CHAPTER-II

Receipt Audit

Mines and Geology Department

2.1 Introduction

At the Government level, the Secretary, Mines and Petroleum and at the Department level, the Director, Mines and Geology (DMG), Udaipur are responsible for administration and implementation of the related Acts and Rules in the Department. The DMG is assisted by an Additional Director (Administration), six Additional Directors, Mines (ADM), six Additional Directors, Geology (ADG) and by a Financial Advisor. The ADMs exercise control through nine Circles, each headed by a Superintending Mining Engineer (SME).

There are 49 Mining Engineers (ME)/Assistant Mining Engineers (AME) who are responsible for the assessment and collection of revenue and prevention of illegal excavation and dispatch of minerals from areas under their control. The Department has a separate Vigilance Wing headed by the ADM (Vigilance) for prevention of illegal excavation and dispatch of minerals.

2.2 Results of audit

There were 136 auditable units[1] in the Department of Mines & Geology and Petroleum. Out of these, 23 units[2] were selected for audit wherein out of 34,285 cases[3], 14,473 cases[4] (42.21 *per cent*) were selected and examined. Deficiencies were noticed in 7,498 cases involving ₹ 1,550.79 crore. Audit had pointed out similar omissions in earlier years too, but these irregularities had persisted and remained undetected till next audit was conducted. The substantial proportion of errors, omissions and other related issues noticed in audit indicated that the Government needed to improve the internal control system, including strengthening of internal audit so that occurrence/recurrence

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1 Includes Secretary, Mines and Geology, DMG office and Director Petroleum office besides 133 other units.

2 ME: Alwar, Barmer, Bharatpur, Bijoliya, Bikaner, Dholpur, Dungarpur, Jaisalmer, Jhalawar, Nagaur, AME: Balesar, Baran, Churu, Hanumangarh, Salumber, Tonk, ME (Vigilance) Alwar, ME (Writ) Jaipur, AME (Vigilance) Beawer, ADM Jodhpur, SME Bharatpur, Director, Petroleum Jaipur and DMG Udaipur.

3 Total 34,285 cases: Sanction of 704 Mining Leases (ML); 3,576 Working mines; 235 Non-working mines; 337 Mining Leases (MLs) cancelled/surrendered; 11 Prospecting Licenses (PL); 119 Royalty Collection/Excess Royalty Collection (RC/ERC); 7,263 Quarry License (QL); 10,440 unauthorised cases; 477 Land Revenue Act Cases, 1,229 Reassessment (RA) Cases, one Refund Case, 687 Outstanding dues, 4,313 Short Term Permit (STP) and 4,893 Dealers related cases.

4 Total 14,473 Sanction of 704 MLs; 719 Working mines; 131 Non-working mines; 328 ML cancelled/surrendered; 11 PL; 119 RC/ERC; 1,823 Quarry License (QL); 3,427 unauthorised cases; 259 Land Revenue (LR) Act Cases, 279 RA Cases, one Refund Case, 189 Outstanding dues, 1,590 STP and 4,893 Dealers related cases.

of such lapses can be avoided. Irregularities noticed broadly fall under the following categories given in **Table 2.1:**

Table 2.1: Statement showing the amount objected by Audit during the year 2023-24

(₹ in crore)

Sl. no.	Category		Number of cases	Amount
1.	Non-recovery/short recovery of dead rent and royalty		577	91.03
2.	Non-forfeiture of security deposit		293	35.61
3.	Non-levy of penalty/interest		1,362	25.28
4.	Non-recovery/short recovery of cost of unauthorised excavated minerals		272	653.96
5.	Non-recovery/short recovery of contribution towards District Mineral Foundation Trust (DMFT)/Rajasthan State Mineral Exploration Trust (RSMET) funds and National Green Tribunal (NGT) fee		132	11.33
6.	Other irregularities	Revenue	4,847	733.57
		Expenditure	15	0.01
Total			**7,498**	**1,550.79**

Source: Compiled on the basis of Inspection Report issued to the Department.

During the year 2023-24, the Department accepted short realisation of revenue of ₹ 1,386.55 crore in 8,005 cases, of which 7,477 cases involving ₹ 1,382.79 crore were pointed out in audit during the year 2023-24 and the rest in earlier years. The Department recovered ₹ 2.92 crore in 521 cases relating to earlier years.

Illustrative cases amounting to ₹ 446.54 crore are included in this chapter as given below:

2.3 Excavation of mineral without obtaining Consent to Operate (CTO) or in excess of quantity permitted in CTO

Ten MEs/AMEs did not recover ₹192.72 crore for the unauthorised excavation of minerals i.e. without the necessary CTO or by exceeding the permissible quantities specified in the CTO.

Rule 34(1) of Rajasthan Minor Minerals Concession (RMMC) Rules, 2017 stipulates that no mining lease or quarry licence shall be granted without obtaining prior consents, approvals, permits, no-objections, as may be required under applicable laws for commencement of mining operations.

According to Rule 28(2)(iv)(b) of these rules, the lessee shall keep production of all the minerals within the limits of mine plan or permitted under applicable laws:

Provided that if lessee has excavated mineral to the extent of:

- ten *per cent* over and above the quantity specified in the mine plan or permitted under applicable laws, only single time royalty;
- quantity more than ten *per cent* but up to twenty-five *per cent*, two times of royalty on entire quantity over and above specified in the mine plan or permitted under applicable laws shall be recovered; and

- any quantity more than twenty-five *per cent*, entire quantity over and above specified in the mine plan or permitted under applicable laws shall be treated as unauthorized excavation and lessee shall be liable to pay cost of such excess mineral which shall be computed as ten times of the royalty payable at the prevalent rate, without affecting the powers of taking action by the other departments.

Further, according to Section 21 of Air (Prevention & Control of Pollution) Act, 1981, lessee must obtain a CTO from the State Pollution Control Board (SPCB) before excavation of minerals from the leases.

Audit scrutinized (May 2023 to April 2024) records of 468 selected mining leases out of 2,860 mining leases (for the period 2016-2023) under the jurisdiction of the 10 MEs/AMEs[5]. It was noticed that 34 lessees had unauthorisedly excavated 25.38 lakh Metric Ton (MT) of minerals in violation of *ibid* provisions. However, the MEs/AMEs concerned could not recover ₹ 192.72 crore for unauthorisedly excavated minerals as discussed hereunder.

- **Excavation of mineral without obtaining CTO**

During scrutiny of records of offices of five[6] AMEs/MEs, it was noticed that 17 lessees had excavated mineral 23.22 lakh MT of minerals like masonry stone, ball clay, red ochre, dolomite and soap stone *etc.* without obtaining CTOs as detailed in ***Appendix-3.*** Thus, these lessees were liable to pay the cost amounting to ₹ 185.43 crore of the unauthorized excavated minerals.

- **Excavation of minerals in excess of quantity permitted in CTO**

During scrutiny of records of offices of seven[7] MEs/AMEs, it was noticed that 17 lessees had excavated mineral 11.60 lakh MT and out of this 2.17 lakh MT of minerals like masonry stone, china clay, ball clay and lime stone *etc.* as detailed in ***Appendix-4*** in excess of quantity permitted in CTO**.** Thus, these lessees were liable to pay the cost amounting to ₹7.29 crore of the unauthorized excavated minerals.

All these information were available on departmental web-portal DMGOMS[8], however, the MEs concerned could not notice the irregularity and did not recover ₹ 192.72 crore[9] for unauthorised excavation and dispatch of 25.39 lakh MT[10] minerals.

The facts also indicated that the Department did not ensure built in controls in DMGOMS to auto-stop the generation of *e-rawannas* in excess of quantity permitted in CTO or without CTO.

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5 ME: Barmer, Bharatpur, Bijolia, Bikaner, Jaisalmer and Nagaur; AME: Balesar, Jhalawar, Salumber and Tonk.

6 ME: Bharatpur, Bikaner and Jaisalmer; AME: Salumber and Tonk.

7 ME: Barmer, Bharatpur, Bijolia Bikaner and Nagaur; AME: Balesar and Jhalawar.

8 The Mines and Geology Department had introduced a web-based application named Department of Mines and Geology Online Management System (DMGOMS) with effect from 10 October 2017 for online submission of application for mineral concession, deposit all government dues, maintaining demand register, lease information, *etc*.

9 ₹ 192.72 crore: ₹ 185.43 crore (Total of Appendix-3)+₹ 7.29 crore (Total of Appendix-4).

10 25.39 lakh MT: ₹ 23.22 lakh MT (Total of Appendix-3)+2.17 lakh MT (Total of Appendix-4).

The matter was reported (January 2025) to the Department. The Department replied (May 2025) that regarding ME Barmer, Bijolia, Naguar, actions are being taken to recover the amount and in remaining cases, further progress is awaited (September 2025).

2.4 Dispatch of unauthorisedly excavated minerals by misuse of e-*rawannas* and illegal mining outside the lease areas/gap areas

Unauthorisedly excavated 23.83 lakh MT of minerals were dispatched from forty-four Mining Leases with the support of rawannas issued for mining leases granted to them and in five leases illegal mining was also noticed around the leases and in gap areas; however, the MEs/AMEs concerned could not detect the illegal mining and recover the cost of minerals amounting to ₹191.10 crore.

Rule 54(1) of RMMC Rules 2017 stipulates that no person shall undertake any mining operations in any area without holding any mineral concession, permit or any other permission granted or permitted under these rules, as the case may be and shall not dispatch mineral from the mines, except from the quarry licenced area or bricks, without valid *rawanna* or transit pass. Rule 54(2) states that no person shall transport or store or cause any mineral to be transported or stored except in pursuance of the provisions of these rules. Further, under the provisions of Rule 54(3), the Mines and Geology Department was given the power to compound in such cases, in which the cost of the mineral, which would be equal to 10 times the amount of royalty, would be recoverable.

During the audit of offices of eight[11] MEs and four[12] AMEs, it was noticed that a total of 2,984 minor mineral mining leases were being operated under their jurisdiction. Out of these, 570 mining leases were selected for audit. Coordinates of selected leases were mapped and reviewed on "Google Earth Pro" application. Information regarding minerals dispatched from these leases was available on the departmental web-based application *DMGOMS.* Scrutiny of the information available on *DMGOMS* and images of selected leases of *Google Earth Pro* revealed that despite no excavation activities being carried out in 44 leases, 23.83 lakh MT of mineral was shown as dispatched from these particular leases. These lease holders used 1,12,163 e-*rawannas* during the period October 2017 to January 2024 for dispatching the 23.83 lakh MT minerals.

These facts indicated that unauthorized mineral was excavated and dispatched by these lease holders from areas other than the approved mining leases by misusing the e-*rawannas.* The cost of illegally excavated and dispatched mineral is ₹ 191.10 crore as shown in ***Appendix-5***. There was nothing on record to show that concerned MEs/AMEs initiated any action in this matter. Thus, the amount of ₹ 191.10 crore is recoverable from these lease holders.

Further, it was also noticed that there were five mining leases (***detailed in Appendix-6***) in which illegal mining activities were carried out in the adjoining

[11] ME: Nagaur (2019-23), Bijolia (2017-23), Jaisalmer (2018-23), Alwar (2019-23), Bikaner (2019-23), Dholpur (2019-23), Bharatpur (2019-23) and Dungarpur (2019-23).

[12] AME: Balesar (2016-23), Churu (2019-23), Baran (2013-23) and Jhalawar (2016-23).

area outside the lease areas and in the gap areas[13]. However, no action was found on records regarding the illegal excavation carried out near these leases.

On being pointed out (February 2025), the Department stated (January 2025 and May 2025) that out of 44 leases, 38 cases were under verification and appropriate action would be taken accordingly. In two cases, demands were raised against the lessees, however, the court has stayed the recovery until further orders. In the remaining four cases, *mauka* reports (physical inspections in July 2024) indicated that mining activities were done and back filing of pits was also done.

The Department's response regarding these four cases is not tenable, as inspections conducted in July 2024 did not confirm mining activities for the period under objection (October 2017 to January 2024). In view of the above, the possibility that the lessees may have carried out extraction of minerals subsequent to raising of audit observation cannot be ruled out. Further progress is awaited (September 2025).

Recommendation:

To accurately determine misuse of rawannas during the period from October 2017 to January 2024, the Department may consider to conduct an investigation using remote sensing imagery. Leveraging such technology would provide verifiable evidence of mining activities during the period under objection. Additionally, the Department may consider engaging experts in remote sensing analysis to ensure a comprehensive and credible assessment.

2.5 Processing fee not recovered for generation of e-*rawannas*/ e-*transit passes* amounting to ₹ 6.97 crore

Government amended (3 January 2022) the RMMC Rules, 2017 for charging ₹ 10 for generation of each e-rawanna/e-transit pass through official website. However, 15 MEs/AMEs did not recover ₹ 6.97 crore from ML holders/STP holders/dealers for generation of 69.71 lakh e-rawanna/e-transit pass.

According to the Rule 2 (xliii) of RMCC Rules, 2017,"*rawanna*" means the *rawanna* or e-*rawanna* duly issued by the department or electronically generated from the departmental web portal for dispatch, consumption or processing of mineral or overburden from a specified area granted under any mineral concession or permit. Further, according to Rule 73 of RMMC Rules, it shall be mandatory for the lessee/STP holder to obtain e-*rawanna* generated through online by getting himself registered with departmental website. Thereafter, sub-rule 73(5) was added *vide* notification dated 3 January 2022. Accordingly, an online processing fee of ₹ten was required for the generation of each e-*rawanna.*

[13] Gap area: According to the Rule 7(3) of RMMCR-2017, the area surrounded by two or more mining leases or by forest boundary or any other reserved land shall be treated as gap area. These are called gap areas until allotted.

Further, according to Rule 2 (lvii), Transit Pass means a pass including *e-transit pass* duly issued by the Department or generated online, to the lessee, stockiest, trader, dealer *etc.* for lawful transportation of royalty paid mineral. The notification dated 3 January 2022 also replaced the existing Rule 92 of RMMC Rules stipulating that *e-transit pass* shall be issued to the registered dealer on deposition of processing fee of ₹ ten for each *e-transit pass* through *e-payment* for transportation/dispatch of royalty paid mineral.

During the audit of the records of nine ME offices[14] and six AME offices[15], as well as the data available on the departmental web-based application DMGOMS, it was observed that the mining lease holders, STP holders and dealers under the jurisdiction of these offices did not comply with the aforementioned rules by not submitting the required processing fee. During the period between 3 January 2022 and 31 March 2023, a total of 69.72 lakh e-*rawannas/transit passes* were generated by the lease holders/STP holders and dealers, resulting in an outstanding processing fee amounting to ₹ 6.97 crore, as detailed in ***Appendix-7***. There was nothing on record to indicate that the concerned MEs/AMEs took any action to recover the processing fee.

On being pointed out (March 2024), the Government replied (June 2025) that ₹ 4.63 crore has been recovered and the efforts for recovery of the balance amount were in process.

Thus, a recoverable amount of ₹ 2.34 crore, as shown in ***Appendix-7***, remains outstanding (June 2025). Given that these findings pertain to specific offices, it is crucial for the Department to conduct a comprehensive scrutiny of all ME/AME offices to address this matter effectively. Further progress is awaited (September 2025).

2.6 Non- recovery of premium amount

The AME did not initiate action to recover the due instalments of premium amount in mining leases sanctioned in Khatedari land which resulted in non-recovery of ₹ 14.33 lakh and there was a lack of monitoring of recovery of the premium amount through DMGOMS.

Rule 17A of RMMC Rules, 2017 provides that mining lease in *khatedari* land shall be granted to *khatedar* concerned or his registered consent holder subject to payment of premium amount equivalent to five times or ten times of annual dead rent respectively. The premium amount shall be paid in five installments. First installment of premium amount shall be paid before the end of first financial year (31st March) after execution of mining lease deed or issuance of quarry licence. Subsequent installments shall be paid at the end of the respective financial year.

During scrutiny of records of AME, Tonk, it was noticed (May 2023) that premium amount of ₹ 3.13 crore was to be deposited in 134 mining leases. On scrutiny of nine mining leases out of these 134 leases, it was noticed that two mining leases were granted to registered consent holders of *khatedar* but

[14] ME: Alwar, Barmer, Bharatpur, Bijolia, Bikaner, Dholpur, Dungarpur, Jaisalmer and Nagaur.

[15] AME: Balesar, Churu, Jhlawar, Hanumangarh, Salumber and Tonk.

premium amount was levied as five times of annual dead rent instead of 10 times. Further, premium amount of only ₹ 8.56 lakh was deposited instead of ₹ 22.89 lakh to be deposited by these nine lease holders up to 31st March 2023. Thus, premium amount of ₹14.33 lakh was not deposited in these nine mining leases (***as detailed in Appendix-8***). No correspondence made by the office was found on records for recovery of the premium amount.

Audit noticed that there was no mechanism in the Department to monitor premium amount through the departmental online system DMGOMS. As a result, there was a failure to ascertain the amount deposited by the leaseholders. Lack of proper monitoring could lead to revenue loss. Due to absence of such system Audit could also not ascertain that correct premium was levied and collected in the remaining 125 cases. Thus, the Department needs to improve the DMGOMS and to ensure correct levy and recovery of the premium in remaining cases.

The matter was pointed out (April 2025) to the Department. The Department replied (June 2025) that premium amount of two leases sanctioned to the registered consent holders of *khatedar* was revised to 10 times of annual dead rent. Recovery amounting to ₹ 9.59 lakh has been made, and notices were issued to recover the balance amount of ₹ 4.74 lakh. However, nothing is stated regarding verification of payment in the remaining 125 mining leases. Further progress is awaited (September 2025).

2.7 Unauthorised dispatch of minerals

A leaseholder dispatched 42,185.77 MT of minerals without generating e-rawannas. However, the Mining Engineer could not detect this unauthorized dispatch, resulting in the non-raising of a demand for ₹ 2.36 crore and subsequent non-recovery of the amount.

Rule 54(1) of RMMCR, 2017 stipulates that no person shall dispatch mineral from the mines, except from the quarry licenced area or bricks, without valid e-*rawanna*. Rule 54(2) states that no person shall transport or store or cause any mineral to be transported or stored except in pursuance of the provisions of these rules. Further, under the provisions of Rule 54(3), the Mines Department was given the power to compound in such cases, in which the cost of the mineral, which would be equal to 10 times the amount of royalty, would be recoverable.

Audit of ME Bijolia, Bhilwara for the period April 2017 to March 2023 was conducted in the month of October 2023 and twenty leases were selected for scrutiny. Scrutiny of records and information available on *DMGOMS,* revealed that one Mining lease holder (01/1993) had dispatched 42,185.77 MT mineral without the support of e-*rawannas*. It was noticed that there were differences between the closing balance of mineral and opening balance of the succeeding month. Thus, the mining lease holder had reduced mineral stock by 42,185.77 MT. The lease holder had not generated e-*rawannas* for dispatch of this stock, therefore, was liable to pay cost amounting to ₹ 2.36 crore of these mineral for unauthorised transportation of the mineral as shown in the **Table 2.2** below:

Table 2.2: Details of recoverable cost of unauthorised dispatch of minerals

Sl. No.	Name of mineral	Closing balance		Opening balance		Difference between opening and closing from stock (MT)	Rate of royalty (₹ per Tonne)	Amount recoverable reduction from stock (₹ in crore)
		Month	Qty. (MT)	Month	Qty. (MT)			
1	China Clay	03/2020	62,271.81	04/2020	32,917.04	29,354.77	65	1.91
2	Red Ochre	03/2019	454.75	04/2019	154.75	300	32	0.01
3	Quartz	03/2019	1,450.00	04/2019	20.00	1,430.00	60	0.09
4	Red Ochre	11/2018	11,155.75	12/2018	54.75	11,101.00	32	0.35
Total			**75,332.31**		**33,146.54**	**42,185.77**		**2.36**

(Source: DMGOMS data)

Scrutiny of records revealed that the Mining Engineer did not check this irregularity. It also indicates a lack of adequate checks and balances within the online departmental portal, *DMGOMS*.

Thus, a demand of ₹ 2.36 crore was also not raised and could not be realized.

On being pointed out (December 2024) the Government replied (February 2025) that a notice has been issued to the lessee for unauthorized dispatch of mineral, thereafter, a demand of ₹ 2.36 crore has been raised. Further progress is awaited (September 2025).

2.8 Non-levy and non-recovery of National Green Tribunal compound fee

ME Alwar did not levy and recover the compound fee prescribed by National Green Tribunal amounting to ₹ 21.00 lakh from vehicles involved in the illegal transportation of mineral Bajri.

The Hon'ble High Court of judicature for Rajasthan, Jodhpur issued as order (3rd September 2019) and highlighted the directive from National Green Tribunal (NGT) which required that State Authorities should levy a compounding fee not less than ₹ one lakh, per vehicle involved in illegal mining or transportation of *Bajri*. This fee was to be levied in addition to other penalties under the Mines and Minerals (Development and Regulation) Act and other relevant regulations in cases involving illegal activities related to mineral *Bajri*. Subsequently, on 23rd September 2019, the DMG, Udaipur informed all the ADM of Zones to direct all the subordinate offices to ensure compliance with the directions issued by the Hon'ble High Court.

During the audit of records of the office of ME Alwar (December 2023), it was noticed that 759 *Panchnamas* were prepared (April 2019 to March 2023) for illegal transportation of minerals. Scrutiny of these *Panchnamas* files revealed that the ME did not levy the compounding fee of ₹ one lakh per vehicle on 21 vehicles involved in illegal transportation of mineral *Bajri*. Thus, the ME could not recover the compound fee of ₹ 21.00 lakh.

On being pointed out (December 2024), the Government replied (January 2025) that orders/instructions in this regard have been received from the office of the Superintending Mining Engineer, Jaipur on 07 November 2019. Recovery could not be made in the cases compounded before this date. The reply is not acceptable. It is the responsibility of the Department to ensure timely compliance with applicable orders/instructions. Moreover, the delay in dissemination of the instructions reflects a lapse in internal communication and monitoring mechanisms. Non-recovery of dues in cases compounded prior to 7 November 2019 indicates a lack of due diligence on the part of the Department, which resulted in a loss of NGT fee amounting to ₹ 21.00 lakh.

2.9 Non-recovery of Royalty and DMFT contribution amount from Brick Earth Permit (BEP) holder

The AME did not raise demand to recover the due amount of Royalty and DMFT contribution from BEP holder which resulted in non-recovery of ₹ 15.73 lakh.

Rule 53 (8)(i) of RMMC Rules, 2017 envisaged that the permit holder shall deposit annual royalty along with contribution to the DMFT and RSMET fund in advance equated quarterly installments.

As per Rule 13(1)(iii)(b) of Rajasthan DMFT Rules, 2016, every minor mineral concession holder shall pay the contribution to the DMFT fund at the rate of ten *per cent* of the royalty paid in terms of the first schedule to the RMMC Rules.

During the scrutiny of records of AME, Tonk, it was noticed (May 2023) that total 20 BEPs were issued during the period April 2020 to March 2023. Out of these, one BEP was issued (24 October 2018) in favour of M/s 'X' Udyog near village Morda (Tehsil- Toda Raisingh) for the period 17 May 2018 to 16 May 2023. Brick kiln had capacity of 27 *ghodies*[16]. Therefore, a permit was granted for excavation of 11,340 MT[17] annual quantity of mineral brick earth. The rate of royalty for mineral brick earth was ₹ 25 per MT. Accordingly, the annual royalty was ₹ 2.84 lakh[18]. Thereafter, the State Government revised the rate of royalty of mineral brick earth from ₹ 25 per MT to ₹ 32 per MT with effect from 13 September 2021. Accordingly, the annual royalty of permit should have been revised to ₹ 3.63 lakh[19] with effect from 13 September 2021 but the AME did not revise the annual royalty to be paid by the permit holder. Thus, a total royalty amounting to ₹ 15.50 lakh[20] and contribution to the DMFT fund amounting to ₹ 1.55 lakh[21] was to be recovered from the permit holders for the period covered under permit (May 2018 to May 2023), however, only ₹ 1.32

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16 *Ghodies*: In brick klins, vertical column of bricks are called *ghodies*.

17 Annual quantity of brick earth (MTs) = 150*W*N; W means weight of one thousand bricks i.e. 2.8 MTs; N means number of *ghodies* i.e. 27 (150*2.8*27=11,340 MTs).

18 Royalty rate for mineral brick earth was ₹25. Accordingly, the annual royalty was 11340 MT*₹25 = ₹2.84 lakh.

19 Royalty rate for mineral brick earth was revised to ₹32. Accordingly, the annual royalty was to be revised to ₹3.63 lakh (11340 MT*₹ 32).

20 Royalty amount for the period 17 May 2018 to 12 sept 2021 i.e. ₹9.43 lakh + royalty amount for the period 13 sept 2021 to 16 May 2023 i.e. ₹6.07 lakh.

21 10 *per cent* of royalty amount ₹15.50 lakh.

lakh was deposited (between May 2018 to October 2018) by the permit holder towards royalty amount. There was nothing on record to indicate that the AME raised the demand. Further, it was also noticed that the AME did not maintain demand and collection register for brick earth permits to monitor the timely collection of due amounts.

Thus, a royalty amounting to ₹ 14.18 lakh and contribution towards the DMFT fund amounting to ₹1.55 lakh could not be recovered from the permit holder.

The matter was pointed out (July 2025) to the Department. The Department replied (September 2025) that after maintenance of demand register and issue of notice to the permit holder, ₹ 7.22 lakh has been recovered, and efforts are being made to recover the balance amount. Further progress is awaited (September 2025).

2.10 Short demand of late fees ₹ 24.90 lakh

The AME, Baran issued demand notices to the lease holder for recovery of late fees towards the extension of the sanction period of mining lease, however, the amount demanded was short by ₹ 24.90 lakh.

As provided in Rule 8(1) of RMMC Rules, 1986, an application for grant of mining lease shall be disposed of by the competent authority. The competent authority, after taking decision to grant a precise area, shall issue a Letter of Intent (LOI) to the applicant to submit the Mining Plan along with a progressive mine closure plan to the authorized officer of the State Government for its approval, within a period of three months, provided that the competent authority may also seek such other documents as he may deem fit, in addition, where Environment Clearance (EC) is required to be submitted, the period for its submission shall be twelve months.

Further, the above period may be extended by the competent authority subject to payment of late fees at the rate of six *per cent* of annual dead rent for every month or part thereof of such extended period.

Thereafter, the RMMC Rules, 2017 repealed the RMMC Rules, 1986 with effect from 1 March 2017. As per Rule 5(2) of the RMMC Rules, 2017, where the LoI has been issued after determining premium through tender or auction under the RMMC Rules, 1986, notwithstanding anything contained in these Rules, such application shall be considered as if received under these Rules and shall be disposed of by the competent authority in accordance with the provisions of Rule 16 of RMMC Rules-2017[22]. Provided that such LoI holder shall deposit remaining amount of premium as per the conditions of notice inviting tender before execution of lease deed.

Further, as per Rule 5(4) of RMMC Rules 2017, all cases covered under this rule shall be protected subject to fulfillment of the conditions of the LoI within a period of 73 months from the date of commencement of these rules and this period of 73 months shall include execution and registration of mining lease, as the case may be, failing which the right of such applicant shall be forfeited

[22] Rule 16 of RMMCR-2017 relates to procedure of granting mining lease.

and in such cases, it would not be mandatory for the Government to issue any order in this regard. Further, as per Rule 16(3) of RMMC Rules 2017, in cases where LoI has been issued before commencement of the RMMC (Second Amendment) Rules, 2022 with the condition to submit EC, mining lease shall be granted with above condition after deposition of late fees at the rate of ten *per cent* of annual dead rent for delay of every month or part thereof.

During the audit of records of the office of the AME, Baran, it was noticed (March 2024) that bids were invited (November 2013) for the grant of mining leases for excavation of *Bajri* from riverbeds at various locations of District Baran. LoIs were issued to one successful bidder for Mining Lease (ML) No. 1/2013 on December 2013 with the condition that EC from Ministry of Forest and Environment, Government of India should be presented within a period of twelve months. The bidder could not present the ECs within the prescribed period. However, according to Rule 5(2) of the RMMC Rules, 2017, this case was deemed to be protected and the period for sanctioning the LOIs was extended to March 2023 under Rule 5(4), subject to payment of the prescribed late fees. The bidder applied (September 2022) to sanction the mining lease. While considering this, the AME issued order in November 2022 for the deposit of late fees amounting to ₹ 1.54 crore for the extension of the LOI period. However, scrutiny of these orders revealed that as per Rule 5(4) of RMMCR 2017, late fees amounting to ₹ 1.79 crore (detailed in ***Appendix-9***) was leviable up to the date of lease execution (March 2023). In contrast, the Department calculated and levied late fees only up to 09 September 2022, being the date on which the lessee submitted the application for sanction of lease. Thus, there was a short demand of ₹ 24.90 lakh, as detailed in ***Appendix-9***.

The matter was brought to the notice of the Government in July 2024. In its reply (August 2024), the Government stated that a notice had been issued (13 May 2024) to leaseholder ML 1/2013 for recovery of the due late fee. Further progress is awaited (September 2025).

2.11 Unauthorised excavation of minerals without approval of Mining Plans or in excess of quantity permitted in Mining Plans/Simplified Mining Schemes

Five MEs/AMEs did not raise the demand amounting to ₹ 33.22 crore against 15 mining lease holders for excavation of 8.01 lakh MT minerals without approval of Mining Plan/Simplified Mining Schemes. Further, demand amounting to ₹ 19.41 crore was not raised by seven MEs/AMEs against ten mining lease holders for unauthorised excavation of 3.73 lakh MT minerals beyond the permitted quantity in Mining Plans/ Simplified Mining Schemes. It resulted in a non-recovery of the cost of minerals amounting to ₹ 52.63 crore.

Rule 29(1) of RMMC Rules, 2017 stipulates that no mining lease shall be granted unless there is a Mining Plan duly approved by the competent authority. Further, it was also provided in sub-rule 29(5) and 29(12) that the said Mining Plan shall incorporate annual program and plan for excavation on the precise area from year to year for five years and the licensee shall carry out mining operations in accordance with the approved Mining Plan or simplified mining scheme[23]. Sub-rule 29(11) provides that the approved scheme of mining shall be submitted to the Mining Engineer or Assistant Mining Engineer concerned before the expiry of the five year's period. Provided that the mining operations by the lessee or licensee shall not be carried out or allowed to be carried out till the submission of approved scheme of mining.

Rule 28(2)(iv)(b) of RMMC Rules, 2017 provides for the amount to be recovered if lessee has excavated mineral over and above the quantity specified in the Mining Plan or permitted under the applicable laws:

- to the extent of ten *per cent*, only single time royalty shall be recovered;
- quantity more than ten *per cent* but up to twenty-five *per cent*, two times of royalty on entire quantity over and above shall be recovered; and
- any quantity more than twenty-five *per cent*, entire quantity over and above shall be treated as unauthorized excavation and lessee shall be liable to pay cost of such excess mineral which shall be computed as ten times of the royalty payable at the prevalent rate, without affecting the powers of taking action by the other departments.

During audit of records of offices of nine[24] MEs/AMEs, it was noticed (April 2023-April 2024) that the officers concerned did not raise demand for unauthorised excavation of minerals as discussed hereunder:

(i) Excavation of minerals without approval of Mining Plan

During the audit of the records of five MEs/AMEs offices[25], it was noticed that 15 leaseholders had excavated 8.01 lakh MT of minerals without approval of Mining Plans/Simplified Mining Schemes, as detailed in ***Appendix-10***. According to the provisions mentioned, the MEs/AMEs concerned should have recovered up to ten times the royalty, amounting to ₹ 33.22 crore, for the unauthorized excavation. However, there was nothing on record to indicate that the concerned ME/AME had taken any action to raise the demand and recover the amount.

Thus, the non-raising of demand resulted in non-recovery of ₹ 33.22 crore for mineral excavated without approved Mining Plans/Simplified Mining Schemes.

The matter was brought to the notice of the Government (August 2024). In response, the Government replied (September 2024) that regarding cases under AME Balesar, notices for recovery had been issued. Regarding cases under ME Alwar and Dholpur, it has been replied that mining plans had been approved with retrospective effect, and as such, excavation during the objected period could not be considered unauthorized. In the cases under ME Bharatpur, it was stated that the production quantity exceeded the Mining Plan but remained within the limits of the CTO. As for AME Baran accepting the facts, a notice has been issued to concerned leaseholder for further response.

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23 A simplified mining plan in Rajasthan is plan for smaller mining leases (up to 10 hectares) that outlines geological information, reserves, production, and reclamation strategies for a period.

24 AME: Balesar, Baran, Churu and Jhalawar. ME: Alwar, Barmer, Bharatpur, Bikaner and Dholpur.

25 Balesar, Alwar, Dholpur, Bharatpur and Baran.

The reply given by ME Alwar and Dholpur is not tenable as retrospective approvals of Mining Plans/Simplified Mining Schemes are not envisaged under the extant rules. Reply given by ME Bharatpur is not acceptable as CTO issued under environmental regulations does not override statutory obligations under the RMMC Rules, 2017.

Thus, the Department needs to take immediate action to raise the demand for the unauthorized excavation of minerals and their recovery.

(ii) Unauthorised excavation of minerals in excess of quantity permitted in Mining Plan

During the audit of records of offices of seven MEs/AMEs[26] it was noticed that ten leaseholders excavated an excess quantity of 3.73 lakh MT of minerals beyond the quantity permitted in the Mining Plans as detailed in ***Appendix-11***. The cost for excess quantity of mineral excavated amounted to ₹19.41 crore as per the rules quoted above. However, the MEs/AMEs concerned did not raise demand amounting to ₹19.41 crore for the excess quantity of mineral excavated.

Further, the Department did not have any checks in the online system (DMGOMS) to prevent the generation of *e-rawannas* exceeding the permitted quantity in the Mining Plans/Simplified Mining Schemes. This oversight highlights the necessity of implementing improved monitoring and control mechanisms to prevent such irregularities in the future.

The matter was reported to the Government (August 2024). The Government replied (September 2024) that in cases of AMEs Balesar, Baran and Churu, notices have been issued to leaseholders. In cases of the ME Barmer, Bharatpur and AME Jhalawar production had not exceeded the limits set by EC and CTO. Further, in the case of ME Bikaner, the Department compared the total approved production volume for five years, as per the mining plan, with the actual production during the same period instead of year wise production and permitted under the Mining Plans/ Simplified Mining Schemes.

Reply given by ME Barmer, Bharatpur and AME Jhalawar is not acceptable, as Rule 29(12) of RMMC Rules 2017 clearly provides that the mining lease holder shall carry out mining operations in accordance with the approved mining plan. Further, as per conditions laid down in the Consent to Operate issued by Rajasthan State Pollution Control Board (RSPCB), the consent was issued with condition that lessee shall not extract the mineral more than year wise quantity mentioned in the approved mining plan without obtaining prior consent from board. Further, the reply of ME Bikaner is also not tenable as production must be carried out on a year-by-year basis in accordance with the approved mining plan. Further progress is awaited (September 2025).

[26] ME/AME: Barmer, Balesar, Bharatpur, Churu, Bikaner, Baran and Jhalawar.