GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:3720
ANSWERED ON:19.03.2015
COAL DISTRIBUTION POLICY
Gaikwad Dr. Sunil Baliram

Will the Minister of COAL be pleased to state:

(a) the details of the existing coal distribution policy in the country;

(b) the current status of the implementation of the policy;

(c) whether any difficulties are being experienced in the implementation of the policy;

(d) if so, the details thereof and whether the Government has constituted any committee to examine the policy; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE(I/C)IN THE MINISTRY OF COAL, POWER AND NEW & RENEWABLE ENERGY(SHRI PIYUSH GOYAL)

(a)&(e): Distribution of Coal is guided by New Coal Distribution Policy (NCDP) circulated by Government in October, 2007, for all sectors of consumers, coal is supplied under Fuel Supply Agreement (FSA). For meeting the requirement of small consumers with annual requirement less than 4200 tonnes per annum in various States, coal is supplied under FSA to State Government nominated agencies. Consumers pertaining to Power Utility (including IPPs), Captive Power, Steel, Sponge Iron and Cement are allocated coal by way of clearance for issuance of Letter of Assurance (LOA) from Coal India Limited(CIL)/Singareni Collieries Company Limited(SCCL) through the Inter-Ministerial forum of Standing Linkage Committee (Long-Term).
Consumers not covered under FSA are supplied coal through e auction wherein about 10% of annual production is offered for sale as per NCDP. To facilitate liquidation of coal stock affected by logistics constraints, coal is also supplied under best-effort basis short-term Memorandum of Understanding (MOU) to various consumers including those arranging their own logistics in line with decisions of Government conveyed from time to time. FSAs with the existing consumers including power were executed by the coal companies and supplies of coal are being monitored under the FSA provisions.
LOAs were issued to new consumers recommended by SLC(LT). Such LOA holder after fructifying the LOA milestones within the stipulated period in most cases have signed FSAs barring a few exceptions where FSAs could not be executed either due to non-fulfillment of LOA conditions/ milestones or any other reasons preventing the coal company/ LOA holder to sign the FSAs.
Standing Linkage Committee(Long -Term) [SLC(LT)], the inter-ministerial body has been monitoring the status of FSA materialization and problems pertaining to signing of FSAs/ fructification of LOAs time to time came out with operating decisions/polices to resolve such issues.
Main difficulty in implementation is due to the gap in demand and supply position. The commitments made through FSAs/LOAs were much higher than the projected coal availability from domestic production. Government vide instructions dated 26.07.2013 has approved a revised arrangement for supply of coal to the identified Thermal Power Stations of 78,000 MW capacity commissioned or likely to be commissioned during the period from 01.04.2009 to 31.03.2015. Taking into account the overall domestic availability and the likely actual requirements of these Thermal Power Stations, it has been decided that FSAs will be signed for the domestic coal quantity of 65%, 65%, 67% and 75% of ACQ for 2013-14, 2014-15, 2015-16 and 2016-17, respectively, for the power plants having normal coal linkages. Cases of tapering linkage would get coal supplies as per the Tapering Linkage Policy. To meet its balance FSA obligations towards the requirement of the said 78,000 MW TPPs, CIL may import coal and supply the same to the willing power plants on cost plus basis. Power plants may also directly import coal themselves, if they so opt, in which case, the FSA obligations on the part of CIL to the extent of import component would be deemed to have been discharged