

# National Coal Index

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Ministry of Coal has started Commercial Auction of coal mines on revenue share basis. In order to arrive at the revenue share based on market prices of coal, one National Coal Index (NCI) was conceptualized. The NCI is a price index which reflects the change of price level of coal on a particular month relative to the fixed base year. The base year for the NCI is FY 2017-18. Prices of coal from all the sales channels of coal, including import, as existing today are taken into account for compiling the NCI. The amount of revenue share per tonne of coal produced from auctioned blocks would be arrived at using the NCI by means of defined formula.

NCI has already been rolled out on 4<sup>th</sup> June 2020 and the same is placed on the website of the Ministry of Coal. NCI is composed of a set of five sub-indices: three for Non Coking Coal and two for Coking Coal. The three sub-indices for Non Coking Coal are combined to arrive at the Index for Non Coking Coal and the two sub-indices for Coking Coal are combined to arrive at the Index for Coking Coal. Thus, indices are separate for Non-coking and Coking Coal. As per the grade of coal pertaining to a mine, the appropriate sub-index is used to arrive at the revenue share.

This information was given by Union Minister of Coal Shri Pralhad Joshi in a written reply in Lok Sabha yesterday.

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