



District Mineral Foundation

Structural Concerns and Policy Recommendations



Goa, Karnataka and Odisha

District Mineral Foundation: Structural Concerns and Policy Recommendations

By

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and

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Supported by: Knowledge Management Fund

April 2019

New Delhi, India

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Acknowledgements

This report titled “*District Mineral Foundation: Structural Concerns and Policy Recommendations*” was made possible by several individuals and organizations alike. We would like to express our sincere thanks to Mr. Deme Oram, Mr. Shivakumar Malagi and Mr. Ravindra Velip for their gracious support towards field research. In addition, we would like to express our special thanks to Mr. Venkatesh Bubberjung for providing legal expertise for the project.

We would also like to acknowledge the various organizations of the mines, minerals and People (mm&P) Alliance that has provided us with data and other necessary material. In addition, we would also like to thank all the community members who willingly accompanied us to the field. We are very thankful to the Knowledge Management Fund of the Knowledge Platform on Security and the Rule of Law for their financial support for the project. Finally, we are grateful to the various civil society organizations various field sites who have provided us with information and supported us throughout the field work.

Abbreviations

CAG- Comptroller and Auditor General

CDA- Community Development Agreement

CSR- Corporate Social Responsibility

DMF- District Mineral Foundation

EC- Executive Committee

KMERC - Karnataka Mining Environment Restoration Corporation

MLA- Member of Legislative Assembly

mm&P- mines, minerals and PEOPLE

MMDR Act- Mines and Minerals Development and Regulation Act

MP- Member of Parliament

NGO- Non-Governmental Organization

NSSO- National Sample Survey Office.

OAV- Odisha Adarsha Vidyalaya

OCL- Odisha Cement Limited

OMBADC - Odisha Mineral Bearing Area Development Corporation

OMCL- Odisha Mining Corporation Ltd

PMKKKY- Pradhan Mantri Khanij Kshetra Kalyan Yojana

SPV- Special Purpose Vehicle

ST- Schedule Tribe

UBI- Universal Basic Income

Foreword

The mining sector in India is vast. It contributes 2.5% of the country's GDP. In 2017-18, the Ministry of Mines estimated that there were 1531 major mineral operational mines in the country. However, the mining sector is characterized by precarity. National Planning Commission data reveals that in 2010 total employment (both formal and informal) in the mining sector was 2.95 million – amounting to a mere 0.6% of total employment in India. In addition to low employment rates, the mining sector exposes communities to hazardous substances, sudden loss of livelihood, contamination of the ecosystems, and irreparable damage to socio-cultural dynamics. One of the most pertinent questions is what the community gains in return for these social, economic, cultural and environmental miseries of mining. In this context, benefit sharing amongst members of mining affected communities is an important policy discussion.

In the “Samata vs. State of Andhra Pradesh” Judgment in 1997, the Supreme Court for the first time ruled that at least 20% of the profits from mining operations should be set aside for the development of mining affected areas in the Vth Schedule states. In 2008, the Hoda Committee recommendations on the National Mineral Policy (NMP) 1993 – and its consultations with Samata, mines, minerals and People (mm&P) and other civil society organizations – led to the “Sustainable Development Framework (SDF)” for the Indian Mining Sector in 2011. Principle 5 of the SDF, taking its cue from the Samata Judgment, deals with “community engagement, benefit sharing through District Mineral Foundation (DMF) and contribution to socio-economic development”. Following the SDF framework, in 2011, the central government introduced the Mines and Minerals (Development and Regulation) Bill, 2011 which provided for the establishment of DMFs. This revolutionary move was countered through the strong lobby of the Planning Commission and the mining companies and the Bill lapsed with the dissolution of 15th Lok Sabha in 2014. Subsequently in 2015 the central government introduced the MMDR Amendment Bill, 2015 which became an Act in March 2015. The 2015 Act retained the institution of DMF but diluted some of its important provisions.

This report, entitled “*District Mineral Foundation: Structural Concerns and Policy Recommendations*”, is an evaluation of the governance of DMFs, and whether they are able to fulfill their stated objectives. It comprehensively deals with the purpose of DMFs, their structure, implementation procedure, financing, utilization of funds, participation of stakeholders, audit and transparency. It provides detailed field-level evidence along with policy analysis to inform policymakers. From numerous interviews in the three states studied - Odisha, Karnataka, and Goa - the report details the views and considerations of various stakeholders: affected communities, civil servants, elected Members of Parliament, lawyers and civil society organizations. The research team behind the report includes members from international and national research institutions, grassroots practitioners, lawyers and members of community-based organizations, which makes the report far-reaching in its approach. The Report is thus an important source of information and a basis for dialogue between the affected community, civil society organizations, and policymakers. This research reminds us of the importance of collaboratively setting new norms and strengthening policy to accelerate positive impacts of mining on mining-affected communities. Collectively we can steer a new era of humane, just and equitable society.



Ravi Rebbapragada

Chairperson, mines, minerals and People (mm&P) and Executive Director, Samata

Executive Summary

India's mineral resources are vast. It ranks third in the world in production of coal, fourth for iron ore, fifth for crude steel, and eighth for aluminum. Yet the benefits and harms from these resources are not evenly distributed. Mining-affected communities disproportionately bear the costs of mining, leading to an elevated risk of local conflict. In response, the Government of India has required that every mining district create District Mineral Foundations (DMFs), to distribute some of the revenue from mining to these communities.

The DMF is today moving from policy to implementation at the local level. We thus researched the *governance* dimension of DMF implementation – in particular, how local politics is shaping the expenditure that should benefit affected communities. Based on interviews with dozens of local community members, politicians, and mining company actors, we found that, while the DMF was envisaged as a participatory mechanism for affected communities to determine how funds should be spent, the reality was one of capture by local politicians, as well as a remarkable volume of unspent DMF funds.

In particular we identified five major governance challenges: (i) how to identify the affected community, (ii) how to formalize and administer the DMF, (iii) how to ensure affected community participation in the governance of the DMF, (iv) how to ensure affected community participation in fund collection and expenditure, and (v) how to audit the DMF. We offer some lessons for policymakers, based in particular on interviews with community members: to promote DMF awareness, develop participatory mechanisms, combat disenchantment and bad perceptions of the DMF, ensure fund utilization, and develop robust governance frameworks for the DMF.

National Sectoral and Policy Context

India's mineral resources are vast. It ranks third in the world in production of coal, fourth for iron ore, fifth for crude steel, and eighth for aluminum. The liberalization of the Indian economy in 1991 transformed the mining sector and its political economy (Adduci 2012). The sector was wholly state-owned and run prior to structural adjustment reform; subsequently domestic and transnational private capital flowed in, contributing approximately \$8 billion per year in foreign exchange to India's reserves, and \$850 million per year to the treasury. With investment in and profitability of the sector came far-reaching social and ecological harm, Maoist insurgencies, violent conflict, land struggles, illegal mining, and legal disputes (Jewitt 2008; Lahiri-Dutt 2007; Lahiri-Dutt 2004; Deb, Tiwari, and Lahiri-Dutt 2008). This liberalization profoundly transformed Indian political economy (Hoelscher, Miklian, and Vadlamannati 2012), as rentier politics supplanted older forms of neopatrimonial, caste, and kinship politics (Kale and Mazaheri 2014). Rentier politics is present at the subnational level in mining areas, as local officials – in particular powerful District Collectors – are increasingly tied to operational aspects of national and multinational mining companies, even as their access to central state resources waxes and wanes (Chandra 2015).

This rentier politics distorts the distribution of benefits and harms that accrue from mining activities. The Economic Survey 2016-17 states that there is neither specific evidence to suggest a “resource curse” in mineral rich areas in India, nor evidence to suggest that mineral wealth has been a boon to these areas either. The Survey states that Odisha has the highest per-capita mineral value but performs far below average on the governance indicators. The survey specifies that the gains in mineral rich states were not passed on equally to all the sections of the population and states that the affected scheduled tribe (ST) population has been the group most excluded from the benefits of extractive industries. NSSO data shows that between 1993-94 and 2011-12 the ST population saw a decline in poverty of only 17 percentage points, compared to the rest of the population, which saw a 31 percentage point decline. At the same time, according to the Annual Report of Ministry of Mines 2016-17, for the year 2015-2016 roughly 70% of mines were in Fifth Scheduled Area states. In other words, Scheduled Area states are bearing the costs of most of the mining activity in the country – contributing about 90% of royalties accruing to the Central and State Governments – while reaping few of the benefits.



Figure 1: vast grazing lands turned into mines. Villagers complain increasing cattle deaths due to falling in the mines

As a means of ensuring that local mining-affected communities can directly claim a share of the mining revenues and profits in India, the Government of India introduced District Mineral Foundations (DMFs) in 2015. They were part of an Act of amendment to the Mines and Minerals (Development and Regulation) Act (MMDR) of 1957. The DMF is a non-profit statutory fund whose legal form is not fully prescribed. The MMDR amendment specified that DMFs should be established as a Trust (and indeed the Ministry of Mines has released a District Mineral Foundation Trust Deed), but it is not clear whether this is to be contained within a straightforward trust, a non-profit body, a corporation, a special purpose vehicle, or the like. A DMF is required to be instituted in every Indian district affected by mining-related operations, and should "work for the interest and benefit of persons, and areas affected by mining-related operations". For leases issued before 12-01-2015, companies should put 30% of the value of the royalty they pay to the state into the DMF; for those issued after 12-01-2015, the figure is 10%. The central government has in addition mandated the Pradhan Mantri Khanij Kshetra Kalyan Yojana (Prime Minister's Mineral Sector Welfare Scheme or PMKKKY) in September 2015 which is now linked to the DMF. PMKKKY is to be implemented through the funds accruing to the DMF. PMKKKY is seen as a framework for implementing a local DMF development plan. PMKKKY is entirely funded by the DMFs in

the districts and the governance of it is according to the guidelines issued by the Ministry of Mines through an order (detailed in the annex).

According to relevant law and regulations, at least 60% of PMKKKY funds ought to be utilized for high priority areas for mining-affected communities, like: (i) drinking water supply; (ii) environmental preservation and pollution control measures; (iii) health care (iv) education; (v) welfare of women and children; (vi) welfare of aged and disabled people; (vii) skills development; and (viii) sanitation. The rest of the funds can then be utilized for *inter alia*: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining districts. Other than this, the law specifies little of the form and content of the DMF, which are left to the rules to be laid down by various state governments in a decentralized manner. (The relevant provisions are found in an annex at the end of this document.)

In this context, it is clear that the success and failure of DMFs will turn on background local political conditions. At the same time, these conditions are particularly volatile in mining affected areas that are highly conflict prone and have witnessed not only violent resistance against land acquisition for mining companies but also prolonged armed insurgencies. DMF money has increased the stakes of local political power at the district level in mining areas. Indeed, as we show below, DMF money is often spent based on local political interests and bureaucratic will. In our research, we noted instances in Chhattisgarh and other parts of the country in which DMF money was used for election campaigning and to shore up vote banks.

Total DMF Fund Collected

- Rs. 23,606 Crores

Total DMF Fund Spent

- Rs. 5,726 Crores

According to the data released by the Ministry of Mines, as of 2018, 21 states have constituted DMFs in mining affected districts. Approximately Rs. 23,606 crores (around USD 3.4 billion) have been collected for DMFs (as on November 2018). About 46% of these funds are from major mineral licenses, 44% from coal and lignite mining, and the remaining 10% from minor minerals. According to official reports, of the

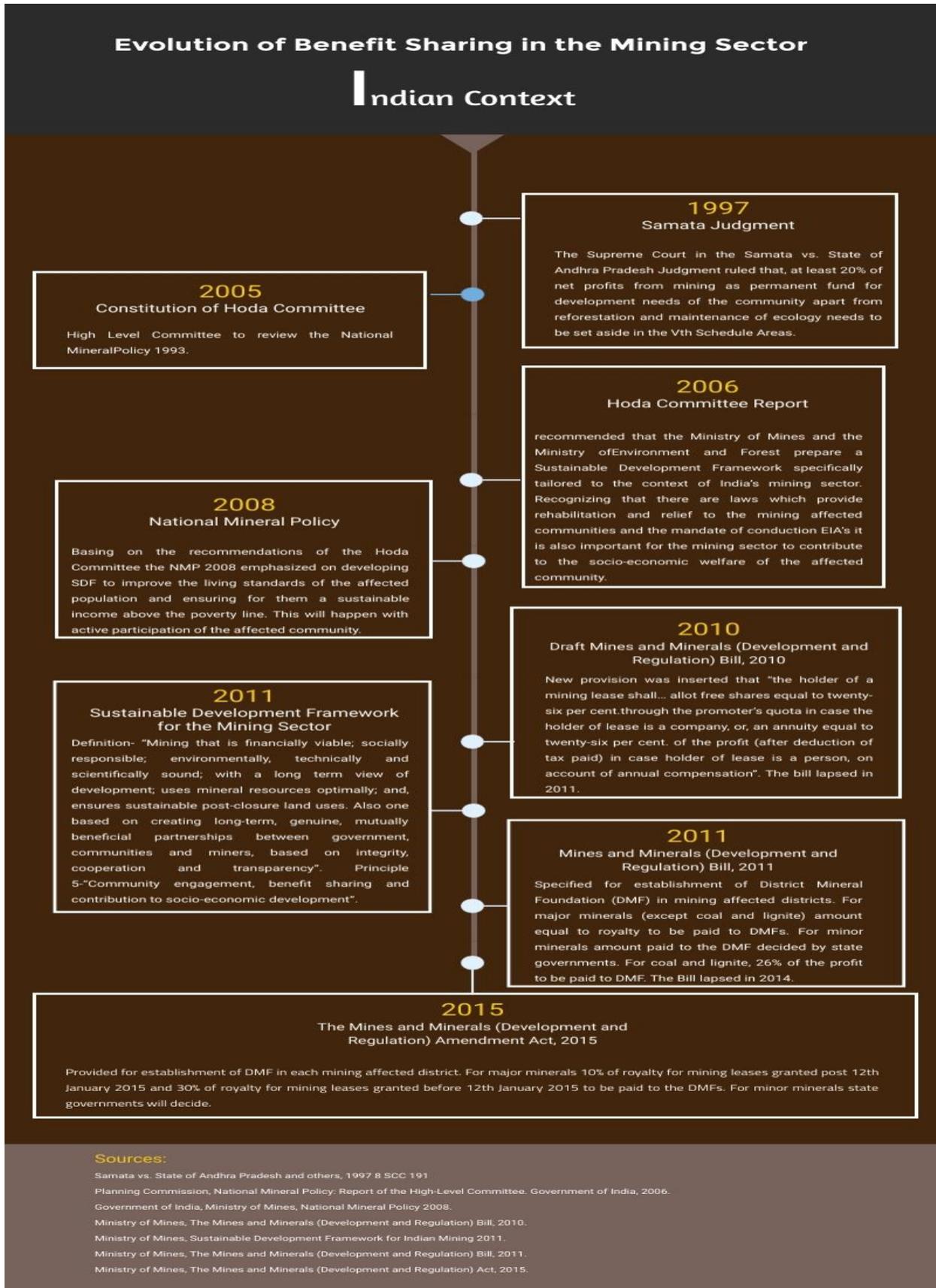
total amount collected, only 24% has been committed for various development projects. Thus, surprisingly, vast sums of DMF funds seem to be lying unutilized with the state exchequer or may

have been diverted for other purposes. We can only speculate on the reasons for this in the absence of documentation or research. What seems clear is that communities – and their local political representatives - are by and large ignorant of the DMF and its aims. Thus, there is little pressure from below for its adequate utilization. Moreover, what was also evident was that once companies have paid into the DMF they neither have a significant say in the management of DMF nor an interest in the proper disbursement of these funds. One reason for their disinterest could be that DMF funds are utilized for governmental schemes including PMKKKY and departmental projects. Moreover, there has been no outcome measurement of DMF funding, i.e. it is unclear how much and on what the allocated money has been spent.

Another aspect of mining royalties related to DMF that came to light during our research is that according to the Ministry of Mines, more than 96,000 cases of illegal mining for major and minor minerals were reported in various states in 2016-17 alone. This accounts for more than 90% of total mining operations carried out in 2016-17. Funds collected under the DMF so far are based on declared revenues from legal mining only, meaning those communities impacted by mining may not meet the DMF's tests for "affected" communities. The extent of illegal mining needs to be given serious thought as it is causing considerable loss to the public exchequer as well as environmental degradation because of the depletion of natural resources without any benefit to the local community.

All the above begs many questions. It will be important to understand how background subnational political conditions have shaped DMF implementation:

- How are the affected communities who should benefit from the DMF identified?
- How the DMF has been formalized, through what (participatory) mechanisms, and with what subsequent participation enshrined in that form?
- What does ongoing community participation look like for the DMF and PMKKKY?
- How are DMF funds collected and used? How the PMKKKY has been developed and implemented? What are the underlying political causes for the remarkable volume of unspent funds?
- What sort of transparency and accountability governs DMF funds?



Study Design and Method

This study sought to provide some preliminary answers to these questions, to offer direct policy input into the question of mining governance in India. The study focused on initial experiences with DMF implementation. The **research methodology** used for the study was multi-sited and qualitative. The research involved collection of both primary and secondary data. Secondary data included relevant laws, court case judgments, DMF documentation and reports, media reports and existing reports by researchers and NGOs on DMFs. This was followed by structured and semi-structured interviews with actors ranging from National Commissions (including the National Commission for Scheduled Tribes), District Collectorates, members of the provincial Legislative Assemblies (MLAs), local politicians and bureaucrats of the concerned districts, Members of Parliament (MPs), line department offices, panchayat (village executive council) offices, civil society organizations and members of the affected communities. A list of interviews is contained in an annex at the end of this document.

On the basis of intensity of mining, the presence of DMFs, existing access, and the ability to conduct robust research in a speedy fashion, the team chose three states to focus on: Karnataka, Goa and Odisha.

In **Karnataka**, with a century-old history of mining, the team chose Bellary district as the research site. Bellary district has approximately 148 mines covering 10,598 hectares of land. The Indian Bureau of Mines in 2005 estimated that Bellary had a total iron-ore reserve of around 1148 million tonnes. Bellary thus became a hotspot of mining after the declaration of the 1993 National Mineral Policy. Mining in the district has had major negative impacts on the local environment, on forest cover, on agriculture, as well as on air and water pollution. 98 of the 148 mines operating in Bellary are in forest areas, and there has been a lack of adequate rehabilitation of abandoned mines. Between 2005 and 2011, mining companies extracted 1,791,766 tonnes of iron ore (much of it without legal permission), worth Rs. 163.28 crore, without necessary environmental clearances. Of the 73 companies in Karnataka checked in a 2011 audit by the Comptroller and Auditor General (CAG) of India, 20 were mining without consent from the Karnataka State Pollution Control Board.

As a result of such impacts, the Supreme Court ruled to ban all mining in Bellary in 2014. Following the Supreme Court decision, the Karnataka Government formed a Special Purpose

Vehicle called the Karnataka Mining Environment Restoration Corporation (KMERC) in 2014. It began with initial capital of Rs 3,500 crores to benefit the people and environment affected by mining in three districts — Bellary, Tumkur and Chitradurga. However, studies and testimonies of people in mining-affected areas have revealed discontent with the levels of KMERC spending, as well as how and on what the funds have been spent. It is in this existing institutional and political context that the DMF was established. Bellary district has collected approximately Rs 8000 lakhs for the DMF, a large part of which remains unspent according to our interviewees in the field.

In **Odisha**, the team chose Sundargarh and Keonjhar districts. Odisha has rich mineral resources, including 28% of India's total iron ore deposits, 24% of its coal, 59% of its bauxite, and 98% of its chromite. Large scale mining in Sundargarh and Keonjhar has led to major social and environmental impacts. Indeed, in Keonjhar, the most-mined district in the state, 62% of the population lives below poverty line. In turn, there has been an at-times violent decade-long agitation by indigenous communities against iron ore mining in Khandadar hills (which span Sundargarh and Keonjhar), including by the Odisha Mining Corporation Ltd (OMCL), which entered the area in 2016. To mitigate the impacts of mining, the Odisha Government initiated a Special Purpose Vehicle (SPV) called the Odisha Mineral Bearing Area Development Corporation (OMBADC) with an initial capital of Rs. 818 Crores – which has now increased to over Rs. 20,000 crores. However, the work by the SPV is still on an *ad-hoc* basis and lacks transparency and accountability. In this context, the state established the DMF, which has collected Rs. 2,341 crores from Keonjhar and Rs. 1,125 crores from Sundargarh, which too remains to a large extent unspent.

In **Goa**, the team chose North Goa and South Goa districts for study. Goa was prone to extensive legal and illegal iron ore mining in the period from 1993 to 2011 when the international boom in iron ore was at its peak. This led to serious environmental, social, economic and political impacts on mining-affected communities. A government commission established in 2010 to study mining in Goa (the Shah Commission) found significant violations of measures mandated in law to protect affected communities, including the Forest Conservation Act 1980, National Forest Policy 1988, Wildlife Act 1972, Water (Prevention and Control of Pollution) Act 1974, Air Act 1981, Environment Protection Act 1986 and Biodiversity Act 2002. The state government was thus forced in 2012 to issue a temporary suspension order affecting all iron ore mining activity in the state in 2012. The DMF was operationalized in the context of the suspension, so the total DMF

funds in Goa stand at only Rs. 186 crores. The Government of Goa is also pushing for revival of mining activities in Goa.



Figure 2: Coal Mining in Odisha



Figure 3: Villagers protesting in Goa against mining atrocities

Findings

The DMF legal and regulatory framework contains a lot of vague language and ambiguity, and leaves much to implementation at the state and local levels. For example, in some areas of Sundargarh district in Odisha we were told that DMF funds were being used by local politicians for election expenses. And these politicians prevail upon local bureaucrats to disburse funds to mining contractors with close ties to politicians and who can help them mobilize votes.

We thus found that the DMF has, to an important degree, been captured by local political elites, thereby exacerbating existing power asymmetries. This dynamic can be seen in Odisha, where the nexus between local politicians and bureaucrats seems to have led to a diversion of DMF funds for the Biju Pucca Ghar Yojana - a flagship housing scheme for the rural poor under the Government of Odisha, which does not cater to mining affected communities

The research found that the political downsides of DMF ambiguity was most pronounced in:

- Identification of “affected community”
- Participation of “affected community” in DMF
- DMF administration
- DMF collection and utilization
- DMF auditing

We take each of these in turn, offering observations from the research, and resultant policy suggestions.

IDENTIFICATION OF AFFECTED COMMUNITY

The mining affected community and mining affected areas are not concretely defined in the DMF rules. The indirectly affected communities and areas are also not defined. Yet defining affected communities – that is, identifying beneficiaries - is essential to the good functioning of the DMF. For an example of the challenge of identifying beneficiaries, take the example of truck owners in Goa, whose commercial interests have been adversely affected by the ban on mining. Do they constitute a community whose interests have been affected by mining such that they ought to be served by the DMF? How might these interests be squared against those of communities who are negatively affected by mining (and thus who might support the ban on mining)? And what of those

truck owners who also own or want to reclaim land in the mining area so that they can restart their agricultural activities – should they be an affected community for the purposes of the DMF whether or not mining is restarted?



Figure 4: Gram Sabha

As the example shows, identifying affected communities is a complex and context-sensitive endeavor. Clear guidelines are important to help resolve this complexity. Yet right now, the relevant guidelines vaguely provide for identifying the affected areas and community. Identifying the community is thus left to local political discretion, leading to confusion at the implementation level. For example, the list of beneficiaries was not available for scrutiny in any of the districts that we surveyed. There is no clarity regarding what constitutes mining related activities. Decisions in this regard are completely left to the discretion of the district collector and local political representatives. The Gram Sabha has no role in this – yet it would be the institution best-placed to apply rules regarding affected communities in a context-sensitive fashion.

DMF ADMINISTRATION

Once the affected community has been identified, the DMF should be established and registered to operate for their benefit. Registration is important: it establishes a governance structure, and a legal vehicle through which communities can trace the DMF funds and their expenditure, as well as hold decision-makers accountable. Yet we repeatedly observed that DMFs have often not been registered, whatever the institutional form they should take. Moreover, each state has a different procedure to establish the DMF - there is no uniform approach. Karnataka rules specify that DMF

needs to be registered under Karnataka Societies Registration Act, 1960. Goa and Odisha have no rules specifying the registration of DMF trust.

Table 1: Spread of DMF Trusts

	Goa	Karnataka	Odisha
Total number of districts in which DMF Trust has been setup	2	30	30

Source: Ministry of Mines. 2019. "Transform Mining", Government of India, p. 2

DMF is supposed to be governed by a DMF committee, which ought to play a role in implementing the PMKKKY. DMF rules in Goa, Karnataka and Odisha specify that the governing committee should meet regularly and a minimum quorum should be maintained. There are even funds available to establish and run these committees: the national-level DMF rules specify that up to 5% of the total funds collected under DMF can be used for administrative purposes (setting up offices, employing consultants, maintenance staff etc.). Yet we found that DMF Trust offices are not set up in many of the research districts, and when they are, they are due to the locations chosen not physically accessible to affected communities. In Keonjhar district in Odisha we observed that DMF offices were established far from mining affected areas, limiting local community access. Furthermore, DMF committees are often non-functional. A Right to Information query by activists yielded the reply by the district collectorate of Sundargarh that no DMF committee meeting had taken place in the whole year during 2018.

PARTICIPATION OF “AFFECTED COMMUNITY” IN DMF

The DMF was envisaged by policymakers as a participatory mechanism through which affected communities could have a say in mitigating the effects of mining on their lives and livelihoods. This has not come to pass thus far, owing to weaknesses in affected community participation in DMF committees and the process of implementation of the PMKKKY. First, there is confusion and poor awareness regarding the DMF, among communities and local community representatives alike. Second, this is compounded by capture of the DMF committees by local powerbrokers, particularly local government actors. Third, where there is participation of community

representatives in DMF committees, we observed conflict between representatives. Finally, the DMF itself only gathers revenue from and tackles the effects of legal mining, which as noted above comprises a very small percentage of mining activity in India. Thus, communities have limited incentive to engage with and participate in the DMF, even if in absolute terms the amount of funds in the DMF is both sizeable and often unspent.

First, our research found persistently low levels of awareness regarding the DMF at the local level – indeed, our researchers participated in awareness-raising efforts, including local dissemination events and ensuring that the status of DMF implementation was raised in a parliamentary question. Furthermore, there is confusion at the local level in the minds of bureaucrats, activists and communities alike between the purpose, funding and procedures of the DMFs, and Special Purpose Vehicles (SPV) created just a few years earlier like the Odisha Mineral Bearing Area Development Corporation (OMBADC) and the Karnataka Mining Environment Restoration Corporation (KMERC) with relatively large capital inputs from the state.



Figure 5: trucks carrying ore passing through the agricultural fields

Second, while DMF committees have been established in some of the research districts, they do not demonstrate participatory governance – in particular by marginalizing representatives of the

gram sabha, the lowest village level local self-government body. Instead, these committees are dominated by representatives of so-called “line departments” of the state government for e.g. the Deputy Director of Health, Education and Forest Department are part of the Committee, similarly in Karnataka the District Health Officer, District Education Officer etc. are part of the committee,



Figure 6: crop destruction due to dust from the mining trucks

each of whom has an interest in ensuring that DMF funds are spent for activities of their own departments as this would free up departmental funds for other purposes. A reply by the district collectorate Sundargarh to a Right to Information query by a local activist we interviewed revealed that most of the projects sanctioned under the rubric of Education from the DMF are for Odisha Adarsha Vidyalaya (OAV) under the Department of Schools and Mass Education, Government of Odisha. These DMF funds were used for infrastructure such as building hostels, mess and kitchen, playgrounds, toilets etc.

As the asymmetrical composition of the DMF committee in the 3 states we studied shows, the majority of members are bureaucrats along with a few local politicians and elected members of local self-government bodies (see Table 2 below).

Representation of the affected communities and civil society is not only kept minimal but even these are to be nominated by the government instead of being chosen by the people themselves.

Bodies such as the *gram sabha* are peripheral. For example, a resolution passed by the Gram Sabha in Advalpal Village in Bicholim Taluka in Goa demanded that DMF funds be made available for irrigation facilities in the village, since agriculture was the only source of livelihood in the community. The resolution was presented to the District Collector in November 2018 but was rejected by the relevant DMF body on the grounds that more serious issues need to be resolved first. Repeated appeals to the DMF committee to resolve problems of acute water shortage for domestic and agriculture purposes were ignored in Sattari, Sonshi and Honda Panchayats in Goa. In 2017, Goa Foundation-an Environmental NGO filed a PIL highlighting the plight of Sonshi and other mining affected villagers and also questioned the non-utilization of DMF fund. Realizing the urgency of the problem the Bombay High Court Bench at Goa in August 2018 directed the DMF body to release funds for drinking water provision. However, to date this has not happened.



Figure 7: Agitated villagers gather to protest excessive mining

Third, we did find some meaningful participation by community representatives. For example, the president of the village Panchayat is often a member of the DMF Committee (See Figure 2).

However, even this level of participation has been highly politicized by local powerbrokers. Take the so-called “tribal majority Vth Scheduled Areas”. In communities in these Areas, the Gram Sabha (or plenary village council) includes a village Panchayat President (who is elected), as well as a Nominated Head (nominated by elders or local elites), who is the traditional “tribal” leader (Mukhiya, Munda). The DMF has generated and exacerbated conflicts between these leaders, especially over the distribution of benefits from the fund. Moreover, it has weakened their vertical accountability: we found considerable mistrust of these heads as they are seen by many mining affected communities to represent the interests of powerful local elites. Most community leaders we interviewed were, therefore, in favor of incorporating the Gram Sabha as a whole in DMF governance – for example deciding resource allocations through open consultation with community meetings of the Gram Sabha.

Fourth, the DMF poorly captures both affected communities and the effects of mining on them, because it only focuses on legal mining – thereby weakening community participation in the DMF and increasing community disenchantment with the process. This trend is exacerbated owing to the close links between illegal mining and local powerbrokers (who have often captured the DMF), including local governments, the district administration, mining companies and local politicians. For example, we found that in Goa, the district administration denied the existence of large amounts of illegal resource extraction, until a government commission (the M. B. Shah Commission) uncovered in 2011 that twice as many trucks were transporting iron ore every day than was permissible. Similar illegalities have come to light in Bellary district as well.

Table 2: General composition of DMF Committees in research areas

Goa	Karnataka	Odisha	
Collector/district magistrate	District in-charge Minister	Revenue Commissioner or Collector, as may be decided by the Government	Divisional
Representatives from MLA from the district preferably among the directly affected	Member of Parliament representing the District	Additional District Magistrate and District Level Officers of Steel and Mines, Forest and	

areas shall be recommended by mines ministry not exceeding 3		Environment, Rural Development, Works, ST and SC Development and Health and Family Welfare Departments and of such other Departments as the Government may specify
Deputy Director of Mines	Member of Legislative Assembly representing the part or whole of the District	Each Member of the Lok Sabha and each Member of the Odisha Legislative Assembly in whose constituency any major mineral concession is situated
The Executive/Assistant Engineer, Public Works Department	Member of Legislative Council registered as voter in the District	A member of the Zilla Parishad situated within the District wherein the area in which any major mineral concession is situated to be nominated by the Government
The Deputy Director, Directorate of Health	The President, Zilla Panchayat of the District	Not exceeding three members of Panchayati Raj Institutions or Urban Local Bodies from the area in which any major mineral concession is situated to be nominated by the Government as members
The Deputy Director, Directorate of Education or any Officer not below the rank of Assistant	The Deputy Commissioner of the District	

Director/Deputy Director nominated by the Department.		
The Assistant Director, Directorate of Social Welfare or any Officer not below the rank of Assistant Director/Deputy Director nominated by the Department.	The Chief Executive Officer of the Zilla Panchayat of the District	
The Deputy Director, Directorate of Women & Child Development or any Officer not below the rank of Assistant Director/Deputy Director nominated by the Department.	The [Deputy] Conservator of Forest (Territorial), Forest Department	
The Deputy Director, Directorate of Agriculture	The District Health Officer of the District	
The Executive/Assistant Engineer, Water Resources	The Executive Engineer of the Public Works and Inland Water Transport Department of the District.	
The Executive/Assistant Engineer, Department of Electricity	The Executive Engineer of Zilla Panchayat of the District, in charge of the Rural Water Supply in the District	

<p>The Representative of Finance Department (Budget), not Ex Officio below the rank of Under Secretary.</p>	<p>The Joint Director, District Industries Centre, Commerce and Industries Department</p>	
<p>The Director/Deputy Director, Directorate of Panchayats</p>	<p>The Environmental Officer, Nominated by the Karnataka State Pollution Control Board</p>	
<p>Representatives of the Mineral Foundation of Goa (or any other Non-Government Organizations/Civil Society which have worked at the ground level in mines affected areas for providing relief including undertaking activities under Corporate Social Responsibility) to be nominated by the State Government not exceeding two.</p>	<p>The Deputy Director of Public Instruction, Education Department in charge of the District</p>	
<p>Two Representatives shall be recommended by Mines Minister and to be finally nominated by the State Government amongst the mineral concession holder/industry representative/Goa Mineral Ore Exporters Association</p>	<p>Two Representatives from industries using minerals in the concerned district, to be nominated by the State Government by notification.</p>	

Any other Officials/person nominated by the State Government	Two Representatives from the holders of mineral or minor mineral concession belonging to the concerned district, to be nominated by the State Government by notification.	
	One Representative from a prominent Non-Governmental Organization or any Institution working on Environmental issues in the concerned district to be nominated by the State Government by notification.	
	Three representatives of the Community of affected persons from affected areas nominated by the State Government by notification.	
	The Deputy Director/Senior Geologist of Mines and Geology Department of the respective district.	

Source: Goa District Mineral Foundation (Trust) Rules, 2018, Government of Goa. District Mineral Foundation Rules, 2016, Government of Karnataka. The Odisha District Mineral Foundation Rules, 2015, Government of Odisha.

DMF COLLECTION AND UTILIZATION

Our research showed four main problems with DMF fund collection and utilization, above and beyond a lack of community participation in these processes. The first was the risk and reality of resource capture by local political elites. The second was the reallocation of DMF funds for general use for government schemes and projects, rather than specific use for the benefit of

affected communities. The third was the negative impacts of the DMF on corporate willingness to also conduct CSR. The fourth was poor focusing of DMF funds on the particular problems faced by mining affected communities.

“DMF is a dangerous tool...it is a large pool of money looking for spending purposes”

- Rahul Basu

First, regarding capture, in our interview with Rahul Basu (economic and legal analyst working at the Goa Foundation, which has filed court cases related to illegal mining in Goa, the violation of rules in the constitution of DMFs), he called the DMF a “dangerous tool”. This is not only because of the direct capture of DMF funds by local powerbrokers – there is also a larger structural context. There is no legal or political clarity regarding the exact purpose of the DMF; moreover, the DMF is barred from doing many things to mitigate mining impacts, since the mitigation of those impacts is supposed to be governed by distinct schemes. For example, mining companies should pay for certain kinds of environmental impacts under the Polluter Pays principle; they should bear financial responsibility for many of the social and economic needs of mining-affected communities, and according to relevant labor laws should pay compensation for health problems of workers like silicosis caused by mining. Mr. Basu pointed out that in such a context the DMF becomes a large pool of money looking for spending purposes – which has left it highly vulnerable to corruption, clientelism and patronage politics. Indeed, we found that DMF funds were explicitly being used as part of election campaigns. Community members in Hospet and Bellary, Karnataka, told us that prior to the 2018 State Assembly elections, DMF money was distributed to the students of government education institutions. (Indeed, this was the very first time that they had ever heard of the DMF!)

Take mining affected areas in Keonjhar and Sundargarh districts in Odisha. The areas are both rural and urban. The reply by the district administration of Keonjhar and Sundargarh to a Right to Information query revealed that most of the DMF funds had been sanctioned for development projects in urban municipalities rather than rural panchayat areas. Moreover, there were inexplicable discrepancies in fund allocation between urban and rural projects. Highly similar projects in two site locations were inconsistent in the amount of money allocated to them. For example, the DMF funds allocated to Talsankara Block of Sundargarh Municipality for the

construction of a girls' hostel to house 100 students under Unit 1 of the Block was Rs. 299.42 Lakhs, while for the construction of same sized hostel in Unit 2 the allocation from DMF funds was Rs. 215 Lakhs. This suggests that the DMF Committee fails to adequately scrutinize project proposals but instead sanctions whatever amounts local building contractors demand.



Figure 8: informal mine workers

Second, local state actors have appropriated DMF funds so that they are used for general state development projects and schemes and not for the mitigation of problems faced by affected communities due to mining (a problem exacerbated by low awareness of the DMF, its poor governance, and lack of a proper legal form such as a Trust). For example, we have found in the course of our research that 90% of the DMF money sanctioned for spending in Keonjhar is for physical infrastructure, even though the PMKKKY guidelines do not recognize physical infrastructure as a 'high priority area'. Indeed, in Keonjhar Municipality Rs.384 Crore has been sanctioned for the construction of a Government Medical College and Training Hospital, even though it is many miles away from any mining-affected communities, and will probably be hardly accessible to any Adivasi students in the area who lack good quality secondary education. These Adivasi communities, who suffer from a shortage of primary health care posts and staff in their areas, do not need medical colleges but affordable and accessible primary health care centers.

DMF: Structural Concerns and Policy Recommendations

In fact, sometimes state expenditure of DMF funds can make the lives of mining-affected communities worse. In Sandur Taluka, Bellary district, DMF money was sanctioned by the Forest Department for herbal medicinal plantations in the area, without consulting the affected community. Community members complained that the plantations are water intensive and have led to the depletion of ground water affecting agriculture in the area, but received no response.



Figure 9: illegal felling of trees in forest areas to make way for mining

This appropriation of DMF funds for the state coffers can quickly become entrenched through local political action. In Keonjhar district, the largest amount of DMF expenditure has been used for the construction of highways, even though in some of the villages where we conducted interviews in the mining affected area, there is not even one motorcycle per household. The villagers questioned the rationale of highway construction with DMF funds as the Adivasi villagers need these highways, which they suspected were for the convenience of the mining companies and truck owners interested in speedy transportation of minerals rather than for the use of the villagers. In fact, forested areas, on which the Adivasis depend for livelihood have been cut down to make way for these highways. Community members who questioned the spending of enormous sums of DMF monies on highway construction were branded by the district authorities as Maoists in order

to delegitimize their demand for having a voice in DMF planning, and to further entrench DMF funds as part of general state expenditure.

Third, regarding CSR (including legally-mandated corporate social spending), the social activists and villagers in Odisha pointed out that since the DMFs have been instituted the mining companies have pulled out from corporate social responsibility spending as they are paying to DMF. Yet unlike CSR funds for which the company can claim credit, DMF funds become disassociated from the companies contributing to them. In the public eye the DMF - especially due to its link with the PMKKKY – appears to be perceived simply as yet another government scheme. (Indeed, companies are starting to become aware of this possibility. In order to maintain their credibility amongst the community and the competitors, the companies have now started displaying their “DMF Contributions” at their respective mining sites.) Thus, the DMF might come to supplant CSR, but contribute less to improve company-community relations, especially in the absence of collaborative and participatory fund governance.



Figure 10: OCL India Ltd. displaying its DMF contribution

Moreover, the DMF has come to supplant not only voluntary or semi-voluntary corporate spending, but also statutory social spending by corporations. For example, we found situations where the company, having contributed to the DMF, sees itself as no longer responsible for fulfilling its

statutory responsibility to compensate its workers for the health hazards they are exposed to due to mining, or to take measures that it is obliged to undertake to mitigate environmental damage during or after the end of extractive activities. Companies seem to have the attitude that they have taken care of all their obligations to affected workers and communities by having contributed to DMF. Alternatively, environmental protection measures such as building check-dams etc. - which was previously the responsibility of the mining company – are now being undertaken from DMF funds. Take mine closures. Abandoned former mines are not only sites of accidents, but are also filled with large quantities of rain water that make them a fertile breeding ground for mosquitoes, thus increasing the incidence of malaria and other diseases in the area. As a result, it is the sole responsibility of the company operating a mine to clean up and close a mining site at its own expense in accordance with the agreed upon lease provisions and national regulations. The Mineral Concession Rules 1960 as well as the Mineral Conservation and Development Rules 1988 both oblige all mining lease owners to submit a ‘Progressive Mine Closure Plan’ along with a ‘Final Mine Closure Plan’ according to the guidelines issued by the Indian Bureau of Mines (IBM). Per to the IBM, mine closure plans should encompass measures to restore “the physical, chemical and biological quality” of the land that has been disturbed by the mining “to a level acceptable by all concerned” making

it impossible to assess whether this obligation has been fulfilled as no standards are laid down that have to be met by the company holding the mining lease. Instead, DMF funds meant for the benefit of the



Figure 11: Abandoned mines in Goa

community are being diverted to clean up abandoned mines in some areas like Goa and Bellary.



Figure 12: Public hearing in Odisha

As a result, DMF funds are not an additional source of compensation for those adversely affected by mining, as they ought to be, but are instead being used by companies and the government as a substitute for funds that both should have been obliged to pledge for workers and communities. For instance, we found that in Sundargarh district, laborers working in mines are also considered to belong to the affected community. Although this capacious definition of the term should be welcomed, it has some paradoxical consequences. There is a very high incidence of silicosis among mine workers, who work without protections that the company should by law provide them. Workers suffering from silicosis or other mining related occupational health diseases are given compensation from the DMF fund instead of the compensation being directly provided by the mining company as the industrial worker's compensation regulations lay down.

Fourth, even when DMF funds are utilized for the benefit of mining-affected communities, they are often poorly-targeted (an effect of non-participatory DMF governance). For example, in the

state of Odisha, employment in the organized sector has declined from 7.95 Lakh in 2013 to 5.03 lakh in 2015 (per the Economic Survey of Odisha). Yet in neither in Sundargarh nor Keonjhar districts is there planning for a single project under DMF to address the issue of unemployment and sustainable livelihoods – which are of serious concern in the mining affected communities. The Socio-Economic Caste Census 2011, shows that a mere 7.62% of total households in Sundargarh district had a salaried job and 89.81% of all households earn less than Rs 5000 per month. The situation is even worse in Keonjhar, where only 6.73% of households have a salaried job and 90.55% of the total households earn less than Rs. 5000 a month.

DMF funds are also poorly-disbursed. For example, in our interview with District Conservator of Forest (DCF), Bellary, he stated that he and his staff have had to take personal loans to fulfil the project demands under DMF due to implementation delays. The DCF stated that the Forest Department (FD) had, for instance, formulated plans for utilization of the DMF fund. Though the projects began as scheduled, the funds were not released on time. To finance the ongoing project expenditure, therefore, the DCF had to take a personal loan from a local bank, which would be reimbursed from DMF funds in the future. This is particularly inexplicable as the total DMF amount lying idle with the district collectorate is estimated to be Rs. 80143 Lakhs in Bellary alone.

Table 3: DMF collection and expenditure by state

*Amount in Crores

	Goa	Karnataka	Odisha
Total amount Collected under DMF	186.94	1272.78	5838.26
Total amount spent so far	1	54.31	933.88
Total number of projects sanctioned	2	1507	9829

Source: Ministry of Mines. 2019. "Transform Mining", Government of India, p. 2

Table 4: DMF collection and expenditure by research district

*Amount in Crores

Research Districts	Amount Collected	Amount Spent
Keonjhar	2341.82	277.10
Sundargarh	1125.26	226.90
Bellary	784.12	29.14
North Goa	95.77	0.50
South Goa	91.17	0.50

Source: Ministry of Mines. 2019. "Transform Mining", Government of India. p. 20, 24, 29

DMF AUDITING

As both a matter of law and good local governance, the DMFs and PMKKKY should be subject to transparent audits. This should deepen community awareness of the DMF and trust in its process. In particular, communities will be able to monitor whether and how much companies are putting into the DMF, as well as have oversight on how DMF funds are being expended.

Table 5: DMF audit provisions in state rules

Goa	Karnataka	Odisha
The accounts of the Trust shall be audited at least once on completion of a year by a qualified Auditor. All District Mineral Foundation Trusts should undertake both financial and performance audits to ensure optimal fiscal discipline and transparency of operation. The Auditors of the Foundation shall be appointed by the Governing Council from the list of Chartered Accountants empaneled by the Comptroller and Auditor General of India on such terms and conditions as decided by the Governing Council.	The accounts of a District Mineral Foundation Trust shall be audited every year by a Chartered Accountant appointed by the District Mineral Foundation Trust.	The accounts of the Trust shall be audited every year by the Chartered Accountant appointed by the Board, or in such other manner as the Government may specify, and the report thereof shall be placed in the Board along with the Annual Report.

Source: Goa District Mineral Foundation (Trust) Rules, 2018, Government of Goa. District Mineral Foundation Rules, 2016, Government of Karnataka. The Odisha District Mineral Foundation Rules, 2015, Government of Odisha.

DMF: Structural Concerns and Policy Recommendations

However, in our research we found that audits were not being conducted. Instead, communities have to rely on the Right to Information Act (RTI) to gain such information piecemeal, which is a slow and cumbersome process. This can lead to ineffective DMF spending and deepening disenchantment of communities with the DMF. For example, in Sundargarh's Koida block, Rs.10 crores were sanctioned for the construction of a piped water supply system which would bring water to affected households for domestic use. However, according to community members, the pipe system has become dysfunctional due to damage and is lying unused as there is no responsible body to oversee and undertake repairs under the DMF. Given that only 3% of the rural population in the district has access to treated tap water (Socio- Economic Caste Census, 2011) this would have certainly been a high priority for the communities.



Figure 13: trucks carrying heavy loads crossing the bridge which is only constructed for villagers to cross and does not have the capacity to take 300 heavy loaded trucks every day

Lessons for Policymakers

The lessons for national and local policymakers can be divided into five thematic issues: awareness, participation, combatting disenchantment and stimulating buy-in, utilization, and governance. These themes emerged out of our interviews – and the suggestions therein came directly from those interviewed.

Each of these suggestions will contribute to the better functioning of the DMF and PMKKKY at the local level in the context of the political conditions of their implementation at the subnational level.

AWARENESS

- *Awareness generation and capacity building at all levels.* Interviews with community members revealed that awareness of DMF is low not only among those affected but also among local civil servants. Steps should be taken to increase awareness of the DMF rules and functioning, including training workshops at state, district, local levels to educate stakeholders at all levels.
- *Concrete procedures to identify mining affected areas and communities.* Clear and concrete guidelines on directly and indirectly affected communities should be made. The procedure for identification should be clearly specified in each DMF office, and the Gram Sabha should have a central role in affected community identification pursuant to those rules.

PARTICIPATION

- *Enhancing local participation (e.g. through the role of the Gram Sabha).* If DMF planning is to be participatory, the involvement of the Gram Sabha should be made mandatory. Though DMF rules and PMKKKY guidelines specify the responsibility of Gram Sabha in identifying the beneficiaries and in project implementation, these are not being adhered to. Members of the Gram Sabha must be given a seat in DMF Managing Committee.
- *Establish village-level DMF Committees.* These committees could be modelled on School Development and Management Committees (SDMC). This committee should have members from the gram sabha along with members from vulnerable communities. This

body could formulate long-term plans for the mining affected community. A proper needs assessment exercise should be undertaken to ascertain the needs of affected communities as a first step prior to DMF planning.

- ***Outcome oriented annual planning.*** DMF planning and spending is intermittent. For DMF to have long term sustainable impact on the affected community there is a need for outcome-based planning. This could begin with a gap analysis, and could be conducted by village DMF committees. Outcomes should be time bound and quantifiable.

COMBATTING DISENCHANTMENT AND STIMULATING BUY-IN

- The DMF seems to be perceived among mining-affected communities as yet another official government scheme by civil servants and elected political members. To change this perception – so that the DMF is looked at as an institution for the welfare of the affected community and as an instrument to improve company-community relations - steps should be taken to ***institutionalize the DMF with a legal mandate.***
- Along with greater awareness, affected communities should develop a long-term stake in the DMF, so it does not become another temporary pot of funds to be used for immediate political purposes. This could be bolstered by ***ensuring intergenerational equity.*** Mineral resources being extracted are finite and will be exhausted much sooner than anticipated due to the vast extent of illegal extraction much beyond the mining permissions granted. To ensure a fair share of future generations a ‘Future Generation Fund’ could be created from the DMF for projects aimed at the welfare of future generations in affected communities. Similarly, India’s Economic Survey 2016-17 suggested an alternative: to ***redistribute the gains from mineral resources directly into the accounts of the affected citizens*** as part of a ‘Universal Basic Income’ (UBI). This could make individuals feel more involved in the resource management; furthermore, the Survey argued that the tax incurred on the amounts transferred to the accounts of the beneficiaries could then be used for development purposes in the state.
- Even allowing for the importance of the local contextualization of the DMF and PMKKKY, some central quality control of DMF implementation is desirable to stop it becoming a tool of local powerbrokers. ***A specialist body*** at the national level could study best practices in different states and encourage and support their implementation.

FUND UTILISATION

- To ensure that DMF funds are being used, and being used correctly in line with priorities defined by affected communities, an *Impact Assessment Committee* could be created, involving the gram Sabha. This committee could examine both the qualitative and quantitative impacts of the various projects under DMF and recommend changes.
- *Clear guidelines on DMF not replacing State Budget.* To avoid the inappropriate reappropriation of DMF funds by line departments in ways that do not benefit affected communities, it is important for the government of India to specify whether, under what conditions and to what extent, if any, DMF funds can be utilized by line departments.
- *Dialogue with companies regarding their ongoing social spending obligations.* A dialogue with the companies is needed to clarify that DMF is neither an alternative to CSR and their other legal obligations towards compensation and social spending; nor does contributing to the DMF take care of their obligation to clean up abandoned mining sites. Rather, the DMF is a mechanism aimed to improve their relations with affected communities and ensure better governance in the mining sector to the mutual benefit of companies and communities.

GOVERNANCE

- *DMF offices.* A designated DMF office needs to be set up close to the mining affected area for easy access for the community. Regular staff should be recruited to the DMF office who can consider the everyday affairs of the DMF in the district, and update the PMKKKY portal so communities can see what DMF money is available and should be spent on in their district, thereby increasing transparency and accountability (right now, this portal is hardly updated as no dedicated staff at the district level is responsible for it).
- *Grievance redress:* As the district administration is currently in charge of DMF funds there is no body that can act as a grievance redressal authority. There is need for an accessible redressal mechanism, which can hear community grievances regarding identification of beneficiaries, allocation of funds, implementation of projects and other related issues.
- *Transparency.* Greater transparency regarding beneficiaries and spending/implementation is needed. Two clear practical steps are: to display a list of beneficiaries in the panchayat as well as DMF office; and to require financial and social audits of DMF and PMKKKY implementation. The CAG should be involved in auditing DMF accounts.

- **Monitoring.** DMF planning must also include provision for funds and mechanisms for maintenance and management of projects realized with the DMF budget. Otherwise there is the risk of constructed facilities falling into disrepair with no official body responsible for their continuous upkeep.



Figure 14: Depleted and polluted well water due to extensive mining in Sonshi, Goa

Annex: List of Interviews

Sr.no	Interviewee	Designation	State
1.	Anusuiya Uikey	Vice-Chairperson, NCST	National Level
2.	Mansukhbhai Vasava	Member of Parliament	Gujarat
3.	Arjun Lal Meena	Member of Parliament	Rajasthan
4.	Prabhubhai Vasava	Member of Parliament	Gujarat
5.	George Tirkey	MLA Bhirmitapur Constituency	Odisha
6.	Smitarani Pattnaik	Founder- Nari Suraksha Samaiti NGO	Odisha
7.	Manas Jena	Executive Director, Development Initiative NGO	Odisha
8.	Duskar Barik,	Executive Director KIRDTI, Keonjhar and member of Citizen Forum,	Odisha
9.	Ramrai Mundaya	Chairperson Special Tribal Development Council	Odisha
10.	Sushila Toppo	Sarpanch Kukuda Gram Panchayat (GP)	Odisha
11.	Name not disclosed	Member District DMF Cell	Odisha
12.	Deme Oram	EC Member, mm&P	Odisha
13.	Bhagyalakshmi	Founder, Sakhi Trust, Hospete	Karnataka
14.	Mahaveer	Deputy Director, Mines and Geology, Hospet	Karnataka
15.	Ramesh Kumar	District Conservator of Forest, Bellary	Karnataka
16.	Uliyamma	Mine worker, Hospet	Karnataka
17.	Chandrashekhar	Senior Geologist, Bellary	Karnataka
18.	Chandni	Community leader, Sakhi Trust	Karnataka
19.	Maniah	ZillaParishad member, Bellary	Karnataka

DMF: Structural Concerns and Policy Recommendations

20.	Devamma	Mine worker	Karnataka
21.	Lakshmi Devi	Women's coordinator, Sakhi Trust	Karnataka
22.	Galemma	Sakhi Trust	Karnataka
23.	Mallikarjun	Yuwa Dhawni Youth Group Member	Karnataka
24.	Kalidas	Member of Rajya Raitu Sangha	Karnataka
25.	Hullugaiah	Taluk Adyaksha, Siruguppa	Karnataka
26.	H. Sunil	Incharge Youth Group Member	Karnataka
27.	Yamunesh	Hospet	Karnataka
28.	Community members	Gunda Village, Hospet	Karnataka
29.	Shivkumar Malagi	EC Member, mm&P	Karnataka
30.	Aatma Gaonkar	Sarpanch, Honda Panchayat	Goa
31.	Sebastian Rodrigues	Anti-Mining Activist, North Goa	Goa
32.	Dr. Tariq Thomas	District Collector, South Goa	Goa
33.	Devidas Gaonkar	Local Journalist	Goa
34.	Durgadas Gaonkar	Ex. President of GAKUVED FEDERATION	Goa
35.	Manual Barreto	Deputy Director of Mines and Geology	Goa
36.	Francis Carvalho,	Community Leader, South Goa	Goa
37.	Hanumant Parab	Community Member, Sattari	Goa
38.	Motesh Antao	Resident, Colomba	Goa
39.	Tolyo Gaonkar	Sarpanch, CauremPirla, Quepem	Goa
40.	Anusaya Vantekar	Sonshi Village	Goa
41.	Mohini Gawade	Sonshi Village	Goa
42.	Shobhawati Gawade	Sonshi Village	Goa
43.	Mahesh Gawade,	Sonshi Village	Goa
44.	Vaman Gawade	Sonshi Village	Goa
45.	Devanand Gawade	Sonshi Village	Goa
46.	Levinson Martins	District Collector, North Goa	Goa
47.	Ravindra Velip	EC Member, mm&P	Goa

DMF: Structural Concerns and Policy Recommendations

48.	Ashok Shrimali	Secretary General, mm&P	Gujarat
49.	Yusuf Beg	EC Member, mm&P	Madhya Pradesh
50.	Rajesh Tripathi	EC Member, mm&P	Chhattisgarh
51.	Mukesh Birua	EC Member, mm&P	Jharkhand
52.	Swaraj Das	EC Member, mm&P	West Bengal
53.	Bansilal Bhinjana	EC Member, mm&P	Rajasthan
54.	Claude Alvares	Activist and Scholar, Goa Foundation	Goa
55.	Rahul Basu	Member, Goa Foundation	Goa

Annex: Legal Provisions

Amendment Act

9B. (1) In any 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.

(2) The object of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government.

(3) The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government.

(4) The State Government while making rules under sub-sections (2) and (3) shall be guided by the provisions contained in article 244 read with Fifth and Sixth Schedules to the Constitution relating to administration of the Scheduled Areas and Tribal Areas and the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.

(5) The holder of a mining lease or a prospecting license-cum-mining lease granted on or after the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, shall, in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount which is equivalent to such percentage of the royalty paid in terms of the Second Schedule, not exceeding one-third of such royalty, as may be prescribed by the Central Government.

(6) The holder of a mining lease granted before the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, shall, in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the Second Schedule in such manner and subject to the categorization of the mining leases and the amounts payable by the various categories of lease holders, as may be prescribed by the Central Government.

Notification (F. No. 16/7/2015-M.VI) of 17 September 2015

This notification sets the relevant DMF payment rates for leaseholders.

Order (No.16/7/2015-M.VI (Part)) of 17 September 2015

This Order directs State Governments to incorporate the PMKKKY into the rules framed by them for the DMF and to implement the said scheme. It also sets out some parameters regarding the identification of affected areas and people to be covered under the PMKKKY:

1) Affected areas

a. Directly affected areas – where direct mining-related operations such as excavation, mining, blasting, beneficiation and waste disposal (overburdened dumps, tailing ponds, transport corridors etc.), etc. are located.

a) Villages and gram panchayats within which the mines are situated and are operational. Such mining areas may extend to neighboring village, block or district on even state.

b) An area within such radius from a mine or cluster of mines as may be specified by the State Government, irrespective of whether this falls within the district concerned or adjacent district.

c) Villages in which families displaced by mines have resettled/rehabilitated by the project authorities.

d) Villages that significantly depend on the mining areas for meeting their economic needs and have usufruct and traditional rights over the project areas, for instance, for grazing, collection of minor forest produce etc. should be considered as directly affected areas.

b. Indirectly affected areas –Those areas where local population is adversely affected on account of economic, social and environmental consequences due to mining-related operations. The major negative impacts of mining could be by way of deterioration of water, soil and air quality, reduction in stream flows and depletion of ground water, congestion and pollution due to mining operations, transportation of minerals, increased burden on existing infrastructure and resources.

c. The DMF shall prepare and maintain an updated list of such directly and indirectly affected areas by mining related operations.

2) Affected people

DMF: Structural Concerns and Policy Recommendations

1. The following should include as directly affected persons:
 - a) 'Affected family' as defined under Section 3 (c) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
 - b) 'Displaced family' as defined under Section 3 (k) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
 - c) Any other as appropriately identified by the concerned gram sabha.
2. Persons affected by mining should include people who have legal and occupational rights over the land being mined, and also those with usufruct and traditional rights
3. Affected families should be identified, as far as possible, in consultation with local/elected representatives of gram sabha.
4. The DMF shall prepare and maintain an updated list of such affected persons/local communities.

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