

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:4114

ANSWERED ON:22.04.2008

ROYALTY RATES FOR MINERALS

Bose Shri Subrata;Jagannath Dr. M.;Khaire Shri Chandrakant Bhaurao;Tripathy Shri Braja Kishore

Will the Minister of MINES be pleased to state:

- (a) whether the Union Government proposes to hike the royalty rates for various minerals;
- (b) if so, the details thereof alongwith the criteria adopted, mineral wise;
- (c) whether some State Governments, including Orissa Government have requested the Union Government for fixation of royalty rates for iron-ore on ad valorem basis and benchmark price of chrome ore on the basis of the rate fixed by Orissa Mining Corporation (OMC) and National Mineral Development Corporation(NMDC);
- (d) if so, the details thereof, State-wise alongwith the steps taken by the Government in this regard;
- (e) whether the Union Government also proposes to give the rights for awarding mining leases and fixation of royalty rates for minerals to the concerned State Governments as demanded by them;
- (f) if so, the details thereof alongwith the reaction of the Government in this regard; and
- (g) the extent to which the New Mineral Policy is likely to redress the shortcomings in the Mining Sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICAL & FERTILIZERS AND MINISTRY OF MINES (SHRI B.K. HANDIQUE)

(a) & (b) As per Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act, 1957) a lessee of mining lease has to pay royalty in respect of any mineral removed by him, at the rate specified in the Second Schedule to the said Act in respect of that mineral. In order to revise the rates of royalty as per this provision a Study Group was set-up that submitted its recommendations to the Government, which is under consideration of the Government.

(c)& (d) The suggestions of the State Governments have been appropriately taken into account and addressed by the Study Group, which included mineral rich States as members.

(e) & (f) State Governments are the owners of the minerals and grant mining lease. Prior approval of the Central Government is required only in cases of minerals mentioned in the First Schedule of the MMDR Act, 1957. To maintain uniformity in rates of royalty in the country, Central Government notifies rates of royalty for non-fuel, non-coal major minerals. State Governments are empowered to notify rates of royalty in respect of minor minerals. There is no proposal to change the said scheme.

(g) The National Mineral Policy, 2008 seeks to streamline and simplify the procedures for grant of mineral concessions in order to attract investment into the mining sector.