GOVERNMENT OF INDIA
MINES
LOK SABHA

UNSTARRED QUESTION NO:3221
ANSWERED ON:10.08.2015
Sharing of Revenue
Choudhary Col. (Retd) Sona Ram

Will the Minister of MINES be pleased to state:

(a) the details of the provisions made for sharing and spending the revenue and royalty amount received from mining of natural resources and related production by the State Governments and local civic bodies in the country;
(b) whether these provisions include sending the share of the concerned village panchayats directly to their accounts for development of the mining areas;
(c) if so, the details thereof and if not, the reasons therefor;
(d) whether the Government proposes to provide the share the amount received as royalty to those village panchayats where mining activity/production takes place; and;
(e) if so, the details thereof and if not, the reasons therefor?

Answer

(a) to (e): The royalty received from mining of natural resources in accordance with section 9 of the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 is totally appropriated by the State Governments and forms part of the revenue that goes into the Consolidated Fund of the State.

Under the MMDR Act, 1957, there are no provisions for sharing the royalty, thus received, between the State Governments and local civic bodies. Similarly, there are no provisions governing how the royalty is to be spent. The legislature controls the finances of the state and decides how the revenues should be appropriated.

Section 9B of the MMDR Amendment Act, 2015, provides for setting up of District Mineral Foundation (DMF) in every district affected by mining, which will be funded by a levy, the amount of which will be related to royalty. The funds of DMF will be used to work for the interest and benefit of persons, and areas, affected by mining related operations. State Governments are empowered to frame rules for the manner in which DMF shall work for the interest and benefit of persons and areas affected by mining as also the composition and functions of DMF.

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