Higher Royalty Demands on Mines by States

709. SHRI. T. RATHINAVEL:

Will the Minister of MINES be pleased to state:

(a) whether it is a fact that Government is considering to provide higher royalty, cess on mines to many State Governments;
(b) if so, the details thereof;
(c) whether it is also a fact that the State Governments have been demanding it for a long time from now; and
(d) if so, the details thereof?

ANSWER

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

(a) & (b): No Sir. The Ministry of Mines has as recently as 1st September 2014 revised the rates of royalty and dead rent for major minerals (other than coal, lignite and sand for stowing); and the revised rates of royalty have been published in the Gazette of India vide Notification No.630 (E) and 631 (E) dated 1st September, 2015.

As per section 9(3) of the Mines and Minerals (Development and Regulation) Act, 1957, the Central Government is empowered to enhance or reduce the rate at which royalty shall be payable in respect of any mineral, provided that the Central Government shall not enhance the rate of royalty in respect of any mineral more than once during any period of three years.

(c) & (d): For purpose of revising the rates of royalty on major minerals (other than minor minerals, coal, lignite and sand for stowing), the Ministry of Mines had constituted a Study Group on 13.9.2011 to make suitable recommendations in this regard. The Study Group also included representatives of the State Governments of Chhattisgarh, Jharkhand, Karnataka, Odisha and Rajasthan.

Mineral rich States had been urging for increase in the rates of royalty on various minerals, specifically for iron ore. States of Andhra Pradesh, Chhattisgarh, Jharkhand, Odisha, Rajasthan had been demanded a hike ranging from 12% to 32% ad valorem basis for iron ore. The Study Group considered the demands of the State Governments. Based on the report of the Study Group Report, the Government has revised the rates of royalty and dead rent on minerals (other than minor minerals, coal, lignite and sand for stowing) on 01.09.2014.