

GOVERNMENT OF INDIA
MINISTRY OF MINES
RAJYA SABHA
UNSTARRED QUESTION No. 928
ANSWERED ON 28.07.2025

UTILISATION OF DISTRICT MINERAL FOUNDATION (DMF) FUNDS

928. SHRI DEREK O' BRIEN:

Will the Minister of MINES be pleased to state:

- (a) whether it is a fact that funds under the District Mineral Foundation (DMF) across States have been diverted to activities not linked to welfare activities mandated under the Pradhan Mantri Khanij Kshetr Kalyan Yojana (PMKKKY) and the details thereof;
- (b) whether Government is contemplating any penalties for the diversion of funds under the DMF by States;
- (c) the percentage of funds from the DMF utilised towards high priority sectors under the PMKKKY and the details thereof; and
- (d) whether there have been any studies to assess the impact of mining activities, number of people affected, State-wise data?

ANSWER

THE MINISTER OF COAL AND MINES
(SHRI G. KISHAN REDDY)

(a) and (b) Sub-section (1) of Section 9B of the Mines and Minerals (Development and Regulation) Act, 1957 provides that the State Governments shall, by notification, establish a District Mineral Foundation (DMF) in every district in the country affected by mining related operations. Further, subsection (3) of Section 9B provided that the composition and functions of the DMF shall be as may be prescribed by the State Government. The proviso to sub-section (3) of Section 9B of the aforesaid Act states that the Central Government may give directions regarding composition and utilization of funds by the DMF. Accordingly, the Central Government issued revised PMKKKY Guidelines in 2024.

The section-6 of PMKKKY Guidelines-2024 mandates that no fund shall be transferred in any manner from DMF to the State Exchequer or State level fund (by whatever name called) or Chief Minister's Relief Fund or any other funds or schemes. Further, no fund shall be spent outside directly or indirectly affected areas within a district of for other than affected people as defined in the Guidelines. Further, section-13 of the Guidelines states that if in case a DMF transfers any fund in violation of the section -6, the State Government or the Central Government may direct suspension of sanction of any or all new works or execution of any or

all of the already sanctioned works; and /or suspension of release of funds for any or all the works by the bank(s) where DMF fund is deposited or the bank account of the executing agencies where funds have been transferred from DMF. Till date no such action has been taken by the Central Government.

(c) and (d) Section-1 of the PMKKKY Guidelines states that the State Government may define the directly and indirectly affected area within such radius from a mine or cluster of mines' boundary but shall not extend beyond 15 km and 25 km respectively for mineral other than minor minerals. Further, all the DMFs are required to prepare and maintain an updated list of directly & indirectly affected areas and affected persons/local communities.

PMKKKY guidelines, 2024 also mandates that at least 70% of DMF funds be utilized in high-priority sectors such as drinking water, environment preservation, healthcare, education, sanitation, housing, welfare of women and children, welfare of aged and differently abled, skill development and livelihood generation, agriculture, and animal husbandry. Additionally, the guideline also mandates that 70% of DMF funds must be spent in directly affected areas.

The PMKKKY Guidelines 2024 further mandates that District Mineral Foundations (DMFs) shall conduct a baseline survey to formulate a five-year Perspective Plan. Based on the findings and gaps identified through this survey or assessment, the DMFs shall develop a five-year Perspective Plan strategy.
