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DISTRICT MINERAL FOUNDATION & PRADHAN MANTRI KHANIJ KSHETRA KALYAN YOJANA

A Decadal Assessment

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Research Direction: Chandra Bhushan

Research and writing: Srestha Banerjee and Tripti Lal

Design and Layout: Raj Kumar Singh

INTERNATIONAL FORUM FOR ENVIRONMENT, SUSTAINABILITY & TECHNOLOGY

March 2025

Citation: Chandra Bhushan, Srestha Banerjee and Tripti Lal. (2025). *District Mineral Foundation and Pradhan Mantri Khanij Kshetra Kalyan Yojana: A Decadal Assessment*. International Forum for Environment, Sustainability and Technology (iFOREST). New Delhi, India.

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List of Abbreviations

CAG	Comptroller and Auditor General
CEO	Chief Executive Officer
DC	District Collectors/District Commissioners
DM	District Magistrates
DMF	District Mineral Foundation
FRA	Forest Rights Act
GC	Governing Council
MC	Managing Committee
MLA	Member of Legislative Assembly
MLC	Member of Legislative Council
MMDR	Mines and Minerals (Development and Regulation)
MP	Member of Parliament
MTPA	Million Tonnes Per Annum
PMKKKY	Pradhan Mantri Khanij Kshetra Kalyan Yojana
PMU	Project Management Unit
PPP	Public Private Partnerships
PESA	Panchayats (Extension to Scheduled Areas) Act
PRI	Panchayati Raj Institution
RE	Renewable Energy

KEY HIGHLIGHTS

Status

₹87,957 crore was sanctioned for various developmental projects.

About **40% of accruals** have been spent.

Odisha, Chhattisgarh, and Jharkhand account for **56% of total accruals**.

Accruals **projected** to be **₹2,50,000 - ₹3,00,000 crores** in the **next 10 years**.

Over the last 10 years **₹1,03,242 crores accrued** to DMFs.

Established as **a non-profit Trust in 645 districts** across 23 states.

Instituted in 2015 as a benefit-sharing mechanism with mining-affected communities.

Only 3 states have **allocated over 70% of funds** toward high-priority sectors.

11 states have **allocated over 30%** of their DMF funds for construction of roads, bridges, etc.

DMF bodies are dominated by officials and political members; **only 5 states have mining-affected communities** in the Governing body.

No district has **published a perspective plan** yet since the direction given in 2022.

Lack of beneficiary identification and absence of bottom-up planning has affected targeted fund utilisation.

Recommendations

- Redesign DMF as an independent public welfare fund working in tandem with the government's developmental goals.
- Restructure DMF bodies to increase the representation of mining-affected communities; should be at least one-third of the members.
- Identify and notify the mining-affected people systematically and transparently.
- Mandate five-year perspective plans and structured annual plans to align DMF investments with the needs of the mining-affected communities.
- Innovate on DMF investments aligning with economic changes and emerging employment opportunities.
- Establish an independent DMF investment board for prudent fund management.
- Develop a 'spending rule' for utilising the endowment fund to support sustainable employment and livelihoods in areas where mines are closed or may close soon.
- Align DMF investments with just transition measures in declining mining districts to mitigate the socio-economic impact of mine closures and provide alternative livelihoods.
- Strengthen DMF monitoring by mandating a social audit, along with regular sharing of DMF-related information in the public domain.

1. CONTEXT

On March 27, 2015, the District Mineral Foundation (DMF) was established through an amendment of the Mines and Minerals (Development & Regulation) Act, 1957 (MMDR) to benefit people and areas affected by mining-related activities (MMDR Amendment Act 2015, Section 9B). The institutionalisation of DMFs was extremely significant, as for the first time the right of people to benefit from natural resources was recognised.[1]

Further, recognising that people's participation lies at the core of this institution, the objective and functioning of DMF have been tied to three key laws promoting participatory governance in the country — the constitutional provisions as they relate 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).[2]

The MMDR Amendment Act mandates that DMFs be set up as nonprofit trusts in every mining district of India, covering coal, lignite, major minerals such as iron, manganese, and bauxite, and minor minerals. As a result, DMFs have been established in 645 districts across 23 states.

DMF funds come from statutory contributions by mining leaseholders. Companies contribute directly to the district's DMF Trust, paying 10% of the royalty for leases granted after January 12, 2015, and 30% for leases granted earlier.

In September 2015, the central government launched the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) to drive transformational change in mining-affected areas through investments in various developmental projects and activities. PMKKKY is implemented through funds accrued to DMFs.[3]

Following the setting-up of DMF and promulgation of PMKKKY guidelines, state governments have developed and notified the state DMF Rules. These Rules outline the governance structure of DMFs, fund utilisation priorities, and mechanisms for planning, monitoring, and implementation. Presently, DMF fund is one of the largest financial resources for immediate, medium, and long-term interventions to improve the lives and livelihoods of people in the mining-affected areas.

As DMFs and PMKKKY reach the 10-year milestone, it is crucial to evaluate how the institution is functioning and streamline implementation measures. The decadal assessment of DMF and PMKKKY is based on a pan-India review of all 23 states where DMFs have been set up. Further, the assessment looks into the status of DMFs in the top 21 mining districts. These top districts have at least ₹1,000 crores in DMF accrual, and account for over 65% of DMF funds.

The overall objective of the assessment is to provide insights into the functioning of the DMFs and recommend reforms that would improve the functioning of the institution in the coming decades.

DMF funds are one of the largest financial resources to improve the lives and livelihoods of people in the mining-affected areas.

2. CHANGING POLICY LANDSCAPE

Since its inception, multiple official directives and notifications have been issued to refine DMF governance, fund utilisation, and operational frameworks. The policy timeline reflects this evolving landscape aimed at strengthening DMF's role in benefitting the mining-affected areas and communities.

Table 1: Policy timeline

March 27, 2015	DMF was established under the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (Section 9B) to benefit areas and people affected by mining-related activities.
September 16, 2015	The PMKKKY guidelines were introduced by the central government aligning with DMF's objectives. The scheme mandated the use of DMF funds for community development.
2015-2017	All state governments developed the respective state DMF Rules under provisions of the MMDR Amendment Act and established DMF Trusts in the mining districts through notifications.
March 28, 2020	Amid the COVID-19 pandemic, the Ministry of Mines directed state governments to allocate DMF funds for health infrastructure, including testing, screening, and medical equipment. A one-time relaxation was granted, capping COVID-related expenditures at 30% of available DMF funds.
April 23, 2021	The Ministry of Mines issued an Office Order mandating structural changes in DMF governance. District Collectors/District Commissioners/District Magistrates were designated as chairpersons of both the Governing Council (GC) and Managing Committee (MC), with MPs, MLAs, and MLCs included in the GC.
July 21, 2021	The Ministry of Mines issued an Office Order to all state governments on strictly using DMF funds for work at the district level. It was noted that funds shall not be transferred from the DMF in any manner to the state exchequer or state-level fund (by whatever name called) such as the Chief Minister's Relief Fund or any other funds or schemes. It also specified that all sanctions and approvals of expenditure will be done at the district level.
June 24, 2022	The Ministry of Mines issued an Office Order directing all districts to prepare a five-year DMF perspective plan following a thorough baseline evaluation. The perspective plan should guide the development of year-wise action plans. The Ministry also reinforced that DMF funds must be utilised exclusively at the district level and prohibited their transfer to the state exchequer, state-level funds, or any other government schemes.
June 2022	A Committee was set up by the Ministry of Mines to revisit/amend the PMKKKY guidelines for the effective utilisation of DMF Funds in the districts affected by mining-related operations.
January 15, 2024	The central government issued revised PMKKKY guidelines to improve DMF implementation observing challenges in planning, fund utilisation, and implementation. Among various other aspects, the revised guidelines mandated the use of at least 70% of the funds to be utilised towards various high-priority sectors of the PMKKKY guidelines and State DMF rules aligned to it. The 70% fund utilisation must also happen in areas directly affected by mining-related activities as defined in the guidelines.
December 2024	A Committee was set up once again by the Ministry of Mines to assess the implementation of the revised PMKKKY 2024 guidelines, identify challenges, and further revise the guidelines to strengthen the implementation of PMKKKY and DMF.

In 2022, the Ministry of Mines directed all DMFs to develop a five-year perspective plan to ensure systematic and long-term planning.

Among the revisions, three are most significant. These include:

i) **Directions on Governing Council composition:** The Ministry of Mines issued a directive to all state governments mandating a revised composition for the Governing Council (GC). As per these directions, District Collectors/District Commissioners/District Magistrates were designated as chairpersons of both the GC and Managing Committee (MC). Additionally, the order required the inclusion of Members of Parliament (MPs) from both the Lok Sabha and Rajya Sabha, Members of Legislative Assembly (MLAs), and Members of Legislative Councils (MLCs) in the GC.

ii) **Directions on DMF planning:** The directions of the Ministry of Mines issued to all state governments (and districts therein) in June 2022 to prepare a five-year DMF perspective plan following a thorough baseline evaluation. The perspective plan should guide the development of year-wise action plans.

iii) **Revision of PMKKKY guidelines:** In January 2024, the central government comprehensively revised the PMKKKY guidelines of 2015. The 2024 revised guidelines incorporated all the directions of the Mines Ministry that were issued earlier, alongside adding important clauses to improve DMF governance, fund utilisation, and accountability (See box: PMKKKY guidelines, 2024)

PMKKKY GUIDELINES, 2024

In January 2024, the central government issued revised guidelines for the PMKKKY to enhance the effectiveness of the DMFs in addressing the needs of mining-affected communities. The key revisions are given below.

a. **Fund allocation priorities:** The guidelines have increased the share of the DMF funds that should be allocated towards the high-priority sectors. A minimum of 70% of DMF funds are now mandated to be spent on 'high-priority' sectors such as drinking water supply, environmental preservation and pollution control, healthcare, education, welfare of women and children, welfare of the aged and differently-abled, skill development and livelihood generation, sanitation, housing, agriculture, and animal husbandry.

   The guidelines also reduced the cap of investments in other priority sectors from 40% to 30% to ensure that DMF funds are used in a targeted manner to benefit the mining-affected people. It specified that a maximum 30% of the funds can be allocated to areas like physical infrastructure (which includes, roads, bridges, highways, and waterways projects), irrigation, energy, watershed development, and other measures aimed at enhancing environmental quality in mining-affected districts.

b. **Emphasis on livelihood generation under high-priority sectors:** With a focus on strengthening opportunities of local employment in the mining-affected areas, the guidelines have explicitly revised the sector skill development sector to 'skill development and livelihood generation'. Additionally, two new sectors have been included as high-priority- agriculture and animal husbandry.

   Overall, currently, eleven sectors have been placed under high priority sectors, including- drinking water supply, healthcare, education, the welfare of women and children, welfare of aged and differently abled, skill development and livelihood generation, agriculture, animal husbandry, environment preservation and pollution control measures, sanitation, and housing.

c. **Emphasis on directly affected areas:** The guidelines have stipulated that at least 70% of DMF funds should be utilised in directly affected areas, ensuring that communities bearing the brunt of mining activities receive focused attention.

d. **Specifications for endowment fund:** The guidelines specify the development of an endowment fund by keeping aside up to 10% of the annual receipts of DMFs. The money should be used for creating and sustaining livelihoods in areas where mining activity has stopped due to any reason, including exhaustion of minerals.

e. **Strengthening planning:** The revised guidelines specified that DMFs must prepare a five-year perspective plan through a need assessment exercise. The annual action plans should be based on this. The guidelines also encourage DMFs to include Gram Sabhas and local bodies while preparing the perspective plans, promoting participatory planning, and ensuring that the developmental needs of mining-affected communities are adequately addressed.

f. **Enhanced oversight and accountability:** A mandatory audit of DMF accounts by the Comptroller and Auditor General (CAG) has been introduced to ensure financial transparency and accountability.

g. **Inclusion of elected representatives:** The inclusion of elected representatives, such as MPs, MLAs, and MLCs in the GC of DMFs has been mandated to ensure that the voices of local communities are represented in decision-making processes.

h. **State-Level Monitoring:** States are now required to establish a State-level Monitoring Committee, chaired by the Chief Secretary, to oversee the functioning of DMFs and ensure alignment with PMKKKY objectives.

i. **Grievance redressal mechanism:** The establishment of a grievance redressal mechanism has been directed to address concerns related to DMF operations, ensuring that issues faced by mining-affected communities are promptly and effectively resolved.

Source: Ministry of Mines, Government of India. PMKKKY Guidelines 2024

3. DMF IMPLEMENTATION STATUS

The assessment of DMFs has been done considering three fundamental pillars that are critically important for their effective functioning. These include

- Institutional and administrative functioning;
- Fund accrual, allocations and utilisation; and,
- Transparency and accountability.

3.1 Institutional and Administrative Functioning

The effective functioning of DMFs depends on well-defined institutional and administrative mechanisms. The institutional and administrative functioning of DMFs have been evaluated by considering the following parameters:

a. Compliance of DMF Rules with PMKKKY guidelines;
b. Identification of DMF beneficiaries;
c. Delineation of mining-affected areas;
d. Composition DMF body;
e. DMF body meetings;
f. DMF office;
g. Local community participation; and
h. DMF planning, including the development of annual plans and perspective plans.

a. DMF Rules as per PMKKKY guidelines 2024

A fundamental requirement for the effective implementation of DMFs is to have comprehensive and strong rules guiding them.

DMFs are guided by the respective state DMF Rules, which were supposed to be developed considering the provisions of the MMDR Amendment Act, 2015, and the provisions of the PMKKKY guidelines, revised from time to time. The Ministry of Mines issued an Office Order on January 15, 2024, directing all states to incorporate the revised PMKKKY guidelines into their respective state rules.[4]

The all-India assessment of the DMF Rules of all 23 states shows that only five states have revised their rules comprehensively to align themselves with the PMKKKY 2024 guidelines. These include Jharkhand, Maharashtra, Gujarat, Haryana and Himachal Pradesh.

b. Identification of DMF beneficiaries

A Trust must define and identify its beneficiaries. For DMF Trusts, 'mining-affected people' are the beneficiaries, as defined under the PMKKKY guidelines. The guidelines require these people to be identified in addition to delineating the mining-affected areas.

However, a review of the 21 top DMF districts shows that no district has identified the mining-affected people.

In the absence of a comprehensive attempt to identify the mining-affected people, even after 10 years, many of the severely affected communities—such as those displaced by mining or those who have lost their livelihoods due to mining activities—have been excluded from targeted interventions meant to support them. The report of the Comptroller and Auditor General (CAG) of India (2021) also noted that the gaps in beneficiary identification have delayed the delivery of benefits to the affected communities.[5]

None of the top 21 districts have identified the mining-affected people who are the beneficiaries of the DMF Trust.

MINING-AFFECTED PEOPLE

The PMKKKY guidelines (Para 1.2) define the mining-affected people and obligate the DMF Trusts to identify them.

As per the guidelines, this includes the following:

a. 'Affected family' as defined under Section 3 (c) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. This includes those whose land or other immovable property has been acquired for mining activities. This also extends to families without land ownership but with members who are tenants, usufruct rights holders, agricultural labourers, sharecroppers, or artisans who have been working in the affected area for at least three years before the land acquisition and whose primary source of livelihood has been impacted.

b. Scheduled Tribes and other traditional forest dwellers who have lost recognized rights under the Forest Rights Act, 2006 due to land acquisition are also considered affected people. Families that have relied on forests or water bodies as their main source of livelihood for at least three years before acquisition are included. Furthermore, any family member who was granted land under a government scheme, which is now being acquired, is also classified as an affected family under this provision.

c. 'Displaced family' as defined under Section 3 (k) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. This includes any family displaced, relocated or resettled from the affected area to a resettlement area because of land acquisition for mining activity.

d. People who have legal and occupational rights, and also usufruct and traditional rights over the land being mined.

e. Any other as appropriately identified by the Gram Sabha.

Source: Ministry of Mines, Government of India. PMKKKY Guidelines 2015

c. Delineation of mining-affected areas

The PMKKKY guidelines and the DMF Rules of all states require the DMFs to delineate the mining-affected areas, into directly and indirectly affected areas. This is necessary to direct investments in areas that are most affected by the mining activities.

The review of the top 21 mining districts shows that all the districts have identified the affected areas. Most mining districts, except Sonebhadra, also have made this information publicly available,

However, many states continue to face challenges in identifying indirectly affected areas. This has been highlighted by various states over the years, even following the revisions of the PMKKKY guidelines. States have further sought clarifications on this.[6]

d. Composition of DMF body

DMFs in every mining district are required to have a two-tier administrative structure comprising a GC and an MC. The idea of a two-tier institution was to foster accountability and ensure stakeholder representation.

As per the directions of the Mines Ministry of April 2021 (and as included in the revised PMKKKY guidelines of 2024)[7], the GC and MC of all DMFs should be headed by the District Collector/District Magistrate/District Commissioner. Besides, the GC should have various elected representatives of the district and the state as a member. This includes all MLAs of the district, all Lok Sabha MPs from the district, Rajya Sabha MP from the state (the MP can select the district by intimating the Secretary of the state mining department), and MLC.

The review of the composition of GC and MC of 22 states[8] *(See Annexure 1: Composition of GC and MC)* shows that:

- Both GC and MC are dominated by district officials, with MC practically having only official members.
- There is minimal representation of mining-affected people in the DMF bodies. The representation of mining-affected people primarily comes through elected PRI members, such as village panchayat leaders (sarpanch/mukhiya) and intermediary panchayat representatives.
- Only five states have included the mining-affected people in the GC. These include Assam, Goa, Kerala, Haryana and Madhya Pradesh.
- However, in all these states the number of such representatives is only two to three, which is extremely low compared to the overwhelming numbers of officials and elected representatives from the state. For example, in Madhya Pradesh, there are only three community representatives from mining-affected areas, as compared to 12 officials, all MLAs, MPs, and the president of the Zila Panchayat/chairperson of the urban local body of the affected areas.

The composition of the DMF bodies does not reflect the intent of the MMDR Amendment Act 2015, which clearly states that the functioning of DMF shall be guided by the constitutional provisions as they relate to Fifth and Sixth Schedules for governing tribal areas, the provisions of PESA 1996, and the FRA, 2006. These three laws empower the Gram Sabhas to make decisions on matters related to their welfare.

DMF Governing Council and Managing Committee are dominated by officials and political members with minimal or no representation of mining-affected people.

e. DMF body meetings

The DMF Rules of various states and the PMKKKY guidelines specify requirements for convening periodic meetings of the GC and the MC. For the GC, the convening should be at least twice a year, and for the MC once in every quarter (at least four meetings in a year). The Rules also require that the agenda of these meetings, the minutes, and the action taken report should be shared in the public domain.[9]

While there have been irregularities in the initial years of the regular convening of the GC meetings[10], convening of meetings has improved since 2021-2022. The review of the 21 districts shows that the GC meeting has been convened almost regularly in all districts since 2022.

However, the meeting minutes are not being put in the public domain by the DMFs. Out of the 21 districts, only 10 have uploaded the GC meeting minutes to their respective DMF websites.

f. DMF Office

The PMKKKY guidelines mandate a dedicated administrative setup for DMF operations, allowing up to 5% of annual DMF receipts to be used for administrative purposes.[11] The 2024 PMKKKY guidelines further specified that DMFs with annual collections exceeding ₹50 crores should establish a Project Management Unit (PMU) for planning, technical, accounting, and monitoring support, with costs covered within the 5% administrative expense limit.[12]

The evaluation of 21 major mining districts shows that:

- DMF offices/PMUs have been established in most districts.
- Out of the 21 districts, only three districts, Bhilwara, Nagpur, and Chandrapur have not established a separate DMF office/ PMU.
- In districts where separate offices/PMUs have not been established, it is being managed by the district mining office.

g. DMF Planning

Developing comprehensive plans in a structured manner that reflect the needs and aspirations of mining-affected areas and the local communities, is a crucial step to ensure effective fund utilisation and realising the objectives of DMF and PMKKKY. The PMKKKY guidelines which provide a direction to DMFs on planning and fund utilisation have mandated the development of annual plan and five-year perspective plans.[13]

No DMF have prepared a comprehensive perspective plan and published it since directions were given to do so in 2022.

The assessment of the top 21 DMF districts indicates that while districts prepare annual plans, these have major limitations:

- In all districts (except Chatra), the annual plans are usually the list of projects without any clear elaboration on the mechanism of plan development and elaboration on the rationale of project identification.
- The plans have often been developed in an ad hoc manner, incorporating projects as proposals arise.
- The plans are not developed in a bottom-up manner by engaging with Gram Sabhas meaningfully in the planning process.

The CAG audit reports have also highlighted similar challenges. The reports note that the lack of structured long-term and annual planning has led to inconsistent fund allocation and ineffective project implementation across states.[14]

Development of perspective plans

In June 2022, the Ministry of Mines directed all states and districts to develop five-year perspective plans for the DMFs to ensure strategic, long-term investments in mining-affected areas. The directive also stated that annual plans, approved by the GC each year, must be based on the five-year perspective plan.[15] The requirement was further re-emphasized in the PMKKKY guidelines of 2024.

However, the assessment of the 21 top DMF districts suggests that no DMFs have prepared a comprehensive perspective plan and published it. While the mandate for developing such a plan was given three years back, districts are still in the process of formulating their perspective plans but have not completed them yet.[16]

Overall, the institutional and administrative functioning of DMFs is lacking and requires substantial improvement to strengthen DMF decision-making, planning, and implementation.

3.2 Fund accrual, allocation and utilisation

DMFs across the country have accrued substantial amounts over the last 10 years. With the mandated contribution from mining companies and individual miners—30% equivalent of the royalty amount for leases granted before 2015, and 10% for leases granted after that—the total cumulative accrual in DMF in India stands at ₹1,03,242 crores. Non-coal major minerals account for over 51.5% of the total accruals. The share of coal and lignite is about 37%. Minor minerals contribute about 11.5% of the total DMF funds.[17]

Odisha, Chhattisgarh and Jharkhand collectively account for 56% of the total DMF accruals in the country.

a. State-wise accrual

Odisha accounts for the highest share of DMF funds, about 29% (₹30,126 crores) of the country's total. This is followed by Chhattisgarh and Jharkhand accounting for over 14% (₹14,564 crores) and 13% (₹13,791 crores), respectively. Collectively these three states account for over 56% of the total DMF funds collected in the last 10 years in the country.[18]

Table 2: State-wise DMF accrual

State	DMF accrual (₹ Crore)			
	From coal/lignite	From non-coal minerals	From minor minerals	Total accrual (₹ Crore)
Odisha	6,737.89	23,212.05	176.16	30,126.1
Chhattisgarh	6,822.21	7,248.93	493.81	14,564.95
Jharkhand	9,508.8	3,374.6	908	13,791.4
Rajasthan	67.43	8,450.49	1,918.75	10,436.67
Madhya Pradesh	6,341.51	1,432.63	305.83	8,079.97
Maharashtra	3,364.07	898.47	1,473.98	5,736.52
Telangana	3,451.22	563.77	1,505.24	5,520.23
Karnataka	0	4,708.61	760.74	5,469.35
Andhra Pradesh	0	1,023.49	1,049.59	2,073.08
Uttar Pradesh	1,076.8	72.6	769.49	1,918.89
Gujarat	217.83	761.27	777.4	1,756.5
Tamil Nadu	657.76	522.09	385.05	1,564.9
Uttarakhand	0	2.77	460.28	463.05
Himachal Pradesh	0	266.65	106.12	372.77
Punjab	0	0	249.23	249.23
Goa	0	244.71	0	244.71
Bihar	0	17.00	157.56	174.56
West Bengal	33.28	3.73	137.13	174.15
Assam	60.81	38.44	59.13	158.39
Kerala	0	27.01	71.39	98.4
Haryana	0	0	91.24	91.24
Meghalaya	0	71.08	18.1	89.18
Jammu & Kashmir	0	36.95	50.86	87.81
Total	**38,339.61**	**52,977.35**	**11,925.1**	**1,03,242.05**

Source: Ministry of Mines, latest information available as in March 2025

A district-wise assessment shows that while DMFs have been established in 645 districts, just 21 districts account for over 65% of the total funds. Each of these districts has accrued more than ₹1,000 crores, with Kendujhar recording the highest accrual of over ₹12,401 crores. Most of these high-accrual districts are concentrated in the states of Odisha (six), Jharkhand (five), Maharashtra (three), and Chhattisgarh (two).

Table 3: Districts with over ₹1,000 crore DMF accruals

District	Amount collected (₹ Crore)	Share of ST population (%)	Share of people multidimensionally poor (%)	Aspirational district
Kendujhar	12,401.71	45.5	26.8	
Sundargarh	8,257.17	50.8	14.8	
Singrauli	5,172.25	32.6	31.1	Yes
Korba	4,315.04	57.1	18.1	Yes
Dantewada	4,000.55	76.9	29.5	Yes
Angul	3,730.99	14.1	13.9	
Dhanbad	3,617.6	8.7	17.1	
West Singhbhum	3,346	67.3	47.8	Yes
Bhilwara	3,228.19	9.5	14.9	
Ballari	3,071.93	18.4	12.2	
Jajpur	2,434.55	8.3	14.1	
Sambalpur	2,028.12	34.1	10.1	
Chandrapur	1,999.35	17.7	5.7	
Jharsuguda	1,535.17	30.5	7.1	
Nagpur	1,392.84	9.4	1.3	
Chatra	1,275.78	4.4	37	Yes
Sonbhadra	1,245.44	20.7	30.6	Yes
Udaipur	1,225.22	49.7	14.5	
Ramgarh	1,195.68	21.2	18.1	Yes
Yavatmal	1,059.41	18.5	10.5	
Bokaro	1,018.05	12.4	15.3	Yes
Total	**67,551.04**			

Source: National DMF Portal and district DMF data, March 2025 ; District census handbook of respective districts and NITI Aayog, 2023

Several of the top DMF districts have poor development indicators and have been identified as aspirational districts requiring targeted intervention.

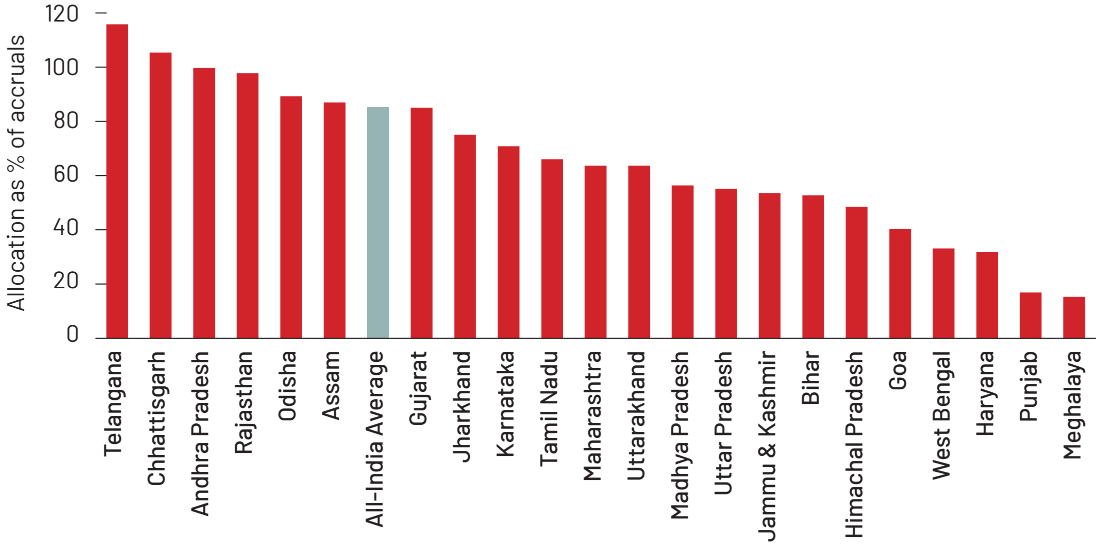
Many of the top 21 DMF districts are largely under-developed districts, with high poverty, poor human development indicators, and a high proportion of tribal population. For example, Kendujhar, which is the top DMF district, has about 27% of multidimensionally poor people (who have poor access to healthcare, education, clean drinking water, clean cooking fuel, etc. This share is almost twice the India average of 14.96%. Many of them are tribal people with the district having a tribal population of over 45%. Similarly, the West Singhbhum district of Jharkhand, another top DMF district, has about 48% of people who are multidimensionally poor and registers a tribal population of over 67%. Chhattisgarh's Dantewada district, another top one, has a tribal population of about 77%, with over 29% of the district's population being multidimensionally poor.[19] Overall, 10 out of the top 21 districts have a share of multidimensionally poor people above the national average.

The DMF funds are, therefore, crucial for uplifting the socio-economic conditions of these districts.

b. Allocation trend

As per the latest information from the Ministry of Mines, out of the total ₹1,03,242 crores accrual, about ₹87,956 crores has been allocated for various projects across all DMF districts in the country. Thus, the average allocation is about 85% of the accrual. However, there is a large variation among states in allocation. While states like Telangana and Chhattisgarh have allocated more than 100% of the accruals, the allocations in states like West Bengal, Haryana, Punjab and Meghalaya are less than 33% of the accruals. But the important point to note is that the allocations are more than 75% in all major DMF states with accrual of more than ₹10,000 crores.

Figure 1: Allocation of DMF funds



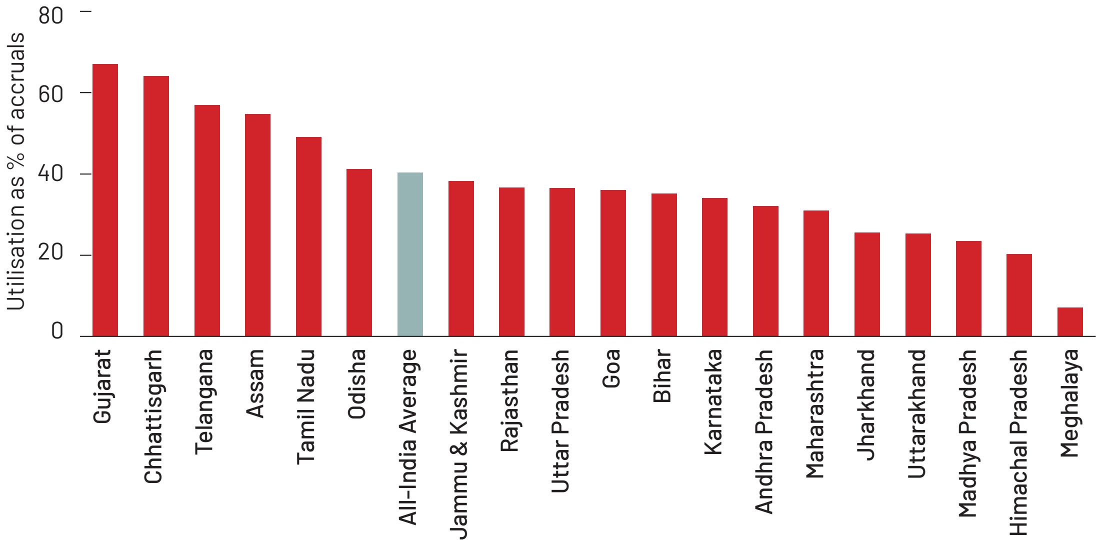
Source: iFOREST analysis

About 40% of the DMF funds have been utilised indicating challenges in project execution and administrative hurdles.

c. Utilisation trend

The all-India spending of the DMF funds is about ₹41,570 crores,[20] about 40% of the total accruals. The considerable gap between fund allocation and actual spending shows challenges with project implementation, including delays in project execution and possible administrative hurdles.

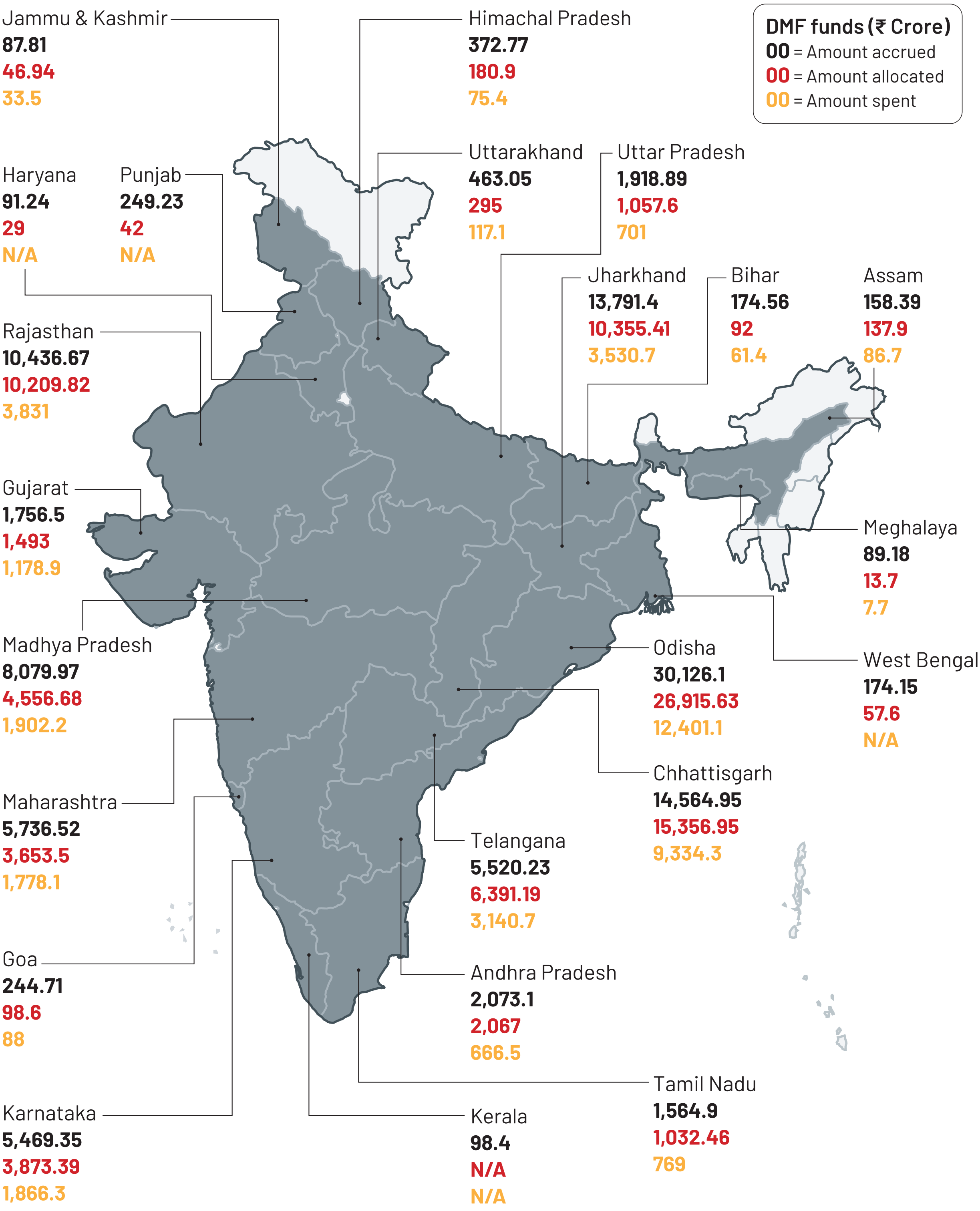
Figure 2: Utilisation of DMF funds



Source: iFOREST analysis

Gujarat has the highest spending of 67% of the accrual, followed by Chhattisgarh with 64%. However, utilisation in some of the major DMF states like Jharkhand, Odisha and Rajasthan are quite low.

Map 1: State-wise DMF fund accrual, allocation, and spending



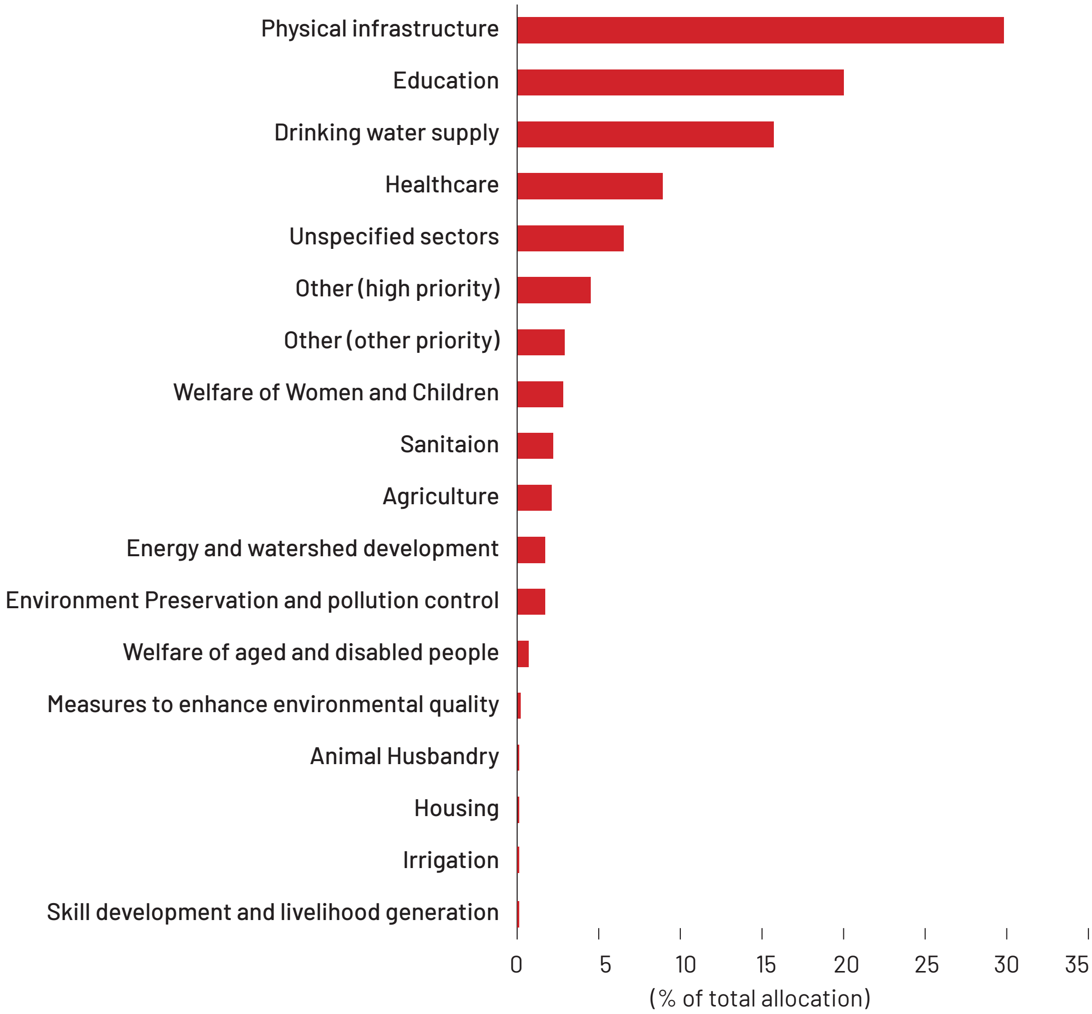
India Total	1,03,242	87,956	41,570

Source: iFOREST analysis

d. High-priority vs. Other-priority sectors

The assessment of the overall allocation trend in the country shows that physical infrastructure receives the largest share—about 30%—covering roads, bridges, highways, and waterways. Education follows with 20%, then drinking water (15.7%) and health (8.9%). However, investments in critical sectors such as skill development have remained significantly low.

Figure 3: Overall sector-wise allocation trend



Source: National DMF Portal, February 2025. Note: The data on skill development and irrigation are not reported by most states, and thus show negligible

Only three states have allocated over 70% of their total DMF funds toward high-priority sectors, aligning with the 2024 PMKKKY guidelines.

A state-wise assessment of DMF allocation of 19 states[21] shows that there is a significant focus on allocating funds towards 'other priority' sectors, undermining the scope of required investments in various high-priority sectors.

The assessment of fund allocation by states shows the following:

- Only three states—Jharkhand, Gujarat, and Goa—have allocated more than 70% of their total DMF funds toward high-priority sectors, aligning with the 2024 revised PMKKKY guidelines. Odisha follows closely, with 69.7% of its allocations directed toward these sectors.
- The states that have made over 70% of the allocations towards high-priority sectors have also revised their state rules to align with 2024 PMKKKY guidelines.
- Four states—Chhattisgarh, Karnataka, Bihar, and Jammu & Kashmir—have allocated over 60% of their funds to high-priority sectors. While this aligns with the 2015 guidelines, which mandated

at least 60% of DMF funds for high-priority areas, these states must increase their allocations to meet the 2024 benchmark of 70%.

Overall, in most states, the share of funds allocated to high-priority sectors remains below 60%, reflecting a continued emphasis on physical infrastructure and other lower-priority investments.

Concerning sectoral priorities in DMF allocations, the assessment shows the following trends (See Annexure 2 for detailed sectoral allocations in the top 10 mining states):

- A dominant trend across most states is the substantial allocation to physical infrastructure which includes roads, bridges, highways, and waterways.[22] Physical infrastructure allocations exceed the 30% stipulation as specified in the 2024 PMKKKY guidelines. For example:
  - » A total of 11 states—Telangana, Meghalaya, Andhra Pradesh, Maharashtra, Uttar Pradesh, Madhya Pradesh, Rajasthan, Karnataka, Himachal Pradesh, Assam, and Arunachal Pradesh—have allocated more than 30% of their DMF funds for physical infrastructure, deviating from the guidelines.
  - » Six states have allocated over 40% of their DMF funds to physical infrastructure: Telangana (61%), Meghalaya (59%), Andhra Pradesh (53.2%), Maharashtra (47.8%), Uttar Pradesh (47.3%), and Himachal Pradesh (47.5%).
  - » Only eight states—Odisha (24%), Chhattisgarh (25.6%), Jharkhand (27.9%), Tamil Nadu (21.8%), Bihar (26.6%), Jammu & Kashmir (18.1%), Gujarat (16.6%), and Goa (2.1%)—have allocated less than 30% of their DMF funds to physical infrastructure, aligning more closely with the PMKKKY guidelines.
- Among the high-priority sectors, the two sectors that have been the focus of allocations in most states are education and drinking water. For example:
  - » States like Gujarat (48%), Rajasthan (24%), Chhattisgarh (21.5%) and Odisha (21.4%) have made substantial investments towards this.
  - » Similarly, drinking water supply is another major focus in several states. States like Jharkhand (41%), Madhya Pradesh (23%), and Odisha (17%) have allocated substantial funds towards various drinking water supply projects, including multi-village piped water supply, considering the challenges with clean water in the mining-affected areas.
- While education and drinking water are important sectors to focus on, the challenge is that in these sectors too, the spending is infrastructure-driven. For instance:
  - » In drinking water projects, the focus is on large piped water supply work. For example, in Jharkhand, where the maximum share of high-priority sector investments is for drinking water, over 43% of the allocations[23] (out of a total ₹2,745 crores) are for such large piped water supply works.
  - » Similarly, in education the focus of investments is construction-driven. For example, in Chhattisgarh which has made the highest allocation toward education, the expenses are largely for the construction of schools, classrooms, hostels, teachers' residences, etc. The state's largest mining district Korba had allocated nearly ₹215 crores for constructing a large education hub in Korba town.[24] Such infrastructure-driven investments have come under heavy scrutiny in the past years in the district.[25]

11 states have allocated more than 30% of their DMF funds for physical infrastructure, such as for construction of roads and bridges.

Overall, the pattern of infrastructure-heavy investments does not align with the objectives of the DMF. The prime focus of DMF and PMKKKY is to alleviate poverty and deprivation, which requires a balanced investment in human resources and infrastructure. However, this balance has not been achieved in any district. Consider the example of Dhanbad. Out of 1,164 projects sanctioned in Dhanbad till 2024, only ₹1.86 crores have been allocated for skill development and livelihood generation.[26] Similarly, in Kendujhar, project details evaluated until 2022 show that only about 3.2% of the total allocations are for livelihood and skill development projects.[27]

The other problem is that this investment pattern of locking resources into capital-intensive projects is limiting the ability of DMFs to address evolving community needs. In the future, either the DMFs will have to provide funds to maintain these infrastructure or many of them are likely to go defunct.

Table 4: State-wise sectoral allocations

States		High priority sectors (%)													
	Total allocation (₹ Crore)	Drinking water	Environment preservation	Healthcare	Education	Welfare of women and children	Welfare of aged and disabled	Skill development and livelihood	Sanitation	Housing	Agriculture	Animal husbandry	Others	Unspecified	Total high priority
Odisha	26,915.63	16.9	1.4	9.8	21	3	1.1	1.8	1.1	0.1	0	0	9	4.4	69.7
Chhattisgarh	15,356.95	5.6	1.6	9	21.5	4.2	0.6	N/A	2.4	0	9.9	0.1	5.3	3.2	63.2
Jharkhand	10,355.41	40.7	0.9	5.8	14.3	2.9	0.01	N/A	3.9	0.0006	0.5	0.2	0.03	1.3	70.4
Rajasthan	10,209.82	11.7	1.2	12.6	23.8	0.8	0.6	N/A	0.6	0	0.1	0.9	0.2	0.3	52.9
Madhya Pradesh	4,556.68	23.1	3.1	5.1	11.8	2	0.4	N/A	1.2	0	0.0003	0	0.6	2.5	49.9
Maharashtra	3,653.5	8.7	1.9	9.4	10.1	0.6	0.4	N/A	0.9	0	0	0	0.0006	6.1	38.1
Telangana	6,391.19	2	2.6	3.2	14.3	0.8	0.1	N/A	6.6	0	0	0	0.04	10.3	33.3
Karnataka	3,873.39	15.3	2.9	12.7	18.2	3.7	1	N/A	5.3	0	0	0	0.1	2.3	61.5
Andhra Pradesh	2,067	22.8	0.1	5	6.6	3.3	0	N/A	3.1	0.4	0.6	0.03	0.03	2.7	44.7
Uttar Pradesh	1,057.6	16.2	4.6	5.3	13.1	2.5	0.2	N/A	5.2	0.009	0.0236	0.1	0.8	0.3	48.4
Gujarat	1,493	10.1	2.1	8.3	47.9	3.9	0.03	N/A	4.8	0	0.0011	0	0.0007	2.3	79.5
Tamil Nadu	1,032.46	31.9	1.6	9.7	9.6	0.7	0.2	N/A	1.1	0	0	0	1	0.4	56.2
Uttarakhand	295	7.1	0.3	14.9	18.2	0.5	0.2	N/A	1.8	0.04	1.4	2.4	2.2	4.9	53.9
Himachal Pradesh	180.9	15.1	2.1	8.2	7.4	0.4	0	N/A	5.9	0	0	0	0	6.2	46
Goa	98.6	14.3	1.3	58.8	12.7	1.5	0.4	N/A	2.9	0	0	0.1	0	2	94
Bihar	92	6.1	3.1	17.1	27	4	0.4	N/A	1.3	0	0	0	4.1	0.4	63.3
Assam	137.9	7.4	0.7	25.4	15.9	0.9	0.7	N/A	0.9	0	0	0	0.1	3.1	55
Meghalaya	13.7	4.9	3.5	2.9	21.8	0.9	0	N/A	2.2	0	0	0	0	0.7	37.1
Jammu and Kashmir	46.94	19.4	3.5	17.4	9.4	0.5	1.6	N/A	2.6	0	0.08	1.3	0.9	2.8	59.5

States	Total allocation (₹ Crore)	Other priority sectors (%)					
		Physical Infrastructure	Irrigation	Energy and watershed development	Measures to enhance environmental quality	Others	Unspecified	Total other priority
Odisha	26,915.63	24	0	1.3	0	0.9	4.1	30.3
Chhattisgarh	15,356.95	25.6	0	4.3	0.004	4.6	2.4	36.8
Jharkhand	10,355.41	27.9	0	0.4	0	0.2	1.1	29.6
Rajasthan	10,209.82	30.9	0	0.2	0.1	13.8	2.1	47.1
Madhya Pradesh	4,556.68	34	0	11.5	0.3	3.2	1	50.1
Maharashtra	3,653.5	47.8	0	0.8	0.3	0.2	12.7	61.9
Telangana	6,391.19	61.3	0	0.7	2.9	0.5	0.5	66.7
Karnataka	3,873.39	30.2	0	0	1.3	0.1	6.8	38.5
Andhra Pradesh	2,067	53.2	0	0.2	0	0.3	1.6	55.3
Uttar Pradesh	1,057.6	47.3	0	2.6	0.4	1.1	0.2	51.6
Gujarat	1,493	16.6	0	2.3	0.5	0.0022	1.2	20.5
Tamil Nadu	1,032.46	21.8	0	0.9	0.1	0.4	20.6	43.8
Uttarakhand	295	33	0	0.9	1.6	6.6	3.9	46.1
Himachal Pradesh	180.9	47.5	0	1.8	0	2.4	2.3	54
Goa	98.6	2.1	0	0.5	1.3	0.1	1.9	6
Bihar	92	26.6	0	1.9	0.01	8	0	36.7
Assam	137.9	38.8	0	0.7	2	2.8	0.7	45
Meghalaya	13.7	59	0	3.6	0	0.3	0	62.9
Jammu and Kashmir	46.94	18.1	0	0.2	3.3	14.5	4.5	40.5

Source: iFOREST analysis based on Ministry of Mines and respective state government data on DMF allocations

Overall, the fund allocation and utilisation trends indicate that there is a pressing need to realign DMF allocations to the needs of the affected community. States must prioritise investments in human resources and livelihoods to ensure inclusive and long-term growth in mining-affected regions. A more balanced approach would enhance employment opportunities, economic resilience, and overall developmental outcomes in these communities.

The districts and the states must also adhere to the PMKKKY guidelines while allocating funds. The DMF law and the PMKKKY have been specifically designed to improve the lives and livelihoods of the local communities in mining-affected areas. Misallocation of these important and targeted resources for building roads and bridges, for which there is already funds from other central and state government sources, undermines the enormous potential of DMFs to make transformative changes.

3.3 Transparency and accountability

Public disclosure and accountability are essential for ensuring that DMFs serve mining-affected communities. Disclosure of fund allocation and utilisation, public participation in decision-making processes, and mechanisms for grievance redressal are crucial elements of building an accountable institution.

Transparency and accountability have been evaluated considering three important parameters:

- Publication of annual reports and annual audit reports;
- A functional DMF website; and,
- Grievance redressal mechanism.

DMF investments need to realign with the pressing needs of the mining-affected communities, such as interventions for livelihood generation and skill development.

a. Annual reports and audit reports

DMFs are required to prepare an annual report at the closing of every financial year detailing activities undertaken during the financial year. The report needs to be approved by the governing council, submitted to the state government, and tabled before the state assembly,

The assessment of the 21 top mining districts shows that all districts have prepared annual reports. The DMFs have also prepared annual audit reports. However, both the annual reports and the audit reports are available in the public domain, through DMF websites and the National DMF Portal, only till the year 2021-22; the latest annual reports and annual financial reports are not available.

b. DMF website

According to PMKKKY guidelines, the DMFs are required to maintain updated websites that provide key details such as trust composition, lists of mining-affected areas and beneficiaries, quarterly contributions, meeting agendas, minutes, action-taken reports, annual plans, budgets, and project implementation updates.

The assessment of the 21 top DMF districts shows that 19 districts have developed their websites. Only two districts, Singrauli and Sonebhadra have not developed a dedicated website.

However, there are limitations regarding the comprehensiveness of information. None of the 21 districts have provided a list of beneficiaries or mining-affected people on their websites. While all districts, except Sonbhadra and Korba, have uploaded annual reports and audit reports, most of these are not up to date. Additionally, only 10 out of 21 districts have made meeting minutes available on their websites. Overall, while websites have been developed, the quality of information needs improvements.

While grievance redressal mechanism has been mandated for DMFs, there is absence of information in public domain on complaints registered or action taken.

c. Grievance redressal mechanism

The PMKKKY guidelines of 2024 required all DMFs to devise and implement a grievance redressal mechanism. The DMF body is required to respond to the complaint in 30 days' time. Further, to ensure that grievances can be addressed properly, mechanism has been specified for redressal at the state and central level as well.[28]

As per the district-level assessment, only nine out of the 21 districts have an online mechanism to receive feedback and grievances. These include all the DMFs of Odisha, West Singhbhum district of Jharkhand, Ballari district of Karnataka and Chandrapur district of Maharashtra. In other districts, no online grievance redressal mechanism has been set up for DMFs.

However, it is difficult to assess how the grievance redressal mechanism is working as no data and information is available on the complaints and the action taken to redress them.

Overall, the assessment of public accountability mechanisms shows that there have been improvements in public disclosure of information. This has particularly happened in the preparation of annual and audit reports. Besides, district have also developed their websites, though there is a need for improvement in the comprehensiveness of the information shared on the websites.

Going ahead, to strengthen public trust and improve DMF effectiveness, it is essential to standardise reporting practices, enhance website functionality, and establish robust, user-friendly grievance redressal mechanisms. A well-structured and accessible system will empower communities, and improve service delivery.

3.4 Overall observations

The pan-India assessment of DMF implementation over the past 10 years shows that while there have been some improvements in DMF functioning, certain challenges continue to plague its overall performance. Positive developments include the establishment of DMF offices and PMUs, the creation of DMF websites, the preparation of annual and audit reports, and the improved public disclosure. However, issues related to DMF administration, planning, fund allocation, identification and participation of the beneficiaries, and infrastructure-heavy investments continue to pose significant challenges.

The biggest challenge, however, is in the design of the DMFs itself. DMFs are practically an extension of the District Collectorate. Their GCs and MCs are dominated by officials and elected representatives. There is minimal representation of the mining-affected communities, such as from the Gram Sabha's of the mining affected villages.

DMFs are practically an extension of the District Collectorate with DCs/ DMs being the chairperson of both the Governing Council and the Managing Committee.

Likewise, there is limited scope of bottom-up planning and participation of the affected community in the DMFs investments. Despite the Ministry of Mines directing the preparation of perspective plans in June 2022, no district has yet published a five-year perspective plan. The absence of a systematic planning process has also undermined their ability to address the most pressing needs of mining-affected communities.

Fund accrual and allocation present another major challenge. While DMFs have accumulated over ₹1,03,000 crores, more than half of the funds remain unspent, reflecting serious gaps in fund deployment and project execution. One of the key reasons for this is the lack of capacity of the district administration to award and oversee projects of such magnitude.

Lastly, none of the DMFs have conducted social audits or impact assessment studies to assess the impact of their investments on the lives of their beneficiaries, who happen to be some of the poorest people of the country.

To ensure that DMFs fulfill their mandate of benefiting mining-affected communities, the implementation of DMFs must be strengthened through independent and inclusive governance mechanisms, inclusive planning, improved fund utilisation, and ensuring utmost transparency and accountability.

4. WAY AHEAD AND RECOMMENDATIONS

The DMF fund is poised for significant growth in the coming years due to escalating mineral demand across India's industrial, infrastructure, and energy sectors. With planned expansions in coal, steel, cement, and critical minerals, DMF accruals will continue to rise, presenting an opportunity for long-term socio-economic transformation in mining-affected areas.[29]

For example, the demand for iron ore by the steel industry is set to rise significantly considering the 300 million tonnes per annum (MTPA) steel production target under the National Steel Policy by 2030. Modelling studies show that to meet this steel target, iron ore production will reach about 660 MTPA in 2030. Further, by 2035, iron ore production can go up to about 870 MTPA, considering a strong economic growth trajectory and simultaneously high demand for infrastructure development.[30] Similarly, India's coal production is likely to be around 1.5 billion tonnes by 2030, from one billion tonnes currently.[31] Production increases are likely in other major and minor minerals as well.

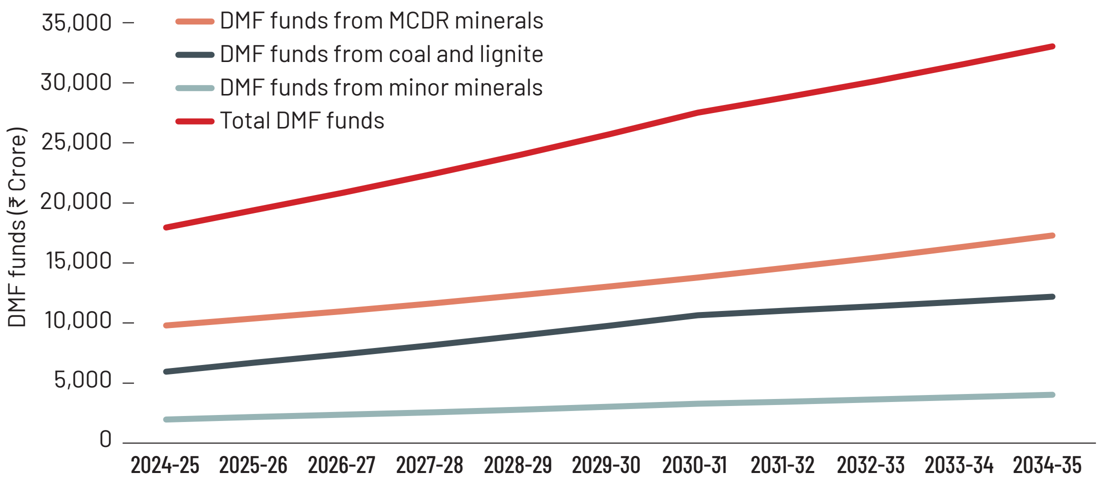
Besides traditional minerals, the green energy transition will also create new opportunities for DMF collections. As India advances towards its renewable energy (RE) and overall green energy goals, the demand for critical minerals—such as lithium, cobalt, and rare earth elements—will surge. These minerals are essential for battery storage, electric vehicles, and RE infrastructure. This shift will not only open new revenue streams but also reinforce DMF's role in ensuring that mining communities' benefit from this emerging resource economy.

Commensurate to high demand for minerals, DMF accruals can increase to ₹2,50,000 - ₹3,00,000 crores in the next 10 years.

However, it is also to be remembered that while DMFs funds will increase in some districts, it will also reduce in others. For example, in old coal mining regions, such as in Dhanbad, Bokaro and Ramgarh districts of Jharkhand;[32] Chandrapur, Nagpur, Yavatmal districts of Maharashtra,[33] there are a large number of mines which are already very old, and are likely to close in the coming years. Considering the coal extraction potential, these districts are also not among the ones that are witnessing significant mine expansions or investments for developing new blocks. Therefore, with a phased closure of mines in these districts, DMF accrual will continue to decrease in the coming years in these districts.

Overall, projections done by iFOREST shows that the total DMF accruals in the next 10 years (2025-26 to 2034-25) could be as high as ₹2,50,000 - ₹3,00,000 crores – two-and-a-half times to three times of the accruals in the previous ten years. The annual accruals will range from ₹20,000 - ₹30,000 crores.

Figure 4: Projected DMF funds



Source: iFOREST analysis

As DMF accruals rise in some areas and decline in others, it is crucial to establish strong institutional mechanisms to ensure efficient fund utilisation, proactive financial planning that integrates local community needs and aspirations, and effective monitoring mechanisms.

Recommendations

The following key recommendations aim to strengthen DMFs and PMKKKY, improving governance, financial sustainability, and developmental outcomes in mining-affected areas.

a. Strengthen DMF governance structure: The governance structure and mechanisms of DMFs need to be strengthened through the following measures to ensure transparency, accountability, and independence.

i) Redesign DMFs as a public welfare fund: DMF should be redesigned as an independent institution to support public welfare measures, working in tandem with the developmental goals of the government. Some of the reforms to achieve this objective are:

- Appoint a professional CEO in all DMFs with annual accrual of more than ₹50 crores.
- Restructure the GC and the MC to improve the representation of mining-affected people: Their participation as members of the MC and GC needs to be strengthened in a manner so that they are at least one-third of the members.
- Create separate chairpersons of the GC and MC. The reliance on the District Collector/District Magistrate/District Commissioner for DMF administration needs to be reconsidered. The reason that DMF was developed as a Trust with a two-tier governance structure—GC and MC—was to ensure the separation of power between the two. However, the District Collector/District Magistrate/District Commissioner, being the chairperson of both the GC and MC, undermines that scope.

ii) Mandate and implement capacity-building programmes for elected representatives and community members to strengthen participation in DMF decision-making.

DMFs should be redesigned as an independent public welfare fund working in tandem with government's developmental goals.

b. Identify and notify DMF beneficiaries: The DMF beneficiaries, i.e., the mining-affected people are the objects of the DMF Trust. Therefore, DMFs should be directed to notify beneficiaries urgently. The identification and notification of the mining-affected people must be done in a systematic and transparent manner. This will also improve the scope of targeted investments and service delivery for the people whose lives and livelihoods are affected by mining.

c. Enforce planning to improve fund utilisation: DMFs are required to develop both five-year perspective plans and annual plans. However, the assessment shows that their implementation has been inadequate. The state governments should mandate and enforce the preparation and implementation of both these plans.

The five-year perspective plans must be developed based on baseline assessments and participatory planning, involving Gram Sabhas and local bodies. Subsequently, the annual action plans should be developed and aligned with perspective plans, ensuring clearly defined outcomes and measurable progress.

Overall, DMF planning should be integrated with broader sustainable economic diversification strategies of the mining areas to ensure long-term economic and social resilience.

d. Innovate on investments: DMFs should innovate on investments responding to the immediate needs of the mining-affected communities, while also considering the evolving nature of economic changes and employment opportunities. A shift is also needed from an infrastructure-driven approach to human capital investment.

In the coming years, the investments should be strengthened in the following areas:

- Education and digital literacy programmes for both men and women to strengthen foundational skills;

- Supporting skilling and workforce development programmes in green energy and green industry sectors, such as RE, green hydrogen, green construction, green metals, and mining, etc., to support the employability of the local communities in these emerging sectors; and,
- Entrepreneurship and small business development.

The PMKKKY guidelines and the state DMF Rules need to include these under the high-priority areas.

e. Outline a spending rule for the endowment fund: The PMKKKY guidelines of 2015 suggested the development of an endowment fund to secure sustainable livelihood opportunities for the local communities and ensure future security. The 2024 revised guidelines further specified that up to 10% of annual DMF receipts should be earmarked for the endowment fund in districts receiving more than ₹10 crores annually.

However, there is a lack of clarity among states about the spending of this endowment fund. To resolve this, the following should be considered:

- The central government, in consultation with state governments and experts, needs to develop a 'spending rule' to ensure responsible utilisation of the endowment fund.
- A certain proportion, not exceeding 5% of the total endowment fund should be spent annually for long-term livelihood and income-generation investments in areas where mines are likely to close in the next five years. This will prevent the depletion of the fund while sustaining community support.
- The income-generation investments to be undertaken through the endowment fund should also be a component of DMF perspective plans.

An independent DMF investment board should be established for planning long-term investments and prudent financial management.

f. DMF Investment Board for planning long-term investments: DMF funds are going to increase substantially in the coming years. To ensure the responsible, and forward-looking utilisation of the funds, an independent DMF Investment Board may be created at the state level. This board should comprise financial experts, economists, and development professionals with expertise in fund management and sustainable investments. The Board shall be reporting to the state-level monitoring committee headed by the Chief Secretary.

Overall, the function of the board will be to:

- Analyse and forecast economic trends to optimise fund allocation for community development and livelihood programmes.
- Ensure prudent financial management by allocating resources efficiently, preventing fund mismanagement, and maximising returns on long-term investments.
- Propose strategies to support an investment ecosystem, ensuring a balance between economic, social, and environmental initiatives.
- Enhance financial sustainability by exploring innovative financing mechanisms, such as public-private partnerships (PPPs) and blended finance models, to leverage additional resources.

g. DMF should support the just transition in the coal districts: As several coal-mining districts, in states such as Jharkhand, Chhattisgarh, Maharashtra, and others, face a gradual decline in DMF accruals due to mine closures from resource exhaustion and other such reasons, it is crucial to integrate just transition strategies into DMF planning. Supporting just transition measures will ensure that workers, communities, and local economies dependent on coal do not face abrupt economic distress but instead receive support for sustainable livelihood opportunities and economic diversification.

h. Strengthening oversight and enhancing transparency: The oversight mechanisms of the operation of the DMF Trusts should be strengthened for the institution to remain transparent and accountable.

The following measures need to be undertaken for this:

- All DMF Trusts should develop a district-level website, which should be linked to the national MIS/the National Portal. This will not only improve the public disclosure of information, but will also help in seamless monitoring,
- All DMF Trusts must set up an independent grievance redressal mechanism with a structured complaint resolution framework. Data and information on complaints and grievance should be publicly disclosed.
- All DMF Trusts shall prepare an impact evaluation report at least every five years by independent organisations/agencies. The impact report shall be placed before the State-level monitoring Committee for review.
- An independent social audit may be mandated for the DMF Trusts involving concerned stakeholders, particularly from mining-affected areas. Social audits will provide an opportunity for the ultimate users or beneficiaries to scrutinize development initiatives. The parameters of social audit could include coverage of mining-affected people and families, timeliness of payments, the impact of developmental schemes/works undertaken, and any such related issues.

DMFs of all Scheduled Area districts should allocate 5% of the annual receipts for training and capacity building of the Gram Sabhas in the affected areas.

i. Building capacity of the local community for meaningful engagement: The capacity of Gram Sabhas must be built to ensure their meaningful engagement in DMF planning and decision-making as intended by the DMF law and the PMKKKY guidelines. For such purpose a share of DMF funds need to be allocated.

Overall, districts with over ₹10 crores annual DMF receipts, and all Scheduled Area districts, should allocate 5% of the funds for training and capacity building of the Gram Sabhas in the affected areas. A key focus of the capacity-building programme should be on DMF planning.

Annexures

Annexure 1: Composition of GC and MC

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Andhra Pradesh						
Governing Council	17	MLAs and MPs of Lok Sabha and Rajya Sabha		2 representatives of the lessees nominated by DC		1 NGO member, working in the district, nominated by the government; 2 self-help group (SHG) members nominated by DC
Managing Committee	No MC members noted in detail					
Assam						
Governing Council	9	All MPs and MLAs from the concerned district	3 PRI representatives (one should be female), to be nominated by DC	2 representatives of the lessees nominated by the DC; 2 representatives of industries using minerals nominated by the DC	2 persons from important mining areas (including 1 female) nominated by the DC	2 NGO members/ eminent persons/ social workers, working in the district, nominated by the DC
Managing Committee	4					
Bihar						
Governing Council	13	MLAs and MPs of Lok Sabha and Rajya Sabha		2 representatives from holders of mineral concession belonging to the concerned district		1 person from mining affected area, nominated by collector
Managing Committee	No MC members noted in detail					

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Chhattisgarh						
Governing Council	17	MLAs and MPs of Lok Sabha and Rajya Sabha	2 sarpanch from directly affected areas to be nominated by DC	Maximum 3 representatives of mineral concession holder; General Manager of District Trade and Industries Centre		
Managing Committee	16			General Manager of District Trade and Industries Centre		
Goa						
Governing Council	22	MLAs and MPs of Lok Sabha and Rajya Sabha		2 representatives of the mineral leaseholders/ industry representatives/ Goa mineral ore exporters nominated by govt. 1 represenative of the Centre for Environment Education	2 representatives of the persons from areas affected by mining-related operations	
Managing Committee	Composition is not given					
Gujarat						
Governing Council	4	MLAs and MPs of Lok Sabha and Rajya Sabha				
Managing Committee	16					

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Haryana						
Governing Council	10	MLAs and MPs of Lok Sabha and Rajya Sabha		2 representatives, one from major mineral and another from minor mineral concession holders, to be nominated by DC; 1 representative from mineral processing industry, nominated by DC	2 representatives from affected areas nominated by DC	1 mine worker representative nominated by DC; Technical mining person having experience of ten years in mining working in the district nominated by DC
Managing Committee	10	MPs from the district; all MLAs from the district				
Himachal Pradesh						
Governing Council	11	MLAs and MPs of Lok Sabha and Rajya Sabha				
Managing Committee						
Jammu & Kashmir						
Governing Council	8					
Managing Committee	6					
Jharkhand						
Governing Council	9	MLAs and MPs of Lok Sabha and Rajya Sabha	Mukhiya of the directly affected area (rural);	2 major mining lessees nominated by the GC; Executive Officer of the directly affected area (urban)		
Managing Committee	6					

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Karnataka						
Governing Council	10	MLAs and MPs of Lok Sabha and Rajya Sabha	President of Zila Panchayat	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						
Kerala						
Governing Council	10	MLAs and MPs of Lok Sabha and Rajya Sabha	1 District panchayat member from directly affecyed area ; upto 3 Gram Panchayat member; all nominated by Government	1 mine owner nominated by DC	Up to 3 members from affected areas nominated by local institutions of self governance and approved by DC	1 NGO represenative working on environmental issues nominated by DC
Managing Committee	10					
Madhya Pradesh						
Governing Council	11	MLAs and MPs of Lok Sabha and Rajya Sabha	Chief executive officer (CEO) of the zila panchayat; president of the zila panchayat and chairperson of the urban local body of the affected areas		5 community representatives from areas affected by mining, nominated by the GC	
Managing Committee	9		CEO of Zila Panchayat			

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Maharashtra						
Governing Council	10	MLAs and MPs of Lok Sabha and Rajya Sabha		2 representatives (1 representative each from lease or permit holder of major or minor mineral) nominated by the GC		
Managing Committee	10			1 mineral concession holder/ member of mine operating agency; General Manager of District industries centre		1 NGO member
Meghalaya						
Governing Council	14	MLAs and MPs of Lok Sabha and Rajya Sabha				
Managing Committee	Members not mentioned					
Odisha						
Governing Council	10	MLAs and MPs of Lok Sabha and Rajya Sabha	Upto 3 members of PRI/ULB from the area in which any major mineral concession is situated 1 member of the Zila Parishad; all to be nominated by the state government			
Managing Committee	6					

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Punjab						
Governing Council	10	MLAs and MPs of Lok Sabha and Rajya Sabha				2 members from the NGO's/ Social Workers or Panchayat, nominated by the DC
Managing Committee						
Rajasthan						
Governing Council	17	MLAs and MPs of Lok Sabha and Rajya Sabha		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-governmen organization (NGO) member working in the mining field; 1 technical mining person
Managing Committee	10					
Tamil Nadu						
Governing Council	14	MLAs and MPs of Lok Sabha and Rajya Sabha				One-third of the members
Managing Committee	9					1 NGO; 1 member nominated by DC having sufficient experience and better knowledge in the field

	Official	MLA/ MP/other positions	PRI elected member	Mining Companies/ ML holders/ industry association	General representative of the mining-affected community (non-elected)	Others (community, NGO & mining affected people)
Telangana						
Governing Council	20	MLAs and MPs of Lok Sabha and Rajya Sabha	Chairperson of Zila Parishad			
Managing Committee						
Uttarakhand						
Governing Council	22	MLAs and MPs of Lok Sabha and Rajya Sabha	1 district panchayat officer 1 gram pradhan of village affected by mining affected activity 1 village head of village affected by mining activity			2 persons of district nominated by DM (who are related to development work in mining affected area)
Managing Committee	17		1 gram pradhan of village affected by mining activity 1 district panchayat officer			
Uttar Pradesh						
Governing Council	12	MLAs and MPs of Lok Sabha and Rajya Sabha		2 mine lease holder nominated by district officer 1 representative of the institution using minerals, if any	1 representative of the directly affected area	
Managing Committee	4					

Annexure 2: DMF allocation trend in the top 10 mining states

The tables below outline the sector-wise allocations in the top 10 states with the highest DMF fund collections. These states—Odisha, Chhattisgarh, Jharkhand, Rajasthan, Madhya Pradesh, Karnataka, Maharashtra, Telangana, Andhra Pradesh, and Uttar Pradesh—collectively account for over ₹97,716 crore in DMF funds which is nearly 95% of the total DMF accruals. Given their dominant share, the allocations in these states provide an overall understanding of the trend in DMF allocations in the country.

Table 1: Sector-wise allocations in Odisha

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	4,421.55	16.9
Environment Preservation and pollution control measures	367.41	1.4
Health	2,563.8	9
Education	5,493.37	21
Welfare of Women and Children	790.27	3
Welfare of aged and disabled people	290.43	1.1
Skill development and livelihood	477.5	1.8
Sanitation	274.01	1
Housing	35.36	0.1
Others	2,353.52	9
Sector/projects unspecified	1,145.84	4.4
Total in high-priority sectors	18,213.06	69.7
Physical infrastructure	6,263.77	24
Irrigation	NA	NA
Energy and watershed development	348.66	1.3
Measures to enhance environmental quality	NA	NA
Other	227.46	0.9
Sector/projects unspecified	1,059.61	4.1
Total in other priority sectors	7,899.5	30.3
Total	26,112.56	100

Source: National DMF Portal, 2025 and Odisha DMF Portal, 2025
Note: NA means allocation details of these sectors are not available, while some projects have been sanctioned in the sector as per the state portal

Table 2: Sector-wise allocations in Chhattisgarh

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	840.41	5.6
Environment Preservation and pollution control measures	243.51	1.6
Health	1,357.58	9.0
Education	3,239.39	21.5
Welfare of Women and Children	627.17	4.2
Welfare of aged and disabled people	91.26	0.6
Skill development and livelihood	NA	NA
Sanitation	361.65	2.4
Agriculture	1,489.49	9.9
Animal Husbandry	10.6	0.1
Others	797.56	5.3

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Sector/projects unspecified	479.14	3.2
Total in high-priority sectors	9,537.76	63.2
Physical infrastructure	3,860.28	25.6
Energy and watershed development	652.62	4.3
Measures to enhance environmental quality	0.56	0.004
Other	690.94	4.6
Sector/projects unspecified	356.81	2.4
Total in other priority sectors	5,561.21	36.8
Total	15,098.97	100

Source: National DMF Portal, 2025

Table 3: Sector-wise allocations in Jharkhand

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	2,744.83	40.7
Environment Preservation and pollution control measures	59.33	0.9
Health	390.45	5.8
Education	961	14.3
Welfare of Women and Children	192.89	2.9
Welfare of aged and disabled people	0.87	0.01
Skill development and livelihood	NA	NA
Sanitation	262.83	3.9
Housing	0.04	0.0006
Agriculture	31.01	0.5
Animal Husbandry	11.15	0.2
Others	2.31	0.0
Sector/projects unspecified	91.45	1.4
Total in high-priority sectors	4,748.16	70.4
Physical infrastructure	1,879.1	27.9
Energy and watershed development	26.7	0.4
Other	11	0.2
Sector/projects unspecified	77.52	1.1
Total in other priority sectors	1,994.32	29.6
Total	6,742.48	100

Source: National DMF Portal, 2025

Table 4: Sector-wise allocations in Rajasthan

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	764.31	11.7
Environment Preservation and pollution control measures	79.56	1.2
Health	824.99	12.6
Education	1,558.71	23.8
Welfare of Women and Children	54.58	0.8
Welfare of aged and disabled people	38.77	0.6

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Skill development and livelihood	NA	NA
Sanitation	41.58	0.6
Agriculture	4.81	0.1
Animal Husbandry	60.83	0.9
Others	14.1	0.2
Sector/projects unspecified	19.27	0.3
Total in high-priority sectors	3,461.51	52.9
Physical infrastructure	2,026.69	30.9
Energy and watershed development	14.15	0.2
Measures to enhance environmental quality	4.37	0.1
Other	907	13.8
Sector/projects unspecified	135.8	2.1
Total in other priority sectors	3,088.01	47.1
Total	6,549.52	100

Source: National DMF Portal, 2025

Table 5: Sector-wise allocations in Madhya Pradesh

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	883.33	23.1
Environment Preservation and pollution control measures	120.2	3.1
Health	196.49	5.1
Education	451.18	11.8
Welfare of Women and Children	77.62	2.0
Welfare of aged and disabled people	13.77	0.4
Skill development and livelihood	NA	NA
Sanitation	46.33	1.2
Agriculture	0.01	0.0003
Others	23.67	0.6
Sector/projects unspecified	94.45	2.5
Total in high-priority sectors	1,907.05	49.9
Physical infrastructure	1,298.08	34
Energy and watershed development	440.95	11.5
Measures to enhance environmental quality	11.88	0.3
Other	123.57	3.2
Sector/projects unspecified	38.03	1
Total in other priority sectors	1,912.51	50.1
Total	3,819.56	100

Source: National DMF Portal, 2025

Table 6: Sector-wise allocations in Karnataka

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	575.57	15.29
Environment Preservation and pollution control measures	108.77	2.89
Health	479	12.72
Education	685.83	18.22
Welfare of Women and Children	139.5	3.71
Welfare of aged and disabled people	35.86	0.95
Skill development and livelihood	NA	NA
Sanitation	197.59	5.25
Others	5.23	0.14
Sector/projects unspecified	87.81	2.33
Total in high-priority sectors	2,315.16	61.49
Physical infrastructure	1,136.19	30.18
Energy and watershed development	105.01	2.79
Measures to enhance environmental quality	49.3	1.31
Other	5.24	0.14
Sector/projects unspecified	154.24	4.14
Total in other priority sectors	1,449.98	38.51
Total	3,765.14	100

Source: National DMF Portal, 2025

Table 7: Sector-wise allocations in Maharashtra

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	254.51	8.74
Environment Preservation and pollution control measures	54.67	1.88
Health	274.44	9.43
Education	295.03	10.14
Welfare of Women and Children	17.71	0.61
Welfare of aged and disabled people	10.5	0.36
Skill development and livelihood	NA	NA
Sanitation	26.79	0.92
Others	0.02	0.0006
Sector/projects unspecified	176.58	6.07
Total in high-priority sectors	1,110.25	38.14
Physical infrastructure	1,390.5	47.77
Energy and watershed development	24.56	0.84
Measures to enhance environmental quality	8.34	0.29
Other	6.27	0.22
Sector/projects unspecified	370.87	12.74
Total in other priority sectors	1,800.54	61.86
Total	2,910.79	100

Source: National DMF Portal, 2025

Table 8: Sector-wise allocations in Telangana

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	110	1.99
Environment Preservation and pollution control measures	145	2.62
Health	175.66	3.17
Education	793.29	14.34
Welfare of Women and Children	43	0.78
Welfare of aged and disabled people	2.71	0.05
Skill development and livelihood	NA	NA
Sanitation	367.24	6.64
Others	2.49	0.04
Sector/projects unspecified	571	10.32
Total in high-priority sectors	1,843.13	33.31
Physical infrastructure	3,391.91	61.30
Energy and watershed development	40.29	0.73
Measures to enhance environmental quality	161.64	2.92
Other	24.84	0.45
Sector/projects unspecified	28.44	0.51
Total in other priority sectors	3,690.46	66.69
Total	5,533.6	100

Source: National DMF Portal, 2025

Table 9: Sector-wise allocations in Andhra Pradesh

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	355.86	22.79
Environment Preservation and pollution control measures	0.97	0.06
Health	78.08	5
Education	102.5	6.57
Welfare of Women and Children	51.95	3.33
Skill development and livelihood	NA	NA
Sanitation	47.99	3.07
Housing	6.47	0.41
Agriculture	9.08	0.58
Animal Husbandry	0.42	0.03
Others	0.54	0.03
Sector/projects unspecified	43.35	2.78
Total in high-priority sectors	697.21	44.66
Physical infrastructure	831.14	53.24
Energy and watershed development	3.05	0.2
Other	5.12	0.33
Sector/projects unspecified	24.64	1.58
Total in other priority sectors	863.95	55.34
Total	1,561.16	100

Source: National DMF Portal, 2025

Table 10: Sector-wise allocations in Uttar Pradesh

Sectors	Amount allocated (₹ Crore)	Share of total (%)
Drinking water supply	178.67	16.21
Environment Preservation and pollution control measures	50.49	4.58
Health	58.88	5.34
Education	144.41	13.10
Welfare of Women and Children	27.55	2.5
Welfare of aged and disabled people	2.23	0.2
Skill development and livelihood	NA	NA
Sanitation	57.5	5.21
Housing	0.1	0.009
Agriculture	0.26	0.02
Animal Husbandry	1.13	0.10
Others	9.15	0.83
Sector/projects unspecified	3.21	0.29
Total in high-priority sectors	533.58	48.4
Physical infrastructure	520.66	47.25
Energy and watershed development	28.87	2.62
Measures to enhance environmental quality	4.27	0.38
Other	12.08	1.09
Sector/projects unspecified	2.24	0.20
Total in other priority sectors	568	51.6
Total	1101.71	100

Source: National DMF Portal, 2025

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