

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:2481

ANSWERED ON:08.12.2014

ROYALTY RATES FOR MINERALS

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Will the Minister of MINES be pleased to state:

- (a) whether the mineral rich States have been demanding increase in the royalty rates for various major minerals;
- (b) if so, the details thereof along with the present royalty rates for various minerals in the country;
- (c) whether the Government proposes to revise the royalty rates for various minerals in the country;
- (d) if so, the details thereof along with the criteria and procedure being followed by the Government in this regard, mineralwise; and
- (e) the time by which the revised royalty rates are likely to be implemented in the country?

Answer

THE MINISTER OF STATE FOR MINES AND STEEL (SHRI VISHNU DEO SAI)

(a): Yes Madam.

(b) to (e): The Central Government in the Ministry of Mines has constituted Study Groups at regular intervals to study the demands made for revising the rates of royalty on minerals (other than minor minerals, Coal, Lignite and Sand for stowing) and dead rent and to make recommendations. The most recent Study Group was constituted vide O.M. No. 3/3/2011-M.VI dated 13.9.2011 for recommending revision of rates of royalty and dead rent. Mineral rich states of Jharkhand, Karnataka, Odisha, Chhattisgarh, and Rajasthan were also members of the Study Group.

In determining the royalty rates for minerals, the Study Group assessed, inter alia, the following parameters:

- (i) Trends in domestic prices;
- (ii) Cost of mineral production;
- (iii) Cost of transportation and handling charges;
- (iv) Margins realized by the miners taking into account the sale price and costs;
- (v) Trends in London Metal Exchange (LME) prices and trading mechanism of LME.

Further the Study Group, in specific cases, has also considered the prospect of attracting investment while recommending the rates of royalty.

Based on the Report of the Study Group dated 28.6.2013, the Ministry of Mines has revised the rates of royalty and dead rent with the approval of the Cabinet.

The revised rates of royalty were notified in the Gazette vide GSR (E) Nos. 630 and 631 dated 1st September 2014. The revised rates of royalty which are effective from 01.09.2014 are given in ANNEXURE.