

**GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
STARRED QUESTION NO.68
TO BE ANSWERED ON 20.12.2017**

Pricing and Distribution of Coal

***68. SHRIMATI JYOTI DHURVE:**

Will the Minister of COAL be pleased to state:

- (a) the number of committees operating under the Ministry for allocation of coal to bulk consumers;
- (b) the role of Coal Transport Facilitation Committee;
- (c) whether the Government proposes to cut down its control over pricing and distribution of coal in view of the emerging trade scenario; and
- (d) if so, the details thereof ?

ANSWER

MINISTER OF COAL IN THE MINISTRY OF COAL AND RAILWAYS

(SHRI PIYUSH GOYAL)

A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.68 for answer on 20.12.2017 asked by Shrimati Jyoti Dhurve.

(a) : A Standing Linkage Committee has been constituted under the Chairmanship of Additional Secretary (Coal) by the Government of India, Ministry of Coal, for allocation of coal linkages to bulk consumers.

(b) : No Madam. There is no Coal Transport Facilitation Committee in Ministry of Coal. However, supply of coal is monitored by a Sub-Group constituted by Infrastructure Constraints Review Committee which looks into the issues of critical power houses.

(c) & (d): Fixing the price of coal is not in the domain of the Government. Pricing is an operational decision of Coal India Limited (CIL) and Government does not play any role in it. After complete decontrol of coal prices w.e.f. 01.01.2000, CIL fixes the basic prices of coal produced by CIL and its subsidiary companies. The coal companies fix the Coal price based on input costs, inflation index, market trends, etc.

The distribution of coal to different consumers is done through one or more of the following methods :

1. A policy on 'Auction of Linkages of Non-Regulated Sector' was issued on 15.02.2016 vide letter No23011/51/2015-CPD (Pt-I). The highlights of the policy are:-

- All allocations of linkages/LoAs for non-regulated sector viz. cement, steel/sponge iron, aluminium and others [excluding fertilizer (urea) sector], including their CPPs, shall henceforth be auction based.
- There may not be premature termination of FSAs of non-regulated sector as of now. However, there will be no renewal of existing FSAs of non-regulated sectors [except FSAs of CPSEs and Fertilizer (urea)] which are maturing in 2015-16 onwards, after completion of their current agreement tenure.
- Existing FSAs with CPSEs may continue to be renewed on expiry. However, in case CPSEs require linkages over and above the existing linkages, they may participate in auction of linkage.
- For auction of linkages, separate quantities shall be earmarked for sub-sectors of non-regulated sector.

2. The Ministry of Coal has formulated a new linkage policy for power sector called `SHAKTI (Scheme for Harnessing and Allocating Koyla (Coal) Transparently in India) vide letter No. 23011/15/2016-CPD/CLD dated 22.05.2017. The salient features of the new linkage policy are:-

- Fuel Supply Agreement (FSA) to be signed with Letter of Assurance (LoA) holders after ensuring that plants are commissioned, respective milestones met, all specified conditions of LoA fulfilled within specified timeframe, where nothing adverse is detected against the LoA holders.
- Based on recommendations of Ministry of Power, Linkages shall be allotted to State/Central Gencos/JVs.
- Linkages to IPPs shall be on auction basis.
- Linkages shall be granted for full normative quantity to Special Purpose Vehicle (SPV), incorporated by nominated agency for setting up of Ultra Mega Power Project, under Central Government initiative through tariff based competitive bidding on the recommendations of the Ministry of Power.
- Linkages to IPPs having PPA based on imported coal but not having linkage shall be on the basis of a transparent auction mechanism.

3. The consumers of small, medium and other sectors who have coal requirement up to 10,000 tonnes/year shall be eligible to obtain coal from the State Nominated Agencies(SNA), as per the provisions of New Coal Distribution Policy (NCDP), 2007.

4. As per the provisions of NCDP, 2007, around 10% of estimated annual production of CIL would initially be offered under e-auction. CIL offers coal through spot auction, special forward e-auction for power sector and exclusive e-auction for Non-Regulated sector to meet the requirements of different consumers of the economy.