

PRODUCTION COST OF COAL IN INDIA FOR THE PRIVATE SECTOR*

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THE COAL-MINING industry supplies the basic fuel requirements of more than 70 per cent of the commercial energy of the country. Production cost of coal has thus an important bearing on the cost of almost all the industrial manufactures. The demand of the colliery owners for an upward revision of prices fixed statutorily has made recently the study of the production cost of coal more important. There have been several official attempts at the study of the production cost of coal for the purpose of revision of prices. Some of them, especially the Report of the Coal Price Revision Committee, are quite instructive. However, it is felt that there are several fields into which fresh investigations might yield useful results. The elements in cost are often looked upon as independent items. This ignores the inter-relationship between the different items and the influence of the underlying production relations and the scale of operation on them. An attempt has been made in this paper to find the relations between the values of inputs and the total value of output involved in the production cost of coal. An attempt is also made to obtain the production cost per tonne on different heads and the relation between the cost per tonne and scale.

The profit-and-loss-account data relating to 33 coal companies are studied for estimating the relations between the total value of output and the values of different inputs. This is studied in Part I. A company often consists of more than one colliery. Statistics relating to the scale of operation of individual collieries and conditions of individual mines are thus lost in the "aggregated" data for the company having under it more than one colliery. An attempt is therefore subsequently made in Part II to study individual collieries. This has been done by selecting those companies which have only one colliery;

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