




Study on District Mineral Foundations

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Centre for Science and Environment (CSE) has released its report 'People First: District Mineral Foundation (DMF) Status Report, 2018' on the performance of District Mineral Foundations (DMFs).

CSE has assessed its effectiveness through an analysis of DMF administration in 12 mining states in the country. The study reviewed 50 mining districts across 12 top mining states — including Odisha, Jharkhand, Karnataka, Madhya Pradesh and Rajasthan — to understand how DMF trusts operate.

Key Findings

- **None of the District Mineral Foundations (DMFs) have identified its mining-affected people as its beneficiaries.**
- The focus of the programme is primarily on area development, depending on the location of mines or mining-related activities. While people living in the vicinity of mines are certainly affected, the area-specific approach leaves out some of the most crucial beneficiaries, such as people who have been displaced by mining and people who have lost their livelihoods (including forest-based livelihoods) due to mining.
- DMF administration in most states is dominated by bureaucrats and political representatives
- There is a lack of clear planning due to absence of a proper administrative set-up. There is also too much state government intervention in deciding how DMF funds will be used.
- Even though the state DMF Rules and the Union government's flagship scheme Pradhan Mantri Khanij Kshetra Kalyan Yojana categorically emphasize upon this, people in mining-affected areas have been left out from the decision-making process of DMFs.
- The power and functions that were earlier vested with the Gram Sabha have now been given to a DMF Committee which is completely represented by members of Parliament, the legislative assembly and legislative council and officials.

- **Overall, DMF investments are heavily focused on construction activities in all cases. Emphasis on improving the Human Development Indicators is minimal.** For instance, there is very few initiative towards making many of the existing facilities – such as health centres, schools etc – functional.
- Except for a handful (out of 50 districts reviewed, only three have this), no DMF has yet setup an office for planning and coordination, engaging concerned officials and experts.
- Public disclosure of information is key to transparency and accountability maintained by the DMFs as a people’s institution. However, except for Odisha and Chhattisgarh, no other state has a proper DMF website so far.
- The other important factor is DMF audits - this has also not happened for most DMFs so far. There has been no performance evaluation or social audit, essential components for public schemes.
- All the aforementioned problems are leading to poorly planned or ad-hoc investments. There is no clear sense of prioritisation of the most pressing issues, and no systematic planning has happened so far. For example, not even a single district has made the required investments for improving child nutrition and under five mortality rates. This is a categorical problem in most mining-affected districts and is particularly worse in areas with high tribal population.

CSE Recommendations

- **State governments must provide districts the flexibility to plan and invest on the needs of the local communities.** The intended autonomy of DMF Trusts should be maintained.
- A systematic and bottom-up planning approach must be followed to make investments effective. The potential can also be improved by considering convergence with other programmes of the Central and state governments once priority issues are determined.
- Districts must identify DMF beneficiaries; there cannot be a Trust without beneficiaries. This will also help in targeted investments such as for addressing women and child development issues.
- **Gram Sabhas (and ward members where applicable) should have a representation in the DMF body.** Not following this is in contravention to the spirit of the DMF law as well as the state DMF Rules.
- For efficiency of operations, all DMFs must have an office comprising of officials and experts. Independent organizations/planning experts can be roped in from time to time for effective planning.
- District-specific DMF-related information must be made available through a website. To ensure access, information should be shared by using panchayat-level platforms.

Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

- **Objective:** To minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economic conditions of people in mining districts and also to ensure sustainable livelihood for the affected people.
- It is implemented by the District Mineral Foundations (DMFs) of the respective districts that use the funds collected by the DMF from the miners.
- **District Mineral Foundation (DMF)** is a trust set up under **Mines and Minerals (Development & Regulation) Amendment Act (MMDRA) 2015** as a non-profit body in those districts affected by the mining operations.
- The DMFs have been directed to take all major decisions in a participatory mode, in consultation with the gram sabhas of the respective villages and activities taken under **“polluter pays principle”** cannot be included under PMKKKY.
- 60% of the funds will be utilised for high priority areas such as drinking water supply, health care, sanitation, education, skill development, women and child care, welfare of aged and disabled people and environment conservation.
- 40% of the fund will be utilised for physical infrastructure, irrigation, energy and watershed development.
- The projects implemented under PMKKKY will help create a congenial mining environment, ameliorate the condition of the affected persons and create a win-win situation for the stakeholders.