

GOVERNMENT OF INDIA  
MINISTRY OF MINES  
**LOK SABHA**  
**UNSTARRED QUESTION NO. †777**  
ANSWERED ON 07.02.2024

**ROYALTY RATES OF STRATEGICALLY IMPORTANT MINERALS**

†777. DR. RAM SHANKAR KATHERIA:

Will the Minister of MINES be pleased to state:

- (a) whether the Government is contemplating taking decision to approve the royalty rates for mining the three strategically important minerals i.e. Lithium, Niobium and Rare Earth Elements;
- (b) if so, the extent to which this will boost economic development;
- (c) the likely reduction in the imports of the said minerals; and
- (d) the extent to which the smooth energy transformation will help in achieving the goal of net zero carbon emissions?

**ANSWER**

THE MINISTER OF MINES, COAL AND PARLIAMENTARY AFFAIRS  
(SHRI PRALHAD JOSHI)

(a) to (d): Central Government has amended the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act, 1957] through the MMDR Amendment Act, 2023 with effect from 17.08.2023. Through the said amendment, the Central Government has been empowered to exclusively auction mining lease and composite licence for 24 critical minerals listed in the new Part-D of the First Schedule to the said Act which includes the Lithium bearing minerals, Niobium bearing minerals and minerals of the "rare earths" group not containing Uranium and Thorium.

In order to specify rate of royalty in respect of Lithium, Niobium and Rare Earth Elements (REEs), the Central Government has amended the Second Schedule of the MMDR Act, 1957 vide Notification No. G.S.R. 736(E) dated 13.10.2023. The rates of royalty in respect of these minerals are at **Annexure I**.

Specification of rate of royalty has enabled the Central Government to auction blocks for Lithium, Niobium and REEs for the first time in the country. Lithium, Niobium and REEs have emerged as strategic elements due their usages and geo-political scenario. Encouraging indigenous mining of these minerals would lead to reduction in imports and setting up of related industries and infrastructure projects.

The auction of critical and strategic minerals brings several key benefits, including bolstering domestic production, reducing import dependency, promoting sustainable resource management, attracting investments in the mining sector and the development of key industries crucial for India's industrial and technological advancement. This is a step towards creating a reliable supply chain of these mineral and making an 'AtmaNirbhar Bharat' and contribute towards increased economic growth. These minerals are also vital to power the transition to a low-emission economy, and the renewable technologies that will be required to meet the 'Net Zero' commitment of India by 2070.

The Central Government has launched the first tranche of e-auction of 20 mineral blocks of critical and strategic minerals on 29.11.2023 which aims to ensure steady supply of these minerals, thus reducing our reliance on imports and ensuring a more secure and resilient supply chain.

\*\*\*\*\*

## Annexure referred in reply to Lok Sabha Unstarred Question No. †777

Mineral	Rate of royalty
Lithium:	Three per cent. of London Metal Exchange price chargeable on the Lithium metal in the ore produced.
Niobium:	
(i) Primary (produced from ores other than Columbite- tantalite)	Three per cent. of average sale price of Niobium metal chargeable on the Niobium metal contained in the ore produced.
(ii) By-product (produced from ores other than Columbite-tantalite)	Three per cent. of average sale price of Niobium metal chargeable on the by-product Niobium metal contained in the ore produced.
Rare Earth Elements (produced from ores other than Monazite occurring in beach sand minerals):	One per cent. of average sale price of Rare Earth Oxide (REO) chargeable on the Rare Earth Oxide contained in the ore produced.