

Delay in review of coal royalty rate

†112. SHRIMATI MAYA SINGH: Will the Minister of COAL be pleased to state:

(a) whether it is a fact that coal royalty rate which had to be reviewed in August, 2005 but it has not been reviewed by Government till date;

(b) if so, the reasons for this delay and whether Government of India would compensate the States for the loss suffered by them due to the delay in review of royalty rate; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) Royalty rates on coal are fixed by the Central Government in pursuance of powers conferred on it under Section 9(3) of the Mines & Minerals (Development & Regulation) Act, 1957 and as per the Act, royalty rates on minerals (coal) should not be enhanced more than once during any period of three years. This does not mandate revision of royalty rates every three years. However, a Committee was constituted on 02-06-2005 and the terms of reference of the Committee were as under:-

- (i) what should be the basis for fixation of rates of royalty on coal—whether it should be *ad valorem* or a tonnage basis.
- (ii) to what extent a revision in rates of royalty should be allowed keeping in mind the impact of the proposed rates of royalty on the consumers of coal, revenues of coal producing State Governments and other relevant factors.
- (iii) if the preference is to fix the royalty rates on *ad valorem* basis, the Committee may also recommend royalty rates on tonnage basis as a second option.

The Committee has since submitted its report which is under consideration of the Government.

(b) and (c) Do not arise in view of reply to part (a) above.

†Original notice of the question was received in Hindi.