

PEOPLE FIRST

DISTRICT MINERAL FOUNDATION (DMF)
STATUS REPORT 2018



Centre for Science and Environment

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STATUS REPORT 2018**

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CONTENTS

Executive summary	4
Section I: Institution and administration	9
Chapter 1: DMF obligations	10
Chapter 2: DMF administration	12
Chapter 3: Public accountability	18
Section II: Trends in DMF operation	21
Chapter 1: Jharkhand	23
Chapter 2: Odisha	43
Chapter 3: Chhattisgarh	63
Chapter 4: Madhya Pradesh	79
Chapter 5: Rajasthan	87
Section III: Recommendations	93
References	99

Executive summary

In March 2015, District Mineral Foundation (DMF) was instituted through an amendment under India’s central mining law—the Mines and Minerals (Development and Regulation) Act (1957)—with a precise objective to ‘work for the interest and benefit of persons, and areas affected by mining-related operations’. Conceptualized about a decade ago to address the ironic inequality of India’s mining districts, where the richest lands are inhabited by some of the country’s poorest and most deprived, DMF came into effect to remove such inequality and ensure socio-economic and environmental justice for these people.

If developed and implemented well, DMFs not only have huge potential for improving the lives and livelihoods of some of India’s poorest, it can be a model for inclusive governance

The law requires DMF to be developed as a Trust that would function as a non-profit body in every mining district. Further, recognizing that people’s relevance and participation lies at the core of this institution, the objective and functioning of DMF has been tied to three primary laws of the land—the constitutional provisions as it relates to Fifth and Sixth Schedules for governing tribal areas, the provisions of the Panchayats (Extension to Scheduled Areas) Act (PESA), 1996, and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006—in short the Forest Rights Act (FRA).

With DMFs coming into effect, the right of the people to benefit from natural resources has been recognized for the first time. The provisions make it clear that DMF is not just any other development fund or government scheme. It is a people-centric vision of natural resource governance where their right to benefit has been put at the forefront. Therefore, if developed and implemented well, DMFs not only have huge potential for improving the lives and livelihoods of some of the poorest communities, it can be a model for inclusive governance.

Today, DMF Trusts have been developed across most mining districts in India. With the mandated contribution from miners—30 per cent equivalent of the royalty amount for leases granted before 2015, and 10 per cent for leases granted after that—the total cumulative accrual in DMF in India stands at Rs 18,467 crore (as per the information from the Ministry of Mines, till May 2018). About 47 per cent of this corpus is from coal and lignite mining and 45 per cent from other major non-coal minerals. The rest, about 8 per cent, is from minor minerals (see *Map 1: DMF accruals and sanctions in key mining states*).

Centre for Science and Environment (CSE) has evaluated the trend of DMF implementation in India focusing on two key aspects. First, whether DMFs have been developed by the states and the districts in a manner that it can function as per its objective and guiding principles, and secondly, if the DMF fund is being used effectively to serve the intended beneficiaries.

CSE has reviewed 50 mining districts across 12 top mining states to understand the institutional and administrative arrangements through which DMF Trusts are operating. These include Odisha, Jharkhand, Chhattisgarh, Madhya Pradesh, Rajasthan, Telangana, Andhra Pradesh, Karnataka, Maharashtra, Goa, Gujarat and Tamil Nadu.

The effectiveness of fund use has been assessed through an in-depth evaluation of 13 districts across five key states—Jharkhand, Odisha, Chhattisgarh, Madhya Pradesh and Rajasthan. These include four districts of Jharkhand (Dhanbad, West Singhbhum, Ramgarh and Bokaro), four districts of Odisha (Kendujhar, Angul, Sundargarh and Jharsuguda), three districts of Chhattisgarh (Korba, Dantewada and Raigarh), and one district each of Madhya Pradesh (Singrauli) and Rajasthan (Bhilwara). These five states together have 72.5 per cent of the total DMF accruals, and are indicative of how DMF funds are being perceived and rolled out.

However, what concludes from the evaluation is not encouraging. This is because many of the ground realities and emerging facts related to DMF implementation clearly contradict its mandates and overlook its guiding principles.

Being a Trust created by statutory provisions, DMFs need to identify its beneficiaries (the various categories of mining-affected people) as outlined in the state-specific DMF Rules. They are the objects of the Trust for whose benefit the funds should be used; however, beneficiaries have not been identified anywhere. The approach is primarily on area development, depending on the location of mines or mining-related activities. While people living in the vicinity of mines are certainly affected, the area-specific approach leaves out some of the most crucial beneficiaries, such as people who have been displaced by mining and people who have lost their livelihoods (including forest-based livelihoods) due to mining.

Besides this, the way DMFs are being administered is also problematic. The state DMF Rules and the Pradhan Mantri Khanij Kshetra Kalyan Yojana (as aligned to DMF), clearly mentions the power and role of the Gram Sabha in mining-affected areas for identification of beneficiaries, DMF planning, and review of works and schemes. This has been particularly emphasized for Scheduled Areas, in the spirit of the provisions of the Constitution of India and the PESA Act. However, there is practically no scope of representation of Gram Sabha members in the DMF body of any state.

The DMF body—members of the Governing Council and Managing Committee—is dominated by government officials. The people are represented by political members such as Members of Parliament and Legislative Assembly (MP and MLA), or in some cases, elected Panchayati Raj Institution (PRI) members. In seven out of the top 12 states reviewed, MLAs and MPs are part of the DMF body. Apart from this, various state governments—Jharkhand, Chhattisgarh and Madhya Pradesh—have assumed a central role to direct DMF investments.

Many of the ground realities and emerging facts related to DMF implementation clearly contradict its mandates and overlook its guiding principles

To make matters worse, some states are now actively removing all scope of Gram Sabha engagement. For example, Telangana amended its DMF Rules in June to do so. The power and functions that were earlier vested with the Gram Sabha have now been given to a DMF Committee—the only body to administer and execute projects under DMF in the districts. The committee is completely represented by members of Parliament, the legislative assembly and legislative council (MPs, MLAs and MLCs) and officials. This is in fact a classic case of how desperately DMFs are being misappropriated to serve ‘special interests’ over the needs of mining-affected people.

Evidently, all of these are leading to poorly planned or ad-hoc investments. There is no clear sense of prioritization of the most pressing issues, and no systematic planning has happened so far. For example, not even a single district has made the required investments for improving child nutrition and under five mortality rates (U5MR). This is a categorical problem in most mining-affected districts and is particularly worse in areas with high tribal population.

Nutrition and child development should have been the key focus of most DMFs, particularly in districts with high tribal population

In Sundargarh, one of Odisha’s top mining districts, a negligible Rs 3 crore has been provided for child development out of the district’s Rs 745 crore sanctions. This is at a time when U5MR in rural areas of the district is as high as 67, and nearly 50 per cent of the children below this age are victims of stunted growth, as per the government’s health and family survey records. Similar negligence is observed in other districts such as Singrauli, West Singhbhum and Bhilwara, despite these districts being under the national radar for poor nutrition indicators.

If proper planning and prioritization had been done, nutrition and child development should have been the focus of DMFs. It is completely unacceptable to have such high mortality among children when these districts have a fortune in their DMF Trusts. The Sustainable Development Goals (SDG) has also emphasized on reducing child mortality requiring U5MR to be reduced to 25 by the year 2030.

Similarly, in many cases, districts have left out the people and areas worst hit by mining. A prime example is Jharkhand’s top coal mining district Dhanbad, where sanctions worth Rs 935 crore leave out Jharia—the district’s worst mining-affected area. Guided by state government directions, the focus is on piped water projects in rural parts of the district, largely picking up on schemes which were once conceived by the state under the rural drinking water program. The remaining fund is for construction of toilets to make the district open defecation free.

Chhattisgarh’s Korba district also shows a similar trend. With a major focus to invest on various construction activities in urban areas, the district fails to benefit its mining-affected areas which are majorly rural. For example, 46 per cent of the district’s total sanctions of Rs 887 crore are for works in urban areas including a Rs 215 crore education hub, a convention centre, roads, urban sanitation works, multi-level parking lots, bus stops etc. Such urban-centric inclination is also evident in some of the key districts

in Odisha. For example, while DMF funds are being diverted towards providing electricity supply to the airport in Jharsuguda, in Keonjhar, 96 per cent of the Rs 383 crore health sector sanctions are being spent on construction of one medical college in Keonjhar town.

The aforementioned trends prove that DMF is deviating from its people-centric objective and is failing to serve the intended beneficiaries. Both in terms of administration and fund use, it is increasingly becoming indistinguishable from any other general development fund. The most problematic aspect is that some of these are also going against the spirit of the legal provisions guiding DMF.

The need of the hour is, thus, to insist on mechanisms and undertake necessary reforms, so that DMFs do not deviate from its objective and basic guiding principles.

As an administrative priority, DMFs must abide to its legal obligations and the spirit of the law. The Trust must identify its beneficiaries—the ‘people’. A balance has to be maintained between mining-affected people and mining-affected areas while planning investments. The law has clearly defined this, and the equation cannot be left unbalanced.

For the institution to function effectively, DMF’s decision-making cannot rely solely on bureaucrats and politicians. Mining-affected people must be a part of the DMF body. Also for administrative efficiency, an office for co-ordination and planning must be setup for each DMF engaging necessary officials and experts.

It is also important to maintain autonomy of DMFs. The state government can certainly provide necessary guidance, but cannot preclude the scope of DMFs to plan and prioritize as per the needs of the mining-affected people and areas. This is not only a deviation from the indented autonomy of the institution, but it also limits the scope of necessary interventions. A classic case is of Jharkhand’s West Singhbhum district, where the district has failed to invest on child nutrition following the state government’s blanket direction to spend on piped water supply and toilet construction.

Ad-hocism in planning and investments must also be removed. DMF planning must be systematic and comprehensive. Planning should be geared towards specific outcomes through short- and long-term investments, which will ensure qualitative improvements in terms of socio-economic and human development conditions and will be sustainable. Finally as a people’s institution, all information related to DMF in every district should be available in the public domain.

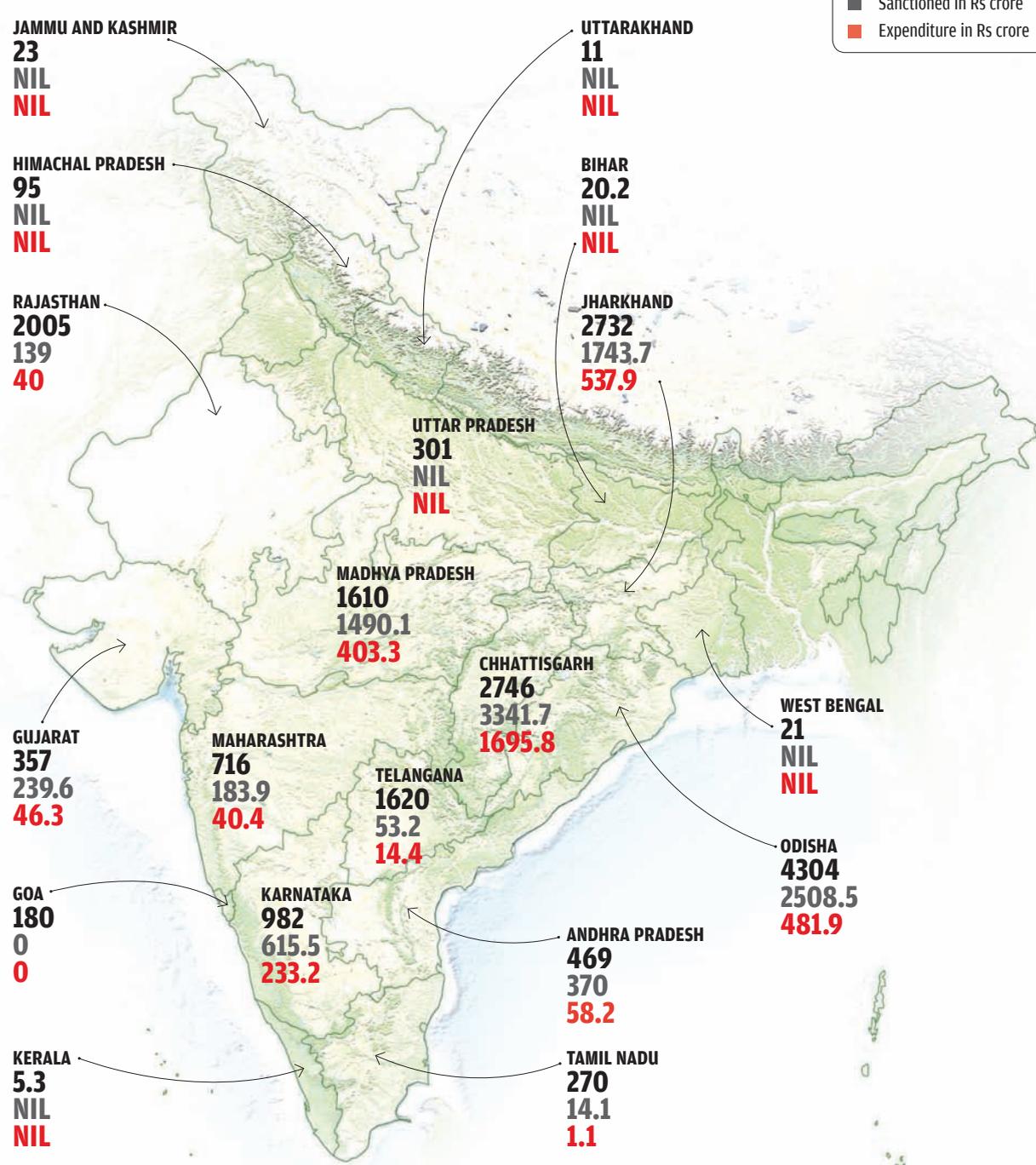
The promise and potential of DMF is enormous. However, if proper implementation is not ensured, DMF will be mired in controversies of illegality and misuse in no time; and in the process, the country will miss out on the biggest opportunity of inclusive governance and equitable development.

Mining-affected people must be a part of the DMF body to capture their needs appropriately in DMF investments

STATE-WISE DMF ACCRUALS, SANCTIONS AND EXPENDITURE

STATE

- Accrual in Rs crore
- Sanctioned in Rs crore
- Expenditure in Rs crore



INDIA TOTAL | **18,467.45** | **10,699.33** | **3,552.39**

1

INSTITUTION AND ADMINISTRATION

**DMF obligations
DMF administration
Public accountability**

DMF obligations

The law—MMDR Amendment Act (2015)—defines precisely that the DMF objective is to ‘work for the interest and benefit of persons and areas affected by mining related operations’. The people-centric objective is further supported by the emphasis on securing people’s rights, particularly of the marginalized. This requires the DMF objective and functioning to be guided by three fundamental laws of the land—Constitutional provisions as related to the Fifth and Sixth Schedules for governing tribal areas, the Panchayats (Extension to Scheduled Areas) Act (PESA), 1996, and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (the FRA).

The contour of the DMF body has also been defined on similar lines. Sections 9B(1) (2) and (3) of the MMDR Amendment Act (2015), makes it clear that DMF should be established as a non-profit ‘trust’ in every mining district. As a statutory trust, DMFs entail certain institutional obligations to function and serve its intended beneficiaries. The obligations have been particularly reviewed in terms of two key factors:

- Establishment of DMF Trusts (including elaboration on its composition and functions).
- Identification of beneficiaries of the DMF Trust.

Establishment of DMF Trusts

No DMF Trust has until now identified or notified it’s beneficiaries

Section 9(B)(1), of the MMDR Amendment Act specifies that in any district affected by mining-related operations, DMF should be established as a Trust through a state government notification. The notification is a ‘declaration’ that the Trust has been established.

Review of the 12 states show that governments in 11 states have issued notifications establishing DMF as a Trust, but the notifications do not essentially elaborate on the composition and functions of the Trust. Notifications, in most cases, only elaborate on the composition and the functions have been separately outlined in the State DMF Rules framed under Section 9B(2)(3) of the MMDR Amendment Act.

It was also observed that neither the Trust establishment notification nor the State DMF Rules provide any elaboration on the rights of the beneficiaries to either compel the trustees to perform any act/duty which the Trust obligates them to do, or restrain them from committing any breach of Trust.

However, Gujarat is an exception in every aspect as it does not recognize DMF as a Trust. It has established DMF as a ‘society’, as provided under Rule 3(2) of the Gujarat District Mineral Foundation Rules, 2015.

Identification of DMF Trust beneficiaries

Beneficiaries constitute the primary object of the Trust. Therefore, it is imperative for a Trust to define and identify its beneficiaries. For DMF Trusts, ‘mining-affected people’ are the beneficiaries, as defined under the state DMF Rules and PMKKKY.



Chinnay/ Shalva / CSE

Mining-affected people in most districts have very poor knowledge of their rights under DMF, even though they are the beneficiaries of the Trust

However, identifying the beneficiaries is a key problematic area for DMFs. While various states have identified the mining-affected areas adopting varied approaches, not even a single state has identified the beneficiaries (mining-affected people), out of the five key states analyzed by CSE in-depth (*See section 2: Trend in DMF Operations*). In some states, where DMF funds are being used to contribute to other existing central or state schemes, the beneficiaries—of the central/state schemes—are being passed on as DMF beneficiaries. For example, Jharkhand is considering the ODF beneficiaries as DMF beneficiaries. Similarly, Chhattisgarh is considering the beneficiaries of the Ujjwala Yojana as DMF beneficiaries.

Besides, some states have also considered registration of the Trust as an obligation that DMFs must fulfill. However, no uniform approach has been adopted for this. Districts in various states (and even within a state) have registered the DMF Trust under various laws, which can potentially create confusion in their obligations and the discharge of functions depending on the law under which they have registered. For example:

- Districts in Jharkhand—such as Dhanbad and West Singhbhum— and Telangana have registered the DMF Trust under the Indian Stamp Act (1899).
- In Chhattisgarh, districts are registering their respective DMF Trusts under various laws. Korba has registered it under the Indian Stamp Act (1899). Dantewada has done so under the Indian Registration Act (1908), while Balodabazar and Janjgir-Champa have registered their DMF Trusts under the Chhattisgarh Public Trust Act (1952).
- In districts of Madhya Pradesh, DMF Trusts are being registered under the Indian Trust Act (1882), as the state DMF Rules specifies so.
- In Karnataka, the state Rules require DMF Trusts to register under the Karnataka Societies Registration Act (1960).

Some states have also considered registration of the Trust as an obligation that DMFs must fulfill

DMF administration

The administrative structure of any institution or body, and who its decision-makers are, plays a determining role in its functioning and success of its performance. In context of the DMF Trust, this has been reviewed with respect to three parameters:

- Composition of DMF bodies and scope of representation of mining-affected people
- Autonomy of DMF operation and state government intervention
- DMF office for purposes of co-ordinating finances, planning and monitoring

Composition of DMF bodies and scope of representation of mining-affected people

DMFs in every mining district are required to have a two-tier administrative structure comprising of a Governing Council (GC) and a Managing Committee (MC). The model DMF Trust deed of the Union Ministry of Mines had clearly outlined this structure. However, what was left for the state governments to decide on were the members of these bodies.

While states have adopted their own approaches in deciding the members in all cases, the DMF body is dominated by bureaucrats and political representatives. There is no representation of mining-affected people.

The review of the composition of GC and MC of the 12 key mining states (*see Table 1: Proportion of various members in GC and MC in key mining states*) clearly brings out that:

- Both GC and MC are dominated by district officials, with MC practically having only official members.
- There is practically no representation of mining-affected people in the administrative bodies. The only representation comes through elected PRI members, such as village panchayat members such as *sarpanch/mukhiya*, and intermediary panchayat members (of block level) such as *pramukh/up-pramukh*. However, there is a lot of apprehension among the people of mining-affected areas that the PRI-elected members do not necessarily represent their interest. The issue is more complicated in tribal areas where parallel governance is being run by elected heads (such as the *sarpanch, mukhiya or pramukh* etc.) and traditional heads (such as the *munda*). Since traditional heads are not part of the DMF body, the elected PRI members can barely hold up their issues.
- While Gram Sabhas are vested with very specific powers under the DMF law, they have no representation in the decision making body.
- The GC in many states also has a heavy political representation—members of the parliament and legislative assembly (MP and MLA).
- To worsen the situation further, the Secretary of the Union Ministry of Mines at the Central Coordination cum Empowered Committee (CCEC)

The DMF body in all states is dominated by bureaucrats and political representatives

meeting convened in March this year suggested that MPs can be co-opted in various bodies/committees of DMFs, at least where the ministers and MLAs are already part of the body.¹ The states have already started following the Ministry's suggestion.

- Rajasthan amended their DMF Rules in June this year to include all MPs in the DMF body.²
- In the same month, Telangana had also amended their DMF Rules to include all MPs in the DMF body. The power and functions that were vested with the Gram Sabha have now been given to a DMF Committee—completely represented by MPs, MLAs and MLCs on top of the officials. This is now the only body to administer and execute projects under DMFs in the districts.

Table 1: Proportion of members in GC and MC in mining states

ODISHA					
	Official	MLA/MP/other positions	PRI elected members	Mining companies/ML holders/industry association	Others (community, NGO and mining-affected people)
Governing Council	10	Each member of the Lok Sabha and the State Assembly in whose constituency there is a major mineral lease	Not exceeding 3, plus 1 member of the <i>Zila Parishad</i>		
Managing Committee	6				
Chhattisgarh					
Governing Council	17		2 <i>sarpanch</i> from affected areas	Representatives of mineral concession holder (maximum 3); General Manager of District Trade and Industries Centre	3 public representatives nominated by the settlor
Managing Committee	16			General Manager of District Trade and Industries Centre	
Jharkhand					
Governing Council	9	Representative of MP; all MLAs of the district or representative of MLA	Representative of Chairman zila parishad; elected pramukh and up-pramukh; elected mukhiya and up-mukhiya of the directly affected areas	2 leading mine-owners nominated by GC; representative of Jharkhand Small Industries Association	
Managing Committee	7				
Madhya Pradesh					
Governing Council	11 (can be further added from line departments)	Minister In Charge of the district (GC chair); MP and MLA in whole constituency any major mineral lease is present	Chief executive officer (CEO) of the <i>zila panchayat</i> ; president of the <i>zila panchayat</i> and chairperson of the urban local body of the affected areas		
Managing Committee	9		CEO of <i>Zila Panchayat</i>		

Continued on pg 14

Rajasthan					
Governing Council	17	All MLAs and MPs in the district		President(s) of various mine owner's associations (maximum 5) working in the district	Community representatives from mining-affected area (maximum 5); mine workers (maximum 2); 1 non government organization (NGO) member working in the mining field; 1 technical mining person
Managing Committee	10				
Telangana					
District Mineral foundation committee	20	All MPs, MLAs and MLC's in the district	Chairperson of <i>Zila Parishad</i>		
Andhra Pradesh					
Governing Council	16		CEO of <i>Zila Panchayat</i>	2 representatives of the lessees nominated by the DC	1 NGO member, working in the district, nominated by the government; 2 self help group (SHG) members nominated by DC
Managing Committee		No mention of members			
Karnataka					
Governing Council	10	District in-charge Minister (GC chair)	President of <i>Zila Panchayat</i>	2 industry representatives using minerals in the concerned district (one major and one minor); 2 mine lease holders in the district (one major and one minor)	1 NGO working on environmental issues in the district; 3 representatives from among affected persons or areas nominated by chairperson of GC
Managing Committee	All the members of the GC except the nominated non- official member(s)				
Maharashtra					
Governing Council	8	District guardian minister (GC chair); 3 MLAs; 3 members of state legislative council;		Mineral concession holders (maximum 3); General Manager of District industries centre	2 NGO members
Managing Committee	9			1 mineral concession holder/ member of mine operating agency; General Manager of District industries centre	1 NGO member
Goa					
Governing Council	1	1 district chairman who is a MLA and 1 political appointee			3 members in each district—not defined who these are
Managing Committee	No mention of members				

Continued on pg 15

Tamil Nadu					
Governing Council	14				One third of the members
Managing Committee	9				1 NGO; 1 member nominated by DC having sufficient experience and better knowledge in the field
Gujarat					
Governing Council	4	District guardian minister (GC chair)			
Managing Committee	13				

Source: As adopted from various state DMF Rules

The scope of engagement is further limited by poor efforts of officials to reach out to the people in mining-affected areas. For example, ground-level observations suggest that there is a clear lack of knowledge among people in mining-affected areas. While there is no documentation of Gram Sabha meetings in the public domain, most district officials, at the time of the research, did not share any specific information.

Autonomy of DMF operation and state intervention

The DMF Trust has been envisioned as an autonomous institution under the MMDR Amendment Act (2015), which should be governed and administered by members of the Trust.

However, in many key mining states, the state governments are assuming a central role with respect to DMF functioning or control over DMF funds. This is happening in two ways:

Power assumed under the State DMF Rules

- In Chhattisgarh, the DMF Rules (Rule 32) specifically provide for over-riding power of the settlor—the Government of Chhattisgarh, represented by the Secretary of the Mineral Resources Department, ‘to include/ban any scheme/project or a concept aimed at the welfare of the areas and people affected by mining or mining-related operations’.
- In Madhya Pradesh, DMF is being used for creating a state corpus. A State Mineral Fund (SMF) has been created under Rule 13(2)(e) of the state DMF Rules, and placed under the aegis of the finance department. Money to this state fund will come from DMFs in various districts as a percentage of their annual accruals. Districts with Rs 5–25 crore accruals will transfer 25 per cent of their DMF funds, and those with more than Rs 25 crore accruals will transfer 50 per cent of the funds. The fund is being administered by a nine-member committee, chaired by the Principal Secretary of the finance department, and comprises principal secretaries of various other state departments.

Many state governments are assuming a central role with respect to DMF functioning or control over DMF fund use

Power exercised by issuing directions on DMFT fund spending

In Jharkhand, in October 2016, a direction was given by the (erstwhile) Chief Secretary specifying two issues that DMF investments should focus on in all — piped water supply and making villages open defecation free (ODF).³

- In Chhattisgarh, the state DMF Rules was amended in June 2016, which placed public welfare under high priority areas, giving state government the discretion to give direction on what can be taken up under this.⁴ Following this, all districts were directed to spend a portion of their DMF funds on Pradhan Mantri Ujjwala Yojana, a flagship scheme of the central government.⁵
- In Madhya Pradesh, a direction was issued to all the districts in October 2017 to prioritize four issues.⁶ These include: drinking water supply—follows a saturation target for the Chief Ministers Drinking Water Scheme; health—the target is to fill up the gap with respect to healthcare facilities in rural areas as per the Indian Public Health Standards (IPHS) norms; education—contingent on availability of funds after the targets are reached for water supply and healthcare; and building roads—utilizing the maximum of 40 per cent sealing that can be used towards construction for ‘other priority areas’. The state directions underscored that any work previously conceived, other than those under high priority areas, should be scrapped if work has not started (until October 2017), and the money should be directed for construction of roads, which follows up with implementation of the government scheme—Madhya Pradesh Gramin Sadak Yojana (MPGSY).
- In Odisha, the Planning and Convergence department proposed the creation of a Committee of Secretaries, to be headed by the Development Commissioner cum Additional Chief Secretary. The committee along with District Collectors of the concerned districts (special invitees) will assess project proposals which can be taken up through DMF funds, before they are placed before the DMF Trust for approval. However, the proposals that will be placed before the State Committee for review will come from the district DMF Trusts which should be developed through local level consultations and engagement of various district departments.⁷

DMF Office

Given the proportion of funds coming to DMF Trusts in various districts, having a dedicated office for DMF’s planning and co-ordination is extremely important. The absence of these in all likelihood will lead to poor or ad-hoc investments.

The DMF Rules of all states also specify a percentage of the DMF budget that can be used towards the administrative costs of running DMFs and provides for recruiting and maintaining staff. In most states, administrative costs calculate up to 5 per cent of the district’s DMF annual budget, which is a very high amount for most big mining districts. Even for districts with an annual budget of Rs 50 crore, investing such amount on an office is crucial.

However, most mining districts do not yet have any DMF office. For example:

- Out of the 50 districts surveyed by CSE in 12 states, only three districts of Chhattisgarh indicated having a dedicated and operational DMF office. The Chhattisgarh government, through an order in July 2017, has created posts for

No DMF office has been established in most districts while the Rules specify a percentage of the DMF budget can be used towards the administrative costs of running DMFs

DMF office in various districts that have an annual DMF fund of more than Rs 5 crore. According to this, districts with annual funds above Rs 30 crore will have 10 posts, those with Rs 10–30 crore will have seven posts, and those having between Rs 5–10 crore will have four posts.⁸

- In some cases, a Project Management Unit (PMU) has been proposed which are being run by external consultants. For example, in Odisha, districts with Rs 100 crore annual receipts have PMUs. These include, Keonjhar, Sundargarh, Angul, Jharsuguda and Jajpur. This has been done following a state government direction in October 2016. In Jharkhand, Ramgarh and Hazaribagh districts have set-up such PMUs.

DMF Planning

Various state DMF Rules specify that DMF Trusts in every district should go through an annual planning exercise for identifying projects and schemes to be undertaken with DMF funds. Some states, such as Odisha, has asked DMFs to undertake perspective planning considering a five year period. For developing DMF plans, districts should practice a bottom-up planning approach engaging with Gram Sabhas and people affected by mining.

However, of the 50 districts reviewed by CSE, no district has developed a comprehensive DMF plan yet. What is available is a list of projects for which DMF funds have been allocated/ sanctioned (*See section 2: Trend in DMF Operations*). Also, in all cases, bottom-up planning has not happened. The engagement with Gram Sabhas, in few districts where it has happened, is only limited to informing them about projects being undertaken and receiving their signatures.

Public accountability

For DMFs to remain transparent and accountable, certain things need to be ensured. These are:-

- Disclosure of all DMF-related information in the public domain.
- Grievance redressal mechanism.
- Comprehensive DMF audits (including financial and performance audits).

In most states, all of these mechanisms are either poorly formulated or are not in place. The situation has been analysed by looking into the provisions of the state DMF Rules as well as practices.

Disclosure of information

Disclosure of information through appropriate and accessible public platforms is a key measure for transparency of operation in an institution. The Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) specifies mechanisms that DMF should follow for 'compliance of transparency'. A key measure of such compliance is putting all DMF related information in the public domain through a district specific website.

Information available in the public domain on DMFs is extremely poor for most states

The state DMF Rules and PMKKKY also clearly outline what information should be made available. These include details of composition of the DMF/bodies, a list of areas and people affected by mining, quarterly details of all contribution received from lessees and other, all meeting agenda, minutes and action taken reports (ATRs) of the DMF, annual plans and budget, work orders, annual report, status of ongoing works including description of work, progress and implementation status, details of beneficiaries, estimated cost, name of implementing agency, expected date of commencement, and completion of work etc.

However, information available in the public domain on DMFs is extremely poor for most states. Only two states—Odisha and Chhattisgarh, have DMF websites that have somewhat considerable information.

Grievance redressal mechanism

There is currently no mechanism for grievance redressal or appeal, specified under any state DMF Rules. This is despite the fact that the DMF has defined a set of beneficiaries, who are entitled to benefit through works and projects undertaken by DMF funds.

The need of an effective public grievance redressal mechanism is however well recognized by the government. The Department of Administrative Reforms and Public Grievances of the Government of India, underscores that 'the grievance redress mechanism of an organization is the gauge to measure its efficiency and effectiveness as it provides important feedback on the working



Sreetha Banerjee / CSE

There is currently no mechanism for grievance redressal or appeal specified under state DMF Rules

of the administration.⁹ The National Human Rights Commission (NHRC) also emphasizes on its importance for ensuring a responsive implementation process of human development schemes.¹⁰

Comprehensive DMF audits

The PMKKKY and the model DMF Trust deed requires that the accounts and audit reports of the DMF Trust should be placed before the DMF committee for review. Besides, they should be sent to the respective state governments so that it can be placed before the State Legislature, and also in the public domain through a DMF website.

Currently, various state DMF Rules have differing positions on audit mechanism. For example:

- DMF Rules in Madhya Pradesh do not discuss auditing at all.
- States such as Odisha, Jharkhand, Chhattisgarh, Andhra Pradesh, Rajasthan, Maharashtra, Karnataka, Tamil Nadu, Gujarat and Goa mention a system where the DMF body appoints auditors, ratifies reports, and places it in the public domain. Chhattisgarh, Tamil Nadu and Telangana Rules specifically require that auditors have to be from a list of Chartered Accountants empaneled by the Comptroller and Auditor General (CAG) of India.
- Most states do not have any specifications or elaboration on the mechanism of social audits. DMF Rules of states such as Chhattisgarh, Gujarat and

Most states do not have any specifications or elaboration on social audits

Maharashtra provide for conducting social audits of the development schemes executed from the DMF fund; however, the Rules do not outline how to conduct such an audit.

Given the varied approaches by various states on audit mechanism and specification on independent auditors, it becomes imperative to have some standardized principles and mechanisms outlined for audit of DMFs to ensure utmost accountability and effective operation of the institution. DMFs need to undergo both financial and performance audit. These are important for public sectors and public schemes.¹¹

An independent social audit involving stakeholders, particularly from mining-affected areas, is also extremely important to provide an opportunity to the ultimate users or beneficiaries to scrutinize development initiatives.¹² This will also ensure the involvement of Gram Sabhas in monitoring and reviewing works and schemes undertaken by DMF funds as the DMF law and PMKKKY envisages.

2

TRENDS IN DMF OPERATIONS

**Jharkhand
Odisha
Chhattisgarh
Madhya Pradesh
Rajasthan**

The MMDR Amendment Act (2015) and the State DMF Rules framed under it, clearly distinguish DMF from any other general development fund. It has a defined objective, specific beneficiaries, defined geographies (directly and indirectly mining-affected areas) and certain 'high priority' issues to focus on for intervention. The high priority issues, towards which at least 60 per cent of the DMF budget should be used, include drinking water supply, sanitation, healthcare, education, welfare of women and children, welfare of aged and disabled, skill development, environment preservation, and pollution control measures. Some states also have specified other sectors such as agriculture, housing for the poor as priority issues.

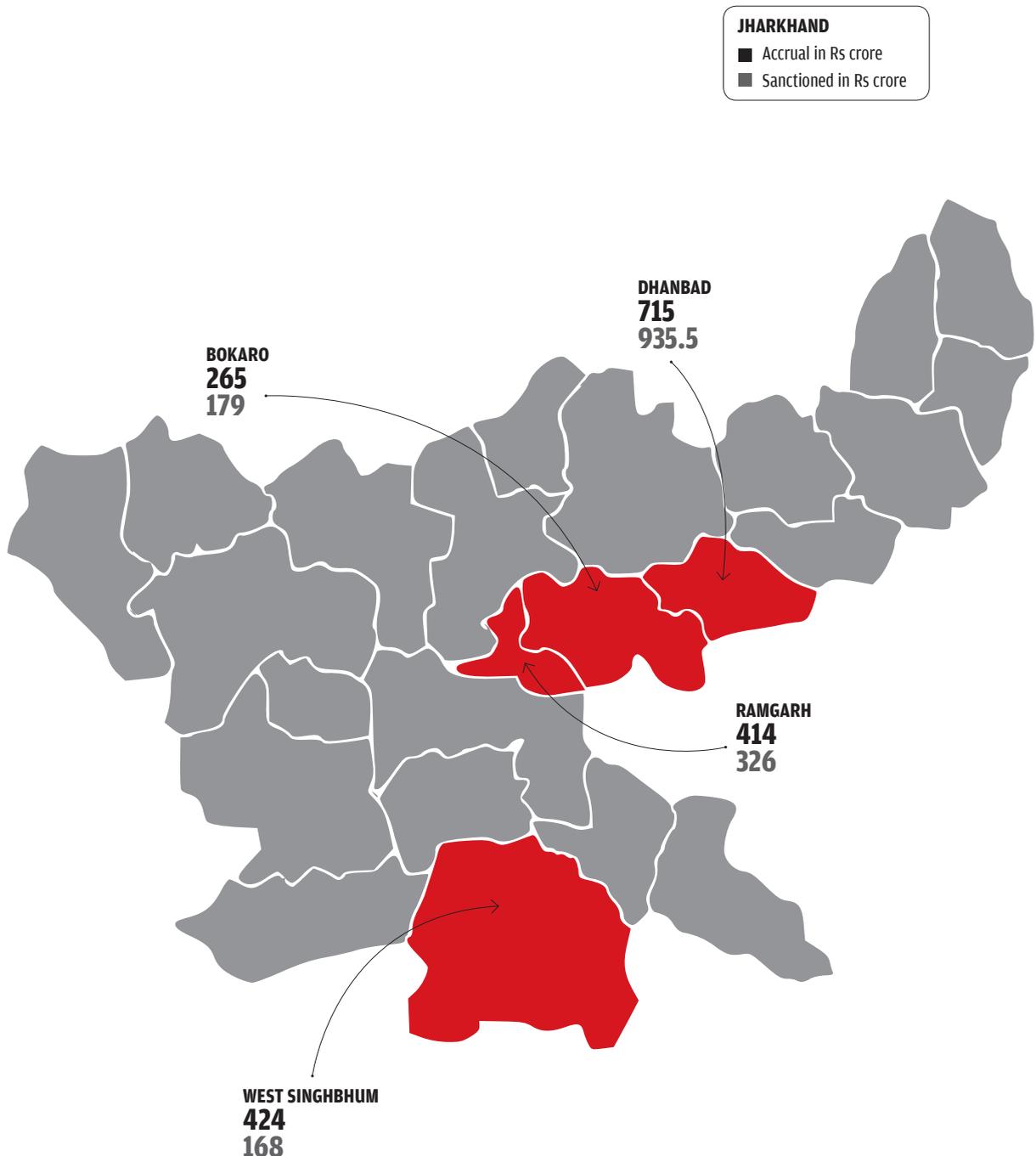
Further, the Rules also limit spending of DMF funds on physical infrastructure and other big projects which already have funds from the state coffers, following the PMKKKY guidelines. These all have been specified to maximize the welfare and benefit of the mining-affected people and areas in a targeted manner.

Considering these distinguishing factors, CSE has reviewed the operation of DMFs in thirteen districts across five top mining states. Further, the trend of sanctions of DMF funds has been analyzed to understand whether it is being effectively used to address the pressing needs of mining-affected people and the areas worst hit by such activities. Since every state has its own DMF Rules, and has issued specific directions for DMF operation and fund use, the analysis follows a state-wise approach.

The states and districts that have been analyzed include Dhanbad, West Singhbhum, Ramgarh and Bokaro districts of Jharkhand; Keonjhar, Sundargarh, Angul and Jharsuguda districts of Odisha; Korba, Dantewada, and Raigarh districts of Chhattisgarh; Singrauli district of Madhya Pradesh, and Bhilwara district of Rajasthan. All these districts are also the top mining districts of these states.

JHARKHAND

The total cumulative accrual in DMFs in various districts of Jharkhand stands at nearly Rs 2,696 crore (as of March 2018). The major share of DMF contribution comes from coal mining, which is about 81 per cent of the total cumulative accrual. CSE has specifically analysed the trend of DMF operations and investments in four top mining districts—Dhanbad, Ramgarh, Bokaro, and West Singhbhum—based on the completeness of information received.



Overall observations for the state

DMF administration

- Various districts in the state have identified directly affected areas as per provisions of the State DMF Trust Rules (2016). The state government has not specified any radius from the periphery of mines that should be considered as directly affected.
- No district had identified DMF beneficiaries.
- On the administrative front, no DMF offices have been set up in any district. As per latest available information, very few key mining districts, such as Ramgarh and Hazaribagh, have set up PMUs. However, these cannot be substitutes of a full-time DMF office.
- With the state government taking a central role in directing DMF investments, planning has taken a top-down approach. In October 2016, the government had specified two issues that DMF investments should focus on in all districts— piped water supply and making villages open defecation free (ODF). The districts were later asked to plan for projects amounting to three times the estimated annual DMF collection and sanction funds accordingly.
- Poor availability of DMF related information in the public domain, including the state DMF website. Only West Singhbhum and Ramgarh have developed district-specific DMF websites, but there is still no provision to upload the information required as per DMF Rules and PMKKKY.
- The districts have neither carried out a financial nor a social/performance audit of the DMF. No information on this is thus available in public domain.

**Total DMF
collection
Rs 2,696
crore**

**Total expenditure
Rs 538
crore**



Chimayl Shalya / CSE

Called the 'illegal miners', people in Dhanbad pick coal in desperation to earn a living



Rajeev Ranjan / CSE

Most people in Dhanbad do not have access to safe drinking water

DMF investments

- A total of Rs 1,744 crore has been sanctioned for development projects in various districts. The focus is on piped water supply and sanitation (construction of household toilets) in line with state directives.
- Water supply projects worth Rs 1,433 crore have been sanctioned in various districts, for building individual household latrines (IHHL) the sanctioned amount is Rs 274 crore (see Table 2: Sector-wise allocations and expenditure in Jharkhand).
- Work on ground, however, is yet to take off for most water supply projects, particularly the big ones. The overall expenditure on this (till March 2018) was Rs 289 crore.
- However, expenses towards building IHHL for meeting the states ODF target have gained a high momentum. The expenditure on this is Rs 233 crore, which is close to the total sanctions.

Table 2: Sector-wise allocations and expenditure

Sectors	Sanctioned amount (in Rs crore)	Percentage of total sanction (%)	Expenditure (in Rs crore)
Drinking water supply	1,433	82.2	289.2
Sanitation	274	15.7	233.3
Health	5.1	0.3	1.2
Other (includes infrastructure and renovation works such as bridges, boundary walls and training centers)	31.5	1.8	14.2
Total	1,743.6		537.9

Source: Department of Industries, Mines and Geology, Jharkhand, April 2018

- A major share of piped water supply investments relies on sourcing water from Damodar river or its tributaries. The sanctioned amount for such projects accounts for nearly 83 per cent of the total drinking water supply sanctions, and is distributed across Dhanbad, Bokaro and Ramgarh districts (*see Table 3: Drinking water supply projects relying on Damodar river and its tributaries*).

Table 3: Drinking water supply projects relying on Damodar river and its tributaries

District	Block	Schemes	Cost (in Rs crore)	Source river	Main river/tributary
Dhanbad	Baghmara	Multi-village Piped Water Supply	92.7	Damodar	Main
		Sadairyadih Rural water supply	20.7	Jamuniya	Tributary of Damodar
		Rural piped water supply in Mahuda basti	11.5	Damodar	Main river
	Govindpur nirsa Egrkund keliasole	Multi-village rural water supply scheme for South zone	233.2	Panchet Dam built on Damodar river	Main river
		Multi-village rural water supply scheme for North zone	483.9	Maithon Dam on Barakar river	Tributary of Damodar
	Topchanchi	Multi-village piped water supply	28.7	Jamuniya	Tributary of Damodar
	Govindpur	Junglepur panchayat rural water supply	3.7	Jamuniya	Tributary of Damodar
Bokaro	Petarwar	Angwali village rural water supply scheme	5.7	Tenughat canal	Built on Damodar
	Gomia	Jhirk village rural water supply scheme	6.4	Damodar	Damodar
		Lalpaniya and adjoining villages rural water supply scheme	11.9	Jamuniya	Tributary of Damodar
		Kathara rural water supply scheme	4.6	Konar	Tributary of Damodar
		Tenughat left bank adjoining villages rural water supply scheme (in petarwar block)	5.8	Tenughat Dam	Built on Damodar river
	Nawadih	Dahiyari and adjoining villages rural water supply scheme	4.8	Jamuniya	Tributary of Damodar
	Chas	Hasabatu rural water supply scheme	41.6	Garga Dam	Built on Garga river, tributary of Damodar
	Bermo	Bermo multi village water supply scheme	53.1	Damodar	Main
Chandankiyari	Baatbinor and adjoining villages rural water supply scheme	8.7	Damodar	Main	
Ramgarh	Patratu	Bhurkunda rural water supply	17.2	Damodar	Main
	Ramgarh/Mandu	Marar-Sevta rural water supply	20.2	Damodar	Main
	Gola	Hesapoda rural water supply	18.4	Damodar	Main
	Gola	Sosokala rural water supply	25.7	Bhairavi	Tributary of Damodar
	Ramgarh	Gobardarha-Huhuwa rural water supply	24.4	Damodar	Main
	Gola	Gola rural water supply	21.7	Bhera	Tributary of Damodar
	Chitarpur	Chitarpur rural water supply	14.6	Bhera	Tributary of Damodar
	Mandu	Kuju rural water supply	23.4	Damodar	Main
Total			1,182.8		

Source: Department of Industries, Mines and Geology, Jharkhand, April 2018

Analysis of key mining districts

DHANBAD

Dhanbad district has the highest collection of DMF fund in Jharkhand, which stands at more than Rs 715 crore (as of March 2018). The annual accrual is estimated to be about Rs 300 crore, primarily from coal mining. There are about 111 coal mines in the district producing around 38 million tonnes of coal annually as per 2016–17 estimates. Bharat Coking Coal Limited (BCCL) is the largest operator with 84 mines. Others include Eastern Coal Fields Limited (ECL), Steel Authority of India Limited (SAIL), Tata Iron and Steel Company (TISCO), and Indian Iron and Steel Company (IISCO).

Mining-affected areas in Dhanbad are spread across both urban and rural areas. Dhanbad (Jharia) municipality has been identified as the most affected since a majority of the mines are in the immediate vicinity of the area. Besides this, a number of panchayats in various blocks—Dhanbad, Baghmara, Nirsra, Egarkund, Kaliyasol, Baliapur, Topchachi and Gobindpur—have also been identified as mining-affected by district authorities (see Table 4: Mining-affected areas in Dhanbad district). Except for Dhanbad, all the other blocks predominantly have rural population (see Table 5: Overall demographic profile of mining-affected areas in Dhanbad).

**Collection of
DMF funds
Rs 715
crore**

**Estimated annual
DMF accrual
Rs 300
crore**

Table 4: Mining-affected areas in Dhanbad

Block/municipality name	Total number of panchayats	Number of affected panchayats
Dhanbad*	12	9
Baghmara	61	48
Nirsra	27	18
Egarkund	20	11
Kaliyasol	20	4
Baliapur	23	12
Topchanchi	28	6
Gobindpur	39	5

*Affected area of Dhanbad reflects data as available only for panchayats and not municipalities.
Source: District Mining Department, Dhanbad, 2017

Table 5: Overall demographic profile of mining-affected areas in Dhanbad

Block/municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Dhanbad-cum Kenduadih-cum Jagata*	2.7	97.3	17.5	2.1
Baghmara-cumKatras	66.6	33.3	20.8	5.3
Nirsra**	61.4	38.6	16.8	14.6
Baliapur	86.2	13.8	13.9	13.3
Gobindpur	89.7	10.3	11.2	13.8
Topchanchi	68.6	31.4	11.8	6.4

Note: *Dhanbad-cum-Kenduadih-cum-Jagata block includes Dhanbad Municipal Corporation

**Since Egarkund and Kaliyasol have been recently delineated (was earlier part of Nirsra), the demographic distributions of these two blocks were not separately available in Census 2011.

Source: Census of India, 2011

Status of DMF implementation

**Rs 854
crore of
piped water
sanctions in
Dhanbad rely
on Damodar
river or its
tributaries**

- Dhanbad has sanctioned more than Rs 935.5 crore from DMF funds for water supply and ODF projects in the district (see Table 6: Sanctions in various sectors).
- A total of 19 schemes have been sanctioned related to water supply worth more than Rs 856 crore. Major schemes include multi village piped water supply for South zone and North zone of the district covering Govindpur, Nirsa, Egarkund and Kaliyasol blocks (see Table 7: Water supply schemes in Dhanbad district).
- The water source for all the major piped water supply schemes is Damodar river or its tributaries, accounting for about Rs 854 crore investments.
- For ODF projects, an amount of Rs 79 crore has been sanctioned. This is for 63,063 individual household latrines (IHHL).

Table 6: Sanctions in various sectors

Area	No of schemes	Sanctions (in Rs crore)	Percentage of total sanctions (%)
Rural piped water supply (major schemes)	19	856	92
Sanitation (ODF)	–	79	8

Source: CSE analysis

Table 7: Water supply schemes in Dhanbad

Block	Schemes	Cost (in Rs crore)	Source of water
Baghmara	Multi-village piped water supply	92.69	Damodar river
	Piped water supply in Mahuda basti	11.55	Damodar river
	Solar water supply—9 projects	1.37	Existing source
	Dharma bandh mine pit water supply	0.14	Mine pit
	Sadairyadh rural water supply	0.21	Jamuniya river (a tributary of Damodar river)
Govindpur/Nirsa Egarkund/ Kaliyasol	Multi village rural water supply scheme for South zone	233.17	Panchet Dam (Damodar river)
	Multi-village rural water supply for North zone	483.97	Maithon Dam (Barakar river, a tributary of Damodar river)
	Improvement of berbendia water supply scheme upchuria village	0.57	
Topchanchi	Multi-village piped water supply	28.7	Jamuniya river
Govindpur	Junglepur panchayat rural water supply scheme	3.72	Jamuniya river
Egarkund	Supplying and laying of different pipes and repair work	0.35	
Total		856.44	

Source: CSE analysis

Effectiveness of investments

The effectiveness of sanctions in Dhanbad has been evaluated with respect to the ground situation of various human development indicators, access of people to basic public amenities and the long-term sustainability of the investments (see Table 8: Status of key human development indicators and amenities). The evaluation suggests the following in terms of its effectiveness:

- The investments show a lack of planning and prioritization around most affected areas and people. This is evident from the fact that out of the Rs 935.5 crore sanctions, no money in any capacity has been earmarked for Jharia, the worst mining-affected area, and no funds have been provided for people in the resettlement areas (which also as per the law comes under directly-affected areas).
- The focus is completely on rural parts of the district. This is largely guided by the state's agenda and schemes that were determined earlier. For example, many of the major rural water supply projects are the ones which were initially conceived under the government's rural drinking water scheme, but were not implemented. The sanctions for ODF also suggest the same.
- The other question is about the long-term viability of the piped water supply projects, particularly based on Damodar river. The notable questions are:
 - **Source sustainability:** A review of the detailed project reports (DPR) of some of the major piped water supply projects show that the source sustainability aspect has been dealt with in a project-specific manner. No cumulative assessment has been done, while seven small and large projects worth Rs 854 crore investment is reliant on Damodar river in Dhanbad. On top of that, Bokaro and Ramgarh districts have also made major piped-water supply sanctions based on water intake from Damodar.

It is to be noted that qualities of the DPRs are also questionable. For example, while many of the DPRs prepared by a 'particular consultant' for multi-village piped water supply projects of Dhanbad noted that there is no problem of water availability from Damodar river considering it to be a perennial river, a DPR

Out of the Rs 935.5 crore sanctions, no money has been earmarked for Jharia, the worst mining-affected area

Table 8: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	2,684,487	58.1	41.9	16.3	8.7
Households	507,064	58.4	41.6		
Literacy	74.5	79	68	13.3	6.4
Nutrition status — U5MR		25	52		
Treated tap water access		46.7	7		
Rural household earnings- with highest earning head getting below Rs 5,000 per month (%)		73.6			
Employment	Workers (%)	Non-workers (%)		Non-workers, 15-59 years (%)	
	31.5	68.5		52.6	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

The district has completely missed out on investing in issues that need immediate attention such as healthcare and livelihood

prepared by another consultant for piped water supply project in Ramgarh district said that Damodar cannot be considered as a source, expressing concern over its water availability over long term. The observations were corroborated during a site visit by the Drinking Water and Sanitation Department officials on 19 May 2017, and the plan to source water from Damodar river was rejected.

- **Water treatment:** The estimated cost of water treatment as considered in the DPRs is also based on very basic treatment. It does not account for treatment of heavy metals and ions, such as iron, manganese, lead, sulphate and chloride, etc., which must be treated for the water to be potable.
- **Maintenance issues:** The pipelines will be catering to villages that are at a distance of 20 kilometers or more. So far, the DPRs suggest that such maintenance cost will be met by charging a user fee. For example, the DPR as reviewed for the Rs 233 crore Govindpur/Nirsa Egarkund/Kaliyasol multi village water supply project, suggests a monthly user fee of Rs 60 per family for such maintenance (fee determined taking 2015 as base year of project). However, with DMF Trust funds, the districts must factor in the maintenance cost that can be supported through the Trust and not require the beneficiaries to pay.
- With a focus on abiding with state directions, the district has completely missed out on investing in issues that need immediate concern. For example,
 - **Healthcare:** In 2009, the Central Pollution Control Board (CPCB) identified Dhanbad area as one of the Critically Polluted Areas (CPA). The severe pollution in the area from poorly managed mines also takes a toll on public health.



Rajeev Ranjan / CSE

A piped-water project under construction in Dhanbad



Sreetha Banerjee / CSE

Illegal in their own land. Degradation of land and water resources, due to heavy mining for decades, has compromised the options of sustainable livelihood for locals

However, the available health infrastructure and resources is clearly sub-optimal. For example, in rural and urban areas, primary health centres (PHCs) and community health centres (CHCs) are serving more than twice their capacity. The district and sub-district hospitals are barely functioning due to unavailability of resources and staff. A review of the district medical staff capacity in 2017 suggested that the number of doctors in the district is currently short by 60 per cent of the total requirement. Similarly, 70 per cent staff nurse positions in the district are vacant.¹³

- **Livelihood:** Another critical issue is livelihood opportunities for the poor and dispossessed. According to government estimates, about 52 per cent of people within the working age-group (15-59 years) are non-workers, indicating high level of unemployment.¹⁴

Further, degradation of land and water resources due to heavy mining for decades has compromised the options of sustainable livelihood—agriculture or forest based—in the district. The district's poor education status (particularly post-elementary levels) has not been supportive for generating an educated workforce. Further, migration of people from other districts has driven down the wage structure. In face of these, what exists as a source of earning in highly mining-affected Jharia and around is irregular activities, such as taking out coal illegally (as it is perceived) and selling it in the local market to earn a living. The desperation of these people to earn a living is evident from the inhuman conditions they live in. However, the people do not want to move away as there is no opportunity for alternative livelihood, as evident from status of Jharia resettlement area.

RAMGARH

Ramgarh's current DMF Trust accrual stands at more than Rs 414 crore, mainly coming from coal. The annual accrual is estimated to be about Rs 250 crore.

There are 15 operational coal mines in the district, with annual production of 16.6 million tonnes as per 2016–17 estimates. Most of the mines are owned by Central Coalfields Limited (CCL) and one is of Tata Steel Limited (TSL).¹⁵

The mining-affected areas of Ramgarh district include various panchayats of Patratu, Mandu, Chitarpur, Ramgarh and Gola blocks (*see Table 9: Mining-affected areas in Ramgarh district*). While the biggest mining-affected blocks—Mandu and Patratu—have a significant proportion of urban population, the mining-affected areas are primarily rural given the location of mines (*See Table 10: Overall demographic profile of mining-affected areas in Ramgarh*).

Table 9: Mining-affected areas in Ramgarh

Block/municipality name	Total number of panchayats	Number of affected panchayats
Mandu	36	26
Patratu	42	28
Chitarpur	13	4
Ramgarh	3	2
Gola	21	2

Source: District Mining Department, Ramgarh, 2017

**Collection of
DMF funds
Rs 414
crore**

**Estimated annual
DMF accrual
Rs 250
crore**

Table 10: Overall demographic profile of mining-affected areas in Ramgarh

Block/municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Mandu	52.9	47.1	13.8	20.4
Patratu	37.5	62.5	12.9	26.1
Chitarpur	56.6	43.4	5.4	10.1
Ramgarh	29.6	70.4	11.2	14.7
Gola	100	0	8.1	29.0

Source: Census of India, 2011

Trend of sanctions

- Ramgarh has sanctioned nearly Rs 326 crore from DMF funds for various developmental works (see Table 11: Sanctions in various sectors).
- In line with the districts mandate, drinking water schemes are a prime focus of DMF sanctions. Combining various large and small projects, about 520 schemes have been sanctioned worth more than Rs 234 crore.
- About 88 per cent of the drinking water project approvals are for rural piped water schemes involving 14 projects.
- The district is also investing in nearly 500 solar-based mini water supply schemes to ensure water supply in tolas and schools.
- Nearly Rs 60 crore has been sanctioned for 49,726 ODF/IHHL works.

520 water supply projects have been sanctioned amounting to more than Rs 234 crore

Table 11: Sanctions in various sectors

Area	No of schemes	Sanctions (in Rs crore)	Percentage of total sanctions (%)
Rural piped water supply (major schemes)	14	206.2	63.3
Solar-based mini rural water supply schemes for tolas	279	15.9	4.9
Solar-based mini rural water supply schemes for middle/high schools	217	10.9	3.3
Water supply scheme for primitive tribal groups	10	0.9	0.3
ODF		59.7	18.3
Health service related mobile medical unit		3.1	0.9
Renovation and beautification (primarily of ponds)		6.7	2.1
Bridges/culverts	47	22.6	6.9

Source: District DMF officer, Ramgarh, April 2018

Effectiveness of investments

Ramgarh district has made some investments beyond the state's focus on piped water supply and ODF. However, the current investments raise some key concerns considering the ground situation of some human development parameters in the district, and also considering the viability of investments (see Table 12: Status of key human development indicators and amenities).

Table 12: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	949,443	44.2	55.8	11.2	21.2
Households	1,79,375	44.9	55.1		
Literacy	73.2	81	67	65.3	60.3
Nutrition status- U5MR		30	37		
Treated tap water access	22	43.5	4.5		
Rural household earnings— with the highest earning head getting below Rs 5,000 per month (%)		69.7			
Employment	Workers (%)	Nonworkers (%)		Non-workers 15–59 years (%)	
	33	67.1		50	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

- The mixed approach that Ramgarh district has adopted for water supply investments is important. However, the district's major reliance on piped water supply schemes from Damodar river and its tributaries brings into question the cost viability of these projects in the long run.
- With a focus on water supply projects and IHHL, some other important issues have taken a back seat. A key issue is healthcare. In highly mining-affected blocks such as Mandu and Patratu, categorically, PHCs are serving three to four times their capacity. To add to this, there is about 80–90 per cent deficit in staff nurses and qualified healthcare technicians in the district, which



Ramgarh district is investing in nearly 520 water supply schemes including solar-based water supply projects

severely compromises proper healthcare access of people.¹⁶ Considering the situation, the district should have directed more investments towards this important issue. However, a negligible Rs 3 crore has been sanctioned towards the healthcare sector. In fact, this is less than half the investment that the district has made on ‘beautification’.

- People’s earnings and livelihood are also a major concern. About half of the people within the working age group (15–59 years) are non-workers. Additionally, 70 per cent of households in rural areas have the highest earning heads getting below Rs 5,000 per month. If the DMF Trust had planned comprehensively analyzing the gaps, drinking water investments should have been coupled with sanctions in healthcare and livelihood, as these must be simultaneously considered to improve people’s health.

BOKARO

The total cumulative accrual of DMF funds in Bokaro district currently stands over Rs 265 crore, primarily from coal mining. The annual estimated collection is about Rs 82 crore.

As per information obtained from the district’s mining department of 2017, there are 14 operational coal mines in the district, with an annual production of 11.9 million tonnes as per 2016–17 estimates. Most of the mines are owned by CCL and its subsidiaries.

The mining-affected area of Bokaro is spread across urban and rural areas of the district (*see Table 13: Mining-affected areas in Bokaro district*). The major mining-affected area is the predominantly-urban Bermo which also has the largest concentration of coal mines (*see Table 14: Overall demographic profile of mining-affected areas in Bokaro*). Other areas include urban and rural parts of Chandrapura and Gomia, and rural parts of Chandankiyari, Nawadih and Peterwar.

Trend of sanctions

- The focus of DMF sanctions in Bokaro district is on rural piped water supply schemes. Nearly Rs 169 crore has been sanctioned for 13 schemes (*see Table 15: Sanctions in various sectors*).
- The schemes are for various blocks of the district and the primary source of water is Damodar river and its tributaries (*see Table 16: Piped water supply schemes in Bokaro*).
- Besides piped water supply, about Rs 10 crore has been sanctioned for ODF projects which includes 1000 toilets/ IHHL.

Table 13: Mining-affected areas in Bokaro

Block/municipality name	Total number of panchayats	Number of affected panchayats
Bermo	19	19
Chandrapura	23	10
Gomia	36	13
Chandankiyari	38	8
Nawadih	24	9
Peterwar	23	9

Source: District Mining Department, Bokaro, 2017

**Collection of
DMF funds
Rs 265
crore**

**Estimated annual
DMF accrual
Rs 82
crore**



Srestha Banerjee / CSE

An old mining site in Bokaro. Many mining areas end up as ghost towns in the absence of any viable livelihood after mining ceases

Table 14: Overall demographic profile of mining-affected areas in Bokaro

Block/municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Bermo*	2.2	97.8	14.9	6
Chandrapura	37	63	11.3	8.5
Gomia	56	43.4	12.5	20
Chandankyari	95	5	25.3	8
Nawadih	96.7	3.3	13.4	12.5
Peterwar	96.6	3.4	15	29

Note: *For the purpose of analysis, Phusro (NP) has been included in Bermo

Source: Census of India, 2011

Table 15: Sanctions in various sectors

Area	No of schemes	Sanctions (in Rs crore)	Percentage of total sanctions (%)
Rural piped water supply (major schemes)	13	168.7	94
ODF	–	10	14

Source: District Mining Department, Bokaro, April 2018

Table 16: Piped water supply schemes in Bokaro

Block	Schemes	No	Cost (in Rs crore)
Bermo	Multi-village water supply scheme	1	53.1
Chas*	Hasabatu rural water supply scheme	1	41.6
Chandankyari	Baatbinor and adjoining villages rural water supply scheme	1	8.7
	Naudiha and adjoining villages rural piped water supply scheme	1	8.8
Gomia	Jhirki village rural water supply scheme	1	6.4
	Lalpaniya and adjoining multi-village water supply scheme	1	11.9
	Pachmo and adjoining multi-village water supply scheme	1	5.3
	Kathara rural water supply scheme	1	4.6
	Tenughat left bank adjoining villages rural water supply scheme	1	5.8
Petarwar	Angwali rural water supply scheme	1	5.7
	Tenughat right bank adjoining villages rural water supply scheme	1	5.2
	Chapi rural water supply scheme	1	6.8
Nawadih	Dahiyari and adjoining multi-village water supply scheme	1	4.8
Total		13	168.7

Note: * Has very small minor-mineral mining activity, in fact it does not even fare in the mining-affected area list

Effectiveness of investments

Unfortunately, mining activities and industries in Bokaro district have not contributed to the people living in mining-affected and rural areas. This is evident from some of the poor human development indicators, particularly in rural parts of the districts, such as child nutrition (U5MR), livelihood, health status etc. (See Table 17: Status of key human development indicators and amenities) Considering these and the viability of investments, the trend in fund sanctions primarily suggests the following in terms of its effectiveness:

- High reliance of all piped water supply schemes from Damodar river and its tributaries raises question about their long-term viability.
- A blanket allocation for big-piped water projects has also missed out on comprehensive investments. For example, the improvement of water supply could have extended beyond just laying of pipelines. Sanctions could have been made to ensure treated tap water supply in schools—much needed for children’s health. Categorically, more than 85 per cent schools do not have tap water facility in Bokaro’s mining-affected areas. Even in Bermo, which is an urban area, 65 per cent schools do not have such facility.¹⁷
- The sanctions have also missed out on some important issues, which some amount of DMF investments can help to earn a huge return. Particularly two issues are important in these respect:
 - **Child nutrition:** It is ironic that Bokaro has failed to invest any amount of DMF funds for child nutrition despite the fact that U5MR in rural areas stands at 50.
 - **Healthcare:** Poor health conditions and the need of good healthcare is a key issue for mining-affected communities. A parallel investment on healthcare, alongside drinking water and sanitation, could help tackle public healthcare challenges more holistically in the district.

More than 85 per cent schools do not have tap water facility in Bokaro’s mining-affected areas

Table 17: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	2,062,330	47.7	52.3	14.5	12.4
Households	393,439	47.9	52.4		
Literacy	72	81	63	63	56
Nutrition status- U5MR		24	50		
Treated tap water access		44.1	2.2		
Rural household earnings— with highest earning head getting below Rs 5,000 per month (%)		76.1			
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	33.4	66.6		49.2	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

Bokaro is the only district in Jharkhand which has three sub-divisional hospitals in addition to the district hospital, as reflected in Rural Health Statistics, 2014–15. The district also has an almost adequate number of CHCs. However, what holds back is the gross deficit of qualified and trained healthcare personnel at these facilities. At the district hospital, there is a 69 per cent deficit in the number of doctors. At sub-divisional hospitals and CHCs, the shortfall is about 45 percent. Additionally, there is a 50 per cent shortage of specialists such as surgeons and gynaecologist etc., at CHCs in Bokaro. There is also an acute crunch of staff nurses at CHCs.¹⁸ Initial DMF investments, to fill in this gap, could have been a great help to the people.

WEST SINGHBHUM

The top iron ore mining district of the state, West Singhbhum, has a cumulative DMF accrual of more than Rs 424 crore. The annual estimated collection of the district is about Rs 165 crore.

As per latest information, obtained from the district mining department in 2016–17, the total production of iron ore in the district was about 16.3 million tonnes. Currently, there are more than 100 iron ore mines, out of which above 40 per cent is located in Noamundi. The main player in the region is Steel Authority of India Limited (SAIL).

Noamundi, Manoharpur and Jhikpani are the most extensively affected areas of the district (*see Table 18: Mining-affected areas in West Singhbhum district*). The areas are primarily rural in nature with a very high proportion of tribal population, ranging from 55–75 per cent (*see Table 19: Overall demographic profile of mining-affected areas in West Singhbhum*).

Collection
of DMF funds
**Rs 424
crore**

Estimated annual
DMF accrual
**Rs 165
crore**



Rajeev Ranjan / CSE

A locked up health centre in Manoharpur, West Singhbhum district, due to unavailability of resources and medical personnel

Table 18: Mining-affected areas in West Singhbhum

Block/municipality name	Total number of panchayats	Number of affected panchayats
Noamundi	18	12
Manoharpur	15	11
Jhikpani	7	3
Chaibasa	15	2
Manjhari	10	2
Jagganathpur	16	1

Source: District Mining Department, West Singhbhum, 2018

Table 19: Overall demographic profile of mining-affected areas in West Singhbhum

Block/municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Noamundi	51.9	48.1	7.1	58.1
Manoharpur	86.2	13.8	2.9	67.4
Jhikpani	75.7	24.3	5.3	59.8
Chaibasa*	55.4	44.6	3.9	55.7
Manjhari	100	0	1.4	76.8
Jagganathpur	88.0	12.0	5.4	59.6

Note: *Chaibasa includes Chaibasa block and Chaibasa Nagar Parishad

Source: Census of India, 2011

Table 20: Sanctions in various sectors

Area	No of schemes	Sanctions (in Rs crore)	Percentage of total sanctions (%)
Rural piped water supply	13	94.68	56
Sanitation (construction of toilets)	-	51.24	30.4
Others (training centre, roads)	-	22.69	13.5

Source: District Mining Department, West Singhbhum, April 2018

Trend of sanctions

- West Singhbhum has sanctioned about Rs168 crore from DMF funds primarily on water supply and ODF projects (see Table 20: Sanctions in various sectors).
- A total of 13 schemes have been sanctioned related to water supply, amounting to nearly Rs 95 crore. Of these, half the schemes are concentrated in Chaibasa and Manoharpur areas, amounting to about 61 per cent of the total sanctions so far (see Table 21: Block-wise water supply schemes in West Singhbhum district). No sanctions have been made towards the other highly affected areas of Noamundi and Jhikpani.
- In sanitation, about Rs 52 crore have been sanctioned for construction of slip back toilets and IIHL in various blocks.

Effectiveness of sanctions

A heavily tribal dominated area, unlike any key mining district of Jharkhand, West Singhbhum severely suffers from poor nutrition indicators (see Table 22: Status of key human development indicators and amenities). However, the straight-jacket approach of sanctions focusing on two sectors following state directives has taken away the scope of need-based planning and investments. The effectiveness remains questionable considering the ground situation particularly with respect to the following aspects.

- **Nutrition and child development:** The district has an U5MR of 96, one of the worst in the country. Nutrition levels among children below the age of five years are alarming. About 63 per cent rural children are stunted

About 63 per cent rural children are stunted and 67.5 per cent are underweight

Table 21: Block-wise water supply schemes in West Singhbhum district

Block	No. of schemes	Sanctions (in Rs crore)
Manjhgaon	1	15.4
Tantnagar	1	6.3
Manjhari	1	5.4
Jagannathpur	1	8.5
Manoharpur	3	27.7
Chakradharpur	1	0.2
Bandgaon and Chakradharpur	1	0.5
Chaibasa	4	30.8

Source: CSE analysis



Rajeev Ranjan / CSE

West Singhbhum district has a U5MR of 96, one of the worst in the country

Table 22: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	1,502,338	14.5	85.4	3.8	67.3
Households	302,046	14.8	85.2		
Literacy	58.6	82	54	63.7	53.4
Nutrition status- U5MR		38	96		
Treated tap water access		35.9	2.5		
BPL population (%)	65.7				
Rural household earnings— with highest earning head getting below Rs 5,000 per month (%)	53.8				
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	46.3	53.8		27.3	

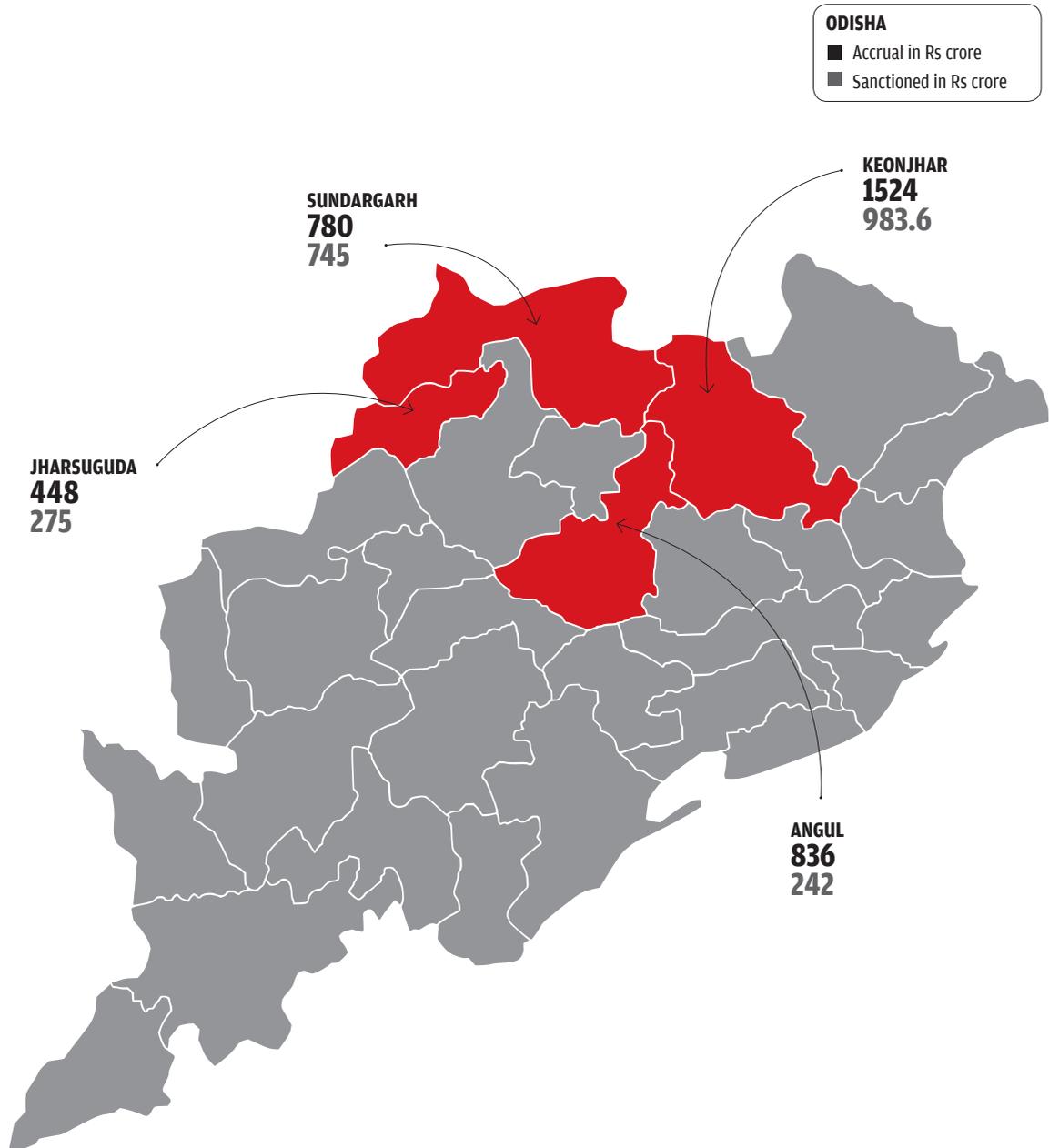
Source: Census of India, 2011; Socio Economic Caste Census, 2011

Chaibasa blocks. In other places, PHCs are serving two to three times their capacity. The district has a 60 per cent deficit in doctors/medical officers in PHCs and CHCs, and about 55 per cent positions of doctors are vacant at the district hospital.²⁰

- Even the district's drinking water sanctions are not appropriately targeted towards the worst affected areas. While nearly Rs. 95 crore have been sanctioned for drinking water projects in the rural areas, works are yet to be sanctioned in highly affected Noamundi and Jhikpani blocks.

ODISHA

The total cumulative accrual in DMF in various districts of Odisha stands at more than Rs 4,453 crore (till March 2018)—the highest in the country. More than 65 per cent of this is from non-coal mining such as iron ore, chromite and bauxite etc. The share of coal/lignite is about 34 per cent. Based on the completeness of information, CSE has analysed the trend of investments through DMF funds in four top mining districts of Odisha.



Overall observations for the state

DMF administration

- Various districts in the state have identified mining-affected areas (villages and municipalities), as per the State DMF Rules guidance. These include villages/ municipal areas within a 10 kilometer radius from the mines. However, districts have also been asked to map mining-affected areas by the state government using GIS mapping technology, which should be made available in the DMF website for public information. Districts such as Keonjhar are currently in the process of making information public by putting in on the DMF website.
- Identification of indirectly-affected areas still remains a concern as the government is trying to arrive at some thumb rules. In absence of it, districts are going by their own logic. For example, Sundargarh district has included all four municipalities under the indirectly-affected area, justifying that people of directly-affected areas are dependent on infrastructure and resources of the municipalities in various ways.
- No district has identified DMF beneficiaries yet.
- With respect to DMF offices, districts with annual receipts of Rs 100 crore have set up PMUs, following directions of the state government. This has been established in the top five districts—Keonjhar, Sundargarh, Angul, Jharsuguda and Jajpur. The PMUs are being managed by consultants such as Earnest and Young, Pricewaterhouse Coopers etc. However, there is no dedicated DMF office, and one official is being identified as the DMF in-charge to whom the PMU will report. So far this has only happened in Sundargarh district²¹.

Total DMF collection
Rs 4,453
crore

Total expenditure
Rs 529.8
crore



Srestha Banerjee / CSE

People in mining-affected tribal areas of Odisha are barely aware of their rights under DMF and continue to live in abject poverty and deprivation

Table 23: Sector-wise allocations and expenditures in Odisha

Sector	Sanctioned amount (in Rs crore)	Percentage of total sanction	Expenditure (in Rs crore)
Physical infrastructure	873.5	33.7	137.8
Drinking water supply	651.3	25.2	129.7
Healthcare	459.3	17.7	79.5
Education	272.2	10.5	75.8
Irrigation	123.7	4.8	41.8
Energy and watershed	55.4	2.1	25.7
Welfare of women, children and aged people	47.2	1.8	13.2
Skill development	45.1	1.7	4.4
Sanitation	18.1	0.7	0.2
Environment preservation and pollution control	12.3	0.5	4.3
Afforestation	9.4	0.4	6.2
Housing	3.1	0.1	0.7
Administrative expenses	5.7	0.2	3.3
Others	12.9	0.5	7.2
Total	2,588.9		529.8

Source: Department of Planning and Convergence, Government of Odisha, April 2018

- Regarding DMF audits, as per information of the state Planning and Convergence Department, so far, financial audit reports have been received from five districts.
- Odisha is one of the states which have developed a DMF website with district-specific information. The available information is related to the trustees and members of various DMFs, fund allocations and expenditures, and GC meeting minutes.

DMF investments

- While various districts in Odisha have touched upon the high priority issues in varying proportions in their sanctions, physical infrastructure remains a key focus so far. Considering the overall trend in the state, this is for nearly 34 per cent of the total sanctions (see Table 23: Sector-wise allocations and expenditure in Odisha); however, this is much higher in some districts such as Sundargarh.
- The other major sectors for which funds have been sanctioned include drinking water supply (25.2 per cent), healthcare (17.7 per cent) and education (10.5 per cent).

It is to be noted that the state is also adding on funds from the corpus that is with Odisha Mineral Bearing Areas Development Corporation (OMBADC), developed as a special purpose vehicle (SPV) in 2014. This now also has funds coming in from

Major sectors for which funds have been sanctioned include drinking water supply, healthcare and education



Srestha Banerjee / CSE

About 25.2 per cent of the total DMF sanctions in Odisha have been provided for improving drinking water supply in the districts

Less than 2 per cent of DMF sanctions have gone to women and child development, a critical issue in most mining districts

illegal miners who were directed to pay a hefty fine by the Supreme Court of India for illegally mining iron ore. This money, as per the apex court directions, must be used for the 'benefit of tribals in the affected districts'.²² As per official sources, about Rs 13,000 crore has been collected so far through payment of fines. As per official sources, about 50 per cent of this is now being used for piped-water supply.²³

- In most sectors, however, the works are primarily construction-driven. For example, in Keonjhar district the entire healthcare sanction is for construction of one medical college, the education sanction is only for construction of additional classrooms, skill development is focused on construction of driver training centre, skill development centre and hostels. The trend is similar in Angul, Sundargarh and Jharsuguda as well.
- The sanctions in all the districts clearly show the lack of a systematic planning approach prioritizing the need of mining-affected people and taking into account the ground realities. This is evident from a very low proportion of investments towards some of the crucial issues such as child development, healthcare and livelihood.
- Ironically, even after being the richest state in terms of receiving Compensatory Afforestation Fund Management and Planning Authority (CAMPA) funding, districts in Odisha also sanctioned a total of Rs 9.4 crore for afforestation from DMF funds. As per official information, after considering the last five years (2012–13 to 2016–17), around Rs 1,375 crore of CAMPA funds has already been released to the state.

KEONJHAR

So far, Keonjhar district has the largest cumulative collection of DMF funds in Odisha. The district has collected Rs 1,524 from DMF (as on 31 March 2018) and is estimated to receive Rs 300 crore each year. Most of the DMF money coming to Keonjhar is from iron ores. As per latest information, the district has 21 operational iron ore mines operated by both public and private companies including Odisha Mining Corporation Ltd (OMC) and Steel Authority of India Limited (SAIL). Besides, the state has manganese mines as well.

Of the total 13 blocks in the district, 491 villages in six blocks have been identified as mining-affected (*see Table 24: Directly mining-affected villages in Keonjhar district*). This is done in line with the state DMF Rules which asks for directly-affected areas to be identified within a 10 kilometer radius from the mines.

Joda, Banspal, Hatadihi, Jhumpura and Champua blocks are the ones worst affected by mining activities. Except for Joda, which includes Joda and Barbil municipalities, all other blocks are almost entirely rural. The mining-affected areas also have a high proportion of tribal population (*see Table 25: Demographic profile of mining-affected blocks in Keonjhar district*).

**Collection
of DMF funds
Rs 1,524
crore**

**Estimated annual
DMF accrual
Rs 300
crore**

Table 24: Directly mining-affected villages in Keonjhar

Block name	Number of villages	Number of municipal areas
Joda	116	17*
Jhumpura	104	–
Banspal	69	–
Hatadihi	64	–
Champua	63	–
Keonjhar Sadar	49	1**
Harichandanpur	8	–

Note: * Includes Joda and Barbil municipal areas; ** Keonjhar municipality

Source: District Mineral Foundation portal, Keonjhar, 2018

Table 25: Demographic profile of mining-affected blocks in Keonjhar

Block/municipality name	Urban (%)	Rural (%)	SC (%)	ST(%)
Joda	15	85	9	60
Joda (M)	100	–	17.3	27.7
Barbil (M)	100	–	12.8	24.5
Jhumpura	5	95	7	51
Banspal	0	100	4	80
Hatadihi	0	100	26	18
Champua	9	91	9	46
Harichandanpur	3	97	7	56
Keonjhar Sadar	–	100	10	50

Source: Census of India, 2011

Table 26: Sanctions in various sectors

Sector	Sanctions (inRs crore.)	Percentage (%)	Key projects
Health	396.0	40.3	A medical college and its related works (more than 96 per cent)
Physical infrastructure	360.0	36.6	Roads and bridges
Drinking water supply	132.4	13.5	Tube well at various locations (80.58 per cent); piped watersupply in Joda and Barbil (14.3 per cent)
Education	47.5	4.9	Construction of additional classrooms (72.82 per cent); construction of hostels (20.90 per cent)
Welfare of women and children	1.9	0.2	Construction and upgrading of AWCs
Skill development and employment	25.4	2.6	Driver training center (58.7 per cent); construction of skill development centre and hostel (33 per cent)
Irrigation	16.0	1.6	Check dams (60.4 per cent); lift irrigation and minor irrigation (39.5 per cent)
Energy and watershed development	3.0	0.3	Rainwater harvesting systems (88 per cent)
Afforestation	1.6	0.2	Soil conservation works (90 per cent)

Source: DMF district portal, Keonjhar

Nearly the entire amount of the Rs 396 crore healthcare sanctions is for one 100-seated medical college and training hospital in Keonjhar town

Trend of sanctions

- In Keonjhar, around Rs 983.6 crore has been sanctioned for various developmental projects (see Table 26: Sanctions in various sectors).
- Health sector has the highest sanctions (more than 40 per cent), though more than 96 per cent of it (about Rs 383 crore) is for one medical college in Keonjhar town.
- Drinking water is another high priority issue, for which funds have been given. However, the Rs 132.4 crore sanctioned is primarily for digging tubewells in various rural areas. In Joda and Barbil, 14.3 per cent of the area has been earmarked for piped water supply.
- Relatively smaller sanctions in education and skill development are focused largely on construction of additional classrooms and a driver training school respectively.

Effectiveness of investments

Keonjhar district fares extremely poorly with respect to various human development indicators such as nutrition, healthcare access, earnings and livelihood (see Table 27: Status of key human development indicators and amenities). Considering these and where the sanctions have been made so far, the analysis suggests the following with regard to its effectiveness.

- While the district has identified its directly mining-affected villages, the investments so far fall short of ensuring that the investments are targeted towards them considering their need. The lack of planning and prioritization of issues upon assessment of the existing deficits is clearly evident from sanctions towards the following important sectors:
 - **Healthcare:** Nearly the entire amount of the Rs 396 crore healthcare sanctions is for one 100-seated medical college and training hospital in Keonjhar town. This is at a time when access to healthcare facilities is a challenge in most rural parts of the districts, which also include the mining-affected areas. Only four per cent villages in Keonjhar have access



Chinmayi Shalja / CSE

Despite a U5MR of 70, only Rs 2 crore worth of funds have been sanctioned towards the women and child development sector in Keonjhar

to a PHC within a five kilometer radius.²⁴ The CHCs in the district are short of 77 per cent of the total specialists required.

- **Women and child development:** Considering that the U5MR is 70 in rural parts of Keonjhar and more than 40 per cent children (below the age of five) are stunted and underweight, the less than Rs 2 crore sanction towards women and child development, clearly shows the lack of planning around the pressing needs of people. In fact this is one of the lowest sanctions out of Rs 983 crore.
- **Livelihood:** More than 90 per cent of the rural households have the highest

More than 40 per cent children in Keonjhar are stunted and underweight

Table 27: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	1,801,733	14.1	85.9	11.6	45.5
Households	406,629	14	86	–	–
Literacy	59.8	79	67	64.4	40.3
Nutrition status—U5MR	–	65	70	–	–
Treated tap water access	–	40.1	2.9	–	–
Rural household earnings with highest earning head getting below Rs 5,000 per month (%)	90.6				
Employment	Workers (%)	Non-workers (%)		Non-workers 15-59 years (%)	
	42.5	57.5		35.9	

Source: Census of India, 2011; Socio Economic Caste Census, 2011



Srestha Banerjee / CSE

DMFs lack proper planning around local resources, which can ultimately help in securing a sustainable livelihood for the local communities

earning member getting below Rs 5,000 per month; the district has done little to alleviate this. The mere 2.6 per cent of the Rs 983 crore sanctions for skilled development is largely geared towards construction such as of a motor driving school and hostels. There is no planning around local resources, such as forest-based resources (the district has more than 37 per cent of forest area), which can secure sustainable livelihood for local communities.

- Similarly, the investments often do not consider the ground realities. For example, while scientific studies show that the district has higher than permissible levels of iron, fluoride and nitrate in the groundwater,²⁵ the entire drinking water sanction is for digging tube wells.

SUNDARGARH

One of richest iron ore and coal producing district of Odisha, Sundargarh, has a cumulative DMF accrual of Rs 780. The district further estimates to receive Rs 400 crore each year in DMF.

In 2016–17, the district produced about 23.63 million tonnes of iron ore. Coal production for the same period was 13.5 MT. Besides, the district also produces minerals such as manganese, limestone and dolomite. The main iron ore mining companies in the district are Rungta Mines Limited, Rungta Sons Private Limited, SAIL, Odisha Mining Corporation (OMC) Limited, Essel Mining and Industries Limited and Jindal Steel and Power Limited, besides many other players. The major coal mining company is Mahanadi Coalfields Limited (MCL).

The directly mining-affected areas of Sundargarh are spread across six blocks and include 27 gram panchayats (GPs)²⁶. These include Koida, Kutra, Hemgir, Kuanmunda, Rajagangapur and Lahunipara (*see Table 28: Mining-affected areas in Sundargarh district*).

Most of these areas are predominantly rural. For example, Kutra, Lahunipada, Nuangaon and Hemgir have 100 per cent rural population. All the mining-affected areas also have high proportion of tribal population (*see Table 29: Demographic profile of mining-affected areas in Sundargarh district*). Apart from the directly-affected GPs, the district has declared 107 GP's and four municipalities—

**Collection of
DMF funds
Rs 780
crore**

**Estimated annual
DMF accrual
Rs 400
crore**

Table 28: Mining-affected areas in Sundargarh

Block name	Total number of GPs	Number of affected GPs
Koida	12	7
Kutra	16	6
Lahunipara	17	4
Hemgir	19	4
Rajagangapur	12	3
Kuanarmunda	20	3

Source: Sunderagarh fourth DMF Trust meeting

Table 29: Overall demographic profile of mining-affected areas in Sundargarh

Block/municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Koida	87	13	6.3	70.2
Kutra	100	–	7.1	77.1
Lahunipara	100	–	6.5	67.9
Hemgir	100	–	14.5	45.3
Rajagangapur	90.5	9.5	5.7	81
Kuanarmunda	91.6	8.4	5.9	76.9

Source: Census of India, 2011

Sundargarh, Rourkela, Rajganjpur and Biramitrapur—as indirectly affected. No rationale has been provided on the identification of these.²⁷

Trend of sanctions

Sundargarh has sanctioned nearly Rs 745 crore for various development projects. The biggest focus of the sanctions, however, is physical infrastructure, which accounts for more than 41 per cent of the total sanctions (*see Table 30: Sanctions in various sectors*).

- The proportion of investment for big physical infrastructure is alarmingly high in severely mining-affected blocks such as Koida and Lahunipara. For example, in Koida, 80 per cent of the sanctioned amount is for big infrastructure,

In Koida, 80 per cent of the sanctioned amount is for big infrastructure projects including major roads

Table 30: Sanctions in various sectors

Sector	Sanctions (in Rs crore)	Percentage (%)	Key projects
Physical infrastructure	307.2	41.1	Roads and bridges primarily
Drinking water supply	238.5	32.0	Piped water supply and related works (68 per cent); Solar tube well and dual pumps (29 per cent)
Education	94.5	12.7	Construction of hostels, construction of industrial training institute (ITI), supply of furniture, dining hall, additional class rooms, water treatment plant etc.
Welfare of women, children and aged people	30.6	4.1	Construction of old age home shelter, astha gruha and AWCS
Environment preservation and pollution control	5.8	0.8	Urban plantation and ecotourism project (90 per cent) and smokeless <i>chullahs</i>
Healthcare	32.9	4.4	Healthcare and medical camps (27 per cent), renovation of district hospital (11.7 per cent), appointment of specialist (9 per cent), construction of Active life safety building management (ALSBM) system, health sub centers, medical equipments and digital records
Sanitation	2.6	0.3	Construction of toilet complexes primarily
Energy and watershed	15.3	2.1	Solar based street lighting (68 per cent) and other lighting works
Irrigation	16.6	2.2	Primarily for renovation of tanks/bandha etc.
Sports	0.9	0.13	Purchase of land for construction of district sports complex, purchase of sports equipments etc.

Source: DMF district portal, Sundargarh

while in Lahuni para it is a staggering 93 per cent. This involves big road projects to the tune of Rs 25–30 crore each.

- Next to physical infrastructure, the second highest sanction is for drinking water supply, amounting to Rs 238 crore. Nearly 68 per cent of this is for piped water supply works. However, most of the sanction (about Rs 113 crore) has been directed for providing piped water supply in three municipalities—Birmitrapur, Rajgangapur and Sundargrah—which the district in a GC meeting had declared as indirectly affected.
- With a heavy focus of infrastructure spending, some of the most critical issues, such as child nutrition and healthcare have barely received any money. The sanctions for each of these are only about Rs 30.5 crore.
- Investments in other areas such as education, women and child development and sanitation are all construction oriented for regular works.



More than 41 per cent of the total sanctions is for physical infrastructure projects in Sundargarh

Table 31: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	2,093,437	35.52	64.74	9.16	50.75
Households	479,109	34.77	65.22	–	–
Literacy	73.34	85	67	70.92	65.08
Nutrition status—U5MR	–	32	67	–	–
Treated tap water access	–	44.8	2.61	–	–
Rural household earnings with highest earning head getting below Rs 5,000 per month (%)	89.8				
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	41.71	58.29		42.95	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

Only Rs 3 crore has been sanctioned for child development, despite U5MR in rural areas being 67

Effectiveness of investments

Like many other mining districts, Sundargarh also fares poorly with respect to various human development indicators such as nutrition, healthcare access, earnings and livelihood. The access to certain basic amenities such as clean water is also limited (*see Table 31: Status of key human development indicators and amenities*). Considering these and where sanctions have been made so far, the analysis suggest the following with regard to its effectiveness:

- The major problem with the investments in Sundargarh is its prime focus on building physical infrastructure which is largely based on big road projects. This has completely taken away the urgency to prioritize and invest on some of the key issues that burden the highly mining-affected areas and people. For example:
 - The district, where U5MR in rural areas is 67 and nearly 50 per cent of the children (below the age of five years) have stunted growth, has barely sanctioned Rs 3 crore on child development and nutrition.
 - Equally neglected is the healthcare sector. A mere sanction of Rs 32.9 crore will do little to improve people's access to decent healthcare. This is based on the fact that on an average only about 33 per cent villages have CHCs within a 10 km radius and only five per cent of the villages have PHCs within a five km radius in the district. The existing facilities, such as PHCs, are serving 1.5 times more their capacity in all highly mining-affected blocks. At the same time, in CHCs and hospitals, there is a deficit of nearly 50 per cent doctors.²⁸
 - There is absolutely no investment towards improvement of livelihood (except for Rs 16 crore for irrigation), that can help people to afford better nutrition and healthcare. Again, this is based on the fact that most people are poverty stricken. Nearly 90 per cent of the households in rural areas of the district, also the mining-affected areas, have the highest earning member of the family getting less than Rs 5,000 per month.²⁹ Additionally, nearly 43 per cent of the people within the working age group (15–59 years) are non-workers.

- The district has not only failed to invest on issues of urgency, sanctions are also misdirected with an inclination to spend on municipal areas. For example, while for the most mining-affected Koida block around Rs 7.5 crore has been sanctioned for drinking water projects, Sundargarh municipality, on the other hand, received more than Rs 39 crore for the same purpose—which is nearly six times more than Koida. The district has come up with the logic that such municipalities are indirectly affected and need investments through DMF because people of the mining-affected areas are dependent on them. However, it is difficult to comprehend how investing on drinking water in municipalities would resolve the shortage of clean drinking water access in rural areas.

ANGUL

Angul district has a cumulative DMF collection of Rs 836 crore (till March 2018)—second highest in Odisha. The estimated annual collection is about Rs 250 crore.

The primary contribution to DMF is from coal mining which is concentrated in the Talcher coalfields. The district has 11 operational coal mines operated by Mahanadi Coalfield Limited (MCL), a subsidiary of Coal India Limited (CIL). Of these, nine are located in Talcher block and one each in Kaniha and Chhendipada block. Other minerals found in the district include chromite, manganese, mica and quartz etc.

The mining-affected areas of the district are concentrated in Talcher block with a total of 21 affected gram panchayats. Besides this, the mining-affected areas are also spread across Kaniha and Chhendipada blocks (*see Table 32: Mining-affected areas in Angul district*). Except for Talcher municipality, other mining-affected areas are predominantly rural (*see Table 33: Demographic profile of mining-affected areas in Angul*).

Trend of sanctions

- A total of about Rs 242 crore has been sanctioned in Angul for various developmental works (*see Table 34: Sanctions in various sectors*).
- The highest sanctioned amount of about Rs 84.6 crore is for drinking water, which is primarily for ensuring piped water supply.
- Education is the second sector with the district's focus. However, the Rs 59

**Collection of
DMF funds
Rs 836
crore**

**Estimated annual
DMF accruals
Rs 250
crore**

Table 32: Mining-affected areas in Angul

Block/municipality name	Total number of GP	No. of affected villages	
		Directly-affected	Indirectly-affected
Talcher*	21	195	–
Talcher (M)	Entirely identified as directly-affected		
Kaniha	11	91	10
Chhendipada	34	150	40

Note: *As per information from district officials, the entire block is being considered mining-affected.



Sreetha Banerjee / CSE

Women in Angul have demanded direct benefit transfer for basic needs such as clean fuel, ability to purchase food etc., however, the government's indirect subsidy has not been of much help

Table 33: Demographic profile of mining-affected areas in Angul

Block/municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Talcher	68.79	31.20	18.59	9.26
Talcher (M)		100	18.75	4.16
Kaniha	93.5	6.5	21.5	8.4
Chhendipada	100		21.5	10.7

Source: Census of India, 2011

Table 34: Sanctions in various sectors

Sector	Sanctions (in Rs crore)	Percentage (%)	Key projects
Drinking water supply	84.6	34.6	Piped water supply and related works (92 per cent); rest is solar and other water supply works
Education	59.3	24.2	Model schools (53 per cent), additional classrooms (21 per cent), renovation and other related works in Talcher college (14 per cent), and construction of school buildings (5 per cent)
Health Care	13.8	5.6	Focus is primarily on improving resources at the district hospital such as, purchase of equipments (36 per cent), medical staff recruitment (25.4 per cent), cooling water facilities in healthcare facilities (14.4 per cent), postmortem centers and mortuary (14 per cent), and other works
Welfare of women, children and aged people	4.2	1.7	Construction of AWCs
Skill development	0.8	0.3	Renovation of workshops, buildings of ITI Talcher
Irrigation	12.9	5.3	Lift irrigation, ponds/tanks etc.
Physical infrastructure	57.5	23.5	Primarily roads
Energy and watershed	7.5	3.1	Power lines infrastructure (86 per cent)
Environment preservation and pollution control	1.1	0.4	Urban plantation (54 per cent) and bio-gas plant (46 per cent)
Sanitation	1.7	0.7	Solid waste management program in Talcher municipality

Source: DMF district portal, Angul

crore sanctions, so far, is primarily for construction works such as model schools, renovation of Talcher College, additional class rooms etc. Out of the seven model schools, four are in non mining areas with a worth of Rs 18 crore.

- Besides these, about Rs 57 crore has been allocated towards construction of roads.
- Sanctions for other important issues—such as healthcare, nutrition, and livelihood enhancement (including skill development and irrigation)—do not show any clear focus and have received very less funding.

Table 35: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	1,273,821	16.2	83.8	18.8	14.0
Households	300,105	6.5	93.5	–	–
Literacy	77.53	87	76	18.8	14.1
Nutrition status—U5MR	–	44	62	–	–
Treated tap water access	–	42.0	4.8	–	–
Rural household earnings with highest earning head getting below Rs 5,000 per month (%)	83.8				
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	41.3	58.7		43.0	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

The district has failed to invest on issues that can help improve people's earnings and livelihoods

Effectiveness of investments

With high poverty in rural areas and overall unemployment in the district, distress is evident in Angul. The district also has categorical problems of poor nutrition, healthcare and access to basic amenities such as clean water. The literacy level of the district is also very low among the marginalized groups as compared to the average level (See Table 35: Status of key human development indicators and amenities).

Considering these fundamental issues, DMF sanctions in the district suggests that:

- The only issue that the district has rightly prioritized is drinking water supply. However, the effectiveness of this would be dependent upon the source of water and whether it is treated or not which determines its usability.
- There is no clear focus on prioritizing issues according to the needs of the affected area and its people. This is evident from investments particularly in sectors such as women and child development, and livelihood. For example:
 - Sanctions worth Rs 4 crore for women and child development are largely for construction of AWCs. However, this is a sector where additional investment was required through proper planning, given the fact that the average U5MR in the district is 59 and 62 in rural areas, respectively.
 - Similarly, the district has failed to invest on issues that can help improve people's earnings and livelihoods. Nearly 43 per cent of people within the working age group (15–59 years) are non-workers. Rural areas are also poverty stricken with nearly 84 per cent of rural households have highest earning heads getting below Rs 5,000 per month. Despite this, funds worth a negligible Rs 0.8 crore have been sanctioned to improve living standards—specifically for livelihood and skill development. The sanctions for irrigation (a mere 5 per cent) are also clearly sub-optimal.
 - Another poorly planned sector is healthcare. The focus of the Rs 13.8 crore sanction is on resources at the district hospital. However, investments in primary healthcare are also required in the district. For example, PHCs in

Talcher are serving nearly 1.5 times their capacity. At the same time, PHCs and CHCs in all mining areas have a huge staff crunch, with about a 50 per cent deficit in doctors. Therefore, a simultaneous focus on increasing resources, both at the primary and secondary healthcare facilities, can help improve access to healthcare.³⁰

- For all cases, investments are also heavily construction driven. For example, the entire education sector investment is used for various construction purposes (a large portion of which is in non-mining affected blocks of Angul). If the district did plan judiciously on investments looking into gaps, drinking water supply investments could have been extended to the education sector, i.e. schools. This is considering the fact that there is a severe deficit of tap water availability in schools. In critically polluted areas like Talcher, more than 75 per cent of the schools do not have tap water facilities; in Chhendipada and Kaniha, this is 98 and 92 per cent, respectively.³¹

JHARSUGUDA

Jharsuguda has a cumulative DMF collection of Rs 448 crore (till March 2018), primarily from coal mining. The estimated annual collection is about Rs 150 crore.

There are 14 operational coal mines of Mahanadi Coalfield Limited (MCL), a subsidiary CIL, concentrated in Lakhanpur and Jharsuguda blocks. In 2016–17, the district produced over 45.7 MT of coal.

Mining-affected areas are spread across two blocks, Lakhanpur and Jharsuguda, which also include three municipalities—Belpahar, Brajrajnagar and Jharsuguda (see Table 36: Mining-affected areas in Jharsuguda district). The largest proportion of mining-affected area (villages) falls in the Lakhanpur block. Regarding the municipal areas, three wards of Brajrajnagar have been considered as directly affected. For Jharsuguda municipality it is mostly indirectly affected, while there is no specification for Belpahar municipality.

**Collection of
DMF funds
Rs 448
crore**

**Estimated annual
DMF accruals
Rs 150
crore**

Table 36: Mining-affected areas in Jharsuguda

Block name	Number of directly-affected villages		Number of indirectly-affected/adjacent villages		Total
	By major mineral mining	By minor mineral mining	By major mineral mining	By minor mineral mining	
Lakhanpur	53	67	23	58	201
Jharsuguda	19	19	4	0	42
Jharsuguda MPL	0	1	3	0	4
Brajrajnagar MPL	3	0	0	0	3
Total	75	87	30	58	250

Source: District Mineral Foundation PMU, Jharsuguda

The mining-affected areas also have a high proportion of tribal population. Tribal population is more than 32 per cent in both Lakhanpur and Jharsuguda blocks (see Table 37: Demographic profile of mining-affected areas in Jharsuguda).

Trend of sanctions

A total of about Rs 275 crore has been sanctioned in Jharsuguda for various developmental works (see Table 38: Sanctions in various sectors).

- More than 50 per cent of the total sanction is for drinking water projects. However, a major share of the water sanctions, nearly 92 per cent (Rs 126.7 crore) is for drinking water supply to the three municipalities.



Anindya Sarangi / CSE

There is a lack of access to treated water in mining-affected areas. People rely on untreated ground water sources for drinking water requirements

Table 37: Demographic profile of mining-affected areas in Jharsuguda

Block/ municipality name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Lakhanpur	93.1	6.9	19.2	32.7
Jharsuguda	94.6	5.4	23.8	32.2
Belpahar (M)	0	100	11.9	22.4
Brajrajanagar (M)	0	100	18.8	10.9
Jharsuguda(M)	0	100	14.2	17.3

Source: Census of India, 2011

- In fact, the sanctions in most sectors so far show a clear inclination of urban development centric investments. For example, the Rs 13.4 crore sanctions towards sanitation are for buying mechanized cleaning trucks. Almost an equal amount (Rs 13.2 crore) has been allocated towards power supply and dedicated feeder to the airport.
- Except for drinking water and irrigation, sanctions in all other sectors are scattered.

The misplaced focus is most evident from the Rs 13.2 crore sanctions provided for power supply to the airport

Table 38: Sanctions in various sectors

Sector	Sanctions (in Rs crore)	Percentage (%)	Key projects
Drinking water supply	137.7	50.2	Drinking water supply to three municipalities (92 per cent), others include piped water supply, tube-well, and solar drinking water projects in rural areas
Irrigation	59.8	21.8	Mega lift irrigation (51 per cent), other irrigation (11 per cent), improvement of head-works/ tanks (24.3 per cent) and embankment construction (13.6 per cent)
Education	23.9	8.7	Furniture (33.8 per cent), construction of hostels (15.9 per cent), construction of mini stadium (14.9 per cent), construction of smart classes (12.9 per cent), and mid-day meals in schools (16.5 per cent)
Sanitation	13.4	4.9	Procurements of mechanized trucks for cleaning
Healthcare	8.4	3.1	Power supply to new district hospital (32.3 per cent), purchase of lab and medical equipment (19.8 per cent), construction of sub centers and labour rooms (19.9), and mobile medical units (21.7 per cent)
Welfare of women and children	3.2	1.2	AWC construction (30.3 per cent), supply of eggs in AWCs (28.6 per cent),- mental illness home (26.2 per cent), drug de-addiction center (7.1 per cent), and open shelter (7 per cent)
Welfare of aged and disabled	0.9	0.3	Day care centers (25.6 per cent), destitute home (25.9 per cent), old age home (24 per cent), and tricycles for disabled people (18.5 per cent)
Skill Development	5.6	2.0	Construction of hostels in skill development centers (98.2 per cent) and nurse training
Environment preservation and pollution control	0.6	0.2	Maintenance of parks
Energy and watershed	13.2	4.8	Power supply and dedicated feeder to the airport
Physical Infrastructure	4.5	1.6	Construction of roads and bridges
Afforestation	1.97	0.7	Plantation of tress

Source: DMF district portal, Jharsuguda

Table 39: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	579,505	39.9	60.1	18.1	30.5
Households	132,267	34.0	66.0	–	–
Literacy	78.9	84	76	74.8	68.7
Nutrition status-U5MR	–	41	53	–	–
Treated tap water access	–	30.5	4.1	–	–
Rural household earnings with highest earning head getting below Rs 5,000 per month (%)	85.5				
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	42.7	57.3		45.9	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

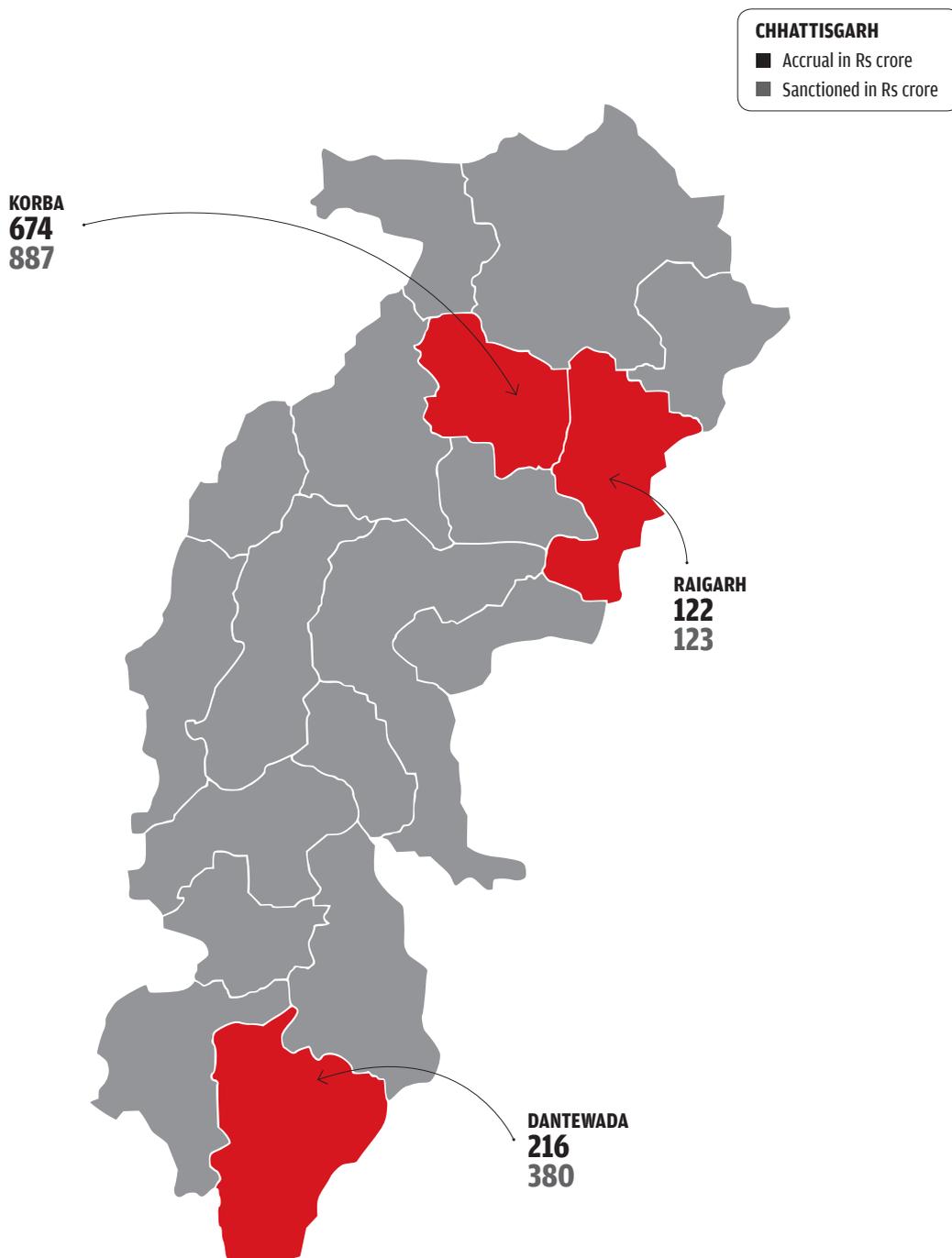
Effectiveness of investments

The rural parts of Jharsuguda district, which also include the worst mining-affected areas, have very poor human development indicators, such as high U5MR and poor employment and earnings (see Table 39: Status of key human development indicators and amenities). There are also deficits in access to basic amenities such as clean drinking water and healthcare. Considering these, the analysis of sanctions suggests the following with regard to its effectiveness:

- The investments in the district clearly show that there is a lack of focus on planned investment prioritizing the worst affected areas and people.
- There is a clear inclination for urban-centric investments. Such as:-
 - While only 3 per cent of households in Lakhanpur—the district’s biggest mining-affected block—have access to treated tap water, 92 per cent of the districts’ drinking water sanction worth Rs. 137 crore is for three municipalities.
 - The misplaced focus is most evident from the Rs 13.2 crore sanctions provided for power supply to the airport. The irony is that this is four times the sanctions that have been used to address nutrition and development issues among women and children in the district. A sense of urgency in these issues is evident from the fact that in rural areas of Jharsuguda U5MR is still around 53 and 38 per cent children below the age of five are stunted.³²
- The district has also largely overlooked other pressing issues such as livelihood opportunities for the poor. The Rs 5.6 crore construction oriented sanctions for skill development, barely pay attention to the high percentage of non-workers across the population, and low household earnings in rural areas.

Chhattisgarh

The total cumulative accrual in DMF in various districts of Chhattisgarh stands at nearly Rs 2,746 crore (as of April 2018). A major share of DMF contribution comes from coal mining, which is about 57 per cent of the total cumulative accrual.³³ Based on the completeness of information, CSE has analysed the trend of investments through DMF funds in three top mining districts—Korba, Raigarh and Dantewada.



Overall observations of the state

DMF administration

- Chhattisgarh has not come up with any specific guidance on identification of the directly affected areas. In absence of guidelines, various districts are identifying directly affected areas/villages in their own way. For example, Korba is considering villages within a three kilometer radius from the mines as directly-affected, for Raigarh district the radius limit is 10 kms.
- While the approach of determining directly-affected areas varies with the state government, all districts have taken a fairly universal approach about indirectly-affected areas. The entire district (apart from directly-affected areas) is considered indirectly-affected under the pretext of mineral transportation through various parts of the district, and associated pollution risks.³⁴
- No district in Chhattisgarh has identified the DMF Trust beneficiaries.
- With respect to DMF offices, the state government has issued an order in July 2017 creating posts for DMF offices in the districts.³⁵ Districts have been placed under three categories depending on the receipt of funds in DMF Trusts annually, and number of posts have been created accordingly. For example:
 - Districts with more than Rs 30 crore in DMF Trust annually will have 10 posts each in the offices (eight official and two others). Nine districts fall under this category.
 - Districts between Rs 10–30 crore in DMF Trust annually will have seven posts each in the offices (six official and one other). 10 districts fall under this category.

Total DMF collection
Rs 2,746
crore

Total expenditure
Rs 1,544
crore



Sayantan Bera / CSE

Many mining districts have a very high proportion of tribal population having some of the worst human development indicators

- Districts between Rs 5–10 crore in DMF Trust annually will have four posts each in the offices (three officials and one other). Four districts fall under this category.
- The state government has also asked for external consultants to be hired for DMF planning, if required. Korba and Raigarh districts have engaged civil society experts for developing DMF plans.
- The state has also extended the reach of DMF funds, and has directed six top mining districts to share a defined proportion of their DMF accruals with neighboring districts. This is considering the effects that mining activities in one district might have on neighboring areas³⁶ (see Box 1: *Sharing of DMF funds*).
- Information on various district DMFs is available through a state portal. However, so far the information available is restricted to details of DMF members in various districts, fund accruals, sanctions and expenditures. There is some scattered information available on DMF meetings and audits, which is available for only a few districts.
- DMF Trust audit has been conducted as per the state Rules. However, this is financial audit only, and no performance or social audit has been conducted so far. It is to be noted that Chhattisgarh is among the few states where DMF Rules require that a social audit is conducted.

DMF investments

- So far, the highest investment has been in physical infrastructure, which includes roads and bridges, amounting for more than 28 per cent of the total sanctions. This is also a key focus in the top mining districts that CSE has analysed (see Table 40: *Sector-wise sanctions and expenditure in Chhattisgarh*).
- Significant sanctions have also been made towards the education sector—about 25 percent of the total—considering it to be an important factor in

The highest investment has been in physical infrastructure, which includes roads and bridges, amounting for more than 28 per cent of the sanctions

Table 40: Sector-wise sanctions and expenditure in Chhattisgarh

Sectors	Sanctioned amount (in Rs crore)	Percentage of total sanction (%)	Expenditure (in Rs crore)
Physical infrastructure	881.1	28.1	352.8
Education	781.8	25	361.1
Drinking water	194.6	6.2	109.7
Environment conservation and pollution control	83.2	2.7	41.9
Health care	234.5	7.5	121.1
Women and child development	75.5	2.4	40.9
Agriculture and allied	166.8	5.3	82
Welfare of old and disabled	19.9	0.6	11.9
Skill development and employment	121.7	3.9	47.7
Sanitation	111.6	3.6	73.2
Public welfare	139.2	4.4	131.1
Irrigation	144	4.6	56.1
Energy and watershed	118.9	3.8	79.4
Others	60.6	1.2	35.4
TOTAL	3,133.3	–	1,544.3

Source: Department of Mines, Chhattisgarh, March 2018.

SHARING OF DMF FUNDS

Chhattisgarh is approaching DMF as an area development fund. The six big mining districts in the state have been directed by the state government to share a pre-defined proportion of their DMF funds with the neighboring districts. The state has identified 14 districts which will receive this contribution in varied proportions (see *Table 41: Sharing of funds among districts in Chhattisgarh*).

For instance, of the total DMF accrual, Dantewada will keep 40 per cent for use within the district. The rest is transferred to Bastar (25 per cent), Sukma (10 per cent), Bijapur (15 per cent), Narayanpur (5 per cent) and Kondagaon (5 per cent). No rationale has been provided for arriving at the specified percentage share. The districts, however, have been selected on the basis of transportation

routes of the minerals mined, or river flow which might be polluted and have a bearing on the well-being of the people living beyond the boundaries of a particular district or near mines falling on the border of two or more districts.

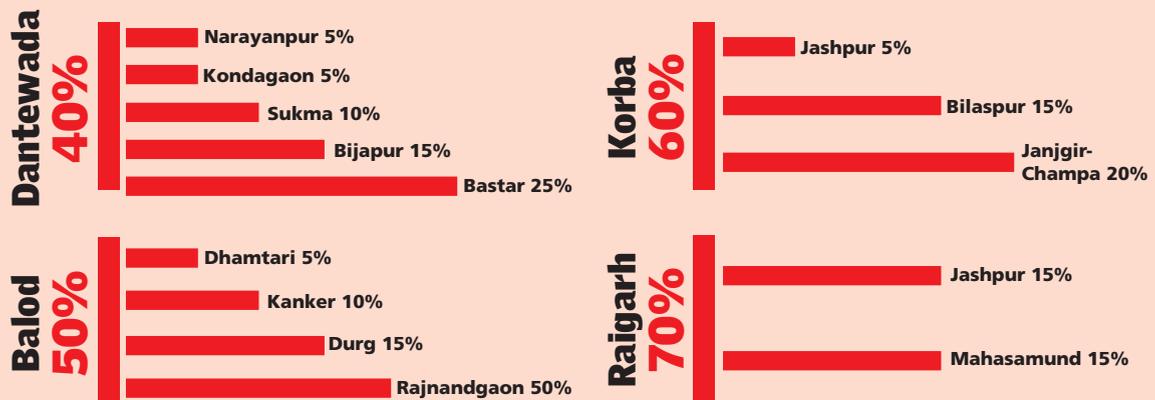
Due to the sharing, districts like Bastar are among the top nine districts in terms of DMF accrual. The district gets approximately Rs 3.6 crore in its DMF Trust from mining within its own boundaries. However, it receives an estimated Rs 55 crore from Dantewada.

All identified 14 districts have been declared as affected due to mining-related operations in the mining clusters of the districts they are receiving DMF funds from (*as per the Mineral Resource Department notification dated 2 January 2016*).

Graph 1: Sharing of funds among districts

District and their share after contribution

Districts receiving DMF contribution



Besides Koriya is also sharing 10% of DMF Funds with Bilaspur and Balodabazar is sharing 20 per cent with Raipur

order to improve various other developmental issues—such as employment. However, so far this is largely construction driven, a prime example being Korba's education hub.

- Only 6.2 per cent of sanctions are for drinking water which is a big concern in all districts of the state.
- Work on ground is yet to take-off with only about half the sanctions actually spent. Overall expenditure till March 2018 has been about Rs 1,544 crore.
- The state government has taken a central role in directing DMF investments, particularly for public welfare programmes and schemes of the central and state government. The state DMF Rules was amended for this in June 2016, placing public welfare under high priority areas and giving state government the 'discretion' to give direction on what can be taken up under this.³⁷
- Following this alteration, the state has directed all districts to spend a portion

of their DMF funds on Pradhan Mantri Ujjwala Yojana, a flagship scheme of the Central Government.³⁸ Emphasis has also been put on 100 per cent electrification of mining-affected villages.³⁹

- A pet project has also been adopted by the state which is developing model villages. A total of 88 villages located in the mine excavation areas of various districts have been hand-picked for this. These villages are to be provided with all basis amenities. Livelihood promotion is a focus to double the income of mining-affected people over the next three years in these areas.⁴⁰
- District-specific directions have also been given, particularly where the fund is high. For example, Korba, the top mining district, has been directed to develop an education hub, and one-fourth of district's Rs 880 crore sanctions has been allocated towards this.⁴¹

Analysis of key mining districts

KORBA

Korba is the top mining district of Chhattisgarh with respect to DMF funds. The districts cumulative accrual in DMF stands at Rs 1,113 crore (as of March 2018), with an annual estimated collection of Rs 400 crore. However, after sharing 40 per cent of its accrual with three neighboring districts—Janjgir-Champa, Jashpur and Bilaspur—the current accrual stands at Rs 674 crore.

Total DMF collection
Rs 1,113
crore

Estimated annual
DMF accrual
Rs 400
crore



Chinmayi Shetty / CSE

While improving livelihood is a key concern of the district, only about 1.3 per cent sanctions have gone for livelihood generation in Korba

Table 41: Directly-affected villages in Korba

Block name	Total number of villages	Villages located within urban areas
Korba	41	18
Kathghora	111	32
Poundi Uproda	28	0
Pali	17	0
Kartala	5	0
Total	202	50

Source: District DMF cell

202 villages falling within 3 kilometer radius from mines have been considered directly-affected in Korba

The major share of Korba's DMF funds comes from coal mining. As per information provided by the district, there are 15 operational coal mines, of which 14 are leased to South Eastern Coalfields Ltd (SECL)—a subsidiary of Coal India Limited (CIL)—and one is operated by Bharat Aluminum Company Limited (BALCO).

The mining-affected areas are spread across all five blocks—Katghora, Korba, Poundi Uproda, Pali and Kartala. Villages within a three kilometer radius from the mines, in each of these blocks, have been identified by the district as directly-affected. A total of 202 villages fall under this category. While evidently, most villages are located in rural areas, about 25 per cent of the affected areas fall in urban parts of Katghora and Korba blocks (*see Table 41: Directly-affected villages in Korba district*). Katghora is the worst-affected mining block, with about 55 per cent directly-affected villages, followed by Korba. The two blocks have a sizeable proportion of Scheduled Tribe (ST) population (*see Table 42: Overall demographic profile of key mining-affected blocks in Korba district*).

Besides the directly-affected villages, the remaining district has been identified as indirectly-affected. The rationale behind this is that the mineral is transported through most areas, which exposes the people living there to the mineral dust and pollution. It is also in anticipation of new mines coming up in these areas.

Table 42: Demographic profile of key mining-affected blocks in Korba

Block name	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Poundi Uproda	100	0	4	73
Kathghora	61	39	12	30
Pali	97	3	9	53
Korba	26	74	13	25.5
Kartala	100	0	11	49
Total	63	37	10	41

Source: Census of India, 2011; the blocks include municipal and other ULB areas as well.

Table 43: Sanctions in various sectors

Sector	Sanctioned amount (in Rs crore)	Total sanctions (%)	Key works for which money has been sanctioned
Education	311	35	Integrated education hub (69 per cent); construction of schools, hostels, teachers' residences and laboratories etc. (29 per cent)
Physical infrastructure	216.3	24.4	Roads, bridges, godowns, panchayat <i>bhavans</i> etc. (65 per cent); big urban projects such as Gaurav Path, convention hall, multi-level parking (35 per cent)
Drinking water	68	7.6	Water supply to fluoride affected hamlets (50.7 per cent); anicut construction under AMRUT (22 per cent); Hand pumps, tubewells and solar pumps (14 per cent)
Sanitation	60.7	6.8	Construction of drains in urban area (72.4 per cent); individual household toilets (24.4 per cent)
Healthcare	26.7	3	Construction of health centers (83 per cent); AYUSH center (10 per cent)
Public welfare	34.3	3.9	Ujjawala Yojana- LPG cylinders (88.5 per cent)
Environment conservation and pollution control	29.5	3.3	Eco-tourism spot (43 per cent); lake conservation (18 per cent); Barrage garden in urban area (14 per cent)
Welfare of women and children	14.7	1.65	Construction of AWCs (87 per cent); additional nutritional food to identified beneficiaries under ICDS (12.5 per cent)
Welfare of old and disabled	7.8	0.9	Construction of hostels and residential school
Skill development	11.7	1.3	Construction of livelihood college and skill development centers (67 per cent); development of fisheries, lac, bee-keeping etc. (17 per cent); renovation of livelihood and skill development facilities such as of Kosa silk (11 per cent)
Agriculture and allied activities	4.4	0.5	Seedling units (28 per cent); farmer training centers (23 per cent); Check-dams (17.6 per cent)
Irrigation	89	10	Building of anicuts (73 per cent); drainage (13 per cent) construction of stop dams/bunds (13 per cent)
Energy and watershed	7.13	0.8	Electrification of villages and health centers (83 per cent); solar powered plant (13 per cent)
Capacity building of panchayats for monitoring DMF projects	3.2	0.4	
Related to benefit transfers	0.2	0.02	Electrification of fair price shop and providing water coolers.
Citizens rights	2.4	0.3	–

Source: DMF portal, Chhattisgarh

Trend of sanctions

- Korba has sanctioned more than Rs 887 crore from DMF funds for various development activities in the district (*see Table 43: Sanctions in various sectors of Korba district*).
- Overall, the district has touched upon most sectors/issues identified under the DMF Rules where funds may be used. However, there is no clear sense of prioritization of investment considering the most critical problems of the mining-affected areas. For example, the combined sanctions for child development and welfare of vulnerable sections—such as women, old and disabled people—is a total of Rs 22.5 crore, which is less than the money that has been earmarked for developing urban gardens, eco-tourism and lake preservation—that is around Rs 29.5 crore.
- In most sectors, sanctions are also heavily focused on developing various kinds of infrastructure. A prime example is the education sector, where 69 per cent of the Rs 311 crore sanctions are for the construction of an education hub. Similarly, around Rs 216 crore have been sanctioned for a mixed bag



Chinmayi Shetya / CSE

In Korba, 69 per cent of the Rs 311 crore education sanctions are for the construction of an integrated education hub

About 46 per cent of the total sanctions are directed towards projects in urban areas, primarily in Katghora and Korba blocks

of infrastructure projects such as roads, bridges, panchayat *bhavans*, multi-level parking and a convention hall. There is a clear lenience in spending on urban infrastructure. About 46 per cent of the total sanctioned amount (nearly Rs 407 crore) is directed towards projects in urban areas, primarily in Katghora and Korba blocks. The district is even supplementing strictly urban schemes such as Atal Mission for Rejuvenation and Urban Transformation (AMRUT), through DMF. Out of the Rs 68 crore drinking water sanction in the district, nearly one-fourth (about Rs 15 crore) is for constructing an anicut under AMRUT (Korba city has been identified as an AMRUT city).

- The district have also contributed more than Rs 34 crore from DMF funds towards Ujjawala Yojana, in line with the state government's directions.

Effectiveness of investments

Korba, a mining and power hub of Chhattisgarh, has a stark contrast when it comes to human development indicators and availability of some of the basic amenities particularly in rural areas (*see Table 44: Status of key human development indicators and amenities*). The trend of sanctions in Korba suggest the following with respect to its effectiveness in addressing some key concerns of mining-affected people and areas:

- There is a clear lack of focus on targeting investments towards mining-affected people and the worst affected areas. This is clear from the fact that while 75 per cent of directly affected areas are rural, 46 per cent of sanctions is for urban-centric projects.
- Not only is the money disproportionately directed towards urban areas, investments are also misplaced. For example, there is no rationale for using DMF funds (Rs 43 crore) for building a multi-level parking lot and convention center in Korba.

Table 44: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	1,206,640	37	63	10.3	40.9
Households	280,073	35.7	64.3	–	–
Literacy	72.3	83	65	73.8	63.7
Nutrition status—U5MR	–	38	66	–	–
Treated tap water access	–	38.4	3.4	–	–
Rural household earnings—with highest earning head getting below Rs 5,000 per month (%)	91.3				
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	43	57		36.3	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

- With a focus on investment on big infrastructure projects such as the education hub, roads and bridges etc., the district has also failed to prioritize and focus on issues that need urgent attention. For example:
 - In Korba—which has been identified as critically polluted by the CPCB,⁴²—access to clean drinking water and public health is a prime concern. Only 6 per cent of the total households in rural parts of Katghora block, which has the highest proportion of directly-affected villages in the district, have access to treated tap water.⁴³ The problem of water pollution in the area has also been noted by authorities such as the Central Ground Water Board (2016), where high fluoride content (2.1 to 5.1 mg/l) has been recorded in groundwater in Katghora and Kartala blocks, and very high iron contamination (in the range of 1.08 to 43.82 mg/l) has been found at various locations in Katghora, Korba and Kartala blocks.⁴⁴ However, contrary to the situation, only Rs 68 crore has been sanctioned for drinking water, of which about 22 per cent is for AMRUT programme.
 - Another key issue is nutrition and child development. The district's U5MR is 66 in rural areas,⁴⁵ and around 40 per cent of children below five years of age are underweight.⁴⁶ However, a negligible Rs 14.7 crore has been sanctioned for child development, primarily for construction of AWCs. In fact, the sanctions for eco-tourism spot, lakes and urban gardens is double than AWCs.

DANTEWADA

Dantewada has the second highest share of DMF funds in Chhattisgarh with a total cumulative accrual of Rs 550 crore (as of March 2018). The district estimates to receive Rs 220 crore each year in DMF. However, after sharing 60 per cent of its accrual with five neighboring districts—Bastar, Bijapur, Kondagaon, Narayanpur and Sukma—the current accrual stands at Rs 216 crore.

Most of the collection in Dantewada comes from iron ore mining in the Bailadila mountain ranges located in the southern part of the district. As per district records, the district has seven operational iron ore mines, located in Kuwakonda and Dantewada blocks. The iron ore mines are leased to National Mineral Development Corporation (NMDC). The district also has about eight tin ore mines, seven of which are in Dantewada and one in Katekalyan blocks.

Total DMF collection
Rs 550
crore

Estimated annual
DMF accrual
Rs 220
crore

Table 45: Directly-affected villages in Dantewada

Block name	Number of directly-affected villages		
	By major mineral mining	By minor mineral mining	Total
Dantewada	58	11	69
Kuakonda	55	3	58
Katekalyan	43	8	51
Geedam	0	10	10
Total	156	32	188

Source: District mines department

Most of the directly-affected areas are spread across Dantewada, Kuwakonda and Katekalyan blocks. The district has included almost all villages in these blocks under directly-affected (*see Table 45: Directly-affected villages in Dantewada district*). Geedam block has a very small number of directly-affected villages. Apart from these, the rest of the district—including the municipal area—has been classified as indirectly-affected, considering the fact that many areas are affected by the flow of water and transportation of minerals.



Srikant Chaudhary / CSE

Minor forest produce such as Mahua holds enormous potential for enhancement of livelihood opportunities in mining districts which have significant forest land

Table 46: Overall demographic profile of key mining-affected blocks in Dantewada

Block	Rural (%)	Urban (%)	SC (%)	ST (%)
Dantewada	63	37	5	64
Kuwakonda	71	29	6	69
Katekalyan	100	0	1	92
Geedam	83	17	2	69
Total	76	24	4	71

Source: Census of India, 2011; the blocks include municipal area and ULBs as well.

All the mining-affected areas in the district also have a very high proportion of tribal population. The highest is in Katekalyan block which is 92 per cent (see Table 46: Overall demographic profile of key mining-affected blocks in Dantewada district).

Trend of sanctions

- Dantewada has sanctioned Rs 380 crore so far from DMF funds for various works spread across sectors highlighted in the state DMF Rules (see Table 47: Sanctions in various sectors).
- The highest sanction of Rs 132 crore or 34.7 per cent is towards physical infrastructure focusing on construction of roads and bridges.
- The construction driven approach is evident in other sectors too. For instance,

Table 47: Sanctions in various sectors of Dantewada

Sector	Sanctioned amount (in Rs. crore)	Percentage of total sanction (%)	Kind of work
Physical infrastructure	132	34.7	Construction of roads, bridges, community hall etc.
Education	95.1	25	Major investment is in construction/renovation works, such as schools, hostels, classrooms, approach roads, teachers' quarters and labs (68.4 per cent); for books, uniforms and lab equipment etc. (10.5 per cent)
Health care	51	13.4	Various works at district hospital, such as construction of delivery units, anaesthesia facilities etc., rooms, doctors' residence, renovation (44.3 per cent); salaries for doctors and health staff at DH, health centers (31.3 per cent)
Agriculture and allied activities	36.5	9.6	Kadakhnath chicken hub (23.6 per cent); allowance for equipment purchase to tribal farmers (20 per cent); cow conservation and research center (9.7 per cent)
Skill development	19.7	5.2	Various works at polytechnic college in Geedam (47 per cent); Provisions and training to women from SHGs for e-rickshaws (14 per cent)
Drinking water	5.4	1.4	Tube well and solar pumps (66 per cent); pipeline extension and renovation (15 per cent); drinking water arrangements at CRPF camp and state power generation company CSPDCL (6 per cent)
Sanitation	7.3	1.9	Construction of culverts (33 per cent); renovation of existing toilets (23.6 per cent); construction of retaining walls, sheds etc. (20 per cent)
Environment conservation and pollution control	4.2	1.1	Lake deepening and beautification (49 per cent); Plantations (16 per cent), rest unclear
Welfare of women and children	6.2	1.6	Organising e-mitanin and women empowerment programme (50 per cent); Construction and renovation of AWCs (20.4 per cent)

Continued on pg 74

Welfare of old and disabled	0.5	0.1	Construction of old age home (63 per cent)
Ujjawala yojna	4.3	1.1	Gas connections to households
Irrigation	3.3	0.9	Renovation of streams and stop dams, lining of streams
Energy and water-shed	14.9	3.9	Solar lights and street electrification in villages, schools, hospitals etc.
Administrative cost	0.1	0.03	

Source: District Mines Department, Dantewada

in education, where about Rs 95 crore has been sanctioned, 68 per cent is for construction of school, hostel buildings, rooms, labs and teachers’ quarters.

- The district, however, has made some good investment in healthcare addressing both infrastructure and resource issues, such as spending on salaries of doctors and healthcare staff at various facilities to attract and retain people.
- Nearly 50 per cent of the sanctioned money so far is for works in Dantewada block which has the maximum number of mining-affected villages. These include investments in education, upgradation of the district hospital and staff salaries, and skill training etc. However, except for Dantewada block, the district’s other investments do not show a clear focus of prioritizing investments in directly affected areas.

Effectiveness of investments

A remote and tribal dominated district, Dantewada has some of the worst income levels, nutrition indicators, and access to basic amenities such as clean water that is crucial for good health (see Table 48: Status of key human development indicators and amenities). Considering these factors along with the mining-affected areas of



Chinmayi Shetye / CSE

In Chhattisgarh about 25 percent of the total sanctions is for education, considering it to be an important factor in order to improve various other developmental issues

Table 48: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	283,479	24.0	76.0	4.0	71.0
Households	65,176	25.0	75.0	–	–
Literacy	48.6	80	38.2	75.6	37.4
*Nutrition status- U5MR	–	26	65	–	–
*Treated tap water access	–	41.0	2.0	–	–
*Rural household earnings- with highest earning head getting below Rs. 5,000 per month (%)	94.7				
Employment	Workers (%)	Non-workers (%)		Non-workers 15-59 years (%)	
	51	49		18.7	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

*Includes Sukma district which was earlier part of Dantewada

the district, the investments in Dantewada suggest a mixed bag trend in terms of its effectiveness:

- With respect to addressing the need of mining-affected areas, the district has made some investments for issues such as education and healthcare. In fact, the district healthcare investments are important considering that it has both looked into infrastructure and resources. However, what is lacking is a consideration for simultaneously investing in other areas which are closely related to public health, and are important for overall improvement of the situation.
- For example, having access to clean drinking water is critical for good health. There is heavy groundwater contamination in the district, including higher than permissible limits of iron, fluoride and nitrate groundwater.⁴⁷ Most rural households rely on this as statistics indicate that over 10 per cent households have access to treated tap water.⁴⁸ However, the district has merely sanctioned Rs 5 crore for drinking water projects.
- The livelihood investment in the district also needs further boost, considering the extremely poor household income in rural areas, where nearly 95 per cent households have highest earning heads getting below Rs 5,000 per month.
- However, the biggest shortfall with the district's DMF investments is that, adequate sanctions have not been made in the blocks with high number of directly affected villages. Except for Dantewada, this is categorically evident for villages of all other blocks. For example, though Kuwakonda—which has 55 directly-affected villages—has received only 12 per cent share in the sanctions. On the contrary, Geedam block, which has only 10 directly-affected villages, has received about 25 per cent of the sanctions, most of which is going towards infrastructure, education and skill development.

RAIGARH

Raigarh has a cumulative accrual in DMF amounting to Rs 160 crore; however, the fund available with the district after sharing about 30 per cent accruals with neighboring Jashpur and Mahasamund stands at about Rs 122 crore. With existing mining activities in the district, it estimates an annual accrual of Rs 70 crore.

Coal and limestone are the major mining activities in the district with companies such as South Eastern Coalfields Limited (SECL), Jindal Steel and Power Company and Hindalco Industries Limited. As per information provided by district mining officials, there are seven operational coal mines and 64 limestone mines.

Total DMF collection
Rs 160 crore

Estimated annual DMF accrual
Rs 70 crore

Table 49: Directly-affected villages in Raigarh

Block name	Total number of directly-affected villages
Tamnar	15
Kharasia	12
Gharghoda	10
Baramkela	12
Raigarh	11
Sarangarh	9
Dharamjaigarh	7
Lailunga	4
Pusaur	3
Total	83

Source: District mines department

41 per cent of total sanctions in Raigarh are for physical infrastructure

The mining-affected areas are spread across nine blocks in the district. In Raigarh, villages within a 10 kilometer radius from the mines have been identified by the district as 'directly-affected. A total of 83 villages fall under this category (see Table 49: Directly-affected villages in Raigarh district). Barring Raigarh, which has about 53 per cent urban population, all other areas are largely rural. The most affected blocks like Tamnar, Dharamjaigarh, Gharghoda etc, also have a high proportion of tribal population (see Table 50: Overall demographic profile of key mining-affected blocks in Korba).

Table 50: Overall demographic profile of key mining-affected blocks in Raigarh

Block	Rural (%)	Urban (%)	SC (%)	ST (%)
Dharamjaigarh	93	7	7	66
Lailunga	94	6	7	63
Gharghoda	88	12	8	59
Tamnar	100	0	10	49
Raigarh	47	53	16	19
Pusaur	97	3	14	21
Kharasia	87	13	13	29
Sarangarh	93	7	32	14
Beramkela	92	8	16	20
TOTAL	84	16	15	34

Source: Census of India, 2011. The blocks include the municipal and ULB area as well.

Apart from these villages, the entire district including municipal areas has been declared as indirectly-affected. Transportation of minerals through the district as well as over-lapping boundaries of mines is cited as reasons for considering the entire district as indirectly affected.

Trend of sanctions

- Raigarh has sanctioned more than Rs 123 crore from DMF funds for various developmental projects (see Table 51: Sanctions in various sectors).
- The sanctions primarily have two key focal points—development of physical infrastructure (accounting for about 41 per cent of the sanctions), and providing funds towards the Centre and state government targets of giving gas connections and rural electrification (each of which account for more than 17 per cent of the total sanctions).
- Less than 25 per cent of the total sanctions are on high-priority issues as identified under the state DMF Rules. As a result, key issues such as drinking water, healthcare, nutrition etc., have received very little money.

Table 51: Sanctions in various sectors

Sector	Sanctioned amount (in Rs crore)	Percentage of total sanction (%)	Key works for which money has been sanctioned
Physical infrastructure	50.4	40.8	Construction of roads, bridges, culverts
Citizen rights and protection	21.5	17.4	Gas connections under Pradhan Mantri Ujjawala Yojna
Energy and watershed	21.3	17.2	Village electrification
Sanitation	10.3	8.3	Renovation of existing dilapidated toilets
Drinking water	5	4	About 82 per centis for solar dual pumps and water purification systems
Education	4	3.3	Construction and renovation of school buildings (43.2 per cent); conducting medical and IIT/JEE coaching of SC/ST students (27 per cent)
Health care	2.9	2.4	Construction of sub-centers, PHCs, CHCs, blood banks etc (60.6 per cent); Other resources such as ambulance, prosthetic limbs, dead body vehicles etc. (39.4 per cent)
Public Welfare	0.6	0.5	Community lunch home
Environment conservation and pollution control	0.5	0.4	Sensory garden in Raigarh town, development of pagoda, provision of chairs bus stand etc.
Welfare of women and children	1.2	1	Gas cylinders to AWCs
Welfare of old and disabled	0.1	0.1	Treatment of leprosy
Skill development	1.9	1.6	For residential coaching under Pradhan Mantri Kaushal Vikas Yojna
Agriculture and allied activities	1.1	1	Seedling unit to supply seeds to farmers at subsidized rates (37 per cent); development of fisheries (26 per cent)
Irrigation	2.3	1.9	Stop dams, renovation of lakes and water bodies

Source: District Mines Department, Raigarh

Table 52: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	1,493,984	16.5	83.5	15	33.8
Households	367,962	15	85	–	–
Literacy	73.2	85	71	70.3	64
Nutrition status- U5MR	–	60	68	–	–
Treated tap water access	–	32.6	2.34	–	–
Rural household earnings- with highest earning head getting below Rs. 5,000 per month (%)	90.6				
Employment	Workers (%)	Non-workers (%)		Non-workers 15–59 years (%)	
	46.2	53.8		32.7	

Source: Census of India, 2011; Socio Economic Caste Census, 2011

Effectiveness of investments

Like most of the key mining districts of Chhattisgarh, people in mining areas of Raigarh are also burdened with high poverty, poor nutrition, lack of healthcare and basic amenities such as clean water (*see Table 52: Status of key human development indicators and amenities*). In context of these, the trend in sanctions suggests the following in terms of its effectiveness:

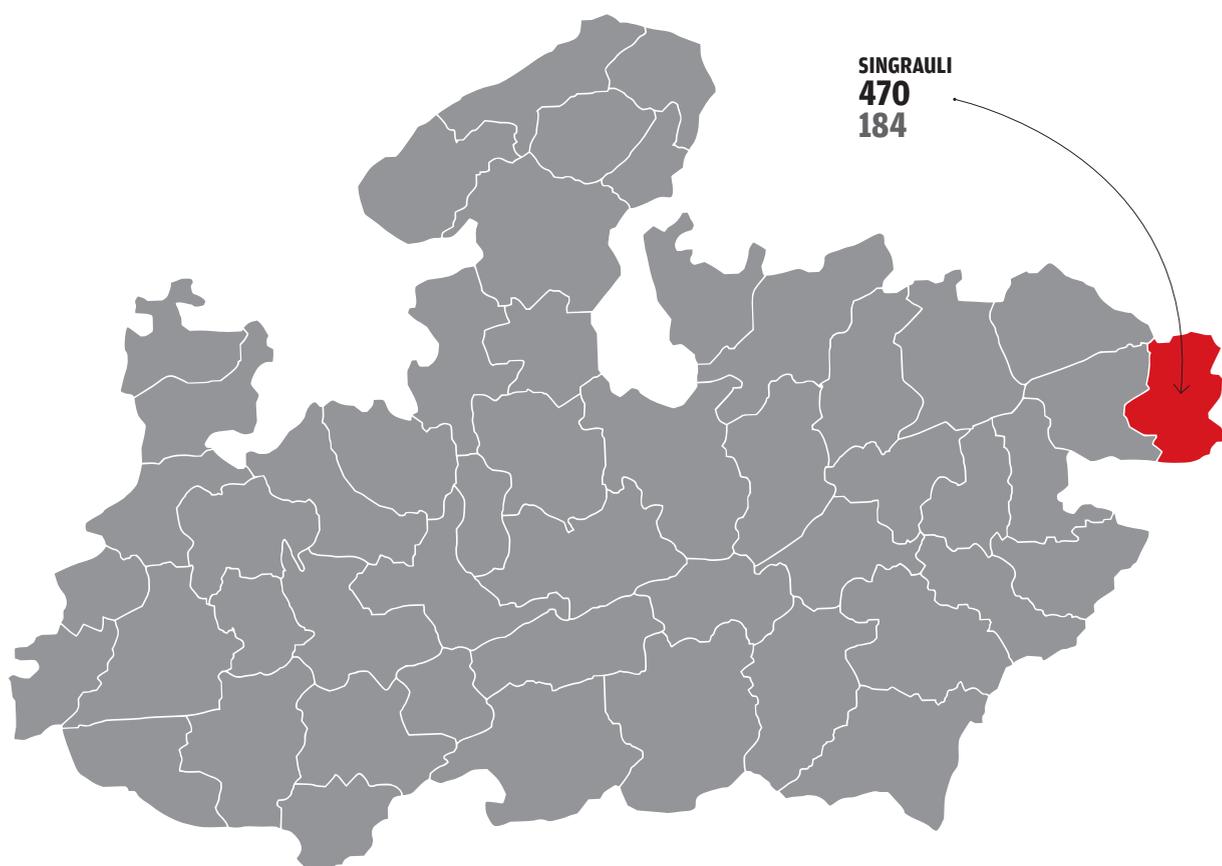
- The district has primarily focused its DMF sanctions on two issues, physical infrastructure developments (which involve construction of roads, bridges and culverts) and providing gas cylinders under Pradhan Mantri Ujjawala Yojna as per state directions.
- With such focus, the district has practically failed to invest on most of the pressing issues that need immediate attention in the mining-affected areas.
- For example, a meager Rs 5 crore has been provided for drinking water projects, which clearly falls short considering the dire water needs. Only 2.3 per cent households get treated tap water in highly affected Tamnar block and only 1.5 per cent households in Dharamjaigarh have access to it.⁴⁹
- Similarly, for addressing women and child development issues, slightly above Rs 1 crore have been sanctioned, which is for providing gas cylinders in AWCs. This effectively ignores the reality of high U5MR in the district, and particularly in the rural areas (where U5MR is 68) and poor nutrition among children. Close to 40 per cent of these children are below five years of age and have stunted growth.⁵⁰
- Equally neglected are efforts for alleviating poverty and livelihood creation. Combining skill development, agriculture and irrigation, only about Rs 5 crore has been sanctioned. This is at a time, when more than 90 per cent of rural households are poverty stricken, with highest earning member getting below Rs 5,000 per month.

Madhya Pradesh

Madhya Pradesh (MP) has a cumulative DMF accrual of Rs 1,610 crore, largely coming from coal mining. CSE has analysed the trend of DMF investment of Singrauli, the state's top mining district accounting for nearly 57.5 per cent of the total DMF accrual, besides the overall trend of investment in the state. The review also focuses on the state mineral fund (SMF), a corpus that MP has culled out from DMF funds of various districts.

MADHYA PRADESH

- Accrual in Rs crore
- Sanctioned in Rs crore



Overall observations of the state

DMF administration

- No directive has been given by the state government on the radius from the periphery of mines or cluster of mines which should be considered as the directly-affected area. In absence of it, all districts are identifying the directly-affected areas in their own way. For example, Singrauli has specifically identified the Singrauli municipal area as directly affected given the concentration of mines in the area. However, no list of directly-affected areas has been developed for rural areas, even when all three blocks of the district—Waidhan, Chitrangi and Deosar (where mines are located)—have a high proportion of rural population.
- DMF beneficiaries have not been identified by any of the districts.
- None of the districts have set-up a DMF office yet. Only some staff to maintain data has been hired in Singrauli, the district with the biggest DMF accrual in the state.
- The state has set-up a DMF portal for putting up district-wide information. However, the details are limited to details of DMF members, accruals and sanctions, projects undertaken, and in some cases information on the mines. No meeting minutes, list of beneficiaries, mining-affected areas, and annual reports etc., have been provided so far.
- No audits, either financial or performance/social audit, has been done for DMFs in the state.

Total DMF collection
Rs 1,610
crore

Total expenditure
Rs 224.5
crore

DMF investments

- The state government has assumed a central role in matters of DMF in the state. The government has created a corpus of its own under the state DMF Rules—Rule 13(2)(e)—called the State Mineral Fund (SMF). The financial flow to this will come from DMF Trusts in various districts depending on their annual accruals. Singrauli district is the largest contributor to this fund. The fund is under the aegis of the state finance department and is supposed to be spent on various development works in mining-affected areas (*see Box 2: State Mineral Fund*).
- The state government in October last year, has also given specific directions to the districts to spend DMF funds for primarily four purposes.⁵¹ These include:
 - Drinking water supply — This follows a saturation target for the Chief Ministers Drinking Water Scheme. The work is to be completed by the Public Health and Engineering department.
 - Health — the target is to fill up the gap with respect to healthcare facilities in rural areas as per the IPHS norms in a phased manner.
 - Education- This is contingent on availability of funds after the target works of water supply and healthcare. Depending on funds available, districts can take up higher secondary and high schools to develop them as model schools.
 - Physical infrastructure/roads — There is a clear emphasis on building roads from DMF funds, utilizing the maximum 40 per cent ceiling that can be used towards other priority areas. The state directions even mention that works previously conceived other than those under high priority areas, should be scrapped if work has not started (until October 2017), and the money should be directed for constructing roads. This follows the government road scheme—Madhya Pradesh Gramin Sadak Yojana (MPGSY).

STATE MINERAL FUND

In Madhya Pradesh, the DMF Rules have created an 'exceptional provision' of creating a state corpus pooling from DMFs in various district. Rule 13(2)(e) of the state DMF Rules specifies that a percentage of DMF annual accruals in the districts have to be transferred to this corpus called the State Mineral Fund (SMF). The amount is determined on the basis of annual DMF accruals in the districts. For example, for Rs 0–5 crore accrual, no amount is to be transferred; for Rs 5–25 crore accrual, 25 per cent of the DMF fund has to be transferred, and for accruals above Rs 25 crore, 50 per cent has to be transferred.

As per latest standing, the corpus of SMF is nearly Rs 654 crore (includes Rs 484 crore that is there as of May 2018, and an additional Rs 170

crore is expected to be added within a month). The largest share of this is from Singrauli district, which is more than 70 per cent.

It has specified that money coming to the SMF will be used to 'carry out works related to development in mining-affected areas of any district or the works which involve more than one district'. The works, thus, also should be targeted towards sectors that DMFs need to focus on.

So far about Rs 791 crore has been sanctioned from SMF to various departments for investments in districts, taking into account flow of funds in the near future, as per the last meeting of the SMF body held in December 2017. The highest proportion of sanctions is for education, about 46 per cent, that has been given to two departments—school education and tribal welfare.

Sanctions through SMF till December 2017

Department	Sanctioned Amount (in Rs crore)
Public Health and Family Welfare	261.5
Public Health Engineering Department	155.1
Tribal Welfare	192.3
School Education Department	169.8
Mineral Resources and Energy Department	12.3
Total	791

Source: Department of Mines, Madhya Pradesh)

The tribal welfare department is supposed to use this money for promoting girl education in districts like Dhar, Betul, Chhindwara, Sidhi and Anuppur, while the school education department will use it for developing model schools in 22 districts. A major share of the sanctions, about 52.7 per cent, has also gone to the public health engineering department and public health and family welfare department for undertaking works on water supply, effluent treatment plants, solar powered plants, rainwater harvesting systems and building staff quarters.⁵²

- While the state's emphasis on drinking water and healthcare are yet to be reflected in the sanctions so far, the thrust on physical infrastructure is clearly evident. Of nearly Rs 580 crore cumulative sanctions in the state, 47 per cent is only for physical infrastructure (see Table 53: Sector-wise sanctions and expenditure in Madhya Pradesh). Sanctions in all other critical sectors such as welfare of women and children, and livelihoods are also negligible.

Table 53: Sector-wise sanctions and expenditure in Madhya Pradesh

Sector	Allocated (in Rs crore)	Allocated (%)	Expenditure (in Rs crore)
Physical infrastructure	271.9	46.9	91.5
Drinking water supply	51.8	8.9	14.4
Healthcare	68.9	11.9	31.9
Education	84.2	14.5	52.2
Welfare of women and children	4.9	0.8	0.06
Welfare of aged and disabled	6.3	1.1	4.8
Skill development	20.1	3.5	1
Sanitation	9.8	1.7	3.9
Environment preservation and pollution control measures	26.8	4.6	9.6
Irrigation	5.9	1.0	1.7
Energy and watershed development	29.4	5.1	13.4
TOTAL	579.9		224.5

Source: Department of Industries, Mines and Geology, Madhya Pradesh, April 2018

Analysis of key mining districts

SINGRAULI

Collection of DMF funds
Rs 925 crore

Singrauli is the largest district in MP in terms of DMF collection with a cumulative accrual of more than Rs 925 crore (as on March 2018). The fund that is however currently with the district is about Rs 470 crore, after contributing the rest towards the SMF. The district is estimated to receive Rs 360 crore in DMF each year.

Estimated annual DMF accrual
Rs 360 crore

The main contribution to Singrauli DMF Trust is from coal mining. The mining landscape in the district is dominated by the Northern Coalfields Limited (NCL) which operates 11 coal mines in the district. Nine of these mines fall in Waidhan (including eight mines in Singrauli Municipal Corporation area) and one each in Deosar and Chitrangi blocks.⁵³ However, the district also has very high minor mineral mining activities, including, sand, stone, gitti and murum.⁵⁴

So far the district has only identified the Singrauli Municipal Corporation area as directly affected. While there are three coal mines that clearly fall in the rural territories, directly-affected villages or panchayats in these areas have not been identified. These areas also have high proportion of marginalized people, more than 40 per cent of the people in Chitrangi and Deosar belonging to ST category. Also, many of the people residing in the rural areas if appropriately identified, are likely to be DMF beneficiaries, as they have faced displacement due to coal



Only about 1 per cent of households in the rural areas of Singrauli have access to treated tap water

Table 54: Overall demographic profile of mining-affected areas in Singrauli

Block	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Chitrangi *	98.1	1.9	10.2	43.9
Deosar	100.0	0.0	13.2	41.9
Waidhan**	57.4	42.6	14.3	19.3

note: *Chitrangi block includes Naudia Census Town

**Waidhan block includes Singrauli Municipal Corporation

Source: Census of India, 2011

mining (see Table 54: Overall demographic profile of mining-affected areas in Singrauli). As of now, the entire district is being regarded as indirectly-affected, as per information from official sources.

Trend of sanctions

- Singrauli has so far made a cumulative sanction of about Rs 184 crore for various development projects (See Table 55: Sanctions in various sectors in Singrauli district). However, the majority of this is for physical infrastructure such as construction of roads and bridges, which is about 40 per cent of the total sanctioned amount.
- While the state government in October had highlighted water supply to be a priority issue, a mere Rs 7.4 crore has been sanctioned for it. This is largely for building handpumps and tubewells.

Table 55: Sanctions in various sectors

Sectors	Sanction (in Rs. crore)	Percentage of sanctioned amount (%)	Type of work
Drinking water supply	7.4	4	Hand pumps and tube wells
Skill development	1	0.5	Skill Development
Welfare of aged and disabled	4.3	2.3	Artificial limbs to disabled and old
Education	45.6	24.7	Furniture to middle and high schools (51.9 per cent); Construction/ upgrading of schools and hostels (48 per cent)
Health	31.9	17.3	Development of CMHO drug store, civil surgeon store, a store in district malaria centre, renovation/ repair work in district hospital, trauma centre in DH etc (45.4 per cent), provisions like television sets, ambulances, mobile medical unit life saving equipment, furniture etc (54.6 per cent)
Physical Infrastructure	73.7	39.9	Construction of bridges and roads (95.2 per cent) , other construction such as culverts etc.
Energy and Watershed Development	20.8	11.3	Tree plantation in villages and police lines (36.5 per cent), electrification of villages/tolas

Source: District Mining Department, Singrauli



Rajeev Ranjan / CSE

High proportion of people in mining-affected areas are marginal workers given income instability

- For the other two priority sectors that the state had emphasized on-education and healthcare, sanctions are somewhat higher. However, in both cases the works are construction driven and the focus on supporting resources are also scattered. For example-
 - The Rs 45.6 crore that has been sanctioned for education is primarily for construction and renovation of schools and providing supporting infrastructure such study desks in middle and high schools.
 - Similarly, the Rs 32 crore healthcare sanctions are also construction oriented, and for purchasing supporting resources.

Effectiveness of investments

Singrauli is infamous for its critical pollution status as well as very poor status of various human development indicators (see Table 56: Status of key human development indicators and amenities). In January 2010, the Union Ministry of Environment and Forests (now the Ministry of Environment, Forest and Climate Change) had declared Singrauli as the ninth most critically polluted district in the country. Considering such situation, the sanctions in Singrauli suggest the following in terms of its effectiveness for serving the needs of the mining-affected people-

- There is a complete lack of prioritization of issues considering the ground situation. This is most evident from the investment in women and child development sector, the indicators of which are among the worst in India. The U5MR is 120 in rural areas.⁵⁵ The SDG envisions U5MR to be reduced to 25 by 2030. Additionally, about 39 per cent of children below five years of age are underweight in rural areas.⁵⁶ However, no money has been sanctioned to address such urgency.
- Another grossly neglected sector is livelihood and skill development. The mere Rs 1 crore sanction for this shows complete disregard for the high poverty in rural areas, where more than 86 per cent of households have highest earning heads getting Rs 5,000 per month. The overall percentage of non-workers in the district is also more than 57 per cent.

Only Rs 7.4 crore has been sanctioned for drinking water despite clean water access being a critical problem in the district

Table 56: Status of key human development indicators and amenities

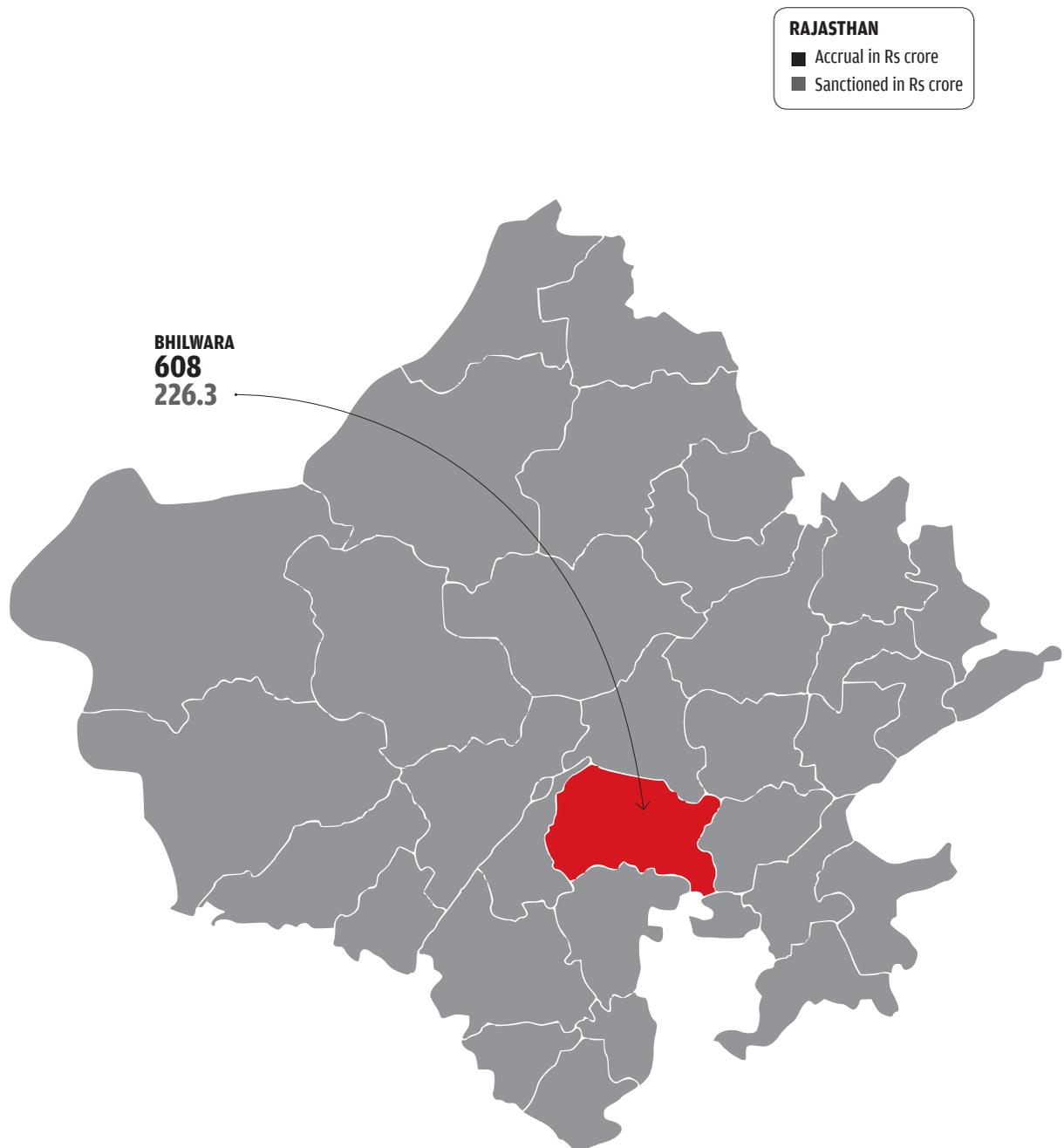
District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	1,178,273	19.4	80.6	12.8	32.6
Households	242,631	18.4	81.6	-	-
Literacy (%)	60.4	25.3	74.7	44.05	38.9
Nutrition status- U5MR	112	57	120	-	-
Treated tap water access (%)	-	33.4	0.8	-	-
Rural household earnings- with highest earning head getting below Rs 5,000 per month (%)	86.5				
Employment (%)	Workers	Non-workers	Non-workers 15-59 years		
	42.4	57.6	30.6		

Source: Census of India, 2011; Socio Economic Caste Census, 201

- There is also little consideration and planning around what can make investments effective. A prime example is the negligible amount of sanctions given for drinking water, all for installing tube wells and hand pumps. This ignores the reality of poor availability of clean drinking water in Singrauli. Scientific reports have categorically brought out the high levels of fluoride and nitrate content in ground water.⁵⁷ Apart from these alarming levels, mercury contamination has also been found in the district. To add to this, only about one per cent of households in the rural areas get treated tap water. Even in the Singrauli municipality area, about 33 per cent households have access to it.
- The question is also about the SMF. As from the sanctions so far, what becomes apparent is the fact that this is being treated like a general development fund of the state government. While the legal standing of creating such a fund through DMF contribution is the biggest question, it's investments also fail to address the most pressing issues. For example, neither the SMF nor the Singrauli DMF is making any effort to address the child morality and nutrition crisis that is crippling the district.

Rajasthan

The total cumulative accrual in DMF in 33 districts of Rajasthan stands at Rs 1,782 crore till April 2018. Nearly 34 per cent of this is from Bhilwara. Other key districts include Rajsamband, Chittorgarh, Udaipur and Ajmer. Based on the completeness of information, CSE has analysed the trend of DMF investments in Bhilwara district, which is also indicative of the overall state trend.



Overall observations of the state

DMF administration

- No specifications have been provided by the state on identification of directly and indirectly affected areas. The districts are doing their own assessments to ascertain directly-affected areas.
- None of the districts have identified DMF beneficiaries.
- None of the districts have set-up a DMF office. In some cases, like in Bhilwara, staff has been hired only to keep data and records. DMFs in Rajasthan are currently being run from the CEO, Zila Panchayat's office in respective districts.
- The state government has recently set-up a DMF portal. However, no information is available on it so far.
- The districts have done neither a financial nor social/performance audit of DMF.

DMF investments

- In Rajasthan, more than Rs. 1,062 crore has been sanctioned for various development projects (*see Table 57: Sector-wise allocations and expenditure in Rajasthan*).
- One of the state's priorities is physical infrastructure with the highest proportion of the sanctions (about 33.5 per cent) going towards construction of roads, bridges, culverts etc.
- Among the 'high priority' sectors education has been prioritized. While overall sanction towards this is about Rs 345 crore (more than 32 per cent of the overall sanctions), a significant component of it involves building school infrastructure such as construction of classrooms, boundary walls and toilets. The soft resource components are missing.

Total DMF collection
Rs 1,782
crore

Total expenditure
Rs 129.5
crore

Table 57: Sector-wise allocations and expenditure in Rajasthan

Sectors	Sanctioned Amount (in Rs. crore)	Sanctioned (%)	Expenditure (in Rs. crore)
Physical infrastructure	355.6	33.5	63.2
Education	344.8	32.4	45.6
Drinking water supply	136.5	12.8	9.1
Health	71.7	6.7	3.8
Welfare of aged and disabled	5.7	0.5	0.1
Welfare of women and children	2.9	0.3	0.3
Energy and watershed development	51.6	4.9	0.7
Development in rural areas	34.1	3.2	3.9
Environment preservation and pollution control	24	2.3	1.9
Others	35.7	3.4	0.9
Total	1,062.6	100.0	129.5

Source: Department of Industries, Mines and Geology, Rajasthan, April 2018



Samrat Mukharjee / CSE

Rajasthan has numerous minor mineral mines contributing significantly to DMFs in various districts including Bhilwara

- Through the health sector sanctions (about 6.7 per cent of the total sanctions), the state has taken an important approach for supporting treatment of silicosis/ asbestosis patients and their dependents in mining affected areas through DMF funds. The Rajasthan Environment Health Administrative Board (REHAB) has directed the districts to give financial aid to such patients through DMF. The provision for this is part of the state DMF Rules.
- While, silicosis patients have been considered, the overall sanctions in the state reflect complete disregard about another critical issue that is child nutrition and development. Rajasthan is among the seven states that have worst U5MR in India (state average in 51). The situation is worse in mining-affected districts, such as it is 85 in Bhilwara.⁵⁸

BHILWARA

Bhilwara district is the biggest district in Rajasthan in terms of DMF collection. Currently, the district has a cumulative collection of more than Rs 608 crore (till April 2018). It further estimates to receive Rs 200 crore each year.

The district's DMF collection comes from, zinc, lead, iron ore, copper and garnet. Apart from these, the district also has numerous minor mineral mines, particularly mica, sandstone, soapstone, quartz, etc. There are more than 1,200 mines spread across all blocks in the district.⁵⁹

Total DMF collection
Rs 608
crore

Estimated annual DMF accrual
Rs 200
crore

Table 58: Directly-affected areas in Bhilwara

Block name	Total number of directly affected villages	Severely affected	Badly affected	Generally affected
Asind	187	5	70	112
Kotri	132	18	45	69
Jahazpur	164	16	59	89
Banera	66	0	15	51
Mandalgarh	256	53	45	158
Mandal	203	5	56	142
Raipur	90	8	28	53
Shahpura	107	16	15	76
Sahara	77	11	26	40
Suwana	107	18	36	53
Hurda	47	12	16	19

Source: District Mining Department, Bhilwara

More than 55 per cent sanctions is for developing physical infrastructure such as, roads and bridges

Given the expanse of mining, the directly-affected area in the district is spread across all blocks. The extent is evident from the number of villages that has been identified to be directly affected by mining and related operations. Nearly 80 per cent of villages in the district fall under this category, the absolute number being 1,436 (see Table 58: Directly-affected areas in Bhilwara district). The villages are further categorized as severely, badly and generally affected—based on the degree to which they are affected. As per district officials, this classification is approximate and does not follow any defined radius.

Rest of the district, including its seven municipalities, has been classified as indirectly-affected. This is considering the overall environmental degradation that happens in the district due to mining. All the areas identified as directly-affected are predominantly rural (see Table 59: Overall demographic profile of mining-affected areas in Bhilwara).

Trend of sanctions

- The DMF Trust of Bhilwara has sanctioned about Rs 226.3 crore so far for various works across the district through DMF (see Table 60: Sanctions in various sectors).
- The biggest focus of the sanctions, more than 55 per cent, which is largely for developing physical infrastructure such as, roads and bridges.
- About 31 per cent sanctions are towards education, another key focus, as also reflected in the overall state trends. About 66 per cent of this sanction is to provide furniture in schools and about 23 per cent for construction of classrooms and toilets and providing other supporting resources including RO systems for drinking water.
- The district however has not sanctioned any money for supporting silicosis patients. The current Rs. 2.8 sanctioned for healthcare is primarily for augmenting resources in sub-centers in various villages.

Table 59: Overall demographic profile of directly-affected areas in Bhilwara

Block/ Municipality	Rural population (%)	Urban population (%)	SC (%)	ST (%)
Asind	100	–	15.2	8.3
Asind (M)	–	100	21.7	9.7
Mandalgarh	94.4	5.6	17.9	15.7
Mandalgarh (M)	–	100	18.9	2.9
Sahara	100	–	17.2	7.7
Gangapura (M)	–	100	24.1	2.4
Kotri	100	–	17.8	5.8
Jahazpur	100	–	18.7	35.8
Jahazpur (M)	–	100	13.8	27.5
Banera	100	–	16.6	7.3
Mandal	100	–	16.1	5.7
Raipur	100	–	16.5	7.1
Shahpura	100	–	21.8	10.4
Shahpura (M)	–	100	19.3	2.7
Suwana	94.1	5.9	18.5	4.7
Bhilwara Municipal Corporation	–	100	13.3	1.2
Hurda	100	–	16.6	8.4
Gulabpura (M)	–	100.0	11.5	1.6

Source: Census of India, 2011

Table 60: Sanctions in various sectors

Sector	Sanctioned amount (in Rs. crore)	Percentage of total sanction (%)	Kind of work
Physical infrastructure	125.2	55.3	Construction of roads, bridges and culverts etc.
Education	70.2	31.0	Furniture in schools (66 per cent); construction of classrooms , toilets in schools (23per cent); providing RO systems, computers, solar geysers, tree guards etc (10 per cent)
Health care	2.8	1.2	Equipments and provisions like beds, examination tables, etc. at various sub-centers (92 per cent); fogging machines for various PHCs and district hospital (8 per cent)
Drinking water	19.1	8.4	Expansion and repair work of pipelines (82 per cent); construction of handpumps, wells, solar pump etc (18 per cent)
Environment conservation and pollution control	5.4	2.4	Eco-park development (48 per cent); tree planting and boundary wall around tree plantations (52 per cent)
Irrigation	3.6	1.6	Anicut renovation and maintenance, and stream renovation

Source: District Mining Department, Bhilwara

Table 61: Status of key human development indicators and amenities

District population	Total	Urban (%)	Rural (%)	SC (%)	ST (%)
	2,408,523	21.3	78.7	16.9	9.5
Households	495,904	20.9	79.1	–	–
Literacy (%)	61.4	28.6	71.4	46	37.8
Nutrition status- U5MR	80	54	85	–	–
Treated tap water access (%)	–	74.6	19.0	–	–
Rural household earnings- with highest earning head getting below Rs. 5,000 per month (%)	82.5				
Employment (%)	Workers	Non-workers	Non-workers 15–59 years		
	47.7	52.3	27.7		

Source: Census of India, 2011; Socio Economic Caste Census, 2011

Rs 2.8 crore has been sanctioned for healthcare, which is half of what has been sanctioned for eco-parks and tree plantation

Effectiveness of investments

Bhilwara has worrying human development indicators as well as poor access to basic amenities, particularly in rural areas (*see Table 61: Status of key human development indicators and amenities*). Considering those, analysis of the district's sanctions so far, suggests the following in terms of effectiveness of the investments.

- With a major focus on sanctioning DMF funds for construction of physical infrastructure, the district has undermined the need to urgently address some of the most critical issues that plague the district. This is particularly evident from the approach towards child nutrition and healthcare. For instance:
 - While the U5MR is as high as 85 in rural Bhilwara,⁶⁰ and more than 45 per cent of children below five years of age are underweight,⁶¹ no funds have been sanctioned to address this. In fact this should have been the priority of DMF investments considering the SDG target to reduce U5MR to 25 by 2030.
 - Similarly the mere Rs 2.8 crore sanctioned for healthcare is nothing considering the high disease burden and poor healthcare access in the region. Bhilwara has a high prevalence of chronic respiratory diseases like asthma. The data shows a prevalence of 792 per one lakh population compared to the state's average of 652, which is already bad.⁶² The concern of silicosis is wide spread. The problem evidently is compounded by poor access to healthcare as 75 per cent villages in the district do not have PHCs within the five kilometer radius,⁶³ nor the villagers can afford private clinics.
- In fact, lack of prioritization is clear from the fact that sanctions for eco-park development, tree planting and boundary wall construction around tree plantations is twice the amount that has been provided for healthcare.

3

RECOMMENDATIONS

**Based on the survey and its analysis,
CSE offers a set of recommendations on
administrative and investment issues of DMF**

In three and a half years of its implementation, the prospects of DMF are being shadowed by some crucial administrative and investment issues. There is a need to address and rectify these at the earliest as these are determining factors for the success of DMFs. If this is not done, DMFs might earn some quick returns for special interest groups, but will fail as an institution that has been brought in for the mining-affected people.

Following is a set of recommendations that can guide DMFs to function as an inclusive, accountable and transparent institution, and ensure optimal deployment of DMF Trust funds as per its stated objective. The recommendations particularly focus on four aspects:

- Institutional imperatives
- Administrative set-up
- DMF planning and optimizing investments
- Transparency and public accountability

Institutional imperatives

The following needs to be ensured for all DMFs to ensure transparency and accountability of operations.

- **Establishment of DMFs as a Trust-** Section 9B(1) of the MMDR Amendment Act (2015), clearly mention that DMFs should be established as a “Trust”. Therefore, wherever not done, all state government’s need to ensure that for each mining district the DMF Trust is established through a Notification.
-
- **Identification and notification of DMF beneficiaries-** Since beneficiaries constitute a primary ‘object’ of the Trust, it is imperative for the DMF Trust to identify and notify its beneficiaries. There cannot be a Trust without its beneficiaries.

Besides the above two, the registration issue of DMF Trusts must also be regularized. DMF Trusts should be registered under the appropriate Trust Act, for securing rights of its beneficiaries. In absence of state-specific public Trust Acts, the Indian Trust Act (1882), applicable for all states, constitutes an appropriate law under which DMF Trust can be registered. It is important for DMF Trusts to register under one particular Act, so that they are obligated by the same clauses. In cases where DMF Trusts have registered under a variety of other laws, necessary directions should be issued to standardize this.

Administrative set-up

The administrative set-up that is currently in place stands in contravention to the spirit of the MMDR Amendment Act (2015). It also contradicts the provisions of the state DMF Rules and PMKKKY, particularly with respect to people’s power and participation. The administrative set-up needs to be rectified considering the following.

- **Inclusion of people from mining-affected areas in DMF body:** All state DMF Rules, including the PMKKKY, have specified the power and responsibilities of

the Gram Sabha in identification of DMF beneficiaries, DMF planning/selection of works and schemes, and reviewing works undertaken by DMFs. This has been specified following provisions of Section 4(e) of the PESA (1996).

However, the power given to gram sabhas can only be exercised effectively if they also have a representation in the decision-making body, i.e. the governing council. However, such representation is missing in DMF Trusts of all states. This also reflects a discord between the law, and the mechanism that have been put in place to implement it.

To begin with, the Constitution of India under Article 244(1), recognizes the administrative engagement of representatives from Scheduled Tribe areas for matters pertaining to the 'welfare and advancement' of the STs. Such provision extends to the DMFs particularly in Fifth Schedule areas, and requires representation of these people in the DMF body. Governors of concerned states can issue the necessary directions to ensure this.

Also, to ensure that Gram Sabhas can exercise their powers and responsibilities, Section 4(m) of PESA speaks of their empowerment. Section 4(m) (vi) and (vii) stipulate that:

1. *While endowing panchayats in the Scheduled Areas with such powers and authority as may be necessary to enable them to function as institutions of self-government, a State Legislature shall ensure that the panchayats at the appropriate level and the Gram Sabha are endowed specifically with-*
 - i. *the power to exercise control over institutions and functionaries in all social sectors*
 - ii. *the power to control over local plans and resources for such plans including tribal sub-plans.*

The composition of the DMF body (Governing Council) therefore needs to be changed as follows:

1. Considering the provisions of Section 4(m) of PESA as read along with Section 4(e), the Governing Council, should have representation of Gram Sabha from the mining-affected areas. For mining-affected areas involving municipalities, ward members can be suitably integrated.
2. The representation of Gram Sabha members should be in proportion of directly mining-affected villages in the district.

It is to be noted that elected PRI members do not suffice as Gram Sabha representation in DMF bodies. This is particularly considering two facts. First, there exists power play within various levels of PRI members; and secondly in the tribal areas, Gram Sabhas are headed by traditional heads (such as the munda), who are not elected PRI members. In fact this is well recognized under Section 4(n) of PESA.

- **Maintaining autonomy of DMF Trusts**—The spirit and intended autonomy of DMF Trusts as envisioned under the MMDR Amendment Act (2015), should be maintained. It cannot be overpowered by authorities of higher institutions compromising on the independence of its decision-making. However, considering the prospects of this fund, state governments and the Centre may provide necessary guidance to ensure proper planning, investments, and

functioning of DMFs. State government's should also have a defined role in monitoring its effective implementation.

- **DMF Office**—All DMFs must set up an office for purposes of coordination, planning, monitoring, accounting and public disclosure of information. The various state DMF Rules, and PMKKKY guidelines clearly indicate an amount- generally up to 5 per cent of the DMF budget—that can be used towards administrative expenses.

The government can issue guidelines in this regard elaborating on the following:

1. **Number of staff for DMF office** — The number of staff may be commensurate to the estimated DMF funds and budget per year of the concerned districts.
2. **Composition of staff** — The staff of the DMF office should include:
 - i. Professionals with expertise and experience on planning particularly around issues noted as high priority under the DMF Rules. In case, full-time experts are not available, professionals in the same field with sufficient experience may be considered on a contractual basis.
 - ii. Officials for purposes selecting DMF beneficiaries and identifying and mapping mining-affected areas; co-ordination between the various district-level departments and agencies for facilitating implementation of DMF works and schemes; preparation of annual reports etc.
 - iii. Officials/accountants for the purposes of maintaining DMFT accounts and records.
 - iv. Dedicated personnel for addressing grievances related to functioning of the DMF Trust. A web-based grievance or complaint registration system can be developed for the purpose for public transparency and accountability on grievances and responses.
 - v. Any other staff as required for providing techno-managerial support to the DMF Trust.

DMF planning and optimizing investments

Planning is one of the most essential exercises that DMF Trusts must undertake considering immediate and long-term interests of mining-affected people and areas. This will also help to reduce ad hoc and poor investments and chances of special-interest interference. The following approaches must be considered for DMF planning:

- DMF Trusts should undertake an annual and perspective planning exercise to address immediate and long term needs and sustain investments.
- Short-term (one-three years) and medium-term plans (three-five years) should be developed considering an 'output and outcome' oriented approach. In this-
 - The outputs should be time-bound and measurable works/activities that can be expressed in physical terms or units, and will be monitored periodically. The outputs should be designed to achieve a defined outcome.
 - The outcomes should be qualitative improvements which should be achieved over time and sustained in the long run.
- Sectors/issues must be 'prioritized' for achieving making investments effective that are in the interest of mining-affected people. Prioritization should happen through:

- **Gap analysis** of key socio-economic, human development and environmental parameters.
 - **Participatory appraisal process** by engaging with mining-affected communities (this is also as per requirement to engage Gram Sabha and ward members in DMF planning), and other stake-holders from mining-affected areas (such as NGOs/CSOs, front-line workers etc.)
- To improve the scope of intervention, DMF plans/investments may consider convergence and integration with other plans and programmes of the Centre and state governments. However, such convergence should happen only for the priority issues as determined through the gap analysis and participatory exercise, and also considering the deficit in district/state budget to address so.

Also there exists a major loophole in the state DMF Rules and PMKKKY guideline on ‘utilisation of funds’. The Rules and the guideline specify that at least 60 per cent of the DMF budget should be spent on certain “high priority areas”, which essentially are various sectors. The Rules and the guideline however remain vague on insisting that the investments must simultaneously prioritize directly affected areas. Such vagueness is giving leeway to DMF Trusts to divert funds towards indirectly-affected areas without first mitigating problems of directly affected areas.

The DMF Rules should be suitably amended to remove such vagueness. It should be specified that at least 60 per cent of the DMF budget must be spent on the high priority and ‘directly affected’ areas. The PMKKKY guidelines also need to be amended accordingly.

Transparency and public accountability

Ensuring public accountability is extremely important for DMF Trusts. For the purposes of the Right to Information Act, 2005, the DMF Trust is deemed to be a public authority, open to the government as well as public scrutiny. The following need to be ensured for DMF Trusts to function with utmost transparency and accountability.

Disclosure of all DMF related information in public domain: A primary way to ensure public accountability and transparency of operations is by sharing all DMF related information in public domain through a DMF website. The PMKKKY, Para 5, also clearly identify this as mechanism of ‘compliance of transparency’.

Every mining district should have a DMF website. States may follow a centralised approach for creating a DMF website at the state level, which must include district-specific information. The website should provide the following information for DMF Trust:

- Composition of the administrative bodies – Governing Council and Managing Committee – and any other as provided under respective state DMF Rules,
- DMF fund accruals,
- List of the beneficiaries,
- List (and maps) of areas affected by mining- directly and indirectly affected areas,
- Minutes of meetings,
- Gram Sabha proceedings,

- DMF plan,
- Sanctions and expenditures,
- Details of the projects and works undertaken, and a status of ongoing projects/works,
- Annual reports, including records of accounts and audits etc.
- All orders, notifications, directions, guidelines issued with respect to DMFs.

Besides a website, to ensure that people in remote areas have access to the relevant information, processes should be adopted for displaying DMF related information in district and panchayat level offices. Dissemination of information through public meetings and advertisements is also an alternative.

Comprehensive audit mechanisms for DMFs- financial, performance and social audit: DMF being a public Trust and operating in line with the PMKKKY- a scheme for public (mining-affected people) benefit, should undergo both financial and performance audit.⁶⁴

As per elaborations of the International Standards of Supreme Audit Institutions (ISSAI) and the Comptroller and Auditor General (CAG) of India, financial audit provides assurance that the financial statements properly present the financial situation. Performance audit on the other hand is an assessment of the extent to which an organization, programme or scheme operates economically, efficiently and effectively.⁶⁵

Besides financial and performance audit, an independent social audit involving concerned stakeholders, particularly from mining-affected areas, is extremely important for DMFs. Social audits provide an opportunity to the ultimate users or beneficiaries to scrutinize development initiatives. It also examines performance of an institution or a programme against its stated objective(s), in the context of community values and the distribution of benefits among beneficiaries of various social groups.⁶⁶

The main purpose of the social audit for DMF is to facilitate a 'concurrent audit' of schemes and works undertaken by DMF funds, by involving concerned stakeholders and intended beneficiaries. The audit can include review coverage of beneficiaries, timeliness of developmental schemes/works undertaken, work completion rates, and any such related issues. Instituting such a mechanism for DMF will also ensure the involvement of Gram Sabhas in reviewing works and schemes undertaken by DMF funds as the DMF law and PMKKKY envisages. The process would also educate the people and make them aware of their rights and entitlements under the DMF law.

The process of social audit can be rotated every year, with at least 50 per cent of all mining-affected panchayats audited in a year. A guideline for conducting such audits may be formulated in accordance with the social audit process as practiced for other government welfare schemes, and considering tools as used by the Government of India, such as the Panchayat Enterprise Suite.⁶⁷

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Centre for Science and Environment (CSE) has reviewed the implementation of DMFs in various states and mining districts of India. The review includes an indepth analysis of 13 key mining districts across five states.



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