



**Report of the
Comptroller and Auditor General of India
on
Performance Audit of Mining of minor minerals with
emphasis on illegal mining operations**



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



Government of Chhattisgarh

Report No. 03 of the year 2023

Report of the
Comptroller and Auditor General of India
on
Performance Audit of Mining of minor minerals with
emphasis on illegal mining operations

for the year ended 31 March 2021

Government of Chhattisgarh
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PREFACE

This Report of the Comptroller and Auditor General of India for the year ending 31 March 2021 has been prepared for submission to the Governor of Chhattisgarh under Article 151 of the Constitution of India, for being laid before the Legislature of the State.

The Report contains significant results of Performance Audit on 'Mining of minor minerals with emphasis on illegal mining operations', covering the period 2015-16 to 2020-21.

The instances mentioned in this Report are among those which came to notice in the course of test audit.

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

Executive Summary

Executive Summary

Minerals are finite and non-renewable, and their exploitation is guided by long term national goals, perspectives and global economic scenario. The lucrative demand for minerals has led to illegal mining in the recent past, especially in quarrying of minor minerals.

Considering the effects of mining activities on local people, Government of India made a provision for establishment of District Mineral Foundation Trusts (DMFTs), and accordingly the Government of Chhattisgarh established (December 2015) DMFTs in all 27 districts of Chhattisgarh with the objective of safeguarding the interest and benefits of persons and areas affected by mining related operations.

The performance audit was conducted to ascertain whether the State Government has developed a robust mechanism to prevent, detect and curb illegal mining activities and extending due benefits to areas and persons affected by mining or mining related operations as anticipated from establishment of DMFTs. During audit, records of office of the Director, Geology and Mining and District Mining Offices in nine districts along with DMFTs for the period 2015-16 to 2020-21 were scrutinized.

Audit observed that the existing control measures prescribed by the Department to curb illegal mining activities were not being complied. There was absence of comprehensive database of quarry leases, and boundary pillars/boundary marks to indicate the demarcation of the quarry lease area were missing which resulted in non-identification of quarrying activities beyond the sanctioned lease areas. The number of check posts established to check the illegal transportation of minerals were found inadequate while the established check posts were not equipped with the facility of weighbridges. In three districts no check posts were established while in remaining six districts, 18 check posts were without any weighbridge facility.

The Department did not implement e-permit system and Global Positioning System based vehicle tracking system to control illegal transportation of minor minerals. In six districts, there was shortfall in inspections of mines ranging between 52 and 92 *per cent* against the stipulated norms, due to shortage of inspecting officials. The usage of minor minerals in Private/ Government construction works was not being monitored/ verified by the inspecting authorities as the quarterly reports on procurement and usage of minor minerals were not being submitted by the respective person/company/firm etc. to the district mining authorities. There was delay in submission of monthly returns of quarry leases by the lessees. Meetings of District Task Force (DTF) were not held regularly and records related to meetings of DTF were not maintained. The Department failed to levy the applicable penalty against the 3,536 registered cases of illegal mining/ transportation/ storage, resulting in short levy of penalty amounting to ₹ 10.51 crore.

There was delay in implementation of Mining Surveillance System for minor minerals and the Department did not consider use of other modern technologies such as, Geographic Information System (GIS) and Drone Survey to identify and curb the illegal mining activities. Audit analysis of selected 202 quarry leases using the Google Earth Pro software revealed mining activities in areas other than the sanctioned leases (in 15 cases) and pits extending in the adjacent area of sanctioned lease (in eight cases). It was also observed that no plantation was carried out (in 40 cases) around the lease area as per the conditions of Environment Clearance (EC) and Quarry Plans. With the help of Drone survey through technical consultant, audit detected illegal excavation of *murram* at unauthorised sites, and illegal quarrying of sand and limestone outside the sanctioned lease area, resulting in loss of royalty amounting to ₹ 2.67 crore to the Government.

Monitoring of sand mining was found to be deficient and the Department failed to check the evasion of royalty and non-compliance to the environment clearance conditions. Audit noticed instances of reporting of less quantity of sand excavated/transported against the total mineable quantity allowed to be excavated as per the mining plan, overloading of sand carrying vehicle against the quantity shown in transit passes, non-maintenance of records by the lessees at the quarry sites, quarrying beyond the sanctioned lease sites, use of poclain machines for sand mining, and non-plantation of adequate trees. The Department granted removal permits for transportation of 87.33 lakh cubic meter of *murram*¹ without verifying the incidental works leading to digging of *murram* and actual availability of *murram* at the sites, leaving scope for illegal excavation and excess transportation than the permitted quantity.

The DMFTs has established (December 2015) in all 27 districts of the State with the objective to work for the interest and benefit of persons and areas affected by mining or mining related operations. However, it was observed that the DMFTs delayed (delay ranged from 17 months to 50 months) in identifying the mining affected areas and failed to identify and prepare the list of mining affected persons in the State.

During 2016-17 to 2020-21, an amount of ₹ 1,918.84 crore was received in the nine test checked DMFTs and the average utilisation of Trust funds was 63 *per cent*. Underutilisation of funds had resulted in accumulation of funds and non-extension of due benefits to the intended beneficiaries in a timely manner. The funds of DMFTs were kept in the savings bank accounts and non-availing of sweep/flexi deposit facility resulted in loss of interest of ₹ 24.87 crore. The DMFTs incurred expenditure amounting to ₹ 14.94 crore in violation of the directives of the Government to use the funds on the high priority/other priority areas specified in the DMFT Rules. Due to the poor monitoring of execution of works, there was blocking of funds amounting

¹ a form of laterite (clayey material) used for construction of road surface.

to ₹ 219.31 crore on incomplete works with implementing agencies/ contractors. Further, the residual amount of ₹ 8.00 crore released in favour of various implementing agencies was not recovered despite completion/ cancellation of respective works.

The monitoring of activities of the DMFTs was inadequate, as none of the DMFTs could ensure regular holding of meetings of Governing Council/ Managing Committee and timely preparation of Budget, Quarterly Progress Reports and Annual Reports. Further, the expenditure from the Trust fund for the overall development of affected areas was not carried out in a planned manner as the Master Plan/ Vision Document and the Annual Plans were not prepared.

Recommendations:

- 1. The district offices must be directed to maintain database of quarry leases in the prescribed format.***
- 2. The Department should ensure that the boundary pillars with boundary marks are maintained by the lessees to indicate demarcation shown in the mining plan.***
- 3. The Government should establish adequate number of check posts in Mungeli, Kawardha and Balodabazar districts within a fixed timeline and should consider installing of CCTV cameras and weighbridge facilities at all the check posts to check illegal transportation and overloading of minerals.***
- 4. The Department should ensure regular inspection of mines as per the prescribed norms by ensuring adequate manpower and maintenance of proper records of inspection.***
- 5. The Department should consider implementing Global Positioning System (GPS) based tracking system and e-permit system for minor minerals at the earliest to curb the illegal transportation of minerals.***
- 6. The Department should implement Mining Surveillance System for minor minerals at the earliest.***
- 7. The Department should examine the feasibility and use of GIS/ Drone Survey to detect illegal mining activities till the implementation of Mining Surveillance System.***
- 8. The Government should adopt sustainable sand mining practices and issue instructions for the regular monitoring of the sand mining activities to ensure effective compliance of Environment Clearance (EC) conditions and governing Rules.***
- 9. The Government should consider levying penalty in cases where pit passes/ royalty paid passes are not used during transportation of sand.***

- 10. The Department should review the existing system of issuing removal permits for murrum transportation to prevent illegal excavation of murrum.*
- 11. The DMFT Funds should be managed prudently in a profitable manner for effective cash management.*
- 12. The Government should issue directions for utilisation of Trust Funds strictly on high priority/ other priority areas specified in the DMFT Rules.*
- 13. The Government should ensure identification of mining affected people/ communities and preparation of their list in a time bound manner.*
- 14. The Government should monitor and expedite the preparation of Master Plan/Vision Document after conducting survey to ensure development of mining affected areas and persons in a planned manner.*
- 15. The Government should issue instructions to DMFTs for preparation of Budget, Annual Plans and Annual and Quarterly Progress Reports and their submission to the respective stakeholders for transparency and monitoring of projects/works etc.*

Chapter I

Introduction

CHAPTER I

Introduction

1.1 Introduction to mineral resources

Minerals are broadly classified in two categories, i.e. major minerals and minor minerals. Minor minerals means¹ building stones, gravel, ordinary clay, ordinary sand other than sand used for prescribed purposes, and any other mineral which the Central Government may, by notification in the Official Gazette, declare to be a minor mineral. Major minerals include all minerals other than minor minerals. Chhattisgarh is a leading producer of minerals such as coal, iron ore and dolomite and it has considerable reserves of bauxite, limestone and quartzite. The geographical distribution of main minerals in the state has been depicted in **Figure- 1**.

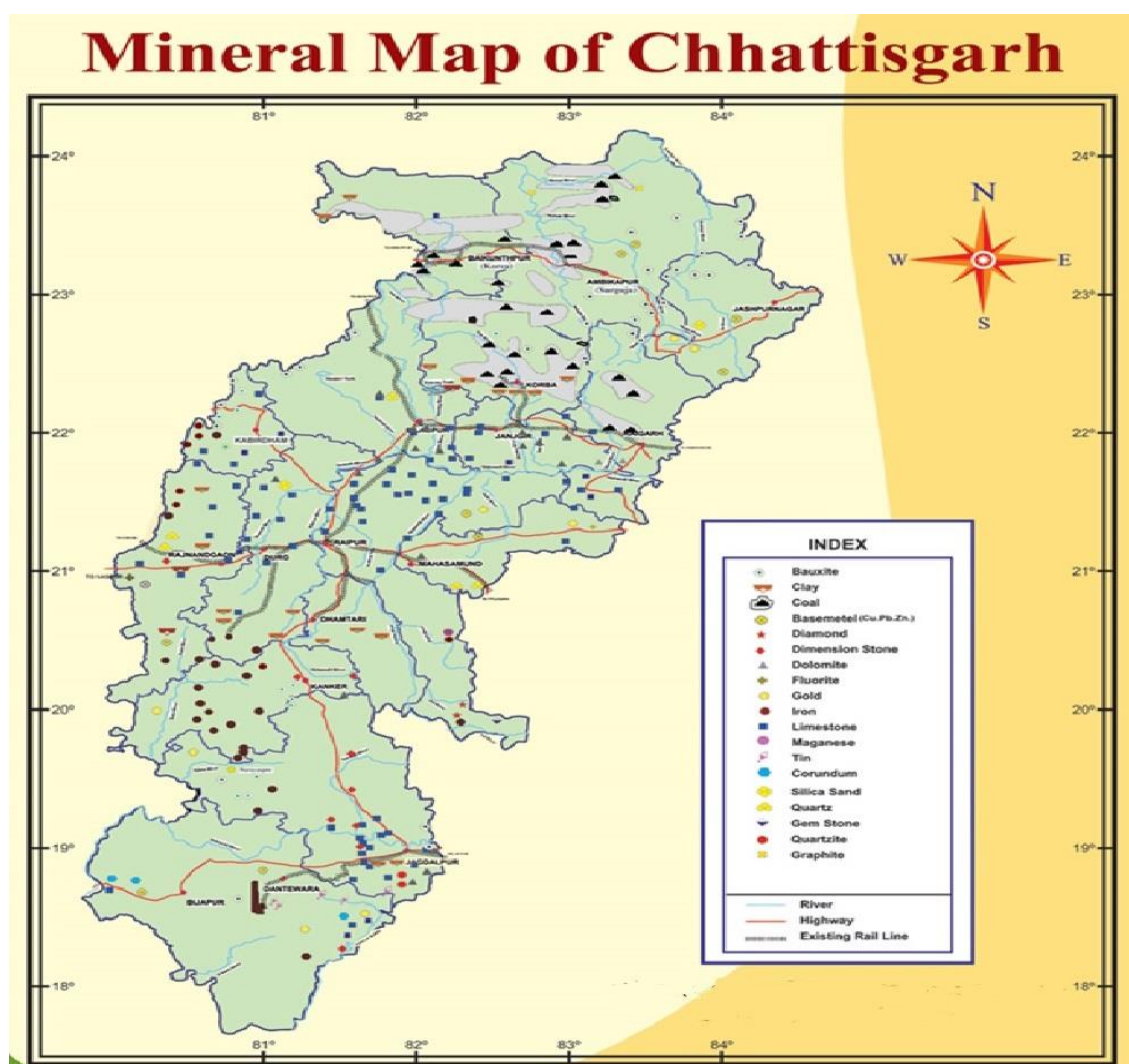


Figure 1: Geographical distribution of minerals in the State as taken from the Department's website.

¹ As defined in the Mines and Minerals (Development and Regulation) Act, 1957.

There are 37 types of minor minerals found in the State of Chhattisgarh. However, minerals such as low grade limestone, dolomite, ordinary clay, sand, *murrum*, etc. are prominent minor minerals in the State. As on 01 April 2021, total 1,957 number of minor mineral quarry leases were sanctioned in the State.

The lucrative demand for minerals has led to large scale illegal mining in the recent past, especially in activities relating to quarrying of construction materials classified under minor minerals. Number of new registered cases of illegal excavation, transportation and storage of minerals increased from 3,756 during the year 2015-16 to 5,410 cases during 2020-21². Further, exploitation of minerals is closely linked with development of areas/local people affected by mining activities. Considering the fact, Government of India (GoI) amended the MMDR Act, 1957 in 2015, and made provisions for establishment of District Mineral Foundation Trust (DMFT).

1.2 Framework for Governance and Management of mineral resources

Management of mineral resources is the responsibility of both GoI and the State Government in terms of items³ listed under Union list (List I), and State list (List II) of the Seventh Schedule of the Constitution of India. GoI has enacted the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act, 1957), which lays down the legal framework for regulation of mines and development of all minerals other than petroleum and natural gas.

In addition, GoI has also framed Mineral Concession (MC) Rules, 1960 for regulating the grant of permits, licenses and leases in respect of all minerals other than Atomic minerals and minor minerals and Mineral Conservation and Development (MCD) Rules, 1988 for conservation and systematic development of minerals. As defined in MC Rules, 1960, illegal mining means any reconnaissance/ prospecting/ mining operation undertaken by any person or a company in any area without holding a mineral concession as required under sub-section (1) of section 4 of the MMDR Act, 1957. It was further explained that (a) violation of any rules, other than the rules made under section 23C of the Act, within the mining lease area by a holder of a mining lease shall not include illegal mining; (b) any area granted under a reconnaissance permit or a prospecting licence or a mining lease, as the case may be, shall be considered as an area held with lawful authority by the holder of such permit of licence or a lease, while determining the extension of illegal mining.

Section 15 of MMDR Act, 1957, provides power to State Governments to make rules in respect of minor minerals and Section 23 C of MMDR Act, 1957, empowers the State Government to make rules for prevention of illegal mining, transportation and storage of minerals. Accordingly, GoCG has framed Chhattisgarh Mineral (Mining, Transportation and Storage) Rules, 2009 and the Chhattisgarh Minor Mineral (CMM) Rules, 1996 (amended in 2015).

² As per the Administrative Reports of the Department.

³ Entry 54 of the Union list and entry 23 and 50 of State list.

Section 9 (b) of the MMDR Act as amended in 2015, mandated the State Government to establish DMFT in every district affected by the mining operation for the benefit of persons and areas affected by the mining/mining related operations. Government of Chhattisgarh (GoCG) through its notification (22 December 2015) had established DMFTs in all 27 districts of Chhattisgarh.

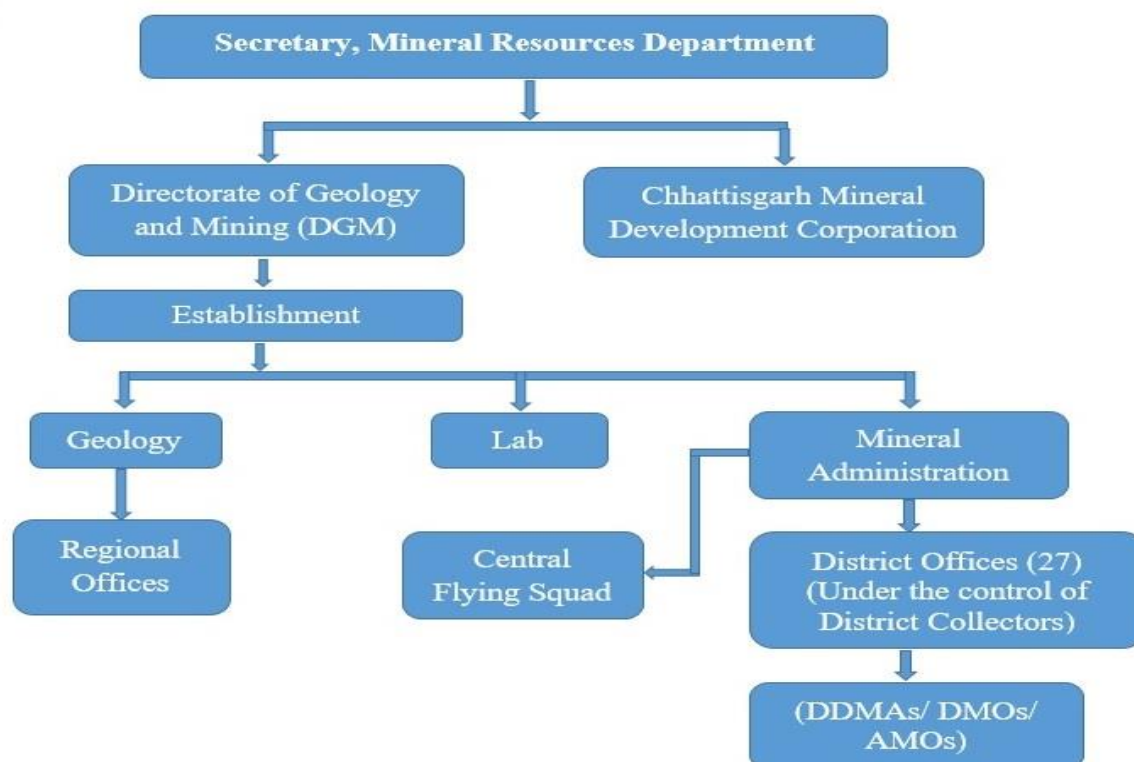
1.3 Role of Mineral Resources Department

Mineral Resources Department, GoCG (the Department) through its subordinate office, Directorate of Geology and Mining (DGM) and Chhattisgarh Mineral Development Corporation is responsible for the exploration, prospection, estimation of minerals in the State, development and regulation of mines/ minerals, grant/ renewal of mineral concessions, assessment/ collection of rent and royalty, and implementation of rules and regulations by the lessees. The Department is also responsible for constitution of DMFT in every mining affected district. The object of DMFT is to work for the interest and benefit of persons and areas affected by the mining or mining related operations in such manner as may be prescribed by the Government. To discharge its responsibilities, the Department has developed a state wide structure, as depicted in the following paragraph.

1.4 Organisational set-up

The organisational set-up⁴ of the Department is as given in the **Chart-1**.

Organisational set-up: Chart-1



⁴ As on 30 December 2020.

At the Government level, the Secretary, Mineral Resources Department and at the Directorate level, the DGM is responsible for administration and implementation of the related Mining Acts and Rules. Under the Directorate, there are three Regional Offices (comprising departmental chemical laboratories) at Bilaspur, Jagdalpur and Raipur, headed by Regional heads, where qualitative analysis of minerals is done.

Mining offices are located in each District headquarter under the control of the concerned District Collector. There are 27 Deputy Directors of Mineral Administration (DDMA)/ District Mining Officers (DMO)/ Assistant Mining Officers (AMO) who are responsible for prevention of illegal excavation/ mining, transportation of minerals and other activities which could lead to leakage of revenue under their areas of control besides assessment/ collection of revenue.

1.5 Trend of revenue receipts

The budget estimates of revenue and actual receipts from the minerals under the Major Head 0853-Non-ferrous⁵ mining and metallurgical industries and the royalty received from minor minerals during 2015-16 to 2020-21 are given in **Table-1.1**.

Table-1.1: Details of budgeted and actual revenue receipt

(₹ in crore)

Year	Budget Estimate	Actual Revenue Receipt	Difference	Percentage of shortfall (-)/ surplus (+)	Royalty received from minor minerals	Percentage of Actual Revenue Receipts
2015-16	7000.00	3709.52	- 3290.48	-47.00	243.07	6.55
2016-17	5500.00	4141.47	-1358.53	-24.70	185.07	4.47
2017-18	5600.00	4911.44	-688.56	-12.30	213.89	4.35
2018-19	6000.00	6110.24	110.24	1.84	300.88	4.92
2019-20	6500.00	6195.73	-304.27	-4.68	199.32	3.22
2020-21	6670.00	5538.49	-1131.51	-16.96	296.44	5.35
Total	37270.00	30606.89	-6663.11	-17.88	1438.67	4.70

(Source: Finance Accounts of GoCG and information furnished by the Department)

It may be seen from the above table that there was significant shortfall in revenue in 2015-16, which was due to provisioning of Budget Estimate in anticipation of the realisation of penalty at the rate of ₹ 295 per Metric Tonne (MT) from lessee on allotment of coal block, as laid down by judgement of Hon'ble Supreme Court. It can be seen that mining receipts increased from ₹ 3,709.52 crore in 2015-16 to ₹ 6,195.73 crore in 2019-20 and decreased to ₹ 5,538.49 crore in the year 2020-21. Decrease in revenue receipts during the years 2020-21 compared to 2019-20 was mainly due to COVID-19 pandemic.

The royalty received by GoCG from the minor minerals during the period 2015-16 to 2020-21 was ₹ 1,438.67 crore which was 4.70 *per cent* of the total revenue receipts

⁵ Metals such as copper, nickel, zinc gold and silver.

(₹ 30,606.89 crore) from mining. Details of royalty collected by GoCG from prominent minor minerals during the year 2015-16 and 2020-21 is shown in the **Chart-2** and **Chart-3** below:

Chart -2: Royalty received (₹ 243.07 crore) from minor minerals during the year 2015-16

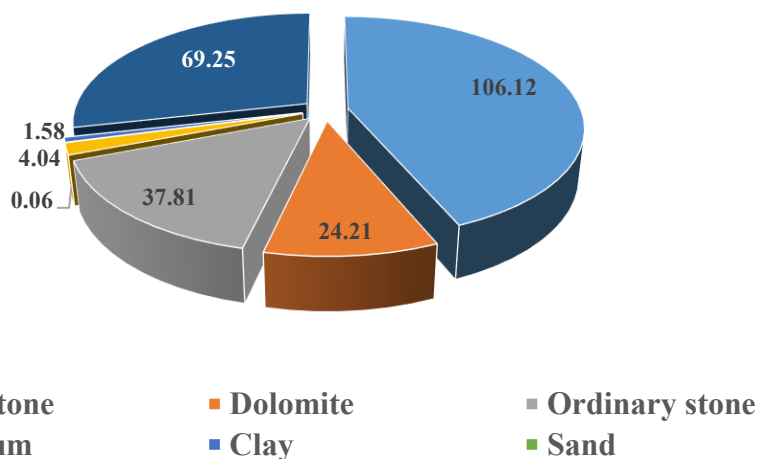
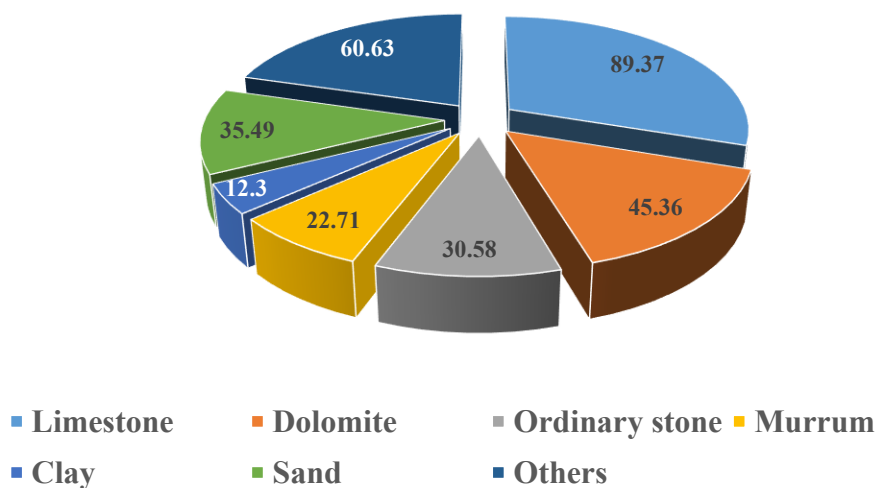


Chart - 3 : Royalty received (₹ 296.44 crore) from minor minerals during the year 2020-21



1.6 Audit Objectives

The Performance Audit was conducted to assess:

- Whether the Department has evolved controls and mechanisms for detection and prevention of illegal mining activities in respect of minor minerals.
- Whether District Mineral Foundation Trusts (DMFTs) delivered the intended benefits to the mining affected areas and communities.

1.7 Audit Criteria

The Performance Audit (PA) drew audit criteria from the following Acts/ Rules:

- Mines and Minerals (Development and Regulation) Act, 2015 (MMDR Act);
- Chhattisgarh Minor Mineral Rules, 2015 (CMM Rules);
- Chhattisgarh Minerals (Mining, Transportation and Storage) Rules, 2009 (CMMTSR);
- Chhattisgarh Minor Mineral Ordinary Sand (Quarrying and Trade) Rules, 2019 (CMMOSR);
- Environment (protection) Act, 1986 and Rules made thereunder;
- Water (Prevention and control of pollution) Act, 1974;
- Air (Prevention and control of pollution) Act, 1981;
- Chhattisgarh District Mineral Foundation Trust Rules, 2015 (DMFT Rules);
- Guidelines, circulars etc., issued by the Government of India/ Government of Chhattisgarh from time to time.

1.8 Audit Scope and Methodology

The Performance Audit covered the period from the year 2015-16 to 2020-21.

Besides the office of the Director, Geology and Mining (DGM), nine⁶ out of 27 offices of the Deputy Directors, Mineral Administration (DDMA)/ District Mining Officers (DMO) along with DMFTs were selected for audit on the basis of Stratified Random Sampling without Replacement (SRSWOR). In the selected nine DDMA/ DMOs, records of 206 out of 955⁷ quarry leases of minor minerals, 15 *per cent* records of quarry leases in high density mining areas (i.e. Raipur, Bilaspur and Janjgir-Champa) and 25 *per cent* in other districts on judgemental sampling basis were selected for detailed scrutiny. Joint physical verification of 40 quarry lease sites out of 955 quarry leases, were selected on judgemental basis, was conducted to review the monitoring of ongoing mining activities and compliance of the statutes. However, in case of Raipur, Balodabazar, Bilaspur and Janjgir-Champa districts, the mining authorities did not sign the joint physical verification reports. In addition to the quarry leases, 34 out of 102 sand mines were also physically verified to substantiate the audit observations.

The objectives, scope and methodology of audit were discussed with the Secretary, Mineral Resources Department in an Entry Conference held in January 2021. The draft Performance Audit report was forwarded to the State Government in October 2021 and the findings of the report were discussed with the Secretary in an Exit Conference held in January 2022. The responses of the Government received during the Exit Conference and at other points of time have been appropriately incorporated in the relevant paragraphs of this Report.

⁶ Ambikapur, Balodabazar, Bilaspur, Durg, Kanker, Kawardha, Janjgir-Champa, Mungeli and Raipur.

⁷ As on 1 April 2020.

A drone survey of selected quarry sites of minor minerals was conducted (April/May 2022) through technical consultant i.e. National Institute of Technology (NIT), Raipur for mapping mining activities outside the approved boundary of quarry leases and quantify the minerals illegally excavated outside the approved boundary, based on the methodology as detailed in the **Appendix 1**. Audit has worked out the loss of revenue⁸ for the minerals illegally excavated on the basis of quantity estimated by the technical consultant. An analysis by plotting mining coordinates in the Google Earth Pro application was also done to derive/substantiate the audit findings regarding the monitoring of the mining activities in the State. The audit findings based on drone survey/ GIS analysis were issued to the Secretary, Mineral Resource Department in June 2022 and reply with respect to the audit findings based on drone survey was awaited (December 2022).

1.9 Acknowledgement

We acknowledge the co-operation of the Mineral Resources Department in providing necessary information and records to Audit.

⁸ At the rates of royalty charges as notified by the Government under CMM Rules, 2015

Chapter II

System and controls to curb illegal mining activities

CHAPTER II

System and controls to curb illegal mining activities

Summary

- Comprehensive database of sanctioned quarry leases was not maintained in the format prescribed by the Department.
- Boundary pillars/ marks indicating demarcation shown in the mining plan was found missing in 33 out of the 40 quarry lease sites visited during physical verification. Out of these quarry leases, in nine quarry leases, the buffer zone was not maintained around the lease area, and in 37 leases, no plantation works were carried out by the lessees.
- The usage of minor minerals in Private/ Government construction works was not being monitored and verified by the inspecting authorities as required in the Rules. There were delays in submission of monthly returns of quarry leases by the lessees.
- Out of the nine selected districts, in three districts, no check post was established while in remaining six districts, 18 check posts were without weighbridge facility. In two districts, six storage permits were issued by the Department without ensuring no objection certificate from the Pollution Control Board. There was short levy of penalty of ₹ 10.51 crore in 3,536 cases of illegal extraction and transportation of minerals registered during the year 2015-16 to 2020-21 (up to June 2020).
- In six districts, there was significant shortfall, ranging from 52 to 92 *per cent*, in conducting inspections of mines against the stipulated norms. Meetings of District Task Force were not held regularly and the records of meetings were not maintained.
- Department failed to implement e-permit system and Global Positioning System (GPS) based vehicle tracking system, to control the illegal transportation of minor minerals.

2.1 Mechanism to regulate the mining activities

A systematic extraction of minerals is essential to conserve the minerals, and ensure optimum revenue to the Government. A systemic mechanism to regulate the mining activities from grant of quarry lease, excavation, transportation of minerals to closure/ reclamation of fully exploited quarry area, and to prevent and control illegal mining, is therefore very essential.

Under Section 15 and 23 C of MMDR Act, 1957, the State Government may make rules for regulating the grant of quarry leases, mining leases or other mineral concessions in respect of minor minerals and for preventing illegal mining, transportation and storage of minerals. The Chhattisgarh Minor Mineral Rules, 2015 contains the provisions for grant of

quarry lease, granting authority, process, period and general conditions of quarry lease in respect of minor minerals specified in schedule I and II of the Rules. Chhattisgarh Minerals (Mining, Transportation and Storage) Rules, 2009 prescribes mechanism to prevent storage and transportation of minerals without lawful permit. Compliance of these rules and monitoring mechanism for mining activities instituted by the Department were examined in audit which are discussed in the succeeding paragraphs.

2.1.1 Maintenance of comprehensive database of quarry leases

Under rule 23-A of the CMM Rules 2015, quarry leases were granted by the State Government¹/ Director²/ Collector of the District³ through the process of electronic auction⁴/ tender⁵. As per rule 41 of the CMM Rules, a register of quarry leases shall be maintained by the Mining Officer/ Assistant Mining Officer in Form-XII, which includes information such as date of grant of lease, location and boundaries of the lease granted, date of approval of quarry plan and period, date of Environment Impact Assessment (EIA) clearance and period, date of renewal, actual expiry/ relinquishment, etc. An accurate inventory of all quarry leases, currently working or otherwise, is necessary to identify the sanctioned leases as current, expired, lapsed, cancelled and determined lease.

The leases are categorised as-

- **Current Leases-** whose sanctioned periods are valid and may be Working or Idle.
- **Expired Leases-** whose periods have expired and whose renewal applications are pending. On finalization of renewal applications, such leases become current.
- **Lapsed Leases-** Where mining operation was not commenced within a period of one year or discontinued for a cumulative period of six months.
- **Determined Leases-** which have been cancelled for violation of lease conditions and other environmental factors.

During the period 2015-16 to 2020-21, 132 quarry leases were sanctioned in the selected nine districts through e-tender /application basis. Total of 1,957 quarry leases of minor minerals were sanctioned in the State, as on April 2021, as per the information provided by the Department.

Audit observed that a comprehensive categorized database of quarry leases containing date of lease expiry, details of renewal application filed, status of environmental clearance, location and boundary details i.e. geo-coordinates, etc. was not maintained in the prescribed format by the Department. Only the list of current quarry leases in electronic form was maintained, which did not contain all such information, as mentioned above.

¹ Minerals specified in Part A and Part B of schedule I.

² Minerals specified in Part C of schedule I and Part A of schedule II, where the area applied is more than 10 hectares.

³ Minerals specified in Part C of schedule I and Part A of schedule II, where the area applied is upto 10 hectares.

⁴ Minerals specified in Part A and Part B of schedule I.

⁵ Minerals specified in Part C of schedule I and Part A of schedule II.

The Government stated (April 2022) that the list of quarry leases was prepared each financial year by the District Offices in which complete details of leases were maintained. The District Offices maintain the database of all the quarry leases.

The reply is not acceptable, as the register of quarry leases in the prescribed format was not maintained. Information maintained by the Department does not conform to Form- XII and does not capture the entire data/ information of the quarry sites, and cannot be considered sufficient for effective monitoring of quarry sites as pointed out by Audit.

Recommendation:

1. ***The district offices must be directed to maintain database of quarry leases in the prescribed format.***

2.1.2 Absence of mine boundary pillars/ demarcations

As per the conditions of quarry lease specified under Clause 11 of Rule 51 of CMMR, 2015, the lessee shall, at its own expense, erect, maintain and keep in good repairs boundary marks and boundary pillars necessary to indicate the demarcation shown in the mining plan.

Audit conducted the joint physical verification of 40⁶ quarry leases located in the selected districts with the officials/ staff of Mining Department. During the joint physical verification, it was observed that mine boundaries pillars/ demarcations were not present in 33 out of 40 selected (82.5 *per cent*) minor mineral quarries. It was a violation of the conditions of quarry lease deed (Sl. No. 2 of part VII), which stipulates to maintain/ keep boundary marks in good order and marking of co-ordinates on all the corner pillars. Due to the absence of mine boundaries/ demarcations, *prima-facie* identification of leased area was not possible. Absence of the same leaves scope for illegal excavation outside the leased areas, and it becomes difficult to identify the same.

⁶ In 25 cases (out of selected 40 cases – 62.5 *per cent*) under four districts i.e. Raipur, Balodabazar, Bilaspur and Janjgir-Champa, the Department officials / staff did not sign the joint physical reports.



Figure-2.1: Image showing no physical boundary pillars around the lease area at Mandir Hasaud, Arang, Khasra. No. 678 and 689 (working) (date of image: October 2021).

The Government stated (April 2022) that demarcation of leases was carried out by the revenue officials at the time of grant of lease, but the same gets damaged due to natural activities. At present, the coordinates of the quarry leases were mentioned in the Mining Plans (MP) and excavation outside the lease area was monitored with the help of Chhattisgarh Council of Science and Technology (CGCOST) through satellite images. Further, in all quarry leases, as per the prescribed standard of the Indian Bureau of Mines (IBM), maintaining of boundary pillars has been made mandatory.

The reply is not acceptable as boundary pillars and boundary marks to indicate the demarcations of lease area as prescribed in the rule were not found in most (82.5 *per cent*) of the minor mineral quarries visited by Audit, despite the fact that maintaining of boundary pillars has been made mandatory by the Government. Further, CGCOST was engaged for mining surveillance system in respect of 120 mines (out of total 1,957 mines) only.

Recommendation:

2. ***The Department should ensure that the boundary pillars with boundary marks are maintained by the lessees to indicate demarcation shown in the mining plan.***

2.1.3 Maintaining buffer zones

Under Rule 42 of CMM Rules, 2015, sanctioning authority shall grant quarry lease after obtaining all consent, approvals, no-objections as may be required under the applicable law for commencement of quarry operation. GoI amended (January 2016) the Environment Impact Assessment (EIA) notification, 2006, wherein prior Environmental Clearance (EC) for mining of minor minerals was made mandatory. Accordingly, the lessees were required to obtain EC before the grant/ renewal of quarry leases. As per the conditions of EC, maintaining of buffer zone/ safety zone boundary of 7.5 meters and

plantation of trees around the lease area was mandatory for quarry leases. Allowance of a buffer zone means reduction in the net mineable area of the lease, and resultant reduction in mineral reserves since excavation of minerals in the buffer zone is prohibited.

There was no uniformity in the size/area of buffer zone/ safety zone boundary in the quarry plans approved by the Department. Physical verification of 40 quarry leases revealed that in nine quarry leases, the buffer zone was not maintained around the lease area and no plantation work was carried out by the lessees in 37 leases (92.5 per cent).

The Government stated (April 2022) that in the case of minor minerals, carrying out mining operations as per the mining plans was mandatory from the year 2015, where safety zone of 7.5 meters around the lease area had to be left out. Most of the quarry leases started the mining operations before 2015, where mining operation had been carried out from the periphery of the approved lease area as there was no provision for carrying out mining operations as per the mining plans approved at the time of grant of lease. In case of these mines, leaving safety/ buffer zone of 7.5 meters as stipulated in EC was not possible. In the new mines, the provision of leaving buffer zone was being complied.

The reply is not acceptable as the Department did not ensure compliance to the environment clearance conditions at the time of renewal of quarry leases sanctioned prior to the commencement of these Rules. Further, the district mining authorities neither surveyed the existing leases nor recorded availability/ allowing of buffer zones less than 7.5 meter in the leased areas.

2.1.4 Monthly returns of quarry leases

As per rule 51 (20) (a) of the CMM Rules 2015, the lessee shall submit by the tenth day of every month, a return in Form XV giving the total quantity of minerals excavated, removed/ consumed in the previous month. It was further stipulated under rule 51(20)(d) that in case the lessee fails to submit the information as prescribed, a penalty of ₹ 500 per month shall be imposed till the information is produced. In the five selected districts, 37 out of 125 quarry lease holders did not submit the monthly returns in time as per rules, and there was delay in submission of returns ranging from 1 to 19 months.

The Government stated (April 2022) that there was provision for imposing penalty on non-production of monthly returns in due time and the same was recovered from the lessees.

Timeliness in submission of monthly return is necessary for correct assessment of royalty by the Department. In the absence of return, the quantity of mineral produced/consumed/removed cannot be cross verified and may result in short assessment of royalty. The existing penalty provisions are not effective in controlling the delay. Therefore, the Government should consider more stringent provision as deterrent for delay.

2.1.5 Usage of minor minerals in private/ Government construction works

As per rule 72 (1) of CMM Rules, every person, company, firm, society/ association engaged in construction of residential building or buildings for sale, shall maintain a true

account of all the minor minerals procured and used in construction in Form XXIII containing details such as date of procurement, name of mineral, vehicle number, name of the quarry, transit pass number and quantity, and shall submit to the officer in-charge of the mining section of the concerned district, a quarterly report of minor minerals procured and consumed in Form XXIV within 30 days after the expiry of every quarter.

The Director, Geology and Mining, instructed (June 2016) the district officials to inspect the Government construction works being carried out in the district to ensure that the minor minerals used in these works are obtained through valid permits or purchased from the sanctioned quarry leases.

Audit observed that in none of the selected districts, the quarterly reports on procurement and usage of minor minerals were submitted by such persons, company, firms etc. to the district mining authorities, as stipulated in the above rule. In the absence of the reports and required details, the source of minor minerals being procured and used in construction by the private entities were not verified by the mining authorities. Audit observed in the selected districts that inspections were not carried out at the sites of Government construction works to verify the source/ quantity of minor minerals used in the construction works.

Therefore, in the absence of verification of validity of source of minor minerals, the chances of usage of illegally excavated minor minerals in the construction activities in the State could not be ruled out. Audit visited some of the private construction sites in Raipur and witnessed rampant usage of *murrum*.



Figure-2.2 (a): Image showing usage of *murrum* at private construction sites (Residential Project, Raipur, month of image: September 2021)



Figure-2.2 (b): Image showing usage of *murrum* at private construction sites (Commercial Project, Raipur, month of image: September 2021).

The Government stated (April 2022) that the Departmental officials inspected the Government/ private construction works from time to time.

The reply is not acceptable as no records related to inspections carried out at the sites of Government construction works or quarterly report submitted to the Department was provided to audit.

2.1.6 Establishment and functioning of check posts

The State Mineral Policy of Chhattisgarh (as amended in 2013) provided that to ensure effective vigilance over illegal transportation of minerals, check posts and weighbridges would be established on main roads in coordination with other Departments. Further, Rule 6 of CMMTS Rules stipulates that the DGM may setup check post(s) with or without weighbridge at any place within the State to check the validity of transit passes and the legality of the grade, quantity of minerals and its beneficiated products to prevent transportation and storage of mineral/ ores without lawful permit. The quantity of minerals mentioned in transit pass shall be checked at the weighbridge established at check post or any other authorized weighbridge. At the check post where there is no weighbridge nearby, the quantity of minerals being transported shall be measured in cubic meter and then converted into tonnes according to the prescribed formula.

Audit observed that no check posts were established in three (Mungeli, Kawardha and Balodabazar) out of the nine selected districts. In Kawardha District, while one check post was operational till 2017-18, but it was closed due to shortage of manpower as informed by the DMO. In remaining six districts,⁷ 18 check posts were established. Further, it was observed that weighbridge facility was not available in any of the 18 check posts

⁷ Janjgir and Kanker – 2 each, Raipur and Bilaspur -3 each, and Ambikapur and Durg – 4 each.

established in six districts. The existing check posts were found to be insufficient considering the geographical distribution of the mines, location of check posts and availability of alternate routes as illustrated in **Figure-2.3**. However, no assessment for evaluating the adequacy of the number of check posts was found in the records of the Department.

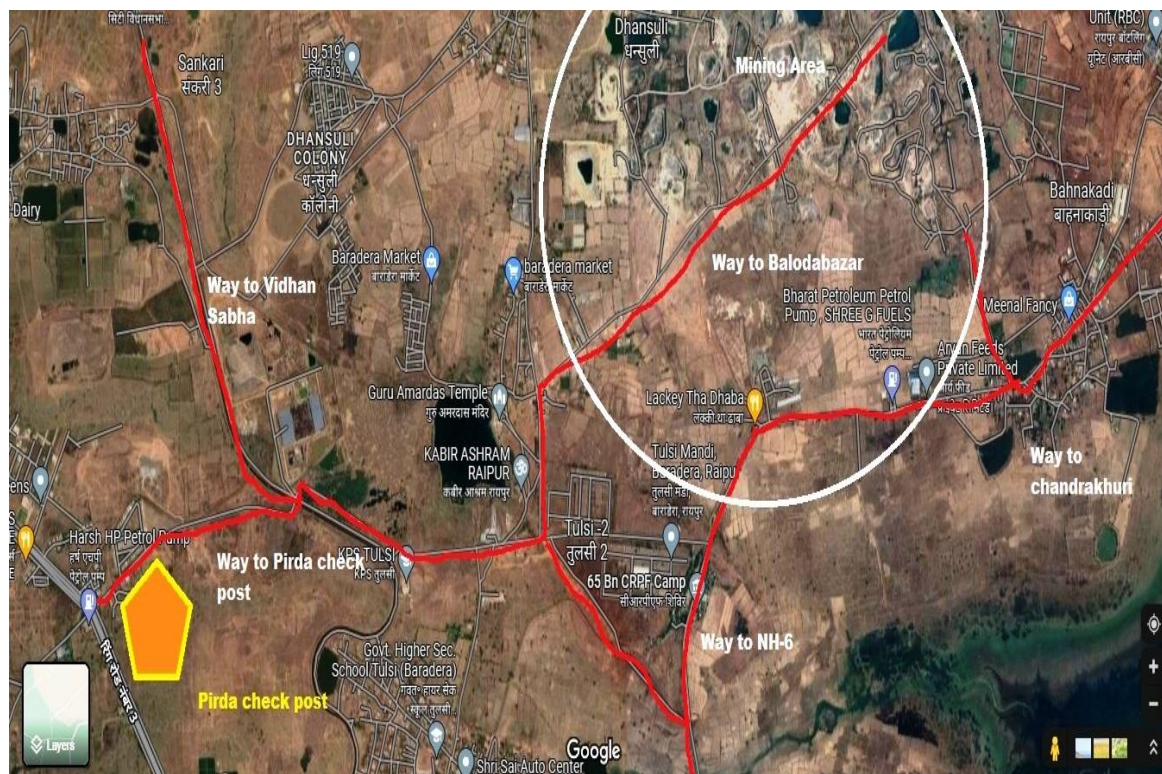


Figure-2.3: Google image showing mining areas, alternate routes and check post established.

It may be seen from **Figure-2.3**, that there were many alternate routes for transportation of minerals from Nardaha, Bahnakadi and Dhansuli area, while the check post has been established near Pirda Chowk only. Therefore, vehicle passing through other routes could escape check post.

Further, it was observed that entries in the check post register were being made from the transit passes issued by the Mining authorities without measuring the actual quantity of minerals being transported at the check posts according to the prescribed formula as per the above mentioned rules.

The Government stated (April 2022) that there were 45 temporary check posts operative in the State, out of which weighbridge facilities were available only in four check posts in two districts. At present, on the basis of assessment of usefulness of the check posts, special flying squads have been constituted by the District Mining Officers, in addition to the existing check posts.

The reply of the Government indicates that vigilance of the Department over illegal transportation through check posts was deficient.

Recommendation:

3. *The Government should consider establishing adequate number of check posts in Mungeli, Kawardha and Balodabazar districts within a fixed timeline and should consider installing of CCTV cameras and weighbridge facilities at all the check posts to check illegal transportation and overloading of minerals.*

2.1.7 Issue of storage permits to applicants not complying with norms of Pollution Control Board

Sub-section (4) (iii) of Rule 7 of CMMTS Rules stipulates that No Objection Certificates (NOC) under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981, shall be accompanied with the application for issuing permit and its renewal for temporary storage/ beneficiation/ crushing of minerals.

Audit observed in Durg and Kawardha districts that out of 33 selected storage permits, six storage permits were granted for the transportation and temporary storage of materials in the specified site without ensuring NOC from the Pollution Control Board. Thus, the Department failed to ensure compliance to the above mentioned rules and provisions envisaged in Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981.

The Government stated (April 2022) that the Mineral Resource Department was not competent to take action in the case of non-fulfilment of conditions of EC, NOCs under Water/ Air (Prevention and Control of Pollution) Acts.

The reply is not acceptable as under Rule 7(4) (iii) of CMMTS Rules 2009, the application for storage permit must be accompanied by the NOC from the Pollution Control Board, which was not ensured by the department while issuing permit.

2.1.8 Levy of penalty against illegal mining/ transportation/ storage of minor minerals

Sub-rule 71 (5) of CMM Rules, 2015 stipulates that “The Collector/ Joint Director/ Deputy Director/ Mining Officer or any officer authorised by Zila Panchayat/ Janpad Panchayat/ Gram Panchayats may, either before or after the institution of the prosecution, compound the offence so committed under sub-rule (1) on payment of market value of mineral so extracted or transported and such fine which may extend to double the market value⁸ of mineral so extracted or transported, but in no case it shall be less than five thousand rupees or ten times of royalty of minerals so extracted, whichever is higher”. Further, the aforementioned rule 71 was amended (June 2020) stipulating levy of penalty as per section 21 to 23 (B) of MMDR Act 1957.

Audit noticed that during the year 2015-16 to 2020-21 (upto June 2020) a total of 1,651 cases of illegal extraction and 13,049 cases of illegal transportations were registered by the

⁸ As determined by the District Collector from time to time.

mining authorities in selected districts/ Central Flying Squad (CFS) and penalties amounting to ₹ 23.27 crore were levied. In this regard, it was observed that in 792 cases of illegal extraction, and 2,744 cases of illegal transportation, the amount of penalties were not levied as per the aforementioned rules. This resulted in short levy of penalty amounting to ₹ 10.51 crore (as detailed in **Appendix 2 and 3**) during the period 2015-16 to 2020-21 (upto June 2020)⁹.

The Government stated (April 2022) that the action on the cases of illegal mining/ transportation was taken under the provisions of MMDR, Act 1957 which was notified by the Central Government.

The reply is not acceptable as the amount of penalty was not calculated as prescribed under the Rules, leading to short levy of penalty.

2.1.9 Inspections/ monitoring of mining activities

The DDMA's/ DMOs, AMOs, Mining Inspectors (MIs) and Constables are responsible for inspection of mines and quarries. As per the DGM's order (May 2008¹⁰), DDMA's/ DMOs are required to inspect 50 *per cent* of major and minor mineral mines in their jurisdiction once in a year, AMOs are required to inspect all major and minor mineral mines in their jurisdiction once a year and MIs are required to inspect all the major and minor mineral mines once every six months and report: (i) whether the sign boards showing lease details were placed, (ii) leased areas were properly demarcated, (iii) identify extraction of minerals outside the leased area, (iv) availability of mineral, quantity excavated and dispatched/ stocked, (v) records being maintained are satisfactory and (vi) compliances to the environment and safety norms, etc.

Audit noticed that there was significant shortfall in inspection activities by the inspecting authorities against the targets during the year 2015-16 to 2019-20 as given in **Table-2.1**.

Table-2.1: Details of shortfall in inspection of mines

Sl. No.	Name of the district	No. of inspections to be conducted		No. of inspections carried out		Shortfall in inspections		Percentage of shortfall	
		DMO/ AMO	MI	DMO/ AMO	MI	DMO/ AMO	MI	DMO/ AMO	MI
1	Durg	1508	2010	16*	NP**	-	-	-	-
2	Mungeli	213	284	16	40	197	244	92	86
3	Kawardha	125	166	237	154	0	12	-	07
4	Raipur	1595	2126	366	343	1229	1783	77	84

⁹ Due to the amendment (June 2020) of Rule 71 of CMM Rules, the penalty was to be levied as per the section 21 to 23-B of MMDR Act. Audit was not able to compare the penalty applicable and penalty levied as the penalty clause stipulated maximum amount up to which fine can be imposed.

¹⁰ No./1675-90/mining-1/F. No. 8/2007, dated 24 May 2008.

5	Balodabazar	1046	1394	82	306	964	1088	92	78
6	Bilaspur	903	1204	74	529	829	675	92	56
7	Janjgir-Champa	1539	2052	353	561	1186	1491	77	73
8	Kanker	218	290	NP	NP	-	-	-	-
9	Ambikapur	977	1302	468	509	509	793	52	61

*DMOs only

** Not Provided

(Source: Compiled from the information furnished by district mining authorities),

It can be seen from the above table that in six districts, there was significant shortfall ranging from 52 to 92 *per cent* in conducting inspections of mines. Further, in two districts (Durg and Kanker), the details of inspection/ related information were not furnished by the respective DMOs. Also, the reports pertaining to inspections actually carried out were not found on records in any of the selected districts.

Further, in the selected districts, audit observed that actual strength of inspecting authorities/ officials¹¹ was significantly less than the sanctioned strength, and the shortfall during the year 2020-21 ranged between 20 and 60 *per cent* across the districts, as detailed in **Table-2.2**. At State level, 67 posts were vacant against the 157 sanctioned posts and the shortfall was 43 *per cent* during the year 2020-21.

Table-2.2: Details of shortage of inspecting officials

Sl. No.	Name of District	Sanctioned strength	Men in position	Percentage of shortage
1	Durg	05	03	40
2	Mungeli	05	04	20
3	Kawardha	05	02	60
4	Raipur	07	03	57
5	Balodabazar	04	03	25
6	Bilaspur	25	15	40
7	Janjgir-Champa	04	03	25
8	Kanker	05	03	40
9	Ambikapur	07	03	57

(Source: Compiled from the information furnished by district mining authorities)

The Government stated (April 2022) that there was shortfall in inspection of mines due to shortage of MIs in the State. The proposal for recruitment of 35 vacant posts of MIs has been forwarded to the Government.

¹¹ DDMA, DMO, AMO, MIs and constables.

Thus, it is evident that there has been a significant shortfall of inspecting officials in the Department. Due to the shortage of manpower for inspection activities, adequate inspection could not be conducted and it affected the overall control and monitoring over the mining activities as onsite inspection is an important tool to curb illegal mining at its origin.

Recommendation:

4. ***The Department should ensure regular inspection of mines as per the prescribed norms by ensuring adequate manpower and maintenance of proper records of inspection.***

2.1.10 District Task Force

General Administration Department, GoCG, constituted (October 2005) District Task Force (DTF) in each district to curb the illegal mining, transportation and storage in the State of Chhattisgarh. DTF comprises District Collector as the chairperson, Superintendent of Police, Divisional Forest Officer, Regional Transport Officer and District Mining Officer as members. DTFs were to hold review meetings on monthly basis to ensure continuous monitoring of illegal mining, transportation and storage, and take necessary action in these cases.

Audit observed that the monthly review meetings of DTFs were not held regularly. As per the records of meetings provided by the district offices, only 17 meetings were held against 432 meetings during the period 2015-16 to 2020-21 in six test checked districts. No records were provided to audit regarding the meetings held in three districts¹². Further, in three districts¹³, the DTFs reviewed 204 registered cases of illegal extraction/transportation and recovered penalty. The details of monthly review meetings of DTF in the selected districts are detailed in **Table-2.3**.

Table-2.3: Details of meetings of DTF during the period 2015-16 to 2020-21

Sl. No.	Name of the district	No. of meetings to be held	No. of meetings actually held	Percentage of shortfall
1	Durg	72	01	99
2	Mungeli	72	02	97
3	Kawardha	72	01	99
4	Raipur	72	Not provided	-
5	Balodabazar	72	04	94
6	Bilaspur	72	06	92
7	Janjgir-Champa	72	Not provided	-
8	Kanker	72	03	96
9	Ambikapur	72	Not provided	-

(Source: Compiled from the information furnished by district mining authorities)

¹² Raipur, Janjgir- Champa and Ambikapur.

¹³ Durg- 23 cases/ ₹ 4.75 lakh, Bilaspur- 10 cases/ ₹ 10.42 lakh, and Kanker- 171 cases.

Thus, DTFs did not function effectively to curb illegal mining, transportation, and storage of minerals.

The Government stated (April 2022) that instructions had been issued for holding of meetings of DTF in each district.

2.1.11 Central Flying Squad

As per the information furnished by the Department, a Central Flying Squad (CFS) was established at the office of the DGM comprising AMOs, MIs, and Constables to inspect cases of illegal extraction/ transportation/ storage of minerals and deal with the complaints received in the Department. However, no formal order for establishment of CFS was provided to Audit. CFS was conducting surprise checks as per the directions of higher authorities. During the period 2015-16 to 2020-21, CFS registered 14 cases of illegal mining/ storage, and 305 cases of illegal transportation (i.e. approximately 53 cases/ year) and recovered penalty of ₹ 1.34 crore. However, no definite mechanism of functioning of CFS was witnessed at the office of DGM as no records of complaints received and inspections/investigation carried out against the complaints were provided to Audit.

The DGM stated (January 2021) that CFS carried out surprise inspections on receipt of serious complaints at Government/ Department level. The Government stated (April 2022) that Joint Director (Mineral Administration), was assigned the charge of CFS to conduct investigation regarding the complaints received at Government/Directorate level.

The reply is not acceptable as in the absence of structured mechanism for operation of CFS and non-maintenance of records of complaints, the action against each complaint could not be verified in Audit.

2.2 Implementation of other control measures for minor minerals

2.2.1 GPS based vehicles tracking system

Tracking of vehicles carrying minerals is an effective control measure to curb illegal mining and transportation of minerals. This will also help the Department to monitor the movement of minerals without additional deployment of manpower and establishment of a number of check posts.

Audit observed that considering the benefits of Global Positioning System (GPS) for vehicle tracking, GoCG amended (April 2017) the CMMTS Rules 2009 and inserted Rule 17. Rule 17 (3) (ii) stipulated that transporting major minerals/ ore and/or its beneficiated products without installing a GPS based tracker within 180 days from the notification of these amendments shall be prohibited. However, no such provision with respect to transportation of minor minerals was introduced. Thus, the Government has adopted different standards for the control over transportation of major and minor minerals. Adoption of the same provision in the case of transportation of minor minerals will go a long way in improving the monitoring mechanism of the Government.

The Government stated (April 2022) that GPS based tracking system is being developed in 'Khanij-online 2.0'.

2.2.2 E-permit system for transportation of minor minerals

As per the Chhattisgarh state mining policy as amended in February 2012, e-permit system for transportation of minerals was to be implemented in a phased manner.

Audit noticed that the Department had not implemented the e-permit system in respect of minor minerals despite the lapse of more than eight years. In absence of the system generated e-transit passes, Department continues to issue physical transit passes. Thus, the Department failed in improving the system and controlling the possibilities of illegal mining and transportation.

The Government stated (April 2022) that in case of newly notified 31 minor minerals, transit passes are being generated through 'khanij-online'. Instructions have been issued to generate online transit passes in case of remaining minor minerals also.

The reply indicates that after a lapse of eight years, the Department had not fully implemented e-permit system for transportation of minor minerals.

Recommendation:

- 5. *The Department should consider implementing GPS based tracking system and e-permit system for minor minerals at the earliest to curb the illegal transportation of minerals.***

2.3 Grievance handling system

A grievance handling system to register, review, initiate action and monitor the complaints is an essential part of Government/ public service offices to ensure the accountability. Such system acts as a tool to bridge the gap between the needs of the general public/ stakeholders and the services being delivered by the Government entities.

Audit observed that five out of nine District Mining Offices¹⁴ were maintaining manual complaint registers for recording complaints of general public related to mining activities. However, in four out of five district offices¹⁵, the status of disposal of the complaints, steps taken to resolve the cases and pendency details, etc. were not being recorded in the respective registers. The status of disposal of complaints was not found on record.

Thus, the system of recording and disposal of complaints, received in physical form, was not proper, indicating poor grievance redressal mechanism.

The Government stated (April 2022) that complaint registers were maintained in each district and action had been taken on the complaints received. Further, the Department has made provision for receiving online complaints in the 'Khanij online' portal.

¹⁴ DMO, Kanker was not maintaining the register while DMOs Balodabazar, Durg and Raipur did not produce the registers before audit for scrutiny.

¹⁵ Except in Janjgir-Champa

The reply is not acceptable as action taken and status of disposal of the complaints received manually were not recorded in the registers.

Chapter III

Adoption of advanced technologies to curb illegal mining

CHAPTER III

Adoption of advanced technologies to curb illegal mining

Summary

- Mining Surveillance System for the minor minerals has not yet been implemented (December 2022) even after a lapse of five years.
- Plotting of 202 quarry leases using the Google Earth Pro software revealed that in eight cases, there were pits which were created due to excavation in the areas beyond the approved co-ordinates/ boundaries of the quarry leases and in 40 cases, plantation around the lease areas was not carried out as per the conditions of EC and Quarry Plans. Further, in Kawardha district, pits were observed at 15 sites in the areas other than the sanctioned leases.
- With the help of drone survey, conducted through technical consultant, Audit detected illegal quarrying of limestone outside the approved boundary (Dhansuli, Nardaha and Akoldih-Khapri), illegal quarrying of *murrum* at unauthorised site in Nava Raipur and illegal quarrying of sand beyond the sanctioned lease area in Kumhari spanning over 85,544.65 square meter in Raipur district. The volume of illegal extraction of minerals was estimated at 2,83,061.94 cubic meter.

3.1 Introduction to advanced technologies

State Mineral Policy (as amended in 2013) envisaged use of high resolution satellite data to detect illegal excavation. Mining activities can be monitored using modern technologies, as adopted for major minerals. This may include development of Mining Surveillance System (MSS), use of Geographic Information System (GIS) and drone survey to identify illegal mining activities in the State. The status of implementation of MSS in respect of minor minerals in the State and the results of audit analysis of selected quarry leases using GIS and drone survey have been discussed in the following paragraphs.

3.1.1 Non-implementation of Mining Surveillance System for minor mineral leases

Government of India (GoI), Ministry of Mines launched (October 2016) MSS, a satellite-based monitoring system for curbing illegal mining activity in the country. This system aims to establish a regime of responsive mineral administration by curbing instances of illegal mining activities for major mineral leases through automatic remote sensing detection technology which can provide triggers¹ for any mining like activity in the vicinity of the existing mining areas. After successful implementation of MSS for major mineral leases, it was decided to implement the MSS for minor mineral leases as well.

¹ Incidences of illegal mining within 500 meter zone of mining leases captured in the MSS.

Accordingly, for implementation of MSS for minor mineral leases in the state of Chhattisgarh, GoI, Ministry of Mines, provided training to the State nodal officers of MSS on Geo-referencing and digitization. The officials of Directorate of Geology and Mining, GoCG (DGM) and State Remote Sensing Agency i.e. Chhattisgarh Council of Science and Technology (CGCOST) attended (July 2017) training. Later, Department of Geology and Mining, GoCG engaged (November 2017) CGCOST for implementation of MSS for 120² mines at a total cost of ₹ 24.73 lakh.

Audit observed that implementation of MSS required survey and recording of geo-coordinates of mine/ quarry boundary pillars through Differential Global Positioning System (DGPS), digitization and geo-referencing of cadastral maps of minor minerals leases based on ground control points, superimposition of geo-coordinates on satellite imagery, etc. However, the department had not developed the DGPS surveyed ground control points in the proximity of the mines/ quarries for correct Geo-referencing. Audit could not verify the progress and quality of work carried out by CGCOST, as the records regarding the progress of work assigned to CGCOST for implementation of MSS initially for 120 mines, were not provided to Audit despite repeated requests³.

With reference to non-development of DGPS surveyed ground control points and non-standardization of GPS, the Government stated (April 2022) that recruitment of qualified surveyors/ draftsmen would be required in each district. With reference to delay in implementation of MSS, Government stated (April 2022) that the CGCOST after obtaining the satellite data from the ISRO, carried out the geo-referencing and digitization work and generated triggers. The triggers were sent to the respective District offices for verification. However, it was observed during verification that the location of the mines boundaries as shown in the *khasra* map did not match with the coordinates and the shifting was seen at the site. This technical error was causing difficulties in the verification process.

The fact remains that the Mining Surveillance System for minor minerals is yet to be implemented successfully in the State.

Recommendation:

- 6. The Department should implement Mining Surveillance System for minor minerals at the earliest.***

3.1.2 Findings on the basis of application of Geographic Information System (GIS)

Audit obtained co-ordinates of the quarry leases from the selected nine DMOs and plotted co-ordinates of 202 quarry leases on the Google Earth Pro software.

After plotting these co-ordinates, Audit observed the following:

² Of 31 new minor mineral and granite.

³ Principal Accountant General's letter to the Department dated 24 August 2021.

- In 40 cases under seven districts, no plantation was observed around the lease area, which was violation of conditions of EC and Quarry Plans.
- In eight cases under four districts, pits were observed in the areas adjacent to quarry leases beyond the approved co-ordinates.
- In Kawardha District, pits were observed at 15 sites in the areas other than the sanctioned leases.

The summarised position of observations is given in **Table-3.1** below:

Table-3.1: Details of irregularities found after plotting of coordinates

Name of DMO	Total no. of leases allotted	Number of cases scrutinised	Audit observations	
			Pits observed outside approved co-ordinates	No plantation
Durg	148	25	00	13
Mungeli	31	07	01	01
Kawardha	24	23	00	05
Raipur	214	67	05	02
Balodabazar	97	12	00	08
Bilaspur	123	23	01	00
Janjgir-Champa	193	22	00	08
Kanker	16	08	01	00
Ambikapur	109	15	00	03
Total	955	202	08	40

Thus, the lessees were not complying with the terms and conditions with regard to plantation of trees envisaged in EC and were carrying out quarrying operations outside the boundaries of co-ordinates approved in the Quarry Plan, but the Department has failed to enforce compliance of the norms envisaged in EC and Quarry Plans, as discussed in the ensuing paragraphs:

3.1.2 (i) Non-adherence to quarry plan norms (plantations not carried out)

As per the conditions stipulated in the EC/ Mining Plans, the leaseholders are required to undertake plantations in the barrier zone. Plantation work was not carried out as per norms given in EC and Mining Plans in 40 cases. Out of these, 33 leases were granted before 2015 and eight leases were granted after 2015.

Joint physical verification of 10 out of above mentioned 40 cases revealed that in seven cases, no plantation was carried out, while in other three cases, the plantation was carried out partially.

In the instant case, it can be seen that plantation work was not carried out as per EC and Mining Plan. The Department could not ensure compliance of the conditions of EC and Mining Plans even in the case of leases which were granted after 2015.



Figure-3.1 (a): Satellite image of mine at Village Ranijaraud, Balodabazar 1.172 Ha, where no plantation work was carried out. (Photo dated: May 2021), *Source: Google Earth Pro*



Figure-3.1 (b): Image of the above mine (figure 3.1 (a)) taken during joint physical verification (Photo dated: September 2022)

3.1.2 (ii) Pits beyond the approved co-ordinates

Out of the 202 quarry leases for which the Audit plotted the co-ordinates given in the respective approved plans, it was observed that in eight cases under four districts, pits were observed in the areas adjacent to the quarry leases beyond the approved co-ordinates.

In the instant case, it can be seen that the pit created due to the mining activity by the lessee was extended beyond the co-ordinates given in the approved Quarry Plan (as shown in **Figure- 3.2 (a), (b) & (c)**). During the joint physical verification of the quarry lease, the pit was found to be extended beyond the approved coordinates covering adjacent areas.



Figure-3.2 (a): Satellite image showing pit outside the approved co-ordinates (*khasra* no. 1960, area- 0.971 hectare, village-Nardaha, Tahsil- Arang, District- Raipur, lease period- 25.09.2002 to 24.09.2032) Photo dated: April 2021, Source: Google Earth Pro

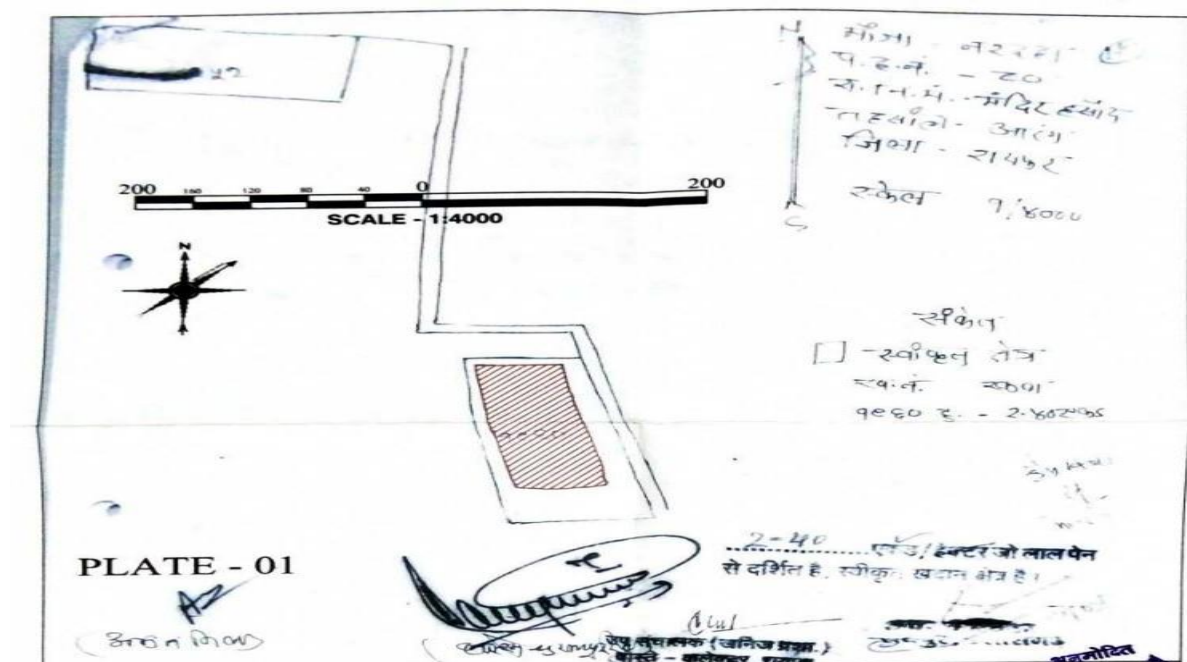


Figure-3.2 (b): Khasra map of Figure-3.2 (a)



Figure-3.2 (c): Image of the above mine (Figure-3.2 (a)) taken during joint physical verification (Photo dated: September 2022)

3.1.2 (iii) Mining activities in areas other than sanctioned leases

To verify the genuineness of co-ordinates and examine whether unauthorised mining activities were being carried out beyond the approved coordinates, Audit requisitioned co-ordinates of all the sanctioned leases in one of the selected districts i.e. Kawardha district. DMO, Kawardha furnished the coordinates of 28 leases (including major mineral leases). Audit plotted all the co-ordinates of these sanctioned leases through satellite imagery on “Google Earth Pro”. After plotting these co-ordinates, Audit identified 15 sites in the district, where pits were observed in the areas other than the sanctioned leases (as shown

in **Figure- 3.3 (a) & (b)**). This indicates sign of unauthorised mining activities outside the sanctioned lease areas.

Non-detection of illegal mining areas by the department would lead to increase in illegal mining activities and loss of revenue to the State Government.

Legends:

- Yellow – sanctioned leases
- Red - unauthorised pits

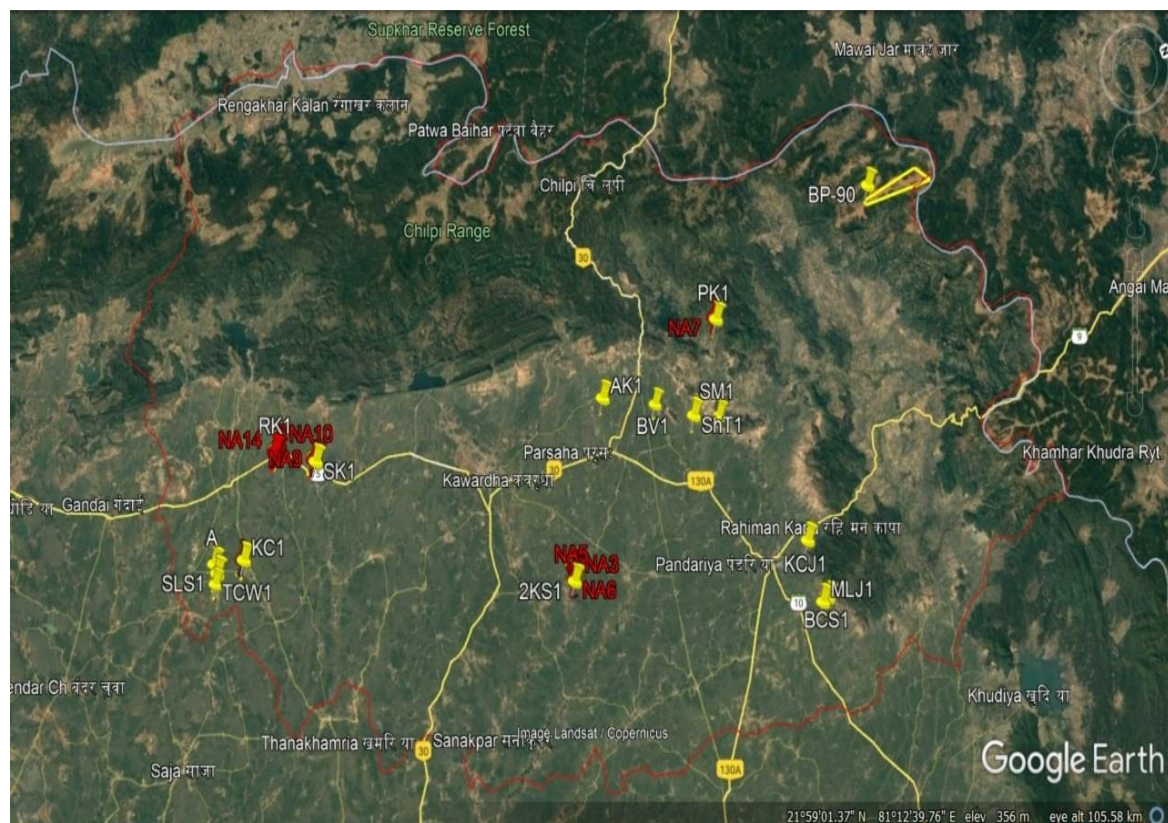


Figure-3.3 (a): Satellite image of sanctioned and unauthorised pits (Photo dated: May 2020), *Source: Google Earth Pro*



Figure-3.3 (b): Satellite image of sanctioned and unauthorised pits (Photo dated: May 2020), *Source: Google Earth Pro*

The Government stated (January 2023) that in case of minor minerals, leases were sanctioned after demarcation on the basis of *patwari* map. From the year 2015, it was made mandatory to work according to the Mining Plan in case of minor minerals also. After which, if irregularities were found in matching the co-ordinates shown in the approved mining plan, it is sent to the district offices for spot investigation and action. The mining plans were approved only after proper verification in this regard.

The reply is not acceptable as Audit observed in eight cases that pits, created due to excavation activities, were found beyond the approved co-ordinates, which was violation of Mining Plan. Further, the Government did not furnish reply with regard to no plantation work in the barrier zones of the leases and mining activities in areas other than sanctioned leases observed in Kawardha district.

3.1.3 Audit analysis of quarry leases using Drone Survey

On the basis of Google Earth Pro analysis of 202 quarry leases and joint physical verification of 40 quarry leases, Audit selected seven quarries/ sites⁴ for mapping and volume calculation of illegal mining sites using drone survey. The National Institute of Technology (NIT), Raipur (technical consultant) was engaged as technical consultant for this purpose. Audit accompanied the technical consultant along with departmental officials during the drone survey. The technical consultant conducted the drone survey on the basis

⁴ One illegal *murrum* excavation site at Nava Raipur, noticed during joint physical verification, one sand mine and five limestone quarries of Raipur district.

of co-ordinates mentioned in the approved quarry plans. The technical consultant's report confirmed significant illegal excavation in three out of five limestone quarries and in the sand mine. Further, the total area and volume of illegally excavated *murum* were also calculated using Drone Survey.

3.1.3 (i) *Illegal mining of murum*

Quarry Permit for extraction, removal and transportation of *murum* required for the works of any department or undertaking of the Central Government/ State Government/ private work, is granted for a period of two years under Rule 58, and the permission for removal/ transportation of *murum* through deepening or widening *Panchayat* ponds/ tanks, well, water reservoir or any other digging work, is granted under rule 59(1) of CMM Rules.

During the joint physical verification of mines along with the officials/ staff of DMOs (between October 2020 and August 2021), Audit observed extraction and dumping of huge quantity of *murum* near Reco village, Nava Raipur and Mura-Tilda area (DMO, Raipur) without obtaining valid permits (**Figure- 3.4 (a) & (b)**).



Figure-3.4 (a): Unauthorised *murum* excavation near village Reco, Nava Raipur (date of image: October 2020).



Figure-3.4 (b): Unauthorised *murrum* excavation near village Reco, Nava Raipur (date of image: October 2020).

Audit conducted drone survey of the illegal *murrum* excavation site at Nava Raipur with the help of the technical consultant. As per the reply of DMO, Raipur it was noticed that, during the period 2015-16 to 2020-21 only three quarry permits for quarrying of *murrum* were sanctioned⁵, for use in the road construction work (NH 200), for a period of two years (06.12.2016 to 05.12.2018). The sanctioned areas of the quarry permits were situated in village- Naktikhapri, Tahsil – Tilda (District – Raipur). The technical consultant's report revealed that total area of illegal excavation was 38,867.2 square meter (shown as 1, 2 and 3 in the **Figure-3.5**) wherein approximately 99,528.78 cum of *murrum* was excavated without obtaining valid quarry permit. This resulted in loss of revenue to the tune of ₹ 49.76 lakh⁶ to the Government, being the value of applicable royalty.

⁵ M/s Punj Lloyd, Raipur

⁶ Royalty = ₹ 50 x 99528.78 cum = ₹ 49,76,439

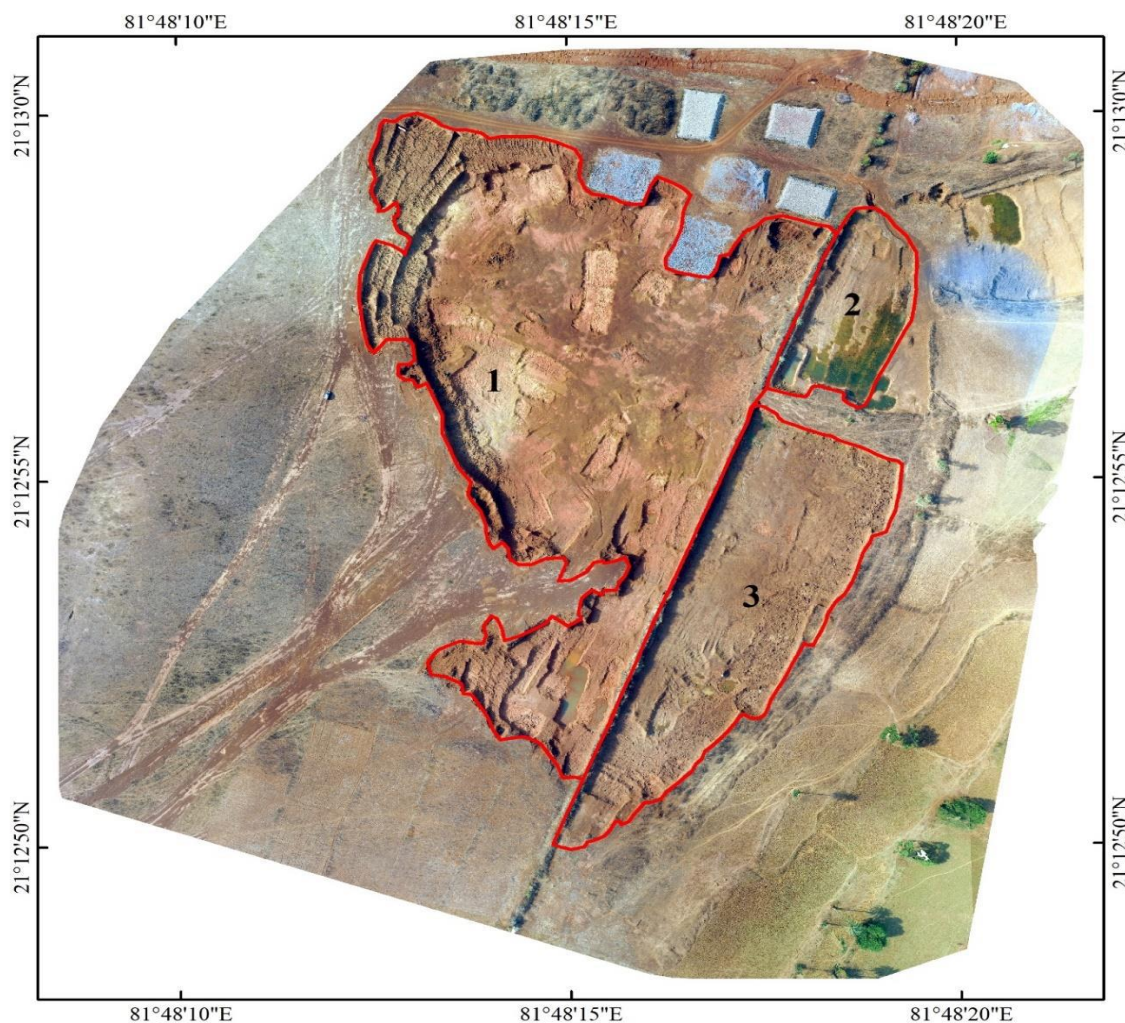


Figure- 3.5: Drone image of illegal *murrum* excavation (shown as 1, 2 and 3 in the Fig. above) at RECO Village, Nava Raipur (date of image: May 2022)

3.1.3 (ii) *Illegal mining of sand*

During the joint physical verification of mines along with the officials/ staff of DMOs, audit noticed extraction, transportation and dumping of sand in Raipur, Bilaspur, Balodabazar, Janjgir-Champa and Mungeli districts at locations outside the sanctioned/permited leased out areas.

Audit conducted drone survey of sand mine at Kumhari under the jurisdiction of DMO, Raipur. As per information provided by the Department, only one sand lease was sanctioned by the DMO at Kumhari during 2019-21 after the commencement of Chhattisgarh Minor Mineral Ordinary Sand (Quarrying and Trade) Rules, 2019. Drone Survey was conducted using the approved coordinates of the sanctioned sand lease in the mining plan. As per report of the technical consultant, illegal excavation was carried out in a huge area beyond the sanctioned lease area. Out of that, an area of 5,759.45 square meter was captured through drone camera for volume calculation which showed that approximately 2,958.04 cum of sand was illegally excavated as shown in the

Figure- 3.6 and 3.7. This resulted in loss of revenue to the tune of ₹ 1.48 lakh⁷ to the Government, being the value of applicable royalty.

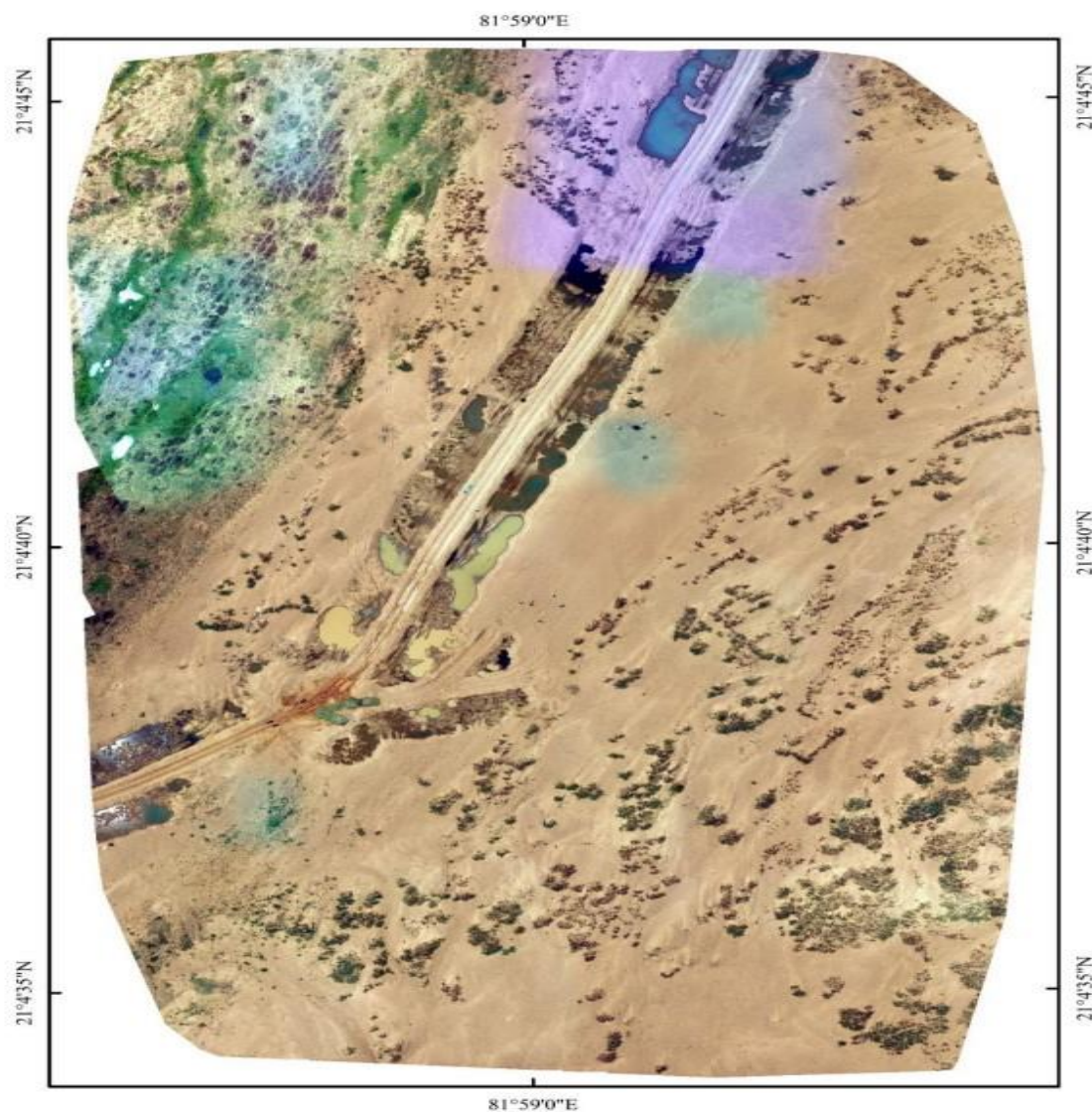


Figure- 3.6: Drone image showing illegal excavation of sand beyond the allotted lease area (Kumhari, khasra no. 1882, date of image: May 2022)

⁷ Royalty = ₹ 50 x 2958.04 cum = ₹ 1,47,902.



Pin	Kumhari 1	Kumhari 2	Kumhari 3	Kumhari 4
Latitude	21°04'43.99"N	21°04'42.84"N	21°04'38.11"N	21°04'38.96"N
Longitude	81°58'44.26"E	81°58'53.62"E	81°58'52.59"E	81°58'43.31"E

Figure- 3.7: Image showing approved lease area of sand mine and illegal excavation outside the lease area at Kumhari, Raipur, khasra no. 1882, area- 4 hectare, period of lease- 30.12.2019 to 29.12.2021.

3.1.3 (iii) *Quarrying operations beyond the approved co-ordinates of limestone quarry leases*

Audit conducted drone survey of five limestone quarry lease sites under the jurisdiction of DMO, Raipur.

The technical consultant's report for the limestone quarry leases at Dhansuli, Nardaha and Akoldih-Khapri, Tahsil- Arang, District- Raipur revealed the following:

- In the case of quarry lease at Dhansuli, the lessee was allotted quarry lease at *khasra* No. 818, 870 and 871 (new 913, 926, 927) in 1.19 hectares⁸, (red boundary in the middle, mentioned as Legal Excavation in **Fig 3.8**). However, it was observed that illegal excavation of approximately 57,750.27 cum of limestone from an area of 15,831 square meters (1.583 Ha) beyond the approved co-ordinates (marked in yellow colours) was carried out, resulting in loss of revenue amounting to ₹ 68.96 lakh⁹ to the Government, being the value of applicable royalty.

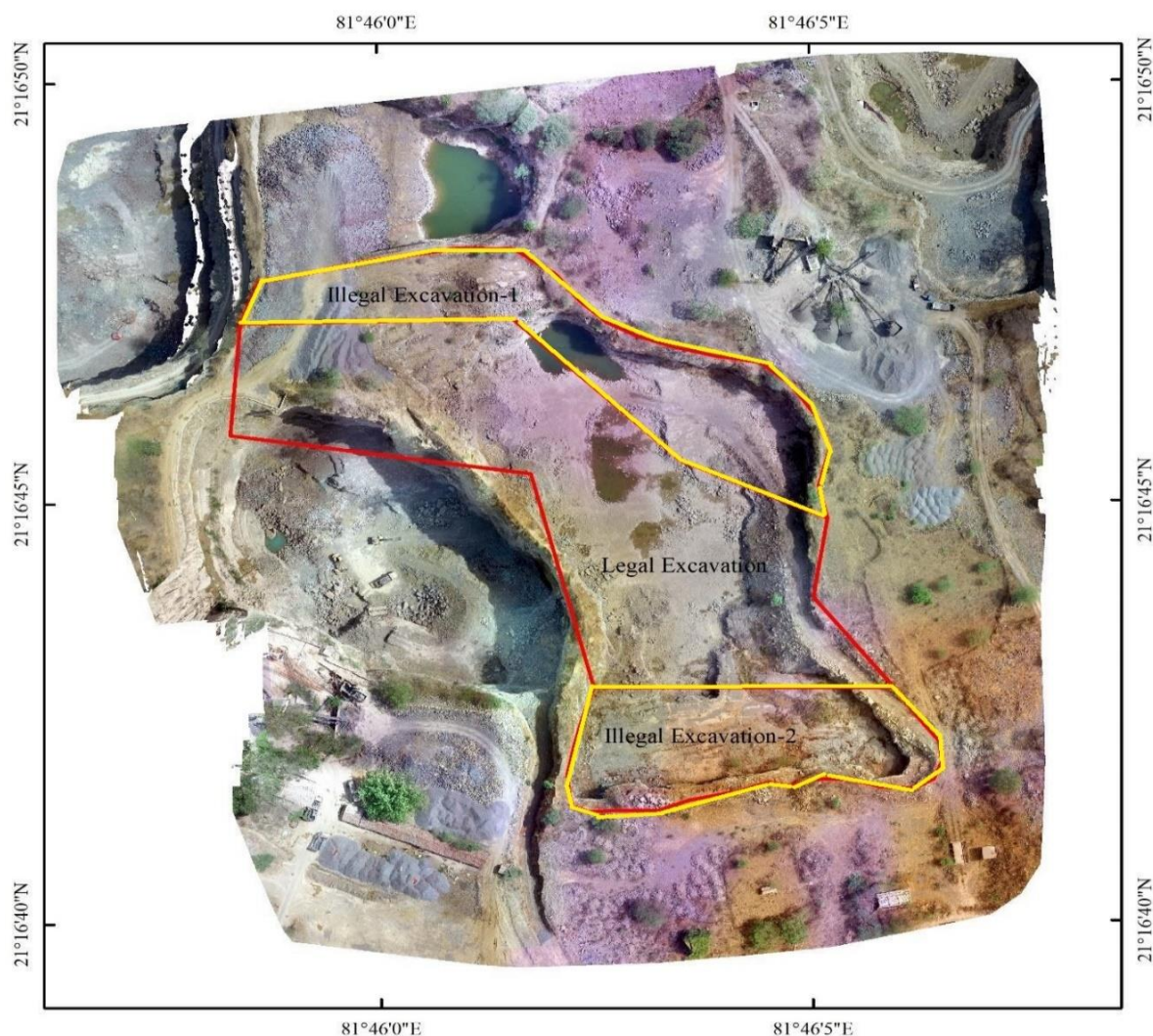


Figure- 3.8: Drone image showing quarry lease boundary and illegal excavation beyond the lease area (village- Dhansuli, Tahsil- Arang, date of image: May 2022)

- In the case of quarry lease at Nardaha, the lessee was allotted quarry lease at *khasra* No. 1997 (part), in 1.214 hectares¹⁰, out of which approximately 0.37 hectare was unexplored¹¹. However, it was observed that illegal excavation

⁸ Quarrying- 0.748, dumping- 0.265, statutory boundary- 0.040, and plantation- 0.059.

⁹ 0.67 cum = 1 Tonne; 57,750.27 cum = 86,194 Tonne; Royalty = ₹80 x 86,194 Tonne = ₹68,95,520.

¹⁰ Quarrying- 0.821, and dumping- 0.393.

¹¹ Calculated using Google Earth Pro on the basis of report furnished by NIT.

(marked in black colour) of approximately 76,076.14 cum of limestone from an area of 13,892 square meters (1.389 Ha) beyond the approved co-ordinates was carried out as shown in the **Figure- 3.9**, resulting in loss of revenue amounting to ₹ 90.84 lakh¹² to the Government, being the value of applicable royalty.

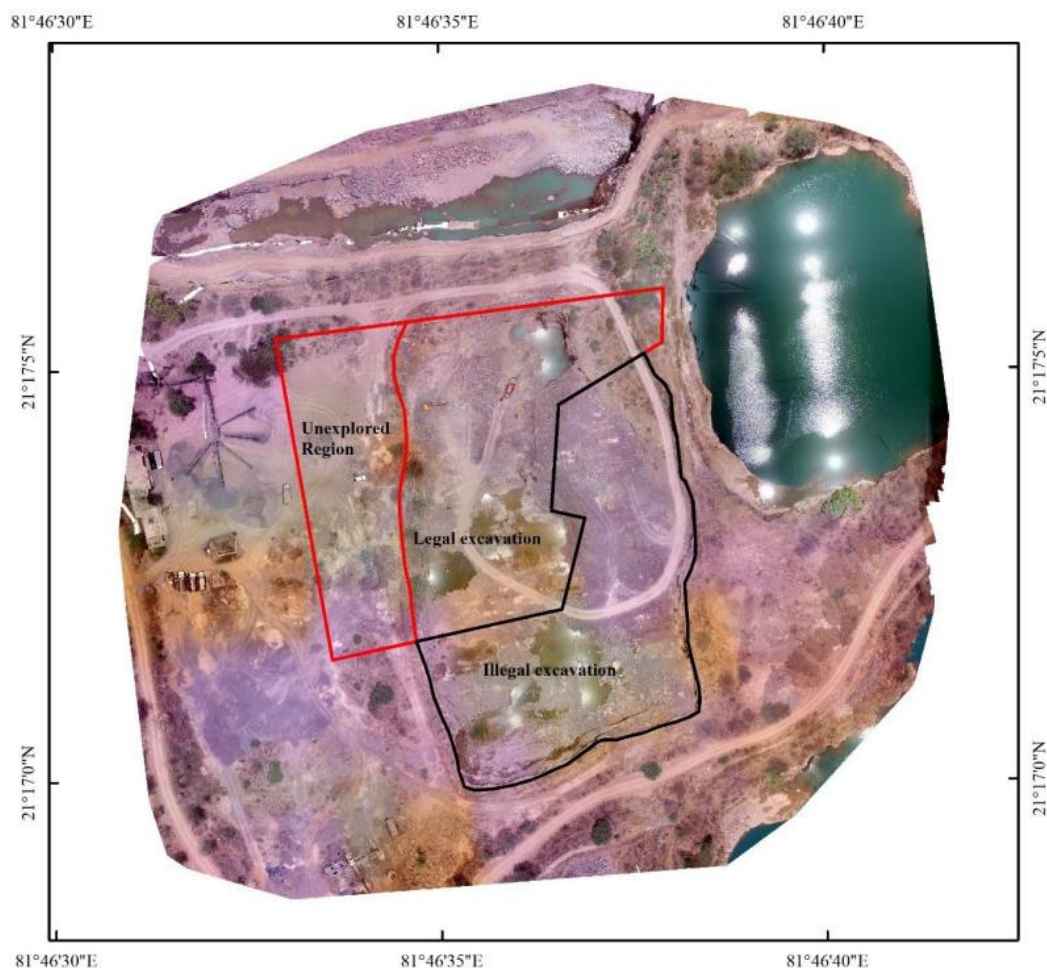


Figure- 3.9: Drone image showing quarry lease boundary and illegal excavation beyond the lease area (Nardaha, Tahsil- Arang, District- Raipur, date of image: May 2022)

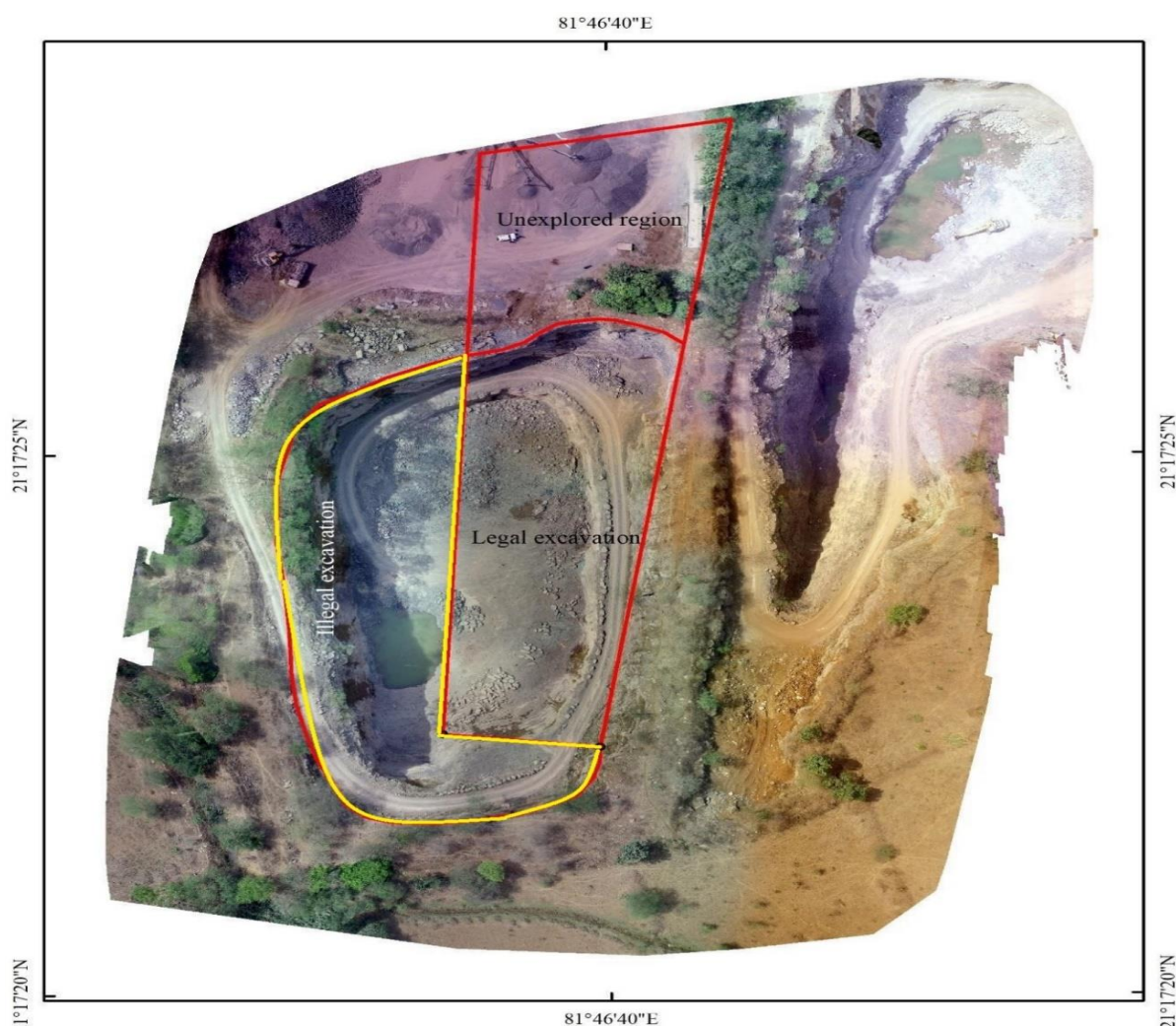
- In the case of quarry lease at Akoldih-Khapri, Tehsil- Arang, the lessee was allotted quarry lease at *khasra* No. 553/ 1 (part) in 1.052 hectares¹³, out of which approximately 0.5 hectare was unexplored¹⁴. However, illegal excavation (marked in yellow colour) of

¹² 0.67 cum = 1 Tonne; 76076.14 cum = 1,13,546 Tonne; Royalty = ₹ 80 x 1,13,546 Tonne= ₹ 90,83,680.

¹³ Quarrying- 0.407, dumping- 0.135, temporary dumping- 0.207, crushing plant- 0.100, storage- 0.05, infrastructure- 0.028, and unused area- 0.125.

¹⁴ Calculated using Google Earth Pro on the basis of report furnished by NIT.

approximately 46,748.71 cum of limestone from an area of 11,195 square meters (1.120 Ha) beyond the approved co-ordinates was observed, as shown in the **Figure- 3.10**, resulting in loss of revenue amounting to ₹ 55.82 lakh¹⁵ to the Government, being the value of applicable royalty.



Coordinates of lease boundary:

Point No.	1	2	3	4
Latitude	21°17'29.24"N	21°17'29.38"N	21°17'22.33"N	21°17'22.45"N
Longitude	81°46'39.11"E	81°46'41.13"E	81°46'39.89"E	81°46'38.72"E

Figure- 3.10: Drone image showing quarry lease boundary and illegal excavation beyond the lease area (Akoldih-Khapri, Tahsil- Arang, date of image: May 2022)

The reply of the Government is awaited (December 2022).

Recommendation:

- The Department should examine the feasibility and use of GIS/ Drone Survey to detect illegal mining activities till the implementation of Mining Surveillance System.*

¹⁵ 0.67 cum = 1 Tonne; 46748.71 cum = 69,774 Tonne; Royalty = ₹ 80 x 69,774 Tonne = ₹ 55,81,920.

Chapter IV

Controls over leakage of revenue in sand mining

CHAPTER IV

Controls over leakage of revenue in sand mining

Summary

- Due to the poor monitoring of sand mining, the quantity of quarrying and transportation of sand reported by the lessees was significantly less against the total mineable quantities, as per the EC. Instances of quarrying beyond the sanctioned lease sites and overloading of sand carrying vehicles were also observed resulting in evasion of royalty and other dues.
- No tree plantation had been carried out by the respective lessees at the river banks, since the grant of respective sand leases and use of poclain machine for sand mining were clear violation of the conditions of the EC.
- The Department granted 1,235 removal permits under rule 59 (1) for removal of 87.33 lakh cum of *murum* without verifying the incidental work leading to digging of *murum* and actual availability of *murum* at the sites, which facilitated illegal excavation of *murum* by the transporters.

4.1 Management of sand mining

Sand Mining in Chhattisgarh is governed by the Chhattisgarh Minor Mineral Ordinary Sand (Quarrying and Trade) Rules, 2019 (CMMOS Rules) and Chhattisgarh Minor Mineral Sand Excavation and Trading Regulation Directives, 2006, prior to these Rules. The Chhattisgarh Minor Mineral Ordinary Sand Excavation and Trading Regulation Directives 2006, entrusted the management of sand mines and collection of royalty to the respective Gram Panchayats/ Janpad Panchayats/ Urban Local Bodies. The GoCG revised (August 2019) the earlier provisions by notifying Chhattisgarh Minor Mineral Ordinary Sand (Quarrying and Trade) Rules, 2019, and entrusted the management of sand mines to the Mineral Resources Department.

4.1.1 Sand mining

The Department after the notification of CMMOS Rules, in August 2019 executed agreements with lessees for 245 sand mines, out of which 221 sand mines were operative, as on December 2020. CMMOS Rules provided for grant of quarry lease of ordinary sand through reverse auction method against the ceiling price/ auction fee (per cum of sand) fixed by the District Level Committee¹ for available/ minable quantity of sand permitted on environmental clearance for the respective quarries and fixed amount of royalty of ₹ 50 per cum.

¹ Constituted by District Collector

Audit observed that in nine selected district offices, 102 sand leases were granted in favour of various lessees against auction fees ranging from ₹ 45 to ₹ 56 per cum of sand payable during the 2019-2021. In this regard, the minable quantity is assessed by the respective District Environment Impact Assessment Authorities based on the assessment of thickness of sand at the lease area by the lessee which is certified by the District Mining Authorities. Environment clearance was generally granted for two years and specified maximum quantity of sand to be excavated per annum.

(a) Audit scrutiny revealed that in 79 sanctioned sand leases, total minable quantity as per the environment clearances was 53.05 lakh cum for one/two year(s)². However, the total mined quantity reported by the lessees in the transit passes issued was merely 10.71 lakh cum (i.e. just 20.19 *per cent* of the total minable quantity) (as detailed in **Appendix 4**) for the corresponding period. Thus, the quantity of quarrying and transportation of sand reported by the lessee was significantly less against the total mineable quantities, as per the EC. Audit conducted spot visits of 34 sand leases in seven districts. During spot visit of sand mining sites (Hardi-I, *khasra* No. 1435) in Balodabazar, it was noticed that quantity of sand had already been excavated to such an extent that agriculture activities were started at the sites, as visible in the **Figure- 4.1**, given below.



Figure- 4.1: Agriculture activities at site (Balodabazar District, date of image: January 2021)

(b) Audit also noticed that there was no demarcation of the leased areas, quarrying operations were found to be carried out in abnormally larger areas³ than the areas actually allotted; the transportation of sand was



Figure- 4.2: Use of Poclain machines at sites (Balodabazar District, date of image: January 2021)

² Total mineable quantity has been calculated for two years in 24 sand leases under Janjgir-Champa District and for one year in 55 sand leases under six districts.

³ Raipur, Balodabazar, Bilaspur and Janjgir-Champa

being carried out on petty cash receipts⁴ instead of pit passes/ royalty paid passes; mining activities were being carried out⁵ using poclain machines⁶, violating the EC condition. At a number of sites, the lessees' staff could not produce the dispatch registers, old royalty passes, and cash/ money receipts etc. Further, it was also witnessed that the excavation activities were being carried out in the proximity of some of the lease areas by the other parties⁷, which was mainly due to the lack of constant supervision by the mining officials indicative of possible collusion of these officials.

(c) As per the condition-15 of EC for sand leases, the lessees are required to plant 200 to 300 trees per hectare of the leased area at river banks so as to prevent soil erosion.

However, during the spot visits, Audit observed that no tree plantation had been carried out by the respective lessees at the river banks since the grant of respective leases (i.e. during the year 2019 and 2020), which was a clear violation of the conditions of the EC (Figure- 4.3).



Figure- 4.3: No plantation work (Balodabazar District, date of image: January 2021)

(d) It was also noticed that the district mining authorities were issuing royalty paid passes for the quantity⁸ of 10.00 cum / 12.00 cum for hyvas/ dumpers (except in Ambikapur where the pit passes were issued for the quantity of 10 to 15 cum) against their



Figure- 4.4 (a): Overloading of sand beyond the capacity (Bilaspur District, date of image: January 2021)

⁴ Bilaspur

⁵ Raipur, Balodabazar, Bilaspur, and Janjgir - Champa

⁶ Poclain machine is an 360 degree rotating excavator as per Wikipedia.

⁷ Balodabazar and Bilaspur

⁸ Different practices are being followed in different districts.

standard carrying capacity of 14.00 to 15.00 cum, while these vehicles were found carrying even more than the standard capacity (i.e. overloading) (**Figure- 4.4 (a) & (b)**). Thus, the lessees, by transportation through hyvas were evading royalty and other charges for at least 3.00 cum of sand per trip. This has resulted in leakage of revenue to the extent of minimum ₹ 315.00⁹ per trip to the Government.



Figure- 4.4 (b): Overloading of sand beyond the capacity (Bilaspur District, date of image: January 2021)

In the absence of proper monitoring of sand mining operations by the Department, there was leakage of revenue through less reporting of quantity of sand excavated/ transported and non-compliance to the conditions of environment clearance by the lessees.

The Government stated (April 2022) that the royalty was leviable on the quantity of sand dispatched from the sand mines. The quantity of sand was dispatched as per the demand of the market. In EC, the maximum quantity of sand to be dispatched was determined; there was no prohibition of minimum quantity of dispatch.

The reply is not acceptable as the reply is silent on the issue of poor monitoring of sand mining by the Mining officials.

Recommendations:

- 8. The Government should adopt sustainable sand mining practices and issue instructions for the regular monitoring of the sand mining activities to ensure effective compliance of EC conditions and governing Rules.***
- 9. The Government should consider levying penalty in cases where pit passes/ royalty paid passes are not used during transportation of sand.***

⁹ Royalty per cum= ₹ 50, Average auction money per cum= ₹ 50, DMF contribution per cum = ₹ 5 (i.e. 10 % of the royalty amount , leakage of revenue per trip=₹ 105 x 3 cum = ₹ 315.

4.1.2 Granting of removal permits for transportation of huge quantity of illegally mined *murrum*

As per rule 59(1) of CMM Rules 2015 (Permission for disposal of minor minerals obtained during excavation work), the Collector shall grant permission for removal and use of any such minor minerals obtained during deepening or widening of *Panchayat* ponds/ tanks, well, water reservoir or any other digging work. Further, as per rule 58 (1), the Collector shall grant quarry permit for extraction, removal and transportation of minerals specified in Part- A of Schedule-II (soil, *murrum*, etc.) from any specified land which may be required for the works of any department or undertaking of the Central Government/ State Government or for private works

During the period 2015-16 to 2020-21, only three quarry permits for excavation of *murrum* were granted by DMO, Raipur for the construction of road and no quarry permits were granted by the Collectors in other selected districts under Rule 58 (1), as per the information provided by the district mining authorities. Audit, however, noticed that the District Collectors of the selected districts granted 1,235 removal permits under rule 59 (1) for removal of 87.33 lakh cum of *murrum* (as detailed in **Appendix 5**) on the grounds that the *murrum* dumps were created out of deepening or widening of *Panchayat* ponds/ tanks, well, water reservoir or any other digging work. The above permissions were granted based on the *Panchayat* proposals and site survey reports of the Mining Inspectors. The scrutiny of records related to grant of 140 removal permits out of the total 1,235 permits, revealed that the permissions were granted without verifying the total quantity of availability of *murrum* at the sites. Also, the photographs of the respective sites, as alternate evidence to ensure the availability of *murrum* at sites, were not found attached in the records furnished by DMOs. To verify the genuineness of the removal proposals issued by the *Gram Panchayats*, Audit visited 10 *Gram Panchayats*, which granted proposals to transport *murrum* from 32 different sites. Scrutiny of replies furnished by the *Gram Panchayats* revealed that six out of 10 *Gram Panchayats*, had issued proposals for transportation of *murrum* dumps created due to deepening/ widening of *panchayat/* Government ponds. However, no supporting records related to the deepening/ widening works such as administrative/ technical approval, work orders, measurement books and details of payments made to labourers etc. were maintained and provided to Audit. Further scrutiny revealed that *Panchayat* proposals were not signed by the respective *Panchayat* members/ secretary/ *sarpanch*.

The Audit also visited ten sites for which removal permits were granted but did not find any *murrum* dumps created out of permissible activities at the concerned sites. At four sites¹⁰, the transporters were found digging *murrum* at the time of visit; at two sites¹¹, no

¹⁰ Two sites in Durg and Two sites in Raipur

¹¹ One site in Raipur and One site in Mungeli

murrum dumps were found at permitted sites, and at another three sites¹², the pits were seen at private lands but no dumps were found, as claimed in the applications (**Figure- 4.5 (a) & (b)**). This indicated that the site survey reports prepared by the Mining Inspector were not supported by the verification of actual availability of *murrum* at the sites. Thus, the removal permits, issued on the basis of site survey reports, facilitated illegal excavation of *murrum* to the transporters.

Thus, the granting of removal permits in such manners has proven to be the means of circumventing the requirement of obtaining quarry permit of *murrum*.



Figure- 4.5 (a): *Murrum* excavation sites (date of image: October 2020)



Figure- 4.5 (b): *Murrum* excavation sites (date of image: February 2021)

The Government stated (April 2022) that the permissions were granted under Rule 59 of CMM Rules for transportation of minor minerals obtained from deepening of ponds,

¹² One site in Mungeli and Two sites in Kawardha

levelling of agriculture lands or from the base of construction works. The applicants obtained transit passes on payment of royalty and other taxes for the quantity of minerals. Under the rule *ibid*, the Mining Inspectors estimated the quantity of minerals after spot inspection of the sites.

The reply is not acceptable, as the Department had issued transport permit without ensuring the actual availability of *murru* at the site incidental to the reasons mentioned in applications.

Recommendations:

- 10. The Department should review the existing system of issuing removal permits for murru transportation to prevent illegal excavation of murru.***

Chapter V
District Mineral Foundation Trusts
(DMFTs)

CHAPTER V

District Mineral Foundation Trusts (DMFT)

Summary

- Government of Chhattisgarh established (December 2015) DMFTs in all 27 districts in the State. The DMFTs delayed (delay ranging from 17 to 50 months) in identifying the mining affected areas, and failed to identify and prepare the list of mining affected persons. This resulted in delay in transfer of benefits to the intended beneficiaries and non-fulfilling of the DMFTs' objectives.
- The contributions received by the DMFTs were kept in the bank accounts. Due to non-availing of sweep/flexi deposit facility in the bank accounts there was a loss of interest of ₹ 24.87 crore.
- Expenditure of ₹ 14.94 crore was incurred in violation of the directives of the Government, and in five DMFTs, the recovery of ₹ 8.00 crore from the implementing agencies against the 147 completed and cancelled works was not initiated. There was blocking of funds of ₹ 219.31 crore with implementing agencies/ contractors due to non-completion of works.
- There was poor monitoring of the activities of the DMFTs, as none of the DMFTs could ensure regular holding of meetings of Governing Council/ Managing Committee, and timely preparation of Master Plan/ Vision Document, Budget and Annual Plan, Quarterly Progress Reports and Annual Reports.
- In the absence of Master plan/Vision document/Annual plan, the activities of the Trust for the development of mining affected areas and persons could not be carried out in a planned manner.

5.1 Introduction to DMFTs

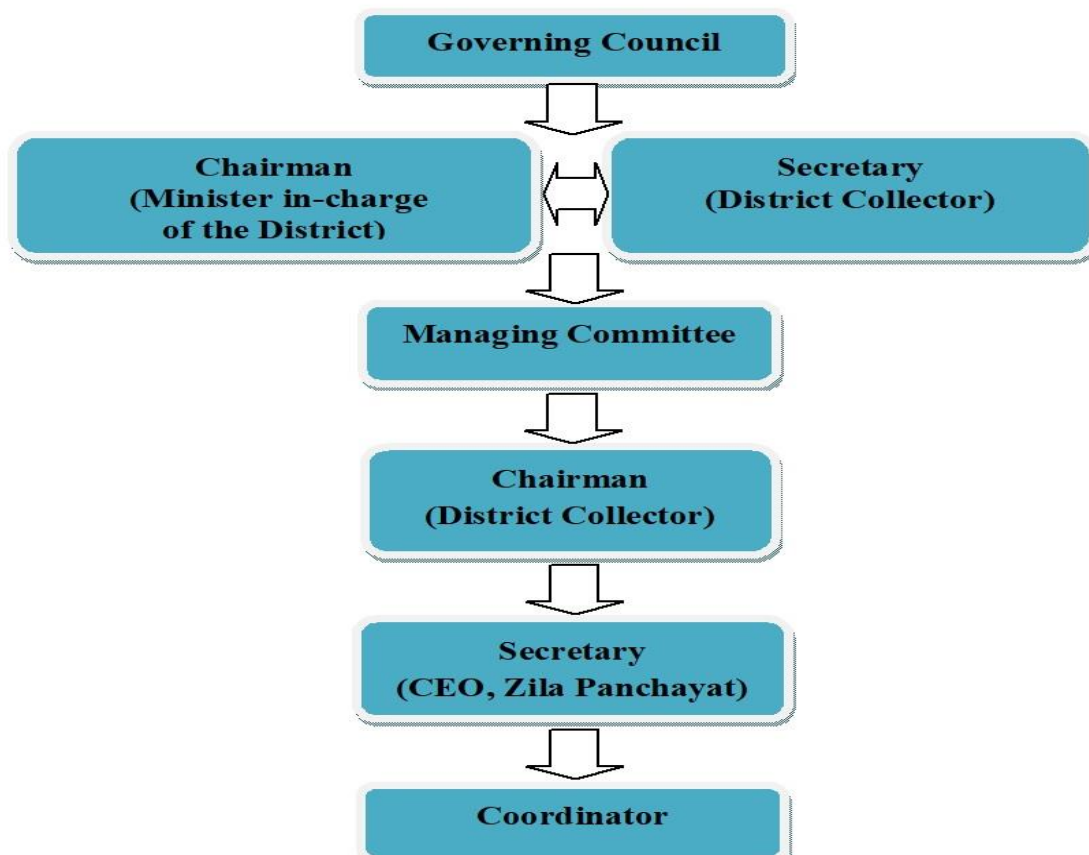
In exercise of the powers conferred by Section 9 (b), 15(4) and 15A of the Mines and Minerals (Development and Regulation) Act, 1957 Government of Chhattisgarh (GoCG) made Chhattisgarh District Mineral Foundation Trust Rules, 2015 and established DMFTs (December 2015) in all 27 districts¹ in the State. The objective of the DMFT is to work for the interest and benefit of areas and persons affected by mining/ mining related operations within the State. The DMFT has a two-tier administrative structure having a Governing Council (GC) and a Managing Committee (MC). As per DMFT Rules, 2015, the Governing Council² is responsible for laying down the procedure for functioning of the Trust, according approvals/ reviewing the works taken up by the DMFT, approving the annual action plan/ annual budget of the Trust, etc, while, the affairs of the DMFT is managed by the Managing Committee on day-to-day basis, which is headed by District

¹ One new district Gaurela-Pendra-Marwahi was created in February 2020.

² Headed by Minister-in-Charge of the concerned district.

Collector who is the ex-officio Chairperson of the Committee. The organisational structure of the DMFTs is as given in **Chart-4**.

Organisational structure of DMFTs: Chart 4



5.2 Collection, management and utilisation of funds under DMFTs

The managing committee of Trust shall maintain Contribution Fund and Trust Fund as per Rule 19 and 20 of DMFT Rules, 2015.

Contribution Fund comprises the funds collected through contribution received from the holders of mining lease or composite license in case of a major minerals or a mining/quarry lease/quarry permit/ composite license in case of minor minerals in the district. Trust Fund includes the share of the contribution funds as decided by the State Level Monitoring Committee, initial settlement made by the Settlor, any grants, contribution or assistance from the Settlor or from any other Agency/Person and investment and other deposits and interest accrued thereon and income derived from the all other properties of the Trust.

The details of flow of funds in the Trust Fund of selected nine districts during the period 2015-16 to 2020-21 are given in **Table-5.1**.

Table-5.1: Details of funds available and funds released from Trust Fund (2015-16 to 2020-21)*(₹ in crore)*

Sl. No.	Name of the DMFT	Total funds received	Total funds sanctioned for works	Funds released till 31 March 2021	Expenditure incurred till 31 March 2021	Percentage utilization
1	Durg	165.60	161.80	127.47	107.96	65
2	Mungeli	25.36	22.86	22.86	15.06	59
3	Kawardha	38.03	35.09	28.19	NA	-
4	Raipur	124.71	107.70	91.84	91.84	74
5	Balodabazar	306.01	210.42	156.73	154.80	51
6	Bilaspur	406.55	300.78	203.77	203.77	50
7	Janjgir-Champa	507.17	520.72	412.24	412.24	81
8	Kanker	217.91	192.03	119.13	119.13	55
9	Ambikapur	127.50	115.34	103.99	103.99	82
Total/ Average		1918.84	1666.74	1266.22	1208.79	63

(Source: Compiled from the information furnished by DMFTs) (Year-wise details given in **Appendix 6**)

It may be seen from the above table that the average utilization of funds in the selected DMFTs was 63 per cent (excluding Kawardha district), with the lowest (50 per cent) in DMFT, Bilaspur, and highest (82 per cent) in DMFT, Ambikapur. Further, as per the information provided by the Department, funds of ₹ 6,179.56 crore were received in the 28 DMFTs of the State; out of which ₹ 4,637.20 crore (75 per cent) were spent during the period 2015-16 to 2020-21.

5.2.1 Loss of interest due to non- availing of sweep/flexi deposit facility

Under Rule 21 of DMFT Rules, 2015, the Trust Fund shall be kept in one or more scheduled commercial banks approved by the Reserve Bank of India for keeping such public funds only in the name of trust. Under the power and functions of Managing Committee (Rule 15) it is mentioned that managing committee shall be responsible to operate the trust fund and to invest the same in a diligent manner.

The Mineral Resources Department specified (November 2015) that two separate accounts in each district one each for Contribution Fund and Trust Fund shall be maintained in a scheduled bank. The Director, Geology and Mining, directed (December 2015) to open saving bank accounts instead of current account for DMFT in each district.

Audit observed that, while opening the saving bank accounts, none of the DMFTs opted for auto sweep/ flexi deposit/ multi option deposit account facility available for savings bank accounts, which allows the bank to automatically convert the amount exceeding a particular minimum balance in the saving bank account of a customer into fixed deposits (FDs) at prevailing higher interest rates. As a result of non-availing of the above facility, the saving bank accounts of DMFTs in nine districts fetched interest at lower rates and

had to forgo an interest amounting to ₹ 24.87 crore during the period 2016-17 to 2020-21³ as detailed in **Appendix 7**.

The Government stated (April 2022) that instructions for opening of two Savings Bank Accounts in each DMFT was issued by the Mineral Resources Department⁴, GoCG, and the bank accounts were opened in each district in compliance to the said instructions. DMFT is a non-profit making Trust, whose main objective is to work for the improvement of the standard of life of the persons affected by the mining operations, and not to earn interest from the amounts deposited in the respective Bank Accounts.

Reply is not acceptable as one of the duty of the managing committee of the Trust was to operate the Trust Fund and to invest the same in a diligent manner, which was not done. Also, the interest earned would have been utilized by DMFT only.

Recommendation:

- 11. The DMFT Funds should be managed prudently in a profitable manner for effective cash management.***

5.2.2 Expenditure from the Trust Fund in violation of the directives of the Government

As per DMFT Rule 22 (1), the funds available with the Trusts shall be used for the overall development of the areas affected by mining related operations in accordance with the plans prepared by the Managing Committee and approved by the Governing Council of the Trust. The Principal Secretary, Mineral Resources Department, GoCG (the Settlor), had issued (July 2016) instructions to all District Collectors to ensure utilisation of Trust Fund in the high priority areas/ other priority areas as specified under sub rule (2) and (3) of Rule 22, which provides for use of Trust funds for specified works only.

Audit observed that in nine selected DMFTs, out of the total 15,687 works sanctioned during the period 2015-16 to 2020-2021, 169 works involving ₹12.69 crore (as detailed in **Appendix 8**) had been taken up for construction of community buildings, meeting halls, purchase of furniture/equipment/photocopier/air conditioning for Government offices. The nature of these works does not pertain to the high priority/other priority areas specified in the Rule 22 and therefore are not related to the overall development of the persons/ areas affected by the mining/ mining related operations. Further, it was observed that in Kanker district, 31 works valuing at ₹ 2.25 crore were sanctioned for the areas other than the notified affected areas.

The Principal Secretary of Mineral Resources Department also raised (April 2019) similar issues of sanctioning of works from the Trust Fund other than the high priority areas and other priority area specified under sub-rule (2) and (3) of Rule 22 of DMFT Rules and mentioned that such works did not serve the objective of DMFT.

³ No funds were received in 2015-16

⁴ vide letter no. F 7-9/ 2015/ 12

The Government stated (April 2022) that rule 22 (1) of the DMFT Rules provides that the funds should be used for the overall development of the area affected by mining operations in accordance with the Annual Action Plan prepared by the Managing Committee and approved by the Governing Council of the Trust. The responsibility of ensuring the same lies with the District Management Committee.

The reply is not acceptable as it is the responsibility of the Government to supervise and monitor the functioning of the DMFTs in all districts.

Recommendation:

- 12. The Government should issue directions for utilisation of Trust Fund strictly on high priority/ other priority areas specified in the DMFT Rules.**

5.2.3 Non-recovery of unspent funds from the implementing agencies

In five⁵ out of selected nine DMFTs, 10,865 works were assigned to various works agencies⁶ during the period 2016-17 to 2020-21. Audit observed in three districts viz. Durg, Kawardha and Kanker that fund of ₹ 47 lakh, which remained unspent after completion of works, was not recovered in 35 cases from the respective implementing agencies. Further, ₹ 7.53 crore was released to implementing agencies for execution of 112 works, which were cancelled subsequently by the concerned DMFTs. However, the funds remained with the agencies and were not yet recovered despite the cancellation of the works.

Thus, recovery of ₹ 8.00 crore from the implementing agencies (as detailed in **Appendix 9**) was pending against the 147 completed and cancelled works. DMFTs had not initiated any action for recovery of the aforementioned balances.

The Government stated (April 2022) that as per Rule 15(9) of DMFT Rules, it was the responsibility of the respective Managing Committees to monitor the progress of the utilization of Trust funds. It is also the responsibility of the Managing Committee to recover the released amount in case the sanctioned works are cancelled.

The fact remains that the unspent funds lay with the implementing agencies pending recovery and could not be utilised by the DMFTs for the benefit of the affected persons.

5.3 Execution of works from the DMFTs Fund

For execution of works, DMFTs accorded administrative approvals/ sanctions, and released the funds, while tendering, awarding and supervision of execution of works was done by the implementing agencies⁷. During the period 2015-16 to 2020-21, total 15,687 works were sanctioned; out of that 1,106 works were cancelled, and 11,095 works were completed, as shown in **Table-5.2**.

⁵ Durg, Kanker, Kawardha, Balodabazar and Bilaspur.

⁶ Government departments, agencies and public sector undertakings.

⁷ Respective Government Departments and/or PSUs to whom the funds were released from the Trust Account for the execution of works either by itself or through contractors.

Table-5.2: Details of works sanctioned and completed during 2015-16 to 2020-21

Year	Total value of works sanctioned (₹ in crore)	Total no. of works sanctioned	Total no. of works cancelled	Total no. of works taken up	Total no. of works completed	Total no. of incomplete works (as on September 2021)
2016-17*	279.41	3184	107	3077	2653	424
2017-18	519.01	5871	516	5355	4749	606
2018-19	286.56	2285	368	1917	1511	406
2019-20	189.15	1187	45	1142	822	320
2020-21	392.61	3160	70	3090	1360	1730
Total	1666.74	15687	1106	14581	11095	3486

(Source: Compiled from the information furnished by DMFTs).

* The works were taken up from the year 2016-17.

It can be seen from the above table that 424 (13.77 per cent) and 606 (11.31 per cent) works were incomplete till September 2021 out of the total works undertaken during the year 2016-17 and 2017-18 respectively, as per the information provided to audit. Details are given in **Appendix 10**.

Major deficiencies and irregularities in the sanction of works by the DMFTs such as taking up of works without conducting identification of affected areas/ persons, and lack of monitoring of execution of works etc. observed during the course of audit are discussed in the succeeding paragraphs.

5.3.1 Identification of mining affected areas and persons

The object of the DMFT was to safeguard the interest and benefit of persons and areas affected by mining or mining related operations. DMFT Rules, 2015 provides for the identification of affected areas and persons due to mining activities in the district by the Collector and beyond the district by the State Government. Under Rule 6 of DMFT Rules, the DMFTs were required to prepare and maintain an updated list of directly and indirectly affected areas by mining related operations and an updated list of mining affected persons/ local communities.

Audit observed that the State Government had declared 22 districts as mining affected areas in January 2016, however, the respective DMFTs took up the work of identification of directly/ indirectly affected areas of mining related operations within the districts during July 2017 to April 2020. Audit further observed that DMFTs sanctioned the works valuing ₹ 891.67 crore, without identifying the directly and indirectly affected areas, as detailed in **Table-5.3**.

Table-5.3: Details of delay in identification of affected areas

Sl. No.	Name of the DMFT	Date of identification of affected areas	Year of identification	Delay* (in months)	Value of works sanctioned before identification of affected areas (₹ in crore)
1	Durg	December 2018	2018-19	34	54.18
2	Mungeli	July 2018	2018-19	29	7.07
3	Kawardha	January 2019	2018-19	35	21.04
4	Raipur	September 2019	2019-20	43	90.57
5	Balodabazar	July 2018	2018-19	29	120.14
6	Bilaspur	July 2017	2017-18	17	98.20
7	Janjgir-Champa	August 2019	2019-20	42	292.30
8	Kanker	April 2020	2020-21	50	116.96
9	Ambikapur	September 2019	2019-20	43	91.21
Total					891.67

(Source: Compiled from the information furnished by DMFTs) * Delay calculated from January 2016 i.e. the date State Government declared 22 districts as mining affected areas.

It may be seen from the above table that there was delay ranging from 17 to 50 months in preparation of list of directly and indirectly affected areas due to delay in identification of affected areas. Further, the DMFTs had not prepared and maintained the updated list of the affected persons/ communities in the test checked districts till the date of audit (March 2021), even after a lapse of 62 months from the date the DMFTs came into operation. Delay in identifying, preparing, and maintaining the list for the directly or indirectly affected persons/areas resulted in further delay of transfer of benefits to the intended beneficiaries and non-fulfilling of the DMFTs' objectives.

The Government stated (April 2022) that the work of identification of affected areas and people within a district, was to be done by the respective District Collector. The work of identification of affected people/local communities is not pending at the level of State Government. It further stated that identification and declaration of mining affected areas was an ongoing process. The areas that remained unidentified would be identified in the next financial year.

The reply is not acceptable as the process of identification of affected people/local communities within district is still pending and the list of affected persons was not prepared.

Recommendation:

- 13. The Government should ensure identification of mining affected people/ communities and preparation of their list in a time bound manner.**

5.3.2 Delay in completion of works

In nine selected DMFTs, total 14,581 works were taken up during the period 2016-17 to 2020-21, out of which 3,486 works were incomplete for which funds of ₹ 365.61 crore had been released, as per the information provided by the DMFTs.

District wise details of funds released on incomplete works during the period 2016-17 to 2018-19 are provided in **Table-5.4**.

Table-5.4: Year wise details of incomplete works and funds released thereon

(₹ in crore)

Name of the District	2016-17		2017-18		2018-19		Total
	No. of Incomplete Works	Amount Released	No. of Incomplete Works	Amount Released	No. of Incomplete Works	Amount Released	
Durg	00	0.00	00	0.00	44	3.93	3.93
Mungeli	00	0.00	22	2.04	02	0.86	2.90
Kawardha	01	0.10	04	0.35	02	0.10	0.55
Raipur	03	0.27	25	6.75	03	0.24	7.26
Balodabazar	94	8.31	87	5.65	125	6.37	20.33
Bilaspur	209	38.19	309	20.83	122	39.63	98.65
Janjgir-Champa	30	17.20	86	41.80	57	11.89	70.89
Kanker	00	0.00	03	4.03	20	2.64	6.67
Ambikapur	87	3.10	70	4.49	31	0.54	8.13
Total	424	67.17	606	85.94	406	66.20	219.31

(Source: Compiled from the information furnished by DMFTs)

It may be seen from the above table that 1,436 works taken up during 2016 to 2019 remained incomplete in nine districts. Non-completion of the works resulted in blocking of funds of ₹ 219.31 crore for two to four years. Audit observed that the works were pending for completion mainly due to laxity on the part of respective implementing agencies viz. delay in start of work, change in drawing and design, revision in estimates, waiting for the release of funds and tardy progress in the work, etc. The concerned DMFTs also did not ensure completion of works in time.

The Government stated (April 2022) that the works were delayed due to various reasons, such as site selection, change in design, delay in selection of agencies and contractors, delay in execution of works by the contractors, COVID-19 pandemic, etc. The responsibility of monitoring the works lies with the District Management Committee.

The reply is not acceptable as the sanctioned works remained incomplete even after a lapse of two to four years due to lack of proper monitoring by the DMFTs.

5.4 Monitoring and control

Monitoring is an effective management tool, which ensures due compliance to the statutes and laid down procedures so as to help the management to achieve the objectives of the organization.

Rule 17 of DMFT Rules provides for the establishment of State Level Monitoring Committee under the Chairmanship of the Chief Minister. The Committee would lay down the broad policy framework to guide the overall functioning of the Trusts of all districts and supervise and monitor the functioning of trusts of all Districts in conformation with the objects of the Trusts.

Audit observed that only two meetings of State Level Monitoring Committee have been held so far (4 January 2016 and 29 November 2019).

5.4.1 Meetings of Governing Council/ Managing Committee

As per DMFT Rule 13 (1), the Governing Council shall meet as often as necessary but at least once every six months. Further, as per DMFT rule 16 (1), the meeting of the Managing Committee shall be held at least four times in a financial year.

The frequency of meetings of the Governing Council/ Managing Committee held during the period 2015-16 to 2020-21 in selected DMFTs under the aforementioned rules are detailed in **Table-5.5**.

Table-5.5: Details of meetings of Governing Council and Managing Committee

Name of district	Meeting of Governing Council			Meeting of Managing Committee		
	Number of meetings to be held as per rule	Number of meetings actually held	Shortfall (percentage)	Number of meetings to be held as per rule	Number of meetings actually held	Shortfall (percentage)
Durg	12	05	58	24	09	63
Mungeli	12	03	75	24	10	58
Kawardha	12	07	42	24	09	63
Raipur	12	11	08	24	20	17
Balodabazar	12	06	50	24	06	75
Bilaspur	12	05	58	24	02	92
Janjgir-Champa	12	04	67	24	06	75
Kanker	12	06	50	24	03	88
Ambikapur	12	04	67	24	10	58

(Source: Compiled from the information furnished by DMFTs)

It may be seen from the above table that there was a significant shortfall in number of meetings of the Governing Council and the Managing Committee.

The Government stated (April 2022) that the meetings could not be held regularly in the previous financial years due to the COVID-19 pandemic. It is the responsibility of the respective Managing Committees to hold the meetings regularly.

The reply is not acceptable as meeting of the Governing Council and the Managing Committee was not conducted regularly even before the COVID-19 pandemic period.

5.4.2 Preparation of Master Plan/ Vision Document

As per DMFT Rule 15 (3), five-year Master Plan/ Vision Document for activities of the Trust, shall be prepared. As per the DMFT notification (August 2019), the districts where the annual receipt is ₹ 25 crore or more, survey and social audit should be conducted for identification of affected areas/ persons and preparation of Vision Documents for the

districts through the agencies enlisted under the Trusts. The Master Plan/Vision Document shall be approved by Governing Council. The Annual Plan for the upcoming year shall be prepared by the Managing Committee and shall be approved by the Governing Council in the last quarter of the financial year.

Audit observed that in all the nine selected DMFTs, Master Plan/ Vision Document was not prepared till date (March 2021) for the activities of the Trusts in accordance with the aforementioned provisions. Audit observed that in five⁸ out of nine selected districts, the annual receipts of the DMFTs were more than ₹ 25 crore, but survey had not been carried out to identify the affected areas/ persons and prepare the Vision Documents for the district. The works were being sanctioned by the respective DMFTs without assessing the overall requirement of affected areas based on survey. As a result, development of the affected areas/ people/ local communities could not be taken up in a planned manner. Further, social audit was also not conducted as provisioned in the aforementioned notification.

The Government stated (April 2022) that the instructions have been issued by the Government from time to time to ensure preparation of Master Plan/ Vision Documents as per the rule.

The reply is not acceptable as even after issuing instructions by the Government, none of the selected DMFTs had conducted survey for preparation of the Master Plan/ Vision Document till March 2021.

Recommendation:

- 14. The Government should monitor and expedite the preparation of Master Plan/Vision Document after conducting survey to ensure development of mining affected areas and persons in a planned manner.***

5.4.3 Preparation of Budget, Annual Plan and Annual Report

As per DMFT Rule 11, the annual plan and budget must be prepared and approved by the Governing Council at least one month before the commencement of the year. The annual action plan contains the list of schemes and projects with the tentative provisions thereof. DMFT Rule 25 also provides for the preparation and submission of annual report to Governing Council within three months from the date of closure of financial year.

Audit observed that in seven⁹ out of nine selected DMFTs the Budgets and Annual Plans for the years 2015-16 to 2019-20 were not prepared and therefore, not approved by the Governing Council. The Budget and Annual Plans could not be forwarded to Zila Panchayat, District Administration and the State Government for publishing the same on the websites of the concerned agencies/ State Government. Non-preparation/ submission of Budget and Annual Plan had resulted in non-adherence to DMFT rules. Besides

⁸ Durg, Balodabazar, Bilaspur, Kanker and Janjgir-Champa.

⁹ Durg, Raipur, Balodabazar, Bilaspur, Janjgir-Champa, Kanker, Ambikapur.

financial discipline, timely completion of projects/schemes/works undertaken was also not ensured.

Further, in selected DMFTs, the Annual Reports on activities of the Trusts for the period 2015-16 to 2020-21 were also not prepared and placed before the Governing Council. Therefore, the reports were not available for the stakeholders including Zila Panchayat, and State Government for reviewing the activities of the respective DMFTs.

The Government stated (April 2022) that as per rule 25(6) of the DMFT Rules, the Managing Committee shall prepare the Annual Plan and Budget and shall be approved by the Governing Council. It is the responsibility of the respective DMFTs to ensure the timely preparation of Annual Plan and Annual Report. Necessary instructions have been issued in this regard from time to time.

The fact remains that the selected DMFTs failed to prepare the Annual Plan, Annual Budget and Annual Reports as per the rules.

5.4.4 Preparation of Quarterly Progress Reports

As per rule 25 (7) of DMFT Rules, the DMFT shall prepare a quarterly progress report in physical and financial terms in respect of the approved schemes and projects within 45 days of the close of the quarter, and forward the same to the Zila Panchayat and District Administration.

Audit observed that in selected DMFTs, the quarterly progress reports were not being prepared by Trusts depicting physical and financial progress for the sanctioned work during the entire period of 2015-16 to 2020-21. Consequently, these reports could not be forwarded to Zila Panchayat and District Administration for publication on their respective websites, as provisioned in the above mentioned rules. Thus, the monitoring of the progress of work was deficient and accountability towards stakeholders was also not ensured.

The Government stated (April 2022) that the details regarding administrative approvals of works, estimated cost and expenditure incurred were called for from the Districts through monthly reports and the same were compiled and forwarded to the Government. Further, preparation of quarterly progress reports is the responsibility of the respective DMFTs.

The reply is not acceptable as the quarterly progress reports were not prepared by the selected DMFTs as per the rules.

Recommendation:

- 15. The Government should issue instructions to DMFTs for preparation of Budget, Annual Plans and Annual and Quarterly Progress Reports and their submission to the respective stakeholders for transparency and monitoring of projects/works etc.***

5.5 Hosting / uploading of desired information on DMFT Website

As per DMFT Rule 15 (13), the DMFT will prepare and maintain a website on which, inter-alia, the following information will be hosted and kept updated:

- a) Details of composition of the Trust/ bodies of DMFT (if any);
- b) List of areas and people affected by mining;
- c) Quarterly details of all contributions received from lessees and others;
- d) All meeting agenda, minutes and action taken reports of the Trust;
- e) Annual Plans and budget, work orders, Annual Report;
- f) Online status of ongoing works - implementation status/ progress of all the projects/ programmes being undertaken should be made available on the website, including description of work, details of beneficiaries, estimated cost, name of implementing agencies, expected date of commencement and completion of works, financial and physical progress up to last quarter etc.;
- g) List of beneficiaries under various welfare programmes, and
- h) Voluntary disclosures under Right to Information Act, 2005.

Audit observed that the selected DMFTs had not updated/uploaded the above-mentioned information on DMFT websites. As a result, the above-mentioned information remained outside the public domain and could not be made available to the various stakeholders.

The Government stated (April 2022) that web portal for each district has been developed by the Government with the help of National Informatics Centre (NIC) in which details such as proposals of works, meetings of Managing Committee and Governing Council, administrative approvals, etc. are uploaded by the respective DMFTs.

The reply is not acceptable as test checked DMFTs had not hosted/ uploaded/ updated all the required details on the website.

Raipur
The: 21 June 2023



(YASHWANT KUMAR)
Principal Accountant General (Audit)
Chhattisgarh

Countersigned



New Delhi
The: 26 June 2023

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1
(Referred to in para 1.8)

Method adopted by the consultant for Estimation of volume

The Cut Volume V_C is the volume between the base and the 3D terrain when the terrain is higher than the base.

Cut Volume, $V_C = V_{C1} + V_{C2} + V_{C3} + \dots + V_{CN}$

Fill volume V_F is the volume the base and the terrain when the terrain is lower than the base.

Fill Volume, $V_F = V_{F1} + V_{F2} + V_{F3} + \dots + V_{FN}$

The total volume is given by:

Total Volume, $V_T = V_C + V_F$

Lessee- wise details showing illegal excavation under Drone Survey

Sl. No.	Name of the Lessee	Portion of Illegal Excavation	Terrain 3D area (sq. meter)	Cut Volume (cub. meter)	Fill Volume (cub. meter)	Total Volume (sq. meter)
1.	Shri Rupendra Tiwari	Illegal excavation-1	9374.52	543.61± 30.41	-29725.40± 184.81	-29181.79 ± 215.22
		Illegal excavation-2	6456.37	18.29± 2.28	-28586± 160.74	-28568.48 ± 163.02
		Total	15830.89			57750.27
2.	HS Arora	Illegal excavation	13892.17	361.62±16	-76437.76 ± 359.61	-76076.14 ± 375.61
		Total	13234.55			76076.14
3.	Manilal Patel	Illegal excavation	11195.20	5417.75± 73.37	-52166.45± 167.56	-46748.71± 240.92
		Total	11195.20			46748.71
4.	Kumhari Sand Mine	Area-1	3154.05	30.49± 6.08	- 1809.51 ± 96.83	-1779.02 ± 102.90
		Area-2	2605.40	88.26± 10.64	-1267.28 ± 73.46	-1179.02 ± 84.10
		Total	5759.45			2958.04
5.	Nava Raipur Murrum Site	Area-1	26299.36	168.75± 16.16	- 71204.98 ± 970.37	-71036.23 ± 986.53
		Area-2	2796.90	5.99±1.08	-4049.62± 105.94	-4043.63± 107.02
		Area-3	9770.94	10.05± 2.07	-24458.94± 364.52	-24448.89± 366.60
		Total	38867.20			99528.78

Appendix 2
(Referred to in para 2.1.8)

District-wise details showing short levy of penalty against illegal mining

(₹ in lakh)

Sl. No.	Name of District	Number of cases	Penalty to be levied/ collected as per rules	Penalty collected	Short levy of penalty
1.	Durg	50	72.50	38.27	34.23
2.	Mungeli	35	20.54	11.67	8.87
3.	Kawardha	92	332.87	95.28	237.59
4.	Raipur	108	274.42	109.26	165.16
5.	Balodabazar	42	17.89	14.00	3.89
6.	Bilaspur	331	566.69	158.59	408.10
7.	Janjgir-Champa	57	30.68	18.39	12.29
8.	Kanker	41	82.02	7.95	74.07
9.	Ambikapur	29	71.56	10.90	60.66
10.	DGM	7	13.88	6.63	7.25
Grand Total		792	1483.05	470.94	1012.11

Appendix 3
(Referred to in para 2.1.8)

Short levy of penalty against illegal transportation

(₹ in lakh)

Sl. No.	Name of District	Number of cases	Penalty to be levied/ collected as per rules	Penalty collected	Short levy of penalty
1.	Durg	48	6.71	4.95	1.76
2.	Mungeli	138	16.68	11.81	4.87
3.	Balodabazar	5	0.74	0.67	0.07
4.	Bilaspur	1735	128.17	109.17	19.00
5.	Janjgir-Champa	6	0.92	0.37	0.55
6.	Kanker	34	6.55	4.76	1.79
7.	Ambikapur	778	72.39	61.93	10.46
Grand Total		2744	232.16	193.66	38.50

Appendix 4
(Referred to in para 4.1.1)

Details of transportation of sand against Environmental Clearance (EC)

Sl. No.	Name of District	Number of Cases	Mineable quantity per year as per EC (in cubic meter)	Total mineable quantity (in cubic meter)	Quantity transported in first year against EC (in cubic meter)
1.	Mungeli	3	69630	69630	2700
2.	Bilaspur	12	536078	536078	105900
3.	Janjgir-Champa	24	1969225	3004225	446050
4.	Balodabazar	17	110900	110900	219100
5.	Raipur	9	672200	672200	124350
6.	Kanker	10	702500	702500	139920
7.	Ambikapur	4	209178	209178	33100
Grand Total		79	4269711	5304711	1071120

Appendix 5
(Referred to in para 4.1.2)

Details of removal permits of murum

Sl. No.	Name of District	Number of cases	Volume of material (in cubic meter)
1.	Durg	360	904896
2.	Mungeli	37	435508
3.	Kawardha	43	401450
4.	Raipur	549	3037911
5.	Balodabazar	21	359550
6.	Bilaspur	114	2141200
7.	Janjgir-Champa	63	364891
8.	Kanker	32	753675
9.	Ambikapur	16	333800
Grand Total		1235	8732881

Appendix 6
(Referred to in para 5.2)

Year wise details of funds available and released from Trust Fund

(₹ in lakh)

Sl No	Name of District	Year	Total Funds received	Total funds sanctioned for works	Total Funds released	Expenditure Amount	Balance Amount
1.	Durg	2015-16	322	0	0	0	322
		2016-17	2715	1403	1394	1241	153
		2017-18	2862	4015	2936	2454	482
		2018-19	3042	3199	2103	1418	685
		2019-20	3529	2665	2337	2214	123
		2020-21	4090	4898	3977	3469	508
		Total	16560	16180	12747	10796	2273
2.	Mungeli	2015-16	0	0	0	0	0
		2016-17	3.39	27.43	27.43	22.6	4.83
		2017-18	117.01	679.37	679.37	370.98	308.39
		2018-19	840.62	376.8	376.8	338.38	38.42
		2019-20	144.63	333.77	333.77	229.41	104.36
		2020-21	1429.88	868.43	868.43	544.87	323.56
		Total	2535.53	2285.8	2285.8	1506.24	779.56
3.	Kawardha	2015-16	141.17	0	0	0	0
		2016-17	766.27	821.31	877.57	NA	0
		2017-18	642.23	1282.89	389.90	NA	0
		2018-19	634.26	649.81	744.34	NA	0
		2019-20	408.81	393.44	383.66	NA	0
		2020-21	1210.5	361.95	423.58	NA	0
		Total	3803.24	3509.40	2819.05	-	0
4.	Raipur	2015-16	0	0	0	0	0
		2016-17	1981.25	2309.96	2092.65	2092.65	0
		2017-18	3233.32	6143.72	5188.52	5188.52	0
		2018-19	2318.81	602.87	535.49	535.49	0
		2019-20	1440.13	272.58	270.37	270.37	0
		2020-21	3497.62	1440.42	1097.14	1097.14	0
		Total	12471.13	10769.55	9184.17	9184.17	0
5.	Balodabazar	2015-16	0	0	0	0	0
		2016-17	5015.49	5563.80	4396.99	4381.55	15.44

		2017-18	6807.60	6450.05	5228.53	5220.01	8.52
		2018-19	5287.72	4662.90	3472.52	3466.90	5.62
		2019-20	7529.91	1001.40	415.95	414.37	1.58
		2020-21	5960.67	3363.73	2158.61	1997.55	161.06
		Total	30600.89	21041.88	15672.60	15480.38	192.22
6.	Bilaspur	2015-16	1479.57	0	0	0	0
		2016-17	5174.38	9819.96	6650.99	6650.99	0
		2017-18	11946.02	6895.51	4731.98	4731.98	0
		2018-19	4457.83	8383.79	5956.79	5956.79	0
		2019-20	9950.61	737.50	548.86	548.86	0
		2020-21	7646.84	4241.19	2488.21	2488.21	0
		Total	40655.25	30077.95	20376.83	20376.83	0
7.	Janjgir-Champa	2015-16	1972	0	0	0	0
		2016-17	5750	4808.88	3779.69	3779.69	0
		2017-18	14490	17462.52	13398.41	13398.41	0
		2018-19	4757	6958	5761.14	5761.14	0
		2019-20	13618	7519.39	6137.69	6137.69	0
		2020-21	10130	15323.54	12147.08	12147.08	0
		Total	50717	52072.33	41224.01	41224.01	0
8.	Kanker	2015-16	196.49	0	0	0	196.49
		2016-17	1770.44	1089.23	1006.58	1006.58	0
		2017-18	2771.16	3779.02	3457.14	3457.14	0
		2018-19	3653.24	1993.37	1666.43	1666.43	0
		2019-20	6126.86	4834.67	3881.02	3881.02	0
		2020-21	7272.40	7506.50	1902.30	1902.30	0
		Total	21790.59	19202.79	11913.47	11913.47	196.49
9.	Ambikapur	2015-16	0	0	0	0	0
		2016-17	3142	2099.14	1789.27	1789.27	0
		2017-18	2560	5192.64	4744.06	4744.06	0
		2018-19	2439	1828.97	1775.42	1775.42	0
		2019-20	2485	1158.23	1024.07	1024.07	0
		2020-21	2124.42	1255.27	1066.61	1066.61	0
		Total	12750.42	11534.25	10399.43	10399.43	0

Appendix 7
(Referred to in para 5.2.1)

Loss of interest due to non- availing of sweep/flexi deposit/multi option deposit facility in bank account

(₹ in lakh)

Sl. No.	Name of District	District Mineral Foundation Contribution Fund account	District Mineral Foundation Trust Fund account	Total
1	Durg	3.30	66.48	69.78
2	Mungeli	0.91	20.77	21.68
3	Kawardha	13.60	1.12	14.72
4	Raipur	17.15	24.54	41.69
5	Balodabazar	93.25	331.27	424.52
6	Bilaspur	56.44	611.55	667.99
7	Janjgir-Champa	88.30	904.84	993.14
8	Kanker	86.77	67.15	153.92
9	Ambikapur	42.91	56.62	99.53
Grand Total		402.65	2084.34	2486.97

(Loss calculated at difference in rate of interest ranging from 0.15 per cent to 2.25 per cent)

Appendix 8
(Referred to in para 5.2.2)

Expenditure incurred from Trust Fund in violation to the directives of the Government

(₹ in crore)

Sl. No.	Name of District	Total no. of works sanctioned	Value of works sanctioned	Amount released	No. of ineligible works	Amount sanctioned
1.	Durg	3699	161.80	127.47	07	2.21
2.	Mungeli	251	22.86	22.86	09	0.96
3.	Kawardha	261	35.09	28.19	12	1.66
4.	Raipur	856	107.70	91.84	75	3.25
5.	Balodabazar	3731	210.42	156.73	13	1.03
6.	Bilaspur	1547	300.78	203.77	05	0.45
7.	Janjgir-Champa	2208	520.72	412.24	25	1.98
8.	Kanker	1627	192.03	119.13	12	0.52
9.	Ambikapur	1507	115.34	103.99	11	0.63
Total		15687	1666.74	1266.22	169	12.69

Appendix 9
(Referred to in para 5.2.3)

Non-recovery of unspent funds from implementing agencies

Sl. No.		No. of works sanctioned	Amount released (₹ in crore)	No. of works completed	Completed works against which recovery is due				Cancelled works against which recovery is due			Total balance amount (₹ in lakh)
					No. of works	Amount released (₹ in lakh)	Expenditure amount (₹ in lakh)	Balance amount (₹ in lakh)	No. of works	Amount released (₹ in lakh)	Balance amount (₹ in lakh)	
1.	Durg	3699	127.47	3195	6	208.65	202.82	5.83	90	499.45	499.45	505.28
2.	Kawardha	261	28.19	187	15	138.63	126.08	12.55	2	3.13	3.13	15.68
3.	Balodabazar	3731	156.73	2773	-	-	-	-	13	61.97	61.97	61.97
4.	Bilaspur	1547	203.77	779	-	-	-	-	2	178.60	178.60	178.60
5.	Kanker	1627	119.13	1061	14	493.38	464.56	28.82	5	9.42	9.42	38.24
Total		10865	635.29	7995	35	840.66	793.46	47.20	112	752.57	752.57	799.77

Appendix 10
(Referred to in para 5.3)

Year wise details of works taken up by DMFTs

(₹ in crore)

Sl. N o.	Name of District	Year	Total value of works sanctioned	Total no of works sanctioned	Total no of works cancelled	Total no of works taken up	Total no of works completed
1.	Durg	2015-16	0	0	0	0	0
		2016-17	14.03	438	5	433	433
		2017-18	40.15	2067	123	1944	1944
		2018-19	31.99	407	79	328	284
		2019-20	26.65	173	4	169	169
		2020-21	48.98	614	21	593	365
		Total	161.80	3699	232	3467	3195
2.	Mungeli	2015-16	0	0	0	0	0
		2016-17	0.27	8	1	7	7
		2017-18	6.79	79	21	58	36
		2018-19	3.77	33	2	31	29
		2019-20	3.34	40	3	37	18
		2020-21	8.69	91	2	89	5
		Total	22.86	251	29	222	95
3.	Kawardha	2015-16	0	0	0	0	0
		2016-17	8.21	35	4	31	30
		2017-18	12.83	126	39	87	83
		2018-19	6.50	42	7	35	33
		2019-20	3.93	37	3	34	28
		2020-21	3.62	21	0	21	13
		Total	35.09	261	53	208	187
4.	Raipur	2015-16	0	0	0	0	0
		2016-17	23.10	278	0	278	275
		2017-18	61.44	402	6	396	371
		2018-19	6.03	45	0	45	42
		2019-20	2.73	13	0	13	13
		2020-21	14.40	118	13	105	29
		Total	107.70	856	19	837	730
5.	Balodabazar	2015-16	0	0	0	0	0
		2016-17	55.64	889	47	842	748
		2017-18	64.50	1249	101	1148	1061
		2018-19	46.63	972	212	760	635

		2019-20	10.01	104	19	85	56
		2020-21	33.64	517	9	508	273
		Total	210.42	3731	388	3343	2773
6.	Bilaspur	2015-16	0	0	0	0	0
		2016-17	98.20	649	2	647	438
		2017-18	68.96	544	2	542	233
		2018-19	83.84	198	0	198	76
		2019-20	7.37	13	0	13	1
		2020-21	42.41	143	1	142	31
		Total	300.78	1547	5	1542	779
7.	Janjgir-Champa	2015-16	0	0	0	0	0
		2016-17	48.08	152	1	151	121
		2017-18	174.62	481	98	383	297
		2018-19	69.58	184	55	129	72
		2019-20	75.19	485	0	485	371
		2020-21	153.25	906	22	884	396
		Total	520.72	2208	176	2032	1257
8.	Kanker	2015-16	0	0	0	0	0
		2016-17	10.89	206	0	206	206
		2017-18	37.79	322	2	320	317
		2018-19	19.93	237	8	229	209
		2019-20	48.35	241	16	225	106
		2020-21	75.07	621	2	619	223
		Total	192.03	1627	28	1599	1061
9.	Ambikapur	2015-16	0	0	0	0	0
		2016-17	20.99	529	47	482	395
		2017-18	51.93	601	124	477	407
		2018-19	18.29	167	5	162	131
		2019-20	11.58	81	0	81	60
		2020-21	12.55	129	0	129	25
		Total	115.34	1507	176	1331	1018
Grand Total			1666.74	15687	1106	14581	11095

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