GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:376
ANSWERED ON:26.02.2013
NEW FORMULA OF COAL PRICE
Swamygowda Shri N Cheluvaraya Swamy

Will the Minister of COAL be pleased to state:

(a) whether the Government has determined the price of coal on the basis of a new formula from January, 2012;

(b) if so, the details of the old and new formulae of price determination;

(c) the reasons for making this change; and

(d) the likely percentage of rise in the price of coal on implementation of the new system of price determination?

Answer

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

(a)&(b): The Government of India vide its Gazette notification no. 22021/1/2008-CRC-II dated 30.12.2011 has notified for switch over from the existing Useful Heat Value based system of grading and pricing of non-coking coal to fully variable Gross Calorific Value based system w.e.f. 01.01.2012. However the Government has not determined the price of coal on the basis of new formula from January 2012.Since the price revision was for conversion of price from UHV based system to GCV based system , it has been kept revenue neutral to the extent possible for Coal India Limited (CIL) as a whole. CIL for the purpose of grading based on GCV, kept the top end of the GCV range at 7000 kcal/kg and the bottom end at 2200kcal/kg. The GCV bandwidth for the purpose of pricing was considered to be 300Kcal/kg meaning that the price will remain same within a particular bandwidth.

(c): Among the major producers of coal globally , India was the only country that was not following the GCV system. The Government of India vide its Gazette notification dated 30.12.2011 has notified for switch over from the existing Useful Heat Value based system of grading and pricing of non-coking coal to fully variable Gross Calorific Value based system w.e.f. 01.01.2012.

(d): The switch over of non-coking coal prices w.e.f. 01.01.2012 has been done considering revenue neutrality to the extent possible for CIL as a whole.