

## CHAPTER-VI

### Unauthorised excavation

**6.1** Section 21(5) of the MMDR Act, 1957 envisages that whenever, any person raised 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 along with royalty. Further, Rule 48(5) of the RMMC Rules envisages that the cost of mineral, computed as 10 times of the prevailing royalty, along with royalty shall be recovered from person who raised and despatch minor mineral illegally. Illegal/unauthorised excavation of mineral has been a serious problem in the State. The State Government has also acknowledged this fact and have issued instructions on 12 August 2009 to the Mining Officers to be vigilant about it.

In Mining Department, there are two SMEs (Vigilance) offices at Jaipur and Udaipur for prevention and monitoring of illegal excavation and despatch of minerals. The field staff posted at AME/ME offices detects the cases of illegal excavation and despatch of minerals. On detection of illegal mining/transport of minerals, *panchnamas* are to be prepared and got entered in a register to monitor the recovery of cost.

As envisaged in rules, the cases of illegal excavation and despatch of minerals are either compounded by recovering cost of mineral or lodged in the court through police. These cases are monitored through MIS sent to DMG through SMEs of the circle.

We found that *panchnamas* were not prepared correctly in prescribed *proformas* and the registers prepared for monitoring the cases were incomplete. No norms and targets for detecting illegal excavation/despatch of minerals had been fixed by the Department.

### 6.2 Excavation and despatch of minerals

Rule 18(9)(c) of the RMMC Rules provides that lessee or any other person shall not remove or despatch or utilise the mineral from the mines and quarry without a *rawanna*. In case of despatch of mineral without lawful authority, the cost of the mineral, as envisaged in Rule 48(5) of *ibid* rules, which shall be computed at 10 times of the royalty payable at the prevalent rates is to be recovered along with royalty. Similarly, as per Section 21(5) of the MMDR Act, the State Government may recover from such person the price thereof along with royalty.

#### 6.2.1 Illegal excavation/despatch of minerals

(a) We found (between October 2009 and February 2010) that in 16 cases, the lessees illegally excavated/despatched minerals during the month of June 2004 to May 2008, but the cost of minerals along with royalty aggregating to

₹ 38.00 crore was neither worked out nor demanded by the Department as mentioned below:

Name of ME/AME offices	Name of the mineral	Month of Panchnama	Quantity of mineral illegally excavated and despatched (MT)	Royalty rate (₹ per MT)	Recoverable amount (₹ in lakh)		
					Cost	Royalty	Total
Rajsa-mand II	Soap stone	5/08	1,19,963.0	600	719.78	107.97	827.75
	Dolomite	5/08	4,60,440.0	450	2,071.98	207.20	2,279.18
Ajmer	Wollastonite	6/04	74,844.0	800	598.75	59.88	658.63
Udaipur	Pyrophyllite	5/08	7,000.0	246	17.22	0.34	17.56
Barmer	Gypsum	5/06	4,740.3	300	14.22	2.84	17.06
<b>Total</b>					<b>3,421.95</b>	<b>378.23</b>	<b>3,800.18</b>

In the above cases, the Department only prepared *panchnamas* and no demand was raised. The recoverable cost of ₹ 31.42 crore, in cases of ME/AME Udaipur, Rajsamand II and Barmer was not worked out by the Department. In cases of ME, Udaipur and Ajmer, the lessees has excavated and despatched minerals from outside the leased areas. Whereas, in cases of ME Rajasamand II more minerals was found illegally despatched than actually raised from leased areas. In cases of AME, Barmer mineral Gypsum was illegally excavated and despatched.

On being pointed out, the ME, Rajsamand II and AME, Barmer stated that action would be taken after verifying the facts; while the ME, Udaipur and Ajmer stated that the demand has been raised.

The Government stated (August 2010) that committee would be constituted and action would be taken accordingly.

(b) We found (January 2010) in office of the ME, Jodhpur that a case of illegal excavation and despatch of 1,76,326.5 MT *Khanda*<sup>6</sup> and 1,17,550.48 MT *patties* of sand stone was registered (13 June 1997) against the owners of the land at *khasra* number 6. The recoverable cost of illegal mining ₹ 3.64 crore has not been recovered (October 2010) due to ineffective action on the part of the Department.

### 6.2.2 Loss of revenue due to mineral despatched without *rawanna*

According to conditions of the agreement of excess royalty collection contract (ERCC) executed under rule 37 (2) of the RMMC Rules, 1986, the contractor shall collect royalty amount only from such vehicles having valid *rawannas* issued by the lessee. In cases of vehicles carrying mineral without *rawannas*, the ERC contractor shall hand over these vehicles to the AME/ME concerned, who has the right to recover the cost of mineral, 10 times of the royalty payable at the prevalent rates, treating it as unauthorised removal

<sup>6</sup> *Khandas* means lumps of sand stone mineral.

During audit of ME, Karauli, we noticed (November 2009) that an ERCC of mineral sand stone and its *khandas* was awarded to a contractor for the period 28 April 2007 to 31 March 2009. During the contract period, the contractor collected excess royalty amounting to ₹ 0.22 crore from the vehicles carrying mineral without *rawannas*, instead of handing over these vehicles to the department for collecting the cost of mineral. This resulted in loss of revenue to State Government amounting to ₹ 2.19 crore being cost of mineral.

When we pointed out (June 2010), the Government stated (September 2010) that royalty was recovered by ERC contractor on despatch of mineral excavated unauthorisedly by local persons. We do not agree with the reply as ERC contractor was not authorised to collect royalty from vehicle owners carrying mineral illegally without *rawannas*.

### 6.2.3 Non-recovery of cost of unauthorisedly excavated/despached mineral

Rule 48 (1) of the RMMC Rules, 1986, provides that no person shall undertake any mining operations except in accordance with the terms and conditions of mining lease, quarry licence, short term permit or any other permission granted under these rules. Further, rule 48(5) of the Rules *ibid* provides that whenever any person, without a lawful authority, raises any mineral from any land and the mineral so raised has already been despatched or consumed, the ME concerned may recover cost of the mineral along with royalty on mineral excavated which will be computed as ten times the royalty payable at the prevalent rates.

During audit of records of the ME, Bharatpur, we noticed (November 2009) that a holder of a mining lease (ML No. 20/86) had excavated mineral masonry stone unauthorisedly from a pit measuring 8,750 cubic metre outside his sanctioned lease area. Total mineral recovery from the pit at bulk density of 1.4 MT per cubic metre worked out to 12,250 MT. No efforts were made by the Department for raising the demand and its recovery. This resulted in non-realisation of ₹ 0.18 crore being cost of mineral, along with royalty, excavated unauthorisedly.

We pointed out the matter to the Department in December 2009 and reported to the Government in April 2010. The Government stated (October 2010) that action is being taken for recovery.

### 6.3 Illegal production of mineral

As per rule 18 (10) of the RMMC Rules, 1986, the lessee shall abide by all existing Acts and rules enforced by the Government of India or the State Government and all such other Acts or rules as may be enforced from time to time in respect of working of mines.

Under Section 21(4) of the Air (Prevention and Control of Pollution) Act, 1981 and Section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974, a lessee of a mine is required to obtain a 'consent to operate' from Rajasthan State Pollution Control Board determining quantity of minerals to be excavated during the prescribed period. Further, rule 48(5) of the RMMC Rules provides that whenever any person, without a lawful authority, raises any mineral, the ME concerned may recover cost of such mineral computed as ten times the royalty payable at the prevalent rates, along with, royalty on mineral excavated.

We found (January 2010) in ME, Nagaur that a mining lease holder was allowed by the Rajasthan State Pollution Control Board (RSPCB) to produce 1,50,000 MT quantity of mineral limestone per year. However, the lessee produced 2,46,065 MT and 3,17,068 MT quantity of mineral limestone during the years 2005-06 and 2006-07 respectively violating orders of RSPCB. The Department also issued *rawannas* for removal of lime stone without considering the production limits fixed by Pollution Control Board. The lessee was to obey limit of production fixed by the Board. Thus, the excess production 2,63,133 MT mineral over and above the allowed quantity was illegal, which attracted recovery of cost of the mineral ₹ 11.84 crore. In reply to our query (January 2010), the ME, Nagaur stated that action would be taken after verifying the facts.

The Government stated (August 2010) that it was a breach of condition of lease agreement and such type of matter was now being checked by issuing *rawannas* through computers.

### 6.4 Unexplained source of royalty payments

Rule 18 (1) (b) of the RMMC Rules envisages that holder of a mining lease shall pay royalty in respect of any mineral removed or consumed within the lease area. "Excess Royalty Collection Contract" means a contract for specified mineral(s) and area given to collect royalty in excess of annual dead rent, on behalf of the Government from the holder of mining lease(s) under the contract where under the contractor shall pay a fixed amount annually to the Government as per terms of the contract.

The State Government vide order dated 27 March 2003 started collection of royalty/excess royalty through royalty collection contractor/excess royalty collection contractor (RCC/ERCC) as mentioned in Rule 32 *ibid*.

(i) The contractor shall collect the royalty near mining leases/at the quarry mouth and if the royalty is not collected near mining leases/at the quarry



mouth then can be recovered at any other place near the lease/quarry but within the jurisdiction of contract area.

(ii) The contractor shall not recover any royalty from the vehicles having royalty paid Departmental *rawannas* issued against yearly dead rent. However, upon weighment if any quantity of mineral is found in excess of weight mentioned in such *rawanna*, contractor may recover the royalty of such difference weight.

(iii) The royalty shall be collected on the despatch of minor minerals from the area, specified in the contract, during the contract period and not on minor minerals brought from outside the contract area or from the major mineral leases.

We observed (February 2010) from the records of ME, Kota that an ERCC of mineral sand stone and masonry stone, to be despatched from effective leases, was awarded to a contractor from 1 April 2008 to 31 March 2010 at an annual contract amount of ₹ 117.68 lakh. The contractor paid the full contract amount at ₹ 117.68 lakh annual for the period from 1 April 2008 to 31 March 2010, by way of instalments. We noticed that in the ERCC area, 7 leases of sand stone and 8 leases of masonry stone were effective and only 3609 MT and 31,328 MT of minerals respectively were despatched by the lease holders during the year 2008-09. On the basis of minerals quantity despatched, actual amount of royalty recovered worked out to only ₹ 4.94 lakh (3,609x50 + 31,328x10). Thus, the ERC contractor had paid advance royalty to the Government of ₹ 117.68 lakh whereas, he had recovered only ₹ 4.94 lakh based on actual material excavated/despatched. This huge gap in actual royalty earned by the contractor has not been explained by the Department and hence the possibility of illegal mining in this case can not be ruled out since no prudent businessman would make a loss on the entire royalty paid by him to the Government in advance.

The Department has, however, acknowledged the fact of illegal mining, and has issued instructions in August 2009 to the mining officers to be careful in the issue of *rawannas* and for cancellation of leases wherever such cases are located.

The Government stated (August 2010) that it was a system issue. The ERC contracts were granted to increase revenue. Efforts were being made by employing border home guards *etc.* to check illegal mining. The reply of the Government acknowledges the fact of revenue collection on ERC contracts, but the gap between the royalty paid by the ERC Contractor and the royalty collection by him, remained unexplained in this case.

### **Rawannas**

**6.5** To prevent leakage/evasion of revenue, Rule 27 of the MC Rules and Rule 18(9)(c) of the RMMC Rules envisage that the lessee or any other person shall not remove or despatch or utilise the mineral from the mines and quarry without *rawannas* duly approved and issued by concerned ME/AME for particular mineral and area.

## 6.6 Lack of control on issue of *rawannas*

The Department has not evolved a system of issue and control of *rawannas* as by checking of allowable limit of production, expected production from the lease of lessees as per the prospecting/mining plan and pit measurements taken from time to time. The *rawannas* are issued by receiving payment of royalty but without linking it to any of the available records of prospecting/mining plan and pit measurements resulting in issue of *rawannas* for much higher quantity of minerals than the mineral actually excavated from the lease areas.

We found (September-November 2009) that lessees excavated and despatched minerals in excess of quantity raised from lease areas as per pit measurement/mining plan, from closed mines and where no lease was sanctioned for the mineral despatched. However, despite the fact of quantity despatched being in the knowledge of the Department, they did not take any action to link the same with the allowable limit of production, expected production from the lease of lessees as per the prospecting/mining plan and pit measurements taken from time to time. Therefore, the use of *rawannas* issued for sanctioned lease areas being misused for despatch of mineral from same/other areas can not be ruled out.

The cost of illegally despatched minerals on authorised *rawannas* during the period 2004-09\* as worked out by audit was ₹ 200.19 crore as per details mentioned below:

Sl. no.	Name of offices	Quantity dispatched (MT)/ Mineral	Quantity raised from lease area (MT)	Excess quantity of mineral despatched (MT)	Rate of mineral per MT (₹)	Recoverable cost of the mineral (₹ in lakh)
1.	ME, Rajsamand I	14,20,180 Marble	3,50,784 (as per mining plan)	10,69,398	1,750	18,714.47
2.	AME, Banswara	36,710 Dolomite	12,848 (as per mining plan)	23,862	280	66.81
		69,282 Marble	Nil	69,282	1,250	866.03
3.	DMG (ME, Nagaur)	94,097 Lime stone	Closed mines	94,097	320	301.11
4.	ME, Sirohi	11,901 Marble	6480 (as per pit measurement)	5,421	1,250	67.76
5.	ME, Udaipur	515 Dolomite	515 (Lease was not sanctioned for the mineral dolomite)	515	450	2.32
<b>Total</b>						<b>20,018.50</b>

\*includes cases of previous years wherever available

On this being pointed out by us, the Government stated (August 2010) that a Committee would be set-up for finding out the facts. We do not accept the

reply as all the facts regarding the leases, *rawannas* issued, quantity mined *etc.* were in the knowledge of the Department. The Mining Officers had not been careful while issuing the *rawannas* and had not closely monitored the misuse of *rawannas*.

### 6.7 Short/non-recovery of cost of mineral

In the office of ME, Nagaur, we noticed (January 2010) that excess royalty collection contract of mineral limestone despatched from sanctioned leases for the period 19.3.2007 to 31.3.2009 was awarded (March 2007) in favour of a contractor. The contractor had used forged royalty receipts and second and/or third copies of the unpaid *rawannas* for despatch of mineral. The ME, Nagaur worked out recoverable cost and raised demand (23.09.2009) of ₹ 1.02 crore for (18,467.647 MT x ₹ 550) quantity of illegally despatched mineral limestone under the provisions of Rule 48 of the RMMC Rules, the recovery of which was pending.

We further noticed that the demand of cost of mineral was raised only for the quantity of mineral 18,467.647 MT (14,039.826 MT + 4,427.820 MT) worked out on despatch including 4,427.820 MT only through 208 forged royalty receipts. Whereas, the contractor used 21 forged receipt books containing 2,100 receipts, which were not deposited by him in mining office. Hence, the quantity of mineral illegally despatched by forge royalty receipts *etc.* worked out to 58,743.778 MT (14,039.826 MT+44,703.952 MT of 2,100 forged receipts). Therefore, the recoverable cost as per our calculation should be ₹ 3.23 crore (58,743.778 MT x ₹ 550). It resulted in short raising of demand of ₹ 2.21 crore. The recovery of ₹ 3.23 crore was pending (September 2010).

The Government stated (September 2010) that recovery was pending due to court stay (21 November 2009).

### 6.8 Non-finalisation of committee report

We found (January 2009) that a mining lease number 6/2001 for mineral limestone was effective from 12.10.2001 for 20 years in favour of a lessee under the jurisdiction of ME, Nagaur. The lease area was inspected by ME, Vigilance, Jodhpur and it was found that 17,468 MT lime stone had been excavated from the existing pits found in the lease area. While, as per production returns submitted by the lessee, 48,015 MT mineral was shown to have been despatched during the period from 12.10.2001 to 31.7.2004. It means that 30,547 MT lime stone was excavated and despatched illegally by lease holder from other areas by misusing the *rawannas* issued for sanctioned lease. A demand notice, for depositing cost of illegally despatched mineral ₹ 97.75 lakh was issued (17.10.2005) to the lease holder, but the lessee did not deposit the cost of mineral. Hence, the lease was revoked (24.7.2007). Against the revocation, lease holder filed a petition in the High court, Jodhpur. Writ petition was disposed of (27.2.2008) as the mining department agreed to take appropriate action after obtaining report of the committee constituted for establishing the facts. Report of the committee was awaited (January 2010) as such no action for recovery of ₹ 97.75 lakh could be taken. The matter has not been settled even lapse of more than two years. This shows lackadaisical action of the Department towards recovery.

## 6.9 Illegal despatch of minerals

**6.9.1** We found (June 2009-January 2010) from records of the DMG along with 10 ME/AME offices<sup>7</sup> that in 46 cases minerals were excavated and despatched illegally, demand of cost of mineral and royalty amounting to ₹ 85.50 crore was not/short raised and recovered.

The Government stated (August 2010) that a committee would examine the cases of illegal excavation of minerals and action would be taken accordingly.

**6.9.2** We further found (November 2009) from the records of the DMG that a firm used 19,535 MT mineral limestone without departmental *rawannas* in manufacturing and supplying hydrated limestone to a company during the year 2006-07 from the jurisdiction of ME, Sojatcity. The cost and royalty of the illegally despatched limestone worked out to ₹ 1.07 crore, which had not been recovered.

The Government stated (August 2010) that action was being taken for detecting source of mineral.

## 6.10 Illegal subletting of lease

Rule 15 (1) of the RMMC Rules, 1986 envisaged that the lessee shall not, without the previous consent in writing of the competent authority assign, sublet, mortgage or transfer the mining lease or any right, title or interest therein; to any person or body. Rule 48(5) of *ibid* Rules further provides that whenever any person, without a lawful authority, raises any mineral and where mineral so raised has already been despatched or consumed, the concerned authorities may recover cost of the mineral along with royalty which will be computed as 10 times the royalty payable at the prevalent rates.

During audit of ME, Bharatpur, we noticed (November 2009) that mining leases no. 698/03 and 695/03 of mineral masonry stone sanctioned in favour of two lessee were subletted without the previous consent of the Mines Department, during the period from 1.1.2008 to 31.12.2008 by making '*pattanama*' contract. During subletted period of lease, the transferee excavated and despatched 33,000 MT (18,000 MT from ML 698/03 and 15,000 MT from ML

695/03) mineral masonry stone which was unauthorised. The cost of unauthorisedly excavated/ despatched mineral was ₹ 0.43 crore, which was not recovered.

We pointed out the matter to the Department (December 2009) and reported to the Government (April 2010). The Government stated (September 2010) that power of attorney was given by the lessee for mining in lease area. It was not subletted. Reply is not acceptable as power of attorney was given with full rights which are tantamount to assignment of rights under the Rules. Hence,

<sup>7</sup> Banswara, Jodhpur, Makrana, Nagaur, Nimbaheera, Rajsamand I, Rajsamand II, Sikar, Sojat city and Udaipur.

without prior consent of the Department in writing, it amounted to illegal transfer of lease and ME had illegally issued *rawannas* to sub-lettee for excavation and despatch of the mineral.

### Short term permits

**6.11** The works department contractors acquire materials for works from other lessees through *rawannas* and rest from short term permits (STP) issued to them by concerned ME/AME on payment of a fee laid down in rule 63 of the RMMC Rules. To ensure timely realisation of royalty on the quantity of minor minerals actually utilised, STPs are required to be obtained by Public Works contractors from Mining Department for the entire quantity of minerals required for completion of works. On completion of works, the contractors submit material/mineral consumption statements to assess the royalty of the minerals used in works. If a permit holder has excavated and carried minerals in excess of permitted quantity in the STP, cost of mineral is required to be recovered as per provisions laid down under the rule 63 and 48(5) of *ibid* Rules.

### 6.12 Recovery of cost of mineral

Rule 63(6) of the RMMC Rules provides that if a STP holder has excavated and carried mineral to the extent of 10 *per cent* over and above the quantity specified in the permit, single royalty will be recovered. In case, permit holder has excavated and carried a quantity more than 25 *per cent* of the quantity sanctioned in the permit, cost of such excess mineral, 10 times of the royalty at the prevalent rates as per rule 48(5) *ibid* will be recovered.

### Illegal excavation and despatch of minerals

(a) We found (June 2009-March 2010) from records of the DMG along with 14 ME/AME offices<sup>8</sup> that on the basis of mineral consumption statement of works submitted by public works contractors, 180 works contractors excavated and used minerals in works either without STP or more than quantity specified in the STPs. The difference recoverable cost along with royalty as worked out by us ₹ 44.26 crore had not been recovered. The Department failed to take effective action for finalisation of the assessments and recovery of cost of minerals.

When we pointed out this, the MEs/AMEs stated that action to recover the cost of minerals shall be taken by issuing notices to the concerned contractors.

The Government accepted (August 2010) our observations.

<sup>8</sup> Ajmer, Balesar, Barmer, Banswara, Bundi II, Jaisalmer, Jodhpur, Makrana, Nagaur, Nimbahera, Rajsamand I, Rajsamand II, Sikar and Sirohi.

(b) During audit of two AME/ME offices, we noticed (October 2008 to February 2010) that five public works contractors had used minerals in works more than quantity authorised in STP. The recoverable cost amounting to ₹ 1.05 crore of unauthorisedly excavated/despached minerals had not been recovered as detailed below:

Sl. no.	Name of the office (No. of works)	Mineral	Quantity used (MT) permitted in STP (MT)	Quantity used in excess of STP (MT)	Rate of royalty (₹ per MT)	Amount recovered (₹ in lakh)	Net cost recoverable including royalty (₹ in lakh)
1.	ME, Bharatpur (1)	Ordinary soil	<u>16,00,000</u> 13,73,000	2,27,000*	1.50	-	15.51
		Murum/GSB	<u>3,30,000</u> 2,97,650	32,350*	16.00	-	8.90
		Stone	<u>9,32,122</u> 8,10,050	1,22,072*	13.00	-	63.92
2.	AME, Kotputali (2)	Ordinary soil	<u>93,922.87</u> 58,029.87	35,893	1.50	3.63	4.32
		Murum	<u>21,230</u> 21,230	-	8.000		
	(2)	Murum/GSB	<u>25,381</u> 20,426	4,955	10.00	10.36	12.43
		GSB	<u>22,438.76</u> 3,000	19,438.74	8.00		
<b>Total</b>							<b>105.08</b>

\*Upto 3.9.2008 only as work was in progress.

When we pointed out (between November 2008 and April 2010) the Government stated (September 2010) that in case of ME, Bharatpur action will be taken after receiving details of full quantity of minerals used in work. Further, in case of the AME, Kotputali assessments were made as per Government order dated 17.6.1985. The reply is not acceptable as order dated 17.6.1985 became redundant with coming in effect of the RMMC Rules 1986. Hence, the cost of minerals was recoverable as per provisions of Rule 63(6) and 48(5) of *ibid* rules.

(c) During audit of two AME offices, we noticed (September 2009 to March 2010) that three public works contractors had used ordinary soil unauthorisedly without obtaining STPs. The recoverable cost amounting to ₹ 72.20 lakh of unauthorisedly excavated/despached ordinary soil had not been recovered as detailed below:

Sl. no.	Name of office (No. of works)	Quantity of ordinary soil used without STP(in MT)	Rate of royalty (₹ per MT)	Royalty amount recovered (₹ in lakh)	Net cost recoverable including royalty (₹ in lakh)
1.	AME, Dungarpur (3)	1,74,741	1.50	-	28.83
		61,513	1.50	0.92	9.23
		85,195	1.50	-	14.06
2.	AME, Kotputali (1)	1,00,423.33	2.00	-	20.08
<b>Total</b>					<b>72.20</b>



When we pointed out (April 2010), the Government stated (September 2010) that action was being taken by AME, Dungarpur for recovery. Report on recovery is awaited (October 2010).

### 6.13 Non-recovery of differential amount of royalty

We found (July-December 2009) that in seven ME/AME offices<sup>9</sup> in 116 cases, differential amount of royalty ₹ 61.83 lakh as per royalty assessments of mineral consumed in works was recoverable, but no records were found maintained in these offices to ensure whether differential royalty amount had been recovered.

The Government stated (September 2010) that deduction of ₹ 3.64 lakh has been verified. Action was being taken for verification/recovery of the rest amount.

### 6.14 Lacunae in rules

Proviso to rule 63(6) of the RMMC Rules provides that if a STP holder has excavated and carried mineral to the extent of 10 *per cent* over and above the quantity specified in the permit, single royalty will be recovered. In case, permit holder has excavated and carried a quantity more than 25 *per cent* of the quantity sanctioned in the permit, cost of such excess mineral will be recovered. Rule 63 of the RMMC Rules is silent about the recovery of cost of mineral excavated and removed more than 10 and up to 25 *per cent* over and above the quantity sanctioned in the STP. However, rule 48(5) of the rules *ibid* provides for recovery of royalty alongwith cost of mineral computed as ten times the royalty in all cases of unauthorised despatch of mineral.

We found (October 2009-March 2010) from records of the MEs, Udaipur and Sirohi that in two cases contractors had excavated/despached quantity of minerals masonry stone and earth more than 10 *per cent* but up to 25 *per cent* over and above the quantities authorised in the STPs. The assessing authority did not invoke provision of rule 48(5) of the

RMMC Rules and recovered royalty of ₹ 71.94 lakh against recoverable royalty and cost of ₹ 134.23 lakh resulting in short recovery of ₹ 62.29 lakh.

When we pointed out this, the ME, Sirohi (March 2010) stated that amount will be recovered as per provision of the rules. No provision has been made for recovery of cost of mineral used in excess of 10 *per cent* but upto 25 *per cent* quantity authorised in STP.

The Government accepted (August 2010) the lacunae in the rules and agreed to amend these suitably.

<sup>9</sup> Balesar, Banswara, Bundi II, Jodhpur, Makrana, Sojat city and Udaipur.

## 6.15 Recommendations

- *We recommended that the issue of ERCC should be examined in depth and proper policies are framed to secure wealth of the State.*
- *The Government may evolve a procedure to eliminate misuse of rawannas and timely recovery of cost of minerals.*
- *The Government may consider doing away with the committee intervention and put in place an appropriate departmental mechanism to decide upon cases of illegal mining.*
- *The Government may evolve a system of raising demand and its recovery on completion of works.*
- *The Government may evolve a system to recover all pending royalty/cost of minerals used in works before final payments to contractors. For this purpose co-ordination is required to develop between the Works Department and the Mining Department.*
- *The Government may clearly define the rate of royalty to be recovered in cases of despatch of minerals more than 10 per cent but upto 25 per cent over and above the quantities authorised in short term permit.*