

Govt introduces royalty rates for key minerals

Move comes ahead of the first offshore mineral auction

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Ahead of the first offshore mineral auction, the central government has introduced the royalty rates for construction sand, polymetallic nodules, and overburden or waste, the key minerals to be extracted through offshore mining.

The rate for dolomite, limestone, and lime mud too will be revised. This comes as the Centre is preparing to bring 20 blocks for auction in the coming months.

The royalty rates, defined under the Offshore Areas Mineral (Development and Regulation) Act, 2002, were initially limited to a few core minerals, including brown ilmenite (leucoxene), ilmenite, rutile, zircon, dolomite, garnet, gold, limestone, lime mud, manganese ore, monazite, sillimanite, and silver.

With a new list of minerals available for offshore mining, the government is updating rates to meet rising market demand and account for the commercial value of these resources.

Under the proposal, construction sand will carry a royalty of ₹40 per tonne, while polymetallic nodules and crusts will be taxed at 3 per cent of the average sale price.

Overburden or waste material, often containing trace minerals, will have a royalty of ₹10 per tonne. Additionally, the government is proposing to increase the royalty for dolomite and limestone and lime mud from the current ₹40 per tonne to ₹50 per tonne. The Act has established ad valorem royalty rates for key minerals, meaning that rates are based on the mineral's sale value rather than the quantity produced. In addition to polymetallic nodules, resources such as brown ilmenite (leucoxene), ilmenite, rutile, and zircon have a royalty set at 2 per cent of the average sale price. Garnet and manganese ore have a royalty of 3 per cent



RATES DECODED

■ Construction sand	₹40/tonne
■ Polymetallic nodules	3% of avg sale price (ASP)
■ Overburden/waste	₹10/tonne
■ Dolomite	₹50/tonne
■ Limestone/lime mud	₹50/tonne
■ Brown ilmenite (leucoxene), ilmenite, rutile, zircon	2% of ASP
■ Garnet	3% of ASP
■ Gold	1.5% of London Bullion Market Association price
■ Silver	5% of London Metal Exchange price
■ Manganese ore	3% of ASP
■ Monazite	₹125/tonne
■ Sillimanite	2.5% of ASP
■ All other unspecified minerals	10% of ASP



Note: Royalties based on % of ASP or market prices are on an ad valorem basis; Source: Ministry of Mines

of the average sale price, while sillimanite is subject to a royalty of 2.5 per cent of the sale price. A standard rate of 10 per cent of the sale price applies to all other unspecified minerals.

Gold carries a royalty of 1.5 per cent of the London Bullion Market Association price, while monazite is charged at ₹125 per tonne. Sillimanite has a royalty rate of 2.5 per cent of the sale price, and silver is assessed at 5 per cent of the London Metal Exchange price.

Offshore mineral resources span a wide variety, each with distinct applications ranging from construction to high-tech manufacturing.

Construction sand is typically found in seabed deposits. Dolomite, used in steelmaking and as a building material, can be found in marine sediments. Limestone and lime mud are vital for cement production and are commonly extracted from carbonate-rich offshore deposits.

Polymetallic nodules and crusts are rich in metals like manganese, nickel, and cobalt, making them valuable for batteries and electronics.

Minerals like brown ilmenite (leucoxene), ilmenite, rutile, and zircon are the key to producing titanium and zirconium, used in aerospace, medical devices, and ceramics.