



DISTRICT MINERAL FOUNDATIONS

INTERVENTION FOCUS, PLANNING DIMENSIONS AND ADMINISTRATIVE IMPERATIVES

The Mines and Minerals (Development and Regulation) Act (MMDR), 1957, as amended in 2015, specifies the objective [Section 9B (2)] of District Mineral Foundation (DMF) – *“to work for the interest and benefit of persons, and areas affected by mining related operations.”*

It has been further specified that the objective and functioning of DMF are also guided by constitutional provisions as it relates to Fifth and Sixth Schedules for governing Scheduled Areas and 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 – the Forest Rights Act (FRA).

Relevance and connectedness to people thus lie at the heart of DMF to fulfill the objective. This can be ensured by focussing on three key factors while preparing budgets and developing plans for DMFs in various mining districts. These include:

- Determine focus areas of intervention for which there is a crisis or shortfall in the mining affected areas and which need to be addressed on priority basis.
- Undertake comprehensive planning on the basis of socio-economic data, scientific information and ground-level surveys to address immediate needs, as well as provide security for the future.
- Set up appropriate administrative mechanisms to function in an effective, transparent and accountable manner.

FOCUS AREAS OF INTERVENTION

The key areas of intervention that DMFs should focus on can be broadly categorized under three heads:

- A. Invest in human capital and provide supporting infrastructure and resources for it**
- B. Make people employable**
- C. Invest in, and secure for the future**

A. Invest in human capital and provide supporting infrastructure and resources for it

The issues which must be prioritized for such investments and intervention include:

- **Hunger and Malnutrition:** The National Family Health Survey of India suggests that nearly half of the children below the age of five remain malnourished¹. This is correlated to equivalent high percentages of child mortality. There is also increasing consensus within the scientific community that early childhood is a critical period for development of cognitive and non-cognitive skills, which are crucial for a person

¹ Ministry of Health and Family Welfare, 2009, *National Family Health Survey-India 2005-2006*, Government of India.

to succeed later in life². Therefore, ending hunger and providing better nutrition to the vulnerable groups will not only address immediate crisis, but will also be the best development dividend for long term. Hunger and malnutrition should be addressed by:

- Providing direct transfer of stipend to very poor households, or to the elderly, widows, disabled, orphans etc. living without family support, to end hunger. In poor households, direct transfer should be done in the account of the female member. In absence of a female member taking care of the household, this can be given to the head of the family.

Direct transfer scheme of DMF can also be integrated with, and built on programmes such as National Social Assistance Programme (NSAP) and the schemes under it³, the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) etc.

- Ensuring improved nutrition for children and mothers. This can be done by building on existing government programmes/schemes such as Integrated Child Development Services (ICDS) and Mid Day Meal (MDM) schemes. This will help to improve the implementation of these programs, as scholarly studies show that ICDS programme has not been effective in reducing malnutrition largely due to implementation problems⁴. For example, a major challenge for ICDS lies in implementation gaps that arise out of factors such as, supply of fresh foods and micronutrients to children and lactating mothers, lack of proper nutrition education and understanding of balanced diet, inadequate resources and infrastructure etc⁵.

DMFs can provide financial support for filling the nutrition gap and ensuring extra nutrition supply in ICDS and MDM schemes. Money can also be used to improve the outreach of ICDS scheme, provide nutrition counseling for mothers especially of children under three years of age to improve feeding practices, provide infrastructure and resources for health check up and growth monitoring.

- **Health:** Providing support and improving access to health care can be ensured by:
 - Offering health insurance to people in affected areas. This can complement national health insurance schemes by extending the coverage limits and benefits, increasing disease coverage including chronic conditions, increasing coverage for targeted range of tertiary care services such as cardiac, oncologic, neurologic and trauma care, as well as ensuring proper implementation.

Added benefits under health insurance schemes can be ensured by integrating with, and building on schemes such as Rashtriya Swasthya Bima Yojana (RSBY) that provides health insurance coverage to Below Poverty Line (BPL) families, Aam Aadmi Bima Yojana (AABY) that provides coverage for rural landless households.

- Offering treatment support for chronic diseases, free medical treatment and medicines to children and senior citizens.

2 Kautz, T., et al. 2014, *Fostering and Measuring Skills: Improving Cognitive and Non-cognitive Skills to Promote Lifetime Success*, Organisation for Economic Co-operation and Development (OECD) Education Working Papers (110).

3 The schemes under NSAP at present include of Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFBS) and Annapurna.

4 Lokshin M, Das Gupta M, Gagnolati M, and Ivaschenko O, 2005, *Improving Child Nutrition? The Integrated Child Development Services in India*, World Bank.

5 Planning Commission of India, 2011, *Report of the Inter-Ministerial Group on ICDS Restructuring*, Government of India.

- Arranging nutritious meal for vulnerable people admitted/under treatment at hospitals.
 - Giving infrastructure and resource support for better access to health care facilities, such as ambulance services with basic facilities like oxygen cylinders.
 - Maintenance of infrastructure and facilities at Primary Health Centres (PHC) and district hospitals, and provide support to new health-care infrastructure.
 - Better and regular staffing at health facilities. Revision in remuneration and other occupational incentives can be provided to attract and retain people.
- **Education:** Improving quality of primary and secondary education by:
 - Providing financial and resource support.
 - Giving scholarships at mid-level and for secondary education; distinctive scholarships for college and university education to support and incentivize performance.
 - Promoting education for girls and evening schools for women.
 - Ensuring better and regular staffing in schools and colleges.
 - Providing better infrastructure such as for clean water, clean and sustainable sanitation facilities, school vans for children to travel to school and back, laboratory and computers, and other resources as required.

Many of these can also be ensured by integrating with, and building on Central Government schemes such as Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Rajiv Gandhi National Fellowship Scheme, Post Matric Scholarship for Scheduled Tribe (ST) students, Top Class Education for ST students among others.

- **Clean water:** Supply of clean water for health and hygiene should be ensured by:
 - Making 20 litres per capita per day (LPCD) of clean water available to the people at a nominal price. This is the minimum sustainable water requirement to fulfill the basic health and hygiene needs as specified by the World Health Organization (WHO)⁶. Charges can be levied for usage above 20 LPCD to prevent misuse.
 - Developing sustainable solution for the supply of clean drinking water through investment in source sustainability (water harvesting, watershed management etc.), extraction and cleaning (if required), and through adequate distribution network.
 - Regularly maintaining infrastructure and facilities. This can be done through public-private partnership.

B. Make people employable

Employment opportunities can be supported and improved through multiple means. These include:

- **Skill development:** Creating a workforce for various occupations such as electricians, drivers, computer operators, tailoring, nursing, plumbing, solar technicians, mason, adult education etc.
- **Provide support to self-help groups:** This can include household businesses such as poultry, fisheries, piggeries, shops etc.
- **Provide loans to small businesses:** Small businesses should be supported through loans for fostering entrepreneurship and boosting the local economy.

⁶ World Health Organization (WHO), *Minimum water quantity needed for domestic uses*, Technical Note (9), WHO Regional Office for South East Asia, India.

- **Develop and support market linkages:** Market linkages should be provided for local goods/products to facilitate trade relationships between the small-scale producers, cooperatives etc., and the external market, and provide better economic value for the goods. This can be done by building on work done by The Tribal Cooperative Marketing Development Federation of India, and other market development and linkage corporations.
- **Develop and incentivize industries around local resources:** This can include forest product based industries, involving locals in ecotourism etc.

Many of these can be done by building on missions/schemes of various State Governments as developed under respective Central Government schemes. These include missions/initiatives under the Deen Dayal Antyodaya Yojana (under the National Rural Livelihood Mission), Deen Dayal Upadhyaya Grameen Kaushalya Yojana etc⁷.

C. Invest in, and secure for the future

A part of the DMF money should be invested for the future. Funds should be kept aside to:

- Revive economy of the area when mining finishes, to avoid places from becoming 'ghost towns'.
- Use for emergencies, such as natural calamities, if considered necessary by the Trust.

Most of the focus areas of intervention are also covered under the broadly defined high priority areas of the Pradhan Mantri Khanij Khestra Kalyan Yojana (PMKKKY), the Central Government scheme aligned to DMFs for the benefit of people in mining affected areas, and now part of all State DMF Rules.

PROCESS OF PLANNING

The process of planning, and implementation of plans is crucial for the success of DMFs. At present, planning of DMFs is at its inception stage. There is huge opportunity at hand, and also scope for creative planning. There are pressing issues to be addressed urgently, but thoughtfully.

The planning process for DMFs must not become one focused around fund utilization. DMF is not a short term development fund. It is an opportunity to address the present needs, as well as to provide security for the future. It is for this reason that no fund utilization 'target' has been specified under the laws guiding DMF (the MMDR Act or the State DMF Rules), or the PMKKKY.

Some key aspects that DMF planning should take into account include the following:

- **Ensure decentralized planning:** DMF provides us with an opportunity to undertake true decentralized planning and fulfill the mandate of the 73rd and 74th amendments of the Constitution of India. The needs and aspirations of people can only be appropriately captured if they are made a part of planning and decision-making. DMFs must ensure a process of bottom-up planning, which the law clearly recognizes. Gram sabhas must be consulted for identifying beneficiaries, as well as be part of planning and monitoring.

⁷ Some of the state missions under these include Jharkhand State Rural Livelihoods Promotion Society, Odisha Livelihoods Mission, Chhattisgarh State Rural Livelihood Mission (Bihan).

- **Use district planning methodology as a template:** DMF planning should use the methodology developed for district planning as a template. The only difference would be that priority has to be given to the directly affected areas and high priority issues (at least 60 per cent of the funds have to be spent on these).
- **Undertake perspective planning:** DMFs must engage in perspective planning to ensure that investments can be sustained. This will also help to address issues urgently as well as on a long-term basis. DMFs must develop short-term plans (1-3 years), medium term plans (3-10 years) and long-term plans (10-20 years). The district development plans must be reviewed and updated every five years.
- **Undertake scientific and comprehensive planning:** Adoption of scientific planning methodology is required to avoid ad-hoc planning and budget allocation. For instance, building tube-wells or bore-wells cannot be the one-stop solution for water issues. If ground water aquifers, the quality of water are not assessed, they will turn into bad investments in no time.
- **Engage experts in planning:** To ensure scientific planning and assessment, DMFs need to involve experts in the planning process. For this, suitably qualified people/experts should be appointed in DMF offices (or the planning unit of DMFs). To supplement the capacity and resources of DMFs, commissioning of work to external experts, or developing collaborative approach for undertaking scientific and socio-economic studies can be considered.
- **Set up process for annual planning to prioritize works as necessary:** DMFs must set up a formal process for developing annual plans and prioritizing works. The State DMF Rules specify the role of gram sabhas of affected areas in the planning process for use of DMF funds⁸. The annual planning of DMFs therefore should adopt appropriate measures to ensure this, with the Managing Committee and Governing Council being involved in respective capacities. This will involve the following steps:
 - DMFs shall commence the annual planning process at the beginning of the fourth financial quarter every year for the developmental schemes/works to be executed in the following financial year.
 - The Managing Committee at the beginning of the fourth financial quarter shall inform respective gram sabhas of affected areas about the funds available. Funds can be allocated to each gram sabha in a manner that it is proportionate to its population and corresponding to the socio-economic profile.
 - In accordance with the funds provisionally earmarked, each gram sabha shall prepare an annual plan in a manner so that local needs and priorities of the affected areas and people are reflected.
 - Gram sabhas shall submit their respective annual plans to the Managing Committee by the middle of the fourth financial quarter. The proposals shall be reviewed and referred back to the gram sabhas if there are any reservations or suggested modifications to the proposals.
 - Upon approval of plans by respective gram sabhas, a consolidated annual plan for the DMF should be prepared by the end of fourth financial quarter. The consolidated plan should reflect proposed activities as submitted by gram sabhas besides other planned activities of the DMF for the financial year.

⁸ Gram sabha will have same meaning as assigned to it under the PESA Act, 1996

- Every developmental scheme/work to be undertaken in the annual plan must have a verifiable and time-bound outcome component.
 - The Managing Committee in consultation with the Governing Council shall finalize the annual plan by the end of the fourth financial quarter.
- **Converge and integrate various plans and programmes into DMF plan:** A key aspect of the planning process should be to suitably converge and integrate various plans and programmes of the Centre and State governments into the DMF plan⁹. This can improve the delivery of services and work that is to be done.
 - **Pool resources:** Collectivization of DMF funds can be done in the long term. DMFs of three or four small adjoining districts can come together to develop a common facility—such as a multi-specialty hospital, skill development centre etc. This can help address issues in a concerted manner and at a bigger scale.
 - **Build capacity:** To ensure that people of affected areas can effectively participate in identifying beneficiaries and the planning process for DMFs, their capacity building remains crucial. Capacity building programs must be undertaken for gram sabhas and other concerned stakeholders. Information dissemination on DMFs should also be done for meaningful engagement. People’s engagement will be key for the sustainability and success of DMFs.

ADMINISTRATIVE IMPERATIVES

DMFs need to prioritize certain administrative issues to function effectively, and remain transparent and accountable. Some of the key issues that DMFs should consider in this regard include the following.

- **Register DMF Trust:** DMF being a ‘statutory’ Trust, must be registered before fund disbursement can happen for undertaking various developmental works and activities.
- **Set up independent office:** DMFs need to set up an independent office for purposes of planning, coordination, accounting etc. Five per cent of DMF budget can be used towards administrative expenses which the DMF Rules have provisions for.
- **Identify affected people and areas, and map affected areas:** DMFs must identify affected people and areas according to provisions as stipulated in the DMF Rules¹⁰.
 - A process must be put in place to ensure that the following are appropriately identified as beneficiaries:
 - ◆ People/families living in areas affected by mining.
 - ◆ People having legal and occupational rights over the land being mined.
 - ◆ People having usufruct (user rights) and traditional rights.
 - ◆ People/families, who have been displaced, relocated or resettled from the affected area to a resettlement area because of land acquisition for mining.
 - DMFs must also identify affected areas as specified under the law, and prepare geo-referenced maps of those areas. Developing such maps will help to identify affected areas precisely, reduce the chances of dispute about beneficiaries, and help in monitoring of the delivery of benefits and services.

⁹ As some identified under ‘focus areas of intervention’.

¹⁰ The DMF Rules specify that affected families will be considered the ones as given under Section 3(c) of the Land Acquisition, Rehabilitation and Resettlement Act, 2013; and displaced families as given under Section 3(k) of the Land Acquisition, Rehabilitation and Resettlement Act.

- While the DMF Trust will identify affected areas and people, gram sabhas must be duly consulted and their approval taken for identifying beneficiaries.
- **Develop website:** DMFs in every mining district must develop and maintain a website where all information concerning its administration and functioning should be placed. This includes:
 - Detailed composition of the DMF.
 - Details of all contributions received from mine-lease holders and others.
 - List of areas and people affected by mining.
 - Maps of affected areas.
 - All meeting agenda, minutes of meetings and action-taken reports.
 - Annual plans and budget.
 - Work orders and progress reports of all the projects/works being undertaken including description of work, estimated cost, expenditure, name of implementing agencies, expected date of commencement and completion of work etc.
 - List of people and areas that have benefitted from such measures including prospective beneficiaries.
 - Annual report, including accounts and audit records.
 - Other related information.

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Centre for Science and Environment

41, Tughlakabad Institutional Area, New Delhi 110 062

Phone: 91-11-40616000, Fax: 91-11-29955879

E-mail: srestha@cseindia.org Website: www.cseindia.org