

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:4233  
ANSWERED ON:02.05.2012  
FUEL SUPPLY AGREEMENT  
Kurup Shri N.Peethambara

**Will the Minister of COAL be pleased to state:**

- (a) whether the Fuel Supply Agreement helps neither the Coal India Limited nor the public ;
- (b) if so, the details thereof;
- (c) whether 80 per cent of the Coal India Limited's coal is sold under FSAs at discount upto 70 per cent to landed costs of comparative imported coal;
- (d) if so, the reasons therefor;
- (e) whether there is any allegation that FSAs are awarded to firms willing to pay bribes; and
- (f) if so, the steps taken/proposed to be taken to prevent loss to the exchequer and huge profits to companies buying discounted coal ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF COAL (SHRI PRATIK PRAKASHBAPU PATIL)

- (a) & (b): Fuel Supply Agreements (FSAs) are concluded between the subsidiary companies of Coal India Limited (CIL) and its consumers as per the provisions of the New Coal Distribution Policy of October 2007, which facilitates transaction between the coal companies and the consumers on the agreed terms and conditions of FSA(s).
- (c) & (d): With the exception of coal sold under E-auction by CIL, which is at present about 10-11% of its annual coal production, the sale of coal to all other sectors is through Fuel Supply Agreement, at notified price. CIL has estimated that the current notified prices of non-coking coal are lesser in the range of 15% to 65% compared to the landed cost of comparable imported non-coking coal.
- (e): No such allegation has been received.
- (f): Does not arise, in view of reply given to part (e) of the question.