

Conclusion and Recommendations

Conclusion

PMKKKY aimed to implement developmental and welfare projects/programs in mining affected areas, to minimise/mitigate the adverse impact of mining activities on the environment, health and welfare while ensuring long-term sustainable livelihoods for affected persons in mining areas.

GoM collected the DMFT contribution as a percentage of the royalty paid on Major and Minor mineral. DMFT fund contribution received in the State was not in the required proportion of the royalty collected. There was excess collection both in Major and Minor mineral. However, there were instances of short collection also in some DMFTs. Total DMFT collection for the period 2016-17 to 2022-23 in the State was ₹ 4,624.01 crore. In selected five DMFTs, ₹ 3,354.59 crore of DMFT contribution received during September 2016 to March 2023, and out of that ₹ 1,616.26 crore were disbursed to various Implementing Agencies under PMKKKY for implementation of projects in sectors like healthcare, water supply, physical infrastructure *etc.*, however, scheme provisions of at least 60 *per cent* expenditure on high priority activities were not adhered. None of the selected DMFTs had identified the directly affected areas within 10 km radius as per revised norms of GoM and continued with the older criteria of 5 km. DMFTs had not prepared list of affected persons by mining-related activities since the initiation of the scheme.

There were inadequacies in preparation of Annual Action Plan, Annual Budget, delays in appointment of members of Governing Council *etc.* which affected scheme implementation. There were instances of non-collection of DMFT fund contribution and loss of interest due to inadequate fund management. Out of total funds collected, 48 *per cent* of the funds collected were disbursed in selected five DMFTs for implementation of the projects and 58 *per cent* projects could be completed out of total works sanctioned. Instances of funds spent on ineligible works, diversion of funds, unfruitful expenditure and blockage of DMFT funds were noticed.

Irregular conduct of GC meetings, DISHA committee meetings, non-conduct of social audits, third-party inspections and delayed preparation of Annual Accounts indicated lack of monitoring and supervision. Quarterly progress reports in respect of the approved schemes and projects were not prepared by any of the five selected DMFTs. Also, dedicated websites were not hosted in most DMFTs to publish the Annual Reports, Audit Reports as required to ensure transparency.

Recommendations

Audit recommended that Government/Department may consider to:

- *prepare and maintain lists of directly and indirectly affected areas as well as persons affected by mining activities.*
- *implement the real-time monitoring of collection of DMFT fund contributions due from leaseholders through IT applications like Integrated Lease Management System.*

- *utilise DMFT in directly and indirectly affected areas on high and other priority activities as prescribed in the scheme guidelines.*
- *strengthen the management by Managing Committee and supervision of Governing Council as well as State Level Monitoring Committee, to avoid instances of diversion, blockade of funds as well as ineligible and unfruitful expenditure from DMFT funds.*
- *ensure timely preparation of Annual Action Plan, Annual budget, Quarterly Progress Reports, Annual Accounts etc. for efficient utilisation of funds.*
- *conduct third-party inspections, social audits to assess the outcomes of scheme implementation and ensure transparency by publishing Annual Reports, Audit Reports, works done etc. in public domain.*



NAGPUR
The: 15 October 2025

(DATTAPRASAD SHIRSAT)
Accountant General (Audit-II), Maharashtra

Countersigned



NEW DELHI
The: 16 October 2025

(K. SANJAY MURTHY)
Comptroller and Auditor General of India