

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:342
ANSWERED ON:07.07.2009
REVISION OF ROYALTY ON MINERALS
Rao Shri Sambasiva Rayapati

Will the Minister of MINES be pleased to state:

- (a) whether the royalty rates of iron ore and other major minerals has not been revised by the Government since long ;
- (b) if so, the reasons therefor;
- (c) whether any study has been conducted to establish a priority between royalty and price of mineral;
- (d) if so, the details and outcome thereof;
- (e) the total revenue expected to be mopped up after revision of royalty rates;
- (f) whether any compensation is proposed to be paid to the mineral producing States like Orissa, Chhattisgarh and Jharkhand on account of delay in revision of royalty;
- (g) if not, the reasons therefor; and
- (h) the time by which the royalty rates on all the minerals are likely to be fixed?

Answer

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

(a) to (h): As per the provisions of the Mines & Minerals (Development & Regulation) Act, 1957, upward revision of the rates of royalty may be done only once in three years. The rates of royalty, including those for iron ore and other major minerals were last revised on 14th October 2004. In order to revise the rates of royalty and dead rent the Government set up a Study Group consisting of members from Centre Government Ministries/Departments, important mineral producing states and industry, which recommended revision of royalty rates and dead rents. The Study Group determined the royalty rates after taking into account the trend of domestic prices, trend on export prices of minerals, cost of mineral production, cost of transportation and handling charges, margins realised by the miners, implication of the revision of royalty rates on the revenue realization of the State Government and industry and also inflation factor. There is no provision in the Mines & Minerals (Development & Regulation) Act to pay compensation to State Governments since revised rates of royalty are effective prospective only. The revision of royalty rates is presently under consideration.