

**GOVERNMENT OF INDIA
MINISTRY OF COAL
RAJYA SABHA
STARRED QUESTION NO. *12
TO BE ANSWERED ON 03.02.2025**

Production of coal in Odisha and coal royalty payment

***12 Dr. Sasmit Patra:**

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

- (a) the details of coal production in Odisha over the last three years in a year-wise format;
- (b) the details of the coal royalty payment to Odisha over the last three years in a year-wise format;
- (c) the reasons for coal royalty not being revised for the State of Odisha during the last three years; and
- (d) the reasons for coal royalty revision for other States, if any, during the said period?

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

(a) to (d): A Statement is laid on the table of the House.

Statement referred to in reply to part (a) to (d) of Rajya Sabha Starred Question No. 12 for answer on 03.02.2025 asked by Dr. Sasmit Patra:

(a): The details of coal production in Odisha state during the last three years is given below:

Year	Production (Quantity in MT)
2021-22	185.069
2022-23	218.981
2023-24	239.402

(b): The details of the coal royalty payment to Odisha state during the last three years is given below:

Year	Royalty payment (in ₹ Crore)
2021-22	2704.31
2022-23	4137.88
2023-24	3881.79

(c) & (d): The Study group constituted on 21.07.2014 for the purpose of examining the issue of revision of present royalty rates on coal and lignite, while recommending no change in the rate of royalty, had considered 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 @ 18.48%, i.e., approximately 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 no increase in the rate of royalty and the recommendation was accepted by the Government.

As the present rate of royalty has been made completely ad-valorem, any increase in price of coal will increase royalty collection to States and any increase in the rate of royalty puts domestic coal in a disadvantageous position competitively vis-a-vis the imported coal, since no royalty is levied on imported coal.
