

CHAPTER-VI MINING RECEIPTS

6.1 Tax Administration

The levy and collection of receipts from Mining in the State is governed by the Mines and Minerals (Development and Regulation) Act, 1957, the Mineral Concession Rules, 1960 and the Uttar Pradesh Minor Mineral Concession Rules, 1963. The Secretary Geology and Mining, Uttar Pradesh, is the administrative head at Government level. The overall control and direction of the Geology and Mining Department vests with the Director, Geology and Mining, Uttar Pradesh, Lucknow.

6.2 Trend of revenue

As per provision of Para 25 of the Uttar Pradesh Budget Manual, in the preparation of budget, the aim is to achieve as close an approximation to the actual as possible. It is, therefore, essential that not merely should all items of revenue and receipts that can be foreseen be provided but also only so much, and no more, should be provided as is expected to be realised, including past arrears in the budget year.

The budget estimates and actual receipts under the head "0853 Non-ferrous Mining and Metallurgical Industries", are given below:

Year	Budget Estimates	Actual Receipts			Variance (+/-)	Percentage variance	Total Non-tax Receipts of the State	Percentage of the mining receipts to total Non-tax receipts
		Major Mineral	Minor Mineral	Total				
2007-08	448.96	115.17	280.03	395.20	(-) 53.76	(-) 11.97	5,816.01	6.80
2008-09	524.00	97.39	329.92	427.31	(-) 96.69	(-) 18.45	6,766.55	6.32
2009-10	667.75	149.09	455.88	604.97	(-) 62.78	(-) 09.40	13,601.09	4.45
2010-11	838.97	167.72	485.67	653.39	(-) 185.58	(-) 22.12	11,176.21	5.85
2011-12	900.00	181.94	411.34	593.28	(-) 306.72	(-) 34.08	10145.30	5.85

Source: Finance Accounts of Government of Uttar Pradesh

The shortfall between budget estimates and actual receipts ranged between 9.40 and 34.08 *per cent* during the period 2007-08 to 2011-12.

The percentage of receipts from mining industry with respect to non tax revenue of the State ranged between 4.45 and 6.80 *per cent* during the period 2007-08 to 2011-12.

We recommend that the Budget estimates should be prepared in accordance with the provisions of the Budget Manual.

6.3 Revenue Impact

During the period 2006-07 to 2010-11 we had pointed out through our Inspection Reports underassessment of royalty, dead rent etc., with revenue implication of ₹ 1.50 crore in two cases. The details are shown in the following table.

(₹ in crore)

Year	No. of units audited	Amount Objected		Amount accepted		Recovered
		No. of cases	Amount	No. of cases	Amount	
2006-07	--	--	--	--	--	--
2007-08	1	1	1.40	--	--	--
2008-09	--	--	--	--	--	--
2009-10	1	1	0.10	--	--	--
2010-11	--	--	--	--	--	--
Total	2	2	1.50	--	--	--

6.4 Results of Audit

Our test check of the records of Geology and Mining Department during 2011-12 revealed underassessment of royalty and other irregularities involving ₹ 393.68 crore in 110 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	Number of cases/ paras	Amount
1.	Non-realisation of royalty and interest	27	32.02
2.	Non-levy of royalty/ interest/ stamp duty	2	0.71
3.	Non-renewal/ delay/grant of fresh leases	5	51.60
4.	Unauthorised excavation	2	80.78
5.	Non-levy of penalty	1	159.79
6.	Misclassification of receipts	1	0.41
7.	Other Irregularities	72	68.37
	Total	110	393.68

In 2011-12, the Department accepted underassessment and other deficiencies amounting to ₹ 26.25 crore in nine cases pointed out by us and recovered ₹ 18.78 lakh in one case.

A few illustrative cases involving ₹ 315.38 crore are mentioned in the succeeding paragraphs.

6.5 Audit Observations

Our scrutiny of records in the offices of the Geology and Mining Department revealed cases of non/short realisation of royalty, non levy of penalty and interest, loss of revenue etc. as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. We point out such omissions each year, but not only do the irregularities persist; these remain undetected till we conduct an audit. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.

6.6 Non-realisation of royalty

Under the One Time Settlement Scheme (OTSS) issued in December 2004, brick kiln owners are required to pay consolidated amount of royalty at the prescribed rates, based on Category of the brick kiln areas after obtaining permit by paying an application fee of ₹ 400 per brick kiln. Further, the OTSS provide that if the brick kiln owner fails to make payment of consolidated amount of royalty, the competent officer shall stop such business and initiate certificate proceedings for realisation of outstanding royalty/penalty under Paragraph 3 of the OTSS. Besides, interest at the prescribed rate may also be charged on the rent, royalty, fee or other sum due to the Government as per Paragraph 1(5) of the OTSS.

We observed during test check of brick kiln register and other relevant records maintained in the individual files of the brick kilns owners between October 2010 and January 2012 in 15 District Mining Offices¹ that 3684 brick kilns (Category²-A: 582, Category³-B: 1208 and Category-C⁴: 1894) were operated in brick season⁵ during 2005-06 to 2010-11. However, these brick kilns owners did not pay royalty of

₹ 9.86 crore. Further scrutiny of files revealed that though brick kiln owners who had applied for grant of permits and had paid requisite application fee but they did not submit the supporting documents like 'No Objection Certificate' from the State Pollution Control Board, *Khatauni* of land along with consent of the owner of land or an affidavit to that effect etc. Thus permits were not issued in any one of these cases. Further, action was not initiated by the concerned District Mines Officers (DMOs) to stop their business. Thus, non-initiation of follow-up action by the DMOs for stopping of illegal operation of brick kilns resulted in non realisation of royalty amounting to ₹ 9.86 crore besides interest of ₹ 5.29 crore. Further, the DMOs were also ignorant towards the environmental effect as the mining activities were being carried out in their jurisdiction without No Objection Certificate from the State Pollution Control Board.

¹ Allahabad, Ballia, Barabanki, Chandauli, Gorakhpur, Hamirpur, Kanpur Nagar, Kaushambi, Lakhimpur Kheri, Mathura, Mirzapur, Muzaffarnagar, Saharanpur and Sonbhadra.

² Category A- Kanpur Nagar, Mathura, Muzaffarnagar and Saharanpur.

³ Category B- Allahabad, Barabanki, Basti, Chandauli, Kaushambi and Lakhimpur Kheri.

⁴ Category C- Ballia, Gorakhpur, Hamirpur, Mirzapur and Sonbhadra.

⁵ Brick season starts from the month of October every year to September of the subsequent year.

After we pointed out the cases, the Department stated (February 2012 and August 2012) that ₹ 18.78 lakh had been recovered from 71 brick kilns owners and the revenue recovery certificates had been instituted against the defaulter brick kilns owners. Further report on recovery of dues and action taken to stop illegal mining has not been intimated (February 2013).

The matter was reported to the Government in February 2012; their reply has not been received (February 2013).

6.7 Non-levy of penalty for illegal removal of brick earth

Under Rule 3 and 57 of UPMMC Rules, no person shall undertake any mining operation in any area, except under and in accordance with the terms and conditions of a quarrying permit or a mining lease granted under these Rules.

Sections 21 (1) and (5) of MMDR Act prescribes that the penalty for any illegal mining includes recovery of the price of the mineral, rent, royalty or taxes as the case may be, for the period during which the land was occupied by such person without any lawful authority. Further, Rule 57 of the UPMMC Rules *ibid* prescribes initiation of criminal proceedings attracting punishment of simple imprisonment that may extend to six months or with fine which may extend to rupees one thousand or both.

We observed between October 2010 and January 2012 from the Demand and Collection and Permit Register of brick kiln owners, in 13 District Mining Offices⁶ that 10277 brick kilns (Category-A⁷: 3252, Category-B⁸: 3699, Category-C⁹: 3326) were operated during the period 2005-06 to 2010-11 without application for grant of permit along with requisite fee and obtaining quarrying permit for excavation

of earth and paying the consolidated amount of royalty. Thus, the excavation of brick earth without quarrying permit was not only illegal but also affecting the ecological balance. Despite the fact that the mining activities were being carried out, the Department did not take any action to stop the business or levy penalty as per the UPMMC Rules. Thus, taking the price of mineral equivalent to five times of royalty, there was non-levy of penalty of ₹ 159.79 crore as detailed in **Appendix-XIX**, besides environmental effect.

After the cases were pointed out in audit, the Department stated in (February 2012) that as per Rules, mining permit can be issued only for a period of six months, while the OTSS is for one year and therefore mining permit can not be issued to brick kiln owners. The reply was however silent about non-initiation of any action to stop the business, levy and recovery of royalty/cost of mineral and unwarranted environmental effect.

The matter was reported to the Government in February 2012; their reply has not been received (February 2013).

⁶ Allahabad, Barabanki, Chandauli, Faizabad, Gorakhpur, Hamirpur, Jalaun, Kanpur Nagar, Kaushambi, Mathura, Meerut, Mirzapur and Saharanpur.

⁷ Kanpur Nagar, Mathura, Meerut and Saharanpur.

⁸ Allahabad, Barabanki, Chandauli, Jalaun and Kaushambi.

⁹ Faizabad, Gorakhpur, Hamirpur and Mirzapur.

The matter was reported to the Government in February 2012; their reply has not been received (February 2013).

6.8 Absence of provision for payment of Stamp Duty and Registration fees

Under Rule 22 of UPMMC Rules, the holder of a mining lease shall, during the term of the lease, pay in advance installments for every year of the lease, such amount as dead rent at rates mentioned in the second schedule to UPMMC Rules, as may be specified in lease deed by the State Government. Under Article 35 (c) of Schedule 1 (b) of Indian Stamp Act, 1899 read with Rule 22 of UPMMC Rules, stamp duty is payable on dead rent or royalty whichever is higher. The Commissioner of Stamp Government of Uttar Pradesh vide their orders of August 2003 directed all DMs to levy stamp duty on the amount of security deposit against mining leases of sand at prescribed rates.

6.8.1 The UPMMC Rules do not provide for levy of Stamp Duty and Registration fees in the event of royalty being more than the dead rent paid by the lessees.

We observed (between October 2010 and January 2012) during scrutiny of mining lease files in 11 DMOs¹⁰, that 122 leases for excavation of minor minerals i.e. sand and

sand stone were executed between 2005-06 and 2009-10 on which stamp duty and registration fees was paid on the amount of dead rent of ₹ 15.89 crore as mentioned in the lease deeds. However, the leaseholders excavated the minor minerals and paid royalty aggregating ₹ 58.72 crore¹¹ during the aforesaid period. Though the royalty paid was more than the dead rent mentioned in the lease agreements, the stamp duty and registration fees could not be levied on the differential amount for want of enabling provisions in the UPMMC Rules. Thus, the Government was deprived of revenue of ₹ 2.48 crore.

After we pointed this out, the Department stated (February 2012) that the stamp duty is leviable on the dead rent as defined in Schedule 1 B of Section 35 of the Indian Stamp Act.

We recommend that the Government should consider incorporating a condition in the lease deeds for periodic execution of modified lease agreements in cases where royalty paid exceeds the dead rent fixed.

6.8.2 We observed (between October 2010 and January 2012) from the files of lease holders of 189 lessees of two DMOs¹² that the Department levied stamp duty and registration fees only on lease rent reserved without taking into consideration the security amount of ₹ 3.79 crore deposited in advance at the time of lease agreement during the period 2005-06 to 2009-10. This resulted in short levy of stamp duty and registration fees of ₹ 24.50 lakh.

¹⁰ Allahabad, Banda, Barabanki, Hamirpur, Jalaun, Kaushambi, Lakhimpur Kheri, Mahoba, Mirzapur, Muzaffarnagar and Sonbhadra.

¹¹ Including the dead rent paid.

¹² Banda and Hamirpur.

After we pointed this out, the Department accepted (February 2012) the audit observation and stated that stamp duty will be levied according to provision of Stamp Act. Further report has not been received (February 2013).

The matter was reported to the Government in February 2012; their reply has not been received (February 2013).

6.9 Non-levy of interest for belated payment of royalty

Rule 58 (2) of UPMMLC Rules provides that interest at the rate of 24 *per cent* per annum will be charged for the delay in payment of any rent, royalty, demarcation fee and any other dues to the State Government after the expiry of 30 days notice period. In case of royalty due to be realised from brick kiln owners alone, the Government vide order dated 18 May 2009 reduced the rate of interest to 18 *per cent* from 24 *per cent*.

We observed (Between October 2010 and January 2012) from the lease files in 14 DMOs¹³, that royalty of ₹ 5.10 crore which was due to be deposited during the period 2005-06 to 2009-10 was paid between February 2007 and March 2011 i.e. with delays

ranging from one to 70 months in 1,133 cases. Though the requisite details of delay in payment was available on record, the Department did not initiate any action for levy and recovery of interest on these belated payments. This resulted in non realisation of interest of ₹ 46.24 lakh as detailed in **Appendix-XX**.

After we pointed this out in audit, the Department stated (February 2012) that the notices for recovery of interest would be issued to the brick kiln owners after examination. As regard levy of interest on lease holders, the Department did not give any specific reply. Further report has not been received (February 2013).

¹³ Allahabad, Barabanki, Gorakhpur, Hamirpur, Lakhimpur Kheri, Lalitpur, Mahoba, Mathura, Meerut, Mirzapur, Muzaffarnagar, Saharanpur, Sahjahanpur and Sonbhadra.

6.10 Loss of revenue due to non renewal/grant of fresh leases

If any area which was held under mining lease becomes available for grant for mining lease the District Magistrate shall notify the availability of the area through the notice inviting for applicants for grant of mining lease specifying a date and description of such area. The applicant for grant/renewal of mining lease shall be made in prescribed form MM-1/MM-1A. Every application for grant of mining lease shall be accompanied by requisite fee, cadastral survey map of the area applied for, a certificate issued by the authorised officer showing that no mining dues are outstanding against the applicant, a certificate of cast and residence of the applicant and a character certificate given by the District Magistrate of the district. The State Government or the authority authorised by it may after making such further enquiry as it may consider necessary grant or renew the mining lease for the whole or part of the area applied for and for such period as it may consider proper.

The applications for grant/renewal of mining lease shall be received within seven working days from the date specified in the notice. If, however, the number of applications received for any area are less than three, the DM may extend the period for seven more working days and if even thereafter the number of applications remains less than three, the DM shall consider the applications and grant the lease as per UPMMC Rules.

According to Section 9-A-1 of MMDR Act, every lessee of mining lease shall pay, every year dead rent in advance for the whole year at the rates prescribed in second Schedule of UPMMC Rules at the prescribed dates for all areas included in the lease.

offices as detailed below.

Category	Name of District	No. of quarries	Area of Sand without lease in Acre	Area of Sand Stone without lease in Acre	Area of land remain without lease in Acre	Period	Dead Rent involved ¹⁵ up to March 2011 (₹ in crore)
Application less than three	Allahabad	407	12,808.92	0	12,808.92	August 2007 to March 2011	42.27
	Chandauli	52	1,479.87	0	1,479.87	April 2009 to March 2011	3.40
Applications are in process	Barabanki	5	79.40	0	79.40	2005-06 to 2009-11	0.37
	Faizabad	24	262.45	0	262.45	2009-11	0.60
	Gorakhpur	12	90.00	0	90.00	November 2006 to March 2011	0.34
	Lucknow	1	43.00	0	43.00	November 2008 to March 2011	0.07
	Lalitpur	28	0	123.14	123.14	April 2005 to March 2011	0.71
	Total	529	14,763.64	123.14	14,886.78		47.76

6.10.1

From the information collected by Audit from seven DMOs¹⁴ we noticed (October 2010 to January 2012) that 629 quarries were notified for grant/renewal of leases of river sand and sand stone between April 2005 and January 2012, of which 100 quarries lease were finalised by the concerned DMs.

The remaining 529 quarry leases were pending in district mining

¹⁴ Allahabad, Barabanki, Chandauli, Faizabad, Gorakhpur, Lucknow and Lalitpur.

¹⁵ Calculated on the basis of Area x Rate prescribed by Government (upto May 2009- Sand ₹ 6,000 per Acre, Sand Stone ₹ 8,000 per Acre, From June 2009- Sand ₹ 12,000 per Acre, Sand Stone ₹ 16,000 per Acre).

We further noticed that out of 529 pending quarry leases, 459 cases were pending due to receipt of less than three applications whereas in 70 cases, the applications were under process. Though the period of more than one to five years had already been elapsed, the quarry lease could not be settled within the specified period and the Government was deprived of the dead rent as the sand got washed away due to rains besides blocking of mineral development.

6.10.2 Loss of revenue due to non-renewal of leases.

We observed in the DMO, Lalitpur that 39 applications in respect of *Gitti*/boulder were received between 2004 and 2008, of which only one application was considered and lease was renewed. The remaining 38 applications for lease renewal, covering a total area of 165 acres were pending at the Government level for three to seven years. This resulted in the loss of dead rent of ₹ 98.37 lakh.

6.10.3 Loss of revenue due to non-renewal/grant of fresh leases.

In the DMOs, Barabanki, Chandauli and Mathura, 17 leases of sand and four leases of sand stone covering a leasehold area of 389.61 acres, had expired between January 2004 and May 2010. We noticed that despite the Government orders of December 2000 and 16 October 2004, no efforts like survey, making of map were made by the Department to identify the areas that could be leased out afresh. This resulted in loss of ₹ 1.43 crore in the shape of dead rent between 2003-04 and 2010-11.

6.10.4 Delay in renewal of lease

Applications for five leases for mining of sand in Gorakhpur district and one lease of *Gitti*/Boulder in Lalitpur district were received in time but were renewed with a delay ranging from eight months to seven years. The delay on the part of the Department in renewal of leases, resulted in the loss of dead rent of ₹ 5.70 lakh.

6.10.5 Delay in grant of lease

We observed that applications for three leases for mining of granite, four for sand stone and one for sand in Lalitpur district were received between April 1996 and November 2008 and five leases of sand in Chandauli district, but the lease deeds were executed with a delay ranging between one year seven months and 15 years. This resulted in the loss of dead rent of ₹ 70.02 lakh.

The matter was reported to the Department and Government in (February 2012). The Department did not furnish specific reply. The reply from the Government has not been received (February 2013).

The Government may consider prescribing a periodic return to monitor the cases of applications of grant/renewal of quarry lease pending at the district offices to save the revenue interest of the State.

6.11 Non/ short realisation of royalty

Rule 58(1) and (2) of UPMMC Rules provides that a notice of demand will be served to the lessee to pay the amount due from and if within 30 days from receipt of the notice, the lessee fails to pay such dues, same will be recovered as arrears of land revenue. Further, sub rule (2) of the Rules *ibid* provides that simple interest at the rate of 24 *per cent* per annum may be charged after expiry of the period of the notice. As per the general conditions in lease deed format (MM-6), the lease can be cancelled and security deposit forfeited in case of violation of any condition of the lease deed.

6.11.1 We observed during scrutiny of returns furnished by 12 lease holders in five DMOs¹⁶, between October 2010 and January 2012 that royalty of ₹ 2.31 crore was payable for the minerals removed from the leased area between October 2000 and March 2011. However, we noticed that the

lessees had paid royalty of ₹ 70 lakh only. The concerned DMOs did not notice the short payment/payment at incorrect rates, which resulted in short realisation of royalty of ₹ 1.60 crore besides the interest of ₹ 1.31 crore as detailed in **Appendix-XXI**.

6.11.2 Short levy of royalty due to revision of rates

The Government Order of October 2004 read with Rule 14 of UPMMC Rules provides that the royalty shall be payable on the basis of revised rate from time to time. The rate of royalty was revised by the State Government with effect from 02 June 2009 vide GO dated 02 June 2009.

We observed during scrutiny of the lease files of three DMOs¹⁷, between October 2010 and January 2012 that the Department, in violation of the conditions of the lease

agreement, did not revise the royalty and dead rent in cases of 42 quarry leases for the period of four months to 44 months. This resulted in short realisation of royalty of ₹ 65.70 lakh as detailed below:

(₹ in lakh)							
No.	District	Number of cases	Area in acres	Lease rent due at pre revised rate ¹⁸	Lease rent due at revised rate ¹⁹	Actual lease rent deposited	Difference
1	Allahabad	7	106.76	16.20	32.40	26.70	5.70
2	Gorakhpur	17	234.50	25.19	50.39	25.19	25.20
3	Kaushambi	18	620.00	34.80	69.60	34.80	34.80
	Total	42	961.26	76.19	152.39	86.69	65.70

After we pointed out the cases, the Department accepted (February 2012) the audit observations and stated that action will be taken for recovery. Further report has not been received (February 2013).

¹⁶ Gorakhpur, Jalaun, Lalitpur, Mirzapur and Muzaffarnagar.

¹⁷ Allahabad, Gorakhpur, and Kaushambi.

¹⁸ Rate applicable from 16 December 2004 to 01 June 2009 by G.O.no. 6714/77-5-2004-200-77 dated 15 December 2004, at the rate of ₹ 8000 per acre for grit and ₹ 6000 per acre for sand.

¹⁹ Rate of royalty was revised by G.O. no. 530/86-77-2009-200/77-TC-II Lucknow, dated 02 June 2009, at the rate of ₹ 16,000 per acre for grit and ₹ 12,000 per acre for sand.

6.12 Unauthorised extraction

Rule 22A of Mineral Concession Rule, 1960 provides that mining operations shall be undertaken in accordance with duly approved Mining Plan and modification of the approved Mining Plan during the operation of a mining lease also requires prior approval. 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 UPMDC Rules, the total royalty is fixed at the rate of not more than 20 per cent of the pits mouth value of minerals.

Under Rule 34 (2) of UPMDC Rules, in the case of mining of marble, limestone, building stones like sandstone and granite, stone ballast (*gitti*), *bajri* etc., the lease holder is required to attach a Mining Plan with the MM-1 (A) form of application. A Mining Plan is not needed for mining of sand and *morrum* found in river beds.

6.12.1 Our test check (October 2010 to January 2012) of the mining lease case files and mining plans of five DMOs²⁰ revealed that lessees had excavated 28,33,850 cubic meter of stone ballast during the period 2005-06 to 2010-11 over and above the quantity mentioned in the approved mining plan. Thus, the mineral excavated by the lessees was unauthorised and the cost of the excavated mineral amounting to ₹ 77.87 crore was recoverable from the lessees. The DMOs

neither initiated any action against the lessees for excavation of the excess mineral over the mining plan nor took any action for recovery of the cost of excavated mineral of ₹ 77.87 crore as detailed in table:

(₹ in crore)							
Sl. No.	District	No. of cases	Total reserve in Cubic Meter	Quantity allowed as per Mining Plan in Cubic Meter	Total quantity excavated in Cubic Meter	Excess excavation in Cubic Meter	Price of mineral to be recovered
1.	Jhansi	5	2,90,865	45,000	1,40,750	95,750	2.96
			59,840	12,000	1,47,520*	1,35,520	3.77
			50,374	15,000	55,000*	40,000	1.23
			1,00,000	24,000	2,38,200*	2,14,200	5.96
			52,129	12,000	1,25,800*	1,13,800	2.56
2.	Lalitpur	2	2,45,486	36,000	2,67,663*	2,31,663	4.33
			1,20,428	15,000	45,582	30,582	0.56
3.	Mahoba	5	1,16,761	30,000	1,80,950*	1,50,950	3.86
			1,13,751	16,000	1,56,600*	1,40,600	3.61
			1,31,182	20,000	1,55,400*	1,35,400	3.34
			1,57,795	30,000	2,19,150*	1,89,150	4.96
			Mining Plan not renewed	---	4,28,950*	4,28,950	13.19
4.	Sonebhadra	5	68,330	18,000	1,06,200*	88,200	2.34
			93,912	24,000	3,28,000*	3,04,000	8.76
			19,583	6,000	3,10,500*	3,04,500	9.03
			10,415	3,000	1,33,900*	1,30,900	4.16
			1,17,433	21,000	74,400	53,400	1.44
5.	Mirzapur	5	NA	5,600	19,759	14,159	0.48
			NA	7,000	21,440	14,440	0.73
			NA	10,500	13,960	3,460	0.12
			NA	7,000	15,228	8,228	0.28
			NA	8,000	13,998	5,998	0.20
Total		22	17,48,284	3,65,100	31,98,950	28,33,850	77.87

Source: Files of lease holders

* Excess quantity extracted than approved Mining Plan

²⁰ Jhansi, Lalitpur, Mahoba, Mirzapur, and Sonebhadra.

After we pointed out the cases (February 2012), the Department stated that if mineral is excavated more than the quantity mentioned in Mining Plan, then excavation is not called unauthorised as the lease holder is authorised to excavate any quantity of the minerals available in lease area.

We do not agree with the reply of the Department because as per Rule 34 (2) of UPMMC Rules, mining operation in respect of *in situ* rock deposits is to be undertaken in accordance with the Mining Plan detailing yearly development schemes duly approved by the Director. The Rule 22A of MC Rules provides that mining operations shall be undertaken in accordance with the duly approved Mining Plan. Modifications to the Mining Plan also require prior permission. Thus, excavation of mineral beyond the approved quantity in the Mining Plan was unauthorised. Further report has not been received (February 2013).

6.12.2 Excavation of mineral without renewal of Mining Plan

We observed (Between October 2010 and January 2012) from the files of lessees in DMO Banda that two lease holders excavated and dispatched minerals without renewal/approval of their Mining Plan. The Mining Plan of one lease holder had been approved only for three years. However, the Department continued to issue MM-11 Forms to the lease holder for 18 months after expiry of the Mining Plan. In the second case, the extraction of mineral was undertaken prior to approval of the Mining Plan. Thus, during above mentioned period, 4800 cubic meter of minerals were illegally excavated by the lessees. Though the cost of the mineral which amounted to ₹ 12.87 lakh was recoverable from the lessees. The DMO Banda however neither took any action to stop the unauthorised excavation nor recovered the cost of the excavated mineral.

After this was pointed out (December 2011) the DMO stated that the lease holders had carried out the mining operations according to the demand and had paid dead rent/royalty at prescribed rates.

We do not agree as the mining operations were required to be undertaken in accordance with the approved mining plan which was not followed. Further reply has not been received (February 2013).

6.13 Inconformity between MMDR Act and UPMMC Rules

Section 21 of the MMDR Act provide for punishment with imprisonment for a term which may extend to two years, or with a fine which may extend to twenty-five thousand rupees, or with both or whoever removes minor minerals without valid lease/permit shall be liable to pay the price thereof of the minerals mined illegally whereas the UPMMC Rules provide for punishment with imprisonment of either description for a term which may extend upto six months or with a fine which may extend to one thousand rupees or with both. There is no corresponding Rule for recovery of the price thereof of the minerals mined illegally under UPMMC Rules.

We noticed that there is no conformity between MMDR Act and UPMMC Rules in two issues namely penal provisions and recovery of cost of minerals with respect to cases of illegal mining.

In 14 DMOs²¹, we noticed that 1555 cases of illegal transportation of minerals without valid MM-11 forms

were impounded (between 2005-06 and 2010-11) and penalties were imposed by the DMOs. The penalties imposed ranged from maximum of ₹ 25,000 in 78 cases to minimum of ₹ zero in 10 cases. 1467 vehicles were released on levy of meager amount. Thus there was no parity in the penalty being imposed by the Department.

Thus there was ambiguity in the imposition of penalty as both the provisions of MMDR Act and UPMMC Rules were being applied randomly.

After this was pointed out, the Department stated (February 2012) that the Government vide notification of December 2011 has amended the rules to maximise the penalty to ₹ 25000 for cases of illegal transportation of minerals. However the imprisonment period remains upto a maximum of six months only.

We are of the opinion that the UPMMC Rules should be in conformity with the MMDR Act in order to prevent ambiguity and deter illegal transportation of minerals.

²¹ Allahabad, Banda, Barabanki, Hamirpur, Jalaun, Jhansi, Kaushambi, Lakimpur Kheri, Lalitpur, Lucknow, Mahoba, Mathura, Saharanpur and Sonebhadra.

6.14 Non-recovery of cost of minerals and royalty on unauthorised excavation

Under Rule 3 of UPMMC Rules, no person shall undertake any 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.

Further, Section 21(5) of the MMDR Act, provides 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 off, 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.

6.14.1 We observed (October 2010 to January 2012) from the files of the lease holders of three²² DMOs that the lessees excavated during 2005-06 to 2010-11 mineral (sand) from areas other than the area for which leases were granted. Such cases of illegal extraction of 2,09,972.05 cubic meter of sand were detected by the Department and notices were issued to the lessees. However, the Department did not work out cost of

minerals so raised and also not filed the case before the competent court for recovery of cost of mineral and royalty of ₹ 2.35 crore from the lessees. This resulted in non-recovery of price of mineral of ₹ 1.96 crore and royalty of ₹ 39.11 lakh.

6.14.2 We observed in DMO, Jalaun, that unauthorised mining of 16,990 cubic meter sand was detected (26 February 2009) and the Department raised (March 2009) demand of ₹ 4.16 lakh²³ without considering and including the cost of mineral which worked out to ₹ 42.56 lakh.

After we pointed out these cases, the Department stated (February 2012) that the cost of minerals and royalty could be recovered by an order of the court competent to take cognizance of the offence under Sub-Section 1 of Section 21 of MMDR Act. The fact, however, remains that the Department did not file the case before the competent court for recovery of the cost of mineral. Further report has not been received (February 2013).

²² Lucknow, Mathura and Sonebhadra.

²³ Royalty – ₹ 3,90,770 and penalty – ₹ 25,000.

6.15 Coal leases

Under Section 4 (1) of MMDR Act, no person shall undertake any mining operation in any area except under and in accordance with the terms and condition of a mining lease granted under this Act. Further, Section 8(1) of the Act on of that the maximum period for which a mining lease may be granted shall not exceed thirty years.

Under the provision of the Section 17 of the Registration Act, 1908, leases of immovable property from year to year or for any term exceeding one year or reserving a yearly rent are compulsory for registration. Section 26 of the Indian Stamp Act, 1899 provides that the stamp duty is payable on dead rent or royalty whichever is higher at the rate of ₹ 20 per thousand.

Government of Uttar Pradesh vide order dated 27 July 2007 granted the permission of lease to Krishnashila project for the period of thirty years.

Coal is the major mineral defined in MMDR Act.

We examined records of DMO, Sonebhadra between October 2010 and January 2012, records of Northern Coalfield Limited (NCL) made available by our sister office²⁴ and found that the Krishnashila Coal Project of NCL had started mining operation from January 2008 in 859.95 hectare of land. We noticed that the mining operations were commenced in January 2008 and the NCL has paid ₹ 96.20 crore as royalty between

January 2008 and March 2011.

However, there was nothing on record to indicate that the NCL had executed mining lease before the mining operations were commenced.

We have noticed a similar situation in respect to the four other coal projects namely Bina, Kakri, Duddhichua and Khadia of NCL which were being operated in the State from the years 1974, 1980, 1991 and 1992 respectively. However, there was nothing on record to indicate that lease deeds were executed. The NCL, however, has confirmed that the leases were not executed. Thus, the Department was not in a position to enforce or monitor any of the conditions under which the leases were granted. In addition the Government has also been deprived of the Stamp Duty and Registration Fees in all these cases.

After we pointed this out, the Department stated (February 2012) that the information on execution of the coal mining leases was not available with them and that the leases of coal mining were granted by the Government of India.

Since coal mining in Sonebhadra contributes around 30 *per cent* of the Department's revenue, we recommend that the Department should ensure that the lease agreements are executed as per the terms and conditions approved by the Government of India and devising of a monitoring mechanism of the mining activities in the Coal sector.

²⁴ Office of Principal Director of Audit and Member Audit Board II, Kolkata

6.16 Maintenance of Stock Register of transit passes

The Government vide instructions of September 2003 directed all DMs that in the district office a stock register* and an issue register# shall be maintained for MM-11 forms and officer in charge of regional office shall check and verify the registers of the concerned districts. Further, the Government vide orders of February 2001 reiterated in August 2002 and October 2006 directed all DMs to ensure that the mineral utilised in execution of public works were procured on the strength of valid MM-11 forms after payment of royalty.

As per GOs of February 2001, August 2002 and October 2006, the Government executing agencies were required to verify the MM-11 forms submitted by their contractors from the concerned DMO.

* Stock Register: is a register maintained by the DMO to record all the MM-11 forms received from Directorate of Geology and Mining Department.

Issue Register: is a register also maintained by the DMO to record the details of MM-11 forms issued to leaseholders.

Test check of Stock Registers of MM-11 forms in 17 districts²⁵ revealed the following deficiencies:

- Four districts²⁶ did not furnish information regarding maintenance of Stock Register.
- In two districts²⁷ Stock Register was not maintained.
- The Stock Register was verified by the officer in charge in only three districts²⁸ out of 15 districts²⁹.
- In 11 districts³⁰ the executing agencies had forwarded MM-11 forms to the concerned DMO for verification and in six districts³¹ the executing agencies did not send the MM-11 forms to DMO for verification.
- Our audit has revealed irregularities in 3,381 MM-11 forms in even those 11 districts where the forms were sent for verification to DMOs.

²⁵ Allahabad, Banda, Barabanki, Chandauli, Faizabad, Gorakhpur, Hamirpur, Jhansi, Kanpur, Kaushambi, Lalitpur, Lucknow, Mahoba, Meerut, Mirzapur, Muzaffarnagar and Sonbhadra.

²⁶ Jalaun, Lakhimpur Kheri, Mathura and Saharanpur.

²⁷ Barabanki and Lucknow.

²⁸ Allahabad, Kaushambi, Muzaffarnagar.

²⁹ Allahabad, Banda, Chandauli, Faizabad, Gorakhpur, Hamirpur, Jhansi, Kanpur, Kaushambi, Lalitpur, Lucknow, Meerut, Mirzapur, Muzaffarnagar and Sonbhadra.

³⁰ Banda, Barabanki, Chandauli, Faizabad, Gorakhpur, Jhansi, Kanpur, Lalitpur, Lucknow, Mirzapur and Sonbhadra.

³¹ Allahabad, Hamirpur, Kaushambi, Mahoba, Meerut and Muzaffarnagar.

6.17 Mechanism to curb transportation of illegally mined minerals

Under the provisions of the MMDR Act, the State Government may by notification in the gazette make rules for preventing illegal mining, transportation, storage of minerals, etc. The UP Mineral (Prevention of Illegal Mining, Transportation and Storage) Rules 2002 provide that transportation of minerals without a valid Transit Pass (MM-11) is irregular. The mining office is also required to maintain a control register for watching issue and utilisation of Transit Passes (TPs). Further, under orders of the Government issued in February 2001, August 2002 and October 2006 the works executing agencies were required to accept MM-11 forms only after verifying their validity from the concerned DMOs.

In course of the Audit of 21 districts³² between October 2010 and January 2012, we came across cases where the provisions of the Act/Rules were not followed, as discussed in the subsequent paragraphs. We picked up (Between October 2010 and January 2012) 13,830 MM-11 forms at random from divisions of Public Works Department³³

(37) and Rural Engineering Services³⁴ (20) and cross-checked them with the corresponding District Mines Offices. Of the 13,830 MM-11 forms scrutinised, we found irregularities in 4,943 cases, which was around 36 *per cent* of the total forms checked. Our findings on misuse of MM-11 forms, illegal mining and loss of revenue are confined to Government works executing agencies of these 21 districts.

6.17.1 MM-11 forms not issued by the Department

Minor minerals (sand, stone and stone ballast) were shown as utilised in construction works by contractors, who produced MM-11 forms in support of transportation and utilisation of minerals in construction works with their bills. As MM-11 forms were furnished by contractors, full payment was released to the contractors.

We found (Between October 2010 and January 2012) that 359 MM-11 forms purported to be issued by the DMOs of Allahabad, Jhansi and Sonebhadra were fakes as the DMOs subsequently denied having issued the said MM-11 forms. The fake MM-11 forms were found in use in the Public Works Department Allahabad and Rural Engineering Services divisions of Allahabad and Jhansi. As the MM-11 forms were not authentic, it is obvious that no royalty has been paid on the minerals. Interestingly of these 359 fake MM-11

³² Allahabad, Banda, Barabanki, Chandauli, Faizabad, Gorakhpur, Hamirpur, Jalaun, Jhansi, Kanpur nagar, Kaushambi, Lakhimpur kheri, Lalitpur, Lucknow, Mahoba, Mathura, Meerut, Mirzapur, Muzaffarnagar, Saharanpur and Sonebhadra.

³³ Allahabad (2), Banda (3), Barabanki (2), Chandauli (2), Faizabad (2), Gorakhpur (3), Hamirpur (3), Jalaun (2), Jhansi (3), Kanpur (1), Kaushambi (1), Lakhimpur Kheri (2), Lalitpur (1), Lucknow (2), Mahoba (2), Mathura, Meerut, Mirzapur, Muzaffarnagar, Saharanpur and Sonebhadra.

³⁴ Allahabad, Banda, Barabanki, Faizabad, Gorakhpur, Hamirpur, Jalaun, Jhansi, Kanpur, Kaushambi, Lakhimpur Kheri, Lalitpur, Mahoba, Meerut, Mathura, Mirzapur, Muzaffarnagar, Saharanpur and Sonebhadra.

forms, six serial numbers (12 forms in all) were shown as dual identical issued by DMO Sonebhadra.

6.17.2 Utilisation of MM-11 forms without holograms

Under UPMMC Rule, read with Government Order dated 27 September 2003 and Director, Geology and Mining letter dated 04 July 2006, MM-11 forms without holograms were not to be accepted with effect from 15 July 2006 and were to be treated as invalid. However, due to non availability of stickers of holograms, Transit Passes were printed without holograms by order of the Director, Geology and Mining between 07 January 2008 and 31 May 2008.

We noticed (between October 2010 and January 2012) that rather than recalling and destroying unused MM-11 forms (without hologram) after 31 May 2008, the Department continued to issue MM-11 forms without holograms to district units up to

March 2010. Thus due to non-observance of the orders of the head of the Department and the Government there has been an intermixing of MM-11 forms with and without holograms and identification of genuine and fake forms was not possible. As such we could not comment upon the veracity of MM-11 forms which were issued without holograms.

We recommend that the Department should take action to ensure that all MM-11 forms without holograms are immediately recalled and destroyed.

6.17.3 Use of invalid copies of MM-11 forms

According to UPMMC Rules, the 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.

During audit between October 2010 and January 2012, we noticed from the records of final payment bills in PWD³⁵ and RES Divisions³⁶ for the period 2005-06 to 2010-11, that

35,260.38 cubic meters minor minerals were raised and transported on 2401 invalid copies³⁷ (Office Copy and First Copy) of MM-11 forms.

The DDOs of works executing agencies did not detect the misuse of office copies and check post copies and failed to realise royalty and cost of mineral.

The invalid copies of Transit Passes pertained to the DMOs of Allahabad, Auraiya, Banda, Barabanki, Chitrakoot, Hamirpur, Jhansi, Kanpur Dehat, Kaushambi, Kushinagar, Lalitpur, Lucknow, Mahoba, Mirzapur, Saharanpur and Sonebhadra. The DMOs also did not inspect records of the lease holders

³⁵ Banda, Barabanki, Chandauli, Faizabad, Gorakhpur, Hamirpur, Jhansi, Kanpur, Kaushambi, Lalitpur, Lucknow, Mahoba, Meerut, Mirzapur, Muzaffarnagar, Saharanpur and Sonebhadra.

³⁶ Banda, Barabanki, Gorakhpur, Hamirpur, Jhansi, Kanpur, Lalitpur, Lucknow, Meerut and Mirzapur

³⁷ Office copies (1165) and First copies (1236)

periodically as per laid down norms and thus failed to detect misuse of Office Copy and First Copy of TPs.

After we pointed this out, the Government/Department admitted (February 2012) the objection and stated that the royalty will be recovered from the concerned lessees. However the fact remains that the Department/Government had compromised the environmental effect as a result of unauthorised and unscientific exploitation of mineral resources.

6.17.4 Irregularities in serial numbers of MM-11 forms

Two MM-11 forms can not have the same serial number. If more than one MM-11 forms having the same number has been utilised, it was obvious that documents have been forged/fake.

We observed between October 2010 and January 2012 from the bills/vouchers of PWD Divisions³⁸/RES Divisions³⁹ that in 20 cases, 255 cubic meters of minor minerals were raised and transported on MM-11 forms having the same numbers. We also observed that in 27 cases, 334 cubic meters of minor minerals were raised and transported on MM-11 forms which did not have any serial number.

The DMOs from where these MM-11 forms were issued are Banda, Mirzapur and Sonbhadra.

Obviously, these 47 MM-11 forms cited above have been forged. As such the royalty and cost of mineral under the MMDR Act and UPMDC Rules were recoverable apart from penalty.

6.17.5 Incongruent dates on MM-11 forms

Under UPMDC Rule, read with Government Order dated 27 September 2003, minor minerals shall not be transported without valid transit passes. Prior to July 2008, the transit passes, in form MM-11, were to be checked and verified at check posts established for this purpose MM-11 forms are valid for 48 hours from the time of issue from quarry. Further under orders of the Government issued in February 2001, August 2002 and October 2006, the works executing agencies were required to accept MM-11 forms only after verifying their validity from the concerned DMOs.

From scrutiny of vouchers of PWD divisions of Banda, Chandauli, Gorakhpur, Lucknow, Mahoba, Mirzapur and RES Divisions at Mirzapur and Lucknow, we observed (October 2010 to January 2012) that in 293 cases:

- the contractors had submitted bills supported with MM-11 forms though the date of submission of bills was prior to the date of issue of mineral from the quarry.
- where the dates on which the consignment were apparently verified at check posts were earlier than the dates mentioned on MM-11 forms, on

³⁸ Banda, Chandauli and Mirzapur.

³⁹ Mirzapur.

which the minor minerals were supposed to have been transported from the quarries.

The concerned DDOs could not detect these irregularities and released the payment without deducting royalty and cost of minor mineral from the bills. These MM-11 forms with incongruent dates pertained to DMO Banda, Mirzapur and Sonebhadra.

After we pointed this out in February 2012 the Department agreed (February 2012) that all three copies of MM-11 forms should be printed in different colours and informed that Rule 70 of UPMMC Rules will be amended accordingly. Further report has not been received (February 2013).

6.17.6 Use of incomplete MM-11 forms

While issuing a transit pass (Form MM-11) by leaseholder it is mandatory to fill all the necessary information in all three copies of the Transit Pass like Name of the leaseholder, Name of the quarry, Name of the mineral transported, Quantity of mineral transported and the destination, Name and address of person in-charge of consignment, Full signature of the person in-charge of consignment, Full signature of the leaseholder/authorised person who had issued the Transit Pass, etc. Transit Pass must be punched for category of vehicle in which mineral is transported. District code must be punched at the prescribed place in form MM-11. Date and time of issue must be filled because transit pass is valid for 48 hours after its issuance.

We observed (October 2010 to January 2012) from the bills/ vouchers of PWD⁴⁰/ RES⁴¹ Divisions covering the period 2005-06 to 2010-11, that payments were released to contractors on incomplete MM-11 forms where the (i) vehicle registration number was not mentioned (17 cases), (ii) quantity of mineral was not mentioned (19 cases), (iii) minor mineral being transported was not mentioned (110 cases)

and (iv) the district for which the mineral was consigned was not the district where the mineral was consumed (312 cases).

However, the DDOs⁴² did not notice these deficiencies and released the payment to the contractors.

These MM-11 forms were purported to have originated from the DMOs of Allahabad, Banda, Jhansi, Mahoba, Mirzapur, Saharanpur and Sonebhadra. Thus in the absence of requisite information/details, the correctness of utilisation of MM-11 forms and transportation of minerals could not be vouched safe in audit.

The Department has agreed (February 2012) that these examples are indicative of a grave problem and that stringent action will be taken after examination at

⁴⁰ Allahabad, Banda, Barabanki, Chandauli, Faizabad, Gorakhpur, Mahoba, Mirzapur, Muzaffarnagar, Saharanpur & Sonebhadra.

⁴¹ Allahabad, Banda, Barabanki, Meerut, Mirzapur & Saharanpur.

⁴² Specified in G.O. No. 594/77-5-52001/200/77 T.C.-1 dated 02 February 2001, G.O. No. 389/77-5-2002-1(216)93 dated 05 August 2002 & G.O. No. 495 (1)/77-5-2006-506/05 dated 05 October 2006.

the level of the PWD/RES divisions, the DMOs and lease holders concerned. Wherever necessary, orders will be issued to ensure corrective action.

Considering the widespread misuse of MM-11 forms and consequent loss of revenue to the Government, we recommend that the Government put in place an effective mechanism to ensure transportation of minerals under valid transit passes.

6.18 Non/short levy of royalty on collection of stone ballast/soil

Under the UPMMC Rules 1963 read with G. O. dated 02 February 2001, royalty on stone ballast/boulders is to be paid by the Department/contractor/consumer. The Government vide their order dated 5 August 2002 and G.O. dated 05 October 2006 clarified that each Drawing and Disbursing Officer (DDO) is responsible for realisation of royalty. If the contractor do not produce royalty receipt in form MM-11 or Form C* the DDO will deduct the royalty from the contractor's bill and deposit the same into the Treasury. If the DDO failed to deduct the amount of royalty from the contractor's bill, the DDO is liable to make good the loss. The concerned agency/DDO will also submit a monthly statement/certificate to the DM and the DGM that no royalty dues are pending for recovery or no amount is available for deposit in treasury. The rate of royalty on stone ballast has been fixed at ₹ 32 per cubic meter which was raised to ₹ 48 from 2 June 2009.

* Form C is a transit pass for transportation of minerals from place of storage and is issued by the store license holder.

6.18.1 We observed (October 2010 to January 2012) from the vouchers of contractors of 24 divisions of Public Works Department (PWD)/Irrigation/Rural Engineering Services (RES)⁴³ Departments and two Development Authorities⁴⁴ relating to procurement of boulders/stone ballast etc. that these divisions of PWD/RES paid the cost of minor minerals to the contractors during the period from 2005-06 to 2009-10. However, in 1095 cases the concerned DDOs did not deduct the amount of royalty from the bills of the contractors despite the

fact that the contractors did not submit the MM-11 forms alongwith their bills as proof of payment of royalty. We noticed that the Department did not enforce the system of obtaining a monthly statement from the DDOs regarding royalty deduction from the bills of contractors. This resulted non/short realisation of royalty of ₹ 2.40 crore as detailed in **Appendix-XXII**.

⁴³ Ambedkar Nagar, Bahraich, Barabanki, Basti, Bulandshahar, Faizabad, Gautam Buddha Nagar, Ghaziabad, Gorakhpur, Jhansi, Kanpur, Lucknow, Mirzapur, Muzaffarnagar, Sonbhadra and Sultanpur.

⁴⁴ Agra and Faizabad.

6.18.2 Non realisation of royalty on earth work

The Government of Uttar Pradesh vide order No. 1615/77-5-2001-200/77 dated 28 March 2001 included earth as a minor mineral in the Schedule 1 under Rule 21 of the UPMMC Rules. Earlier the Government of India (Department of Mines) had also declared ordinary earth as minor mineral vide their notification no. GSR 95 (E) dated 3 February 2000. The rate of royalty on earth has been fixed at ₹ 4 per cubic meter from 2001, which was raised to ₹ 6 and ₹ 9 from 16 December 2004 and 2 June 2009 respectively.

We observed from bills of contractors, that earth work was being done by 26 divisions of PWD/RES/ Irrigation Departments of 19 districts⁴⁵ and two Development Authorities⁴⁶ and two DMOs⁴⁷. The DDOs did not deduct ₹ 1.39 crore of royalty from the bills of 1001 contractors during the period

2005-06 to 2010-11 and short deducted ₹ 26 lakh in 239 cases from the bills. The Department did not enforce the system of obtaining a monthly statement from the DDOs regarding royalty deduction from the bills of contractors. As a result there was non realisation of royalty of ₹ 1.65 crore as detailed in **Appendix-XXIII**.

After this was pointed out in Audit, the Department stated (February 2012) that an inter Departmental meeting will be called at Government level and further action will be suggested to Government for fixing accountability. Further report has not been received (February 2013).

6.19 Misclassification

As per Government rules and under the provisions of the Financial handbook, it is necessary to deposit the revenue collected by all concerned sectors in the proper head "0853" Non-ferrous mining and metallurgical industries prescribed for revenue deposit of the "Geology and Mining Department".

During audit of records of Rural Engineering Service, Barabanki, we observed that Department had collected royalty ₹ 41.39 lakh⁴⁸ during the period 2005-06 to 2009-10. The royalty money was deposited in

Public Works Department. This resulted in understatement of receipts of Geology and Mining Department by ₹ 41.39 lakh.

The matter was reported to the Department and the Government in February 2012. Their reply has not been received (February 2013).

⁴⁵ Azamgarh, Banda, Barabanki, Bijnour, Deoria, Etawah, Faizabad, Gorakhpur, Jhansi, Kanpur, Lakhimpur Kheri, Lalitpur, Lucknow, Mirzapur, Meerut, Muzaffarnagar, Raebareli, Sonbhadra and Sultanpur.

⁴⁶ Agra and Lucknow.

⁴⁷ Lucknow and Meerut.

⁴⁸ ₹ 7.7 lakh in 2005-06, ₹ 12.68 lakh in 2006-07, ₹ 8.95 lakh in 2007-08, ₹ 4.73 lakh in 2008-09, and ₹ 7.33 lakh in 2009-10.