

CAG rap for mining corp

BHUBANESWAR: Coal mining deal with the Sainik firm is not the only illegal act of the Odisha Mining Corporation (OMC) caught by the Comptroller and Auditor General (CAG) of India. Mismanagement in the company has caused it to bear a loss of over Rs 92 crore too.

The CAG report said the OMC did not 'safeguard its financial interest' and cited the sale of iron ore fines without segregating the grades as causing a short realisation of about Rs 36.25 crore. Iron ore lumps and fines are classified into different grades based on their percentage of Fe content. The company produces two grades of iron ore, 60-62% Fe (lower grade) and 62-64% (higher grade).

The CAG audit found though the company invited tender for both grades of fines, the basis of both grades were kept at 62% Fe instead of 62 and 64% Fe separately, leading to the huge loss.

This was not all. The OMC also did not take adequate protective measures leading to about 2.49 lakh tonne of iron ore worth Rs 34.45 crore being washed away in heavy rain in July-September 2011 at its Kurmitar and Gandhamardan iron ore mines. The report noted that the ministry of environment and forests and the State Pollution Control Board had repeatedly reminded the OMC to take steps like construction of retaining wall, drains and settling tanks to arrest sliding down of excavated material due to rain water. The Indian Bureau of Mines had also issued several violation show cause notices between 2007 and 2011, but in vain.

The sale of chrome ore concentrate in the domestic market by the OMC is also found not above board either. Materials were sold at lesser prices, overlooking the guidelines prescribed by the board of directors. The CAG report noticed that the OMC has lost Rs 4.87 crore due to 'imprudent fund management'. The company invested its surplus funds of Rs 4,000.12 crore in STDs. The audit noticed the OMC failed to closely monitor the market trend to avail the benefits of higher rates of interest. There was also 'injudicious decision' on the part of the OMC in continuing a transport contract with a private party, and export of iron ore at a reduced price.