

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1823

ANSWERED ON:22.08.2012

PRICE POOLING MECHANISM

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Will the Minister of COAL be pleased to state:

- (a) whether the Planning Commission has proposed to institutionalize a price pooling mechanism to encourage import of coal and if so, the details thereof;
- (b) whether the proposal to pool the prices of imported and domestic coal is a difficult proposition;
- (c) if so, whether the difference between the price of imported and locally mined coal is huge and finally, the consumers may be willing to import it directly rather than doing it through CIL;
- (d) If so, whether his Ministry has opposed the aforesaid proposal;
- (e) if so, the reasons therefor; and
- (f) the steps taken by the Union Government to find out the amicable solution on price pooling mechanism ?

Answer

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

(a): In the draft Approach Paper to the 12th Five Year Plan prepared by the Planning Commission, it has, inter-alia, been observed that it is essential to develop some mechanism of providing power producers with a mix of domestic and imported coal consistent with their technical constraints so that the higher cost of imported coal is averaged with the lower cost of domestic coal.

(b)&(c): As per the provisions of New Coal Distribution Policy of October 2007, it has already been envisaged that it will be the responsibility of Coal India Limited (CIL)/ coal companies to meet the full requirement of coal under Fuel Supply Agreements, even by resorting to imports, if necessary. CIL may have to import coal as required from time to time if feasible and may adjust its overall prices accordingly. In view of the current shortage of coal and as advised by Ministry of Power, the operational details for import of coal at pooled prices are being presently worked out in consultation with all the stakeholders. It is not possible to comment on the implementation aspects at this stage.

(d) to (f): Ministry of Coal is of the view that in the interest of growth of the economy and to increase the power generation, efforts are needed to make adequate coal available and CIL being the main producer of coal in the country has to take the initiative to tide over the current situation. However, keeping in view the production constraints of CIL and that it may not be able to go beyond the targets fixed by the Planning Commission, the feasible alternative available to CIL as per the provisions of New Coal Distribution Policy of October 2007 appears to be the import of coal from time to time to meet the shortfall of Fuel Supply Agreement (FSA) commitments. Ministry of Coal has also received a recommendation from Ministry of Power suggesting the necessity of import of coal and pooling of the price of imported and domestic coal to facilitate imports for this. The modalities in this regard are being worked out.