

PRESENT POLICY REGARDING COAL LINKAGE

The Linkages of coal demand is primarily done with the objective of planning of coal supplies, keeping in view indigenous coal resources as well as the need to supply fuel of appropriate quality to the consumers and at the same time making the most economic use of the available capacity for production and of coal.

The system of Linkages as in vogue, both for core and non-core sector consumers (as it has been evolved over the years) has proved to be immensely useful in fulfilling its objectives. The usefulness and effectiveness of the linkage system is best diverse coal consuming sector, spread over the country, from coalfields having differential growth in production. The Linkage Policy as applicable for different consuming sector is detailed in all its related aspects as follows:

CORE SECTOR

STANDING LINKAGE COMMITTEE (LONG TERM) FOR POWER & CEMENT SECTORS

The consumers desiring linkage for supply of coal should apply for linkage to the SLC (long Term). The consumers should route the application through the concerned Ministry to the Chairman, SLC (LT). For example, for setting up a Power Plant, the application has to be routed through the Central Electricity Authority and Ministry of Power. In case of cement unit, it has to be routed through the Ministry of Industry , Ministry of Industrial Policy & Promotion. . The SLC (LT) has the Additional Secretary in the Ministry of Coal as the Chairman. Other members of the SLC (LT). are representatives of CIL, representatives of SCCL, CMPDIL, Railways, Planning Commission, Central Electricity Authority, Ministry of power and representative of Ministry of Industry, Dept. of Industrial Policy & Promotion (as the case may be). The Committee decides the linkage of coal for source of supply, quantum of coal and the mode of transportation.

STANDING LINKAGE COMMITTEE (SHORT TERM) FOR POWER AND CEMENT SECTORS

The Additional Secretary in the Ministry of Coal, Govt. of India is the Chairman of the Committee. Representatives of Coal India Limited, Central Electricity Authority, Ministry of Power, Railways, Representatives of Singareni Collieries Co. Ltd. are the member of SLC (ST) for power sector. In SLC (ST) for cement sector besides Chief of Marketing of CIL, representatives of SCCL, Railways, Ministry of Industry, Dept.of Industrial Development are the other members.

The committee meets in March, June, September and December each year to review the coal supplies to Power and Cement Sectors in the quarter and finalise the linkage to consumers in Power and Cement Sectors for the next quarter. Time to time adjustment/incorporation in the quarterly linkages is done by the Chairman, SLC (ST). Minutes of the meetings are drawn and circulated to all concerned for implementation.

DISTRIBUTION OF COKING COAL TO STEEL PLANTS:

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Every year requirement of indigenous coking coal is being determined on the basis of the target of hot metal production fixed by the ministry of Steel collectively as well as individually for every Steel Plant in the Country. Requirement of coal coal is being derived proportionately and with the help of prescribed norms in relation with the hot metal production. Accordingly, Ministry of Steel advise Coal India about their total requirement of indigenous coking coal for the year. CIL then indicates to Steel Authority the total quantity of coking coal that could be supplied during the year.

Allocation of coking coal was earlier made by the Coal controller on month to month basis according to CIL offers for the same period. However vide amendment carried out by the Central Government to the Colliery Control Order 1945, the Government had exempted the prices and distribution of coking coal from the provisions of Colliery Control Order. Consequently the supply of coking coal are being made by the coal companies them selves on the basis of linkages established by a competent linkage committee or on the basis of then existing commitments.

NON CORE SECTOR INDUSTRIES

At the time of nationalisation there was not system of obtaining confirmation of CIL by any consumer with regard to coal availability and of coal specifications on which the burning equipments were to be designed by the new industries. The consumers were drawing coal supply from the sources convenient to them.

In 1978, it was agreed that CIL should decide the linkage to consumers who are falling under non-core sector category keeping in view the rationalisation of wagon movement, proximately to the coal field, the design of the burning equipment and availability of coal in various coal fields. To this effect, a circular was sent to all the State Governments informing them accordingly. Since then, 'linkage Cell' has been functioning at CIL. Later on, it was decided that such linkages should be discussed and decided by a Committee called "Non-core sector Linkage committee" (NCLC). This system was adopted in October, 1982 which still continues.

Non core sector consumers approach CIL in advance for granting linkage of coal to their units, before installation of their burning equipments. The consumers have to design the same keeping in view qualitative availability of coal. However, this system had not been rigidly adhered to as a number of consumers approached CIL for granting linkages only after installation of their burning equipments.

Consumers having a projected requirement upto 5000 MT of coal per month and desiring drawal of coal from CIL are required to submit linkage application, in the prescribed proforma. Based on the scrutiny of technical data, linkage is issued. Linkage issued remains valid for a period of two years by which time the consumers are expected to start drawing supplies.

Normally movement of coal by rail is encouraged, although where ever necessary, movement by road is resorted to. Consumers whose requirements are more than 500 Tonnes per month and are located beyond 250 Km from the linked source are accorded linkage for supply by rail.

However, depending on operational/loading convenience relaxations are also considered. Consumers located in the vicinity of coalfield are given coal by road irrespective of quantity.

Linkage are granted for a range of grades suiting consumer's requirements, so that desired flexibility in planning and execution of coal supplies can be maintained. It

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is important to note that many of the supplying coal pilots/collieries load coal of more than one grade in a rake.

In case any consumer does not draw supplies continuously for 24 consecutive months, the linkage is treated as 'snapped' Restoration of snapped linkages is done by the concerned contact sales office.

Linkages are not granted to the seasonal industries like manual brick manufacturing units.

Consumer requiring coal, more than 5000 tonnes per month are required to obtain a clearance from the ministry of coal before obtaining formal linkage by CIL which is granted as per the above procedure as specified for consumers requiring less than 5,000 tonnes per month.

Requirements of consumers of Southern States like Tamilnadu, Karanataka, Kerala, Andhra Pradesh, Pondicherry and Goa are normally met by the SCCL. In the event any consumer located in these stated desire to obtain linkage from CIL source, the same is allowed.

The above procedure is not applicable in case of manufacture of special smokeless fuel (SSF) and cokery units (manufacturers of BH hard coke) for which separate norms/ system exists, as follows:

SPECIAL SMOKELESS FUEL

Prospective entrepreneurs desiring to set up SSF plant based on patented technology of CMPDIL, Ranchi are required to obtain recommendation from the High level Committee (HLC) of the concerned State and if the HLC is not functioning, from the concerned DI/DIC and formally apply to CIL-Marketing Division in specified format for issuance of Coal Clearance. CIL-marketing, after scrutiny of the application, and on confirmation from the supplying coal company about availability of coal for proposed plant, issues coal clearance certificates in favour of the unit. Coal linkages are granted by the subsidiary coal companies after meeting the requirements of operation of project report and for acquiring of design packages etc., from CMPDIL-Ranchi on deposition of necessary fee to that office.