

F.No. 16/90/2009-MVI
Ministry of Mines
Government of India

New Delhi dated 10th December 2009

To
Controller General
Indian Bureau of Mines
Indira Bhavan,
Nagpur

Sub: Computation of ad valorem royalty in Rule 64D-reg

Sir

I am directed to refer to your letter no. 231/(1)/MMS/2009-10 dated 24.9.2009 on the above mentioned subject and state that the appropriate amendments have been approved by the Central Government in Rule 64D of the MCR, 1960 with a view to simplifying the manner of computation of royalty.

2. In this context, it has also been decided that for the purpose of computing ad valorem royalty in rule 64 D under MCR, 1960, the Indian Bureau of Mines shall publish and host on its website:

- (a) in the case of minerals for which bench mark prices are not available, the sale price of minerals calculated from the weighted average price per tonne of Pit Mouth Value (PMV) of the mineral / ore as reported by the top ten non captive producers or actual number of non captive producers, whichever is less, in monthly returns under Mineral Conservation and Development Rules, 1988, excluding minerals produced for captive consumption;
- (b) in the case of such minerals for which bench mark prices are available for the metal contained in the ore/concentrate, the average monthly price for metal calculated on the basis of the London Metal Exchange prices in case of aluminium, copper, lead, zinc, nickel, silver and tin, and the London Bullion Market Association Price (also known as London Price) in case of gold, as

published in either of the following three sources, in the following order of priority :-

Non-ferrous Report : Mineral and Metals Review,
28,30 Anantwadi,P.O.Box, 2749,Mumbai – 400 002
Metal Bulletin :16, Lower Marsh, London, SE-17, RJ

World Metal Statistics:(Monthly or Quarterly Summary) By World Bureau of Metal Statistics, 27a High Street, Ware, Herts SG 129 BA, United Kingdom.;

- (c) The IBM shall use the selling rate of foreign exchange on the last date of the month as published in newspaper namely, 'The Economic Times', for conversion of rupee.
- (d) The IBM shall set up a Monitoring Committee to monitor the accuracy of reporting of the grade wise production, pit mouth value (PMV) and sale value of minerals by the lessees in the monthly and annual returns as required under Mineral Conservation and Development Rules, 1988 with the following functions:
- (i) The Monitoring Committee shall quarterly review the reports (state-wise), preferably in the second week in the months of September, December, March and June for the first, second, third and fourth quarters respectively, of every financial year as per schedule given below:

Sl.No	Quarter	Review month
1.	April to June	September
2.	July to September	December
3.	October to December	March
4.	January to March and Annual	June

- (ii) In particular, the Monitoring Committee may :-
- (a) monitor delays in the receipt of information in the monthly returns as required under Mineral Conservation and Development Rules, 1988, from selected mines for any particular grade of a mineral.
- (b) identify and conduct statistical cum mining audit of returns filed by selected mines under Mineral Conservation and Development Rules, 1988.

(c) obtain information from the State Governments on consumption prices (domestic), FOB prices, grade-wise exports and average deduction rates (transportation charges, port handling etc.) for mining clusters in different regions of the state and conduct sample check on the information furnished in the monthly and annual returns submitted under Mineral Conservation and Development Rules, 1988.

(d) any other matter Controller General may specify in this regard

3. It is requested that IBM may issue suitable directions under the MCDR, 1988, to this effect and ensure immediate implementation of the mechanism for computation of Royalty.

Yours sincerely

(Anil Subramaniam)
Under Secretary to the Government of India
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