

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:867

ANSWERED ON:25.11.2011

ROYALTY SHARING MODEL

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Will the Minister of MINES be pleased to state:

- (a) whether the Group of Ministers (GoM) has considered the proposal of sharing 26 per cent of royalty with the districts;
- (b) if so, the details and the present status thereof;
- (c) whether the new model of revenue sharing is proposed to be introduced for tribal predominant mineral rich districts in the country;
- (d) the details of the financial implications of the proposed royalty sharing policy on Public Sector Undertakings (PSUs)/private sector companies and district administration; and
- (e) the extent to which the increased royalty is likely to help administration in upliftment and welfare of tribals?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINES (SHRI DINSHA PATEL)

(a) to (d) : The Government set up a Group of Ministers (GoM) vide letter No 381/3/2/2010-Cab dated 14.6.2010 to look into the proposed new draft Mines and Minerals (Development and Regulation) Bill, 2011. The GoM held detailed discussions on 22nd July 2010, 30th July 2010, 17th September 2010, 3rd December 2010 and on 7th July 2011, and recommended the draft Bill to Cabinet. The Cabinet has since considered the recommendation of the GoM and has approved the draft MMDR Bill, 2011 on 30th September 2011. The benefit sharing model proposed in the new draft MMDR Bill, 2011, is applicable for all mining leases, including those in tribal areas, and provides for:

- a. suitable compensation for all exploration activities to be payable to the person or family holding occupation or usufruct or traditional rights on the area of exploration,
- b. all Mining Lease holders, including public sector undertakings and private sector companies to pay annually into a District Mineral Foundation set up at District level –
 - i. a sum equivalent to royalty in case of major minerals (other than coal)
 - ii. a sum equivalent to 26% of profit in case of coal minerals;
 - iii. and in case of minor minerals a sum prescribed by the State Government.
- c. A portion of the amount paid into the District Mineral Foundation shall be used to make recurring payments to people affected by mining related operations.
- d. all mining companies to allot atleast one share at par to each person of the family affected by mining, so as to give a sense of ownership in the enterprise.
- e. all mining companies to provide employment or other compensation as stipulated under Rehabilitation & Resettlement policy.

The District Administration would also be represented in the Governing Council of the District Mineral Foundation for management and utilization of the funds for benefit of the local population affected by mining activities.

(e) : The proposed provision for sharing of benefits with the local population would enable monetary benefit to families affected by mining related activities, creation, management and maintenance of local infrastructure in areas affected by mining related operations, and implementing measures under sustainable development framework.