

### The Pricing of Coal on GCV based grading system w.e.f. 01.01.2012 :

Prior to 01.01.2000 the Central Government was empowered under section 4 of the Colliery Control Order 1945, to fix the grade-wise and colliery-wise prices of coal. The prices of the administered grades of coal were revised w.e.f. 17.06.1994. The price notification had been amended in December, 1995, January, 1996 and April 1996 to enhance the differential between run of mine, steam and slack Coal, to increase the transportation charges and also to provide for additional prices for coal produced from Ramagundam open cast mine of SCCL and Rajmahal OCP of Eastern Coalfields Limited.

2. Following the recommendations of Bureau of Industrial Costs and prices (BICP), a decision was taken by the Government to deregulate the prices of all grades of coking coal and A,B&C grades of non-coking coal and this decision was implemented with effect from 22.03.96. Subsequently in consideration of a recommendation of the Committee on Integrated Coal Policy, the Government decided to de-regulate the prices of soft coke, and D grade of non-coking coal and this decision was implemented with effect from 12.03.1997.

3. The pricing of coal has been fully de-regulated after the Colliery Control Order, 2000 was notified with effect from 1<sup>st</sup> January, 2000 in supersession of the Colliery Control Order, 1945. Under the Colliery Control Order, 2000 the Central Government has no power to fix the price of coal. The coal companies themselves fix the coal price based on input costs, inflation index, market trends etc. and notify the same periodically.

4. The Government decided to switch over from the existing Useful Heat Value (UHV) based grading and pricing system of coal to Gross Calorific Value (GCV) based classifications of non-coking coal w.e.f. 1.1.2012. Accordingly, the earlier existing system of UHV based grading of coal is replaced by GCV based classification and coal companies have notified the new prices w.e.f. 1.1.2012. Accordingly the Coal India Limited revised the price of coal w.e.f. 1.1.2012. Due to the concerns raised by MPs and stakeholder the Government advised CIL to review/revise the coal price. Accordingly the revised coal price was notified by CIL w.e.f. 31.01.2012 which is given as Annexure.

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