Enhancing State Revenue Through New Taxation In Assam

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Preface

The study has been undertaken by the National Institute of Public Finance and Policy (NIPFP) at the instance of North Eastern Development Finance Corporation Ltd. (NEDFi) for their support for the study on *"Enhancing State Revenue through New Taxation in Assam"* on behalf of Assam government.

The study explores possible ways to enhance revenue generation for the State of Assam through both tax and non-tax sources. These include strengthening commercial taxes (Diesel), transport taxes, introduction of lottery, through environment and forestry, revenue from mining, reintroduction of agricultural income tax and possibilities of green cess. The study aims to provide a sustainable framework for optimizing the state's own revenue generation, ensuring long-term fiscal stability.

The study team consists of Dr. R. Kavita Rao and Dr. Sk Md Azharuddin. The opinions and analyses here are those of the authors only. The members of the Governing Body of the National Institute of Public Finance and Policy are in no way responsible for these.

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The authors are solely responsible for any errors or omissions.

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Executive Summary

Assam, despite its rich endowment of natural and economic resources such as petroleum, forests, and minerals, faces persistent challenges in achieving fiscal self-reliance due to structural constraints and a declining trend in own revenue mobilisation, with the Own Revenue to GSDP ratio falling from 7.34% in 2011-12 to 6.54% in 2023-24 (RE), and only a marginal improvement to 6.70% projected in 2024-25 (BE). The GST regime, while improving compliance, has reduced fiscal autonomy, with State GST now forming nearly half of total tax receipts. A department-wise review for 2023-24 and projections for 2024-25 reveal stagnation or decline in key revenue streams, notably from Forest, Stamps and Registration, and Land Revenue, alongside a shortfall in VAT from diesel sales. Key issues identified include leakages from cross-border fuel trade, administrative hurdles in land transactions, and underutilisation of mineral and forest resources, which, along with expected moderation in central transfers, call for urgent, targeted strategies to strengthen the state's own revenue base.

Accordingly, the study recommends[1] a multi-pronged strategy to strengthen Assam's own revenue.

In the petroleum segment, it is proposed that concessional tax regimes be considered for identified sectors such as tea gardens and government work contracts to reduce the incentive for cross-border diesel procurement, with appropriate safeguards to prevent misuse. Strengthening monitoring mechanisms for inter-state fuel movement, including integration of petroleum products in the e-waybill system or deployment of alternative digital tracking tools, will help plug revenue leakages. The legal and tax implications of app-based diesel delivery models must also be clarified to ensure full compliance.

The study suggests that the Government of Assam may consider introducing a robust and transparent framework for lottery operations under State supervision, drawing on best practices from Kerala and Sikkim. It is suggested that revenues from lottery proceeds may be earmarked for high-impact public initiatives in tourism, heritage, education, and infrastructure. The study further suggests exploring compliance-linked incentives, such as linking tax settlement to lottery eligibility, to broaden the tax base and promote voluntary compliance. The estimated gross revenue potential from this intervention is ₹5,881.35 crore, with a net realisation of ₹457.50 crore.

The study recommends that revenue enhancement in the transport sector may be undertaken through the creation of a digitalised and integrated vehicle registration and taxation ecosystem. It is proposed that a Transportation Management Centre (TMC) be established to monitor vehicle movement and tax arrears through FASTag-based enforcement systems. For commercial goods vehicles, the State may consider proposing to the GST Council the suspension of e-waybill issuance for defaulters. The study further suggests that unauthorised freight movement by night buses may be regulated through the introduction of annual freight

[1] A list of detailed recommendations are provided in Chapter 9 (Recommendations).

permits or penal provisions. These measures are estimated to yield an additional revenue of ₹592.98 crore.

The study proposes that the Department of Geology and Mining may revise royalty rates on mineral-bearing lands in accordance with prevailing price levels and inflation trends, while maintaining competitiveness with neighbouring states such as Jharkhand. It is further suggested that priority be accorded to the extraction and commercialisation of underutilised minerals such as Sillimanite and Quartzite. The study also recommends the revival of non-operational mines through administrative streamlining and adoption of sustainable practices. These measures are projected to generate an additional revenue of ₹1,132.8 crore.

The study endorses that scientific and sustainable extraction practices in forestry and wildlife may be adopted in alignment with national norms such as AMMCR 2013 and standards of the Indian Bureau of Mines. It is suggested that GPS and weighbridge infrastructure be deployed to ensure transparency and efficiency in tracking minor minerals. The study further recommends promotion of agroforestry initiatives, particularly Trees Outside Forests (ToF), in conjunction with carbon offset markets, with appropriate safeguards to protect the economic rights of participating households and to facilitate carbon credit trading through recognised certification systems.

The study advocates the phased reintroduction of Agricultural Income Tax following the conclusion of the exemption period in March 2026. Emphasis is laid on reforming the tea industry and promoting commercial agroforestry, including oil palm and agarwood cultivation, to augment long-term tax potential.

The study further proposes a roadmap for the introduction of green levies, including eco-tourism cesses in ecologically sensitive zones, environmental surcharges on thermal power generation, and green entry taxes on commercial vehicles. It also recommends the development of a sub-national carbon market to support private sector net-zero commitments while enhancing State revenue.

With regard to stamps and registration, the study recommends that Notification No. E-457453, dated 7th March 2024, issued by the Revenue and Disaster Management Department, be formally revoked. The continued suspension of No Objection Certificates (NOCs) for land transactions between individuals of different religions has led to a significant decline in transaction volumes and stamp duty collections. Data from April to December 2024 indicates a marked reduction in NOC issuance across multiple districts, warranting administrative review and policy correction.

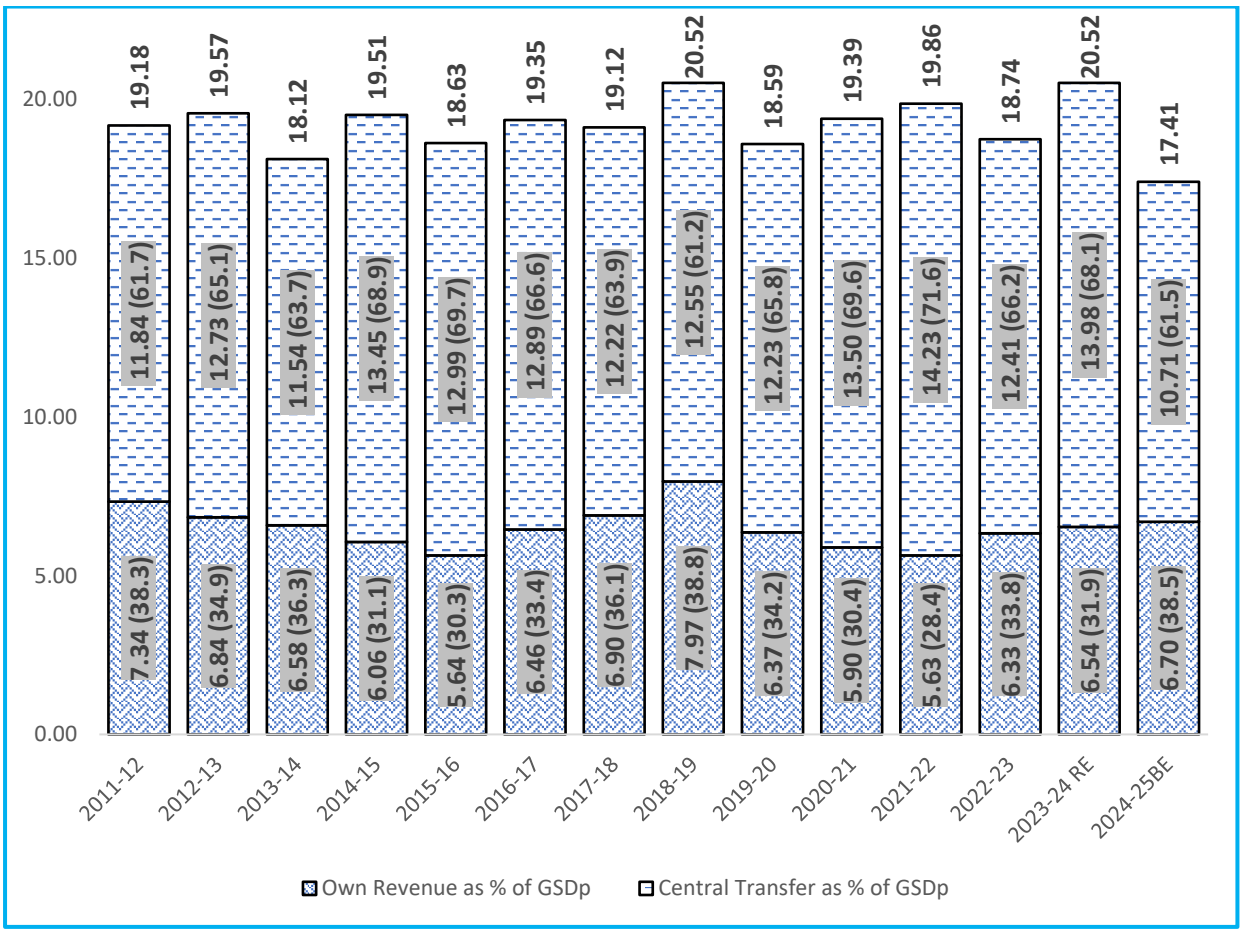
In conclusion, the study presents a comprehensive strategy for enhancing Assam's revenue potential through sector-specific interventions, administrative strengthening, and modernisation of tax and non-tax systems. By adopting these recommendations, the Government of Assam in principle can significantly improve its fiscal position, reduce dependence on central transfers and borrowings, and secure a sustainable and equitable growth trajectory for the state.

1. Overview

1.1 The Context

Assam holds a significant position within northeastern India, boasting a diverse array of resources, including its landscape, minerals, and forest products. Despite these advantages, Assam faces persistent challenges in generating its own revenue, largely due to structural constraints and economic dependencies. Recent fiscal trends indicate that Assam's Own Revenue (OR) as a share of the Gross State Domestic Product (GSDP) has been on a declining trajectory. As illustrated in Figure 1.1 (Bottom part of the Columns), the OR to GSDP ratio has reduced from 7.34% in 2011-12 to 6.54% in 2023-24 (RE) and is projected at 6.70% in 2024-25 (BE). Commitments of the government place rising demands on the exchequer. In this light, it is imperative for Assam to explore and implement strategies to enhance its own revenue generation, thereby improving fiscal self-reliance.

Figure 1.1: OR and Central Transfer as % of GSDP and their share in TRR



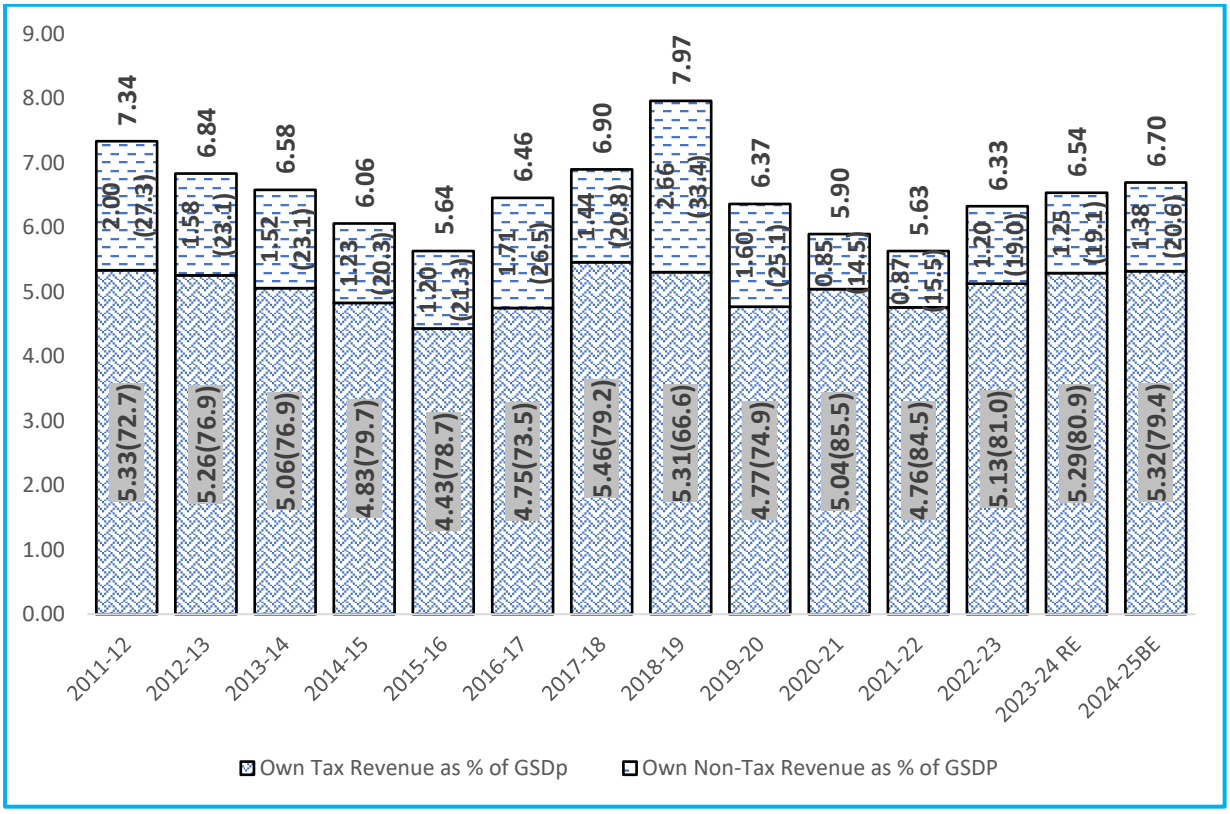
Source: State Budget, Note: Share in total Own Revenue are in parenthesis.

Own revenue comprises two components: Own Tax Revenue (OTR) and Own Non-Tax Revenue (ONTR). Figure 1.2 highlights the trends in the composition of own revenue over

time. The share of Own Tax Revenue in Assam's total own revenue has increased from 72.7% in 2011-12 to 80.9% in 2023-24 (RE) and is estimated at 79.4% in 2024-25 (BE). Conversely, the share of Own Non-Tax Revenue has declined from 27.3% in 2011-12 to 19% in 2023-24 (RE) and is projected to be 20.6% in 2024-25 (BE).

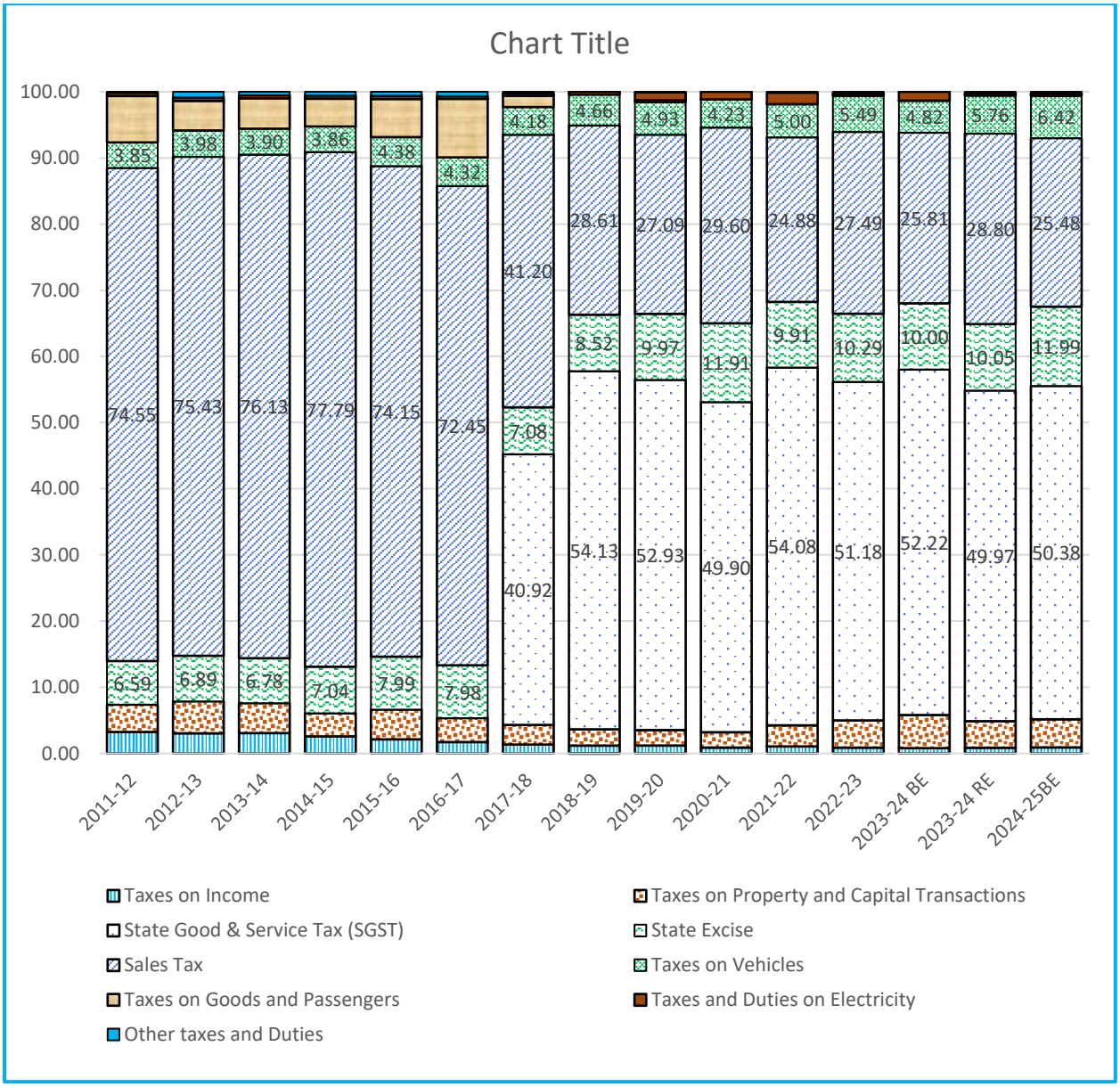
Prior to the introduction of the Goods and Services Tax (GST), Sales Tax was the most significant contributor to Assam's tax collection, followed by State Excise, Taxes on Goods and Passengers, and Taxes on Property and Capital Transactions. Post-GST implementation, State GST has emerged as the dominant revenue source, accounting for nearly 50% of total tax collection, followed by Sales Tax and State Excise (as depicted in Figure 1.3 and Table 1.2 (as percentage of GSDP)). While GST has streamlined taxation and improved compliance, it has also introduced challenges in state's fiscal autonomy, necessitating alternative strategies to bolster state revenue.

Figure 1.2: Own Tax Revenue and Own Non-tax Revenue of Assam



Source: State Budget, Note: Share in total Revenue are in parenthesis.

Figure 1.3: Share of different Taxes for the state of Assam



Source: State Budget

In composition of own non-tax revenue, between 2011-12 and 2024-25 (BE), Economic Services have constituted between 67% and 85.8%, contributing an average of 77% to the state's own non-tax revenue. This is followed by Interest Receipts, Dividends, and Profits (Refer Table 1.3). Within the Economic Services category, petroleum has been the predominant

contributor, accounting for an average of 85% of revenue during this period. Other significant contributors include Forest and Wildlife (9.3% on average), followed by Other Economic Services, Fisheries, and Tourism (Refer Table 1.4).

1.2 Immediate Challenges and Opportunities

The immediate challenges Assam faces regarding revenue collection are

a) The state's Own Revenue to GSDP ratio and Own Tax Revenue to GSDP ratio have been on a declining trend (Figure 1.1and Figure 1.2).
b) Various agencies have forecasted moderate GDP growth[2][3][4] for the current financial year. In light of this, a corresponding moderation in central transfers to the state is anticipated.
c) The state government faces continuous demands for financial commitments. However, due to the constraints imposed by the Fiscal Responsibility and Budget Management (FRBM) Act, the state cannot exceed the prescribed borrowing limits requires enhancement of its own revenue resources.
d) Concerns Raised in Discussions with the Ministry of Finance, Government of Assam,

    i. Moderation in the growth of revenue from diesel- a major source of revenue for government of Assam (Table 1.1).
    ii. Moderation in growth of other taxes (Table 1.1).

Given this context, the present study examines various strategies to enhance Assam's own revenue collection, with the objective of reducing dependence on central transfer and market borrowings and strengthening the state's financial self-reliance. The study undertakes a comprehensive analysis of multiple departments within the Government of Assam, identifying opportunities to optimize tax and non-tax revenue while also exploring potential new sources of revenue generation. Recognizing the critical role of these departments in the state's overall revenue structure, the study specifically focuses on key areas including the Department of Commercial Taxes, with a particular emphasis on diesel taxation; the Transport Department; Agricultural Income Tax; the feasibility of introducing a state lottery; the Department of Geology and Mining; the Forest and Wildlife Department; Green Taxes and the collection of Stamp and Registration Duty. By systematically assessing these revenue streams, the study aims to provide evidence-based recommendations to enhance revenue mobilization and ensure a more sustainable fiscal framework for the state.

[2] https://www.indiatoday.in/business/story/indias-fy25-gdp-may-hit-a-4-year-low-whats-dragging-economic-growth-2661602-2025-01-08
[3] https://economictimes.indiatimes.com/news/economy/indicators/hdfc-securities-expects-india-gdp-to-moderate-to-6-4-in-2024-25/articleshow/116559924.cms?from=mdr
[4] https://www.business-standard.com/economy/news/imf-predicts-india-s-gdp-growth-to-moderate-to-7-in-2024-6-5-in-2025-124102201051_1.html

Table 1.1 : Major Revenue earning department-wise collecti0n FY2023-24 & 2024-25 (Rs Crore)

Department	2023-24 (Actual collection)	Total 2023-24 (Apr-Oct)	2024-25 BE	Total 2024-25 (Apr-Oct)	% of growth over FY23-24 (Apr-Oct)	% of 2024-25 BE achieved
SGST	5904	3424	6641	3749	10%	56%
IGST	8750	5042	10597	5282	5%	50%
VAT & other Non-GST	7774	4356	9177	4603	6%	50%
Excise	3039	1596	4101	1951	22%	48%
Transport	1702	938	2210	961	2%	43%
Stamps & Registration	695	463	1226	358	-23%	29%
Land Revenue	327	148	207	103	-31%	50%
Mines and Minerals	3872	2174	5907	2306	6%	39%
Forest	565	227	1250	219	-4%	18%
Other Non-Tax	1453	763	1704	1042	37%	61%
Total	**34080**	**19132**	**43020**	**20574**	**8%**	**48%**
VAT on Petrol & Diesel	3713	2061		2230	8%	
VAT on Liquor	1667	923		942	2%	

Source: AG, Assam, Ministry of Finance Assam &RBI Credit Memo

Table 1.2: Different taxes as Share of GSDP

Heads	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 RE	2024-2025 BE
Taxes on Income	0.17	0.16	0.16	0.12	0.09	0.08	0.07	0.06	0.06	0.04	0.05	0.04	0.05	0.05
Taxes on Property and Capital Transactions	0.22	0.25	0.23	0.17	0.20	0.17	0.16	0.13	0.11	0.12	0.15	0.21	0.21	0.23
Sales Tax	3.98	3.97	3.85	3.76	3.29	3.44	2.25	1.52	1.29	1.49	1.18	1.41	1.52	1.36
State Excise	0.35	0.36	0.34	0.34	0.35	0.38	0.39	0.45	0.48	0.60	0.47	0.53	0.53	0.64
Taxes on Vehicles	0.21	0.21	0.20	0.19	0.19	0.21	0.23	0.25	0.24	0.21	0.24	0.28	0.30	0.34
Taxes on Goods and Passengers	0.37	0.24	0.23	0.20	0.26	0.42	0.09	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Taxes and Duties on Electricity	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.06	0.06	0.08	0.02	0.02	0.02
Entertainment Tax	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Goods and Services Tax	0.00	0.00	0.00	0.00	0.00	0.00	2.24	2.87	2.52	2.52	2.58	2.62	2.64	2.68
Other Taxes and Duties	0.01	0.03	0.03	0.03	0.03	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: State Budget

Table 1.3: Share of different heads of Non-Tax Revenue in ONTR of Assam

Heads	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Avg
Interest Receipts	16.6	20.6	15.5	13.0	10.9	10.9	7.5	7.2	12.0	8.1	3.4	5.6	5.5	5.3	10.1
Dividends and Profits	0.5	0.5	0.4	0.7	2.6	2.9	5.5	1.9	0.6	16.6	3.2	7.8	7.5	7.3	4.1
General Services	3.1	4.1	7.1	16.1	15.2	6.5	4.2	11.8	3.7	6.9	6.4	5.3	5.1	4.9	7.2
Social Services	0.9	1.2	1.1	1.2	2.7	1.0	1.8	0.6	1.9	1.3	1.2	1.0	1.0	0.9	1.3
Fiscal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Services	78.9	73.5	75.9	69.0	68.6	78.7	81.0	78.5	81.9	67.0	85.8	80.3	80.9	81.6	77.3
State's Own Non-Tax Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: RBI State Finance, Note: 2023-24(RE), 2024-25 (BE)

Table 1.4: Share of Different Kinds of Economic Services in Total Revenue from Total Economic Services in Assam

Heads	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Avg
Crop Husbandry	0.03	0.03	0.39	0.02	0.11	0.02	0.02	0.01	0.02	0.07	0.04	0.02	0.02	0.02	0.1
Animal Husbandry	0.02	0.03	0.03	0.03	0.03	0.03	0.02	0.01	0.02	0.05	0.04	0.02	0.02	0.02	0.0
Fisheries	0.09	0.13	0.17	0.19	0.18	0.11	0.11	0.05	0.09	0.21	0.13	0.10	0.10	0.10	0.1
Forestry and Wildlife	6.76	6.08	4.91	6.96	6.24	6.30	7.60	5.64	9.17	18.16	12.80	9.75	13.04	17.27	9.3
Minor Irrigation	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.00	0.01	0.10	0.01	0.03	0.03	0.02	0.0
Plantations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Co-operation	0.02	0.03	0.03	0.03	0.03	0.02	0.02	0.03	0.05	0.04	0.02	0.02	0.02	0.01	0.0
Other Agricultural Programmes	0.01	0.02	0.02	0.03	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.0
Major and Medium Irrigation Projects	0.01	0.02	0.02	0.04	0.04	0.01	0.03	0.02	0.01	0.03	0.07	0.00	0.00	0.00	0.0
Power	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Petroleum	87.15	87.38	87.23	85.30	88.88	90.49	76.82	87.42	83.88	75.56	81.58	88.31	85.09	80.95	84.7
Village and Small Industries	0.08	0.08	0.31	0.20	0.21	0.02	0.02	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.1
Industries	0.09	0.11	0.04	0.06	0.22	0.22	0.19	0.11	0.21	0.31	0.33	0.14	0.14	0.13	0.2
Ports and Light Houses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Road Transport	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0

Tourism	0.03	0.16	0.02	0.12	0.03	0.05	0.02	0.06	0.05	0.03	0.02	0.09	0.09	0.08	0.1
Others	5.68	5.91	6.82	7.00	4.01	2.73	15.14	6.64	6.48	5.40	4.94	1.48	1.43	1.37	5.4
Economic Services	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.0

Source: RBI State Finance, Note: 2023-24(RE), 2024-25 (BE)

2. Diesel

Discussions with the Department of Commercial taxes raised concerns about moderation in growth of revenues from diesel. Figure 2.1 and Figure 2.2 show the trends of monthly revenue collections from VAT and CST for Assam. Levels reported in 2024-25 are barely keeping pace with the levels registered in 2023-24. This has raised concerns in the state, especially since there is no evidence of a slowdown in the level of economic activity or in capital expenditure by the government.

Figure 2.1: VAT Revenues (Rs Lakh)

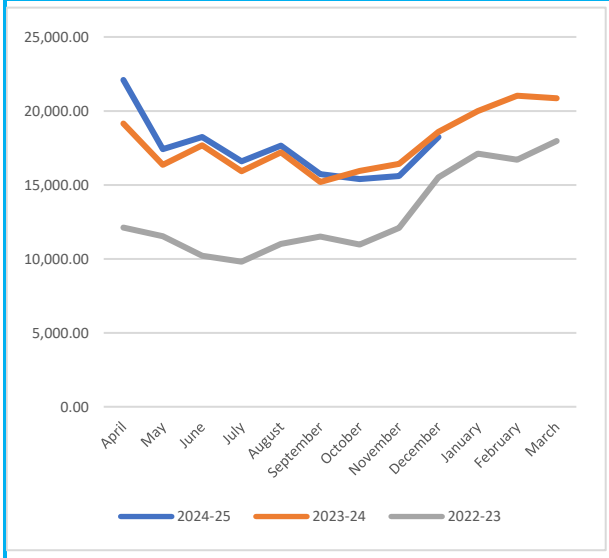
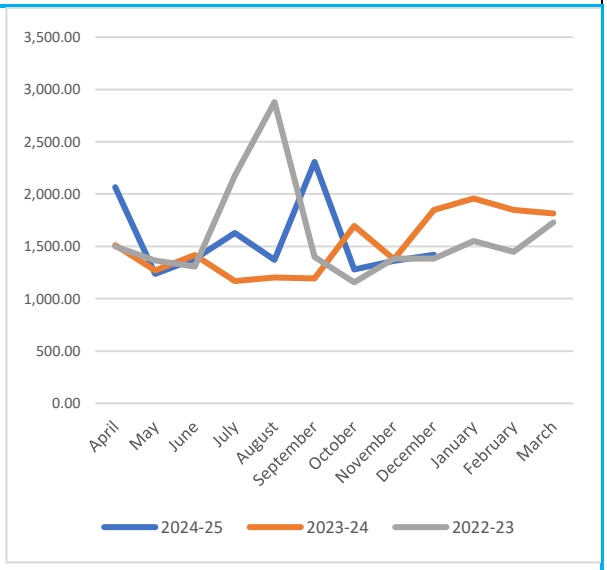


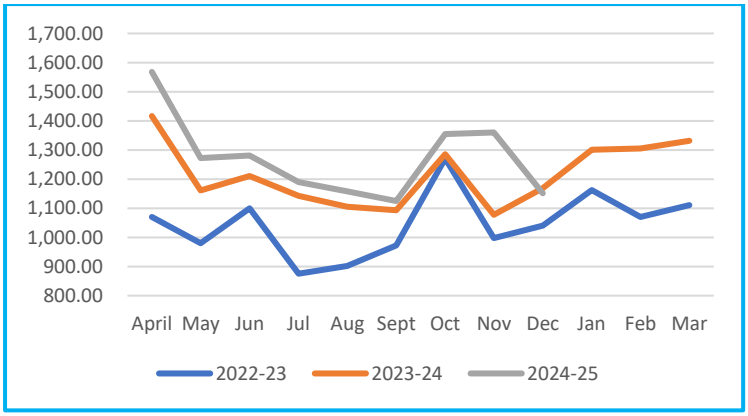
Figure 2.2: CST revenues (Rs lakh)



Source: Commissionerate of Tax, Assam

GST revenue collections as reflected in Figure 2.3 shows normal growth, suggesting that there is no noticeable compression in the demand for goods and services in the state. It would then be expected that demand for diesel too would retain normal growth, without significant change in technology.

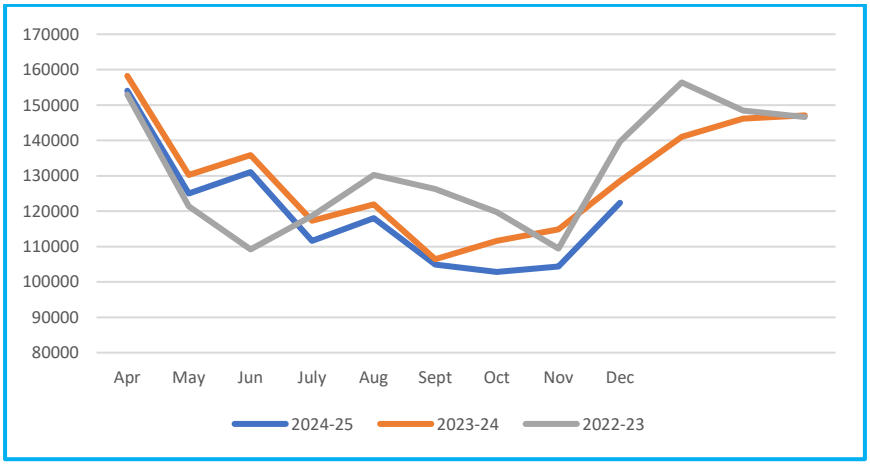
Figure 2.3 : GST collection (Rs crore)



Source: Commissionerate of Tax, Assam

In order to understand the trends in revenue collections, trends in volumes of sales are analysed. Figure 2.4 shows that there is moderation in the volumes reported under VAT in the state. Comparing volumes for 2024-25 with 2023-24 suggests that for most months, the levels in the current year are moderately lower than in the last year and even those reported for 2022-23.

Figure 2.4: Diesel Volumes for VAT sales (KL)



Source: Commissionerate of Tax, Assam

Possible mechanisms for accessing diesel in the state other than through local purchases include:

1. Inter-state purchase against C-form – CST would be payable in the exporting state.
2. Local purchases in the exporting state and transfer into Assam against F-form as consignment transfer – VAT would be paid in the exporting state
3. Local purchases in the exporting state and movement of goods into Assam by the consumer.

Amendments to CST Act:

Before exploring the data for understanding the above possibilities, it would be useful to summarize some of the changes in the CST Act in the last few years. Two significant amendments have been carried out in recent years. The Amendment in the CST Act through the Finance Act of 2017 limited the scope of CST act to a few select goods by amending the definition of goods to

‘“goods” means— (i) petroleum crude; (ii) high speed diesel; (iii) motor spirit (commonly known as petrol); (iv) natural gas; (v) aviation turbine fuel; and (vi) alcoholic liquor for human consumption;’

This change limited the scope of the Act to a limited set of goods. The second amendment through Finance Act 2021 limits the scope of concessional rate of tax under the CST Act to the following class of goods by replacing clause (b) of subsection 3 in section 8 with the following:

"are goods of the class or classes specified in the certificate of registration of the registered dealer purchasing the goods as being intended for re-sale by him or subject to any rules made by the Central Government in this behalf, for use by him in the manufacture or processing for sale of goods specified under clause (d) of section 2;"

This amendment closes the scope for registered dealers not reselling petroleum products or using them for the manufacture or processing of goods for sale, to procure these goods for use in other segments of the economic activity.

In examining information on C-forms and F-forms, while annual data on inter-state purchases of diesel was not available, company-wise information on purchases against C-form and F-form have been provided by the Commercial tax department. This information (Annexure A1) shows that the transactions reported are largely between OMCs (Oil Marketing Companies) and some perhaps with retailers.

This leaves the option of inter-state purchasers to "consumers", i.e., final users of these goods. Discussions with officials of the Commercial Tax Department suggested that there are concerns of cross-border supplies without duty being paid, possibly attributable to tax rate differentials across neighbouring states. These can be a range of economic agents who purchase diesel for use in running machines and generators. Table 2.1 shows considerable difference in the price of diesel, especially between Assam and Arunachal Pradesh. More modest differences are in evidence for Assam with Manipur and Meghalaya as well. The economic benefit from cross-border trade is evident.

Table 2.1: Price of Diesel as on February 12, 2025.

State	Price
Arunachal Pradesh	82.01 ₹/L
Assam	90.91 ₹/L
Manipur	85.26 ₹/L
Meghalaya	86.99 ₹/L
Mizoram	88.51 ₹/L
Nagaland	89.71 ₹/L
Sikkim	89.00 ₹/L
Tripura	86.55 ₹/L
West Bengal	92.55 ₹/L

Source: https://www.ndtv.com/fuel-prices/diesel-price-in-all-state, accessed on Feb 14, 2025.

Options for Correction:

There are a few questions to consider here. Of immediate concern is the need to limit the leakage of diesel sales from the state. The state can consider two options here:

First, given the price difference between Assam and Arunachal Pradesh, there is economic incentive to purchase from the latter. To reverse the process, a reduction in the tax rate and hence the price can be an option. To understand the extent of diversion in trade, we assume

that 2022-23 and 2023-24 were "normal" years. The growth in volume of sales in 2023-24 is reported to be 3.4 percent. Assuming similar growth in volumes in 2024-25, Assam should have reported 1162158 KL of sale of diesel. Instead, the actual reported volume is 1093608 KL, i.e., a shortfall of 6.5 percent.

A reduction in the tax by Rs 4 per litre could reverse the incentives for cross-border trade. This however comes with significant costs. A reduction in the rate of tax by Rs 4 per litre would mean a reduction in the revenues on 94 percent turnover on which taxes are being collected as well. Total revenue would decline from the present Rs 1569 crore to Rs 1203 crore notionally, for the sales reported in the first nine months of the year. A reduction in the tax rate is therefore not a suitable route if the goal is to augment revenues.

An alternative would be to identify the sectors which are utilizing the lower tax rates and providing a concessional rate for specific use in these sectors. A similar regime is in place in Rajasthan with special focus on mining industry[5]. If the main leakage can be ascertained to be in tea gardens and works contracts, as suggested in the discussions, with adequate guard rails, a concessional rate could be setup for these segments, taking cue from the Rajasthan case. It may also be noted that if the main leakage is in works contracts in government contracts, there may be no net loss, since the lower costs could be passed on as lower prices in the bidding process.

A medium term concern relates to tracking of movement of goods, especially those not covered under the e-waybill regime for GST. In the absence of information on the movement of goods across state borders, it is difficult to enforce the CST provisions as well. Given that Arunachal Pradesh doesn't have a refinery, it is possible that the supplies leave Assam and re-enter into the state. Creating a mechanism for tracking of movement of petroleum products might be of interest to ensure that all relevant transactions are suitably reported. The state might consider suggesting inclusion of petroleum products into the e-waybill system if an alternative system for monitoring movement of goods is not put in place. The need to track is further enhanced by the change in the regime of supplies for diesel. In particular, with new regulation[6], door to door bulk supplies of diesel have become a possibility. OMCs have apps which allow consumers to identify the dealer from whom the supplies can be obtained. This opportunity might involve a lack of clarity on the liability of tax in such transactions. Tracking of movement of goods could provide an opportunity to clear up any confusions in this space.

[5] https://finance.rajasthan.gov.in/PDFDOCS/TAX/CCT/F-CCT-8521-20122019.pdf
[6] https://www.pngrb.gov.in/pdf/public-notice/DRA15122021.pdf

Response from the Office of the Commissioner Tax:

With respect to the concerns raised in the report regarding leakages in diesel supply and the provision of concessional rates to selected sectors, the Office of the Commissioner Tax has concurred with the observation on existing leakages. Furthermore, it has recommended that a comprehensive cost-benefit analysis would be appropriate to guide the selection of sectors and to design an effective implementation mechanism for such concessions.

In this context, the NIPFP team has highlighted the concept of a notional revenue loss arising from a reduction in diesel prices, viewed from a macroeconomic perspective (2nd Para Page above/Page-21). The study also recommended that a concessional tax rate may be extended to targeted sectors, subject to adequate guard rails (may be in terms of total volume sales to these sectors) (Para 3rd, Page above/Page-21). However, it has also been noted that the potential behavioural changes resulting from concessional rates, as well as a detailed cost-benefit analysis for extending such concessions to specific sectors, fall outside the scope of the present study and would require a more extensive and in-depth analysis over a longer time horizon.

3. Lottery

3.1 Relevance of Lottery

In exploring "new" and hitherto unexplored sources of revenue for Assam, one option to explore lotteries. Lotteries are often considered an efficient mechanism for augmenting state revenue, primarily due to their ease of administration and minimal enforcement costs. Unlike traditional forms of taxation, state-run lotteries require limited bureaucratic oversight, making them an attractive option for revenue generation. Empirical evidence suggests that lottery revenues have been successfully utilized to finance public goods such as education and infrastructure in various countries, including the United States and the United Kingdom (Bailey: 1995[7], Ottaway: 2006[8], Landry and Price: 2007[9]; Clotfelter and Cook, 1989[10]). In these jurisdictions, national and state lotteries have provided substantial funds for public education and infrastructure projects, reducing the direct tax burden on citizens.

However, despite these benefits, the distributional impact of lotteries raises significant concerns. Research indicates that lottery participation disproportionately affects lower-income groups, as these individuals tend to spend a larger share of their income on lottery tickets compared to wealthier segments of the population (Blalock et al. :2007[11]; Kearney: 2005[12]). This regressive nature of lottery taxation implies that while it can generate revenue, it may also exacerbate economic inequalities. Furthermore, studies argue that due to the limited disposable income of low-income participants, the overall revenue generated may not be sufficient to fund large-scale public programs effectively (Matheson and Grote :2008[13]).

State lotteries have been source of non-tax revenue for several states in India. In the north-eastern region, Arunachal Pradesh, Nagaland, Mizoram, and Meghalaya have state-run lotteries. Given that residents of Assam already have access to these neighbouring state lotteries, it is worth exploring the feasibility of Assam instituting its own state lottery to generate additional revenue. This report examines the potential benefits and challenges associated with implementing a state lottery system in Assam, including its impact on revenue generation, social implications, and feasibility in the broader economic and policy context.

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[7] Bailey, S. J. (1995). The national lottery: Public expenditure control and accountability. *Public Money & Management*, *15*(4), 43-48.
[8] Ottaway, J. (2006). *The UK National Lottery and charitable gambling* (Doctoral dissertation, London School of Economics and Political Science).
[9] Landry, C. E., & Price, M. K. (2007). Earmarking lottery proceeds for public goods: Empirical evidence from US lotto expenditures. *Economics Letters*, *95*(3), 451-455.
[10] Clotfelter, C. T., & Cook, P. J. (1991). *Selling hope: State lotteries in America*. Harvard University Press.
[11] Blalock, G., Just, D. R., & Simon, D. H. (2007). Hitting the jackpot or hitting the skids: Entertainment, poverty, and the demand for state lotteries. *American Journal of Economics and Sociology*, *66*(3), 545-570.
[12] Kearney, M. S. (2005). State lotteries and consumer behavior. *Journal of Public Economics*, *89*(11-12), 2269-2299.
[13] Matheson, V., & Grote, K. (2008). US lotto markets. In *Handbook of Sports and Lottery Markets* (pp. 503-524). Elsevier.

3.2 Legal Discussion

Under the Lotteries (Regulation) Act, 1998, a "lottery" is defined as a scheme—irrespective of its form or nomenclature—for the distribution of prizes by lot or chance to participants who purchase tickets. While lotteries organized by the Government of India (GoI) or a State Government fall under the Union List but taxation on the sale of such lotteries is classified as a State subject under the Indian Constitution.

The Government of India maintains a stringent policy against organizing, authorizing, or supporting lotteries in any form, regardless of their purpose, on the grounds that they foster a gambling mind-set and disrupt the economic equilibrium. Nevertheless, State Governments are permitted to organize lotteries, provided they strictly adhere to the provisions of the Lotteries (Regulation) Act, 1998, and the Lotteries (Regulation) Rules, 2010.

The Lotteries (Regulation) Act, 1998 serves as the legislative framework governing the conduct of lotteries and provides guidance on related matters across the country. This Act empowers both the Central and State Governments to enact rules to ensure effective implementation of its provisions.

Table 3.1: States with State Run Lotteries[14]

State	Website
Kerala	https://statelottery.kerala.gov.in/
Sikkim	https://sikkim.gov.in/departments/finance-revenue-expenditure-department/directorate-of-state-lotteries
Arunachal Pradesh	https://lottery.arunachal.gov.in/gparunachal/
Goa	https://statelotteries.goa.gov.in/
Maharashtra	https://lottery.maharashtra.gov.in/
Punjab	http://punjabstatelotteries.gov.in/
Mizoram	https://ifsl.mizoram.gov.in/
Nagaland	http://www.nagalandlotteries.com/
West Bengal	https://finance.wb.gov.in/new_fin/Pages/Dir_State_Lotteries.aspx

In line with this Act, the Central Government has promulgated the Lotteries (Regulation) Rules, 2010, which lay down the regulatory framework for lotteries in India. Additionally, individual State Governments have established their own set of rules to administer and regulate lotteries within their jurisdictions. According to the Lok Sabha Unstarred Question No- 2241 there are nine Indian states who run lotteries[15]. A list of these the states and their respective website are provided in *Table 3.1*.

[14] Apart from these states Meghalaya has launched India's first fully digital lottery- "EasyLottery" in 2024. https://government.economictimes.indiatimes.com/news/economy/meghalaya-govt-launches-indias-first-fully-digital-lottery-with-50-cr-top-prize-money/113242998

[15] Source: Government of India, Ministry of Home Affairs, Lok Sabha Unstarred Question No- 2241, Answered On 14th March 2023.

State Governments organizing lotteries must ensure the strict and scrupulous observance of the statutory provisions outlined in the Act and Rules to maintain transparency, fairness, and integrity in the conduct of lotteries.

3.3 Data on Revenue in Indian States from Lottery

Governments derive revenue from lotteries in multiple ways, including the sale of lottery tickets, GST collections, taxes on prize winnings[16] and also income from the unclaimed prize money. The gross revenue collected across states from sale of lottery tickets is detailed in the *Table 3.2*. Few states like Kerala, Maharashtra, West Bengal, Sikkim, Goa and Punjab collects significant gross revenue from the lottery sales. However, this gross revenue figure does not provide an accurate representation of the revenue collection, as states incur costs related to printing lottery tickets and administering the lottery system. Therefore, when assessing revenue from lotteries, it is essential to consider the net revenue, which accounts for the expenditure deducted from the gross collection. The *Table 3.3* illustrates the net revenue collected across states in India after accounting for expenses.

Only a few Indian states, such as Kerala, Goa, Maharashtra, Punjab, Sikkim, and West Bengal, significantly benefit from net lottery revenue. Kerala particularly relies on lotteries for a substantial portion of its non-tax revenue, while West Bengal excels in GST collection from lottery sales (Source: All India Federation of Lottery Trade & Allied Industries (AIFLTAI)[17]).

Assam has not explored revenue from lotteries in recent years. There is an opportunity for Assam to explore lottery revenue, especially if it can be combined with interventions in sectors where compliance is a challenge. Lotteries could be linked to specific sectors or schemes, allowing people to contribute by purchasing tickets for a particular cause. The State of Assam, which significantly relies on central transfers, could explore the introduction of a state-owned lottery as a potential measure to enhance its own revenue streams. A state-regulated lottery, if implemented appropriately, could play a crucial role in strengthening the state's financial independence while contributing to funding developmental and welfare schemes. However, the current circumstances necessitate a cautious approach to this proposal due to ongoing legal and administrative issues[18].

A state lottery, if implemented under a transparent and well-regulated framework, has the potential to provide a sustainable source of revenue for Assam. The proceeds from such a lottery can be utilized to fund various welfare initiatives, such as healthcare, education, and infrastructure development, through earmarked allocations. The introduction of a state lottery

[16] 30% TDS rate Under Section 194B.

[17] https://indianexpress.com/article/business/economy/nine-states-collect-over-rs-3900-crore-via-gst-on-lottery-business-5205587/

[18] A Public Interest Litigation (PIL) bearing Case No.: PIL/29/2024 was filed in the Hon'ble Gauhati High Court regarding the proliferation of illegal lotteries in the state. In response to this, the Hon'ble High Court has issued strict directives prohibiting all unauthorized lotteries, whether conducted online or offline, within Assam.

should be pursued as a strategic initiative to enhance Assam's fiscal capacity, ensuring that all operations remain fully compliant with the law.

3.4 Institutional Arrangements

The Government of Assam must carefully determine the organizational structure for a state lottery if it decides to introduce one. In this regard, the operational models of other states with established lottery systems can provide valuable insights. Among Indian states, Kerala stands out as a successful example of generating significant revenue through its lottery system. Established in 1967, the Kerala State Lottery is managed by the Directorate of State Lotteries, which operates under the Finance Ministry. The Directorate is responsible for all aspects of lottery management, including ticket design, printing, distribution, and the conduct of draws. To ensure credibility and transparency, lottery draws are conducted under strict supervision, and the tickets incorporate advanced security features such as QR codes, unique barcodes, and colour codes to prevent fraud. The Directorate designs and approves the model and format of the paper lottery tickets for each draw, which must receive government approval before printing. These tickets are printed at the Government Press or other high-security presses authorized by the Government, with the Director overseeing the security measures during the printing process.

In addition to Kerala's model, Assam can also draw lessons from Sikkim, given its regional proximity and administrative capacity. The Sikkim State Lottery is operated under the Directorate of Sikkim State Lotteries (DSSL). In this model, Marketing Agents (MAs) are appointed to organize, promote, and conduct the lottery schemes. However, the model has faced significant scrutiny, as highlighted by the Comptroller and Auditor General (C&AG)[19] of India. The C&AG audit revealed a lack of transparency and consistency in the appointment of MAs, who retain a considerable share of the lottery revenue. Further, the paper lottery tickets in Sikkim are printed by security presses without following a tendering process. C&AG has flagged these tickets are then delivered directly to area distributors appointed by the MAs, bypassing verification by DSSL officials. This lack of oversight has raised concerns about the control over the number of tickets printed and their subsequent distribution.

C&AG flagged several irregularities in the administration of the Nagaland state lottery, highlighting concerns regarding transparency, revenue loss, and non-compliance with the Lotteries (Regulation) Rules, 2010. A key concern was the lack of transparency in selecting distributors, which led to legal disputes. Furthermore, Nagaland failed to credit the entire sale proceeds of lottery tickets to the Consolidated Fund of the State, as mandated by Rule 3(17) of the Lotteries (Regulation) Rules, 2010, and Government of India directives.

[19] Performance Audit on Sikkim State Lotteries, Report of the Comptroller and Auditor General of India for the year ended March 2016

Table 3.2: Gross Revenue Collection from Lottery in Different States in India (Rs. Crore)

Row Labels	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 RE	2024-2025 BE
All States/UT	6410.31	6799.95	7853.99	9415.86	10601.58	11420.51	6353.97	7389.61	12421.25	13148.37	14138.12
Assam	0	0	0	0.0027	0	0	0	0	0	0	0
Goa	36.56	40.35	41.10	31.70	14.53	26.64	16.47	10.93	5.69	51.65	35.75
Karnataka	4.82	0	3.53	0	0	0	0	1708.45	0	0	0
Kerala	5444.88	6271.41	7283.28	9034.16	9264.66	9973.66	4873.02	7134.93	11892.88	12686.99	13582
Maharashtra	134.06	116.05	129.54	105.85	71.42	22.14	32.82	42.22	54.98	134.92	138.96
Manipur	132.48	106.09	118.61	0	0	0	0	0	0	0	0
Meghalaya	0	0.117	0	0.945	0	5.593	0	0	0	0	0
Mizoram	11.34	12.47	13.55	13.81	5.53	6.48	5.60	4.05	11.95	35	35
Punjab	69.88	70.78	77.54	56.18	74.26	97.40	76.32	131.58	388.75	150	235
Sikkim	418.64	20.02	45.23	55.03	57.82	40.11	22.37	6.47	10.60	30	48
West Bengal	157.63	162.48	141.54	118.03	1105.05	1248.48	1327.38	59.43	56.4	59.78	63.37

Source: RBI State Finance, 2024. Note: Assam, Gujarat, Himachal Pradesh, Madhya Pradesh reported lottery revenue for only one year and amount is negligible. Jharkhand, Bihar, Haryana and Tamil Nadu reported for multiple years but amount is very low. So for these states data is not reported and other unreported states has zero collection.

Table 3.3: Net Revenue Collection from Lotteries. (Rs. Crore)

States	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 RE	2024-2025 BE
All States/UT	1318.78	1472.25	1636.62	1585.01	1866.76	1813.01	322.78	550.02	1290.74	1317.47	1363.85
Assam	0	0	0	0.003	0	0	0	0	0	0	0
Goa	36.06	39.75	40.30	30.89	13.68	25.51	15.41	9.63	4.37	47.84	29.68
Haryana	-0.16	-0.050	0.049	0.078	0.016	0	0.001	0	0	0.03	0.032
Himachal Pradesh	0	0	0	0	8.31	0	0	0	-38.15	-25.82	-23.26
Karnataka	4.82	0	3.53	0	0	0	0	1708.44	0	0	0
Kerala	959.66	1148.52	1290.83	1406.53	1445.24	1498.29	246.21	470.77	920.91	1028.95	1056.52
Maharashtra	0.43	0.57	6.04	11.66	6.65	-49.37	-4.81	-1.35	6.37	83.65	63.54
Manipur	132.4806	106.0945	118.6078	0	0	0	-0.0198	0	-0.0486	-0.1208	-0.16
Meghalaya	-0.92	-0.80	-0.87	-0.10	-1.17	4.40	-1.23	-1.27	-1.19	-1.71	-1.80
Mizoram	9.23	10.30	11.16	11.36	2.73	3.28	3.14	2.15	9.68	32.19	32.68
Nagaland	-2.27	-2.77	-2.49	-2.76	-3.66	-3.60	-3.20	-3.55	-3.46	-3.88	-3.89
Punjab	14.96	25.67	23.08	2.78	36.38	28.22	14.46	19.33	290.39	54.17	90.20
Sikkim	44.33	18.52	43.73	53.43	55.79	37.71	20.21	3.74	7.77	26.88	44.27
West Bengal	120.22	126.66	102.92	71.42	303.16	268.57	32.61	50.57	55.94	49.48	52.76

Source: RBI State Finance, 2024. Note: Assam, Gujarat, Himachal Pradesh, Madhya Pradesh reported lottery revenue for only one year and amount is negligible. Jharkhand, Bihar, Haryana and Tamil Nadu reported for multiple years but amount is very low. So for these states data is not reported and other unreported states has zero collection.

Instead, the state collected revenue based on Minimum Guaranteed Revenue (MGR), resulting in significant revenue loss. Between 2010-11 and 2015-16, the total sale proceeds from Nagaland's lotteries amounted to Rs. 17,653.76 crore. However, the revenue credited to the state in the form of MGR was only Rs. 56.93 crore—merely 0.32% of the total sales—while distributors gained disproportionately, earning Rs. 4,522.24 crore (98.67% of proceeds). This significant discrepancy was attributed to the misinterpretation of Rule 3(10), which led to fixing MGR instead of ensuring that full sale proceeds were deposited into government accounts. As a result, the agreement with distributors was structured in a manner that led to undue financial gains for private entities at the cost of state revenue. Additionally, the lack of segregation and identification of unsold tickets posed a risk of fraudulent claims, particularly in online lotteries, where the central server was located outside the state—violating regulatory provisions. The distributor's financial records also indicated earnings of Rs. 10.73 crore from unsold tickets, raising further concerns about the integrity of lottery operations.

C&AG, in its State Finance Audit Report 2021 for Arunachal Pradesh, also observed that neither the State Lottery Department nor the Finance Department had formulated a budget provision for both receipts and expenditures related to lottery revenue and prize pay-outs. As a result, the sale proceeds were not presented before the State Legislature.

The majority of lottery operations in India remain paper-based, with selling of pre-printed tickets. However, certain states—including Goa, Nagaland, Meghalaya, Maharashtra, Arunachal Pradesh, and Sikkim—have legalized online lottery systems. These states allow players to purchase computer-generated tickets at designated lottery terminals, where transaction details, including the player's selected numbers, are instantaneously recorded in a centralized computer server. This server, managed by the respective state governments, facilitates the acceptance, processing, storage, and validation of online lottery transactions while ensuring regulatory oversight.

India is currently advancing its digital infrastructure to enhance service delivery, improve transparency, and promote inclusive and sustainable development. With increasing internet penetration, affordable mobile data, and the widespread availability of smartphones, the number of Indian mobile phone users has risen from 346 million in 2008 to 1.4 billion in 2024[20]. This digital transformation presents a significant opportunity for government-regulated and operated lotteries to align with the broader vision of a Digital India. India, during the G20 Ministerial Meeting on the Digital Economy in 2023, emphasized the country's commitment to digital transformation and its potential as a global hub for testing and developing digital solutions. Given the rapid digitalization and widespread adoption of mobile technology, the Government of Assam may consider exploring the introduction of an online lottery system. A well-regulated digital lottery framework, backed by secure and advanced technology, could improve oversight, mitigate risks associated with manual operations, and ensure greater public

[20] https://www.dataforindia.com/comm-tech/#:~:text=Between%202008%20and%202024%2C%20this,terms%20of%20mobile%20phone%20penetration

trust. By leveraging digital infrastructure, Assam can modernize its lottery system, enhance revenue collection, and align with national objectives of digital governance and financial inclusion.

For Assam to implement a state lottery successfully, it will need to adopt an operational framework that ensures transparency, accountability, and efficiency. While Kerala's model emphasizes direct government control and advanced security features, Sikkim's reliance on external agents highlights the risks associated with limited oversight. The Government of Assam must carefully evaluate these models and design a robust organizational structure tailored to the state's administrative capabilities and economic objectives. A transparent appointment process for agents, stringent verification mechanisms for ticket production and distribution, and secure operational practices will be essential to ensure the credibility and success of Assam's state lottery initiative

3.5 Targeting Lotteries for Public Purposes

Citizens of any states generally do not possess direct authority in shaping public policy or governmental directives, despite they directly contribute in the state revenue through different possible ways. While they exercise their preferences through the electoral process by electing representatives, the final policymaking prerogative is vested in elected leaders. The integration of lotteries within earmarked programs offers a mechanism for individuals to actively participate in funding preferred or specified initiatives, enabling a more direct engagement in influencing resource allocation and financial support for specific programs.

Governments across the globe have strategically allocated lottery revenues to specific programs to encourage participation and mitigate opposition to state-sponsored gambling. Research by Landry and Price (2007)[21] highlights the role of such allocations in incentivizing public participation, while studies by Erekson, Platt, Whistler, and Ziegert (1999)[22], Pierce and Miller (1999)[23], and Ghent and Grant (2007)[24] demonstrate how dedicating lottery proceeds to socially beneficial programs can address concerns surrounding state involvement in gambling activities. In many cases, these revenues are earmarked to fund vital public services and initiatives.

In the United States and the United Kingdom, a substantial portion of lottery proceeds is directed towards specific government programs, with education often emerging as the primary beneficiary, as noted by Matheson and Grote (2008)[25]. In the United Kingdom, the National Lottery dedicates significant funds to the National Lottery Distribution Fund (NLDF), which

[21] Landry, C. E., & Price, M. K. (2007). Earmarking lottery proceeds for public goods: Empirical evidence from US lotto expenditures. *Economics Letters*, *95*(3), 451-455.
[22] Homer Erekson, O., Platt, G., Whistler, C., & Ziegert, A. L. (1999). Factors influencing the adoption of state lotteries. *Applied Economics*, *31*(7), 875-884.
[23] Pierce, P. A., & Miller, D. E. (1999). Variations in the Diffusion of State Lottery Adoptions: How Revenue Dedication Changes Morality Politics 1. *Policy Studies Journal*, *27*(4), 696-706.
[24] Ghent, L. S., & Grant, A. P. (2007). Are voting and buying behavior consistent? Evidence from the South Carolina Education Lottery. *Public Finance Review*, *35*(6), 669-688.
[25] Matheson, V., & Grote, K. (2008). US lotto markets. In *Handbook of Sports and Lottery Markets* (pp. 503-524). Elsevier.

manages the allocation of revenues across various sectors, including arts, sports, heritage, and community development. The NLDF plays a crucial role in channelling funds into projects that create a positive impact across diverse communities.

Similarly, in India, the Kerala State Lottery exemplifies a model of targeted welfare through its Karunya Benevolent Fund (KBF), an assurance scheme managed by the State Lotteries Department under the Finance Ministry. The Karunya Benevolent Fund raises revenue through designated lottery schemes to provide financial aid to underprivileged individuals suffering from severe medical conditions. The scheme prioritizes assistance for individuals affected by ailments such as cancer, haemophilia, kidney and heart diseases, and those requiring palliative care. This initiative is particularly aimed at families with an annual income of less than ₹3 lakhs, ensuring that medical treatment becomes accessible to economically disadvantaged sections of society.

In the state of Assam there are several socio-economic areas where people might be interested to contribute directly through earmarked lottery. Selecting such areas and earmarking those to some lotteries where net collection from lottery tickets sale is used for the development in that sector with an associated incentive for the lottery tickets buyers to get an attractive prize money.

Few such areas under consideration could be-

1. Focus on Specific Projects
   a) Kazi Ranga and Manas Facility and Infrastructure Development
   b) Kamakhya Development Corridor
   c) Majuli Development Initiatives
   d) Development of Moidams – the Mound-Burial System of the Ahom Dynasty
2. Scholarship for Higher Education for individual participants to perceive the benefits of this system, a broad-based system like a scholarship programme for higher education can provide easily identifiable benefits to the participants.

3.6 Utilising Lotteries for Nudging Compliance in Other Taxes

In addition to direct revenue generation, the Assam government can explore innovative ways to utilize lotteries as a tool for enhancing compliance with other taxes and charges. For instance, there are approximately Rs. 500 crore in pending challans within the transport department, and linking the payment of these outstanding dues with lottery ticket incentives could encourage higher compliance rates. Similarly, in local bodies, introducing a scheme where citizens receive a lottery ticket upon making full-year payments of user charges or property taxes could serve as an incentive to improve collection efficiency. Such initiatives would not only increase revenue collection but also foster a culture of voluntary compliance among taxpayers.

3.7 Potential Revenue

The potential revenue generation from a state-run lottery in Assam can be estimated using Kerala and Nagaland as a reference framework, given Kerala's established and successful lottery model. For the financial year 2024-25, Kerala is projected to earn ₹13,582 crores as

gross revenue from lotteries, with a corresponding net revenue of ₹1,056.52 crores. This translates to a per capita gross revenue of ₹4,065.73 and a per capita net revenue of ₹316.27, based on the 2011 Census population data for Kerala. Between the financial years 2010-11 and 2015-16, C&AG observed that an amount of ₹17,653.76 crore from the sale proceeds of lottery tickets in Nagaland was not credited to the Consolidated Fund of the State, as required. This resulted in an average annual gross revenue implication of approximately ₹2,942.3 crore. Furthermore, based on the assumption that the entire sale of lottery tickets occurred within the state, the per capita lottery consumption in Nagaland during this period is estimated at ₹14,871.4.

If the residents of Assam demonstrate even twenty percentage of the average enthusiasm observed in Kerala and Nagaland regarding lottery ticket purchases, the state of Assam could potentially generate ₹5881.35 crores in gross revenue and ₹475.50 crores in net revenue. These estimates are based on a proportionate analysis of Kerala's lottery revenue model and adjusted for Assam's population size and expected participation levels. The comparative details of revenue estimation are provided in *Table 3.4*.

Table 3.4: Estimated Revenue Generation Potential of Assam on Lottery

States	Lottery Revenue	Per-Capita	Population	Collection (In Rs. Cr)
Kerala	**Gross**	4065.73	33406061	13582
	Net	316.27	33406061	1056.52
Nagaland[26]	**Gross**	14871.4	1978502	2942.3
	Net	1149.84	1978502	227.49
Assam	**Gross**	1884.71[27]	31205576	**5881.35**
	Net	146.61	31205576	**457.50**

Source: Authors' calculation considering Kerala as a reference.

Response from the Office of the Commissioner Tax:

The Office of the Commissioner of Taxes, Assam, in its response, has conveyed agreement with the proposal for the possible introduction of a lottery scheme in the state.

[26] C&AG flagged in between 2010-11 and 2015-16 Nagaland made Rs. 17,653.76 crore of sale proceeds of lottery tickets. It is averaged for six years. Population is from 2011 Census. Net earnings in Nagaland from lottery is calculated considering its proportionate gross lottery consumption comparing with Kerala.
[27] Considering 20% of average of Kerala and Nagaland

4. Transport Assam

4.1 Administration

The Commissioner of Transport, Assam, functions as a key wing under the Transport Department and is responsible for ensuring an efficient public transportation system in the state. Its responsibilities include the registration of vehicles, issuance of driving licenses and various permits, and the collection of road tax. In addition to being one of the major revenue-earning departments, the Commissionerate places significant emphasis on implementing road safety measures through the enforcement of the Motor Vehicles Act and Rules. It also promotes road safety awareness and educational programs under the aegis of the State Road Safety Council, the lead agency on state road safety, and the District Road Safety Committees, which operate under the monitoring of the Supreme Court Committee on Road Safety.

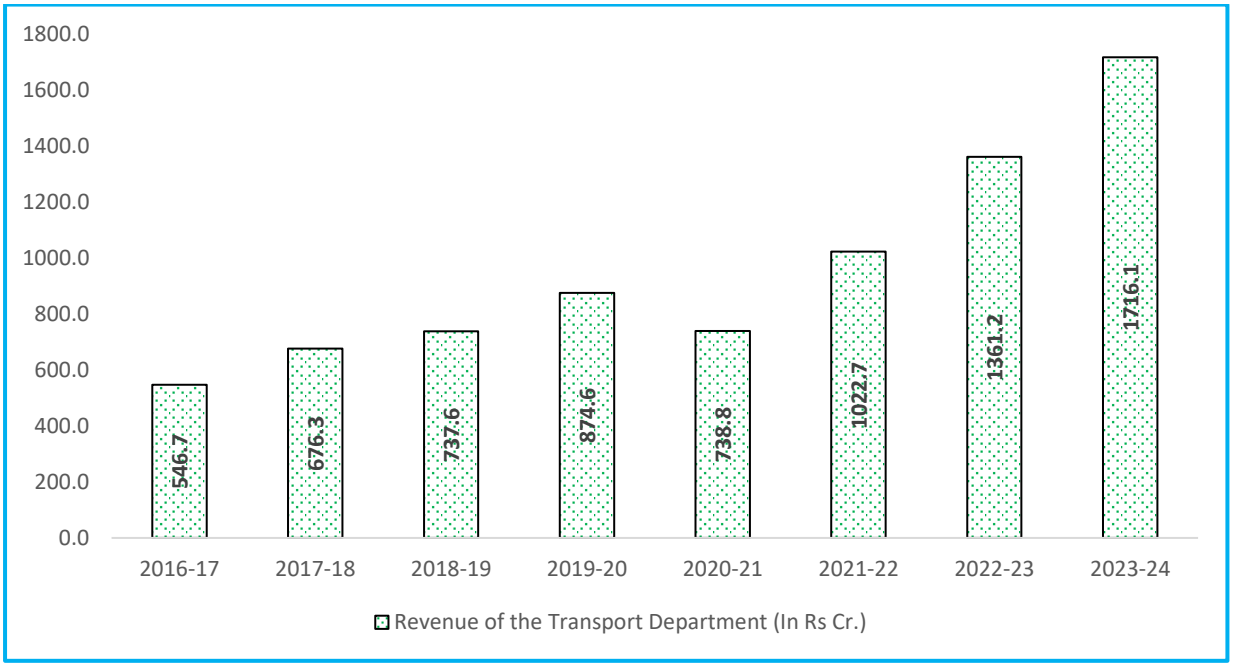
The Transport Department is tasked with collecting taxes, fees, and fines related to motor vehicles registered in Assam. For commercial vehicles, motor vehicle tax is collected annually, with vehicle owners given the option to pay quarterly or annually. For private vehicles, a one-time tax is realized for a period of 15 years, either in a single payment or in two instalments over five and ten years. Additionally, composite fees in lieu of motor vehicle taxes are collected from owners of commercial vehicles bearing national or tourist permits. The department also levies and collects fines for various offenses as stipulated under the respective Acts and Rules.

4.2 Trends in Revenue Collection

Over the past decade, Assam has made significant strides in revenue generation from its transport department. Compared to its revenue collection in 2016-17, the gross revenue collection has more than tripled by 2023-24 (Refer to Figure 4.1). As percentage of GSDP Assam has realised a significant increase in revenue from vehicle taxes (Refer to Figure 4.2). Despite this commendable progress, Assam still holds considerable potential to further enhance its transport revenue. By adopting the policies and administrative measures implemented by other high-performing states, Assam can optimize its revenue generation capabilities and strengthen its transport sector performance.

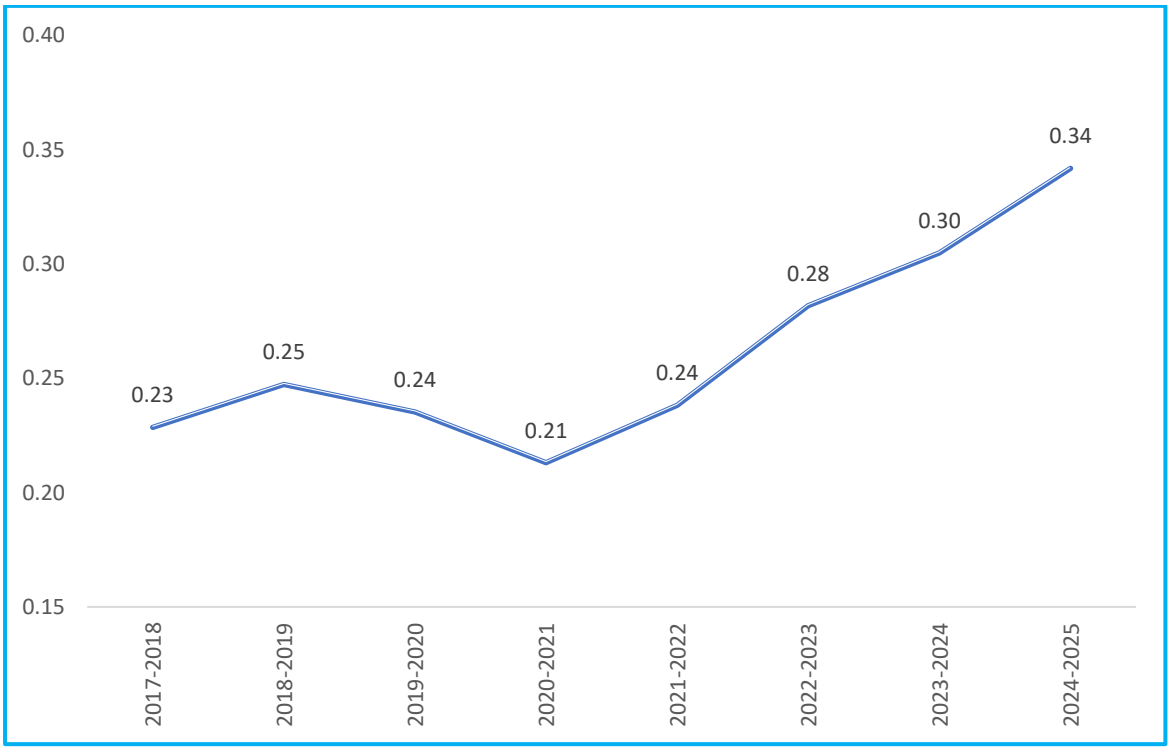
Transport revenue collection and performance across Indian states show notable disparities due to differences in administrative efficiency, policy frameworks, enforcement mechanisms, and socioeconomic conditions (Table 4.1). States like Kerala, Karnataka, Telangana, Rajasthan, Haryana, Goa and Nagaland consistently excel in transport revenue collection. The following section provides an overview of some of the initiatives for improved compliance in these states.

Figure 4.1: Revenue Collection over year for Transport Department



Source: Commissionerate Transport, Govt. of Assam

Figure 4.2: Assam Taxes on Vehicles as % of GSDP



Source: RBI State Finance and MOSPI

4.3 Evidence from Other Indian States

Kerala has established the Kerala Road Fund[28] as an entity separate from the Consolidated Fund, ensuring a more transparent and efficient financial management system under the administration of a dedicated Board of Administration. In addition, the state has implemented a robust traffic enforcement mechanism through the *Safe Kerala Project*[29], incorporating a fully automated traffic enforcement system to enhance road safety and ensure strict regulatory compliance. The *Safe Kerala Project* is being implemented to enhance road safety and prevent traffic violations through the use of advanced technology. The primary objective of the project is to reduce road accidents and strengthen enforcement activities of the Kerala Motor Vehicle Department by leveraging modern surveillance systems. As part of this initiative, the department is deploying a camera-aided *Fully Automated Traffic Enforcement System* to monitor and address traffic violations efficiently, minimizing disruptions to vehicular movement caused by on-road inspections. A total of 726 cameras are being installed on National Highways and State Highways across the state to record traffic violations. Of these, 675 cameras are being used to detect helmetless two-wheeler riding, non-compliance with seatbelt regulations, and hit-and-run incidents. Additionally, 25 cameras are being utilized to monitor unauthorized parking, while 4 fixed cameras are being installed to track over speeding vehicles. Furthermore, 4 vehicle-mounted cameras and 18 cameras equipped to detect red-light violations are being deployed. To ensure effective monitoring and enforcement, control rooms are being established in all 14 districts of Kerala.

The Government of Karnataka has implemented measures to achieve a sustainable level of transport tax revenue collection. Karnataka, being one of the most economically dynamic states in India, hosts a large and diverse industrial base, leading to a growing demand for freight transport as the population expands and consumption increases[30]. The state's logistics sector is undergoing a significant transformation, driven by demand-side enablers such as the expansion of e-commerce, the emergence of new business models involving Third-Party Logistics (3PL) and Fourth-Party Logistics (4PL) service providers, and the adoption of Direct Port Delivery (DPD) and Direct Port Entry (DPE) by the EXIM trade. Additionally, new logistics community systems, including PCS 1x and the Unified Logistics Interface Platform (ULIP), are being integrated to enhance operational efficiency. The Government of Karnataka has also operationalized various logistics development initiatives under the *Industrial Policy 2020-2025*, which provides incentives and facilitation mechanisms for the development of logistics infrastructure. These include Logistics Parks, Multi-Modal Logistics Parks (MMLPs), dry ports, cold storage facilities, truck terminals, and warehouses, among others. Furthermore, Logistics and Transportation has been identified as one of the six *Champion Service Sectors* under the *Champion Services Sector Scheme* of the Government of India, underscoring the state's commitment to fostering growth and efficiency in this sector.

[28] https://krfb.org/eng/about-krfb/
[29] https://www.cm.kerala.gov.in/?p=2591
[30] https://vtpc.karnataka.gov.in/storage/pdf-files/Logistics%20plan_GO.pdf

Further, all four state-run bus corporations—Karnataka State Road Transport Corporation (KSRTC), Kalyana Karnataka Road Transport Corporation (KKRTC), North West Karnataka State Road Transport Corporation (NWKRTC), and Bangalore Metropolitan Transport Corporation (BMTC)—have been directed to enhance their revenue generation efforts. Measures are being undertaken by all bus corporations to improve revenue, including the identification of land parcels for leasing to petrol bunks, the expansion of KSRTC's cargo services, and the induction of premium buses to compete with private operators. Consent has been granted for the establishment of 10 petrol bunk outlets of Bharat Petroleum Corporation Limited and Hindustan Petroleum Corporation Limited, selected through a tender process. Additionally, steps are being taken to identify 36 more petrol bunks on KSRTC-owned land through a new tender process. KSRTC, which generated approximately ₹10 crore in revenue from its cargo services in 2022, has initiated discussions with private airlines. As part of this initiative, 20 trucks with a carrying capacity of up to six tonnes have been allocated for integration into the *Namma Cargo Logistic* scheme. Furthermore, clusters are being identified where expanded cargo services can be offered[31].

In Rajasthan, a structured institutional framework for public-private partnerships (PPP) has been established through the Rajasthan Road Infrastructure Development Company of Rajasthan Limited (RIDCOR), a 50:50 joint venture between the Government of Rajasthan and IL&FS, facilitating infrastructure development. This, along with strong enforcement measures and sustainable transport policies, has significantly contributed to transport revenue generation. To strengthen road safety and revenue collection, portable weighing machines have been integrated with the e-Challan system, enabling prompt issuance of fines for vehicle overloading[32]. The Vehicle Location Tracking System (VLTS) has been operationalized across all commercial vehicles to monitor speed limits, route adherence, tax compliance, and fitness certification. The National Informatics Centre – Intelligent Traffic Management System (NIC-ITMS) has been deployed for automated enforcement of Motor Vehicles Act violations, including speed limit breaches and red-light infractions, using CCTV surveillance. A *No Parking App* has also been introduced to streamline traffic flow and enhance revenue collection. Furthering road safety initiatives, a *State Institute for Road Safety* is being established at HCMRIPA to conduct regular capacity-building programs. The government remains committed to implementing policies on road safety, electric vehicles, CNG, and public transport, with additional regulatory frameworks under finalization[33].

Goa's transport tax revenue is bolstered by its dependence on tourism and transport-related activities, with a structured mechanism for periodic tax revisions ensuring consistent revenue collection. Meanwhile, Nagaland has emerged as a major vehicle registration hub, particularly

[31] https://www.newindianexpress.com/states/karnataka/2023/Jul/02/bus-corporations-explore-options-to-boost-revenue-in-karnataka-2590606.html
[32] https://cdnbbsr.s3waas.gov.in/s30ae3f79a30234b6c45a6f7d298ba1310/uploads/2021/09/2024112522.pdf
[33] https://egov.eletsonline.com/2024/03/rajasthan-striking-a-balance-between-increasing-revenue-and-ensuring-road-safety/

for buses, trucks, and lorries, owing to its historically low registration charges, which have contributed to higher revenue generation in the transport sector.

4.4 Options for Assam

Assam faces challenges in optimizing transport revenue collection due to gaps in digital infrastructure, limited enforcement capacity, and low public awareness of tax compliance requirements. Although Assam has made strides in implementing road safety measures and promoting public awareness, the absence of a fully integrated digital ecosystem for tax collection and vehicle management leads to inefficiencies and potential revenue losses. Furthermore, inadequate mechanisms to track and penalize tax evasion among commercial vehicle operators and insufficient monitoring of inter-state vehicle movements exacerbate revenue shortfalls.

The best practices observed in high-performing states include the implementation of fully automated and user-friendly platforms for vehicle-related transactions, real-time data sharing among enforcement agencies, and regular audits to detect and address revenue leakages (*Safe Kerala Project,* The Vehicle Location Tracking System (VLTS)- Rajasthan*)*. These states also conduct targeted campaigns to raise public awareness of tax regulations and road safety measures while investing in capacity-building programs for transport officials. In contrast, Assam lacks a robust digital framework, systematic monitoring of vehicle movements[34], and coordinated efforts to enhance compliance through public engagement and administrative reforms. To further strengthen revenue collection and streamline operations, the study recommends the formation of Transportation Management Centre (TMC) Performance Dashboard and use of fully automated enforcement mechanism (Like SAFE Kerala). The TMC would be responsible for tracking vehicles, ensuring timely data preparation, and monitoring real-time operations to minimize tax evasion and enhance compliance.

Two other aspects that could be considered:

1. FASTag was initially put in as an electronic toll collection programme, with reduced compliance cost and waiting time. Now however, there are attempts being made to repurpose it for other uses as well. Parking charges in some malls for instance are now connected to the FASTAG payment system. Major oil marketing companies are gearing up facilitate payments through FASTag. Karnataka is exploring the possibility integrating FASTag into its Intelligent Traffic Management System. As mentioned in the chapter on Green Taxes, Government of Uttarakhand is exploring the possibility collecting its proposed green levy on non-local vehicles entering into the state through FASTag system. Assam can explore the possibility of linking its challan liabilities to the system as well, with strategically placed readers at major intersections of major cities, the revenue locked up in traffic violation challans as well as unpaid road can be

[34] RFP for Supply, Installation, Operation and Maintenance of Vehicle Tracking System https://astc.assam.gov.in/resource/detail/rfp-for-supply-installation-operation-and-maintenance-of-vehicle-tracking-system

collected without imposing significant compliance cost on the citizens. The system can provide real time update of dues to the users and after a prescribed time for correction, the data can be integrated with the collection system for collection. A suitable system of error correction can be designed to ensure that any incorrect deductions can be challenged and reversed in a timely manner.

2. Vehicles on the roads are of two types – passenger and goods transport vehicles. For commercial vehicles, the e-waybill system does provide an integration of the VAHAN system with e-waybills. It would be useful, if the Government of Assam places a request with the GST council for creating restrictions on the use of e-waybills – for vehicles with outstanding liabilities, if the regime can restrict the generation of e-waybills, the compliance of transport vehicles can improve significantly.

4.5 Flagged Issues

The transport revenue collection in Assam, a substantial portion of which is derived from motor vehicle (MV) taxes on both commercial and personal vehicles, has seen remarkable growth. In the fiscal year 2023-24, the significant surge in revenue collection can be attributed primarily to a notable increase in MV tax revenue from personal vehicles (refer to Figure 4.1). This uptick highlights the rising number of personal vehicles in the state.

Enhanced policy measures and strengthened coordination among key government departments, such as the Geology and Mining Department and the Forest Department, have the potential to further boost revenue collection for Assam's Transport Department. However, there are critical areas requiring attention, as highlighted by the Comptroller and Auditor General (C&AG) report[35]. The report flagged that five District Transport Officers (DTOs) failed to take timely action to recover Motor Vehicle (MV) tax from the owners of 26,214 transport vehicles, resulting in outstanding MV tax and fines. Additionally, it was observed that five DTOs did not levy fitness fees and penalties on 12,040 transport (commercial) vehicles, despite the availability of defaulter information in the 'VAHAN' database.

The C&AG also pointed out that eight DTOs did not collect One-Time Tax (OTT) from the owners of 2,231 personalized (non-transport) four-wheeler vehicles, leading to non-realization of OTT and associated fines. Furthermore, the District Transport Officer, Kamrup (Metro), failed to collect permit fees from 1,985 transport vehicles operating without valid permits. In addition, composite and authorization fees were not realized from 669 tourist motor cabs plying on roads without renewed tourist permit authorization.

Addressing these issues through robust monitoring mechanisms, timely action on defaulters, and better utilization of digital platforms like the 'VAHAN' database will be critical to improving compliance and maximizing revenue collection for the Transport Department.

[35] https://cag.gov.in/uploads/download_audit_report/2024/7-Chapter-3-066d9871ebfa336.13364418.pdf

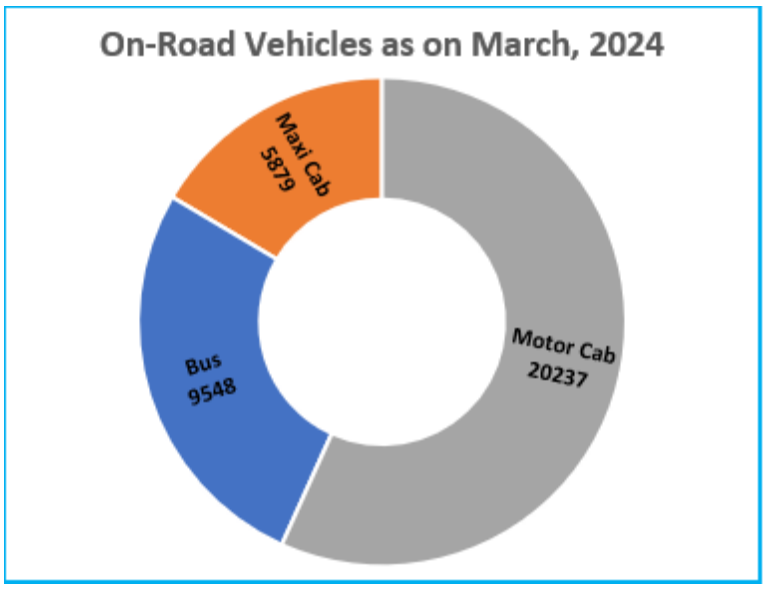
4.6 Scope for Revenue Augmentation

The Government of Assam has an outstanding challan amount exceeding ₹500[36] crore, representing a substantial source of one-time revenue if successfully recovered. To address this, the study recommends introducing targeted incentives for defaulters to encourage compliance with pending challans. Strengthening platforms such as virtual courts or Lok Adalat mechanisms, similar to those efficiently implemented in Delhi and other states, could facilitate the efficient resolution of these challans. Additionally, innovative approaches like linking lottery incentives to compliance could be explored, where defaulters who settle their dues are provided lottery tickets, offering them an opportunity to win prizes and encouraging voluntary adherence.

Inspection Reports (IRs) by the Comptroller and Auditor General (C&AG) have also highlighted the issue of non-realization of ₹26.88 crore in 2020-21 and ₹42.10 crore in 2021-22, underscoring the need for timely action to recover these dues.

In the transport sector, a significant number of buses, particularly night service buses, are engaged in carrying goods. To enhance revenue, the government may consider implementing an annual permit system for such buses, requiring them to obtain official permission to transport goods. Alternatively, fines should be levied on buses primarily designated for passenger services that are found carrying goods without authorization. As per the data presented in Figure 4.3, a considerable number of buses operate on Assam's roads in 2024. If 25% of these buses obtain the necessary permissions, and an annual fee of ₹1 lakh is collected per bus, the state has the potential to generate approximately ₹24 crore in revenue annually.

Figure 4.3: Number of On-road Vehicle



Source: Commissionerate Transport, Govt. of Assam

[36] Figure was reported by the transport department while having a discussion with NIPFP and NEDfi team.

Table 4.1: Transport Revenue (in Cr) Across States

States	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 RE	2024-2025 BE
All States/UT	64914.8	68658.8	71499.0	60028.4	73795.6	97285.7	109352.2	127444.0
Andhra Pradesh	3039.0	3340.8	3278.7	2966.0	3432.5	4320.2	4557.1	5203.0
Arunachal Pradesh	31.4	32.4	38.1	32.7	48.9	62.1	41.0	47.1
Assam	647.0	765.0	815.8	724.0	978.2	1348.4	1738.1	2197.7
Bihar	1599.5	2085.9	2712.7	2267.8	2475.1	2935.5	3300.0	3700.0
Chhattisgarh	1180.0	1204.9	1274.9	1148.1	1372.5	1756.6	1900.0	2200.0
Goa	314.7	298.7	268.8	219.4	261.1	411.7	538.3	548.4
Gujarat	3885.4	4118.6	3846.9	2981.5	3888.6	5001.7	5183.0	5600.0
Haryana	2777.6	2908.3	2915.8	2495.1	3264.6	4231.2	4740.0	5403.6
Himachal Pradesh	367.2	408.0	465.5	380.2	510.0	675.2	800.0	902.2
Jammu and Kashmir	228.1	238.9	408.7	488.4	616.2	723.4	900.0	1400.0
Jharkhand	778.4	863.9	1129.0	976.3	1262.8	1573.8	1810.0	2350.0
Karnataka	6208.6	6567.7	6762.6	5607.0	26377.7	10611.2	11400.0	13000.0
Kerala	3662.9	3708.6	3721.1	3386.3	4037.1	5386.8	6039.8	6704.2
Madhya Pradesh	2691.6	3008.3	3251.2	2749.1	3028.7	4027.6	4800.0	5500.0
Maharashtra	8665.4	8613.2	8467.2	6655.1	9080.2	11740.4	15000.0	14875.0
Manipur	36.1	39.8	47.7	38.0	56.7	83.2	40.0	84.0
Meghalaya	67.0	87.0	99.2	78.6	99.4	131.5	150.3	162.7
Mizoram	31.6	38.4	40.7	29.0	27.9	41.3	42.6	50.0
Nagaland	101.5	126.2	113.9	93.3	141.0	187.6	187.9	190.0
NCT Delhi	2115.8	2054.8	1948.1	1676.2	1955.7	2884.1	3300.0	3600.0
Odisha	1534.9	1745.6	1836.3	1526.3	1663.5	2133.1	2343.0	2700.0
Puducherry	104.3	114.2	139.6	84.2	99.3	136.9	150.0	171.0
Punjab	1911.2	1861.4	1994.3	1472.1	2359.0	2673.6	3300.0	4350.0
Rajasthan	4363.0	4576.4	4951.0	4368.2	4758.9	6128.2	7100.0	8100.0
Sikkim	29.4	33.1	41.1	29.0	39.1	49.7	56.0	73.0
Tamil Nadu	5362.6	5572.8	5674.6	4561.2	5627.4	7513.4	9229.4	11559.8
Telangana	3589.5	3761.9	3934.7	3338.0	4380.6	6736.9	7094.8	8477.9
Tripura	54.4	83.5	97.1	97.4	103.2	117.6	132.0	146.5
Uttar Pradesh	6403.6	6929.3	7714.9	6482.6	7775.8	9059.5	8314.1	12504.7
Uttarakhand	816.0	908.6	907.8	741.0	889.0	1211.5	1375.0	1550.0
West Bengal	2317.2	2562.6	2600.8	2336.3	2647.1	3391.8	3789.9	4093.0

Source: RBI State Finance

Table 4.2: Transport Revenue (as % of GSDP) Across States

States	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 RE	2024-2025 BE
Andhra Pradesh	0.39	0.38	0.35	0.30	0.30	0.33	0.32	0.32
Arunachal Pradesh	0.14	0.13	0.13	0.11	0.15	0.18	0.09	0.10
Assam	0.23	0.25	0.24	0.21	0.24	0.28	0.30	0.34
Bihar	0.34	0.40	0.47	0.40	0.38	0.39	0.39	0.38
Chhattisgarh	0.42	0.37	0.37	0.33	0.33	0.38	0.38	0.39
Goa	0.45	0.42	0.36	0.30	0.32	0.46	0.54	0.45
Gujarat	0.29	0.28	0.24	0.18	0.20	0.23	0.21	0.20
Haryana	0.43	0.42	0.40	0.34	0.38	0.43	0.43	0.44
Himachal Pradesh	0.26	0.27	0.29	0.25	0.30	0.35	0.39	0.40
Jharkhand	0.29	0.28	0.36	0.33	0.34	0.38	0.39	0.50
Karnataka	0.47	0.44	0.42	0.34	1.33	0.47	0.46	0.46
Kerala	0.52	0.47	0.46	0.44	0.44	0.53	0.53	0.51
Madhya Pradesh	0.37	0.36	0.35	0.29	0.28	0.32	0.35	0.36
Maharashtra	0.37	0.34	0.32	0.25	0.29	0.32	0.37	0.35
Manipur	0.14	0.15	0.16	0.13	0.16	0.21	0.09	0.17
Meghalaya	0.23	0.27	0.29	0.23	0.25	0.28	0.28	0.28
Mizoram	0.16	0.18	0.16	0.12	0.10	0.13	0.11	0.10
Nagaland	0.42	0.48	0.38	0.31	0.44	0.51	0.41	0.39
Odisha	0.35	0.35	0.34	0.28	0.24	0.28	0.27	0.29
Punjab	0.41	0.36	0.37	0.27	0.38	0.39	0.44	0.54
Rajasthan	0.52	0.50	0.50	0.43	0.40	0.45	0.46	0.45
Sikkim	0.11	0.12	0.13	0.09	0.10	0.12	0.11	0.13
Tamil Nadu	0.37	0.34	0.33	0.26	0.27	0.31	0.34	0.37
Telangana	0.48	0.44	0.41	0.35	0.39	0.51	0.47	0.51
Tripura	0.12	0.17	0.18	0.18	0.17	0.16	0.16	0.15
Uttar Pradesh	0.44	0.44	0.45	0.40	0.39	0.40	0.33	0.46
Uttarakhand	0.37	0.39	0.38	0.33	0.33	0.40	0.40	0.39
West Bengal	0.24	0.23	0.22	0.20	0.20	0.22	0.22	0.22

Source: RBI State Finance and MOSPI

The following Table 4.3 provides the potential collection of revenue by Transport department of the govt. of Assam.

Table 4.3: Potential Revenue Collection from Transport

Heads	Potential collection (In Cr.)
Outstanding challan	500
Goods carrying Buses	24
Non-realization of revenue	68.98[37]
Aggregate	592.98

Source: Author's Calculation based on Discussion with Transport Dep. Assam & C&AG Reports

Response from the Transport Department:

The Transport Department, Government of Assam, has acknowledged the necessity of implementing an Integrated Digital System. However, the Department has emphasized the need for requisite cooperation from the National Informatics Centre (NIC) and formal approval from the Ministry of Road Transport and Highways (MoRTH), Government of India, for effective implementation.

The Department has concurred with the recommendation that the establishment of a Transport Management Centre (TMC), staffed with dedicated and technically qualified IT personnel—a position currently not available within the Commissionerate of Transport, Assam or any District Transport Offices—is essential for facilitating real-time data analysis and monitoring, identifying systemic loopholes, and detecting instances of tax evasion.

The Department has also endorsed the proposal outlined in the draft report regarding the deployment of Electronic Monitoring and Enforcement mechanisms. It is envisaged that a TMC equipped with qualified IT professionals will play a critical role in providing analytical inputs on the modus operandi for the operationalisation of a system that links challan liabilities to FASTag for automatic deduction at strategic intersections. This system shall be supported by a robust dispute resolution mechanism to ensure transparency and accountability.

The Department has also taken note of the recommendations made by the National Institute of Public Finance and Policy (NIPFP) to approach the GST Council with a proposal to restrict the generation of e-way bills for goods transportation by commercial vehicles with outstanding tax dues. This measure is intended to ensure timely compliance with tax payment obligations.

Furthermore, while the State Cabinet of Assam has approved guidelines mandating the inclusion of a tender clause for procurement processes, whereby contractors are required to submit lists of vehicles proposed for use, the Transport Department has underscored the importance of strict adherence to these guidelines.

The Department has flagged the financial implications associated with the proposed recommendations, which will require due consideration the Finance Department.

[37] Rs. 26.88 Cr. in 2020-21 and Rs. 42.10 Cr. in year 2021-22, highlighted by C&AG.

5. Geology and Mining

The mineral resources of Assam are administered jointly by the Directorate of Geology and Mining and the Principal Chief Conservator of Forests and Head of Forest Force. This division of responsibilities is determined by the categorization of minerals into the X-Schedule and Y-Schedule of the state. All major minerals fall under the jurisdiction of the Directorate of Geology and Mining, while the management and oversight of minor minerals are entrusted to the Forest Department.

This section focuses on the minerals listed in the X-Schedule and highlights the revenue generated under the purview of the Directorate of Geology and Mining. Assam is richly endowed with a variety of mineral resources. The Table 5.1 below provides a comprehensive overview of the minerals covered under the X-Schedule and their respective regions of availability within the state.

Table 5.1: Sources of Different Minerals in Assam

Sl	Name of Minerals	District
1	Oil and Natural Gas	Tinsukia, Dibrugarh, Sivasagar, Jorhat, Golaghat, Cachar
2	Coal	Tinsukia, Karbi-Anglong, Dima Hasao
3	Lime Stone	Karbi-Anglong, Dima Hasao
4	Iron Ore	Kamrup, Goalpara, Dhubri
5	Granite	Goalpara, Kamrup, Norigaon, Nagaon, Karbi-Anglong
6	Sillimanite	Karbi-Anglong
7	China Clay	Karbi-Anglong
8	Silica Sand (Glass Sand)	Nagaon, Karbi-Anglong
9	Fuller's earth	Nalbari, Baksa
10	Quartzite	Karbi-Anglong, West Karbi-Anglong
11	Rare Earth Element (REE)	Karbi-Anglong, Nagaon
12	Placer Gold	Lakhimpur

Source: Directorate of Geology and Mining, Govt. of Assam

The Central government decides the royalty rates on the major minerals rates in India, while state government collects specified land tax. The existing royalty rates are presented in Table 5.2. The structure of specified land tax is discussed in subsequent section.

Table 5.2: Existing Royalty Rates

Minerals	Royalty Rates
Crude Oil	20% of Well Head Price
Natural Gas	10% of Well Hea Price
Coal	14% ad-valorem on price of coal minus Rs. 50/- (Assam Land Tax)/Month
Lime Stone	Rs. 80/- per tonne
Sillimanite	2.5% OF Average Sale Price on ad-valorem basis

Source: Directorate of Geology and Mining, Govt of Assam

In terms of revenues from minerals, the primary source of revenue for the state is royalty generated from four major minerals—crude oil, natural gas, coal, and limestone. As per the existing revenue-sharing arrangement, 40% of the total royalty collected by the Directorate is retained by the state government, while the remaining 60% is allocated to the Autonomous Hill Councils. The details of royalty amounts realised for the state treasury presented in the table below (Table 5.3).

Table 5.3: Collection of Royalty (40% of Total Royalty)

Mineral	20-21	21-22	22-23	23-24	24-25(Apr-Oct)
Crude Oil	1329.49	2372.74	3568.95	3240.23	1983.01
NG	132.9	148.41	513.7	510.76	294.61
Coal	15.01	0.94	24.62	17.3	15.61
Limestone	4.72	5.93	5.57	8.08	3.72
Total (A)	1482.12	2528.03	4112.84	3776.36	2296.95
Total of other receipts like fees, rents etc. (B)	7.08	10.75	8.52	16.4	9.23
Grand Total (A+B)	1489.2	2538.78	4121.36	3792.76	2306.18

Source: Directorate of Geology and Mining, Govt. of Assam

5.1 New Developments

In light of the recent Supreme Court judgment in *MADA vs SAIL*, it has been reaffirmed that states have the constitutional authority to levy taxes on mineral-bearing lands and mineral rights under Entries 49 and 50 of List-II of the Seventh Schedule. The Assam Taxation (On Specified Lands) Act, 1990, enables the state to impose taxes on specified lands, including mineral-bearing lands and tea gardens, under Entry 49 of List-II. In accordance with this, the Government of Assam imposes specific taxes under Entry 49, List-II, at the following rates:

- ₹ 50 per metric tonne- Coal
- ₹ 200 per metric tonne- Crude Oil
- ₹ 100 per thousand cubic meters-Natural Gas
- ₹ 10 per metric tonne- Lime Stone

It is important to note that taxes on specified lands are deducted from the 14% *ad valorem* royalty collected on coal-bearing lands. Consequently, the royalty revenue received by the state from coal is net of the tax levied on specified lands. Furthermore, the Supreme Court judgment has clarified that royalty is distinct from taxation and can be utilized as a basis for levying additional taxes. Thus, the state has the authority to collect the royalty on minerals and tax on specified land separately[38].

[38] A brief discussion of the implication of the judgement for Assam from a legal standpoint is given in Annexure A2.

5.2 Need for Revised Rates under Specified Land Act.

Given the significant rise in inflation over the years, there is an urgent need to adjust these rates in alignment with current economic conditions. Jharkhand imposes a land cess on mineral-bearing lands under The Jharkhand Mineral Holding Land Cess Act, 2024**,** which is comparable to the taxes levied on specified lands in Assam. The rates of this land cess in Jharkhand, as detailed in the accompanying Table 5.4, provide a valuable reference point for evaluating and benchmarking Assam's taxation structure on mineral-bearing lands.

Table 5.4: Rates under The Jharkhand Mineral Holding Land Cess Act, 2024

S. Nos.	Classification of mineral bearing land	Rates of Cess
1	Coal bearing	₹ 100/- per metric tonne of coal dispatch
2	Iron ore bearing	₹ 100/- per metric tonne of iron ore dispatch
3	Bauxite bearing	₹ 70/- per metric tonne of bauxite dispatch
4	Limestone bearing	₹ 50/- per metric tonne of limestone dispatch
5	Manganese ore bearing	₹ 50/- metric tonne of manganese ore dispatch
6	Any other mineral bearing	50% of the royalty paid on the dispatch of mineral per tonne

Source: The Jharkhand Mineral Holding Land Cess Act, 2024

In Assam, the tax rates on mineral-bearing specified lands have remained unchanged since 2004. Given the significant shifts in economic conditions and the prices of associated minerals over the years, a comprehensive reassessment is essential. An analysis of the wholesale price indices (WPIs) for relevant minerals, as shown in Table 5.5, highlights the considerable changes in mineral prices from 2005 to 2024 (Base Year: 2011-12). This data underscores the growing disconnect between the outdated 2004 rates and the current market realities of 2024. Accordingly, a revision of the tax rates on mineral-bearing lands is imperative to align with contemporary economic conditions and ensure fair revenue realization for the state.

Based on the Wholesale Price Index (WPI) series presented in Table 5.5, any adjustment to the tax rates on mineral-bearing specified lands in 2024 necessitates a revision of the existing rates to reflect current economic conditions. The inflation-adjusted tax rates, calculated in alignment with the WPI data, are provided in Table 5.6 along with proposed rate for consideration.

In determining the proposed rates for crude oil, natural gas, and coal-bearing lands, the calculations have been conducted normatively, incorporating 60 percentage of the inflation adjusted rate for 2004. This partial realization has been adopted to mitigate potential adverse effects on mineral leaseholders, ensuring that the revised rates do not incentivize non-compliance or avoidance measures.

The 60% realization of the increased price for coal-bearing lands has resulted in a calculated rate of ₹90 per metric tonne of coal. However, to maintain a competitive edge for Assam and provide an incentive for compliance, the proposed rate has been set at ₹90 per metric tonne. In

Jharkhand the cess on coal bearing land is Rs. 100/- per metric tonne of coal dispatch. The proposed rate for Assam is 10% lower than the land cess imposed in Jharkhand, where the corresponding cess is ₹100 per metric tonne of coal dispatched. This strategic pricing aims to position Assam as a competitive and business-friendly state for coal-related activities.

Table 5.5: Wholesale Prices Indices for Different Commodities

2011-12 Base (Index =100 in 2011-12)				
Year	ALL COMMODITIES	FUEL & POWER	COAL	MINERAL OILS
2004	64.1	59.2	52.4	54.4
2005	66.9	67.2	61.6	63.4
2006	71.3	71.5	61.6	69.2
2007	74.7	71.6	63.7	68.6
2008	80.7	79.8	79.2	77.1
2009	83.8	78.2	81.9	73.8
2010	91.8	87.7	86.6	85.6
2011	100.0	100.0	100.0	100.0
2012	106.9	107.1	102.1	110.9
2013	112.5	114.7	104.8	121.6
2014	113.9	107.7	106.7	108.7
2015	109.7	86.5	106.5	73.9
2016	111.6	86.3	109.0	73.3
2017	114.9	93.3	118.7	82.5
2018	119.8	104.1	123.3	96.7
2019	121.8	102.2	125.3	92.3
2020	123.4	94.0	126.6	79.2
2021	139.4	124.6	129.0	126.2
2022	152.5	159.5	133.3	172.9
2023	151.4	152.0	136.4	159.0
2024	154.4	148.3	135.7	156.6

Source: EPW Time Series Data for WPI

Table 5.6: Existing Rates and Inflation Adjusted Rates in 2024

Taxes on Specified Lands				
	Crude Oil	Natural Gas	Coal	Lime Stone
Existing since 2004	200	100	50	10
Inflation-adjusted till 2024	575.3	287.7	125.2	24.1[39]
Proposed Rates	425	210	90	35

Source: The Assam Taxation (On Specified Lands) Act, 1990 and Author's calculation

[39] Rate for lime stone is adjusted considering all commodity prices

For limestone, the proposed rate is ₹35 per metric tonne of limestone dispatched. This rate has also been benchmarked to ensure competitiveness, as it is set lower than Jharkhand's rate of ₹50 per metric tonne of limestone dispatched. By adopting this rate, Assam seeks to encourage mineral-based industries while safeguarding the interests of the state.

Table 5.7 presents an assessment of possible additional revenue from revising tax rates on specified land. The table highlights the current revenue, the projected revenue with the proposed rates, and the anticipated enhancement in revenue (in ₹ crore), assuming a consistent level of mineral dispatches as observed in the previous year.

Table 5.7: Proposed rates and enhancement of collection from tax on specified land

Mineral	Quantity Dispatched Last year	Units	Tax rates	Proposed Tax rates	Collection previously (Cr)	Proposed Collection (Cr)	Enhancement (Cr)	% increase
Crude Oil	4.24	MMT	200	425	84.8	180	95.4	112.5
Natural Gas	2617.71	Million Cubic Meter	100	210	26.2	55.0	28.8	110.0
Coal	0.24	MMT	50	90	1.2	2.2	2.2[40]	NA
Lime stone	2.02	MMT	10	35	2.0	7.07	5.1	250.0
Total					114.2	244.4	**131.4**	115.1

Source: Author's Calculation based on the propose rate and dispatched quantity last year

As evident from Table 5.7, Assam has the potential to enhance its revenue by approximately ₹131.4 crore through taxes on specified land, based on consistent mineral dispatch levels. This projected increase comprises ₹95.4 crore from crude oil, ₹28.8 crore from natural gas, ₹2.2 crore from coal, and ₹5.1 crore from limestone.

5.3 Other Minerals

The State of Assam, in addition to its primary minerals, Assam is endowed with a diverse range of other significant mineral resources, including Sillimanite, Quartzite, China Clay, Granite, Iron Ore, Silica Sand, Fuller's Earth, and others, as detailed in Table 5.1. These minerals represent a substantial opportunity for sustainable development and industrial growth. Based on current geological assessments, the total deposits of these minerals are provided in Table 5.8. To ensure judicious and planned utilization of these resources, it is projected that extraction will occur at a consistent rate annually over the next 50 years. The estimated annual extraction quantities for each mineral, calculated on this basis, are also presented in Table 5.8. This

[40] The ₹ 50 taxes on coal bearing land were getting deducted from the royalty, but after the SC judgement on MADA vs SAIL, the state has power to levy tax on land under entry 49 list II, so it does necessarily not need to be paid from the royalty.

strategic approach aligns with Assam's commitment to resource optimization, supporting industrial applications while maintaining ecological balance and long-term sustainability.

Table 5.8: Deposits and Extraction of Different Minerals

Mineral	Deposits	Expected extraction in every year	Units
Granite	346.5[41]	6.93	Million Cubic Meters
China Clay	1	0.02	Million tonnes
Iron Ore	18.89	0.38	Million tonnes
Silica Sand	80	1.60	Million tonnes
Fuller's earth	13	0.26	Million tonnes
Sillimanite	0.8	0.02	Million tonnes

Source: Directorate of Geology and Mining, Govt. of Assam

Based on the annual extraction levels outlined in Table 5.8, the State of Assam has significant potential to generate revenue through the collection of royalties from various minerals. The anticipated royalty and proposed taxation on specified mineral-bearing lands for these minerals are summarized in Table 5.9.

If the extraction of probable reserves is undertaken systematically and consistently over the next 50 years, the state is projected to generate a total royalty revenue of ₹ 1668.9 crore annually with existing royalty rates. Out of this, 40% (₹667.6 crore) would contribute directly to the state exchequer, while the remaining 60% (₹1001.3 crore) would be allocated to autonomous councils, as per prevailing guidelines.

Currently, these mineral-bearing lands fall outside the category of specified mineral-bearing lands, resulting in no taxation on these lands. For comparative advantage and resource optimization, it is proposed that Assam introduce a 20% tax on royalty per unit of other minerals classified as specified lands. This approach is benchmarked against the Jharkhand Mineral Holding Land Cess Act, 2024, under which Jharkhand imposes a 50% cess on royalties collected from other mineral-bearing lands.

Implementing this proposed tax on specified lands could generate an additional revenue of ₹333.8 crore for Assam every year, enhancing the state's fiscal capacity while ensuring a competitive edge over other states.

This policy proposal aims to strike a balance between economic growth, resource sustainability, and competitive taxation, reinforcing Assam's position as a resource-rich state with equitable revenue-sharing mechanisms.

[41] Includes 300 and 0.70 million cubic meter probable reserve from Kakira(Goalpara) and Khutamari(Goalpara) respectively.

Table 5.9: Royalties and Taxes on Specified Land for other minerals

Minerals	Royalty rates	Tax on Specified Land	Proposed rates on mineral bearing lands	[42]Royalty[43] (Cr.)	40% 0f Royalty	Specified Land Cess
Granite	₹ 2000 /cu.m	No	30% of the royalty	1386.0[44]	554.4	277.2
China Clay	₹ 800 /cu.m	No	30% of the royalty	4.5	1.8	0.9
Iron Ore	15% of average sale price on *ad valorem* basis.	No	30% of the royalty	4.9	1.9	1.0
Silica Sand	₹ 600/ cu.m	No	30% of the royalty	271.7	108.7	54.3
Fuller's earth	₹ 20 /cu.m	No	30% of the royalty	1.5	0.6	0.3
Sillimanite	2.5% of average sale price on *ad valorem* basis.	No	30% of the royalty	0.36	0.1	0.1
Total				1668.9	667.6	333.8

Source: 2nd Schedule of Assam Minor Mineral Concession Rule, 2013 (Amendment 2018) and author's Calculation

5.4 Challenges to Resource Utilization

The collection of revenue through royalties and taxes on specified lands, as projected in Table 5.9, is contingent upon the consistent and efficient operation of mines across the state and the systematic realization of probable mineral reserves. It is imperative that sustained efforts are made by the Government of Assam, in coordination with the Directorate of Geology and Mining, to ensure that all mines remain operational, leases are formalized, and non-working mines are revitalized to achieve their full potential.

To address the issue of non-operational mines, administrative interventions are required to streamline the processes for lease and license distribution. This includes facilitating approvals, removing bottlenecks, and ensuring compliance with sustainable mining practices. Consistent

[42] 1Tonne = 2.83 Cubic Meter is considered for the conversion.
[43] No royalty amount is reported by the Directorate of Geology and Mines in their discussion from these minerals.
[44] This figure includes the probable reserve.

oversight and coordination will ensure the optimal utilization of resources while aligning with environmental and economic priorities.

A comprehensive list of both working and non-working mines is provided in Table 5.10, highlighting the areas where focused administrative action is needed. Reinvigorating non-operational mines and supporting their transition to active status is a critical step in maximizing the state's revenue potential while promoting sustainable economic development. This proactive approach will ensure that Assam not only meets its revenue objectives but also fosters a responsible and growth-oriented mining sector.

Table 5.10: Status of the Petroleum Mining Leases and Other Mining Leases

No of Mining Leases	Crude Oil and Natural Gas (PML)	Small Field of Petroleum	Coal	Lime Stone	Sillimanite	Quartzite	China Clay
Total	67	9	6	9	1	8	2
Working	50	1	1	5	0	3	0
Non-working	17	8	5	4	1	5	2

Source: Directorate of Geology and Mining, Govt. of Assam

5.5 Revenue Potential

The total estimated revenue from these sources is summarized in Table 5.11. This comprehensive approach underscores the state's commitment to maximizing mineral resource potential, ensuring equitable revenue distribution, and promoting economic growth in a sustainable manner.

Table 5.11: Total Expected Revenue Enhancement for Minerals under X-Schedule

Heads of Potential Sources	Expected Collection per year (Cr)
Revision of rates on specified land	131.4
Royalty of minor minerals under X-schedule	667.6
Introducing taxes on specified mineral bearing lands for minor minerals	333.8
Total Collection from New Sources	1132.8

Source: Estimated by the Authors

Response from the Mines and Minerals Department:

The Mines and Minerals Department, Government of Assam, has reviewed the draft report submitted by the NIPFP team and has formally acknowledged the suggestions and recommendations therein. The Department has conveyed its agreement with the proposed measures and expressed its concurrence with the observations and suggestions made in the draft report.

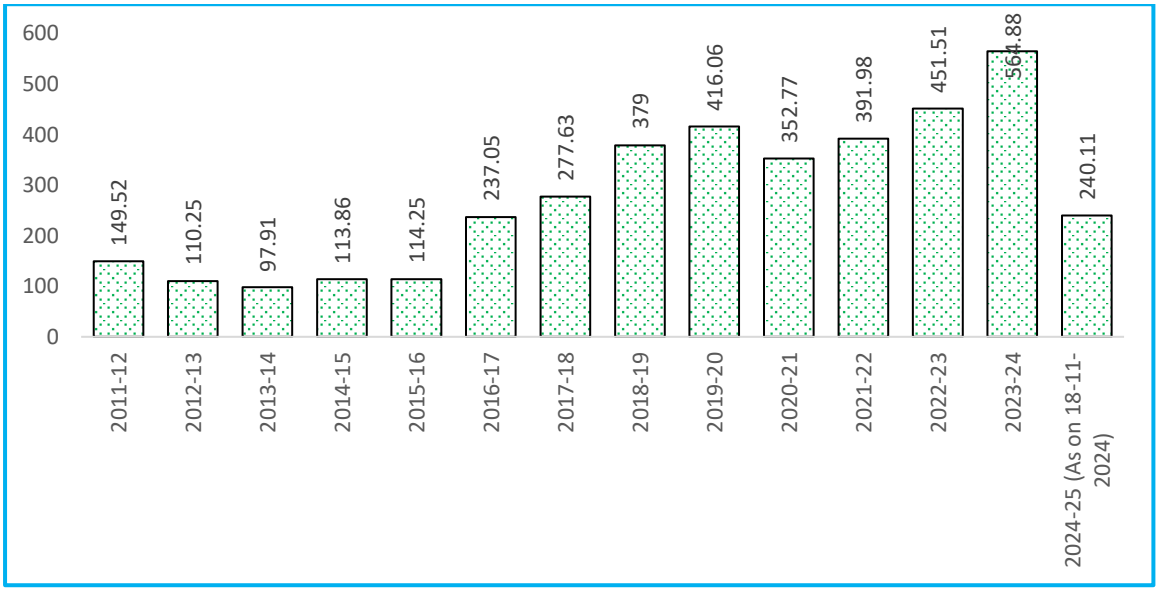
6. Forest Department

6.1 Trends in Revenue

In Assam, Environment and Forest Department plays a critical role in managing the state's vast forest resources, balancing conservation with economic utilization. Assam is endowed with a rich variety of flora and fauna, covering approximately 34% of its geographical area under forests[45]. The department is responsible for enforcing forest laws, protecting biodiversity, and generating revenue through various forest-based economic activities. Revenue collection from forests is a significant aspect of Assam's non-tax revenue[46], contributing to the state's exchequer through diverse sources, including minor minerals, timber[47] and non-timber forest products, wildlife tourism, and emerging opportunities like agarwood and carbon offset[48].

Figure 6.1 presents the revenue collected by the Environment and Forest Department during the period from 2011-12 to 2024-25 (up to 18th November 2024). A notable increase in revenue is observed in the post-COVID era, which is attributed to the implementation of the Third Schedule of the Assam Minor Mineral Concession (Amendment) Rules, 2021. Further details regarding the revenue generated from minor minerals are elaborated in the subsequent section.

Figure 6.1: Revenue Collection by Assam Environment & Forest department (in Rs. Crore)



Source: Department of Forest, Govt. of Assam

[45] https://forest.assam.gov.in/information-services/forest-types-in-assam#:~:text=The%20recorded%20forest%20area%20of,34.21%25%20of%20its%20geographical%20area.

[46] Statements laid before Assembly as required under the Assam Fiscal Responsibility and Budget Management Act, 2005,2024-25, Non-tax Revenue, https://finance.assam.gov.in/sites/default/files/swf_utility_folder/departments/agriculture_com_oid_2/menu/document/mtfp_2024-25.pdf

[47] Felling of tree was stopped these are mostly seized timbers.

[48] Details about Carbon Offset is explored in another chapter.

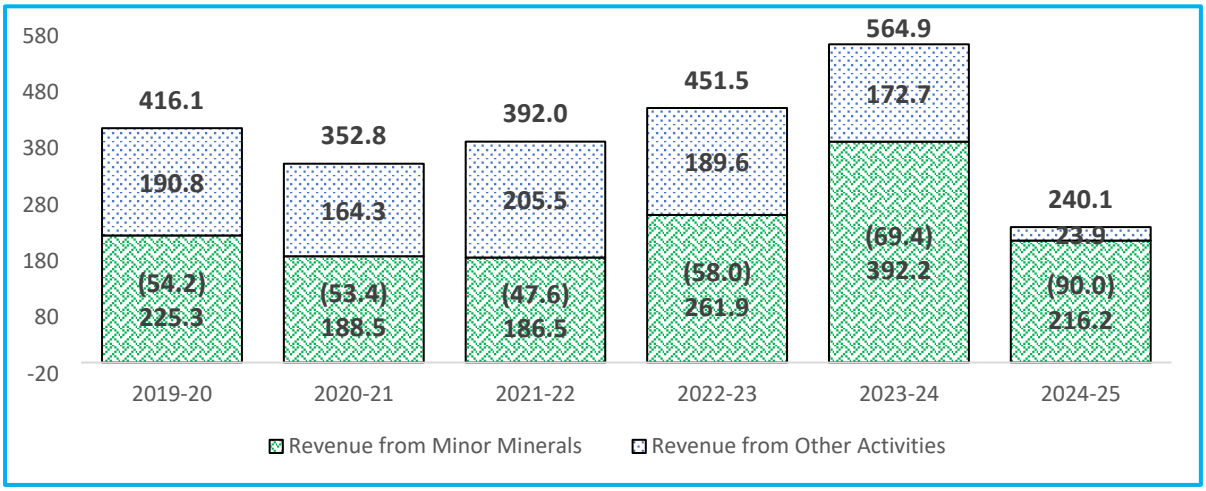
6.2 Changes in Regime for Royalty on Minor Minerals

One of the key revenue streams for the Environment and Forest Department is the collection of royalties from minor minerals. It has been observed that from the financial year 2021-22 onwards, there has been a consistent increase in revenue generated from minor minerals. In absolute terms, the revenue collection has increased from ₹186.5 crore in 2021-22 to ₹392.2 crore in 2023-24 (Figure 6.2). In percentage terms, the share of revenue from minor minerals has risen from 47.6% in 2021-22 to 69.4% in 2023-24 and further to 90% in 2024-25 (Refer: Figure 6.2).

This increase in revenue, both in absolute terms and as a proportion of the total revenue generated by the Assam Forest Department, can be attributed to the introduction of the Third Schedule of the Assam Minor Mineral Concession (Amendment) Rules, 2021. The Third Schedule restructured the royalty framework for minor minerals, replacing the previous royalty structure under the First Schedule of the Assam Minor Mineral Concession (Amendment) Rules, 2015 (No. PEM.83/2009/Pt-VII-A/39, dated 17th June 2015), which was based on the cubic meter measurement of the extracted mineral.

Under the Third Schedule (Government of Assam, Department of Mines and Minerals, Notification No- PEM.130/2021/40 dated on 7th October 2021), royalties are now determined based on the total project value, excluding applicable taxes such as GST and Income Tax, among others. The revised royalty structure under the Third Schedule of the Assam Minor Mineral Concession Rules, 2021, enables the state to levy royalties on various minor minerals, including sand, gravel, boulders, and other small-scale extractive resources, ensuring a more structured and efficient revenue collection mechanism. The royalty rates under the First Schedule, as per the Assam Minor Mineral Concession (Amendment) Rules, 2015, are detailed in Table 6.1, whereas the revised royalty rates under the Third Schedule are presented in Table 6.2.

Figure 6.2:Revenue from minor minerals and other activities, Assam Forest Department (Rs Cr)



Source: Department of Forest, Govt. of Assam.
(Figures in parenthesis are percentage share in total revenue of the Forest Dept.)

As the revenue from minor minerals is collected through mining leases and permits issued by the department, strict environmental guidelines and monitoring mechanisms are implemented to prevent illegal extraction and ensure sustainable mining practices and Assam govt earns a minor part of revenue from catch of such illegal activities.

The revenue collection from minor minerals under the Third Schedule is directly influenced by the scale of construction, infrastructure projects, and capital expenditure (Capex) utilization undertaken by the State Government, Central Government, and local bodies in Assam. Table 6.3 presents the recent capital outlay structure in Assam, highlighting that in the financial year 2023-24, the revised estimate for capital outlay exceeded the budget estimates by over 32%, resulting in a significant increase in revenue collection from minor minerals. For the financial year 2024-25, the budget estimate for capital outlay is approximately 15% lower than the revised estimate for 2023-24. However, if a trend similar to 2023-24 is observed, where the revised estimates exceed the budgeted figures, an increase in revenue from minor minerals may be anticipated. If the actual capital outlay aligns with the budget estimates, revenue collection from minor minerals is expected to remain stagnant. In such a scenario, revenue collection will be contingent on capital expenditure initiatives driven by the Central Government within the state of Assam.

Another challenge concerning the royalty rate and revenue collection under the Third Schedule has emerged in discussions with the Department of Environment and Forests. It was noted in the discussion with officials of the forest department that developers, agents, and contractors engaged in government projects have expressed concerns regarding the existing royalty rates based on the percentage of project value – they argue that for some projects, the actual usage of minor minerals is lower. In this context, the Government of Assam may consider a rationalization of the existing rates to ensure a balanced approach that upholds fairness while safeguarding revenue efficiency.

6.3 Issues Raised by C&AG[49]

The Comptroller and Auditor General (C&AG) has identified several critical issues regarding the administration and regulation of mineral resources in Assam. Some of these issues are highlighted here.

a) Need for a State Mineral Policy - Despite the National Mineral Policy (2008) and the model State Mineral Policy (2010), Assam still lacks its own policy, leading to unregulated mineral administration.
b) Need for monitoring in extraction process - The C&AG highlighted the lack of systematic conservation and extraction methods for minerals in Assam. While AMMCR, 2013 mandates a Mining Plan, it lacks clear guidelines, and the Indian Bureau of Mines (IBM) standards are not followed. Weak enforcement of transport passes enables illegal mining and pilferage. Despite assurances in 2022, no State

[49] https://cag.gov.in/ag/assam/en/audit-report/details/120576

Mineral Policy is publicly available. Implementing GPS and weighbridges may be necessary, as sole reliance on miners is insufficient.

c) The C&AG highlighted the need for scientific assessment of minor mineral deposits to ensure accurate estimation and sustainable extraction.

d) The C&AG flagged inconsistencies in sand and gravel classification. While listed separately under AMMC Rules, 2013, a 2017 clarification by PCCF and HoFF stated that 'sand-gravel' is not a distinct mineral. Yet, permits for its extraction were issued in 29 MCAs from 2017 to 2021. In 2023, the Mines Department confirmed 'sand-gravel' is an aggregate and should not have separate concessions, while the Forest Department proposed steps to regularize its royalty rates.

e) The number of MCAs in Assam declined from 404 in 2013 to 312 in 2021 due to eco-sensitive zones and resource depletion. Of these, only 128 were settled, 140 were under process, and 44 remained idle due to court cases. Reviewing the process could help identify hurdles in executing settled MCAs.

Table 6.1: Royalty Rates under Assam Minor Mineral Concession (Amendment) Rules, 2015

Sl No.	Name of Minor Mineral	Rate of Royalty (in Rs. Per Cu. M)
1	Building Stone (excluding granite)	200
2	Gravel	200
3	Ordinary Clay	30
4	Ordinary sand other than sand used for Prescribed purposes	140
5	Boulder	200
6	Shingle	151
7	Chalcedony or Impure quartz Pebbles	180
8	Lime Shell when used in kilns for manufacture of lime used as building materials	161
9	Kankar when used in kilns for manufacture of lime used as building materials	161
10	Lime Stone when used in kilns for manufacture of lime used as building materials	161
11	Brick Earth	30
12	Fuller's Earth	39
13	Bentonite	60
14	Road metal	200
15	Quartzite and Sandstone	161
16	Granite	140
17	Ordinary Earth	30

Source: First Schedule, Assam Minor Mineral Concession (Amendment) Rules, 2015, No. PEM.83/2009/Pt-VII-A/39 dated on 17th June 2015

Table 6.2: Royalty Rates under 3rd Schedule Assam Minor Mineral Concession (Amendment) Rules, 2021

sl. No.	Work	Appropriate amount of Royalty of Minor Mineral as percentage of Project Cost excluding taxes as GST, IT etc.
I	RCC Building/RCC Work	2.00%
Ii	Assam Type Building (Single floor)	1.00%
Iii	Assam Type Building (Ground floor + 1 or more)	2.00%
IV	RCC Bridge work	2.00%
V	DBM & BC work	2.00%
VI	Road Improvement / Re-construction Work	3.00%
VII	New Road Construction Work with Bituminous Work	6.00%
VIII	New Road Construction Work with ICBP	3.00%
IX	Earth Work/ Ordinary Clay	9.00%
X	Earth Work along with Geobag Protection Work	3.50%
XI	Earth Work along with Boulder Protection Work	5.50%
XII	River Protection Work with Boulder	4.00%
XIII	River Protection Work with Geobag	1.50%
XIV	River Protection Work with Boulder and Geobag	2.00%
XV	Head work/Brick work of Irrigation projects	4.00%
XVI	Pradhan Mantri Awas Yojana (PMAY)	1.00%

Source: 3rd Schedule, Government of Assam, Department of Mines and Minerals, Notification No-PEM.130/2021/40 dated on 7th October 2021.

Table 6.3: Capital Outlay in Assam (in Rs. Cr)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Capital Outlay	15,998	23,822	31,399	32%	26,596	-15%

Source: State Budget

6.4 Forestry:

Revenue from felling of trees from forests have been under embargo given Supreme Court rulings on the matter. While earlier rulings allowed a state to file a working plan which could be used for planning harvesting from forests, Assam does not have a functional working plan in place. Further, Supreme Court in its ruling of February 3, 2025 reinforced the position by ruling that forest land cannot be reduced without providing compensatory land for afforestation.[50] While harvesting of timber can be a significant source of revenue for the state, the present scenario does not provide much space for the same, without the significant effort required to file a working plan and get it approved. The alternative is to create a medium alternative in the form of various agro-forestry initiatives. Apart from augmenting livelihoods in the state, these initiatives can generate revenues through creating tradeable carbon credits, discussed in the chapter on Green Levies.

6.5 Medium Term Outlook: Agroforestry

Assam has a number of significant initiatives within the space of agro-forestry. Two of these are briefly discussed below to identify the revenue streams and highlight some potential challenges.

6.5.1 Tree Outside Forest Projects: A New Revenue Avenue

In recent years, a progressive approach to forestry-based revenue generation for individuals and farmers have been introduced in Assam through the "Trees Outside Forest" initiative, as per notification ECF NO. 232904 dated 9th December 2022, under the Assam Trees Outside Forest (Sustainable Management) Rules, 2022. This initiative enables farmers and private landowners to cultivate commercially valuable trees outside officially designated forest areas, thereby promoting afforestation and sustainable resource utilization. Under this framework, the registration of plantations is carried out through the Plantation Registering Authority, ensuring compliance with regulatory requirements, while geotagged photographs are used for monitoring and verification purposes.

Individuals engaged in this initiative will be able to legally sell these trees, thereby creating an additional source of income for both the government and private stakeholders. This framework provides an opportunity for the Assam Environment and Forest Department to develop policies that encourage tree cultivation on private lands. Key initiatives include providing subsidized saplings to reduce initial investment costs and offering technical assistance on species selection, cultivation practices, and pest management to ensure sustainable plantation management. Additionally, the Department requires plans to establish assured buy-back mechanisms to mitigate market uncertainties, drawing from successful models in agricultural sectors where MoUs facilitate guaranteed procurement. To further encourage participation,

[50] https://www.thehindu.com/news/national/do-not-reduce-forest-land-for-linear-projects-if-so-return-same-area-for-afforestation-sc-to-centre-states/article69176171.ece#:~:text=The%20Supreme%20Court%20made%20it,to%20reduce%20the%20forest%20area%E2%80%A6

awareness campaigns and community engagement programs needs to be conducted, educating landowners on environmental and economic benefits while disseminating information on available incentives[51]. By reducing dependency on natural forests for timber and other forest-based products, this initiative could potentially contribute to environmental conservation while simultaneously expanding the state's green cover.

The revenue potential from this initiative is significant and can be realized through various streams, including licensing fees for plantation registration, transaction taxes on tree sales, and potential earnings from carbon credit markets. Additionally, the structured approach to tree cultivation on private lands can strengthen sustainable forest management practices, promoting long-term economic benefits for rural communities while ensuring ecological balance.

Challenges:

In medium-term planning, suitable safeguards may be considered for regulatory adjustments in tree harvesting upon maturity to ensure sustainable management while preventing over-exploitation. A stable and favourable regulatory environment will be crucial in facilitating long-term participation, fostering economic viability, and aligning this initiative with Assam's broader objectives of sustainable development, environmental conservation, and revenue generation.

6.6 Agroforestry as a Source of Livelihood

6.6.1 Agarwood Cultivation

Assam possesses significant potential for revenue generation through the cultivation, processing, and trade of agarwood (Aquilaria malaccensis), a highly valuable forest product with substantial demand in the perfumery, cosmetics, pharmaceutical, and religious sectors. Given the state's favourable climatic conditions and government initiatives aimed at promoting sustainable agarwood production, Assam is well-positioned to leverage its natural advantages to enhance revenue collection through systematic policies and industrial development.

The population of Aquilaria malaccensis, classified as a Critically Endangered species in the IUCN Red List (Harvey-Brown, 2018)[52], has declined due to unsustainable harvesting for the agarwood trade. Recognizing the need for intervention, the species was included in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, 1994)[53] to regulate international trade within sustainable limits. To facilitate regulated and sustainable cultivation, the Government of Assam has amended the Assam (Control of Felling and Removal of Trees from Non-Forest Lands) Rules, 2002. A key amendment includes

[51] https://www.fao.org/4/ae535e/ae535e06.htm#bm06

[52] Harvey-Brown, Y. 2018. *Aquilaria malaccensis*. *The IUCN Red List of Threatened Species* 2018: e.T32056A2810130. https://dx.doi.org/10.2305/IUCN.UK.2018-1.RLTS.T32056A2810130.en. Accessed on 16 February 2025.

[53]https://industries.assam.gov.in/sites/default/files/swf_utility_folder/departments/industries_com_oid_4/portlet/level_2/gazette_notification_assam_agarwood_promotion_policy_2020.pdf

the provision that makes regulatory requirements optional for agarwood cultivation on lands up to five hectares. Additionally, the Assam Agarwood Promotion Policy 2020 (Notification No. CI.127/2020/70, dated December 18, 2020) provides a roadmap for industry development while ensuring conservation measures.

Agarwood cultivation serves as a major opportunity for revenue enhancement, particularly in districts such as Hojai, Sivasagar, Karbi Anglong, and Golaghat, where favourable climatic conditions facilitate large-scale plantation. The state has traditionally relied on natural infections in wild trees for resin formation; however, with the introduction of scientific inoculation techniques, farmers can now engage in controlled agarwood cultivation, ensuring consistency in resin yield. Systematic promotion of agarwood plantations through incentives such as subsidized saplings, technical assistance, and financial support can significantly augment revenue collection. Licensing and registration of private plantations, alongside taxation on cultivated agarwood and its derivative products, contribute to the state's non-tax revenue while encouraging regulated trade. Allowing legally sanctioned transactions of cultivated agarwood under a well-defined regulatory framework further incentivizes private participation and enhances economic growth.

The current number of agarwood saplings in Assam has been estimated by the Botanical Survey of India, Ministry of Environment, Forest and Climate Change, Government of India (2024) in their Non-Detriment Findings (NDFs) Study of *Aquilaria malaccensis* (Agarwood) in India. As part of this study, data on seedling and sapling stocks in nurseries across various Indian states were recorded during the period October–December 2023. According to the report, the Assam Forest Department and private nurseries in Assam have raised a huge number agarwood saplings across different forest divisions and nurseries some of which were also assessed during the field survey. Official estimates of the total number of agarwood saplings currently growing in the nurseries of the Assam Forest Department and private nurseries are provided in

Table 6.4. The extensive availability of saplings has significantly contributed to large-scale agarwood plantations across various districts of Assam. According to survey reports, there are approximately 45 million agarwood plants in Golaghat, at least 20 million in Jorhat, around 17.5 million in Sivasagar, approximately 15 million in Karimganj, and at least 5 million in Charaideo, with substantial plantation activities observed in other districts as well[54].

Agarwood products are categorized into three primary grades: Boya, priced between Rs. 500 – Rs. 1,000 per tola[55]; Boha, ranging from Rs. 2,200 – Rs. 2,800 per tola; and Khara (1st Jal), valued between Rs. 6,000 – Rs. 12,000 per tola. In the international market, high-quality agarwood oil and resin fetch premium prices, exceeding USD 30,000 per kg for top-grade

[54] https://bsi.gov.in/uploads/documents/Non-Detriment%20Findings%20(NDFs)/NDF%20Study%20Report%20of%20Aquilaria%20malaccensis%20(Agarwood)%20in%20India.pdf

[55] 1 Tola=11.66 gm, 1kg= 86 Tola.

varieties. Agarwood chips, categorized as Jura, Mari, Cholla, and Sisor, are highly valued, with prices ranging from Rs. 15,000 to Rs. 2,50,000 per kg.[56]

The processing of agarwood into high-value products such as oud oil, incense, and perfumed wood chips presents another significant opportunity for revenue generation. Assam can attract investments in agarwood-based industries by establishing dedicated industrial zones and processing facilities equipped with advanced extraction techniques. Facilitating the establishment of distillation units, value-added processing clusters, and research centres will further enable the state to generate revenue through industrial licensing, excise duties, and trade-related taxation. At present, a significant proportion of raw agarwood is either exported or processed outside the state, leading to revenue leakage. By strengthening local processing units, Assam can retain value addition within the state, leading to increased GST collection, employment generation, and overall industrial development.

The commercialization of agarwood trade has historically been constrained due to regulatory restrictions under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); however, sustainable plantation-based production now provides Assam with an opportunity to participate in legal international markets, including high-demand regions such as the Middle East, Southeast Asia, and Europe. Revenue generation from this sector can be facilitated through export duties, licensing fees, and trade permits for agarwood and its processed derivatives. Establishing dedicated export zones and simplifying regulatory processes for plantation-grown agarwood will enhance Assam's global competitiveness and position the state as a leading supplier of high-quality agarwood products.

The medicinal properties of agarwood further present opportunities for integration into the pharmaceutical and wellness industries. Traditional usage of agarwood in Ayurvedic formulations has witnessed growing demand, and the development of pharmaceutical products derived from agarwood extracts, essential oils, and supplements can create new avenues for revenue collection through manufacturing licenses, research collaborations, and sales taxation. Promoting research and development in this sector, in collaboration with academic and industrial stakeholders, can enhance Assam's position as a hub for natural health products while ensuring sustainable utilization of its agarwood resources.

Additionally, Assam's rich heritage in agarwood cultivation can be leveraged to promote agro-eco-tourism[57]. Establishing agarwood-based tourism circuits, including guided tours of plantations, processing units, and cultural festivals, can generate significant tourism-related revenue through entry fees, guided tour services, and the sale of agarwood-based products at dedicated marketplaces.[58] Moreover, agarwood plantations contribute to environmental sustainability and offer potential revenue generation through carbon credit trading. As tree

[56] Source: Assam Agarwood Promotion Policy 2020: Present Status and World Market.
[57] https://necouncil.gov.in/sites/default/files/NEC-Guidelines.pdf
[58] https://www.tribuneindia.com/news/delhi/assams-indigenous-brand-of-agarwood-perfumes-shine-at-trade-fair/

plantations play a crucial role in carbon sequestration[59], sustainable agarwood plantations can qualify for carbon offset programs, thereby enabling Assam to explore partnerships with global environmental organizations for additional revenue sources. Further, transitioning from an unorganized to an organized agarwood industry will create employment, improve government revenue through taxation, and position Assam as a global hub for sustainable agarwood trade[6061].

Table 6.4: Assam Forest Divisions with number of Agarwood Saplings raised

Nurseries	No. of agar saplings raised
Forest Nurseries	23,95,294
Private Nurseries	42,06,400

Source: Botanical Survey of India, Ministry of Environment, Forest and Climate Change, Govt. of India, 2024

Response from the Office of the PCCF &HFF:

In its response to the draft report, the Forest Department, Government of Assam, has conveyed its agreement to the proposal for amending the volume-based royalty rates of minor minerals as specified under the First Schedule of the Assam Minor Minerals Concession (Amendment) Rules, 2015. The Department has concurred that the royalty rates may be suitably enhanced to improve revenue realization from minor minerals.

The Department has further agreed to the reclassification of river silt and sand gravel as distinct minor minerals, and their inclusion in the First Schedule (Y Schedule) of minor minerals under the said Rules.

Additionally, the Forest Department has endorsed the proposal for identification of prospective sites for extraction of minor minerals, in accordance with the existing and approved District Survey Reports (DSRs), with a view to augmenting production levels and enhancing government revenue.

[59] https://dadvanceagarwoodsolutions.com/sustainability/#:~:text=How%20Agarwood%20Plantation%20can%20helps,to%20reduce%20atmospheric%20CO2.

[60] https://www.business-northeast.com/agar-next-tea-and-oil-for-assam-if-developed-systematically-chief-secretary

[61] https://economictimes.indiatimes.com/news/india/agar-trade-set-for-50000-crore-boost-with-assams-upcoming-trade-hub/articleshow/115495979.cms?from=mdr

7. Agricultural Income Tax

7.1 Context

The state of Assam has a predominantly agricultural economy, with extensive tea cultivation forming a significant part of its agricultural output. Income derived from agricultural produce, including tea leaves, falls within the purview of the Agricultural Income Tax Act. Since tea leaves are classified as agricultural produce with marketability, the income generated by tea growers is subject to taxation under this Act[62]. However, the production of green tea leaves constitutes only one component of the broader process encompassing plantation, manufacturing, and the sale of tea. Consequently, only a portion of the income derived from these activities is attributable to agricultural income. The computation of composite income, along with its apportionment between income tax and agricultural income tax, is carried out by the Central Income Tax Authority in accordance with the provisions of the Constitution of India[63].

An analysis of agricultural income tax collection in Assam for the period from 2009-10 to 2024-25 (Budget Estimates), as presented in Table 7.1, indicates a decline in revenue over time. The prevailing tax rates before the exemption of agricultural income, outlined in Table 7.2, are based on Notification No. FTX.90/2010/82, issued on 10th August 2016[64]. Furthermore, through Notification No. FTX.90/2010/114, dated 3rd October 2018[65], and in exercise of the powers conferred under sub-section (5) of Section 8 of the Assam Agricultural Income Tax Act, 1939 (Assam Act IX of 1939), the Governor of Assam announced a deduction of ₹6 per kilogram of tea exported through the Inland Container Depot (ICD) at Amingaon, to be accounted for while calculating net agricultural income.

Subsequently, through Notification No. FTX.90/2010/126, dated 18th December 2020[66], and in exercise of the powers conferred under Section 4A of the said Act, the Governor of Assam granted an exemption from the payment of Agricultural Income Tax under Section 3 of the Act for assessees deriving agricultural income from tea cultivation. This exemption was applicable for a period of three financial years, commencing from 1st April 2020. As a result, the state experienced a reduction in agricultural income tax revenue.

Further, through Notification No. FTX.90/2010/140, dated 28th June 2023[67], and in continued exercise of the powers conferred under Section 4A of the Assam Agricultural Income Tax Act, 1939, the exemption from the payment of Agricultural Income Tax under Section 3 of the Act was extended for an additional period of three financial years, effective from 1st April 2023.

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[62] The Assam Agricultural Income Tax Act, 1939

[63] At present the ratio for apportionment of such composite income is fixed at 60:40 for the purpose of agricultural income tax and income tax respectively. The existing rate of agricultural income tax under this Act is 45% of the agricultural income at the highest slab.

[64] https://tax.assam.gov.in/AssamTimsInfo/content/FTX_90_2010_82.pdf

[65] https://tax.assam.gov.in/AssamTimsInfo/content/FTX_90_2010_82.pdf

[66] https://tax.assam.gov.in/AssamTimsInfo/GST/FORMATS/Ftx_90_2010_126.pdf

[67] https://tax.assam.gov.in/AssamTimsInfo/GST/FORMATS/FTX.90_2010_140_dated_28_06_2023.pdf

This notification shall be deemed to have come into force from the said date, thereby continuing the exemption and impacting the state's agricultural income tax collection.

Table 7.1: Collection from Agricultural Income Tax in Assam (Rs. Crore)

Fiscal Year	Collection	Fiscal Year	Collection
2009-2010	78.34	2017-2018	13.5221
2010-2011	101.2	2018-2019	7.8484
2011-2012	83.27	2019-2020	6.8738
2012-2013	82.33	2020-2021	-38.0025
2013-2014	89.99	2021-2022	-0.6238
2014-2015	51.0665	2022-2023	1.6681
2015-2016	32.0113	2023-2024	2.2998
2016-2017	23.2254	2024-2025	2.7598

Source: RBI State Finance

Table 7.2: Existing Agricultural Income Tax Rate before Exemption[68]

Sl. No	Income	Tax
A	On the first two lakh fifty thousand rupees of total agricultural income	Nil
B	On the next one lakh rupees of total agricultural income	Ten paise in the rupee
C	On the next one lakh fifty thousand rupees of total agricultural income	Twenty paise in the rupee
D	On the balance of the total agricultural income	Thirty paise in the rupee

7.2 Trends in Tea Production in Assam

The exemption of agricultural income tax on tea has been granted based on two key considerations: first, the perception that tea production in Assam is declining due to climate change and second, the increasing presence of small tea growers, who are believed to require tax exemptions to sustain their operations.

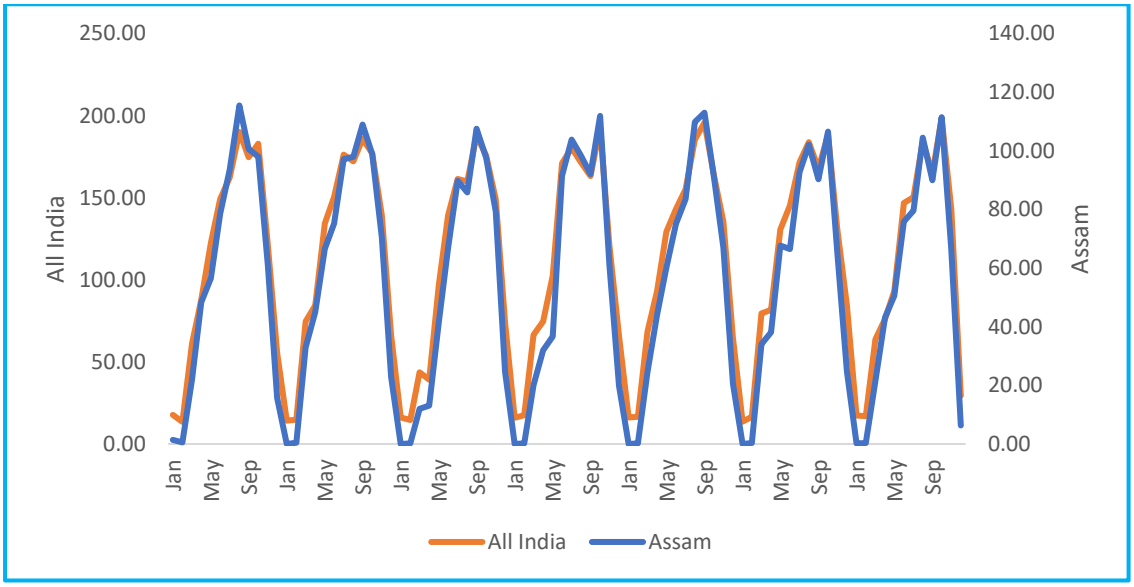
The claim that tea production in Assam is declining due to climate change and thus warrants an exemption in agricultural income tax is not supported by production data. Monthly tea production statistics from 2018 to 2024, as reported by the Tea Board of India, indicate seasonal variations but no significant downward trend in overall production (Figure 7.1). While climate factors may pose challenges, adaptive agricultural practices and investments in technology have helped stabilize output[69]. Granting an exemption in agricultural income tax could lead to revenue losses without addressing the sector's core structural issues. Instead, the government

[68] https://tax.assam.gov.in/AssamTimsInfo/content/FTX_90_2010_82.pdf
[69] https://gca.org/indias-tea-board-is-helping-growers-save-crops-from-extreme-weather/

should focus on policies that promote climate resilience, research-driven yield improvements, and efficient irrigation techniques.

The increasing participation of small tea growers in Assam's tea industry presents an opportunity for structural reforms that can enhance the sector's overall growth and efficiency. As small growers become a larger part of the ecosystem, it is important to adapt market and tax structures to ensure their effective integration. C&AG has recommended that the Tea Board develop a well-defined strategy to identify all small tea growers, maintain a comprehensive database, and bring them under its ambit. This initiative aims to facilitate the extension of developmental assistance while ensuring effective regulatory oversight, ultimately strengthening the tea sector's overall governance and sustainability. Many of these producers operate outside the traditional auction system, highlighting the need for policies that support formalization, improve market access, and ensure fair pricing mechanisms. By focusing on strengthening the entire tea ecosystem through better infrastructure, capacity building, and streamlined taxation, the government can create a more resilient and sustainable framework for Assam's tea industry[70].

Figure 7.1: Monthly Tea production (2018-2024)



Source: Production Statistics of Tea Board of India

Important questions to ask: Is tea to remain a significant economic activity in Assam? If so, would additional investment help in restructuring the tax gardens – is there a plan. In particular, did the exemptions encourage the tea gardens to invest and is it reflected in improvements in the production reported.

Without a medium term plan for making this economic activity viable, an exemption does not deliver very much. In the interest of the tea gardens and in the interest of the fisc, it would be useful to let the exemption lapse. Any revenue collected from this source can be used for

[70] https://cag.gov.in/uploads/download_audit_report/2023/English--Report-No.8-of-2023-(Tea-Board)-064d3a582c50179.87702737.pdf

targeted support to the sector, once a framework can be put in place to determine the medium path for tea production and tea gardens in the State. In the short term, some additional revenue would be available to the government.

7.3 Agro-forestry and carbon credits

Tea plantations, trees outside forests, and oil palm trees hold significant potential as carbon sinks in Assam, contributing to climate change mitigation. While tea gardens and agroforestry practices enhance carbon sequestration, sustainable oil palm cultivation can further complement these efforts if managed responsibly. Leveraging these carbon sinks through structured policies and carbon credit markets can provide both environmental and economic benefits to the state.

Tea gardens in Assam have significant potential as carbon sinks, contributing to climate change mitigation while also offering an opportunity for economic revenue generation. Tea plantations can sequester carbon dioxide effectively, making them valuable assets in the context of carbon markets[71]. With proper policy frameworks, Assam can integrate tea estates into carbon trading mechanisms, allowing plantation owners to earn revenue through carbon credits while promoting sustainable agricultural practices.

Further, research published in the Chettri and Ghosh (2023)[72] highlights that tea gardens act as natural carbon sinks by capturing and storing atmospheric CO_2, thereby contributing to environmental sustainability. The introduction of carbon sequestration initiatives in Assam's tea sector can help the state government tap into international carbon credit markets, similar to global best practices. Leveraging carbon markets presents an alternative economic avenue for the tea industry, potentially generating additional state revenue through taxation of carbon credit transactions and incentivizing sustainable cultivation practices[73]. A well-defined strategy to measure, certify, and trade carbon sequestration from tea estates can position Assam as a leader in sustainable agriculture while strengthening the state's fiscal resources.

Oil palm plantations have been recognized for their carbon sequestration potential, and Assam, with its suitable agro-climatic conditions, could explore this as a strategy for both environmental and economic benefits. According to a Borbon et al. (2020), oil palm trees can sequester substantial amounts of carbon, making them a potential tool for climate change mitigation in Southern Philippines. If managed sustainably, oil palm cultivation in Assam could contribute to carbon storage while supporting rural livelihoods and industrial demand[74].

[71] https://india.mongabay.com/2020/03/mapping-the-ability-of-tea-gardens-to-sequester-carbon-dioxide/

[72] Tea Gardens, A Potential Carbon-sink for Climate Change Mitigation – Current Agriculture Research Journal

[73] From tea gardens to carbon markets: An alt-ernative story

[74] Carbon Sequestration Potential of Oil Palm Plantations in Southern Philippines | bioRxiv

However, concerns remain regarding the long-term sustainability of oil palm plantations compared to natural forests. As highlighted by Butler (2007)[75], oil palm plantations do not store more carbon than native forests, and large-scale expansion may lead to deforestation, negating the benefits of carbon sequestration. Therefore, while oil palm cultivation in Assam could be explored for its carbon sequestration potential, it is essential to ensure that it does not come at the cost of existing forest cover and biodiversity. A balanced approach, incorporating agroforestry models and sustainable land-use planning, could maximize carbon benefits while minimizing ecological risks.

Response from the Office of the Commissioner Tax:

The Office of the Commissioner Tax has also acknowledged the necessity of undertaking medium-term development initiatives for the tea garden sector, with a focus on improving quality and exploring new market opportunities, rather than granting exemptions under the Agricultural Income Tax.

[75] Oil palm does not store more carbon than forests

8. Green Initiatives

8.1 Green Cess

The introduction of environmental levies, commonly referred to as green taxes or cesses, has been widely adopted across various states in India as a measure to address environmental concerns while generating additional revenue. Assam, with its rich biodiversity and strategic location as the gateway to the Northeast, has the potential to implement similar levies to support conservation efforts and promote sustainable development. A review of existing environmental levies across states suggests that such cesses are imposed on various sectors, including energy consumption, vehicle entry, tourism, water usage, and polluting goods. Assam already levies a green tax on old vehicles, similar to the levy imposed by Punjab and Rajasthan on private vehicles older than 15 years and commercial vehicles after 8 years (Government of Punjab, 2024). However, further avenues can be explored to enhance revenue while ensuring environmental sustainability. A detailed table of green cess levied by different states are provided in Table 8.1.

One such opportunity lies in introducing a cess on tourist arrivals at specific ecologically sensitive locations such as Kaziranga National Park. Leh-Ladakh has successfully implemented a similar approach, where a green cess, wildlife fee, and Red Cross donation are collected from tourists entering the region (District Administration Leh, 2024). The revenue generated from such a cess in Assam could be exclusively earmarked for conservation and sustainability efforts within the park, ensuring long-term ecological balance and improved visitor management.

States such as Gujarat and Jharkhand have implemented green energy cesses on non-renewable energy, ensuring that revenues are collected even if the energy is consumed outside the state (Gujarat Green Cess Act, 2011; Jharkhand Green Energy Cess Act, 2021). A cess on energy generation within the state could be explored to support the development of renewable energy sources. In Assam, energy consumption in 2023-24 stood at 10,804 MU by APDCL and 12,679 MU as per the 20th Electric Power Survey, with approximately 7,000 MU expected to be derived from thermal power (Central Electricity Authority, 2024). A levy of 10 paise per unit on thermal power generation could generate revenue amounting to ₹70 crore annually, which could be utilized for investments in renewable energy and sustainability projects. A similar energy development cess has been levied in Madhya Pradesh and Chhattisgarh, further reinforcing the feasibility of such a levy (Madhya Pradesh and Chhattisgarh Energy Development Cess, 2024).

Table 8.1: Green Cess Levied by Different states

Place	Kind of Cess	Reference
Leh-Ladakh	environmental fee (green fee), Red Cross Fund and wildlife fee	https://leh.nic.in/green-fee-shall-continue-to-remain-in-effect-for-domestic-tourists-visiting-leh/
Uttarakhand	Green cess on commercial and private vehicles entering into the state – not levied on two-wheelers and vehicles running on clean fuel – levy per day and deducted from FASTag.	https://highcourtofuttarakhand.gov.in/files/Green_Energy_Cess_Act,_2014.pdf
Gujrat	Cess on non-renewable energy generation in the state – levied even if the energy is consumed in or outside the state	https://www.indiacode.nic.in/bitstream/123456789/6046/1/iv-ex.%2C-3_%28green_cess_bill%29_dt.31-3-11doc.pdf
Goa	Green cess on polluting goods, mainly applied to petroleum and coke/coal	https://goagst.gov.in/PDF/VAT_Othr_Acts/Green/1.pdf
Karnataka	Proposing green cess on water bill to protect catchment areas	https://www.thehindu.com/news/national/karnataka/karnataka-minister-proposes-green-cess-on-water-bills/article68868109.ece
Maharashtra	Cess on water pollution – based on water usage by different industries	https://mpcb.gov.in/miscellaneous-topics-information/cess/cessdetails
Madhya Pradesh and Chattisgarh	Energy development cess: on electricity (not on renewable energy)	https://indiankanoon.org/doc/43156925/
Jharkhand	Green Energy Cess Act of 2021 proposes a cess of up to 15 paise per unit on power consumers, generating power plants, and captive power plants.	https://lexcomply.com/pdfview3.php?file=4ZucoNHJ/0qIaPxgFJHtzw==
Delhi	The Green Cess, also known as the Environment Compensation Charge (ECC), is a tax imposed on commercial vehicles entering Delhi.	https://environment.delhi.gov.in/sites/default/files/environment/circulars orders/notification_dt_23.12.2015_reg_ecc_on_vehicles.pdf
Punjab	on vehicles which are older than 15 years – on re-registration of private vehicles. For commercial vehicles the tax kicks in after 8 years and is an annual levy	http://www.punjabtransport.org/Green%20TAX%20Notification%2020%20Aug%2024.pdf
Rajasthan[76]	On Old Vehicle	https://morth.nic.in/sites/default/files/circulars_document/Draft%20Guidelines%20Green%20Tax%281%29.pdf

Another potential source of revenue for Assam is the imposition of a cess on the entry of vehicles into the state. Given Assam's geographical significance as the entry point to the

[76] Assam also has green tax on old vehicle

northeastern region, a modest levy on vehicles entering the state, particularly commercial vehicles, could generate substantial revenue. Uttarakhand has already implemented a green cess on commercial and private vehicles entering the state, excluding two-wheelers and vehicles operating on clean fuel, with deductions processed directly via FASTag (Government of Uttarakhand, 2024). Himachal Pradesh too has such a levy called the *Special Road Tax*[77], applied on entry of commercial vehicle to the state. The tax regimes in Himachal Pradesh and Uttarakhand offer models for Assam to consider, enabling efficient revenue collection while promoting cleaner transportation alternatives. The assessment of e-way bills from out-of-state transactions could provide an estimate of the potential revenue, with a proposed levy of ₹50 per vehicle serving as a starting point for consideration.

Delhi's implementation of the Environment Compensation Charge (ECC) on commercial vehicles entering the city has proven effective in mitigating air pollution and generating revenue, further underscoring the viability of such measures (Government of Delhi, 2015). Sikkim has taken a broader approach by introducing an ecology fund and environment cess applicable to a wide range of non-biodegradable goods entering the state (Sikkim Ecology Fund and Environment Cess Act, 2008).

Several other states have also introduced innovative environmental cesses that could serve as models for Assam. Goa imposes a green cess on polluting goods, primarily petroleum and coke/coal, which could be considered for application in Assam to regulate pollution-intensive industries (Goa Green Cess Act, 2024). Karnataka is currently exploring the introduction of a green cess on water bills to protect catchment areas, an initiative that could be replicated in Assam to ensure sustainable water resource management (Government of Karnataka, 2024). Maharashtra has implemented a cess on water pollution, with charges varying based on industrial water usage, a model that could be adapted to regulate industries with high water consumption in Assam (Maharashtra Pollution Control Board, 2024).

By leveraging the experiences of other states and tailoring these measures to Assam's unique environmental and economic landscape, the state can introduce targeted green cesses that not only contribute to environmental sustainability but also generate substantial revenue. These funds can be directed towards conservation, renewable energy development, and pollution control initiatives, ensuring a balanced approach to economic growth and ecological preservation.

8.2 Carbon Offset

Carbon offsets can be issued for reforestation carried out by states given its agro-climatic condition for tea[78] and agar wood[79] and its recent policy consideration in tree outside forest and

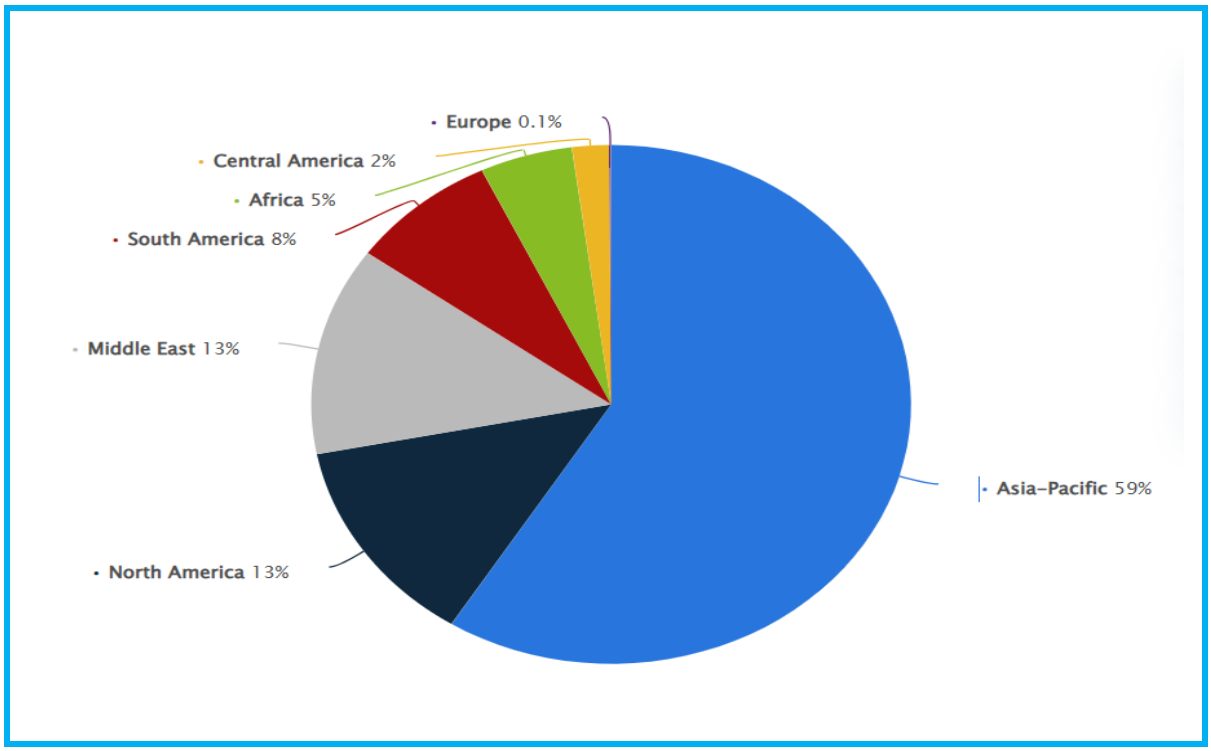
[77] https://himachal.nic.in/index1.php?lang=1&dpt_id=3&level=1&lid=1477&sublinkid=8957

[78] Chettri, V., & Ghosh, C. (2023). Tea Gardens, A Potential Carbon-Sink for Climate Change Mitigation. *Current Agriculture Research Journal*, *11*(3). https://pdfs.semanticscholar.org/931e/8101537f35f73ef7ff81c23dc14c95d7857f.pdf

[79] Hardiwinoto, S., & Rahayu, S. (2020, February). Carbon stock potential at several agarwood-based agroforestry practices in Sragen and Karanganyar, Central Java. In *IOP Conference Series: Earth and*

oil palm cultivation[80]. There have been experiments across the world with offsets. For example, UNFCCC has a carbon offset platform that issues certified carbon credits. Countries such as Congo, Brazil and Malaysia also have offset markets. In 2022, 59 per cent of the offsets were from Asia Pacific (Figure 8.1).

Figure 8.1: Carbon Offset in 2022



The aim of carbon offset is to ensure carbon removal and is aligned with India's aim to reach net zero. In 2022, India announced the central government adopted a bill to amend the Energy Conservation Act of 2001 to establish a nationwide voluntary carbon credit trading scheme, aiming to create the market within 2023. The central government encouraged the use of carbon offsets[81], Bureau of Energy Efficiency (BEE)[82] is the administrator for the scheme on Indian Carbon Markets. At the sub-national level Gujarat has launched its emission trading system (cap and trade) implemented by the Gujarat Pollution Control Board (GPCB)[83]. It is possible therefore to think of implementing sub-national carbon markets which includes the issue of

Environmental Science (Vol. 449, No. 1, p. 012030). IOP Publishing. https://iopscience.iop.org/article/10.1088/1755-1315/449/1/012030/meta

[80] Lalawmpuia, H. Lalruatsanga, F. Lalnunmawia, Lalbiakdika and Elizabeth Vanlalruati Ngamlai, *Oil Palm Plantation: Carbon Sequestration Potential and Effective carbon Management within Serchhip, Mizoram, India*, Eco. Env. & Cons. 29 (1) : 2023; pp. (96-101), ISSN 0971–765X. https://www.envirobiotechjournals.com/EEC/volume29issue1/EEC-14.pdf

[81] 2302i_nozaki_e.pdf

[82] https://beeindia.gov.in/en

[83] Gujarat to launch India's first carbon trading market among large polluters | Latest News India - Hindustan Times

offsets and that can be aligned to the national market. States with land available can issue these offsets from reforestation. Although this would require that there is stringent process of certification and creation of registry- which could be aligned with the national certification process or anchored by a state institution. Assam can create an institutional mechanism for verified offsets which can then be marketed through the national agencies or undertake to initiate an auction to explore the demand for such credits. An essential first step is to have reliable verifiers. There are private verifiers of offsets such as Verra. Some Indian agencies too have taken up this task (See- Carbon Registry of India[84]), BEE is supposed to accredit Carbon Verification Agencies. It is observed that in some cases the objective is not achieved[85] or there is double counting of offsets[8687]. Setting up a reliable registry would be essential to ensure price discovery and revenue realization. As it is observed that with a platform and certification, companies that have committed to net zero plans ahead of India's 2070 can purchase these to meet their targets. For example, JSW Steel as part of its transition strategy planted Approximately 9,600 plants within the plant premises, with an additional 220 plants outside the plant premises. Currently, the total plantation includes about 2,71,000 trees within the plant and township premises, covering an area of approximately 91 hectares, representing about 34.07% of the total land area[88] and anticipated CO_2 offset of about 5,000 tCO_2/annum. While JSW steel may have land at its disposal, offsets/credits can be more useful for SMEs in hard to abate value chains that would be required to offset their emissions but do not have technology for mitigation or emission reduction. In turn, sale of offsets can be revenue generating for states. In mineral and refining dependent states this can particularly useful. The co-benefit could be agro industry that can further lead to revenue generation.

[84] https://cri.nccf.in/

[85] Bogus Carbon Credits a 'Pervasive' Problem, Scientists Warn | TIME

[86] Oxford Analytica. (2023). Carbon offsets face credibility issues globally. *Emerald Expert Briefings*, (oxan-db). https://www.emerald.com/insight/content/doi/10.1108/oxan-db282955/full/html

[87] Broekhoff, D., Gillenwater, M., Colbert-Sangree, T., & Cage, P. (2019). Securing climate benefit: a guide to using carbon offsets. *Stockholm Environment Institute & Greenhouse Gas Management Institute*, *60*. http://npm.pixeledge.io.s3.amazonaws.com/images/2828fa14-963b-41eb-85d0-9a02fc27ae0d/1605018809-guide-to-buy-carbon-offsets.pdf

[88] Page 117, Integrated-Annual-Report-FY-2023-24.pdf

9. Recommendations

The following section provides a summary of the recommendations emerging from the discussion in this report. In some of the cases,

9.1 Diesel:

Losses through cross-border trade were flagged as the issue of concern in this segment. The analysis suggests that altering the tax rate to reduce the incentive for cross-border trade would result in revenue loss to the department. Suggestions for change here include:

1. Identify sectors benefiting from lower tax rates through cross-border purchases – discussions suggest these are tea gardens and works contracts - and introduce a concessional tax regime with appropriate safeguards. Rajasthan's model for the mining sector can serve as a reference. It may be noted that if revenue leakage is primarily in government works contracts, lower costs could be offset through reduced bid prices.
2. Implement a robust mechanism to track petroleum product movement, particularly for transactions outside the e-waybill system. This will help enforce CST provisions and prevent diversion of supplies from Assam to Arunachal Pradesh. The state may consider advocating for the inclusion of petroleum products in the e-waybill system or developing an alternative monitoring framework.
3. With the emergence of door-to-door diesel deliveries via OMC apps, clarify tax liabilities on such transactions to ensure proper tax compliance and prevent revenue leakage.

9.2 Lottery:

1. The Government of Assam should adopt a robust operational framework for the state lottery, ensuring transparency, security, and efficiency. Given Kerala's success, Assam should consider successful (Kerala, Sikkim) model where the Directorate of State Lotteries directly manages ticket design, printing, distribution, and the conduct of draws under strict supervision.
2. To maximize public support, Assam should earmark lottery proceeds for socio-economic initiatives, ensuring direct public benefits. Focus areas could include tourism and heritage development, such as Kaziranga and Manas infrastructure, the Kamakhya Development Corridor, Majuli initiatives, and Moidam restoration. Additionally, a higher education scholarship program could enhance participation. A transparent allocation mechanism will be essential for effective fund utilization.
3. The Assam government could utilize lotteries to improve tax compliance by integrating lottery incentives with tax payments. A scheme linking lottery tickets to the settlement of pending transport department challans could enhance compliance, while local bodies could offer lottery tickets for full-year property tax or user charge payments. National Savings Certificates used to have such schemes in place.

Additional Revenue expected: Rs. 5881.35 Crore (gross) and Rs.457.50 Crore (Net).

9.3 Transport:

1. Assam can enhance transport revenue collection by developing a fully integrated digital ecosystem for vehicle management and tax collection. Adopting best practices like real-time data sharing, automated platforms, and targeted awareness campaigns will minimize inefficiencies and revenue losses.
2. A Transportation Management Centre (TMC) should be established to track vehicle movements and monitor tax compliance through automated enforcement. Assam can consider linking challan liabilities to FASTag for automatic deduction at key intersections with a robust dispute resolution mechanism.
3. For goods transporters, the state could request the GST Council to restrict e-waybills for commercial vehicles with outstanding dues to ensure timely tax payments.
4. It has been mentioned that night service buses are carrying goods. By present regulation, this is not as per regulation. By introducing an annual permit system or by imposing fines on such unauthorized freight transport, the department can raise some revenue.

Additional Revenue expected: Rs. 592.98 Crore

9.4 Geology and Mining:

1. The government of Assam should revise tax rates on mineral-bearing lands to reflect current economic conditions, factoring in inflation and market changes. Adjustments, based on the Wholesale Price Index and benchmarked against neighboring states like Jharkhand, will ensure fair revenue realization while maintaining competitiveness. The cess on coal-bearing lands and limestone should be strategically priced lower than Jharkhand's rates to foster business activity in Assam. A proportionate inflation adjustment could also be incorporated to preserve incentives for compliance and economic growth.
2. Assam should systematically extract other mineral resources, such as Sillimanite, Quartzite, and China Clay, over the next 50 years to ensure long-term sustainability. The government should focus on consistent monitoring and management to optimize fiscal contributions.
3. Focus should be placed on revitalizing non-operational mines through administrative reforms, streamlining approval processes, and ensuring sustainable mining practices.

Additional Revenue expected: Rs 1132.8 Crore

9.5 Department of Environment and Forest:

1. Conduct scientific assessments of minor mineral deposits to ensure accurate estimation and sustainable extraction practices.
2. Implement systematic conservation and extraction methods, ensuring compliance with AMMCR 2013 and Indian Bureau of Mines standards. GPS and weighbridges should be adopted for accurate tracking and preventing illegal mining.

3. Rationalize royalty rates, especially for sand and gravel, and regularize classification and concessions based on updated guidelines.
4. Support the development of a formalized agro-forestry and tree outside forest, focusing on carbon credit trading.
5. For tree outside forest, the benefit for households engaging in the scheme is argued to be lumpsum value realisation on harvesting of the tree on maturation. Necessary safe guards for protecting these rights may be ensured.

9.6 Agriculture Income:

1. Study recommends reintroducing Agricultural Income Tax once the current exemption period concludes in March 2026. Additionally, it is proposed that dedicated funds be allocated to revitalize the tea industry, ensuring sustainable growth and development.
2. The study recommends promoting agro-forestry like the cultivation of oil palm trees – these can augment livelihoods and expand scope for agricultural income tax on commercial operations.

9.7 Green Levies:

1. The suggestions in this chapter can be divided into components: Green tax or Cess and Carbon Credit Market. The first group could include
    a. Implement green cesses on tourism, particularly in ecologically sensitive areas like Kaziranga National Park, to support conservation and sustainability efforts.
    b. Introduce a cess on energy generation, especially thermal power, with the revenue directed toward renewable energy development.
    c. Consider a green cess on vehicles entering the state, particularly commercial vehicles, to generate revenue and encourage cleaner transportation alternatives.
2. Establish a carbon offset program linked to existing forests and reforestation efforts in Assam, with a certification process aligned to national standards to enable trade in carbon credits.
    a. Develop a sub-national carbon market to allow companies and industries to purchase offsets to meet net-zero targets, generating revenue for the state.
    b. Promote agroforestry initiatives, such as sustainable oil palm, tea plantation and agarwood plantations, to further enhance carbon sequestration efforts while providing economic benefits.
    c. Collaborate with national and international environmental organizations to establish robust certification systems and foster investments in sustainability, ensuring transparency and credibility in offset trading.

9.8 Stamp and Registration

1. Notification No. E-457453, issued on March 7, 2024, by the Revenue and Disaster Management Department, Assam temporarily suspended the issuance of No Objection Certificates (NOCs) under Section 21A of the Registration Act, 1908, for land transactions between individuals of different religions due to intelligence reports of fraudulent transfers aimed at inciting communal conflict ahead of parliamentary elections. Although initially intended for three months, no formal revocation has been issued, leading to a decline in land transactions and adversely affecting state revenue from stamp duty and registration fees. In the interest of restoring revenue collection and normalizing land transactions, it is recommended that the notification be formally revoked. Table 9.1 presents number of issues NOC between 2023-24 and 2024-25 (Till December, 31st), highlighting a substantial decrease in the issuance of NOCs.

Table 9.1: NOC Issued During 2023-24 and 2024-25

NOC issued report		
District	NOC issued	
	2023-24	2024-25 (Till 31st Dec, 2024)
BAJALI	3706	2090
BARPETA	8895	3929
BISWANATH	2005	1430
BONGAIGAON	6163	4316
CHARAIDEU	649	391
DAKSHIN SALAMARA-MANKASAR	129	685
DARRANG	5467	3093
DHEMAJI	818	722
DHUBRI	7182	5138
DIBRUGARH	1267	1315
GOALPARA	5480	3214
GOLAGHAT	2951	1593
HOJAI	4569	4583
JORHAT	2965	2159
KAMRUP	12295	9296
KAMRUP MAHANAGAR	3494	3346
LAKHIMPUR	2127	1174
MAJULI	147	74
MORIGAON	6382	4701
NAGAON	11405	8056
NALBARI	7018	5031
SIVASAGAR	1851	1008
SONITPUR	7395	4625
SRIBHUMI	9169	5661
TINSUKIA	2679	2103
Total	113529	79733

Source: IG registration, Assam

10. Annexure

10.1 A1: INFORMATION ON C - FORM AND F- FORM PURCHASES OF DIESEL FROM 01.04.2021 - 31.03.2024

BUSINESS NAME (Buyer)	LOCATION	SELLER PARTY NAME	SELLER STATE NAME	FORM TYPE	TOTAL VALUE
M/S SHIVAM ENERGY SERVICE	Barpeta - 1	NYRARA ENERGY LIMITED	West Bengal	C Form	27,87,316.00
M/S SHIVAM ENERGY SERVICE	Barpeta - 1	NYRARA ENERGY LIMITED	West Bengal	C Form	50,15,554.47
M/S P.R. FILLING STATION	Barpeta - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	13,93,684.00
M/S P.R. FILLING STATION	Barpeta - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	25,76,617.29
Shanti Ventures	Barpeta - 1	NARAYAN ENERGY LIMITED	West Bengal	C Form	8,38,508.62
M/S JM ENERGY	Barpeta - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	59,87,302.00
M/S JM ENERGY	Barpeta - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	39,14,366.00
Bausi Energy Station	Barpeta - 1	Nayara Energy Limited	West Bengal	C Form	52,26,523.75
SAI SERVICE STATION	Barpeta - 2	Nayara Energy Limited	West Bengal	C Form	43,08,074.76
Sarala Fuel Service Centre	Barpeta - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	33,52,573.16
Sarala Fuel Service Centre	Barpeta - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	33,52,374.28
DAS FUEL STATION	Barpeta - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	55,25,913.00
DAS FUEL STATION	Barpeta - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	71,83,455.00
DAS FUEL STATION	Barpeta - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	24,44,773.75
M/S LOWER ASSAM PETROL PUMP	Barpeta Road - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	26,99,159.00
M/S LOWER ASSAM PETROL PUMP	Barpeta Road - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	31,44,349.00
M/S MONOWAR HUSSAIN ENERGY STATION	Barpeta Road - 2	Nayara Energy Limited	West Bengal	C Form	28,58,297.21
M/S MONOWAR HUSSAIN ENERGY STATION	Barpeta Road - 2	Nayara Energy Limited	West Bengal	C Form	3,48,331.60
M/s Himani Filling Station	Bongaigaon - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	13,93,742.37

M/s Himani Filling Station	Bongaigaon - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	22,31,320.77
M/S JHARPARA SERVICE STATION	Bongaigaon - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	57,85,586.65
M/S JHARPARA SERVICE STATION	Bongaigaon - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	27,86,378.31
M/S FLORIDA FILLING CENTRE	Bongaigaon - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	29,76,620.00
M/S FLORIDA FILLING CENTRE	Bongaigaon - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	10,22,945.64
M/S M.K. FILLING STATION	Bongaigaon - 2	NARAYA ENERGY LIMITED	West Bengal	C Form	40,08,209.72
BROTHERS FUEL STATION	Goalpara - 1	NAYARA ENERY LIMITED	West Bengal	C Form	13,96,838.00
chetna	Guwahati - A - 8	RELIANCE BP MOBILITY LIMITED	Assam	CST FORM C	53,96,829.00
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Uttar Pradesh	F Form	61,13,49,950.96
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Uttar Pradesh	F Form	32,42,41,642.59
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	Indian Oil Corporation Limited	Bihar	F Form	21,35,42,382.61
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	22,51,00,960.60
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	25,97,94,737.02
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	26,04,88,606.17
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	11,84,34,897.38
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	14,96,36,760.38
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	15,37,97,428.18
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	37,64,60,268.67
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	15,28,41,623.19
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	14,78,34,117.65
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	53,71,43,317.65
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	51,24,62,168.80
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	39,90,11,032.29

INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	38,57,78,212.61
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	19,80,93,358.36
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	34,45,01,193.07
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	30,26,74,389.45
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	19,30,34,342.64
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	29,32,02,506.05
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	29,43,56,331.71
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	51,54,77,768.80
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	39,82,03,343.85
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	18,07,14,789.62
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	18,03,47,371.30
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	36,51,14,758.29
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Bihar	F Form	24,27,09,709.85
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	Indian Oil Corporation Limited	West Bengal	F Form	1,35,78,24,387.29
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	Indian Oil Corporation Limited	West Bengal	F Form	60,23,61,420.68
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	Indian Oil Corporation Limited	West Bengal	F Form	1,68,82,70,198.60
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	41,70,29,723.59
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	19,35,55,109.47
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	29,57,645.20
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	53,97,57,570.63
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	32,51,10,260.18
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	23,68,69,532.99

INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,92,64,348.80
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,75,51,962.24
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	45,56,53,133.50
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	3,78,38,318.40
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	34,97,30,024.73
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,19,37,75,043.42
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	30,65,76,594.04
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,16,26,95,002.53
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,32,59,25,194.17
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,37,88,61,573.66
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,24,58,50,466.96
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,23,19,66,542.64
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,50,06,40,175.23
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	44,11,28,690.20
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,09,40,05,510.95
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,84,55,99,947.96
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	89,70,29,229.76
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	54,82,74,328.08
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	71,94,27,576.94
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	38,68,28,559.79
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	95,77,35,154.65
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	West Bengal	F Form	1,29,99,28,216.35

INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	Indian Oil Corporation Limited	Orissa	F Form	53,79,74,612.64
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Orissa	F Form	48,91,36,446.77
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Orissa	F Form	60,37,30,397.80
INDIAN OIL CORPORATION LIMITED	Guwahati - A - 99	INDIAN OIL CORPORATION LIMITED	Orissa	F Form	48,56,51,080.08
NAYARA ENERGY LTD.	Guwahati - A - 99	NAYARA ENERGY LIMITED, Refinery Site 39 KM Jamnagar Okha Highway Vadinar 361305 Gujarat	Gujarat	F Form	22,31,69,859.59
NAYARA ENERGY LTD.	Guwahati - A - 99	NAYARA ENERGY LIMITED, Refinery Site 39 KM Jamnagar Okha Highway Vadinar 361305 Gujarat	Gujarat	F Form	40,63,72,037.16
NAYARA ENERGY LTD.	Guwahati - A - 99	NAYARA ENERGY LIMITED, Refinery Site 39 KM Jamnagar Okha Highway Vadinar 361305 Gujarat	Gujarat	F Form	18,55,96,553.51
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, UTTAR PRADESH	Uttar Pradesh	F Form	23,99,27,247.83
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, UTTAR PRADESH	Uttar Pradesh	F Form	47,55,49,647.95
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, BIHAR	Bihar	F Form	20,95,87,157.88
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, BIHAR	Bihar	F Form	25,20,39,592.60
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, BIHAR	Bihar	F Form	13,83,48,200.40
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	6,67,25,578.65
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	5,20,26,645.16
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	16,86,02,312.42
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	3,34,61,167.37
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	1,04,42,527.96
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	7,15,24,567.40
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	2,50,69,403.60
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	3,69,31,825.12

HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	9,39,48,564.80
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	9,87,00,093.55
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	32,20,95,317.96
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	13,45,67,056.02
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	37,21,24,987.84
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	12,97,79,980.80
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	24,03,14,774.11
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, WEST BENGAL	West Bengal	F Form	17,84,79,333.43
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, JHARKHAND	Jharkhand	F Form	9,00,19,321.59
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, JHARKHAND	Jharkhand	F Form	29,08,25,542.17
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, JHARKHAND	Jharkhand	F Form	20,77,37,054.69
HINDUSTAN PETROLEUM CORPN LTD	Guwahati - A - 99	HPCL, JHARKHAND	Jharkhand	F Form	9,58,40,469.52
M/S RELIANCE INDUSTRIES LTD.	Guwahati - A - 99	RELIANCE INDUSTRIES LTD Gujarat	Gujarat	F Form	20,84,35,824.00
M/S RELIANCE INDUSTRIES LTD.	Guwahati - A - 99	RELIANCE INDUSTRIES LTD Gujarat	Gujarat	F Form	21,28,63,371.00
S.I.R SERVICE	Guwahati-B - 10	NAYARA ENERGY LIMITED	West Bengal	C Form	19,77,566.37
S.I.R SERVICE	Guwahati-B - 10	NAYARA ENERGY LIMITED	West Bengal	C Form	9,69,462.14
SARMA PETROL PUMP	Guwahati-B - 10	NAYARA ENERGY LIMITED	West Bengal	C Form	31,53,995.86
Sintholi Service Station	Guwahati-B - 7	NAYARA ENERGY LIMITED	West Bengal	C Form	16,69,718.85
Sintholi Service Station	Guwahati-B - 7	NAYARA ENERGY LIMITED	West Bengal	C Form	16,69,718.85
POWER FUELS	Guwahati-B - 7	RELIANCE BP MOBILITY LIMITED	Assam	C Form	1,19,11,243.00
Reliance BP Mobility Limited	Guwahati-C - 7	RELIANCE INDUSTRIES LTD	West Bengal	C Form	26,07,13,955.77
Reliance BP Mobility Limited	Guwahati-C - 7	RELIANCE INDUSTRIES LTD	West Bengal	C Form	41,90,512.00
Reliance BP Mobility Limited	Guwahati-C - 7	RELIANCE INDUSTRIES LTD	West Bengal	C Form	1,11,46,611.89
Reliance BP Mobility Limited	Guwahati-C - 7	RELIANCE INDUSTRIES LTD	West Bengal	C Form	25,93,53,932.50
M/S.B.K.SERVICE STATION	Hojai - 1	Reliance BP mobility Limited	Assam	C Form	3,16,45,969.00

M/S.B.K.SERVICE STATION	Hojai - 1	RELIANCE BP MOBILITY PVT.LTD	Assam	C Form	50,98,520.00
M/S BAJRANGBALI FUEL STATION	Jorhat - 4	NAYARA ENERGY LIMITED	West Bengal	C Form	9,46,936.89
M/S PRAGATI FILLING STATION	Jorhat - 5	NAYARA ENERGY LIMITED	West Bengal	C Form	12,82,863.00
KHANIKAR FILLING STATION	Jorhat - 6	Nayara Energy Ltd	West Bengal	C Form	17,09,069.00
M/S TITAGURI PETROL PUMP	Kokrajhar - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	1,36,51,985.98
M/S TITAGURI PETROL PUMP	Kokrajhar - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	36,95,664.58
M/S TITAGURI PETROL PUMP	Kokrajhar - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	24,19,952.67
M/S NORTHEAST ENTERPRISE	Kokrajhar - 1	Reliance BP Mobility Limited	Assam	C Form	40,94,955.00
KOKRAJHAR FILLING STATION	Kokrajhar - 2	RELIANCE BP MOBILITY LTD.	Assam	C Form	1,30,20,255.00
SILBORI ENERGY STATION	Mangaldoi - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	27,61,979.96
MANGALDAI ENERGY STATION	Mangaldoi - 1	NAYERA ENERGY LIMITED	West Bengal	C Form	37,48,845.00
M/S KHAN FILLING STATION	Mangaldoi - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	16,67,605.00
M/S DALGAON ENERGY STATION	Mangaldoi - 2	NAYERA ENERGY LIMITED	West Bengal	C Form	43,28,879.00
M/S DALGAON ENERGY STATION	Mangaldoi - 2	NAYERA ENERGY LIMITED	West Bengal	C Form	1,44,15,663.00
M/S DALGAON ENERGY STATION	Mangaldoi - 2	NAYERA ENERGY LIMITED	West Bengal	C Form	74,76,434.00
SMS FILLING STATION	Mangaldoi - 2	NAYARA ENERGY LIMITED	West Bengal	C Form	13,87,167.30
M/s Fuel Junction, Vill.-Kasharigaon, Puranigudam, Nagaon.	Nagaon - 5	RELIANCE BP MOBILITY LIMITED	Assam	C Form	75,68,909.00
OIL INDIA LIMITED	Naharkatia - 1	INDIAN OIL CORPORATION LIMITED	Arunachal Pradesh	C Form	7,32,71,204.00
NIBEDITA THAKURIA,RETAIL OUTLET OF PETROLEUM PRODUCT	Nalbari - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	13,88,667.89
M/S INDRAJIT BORUAH	Sibsagar - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	13,41,046.35
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	43,37,75,454.86

M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	45,65,50,421.08
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	40,61,18,804.61
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	49,19,47,870.24
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	45,80,87,582.08
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	36,93,58,967.28
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	36,27,05,824.56
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	33,35,19,256.43
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	35,93,06,648.18
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	34,32,32,931.94
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	C Form	41,97,22,047.00
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	Indian Oil Corporation Limited	Tripura	C Form	2,13,47,291.00
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	81,60,429.44
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	51,53,203.92
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	25,25,016.16
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	36,29,070.80

M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	41,33,489.10
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	2,84,38,679.90
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	91,82,682.01
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	2,20,03,030.36
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	1,54,70,849.57
M/S OIL AND NATURAL GAS CORPORATION LIMITED	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Tripura	C Form	2,67,34,047.00
ongc	Sibsagar - 1	INDIAN OIL CORPORATION LIMITED	Nagaland	CST FORM C	30,78,08,824.00
ongc	Sibsagar - 1	M/S IOC	Tripura	CST FORM C	60,69,075.00
M/S HEENA SERVICE STATION	Tangla - 1	NAYARA ENERGY LIMITED	West Bengal	C Form	13,82,297.00

10.2 A2: Taxation of Mining a Legal Analysis

FACTUAL BACKGROUND

Based on the information available in the public domain, we understand that:

1. The Assam Taxation (On Specified Lands) Act, 1990 was enacted to impose tax on certain categories of land and to provide for connected matters.[89] Section 2(h) defined the term 'specified land' to *mean* land used for tea estate and land used as coal mine. It was amended in 1994 to delete the words 'coal mine'.[90] It was further amended in 2004 to reintroduce coal bearing land under Section 2(h) along with crude oil bearing land, natural gas bearing land and lime-stone bearing land.[91] The Assam Taxation (On Specified Lands) Act, 1990 along with all its amendments is hereinafter referred to as the "**Assam Act**".

   In terms of the 2004 amendment to the Assam Act, the annual productivity of the specified land for the purposes of taxation in respect of any year is determined by aggregating:-

   (a) the quantity in metric tonnes of coal extracted or obtained from coal bearing land during a year;
   (b) the quantity in metric tonnes of crude oil extracted or obtained from crude oil bearing land during the year;
   (c) the quantity in cubic metre of natural gas produced from natural gas bearing land during the year;
   (d) the quantity in metric tonnes of limestone extracted from limestone bearing land during the year.

   In respect of a specified land which yields more than one item, it is provided that the productivity of all such items taken together shall be the annual productivity of such specified land. Further, the 2004 amendment prescribed tax rates of Rs. 50, Rs. 200, Rs. 100 and Rs. 10 for every metric tonne or cubic meter of the annual productivity as the case may be, of the lands bearing coal, crude oil, natural gas and limestone respectively.

   Further, based on perusal of the amendments to the Assam Act on the legislative.assam.gov.in website, we understand that these rates have not been revised.

2. The Supreme Court in *Mineral Area Development Authority & Anr.* ("***MADA***") v. *M/S Steel Authority of India ("**SAIL**") & Anr. Etc.*[92] upheld the states' power to levy tax on mineral rights under Entry 50,[93] and on mineral-bearing lands under Entry 49[94] of the State List. Based on a

[89] The Assam Taxation (On Specified Lands) Act, 1990.

[90] The Assam Taxation on Specified Land (Amendment) Act, 1994.

[91] The Assam Taxation on Specified Land (Amendment) Act, 2004.

[92] Civil Appeals Nos. 4056-4064 of 1999 decided on July 25, 2024.

[93] Entry 50, List II, VII Schedule, Constitution of India: Taxes on mineral rights subject to any limitations imposed by Parliament by law relating to mineral development.

[94] Entry 49, List II, VII Schedule, Constitution of India: Taxes on lands and buildings.

combined reading and analysis of legislative entries under the Union (Entry 54)[95] and State lists (Entry 23[96] and 50), the Supreme Court concluded that the power to levy tax on mineral rights was subject to explicitly placed statutory restrictions, which were absent under the Mines and Minerals (Development and Regulation) Act, 1957 ("**MMDRA**"). It also affirmed that royalty is not tax.

3. The 2004 amendment to the Assam Act had been challenged before the Assam High Court which upheld the said Act.[97] The appeal thereto in the Supreme Court was tagged along with *MADA* v. *SAIL*. Arguments in the tagged matter involving dispute between two oil companies and the *State of Assam* pertained to laws not limited to the MMDRA, i.e., the Oilfields (Regulation and Development Act) 1948 ("**ORDA**") and the Petroleum and Natural Gas Rules, 1959 ("**PNG Rules**") issued thereunder. The Supreme Court in *MADA* v. *SAIL* has not directly addressed the arguments raised in this regard. Accordingly, the status of the matter is '*pending for final hearing*' in February 2025.

4. Further, in the State of Assam, extraction and production of crude oil and natural gas (which are not minerals and hence outside the ambit of MMDRA) is subjected to royalty levied under Section 6A of the ORDA read with PNG Rules. It must be noted the legislative field pertaining to oilfields and mineral oil resources is covered by Entry 53 of List I i.e. the Union List and, therefore, specific corresponding taxing power with the State is absent as no such similar entry exists under List II.[98]

5. Lastly, lease holders are also subjected to the levy of service tax/GST on the royalty paid by them. Oil India has challenged the demand thereof, which is subject matter of TP (C) 300-304/2024 and pending before the Supreme Court.

QUESTIONS

6. In light of the above factual background, the broad question to be addressed is the avenues that are now available for the State of Assam to earn revenue from activities relating to minerals and mineral bearing lands in the state. For ease, we have dissected the broad query into two specific sub-queries:

    A. Whether imposition of tax on coal bearing land, crude oil bearing land, natural gas bearing land and lime-stone bearing land as per the Assam Act is constitutional?

    B. What options does the State of Assam have in order to increase its revenue in mineral related activities?

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[95] Entry 54, List I, VII Schedule, Constitution of India: Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest.

[96] Entry 23, List II, VII Schedule, Constitution of India: Regulation of mines and mineral development subject to the provisions of List I with respect to regulation and development under the control of the Union.

[97] (2006) 1 GLR 593.

[98] Entry 53, List I, VII Schedule, Constitution of India: Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable.

REFERENCES

7. In order to address the queries above, we have referred to and relied on the following:
   a) The Constitution of India;
   b) The Assam Act;
   c) The Assam Rural Development Cess Act, 1988, and Repealing Act, 2022;[99]
   d) The MMDRA;
   e) ORDA;
   f) PNG Rules
   g) Andhra Pradesh (Mineral Rights) Tax Act, 1975;
   h) Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005;[100]
   i) Chhattisgarh (Adhosanrachna Vikas Evam Paryavaran Upkar) Adhiniyam 2005;
   j) Chhattisgarh Land Revenue Code 1959;
   k) Goa Rural Improvement and Welfare Cess Act, 2000;[101]
   l) Gujarat Mineral Rights Tax Act, 1985;
   m) Gujarat Rural Development Cess Act, 1984;
   n) Jharkhand Mineral Bearing Land Cess Act, 2024 and rules thereunder;
   o) Karnataka (Mineral Rights) Tax Act, 1984;
   p) Karnataka Cess and Other Taxes on Minerals (Validation) Act, 1992;
   q) Kshetra samiti Panchayat and Zila Panchayat Adhiniyam, 1961;[102]
   r) Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikas Adhiniyam, 2005[103] and rules thereunder;
   s) Meghalaya Minerals Cess Act, 1988;[104]
   t) Meghalaya Minerals Cess (Amendment) Act, 1989;[105]
   u) Meghalaya Minerals Cess (Amendment) Act, 2020;[106]
   v) Orissa Rural Infrastructure and Socio-economic Development Act, 2004;
   w) Rajasthan Finance Act, 2008;[107]
   x) Uttar Pradesh Special Area Development Authority Act, 1986[108], and Shaktinagar Special Area Development Authority (Cess on Mineral Rights) Rules.

ANALYSIS

At the outset, it may be noted that the analysis provided in this note excludes any comment on the scope of power to levy service tax in the context of GST as the matter is subjudice before the Supreme Court as discussed earlier.

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[99] Assam Rural Development Cess (Repealing) Act, 2022.

[100] Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005.

[101] Goa Rural Improvement and Welfare Cess Act, 2000.

[102] Uttar Pradesh Kshetriya Panchayat and Zila Panchayat Act, 1961.

[103] The Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikas Adhiniyam, 2005.

[104] Meghalaya Minerals Cess Act, 1988.

[105] Meghalaya Minerals Cess (Amendment) Act, 1989

[106] Meghalaya Minerals Cess (Amendment) Act, 2020.

[107] Rajasthan Finance Act 2008.

[108] Uttar Pradesh Special Area Development Authority Act, 1986.

A. Whether imposition of tax on coal bearing land, crude oil bearing land, natural gas bearing land and lime-stone bearing land as per the Assam Act is constitutional?

1. Assam Act is a law under Entry 49 of List II. It may be noted that the Assam Act was upheld by the Assam High Court on a challenge by Oil India. However, an appeal against this decision is pending in the Supreme Court as discussed **at para 3 above.**

2. That being said, it merits noting some observations of the Supreme Court in *MADA* v. *SAIL*:

    a. The use to which the land is put does not affect the competence of the State legislature to tax it and it may take into account the use of land for determining the measure of taxation under Entry 49 of List II. The yield of mineral bearing land, in terms of the quantity of mineral produced or the royalty, can be used as a measure to tax the land under Entry 49 of List II.

    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.

    c. The power to levy a tax on lands necessarily entails the power to classify lands sought to be taxed depending upon their use and productivity. A flat tax on all lands, irrespective of their use or productivity, may place an unequal burden on owners and occupiers of land. The state legislature has wide discretion to classify lands and levy taxes under Entry 49, including lands comprising mines and quarries.

3. The Supreme Court judgement directly clarifies the validity of the Assam Act vis-a-vis land bearing coal and limestone. However, in view of the pendency of the relevant connected matter, *viz.* appeal against the Assam High Court judgement, following key points may be noted vis-a-vis crude oil and natural gas:

    a. The Supreme Court has not stayed the application of the Assam Act and we understand that the State of Assam has continued to levy tax thereunder.

    b. The principles enunciated under the judgment in *MADA* v. *SAIL* also apply to crude oil and natural gas bearing lands under the Assam Act, since the law is enacted by exercise of state's legislative power under Entry 49 of List II, viz. tax on land.

4. Thus, the Assam Act prescribes a tax on lands. This was affirmed by the Assam High Court which upheld the law. While the Supreme Court however has yet to give its final ruling on the appeal thereof, the Assam Act remains constitutionally valid as of date.

B. What options does the State of Assam have in order to increase its revenue in mineral related activities?

1. In order to address this question, it is pertinent to understand the taxing powers of the State in this regard by delving deeper in the ruling of the Supreme Court in *MADA* v. *SAIL.* In this case, the Supreme Court clarified two concepts pertaining to mineral development and regulation: tax on mineral lands, and tax on mineral rights:

    a. The first concept, *viz. tax on mineral lands*, is covered by Entry 49 of the List II. Being an unrestricted field, states have unrestricted power to tax lands including mineral-bearing lands.

    b. The second concept, *viz. tax on mineral rights*, is addressed in Entry 50 of the List II, and was a major point of contention between States and mining companies in view of MMDRA under Entry 54 of the List I.

The Supreme Court clarified that the power to tax mineral rights is subject to any explicit limitations imposed by the Parliament by law made under Entry 54 of the Union List. It also observed that MMDRA, the prevailing union legislation under Entry 54, does not subject the relevant states' taxation power to any such explicit limitations.

2. The Supreme Court defined mineral rights as a bundle of rights that follow the ownership of minerals, including rights that can be transferred to a lessee through a mining lease like working the mines, winning the minerals, and monetizing the minerals obtained by removing or consuming them. In addition to this, it explained the scope of mineral rights by referring to the MMDRA, wherein a lessee has the power and liberty to enter upon the land, search, mine, bore, dig, convert, carry away and dispose of the minerals, among other associated activities.

3. In this backdrop, the State of Assam has the power to enact legislations under Entry 49 and 50 of List II. While there exists a legislation under Entry 49, the Assam Act, the State of Assam may explore the option of widening the ambit of the Act by including more minerals. For legislation under Entry 50, the government may tax a specific aspect of mineral rights of leaseholders. For better insight, below are some examples of States that have enacted legislations under the said entries.

Entry 49 of List II

4. **Chhattisgarh**

4.1. The Chhattisgarh (Adhosanrachna Vikas Evam Paryavaran Upkar) Adhiniyam 2005 ("**Chhattisgarh Act**") provides for levy of ***cess on all lands*** for raising funds to implement infrastructure development projects and environmental improvement projects. It defines cess to mean infrastructure development cess under section 3 or environmental cess levied under section 4 of the Act. It levies cesses on all lands on which land revenue or rent, by whatever name called, is levied. The rates of cess vis-a-vis mineral bearing lands and otherwise are reproduced below:

Rates of development cess		
S No	**Classification of Land**	**Rate of development cess**
1	On land covered under **coal** and iron ore mining leases	Rs. 5 on each tonne of annual dispatch of mineral
2	On land covered under **mining leases other than (1) above**	5% of the amount of royalty payable annually
3	On land other than land covered under (1) and (2)	5% percent of the amount of land revenue or rent, as the case may be payable annually
Rates of environment cess		
S No.	**Classification of Land**	**Rate of environmental cess**
1	On land covered under **coal** and	Rs. 5 on each tonne of annual dispatch of

	iron ore mining leases	mineral
2	On land covered under **mining leases other than (1) above**	5% of the amount of royalty payable annually
3	On land other than land covered under (1) and (2)	5% of the amount of land revenue or rent, as the case may be payable annually

The cess in addition to the land tax payable under the Chhattisgarh Land Revenue Code read with the Chhattisgarh Land under Mining Leases Quarry Leases Assessment Rules, 1987 at rates specified thereunder for lands under mining and quarry leases.[109]

5. Jharkhand

5.1. On November 18, 2020, Jharkhand had enacted the Jharkhand Mineral Bearing Land (Covid-19 Pandemic) Act, 2020. It levied cess on mineral bearing land for purposes arising out of the covid-19 pandemic including rehabilitation/ employment of labourers/ migrant labourers, mitigating the hardships caused due to loss of jobs, augmenting the existing health infrastructures, etc. Notably, the levying provision, i.e., Section 3 thereof subjected the levy therein to any limitation imposed by the Parliament by law relating to mineral development.

5.2. Jharkhand has now enacted the Jharkhand Mineral Bearing Land Cess Act, 2024 ("**Jharkhand Act**") effective w.e.f. October 07, 2024. Further, the Jharkhand Government has notified the Jharkhand Mineral Bearing Land Cess Rules, 2024 on October 15, 2024 ("**Jharkhand Rules**"). It may be noted that the cess collected under the Jharkhand Act is used for specific purposes specified under Section 4 therein. Further, unlike its 2020 legislation, the Jharkhand Act does not spell out subjecting the levy of cess to central legislation.

5.3. The Jharkhand Act provides for levy of ***cess on the annual value of mineral bearing land* (*including coal bearing land*).** For this purpose, such land is defined to be area allocated/granted/deemed to be granted for mineral right, i.e., mining or quarry lease or exploring license or prospecting license or petroleum mining lease under following Acts:

5.4. The Jharkhand Act requires the cess payable to be assessed in accordance with the Jharkhand Rules and the cess so collected to be credited into the consolidated fund of state. Determination of cess payable is as may be payable on the quantity of such run-of-mine/minerals as made at the time of dispatch of such run-of-mine/mineral from mineral bearing land by such date as prescribed. The Jharkhand Act specifies cess rates for land bearing (a) coal; (b) iron ore; (c) bauxite; (d) limestone; (e) manganese ore; and (f) any other mineral bearing land. This is as follows:

[109] CAG Report 2018, Government of Chhattisgarh

S. Nos.	Classification of mineral bearing land	Rates of Cess
1	**Coal bearing**	Rs. 100/- per metric tonne of coal dispatch
2	Iron ore bearing	Rs. 100/- per metric tonne of iron ore dispatch
3	Bauxite bearing	Rs. 70/- per metric tonne of bauxite dispatch
4	**Limestone bearing**	Rs. 50/- per metric tonne of limestone dispatch
5	Manganese ore bearing	Rs. 50/- metric tonne of manganese ore dispatch
6	**Any other mineral bearing**	50% of the royalty paid on the dispatch of mineral per tonne

6. **Madhya Pradesh**

6.1. The Madhya Pradesh government enacted the Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikas Adhiniyam, 2005, ("**MP Act**") which sought to levy and collect rural infrastructure and roads development ***tax on all mineral bearing lands.*** The tax is levied annually and cannot exceed 20% of the *annual value of the mineral bearing land*.

6.2. For this purpose, the MP Act defined "annual value of the mineral bearing land" under Section 2(a) as one-half of the value of minerals produced from mineral bearing land in the two financial years preceding the relevant financial year, and excludes taxes, royalty, washing charges *et al*. The mineral bearing land is defined to mean land that bears minerals, which in turn are defined under Section 3 of MMDRA, and also includes coal bearing land.

6.3. Notably, the MP Act provided for the constitution of a committee that would recommend to the State government the rate at which the aforementioned tax is to be levied.

7. **Orissa**

7.1. The Orissa Rural Infrastructure and Socio-economic Development Act, 2004 ("**ORISED**") provided for levy of ***rural infrastructure and socio-economic development tax on all mineral bearing lands*** annually at such rate not exceeding 20% of the annual value of such lands that the state government may notify. The purpose of the cess was specified to be additional resources for the state for development of infrastructure, promotion of education and employment and for socio-economic development in rural backward and mining areas of the state. ORISED also accounted for non productive lands and capped the tax that may be notified for such lands at the dead rent payable for the same.

7.2. ORISED and the rules framed thereunder have been declared ultra vires by the Orissa High Court in December 2005. The special leave petition filed in the Supreme Court in 2006 by the state government challenging the high court order is still pending for disposal.

Entry 50 of List II

8. **Goa**

8.1. Goa enacted Goa Rural Improvement and Welfare Cess Act, 2000 ("**Goa Act**") levied ***cess on carriers transporting specified material which includes iron ore, coal, coke, sand,*** among others. The carrier is defined to mean any mode or conveyance of facility by which material is transported from one place to another mechanically.

8.2. The Goa Act provided discretionary power to the State government to constitute an Advisory Committee to advise the government on matters relating to the administration of the Goa Act referred to it, and also on the amount of cess.

8.3. The cess is directed towards improvement of public health, water supply, improving villages affected by transportation of such materials. The cess rate on relevant materials are mentioned hereinbelow:

Material	Rate
1. Iron ore, manganese ore, and bauxite ore (where royalty is paid to Government)	Rs. 2/- per metric ton
1. Iron ore, manganese ore, and bauxite ore (where royalty is not paid to Government) **2. Coal** 3. Coke	Rs. 5/- per metric ton
1. Sand	Rs. 2/- per cubic meter
Any other items as notified by the Government from time to time.	Rs. 2/- per ton/cubic meter/per package, as specified by the Government.

9. **Meghalaya**

9.1. The Meghalaya Minerals Cess Act, 1988 ("**Act**") sought to levy ***cess on some minerals*** for the purpose of development of primary education, and development and improvement of mining areas. Within the definition of "minerals", the Act covered coal, sillimanite, limestone, and fire-clay.

9.2. Notably, the amendment of the Act in 1989 altered the scope of Section 3 of the Act in that it sought to levy cess on any person who *removes* minerals from *any dumping ground* in the State. It defined "dumping ground" as a stack-yard or place where the minerals are stacked after mining and is not more than one kilometer from the mine or quarry, whereas "remove" is defined to mean transporting minerals from dumping ground for the purpose of trading.

9.3. The Act was amended in 2020 to increase the ambit of "minerals" to include iron ore, building stone, boulder, gravel, ordinary sand, ordinary clay, ordinary earth, brick

earth, slate, shale, granite, quartz, quartzite, and sandstone. The Amendment also revised the rate of cess, in addition to including *any type of land* apart from mines and quarries in Section 3. The rates are provided below:

Mineral	**Cess Rate (per MT)**
Coal	Rs. 10 [Act of 1988]
Limestone	Rs. 60 [revised in 2016]
Sillimanite	Rs. 300 [revised in 2009][110]
Fire-clay	Rs. 5 [revised in 2009]
Iron ore	Rs. 110 per tonne [Amendment 2020]
Building stone, and boulder	Rs. 25 per cubic meter
Gravel, and ordinary sand	Rs. 30 per cubic meter
Ordinary clay, ordinary earth, and brick earth	Rs. 25 per cubic meter
Quartz, slate, and shale	Rs. 25 per tonne
Quartzite and sandstone	Rs. 60 per cubic meter
Granite	Rs. 250 per cubic meter

9.4. The Act was challenged in *Limestone and Boulder Stone Miners Cum Exporters* v. *State of Meghalaya* (2019)[111] before the Meghalaya High Court. Pursuant to *MADA* v. *SAIL*, the High Court disposed of the case as the petitioner withdrew their challenge to the vires of the Act.

10. **Rajasthan**

In its financial legislation, Rajasthan Finance Act, 2008, the Rajasthan government levied an ***education and health cess on mineral rights*** at a rate not exceeding Rs. 500 per each tonne of minerals dispatched. The cess so collected was to be utilized for

[110] Notification (2009), Government of Meghalaya

[111] *Limestone and Boulder Stone Miners Cum Exporters Forum* v. *State of Meghalaya*, WP(C) No. 454 of 2019

protection of environment and health, and maintenance of ecological balance especially in mining areas of the State. Chapter VII of the Act pertaining to levy of cess, and the rules made thereunder, were challenged before the Rajasthan High Court[112] in several cases, but their validity was upheld by the court. The said decision was challenged in the Supreme Court and awaits final decision along with other tagged matters pending in *MADA* v. *SAIL*.

11. **Uttar Pradesh**

11.1. Uttar Pradesh Special Area Development Authority Act, 1986 ("**UP Act**") empowered the Development Authority to ***tax mineral rights*** of holders, subject to approval of the State government. In pursuance to the parent legislation, Shaktinagar SADA rules were enacted wherein the Development Authority was empowered to impose "*a cess on mineral rights*" on the 'coal, 'stone', 'coarse sand' and 'sand' "*on the basis of per ton or per cubic metre of mineral extracted at the prescribed rates*." The validity of Section 35 of the Uttar Pradesh Act was upheld by the Allahabad High Court in the case of *Ram Dhani Singh* v. *Collector* (2000)[113]. However, an appeal against the decision is pending with the Supreme Court in *MADA* v. *SAIL*.

11.2. Under the Kshetra samiti Panchayat and Zila Panchayat Adhiniyam, 1961, the Zila Panchayat had levied tax on transportation of coal, sand from mining areas. Against this backdrop, power of the State legislature to tax transportation of minerals under Entry 50 in view of MMDRA was challenged before the Allahabad High Court. Due to contradictory decisions of two division benches of the High Court, the case was referred to the larger bench. The bench affirmed the power of the State to levy transport fee on minerals, and underlined that the tax levied by Zila panchayat is on the truck carrying minerals and not on the minerals *per se*. An appeal against respective High Court decisions is pending before the Supreme Court as a tagged matter in *MADA* v. *SAIL*.

Entry 49 and 50

There are certain states that have enacted legislations under both entries 49 and 50:

12. **Andhra Pradesh**

12.1. Andhra Pradesh (Mineral Rights) Tax Act, 1975 ("**AP Act**") provided for levy and collection of ***tax on mineral rights*** of mineral lease holders with respect to minerals in the State. The AP Act covered 42 minerals including coal, limestone, iron, granite among others. Additionally, it also kept the scope of the Act open by including minerals that are not specified in Schedule 1. The rate of cess shall be at a rate not exceeding ten times of the royalty to be paid by the holder under Section 9 of the MMDRA. It must be noted that Section 3 of the Act explicitly underlines that the power to levy tax on minerals shall be subject to any limitations imposed by the Parliament in law relating to mineral development and rules thereunder. It must be noted that Section 3 of the Act was held ultra vires by the Andhra Pradesh High Court[114] based on the ratio of India Cements case. Since the Supreme Court has not overruled the HC's judgement, the taxation provision remains inactive.

[112] *Madhyabharat Phosphate Pvt. Ltd.* v. *State of Rajasthan*, 2011 SCC OnLine Raj 3026.

[113] *Ram Dhani Singh* v. *Collector*, 2000 SCC OnLine All 214 : AIR 2001 All 5.

[114] *KCP Ltd. (Ramakrishna Cements), Macherla, Guntur Distt.* v. *Government of A.P.*, 1990 SCC OnLine AP 68

12.2. Pursuant to the *Kesoram* case, the government enacted Andhra Pradesh Mineral Bearing Lands(Infrastructure) Cess Act, 2005, that provided for levying ***cess on mineral produce*** **from mineral bearing land** for improvement of infrastructure facilities for exploitation of mineral resources in the State. The Act extends to minerals mentioned in the Second Schedule of MMDRA, mineral oils including natural gas and petroleum, and minerals mentioned in the Schedule 1 of AP Minor Mineral Concession Rules, 1966.

13. **Gujarat**

13.1. Gujarat Mineral Rights Tax Act, 1985 ("**Gujarat Act**") provided for levy and collection of ***tax on mineral rights*** of holders of mineral land leases at rates specified in column 2 of the Schedule against minerals specified in column 1 of the column 1 therein. The table is reproduced below.

S. Nos.	**Mineral**	**Tax**
1	Quartz	4
2	Silica Sand	4
3	Calcarious Sand	25
4	China Clay	4
5	Dolomite	10
6	Fireclay	4
7	Bauxite	10
8	Laterite	10
9	Lignite	25
10	**Limestone**	25
11	Flourspar	25

While the Gujarat High Court had in *Tata Chemicals* v. *State of Gujarat* (1988),[115] decided in 1988 upheld the validity of the Gujarat Act, the Supreme Court in

[115] (1988) 1 GLR 589.

Saurashtra Cement & Chemicals Industries Ltd. v. *Union of India* (2001)[116] had reversed the High Court decision at the back of *India Cements Ltd.* v. *State of Tamil Nadu* (1990).[117] Consequently, the final decision in this regard has been delivered in *MADA* v. *SAIL* wherein the Supreme Court has expressly overruled the judgement in *Saurashtra Cement & Chemical Industries Ltd.* v. *Union of India*.

13.2. In addition to this, Gujarat has enacted the Gujarat Rural Development Cess Act, 1984 ("**GRDC Act**") which provides for rural development cess for development of rural areas in the State of Gujarat. Under the GRDC Act, rural development cess is provided at rates fixed by the state government by notifications within the ceiling of 20% of the annual value of *lands* held for carrying out of excavation for the purposes of obtaining mineral oils and extraction of mineral oil (including casing head condensate, natural gas and petroleum).

CONCLUSION - AVENUES FOR TAXING MINERAL ACTIVITIES IN THE STATE

14. Based on a comparative analysis of the various state legislations discussed above, some common themes appear. 4 states have taxed mineral bearing lands, 4 have taxed mineral rights and/or transportation of minerals and 2 states have taxed mineral bearing lands and mineral rights. To assess the best courses of action that suit its requirements, the State of Assam must keep certain considerations in mind, these are discussed below:

14.1. ***Taxing Mineral bearing lands***

14.1.1. Jharkhand and Chhattisgarh levy cess on mineral bearing lands whereas Madhya Pradesh and Orissa levy tax thereon.[118] The Jharkhand Act is the latest law on the subject, and it levies cess on mineral bearing lands, thus, it uses the power under Entry 49 of List II, which is a relatively unrestricted power with the state legislature.

14.1.2. The Assam Act is similar in some respects to the Jharkhand Act, in that it also taxes mineral bearing lands. Though the distinction between the two legislations primarily is the subject matter covered. That is, while the Assam Act is meant to tax specified areas, it also includes tea estates and oilfields in addition to lands bearing 2 minerals, i.e., coal and limestone. The Jharkhand Act on the other hand specifically and comprehensively deals with mineral bearing lands. It levies cess for specific purposes.

14.1.3. Further, in terms of the mineral bearing lands covered, the Assam Act identified specific mineral bearing lands, (*viz.* coal and limestone) and lands bearing crude oil and natural gas.[119] Whereas, the Jharkhand Act exhaustively

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[116] Saurashtra Cement & Chemical Industries Ltd. v. Union of India, (2001) 1 SCC 91

[117] India Cement Ltd. v. State of T.N., (1990) 1 SCC 12

[118] Madhya Pradesh and Orissa levy a tax on all mineral bearing lands, the rates of which are notified by the State Governments. Both States have capped the rates that can be notified to 20% of the annual value of such lands.

Chhattisgarh levies development cess and environment cess on mineral bearing lands. This is at Rs. 5 on each tonne of annual dispatch of iron ore and coal in the lease. For other minerals covered by lease under the MMDRA, the levy is 5% of the amount of royalty payable annually.

[119] Coal, cement grade limestone,china clay, iron ore, glass sand, sillimanite, granite etc. are the main economic minerals of Assam.

covers mineral bearing lands. A table comparing this and the difference in the rates of levies is reproduced below:

Tax Rates (Land)	**Assam[120]**	**Jharkhand[121]**
Coal	50	100
Crude Oil	200	
Natural Gas	100	
Limestone	10	50
Iron Ore	NA	100
Sillimanite	NA	
Any other mineral bearing land	NA	**50% of royalty paid on dispatch per tonne**

14.1.4. It is noted that the Assam Land and Revenue Regulation 1886 may already be levying land tax on other types of mineral bearing lands. Nevertheless, the State of Assam can consider streamlining the same, following the feat of Jharkhand, by enacting a specific law prescribing cess on mineral bearing land to comprehensively cover mineral bearing lands (governed under MMDRA) in the state. It can also consider rationalising the rates of the levies.

14.1.5. In order to operationalise this, it would also be key to assess whether this be done by replacing the Assam Act or by amendment thereof. Lastly, the State may consider awaiting the disposal of the appeal pending in the Supreme Court, the next date for final hearing of which is February 05, 2025.

*14.2. **Taxing Mineral rights and transportation of minerals***

14.2.1. Meghalaya and Rajasthan levy cess on some minerals in the nature of mineral rights. Uttar Pradesh taxes mineral rights and transportation of some minerals while Goa levies cess on carriers transporting minerals.[122]

[120] In Rupees, for every tonne or cubic meter of Annual Productivity

[121] In Rupees, for every tonne of cubic meter of annual dispatch.

[122] Meghalaya levies cess on some minerals, and it is levied on the person extracting/removing such minerals. The Goa Act also levies cess on carriers transporting minerals. Rajasthan also levies cess in the nature of education and health cess on mineral rights.

The UP Act empowers the Development Authority to tax mineral rights of leaseholders. Pursuant to this, rules imposed cess on mineral rights on certain minerals. The validity of the UP Act was upheld by the Allahabad High Court, but the appeal thereto is pending before the Supreme Court. Further, UP also levies tax on transportation

14.2.2. The State of Assam has the option to tax mineral rights. However, it is reiterated that the subject matter of taxation of mineral rights under Entry 50 that rests with the state legislatures, is subject to any central legislation explicitly limiting the same. Though the Supreme Court has in *MADA* v. *SAIL* ruled that there is no limitation prescribed under MMDRA, this does not restrict any future use of this power to limit states' taxation of mineral rights if and when the Central Government is of the view that mineral development is being thwarted by high taxation of mineral rights by the states. Hence, while the State of Assam may choose to tax mineral rights, this power is not unrestricted.

14.2.3. Further, it is reiterated that crude oil and natural gas do not fall under Entry 50 of List II and that the subject matter pertaining to taxation of the right to extract crude oil and natural gas is not expressly and separately provided for under List II, and accordingly rests with the Union government under Entry 53 of List I.

14.3. ***Taxing both mineral bearing lands and mineral rights***

14.3.1. Andhra Pradesh and Goa tax both mineral bearing lands and mineral rights. The State of Assam also has the option to do so. However, in doing so it must be cognizant of the considerations mentioned below.

14.3.2. It must be noted that taxing both mineral bearing lands and mineral rights may amount to high handedness of taxation which would put an excessive tax burden on mineral companies. The decision to tax both the land and rights will increase compliance burden on the companies, and the burden may eventually shift on the consumers. It merits attention that the State of Assam had two legislations covering the mineral bearing land, namely: Assam Act and the Assam Rural Development Cess Act, 1980. The latter was repealed by the government in 2022 through the repealing act, Assam Rural Development Cess (Repealing) Act, ***as a part of reducing compliance burden*** initiative of the Government of India.[123]

14.3.3. Additionally, the Andhra Pradesh government, in order to secure its revenue collection, sought to tax mineral-bearing land when its legislation levying tax on minerals was held ultra vires by the Andhra Pradesh High Court. In this backdrop, it requires consideration on whether taxing both mineral land and rights would discourage mining companies from performing their operations in the State, and whether such a decision would be at odds with State of Assam's larger objective of lesser compliance burden.

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of coal, sand from mining areas. This levy was also challenged and a decision therein is pending before the Supreme Court.

[123] The Assam Rural Development Cess Act, 1988, and Repealing Act, 2022.