

RAJYA SABHA

Monday, the 22nd August, 1994/
31st Shrawana, 1916 (Saka)

The House met at eleven of the clock
Mr. Chairman in the chair.

ORAL ANSWERS TO QUESTIONS

कोयले पर रायल्टी के निर्धारण का मानदण्ड

*381. श्री कैलाश नारायण सारंग:

श्री राघवजी*:

क्या कोयला मंत्री यह बताने की कृपा करेंगे कि:—

(क) कोयले पर रायल्टी के निर्धारण का मानदण्ड क्या है और इसकी दरें क्या-क्या हैं;

(ख) सरकार ने रायल्टी की वर्तमान दरों के निर्धारण के बाद कोयले के मूल्य कितनी बार बढ़ाए हैं;

(ग) क्या कोयले के मूल्य बढ़ाने के साथ-साथ रायल्टी को भी बढ़ाने का कोई प्रस्ताव राज्य सरकारों से प्राप्त हुआ है; और

(घ) यदि हां, तो उस पर कब तक निर्णय लिया जाएगा?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA): (a) Royalty on coal is levied by Central Government in exercise of powers vested under Section 9 of Mines and Minerals (Regulation & Development) Act, 1957. The proceeds from royalty form part of the revenues of the concerned State Governments. The main criteria which are kept in view by the Government while fixing rates of royalty on coal are—(a) that they are conducive to the development and conservation of indigenous coal resources, (b) that they take into account the interests of the coal consumers, including coal based industries, and (c) that they afford a fair revenue to the coal producing States.

The present average rate of royalty on

सभा में यह प्रश्न श्री राघव जी द्वारा पूछा गया।

coal is Rs. 70/- per tonne, except for coal produced in the State of West Bengal where the earlier rates averaging Rs. 5.30 per tonne are being continued because West Bengal Government still imposes cess on coal.

(b) to (d). A statement is laid on the Table of the House.

Statement

(b) The prices of coal have been revised four times in respect of coal produced by Coal India Limited and five times in respect of coal produced by Singareni collieries Company Ltd., since 1.8.1991 when the last revision in the rates of royalty on coal was effected.

(c) Yes, Sir.

(d) The Enhancement in the rates of royalty on coal can be effected by the Government once in a period of three years. Since the rates were last enhanced on 1.8.1991 the next increase can be effected any time on or after 1.8.1994. The process leading to such enhancement has already been initiated. The enhancement as and when decided will be notified in the Official Gazette.

श्री राघवजी: माननीय सभापति जी, मध्य प्रदेश हिन्दुस्तान में सर्वाधिक कोयला उत्पन्न करने वाला प्रदेश है। इसके बावजूद भी मध्य प्रदेश के उद्योगों को कोयला पर्याप्त मात्रा में नहीं मिलता है, रियायती दर पर कोयला नहीं मिलता है। इसके कारण वहां के उद्योग पिछड़े हुए हैं। कोयले की बिक्री की दरें पिछले तीन साल में चार-पांच बार बढ़ाई गई हैं लेकिन रायल्टी की दर तीन साल में अभी तक मध्य प्रदेश में एक बार भी नहीं बढ़ाई गई है। रायल्टी मूल्य पर नहीं अपितु वज़न पर निर्धारित होती है। इसलिए मेरा यह प्रश्न है कि क्या जिस प्रकार से बिक्री की दरें चार-पांच बार बढ़ाई जा चुकी हैं, जैसे जैसे बिक्री की दरें बढ़ें वैसे वैसे रायल्टी की दरें बढ़ेंगी? क्या बजट के बजाय मूल्य के आधार पर रायल्टी की दरें निर्धारित होंगी? यह मेरा पहला प्रश्न है।

SHRI AJIT KUMAR PANJA: Sir, this point came up long ago in 1966 when previously it was on *ad valorem* basis as is being now impressed upon by the hon. Member. But, various difficulties came

up infixing royalty on *ad valorem* basis, i.e. on price basis. So, it was then considered—various States also raised objections—that it should be on tonnage basis. So, it continued. Then, again it has become due for revision on the 1st August, 1994; this year. A Study Group has been set up to go into details, including the claim of the Madhya Pradesh Government that it should be fixed on price basis, not on tonnage basis.

श्री राघवजी: माननीय सभापति जी, प्रथम बार भाजपा की सरकार जब मध्य प्रदेश में थी तब बड़े प्रयासों के बाद रायल्टी की दरें बढ़ीं। तीन वर्ष गुज़र चुके हैं। एक अगस्त के पहले फ़ेर रायल्टी की दरें नियम और कानून के अनुसार पुनः निर्धारित होनी चाहिये थीं लेकिन समय गुज़र गया, इसके बावजूद भी कहा जा रहा है कि समय गुज़रने के बाद क़िस्मत किया जाएगा और उसका अध्ययन किया जाएगा, पता नहीं कब तक होगा। तीन के बाद, पाँच-सात साल भी लग सकते हैं जबकि तीन साल के अन्दर यह होना चाहिये था। मेरा माननीय मंत्री जी से स्पेसिफ़िक प्रश्न है कि तीन वर्ष समाप्त हो चुके हैं फिर भी रायल्टी की दरें पुनर्निर्धारित क्यों नहीं हुईं और कब तक पुनर्निर्धारित कर दी जाएंगी? क्या मध्य प्रदेश जो कि बहुत पिछड़ा हुआ प्रदेश है, वहाँ पर आदिवासी जनसंख्या एक तिहाई है, वहाँ के कोयला उद्योगों को कोल इंडिया रियायती दरों पर कोयला उपलब्ध कराएगी?

SHRI AJIT KUMAR PANJA: Sir, royalty rates are not revised within three years. Section 9 of the Mines and Minerals (Regulation and Development) Act, 1957, a Central statute, provides for price increase every three years. The previous revision, i.e., the last revision, took place on 1.8.1991. A period of three years has expired on 1.8.1994. We formed a Committee in January, 1994—not in August—to go into the details. Firstly, the Committee has to consult the States calling upon the representatives of the coal-bearing States to know their opinions. Various States offered various opinions. Some States opined that it should be *ad valorem*. Some other State expressed the desire that it should be on weight basis. Some States asked for revision of royalty rates.

Yet some other States have said, "No, don't increase the royalty rates", for example, that State of Maharashtra. Keeping in view the competition that is being faced now, if the royalty on coal is increased in such a manner as to be very high royalty also, then it will not be competitive. The period of three years has expired. Now the time has come to declare it. As soon as the entire thing is finalised—the viewpoints of the consumers are also taken into account—we will declare it and publish it in the gazette.

श्री राघवजी: मध्य प्रदेश के उद्योगों को रियायती दरों पर, कन्सेशनल रेट्स पर आप कोयला उपलब्ध कराएंगे?

SHRI AJIT KUMAR PANJA: Sir, the question of supplying coal at a concessional rate does not arise. The rate is fixed for all according to the grades of coal.

SHRI SANATAN BISI: Sir, I would like to know whether the Coal Ministry has received any proposal from the State Government of Orissa to increase royalty along with the coal price.

SHRI AJIT KUMAR PANJA: Yes, Sir.

SHRI DIPANKAR MUKHERJEE: As far as the world 'royalty' is concerned, either it has to be linked with the pithead price or the sale turnover. The fact remains that between 1991 and 1994, the price of coal has been hiked by 50%. Does the hon. Coal Minister feel, so far as the royalty rates are concerned, that the States should not have any share in that?

SHRI AJIT KUMAR PANJA: Sir, increase in the price of coal does not mean that the Coal India has increased its profits. The price of coal is fixed by Government or recommendation of the Bureau of Industrial Costs and Prices (BICP). It revises the price taking into account various indices, i.e. increase in the rate of power which is required for the purpose of production of coal, oil consumption, rate which is charged and

to be given and salaries and other benefits to be given to workers.

SHRI DIPANKAR MUKHERJEE: Mr. Chairman, may I correct the hon. Minister? The Coal India has made a profit of(Interruptions)....

MR. CHAIRMAN: After the Minister.

SHRI AJIT KUMAR PANJA: The entire increase in the price of coal is absorbed by the increased prices of inputs. The prices of inputs of production of coal have increased. Therefore, the Coal India Limited did not make any extra profit as the hon. Member wanted to say. It is absorbed by increase in various inputs. The return on equity is not more than 12% only.

SHRI DIPANKAR MUKHERJEE: The profit of the Coal India Limited has increased to Rs. 350 crores from Rs. 151 crores last year.

श्री अजीत जोगी: सभापति महोदय, मंत्री जी ने अभी अपने उत्तर में बताया कि एक कमेटी का गठन किया गया है जो कि रायल्टी का पुनःनिर्धारण करने के लिए मापदण्ड तय करेगी। मैं आपके माध्यम से मंत्री जी से यह कहना चाहूंगा कि इस कमेटी में केवल विशेषज्ञ और अधिकारी रखे गए हैं जबकि रायल्टी का संबंध—जिन राज्यों में कोयला होता है, उनके हितों से ज्यादा जुड़ा हुआ है। तो क्या इस कमेटी में विशेषकर ऐसे राज्य जो कोयला उत्पादक राज्य हैं वहां के कोयला क्षेत्र का प्रतिनिधित्व करने वाले जन प्रतिनिधियों को भी इस कमेटी में रखेंगे?

“ब”, मैं यह भी जानना चाहूंगा कि रायल्टी का जो कन्सेप्ट था वह इसलिए बनाया गया था कि जहां से कोयला निकला, उस प्रदेश में रायल्टी के रूप में आप पैसा दें और उसी क्षेत्र में वह व्यय हो। होता यह है कि रायल्टी तो आप पूरी स्टेट को देते हैं जो क्षेत्र विशेषकर आदिवासी क्षेत्र जहां कोयला निकलता है, वहां पर यह पैसा खर्च नहीं होता। तो क्या आप कोई ऐसा प्रबन्ध भी करेंगे कि जो रायल्टी की राशि दी जा रही है वह उसी क्षेत्र में लगे जहां से कोयला निकलता है, जो ज्यादातर आदिवासी और जंगली क्षेत्र हैं?

SHRI AJIT KUMAR PANJA: Sir, so far as the first part is concerned, the Main Committee consists of a Chairman and three members. The Chairman is the

Additional Secretary, Ministry of Coal, the members are—Joint Secretary (Coal), Joint Secretary (Mines) and Joint Secretary, Ministry of Law, Justice and Company Affairs. But, Sir, all coalbearing.....

SHRI AJIT P.K. JOGI: there is no public representative in that.

SHRI AJIT KUMAR PANJA: But, this Committee consults representatives from each of the coalbearing States, then the FICCI, the Indian Chamber of Commerce, the various consumers' fora. In fact, the consumers, including the Central Electricity Authority, the consumers who take most of the coal from Coal India are consulted.

After that, all their suggestions are written down, notes are taken, and then this Committee gives its finding. That is the first part.

SHRI AJIT P.K. JOGI: You should take one M.P. from each of these States, namely, Madhya Pradesh, Bihar, Orissa and west Bengal which are the main coal producing States.

SHRI AJIT KUMAR PANJA: Sir, the suggestion is noted.

So far as spending the amount of royalty in a particular area in a State is concerned, it depends upon the State Government. The money which is taken as royalty from the coal consumers is given back to the State. It is for the State Government to decide where they should spend it, whether in a particular area from where coal is taken or in other places.

SHRI PAMESHWAR KUMAR AGARWALLA: Mr. Chairman Sir, under the Constitution, the minerals vest in the States. However, under Section (2) of the MMRD Act, minerals are supposed to be regulated by the Centre. Under Section (9) the royalty is fixed. Sir, in the States of Bihar and West Bengal there are large reserves of good quality cooking coal and non-cooking coal but the most unfortunate part of it is

that the State is deprived of its due share of royalty because the Coal India and subsidiaries are producing the inferior variety of coal. The minimum royalty is Rs.45/- to Rs.150/-. But, on an average, we see the maximum production is of the inferior variety of coal. I want to know from the Minister whether the Coal Ministry is taking any steps to increase the production of the better variety of coal, that is number one. Number two, a minimum royalty is supposed to be paid on the area acquired by Coal India. No minimum royalty is being paid to the States for years together.

SHRI AJIT KUMAR PANJA: Sir, so far as the first portion is concerned, yes, Sir. As far as the second portion is concerned, the Committee is going into this matter of rates of royalty and as soon as it is finalised, I would make it known because it has to be laid on the Table of the House.

SHRI V. NARAYANASAMY: What he means is better quality...

SHRI AJIT KUMAR PANJA: Yes, Sir.

श्री चतुरानन मिश्र: सभापति महोदय, सरकार ने अपने जवाब में कहा है कि यह जो रायल्टी फिक्स करने का क्राइटीरिया है उसमें इन्होंने "सी" पार्ट में कहा है कि,

"They afford a fair revenue to the coal-producing States."

This is one of the criteria that they have laid down.

मैं मंत्री महोदय से जानना चाहूंगा कि जब बिहार में सुप्रीम कोर्ट के वर्डिक्ट के मुताबिक यह सैस हटा दिया गया और गवर्नमेंट ने कुछ बढ़ती रायल्टी दी तो अभी भी बिहार का रेवेन्यू पहले जितना मिलता था उसके मुकाबले में कितनी शॉर्टेज है?

Am I clear? Earlier what were they getting when the cess system was there and now what is the difference? The second part of my question is this: The royalty system is based on the coal produced, but what is happening is that they acquire the land.

And they are not so prompt in starting

production. It takes years to produce coal for various reasons, and I do not want to go into the matter. For the coal-bearing areas which you have already acquired, you are not paying even a single farthing. What is the total area of such land in Bihar? On these two points, I would like the hon. Minister to reply because, Sir, I am telling you from my experience from Bihar that the Bihar Government is heading towards an economic emergency. If immediate action is not taken, then very serious things may happen. Therefore, on this issue, the Government of India should act immediately. So, I would like the Minister to reply to these two points.

SHRI AJIT KUMAR PANJA: Sir, when the Bihar Government increased the cess and also charged for royalty, that was challenged by some consumers. And the hon. Member is right that the Supreme Court struck down that Act which imposed cess. But, the Bihar Government and some other Governments made a representation to the Government of India that there is a great loss of revenue due to the striking down of the Cess Act. So, from approximately Rs.5, it went up immediately to Rs.70 per tonne.

SHRI CHATURANAN MISHRA: The shortfall...

SHRI AJIT KUMAR PANJA: It is not a question of comparison. If you ask what the shortfall was during the period of illegal cess and what the revenue was, for that point, we have to get the data and find out. But that cannot be one of the considerations, But, in order to help the State Government concerned, immediately royalty was increased, and increased to such an extent that there was not so much dissatisfaction so far as all States are concerned. The second point made is that on the acquired land some royalty payment should be made because the gestation period is five to ten years. Sir, the Act passed by this House, says under Section 9: "The holder of a mining lease granted before the commencement

of the Act shall, notwithstanding anything contained in the instrument of lease or any law in force, at such commencement, pay royalty in respect of any minerals removed or consumed by him, by his agent/manager/employee or special lessee, from the leased area, after such commencement, at the rate for the time being specified in the Second Schedule." Therefore, royalty comes into effect when the mineral is removed or consumed.

SHRI CHATURANAN MISHRA: My question is...

SHRI AJIT KUMAR PANJA: Let me finish. This is the power. And this is a taxation statute. It has to be construed very strictly and accordingly it is being collected by the Authority concerned.

SHRI CHATURANAN MISHRA: Sir, he has not made the point clear. The point is that they acquire the land. They take possession of the land, and the States do not get even a single farthing. I am not asking him as to what is there in the Act. But this act of the Government itself is illegal to acquire the land and not pay a single farthing. This is not in our Constitution. You cannot take the land and do not pay anything, based on this Act. Why do you take the land then? This question should have been replied to by you. Secondly, it is a very much pertinent question because in West Bengal the cess system is still continuing. I wanted about Bihar. What is the main reason for so much shortage of revenue which is still there on this account? The Government of India should have worked it out. As per my information, the Bihar Government is not satisfied with what the Centre has given as a royalty hike. This is insufficient. So, I have raised this question.

SHRI AJIT KUMAR PANJA: Sir, so far as the land is concerned, whether it illegal or not, we have to go by the Act framed by this House along with the Lok Sabha. Therefore, we are going according

to the power given to the Government and the Department concerned by the wisdom of the Parliament. Until the Act is changed, what is being done is not illegal, and it is within the four corners of the statute. Sir, so far as the difference of cess and royalty is concerned, though it is necessary that this difference of whatever is collected, is to be given back.

Sir, what I want to impress upon this House is that while considering any increase in the royalty, we have to be very careful to see that the consumers' interests do not suffer. Otherwise, what will happen is that the consumer will choose to get his coal from some other sources where the cost is lower, and thereby Bihar will suffer more. Therefore, the study group is going into the question in detail, taking into consideration various factors.

SHRI CHATURANAN MISHRA: It is not at all the consumers' interests. Consumers were paying the cess. It benefits Coal India. You collect the money illegally and then keep it in your coffers. How can you do this? This is quite illegal.

SHRI AJIT KUMAR PANJA: No money is collected illegally.

SHRI CHATURANAN MISHRA: You have collected the cess; it is illegal. And you have kept it with Coal India.

SHRI AJIT KUMAR PANJA: Under the orders of the court, according to whatever direction the Supreme Court has given, everything has been disposed of—whether it is the High Court which has struck it down or whether it is the Supreme Court which has struck it down. Nothing has been kept illegally, so far as my knowledge goes.