



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalsivam Kamarajar"

Over half of Rs. 1 lakh crore collected for welfare of mining districts not spent

Published On: 27-03-2025

Context

- A first-of-its-kind analysis of the District Mineral Foundations (DMF) shows that **despite collecting about ₹1-lakh crore in the past decade, more than half the funds is unspent.**
- Moreover, the funds are often **diverted to activities that are not directly linked to the welfare of mining districts** — a **contravention of the Centre's guidelines.**
- The DMFs are **non-profit trusts set up in mining districts** and tasked with ensuring that a **portion of the revenues generated from mining is spent on the development of the districts.**
- **Odisha** accounts for the **highest share** of DMF funds, about 29% (₹30,126 crore) of the country's total, followed by **Chhattisgarh** (₹14,564 crore) and **Jharkhand** (₹13,791 crore).
- "The prime focus of DMF and PMKKKY is to **alleviate poverty and deprivation**, which requires a balanced investment in human resources and infrastructure.

District Mineral Foundations (DMF) Funds

- As per the **Mine and Minerals Development Regulation (Amendment) Act, 2015**, in every district affected by mining-related operations, the state government shall, by notification, establish a trust as a non-profit body to be called the District Mineral Foundation
- This fund will be used for welfare of the people affected in the mining affected areas.
- In **Keonjhar**, the total DMF fund collection has touched an astounding ₹8,840 crore, the **highest** for any district in India.
- The idea behind the contribution is that local **mining-affected communities**, mostly tribal and among the poorest in the country, also have the **right to benefit from natural resources extracted from where they live.**
- The functioning of the DMF trusts and the fund use governed by states' DMF Rules incorporate the mandates of a central guideline, **Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY).**

Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

- The **Ministry of Mines** launched PMKKKY in **2015** for the welfare of areas and people affected by mining-related operations, using the funds generated by DMFs.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477** / Whatsapp : **09710729833**

Objectives:

- to implement various developmental and **welfare projects** in mining-affected areas, complementing the existing ongoing schemes of the State and Central Government;
- to **minimize/mitigate the adverse impacts**, during and after mining, on the environment, health, and socio-economics of people in mining districts; and
- to ensure long-term sustainable livelihoods for the affected people in mining areas.

Implementation:

- It will be implemented by the DMFs of the respective districts using the funds accruing to the DMF. The MMDR Amendment Act, 2015, mandated the setting up of **DMFs in all districts in the country affected by mining** related operations.
- The Central Government has notified the rates of **contribution payable by miners** to the DMFs.
- In case of all mining leases executed **before 12th January, 2015** miners will have to contribute an **amount equal to 30% of the royalty payable by them to the DMFs**. If mining leases are granted **after 12.01.2015**, the rate of contribution would be **10% of the royalty payable**