सत्यमेव जयते

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
(सड़क परिवहन और राजमार्ग मंत्रालय, भारत सरकार)
National Highways Authority of India
(Ministry of Road Transport and Highways, Government of India)
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NHAI/Policy Guidelines/Dispute Resolution/2025
Policy Circular No.2.5.17/2025 dated 13th March, 2025
{Decision taken on E-Office File No. CDMDIV/4/2024-CMD Division (Comp. No. 265593)}

Sub: Clarification on Policy Guidelines No. 2.5.11/2019 dated 17.05.2019 regarding payment of Royalty after Hon'ble Supreme Court Judgement dated 25.07.2024 passed in Civil Appeal Nos. 4056-4064 of 1999, Mineral Area Development Authority & Anr. (Appellants) Vs. M/s Steel Authority of India & Anr. (Respondents) -reg.

NHAI vide Policy Circular No. 2.5.11/2019 dated 17.05.2019 issued 'SOP/ Guidelines on Reimbursement for increase/ recovery for decrease in Royalty Rates of minor minerals under Change in Law in EPC/ DBFOT Projects'. It was inter-alia decided vide ibid Policy Circular at Para 3.5 that NHAI shall pay increase/ decrease of Royalty to the Contractor/ Concessionaire after obtaining unconditional Indemnity Bond in favor of NHAI with a view to protect the Financial Interest of NHAI if the Hon'ble Supreme Court decides the Payment of Royalty otherwise.

2. Now Hon'ble Supreme Court vide Judgement dated 25.07.2024 has decided by Nine Judges Bench that **"Royalty is not Tax"**. Hence, the Royalty has to be paid in case of increase/ decrease as the case may be. The issue was also placed before EC in the meeting held on 14.02.2025 vide Agenda Item No. 653.23 after obtaining the opinion of Senior Counsel.

EC on 14.02.2025 has decided as under:-

"EC decided to continue with the existing Policies dated 27.11.2015 & 17.05.2019 and other Contractual Provisions pertaining to Price Adjustment & WPI and to dispense with furnishing Indemnity to release Payment (increased Royalty)."

3. In the light of Supreme Court Judgement dated 25.07.2024 and EC decision on 14.02.2025, it is clarified that there is no requirement of obtaining Indemnity Bond to release Payment of Royalty to the Contractor/Concessionaires (refer Para 3.5 of Policy Circular dated 17.05.2019) and the Provisions pertaining to Price Adjustment and WPI shall be Governed as per existing Contractual Provisions mentioned in the Agreements.

4. All concerned are, therefore, requested to take necessary action as per above clarification to Policy Circular dated 17.05.2019.

5. This issues with the approval of Competent Authority.

13/03/25

(CS. Sanjay Kumar Patel)
I/c Chief General Manager (Coord.)

To:

All Officers of NHAI HQ/ ROs/ PIUs/ CMUs/ Site Offices

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