REPORT OF THE STUDY GROUP

TO REVIEW THE RATES OF ROYALTY AND DEAD RENT

MINISTRY OF MINES

FOREWORD

Royalty is a tax levied by the State Government on the miner in lieu of transfer of ownership rights. There are different perceptions on Royalty. While the State Governments generally view royalty as a source of revenue, the industry perceives royalty as a cost of production. Royalty is also seen as an indicator of the investment climate of the country and Government's message to the potential investors, both domestic and international, for attracting investment into the mining sector. However, though these perceptions may seem to be divergent in the short-term prospective, in the long term the interests of all the stakeholders converge towards the common interest of development of industry and mining sector. The challenge is to work out optimal royalty rates which do not compromise mineral production on one hand, and yet allow sufficient resource generation for the States on the other.

It has been customary to set up a Study Group to review the royalty rates once in every three years. The present Study Group was set up on 24th August 2006. The Study Group considered feedbacks, responses and representations from various stakeholders on the royalty rates. The effort of the Study Group has been to elicit views of all possible stakeholders and to reconcile the different view points so as to arrive at recommendations, which have widest possible acceptance.

The Study Group in its deliberations encountered serious handicap in the form of data deficiency on several parameters like the movement of sale price of minerals over a period of time, details on cost of production of minerals etc, and in some cases the quality of data was not up to the mark. In order to overcome this problem the Study Group constituted five sub groups under the aegis of IBM with members from State Governments and Industry for a limited number of minerals. The Study Group would suggest that the independent body, which has been proposed for conducting a process audit of the procedure followed by IBM in determining average prices, should look into this aspect also.

I would like to thank all the Members of the Group for their valuable suggestions in finalization of this Report. Thanks are also due to IBM for making available information on various parameters. I would also like to acknowledge the assistance provided by Shri Anil Subramaniam, Under Secretary, Ministry of Mines in collating data and finalizing the recommendations of the Group.

(Dr Pradeep Kumar)
Special Secretary, Ministry of Mines
And Chairperson of the Group
Dated 28th September 2007

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CHAPTER-I

INTRODUCTION

BRIEF HISTORY OF ROYALTY REGIME IN INDIA

The practice of levying royalty in some form or the other had been prevalent in India right from the ancient times and had been continuing till the modern time. In 1957, the Mines and Minerals (Regulation & Development) Act (MMRD Act) was enacted and the system of collection of royalty by the State was redefined and regularized under this Act.

1.2 Till 1966, the royalty rates were modified as and when necessary for different minerals at different rates. The rates of royalty for 21 minerals were levied on the basis of unit of production (tonnage basis) and those for other minerals were levied on the basis of pit's mouth value of mineral (ad valorem basis). However, even the rates for the 21 minerals, which were on tonnage basis, were subject to a ceiling of 20% of the pit's mouth value of the mineral. Thus the royalty rates were directly or indirectly linked to the pit's mouth value of the mineral.

1.3 The Government of India set up a Study Group in 1966 for the first time to undertake a comprehensive review of the royalty rates on all minerals keeping in view the impact of royalty on production in mineral based industries, exports and the inflow to the State revenues. The Study Group gave its report in 1968 and suggested de-linking of royalty rates from the pit's mouth value for most of the minerals and recommended royalty rates on unit of production basis (tonnage basis).

1.4 The next significant development came about in 1992 when notified royalty rates were in most of the cases (except diamond and other precious & semi-precious stones excluding agate) at flat rates, arrived at by the Study Group by giving due weightage to

the unit value of the minerals at the pit's mouth. Prior to 1990, some of the State Governments were separately levying cess on mineral production under various State Acts, usually linked to royalty. However, these levies were struck down by the Supreme Court in December, 1989, being ultra-vires of the Indian Constitution, and consequently, there was pressure on Union Government from the States to compensate them for the loss of cess/revenue from tax on mineral rights. Under the circumstances the Government of India took into account the revenue losses sustained by the States and fixed the royalty rates in February, 1992 in such a manner that the overall revenue including the amount lost due to the abolition of cess on minerals and mineral rights tax were protected. As a result, there was, in general, steep increase in the royalty rates in the revision effected in February, 1992.

1.5 Following the adoption of the policy of economic liberalisation and also as a sequel to the International Round Table Conference held in New Delhi in April, 1994, under the aegis of the UNDP and the Ministry of Mines, Ministry of Mines constituted a Study Group in January, 1995, with a view to rationalise the rates of royalty to make them comparable with the international rates, and at the same time ensure rapid development of mining industry and augmentation of revenue earnings of State Governments. Based on the recommendations of this Study Group, the total number of rates pertaining to major minerals (excluding coal, lignite and sand for stowing) was brought down from 86 to 65 while at the same time, the scope of ad valorem system was enlarged to 17 rates covering as many minerals besides the group of "all other minerals". The Study Group also expressed the hope that "in future a complete switch over to ad valorem system will be possible". These rates were notified with effect from 11th April, 1997.

1.6. In so far as the rates of dead rent are concerned, there had been no revision since 1987 and after a gap of about 10 years the revised rates for the same were notified on 11th April, 1997.

1.7 Consistent with the past experience, the Department of Mines, Ministry of Mines constituted a Study Group in October, 1998. The objectives were the same as that of the earlier Study Group constituted in 1995, i.e. to rationalize the rates of royalty to make them comparable with international rates and at the same time, ensuring rapid development of mining industry and augmentation of revenue earnings of State Governments. As per the recommendations of this Study Group, the total number of rates pertaining to major minerals (excluding coal, lignite and sand for stowing) was brought down from 65 to 40 rates, while at the same time, the scope of ad valorem system was enlarged to 21 rates covering as many as 39 minerals along with a separate group of "other minerals" which were not mentioned separately in the Second schedule to the MMDR Act. This Study Group also expressed the hope that "in future a complete switch over to ad valorem system will be possible". These rates were notified with effect from 12th September, 2000.

1.8 The Study Group of 1998 also recommended different rates of dead rent for high value, medium value and low value minerals, which were notified on 11th September, 2000 along with the royalty rates.

1.9 In accordance with Section 9(3) of the amended MMDR Act, 1957, which provided that the Central Government may, by notification in the Official Gazette, amend the Second Schedule to the Act, so as to enhance the rates of royalty payable on minerals, not more than once in three years and consistent with the past practice, the Department of Mines, Ministry of Mines constituted a Study Group on the Revision of Royalty on Major Minerals (other than coal, lignite and sand for stowing) to study the question of royalty and dead rent in all its aspects and make appropriate recommendations to the Government in May, 2002. This Study Group suggested 39 royalty rates for major minerals (excluding coal, lignite and sand for stowing). These rates included 18 royalty rates on unit of production basis applicable to 21 minerals, and 21 ad valorem royalty rates covering 39 specified minerals and a group of unspecified minerals. These rates were notified on 14th October, 2004.

1.10 In respect of dead rent, the Study Group after taking into consideration the difference between the principle underlying surface charge and dead rent, rationalised the groupings of minerals according to values into different categories as given below:

Category - 1: Precious Metals and Stones - Gold, silver, diamond, ruby, sapphire and emerald.

Category - 2: High value minerals - Semi-precious stones (agate, gem garnet) corundum, copper, lead, zinc, asbestos (chrysotile variety) and mica.

Category-3: Medium value minerals - Chromite, manganese ore, kyanite, vermiculite, magnesite, wollastonite, perlite, diaspore, apatite & rock phosphate, fluorite (fluorspar) and barytes.

Category- 4: Low value minerals - Minerals other than precious metals & stones, high value minerals and medium value minerals.

1.11 While the new royalty rates were being notified in 2004, two parallel developments were taking place in the mineral sector. First, China suddenly grew up as a major consumer of iron ore requiring the ore for its steel plants, fueling a spurt in the prices of iron ore. The increased demand led to a visible growth in the profits of mining companies, particularly those in export of iron ore. Secondly, there was a global increase in the prices of base metals (lead, zinc, copper and nickel) and aluminium, which combined with the industrial growth in the country to give healthy profits in mineral production. As a result, the amount of royalty accruing to the States vis-a-vis the margin to the miner decreased substantially per tonne of mineral produced. Thus within a year of the notification of the royalty rates on 14th October 2004, the chief mineral producing States started demanding a review of the royalty rates providing for adequate compensation for the minerals mined in the State. However, since the law provides that enhancement of royalty rates could be done only once in three years, any further enhancement in the royalty rates was not possible till 13th October 2007.

HODA COMMITTEE RECOMMENDATIONS ON ROYALTY

1.12 In the mean while, a High Level Committee (HLC) was set up under the Chairmanship of Shri Anwarul Hoda, Member, Planning Commission, to review the National Mineral Policy and recommend possible amendments to the Mines and Minerals Development and Regulation (MMDR) Act, 1957 to give a fillip to private investment in the sector. One of the terms of reference of this Committee was to examine the ways to augment the State revenue from mineral sector. The HLC, after consultations with various stakeholders, recommended in respect of royalty that:

(a) The method of fixation of rates of royalty should move forward decisively on the basis of ad valorem rates.

(b) For retaining specific rates (tonnage basis) for any mineral, a very strong rationale should be required.

(c) While considering raising the ad valorem rates further, the rates prevailing in Western Australia would act as a point of reference.

(d) A lowering of rates to be considered only for such mineral for which there is evidence to show that the royalty rates are inhibiting mining operations and mineral production is registering a downward trend.

(e) The royalty rates for base metals, noble metals, and precious stones, in which the country is grossly deficient, needs to be low to encourage exploration for these minerals.

(f) Imposition of an escalating scale of dead rent for idle holding of mines.

TERMS OF REFERENCE OF THE PRESENT STUDY GROUP

1.13 In this background, the Ministry of Mines constituted a Study Group on 24th August 2006 with the following Terms of Reference:

(i) To review the existing rates of royalty on minerals (other than coal, lignite and sand for stowing) given in Second Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 and to recommend revision of rates keeping in view the recommendations of the High Level (Hoda) Committee set up in the Planning Commission, including inter alia, the following:

(a) The need to move decisively towards method of fixation of rates of royalty on the basis of ad valorem rates.

(b) Conversion of specific rates recommended by the last study group into ad valorem rates.

(c) Prevailing international royalty rates (especially those in Western Australia).

(d) Incentivised rates for base metals, noble metals and precious stones to encourage exploration.

(e) Other considerations relevant to mineral development and administration of royalty regime.

(ii) To review the guidelines for calculation of ad valorem rates of royalty based on experience of administering the same based on:

(a) Valuation of mineral for the purpose of royalty on the basis of transaction value/sale price, including the profit element over and above the unit cost of production and deducting transportation and handling charges.

(b) FOB price of minerals for export deducting transportation and handling charges.

(iii) To suggest incentivised royalty rates on ad valorem basis for beneficiated or concentrated ore.

(iv) To review and suggest penal action for failure to pay royalty on minerals extracted with special exceptions for allowing moratorium or suitable structure for deferment of royalty payment to support investment in deserving cases.

(v) To suggest appropriate revision in the existing rates of dead rent given in the Third Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 on an escalating scale, taking into consideration measures for effective deterrence against idle mines.

METHODOLOGY ADOPTED BY THE STUDY GROUP

1.14 In order to arrive at well-founded recommendations after a systematic analysis of data, the Study Group circulated a detailed questionnaire seeking information from the stake holders on the amount of royalty collected from the various minerals, cost of production per unit of the mineral, trend of sale price information, the perception of stakeholders of the rationale for royalty, the criteria for fixation of royalty, preference for ad-valorem basis or tonnage basis rates for charging royalty on minerals, utilization of

royalty for infrastructure/ environment development, guidelines on charging of royalty on overburden, tailings and rates of dead rent. Apart from the questionnaire, the Study group also considered the various representations submitted by the industry. The Study Group further considered the recommendations of the World Bank sponsored study on the Mining Royalties. The Study Group also heard presentations from Aluminium Association of India, Hindustan Zinc Limited, Eastern Zone Mining Association, Goa Mineral ore Exporters Association and Organization of Mine owners. The Study Group held five rounds of meetings.

1.15 The Study Group had requested the IBM to provide data on trend in production of various minerals, movement of sale price of minerals, latest Export and Import price and mineral- wise information on sufficiency or deficiency of that mineral in the country. Broadly the Study Group has relied on this data and in some instances State Governments representations have supplemented the information for some specific minerals. However, the Study Group found that in several cases the data was insufficient or shortcomings were noticed in the quality of the data. In order to overcome the data deficiency, the Study Group constituted five sub-groups under the aegis of IBM with members from State Governments and Industry for a limited number of minerals viz. Iron ore, Base metals, Bauxite, Precious minerals (Gold, Diamond etc) and other minerals like Limestone, Gypsum, Felspar etc - with the objective of collection of data on sale price of the minerals and costs of transportation, manpower, machinery and equipments and the net margins accruing to the miner after deducting these costs. Even these sub groups were able to arrive only at broad average indicators of the trend in the costs and the margins accruing to the miner.

1.16 After assessing the responses to the questionnaire and taking into consideration the various feedbacks given by the stakeholders and the sub group deliberations, the Study Group has been able to finalize its recommendations on the royalty rates.

CHAPTER-II

ROYALTY REGIME – A GLOBAL VIEW

A comprehensive study of the existing rates of royalty across the world based on information received from various Indian Embassies in foreign countries and through Federations of Indian Mineral Industries (FIMI) has been carried out. The information received through FIMI includes a publication "Mining Royalties – A Global Study of Their Impact on Investors, Government and Civil Society" from World Bank and information on royalty rates in Australia. To analyse the royalty structure, about 30 countries have been considered. The minerals produced in these countries for which information is available have been taken for comparative analysis of international royalty rates vis-à-vis Indian rates.

2.2 The Study Group observed that there are wide varieties of approaches across the globe in royalty taxation in different countries with no clear trend for global convergence. However, the royalty tax system globally can be classified as one of the three types –

(i) Unit based.
(ii) Ad valorem (value based).
(iii) Profit based.

Few nations apply hybrid systems that combine two or three methods. Though the unit based and ad valorem systems of royalty are more prevalent, the profit based systems are increasingly being applied in the developed countries.

2.3 The unit based method or royalty on tonnage basis is mostly applied to high volume, low value homogenous minerals. This system provides a certain and continuous

revenue flows to Governments and is relatively easy to administer. The royalty on tonnage basis is also simple to determine.

2.4 The ad valorem based system needs the knowledge of mineral value. This system can be simple to administer or complicated depending upon how 'value' is defined. The simple type of ad valorem calculations use a measure of "realized value" based on customer invoices while the more complex methods may involve imputing a mineral value applied in a reported international reference price to some measure of mineral content, seeking the opinion of independent appraiser in case of diamonds, using imputed value deducting defined costs such as transportation, insurance and freight etc.

2.5 The third method of royalty system prevalent across the most developed countries is the profit based royalty assessment. The profit based royalty assessment methods tend to be detailed, reflecting all revenues and costs, including capital and recurring operating costs, and arriving at the resulting profits to the miners. Global companies are preferring this method which is based on the ability to pay, allows for early recovery of investment, responds to downturns in the market, does not distort production decisions such as cut off grade or mine life and does not add significantly to operating costs. Investors usually favour tax systems like this which have high level of transparency. This method can give high-level long-term tax revenues and satisfy most investor criteria.

2.6 The Study Group examined the three types of royalty tax systems prevalent across the globe and found that there are certain advantages and disadvantages with each system. The unit based system though simple to administer may not be useful when fluctuations in the commodity prices take place. On the other hand the ad valorem based royalty system depends heavily upon the sale value worked out in different jurisdictions. Both the unit based and ad valorem based royalty systems operate irrespective of whether the mine owners have profits or losses. The profit based system is administratively complex and results in uncertain revenue flows to government. In most governments the administrative manpower is limited, and therefore, simpler royalty methods are preferred across the globe.

2.7 The Study Group considered these methods and factors going into royalty fixation. The Study Group observed that there is a need for working out an optimal level of taxation since, if the taxation is too high, the investors will shift their focus to other alternatives and if the taxation is too low the country will lose revenue useful to serve the public welfare. Hence the investor perceptions are very important in deciding the royalty rates besides keeping into account the fiscal interest of countries.

2.8 The Study Group observed that lack of royalty similarities between countries is attributed to the fact that every country is unique with its own legal system, history and interest groups. An approach to royalty taxes that is optimal for one country may not be practical for another. There are no universal rates of royalty because these are judged depending upon the circumstances wherein they are administered, parties concerned and project economics involved. Also Study Group observed that there is need to adopt a system that is amenable to easy administration and which does not give scope for leakages etc. Hence Study Group examined the complete range of royalty options rather than limiting itself to the simplest methods.

2.9 India, at present follows both tonnage based and ad valorem royalty rates. 39 specified minerals and a single group of unspecified minerals are covered under ad valorem basis and 21 minerals are covered under tonnage basis. Amongst the 30 countries studied, the tonnage basis is in vogue in 5 countries. In all other countries, ad valorem basis is followed which is mostly linked to sale value of minerals, in one form or the other.

2.10 In view of discussions above, the Study Group found that it is very difficult to draw an accurate comparison between the systems prevalent in other countries and in India. A comparison of royalty rates for some selected minerals in India and other countries in the world is given at Annexure VA. However, to provide, a bird's eye view, the number of countries administering ad valorem and tonnage based royalty regime for each of the minerals is tabulated in Annexure-VB. Further, the range of royalty rates

prevalent in India and other countries for different minerals are tabulated in Annexure-VC (regardless of nature of value to which the rates are linked).

2.11 It can be seen from Annexure-VB that in case of copper, lead, zinc, gold, silver, diamond, other precious and semi precious stones almost all the countries have adopted ad valorem system. For certain minerals like chinaclay, limestone, dolomite, barites, bauxite, felspar, talc, sillimanite, wollastonite, magnesite etc. both tonnage and ad valorem rates are prevalent. In case of certain minerals like calcite, royalty is levied on tonnage basis only.

2.12 Similarly, it can be seen from Annexure-VC that out of 23 minerals namely apatite, rock phosphate, barites, bauxite, cadmium, calcite, chromite, copper, diamond, felspar, fireclay, garnet, gold, ilmenite, lead, magnesite, manganese ore, sillimanite, silver, talc/steatite/soapstone, wollastonite, zinc and zircon (for which a direct comparison between the ad valorem rates in India and those in other countries is possible) the royalty rates for five minerals- zircon, manganese ore, magnesite, ilmenite and gold are lower in India. On the other hand, royalty rates for apatite, rock phosphate, cadmium chromite, felspar, fireclay and zinc are higher in India as compared to other countries.

CHAPTER III

STATUS OF ROYALTY REGIME IN INDIA

DEFINITION & CONCEPTS

ROYALTY:

Royalty is a payment made by mining leaseholders to the owner of a mineral in consideration for exploitation of mineral resources. Royalty is a payment which the State Government may demand for the appropriation of minerals belonging to it. This payment is irrespective of the use to which the material may be put to, or where it may be taken, or the profit made or loss incurred by the lessee in his mining operations.

DEAD RENT:

3.2 Dead rent is a charge/fee to be paid by the leaseholder for the area included in the mining lease if minerals are not extracted. The main purpose of levying dead rent is to discourage the lessee' from keeping the mineral property idle. The existing rates of dead rent are based on the aerial extent of the lease and value of mineral. Accordingly, the dead rent applicable is higher for the higher value of group of minerals.

LEGISLATIVE PROVISIONS:

3.3 The royalty rates for major minerals are fixed by the Government of India and levied on the minerals consumed or removed from the lease area as per Section 9 of the Mines and Minerals (Development & Regulation) Act, 1957. It also provides for levying of dead rent for the area included in the mining lease if minerals are not extracted. Thus the lessee has to pay either royalty or dead rent, whichever is higher. The enhancement of rate of royalty in respect or any mineral is allowed not more than once during a period of three years. The revenues on account of royalty as fixed by the Central Government for the major minerals are collected and retained by the State Governments. In case of minor minerals, State Governments have powers to both fix and collect royalty/dead rent.

TYPES OF ROYALTY IN INDIA

3.4 In India, there are mainly two types of royalty- unit of production basis (also called royalty on tonnage basis) and royalty on ad valorem basis on the sale price. A third system of royalty has also been started recently for mineral coal and lignite, which combines the properties of both tonnage basis and ad valorem basis of royalty. This form of royalty is a sum of two parts, first is a unit based royalty rate fixed for a particular grade, and the second part is a royalty levied on ad valorem basis on the pit's mouth value of the mineral.

3.5 It can be seen from the Annexure-IIA that there are as many as 36 rates pertaining to non-coal minerals. There are 10 minerals for which multiple royalty rates are specified depending upon their grades. At present royalty is levied on tonnage basis for 21 minerals. The flat rate of royalty charged on unit of production basis varies widely from as low as Rs 4/- per tonne (iron ore concentrate) to as high as Rs.800/- per tonne (chrysotile asbestos). Royalty on ad valorem basis is applicable on 36 minerals and one general category of other minerals that are not separately specified. In case of royalty levied on ad valorem basis, generally the basis is the sale price of the mineral, but in case of certain minerals like bauxite/laterite, copper, gold, lead, nickel, silver, tin and zinc, globally accepted benchmarks like the London Metal Exchange and London Bullion Market Association Prices of metals are used for calculation of royalty. In the case of royalty on mineral uranium and tungsten, royalty is chargeable on the metal content in ore on a pro-rata basis.

DEAD RENT

3.6 As per the current provisions, dead rent is collected on a simple system related to the area, period of dormancy of the lease and the value of the mineral resource being kept idle. Thus the rates of dead rent are specified for minerals commonly grouped as per their value in four categories and with higher rents for high value mineral category. Details may be seen in Annexure- IIB.

REVENUE ACCRUALS FROM ROYALTIES ON MAJOR MINERALS (EXCLUDING COAL, LIGNITE AND SAND FOR STOWING):

3.7 In response to the questionnaire circulated to State Governments and Union Territory Administrations, replies were received from 14 State Governments and 2 Union Territories. These Governments furnished royalty accruals for fuels, major and minor minerals separately. The total royalty accruals on all minerals in the various states during 2002-03 to 2006-07 along with percentage share of revenue accruals from royalty on major minerals as furnished to the Study Group are given at Annexure-VI.

3.8 The present Study Group is concerned with recommendations pertaining to royalty rates of all major minerals excluding coal, lignite and sand for stowing.

CHAPTER IV

VIEWS OF STATE GOVERNMENTS, INDUSTRIES AND ASSOCIATIONS

In order to assess the views of the stakeholders on the subject, a questionnaire was circulated to the State Governments, Union Territories, concerned departments in the Central Government, Industry linked to minerals and Industry Associations. A copy of the questionnaire is placed at Annexure-III and the list of addressees to whom it was circulated is placed at Annexure-VII.

4.2 The questionnaire sought basic information on the total quantum and value of minerals produced during the period 2002-03 till 2005-06, the total accruals from royalty in the same period, unit cost of production of minerals, average sale price of the minerals, views of the stake holders on their perception of royalty, criteria for fixing of royalty rates for minerals, applicability of a royalty system for a particular mineral, tenure of the royalty regime, utilization of funds for infrastructural developments, guidelines for calculating royalty and suggestions on dead rent.

4.3 In response to questionnaire circulated to State Governments and Union Territory Administrations, replies were received from 14 State Governments and 2 Union Territories. The Study Group observed that adequate time had been given to all the States/ UTs to respond and there was no point in waiting for responses any further, especially in view of the need to finalize the recommendations within a given time frame. Therefore the Study Group finalized its recommendations based on the available responses instead of awaiting responses from all the States.

Further the Study Group received responses from Department of Atomic Energy and Ministry of Steel. Responses were also received from 29 Industry / Associations. The list of all these responding organisations is given in Annexure- VIII. The views expressed by them on the various issues in response to the questionnaire are given in a summarized form at Annexure-IXA (all issues other than rates of royalty) and IXB (rates of royalty).

Apart from these, Aluminium Association of India, Hindustan Zinc Limited, Eastern Zone Mining Association, Goa Mineral Ore Exporters Association and Organisation of Mine Owners made presentations to the Study Group on the royalty system.

(A) PURPOSE OF LEVYING ROYALTY

4.4 An evaluation of the responses given by the State Governments shows that generally most of the State Governments, especially the chief mineral producing States, perceive royalty primarily as a source of revenue. These States also view royalty as a consideration due to the State Government for allowing exploitation of its mineral resources. However some of the State Governments have viewed royalty primarily as a tool for encouraging mining activities in the country and also as a source of funds for local area development. The Study Group has taken a note of this while reviewing the royalty rates.

(B) CRITERIA FOR FIXING ROYALTY

4.5 The State Governments generally gave primacy to increasing the revenue earnings from royalty as a criterion for fixing of royalty rates. Next to this in priority, the States sought to consider optimum utilization of low-grade mineral resources, fiscal measure for attracting investment and mineral conservation as other important criteria for fixing royalty rates. Some States also indicated attracting improved technology, bringing royalty rates in tune with international rates and encouraging export of minerals as other important criteria to be considered while fixing royalty rates. While most of the criteria suggested by the State Governments have been suitably taken into account as the guiding parameters by the Study Group, the Study Group was of the opinion that international royalty rates could only act as a broad reference point in deciding the royalty rates, since there were huge differences in the context in which the industry operated in India as compared to other countries. The Study Group also felt that though export of mineral resources played an important role in developing economic activity in an area it is important that the States too get a fair share in the export income as royalty.

(C) PREFERRED ROYALTY RATE SYSTEM

4.6. There was a general consensus in the approach of the States that ad valorem system of royalty should be the basis for fixing royalty rates. This was the view taken by Department of Atomic Energy generally for all minerals, except for uranium where it sought that existing system of levying royalty on tonnage basis may continue. The Ministry of Steel also favoured royalty to be levied on ad valorem basis. However some of the State Governments suggested that tonnage basis system should also continue for certain minerals like china clay, dolomite, graphite, limestone, etc. There was a suggestion also to shift certain minerals from ad-valorem system to tonnage-based system on the grounds of practical administrative difficulties faced in assessment of royalty in the former system. The Study Group, in this matter, was guided by the recommendations of the Hoda Committee on royalty, wherein it has been emphasized that royalty rates should decisively move towards ad valorem basis.

(D) PERIODOCITY OF REVISION OF ROYALTY RATES

4.7 The frequency of the time period within which the review of the royalty rates should be undertaken, as per the suggestion of the State Governments, varied from one year to five years. However most of the State Governments have endorsed the prevailing practice of revision of royalty rates in a period 3 years. In so far as the industries/associations are concerned, the demand is for stable royalty regimes for periods ranging from three to ten years.

(E) GUIDELINES FOR COMPUTING ROYALTY ON AD VALOREM BASIS

4.8 Most of the State Governments and stakeholders from the industry felt that the existing guidelines are comprehensive. However FIMI suggested that the present system of adding 20% on the average bench mark prices published by the IBM for minerals for which there are no international bench mark prices, needs to be reviewed and dispensed with. The Study Group considered this matter separately and held that a process audit of the methodology followed by the IBM in arriving at the average bench mark prices of minerals might be initiated by the Ministry of Mines and an expert body should go into this issue in detail.

(F) PERCENTAGE OF ROYALTY ACCRUAL TO BE EARMARKED FOR INFRASTRUCTURE DEVELOPMENT AND/OR PROTECTION OF ENVIRONMENT IN MINERAL BEARING AREAS:

4.9 Suggestions on the percentage of royalty that could be earmarked for infrastructure development and protection of environment in the mineral bearing areas varied from 10-15%, as viewed by the State Governments, to 25%-100%, as held by the Industry/ Associations.

(G) SEPARATE ENTRY IN SECOND SCHEDULE FOR OVERBURDEN, TAILINGS AND REJECTS.

4.10 The opinion of the State Governments varied between suggestions to keep a separate entry specifying the royalty rates in Second Schedule for overburden, tailings and rejects to suggestions against such separate provision. Some stakeholders from the Industry / Association have favoured separate entry for overburden, tailings and rejects.

(H) RATE OF DEAD RENT:

4.11 Some State Governments and Industries have favoured current rates of dead rent. The Study Group considered this issue separately as an important item.

(I) PRESENTATIONS GIVEN BY THE INDUSTRY/ASSOCIATIONS

4.12 The presentations given by the Industry were broadly on three issues- rationalization of the approach on treatment of rejects/tailings while assessing the royalty for minerals, especially base metal minerals and bauxite where royalty is determined on the metal content, fixation of royalty on concentrate rather than on ore and the administrative problems in introduction of ad valorem royalty rates for bulk minerals like iron ore. The Study Group heard the views of the industry, evaluating them in the light of the existing provisions in the mining law of the country.

CHAPTER V

APPROACH OF THE STUDY GROUP

One of the main objectives of the Study Group, as laid down in the terms of reference (Annexure-I), is to review and suggest changes in the Second Schedule to the MMDR Act, 1957, regarding the royalty rates keeping in view the recommendations of the Hoda Committee on royalty.

5.2 In order to make an objective assessment and work out a rational system, the Study Group has considered the following issues in formulating its recommendations on the revised rates of royalty.

(I) SHIFT FROM ROYALTY ON TONNAGE BASIS TO ROYALTY ON AD VALOREM RATES

5.3 In view of the recommendation of the Hoda Committee to move decisively towards a method of fixation of royalty rates on the basis of ad valorem rates, the Study Group felt that wherever it is administratively feasible to shift royalty rates on ad valorem basis, it would be desirable to do so since royalty accruals would proportionately reflect the changes in the prices of minerals without intervention of the Government.

(II) CRITERIA FOR DETERMINING ROYALTY RATES:

5.4 In determining the royalty rates for minerals, the Study Group assessed the following parameters:

(a) Trend of domestic prices. The Study Group has analyzed the trend and movement of domestic sale price of minerals for the years 2004-05 to 2006-07.

(b) Trend in export prices of minerals.

(c) Cost of mineral production

(d) Cost of transportation & handling charges.

(e) Margins realized by the miner, taking into account the sale price and costs.

(f) Implication of revision of royalty rates on the revenue realization of State Governments and the industry.

(g) The inflation (WPI) factor. The Study Group observed that the WPI index for all commodities stood at 184.9 in the calendar year 2004 and had increased to 211.5 by April 2007, showing a growth of 14.38% since the last revision was undertaken in 2004.

(h) In order to assist the Study Group in assimilation of data, five Sub Groups were constituted to work out the costs of production, cost of transportation & handling and the trend in prices of the minerals.

(III) FAIR COMPENSATION TO THE STATE GOVERNMENTS

5.5 State Governments are the owners of minerals. The need of the State Governments to reasonably augment the revenue accruals from these resources, in lieu of sharing of rights on minerals with the lessee has been taken into account by the Study Group while rationalizing the royalty rates.

(IV) INTERNATIONAL RATES OF ROYALTY:

5.6 After commencement of the process of economic liberalization and globalisation of the Indian economy, India has emerged as an investment destination in the mining sector for many companies. The Study Group considered the prevailing international royalty regime and rates. The Study Group has also considered the fact that in fixing of royalty rates, the Hoda Committee has recommended consideration of prevailing royalty rates in Western Australia. In this context, the study group observed that lack of royalty similarities between countries is attributed to the fact that every country is unique with its own legal system, history, stage of economic development, interest groups, markets, availability of latest technology and different business costs that affect the net realization to the miner, etc. An approach to royalty taxes that is optimal for one country may not be practical for another. Thus the study group observed that there is need to adopt a system that reconciles various interests, is suitable for easy administration and which does not give scope for leakages.

(V) ENCOURAGE BENEFICIATION OF MINERALS:

5.7 In order to promote better utilization of the low grade minerals, the Study Group considered rates of royalty to encourage beneficiation.

(VI) ROYALTY REGIME THAT IS INVESTOR FRIENDLY:

5.8 One of the objectives of the Study Group is to devise a royalty regime, which is stable and is attractive to the investors to come into the mining sector. This point has been kept in view while making recommendations

(VII) VIEWS OF THE STAKEHOLDERS:

5.9 Some industries have represented that while the movement of prices on LME for metals, especially zinc, lead, copper and aluminium have been considered by the Study Group and trend indicates substantial increase in the production margins justifying enhancement of royalty rates, the Group should also consider future projections of LME prices of these metals in determining the royalty rates. The Study Group considered the suggestion, and observed that neither FIMI nor the industries have made available detailed information regarding projections and it was not certain that whatever information had been made available was authentic and could be relied upon. In this context, the Study Group is of the view that if in future years the LME prices of metals come down substantially, squeezing the margins available to the miners, it should be possible to have a review of the royalty rates and reduce it, if required, as per the present provisions of Section 9 of MMDR Act, 1957.

Generally, the Study Group has tried to obtain the views of the State Governments, Industries, Associations and other stakeholders in working out the royalty rates so as to devise a system which has widest possible acceptance.

5.10 The Study Group also considered the issue of initiation of penal action by State Governments for failure to pay royalty on minerals extracted and held that the existing provisions in the MMDR Act, 1957, and Rules framed there under are sufficient and may

continue. On the issue of grant of special exemptions like moratorium or suitable structure for deferment of royalty payment to support investment in deserving cases, the Study Group held that such incentives might not be needed at present.

CHAPTER – VI

DISCUSSION ON RATES OF ROYALTY

At present, there are 21 minerals for which royalty is charged on tonnage basis while other minerals are under ad valorem regime. One of the terms of reference of the Study Group is about the need to move decisively towards method of fixation of rates of royalty on the basis of ad valorem basis. The views of the State Governments and the industry are quite diverse in respect of both the basis and the rates (Annexure – IX A & IX B). For some specific minerals, there are variations in recommendations of the different State Governments. While some States have favoured ad valorem basis for these minerals other States have suggested that royalty rates for the same should be on tonnage basis. Expectedly most of the State Governments have advocated an increase in the royalty rates and the industries have pleaded decrease in the rate. Some States have suggested that the present rates may continue.

6.2 The Study Group has sought to work out the royalty rates keeping in view the price trend, cost of production, cost of transportation, handling charges, international rates of royalty, need to encourage investment in mining, need to encourage beneficiation of low grade minerals, the trend of production of mineral, inflation, and the need to compensate the State governments for the minerals extracted.

6.3 The Hoda Committee has recommended that the rates of royalty should move forward decisively on ad valorem basis and it also recommended that for retaining royalty rates on tonnage basis for any mineral a very strong rationale should exist. The Study Group has taken into consideration these guidelines and examined the possibility of shifting royalty rates from tonnage to ad valorem basis as far as possible, taking into consideration administrative convenience in collecting royalty on ad valorem basis. On the basis of feedback from IBM and the State Governments on the administrative feasibility of shifting certain minerals from tonnage basis to ad valorem basis royalty rates, the Group has identified a list of minerals, which could be shifted from tonnage basis system of royalty to ad valorem basis. These include: (1) amphibole asbestos (2) china clay/kaolin [including ball

clay, white shale & white clay] (3) graphite (4) iron ore (5) quartz (6) silica sand, moulding sand and quartzite (7) uranium.

6.4 So far as royalty rates on ad valorem basis are concerned, the Study Group felt that this system takes into account the dynamics of markets and provides buoyancy in revenues without interference of Government and therefore there is no need for changing the existing system of levying royalty for minerals which are already on ad valorem basis

6.5 In respect of lead and zinc, the Study Group considered the request of the Industry to also provide for levy of royalty on metal in concentrate. The Study Group observed that in so far as beneficiation of ore takes place in the leasehold area, there is a case for levy of royalty on concentrate since concentrate, like ore, is a form of mineral. Further the Study Group noted that as per the provisions of Rule 64 B of MCR, 1960, if the run-of mine mineral is processed within the lease area, then the royalty shall be chargeable on the processed mineral (here it would be concentrate). The Study Group determined royalty rates for lead and zinc concentrates with two fold objective- firstly, to protect the revenue accruing to the State Government if royalty would have been charged on metal in ore, and secondly, to provide some incentive to the miner for beneficiation of the ore in the lease area from the point of view of encouraging value addition, saving fuel costs in transportation and consequential environmental benefit, and providing adequate returns on capital investment by the miner for setting up the beneficiation plant. The technical inputs for arriving at the basis for determining the royalty rates were provided by the IBM.

6.6 The Study Group circulated a detailed questionnaire seeking information from the stake holders on the amount of royalty collected from the various minerals, cost of production per unit of the mineral, trend of movement of sale price, the perception of stakeholders on the rationale for royalty, the criteria for fixation of royalty, preference for ad valorem basis or tonnage basis rates for charging royalty on minerals, guidelines on charging of royalty on overburden tailings and rates of dead rent. The Study Group also constituted five sub groups for working out details on the sale price, cost of production, transportation and handling charges for export, FOB prices for certain groups of minerals

especially base metal minerals, precious metals minerals, bauxite, iron ore and other minerals to facilitate the determination of royalty rates. Apart from this, the Study group also considered the various representations submitted by the industry/ associations, and other reference material. The Study Group has met five times and after due deliberation recommends the following royalty rates.

6. 7 Mineral-wise recommendations of the Study Group are as follows:

AGATE

Existing rate : 10 per cent of sale price on ad valorem basis.

Recommendation : Existing rate may continue and the mineral may be shifted to "All other minerals" category.

Justification:

Agate mining is confined only to Gujarat. Agate production has been declining in recent years, mainly as a result of difficulties in obtaining forest clearance for many of the leases and presently entire production comes from a single mine. The all India production during the period 2004-05 to 2005-06 decreased from 25 tonnes to 5 tonnes. Therefore, considering the declining production, the Study Group feels that the rate should not be increased. Since the production and royalty collection is very low the Study Group recommends that this mineral may be shifted to "All other minerals" category.

APATITE & ROCK PHOSPHATE

Existing rates :

(a)	Apatite	:	5% of sale price on ad valorem basis.
(b)	Rock Phosphate	:	(i) 11% of the sale price on ad valorem basis for grades above 25% P_2O_5. (ii) 5% of the sale price on ad valorem basis for grade up to 25% P_2O_5

Recommended rates:

(a)	Apatite (all grades)	5% of sale price on ad valorem

(b)	Rock Phosphate	(i) 11% of the sale price on ad valorem basis for grades above 25% P_2O_5. (ii) 6% of the sale price on ad valorem basis for grade up to 25% P_2O_5

Justification:

Mineralogically, chemically, geologically and use-wise, these two minerals are very similar. Also, internationally these two minerals are generally treated as one for the purpose of royalty and majority of countries prescribe ad valorem rate. Apatite and rock phosphate are primary inputs for the fertilizer industry and have huge demand in the country. This demand is mainly met by imports.

The Study Group observed that for Apatite there is no price increase, and hence it recommends that the existing rates may continue.

In the case of Rock Phosphate, the Study Group noticed that the prices of more than 25% P_2O_5 grade has remained relatively stable, and therefore the Study Group is of the opinion that the existing rate of royalty at 11% may continue. Whereas in the case of rock phosphate of less than 25% P_2O_5 grade, the prices have significantly increased, and thus the Study Group recommends an increase in the royalty rate to 6% of sale price for this grade.

ASBESTOS

Existing rate:

(a)	Chrysotile variety	:	Rs.800/- per tonne
(b)	Amphibole variety	:	Rs.45/- per tonne.

Recommended rate:

(a)	Chrysotile variety	:	Rs.880/- per tonne.
(b)	Amphibole variety	:	15% of sale price on ad valorem basis

Justification:

The production of chrysotile variety is reported from 3 mines in Andhra Pradesh. Production, which was 849 tonnes in 2003-04, has decreased to 640 tonnes in 2005-06 due

to environmental restrictions imposed on mining. The Study Group recommends an increase in royalty rate since the prices of chrysotile variety has increased significantly.

The amphibole variety is a low-grade mineral and production is mainly confined to Rajasthan. The Study Group observed that there are different grades and large price variation across the grades. Hence the Study Group recommends shifting royalty from tonnage basis to ad valorem based system. It also recommends a royalty rate of 15% of sale price on ad valorem basis.

BARYTES

Existing rate : 5.5% of the sale price on ad valorem basis.

Recommended rate : Existing rate may continue.

Justification:

It has been observed that the production of baryte has increased from 679,628 tonnes in 2002-03 to 1.189 million tonnes in 2005-06. Its export increased to 555,437 tonnes in 2005-06 from 483,423 tonnes in 2004-05.

India ranks second in the production of baryte in the world after China and is one of the important exporters in the world market. India has ample resources of baryte and it can meet comfortably not only the needs of the domestic industry, but also of the export market. With emphasis of the Government of India in attracting investment into the petroleum exploration, the domestic demand is also likely to grow in future. It is therefore, necessary to encourage the barytes industry. Hence, the current rate may be continued.

BAUXITE & LATERITE

Existing rate:

(a) 0.40% 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) 20% of sale price on ad valorem basis for those despatched for use in other than alumina and aluminium metal extraction and export.

Recommended rate:

(a) 0.50% 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) 25% of sale price on ad valorem basis on the ore despatched for use in purposes other than alumina and aluminium metal extraction and export

Justification:

Bauxite is a multi-grade multi-use mineral with diverse uses like metallurgical, chemical, refractory, abrastive, cement etc. Laterite is also used in metallurgy and cement.

In case of bauxite for use in alumina/aluminium metal extraction, the States of Orissa, Chhattisgarh and Maharashtra have suggested royalty rate at 0.50% of LME price, whereas Karnataka has suggested royalty rate at 0.60% of LME price and Jharkhand has suggested royalty at 1.5% of LME price.

NALCO and MALCO have suggested that present rate may continue, whereas HINDALCO has suggested 0.35% of LME price. FIMI has suggested that based on average royalty paid during past three years based on LME price of aluminium the royalty on tonnage basis for the next three years be fixed.

The Study Group considered the various suggestions and observed that the LME prices have increased from $1716 in 2004-05 to $2817 in February 2007, whereas the cost of mining continues to remain more or less at the same level. Hence the Study Group recommends royalty rate at 0.50% of London Metal Exchange aluminium metal price chargeable on the contained aluminium metal in ore.

For non-metallurgical purpose the Study Group recommends royalty at 25% of sale price on ad valorem basis for such ore despatched for use for purposes other than alumina and aluminium metal extraction and export. The Aluminum Association of India had represented to the Study Group that there is anomaly in fixation of rates of royalty. They have stated that at present the royalty charged on the high grade bauxite used for non-metallurgical proposes is low whereas the royalty fixed on the low grade bauxite used for metallurgical proposes is high. The Study Group has discussed the matter and taken inputs from IBM and FIMI. It is observed that the high grade bauxite can not be used for metallurgical proposes like aluminium metal extraction, and it can be only used in

refractive/ chemical industries. The Study Group therefore held that the royalty on high-grade bauxite and that on low grade bauxite, are not comparable, and as such there is no anomaly.

BROWN ILMENITE, ILMENITE, RUTILE & ZIRCON

Existing rate : 2% of the sale price on ad valorem basis.

Recommended rate : Existing rate to continue

Justification:

The Study Group observed that the prices of Ilmenite, Rutile, and zircon have remained stable. Hence the Study Group recommends that existing rates of royalty may continue.

CADMIUM

Existing rate: 10% of sale price on ad valorem basis.

Recommendation: 15% of sale price on ad valorem basis.

Justification:

Cadmium is recovered as a by-product of zinc smelting in various units of Hindustan Zinc Limited and Binani Zinc Limited. The Debari zinc smelter and Chanderia lead-zinc smelter of HZL are the two smelters, which produce cadmium as a by-product from indigenous ores of Rajasthan. The average cadmium content in the lead-zinc ores of Rajasthan is about 0.04% and about 2500 tonnes of ore are required for producing one tonne of cadmium. The production of cadmium fluctuated between 480 and 406 tonnes during 2003-04 and 2005-06. Since cadmium is recovered as a by-product, its recovery should be encouraged in the interest of conservation i.e. total utilization of the lead-zinc ores. FIMI has suggested that the rate be reduced to 5 per cent. HZL has not suggested any change.

Keeping in view the rise in prices of cadmium during the last three years, the Study Group recommends that the current rate may be increased to 15% of sale price on ad valorem basis.

CALCITE

Existing rate : 15% of the sale price on ad valorem basis.

Recommended rate : Existing rate to continue

Justification:

The production of calcite recorded fluctuating trends. From 68,243 tonnes in 2001-02, it increased to 122,329 tonnes in 2003-04, then declined to 66,984 tonnes in 2004-05 and during 2005-06, it was 73,332 tonnes. The Study Group noticed that there is no significant price increase and hence it recommends that the existing rates may continue.

CHINACLAY/KAOLIN (INCLUDING BALLCLAY, WHITE SHALE AND WHITE CLAY)

Existing rate :

(i) **Crude** : Rs.23/tonne

(ii) **Processed** : Rs.85/- per tonne

Recommended rate: Crude – 8% of sale value on ad valorem basis

Processed – 10% of sale value on ad valorem basis.

Justification:

The production of chinaclay/ kaolin increased from 854000 tonnes in 2001-02 to 1,096,000 tonnes in 2005-06.

In developed countries, chinaclay/kaolin is usually marketed in processed form and the royalty rates pertain to the processed chinaclay/kaolin. In India, chinaclay/kaolin is marketed in crude form mainly for consumption in cement industry, and it is also washed and processed within the lease area and marketed, and sometimes sold in crude or partially washed form to processing plants outside lease areas. Since there is wide variation in prices, ad valorem rates for chinaclay/kaolin are suggested. IBM has also indicated that it is administratively feasible to levy royalty on ad valorem basis. Accordingly, the Study Group

recommends that the royalty rate for chinaclay/ kaolin (including ball clay, white shale & white clay) as given below:

Crude – 8% of sale value on ad valorem basis

Processed – 10% of sale value on ad valorem basis.

CHROMITE

Existing rate : 7.5% of the sale price on ad valorem basis for all grades.

Recommended : 10% of the sale price on ad valorem basis for all grades.

Justification:

Chromite is a mineral having good export potential. Production has increased from 2.90 million tonnes in 2003-04 to 3.6 million tonnes in 2004-05. It however, decreased to 3.42 million tones in 2005-06. Governments of Karnataka and Maharashtra have suggested 10% on ad valorem basis, whereas Orissa Government has suggested that the present rate be increased to 15% of sale price on ad valorem basis. FIMI and Tata Steel are of the view that the present rate may be continued and should be on dry basis.

Keeping in view, the rise in sale price of chromite during the last three years, the Study Group is of the view that royalty rate may be increased to 10% on ad-valorem basis. As far as charging royalty on dry basis is concerned, the Study Group has dealt it separately.

COLUMBITE – TANTALITE

Existing rate **:** 10% of sale price on ad valorem basis.

Recommended rate **:** Existing rate may continue.

Justification:

Columbite – tantalite are atomic minerals found associated with mining of tin ore. Department of Atomic Energy is of the view that these minerals will attain importance in the near future and suggested that these minerals may be listed as separate entry in the second schedule and the present rate of royalty may continue.

The Study Group, accordingly, agreed with the suggestions of DAE and recommends that Columbite-tantalite may be listed as separate entry in the Second Schedule to the

MMDR Act, 1957, and the existing royalty rate of 10% of sale price on ad valorem basis may continue.

COPPER

Existing rate	:	3.2% of LME copper metal price chargeable on the contained copper metal in ore produced.
Recommended rate	:	4.2% of LME copper metal price, chargeable on the contained copper metal in ore produced.

Justification:

The resources of copper ore though large, are of low grade. The cost of production in India is high because of low metal content in the ore and comparatively low scales of operations compared to world standards. India is a net importer of copper and the domestic production has come down from 3.4 million tonnes in 2001-02 to 2.6 million tonnes in 2005-06.

Government of Rajasthan and Maharashtra have suggested royalty at 5% of LME metal price, whereas Jharkhand Government has suggested royalty at 5.5% of LME price. Government of Madhya Pradesh has suggested 15% increase in the present rate. The FIMI and HCL have suggested that there should not be any change.

However, in view of the fact that the LME prices of copper have increased considerably in the recent past, the study group is of the view that royalty rates may be increased to 4.2% of the LME copper metal price, chargeable on the contained copper metal in ore produced.

CORUNDUM

Existing rate	:	10% of sale price on ad valorem basis.

Recommended rate: Existing rate may be continued and the mineral may be shifted to "All other minerals" category.

Justification:

The domestic production of corundum has been fluctuating during the last three years. It was 117 tonnes in 2003-04, it decreased to 18.56 tonnes in 2004-05 and again increased to 58 tonnes in 2005-06. Presently, production is reported from Maharashtra as an associate mineral of kyanite and sillimanite.

Government of Chhattisgarh has suggested 20% of sale price, Maharashtra 11% of sale price and Karnataka 12% of sale price on ad valorem basis. FIMI has suggested that the royalty rate of corundum be brought down to 5% of the sale price.

Keeping in view the fact that there has not been any significant increase in the prices of the mineral the Study Group recommends that the existing rate may be continued. The Study Group also recommends shifting this mineral to the category "All other minerals" since the royalty realized is low.

DIAMOND

Existing rate : 10% of sale price on ad valorem basis.

Recommended rate : 11.5% of sale price on ad valorem basis.

Justification:

Though at present Diamond production is taking place only in one State, many leading companies are exploring for viable diamond deposits in other States also. Diamond exploration involves high risks and large investments..

Government of Chhattisgarh and Madhya Pradesh have suggested 20% of sale price on ad valorem basis. Govt. of Maharashtra has sought continuance of existing rates. FIMI has also suggested that the present rates should continue.

Analysis of the production data has indicated fluctuating trends and in 2005-06, the production has declined to 44,170 carats from 78,316 carats in 2004-05.

Keeping in view the significant rise in prices of raw uncut diamond, the Study Group recommends a royalty rate of 11.5% of sale price on ad-valorem basis.

DOLOMITE

Existing rate : Rs.45/- per tonne

Recommended rate : Rs.63 per tonne.

Justification:

Dolomite is an important steel input mineral and its demand will grow in view of the growing steel industry in the country. Besides, it is used in other industries like refractories, glass, fertilizers, etc. The production of dolomite has increased from 3.2 million tonnes in 2001-02 to 4.4 million tonnes in 2005-06.Analysis of domestic dolomite prices indicated wide variation. During 2005-06 the minimum price quoted was Rs.32 per tonne and the maximum of Rs.516 per tonne for SMS grade. During 2004-05, 84% of the consumption was in iron and steel industry and the balance was consumed in other industries like refractory, sponge iron, glass and ferro alloys industries. Sixty-two per cent of the production is in public sector for captive consumption.

Government of Jharkhand has suggested 20% of sale price, Rajasthan and Maharashtra Rs.60 per tonne, Karnataka and Himachal Pradesh Rs.55 per tonne, Chhattisgarh Rs.65 per tonne and Madhya Pradesh Rs.52 per tonne. FIMI has suggested reduction in royalty rates.

Keeping in view the rise in prices of dolomite during the last three years the Study Group recommends royalty rate of Rs. 63 per tonne.

FELSPAR

Existing rate : 10% of sale price on ad valorem basis.

Recommended rate : 12% of sale price on ad valorem basis.

Justification:

Felspar is a low value mineral finding its use in ceramic and glass industries. Government of Rajasthan has suggested a rate of Rs.50/- per tonne whereas Karnataka, Jharkhand, Maharashtra have suggested royalty rates at 12%, 20% and 10% of sale price respectively. FIMI has suggested for no change in the royalty rates.

Keeping in view the fact that price increase for this mineral has been marginal, the Study Group recommends increase to 12% of sale price on ad valorem basis.

FIRECLAY

(INCLUDING PLASTIC, PIPE, LITHOMARGIC AND NATURAL POZZOLANIC CLAY)

Existing rate : 12% of the sale price on ad valorem basis.

Recommended rate : Existing rate to continue.

Justification:

Production of fireclay, which was 657,000 tonnes in 2003-04 has decreased to 486,000 tonnes in 2005-06. It is used for making firebricks. Many of the producers of fireclay are small mine owners.

Government of Jharkhand, Karnataka and Maharashtra have suggested 15%, Rajasthan Rs.30/- per tonne for crude and Rs.100/- per tonne for processed, whereas Madhya Pradesh has suggested Rs.25/- per tonne. FIMI has suggested lowering of the royalty rate from current 12% to 10%.

Analysis of the price data has revealed that the domestic prices have remained more or less stable during 2003-04 to 2005-06 .

Since the prices have remained stable, the Study Group recommends that existing rate to continue.

FLUORSPAR/FLOURITE:

Existing rate : 5% of the sale price on ad valorem basis.

Recommended rate : 6.5% of the sale price on ad valorem basis

Justification :

The production of both graded Fluorspar/fluorite and its concentrates have recorded declining trends. The production of graded Fluorspar/fluorite decreased from 13,866 tonnes

in 2001-02 to 3764 tonnes in 2005-06 and that of concentrates from 6900 tonnes in 2001-02 to 1774 tonnes in 2005-06. Presently, production is reported from Maharashtra and Rajasthan.

Rajasthan has suggested 7.5% and Maharashtra 10 per cent. GMDC has suggested 5% or Rs.10 per tonne. FIMI has suggested that the existing rate may continue.

Analysis of the price data has revealed that the ex-mine prices have recorded significant rise. Hence, The Study Group recommends royalty rate at 6.5% of sale price on ad valorem basis.

GARNET

Existing rate :	(a) Abrasive variety	-	3% of sale price on ad valorem basis
	(b) Gem variety	-	10% of sale price on ad valorem basis.
Recommended rate:	(a) Abrasive variety	-	Existing rate to continue
	(b) Gem variety	-	Existing rate to continue.

Justification:

Production of abrasive grade garnet has increased from 490,893 tonnes in 2003-04 to 679,700 tonnes in 2005-06. Tamil Nadu accounted for 97% of production. Production of gem variety of garnet has declined from 544 kg in 2003-04 to 90 kg in 2004-05. During 2005-06, no production was reported. Analysis of price data for abrasive grade garnet has indicated about 10 to 20% increase in 2005-06.

Garnet (abrasive) is one of the minerals that occurs in the beach sand deposit in India and has the potential to attract a good amount of private sector investment. In Australia, the royalty rates vary from 2.5% to 5% of the sale price. Rajasthan has suggested royalty at 10% of sale price and Jharkhand have sought royalty at 20% for abrasive variety. IREL and FIMI have suggested that there should not be any change in royalty rate. The Indian placer mineral industry has suggested Rs.25/- per tonne. The Study Group observed that the price of mineral has not changed significantly, and accordingly it recommends that the existing royalty rates may continue.

GOLD

Existing rate:

(a) **Primary** : 1.5% of London Bullion Market Association Price (commonly referred to as "London Price") chargeable on the gold metal in ore produced.

(b) **By-product gold**: 2.5% of London Bullion Market Association price (commonly referred to as "London Price") chargeable on by-product gold metal actually produced.

Recommended rate : (a) Primary- 2% of London Bullion Market Association Price (commonly referred to as London Price) chargeable on the gold metal in ore produced.

(b) By-product gold – 3.3% of London Bullion Market Association price (commonly referred to as "London Price") chargeable on by-product gold metal actually produced.

Justification:

Primary Gold: Production of primary gold has declined from3.5 tonnes in 2004-05 to 2.84 tonnes in 2005-06. India is the largest consumer market for gold in the world and almost the entire domestic demand is met through imports.

Govt. of Karnataka has suggested 3% of London price, Govt of Chhattisgarh has sought royalty at 2.5% and Govt of Jharkhand has suggested royalty at 3.5% of London price for primary gold. Govt. of Rajasthan has suggested no change in the royalty rates. FIMI has also not suggested any change.

For by-product gold, Rajasthan has suggested no change and Karnataka and Jharkhand have suggested a royalty at 5% of London price. FIMI has suggested no change and for Greenfield projects, FIMI suggests that royalty should not be charged for the first 10 years.

The Study Group noticed that since the last revision of royalty rates in the year 2004, prices of gold have risen considerably. While finalizing the royalty rates the Govt. of Karnataka again reiterated that the rate for primary gold may be increased to 2.5%. However, in view of the fact that the country is meeting its demand of gold almost wholly by imports, the Study Group held that there is a need to encourage mining of gold. For primary gold, the Study Group accordingly recommends a royalty rate of 2 % of London Bulletin Market

Association Price chargeable on the gold metal in ore produced. For by-product gold, considering the increase in the gold prices and also the fact that this occurs as a by product, the Study Group recommends royalty rate of 3.3% of London Bullion Market Association price (commonly referred to as "London Price") chargeable on by-product gold metal actually produced. .

GRAPHITE

Existing rate:	(a)	with 80% or more fixed carbon	- Rs 225 per tonne
	(b)	with 40% or more fixed carbon but less than 80% fixed carbon.	- Rs 130 per tonne
	(c)	with less than 40% fixed carbon	- Rs 50 per tonne
Recommended rate:	(a)	with 40% or more fixed carbon	- 2% of sale price on ad valorem basis
	(b)	with less than 40% fixed carbon	- 12% of sale price on ad valorem basis

Justification:

The Study Group observed that in this mineral there are different grades and there is a large variation in the prices in each grade. Hence the Study Group decided to recommend shifting the royalty system on ad valorem basis. The Study Group also observed that the prices of graphite in the first two grades are comparable, while the prices of the third grade with fixed carbon less than 40% is markedly less. Hence the Study Group recommends that the first two grades to be combined as one grade with 40% or more fixed carbon. The Study Group considered the price trend and production and recommends royalty rate of 2% of sale price on ad valorem basis for graphite with 40% or more fixed carbon. In case of graphite of less than 40% fixed carbon, the Study Group recommends royalty at 12% of sale price on ad valorem basis to encourage beneficiation of ore.

GYPSUM

Existing rate : 20% of sale price on ad valorem basis

Recommended rate : Existing rate to continue

Justification:

Analysis of production data for gypsum for 5 years period from 2001-02 to 2005-06 reveals fluctuating trends. Gypsum is an important raw material for priority sectors like fertilizers and cement. Analysis of the price data of gypsum for the period 2003-04 to 2005-06 indicates that the prices have not changed significantly.

Government of Rajasthan has suggested a tonnage rate of Rs.50/- per tonne, whereas Govt. of Maharashtra has suggested 21% of the sale price. FIMI has suggested that the rate may be reduced to 10% of sale price on ad valorem basis.

The Study Group considered since there is no significant price increase and therefore recommends that the existing royalty rates may continue.

IRON ORE

Existing rate:

(i) Lumps:

(a)with 65 percent Fe content or more	Twenty seven rupees per tonne
(b) with 62 percent Fe content or more but less than 65 per cent Fe content	Sixteen rupees per tonne.
(c) with less than 62 per cent Fe content	Eleven rupees per tonne.

(ii) Fines:

(a) With 65 per cent Fe content or more	Nineteen rupees per tonne .
(b) With 62 per cent Fe content or more but less than 65 per cent Fe content	Eleven rupees per tonne.
(c) with less than 62 per cent Fe content	Eight rupees per tonne .
(iii) Concentrates prepared by beneficiation and/or concentration of low grade ore containing 40 per cent Fe or less	Four rupees per tonne.

Recommended rate: 10% of sale price on ad valorem basis.

Justification:

During the discussions, the Governments of Orissa, Karnataka, Chhattisgarh, Jharkhand sought that the rate of royalty on iron ore should be 20% on ad valorem basis. FIMI desired that the royalty should not be charged on ad valorem basis and the present system of tonnage basis may continue.

The Study Group observed that subsequent to the revision of the royalty rates in 2004, the prices of iron ore have increased steeply in both domestic and international markets. This price increase is attributable to an increased demand for iron ore for steel production, which is showing tremendous growth in capacities in India and all over the world, especially in China. This has generally led to windfall profits to the miners. However the same has not translated into proportionate revenue gains for the State Governments. Therefore, the Study Group felt the need to shift the royalty system to the ad valorem basis. The Study Group considered the inputs regarding the administrative feasibility of changing the royalty system on ad valorem basis. Based on the recommendations of the IBM and the State Governments the study group agreed to shifting of the royalty rate of iron ore from tonnage basis to ad valorem basis.

Further the Study Group held that in view of the fact that iron ore is the basic raw material for steel industry, royalty rate at 20% of sale price on ad valorem basis is likely to adversely impact the steel industry in the country. The Study Group also observed that the Ministry of Steel has recommended a royalty rate of 10% on sale price on ad valorem basis. The Study Group considered the cost of production, transportation & handling charges, export and domestic sale prices as arrived at by the sub-group on iron ore and held that the suggested royalty rate by the Ministry of Steel is appropriate.

In view of the above, the Study Group recommends royalty rate at 10% of sale price on ad valorem basis.

KYANITE

Existing rate	:	10% of sale price on ad valorem basis.
Recommendation	:	Existing rate may continue and this mineral may be shifted to the category “All other minerals”.

Justification:

Kyanite is a refractory mineral used in the manufacture of high alumina refractories. Analysis of production data has revealed fluctuating trend during the period 2001-02 to 2005-06 and varied between 4225 tonnes in 2001-02 and 9057 tonnes in 2003-04. During 2004-05, the production was 7341 tonnes. The production is reported from Jharkhand, Karnataka and Maharashtra. Governments of Maharashtra and Karnataka have suggested 12% of sale price whereas Jharkhand has suggested 20 per cent. FIMI has suggested lowering of royalty rate to 5% of sale price. Analysis of the price data of Kyanite for the last three years has revealed that the prices have remained stable. In view of this, The Study Group recommends that the existing rate may continue. In view of low production and low realization of royalty the Study Group recommends that Kyanite may be shifted to "All other mineral" category.

LEAD

Existing rate: 5% of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced

Recommendation: (a) 7% of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced.

(b) 12.7% of London Metal Exchange lead metal price chargeable on the contained lead metal in concentrate produced

Justification:

State Government of Rajasthan has suggested royalty rate at 10% of LME lead metal price chargeable on the contained lead metal in ore produced and 16.2% of LME price on lead metal price chargeable on the contained lead metal in concentrate. State Government of Jharkhand has sought royalty rate at 20% of sale price on ad valorem basis. FIMI has suggested royalty at 3% of sale price; HZL has suggested royalty at 2-3% of LME price on contained metal in concentrate.

The Study Group observed that the LME prices for lead metal have increased substantially and there is a case for increase in the royalty rates. Further in a presentation given to the Study Group, the Industry had suggested that the royalty may be levied on the metal contained in the concentrate since this method takes into account wastages in the form of tailings/ rejects.

The Study Group considered all the issues and accordingly recommends two separate rates of royalty- firstly, in case the ore is removed from the lease area without processing, the basis of royalty would be the metal contained in ore, and secondly in case the ore is processed into concentrate in the lease area, on the basis of the metal contained in the concentrate as follows:

(a) 7% of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced and removed from the lease area.

(b) 12.7% of London Metal Exchange lead metal price chargeable on the contained lead metal in concentrate produced.

LIMESTONE

Existing rate	:	(a) L.D. grade (less than 1.5% SiO_2) -	Rs.55/- per tonne
		(b) Others -	Rs.45/- per tonne
Recommended Rates:			
		(a) L.D. grade (less than 1.5% SiO_2) -	Rs. 72/- per tonne
		(b) Others -	Rs. 63/- per tonne

Justification:

The production of limestone increased from 130.93 million tonnes in 2001-02 to 170.38 million tonnes in 2005-06. In 2005-06, grade-wise distribution of Limestone is :

Cement grade- 163 million tonnes, Iron & steel grade- 4.36 million tones, and Chemical grade- 2.72 million tonnes. Thus Cement grade accounted for 96% of the production.

Maharashtra has suggested ad valorem rates for LD grade, Chhattisgarh and Rajasthan tonnage basis at Rs.75/- per tonne, whereas Jharkhand has suggested 20% on ad valorem basis. FIMI and RINL have suggested reduction of royalty rate to Rs.50/- per tonne. M/s Jai Prakash Associates suggested 10% on ad valorem basis.

For cement grade, Rajasthan sought levy of royalty at Rs.60 per tonne, Karnataka and Himachal Pradesh at Rs.55 per tonne, Chhattisgarh at Rs.65 per tonne and Assam at Rs.45 per tonne. RINL and All India Cement Manufacturers' Association have suggested royalty at Rs.45 per tonne. FIMI has suggested royalty at Rs.40/- per tonne. The Cement Manufacturers' Association have suggested that the present rates may be continued.

Keeping in view the increase in the prices of Steel and the fact that LD grade limestone is used for steel manufacturing industry , the Study Group recommends that the rates of L.D. grade limestone be increased to Rs. 72 per tonne. As regards, other grades, there has been substantial increase in prices of cement and therefore, it is recommended that the royalty rates for other grade to be increased to Rs. 63 per tonne.

LIME KANKAR

Existing rate : Rs.45/- per tonne.

Recommended rate : Rs. 63 per tonne.

Justification:

Lime Kankar is also used for manufacturing Portland cement like cement grade limestone. The production of lime kankar has decreased from 4.7 lakh tonnes in 2004-05 to 3.44 lakh tonnes in 2005-06. Production is reported mainly from Tamil Nadu. There has not been any change in the prices of lime kankar during the last three years.

Governments of Rajasthan and Karnataka have suggested upward revision to Rs.60/- and Rs.55/- per tonne respectively, whereas FIMI has suggested a reduction in royalty rate to Rs.35/- per tonne.

In view of the fact that it is being used in cement industry, the Study Group recommends that royalty rates may be fixed at par with cement grade limestone i.e. at the rate of Rs.63/- per tonne.

LIMESHELL

Existing rate : Rs.45/- per tonne

Recommended rate : Rs. 63 per tonne.

Justification:

The production of limeshell has decreased from 138,071 tonnes in 2004-05 to 109,654 tonnes in 2005-06. Production is mainly reported from Karnataka, Kerala and Andhra Pradesh. Limeshell is a calcareous material of high purity, which is used in chemical industry, and white cement and Portland cement.

State of Rajasthan and Karnataka have suggested a royalty rate of Rs.60/- and Rs.55/- respectively, whereas FIMI has suggested a reduction of royalty rate to Rs.35/- per tonne.

In view of the fact that it is being used in cement industry the Study Group recommends that the rates of royalty may be fixed on par with the cement grade limestone and lime kankar at Rs. 63 per tonne.

MAGNESITE

Existing rate : 3% of sale price on ad valorem basis.

Recommended rate : Existing rate may continue.

Justification

Analysis of production data of magnesite has indicated fluctuating trends. In 2005-06 the production decreased to 351,000 tonnes from 384,000 tonnes in 2004-05. The production is reported mainly from Tamil Nadu. Other producing states are Uttaranchal and Karnataka.

States of Rajasthan and Karnataka have suggested upward revision to 5%, whereas FIMI has suggested that the present rates may continue.

About 96% of the consumption of magnesite is by refractory industry. Analysis of price data did not indicate any significant rise hence the study group recommends existing rate of royalty to continue.

MANGANESE ORE

Existing rate	:	(a) Ore of all grades	-	3% of sale price on ad valorem basis.
		(b) Concentrates	-	1% of sale price on ad valorem basis.
Recommended rates		a) Ore of all grades	-	4.2% of sale price on ad valorem basis.
		(b) Concentrates	-	1.4% of sale price on ad valorem basis.

Justification:

Production of manganese ore increased from 1.53 million tonnes in 2001-02 to 2.38 million tonnes in 2004-05. It however, decreased to 2.0 million tonnes in 2005-06. Production is reported from Orissa, Maharashtra, Madhya Pradesh, Karnataka and Andhra Pradesh.

States of Jharkhand has suggested royalty rate at 10% on ad valorem basis. Karnataka has suggested royalty rate of 5% for ore and 2% for concentrates. FIMI, RINL, Eastern Zone Mining Association, MOIL, Tata Steel have suggested that the present rates may continue.

In view of the significant price increase the Study Group recommends 4.2% of sale price for Manganese ore of all grades and 1.4% for concentrates.

MICA (CRUDE, WASTE & SCRAP)

Existing rate : 4% of sale price on ad valorem basis.

Recommended rate : Existing rate may continue.

Justification:

In the recent years, the production of crude mica has been on decline. It declined to 1259 tonnes in 2005-06 from a level of 2026 tonnes in 2001-02. The production of waste & scrap mica has recorded fluctuating trend during the same period.

Government of Rajasthan and Maharashtra have suggested royalty rate of 5% and Jharkhand has suggested royalty rate of 10% of the sale price.

In view of the declining production of mica and erratic nature of occurrences and absence of well-established resources of mica, the study group recommends that the current rate of royalty may continue

MONAZITE

Existing rate : Rs.125/- per tonne.

Recommended rate : Existing rate may continue.

Justification:

At present there is very little mining of this mineral. Maharashtra has suggested a rate of Rs.135/- per tonne whereas FIMI has suggested that the present rates may continue.

The study group considering the encouragement needed to be given to the R & D efforts for nuclear power generation based on indigenous resources and technology, recommends that present rates may continue.

NICKEL

Existing rate : 0.12% of LME nickel metal price chargeable on the contained nickel metal in ore produced.

Recommended rate : Existing rate may continue.

Justification :

At present, there is no mining of nickel and the entire requirement of nickel is met through imports. FIMI has suggested that no royalty should be charged for nickel for the next 10 years.

The study group recommends the existing rate to continue to promote mining of nickel.

OCHRE

Existing rate : Rs.15/- per tonne

Recommended rate : Rs.20/- per tonne.

Justification:

Production of ochre has increased from 613,000 tonnes in 2001-02 to 921,000 tonnes in 2005-06. Production is mainly reported from Rajasthan (95%) and also from Madhya Pradesh, Karnataka, Andhra Pradesh and Gujarat. The Govt. of Rajasthan has suggested a royalty of Rs.55/- per tonne whereas Karnataka has suggested Rs.20/- per tonne. Maharashtra has suggested Rs.18/- per tonne. FIMI has suggested that present rates may continue.

In view of the increase in price of the mineral ochre, and that the Cement industry accounted for 99% of the ochre consumption, the Study Group recommends that the royalty rates may be fixed at Rs.20/- per tonne.

PYRITE

Existing rate : 2% of sale price on ad valorem basis.

Recommended rate : Existing rates to continue.

Justification:

Since 2000-01, no production of pyrite is reported. Government of Maharashtra has suggested royalty rate at 3% of sale price, whereas Rajasthan has suggested no change. FIMI has suggested that that to encourage the exploration and mining activity there should not be any royalty levied on this mineral.

Considering the fact that there is no production for this mineral the Study Group recommends that the existing rates may continue.

PYROPHYLLITE

Existing rate : 15% of sale price on ad valorem basis.

Recommended rate : 20% of sale price on ad valorem basis.

Justification:

The production of pyrophyllite fluctuated between 147,233 tonnes and 271,225 tonnes during the period 2001-02 to 2005-06. In 2005-06, the production was 181,328 tonnes. The production is mainly reported from Madhya Pradesh (78.6%), Uttar Pradesh, Orissa, Maharashtra, Jharkhand and Andhra Pradesh.

Government of Maharashtra has suggested royalty rate at 16%, whereas Rajasthan and FIMI have suggested no change in the royalty rate. Government of Madhya Pradesh has suggested royalty on tonnage basis at the rate of Rs.160/- per tonne. The Study Group observed that there is a significant increase in the sale price and hence recommends royalty rate at 20% on sale price on ad valorem basis.

QUARTZ,

Existing rate : Rs.20/- per tonne.

Recommended rate : 15% of the sale price on ad valorem basis

Justification:

The State Governments of Karnataka, Himachal Pradesh, Maharashtra and Rajasthan have suggested upward revision of royalty rates ranging from Rs.25 to Rs.45 per tonne. The Government of Jharkhand and Chhattisgarh have suggested ad valorem rate of 20% of sale price. FIMI and RINL are of the view that the present rates may be continued.

Analysis of price data of quartz for the period 2003-04 to 2005-06 did not show any increasing trend. However, price quotations varied from as low as Rs.47.70 per tonne to Rs.1450 per tonne depending on the grade. IBM was of the view that it would be administratively possible to levy royalty on ad valorem basis.

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In view of wide variation in grades and prices the Study Group held that there is a need to change over from the current practice of tonnage to ad valorem basis and recommends a royalty rate at 15% of sale price on ad valorem basis.

RUBY

Existing rate : 10% of sale price on ad valorem basis.

Recommendation: Existing rate may continue.

Justification:

The Study Group observed that there is no production of this mineral and therefore recommends that the existing rates may continue.

SELENITE

Existing rate : 10% of sale price on ad valorem basis.

Recommended rate : Existing rate may continue.

Justification:

There is no production of this mineral and therefore, the Study Group recommends that the existing rates may continue. The Study Group also recommends that this mineral might be shifted to the "All other minerals" category.

SILICA SAND, MOULDING SAND AND QUARTZITE

Existing rate : Rs.20/- per tonne.

Recommended rate : 8% of the sale price on ad valorem basis

Justification:

Prices of silica sand did not record any significant rise and varied between Rs.61.66 to Rs.106.4 per tonne in 2005-06. The prices of quartzite, which is mainly consumed in refractory industry, varied between Rs.110 to Rs.750 per tonne. The Study Group observed that there is a wide variation in grades and prices, and thus the basis for levying royalty

could be shifted from tonnage basis to ad valorem basis. IBM agreed that it would be administratively possible to levy royalty on ad valorem basis. On the royalty rate, the Study Group recommends a royalty at 8% of sale price on ad valorem basis.

SILLIMANITE

Existing rate : 2.5% of sale price on ad valorem basis.

Recommended rate : Existing rate may continue.

Justification:

The production of sillimanite has increased from 14,720 tonnes in 2001-02 to 32,278 tonnes in 2005-06. Orissa, Kerala and Maharashtra are the principal producers. Government of Maharashtra has suggested royalty rate on 3% on ad valorem basis. Indian Rare Earths Ltd (a PSU of Department of Atomic Energy), Rajasthan Government and FIMI have suggested that the present rates may continue. Refractory industry accounts for 95% of the consumption. Sillimanite, which is produced in Orissa and Kerala, is of granular type obtained from beach sand. The prices of granular sillimanite have remained static, hence the present rates may continue.

SILVER

Existing rate :

(a) By product : 5% of the LME price chargeable on by-product silver metal actually produced.

(b) Primary silver : 5% of the LME silver metal price chargeable on the contained silver metal in ore produced.

Recommended rate:

(a) By product : 7% of LME price chargeable on by-product silver metal actually produced..

(b) Primary silver : Existing rate may continue.

Justification:

At present, silver is recovered as a by product of gold refining as well as smelting and refining of lead, zinc and copper concentrates. Government of Rajasthan and FIMI have suggested that the present rates may continue whereas Government of Jharkhand has suggested royalty rate at 20% of sale price on ad valorem basis.

Keeping in view the increase in the price of silver, and considering that it is a by product, the Study Group recommends royalty rate at 7% of LME price chargeable on by-product silver metal actually produced. In case of primary silver the existing rates may continue.

SLATE

Existing rate: RS. 45 per tonne

Recommendation: Existing rates to continue

Justification:

As compared to 11,381 tonnes of production in 2003-04, the production declined to 1906 tonnes in 2005-06. Only three mines have reported production.

Government of Rajasthan suggested upward revision to Rs.60/- per tonne, whereas FIMI has suggested that the existing rates may continue.

Since sale prices are not available to the Study Group, it, accordingly recommends that the existing rates may continue.

TALC/STEATITE/SOAPSTONE

Existing rate : 15% of sale price on ad valorem basis.

Recommended rate : 18% of sale price on ad valorem basis

Justification:

Talc, steatite and soapstone are commercially marketed only in powder form. The powder of mineral talc, steatite and soapstone is produced by mixing different grades produced from different mines. The powder of talc, steatite and soapstone is mainly used for industries namely foundry, DDT, detergent, soap as filler material in rubber, textile and paper and paints, cosmetic industries. Talc, steatite and soapstone have different constituents and whiteness depending on the mineralisation in particular host rock and its occurrence.

Government of Rajasthan has suggested royalty rate at Rs.65 per tonne, whereas Jharkhand and Karnataka have suggested royalty rate at 20% ad valorem basis. The Indian Soapstone Producers' Association has suggested that royalty be charged on the basis of the occurrences of dolomite and serpentine zone.

In view of the increase in the prices of this mineral, the Study Group recommends that the royalty rate may be increased to 18% of the sale price on ad valorem basis.

TIN

Existing rate - 5% of LME tin metal price chargeable on the contained tin metal in ore produced.

Recommended rate - 7.5% of LME tin metal price chargeable on the contained tin metal in ore produced.

.**Justification :**

Production of tin is reported from Chhattisgarh only. During 2005-06, the production of tin concentrates was around 99 tonnes.

In view of the increase in LME prices for Tin, the Study Group recommends that the present royalty rate may be fixed at 7.5% of LME tin metal price chargeable on the contained tin metal in ore produced.

TUNGSTEN

Existing rate : Rs.20/- per unit of contained WO_3 per tonne of ore and on prorata basis.

Recommended rate : Existing rate to continue.

Justification :

There is no production of tungsten ore / concentrates. FIMI has suggested that to encourage the exploration and mining activity royalty should not be levied on this mineral for the first 10 years of production. Government of Rajasthan has suggested no change in the present structure, whereas Govt. of Maharashtra has suggested royalty at Rs.25/- per unit of WO_3 content.

Since there is no production of Tungsten, the Study Group recommends that the existing rate of royalty may be continued.

URANIUM

Existing rate : Rs.5/- (for dry ore) with U_3O_8 content of 0.05% with prorata increase/decrease at the rate of Rs.1.50 per metric tonne of ore for 0.01% increase/decrease.

Recommended rate: 2% of compensation received by M/s Uranium Corporation of India Ltd and to be apportioned among States on the basis of data provided by the Department of Atomic Energy.

Justification:

Uranium is a highly strategic mineral under the Atomic Energy Act. Government of Rajasthan has suggested that the present rate may continue. Govt. of Jharkhand had initially demanded a lumpsum royalty of Rs.20 crore per year but later on suggested royalty at the rate of 25% of the compensation amount given by Department of Atomic Energy to the Uranium Corporation India Ltd. FIMI has suggested that existing rates may continue.

The Study Group noted that there are no details available regarding production and pricing of uranium. The exploration of uranium is done exclusively by public sector and pricing of the uranium is administratively fixed.

The Study Group observed that a certain amount is given as compensation to M/s Uranium Corporation of India Ltd (UCIL) by Government for mining and production of uranium metal which in a broad sense can be treated as sale price of uranium. Since this is the only reference point available to the Study Group this can be taken as a basis for fixation of royalty. Considering the increase in this amount over the years, the increase in international prices of uranium and the need to provide sufficient revenue to State Government, the Study Group recommends a royalty of 2% of the compensation amount received by M/s UCIL for the mineral uranium. The total amount of royalty will be apportioned among the different States on the basis of data provided by Department of Atomic Energy.

VANADIUM

Existing rate: 10% of sale price an ad valorem basis

Recommendation: 20% of sale price on ad valorem basis

Justification:

The State Government of Jharkhand has sought that Vanadium, which is presently under the "All other minerals" category for which royalty is chargeable at the rate of 10% of sale price on ad valorem basis, to be given a separate entry in the Second Schedule to the MMDR Act, 1957. It has also sought that the royalty rates for vanadium might be fixed at 20% of the sale price on ad valorem basis.

The Study Group observed that the sale price of vanadium has increased substantially in the past years and keeping in view the fact that this mineral is produced as a by-product, it recommends that the royalty rates may be enhanced to 20% of sale price on ad valorem basis and a separate entry may given in the Second Schedule to the MMDR Act, 1957.

VERMICULITE

Existing rate : 3% of the sale price on ad valorem basis.

Recommended rate : Existing rate may continue.

Justification:

Production of vermiculite was 4775 tonnes in 2005-06 and is reported from Andhra Pradesh, Tamil Nadu and Rajasthan. Government of Rajasthan and FIMI have suggested that the present rates may continue.

Analysis of price data did not reveal any price raise and hence the Study Group recommends that the existing rates may continue.

WOLLASTONITE

Existing rate : 10% of the sale price on ad valorem basis.

Recommended rate : 12% of the sale price on ad valorem basis.

Justification:

Production of Wollastonite is reported only from Rajasthan. During 2005-06, the production was 128,582 tonnes. Government of Rajasthan has suggested upward revision of royalty rates to 15% of sale price. Wolkem Industries Limited and FIMI have suggested that royalty rates may be fixed at different rate for High grade and Reject grade ore.

Keeping in view the increase in price of the mineral, the Study Group recommends that the royalty rate may be increased to 12% of sale price on ad valorem basis.

ZINC

Existing rate : 6.6% of London Metal Exchange zinc metal price chargeable on the contained zinc metal in ore produced

Recommendation: (a) 8% of London Metal Exchange zinc metal price chargeable on the contained zinc metal in ore produced.

(b) 8.4 % of London Metal Exchange zinc metal price chargeable on the contained zinc metal in concentrate produced

Justification:

The State Government of Rajasthan had initially suggested that royalty might be charged at 10% of LME zinc metal price chargeable on the contained zinc metal in ore produced up to a LME price of $2000 and thereafter an increase of 0.3% on each $100 or part. However it later on requested that the royalty rate on zinc may be levied at 10% of LME zinc metal price chargeable on the contained zinc metal in ore produced and 10.8% of LME price on zinc metal price chargeable on the contained zinc metal in concentrate. FIMI has suggested royalty at 3% of sale price; HZL has suggested royalty at 2-3% of LME price on contained metal in concentrate.

The Study Group noticed that there has been significant increase in the LME price of zinc metal. Keeping in view the request of the industry that zinc mineral like other base metals, is generally used in concentrate form, the Group recommends two separate rates of royalty- on the ore removed from the lease area without processing the royalty would be levied on the metal contained in ore and, in case the ore is processed into concentrate in the lease area royalty would be chargeable on the metal contained in the concentrate, as per the rates given below:

(a) 8% of London Metal Exchange zinc metal price chargeable on the contained zinc metal in ore produced.

(b) 8.4 % of London Metal Exchange zinc metal price chargeable on the contained zinc metal in concentrate produced

ALL OTHER MINERALS NOT HERE-IN-BEFORE SPECIFIED

Existing rate: 10% of the sale price on ad valorem basis.

Recommended rate: Existing rate to continue.

Justification:

The Study Group observed that all those minerals not else where specified in the Second Schedule to the MMDR Act, 1957, and have low production/ less royalty realization are grouped under this category for the reason that the present rate adequately captures the price variation, if any. This rationale is also applicable to the minerals proposed to be shifted by the Study Group in this Chapter.

CHAPTER-VII

ROYALTY ON OVERBURDEN, TAILINGS AND REJECTS

Tailings and rejects are the materials left over after the process of separating the valuable fraction from the run of mine. Tailings and rejects consist of ground mineral and process effluents that are generated in mining and beneficiation of minerals. Generally mechanical and chemical processes are used to extract the desired grade of mineral from the run of the mine ore and the left over ore are known as tailings/ rejects.

7.2 During the presentations given to the Study Group by the Industry / Associations, a request was made that royalty should not be levied on the tailings/rejects and such ore from which metal cannot be recovered, especially in the case of base metal minerals. The Study Group deliberated at length on this issue. It was observed that as per the provisions of the Rule 64 C of Mineral Concession Rules, 1960, if the tailings or rejects removed from the lease area are not sold or consumed, then royalty is not payable till the same are actually used for sale or consumption. In view of this provision, the Study Group observed that royalty should not be levied on the ore from which metal is non-recoverable. However in interest of transparency the Study Group recommended that IBM would work out the standard loss in tailing or rejects on the basis of most efficient production process.

CHAPTER-VIII

IMPACT ON STATE REVENUE

Based on the recommendations on rates of royalty proposed in its report, the Study Group tried to find out the estimated increase in the royalty collection for mineral producing States. For this purpose the provisional data for mineral production for the year 2006-2007 has been used as the base for calculation of royalty.

State wise increase in royalty collections

Sl.No.	States	Royalty collection at current rate based on production in 2006-07 (in Rs.'000)	Estimated royalty collection at rates proposed by Study Group (in Rs.'000)	% increase in the royalty collection
1	Andhra Pradesh	1786221	2965628	66.03%
2	Assam	14971	20960	40.00%
3	Bihar	19223	27007	40.49%
4	Chhattisgarh	1392025	4644816	233.67%
5	Goa	272273	2819346	935.48%
6	Gujarat	1565518	2082129	33.00%
7	Himachal Pradesh	431429	474741	10.04%
8	Jammu & Kashmir	15821	20803	31.49%
9	Jharkhand	569115	1784227	213.51%
10	Karnataka	1290939	4162532	222.44%
11	Kerala	49626	59054	19.00%
12	Madhya Pradesh	1394328	1932182	38.57%
13	Maharashtra	627678	871173	38.79%
14	Meghalaya	103336	144394	39.73%
15	Orissa	1712361	6299511	267.88%
16	Rajasthan	8045365	9945800	23.62%
17	Tamil Nadu	837565	1156136	38.04%

Sl.No.	States	Royalty collection at current rate based on production in 2006-07 (in Rs.'000)	Estimated royalty collection at rates proposed by Study Group (in Rs.'000)	% increase in the royalty collection
18	Uttrakhand	12323	14465	17.38%
19	Uttar Pradesh	4978	5283	6.13%
	Total	20,145,095	39,430,187	95.73%

8.2 It is noticed that a sizeable increase in the royalty collections is expected in the royalty collections of major iron ore producing States of Chattisgarh, Goa, Jharkhand, Karnataka and Orissa. A detailed statement on the mineral wise increase in royalty collections estimated for the various mineral producing States is given at Annexure XIII.

CHAPTER- IX

ADMINISTRATION OF ROYALTY

As far as the computation of royalty on unit of production basis (tonnage basis) is concerned, the methodology adopted by State Governments for computation of royalty and administration of royalty regime is well established and it is felt that there is no need for any fresh guidelines.

9.2 For computation of royalty on ad valorem basis guidelines have been provided in Rule 64D of the Mineral Concession Rules, 1960. However the State Governments, mining associations and mine owners in the presentations and discussions in the Study Group have put forth various problems arising out of implementation and interpretation of these guidelines. The Study Group considered these issues. Revised guidelines recommended by the Study Group to be incorporated under the Rule 64D of the MCR, 1960, are given in Annexure-XIV. The salient features are as follows:

(a) The Study Group recommends that existing guidelines given in Case 1 may continue.

(b) In respect of guidelines given in Case 2 for beach sand minerals, since the minerals ilmenite, rutile, leucoxene and zircon have been de-listed as prescribed minerals in the Atomic Energy Act, 1962, the Study Group recommends that heading for this sub para to be amended as “Case 2: For beach sand minerals”, while the method prescribed to calculate royalty may continue.

(c) The Study Group has amended guidelines in respect of Case 3, which now gives the guidelines for calculating royalty for mineral gold, silver, copper, nickel and tin. New guidelines for calculation of royalty for bauxite has been suggested in Case 4, and that for lead and zinc has been proposed in Case 5.

(d) The Study Group also recommends a separate guideline that royalty for metallic ores for which royalty is based on metal contained in ore / concentrate and metal prices are linked to LME , is to be charged on dry basis.

9.3 One of the issues pertains to levy of royalty on dry basis for minerals. In this matter some State Government felt that the same would not be practical for two reasons- Firstly, testing of mineral is not always possible due to non-availability of testing facilities, and secondly, since the content of moisture varies widely over season and different areas, an average moisture content cannot be worked out. Other States, however, pointed out that calculation on dry basis was possible and was being implemented, especially for bauxite. FIMI and IBM endorsed the same view, as it was an accepted international practice. The Study Group observed that the ex-mines price of a mineral generally takes this factor into account in pricing of minerals by the miners. It also noted that the average price of minerals published by the IBM is based on the ex-mines price of mineral, in whatever form, that is reported by the miners which in turn reflects the market price of the mineral. Thus, the Study Group held that this issue is adequately taken care of in the case of calculation of royalty for all such minerals for which the basis of calculation of royalty is the average prices published by IBM. However, the Study Group noticed that in some specific minerals like bauxite, zinc etc, whose royalty is determined by the pricing of metal by an independent reference point like LME, there is a need to specify in the guidelines that royalty should be calculated on dry basis only since there is a difference in the quantum of metal in wet ore and dry ore, which is not accounted for in the pricing of the metal.

9.4 In view of the above, the Study Group agreed in principle to recommend calculation of royalty rates on dry basis for such minerals for which royalty is based on the metal contained in ore and an independent reference point like LME etc. determines the pricing of the metal. In view of the practical difficulties expressed by the State Governments, it held that the miner should set up moisture testing facilities for minerals and recommends that State Governments should levy royalty on dry basis if the miner is able to establish the moisture content in the ore scientifically. To this effect the Study Group recommends that suitable guidelines as given in Annexure XIV might be incorporated in Rule 64 D of the Mineral Concession Rules, 1960, that royalty should be calculated on dry basis for minerals.

9.5 The State Governments pointed out that they were facing two problems in calculation of royalty - Firstly, that the benchmark price published by the IBM was not reflecting the actual market price of the mineral due to under-reporting of prices of the minerals by the Industry to the IBM, and secondly, that the IBM's published Monthly data was available after a gap of five-six months. The Study Group in its deliberations observed that the mineral market is very dynamic and there is huge variation in pricing of minerals due to various factors like grade, transportation, handling and production for captive use, etc. in various States. Due to this, price discovery was problematic which in turn made it difficult to arrive at a commonly agreed benchmark price for minerals for calculating ad-valorem royalty. The Study Group considered this issue and recommends that that in order to assess the magnitude of the problem and suggest ameliorative measures the Ministry of Mines may get an independent study carried out by a professional body on:

(a) The methodology used by the IBM for deriving the average value of minerals for the purpose of calculation of Royalty on ad valorem basis,

(b) The validity of the State wise average value of different minerals as published by the Indian Bureau of Mines in its '*Monthly Statistics of Mineral Production'* vis-à-vis the actual market prices of the minerals and

(c) Measures for improvement in collection of data and reducing the time gap in publishing of data from present 6 months to 1- 2 months.

9.6 The Study Group further recommends that till such time the report of the independent study is available and a decision thereon is taken, the existing practice of adding 20% to the bench mark value of mineral production published by the Indian Bureau of Mines in its Monthly Statistics of Mineral Production for computation of ad valorem royalty for all minerals other than those for which international bench mark price is available may be continued.

CHAPTER-X

DEAD RENT

Dead Rent is a deterrent against the tendency of leaseholders in cornering the mining lease and keeping the mineral resources idle. In the mining sector, there is a possibility that a lessee may deliberately prevent his competitor from accessing the mineral bearing land, thereby preventing production of minerals leading to artificial scarcity for the mineral, and also depriving the State Governments from the royalty revenue which may accrue normally. Therefore, ideally, the 'dead rent' should have some relationship with economic values of mineral resources which are kept idle by the lessees and not merely with surface area of the idle leases. This was the view taken by the earlier Study Group and the rates of dead rent, which came into effect from 14th October 2004, were determined on the basis that higher dead rent would be levied on high value minerals.

10.2 At present, the rate of dead rent varies according to grouping of minerals viz., precious metals and stones (like gold, silver, diamond, ruby sapphire and emerald); high value minerals (semi-precious stones - agate, gem garnet and corundum); copper, zinc, asbestos (chrysotile variety) and mica}; medium value minerals (chromite, manganese ore, kyanite, sillimanite, vermiculite, magnesite, wollastonite, perlite, diaspore, apatite, rock phosphate, fluorite (fluorspar) and barytes; and low value minerals (other than precious metals and stones, high value minerals and medium value minerals).

10.3 The Study Group, after discussions held that, generally one year is required for mine development, and the same may be exempted from levy of Dead rent. Beyond the first year of mining operations, in order to curb any tendency of the mine owners to keep the leases idle, the Study Group held that there should be a steep increase in the rates of

dead rent, escalating progressively with time. Accordingly, the Study Group recommends the following rates of dead-rent:

1. Rate of dead rent applicable to the leases granted for low value minerals will be as under:

Rates of Dead Rent in Rupees per Hectare per annum

From 2nd year of Lease	3rd Year and 4th Year	5th year onwards
200	500	1000

2. Two times the rate specified under (i) above in case of lease granted for medium value minerals.

3. Three times rates specified under (i) above in case of lease granted for high value minerals.

4. Four times the rates specified under (i) above in case of lease granted for precious metals and stone.

CHAPTER - XI

RECOMMENDATIONS

The Study Group, after taking into account the feedback received from the State Governments, Industry/ Associations and other stakeholders, have determined the royalty rates keeping in view the price trend, cost of production, cost of transportation, handling charges, international rates of royalty, need to encourage beneficiation of low grade minerals, the production of mineral, inflation in the country and the need to compensate the State Governments for the minerals extracted. The Study Group, accordingly, recommends the rates of royalty as given below:

RECOMMENDED RATES OF ROYALTY ON MAJOR MINERALS

S.No.	Name of mineral with grade	Recommended rate of Royalty	
		In Rs. Per tonne (where applicable)	**Ad valorem in percentage of national bench mark price except where otherwise stated.**
1.	Apatite and Rock Phosphate i) Apatite : ii) Rock Phosphate : a) Above 25% P_2O_5 b) Upto 25% P_2O_5		 5% 11% 6%
2.	Asbestos a) Chrysotile b) Amphibole	880.00	 -- 15%
3.	Barytes		5.5%
4.	a) Bauxite & Laterite despatched for use in alumina and aluminium metal extraction b) Bauxite & Laterite despatched for use other than alumina and aluminium metal extraction and for export		0.5% of LME aluminium metal price chargeable on the contained aluminium metal in ore produced 25%

S.No.	Name of mineral with grade	Recommended rate of Royalty	
		In Rs. Per tonne (where applicable)	**Ad valorem in percentage of national bench mark price except where otherwise stated.**
5.	Brown Ilmenite (Leucoxene) Ilmenite, Rutile and Zircon		2%
6.	Cadmium		15%
7.	Calcite		15%
8.	China clay/Kaolin (including ball clay and white shale, white clay) a) Crude b) Processed (including washed)		 8% 10%
9.	Chromite		10%
10.	Columbite-tantalite		10%
11.	Copper		4.2% of LME copper metal price chargeable on the contained copper metal in ore produced
12.	Diamond		11.5%
13.	Dolomite	63.00	
14.	Felspar		12%
15.	Fire Clay (Including plastic, pipe, lithogmargic and natural pozzolanic clay)		12%
16.	Fluorspar (also called fluorite)		6.5%
17.	Garnet a) Abrasive b) Gem		 3% 10%
18.	Gold a) Primary		2% of `London Price' of primary gold metal contained in gold ore produced.
	b) By-product gold		3.3% of `London Price' on byproduct gold metal actually produced.
19.	Graphite a) With 40% or more fixed carbon b) With less than 40% fixed carbon		 2% 12%

S.No.	Name of mineral with grade	Recommended rate of Royalty	
		In Rs. Per tonne (where applicable)	**Ad valorem in percentage of national bench mark price except where otherwise stated.**
20.	Gypsum		20%
21.	Iron Ore Lumps, fines and concentrates all grade		10%
22.	Lead (a) Contained lead metal in ore produced (b) Contained lead metal in concentrate produced		7% of LME lead metal price chargeable on the contained lead metal in ore produced. 12.7% of LME lead metal price chargeable on the contained lead metal in concentrate produced
23.	Limestone a) L.D.Grade (less than 1.5 per cent silica content) b) Others	72.00 63.00	
24.	Lime kankar	63.00	
25.	Limeshell	63.00	
26.	Magnesite		3%
27.	Manganese Ore a) Ore of all grade b) Concentrates		4.2% 1.4%
28.	Mica (Crude, waste & scrap)		4%
29.	Monazite	125.00	
30.	Nickel		0.12% of LME nickel metal price chargeable on the contained nickel metal in ore produced
31	Ochre	20.00	
32.	Pyrites		2%
33.	Pyrophyllite		20%
34.	Quartz,		15%
35.	Ruby		10%
35.	Silica sand & moulding sand and quartzite		8%
36.	Selenite		10%
37.	Sillimanite		2.5%

S.No.	Name of mineral with grade	Recommended rate of Royalty	
		In Rs. Per tonne (where applicable)	**Ad valorem in percentage of national bench mark price except where otherwise stated.**
38.	Silver a) By-product b) Primary Silver		7% of London price on by product silver metal actually produced 5% of London price chargeable on the contained silver metal in ore produced
39.	Slate	45.00	
40.	Talc/Steatite/Soapstone		18%
41.	Tin		7.5% LME Tin metal price chargeable on the contained tin metal in ore produced
42.	Tungsten	20.00 (per unit per cent of contained WO_3 per tonne of ore and on prorata basis)	
43.	Uranium		2% 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 DAE.
44.	Vanadium (as vanadium pentaoxide)		20%
45.	Vermicullite		3%
46.	Wollastonite		12%
47.	Zinc (a) Contained as zinc metal in ore produced (b) Contained as zinc metal in concentrate produced		8% of LME zinc metal price on ad valorem basis chargeable on contained zinc metal in ore produced 8.4% of LME zinc metal price on ad valorem basis

S.No.	Name of mineral with grade	Recommended rate of Royalty	
		In Rs. Per tonne (where applicable)	**Ad valorem in percentage of national bench mark price except where otherwise stated.**
			chargeable on contained zinc metal in concentrate produced
48.	All other minerals not herein before specified Agate, Chalk, Clay (Others), Corundum, Diaspore, Dunite, Felsite, Fuschite Kyanite, Quartzite, Jasper, Perlite, Pyroxenite, Rock Salt, Shale, etc.]		10%

Note: The material should be sold by the name of some specific standard economic commodity as per the gradation suggested by IBM for minerals in Annexure XV.

11.2 Regarding administration of the rates of royalty, the Study Group recommends amendment in guidelines laid down in Rule 64 D of MCR, 1960, as given at Annexure-XIV.

11.3 The Study Group recommends that the periodicity of revision of royalty should continue to be 3 years, as per the existing provisions of Section 9 of MMDR Act, 1957.

11.4 The Study Group took into account the taxes and cess levied by the different State Governments on mineral bearing land, apart from royalty, and held that since the matter is presently sub-judice, it would be appropriate to continue with the existing system till a resolution is reached in various Courts. The Study Group further held that the State Governments should consider the continuance of such taxes and cess keeping in view the need to attract investment in this sector in the State. The Study Group, accordingly, recommends that, as laid down in the existing provisions, the revised rates of royalty may be applicable to all States and Union Territories of Republic of India, except the State of West Bengal.

11.5 In respect of dead rent the Study Group recommends the rates of dead rent and categorization of minerals for the purpose of levy of dead rent as follows:

(a) **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 Rs./Per Hectare /Per annum		
From 2nd year of lease	3rd year and 4th year	5th year onwards
200	500	1000

2. Two times the rate specified under (1) above in case of lease is granted for medium value minerals.
3. Three times the rates specified under (1) above in case of lease granted for high value minerals
4. Four times in case of lease granted for precious metals & stones.

(b) **Categorization of minerals for the purpose of levy of dead rent**

Category – 1 : Precious metals and stones

Gold, silver, diamond, ruby, sapphire and emerald.

Category – 2 : High value minerals

Semi-precious stones (agate, gem garnet), corundum, copper, lead, zinc, asbestos (chrysotile variety) and mica.

Category – 3 : Medium value minerals

Chromite, manganese ore, kyanite, sillimanite, vermiculite, Magnesite, wollastonite, perlite, diaspore, apatite & rock Phosphate, fluorite (fluorspar) and barytes.

Category – 4 : Low value minerals

Minerals other than precious metals & stones, high value minerals and medium value minerals.

11.6 The Study Group recommends that an independent study needs to be carried out by a professional body on:

(a) The methodology used by the IBM for deriving the average value of minerals for the purpose of calculation of Royalty on ad valorem basis,

(b) The validity of the State wise average value of different minerals as published by the Indian Bureau of Mines in its *'Monthly Statistics of Mineral Production'* vis-à-vis the actual market prices of the minerals and

(c) Measures for improvement in collection of data and reducing the time gap in publishing of data from present 6 months to 1- 2 months.

Further till such time the report of the independent study is available and a decision thereon is taken, the Study Group recommends that the existing practice of adding 20% to the bench mark value of mineral production published by the Indian Bureau of Mines in its Monthly Statistics of Mineral Production for computation of ad valorem royalty for all minerals other than those for which international bench mark price is available may be continued.

11.7 The Study Group further recommends that suitable provisions may be made in law to ensure that the State Governments should utilize 10% of the royalty revenues for creation of exclusive mineral development fund in the State for infrastructure development and local community benefit programmes.

11.8 The Study Group in its deliberations observed that there is a severe handicap of data availability on crucial parameters like the trend of movement of sale price of minerals, trend in the cost of production of mineral, royalty realized by the States for various minerals, and the projections on the movement of mineral prices in future in order to analyse the margin available to the miner. The Study Group feels that this data is important for assessing the royalty on minerals in a fair and objective manner. In view of this the Study Group recommends that the independent body that would be conducting a process audit of the procedure followed by IBM in determining the average prices, should also look into this aspect.

11.9 Lastly, the Study Group recommends amendments to the Second Schedule to the MMDR Act, 1957, as given at Annexure XVI.

Ratified by the members of the Study Group on 24th September 2007 at New Delhi.

1.	Dr. Pradeep Kumar, Special Secretary, Ministry of Mines, Government of India.	Chairperson
2.	Dr. V.P. Raja Additional Secretary Department of Atomic Energy Government of India	Member
3.	Smt. Ajita Bajpai Pande, Joint Secretary (Mines) Ministry of Mines Government of India.	Member
4.	Shri.Ajoy Kumar Joint Secretary, Ministry of Steel, Government of India.	Member

5.	Shri Mahendra Jain Secretary (Mines & Geology) Government of Karnataka	Member
6.	Shri. B.L. Thakur Secretary (Mines & Geology) Government of Chhattisgarh	Member
7.	Shri. U.P. Singh Secretary (Mines & Geology) Government of Orissa	Member
8.	Shri. Jai Shanker Tewari Secretary (Mines & Geology) Government of Jharkhand	Member
9.	Dr. Ashok Singhvi Secretary (Mines & Geology) Government of Rajasthan	Member
10.	Shri. C.P. Ambesh, Controller General, Indian Bureau of Mines	Member
11.	Shri. R.K. Sharma Secretary-General, Federation of Indian Mineral Industries	Member
12.	Shri G. Srinivas, Director, Ministry of Mines, Department of Mines, Government of India.	Convener

Annexure-I

GOVERNMENT OF INDIA
MINISTRY OF MINES

F.NO.3/1/2005-M.VI Dated the 24th August, 2006.

OFFICE MEMORANDUM

Subject : Constitution of a Study Group on revision of rates of royalty and dead rent on major minerals (other than coal, lignite and sand for stowing).

The undersigned is directed to say that Section 9(3) of the Mines and Minerals (Development & Regulation) Act, 1957 provides that the Central Government may, by notification in the Official Gazette, amend the Second Schedule so as to enhance or reduce the rate at which royalty shall be payable in respect of any mineral with effect from such date as may be specified in the Notification and 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. Also, Section 9A(2) of the Mines and Minerals (Development & Regulation) Act, 1957 provides that the Central Government may, by notification in the Official Gazette, amend the Third Schedule so as to enhance or reduce the rate at which the dead rent shall be payable in respect of any area covered by a mining lease and such enhancement or reduction shall take effect from such date as may be specified in the notification provided that the Central Government shall not enhance the rate of the dead rent in respect of such area more than once during any period of three years. The revision of the rates of royalty and dead rent on major minerals (other than coal, lignite and sand for stowing) were last notified by Department of Mines with effect from 14.10.2004. The next upward revision in the royalty rates and dead rent of major minerals (other than coal, lignite and sand for stowing), if necessary, could be effect on or after 13.10.2007. In order to review the royalty rates and dead rent, it has been decided to constitute a Study Group for revision of rates of royalty and dead rent on major minerals (other than coal, lignite and sand for stowing) and to make appropriate recommendations to the Government.

2. The composition of the Study Group will be as follows:

1.	Additional Secretary Ministry of Mines	Chairman
2.	Joint Secretary (Mines) (dealing with Mineral Policy)	Member

3.	Controller General, Indian Bureau of Mines	Member
4.	Secretary (Mines & Geology) Govt. of Jharkhand.	Member
5.	Secretary (Mines & Geology) Govt. of Karnataka.	Member
6.	Secretary (Mines & Geology) Govt. of Orissa.	Member
7.	Secretary (Mines & Geology) Govt. of Chhattisgarh.	Member
8.	Secretary (Mines) Govt. of Rajasthan.	Member
9.	Representative of Ministry of Steel (not below the rank of Joint Secy.)	Member
10.	Representative of Deptt. Of Atomic Energy, (not below the rank of Joint Secretary)	Member
11.	Secretary General, FIMI, New Delhi.	Member
12.	Director, Ministry of Mines dealing with Mineral Policy.	Convener

3. Terms of reference of the Study Group will be as under:

(i) To review the existing rates of royalty of minerals (other than coal, lignite and sand for stowing) given in Second Schedule to the Mines and Minerals (Development & Regulation) Act, 1957 and to recommend revision of rates keeping in view the recommendations of the High Level (HODA) Committee set up in the Planning Commission, including inter alia, the following:

(a) The need to move decisively towards method of fixation of rates of royalty on the basis of ad valorem rates.
(b) Conversion of specific rates recommended by the last Study Group into ad valorem rates.
(c) Prevailing international royalty rates (especially those in Western Australia).
(d) Incentivised rates for base metals, noble metals and precious stones to encourage exploration.

(e) Other considerations relevant to mineral development and administration of royalty regime.

(ii) To review the guidelines for calculation of ad valorem rates of royalty based on experience of administering the same based on :

(a) Valuation of mineral for the purpose of royalty on the basis of transaction value/sale price, including the profit element over and above the unit cost of production and deducting transportation and handling charges.
(b) FOB price of minerals for export deducting transportation and handling charges.

(iii) To suggest incentivised royalty rates on ad valorem basis for beneficiated or concentrated ore.

(iv) To review and suggest penal action for failure to pay royalty on minerals extracted with special exemptions for allowing moratorium or suitable structure for deferment of royalty payment to support investment in deserving cases.

(v) To suggest appropriate revision in the existing rates of dead rent given in the Third Schedule to the Mines and Minerals (Development & Regulation) Act, 1957 on an escalating scale, taking into consideration measures for effective deterrence against idle mines.

4. The Study Group will submit its report within a period six months.

Sd/-
(Anil Subramaniam)
Under Secretary to the Govt. of India.

ANNEXURE-II A

MINES AND MINERALS

(DEVELOPMENT AND REGULATION) ACT, 1957

(No. 67 of 1957)

New Delhi, the 14th October, 2004

G.S.R..677(E).- In exercise of the powers conferred by sub-section (3) of section 9 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes with immediate effect, the following further amendments to the Second Schedule to the said Act, namely :-

In the Mines and Minerals (Development and Regulation) Act, 1957, for the Second Schedule, the following Schedule shall be substituted, namely :-

"THE SECOND SCHEDULE

(See section 9)

RATES OF ROYALTY IN RESPECT OF MINERALS AT ITEM 1 TO 10 , 12 TO 38 AND 40 TO 51 APPLICABLE IN ALL STATES AND UNION TERRITORIES EXCEPT THE STATE OF WEST BENGAL.

1. Agate	Ten percent of sale price on *ad valorem* basis.
2. Apatite and Rock Phosphate	
(i) Apatite	Five percent 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	Five per cent of sale price on *ad valorem* basis .
3. Asbestos	
(a) Chrysotile	Eight hundred rupees per tonne.
(b) Amphibole	Forty five rupees per tonne.
4. Barytes	Five and half per cent of sale price on *ad valorem* basis.

5.Bauxite and Laterite	(a) Zero point four zero percent 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 percent of sale price on ad valorem basis for those despatched for use other than alumina and aluminium metal extraction and for export
6.Brown Ilmenite (Leucoxene), Ilmenite,Rutile and Zircon	Two per cent of sale price on *ad valorem* basis.
7. Cadmium	Ten per cent of sale price on *ad valorem* basis.
8. Calcite	Fifteen per cent of sale price on *ad valorem* basis.
9. China clay/Kaolin : (including ball clay, white shale and white clay) (a) Crude	Twenty three rupees per tonne.
(b) Processed (including washed)	Eighty five rupees per tonne.
10. Chromite	Seven and half per cent of sale price on *ad valorem* basis.
11. Coal (including Lignite)	*
12. Copper	Three point two per cent of London Metal Exchange Copper metal price chargeable on the contained copper metal in ore produced.
13. Corundum	Ten per cent of sale price on *ad valorem* basis.
14. Diamond	Ten per cent of sale price on *ad valorem* basis.

15.Dolomite	Forty five rupees per tonne.
16. Felspar	Ten per cent of sale price on *ad valorem* basis.
17. Fire Clay Including plastic, pipe, lithomargic and natural pozzolanic clay)	Twelve per cent of sale price on *ad valorem* basis.
18. Fluorspar (also called fluorite)	Five per cent of sale price on *ad valorem* basis.
19. Garnet : (a) Abrasive	Three per cent of sale price on *ad valorem* basis.
(b) Gem	Ten per cent of sale price on *ad valorem* basis.
20. Gold : (a) Primary	One and half 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	Two and half per cent of London Bullion Market Association Price(commonly referred to as "London Price") chargeable on the by product gold metal actually produced.
21. Graphite (a) with 80 per cent or more fixed carbon	Two hundred and twenty five rupees per tonne
(b) with 40 per cent or more fixed carbon but less than 80 percent fixed carbon	One hundred and thirty rupees per tonne
(c) with less than 40 percent fixed carbon	Fifty rupees per tonne.
22. Gypsum	Twenty per cent of sale price on *ad valorem* basis.
23. Iron ore:	

(i) Lumps: (a)with 65 percent Fe content or more	Twenty seven rupees per tonne
(b) with 62 percent Fe content or more but less than 65 per cent Fe content	Sixteen rupees per tonne.
(c) with less than 62 per cent Fe content	Eleven rupees per tonne.
(ii) Fines: (a) With 65 per cent Fe content or more	Nineteen rupees per tonne .
(b) With 62 per cent Fe content or more but less than 65 per cent Fe content	Eleven rupees per tonne.
(c) with less than 62 per cent Fe content	Eight rupees per tonne .
(iii) Concentrates prepared by beneficiation and/or concentration of low grade ore containing 40 per cent Fe or less	Four rupees per tonne.
24. Kyanite	Ten per cent of sale price on *ad valorem* basis.
25. Lead	Five per cent of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced
26. Limestone (a) L.D. Grade (less than one	

and half per cent silica content)	Fifty five rupees per tonne.
(b) Others	Forty five rupees per tonne.
27. Lime Kankar	Forty five rupees per tonne.
28. Limeshell	Forty five rupees per tonne.
29. Magnesite	Three per cent of sale price on *ad valorem* basis.
30. Manganese Ore	
(a) Ore of all grades	Three per cent of sale price on *ad valorem* basis.
(b) Concentrates	One per cent of sale price on *ad valorem* basis.
31. Crude Mica, Waste Mica and Scrap Mica	Four per cent of sale price on *ad valorem* basis.
32. Monazite	One hundred and twenty five rupees per tonne.
33. Nickel	Zero point one two percent of London Metal Exchange nickel metal price chargeable on contained nickel metal in ore produced.
34. Ochre	Fifteen rupees per tonne.
35. Pyrites	Two per cent of sale price on *ad valorem* basis.
36. Pyrophyllite	Fifteen per cent of sale price on *ad valorem* basis
37. Quartz, Silica sand, Moulding sand and Quartzite	Twenty rupees per tonne.
38. Ruby	Ten per cent of sale price on *ad valorem* basis.
39. Sand for stowing	**

40. Selenite	Ten per cent of sale price on *ad valorem* basis.
41. Sillimanite	Two and half per cent of sale price on *ad valorem* basis.
42. Silver :	Five per cent of London Metal Exchange Price chargeable on
a) By -product	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.
43. Slate	Forty five rupees per tonne.
44. Talc, Steatite and Soapstone	Fifteen per cent of sale price on *ad valorem* basis.
45. Tin	Five per cent of London Metal Exchange tin metal price chargeable on the contained tin metal in ore produced.
46. Tungsten	Twenty rupees per unit per cent of contained WO_3 per tonne of ore and on pro rata basis.
47. Uranium	Five rupees (for dry ore with U_3O_8 content of zero point zero five per cent with pro rata increase/ decrease at the rate of one rupee and fifty paise per metric tonne of ore for zero point zero one per cent increase/decrease).
48. Vermiculite	Three per cent of sale price on *ad valorem* basis.
49. Wollastonite	Ten per cent of sale price on *ad valorem* basis.
50. Zinc	Six point six per cent of London Metal Exchange zinc metal price on *ad valorem* basis chargeable on contained zinc metal in ore produced.

51. All other minerals not here-in-before specified[Clay (Others), Chalk, Diaspore, Dunite, Felsite, Fuschite, Quartzite, Jasper, Perlite,Rock Salt, Shale, Pyroxenite, etc.]	Ten per cent of sale price on *ad valorem* basis.

*****. Rates of royalty in respect of item No. 11 relating to Coal including Lignite as revised vide notification number G.S.R. 572 (E), dated the 16th August, 2002, of the Government of India in the Department of Coal shall remain in force until revised through a separate notification by the Department of Coal.

****.** Rates of royalty in respect of item No.39 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.

Note : The rates of royalty for the State of West Bengal in respect of the minerals except the mineral specified against item No.11 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.".

(F. No. 3/1/2002-MVI)

(PRASHANT MEHTA)
JOINT SECRETARY TO GOVERNMENT OF INDIA

Note : The Second Schedule to the Mines and Minerals (Development and Regulation)Act, 1957 was amended earlier vide notification numbers.:-

GSR No. 175(E) dated 31st March, 1975.
GSR No. 407(E) dated 14th July, 1975.
GSR No. 584(E) dated 13th December, 1975.
GSR No. 321(E) dated 12th June, 1978.
GSR No. 2(E) dated 1st January, 1979.
GSR No. 67(E) dated 13th February, 1979.
GSR No. 63(E) dated 12th February, 1981.
GSR No. 449(E) dated 23rd July, 1981.
GSR No. 458(E) dated 5th May, 1987.
GSR No. 856(E) dated 14th October, 1987.
GSR No. 516(E) dated 1st August, 1991.
GSR No. 100(E) dated 17th February, 1992.
GSR No. 748(E) dated 11th October, 1994.
GSR No. 27(E) dated 13th January, 1995.
GSR No. 214(E) dated 11th April, 1997.
GSR No. 713(E) dated 12th September 2000.
GSR No. 187(E) dated 15th March, 2001.
GSR.No.572(E) dated 16th August, 2002.

ANNEXURE-II B

New Delhi, the 14th October, 2004

G.S.R.678(E).- In exercise of the powers conferred by sub-section (2) of section 9A of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes with immediate effect, the following amendments to the Third Schedule to the said Act, namely :-

In the Mines and Minerals (Development and Regulation) Act, 1957, for the Third Schedule, the following Schedule shall be substituted, namely :-

"THE THIRD SCHEDULE "

(See section 9A)

RATES OF DEAD RENT

(APPLICABLE FOR ALL STATES AND UNION TERRITORIES EXCEPT THE STATE OF WEST BENGAL)

1. Rate 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

First two years of lease	**3rd year onwards**
100/-	400/-

2. Two times the rate specified under (1) above in case of lease granted for medium value mineral(s).

3. Three times the rates specified under (1) above in case of lease granted for high value mineral(s).

4. Four times the rates specified under (1) above 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, alexandrite and opal;+

(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, 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) No. G.S.R. 458(E), dated the 5th May 1987".

(F. No. 3/1/2002-MVI)

(PRASHANT MEHTA)

JOINT SECRETARY TO THE GOVT. OF INDIA.

Note : The Third Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 was amended earlier, vide notification numbers:-

1. GSR No. 458(E), dated 5th May, 1987.
2. GSR No. 856(E), dated 14th October, 1987.
3. GSR No. 214(E), dated 11th April, 1997.
4. GSR No. 714(E) , dated 12th September,2000.

Annexure-III

GOVERNMENT OF INDIA
MINISTRY OF MINES
INDIAN BUREAU OF MINES
NAGPUR – 440 001, INDIA
E Mail : cme_ibm@ibm.mah.nic.in
FAX NO. 0712 (2565471)
PHONE NO. : 2565471

No.212(1)/RRR/ME(I)/2006 Nagpur: 28th March, 2007

To,

Subject : Study Group on Royalty.

Sir/Madam,

The Ministry of Mines has constituted a Study Group on revision of rates of royalty on major minerals (other than coal, lignite and sand for stowing) vide its O.M. No.3/1/2005-M.VI dated 24.8.2006. A copy of the said O.M. is enclosed herewith for your ready reference.

The Study Group has decided that information/views suggestions etc. from the various State/Union Territory Governments, Ministries, Public/Private sector mineral industry should be elicited through a questionnaire which could then be taken into account by the Study Group while formulating its views on the subject.

A copy of the questionnaire alongwith its annexures is enclosed. You are requested to get the questionnaire filled up and send it to us so as to reach us before 20th April 2007 positively. Your earnest cooperation in this regard is solicited.

Yours faithfully,

Encl. As above.

(R.N. Meshram)
Suptdg. Mineral Economist,
In-charge M.E. Division

BACKGROUND NOTE OF THE STUDY GROUP ON REVISION OF RATES OF ROYALTY ON MAJOR MINERALS

1. Preamble : The Ministry of Mines, vide its O.M. No.3/1/2005-MVI dated 24.8.2006 constituted a Study Group on the Revision of Rates of Royalty on major minerals (other than coal, lignite and sand for stowing) to study the question of royalty and dead rent in all its aspects and make appropriate recommendations to the Government.

The terms of reference of the Study Group are as under:

(i) To review the existing rates of royalty on minerals (other than coal, lignite and sand for stowing) given in Second Schedule to the Mines and Minerals(Development and Regulation) Act, 1957 and to recommend revision of rates keeping in view the recommendations of the High Level (Hoda) Committee set up in the Planning Commission, including inter alia, the following:
   (a) The need to move decisively towards method of fixation of rates of royalty on the basis of ad valorem rates.
   (b) Conversion of specific rates recommended by the last study group into ad valorem rates.
   (c) Prevailing international royalty rates (especially those in Western Australia).
   (d) Incentivised rates for base metals, noble metals and precious stones to encourage exploration.
   (e) Other considerations relevant to mineral development and administration of royalty regime.

(ii) To review the guidelines for calculation of ad valorem rates of royalty based on experience of administering the same based on:
   (a) Valuation of mineral for the purpose of royalty on the basis of transaction value/sale price, including the profit element over and above the unit cost of production and deducting transportation and handling charges.
   (b) FOB price of minerals for export deducting transportation and handling charges.

(iii) To suggest incentivised royalty rates on ad valorem basis for beneficiated or concentrated ore.

(iv) To review and suggest penal action for failure to pay royalty on minerals extracted with special exceptions for allowing moratorium or suitable structure for deferment of royalty payment to support investment in deserving cases.

(v) To suggest appropriate revision in the existing rates of dead rent given in the Third Schedule to the Mines and Minerals(Development and Regulation) Act, 1957 on an escalating scale, taking into consideration measures for effective deterrence against idle mines.

2. Constitutional and Legislative Provisions: Under the Constitution of India, the States are owners of the mineral right and are entitled to royalty on the minerals mined. The royalty rates for major minerals are fixed by the Government of India and levied as per Section 9 of the Mines and Minerals (Development & Regulation) Act on the mineral removed from the leased areas. It also provides for levy of 'dead rent' for the area included in the mining lease if minerals are not extracted. Thus, the lessee has to pay either the royalty or dead rent whichever is more. The enhancement or reduction of rate of royalty is permitted but the Central Government cannot

enhance the rate of royalty in respect of any mineral more than once during any period of three years. The revenues on account of royalty as fixed by the Central Government for major minerals are collected by the State Governments. In case of minor minerals, the State Government has powers to both fix and collect dead-rent/royalty, fees, fines or other relevant charges.

3. Meaning and Types of Royalty : Royalty is a charge by the owner of the mineral in consideration of the exploitation of mineral resources by the lessee. It is not related to profits earned by the lessee. Instead, it is usually related to quantity of mineral exploited by the lessee or as a proportion of the actual/deemed sales price.

There are various mechanisms through which royalty can be collected. The different systems in vogue in various countries of the world are as follows:

(i) Unit of Production Basis : On this basis, royalty is calculated on either weight or volume basis and the fees are prescribed as Rs., $ or £, etc. per tonne, or per cu.m., etc. In certain cases this method is considered administratively convenient particularly in case of homogenenous mineral commodities. Since in this system, the royalty rate is not sensitive to the price of the mineral, the inflationary increases in the value are not taken care of.

(ii) Ad valorem basis : This is calculated as percentage of the value of the mineral extracted. The advantage of this system lies in the fact that inflationary increase in the prices of the minerals is taken care of and revenue accrual to the Government increases with the increase in the price of the mineral. However, in some cases, problems have been reported with regard to the method of valuation due to which litigation and administrative inconvenience and delays resulted.

(iii) Specific Agreement : The system of fixing royalty on the basis of specific agreements negotiated between the lessor and the lessee for certain operations is prevalent in countries like Ghana, Kenya, Western Australia (Australia), New Brunswick (Canada), etc.

(iv) Profit Based Royalty : Since by concept royalty is a non-profit based system of taxation, linking of royalty with profit is not common. However, a system of levying royalty on the basis of profit is in vogue in case of a certain operations located at Broken Hills, Australia.

(v) Indirect : Some countries do not have any system of royalty as such. However, the loss of revenue from this source is duly compensated indirectly by levying a differential rate in other taxes like income tax specifically applicable to the Mining Companies (as in South Africa and Japan).

4. Status in India : Prior to 1968, the royalty rates used to be notified on ad hoc basis for different minerals on different dates. The rates for 21 minerals were on the basis of unit of production and those for other minerals were on the basis of Pit's Mouth Value. However, the rates for the 21 minerals were also subjected to a ceiling of 20% of Pit's Mouth Value. Thus, the royalty rates prevalent prior to 1968 were directly or indirectly linked to Pit's Mouth Value.

The Government set up a study group in 1966 to carry out for the first time a general and comprehensive review of the royalty rates of all minerals with regard to impact on production, impact on mineral based industry, export, and the state revenues. The royalty rates on the basis of the recommendations of this Study Group were notified in 1968.

This Study Group of 1966 recommended delinking of royalty rate from the Pit's Mouth Value for most of the minerals and suggested a unit of production as the basis. However, actually 'despatches' and not 'production' formed the basis of calculation of the royalty rates.

More or less, the same pattern was continued during the subsequent revisions of the royalty rates, till 1997, when a thrust was given introducing ad valorem basis.

For the last revision notified in 2004, a Study Group was set up in 2002. The terms of reference of this Study Group were:

(i) To review the existing rates of royalty on minerals (except coal, lignite and sand for stowing) given in the Second Schedule to the Mines and Minerals (Development & Regulation) Act, 1957 and to recommend revision of rates of royalty keeping in view the following:-
   (a) change in prices of minerals and metals subsequent to the last review of rates of royalty;
   (b) prevailing international royalty rates;
   (c) the existing state revenues and the need to augment the same;
   (d) feasibility of enlargement of the scope of ad valorem system of royalty;
   (e) existing level of mineral exports and the need to augment the same;
   (f) the need for incentives to investment in mines, mining projects and mineral based industries;
   (g) other considerations relevant to mineral development and administration of royalty regime.

(ii) To review the guidelines for calculation of ad valorem rates of royalty based on experience of administering the same;

(iii) To suggest royalty on overburden material, including rejects or tailings, having market other than their use as ore/mineral;

(iv) To suggest appropriate revision in the existing rates of dead rent given in the Third Schedule to the Mines and Minerals (Development & Regulation) Act, 1957.

As per the notification vide GSR No. 677 (E) dt. 14.10.2004 royalty rates for 15 minerals including coal, are on the basis of unit-of-production and for 35 minerals and all other minerals not specified separately in the Second Schedule viz. (Clay (others), Chalk, Diaspore, Dunite, Felsite, Fuschite Quartzite, Jasper, Perlite,Rock Salt, Shale, Pyroxenite, etc.) the royalty rates are on ad valorem basis. Such minerals include gold, silver, copper, lead, zinc, etc. This revision of rates of royalty on major minerals has brought the domestic rates for many of the minerals more or less at par with the international rates. The Ministry of Mines, subsequently issued guidelines for calculation of ad valorem royalty on the minerals covered under this regime. Subsequently the guidelines were incorporated in MCR, 1960 as Rule 64D vide GSR No.743(E), dated 25.9.2000 which were later amended vide GSR No. 329 (E) dt. 10.4.2003 and GSR No. 153(E) dt. 4.3.2005 (Enclosure-I).

5. Hoda Committee : A High Level Committee was constituted by Planning Commission under the Chairmanship of Shri Anwarul Hoda, Member, Planning Commission to review the National Mineral Policy and recommend possible amendments to the MMDR Act, 1957. To examine ways of augmenting State revenues from the mineral sector was one of the term of reference. The extract of the recommendation on the same is enclosed as Enclosure-II.

6. Issues before the Present Study Group : The Study Group has been constituted to consult State Governments and mining industry and deliberate upon the issues mentioned in the terms of reference. Consistent with the traditional approach, the views of all interest groups will be elicited through circulation of a questionnaire. Accordingly, a questionnaire has been designed and appended.

Study Group on Revision of Rates of Royalty and Dead Rent on Major Minerals (Other than Coal, Lignite and Sand for Stowing)

QUESTIONNAIRE

PART I - DATA COLLECTION

(To be filled up only by State / Union Territories Governments**)**

Name of State / Union Territory:

1. (a) Major minerals produced in the State :

   (b) Minerals exported from the State :

2. Total quantity (Qty) and value (Val) of mineral produced during the last four years (2002-03 to 2005-06)

		2002-03		2003-04		2004-05		2005-06	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val
(a)	Major minerals excluding coal, lignite, fuel oils and natural gas								
(b)	Minor minerals								

3. The annual accrual from royalty/ dead rent during the last four years (2002-03 to 2005-06) on account of major minerals excluding coal, lignite and sand for stowing. : Fill up Table No.1 enclosed

4. Rates in force and accrual of royalty in respect of minor minerals during the last four years (2002-03 to 2005-06) : Fill up Table No.2 enclosed

5. Accrual of royalty on account of petroleum, natural gas, coal, lignite and sand for stowing during the last four years (2002-03 to 2005-06)

		2002-03	2003-04	2004-05	2005-06
(a)	Coal, lignite & sand for stowing				
(b)	Petroleum & natural gas				

6. Total annual revenue accrual during the last four years (2002-03 to 2005-06)

		2002-03	2003-04	2004-05	2005-06
(a)	From tax revenues				
(b)	From non-tax revenues				

7. Unit cost of extraction (mineral-wise) : Fill up Table no. 4 & 5 enclosed

8. Sale price of the minerals) (annual average) : Fill up Table No. 6 & 7 enclosed

PART II - VIEWS AND SUGGESTIONS
(To be filled up by all)

9. Does the State Government/Company/Association/Organisation view revenues earned from imposition of royalty :

(Please tick mark the boxes)

(a) as a contribution to State revenue. : ☐

(b) as a consideration for permitting exploitation of State's mineral resources. : ☐

(c) as a tool for encouraging mining activities in the country : ☐

(d) as a source of fund for local area development : ☐

10. What should be the criteria for fixing rates of royalty:
(please give your rating on a scale of 1-8, with 8 as the maximum score)

(a) as a consideration of the revenue it would bring to the State Government. ☐

(b) as a fiscal measure to attract investment. ☐

(c) to promote mineral conservation. ☐

(d) to encourage optimum utilisation of low grade mineral resources. ☐

(e) to bring the royalty rates in tune with international rates. ☐

(f) to attract improved technology, ☐

(g) to encourage export of minerals; and/or ☐

(h) any other criteria, please specify. ☐

11. (a) What should be the basis for fixing rates of royalty (By tonnage or on ad valorem basis)? : Fill up Table No. 3 enclosed . (to be indicated mineral-wise)

(b) Are the current rates of royalty appropriate for the ensuing three-year period? : same as above

(c) If the answer is no, suggested rates of royalty for different minerals and grades may be indicated. : same as above

12. What is the period before which royalty rates should be revised to provide stability in rates with particular reference to ad valorem rates? :

13. Whether the State Government considers that a percentage of accrual from royalty should be earmarked for infrastructure development and/or protection of environment in mineral bearing areas. : Yes ☐ No ☐

If yes, then indicate the percentage figure. : ☐

14 . Whether the guidelines for computing royalty on minerals on ad valorem basis notified under rule 64D of Mineral Concession Rules, 1960 are comprehensive? : Yes ☐ No ☐

(Copy of the guidelines appended for ready reference as Annexure-I)

If the answer is no, then

(a) Site specific problem that have actually arisen out of application of guidelines in practice. : Attach separate sheet if necessary. (details to be given mineral-wise)

(b) Suggest specific amendments to the guidelines.

15.. Should the Second Schedule of the MM (D&R) Act have a separate entry for "overburden material including rejects or tailings". : Yes ☐ No ☐

If the answer is yes, then

(a) justification citing specific cases of actual experience. : Attach separate sheet if necessary. (details to be given mineral-wise)

(b) suggested rate.

16. (a) Are the current rates of Dead Rent in force appropriate? : Yes ☐ No ☐

(b) If not, please indicate the suggested rates along with the justification. : Attach separate sheet if necessary.

(c) Should there be separate rate of dead rent for different minerals ? : Yes ☐ No ☐

If yes, then what should be the rate and justification therefor? : Attach separate sheet if necessary. (details to be given mineral-wise)

17. Any other information relevant to the subject. : Attach separate sheet, if necessary.

Place :.....

Date :.....

Signature :.....

Name :.....……

Designation:…….

Table No.1

Q. No. 3 : ROYALTY / DEAD RENT ACCRUED
(in respect of Major Minerals other than petroleum, natural gas, coal, lignite and sand for stowing)

Mineral		Quantity (Qty) of mineral (in tonnes) / Royalty (Val) Accrual (in Rs. '000)							
Code	Name	2002-03		2003-04		2004-05		2005-06	
		Qty	Val.	Qty	Val	Qty	Val	Qty	Val

I. Metallic

07 BAUXITE

11 CHROMITE

14 COPPER ORE

27 GOLD

80 ILMENITE

30 IRON ORE

34 LEAD ORE

40 MANGANESE ORE

64 SILVER

60 TIN

61 TUNGSTEN

82 ZINC ORE

Any other mineral
(please include in the list)

Mineral		Quantity of mineral (in tonnes) / Royalty Accrual (in Rs. '000)							
Code	Name	2002-03		2003-04		2004-05		2005-06	
		Qty	Val.	Qty	Val	Qty	Val	Qty	Val

II. Non-Metallic

01 AGATE

02 ANDALUSITE

03 APATITE

04 ASBESTOS

05 BALL CLAY

06 BARYTES

08 CALCAREOUS SAND

09 CALCITE

10 CHALK

12 CLAY (OTHERS)

15 CORDIERITE

16 CORUNDUM

18 DIASPORE

19 DOLOMITE

20 EMERALD

21 FELSITE

22 FELSPAR

23 FIRECLAY

24 FLUORITE

25 FUSCH QUARTZITE

26 GARNET

28 GRAPHITE

29 GYPSUM

Mineral		Quantity of mineral (in tonnes) / Royalty Accrual (in Rs. '000)							
Code	Name	2002-03		2003-04		2004-05		2005-06	
		Qty	Val.	Qty	Val	Qty	Val	Qty	Val

31 JASPER

32 KAOLIN

33 KYANITE

36 LIME KANKAR

37 LIMESHELL

38 LIMESTONE

39 MAGNESITE

41 MICA

42 MOULDING SAND

44 OCHRE

46 PHOSPHORITE

47 PYRITES

48 PYROPHYLLITE

50 QUARTZITE

51 SALT (ROCK)

52 SAND (OTHERS)

53 SAPPHIRE

54 SILICA SAND

55 SILLIMANITE

56 SLATE

57 STAUROLITE

58 STEATITE

59 SULPHUR

62 VERMICULITE

Mineral		Quantity of mineral (in tonnes) / Royalty Accrual (in Rs. '000)							
Code	Name	2002-03		2003-04		2004-05		2005-06	
		Qty	Amt	Qty	Val	Qty	Val	Qty	Val

63 WOLLASTONITE

65 AMETHYST

66 AQUAMARINE

68 DIATOMA. EARTH

69 EPIDOTE

71 LITHIUM ORE

72 OPAL

74 DUNITE

75 LATERITE

76 SERPENTINE

77 SHALE

78 TOURMALINE

79 VANADIUM

81 PERLITE

Any other mineral
(please include in the list)

III. Precious and Semi-precious Stones

17 DIAMOND

Any other mineral
(please include in the list)

Grand Total

Table No. 2

Q. No. 4 : RATES AND ACCRUAL OF ROYALTY IN RESPECT OF MINOR MINERALS

Rate in Rs.per Unit (Please specify) **Accrual in Rs.'000**

Mineral	2002-03		2003-04		2004-05		2005-06	
	(a) Rate	(b) Accrual	(a) Rate	(b) Accrual	(a) Rate	(b) Accrual	(a) Rate	(b) Accrual
1. Limestone (When used in kilns for manufacture of lime used as building material).								
2. Kankar (When used in kilns for manufacture of lime used as building material).								
3. Lime-shell (When used in kilns for manufacture of lime used as building material).								
4. Quartzite & sand stone when used for purposes of building or for making road metals and house-hold utensils.								
5. Slate (When used for building material).								
6. Shale (When used for building material).								
7. Marble								
8. Granite (dimension stone).								
9. Ordinary Sand								
10. Ordinary Clay								
11. Bentonite								
12. Salt Petre								
13. Any other mineral (please include in the list)								
GRAND TOTAL :								

Table No.4

Q. No. 7 : Cost of Production
(in respect of Major Minerals other than petroleum, natural gas, coal, lignite and sand for stowing)

Mineral		Cost of production	
Code		**Direct**	**Indirect**

I. Metallic

07	BAUXITE
11	CHROMITE
14	COPPER ORE
27	GOLD
80	ILMENITE
30	IRON ORE
34	LEAD ORE
40	MANGANESE ORE
64	SILVER
60	TIN
61	TUNGSTEN
82	ZINC ORE

Any other mineral
(please include in the list)

Mineral		Cost of production	
Code		**Direct**	**Indirect**

II. Non-Metallic

01 AGATE

02 ANDALUSITE

03 APATITE

04 ASBESTOS

05 BALL CLAY

06 BARYTES

08 CALCAREOUS SAND

09 CALCITE

10 CHALK

12 CLAY (OTHERS)

15 CORDIERITE

16 CORUNDUM

18 DIASPORE

19 DOLOMITE

20 EMERALD

21 FELSITE

22 FELSPAR

23 FIRECLAY

24 FLUORITE

25 FUSCH QUARTZITE

26 GARNET

28 GRAPHITE

30 GYPSUM

Mineral		Cost of production	
Code		**Direct**	**Indirect**
31	JASPER		
32	KAOLIN		
33	KYANITE		
36	LIME KANKAR		
37	LIMESHELL		
38	LIMESTONE		
39	MAGNESITE		
41	MICA		
42	MOULDING SAND		
44	OCHRE		
46	PHOSPHORITE		
47	PYRITES		
48	PYROPHYLLITE		
50	QUARTZITE		
51	SALT (ROCK)		
52	SAND (OTHERS)		
53	SAPPHIRE		
54	SILICA SAND		
55	SILLIMANITE		
56	SLATE		
57	STAUROLITE		
58	STEATITE		
60	SULPHUR		
63	VERMICULITE		

Mineral		Cost of production	
Code		**Direct**	**Indirect**

63 WOLLASTONITE

65 AMETHYST

66 AQUAMARINE

68 DIATOMA. EARTH

69 EPIDOTE

71 LITHIUM ORE

72 OPAL

74 DUNITE

75 LATERITE

76 SERPENTINE

77 SHALE

78 TOURMALINE

79 VANADIUM

81 PERLITE

Any other mineral
(please include in the list)

III. Precious and Semi-precious Stones

17 DIAMOND

Any other mineral
(please include in the list)

Grand Total

Table No. 5

Q. No. 7 : COST OF PRODUCTION IN RESPECT OF MINOR MINERALS

Mineral		Cost of production	
Code		**Direct**	**Indirect**
1.	Limestone (When used in kilns for manufacture of lime used as building material).		
2.	Kankar (When used in kilns for manufacture of lime used as building material).		
3.	Lime-shell (When used in kilns for manufacture of lime used as building material).		
4.	Quartzite & sand stone when used for purposes of building or for making road metals and house-hold utensils.		
5.	Slate (When used for building material).		
7.	Shale (When used for building material).		
7.	Marble		
9.	Granite (dimension stone).		
9.	Ordinary Sand		
10.	Ordinary Clay		
11.	Bentonite		
12.	Salt Petre		
13.	Any other mineral (please include in the list)		

Table No. 6

Q. No. 8 : Average Sale price of minerals (in respect of Major Minerals other than petroleum, natural gas, coal, lignite and sand for stowing)

Code	Mineral	Average sale price
I. Metallic		
07	BAUXITE	
11	CHROMITE	
14	COPPER ORE	
27	GOLD	
80	ILMENITE	
30	IRON ORE	
34	LEAD ORE	
40	MANGANESE ORE	
64	SILVER	
60	TIN	
61	TUNGSTEN	
82	ZINC ORE	
	Any other mineral (please include in the list)	

Code	Mineral	Average sale price

II. Non-Metallic

01	AGATE
02	ANDALUSITE
03	APATITE
04	ASBESTOS
05	BALL CLAY
06	BARYTES
08	CALCAREOUS SAND
09	CALCITE
10	CHALK
12	CLAY (OTHERS)
15	CORDIERITE
16	CORUNDUM
18	DIASPORE
19	DOLOMITE
20	EMERALD
21	FELSITE
22	FELSPAR
23	FIRECLAY
24	FLUORITE
25	FUSCH QUARTZITE
26	GARNET
28	GRAPHITE
31	GYPSUM

Code	Mineral	Average sale price
31	JASPER	
32	KAOLIN	
33	KYANITE	
36	LIME KANKAR	
37	LIMESHELL	
38	LIMESTONE	
39	MAGNESITE	
41	MICA	
42	MOULDING SAND	
44	OCHRE	
46	PHOSPHORITE	
47	PYRITES	
48	PYROPHYLLITE	
50	QUARTZITE	
51	SALT (ROCK)	
52	SAND (OTHERS)	
53	SAPPHIRE	
54	SILICA SAND	
55	SILLIMANITE	
56	SLATE	
57	STAUROLITE	
58	STEATITE	
61	SULPHUR	
64	VERMICULITE	

Code	Mineral	Average sale price
63	WOLLASTONITE	
65	AMETHYST	
66	AQUAMARINE	
68	DIATOMA. EARTH	
69	EPIDOTE	
71	LITHIUM ORE	
72	OPAL	
74	DUNITE	
75	LATERITE	
76	SERPENTINE	
77	SHALE	
78	TOURMALINE	
79	VANADIUM	
81	PERLITE	
	Any other mineral (please include in the list)	

III. Precious and Semi-precious Stones

17	DIAMOND	
	Any other mineral (please include in the list)	

Table No. 7

Q. No. 8 : AVERAGE SALE PRICE OF MINOR MINERALS

Code	Mineral	Average sale price
1.	Limestone (When used in kilns for manufacture of lime used as building material).	
2.	Kankar (When used in kilns for manufacture of lime used as building material).	
3.	Lime-shell (When used in kilns for manufacture of lime used as building material).	
4.	Quartzite & sand stone when used for purposes of building or for making road metals and house-hold utensils.	
5.	Slate (When used for building material).	
8.	Shale (When used for building material).	
7.	Marble	
10.	Granite (dimension stone).	
9.	Ordinary Sand	
10.	Ordinary Clay	
11.	Bentonite	
12.	Salt Petre	
13.	Any other mineral (please include in the list)	

Table No. 3
Q. No. 11 : SUGGESTED RATES OF ROYALTY
(If no change is sought the same may be indicated in the Table)

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
1. Agate	Ten per cent of sale price on ad valorem basis.			
2. Apatite & Rock Phosphate: (i) Apatite (ii)Rock Phosphate : (a) Above 25 per cent P_2O_5 (b) Up to 25 per cent P_2O_5	 Five per cent of sale price on ad valorem basis. Eleven per cent of sale price on ad valorem basis. Five per cent of sale price on ad valorem basis.			
3. Asbestos : (a) Chrysotile (b) Amphibole	 Eight hundred rupees per tonne. Forty five rupees per tonne.			
4. Barytes	Five and half per cent of sale price on ad valorem basis.			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
5. Bauxite and Laterite	(a) Zero point four 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 per cent of sale price on ad valorem basis for those despatched for use other than alumina and aluminium metal extraction and for export.			
6.Brown Ilmenite (Leucoxene), Ilmenite, Rutile and Zircon	Two per cent of sale price on ad valorem basis.			
7. Cadmium	Ten per cent of sale price on ad valorem basis.			
8. Calcite	Fifteen per cent of sale price on ad valorem basis.			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
9. China clay/Kaolin (including ball clay, white shale and white clay) (a) Crude (b) Processed (including washed)	Twenty three rupees per tonne. Eighty-five rupees per tonne			
10. Chromite	Seven and half per cent of sale price on ad valorem basis.			
11. Coal including Lignite	*			
12. Copper	Three point two per cent of London Metal Exchange copper metal price chargeable on the contained copper metal in ore produced			
13. Corundum	Ten per cent of sale price on ad valorem basis.			
14. Diamond	Ten per cent of sale price on ad valorem basis.			
15. Dolomite	Forty five rupees per tonne.			
16. Felspar	Ten per cent of sale price on ad valorem basis			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
17. Fireclay (including plastic, pipe, lithomargic and natural pozzolanic clay)	Twelve per cent of sale price on ad valorem basis.			
18. Fluorspar (also called fluorite)	Five per cent of sale price on ad valorem basis			
19. Garnet : (a) Abrasive (b) Gem	 Three per cent of sale price on ad valorem basis. Ten per cent of sale price on ad valorem basis			
20.Gold : (a) Primary (b)By-product gold	 One and half per cent of London Bullion Market Association price (commonly referred to as " London Price") chargeable on the contained gold metal in ore produced. Two and half per cent of London Bullion Market Association price (commonly referred to as " London Price") chargeable on by-product gold metal actually produced.			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
21. Graphite : (a)with 80 per cent or more fixed carbon (b)with 40 per cent or more fixed carbon but less than 80 per cent fixed carbon (c)with less than 40 per cent fixed carbon	Two hundred and twenty five rupees per tonne. One hundred and thirty rupees per tonne. Fifty rupees per tonne.			
22. Gypsum	Twenty per cent of sale price on ad valorem basis.			
23. Iron Ore : (i) lumps : (a)with 65 per cent Fe content or more. (b)with 62 per cent Fe content or more but less than 65 per cent Fe content. (c)With less than 62 per cent Fe Content. (ii) Fines: (a)with 65 per cent Fe content or more.	 Twenty seven rupees per tonne. Sixteen rupees per tonne. Eleven rupees per tonne. Nineteen rupees per tonne.			

(b)with 62 per cent Fe content or more but less than 65 per cent Fe content. (c)with less than 62 per cent Fe content.	Eleven rupees per tonne. Eight rupees per tonne.			
(iii) Concentrates prepared by beneficiation and/or concentration of low grade ore containing 40 per cent Fe or less	Four rupees per tonne.			
24. Kyanite	Ten per cent of sale price on ad valorem basis.			
25. Lead	Five per cent of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced.			
26. Limestone : (a)L.D. grade(less than one and half per cent silica content) (b)Others	 Fifty five rupees per tonne. Forty five rupees per tonne			
27. Lime kankar	Forty five rupees per tonne			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
28. Limeshell	Forty five rupees per tonne			
29. Magnesite	Three per cent of sale price on ad valorem basis.			
30. Manganese Ore : (a)Ore of all grades (b)Concentrates	 Three per cent of sale price on ad valorem basis. One per cent of sale price on ad valorem basis.			
31.Crude Mica, Waste Mica & Scrap Mica	Four per cent of sale price on ad valorem basis.			
32. Monazite	One hundred and twenty-five rupees per tonne.			
33. Nickel	Zero point one two per cent of London Metal Exchange nickel metal price chargeable on the contained nickel metal in ore produced.			
34. Ochre	Fifteen rupees per tonne.			
35. Pyrites	Two per cent of sale price on ad valorem basis.			
36. Pyrophyllite	Fifteen per cent of sale price on ad valorem basis.			
37. Quartz, Silica sand, Moulding sand and Quartzite	Twenty rupees per tonne			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
38. Ruby	Ten per cent of sale price on ad valorem basis.			
39. Sand for Stowing	**			
40. Selenite	Ten per cent of sale price on ad valorem basis.			
41. Sillimanite	Two and half per cent of sale price on ad valorem basis.			
42. Silver (a) By-product (b)Primary silver	Five per cent of London Metal Exchange price chargeable on by-product silver metal actually produced. Five per cent of London Metal Exchange silver metal price chargeable on the contained silver metal in ore produced			
43. Slate	Forty five rupees per tonne			
44. Talc, Steatite and Soapstone	Fifteen per cent of sale price on ad valorem basis.			
45. Tin	Five per cent of London Metal Exchange tin metal price chargeable on the contained tin metal in ore produced			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
46. Tungsten	Twenty rupees per unit per cent of content WO_3 per tonne of ore and on pro rata basis.			
47. Uranium	Five rupees for dry ore with U_3O_8 content of zero point zero five per cent with pro rata increase/decrease at the rate of one rupee and fifty paise per metric tonne of ore for zero point zero one per cent increase/decrease .			
48. Vermiculite	Three per cent of sale price on ad valorem basis			
49. Wollastonite	Ten per cent of sale price on ad valorem basis.			
50.Zinc	Six point six per cent of London Metal Exchange zinc metal price on ad valorem basis chargeable on the contained zinc metal in ore produced			

Sl. No./ Mineral with grade	Existing rate of royalty	Suggested royalty		Justification
		Basis (by tonnage/ ad valorem)	Rate	
51. All other minerals not here-in- before specified.[Clay (others), Chalk, Diaspore, Dunite, Felsite, Fuschite, Quartzite, Jasper, Perlite,Rock Salt, Shale, Pyroxenite, etc.]	Ten per cent of sale price on ad valorem basis.			

***** Rates of Royalty in respect of item 11 relating to Coal including Lignite as revised vide notification number G.S.R. 748(E), dated the 11th October, 1994 and notification number G.S.R. 27(E), dated the 13th January, 1995 of Government of India, Ministry of Coal, will remain in force until revised through a separate notification by the Ministry of Coal.

** Rates of in respect of item 39 relating to Sand for Stowing as rvised 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.

Note: The rates of royalty for the State of West Bengal in respect of the minerals except the mineral specified against item number 11 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.

Enclosure-I

EXTRACT OF RULE 64D OF MCR, 1960

[1]**[64D.Guidelines for computing royalty on minerals on ad valorem basis** :- Every mine owner, his agent, manager, employee, contractor or sub-lessee shall follow the following Guidelines for computation of the amount of royalty on minerals where the royalty is charged on ad valorem basis, namely :-

Guidelines :

The Guidelines for calculation of royalty in typical cases are as follows, namely :-

[2][**Case 1: All non atomic and non fuel minerals and minerals other than aluminium** [3]**(bauxite and laterite despatched for use in alumina and aluminium metal extraction), primary gold, silver, copper, lead, zinc, nickel and tin -**

The Indian Bureau of Mines publishes 'Monthly Statistics of Mineral Production' which contains state-wise total value of each mineral produced during a month in a State. The State-wise average value for different individual minerals as published by Indian Bureau of Mines in the ' Monthly Statistics of Mineral Production' shall be the bench mark for computation of royalty by the concerned State Government in respect of any mineral produced any time during a month in any mine in that State. For the purpose of computation of royalty the State Government shall add twenty per cent to this bench mark value. This value shall be reckoned to be the sale price for the purpose of computation of royalty. Also the value of the minerals published in the latest published issue of the 'Monthly Statistics of Mineral Production' will be deemed to be applicable for the mineral mined in the previous month, irrespective of when the royalty actually accrues. If for a particular mineral, the information for a State is not published in a particular issue, the last information available for that mineral in the State in a previous issue shall be referred, failing which the latest published information for the mineral for all-India shall be referred.

Case 2: For Atomic minerals, prescribed under Atomic Energy Act, 1962(33 of 1962)-

The minerals under this category include ilmenite, leucoxene, rutile and zircon obtained mainly from the beach sand deposits in the coastal states. The basis of collection of royalty shall be the actual mineral content in the beach sand mined.

(a) In case of sale in the domestic market, the per tonne sale price of the separated mineral actually realized, less the cost of transportation from the lease boundary to point of sale as shown by the mine owners in their sale vouchers or bills or invoices shall be considered for computing ad valorem royalty. To avoid payment of taxes on royalty the mine owners in their own interest record the price and royalty separately in the sale vouchers or bills or invoices instead of indicating a composite price inclusive of royalty. In case the price, royalty and transportation cost are not shown separately it shall be assumed that the price indicated in the sale vouchers or bills or invoices is exclusive of royalty and transportation cost, and royalty shall be charged accordingly.

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1. Inserted by G.S.R.743 (E), dated 25.9.2000
2.Substituted by G.S.R.329 (E), dated 10.4.2003 3.Inserted by G.S.R.153 (E), dated 4.3.2005

(b) In case of direct export by mine owners the sale value for the purpose of royalty shall ordinarily be the free on board (FOB) price realized less transportation charges from the lease boundary to the port, loading and unloading charges at the port, port charges (including sampling and analysis and demurrage charges, if any), insurance charges, royalty, taxes and interest charges on loan for export. However, in case of cost insurance and freight (CIF) sales, sea freight insurance and cost of unloading at the destination port shall also be deducted from such price. For such purposes the mine owner may prepare invoices or bills indicating the free on board price or cost insurance freight price as the case may be and each of the other charges separately.

Explanation – For the purposes of calculation of royalty in case of minerals produced in captive mines [other than aluminium [1](bauxite and laterite despatched for use in alumina and aluminium metal extraction**)**, copper, lead zinc, tin, nickel, gold and silver and those not actually sold, Case 1. and Case 2. shall be applicable.]

Case 3 : For aluminium [1](bauxite and laterite despatched for use in alumina and aluminium metal extraction), primary gold, silver, copper, lead, zinc, nickel and tin –

The total contained metal in the ore produced during the period for which the royalty is computed and reported in the statutory returns under Mineral Conservation and Development Rules, 1988 or recorded in the books of the mine owners shall be considered for the purposes of computing the royalty in the first place and then the royalty shall be computed as the percentage of the average metal prices in the London Metal Exchange (hereinafter referred to as the LME) for copper, lead, zinc, nickel, silver and tin and London Bullion Market Association price (commonly known as London price) for gold during the period of computation of royalty. The foreign exchange rate for conversion of rupee shall be the selling rate on the last date of the period of computation as published in newspaper namely, The Economic Times. For the LME prices as well as for London price of the commodity, either of the following three sources shall be referred to, namely :-

(i) Non-ferrous Report : Minerals and Metals Review,
28/30, Anantwadi, P.O. Box. 2749,
Mumbai – 400 002.

(ii) Metal Bulletin
16, Lower Marsh,
London, SE-17 RJ.

(iii) World Metal Statistics; (Monthly or Quarterly Summary),
by World Bureau of Metal Statistics,
27a High Street, Ware,
Herts SG12 9BA,
United Kingdom.

1. Inserted by G.S.R.153 (E), dated 4.3.2005

Case 4 : For by-product gold and silver –

The guidelines for computation of ad valorem royalty shall be linked to the total quantity of metal produced and the LME price for silver and London Bullion Market Association price (commonly known as London price) for gold as in the case 3 above. However, in this case, the actual final production of the metal shall be considered instead of the metal content in the ore produced for the purposes of computing royalty.

[1][Omitted]

1.. Omitted by G.S.R.329 (E), dated 10.4.2003

Note : The State Governments may, if necessary, introduce systems of advance payment for the purpose of royalty collection and they may also impose any additional conditions in accordance with the law for the time being in force.**]**

Enclosure-II

Extract of Hoda Committee Recommendation on NMP & MMDR, Act

AUGMENTING STATE REVENUES

Royalty and Dead rent

- Section 9(4) of the MMDR Act provides that royalty and dead rent should be fixed not more than once in every three years. The last revision having been done in 2004, the next one in 2007. The Ministry of Mines should set up a study group to work out detailed rates of royalty, dead rent and all the other levies on the basis of recommendations made by this committee in the following sub paras.
- The method of fixation of rates of royalty should move forward decisively on the basis of ad valorem rates. For retaining specific rates for any mineral a very strong rationale should be required. The first step for the change should be conversion of the specific rates recommended by the last Study Group into ad valorem rates on the basis of the price data for the period taken into consideration by the Study Group i.e. 2001-02 and 2002-03. In considering raising the ad valorem rates further the rates prevailing in Western Australia would be taken into consideration as a point of reference as the Committee feels that the rates prevailing in that state of Western Australia are a good benchmark for determining the competitiveness of royalty rates. If the Western Autralian rates are higher than the rates applicable in India there should be no hesitation in raising the rates to that level, unless special factors are brought forward such as the cost of mining operations. If the ad valorem rates work out to higher rates than those obtaining in Western Australia the existing rates should continue for the next three year period as well. In such cases a lowering of rates could be considered only in those cases in which there is evidence to show that the royalty rates are inhibiting mining operations and mineral production is registering a downward trend. The rates that are already on ad valorem basis should be also revised on the basis of the same yardsticks i.e. as a norm consider raising the rates to the level in Western Australia unless there are factors justifying a lower rate in India; and leave the rates unchanged if the rates are higher than those in Western Australia unless there are indications that the existing rates are inhibiting mining operations. Another point to be borne in mind by the Study Group is that the royalties on base metals, noble metals and precious stones need to be at low levels as an incentive to exploration in these minerals in which the country is grossly deficient.

- The valuation of the mineral for the purposes of the royalty should be based on the transaction value and should include the profit element over and above the unit cost of production. For export consignments the system is quite appropriate as the FOB price is taken as the basis and the transport cost from the pit head to the port as well as the loading and unloading charges as well as the port charges are deducted there from. For domestic sales also the sale price rather than the pit mouth value should be taken into consideration. Thus the profit element must be added to the cost of production. The ideal would be to use the sale price to the end-user as opposed to the middleman as the basis for determining the valuation. From the sale price the element of transport and loading and unloading costs must be deducted as in the case of FOB price for export consignments. In the absence of the sale price the present system of 20 per cent mark up on the pit mouth value could continue on an ad hoc basis. For captive mines the reported price is suspect and should not be used as the basis at all for calculating the average monthly value. It should be ensured that the IBM takes into account only arms length transactions in recording the monthly state-wise and mineral wise prices.
- A conscious decision needs to be taken to encourage physical value addition which improves ore quality and usage at pit mouth such as concentration, beneficiation, calibration, blending, etc. Wherever the miner adds value through these processes the royalty may be charged on the ore at pit mouth on the raw cost of extraction. Alternatively the ad valorem rate for beneficiated or concentrated ore should be lower, as in the case of beneficiated iron ore in Western Australia.
- The penalty for non-payment of royalty is cancellation of the concession. A moratorium or a suitable structure for deferment of royalty payment to support investment in deserving cases, to be spelt out clearly in MCR, could also be permitted in deserving cases.
- Rates of dead rent should be rationalized so that they act as an effective deterrent against a mine owner who does not undertake mining as per the approved mining plan and prefers to keep large areas idle and keeps the mineral resources undeveloped. In other words an escalating scale of Dead Rent should be worked out. This should be stringently applied to captive miners and PSUs as well.

Other sources of revenue

- Effective deterrent action should be taken to stop illegal mining. The deterrents in law at present have not worked mainly because of the lack of teeth. The penalties should be increased several fold and so should punishments, illegal mining amounts to stealing of

public property and should be a non bailable cognizable criminal offence for which, in the mineral rich states, there should be special courts.

- The State Governments would get revenues from the disposal of the ore bodies, which have been explored earlier at public expense by an open tender system as explained in chapter-1.
- Transfer fees should be levied on PLs and MLs sought to be transferred. As mentioned in Chapter 1 the unbundling of prospecting from mining is likely to bring in investment in the form of FDI into prospecting along with advanced technology. When the PL or ML of a prospected area is transferred for a premium by a prospecting firm in favour of a mining firm or if the firm itself is taken over or acquired by a mining firm for a consideration a transfer fee as a percentage of the premium or consideration may be levied. Such a step would be in line with international practice. The rates of transfer fee should be suggested by the next Study Group set up for making recommendations on royalty rates.

ANNEXURE-IV

PREVAILING ROYALTY REGIME
IN IMPORTANT MINERAL PRODUCING COUNTRIES

S.No.	Country	Mineral Type	Rate	Basis of valuation
1.	**North America, USA (Source: World Bank)**			Mine taxation in the United States is highly complex and is often based on the location of the mineral bearing area, ie. Federal, States, Native American or private land – and to the type of mineral. The Federal Government does not levy royalty tax on most minerals in Federal lands. State often levies royalties on minerals in state-owned lands. These are usually ad valorem or unit based approaches, although profit based system are also used. For copper, gold and limestone, it is 2% of market price in Arizona, 2-7% of adjusted sales values in Michigan and 5% of net proceeds in Nevada (U.S.).

2.	**Canada**			In Canada royalty is a tax on mines based on profit or net revenue. Most commodities are taxed at the same rate. However, some commodities are taxed on graduated rates in some jurisdictions, and in case of few minerals a minimum profit thresholds has been prescribed above which a uniform rate of tax is applicable. In Ontario, new mines are offered a three year tax holiday, subject to a limit of Canadian $ 10 million on taxable profits. Mines in remote area in Ontario are taxed at half the rates of other mines and are given a 10 year tax holiday subject to certain taxable profits. Saskatchewan offers the most diversity in royalty assessment, with a general profit-based system for most metallic and non-metallic minerals and a sales-based royalty for uranium, potash and coal. For copper, gold and limestone, the rate is 13% of net revenue or 2%of net proceeds in British Columbia; 5-14% of output values in North-West Territories, 10% of defined profits

				in Ontario and 5% of net profit in Saskatchewan.

3.	**Latin America Argentina**			In most of the provinces no royalty is charged. Some provinces charge royalty on ad valorem basis upto a maximum of 3 per cent of sale values. For copper, gold and limestone in Catamarea, the rate is 3% ad valorem on sales values less allowable deductions.
4.	**Brazil**		Bauxite, Manganese Ore, Salt, Phosphorus } 3% Iron ore, Fertilizer, Coal and remaining Minerals } 2%	In Brazil, royalty on minerals is charged as financial compensation for the exploitation of mineral resources. The value of CFEM varies from 0.2 and 3.0 of the net sales of mineral production. For most mineral products, the rate is 2%
		Precious stones, diamond and noble metals Gold Copper	0.2% on ad valorem basis 1% on ad valorem basis 2% on ad valorem	For all the three minerals, commercial taxes, transportation and insurance costs are

		Limestone	2% on ad valorem sales	to be deducted.

5.	**Bolivia Source : World Bank.**	Copper Gold Limestone	. 1-5% on ad valorem (i) 7% if price is more that US $ 700 (ii) 0.1% of price if between $400-$700, (iii) 4%, if below $ 400 3-6% ad valorem	Ad valorem basis, and varies from 1-7% based on sales price position relative to reference profit basis
6.	**Chile**	All minerals except copper Copper	NIL 0.5 to 5% of consolidated annual sales	
7.	**Mexico**	Copper	NIL	
8.	**Peru**	Copper & gold Limestone	0.3% (exported mineral 1-3%) Small scale – 0%. 1% - upto $60 million 2% $60 to $120 million If not exported, 1%.	Ad valorem – sliding scale based on annual cumulative sales.
	Asia and the Pacific			
9.	**Thailand**	Rock Salt	4%	
		Graphite	4%	

		Quartz	4%	
		Kaolin	4%	
		Calcit	4%	
		Columbium Tantalum	5%	
		Chromite	4%	
		Xenotime	5%	
		Zircon	4%	
		Dolomite	4%	
		Copper	10%	
		Talc	4%	
		Barytes (lump)	7%	
		Stibnite	10%	
		Pyrophyllite	4%	
		Phosphate	4%	
		Felspar (i) Pot-Felspar - Un-ground	 4% 2%	
		(ii) Sod Felspar. Unground Ground	 4% 2%	
		Fluorite	7%	
		Fluorite chem. Grade	4%	
		Manganese (met. Grade) Siliceous Ferruginanous Others	 2.5% 2.5% 2.5%	
		Manganese (Battery grade)	7%	
		Manganese (Chem. Grade)	4%	
		Magnesite	7%	
		Monazite	7%	
		Molybdenite	10%	
		Gypsum	4%	
		Asbestos	4%	
		Rutile	7%	
		Iron	4.5%	

		Ilmenite	2%	
		Kaolin(raw unwashed)	4%	
		Kaolin (Processed for ceramic)	4%	
		Kaolin (processed for filler)	4%	
		Fireclay	4%	
		Diatomite or Diatomaceous Earth	2%	
		Marly clay	4%	
		Glass sand/ white sand	4%	
		Ball clay	4%	
		Arsenic	7%	
		Garnet	2%	
		Leucoxene	2%	
		Soapstone	4%	
		Mica	4%	
		Anhydrite	4%	
	Metals			
		Lead	2.5%	
		Copper	2.5%	
		Antimony	2.5%	
		Zinc	2.5%	
		Iron	2.0	
		Cadmium	2.5%	
	Slag			
		Cadmium admixed	10%	
		Tin admixed	15%	
		Lead admixed	10%	
		Tungsten trioxide admixed	15%	
		Copper admixed	10%	
		Nickel admixed	10%	
		Bismull admixed	10%	
		Zinc admixed	10%	

		Arsenic admixed	10%	
10.	**Indonesia** US $ 1 = Appr. Rs. 9020	Nickel Ore (t) Garnierite	5%	Sale price
		Nickel Ore (t) Limonite	4%	Sale price
		Cobalt (t)	5%	Sale price
		Tin (t)	3%	Sale price
		Copper (t)	4%	Sale price
		Lead (t)	3%	Sale price
		Zinc (t)	3%	Sale price
		Iron (t)	3%	Sale price
		Gold (kg)	3.75%	Sale price
		Silver (kg)	3.25%	Sale price
		Platinum (kg)	3.75%	Sale price
		Mercury (kg)	3.75%	Sale price
		Antimony (kg)	4.50%	Sale price
		Bismuth (kg)	4.50%	Sale price
		Wolfram (t)	4.50%	Sale price
		Vanadium (t)	4.50%	Sale price
		Molybdenite (t)	4.50%	Sale price
		Titanium (t)	3.50%	Sale price
		Chromite (t)	3.50%	Sale price
		Monazite (t)	4.50%	Sale price
		Xenotin (t)	2.50%	Sale price
		Ilmenite (t)	2.50%	Sale price
		Zircon (t)	4.50%	Sale price
		Rutile (t)	4.50%	Sale price
		Iron sand (t)	3.75%	Sale price
		Sulphur (t)	3.50%	Sale price
		Bauxite (t)	3.75%	Sale price
		Manganese ore (t)	3.25%	Sale price
		Barytes (t)	3.25%	Sale price
		Quratz crystal (t)	3.75%	Sale price
		Pyrite (t)	2.50%	Sale price
		Diamond	6.50%	Sale price
11	**Kazakhstan**	Non-metallic raw material for metallurgy	1%	
		Casting sand,	1%	

		feslspar, pegmatite, limestone, dolomite, limestone-dolomite rock		
		Other non-metallic raw materials	3.5%	
		Refractory clays, kaolin, vermiculite, Table salt,	3.5% 3.5%	
		Local building material, perlite, obsidian, gypsum, gypsum,, sea-chalk	4.5%	
		Clay, marble, diatomite, tripolite, fluorspar etc.	4.5%	
12	**Mongolia**	Copper	2.5%	Ad valorem on sale value
		Gold	4-5%	Ad valorem, international reference price
		Limestone	2.5%	Ad valorem on sales value
		Non-construction minerals	2.5% except placer gold at 7.5%	Ad valorem on sale value
13	**Myanmar**	Non-construction minerals	1.0 to 7.5%	Ad valorem on sale value
		Copper	3-4%	Ad valorem on international reference price
		Gold	2%	Ad valorem realized f.o.b.
		Limestone	1-3%	Ad valorem on international reference price

14	**Philippines**	All minerals	5%	Market value of the gross output of the minerals/mineral products.
15	**Papua New Guinea**	All minerals	2%	Ad valorem on sale value
	AFRICA			
16	**Botswana**	Non-industrial minerals	3-10%	Ad valorem basis
		Precious Stones	10%	Ad valorem basis
		Precious metals	5%	Ad valorem basis
		Other minerals or mineral products	3%	Ad valorem basis
		Copper	3%	Ad valorem on adjusted gross market value.
		Gold	5%	Ad valorem on adjusted gross market value.
		Limestone	3%	Ad valorem on adjusted gross market value.
17	**Ghana**	Non-industrial minerals	3-12%	Ad valorem basis (sales revenue)
		Copper	3-12%	Ad valorem graduated on operating ratio,.
		Gold	3-12%	Ad valorem graduated on operating ratio (3-4%) fixed in recent agreements.
		Limestone	3-12%	Ad valorem graduated on operating ratio,
18	**Mozambique**	Non-Industrial minerals	3-12%	Ad valorem (sales revenue)
		Diamond	10-12%	Ad valorem
		Other minerals	3-8%	Ad valorem, rate established through negotiations.
		Copper	3-8%	Negotiable ad valorem on market value.
		Gold	3-8%	Negotiable ad valorem on market value.
		Limestone	3-8%	Negotiable ad valorem on market value.
19	**Namibia**	Non-industrial minerals	5-10%	Ad valorem (sales revenue)
		Uncut precious stones	10%	Ad valorem (market value)

		Dimension stones	5%	Ad valorem, market value
		Other minerals	5% max.	Ad valorem, market value
		Copper	5%	Ad valorem, market value
		Gold	5%	Ad valorem, market value
		Limestone	5%	Ad valorem, market value
20	**South Africa**	Non-Industrial minerals	Variable	Variable. Sliding scale formula for gold; other minerals variable, percentage of either market value or net profit.
		Copper Gold Limestone	Negotiable Negotiable Negotiable	If the state has acquired the ownership of mineral in the past, it can negotiate a royalty rate with the company willing to make use of their rights. The term will tend to vary with the anticipated profitability.
21	**Tanzania**	Non-industrial minerals	0-5%	Ad valorem basis
		Diamond	5%	Ad valorem basis
		Cut & polished gemstones and building material	No royalty	
		All other minerals	3%	
		Copper	3%	Ad valorem on f.o.b. or NSR
		Gold	3%	Ad valorem on f.o.b. or NSR
		Limestone	No royalty	
22	**Zambia**	Non-industrial minerals	2%	Ad valorem basis
		Copper	2%	Ad valorem on net back value
		Gold	2%	Ad valorem on net back value

		Limestone	2%	Ad valorem on net back value
23	**Zimbabwe**	Copper	Generally royalty is not levied, however it is sometimes levied in special cases.	-
		Gold	No royalty but applicable in special cases	
		Limestone	No royalty	
24	**Australia**			
	Western Australia	Attapulgite	**5%**	
		Bauxite	**7.5%**	
		Cobalt	**5%** if sold as concentrate **2.5% i**f sold in metallic form **2.5%** if sold as nickel by-product	
		Copper	**5% i**f sold as concentrate **2.5% i**f sold in metallic form**.**	
		Diamond	**7.5%**	
		Felspar	**5%**	
		Garnet	**5%** for usual grade **2.5%** for higher technology grade	
		Gems and precious stones	**7.5%**	
		Ilmenite	**5.0%**	
		Iron ore (i) beneficiated	**5.0%**	Iron ore that has been concentrated or upgraded otherwise than by crushing, screening, separating by hydro-cycloning or a similar technology, washing, scrubbing.
		(ii) Fine ore	**5.625%**	Iron ore excluding

				beneficiated ore that will pass through 6 mm mesh screen.
		(iii) Lumpy ore	**7.5%**	Iron ore excluding beneficiated or that will not pass through 6 mm mesh screen.
		Lithium minerals	**5.0%**	-
		Manganese ore	**7.5%**	-
		Manganese	**5.00**	Beneficiated by the producer otherwise than by crushing, screening, washing, scrubbing, trammeling, or drying or by a combination of two or more of these processes.
		Nickel	NA	
		Ochre	5%	
		Platinids	2.5%	
		Rutile	5%	
		Semi-precious stones	7.5%	
		Silver	2.5%	
		Spongolite	5.0%	
		Tin	2.5%	
		Zinc	5% if sold as concentrates 2.5% if sold in metallic form.	
		Zircon	5%	
	New South Wales (Source : World Bank)	Non-industrial minerals	4-7%	Ad valorem, but profit-based royalty in the Broken Hill deposit.
		Industrial minerals	$ A 0.35 to 0.70 per tonne	
		Phosphatic rock	$\geq$ $ 0.80/t	Maximum of either $ 0.80/t or a rate based on $P_2 0_5$content and specified market price.
		Other minerals	4%	-
		Copper	4%	Ad valorem on value minus allowable deduction.

		Gold	4%	Ad valorem on value minus allowable deduction.
		Limestone	A $ 0.40/t	-
	Queensland (Source: World Bank)	Non-industrial minerals	2.7% of value or a variable royalty rate, if price exceeds a reference price.	Ad valorem or unit based.
		Metallic minerals	2.7% of value or a variable royalty rate	--
		Industrial minerals	A$ 0.25 to 1.00/t	
		Copper	2.7%	2.7% of value or a variable royalty rate if price exceeds a reference price.
		Gold	2.7%	2.7% of value or a variable royalty rate if price exceeds a reference price.
		Limestone	A$ 0.3/t	Unit based royalty
	Northern Territory	Non-industrial minerals	18% of net back value	Profit based; mining with net back value less than $ A 30,000, the producer is exempted.
		Copper	18%	On net back proceeds less production and other taxes.
		Gold	18%	On net back proceeds less production and other taxes.
		Limestone	18%	On net back proceeds less production and other taxes.
	Tasmania	Non-metallic minerals (selected)	A$ 1.20 per tonne	Tonnage basis.
	Europe			
25	**Bulgaria**	Metallic minerals	0.8 to 4%	Ad valorem basis
		Precious & semi-precious stones	4 to 12%	

		Quartz-kaolin	0.82 lv/tonne	
		Limestone, dolomite, marls for industries	0.32 lv/tonne	
		Clays, including fireclay	0.50 lv/tonne	
		Felspar	0.30 lv/tonne	
		Talc/quartz	0.90 lv/tonne	
		Quartz sand	0.40 lv/tonne	
		Bentonite	0.70 lv/tonne	
		Perlite	0.50 lv/tonne	
		Fluorspar	0.60 lv/tonne	
		Rock salt	0.10 lv/tonne	
		Other industrial raw materials	0.50 lv/tonne	
26	**Sweden**	Major minerals	0.2%	Average value of the mined concession minerals
27	**Poland**	Alabaster	2.72 pln/t	
		Amphibolites	0.89 pln/t	
		Anhydrite	3.22 pln/t	
		Barytes	4.90 pln/t	
		Basalts	0.93 pln/t	
		Chalcedonite	0.58 pln/t	
		Dolomite	0.76 pln/t	
		Gypsum	1.51 pln/t	
		Refractory & ceramic clays	3.02 pln/t	
		Chalk	0.61 pln/t	
		Quartz	1.65 pln/t	
		Quartzite	0.84 pln/t	
		Shale	1.11 pln/t	
		Magnesite	4.32 pln/t	
		Marls	0.60 pln/t	
		Zinc & lead ore	1.01 pln/t	
		Copper ore	2.82 pln/t	
		Gold ore	0.24 pln/g Au in ore	
		Native sulphur	1.29 pln/t	
		Rock salt	1.34 pln/t	
		Other clays	1.99 pln/t	
		Kaolin	2.72 pln/t	
		Felspar	2.19 pln/t	
		Limestone	0.60 pln/t	
		Siliceous Earth	3.26 pln/t	

		Other minerals	3.26 pln/t	
28	**Portugal**	Non metallic	1.5 to 3% 2.5 to 4%	Negotiated between the company and the State and chargeable. On the price of the ore at the mouth of the plant.
29	**Romania**	Ferrous and non-ferrous ore	2%	
		Aluminium rocks and minerals		
		Noble, radioactive and disperse metals		
		Precious stones & gem.		
		Non-metallic useful substantces	6%	
		Useful rock except for ornamental rocks	6%	
		Ornamental rocks	10%	
		Salts	8%	
30	**Italy**	All minerals	-	On the size of the mine rather than quantum of production.
	Other countries			
31	**Oman**	All minerals	5%	Sale value of mineral

(Source :IBM)

ANNEXURE-V A

COMPARATIVE ROYALTY RATES FOR SOME SELECTED MINERALS WORLD WIDE AND IN INDIA

1	**Apatite (Rock Phosphate)**	
	North America USA	2.5% of value of production
	Latin America Brazil	3%
	Asia and the Pacific	
	Australia	(a) Apatite: 4 % of ex-mine value (realized prices, less cost of transportation and treatment) (b) Rock phosphate- A $ 0.80/t (max)
	Africa	
	Europe India	(a) Apatite: 5% of the sale price (b) Rock phosphate: 5to 11% of sale price and P_20_5
2.	**Asbestos**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	Not available
	Australia Western Australia Africa Europe	Not available
	India	(a) Rs.45/t (amphibole variety) (b) Rs.800.t (chrysotile variety)
3.	**Barytes**	
	North America **Latin America**	Not available Not available
	Asia and the Pacific Indonesia Thailand	 3.25 7%
	Australia Western Australia New South Wales Old South Wales	 N.A. $ A 0.35to 0.70/t $ A 0.25to 1.00/t
	Europe Poland	 4.90 pln/t
	India	5.5% of sale price
4.	**Chromite**	
	North America	Not available
	Latin America	Not available

	Asia & the Pacific	
	Indonesia	3.5% of sale price
	Philippines	5% of market value of the gross output of the minerals/mineral products.
	Papua New Guineas	2% Ad valorem
	Australia	
	New South Wales	4%
	Queesland	2.7% of value or a variable royalty rate
	Western Australia	-
	Africa	
	Europe	
	Bulgaria	0.8 to 4%
	Romania	2%
	India	7.5% of sale price on ad valorem basis
5.	**Bauxite**	
	North America	Not available
	Latin America	
	Brazil	3%
	Asia and the Pacific	
	Indonesia	3.75% of sale price
	Africa	
	Ghana	3-12% of sale price
	Australia	
	Western Australia	7.5%
	New South Wals	$ A 0.35 per tonne
	Europe	
	Romania	2%
6.	**Cadmium**	
	North America	Not available
	Latin America	Not available
	Asia & the Pacific	
	Thailand	2.5%
	Africa	Not available
	Australia	
	New South Wales	4% of ex-mine value
	Europe	Not available
	India	10% of sale price on ad valorem
7.	**Calcite**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	Not available
	Africa	Not available
	Australia	
	New South Wales	A $ 0.35/t
	Queensland	A $ 0.25/t
	India	15% of sale price on ad valorem

8	**China clay (Kaolin)**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	4%
	Kazakhstan	3.5% to 4.5%
	Africa	Not available
	Australia	
	Western Australia	5% of realized value
	New South Wales	A $ 0.50/t
	Queensland	A$ 0.50/t
	Tasmania	A $ 1.20/t
	Europe	
	Bulgaria	0.50 /tonne
	Poland	3.02 PLN /t
	India	
	(a) Bauds	Rs. 23 per tonne
	(b) Processed	Rs. 85 per tonne
9.	**Copper**	
	North America	
	Latin America Brazil Bolivia Chile Mexico Peru	 2% on ad valorem sales 1-5% on ad valorem basis 0.5 to 5% of consolidated annual sales. No Royalty For Exports : 1% for upto $ 60 million 2% for $ 60 to $ 120 million 3% for over $ 120 million If not exported : 1%
	Asia & the Pacific Thailand	 10% for copper ore 2.5% for metal 10% for slag admixed with copper
	Indonesia	4%
	Mongolia	2.5% ad valorem international
	Myanmar	3-4% ad valorem international reference price.
	Philippines	5% market value of the gross output of the mineral
	Papua New Guinea	2% ad valorem.
	Africa	
	Botswana	3% ad valorem on adjusted gross market value

	Ghana	3-12% Ad valorem graduated on operating rates.
	Mozambique	3-8% Negotiable ad valorem on market value.
	South Africa	Negotiable.
	Tanzania	3% ad valorem f.o.b. or NSR
	Zambia	2% ad valorem on net back value.
	Zimbabwe	No royalty but application in special case.
	Australia	
	Western Australia	5% of sold as concentrates 2.5% of sold in metal or form
	New South Wales	4% ad valorem on value minus allowable deduction
	Queens land	2.7% of value or a variable royalty rate of price exceed a reference price
	Northern Territory	18% on net back proceeds less production and other taxes
	Europe	
	Poland	2.82 pln/t on ore
	Bulgaria	0.8 to 4% Ad valorem
	Sweden	0.2% Average value of the mined mineral
	Romania	2%
	Oman	5% sale value of mineral
	India	3.2% of LME Copper metal price chargeable on the contained copper metal in ore produced.
10.	**Diamond**	
	North America	Not available
	Latin America	Not available
	Brazil	0.2%
	Asia and the Pacific	
	Indonesia	6.5% of sale price
	Africa	
	Botswana	10 Ad valorem
	Mozambique	10-12 Ad valorem
	Namibia	10% Ad valorem (Market Value)
	Tanzania	0-5% Ad valorem
	Australia	
	Western Australia	7.5%
	New South Wales	4%
	Europe	
	Bulgaria	4to 12%
	Romania	2%
	India	10% of sale price on ad valorem basis

11.	**Dolomite**	
	North America	Not available
	Latin America	
	Chile	Nil
	Asia and the Pacific	
	Thailand	4%
	Kazakhstan	1%
	Australia	
	New South Wales	$ A 0.35 to 0.70 per tonne
	Europe	
	Bulgaria	0.32 lv/tonne
	Poland	0.76 pln /tonne
	India	Rs. 45 per tonne
12.	**Felspar**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	2 to 4%
	Kazakhstan	1%
	Philippine	5% Market value of the gross output
	Papua New Guinea	2%
	Africa	
	Tanzania	3%
	Australia	
	Western Australia	5%
	New South Wales	$ A 0.35 to 0.70 per tonne
	Queens land	$ A 0.25 to 1.00 per tonne
	Europe	
	Bulgaria	0.30 lv/tonne
	Poland	2.19 pln/t
	India	10% of sale price on ad valorem basis
13.	**Fire clay**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	4%
	Kazakhstan	3.5%
	Africa	Not available
	Australia	
	New South Wales	$ A 0.35 to 0.70 per tonne
	Europe	
	Bulgavia	0.50 lv/tonne
	Poland	3.02 pln/tonne
	Romania	6%
	India	12% of sale price on ad valorem basis
14.	**Garnet**	
	North America	Not available

	Latin America	Not available
	Asia and the Pacific	
	Thailand	2%
	Africa	Not available
	Australia	
	Western Australia	5% of usual grades. 2.5 for higher technology grade
	New South Wales	4%
	Europe	Not available
	India	(a) Abrasive 3% of sale price on Ad valorem basis (b) Gen 10% of sale price on Ad valorem basis
15.	**Gold**	
	North America	
	USA Arizona	2% of market price
	Michigan	2-7% of adjusted sale value
	Nevada	5% of net proceed
	Canada	
	British Colombia	13% of net revenue of 2% of net proceeds.
	NW Territory	5-14% of output value
	Ontario	10% of defined profits
	Saskatchewan	5% of net profits
	Latin America	
	Argentina	Catamaran 3% ad valorem on sale value Other provinces- no royalty
	Brazil	1%
	Bolivia	1-5% on ad valorem
	Peru	1-3% if exports 1 if not exports
	Asia and the Pacific	
	Indonesia	3.75% of sale price
	Mongolia	4-5% Ad valorem international reference price
	Myanmar	2% Ad valorem realized f.o.b.
	Philippines	5% Market value of the gross output of the mineral product.
	Papua New Guinea	2% Ad valorem
	Africa	
	Botswana	5% Ad valorem on adjusted gross market value
	Ghana	3-12% Ad valorem graduated on operating ratio
	Mozambique	3-8% Negotiable ad valorem a market value

	Namibia	5% Market Value Ad valorem, market value
	South Africa	Negotiable
	Tanzania	3% Ad valorem f.o.b. or NSR
	Zambia	2% Ad valorem on net back value
	Zimbabwe	No royalty
	Australia	
	Western Australia	Not available
	New South Wales	4% Ad valorem on value minus allowable deduct
	Queens land	2.7% of value or a variable rate if price exceeds a reference price.
	Northern Territory	18% on net back proceeds less production and other taxes
	Europe	
	Bulgaria	0.8 to 4% Ad valorem
		0.24 pln/g Au in ore
	India	(a) Primary – 1.5% of London Price Chargeable on the contained gold metal in ore products. (b) By product 2.5% of London Price on by-product gold produced.
16.	**Graphite**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	4%
	Africa	Not available
	Western Australia	
	New South Wales	$ A 0.35 to 0.70 per tonne
	Queensland	$ A 0.25 to 1.00 per tonne
	Europe	Not available
	India	(a) 80% or more FC – Rs. 225 per tonne (b) 40-80% FC Rs. 135 per tonne (c) < 40% FC – Rs. 50 per tonne
17.	**Ilmenite**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	2%
	Indonesia	2.5% of sale price
	Africa	Not available
	Australia	
	Western Australia	5%
	New South Wales	4%

	Europe	Not available
	India	2% of sale price on ad valorem basis
18.	**Iron ore**	
	North America	Not available
	Latin America	
	Brazil	2%
	Asia and the Pacific	
	Thailand	4.5%
	Indonesia	3%
	Africa	Not available
	Australia	
	Western Australia	
		Lump 7.5
		Fines 5.625%
		Beneficiate 5%
	Europe	
	Romania	2%
	India	(i) Lump Rs. 11 to Rs. 27 per tonne (ii) Fines Rs. 8 to 19 per tonne (iii) Conc. Rs. 4 per tonnes
19.	**Lead**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	2.5%
	Indonesia	3% of sale price
	Africa	Not available
	Australia	
	Western Australia	5%
	New South Wales	4%
	Europe	
	Poland	1.01 pln/tonne
	India	5% of LME lead metal prize chargeable on the contained lead metal in ore produced.
20.	**Limestone**	
	Europe Bulgaria Poland	0.32% lv/tonne 0.60% PLN/tonne
	India	(a) L.D. grade – Rs.55 per tonne (b) Other – Rs.45 per tonne
	Europe	
	Bulgaria	0.32 lv / tonne
	Poland	0.60 pln /tonne
	India	(a) L.D.grade – Rs. 55 per tonne (b) other grades - Rs. 45 per tonne

21.	**Magnesite**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Thailand	7%
	Philippines	5% Market Value
	Africa	Not available
	Australia	
	Western Australia	5%
	New South Wales	A $ 0.70 / t
	Queensland	A $ 0.50 / t
	Europe	
	Poland	4.32 pln / t
	India	3% of sale price on ad valorem basis
22.	**Manganese ore**	
	North America	Not available
	Latin America	Not available
	Brazil	3%
	Asia and the Pacific	
	Thailand	2.5 to 7%
	Indonesia	3.25% of sales price
	Africa	Not available
	Australia	
	Western Australia	5.00 to 7.5%
	New South Wales	4%
	Queensland	2.7%
	Europe	Not available
	India	(a) Ore of all grades 3% of sale price on ad valorem basis (b) Conc. 1% of sale price on ad valorem basis
23	**Silver**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	
	Indonesia	3.25% of sale price
	Africa	
	Botswana	5%
	Australia	
	Western Australia	2.5% of realized
	New South Wales	4% of ex-mine
	Queesland	2.7%
	Europe	Not available
	India	(a) By product – 5% of LME price chargeable on by product silver producers. (b) Primary – 5% of LME price of

		silver metal chargeable on the contained silver in ore.
24.	**Sillimanite**	
	North America	Not available
	Latin America	Not available
	Asia and the Pacific	Not available
	Australia	
	New South Wales	A $ 0.70
	Africa	Not available
	Europe	Not available
	India	2.5% of sale price on ad valorem basis
25.	**Talc-steatite/soapstone**	
	North America	Not available
	Latin America	Not available
	Asia & the Pacific	
	Thailand	4%
	Africa	Not available.
	Australia	
	Western Australia	A $ 0.50/tonne
	New South Wales	A $ 0.85/tonne
	Europe	
	Bulgaria	0.90 lv/tonne
	India	15% of the sale price on ad valorem basis.
26.	**Wollastonite**	
	North America	Not available
	Latin America	Not available
	Asia & the Pacific	Not available
	Africa	Not available
	Australia	
	New South Wales	A $ 0.50/tonne
	Queensland	A $ 0.50/tonne
	India	10% of the sale price on ad valorem basis.
27.	**Zinc**	
	North America	Not available.
	Latin America	Not available.
	Asia & the Pacific	
	Thailand	2.5%
	Indonesia	3%
	Africa	Not available
	Australia	
	Western Australia Queensland	5% for concentrates 2.5% for metal 2.7%
	Europe	

	Poland	1.01 pln/tonne
	India	6.6% of LME zinc metal price on ad valorem basis chargeable on contained zinc metal in ore produced.
28.	**Zircon**	
	North America	Not available
	Latin America	Not available
	Asia & the Pacific	
	Thailand	4%
	Indonesia	4.5%
	Africa	Not available
	Australia	
	Western Australia New South Wales	5% 4%
	India	2% of sale price on ad valorem basis.

(Source :IBM)

ANNEXURE V B

COMPARATIVE STATEMENT OF THE BASIS OF ROYALTY FOR SELECTED MINERALS WORLDWIDE AND IN INDIA

S.No.	Mineral	Basis of Royalty in India	Basis of royalty in other countries
1.	Apatite	Ad valorem	Ad valorem -3 countries (Australia, Brazil, USA Tonnage - N.A.
2.	Rock Phosphate	Ad valorem	
3.	Asbestos	Tonnage	Ad valorem – N.A. Tonnage - N.A.
4.	Barytes	Ad valorem	Ad valorem - 2 countries Tonnage - 2 countries
5.	Bauxite – metallurgical Non-metallurgical	Ad valorem Ad valorem linked to sale price	Ad valorem -5 countries Tonnage - one
6.	Cadmium	Ad valorem	Ad valorem -2 countries Tonnage - N.A.
7.	Calcite	Ad valorem	Ad valorem -2 countries
8.	Chinaclay	Tonnage	Ad valorem -3 countries Tonnage 5 countries
9.	Chromite	Ad valorem	Ad valorem -6 countries Tonnage - N.A.
10.	Copper	Ad valorem linked to LME	Ad valorem -20 countries Tonnage - One
11.	Diamond	Ad valoerm	Ad valorem -9 countries Tonnage - N.A.
12.	Dolomite	Tonnage	Ad valorem - 2 countries Tonnage - 3 countries
13.	Felspar	Ad valorem	Ad valorem –6 countries Tonnage -3 countries
14.	Fireclay	Ad valorem	Ad valorem -3 countries Tonnage -3. countries
15.	Garnet	Ad valorem	Ad valorem -3 countries Tonnage - N.A.
16.	Gold	Ad valorem linked to London Bullion Market Association.	Ad valorem -21 countries Tonnage - One.
17.	Graphite	Tonnage	Ad valorem –one Tonnage - one
18.	Ilmenite	Ad valorem	Ad valorem -3 countries Tonnage - N.A.
19.	Iron ore	Tonnage	Ad valorem -6 countries Tonnage - N.A.

20.	Lead	Ad valorem linked to LME price	Ad valorem -3 countries Tonnage - One
21.	Limestone	Tonnage	Ad valorem -13 countries Tonnage - 3
22.	Magnesite	Ad valorem	Ad valorem -3 countries Tonnage -3.
23.	Manganese ore	Ad valorem	Ad valorem -4 countries Tonnage - N.A.
24.	Sillimanite	Ad valorem	Ad valorem –one Tonnage -NA
25.	Silver	Ad valorem linked to London Price	Ad valorem -3 countries
26.	Talc, steatite and soaptstone	Ad valorem	Ad valorem -2 countries Tonnage - one.
27.	Wollastonite	Ad valorem	Ad valorem –one countries Tonnage - N.A.
28.	Zinc	Ad valorem linked to LME price	Ad valorem -3 countries Tonnage - one
29.	Zircon	Ad valorem	Ad valorem -4 countries Tonnage - N.A.

(Source :IBM)

ANNEXURE-V C

COMPARATIVE STATEMENT OF THE PERCENTAGE RATES OF AD VALOREM ROYALTY FOR SELECTED MINERALS IN INDIA AND IN OTHER COUNTRIES

S. No.	Mineral	India	Other countries/States
1.	Apatite	5%	2 – 5 %
2.	Rock phosphate	5-11%	
3.	Asbestos	Tonnage basis	Not available
4.	Barytes	5.5%	3.25 to 7%
5.	Bauxite	0.40% for metallurgical linked to LME 20% of the sale price for non-metallurgical	2-12%
6.	Cadmium	10%	2.5 to 4%
7.	Calcite	15%	N.A.
8.	Chinaclay	Tonnage basis	3.5 to 5%
9.	Chromite	7.5%	2 to 5%
10.	Copper	3.2% liked to LME	0.5 to 12%
11.	Diamond	10%	0 to 12%
12.	Dolomite	Tonnage basis	1 to 4%
13.	Felspar	10%	1 to 5%
14.	Fireclay	12%	3.5 to 6%
15.	Garnet (abrasive) (Gem variety)	3% 10%	2 to 5%
16.	Gold	1.5 to 2.5% linked to London Price	2 to 13%
17.	Graphite	Tonnage basis	4%
18.	Ilmenite	2%	2 to 5%
19.	Iron ore	Tonnage basis	2 to 7.5%
20.	Lead	5% linked to LME	2.5 to 5%
21.	Limestone	Tonnage basis	0 to 14%
22.	Magnesite	3%	5 to 7%
23.	Manganese ore	1-3%	2.5 to 7.5%
24.	Sillimanite	2.5%	N.A.
25.	Silver	5% linked to London price	2.5 to 4%
26.	Talc/steatite/soapstone	15%	4%
27.	Wollastonite	10%	N.A.
28.	Zinc	6.6% linked to LME	2.5 to 5%
29.	Zircon	2%	4 to 5%

(Source :IBM)

Annexure VI

AMOUNT AND PERCENTAGE SHARE OF ROYALTY FROM COAL & LIGNITE, PETROLEUM & NATURAL GAS, MAJOR AND MINOR MINERALS IN THE TOTAL ACCRUALS FROM MINERALS IN DIFFERENT STATES DURING THE YEARS 2002-03 TO 2006-07

(Rs. In crores)

Sl. No.	State	Year	Grand Total of tax & non-tax (royalty) accruals	Total tax revenue	Total non-tax (royalty)	Royalty accrual from Coal & lignite (% share in Total Non-tax (royalty revenue)	Royalty accrual from petroleum & Natural Gas (% share in Total Non-tax (royalty revenue)	Royalty accrual from major minerals (% share in Total non-tax (royalty revenue)	Royalty accrual from minor minerals (% share in Total non-tax (royalty revenue)
1	2	3	4	5	6	7	8	9	10
1	Chhattisgarh	2002-03 2003-04 2004-05 2005-06 2006-07	3284 3712 4472 5281	2327 2588 3228 4052	957 1124 1244 1229	434 (45.38) 512 (45.55) 555 (44.61) 588 (47.84)	- - - -	103 (10.76) 111 (9.88) 119 (9.57) 122 (9.93) 147.23	16 (1.67) 14 (1.25) 20 (1.61) 29 (2.36) 45.53
2	Karnataka	2002-03 2003-04 2004-05 2005-06 2006-07	167 226 286 319	NR NR NR NR	167 226 286 319	NR NR NR NR	NR NR NR NR	5192 (31.09) 103.54 (45.81) 145.60 (50.91) 120.14 (37.66)	1.80 (1.08) 2.09 (0.92) 1.79 (0.63) 1.84 (0.58)
3	Assam	2002-03 2003-04 2004-05 2005-06 2006-07	2627.49 3016.12 3782.05 4691.49	1934.52 2070.32 2711.75 3232.21	692.97 945.80 1070.30 1459.28	8.25 (1.19) 12.50 1.32) 12.80 1.19) 15.02 (1.03	577.04 (83.27) 754.81 (79.81) 888.71 (83.03) 1215.41 (83.29)	1.11 (0.16) 0.14 (0.01) 0.62 (0.06) 0.45 (0.03)	NR NR 11.57 (1.08) 24.07 (1.65)

Annexure VI

1	2	3	4	5	6	7	8	9	10
4	Himachal Pradesh	2002-03 2003-04 2004-05 2005-06 2006-07	35.46 36.83 38.42 42.90	34.16 35.34 37.23 42.85	1.30 1.49 1.19 4.41	NR NR NR NR	NR NR NR NR	28.51 28.60 31.83 34.63	2.07 1.44 1.38 1.41
5	Rajasthan	2002-03 2003-04 2004-05 2005-06 2006-07	NA	NA	NA	2.39 3.42 2.87 3.02	NR NR NR NR	223.10 254.26 338.31 349.22	174.18 200.98 249.05 326.24
6	Maharashtra	2002-03 2003-04 2004-05 2005-06 2006-07		306.21 329.27 355.67 388.67	NR	259.79 277.81 298.79 321.15	NR NR NR NR	46.44 51.47 50.98 67.54	94.54 146.69 212.67 302.94
7	Punjab	2002-03 2003-04 2004-05 2005-06 2006-07		NR	7.32 10.50 10.39 9.46	NIL	NIL	NIL	7.3 10.50 10.39 9.46
8	Bihar	2002-03 2003-04 2004-05 2005-06 2006-07						 0.20 0.61 1.65	
9	Jharkhand	2002-03 2003-04 2004-05 2005-06 2006-07						 29.77 40.28 51.01	

Annexure VI

1	2	3	4	5	6	7	8	9	10
10	Tamil Nadu	2002-03 2003-04 2004-05 2005-06 2006-07						62.92 70.79 77.62	70.87 97.03 --
11	Kerala	2002-03 2003-04 2004-05 2005-06 2006-07						7.26	
12	Andhra Pradesh	2002-03 2003-04 2004-05 2005-06 2006-07						123.00 543.04 599.54	644.46 321.49
13	Orissa	2002-03 2003-04 2004-05 2005-06 2006-07						145.20 209.59 247.17	405.56 460.93
14	Madhya Pradesh	2002-03 2003-04 2004-05 2005-06 2006-07						232.05 148.57 157.75 181.47	414.65 61.20 92.48 128.00
15	Jammu & Kashmir	2002-03 2003-04 2004-05 2005-06 2006-07						- 1.25 1.83 2.86 -	

Annexure VI

1	2	3	4	5	6	7	8	9	10
16	Goa	2002-03 2003-04 2004-05 2005-06 2006-07						- - 16.45 18.08 22.47	
17	Gujarat	2002-03 2003-04 2004-05 2005-06 2006-07						95.14 109.78 133.10 - -	47.81 54.45 60.85
18	Uttaranchal	2002-03 2003-04 2004-05 2005-06 2006-07						- 1.06 1.07 - -	 25.59 34.53
19	Haryana	2002-03 2003-04 2004-05 2005-06 2006-07						0.49 0.05 0.019 0.015 0.029	117.59 76.71 92.47 144.8 132.09

(Source :IBM)

Annexure-VII

LIST OF ADDRESSEES TO WHOM QUESTIONNAIRE WAS CIRCULATED

A. State Ministries/Union Territories/Departments :

(1) Secretary Industries & Commerce Deptt. (M1),
Govt. of Andhra Pradesh,
Andhra Pradesh Secretariat,
'D' Block, Floor 2,
Room No. 347 A,
Hyderabad – 500 022.

(2) Commissioner cum Secretary,
Geology & Mining,
Govt. of Arunachal Pradesh,
Civil secretariat,
Itanagar – 791 111.

(3) Secretary-Commissioner
Deptt. of Mines, Minerals etc
Govt. of Assam,
Dispur, Civil secretariat,
Block 'C', 2nd Floor,
Guwahati – 781 006

(4) The Secretary,
Department of Mines & Geology,
Govt. of Bihar, Vikash Bhawan,
New Secretariat Building,
Patna – 800 015.

(5) Addl. Chief Secretary,
Mineral Resources Deptt,
DKS Bhawan,
Mantralaya,
Raipur – 492 001 (Chg).

(6) Secretary (Mines),
Government of Goa,
Secretariat, Porvorim,
Goa – 403 521.

(7) Commissioner,
Office of the Commissioner,
Geology & Mining Department,
Udyog Bhavan
1 & 2, 7th Floor,
Gandhinagar – 382 010.

(8) Secretary
Mines & Geology
Government of Haryana,
Room No 46 , 9 th Floor
Civil Secretariat, Chandigarh .

(9) Principal Secretary (Inds),
Government of Himachal Pradesh,
Shimla – 171 001.

(10) The Secretary,
Department of Mines & Geology,
Nepal House, Doranda,
Ranchi – 834 002.

(11) Principal Secretary,
Industries & Commerce Dept.,
Government of Jammu & Kashmir
Civil Secretariat, Srinagar

(12) Secretary (Mines, SSI, Textiles)
Government of Karnataka,
135,1st Floor, Vikas Soudha,
Bangalore – 560 001.

(13) Principal Secretary ,
Industries & Commerce Dept.,
Govt. of Kerala,
Government Secretariat,
Thiruvananthapuram – 695 001

(14) Secretary,
Mineral Resources Department,
Mantralaya, Vallabh Bhawan,
Bhopal – 462 001, M.P.

(15) Secretary,
Industries, Energy & Labour Deptt.
Room No- 114/A, Secretariat,
Mumbai – 400 032.

(16) Secretary-Commissioner,
Deptt. of Mines,
Govt. of Manipur,
Lamphel-pat, Imphal – 795 004.

(17) Secretary-Commissioner,
Deptt. of Mines,
Govt. of Meghalaya, Secreteriate Complex,
Shillong – 793 001.

(18) Secretary- Commissioner,
Deptt. of Mines, Govt. of Mizoram,
Treasury Square, Secretariat Complex,
Aizawal – 796 001.

(19) Secretary- Commissioner,
Deptt. of Mines,
Govt. of Nagaland,
New Secretariat Buldg,
Kohima – 797 001.

(20) Principal Secretary,
Dept. of Steel & Mines,
Government of Orissa,
Orissa Secretariat,
Bhubaneshwar – 751 001.

(21) Principal Secretary,
Dept. of Industries & Commerce,
Government of Punjab,
Udyog Bhavan, Sector- 17
Chandigarh –160 017.

(22) Secretary,
Mines & Petroleum,
Government of Rajasthan,
Room No-74,
Secretariat, Jaipur – 302 005.

(23) The Secretary-Commissioner,
Deptt. of Mines & Geology,
Govt. of Sikkim,
New Secretariat Building,
Gangtok – 737 101.

(24) Secretary,
Industries Department,
Secretariat (9th Floor),
Fort St.George,
Chennai – 600 009.

(25) Secretary-Commissioner,
Industries & Commerce,
Govt. of Tripura,
Agartala – 799 001.

(26) Secretary,
(Industries, Geology & Mining),
Govt. of UP, Annexi Bhavan,
Lal Bahadur Shatri Bhawan,
Lucknow (UP)

(27) Secretary,
Indusries Development,
Govt. of Uttaranchal,
Secretariate,4 B
Suhas Road , Dehradun-248 001.

(28) Jt. Secretary Commerce & Industries,
Govt. of West Bengal,
Writer's Building,
Kolkata – 700 001.

(30) Secretary to the Lt. Governor,
Department of Industries,
Govt. of Pondicherry,
Rajnivas,
PONDICHERRY-605001.

(31) The Secretary-cum-Dev. Commissioner,
Andaman and Nicobar Administration,
PORT BLAIR-744101 (A&N)

(32) Home Secretary-cum- Secretary (Ind),
Chandigarh Administration,
Union Territory of Chandigarh,
UT Sectt., Sector 9,
CHANDIGARH-160001.

(33) The Administrator,
Dadra & Nagar Haveli Administration,
SILVASSA (via Vapi)-396230.

(34) Principal Secretary-cum-Commissioner (Mining),
Govt. of NCT of Delhi,
C.P.O.Building, Kashmiri Gate,
NEW DELHI - 110 006.

(35) The Administrator,
Lakshadweep Administration,
KAVARATTI (via Calicut H.P.O.)-682555.

(36) Administration of the Union Territory of
Daman & Diu, Office of the Mamlatdar,
DIU-362520.

(37) Secretary,
Mines Department,
Union Territory of Daman, Diu & Dadra Nagar Haveli,
Secretariat,
MOTI DAMAN-396220. (DAMAN)

B. Central Ministries/Departments :

(38) Chairman,
Atomic Energy Commission and Secretary,
Department of Atomic Energy,
Anushakti Bhavan, Chhatrapati Shivaji Maharaj Marg,
MUMBAI-400039.

(39) Secretary,
Deptt. of Public Enterprises,
Public Enterprises Bhavan,
Block no.14,CGO Complex,Lodhi Road,
New Delhi-400003.

(40) Secretary to the Govt. of India,
Ministry of Steel, Udyog Bhavan,
NEW DELHI-110011.

(41) Secretary,
Department of Fertilizers,
Ministry of Chemicals and Fertilizers,
Shastri Bhavan
NEW Delhi-110001

(42) Member Secretary,
Planning Commission,
Yojana Bhavan,Sansad Marg,
NEW DELHI-110001.

(43) The Secretary,
Deptt. of Commerce,
Ministry of Commerce & Industries,
Udyog Bhavan,
New Delhi- 110 011.

(44) The Secretary,
Deptt. of Industrial Policy & Promotion,
Ministry of Commerce & Industries,
Udyog Bhavan,
New Delhi – 110 011.

C. Public/Private Companies :

(45) Ashapura Minechem Chemical Industries,
Station Road, Bhuj,
Kutch, GUJARAT.

(46) Associated Cement Companies Ltd.,
Mineral Resource Division,
CRS complex,LBS marg,
THANE (Maharashtra)-400604.

(47) Australian Indian Resources NL,
C/o J.B. Dadchandji &Co.,
JeevanVihar,
1st Flor, 3 Parlaimentt Street,
New Delhi- 110 001.

(48) Bharat Aluminium Company Limited,
Aluminium Sadan,Core-6,
Scope complex,7-Lodhi Road,
NEW DELHI-110003.

(49) BHP World Exploration Inc..
7th floor,World Trade Tower,
Barakhamba Lane Cannaught Circle,
New Delhi-110001.

(50) Bihar State Mineral Dev. Corpn. Ltd.,
Nepal House Campus,Doranda,
Ranchi-834002. (Jharkhand).

(51) Cement Corporation of India Ltd.,
Core-5,Scope Complex,
7 Lodhi Road,
NEW DELHI-110003.

(52) CRA Exploration Pty. Limited,
12th floor, Gopal Das Bhawan, 28, Barakhamba Road,
NEW DELHI .

(53) De Beers Consolidated Mines Ltd.,
1/29, Shanti Nikettan,
New Delhi- 110 021.

(54) Ferro Alloys Corporation Ltd.,
(Ferro Alloys Division)
Shreeram Bhavan,Dist. Bhandara,
TUMSAR-441912. (Maharashtra).

(55) Gujarat Mineral Dev. Corpn., Ltd.,
Khanij Bhavan,132, ft. Ring Road,
New University Ground, Vastrapur
AHMEDABAD-380052. (Gujarat).

(56) Haryana Minerals Ltd.,
NARNAUL-123001. (Haryana).

(57) Himachal Pradesh Minerals & Industrial Dev.Corpn.,
Himrus,New Himland Hotel,
SHIMLA-171001. (Himachal Pradesh).

(58) Hindalco Industries Ltd.,
Dist.Sonbhadra,
P.O. RENUKOOT – 231217 (Uttar Pradesh).

(59) Indian Aluminium Co. Ltd.,
1 Middletone street,
KOLKATA -700071. (West Bengal).

(60) Indian Barytes & Chemicals Ltd.,
P.B.No.M-1717,Vanguard House,
48 Second Line Beach,
Chennai-600001. (Tamil Nadu).

(61) Indian Metals & Ferro Alloys Ltd.,
Bomikhal, P.O.Rasulgarh,
BHUBANESWAR-751010. (Orissa).

(62) Ispat Alloys Ltd.,
Park Plaza, 6th Floor,
71, Park Street,
KOLKATA -700016 (West Bengal).

(63) J & K Minerals Ltd.,
Old Secretariat, Jammu & Kashmir.
JAMMU TAVI-180 001.

(64) Jindal Strips Ltd.,
Kharasia Road, P.B.No.16,
RAIGARH-496001 (Madhya Pradesh).

(65) Kerala Minerals & Metals Ltd.,
Sankaramangalam,
CHAVARA – 691 583
Distt.Kollam (Kerala).

(66) Kudremukh Iron Ore Co. Ltd.,
IInd Block, Koramangala,
BANGALORE-560 034 (Karnataka).

(67) Larsen & Toubro Ltd.,
L&T House, Ballard Estate,
MUMBAI-400 001 (Maharashtra).

(68) Madhya Pradesh State Mining Corpn. Ltd.,
Block No.1, Second Floor (A) portion,
Paryawas Bhawan, Area Hills, Jail Road,
BHOPAL-462 012.

(69) Maharashtra State Mining Corpn.,
5, Abhyankar Nagar,
NAGPUR-440010. (Maharashtra).

(70) Ispat Industries Ltd.,
(Formerly Nippon Denro Ispat Ltd.),
219 Wardhaman Chambers, Sector 17,
VASHI - 400 705 (Maharashtra)

(71) Orissa Minerals Dev. Co. Ltd.,
Chartered Bank Building,
KOLKATA -700 001 (West Bengal).

(72) Pyrites Phosphates & Chemicals Ltd.,
12-A, Sector 24,
NOIDA-201 301 (Uttar Pradesh).

(73) Rajasthan State Mineral Dev. Corpn. Ltd.,
Khanij Bhawan, C-Scheme, Tilak Marg,
JAIPUR-302 005 (Rajasthan).

(74) Managing Director,
Tata Iron and Steel Co. Ltd.,
Jamshedpur – 831 001 (Jharkhand),

(75) U.P.State Mineral Dev. Corpn. Ltd.,
Pragati kendra, IInd Floor,
Kapoorthala Commercial Centre, Aliganj,
LUCKNOW-226 020 (Uttar Pradesh).

(76) Meghalaya Industrial Development Corpn. Ltd.,
(Govt. of India Undertaking)
KISMAT, Upland Road, Laitum Khrah,
SHILLONG-793 003 (Meghalaya).

(77) Assam Mineral Development Corpn. Ltd.,
(Govt. of Assam Undertaking)
R.G. Varuah Road, Sunderpur,
GUWAHATI-781 005.(Assam).

(78) Rio Tinto Orissa Mining Ltd.,
12th Floor, Dr. Gopal Das Bhavan,
28, Bara Khamba Road,
NEW DELHI-110 001.

(79) Pasminco Exploration,
C/o British Metals Corpn. Pvt. Ltd.,
Himalaya House, 4-64, 6th Floor,
23 Kasturba Gandhi Marg,
NEW DELHI -110 001.

(80) Phelps Dodge-Metdist Mining India Pvt. Ltd.,
M-74, 2nd floor, M-block Mkt.
Greater Kailash-II,
NEW DELHI-110 048.

(81) U.P.State Cement Corpn. Ltd.,
Govt. of U.P.Undertaking,
Cement Bhavan, 5, Ashok Avenue,
Tej Bahadur Sapru marg,
LUCKCNOW-226 001.

(82) RBW Minerals Industries Ltd.,
226(3A) Sardarpura,
UDAIPUR-313 001 (Rajasthan)

(83) Metmin Finance & Holding Ltd.,
161/162, Mittal Court,
`A' Wing, Nariman Point,
MUMBAI-400 021 (MAHARASHTRA)

(84) Meridian Minerals Pvt. Ltd.,
D-19, Press Enclave, Saket,
NEW DELHI-110 017.

(85) M/s Geomysore Services(India) Pvt.Ltd.
507, Bhikaji Cama Bhawan (5th Floor),
Bhikaji Cama Place,
NEW DELHI-110 016.

(86) M/s WSIL Minerals Sands India Pvt. Ltd.
D-19, Press Enclave, Saket,
NEW DELHI – 110 017.

(87) Wolkem India Ltd.,
Noble House, P.B.No.21, Swaroop Sagar,
UDAIPUR-313001.

(88) Norsk Hydro Holland B.V.
4th floor, World Trade Tower,
Barakhamba Lane,
New Delhi-110 001

(89) Inglewood Minerals Pvt. Ltd.,
D-19, Press Enclave, Saket,
NEW DELHI – 110 017.

(90) Meridian Peak Resources Corporation,
D-26, Gulmohar Park,
New Delhi-110 049

(91) The Madras Aluminium Co. Ltd.,
Mettur Dam-636 402
Distt. Salem (Tamil Nadu)

(92) Anglo American Exploration Pvt. Ltd.,
37/38, Shri Krishna Complex,
Dhabai Ji Ki Badi,
Pulla village,
Udaipur-313 001 (Rajasthan)

(93) Managing Director,
SESA Group of Companies,
Sesa Goa Ltd.,
P.O. Box 125, Sesa Ghor,
20, EDC Complex,
Patto-Plaza, Panjim,
Goa – 403 001.

(94) Shri S.V. Salgaonkar,
Managing Director,
V.M. Salgaocar& Bro. Ltd.,
Salgaocar House,
Francisco Luis Gomes Road,
Post Box No.14,
Vasco-da-Gama – 403 802 (Goa)

(95) Shri Shrinivas V. Dempo,
Chairman & Managing Director,
V.S. Dempo &Co. Pvt. Ltd.
Dempo House, Campal,
Panjim – 403 001(Goa)

D. ASSOCIATIONS :

(96) Aluminium Association of India,
P.B.No.1250,Science Institute P.O.
BANGALORE-560012. (Karnataka).

(97) Cement Manufacturers Association,
Express Building, Church Gate,
MUMBAI-400 020. (Maharashtra).

(98) Chotanagpur Bauxite Mineowners' Association,
64,Circular Road,
RANCHI-834 001. (Jharkhand).

(99) Dehradun Limestone Quarry Owners Association,
P.B.No.83,1-C,Tyagi Road,
DEHRA DUN-248 001 (Uttaranchal).

(100) Eastern Zone Mining Association,
Dist.Singhbhum,
P.O. CHAIBASA-833 201. (Jharkhand).

(101) Federation of Mining Associations of Rajasthan,
Kalyan Bhavan,Shah Building,Chaura Rasta,
JAIPUR-302 003. (Rajasthan).

(102) Goa Mineral Ore Exporters' Association,
P.O.box 113,Vaglo Building,
PANJIM-403 001.(GOA)

(103) Gujarat Mineral Industry Association,
Marble & Mineral Chambers,
2nd Floor, Mithakhali,
AHMEDABAD-380 006. (Gujarat).

(10) Indian Ferro Alloy Producers' Association,
41-B,Hazi Moosa, Patrewale Industrial State,
20, Dr. E. Moses Road, Mahalaxmi
MUMBAI-400 020. (Maharashtra).

(105) Indian Institute of Ceramics,
C/o Tata Refractories Ltd.,
Belpahar, Sambalpur-768 218. (Orissa).

(106) India Lead & Zinc Information Centre,
Jawahar Dhatu Bhavan,
39,Tughlaqabad Institutioal Area,
M.B.Road,near Batra Hospital,
NEW DELHI-110 062.

(107) Indian Refractory Makers Association,
5,Lala Lajpatrai Sarani(4th Floor),
KOLKATA -700 020.

(108) Indian Soapstone Producers' Association,
A-202,Road No.F,Mewar Industrial Area,
UDAIPUR-313 001. (Rajasthan).

(109) Kodarma Mica Mining Association,
Dist. Hazaribag,
P.O. KODARMA-825 410. (Jharkhand).

(110) Mineral Merchants' & Manufacturers'
Association of India,
129/131,Kazi Sayed Street,4th Floor,
MUMBAI-400 003. (Maharashtra).

(111) National Institute of Small Mines,
6 A Dhakuria station Lane,
KOLKATA -700 031. (West Bengal).

(112) Organisation of Mineowners,
4,Kappagal Road,
BELLARY-583 103 (Karnataka).

(113) Orissa Graphite Producers' Association,
Khetrajpur,
SAMBALPUR-768 003. (Orissa).

(114) Sponge Iron Manufacturers' Association,
504,Meghdoot,94,Nehru Place,
NEW DELHI-110 019.

(115) Steel Furnace Association of India,
3D, Vandana Building, 11,Tolstoy Marg,
NEW DELHI-110 001.

(116) The Magnesite Association of India,
FMC Fortuna, 234/3A, A.J.C. Bose Road,
KOLKATA -700 020. (West Bengal).

(117) Mini Cement Manufacturers Association,
Flat No.202, 2nd, 6-2-976, Pawani Estates,
Rajbhavan Road, Khairatabad,
HYDERABAD-530 031.

(118) Mine Owners Association,
Administrative Building,Visakhapatnam Steel Plant,
VISAKHAPATNAM-530 031(A.P.)
Fax No.089188669

(119) Mining Engineers Association of India,
B-27, Madhuranagar,
HYDERABAD--500 038.

(120) Chemicals & Allied products Export
Promotion Council CAPEXIL,
World Trade Centre,14/1B,
Ezra Street,(2nd Floor),
KOLKATA -700001.

(121) Garnet Producers Association,
Itmamozhi Road, Mahadevankulam (Post),
TISAIYANVILLAI-627 657, Tamil Nadu.

(122) Goa Iron Ore Exporters Association,
Vaglo Building,
PANAJIM-403 001.(Goa)

E. OTHER :

(123) MGMI (Mining Geological &
Metallurgical Institute of India),
G.N. 38 / 4, Sector -5, Salt Lake
KOLKATA -700 091.

(124) Indian Institute of Metals.
Metal house,Plot No.13/4,
Block AQ,Sector V,Salt Lake,
KOLKATA -700 091.

(125) Standing Committee of Public Enterprises,
7,Lodhi Road,
New Delhi-110 003.

(126) MMTC of India Ltd.,
Core 1, Scope Complex, 7, Lodhi Road,
NEW DELHI-110 003.

(127) Rashtriya Ispat Nigam Ltd.
Visakhapatnam Steel Plant
Visakhapatnam-530 031(A.P.)

(128) Century Cement
P.O. Baikunth -493 116
Distt. Raipur (Chhattisgarh)

(129) The Director,
Jawaharlal Nehru Aluminium
Research Development and Design Centre,
Opp. Wadi Police Station,
Nagpur- 440 023.
Fax. 0714-20942/36894

(130) Cement Manufacturer's Association,
2142-47, Gurudwara Road,
Karol Bagh,
New Delhi- 110 005.

(131) Cement Manufacturer's Association,
Express Building, Churchgate,
Mumbai – 400 020 (M.S.)

(132) Saurashtra Cement Ltd.,
Near Railway Station,
Ranavao – 360 560,
Gujarat.

(133) The M.P. State Mining Corpn. Ltd.,
'Paryawas Bhawan',
Jail Road, Admn. Zone,
Area Hills,
Bhopal –462 011 (M.P.)

(134) The madras Aluminium Co. Ltd.,
Metturdam- 636 402,
District-Salem,
Tamil Nadu.

Laterite producers

(135) Parameswari Minerals,
6-12-4, Oruganti Street,
T. Nagar, Rajahmundry,
Distt. East Godavari,
Andhra Pradesh.

(136) Vikas Minerals,
Ranikheda Gate, P.O. Nimbahera,
Distt. Chittorgarh, Rajasthan.

(137) Smt. N. Md. Zarina Begum,
Zarina Minerals Sy. No. 168/1,
Vill. Tattepally, Peddemul (m),
Distt. Ranga Reddy, Andhra Pradesh.

Calcination Industry

(138) Carborundum Universal ltd.,
P.O. Okha- 361 350,
Distt. Jamnagar,
Gujarat.

(139) The Associated Cement Cos. Ltd.,
Refractory Division,
P.O. Katni Cement Factory – 483 504,
Katni, Distt. Jabalpur (M.P.).

(140) Ceramics Products ltd.,
P.B. No. 2,
Khanapur- 591 302,
Distt. Belgaum, Karnataka.

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ANNEXURE-VIII

LIST OF STAKEHOLDERS SENDING RESPONSES TO QUESTIONNAIRE (As on 25th July, 2007)

State/ Central Govt./UTs	State/ Central Undertakings and Industries	Associations
1. Andhra Pradesh 2. Assam 3. Chandigarh 4. Chhattisgarh 5. Daman & Diu 6. Goa 7. Haryana 8. Himachal Pradesh 9. Jharkhand 10. Karnataka 11. Madhya Pradesh 12. Maharashtra 13. Mizoram 14. Orissa 15. Punjab 16. Rajasthan	1. Aravali Minerals & Chemical Industries Pvt. Ltd. 2. Bharat Aluminum Company Ltd. (BALCO) 3. De Beers India Private Ltd. 4. Federation of Indian Placer Mineral Industries (FIPMI) 5. Ferro Alloys Corporation Ltd. (FACOR) 6. Gujarat Mineral Development Corporation Ltd. (GMDC) 7. Hindalco Industries Ltd. 8. Hindustan Copper Ltd. (HCL) 9. Hindustan Zinc Ltd. (HZL) 10. Indian Rare Earths Ltd. (IRE) 11. Jaiprakash Associates Ltd. 12. Manganese Ore India Ltd. (MOIL) 13. National Aluminium Company Ltd. (NALCO) 14. Rashtriya Ispat Nigam Ltd. (RINL) 15. Tata Refractories Ltd. 16. Tata Steel Ltd. Naomundi 17. The Kerala Minerals and Metals Ltd. (KMML) 18. The Madras Aluminium Company Ltd. (MALCO) 19. V.M. Salgaocar & Bro. Pvt. Ltd. 20. Wolkem Industries Ltd.	1. All India Mini-Cement Manufacturers Association (AIMCMA) 2. Cement Manufacturers Association, Noida(CMA) 3. Eastern Zone Mining Association (EZMA) 4. Federation of Indian Mineral Industries (FIMI) 5. Goa Mineral Ore Exporters Association (GMOEA) 6. India Lead-Zinc Development Associate (ILZDA) 7. Indian Soapstone Producer's Association (ISPA) 8. Organisation of Mine Owners, Karnataka. 9. Aluminum Association of India

ANNEXURE-IX-A

ANALYSIS OF THE RESPONSES TO THE QUESTIONNAIRE CIRCULATED TO THE STATE/UNION TERRITORY GOVERNMENTS AND TO THE INDUSTRIES/ASSOCIATIONS

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
9. How does the State Govt./Company/ Association/ Organisation view revenues earned from imposition of royalty? a) as a contribution to state revenue b) as a consideration for permitting exploration of a State's mineral resources c) as a tool for encouraging mining activities in the country d) as a source of fund for local area development	State Govts. of Karnataka, Assam, Himachal Pradesh, Rajasthan, Madhya Pradesh and Maharashtra view royalty as both a contribution to State Revenue and as a consideration for permitting exploitation of its mineral resources. State Govt. of Himachal Pradesh & Madhya Pradesh views royalty as a tool for encouraging mining activities in the country. State Govt. of Maharashtra & Madhya Pradesh views royalty as a source of fund for local area development. Union Territory of Diu offered no view as no major mineral is produced.	Mini Cement Manufacture's Association, Tata Steel, KMML, IREL, V.M. Salgaoncar, NALCO, Eastern Zone Mining Association, RINL, BALCO, Federation of Indian Placer Mineral Industries, MOIL, GMDC, Birla Corporation, MALCO, Tata Refractories and Wolkem Industries view royalty as a contribution to State Revenue. Tata Steel, IREL, NALCO Eastern Zone Mining Association, RINL, HINDALCO, BALCO, Jaiprakash Associates, GMDC, MALCO, FACOR and Wolkem Industries view royalty as a consideration for permitting exploitation of its mineral resources. Tata Steel, IREL, BALCO and HZL view royalty as a tool for encouraging mining activities in the country. IREL, RINL, HINDALCO, Jaiprakash Associates and MOIL view royalty as a source of fund for local area development.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
10. What should be the criteria for fixing rates of royalty? a) as a consideration of the revenue it would bring to the State Govt. b) as a fiscal measure to attract investment. c) to promote mineral conservation d) to encourage optimum utilization of low grade mineral resources e) to bring the royalty rates in tune with international rates. f) to attract improved technology g) to encourage export of minerals. h) Any other criteria.	**a) as a consideration of the revenue it would bring to the State Govt. :** Chhattisgarh, Madhya Pradesh and Himachal Pradesh gave maximum score of 8, Rajashtan gave a score of 6, Maharashtra a score of 5, Assam a score of 4 and Karnataka a score of one. **b) as a fiscal measure to attract investment:** Rajasthan gave a score of 8, Himachal Pradesh & Madhya Pradesh a score of 7, Maharashtra a score of 6, Chhattisgarh and Karnataka gave a score of 5, whereas Assam gave a score of 3. **c) to promote mineral conservation**: Rajasthan gave a score of 7, Maharashtra and Chhattisgarh a score of 6, Himachal Pradesh & Madhya Pradesh a score of 5, Assam a score of 4 and Karnataka a score of 2. **d) to encourage optimum utilization of low grade mineral resources:** Maharashtra, Madhya Pradesh and Himachal Pradesh gave a score of 6, Chhattisgarh a score of 4 and Karnataka and Assam a score of 3. **e) to bring the royalty rates in tune with international rates:** Maharashtra and Karnataka gave a score of 6, Assam a score of 5, Madhya Pradesh a score of 4, Himachal Pradesh a score of 3 and Chhattisgarh a score of one.	**a) as a consideration of the revenue it would bring to the State Govt. :** IREL, Eastern Zone Mining Association, RINL, BALCO & Tata Refractories Ltd. has given a score of 8; while Wolkem Industries and De Beers has given a score of 7; MOIL, KMML, NALCO and Jaiprakash Associates has given a score of 6; All India Mini Cement Manufacturers Association has given a score of 5; MALCO, FACOR and Tata Steel has given a score of 3; while HZL & Birla Corporation Ltd. has given a score of 1. **b) as a fiscal measure to attract investment:** IREL, EZMA, HZL & MALCO has given a score of 8; while DeBeers, Birla Corporation Ltd &FACOR has given a score of 7; Tata Steel Ltd. & Jaiprakash Associates has given a score of 6; RINL & Tata Refractories Ltd has given a score of 5;All India Mini Cement Manufacturers Association, KMML & MOIL has given a score of 4; NALCO & BALCO has given a score of 3 and only Wolkem Industries has given a score of 1.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
	f) to attract improved technology: Assam gave a score of 6, Maharashtra a score of 5, Karnataka and Himachal Pradesh a score of 4 and Chhattisgarh & Madhya Pradesh a score of 2. **g) to encourage export of minerals:** Karnataka and Assam gave a score of 7, Himachal Pradesh a score of 2 and Madhya Pradesh gave a score of 3 and Maharashtra & Chhattisgarh a score of 1. **h)Any other criteria:** Maharashtra gave a score of 8 and Madhya Pradesh a score of 1.	**c) to promote mineral conservation**: IREL, MOIL & Jaiprakash Associates has given a score of 8; while BALCO & MALCO has given a score of 7; EZMA, Birla Corporation, Tata Refractories & RINL has given a score of 6; NACO & Wolkem Industries has given a score of 5; De Beers has given a score of 3; Tata Steel Ltd, HZL & FACOR has given a score of 2 and KMML & All India Mini Cement Manufacturers Association has given a score of 1. **d) to encourage optimum utilization of low grade mineral resources:** IREL, EZMA FACOR, BALCO, Jaiprakash Associates & V.M. Salgaocar & Bros.has given a score of 8; while MOIL, HZL & Tata refractories has given a score of 7;RINL, All India Mini Cement Manufacturers Association, De Beers & MALCO has given a score of 6; NALCO has given a score of 4; Birla Corporation Ltd. KMML & Wolkem has given a score of 3 and Tata Steel Ltd has given a score of 1. **e) to bring the royalty rates in tune with international rates:** IRE, De Beers, Wolkem & HZL has given a score of 8; while KMML, NALCO & All India Mini Cement Manufacturers Association has given a score of 7; Tata Steel Ltd., RINL & BALCO has given a score

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
		of 5; only FACOR has given a score of 4; MOIL & MALCO has given a score of 3; Only Birla Corporation Ltd. Has given a score of 2 and EZMA, Jaiprakash Associates & Tata Refractory Ltd. has given a score of 1. **f) to attract improved technology:** IRE has given a score of 8; while EZMA, Jaiprakash Associates, HZL & FACOR has given a score of6; MALCO & MOIL has given a score of 5; Tata Steel Ltd. BALCO & Birla Corporation Ltd. has given a score of 4; Tata refractories &De Beers has given a score of 3; KMML, NALCO, RINL, All India Mini Cement Manufacturers Association & Wolkem Industries has given a score of 2. **g) to encourage export of minerals:** Tata Steel Ltd., IREL & Jaiprakash Associates has given a score of 8; while only HZL has given a score of 7; KMML, Birla Corporation Ltd. & FACOR has given a score of 5; EZMA, RINL & Wolkem Industries has given a score of 4; only All India Mini Cement Manufacturers Association has given a score of 3; MOIL, Tata refractories & De Beers has given a score of 2 and MALCO,BALCO & NALCO has given a score of 1. **h)Any other criteria:** EZMA,RINL & Birla Corporation Ltd. has given a score of 8; while only Tata Steel Ltd has given a score of 7; only Wolkem Industries has given a score of 6; only Tata Refractories Ltd. has given a score of 4; and only MOIL has given a score of 1.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
11. a) What should be the basis for fixing rates of royalty? (By tonnage or ad valorem basis) b) Are the current rates of royalty appropriate for the ensuing three year period? c) If the answer is no, suggested rates of royalty for different minerals and grades may be indicated.	State Govt. of **Karnataka** has suggested ad valorem rates for bauxite and laterite, chromite, corundum, felspar, fire clay, gold, iron ore, magnesite, manganese ore, talc/steatite and tonnage rates for china clay dolomite, graphite, limestone, lime kankar, limeshell, ochre, quartz & silica sand. Govt. of **Maharashtra** has suggested ad valorem rates for barytes, metallurgical grade bauxite and laterite, ilmenite, rutile, zircon, chromite, copper, corundum, diamond, felspar, fireclay, fluorspar, garnet, gypsum, iron ore, kyanite, limestone, magnesite, manganese ore, mica, pyrite, pyrophyllite, ruby, selenite, sillimanite, silver and tonnage basis for bauxite/laterite for uses other than alumina/aluminium extraction, china clay, dolomite, graphite, monazite, ochre. Govt. of **Rajasthan** has suggested ad valorem rates for rock phosphate, barytes, metallurgical grade bauxite, cadmium, copper, fluorspar, garnet, gold, kyanite, lead, magnesite, mica, nickel, wollastonite and zinc and tonnage basis for asbestos, non-metallurgical grade bauxite, calcite, china clay, dolomite, felspar, fire clay, graphite, gypsum, limestone, lime kankar, limeshell, ochre, pyrophyllite, quartz/silica sand, selenite, slate, talc/stealite.	For bauxite, NALCO has suggested ad valorem rates. HINDALCO has suggested ad valorem rates. BALCO has suggested tonnage basis. MALCO has suggested no change in the present system. Goa Mineral Ore exporters association has suggested tonnage basis for bauxite and iron ore IREL has suggested no change in current system i.e. ad valorem to continue. KMML has suggested ad valorem rates. Wolkem has suggested ad valorem rates for good quality calcite and tonnage basis for reject grade calcite. Tata Refractories has suggested tonnage basis for china clay and fire clay. FACOR has suggested tonnage basis for chromite. Tata Steel has suggested ad valorem rates for chromite, manganese ore whereas tonnage basis for dolomite and iron ore and also suggested on ad valorem for sales/export and tonnage basis for captive consumption (to encourage value addition by industry). HCL has suggested ad valorem basis for copper De Beers India Ltd. has suggested ad valorem basis for diamond.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
	Govt. of **Himachal Pradesh** has suggested ad valorem royalty for barytes, gypsum and tonnage basis for dolomite, limestone, quartz/silica sand. Govt. of Assam has suggested tonnage basis for china clay, limestone. Govt. of **Chhattisgarh** has suggested ad valorem rates for both metallurgical and non-metallurgical grade bauxite, corundum, diamond, gold, iron ore, quartz/ silica sand, tin and tonnage basis for dolomite, limestone. Govt. of **Madhya Pradesh** has suggested Tonnage basis for apatite & rock phosphate, bauxite & laterite, calcite, china clay/kaolin, dolomite, fireclay, iron ore, limestone, ochre, pyrophyllite, slate and all other minerals not here-in-before specified and ad valorem rates for copper, diamond & manganese ore. Govt of Madhya Pradesh has not accepted the existing rates of royalty for ensuing three year period.	RINL has suggested tonnage basis for dolomite iron ore, and quartz silica sand, moulding sand and quartzite. GMDC has suggested both ad valorem rates for abrasive and tonnage basis.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
12. What is the period before which royalty should be revised to provide stability in rates with particular reference to ad valorem rates?	IREL through DAE has favored a period of three years. State Govts. of Chhattisgarh has favoured a period of 5 years. Govts. of Karnataka, Maharashtra and Punjab has favored a period of three years. Govt. of Rajasthan & Madhya Pradesh has favored a period of two years. Govt. of Assam has suggested every year. Govt. of Himachal Pradesh has offer no comments.	Tata Steel Ltd., KMML, EZMA, V.M.Salgaocar & Bros. Pvt. Ltd., Jaiprakash Associates, Federation of Indian Placer Mineral Industries, MOIL, GMDC, Goa Mineral Ore Exporters Association, FACOR has suggested existing period of three years. MALCO has favoured revised rates of royalty of 3 to 5 years. Wolkem & HINDALCO have favoured a period of 4 years. NALCO, RINL, BALCO, Cement Manufacture Association & Tata Refractories Ltd. have suggested a period of 5 years. Birla Corporation Ltd. has favoured a period of 6 years. De Beers India Pvt. Ltd. has suggested period of 10 years. HZL and All India Mini Cement Manufacturers Association have offered no comments.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
13. Whether the State Govts. Considers that percentage of accrual from royalty should be earmarked for infrastructure development and/or protection of environment in mineral bearing areas? If yes, then indicate the percentage figure.	State Govts. of Karnataka, Madhya Pradesh, Rajasthan and Maharashtra has considered that 10% of accruals from royalty should be earmarked for infrastructure development or protection of environment in mineral bearing areas. In state of Assam and Himachal Pradesh have agreed for 15% of accruals from royalty used for particular reference. State Govts. of Chhattisgarh & Punjab has offered no comments in this regard. DAE (IRE) has offered no views.	V.M.Salgaocar & Bros. Pvt.Ltd. has favoured 25% accruals from royalty should be earmarked in this regard. HINDALCO & Jaiprakash Associates has suggested 30% accruals from royalty to be used for infrastructure development or protection in mineral bearing areas. KMML, FIMI, RINL (50% each) and MOIL & Wolkem (60% each) has suggested accruals from royalty should be earmarked in this regard. All India Mini Cement Manufactures Association (AIMCMA) has favoured the 100 percent accrual from royalty should be earmarked for infrastructure development and/or protection of environment in mineral bearing areas. Tata Steel Ltd., NALCO, EZMA, BALCO, GMDC, De Beers India Pvt. Ltd. Cement Manufactures Association, Birla Corporation Ltd. HZL, GMOEA, MALCO, FACOR & Tata Refractories Ltd. have offered no views in this regard.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
14. Whether the guidelines for computing royalty on minerals on ad valorem basis notified under rule 64D of Mineral Concession Rules, 1960 are comprehensive? If the answer is no, then a) Site specific problem that have actually arisen out of application of guidelines in practice. b) Suggest specific amendments to the guidelines.	State Govts. of Karnataka, Chhattisgarh, Rajasthan, Assam, Himachal Pradesh, Maharashtra and Punjab has accepted that the guidelines are comprehensive. IRE through DAE feels that the guidelines are not comprehensive a) DAE opinioned that the statement "for the computation of royalty, the State Govt. shall add 20% to the benchmark value and this value shall be reckoned to be the sale price for the computation of royalty" should be deleted/modified as "the sale price as shown by the mine owner in their invoices less packing/bagging charges, discount/rebate and the cost of transportation from the lease boundary to point of sale shall be reckoned to be the sale price for the computation of royalty". Under rule 64D of MCR, 1960, DAE (IRE) opined that the basis of collection of royalty shall be the actual production of minerals in the mine. b) The separate bills submitted by the mine owners showing the expenditure charges should be accepted by the royalty collecting agency and they should not insist upon the sales invoice	Tata Steel Ltd., KMML, NALCO, Jaiprakash Associates, MOIL, GMDC, De Beers India Pvt. Ltd., Birla Corporation Ltd. and NALCO has said that the guidelines are comprehensive for computing the royalty on minerals on ad valorem basis under rule 64D of MCR, 1960. V.M. Salgaocar & Bros. Pvt. Ltd., EZMA, RINL, HINDALCO, BALCO, FIPMI, AIMCMA, CMA, HZL, GMOEA, Tata Refractories Ltd. and Wolkem Industries Ltd. has suggested that the guidelines are comprehensive for computing the royalty on minerals on ad valorem basis. V.M. Salgaocar & Bros. Pvt. Ltd. has suggested to suggested to define the logic for adding 20% to the benchmark value. BALCO said that the practical problem is due to heterogeneity of bauxite deposits and the variable metal content in ore produced, average metal price in LME and exchange rate for conversion of rupees. It also suggested that the specific amendments to the guidelines for Royalty should be based on tonnage basis (unit of production basis) like coal to avoid difficulty in calculating the royalty on the basis of variables. For method of fixation of rates of royalty on the basis of ad valorem, the following parameters

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
	showing expenditure charges on the invoice itself. Govt. of Madhya Pradesh feels that the guidelines for computing royalty are not comprehensive. The Govt. has suggested that there is no specific mechanism/criteria to compute the PMV of the minerals.	may be given weightage : a) Reduction in moisture content in the ore from despatch quantity before royalty is paid. b) Royalty should be based on metal content in the extractable alumina instead of metal content of the ore produced. c) Encouragement for fiscal value addition which improves ore quality using screening, blending, etc. alternatively ad valorem rates for beneficiated ore should be lower than the normal rate with a view to encourage utilization of low grade ore and conservation of minerals as in Western Australia. HZL suggested that the royalty rate be reduced. Wolkem industries Ltd. suggested two rates, one for high grade and other for rejects. (1), (2) & (3) FACOR has offered no comments.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
15. Should the Second Schedule of the MM (D & R) Act have a separate entry for 'overburden material including rejects or tailing'? If the answer is yes, then a) justification citing specific cases of actual experience. b) Suggested rate	Govt. of Karnataka, Madhya Pradesh and Assam has favoured a separate entry for overburden material including rejects or tailing. Govt. of Madhya Pradesh has suggested that the rate should be decided by the State Govt. depending upon the composition/use of overburden. Govt. of Assam has also suggested that the rate of royalty on tailing or rejects should be fixed on ad valorem basis depending on the value of the mineral. Govts. of Chhattisgarh, Himachal Pradesh, Rajasthan, Maharashtra & Punjab do not favour such separate entry. DAE (IRE) offers no views in this regard.	Tata Steel Ltd., KMML, V.M.Salgaocar & Bros. Pvt. Ltd., NALCO, RINL, HINDALCO, BALCO, FIPMI, AIMCMA, MOIL, GMDC, De Beers India Pvt. Ltd. CMA, BCL, HZL, GMOEA, MALCO & FACOR do not favour such a separate entry in this regard. EZMA, Tata Refractories Ltd & Wokem Industries Ltd. have favoured a separate entry for overburden material including rejects or tailing. EZMA has suggested Rs. 5/- per tonne on overburden material including rejects. Most of the lessee got very small area and offer doing mining, there is no space left for overburden, tailing & rejects. These materials are being taken by crusher operators to screen these materials and use in crushers. It will help to reduce environmental hazards and will give revenue to State Govt. Tata Refractories ltd. has suggested that rates equal to minor minerals and on ad valorem basis. Wolkem Industries Ltd. has suggested the rate of royalty for rejected calcite should be Rs. 15/- per tonne for calcite having maximum 88% $CaCO_3$ content, particularly sold to the cement industry. Reject grade of Wollastonite having maximum 80% $CaSiO_3$ content should be Rs. 20/- per tonne. In any case the royalty on such rejected material should not be on ad valorem basis plus 20% on the published rates of IBM. It should be fixed on per tonne basis then only with a view to conserve the mineral companies would try to recover maximum possible of the mineral with a view to sell at cheaper rate whenever it is possible.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
16 a) Are the current rates of Dead Rent in force appropriate? b) If not, please indicate the suggested rates alongwith justification? c) Should there be separate rate of dead rent for different minerals? If yes, then what should be the rate and justification thereof?	State Govts. Of Himachal Pradesh, Maharashtra & Punjab has fvoured the current rate of dead rent. State Govt. of Karnataka, Chhattisgarh, Madhya Pradesh and Assam has not favoured the present rate of dead rent. Govt. of Madhya Pradesh has suggested that the dead rent will be charged at Rs. 8,000 to 12,000/- per hectare per annum, which will discourage the lease holder to keep the idle mines. The Govt. also suggested that the different mineral has the different value and use pattern. Government of Chhattisgarh has suggested rates of dead rent for 'low value minerals in Rupees per hectare per annum as under : first two years of lease is Rs. 250/- and 3rd year onwards is Rs. 1000/- State Govt. of Rajasthan has proposed rates of dead rent in rupees per hectare per annum as under : a) Lease area upto 50 Hect – 1st year – Nil, II nd to Vth year of lease is Rs. 100/- VIth to Xth year of lease is Rs. 500/- and Xth year & onwards of lease is Rs. 1000/- b) Lease area above 50 Hect – 1st year is Nil Iind to Vth year of lease is Rs. 200/- VIth to Xth year of lease is Rs. 1000/- and XIth year & onward of lease is Rs. 2000/-	Tata Steel Ltd., KMML, V.M.Salgaocar & Bros. Pvt. Ltd.,, NALCO, RINL, HINDALCO, BALCO, FIPMI, AIMCA, MOIL, GMDC, De Beers India Pvt. Ltd., BCL, HZL, Wolkem, GMOEA, MALCO, FACOR has suggested the present rates of dead are appropriate. Jaiprakash Associates, CMA & Tata Refractories Ltd. has not favoured the present rates. Tata Refractories have suggested that the average yearly production of first 5 years indicated by the lessee in the Mining Plan may be considered as the basis for calculation of dead rent.

Question No. & Question	Views of States/Union Territories/Central Govts.	Views of Industries/Associations/Central & State undertakings
	c) In the case of lease obtained for the supply of raw material for the industries owned by the concerned lessee, the rates of dead rent would be half of the rates specified. d) Two times the rates specified in item numbers (a) & (b) above in case of leases granted for medium value mineral. e) Three times the rates specified in item numbers (a) &(b) above in cases of leases granted for high value minerals. It is justified that the present rate of dead rent for major minerals are very low, which is causing tendency to hold large areas idle under mining leases. To avoid this tendency the rates shall be enhanced telescopically with increase in area. IRE have furnished no comments in this regard. State Govt. of Karnataka, Assam, Rajasthan &Maharashtra do not favour for separate rate of dead rent for different minerals. Govt. of Chhattisgarh & Himachal Pradesh has favoured in this regard. State Govt. of Chhattisgarh has suggested that iron ore should be kept in "Medium Value minerals group because it is a vital input in the steel industry there is boom in demand of iron ore. State Govt. of Punjab have offered no comments.	Tata Steel Ltd., KMML, NALCO, RINL, HINDALCO, BALCO, Jaiprakash Associates, AIMCMA, MOIL, GMDC, BCL, HZL, GMOEA, MALCO, FACOR & Wolkem Industries Ltd. do not favour a separate dead rent for different minerals. V.M.Salgaocar &Bros. Pvt. Ltd. & FIPMI has suggested separate dead rent in this regard. EZMA, De Beers India Pvt. Ltd. & Tata Refractories Ltd. has offered no views in this regard.

17. Any other information relevant to the subject?	State Govt. of Karnataka, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Rajasthan, Maharashtra, Punjab and Deptt. of Atomic Energy (DAE) has no other information. State Govt. of Assam has suggested that the royalty should be paid on the actual quantity of mineral produced/extracted and not on the quantity removed / despatched from the leased area.	KMML, V.M.Salgaocar & Bros. Pvt.Ltd., NALCO EZMA, RINL, HINDALCO, BALCO, Jaiprakash Associates, FIPMI, AIMCMA, MOIL, GMDC, De Beers India Pvt. Ltd., BCL, HZL, GMOEA, MALCO, FACOR, Tata Refractories & Wolkem Industries Ltd., do not any other information in this regard. Tata Steel Ltd., has suggested that the royalty should be calculated on self certified despatch basis. No permission for transport under T.P. Regulation of Orissa Govt. need apply.

ANNEXURE-- IX-B

RATES OF ROYALTY SUGGESTED FOR DIFFERENT MINERALS BY VARIOUS STATE GOVERNMENTS/UNION TERRITORIES/ CENTRAL & STATE UNDERTAKINGS/INDUSTRIES ASSOCIATIONS

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
1. **Agate**	Ten per cent of sale price on ad valorem basis.	-	**FIMI:** No Change
2. **Apatite & Rock Phsphate**			
(i)**Apatit**e :	Five per cent of sale price on ad valorem basis.	**Rajasthan:** No Change	**FIMI:** No Change
(ii)**Rock Phosphate** : (a) Above 25 per cent P_2O_5	Eleven per cent of sale price on ad valorem basis.	**Rajasthan:** 15% of sale price **Madhya Pradesh**: Rs. 86/- P. T.	**FIMI:** 5% of sale value on ad valorem **FIMI:** 5% of sale price
(b) Up to 25 per cent P_2O_5	Five per cent of sale price on ad valorem basis.	**Rajasthan:** 7% of sale price **Madhya Pradesh**: Rs. 17/- P. T.	
3**. Asbestos** : (a) chrysotile	Eight hundred Rupees per tonne.	**Rajasthan:** No change	**FIMI:** No Change
(b) amphibole	Forty - five rupees per tonne.	**Rajasthan:** Rs. 150/- per tonne	**FIMI:** No Change
4**. Barytes**	Five and half per cent of sale price on ad valorem basis.	**Maharashtra:** 10% of sale price **Rajasthan:** No change **Himachal Pradesh:** 8% of sale price	**FIMI:** No Change

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
5. **Bauxite & Laterite**	Zero point four zero per cent of London Metal Exchange (LME) metal price. b) Twenty percent of sale price on ad valorem basis.	**Jharkhand:** 1.5% of LME metal price **Orissa:** 0.50% of LME metal price **Chhattisgarh:** 0.50% of LME metal price **Maharashtra:** 0.50% of LME metal price **Karnataka:** 0.60% of LME metal price **Rajasthan:** No change Madhya Pradesh: Rs. 60/- P. T. **Madhya Pradesh**: Rs. 40/- P. T. **Jharkhand:** Rs. 150/- Per tonne **Maharashtra:** Rs.40/- per tonnes on Laterite. **Rajasthan:** No change **Karnataka:** 30% of sale price **Chhattisgarh:** 25% of sale price	**FIMI** Shift to tonnage basis and average of royalty paid during last 3 years based on LME price of aluminium to be calculated and royalty to be levied at that level on per tonne basis. Average moisture content of 15% is reduced from rate for calculating royalty on tonnage basis. **NALCO:** present rate continue. **HINDALCO:** 0.35% of LME on dry basis **BALCO:** Rs. 50/- per tonne **MALCO:** Present rate is comprehensive **Goa Mineral Ore Exporters Association:** Tonnage basis. **FIMI:** This mineral be clubbed alongwith the category viz all other minerals not here before specified. NALCO: Present rate to continue **HINDALCO:** For export 40% of sale price **MALCO:** Present rate is comprehensive.
6.**Brown Ilmenite** (leucoxene)	Two per cent of sale price on ad valorem basis.	**Maharashtra:** No change **DAE (IRE):** Present rate to be continued.	**FIMI:** No change **KMML:** 2 per cent of sale price on ad valorem basis

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
7. Cadmium	Ten per cent of sale price on ad valorem basis.	**Maharashtra:** No change **Rajasthan:** Initially no change was sought, but in the discussions increase in royalty rate to 15% o the sale price on ad valorem basis sought.	**FIMI:** 5% of sale price
8. Calcite	Fifteen per cent of sale price on ad valorem basis.	**Rajasthan:** Rs. 75/- per tonne **Madhya Pradesh**: Rs. 60/- P. T.	**FIMI:** 20% may not be added on the published rate of IBM on arrive at final average selling rate for calculating royalty. Rs. 15/- per tonne on reject grade of calcite having $CaCO_3$ content not over 88%. **Wolkem:** Present rate to be continued.
9. China clay a. Crude	Twenty three rupees per tonne.	**Maharashtra, Karnataka, Rajasthan & Assam:** Rs. 30/ per tonne **Jharkhand:** 20% of sale price on ad valorem (both) **Madhya Pradesh**: Rs. 30/- P. T.	**FIMI:** Rs. 20/- per tonne **Tata Refractories:** Tonnage (both)
b. Processed	Eighty-five rupees per tonne	**Rajasthan, Karnataka, Maharashtra & Assam:** Rs. 100/- per tonne **Madhya Pradesh**: Rs. 95/- P. T.	**FIMI:** Rs. 75/- per tonne
10. **Chromite**	Seven and half per cent of sale price on ad valorem basis.	**Karnataka, Maharashtra:** 10% of sale price on ad valorem **Orissa:** 15% of sale price on ad valorem	**FIMI:** No change **FACOR:** Dry MT **Tata Steel Ltd:** Present rate to be continued.

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
11. **Copper**	Three point two per cent of London Metal Exchange copper metal price chargeable on the content copper metal in ore produced.	**Rajasthan & Maharashtra:** 5% of LME on metal price **Jharkahand:** 5.5% of LME **Madhya Pradesh**: Sought 15% increase in the present rate.	**FIMI:** No change **HCL:** Present rate to be continued
12. **Corundum**	Ten per cent of sale price on ad valorem basis.	**Chhattisgarh:** 20% of sale price **Maharashtra:** 11% of sale price **Karnataka:** 12% of sale price	**FIMI:** 5% of sale price.
13**. Diamond**	Ten per cent of sale price on ad valorem basis.	**Chhattisgarh & Madhya Pradesh:** 20% of sale price on ad valorem **Maharashtra:** 10% of sale price	**FIMI:** No change **De Beer India Pvt.Ltd:** 10% of sale price on ad valorem
14. **Dolomite**	Forty-five rupees per tonne.	**Jharkhand:** 20% of sale price on ad valorem **Rajasthan & Maharashtra :** Rs. 60/- per tonne **Karnataka & Himachal Pradesh:** Rs. 55/- per tonne **Chhattisgarh:** Rs. 65/- per tonne **Madhya Pradesh**: Rs. 52/- P. T.	**FIMI:** Rs. 35/- per tonne **RINL:** Rs. 45/- per tonne **Tata Steel Ltd:** Present rate to be continued.
15. **Felspar**	Ten per cent of sale price on ad valorem basis	**Rajasthan :** Rs. 50/- per tonne **Karnataka :** 12% of sale price on ad valorem **Jharkhand :** 20% of sale price on ad valorem Maharashtra : 10% of sale price on ad valorem	**FIMI:** No change

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
16. **Fireclay** (including plastic, pipe, lithomargic and natural pozzolanic clay)	Twelve per cent of sale price on ad valorem basis.	**Jharkhand, Karnataka & Maharashtra :** 15% of sale price on ad valorem **Rajasthan:** Rs. 30/- per tonne (Crude) Rs. 100/- per tonne (Processed) **Madhya Pradesh**: Rs. 25/- P. T.	**FIMI:** 10% of sale price on advalorem basis **Tata Refractories Ltd:** Tonnage basis
17. **Fluorspar** (also called fluorite)	Five per cent of sale price on ad valorem basis	**Rajasthan:** 7.5% of sale price on ad valorem **Maharashtra:** 10% of sale price on ad valorem	**FIMI:** No change **GMDC:** Rs. 10/- per tonne or 3% of sale value instead of percent 5%
18. Garnet : (a) Abrasive	Three per cent of sale price on ad valorem basis.	**DAE (IREL):** Present sale to be continued (abrasive) **Rajasthan:** 10% of sale price on ad valorem **Jharkhand:** 20% of sale price on ad valorem	**FIMI:** No change **Indian Placer Mineral Industry :** Rs. 25/- per tonne
(b) Gem	Ten per cent of sale price on ad valorem basis	**Rajasthan :** No change	**FIMI:** No change

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
19. Gold : (a) Primary	One and half per cent of London Bullion Market Association price (commonly referred to as " London Price") chargeable on the contained gold metal in ore produced.	**Rajasthan :** No change **Karnataka :** 3% of London Bullion Market Association price. **Chhattisgarh :** 2% of London Bullion Market Association price. **Jharkhand :** 3.5% of London Bullion Market Association Price.	**FIMI:** 1.5% of London Bullion Market association price (Commonly referred to as London Price') chargeable on the by product gold metal actually produced. For Greenfield projects no royalty for 10 years.
(b) By-product gold	Two and half percent of London Bullion Market Association price (commonly referred to as " London Price") chargeable on by-product gold metal actually produced.	**Rajasthan :** No change **Karnataka :** 5% of LBMAP **Jharkhand :** 5% of LBMAP **Chhattisgarh**: 3% of LBMAP	**FIMI:** No change

Sl. No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
20. **Graphite** : (a) with 80 per cent or more fixed carbon	Two hundred and twenty five rupees per tonne.	**Rajasthan:** No change **Karnataka & Maharashtra:** Rs. 250/-	**FIMI:** Rs. 225/-
(b) with 40 per cent or more but less than 80 per cent fixed carbon	One hundred and thirty rupees per tonne.	**Rajasthan:** No change **Karnataka:** Rs. 140/- **Maharashtra:** Rs. 150/- **Jharkhand:** 20% sale price on ad valorem basis	**FIMI:** Rs. 130/-
(c) with less than 40 per cent fixed carbon	Fifty rupees per tonne.	**Rajasthan:** No change **Karnataka & Maharashtra:** Rs. 60/- per tonne **Orissa:** 12% of sale price on ad valorem basis	**FIMI:** Rs. 10/- per tonne (with less than 20% fixed carbon)
21. **Gypsum**	Twenty per cent of sale price on ad valorem basis.	**Rajasthan:** Rs. 50/- per tonne **Maharashtra:** 21% sale price on ad valorem basis Himachal Pradesh : 15%	**FIMI:** 10% sale price on ad valorem

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
22**. Iron Ore** : **(i)Lumps** : (a)>65 per cent Fe (b) 62-65% Fe content (c) <62% Fe content **(ii) Fines** (a)>65 per cent Fe (b) 62-65% Fe content (c) <62% Fe content	 Twenty-seven rupees per tonne. Sixteen rupees per tonne. Eleven rupees per tonne. Nineteen rupees per tonne. Eleven rupees per tonne. Eight rupees per tonne.	 **Madhya Pradesh**: Rs. 31/- P. T. **Madhya Pradesh**: Rs. 19/- P. T. **Madhya Pradesh**: Rs. 13/- P. T. **Madhya Pradesh**: Rs. 22/- P. T. **Madhya Pradesh**: Rs. 14/- P. T. **Madhya Pradesh**: Rs. 11/- P. T.	 **FIMI:** Existing system may continue subject to certain revision in the rates with taking into account the export duty levied. **EZMA:** a) Rates to be increased by 50-100% of the current rate for all grades from current rates. b) Rs. 5/- per tonne for overburden/ rejects.

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
(iii) Concentrates. Prepared by beneficiation and/or concentration of low grade ore containing 40 percent Fe or less	Four rupees per tonne.	**Madhya Pradesh**: Rs. 6/- P. T. **Maharashtra & Karnataka:** 10% of sale price on lumps, fines & Conc. **Rajasthan:** No change **Chhattisgarh:** 20% of sale price inclusive of royalty or 25% of sale price excluding royalty. **Jharkhand:** 20% of sale prices on ad valorem. **Orissa:** 20-25% on ad valorem basis.	**RINL:** Present rate to be continued for next 5 years (existing rate appears to be high) **V.M.Salgaocar & Bros.:** Existing rates may be enhanced by 50% provided export duty is revised. **Tata Steel Ltd :** Present rate to be continued. **Goa Mineral Ore Exporters Association:** Royalty rate may be enhanced by not more than 50% on existing rates. **Organizers of Mine Owner, Karnataka:** i) Lumps – a) Rs. 54/- per tonne b) Rs. 32/- per tonne c) Rs. 22/- per tonne ii) Fines – a) Rs. 38 per tonne b) Rs. 22/- per tonne c) Rs. 16/- per tonne Concentrates – Rs. 8/- per tonne

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
23. **Kyanite**	Ten per cent of sale price on ad valorem basis.	**Rajasthan:** No change **Maharashtra & Karnataka:** 12% of sale price on ad valorem **Jharkhand:** 20% of sale price	**FIMI:** 5% of sale price
24. **Lead**	Five per cent of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced.	**Rajasthan:** 10% of LME **Jharkhand:** 20% sale price on ad valorem basis	**FIMI:** 3% of sale price **HZL:** 2-3%instead of 5% **ILZDA:** No comments.

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
25**. Limestone** : (a) L.D. grade(less than one and half per cent silica content)	Fifty five rupees per tonne.	**Maharashtra:** Ad valorem basis. (The criteria of market value & related matter shall be taken into consideration while fixing the percentage for ad valorem basis for LD grade and other). **Madhya Pradesh**: Rs. 63/- P. T. **Rajasthan:** Rs. 75/- per tonne **Karnataka:** Rs. 65/- per tonne **Himachal Pradesh:** Rs. 60/- per tonne **Chhattisgarh:** Rs. 75/- per tone **Jharkhand:** 20% of sale price on ad valorem	**FIMI:** Rs. 50/- per tonne (LD grade 48% Ca0 and less than 1.5% silica content. **RINL:** Rs. 50/- per tonne for next 5 years (existing rates appear to high) **Cement Manufacturers Association:** Present rates to be continued. **Birla Corporation Ltd:** Rs. 45/- per tonne **Jaiprakash Associate Ltd:** 10% sale price on ad valorem basis for L D grade & others.
(b)Others	Forty five rupees per tonne	**Madhya Pradesh**: Rs. 52/- P. T. **Rajasthan:** Rs. 60/- per tonne **Karnataka, Assam & Himachal Pradesh:** Rs. 55/- per tonne **Chhattisgarh:** Rs. 65/- per tonne	**FIMI:** Rs.40% per tonne for chemical (45-48% CaO) **RINL:** Rs. 45/- for next 5 years. **Cement Manufacture Association :** Present rates to be continued. **All India Mini Cement Manufacture Association:** Rs. 45/- per tonne.

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
26. **Lime kankar**	Forty five rupees per tonne	**Rajasthan:** Rs. 60/- per tonne **Karnataka:** Rs. 55/- per tonne **Maharashtra:** Ad valorem basis (same as limestone)	**FIMI:** Rs. 35/- per tonne
27. **Limeshell**	Forty five rupees per tonne	**Rajasthan:** Rs. 60/- per tonne **Karnataka:** Rs. 55/- per tonne **Maharashtra:** Ad valorem basis (same as limestone)	**FIMI:** Rs. 35/- per tonne
28. **Magnesite**	Three percent of sale price on ad valorem basis.	**Maharashtra:** Ad valorem basis (criteria same in limestone) **Rajasthan & Karnataka:** 5% sale price on ad valorem basis.	**FIMI:** No change

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
29. **Manganese Ore** :			
(a) Ore of all grades	Three percent of sale price on ad valorem basis.	**Jharkhand:** 10% of sale price on ad valorem basis. **Maharashtra:** No change **Rajasthan:** No change **Karnataka:** 5% sale price for all grades ores and 2% sale price for concentrate on ad valorem basis. **Madhya Pradesh**: 3.5%	**FIMI:** No change **RINL:** Present rates to be continued. **EZMA:** Present rates to be continued. **MOIL:** Present rates to be continued **Tata Steel Ltd:** Present rates to be continued. **Goa Mineral Ore Exporters Association:** Tonnage basis. 1% of cost of production (TISCO)
(b) Concentrates	One percent of sale price on ad valorem basis.	**Madhya Pradesh**: 1.02%	
30.**Crude Mica**	Four percent of sale price on ad valorem basis.	**Maharashtra & Rajasthan:** 5% sale price on ad alorem **Jharkhand:** 10% sale price on ad valorem basis.	**FIMI:** No change

31. **Monazite**	One hundred and Twenty-five rupees per tonne.	**Maharashtra:** Rs. 135/- per tonne **Rajasthan:** No change	**FIMI:** No change

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
32. **Nickel**	Zero point two percent of London Metal Exchange nickel metal price chargeable on the contained nickel metal in ore produced.	**Rajasthan:** No change (nickel Cobalt)	**FIMI:** No Royalty
33. **Ochre**	Fifteen rupees per tonne.	**Maharashtra:** Rs. 18/- per tonne **Rajasthan:** Rs. 55/- per tonne **Karnataka:** Rs. 20/- per tonne **Madhya Pradesh:** Rs. 22/- P. T.	**FIMI:** No change
34. **Pyrites**	Two percent of sale price on ad valorem basis.	**Maharashtra:** 3% sale price on ad valorem **Rajasthan:** No change	**FIMI:** No change
35. **Pyrophyllite**	Fifteen percent of sale price on ad valorem basis.	**Maharashtra:** 16% sale price on ad valorem basis **Rajasthan:** No change **Madhya Pradesh:** Rs. 160/- P. T.	**FIMI:** No change

36. **Quartz, Silica sand, Moulding sand and Quartzite**	Twenty rupees per tonne	**Karnataka & Himachal Pradesh:** Rs. 30/- per tonne **Maharashtra:** Rs. 25/- per tonne **Rajasthan:** Rs. 45/- per tonne **Jharkhand & Chhattisgarh:** 20% sale price on ad valorem	**FIMI:** No change **RINL:** Present rate to be continued.

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
37. **Ruby**	Ten percent of sale price on ad valorem basis.	Rajasthan – No change.	**FIMI:** No change
38. **Selenite**	Ten per cent of sale price on ad valorem basis.	**Rajasthan:** Rs. 100/- per tonne)	**FIMI:** No change
39. **Sillimanite**	Two and half per cent of sale price on ad valorem basis.	**Maharashtra:** 3% sale price on ad valorem **Rajasthan:** No change **DAE (IREL):** Present rates to be continued.	**FIMI:** No change

40. **Silver** (a) By-product	Five percent of London Metal Exchange price chargeable on by-product silver metal actually produced.	**Jharkhand:** 20% sale price on ad valorem	**FIMI:** No change
(b)Primary silver	Five percent of London Metal Exchange silver metal price chargeable on the contained silver metal in ore produced	**Rajasthan:** No change	

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
41. **Slate**	Forty five rupees per tonne	**Rajasthan:** Rs. 60/- per tonne **Madhya Pradesh:** Rs. 52/- P. T.	**FIMI:** No change

44. **Talc/ Steatite / Soapstone**	Fifteen per cent of sale price on ad valorem basis.	**Rajasthan:** Rs. 65/- per tonne **Jharkhand & Karnataka:** 20% sale price on ad valorem basis	**FIMI:** Royalty on tonnage basis over and above increase in LME price total accruals of royalty as per existing rates. **Indian Soapstone Producers Association:** Ad valorem basis charged with two separate rates i.e., i) dolomite zone & (ii) serpentine zone **Aravali Mineral & Chemicals Ind. Pvt. Ltd.:** Tonnage basis.
42. **Tin**	Five per cent of London Metal Exchange tin metal price chargeable on the contained tin metal in ore produced	**Rajasthan:** No change **Chhattisgarh:** 10% of LME	**FIMI:** 3% of LME of Tin metal
43. **Tungsten**	Twenty rupees per unit percent of content WO_3 per tonne of ore and on pro rata basis.	**Maharashtra:** Rs. 25/- per unit percent of WO_3 content per tonne of ore. **Rajasthan:** No change	**FIMI:** No Royalty.

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
44. **Uranium**	Five rupees for dry ore with U_3O_8 content of zero point zero five per cent with pro rata increase/decrease at the rate of one rupee and fifty paise per metric tonne of ore for zero point zero one per cent increase/decrease.	**Rajasthan:** No change **Jharkhand:** Initially sought Rs. 20/- crore per annum as lumpsum payment, but later on in discussions sought royalty at 25% initially and then 10% of compensation amount received by M/s UCIL.	**FIMI:** No change
45. **Vermiculite**	Three percent of sale price on ad valorem basis	**Rajasthan:** No change	**FIMI:** No change
46. **Wollastonite**	Ten percent of sale price on ad valorem basis.	**Rajasthan:** 15% of sale price on ad valorem	**FIMI:** (i) 20% may not be added on the published rate by IBM to arrive and final average selling price for calculating royalty. (ii) Reject grade of wollastonite having $CaSiO_3$ content not more than 80% Rs. 20/- per tonne **Wolkem Industries Ltd:** i) Present rate may be continued. (ii) Reject grade Rs. 20/- per tonne

No./Name of the Mineral	Present Rates of Royalty	Rates suggested by State Govts./Union Territories/Central Govt. Depts.	Rates suggested by Industries/Association
47.**Zinc**	Six point six percent of London Metal Exchange zinc metal price chargeable on the contained zinc metal in ore produced	**Rajasthan:** 10% of LME zinc metal price chargeable on the contained zinc metal in ore produced upto LME 2000 dollars thereafter increase of 0.3% on each 100 dollars or part	**FIMI:** 3% of sale price on ad valorem basis **HZL:** 2-3% instead of present 6.6% on ad valorem
48.**All other minerals not herein before specified. {Clay (others), chalk, diaspore, dunite, felsite, fuschite quartzite, jasper, perlite, rock salt, shale, pyroxenite, etc}.**	Ten percent of sale price on ad valorem basis.	**Maharashtra:** 11% of sale price on ad avalorem **Rajasthan:** No change **Jharkhand & Chhattisgarh:** 20% sale price on ad valorem **Karnataka:** 12% sale price on ad valorem basis.	**FIMI:** No change **Jaiprakash Associate Ltd:** Present rate of 10% of sale price may be continued. **Tata Steel Ltd:** ad valorem fixed rate basis.
Note: Rajasthan: Siliceous earth is a mineral, which has not been yet included in Schedule II of MMDR Act, 19576, it may be included in item No. 37, royalty of siliceous earth may be specified in Schedule II as Rs. 45/- per tonne. Please add this mineral in item No.37 (Questionnaire- Rajasthan)			

Annexure-X

TRENDS IN PRODUCTION AND EXPORTS OF MINERALS

S.No.	Mineral	Unit	Production			Export		
			2004-05	2005-06	Increase & decrease in percent	2004-05	2005-06	Increase & decrease in percent
1	Agate	Tonne	25	5	-80	5771	2625	-54.52
2	Apatite(P_2O_5 - 15-20%)	Tonne	8596	9053	5.31			
3	Rock Phosphate :	Tonne	1722983	1372951	-20.32	1033	921	-10.85
	30-35% P_2O_5	Tonne	1593901	1192725	-25.17	-	-	-
	25-30% P_2O_5	Tonne	57386	61380	6.95	-	-	-
	20-25% P_2O_7	Tonne	29159	27541	-5.55	-	-	-
	15-20% P_2O_8	Tonne	42537	91305	114.64	-	-	-
4	Asbestos	Tonne	6392	2366	-62.99	-	-	-
	Chrysotile	Tonne	798	640	-19.80	20	-	-100
	Amphibole	Tonne	5594	1726	-69.15	-	17	-
5	Barytes	Tonne	1159031	1189839	2.65	483423	555437	14.89
	Snow-White	Tonne	5640	43951	679.27	-	-	-
	Off-Colour	Tonne	1153391	1145888	-0.66	-	-	-
6	Bauxite	Tonne	11964011	12335198	3.10	1016141	2355277	131.78
	below 40% Al_2O_3	Tonne	2872201	2906965	1.21	-	-	-
	40-45% Al_2O_3	Tonne	5311221	4788354	-9.85	-	-	-
	45-50% Al_2O_3	Tonne	2068047	1901151	-8.08	-	-	-
	50-55% Al_2O_3	Tonne	966596	59129	-93.89	-	-	-
	55-60% Al_2O_3	Tonne	318556	35506	-88.86	-	-	-
	60% & above Al_2O_3	Tonne	1005	-	-100	-	-	-
7	Ilmenite	Tonne	632025	711843	12.62	554542	395180	-28.74
8	Rutile	Tonne	19649	20299	3.30	28	22	-21.43
9	Cadmium	Tonne	480	406	15.42	-	-	-

S.No.	Mineral	Unit	Production			Export		
			2004-05	2005-06	Increase & decrease in percent	2004-05	2005-06	Increase & decrease in percent
10	Calcite	Tonne	66984	73332	9.47	528	1132	114.39
11	Ball Clay	Tonne	637022	351049	-44.90	2792	4378	56.80
12	Chalk	Tonne	129571	146351	12.95	612	258	-57.85
13	Chromite	Tonne	3621394	3422880	-5.49	1116644	692673	-37.97
	Lumps	Tonne	380958	308589	-19.00	901770	117525	-86.97
	Below 30%Cr_2O_3	Tonne	-	-	-	-	-	-
	30-40%Cr_2O_3	Tonne	-	-	-	-	-	-
	40-47%Cr_2O_3	Tonne	-	-	-	-	-	-
	47-52%Cr_2O_3	Tonne	-	-	-	-	-	-
	52%Cr_2O_3 & above	Tonne	2178	9013	313.82	-	-	-
	Fines	Tonne	1905355	2238688	17.49	-	-	-
	Below 30%Cr_2O_3	Tonne	-	-	-	-	-	-
	30-40%Cr_2O_3	Tonne	-	-	-	-	-	-
	40-47%Cr_2O_3	Tonne	-	-	-	-	-	-
	47-52%Cr_2O_3	Tonne	-	-	-	-	-	-
	52%Cr_2O_3 & above	Tonne	210953	156873	-25.64	-	-	-
	Concentrates	Tonne	739661	875603	18.37	107005	487624	355.70
14	Copper Ore	Tonne	2929074	2642706	-9.78	1.8990*	-	-100
15	Corundum	Kg	18560	58000	212.50	126 tonne	60 tonne	-52.39
16	Diamond	Carats	78316	44170	-43.61	479.43**	NA	-
17	Diaspore	Tonne	21008	23719	12.90	-	-	-
18	Dolomite	Tonne	4339306	4428119	2.04	9144	127582	1295.25
19	Felspar	Tonne	379055	322929	-14.81	466932	469052	0.45
20	Fireclay	Tonne	662633	485755	-26.70	2232	2665	19.39

S.No.	Mineral	Unit	Production			Export		
			2004-05	2005-06	Increase & decrease in percent	2004-05	2005-06	Increase & decrease in percent
21	Fluorspar	Tonne	14008	5538	-60.47	317	2626	728.39
	More than 85% CaF_2	Tonne	-	-	-	-	-	-
	70-85 % CaF_2	Tonne	-	-	-	-	-	-
	30-70 % CaF_2	Tonne	-	-	-	-	-	-
	Less than 30% CaF_2	Tonne	-	-	-	-	-	-
22	Garnet (Abrasive)	Tonne	642329	679700	5.81	193598	238519	23.20
23	Gold (Primary)	Kg	3526	2883	-18.24	-	-	-
	Gold(Secondary)	Kg	-	167	-100	-	-	-
24	Graphite	Tonne	108150	120322	11.25	1310	2179	66.33
25	Gypsum	Tonne	3684758	3137095	-14.87	-	-	-
26	Iron Ore	Th. Tonne	145942	154436	5.82	87285	84046	-3.72
	Lumps	Th. Tonne	58152	62643	7.72	21905	19731	-9.93
	65% Fe content & more	Th. Tonne	30095	31868	5.89	-	-	-
	62-65 % Fe content	Th. Tonne	19775	22743	15.00	-	-	-
	60-62 % Fe content	Th. Tonne	4448	4019	-9.65	-	-	-
	Less than 60% Fe content	Th. Tonne	3834	4013	4.66	-	-	-
	Fines	Th. Tonne	82537	87900	6.49	51570	58827	14.07
	65% Fe content & more	Tonne	25770	21220	-17.66	-	-	-
	62-65 % Fe content	Tonne	37375	47234	26.37	-	-	-
	Less than 62% Fe content	Tonne	19392	19446	0.27	-	-	-
	Concentrates	Tonne	5253	3893	-25.89	-	-	-
27	Jasper	Tonne	1265	580	-54.16	-	-	-

S.No.	Mineral	Unit	Production			Export		
			2004-05	2005-06	Increase & decrease in percent	2004-05	2005-06	Increase & decrease in percent
28	Kyanite	Tonne	8208	7341	-10.57	289	91	-68.52
	Above 40% Al2O3	Tonne	2161	1530	-29.20	-	-	-
	Below 40% Al2O3	Tonne	6047	5811	-3.91	-	-	-
29	Lead concentrates	Tonne	81675	97572	19.46	-	-	-
30	Limestone	Th. Tonne	165753	170378	2.79	344246	341070	-0.93
	Cement	Th. Tonne	157619	162991	3.40	-	-	-
	SMS	Th. Tonne	4302	4364	1.44	-	-	-
	Chemical	Th. Tonne	3563	2717	-23.75	-	-	-
	Others	Th. Tonne	269	306	13.75	-	-	-
31	Limeshell	Tonne	138071	106654	-20.59	-	-	-
32	Lime Kankar	Tonne	470526	343834	-26.93	-	-	-
33	Manganese Ore	Tonne	2386396	2003474	-16.05	317787	237344	-25.32
	MnO2	Tonne	78814	97354	23.52	-	-	-
	More than 46% Mn	Tonne	361758	346775	-4.15	98429	60997	-38.03
	35-46 % Mn	Tonne	968070	800133	-17.35	-	2369	-
	25-35 % Mn	Tonne	926725	743634	-19.76	146980	130700	-11.08
	Less than 25% Mn	Tonne	21668	12679	-41.49	-	-	-
	Fines	Tonne	29361	2899	-90.13	-	-	-
34	Magnesite	Tonne	383953	351495	-8.46	12184	7143	-41.38
35	Mica (Crude)	Tonne	1276	1259	-1.34	-	-	-
36	Ochre	Tonne	919018	920600	0.17	4976	5231	5.12
37	Pyrite	Tonne	-	-	-	-	-	-
38	Pyrophyllite	Tonne	271225	181328	-33.15	-	-	-
39	Quartz	Tonne	319004	250719	-21.41	83696	102239	22.15
40	Quartzite	Tonne	97036	107975	11.27	29631	50118	69.14

S.No.	Mineral	Unit	Production			Export		
			2004-05	2005-06	Increase & decrease in percent	2004-05	2005-06	Increase & decrease in percent
41	Silica Sand	Tonne	1962029	2344793	19.50	44457	33556	-24.53
42	Sand (Others)	Tonne	1496160	1182795	-20.95			
43	Salt (Rock)	Tonne	3073	1871	-39.12	1705190	1512741	-11.29
44	Sillimanite	Tonne	30711	32278	5.10	425	1891	344.94
45	Silver	Kg	10955	27950	155.13	20t	15t	-25.00
46	Slate	Tonne	5825	1906	-67.28	164615	176684	7.33
47	Steatite	Tonne	684440	627216	-8.37	58802	47085	-19.93
	Insceticide	Tonne	312691	257407	-17.69	-	-	-
	Other Than Inscecticide	Tonne	371749	369809	-0.53	-	-	-
48	Sulphur	Tonne	113904	152090	33.52	2536	5346	110.80
49	Tungsten Ore	Tonne	-	-		4	2	-50.00
50	Vermiculite	Tonne	3377	4774	41.37	837	1353	61.64
51	Wollastonite	Tonne	170292	128582	-24.50	5733	18466	222.10
52	Zinc concentrares	Tonne	666424	893287	34.04	110*	94*	-14.55
53	Shale	Tonne	2218004	2727776	22.98	-	-	-
54	Laterite	Tonne	949973	931297	-1.97	-	-	-
55	Dunite	Tonne	20756	37314	79.77	-	-	-
56	Perlite	Tonne	355	122	-65.64	-	-	-
57	Clay (Others)	Tonne	12140963	1102963	-11.13	5586	8526	52.63
58	Felsite	Tonne	683	710	3.95	-	-	
59	Kaolin	Tonne	933654	1096564	17.44	6674	65259	-2.13
	Natural	Tonne	713392	857805	20.24	-	-	-
	Processed	Tonne	220262	238759	8.39	-	-	-

***** *Ores & concentrates*

****** *Carats in lakhs*

(Source :IBM)

Annexure- XI

MINERALS PROPOSED TO BE COVERED UNDER AD-VALOREM BASIS AND RATES OF ROYALTY.

Sl No.	Mineral	Proposed royalty rates
1.	(i)Apatite (all grades) (ii) Rock Phosphate	(i) 5% of sale price on ad valorem (ii) (a) 11% of the sale price on ad valorem basis for grades above 25% P_2O_5. (b) 6% of the sale price on ad valorem basis for grade up to 25% P_2O_5
2.	Asbestos-Amphibole variety	15% of the sale price on ad valorem basis
3.	Barytes	5.5% of sale price on ad valorem basis
4.	Bauxite and Laterite	(a) 0.50% 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) 25% of sale price on ad valorem basis on the ore despatched for use in purposes other than alumina and aluminium metal extraction and export
5.	Brown Ilmenite, Rutile & Zircon	2% of the sale price on ad valorem basis.
6.	Cadmium	15% of sale price on ad valorem basis.
7.	Calcite	15% of the sale price on ad valorem basis.
8.	Chinaclay/Kaolin (including ballclay, white shale and white clay)	Crude – 8% of sale price on ad valorem basis Processed – 10% of sale price on ad valorem basis
9.	Chromite	10% of the sale price on ad valorem basis for all grades
10.	Columbite – Tantalite	10% of the sale price on ad valorem basis
11.	Copper Ore	4.2% of LME copper metal price, chargeable on the contained copper metal in ore produced
12.	Diamond	11.5% of sale price on ad valorem basis.

Sl No.	Mineral	Proposed royalty rates
13.	Felspar	12% of sale price on ad valorem basis.
14.	Fireclay	12% of the sale price on ad valorem basis
15.	Fluorspar/Fluorite	6.5% of the sale price on ad valorem basis
16.	Garnet (i) Abrasive variety. (ii) Gem variety.	3% of sale price on ad valorem basis 10% of sale price on ad valorem basis.
17.	Gold	(a) Primary- 2% of London Bullion Market Association Price (commonly referred to as London Price) chargeable on the gold metal in ore produced. (b) By-product gold – 3.3% of London Bullion Market Association price (commonly referred to as "London Price") chargeable on by-product gold metal actually produced.
18.	Graphite (a) with 40% or more fixed carbon (b) with less than 40% fixed carbon	(a) 2% of sale price on ad valorem basis (b) 12% of sale price on ad valorem basis
19.	Gypsum	20% of sale price on ad valorem basis
20.	Iron ore	10% of sale price on ad valorem basis
21.	Lead (a) Ore (b) Concentrate	 (a) 7% of London Metal Exchange Lead metal price chargeable on the contained Lead metal in ore produced. (b) 12.7% of London Metal Exchange Lead metal price chargeable on the contained Lead metal in concentrate produced
22.	Magnesite	3% of sale price on ad valorem basis.
23.	Mica (Crude, Waste & Scrap)	4% of sale price on ad valorem basis.
24.	Manganese Ore	a) Ore of all grades -4.2% of sale price on ad valorem basis. (b) Concentrates -1.4% of sale price on ad valorem basis.

Sl No.	Mineral	Proposed royalty rates
25.	Nickel	0.12% of LME Nickel metal price chargeable on the contained Nickel metal in ore produced.
26.	Pyrite	2% of sale price on ad valorem basis.
27.	Phyrophyllite	20% of sale price on ad valorem basis.
28.	Quartz,	15 % of the sale price on ad valorem basis
29.	Ruby	10% of sale price on ad valorem basis.
30.	Silica sand, Moulding Sand and Quartzite	8% of the sale price on ad valorem basis
31.	Sillimanite	2.5% of sale price on ad valorem basis
32.	Silver	**By product-** 7% of LME price chargeable on by-product Silver metal actually produced. **Primary Silver-** 5% of the LME Silver metal price chargeable on the contained Silver metal in ore produced.
33.	Talc/Steatite and Soapstone	18% of sale price on ad valorem basis
34.	Tin	7.5% of LME tin metal price chargeable on the contained tin metal in ore produced.
35.	Uranium	2% of compensation received by M/s Uranium Corporation of India Ltd and to be apportioned among States on the basis of data provided by the Department of Atomic Energy.
36.	Vanadium	20% of sale price on ad valorem basis.
37.	Vermiculite	3% of the sale price on ad valorem basis.
38.	Wollastonite	12% of the sale price on ad valorem basis
39.	Zinc (a) Ore (b) Concentrate	 (a) 8% of London Metal Exchange Zinc metal price chargeable on the contained Zinc metal in ore produced. (b) 8.4 % of London Metal Exchange Zinc metal price chargeable on the contained Zinc metal in concentrate produced

Sl No.	Mineral	Proposed royalty rates
40.	All other minerals	10% of the sale price on ad valorem basis

Annexure- XII.

MINERALS PROPOSED TO BE COVERED UNDER
UNIT BASIS AND RATES OF ROYALTY.

Sl No.	**Mineral**	**Proposed royalty rates**
1.	Asbestos-Chrysotile variety	Rs.880 per tonne.
2.	Dolomite	Rs.63 per tonne.
3.	Limestone	(a) L.D. grade (less than 1.5% SiO_2) - Rs. 72/- per tonne (b) Others-Rs. 63/- per tonne.
4.	Lime kankar	Rs. 63 per tonne.
5.	Lime shell	Rs. 63 per tonne.
6.	Monazite	Rs.125 per tonne.
7.	Ochre	Rs.20 per tonne.
8.	Slate	RS. 45 per tonne
9.	Tungsten	Rs.20 per unit of contained WO_3 per tonne of ore and on prorata basis.

Annexure-XIII

IMPACT OF NEW RATES OF ROYALTY ON REVENUE COLLECTION OF STATES
(Based on data on mineral production maintained by IBM)

ANDHRA PRADESH

S.No.	Mineral	Royalty collection at current rate (Rs.000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Apatite	447	447	-	-
2.	Asbestos	334	367	+33	10
3.	Ball clay	5177	2797	-2380	46
4.	Barytes	70258	70258	-	-
5.	Dolomite	45665	63931	+18266	40
6.	Felspar	6778	6778	-	-
7.	Fireclay	678	678	-	-
8.	Garnet	5075	5075	-	-
9.	Kaolin	1548	533	-1015	66
10.	Laterite	12872	12872	-	-
11.	Limestone	1552500	2171452	+618952	40
12.	Manganese ore	3189	4465	+1276	40
13.	Iron ore	57008	600178	+543170	953
14.	Lime kankar	139	179	+40	29
15.	Limeshell	333	429	+96	29
16.	Mica	5669	5669	-	-
17.	Ochre	124	165	+41	33
18.	Quartz	1634	1658	+24	1.5
19.	Quartzite	2.2	3.6	+1.4	64
20.	Silica sand	13029	13218	+189	1.4
21.	Steatite	3568	4282	+714	20
22.	Vermiculite	194	194	-	-
	Total	**1786221.2**	**2965628.6**		

ASSAM

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Limestone	14971	20960	+5989	40
	Total	**14971**	**20960**		

Annexure-XIII

BIHAR

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Limestone	18605	26047	+7442	40
2.	Quartzite	574	907	+333	58
3.	Steatite	44	53	+9	20
	Total	**19223**	**27007**		

CHHATTISGARH

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Bauxite	183616	229518	+45902	40
2.	Iron ore	490860	3411813	+2920953	596
3.	Tin conc.	7900	11850	+3950	50
4.	Dolomite	46137	64592	+18455	40
5.	Kaolin	44	44	-	-
6.	Limestone	663195	926568	+263373	39
7.	Quartzite	271	429	+158	58
8.	Steatite	2	2	-	-
	Total	**1392025**	**4644816**		

Goa

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Iron ore	270861	2817871	+2547010	940
2.	Manganese Ore	157	220	+63	40
3.	Laterite	1255	1255	-	-
	Total	**272273**	**2819346**		

GUJARAT

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Bauxite	600328	745810	+145482	24
2.	Agate	2	2	-	-
3.	Ball Clay	97	97	-	-
4.	Dolomite	3249	4548	+1299	40
5.	Fireclay	516	516	-	-
6.	Gypsum	2	2	-	-
7.	Kaolin	12988	12988	-	-
8.	Laterite	8430	8430	-	-
9.	Limestone	928035	1299249	+371714	40
10.	Ochre	13	17	+4	31
11.	Perlite	9	9	-	-
12.	Quartz	1311	1157	(-) 154	12
13.	Silica Sand	10520	9282	(-) 1239	12
14.	Steatite	18	22	+14	22
	Total	**1565518**	**2082129**		

HIMACHAL PRADESH

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Barytes	93	93	-	-
2.	Limestone	430436	473748	+43312	10
3.	Salt Rock	320	320	-	-
4.	Shale	580	580	-	-
	Total	**431429**	**474741**		

JAMMU & KASHMIR

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Gypsum	3352	3352	-	-
2.	Limestone	12469	17451	+4982	40
	Total	**15821**	**20803**		

JHARKHAND

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07-	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Bauxite	167081	208853	+41772	24
2.	Gold (Primary)	2443	3420	+977	39
3.	Gold (Bb Product)	3405	3405	-	-
4.	Iron Ore	277849	1408982	+1131133	407
5.	Manganese Ore	21	29	+8	38
6.	Dolomite	12433	17407	+4974	40
7.	Felspar	221	221	-	-
8.	Fireclay	362	362	-	-
9.	Graphite	2666	3199	+538	20
10.	Kaolin	1079	1079	-	-
11.	Kyanite	7687	7687	-	-
12.	Laterite	137	137	-	-
13.	Limestone	88448	123761	+35313	40
14.	Ochre	6	8	+2	33
15.	Pyrophyllite	12	16	+4	33
16.	Pyroxenite	2088	2088	-	-
17.	Quartz	654	879	+225	34
18.	Quartzite	238	375	+137	57
19.	Silica Sand	2285	2319	+34	11
	Total	**569115**	**1784227**		

KARNATAKA

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1	Bauxite	11139	13924	+2785	25
2	Chromite	1789	2386	+597	33
3	Gold	33222	46511	+13289	40
4	Iron ore	535411	3063139	+2527728	472
5	Manganese ore	7441	58037	+50597	680
6	Silver	218	306	+87	40
7	Dolomite	18225	25516	+7291	40
8	Dunite	130	130	-	-
9	Felspar	12	12	-	-
10	Fire clay	345	345	-	-
11	Felsite	77	77	-	-

12	Kaolin	338	338	-	-
13	Kyanite	17	17	-	-
14	Laterite	679	679	-	-
15	Lime stone	672777	941060	+268283	40
16	Lime shell	2659	3428	+768	29
17	Magnesite	459	459	-	-
18	Ochre	322	429	+107	33
19	Quartz, quartzite & silica sand	2980	3029	+49	1.6
20	Shale	2646	2646	-	-
21	Steatite	53	64	+10	20
	Total	**1290939**	**4162532**		

KERALA

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Kaolin	20382	20382	-	-
2.	Sillimanite	541	541	-	-
3.	Laterite	1068	1068	-	-
4.	Limestone	25570	34398	+8828	34
5.	Limeshell	1477	2067	+590	40
6.	Silica Sand	588	598	+10	2
	Total	**49626**	**59054**		

MADHYA PRADESH

Sl. No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.'000)	Increase/Decrease	
				Rs.'000	%
1.	Bauxite	176	220	+44	25
2.	Copper	220000	286000	+66000	30
3.	Iron ore	10085	27820	+17745	176
4.	Manganese ore	44787	62707	+17920	40
5.	Phosphorite	3943	4245	+302	8
6.	Calcite	9723	9723	-	-
7.	Clay (Others)	3203	3203	-	-
8.	Diamond	495	569	+74	15
9.	Diaspore	930	930	-	-

10.	Dolomite	6622	9271	+2649	40
11.	Fireclay	428	428	-	-
12.	Kaolin Natural)	250	250	-	-
13.	Laterite	1257	1257	-	-
14.	Limestone	1087910	1519700	+431790	40
15.	Ochre	288	384	+96	33
16.	Pyrophyllite	3727	4969	+1242	33
17.	Shale	496	496	-	-
18.	Steatite	8	10	+2	25
	Total	**1394328**	**1932182**		

MAHARASHTRA

S.No.	Mineral	Royalty collection at current rate (Rs.000) Based on the production in 2006-07	Royalty at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Bauxite	132128	165159	+33031	25
2.	Chromite	5	6	+1	20
3.	Iron ore	4895	22900	+18005	368
4.	Manganese ore	35545	49764	+14219	40
5.	Corundum	31	31	-	-
6.	Dolomite	4677	6548	+1871	40
7.	Fireclay	57	57	-	-
8.	Fluorite	543	652	+109	20
9.	Kaolin	9	9	-	-
10.	Kyanite	92	92	-	-
11.	Sillimanite	190	190	-	-
12.	Limestone	440345	616455	+176110	40
13.	Pyrophyllite	195	263	+68	35
14.	Quartz/Silica sand	5559	5640	+81	1
15.	Sand (others)	2815	2815	-	-
16.	Shale	592	592	-	-
	Total	**627678**	**871173**		

MEGHALAYA

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Limestone	102645	143703	+41058	40

2.	Shale	691	691	-	-
	Total	**103336**	**144394**		

ORISSA

S.No.	Mineral	Royalty collection at current rate (Rs.000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1.	Bauxite	533082	666681	+133599	25
2.	Chromite	91121	121495	+30374	33
3.	Iron ore	826451	5150754	+4324303	523
4.	Manganese ore	44692	62570	+17878	40
5.	Dolomite	67902	95062	+27160	40
6.	Fireclay	1971	1971	-	-
7.	Garnet	134	134	-	-
8.	Graphite	6782	8373	+1591	23
9.	Kaolin	138	138	-	-
10.	Sillimanite	1775	1775	-	-
11.	Limestone	127325	177075	+49750	39
12.	Pyrophyllite	200	2662	+2462	1231
13.	Pyroxenite	9650	9650	-	-
14.	Quartz/Quartzite, Silica sand	1050	1065	+15	1.4
15.	Steatite	88	106	+18	20
	Total	**1712361**	**6299511**		

RAJASTHAN

S.No.	Mineral	Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07	Royalty collection at new rates (Rs.000)	Increase/ Decrease	
				In Rs.000	%
1	Copper ore	98522	128077	+29555	30
2	Iron ore	198	415	+218	110
3	Lead	288496	403893	+115397	40
4	Zinc	5810745	7042843	+1232098	21
5	Silver	51167	71633	+20467	40
6	Phosphorite	389274	389294	+20	1
7	Ball clay	7789	7789	-	-
8	Barytes	240	240	-	-
9	Calcite	7308	7308	-	-

10	Clay (others)	0.6	0.6	-	-
11	Dolomite	10798	15118	+4319	40
12	Felspar	665	665	-	-
13	Fire clay	3478	3478	-	-
14	Fluorite	16	206	+190	1200
15	Gypsum	82761	82761	-	-
16	Kaolin	3916	3916	-	-
17	Limestone	1236261	1721777	+485516	40
18	Magnesite	16	16	-	-
19	Mica	139	139	-	-
20	Ochre	10726	14301	+3575	33
21	Quarz, quartzite, silica sand	6556	8378	+1822	29
22	Steatite	36294	43553	+7259	20
	Total	**8045365.6**	**9945800.6**		

TAMIL NADU

Sl.No.	**Mineral**	**Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07**	**Royalty collection at new rates Rs.'000**	**Increase/Decrease**	
				Rs.'000	**%**
1.	Bauxite	39351	49188	+9837	25
2.	Ballclay	176	176	-	-
3.	Dunite	798	798	-	-
4.	Felspar	5	5	-	-
5.	Fireclay	153	153	-	-
6.	Garnet	6516	6516	-	-
7.	Graphite	13197	15836	+2639	20
8.	Limestone	750150	1050210	+300060	40
9.	Lime kankar	18468	23803	+5335	29
10.	Limeshell	1.8	2.3	+0.5	28
11.	Magnesite	8123	8123	-	-
12.	Quartz/Silica sand	627	1326	+699	111
	Total	**837565.8**	**1156136.3**		

UTTARAKHAND

Sl.No.	**Mineral**	**Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07**	**Royalty collection at new rates Rs.'000**	**Increase/Decrease**	
				Rs.'000	**%**
1.	Magnesite	1612	1612	-	-

2.	Steatite	10711	12853	2142	20
	Total	**12323**	**14465**		

UTTAR PRADESH

Sl.No.	**Mineral**	**Royalty collection at Current Rate (Rs.'000) Based on the production in 2006-07**	**Royalty collection at new rates Rs.'000**	**Increase/Decrease**	
				Rs.'000	**%**
1.	Diaspore	675	675	-	-
2.	Pyrophyllite	759	1012	+253	33
3.	Silica Sand	3544	3596	+52	1.5
	Total	**4978**	**5283**		

(Source :IBM)

ANNEXURE XIV

GUIDELINES FOR CALCULATION OF ROYALTY
(TO BE INCORPORATED IN RULE 64 D OF MINERAL CONCESION RULES, 1960)

64. D-Guidelines for computing royalty on minerals on ad valorem basis : -

Every mine owner, his agent, manager, employee, contractor or sub-lessee shall follow the following guidelines for computation of the amount of royalty on minerals where the royalty is charged on ad valorem basis, namely: -

Guidelines :

(I) The Guidelines for calculation of royalty in typical cases are as follows :

Case 1 : For Non atomic and Non fuel minerals sold in the domestic market or consumed in captive plants or exported by the mine owners (other than bauxite and laterite despatched for use in alumina and metallurgical industries, copper, lead, zinc, tin, nickel, gold, silver and minerals prescribed under Atomic Energy Act) : -

No international bench mark is available for such minerals. Hence, the statewise average values for different individual minerals as published by Indian Bureau of Mines in the "Monthly Statistics of Mineral Production" will be the bench mark for computation of royalty by the concerned State Government in respect of any mineral produced any time during a month in any mine in that State. For the purpose of computation of royalty, the State Government will add 20% to this bench mark value. Also the latest published issue of the Monthly Statistics of Mineral Production will be deemed to be applicable irrespective of when the royalty accrues. If for a particular mineral, the information for a State is not available in a particular issue, the latest information available for that mineral in the State in a previous issue shall be referred, failing which the latest published information for the mineral for all India shall be referred.

Case 2 : For beach sand minerals :

The minerals under this category include ilmenite, leucoxene, rutile and zircon obtained mainly from the beach sand deposits in the coastal states. The basis of collection of royalty shall be the actual mineral content in the beach sand mined.

Notes : (a) : In case of sale in the domestic market, the per tonne sale price of the separated mineral actually realized, less the cost of transportation from the lease boundary to point of sale as shown by the mine owners in their sale vouchers or bills or invoices will be considered for computing ad valorem royalty. To avoid payment of taxes on royalty, the mine owners should in their own interest record the price and royalty separately, in the same vouchers or bills or invoices instead of indicating a composite price inclusive of royalty. In case the price, royalty and transportation cost are not shown separately it will be assumed that the price indicated in the sale vouchers or bills or invoices is exclusive of royalty and transportation cost, and royalty shall be charged accordingly.

(b) In case of direct export by mine owners in the sale value for the purpose of royalty shall ordinarily be the free on board (FOB) price realized less transportation charges from the lease boundary to the port, loading and unloading charges at the port, port charges (including sampling and analysis and demurrage charges, if any), insurance charges, royalty, taxes and interest charges on loan for export. However, in case of cost insurance and freight (CIF) sales, sea freight, insurance and cost of unloading at the destination port shall also be deducted from such price. For such purposes, the mine owner may prepare invoices or bills indicating the free on board price or cost insurance freight price as the case may be and each of other charges separately.

Case 3 : For primary gold, silver, copper, nickel and tin :-

The total contained metal in the ore produced during the period for which the royalty is computed and reported in the statutory returns under Mineral Conservation and Development Rules, 1988 or recorded in the books of the mine owners shall be considered for the purposes of computing the royalty in the first place and then the royalty shall be computed as the percentage of the average metal prices in the London Metal Exchange (hereinafter referred to as the LME) for copper, nickel and tin and London price for silver and gold during the period of computation of royalty. The foreign exchange rate for conversion of rupee shall be the selling rate on the last date of the period of computation as published in newspaper namely, The Economic Times. For the LME prices as well as for London Price of the commodity either of the following three sources shall be referred to, namely: -

(i) Non-ferrous Report : Mineral and Metals Review,

28,30 Anantwadi,
P.O.Box, 2749,
Mumbai – 400 002

(ii) Metal Bulletin
16, Lower Marsh,
London, SE-17, RJ

(iii) World Metal Statistics;(Monthly or Quarterly Summary)
By World Bureau of Metal Statistics,
27a High Street, Ware,
Herts SG 129 BA
United Kingdom.

Case 4 : For by-product gold and silver

The guidelines for computation of ad-valorem royalty shall be linked to the total quantity of metal produced and the London price for silver and gold as in the Case-3 above. However, in this case the actual final production of the metal shall be considered instead of the metal content in the ore produced for the purpose of computing royalty.

Case 5 : For Bauxite :

(i) Despatched for use in alumina and aluminium metal extraction:-

The royalty on bauxite for use in alumina and aluminium metal extraction purpose will be charged on dry basis. The mine owner should establish facilities for collection of a sample and its analysis on dry basis at the mine site.

Methodology: The total contained alumina in the bauxite ore (on dry basis) produced in the period for which the royalty is computed and reported in the statutory monthly returns under Mineral Conservation and Development Rules, 1988 or recorded in the books of the mine owners and despatched to alumina / aluminium metal extraction industry shall be considered for the purpose of computing the royalty in the first place and then the royalty shall be computed as the percentage of the average aluminium metal prices in the London Metal Exchange (hereinafter referred to as LME) for the contained aluminium metal in the said alumina content of the ore. For this purpose, the theoretical percentage share of the total aluminium metal atom in one molecule of alumina (which is 52.9%) shall be taken. The following simple formula applicable for every tonne of bauxite produced is worked out and suggested.

52.9 100	X % of Al_20_3 in the bauxite on dry basis (as reported in the Statutory Monthly return under MCDR	X Avg. .LME price of aluminium as published during the period of computation of royalty (day, month, quarter or year.	X Rupee /dolor Exchange rate (selling) as on the last date of the period of the computation of royalty	X Rate of royalty (in %)

Both, LME price (in US $ per tonne) and rupee / US $ exchange rate are as published in the sources mentioned in Case 3 above.

(ii) **Bauxite despatched for use other than alumina and aluminium metal extraction:**

- As per **Case 1**.

Case 6 : Lead and Zinc.

(a) Contained metal in ore:

In case lead-zinc ore is not processed in the lease area or is sold in ore form, the royalty shall be computed based on the total contained metal in the ore despatched for processing outside the lease area / sold and reported in the statutory returns under Mineral Conservation & Development Rules 1988 or recorded in the books of the mine owners. The metal price reckoned for calculation of royalty shall be the percentage of the average LME metal price for Lead and Zinc.

(b) Contained metal in concentrates:

If the Lead / Zinc ore is processed into concentrate in the lease area and despatched /sold as concentrate, the royalty shall be levied on the total metal content in the lead-zinc concentrate produced during the period for which royalty is computed and reported in the statutory monthly returns under Mineral Conservation and Development Rules, 1988 or recorded in the books for concentrator plant maintained by mine owners and dispatched to lead / zinc metal extraction industry. The metal price reckoned for calculation of royalty shall be the percentage of the average LME metal price for Lead and Zinc.

(c) Both, LME price (in US $ per tonne) and rupee / US $ exchange rate are as published in the sources mentioned in Case 3 above.

(II) Calculation of royalty on dry basis:

In case of metallic ores for which royalty is based on metal contained in ore and metal prices are linked to LME the royalty will be charged on dry basis.

Annexure-XV

Breakup of the grades of minerals for computation of Royalty on ad valorem basis Linked to National Bench Mark Price

1. Asbestos-Amphibole variety

2. Bauxite
- **(Non Metallurgical)**
- **Cement**
- **Abrasive**
- **Refractory**
- **Others**

3. China clay
- **1. Crude**
- **2. Processed**

4. Chromite
- **Lumps**
- **Up to 40% Cr_2O_3**
- **40-52% Cr_2O_3**
- **Above 52% Cr_2O_3**
- **Fines**
- **Up to 40% Cr_2O_3**
- **40-52% Cr_2O_3**
- **Above 52% Cr_2O_3**
- **Concentrates**

5. Manganese Ore
- **MnO_2**
- **Up to 25% Mn**
- **25-35% Mn**
- **35-46% Mn**
- **Above 46% Mn**

6. Barytes
- **White**
- **Off colour**

7. Fluorite (Graded)
- **Up to 30% CaF_2**
- **30-70% CaF_2**
- **70-85% CaF_2**
- **Above 85% CaF_2**

8. Garnet (Abrasive)

9. Garnet (Gem)

10. Graphite
- **1. With 40% or more fixed carbon**
- **2. Less than 40% fixed carbon**

11. Iron ore
- **Lumps**
- **Below 60% Fe**
- **60-62% Fe**
- **62-65% Fe**
- **65% Fe & Above**
- **Fines**
- **Below 62% Fe**
- **62-65% Fe**
- **65% Fe & above**
- **Concentrates**

12. Kyanite
- **Up to 40% Al_2O_3**
- **Above 40% Al_2O_3**

13. Laterite
- **Non Metallurgical**
- **(i) Cement**
- **(ii) Abrasive**
- **(iii)Chemical**
- **(iv)Others**

14. Mica (Crude)

15. Mica (Waste & Scrap)

16. Phosphorite
- **Up to 25% P2O5**
- **25-30% P2O5**
- **Above 30% P2O5**

17. Steatite
- **Insecticide (filler grade)**
- **Other than insecticide (filler grade)**

ANNEXURE XVI

Amendments suggested by the Study Group in the Second and Third Schedule to the Mines and Minerals (Development & Regulation) Act, 1957.

THE SECOND SCHEDULE

(See section 9)

RATES OF ROYALTY

RATES OF ROYALTY IN RESPECT OF MINERALS AT ITEM 1 TO 8, 10 TO 34 AND 36 TO 48 APPLICABLE IN ALL STATES AND UNION TERRITORIES, EXCEPT THE STATE OF WEST BENGAL

1. Apatite and Rock Phosphate	
(i)Apatite(all grades) :	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 :	Eight hundred eighty rupees per tonne.
(a) Chrysotile	
(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 percent of sale price on ad valorem basis for those despatched for use other than alumina and aluminium metal extraction and export.
5. Brown Ilmenite (Leucoxene), Ilmenite, Rutile and Zircon	Two per cent of sale price on ad valorem basis.
6. Cadmium	Fifteen per cent of sale price on ad valorem basis.
7.Calcite	Fifteen per cent of sale price on ad valorem basis.
8. China clay/Kaolin (including ball clay, white shale and white clay)	
(a) Crude	Eight per cent of sale price on ad valorem basis.
(b) Processed (including washed)	Ten per cent of sale price on ad valorem basis.
9. Chromite	Ten per cent of sale price on ad valorem basis.
10.* COAL & LIGNITE:	**Not within the purview of the Study Group**
11. Columbite – tantalite	Ten per cent of sale price on ad valorem 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 ad valorem basis.
14. Dolomite	Sixty-three rupees per tonne.
15. Felspar	Twelve per cent of sale price on ad valorem basis
16. Fireclay (including plastic, pipe, lithomargic and	Twelve per cent of sale price on ad valorem basis.

natural pozzolanic clay)	
17. Fluorspar (also called fluorite)	Six point five per cent of sale price on ad valorem basis
18.Garnet :	
(a) Abrasive	Three per cent of sale price on ad valorem basis.
(b) Gem	Ten per cent of sale price on ad valorem 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 by-product gold metal actually produced.
20. Graphite :	
(a) with 40 per cent or more fixed carbon	Two per cent of sale price on ad valorem basis.
(b) with less than 40 per cent fixed carbon	Twelve per cent of sale price on ad valorem basis.
21. Gypsum	Twenty per cent of sale price on ad valorem basis.
22. Iron Ore (lumps, fines & concentrates all grades):	Ten per cent of sale price on ad valorem basis.
23. Lead	
(a) Contained Lead Metal in ore produced	Seven per cent of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced.
(b) Contained Lead Metal in concentrate produced	Twelve point Seven per cent of London Metal Exchange lead metal price chargeable on the contained lead metal in the 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:	
(a) Ore of all grades	Four point two per cent of sale price on ad valorem basis.
(b) Concentrates	One point four per cent of sale price on ad valorem basis.
29.Mica, Crude, Waste and Scrap	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.
33. Pyrites	Two per cent of sale price on ad valorem basis.
34. Pyrophyllite	Twenty per cent of sale price on ad valorem basis.
35. Quartz,	Fifteen per cent of sale price on ad valorem basis.
36. Ruby	10% of sale price
37. Sand for Stowing	Not within the purview of this Study Group
38. Selenite	Ten per cent of sale price on ad

	valorem basis.
39. Silica sand, Moulding sand and Quartzite	Eight per cent of sale price on ad valorem basis.
40. Sillimanite	Two and half percent of sale price on ad valorem 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 ad valorem basis.
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 percent of contained WO_3 per tonne of ore and on pro rata basis.
46. Uranium	2% of compensation received by M/s Uranium Corporation of India Ltd and to be apportioned among States on the basis of data provided by the Department of Atomic Energy.
47. Vanadium (as vanadium pentaoxide)	Twenty per cent of sale price on ad valorem basis.
48. Vermiculite	Three per cent of sale price on ad valorem basis.
49. Wollastonite	Twelve per cent of sale price on ad valorem basis.

50.Zinc:	
(a) Zinc ore:	Eight per cent of London Metal Exchange zinc metal price on ad valorem basis chargeable on contained zinc metal in ore produced.
(b) Zinc concentrate :	Eight point four per cent of London Metal Exchange zinc metal price on ad valorem basis chargeable on contained zinc metal in concentrate produced.
51. All other minerals not here-in-before specified [Agate, Corundum Clay(Others), Cadmium, Chalk, Diaspore, Dunite, Felsite, Fuschite, Jasper, Kyanite, Perlite, Quartzite, Rock Salt, Shale, Pyroxenite, etc.]	Ten per cent of sale price on ad valorem basis.

Note: The rates of royalty for the State of West Bengal in respect of minerals except the mineral specified against item number 9 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.

THE THIRD SCHEDULE

(See section 9 A)

RATES OF DEAD RENT

(APPLICABLE FOR ALL STATES AND UNION TERRITORIES,
EXCEPT THE STATE OF WEST BENGAL**)**

1. Rate 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 2nd year of lease	3rd year and 4th year	5th year onward
200	500	1000

2. Two times the rate specified under (1) above in case of lease granted for medium value mineral(s).

3. Three times the rates specified under (1) above in case of lease granted for high value mineral(s).

4. Four times the rates specified under (1) above 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, alexandrite and opal;

(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, 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) No. G.S.R. 458(E), dated the 5th May, 1987".