CHAPTER-V

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The Performance Audit of the implementation of the *Pradhan Mantri Khanij Kshetra Kalyan Yojana* (PMKKKY) including District Mineral Foundation Trust (DMFT) in Chhattisgarh highlighted significant systemic deficiencies in governance, accountability and transparency.

PMKKKY as a scheme is based on the foundation of legal and institutional strength, financed by prudent management of the DMFT, seen implemented through project execution and achieves targeted benefits through effective monitoring and evaluation.

We observed that while notifying the revised guidelines of the scheme, the State Government didn't include the audit provision from the PMKKKY, 2024, which says DMFT accounts should be audited by the Comptroller and Auditor General of India (CAG) as per the CAG's schedule. This takes the State away from the assurance level envisaged in the revised guidelines.

We noted deviations in the CGDMFT Rules, 2015, from the PMKKKY, 2015, potentially diluting intended benefits for mining-affected communities. Key issues seen included modification of the definition of 'affected people' and expanding the scope to include people without specific selection criteria. Funds meant for affected people were being distributed without establishing clear criteria or identifying targeted beneficiaries. Further provision for laying Annual Reports before the State Legislature as stipulated in the PMKKKY, 2015 were also omitted from the rules.

The State uses the Khanijonline portal to facilitate timely payment of District Mineral Foundation (DMF) Contributions along with royalty for major minerals. However, similar arrangement was lacking for minor minerals and transit passes for minor minerals were issued manually which did not capture DMF payment alongside royalty. This leaves a gap in institutional arrangement for the scheme implementation.

There were significant issues of non-compliance noted in the districts selected for audit where the Trust Funds were utilised without preparation of annual plan/budget and transferred to the State-level DMF Cell contrary to GoI orders with balances outstanding with the Cell. The Trusts kept the funds in savings accounts without opting for auto-sweep or flexi deposits, missing out on opportunities to optimise interest earnings.

The 'affected areas' were identified in a delay ranging from five to 65 months post-Trust establishment and ₹1,060.70 crore allocated for works before identifying directly and indirectly affected areas. Moreover, the list of identified villages under 'directly affected areas' were not notified by the District Collectors. Accordingly, even though the trust utilised 81 *per cent* of the funds; 44 *per cent* of directly affected villages remained uncovered in 11 sampled districts. Trust funds were also being utilised for non-eligible areas like construction of welcome gates, gardens in collectorate campus, renovation/construction of departmental office buildings, purchase of office items, vehicles for office use, grants to private education institutions, etc. Lack of procurement discipline was also noted in different cases. The procurement records were kept in loose files by the implementing agencies. Trusts lacked skilled manpower and key positions were not filled.

As for the aspect of monitoring, the State-Level Monitoring Committee (SLMC) did not ensure prescribed documentation and keeping of records and fell short of meetings at the mandated frequencies. Key information wasn't disclosed/updated on website. Social Audits of the works/activities of the Trust were not conducted.

Deficiencies noted in statutory and institutional framework, management of funds, execution of work and monitoring of the scheme diluted the intended impact, which holds great significance for a State with second highest collection of DMF.

5.2 Recommendations

Audit recommends that the State Government may:

- ***prepare list of 'Affected People' immediately and notify the same along with 'affected areas' in the Chhattisgarh Gazette for ensuring that benefits reach the intended recipients.***
- ***ensure coverage of directly affected villages for equitable distribution of resources in mining affected areas.***
- ***prepare a long-term Master Plan and vision document aligning activities with the PMKKKY's objectives addressing requirements of mining affected areas and people for implementation.***
- ***ensure preparation of annual plan and budget by Trusts duly approved by Governing Council for financial discipline.***

- ***plan to conduct Social Audit and assess the effectiveness of DMFTs in implementing the PMKKKY and to identify areas for improvement.***
- ***establish a monitoring mechanism to ensure that DMFTs are operating in accordance with the legal framework and the PMKKKY including effective coordination between the Trust and implementing agencies.***

Raipur
The : 06 May 2026

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The : 13 May 2026

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