

**GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA**

UNSTARRED QUESTION NO:1174
ANSWERED ON:26.11.2001
ROYALTY ON COAL
PRENEET KAUR

Will the Minister of COAL AND MINES be pleased to state:

- (a) whether the Government have undertaken any comparative analysis of ex-pit value of coal produced in India vis-à-vis other major coal producing countries;
- (b) if so, the result of such analysis;
- (c) whether royalty rate in India is the highest; and
- (d) if so, the steps taken to streamline the same ?

Answer

MINISTER OF STATE FOR COAL AND MINES (SHRI RAVI SHANKAR PRASAD)

(a) & (b) : The average pit-head sale value of Indian coal is one of the lowest on per tonne basis in rupee terms when compared to the CIF price in the international market. However, the delivered price of Indian coal upon transportation over long distances to various consumption points including transportation cost, is substantially higher. The foreign coals are superior in terms of ash content and unit heat value. Therefore, Indian coal on per therm basis may be costlier in certain coastal locations.

(c) & (d) : The royalty rate in India is on an average 12% of the sale value and the position of India among other coal producing countries of the World is given below:-

| Country | Rate |
|------------------------|---|
| Australia | A\$ 1.70/tonne |
| (NSW) Australia | (equivalent to less than 10%) 7% of the mine mouth |
| (Queensland) Canada | value 1% of mine mouth value |
| (B.C) China | plus 13% on net revenue 13% on sales |
| India | Average 12% of sale value |
| Indonesia | Negotiable to maximum 13.5% on gross sales |
| Poland | 2% on sale value |
| Russia | 1-2% plus 5% reserve replacement tax on gross sales. |
| South Africa | By negotiation with mineral rights owner |
| USA Federal lands | None |
| USA State lands | 13% on sales value |

The royalty rates on coal are fixed by the Central Government taking into account the interests of the consumers, coal producing States and the interests of the economy as a whole independent of any consideration of the level of royalty rates fixed by any other country and therefore, the question of streamlining the royalty rates with international levels is not relevant.