

Cabinet Approves Royalty Rates For Lithium, Niobium REE's

Why In News

- The Union Cabinet chaired by the Prime Minister Shri Narendra Modi approved amendment of Second Schedule of the **Mines and Minerals (Development and Regulation) Act, 1957 ('MMDR Act')** .
- The Union Cabinet has approved royalty rates for three critical and strategic minerals -- lithium, niobium and rare earth elements (REEs)



EMPOWERING MINING

**CABINET SETS
ROYALTY RATES FOR
LITHIUM, NIOBIUM, AND
REES**



MMDR Act 2023

- Recently, the Mines and Minerals (Development and Regulation) Amendment act, **2023 was passed by the Parliament**, which has come into force from 17th August, 2023.
- The Amendment, among other things, delisted six minerals, including Lithium and Niobium, from the list of atomic minerals, thereby allowing grant of concessions for these **minerals to private sector** through auction.
- Further, the amendment provided that mining lease and composite license of 24 critical and strategic minerals (which are listed in Part D of the First Schedule of the Act), including Lithium, Niobium and REEs (not containing Uranium and Thorium), shall be auctioned by the Central Government.

MMDR Amendment Bill 2023

- (1) Six critical minerals like Lithium, Titanium, Niobium, Tantalum, Beryllium, etc. are delisted from the list of atomic minerals in MMDR Act through MMDR Amendment Bill 2023.
- (2) These 6 minerals along with other 18 minerals are now be listed as critical & strategic mineral and will be auctioned by the Central Govt.
- (3) The revenue from auction will continue to accrue to State Governments.
- (4) This process will prove to be an epitome of Center-State coordination for the country's benefit.



What Is Rare Earth Elements

- The rare earth elements (REE) are a set of **seventeen metallic elements**. These include the fifteen lanthanides on the periodic table plus scandium and yttrium.
- The 17 rare earth elements are: lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), promethium (Pm), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu), scandium (Sc), and yttrium (Y).
- Rare earth elements are an essential part of many high-tech devices.

Rare Earth Elements																	
by Geology.com																	
H																	He
Li	Be											B	C	N	O	F	Ne
Na	Mg											Al	Si	P	S	Cl	Ar
K	Ca	Sc	Ti	V	Cr	Mn	Fe	Co	Ni	Cu	Zn	Ga	Ge	As	Se	Br	Kr
Rb	Sr	Y	Zr	Nb	Mo	Tc	Ru	Rh	Pd	Ag	Cd	In	Sn	Sb	Te	I	Xe
Cs	Ba	La-Lu	Hf	Ta	W	Re	Os	Ir	Pt	Au	Hg	Tl	Pb	Bi	Po	At	Rn
Fr	Ra	Ac-Lr	Rf	Db	Sg	Bh	Hs	Mt									
Lanthanides																	
La Ce Pr Nd Pm Sm Eu Gd Tb Dy Ho Er Tm Yb Lu																	
Actinides																	
Ac Th Pa U Np Pu Am Cm Bk Cf Es Fm Md No Lr																	

Royalty Rates

- A royalty is a **legally binding payment made to an individual or company** for the ongoing use of their assets, including copyrighted works, franchises, and natural resources.
- An example of royalties would be payments received by musicians when their original songs are played on the radio or television, used in movies, performed at concerts, bars, and restaurants, or consumed via streaming services.
- A royalty rate is a payment made by one party, the licensee (the user of intangibles), to another party, the licensor (the owner of intangibles), for the use of intangibles owned by the licensor.



New Amendment

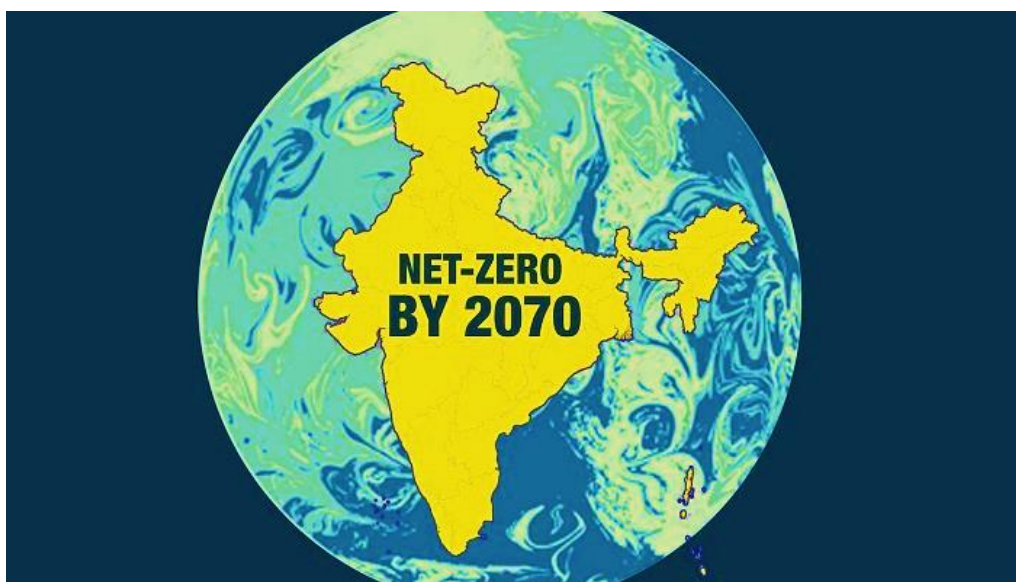
- Approval of the Union Cabinet of specification of rate of royalty will enable the **Central Government to auction blocks** for Lithium, Niobium and REEs for the first time in the country.
- Royalty rate on minerals is an important financial consideration for the bidders in auction of blocks.
- Further, manner for **calculation of Average Sale Price (ASP)** of these minerals has also been prepared by the Ministry of Mines which will enable determination of bid parameters.
- it is decided to specify a reasonable royalty rate of Lithium, Niobium and REE as below:
 - **Lithium** – 3% of London Metal Exchange price
 - **Niobium** –3% of Average Sale Price (both for primary and secondary sources)
 - **REE**- 1% of Average Sale Price of Rare Earth Oxide

- Although the standard practice for minerals lacking a specified rate traditionally pegs the royalty at **12 per cent of the ASP** under the Mines and Minerals (Development and Regulation) Act,



Importance Of Critical Minerals

- Critical minerals have become essential for **economic development** and national security in the country.
- Critical minerals such as Lithium and REEs have gained significance in view of India's commitment towards **energy transition and achieving net-zero emission by 2070.**



- Encouraging indigenous mining would lead to **reduction in imports** and setting up of related industries and infrastructure projects.
- The proposal is also expected to increase generation of employment in the mining sector.
- Critical minerals and materials are vital for a wide range of industries, including aerospace, health care, and defense.
- Critical materials are the resources needed to produce key technologies for the energy transition, including wind turbines, solar panels, batteries for EVs and electrolysers.

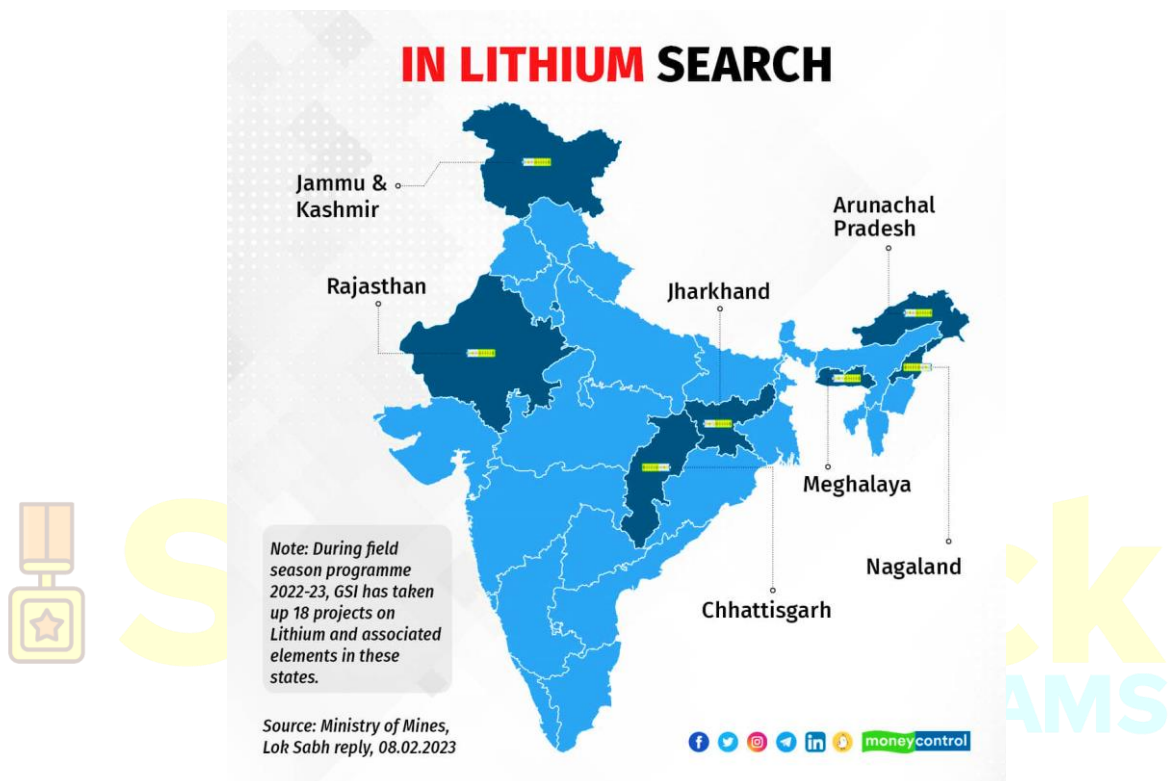
 Energy	 Technology	 Industrial	 Steel	 Batteries	 Research
HAFNIUM	GERMANIUM	BERYLLIUM	MAGNESIUM	LITHIUM	HELIUM
RHENIUM	INDIUM	ZIRCONIUM	CHROMIUM	COBALT	RUBIDIUM
TANTALUM	GALLIUM	TUNGSTEN	TIN	ANTIMONY	CESIUM
URANIUM	RARE EARTHS	ALUMINIUM	TELLURIUM	GRAPHITE	BISMUTH
		PGMs	MANGANESE		
		BARITE	VANADIUM		
		FLUORSPAR	NIOBIUM		
		ARSENIC			
		SCANDIUM			
		STRONTIUM			
		TITANIUM			
		POTASH			

Geological Survey Of India

- Geological Survey of India (GSI) carries out **mapping and exploration activities** for various mineral commodities including Rare Earth Element (REE) and Rare Metal (RM) in different parts of the country.



- Aim to find out potential mineralized locales as well as to augment mineral resource.
- India's **first lithium reserves** were discovered in **Jammu and Kashmir**, the Geological Survey of India (GSI) has found another reserve of the crucial mineral in **Degana in Rajasthan's Nagaur district**.



- It is believed that these reserves are much bigger in quantity than the one found in the Union Territory and can meet 80% of the total country's demand.

