

CIL cancels 6th tranche of coking coal linkage auction for steel sector

IN SYNC WITH THE NEED. Coal behemoth plans to tweak the auction process to make it 'more friendly'

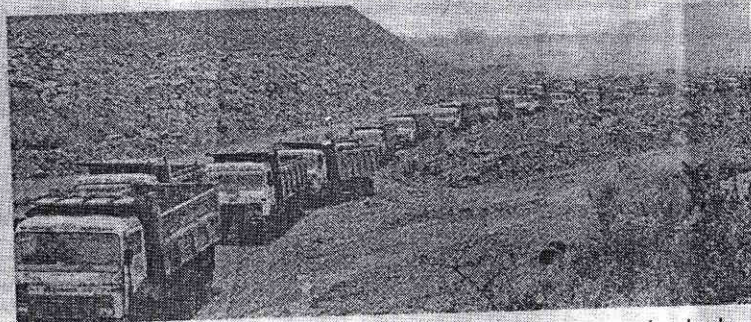
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State-run miner Coal India has cancelled the coal linkage auctions to the steel sector.

This was the sixth tranche of linkage auctions for coking coal, a key feedstock for steel making, which was scheduled between June 23 and June 27.

Sources told *businessline* that the miner has planned tweaks in the auction process and norms which led to the cancellation. Tweaks are likely to make the auction "more friendly".

Officials said the auctions have been "postponed" and will "take place" at a later date with new norms. For Tranche VI,



SUPPLY PLAN. The now-cancelled Tranche VI linkage auction had proposed an offering of 1.77 mt of coking coal from Bharat Coking Coal Ltd and Central Coalfields Ltd PTI

Coal India commenced sales with the sponge iron sector in February. This was followed by auctions for the cement sector in May.

The auctions which were held for the captive power plant sec-

tor — earlier in May and June — also stand cancelled as per a notice by Coal India.

In a notice dated June 27, Coal India said, "It is hereby announced that due to unavoidable circumstances the steel (coking

coal) auction under Tranche VI linkage auction scheduled between June 23 and June 27 stands cancelled. The revised schedule for the auction shall be notified in the due course."

LONG-TERM SUPPLY PACT

A linkage auction scheme is a long-term supply agreement, mostly for five years, allotted against competitive bidding. Under this, a separate one-time auction is conducted for various non-power sectors that include cement, sponge iron, captive power plants and steel.

The now-cancelled Tranche VI linkage auction had proposed an offering of 1.77 million tonnes (mt) of coking coal from the mines of Coal India's subsi-

diaries, primarily Bharat Coking Coal Ltd and Central Coalfields Ltd.

For instance, the floor price for washed coking coal (pulverised coking coal) from Moonidih Washery was ₹14,000 per tonne, the highest in the lot, while the floor price for washed medium coking coal from Paterdih Washery was around ₹11,400 per tonne, the second highest floor price in the lot.

Some of the steel mills who had bid in Tranche V said that around 5 mt of coal was put on offer; and around 1.3 mt was booked, mostly at a base price; and in some cases at a premium ₹50-100 per tonne. The bookings were mostly for washery grade coking coal, they claimed.