



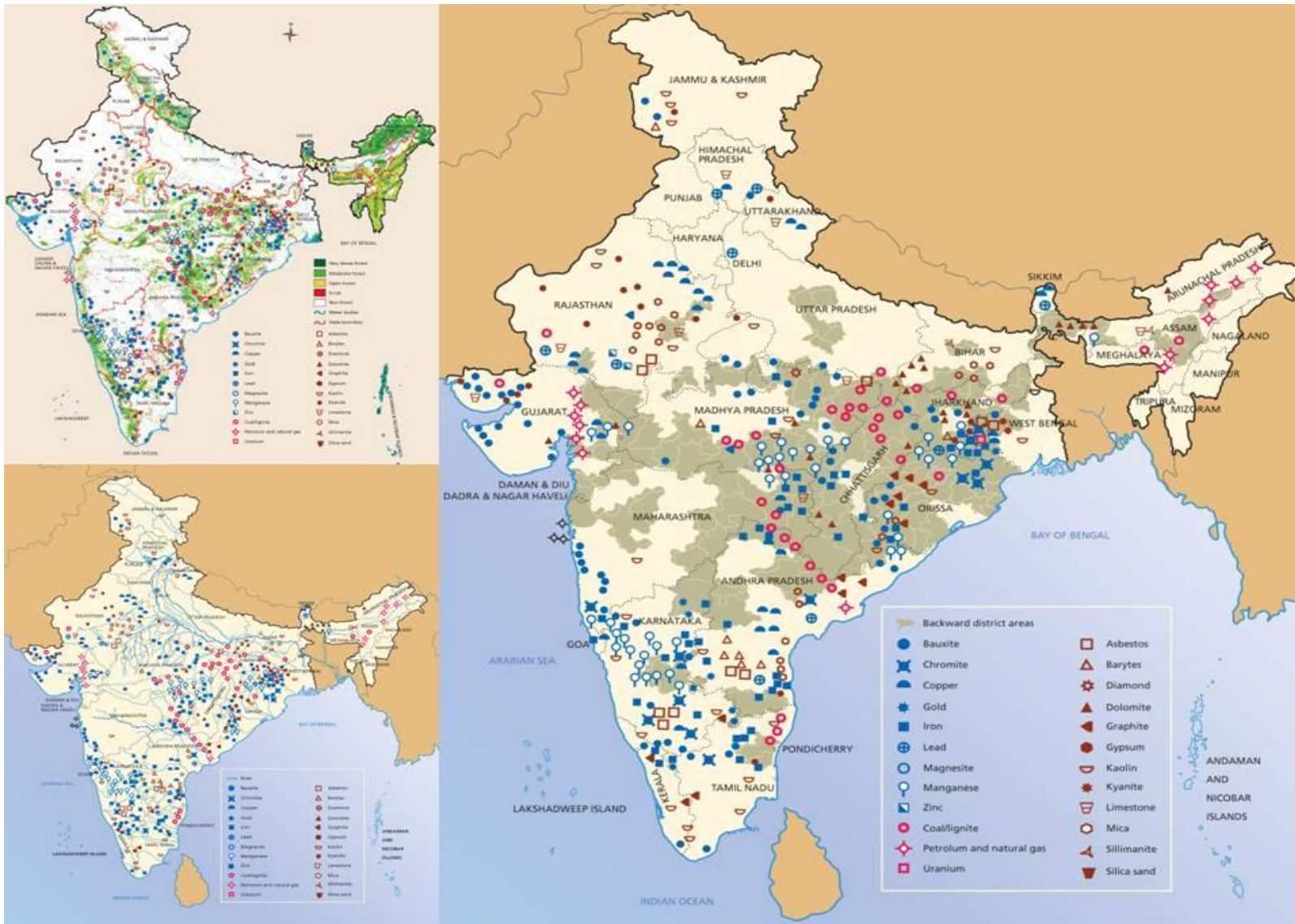
# **District Mineral Foundations**

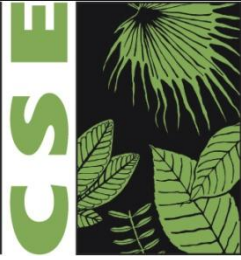
## ***Implementation Status and Road Ahead***

**Chandra Bhushan**  
Deputy Director General  
Centre for Science and Environment

# Minerals, People and Environment

## Rich Lands, Poor People





# Is sustainable mining possible?

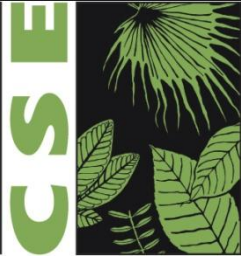
- **Sustainable mining is an oxymoron-** ore bodies are finite and non-renewable; even the best managed mines will have environmental and social costs.

However the **inescapable truth is modern economy cannot do without minerals.**

**But if mining has to happen, it must be environmentally and socially responsible**

- Environmental – clearances/permits must be tightened, stricter pollution standards must be enforced, mines once opened must be reclaimed & closed, and use of minerals must be minimized.
- Social – people's rights must be recognized, mining benefits equitably shared, people must be made part of decision-making.

# Considering a mechanism of benefit sharing

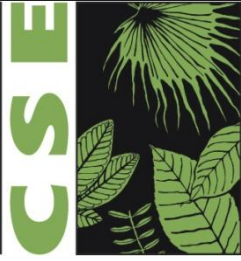


- **2006-10:** Ministry of Mines starts deliberation a new Mines and Minerals (Development and Regulation) Bill (MMDR) to replace MMDR Act, 1957. **Benefit-sharing discussed.**
- **2008:** CSE published, *Rich Lands, Poor People: Is sustainable mining possible?* **recommended benefit-sharing** based on mechanisms of other countries.
- **2011:** MMDR Bill drafted, detailing provisions of sharing mining benefits through DMF. **Equitable rights a centre-piece for determining payments-** for coal and lignite, an amount equal to 26% of the profit after tax, for other major minerals an amount equivalent to the royalty paid during the financial year. (bill lapsed in 2012).
- **2015:** MMDR Amendment Act, 2015 passed, **DMF instituted.**

In September, Government of India launched **Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)** and aligned it to DMF, provided guideline for DMF investments in mining affected areas.

# District Mineral Foundation

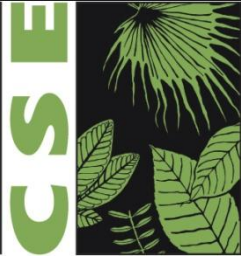
## A defining opportunity



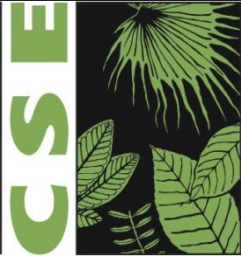
- For the first time, the **right of people to** benefit from natural resources has been recognized.
- Precise objective under law- **To work for the interest and benefit of persons and areas affected by mining related operations.**
- Large **financial resources coming directly to district**, scope to directly **act on people's needs through bottom-up planning.**
- **Fund non-lapsable-** gives ample scope addressing issues urgently and through long-term planning.

# District Mineral Foundation

## A defining opportunity



- Has **well-defined beneficiaries** - in line with Land Acquisition Act, 2013- *people having legal or occupational rights over land being mines, user rights, traditional rights, displaced people, lost livelihoods, lost forest rights, others identified by Gram Sabha.*
- Specifies areas where money should be spent- **directly (and indirectly) affected areas as defined in DMF Rules.**
- **Specifies high priority issues** on which DMFs should focus in mining-affected areas, **using at least 60% of budget** – clean drinking water, sanitation, healthcare, women and child welfare, welfare of old and disabled, education, skill development, livelihood, environmental measures.



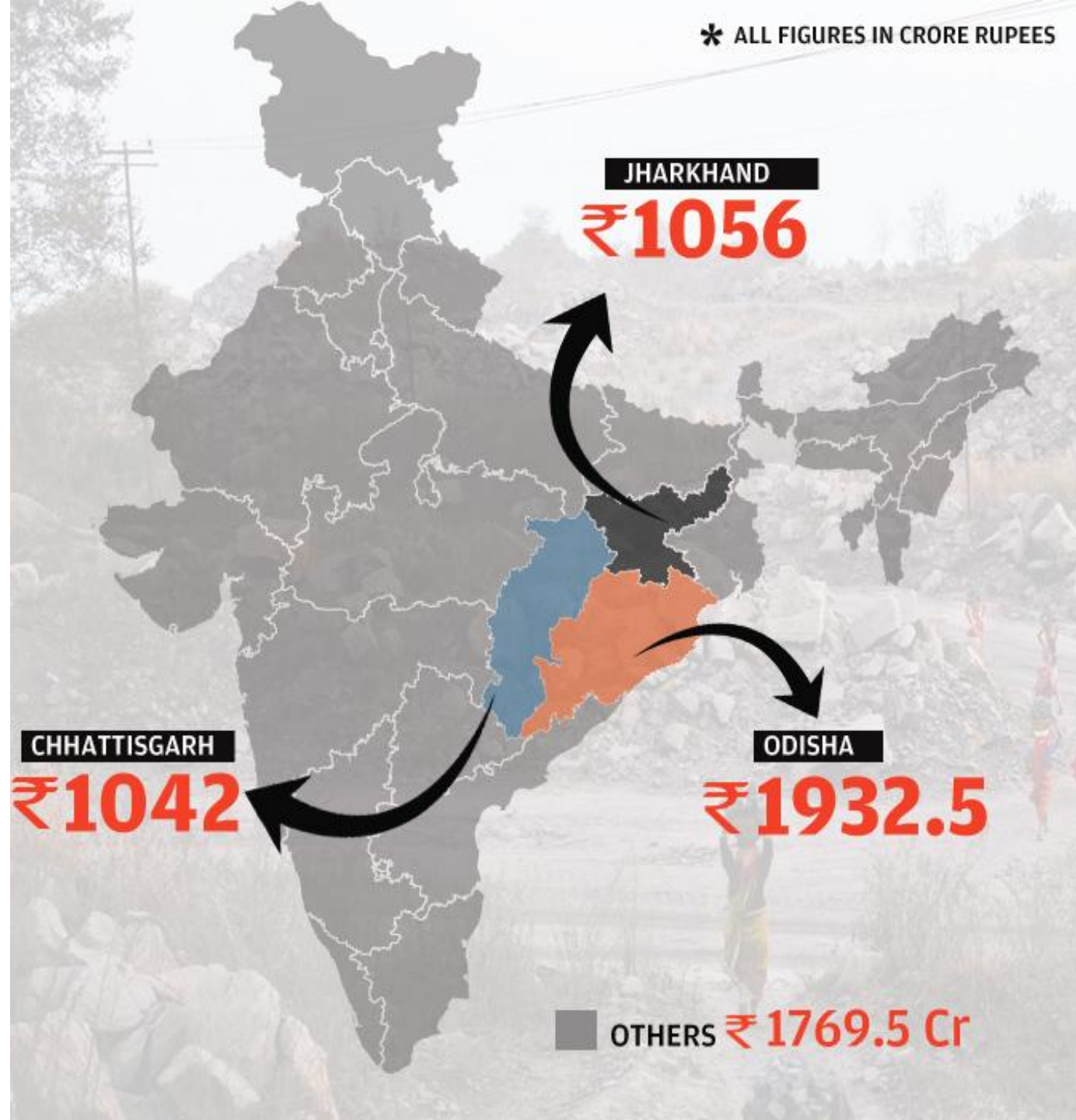
**2 years**

**More than Rs. 5,800 crore in DMFs**

**Are mining-affected people benefitting?**

\* ALL FIGURES IN CRORE RUPEES

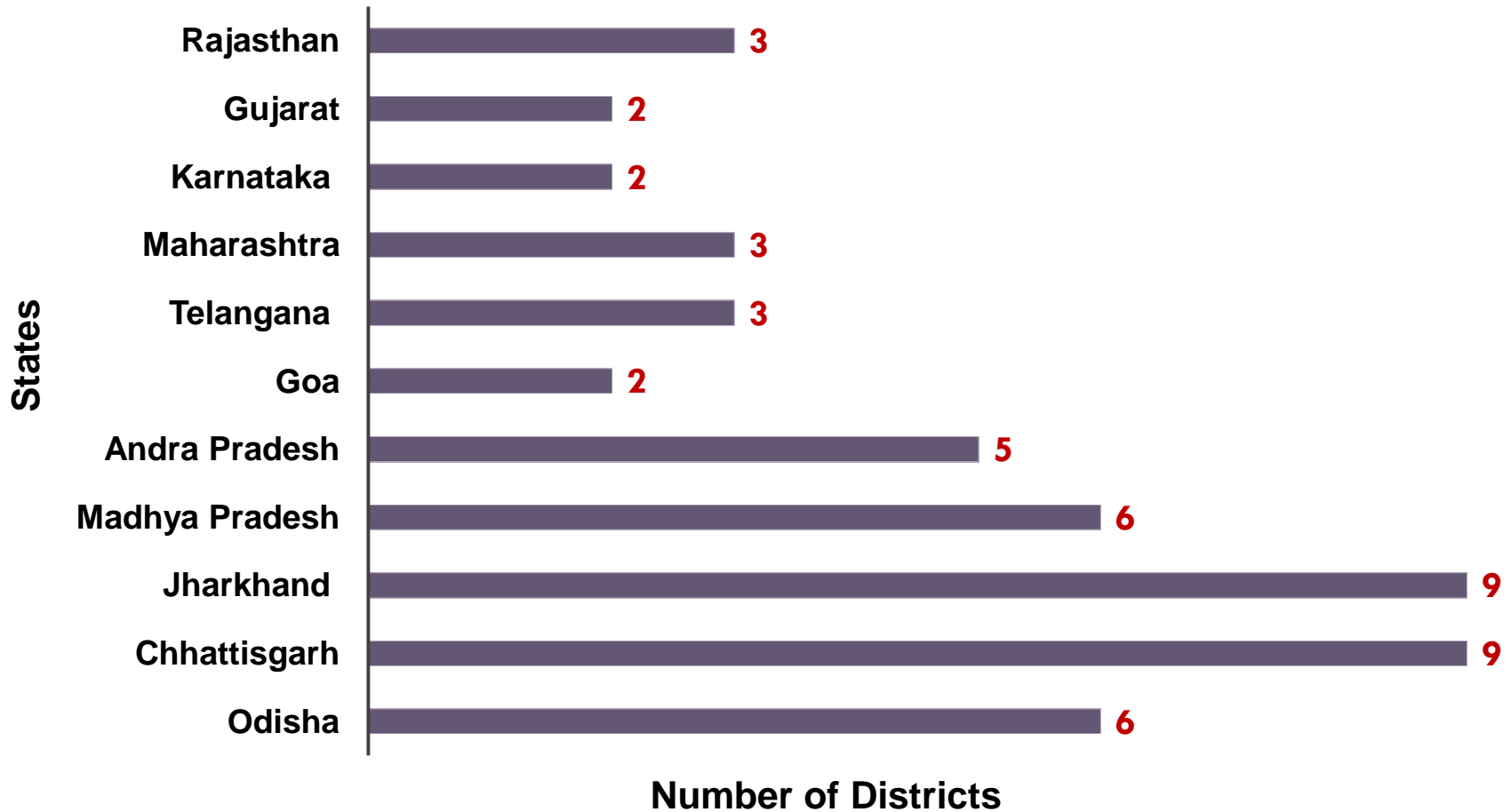
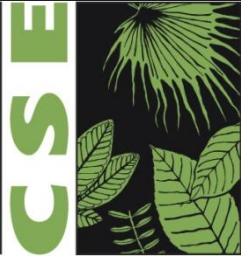
Share of DMF funds in top 3 mining states  
**70%**





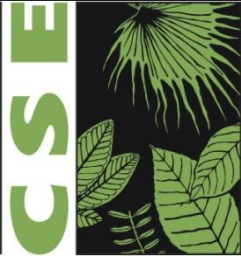
# CSE survey

## 50 districts in 11 states



*Districts of Odisha include- Kendujhar, Sundargarh, Angul, Jharsuguda, Jajpur & Koraput*

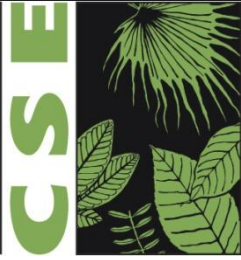
# Key issues in CSE review



- **Implementation of DMF provisions across top mining districts as related to-**
  - **Financial accruals**
  - **Institutional arrangements-**
    - ❖ Administrative set-up (members of the DMF, DMF office etc.)
    - ❖ Registration of DMF Trust
    - ❖ DMF website
  - **Planning and budget allocations-**
    - ❖ Focus on critical issues in mining-affected areas
    - ❖ Are allocations enough
    - ❖ Are affected people the focus of investments
    - ❖ Do planning have short-term focus or long-term considerations
- **Identify gaps/shortcomings.**
- **Consider the next steps.**

# Overall observations

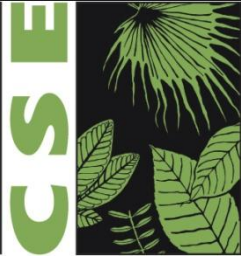
## Financial accruals



- **Total funds accrued in the DMF accounts of 50 top mining districts surveyed (till March, 2017)- Rs. 5,469 crore.**
- **Coal mining districts have typically higher accruals followed by iron ore districts (in Odisha iron ore higher).**
- **Low collection in many districts of Telangana, Maharashtra.**
- **DMFs yet to roll out in Uttar Pradesh, Tamil Nadu; Rules only framed in May 2017.**

# Overall observations

## Institutional arrangements

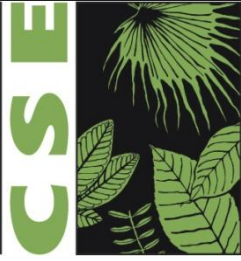


### □ **Administrative Setup - DMF body and office**

- ❖ Governing Council (GC) and Managing Committee (MC) in place in all districts where DMFs have been set up. However GC & MC dominated by officials; **little representation of affected people.**
- ❖ **No DMF office in place**; districts are operating in an *ad hoc* manner with intermittent meetings of DMF bodies. However, 20 districts indicated that the process is in progress.
- ❖ **In Odisha, districts with more than Rs. 100 crore annual receipts set up Project Management Units (PMUs).**
- ❖ Jharkhand and Chhattisgarh are considering combination of officials, technical and subject experts for DMF offices. ***Notification issued in Chhattisgarh***

# Overall observations

## Institutional arrangements



### □ **DMF Trust registration**

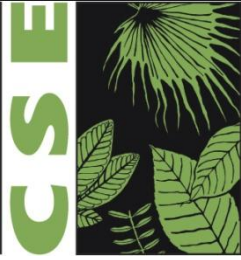
- ❖ **27 districts** out of 50 surveyed had registered DMF Trusts.
- ❖ **Varied reasons by districts/ states for not registering-**
  - **Lack of clarity on mechanism of registration- eg. Odisha**
- ❖ Districts are registering under various laws in absence of a pan India public Trust law. Most common one- the **Indian Trusts Act (1882)**.

### □ **Public disclosure of information - DMF website**

- ❖ **No proper website yet.** Chhattisgarh, Odisha, Madhya Pradesh, Jharkhand have state level websites, but **available information is very limited.**

# Overall observations

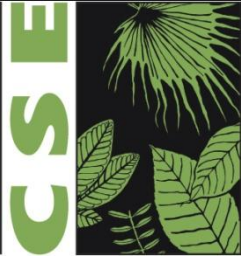
## Planning and allocation



- **No plans developed as such**, only list of sector specific allocations and works to be done provided; **ad hoc allocations in many cases**.
- Decision-making is **top down rather than bottom up** in all districts, no participation of Gram Sabhas/ mining-affected people **as law requires**.
- Intervention by state governments in some states to guide investments-
  - ❖ **Chhattisgarh government direction has two emphasis:**
    - Directions for spending money in mining affected areas.
    - Using DMF funds for regional development- sharing of funds with adjoining districts.
  - ❖ **Jharkhand government has emphasized on two issues:**
    - Clean drinking water supply and sanitation (making districts open defecation free & piped-water supply).

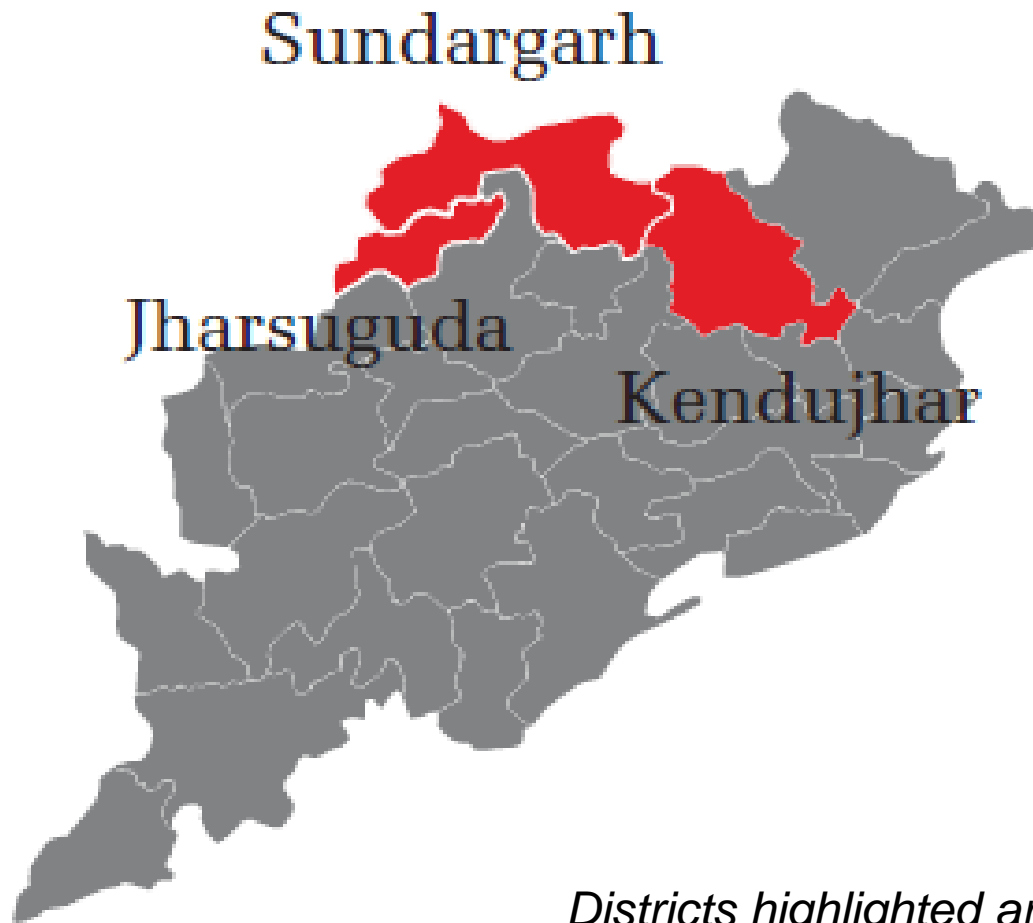
# Overall observations

## Planning and allocation



- Money allocated for “high priority areas” as per state DMF Rules; common issues are drinking water, education, healthcare. But, **allocations and investment approaches widely vary-**
  - ❖ Dhanbad has allocated 62.5% of DMF budget on clean drinking water, almost entirely for piped-water supply; Singrauli with similar pollution concerns and lack of clean water has allocated only 0.9% of DMF budget for it, entirely for hand-pumps.
- Significant allocations for **physical infrastructure** such as roads and bridges in many districts-
  - ❖ Singrauli and Sundargarh have allocated 63% and 39% respectively.
- Nearly for all sectors, **allocations are heavily construction oriented** without focus on improving resources
  - ❖ Keonjhar’s entire education budget is for additional classrooms, Korba’s 89% education allocation is for mini stadiums, planetariums etc.; Raigarh’s 92% skill development budget is for building a single motor driving school.

# DMF planning and investments in Odisha districts

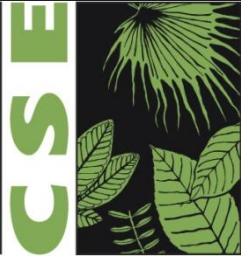


*Districts highlighted are those whose DMF budget has been analyzed by CSE*



# Overall trends in allocations

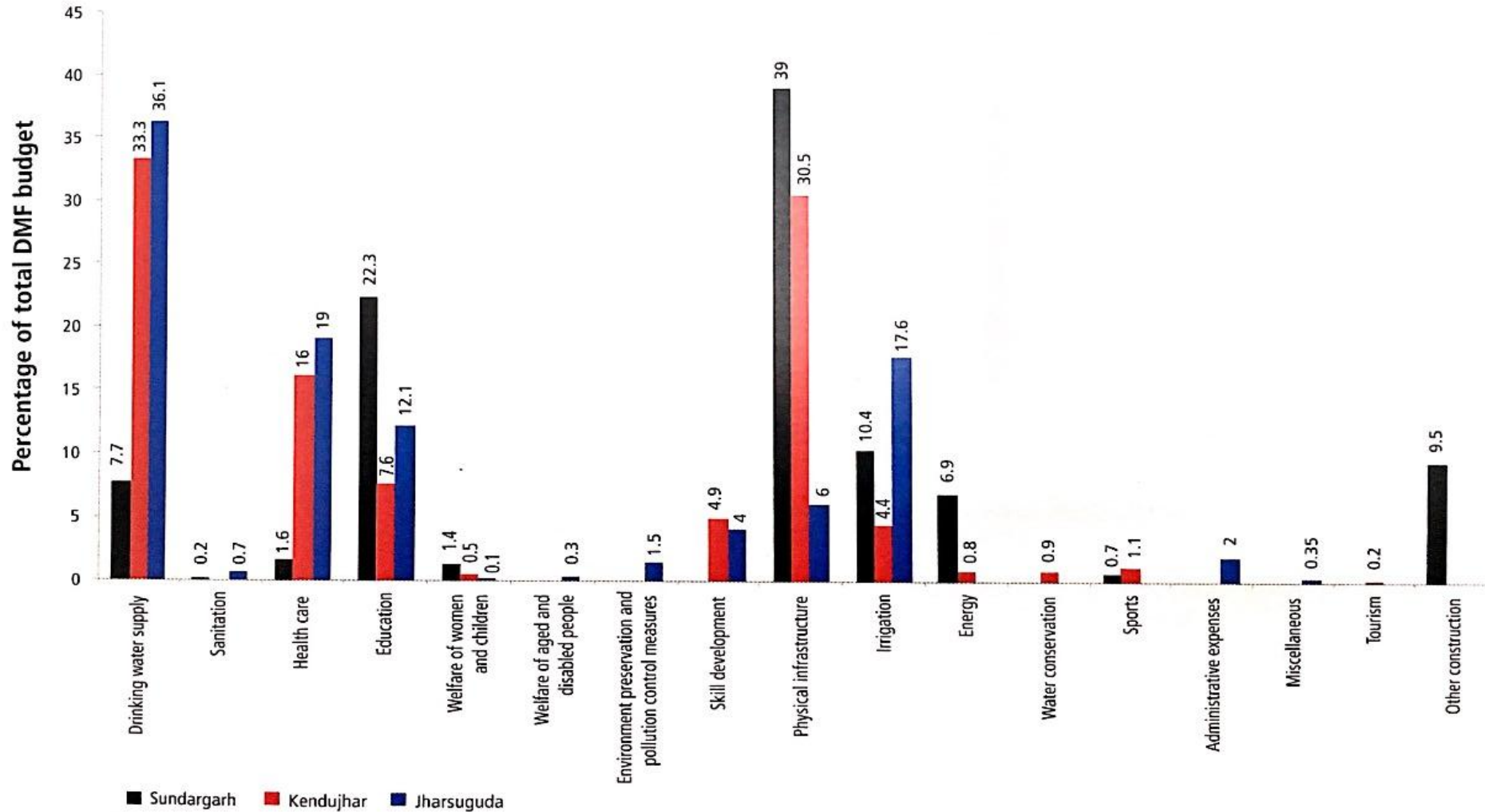
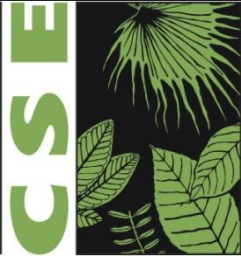
(CSE findings)



- **No plans developed as such**, budgets reflect adhoc sectoral allocations.
- High priority sectors like drinking water, education, health-care gets share of funds, but **effectiveness of investments a key concern.**
- **Women and children development grossly ignored** despite districts faring poorly on this (extremely poor IMR, Under 5 mortality, malnutrition)
- Investments are **construction oriented** for nearly all sectors.
- **High share of allocations for physical infrastructure**

# Overall trends in allocations

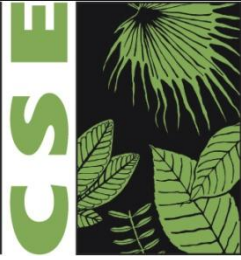
(DMF Status Report 2017, CSE)



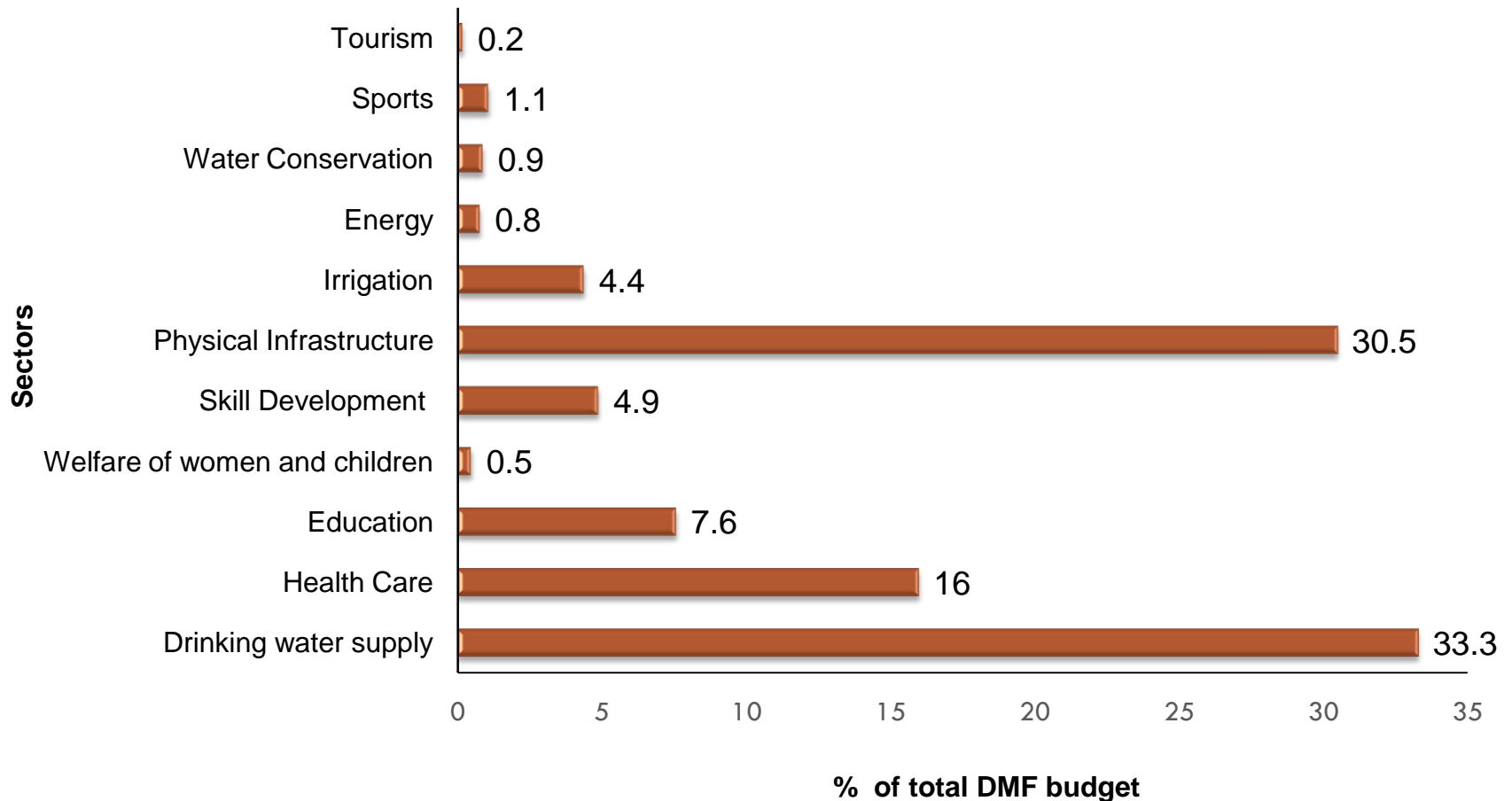


**How effective  
are the  
allocations in  
various  
districts?**

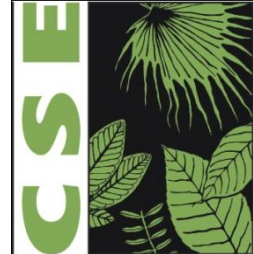
# Kendujhar



**Collection Rs. 663 crore; Yearly estimated Rs. 300 crore**



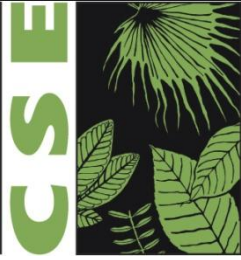
# Some key investments



Sector/issues	Status in the district	% of DMF budget	Approaches
<b>Drinking water</b>	<ul style="list-style-type: none"> <li>3% rural households get treated tap water</li> <li>Groundwater contamination – iron, nitrate, fluoride (CGWB)</li> </ul>	<b>33.3</b>	<b>85% for tube-wells</b>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Primary healthcare poor, <u>inadequate health centers, do not have the minimum staff, resources, in rural health facilities</u> as per IPHS</li> </ul>	<b>16</b>	<b>About 92%</b> for one medical college in Kendujhar town
<b>Education</b>	<ul style="list-style-type: none"> <li>25% primary schools without adequate teachers</li> <li>High drop out in 5<sup>th</sup> standard</li> </ul>	<b>7.6</b>	<b>100% for constructing additional classrooms</b>

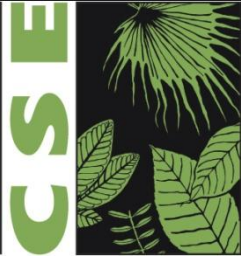
**Many red flags on allocations; urban centric; only 15% of overall allocations are for rural areas while nearly 86% of the people live in rural areas**

# Sectors that need attention

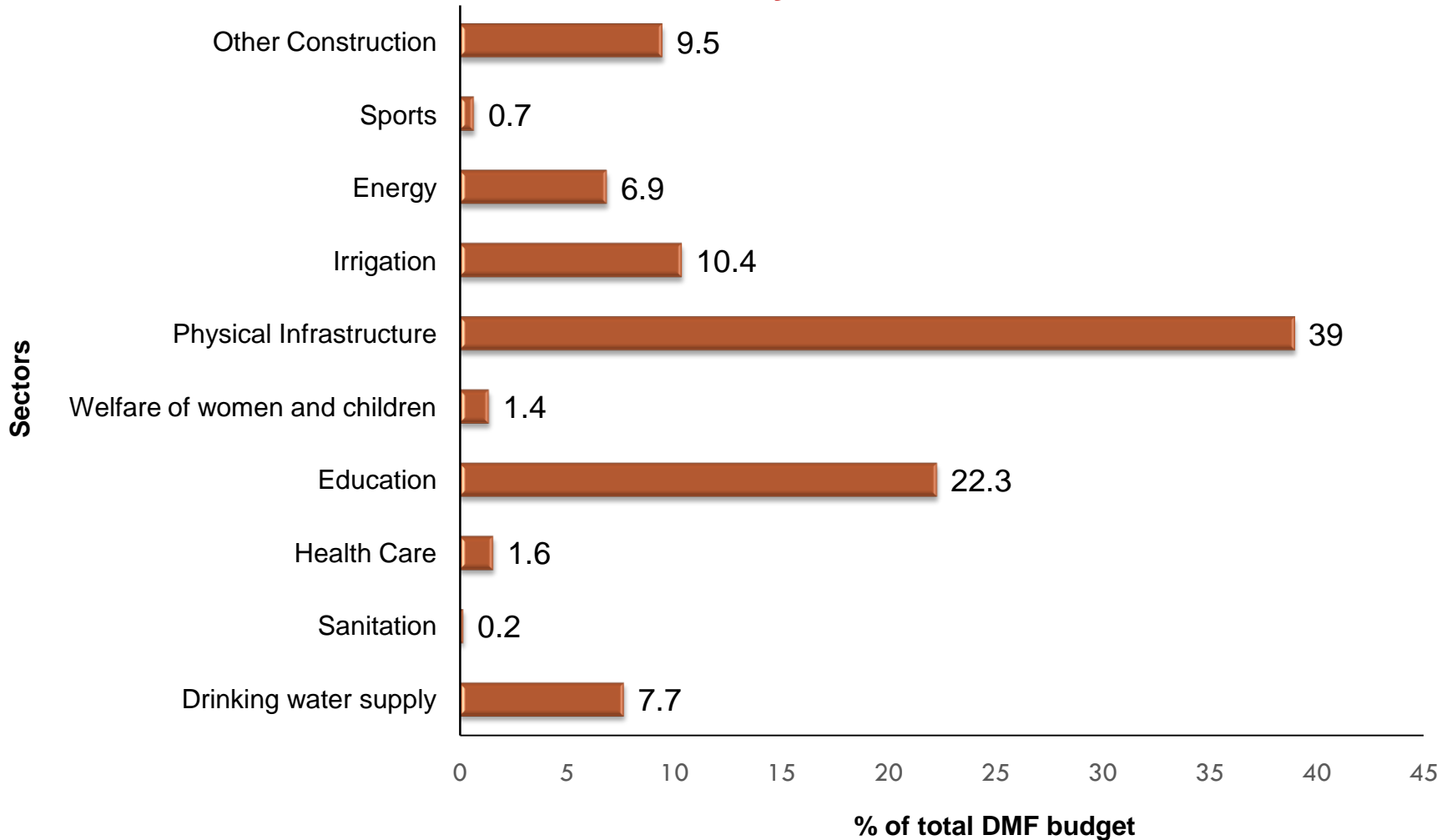


- **Welfare of women and children – Mere 0.5% of total budget**
  - High U5MR
  - High prevalence of malnutrition – 46% rural children stunted and 48% underweight.
  
- **Skill development – 4.9% of total budget**
  - Nearly 60% non-working population
  - 18% marginal workers among working population
  - Entire DMF budget for construction of hostel building and skill development centre; **lacks focus on creating viable and local resource oriented livelihood opportunities.**

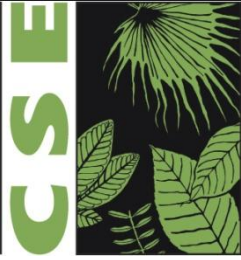
# Sundargarh



**Collection Rs. 377 crore, Yearly estimated Rs. 400 crore**



# Some key investments

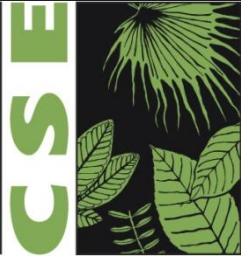


Sector/issues	Status in the district	% of DMF budget	Approaches
<b>Education</b>	<ul style="list-style-type: none"> <li>• High drop-out at 5<sup>th</sup> standard</li> <li>• No electricity in 13% primary schools</li> </ul>	<b>22.3</b>	<ul style="list-style-type: none"> <li>• <b>99% for constructions-</b></li> <li>• 95% for hostels and school buildings</li> <li>• 4% for additional classrooms</li> </ul>
<b>Drinking water</b>	<ul style="list-style-type: none"> <li>• 2.6% rural households get treated tap water</li> <li>• Groundwater contamination – iron, nitrate (CGWB)</li> </ul>	<b>7.7</b>	<ul style="list-style-type: none"> <li>• <b>88% for piped water supply</b></li> <li>• 10% for installation of water purifier</li> </ul>
<b>Physical infrastructure</b>		<b>39</b>	Roads and bridges

**Effective approach for addressing drinking water problem**

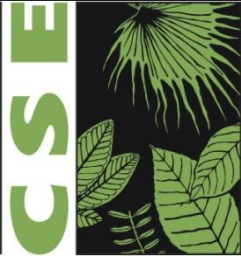


# Sectors that need attention

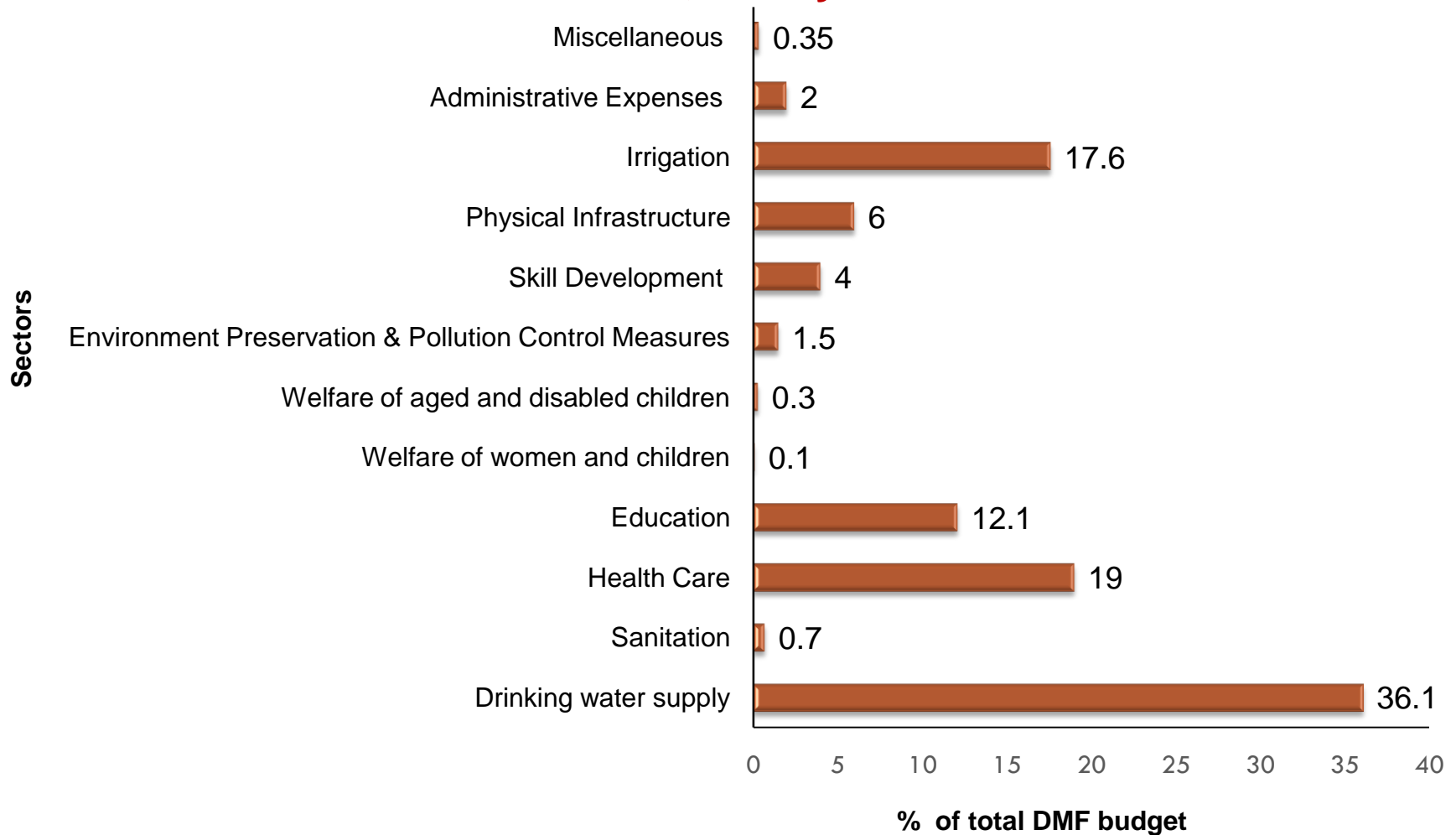


- **Healthcare - 1.6% of total budget**
  - **One of the highest prevalence of TB**– 250 per 1 lakh population. National rate: 195
  - **Resource crunch in primary healthcare:** no sub-centers meet IPHS standards which stipulate basic requirements.
  
- **Welfare of women and children – 1.4% of total budget**
  - High U5MR – 67/1000 in rural areas
  - Almost 50% of children below 5 years in rural areas are stunted or underweight
  
- **Skill development and livelihood – No budget**
  - Nearly 60% non-working population; 16% marginal laborers

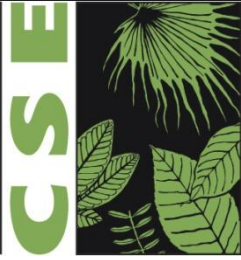
# Jharsuguda



**Collection Rs. 270 crore, Yearly estimated Rs. 150 crore**



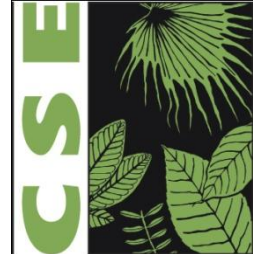
# Some key investments



Sector/issues	Status in the district	% of DMF budget	Approaches
<b>Drinking water</b>	<ul style="list-style-type: none"> <li>4% rural households get treated water</li> <li>High water contamination – nitrate, iron (CGWB)</li> </ul>	<b>36</b>	<b>91% for water supply to municipal areas</b> , including Rs. 60 lakh for drinking water supply to airport
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Poor primary healthcare – 1 sub-centre for about 5,300 people.</li> <li>None of them have the basic resources what IPHS suggests</li> </ul>	<b>19</b>	<b>92%</b> for establishing cancer hospital
<b>Education</b>	<ul style="list-style-type: none"> <li>Deficit in soft resources such as quality of teaching staff and education in local language</li> </ul>	<b>12</b>	<b>68% is for construction-</b> <ul style="list-style-type: none"> <li>39% for smart classes, digital planetariums, science centre</li> <li>29% for construction of mini stadiums, sports complexes, athletic buildings etc.</li> </ul>

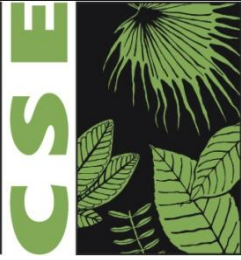
**Urban-centric (Lakhanpur, the biggest mining affected block is rural)**

# Sectors that need attention



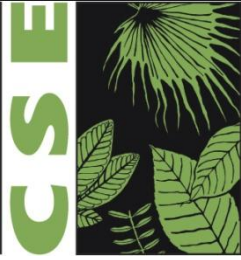
- **Women and child development – Mere 0.1% of the budget**
  - 46% of rural children are stunted; 36% underweight
  - IMR – 45, U5MR – 53
  
- **Skill development – 4% of the budget**
  - 57% non-working population; 13% are marginal workers

# Overall Picture: Odisha



- ❑ **DMFs not registered; GC & MC has poor representation of affected communities**
- ❑ **No institutional structure for bottom-up planning**
- ❑ **No offices; PMUs in 2 districts**
- ❑ **Investments Adhoc and not in line with the letter and spirit of DMF**
- ❑ **Far away from delivering on DMF**

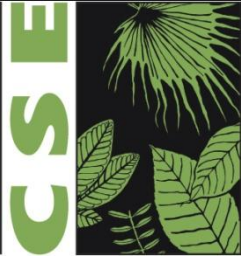
# Next steps



## Institutional and administrative issues

- **Registering DMF Trust-**
  - ❖ **All DMF Trusts must be registered.** Registration will make the Trust legal entity, to ensure financial accountability and transparency.
  
- **Setting-up DMF office and hiring appropriate personnel-**
  - ❖ Should constitute of people having suitable background and experience in planning, accounting etc. External experts can also be engaged as per requirement for particular issues.
  
- **Sharing all DMF related information in public domain- DMF website-** Websites should have all information related to DMF such as administrative structure, beneficiaries, plans, budgets, work sanctions, work progress, accounts and audit reports, annual reports etc.

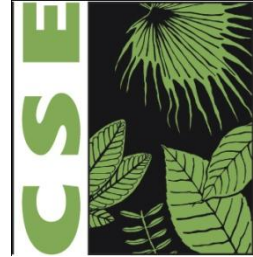
# Next steps



## Planning and investment issues

- Determine focus intervention areas through **bottom-up participatory and scientific approach**.
- **Undertake** comprehensive and perspective planning to address immediate needs, as well as long-term needs, and provide future security.
- **Investments should focus on-**
  - ❖ **Improving human capital** (eg. nutrition and food security, clean water access, healthcare, education).
  - ❖ Providing skills to enhance **livelihood opportunities**.
  - ❖ Ensuring **future security** for people in mining areas.

# Next steps



## Planning and investment issues

- **District planning methodology can be used as a template.** Priority should be given to directly affected areas and high priority issues.
- **Convergence and integration of** various plans and programs of the Centre and state governments into the DMF plans should be done to improve the scope of intervention.
- **Collectivization of DMF funds can be done in the long-term** by pooling resources of small adjoining districts particularly for developing common facilities such as a multi-specialty hospital, skill development centre etc.
- **Capacity of people of affected areas must be built** to help them engage effectively in the DMF planning and decision-making processes.