



MINING : ECONOMY

NEWS: *States have unlimited right to tax mineral-rich lands:*

WHAT'S IN THE NEWS?

Supreme Court Judgment on State Taxation Powers

Bench: Nine-judge Constitution Bench headed by Chief Justice of India D.Y. Chandrachud

Majority: 8:1

Key Ruling: Parliament cannot limit State legislatures' power to tax mineral-bearing lands and quarries.

Reasoning:

- Diluting State taxing powers impacts revenue and welfare schemes.
- Fiscal federalism requires States' taxing powers to be free from unconstitutional interference by Parliament.
- **Impact on Mineral-Rich States:** States like Chhattisgarh, Jharkhand, and Odisha, with per capita income below the national average, benefit.
- **Mines and Minerals (Development and Regulation) Act of 1957:** Cannot restrict State legislation on mining land and quarry taxation.
- **Royalty:** Not considered a tax; it is a contractual payment for mineral rights.

Case Origin: Dispute between India Cements Ltd. and Tamil Nadu government.

Appeals: 86 appeals by various State governments, mining companies, and public sector undertakings.

| Provision | Mines and Minerals (Development and Regulation) Act, 1957 | Mines and Minerals (Development and Regulation) Amendment Bill, 2023 |
|---|---|--|
| Exploration License for Specified Minerals: | <ul style="list-style-type: none">• The exploration license will be issued for 29 minerals specified in the Seventh Schedule which include gold, silver, copper, cobalt, nickel, lead, potash, | <ul style="list-style-type: none">• The Bill declassifies beryl and beryllium, (ii) lithium, (iii) niobium, (iv) titanium, (v) tantalum, and (vi) zirconium minerals from the category of atomic minerals. |



PL RAJ IAS & IPS ACADEMY

MAKING YOU SERVE THE NATION

| | | |
|---|---|--|
| | <p>and rock phosphate.</p> <ul style="list-style-type: none"> • It classifies the following minerals as atomic minerals: <ul style="list-style-type: none"> ○ Beryl and beryllium ○ Lithium ○ Niobium ○ Titanium ○ Tantalum ○ Zirconium. | <ul style="list-style-type: none"> • Upon removal of these minerals from the list of atomic minerals, exploration and mining of these minerals will be open to the private sector. |
| Validity of exploration License: | | The exploration license will be issued for five years. |
| Auction of Certain minerals by the Central Government: | <ul style="list-style-type: none"> • Under the Act, auction of concessions is undertaken by the state governments, except in certain specified cases. | <ul style="list-style-type: none"> • The Bill adds that auction for composite licence and mining lease for specified critical and strategic minerals will be conducted by the central government. • These minerals include lithium, cobalt, nickel, phosphate, potash, tin, phosphate, and potash. |
| Maximum area in which activities are Permitted: | <ul style="list-style-type: none"> • Under the Act, a prospecting licence allows activities in an area up to 25 square kilometres, and a single reconnaissance permit allows activities in an area | <ul style="list-style-type: none"> • The Bill allows activities under a single exploration license in an area up to 1,000 square kilometers. |



PL RAJ IAS & IPS ACADEMY

MAKING YOU SERVE THE NATION

| | | |
|---|--------------------------------|--|
| | up to 5,000 square kilometers. | |
| Incentive for exploration licence: | | If the resources are proven after exploration, the state government must conduct an auction for mining lease within six months of the submission of the report by the exploration licensee. The licensee will receive a share in the auction value of the mining lease for the mineral prospected by them. |

Source: [https://epaper.thehindu.com/ccidist-
ws/th/th_delhi/issues/92412/OPS/GFID3UN76.1+GF2D417U6.1.html](https://epaper.thehindu.com/ccidist-
ws/th/th_delhi/issues/92412/OPS/GFID3UN76.1+GF2D417U6.1.html)

