

**GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
UNSTARRED QUESTION NO.1470
TO BE ANSWERED ON 19.12.2018**

Freight Cost on Coal

1470. SHRI DEVUSINH CHAUHAN:

Will the Minister of COAL be pleased to state:

(a) whether the freight cost on coal is higher than the actual coal cost resulting into higher cost of generation of power as the State of Gujarat is at a distance of 1600 km from the eastern coast and if so, the steps taken by Government to reduce cost of coal and burden of imported coal;

(b) the steps taken by the Government regarding the rationalization of coal linkage;

(c) the steps taken to allocate more coal to State Government/ GSECL in view of large requirement of coal; and

(d) the steps initiated regarding swapping of coal to Government of Gujarat/GSECL, keeping in view the suggestion that domestic coal may be handed over at mine and imported coal at port and swapping to be based on heating value terms based on third party sampling and analysis at loading end?

**ANSWER
MINISTER OF RAILWAYS AND COAL
(SHRI PIYUSH GOYAL)**

(a): The details of actual freight paid for coal transportation are maintained by the users. In order to reduce the cost of power generation and efficient utilisation of coal, the Government, on 04.05.2016, approved the proposal for allowing flexibility in utilization of domestic coal amongst power generating stations by using coal in efficient plants as well as by saving in transportation cost. The State/Central Gencos have flexibility to utilize their coal in most efficient and cost effective manner in their own power plants as well as by transferring coal to other State/Central/IPP Power plants for generation of cheaper power.

(b): Rationalization of Coal Linkage: An Inter-Ministerial Task Force (IMTF) was constituted in June, 2014 to undertake a comprehensive review of existing sources of coal with a view to optimize transportation cost and materialization under the given technical constraints. The linkage rationalization for State/Central PSUs was implemented initially, based on IMTF recommendation and carried forward by Coal India Limited (CIL)/Singareni Collieries Company Limited (SCCL) based on coal availability and requests of public sector Power Plants. In addition CIL has rationalized

sources (subsidiary company-wise) based on the request of public sector power plants with a view to optimize the transportation cost and materialization taking into account coal availability and logistics. Policy for Linkage rationalization for Independent Power Producers (IPPs) has also been issued on 15.05.2018.

So far, transportation of 61.08 Million Tonnes (MT) of coal has been rationalized with annual potential savings of Rs. 3,651 crore. Out of this quantity of coal rationalized, 4.2 MT has been transferred to GSECL plants.

(c): Under the provisions of the Coal Mines (Special Provisions) Act, 2015, one coal mine, namely, Gare Palma Sector-I, located in the State of Chhattisgarh, has been allocated to GSECL for specified end use “Power”.

Further, Bridge Linkages have been granted and tenure extended for the two units of GSECL, namely, Ukai Unit-6 (500 MW) and Wanakbori TPS Unit-8 (800 MW).

(d): In line with the recommendation of the Standing Linkage Committee (Long Term) dated 11.08.2014, an agreement for swapping of coal linkage was signed between Gujarat State Electricity Corporation Limited (GSECL) and NTPC in November, 2014 for swapping of 1.0 MT of coal. As per the agreed terms, GSECL offered its South Eastern Coalfields Limited (SECL) linked coal to NTPC Korba STPS and the coal imported by NTPC was to be supplied to GSECL plant to avoid criss-cross movement of domestic and imported coal. This led to a potential annual savings of Rs. 458 crore to GSECL. The swapping arrangement was continued till import of coal by NTPC upto 2016-17. Coal supplied to GSECL is covered under Third Party Sampling and analysis at the loading as well as unloading points.
