

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

STARRED QUESTION NO:5  
ANSWERED ON:26.02.2008  
DELAY IN FIXATION OF ROYALTY RATES  
Bhagora Shri Mahavir

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

- (a) whether the delay in fixation of royalty rates for main minerals by the Union Government and the decrease in the price of zinc and value of dollar have caused losses to the tune of several crores of rupees to the mineral industry in Rajasthan and in other States.
- (b) if so, whether the Government proposes to compensate the industry for the said loss;
- (c) if so, the details thereof;
- (d) if not, the reasons therefor; and
- (e) the time by when the royalty rate is likely to be fixed?

**Answer**

THE MINISTER OF MINES(SHRI SIS RAM OLA)

- (a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO STARRED QUESTION NO. 5 FOR REPLY ON 26.2.2008 ASKED BY SHRI MAHAVIR BHAGORA REGARDING DELAY IN FIXATION OF ROYALTY RATES

(a) to (d) Royalty for zinc and other major minerals is being collected by the State Governments as per rates revised on 14th October 2004, as provided in the Second Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act). Since the royalty for zinc is levied on ad-valorem basis, it automatically takes into account the fluctuation of price of zinc, the interest of the state governments on account of revenue accrual from royalty and royalty burden on the industry are suitably protected.

(e) As per the provisions of the MMDR Act, increase in the rates of royalty may be done only once in three years. A Study Group set by the Ministry for suggesting revision of rates of royalty has submitted its report to the Government. Based on the report of the Study Group, a proposal for revision of royalty rates and dead rent is under consideration of the Government.