

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

UNSTARRED QUESTION NO:1377  
ANSWERED ON:17.08.2012  
PROFIT SHARING FORMULA  
Maadam Shri Vikrambhai Arjanbhai

**Will the Minister of MINES be pleased to state:**

- (a) the present profit sharing formula between the Government and local population in mining sector;
- (b) whether the Government has asked the National Mineral Regulatory Authority (NMRA) to review the profit sharing formula;
- (c) if so, the details thereof; and
- (d) the time by which a final decision in this regard is likely to be taken?

**Answer**

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

(a) to (c): The Mines and Minerals (Development and Regulation) Act, 1957 does not provide for any profit sharing formula between Government and local people. However, the Government has proposed a provision for sharing of benefits with the local population in the draft Mines and Minerals (Development and Regulation) Bill (MMDR bill), 2011, which would enable monetary benefit to families affected by mining related activities, and creation, management and maintenance of local infrastructure in areas affected by mining related operations. The draft provision 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.

It is also proposed in the draft MMDR Bill, 2011 that the National Mining Regulatory Authority (NMRA) would be empowered to advise the Government to review the rates of royalty on major minerals (other than coal, lignite and sand for stowing) and the profit sharing percentage and recommend revision of rates of royalty and profit sharing percentage to be paid by the mining lease holder from time to time.

(d): The Government introduced the draft MMDR Bill, 2011 in the Lok Sabha on 12.12.2011, which has been referred to the Standing Committee on Coal and Steel.