

**GOVERNMENT OF INDIA  
MINISTRY OF COAL  
RAJYA SABHA  
UNSTARRED QUESTION NO. 2276  
TO BE ANSWERED ON 16.12.2024**

**Revising Coal Royalty for Odisha**

**2276 Dr. Sasmit Patra:**

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

- (a) the reason for Government not revising the coal royalty for Odisha since the last five years;
- (b) the reasons as to why Government is trying to mention about other Government schemes and programmes as a replacement or compensation of the coal royalty;
- (c) whether coal royalty is not a separate specific financial devolution which a State deserves as a right; and
- (d) in light of this, when is Government planning to revise the coal royalty for Odisha?

**ANSWER**

**MINISTER OF COAL AND MINES  
(SHRI G. KISHAN REDDY)**

**(a) & (b)** At present the rate of royalty is 14%, which is completely ad-valorem on the price of coal as reflected in the invoice, excluding taxes, levies and other charges. This ensures that with any increase in price of coal, the royalty collection for States also increases. Further, any increase in the royalty rate puts domestic coal in a disadvantageous position vis-à-vis the imported coal.

The Study group constituted on 21.07.2014 for the purpose of examining the issue of revision of royalty rates on coal and lignite, while recommending no change in the rate of royalty, had considered the factors such as levy of District Mineral Foundation (DMF) @ 30% on royalty and National Mineral Exploration Trust (NMET) @ 2% of Royalty, which makes the effective rate of royalty @ 18.48% i.e. approximate 19%  $\{(14\% + 4.2 (30\% \text{ of } 14\%) + .28 (2\% \text{ of } 14\%)\}$ . Further, the study group inferred from the comments of the stakeholders that the coal producing States had suggested to increase the rates of royalty from existing 14%, whereas the coal consuming stakeholders suggested to reduce the rate of royalty from 14% to roughly 5 - 6%. The Study Group recommended for no increase in the rate of royalty and the recommendation was accepted by the Government.

**(c)** Royalty on coal is one of the several duties/taxes/levies which are being levied on coal.

**(d)** Government has no plan for revising existing rate of royalty.