

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:64

ANSWERED ON:09.11.2010

PROFIT SHARING IN MINING ENTITIES

Gandhi Shri Feroze Varun;Rao Shri Sambasiva Rayapati;Reddy Shri Anantha Venkatarami

Will the Minister of MINES be pleased to state:

- (a) whether the Government proposes to provide 26% equity in mining entities to the affected people where excavation of minerals takes place;
- (b) if so, the details thereof;
- (c) whether concerns have been raised over providing shareholding rights to the affected people; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF MINES AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI B. K. HANDIQUE)

(a) and (b) : In the draft Mines and Minerals (Development and Regulation) Act, 2010, hosted on the website of Ministry of Mines on 3rd June 2010, it was proposed that twenty six percent of profits after tax (PAT) would be required to be distributed by the mining lease holders to the persons affected by mining related operations and in case of mining companies, through grant of twenty six percent free equity to the affected persons.

(c) and (d) : Concerns were raised by the Industry that :

(i) the profits that should be taken for the purpose of sharing with local population should pertain to mining operations and not to profits earned from downstream value addition activities,

(ii) administrative difficulties are likely in identifying the affected persons in existing mining leases areas and distributing the profits directly to them,

(iii) direct distribution of profits to the affected persons may lead to disparities due to varying population densities, nature of mineral and efficiency of mining operations.

The Government has considered these concerns and suitably modified the provisions in the draft Act.