

GOVERNMENT OF INDIA
MINISTRY OF MINES
LOK SABHA
STARRED QUESTION NO. 401
ANSWERED ON 24.03.2021

REVISION OF ROYALTY RATES ON MAJOR MINERALS

*401. SHRI. RAMESH CHANDRA MAJHI:
SHRIMATI MANJULATA MANDAL:

Will the Minister of MINES be pleased to state:

- (a) whether the Government proposes to revise the royalty on major minerals including Iron ore (other than coal, lignite and sand for stowing) as the same was due for revision in September, 2017 and if so, the details thereof;
- (b) whether the Union Government proposes to enhance rate(s) of royalty in case of Iron / Chromite / Bauxite ores, etc. as per the demand of the State Governments;
- (c) the time by which the decision on enhancement of rate(s) of royalty is expected to be taken;
- (d) whether the Government proposes to take steps for exemption of the District Mineral Foundation Funds from incidence of Income Tax with retrospective effect for smooth implementation of Pradhan Mantri Khanij Kshetra Kalyan Yojana; and
- (e) if so, the details thereof?

ANSWER

THE MINISTER OF MINES, COAL AND PARLIAMENTARY AFFAIRS
(SHRI PRALHAD JOSHI)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 401 REGARDING REVISION OF ROYALTY RATES ON MAJOR MINERALS RAISED BY SHRI RAMESH CHANDRA MAJHI AND SHRIMATI MANJULATA MANDAL, HON'BLE MEMBERS OF PARLIAMENT FOR REPLY ON 24.03.2021.

(a)to(c): 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 as per the royalty rates specified in the Second Schedule of the MMDR Act, 1957. Royalty is collected and retained by the State Governments concerned. 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. However, there is no provision in the MMDR Act, which mandates the Central Government to revise the rates of royalty for major minerals immediately after completion of three years of last revision of rates. Royalty rates were last revised on 01.09.2014. The Central Government revises of rates of royalty from time to time.

In order to evaluate the revision of royalty rates and dead rent for minerals (other than coal, lignite, sand for stowing and minor minerals), the Ministry of Mines vide order dated 09.02.2018 constituted a Study Group. The Study Group submitted its final recommendation. In the meanwhile, it has been decided to constitute a committee to formulate a index based mechanism for valuation of mineral resources and also for pricing for all statutory payments to the Government. The proposal has been approved by the Cabinet on 13.01.2021.

(d)&(e): Yes, Sir. Ministry of Finance on 10.9.2020 has issued notification u/s 10(46) of the Income Tax Act, 1961, whereby 'District Mineral Foundation Trust' has been specified as a 'class of Authority' covering 151 DMF trusts for the assessment years 2018-19 to 2022-23. Details for 172 DMF trusts have been sent to Ministry of Finance and information for 250 DMF trusts are yet to be received from States.

Further, Ministry of Mines vide communication dated 16.03.2021 has requested the Ministry of Finance to amend the notification dated 10.09.2020 for including assessment years 2016-17 and 2017-18 in the existing notification and also to provide that income tax exemption will continue as long as DMFs are functional.
