ENERGY CELL

कोयला मंत्रालय
Ministry of Coal
सत्यमेव जयते

# MONTHLY FINANCIAL REPORT

## NATIONAL COAL INDEX

(SEPTEMBER TO NOVEMBER, 2023)

# PREFACE

This report has been prepared by the **Energy Cell** of **Nominated Authority**, Ministry of Coal, Government of India. Energy Cell is responsible for preparing various Financial & Technical analysis on the Coal Sector of the country, to monitor the price trends in coal and coal based products, to monitor and analyse domestic market and possible policy changes.

This report provides a brief analysis on the global and domestic price trends in the Coal Sector for the months of September, October and November 2023. This report has been prepared using information from Ministry of Coal and World Bank Monthly Commodity Price List. Further, the monthly National Coal Index issued by the Ministry of Coal for the month of September, October and November is used in this report as a base for comparison with the Global Coal Prices.

**Date of Publication:** February 2024

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# 1. Domestic Coal Prices

## 1.1 Introduction

In India the National Coal Index & Representative Price (NCI) is calculated by combining the prices of coal from the different sales channel of coal i.e. Notified Prices, Auction Prices and Import Prices.

Notified Prices for the Coking and Non-Cocking Coal are fixed by the respective Public Sector Units (CIL & its subsidiaries, WCL and SCCL) with certain price discrimination as to the Regulated Sector and Non- Regulated Sector (NRS).

Auction Prices are taken from the e-auctions conducted by CIL and SCCL on different platforms of MSTC and Junction and the Linkage Auction done by the CIL for NRS. For the said purpose of the Index, the Unit Value of Coal of different Grades from auction (both e-auction and Link auction) of only CIL is being taken.

For the purpose of Import Prices of each month, the quantity of import and its value would be collected from DGCIS and from these two values, Unit Value of Coal would be computed. Currently, 50% weightage is ascribed to Indonesian coal prices while South African and Australian coal prices each carrying 25% weightage.

Further, the import prices taken into consideration for this purpose is the **CIF value** (Cost Insurance Freight) which is the value including the cost of coal, cost of insurance for the period of transportation and transportation cost till the port of import i.e. the total cost of importing coal in the hands of importer.

Here, the data of National Coal Index for the months of September, October & November 2023, have been taken for the purpose of analysis. The following data related to the Grade wise Coal Index is at **Annexure-I.**

## 1.2 National Coal Index

It can be inferred from the data referred to in Annexure-I that there has been ascending shift in the index of September to November from 143.91 points to 155.09 points indicating rise in Global prices of coal which can be attributed to the rising coal demand world over. This rise in coal demand during these months can be explained through the upcoming **Winter and festive season** world over in the months of September, October, November and December 2023, which resulted in increased energy demand and general rise in demand in the economy leading to rise in demand of other necessary products requiring coal also ex. Steel, cement etc. But, it could also be seen that there has been a general trend of decline or stability in lower grades of coal used in electricity generation which shows that there has been a sufficient supply of domestic coal which is a major part of coal used for electricity generation to fulfill from the domestic supply of coal.

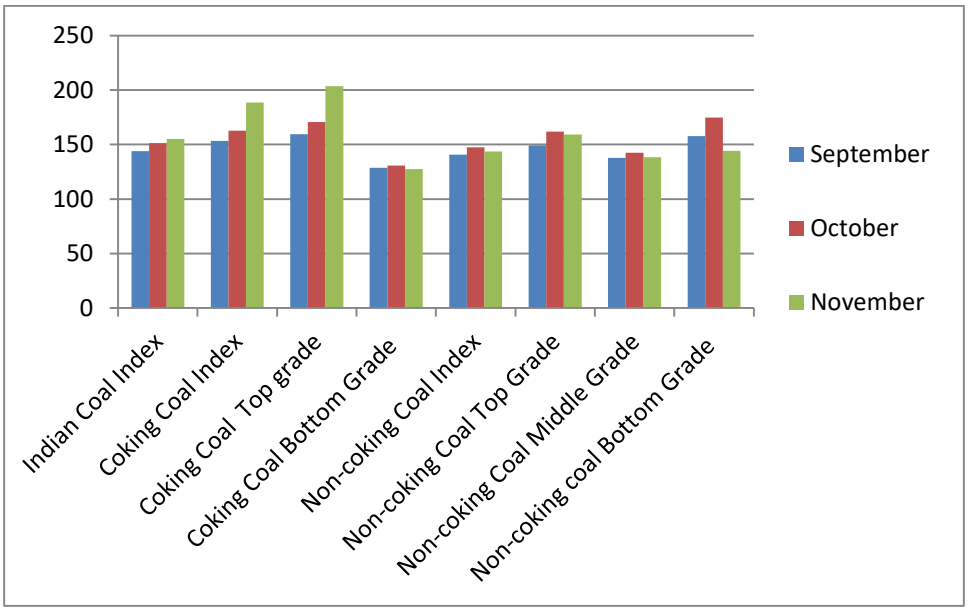


*Figure 1. National Coal Index.*

## 1.3 Representative Price (RP's)

The Representative prices of the different grades of coal except for ST-1 and ST-2 grade of coal have mostly shown a similar trend of stability or are of not very significant change, from the months of September to November. However, the most significant changes can be seen in ST-1 and ST-2 grade and this increase can be explained by the significant increase in the import prices of cocking coal from Australia and Indonesia.

(*Price in Rs./MT)*

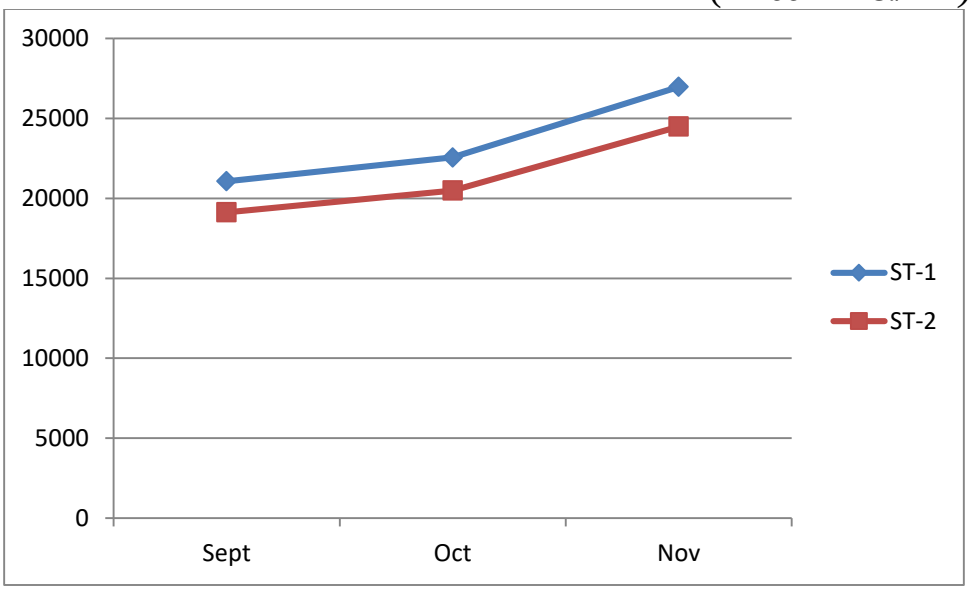


*Figure 2 *ST – Steel Grade*

The Representative Price for Cocking Coal Top Grade in both ST-I and ST-II have increased by 28% approx.

(*Price in Rs./MT*)

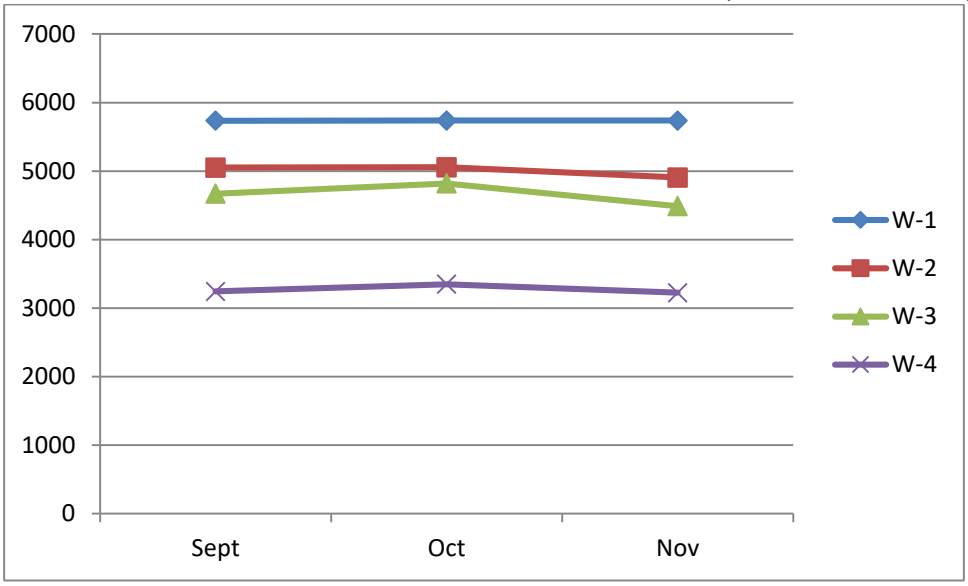


*Figure 3*W - Washery Grade*

The Representative Price (RPs) for Cocking Coal Bottom Grade in W-I, W-II & W-IV mostly remained stayed unchanged (approx.), whereas there is a decline of 3.92% approx.

(*Price in Rs./MT*)

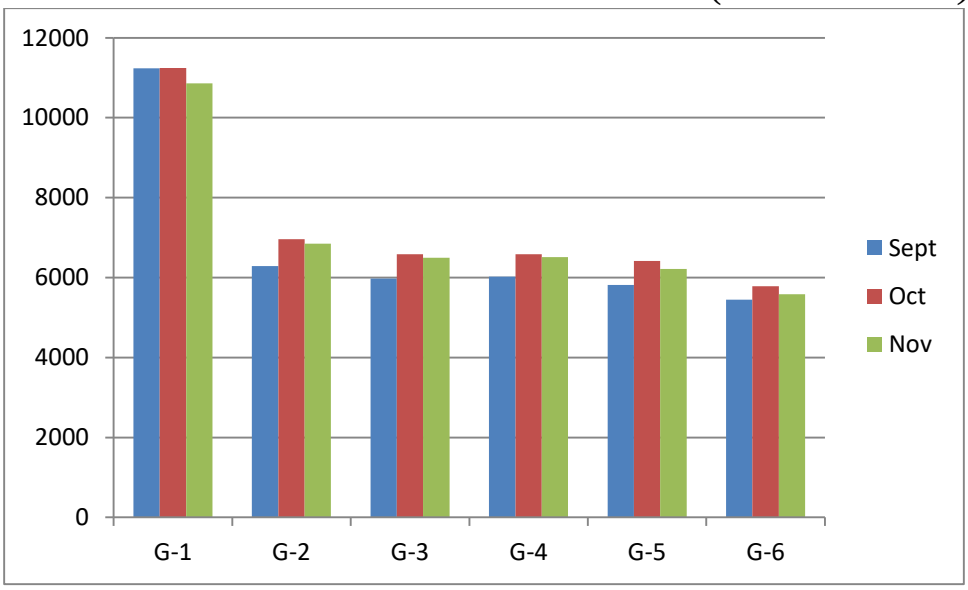


*Figure 4*G – Grade*

The Representative Price for Non-Cocking Coal Top Grade in only G-1 grade has shown a decrease of 3.32% from September to November and all other grades from G-2 to G-6 have shown a average increase of 6.94% for the said period.

(*Price in Rs./MT)*

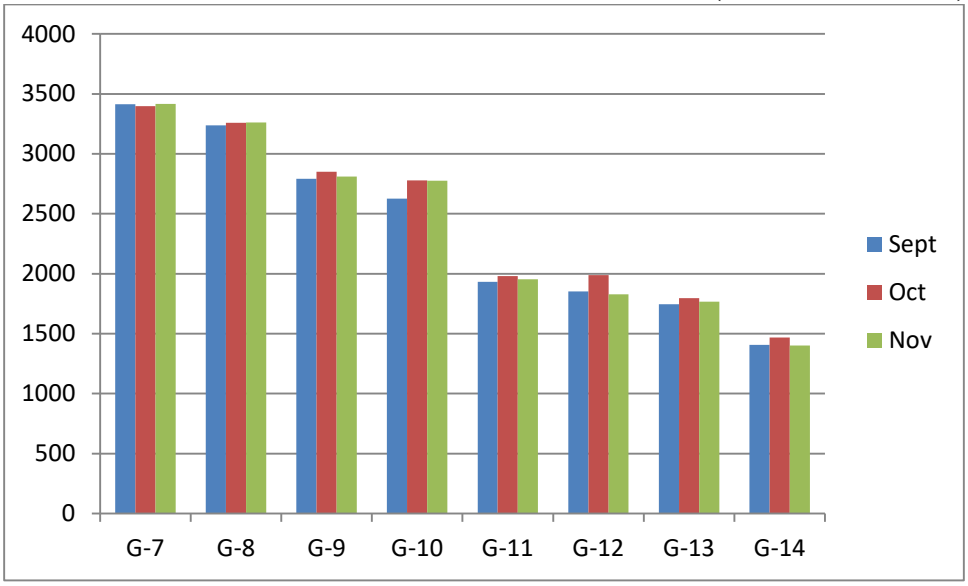


*Figure 5*G-Grade*

The Representative Price for Non-Cocking Coal Middle Grade is showing a general trend of slight increase during the period of September to November except for G-12 grade. Further, it could also be seen that in grade G-12 there has been a significant decline of 8% approx. and in G-10 an increase of 5.75% approx. in price during the referred period.

(*Price in Rs./MT*)

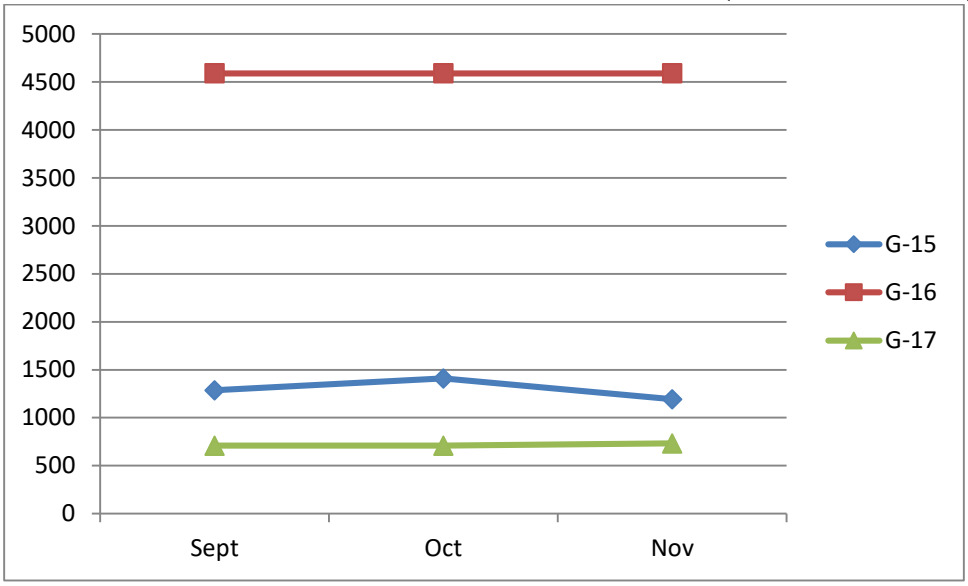


*Figure 6*G – Grade*

The Representative Price for Non-Cocking Coal Bottom Grade G-16 & G-17 has mainly remained unchanged. Whereas, G-15 is the only grade which has shown changes during the period of three months ending with a significant decline in November of 15.4% approx. showing abundant supply of coal of the grade during the analysis period.

## 2. Global Coal Prices

During the period of September to November 2023, the coal prices of Australia have shown declining trend whereas, the coal prices of South Africa have shown a mixed trend during the referred period.

Further, the import prices of Australia and South Africa have been taken for analysis purposes because these are the two biggest exporters of coal to India and because there import prices to India are also taken for calculating NCI and RP. Indonesian coal prices are not available at present thus, not included in the report. However, it is one of the biggest exporters of coal to India.

### 2.1 Australia and South Africa

The Australian coal prices have declined through the months of September to November by a significant 22% approx. and the South African prices increased by 28.60% in October after which it fell by 15% in the month of November.

(*Price in $/MT*)

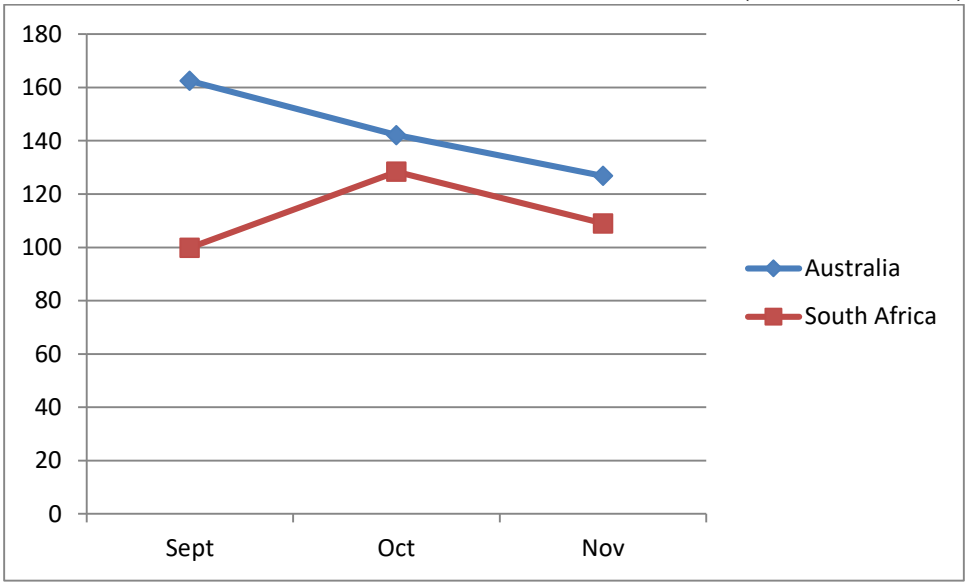


*Figure 7 *Prices in ($/MT)*

## 3. Conclusion

India is a country which is heavily dependent on fossil fuels for its energy needs, relying on coal for 75% her energy requirement which is majorly produced domestically while some of it is imported mainly from countries like Indonesia, Australia and South Africa. As such, the calculation of National Coal Index and Representative Price takes into consideration the prices of domestic production and the coal prices of Indonesia, Australia and South Africa for the import price component of it.

The Indian NCI showed an increase from 143.91 points to 155.09 which could be a reflection of increasing energy demand due to upcoming winter and festive season especially across the northern hemisphere. However, the relative stability or even decline in the representative prices in almost all of the grades of coal imply that India is doing remarkable progress in achieving increased domestic production and supply of domestic coal which has risen from 609.18 MT to 893.19 MT and 603.77 MT to 877.54 MT in the period of last 9 years. Also, the substantial increase in the representative prices of steel grade coal of approximately 28% from the month of September to November 2023 could be explained through the increase in the demand of steel in the manufacturing sector on account of the upcoming festive season.

Further, as for the global prices, the decline in the Australian coal prices can be attributed to an increase in the production and inventory of coal in Australia which led to the market forces of demand & supply to result in decline in the Australian coal prices by approximately 22% during the period of September to November 2023. Furthermore, the mixed trends demonstrated by the South African coal price where it first increased by 28.60% in October and then fell by 15%, can be understood from the recent disruption in rail transportation in Africa which is the main mode of transportation used for evacuation of coal which first led to increase in price and then the changing energy consumption pattern in the world shifting towards greener energy sources together with the settling of the evacuation problem and unhindered supply leading to a reduction in the South African coal price.


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