

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

STARRED QUESTION NO:10  
ANSWERED ON:22.11.2006  
ROYALTY ON COAL  
Khandelwal Shri Vijay Kumar

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

- (a) whether the Union Government has not revised the rate of royalty on coal due in August, 2005;
- (b) if so, the reasons for delay therein;
- (c) whether the Union Government will make up the losses caused to the State Governments due to non-revision of the rate of royalty;
- (d) if not, the reasons therefor;
- (e) whether the Union Government and the Economic Advisory Council to the Prime Minister has suggested any formula for fixing the rate of royalty on coal to the State Governments;
- (f) if so, the response of coal producing States particularly Madhya Pradesh in this regard and the reaction of the Union Government thereto; and
- (g) the time by which the rate for royalty on coal is likely to be fixed?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COAL (SHRI SHIBU SOREN)

(a) to (g) : A statement is laid on the Table of the House.

Statement referred to in parts (a) to (g) of the reply to Lok Sabha Starred Question No.10 asked by Shri Vijay Kumar Khandelwal for answer on 22.11.2006.

(a) to (d) Section 9(3) of the Mines and Minerals (Regulation & Development) Act, 1957 empowers the Central Government to enhance or reduce the royalty rates in respect of coal and lignite. The proviso to the aforesaid Section prevents the Central Government from enhancing the rate of royalty on coal and lignite more than once during any period of three years. It is not mandatory to revise the rate of royalty on coal and lignite after every three years. However, the rates of royalty are revised after taking into consideration the interests of all stake holders and the overall economic scenario of the Country.

The royalty rates on coal were last revised on 16.08.2002. The Committee constituted on 02.06.2005 to consider revision of rates of royalty on coal and lignite submitted its report on 14.07.2006 after detailed deliberation with all stake holders.

(e) Yes, Sir.

(f) & (g) Most of the coal producing State Governments, including the Government of Madhya Pradesh, have requested for fixation of royalty on advalorem basis.

The report of the Committee constituted on 02.06.2005 is under consideration of the Government.