

## **Chapter 5**

### **Conclusion**



The objectives of the Performance Audit were to assess whether appropriate systems were being adopted to facilitate scientific mineral exploration and estimation of mineral resources; mining leases/licenses were granted, renewed, surrendered or cancelled in accordance with the applicable provisions; management of mines and minerals in the State was adequate and effective *etc.* As part of the Performance Audit, six district mining offices were selected for detailed examination, besides audit of the Jharkhand State Mineral Development Corporation Limited (JSMDC).

After the conclusion of the Audit, an Exit Conference was held on 22 July 2024 with the Secretary, Department of Mines and Geology, Government of Jharkhand, where audit observations were discussed to obtain the Government's point of view. The Department intimated that the data pertaining to observations/suggestions were under verification and detailed replies would be furnished after examination. However, no replies have been received, despite several reminders (July 2025).

The Department amended the provisions for grant/renewal/extension of mining leases frequently, with short interval periods (in March 2017, February 2018, March 2019 and September 2020) creating ambiguity in the interpretation of amended provisions. The Department could not institute a check and balance mechanism to ensure that the Deputy Commissioners (DCs) do not grant leases beyond their competency. The Department had no system in place to identify defaulters during grant of new leases and to detect nature of land use, resulting in grant of mining leases on forest land. These cases eventually resulted in irregular grant/renewal/extension of mining leases in the State.

Progress of auction of mineral blocks was very slow with only 3.77 *per cent* (11 out of 292 blocks) auction completed during 2018-23. Minor mineral blocks with potential resources were lying idle, resulting in blockage of revenue.

An IT based mineral administration system, the Jharkhand Integrated Mines and Minerals Management System (JIMMS), was introduced with the objective of simplifying the complex mining process. However, automation of records was found to be incomplete due to unavailability of crucial records/information/data.

There was leakage of revenue due to short levy of royalty, including DMFT contribution of ₹ 7.53 crore, non/short realisation of dead rent of ₹ 2.23 crore *etc.* Further, penalty of ₹ 205.21 crore was not recovered from the lessees due to non-adherence to the provisions of the Act, Rules and Departmental instructions.

### **Management of Sand ghats**

Jharkhand State Mineral Development Corporation had a mandate to operate 608 commercial sand *ghats* within the State during 2017-22.

JSMDC initiated the process to operationalise 389 sand *ghats* but it could operate only 21 *ghats* (i.e., 3.45 per cent of *ghats*). The reasons for this included not ensuring timely preparation of Mining Plans (MP), and delay in submission of proposals to the State Environment Impact Assessment Authority (SEIAA) for grant of Environmental Clearance (EC). Due to 368 non-operative *ghats*, the State Government suffered potential losses of ₹ 70.92 crore from these *ghats* (that had an area of 9,782.55 acres). JSMDC had financial losses of ₹ 32.30 lakh during 2018-22 due to reduced operational efficiency of only 28.53 to 31.50 per cent of desired production.

### **Approval and implementation of Mining Plans**

The approved Mining Plans contained unreliable information *viz.*, incorrect surface plans, incorrect coordinates of boundary pillars, overlapping lease areas, incorrect estimation of mineable and non-mineable reserves, incorrect estimation of ground water table. Fifty-four per cent of MPs were approved by authorities posted in other districts who were not designated authorities while nine MPs were approved on the same day or the very next day of submission, indicating lack of due diligence.

Audit noticed that mining in non-mineable area of the lease was a common and widespread practice. There was estimated excess excavation *vis-à-vis* permissible limit on which estimated 93.53 lakh m<sup>3</sup> of stone in 13 stone leases was excavated which was not reported. The potential financial implication of excess extraction of mineral was estimated to be ₹ 292.75 crore (93.53 lakh m<sup>3</sup>) in these 13 leases.

There were cases of deviations from activities proposed in the MPs, non-existence of benches and mines with steep side walls, reduced safety barriers with less plantation and extraction of non-mineable reserves.

The DMG could conduct sectional measurements of only 0.68 to 3.17 per cent of existing minor mineral leases in test checked districts during 2017-22 and they lacked modern tools like UAVs to monitor excavation to ensure implementation of progressive mines closure plans. The final mine closure plans were not submitted in test checked cases.

Air, water, noise monitoring stations were not found established within lease areas to monitor the level of pollution. Financial Assurance (FA) for reclamation and restoration submitted by lessees, was not sufficient due to non-revision of rate of FA, non-submission of FA, lapse of Bank Guarantees and non-confiscation of FA.

### **Environmental Clearance**

State Environment Impact Assessment Authority, Jharkhand predominantly relied on mining plans for issuance of EC. SEIAA was unable to enforce the conditions of EC and did not conduct monitoring through methods like satellite imagery and JPV.

Lack of coordination between the Departments enabled the applicants to obtain ECs on fake contiguous certificates in eight cases.

Community assets (like roads, ponds, playgrounds *etc.*) were damaged due to mining activities and reconstruction/restoration of destroyed assets had

not been undertaken. In the absence of analysis of impact of mining activities on road networks, 12 PMGSY roads of ₹ 39.74 crore were completely/partly damaged due to operation of heavy mining vehicles.

### Transportation of minerals

The DMG registered 72,449 vehicles as of 28 March 2023, but none of these vehicles were equipped with Radio Frequency Identification/Global Positioning System (RFID/GPS) or any other vehicle tracking system even after a lapse of five years. The Department relied on permits and challan system in the absence of comprehensive systems to detect unauthorised movements of vehicles, overloading, transportation on unregistered vehicles *etc.*

The overall system for transportation of minerals could not provide assurance for preventing illegal transportation of minerals. Audit test checked weighbridge report of seven dealers of stone chips and found that in 85 *per cent* of cases, JIMMS challans were unavailable. In case of 28 vehicles, 35 initial challans were followed by 50 additional challans that were issued before the expiry of the previous challans. There was no mechanism in place to monitor/detect illegal transportation of closing stock lying within the expired lease area.

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