

Cabinet approves CoalSETU window: Auction of coal linkages for diverse industrial uses and exports, ensuring fair access and optimal resource utilisation

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The Union Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi today has approved for the Policy for Auction of Coal Linkage for Seamless, Efficient & Transparent Utilisation (CoalSETU) by creation of new window named "CoalSETU window" in the NRS Linkage Policy to utilise coal for any industrial use and export. The new policy adds to the series of coal sector reforms being undertaken by the Government.

The Policy will allow allocation of coal linkages on auction basis on long-term for any industrial use and export by adding a separate window named CoalSETU in the NRS (Non-Regulated Sector) Linkage Auction Policy of 2016 wherein any domestic buyer requiring coal can participate in the linkage auction. The coking coal shall not be offered under this window.

The existing policy for auction of coal linkages for the NRS provides for allocation of all fresh coal linkages to NRS viz. Cement, Steel (Coking), Sponge Iron, Aluminium, and Others [excluding Fertilizer (Urea)] including their Captive Power Plants (CPPs) to be auction based. As per the present policy of NRS Linkage, the sub-sectors are for specified end users only.

Looking at the current & future market dynamics and for the purpose of ease of doing business and for accelerated utilization of existing coal reserves and reduce dependence on imported coal for meeting country's energy requirement, there was a need to have a fresh look at the current arrangements of coal supplies to the NRS, and extend the linkages in NRS to coal consumers without any end use restrictions. In line with the opening of the coal sector for commercial mining, which allowed allocation of coal blocks without any end use restrictions, this policy for auction of coal linkages for NRS has been modified for allocation of coal linkages on auction basis on long-term for any industrial use and export by adding another window/sub-sector. Traders shall not be allowed to participate in the proposed window.

The present auction of coal linkages for the specified end-user sub-sectors in NRS (Non-Regulated Sector) shall continue. The specified end-user (s), can also participate in this window.

The coal linkage obtained under this window shall be for own consumption, export of coal, or any other purpose (including coal washing) except resale in the country. Coal linkage holders will be eligible to export coal upto 50% of their coal linkage quantity. The coal linkage holders may flexibly utilize the coal obtained under this window as per their requirement amongst its Group companies. Considering the demand for washed coal, which would increase in future, the coal linkages to the Washery operators will result in increased availability of washed coal in the country and consequently reduce imports. Further, the washed coal will also find takers outside the country and therefore, the washed coal may also be used for the purpose of export.

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