

**MATERIALS FOR UPDATION OF GOVERNMENT WEBSITE  
( PARLIAMENTARY AFFAIRS DEPARTMENT )**

**CABINET DECISIONS**

**29.10.2004**

- 1. Proposal for enactment of a new Legislation for augmentation of additional resources for development of Infrastructure and Promotion Education, Employment and 3999 Socio-Economic Development Programme in Rural, Backward and Mining areas by imposing tax on mineral bearing land.**

Orissa is a poor State carrying in its womb a lot of mineral wealth of great potential value. The State is taking various steps for augmentation of its revenue by imposing tax and fees through Legislation. For realizing resources, a tax was imposed on mineral bearing lands through the Orissa CESS Act, 1962. The said Act was challenged in the Orissa High Court and subsequently in the Apex Court. However, the Orissa Cess Act, 1962 was struck down by the Supreme Court in 1991. Subsequently the State of Orissa, for promotion of employment in Rural areas and for implementation of rural production programme enacted a law "Orissa Rural Employment, Education and Production Act, 1992" (OREEP Act 1992). But the said Act was also declared ultra virus by the Supreme Court in 1992.

The case filed by the State of West Bengal and Another-vrs-Kesoram Industries Ltd., the validity of levy of cess on coal bearing land, mineral bearing lands and a tea plantation lands came up for hearing by the constitutional bench of the Apex Court. The Hon'ble Supreme Court in their judgment dated 15.1.2004 held that the power to tax or levy for augmenting revenue shall continue to be exercisable by the State Legislature inspite of regulation or control having been assumed by another legislature i.e. Union.

In view of the above case, the matter in relation to levy of tax on coal bearing and mineral bearing lands was considered in the light of the judgement of Supreme Court in "State of West Bengal

and Another-vrs-Kesoram Industries Ltd” to augment additional resources for development of infrastructure, promotion of education, employment and socio-economic programmes in rural backward mining areas. The said development programmes can not be undertaken unless sufficient funds are available.

Therefore, it was decided to impose tax on mineral bearing lands through Legislation.

**2. Clarification on charging of conversion fees in case of construction made over the leasehold plot in deviation of the approved plan.**

Some practical difficulties were encountered while according permission to convert the leasehold plots into freehold tenure as many lessees have sometimes constructed a small portion of the intended building or only constructed an asbestos house, out house etc.

This matter was placed before the Cabinet Sub-Committee on 5.1.04. Keeping in view difficulties faced in physically determining vacancy of plots on the basis of the extent of the built up area, the Committee decided that the current practices of charging 10% of the premium for those plots which have been built up in deviation of the approved building plan is reasonable.

In view of the above, it was decided to charge 10% of the land premium towards conversion fee, where building has been constructed without plan/diviating to the approved plan, w.e.f. 18.7.2003.

**3. Proposal to amend the Sri Jagannath Temple Act, 1954.**

The proposal to amend the Act mainly includes the following:

In addition to the existing 14 members of the Managing Committee, inclusion of 4 more members such as; Additional Chief Secretary As Ex-officio member who shall also be working Chairman, Additional Secretary to Govt. in-charge of Shri Jagannath Temple Administration as Ex-officio member, another Sevak in the Managing Committee and another member (under

clause (h) of sub-section (1) of section (6)) i.e., a Chartered Accountant in the Managing Committee.

The Cabinet has approved the proposal.

**4. Appointment of Chairman in the Orissa Public Service Commission, Cuttack.**

On attaining the age of superannuation Sri Vivekananda Pattanayak, Chairman, OPSC will cease to hold office w.e.f. 11.12.04 (AN) and the post of Chairman will fall vacant w.e.f. 11.12.04 (AN). The Cabinet today, accorded approval of the name of Shri P.K. Mohanty, IAS (Retd.), Member, O.P.S.C. for appointment as Chairman, O.P.S.C. w.e.f. 11.12.2004 (A.N.) on the date he actually assumes charge as Chairman.

**5. Modification of the Industrial Policy Resolution, 2001.**

The Cabinet discussed and reviewed its decisions in its 3rd meeting held on 09.09.2004 on the Industrial Policy Resolution, 2001. The Cabinet in that meeting had approved the definition of mega projects and decided on extending certain incentives to mega projects so defined. It had also decided to give some special benefits to the handloom and handicraft industries by including them in the list at para 22 of the IPR. The Cabinet had also decided in this meeting to exclude certain categories of industries from the negative list. It was noted by the Cabinet that Resolution regarding special dispensation for handloom and handicraft industries as well as exclusion of certain categories of industries from the negative list have already been issued.

The Cabinet noted that in the current market conditions, mineral based industries particularly in the Steel and Aluminium sector are enjoying unprecedented boom owing to global surge in demand and favourable conditions in the domestic market. The Cabinet, therefore, after detailed discussion decided that benefits under the Special Industrial Promotional Assistance (SIPA) with respect to reimbursement of Sales Tax by way of assistance to the extent of 50% of the sales tax paid in the preceding years subject to a maximum of total capital investment will not be

extended to the mineral based mega industries. However, these mineral based mega industries will be eligible for exemption of entry tax on imports through the ports of Orissa. They would also enjoy the benefits of concessional central sales tax on sale of finished products which shall not exceed 2% for 15 years. Cabinet considered this as necessary to provide a level playing field and to attract the industries to invest in Orissa.

Cabinet also reviewed the position vis-a-vis the priority sector industries as listed in para 3.25 of the Industrial Policy Resolution, 2001 covering industrial units in the following categories

- (i) Electronics, telecommunication, information technology and IT enabled service;
- (ii) Agro and Marine based industries;
- (iii) Bio-technology related;
- (iv) Craft related;
- (v) Tourism related;
- (vi) Mineral-based industries including gem cutting and polishing;
- (vii) Fly ash-based industries utilising a minimum of 25% by weight of fly ash as base raw material.

After detailed discussion Cabinet decided that benefits those it had already approved for mega projects in shape of SIPA to the extent of 50% of the sales tax actually paid subject to an overall ceiling of capital investment will be available to the all priority sector industries wherever such taxes have actually been paid by them and they will also be eligible for the additional benefits in the shape of exemption of entry tax for material and equipment imported through the ports of Orissa and concessional central sales tax not exceeding 2% for 15 years provided, however, that mineral based industries as listed at item (vi) above except gem cutting and polishing will not be eligible for the SIPA and provided further that these benefits will be available to the priority sector industries as if they are mega projects irrespective of scale of investment in the industrial projects.

The Cabinet further decided that an additional special incentive will be provided to handloom and handicraft industries by way of exemption of entry tax on notified raw materials and equipments used by them whether imported through ports of Orissa or purchased in the Domestic Tariff Area (DTA). This will be available irrespective of scale of investment.

**6. Comprehensive Land Policy.**

It was noted that earlier Cabinet had decided on disposal of surplus land as a measure of additional resource mobilisation. The Cabinet noted that the totality of the situation has not been fully appreciated by various stakeholders and there was a need to review the current position of the policy relating to disposal of surplus land. The Cabinet decided that the Revenue Department will prepare a comprehensive policy in this regard taking into consideration social commitments, development requirements for sectors like education, health infrastructure and housing etc., land required for the weaker sections and particularly those belonging to SC and ST. The policy will also cover measures to prevent encroachment of Government land by unscrupulous elements and to protect the valuable and finite land assets of the State and the people of Orissa. The Comprehensive Land Policy to be prepared by the Revenue Department will be brought before the Cabinet as soon as possible. All future decisions regarding disposal of surplus government land under Revenue Department will be within the parameters of the Comprehensive Land Policy to be approved by the Cabinet and till then all decisions with regard to such surplus land are put on hold.

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