

Press Release

District Mineral Foundations which have collected more than 1 lakh crore in the last ten years, from mining companies, are struggling to meet their mandate, finds iFOREST assessment

- *District Mineral Foundation (DMFs), India's only benefit sharing mechanism which recognises the rights of mining-affected communities to benefit from mineral resources, marks a 10-year milestone.*
- *DMFs have collected ₹1,03,242 crore in the last ten years. iFOREST projections show that the collections could be as high as ₹3,00,000 crore between 2025 - 2035.*
- *Weak institutional structure, poor planning and implementation and lack of community participation is leading to misplaced investments, finds iFOREST.*
- *iFOREST recommends that DMFs should be redesigned as an independent public welfare fund, with increased representation of mining-affected communities to make DMF effective in reducing poverty and developing India's mining regions.*

New Delhi, March 25, 2025 – As the District Mineral Foundation (DMF) complete a decade of implementation on March 27th 2025, a comprehensive assessment by environmental think tank iFOREST, reviews its impact and provides key recommendations to strengthen implementation.

Instituted in 2015 under the Mines and Minerals (Development & Regulation) Act, DMFs were setup in all mining districts to alleviate poverty, reduce pollution and develop the mining regions of the country. This was in recognition of the fact that India's most mineral-rich districts are also where its poorest live. DMF is India's only benefit sharing mechanism which recognises the rights of mining-affected communities to benefit from mineral resources.

DMF trusts are present in 645 districts across 23 states. Funded by mandatory contributions from mining companies, the DMFs have collected over ₹1,03,242 crore since 2015. It is one of the largest welfare funds available at the district level to transform millions of lives and livelihoods in mining-affected areas. Projections done by iFOREST show that in the next decade, DMFs can collect up to 3 lakh crore, as the mining sector is poised to grow significantly.

The decadal assessment of DMF and Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) was released during a webinar titled 'Weighing 10 years of District Mineral Foundation: Achievements, challenges and way forward'. The event hosted speakers from the Ministry of Mines, State Mining Department, District Collectors, MLAs and civil society members from India's key mining districts.

Speaking at the occasion Shri Dinesh Mahur, Joint Secretary of the Ministry of Mines, the central Ministry in charge of DMF and PMKKKY, said, "Planning is one of the biggest challenges of DMFT. But planning must happen in a structured way because the fund is only set to grow in coming years. Besides monitoring, implementation should also be strengthened through social audits, participatory governance, independent impact assessment and proper fund utilisation".

Shri Arava Rajkamal, Secretary, Department of Mines and Geology of Jharkhand, among India's top three mining states, said, "Coal transition is set to happen as we move on to meeting our net zero goals. Going ahead some coal districts will see a decline in DMFT funds. Therefore, we need to create a wealth fund to create better opportunities for these regions, to secure their future".

"With a total fund accrual of over ₹1 lakh crore, DMFs have a pivotal role in addressing developmental challenges in India's mining districts, which are some of the most underdeveloped regions of the country. However, sub-optimal institutional design, inefficient fund utilisation, lack of systematic and long-term planning, and lack of people's engagement in identifying and designing intervention measures are hindering their full potential. DMFs need to be redesigned as an independent public welfare fund to fulfill its mandate," said Shri. Chandra Bhushan, CEO, iFOREST.

Civil society speakers emphasised on the need to invest in community participation. Saroj Mahapatra, Executive Director, PRADAN, said, "To create participatory planning, DMFs can learn from models that already exist such as gram pranchayat development planning exercises. Whenever there is community involvement, it becomes a plan that sees through till the end".

Key observations:

High fund accrual, low spending

- DMFs in 645 districts have collected ₹1.03 lakh crore over a decade, mainly from coal, iron ore, limestone, and other minerals.
- Odisha leads with 29% of total funds, followed by Chhattisgarh (14%) and Jharkhand (13%).

- Despite ₹87,957 crore being sanctioned for projects, only 40% has been spent, with states like Jharkhand and Odisha lagging below 50% utilisation.
- Gujarat (67%) and Chhattisgarh (64%) have the highest spending efficiency.
- DMF accruals could reach ₹2.5-3 lakh crore in the next decade, ensuring a steady ₹20,000-30,000 crore annual inflow.

Poor planning weakens impact

- DMFs lack structured plans, often relying on ad hoc top down project approvals. Key sectors such as livelihoods and human capital development receive minimal funding, while spending is skewed toward infrastructure.
- Roads, bridges account for about 30% of the total allocations, the highest share. In high priority sectors, like drinking water, educations, etc. too, infrastructure building has been a core focus.
- This approach undermines DMF's core goal of poverty reduction.

Mining communities lack voice

- DMF administration is heavily dominated by bureaucrats and political representatives. The decision-making bodies lack community representation . In fact, DMFs are functioning as an extension of the District Collectorate.
- No DMF Trust has formally identified its beneficiaries, which is mandated by the law. This has left out those who have lost their homes and livelihoods due to mining.

iFOREST Recommendations

1. Redesign DMFs as independent public welfare funds aligned with government development goals.
2. Ensure community representation by reserving at least one-third of DMF governing bodies for mining-affected residents.
3. Enforce the development of structured plans, including five-year and annual plans based on community needs.
4. Shift focus from infrastructure to people-centric investments in education, skills, and green jobs.

5. Create an independent DMF Investment Board to ensure responsible fund management as the corpus will grow significantly.
6. Develop clear spending guidelines for the endowment fund utilization, that has been mandated for supporting sustainable livelihoods in closed mine areas.
7. Align DMF investments with just transition planning to support economic diversification and alternative livelihoods in districts seeing a decline in mining activity.
8. Strengthen monitoring through mandatory social audits and transparent reporting.

About iFOREST

The International Forum for Environment, Sustainability and Technology (iFOREST) is an independent non-profit research organisation working on pressing environment-development challenges in India.

We conduct independent evidence-based research, develop new knowledge and innovative solutions, convene stakeholders to increase awareness and build consensus to scale up green solutions.

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