

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:3401
ANSWERED ON:31.08.2012
WINDFALL TAX ON MINING SECTOR
Vijayan Shri A.K.S.

Will the Minister of MINES be pleased to state:

- (a) whether the Government proposes to impose windfall tax on mining sector;
- (b) if so, the details thereof;
- (c) whether any study has been made regarding the imposition of such tax elsewhere in the world and the impact thereof on mining sector;
- (d) if so, the details thereof;
- (e) the proposed share of the States and the Centre therein;
- (f) whether the Government would consider an automatic increase in the rates of royalty for various price slabs of minerals instead of imposing windfall tax; and
- (g) if so, the details thereof?

Answer

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

(a): No, Madam.

(b): Does not arise in view of (a) above.

(c) to (e): As per available information, realizing the significant increases in metal prices and the profitability of mining companies, the Australian Government has decided to impose a Mineral Resource Rent Tax (MRRT) w.e.f. 1st July, 2012 which allows for taxing profits exceeding 75 million Australian dollars earned by mining companies. The impact on global availability of resources, especially to Indian companies, cannot be determined at the present.

(f) and (g): At present, as per Second Schedule to the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, royalty is levied on ad valorem basis for all major minerals excepting 9 minerals for which royalty is charged on tonnage basis. The ad valorem system of computing royalty allows for levy of royalty taking into account various price slabs of minerals and, capture increase or decrease in the price of minerals. In terms of Section 9 of the MMDR Act, 1957 royalty rates for minerals can be revised upward only once in three years. Accordingly, royalty rates in respect of major minerals (excluding coal, lignite and sand for stowing) were last revised on 13.8.2009. The Ministry has set up a Study Group on revision of rates of royalty and dead rent for major minerals (other than coal, lignite and sand for stowing) on 13.9.2011 to review the rates of royalty. The Government will consider any revision in rates of royalty only after considering the final report of the Study Group on revision of rates of royalty and dead rent for major minerals (other than coal, lignite and sand for stowing).