GOVERNMENT OF INDIA
MINES
LOK SABHA

UNSTARRED QUESTION NO:5059
ANSWERED ON:02.09.2011
REVISION OF ROYALTY RATES FOR MINERALS
Majumdar Shri Prasanta Kumar;Tirkey Shri Manohar

Will the Minister of MINES be pleased to state:

(a) whether the States have incurred losses over the years due to non- revision of royalty rates on various minerals as well as its refusal to consider ad-valorem royalty for certain major minerals;

(b) if so, the details thereof;

(c) whether the Union Government proposes to compensate the States for these losses;

(d) if so, the details thereof and if not, the reasons therefor;

(e) whether the Union Government proposes to review the royalty issue pertaining to mineral exploration in the country; and

(f) if so, the details of methodology to be adopted for the same alongwith the additional revenue to be accrued to the States including West Bengal during 2011-12?

Answer

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

(a) and (b): In terms of the recommendations of the Hoda Committee and Study Group set up in the Ministry of Mines, the Government has revised the rates of royalty for major minerals (excluding coal, lignite and sand for stowing) on 13.8.2009, and royalty rates have been fixed on ad-valorem basis for all minerals except 9 minerals. With the revision of royalty rates in August, 2009, the royalty collection for the year 2009-10 has increased to Rs.3997.42 crore as compared to Rs.2319.21 crore in 2008-09.

(c) and (d): The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) does not provide any provision for compensation to State Governments in matters pertaining to royalty, as the revision of royalty comes into effect from the date of notification.

(e): In terms of MMDR Act, royalty rates can be revised upwards only once in three years, and accordingly, the exercise to upward revise the royalty rates can be taken after three years from the date of last notification on 13.8.2009.

(f): Does not arise in view of (e) above.