

Ministry of Mines notifies significant amendments to the Mineral Concession Rules providing methodology for publishing ASP of Haematite Iron Ore below the threshold value including for BHQ and BHJ

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The Ministry of Mines has notified the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession (Third Amendment) Rules, 2026 on 10th April, 2026 providing the methodology for publication of average sale price (ASP) of Haematite Iron Ore below the threshold value, including for Banded Haematite Quartzite (BHQ) and Banded Haematite Jasper (BHJ).

The threshold value of a mineral is the limit below which the material obtained after mining can be discarded as waste. The notified threshold value for Haematitic Iron Ore is 45% Fe (Min.). There are huge quantities of iron ore below the threshold value in the country and some of which is in the form of BHQ or BHJ, which are the principal host rocks of iron ore. With the improvement in technology for processing and beneficiation, the iron ore resources of below threshold value, including the BHQ and BHJ, have become amenable to beneficiation to generate high grade iron ore which can be used as feed grade ore for steel making. In order to facilitate the beneficiation of such low-grade iron ore, a suitable policy was required to be provided.

Before the present amendment in the rules, there was no methodology to publish ASP of Haematite Iron Ore having Fe content below threshold value (i.e., below 45% Fe) including for BHQ and BHJ. Thus, the ASP published for lowest grade of Haematitic Iron above the threshold value, i.e., 45% to below 51% Fe grade, was taken as the ASP for these grades. Use of ASP of higher grade for levying royalty, auction premium, etc. on the grade below threshold value made the beneficiation of such minerals uneconomical. The present amendment in the rules addresses this issue. Thus, the amended rule provides that the ASP of Haematite Iron Ore having Fe content below the threshold value will be calculated as follows:

- (a) for 35% to below 45% Fe grade, the average sale price shall be equal to seventy-five per cent. of average sale price of 45% to below 51% Fe grade of Iron Ore;
- (b) for below 35% Fe grade, the average sale price shall be equal to fifty per cent. of average sale price of 45% to below 51% Fe grade of Iron Ore.

Bringing low-grade resources into the usable category will address the concern of depletion of high-grade iron ore resources and will lead to a steady supply of mineral to the steel industry. Utilization of low-grade iron ore resources will be in the interest of mineral conservation as well as promote scientific and optimal mining of iron ore resources. As a result, the country will continue to be self-sufficient in iron ore.

The amendment in the rules also clarified that in case the processing of run-of-mine results in decrease in its economic value, then royalty shall be chargeable on the lumps and fines after initial screening of unprocessed run-of-mine. The term run-of-mine refers to raw unprocessed or uncrushed material in its natural state obtained after blasting or digging, from the mineralised zone of a lease area. Raw unprocessed minerals are required to be processed to increase the concentration of the target mineral, remove impurities, and transform the material into a form that industries can actually use. The present amendment in the rules clarifies that economic value of mineral cannot be lowered in the name of processing of run-of-mine.

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