

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

STARRED QUESTION NO:481
ANSWERED ON:30.04.2013
PRICING OF COAL
Meghwal Shri Arjun Ram

Will the Minister of COAL be pleased to state:

- (a) whether the Government has determined the price of coal since the switch over from the Useful Heat Value (UHV) based system of grading and pricing of non-coking coal to the Gross Calorific Value (GCV) based system from January, 2012;
- (b) if so, the details thereof and if not, the reasons therefor and the efforts being made in this regard along with its impact on power generation in the country;
- (c) the extent to which revenue neutrality has been maintained for Coal India Limited (CIL) as a whole, under the new system;
- (d) whether the switch over to the GCV based system has any cost related impact on the consumers including the common man; and
- (e) if so, the details thereof and the measures taken by the Government in this regard?

Answer

MINISTER OF COAL (SHRI SRIPRAKASH JAISWAL)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT AS MENTIONED IN ANSWER TO LOK SABHA STARRED QUESTION NO.481 FOR ANSWER ON 30.04.2013 ASKED BY SHRI ARJUN MEGHWAL REGARDING PRICING OF COAL.

(a)&(b) : Fixation of coal price was fully decontrolled by the Government of India with effect from 01.01.2000. Thereafter, Coal India Limited (CIL) started fixing the prices of different grades of coal produced by its subsidiary companies. The Government has decided to switch over from the then existing Useful Heat Value (UHV) based grading and pricing of non-coking coal produced in the country to the internationally acceptable and fully variable Gross Calorific Value (GCV) based system of grading and pricing with effect from 1st January, 2012. Accordingly a new set of coal price based on GCV system of grading of non-coking coal has been notified by Coal India Limited w.e.f 01.01.2012 and by the Singareni Collieries Company Limited with effect from 14.09.2012.

(c) : The GCV system of grading and pricing was primarily to fix the price of non-coking coal based on GCV system. The GCV system of grading and pricing has been kept revenue neutral to the extent possible for CIL as a whole. Under the UHV system grading there were seven grades (from A to G) which have been classified into seventeen bands, each having a bandwidth of 300 Kcal/Kg. Further, under the UHV system of grading and pricing, the prices for a particular grade was different for different subsidiary coal companies and whereas under the GCV regime a uniform price was kept for a particular GCV band across all the subsidiary coal companies of CIL except Western Coalfields Limited (WCL).

(d)&(e) : Since fixing of price based on switch over from UHV bases system to GCV based system has been kept revenue neutral to the extent possible for CIL as a whole, there has been increase in the price of coal in some subsidiaries and decrease in some others. On the whole there is no significant impact on consumers including the common man.