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STANDING COMMITTEE ON  
COAL AND STEEL (2019-2020)  
SEVENTEENTH LOK SABHA

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MINISTRY OF MINES

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

**[Action Taken by the Government on the Observations/  
Recommendations contained in the Forty-Seventh Report of the  
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**



**NINTH REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI  
SEPTEMBER, 2020/BHADRAPADA, 1942(Saka)**

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**[Action Taken by the Government on the Observations/  
Recommendations contained in the Forty-Seventh Report of the  
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**

**Presented to Hon'ble Speaker on 09.09.2020**

**Presented to Lok Sabha on \_\_.09.2020**

**Laid in Rajya Sabha on \_\_.09.2020**



**LOK SABHA SECRETARIAT  
NEW DELHI  
SEPTEMBER, 2020/BHADRAPADA, 1942(Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON  
COAL AND STEEL(2019-20)**

**Chairperson - Shri Rakesh Singh**

**Lok Sabha**

2. Shri Balubhau Dhanorkar alias Suresh Narayan
3. Shri Vijay Kumar Hansdak
4. Shri Kunar Hembram
5. Shri Raghurama Krishnaraju Kanumuru
6. Shri C. Lalrosanga
7. Shri S. Muniswamy
8. Shri Ajay Nishad
9. Shri Basanta Kumar Panda
10. Smt. Riti Pathak
11. Shri Komati Reddy Venkat Reddy
12. Shri Chunni Lal Sahu
13. Shri Arun Sao
14. Dr. Beesetti Venkata Satyavathi
15. Shri Sushil Kumar Singh
16. Shri Pashupati Nath Singh
17. Shri Sunil Kumar Singh
18. Dr. Alok Kumar Suman
19. Dr. Thirumaavalavan Thol
20. Shri Shyam Singh Yadav
21. Shri Tokheho Yepthomi

**Rajya Sabha**

22. Dr. Vikas Mahatme
23. Shri Prashanta Nanda
24. Shri Ram Vichar Netam
25. Shri Samir Oraon
26. Shri Dhiraj Prasad Sahu
27. Shri Prabhakar Reddy Vemireddy
28. Shri B. Lingaiah Yadav\*
29. Shri Anil Desai<sup>#</sup>
30. Shri Venkataramana Rao Mopidevi<sup>^</sup>
31. Vacant

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\*Nominated w.e.f. 3<sup>rd</sup> December, 2019

<sup>#</sup> Nominated w.e.f. 21<sup>st</sup> December, 2019

<sup>^</sup> Nominated w.e.f. 23<sup>rd</sup> July, 2020

## **SECRETARIAT**

- |                       |   |                     |
|-----------------------|---|---------------------|
| 1. Shri Pawan Kumar   | - | Joint Secretary     |
| 2. Shri Arvind Sharma | - | Director            |
| 3. Smt. Geeta Parmar  | - | Additional Director |
| 4. 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 Ninth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Forty-Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)" relating to the Ministry of Mines.

2. The Forty-Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 27.12.2018. Replies of the Government to all the observations/recommendations contained in the Report were received on 20.01.2020.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 02.09.2020.

4. An analysis on the Action Taken by the Government on the observations/ recommendations contained in the Forty-Seventh (Sixteenth Lok Sabha) of the Committee is given at **Annexure-III**.

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

**NEW DELHI;  
02 September, 2020**

**॥ Bhadrapada, 1942(Saka) Standing Committee on Coal and Steel**

**RAKESH SINGH  
Chairperson**

## REPORT

### CHAPTER I

This Report of the Committee deals with Action Taken by the Government on the observations/recommendations contained in the Forty Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)" relating to the Ministry of Mines which was presented to Lok Sabha and laid in Rajya Sabha on 27.12.2018.

2. The Report contained 7 Observations/Recommendations. The Action Taken Replies have been received from the Ministry of Mines in respect of all the 7 observations/recommendations contained in the Report on 20.01.2020. These have been categorised as follows:-

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

Serial Nos. 2, 3, 4, 5, 6 and 7

Total : 6  
Chapter-II

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

Serial No. 1

Total: 1  
Chapter-III

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

Serial No. NIL

Total : NIL  
Chapter-IV

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

Serial No. NIL

Total : NIL  
Chapter-V

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee would desire that Final Action Taken Notes to the recommendations contained in Chapter-I of this Report be furnished to them within three months.

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

#### **RECOMMENDATIONS (Sl. Nos. 2,3,4,5,6 and 7)**

##### **RECOMMENDATION (Sl.No.2)**

##### **Composition of District Mineral Foundation (DMF)**

5. The Committee had noted 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 had understood 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 were 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 had noted 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 had, therefore, strongly recommended 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.

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

**“Recommendation of the committee has been considered.**

Following is proposed to be incorporated in the revised Guidelines of DMF/PMKKKY:

MPs/MLAs/MLCs shall be members of Governing Council.

**Directions in this regard have been already issued to all the State Governments vide letter dated 25.10.2018”.**

### **RECOMMENDATION (SI. No.3)**

#### **Implementation of Projects under DMF**

7. The Committee had noted 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 had also noted 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 were 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 had felt 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 had, therefore, strongly, recommended 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.

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

"(i) Review of implementation of the DMF/PMKKKY scheme is a vital agenda point of all the Central Coordination-Cum-Empowered Committee (CCEC) meetings held quarterly where all the issues pertaining to DMF/PMKKKY are discussed comprehensively.

(ii) Implementation of projects under DMF is being monitored through regular meetings and video conferences held at the highest level in Ministry. Last year 4 such meetings were conducted.

(iii) First National Workshop on DMF and PMKKKY was held on 18th January, 2019 in New Delhi. The workshop was inaugurated by Hon'ble Minister of Mines Shri Narendra Singh Tomar and a booklet

TRANSFOR "MINING" India was released. The booklet gives a glimpse into the DMF/PMKKKY scheme across the country, analysis of the utilization of the DMF funds by the districts and key projects undertaken by the District Mineral Foundation in various States.

(iv) **Recommendation of the committee is accepted.** For systematic planning and execution of works under PMKKKY scheme, following is proposed to be incorporated in the revised PMKKKY Guidelines:

Annual Plan along with Schemes and Projects for the next financial year shall be prepared by DMF. The Annual Action Plan shall contain the list of schemes and projects with the tentative fund provisions thereof. This shall include short-term plans (one year), medium-term plans (three years) and long terms plans (five years).

**Revision of PMKKKY guidelines is in process".**

#### **RECOMMENDATION (Sl. No. 4)**

##### **Priority to People Directly Affected**

9. The Committee had noted 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, were 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 had, therefore, recommended 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.

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

**"Recommendation of the committee is accepted.** Following is proposed to be incorporated in the revised Guidelines of DMF/PMKKKY:

At least 60 per cent of the DMF budget shall be spent in '*Directly Affected*' areas.

**Revision of PMKKKY guidelines is under process".**

#### **RECOMMENDATION (Sl. No. 5)**

##### **Monitoring of DMF/PMKKKY**

11. The Committee had noted 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 were 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 27<sup>th</sup> August 2018 to 6<sup>th</sup> 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 had recommended 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.

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

"i. A national portal (<http://mitra.ibm.gov.in/pmkkky>) for monitoring of PMKKKY has been developed under Mining Tenement System (MTS). The portal displays details of fund collection and projects implementation at district level where DMF has been established. The portal is live and data is being entered directly by the DMFs. However, some State Governments are yet to fill in full

particulars. This Ministry is pursuing with State Governments to complete the process of filling in full particulars.

ii. To expedite the data entry process and to monitor day to day operational issues pertaining to PMKKKY Portal, a Central Project Management Unit has also been set up in the Ministry.

iii. **Recommendation of the committee is accepted.** States are being advised to display the information related to the projects at the Panchayat office by introducing following in proposed PMKKKY Guidelines:

Adequate information dissemination of the projects shall be done with display boards carrying the logo of DMF/PMKKKY. The final list of projects including description of work, details of beneficiaries, estimated cost, name of implementing agencies, expected date of commencement and completion of work, financial and physical progress up to last quarter etc. shall be displayed in the Panchayat office. This shall also be published on the DMF/PMKKKY Website. Details of the work being done should also be placed at the work site along with the logo of DMF/PMKKKY.

**Revision of PMKKKY guidelines is in process".**

#### **RECOMMENDATION (Sl. No. 6)**

##### **Auditing of Accounts of DMF**

13. The Committee had noted 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 10<sup>th</sup> 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 had noted 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 were, 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 had felt 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 had also desired 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.

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

“(i) Implementation of projects under DMF is being monitored through regular video conferences and meetings held at the highest level. Last year 4 such meetings were conducted.

(ii) **Recommendation of the committee is accepted.** For better accountability of DMF, following is proposed to be incorporated in the revised Guidelines of DMF/PMKKKY:

Audit of DMF shall be conducted by Comptroller and Auditor General of India/State Audit department. Besides financial and performance audit, an independent social audit by the concerned Panchayati Raj Institutions including Gram Sabha and involving participation of the people of the mining affected areas, shall be conducted for DMFs to facilitate a 'concurrent audit' of schemes and works undertaken by DMF funds.

(iii) Latest Status of auditing of DMF as per existing guidelines in mineral rich states is at Annexure-I

**Revision of PMKKKY guidelines is in process”.**

**RECOMMENDATION (SI. No. 7)**

**Need for Public Feedback on DMF Performance**

15. The Committee were 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 had also felt 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 had, therefore, strongly recommended 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.

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

**“Recommendation of the committee is accepted.** Following is proposed to be incorporated in the revised Guidelines of DMF/PMKKKY:

(i) Audit of DMF shall be conducted by Comptroller and Auditor General of India/State Audit department. Besides financial and performance audit, an independent social audit by the concerned Panchayati Raj Institutions including Gram Sabha and involving participation of the people of the mining affected areas, shall be conducted for DMFs to facilitate a 'concurrent audit' of schemes and works undertaken by DMF funds. This shall help in fixing the accountability of DMF functioning in the mining affected areas.



(ii) An appropriate Grievance Redressal mechanism shall be established at district level for seeking feedback/complaint from the mining affected people.

**Revision of PMKKKY guidelines is in process".**

**17. The Committee are satisfied to note that DMF/PMKKKY guidelines are being revised by the Ministry of Mines and the observations/recommendations of the Committee contained in their 47th Report on "Implementation of District Mineral Foundation (DMF) and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)" relating to composition of DMF, Implementation of projects, High Priority Areas, Monitoring of DMF/PMKKKY, Auditing of Accounts, Public Feedback on DMF performance etc. have been accepted by the Government and being suitably incorporated during revision of the said guidelines. Emphasising on the need to fulfil the objectives behind creation of District Mineral Foundation (DMF) in the year 2015, which is to work for the interests and benefits of the mining affected people and sustainable development of the areas in any district affected by mining related operations, and to ensure long term sustainable livelihoods, the Committee again stress that DMF/PMKKKY guidelines should be revised at the earliest. The Committee would like to be informed of the progress made in this regard.**

18. As regards auditing of DMF is concerned, the Ministry of Mines has informed the Committee that in respect of mineral rich States, audit status of DMF of certain States have not been furnished for the year 2015-16 to 2018-19 and also in respect of certain States, it is reported to be not done for some particular year/s. The Committee desire the Ministry to ensure that audit of DMF in all the mineral rich States are completed at the earliest and they be apprised of the information on Audit Status of all the mineral rich States from the years 2015-16 to 2019-20.

## **CHAPTER -II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **RECOMMENDATION (SI. No.2)**

##### **Composition of DMF**

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.

##### **ACTION TAKEN**

Recommendation of the committee has been considered. Following is proposed to be incorporated in the revised Guidelines of DMF / PMKKKY: MPs/MLAs/MLCs shall be members of Governing Council.

Directions in this regard have been already issued to all the State Governments vide letter dated 25.10.2018.

[Ministry of Mines O.M. No.16/81/2018-M.IV Dated 20.01.2020]

**Comments of the Committee**

(Please see para 17 and 18 of Chapter I of the Report)

**RECOMMENDATION (Sl. No.3)**

**Implementation of projects under DMF**

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.

**ACTION TAKEN**

- (i) Review of implementation of the DMF/PMKKKY scheme is a vital agenda point of all the Central Coordination-Cum-Empowered Committee (CCEC) meetings held quarterly where all the issues pertaining to DMF/PMKKKY are discussed comprehensively.
- (ii) (ii) Implementation of projects under DMF is being monitored through regular meetings and video conferences held at the

highest level in Ministry. Last year 4 such meetings were conducted.

- (iii) (iii) First National Workshop on DMF and PMKKKY was held on 18th January, 2019 in New Delhi. The workshop was inaugurated by Hon'ble Minister of Mines Shri Narendra Singh Tomar and a booklet TRANSFOR"MINING" India was released. The booklet gives a glimpse into the DMF/PMKKKY scheme across the country, analysis of the utilization of the DMF funds by the districts and key projects undertaken by the District Mineral Foundation in various States.
- (iv) Recommendation of the committee is accepted. For systematic planning and execution of works under PMKKKY scheme, following is proposed to be incorporated in the revised PMKKKY Guidelines: Annual Plan along with Schemes and Projects for the next financial year shall be prepared by DMF. The Annual Action Plan shall contain the list of schemes and projects with the tentative fund provisions thereof. This shall include short-term (one year), medium-term plans (three years) and long terms plans(five years).

#### **Revision of PMKKKY guidelines is in process.**

[Ministry of Mines O.M. No.16/81/2018-M.IV Dated 20.01.2020]

#### **Comments of the Committee**

(Please see para 17 and 18 of Chapter I of the Report)

#### **RECOMMENDATION (Sl. No.4)**

##### **Priority to people directly affected**

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.

### **ACTION TAKEN**

Recommendation of the committee is accepted. Following is proposed to be incorporated in the revised Guidelines of DMF / PMKKKY: At least 60 per cent of the DMF budget shall be spent in 'Directly Affected' areas.

Revision of PMKKKY guidelines is under process.

[Ministry of Mines O.M. No.16/81/2018-M.IV Dated 20.01.2020]

### **Comments of the Committee**

(Please see para 17 and 18 of Chapter I of the Report)

### **RECOMMENDATION (SI. No.5)**

#### **Monitoring of DMF/PMKKKY**

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.

#### **ACTION TAKEN**

- i. A national portal (<http://mitra.ibm.gov.in/pmkkky>) for monitoring of PMKKKY has been developed under Mining Tenement System (MTS). The portal displays details of fund collection and projects implementation at district level where DMF has been established. The portal is live and data is being entered directly by the DMFs. However, some State governments are yet to fill in full particulars. This Ministry is pursuing with State governments to complete the process of filling in full particulars. ii. To expedite the data entry process and to monitor day to day operational issues pertains to PMKKKY Portal, a Central Project Management Unit has also been set up in the Ministry. iii. Recommendation of the committee is accepted. States are being advised to display the information related to the projects at the Panchayat office by introducing following in proposed PMKKKY Guidelines: Adequate information dissemination of the projects shall be done with display boards carrying the logo of DMF/PMKKKY. The final list of projects including description of work, details of beneficiaries, estimated cost, name of implementing agencies, expected date of commencement and completion of work, financial and physical progress up to last quarter etc. shall be displayed in the Panchayat office. This shall also be published on the DMF/PMKKKY Website. Details of the work being done should also be placed at the work site along with the logo of DMF / PMKKKY.

Revision of PMKKKY guidelines is in process.

[Ministry of Mines O.M. No.16/81/2018-M.IV Dated 20.01.2020]

**Comments of the Committee**

(Please see para 17 and 18 of Chapter I of the Report)

**RECOMMENDATION (Sl. No.6)**

**Auditing of Accounts of DMF**

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 10<sup>th</sup> 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.



## **ACTION TAKEN**

- (i) Implementation of projects under DMF is being monitored through regular video conferences and meetings held at the highest level. Last year 4 such meetings were conducted.
- (ii) Recommendation of the committee is accepted. For better accountability of DMF, following is proposed to be incorporated in the revised Guidelines of DMF / PMKKKY: Audit of DMF shall be conducted by Comptroller and Auditor General of India/State Audit department. Besides financial and performance audit, an independent social audit by the concerned Panchayati Raj Institutions including Gram Sabha and involving participation of the people of the mining affected areas, shall be conducted for DMFs to facilitate a 'concurrent audit' of schemes and works undertaken by DMF funds.
- (iii) Latest Status of auditing of DMF as per existing guidelines in mineral rich states is Annexed [**Annexure-I**]

Revision of PMKKKY guidelines is in process.

[Ministry of Mines O.M. No.16/81/2018-M.IV Dated 20.01.2020]

### **Comments of the Committee**

(Please see para 17 and 18 of Chapter I of the Report)

### **RECOMMENDATION (Sl. No.7)**

#### **Need for public feedback on DMF Performance**

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.

## **ACTION TAKEN**

Recommendation of the committee is accepted. Following is proposed to be incorporated in the revised Guidelines of DMF / PMKKKY: i. Audit of DMF shall be conducted by Comptroller and

Auditor General of India/State Audit department. Besides financial and performance audit, an independent social audit by the concerned Panchayati Raj Institutions including Gram Sabha and involving participation of the people of the mining affected areas, shall be conducted for DMFs to facilitate a 'concurrent audit' of schemes and works undertaken by DMF funds. This shall help in fixing the accountability of DMF functioning in the mining affected areas. ii. An appropriate Grievance Redressal mechanism shall be established at district level for seeking feedback / complaint from the mining affected people.

Revision of PMKKKY guidelines is in process.

[Ministry of Mines O.M. No.16/81/2018-M.IV Dated 20.01.2020]

**Comments of the Committee**

(Please see para 17 and 18 of Chapter I of the Report)

## CHAPTER-III

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

#### **RECOMMENDATION (Sl. No.1)**

##### **DMF AND ITS OBJECTIVE**

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.

#### **ACTION TAKEN**

Noted for Compliance.

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

**-NIL-**

**CHAPTER-V**

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

**-NIL-**

**NEW DELHI;**

**2 September, 2020**

**11 Bhadrapada, 1942(Saka) Standing Committee on Coal and Steel**

**RAKESH SINGH**

**Chairperson**

**Annexure-I**

**STATEMENT REGARDING LATEST STATUS OF AUDITING OF DMF**

S. No.	Name of the State	Number of Districts in State	Number of districts in which DMF has been set up	Status			
				FY 2015 - 16	FY 2016 - 17	FY 2017 - 18	FY 2018 - 19
1	Andhra Pradesh	13	13	Completed - 5 In Process - 7	Completed - 5 In Process - 7	Completed - 5 In Process - 7	No
2	Chhattisgarh	27	27	Completed - 5	Completed - 27	Completed - 25	Completed - 2
3	Goa	2	2	No	No	No	No
4	Gujarat	33	32	No	Completed - 28 In Process - 4	Completed - 29 In Process - 4	No
5	Jharkhand	24	24	No	Completed - 7	Completed - 5	No
6	Karnataka	30	30	Completed - 27 In Process - 3	Completed - 27 In Process - 3	Completed - 27 In Process - 3	Completed - 3 In Process - 27
7	Maharashtra	36	35	No	Completed - 4 In Process - 31	Completed - 4 In Process - 31	Completed - 4 In Process - 31
8	Madhya Pradesh	51	51	No	No	No	No
9	Odisha	30	30	Completed - 18	Completed - 18	Completed - 17	No
10	Rajasthan	33	33	No	Completed - 13	Completed - 13	No
11	Tamil Nadu	32	30	No	No	Completed - 21 In Process - 9	Completed - 19 In Process - 11
12	Telangana	31	30	No	No	No	No
13	Assam	33	33	No	No	No	No
14	Bihar	38	38	No	No	No	No
15	Himachal Pradesh	12	12	No	No	No	No
16	Jammu & Kashmir	22	22	No	No	No	No
17	Kerala	14	14	No	No	No	No
18	Meghalaya	11	5	No	No	No	No
19	Uttarakhand	13	13	No	No	No	No
20	Uttar Pradesh	75	75	No	No	No	No
21	West Bengal	23	22	No	No	No	No

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON WEDNESDAY THE 02 SEPTEMBER, 2020 IN COMMITTEE ROOM NO. '1', BLOCK-A, FIRST FLOOR, PHA EXTENSION BUILDING, NEW DELHI.**

The Committee sat from 1130 hrs. to 1400 hrs.

**PRESENT**

**Shri Rakesh Singh- Chairperson**

**Lok Sabha**

2. Shri Balubhau Dhanorkar alias Suresh Narayan
3. Shri Raghurama Krishnaraju Kanumuru
4. Shri Ajay Nishad
5. Shri Arun Sao
6. Shri Sunil Kumar Singh
7. Shri Shyam Singh Yadav

**Rajya Sabha**

8. Dr. Vikas Mahatme
9. Shri Prashanta Nanda
10. Shri Samir Oraon
11. Shri Anil Desai

**Secretariat**

1. Shri Pawan Kumar - Joint Secretary
2. Shri Arvind Sharma - Director
3. Smt. Geeta Parmar - Additional Director
4. Smt. Savita Bhatia - Deputy Secretary

\*\* \*\* \*\* \*\* \*\*

2. \*\* \*\* \*\* \*\*

3. The Committee thereafter took up for consideration and adoption of the following Draft Action Taken Reports on:-

(i) Action Taken by the Government on the Observations/ Recommendations contained in the 47<sup>th</sup> Report (Sixteenth Lok Sabha) on "Implementation of District Mineral Foundation and Pradhan Mantri Khanij Kshetra Kalyan Yojana" pertaining to the Ministry of Mines;

(ii) \*\* \*\* \*\* \*\*

(iii) \*\* \*\* \*\* \*\*



- (iv) \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- (v) \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- (vi) \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- (vii) \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*

4. The Committee unanimously adopted all the above Reports without any modifications. The Committee then authorized the Chairperson to finalize the Reports and present the same to Hon'ble Speaker as the term of the Committee is expiring on 12<sup>th</sup> September, 2020.

- 5.        \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- 6.        \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- 7.        \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- 8.        \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- 9.        \*\*                    \*\*                    \*\*                    \*\*                    \*\*                    \*\*

A copy of verbatim record of the sitting has been kept.

***The Committee then adjourned.***

## ANNEXURE-III

(Vide Para IV of Introduction)

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FORTY-SEVENTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made:	<b>07</b>
II.	Observations/Recommendations that have been accepted by the Government ( <i>vide</i> recommendation at Sl. Nos. 2,3,4, 5,6 and 7):	<b>06</b>
	Percentage of total	<b>85.71%</b>
III.	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies ( <i>vide</i> Recommendation at Sl. No. 1):	<b>01</b>
	Percentage of total	<b>14.29%</b>
IV.	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee ( <i>vide</i> recommendation at Sl. No. Nil):	<b>00</b>
	Percentage of total	<b>0%</b>
V.	Observations/Recommendations in respect of which final replies of the Government are still awaited ( <i>vide</i> recommendation at Sl. No. Nil):	<b>00</b>
	Percentage of total	<b>0%</b>