



# Mineral Area Development Authority & Anr. v. M/S Steel Authority of India & Anr Etc.

(MANU/SC/0770/2024: 2024/INSC/554)

The Nine Judge Bench of Supreme Court on 25th July 2024 by 8:1 ratio has upheld the power of the state to tax mines and minerals.

[www.manupatra.com](http://www.manupatra.com)



# Following are the details of the same:

ISSUES	MAJORITY VIEW Justices D.Y. Chandrachud & Others	DISSENTING VIEW Justice B.V. Nagarathna
<b>Is the royalty specified under the Mines and Minerals (Regulation &amp; Development) Act, 1957 considered to be a form of tax?</b>	Royalty is not a tax. Royalty is a contractual consideration paid by the mining lessee to the lessor for enjoyment of mineral rights.	Royalty is a tax or exaction. It is not merely a contractual payment.
<b>Whether State has the power to tax and regulate mines and minerals?</b>	The legislative power to tax mineral rights vests with the State legislatures. The MMDR Act does not impose any limitation on the power of state.	The legislative power to tax mineral rights vests with the State legislature but Parliament can impose limitation on the power of the States to tax mineral rights under Entry 50 of List II.
<b>Does Parliament have a right to tax mineral rights under Entry 54 of List I?</b>	Parliament does not have legislative competence to tax mineral rights under Entry 54 of List I.	Though Parliament does have any express power to tax mineral rights under Entry 54 of List but still can impose limitation on the power of the States to tax minerals.
<b>Can mineral value or produce be used to impose tax on lands under Entry 49 of List II?</b>	Mineral value or mineral produce can be used as a measure to impose a tax on lands under Entry 49 of List II.	The value of mineral produced cannot be used as a measure to impose a tax on mineral bearing land under Entry 49 of List II.
<b>Whether the state has the power to tax lands comprising of mines and quarries under Entry 49 of List II?</b>	The State legislatures have legislative competence under Article 246 read with Entry 49 of List II to tax lands which comprise of mines and quarries. Mineral bearing land falls within the description of "lands" under Entry 49 of List II.	The State legislatures have legislative competence under Article 246 read with Entry 49 of List II to tax lands and buildings but not lands which comprise of mines and quarries or have mineral deposits
<b>Entry 50 of the State List specifies that the State's power to levy taxes is "subject to any limitations imposed by Parliament... regarding mineral development." How does this restriction affect the State's taxation authority?</b>	The "limitations" imposed by Parliament in a law relating to mineral development with respect to Entry 50 of List II do not operate on Entry 49 of List II because there is no specific stipulation under the Constitution to that effect	The limitations imposed by Parliament by law relating to mineral development would restrict the power of the State legislature to impose tax on mineral rights.