

Note on revision of royalty on coal and lignite

The Study Group constituted on 04.02.2010 for revision of royalty on coal and lignite had collected the views/comments of all the stakeholders including the coal producing and coal consuming State Governments in the form of questionnaire and direct meetings. The Government after having detailed discussions and deliberations with all the stakeholders decided to switch over to ad-valorem regime in coal and lignite sector from the earlier, fixed and variable component of royalty. Accordingly royalty on coal was fixed @ 14% ad-valorem and lignite @ 6% ad-valorem.

2. For calculating royalty on coal and lignite produced from captive mines the price of coal and lignite shall mean the basic pithead price of Run of Mines (ROM) coal and lignite as notified by the Coal India Ltd. Singareni Collieries Company Ltd. and Neyveli Lignite Corporation, for similar Gross Calorific Value (GCV) of coal or lignite for the mines, nearest to that captive mine. Provided that for the coal and lignite produced from the coal and lignite blocks, allocated under the Government dispensation route for commercial use, the respective ad-valorem royalty shall be applicable on the price notified by the respective State Governments.

The new royalty rates have been notified vide GSR No. 349 (E) dated 10.5.2012.