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2008

KERALA NIYAMASABHA PRINTING PRESS.

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2006-2008)**

FIFTY FIRST REPORT

(Presented on 17th March, 2008)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2008

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FIFTY FIRST REPORT

On

**Action taken by Government on the Recommendations contained in the Fifty
Seventh Report of the Committee on Public Accounts (1998-2000)**

310/2008.

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf present the Fifty First Report on Action Taken by Government on the Recommendations contained in the Fifty Seventh Report of the Committee on Public Accounts (1998-2000).

The Committee considered and finalised this report at the meeting held on 11-3-2008.

ARYADAN MUHAMMED,

Thiruvananthapuram,
17th March, 2008.

*Chairman,
Committee on Public Accounts.*

REPORT

This Report deals with the action taken by Government on the recommendations contained in the 57th Report of the Committee on Public Accounts (1998-2000).

The 57th Report of the Committee on Public Accounts (1998-2000) was presented to the House on February 22, 1999. The Report contained nine recommendations relating to Industries Department. Government were addressed on 9th March 1999 to furnish the Statements of Action Taken on the recommendations contained in the Report and the final replies were received on 9-4-2003.

The Committee examined the Statements at its meetings held on 11-6-2003, 24-5-2005 and 30-9-2005. Since the action taken by Government on recommendation No. 5 (Para No. 22) was not satisfactory, the Committee took evidence from the concerned officers on 30-9-2005. The Committee decided not to pursue further in the light of the replies furnished by Government and also in the light of the discussions held with the concerned departments. The recommendations and the Statements of Action Taken by Government are incorporated in the Report.

**Recommendations Which the Committee does not desire to Pursue in the
light of the Replies furnished by Government**

INDUSTRIES DEPARTMENT

Recommendation

(Sl. No. 1 Para No. 18)

1.1. During evidence, the witness submitted before the Committee that no effective inspection could be conducted for detecting illicit quarrying operations due to lack of vehicles and dearth of staff. The Committee are of the opinion that the state is losing a lot in this field and therefore recommend that steps should be taken to make inspection effective and meaningful by providing adequate staff and vehicles.

Action Taken

1.2. The DMG has reported on the recommendations of the Committee that six additional District Offices have since started functioning and therefore all the 14 Districts have offices to oversee and carry out mineral administration, including implementation of mining laws such as Mines and Minerals (Regulation and Development) Act, 1957, Kerala Minor Mineral Concession Rules, 1967 etc. This has also resulted in increased collection of revenue. Against the Revenue of Rs. 5 crores collecting during 1996-97, a revenue of more than Rs. 11.60 crores has been collected upto the end of the year 2000-2001. It is true that the revenue receipt of the Mining & Geology Department is continuously increasing as could be seen from the table given below:-

Year	Collected Revenue
1996-97	Rs. 5,59,96,553
1997-98	Rs. 8,84,54,870
1998-99	Rs. 1,16,28,382
1999-2000	Rs. 14,38,21,331
2000-2001	Rs. 16,34,78,762

1.3. The creation of the six new district offices has thus resulted in higher revenue return to the Government.

Recommendation

(Sl. No. 2 Para No. 19)

1.4. The Committee observe that inspite of the functioning of Special Office at Cherthala for detecting illicit mining and removal of silica sand, huge quantity of mineral is being taken out of the State and this remains undetected. They recommend to strengthen measures for controlling illicit removal of silica deposits. The Committee also suggest for starting silica based industries in the State.

Action Taken

1.5. In this case it is reported by the DMG that illicit mining has been considerably curtailed in Cherthala Silica Sand sector by vigilant action. At present the system of issue of permits and movement of silica sand has been regulated further to curb effectively the clandestine activity and movement. The mining activity has been restricted within the period from 7 A.M. to 7 P.M. The despatch certificates are issued only after physical verification of each consignment at the mine site in addition to random road check up. Because of this now there is no legal bar for transporting silica sand out of the State when produce is a result of bona-fide mining activity and accompanied by relevant documents. Further, the DMG has stated that clandestine movement of silica sand is almost nil as a result of severe measures. The mineral is amenable for high value addition in products like optic fibre, ophthalmic glass, glasswares, float glass etc. As a part of promoting silica based industries Government have accorded sanction for the implementation of a 9 TPD Sodium silicate plant in the Kerala Construction Components Ltd. (KCCL), a State PSU. Government is also trying to attract investment for high value added products.

Recommendation

(Sl. No. 3 Para No. 20)

1.6. The Committee notice that the exploration/investigation programmes undertaken by the department continued indefinitely as no time limit had been fixed for their completion. The Department's contention that mineral investigation was a scientific programme which could not be restricted to specific time frame is not tenable. The Committee are of the view that any programme should have a time frame for proper monitoring and evaluation of the outcome. The Committee, therefore, recommend that the exploration works should be completed within a time frame and necessary guidelines should be formulated for the purpose.

Action Taken

1.7. The Mining and Geology Department undertakes various item of mineral investigation with approval of the State Geological Programming Board. The progress of activity is reviewed at the end of every year and it is ensured that time frames fixed for investigations are strictly followed. The targets fixed for completion of block-wise prospecting are achieved within time frames. Unlike other commodities, the availability of mineral commodity and its grade cannot be measured directly only on estimation of its quality and quantity at best could be made. Hence restricting the exploration activity is not always feasible within a time frame. However, the Mining and Geology department is doing its best to complete the exploration for mineral deposits within a time frame so as to decide the commercial viabilities. In future the programmes of mineral exploration will be tailored to achieve the above goal.

Recommendation

(Sl. No. 4 Para No. 21)

1.8. The Committee recommend that the accounts in respect of sale of clay testing equipments to M/s Kerala Ceramics Ltd. may be settled without delay and the matter intimated to the Committee.

Action Taken

1.9. The DMG has reported that now the delay in settling the accounts by the Company, the Department has taken action to get back the clay testing equipment from M/s Kerala Ceramics as agreed to by them. Now arrangements are made within the laboratory building to install the same.

Recommendation

(Sl. No. 5 Para No. 22)

1.10. The Committee regret to note that the area of forest is only 26% of Geographical area of the State which is far below the national average of 33%. Mining in the forest is one of the reasons for the destruction of forest. It may also affect ecology and pose danger to the Flora and Fauna. The Committee therefore recommend that illicit mining in the Forest area should be strictly prohibited and the directions, issued by the Supreme Court should be adhered to while permitting quarrying licence.

Action Taken

1.11. The DMG has reported that except for Pandarathu mines of M/s Malabar Cements Ltd. there are no mines in the forest lands in Kerala. The aforesaid mine is working in accordance with Central Government stipulations in the matter. The forest officials are also the competent authorities to regulate prohibit illicit quarrying in forest lands. The Forest Department is allowing quarrying operations in forest lands. In this regard Forest Department used to issue concessions only after obtaining prior approval of Ministry of Environment and Forest in Government of India. The DFOs have been declared as competent authorities for implementation of KMMC Rules 1967 vide Notification No. 3210/L2/93/ID dated 22-6-1995 (SRO No. 860/95). But the Forest Department neither intimate the grant of quarrying permits nor the returns thereof as stipulated in G.O.(MS)No. 302/70/ID. dated 9-8-1978 to the Department of Mining & Geology. While investigating certain complaints it has come to the notice of this Department that the granite building stone quarries were permitted by the Forest Department, in Kalady, Malayattur, Kundukad, Vellikulangara ranges. Many instances of permission given for extraction of river sand from forest land have also been noted. As the Department has no supervisory or appellate powers over the Forest Department, for implementing KMMC Rules 1967, the DMG has limitations in interfering with the quarrying in forest lands.

1.12. During evidence the Committee was apprised that mining or quarrying cannot be done in the forest area without the permission of Forest Department. Before passing the Forest Conservation Act, in Thrissur area permission was given for quarrying operation. Permission for quarrying is rarely being given now and that too only after obtaining the approval of Government of India.

Recommendation

(Sl. No. 6 Para No. 23)

1.13. The Committee understand that as per a rough estimate of the Mining and Geology Department there are about 5000 quarries in the State spread over the land belonging to Forest Department, Revenue Department and Local Bodies and more than 2000 agencies for issuing quarrying license/lease permit. Due to the existence of such a large number of agencies, vested with powers to grant license it is quite difficult to arrive at the exact number of quarries working with proper license or to detect illicit mining. The Committee therefore recommend to conduct a comprehensive survey/study to find out the number of quarries in the State, as well as the environmental problems and ecological imbalances/caused by over exploitation of minerals. The outcome of the study should be intimated to the Committee.

Action Taken

1.14. The Department of Mining & Geology is giving minor mineral concessions after generally reviewing the environmental impacts. However due to proliferation of the competent agencies for issuing concessions for various minerals a comprehensive assessment of concentration of quarries for various minerals has not been possible so far. This is because the competent authorities are neither intimating the grant of quarrying permits nor the returns as stipulated in the Government Order to the Director of M & G To evaluate the environmental parameters of each quarry in the State is a time consuming job involving huge expenses. However, action is being initiated to conduct a comprehensive survey/study as directed by the Committee about the number of quarries operating with or without licences and their environmental impact thereon. Mining and Geology Department also has proposals to study the environmental impacts on the conduct of quarrying operation. With this objective the department has submitted detailed proposals to Government for carrying out environmental studies as a separate unit under the exploration division along with the re-organisation of the Department. A report of the P&ARD regarding the proposal submitted by Director of Mining & Geology on re-organisation of Department etc. were sent to him for his remarks. The matter is now under examination of the Mining & Geology Department and the remarks are awaited.

Recommendation

(Sl. No. 7 Para No. 24)

1.15. The Committee also desires that the Department should think of the possibility of issuing licence/permits through a single agency rather than by various agencies.

Action Taken

1.16. At present as per Government Notification No. 32010/L2/93/ID dated 22nd June 1995, issued in SRO No. 860/95 Government have defined competent authorities for issuing various mining permits. They are District Collector, Revenue Divisional Officer, Tahsildar, Municipal Secretary, (Municipal Council) Panchayat Secretary, (Panchayat) Divisional Forest Officer and Director of Mining & Geology. As so many competent authorities belonging to various Departments are involved it requires a detailed and comprehensive study to bring all these powers under a single authority Anyway, Mining & Geology Department has already initiated action for examining the various Rules and regulations to simplify them and also to bring the functions under a single authority.

Recommendation

(Sl. No. 8 Para No. 25)

1.17. Acknowledging the fact that more than five lakhs people earn their livelihood through mining activities, the Committee opine that simplification of procedures for grant/renewal of quarrying lease/permit for minor minerals should also be considered without damaging the ecology.

Action Taken

1.18. Department has already conducted extensive consultation within the department reviewing the rules in other States and has prepared a draft model of revised version simplifying the procedures of the said rules. This is in the final stages of preparation.

Recommendation

(Sl. No. 9 Para No. 26)

1.19. The Committee wish to point out that the periodical inspection of mines and quarries should be conducted regularly so as to ensure safety of the workers engaged in mining activities. The Committee recommend that the provision of the Mines Act 1952 and Labour Laws should also be strictly enforced in this regard.

Action Taken

1.20. At present the issue of Form-E, ie. intimation of the commencement of Mining activities has been made mandatory for issue of licenses so as to intimate the details of quarry to Central Government Agencies which is implementing the Mines Act 1952. The Department is providing details of quarrying and Mining leases to Ministry of Labour every year for them to ensure that the Labour Laws are enforced. The Mines Act, 1952 is a central subject under the sole agency of the Director of Mines safety/Inspector General of Mines.

ARYADAN MUHAMMED,

Thiruvananthapuram,
17-3-2008.

*Chairman,
Committee on Public Accounts.*