

**STANDING COMMITTEE ON
COAL, MINES AND STEEL (2025-2026)**

EIGHTEENTH LOK SABHA

MINISTRY OF MINES

**Action Taken by the Government on the Observations/
Recommendations contained in the Seventh Report of the
Standing Committee on Coal, Mines and Steel on the subject
'Implementation and Utilization of District Mineral Foundation (DMF) Fund, Pradhan
Mantri Khanij Kshetra Kalyan Yojana (PMKKY) - A Review' of the Ministry of Mines
(Eighteenth Lok Sabha)**

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2025/AGRAHAYANA 1947 (Saka)**

**SEVENTEENTH REPORT
COMMITTEE ON
COAL, MINES AND STEEL (2025-2026)**

**EIGHTEENTH LOK SABHA
MINISTRY OF MINES**

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Recommendations contained in the Seventh Report of the
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'Implementation and Utilization of District Mineral Foundation (DMF) Fund, Pradhan
Mantri Khanij Kshetra Kalyan Yojana (PMKKY) - A Review' of the Ministry of Mines
(Eighteenth Lok Sabha)**

**Presented to Lok Sabha on 17.12.2025
Laid in Rajya Sabha on 17.12.2025**



**LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2025/AGRAHAYANA 1947 (Saka)**

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COMPOSITION OF THE STANDING COMMITTEE ON COAL, MINES AND STEEL
(2025-2026)
Chairperson – Shri Anurag Singh Thakur

Lok Sabha

2. Shri Sukhdeo Bhagat
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4. Smt. Roopkumari Choudhary
5. Shri Vijay Kumar Hansdak
6. Smt. Kamlesh Jangde
7. Shri Govind Makthappa Karjol
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11. Shri Harish Chandra Meena
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14. Shri B.K. Parthasarathi
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16. Dr. Rajkumar Sangwan
17. Shri Kali Charan Singh
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19. Smt. Dhanorkar Pratibha Suresh
20. Shri S. Venkatesan
21. Shri Aditya Yadav

Rajya Sabha

22. Dr. Sarfraz Ahmad
23. Shri Subrata Bakshi
24. Smt. Mahua Maji
25. Shri Anil Kumar Yadav Mandadi
26. Shri Deepak Prakash
27. Shri Aditya Prasad
28. Shri Devendra Pratap Singh
29. Shri Pradip Kumar Varma
30. Shri Milind Murli Deora*
31. Shri Sajjad Ahmad Kichloo**

*nominated w.e.f. 16.10.2025 *vide* Bulletin – Part-II, Para No. 3329 dated 17.10.2025

**nominated w.e.f. 05.12.2025 *vide* Bulletin – Part-II, Para No. 66007 dated 08.12.2025

Secretariat

1. Shri Harish Chandra Bist	-	Joint Secretary
2. Smt. Reena Gopalakrishnan	-	Director
3. Smt. Sunanda Chatterjee	-	Deputy Secretary
4. Shri Lalit Sharma	-	Executive Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Coal, Mines and Steel (2025-26) having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report (Eighteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations contained in the Seventh Report of the Committee on 'Implementation and Utilization of District Mineral Foundation (DMF) Fund, Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) - A Review' pertaining to the Ministry of Mines.

2. The Seventh Report was presented to Lok Sabha on 03.04.2025. Replies of the Government to all the Observations/ Recommendations contained in the Report were received on 29.08.2025.

3. The Committee considered and adopted this Action Taken Report at their sitting held on 15.12.2025. The Minutes of the sitting of the Committee has been given at Annexure -I to the Report.

4. An analysis on the action taken by the Government on the Observations/ Recommendations contained in the Seventh Report of the Committee is given at Annexure-II.

5. For facility of reference and convenience, the observations/ recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

NEW DELHI;
15 December, 2025
24 Agrahayana, 1947 (Saka)

ANURAG SINGH THAKUR
Chairperson,
Standing Committee on Coal,
Mines and Steel

CHAPTER I

REPORT

This Report of the Committee deals with Action Taken by the Government on the observations/recommendations contained in the Seventh Report (Eighteenth Lok Sabha) of the Standing Committee on Coal, Mines and Steel on the subject 'Implementation and Utilization of District Mineral Foundation (DMF) Fund, Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) - A Review' of the Ministry of Mines which was presented to Lok Sabha /laid in Rajya Sabha on 03.04.2025.

2. The Report contained 20 Observations/Recommendations. The Action Taken Replies have been received from the Ministry of Mines on 29.08.2025 in respect of all the 20 observations/recommendations contained in the Report. These have been categorized as follows:

(i) Observations/Recommendations which have been accepted by the Government:

Sl. Nos. 1,2,3,4,5,7,8,9,10,11,12,13,14,15,16,17,18,19 and 20 (Total: 19)
(Chapter-II)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government :

Nil (Chapter III)

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Recommendation Nos. 6 (Total :1) (Chapter IV)

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited :

Nil (Chapter V)

3. The Committee trust that utmost importance may be accorded to the implementation of the Observations/Recommendations accepted by the Government. In case, where it is not feasible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter may be reported to the Committee along with reasons for non-implementation. The Committee desire that final Action Taken Notes on the Observations/ Recommendations contained in

Chapter-I of this Report may be furnished to the Committee within three months of the presentation of this Report.

4. The Committee will now deal with the action taken by the Government on some of their observations/recommendations.

Review of Guidelines
(Recommendation No. 1)

5. The Committee in their report had observed/recommended as under:

“The Committee note that the Ministry in their initial reply (dt. 28 February, 2025) had submitted before the Committee that out of 23 States concerned, only four States viz. Gujarat, Goa, Jharkhand and Maharashtra, have incorporated the revised PMKKKY guidelines in the DMF rules. However, just after 17 days the Ministry updated their submission, by submitting in their post evidence reply (dt. 17th March 2025) that ‘few States like Chhattisgarh had raised some concerns regarding new guidelines and based on that and some other inputs, a Committee was formed for review of revised PMKKKY guidelines, 2024. The report of the Committee is in the final stages of completion.’

The Committee take a very serious note of the fact that the Ministry, on their own, didn’t bring to the knowledge of the Committee that the revised PMKKKY guidelines, 2024 are being reviewed and want the Ministry to take a serious note of the same and in future complete and updated information be furnished to the Parliamentary Committee. The Committee while expressing concern at the slow pace of implementation of the revised guidelines by the States even after a year of their issue, suggest that report of the Committee, formed to review revised PMKKKY guidelines, be submitted at the earliest and also implemented by all the States/UTs within a stipulated time frame. As the revised guidelines have a bearing on the efficient and transparent compliance mechanism of DMF, the Committee may be apprised of the final action taken in this regard.”

6. The Ministry in its Action Taken Reply has stated as under:

“The Ministry of Mines would like to express that the lack of communication regarding constitution of Committee to review the Revised PMKKKY Guidelines was purely unintentional. The Ministry takes cognizance of the seriousness of the comment of the Hon’ble Parliamentary Standing Committee (PSC) and would ensure that instructions of the Hon’ble Committee will be followed in letter and spirit in the future.

Further, it is informed that the Committee for review of revised guidelines has submitted its report which is under examination in the Ministry. It is also informed that in the meantime, 'National DMF Workshop' was also organized on 9th July 2025 in New Delhi wherein representatives from over 150 DMFs participated including District Collectors. The suggestions came up during the workshop will also be considered while considering revision (if any) of PMKKKY Guidelines 2024. In sum, the recommendations of this Hon'ble Committee along with recommendations of the Committee constituted on revision of PMKKKY Guidelines and suggestions come up during 'National DMF Workshop' are being examined for suitable revision of PMKKKY Guidelines.

While the implementation of the revised PMKKKY guidelines, 2024 is dependent on the respective State governments, the Ministry of Mines sends reminder letters and conducts review meetings with the States and flag this matter to ensure that the revised PMKKKY guidelines, 2024 are incorporated in the State DMF Rules.

A review meeting with State Nodal Officers on the implementation of PMKKKY by DMF States was held on 28.05.2025. As of now, ten States — Goa, Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Odisha, Rajasthan, Telangana, Uttarakhand and Andhra Pradesh have incorporated the revised PMKKKY Guidelines, 2024 in their respective State DMF Rules. The remaining States are at various stages of the incorporation process."

7. The Committee in their original report noted that the revised PMKKKY guidelines 2024 are being reviewed. The Committee while expressing concern at the slow pace of implementation of the revised guidelines by the States even after a year of their issue, suggested that report of the Committee, formed to review revised PMKKKY guidelines, be submitted at the earliest and also implemented by all the States/UTs within a stipulated time frame. In their action taken reply the Ministry of Mines has stated that the Committee setup for review of revised guidelines has submitted its report which is under examination in the Ministry. A review meeting with State Nodal Officers on the implementation of PMKKKY by DMF States was held on 28.05.2025. The Committee note that as of now, ten States have incorporated the revised PMKKKY Guidelines, 2024 in their respective State DMF Rules and emphasise that the remaining States may be encouraged to integrate the revised guidelines, in their own DMF Rules in a time bound manner.

Role of Public Representatives in the Governance of DMF (Recommendation No. 6)

8. "The mandate of the Governing Council of DMF, the Committee note, is to manage the DMF Trust. The Governing Council is headed by District Magistrate/Collector, and it mainly consists of District officials such as Additional District Magistrate, District Superintendent of Police, Chief Executive Officer of Zila Panchayat and line Department Officials. Public representatives of public, such as MPs, MLAs, MLCs, selected panchayati raj institution are also members. It may, therefore, be seen that Governing Council is predominantly, a bureaucratic set up.

The role of the Governing Council is to lay down the broad policy framework for the Trust, review activities, participate in annual planning, approve annual plans and budgets, conduct audits of schemes and works, reviewing annual reports and accounts, ratifying appointments of officers and auditors etc.

The Committee are of the view that elected Members of Parliament, being representatives of the public, are in a better position to appreciate the needs and aspirations of the people of the area and hence are eminently qualified to the lead the policy making Governing Councils instead of career bureaucrat. Presently, the Dist. Magistrate heads both the policy formulating Governing Councils and also the Policy Implementing Managing Committee. The Committee are of the considered opinion that this arrangement of the same officials heading both the Policy making and policy implementing bodies is not in tune with the separation of power of policy making and policy implementation. In view of the aforementioned, the Committee suggest that elected members of Parliament representing the mining affected areas may be considered for heading the Governing Councils of DMF Trusts. In case a mining affected area falls under two different Lok Sabha constituencies – the Minister who is incharge of the affected area or the MP of the majority area which is affected or the senior MP, in that order, may be made the Chairperson of the Council and the other MP may be made a member; District Magistrate may be a member of the Governing Council and also the Chairperson of the Managing Committee."

9. The Ministry in its Action Taken Reply has stated as under:

"The PMKKKY Guidelines, 2015 did not specify provisions regarding the composition of the Governing Council (GC) and Managing Committee (MC), leaving it to the States to frame their own DMF Rules. Subsequently, an order dated 23.04.2021 mandated the inclusion of Hon'ble MPs, MLAs, and MLCs in the Governing Council,

and designated the District Collector as the Chairperson of both the GC and MC. The above order has been duly incorporated into the revised PMKKKY guidelines 2024."

10. The Committee in their original Report had noted that the mandate of the Governing Council of the DMF Trust is to manage and review its annual plans, budget and accounts etc. The Committee in its Report had also observed that the public representatives understand better the needs and aspirations of the people of their area, and had therefore suggested that elected Members of Parliament of the area may be considered for heading the Governing Councils of DMF Trusts. The Ministry in its Action Taken Reply have stated that the PMKKKY 2015 did not specify provisions regarding composition of the Governing Council and Managing Committee leaving it to the States to frame their own DMF Rules. The Ministry in its reply have also stated that an order dated 23.04.2021 mandating the inclusion of Hon'ble MPs, MLAs, and MLCs in the Governing Council, and designating the District Collector as the Chairperson of both the Governing Council and the Managing Committee has been duly incorporated in the revised PMKKKY Guideines 2024. The Committee, while noting the order of inclusion of public representatives in the Governing Councils of DMF Trusts, being incorporated in the revised PMKKKY Guidelines 2024, reiterate their earlier recommendation and urge the Government to consider their suggestions regarding elected Members of Parliament heading the Governing Councils of the DMF Trusts.

Demarcation of affected areas

(Recommendation No. 10)

11. The Committee in their report had observed/recommended as under:

"The Committee note that one of the Key features of the revised guidelines under DMF/PMKKKY is Clear demarcation of directly affected areas (up to 15 kms from the boundary of the mines) and indirectly affected areas (up to 25 kms from the boundary of the mines).

During examination of the subject, it was brought to the notice of the Committee that some States found this restrictive which may make it difficult for them to utilize the funds effectively and were in favour of revising or to expand the demarcation. However, as informed by the Ministry to the Committee, impact assessment is yet to be done to support

such views. The Committee, therefore, suggest that in the first instance impact assessment should be undertaken to see what changes have been brought to the lives of the local people of those areas and also whether saturation point has been reached on various aspects like education, healthcare, rural livelihood, heritage, water sanitation and other infrastructure. The Committee also recommend that a saturation assessment of the areas most affected by mining i.e. adjoining areas should be conducted to ensure that the basic developmental facilities have been provided for before seeking revision of the demarcated areas. The Committee further suggest that 70% of the funds may be spent specifically in the radius of 15 kms. affected area and remaining 30% of the funds on the other areas of the District.”

12. The Ministry in its Action Taken Reply has stated as under:

“The Ministry of Mines acknowledges the Hon’ble Committee’s observation regarding the demarcation of directly and indirectly affected areas under PMKKKY. The Ministry agrees that any revision to the defined boundaries must be evidence-based and preceded by a thorough impact and saturation assessment.

Accordingly, an advisory will be issued urging States to conduct impact assessments to evaluate saturation in key sectors such as healthcare, education, livelihoods, heritage, water and sanitation, and infrastructure. State Level Monitoring Committees (SLMCs) will provide oversight and ensure uniformity in implementation of impact and evaluation assessments.

The existing provision of allocating 70% of DMF funds to directly affected areas and 30% to indirectly affected areas remains unchanged and is designed to prioritize vulnerable populations.”

13. The Committee, in their original report have noted that in the revised guidelines under DMF/PMKKKY there is clear demarcation of directly and indirectly affected areas. The Committee found that some States were in favour of revising the demarcation and therefore, suggested that in the first instance impact assessment should be undertaken to see what changes have been brought to the lives of the local people of those areas and also a saturation assessment of the areas most affected by mining should be conducted to ensure that the basic developmental facilities have been provided for before seeking revision of the demarcated areas. The Ministry in their written reply have stated that an advisory will be issued urging

States to conduct impact assessments to evaluate saturation in key sectors. The Ministry have further stated that State Level Monitoring Committees (SLMCs) will provide oversight and ensure uniformity in implementation of impact and evaluation assessments. The Committee desire to be apprised about the updated status in this regard.

**DMF information in public domain
(Recommendation No. 11)**

14. The Committee in their report had observed/recommended as under:

“The Committee are of the view that DMF Trust is deemed to be a public authority, open to the government as well as public scrutiny for the purposes of the Right to Information Act, 2005. Also, the Trust is implementing many Central and State Schemes, thus, it should function with utmost transparency and accountability. The Committee are therefore of the view that disclosure of all DMF related information should be in public domain through a DMF website, to ensure public accountability and transparency of operations.”

15. The Ministry in its Action Taken Reply has stated as under:

“The Ministry of Mines affirms the Hon’ble Committee’s recommendation that DMF Trusts, being deemed public authorities, must function with utmost transparency and accountability, and that all DMF-related information should be made available in the public domain.

Transparency and accountability remain central to DMF governance. As public authorities, DMF Trusts are subject to the Right to Information Act, 2005. Section 9 of the PMKKY Guidelines mandates every DMF to maintain a dedicated website for proactive disclosure, including fund receipts, utilization details, project lists, progress reports, audit findings, and third-party evaluations. To institutionalize these disclosures, the Ministry has launched the National DMF Portal (<https://dmf.gov.in>), a centralized platform offering district-wise and state-wise data, sectoral fund allocations, real-time dashboards, and public access to key documents. Efforts are ongoing to improve data timeliness and consistency across States.

Collectively, these measures aim to ensure that DMF initiatives are transparent, inclusive, and impactful—ultimately improving the quality of life in mining-affected communities.”

16. The Committee in their original report were of the view that disclosure of all DMF related information should be in public domain through a DMF website, to ensure public accountability and transparency of operations. The Ministry in their action taken reply have stated that as public authorities, DMF Trusts are subject to the Right to Information Act, 2005 and also Section 9 of the PMKKY Guidelines mandates every DMF to maintain a dedicated website for proactive disclosure. The Ministry have also stated that to institutionalize these disclosures, the Ministry has launched a centralized platform 'National DMF Portal' which offer district-wise and state-wise data, sectoral fund allocations, real-time dashboards, and public access to key documents, the Ministry have further stated that it is making efforts to improve data timeliness and consistency across States. The Committee would like to be apprised of the outcome of these efforts being made by the Ministry in this regard.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Review of Guidelines (Recommendation No. 1)

The Committee note that the Ministry in their initial reply (dt. 28 February, 2025) had submitted before the Committee that out of 23 States concerned, only four States viz. Gujarat, Goa, Jharkhand and Maharashtra, have incorporated the revised PMKKY guidelines in the DMF rules. However, just after 17 days the Ministry updated their submission, by submitting in their post evidence reply (dt. 17th March 2025) that 'few States like Chhattisgarh had raised some concerns regarding new guidelines and based on that and some other inputs, a Committee was formed for review of revised PMKKY guidelines, 2024. The report of the Committee is in the final stages of completion.'

The Committee take a very serious note of the fact that the Ministry, on their own, didn't bring to the knowledge of the Committee that the revised PMKKY guidelines, 2024 are being reviewed and want the Ministry to take a serious note of the same and in future complete and updated information be furnished to the Parliamentary Committee. The Committee while expressing concern at the slow pace of implementation of the revised guidelines by the States even after a year of their issue, suggest that report of the Committee, formed to review revised PMKKY guidelines, be submitted at the earliest and also implemented by all the States/UTs within a stipulated time frame. As the revised guidelines have a bearing on the efficient and transparent compliance mechanism of DMF, the Committee may be apprised of the final action taken in this regard.

Reply of the Government

The Ministry of Mines would like to express that the lack of communication regarding constitution of Committee to review the Revised PMKKY Guidelines was purely unintentional. The Ministry takes cognizance of the seriousness of the comment of the

Hon'ble Parliamentary Standing Committee (PSC) and would ensure that instructions of the Hon'ble Committee will be followed in letter and spirit in the future.

Further, it is informed that the Committee for review of revised guidelines has submitted its report which is under examination in the Ministry. It is also informed that in the meantime, 'National DMF Workshop' was also organized on 9th July 2025 in New Delhi wherein representatives from over 150 DMFs participated including District Collectors. The suggestions came up during the workshop will also be considered while considering revision (if any) of PMKKKY Guidelines 2024. In sum, the recommendations of this Hon'ble Committee along with recommendations of the Committee constituted on revision of PMKKKY Guidelines and suggestions come up during 'National DMF Workshop' are being examined for suitable revision of PMKKKY Guidelines.

While the implementation of the revised PMKKKY guidelines, 2024 is dependent on the respective State governments, the Ministry of Mines sends reminder letters and conducts review meetings with the States and flag this matter to ensure that the revised PMKKKY guidelines, 2024 are incorporated in the State DMF Rules.

A review meeting with State Nodal Officers on the implementation of PMKKKY by DMF States was held on 28.05.2025. As of now, ten States— Goa, Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Odisha, Rajasthan, Telangana, Uttarakhand and Andhra Pradesh have incorporated the revised PMKKKY Guidelines, 2024 in their respective State DMF Rules. The remaining States are at various stages of the incorporation process.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

(For Comments of the Committee, please see para 7 of Chapter I)

Aspirational Districts Programme (Recommendation No. 2)

The Committee while noting that out of 112 least developed districts selected under the country's Aspirational Districts Programme, launched in January, 2018, 106 districts are under DMF Districts, they express concern that even after seven years since the launch of ADP, the main objectives of the PMKKKY viz. to minimize/mitigate the adverse impacts,

during and after mining, on the environment, health and socio-economics of people in mining areas, remained unachieved in these 112 ADP districts. The Committee, however, note with satisfaction that the Ministry of Mines have taken initiative by giving impetus to the Aspirational Districts Programme and has issued the revised PMKKKY guidelines in January, 2024, mentioning that DMFs may accord priority to achieving targets under Aspirational Districts and Blocks programme and expect that such concrete actions if implemented in letter and spirit will help to achieve not only the objectives of PMKKKY but also will support ADP. The Committee would like to be apprised of such initiatives taken in recent past and the outcome of the same.

Reply of the Government

The Aspirational Districts Programme is based on thematic areas of Agriculture and Water Resources, Basic Infrastructure, Education, Financial Inclusion and Skill Development, and Health and Nutrition. These themes are also included in PMKKKY priority sectors.

As of June 2025, the cumulative DMF collection across these 106 Aspirational districts stands at ₹34,768 crore, with ₹26,955 crore sanctioned and ₹ 18,491 crore spent. In total, 1,14,043 projects have been sanctioned under DMF in these districts, of which 70,602 projects have been completed.

However, the distribution of DMF funds in the ADP districts is highly uneven; 80 of the 106 DMF-ADP districts have a cumulative collection of ₹100 crore or less, reflecting low mining activity and, consequently, limited annual fund inflows. In contrast, the top 10 DMF-ADP districts account for approximately 80% of the total DMF corpus in 106 DMF districts, indicating a high concentration of resources in a few districts. Given this variation, the ability of DMF to significantly influence development indicators across all 112 ADP districts is inherently limited. Moreover, utilization of DMF funds is only within the directly and indirectly affected areas which extends up to 25 kms and may not cover the entire district.

The Ministry of Mines also launched the ‘Aspirational DMF Programme’ operational guidelines on 09th July, 2025 for alignment of DMF works with key ADP/ Aspirational Block Programme (ABP) themes and convergence of DMF funds with ongoing central/ state schemes for multiplier effect and strengthened outcomes for mining affected communities.

Legislative Framework (Recommendation No. 3)

The Committee Note that, Section 9B(1) of the MMDR Amendment Act (2015), clearly mentions that DMFs should be established as a “Trust”. Also, as per the model DMF Trust deed, circulated to all States and UTs by the Ministry of Mines ‘The Trust’ means – ‘the (name of the District) District Mineral Foundation Trust created by the SETTLOR.’ The Committee, however, observe that there is no uniform approach in the rules framed by different States as Districts in various States have registered the DMF Trust under various laws, which can potentially create confusion in their obligations and the discharge of functions depending on the law under which they have been registered.

The Committee note that the DMF Trust has been created by a statute – the Mines and Minerals Development and Regulation Amendment Act (MMDR), 2015. It is, therefore, important that DMF Trusts should be registered under the appropriate Trust Act, for securing rights of its beneficiaries. Registration will make the Trust a legal entity, ensure financial accountability and transparency of operations. The Committee are of the firm view that it is important for DMF Trusts to register under one particular Act, so that they are obligated by the same clauses. The Committee, would therefore, like the Ministry to issue necessary directions to all State Government's, to ensure that for each mining district the DMF Trust is established broadly on the lines as defined in the model DMF Trust deed circulated to all States and UTs, by the Ministry of Mines, to ensure standardized formation of the DMF Trust, pan India in all mining Districts.

Reply of the Government

The Ministry acknowledges the Hon'ble Committee's observation regarding the varied legal frameworks under which District Mineral Foundations (DMFs) have been registered across States. As per Section 9B(1) of the MMDR Amendment Act, 2015, DMFs are to be established as Trusts, and in line with this mandate, a model DMF Trust Deed was circulated by the Ministry of Mines to all States and Union Territories to facilitate a uniform governance structure.

While it is true that States have adopted different approaches for registration—some under Public Trust Acts, others under Societies Registration Acts or similar state-specific legislations—the Ministry would like to emphasize that such variations in registration do not affect the fundamental deliverables or functions of DMFs. Irrespective of the registration method, all DMF Trusts are required to function in accordance with the PMKKKY guidelines and respective State DMF Rules, which clearly define the scope, structure, and operational responsibilities of DMFs.

The Ministry remains committed to ensuring that DMFs across all States and Union Territories operate with transparency, efficiency, and accountability, irrespective of the legal structure under which they are registered.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Identification of beneficiaries (Recommendation No. 4)

The Committee further note that 'Beneficiaries' constitute the primary object of the Trust. It is, therefore, imperative for a Trust to define and identify its beneficiaries, as a Trust cannot be without its beneficiaries. As per the model DMF Trust deed circulated by the Ministry of Mines, 'Beneficiaries' mean the persons and areas affected by mining related operations undertaken in the area.' Thus, for DMF Trusts, only 'mining-affected people' should be considered as the beneficiaries. The Committee are therefore of the view that, the mining affected community and mining affected areas should be concretely defined in the DMF rules by all the States because identifying 'Beneficiaries' – is essential for proper functioning of the DMF as this will also help in targeted investments such as addressing issues of women and children residing in core mining affected areas.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's observation regarding the importance of clearly defining and identifying beneficiaries under the District Mineral Foundation (DMF) Trusts. The Ministry recognizes that the identification of mining-affected people and areas is fundamental to ensuring targeted and effective utilization of DMF funds.

In this regard, both the PMKKY Guidelines, 2015 and the Revised PMKKY Guidelines, 2024 have provided clear definitions of “affected people” and “affected areas”, which serve as the basis for determining beneficiaries. These definitions have been incorporated into the respective State DMF Rules, thereby aligning State-level implementation with the national framework.

As of now, all States have adopted the 2015 guidelines, and 10 States have updated their DMF Rules to reflect the Revised PMKKY Guidelines, 2024. Accordingly, mining-affected people and areas continue to be the primary and legally recognized beneficiaries of DMF Trusts.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Steps to strengthen the Important role of public representatives (Recommendation No. 5)

As the public representatives play an important role in shaping and in implementing the policies for larger public good, the Committee suggest that: -

- i. The public representatives invariably be invited to the meetings of the Governing Council of DMFs.
- ii. Invitation be sent to the public representatives by all modes of communication viz. email, SMS, WhatsApp, and calls to mobile and landlines.
- iii. DMF portal may be created and the communications about the Governing Council may also be sent through the portal.
- iv. Communications about the Governing Council meetings may be sent at least 10 days in advance to enable the public representatives to attend the meetings.
- v. Governing Council meetings may not be held during Parliament/ state assembly sessions as the public representatives will be busy in attending the sessions.

Reply of the Government

The recommendation of the Hon'ble Committee regarding the participation of public representatives in the Governing Council meetings of District Mineral Foundations (DMFs) has been noted. A communication has been sent to all States advising them to ensure that public representatives are invariably invited to Governing Council meetings. This was also conveyed, in no uncertain terms, during the recently concluded ‘National DMF Workshop’ organized on 9th July 2025 in New Delhi.

While the idea of using a portal to send communications is appreciated, creating a new, separate communication feature within a DMF portal specifically for this purpose may not be feasible at present, given technical and administrative constraints. However, to promote transparency, the National DMF portal has a feature to add minutes of the meeting of Governing Council.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Role of public representatives in the governance of DMF
(Recommendation No. 6)

The mandate of the Governing Council of DMF, the Committee note, is to manage the DMF Trust. The Governing Council is headed by District Magistrate/Collector, and it mainly consists of District officials such as Additional District Magistrate, District Superintendent of Police, Chief Executive Officer of Zila Panchayat and line Department Officials. Public representatives of public, such as MPs, MLAs, MLCs, selected panchayati raj institution are also members. It may, therefore, be seen that Governing Council is predominantly, a bureaucratic set up.

The role of the Governing Council is to lay down the broad policy framework for the Trust, review activities, participate in annual planning, approve annual plans and budgets, conduct audits of schemes and works, reviewing annual reports and accounts, ratifying appointments of officers and auditors etc.

The Committee are of the view that elected Members of Parliament, being representatives of the public, are in a better position to appreciate the needs and aspirations of the people of the area and hence are eminently qualified to the lead the policy making Governing Councils instead of career bureaucrat. Presently, the Dist. Magistrate heads both the policy formulating Governing Councils and also the Policy Implementing Managing Committee. The Committee are of the considered opinion that this arrangement of the same officials heading both the Policy making and policy implementing bodies is not in tune with the separation of power of policy making and policy implementation. In view of the aforementioned, the Committee suggest that elected members of Parliament representing the mining affected areas may be considered for heading the Governing Councils of DMF Trusts. In case a mining affected area falls under two different Lok Sabha constituencies –

the Minister who is incharge of the affected area or the MP of the majority area which is affected or the senior MP, in that order, may be made the Chairperson of the Council and the other MP may be made a member; District Magistrate may be a member of the Governing Council and also the Chairperson of the Managing Committee.

Reply of the Government

The PMKKKY Guidelines, 2015 did not specify provisions regarding the composition of the Governing Council (GC) and Managing Committee (MC), leaving it to the States to frame their own DMF Rules. Subsequently, an order dated 23.04.2021 mandated the inclusion of Hon'ble MPs, MLAs, and MLCs in the Governing Council, and designated the District Collector as the Chairperson of both the GC and MC. The above order has been duly incorporated into the revised PMKKKY guidelines 2024.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

(For Comments of the Committee, please see para 10 of Chapter I)

Setting up of State Level Monitoring Committee (SLMCs)

(Recommendation No. 7)

The Committee note that even after a lapse of more than a year of issuing revised PMKKKY guidelines in January, 2024, 12 out of 23 States are yet to set up SLMCs. They therefore want Ministry of Mines to issue directions to set up SLMCs in the remaining States without further delay. Further, the reply of Ministry of Mines is silent as to whether the States which have set up SLMCs have met twice as stipulated in revised guidelines of PMKKKY. The Committee want the Ministry to apprise them on this aspect also.

Reply of the Government

The original PMKKKY Guidelines did not provide for the establishment of a State-Level Body to monitor the functioning of DMFs. Nevertheless, 12 States independently constituted State-Level Monitoring Committees (SLMCs) with their own set of members and rules. The Ministry of Mines, however, does not have records of the meetings conducted by these committees.

To bring uniformity, the revised PMKKKY Guidelines, 2024 formally introduced the provision for a State-Level Monitoring Committee under Section 11. As of now, ten States—Gujarat, Maharashtra, Jharkhand, Odisha, Telangana, Himachal Pradesh, Rajasthan, Goa, Andhra Pradesh and Uttarakhand—have updated their State DMF Rules accordingly. The Ministry of Mines issued several communications to the State Governments to incorporate PMKKKY Guidelines 2024 into their State DMF Rules.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Role of Gram Sabha in implementation of DMF/PMKKKY
(Recommendation No. 8)

The Committee note that the State DMF Rules and the Pradhan Mantri Khanij Kshetra Kalyan Yojana (as aligned to DMF), clearly mentions the power and role of the Gram Sabha in mining-affected areas for identification of beneficiaries, DMF planning, and review of works and schemes. The Committee feel that engagement of State officials is limited to reach out to the people in mining-affected areas to know about their priorities and for optimizing benefits for them and ensuring equitable and sustainable development of the mining-affected areas. The Committee are, thus, of the view that their participation should not only be restricted to give suggestions through Gram Sabha consultations and that too during the Five-Year Perspective Planning process only, as submitted by the Ministry. The Committee, therefore, recommend that Gram Sabhas may be involved for engaging the affected communities in DMF decision-making, and improving the scope and effectiveness of DMF investments by engaging local communities/Gram Sabha members in DMF planning and monitoring. The Committee may be apprised of the action taken in this regard.

Reply of the Government

The participation of Gram Sabha members in the Governing Council (GC) and Managing Committee (MC) can serve as an effective mechanism to ensure community representation in DMF decision-making processes. The Ministry of Mines acknowledges the Hon'ble Committee's recommendation regarding the enhanced role of Gram Sabhas in the implementation of DMF/PMKKKY. The Ministry agrees that the participation of Gram Sabha members should not be limited to the Five-Year Perspective Planning process alone.

The Ministry of Mines is currently undertaking a comprehensive review of the PMKKKY Guidelines, drawing upon the recommendations of this Hon'ble Committee along with

Committee chaired by Shri N. N. Sinha and valuable inputs received from stakeholders during the recently concluded National DMF Workshop.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

**Assessment by third party and Assessment studies regarding impact
of projects under DMF/ PMKKKY
(Recommendation No. 9)**

To ensure utmost accountability and effective operation of the DMFs, the Committee are of the view that an independent social audit involving stakeholders, particularly from mining affected areas, is also extremely important to provide an opportunity to the ultimate users or beneficiaries to scrutinize development initiatives. The Committee are of the view that this will also ensure the involvement of Gram Sabhas in monitoring and reviewing works and schemes undertaken by DMF funds as the DMF rules and PMKKKY envisages. The audit can include review coverage of beneficiaries, timeliness of developmental schemes/works undertaken, work completion rates, and any such related issues. The Committee would like to be apprised about the action taken in this regard.

The Committee are of the view that as huge amounts are spent on various projects funded by DMF for the welfare of mining affected areas and the people, thus it will be appropriate to suggest that impact assessment studies by third parties may be conducted to have objective view on the outcome and output of the amounts spent. The Committee are of the view that third party assessment by Civil Society, NGO, independent organizations, research bodies/Universities etc. may be conducted to assess the impact of these projects on improving the quality of life of the mining affected persons.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's recommendations aimed at enhancing transparency, accountability, and impact assessment under the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) and the functioning of District Mineral Foundations (DMFs).

In this regard, the Ministry would like to submit that the implementation of social audits and third-party impact assessments falls within the purview of the respective State

Governments, as per the decentralized structure of DMF governance. These activities are to be funded through the administrative expense provisions under PMKKKY Guidelines, 2024.

To ensure consistency and oversight, these will be monitored by the State Level Monitoring Committees (SLMCs), constituted under the revised guidelines to review DMF operations and compliance.

The Ministry remains committed to strengthening community engagement and ensuring that DMF initiatives are transparent, inclusive, and responsive to the needs of mining-affected populations.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

**Demarcation of affected areas
(Recommendation No. 10)**

The Committee note that one of the Key features of the revised guidelines under DMF/PMKKKY is Clear demarcation of directly affected areas (up to 15 kms from the boundary of the mines) and indirectly affected areas (up to 25 kms from the boundary of the mines).

During examination of the subject, it was brought to the notice of the Committee that some States found this restrictive which may make it difficult for them to utilize the funds effectively and were in favour of revising or to expand the demarcation. However, as informed by the Ministry to the Committee, impact assessment is yet to be done to support such views. The Committee, therefore, suggest that in the first instance impact assessment should be undertaken to see what changes have been brought to the lives of the local people of those areas and also whether saturation point has been reached on various aspects like education, healthcare, rural livelihood, heritage, water sanitation and other infrastructure. The Committee also recommend that a saturation assessment of the areas most affected by mining i.e. adjoining areas should be conducted to ensure that the basic developmental facilities have been provided for before seeking revision of the demarcated areas. The Committee further suggest that 70% of the funds may be spent specifically in

the radius of 15 kms. affected area and remaining 30% of the funds on the other areas of the District.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's observation regarding the demarcation of directly and indirectly affected areas under PMKKKY. The Ministry agrees that any revision to the defined boundaries must be evidence-based and preceded by a thorough impact and saturation assessment.

Accordingly, an advisory will be issued urging States to conduct impact assessments to evaluate saturation in key sectors such as healthcare, education, livelihoods, heritage, water and sanitation, and infrastructure. State Level Monitoring Committees (SLMCs) will provide oversight and ensure uniformity in implementation of impact and evaluation assessments.

The existing provision of allocating 70% of DMF funds to directly affected areas and 30% to indirectly affected areas remains unchanged and is designed to prioritize vulnerable populations.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

(For Comments of the Committee, please see para 13 of Chapter I)

DMF information in public domain

(Recommendation No.11)

The Committee are of the view that DMF Trust is deemed to be a public authority, open to the government as well as public scrutiny for the purposes of the Right to Information Act, 2005. Also, the Trust is implementing many Central and State Schemes, thus, it should function with utmost transparency and accountability. The Committee are therefore of the view that disclosure of all DMF related information should be in public domain through a DMF website, to ensure public accountability and transparency of operations.

Reply of the Government

The Ministry of Mines affirms the Hon'ble Committee's recommendation that DMF Trusts, being deemed public authorities, must function with utmost transparency and accountability, and that all DMF-related information should be made available in the public domain.

Transparency and accountability remain central to DMF governance. As public authorities, DMF Trusts are subject to the Right to Information Act, 2005. Section 9 of the PMKKY Guidelines mandates every DMF to maintain a dedicated website for proactive disclosure, including fund receipts, utilization details, project lists, progress reports, audit findings, and third-party evaluations. To institutionalize these disclosures, the Ministry has launched the National DMF Portal (<https://dmf.gov.in>), a centralized platform offering district-wise and state-wise data, sectoral fund allocations, real-time dashboards, and public access to key documents. Efforts are ongoing to improve data timeliness and consistency across States. Collectively, these measures aim to ensure that DMF initiatives are transparent, inclusive, and impactful—ultimately improving the quality of life in mining-affected communities

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

(For Comments of the Committee, please see para 16 of Chapter I)

Sustainability and Maintenance of Projects

(Recommendation No. 12)

The Committee note that the sustainability of completed DMF projects represents a critical dimension of long-term development impact that extends beyond initial implementation. The substantial completed projects faces various sustainability challenges spanning multiple dimensions including financial viability as it would incur recurrent costs for their operations and maintenance, clarity on post-completion ownership and management, durability of infrastructure and adaptability to changing conditions etc. The Committee while acknowledging the creation of endowment fund for ensuring long term sustainable development of projects suggest that in the audit report of DMF a mention about the creation, operation and financial performance of endowment fund may be made.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's observation regarding the importance of ensuring the long-term sustainability of completed DMF-funded projects. The Ministry recognizes that sustainability challenges—such as financial viability, clarity on post-completion ownership, defined operations and maintenance (O&M) responsibilities, and infrastructure durability—must be addressed to secure lasting development outcomes in mining-affected areas.

Projects undertaken under DMF are approved by the respective Governing Councils (GCs), and their nature may vary based on State-specific DMF Rules. In many cases, project designs incorporate provisions for sustainability and maintenance. Upon completion, such assets typically fall under the administrative purview of the concerned line departments, which are expected to integrate them into their routine O&M frameworks to ensure continued functionality.

The Ministry would like to clarify that the DMF Endowment Fund is not intended to finance the O&M of completed infrastructure projects. As per the Revised PMKKY Guidelines, 2024, the Endowment Fund is specifically designed to support sustainable livelihood creation in areas where mining activity has ceased due to reasons such as mineral exhaustion or closure of operations.

The guidelines stipulate that a reasonable sum not exceeding 10% of the annual DMF receipts may be allocated to the Endowment Fund. This provision is applicable to districts with annual DMF collections of ₹10 crore or more. The fund may be invested in government securities, bonds, fixed deposits of scheduled banks, or other instruments as permitted by the respective State Government. The income generated from these investments is to be utilized for livelihood generation and socio-economic resilience in post-mining regions.

The Ministry is currently in the process of preparing a detailed guidance document to support States in the creation, management, and utilization of the Endowment Fund.

The Ministry also agrees with the Committee's suggestion that the creation, operation, and financial performance of the Endowment Fund should be appropriately reflected in the audit

reports of DMFs and will advise States to incorporate this reporting requirement in their statutory audit frameworks.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Accrual of funds and its utilization
(Recommendation No. 13)

The data on the amount collected/ accrued since 2018-19 shows that in the years 2018-19, 2020-21 & 2023-24, the amount collected and accrued in DMF stood at 8,095, 9,258.71 and &13,459.41 crore and out of these amounts, allocations stood at Rs 12,118, Rs 12,603.11 and Rs 14,019 crore respectively. It is not clear as to how amounts which were higher than the amounts accrued in the DMF fund, were allocated in the said years. The Committee, therefore, want the Ministry to clarify the same. Further, they also want the Ministry to furnish the cumulative data by incorporating the extra column, after col 2 of the above table, for furnishing details on - "the amounts of unspent balances brought forward from the previous years" to have a meaningful conclusion on the allocations and spending from the DMF fund.

Reply of the Government

The Hon'ble Committee's observation regarding the apparent mismatch between the DMF funds accrued and allocations made in certain years (notably 2018-19, 2020-21, and 2023-24) is duly noted. The Ministry would like to clarify the following points in this regard:

1. Non-Lapsable Nature of DMF Funds: The District Mineral Foundation (DMF) operates as a non-lapsable fund, meaning that funds collected in one year remain available for use in subsequent years until they are fully utilized. While there is no formal concept of "carry forward" akin to budgetary provisions, unspent balances continue to be part of the cumulative fund available with each DMF Trust. Hence, allocations in a given year may exceed the accruals of that specific year by utilizing the existing corpus accumulated from previous years.
2. Unspent Balances and Anticipatory Allocations: In certain cases, allocations may be made in anticipation of future accruals, particularly under bulk or multi-year project approvals, as observed in districts such as Dantewada (Chhattisgarh) and Keonjhar

(Odisha). This approach is aligned with local planning priorities and enables timely execution of projects while ensuring efficient use of funds over the longer term.

3. Provision of Supplementary Data: In response to the Hon'ble Committee's suggestion, the Ministry has included an additional column in the data table (Annexure A) to indicate the unspent balances brought forward from previous years. This provides a more holistic view of available funds and justifies the allocations made in excess of current-year accruals.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Utilization Index, Benchmarking and Performance Ranking (Recommendation No. 14)

The Committee find that presently, there is no index of utilization of funds available on DMF website operated by Ministry of Mines. An index of utilization of funds from DMFs, the Committee believe, will go a long way in infusing competitive spirit among the States and will also impart transparency to the functioning of DMFs. The index may also contain the ranking of the States on the extent of utilization of the funds from the DMF for the purposes for which the fund is meant for.

With a view to infuse healthy competition among the DMFs to perform better, the Committee suggest the Ministry to devise 'DMF District Ranking Index' taking into consideration various parameters such as utilization of funds, number of projects taken up and completed, timely execution of the projects, transparency, carryout impact assessment studies by third parties, etc. Such an index should be prominently displayed in the national DMF portal managed by the Ministry of Mines and also the state portals of DMFs. Further such an Index should be devised and made operational within the timelines.

Reply of the Government

The Ministry of Mines appreciates the Hon'ble Committee's forward-looking suggestion to introduce a 'DMF District Ranking Index' aimed at fostering healthy competition among districts, improving performance, and enhancing transparency in DMF operations. The Ministry will initiate the process of establishing a comprehensive framework for the implementation of a ranking index.

This initiative is expected to foster data-driven decision-making, incentivize improved performance, and enhance public accountability in the functioning of DMFs across the country.

The Ministry is happy to mention that a simplified version of ranking the DMF states was implemented during the recently concluded National DMF Workshop held on 9th July 2025. During the workshop, States were felicitated based on their performance in two key areas:

- i. Incorporation of the Revised PMKKY Guidelines, 2024 into their respective State DMF Rules, and
- ii. Completion of statutory audits from the inception of DMF

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Diversion of funds
(Recommendation No. 15)

The Committee are concerned to note that there are many cases of diversion of the funds of DMFs for purposes other than the stipulated ones, in many States as informed by the Ministry of Mines. Such diversions, the Committee note, took place in the form of transfers to State treasury/consolidated fund of the State or State level funds (by whatever name called) or Chief Minister's Relief Fund or other funds or schemes. The Committee believe that such transfers are violative of letter and spirit of the MMDR (Amendment) Act, 2015 which facilitated the setting up of DMF and defeat the purpose of the creation of the fund. The Committee while noting the orders dated 12.07.21 issued by Ministry of Mines to prevent such unauthorized transfer of funds from DMF for purposes other than the stipulated ones, strongly recommend that:

- i. structures/ systems may be created for regular monitoring of fund usage at state level.
- ii. diversions may be disincentivized by imposing penalties on DMFs
- iii. they may be apprised of any diversion of funds even after issue of the aforementioned orders by Ministry of Mines
- iv. as suggested elsewhere in the report, auditors- statutory/C&AG, may be mandated to disclose such diversions in their audits
- v. amount of such diversions took place so far to the state treasuries (State wise) and/or to purposes other than the stipulated ones may be furnished to the Committee.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's concern regarding unauthorized diversion of DMF funds for purposes other than those stipulated under the Mines and Minerals (Development and Regulation) Amendment Act, 2015 and the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) framework. The Ministry is committed to ensuring that DMF funds are utilized strictly for the welfare of mining-affected communities and in accordance with the statutory provisions.

In response to the specific recommendations of the Hon'ble Committee:

1. Structures/systems for regular monitoring of fund usage at State level: The revised PMKKKY Guidelines, 2024 provides oversight mechanisms through the effective functioning of the State Level Monitoring Committees (SLMCs). These Committees are empowered to regularly review DMF operations, including financial compliance and fund utilization, and will serve as the primary institutional structure for monitoring fund usage at the State level.
2. Disincentivizing diversions through penalties: The revised PMKKKY Guidelines (2024) explicitly includes compliance provisions aimed at disincentivizing any diversion or unauthorized transfer of DMF funds. The Ministry will continue to reinforce this provision by engaging with States and ensuring alignment of fund usage with statutory intent.
3. Action Taken Reports from States: Following the Ministry's earlier communication vide order dated 12.07.2021 which prohibited such transfers, the Ministry has started writing to State Governments wherever such diversions came to notice to seek Reports particularly with reference to any diversion of funds post the issuance of the order. The Ministry also requests that any such deviations, if identified, be addressed and rectified promptly.
4. Mandatory Disclosure in Audit Reports: The Ministry will advise States to ensure that statutory auditors, including the Comptroller and Auditor General (C&AG), explicitly report any instances of fund diversion in their audit observations. This will promote transparency and strengthen financial discipline in the management of DMF funds.
5. Data on Diversion of Funds: While the Ministry acknowledges the Committee's request, it may be noted that no centralized estimate of funds diverted to State

treasuries or other non-permissible uses is presently available with the Ministry. The Ministry is committed to improving reporting protocols and will work with States to ensure that any such information, if applicable, is documented and made available in subsequent reviews.

In line with the above, the Ministry remains committed to upholding the integrity of DMF operations, ensuring that the funds are utilized strictly for the benefit of mining-affected communities as envisioned under the Act and guidelines.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Default in payment to DMF
(Recommendation No. 16)

The Committee are of the view that to impart transparency and accountability in the operations of DMF, the annual reports of the DMF should invariably mention the compliance or otherwise, of the mine lease holders about the contributions made to DMF at stipulated rates. Rules may be formulated to ensure that Statutory auditors and also C&AG auditors be requested to comment on this aspect in their audits of DMFs

Reply of the Government

The Ministry of Mines fully agrees with the Hon'ble Committee's recommendation that transparency and accountability in DMF operations can be significantly enhanced by disclosing the compliance status of mine lease holders with respect to their mandated contributions to the District Mineral Foundations (DMFs).

Under the prevailing legal framework, mining leaseholders are required to contribute:

7. 10% of the royalty in the case of leases granted before 12.01.2015, and
8. 30% of the royalty in the case of leases granted on or after 12.01.2015,

As per the provisions of Section 9B of the MMDR Act, 1957 and associated rules. These contributions are made directly to the respective DMF Trusts without being routed through any State or Central fund, thereby ensuring decentralization and direct accrual at the district level.

To promote transparency and reinforce compliance oversight, the Ministry will strengthen its monitoring mechanism to enforce the transparency and accountability related provisions available in the PMKKY 2024 guidelines.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Audit of DMF by C&AG

(Recommendation No. 17)

The Committee while appreciating the initiative of the Ministry to get the accounts of the DMFs audited by C&AG to impart transparency and accountability in the operations of DMF and to ensure that funds are utilized for the intended purposes, note that C&AG has commenced the performance audit of DMFs in 12 out of 23 States where DMFs are in operation. In this context, the Committee suggest and recommend that:

- (i) the audit of C&AG may be commenced in the remaining 11 States also at the earliest,
- (ii) the audit may cover various aspects of the functioning of the DMFs such as their functioning as per the objectives, diversion of the funds, if any, including the nature, extent and magnitude of such diversion, supervision and monitoring of DMFs, preparation and laying of Annual reports of DMFs on the table of the State legislature, etc.
- (iii) C&AGs audit is in addition to statutory audit conducted/being conducted by State Govts.

Reply of the Government

The Ministry of Mines appreciates the Hon'ble Committee's recognition of its ongoing efforts to promote transparency and accountability in the functioning of District Mineral Foundations (DMFs) through Comptroller and Auditor General (C&AG) for the performance audit of DMFs.

In response to the Hon'ble Committee's recommendations, the Ministry has written to C&AG regarding the recommendations of the committee and to cover all States in their DMF audits.

C&AG has informed that the audit of DMFs in remaining 11 States would be taken up in the subsequent audit cycles after risk assessment.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Perspective plan for use of DMF funds
(Recommendation No. 18)

The Committee note that the reply furnished by Ministry of Mines shows that in 2022 itself they have issued an order for the preparation of a five-year Perspective Plan for implementation of works using DMF funds to ensure systemic development of the mining-affected area and people. The Committee note that the said directions were further incorporated in the revised PMKKKY guidelines 2024 under Section 5 – Five years perspective planning and yearly plan. The reply of Ministry of Mines, however, is silent on the status of compliance of these orders. In view of the aforementioned, the Committee recommend that (i) Ministry of Mines may furnish the Committee the state wise compliance of the aforementioned orders; and (ii) timelines may be prescribed for compliance of the orders w.r.t preparation of five-year perspective plan by DMFs. iii) social impact report may be submitted.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's observations regarding the importance of systematic and long-term planning for the effective utilization of DMF funds. The issuance of the order in 2022 mandating the preparation of Five-Year Perspective Plans was a significant step toward promoting structured and sustainable development in mining-affected regions. This directive has also been formally incorporated under Section 5 of the revised PMKKKY Guidelines, 2024, which lays down provisions for both Five-Year Perspective Planning and Annual Planning. The Ministry will work on strengthening the mechanism of perspective plan by the DMFs.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Category wise projects/sectors to enhance ongoing schemes
(Recommendation No. 19)

DMF/PMKKKY aims to create sustainable development in mining affected districts by channeling funds into critical sectors. According to the 2024 revised guidelines, at least 70% of DMF funds must be utilized in high-priority sectors. The Committee appreciate that this represents an increase from the earlier requirement of 60%, demonstrating enhanced commitment to address immediate mining impacts. The high-priority sectors, where this 70% allocation must be directed include drinking water supply; environment preservation and pollution control measures; healthcare; education; welfare of women and children; welfare of aged and differently abled persons; skill development and livelihood generation; sanitation; housing, agriculture and animal husbandry. The remaining 30% of funds can be allocated to other priority areas including physical infrastructure; irrigation; energy and watershed development and any other measures enhancing environmental quality in mining districts. The Committee feel that as these developmental and welfare projects will be complementing the existing ongoing schemes, the Ministry should ensure that the DMF/PMKKKY projects enhance/converge rather than duplicate ongoing government initiatives. The Committee also feel that if they are aligned well, a better impact on the ground can be seen, which can actually bring some change in the lives of the affected people.

Reply of the Government

The Ministry of Mines notes the Hon'ble Committee's recognition of the enhanced focus on high-priority sectors under the revised PMKKKY Guidelines, 2024, which require at least 70% of DMF funds to be utilized in critical areas such as drinking water supply, environment preservation, healthcare, education, welfare of vulnerable groups, skill development, sanitation, housing, agriculture, and animal husbandry. The remaining 30% may be allocated to other priority sectors including infrastructure, irrigation, energy, and watershed development.

Further, the revised PMKKKY guidelines, 2024 provides for the convergence of schemes, as far as possible, in the nature of complementing the ongoing schemes/projects funded by the state as well as central government. Additionally, the institutionalization of the State

Level Monitoring Committees (SLMC) and the ongoing C&AG audits under the revised guidelines are expected to strengthen monitoring, oversight, and ensure adherence to convergence and complementarity principles.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

Gap in Implementation – need to address incomplete projects

(Recommendation No. 20)

The Committee observe that there are many major projects under DMF/ PMKKKY which have not completed and display long gestation period in implementation of projects. Collectively, the DMFs have undertaken 3.69 lakh projects, out of which 2.08 lakh have been completed which is around 56% completion. The Committee feel concerned that the absolute number of incomplete projects is substantial which indicates a considerable backlog in the DMF implementation and raises questions about the appropriateness of project selection. The Committee suggest that immediate steps be taken to identify the bottlenecks, with adequate monitoring and follow-up mechanisms to address the implementation gap.

Reply of the Government

The Ministry of Mines acknowledges the Hon'ble Committee's concern regarding the significant number of incomplete projects under DMF/PMKKKY.

It is important to highlight the following points to contextualize this data:

7. Several projects categorized as "ongoing" are large-scale infrastructure and welfare projects that naturally require long gestation periods due to their scale, complexity, and the need for multi-year, phased execution to ensure quality and sustainability.
8. In some cases, projects originally sanctioned but later deemed infeasible or redundant have been scrapped by the respective DMFs. These should ideally be reflected in the completed or closed project status, which could improve the overall completion ratio upon reclassification.

The current fund allocation across all DMFs stands at nearly 84%, indicating that a significant portion of the available DMF corpus has already been committed to

various projects. These projects are expected to be implemented over a multi-year timeframe in a planned and phased manner.

It is expected that C&AG audits and SLMC mechanism will further enhance the accountability at DMF/ States level.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

CHAPTER-III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

-NIL-

CHAPTER-IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Role of Public Representatives in the Governance of DMF (Recommendation No. 6)

The mandate of the Governing Council of DMF, the Committee note, is to manage the DMF Trust. The Governing Council is headed by District Magistrate/Collector, and it mainly consists of District officials such as Additional District Magistrate, District Superintendent of Police, Chief Executive Officer of Zila Panchayat and line Department Officials. Public representatives of public, such as MPs, MLAs, MLCs, selected panchayati raj institution are also members. It may, therefore, be seen that Governing Council is predominantly, a bureaucratic set up.

The role of the Governing Council is to lay down the broad policy framework for the Trust, review activities, participate in annual planning, approve annual plans and budgets, conduct audits of schemes and works, reviewing annual reports and accounts, ratifying appointments of officers and auditors etc.

The Committee are of the view that elected Members of Parliament, being representatives of the public, are in a better position to appreciate the needs and aspirations of the people of the area and hence are eminently qualified to the lead the policy making Governing Councils instead of career bureaucrat. Presently, the Dist. Magistrate heads both the policy formulating Governing Councils and also the Policy Implementing Managing Committee. The Committee are of the considered opinion that this arrangement of the same officials heading both the Policy making and policy implementing bodies is not in tune with the separation of power of policy making and policy implementation. In view of the aforementioned, the Committee suggest that elected members of Parliament representing the mining affected areas may be considered for heading the Governing Councils of DMF Trusts. In case a mining affected area falls under two different Lok Sabha constituencies – the Minister who is incharge of the affected area or the MP of the majority area which is affected or the senior MP, in that order, may be made the Chairperson of the Council and the other MP may be made a member; District Magistrate may be a member of the Governing Council and also the Chairperson of the Managing Committee.”

Reply of the Government

The Ministry in its Action Taken Reply has stated as under:

The PMKKY Guidelines, 2015 did not specify provisions regarding the composition of the Governing Council (GC) and Managing Committee (MC), leaving it to the States to frame their own DMF Rules. Subsequently, an order dated 23.04.2021 mandated the inclusion of Hon'ble MPs, MLAs, and MLCs in the Governing Council, and designated the District Collector as the Chairperson of both the GC and MC. The above order has been duly incorporated into the revised PMKKY guidelines 2024.

(M/o Mines F.No.-7/55/2024-M. IV dtd.28.08.2025)

(For Comments of the Committee, please see para 10 of Chapter I)

CHAPTER-V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

-NIL-

**NEW DELHI;
15 December, 2025
24 Agrahayana, 1947 (Saka)**

**ANURAG SINGH THAKUR
Chairperson,
Standing Committee on Coal,
Mines and Steel**

Annexure A

Unspent Balance of DMF funds over the last seven financial years.

(Rs. In Crore)

Financial Year	No of DMF districts	Amount collected	Amount accrued	Amount allocated out of DMF	Amount spent	Amount Remaining
1	2	3	4	5	6	7 (3-6)
2018-19	557	8,095.00	8,095.00	12,118.00	3,448.00	4,647.00
2019-20	557	10,331.22	10,331.22	8,390.18	7,124.54	3,206.69
2020-21	574	9,258.71	9,258.71	12,603.11	8,279.47	979.24
2021-22	600	14,748.00	14,748.00	9,276.56	8,630.31	6,117.69
2022-23	622	15,402.74	15,402.74	13,931.95	9,898.99	5,503.75
2023-24	631	13,459.41	13,459.41	14,019.02	8,733.44	4,725.96
2024-25	645	12511.98	12511.98	5,926.56	5,483.12	7,028.86

ANNEXURE I

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON COAL, MINES AND STEEL (2025-26) HELD ON 15 DECEMBER, 2025

The Committee sat on Monday, 15 December, 2025 from 1800 hrs. to 1820 hrs. in Committee Room No.1, Parliament House Annex Extension Building, New Delhi

PRESENT

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri Sukhdeo Bhagat
3. Smt. Roopkumari Choudhary
4. Shri Vijay Kumar Hansdak
5. Smt. Kamlesh Jangde
6. Smt. Jyotsna Charandas Mahant
7. Shri Harish Chandra Meena
8. Shri Ananta Nayak
9. Smt. Bharti Pardhi
10. Dr. Rajkumar Sangwan
11. Shri Shatrughan Prasad Sinha
12. Smt. Dhanorkar Pratibha Suresh
13. Shri Aditya Yadav

Rajya Sabha

14. Shri Anil Kumar Yadav Mandadi
15. Shri Deepak Prakash
16. Shri Aditya Prasad
17. Shri Devendra Pratap Singh
18. Shri Pradip Kumar Varma
19. Shri Sajjad Ahmad Kichloo

Secretariat

1. Shri Harish Chandra Bist	-	Joint Secretary
2. Smt. Reena Gopalakrishnan	-	Director
3. Smt. Sunanda Chatterjee	-	Deputy Secretary

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

3. The Committee, thereafter, considered and adopted the following draft Reports without any modifications:-

(i) xxxx xxxx xxxx xxxx xxxx

(ii) Draft Action Taken Report on the Seventh Report of the Committee on Coal, Mines and Steel on 'Implementation and Utilization of District Mineral Foundation (DMF) Fund, Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKY) - A Review' pertaining to the Ministry of Mines.

4. The Committee then authorized the Chairperson to finalize the Report in light of the factual verification received from the Ministry of Mines and present and lay the same in the Lok Sabha and Rajya Sabha respectively.

The Committee, then, adjourned.

(Vide Para IV of Introduction)**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE 7TH REPORT OF THE
STANDING COMMITTEE ON COAL, MINES AND STEEL (EIGHTEENTH LOK SABHA)**

I.	Total No. of Recommendations made:	20
II.	Observations/Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20): Percentage of total	19 95%
III.	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies (Nil): Percentage of total	00 0%
IV.	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee (<i>vide</i> recommendation No.06) Percentage of total	01 5%
V.	Observations/Recommendations in respect of which final replies of the Government are still awaited (Nil): Percentage of total	00 0%