

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:3751
ANSWERED ON:16.12.2011
TAXES ON MINING COMPANIES
Satpathy Shri Tathagata

Will the Minister of MINES be pleased to state:

- (a) whether the Government has any proposal to impose new taxes on the mining companies so that they can share a part of their profits for local development;
- (b) if so, the details thereof;
- (c) whether the mineral-rich States including Odisha have raised similar demands recently;
- (d) if so, the details thereof; and
- (e) the action taken by the Government thereon?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINES (SHRI DINSHA PATEL)

(a) and (b) : As per the draft Mines and Mineral (Development and Regulation) Bill, 2011 (MMDR Bill) introduced in Lok Sabha on 12th December, 2011, the Central Government may levy and collect a cess not exceeding two and one half percent on major minerals on the basis of customs and excise duty. The draft Bill further provides that State Governments may levy and collect a cess on major minerals and minor minerals not exceeding ten percent of the royalty. The draft Bill also provides that all mining lease holders shall pay annually into a District Mineral Foundation set up at District level for local development-

- i. a sum equivalent to royalty in case of major minerals (other than coal)
- ii. a sum equivalent to 26% of profit in case of coal minerals; and
- iii. in case of minor minerals a sum prescribed by the State Government.

(c) to (e) : The State Governments of Chhattisgarh and Odisha had requested that mining law should provide for setting apart amounts expressed in terms of multiples of royalty for local development. The draft MMDR Bill, 2011 suitably provides for addressing this concern of the State Government.