

Chapter V: Monitoring and Evaluation

Monitoring and evaluation are an essential activity of the Department to ensure compliance of the rules and regulations by adhering to the procedure in place. Without continuous monitoring, the Department cannot detect the illegal mining activities well in time to safeguard the revenue as well as adverse impact on environment. In Mines and Geology Department, various tools for monitoring have been prescribed *i.e.* returns, *e-rawannas*, assessment, regular inspection of leases, *etc.* Audit scrutinised the monitoring and evaluation system to review its effectiveness. Some weaknesses noticed in the monitoring system are discussed hereunder:

5.1 Returns

As per rules 28(2) (iv)(d) of RMMC Rules, 2017, the lessee shall furnish online monthly return in Form -15 by the 15th day of the following month and annual return in Form -16 within three months from the date of expiry of the financial year regarding excavation and dispatch of mineral from the lease area. Further, information regarding plantation in lease area and workers employed in lease area will also be furnished in these returns.

Further, if the lessee fails to submit online monthly returns or annual return within the specified time, same may be submitted on payment of late fee at the rate of ₹ 500 per day of delay, subject to maximum of ₹ 50,000.

An analysis of data of a sample of 50 MLs¹ of selected offices regarding returns submitted on *DMGOMS* revealed the following deficiencies:

5.1.1 Non-submission/delayed submission of returns by the lessees

- Out of the test checked 50 MLs, 14 lessees (28 *per cent*) had not submitted any return during the period April 2018 to March 2020. Further, three lessees failed to submit 12 returns for the same period. Thus, total 348 returns were not submitted by the selected lessees.
- Out of the test checked 50 MLs, 36 lessees (72 *per cent*) had submitted 599 returns with a delay ranging between 1 day and 1,177 days. As per provision, late fee of ₹ 2.39 crore was to be collected from these defaulting lessees. However, the same was not recovered.

No efforts were found during Audit from the concerned ME/AMEs to get online returns from these defaulting lessees. Further, alerts were given neither to lessees nor to the concerned officers regarding non-submission of returns by *DMGOMS* to take corrective action. Thus, status of filing of returns was not monitored either through online application or by the concerned officers.

In the absence of these monthly returns, the Department had no official record of lessee's activities from the lessee himself during the month *i.e.* production of mineral, use of mineral for captive purposes, dispatch of mineral, closing balance, quantity of overburden removed from the lease area, plantation done and number of workers employed *etc.*

¹ Ten MLs have been selected from each division.

The Government replied (October 2021) that suitable provisions would be made in the DMGOMS in this regard. It was also intimated that blocking of generation of *e-rawannas* on non-submission of returns upto 20th of the following month would be considered. Thereafter, it was also intimated (February 2022) that instructions were issued to take action against the defaulters.

5.1.2 Dealers return

Rule 2(1)(lvii) of RMMC Rules, 2017 defines transit pass as a pass including *e-transit pass* duly issued by the Department or generated online, to the lessee, stockiest, trader, dealer *etc.* for lawful transportation of royalty paid mineral. This system was introduced to check the movement of illegally excavated minerals. To monitor this movement effectively by the Department, a periodic return was to be prescribed. However, no return was prescribed by the Department. In the absence of a mechanism monitoring of the Department was ineffective as discussed here under:

The Director of Mines and Geology issued directions (31 January 2018) for issuance of *e-transit pass*. As per these directions, all the dealers have to register themselves on departmental website for getting *e-transit pass*. After registration, dealers shall declare their opening stock and enter this stock in the online system. Dealers shall keep all the records related to royalty documents of these opening stocks for three years *i.e.* up to 31 January 2021 and shall submit this record to Department whenever sought so. Further, if any discrepancies are found in documents related to royalty paid mineral as mentioned in opening stock, dealer shall be responsible for this and action shall be taken against him.

During scrutiny of the five ME/AME offices, it was observed that 649 registered dealers² declared opening stock of 71.66 lakh MT of minerals. However, only 27 dealers (four *per cent*) of three division offices³ were verified and the departmental officials found irregularities in the stock of seven dealers. In these cases demand of ₹ 3.14 crore was created and 7.61 lakh had been recovered. It indicated that 25 *per cent* dealers had irregularities in their stock

Thus, stock of 622 dealers was not verified which resulted in non-identification of irregularities if any in the declaration of the opening stock by the dealers and non-levy of penalty thereof. These are the results of only five test checked Division offices; overall picture of the State could be very huge.

The Government replied (October 2021 and February 2022) that instructions were being issued for verification of the stock of the dealers.

Thus, the fact remains that the MEs/AMEs did not adhere to the timeline fixed for stock verification and irregularities in stock was not identified. In this scenario, loss to the State exchequer could not be ignored.

² AME Kotputli (118), AME Neem ka Thana (194), ME Alwar (119), ME Makrana (33) and ME Sikar (185).

³ AME Kotputli (15), AME Neem ka Thana (8) and ME Alwar (4).

5.1.3 Non-monitoring of quarry licences

RMMC Rules 2017 prescribes grant of Mineral concessions *i.e.* mining leases (ML), quarry licences (QL) or any other permission by competent authority. Minimum area for ML is one hectare, whereas minimum area for QL is 0.18 hectare. Minimum area of QL was revised from 0.18 to one hectare *vide* order dated 27.08.2018. It was also prescribed that MLs shall keep accurate and faithful accounts of all minerals excavated from the mines, the quantity lying in stock at the mines, the quantity dispatched and utilised. The MLs shall not remove, dispatch or utilize the mineral from the mines without valid *rawanna* generated by the system. DMG *vide* order dated 27 October 2017 prohibited manual *rawannas* and made *e-rawannas* compulsory for all the MLs.

Scrutiny of the information available on *DMGOMS* revealed that there was no information regarding excavation and dispatch of minerals from each QL area except royalty receipts issued by royalty collection contractors or departmental check posts. At the check posts, it could not be ascertained as to whether mineral was excavated from QL area or anywhere else.

Thus, there is a need to prescribe a periodic return to monitor the production and dispatch of minerals from QLs. Further, every movement of mineral should be accompanied by a valid document such as transit pass, challan, *e-rawanna*, *etc.* to check the source of mineral.

The Government replied (October 2021 and February 2022) that provision for issuance of e-receipt for QL holders and Contractors was being made in proposed new Policy 2021.

5.2 Inspections

Director, Mines and Geology issued (April 2013) instructions, to conduct inspections of leases by competent authorities. Following norms were prescribed for the inspections:

Table 5.1
Statement showing norms for inspections of MLs

Level of officials	Number of inspections per year
DMG	36
Add. Dir. (Mines), Zone	60
SME (H.Q.) I/II/III	72
SME	72
ME	120
AME	120

Further, DMG issued (24 November 2017) a circular for inspection of leases to ascertain that the lessees were doing mining according to the rules and regulations.

In selected division offices, Audit noticed that register of inspections of leases were not maintained. AME Neem ka Thana provided a list of inspections for the period 2017-18 to 2019-20. Test check of inspection reports of concerned lease files revealed that these inspections were conducted only for verification of mining plan of the leases. The inspection report did not contain any comment on

the compliance with the rules and regulations. On being pointed out, AME Neem ka Thana replied that in future, inspections would be done according to the instructions.

For the remaining division offices, Audit could not ascertain as to whether the inspection targets were achieved or not and mining was being done as per rules and regulations as no information regarding inspections conducted was made available to audit.

In scrutiny of selected 455 MLs, Audit noticed that only 31 inspections were carried out during the years 2015-16 to 2019-20 but illegal mining nearby the MLs was not mentioned in any inspection report of the Department. However, with the use of technology, Audit noticed illegal mining in nearby area of allotted MLs as discussed in paragraph 3.1. Further, the methodology followed for the selection of leases for inspection, was not on record.

Above fact indicates that norms for inspection of MLs were not adhered to and even when inspections were carried out, the reports were deficient. Audit considers that shortfall in inspection might have been a reason for illegal mining in large scale.

The Government replied (February 2022) that instructions were being issued to conduct the inspections as per departmental norms and for maintenance of inspection register. During exit conference, the DMG intimated that instructions have been issued to conduct 10 to 20 detailed inspections by each division office and about 1200 inspections were conducted during the last few months.

5.3 Pending Assessments

According to Rule 46 of RMMC Rules, 2017:

1. Every lessee who has filed monthly and annual return within the prescribed time and not involved in illegal mining or transportation of mineral and where there is no dispute regarding rate or amount of royalty or dead rent of the area concerned, shall, subject to provisions of sub-rule (2), be deemed to have been assessed for that year on the basis of annual return.
2. Every year, a minimum of ten *per cent* returns shall be thoroughly scrutinized and assessed manually. Such returns shall be selected through online system on randomly basis.
3. The online acknowledgement receipt of annual return in Form -17 shall be treated as prima-facie evidence of self-assessment and no separate order shall be required to be passed except where, - (i) the return came under scrutiny; and (ii) the assessing authority has sufficient reasons to believe that the online returns are incorrect.

Audit analysed the information provided by the Department and found that 8,799 assessments (51.14 *per cent* of total due) were pending as on 31 March 2020.

Department did not make efforts to expedite the finalisation of assessments. Due to non-completion of assessments in time, the Department was not in a position to verify the correctness of extraction and dispatches of minerals. As a result, possibility of leakage of revenue cannot be ruled out.

The Government replied (February 2022) that instructions were being issued to finalise the assessments within three months after completion of financial year.

5.4 Summary of findings

Monitoring and evaluation are an essential activity of the Department to ensure compliance of the rules and regulations by adhering to the procedure in place. In the Department, various tools for monitoring have been prescribed *i.e.* returns, *e-rawannas*, assessment, regular inspection of leases, *etc.*

Test check of returns disclosed that 28 *per cent* of lessees had not submitted any return during the period April 2018 to March 2020 and 72 *per cent* lessees submitted their returns with a delay up to 1,177 days. No return was prescribed to check the dispatch of royalty paid minerals from the stock of dealers. Further, no mechanism was found in place to check the dispatch of minerals by Quarry Licence holders.

Director, Mines and Geology issued instructions, to conduct inspections of leases by competent authorities. Scrutiny of records of selected leases revealed that norms for inspection of MLs were not adhered and even when inspections were carried out, the reports were deficient. Audit considers that shortfall in inspection might have been a reason for illegal mining in large scale.

Rules provide for annual assessments of leases, it was noticed that 51 *per cent* assessments were pending as on 31 March 2020 in the State. Department did not make efforts to expedite the finalisation of assessments. As a result, possibility of leakage of revenue cannot be ruled out.

5.5 Recommendations

The Department may consider:

1. *making suitable change in the system to generate report of non-filers/delayed filers of returns and for issuing automatic reminders/ notices to them;*
2. *prescribing periodic returns for dealers to monitor movement of royalty paid minerals effectively;*
3. *prescribing a test check of returns by the ME/AME in a month to get a holistic view of mining activities in their jurisdiction area;*
4. *prescribing a mandatory valid document accompanying the mineral to ascertain the source of mineral for each despatch from QL; and*
5. *prescribing online detail of inspection on DMGOMS regarding inspections of leases having details of inspections with photograph of leases taken at the time of inspections. Further, selection of leases for inspection shall be done through a scientific process so as to cover all the leases of a Division within a certain period.*

