

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:4187

ANSWERED ON:16.12.2009

PRICES OF COAL

Reddy Shri K. Jayasurya Prakash

Will the Minister of COAL be pleased to state:

- (a) whether the Government proposes to link price of coal to international market as recommended by Planning Commission;
- (b) if so, the details thereof and the reasons therefor;
- (c) the action taken by the Government thereon;
- (d) whether the energy is likely to be costlier as a result thereof; and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE (IC) IN THE MINISTRY OF COAL AND MINISTER OF THE STATE (IC) IN THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION (SHRI SRIPRAKASH JAISWAL)

(a) & (b): Yes, Sir. The Integrated Energy Policy as a general rule recommends that the price of all commercial energy sources including coal should be set at trade parity prices at the point of sell. Competitive market would lead to trade parity prices ensuring that energy use and inter-fuel choices could be economically rational.

(c): Coal prices have been increased by Coal India Limited (CIL) with effect from 16th October, 2009. Run of Mine (ROM) coal prices in all coal companies of CIL other than ECL & BCCL have been increased by 10% for all grades of coal over the then existing prices and such increase in respect of coal produced by ECL and BCCL is 15%, except for the portion of Raniganj coal of Grades A & B from such mines of ECL, which are supplied under MOU to specific consumers at a special price, having regard to import parity price for coal of commensurate quality. For pricing of coking coal also, CIL factors in the principle of import parity, taking into account the grade/quality variations.

(d) & (e): As far as cost of energy is concerned, the average pit head price of coal delivered to the power sector is of the order of Rs.700/- per tonne. The recent revision in coal price by 10% in profit making companies and 3 5% in loss making companies would yield a weighted average increase of 11%. Therefore, impact of the increase for the power sector is expected to be of the order of Rs.77/- per tonne. On a specific consumption of 0.7 kg per KWH, the impact on power generation works out to around paise 5 per unit only.