

**GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA**

**UNSTARRED QUESTION NO. 4112
TO BE ANSWERED ON 22.12.2021**

Formula for Coal Royalty

4112. SHRI VENKATESH NETHA
BORLAKUNTA:
DR. G. RANJITH REDDY:
SHRI PASUNOORI DAYAKAR:
SHRIMATI KAVITHA MALOTHU:

Will the Minister of COAL be pleased to state:

- (a) the details of formula adopted to calculate royalty to be paid to States on coal;
- (b) the time by when the above formula was adopted and details of its revision along with the details of last revision;
- (c) the details of royalty to be paid to Telangana during the last ten years, year-wise;
- (d) whether any royalty is pending for payment to Telangana and if so, the details thereof; and
- (e) the time by which the pending dues are likely to be cleared?

ANSWER

**MINISTER OF PARLIAMENTARY AFFAIRS, COAL AND MINES
(SHRI PRALHAD JOSHI)**

(a) & (b) The rate of royalty on Coal for States other than West Bengal is 14% (fourteen percent) ad-valorem on price of coal, as reflected in the invoice, excluding taxes, levies and other charges. Rate of royalty on coal for West Bengal ranges from Rs.7.00 to Rs.2.50 per tonne. Last revision of royalty on coal was effected by Ministry of Coal vide Notification No. 349 (E) dated 10.05.2012. Previously, royalty was payable on semi ad-valorem basis - fixed component depending on the grade of coal and variable component depending on the price of coal, as per Ministry of Coal Notification No.522 (E) dated 01.08.2007 enclosed as **Annexure** **A.**

(c) The year-wise details of royalty paid to Telangana by the Singareni Collieries Company Limited (SCCL) during last ten years is as below:

(in Rs. Crores)

Year	Royalty to be paid	Royalty paid	Balance Payable
2011-12	768	768	0

2012-13	1184	1184	0
2013-14	1151	1151	0
2014-15	1350	1350	0
2015-16	1568	1568	0
2016-17	1497	1497	0
2017-18	1797	1797	0
2018-19	2066	2066	0
2019-20	1929	1929	0
2020-21	1331	1331	0

(d) There is no balance payable by the Singareni Collieries Company Limited (SCCL) to the Telangana State till Financial Year 2020 -21.

(e) Question does not arise in view of the reply furnished in part (d) above.

MINISTRY OF COAL

NOTIFICATION

New Delhi, the 1st August, 2007

ANNEXURE-A

G.S.R. 522(E).—In exercise of the powers conferred by Sub-section (3) of Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following further amendment in the Second Schedule to the said Act, namely :—

2. In the said Schedule, for item 11 and the entries relating thereto, the following item and entries shall be substituted, namely :—

11. COAL :

A. Coal produced in all States and Union territories except the State of West Bengal.

(1) Royalty on Coal :

The rates of royalty, which shall be a combination of specific and ad valorem rates of royalty which shall be as follows :

$$R \text{ (Royalty Rupees/tonnes)} = a + bP$$

Where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges and the values of 'a' (fixed component) and 'b' (variable or ad-valorem component) would be as follows :

Group	Grade of Coal	Royalty on coal in Rupees per tonne
Group-I	Steel Gr.-I	a = Rs. 180.00
	Steel Gr. II	b = 5 per cent
	Washery-I	i.e. Rs. 180 + 5 per cent where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.
	Direct Feed	
Group-II	Washery-II	a = Rs. 130.00
	Washery-III	b = 5 per cent
	Semi Coking Gr. I	i.e. Rs. 130 + 5 per cent where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.
	Semi Coking Gr. II	
	Grade A	
Group-III	Grade B	
	Washery-IV	a = Rs. 90.00
Group-IV	Grade C	b = 5 per cent
		i.e. Rs. 90 + 5 per cent where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.
Group-V	Grade D	a = Rs. 70.00
	Grade E	b = 5 per cent
Group-V		i.e. Rs. 70 + 5 per cent where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.
	Grade F	a = Rs. 55.00
Group-V	Grade G	b = 5 per cent
		i.e. Rs. 55 + 5 per cent where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.

(2) Royalty on Lignite :

a = Rs. 45.00

b = 2 per cent

i.e. Rs. 45 + 2 per cent of basic pithead price of ROM (run-of-mine) coal/lignite as reflected in the invoice, excluding taxes, levies and other charges.

(3) Royalty on middlings :

(i) Useful Heat Value > 1300

rate applicable to corresponding grade of coal (based on Useful Heat Value);

(ii) Useful Heat Value = < 1300

a = Rs. 45

b = 5 per cent of price

i.e. Rs. 45 + 5 per cent of existing actual invoice price (excluding taxes and other levies).

The royalty shall not be charged on such middlings or rejects wherein royalty has been charged on raw coal prior to its washing in order to avoid double charging of royalty.

(4) Adjustment of royalty against levying of cess :

For States other than West Bengal that levy cess or other taxes specific to coal bearing lands, the royalty allowed shall be adjusted for the local cesses or such taxes so as to limit the overall revenue to the formula based yield.

B. Coal produced in the State of West Bengal.:**(i) Group I of Coals :**

- (a) Coking coal
Steel Grade-I
Steel Grade-II
Washery Grade-I
- Seven rupees only per tonne.

(ii) Group II of Coals :

- (a) Coking Coal Washery Grade-II
Coking Coal Washery Grade-III
- Six rupees and fifty paise only per tonne
- (b) Semi-Coking Coal Grade-I
Semi-Coking Coal Grade-II
- (c) Non-Coking Coal Grade-A
Non-Coking Coal Grade-B

(iii) Group III of Coals :

- (a) Coking Coal Washery Grade-IV
(b) Non-Coking Coal Grade-C
- Five rupees and fifty paise only per tonne.

(iv) Group IV of Coals :

- (a) Non-Coking Coal Grade-D
(b) Non-Coking Coal Grade-E
- Four rupees and thirty paise only per tonne

(v) Group V of Coals :

- (a) Non-Coking Coal Grade-F
(b) Non-Coking Coal Grade-G
- Two rupees and fifty paise only per tonne.

Explanation :

1. For the purpose of grading of coal, the specification of each grade of the coal shall be as prescribed under rule 3 of the Colliery Control Rules, 2004.
2. The notification shall come into force on the date of its publication in the Official Gazette.

[No. 28019/1/2005-CA-II]

K. S. KROPHA, Jt. Secy.

Foot note : The Second Schedule was amended from time to time and last amended vide Notification No. GSR 572, Extraordinary, dated 16th August, 2002.

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