

mines and determination of normative production costs, Bureau of Industrial Costs and Prices (BICP) in Jan., 1987 recommended a base price of Rs. 210 per tonne of coal for Coal India Ltd. (CIL). BICP also recommended application of an escalation formula, prescribed by them, for subsequent revision of coal prices consequent to increases in prices of inputs.

Since then, Govt. have been revising the prices of coal periodically based on the escalation formula.

(b) The increases in prices of coal in June, 1994, June, 1993 and Feb., 1993 were made in consultation with BICP. The details are as under:—

(i) A price increase of 5.25 per cent was allowed in June, 1994 to neutralise the increase in All India Consumer Price Index and escalation in prices of explosives, stores and power between November, 1992 and November, 1993 and of POL between November, 1992 and February, 1994. A small amount was also provided towards increased net-block per tonne.

(ii) Increase in coal prices in June, 1993 by 4.95 percent was allowed to neutralise the impact of increase in the rate of Variable Dearness Allowance from Rs. 1.65 per man month per point to Rs. 2.00 per man month per point (over 800 points) w.e.f. 1.1.1989.

(iii) Increase in coal prices in Feb., 1993 by 12.7 percent was allowed to neutralise rise in All India Consumer Price Index between August, 1991 to November, 1992, escalation in prices of explosives POL & other stores power between June, 1991 to November, 1992 and to neutralise for increase in interest on Working capital and increase in Net Block per tonne mainly arising from replacement of old assets.

(c) Increases in coal prices are being allowed as per escalation formula prescribed by BICP. The price allowed provides for interest on working capital at normative level. The liquidation of inventories would therefore have no impact on the price of coal allowed under BICP formula.

(d) There was no accretion of the coal stocks with Coal India Ltd. (CIL) during 1993-94. CIL stocks, in fact, went down during the year. According to CIL the accumulation of Coal stocks during earlier years was mainly for the following reasons:—

(i) Higher assessment of coal demand and fixation of annual targets of coal production on that basis;

(ii) Slippages in despatches due to bottle necks of rail and road transport;

(iii) Zonal mismatches between coal availability, demand and transportation;

(iv) Stagnation in coal despatches by Road for several years.

#### **Import of coal by State Governments**

771. SHRI T. VENKATRAM REDDY: Will the Minister of COAL be pleased to state;

(a) whether Government have permitted some of the State Government to import coal for their use;

(b) if so, the names of the States which have been permitted; and

(c) the quantity of coal that has since been imported by them by 31st May, 1994?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA): (a) to (c) Coal can be freely imported under present Export and Import Policy and as such there is no need for any licence/permission from government of India for its import. However, import duty at prevalent rates has to be paid on such imports.