

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:2856
ANSWERED ON:17.12.2008
COAL UNDER LINKAGE SYSTEM
Barman Shri Hiten;Barman Shri Ranen

Will the Minister of COAL be pleased to state:

- (a) the details of consumers covered under the coal linkage system;
- (b) whether some private entrepreneurs independent power producers have been denied coal under the said system;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (SHRI SANTOSH BAGRODIA)

(a): Government has notified the New Coal Distribution Policy (NCDP) on 18th October,2007. The existing classification of consumers into Core and Non-Core has been reviewed and it has now been decided to dispense with the same. Instead, each sector/consumers would be treated on merit keeping in view, inter-alia, the regulatory provisions applicable thereto and other relevant factors. While requirements of Defence Sector and Railways will be met in full at notified prices as at present, 100% of the 'Normative' requirement of Power and Fertilizer Sector would be considered for supply of coal through Fuel Supply Agreements (FSA). Rest of the consumers/actual users would be supplied 75% of 'Normative' requirement through Fuel Supply Agreement. The linkage system has been replaced with a more transparent bilateral commercial arrangement of enforceable Fuel Supply Agreement (FSA).

New Consumers from Power, Fertilizer, Cement and Sponge Iron may be issued Letter of Assurance (LoA), based on prevailing norms and keeping in view the recommendations of Administrative Ministry, which may, inter-alia, have regard to Letter of Assurance/Linkage already granted to the consumer of specific sector, existing capacity, requirement for capacity addition during a Plan period etc. All other consumers may be issued LoA by CIL/SCCL based on prevailing norms and on the recommendation of the administrative Ministry. CIL may also engage an independent Govt. or recognized agency/institution, if required, for the purpose of processing/certification of coal requirement of individual consumers, if there is no prevailing norms for such category of consumers/sector.

(b) to (d): The Standing Linkage Committee (Long-term) which is an Inter-Ministerial Committee, decides the request of various applicants seeking Letter of Assurance (LoA) in respect of Power, Cement and Sponge Iron sectors. The Standing Linkage Committee (Long-term) for Power, Cement and Sponge Iron in its meetings held in August, 2007, November, 2007 and December, 2007/March, 2008 had considered the applications of Power including Independent Power Producers (IPPs), Sponge and Cement/Cement Captive Power Plants respectively based on inter-alia the recommendations of administrative Ministries during those meetings. Out of cases taken up for consideration, barring a few cases which have been dropped/rejected by the Committee on specific grounds like unit not being traceable etc., the other cases have either been approved for issuance of Letter of Assurance or deferred for want of details.