

47

**STANDING COMMITTEE ON
COAL AND STEEL (2018-2019)
SIXTEENTH LOK SABHA**

MINISTRY OF MINES

**"IMPLEMENTATION OF DISTRICT MINERAL FOUNDATION
(DMF) AND PRADHAN MANTRI KHANIJ KSHETRA KALYAN
YOJANA(PMKKKY)"**



FORTY-SEVENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

DECEMBER, 2018/PAUSHA, 1940(SAKA)

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(DMF) AND PRADHAN MANTRI KHANIJ KSHETRA KALYAN
YOJANA(PMKKKY)"**



Presented to Lok Sabha on 27.12.2018

Laid in Rajya Sabha on 27.12.2018

LOK SABHA SECRETARIAT

NEW DELHI

December, 2018/Pausha1940(Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON COAL AND
STEEL(2018-19)**

Chairperson- Prof. Chintamani Malviya

Lok Sabha

2. Shri Idris Ali
3. Shri A. Arunmozhithevan
4. Smt. Jyoti Dhurve
5. Shri Nagesh Godam
6. Shri Shailesh Kumar (Bulo Mandal)
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Ajay Nishad
10. Smt. Riti Pathak
11. Smt. Ranjeet Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Chandulal Sahu
14. *Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh 'Sigriwal'
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

Rajya Sabha

22. Shri Ranjib Biswal
23. Prof. Manoj Kumar Jha
24. Shri Ranvijay Singh Judev
25. Shri Ram Vichar Netam
26. Shri Samir Oraon
27. Shri Dhiraj Prasad Sahu
28. Shri Achyutananda Samanta
29. Shri Ram Shakal
30. Shri Sanjay Singh
31. Vacant

***Ceased to be a Member of this Committee w.e.f. 21.12.2018.**

(ii)

SECRETARIAT

- | | |
|-------------------------|-----------------------|
| 1. Shri R.C. Tiwari | - Joint Secretary |
| 2. Shri Ajay Kumar Garg | - Director |
| 3. Shri Arvind Sharma | - Additional Director |
| 4. Shri Girdhari Lal | - Under Secretary |
| 5. Smt. Madhu Tandon | - Executive Officer |

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Forty-Seventh Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana(PMKKKY)" relating to the Ministry of Mines.

2. The Standing Committee on Coal and Steel (2018-19) had selected the subject for detailed examination and report to the Parliament. The Committee took oral evidence of the representatives of the Ministry of Mines and Mine PSUs on 03.10.2018. Based on oral evidence and written testimony submitted to the Committee, a report on the subject was prepared.

3. The Committee considered and adopted the Report at their sitting held on 20.12.2018.

4. The Committee wish to express their thanks to the officials of the Ministry of Mines and Mine PSUs for placing before them and in furnishing material/information from time to time as desired by the Committee.

5. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

**NEW DELHI;
20 December, 2018
29 Agrahayana 1940(Saka)**

**PROF. CHINTAMANI MALVIYA
Chairperson
Standing Committee on Coal and Steel**

REPORT
PART-I
CHAPTER-I
LEGAL FRAMEWORK

District Mineral Foundation(DMF)

As per provisions laid down in Section 9B of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation (DMF) in any district affected by mining related operations. The Act further provides that the object of the District Mineral Foundation (DMF) shall be to work for the interest and benefit of persons and areas affected by mining related operations in such manner as may be prescribed by the State Government. The compositions and functions of the District Mineral Foundation shall also be decided by the State Government. The DMFs are to be funded by statutory contributions from holders of mining leases at the prescribed rates.

1.2 Ministry of Mines notified the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015, on 17.9.2015, which prescribes the rate of contribution to DMF as follows:

- (a) 10% of royalty in respect of mining leases granted on or after 12.1.2015; and
- (b) 30% of royalty in respect of mining leases granted before 12.1.2015.

1.3 According to Ministry of Mines, the necessary rules for functioning of the DMFs have been framed by 21 Major Mineral producing States viz. Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Odisha, Rajasthan, Tamilnadu, Telangana, Assam, Bihar,

Himachal Pradesh, Jammu & Kashmir, Kerala, Meghalaya, Uttarakhand, Uttar Pradesh and West Bengal.

Pradhan Mantri Khanij Kshetra Kalyan Yojna(PMKKKY)

1.4 A new Section, Section 20A has been inserted in MMDR Act, 1957 by MMDR Amendment Act, 2015 which gives power to Central Government to issue directions to the State Governments. Section 20A of the Act reads as under:-

“20A. (1) Notwithstanding anything contained in this Act, the Central Government may issue such directions to the State Governments, as may be required for the conservation of mineral resources, or on any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources.

(2) In particular, and without prejudice to the generality of the foregoing powers, the Central Government may also issue directions in respect of the following matters, namely:—

(i) Improvement in procedure for grant of mineral concessions and to ensure co-ordination among agencies entrusted with according statutory clearances;

(ii) Maintenance of internet-based databases including development and operation of a mining tenement system;

(iii) Implementation and evaluation of sustainable development frameworks;

(iv) Reduction in waste generation and related waste management practices and promotion of recycling of materials;

(v) Minimising and mitigating adverse environmental impacts particularly in respect of ground water, air, ambient noise and land;

(vi) Ensuring minimal ecological disturbance, in terms of bio-diversity, flora, fauna and habitat;

(vii) Promoting restoration and reclamation activities so as to make optimal use of mined out land for the benefit of the local communities; and

(viii) Such other matters as may be necessary for the purposes of implementation of this Act.”

1.5 Under the provision of section 20A of Mines and Minerals (Development & Regulation) Act, 1957 as amended in the year 2015, Ministry of Mines issued directions on 16.09.2015 to all States Governments/UTs to incorporate the Pradhan Mantri Khanij Kshetra Kalyan Yojna (PMKKKY) into the Rules framed

by them for the District Mineral Foundations. The Guidelines for PMKKKY were also circulated to the State Governments.

1.6 During the Power Point Presentation before the Committee on 03.10.2018, the Ministry of Mines gave following information on PMKKKY:-

- (i) Government has formulated Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) which is implemented by the DMFs of the respective districts using the funds accruing to the DMF.
- (ii) Identification of affected areas and people to be covered under the PMKKKY
 1. Affected Area – Directly Affected Area and Indirectly affected area
 2. Affected people – Affected families, displaced families, any other as identified by Gram Sabha.
- (iii) Utilization of funds
 - 60% of PMKKKY funds to be utilized under High Priority sectors. Drinking water, Sanitation, Healthcare, Education, Women and Child Welfare, Environment, Skill Development, Welfare of Aged and Differently abled persons.
 - 40% of PMKKKY funds to be utilized under Other sectors. Physical Infrastructure, Irrigation, Energy and Watershed Development and any other measure for enhancing environmental quality in mining districts.
- (iv) Approval of Gram Sabha is required for projects under PMKKKY, identification of beneficiaries in respect of villages affected by mining within the scheduled areas. Report of works in such villages to be submitted to Gram Sabha.
- (v) The developmental and welfare activities to be taken up under the PMKKKY should complement the ongoing schemes/projects being funded by the State as well Central Government.
- (vi) In order to ensure transparency , web portal to be launched with details of DMF body, annual plan, expenditure, list of beneficiaries etc.
- (vii) An amount not exceeding 5% of the annual receipts of the Foundation subject to an upper limit fixed by state government may be utilized for administrative, supervisory and overhead costs of the Foundation.
- (viii) Each Foundation shall prepare Annual Plans and budget, work orders and annual Report. Annual Report of each Foundation shall be laid before the State Legislative Assembly.
- (ix) Accounts of DMF to be audited every year.

CHAPTER-II

COMPOSITION OF DISTRICT MINERAL FOUNDATION (DMF)

As per Annual Report of the Ministry of Mines, the manner in which the DMF shall work for the interest and benefit of persons and areas affected by mining; as also the composition and functions of the DMF shall be prescribed by the State Government.

2.2 When asked about as to what should be the composition of DMF as per the Guidelines formulated by the Ministry, the Ministry of Mines in their written reply submitted as under:-

"As per Section 9(B)(3) of the MMDR Act, the composition and functions of the DMF shall be prescribed by the respective State Government.

A Model Trust Deed for the DMF Trust registration was circulated by the Ministry to all the State Governments and UTs. The deed instructs State Governments to have a 2-tier mechanism for the effective administration of DMF. The management of the Trust shall vest in a Governing Council, which shall consist of all the members of the Trust which have been decided by the State Government. The day-to-day function of the Trust shall be managed by a Managing Committee, composition of which is as decided by the State Government. No specific guideline for composition of DMF has been issued by the Ministry."

2.3 To a specific query whether Members of Parliament of the Districts concerned have also been assigned any kind of representation in the composition of DMF and If not, is there any proposal to this effect, the Ministry in their written reply informed as under:-

"Ministry of Mines have received numerous representations from the Member of Parliaments for nomination/inclusion of local MPs as Chairman/Member of DMF. Accordingly, Ministry of Mines have issued advisory to the States for inclusion of MPs in DMF. The States like Jharkhand, Karnataka, Odisha, Rajasthan, Telangana and Assam have included MPs/MLAs in the Governing Council."

2.4 When asked whether guidelines issued by the Ministry are being reviewed to incorporate the representation aspect of MP as Chairperson or Member of DMF, the Ministry of Mines, in a Post Evidence Reply informed the Committee as under:-

"The review of the guidelines with regard to representation of MPs in DMF is under consideration of the Ministry."

CHAPTER-III

IMPLEMENTATION OF DISTRICT MINERAL FOUNDATION (DMF) / PRADHAN MANTRI KHANIJ KSHETRA KALYAN YOJANA(PMKKKY)

The Committee desired to know about the details of number of districts in which DMF has been set up till August 2018 and the amount collected. In this regard, the Ministry of Mines informed the Committee as under:-

DMF Fund Status- up to August 2018

Sl.No	State	Total No. of Districts in State	Total Number of districts in which DMF has been	Total amount collected under DMF (in crore)	Amount Allocated (in crore)	Amount Allocation (in %)
1	Andhra Pradesh	13	13	550.69	274.36	49.82
2	Chhattisgarh	27	27	3021.85	4013.66	132.82
3	Goa	2	2	186.60	0.00	0.00
4	Gujarat	33	32	419.91	338.69	80.66
5	Jharkhand	24	24	3081.32	1970.74	63.96
6	Karnataka	30	30	1144.90	622.65	54.38
7	Maharashtra	36	35	905.85	343.52	37.92
8	Madhya Pradesh	51	51	1809.59	1623.80	89.73
9	Odisha	30	30	5182.32	3774.79	72.84
10	Rajasthan	33	33	2099.61	2197.10	104.64
11	Tamilnadu	32	30	327.35	18.61	5.69
12	Telangana	31	30	1892.86	185.40	9.79
13	Uttar Pradesh	75	75	362.57	171.62	47.33
14	Assam	33	33	50.70	4.56	8.99
15	Bihar	38	38	39.94	0.00	0.00
16	Himachal Pradesh	12	12	87.74	0.33	0.37
17	Jammu & Kashmir	22	22	21.17	1.65	7.82

18	Kerala	14	14	7.75	0.00	0.00
19	Meghalaya	DMF not constituted			0.00	0.00
20	Uttarakhand	13	13	18.98	4.55	23.95
21	West Bengal	23	22	23.71	1.81	7.63
Grand Total		583	566	21235.39	15547.83	73.22

3.2 The Committee were informed by the Ministry that the total collection under DMF is Rs. 21235 Cr. as on August 2018 of which 24% of the contribution is in the State of Odisha having a collection of Rs. 5182 Cr. The other major States which have collected more than Rs. 1000 Cr. are Jharkhand, Chhattisgarh, Rajasthan, Telangana, Madhya Pradesh, Karnataka.

3.3 The statement showing the details of total number of projects sanctioned and completed till August 2018 in all 21 major minerals producing States as furnished by the Ministry is as under:

Project Status (Till August, 2018)

Sr. No.	State	No. of Projects Sanctioned	No. of Projects Completed
1	Andhra Pradesh	8162	1755
2	Chhattisgarh	29714	11868
3	Goa	0	0
4	Gujarat	8140	2667
5	Jharkhand	1296	0
6	Karnataka	1301	9
7	Maharashtra	1165	0
8	Madhya Pradesh	7292	2284
9	Odisha	8283	2872
10	Rajasthan	12927	449
11	Tamilnadu	371	49
12	Telangana	2511	70
13	Assam	42	0
14	Bihar	0	0
15	Himachal Pradesh	8	0

16	Jammu & Kashmir	29	0
17	Kerala	0	0
18	Meghalaya	0	0
19	Uttarakhand	120	0
20	Uttar Pradesh	237	0
21	West Bengal	26	3
Total		81624	22026

3.4 As regards the project status and fund allocation data, the Committee were informed that in all the 21 minerals producing States, a total of 81624 projects worth of Rs. 15548 Cr. have been sanctioned. The total allocation of fund for various projects is about 73% of the total collection. Chhattisgarh & Rajasthan are leading in the implementation of projects. 22026 projects worth Rs. 4888 cr. have been completed.

3.5 When asked whether the Ministry has developed any databank of number of persons benefitted from the schemes approved and implemented in the districts, the Ministry of Mines in their Post Evidence Reply informed the Committee as under:-

"The PMKKKY guidelines instruct each DMF to prepare the list of areas and people affected by mining operations and the persons benefitted under the PMKKKY. Once the information is regularly uploaded by DMFs on the portal, this information will be readily available."

3.6 When asked about the reason for such a wide gap in approved and completed schemes, the Ministry of Mines in their post evidence reply informed the Committee as under:-

"The approval and implementation of projects is done by the Governing Council and Managing Committees of the DMFs.

As per the information provided by State governments, 81624 schemes are at different stages of implementation in States. Following is the state-wise detailed breakup of the same:

Sr. No.	State	No. of Project Sanctioned	No. of Projects yet to start	No. of Project Completed	No. of Ongoing Projects	No. of Projects Scrapped / Cancelled
1	Andhra Pradesh	8162	2233	1755	4173	1
2	Chhattisgarh	29714	0	11868	17846	0
3	Goa	0	0	0	0	0
4	Gujarat	8140	3844	2667	1629	0
5	Jharkhand	1296	0	0	1296	0
6	Karnataka	1301	951	9	337	4
7	Maharashtra	1165	0	0	1165	0
8	Madhya Pradesh	7292	1761	2284	3068	179
9	Odisha	8283	1994	2872	3417	0
10	Rajasthan	12927	8756	449	2502	1220
11	Tamilnadu	371	114	49	207	1
12	Telangana	2511	2339	70	98	4
Sub Total		81162	21992	22023	35738	1409
13	Assam	42	41	0	1	0
14	Bihar	0	0	0	0	0
15	Himachal Pradesh	8	8	0	0	0
16	Jammu & Kashmir	29	29	0	0	0
17	Kerala	0	0	0	0	0
18	Meghalaya	0	0	0	0	0
19	Uttarakhand	120	119	0	1	0
20	Uttar Pradesh	237	3	0	234	0
21	West Bengal	26	20	3	3	0
Sub Total		462	220	3	239	0
Total		81624	22212	22026	35977	1409

3.7 The Committee while observing that in some States despite having sufficient funds collected under DMF, no Scheme was approved so far for implementation, asked to furnish a detailed account of

reasons for non-initiation of any scheme in many districts/states, The Ministry of Mines in their written reply submitted as under:-

"Some States such as Goa, Bihar, Kerala, Meghalaya are yet to approve schemes under DMF. The States have been advised to expedite the implementation of the program."

3.8 The Committee also noted that there has been a lower expenditure of DMF Funds in some States. When desired to know about reasons for such lower spending in these States and also the action taken or proposed to be taken to expedite spending within a specified period, the Ministry of Mines informed the Committee as under:-

"The setting up of DMF took some time in the initial stage. The expending has picked up in the current year. Ministry is following up with the State Governments. Ministry holds regular meetings and reviews the progress with regards to the effective and efficient implementation of the scheme. Each DMF has to prepare Annual Plan and get it approved by the Governing Council and they have to act accordingly. In the recent CCEC meeting held in Ahmedabad on 12.10.2018, all the States were advised for effective and efficient implementation of the PMKKKY scheme. The Ministry is also planning for a national workshop on PMKKKY, where representatives of all important States and DMFs will participate."

3.9 During the briefing meeting, the representative of the Ministry of Mines apprised the Committee that in order to have a uniformity in the implementation of the DMF fund, guidelines have been issued to all the States in respect of the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY). All the States have prepared DMF Rules according to guidelines.

CHAPTER-IV
PRIORITY AREAS FOR FUNDS SPENDING UNDER DMF

According to Background Note furnished by Ministry of Mines, at least 60% of PMKKKY funds are to be utilized for high priority areas like: (i) drinking water supply; (ii) environment preservation and pollution control measures; (iii) health care (iv) education; (v) welfare of women and children; (vi) welfare of aged and differently abled people; (vii) skill development; (viii) sanitation and the rest of the funds will be utilized for (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining districts.

4.2 In this context, when asked about the Sector wise amount sanctioned under the DMF, the Ministry of Mines informed as under:-

S.No.	Sector wise work	Amount Sanctioned (In Cr.)
High Priority work-60%		
1	Drinking water supply	4017.60
2	Environment Preservation and pollution control measures.	336.45
3	Health	1505.95
4	Education	2780.05
5	Welfare of Women and Children.	360.73
6	Welfare of aged and disabled people.	64.01
7	Skill development	275.08
8	Sanitation	840.83
9	Other	386.76
Sub Total		10567.46
Other Priority work-40%		

1	Physical infrastructure	3873.72
2	Irrigation.	467.50
3	Energy and watershed development.	342.08
4	Any other measures for enhancing environmental quality in mining district.	102.12
5	Other	194.95
Sub Total		4980.37
Total		15547.83

4.3 As regards the compliance of the guidelines prescribing the spending in the ratio of 60% to 40% between the private sector and other sector, the Ministry submitted the status as under:

S.No.	Name of the State	High Priority	Other Priority
1	Andhra Pradesh	66	34
2	Chhattisgarh	62	38
3	Goa	Projects not started	
4	Gujarat	75	25
5	Jharkhand	95	5
6	Karnataka	61	39
7	Maharashtra	68	32
8	Madhya Pradesh	72	28
9	Odisha	66	34
10	Rajasthan	59	41
11	Telangana	34	66
12	Tamil Nadu	80	20
13	Uttar Pradesh	61	39

CHAPTER-V
MONITORING OF DISTRICT MINERAL FOUNDATION (DMF) /
PRADHAN MANTRI KHANIJ KSHETRA KALYAN YOJANA(PMKKKY)

As regards the monitoring mechanism devised at the Central Level to ensure transparent implementation of Guidelines, the Ministry of Mines in their written reply informed the Committee as under:-

"Ministry of Mines vide letter dated 17.2.2017 has directed the State Governments to bring the monitoring of PMKKKY scheme under the ambit of District Development Coordination and Monitoring Committees (DISHA) initiative of Ministry of Rural Development to ensure effective monitoring of PMKKKY and for better coordination/ synergy among the schemes of complementary nature. State Governments of Chhattisgarh, Karnataka, Maharashtra, Telangana, Himachal Pradesh, Kerala and Uttar Pradesh have brought the monitoring of PMKKKY under DISHA monitoring mechanism.

Further, a Central Level comprehensive portal has been developed (<http://mitra.ibm.gov.in/pmkkky>). The portal is live and DMF officials have been directed to fill all the DMF related information in the portal. Some States like Gujarat, Odisha, Chhattisgarh, Rajasthan, Madhya Pradesh have also developed State portals. These portals will be integrated with the Central portal.

DMFs can enter the following data on the portal:

- DMF Collection - Mineral wise and Lease wise,
- Projects undertaken with details like amounts sanctioned, start date, completion date, pictures of the project, Affected Area,
- Beneficiaries, Details of members of the Governing Council and Managing Committee, recording of minutes of meetings of the Governing Council and Managing Committee etc.

This comprehensive information on the portal would be a vital tool to bring in transparency and effective monitoring of the program."

5.2 As regards PMKKKY Portal, the Ministry through a power point presentation during the course of Oral Evidence held on 03.10.2018 further explained as under:-

1. Ministry has launched integrated National Portal on 20th March 2018. District level portal (<http://mitra.ibm.gov.in/pmkkky>) of the national portal was launched on 21 August 2018.
2. Portal will capture the full cycle from DMF collection to its utilization.
 - Effective monitoring of the implementation of PMKKKY projects by State Government.
 - Transparency and participation – disseminate information about works to the Stakeholders.
3. Training on data feeding conducted in 19 out of 21 major mineral rich States from 27th August 2018 to 6th September 2018.

CHPATER-VI

AUDIT MECHANISM

To a pointed query about the follow up action taken by the Ministry if deficiencies are noticed in implementation of the Guidelines by the States, the Ministry of Mines in their Post Evidence Reply submitted as under:-

"As per PMKKKY guidelines, the accounts of the DMF shall be audited every year by the Chartered Accountant appointed by the DMF, or in such other manner as the State Government may specify, and the report shall be placed in the public domain alongwith the Annual Report.

Provision has been made such that every year, within three months from the date of closure of the financial year, the DMF shall prepare an Annual Report on its activities for the respective financial year and place it before the DMF. The Annual Report will be submitted to the State Government within one month from the date of its approval by the DMF and will also be hosted on the website of the Foundation. The Annual Report of each Foundation shall be laid before the State Legislative Assembly.

The State DMFs furnish the details of the fund collection, amount spent and projects undertaken to the Ministry of Mines by the 10th of every month for the previous month. The data is collected and instructions are issued to the States where the progress is not satisfactory."

6.2 When asked whether the Ministry or State Government take any action against the erring officials responsible for non-compliance of the Guidelines issued by Ministry in letter and spirit, the Ministry of Mines informed the Committee as under:-

"No such action has been taken so far. In case any matter of non-compliance is received in the Ministry, the State Government will be advised to take necessary action."

PART-II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

DMF AND ITS OBJECTIVE

1. The Committee note that the District Mineral Foundations have been created under the amendment provisions of the Mines and Minerals (Development & Regulation) (MMDR) Amendment Act, 2015. The main objective of the District Mineral Foundation (DMF) is to work for the interests and benefits of the people and sustainable development of the areas in any district affected by mining related operations, and to ensure long term sustainable livelihoods. As regards the funding of DMFs is concerned, the Committee note that the Central Government have notified the Mines and Minerals (Contribution to District Mineral Foundations) Rules, 2015 on 17.09.2015 according to which the DMFs are to be funded by statutory contributions from holders of mining leases (10% of royalty in respect of mining leases granted on or after 12.1.2015; and 30% of royalty in respect of mining leases granted before 12.1.2015). Further, composition and functions of the DMF shall be decided by the State Governments and accordingly, necessary rules for the functioning of DMFs have already been framed by the 21 Major Mineral producing States. The Committee have also been informed that the Ministry of Mines have issued directions under section 20A of Mines and Minerals (Development & Regulation) Act, 1957 on 16.09.2015 to all State Governments/UTs to incorporate the Pradhan Mantri Khanij Kshetra Kalyan Yojna (PMKKKY) into the Rules framed by them for the DMF and also issued the Guidelines for implementation of PMKKKY. The Guidelines *inter alia* provide that Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) is to be implemented by the DMFs of the respective Districts using the funds accruing to them. According to the Guidelines, 60% of PMKKKY funds are to be utilized under High Priority sectors like Drinking water, Sanitation, Healthcare, Education, Women and Child Welfare, Environment, Skill Development, Welfare of Aged and Differently abled persons and 40% under Other

sectors viz. Physical Infrastructure, Irrigation, Energy and Watershed Development and any other measure for enhancing environmental quality in mining districts. The Committee also note that approval of Gram Sabha concerned is required for projects being implemented under PMKKKY with this stipulation that developmental and welfare activities to be taken up under the PMKKKY should complement the ongoing schemes/projects being funded by the State as well Central Government. It has also been provided in the Guidelines that each foundation shall prepare Annual Plans and budget, work orders and annual Report; Accounts of DMF to be audited every year. The Committee feel that establishment of DMF and implementation of PMKKKY will go a long way in mitigating the hardships of thousands of people languishing in deep poverty in the country's mining districts and improving standards of their living. In the opinion of the Committee, aligning DMF to an important scheme of the Government of India, the PMKKKY launched in September, 2015 to implement various development projects and welfare programmes in mining affected areas with DMF funds will alleviate the adverse impact of mining on people and environment and create long term sustainable livelihood opportunity for mining affected people. While appreciating the laudable initiatives of the Government, the Committee hope that the Government will make all out efforts for efficient and smooth implementation of the DMF rules and the PMKKKY Scheme.

COMPOSITION OF DMF

2. The Committee note that as per Section 9(B)(3) of the MMDR Act, the composition and functions of the DMF are to be prescribed by the respective State Government. However, no specific guidelines for this purpose have been issued by the Ministry to the State Governments except a Model Trust Deed for the DMF Trust registration which instructs State Governments to have a 2-tier mechanism for the effective administration of DMF. According to it, the management of the Trust shall vest in a

Governing Council, consisting of all the members of the Trust which have been decided by the State Government. Further, the day-to-day functions of the Trust shall be managed by a Managing Committee, composition of which is also to be decided by the State Government. In this regard, the Committee understand that presently, in most of the States, composition of the Governing Council as well as Managing Committee are predominantly bureaucratic and without much representation of public representatives. Taking into consideration, the key role of the Governing Council like laying down the broad policy framework for the functioning of the Trust, reviewing of its activities, annual planning etc., the Committee are of considered opinion that all the projects/schemes under DMF be approved by DMF Trust and that the local Member(s) of Parliament should have a mandatory representation in the Governing Council of the DMF for better implementation of DMF/PMKKKY in the designated areas. In this regard, the Committee note that the Ministry of Mines have received numerous representations from the Members of Parliament for nomination/inclusion of local MPs as chairman/member of DMF and accordingly, the Ministry have already issued advisory to the States for inclusion of MPs in DMF. The Committee, therefore, strongly recommend that the Ministry may urgently notify the revised guidelines prescribing for mandatory representation of local MP concerned as the Chairperson in the Governing Council of the DMF. The Committee would like to be apprised of the action taken by the Ministry in this regard.

IMPLEMENTATION OF PROJECTS UNDER DMF

3. The Committee note that as against a total collection of Rs. 21235 Cr. as on August 2018 under DMF, projects worth Rs. 15548 crore only have been sanctioned so far. The Committee also note that out of a total 81624 projects sanctioned, only 22026 projects worth Rs. 4888 crore have been completed so far reflecting non-initiation of schemes under DMF in some States and slow spending pattern in other States where schemes

have been approved. In this regard, the Ministry of Mines have submitted that the setting up of DMF took some time in the initial stage and expending has picked up in the current fiscal year. For this purpose, the Ministry is following up the issue with the State Governments and holding regular meetings to review the progress for ensuring effective and efficient implementation of the scheme. The Committee are aware that each DMF has to prepare Annual Plan and get it approved by the Governing Council and they have to act accordingly. The Committee express their disappointment at such tardy pace of implementation of various schemes being implemented under the DMF. The Committee feel that the DMF is a defining opportunity in benefiting millions of mining affected people living in deep poverty in country's mining districts and it is very important and crucial that DMF is implemented in the letter and spirit of the Mines and Minerals (Development & Regulation) Act, 2015 and States Rules framed under it. The Committee, therefore, strongly, recommend that the Ministry of Mines should work out a suitable monitoring mechanism for ensuring that the funds for the designated objectives are allocated and utilized within the stipulated timeframe and provision must be made for fixing of accountability in the case of unnecessary delays in implementation of DMF related schemes/projects. The Committee would like to be apprised of the action taken by Ministry of Mines in the matter.

PRIORITY TO PEOPLE DIRECTLY AFFECTED

4. The Committee note that as per the directions issued by the Ministry to all State Governments, at least 60% of funds collected under DMF are to be utilized for PMKKKY schemes for high priority areas like: (i) drinking water supply; (ii) environment preservation and pollution control measures; (iii) health care (iv) education; (v) welfare of women and children; (vi) welfare of aged and differently abled people; (vii) skill development; (viii) sanitation and the rest (40%) of the funds to be utilized

for other priority works like: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining districts. In this regard, the Committee note that out of the total amount of Rs.15547 crore sanctioned so far, an amount of Rs. 10567.46 has been earmarked for high priority work and the rest Rs.4980.37 crore for other Priority work. The Committee, however, are of the opinion that while extending the benefits of various schemes/projects under the PMKKKY, instead of the existing stress on spending 60% of the funds on high priority areas, there is a need to give overriding priority to the people living in the areas '*directly affected*' by the mining activities instead of diverting such funds to indirectly affected people and areas. The Committee, therefore, recommend that the Government may suitably amend the PMKKKY guidelines and also issue appropriate directions to the States to suitably amend their DMF rules so as to prescribe that 60% of the DMF funds must be spent on the people living in '*Directly Affected*' areas.

MONITORING OF DMF/PMKKKY

5. The Committee note that even after a lapse of more than three and a half year of its implementation, there has been a lack of transparency and public accountability in implementation of various schemes under PMKKKY financed by DMF budgets. In the opinion of the Committee, public accountability and transparency can be achieved by sharing all DMF related information in public domain through a DMF website which may provide information like composition of Governing Councils and Managing Committees, Fund accruals, list of beneficiaries, list of directly affected areas etc. In this regard, the Committee note that the Ministry of Mines have not devised any effective monitoring mechanism for ensuring transparent implementation of DMF/PMKKKY guidelines and rather empowered the State Governments for implementation of DMF. As a result

the performance of DMFs has not been found encouraging. Despite substantial collections under DMF, the schemes or projects have not been flagging off nor being completed at the desired pace. As regards the monitoring mechanism devised at the Central Level to ensure transparent implementation of Guidelines, the Committee are informed that the Ministry of Mines vide letter dated 17.2.2017 has directed the State Governments to bring the monitoring of PMKKKY scheme under the ambit of District Development Coordination and Monitoring Committees (DISHA), an initiative of Ministry of Rural Development to ensure effective monitoring of PMKKKY and for better coordination/ synergy among the schemes of complementary nature. In this regard, the State Governments of Chhattisgarh, Karnataka, Maharashtra, Telangana, Himachal Pradesh, Kerala and Uttar Pradesh have brought the monitoring of PMKKKY under DISHA monitoring mechanism. A National level portal was launched on 20th March, 2018 and subsequent a District level portal (<http://mitra.ibm.gov.in/pmkkky>) has been developed on 21st August, 2018. The portal is live and DMF officials have been directed to fill all the DMF related information in the portal. The Ministry have also informed that some States like Gujarat, Odisha, Chhattisgarh, Rajasthan, Madhya Pradesh have also developed State portals and these portals will be integrated with the Central portal. Further, training on data feeding in 19 out of 21 major mineral rich States has been conducted from 27th August 2018 to 6th September 2018. In light of the fact that the District level portal has been developed of late and training programmes on data feeding is still underway, the Committee recommend that till DMF related information in the portal are actually made available, necessary steps may be taken for dissemination of all DMF related information by displaying the same atleast in all district and panchayat level offices as well as through public meetings and other awareness programmes.

AUDITING OF ACCOUNTS OF DMF

6. The Committee note that as per PMKKKY guidelines, the accounts of the DMF shall be audited every year by a Chartered Accountant appointed by the DMF, or in such other manner as the State Government may specify, and the report shall be placed in the public domain alongwith the Annual Report and provision has been made that every year, within three months from the date of closure of the financial year and each DMF shall prepare an Annual Report on its activities for the respective financial year. Further, the State DMFs shall furnish the details of the fund collection, amount spent and projects undertaken to the Ministry of Mines by the 10th of every month for the previous month. Necessary instructions are issued to the States where the progress is not satisfactory. In this regard, the Committee note that recently in a Coordination-cum-Empowered Committee (CCEC) meeting held in Ahmadabad on 12.10.2018, the Ministry had advised all the States for effective and efficient implementation of the PMKKKY scheme. The Ministry is also reported to be planning for a national workshop on PMKKKY, where representatives of all important States and DMFs will participate. The Committee are, however, not satisfied with the reply of the Ministry as it has only referred to the Guidelines framed by it for implementation by the States and DMFs and not made any mention of the specific initiatives taken by it towards achievement of the objectives of the program. Even the CCEC meeting where implementation of PMKKKY schemes was deliberated with the State Governments was held only after being pointed out by the Committee to the Ministry at their sitting held on 03.10.2018. The Committee feel that the Ministry should play a proactive role and take serious efforts to ensure proper implementation of the DMF schemes by the States and should hold review meetings at regular intervals. The Committee also desire that in order to channelize the huge sum of money collected under DMF for the targeted group, the Ministry should hold regular follow up meetings every three months with the State Governments. The Committee would also like

to be apprised of the audit conducted by all States for funds collected under DMF and the action taken by the Ministry against defaulting States.

NEED FOR PUBLIC FEEDBACK ON DMF PERFORMANCE

7. The Committee are of the considered view that DMF being an extremely important scheme for people affected by mining activities, it is very important that DMF should be subjected to both financial and performance audit for assessing the performance of DMFs. The Committee at the same time also feel that feedback from the people living in the mining affected areas is also very important in determining the adequacy and efficiency of the DMF functioning in their areas besides providing the affected people with an opportunity to scrutinize various developmental initiatives being implemented for them. This process would also educate the people and make them aware of their rights and entitlements under the DMF. The Committee, therefore, strongly recommend that the Ministry may suitably revise the existing guidelines so as to prescribe for a kind of social audit of DMF involving participation of the people of the mining affected areas in the scrutiny of various schemes/projects being implemented under the DMF finance.

**NEW DELHI;
20 December, 2018
29 Agrahayana 1940(Saka)**

**PROF. CHINTAMANI MALVIYA
Chairperson
Standing Committee on Coal and Steel**

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 3rd October, 2018 IN COMMITTEE ROOM NO. '2', PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1100 hrs. to 1430 hrs.

PRESENT

Prof. Chintamani Malviya - Chairperson

LOK SABHA

2. Shri Idris Ali
3. Shri Nagesh Godam
4. Smt. Riti Pathak
5. Smt. Ranjeet Ranjan
6. Dr. Ravindra Kumar Ray
7. Shri Chandu Lal Sahu
8. Shri Tathagata Satpathy
9. Shri Janardan Singh 'Sigriwal'
10. Shri Pashupati Nath Singh
11. Shri Rama Kishore Singh
12. Shri Krupal Balaji Tumane

RAJYA SABHA

13. Prof. Manoj Kumar Jha
14. Shri Ranvijay Singh Judev
15. Shri Ram Vichar Netam
16. Shri Ram Shakal

SECRETARIAT

- | | | |
|-------------------------|---|---------------------|
| 1. Shri R.C. Tiwari | - | Joint Secretary |
| 2. Shri Ajay Kumar Garg | - | Director |
| 3. Shri Arvind Sharma | - | Additional Director |

WITNESSES

MINISTRY OF MINES AND ITS PSU's

1. Shri Anil Mukim, Secretary
2. Dr. N.K. Singh, Joint Secretary
3. Shri Bipul Pathak, Joint Secretary
4. Shri Shersha, Director
5. Dr. Joyesh Bagchi, Director
6. Smt. Farida M. Naik, Director
7. Smt. Athira S. Babu, Director
8. Dr. D. Veena Kumari, Director
9. Dr. Tapan Kumar Chand, CMD, NALCO
10. Shri Basant Kumar Thakur, Director (HR)
11. Shri R.N. Jha, CMD, MECL
12. Dr. Ch. Sreerama Murthy, GM(HR), MECL
13. Shri Yogesh Sharma, GM(BD&P), MECL

2. At the outset, the Chairperson welcomed the Secretary and other representatives of Ministry of Mines and PSUs to the sitting of the Committee convened to have briefing in connection with examination of two subjects, (i) "Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)"; and (ii) "CSR Activities by PSUs under the Ministry of Mines".

3. Thereafter, the Chairperson raised specific queries and sought responses from the representatives of Ministry of Mines and PSUs. The representatives of the Ministry of Mines briefed the Committee on the subjects. In a visual presentation on the first subject – "Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)", the Committee were apprised about the mechanism being followed in operating the DMF as also the methodology being adopted in pursuance of directions under PMKKKY etc.

4. Members then raised queries and sought responses from the representatives of Ministry of Mines and PSUs on various issues like composition of DMF, total fund collection under DMF, state-wise and district-wise allocation and their utilisation, reason for not setting up of DMF in some States till date, reason for not allowing Representative of People - MP as a member or Chairperson of DMF, reason for slow spend of DMF fund in some states/districts,

reason for not setting of any annual target for spending DMF funds, monitoring role played by the Central Government and State Government for effective implementation of DMF and PMKKKY; the constraints and difficulties being encountered for effective implementation of DMF and PMKKKY etc. The representatives of Ministry of Mines attended to the queries of the Members and made submission on various aspects of the subject.

5. The Chairperson thereafter directed the representatives of Ministry of Mines to brief the Committee on the second subject - CSR Activities by PSUs under the Ministry of Mines. In a power point presentation on the subject, the Committee were apprised about the CSR Policy of PSUs under the Ministry of Mines viz: National Aluminium Company Ltd. (NALCO), Hindustan Copper Ltd. (HCL) and Mineral Exploration Company Ltd.(MECL); the extent of allocation and expenditure made by NALCO, HCL and MECL during the last five years, etc.

6. The Members then raised queries and sought responses from the representatives of Ministry of Mines and PSUs on various issues like the methodology adopted/criteria followed for identifying the areas for CSR activities; and the reasons for decline in allocation/expenditure, if any; monitoring mechanism put in place to ensure timely completion of CSR projects by all the three PSUs under the Ministry of Mines; findings of any impact assessment study carried out on execution of CSR projects by mine PSUs and corrective action taken thereon, etc. The representatives of Ministry of Mines attended to the queries of the Members and made submission on various aspects of the subject.

7. The Chairperson, thereafter thanked the witnesses for appearing before the Committee as well as for furnishing valuable information discussed by them. He also directed them to furnish information on points on which the Ministry could not reply during the sitting to the Committee Secretariat, within 10 days.

A copy of verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 20 DECEMBER 2018 IN CHAIRPERSON'S CHAMBER (ROOM NO. '210'), B-BLOCK, PARLIAMENT HOUSE ANNEXE EXT. BUILDING, NEW DELHI

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Prof. Chintamani Malviya - Chairperson

Lok Sabha

2. Shri Godam Nagesh
3. Dr. Banshilal Mahato
4. Shri Ajay Nishad
5. Smt. Riti Pathak
6. Smt. Ranjeet Ranjan
7. Shri Chandulal Sahu
8. Shri Tathagata Satpathy
9. Shri Janardan Singh 'Sigrival'
10. Shri Pashupati Nath Singh
11. Shri Krupal Balaji Tumane

Rajya Sabha

12. Shri Ranvijay Singh Judev
13. Shri Samir Oraon
14. Shri Achyutananda Samanta
15. Shri Ram Shakal
16. Shri Sanjay Singh

SECRETARIAT

1. Shri R.C. Tiwari - Joint Secretary
2. Shri Arvind Sharma - Additional Director

2. At the outset, Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following Draft Reports of the Committee:

- (i) Implementation of District Mineral Foundation and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) relating to the Ministry of Mines ;and

(ii) ** ** ** **

4. The Committee considered and adopted the Report at Para 3(i) above with minor modification in Recommendation at SI No. 3 by suitably incorporating the line that "all the projects/schemes under DMF be approved by DMF Trust" The Report at Para No. 3(ii) was considered and adopted without any changes/modifications. The Committee then authorized the Chairperson to finalize the Reports after making the consequential changes, if any, arising out of the factual verification of the reports by the concerned Ministries and present the same to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.