VOL. 30 Pradhan Mantri Khanij Kshetra Kalyan Yojana

Background

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

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

a) Reinvigorating the mining industry by bringing in transparency and laying greater emphasis on exploration

b) Distributing the fruits of prosperity achieved through mining to affected people for stable mining atmosphere

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

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

The Scheme

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

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

1. To implement various developmental and welfare projects/programs in mining affected areas that complement the existing ongoing schemes/projects of State and Central Government

2. To minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts; and

3. To ensure long-term sustainable livelihoods for the affected people in mining areas.

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

Highlights of the Scheme

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

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

The System in the Scheme

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

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

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

Intended beneficiaries of the Scheme

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

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

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

Special provisions for scheduled areas:

The process of utilization of PMKKKY funds shall be guided by the provisions contained in Article 244 read with Schedule V and Schedule VI to the Constitution relating to administration of the Scheduled Areas and Tribal Areas and the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006. The Gram Sabha of affected villages to have major say in approval of plans and inspection of reports.

Other features of the scheme:

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

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

District-wise collection of Royalty in 2014-15

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

(tables come here)

Miles covered, and miles to go

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

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

(This inputs given by Ministry of Steel)