

Mines Ministry tightens mineral fund utilisation rules, introduces rigorous audits

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The CAG will carry out audit across district mineral foundations (DMF) in the country, and the Mines Ministry will have the power to cancel, suspend or stop fund disbursements in case of a discrepancy.

The State governments too have been accorded similar powers to stop DMF fund disbursements, per the new rules.

The new rules — already in effect — were framed following allegations of discrepancies and misutilisation of funds, a senior Mines Ministry official said.

The DMF is a non-profit organisation that works for the benefit of people and areas affected by mining. The foundations, established across States affected by mining, are funded by miners. As per the Standing Committee on Coal, Mines

and Steel (2024-25), the DMF fund (accruals) stood at ₹99,100 crore as on September 30. Funds allocated were ₹85,588.42 crore, while spendings were to the tune of ₹53,624 crore.

Around 3,59,995 projects have been sanctioned under DMF out of which 1,99,619 projects have been completed. The top DMF States include Rajasthan, Madhya Pradesh, Chhattisgarh, Odisha, and Jharkhand.

"If discrepancies are found by the CAG during its audit, the State government or the Centre can suspend or stop disbursements. However, once the corrections are made, disbursements can resume," an official said, adding that States are still evaluating these rules and "some are already on-board".

Incidentally, action has already been taken by some Central investigation agencies for alleged mis-utilisa-



PROJECT REPORT. Under DMF, around 3,59,995 projects have been sanctioned of which 1,99,619 have been completed PTI

tion of DMF funds.

CURBS ON TRANSFER

New rules also bring in restriction on fund transfer. Restrictions are on transfer of DMF funds to either the State exchequer, State level fund or even CM Relief Funds.

This apart, there is a bar

on sanction or approval of expenditure out of the fund of the DMF at the State level or by the State government or by any State level agency.

There is also a bar on transfer of funds from one district to another, unless under some special instances.

Approval of expenditure

of DMF funds will be with the government council of the foundation and the state government or any state level committee shall "not have overarching authority on sanction of these projects".

FUND USE

Furthermore, 70 per cent of the funds can be used under high-priority sector, which includes drinking water supply, environment preservation and pollution control measures, health care, education, welfare of women and children, skill and livelihood generation, housing, sanitation, agriculture and animal husbandry.

Up to 30 per cent can be used in "other priority areas" which include physical infrastructure, irrigation, energy and watershed development or for any other purpose that may look at enhancing environmental quality of the district.