

F.No. 7/9/2021-M.IV  
GOVERNMENT OF INDIA  
MINISTRY OF MINES

Shastri Bhawan, New Delhi.  
Dated the 12<sup>th</sup> July, 2021

**ORDER**

WHEREAS, sub-section (1) of Section 9B of the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter referred to as the 'Act') mandates that the State Governments shall, by notification, establish a District Mineral Foundation in every district in the country affected by mining related operations.

AND WHEREAS, sub-section (2) of Section 9B of the Act provides that the object of the District Mineral Foundation(DMF) shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government.

AND WHEREAS, sub-section (3) of Section 9B of the Act provides that the composition and functions of the District Mineral Foundation shall be as may be prescribed by the State Government.

AND WHEREAS, the proviso to sub-section (3) of Section 9B of the Act states that the Central Government may give directions regarding composition and utilization of fund by the District Mineral Foundation.

AND WHEREAS, sub-section (5) and (6) of Section 9B of the Act provides for payment of the prescribed amount directly to the District Mineral Foundation.

AND WHEREAS, the State Governments have established District Mineral Foundations under section 9B of the Act in 600 districts of the country.

AND WHEREAS, it has come to the notice of the Central Government that there are instances where a part of the funds of the District Mineral Foundations are being transferred to the State treasury/ consolidated fund of the State or State level funds (by whatever name called) or Chief Minister's Relief Fund or other funds or schemes.

AND WHEREAS, provisions regarding District Mineral Foundation were introduced in the Act in 2015 to create a district level entity for welfare of mining affected persons to which contribution is made directly by the holders of mineral concession, as opposed to payment of royalty and auction premium, which are deposited with the State exchequer. Section 9B of the Act also mandates that the District Mineral Foundations themselves work for the interest and benefit of the persons, and areas affected by mining related operations. The section does not envisage work for the interest and benefit of the persons, and areas affected by mining related operations out of funds collected in DMF by the State government or any State level agency to

  
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which funds will be transferred from the DMFs. In fact, such transfer of funds from DMF to State level agency defeats the very purpose of depositing the contribution and setting DMF at district level. Therefore, transfer of any part of the fund of District Mineral Foundations to any State level entity for its utilisation is violation of the provision of section 9B of the Act.

AND WHEREAS, in view of the above circumstances, it is necessary to issue directions to ensure utilisation of funds by the District Mineral Foundations themselves.

NOW THEREFORE, the Central Government, in exercise of the powers conferred under the proviso of sub-section (3) of Section 9B of the Act, hereby directs that—

- i. the provisions of Section 9B of the Act shall be strictly adhered to in respect of utilisation of funds by the District Mineral Foundations;
- ii. No fund shall be transferred in any manner from the District Mineral Foundations to the State exchequer or State level fund (by whatever name called) or Chief Minister's Relief Fund or any other funds or schemes; and
- iii. No sanction or approval of any expenditure out of the fund of the District Mineral Foundation shall be done at the State level by the State Government or any State level agency.

  
(Dr. Veena Kumari D.)

Joint Secretary to the Government of India

To,

1. Chief Secretaries of all States.
2. Administrators of Union Territories.

Copy for information to:

PS to Minister for Mines; PPS to Secretary (Mines).