

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1662

ANSWERED ON:04.08.2010

RATES OF DOMESTIC COAL

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Will the Minister of COAL be pleased to state:

- (a) whether the rates of different grades of domestic coal are less than the imported coal;
- (b) if so, the details thereof, grade-wise and the reasons therefor;
- (c) the criteria adopted for revision of domestic coal price and the steps taken/being taken to bring parity in the prices of domestic and imported coal;
- (d) whether the coal prices in the country were hiked frequently;
- (e) if so, the reasons therefor and its impact on the power generated from coal based power plants; and
- (f) the steps taken/being taken for uninterrupted coal supply at cheaper prices particularly to the coal based power plants?

Answer

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

(a) & (b) : Yes, Sir. The details showing the comparative position of the Freight on Board (FOB) prices of imported coal, as on June, 2010, vis-à-vis the price of domestic coal on Freight on Rail (FOR) ex-colliery basis in energy terms is as under :

Company	Field	Grade	Price of domestic coal in GCV energy terms on /KG.	Price of imported coal in GCV energy terms on /KG.	Esti- FOB Price of imported coal in GCV energy terms on /KG.
Eastern Coalfields Limited	Raniganj	B	462.67	6200	727.01
	Prem				713.94
	ium				682.95
	ROM				
Bharat Coking Coal Limited	Jharia	W-IV	319.90	4700	609.28
	ROM				- -
South Eastern Coalfields Limited	Korba	C-	287.86	5500	662.63
	Prem				- -
	ium				
	ROM				
Western Coalfields Limited	Umrer	D	318.94	4700	609.28
	ROM				- -
Mahanadi Coalfields Valley	Ib	F	175.58	3900	480.08
	Valley	ROM			- -

Limited

While fixing the price of domestic coal, the interest of the end-use consumers is taken into consideration so as to minimize the impact on the national economy.

(c): While revising the domestic coal price the following factors are taken into consideration.

- 1) Increase in input cost for production of coal.
- 2) The movement of AICPI and WPI.
- 3) Capacity of Coal India Ltd.(CIL) to absorb the impact of increase in cost to the extent possible.
- 4) Demand and supply scenario.
- 5) Landed cost of imported coal.
- 6) Requirement of fund for investment in upcoming projects and modernization of existing mines for augmentation of production.
- 7) Financial viability of new coal projects.

CIL does not at present have any plan for bringing parity in the prices of domestic and imported coal.

(d): No, Sir. The revision in coal prices takes place after a gap of 2-3 years on an average.

(e): Coal prices are revised due to reasons detailed in the answer to Part (c) above. The impact of the last price revision effective from 16.10.2009 on power generation from coal based power units is estimated to be about Rs.0.05 (five paisa only) per KWH.

(f): The notified prices of coal produced by CIL are cheaper than the market price and price of imported coal. Coal is supplied uninterruptedly at notified price to the coal based power plants in terms of Fuel Supply Agreement except for the small portion of Grade A&B coal from underground mines of Eastern Coalfields Ltd (ECL) which is being sold under MOU to the power utilities at a price higher than the notified price.