

Note on trial e-marketing by Coal Companies of CIL

Consequent to High Court of Kolkata order dated 13.5.2004 setting aside the existing policy of Govt. on sale of coal to non-core sector consumers based on the linkages and sponsorship, the Govt. had approved, in principle, sale of coal to non-core sector through electronic marketing on Internet on trial basis in BCCL.

To expand the scope of e-marketing sale of coal based on the experience gained from the initial e-marketing conducted in BCCL and NEC, the Govt. decided to sell 20 million tonnes of coal by CIL subsidiaries through e-marketing for the year 2005-06 on trial basis. This would be in addition to the quantity sold to non-core sector consumers during 2004-05 which would be available for non-core consumers based on their past linkages and Maximum Permissible Quantity(MPQ) at average e-marketing price of the preceding month. Further a total of 5 million tonnes of coal has been earmarked for State Govt. undertakings and M/s NCCF for distribution to SSI and tiny consumers. On this coal floor price would be charged. The floor price of a particular grade of coal would be above 20% of the notified price of that grade of coal.

The scheme is open to consumers and traders who can participate and bid for the quantity as per their requirement from their preferred sources. The system would further eliminate the unscrupulous traders and black marketers. The matter is under judicial review in Supreme Court and at various High Courts where WPs are pending for final disposal.

As regards pricing of coal is concerned, the notified price of a particular grade of coal is more or less uniform in all the subsidiaries and the difference in price of a particular grade may be the auction floor price of various subsidiaries which is based on the demand and supply and market forces. The floor price of coal would be limited to 20% above the notified price of coal.