



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು
ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರ

ಭಾಗ- IV-A	ಬೆಂಗಳೂರು, ಸೋಮವಾರ, ಜನವರಿ ೧೧, ೨೦೧೬ (ಪುಷ್ಯ ೨೧, ಶಕ ವರ್ಷ ೧೯೩೭)	ನಂ. ೫೪
Part- IV-A	Bengaluru, Monday, January 11, 2016 (Pushya 21, Shaka Varsha 1937)	No. 54

**COMMERCE AND INDUSTRIES SECRETARIAT
NOTIFICATION**

No: CI 207 MMN 2015 (P-1), Bengaluru, Dated:11.01.2016

In exercise of the powers conferred by sub-section (4) of section 15 read with section 9B of the Mines and Minerals (Development and Regulation) Act, 1957 (Central Act 67 of 1957), the Government of Karnataka, hereby makes the following rules, namely:-

RULES

1. Title and commencement.- (1) These rules may be called the District Mineral Foundation Rules, 2016.

(2) These rules shall be deemed to have come in to force from the 12th of January, 2015.

2. Definitions.- In these rules, unless the context otherwise requires,-

- "Act" means the Mines and Minerals (Development and Regulation) Act, 1957;
- "Affected areas" means the areas specified in sub-rule (1) of rule 22;
- "Affected people" means the persons specified in sub-rule (2) of rule 22;
- "Auditors" Means the auditor or Chartered Accountant or an officer of the State Accounts Department not below the rank of the Deputy Controller or the Accountant General of the State nominated by the State Government;
- "Chairman" means the Chairman of the foundation;
- "Contribution" means the Contribution collected or to be collected from the holder of mineral or minor mineral concession in the district at such percentage of Royalty as may be prescribed by the Central Government under the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 or as may be prescribed by the State Government for Minor Minerals under the Karnataka Minor Mineral Concession Rules, 1994;
- " Directly Affected areas" means the areas specified in clause(a) of sub-rule(1) of rule 22;
- "Foundation" means the District Mineral foundation of the respective district;
- "Fund" means fund of the foundation;
- "Holder of Mineral or Minor Mineral Concession" means the holder of the mining lease or prospecting-cum-mining lease or quarry lease or quarry license or working permission or any other mineral or minor mineral rights under the Act and Rules made there under;
- "Indirectly Affected areas" means the areas specified in clause(b) of sub-rule(1) of rule 22.
- "Member" means a member of the foundation;
- Royalty" shall have the same meaning as in Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957 for major minerals or shall have the same meaning as in Rule 36 of Karnataka Minor Mineral Concession Rules, 1994 for Minor Minerals.
- "Rules" means the Karnataka District Mineral Foundation Rules, 2016.
- "Section" means the Section of the Act;
- "Year" means a financial year beginning from 1st of April and ending on 31st of March of the following year or part period there of ending on 31st of March.

3. Objects of Foundation.- The object of the District Mineral Foundation shall be to work for the interest and benefit of the persons and areas affected by mining related operations in the districts in such manner as may be prescribed by the State Government,-

- (1) to implement various developmental and welfare projects or programs in mining affected areas.

(2) to minimize or mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts; and

(3) to ensure long-term sustainable livelihoods for the affected people in mining areas.

4. Constitution of the Foundation.- (1) There shall be for the purposes of these rules, a Foundation called the District Mineral Foundation in each of the districts of Karnataka.

(2) Each of the Foundation shall have its headquarters at the respective District Headquarters.

(3) The Foundation shall be a body corporate which shall also be a non-profit making Trust by the name aforesaid, having perpetual succession and a common seal with power to acquire, hold and dispose of property, both movable and immovable, and to contract and shall by the said name sue and be sued.

5. Composition of District Mineral Foundation.- The District Mineral Foundation in each of the District shall consist of the following, namely:-

Sl.No.	Name and Designation	Designation in the Governing Council
1	District in-charge Minister	Chairman
2	The President, Zilla Panchayat concerned	Ex-Officio Member
3	The Deputy Commissioner of the District	Member Secretary and authorized signatory
4	The Chief Executive Officer of the District	Ex-Officio Member and authorized signatory
5	The Deputy Conservator or Conservators of Forest (Territorial), Forest Department nominated by the Government	Ex-Officio Member
6	The District Health Officer of the District Concerned Health and Family Welfare Department	Ex-Officio Member
7	The Executive Engineer Public Works Engineering Services Department of the District.	Ex-Officio Member
8	The Executive Engineer Zilla Panchayat of the concerned District, Public Health Engineering Service Rural Development and Panchayat Raj Department	Ex-Officio Member
9	The Joint Director, District Industries Centre, Commerce and Industries Department	Ex-Officio Member
10	The Environmental Officer, Nominated by the Karnataka State Pollution Control Board	Ex-Officio Member
11	The Deputy Director of Public Instruction, Education Department in charge of the District	Ex-Officio Member
12	The Deputy Director or Senior Geologist, nominated by the Director of Mines and Geology Department	Ex-Officio Member and Convener
13	Two Representatives (one from Major mineral and another from Minor Minerals) from industries using minerals in the concerned district, to be nominated by the State Government.	Members
14	Two Representatives (one from Major Mineral and another from Minor Minerals) from the holders of mineral or minor mineral concession belonging to the concerned district, to be nominated by the State Government.	Members
15	One Representative from a prominent Non Governmental Organization or any Institution working on Environmental issues in the concerned district to be nominated by the State Government.	Member
16	Three representatives of the Community of affected persons from affected areas nominated by the chairman	Members

6. Decisions of the Foundation.- (1) All decisions by the foundation shall be taken in its meeting. All decisions of the foundation shall be taken by the majority of the members present and voting. In case of tie the Chairman of the meeting shall have a casting vote.

(2) The foundation shall act in accordance with the directions and guidelines issued by the state Government from time to time.

7. Powers and functions of the Foundation.- The foundation shall be responsible for,-

- (1) Laying down the broad policy framework for the functioning of foundation and review its working from time to time, subject to such directions and guidelines issued from Government from time to time under Rule 6 of these Rules.
- (2) Drawing up and approving of Annual Action Plan and the Annual Budget for Foundation. The annual Action Plan shall contain the list of schemes and projects with the tentative provisions thereof.

Provided that if for any reason whatsoever, the Foundation does not prepare and accord approval to the Annual Plan and Budget within specified time, the Management Committee shall have Annual Action Plan and the Budget of the Foundation prepared and approve the same. The Budget so prepared and approved shall be deemed to have been duly prepared and approved by the Foundation.

Provided also that while preparing the Annual Plan for the next financial year, the sum total of the past commitment and liabilities spilling over shall be assessed. To maintain financial discipline and timely completion of project the sum total of the past commitments and liabilities and the new schemes being proposed shall not in any case exceed three times the expected inflows for the next financial year.

- (3) Approving such other expenditure in furtherance of the objects of the Foundation from the available Fund in accordance with these rules.
- (4) Approving the recommendations of the Management Committee.
- (5) Approving the Annual Report and Audited Accounts of the Foundation within sixty days of the close of the previous year.

8. Meetings of the Foundation.- (1) The Foundation shall meet as often as necessary but at least once every quarter.

- (2) The meeting of Foundation shall be convened as desired by the Chairman.
- (3) The quorum for such meeting shall be one third of the total existing membership.

9. Term of appointment, and conditions of service of members.- (1) Subject to the pleasure of the State Government the non-official members nominated by the State Government shall hold office for a period of three years.

(2) Any non-official member may resign his office by writing under his hand addressed to the State Government but shall continue in office until his resignation is accepted.

(3) The non-official members shall receive allowances to meet the expenses for attending the meetings in accordance with the Annexure-A to Karnataka Civil Services Rules.

(4) The Ex-Officio members shall continue as members during the period they are holding the post and the designation and shall be deemed to have ceased to be the members once they cease to hold the office by virtue of which they were so appointed and their successors in office shall be deemed to have been appointed as members in their place with effect from the date of their acquiring such official designation.

(5) The term of appointment of the non official members shall be for three years with effect from the date of their appointment as members and the nominating authority may thereafter renew their appointment for not more than another term or may nominate other persons in their place.

Provided that the term of such nominated members shall in no case exceeds two terms of three years each.

(6) The Government may at any time remove any of the non official member and may appoint any other person at its sole discretion. The member so removed shall cease to be a member with effect from the date of such removal.

(7) Any vacancy in the non-official members position by virtue of initial appointment not having been done, expiration of term, resignation, removal, disqualification, death or any reasons whatsoever, shall not affect the functions of the Foundation and the Foundation shall function with the reduced membership.

10. Disqualification for office of membership.- A person shall be disqualified for being appointed as and for being a member if he,-

- (a) has been convicted and sentenced to imprisonment for an offence which in the opinion of the State Government involves moral turpitude;
- (b) is of unsound mind and stands so declared by a Competent Court;
- (c) is an un discharged insolvent; or
- (d) has been removed or dismissed from service of the Central Government or a State Government or a body or corporation owned or controlled by the Central Government or a State Government;

(e) has directly or indirectly by himself or as partner, has any share or interest in any work done by the order of the Foundation or in any contract or employment with or under or by or on behalf of the Foundation;

(f) is employed as a paid legal practitioner on behalf of the Foundation or accepts employment as legal practitioner against the Foundation:

Provided that no person shall be disqualified under clause (e) or be deemed to have any share or interest in any contract or employment within the meaning of the said clause by reason only of his having a share or interest in any newspaper in which any advertisement relating to the affairs of the Foundation is inserted.

11. Removal of member.- (1) The State Government shall remove a member if,-

(a) he becomes subject to any of the disqualifications mentioned in rule 10:

Provided that no member shall be removed on the ground that he has become subject to the disqualification mentioned in clause (e) of that rule, unless he has been given an opportunity of making his representation against the proposal; or

(b) he refuses to act or become incapable of acting; or

(c) he without obtaining leave of absence from the Foundation, absents from three consecutive meetings of the Foundation; Provided that this clause shall not be applicable in case of ex-officio members; or

(d) in the opinion of the State Government he has so abused his position as to render his continuance in office detrimental to the public interest:

Provided that no member shall be removed under this clause unless he has been given an opportunity of making his representation against the proposal.

12. General Provisions regarding District Mineral Foundation: (1) The developmental and welfare activities to be taken up under the District Mineral Foundation shall be, as far as possible, in the nature of complementing the ongoing schemes or projects being funded by the State as well as Central Government.

(2) Activities meant to be taken up under the "polluter pays principle" shall not be taken up under the District Mineral Foundation.

(3) Without prejudice to the powers of the Foundation, convergence shall be done with the State and the Districts plans so that the activities taken up by the Foundation supplement the development and welfare activities.

(4) An amount not exceeding 5% of the annual receipts of the Foundation may be utilized for administrative, supervisory and overhead costs of the Foundation.

(5) No permanent or temporary posts shall be created under the District Mineral Foundation without prior approval of the State Government.

(6) Services that need to be procured for efficient functioning of the District Mineral Foundation shall be procured as service contracts.

(7) If the affected area of a mine in one district also falls in the jurisdiction of another district, such percentage of amount collected from the mine by the Foundation as may be decided by the State Government, shall be transferred to the Foundation of the other district concerned for taking up the activities in such areas:

Provided that a project that is for benefit of the affected area or people, but stretches beyond the geographical boundary of the district shall be taken up under the District Mineral Foundation after obtaining prior approval of the State Government.

(8) Projects for development of common infrastructure like construction of roads, bridges etc., in excess of limits specified in regard to the priority for fund utilization, on a case to case basis, may also be taken up for projects of importance to the District.

Provided that prior approval of the State Government shall be taken before taking up such works in excess of the limits of fund utilization.

(9) The District Mineral Foundation shall prepare an Annual Plan and Annual Budget for implementation of the Annual Plan by January of each year for implementation in the forthcoming financial year. Such Plan shall be prepared in consultation with the Karnataka Mining Environment Restoration Corporation (KMERC) and changes suggested by KMERC shall be duly incorporated in the Annual Plan and the Annual Budget.

13. Managing Committee.- The affairs of the Foundation shall be managed by a Managing Committee, which shall consist of all the members of the Foundation except the nominated non-official member. However, the State Government shall have the right to remove, alter or appoint any member of the Managing Committee at its discretion.

14. Meetings of Managing Committee.- The meeting of the Managing Committee shall be held at least six times in a financial year and it shall be convened as decided by the Chairman.

15. Powers and Functions of the Managing Committee.- The Managing Committee Shall,-

- (1) Exercise due diligence in carrying out its duties for protecting the interest and contribution of the Foundation.
- (2) Ensure timely collection of Contribution Fund from the concerned holders of Mineral concession in accordance with the provisions of the Act and Rules made there under.
- (3) Get the Master Plan or Vision Document for the activities of the Foundation prepared from the specialized agency.
- (4) Assist in the preparation of the Annual Plan and Annual Budget of the Foundation along with the proposed schemes and projects.
- (5) Supervise and Ensure the execution of the Annual Plan and the approved Schemes and Projects.
- (6) Accord Sanction to the Projects, release and disburse the Foundation fund for the purpose subject to delegation limits.
- (7) Operate the Foundation Fund through Accounts in the name of the Foundation in the Government Treasury and with prior approval of the Government through designated Bank Accounts.
- (8) Monitor the progress of the utilization of the Fund of the Foundation.
- (9) Place the audited accounts along with an Annual Report before the foundation for its approval within sixty days of close of financial year.
- (10) Do all other things which are necessarily for smooth functioning and management of the Foundation.

16. Fund of the Foundation.- (1) There shall be a Fund called the District Mineral Foundation Fund.

(2) There shall be credited to the said Fund,- (i) all grants, subventions, donations and gifts made by the Central Government, State Government, any local authority or any body, whether incorporated or not or any person; (ii) the amount borrowed by the Foundation with prior approval of the State Government; (iii) all other sums received by or on behalf of the Foundation from any source whatsoever; (iv) the Contribution collected or to be collected from the holders of mineral or Minor Mineral concession in the District at such percentage of the Royalty as may be prescribed by the Central Government under the Mines and Minerals (Contribution to the District Mineral Foundation) Rules, 2015 or as may be prescribed by the State Government under the Karnataka Minor Mineral Concession Rules 1994; (v) investments and other deposits and the interest accrued thereon and any other income derived there from; and (vi) all other properties of the Foundation and the income derived there from or appreciation thereof.

(3) Except as otherwise directed by the State Government all moneys credited to the Fund shall be kept in the designated Account in the State Government Treasury.

(4) The administrative expenses of the Foundation including the salaries, allowances and pension if any, payable to the officers and employees of the Foundation shall be defrayed out of the fund of the Foundation.

17. Operation of the Foundation Fund.- The District Mineral Foundation fund shall be kept in non interest bearing deposit accounts under public accounts one for each district in the name of the Foundation and all accounts shall be operated under the joint signatures of the two designated authorized signatories including Member-Secretary. The Foundation shall maintain the books of accounts of this Fund.

Provided that with prior approval of the State Government, part or full amount of the Fund can be kept in such interest bearing account in the State Government Treasury or a designated Bank as the State Government may by general or special guidelines permit.

18. Utilization of Funds.- The fund shall be vested in Foundation and shall be applied for carrying out the purposes of these rules in the following manner namely:- (1) Twenty percent of the fund of the District Mineral Foundation shall be kept aside as endowment for taking care of future expenses after mining activities have ended in the area.

(2) Out of the balance after reserving twenty percent of the fund as per sub rule(1), at least sixty percent of the District Mineral Foundation fund shall be used for the following; namely:-

- (a) Drinking Water Supply;
- (b) Centralized preservation and pollution control measures;
- (c) Health Care;
- (d) Education;
- (e) Welfare of Women and Children including on their nutrition;
- (f) Welfare of aged and disabled persons;
- (g) Skill development; and
- (h) Sanitation.

(3) Out of the balance after reserving twenty percent as per sub rule (1) and sixty percent of the funds under sub section (2) remaining amount of the Fund of the District Mineral Foundation can be used for the following:

- (a) Physical Infrastructure
- (b) Irrigation
- (c) Energy and Watershed Development
- (d) Any other measures for enhancing environmental quality in mining district.

Provided that while using funds as per sub rule (2) and (3) of Rule 18 at least sixty percent of the District Mineral Foundation Fund shall be spent on the directly affected areas.

Provided further that the percent of funds to be spent on directly affected areas may be changed, with prior approval of the State Government, if the number of persons living in the directly affected areas is low and spending such funds in such area may, in the opinion of the District Mineral Foundation, become wasteful.

(4) The Twenty percent of the Fund kept aside as endowment shall be invested as per the guidelines issued by the State Government from time to time.

19. Transfer of Funds.- Transfer of fund to all agencies and beneficiaries shall be into their bank account.

Provided that transfer of funds to agencies of the State Government shall be as per guidelines of the State Government.

20. Pradhan Manthri Khanija Kshetra Kalyana Yojana (PMKKKY).- The Pradhan Manthri Khanija Kshetra Kalyana Yojana (PMKKKY) shall be implemented by the District Mineral Foundation of the respective Districts using fifty percent of the funds accruing to the District Mineral Foundation as per the guidelines of the Yojana issued by the Government of India from time to time.

21. Identification of affected areas and people.-

(1) Affected areas (a) Directly affected areas are where direct mining-related operations such as excavation, mining, blasting, beneficiation and waste disposal, overburdened dumps, tailing ponds, transport corridors etc., etc. are located and shall include:

(i) Villages and gram panchayats within which the mines are situated and are operational. Such mining areas may extend to neighboring village, block or district on even state.

(ii) An area within such radius from a mine or cluster of mines as may be specified by the State Government, irrespective of whether this falls within the district concerned or adjacent district.

(iii) Villages in which families displaced by mines have been resettled or rehabilitated by the project authorities.

(iv) Villages that significantly depend on the mining areas for meeting their economic needs and have usufruct and traditional rights over the project areas, for instance, for grazing, collection of minor forest produce etc.

(b) Indirectly affected areas are those areas where local population is adversely affected on account of economic, social and environmental consequences due to mining-related operations. The major negative impacts of mining could be by way of deterioration of water, soil and air quality, reduction in stream flows and depletion of ground water, congestion and pollution due to mining operations, transportation of minerals, increased burden on existing infrastructure and resources.

(c) The District Mineral Foundation shall prepare and maintain an updated list of such directly and indirectly affected areas by mining related operations.

(2) Affected people.- (a) The following shall be considered as **directly affected persons**:

(i) 'Affected family' as defined under Section 3 (c) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

(ii) 'Displaced family' as defined under Section 3 (k) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

(iii) Any other as appropriately identified by the concerned Gram Sabha.

(b) Persons affected by mining shall include people who have legal and occupational rights over the land being mined, and also those with usufruct and traditional rights

(c) Affected families shall be identified, as far as possible, in consultation with local/elected representatives of Gram Sabha or the Urban Local Body as the case may be.

(d). The District Mineral Foundation shall prepare and maintain an updated list of such affected persons or local communities.

(e) The District Mineral Foundation shall prepare and maintain an updated list of such affected people.

22. Implementation of Works or Contracts.- Works or goods or services may be procured by the District Mineral Foundation after following the due procedure prescribed under the Karnataka Transparency in Public Procurements Act, 1999 for such procurements.

23. Compliance of Transparency.- Each District Mineral Foundation shall prepare and maintain a Web Site on which, the following information shall be hosted and kept updated, namely:-

- (i) Details of Composition of the District Mineral Foundation
- (ii) List of areas and people affected by mining.
- (iii) Quarterly details of all contribution received from leases and others.
- (iv) All meeting agenda, minutes and action taken reports (ATRs) of the District Mineral Foundation.
- (v) Annual Plans and Budget
- (vi) Annual Report of the District Mineral Foundation.
- (vii) Status of ongoing works including description of work, details of beneficiaries, estimated cost, name of implementing agencies, expected date of commencement and completion of work, and financial and physical progress up to last quarter.
- (viii) List of beneficiaries made under various welfare programs taken up by the District Mineral Foundation.
- (ix) Voluntary disclosures under Right to Information Act, 2000.

24. Accounts and Audit.-(1) The Annual Accounts of the District mineral Foundation shall be prepared within sixty days of the close of the financial year. The accounts of a District Mineral Foundation shall be audited every year by a Chartered Accountant appointed by the District Mineral Foundation.

(2) After the audit by the Chartered Accountant the accounts shall be audited by the State Accounts and Audit Department.

(3) Audit at sub rule(1) shall be got completed within three months of the close of the financial year and the audit at sub rule (2) shall be got completed within six months of the close of the financial year.

Provided that with prior approval of the State Government the completion of audits at sub rules (1) and (2) put together could be extended up to a period of nine months from the close of the financial year.

25. Annual Report.- (1) Every year, within nine months from the date of closure of the financial year, the Member Secretary of the District Mineral Foundation shall cause to prepare an Annual Report on its activities for the respective financial year and place it before the District Mineral Foundation.

Provided that with prior approval of the State Government, this period of nine months may be extended by a period of another three months.

- (2) The Annual Report shall be submitted to the State Government within one month from the date of its approval by the District Mineral Foundation and shall also be hosted on the website of the Foundation.

- (3) The Annual Report of each Foundation shall be laid before both Houses of the State Legislature in its next session following the month in which the Annual Report is received by the State Government.

26. Administrative arrangements.- (1) The State Governments shall provide services of the personnel under their control including employees working in the Zilla Panchayat for management of the Foundation and for execution of the Annual Plan as may be required for the purpose.

(2) The Foundation may request the State Government to provide required number of core personnel from its departments or from regular employees of the Zilla Panchayat or such other cadre, for providing administrative and technical assistance to the Foundation Services of such personnel shall continue to remain in their won respective cadres. The Foundation may bear expenditure up to 5% of its accrued funds for this purpose.

(3) The Foundation may also ask service providers to provide such services as may be needed for smooth functioning of the Foundation and may provide for incurring contingent expenditure for its functioning.

27. Powers of the State Government: (1) In the interest of convergence with the State Plans, District Plans and the plans of the Karnataka Mining Environment Restoration Corporation, and such other matters as deemed fit, the State Government shall have powers to issue guidelines and directions to the District Mineral Foundation.

(2) The District Mineral Foundation shall abide by such guidelines or directions of the State Government.

28. Delegation of Powers: The State Government may, by notification in the official gazette, direct that any power exercisable by it under these rules may, in relation to such matters and subject to such conditions, if any, as may be specified in the notification be exercisable also by such officer or authority subordinate to the State Government.

29. Removal of difficulty.- (1) If any difficulty arises giving effect to the provisions of the State Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of the said rules, as appear to it to be necessary or expedient for removing the difficulty:

Provided that no such order shall be made under this rule after the expiry of a period of three years from the commencement of the said rules.

By order and in the name of the Governor of Karnataka.

G. LINGAMURTHY
Deputy Secretary (Mines)
Commerce and Industries Department