

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:2592
ANSWERED ON:09.12.2011
BAN ON EXPORT OF MINERALS
Semmalai Shri S.

Will the Minister of MINES be pleased to state:

- (a) whether some State Governments have demanded a ban on export of minerals and develop suitable technologies to use country's mineral ores for our own development;
- (b) if so, the details thereof alongwith the reaction of the Union Government thereto;
- (c) whether the Union Government proposes to introduce rent resource tax from the mining companies as advocated by some mineral rich States;and
- (d) if so, the details thereof?

Answer

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

(a)&(b): Recently State Government of Karnataka and State Government of Odisha had, inter-alia, suggested ban on export of iron ore with a view to conserve minerals and allow value addition in the country. Demand for ban on iron ore is not new and it has arisen in the past out of concerns on depletion of ore due to exports, need to conserve the ore for future domestic requirement, leveraging domestic value addition capacity and inflationary impact of exports on domestic pricing. These concerns had been duly considered by the Government (in a Group of Ministers meeting held on 6.07.2007) and it was felt that these fears of depletion were misplaced and that though the Steel Industry needed protection, ban or cap on exports would not be the correct instrument, and the appropriate mechanism to control exports would lie in the fiscal measures. It was also held that this position should be revisited after 10 years. The Government is also of the opinion that while exports of iron ore has increased in the last few years, these exports largely consist of Iron ore Fines(approximately 80%) which do not have sufficient domestic market, which if allowed to accumulate in the mines could pose serious environmental hazard apart from restricting production of Iron ore.

Further the National Mineral Policy 2008 enunciates that conservation of minerals shall be construed not in the restrictive sense of abstinence from consumption or preservation for use in the distant future but as a positive concept leading to augmentation of reserve base through improvement in mining methods, beneficiation and utilization of low grade ore and rejects, and recovery of associated minerals.

(c)&(d): No, Madam. However the Government has approved a draft Mines and Minerals (Development and Regulation) Bill, 2011 on 30 September, 2011, which provides that apart from royalty payable to State Government, all holders of mining lease shall pay annually to a District Mineral Foundation setup in every mining district:-

- (i) in case of major minerals (except coal and lignite) an amount equivalent to the royalty paid during the financial year;
- (ii) in case of coal and lignite, an amount equal to twenty-six per cent of the profit to be called as profit sharing percentage (after deduction of tax paid) of the immediately preceding financial year from mining related operations in respect of the lease; and
- (iii) in case of minor minerals, such an amount as may be prescribed by the State Government.

The draft Bill also provides that the State Government may levy and collect a cess on major and minor minerals not exceeding 10% of the royalty, for a capacity building of state regulatory bodies, setting up of Special Court and curbing illegal mining.

These provisions in the draft bill intends to give fair compensation to the State Government in the interest of its people.