

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

UNSTARRED QUESTION NO:1790

ANSWERED ON:23.03.2012

PUBLICATION OF STATISTICS AND NATIONAL POLICY ON ROYALTY ON IRON ORE

Pangi Shri Jayaram

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

- (a) whether the Government has any national policy to devise a scientific method for discovery of price or average price for payment of royalty on iron ore with due consideration of the views of the concerned State Governments;
- (b) whether Government has been publishing any Monthly Bulletin of Statistics and on the Website without consulting the average price;
- (c) if so, the details thereof alongwith status of incorporation of views/demands of the Odisha Government therein;
- (d) whether similar grade mineral published for Odisha is less than that of neighbouring States which has been depriving the due and upward revision of royalty on the same for Odisha;
- (e) if so, the reasons therefor; and
- (f) the time by which the royalty on iron ore is likely to be revised and views of Odisha Government would be taken into account?

**Answer**

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

(a) and (b): In case of minerals for which benchmark prices are not available, Rule 64D of the Mineral Concession Rules, 1960 (MCR) provides that the State-wise sale prices of minerals as published by Indian Bureau of Mines (IBM) shall be the sale price for computation of royalty. In order to ensure scientific method of discovery of sale prices, the IBM has been directed to consider the weighted average price per tonne of Pit Mouth Value (PMV) of the mineral as reported by the top ten non-captive producers or actual number of non-captive producers whichever is less for calculation of sale price, which is then published and hosted on the website of IBM.

(c) to (e): The State Government of Odisha had raised concerns on under reporting of PMV of iron ore by miners in the State leading to low sale values of iron ore for Odisha as compared to Chhattisgarh. In order to resolve this issue, the IBM invited State Government of Odisha for meetings on 14.1.2011, 29.7.2011 and 28.10.2011. Representatives from the State Government of Odisha attended first two meetings. Additionally, the IBM has been sharing data on PMV reported by top ten non-captive producers of iron ore with State Government of Odisha since April 2011. Further, in order to address this concern, the State Government of Odisha was requested to develop systems for benchmarking of the expenses (including transportation cost, handling charges, loading charges) by the lease holders that are allowed to be deducted for the purpose of calculating PMV. The State Government has recently made it mandatory for all miners, traders, stockist, exporters and end-users to register with IBM and report mineral transactions for ensuing end-to-end accounting, including monitoring of prices at each point of sale. As a result, the sale prices for iron ore have shown improvement.

(f): In terms of Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act), royalty rates for minerals can be revised upward only once in three years. Accordingly, royalty rates in respect of major minerals (excluding coal, lignite and sand for stowing) were last revised on 13.8.2009 by the Central Government, and the next upward revision, if any, of the royalty rates is possible only after 12.8.2012. The Ministry has set up a Study Group on revision of rates of royalty and dead rent for major minerals (other than coal, lignite and sand for stowing) on 13.9.2011 to review the rates of royalty, State Government of Odisha is a member of the said Study Group.