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## Coal India absorbs cost surge to shield consumers from price spike

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■ New Delhi

State-owned Coal India Limited is absorbing rising input costs to protect consumers from higher coal prices, even as expenses for key inputs, such as explosives and industrial diesel, have surged sharply following the West Asia conflict.

The company said it has chosen not to pass on the increase, warning that doing so could trigger a cascading impact across sectors reliant on coal.

It is also compensating

affordable, including lowering reserve prices in select e-auctions, increasing auction frequency and offering higher volumes to the market.

The measures are aimed at cushioning downstream industries and consumers from escalating energy costs, as the company seeks to maintain stable coal prices amid broader volatility in fuel markets.

Officials said any pass-through of the mounting prices would lead to a cascading effect.

The company is also compensating for the increased



contractors operating in its mines for higher diesel costs.

Prices of ammonium nitrate - a key component accounting for about 60 per cent of explosives used in opencast mining - have risen 44 per cent to ₹72,750 per tonne as of April 1 from pre-war levels. This has pushed up the average cost of explosives by around 26 per cent to nearly Rs 49,800 per tonne by end-March.

Coal India's subsidiaries consume about 0.9 million tonnes of explosives annually. This entire cost is being absorbed by Coal India, the company said.

Diesel prices have also surged, rising roughly 54 per cent to ₹142 per litre from around ₹92 in mid-March. The company consumed about 4,19,000 kilolitres of diesel in the fiscal year ended March 2026.

Despite the cost pressures, Coal India has taken steps to keep supplies

price of the industrial diesel to the contractors operating in CIL's mines, who purchase it in bulk quantities.

Prior to the West Asian crisis, ammonia nitrate (AN) prices applicable to Coal India Ltd (CIL) held steady from August 2025 till January 2026 before touching ₹50,500 per metric tonne as of March 1, 2026, and since then have taken an upward route.

This sharp increase in the price of AN had a direct bearing on the cost of explosives that CIL uses in large quantities in blasting operations to uncover overburden and expose coal seams. As a result, the average cost of explosives shot up by around 26 per cent from ₹39,588 per metric tonne in February 2026 to ₹49,783 per metric tonne by March end, it said.

In the just-ended 2025-26 fiscal, the consumption of diesel was around 4.19 lakh kilolitres (KL). One KL is equivalent to 1,000 litres.

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## **CIL absorbs cost surge**

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