

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:4014
ANSWERED ON:13.08.2015
Pricing of Coal
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Will the Minister of COAL be pleased to state:

- (a) the details of the present method of pricing of coal being supplied to thermal power plants;
- (b) whether it is a fact that pricing of coal for supply to thermal power plants is unstable;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether there have been any objections from different power plants about the methodology used; and
- (e) if so, the details thereof and the steps taken by the Government in this regards?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER AND
NEW & RENEWABLE ENERGY
(SHRI PIYUSH GOYAL)

(a) After complete decontrol of coal prices w.e.f. 01.01.2000, the Coal India Limited (CIL) has been fixing the prices of all the grades/varieties of raw coal produced by its subsidiary companies taking into consideration the following factors:

- â€¢ Input cost for production of coal
- â€¢ Inflation index
- â€¢ Capacity of the market to absorb the coal price
- â€¢ Demand and supply scenario
- â€¢ Landed cost of imported coal
- â€¢ Requirement of fund for investment in upcoming projects; modernization of existing mines for augmentation of production, etc.

In the price revision effective from 27.02.2011, for the first time the concept of dual pricing was adopted by CIL i.e. one price for consumers in the Power utilities (including Independent Power Producers), Fertilizers and Defence (Regulated Sector) and another for consumers other than regulated sectors. The prices for the non-regulated sector (except for higher grades) are kept higher by around 35% than that for regulated sector.

(b) & (c): As far as pricing of coal for supply to thermal power plants by Coal India Limited is concerned, the Run of Mines (ROM) price of Non Linked Washery coking coal of Bharat Coking Coal Limited and Non-coking coal were last revised on 27.05.2013 for all the subsidiary coal companies including North East Coalfield except for Western Coalfields Limited(WCL) . For WCL such prices were last revised on 16.12.2013.

(d) & (e): CIL has not received any objection/observation on the pricing methodology after the last price revision as mentioned above.
