

M.VI-1/6/2021-Mines VI
Government of India
Ministry of Mines

Shastri Bhawan, Dr. Rajendra Prasad Road
New Delhi-110 001

Dated:- 13th February, 2025

NOTICE FOR PUBLIC CONSULTATION

Subject: Amendment of the Second Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 to rationalise the royalty rate of certain minerals and measures to promote beneficiation of low grade Iron Ore - reg.

The Ministry of Mines is proposing to bring necessary amendment in the Second Schedule of the Mines and Minerals (Development and Regulation) Act, 1957 ('MMDR Act') to rationalise the royalty rate of Limestone, Limeshell, Limekankar, Marl, Dolomite, Graphite and Rubidium. The Ministry is also proposing rationalisation of royalty rate of low grade Hematite Iron Ore and make changes in the Minerals (Other than Atomic and Hydro Carbon Energy Minerals) Concession Rules, 2016 (MCR, 2016) to promote its beneficiation. Accordingly, a brief note on the proposals under consideration for amendment in the Second Schedule of the MMDR Act and the MCR, 2016 is enclosed herewith as **Enclosure** for comments/ suggestions from the general public, Governments of States and Union Territories, mining industry stake-holders, industry associations, and other persons and entities concerned.

2. In view of the above, it is requested that comments/ suggestions on the above issues may be sent **on or before 15.03.2025**.

3. The comments/suggestions may be sent by e-mail in MS-Office Word file to the following ID:

jspolicy-mines@gov.in

The subject of the e-mail should be "Comments/ suggestions on the proposed amendments to rationalise the royalty rate of certain minerals and measures to promote beneficiation of low grade Iron Ore".

4. Alternatively, comments/suggestions may also be sent by post to the following address:

Shri Mustaq Ahmad, Director
Ministry of Mines
Room No 313,
D-Wing Shastri Bhawan,
Dr Rajendra Prasad Road
New Delhi -110 001

The envelope may kindly be superscribed on the top with "Comments/suggestions on the proposed amendments to rationalise the royalty rate of certain minerals and measures to promote beneficiation of low grade Iron Ore".

Encl.: As above.

Yours faithfully,



(Mustaq Ahmad)

Director

Enclosure

Note for consultation on the proposed amendments to rationalise the royalty rate of certain minerals and measures to promote beneficiation of low grade Iron Ore

1. Royalty rate of Limestone, Limekankar, Limeshell, Marl and Dolomite:

(i) Limestone is a sedimentary rock composed mainly of calcium carbonate (CaCO_3). The principal use of limestone is in the cement industry. Other important uses are as raw material in the manufacture of quicklime (calcium oxide), slaked lime (calcium hydroxide), mortar, chemical industry, steel making, etc. Limekankar is a type of Limestone. Limeshell is thick calcareous shells of molluscs deposited in the form of beds as well as present in ancient lakes and shallow seas. Limeshell is high in purity and is mainly used in chemical industry and in the production of white cement and portland cement. Marl is a lime-rich mud containing variable amounts of clays and silt. It is used mainly in cement industry and also as lithographic stone. Dolomite is a sedimentary carbonate rock and mineral that is a mixture of calcium and magnesium carbonate. Dolomite is used in concrete, cement, mortar, asphalt, in agriculture, steel making, etc.

(ii) Ministry of Mines has circulated a note for consultation for amendment in the MMDR Act for Inter-Ministerial consultation on 31.12.2024. One of the proposal in the said Note is to remove the mineral Limestone, Laterite and Dolomite from the list of minor minerals through a notification. While royalty rate of Laterite is specified in the Act on *ad valorem* basis, royalty rate of Limestone (Limekankar), Marl, Limeshell and Dolomite is specified in the Act on per tonne basis.

(iii) While royalty rate of Limestone as major mineral under the MMDR Act is ₹90 per tonne for LD grade and ₹80 for other grades, several States have specified higher royalty rate for Limestone used as minor mineral. Thus, when Limestone (including, Limekankar, Limeshell) and Dolomite are removed from the list of minor minerals, there may be lower royalty payable by the lessee of such mines as major mineral. Accordingly, there is a need to revise the royalty rate of these minerals.

(iv) The minerals whose royalty rates are specified on *ad valorem* basis, the royalty payment to the State increases with the increase in the price of mineral. However, royalty payments for minerals whose rates are specified on per tonne

basis do not increase (or decrease) with price or inflation. Accordingly, an Inter-Ministerial Committee was constituted by the Ministry of Mines to review the royalty rate of minerals whose royalty is specified on rupees per tonne basis. The committee had representative from the State of Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Rajasthan and Karnataka as its members, apart from representatives of the Central Ministries. The committee in its report dated 07.03.2022 recommended that given the premium paid by mines under the auction regime, there is a need to differentiate non-auctioned mines from auctioned mines as far as royalty rate is concerned. The committee, accordingly, recommended to increase royalty rates of non-auctioned mines of Limestone, Marl and Limeshell and keep the royalty rate unchanged for auctioned mines. The committee recommended 50% increase in the royalty rate for non-auctioned mines. Although, Limekankar and Dolomite were not part of the recommendation of the committee, as they are minor minerals at present, the same percentage increase in the royalty rate of Limekankar and Dolomite is proposed once they become major mineral. Accordingly, following royalty rates are proposed:

SN	Mineral	Present royalty rate (₹/tonne)	Royalty rate (₹/tonne)	
			Auctioned Mines	Non-Auctioned Mines
1	Limestone (i) L.D (less than 1.5% silica content)	90	90 (No change)	135 (50% increase)
	(ii) Others	80	80 (No change)	120 (50% increase)
2	Limekankar	80	80 (No change)	120 (50% increase)
3	Limeshell	80	80 (No change)	120 (50% increase)
4	Marl	60	60 (No change)	90 (50% increase)
5	Dolomite	75	75 (No change)	113 (50% increase)

2. **Royalty rate of Graphite:**

(i) Graphite is one of the 24 critical and strategic minerals listed in Part D of the First Schedule of the Act. As per section 11D of the Act (inserted through amendment in 2023), the Central Government is empowered to auction the mining lease and composite licence of critical and strategic minerals. Graphite is identified as a critical and strategic mineral because of its high economic importance for the country as well as its high supply risk. It has become a major component of clean energy technologies, as it is used in batteries and lubricants for electric vehicle. As per

report of Ministry of Mines on identification of critical minerals released in June, 2023, India imports 60% of its requirement of Graphite from countries like China, Madagascar, Mozambique, Vietnam and Tanzania.

(ii) IBM examined the present price trend and production of Graphite in the country and observed that there is a wide variation in the prices of Graphite in different grades. ASP of Graphite for August, 2023 to January, 2024 is as below:

(in Indian ₹)

Grade of Graphite	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Average
With 80% Or More Fixed Carbon	45,610	44,540	45,870	46,349	45,085	43,382	45,139
With 40 % Or More Fixed Carbon But Less Than 80% Fixed Carbon	3,200	3,200	3,200	3,200	3,200	3,200	3,200
With Less Than 20% Fixed Carbon	992	1,042	1,082	1,219	1,133	1,172	1,130

(iii) It may be seen that average ASP of Graphite of “80% or more fixed carbon” grade is ₹45,139 per tonne, whereas average ASP of Graphite of “40% or more by less than 80% fixed carbon” grade is ₹3,200 per tonne and of “less than 20% fixed carbon grade is ₹1,130 per tonne. ASP of grade “20% or more but less than 40%” is not published due to non-reporting of production in that grade. Thus, it may be seen that prices of lower grades are in narrow range (₹1,130 to ₹3,200 per tonne) as compared to prices in the highest grade (₹45,139 per tonne). In the year 2013, when Study Group recommended the Royalty for Graphite on tonnage basis, ASP of Graphite was reported only in a single grade (lowest grade). However, presently IBM is publishing ASP of at least three grades out of four grades of Graphite. 10 Graphite mines are working in the country and further 24 blocks have been successfully auctioned for composite licence. Further, GSI and MECL have handed over 20 Graphite blocks which will be auctioned in due course and 26 blocks are under exploration. Thus, the number of Graphite mines is expected to increase. Also, it is observed that the unit based system of royalty (i.e., on per tonne basis), though simple to administer, may not be useful when variations in the commodity prices take place across the grades. In such cases, the *ad valorem* based system is preferred.

Considering the variations in the Graphite prices across grades, it is suggested that royalty of Graphite may be levied on *ad valorem* basis, so that royalty accruals in different grades would proportionately reflect the changes in the prices of minerals.

(iv) As may be noted from above, the prices in the grade 'more than 80% fixed carbon' is many times higher than the other three grades, it is suggested that royalty rates for Graphite for the grade 'with 80% or more fixed carbon', may be kept at 4% of average sale price on *ad valorem* basis in order to attract the investment in the sector. As the prices in the last three grades ('with less than 80% fixed carbon') are in a narrow range (₹1,130 to ₹3,200 per tonne) therefore, these three grades be combined as one having single rate of royalty at the rate of 12% of average sale price on *ad valorem* basis be specified to encourage beneficiation of ore.

3. Royalty rate of Rubidium:

(i) Rubidium is a silver-white soft metal that belongs to the alkali metal family. Rubidium occurs with other elements and metals in the minerals Pollucite, Carnallite, Leucite, and Lepidolite. It is recovered commercially from Lepidolite as a by-product of Lithium extraction. Production of Rubidium metal is largely dependent on the production economics of the principal mineral of which Rubidium can be extracted as a by-product. Therefore, if production of the principal mineral ceases to be economically viable, then the by-product will cease to be recovered too. Rubidium is used in rapidly growing modern technological applications, such as wireless communications, defence, aerospace, medical and aviation. Geological Survey of India (GSI) has explored and submitted exploration report of a block in Rajasthan containing Rubidium mineral in addition to Tungsten, Lithium, Niobium, Tantalum and associated rare metals. Rubidium has not been mined previously in India and therefore its royalty rate is not specifically provided in the Act.

(ii) As very few countries produce Rubidium metal, its rate of royalties are not prescribed by most of the countries. The rate of royalty in New South Wales, Australia on Rubidium is 4% of assessable revenue less allowable deductions.

(iii) Rubidium metal is rarely found in economically extractable quantities in the country and it is necessary to extract it from all possible sources. As Rubidium is used in advanced-technologies, it is required to promote its exploration and excavation. Hence, it is suggested to keep its rate of royalty at a reasonable rate as

has been prescribed for other critical and strategic minerals such as Cadmium, Cobalt, Gallium, Selenium and Tantalum which have royalty rate of 4% of the ASP for primary (i.e., produced from ore) and 2% of ASP for by-product. As Rubidium is mostly extracted as by-product, it is proposed to specify royalty rate of Rubidium at 2% of the ASP. It is stated that ASP of Rubidium would be calculated on the price of Rubidium Carbonate published by the United States Geological Survey.

4. Rationalisation of Royalty rate and other measures to promote beneficiation of low grade Hematite Iron Ore:

(i) An Inter-Ministerial Committee was constituted by the Ministry of Mines to look into policy intervention required to create a conducive environment for low grade iron ore beneficiation. The committee in its report dated 21.10.2024 observed that grade wise high-grade Iron Ore constitutes only 23.4% of total Iron Ore reserves and 66.5% of total Iron Ore in India are of medium and low-grade category that needs to be processed before utilization. Hematite iron ore generates large quantity of fines, to the tune of 60-70% of total production. Although, the share of low grade ore in production is 23%, the closing stock of iron ore as on 31.03.2024 is 36.2%. In addition to above resources, there are huge quantities of iron ore below the threshold value in the form of Banded Hematite Quartzite (BHQ) and Banded Hematite Jasper (BHJ) host rock for Iron Ore. These iron ore resources are amenable to beneficiation to generate high-grade iron ore.

(ii) The committee identified several challenges associated with beneficiation of low grade Iron Ore such as lack of incentives for beneficiation of low-grade ores, capital intensive process of beneficiation, non-reporting of iron ore slimes which is considered as waste, beneficiation of BHQ and BHJ is highly power consuming and capital intensive process, lack of land, water, etc. Accordingly, the committee recommended several financial and regulatory measures, measures to facilitate infrastructure for beneficiation, measures to promote ease of doing business and other measures.

(iii) The committee recommended lower royalty rate of 10% for low grade Iron Ore being beneficiated to a specified grade instead of present rate of 15% specified for all types of Iron Ores. In view of the same the following royalty rate of low grade Iron Ore is proposed:

Mineral	Proposed Royalty Rate	Remarks
Iron Ore: (i) CLO, Lumps, fines and concentrates all grades:	15% of average sale price on <i>ad valorem</i> basis.	No change in existing royalty rate. New entry related to beneficiated Iron Ore is proposed to be inserted.
(ii) In case low grade Hematite Iron Ore having below 58% Fe content is beneficiated to 62% Fe content or above, or up to such per cent. of Fe content as may be notified by the State Government for a specific area (for both wet and dry process):	10% of average sale price on <i>ad valorem</i> basis	

(iv) The committee further proposed to charge the royalty, bid premium, and other statutory levies on grade and quantity of input ore for beneficiation, irrespective of the location of the plant whether inside or outside the leased area and irrespective of ownership of the plant whether owned by the lessee or anyone else. The committee also recommended that for iron ore having Fe content below threshold value (including BHQ / BHJ) the ASP for such ore shall be taken as 75% of lowest grade of Hematite, till a methodology is finalized for determination of ASP of BHQ / BHJ. This will address issue of declaring ASP of such ores, reduce premium and reduce royalty outgo, thereby incentivising their beneficiation and utilisation. The Committee proposed to allow the transfer of low-grade ore to the neighbouring mines for its beneficiation.

(v) Further, based on request from the State Governments, a provision is added in the rules to provide that in case processing of run of mine mineral results in decrease in its economic value, then royalty shall be chargeable on the unprocessed run-of-mine mineral.

(vi) In view of these recommendations, it is proposed to amend the Minerals (Other than Atomic and Hydro Carbon Energy Minerals) Concession Rules, 2016 as per Annexure-A.

Annexure-A

Draft Notification to amend the Minerals (Other than Atomic and Hydro Carbon Energy Minerals) Concession Rules, 2016

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA MINISTRY OF MINES

NOTIFICATION

New Delhi, the ____, 2025

G.S.R.__(E).— In exercise of the powers conferred by section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following rules further to amend the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016, namely:—

1. Short title and commencement.— (1) These rules may be called the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession (Second Amendment) Rules, 2025.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 (hereinafter the said rules), in rule 39, after sub-rule (1), the following shall be inserted, namely:—

“Provided that in case such processing of run of mine results in decrease in its economic value, then royalty shall be chargeable on the unprocessed run-of-mine:

Provided further that in case low grade Haematite Iron Ore having Fe content below 58 per cent. is beneficiated to 62 per cent. Fe content or above, or up to such per cent. of Fe content as may be notified by the State Government for a specific area, then royalty shall be chargeable on such quantity of input mineral, as per its grade and size, which being processed for its beneficiation; irrespective of the location and ownership of such beneficiation plant.”.

3. In the said rules, after rule 39, the following rules shall be inserted, namely:—

“39A. Transfer or sale of low grade Hematite Iron Ore for beneficiation:

(1) A lessee (the seller lessee) may sell low grade Hematite Iron Ore,

including Banded Hematite Quartzite and Banded Hematite Jasper, for its beneficiation to any person who is registered under rule 45 of the Mineral Conservation and Development Rules, 2017 (the purchaser), including another lessee having a beneficiation plant in its leased area.

(2) The seller lessee shall furnish a certificate to the purchaser in the format specified in Schedule XIII certifying that he is selling the mineral for beneficiation from grade below 58 per cent Fe content up to the grade required under the second proviso to sub-rule (1) of rule 39 and he has paid the royalty and other payments required under the Act and the rules made thereunder on such low grade Hematite Iron Ore being sold and specify the details of such mineral sold in monthly and annual returns submitted under rule 45 of the Mineral Conservation and Development Rules, 2017.

(3) The purchaser shall maintain separate record of mineral received from other mines for beneficiation and mineral so beneficiated and specify its details in monthly and annual returns submitted under rule 45 of the Mineral Conservation and Development Rules, 2017.

(4) The purchaser shall beneficiate the mineral and furnish a declaration to the State Government with a copy to the seller lessee upon dispatch of such beneficiated mineral within a period of three months from receipt of mineral from seller lessee in the format specified in Schedule XIV declaring that he has beneficiated the mineral up to the grade required under the second proviso to sub-rule (1) of rule 39.

(5) In case the purchaser is also a lessee who beneficiates Iron Ore received from seller lessees within his leased area in addition to the mineral mined from his own mining lease, he shall be required to pay royalty and other payments required under the Act and the rules made thereunder, after excluding the quantity of mineral on which the seller lessee has already paid the royalty and other payments.

(6) The seller lessee shall not receive the benefit of lower royalty rate specified in the Second Schedule of the Act for beneficiation of low grade Iron Ore and of charging the royalty or other payments on the unprocessed quantity of such low grade ore having Fe content below 58%, under the second proviso to sub-rule (1) of rule 39 in the following cases, namely:—

(a) the mineral is not beneficiated by the purchaser up to the grade required under the second proviso to sub-rule (1) of rule 39;

(b) the details of such sale or beneficiation does not match in the certificate furnished by seller lessee and the corresponding declaration made by the purchaser;

(c) the seller lessee does not receive the copy of declaration made by the purchaser within three months of the receipt of mineral by the purchaser; or

(d) there is discrepancy in details of mineral beneficiated in the monthly returns furnished by the seller lessee and the purchaser;

and in such case, seller lessee shall be required to pay the State Government the difference in the royalty or other payments.

(7) The provisions of this rule shall be applicable, mutatis mutandis, to the case where seller lessee transfer such low grade mineral, having grade below 58 percent Fe content, for its beneficiation to his own beneficiation plant located outside the leased area.

(8) The transfer of mineral from seller lessee to purchaser, including in cases where purchaser is also a lessee, shall be subject to such rules as may be made by the State Government under section 23C of the Act.”.

4. In the said rules, in rule 45, after the sub rule (11), the following sub-rule shall be inserted, namely:—

“(11) The Indian Bureau of Mines shall publish average sale price of Hematite Iron Ore having Fe content below the threshold value, including Banded Hematite Quartzite and Banded Hematite Jasper, which shall be equal to seventy five per cent. of the average sale price of the lowest grade of Hematite Iron Ore.”.

5. In the said rules, after the Schedule XII, the following shedules shall be inserted, namely:—

“Schedule XIII

[See rule 52 (2)]

(Certificate to the purchaser by the seller lessee)

Certificate No.

Certified that the seller lessee (Name of seller lessee) is selling the mineral (as details below) for beneficiation from grade below 58 per cent Fe content up to the grade required under sub-rule (2) of rule 39A of the MCR, 2016 and has paid the royalty and other payments required under the Mines and Minerals (Development and Regulation) Act, 1957 and the rules made thereunder on the low grade Hematite Iron Ore being transferred / sold to (Name of purchaser). The details of the transaction is as under:

1. Details of mining lease of seller lessee

(a)	Name of the mine/ mining lease	
(b)	Mine Code	

2. Details of purchaser

(a)	Registration No. (allotted by IBM)	
(b)	Name and Address	
(c)	Location of beneficiation plant and storage	
(d)	Name of the mine/ mining lease mining lease of purchaser	
(e)	Mine Code (if applicable)	

3. Details of mineral transferred/ sold

SN	Item	Particulars	Remarks / Unit
(a)	Grade		
(b)	Quantity		
(c)	Sale price		
(d)	Royalty paid		
(e)	Auction premium paid		
(f)	Payment to DMF		
(g)	Payment to NMET		
(h)	Other payments to State Government		

VERIFICATION

I, _____ S/o-D/o-W/o _____ age _____
 occupation _____ resident of _____ village-town-city
 post office _____ police station _____ taluka _____
 district _____ state _____ certify that the information furnished
 above is complete and correct in all respects.

Place: Date:	Signature Name in full: Designation:(Owner/Geologist/Mining Engineer)
-----------------	---

Schedule XIV
[See rule 52 (2)]

(Declaration to the State Government upon dispatch of beneficiated mineral by the purchaser)

To,

(Address)

Government of (State)

I/ We declare that the mineral (as detailed below) has been beneficiated from grade below 58 per cent Fe content up to the grade required under sub-rule (2) of rule 39A of the MCR, 2016 and the royalty and other payments required under the Mines and Minerals (Development and Regulation) Act, 1957 and the rules made thereunder have already been paid by seller lessee for the mineral/s being beneficiated in plant situated in my/ our leased area. The details of the transaction is as under:

1. Details of the purchaser

(a)	Registration No. (allotted by IBM)	
(b)	Name and Address	
(c)	Location of beneficiation plant and storage	
(d)	Name of the mine/ mining lease mining lease of purchaser	
(e)	Mine Code (if applicable)	

2. Details of mining lease of seller lessee

(a)	Name of the mine/ mining lease	
(b)	Mine Code	

3. Details of mineral received from the seller lessee [Note: fill separate details for each certificate issued by seller lessee]

SN	Item	Particulars	Remarks / Unit
	Certificate No. and date of the certificate issued by seller lessee		Copy of the certificate enclosed
	Grade of mineral received		
	Quantity of mineral received		
	Sale price of mineral received		
	Royalty paid		
	Auction premium paid		

	Payment to DMF		
	Payment to NMET		
	Other payments to State Government		

4. Details of mineral beneficated

SN	Item	Particulars	Remarks / Unit
	Grade of mineral beneficated		
	Quantity of mineral beneficated		
	Sale price of mineral beneficated		
	Grade improvement upon benefication		

VERIFICATION

I, _____ S/o-D/o-W/o _____ age _____
 occupation _____ resident of _____ village-town-city
 post office _____ police station _____ taluka _____
 district _____ state _____ certify that the information furnished
 above is complete and correct in all respects.

Place: Date:	<i>Signature</i> Name in full: Designation: (Owner/Geologist/Mining Engineer)
-----------------	---

Copy to: Seller lessee.”.

* * * * *