

Ministry of Mines



Steady Increase in Royalty on Minerals to States over the years

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As per Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957 (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. The royalty rates of minerals specified in the Second Schedule of the MMDR Act, 1957 are at Annexure.

The rates of royalty on minerals are revised from time to time under sub-section (3) of Section 9 of the MMDR Act, 1957. The proviso to Section 9(3) stipulates 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. It does not stipulate that royalty has to be revised every three years. Royalty rates for major minerals were revised on 01.09.2014. Further, the royalty rate for mineral sillimanite was revised on 15.03.2022.

The various ways in which royalty is levied on minerals are: (i) royalty on per-tonnage basis, (ii) royalty on *ad valorem* basis, and (iii) royalty on the basis of percentage of London Metal Exchange (LME) price chargeable on the contained metal in ore.

Royalty of only 6 major minerals, namely Asbestos, Graphite, Limestone, Limeshell, Marl and Tungsten are payable on per-ton basis. For all other minerals the royalty is fixed on *ad valorem* basis or on the basis of percentage of LME price chargeable on the contained metal in ore. For these minerals, the increasing value of minerals as per the market / LME price is automatically captured as royalty is fixed as a percentage of average sale price / LME price of minerals.

The State wise royalty accrual of major minerals from 2016-17 to 2021-22 shows that the royalty accrual to the State Governments has increased over the years.

Year	Royalty accrual (in Rs. Crore)
2016-17	9,695.88

2017-18	12,386.16
2018-19	17,169.92
2019-20	16,866.92
2020-21 (Provisional)	16,830.53
2021-22 (Provisional)	38,840.48

Further, through amendment in the MMDR Act on 12.01.2015, auction regime was introduced for grant of mineral concessions to improve transparency and to ensure that State Governments get a fair share of revenue in terms of auction premium in addition to royalty revenue in allocation of natural resources. Due to operationalization of auctioned mines, the revenue to the State Governments from mineral sector has increased considerably.

Annexure

Annexure referred in reply to part (a) of Lok Sabha Unstarred Question No. 3361

1. Apatite and Rock Phosphate:	
(i) Apatite	Five per cent. of average sale price on <i>ad valorem</i> basis.
(ii) Rock Phosphate	Twelve and half per cent. of average sale price on <i>ad valorem</i> basis.
(a) Above 25% P2O5	
(b) Upto 25% P2O5	Six per cent. of average sale price on <i>ad valorem</i> basis.
2. Asbestos:	
(i) Chrysotile	Eight Hundred and Eighty rupees per tonne.
(ii) Amphibole	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
3. Barytes:	Six and half per cent. of average sale price on <i>ad valorem</i> basis.

4. Bauxite and Laterite:	<p>(a) Metallurgical Grade:</p> <p>Zero point six zero per cent. of London Metal Exchange Aluminium metal price chargeable on the contained aluminium metal in ore produced for those dispatched for use in alumina and aluminium metal extraction.</p> <p>(b) Non Metallurgical Grade:</p> <p>Twenty five per cent. of average sale price on <i>ad valorem</i> basis for those dispatched for use other than alumina and aluminium metal extraction.</p>
5. Brown Ilmenite (Leucoxene), Ilmenite, Rutile and Zircon:	Two per cent. of average sale price on <i>ad valorem</i> basis.
6. Cadmium:	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
7. Calcite:	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
8. China clay or Kaolin: (including ball clay and white shale, white clay) (i) Crude (ii) Processed (including washed)	<p>Eight per cent. of average sale price on <i>ad valorem</i> basis.</p> <p>Twelve per cent. of average sale price on <i>ad valorem</i> basis.</p>
9. Clay others:	Twenty rupees per tonne.
10. Coal (including Lignite):	*
11. Chromite:	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
12. Columbite-tantalite:	Ten per cent. of average sale price on <i>ad valorem</i> basis.

13. Copper:	Four point six two per cent. of London Metal Exchange Copper metal price chargeable on the contained copper metal in ore produced.
14. Diamond:	Eleven point five per cent. of average sale price on <i>ad valorem</i> basis.
15. Dolomite:	Seventy-five rupees per tonne.
16. Dunite:	Thirty rupees per tonne.
16A. Emerald:	Ten per cent. of average sale price on <i>ad valorem</i> basis.
17. Felspar:	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
18. Fire Clay: (including plastic, pipe, lithomargic and natural pozzolanic clay)	Twelve per cent. of average sale price on <i>ad valorem</i> basis.
19. Fluorspar: (also called fluorite)	Eight per cent. of average sale price on <i>ad valorem</i> basis.
20. Garnet: (i) Abrasive (ii) Gem	Four per cent. of average sale price on <i>ad valorem</i> basis. Ten per cent. of average sale price on <i>ad valorem</i> basis.
20A. Glauconite and Potash:	Two point five per cent. of price for Muriate of Potash published by the Government of India, Ministry of Chemicals and Fertilizers, Department of Fertilizers chargeable on the contained K ₂ O in ore produced for those dispatched for making such Muriate of Potash.

<p>21. Gold:</p> <p>(i) Primary</p> <p>(ii) By-product gold</p>	<p>Four per cent. of London Bullion Market Association Price (commonly referred to as London Price) chargeable on the gold metal in ore produced.</p> <p>Three point three per cent. of London Bullion Market Association Price (commonly referred to as London Price) chargeable on the by-product gold metal actually produced.</p>
<p>22. Graphite:</p> <p>(i) With 80 per cent. or more fixed carbon</p> <p>(ii) With 40 per cent. or more fixed carbon but less than 80 per cent. fixed carbon</p> <p>(iii) With 20 per cent. or more fixed carbon but less than 40 per cent. fixed carbon</p> <p>(iv) With less than 20 per cent. fixed carbon</p>	<p>Two hundred and twenty-five rupees per tonne.</p> <p>One hundred and fifty rupees per tonne.</p> <p>Sixty-five rupees per tonne.</p> <p>Twenty-five rupees per tonne.</p>
<p>23. Gypsum:</p>	<p>Twenty per cent. of average sale price on <i>ad valorem</i> basis.</p>
<p>24. Iron Ore: (CLO, Lumps, fines and concentrates all grades)</p>	<p>Fifteen per cent. of average sale price on <i>ad valorem</i> basis.</p>
<p>25. Lead:</p>	<p>(a) Eight point five per cent. of London Metal Exchange Lead metal price chargeable on the contained lead metal in ore produced.</p> <p>(b) Fourteen point five per cent. of London Metal Exchange Lead metal price chargeable on the contained lead metal in the concentrate produced.</p>

26. Limestone:	
(i) L. D. Grade (less than 1.5 per cent. silica content)	Ninety rupees per tonne.
(ii) Others	Eighty rupees per tonne.
27. Lime kankar:	Eighty rupees per tonne.
28. Limeshell:	Eighty rupees per tonne.
29. Magnesite:	Three per cent. of average sale price on <i>ad valorem</i> basis.
30. Manganese Ore:	
(i) Ore of all grade	Five per cent. of average sale price on <i>ad valorem</i> basis.
(ii) Concentrates	One point seven per cent. of average sale price on <i>ad valorem</i> basis.
31. Marl:	Sixty rupees per tonne.
32. Crude Mica, waste mica and scrap mica:	Four per cent. of average sale price on <i>ad valorem</i> basis.
32A. Molybdenum:	Seven point five per cent. of London Metal Exchange Molybdenum metal price chargeable on the contained Molybdenum metal in ore produced.
33. Monazite:	One hundred and twenty-five rupees per tonne.
34. Nickel:	Zero point one two per cent. of London Metal Exchange Nickel metal price chargeable on the contained nickel metal in ore produced.
35. Ochre:	Twenty-four rupees per tonne.

35A. Platinum Group of Metals:	
(i) Platinum and Palladium:	Four per cent. of London Bullion Market Association price chargeable on the Platinum and Palladium metals in ore produced.
(ii) Rhodium, Iridium and Ruthenium:	Four per cent. of Johnson Matthey Precious Metals Management price chargeable on the Rhodium, Iridium and Ruthenium metals in ore produced.
(iii) Osmium:	Four per cent. of Osmium-Preis.com price chargeable on the Osmium metal in ore produced.
36. Pyrites:	Two per cent. of average sale price on <i>ad valorem</i> basis.
37. Pyrophyllite:	Twenty per cent. of average sale price on <i>ad valorem</i> basis.
38. Quartz:	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
39. Ruby:	Ten per cent. of average sale price on <i>ad valorem</i> basis.
40. Sand (others):	Twenty rupees per tonne.
41. Sand for stowing:	**
42. Shale:	Sixty rupees per tonne.
43. Silica sand and moulding sand and Quartzite:	Ten per cent. of average sale price on <i>ad valorem</i> basis.
44. Sillimanite, Kyanite and Andalusite:	Twelve per cent. of average sale price on <i>ad valorem</i> basis.
45. Silver:	Seven per cent. of London Metal Exchange Price chargeable on by-product silver metal actually produced.
(i) By-product	Five per cent. of London Metal Exchange Silver Metal Price chargeable on the contained silver metal in ore produced.
(ii) Primary Silver	

46. Slate:	Forty-five rupees per tonne.
47. Talc, Steatite and Soapstone:	Eighteen per cent. of average sale price on <i>ad valorem</i> basis.
48. Tin:	Seven point five per cent. of London Metal Exchange Tin metal price chargeable on the contained tin metal in ore produced.
49. Tungsten:	Twenty rupees per unit per cent. of contained WO ₃ per tonne of ore and on pro rata basis.
50. Uranium:	Two per cent. of annual compensation amount received by M/s. Uranium Corporation of India Ltd., to be apportioned among the States on the basis of data provided by Department of Atomic Energy.
51. Vanadium:	Twenty per cent. of average sale price on <i>ad valorem</i> basis.
52. Vermiculite:	Five per cent. of average sale price on <i>ad valorem</i> basis.
53. Wollastonite:	Fifteen per cent. of average sale price on <i>ad valorem</i> basis.
54. Zinc:	(a) Nine point five per cent. of London Metal Exchange Zinc metal price on <i>ad valorem</i> basis chargeable on contained zinc metal in ore produced. (b) Ten per cent. of London Metal Exchange Zinc metal price on <i>ad valorem</i> basis chargeable on contained zinc metal in concentrate produced.
55. All other minerals not herein before specified (Agate, Corundum, Diaspore, Felsite, Fuschite-Quartzite, Jasper, Perlite, Pyroxenite, Rock Salt, Selenite, etc.)	Twelve per cent. of average sale price on <i>ad valorem</i> basis.

* Rates of royalty in respect of item No. 10 relating to Coal (including Lignite) as revised *vide* notification number G.S.R. 349(E), dated the 10th May, 2012 read with corrigendum G.S.R. 525(E), dated the 14th June, 2012 of the Government of India in the Ministry of Coal shall remain in force until revised through a separate notification by the Ministry of Coal.

** Rates of royalty in respect of item No. 41 relating to Sand for stowing revised *vide* notification number G.S.R. 214(E), dated the 11th April, 1997, will remain in force until revised through a separate notification by the Ministry of Coal.

This information was given by Union Minister of Coal, Mines and Parliamentary Affairs Shri Pralhad Joshi in a written reply in Lok Sabha today.

BY/RKP

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