

VOL. 30 Pradhan Mantri Khanij Kshetra Kalyan Yojana

Background

After agriculture, mining is the second largest employer in India. Most of India's minerals are located in forest areas inhabited by tribal, backward and deprived population. It can be argued, that the nation's unemployment problem could have been solved to a great extent, and inclusive development achieved with exemplary standards, had this sector been accorded the importance it deserves.

The present government, under the visionary and dynamic leadership of Prime Minister Shri Narendra Modi ji, amended the MMDR Act in early 2015. Amid other significant improvements, the new Act addressed two root issues underlying the mining sector:

- a) Reinvigorating the mining industry by bringing in transparency and laying greater emphasis on exploration
- b) Distributing the fruits of prosperity achieved through mining to affected people for stable mining atmosphere

It is for the latter cause, that for the first time in the history of India, a separate fund was earmarked and established exclusively for the social and economic upliftment of mining affected people and places. The MMDR Amendment Act 2015 provides for District Mineral Foundation, or DMF, and mandates that all State Governments have to establish a DMF in each district affected by mining operations. To preserve the virtues of Cooperative Federalism, the Act empowered State Governments to frame rules pertaining to DMF.

Addressing the nation at large from the ramparts of Red Fort on Independence Day 2015, Hon'ble Prime Minister Shri Modi ji announced that the government would introduce a scheme for the welfare of people and development of area affected by mining.

The Scheme

In September 2015, the Ministry of Mines has issued Guidelines for using the funds accruing to DMF. Called as the *Pradhan Mantri Khanij Kshetra Kalyan Yojana* (PMKKKY), this scheme will be binding on State Governments.

Encompassing all facets of development, social and economic, immediate and long-term, the *Pradhan Mantri Khanij Kshetra Kalyan Yojana* rests on three main objectives:

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

The objective has been spelled out clearly so that the end goal remains prominent in its clarity: causing substantial improvement in the quality of life.

Highlights of the Scheme

Here are some pertinent facts concerning the scheme, which may come in handy for administrators, legislators and citizens concerned:

- ✓ The Scheme is applicable with effect from January 12, 2015
- ✓ Mining leases executed before 12th January, 2015 will have to contribute an amount equal to 30% of the royalty payable by them to the DMFs
- ✓ Mining leases granted after 12th January, 2015 through auction will contribute an amount equivalent to 10% of the royalty payable
- ✓ The total fund generated under this scheme is expected to be around Rs 6,000 crore per annum

The System in the Scheme

To ensure that PMKKKY serves to enhance lives of mining affected people on a sustained basis, the Government envisaged that the funds of DMF must also be spent in the most optimum way possible. It intended that the PMKKKY should function as a self-sustaining system of support, and not as one-time Government sop. Hence, it was crucial to guard this scheme against the trap of populist measures. Caveats have therefore been installed to ascertain that important tasks are not sacrificed at the hand of urgent tasks.

The scheme earmarks **60% of expenditure of this fund for high priority areas, and 40% towards other priority areas.** Areas included under each head comprise:

High Priority Areas	Other Priority Areas
Drinking water supply	Physical infrastructure
Environment preservation and pollution control measures	Irrigation
Healthcare	Energy and Watershed Development
Education	Any other measures for enhancing environmental quality in mining district
Welfare of Women and Children	
Welfare of aged and disabled people	
Skill development	
Sanitation	

Intended beneficiaries of the Scheme

Cutting out all ambiguities, the PMKKKY clearly lays out the definition of:

1. **Directly affected areas:** Where, *inter-alia*, direct mining-related operations such as excavation, mining, blasting, beneficiation and waste disposal etc. are located.
2. **Indirectly affected areas:** Where local population is adversely affected on account of economic, social and environmental consequences due to mining-related operations. These could be deterioration of water, soil and air quality, reduction in stream flows and depletion of ground water etc.
3. **Affected people/ communities:** Families identified as ‘Affected family’ and ‘Displaced family’ as per the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, and other families identified in consultation with *Gram Sabha*.

In line with these definitions, it mandates the DMF to maintain a list of people and places under these categories, who will be considered as the actual beneficiaries of the PMKKKY scheme.

Special provisions for scheduled areas:

The process of utilization of PMKKKY funds shall be guided by the provisions contained in Article 244 read with Schedule V and Schedule VI 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. The Gram Sabha of affected villages to have major say in approval of plans and inspection of reports.

Other features of the scheme:

- The corpus of PMKKKY should, preferably, be dovetailed with the ongoing and existing welfare plans mooted by Centre/ State
- An amount not exceeding 5% of the annual receipts of the Foundation subject to an upper limit fixed by state government may be utilised for administrative, supervisory and overhead costs of the Foundation
- Staff/ manpower for implementing the PMKKKY scheme to be taken on contractual basis; no scope for permanent employment
- For mining affected areas which fall under two districts, or a welfare plan that involves peoples/ places outside the district of operation, clear rules have been laid out in the guidelines
- All work/ contracts to be awarded in accordance with rules issued by State Governments

- Transfer of funds to agencies/ beneficiaries directly to bank account
- Each DMF to maintain a website, and make public all data concerning details of self, beneficiaries, funds collected, minutes of meetings, action taken reports, annual plans, status of ongoing projects etc.
- The accounts of DMF to be audited every year, and included in its Annual Report
- DMFs to prepare Annual Reports within three months of the end of Financial Year, should be laid before State Legislative Assembly and find place on its website

District-wise collection of Royalty in 2014-15

The district wise collection of mining royalty for 2014-15 for ten mineral rich states is given below. This gives planners and people a fair idea of the DMF collection they can expect in their district. And this is only the beginning, since auctions of new mines under the revamped law is yet to begin.

[\(tables come here\)](#)

Miles covered, and miles to go

As promised by the Prime Minister in his Independence Day speech, the PMKKKY has been devised as the dedicated fund for development of mining related areas. The other provisions of MMDR Amendment Act 2015 provide a facilitating and enabling environment for scientific, responsible, sustainable and transparent mining to flourish.

Together, we strive to create a nation which rides on its strengths, and has people at its heart.

(This inputs given by Ministry of Steel)

No.16/7/2015-M.VI (Part)
Government of India
Ministry of Mines

New Delhi, Shastri Bhawan
Dated the, 16th September, 2015

ORDER

WHEREAS in terms of the provisions of sub-section (1) of section 9B of the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 (67 of 1957), the State Governments shall, by notification, establish a District Mineral Foundation in every district in the country affected by mining related operations.

AND WHEREAS mining related operations largely affect less developed and very remote areas of the country, and vulnerable sections of the population, especially Scheduled Tribes, therefore, it is especially necessary that special care and attention is devoted, in an organized and structured manner so as to ensure that these areas and affected persons are benefitted by the mineral wealth in their regions and are empowered to improve their standard of living.

AND WHEREAS in terms of sub-section (3) of section 9B, the rules for the functioning of the District Mineral Foundations are to be prescribed by the State Governments.

AND WHEREAS the Central Government, on a careful consideration of the matter, is of the opinion that the national interest requires that all District Mineral Foundations should implement a development programme for the mining affected areas that includes a certain minimum provision for the social and infrastructure needs of the population and area, and the Central Government has, accordingly, framed the Pradhan Mantri Khanij Kshetra Kalyan Yojana to be implemented by the District Mineral Foundations from the funds accruing to them in terms of the MMDR Act, 1957.

NOW THEREFORE the Central Government in exercise of the powers conferred under section 20A of the MMDR Act, 1957, in the national interest hereby directs the concerned State Governments to incorporate the 'Pradhan Mantri Khanij Kshetra Kalyan Yojana' (the details of which are annexed herewith) into the rules framed by them for the District Mineral Foundations and to implement the said Scheme.


(R. Sridharan)

Additional Secretary to the Government of India

Enclosure: Details of the Pradhan Mantri Khanij Kshetra Kalyan Yojana (6 pages)

1. Chief Secretaries of all States
2. Administrators of Union Territories

Copy for information to:

PS to Minister for Steel and Mines; PS to Minister of State for Steel and Mines; PPS to Secretary (Mines)

Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

The Pradhan Mantri Khanij Kshetra Kalyan Yojana (**PMKKKY**) will be implemented by the District Mineral Foundations (**DMFs**) of the respective districts using the funds accruing to the DMF. The overall objective of PMKKKY scheme will be (a) to implement various developmental and welfare projects/programs in mining affected areas, and these projects/programs will be complementing the existing ongoing schemes/projects of State and Central Government; (b) to minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts; and (c) to ensure long-term sustainable livelihoods for the affected people in mining areas.

1. 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

- a. 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.
- b. 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
- c. Affected families should be identified, as far as possible, in consultation with local/elected representatives of gram sabha.
- d. The DMF shall prepare and maintain an updated list of such affected persons/local communities.

2. Utilisation of Funds

1) Scope of PMKKKY

The PMKKKY may cover the activities listed below:

High priority areas – at least 60% of PMKKKY funds to be utilized under these heads:

- a. **Drinking water supply** –centralized purification systems, water treatment plants, permanent/temporary water distribution network including standalone facilities for drinking water, laying of piped water supply system.
- b. **Environment preservation and pollution control measures-** effluent treatment plants, prevention of pollution of streams, lakes, ponds, ground water, other water sources in the region, measure for controlling air and dust pollution caused by mining operations and dumps, mine drainage system, mine pollution prevention technologies, and measures for working or abandoned mines and other air, water & surface pollution control mechanisms required for environment-friendly and sustainable mine development.
- c. **Health care** –the focus must be on creation of primary / secondary health care facilities in the affected areas. The emphasis should not be only on the creation of the health care infrastructure, but also on provision of necessary staffing, equipment and supplies required for making such facilities effective.

To that extent, the effort should be to supplement and work in convergence with the existing health care infrastructure of the local bodies, state and Central government. The expertise available with the National Institute of Miners' Health may also be drawn upon to design special infrastructure needed to take care of mining related illnesses and diseases. Group Insurance Scheme for health care may be implemented for mining affected persons.

- d. **Education** – construction of school buildings, Additional class rooms, Laboratories, Libraries, Art and crafts room, Toilet blocks, Drinking water provisions Residential Hostels for students/teachers in remote areas,, sports infrastructure, engagement of teachers/other supporting staff, e-learning setup, other arrangement of transport facilities (bus/van/cycles/rickshaws/etc.) and nutrition related programs.
- e. **Welfare of Women and Children-** Special programmes for addressing problems of maternal and child health, malnutrition, infectious diseases, etc. can be taken up under the PMKKKY.
- f. **Welfare of aged and disabled people** – Special program for welfare of aged and disabled people.
- g. **Skill development**–skill development for livelihood support, income generation and economic activities for local eligible persons. The projects / schemes may include training, development of skill development center, self-employment schemes, support to Self Help Groups and provision of forward and backward linkages for such self-employment economic activities.
- h. **Sanitation**– collection, transportation & disposal of waste, cleaning of public places, provision of proper drainage & Sewage Treatment Plant, provision for disposal of fecal sludge, provision of toilets and other related activities.

Other priority Areas – Up to 40% of the PMKKKY to be utilized under these heads

- a. **Physical infrastructure** - providing required physical infrastructure - road, bridges, railways and waterways projects.
- b. **Irrigation** - developing alternate sources of irrigation, adoption of suitable and advanced irrigation techniques.
- c. **Energy and Watershed Development** - Development of alternate source of energy (including micro-hydel) and rainwater harvesting system. Development of orchards, integrated farming and economic forestry and restoration of catchments.
- d. **Any other measures for enhancing environmental quality in mining district.**

2) General guidelines

- a. The developmental and welfare activities to be taken up under the PMKKKY should be, as far as possible, in the nature of complementing the ongoing schemes/projects being funded by the State as well Central Government. Activities meant to be taken up under the 'polluter pays principle' should not be taken up under the PMKKKY. However, without prejudice to the powers of the Foundation, efforts shall be made to achieve convergence with the State and the District Plans so that the activities taken up by the Foundation supplement the development and welfare activities and are treated as extra-budgetary resources for the State Plan.
- b. An amount not exceeding 5% of the annual receipts of the Foundation subject to an upper limit fixed by state government may be utilised for administrative, supervisory and overhead costs of the Foundation. As far as possible, no temporary/permanent posts should be created under PMKKKY. Any creation of temporary/permanent posts and purchase of vehicle by the foundation shall require prior approval of the State Government. However, minimum required staff can be engaged on contractual basis.
- c. If the affected area of a mine in one district also falls in the jurisdiction of another district, such percentage of amount collected from the mine by the Foundation, as may be decided by the Government, shall be transferred to the Foundation of the other district concerned for taking up the activities in such areas. A project that is for benefit of the affected area/ people, but stretches beyond the geographical boundary of the district should be taken up under the PMKKKY after obtaining prior approval of the State Government. Projects for development of common infrastructure like construction of roads, bridges etc. in excess of the limits specified in regard to the priority for fund utilization, on a case to case basis, may also be taken up for projects of importance to the District. The prior approval of the State Government need to be taken, with intimation to the Central Government, before taking up such works in excess of the limits of fund utilization.
- d. A reasonable sum of the annual receipts should be kept as endowment fund for providing sustainable livelihood.

3. Special provisions for scheduled areas

The process to be adopted for utilization of PMKKKY funds in the scheduled areas shall be guided by the provisions contained in Article 244 read with Schedule V and Schedule VI 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.

In respect of villages affected by mining situated within the scheduled areas:

- (i) Approval of the Gram Sabha shall be required
 - a) for all plans, programs and projects to be taken up under PMKKKY.
 - b) identification of beneficiaries under the existing guidelines of the Government.
- (ii) Report on the works undertaken under PMKKKY in the respective village shall be furnished to the Gram Sabha after completion of every financial year.

[Gram Sabha will have same meaning as assigned to it for the purpose of implementation of the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (Act 40 of 1996)]

4. Implementation of Works / Contracts

- (i) Works /goods may be procured by the DMF after following the due procedure prescribed by the respective state governments for such procurements.
- (ii) Transfer of fund to all agencies and beneficiaries shall be into their bank account.

5. Compliance of Transparency

- (1) Each Foundation will prepare and maintain a website on which, inter-alia, following information will be hosted and kept updated:-
 - (i) Details of composition of the DMF/bodies of DMF (if any).
 - (ii) List of areas and people affected by mining.
 - (iii) Quarterly details of all contributions received from lessees and others.
 - (iv) All meeting agenda, minutes and action taken reports (ATRs) of the DMF.
 - (v) Annual Plans and budget, work orders, Annual Report.
 - (vi) Online status of ongoing works – implementation status/progress of all the projects/programs being undertaken under PMKKKY should be made available on the website, including description of work, details of beneficiaries, estimated cost, name of implementing agencies, expected date of commencement and completion of work, financial and physical progress upto last quarter etc.
 - (vii) List of beneficiaries under various welfare programs.
 - (viii) Voluntary disclosures under RTI Act.

6. Audit

The accounts of the DMF shall be audited every year by the Chartered Accountant appointed by the DMF, or in such other manner as the Government may specify, and the report thereof shall be placed in the public domain alongwith the Annual Report.

7. Annual Report

- a. Every year, within three months from the date of closure of the financial year, the DMF shall cause to prepare an Annual Report on its activities for the respective financial year and place it before the DMF.
- b. The Annual Report will be submitted to the Government within one month from the date of its approval by the DMF and will also be hosted on the website of the Foundation.
- c. The Annual Report of each Foundation shall be laid before the State Legislative Assembly.
