

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:4277  
ANSWERED ON:18.12.2014  
TAPERING COAL LINKAGES SYSTEM  
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**Will the Minister of COAL be pleased to state:**

- (a) the criteria for tapering coal linkage system to the power producing companies;
- (b) whether it is a fact that only 25 per cent supply is being made under this provision to the power producing companies;
- (c) if so, the details thereof;
- (d) whether the Government has any plan to make 100 per cent supply to those power producing plants, which are directly affected due to cancellation of coal blocks; and
- (e) if so, the details thereof?

**Answer**

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

(a)to(c): "Tapering linkage" is the "short term linkage" which is provided to the coal consumers, who have been allocated captive coal block (s), for meeting coal requirements of their linked End Use Plant (s) (EUP) in such cases where the development/production of coal block(s) allocated for this particular EUP is not synchronized with the operation/requirement of coal of the EUP.

Procedures for granting tapering linkage are similar to the procedure for authorization/grant of Letter of Assurance (LOA) for new consumers. The applicant has to submit an application along with prescribed processing fees. After receipt of application, reports from concerned Ministries and companies etc. are sought, similar to the normal procedure for authorizing LOA.

Tapering linkages are considered by the Standing Linkage Committee (Long Term) and approved by the Competent Authority. Tapering Linkage are considered in such cases where the EUP linked to coal block(s) is already in existence and production or where EUP is likely to come up in the near future. For the purpose of Tapering Linkage the capacity of EUP linked to coal block alone is taken into consideration. Tapering linkage is allowed only to the extent of satisfaction level considered for allocated / to be allocated Coal Block (s).

Coal Block(s) allocated to State Government for commercial use are not eligible for Tapering Linkage. Normal linkage of EUP, if any, linked to coal block(s) subsequently allocated is converted into Tapering Linkage from the date of allocation of block. These consumers are not required to apply afresh for Tapering linkage but are required to intimate CIL/SCCL as soon as block(s) is/are allotted to such EUP having FSA/linkage/LOA from CIL/SCCL sources.

The tapering linkage may be approved by the Competent Authority from the date of allocation of the coal block (zero date) and till scheduled date of commencement of production as per milestones indicated in the Block(s) allocation letter ("normative date of commencement of production") and to the extent of "normative requirement" as per the New Coal Distribution Policy (NCDP) which provides for meeting 100% of "normative" requirement for power, Fertilizers and 75% of the "normative" requirement in other cases.

For the period subsequent to normative date of commencement of production from coal block the tapering linkage is considered for a maximum period of three years only. However, if the production commences before normative date of commencement, the three years are reckoned from the said date.

During the maximum period of three years admissible beyond the normative date of production, coal is supplied as per following norms:

- (a) First year – 75% of normative quantity as applicable in the 12 months immediately preceding the normative date of commencement of production.
- (b) Second year – 50% of normative quantity as applicable in the 12 months immediately preceding the normative date of commencement of production.
- (c) Third year – 25% of normative quantity as applicable in the 12 months immediately preceding the normative date of

commencement of production.

The requirement of the end use project is determined having regard to, inter alia, the capacity for which the coal block has been allocated, the grade of coal being mined from the block as mentioned in application for captive block, normative requirement(s) and actual/operational capacity. Coal Controller works out the requirement after satisfying himself of details/ documents furnished in support of operating capacity/technical parameters etc. and if required he even resorts to physical inspection of the project(s).

Coal Controller is responsible for quantification and regularization of tapering linkage in consultation with CIL. Based on approval by SLC (LT), Ministry of Coal intimates details of the approval to CIL /Coal Controller and Coal Controller indicates the quantity and schedule to CIL/concerned coal companies which is duly incorporated in the Fuel Supply Agreement (FSA) to be concluded between concerned coal company (ies) and consumer.

(d)&(e): Coal production from coal producing coal blocks has been permitted till 31st March, 2015, therefore, coal supply and power generation has not been disrupted due to cancellation of coal blocks by Hon'ble Supreme Court.