

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:2794
ANSWERED ON:06.08.2015
Coal Blocks to State Run Entities
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Will the Minister of COAL be pleased to state:

- (a) whether the State-run entities that are being allotted coal blocks for Commercial mining will not be allowed to fix their own prices;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the differential pricing mechanism followed by the Coal India Limited (CIL) is to be continued; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE (I/C) FOR COAL, POWER, NEW & RENEWABLE ENERGY
(SHRI PIYUSH GOYAL)

(a) & (b): The methodology for allocation of coal mines for commercial mining is under deliberation.

(c) & (d): At present, differential pricing mechanism is followed by Coal India Limited (CIL). The concept of dual pricing was introduced by CIL for the first time with effect from 27.02.2011 when the Run of Mine (ROM) prices of coal were notified; one for consumers in the regulated sector i.e. Power Utilities (including Independent Power Plants), fertilizer and defence and the other for consumers in the non-regulated sector. Since the prices of the end products of coal consumers in the non-regulated sector i.e. sectors other than Power Utilities (including Independent Power Plants), fertilizer and defence are market driven, the price for the non-coking coal from Gross Calorific Value (GCV) Grade G-6 to G-17 is kept at around 35% higher than the price applicable for regulated sector. Such difference in case of the ROM coking coal is 30%. The prices of higher grades of non-coking coal i.e. from GCV Grade G-1 to G-5 are kept same for supply to both, regulated and non-regulated sectors across all Subsidiary companies of CIL including North Eastern Coalfields.
