

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

STARRED QUESTION NO:177  
ANSWERED ON:09.03.2010  
REVENUE TO MINERAL BEARING STATES  
Sinha Shri Yashwant

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

- (a) whether the mineral bearing States get a fair share of the value of the minerals extracted from the boundary of the States concerned;
- (b) if so, the details thereof;
- (c) whether the revenue earned by some of the mineral producing State like Jharkhand are considerably less than the national average;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to protect the economic interests of the mineral bearing States in this regard?

**Answer**

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

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

Statement referred in reply to Lok Sabha Starred Question No. 177 for 09-03-2010 regarding revenue to mineral bearing States by Shri Yashwant Sinha

(a) and (b): Revised rates of royalty in respect of minerals (other than minor mineral, coal & lignite, sand for stowing and uranium) has been notified by the Central Government in the Official Gazette vide G.S.R 574 (E) dated 13-08-2009 and 575(E) dated 13-08-2009, respectively, and the same are also available on the website of Ministry of Mines (<http://mines.gov.in>). Except for 9 minerals, royalty rates have been fixed on ad valorem basis for all minerals, and the ad valorem rates would enable the State to get a fair share of value of minerals.

(c) and (d): In case of iron ore, it has been observed that the average pit mouth value reported by the miners in Jharkhand is less than the average pit mouth value reported in other iron ore producing States of Chhattisgarh and Orissa. The average sale price is published by the Indian Bureau of Mines (IBM) and is available on the website of IBM (<http://ibm.nic.in>).

(e): The Central Government has amended the Mineral Concession Rules, 1960, to suitably define the method of calculation of royalty on ad valorem basis and IBM has been directed to compute the state-wise average sale price of a mineral on the basis of the pit mouth values reported by top-ten non-captive miners in each State mineral-wise, for the purpose of computation of royalty on ad valorem basis. A Monitoring Committee has been constituted in the IBM for checking the pit mouth prices reported by the miners with actual invoices/ bills on random basis. The Monitoring Committee has held two meetings so far. IBM has further requested all State Governments to furnish information on the actual invoice prices of the minerals on 19-01-2010 in order to cross check the data furnished by the miners. IBM has also held a meeting with State Government of Jharkhand on 26-02-2010 wherein the State Government has agreed to furnish information on invoice price to IBM. Violation letters have been issued by IBM to miners in Karnataka and Jharkhand for submitting incorrect data. These measures will address the concerns on computation of average pit mouth value for minerals.