

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:675  
ANSWERED ON:08.07.2009  
ROYALTY ON COAL  
Ahir Shri Hansraj Gangaram

**Will the Minister of COAL be pleased to state:**

- (a) whether royalty on coal is being regularly paid to the State Governments by all the subsidiaries of Coal India Ltd. (CIL);
- (b) whether the Government has taken a decision to revise the coal royalty rates;
- (c) if so, the details thereof including the formula adopted/to be adopted to determine the royalty rates;
- (d) the benefits likely to accrue to each of the States as a result thereof;
- (e) whether some coal producing States have approached the Union Government for increasing the royalty rates on coal;
- (f) if so, the details thereof alongwith the reaction of the Union Government thereto; and
- (g) the time by which the revised rates are likely to be implemented?

**Answer**

MINISTER OF STATE (IC) IN THE MINISTRY OF COAL AND MINISTER OF STATE (IC) IN THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION(SHRI SRIPRAKASH JAISWAL)

(a) to (c): Yes, Sir. The Central Government have revised the rates of royalty on coal and lignite with effect from 01.08.2007.

The formula for royalty on coal and lignite is based on a combination of specific and advalorem levies. The formula stipulated is as under:

$R(\text{Royalty})=a+bp$ , where `a` is the fixed component, `b` is the variable or ad valorem component and `p` is the basic pithead price of Run of Mine Coal as per the invoice

(d) The likely benefit to the coal producing States would be in terms of 24% to 29% increase in revenue earnings from royalty on coal and lignite respectively as calculated based on production levels of 2004-05.

(e) to (g): Most of the coal producing States had approached the Central Government for revision of rates of royalty on coal. Some of them had sought switching over to a fully ad valorem regime of royalty. Taking into account various factors and the recommendations of two Committees, namely, the Study Group set up for the purpose by the Ministry of Coal and the Economic Advisory Council to the Prime Minister, as well as the views of the State Governments, the Central Government had decided to adopt the hybrid formula indicated in reply to part (c) above following which the revised rates on coal and lignite have been implemented with effect from 01.08.2007.