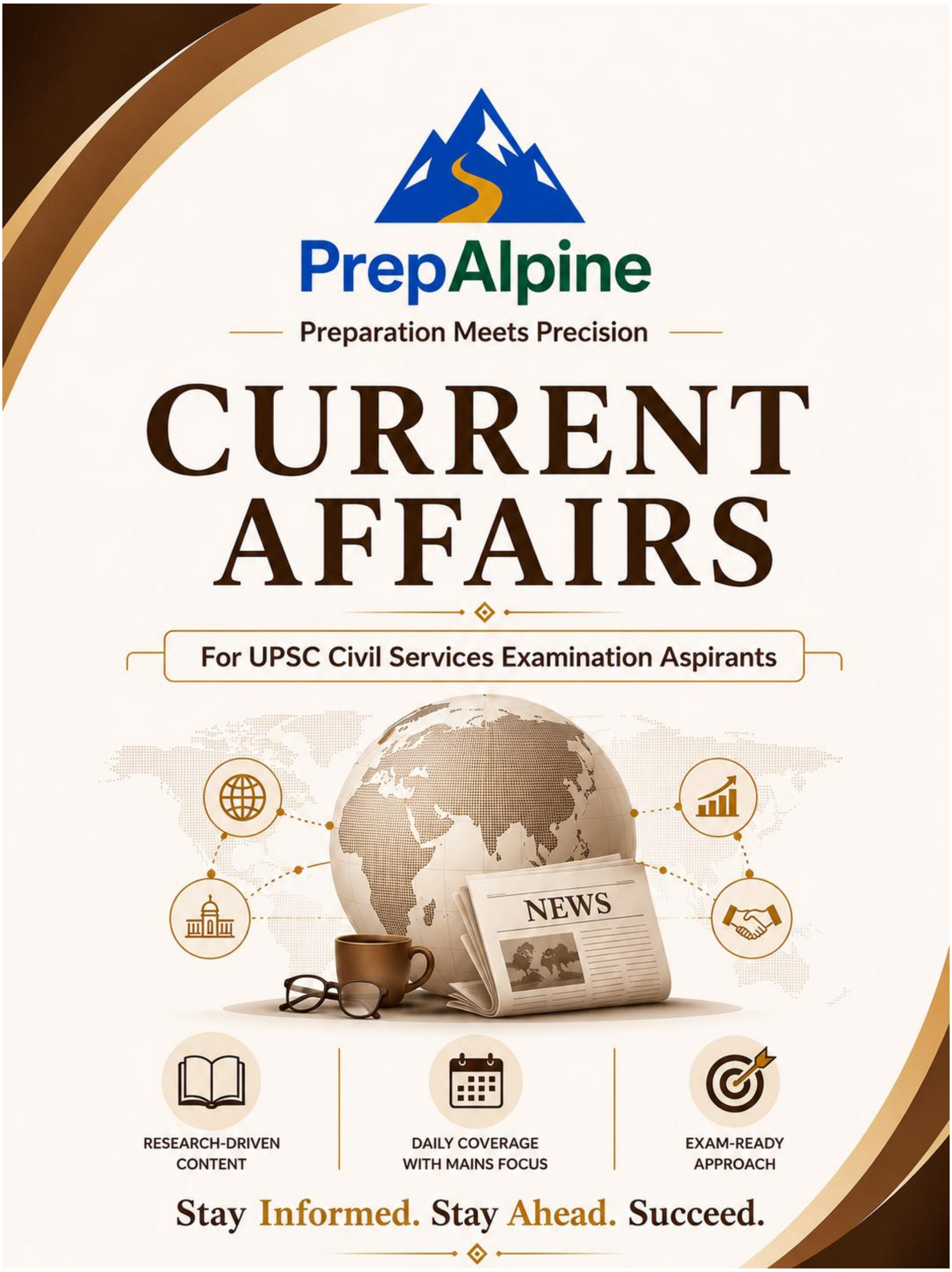
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DAILY CURRENT AFFAIRS DATED 05.08.2026

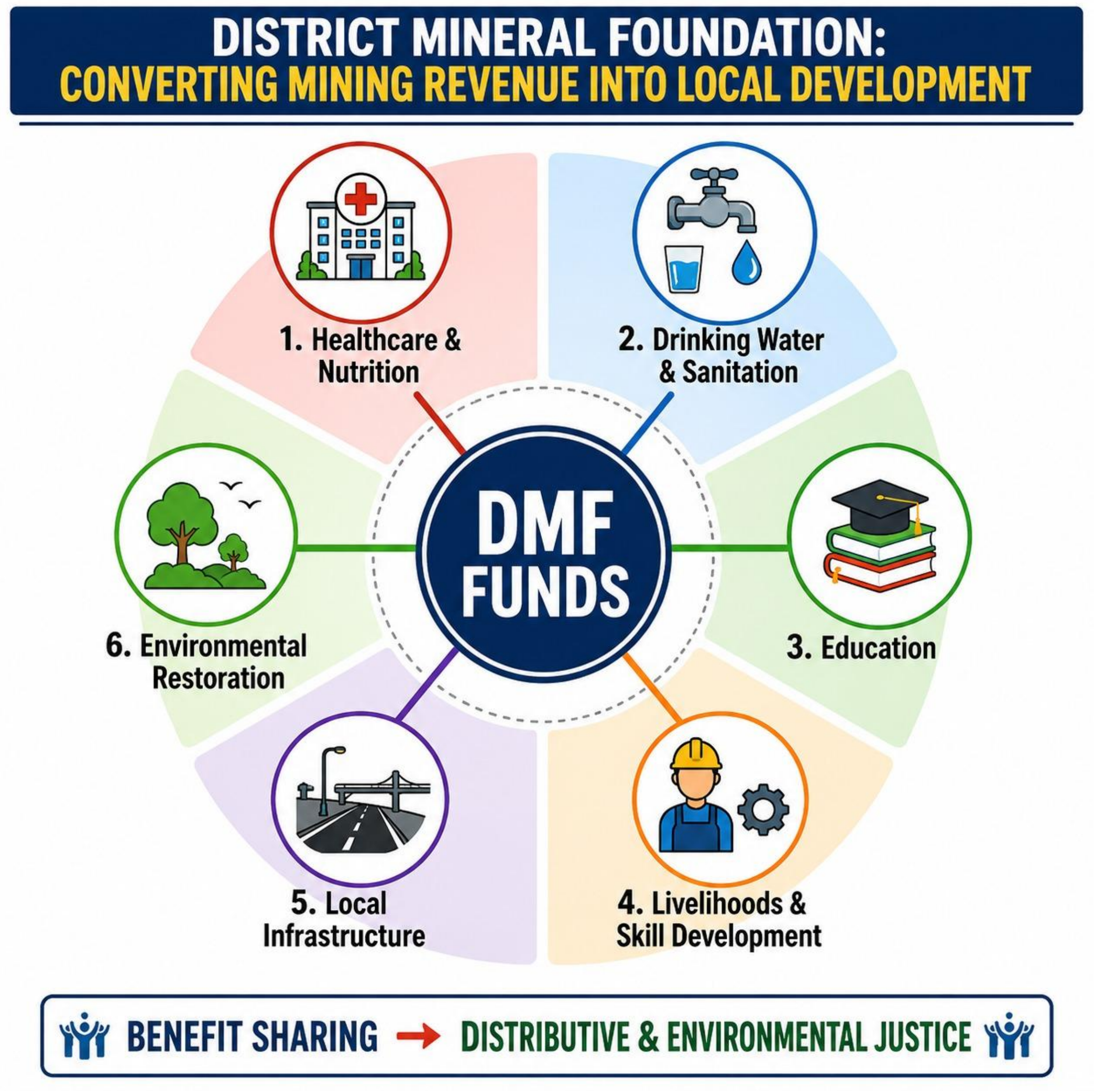
GS Paper III: Economy

1. Jharkhand's Resource Paradox: Mineral Wealth Without Human Development

a. Introduction

Jharkhand reportedly possesses nearly 40% of India's mineral wealth, yet several mining-intensive districts continue to face poverty, inadequate public services and limited livelihood opportunities. Concerns over weak implementation of District Mineral Foundation (DMF) funds and slow mineral-block auctions highlight the role of governance in converting natural-resource wealth into development.

District Mineral Foundations (DMFs) were introduced through the Mines and Minerals (Development and Regulation) Amendment Act, 2015. They seek to ensure that communities directly affected by mining receive a share of the benefits generated from mineral extraction. DMF spending is linked with the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY).



b. The Resource Paradox

Jharkhand illustrates a classic "resource curse" or paradox of plenty:

Abundant minerals → Extraction & revenue

but

Weak institutions → Poor redistribution → Environmental/social costs → Persistent deprivation

Mining districts bear disproportionate costs through displacement, pollution, forest loss, livelihood disruption and pressure on public infrastructure, while the economic gains can accrue elsewhere.

Thus, the development challenge is not merely resource availability but institutional capacity to transform resource rents into human capabilities.

District Mineral Foundation: Correcting the Distributional Imbalance

DMFs embody the principle of benefit sharing: communities bearing the externalities of mining should receive priority in the use of mining-generated revenues.

Funds can support:

- healthcare and nutrition;
- drinking water and sanitation;
- education;
- livelihood generation;
- infrastructure; and
- environmental restoration.

This makes DMF more than a welfare fund—it is a mechanism for environmental and distributive justice.

c. Key Governance Challenges

Transparency and accountability deficit

DMF rules require disclosure of budgets, annual reports, sanctioned projects, progress and beneficiary information. Inadequate or outdated disclosures weaken:

- public scrutiny;
- community participation;
- monitoring of project outcomes; and
- accountability for large public funds.

The problem illustrates a wider governance principle:

Fiscal decentralisation without transparency does not automatically produce accountable local development.

Weak administrative capacity

Delays in mine auctions and lease renewals can create a chain reaction:

Delayed auction → Lower production → Lower royalty → Lower DMF contribution → Fewer resources for mining communities

Therefore, administrative efficiency in mineral governance directly affects both State revenues and local welfare.

Revenue generation versus development outcomes

Higher mineral extraction alone cannot constitute successful development. Without effective investment in health, education and livelihood diversification, mining regions risk remaining resource enclaves—producing wealth for the wider economy while surrounding communities remain deprived.

Inter-State governance divergence

The contrasting performance of mineral-rich States such as Jharkhand and Odisha demonstrates that similar natural endowments can produce different economic outcomes depending upon institutional quality, regulatory certainty and administrative capacity.

Natural resources are therefore an opportunity; governance determines the developmental dividend.

Larger Development Challenge

Mining creates an inherent intergenerational issue because minerals are finite natural assets.

A sustainable model should convert:

Depleting natural capital → Productive investment → Human capital + physical infrastructure + diversified local economy

Otherwise, communities may be left with environmental degradation once mineral deposits are exhausted.

d. Way Forward

- Ensure real-time public disclosure of DMF receipts, expenditures, projects and outcomes through accessible dashboards.
- Institutionalise participation of Gram Sabhas and mining-affected communities in identifying and monitoring projects.
- Shift DMF evaluation from amount spent to measurable development outcomes in health, nutrition, education and livelihoods.
- Improve administrative capacity for timely, transparent mineral auctions and regulatory approvals.
- Prioritise economic diversification and skill development so mining districts are not permanently dependent on extractive industries.
- Strengthen independent audits and social audits to ensure last-mile accountability of DMF expenditure.

Conclusion:

Jharkhand's experience demonstrates that natural-resource abundance does not automatically translate into prosperity. Mineral wealth becomes a developmental asset only when capable institutions convert resource rents into human capital, local infrastructure and sustainable livelihoods. The central challenge is therefore not extraction alone, but transforming mineral wealth into inclusive and intergenerational development.

Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density.
To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

3. Format Flexibility

The formatting combines:

- paragraphs
- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

4. Monthly Current Affairs Release

The complete Monthly Current Affairs Module will be released soon, optimized to a compact 100–150 pages — comprehensive yet concise, exam-ready, and revision-efficient.