

No. 3/1/2005-MVI
Government of India
Ministry of Mines

Press Release

Dated 17th August, 2009

1. In respect of minerals (other than minor mineral, coal, lignite and sand for stowing), the Central Government revised the rates of Royalty and Dead Rent vide Official Gazette notification number GSR 574 (E) dated 13th August 2009 and GSR 575 (E) dated 13th August 2009 respectively. The revised rates of royalty and dead rent would be effective from the date of notification, i.e 13th August 2009.

2. The highlights of the revised rates are as follows:

- (i) Royalty rates for minerals amphibole asbestos, china clay/kaolin (including ball clay, white shale and white clay), graphite, iron ore, quartz, silica sand, moulding sand and quartzite to be shifted from tonnage basis system of royalty to ad valorem basis. The Hoda Committee had recommended that the rates of royalty should move forward decisively on ad valorem basis. The basic principle of fixing ad valorem of royalty ensures that the market forces themselves take care of the increase and decrease of royalty accruals and further intervention from the Government is not required except in exceptional cases.
- (ii) Royalty rates for 9 minerals, Chrysotile asbestos, dolomite, limestone, lime kankar, lime shell, monazite, ochre, slate and tungsten, would continue to attract unit of production based royalty because it was held that shifting over to ad valorem rates for these minerals is not administratively feasible.
- (iii) For base metals (copper, zinc, lead etc.) and bauxite and laterite dispatched for extraction of alumina and aluminium, the rates of royalty would continue to be linked to the international benchmark metal prices. This would ensure higher royalty payment for high grade ore and lower royalty payment for low grade ore. However in case of bauxite and laterite dispatched for non metallurgical uses, royalty would be levied on ad valorem basis as per the national benchmark price published by Indian Bureau of Mines (IBM).
- (iv) There is a steep increase in the rates of dead rents from second year of mining lease in order to discourage dormant holdings.

3. New rates of Royalty and dead rent are given in Annexure I and II.

4. The rates of royalty for coal and lignite would continue to be levied as per the Official Gazette notification number GSR 522(E) dated 1st August 2007.

5. The rates of royalty for uranium would continue to be levied as per the Official Gazette notification number GSR 96(E) dated 13th February 2009.

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(Ajita Bajpai Pande)
Joint Secretary to the Government of India

ANNEXURE I

1. Apatite and Rock Phosphate:

(i) Apatite Five per cent. of sale price on *ad valorem* basis.

(ii) Rock Phosphate:

(a) above 25 per cent. P_2O_5 Eleven per cent. of sale price on *ad valorem* basis.

(b) upto 25 per cent. P_2O_5 Six per cent. of sale price on *ad valorem* basis.

2. Asbestos :

(a) Chrysotile Eight hundred and eighty rupees per tonne.

(b) Amphibole Fifteen per cent. of sale price on *ad valorem* basis

3. Barytes

Five and half per cent. of sale price on *ad valorem* basis.

4. Bauxite and Laterite

(a) Zero point five zero per cent. of London Metal Exchange Aluminium metal price chargeable on the contained aluminium metal in ore produced for those despatched for use in alumina and aluminium metal extraction.

(b) Twenty five per cent. of sale price on *ad valorem* basis for those despatched for use other than alumina and aluminium metal extraction and for export

5. Brown Ilmenite (Leucoxene), Ilmenite, Rutile and Zircon Two per cent. of sale price on *ad valorem* basis.

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| 6. Cadmium | Fifteen per cent. of sale price on <i>ad valorem</i> basis. |
| 7. Calcite | Fifteen per cent. of sale price on <i>ad valorem</i> basis. |
| 8. China clay/Kaolin (including ball clay, white shale and white clay): | |
| (a) Crude | Eight per cent. of sale price on <i>ad valorem</i> basis. |
| (b) Processed (including washed) | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 9. Chromite | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 10. Coal (including Lignite) | * |
| 11. Columbite-tantalite | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 12. Copper | Four point two per cent. of London Metal Exchange Copper metal price chargeable on the contained copper metal in ore produced. |
| 13. Diamond | Eleven point five per cent. of sale price on <i>ad valorem</i> basis. |
| 14. Dolomite | Sixty three rupees per tonne. |
| 15. Felspar | Twelve per cent. of sale price on <i>ad valorem</i> basis. |
| 16. Fire Clay (including plastic, pipe, lithomargic and natural | Twelve per cent. of sale price on <i>ad valorem</i> |

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| pozzolanic clay) | basis. |
| 17. Fluorspar (also called fluorite) | Six point five per cent. of sale price on <i>ad valorem</i> basis. |
| 18. Garnet : | |
| (a) Abrasive | Three per cent. of sale price on <i>ad valorem</i> basis. |
| (b) Gem | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 19. Gold : | |
| (a) Primary | Two per cent. of London Bullion Market Association Price (commonly referred to as "London Price") chargeable on the contained gold metal in ore produced. |
| (b) By-product gold | 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. |
| 20. Graphite : | |
| (a) with 40 per cent. or more fixed carbon | Two per cent. of sale price on <i>ad valorem</i> basis. |
| (b) with less than 40 percent. fixed carbon | Twelve per cent. of sale price on <i>ad valorem</i> basis. |
| 21. Gypsum | Twenty per cent. of sale price on <i>ad valorem</i> basis. |
| 22. Iron ore: Lumps Fines and concentrates all grades | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 23. Lead | Seven per cent. of London Metal Exchange lead metal price chargeable on the contained lead |

metal in ore produced

Twelve point seven per cent. of London Metal Exchange lead metal price chargeable on the contained lead metal in concentrate produced

24. Limestone :

- (a) L.D. Grade (less than one and half per cent. silica content) Seventy two rupees per tonne.
- (b) Others Sixty three rupees per tonne.

25. Lime Kankar Sixty three rupees per tonne.

26. Limeshell Sixty three rupees per tonne.

27. Magnesite Three per cent. of sale price on *ad valorem* basis.

28. Manganese Ore:

- (a) Ore of all grades Four point two per cent. of sale price on *ad valorem* basis.
- (b) Concent.rates One point four per cent. of sale price on *ad valorem* basis.

29. Crude Mica, Waste Mica and Scrap Mica Four per cent. of sale price on *ad valorem* basis.

30. Monazite One hundred and twenty five rupees per tonne.

31. Nickel Zero point one two per cent. of London Metal Exchange nickel metal price chargeable on contained nickel metal in ore produced.

32. Ochre Twenty rupees per tonne.

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| 33. Pyrites | Two per cent. of sale price on <i>ad valorem</i> basis. |
| 34. Pyrophyllite | Twenty per cent. of sale price on <i>ad valorem</i> basis |
| 35. Quartz | Fifteen per cent. of sale price on <i>ad valorem</i> basis. |
| 36. Ruby | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 37. Silica sand, Moulding sand and Quartzite | Eight per cent. of sale price on <i>ad valorem</i> basis |
| 38. Sand for stowing | ** |
| 39. Selenite | Ten per cent. of sale price on <i>ad valorem</i> basis. |
| 40. Sillimanite | Two and half per cent. of sale price on <i>ad valorem</i> basis. |
| 41. Silver: | |
| (a) By -product | Seven per cent. of London Metal Exchange Price chargeable on by product silver metal actually produced. |
| (b) Primary silver | Five per cent. of London Metal Exchange silver metal price chargeable on the contained silver metal in ore produced. |
| 42. Slate | Forty five rupees per tonne. |
| 43. Talc, Steatite and Soapstone | Eighteen per cent. of sale price on <i>ad valorem</i> basis. |

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| 44. Tin | Seven point five per cent. of London Metal Exchange tin metal price chargeable on the contained tin metal in ore produced. |
| 45. Tungsten | Twenty rupees per unit per cent. of contained WO ₃ per tonne of ore and on pro rata basis. |
| 46. Uranium | *** |
| 47. Vanadium | Twenty per cent. of sale price on <i>ad valorem</i> basis. |
| 48. Vermiculite | Three per cent. of sale price on <i>ad valorem</i> basis. |
| 49. Wollastonite | Twelve per cent. of sale price on <i>ad valorem</i> basis. |
| 50. Zinc | <p>Eight per cent. of London Metal Exchange zinc metal price on <i>ad valorem</i> basis chargeable on contained zinc metal in ore produced.</p> <p>Eight point four per cent. of London Metal Exchange zinc metal price on <i>ad valorem</i> basis chargeable on contained zinc metal in concentrate produced.</p> |
| 51. All other minerals not here-in-before specified [Agate, Clay (Others), Chalk, Corundum, Diaspore, Dunite, Felsite, Fuschite, Kyanite, Quartzite, Jasper, Perlite, Rock Salt, Shale, Pyroxenite, etc.] | Ten per cent. of 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. 522 (E), dated the 1st August, 2007, 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.38 relating to Sand for stowing as 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 Department of Coal.

*****.** Rates of royalty in respect of item No.46 relating to Uranium as revised vide notification number G.S.R. 96(E), dated the 13th February, 2009, will remain in force until revised.

Note : The rates of royalty for the State of West Bengal in respect of the minerals except the mineral specified against item No.10 shall remain the same as specified in the notification of the Government of India in the Ministry of Steel and Mines (Department of Mines) number G.S.R. 458 (E), dated the 5th May,1987 till the outcome of litigation pending in the Supreme Court of India.

ANNEXURE II

RATES OF DEAD RENT

1. Rates of dead rent applicable to the leases granted for low value minerals are as under:

| Rates of dead rent in rupees per hectare per annum | | |
|--|----------------------------|--------------------|
| From second year of lease | Third year and fourth year | Fifth year onwards |
| 200 | 500 | 1000 |

2. Two times the rate specified in paragraph 1 in case of lease granted for medium value mineral(s).
3. Three times the rates specified in paragraph 1 in case of lease granted for high value mineral(s)
4. Four times the rates specified in paragraph 1 in case of lease granted for precious metals and stones.

Note:

1. For the purpose of this notification,-

- (a) **“precious metals and stones”** means gold, silver, diamond, ruby, sapphire and emerald ;
- (b) **“high value minerals”** means semi-precious stones (agate, gem garnet), corundum, copper, lead, zinc, asbestos (chrysotile variety) and mica ;
- (c) **“medium value minerals”** means chromite, manganese ore, kyanite, sillimanite, vermiculite, magnesite, wollastonite, perlite, diaspore, apatite and rock phosphate, fluorite (fluorspar) and barytes ;
- (d) **“low value minerals”** means minerals other than precious metals and stones, high value minerals and medium value minerals.

2. The rates of dead rent for the State of West Bengal shall remain the same as specified in the notification of the Government of India in the Ministry of Steel and Mines (Department of Mines) number G.S.R. 458(E), dated the 5th May 1987” till the outcome of pending litigation in the Supreme Court of India.