validity of previous Mining Plan	Mining Plan renewal date	Period of excavation without renewal of Mining Plan	Excavation without renewal of Mining Plan (in cum)	Amount of royalty recovered	Price of mineral to be recovered
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11) (Col. 10 *5)
1	Chitrakoot	7	Gitti Granite	01-05-2012 to 30-04-2022	23-10-2015 to 22-10-2020	Not Renewed	23-10-2020 to 31-03-2022	1,15,083	1,84,13,280	9,20,66,400
			Gitti Granite	04-04-2012 to 03-04-2022	22-06-2012 to 21-06-2015	Not Renewed	01-04-2017 to 31-03-2022	54,470	87,15,200	4,35,76,000
			Gitti Granite	11-04-2012 to 10-04-2022	22-12-2014 to 21-12-2019	29-12-2021	22-12-2019 to 28-12-2021	1,10,912	1,77,45,920	8,87,29,600
			Gitti Granite	24-12-2011 to 23-12-2021	25-01-2016 to 24-01-2021	Not Renewed	25-01-2021 to 23-12-2021	93,197	1,49,11,520	7,45,57,600
			Gitti sandstone	10-05-2011 to 09-05-2021	31-05-2012 to 30-05-2015	Not Renewed	01-04-2017 to 09-05-2021	1,25,845	1,38,42,950	6,92,14,750
			Gitti sandstone	10-05-2011 to 09-05-2021	16-02-2015 to 15-02-2020	Not Renewed	16-02-2020 to 09-05-2021	3,463	3,80,930	19,04,650
2	Prayagraj	4	Silica Sand	06-04-2011 to 05-04-2031	14-05-2015 to 13-05-2020	02-03-2022	14-05-2020 to 01-03-2022	92,600	1,57,42,000	7,87,10,000
			Sand stone	21-09-2016 to 20-09-2026	25-07-2016 to 24-07-2021	Not Renewed	25-07-2021 to 31-01-2022	66,472	73,11,920	3,65,59,600
			Silica Sand	10-05-2011 to 09-05-2031	28-05-2015 to 27-05-2020	14-06-2021	28-05-2020 to 10-06-2021	61,807	1,05,07,190	5,25,35,950
			Silica Sand	25-05-2013 to 24-05-2033	No Mining Plan	10-06-2021	01-04-2017 to 09-06-2021	31,093	52,85,810	2,64,29,050
			Silica Sand	26-11-2011 to 25-11-2031	13-05-2016 to 12-05-2021	08-01-2022	13-05-2021 to 07-01-2022	3,976	6,75,920	33,79,600
3	Sonebhadra	3	Gitti Granite	31-05-2016 to 30-05-2026	22-09-2015 to 21-09-2020	17-06-2021	22-09-2020 to 16-06-2021	26,523	42,43,680	2,12,18,400
			Gitti Granite	31-05-2016 to 30-05-2026	27-04-2016 to 26-04-2021	29-10-2021	27-04-2021 to 28-10-2021	43,930	70,28,800	3,51,44,000
			Sand stone	01-06-2016 to 31-05-2026	25-04-2016 to 24-04-2021	01-11-2021	25-04-2021 to 31-10-2021	9,072	9,97,920	49,89,600
Total		14					01-04-2017 to 31-03-2022	8,38,443	12,58,03,040	62,90,15,200

Appendix-XVII**Price of minerals not realised from contractors for works executed without transit passes***(Reference para no. 3.10.1)*

Amount in ₹					
Sl. No.	Name of DMO	No. of cases	Period of royalty	Amount of royalty deposited	Due price of mineral
(1)	(2)	(3)	(4)	(5)	(6) (Col. 5 * 5)
1	Banda	29	2017-18	1,23,12,160	6,15,60,800
		19	2018-19	47,34,581	2,36,72,905
		4	2019-20	4,94,661	24,73,305
		2	2020-21	39,95,433	1,99,77,165
		4	2021-22	25,31,760	1,26,58,800
2	GB Nagar	1	2018-19	33,894	1,69,470
		2	2019-20	1,01,977	5,09,885
		6	2021-22	2,90,405	14,52,025
3	Prayagraj	8	2018-19	49,09,518	2,45,47,590
		2	2019-20	4,54,092	22,70,460
4	Saharanpur	10	2017-18	8,45,758	42,28,790
		9	2018-19	12,13,345	60,66,725
		14	2019-20	26,82,208	1,34,11,040
		10	2020-21	50,33,200	2,51,66,000
		20	2021-22	43,03,342	2,15,16,710
5	Siddharathnagar	1	2017-18	43,440	2,17,200
		11	2018-19	4,57,902	22,89,510
		2	2020-21	1,05,160	5,25,800
		2	2021-22	2,53,333	12,66,665
Total		156	2017-18 to 2021-22	4,47,96,169	22,39,80,845

Penalty= 156*25000=39,00,000

Appendix-XVIII**Submission of MM-11 forms multiple times as evidence of royalty paid***(Reference para no. 3.10.2.1 First bullet)*

Amount in ₹								
Sl. No.	Name of district	No. of cases of multiple submission	No. of cases objected	Quantity (in cu.m.)	Royalty due	Price of mineral due	Penalty leviable	Total amount due
(1)	(2)	(3)	(4)	(5)	(6)	(7) (Col. 6 * 5)	(8) (Col. 4 * ₹ 25,000)	(9) (Total of Col. 6, 7 & 8)
1	Fatehpur	36	21	406.28	25,765	1,28,825	5,25,000	6,79,590
2	Kaushambi	99	50	1,456.00	86,010	4,30,050	12,50,000	17,66,060
3	Siddharthnagar	32	29	602.00	60,280	3,01,400	7,25,000	10,86,680
Total		167	100	2,464.28	1,72,055	8,60,275	25,00,000	35,32,330

Appendix-XIX

Submission of duplicate/office copy/check post copy of MM-11 forms as evidence of royalty paid

(Reference para no. 3.10.2.1 Second bullet)

							Amount in ₹
Sl. No.	Name of district	No. of cases	Quantity (in cu.m.)	Royalty due	Price of Mineral due	Penalty leviable	Total amount due
(1)	(2)	(3)	(4)	(5)	(6) (Col. 5 * 5)	(7) (Col. 3 * ₹ 25,000)	(8) (Total of Col. 5, 6 & 7)
1	Banda	24	259	41,440	2,07,200	6,00,000	8,48,640
2	Fatehpur	17	251	30,260	1,51,300	4,25,000	6,06,560
3	Hamirpur	29	522	83,520	4,17,600	7,25,000	12,26,120
4	Kaushambi	15	255	34,570	1,72,850	3,75,000	5,82,420
5	Prayagraj	1	22	2,420	12,100	25,000	39,520
6	Siddharthnagar	159	2,836	3,13,760	15,68,800	39,75,000	58,57,560
Total		245	4,145	5,05,970	25,29,850	61,25,000	91,60,820

Appendix-XX

MM-11 forms used for different destinations

(Reference para no. 3.10.2.2)

							Amount in ₹
Sl. No.	Name of district	No. of cases	Quantity (in cu.m.)	Royalty due	Price of mineral due	Penalty leviable	Total amount due
(1)	(2)	(3)	(4)	(5)	(6) (Col. 5 * 5)	(7) (Col. 3 * ₹ 25,000)	(8) (Total of Col. 5, 6 & 7)
1	Bagpat	21	269.41	29,424	1,47,120	5,25,000	7,01,544
2	Banda	226	3,537.16	5,51,288	27,56,440	56,50,000	89,57,728
3	Bulandshahr	12	216.64	20,956	1,04,780	3,00,000	4,25,736
4	Fatehpur	47	725.00	1,16,000	5,80,000	11,75,000	18,71,000
5	Hamirpur	290	4,448.00	7,11,680	35,58,400	72,50,000	1,15,20,080
6	JP Nagar	81	869.77	81,413	4,07,065	20,25,000	25,13,478
7	KanpurDehat	70	1,345.57	1,77,643	8,88,215	17,50,000	28,15,858
8	Kaushambi	141	1,485.00	1,97,300	9,86,500	35,25,000	47,08,800
9	Muzaffarnagar	37	602.49	59,392	2,96,960	9,25,000	12,81,352
10	Siddharthnagar	16	320.46	36,891	1,84,455	4,00,000	6,21,346
Total		941	13,819.50	19,81,987	99,09,935	2,35,25,000	3,54,16,922

Appendix-XXI
Dates of MM-11 forms prior to award of work
(Reference para no. 3.10.2.3)

							Amount in ₹
Sl. No.	Name of district	No. of cases	Quantity (in cu.m.)	Royalty due	Price of Mineral due	Penalty leviable	Total amount due
(1)	(2)	(3)	(4)	(5)	(6) (Col. 5 * 5)	(7) (Col. 3 * ₹ 25,000)	(8) (Total of Col. 5, 6 & 7)
1	Baghpat	27	371.76	39,194	1,95,970	6,75,000	9,10,164
2	JP Nagar	18	205.24	22,693	1,13,465	4,50,000	5,86,158
3	Kaushambi	70	893.00	1,23,330	6,16,650	17,50,000	24,89,980
4	Prayagraj	165	2,196.00	2,57,560	12,87,800	41,25,000	56,70,360
5	Siddharthnagar	4	64.00	7,040	35,200	1,00,000	1,42,240
Total		284	3,730	4,49,817	22,49,085	71,00,000	97,98,902

Appendix-XXII
Dates of MM-11 forms after the dates of completion of work
(Reference para no. 3.10.2.4)

							Amount in ₹
Sl. No.	Name of district	No. of cases	Quantity (in cu.m.)	Royalty due	Price of mineral due	Penalty leviable	Total amount due
(1)	(2)	(3)	(4)	(5)	(6) (Col. 5 * 5)	(7) (Col. 3 * ₹ 25,000)	(8) (Total of Col. 5, 6 & 7)
1	Kaushambi	6	78.00	11,700	58,500	1,50,000	2,20,200
2	Prayagraj	4	68.00	10,880	54,400	1,00,000	1,65,280
3	Siddharthnagar	17	328.50	40,435	2,02,175	4,25,000	6,67,610
Total		27	474.50	63,015	3,15,075	6,75,000	10,53,090

Appendix-XXIII
Discrepancy in issuance of e-MM-11 forms
(Reference para no. 4.6.1)

Sl. No.	Name of DMO	No. of vehicles used to transport minerals	Range of type of vehicles used for a vehicle	No. of e-MM-11 forms generated	Quantity of mineral transported (in cu.m)
1.	Baghpat	357	2 to 4	18,969	2,05,565
2.	Banda	7,005	2 to 6	4,12,825	57,78,007
3.	Bulandshahr	189	2 to 4	12,842	1,24,209
4.	Chitrakoot	2,828	2 to 6	3,21,056	43,21,833
5.	Fatehpur	2,084	2 to 6	1,25,586	14,94,361
6.	GB Nagar	1,179	2 to 4	1,43,405	16,25,409
7.	Hamirpur	9,286	2 to 7	7,22,515	1,17,91,259
8.	JP Nagar	12	2 to 3	270	3,765
9.	Kanpur Dehat	812	2 to 5	30,853	4,59,472
10.	Kaushambi	2,121	2 to 6	2,81,182	28,91,465
11.	Mahoba	6,856	2 to 6	7,29,904	1,02,44,146
12.	Prayagraj	8,110	2 to 9	8,13,877	1,45,59,504
13.	Saharanpur	1,965	2 to 7	2,33,885	32,68,595
14.	Sambhal	326	2 to 4	24,456	2,80,934
15.	Shamli	759	2 to 7	69,494	10,35,624
16.	Siddharth Nagar	74	2 to 4	4,651	44,046
17.	Sonbhadra	2,446	2 to 5	1,21,992	14,96,687
Total		46,409	2 to 9	40,67,762	5,96,24,881

Appendix-XXIV
Excavation and transportation of minerals beyond permissible time
(Reference para no. 4.6.2)

Sl. No.	Name of DMO	No. of total e-MM-11 forms generated	No. of e-MM-11 forms generated during night time	Weight of mineral transported during night time
1	Baghpat	85,546	30,599	3,13,012
2	Banda	12,94,679	4,60,519	64,28,833
3	Bulandshahr	38,721	11,989	1,10,772
4	Chitrakoot	8,22,008	2,38,971	31,67,378
5	Fatehpur	4,07,665	1,65,827	16,96,562
6	GB Nagar	2,42,241	76,415	8,39,538
7	Hamirpur	16,98,455	6,72,577	1,05,06,101
8	JP Nagar	4,077	1,184	11,056
9	Kanpur Dehat	1,28,795	49,867	7,09,528
10	Kaushambi	7,64,129	2,60,723	25,78,406
11	Mahoba	29,55,394	9,62,485	1,28,65,815
12	Prayagraj	21,30,231	7,13,062	1,14,39,094
13	Saharanpur	4,89,834	1,15,735	15,70,679
14	Sambhal	82,713	27,845	2,60,667
15	Shamli	1,69,593	54,988	8,03,505
16	Siddharth Nagar	80,192	4,720	31,290
17	Sonbhadra	7,89,379	1,15,872	14,83,238
Total		1,21,83,652	39,63,378	5,48,15,474

Appendix-XXV
Mineral transported beyond permissible quantity
(Reference para no. 4.6.3)

Sl. No.	Name of DMO	No. of e-MM-11 forms generated	Range of mineral transported (in cu.m)	Range of permissible quantity (in cu.m)	Transported mineral quantity (in cu.m)	Permissible mineral quantity (in cu.m)	Overloaded quantity (in cu.m)
1	Baghpat	13,313	3 to 30	2.25 to 23.0	1,13,503	86,522	26,981
2	Banda	4,55,868	3 to 90	2.16 to 23.0	48,43,235	41,54,720	6,88,515
3	Bulandshahr	24,048	3 to 30	2.25 to 23.0	1,81,886	1,47,013	34,873
4	Chitrakoot	2,25,263	3 to 101	2.16 to 23.0	24,12,419	20,21,860	3,90,559
5	Fatehpur	1,92,147	3 to 30	2.25 to 23.0	12,15,461	9,81,850	2,33,612
6	GB Nagar	1,99,524	3 to 30	2.25 to 23.0	23,79,038	17,43,883	6,35,156
7	Hamirpur	4,49,388	3 to 63	2.16 to 23.0	64,88,845	56,94,936	7,93,909
8	JP Nagar	3,104	3 to 30	2.25 to 11.0	41,884	25,303	16,581
9	Kanpur Dehat	14,772	3 to 30	2.25 to 23.0	1,71,988	1,38,368	33,620
10	Kaushambi	2,82,221	3 to 32	2.25 to 23.0	14,80,371	11,28,131	3,52,240
11	Mahoba	2,20,882	3 to 400	2.16 to 23.0	30,08,651	26,20,671	3,87,980
12	Prayagraj	6,96,081	3 to 410	1.87 to 23.0	1,09,72,317	81,95,744	27,76,573
13	Saharanpur	88,761	3 to 30	2.25 to 23.0	11,21,974	8,57,757	2,64,217
14	Sambhal	46,704	3 to 30	2.25 to 23.0	3,57,268	2,46,268	1,11,000
15	Shamli	45,821	3 to 30	2.25 to 23.0	4,73,501	3,67,650	1,05,851
16	Siddharth Nagar	73,045	3 to 20	2.25 to 18.0	2,46,489	1,89,722	56,767
17	Sonbhadra	51,732	3 to 110	2.16 to 23.0	6,80,847	5,96,185	84,662
Total		30,82,674	3 to 410	1.87 to 23	3,61,89,677	2,91,96,581	69,93,096

Appendix-XXVI
Manipulation in distance of destination (within same district)
(Reference para no. 4.6.5)

Sl. No.	Name of DMO	Range of distance (in km)	No. of e-MM-11 forms generated	Quantity of mineral transported (in cu.m)
1	Baghpat	220 - 2,50,619	102	977
2	Banda	201 - 66,46,944	76,931	11,02,957
3	Bulandshahr	201 - 20,30,011	80	943
4	Chitrakoot	201 - 2,22,145	5,443	74,989
5	Fatehpur	201 - 35,48,424	6,081	73,891
6	GB Nagar	201 - 1,02,01,306	11,214	1,15,215
7	Hamirpur	202 - 56,44,654	49,404	7,39,561
8	JP Nagar	202 - 2,44,221	2	35
9	Kanpur Dehat	201 - 2,09,715	251	3,926
10	Kaushambi	202 - 21,54,887	26,067	2,86,398
11	Mahoba	205 - 64,64,646	4,630	54,990
12	Prayagraj	201 - 1,00,23,110	96,918	12,73,871
13	Saharanpur	202 - 3,42,147	2,592	34,799
14	Sambhal	215 - 2,44,412	79	964
15	Shamli	205 - 2,62,001	6,053	83,772
16	Siddharth Nagar	205 - 2,72,205	46	562
17	Sonbhadra	201 - 1,02,31,208	8,902	90,833
Total		201 – 1,02,31,208	2,94,795	39,38,683

Manipulation in distance of destination (between other districts)

Sl. No.	Name of DMO	Range of distance in KM	No. of e-MM-11 forms generated	Quantity of mineral transported in (cu.m)
1	Baghpat	1,230 - 56,64,878	22	217
2	Banda	1,210 - 50,02,207	959	13,654
3	Bulandshahr	1,520 - 7,09,627	18	222
4	Chitrakoot	1,230 - 55,55,555	516	8,037
5	Fatehpur	1,202 - 54,51,528	344	4,435
6	GB Nagar	1,230 - 2,50,002	52	565
7	Hamirpur	1,202 - 1,00,00,000	1,851	29,237
8	Kanpur Dehat	1,300 - 6,99,588	103	1,346
9	Kaushambi	1,210 - 85,25,696	3,201	47,578
10	Mahoba	1,220 - 80,02,356	1,791	23,488
11	Prayagraj	1,205 - 64,02,611	1,955	32,897
12	Saharanpur	1,203 - 3,50,183	75	1,096
13	Sambhal	1,202 - 45,65,645	28	413
14	Shamli	1,230 - 25,47,001	66	1,031
15	Siddharth Nagar	1,798 - 2,205	4	37
16	Sonbhadra	1,210 - 55,02,274	648	8,553
Total		1,202 – 1,00,00,000	11,633	1,72,806

Appendix-XXVII
Excavation/transportation of minerals in prohibited months
(Reference para no. 4.6.6)

Sl. No.	Name of DMO	Name of mineral	No. of lessee IDs	No. of e-MM-11 forms generated	Quantity of mineral (cu.m)
1	Banda	Morrum	4	4	58
2	Chitrakoot	Morrum	3	4	57
3	Fatehpur	Morrum	1	1	18
4	GB Nagar	Ordinary sand	99	28,712	2,87,671
5	Hamirpur	Morrum	18	241	5,860
6	Kanpur Dehat	Ordinary sand	1	1	18
7	Mahoba	Morrum	1	156	1,492
8	Prayagraj	Ordinary sand	4	5	64
9	Saharanpur	Ordinary sand	2	4	73
10	Shamli	Ordinary sand	10	3,041	44,635
11	Sonbhadra	Morrum	1	1	11
Total			144	32,170	3,39,957

Appendix-XXVIII
Failure to monitor the plantation
(Reference para no. 5.10)

Sl. No.	Name of DMO	No. of cases	Lease period		Area in acre	No. of saplings to be planted
(1)	(2)	(3)	(4)		(5)	(6) (Col. 5 * 200)
1	Baghpat	5	19-02-2018	17-06-2023	193	38,600
2	Banda	25	01-12-2018	17-12-2030	947	1,89,400
3	Bulandshahr	1	28-11-2020	27-11-2025	25	5,000
4	Chitrakoot	12	06-11-2018	04-01-2037	496	99,200
5	Fatehpur	10	23-01-2020	31-12-2026	783	1,56,600
6	GB Nagar	5	25-04-2018	10-02-2026	410	82,000
7	Hamirpur	20	04-12-2018	19-12-2031	1,209	2,41,800
8	Kanpur Dehat	9	06-12-2018	02-01-2027	399	79,800
9	Kaushambi	4	14-02-2020	31-12-2026	116	23,200
10	Mahoba	43	08-01-2019	05-01-2041	264	52,800
11	Prayagraj	20	07-01-2020	05-01-2042	1,038	2,07,600
12	Saharanpur	8	04-10-2019	02-01-2027	466	93,200
13	Shamli	6	16-01-2019	31-12-2027	266	53,200
14	Siddharthnagar	4	15-10-2018	02-01-2027	44	8,800
15	Sonebhadra	5	03-04-2018	03-01-2027	168	33,600
Total		177	19-02-2018	05-01-2042	6,824	13,64,800

Appendix-XXIX
Non-monitoring of recovery certificates
(Reference para no. 5.11)

Sl. No.	Name of district	No. of recovery certificates issued	Period in which recovery certificate issued from	to	Amount of recovery certificates	Recovered amount	Difference
1	Banda	2	December-2019		15,28,54,650		15,28,54,650
2	Fatehpur	13	August-2019	September-2021	25,47,35,865		25,47,35,865
3	Hamirpur	77	January-2018	July-2021	2,20,00,20,463		2,20,00,20,463
4	Kanpur Dehat	4	June-2019	July-2020	4,44,81,562		4,44,81,562
5	Kaushambi	18	March-2019	March-2021	71,47,96,328		71,47,96,328
6	Prayagraj	25	July-2019	December-2021	66,24,22,123	22,548	66,23,99,575
7	Shamli	5	September-2017	January-2019	75,08,600		75,08,600
8	Sonebhadra	11	October-2020	December-2021	6,16,68,732	1,16,45,000	5,00,23,732
	Total	155	September-2017	December-2021	4,09,84,88,323	1,16,67,548	4,08,68,20,775

GLOSSARY OF TERMS AND ABBREVIATIONS	
AOI	Area of Investigation
CCTV	Closed Circuit Television
CER	Corporate Environment Responsibility
CSR	Corporate Social Responsibility
CTO	Consent to Operate
DDOs	Drawing and Disbursing Officers
DGM	Director, Geology and Mining
DM	District Magistrate
DMF	District Mineral Fund
DMFT	District Mineral Foundation Trust
DMO	District Mines Officer
MMDR Act	Mines and Minerals (Development and Regulation) Act
EC	Environment Clearance
EMD	Earnest Money Deposit
ESZ	Eco Sensitive Zone
EMP	Environmental Management Plan
GIS	Geographic Information System
GO	Government Order
GoUP	Government of Uttar Pradesh
GPS	Global Positioning System
IAW	Internal Audit Wing
IBM	Indian Bureau of Mines
IS Act	Indian Stamp Act
LoI	Letter of Intent
MI	Mines Inspector
MNNIT	Motilal Nehru National Institute of Technology
MoEFCC	Ministry of Environment, Forest and Climate Change
MSS	Mining Surveillance System
MSTC	Metal Scrap Trade Corporation
NEFT	National Electronic Fund Transfer
NIC	National Informatics Centre
NOCs	No Objection Certificates
OTSS	One Time Settlement Scheme
PTZ	Pan Tilt Zoom
RFID	Radio Frequency Identification

GLOSSARY OF TERMS AND ABBREVIATIONS	
SPCB	State Pollution Control Board
SSMMG	Sustainable Sand Mining Management Guidelines
UPMMCR	Uttar Pradesh Minor Mineral (Concession) Rules
UPPCB	Uttar Pradesh Pollution Control Board
RTGS	Real Time Gross Settlement

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