

Standing Committee Report Summary

Implementation of District Mineral Foundation and Pradhan Mantri Khanij Kshetra Kalyan Yojana

- The Standing Committee on Coal and Steel (Chair: Prof. Chintamani Malviya) submitted its report on ‘Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)’ on December 27, 2018.
- The Mines and Minerals (Development and Regulation) Act, 1957 was amended in 2015 to enable the state governments to set up DMFs. The DMFs seek to work for the benefit of persons in districts affected by mining related operations. Under the Act, mining lease holders are required to make contribution to DMF funds. This contribution is equivalent to a certain percentage of the royalty paid by them. PMKKKY was launched in 2015 to implement the projects approved by DMFs in coordination with the ongoing schemes of the central government and state governments.

Key observations and recommendations of the Committee include:
 - **Allocation of funds:** The Committee observed that under PMKKKY, 60% of the DMF funds are required to be utilised for projects in high priority sectors, such as health, education, drinking water, sanitation and environment, among others. It noted that this is resulting in spending getting prioritised over certain sectors and on people and areas who may not be directly affected by mining activities. The Committee recommended that the requirement to use 60% funds in high priority sectors should be done away with. Instead, 60% of the funds must be spent on the people living in areas directly affected by mining related operations.
 - **Implementation:** The Committee observed that till August 2018, Rs 21,235 crore has been collected under DMFs. Of this, projects worth Rs 15,548 crore have been sanctioned. It also observed that out of the 81,624 projects sanctioned, only 22,026 projects worth Rs 4,888 crore have been completed, reflecting non-initiation of projects and slow spending pattern. The Committee recommended that the Ministry of Mines should put a monitoring mechanism in place for timely allocation and utilisation of funds. Further, provisions must be made for fixing accountability in case of unnecessary delays in implementation.
- **Composition of DMF:** The Committee noted that composition of DMFs specified by state governments is dominated by bureaucrats in most states, without much representation of public representatives. The Committee recommended that the local Member(s) of Parliament must be appointed as the Chairman of the Governing Council of the respective DMF, for which the Ministry may urgently notify revised guidelines.
- **Social audit:** The Committee noted that feedback from the people living in the mining affected areas is important in determining the adequacy and efficiency of DMFs in those areas. This will provide these people an opportunity to scrutinise the developmental initiatives being implemented for them. It will also make them aware of their rights and entitlements under the DMF. The Committee recommended that the Ministry may prescribe for social audits of DMFs, which would be conducted by the people living in mining affected areas.
- **Accountability:** The Committee noted that there is a lack of transparency and public accountability in the functioning of DMFs and their projects. It recommended that all relevant information (such as composition of DMF, funds collected, list of directly affected areas, and list of beneficiaries) should be publicly available. The Committee observed that the Ministry has developed national and district level portals with information on DMFs. It recommended that till such information is made available on portals, necessary steps may be taken for the dissemination of such information. This could be done by displaying the information at district and panchayat level offices, through public meetings, and awareness programmes.
- **Review mechanism:** The Committee observed that the Ministry has not taken any specific initiatives for achievement of the objectives of PMKKKY. It also observed that the meeting recently conducted with state governments for deliberation on implementation of PMKKKY was held only after suggestions of the Committee. It recommended that the Ministry should play a proactive role and make efforts to ensure proper implementation of projects by states. Further, the Ministry should hold review meetings at regular intervals, and regular follow up meetings every three months with state governments.

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