

GOVERNMENT OF INDIA  
MINISTRY OF MINES  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3899**  
TO BE ANSWERED ON 09.08.2018  
**ROYALTY RATES OF MINERALS**

†3899. SHRI ALOK SANJAR:

Will the Minister of MINES be pleased to state:

- (a) whether the criteria fixed for deciding the royalty rates are complied with by the Government while leasing mineral estates to private companies;
- (b) if so, the details thereof and comparative figures of royalty rates in India and other countries during the last three years and the current year;
- (c) whether approval of Gram Sabha is being obtained for acquiring land under Panchayats Act, 1996 and Forest Rights Act, 2006 to grant mineral concessions and if so, the details thereof;
- (d) if not, the cases of violations detected in this regard during the said period as on date; and
- (e) the action taken by the Government thereon?

**ANSWER**

THE MINISTER OF STATE FOR MINES  
(SHRI HARIBHAI PARTHIBHAI CHAUDHARY)

(a) and (b): In terms of Section 9(1) of the Mines and Minerals (Development and Regulation) (MMDR) Act 1957, every mining lease holder needs to pay royalty for major minerals removed or consumed at the royalty rates specified in the Second Schedule of the MMDR Act, 1957. Proviso to Section 9(3) of the MMDR Act, 1957 stipulates that the Central Government shall not enhance the rates of royalty more than once during any period of three years. The last revision of royalty rates for major minerals was done in September, 2014. The Ministry of Mines, accordingly, constituted a Study Group vide order no. 9/1/2018-M.V dated 09.02.2018 to revise the rates of royalty and dead rent.

Rates of royalty are fixed, inter-alia, on the basis of market trends, cost of production and pit mouth value of minerals by a Study Group constituted for the purpose by the Government. The Study Group also considers and compares royalty rates/regime followed by mineral rich countries.

As compared with foreign countries, royalty rates in the country are fixed at ad valorem basis for most of major minerals. Most countries adopt ad valorem royalty rates, few countries levying royalty on profits earned by miners.

(c) to (e): The mining leases in the country are granted as per provisions of the MMDR Act, 1957. However, before starting of any mining activities, all statutory provisions as contained in various relevant Acts and Rules viz, the Environment (Protection) Act, 1986, the Forest (Conservation) Act, 1980, the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (40 of 1996); and the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (2 of 2007) are to be complied with.

As per section 4(k) of the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 the recommendations of the Gram Sabha or the Panchayats at the appropriate level shall be made mandatory prior to grant of prospecting licence or mining lease for minor minerals in the Scheduled Areas.

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