

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

STARRED QUESTION NO:257

ANSWERED ON:08.03.2006

PRODUCTION COST OF COAL

Adsul Shri Anandrao Vithoba;Khaire Shri Chandrakant Bhaurao

Will the Minister of COAL be pleased to state:

- (a) whether the production cost of coal and lignite production by the Coal India Limited (CIL) is more than the cost of production at international level;
- (b) if so, the average cost of production of coal at international level;
- (c) the average cost of production of coal of the Coal India Limited;
- (d) whether efforts have been made to bring coal production industry on par with international level; and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (SHRI SHIBU SOREN)

(a) to (e) : A statement is laid on the Table of the House.

Statement referred to in answer to Parts (a) to (e) of the Lok Sabha Starred Question No. 257 for answer on 8.3.2006

(a) to (c): Since coal companies across the world do not divulge parameters of cost of production, hence no reliable comparison can be drawn on the average cost of production in India vis-a-vis the cost of production at the international level.

Cost of production of coal depends on geo-mining conditions like stripping ratio, seam thickness etc and varies from country to country. The average cost of production as reported by Coal India Limited (CIL) during the year 2004-05 was Rs. 589 per tonne.

Since CIL does not produce Lignite, cost of Lignite production by CIL would not arise.

(d) & (e): CIL has initiated a number of measures to bring down the cost of production in order to make the coal price more competitive. The efforts made in this regard by CIL are as under:-

- i) Deployment of high capacity equipment and surface miners.
- ii) Introduction of Mass Production Technology with continuous miner in conjunction with shuttle cars.
- iii) Rationalisation of Manpower.
- iv) Opening more Greenfield projects of high capacity.
- v) Phasing out of manual loading by introduction of mechanized loading in underground mines.
- vi) Outsourcing of coal production/Overburden Removal.
- vii) Entering into maintenance contract of Heavy Earth Moving Machine (HEMM) with Original Equipment Manufacturers (OEMs)