



DISTRICT MINERAL FOUNDATION (DMF)

**STATUS REPORT
2017**

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FOUNDATION
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Executive summary

Instituted in March 2015 under India’s central mining law, the Mines and Minerals (Development and Regulation) Act (1957), District Mineral Foundation (DMF) is a defining opportunity to overturn the decades of injustice meted out to the thousands of people living in deep poverty and deprivation in India’s mining districts. Established as a non-profit trust, DMFs in every mining district have the precise objective to “work for the interest and benefit of persons and areas affected by mining related operations”. It has also been aligned to an important scheme of the Government of India, the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY), that was launched in September 2015 to implement various developmental projects and welfare programmes in mining-affected areas with DMF funds, alleviate the adverse impacts of mining on people and environment, and create long-term sustainable livelihood opportunities for mining-affected people.

With DMF’s coming into effect, the right of the people to benefit from natural resources has been recognised for the first time

With DMFs coming into effect, the right of the people to benefit from natural resources has been recognised for the first time. DMF, thus, is a vehicle for sharing mining benefits with communities who have only been burdened by such activities. Miners and mining companies are required to pay a sum – determined on the basis of their royalty payments – to the DMF Trust of the district where the mine is located. Provisions of the DMF law is also to be implemented taking into consideration the provisions of important laws ensuring people’s rights – the Panchayats (Extension to Scheduled Areas) Act (PESA), 1996, the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (the FRA); and constitutional provisions related to the Fifth and Sixth Schedules for governing tribal areas.

This report is an evaluation of the progress and performance of DMFs in India’s 50 key mining districts across 11 states. The focus of the review is on examining the implementation status of DMF provisions as related to financial contributions and accruals, institutional arrangements including transparency and accountability mechanisms, and planning and budget allocations for undertaking various works and programmes that serves the needs of the affected communities. The reference period of the study is from institution of DMFs in 2015 till nearly the end of the previous financial year, February 2017.

In about two years’ time, a total of about Rs 5,800 crore has been collected under DMF Trusts in various mining districts. However, the potential corpus is still higher, as in certain states such as Tamil Nadu and Uttar Pradesh DMFs are yet to roll out. Also in some big mining districts such as Yavatmal in Maharashtra, Guntur in Andhra Pradesh and Khammam, Adilabad and Karimnagar in Telangana, the collection so far has been much less than what was estimated.



Srestha Banerjee / CSE

The fund is clearly a boon for some of India's poorest and most under-developed districts, many of which are in the country's top mining states. In India's top three mining states – Odisha, Jharkhand and Chhattisgarh – nearly 40 per cent of the people live below the poverty line. Many districts in these states, also identified as backward districts by the Planning Commission of India (currently, Niti Aayog) fare very poorly in terms of human development indicators such as nutrition and health, mortality rate, access to clean water, sanitation, education etc. These three states alone account for close to 70 per cent of the total money deposited in DMFs so far. Coal mining districts such as Korba, Angul and Dhanbad have the most significant shares of DMF funds, followed by some of the major iron ore mining districts such as Kendujhar, West Singhum and Dantewada.

Besides fund inflows to DMF Trusts, two determining factors related to DMF implementation are the institutional arrangements of DMFs and planning and allocations for DMF funds. On both these fronts, the progress in most districts is still in the inception stages.

In case of the institutional set-up, while most districts have identified the DMF body – members of the Governing Council and Managing

The fund is a boon for some of India's poorest and most under-developed districts, many of which are in the country's top mining states



Srestha Banerjee / CSE

The least progress so far has happened with respect to developing DMF plans

Committees – the administration is dominated by government officials with poor representation of people. DMFs are functioning without a fixed administrative set-up, such as an office for planning and co-ordination, relying on intermittent meetings of the DMF body. However, the encouraging part is that some key mining districts and states do recognise the need for this, and are working on it; at the time of the report, 20 districts were in the process of doing this. Another important issue is ensuring accountability of the institution. For DMFs, this entails registration of the Trust under the appropriate law and authorities. But the approach towards this has been mixed so far, largely due to lack of clarity on the appropriate registration mechanism.

The least progress so far has happened with respect to developing DMF plans. Except for a few key mining districts in Chhattisgarh, Odisha, Jharkhand and Madhya Pradesh, planning has not happened in most. Some districts have identified certain areas to sanction specific works depending on the urgency to address the issue. In the absence of proper administrative set-up and resources at the district level for DMF planning,

in states such as in Chhattisgarh and Jharkhand, the state governments have intervened issuing directions to the districts on planning and allocation. Odisha had, however, left it to the districts in the first year of planning.

While the planning approaches and allocations vary, certain things could be captured from the evaluation of some key district DMF plans and budgets. Based on the completeness of information received on these accounts, CSE has analysed the allocations of nine districts. These include three districts of Chhattisgarh (Dantewada, Korba and Raigarh), two of Jharkhand (West Singhbhum and Dhanbad), three from Odisha (Kendujhar, Sundargarh and Jharsuguda) and one district of Madhya Pradesh (Singrauli). These being India's top mining districts and spread across four key states, can be argued to be indicative of how DMF funds are being rolled out.

What comes out is that while most of the districts have made allocations for certain "high priority" issues as identified under the respective state DMF Rules, the allocations at various instances are *ad hoc* and short-sighted. In many districts, the DMF plans mechanically list the number and types of works to be undertaken, without any elaboration on the rationale of planning.

Among the issues that have been prioritised in the first year of allocations by a majority of the districts, drinking water is a common one. Education and health care are two other priority areas that districts have considered, though for all these allocations and approaches vary.

For example, Dhanbad, a highly polluted coal mining district in Jharkhand, has allocated 62.5 per cent of its DMF budget for clean drinking water, which the district largely plans to provide through piped water supply. On the contrary, Singrauli, the top coal mining district of Madhya Pradesh and a critically polluted area, has earmarked a negligible 0.9 per cent of its DMF budget for drinking water – the amount will be devoted entirely for digging tube-wells. Considering the high levels of groundwater contamination in mining areas and low water table in most parts, investing in tube-wells and hand-pumps will do little to ensure clean water supply. The focus rather should be on sustainable water supply measures from surface water and other natural sources, through proper assessment and planning.

In the first year of planning, the districts are also inclined to allocate significant parts of the sectoral allocation for various construction purposes. For instance, on the education front, with few exceptions, a big focus is on construction of school buildings, auditoriums, classrooms etc with very little focus on providing supporting resources that can improve access and quality of education. For example, Kendujhar's entire education budget is for construction of additional classrooms. Similarly, for women and child welfare, the focus is primarily on construction of Anganwadi Centres, with little or no simultaneous investment in primary healthcare, which is crucial to improve health and nutrition status of children and women. In fact in most districts, investments towards improving primary healthcare remain very low, though this is a pressing problem in all rural mining areas.

While most of the districts have made allocations for certain "high priority" issues, the allocations in various cases are ad hoc and short-sighted

One very crucial aspect is to undertake scientific and comprehensive planning for every DMF

As DMFs now enter the third year of implementation, it is time to look forward. However, an analysis at this juncture can help understand the course that DMFs are following, and enable districts to adopt measures that optimise the potential of DMFs in the coming years to serve the best interests of the people.

There are shortfalls on various fronts – from institutional and administrative issues to planning and budgetary allocations – which the districts need to act on. As an administrative priority, it must be ensured that the DMF Trust is registered, an office for planning and co-ordination is setup for each DMF, and all information related to DMF for every district is put out in the public domain. Another very crucial aspect is to undertake scientific and comprehensive planning for every DMF. Planning and budget allocation should prioritise issues for intervention through proper assessment of the relevant socio-economic, human development and environmental parameters of the district(s), particularly the mining affected areas, and capture the needs and aspirations of the people by engaging them in the planning process. A perspective planning approach must be adopted to address immediate needs, secure long term sustainable investments, and ensure future security.

With a huge non-lapsable and untied resource envelop, clear objective guiding its implementation, targeted beneficiaries and focussed intervention areas, DMFs hold the promise of addressing years of deprivation and inequality afflicting people living in India's mining areas. The government has rightly observed that DMF and PMKKKY are “revolutionary” steps. However, the success of this move now lies in its relevance to and participation of, the people, and the transparency and accountability mechanisms through which the institution will operate in the coming years.

1

OVERALL TRENDS AND ANALYSIS

Financial accruals
Institutional arrangements
Planning and allocation

1. Financial accruals

Financial contributions from mining companies towards DMFs of the districts in which they are operating is based on types of minerals and age of mines. The contribution amount for all major minerals such as coal iron ore, bauxite etc, is 10 per cent of the royalty paid to the state government for leases granted on or after January 12, 2015, and 30 per cent of the royalty for leases granted before that. For minor minerals, the payments are being determined by the states respectively. For example, in Chhattisgarh, the required contribution from minor mineral miners to the DMF Trust is 30 per cent of the royalty if the lease is not granted through auction (also applies for quarry permits), and 10 per cent of the royalty if the lease is granted through auction. State DMF Rules also stipulate that the DMF Trust Fund shall be kept in one or more scheduled commercial nationalised banks through bank account(s) in the name of the Trust. The account will be operated by the member secretary and the treasurer of the managing committee of DMF.

Key observations

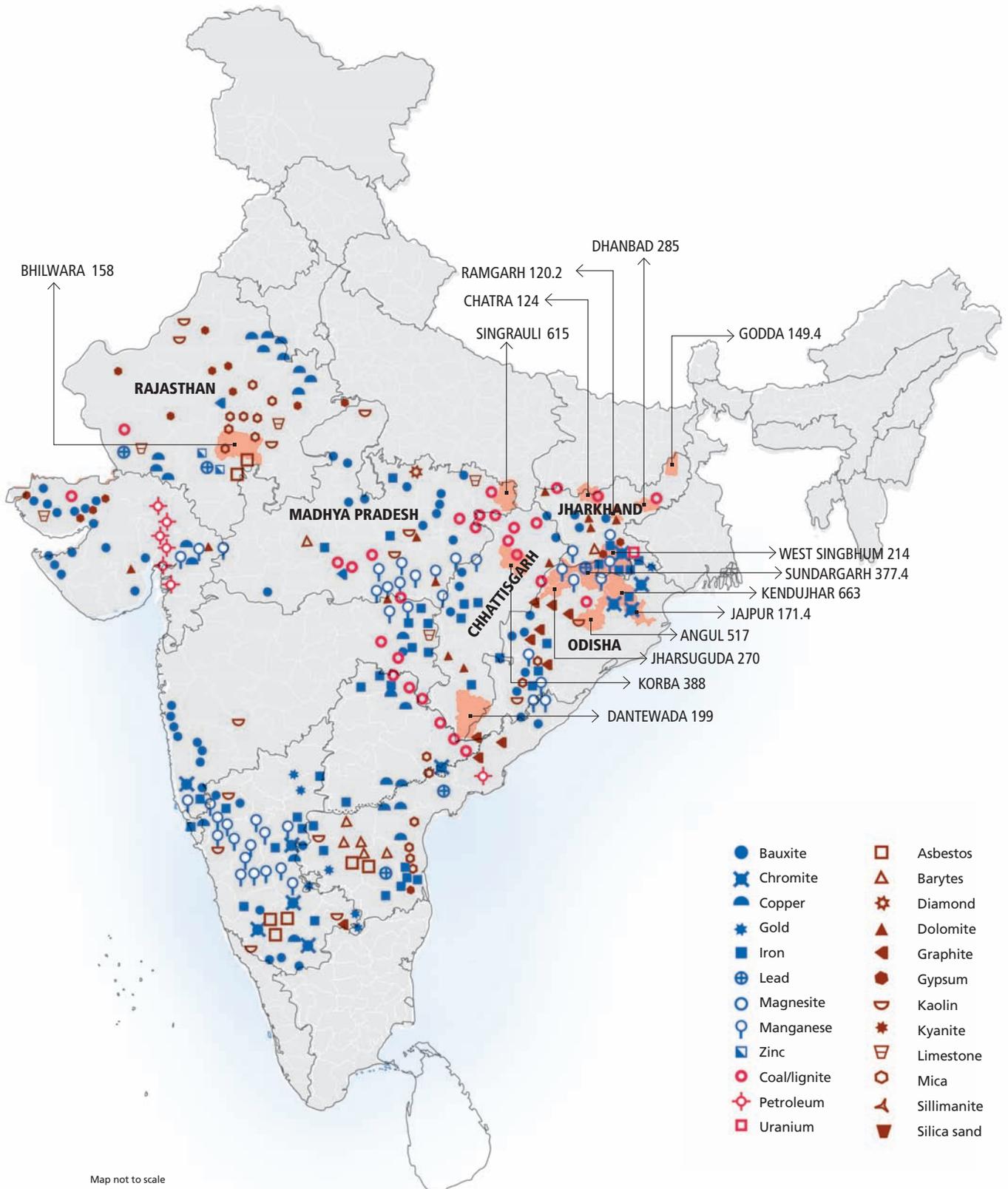
- According to the Union ministry of mines (February 2017), the total DMF collection in the country currently stands at Rs 5,800 crore¹. This figure does not capture all mining districts, as DMFs are yet to roll out in some important states such as Uttar Pradesh and Tamil Nadu, which have very recently framed their DMF Rules (May 2017, as later informed by officials). Also, many districts are yet to receive the expected contributions from leaseholders.
- The combined collection of the top three mining states – Odisha, Jharkhand and Chhattisgarh – amounts to about 69.5 per cent of the total DMF collection
- Odisha remains at the top with a total cumulative collection of Rs 1,932.5 crore. This is followed by Jharkhand with Rs 1,056.2 crore and Chhattisgarh with Rs 1,042 crore. Madhya Pradesh, another key mining state, has a significant collection of Rs 979 crore, largely owing to contribution from Singrauli district.
- Total funds accrued till date in the DMF accounts of 50 top mining districts surveyed is about Rs 5,469 crore (see Table 1: Financial accrual in DMF Trusts of key mining districts).
- Out of the districts surveyed, coal mining districts typically have high collections. For example, Singrauli (Madhya Pradesh) has received about Rs 615 crore, Angul (Odisha) Rs 517 crore, Korba (Chhattisgarh) Rs 388 crore and Dhanbad (Jharkhand) Rs 285 crore. However, in many districts, the entire estimated amount has not been realised.
- The iron ore mining districts also reflect some of the highest DMF collections. For example, Kendujhar (Odisha) has received Rs 663 crore, Sundargarh (Odisha) Rs 377 crore, West Singhbhum (Jharkhand) Rs 214 crore and Dantewada (Chhattisgarh) Rs 199 crore.
- In some states with big mining districts such as Maharashtra, Telangana and Karnataka, the DMF accrual remains low due to various governance and administrative issues².

Total DMF collection
₹ 5,800
crore

Highest collection
Coal mining
districts

Map: The big money gainers

Mining districts in India whose total DMF collection exceeds Rs 100 crore (the figures beside the district names give the collected amount)



Map not to scale

Table 1: Financial accrual in DMF Trusts of key mining districts

Districts	Total DMF collection (In Rs crore)	Total sanctioned amount (In Rs crore)	Estimated DMF collection each year (In Rs crore)
ODISHA			
Kendujhar	663	207	300
Sundargarh	377.35	102	400
Angul	517	80	250
Jharsuguda	270	35.56	150
Jajpur	171.4	72.44	150
Koraput	30	NA	30
CHHATTISGARH			
Korba	388	145	384
Dantewada	199	61	195
JanjgirChampa	77.28	43.75	80
Balod	64	17	24
Balodabazar	64	34	54
Raigarh	52	52	57.74
Korea	51	22	-
Surajpur	24	15	20
Kanker	13	3	15.5
JHARKHAND			
Dhanbad	285	39.14	250
West Singhbhum	214	19	165.3
Godda	149.4	20.38	90
Chatra	124	28.59	236.5
Ramgarh	120.2	99.33	250
Bokaro	89	NIL	104
Hazaribagh	20.4	NIL	10.6
Ranchi	10.3	5	12
Lohardaga	5.3	5.3	5
MADHYA PRADESH			
Singrauli	615	207	300
Anuppur	70	37.27	90
Satna	50	NIL	40
Shahdol	28.14	19	30
Chhindwara	24.05	NIL	20
Balaghat	12.67	NIL	15.49
ANDHRA PRADESH			
Kadapa	24	NIL	40
Kurnool	22	NIL	40

Districts	Total DMF collection (In Rs crore)	Total sanctioned amount (In Rs crore)	Estimated DMF collection each year (In Rs crore)
Krishna	8.93	NIL	25
Guntur	8.42	NIL	150
Anantapur	3.94	NIL	5
GOA			
South Goa	39.40	NIL	36
North Goa	35.10	NIL	18
TELANGANA			
Karimnagar	24	NIL	-
Khammam	2	NIL	-
Adilabad	0.02	NIL	-
MAHARASHTRA			
Yavatmal	38	NIL	100
Chandrapur	37	NIL	75
Nagpur	19.50	NIL	40
KARNATAKA			
Bellary	81.85	NIL	100
Gulbarga	79	NIL	50
GUJARAT			
Surat	40	NIL	10
Kutch	8	NIL	40
RAJASTHAN			
Bhilwara	158	NIL	215
Chittorgarh	35	NIL	41
Udaipur	26.58	NIL	50

Source: Survey conducted by Centre for Science and Environment and information obtained through RTI

2. Institutional arrangements

The state DMF Rules and the DMF Trust deed circulated by the Union ministry of mines indicate the administrative arrangements that DMFs should follow. These include setting up the Governing Council and Managing Committee for operations of the Trust, registering DMFs, setting up a DMF office for co-ordination, planning and monitoring and developing websites for transparency and accountability³.

The administrative structure of the DMF Trust comprises of a Governing Council and a Managing Committee, both headed by the District Collector/ District Commissioner. Though the composition of DMF bodies are state-specific, in all states they are predominantly bureaucratic. The Governing Council primarily comprises of various line department officials and officials holding other significant positions in the district, such as, the superintendent of police, the additional district magistrate, the chief executive officer of the *Zila Panchayat* etc, as the case may be. There is also representation of elected public representatives, including selected Panchayati Raj Institution (PRI) members and industry representatives related to mining. The Managing Committee comprises entirely of officials, many of whom are also members of the Governing Council.

The overall management of the DMF Trust vests in a Governing Council, while the day to day affairs are managed by the Managing Committee. Some key roles of the Governing Council include laying down the broad policy framework for the functioning of the Trust, reviewing activities, participating in annual planning, approving annual plans and budgets, conducting audits of schemes and works, reviewing annual reports and accounts, ratifying appointments of officers and auditors etc. Key roles of the Managing Committee include ensuring timely collection and administration of funds, coordinating and participating in annual planning, monitoring progress of works, preparing and presenting annual reports including accounts and audit reports.

With respect to institutional arrangements, the survey undertaken by CSE focuses on the following key parameters:

- Administrative set-up (includes members of the DMF Trust, DMF office etc)
- Registration of the DMF Trust
- The DMF website

Key observations

Administrative set-up

- Members of DMF Trusts – those in the Governing Councils and Managing Committees – have been identified in almost all the key mining districts. Most mining districts have not set up any dedicated offices for DMF. Out of the 50

The Governing Council manages the DMF Trust. Day to day affairs are taken care of by the Managing Committee

districts surveyed, only 20 districts indicated that they are in the process of setting up DMF offices.

- In October 2016, the Odisha government directed all districts with annual receipts of more than Rs 100 crore to set up 'Project Management Units' (PMUs) for assisting the trust in planning, monitoring and evaluation⁴. These districts include Kendujhar, Sundargarh, Angul, Jajpur and Jharsuguda. The districts have started inviting proposals from agencies (including private consultants) to run the PMU of the DMF⁵.
- On the contrary, the states of Jharkhand and Chhattisgarh are taking a more measured approach in setting up offices. The consideration is to have a combination of officials and technical and subject experts for DMF offices for purposes of administrative duties, planning and monitoring⁶.

Registration of DMF Trusts

- Out of the 50 districts surveyed, only 27 have registered the DMF Trusts so far. These 27 include all the mining districts of Chhattisgarh and Jharkhand
- In various other states, registration remains scattered for a variety of reasons. For example, in Odisha, the districts had not registered till the time of the survey, as there is a lack of clarity on the registration requirements and on the legal aspects of registration. The Planning and Convergence department of the Odisha government has approached the state Law Department for guidance on this matter⁷.
- Maharashtra districts also suffer from a lack of clarity. For instance, while Nagpur district says the state government has asked it to register the DMF Trust, the charity commissioner believes there is no need for a registration!
- In Rajasthan, none of the mining districts have registered under the pretext that the setting up of the Trust has been 'notified' by the state government. The state mines department has issued a notification indicating that the "State Government hereby establish Trusts in all the districts of the state to be called as the District Mineral Foundation Trust with a Governing Council and a Managing Committee"⁸.
- Districts are not following an uniform approach for registering DMF Trusts. Various districts in different states have registered the Trust under different laws, the most common one being the Indian Trusts Act (1882). Besides districts have also registered under the Indian Stamp Act (1899) and the Indian Registration Act (1908).

27 districts (out of 50 surveyed) have registered DMF Trusts. These include all the mining districts of Chhattisgarh and Jharkhand

The DMF website

- Most states are developing state-level websites where information pertaining to DMFs in individual districts will be made available. Till the time of this review, the process was in progress in Chhattisgarh, Odisha, Jharkhand, Madhya Pradesh, Maharashtra, Goa, Karnataka etc.
- However, the websites being developed in these states are not uniform. While Odisha and Chhattisgarh have DMF portals with separate web pages for each district, states like Jharkhand and Maharashtra have only a single web page or a notification to mark their online presence.
- The information available in the websites are also very limited.

3. Planning and allocation

Various state DMF Rules specify that DMFs in every district should go through an annual planning exercise for identifying and prioritising projects to be undertaken with DMF funds. Districts should practice a bottom-up planning approach to understand people's needs and include such considerations in the DMF plan.

There are also some clear directions in all state DMF Rules, aligned with the PMKKKY guidelines, which all DMFs are required to follow while developing plans and preparing budgets. These include:

At least 60 per cent of the budget should go to areas such as welfare of women and children

- Focussing on certain “high priority areas” such as, drinking water supply, sanitation, health, education, welfare of women and children, welfare of aged and disabled, skill development, environment preservation and pollution control measures. Some states also have specified other sectors such as agriculture, housing for the poor as priority issues. It has been specified that at least 60 per cent of the DMF budget should be earmarked towards addressing and mitigating these issues⁹.
- Limiting allocation on physical infrastructure and other big projects which already have funds from the state coffers: The Rules clarify that for areas such as physical infrastructure, irrigation, energy, watershed development etc, no more than 40 per cent of the money should be used¹⁰.



Agmimih Basu / CSE

Besides outlining the intervention issues, the DMF Rules and PMKKKY also emphasise on certain important factors that should be considered in DMF budgets:

- In the case of schemes or projects which already enjoy financial support from the Central or the state government, the developmental and welfare activities to be taken up by the DMF should complement those schemes and projects. This means there is a clear need to review the status of, and the gaps in, the Central/state schemes and projects which are operational in the districts.
- It has been clearly mentioned that a reasonable sum of the annual receipts should be kept as endowment fund for providing sustainable livelihood.

Key observations

- So far, planning – among all the action that has happened on DMFs – has seen the least progress. Except for a few key mining districts in Chhattisgarh, Odisha, Jharkhand and Madhya Pradesh, planning has not happened in most districts.
- Of the 50 mining districts surveyed, 24 indicated that their DMF plans have been prepared. However, actual plans (including draft outlines) were available from only 17 districts.
- The state that has progressed most with respect to DMF planning is Chhattisgarh. Out of the nine districts surveyed, eight have prepared DMF plans.
- Districts have started sanctioning some projects – particularly in the states of Odisha, Chhattisgarh and Jharkhand. Madhya Pradesh has sanctioned projects in Singrauli. Sanctioning of work is awaited in many districts as a significant portion of the estimated DMF funds have not been realised and Detailed Project Reports (DPR) are still awaited in most cases.
- In states such as Chhattisgarh and Jharkhand, the state governments have issued directions regarding the use of DMF funds. For example:
 - The Chhattisgarh government has asked districts having significant DMF funds to share a portion of the money with adjoining districts.
 - The state has also asked for developing ‘model villages’ in the affected areas, all of which should have certain facilities such as panchayat offices, anganwadi centers, schools, health facilities etc.
 - The Jharkhand government has asked districts to focus on two primary issues in their DMF plans – providing clean drinking water and making affected areas open defecation-free.
- Clean drinking water supply, an important consideration, is a focus area of intervention in most districts. However, approaches and allocations vary.
- Hunger and malnutrition, a severe problem in majority mining districts, particularly in rural areas, has got little or no attention in the DMF plans.
- Health and education, two other important issues in which mining districts fare poorly, have received varied allocations. The focus, however, has largely been on constructing facilities.
- Two big mining districts, Singrauli (Madhya Pradesh) and Sundargarh (Odisha), have allocated more than 60 per cent of their budget for physical infrastructure, including construction of roads.
- No DMF plan accounts for a future/endowment fund as indicated in the state DMF Rules and the PMKKKY guidelines.

Of the 50 mining districts surveyed, 24 indicated that their DMF plans have been prepared. However, actual plans were available from only 17 districts



Srestha Banerjee / CSE

Women in Jharkhand's Chatra district have to walk long distances to fetch drinking water. This is a typical scenario in most mining districts of the country

2

STATE-WISE REVIEW OF DMF PLANS AND ALLOCATIONS

**Chhattisgarh
Odisha
Jharkhand
Madhya Pradesh**

Based on DMF collections (funds estimated and realised so far) and finalised plans and budgets, CSE has analysed the DMF plans of nine districts. These include Dantewada, Korba and Raigarh in Chhattisgarh; West Singhbhum and Dhanbad in Jharkhand; Kendujhar, Sundargarh and Jharsuguda in Odisha; and Singrauli in Madhya Pradesh. All these districts are also the top mining districts of these states.

Overall, the plans shared by the districts broadly indicate allocations under various sectors, percentages of allocation for certain types of work and in some cases, the areas (municipality/ block/village) where the work will be undertaken.

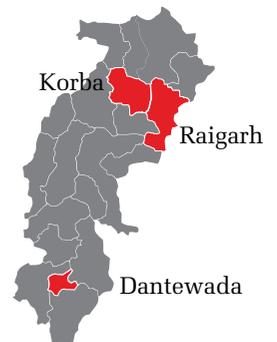
Based on this information, the analysis of DMF plans of these districts primarily relies on the following parameters:

- Whether the plans focus on the critical/priority issues ailing the mining-affected areas of these districts – this is also in line with the guidelines provided by PMKKKY.
- Whether allocations are enough to address the situation.
- Whether the affected people are being appropriately targeted while considering investments.
- Whether the planning has a short-term focus or has long-term considerations.

Since every state has its own DMF Rules and has adopted specific approaches to address issues in mining-affected areas, the analysis follows a state-wise approach to understand the trends. The observations from the districts reviewed are indicative of the way DMF planning is being conceived in the top mining states.

1. Chhattisgarh

CSE has analysed the DMF budgets of Dantewada, Korba and Raigarh, three key mining districts of Chhattisgarh, to understand the course of DMF planning and allocations in the state.



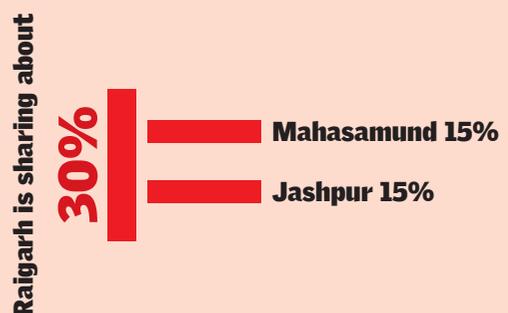
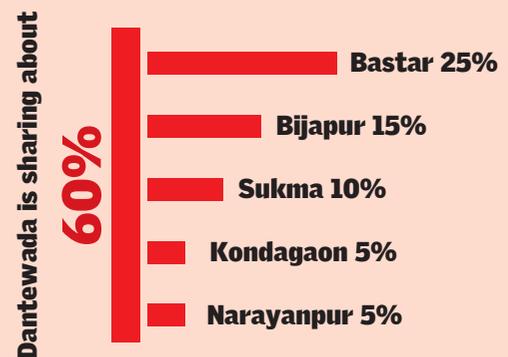
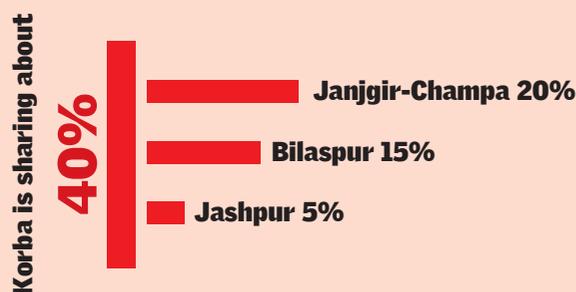
Observations

Role of the state government in DMF planning

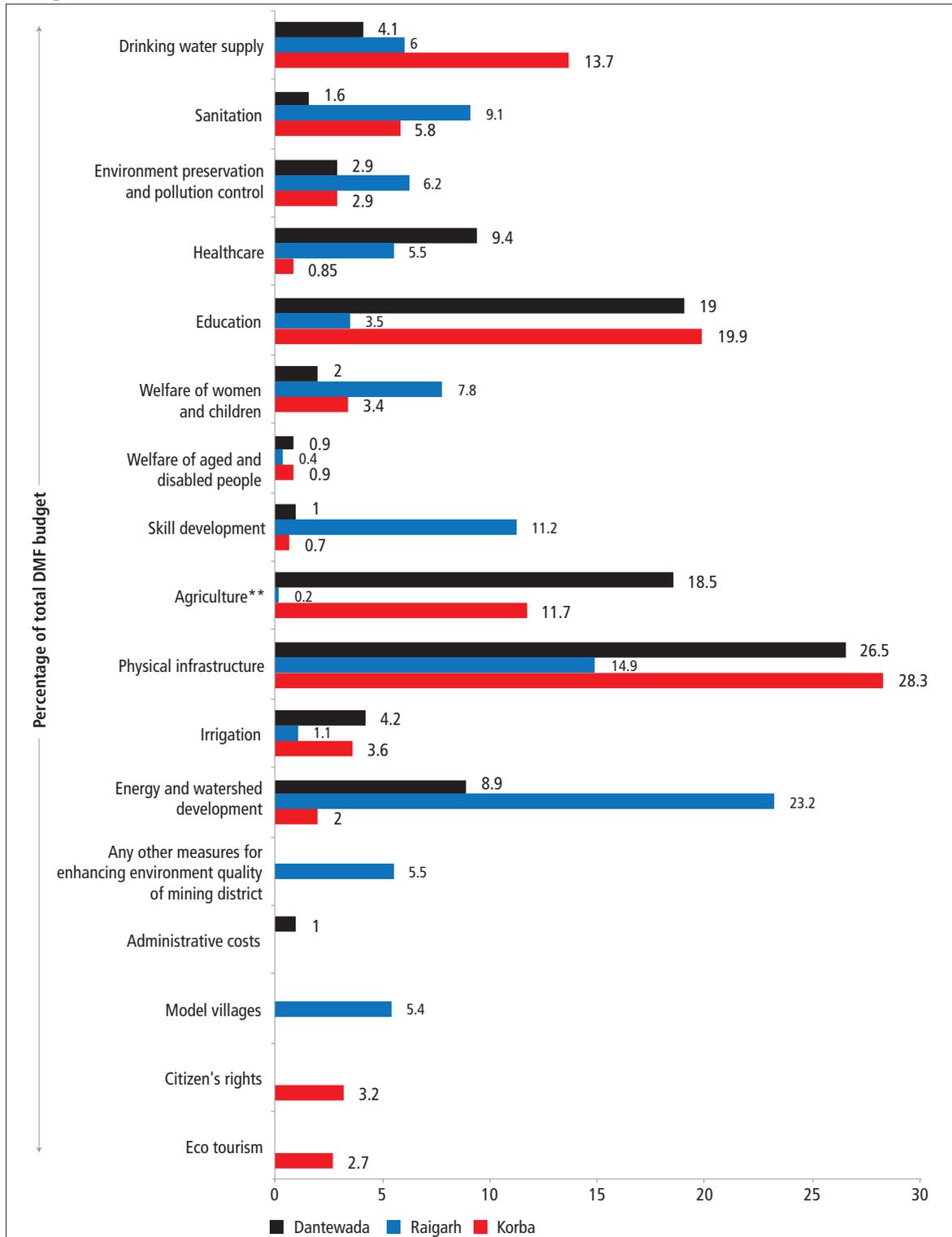
- The state government is playing a leading role in determining how DMF funds should be used. This is evident from the directions issued from time to time by the government^{11,12}.
 - Emphasis has been put on ensuring basic amenities – such as schools, health centres, Anganwadi Centres (AWCs) etc. – in villages where mining is happening. The government has referred to these as model villages.
 - Emphasis has been put on 100 per cent electrification of mining affected villages.
 - Members of affected families, if pursuing higher education in fields such as engineering, law, medical, management etc. in government institutions, will be provided full tuition support from DMF funds.
 - However, DMF fund is also under consideration for big infrastructure projects such as rail corridors, as the state has asked some districts to keep aside a part of their DMF funds for gap-filling for such construction.
 - All districts have been asked to develop DMF budgets for three years.

SHARING OF DMF FUNDS

The big mining districts in Chhattisgarh have been directed by the state government to share their respective DMF funds with adjacent districts (which also have mining-affected areas). Six of these districts have been identified – Korba, Dantewada, Raigarh, Korea, Balod and Balodabazar. The percentage of funds to be shared is determined by the state government depending on the extent of the areas that are affected. The state is viewing this as a cluster development approach using DMF funds¹³.



Graph 1: Sector-wise allocation for three years – Dantewada, Raigarh and Korba



Notes: * Raigarh has included building a sewage treatment plant (STP) as part of the drinking water allocation, despite a separate sanitation budget. The CSE analysis has included the STP allocation as part of sanitation allocation for identifying sectoral allocations clearly.
 ** Chhattisgarh DMF Rules include assistance to farmers and forest rights holders as high priority areas.
 *** Though all the three districts have made DMF budgets for three years, Raigarh has provided a detailed allocation of various works only for the year 2016-17.
 Source: CSE analysis

Focus areas in DMF plans

- All the three districts have developed DMF plans for three years keeping in mind the estimated accrual every year (see *Graph 1: Sector-wise allocation for three years – Dantewada, Raigarh and Korba*). An analysis of the allocations suggests the following:
 - Among the high priority areas which all the districts have focussed on, education is the common area. Dantewada and Korba have allocated 19 per cent of their budgets to education.
 - As stand-alone allocation in a specific sector, physical infrastructure remains at the top in Dantewada (26.5 per cent) and Korba (28.3 per cent).
 - A significant share has also been allocated for agriculture in Dantewada (18.5 per cent) and Korba (11.7 per cent) to build livelihood opportunities.
 - Dantewada, in fact, is adopting some innovative approaches on issues such as education and improving livelihood opportunities.

Addressing the priority issues

While the districts have touched upon most of the high priority areas outlined in the state DMF Rules (and the PMKKKY guideline), a closer review of the plans is necessary to understand if allocations are enough and if the proposed actions will be effective given the ground situation. The analysis is based on the broad approaches as identified by the districts in their respective three-year plans.

Drinking water

Availability of clean drinking water is a major concern in all three mining districts, particularly in the rural areas. An analysis of the Census statistics of these districts shows^{14,15,16}:

- Less than 3 per cent of rural households have access to treated tap water.
- People in the rural areas largely rely on hand-pumps – about 60 per cent of rural households in Korba and Raigarh, and about 84 per cent in Dantewada.
- Groundwater in these areas is reportedly highly contaminated. As per the Central Ground Water Board (CGWB), the fluoride level in groundwater in Dantewada and Korba is higher than the acceptable norm (1.5 mg/l). Nitrate

Percentage of budgets in Dantewada and Korba for education
19%

Table 2: Allocation for drinking water

District	Priority works	Per cent allocation within the sector budget
Dantewada (4.1 per cent of DMF budget)	Rejuvenation of water bodies, natural stream-based water system for areas with high iron content	59.3
	Installation of solar hand-pumps	24.4
	Solar RO purifier in areas with contaminated water	16.3
Korba (13.7 per cent of DMF budget)	Water augmentation work, tap water scheme	83
	Digging of tubewells, hand-pumps, bore-wells/solar dial pumps	17
Raigarh (6 per cent of DMF budget)	Digging of bore-wells, installation of solar dual pumps	55
	Installation purification plants	27
	Nal Jal Yojna and piped water supply through natural resources	13
	Unspecified, to be determined in due course	5

Source: CSE analysis

Percentage of rural households in Chhattisgarh's mining districts having access to treated tap water
Less than 3%

level is also higher than the acceptable norm (45 mg/l) in all three districts. In Korba, the amount of heavy metals like lead, cadmium and chromium in groundwater is higher than the acceptable limits¹⁷.

All the three districts have identified drinking water as a key intervention area. However, given the scale and gravity of the problem, the allocations remain grossly insufficient (*see Table 2: Allocation for drinking water*).

- In Dantewada, only about 4 per cent of the DMF budget has been set aside for drinking water, even when 98 per cent of the district's rural households do not have access to treated drinking water. The district is considering augmenting water supply from natural water bodies.
- In Raigarh, about 6 per cent of the budget is for drinking water. The primary focus here is on installation of solar pumps and bore-wells that rely heavily on groundwater, which is both depleting and highly contaminated.
- Comparatively, in Korba, allocation for drinking water is reasonable. More than 80 per cent of the allocation is for water augmentation and tap water schemes.

Education

Despite many state and Central government schemes and programmes to improve the status of education in rural and tribal areas, the situation remains far from adequate in the three districts.

- Literacy rates are low, especially among women. For instance, Dantewada has about 41 per cent literacy rate – far below the national average of 73 per cent.
- As per the District Information System on Education 2015-2016 report cards, Dantewada also has high drop-out rates of about 18 per cent in the Vth standard and 12 per cent in the VIIIth standard¹⁸.

All three districts have allocations for education under the DMF budget: the

Table 3: Allocation for education

District	Priority works	Per cent allocation within the sector budget
Dantewada (19 per cent of DMF budget)	Construction of hostels, upgradation of schools, construction of computer labs, science labs etc	79
	Gap-filling in teaching staff requirements, developing primary education in tribal languages, coaching for professional courses like engineering, medical etc	21
Korba (19.9 per cent of DMF budget)	Construction of school buildings and hostels, adding rooms, kitchens, toilets etc.	67.6
	Mini stadiums, local planetariums, sports and training complexes, art and sculpture complexes	22
	Furniture, fire extinguishers, sports equipment, milk	8.9
	E-library, e-class and PET, PMT coaching, furniture provisions etc.	1.4
Raigarh (3.5 per cent of DMF budget)	Construction of laboratories in upper middle schools, renovation work in schools and hostels	44.7
	Electrification and repair of solar electric equipment	1.8
	Unspecified, to be determined in due course	53.5

Source: CSE analysis



Agnimitr Basu / CSE

**Percentage of
Vth standard students
dropping out of school
in Dantewada
18%**

allocation is significant in Dantewada (19 per cent) and Korba (19.9 per cent) (*see Table 3: Allocation for education*). A review of the plans shows:

- A major part of the allocation is targeted at various types of construction works. Raigarh's entire education budget in the first year is for such activities; so is 89 per cent of Korba's allocation and about 80 per cent of Dantewada's.
- While some of the construction works are necessary – such as building of schools, hostels for children, laboratories etc – these must be matched by allocations for better staffing, coaching and scholarship assistance to students, promoting girls' education, etc.
- In Dantewada, the allocation reflects considerations on these lines, which the district should build upon. For example:
 - Filling the teaching vacancies and engaging locals for teaching at various grades according to their qualifications is an important step towards ensuring sustained resources for teaching.
 - Another very important approach is about developing the primary education system in tribal languages, which the district is considering. This can help create a sustainable education environment, improve learning abilities in children and prevent dropouts as children often feel uneasy learning in a different language¹⁹.

Healthcare

The problem of pollution remains a critical one for the districts in Chhattisgarh. This has enormous health costs.

- Acute respiratory infection (ARI) is prevalent in the coal mining districts of Raigarh and Korba. In fact, Raigarh has one of the highest ARI prevalence in the state – 6,471 per one lakh people. In Korba, it is 3,121 per one lakh people²⁰. People in these districts suffer from various chronic illnesses such as tuberculosis and asthma as well.
- The poor health status is further compounded by the scarcity of health infrastructure and resources in the rural and mining-affected areas. The situation is clearly reflected in the Rural Health Statistics released by the ministry of health and family welfare in 2015.

According to the Rural Health Statistics (2014-15), none of the rural health facilities in districts of Chhattisgarh are functioning according to Indian Public Health Standard (IPHS) norms²¹. The IPHS norms stipulate certain minimum facilities and resource requirements for rural health centers (sub-centers,²² PHCs²³ and CHCs²⁴), such as basic humanpower, medical equipment, rooms, water supply, electricity and accessibility, among other things.

Korba and Raigarh districts fare poorly in their allocations for health sector. There is also a lack of focus on appropriate measures for addressing the disease burden and improving health resources (*see Table 4: Allocation for healthcare*).

- Korba has allocated a meagre 0.85 per cent of its total budget to healthcare – a very low allocation for a district with a high disease burden. The approach is cursory without any significant thrust on improving the primary healthcare system or access to it, or addressing chronic illness problems.
- Raigarh, with one of the highest prevalence of both acute and chronic illnesses, has allocated only 5.5 per cent of the budget towards health.
- Comparatively, Dantewada has adopted a better approach. About 70 per cent of the health allocation is earmarked for upgradation of the district hospital, and improvement of primary healthcare facilities such as CHCs, PHCs and sub-centers.

The poor health status is further compounded by the scarcity of health infrastructure and resources in the rural and mining-affected areas

Table 4: Allocation for healthcare

District	Priority works	Percent allocation within the sector budget
Dantewada (9.4 per cent of DMF budget)	Upgradation of district hospital, CHCs and PHCs and sub-health centers	70
	Special mega health camps at cluster locations	11.7
	Telemedicine facility	10.6
	Facilitating follow-up of chronic and critical patients	3.8
	Training and building capacity of local healers	3.8
Korba (0.85 per cent of DMF budget)	Construction of mortuaries, wards, operation theatres, emergency rooms, renovation of delivery ward and maintenance of district hospital	94
	Provision of equipment	6
Raigarh (5.5 per cent of DMF budget)	Medical equipment	65.5
	Construction of CHCs	24.7
	Unspecified, to be determined in due course	9.8

Source: CSE analysis



Agnimirth Basu / CSE

Chhattisgarh needs to adopt a more targeted and comprehensive approach towards welfare of women and children. This sector should be made a top priority for allocations, as it has the potential to deliver extensive development dividends

Table 5: Allocation for welfare of women and children

District	Priority works	Percent allocation within the sector budget
Dantewada (2 per cent of DMF budget)	Gap filling for existing 50 Anganwadis to improve malnutrition; community-centered crèche at places with no Anganwadis.	67
	Women empowerment centers to promote SHGs training, production and market linkage	33
Korba (3.4 per cent of DMF budget)	Supplementary food to pregnant women, new mothers, children; construction of buildings for 20 Anganwadis	82.7
	Distribution of sanitary equipments and medicine kits; health camps	17.2
Raigarh (7.8 per cent of DMF budget)	Construction of new Anganwadis in place of dilapidated ones; construction of Anganwadis in urban areas ; construction of toilets and internal electrification in Anganwadis	92.5
	Unspecified, to be determined in due course	7.5

Source: CSE analysis

Welfare of women and children

One of the pressing issues in these mining districts, is the nutrition and development status of infants and children. All three districts have:

- A high rate of infant mortality, particularly in the rural areas – as high as 56 and 54 respectively in Korba and Raigarh, which is higher than the already poor national average of 43.
- The Under 5 Mortality Rate (U5MR) is also very high – an average of above 65 in rural areas of all the districts. This far exceeds the national average of 51.
- Various symptoms of malnutrition are also widely prevalent in these areas. High percentages of children below the age of five years have stunted growth—nearly 36 per cent in Korba and 44 per cent in Raigarh, or are underweight—nearly 40 per cent in both Korba and Raigarh.
- Maternal mortality ratio (MMR) is also high – 272 in Dantewada and 261 in Korba and Raigarh, against the 167 for India.

The primary approach of all districts for addressing issues of women and child development is through Anganwadi Centres (AWC). This involves both construction of new AWCs as well as improving on services provided through them, such as supplementary food and nutrition (*see Table 5: Allocation for welfare of women and children*).

While these are important, a more targeted and comprehensive approach needs to be adopted. This sector should be made a top priority for allocations as it has the potential to deliver the best development dividend in the long run.

Skill development and livelihood

Unemployment, or a lack of full-time employment, are major concerns in most mining-affected districts:

- In Korba and Raigarh, on an average, about 55 per cent of the people are unemployed (57 per cent in Korba and 54 per cent in Raigarh). In Dantewada, the figure hovers around 46 per cent.
- Even among the working population, a significant fraction is marginal workers – about 14 per cent in Korba and Raigarh.

Allocation for skill development per se is low (1 per cent or less) in Dantewada and Korba districts. However, both districts have made some attempt to address livelihood

Percentage of population unemployed on an average in Korba and Raigarh
55%

Table 6: Allocation for skill development and livelihood

District	Priority works	Per cent allocation within the sector budget
Dantewada (1 per cent of DMF budget)	Capacity building, skill development, exposure visits of ground-level staff	Insignificant
Korba (0.7 per cent of DMF budget)	Hostel for livelihood college; market linkage to those getting trained; training of forest management groups	Insignificant
Raigarh (11.2 per cent of DMF budget)	Construction of motor driving school	92
	Construction of skill development centre	8

Source: CSE analysis

issues through investments in the agriculture sector. Raigarh, though has earmarked a significant amount for skill development and livelihood, but the allocation lacks diversity, limiting opportunities for engaging in various professions. About 92 per cent of the Rs 18.47 crore skill development money in the DMF budget is for construction of motor driving schools in the district (*see Table 6: Allocation for skill development and livelihood*).

Agriculture

Going by the state directive, Dantewada and Korba have made significant allocations towards agriculture (*see Table 7: Allocation for agriculture*). However, the approach towards improving agriculture and allied activities varies.

- In Dantewada, the agricultural allocation captures a variety of livelihood options related to farming, horticulture and fisheries. A primary focus is on organic farming. Allocation is also made for developing non-farm livelihoods and helping women's self help groups (SHGs). This approach has the potential for creating livelihood opportunities based on organic produce, forest-based resources etc.

Table 7: Allocation for agriculture

District	Priority works	Percent allocation within the sector budget
Dantewada (18.5 per cent of DMF budget)	Promotion and strengthening of organic farming and farmers' producer's organisation	30.6
	Construction of warehouses, godowns	24
	Promotion of horticulture and fisheries based livelihood and infrastructure	9.2
	Strengthening of traditional non-farm livelihoods, promotion of women's SHGs	20.4
	Extension of electricity to farmers	7.2
	Provision of animal sheds and contribution towards dairy plants	8.7
Korba (11.7 per cent of DMF budget)	Construction of check dams, small ponds for irrigation, drip irrigation etc	40.4
	Horticulture and organic farming	28
	Distribution of seeds and agricultural equipment	28
	Construction of training centres	3.3
Raigarh (0.2 per cent of DMF budget)	Construction of seed godowns in one panchayat village	26.4
	Unspecified, to be determined in due course	73.6

Source: CSE analysis



Sreetha Banerjee / CSE

Both Dantewada and Korba have made substantial allocations to agriculture and allied activities

- On the contrary, the allocations of Korba and particularly Raigarh show no inclination towards creating livelihood options. Allocations are centered on constructing facilities such as check dams, ponds, godowns etc – activities which already receive funds from the state government or are covered by Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005.

2. JHARKHAND

In Jharkhand, CSE has analysed the DMF budgets of two of the state's key mining districts – Dhanbad and West Singhbhum.



Observations

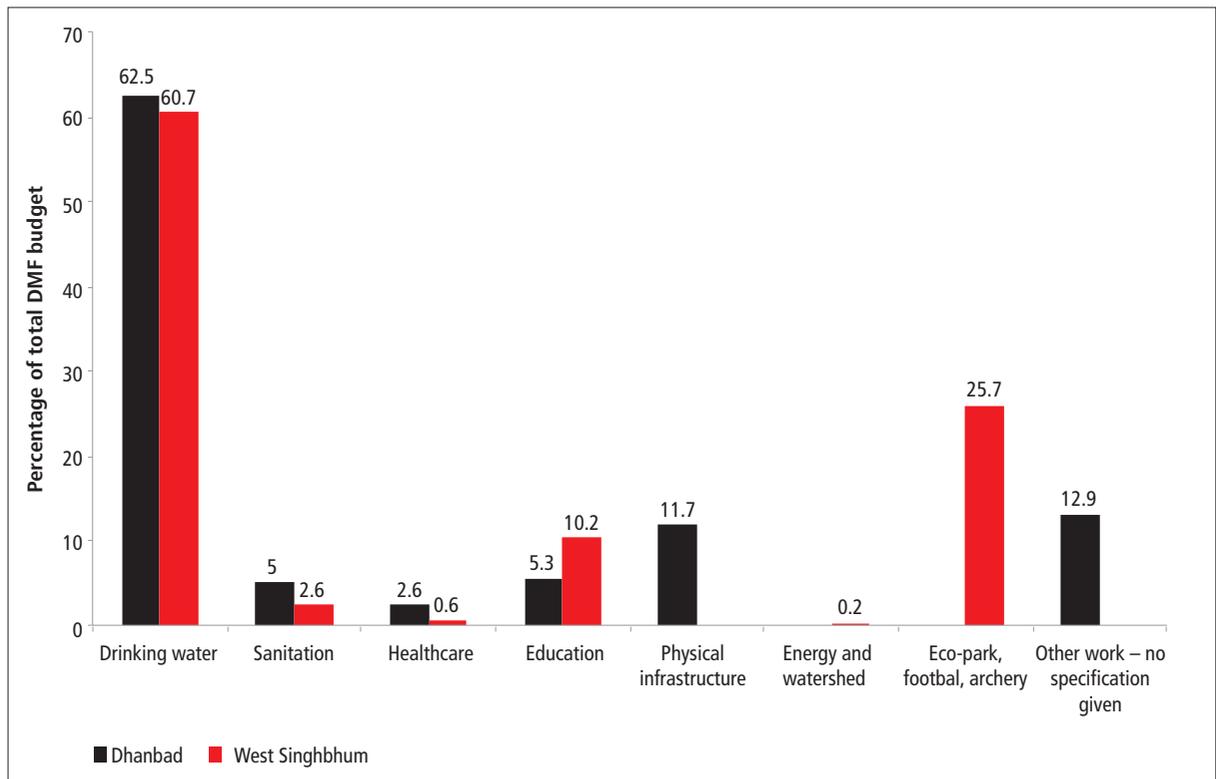
Role of state government in DMF planning

- The government has specified two issues that DMF plans should focus on in all districts – clean drinking water supply and making villages open defecation free (ODF)²⁵.
- All districts have been asked to plan for three times the estimated annual DMF collection. Thus, the plans will span three years, with long-term investments for these two issues.

Focus areas in DMF plans

- The two DMF plans analysed by CSE are primarily focused on ensuring clean drinking water supply to affected areas.
- Budgetary allocations for other sectors such as healthcare, welfare of women and children, education, skill development and livelihood etc are minimal or non-existent in the first year (see Graph 2: Sector-wise allocation: Dhanbad and West Singhbhum).

Graph 2: Sector-wise allocation – Dhanbad and West Singhbhum



Source: CSE analysis

Table 8: Allocation for drinking water

District	Priority works	Percent allocation within the sector budget
West Singhbhum (60.7 per cent of DMF budget)	Piped water supply, rejuvenation of water bodies, solar pumped water from wells	94
	Solar pump and pipeline	5.7
Dhanbad (62.5 per cent of DMF budget)	Piped water supply to affected villages	94
	Purification of mine pit water	5.2

Source: CSE analysis

Addressing the priority issues

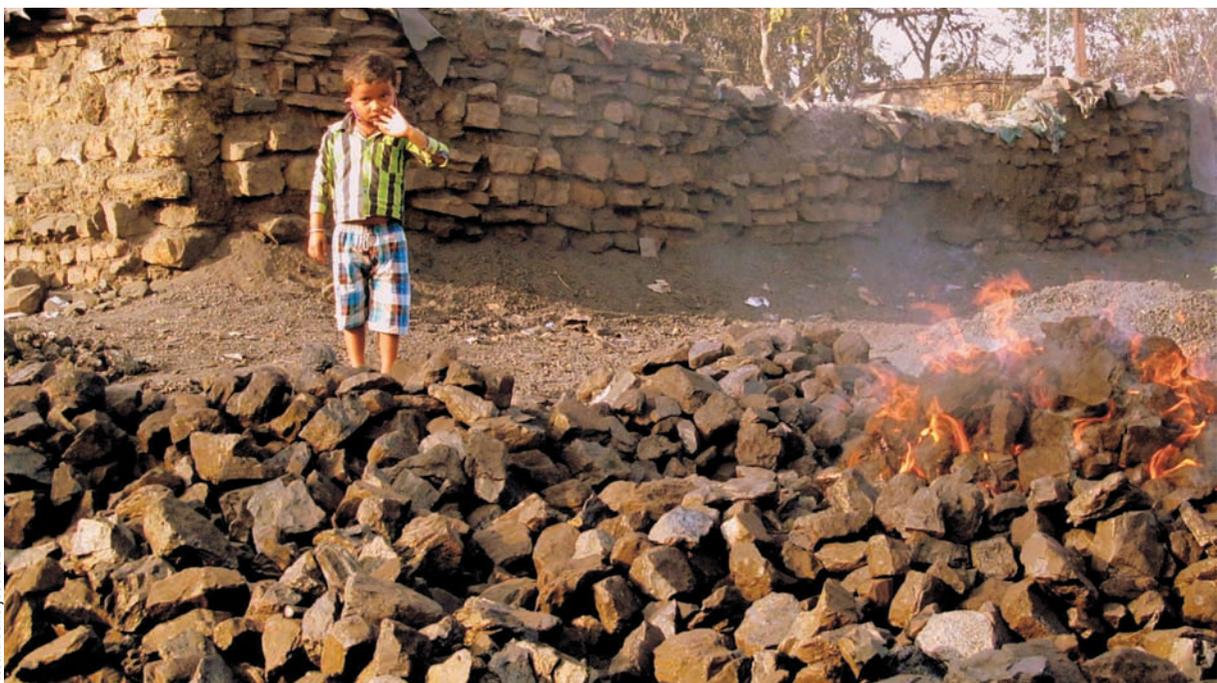
Drinking water

Access to clean drinking water is a critical problem in both the districts^{26,27}:

- In West Singhbhum, a mere 2.5 per cent of rural households have access to treated drinking water (tap water); the figure is only 7 per cent for Dhanbad.
- Most households in these districts depend on hand-pumps (more than 62 per cent in West Singhbhum) and uncovered wells for their water needs. However, groundwater in mining areas is often contaminated and unsuitable for drinking. As per CGWB, the nitrate and iron content in groundwater in West Singhbhum is “higher than acceptable” level²⁸. Receding water table, which leaves hand-pumps and wells dry, is another critical issue.

Drinking water is, thus, one of the priority issues for intervention. West Singhbhum and Dhanbad have allocated more than 60 per cent of their total DMF budgets for drinking water supply – which largely involves providing piped water supply to affected villages (*see Table 8: Allocation for drinking water*)

Jharia in Dhanbad lives every day on the edge of death, with burning coalfields under its feet



Sanitation

- In keeping with the commitment of the state government to make Jharkhand ODF by 2018, mining districts have been asked to allocate part of their DMF funds to SBM.
- Both districts have allocated a small portion of their budgets for sanitation – Dhanbad about 5 per cent, and West Singhbhum about 2.6 per cent. The allocation so far is for construction of toilets in the affected areas. However, districts also indicate that water supply to make toilets usable is a priority consideration.

Percentage of budget dedicated to the supply of clean drinking water in Dhanbad and West Singhbhum is more than 60%

While the first year of planning has prioritised drinking water, in the coming years, the districts need to simultaneously focus on some other crucial issues.

Welfare of women and children

- West Singhbhum and Dhanbad fare very poorly on child development indicators (*see Table 9: Child development indicators*). About 65 per cent rural children under the age of five years are stunted and underweight.
- The under-five mortality rate is extremely alarming: about 96 out of 1,000 live born children die before the age of five years in West Singhbhum. However, none of the districts have allocated funds for this.

Healthcare

- There is a serious shortage of healthcare infrastructure in these districts; PHCs, CHCs and sub-centers, the fundamental points of contact in rural regions, are largely missing. For example, there are only 15 PHCs for the 12.85 lakh rural population (one per 85,620 people on an average) in West Singhbhum. According to IPHS, there should be at least one PHC per 30,000 people in rural areas, and per 20,000 people in tribal areas.
- Even the existing health centers lack adequate staff and resources, says the health ministry's Rural Health Statistics (2014-15)²⁹.
- Moreover, like most mining areas, both West Singhbhum and Dhanbad share a high disease burden when it comes to chronic and acute illnesses. Both districts have a very high prevalence of Acute Respiratory Infection (ARI) – 6,290 per 1 lakh people in West Singhbhum and 4,098 per 1 lakh people in Dhanbad³⁰.

Education

- The Right to Education (RTE) Act (2009), requires that to ensure proper learning for children and improve the quality of primary education, the pupil-teacher ratio (PTR) in all primary schools should be 30:1, and should be 35:1 in upper primary schools³¹. Close to 50 per cent primary schools in West

Table 9: Child development indicators

Districts	IMR		U5MR		Stunting (below 5 years) (%)		Underweight (below 5 years) (%)		Wasting (below 5 years) (%)	
	Total	Rural	Total	Rural	Total	Rural	Total	Rural	Total	Rural
West Singhbhum	53	57	87	96	64.3	63.7	60.4	64.3	25.3	29
Dhanbad	26	35	37	52	55.4	69.3	47.9	64.8	10.5	9.4

Source: Annual Health Survey, 2012-13; Clinical, Anthropometric and Biochemical (CAB), 2014

Singbhum and 40 per cent in Dhanbad do not fulfill this, indicating that there is a significant deficit of teachers to support the number of students enrolled.

- The districts also have large student drop-out rates, particularly by the time they reach VIIIth grade. Dropout rates are more than 19 per cent in Dhanbad and more than 17 per cent in West Singbhum.
- The literacy rate is also a concern, particularly in West Singbhum, where only about 59 per cent of the total population is literate, much less than the national literacy rate of 73 per cent. Literacy among women is worse, at only 46 per cent.

3. ODISHA

In the top position in terms of DMF accrual, Odisha has had a total collection of Rs 1,932.5 crore. CSE analysed the DMF plans of three districts in the state – Kendujhar, Sundargarh and Jharsuguda. While Kendujhar and Sundargarh districts had prepared a yearly DMF budget for 2016-17, Jharsuguda has prepared an overall budget for two years (2016-2018) and outlined allocations accordingly.

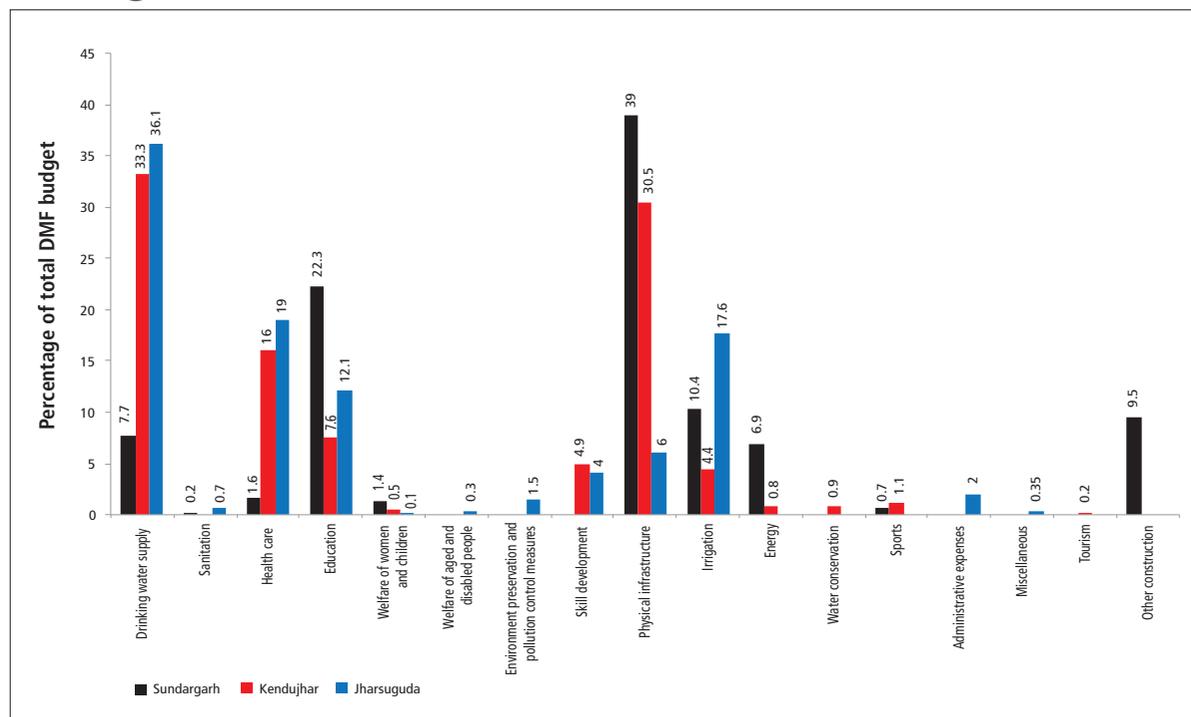


Observations

Focus areas in DMF plans

- The DMF plans analysed for the three districts in Odisha do not show an overall generic trend in terms of allocation. This can be attributed to the fact that the state government has not issued any specific directions to the districts for DMF planning and has left it to them.
- While the districts touch upon most of the “high priority areas” indicated in the state DMF Rules (and the PMKKKY guidelines), allocations and approaches to address these areas are varied (see Graph 3: Sector-wise allocations – Sundargarh, Kendujhar and Jharsuguda).
- The districts have largely ignored vital areas like healthcare and welfare of women and children, despite faring very poorly on health, mortality and nutrition indicators.

Graph 3: Sector-wise allocation – Sundargarh, Kendujhar and Jharsuguda



Notes: *As per DMF plans of Sundargarh and Kendujhar of 2016-17, and Jharsuguda of 2016-2018

**As per Odisha DMF Rules, provision of housing for those without pucca houses, is among high priority issues.

Source: CSE analysis

Odisha is at the top in terms of total DMF accruals with Rs 1,932.5 crore

- A significant aspect is the urban-centric geographical focus of the DMF plans, particularly for Kendujhar and Jharsuguda. Kendujhar has earmarked a mere 14.5 per cent of the budget for vital human development issues in rural areas – nearly 86 per cent of the people in the district live in villages. These are also primarily the mining-affected areas of the district. Similarly in Jharsuguda, about 69 per cent of the DMF budget is for works and projects in urban areas, while more than 60 per cent of the people in the district live in rural areas, including the mining-affected areas.

Addressing the priority issues

Drinking water

Lack of clean drinking water is a major problem in all the three districts^{32,33,34} (see Table 10: Main sources of drinking water).

- Only about 3 per cent rural households in Kendujhar and Sundargarh districts get treated tap water; the figure is 4 per cent in Jharsuguda.
- People rely heavily on hand-pumps, wells and tube-wells where contamination levels are likely to be high. As per CGWB, groundwater in these districts has more than acceptable levels of iron (above 1.0 mg/l) and nitrate (above 45 mg/l). In addition to this, Kendujhar has more than acceptable levels of flouride (above 1.5mg/l)³⁵.

The districts have taken varied approaches on the issue of drinking water:

- Kendujhar has allocated the highest share of its DMF budget (about 33.3 per cent) for drinking water, but the kind of work the money has been allocated

Table 10: Main sources of drinking water

Districts	Tap water from treated source (%)		Hand-pump (%)		Uncovered well (%)		Tube-well/bore-well (%)	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Kendujhar	2.9	40	42	7.2	15.5	16	23.4	18
Sundargarh	2.6	45	47.3	15.7	22.6	8.3	21	23.4
Jharsuguda	4	30.4	37.9	6.1	16.5	26.5	34.1	25.4

Source: District census handbook 2011 of Kendujhar, Sundargarh and Jharsuguda

Table 11: Allocation for drinking water

District	Priority works	Per cent allocation within the sector budget
Kendujhar (33.3 per cent of DMF budget)	Construction of tubewells	85
	Water augmentation in two municipalities	15
Sundargarh (7.7 per cent of DMF budget)	Piped water supply	88
	Installation of reverse osmosis (RO) water facility	10.3
Jharsuguda (36.1 per cent of DMF budget)	Drinking water supply (in municipalities)	91.3
	Handpumps and tubewells	4.5
	Piped water supply	2.3
	Water purification systems (RO)	1.8

Source: CSE analysis

for is poorly conceived. For example, nearly 80 per cent of the drinking water budget is for building tube-wells. In mining areas, where water contamination is already high, tube-wells are certainly not the best solutions for clean drinking water (see Table 11: Allocation for drinking water).

- Jharsuguda's budget has allocated the maximum funds to urban centres. Despite the fact that about 60 per cent of people live in rural areas of the district with poor access to clean drinking, more than 91 per cent of the drinking water budget has been allotted to municipalities. This includes allocation for drinking water supply to Jharsuguda airport (about Rs 0.6 crore).
- Sundargarh, on the contrary, has focused more on providing piped water supply for drinking purposes. However, the approach is not matched adequately by the allocation, which is only 7.7 per cent of the sectoral budget.

Welfare of women and children

One of the most critical issues for rural Odisha is its high mortality rates, both for infants and children below the age of five years. However, this grim fact has been largely neglected in the district DMF budgets, evident from the poor allocations for women and child development sector. It is merely 1.4 per cent of the budget in Sundargarh, 0.5 per cent in Kendujhar, and 0.1 per cent in Jharsuguda.

Percentage of children suffering from stunted growth in Sundargarh
55%



Table 12: Child development indicators

Districts	IMR		U5 MR		Stunting (below 5 years) %		Underweight (below 5 years) %		Wasting (below 5 years) %	
	Total	Rural	Total	Rural	Total	Rural	Total	Rural	Total	Rural
Kendujhar	53	54	69	70	48	46.4	47.7	48.2	24.7	25.8
Sundargarh	47	55	57	67	48	54.9	39.3	43.5	14	14
Jharsuguda	42	45	48	53	38.2	46.6	33.1	36.9	19.4	21

Source: Annual Health Survey, 2012-13; Clinical, Anthropometric and Biochemical (CAB), 2014

- As per available statistics, the U5MR in rural parts of Kendujhar and Sundargarh is as high as 70 and 67, respectively. The number exceeds the national average of 51.
- Children in the age group below five years also suffer from various symptoms of malnutrition. About 45 to 50 per cent of children are underweight in Sundargarh and Kendujhar. Nearly 55 per cent children in Sundargarh and more than 46 per cent in Kendujhar and Jharsuguda also suffer from stunted growth (see Table 12: Child development indicators).

**In rural
Kendujhar,
one
sub-centre
caters to
about 4,400
people**

Healthcare

According to the Rural Health Statistics of India (2014-15), none of the existing sub-centers in these districts have health resources (adequate medical staff, water, electricity etc) as stipulated by IPHS. Primary healthcare facilities for rural and tribal populations are equally sub-standard. For example:

- In rural Kendujhar, one sub-centre caters to about 4,400 people, while in rural Jharsuguda, one such centre serves about 5,300 people. Considering both these districts also have significant tribal populations, the number of sub-centres is completely inadequate – according to IPHS, there should be at least one sub-centre for every 3,000 people in hilly/tribal/desert areas.
- This concern gets graver in the light of a high prevalence of chronic illnesses such as tuberculosis in the mining areas. For instance, in Sundargarh tuberculosis is reported for 250 cases per 1 lakh people³⁶, far exceeding the India average of 195.

Table 13: Allocations for healthcare

District	Priority works	Per cent allocation within the sector budget
Kendujhar (16 per cent of DMF budget)	Medical college in the district	91.7
	Rural health facilities (works not specified)	8.3
Sundargarh (1.6 per cent of DMF budget)	Portable medical center in three blocks	40
	Astha gruha building (shelter for women who are victims of domestic or social abuse, mentally distressed)	40
	Supporting infrastructure such as portable blood banks, digital health record system, electricity supply to health facilities	20
Jharsuguda (19 per cent of DMF budget)	Establishment of cancer hospital	92.2
	Measures of malnutrition (no specifications or break up given), setting up of MMUs, purchase of medical equipment for CHCs	2.9
	Construction and overheads such as for electric supply, construction of boundary walls, laundry system etc	4.9

Source: CSE analysis

Given the existing conditions, the primary focus of healthcare should lie on improving the resources to address these. However, the districts miss out on accounting for this in their DMF budgets.

- 90 per cent of Kendujhar's Rs 60 crore health budget has been earmarked for a medical college in Kendujhar town. Jharsuguda has also earmarked more than 92 per cent of the medical budget for a cancer hospital.
- Sundargarh has completely ignored the issue in its budget, allocating only 1.5 per cent towards healthcare (*see Table 13: Allocations for healthcare*).

Investing in hospitals is important, especially in regions where people are often forced to travel to state capitals for medical help. But equally crucial is the augmentation and development of rural and primary health infrastructure and resources.

Education

About 25 per cent of Kendujhar's primary schools do not have adequate teachers as per prescribed requirements under Right to Education (RTE)³⁷. Most of the primary schools in these three districts do not have electricity connection! Only 7 per cent of primary schools in Kendujhar and about 13 per cent in Sundargarh and Jharsuguda have electricity. Another major drawback is the lack of all-weather roads leading to the schools, which affects accessibility.

The DMF budgets of these districts adopt a limited approach to address these deficits. In all three districts, allocations are centered on constructing buildings and rooms.

- In Kendujhar, the entire budget is meant for constructing additional classrooms. In Sundargarh, the focus is on constructing hostels and school buildings (*see Table 14: Allocation for education*).
- In Jharsuguda, about 24 per cent of the education budget is for building schools, hostels, auditoriums etc. Another 30 per cent is for constructing sports facilities such as mini-stadiums, district athletic buildings and sports complexes, and more than 39 per cent for setting up of science centers and installing digital mobile planetariums.
- In Jharsuguda, an additional concern is the urban focus of its education budget – 75 per cent of the total education allocation is for towns, while nearly 43 per cent of the district's rural population is illiterate.

Most of the primary schools in these three districts do not have electricity connection

Table 14: Allocation for education

District	Priority works	Per cent allocation within the sector budget
Kendujhar (7.6 per cent of DMF budget)	Construction of additional classrooms	100
Sundargarh (22.3 per cent of DMF budget)	Construction of hostel/school buildings	95
	Construction of additional classrooms	4
Jharsuguda (12.8 per cent of DMF budget)	Development of high schools, construction of school buildings, hostels, toilets and auditoriums	24
	Construction of mini-stadiums, district athletic buildings and sports complexes	29.4
	Setting up facilities such as smart class centres, science centers and digital mobile planetariums	39.3
	Provisions for schools/hostels	7.15
	Financial support for schools for mentally challenged children	.01

Source: CSE analysis



Sumita Narain / CSE

Table 15: Allocation for skill development and livelihood

District	Priority works	Per cent allocation within the sector allocation within
Kendujhar (4.9 per cent of DMF budget)	Construction of 9 hostels for Odisha Adarsh Vidyalaya	72
	Construction of buildings for skill development centers	28
Sundargarh	NIL	NIL
Jharsuguda (4 per cent of DMF budget)	Improvement of unutilised low lying land for development of fisheries tanks	60.7
	Skill development training for youth, cold storage for people dependent on fisheries for livelihood	7.2
	Construction of hostel buildings, boundary walls etc.	32.1

Source: CSE analysis

Skill development and livelihood

- Kendujhar and Sundargarh have a high proportion – nearly 60 per cent – of non-working populations. Even among their working populations, a large section consists of marginal workers: this is nearly 18 per cent in Kendujhar and 16 per cent in Sundargarh.
- The budgets of both the districts fare very poorly on creating employment and livelihood opportunities. While Sundargarh has no allocations for this, Kendujhar's allocation is focused only on construction (*see Table 15: Allocation for skill development and livelihood*).
- Jharsuguda's budget on this front is primarily focussed on improving livelihood for people dependent on fisheries. However, the district has also allocated about one-third of the sectoral budget for construction purposes.

4. MADHYA PRADESH

Over 60 per cent of Madhya Pradesh's DMF collection comes from just one district – Singrauli, a major coal mining hub. CSE analysed the DMF plan prepared by Singrauli for the year 2016-17.

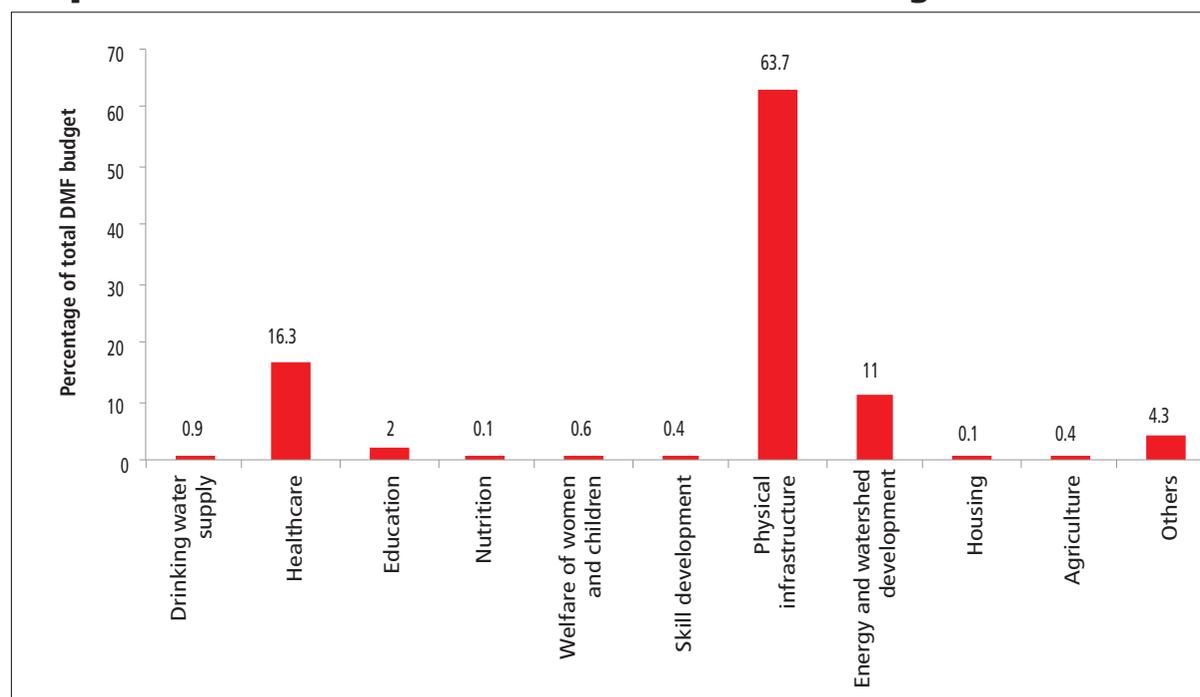


Observations

Focus areas in DMF plans

- The first DMF budget prepared by Singrauli for the fiscal year 2016-17 has been primarily focused on various physical infrastructure projects. The district has allocated more than 63 per cent of its Rs 273 crore DMF budget for building roads and bridges (see Graph 4: Sector-wise allocation of DMF funds in Singrauli).
- About 35 per cent of the physical infrastructure budget is for big road projects.
- Crucial human development issues such as nutrition, access to clean drinking water, education etc, on which the district fares very poorly, and which are recognised as “high priority areas” under the state DMF Rules as well as PMKKKY, have been grossly neglected. These issues get less than 1 per cent or find no mention at all in the budget.
- In fact, the district has allocated about 80 per cent of the budget towards issues noted as “other priority areas” in the state DMF Rule and PMKKKY, on which not more than 40 per cent of the total budget should be spent. The misplaced allocation becomes evident when compared against some of the basic human development indicators of the district.

Graph 4: Sector-wise allocation of DMF funds in Singrauli



Source: CSE analysis



Soundaram Ramanathan / CSE

Addressing the priority issues

Drinking water

In January 2010, the Union ministry of environment and forests (now the ministry of environment, forest and climate change) had declared Singrauli as the ninth most critically polluted area in the country. Water remains one of the most stressed resources in the district – less than 1 per cent of its rural households get treated tap water. Uncovered wells serve over 58 per cent of the population, and hand-pumps cater to another 31 per cent – but the water they offer is believed to be severely contaminated and barely potable³⁹.

Despite this situation, the district has allocated only 0.9 per cent of its DMF budget for drinking water, and that too, entirely for digging tube-wells.

Welfare of women and children

With an IMR of 67 and a shockingly high U5MR of 112, the district is one of the worst in terms of child development indicators. Close to 35 per cent of children here also suffer from various symptoms of malnutrition such as stunted or wasted growth⁴⁰. The DMF budget, however, chooses to ignore this: a cursory allocation of Rs 1.7 crore (0.6 per cent of the budget) has been provided towards AWCs, and Rs 20 lakh (only 0.07 per cent) for developing fair price centers (under public distribution system).

Percentage of rural households getting treated tap water
Less than 1%

STATE MINERAL FUND TO GET A SHARE FROM DMF

In Madhya Pradesh, the DMF Rules have created an 'exceptional provision' – Rule 13(2)(e) specifies that a percentage of DMF annual accruals in the districts have to be transferred to the 'State Mineral Fund'.

The amount to be transferred will be based on annual accruals³⁸.

- For Rs 0-5 crore accrual – no amount to be transferred
- For Rs 5-25 crore accrual – 25 per cent of the DMF fund
- For above Rs 25 crore – 50 per cent of the DMF fund.

Therefore, technically, DMF is being seen as a source for creating a pool of resources at the state level. It has been further specified that money coming to the State Mineral Fund will be used to "carry out works related to development in mining-affected areas of any district or the works which involve more than one district".

No details have been provided on the kind of developmental works that can be undertaken.

The State Mineral Fund has been placed under the aegis of the state finance department (Rule 14). The principal secretary of the department has been made the chairperson of a nine-member committee which would administer the funds.

The director of budget in the finance department is the member secretary. The committee holds the power to consider and recommend development proposals as received from concerned departments or from a particular DMF. The final approval would be given by the chief minister of the state.

As per information provided by the state government at the time of the survey, no funds have yet come to the State Mineral Fund from the districts. Neither has the state developed any further bylaws or guidelines regarding this fund.

Healthcare

The health infrastructure in Singrauli add to the health challenges in this critically polluted area. There is a severe shortage of primary healthcare facilities and resources in the rural areas. According to Rural Health Statistics (2014-15), there are only 15 PHCs in rural areas of the district. Therefore, effectively there is one PHC per 64,000 people. According to IPHS, there should be at least one PHC per 30,000 people in rural areas, and per 20,000 people in tribal areas.

The DMF budget fails to account for this extreme shortage. The Rs. 44.5 crore health budget cursorily mentions construction of trauma and health-centre, distribution of health equipment and renovation of waiting room.

Education

Access to education and availability of educational infrastructure are challenges in Singrauli. The education sector in the district suffers from the following maladies:

- Acute shortage of teaching staff: More than half the primary schools in the district have a pupil-teacher ratio higher than 30, which is the prescribed norm under Right to Education.
- High drop-out rates: Nearly 20 per cent of the students drop out of schools as they reach the VIIIth standard⁴¹.

Percentage of children suffering from malnutrition
35%

The DMF plan does not address any of these gaps and issues. A mere 2 per cent allocation for education vaguely describes projects such as installing green boards, constructing waiting rooms, putting up coolers, etc.

Skill development and livelihood

With over 57 per cent of the people falling under non-working category in the district, creating employment and livelihood opportunities should have been a priority. However, only 0.36 per cent of the budget has been set aside for this.

3

RECOMMENDATIONS

**Based on the survey and its analysis,
CSE offers a set of recommendations on
institutional and planning issues of DMF**

As DMF enters its third year, it is an important point in time to understand the course and progress of implementation, so that necessary measures can be adopted to make it effective for serving the best interests of mining-affected people and regions.

The obligation of DMF to perform well towards its objective is also very high because various government welfare programmes have fallen short of their intended purpose in the past. This is arguably owing to inadequate funds, delay in fund release by authorities, difficulty in processing claims by beneficiaries and lack of proper planning, to name a few.

DMF comes with some functional advantages which do not have such constraints. These include a non-lapsable and significant financial corpus, targeted beneficiaries, defined areas of intervention, and a very precise objective. The job is now to harness all of these to realise the potential of DMF.

The review of 50 key mining districts across various states shows that there is a long way to go. There are gaps in various fronts, including institutional and administrative issues, DMF planning and fund allocation, and people's engagement in the decision-making process. Following is a set of recommendations on each of these aspects:

Recommendations on institutional arrangement

Administrative set-up

- All DMFs must set up an office for purposes of coordination, planning, monitoring, accounting etc. The office can be located in the office of the District Panchayat as indicated in the model DMF Trust deed of the Union ministry of mines (Section 2 of Model Trust Deed). According to state DMF Rules, up to 5 per cent of the DMF budget can be used towards administrative expenses.
- The district administration should hire full-time staff for the office with expertise on issues of planning, monitoring, accounts etc, and also engage with subject experts and line department officials for developing perspective and annual plans, develop budgets etc.
- The DMF office should have dedicated personnel for addressing grievances related to functioning of the DMF Trust. A web-based grievance or complaint registration system can be developed for the purpose for public transparency and accountability on grievances and responses.

Registration of DMF Trusts

- The DMF Trust has been created by a statute – the Mines and Minerals Development and Regulation Amendment Act (MMDR), 2015. It has a defined group of beneficiaries and resource envelop to deliver services, and is empowered to operate bank accounts etc. Therefore, it is important that DMF Trusts are registered. Registration will make the Trust a legal entity, ensure financial accountability and transparency of operations.

- The legal framework for Trusts in India is quite complex, with a number of different acts of legislation governing it in their own myriad ways. As per the current legal structure, there is no uniform law that can apply to a public (non-profit) trust in India, such as DMF. This leads to a situation where Trusts are registered under different laws in different states and districts. However, to bring in clarity, these simple guidelines may be followed:
 - If there is a state-specific Act for public trusts (as in certain states such as Maharashtra or Rajasthan), the Trust can be registered under that.
 - In cases where a state does not have an exclusive Act for public trusts, the Indian Trust Act would be applicable (despite the fact that the Indian Trust Act is geared to provide for private trusts)⁴².

Putting information in the public domain: DMF website

- Every mining district should provide all information related to DMF on specific websites for the purposes of transparency and accountability. States should follow a centralised approach for creating a DMF website at the state level, which must include district-specific information.
- The website should provide the following information for each mining district: Composition of the administrative bodies – Governing Council and Managing Committee – and any other as provided under respective state DMF Rules, DMF fund accruals, list of areas affected by mining and a list of the beneficiaries, minutes of meetings, annual plans and budgets, details of the projects and works undertaken, and a status of ongoing projects/works, annual reports, including records of accounts and audits etc.

Recommendations on planning and allocation

The plans proposed by most DMFs in the initial phase are not comprehensive and do not reflect the due processes that has to be followed as per DMF law. In most districts the annual plans mechanically list the types and numbers of works to be undertaken by DMF funds and the authorities or entities who have been entrusted to do so. Also there is a big focus on allocating funds for construction of various facilities (particularly buildings) under the sectoral budgets such as for education, healthcare, women and child welfare etc. However, for such constructions there is money available from the state governments. The focus of DMF allocations for these sectors should be on augmenting resources, so that they can serve the people and fulfill their needs.

Therefore the need of the hour is proper planning for DMFs in a scientific and comprehensive manner. There are two crucial aspects that DMFs in various mining districts must consider while developing plans and allocating funds:

- Determine focus areas of intervention and prioritise issues through scientific assessment and taking into account the views of mining-affected communities.
- Undertake a process of comprehensive planning to address immediate as well as long term needs, invest in sustainable assets, and provide security for the future.

Focus areas of intervention

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

- Invest in human capital and provide supporting infrastructure and resources.
- Improve livelihood opportunities and make people employable.
- Invest in and secure the future.

Invest in human capital and provide supporting infrastructure and resources:

The issues which must be prioritised for such investments include the following.

Nutrition and food security: Improvement of nutrition status and food security can be ensured by:

- Providing direct transfer of stipends to very poor households, or to the elderly, widows, disabled, orphans etc. This direct transfer should be done into the account of an eligible female member of the household. In the absence of such a female member, the money can be given to the head of the family. The direct transfer scheme of DMF can also be integrated with and built on programmes such as National Social Assistance Programme (NSAP) and schemes under it⁴³, or MGNREGA.
- Ensuring improved nutrition for children and mothers by building on existing government programmes/schemes such as Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) scheme. DMFs can provide financial support for filling the nutrition gap and ensuring extra nutrition supply under the ICDS and MDM schemes. The money can also be used to improve the outreach of the ICDS scheme, provide nutrition counseling for mothers (especially of children under three years of age) to improve feeding practices, and provide infrastructure and resources for health check-up and growth monitoring.

Healthcare: Support for and access to better healthcare can be ensured by:

- Improving infrastructure and resources at primary healthcare facilities, at least fulfilling the norms stipulated by IPHS.
- Maintaining and augmenting facilities at district hospitals.
- Ensuring better and regular staffing at health facilities by revising remunerations and other occupational incentives to attract and retain people.
- Providing infrastructure and resource support for better access to healthcare facilities, such as ambulance services.
- Providing 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 that of chronic conditions, increasing coverage for a 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 the Rashtriya Swasthiya Bima Yojana (RSBY) that provides health insurance coverage to below poverty line (BPL) families and the 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; arrange nutritious meals for vulnerable people admitted/under treatment at hospitals.

Education: The quality of primary and secondary education can be improved by:

- Ensuring better and regular staffing in schools and colleges. For elementary education, the PTR as stipulated under RTE Act (2009), should be the yardstick.
- Providing financial and resource support to students at various levels. These can include scholarships for secondary education, distinctive scholarships for college and university education to support and incentivise performance.
- Promoting education for girls and evening schools for women.
- Providing better infrastructure for clean water, clean and sustainable sanitation facilities, electricity supply, school vans for children, 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 the Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Rajiv Gandhi National Fellowship Scheme, Post-Matric Scholarship for Scheduled Tribe (ST) students, and Top Class Education for ST students.

Clean water: Supply of clean water for health and hygiene can be ensured by:

- Developing sustainable solutions for the supply of clean drinking water through investments in source sustainability (water harvesting, watershed management etc.), extraction and cleaning (if required), and through adequate distribution network.
- Maintaining the infrastructure and facilities regularly through public-private partnerships.
- 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)⁴⁴. Charges can be levied for usage above 20 LPCD to prevent misuse.

Improve livelihood opportunities and make people employable

Livelihood and employment opportunities can be improved by:

- Developing and incentivising livelihood opportunities around local resources such as forest products or forest resources as many of the mining areas are rich in forests. Besides, agro and horticulture-based industries should be developed which will be relevant to the knowledge and skills of the local people.
- Providing support to self-help groups (SHGs) on micro enterprises such as poultry farming, dairy, sericulture, handicrafts, handlooms etc. Improving provisions of loans, creating market support, providing trainings for better income generation activities are some of the key components to build on.
- Creating a workforce for various occupations – electricians, drivers, computer operators, tailors and nurses etc through proper training.
- Providing loans to small businesses for fostering entrepreneurship and boosting the local economy.
- Developing and supporting market linkages for local goods/products to facilitate trade relationships between small-scale producers, cooperatives etc, and the external market, and to ensure better economic value for the goods. This can be done by building on the work done by the Tribal Cooperative Marketing Development Federation of India and other similar corporations,

or under government schemes such as the Deen Dayal Antyodaya Yojana (under the National Rural Livelihood Mission) or the Deen Dayal Upadhyaya Grameen Kaushalya Yojana⁴⁵.

Invest in and secure the future

- A part of the DMF money should be kept aside to ensure future security. The PMKKKY guidelines specify the need for an endowment fund.
- Funds should be set aside to revive the economy of the area when mining finishes, and to avoid the prospect of places becoming ‘ghost towns’. It may also be used for emergencies such as natural calamities.

Process of planning

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

- Ensure decentralised planning and decision making by involving Gram Sabhas, which should be consulted for identifying beneficiaries, developing annual DMF plans and monitoring works.
- Use district planning methodology as a template for DMF planning. 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 to address immediate and long term needs and sustain investments. DMFs must develop short-term plans (one-three years), medium-term plans (three-10 years) and long-term plans (10-20 years). The plans must be reviewed and updated every five years.
- Adopt a scientific and comprehensive planning approach to avoid *ad-hoc* planning and budget allocation. To ensure scientific planning, DMFs need to involve experts in the planning process. This can be done by hiring experts in the DMF office, commissioning work to external experts, or by developing collaborative approach with recognised institutions .
- Set up and follow a method for annual planning to prioritise works as necessary. People’s perspective should also be captured in the planning process by involving Gram Sabhas of affected areas as the state DMF Rules specify.
- Converge and integrate various plans and programmes of the Centre and state governments into the DMF plans to improve the scope of intervention.
- Pool resources from DMFs of small adjoining districts to help address issues in a concerted manner and of bigger scale, such as building a multispeciality hospital, skill development centre etc. Such collectivisation of DMF funds can be done in the long-term, only after ensuring that the basic requirements of the mining affected communities are met.
- Build capacity of people of affected areas to help them engage effectively in the DMF planning and decision-making processes. Capacity building programmes must be undertaken for Gram Sabhas and other concerned stakeholders. Information dissemination on DMF should also be done to ensure meaningful engagement, as people’s engagement will be key for the sustainability and success of DMFs.

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42. In case of a dispute, the courts will follow general principles of Trust along, considering the purpose and objects of the Trust.
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44. World Health Organization (WHO), Minimum water quantity needed for domestic uses, Technical Note (9), WHO Regional Office for South East Asia, India, as available from, http://ec.europa.eu/echo/files/evaluation/watsan2005/annex_files/WHO/WHO5%20-%20Minimum%20water%20quantity%20needed%20for%20domestic%20use.pdf , accessed on March 2017
45. Some of the state missions under these include Jharkhand State Rural Livelihoods Promotion Society, Odisha Livelihoods Mission, Chhattisgarh State Rural Livelihood Mission (Bihan).

**Centre for Science and Environment (CSE)
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The review focuses on 50 key mining
districts across 11 states.**



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