

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

UNSTARRED QUESTION NO:1355
ANSWERED ON:26.11.2001
ROYALTY ON COAL
RAVINDRA KUMAR PANDEY

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

- (a) whether the Government have reviewed the royalty on coal for the newly created State of Jharkhand;
- (b) if so, the details thereof;
- (c) the amount of royalty paid to the State since its inception;
- (d) the details of the recommendations of Sarkaria Commission in regard to revision of royalty; and
- (e) the reasons for ignoring the recommendations of the Commission?

Answer

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

(a) & (b) : The royalty rates on coal as notified by the Central Government applies to all the States in the country, unless any specific rates are fixed in respect of a specified state or group of States. The royalty rates on coal were last fixed by the Central Government on 11.10.1994. Since no separate royalty rates for the State of Jharkhand has been fixed, the royalty rates of coal as fixed by the Central Government on 11.10.1994 for the States other than the States of West Bengal and Meghalay will be equally applicable to the State of Jharkhand after its creation, till the royalty rates are further revised.

(c) : The amount of royalty on coal paid by CIL to the Government of Jharkhand since its inception upto October, 2001 is Rs. 464.82 crores.

(d) & (e) :The Sarkaria Commission in its report submitted to the Ministry of Home Affairs, in Chapter XIII on Mines & Minerals made a recommendation in Para 13.7.01 as under :

"Proviso to Section 9 of the MMDR Act should be amended to reduce the period specified therein for revision of royalty rates from four years to two years."

The Standing Committee of the Inter-State Council which monitored implementation of the recommendations of the Sarkaria Commission. deliberated the recommendation of the Commission in their Eighteenth meeting held on 1.9.2000, in which representatives of the Governments of West Bengal, Tamil Nadu, Punjab, Assam, Madhya Pradesh and Department of Mines of the Government of India had expressed their views. Following the discussion the Standing Committee decided on a proposed consensus and modified the recommendation as under :

"The Government will endeavour revision of royalty every three years with a progressive shift towards a fully ad-valorem based royalty regime in accordance with the existing provisions of the MMDR Act, 1957."

In the Department of Coal a Committee has been constituted under the Chairmanship of Additional Secretary (Coal) to examine the issue of adoption of ad valorem basis for determination of royalty on coal and the related matters of revision of royalty rates last fixed in 1994. The Committee will submit its report shortly. The Committee held its final round of discussions with the representatives of the State Governments and the Central Ministries/ Departments/ Organisations on 4.10.2001. The Committee is now firming up its recommendations and the report is expected to be submitted very shortly.