

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:3452

ANSWERED ON:19.03.2013

VARIANCE IN PRICES AND QUALITY OF COAL

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

- (a) the details of the current methodology adopted for pricing of coal being supplied to thermal power plants;
- (b) whether the Government is aware of a phenomenon of 3-5 grade slippage in coal supplies whereby coal of lower calorific values are supplied to thermal power plants and if so, the impact thereof on consumers;
- (c) if so, the reasons for the variance in quality of coal along with the details of thermal power plants who have made complaints in this regard;
- (d) whether the Government is considering linking the coal price with gross calorific value of coal, recorded at the unloading end at thermal power stations instead of at loading point as billed by coal companies; and
- (e) if so, the details thereof and the other efforts made by the Government to control this practice?

**Answer**

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

(a): Under the Gross Calorific Value (GCV) method of grading, the price of all grades of non-coking coal except the Grades G1 to G5 is kept lower by 35% to the consumers in the regulated sector i.e. Power Utilities including Integrated Power Plants, fertilizer and defence in comparison to the consumers in the non-regulated sector. The price of G1 to G5 Grades of non-coking coal are fixed in line with the recommendation of the Integrated Energy Policy (IEP) of the Government, that high quality coking and non-coking coal, shall be sold at export parity price as determined by import price at the nearest port minus 15%, which is equally applicable for both regulated and non-regulator sectors.

(b)&(c): The Coal India Limited (CIL) has been receiving complaints on oversized coal and coal mixed with some stones/boulders normally from power plants, which altogether

cannot be ruled out due to geo-mining factors/conditions present in coal seams. On receipt of such complaints, remedial actions are taken by the Coal India Limited (CIL)/Coal companies. As per New Coal Distribution Policy (NCDP), supply of coal to consumers is covered under Fuel Supply Agreement (FSA). As per provisions of FSA, the consumers are to make payment of coal bills as per the price list in accordance with the quality of coal so determined jointly by seller and purchaser at loading end. Besides, as per provision of FSA, power plants are also compensated for stones of (+) 250 mm size, jointly measured at the power house end. The reasons for variance in quality may also be due to en-route theft of good quality coal from wagons/trucks.

(d)&(e): Coal pricing is linked to the GCV method of grading. There is no proposal for sampling at unloading end. However, proposal for 3rd Party sampling at loading end for determination of GCV is under active consideration of CIL.