

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

UNSTARRED QUESTION NO:5227

ANSWERED ON:26.04.2013

WINDFALL TAX

Lal Shri Kirodi ;Shanavas Shri M. I.

**Will the Minister of MINES be pleased to state:**

- (a) whether the Government proposes to levy windfall tax on the companies engaged in mining activities including mining of iron ore and submitted any proposal to the Ministry of Finance in this regard;
- (b) if so, the details and the present status thereof indicating the States which have made the demand for imposition of such tax;
- (c) whether the proposed tax has been modelled on the Australian Mineral Resource Rent Tax (MMRT) and if so, the details thereof;
- (d) whether the Federation of Indian Mineral Industries (FIMI) has opposed such proposal and if so, the reaction of the Government thereto;
- (e) whether the Government has made any study on its likely impact on mining sector including increase in the prices of iron and other minerals; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF MINES (SHRI DINSHA PATEL)

(a) The Ministry of Mines has not sent any proposal to levy windfall tax on the companies engaged in mining activities including mining of iron ore to the Ministry of Finance. However, Government of Odisha has sought imposition of Mineral Resource Rent Tax on supernormal profits made by iron ore mining companies. The request was examined and Government of Odisha has been advised that it is necessary to closely study the profits earned by various types of miners in iron ore mining in the light of the various incidences of taxes and levies on the mining sector. Further, it was also suggested that in the new Mines and Minerals (Development and Regulation) Bill, 2011 the District Mineral Foundation is proposed wherein every miner would be required to pay an equivalent amount of royalty and also there are provisions for State Mineral Funds which can serve as a substitute to the suggested Mineral Resource Rent Tax.

Government of Odisha as a part of the Study Group constituted on 13.9.2011 by the Central Government for review of royalty rates and dead rent for major minerals (other than coal, lignite and sand for stowing) would have sufficient opportunity to effectively contribute in developing a mechanism to work out a rational rate of royalty on iron ore.

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