

Report of the Comptroller and Auditor General of India (Revenue Sector)

On Functioning of the Directorate of Mines & Geology





Government of Andhra Pradesh Report No. 2 of 2014

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

(Revenue Sector)

On
Functioning of the Directorate of
Mines & Geology

GOVERNMENT OF ANDHRA PRADESH Report No.2 of 2014

TABLE OF CONTENTS

	Reference to			
	Paragraph	Page		
Preface		V		
Executive Summary		vii		
CHAPTER-I: INTRODUCTION				
Constitutional and legal provisions relating to mining	1.1	1		
Trends in production and revenue collection	1.2	2		
Organisational structure	1.3	3		
Audit approach	1.4	4		
Justification, scope and methodology for the performance audit	1.4.1	4		
Audit objectives	1.4.2	5		
Audit criteria	1.4.3	5		
Acknowledgement	1.5	6		
CHAPTER II : ADMINISTRATION AND MANAGEMENT OF MINERAL CONCESSIONS				
Grant of leases	2.1	8		
Delay in disposal of mineral concession applications	2.1.1	8		
Grant of mining leases without obtaining mining plan and non-adherence to mining plans	2.1.2	8		
Grant of mining/quarry leases without obtaining reports from revenue authorities	2.1.3	9		
Irregular rejection of applications for mining lease	2.1.4	10		
Administration of leases	2.2	10		
Short levy of mineral revenue	2.2.1	10		
Non-forfeiture of security deposit	2.2.2	11		

i

	Reference to			
	Paragraph	Page		
Non-collection of dues/failure to produce proof of payment	2.2.3	12		
Issue of permits during periods of suspension of mining operations	2.2.4	12		
Implementation of AP Revenue Recovery Act (APRR Act)	2.2.5	13		
Transfer of leases	2.3	13		
Transfer of mining leases without prior consent of Government	2.3.1	14		
Transfer of lease without payment of dues	2.3.2	15		
Lapse and renewal of leases	2.4	15		
Delay in lapse of mining/quarry leases	2.4.1	15		
Renewal of inoperative mining lease	2.4.2	16		
Non-notification of areas covered by expired/lapsed leases for re-grant	2.4.3	17		
Non-disposal of renewal applications for mining/quarry leases	2.4.4	17		
CHAPTER III: MANAGEMENT OF SAND LEASES				
Pre-auction activities	3.1	20		
Non-obtaining of Ground Water Department (GWD) clearance before notification of sand reach for auction	3.1.1	20		
Improper fixing of Minimum Bid Amounts (MBAs)	3.1.2	21		
Auction of sand reaches	3.2	22		
Short collection of statutory dues	3.2.1	22		
Operation of sand leases	3.3	23		
Undue benefit to leaseholders due to incorrect reckoning of lease period	3.3.1	23		
Grant of relaxations by State Government	3.4	24		
Incorrect condoning of delay in payment of second year lease amounts	3.4.1	24		

	Reference to			
	Paragraph	Page		
Irregular grant of permission to pay Knocked Down Amount (KDA) in instalments	3.4.2	25		
Irregular extension of lease period	3.4.3	25		
Irregular grant of refunds	3.4.4	26		
Delay in disposal of cases by Government	3.4.5	27		
Other points of interest	3.5	28		
Cancellation of sand reach auction resulting in undue benefit to a cement company	3.5.1	28		
CHAPTER IV: ISSUES RELATING TO EN	NVIRONME	NT		
Quarrying of sand beyond limits fixed by Ground Water Department (GWD)	4.1	31		
Use of machinery for digging/loading of sand affecting the environment	4.2	32		
Financial assurance not/short obtained	4.3	32		
Results of field visit by Audit Teams	4.4	33		
Non-adherence to rules/conditions of lease by lessees observed during visits of mines/quarries	4.4.1	33		
Quarrying in violation of Andhra Pradesh Water, Land, Trees Act (APWALTA) limits	4.4.2	34		
Construction of unauthorised path for transportation of sand	4.4.3	35		
Illegal quarrying	4.4.4	36		
CHAPTER V : INTERNAL CONTROL, HUMAN RESOURCES AND OTHER ISSUES				
Internal control	5.1	39		
Shortfall in inspection of mines and quarries	5.1.1	39		
Lack of monitoring of receipt of returns	5.1.2	39		
Issues relating to accounts	5.1.3	40		
Ineffective functioning of the Observation Check Points (OCPs)	5.1.4	41		

	Reference to			
	Paragraph	Page		
Human Resources	5.2	42		
Manpower	5.2.1	42		
Other points of interest	5.3	42		
Improper utilisation of Development of Mineral Resources and Technological Upgradation Fund (DMRTUF)	5.3.1	42		
CHAPTER VI: CONCLUSION AND RECOMMENDATIONS				
Conclusion	6.1	45		
Recommendations	6.2	45		
Annexure		47		
Glossary		48		