

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE  
LOK SABHA  
UNSTARRED QUESTION NO. 1670  
*Monday, March 2, 2020/Phalguna 12, 1941 (Saka)*  
Diversion of Funds**

**1670. SHRI SAPTAGIRI SANKAR ULAKA:**

Will the Minister of FINANCE be pleased to state:

- (a) Whether it is a fact that funds from District Mineral Foundation (DMF) Trusts are being diverted to non-mining areas outside constituted districts;
- (b) if so, the details thereof and the steps taken by Government to prevent fund diversion;
- (c) whether it is a fact that Income Tax Authorities have deducted tax on the interest accrued out of the funds from one of the DMF Trust accounts in Odisha; and
- (d) if so, whether the Ministry will take steps for exemption of Interest Income of DMF Trusts from the purview of Income Tax Act?

**ANSWER  
MINISTER OF STATE FOR FINANCE  
(SHRI ANURAG SINGH THAKUR)**

- (a) & (b): No such provisions have been made in either the rules of District Minerals Foundation (DMF) or the guidelines for Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY).
- (c) & (d): Section 10(46) of the Income Tax Act, 1961 was amended by Finance Act 2018 so that all the DMF trust could be notified as 'class of persons'. Section 10(46) of the Act provides that the specified income of a body Authority, Board, Trust or Commission would be exempt from taxation if such an entity is notified for the purpose of section 10(46). Ministry of Finance sought consolidated application for notification of all DMFs as 'Class'. In this regard, Ministry of Mines vide letter dated 17.01.2020 has already requested all the States to provide the consolidated requisite information to Department of Revenue, Ministry of Finance under intimation to Ministry of Mines.