



National Mining Conclave -2024

Indian Institute of Science, Bengaluru

By Mines Safety Association Karnataka
&
Mining Engineers' Association of India

DR.C.H.RAO



Interministerial Committee on Mines & Mineral Sector- NITI Ayog

May 20th 2024, New Delhi

TOR: Examination of Royalty rates and other levies on Minor Minerals in Different States and suggest measures for implementing uniform royalty rates and other levies on Minor Minerals





Objective of the report



Showcase the disproportionate taxation of Minor minerals its adverse impact on rural economies and employment.



Examining the tax policies of states and their impact on these enterprises, FEMMI advocates policy and legislative reforms.



Contribution of Minor Minerals 40-50 % GVA



Minor minerals, often referred to as Developmental Minerals in frameworks such as those provided by the United Nations Development Program (UNDP), represent minerals of low individual value but collectively **contribute 40-50 percent** of the Gross Value Added to minerals in India.



Ninety percent are Micro, Small, and Medium Enterprises (MSMEs) which includes Artisanal small mines too (ASM's). "**entrepreneurs of sustenance not entrepreneurs of scale**"



Driving rural employment, supporting local economies, and **fostering grassroots-level exploration*** and development activities

**Grassroots exploration of Minerals is gone due to introduction of Auction Mineral Concessions*

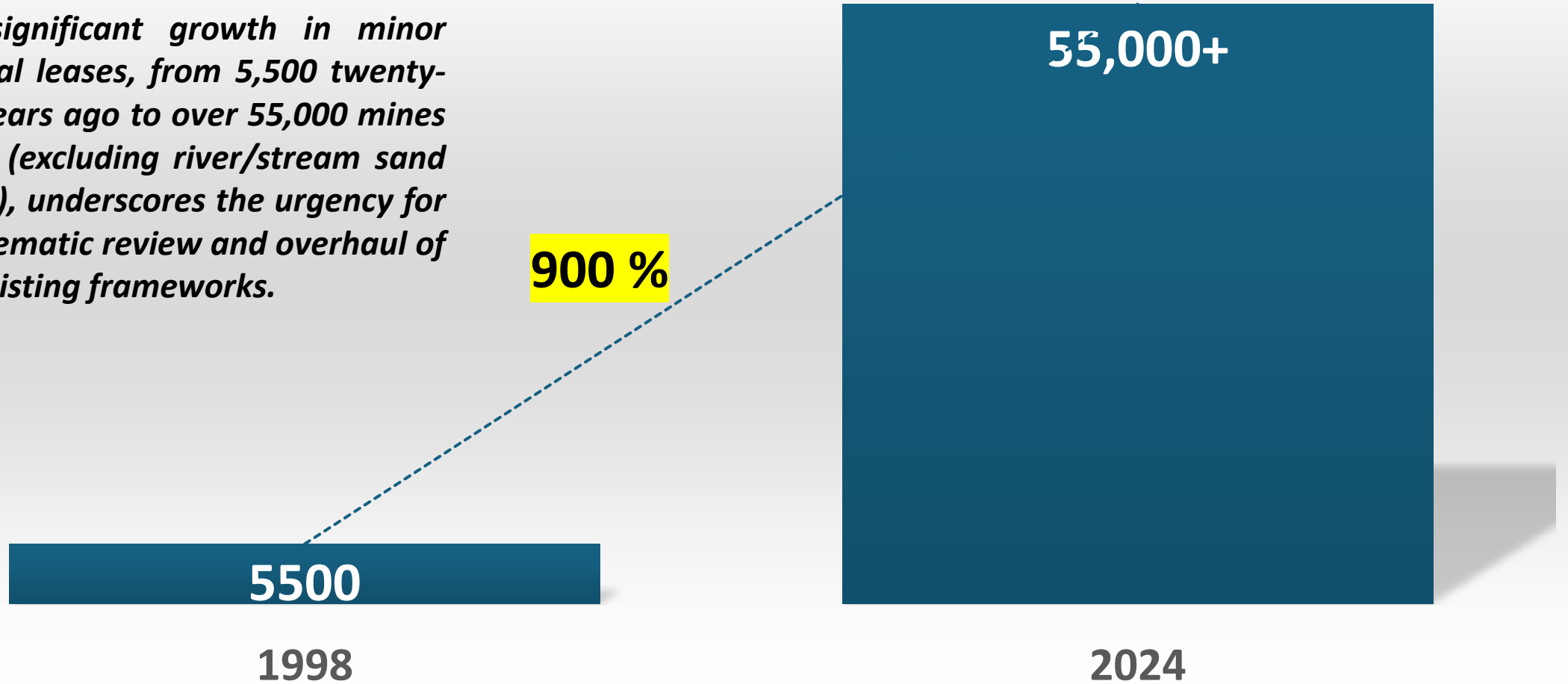
7/9/2024

Prepared by Dr.C.H.RAO for FEMMI



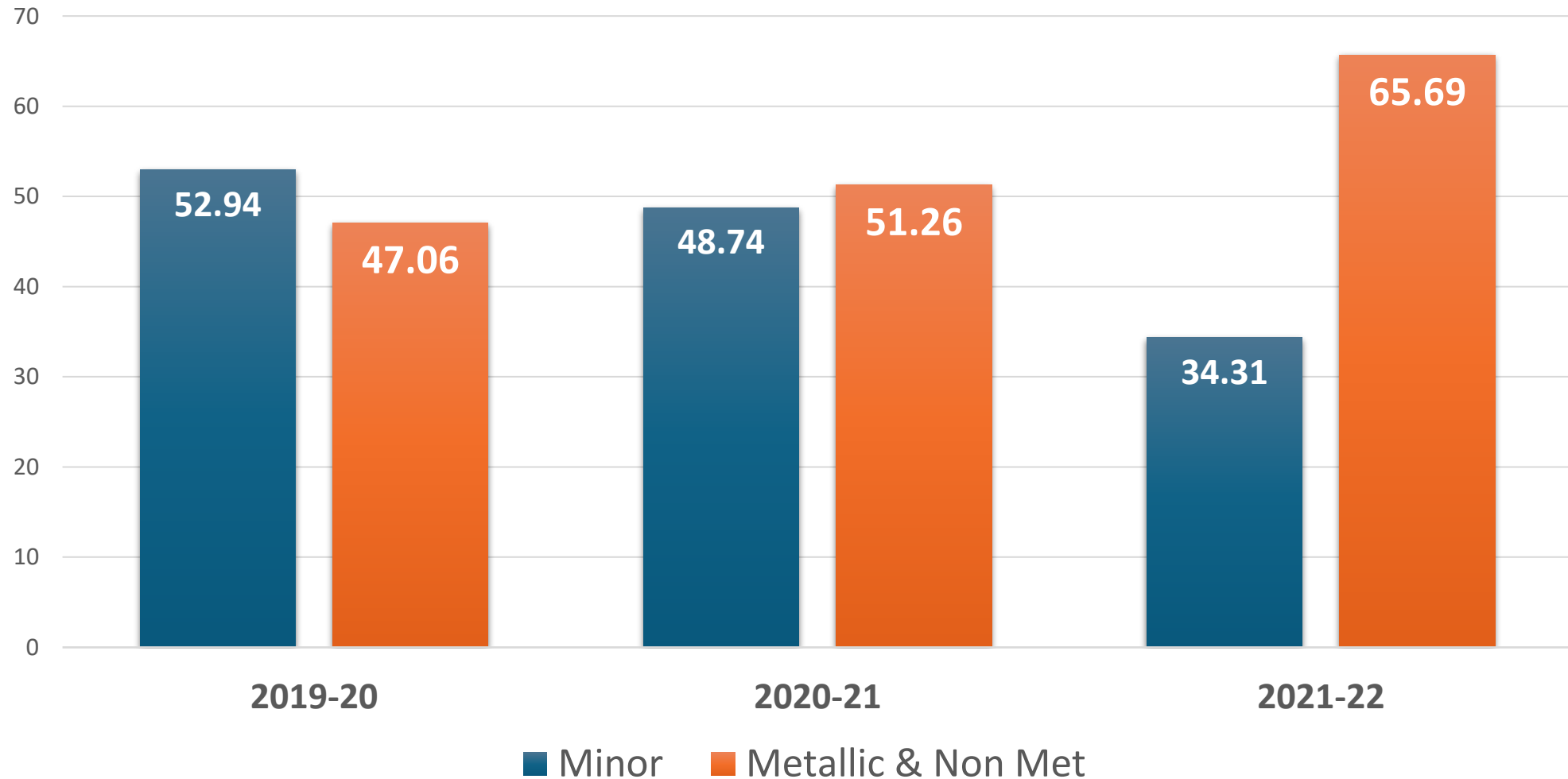
Growth of Minor Mineral Mines In 25 Years

The significant growth in minor mineral leases, from 5,500 twenty-five years ago to over 55,000 mines today (excluding river/stream sand mines), underscores the urgency for a systematic review and overhaul of the existing frameworks.





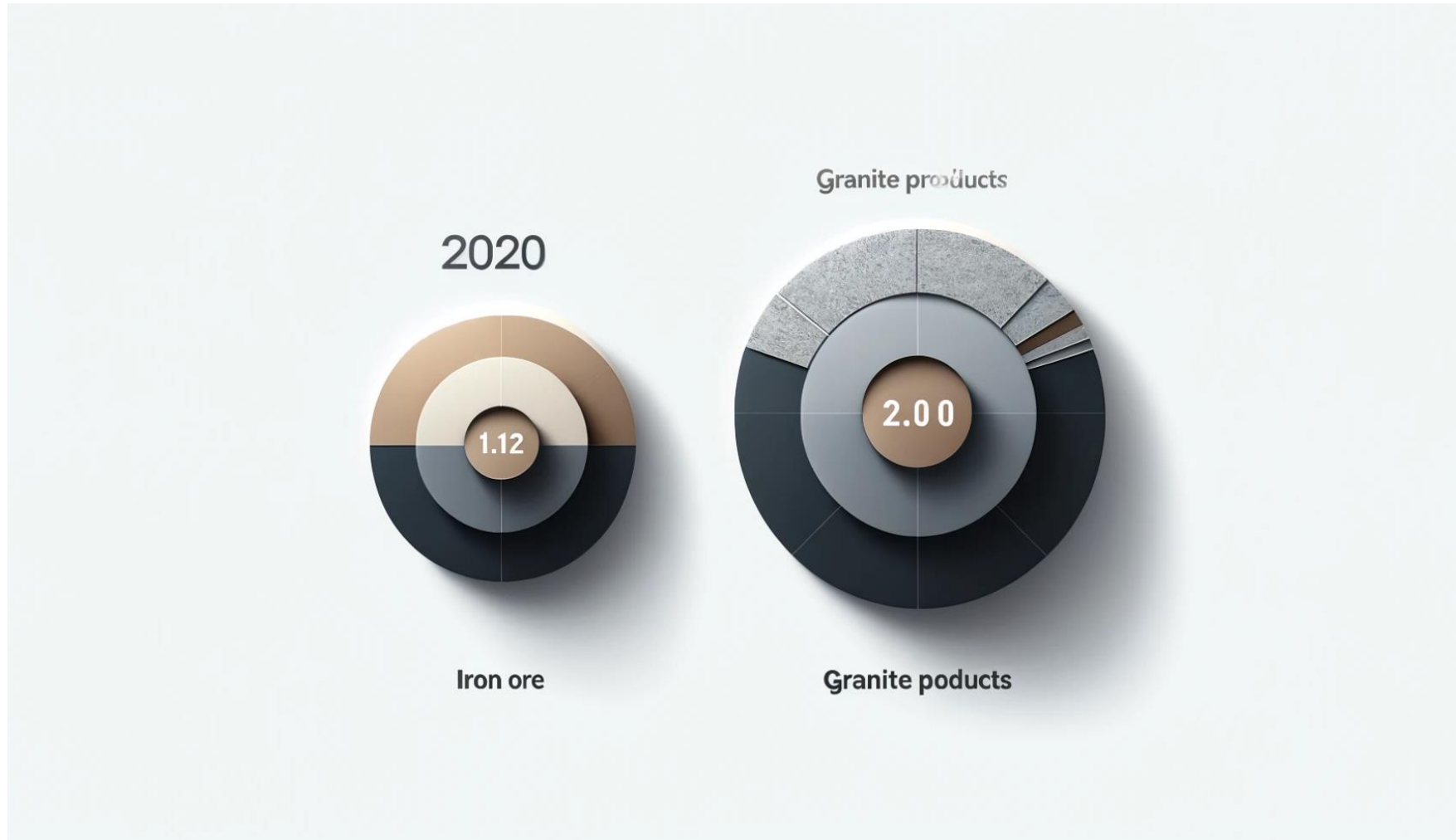
Percentage value contribution of Minor versus Combined Metallic & Non Metallic Minerals in India





Export value(Billion USD) of Iron Ore and Granite Products

Year 2020, CAPAXIL Figures





NATIONAL MINERAL POLICY 2019

8. “FISCAL ASPECTS :It will be the endeavor of government to design fiscal measures,Efforts shall be made to benchmark and harmonize royalty and all other levies and taxes with mining jurisdictions across the world to make India an attractive destination for exploration and mining”



NMP 2019

11. INTER MINISTERIAL MECHANISM FC., SUSTAINABLE DEVELOPMENT

A unified authority in the form of an inter-ministerial body undershall be constituted to institutionalize a mechanism for ensuring sustainable mining with adequate concerns for environment and socio-economic issues in the mining areas, **and to advise the Government on rates of royalty, dead rent etc.**

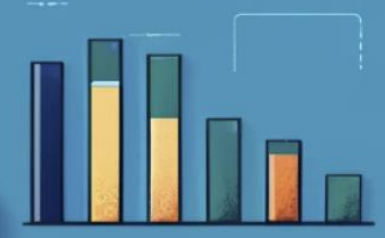
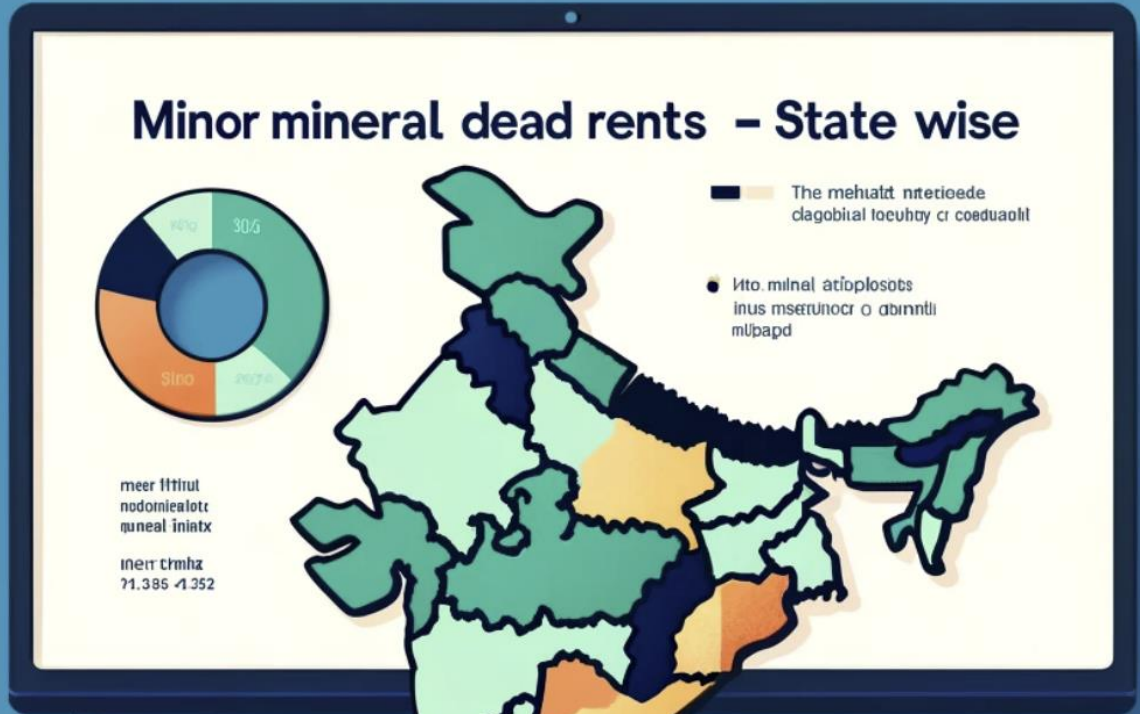
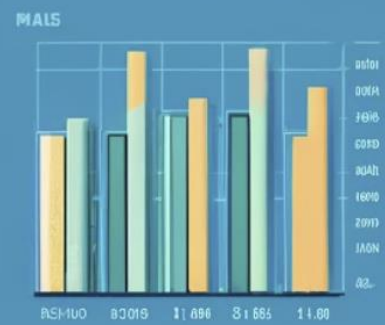
Now, thanks to this current exercise of NITI Ayog along with Ministry of Mines and other ministries as per the NMP.

The Granite Conservation And Development Rules, 1999 which is a statute talks about Uniform Framework under section 18, 21 & 26 of MMDR

- G.S.R. 398(E), dated 1st June 1999. - In exercise of the powers conferred by section 18 of the Mines and Minerals [(Development and Regulation)] [Substituted by G.S.R. 706(E), dated 17.10.2002 (w.e.f. 17.10.2002).] Act, 1957 (67 of 1957), the Central Government hereby makes the following rules for conservation and systematic development of and scientific mining to conserve, the granite resources and **to prescribe a uniform frame-work with regard to systematic and scientific exploitation of granite throughout the country, namely:-**

The Marble Conservation And Development Rules, 2002 which is a statute talks about Uniform Framework under section 18, 21 & 26 of MMDR

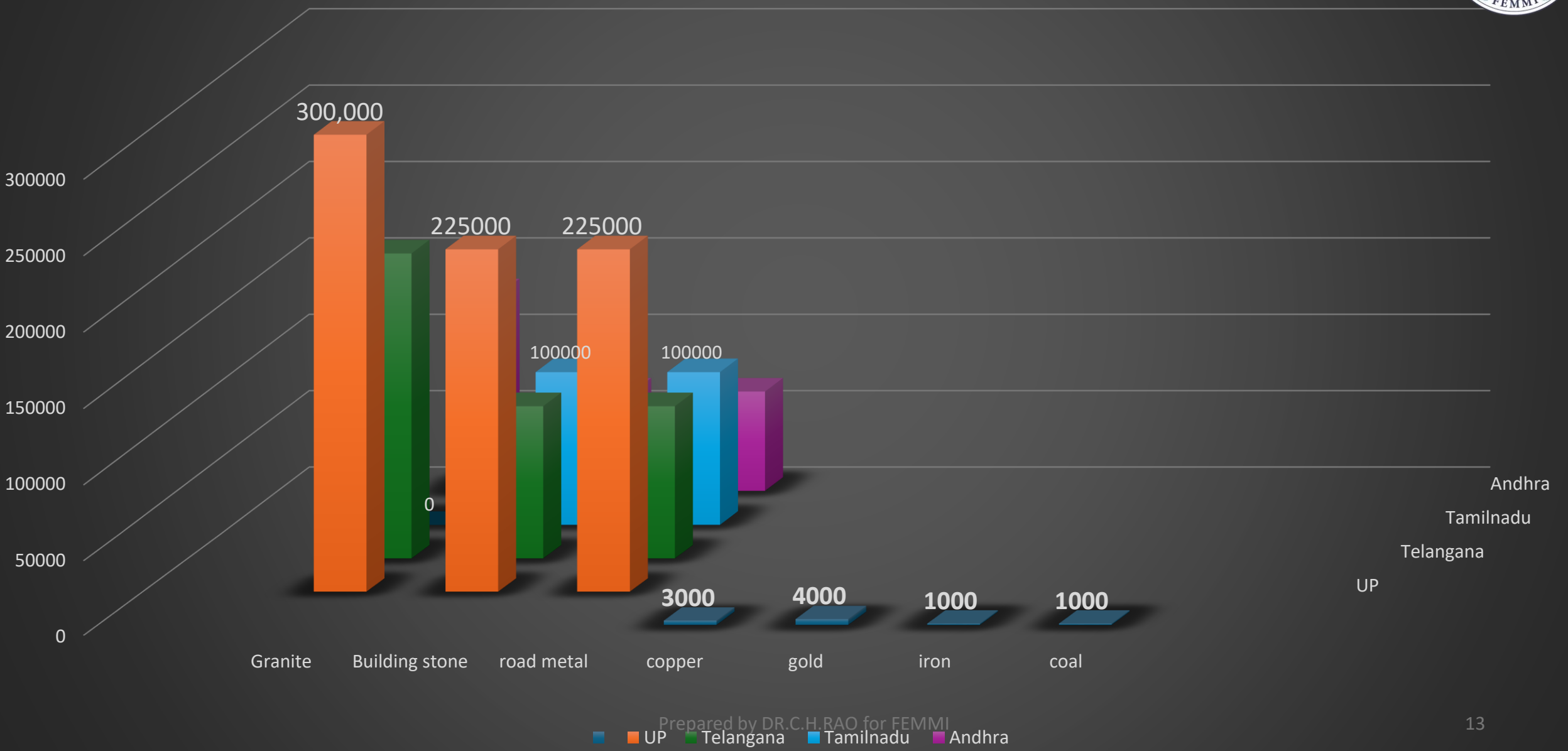
G.S.R. 369(E), dated 15th May, 2002. - In exercise of the powers conferred by section 18 read with sections 21 and 26 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following rules for conservation and systematic development of and scientific mining to conserve the marble resources and to provide **a uniform framework with regard to systematic and scientific exploitation of marble throughout the country**, namely:-





Major versus Minor Mineral Dead rents

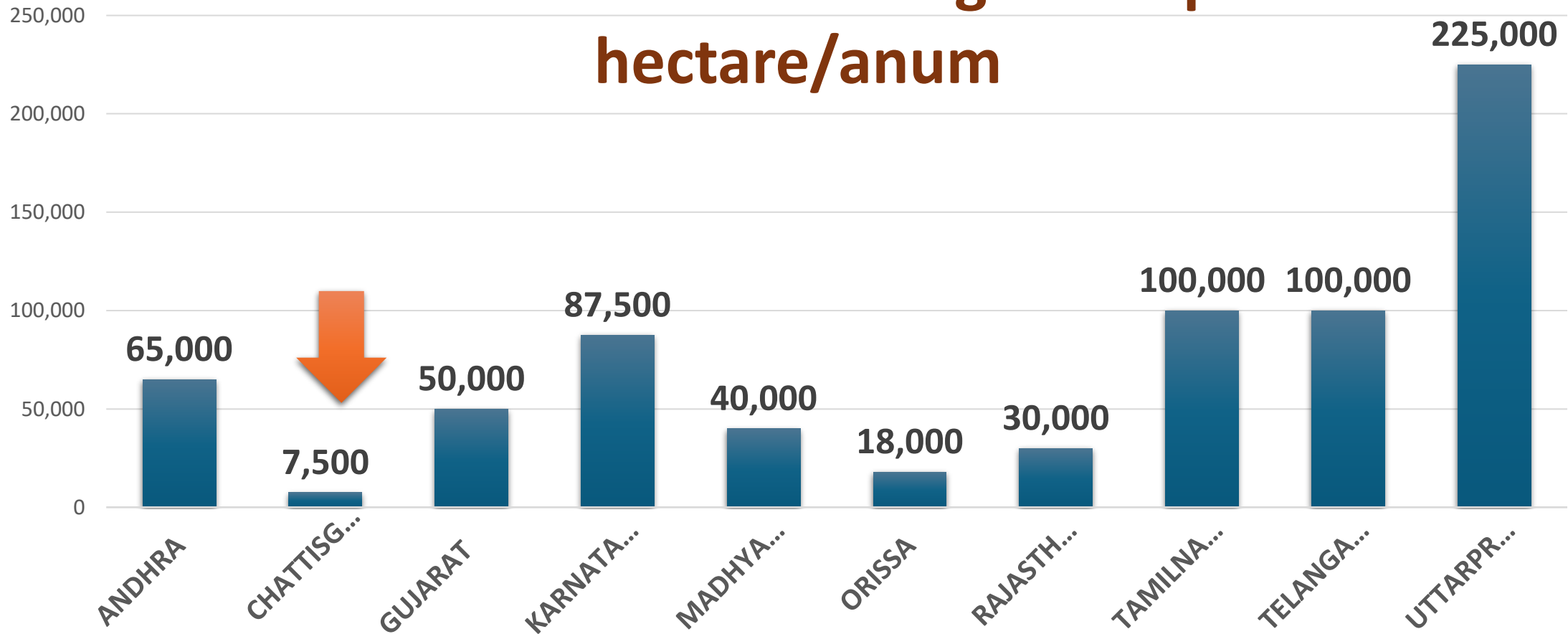
Annual Dead rent per Hectare lease area



Sl. No.	Mineral	ANDHRA	CHATTISGARH	GUJARAT	KARNATAKA	MADHYAPRADESH	ORISSA	RAJASTHAN	TAMILNADU	TELANGANA	UTTARPRADESH
1	Granite	1,30,000	15,000	80,000	93,750	40,000	53,500	60,000	2,00,000	2,00,000	3,00,000
2	Cubes & Kerbs	65,000	3,000	80,000	93,750	40,000	5,000	70,000	1,00,000	1,00,000	2,25,000
3	Marble	65,000	7,500	1,00,000	93,750	40,000	28,500	1,00,000	80,000	1,00,000	1,00,000
4	Agate	20,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
5	Ball Clay	20,000	3,000	30,000	27,500	30,000	18,000	30,000	80,000	40,000	50,000
6	Barytes	26,000	3,000	30,000	27,500	30,000	18,000	45,000	80,000	40,000	50,000
7	Calcarious Sand	20,000	7,500	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
8	Calcite	20,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
9	Chalk	20,000	3,000	30,000	13,750	30,000	18,000	30,000	80,000	40,000	50,000
10	China Clay	20,000	3,000	30,000	68,750	30,000	18,000	30,000	80,000	40,000	50,000
11	Clay (Others)	20,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	25,000
12	Corundum	20,000	3,000	30,000	93,750	30,000	18,000	30,000	80,000	40,000	50,000
13	Diaspore	20,000	3,000	30,000	27,500	30,000	18,000	30,000	80,000	40,000	50,000
14	Dolomite	20,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
15	Dunite or Pyroxenite	20,000	3,000	30,000	68,750	30,000	18,000	30,000	80,000	40,000	50,000
16	Felsite	20,000	3,000	30,000	27,500	30,000	18,000	30,000	80,000	40,000	50,000
17	Feldspar	20,000	3,000	30,000	41,250	30,000	18,000	25,000	80,000	40,000	50,000
18	Fire Clay	20,000	3,000	30,000	27,500	30,000	18,000	30,000	80,000	40,000	50,000
19	Fuschite Quartzite	20,000	3,000	50,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
20	Gypsum	20,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
21	Jasper	20,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
22	Kaolin	20,000	3,000	30,000	68,750	30,000	18,000	30,000	80,000	40,000	50,000
23	Laterite	26,000	3,000	30,000	27,500	30,000	18,000	30,000	1,00,000	40,000	50,000
24	Limekankar	20,000	3,000	30,000	41,250	30,000	18,000	30,000	1,00,000	80,000	1,00,000
25	Mica	15,000	3,000	30,000	41,250	30,000	18,000	30,000	80,000	40,000	50,000
26	Ochre	20,000	3,000	30,000	41,500	30,000	18,000	30,000	80,000	40,000	50,000
27	Pyrophyllite	20,000	3,000	30,000	27,500	30,000	18,000	30,000	80,000	40,000	50,000
28	Quartz	20,000	3,000	30,000	41,250	30,000	18,000	45,000	80,000	40,000	50,000
29	Quartzite	20,000	3,000	50,000	41,250	30,000	10,500	30,000	80,000	40,000	1,62,500
30	Sand (Others)	20,000	3,000	30,000	41,250	30,000	10,500	30,000	80,000	40,000	1,25,000
31	Shale	20,000	3,000	30,000	68,750	30,000	10,500	30,000	80,000	1,00,000	50,000
32	Silica Sand	20,000	3,000	30,000	68,750	30,000	18,000	30,000	80,000	40,000	50,000
33	Steatite or Talc or Soapstone	20,000	3,000	30,000	93,750	30,000	18,000	30,000	80,000	40,000	50,000
34	Limestone (Minor)	65,000	3,000	50,000	41,250	40,000	28,500	60,000	80,000	80,000	1,00,000
35	Mosaic Chips	65,000	3,000	30,000	13,750	30,000	10,500	60,000	80,000	1,00,000	50,000
36	Ballast	65,000	3,000	50,000	41,500	40,000	18,000	30,000	1,00,000	1,00,000	2,25,000
37	Boulders	65,000	3,000	50,000	87,500	40,000	18,000	30,000	1,00,000	1,00,000	2,25,000
38	Building Stone	65,000	7,500	50,000	87,500	40,000	18,000	30,000	1,00,000	1,00,000	2,25,000
39	Gravel	52,000	3,000	50,000	10,000	40,000	18,000	30,000	80,000	40,000	2,25,000
40	Murram	52,000	3,000	30,000	10,000	30,000	18,000	30,000	80,000	40,000	2,25,000
41	Ordinary Earth	52,000	3,000	30,000	41,250	30,000	10,500	30,000	80,000	40,000	60,000
42	Road Metal	65,000	7,500	50,000	87,500	40,000	18,000	30,000	1,00,000	1,00,000	2,25,000
43	Rough Stone	20,000	7,500	50,000	87,500	30,000	18,000	30,000	1,00,000	1,00,000	2,25,000
44	Manufactured Sand	65,000	3,000	30,000	87,500	40,000	18,000	50,000	1,00,000	1,00,000	2,25,000
45	Limestone Slabs - Black	52,000	7,500	50,000	41,250	40,000	28,500	60,000	1,00,000	80,000	1,00,000
46	Limestone Slabs - Colour	52,000	7,500	50,000	41,250	40,000	28,500	60,000	1,00,000	80,000	1,00,000
47	Chacedony Pebbles	52,000	3,000	30,000	41,250	30,000	10,500	50,000	80,000	80,000	50,000

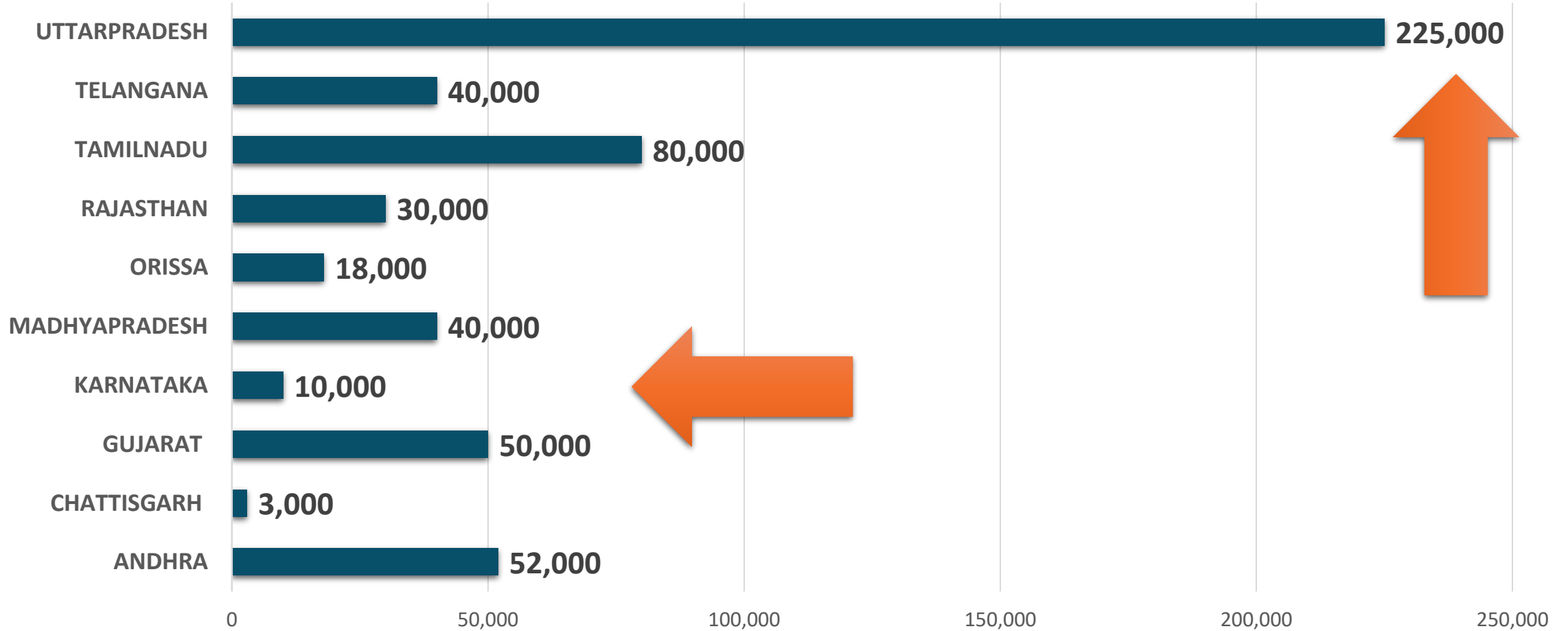


Dead Rents for Building Stone per hectare/anum



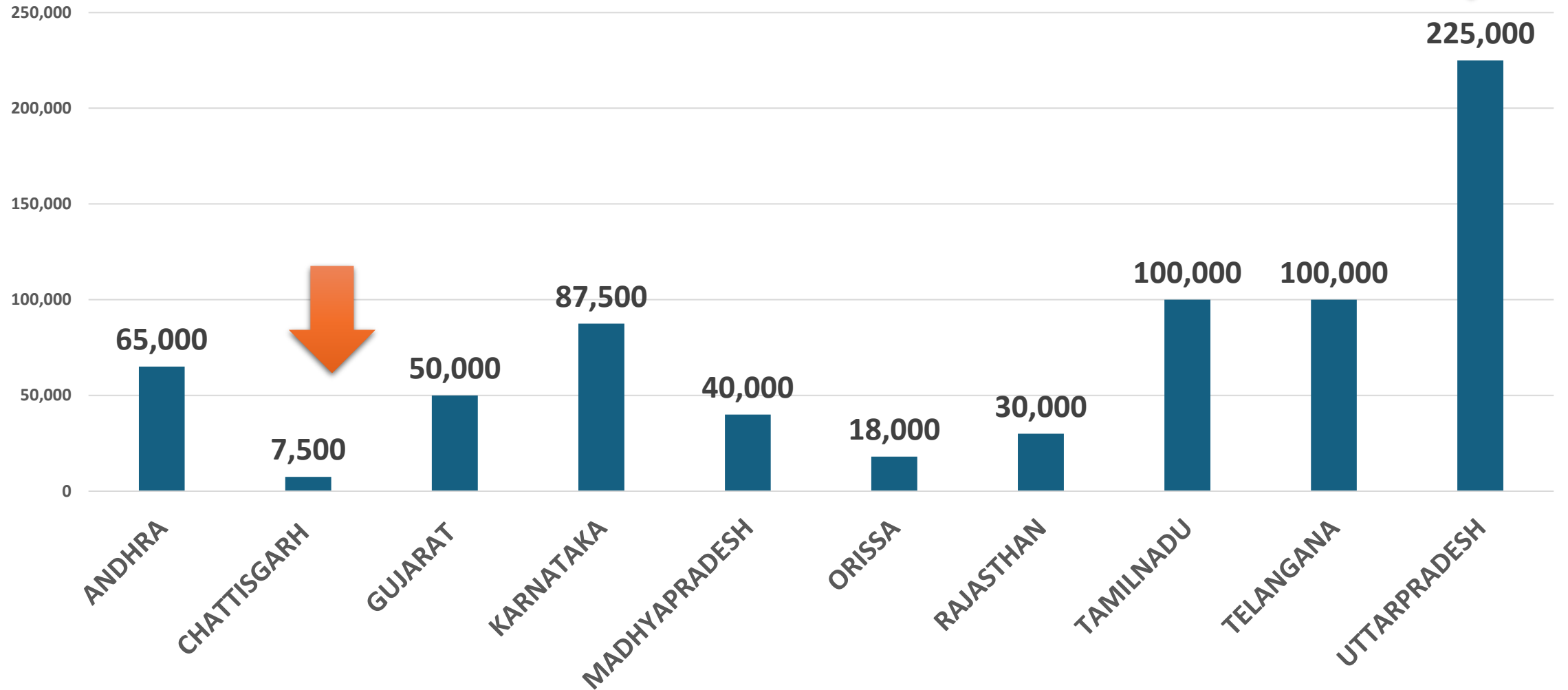


Gravel Dead Rent per Hectare per Annum (Values in INR)



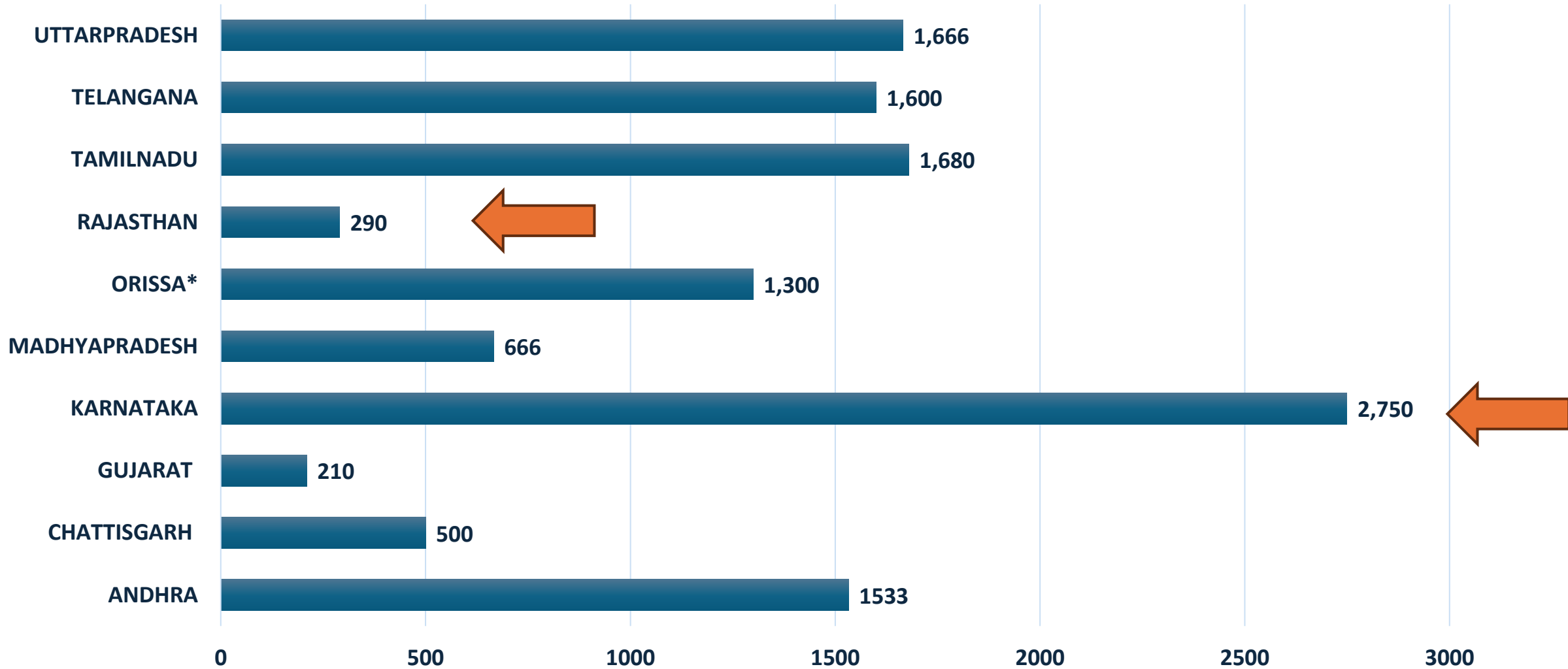


Road Metal Dead rent State wise





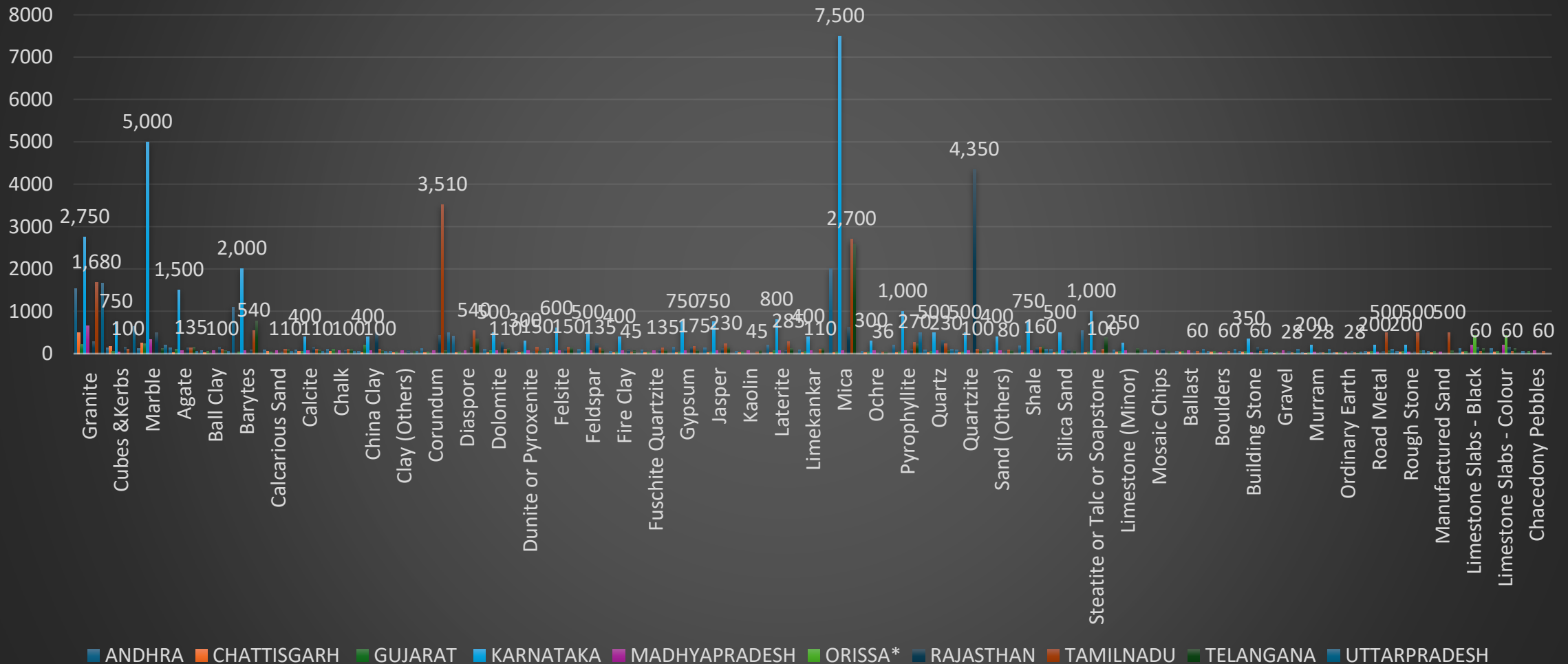
Granite royalty (adjusted to Tonnage value)



Mineral	ANDHRA	CHATTISGARH	GUJARAT	KARNATAKA	MADHYAPRADESH	ORISSA*	RAJASTHAN	TAMILNADU	TELANGANA	UTTARPRADESH
Granite	1533	500	210	2,750	666	1,300	290	1,680	1,600	1,666
Marble	120	250	230	5,000	333	592	500		130	206
Agate	145	20	100	1,500	66	120	145	135	156	50
Ball Clay	75	20	60		66	120	150	100	78	50
Barytes	1,100	-	45	2,000	66		90	540	780	0
Calcareous Sand	90	60	45		66	12 percent advol	44	110	97	50
Calcite	90	60	60	400	66	15 percent adv	160	110	91	50
Chalk	95	60	95		66	15 percent adv	80	100	104	50
China Clay	60	20	200	400	66	12 percent advol	500	100	78	50
Clay (Others)	60	20	45		66	70 cbm	65		52	50
Corundum	120	20	45		66	12 percent advol	435	3,510	78	500
Diaspore	415	20	45		66	12 percent advol	160	540	351	
Dolomite	100	20	75	500	66	75 ton	265	110	130	
Dunite or Pyroxenite	60	20	45	300	66	30 ton	55	150	52	
Felsite	130	20	45	600	66	12 percent advol	105	150	143	
Feldspar	100	20	40	500	66	15 percent adv	235	135	97	
Fire Clay	60	20	45	400	66	12 percent advol	80	45	65	
Fuschite Quartzite	90	20	40		66	12 percent advol	90	135	91	
Gypsum	150	20	45	750	66	20 percent	160	175	91	
Jasper	145	20	45	750	66	20 percent	125	230	156	
Kaolin	60	20	45		66	8 precent		45	78	
Laterite	200	20	70	800	66	25 percent	80	285	130	
Limekankar	90	20	50	400	66	130 ton		110	123	
Mica	2,000	20	45	7,500	66	1,000	625	2,700	2,600	
Ochre	60	20	45	300	66	20	45	36	45	
Pyrophyllite	200	20	45	1,000	66	50	100	270	234	500
Quartz	90	20	60	500	66	300	320	230	78	100
Quartzite	90	20	40	500	66	120	4,350	100	78	
Sand (Others)	100	20	40	400	66	15	50	80	78	
Shale	180	20	45	750	66	80 ton	145	160	169	100
Silica Sand	100	20	45	500	66	10 percent of sale price	90		78	
Steatite or Talc or Soapstone	550	20	45	1,000	66	18 percent advalorium		100	390	
Limestone (Minor)	90	41	50	250	66	90		180 cbm	130	
Mosaic Chips	90		45		66	105	110		58	
Ballast	60	41	50		66	65	50	60		106
Boulders	60	41	50		20	65	50	60		106
Building Stone	60	41	50	350	20	65	155	60	65	106
Gravel	30	13	40		66	15	50	28	20	106
Murram	30	13	25	200	33	15	32	28	20	100
Ordinary Earth	30	20	25		33	15	50	28	20	44
Road Metal	60	41	50	200	40	65	50	500	65	106
Rough Stone	60	41	50	200	40	65	44	500	65	73
Manufactured Sand	60	20	50		40			500	65	
Limestone Slabs - Black	120	41	50		200	200	155	60	130	
Limestone Slabs - Colour	120	41	50		200	200	155	60	130	
Chacedony Pebbles	60		60		66			60		

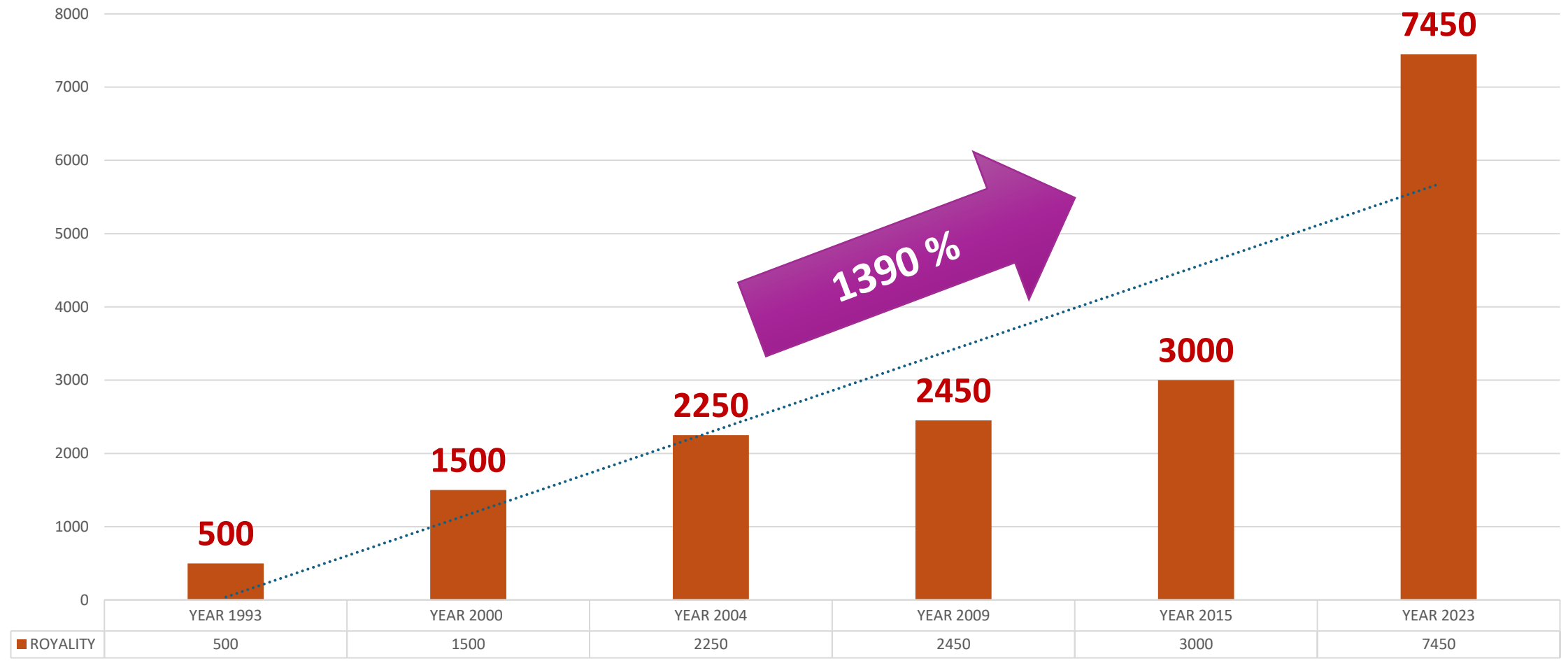


COMPARISION OF ROYALTIES OF MINOR MINERALS IN VARIOUS STATES





ROYALTY INCREASE OVER TWO DECADES DIMENSIONAL STONES OF ANDHRA PRADESH



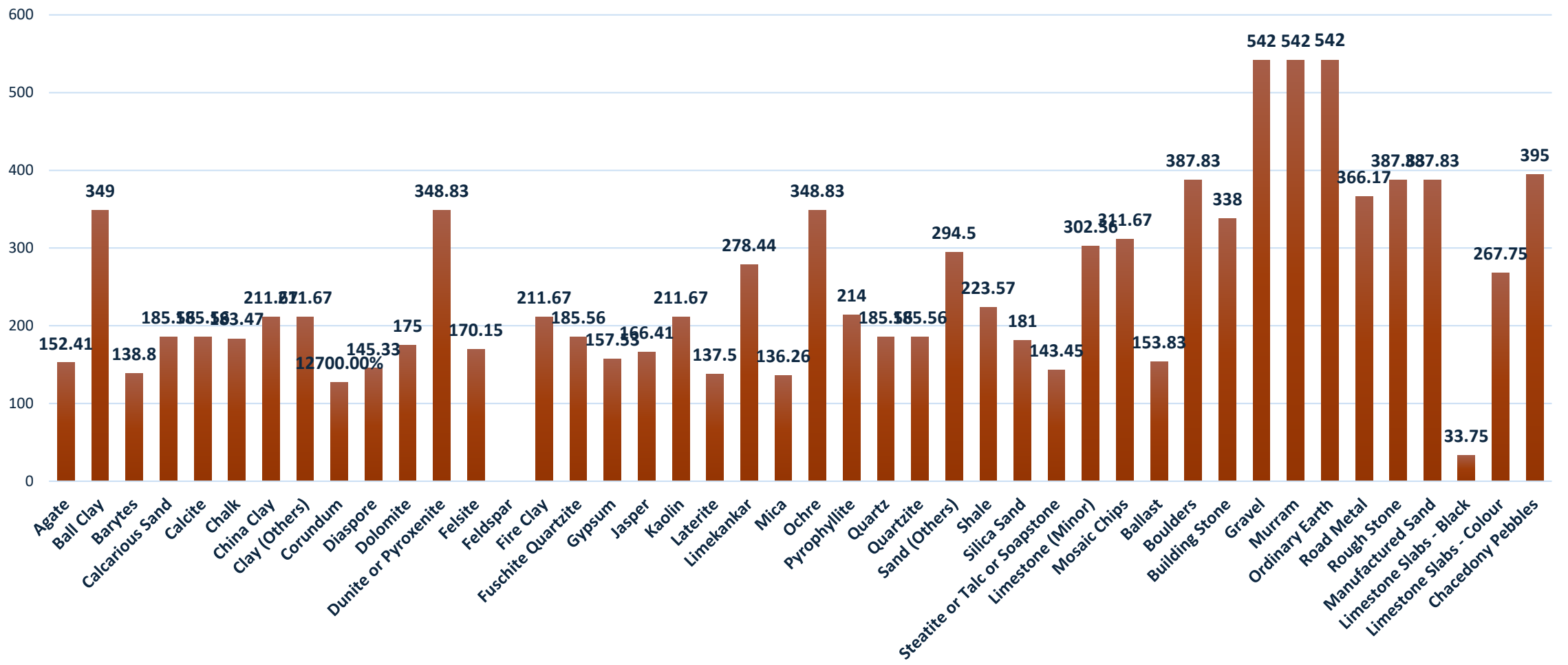


Then Andhra Pradesh imposed an additional
burden of royalty called it
Consideration Fee,
Telangana copies it and called it as Permit fee

Covid Pandemic tax



PERCENTAGE INCREASE OF TAX DUE TO CONSIDERATION TAX FOR VARIOUS MINERALS IN AP





Taxation did not stop there,

G.O 90: was brought in making mining plan quantities compulsory or otherwise pay that quantity – Appropriation through Security deposit

G.O 13 : CFE & CFO fees were increase 3000 fold – based on unit value;

G.O 65: Security deposit which is equivalent to one dead rent has been increased by 5 times;

GO 13&14: Renewal fee by 10 times of dead rent per hectare

G.O 65: LOI Premium – 10 times of dead rent, so on and went on...



Table showing various additional taxes such as Consideration tax, CFE & CFO, additional Security tax, Premium for LOI & Renewal in AP

			All these additional taxes are per ton basis				
ANDHRA PRADESH		Total of	GO 13	60 65	GO 13	GO 65	TOTAL
MINERAL	ROYALTY	ROYALTY+(CONSIDERATION 100% +DMF + MERIT+IT)	CFE & CFO	SECURITY per TON	RENEWAL FEE	LOI	INR
Agate	145	339,3	11	6	20	10	366
Ball Clay	75	176.25	11	19.5	65	65	336.75
Barytes	1,100	2574	16.8	6	20	10	2626.8
Calcarious Sand	90	210	11	6	20	10	257
Calcite	90	210	11	6	20	10	257
Chalk	95	222.3	11	6	20	10	269.3
China Clay	60	140.4	11	6	20	10	187.4
Clay (Others)	60	140.4	11	6	20	10	187.4
Corundum	120	280.8	11	6	20	10	327.8
Diaspore	415	971.1	11	6	20	10	1018.1
Dolomite	100	234	5.6	6	20	10	275.6
Dunite or Pyroxenite	60	222.3	11	6	20	10	269.3
Felsite	130	304.2	11	6	20	10	351.2
Feldspar	100	234	11	6	20	10	281
Fire Clay	60	140.4	11	6	20	10	187.4
Fuschite Quartzite	90	210	11	6	20	10	257
Gypsum	150	351	11	6	20	10	398
Jasper	145	339.3	11	6	20	10	386.3
Kaolin	60	140.4	11	6	20	10	187.4

Consequences of high taxation and Irregular policies



Consequences of Regulatory Overreach:



Widespread Mine Closures: Within just two years, **approximately 42 percent** of minor mineral mines in **Andhra Pradesh** were forced to shut down.



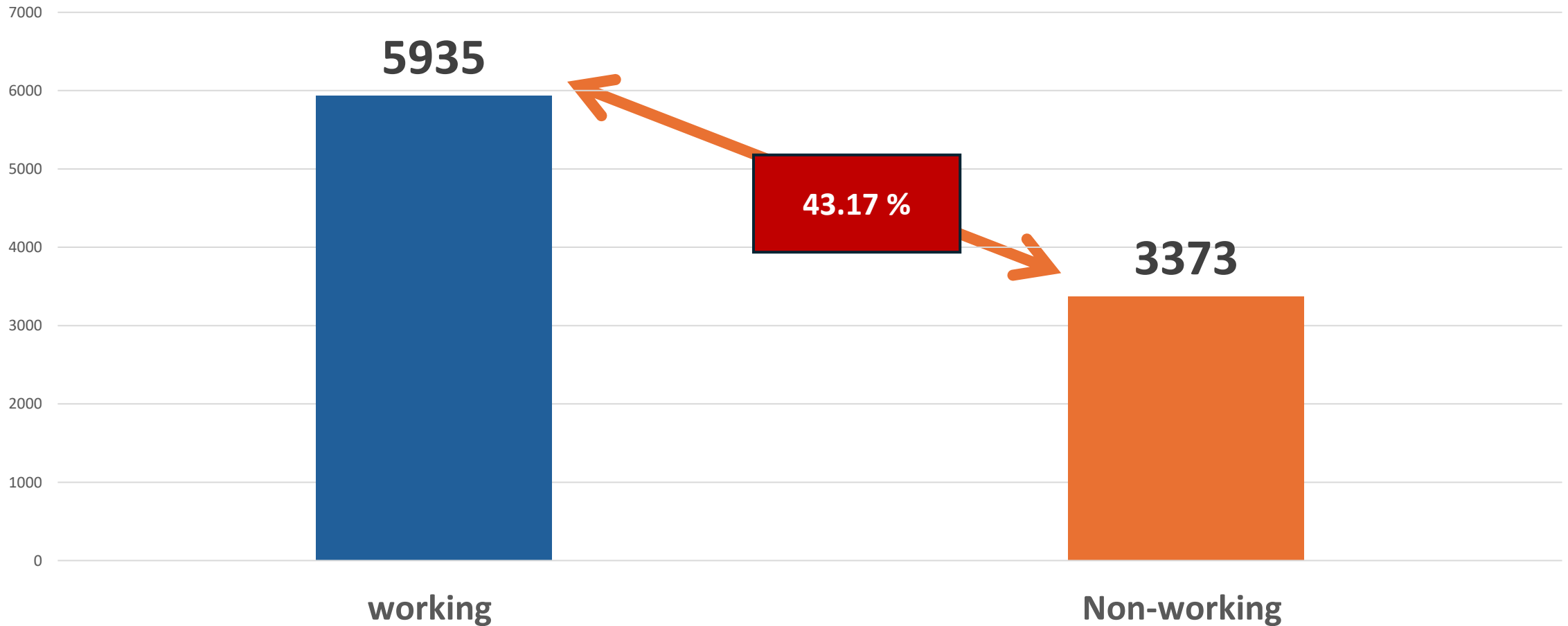
Economic and Social Fallout: The closure of mines triggered widespread unemployment, pushing thousands of workers out of jobs and leading many mining enterprises towards insolvency and bankruptcy.

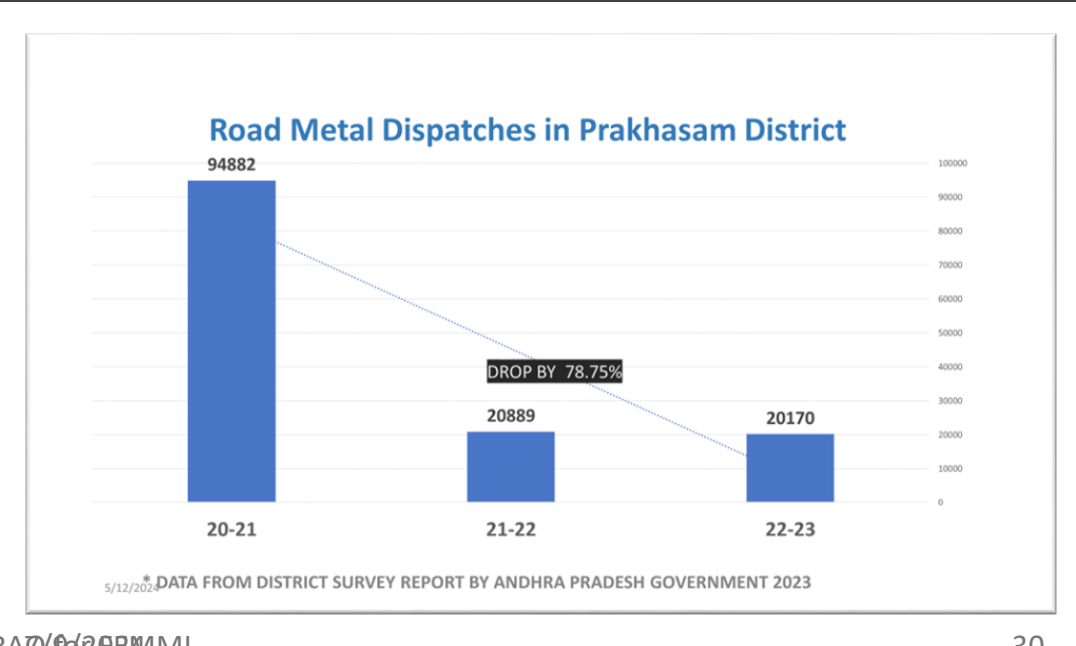
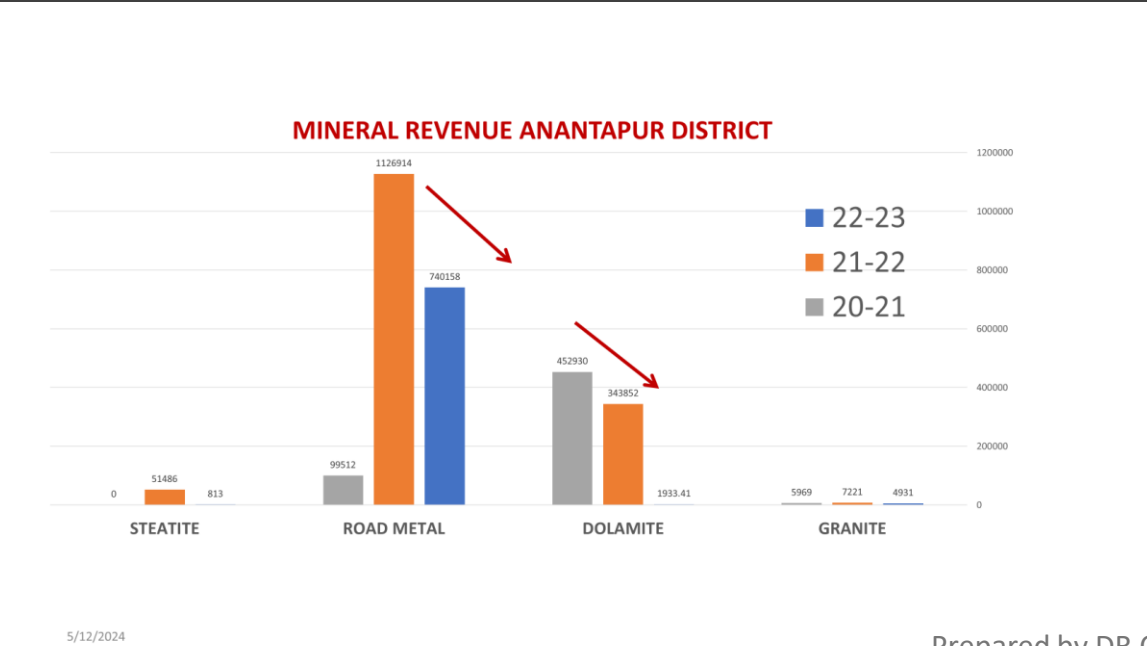
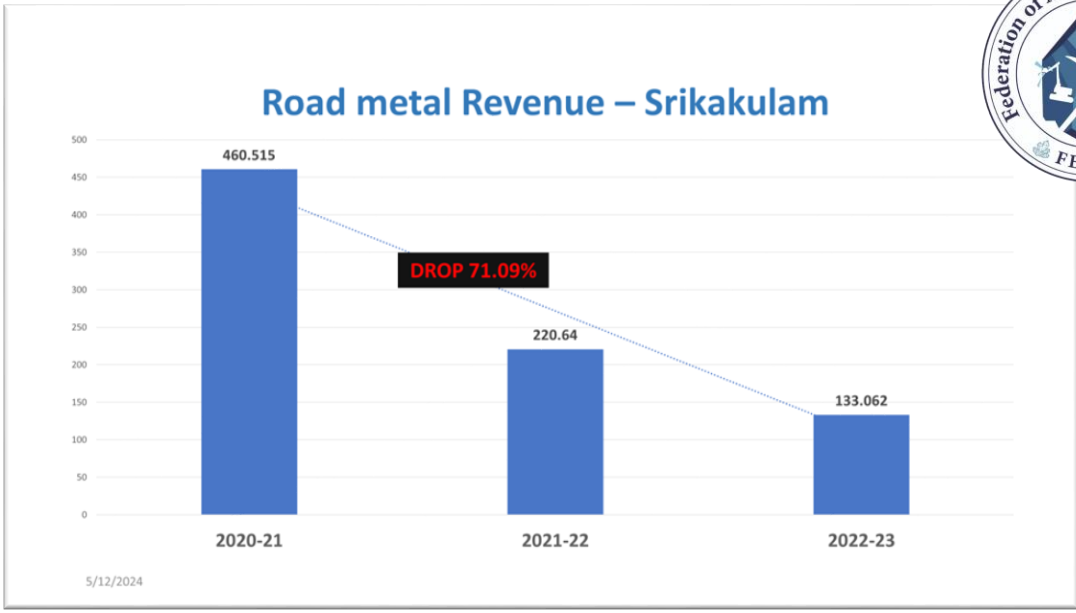
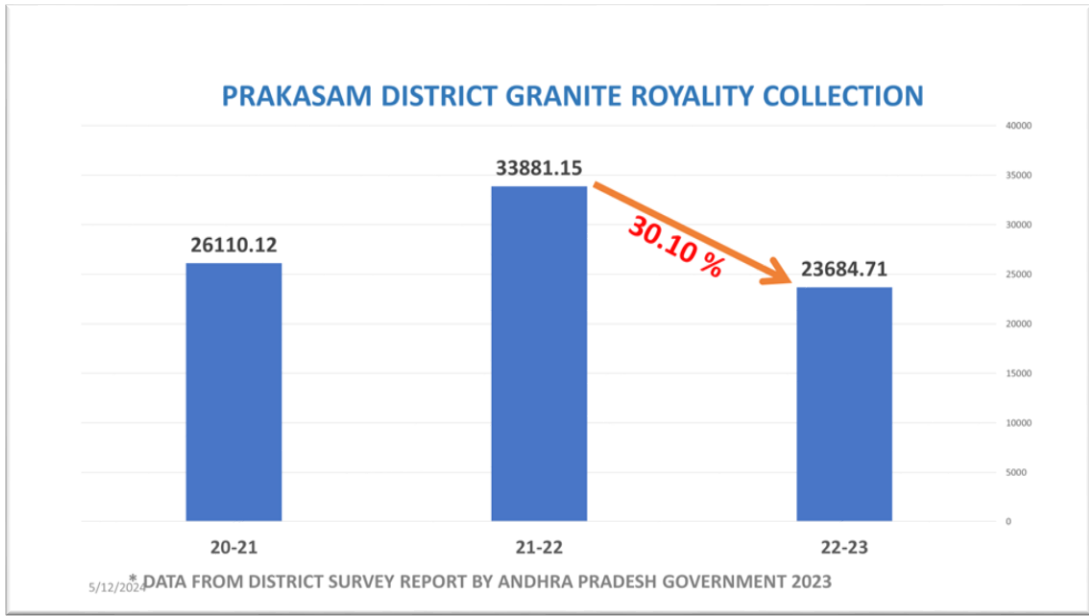


Long-Term Sector Damage: The heavy-handed approach to taxation during a global pandemic exemplifies a short-sighted fiscal strategy focused more on immediate revenue generation than sustainable economic growth.



Mine Closures due to high Taxation in Andhra Pradesh (2022-2023 Data)

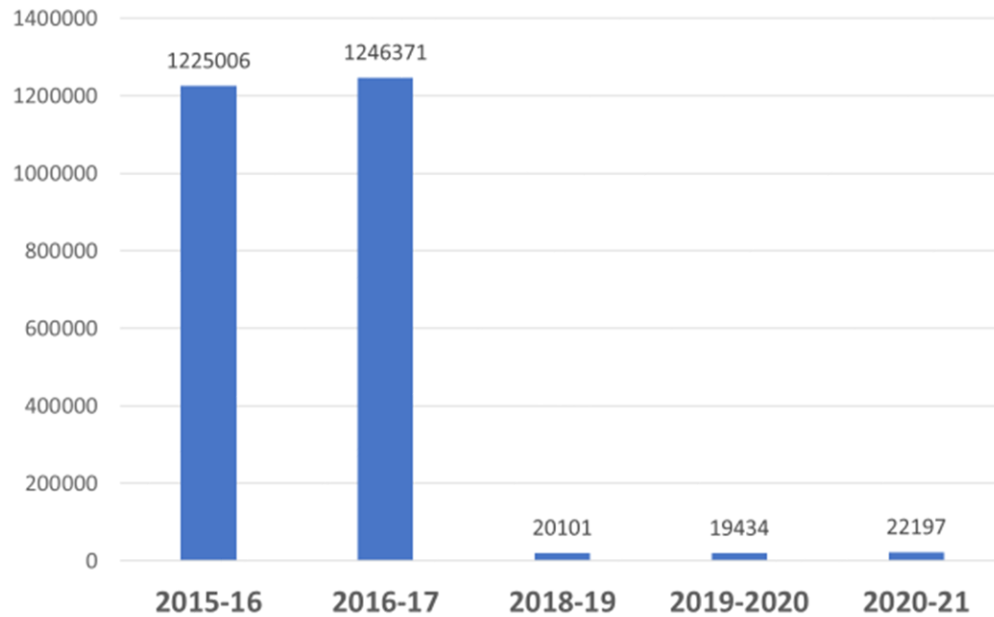




BARYTES PRODUCTION VERSS ROYALTY FIGURES FROM KADAPA DISTRICT

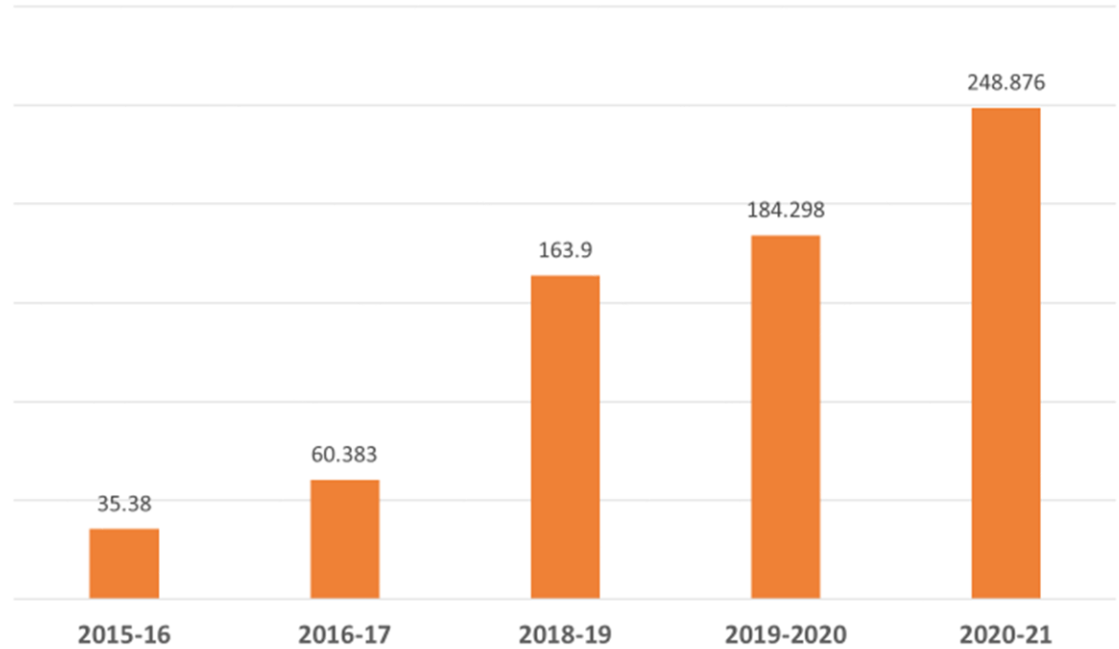
PRODUCTION

(In Tons)



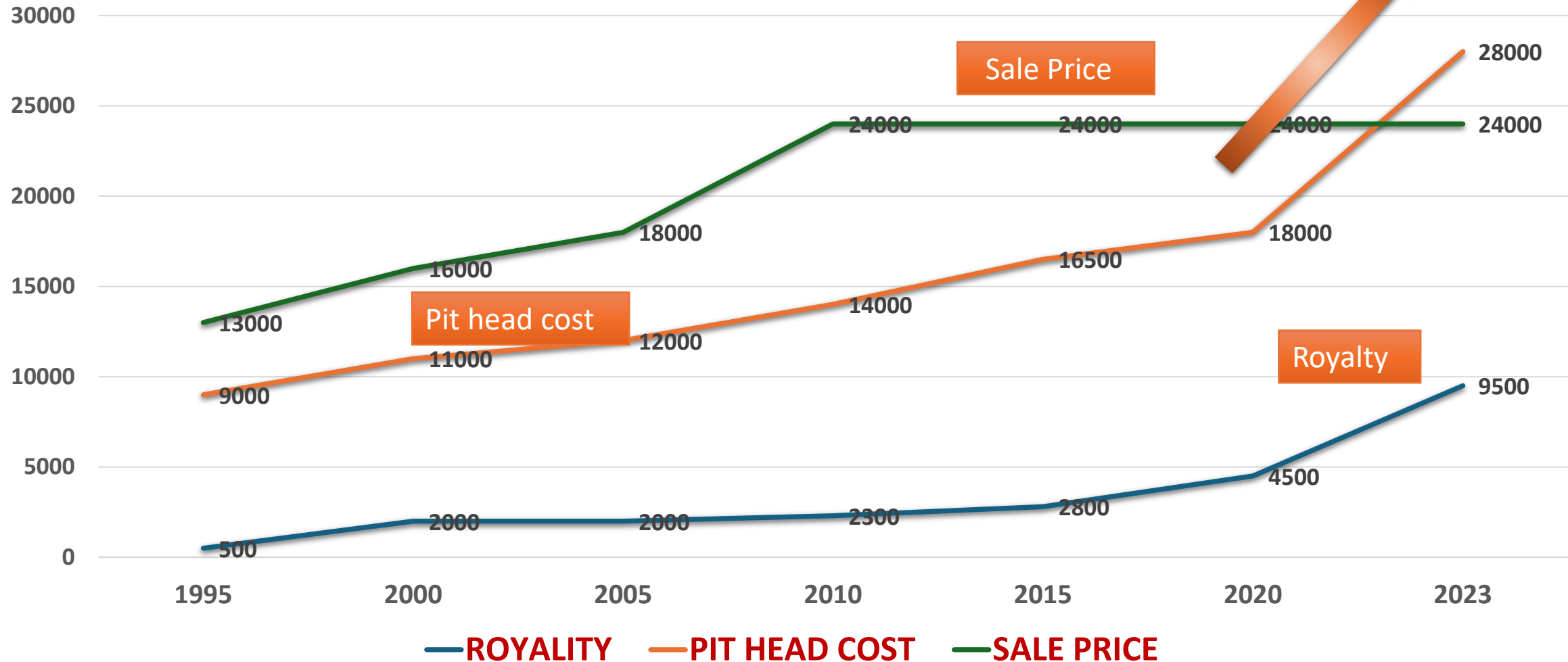
CORRESPONDING TAXATION

(Rs in Lacs)





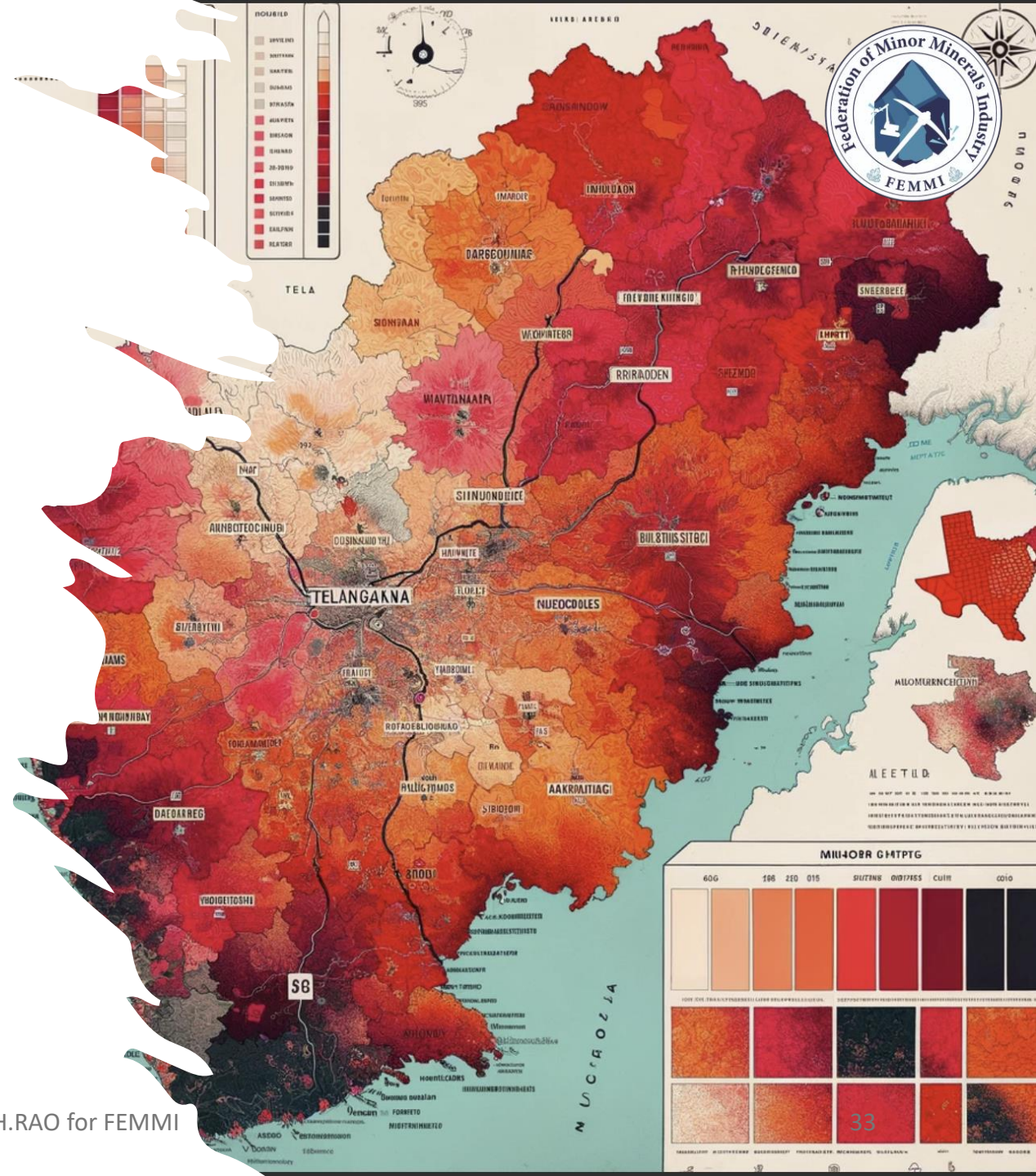
PRODUCTION COSTS VERSUS NET REALIZATION FOR GRANITE IN AP (INR)





Telangana Mirrored the Andhra Govt. Taxation Policies and the results are:

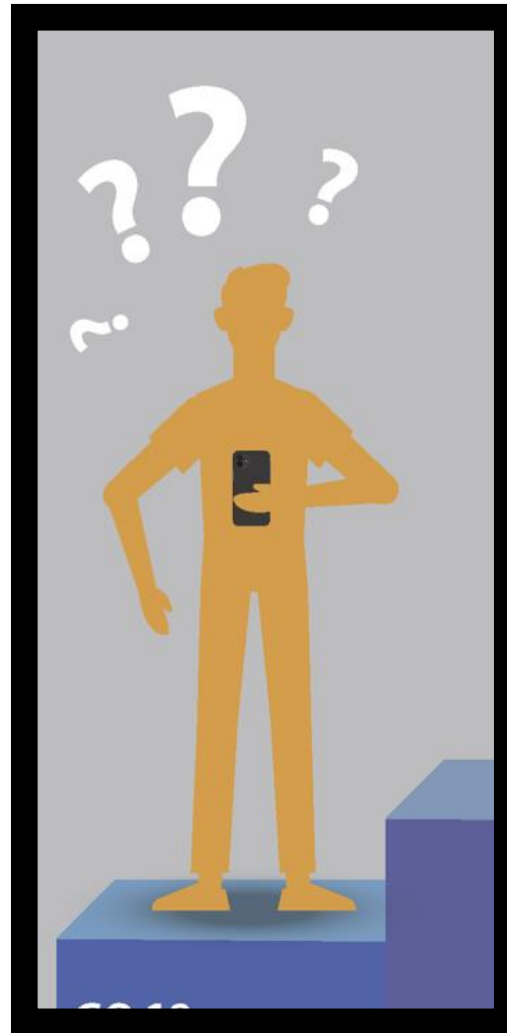
- Widespread Mine Closures:
- Economic and Social Fallout:
- Long-Term Sector Damage:



States are facing a substantial financial strain from impractical welfare initiatives, leading them to enforce hefty mineral taxation due to the relatively accessible nature of mineral revenues. This approach has had notable consequences especially in the southern states.

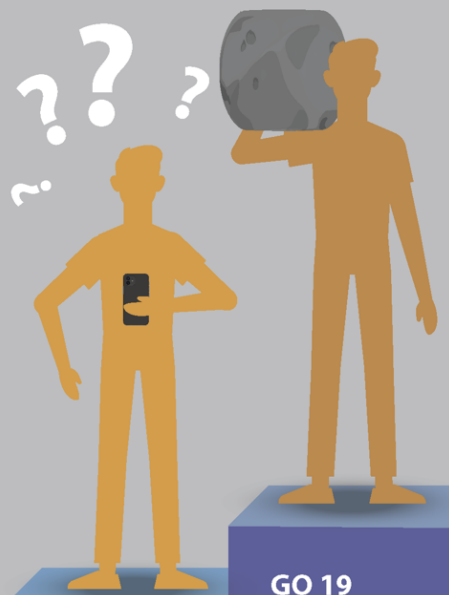


Mine Owner





GO 18
REVISION OF SEIGNORAGE FEE



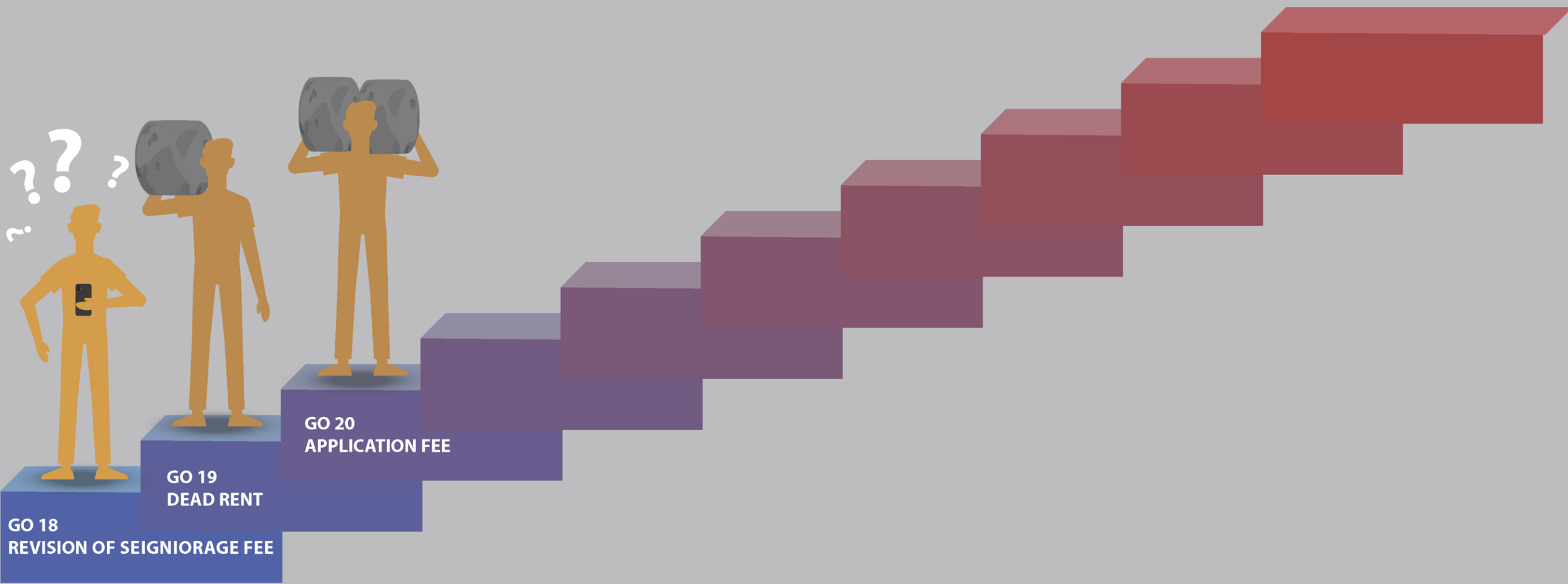
**GO 18
REVISION OF SEIGNIORAGE FEE**

**GO 19
DEAD RENT**

21-22 FEB 2024

INDUSTRIAL MINERALS - FIMI AHMADABAD

37

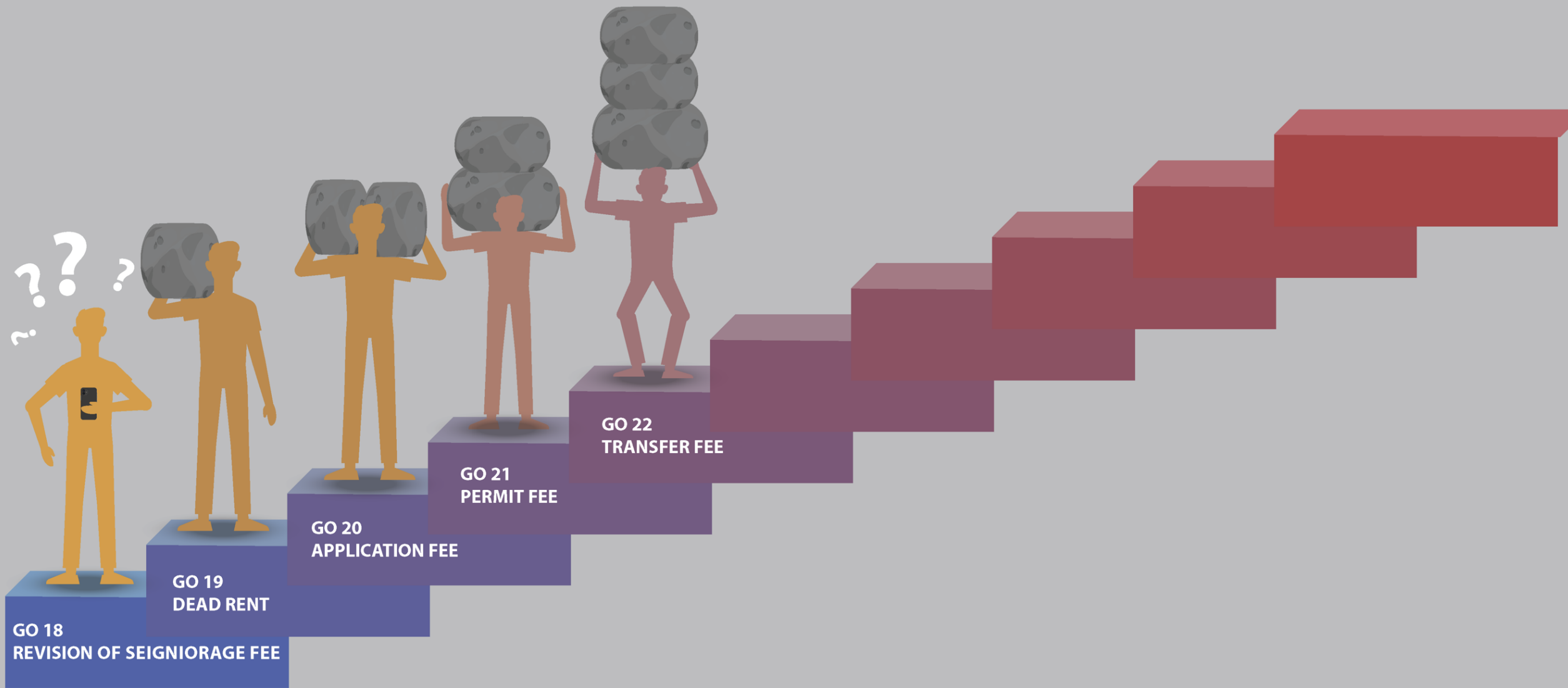


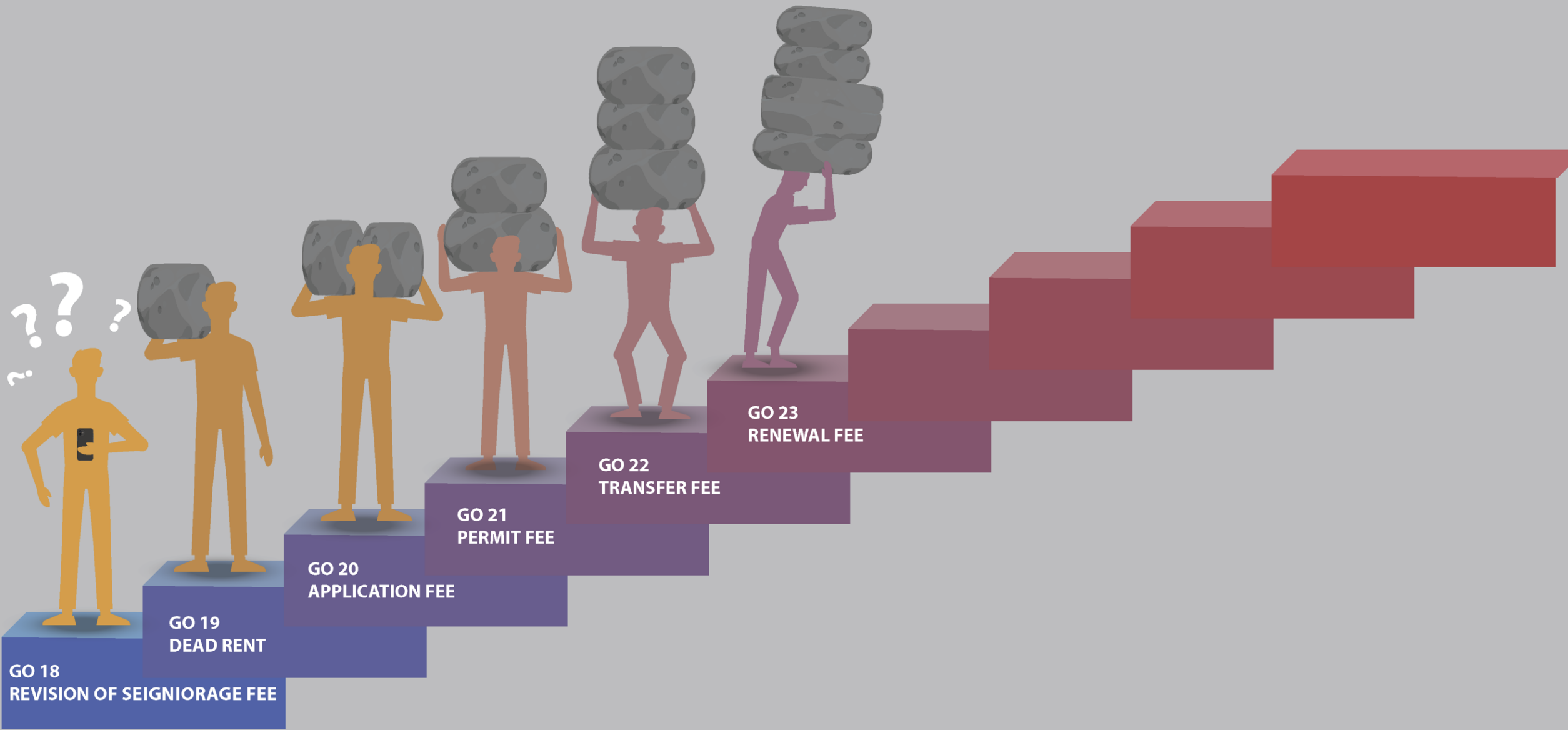
GO 18
REVISION OF SEIGNIORAGE FEE

GO 19
DEAD RENT

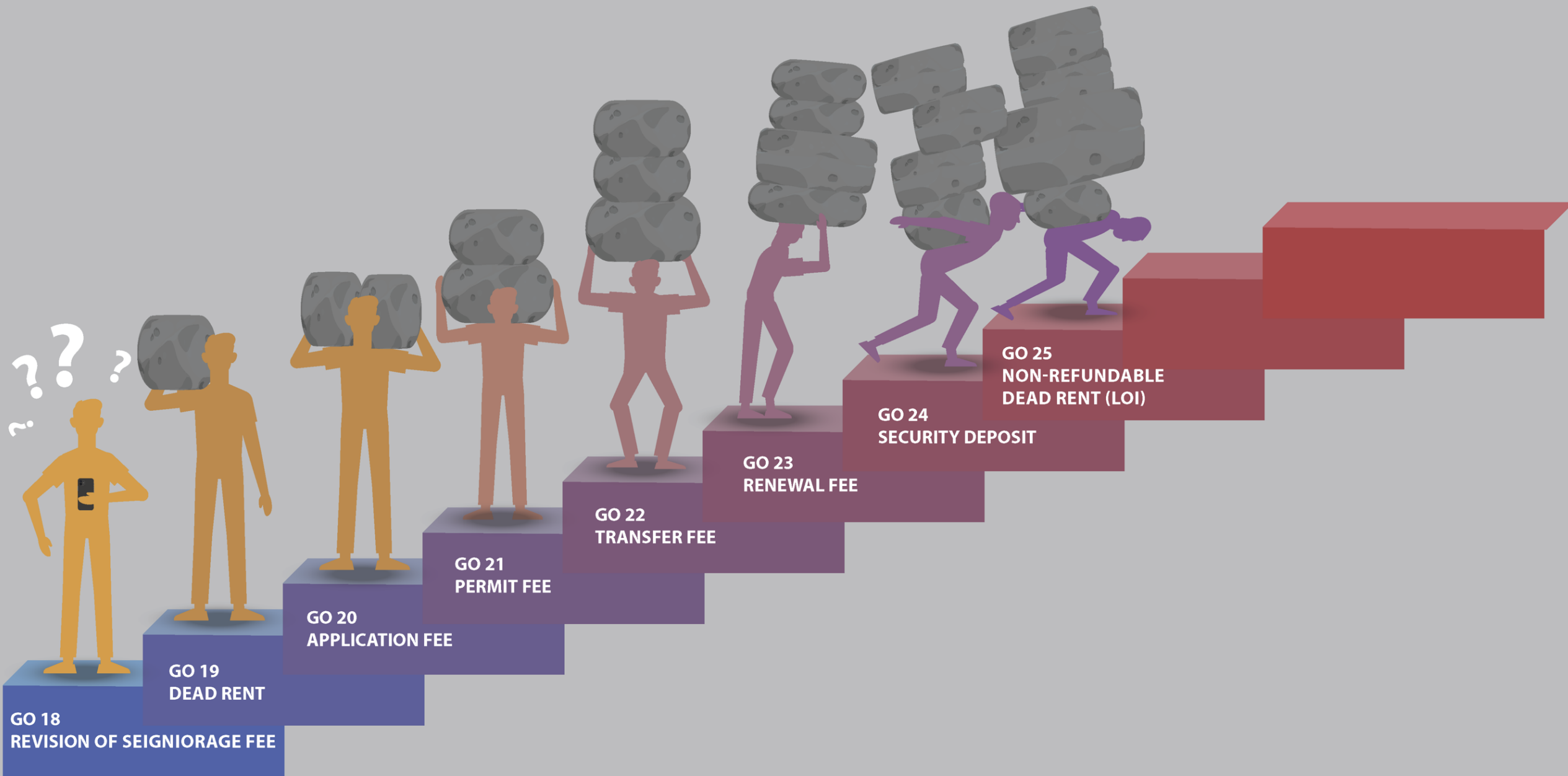
GO 20
APPLICATION FEE

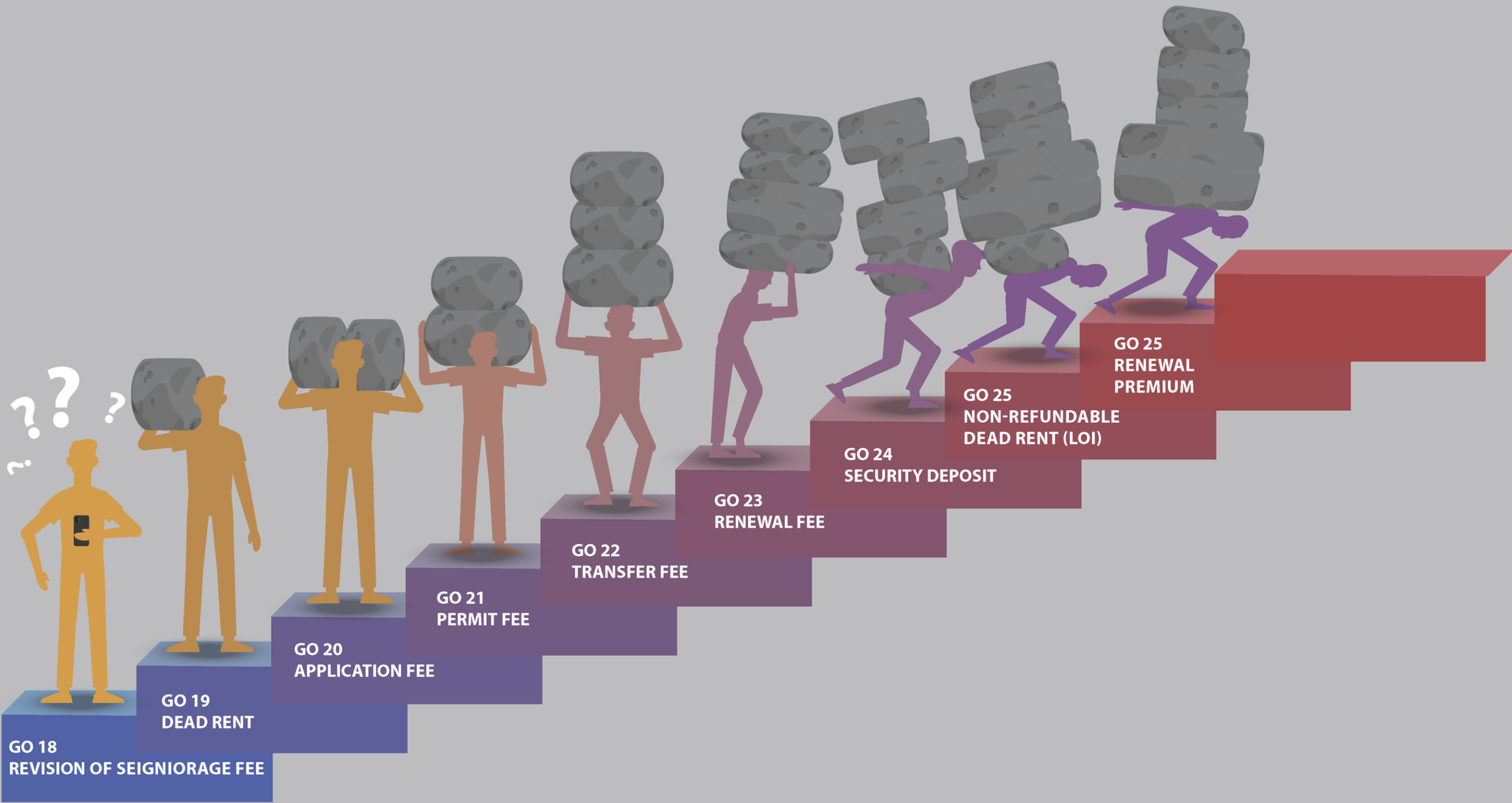


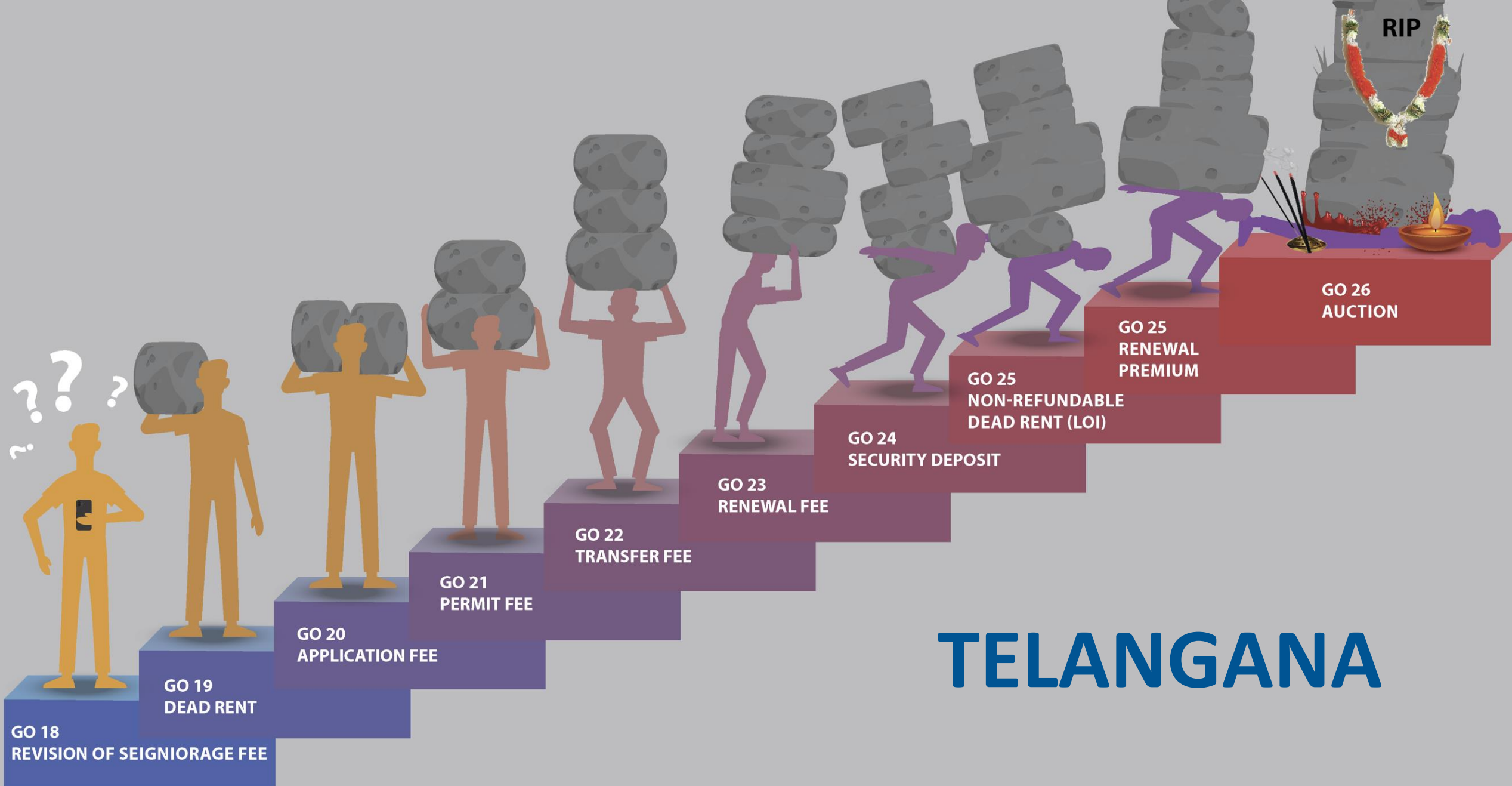












Demise of minor mineral mining industry in Andhra Pradesh



**ANDHRA
PRADESH**



KARNATAKA

After many years of deliberations, Karnataka Brings out a positive, Industry friendly Win-win policy few months back, the new political dispensation stops it !





TAMILNADU

Minor Mineral Mining Industry
in Doldrums since 2011-2012



JHARKHAND

**Excellent mineral
resources, no growth,
no development**

CHATTISGARH



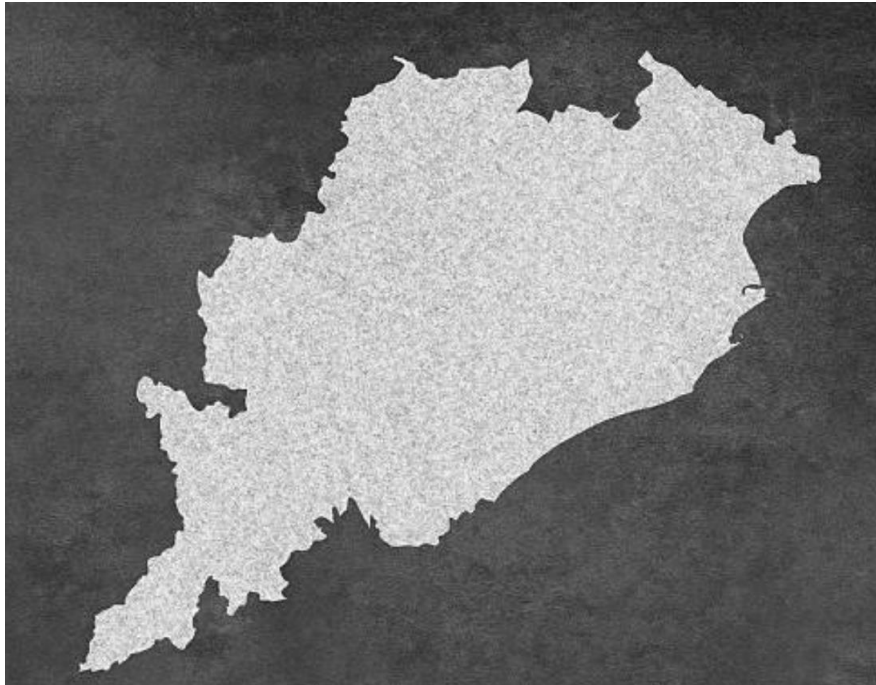
**Minor Mineral
resource rich state**

**No growth, No
development**

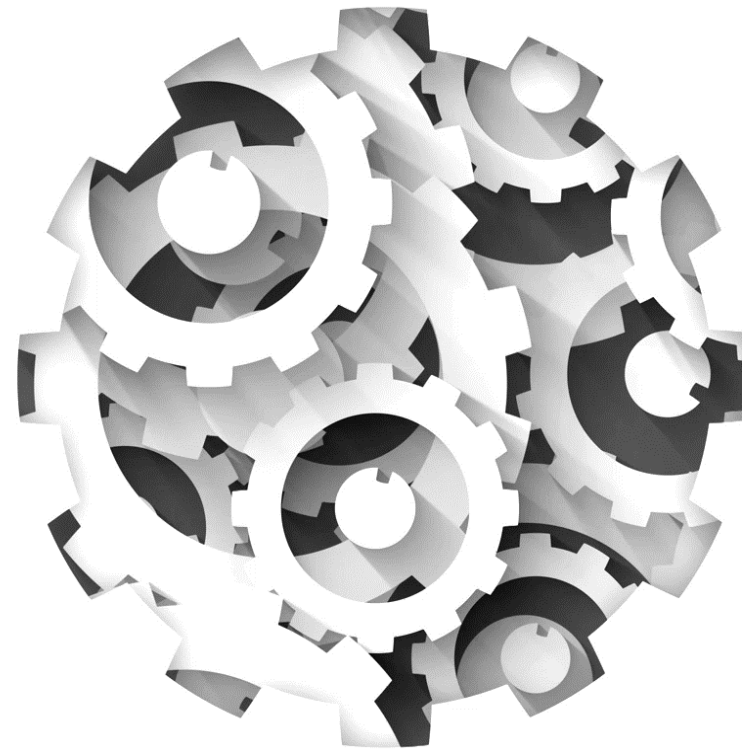
ORISSA

**Minor Mineral
resource rich state**

**No growth, No
development**



COMPLEXITY



VOLATILITY



AMBIGUITY





UNCERTAINTY





Misinterpretation of Word “Fee” and Exploitation of Section 15 of MMDR Act by States in Taxing Minor Minerals

Examples of Andhra Pradesh & Telangana; All the counter Affidavits filed by State Governments in Hundreds of Writ Petitions, practically bank on this interpretation –that states have unlimited power to levy under the 15(g) of MMDR.

Similarity of Section 13 for Major Minerals & Section 15 for Minor Minerals

13. Power of Central Government to make rules in respect of minerals.

The Central Government may, by notification in the Official Gazette, make rules for regulating the grant of 1[reconnaissance permits, prospecting licenses and mining leases] in respect of minerals and for purposes connected therewith.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

....(a), (b), (c), (d) (e),(f), (g), (h),

(i) the fixing and collection of fees for [reconnaissance permits, prospecting licenses or mining leases], surface rent, security deposit, fines, other fees or charges and the time within which and the manner in which the dead rent or royalty shall be payable;

15. Power of State Governments to make rules in respect of minor minerals.

The State Government may, by notification in the Official Gazette, make rules for regulating the grant of quarry leases, mining leases or other mineral concessions in respect of minor minerals and for purposes connected therewith.

(2) (1A) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

...(a), (b), (c), (d), (e), (f).

(g) the fixing and collection of rent, royalty, fees, dead rent, fines or other charges and the time within which and the manner in which these shall be payable;

Need for Amendment of Section 15 of MMDR Act

To prevent further misinterpretation and ensure fair taxation practices, Section 15 (g) should be explicitly revised to define the scope of permissible charges and the methodology for their application. This clarification will protect minor mineral enterprises from undue financial burdens and contribute to a more consistent regulatory environment across states.

All the counter Affidavits filed by State Governments in Hundreds of Writ Petitions, practically bank on this interpretation –that states have unlimited power to levy under the 15(g) of MMDR.



One Nation One Mineral One Tax

7/9/2024



Prepared by DR.C.H.RAO for FEMMI

A uniform taxation policy would provide numerous benefits:



Provides Economic Stability, growth of Minor Mineral sector



Predictable tax rates Encouragement of Investments:



Support for SMEs:



Promote local development, Employment and facilitate equitable wealth distribution

One Nation -One Mineral -One Tax

Thank You

