

Ports

India has 11 major ports, most of which are operating at capacity. Ports handled a total of 179.3 million tonnes in 1993/94, and increase of 7.6 per cent over the previous year. The Government of India reports that productivity at Indian ports is low. Privatization of port facilities is a feature of the liberalization process, and is expected to improve capacity in this area. Over one-third of port traffic is made up of iron ore and coal shipments.

F. TAXATION

An analysis of Indian tax policy would extend well beyond the scope of this paper. Two good sources of information are Price Waterhouse, *Doing Business in India*, 1992, and Government of India, Ministry of Mines, *Investment in India: The Mining Sector*. The text in this section is heavily based on these publications.

In respect of Income taxes, tax is levied on profits calculated on a net income basis. Incentives are an important feature of Indian tax law, and include (a) tax holidays for investments in "backward" areas, (b) certain deductions for new mining ventures, (c) accelerated depreciation, (d) deductions for income derived from export of specified processed minerals, (e) deductions for certain expenditures related to prospecting and extraction, and (f) deductions for specified expenditures on scientific research, acquiring of know-how, and environmental protection.

As of 1994, corporate tax rates for Indian companies were 40 per cent plus a 5 per cent wealth tax for income over Rs 75,000. Foreign companies are taxed at 55 per cent of net income. Long term capital gains are taxed at 30 percent for Indian companies, and 20 per cent for foreign companies.

Indirect taxes in India include excise and custom duties, sales tax, and other taxes including real estate taxes or octroi levied by some state governments.

The most important taxation directly related to mining is the royalty scheme under the Mines and Minerals (Regulation and Development) Act. Royalties are payable to state governments, though the rates are set centrally. Currently, royalties are set on a unit basis; that is, as a function of the quantity (and sometimes quality) of ore mined. Rates for the major minerals of interest are summarized in Table 6.