



International Environmental
Law Research Centre

Andhra Pradesh District Mineral Foundation Rules, 2016

This document is available at ielrc.org/content/e1617.pdf

Note: This document is put online by the International Environmental Law Research Centre (IELRC) for information purposes. This document is not an official version of the text and as such is only provided as a source of information for interested readers. IELRC makes no claim as to the accuracy of the text reproduced which should under no circumstances be deemed to constitute the official version of the document.

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Mines and Minerals – Establishment of District Mineral Foundations in 13 Districts of the State – District Mineral Foundation Trust Rules, 2016 - Orders - Issued.

INDUSTRIES & COMMERCE (M.II) DEPARTMENT

G.O.Ms.No. 36

Date: 14-03-2016

Read the following:

- 1) The Mines and Minerals (Development and Regulation) Amendment Act, No. 10 of 2015, dt: 27.03.2015.
- 2) G.O.Ms.No. 42, Ind. & Com. (M.II) Dept., dt: 27.06.2015.
- 3) MoM, GoI Notification No. G.S.R No. 715 (E) dt: 17.09.2015.
- 4) Director of Mines & Geology Letter.No. 13664/P/2015, dt: 14.11.2015.

ORDER:-

The following Notification will be published in an extra-ordinary issue of the Andhra Pradesh Gazette dt.14.03.2016.

NOTIFICATION

In exercise of the powers conferred by sub section (4) of section 15, sections 15 A and 21 read with section 9B of the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Amendment Act, 2015, the Government of Andhra Pradesh hereby makes the following rules for the establishment of District Mineral Foundations, the manner of working and receipt of contributions thereto, in all mineral bearing districts, for the interest and benefit of persons and areas affected by mining related operations and for purposes connected therewith.

PART – I

1. Short title and commencement:-

These rules may be called the Andhra Pradesh District Mineral Foundation Rules, 2016.

PART - II

2. Definitions:-

(i) In these rules, unless the context otherwise requires:

(a) 'Act' means the Mines and Minerals (Development and Regulation) Act, 1957 (Act 67 of 1957), as amended from time to time;

(b) 'Affected Area' includes:

- (i) the area for which a mining or quarry lease is granted by the competent authority for purposes of mining related operations; or
- (ii) directly affected areas where direct mining-related operations such as excavation, mining, blasting, beneficiation and waste disposal including overburdened dumps, tailing ponds, transport corridors etc., are located; or
- (iii) villages and gram panchayats within which the mines are situated and are operational, which may extend to neighboring village, mandal or district or even state; or
- (iv) villages in which families displaced by mining operations have been resettled or rehabilitated by the project authorities; or
- (v) villages that significantly depend on the mining areas for meeting their economic needs and have usufruct and traditional rights over the mining areas viz., grazing, collection of minor forest produce and such activities;
- (vi) Indirectly affected areas means areas where local population is adversely affected on account of environmental consequences due to mining-related operations such as 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, and increased burden on existing infrastructure and resources.

- (c) "Affected Family" includes:
- (i) family whose land or other immovable property has been acquired or diverted for mining related operations; or
 - (ii) a family which does not own any land but a member or members of such family may be agricultural labourers, tenants including any forms of tenancy or holding of usufruct right, share croppers or artisans or those who maybe working on the affected area for three years prior to the acquisition or diversion of land, whose primary source of livelihood stands affected by the acquisition or diversion of land for mining purposes; or
 - (iii) Scheduled tribes and other traditional forest dwellers who have lost any of their forest rights recognized under **Recognition of Forest Rights Act, 2006** due to acquisition or diversion of land for mining purposes; or
 - (iv) family whose primary source of livelihood for three years prior to the acquisition or diversion of the land is dependent on forests or water bodies and includes gatherers of forest produce, hunters, fisher folk and boatmen and such livelihood is affected due to acquisition or diversion of land for mining purposes; or
 - (v) A member of the family who has been assigned land by the state government or the central government under any of its schemes and such land is under acquisition or diversion for mining purposes; or
 - (vi) A family residing on any land in the urban areas for preceding three years or more prior to the acquisition or diversion of the land or whose primary source of livelihood for three years prior to the acquisition or diversion of the land is affected by the acquisition or diversion of such land for mining purposes; or
 - (vii) A family residing in temporary dwelling place such as sheds, temporary huts or thatched huts set up in the fields etc.,
- (d) "Affected Person" means any person suffering due to a serious disease or ailment caused by mining operations;
- (e) "Beneficiaries" means the persons and areas directly and indirectly affected by mining related operations including displaced family;
- (f) "Breach of Trust" means a breach of any duty imposed on a trustee of the trust, as such, by any law for the time being in force.
- (g) "Contribution" means the amount to be collected from:
- (a) holders of mining lease or a prospecting licence-cum-mining lease under the provisions of sub-section (5) of section 9B of the Act;
 - (b) holders of mining lease under the provisions of sub-section (6) of section 9B of the Act; and
 - (c) holders of minor mineral concessions under the provisions of section 15A of the Act in the District as may be prescribed by the State Government; and
 - (d) Any other voluntary contribution made to the Trust;
- (h) "Contribution Fund" means the contribution amount set aside for the benefit and interest of areas and families affected by mining operations;
- (i) "Deed" means the Trust Deed to be executed by the Settlor in accordance with Form A appended to these Rules;
- (j) "Displaced family" means:
any family, who on account of acquisition or diversion of land has been or is to be relocated and resettled from the affected area to the resettlement area.
- (k) "Family" means a person, his or her spouse, minor children, minor brothers and minor sister dependent on him or her.
- (l) "Governing Council" means and includes all the Trustees of the District Mineral Foundation Trust;
- (m) "Gram Sabha" means a village assembly which shall consist of all adult members of a village;
- (n) 'Government' means the State or Central Government;
- (o) 'Mining Operations' means any operations undertaken for the purpose of winning any mineral;

- (p) 'Officer' means and includes the person authorized to receive the payments on behalf of District Mineral Foundation and may include the Managing Trustee of DMF and shall be deemed to be the person holding property within the meaning of section 95 of the Indian Trusts Act, 1882 (Act 2 of 1882).
- (q) 'Rules' means the Andhra Pradesh District Mineral Foundation Rules;
- (r) 'Trusts' means the District Minerals Foundation constituted under these rules in the districts of State of Andhra Pradesh;
- (s) "Trustee" means and includes all the members of the Governing council as mentioned in the Trust Deed.
- (t) "Village" means:
 - (i) a village referred to in clause (b) of section 4 of the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (40 of 1996); or
 - (ii) any area referred to as a village in any state law relating to Panchayats other than the Scheduled Areas; or
 - (iii) forest villages, old habitation or settlements and villages which have not been surveyed, whether notified as villages or not;
- (u) 'Year' means financial year commencing from the 1st April and ending on the 31st March.
- (v) Words in the singular shall include words in the plural and words in the plural shall include the singular.
- (w) Words importing the masculine gender shall include female and neutral gender.

The headings and sub-headings to this Deed are inserted only for reference to the provisions here of and shall not affect the construction of such provisions.

- (x) The expression "District Mineral Foundation" shall be referred to as "DMF"

Explanation: The words and expressions used but not defined in these rules shall have the same meaning as assigned to them in the Mines and Minerals (Development and Regulation) Act, 1957 as amended, or the Andhra Pradesh Minor Mineral Concession Rules, 1966 as amended, or The Panchayats (Extension to the Scheduled Areas) Act, 1996, or The Scheduled Tribes & Other Traditional forest Dwellers (Recognition of Forest Rights) Act, 2006 & Rules or The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, or the Indian Trusts Act 1882 as that particular context requires;

PART -III

3. Objectives of the DMF:

- (i) To work for the interest and benefit of persons and areas affected by mining related operations;
- (ii) To plan, allocate, and ensure effective utilization of the funds accruing to the DMF;
- (iii) To ensure that the needs of the affected areas and families are addressed from time to time; and
- (iv) To ensure effective coordination and flow of information between the village level committee, gramsabha, MRO/MDO offices and the Governing Council for proper decision making;

PART -IV

4. Constitution, Composition, Powers & Functions of DMF:-

- (i) There shall be a Trust to be known as the District Mineral Foundation, constituted for each district of Andhra Pradesh;
- (ii) The Trust shall be a perpetual body and shall have a common seal.
- (iii) The Deed of Trust (Form A appended hereto) shall be registered in each district by the Secretary to Government, Industries & Commerce (Mines) Department or any person duly authorized on his behalf;
- (iv) The Deed of Trust shall be read along with this Part for removal of any difficulties and operational issues.

5. Composition of the District Mineral Foundation:-

- (i) The Governing Council shall consist of the following members, namely:—
- (a) Collector, or as may be decided by the Government, who shall be its Chairperson & Managing Trustee;
 - (b) Joint Collector;
 - (c) Project Officer ITDA/District Tribal Welfare Officer;
 - (d) Project Director, DRDA;
 - (e) District Medical & Health Officer;
 - (f) Joint Director (Animal Husbandry);
 - (g) Joint Director (Agriculture);
 - (h) Superintending Engineer (Panchayat Raj);
 - (i) Superintending Engineer (Rural Water Supply);
 - (j) Superintending Engineer (Tribal Welfare);
 - (k) Superintending Engineer (Irrigation);
 - (l) District Educational Officer;
 - (m) Project Officer (RVM);
 - (n) General Manager (Industries);
 - (o) CEO (ZP) ;
 - (p) District Panchayat Officer;
 - (q) Assistant Director, Mines & Geology;
 - (r) Representative of NGO working in the district, nominated by the Government;
 - (s) Two representatives of the lessees to be nominated by the District Collector; and
 - (t) Two women representatives of the Self Help Groups to be nominated by the District Collector;

(ii) The Chairperson may nominate or invite such other Officials to the meetings of the Council, as he may consider necessary.

(iii) The quorum for the Council shall be fifty percent of the members.

(iv) The Assistant Director, Mines & Geology, acting as convenor shall call for meetings of the Council.

(v) The Council shall meet once every quarter in a financial year.

6. Powers and Functions of the Governing Council:-

- (i) There shall be a Governing Council for the overall control over the management and day to day functioning of the Trust and shall, subject to the guidelines or directions, if any, issued by the State or Central Government from time to time, have the following powers and functions including but not limited to:
- (ii) Prepare and maintain an updated list of directly and indirectly affected areas by mining related operations.
- (iii) Approve the list of beneficiaries identified in the manner as specified in Part-XI.
- (iv) Approve the master plan or perspective plan;
- (v) Guide the gramshabhas in the district by deciding the priority areas and sectoral allocations;
- (vi) Monitor and supervise the activities undertaken in scheduled areas;
- (vii) Ratify the appointment of auditors and approve annual reports;
- (viii) Monitor the proper functioning of the Trust;
- (ix) Approve the annual budget, audit report and annual plan of the Trust;
- (x) Award contracts and works and sanction the payment;
- (xi) Grant administrative sanction for projects, release and disburse the Trust Fund;
- (xii) Appoint & Remove staff taken on outsourcing basis;
- (xiii) Supervision of execution of contracts and works, and matters incidental thereto;
- (xiv) Maintenance of proper books of accounts;
- (xv) Exercise due diligence in carrying out its duties for protecting the interests of the Trust.
- (xvi) Ensure timely collection of Contribution Fund from the concerned Mining Lease Holders in accordance with the provisions of the Act and
- (xvii) All such other activities which are required for proper administration and working of the DMF.
- (xviii) Any other activity incidental to or connected with any of the powers and functions as stated above.

PART – V

7. Contributions to DMF shall include among other, the amount payable by lessees of minerals:-

- (a) All holders of major minerals leases shall, in addition to royalty, pay to the respective District Mineral Foundation:
- (i) An amount equivalent to 30% of royalty, if the lease has not been granted through auction.
 - (ii) 10% of the royalty as fixed by the Central Government if the lease has been granted through auction; and
 - (iii) Any other voluntary contribution which is exempted under section 80 (G) of the Income Tax Act 1961.
 - (iv) The amount under sub-rule (a) and (b) shall become payable and be paid on the same day on which such royalty was payable to the Government.
- (b) All holders of the minor mineral leases shall, in addition to the Seignorage Fee pay to the respective Trust:
- (i) An amount equivalent to 30% of Seignorage fee , if the lease has not been granted through auction.
 - (ii) 10% of Seignorage fee as fixed by the State Government if the lease has been granted through auction; and
 - (iii) Any other voluntary contribution which is exempted under section 80 (G) of the Income Tax Act 1961.
 - (iv) The amount under sub-rule (a) and (b) shall become payable and be paid on the same day on which such royalty was payable to the Government.

8 . Monitoring of the amount payable to the Trust:-

- (1) Every lessee shall remit the amount payable to the Trust online via E- Transfer, into the credit of such bank account as the Trust may specify, under intimation to the Officer to whom the royalty is payable.
- (2) Every Officer who is authorized to collect royalty shall maintain a register of the amount payable and paid by each lessee and furnish the monthly consolidated statement thereof to the Managing Trustee of the Governing Council at the end of every month.

PART – VI

9. Utilization of Funds of the DMF : -

The funds will be utilized for the creation and improvement of physical and social infrastructure for the benefit of affected areas and affected families.

- (a) 2% on total DMF Funds collected from the lease holders shall be transferred to a bank account maintained for this purpose by the Director of Mines & Geology to meet the expenditure on Information Technology for E-Governance.
- (b) District Mineral Foundation shall meet the expenditure from this fund which shall not exceed total 3% on total Fund collected in a Financial year.
- (c) 55% of the funds may be utilized Sector Wise as follows:
- (i) Drinking water supply including establishment of centralized purification systems, water treatment plants, Water Tanks, permanent/temporary water distribution network including standalone facilities for drinking water, and laying of piped water supply system.
 - (ii) Setting up of effluent treatment plants, mine drainage system, Investment in mine pollution prevention technologies in working or abandoned mines, and establishing air, water & surface pollution control mechanisms required for sustainable mine development.
 - (iii) Creation of primary / secondary health care facilities in the affected areas, by setting up of primary health centers and hospitals with necessary staff, equipment and medical supplies.

::6::

(iv) Treatment of mining related illnesses and diseases, by utilizing expertise of National Institute of Miners Health;

(v) Implementation of Group Insurance Scheme for mining affected persons;

(vi) Construction of school buildings, Additional class rooms, Laboratories, Libraries, Art and crafts room, Toilet blocks, Drinking water provisions, Residential Hostels for students/teachers in remote areas, Skill Development Centers, sports infrastructure, Industrial/Vocational Training Institutes, engagement of teachers/other supporting staff, Extension Facilities, and Distance Learning facilities and physical infrastructure at Intermediate and Degree Colleges in the affected areas, e-learning setup, and provision of transport facilities (bus/van/cycles/rickshaws/etc.).

(vii) Prevention and Cure for maternal and child health care, malnutrition, infectious diseases, etc.

(viii) Financial Assistance shall be released to the affected persons suffering from serious diseases or ailments or physical disorders viz., silicosis, caused due to mining operations.

(ix) Skill development for livelihood support, income generation and economic activities for local eligible persons. The projects/schemes may include training, development of skill development center, self-employment schemes, Support to Self Help Groups and provision of forward and backward linkages for such self-employment economic activities.

(x) Collection, transportation & disposal of waste, cleaning of public places, provision of proper drainage & Sewage Treatment Plant, provision for disposal of fecal sludge, provision of toilets and other related activities.

Provided that in the allocation of funds priority may be given to ameliorative measures in the affected areas for providing Safe Drinking water and Sanitation, Health and Mining related diseases and disorders like Silicosis, TB etc., Women Oriented welfare activity including skill development, and Environmental Protection measures to ensure quality of Air, Water and Soil.

(d) 40% of the funds may be utilized for creation of:

(i) Building Roads, Bridges, and Waterway projects in the affected areas.

(ii) Developing alternate sources of irrigation, adoption of suitable and advanced irrigation techniques.

(iii) Development of alternate sources of energy including micro-hydel and rainwater harvesting systems.

(iv) Development of orchards, integrated farming and economic forestry and restoration of catchments.

(v) Measures for enhancing environmental quality in mining district.

(e) Notwithstanding anything in these Rules, DMF Funds shall be released to user agency/department in the district by District Collector only after execution of works by the user agency/department in installments, and District Collector shall call for Expenditure Statements and Utilization Certificates from such user departments and no advance amounts shall be released.

(f) Notwithstanding anything in these rules or any other rules in force, no monies from DMF account shall be spent for individual benefit and the DMF Fund shall be used only for community benefit by creation of physical and social infrastructure in the affected areas;

(g) Any deviation from the above allocation shall be permitted only with prior approval of the State Government.

10. Works in areas overlapping in two districts:

(i) Projects for the benefit of affected area/ people that stretch beyond the geographical boundary of the district should be taken up after obtaining prior approval of the State Government.

::7::

(ii) Funding for the Projects in inter-district areas shall be sourced from the district where mining operations take place and shall be spent in the district where the affected families reside and affected areas fall.

11. Works in excess of limits

(i) All works in excess of the limits of fund utilization require prior approval of the State Government with intimation to the Central Government.

(ii) A separate endowment fund consisting of 0.5 % of annual receipts for providing sustainable livelihood shall be operative.

12. Bank Accounts:-

(i) All the monies received under Part IV, shall be credited to the bank account(s) of the District Mineral Foundation, by E- Transfer to be operated in any Nationalized Bank in the Head Quarters of the District.

(ii) The bank account(s) of the Trust shall be operated by at least two persons, to be decided by the Governing Council, one of whom shall be the Managing Trustee of the Governing council.

(iii) All payments by the Trust, except contingent expenditure not exceeding Rs.5000 and such statutory dues or utility charges for which e-payment facility is not available, shall only be made electronically to the bank account of the recipient.

(iv) All remittances to DMF and any receivables shall be made electronically and only where e-payment facility is not available, remittances shall be made by way of demand draft drawn on the Assistant Director of Mines and Geology of the concerned district or any other Officer as the Government may specify.

(v) The amounts of the Fund not required for immediate disbursement may be deposited in fixed deposits or flexi-deposits, following a transparent and competitive invitation of offers from eligible scheduled banks.

PART – VII

13. Procurement, Implementation of Works / Contracts:

(i) DMF shall procure the required goods and services as per the procedure prescribed by the respective state governments for such procurements.

(ii) Works and contracts shall be awarded through a transparent process and competitive bidding and e-tender.

(iii) Transfer of fund to all agencies and beneficiaries shall be into their bank account.

(iv) Selection of works in the affected areas shall be proposed by the Village Committee of the affected areas and decided by the Gram Sabha and only such works costing less than Rs.50,000 will be awarded by nomination basis.

(v) Priority shall be given for building the physical and social infrastructure in SC and ST habitations falling within the affected areas.

(vi) The List of works finalized by Gramsabha, after duly approved by the Governing Council will be published by the Panchayat Secretary. Objections if any shall be filed within 7 days of such publication and after duly considering such objections the Final List of works approved shall be notified.

(vii) 10% of the expenditure shall be earmarked towards the maintenance of physical and social infrastructure.

PART - VIII

14. Transparency:

(a) Each Foundation will prepare and maintain a website on which, inter-alia, shall host and update following information:-

(i) Details of composition of the DMF/bodies of DMF (if any).

(ii) List of affected areas and families.

(iii) Quarterly details of all contributions received from lessees and others.

(iv) All agenda, minutes and action taken reports (ATRs) of the DMF.

(v) Annual Plans and budget, work orders, Annual Report

- (vi) Status of ongoing works – implementation status/progress of all the projects/programs being undertaken under DMF should be made available on the website, including description of work, details of beneficiaries, estimated cost, name of implementing agencies, expected date of commencement and completion of work, financial and physical progress up to last quarter etc.
- (vii) List of beneficiaries under various welfare programmes.
- (viii) Voluntary disclosures under RTI Act.

PART – IX

15. Maintenance of accounts:

- (a) The Governing Council shall maintain true and correct accounts of all DMF monies and of all the income and investments and all the outgoing expenses accurately and correctly.
- (b) The financial year shall commence from 1st April and end on 31st March.
- (c) The Governing Council shall each year issue a report setting out the accounts showing the income and expenditure of the Trust for the preceding year not later than six months from the end of the preceding year of accounts.

16. Audit:

The accounts of the DMF shall be audited every year by the Local Fund Audit authority and the report thereof shall be placed in the public domain along with the Annual Report.

17. Annual Report:

- (a) Every year, within two months from the date of closure of the financial year, the DMF shall cause to prepare an Annual Report on its activities for the respective financial year and place it before the Governing Council.
- (b) The Annual Report will be submitted to the Government within one month from the date of its approval by the DMF and will be posted on its website.

PART – X

18. Offences:

Any member of the governing council, officer, or any person connected with the affairs of the management, administration and operation of the DMF making a false return, or furnishing false information, indulging in any wrongful act, causing wrongful loss, or committing any offence in relation to the trust property or adversely affecting the beneficial interest, shall be punishable with fine which may extend to Rs.1,00,000 or imprisonment for a term not exceeding 2 years.

19. Offences by Companies:

(i) If the person committing an offence under these rules is a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(ii) Notwithstanding anything contained in sub-section (1), where an offence under these rules has been committed with the consent or connivance of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation - For the purposes of this section, (a) "company" means anybody corporate and includes a firm or other association of individuals; (b) "director" in relation to a firm means a partner in the firm.

20. Compounding of offences:

(i) Any offence punishable under these rules may, either before or after the institution of the prosecution, be compounded by the person authorized to make a complaint to the court with respect to that offence, on payment to that person, for credit to the DMF, of such sum as the government may specify:

Provided that in the case of an offence punishable with fine only, no such sum shall exceed the maximum amount of fine which may be imposed for that offence.

(ii) Where an offence is compounded under sub-section (1), no proceeding or further proceeding, as the case may be, shall be taken against the offender in respect of the offence so compounded, and the offender, if in custody, shall be released forthwith.

21. Recovery of Sums:

The authorized officer of the District Mineral foundation shall make all reasonable efforts to recover sums due as a debt and arrears of land revenue, which are payable under Part - V of these rules, without unnecessary delay, in accordance with the provisions of the A.P Revenue Recovery Act, 1864 and as amended.

22. Penalties:

Whoever contravenes any of the provisions of these Rules shall be punishable as prescribed under the provisions of Mines & Minerals (Development & Regulation) Act, 1957 as amended.

23. Liability for Breach of Trust:

(a) Where any trustee commits a breach of trust, he is liable to make good the loss which the trust-property or the beneficiary has thereby sustained, unless the beneficiary has by fraud induced the trustee to commit the breach, or the beneficiary, being competent to contract, has himself, without coercion or undue influence having been brought to bear to him, concurred in the breach, or subsequently acquiesced therein, with full knowledge of facts of the case and of his rights as against the trustee.

(b) A trustee committing a breach of trust is not liable to pay interest except in the following cases:

- (i) Where he has actually received interest;
- (ii) Where the breach consists in unreasonable delay in paying trust-money to the beneficiary;
- (iii) Where the trustee ought to have received interest, but has not done so;
- (iv) Where he may be fairly presumed to have received interest.
He is liable, in case (i), to account for the interest actually received, and, in cases (ii), (iii) and (iv), to account for interest at the rate of twenty four per cent per annum, unless the Court otherwise directs.
- (v) Where the breach consists in failure to invest trust-money and to accumulate the interest or dividends or returns thereon, he is liable to account for Compound interest (with half-yearly rests) at the same rate;
- (vi) Where the breach consists in the employment of trust- property or the proceeds thereof in trade or business, he is liable to account, at the option of the beneficiary, either for compound interest (with half-yearly rests) at the same rate, or for the net profits made by such employment.

24. Several liabilities of co-trustees

Where Co-trustees jointly commit a breach of trust, or where one of them by his neglect enables the other to commit a breach of trust, each is liable to the beneficiary for the whole of the loss occasioned by such breach.

25. Contribution as between co trustees:

As between the trustees themselves, if one be less guilty than another and has had to refund the loss, the former may compel the latter, or his legal representative to the extent of the assets he has received, to make good such loss; and if all be equally guilty, any one or more of the trustees who has had to refund the loss may compel the others to contribute.

Nothing in this section shall be deemed to authorize a trustee who has been guilty of fraud to institute a suit to compel contribution.

PART XI

26. Manner of working of DMF :

Subject to the Relief & Rehabilitation Rules and Relief & Rehabilitation Policy 2015, adopted by the Government of Andhra Pradesh for Identification of Beneficiaries, Norms for Identification, and Collection and Finalization of Data relating to the affected areas and beneficiaries, DMF shall work for the interest and benefit of persons and areas affected by mining related operations in the following manner.

(i) Norms for Identification:

The affected families shall be identified on consideration of following factors:

- (a) a family whose source of livelihood are substantially affected by the process of diversion of land for mining and who has been residing continuously for a period of not less than three years preceding the date of declaration of the affected area or practicing any trade, occupation or vocation continuously for a period of not less than three years in the affected area, preceding the date of declaration of the affected area, regardless of the fact whether they owned land or not;
- (b) Where more than 50% of land belonging to a family is acquired and the remaining land after mining falls below Ac.5.0 dry or Ac. 2.50 wet or combination of both;
- (c) A mining displaced family;
- (d) Any tenure holder, tenant, lessee or owner of other property, who on account of diversion of land (including plot in the abadi or other property) in the affected area or otherwise, has been involuntarily displaced from such land or other property;
- (e) where average annual income of mining affected family is likely to be reduced by more than 50% and is likely to become BPL family due to diversion of his land or other's land for mining, as compared to his average annual income in last three years preceding the date of notification, from land and or other sources of incomes;

(ii) Collection and Finalization of Data relating to Beneficiaries:

A survey shall be conducted for the purpose of these Rules and every survey shall contain village-wise information of Mining Affected Families and data is to be collected on the basis of following norms:-

- (a) Members of families who are permanently residing, practicing any trade, occupation or vocation in the Mining Affected Area;
- (b) Mining Affected Families who are likely to lose their house, agricultural land, employment or are alienated wholly or substantially from the main source of their trade/ occupation or vocation;
- (c) Agricultural labourers and non- agriculture labourers;
- (d) Mining Affected Families who are or were having Possession of forest lands in the affected area prior to the 13th day of December, 2005.
- (e) Vulnerable persons such as the disabled, destitute, orphans, widows, unmarried girls, abandoned women, or persons above fifty years of age, who are not provided or cannot immediately be provided with alternative livelihood in the affected areas, and who are not otherwise covered as part of a family.
- (f) Families that are landless (not having homestead land, agricultural land, or either homestead or agricultural land) and below poverty line, but residing continuously for a period of not less than three years in the affected area preceding the date of declaration of the affected area;

Provided no survey is required to be conducted if already any such survey is conducted in the affected area and such information is available in the competent authority's office.

(iii) Approved List of Beneficiaries and Affected areas:

The following procedure would be followed to identify and prepare a List of Beneficiaries and Affected Areas, after taking into account the information if available as provided under B, above:

- (a) A Village Level Committee shall be formed by Gram Sabha consisting of 5 members to prepare the List for Gramsabha's approval;
- (b) Village Level Committee shall have due representation from Women, SC and ST communities having not more than 1 member from each category;
- (c) The Gramsabha presided over by the Sarpanch shall consider all claims for inclusion or exclusion from the list of beneficiaries/areas, before communicating the List to the Governing Council;
- (d) On receipt of the List from Secretary, Gram Panchyat, the Governing Council after duly verifying shall communicate the list for Final Approval of Gramsabha.
- (e) Within 7 days of the receipt of the Final List from the governing council, gramsabha shall duly publish the Final List in the Panchayat Office.
- (f) Any beneficiary who has been excluded or not included in the list may make a representation to the Gramsabha and such representation shall be disposed within 30 days of its submission to the Secretary of Panchayat;

(g) Any beneficiary aggrieved by the decision of Gramsabha may submit an appeal before the Governing Council within 60 days of such decision being taken and the Governing Council if satisfied with the grounds of the appeal may refer the matter to be reconsidered by the Gramsabha;

(h) The final list of beneficiaries communicated by the Gramsabha shall be accepted by the Governing Council and the Final List shall be kept in the DMF website.

PART XII

27. Schedule Areas:

Subject to the Rules that may be issued by the governor in this regard, in respect of villages affected by mining situated within the scheduled areas:

- (i) Gram Sabha shall approve all plans, programs and projects as stipulated at Part XI;
- (ii) Gram Sabha shall identify beneficiaries and areas for the programs as stated at Part XI;
- (iii) Report on the works undertaken in the respective village shall be furnished to the Gram Sabha after completion of every financial year.

28. Identification of Beneficiaries and Affected areas in the Scheduled Areas:

The following procedure shall be followed to identify and prepare a list of Beneficiaries and Affected Areas in the Scheduled Areas:

- (i.) A Village Level Committee shall be formed by the Gram Sabha consisting of 5 members to prepare the list of beneficiaries for Gramsabha's approval;
- (ii.) Village Level Committee shall have due representation from Women, SC and ST communities having not more than 1 member from each category;
- (iii.) The Gramsabha presided over by the Sarpanch shall consider all claims for inclusion or exclusion from the list of beneficiaries, before communicating the List to the Governing Council;
- (iv.) On receipt of the List from Secretary, Gram Panchyat, the Governing Council after duly verifying shall communicate the list for Final Approval of Gramsabha.
- (v.) Within 7 days of the receipt of the Final List from the governing council, Gramsabha shall duly publish the Final List in the Panchayat Office.
- (vi.) Any beneficiary who has been excluded or not included in the list may make a representation to the Gramsabha and such representation shall be disposed within 30 days of its submission to the Secretary of Panchayat;
- (vii.) Any beneficiary aggrieved by the decision of Gramsabha may submit an appeal before the Governing Council within 60 days of such decision being taken and the Governing Council if satisfied with the grounds of the appeal may refer the matter to be reconsidered by the Gramsabha;
- (viii.) The final list of beneficiaries communicated by the Gramsabha shall be accepted by the Governing Council and the Final List shall be kept in the DMF website.

PART – XIII

29. Powers of State Government:

- (i) Notwithstanding any provision contained in these rules, the State Government shall have power to issue district specific, demographic specific, scheduled area specific DMF rules for proper administration, working, ensuring receivables and revenues, as and when required;
- (ii) The State Government may specify an affected area within such radius from a mine or cluster of mines, irrespective of whether this falls within the district concerned or adjacent district;

- (iii) The State Government may, by an order, relax the operation of any of the provisions of these rules as may be specified therein if, in the opinion of the Government, such relaxation is in the public interest.
- (iv) If any difficulty arises in giving effect to the provisions of these rules, the State Government may, by order published in the Andhra Pradesh Gazette, make such provisions not inconsistent with the provisions of these Act as may be necessary or deemed to be appropriate.
- (v) The State Government may grant exemption for the operation of these rules by issuance of a general or special order in this regard.
- (vi) The State Government may form a State Level Advisory Committee for better administration, Coordination and the working of the District Mineral Foundations.

(2) This order issues with the concurrence of the Finance Department.

Enclosures: Form-A

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**M. GIRIJA SHANKAR,
SECRETARY TO GOVERNMENT (MINES & FP) (FAC)**

To

The Commissioner of Printing, Stationary & Stores Purchase (Ptg. Wing) A.P., Hyderabad. (He is requested to publish the above Notification in the Extra Ordinary issue of A.P. Gazette, with immediate effect and arrange to send 500 copies of the same to Government in Industries & Commerce (MII) Department).

The Director of Translation, Andhra Pradesh, Hyderabad. (He is requested to furnish the Telugu version of the Notification direct to the Commissioner, Printing, Stationary & Stores Purchase (Ptg. Wing), Hyderabad).

The Director of Mines & Geology, A.P, Hyderabad.

All District Collectors in the State.

All Joint Collectors in the in the State

All Joint Directors of Mines & Geology. }

All Deputy Directors of Mines & Geology } through
Director of

All Assistant Directors of Mines & Geology } Mines & Geology

All Departments of Secretariat, Hyderabad.

The Commissioner of Panchayat Raj, Hyderabad

The Commissioner and Director of Municipal Administration, Hyderabad.

The Panchayat Raj & Rural Development (Pts.III) Department.

The Medical and Health Department.

The Water Resources Department.

The Commissioner of Industries.

The Commissioner Higher Education and Secondary Education Department.

The Commissioner Agriculture Department.

The Commissioner Tribal Welfare Department,

The Engineers-in-Chief Irrigation, R&B and Panchayat Raj Departments.

The Chief Executive Officer, SERP.

The P.O ITDA/DTWO

The P.O DRDA

The SE (PR/RWS/TW/

The P.O (RVM)

The G.M, DICs.

The CEO, ZP.

The D.P.O

Copy to:

The Secretary to Government of India, Ministry of Mines, New Delhi.

The Law (H) Department.

The Finance Dept.,
The G.A (Cabinet) Dept.,
The Industries and Commerce (M.I/M.III) Department.
The P.S. to Hon'ble Chief Minister.
The P.S. to Hon'ble Minister for Mines and Geology.
The P.S to C.S.
The P.S. to Secretary to Government, Industries & Commerce Department.
The Member Secretary, SIEAA, Ministry of Environment & Forests
through Member Secretary, A.P. Pollution Control Board, Hyderabad.
Sc/Sf (C.No.10534/M.II(1)/2015)

//FORWARDED :: BY ORDER//

SECTION OFFICER

FORM - A

(See Rule 4 (iii))

DISTRICT MINERAL FOUNDATION TRUST DEED

THIS DEED OF TRUST EXECUTED AT ----- (name of the district) ON THIS THE ----- DAY OF _____ IN THE YEAR TWO THOUSAND SIXTEEN.

BY

THE STATE GOVERNMENT OF ANDHRA PRADESH, represented by the Secretary, Department of Mines, Government of Andhra Pradesh having its Headquarters at _____, (herein after called "the SETTLOR") OF THE ONE PART.

IN FAVOUR OF

The following TRUSTEES (herein after called the "TRUSTEES") of the OTHER PART which expression shall, unless repugnant to or inconsistent with the context, mean and include the successors occupying the posts by designation:

- | Sl. No. | Name | Designation in the Governing Council |
|---------|--|--------------------------------------|
| (i) | Collector, or as may be decided by the Government, | Chairperson & Managing Trustee; |
| (ii) | Joint Collector; | |
| (iii) | Project Officer ITDA/District Tribal Welfare Officer; | |
| (iv) | Project Director, DRDA; | |
| (v) | District Medical & Health Officer; | |
| (vi) | Joint Director (Animal Husbandry); | |
| (vii) | Joint Director (Agriculture); | |
| (viii) | Superintending Engineer (Panchayat Raj); | |
| (ix) | Superintending Engineer (Rural Water Supply); | |
| (x) | Superintending Engineer (Tribal Welfare); | |
| (xi) | Superintending Engineer (Irrigation); | |
| (xii) | District Educational Officer; | |
| (xiii) | Project Officer (RVM); | |
| (xiv) | General Manager (Industries); | |
| (xv) | CEO (ZP) ; | |
| (xvi) | District Panchayat Officer; | |
| (xvii) | Assistant Director, Mines & Geology; | |
| (xviii) | Representative of NGO working in the district, nominated by the Government; | |
| (xix) | Two representatives of the lessees to be nominated by the District Collector; and | |
| (xx) | Two women representatives of the Self Help Groups to be nominated by the District Collector; | |

WHEREAS, section 9B of the Mines and Minerals (Development and Regulation) Act, 1957 provides for establishment of a District Mineral Foundation Trust by the State Government, a non-profit body, with an objective 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 the SETTLOR for this purpose has decided to set up a trust as an entity under the State Government for "no profit" and for playing an important role for common good of the community and for using the fund of the trust 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, the SETTLOR being desirous of establishing the District Mineral Foundation Trust has placed under the control of the TRUSTEES a sum of Rs.1,000/- (Rupees one thousand only), which sum is hereinafter referred to as the "INITIAL SETTLEMENT",

- And WHEREAS, the State Government has prescribed the District Mineral Foundation Rules, 2015 for the interest and benefit of families and areas affected by mining related operations and the said Rules shall be read and construed along with this Trust Deed to avoid any Conflict of Rules;

NOW THIS DEED OF TRUST WITNESSETH AS FOLLOWS:

1. INTERPRETATION & DEFINITIONS;

(1) IN THIS DEED OF TRUST wherever the context permits, the following word shall have the meaning mentioned herein and as stated in the DMF Rules:

- (i) 'Act' means the Mines and Minerals (Development & Regulation) Act, 1957, as amended.
- (ii) "Auditors" the Auditor/Chartered Accountant appointed by the Trustees, and includes the Accountant General of the State or other Auditors nominated by the Settlor.
- (iii) "Beneficiaries" mean the persons and areas affected by mining related operations undertaken in the area.
- (iv) "Contribution" means the contribution to be collected from the holders of:

- (a) mining lease or a prospecting licence-cum-mining lease under the provisions of sub-section (5) of section 9B of the Act;
- (b) mining lease under the provisions of sub-section (6) of section 9B of the Act; and
- (c) minor mineral concession under the provisions of section 15A of the Act in the District as may be prescribed by the Central Government or State Government, as the case may be;
- (v) "Contribution Fund" means the Contribution Fund to be collected from the holders of:
 - (a) mining lease or a prospecting licence-cum-mining lease under the provisions of sub-section (5) of section 9B of the Act;
 - (b) mining lease under the provisions of sub-section (6) of section 9B of the Act; and
 - (c) minor mineral concession under the provisions of section 15A of the Act in the District as may be prescribed by the Central Government or State Government, as the case may be;
- (vi) 'District Magistrate' means the Head of the Revenue Administration at the District level whether designated as Deputy Commissioner or Collector.
- (vii) 'District Panchayat' means and includes District Council or any other authority entrusted with the similar functions in the areas under the Schedule-V and Schedule-VI of the Constitution of India.
- (viii) "Governing Council "means all the trustees of the District Mineral Foundation Trust.
- (ix) "The Trust" means the (name of the District) District Mineral Foundation Trust created by the SETTLOR.
- (x) "Year" means a financial year beginning 1st April and ending 31st , March of the following year
- (2) Words in the singular shall include words in the plural and words in the plural shall include the singular.
- (3) Words importing the masculine gender shall include female and neutral gender.
- (4) The headings and sub-headings to this Deed are inserted only for reference to the provisions here of and shall not affect the construction of such provisions.

2. NAME OF THE TRUST:

The Trust shall be known as the (name of the District) District Mineral Foundation Trust, and it's office would be located in the office of _____ of the _____ District.

3. OBJECTS OF THE TRUST:

The object of the District Mineral Foundation Trust shall be to work for the interest and benefit of persons, and areas affected by mining related operations in the District and as stated in detail in the DMF Rules 2016.

4. APPOINTMENT AND DECLARATION:

(1) The SETTLOR hereby appoints the TRUSTEES as the trustees of The Trust which is hereby created and the TRUSTEES accept such appointment on the terms and conditions mentioned herein.

(2) The TRUSTEES hereby appointed by official designation shall continue as TRUSTEES during the period they are holding the post and the designation and would be deemed to have ceased to be the TRUSTEES 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 TRUSTEES in their place with effect from the date of their acquiring such official designation.

(3) The term of appointment for the nominated trustees shall be for three years with effect from the date of their appointment as TRUSTEES and the nominating authority may thereafter renew their appointment for another term or may nominate other persons in their place.

Provided that the term of such nominated trustees shall in no case exceed three terms of three years each.

(4) The SETTLOR may at any time increase the number of Trustees in any of the categories and for such term as might be deemed fit by the SETTLOR.

(5) The SETTLOR may at any time remove any of the trustees and may appoint any other person as the TRUSTEE at its sole discretion. The trustee so removed by the SETTLOR, shall cease to be a TRUSTEE with effect from the date of such removal.

(6) The TRUSTEES shall stand possessed of the Trust Fund upon which and subject to the powers and provisions herein declared and contained concerning the same and the TRUSTEES shall have the power at any time or times during the Trust Period to accept any Property from any person or persons by the provisions of any other trust or otherwise to the intent that the same shall be held by or on behalf of the TRUSTEES as an accretion to the Trust Fund.

5. MANAGEMENT OF THE TRUST:

The Management of the Trust shall vest in a Governing Council, which shall consist of all the members of the Trust.

6. DECISIONS OF THE TRUSTEES:

(1) All decisions by the TRUSTEES shall be taken in the meeting of the Governing Council and every meeting of the Governing Council shall be deemed to be a meeting of the TRUST.

- (2) All decisions of the Governing Council 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.
- (3) Unless agreed to by the SETTLOR, the TRUSTEES shall not amend any part of this TRUST DEED.
- (4) TRUSTEES, and the Governing Council shall act in accordance with the directions, guidelines etc. issued by the SETTLOR from time to time.

7. POWERS & FUNCTIONS OF THE GOVERNING COUNCIL:

In addition to the Provisions of Part IV of the DMF Rules, the Governing Council, consisting of all the TRUSTEES shall be responsible for:

- (1) Laying down the broad policy framework for the functioning of Trust and review its working from time to time.
- (2) Drawing up and approving of Annual Action Plan and the Annual Budget for Trust. The Annual Action plan must be prepared and approved by the Governing Council at least one month before commencement of the year. 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 Governing Council does not prepare and accord approval to the Annual Plan and the Budget within the specified time, the Chairman shall have Annual Action Plan and the Budget of the Trust prepared to approve the same. The Budget so prepared shall be deemed to have been duly prepared and approved by the Governing Council.
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 liabilities and commitments and the new schemes being proposed should 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 Trust from the available Trust Fund in such manner as may be prescribed by the SETTLOR.
- (4) Approving the annual reports and audited accounts of the Trust within 60 days of the close of the previous year;

8. MEETINGS OF THE GOVERNING COUNCIL:

- (1) The Governing Council shall meet as often as necessary but at least once every quarter.
- (2) The Meeting of Governing Council shall be convened as desired by the Chairman or the Convenor.
- (3) The Quorum for such meeting shall be fifty percent of the total membership.

09. TRUST FUND:

The Trust Fund of the District Mineral Foundation Trust would include the following:-

- (1) The Initial Settlement made by the SETTLOR,
- (2) Any grant, contribution or other monies received from the SETTLOR or from any other Agency, Institution or Person,
- (3) The Contribution Fund to be collected from the holders of :
- (a) mining lease or a prospecting licence-cum-mining lease under the provisions of sub-section (5) of section 9B of the Act;
 - (b) mining lease under the provisions of sub-section (6) of section 9B of the Act;
 - (c) minor mineral concession under the provisions of section 15A of the Act in the District as may be prescribed by the State Government;
- (4) Investments and other deposits and the interest accrued thereon and any other income derived there from;
- (5) All other Properties of the Trust and the Income derived there from or appreciation thereof;

10. OPERATION OF THE TRUST FUND:

The Trust Fund shall be kept in one or more scheduled commercial Nationalized Banks only in the name of the Trust and all accounts shall be operated under the joint signatures of the Member-Secretary and another member of the Governing Council to be authorized by the Governing Council. The Trust shall maintain the books of accounts of this Fund.

11. EXPENDITURE FROM OF THE TRUST FUND:

Apart from the Objects stipulated under Part VI of the DMF Rules, the Funds available with the Trust shall be used for:-

- (1) the overall development of the area affected by mining related operations in the District in accordance with the Annual Action Plan prepared by the trustees of the Foundation for the purpose;
- (2) Creation of local infrastructure for socio-economic purposes;
- (3) Providing, maintaining or upgrading of community assets and services for local population in the area affected by mining related operations;
- (4) Organizing or conducting training programmes for skill development and capacity building for creating employment and self-employment capabilities.

Provided that a sum not exceeding 4 % of the total funds received by the Trust in the year may be spent by the Trust for meeting its administrative or establishment expenses. Provided further that the trust fund or any part thereof shall not be used for advancement of any loan or grants in cash to any of the beneficiaries.

12. CHARGING OF EXPENSES:

The TRUSTEES shall be entitled to charge the Trust Fund with the following expenses:

- (1) All expenses properly incurred in the operation or execution of the Trust and for the realization, preservation or benefit of the investments and assets comprising the Trust Fund and for the protection of the interests of the Trust;
- (2) All expenses (including expenses incidental to execution and/or registration of any agreement or other deeds) incurred by the TRUSTEES for obtaining the Contributions and or any other resources; which may accrue.
- (3) All expenses in connection with any legal proceedings by or against the Trustor concerning the affairs of the Trust including professional fees and costs of any legal adviser;
- (4) All legal and statutory expenses incurred in the operation or execution of the Trust including all levies, duties and other charges paid/ payable in connection with the affairs of the Trust; and
- (5) All expenses in connection with the holding of its meetings, and other proceedings.

13. ACCOUNTS AND AUDIT:

- (1) (i) The Managing Committee shall maintain and /or cause to be maintained proper books of accounts, documents and records with respect to the Trust Fund to give a true and fair picture of the affairs of the Trust.
(ii) The accounts of the Trust shall be audited at least on completion of year by the Local Fund Audit Authority.
- (2) Notwithstanding the provisions of clause (1) above, the Settlor may appoint an auditor or auditors or may request the A.G. for audit of a particular year or period on such terms as the Settlor may so decide.
- (3) The Trust shall forward the approved Budget and Annual Plan along with Schemes and Projects for the next financial year, to the District Panchayat, District Administration and the State Government for publication on their respective websites.
- (4) The Trust shall prepare a quarterly progress report in physical and financial terms in respect of the approved Schemes and Projects within 45 days of the close of the quarter and forward it to the District Panchayat and District Administration, immediately thereafter for publication on their respective websites.
- (5) The Trust shall forward the approved Annual report and the approved Audit Report immediately after their approval by the Governing Council within 60 days of close of Financial Year to the District Panchayat, District Administration, and to the State Government along with Audit Report for publication on their respective websites.

14. ADMINISTRATIVE ARRANGEMENTS

- (1) The State Governments shall provide services of the personnel under their control including employees working in the District Panchayat for management of the Trust and for execution of the Annual Plan as may be required for the purpose.
- (2) The Trust may request the SETTLOR/State Government to provide required number of core personnel from its departments or from regular employees of the Zila Parishad or such other cadre, for providing administrative and technical assistance to the Trust. Services of such personnel shall continue to remain in their own respective cadres. The Trust may bear expenditure upto 3% of its accrued funds for this purpose. This 3% would be within 4% given at para 13(4).
- (3) The Trust may also ask services providers to provide such services as may be needed for smooth functioning of the Trust and may provide for incurring contingent expenditure for its functioning.

15. LIABILITY OF TRUSTEES:

- (1) The TRUSTEES shall not be liable on account of anything done in good faith, bonafide with due diligence. The TRUSTEES shall also not be liable or responsible for any banker, broker, custodian or other person in whose hands the same may, in good faith, be deposited or placed nor for the deficiency or insufficiency in the value of any investments of the Trust Fund nor otherwise for any involuntary loss.
- (2) The TRUSTEES and every attorney or, agent appointed by the TRUSTEES shall be entitled to be indemnified out of the Trust Fund in respect of all liabilities, losses and expenses incurred in execution of the Trust or any of the powers, authorities, and discretions vested in or delegated to them other than those arising out of gross negligence and/or wilful misconduct, provided however, that, such indemnity shall not in any event exceed the total of the Contributions.

16. TRUSTEES REMUNERATION:

The TRUSTEES shall not be entitled to any remuneration for their services.

17. AMENDMENT:

This Trust deed may be amended from time to time by the TRUSTEES only with the prior concurrence of the SETTLOR and not otherwise.

18. THE SEAL OF THE TRUST:

The TRUSTEES, in a meeting of the Governing Council may decide to provide a Seal for the purpose of the Trust and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The Seal of the TRUST shall remain in the custody of the Chairman of the Governing Council and the Chairman shall have the authority to use the same for and on behalf of the TRUST.

19. REVOCABILITY:

This Trust is revocable at the discretion of the SETTLOR. The Trust shall continue to exist till such time as may be decided by the SETTLOR. At the time of extinguishment of the trust, all the assets and liabilities of the Trust shall be transferred to the State Government.

20. PROCEEDING OF THE TRUST:

Any defect in the constitution of the Trust shall not invalidate its proceedings.

21. INDEMNITY:

Every Trustee shall be indemnified out of the fund in respect of any loss arising from or contingent upon any investment made out of the monies of the Trust unless such loss shall have been occasioned by own negligence and also every Trustee shall be indemnified out of the Trust against all proceedings, suits, claims, costs, damages and expenses occasioned by any claim in connection with the matters or affairs relating to the Trust created by these presents or in the exercise of powers or discretion vested in them by virtue of these presents.

22. RESIDUARY:

For matters not provided for in these presents, the provisions of the Indian Trust Act and the Income Tax Act, 1961 and rules made there under will apply accordingly.

IN WITNESS whereof the parties hereto have executed this deed on the day and year first herein before appearing.

Signed and Delivered on behalf of the SETTLOR.

(_____)

_____ Secretary,

Department of Mines, Government of Andhra Pradesh