

# SCHEME FOR ISSUANCE OF LETTER OF ASSURANCE (LOA) UNDER NCDP FOR NON SLC(LT) CATEGORY CONSUMERS WITH LAPSED LINKAGES HAVING BIFR REFERRED STATUS

## General:

As per the Government directives, a scheme is being introduced for issuance of LOA under NCDP for such consumers which are not covered for grant of clearance by SLC(LT) in MOC and which were having linkages for supply of coal in the past with subsidiary companies of CIL but whose linkages have snapped / lapsed due to non-drawl of coal as per stipulated terms of such coal linkages.

Only such consumers shall be qualified under this scheme who have been referred to BIFR (Govt of India, Ministry of Finance, Department of Economic Affairs) and have been declared sick. It would be mandatory for such applications to be accompanied with the documents evidencing that the unit (company) was referred to BIFR and the company has been declared sick by BIFR . In addition, each application must have, as attachments, the copy of revival plan submitted by the unit (company) to the BIFR, the details of help or support sought by the unit(company) from the BIFR including coal linkages, the directive of BIFR together with the details of present status. Moreover, an application must also include a self-affirming affidavit giving details of the past linkages, certification of coal requirements for own usage only etc.

Subject to scrutiny and satisfaction of above, LOA shall be processed for the applicant unit under the new policy as applicable for these categories of consumers.

In addition to the above, the other terms and conditions and details of the scheme including the procedure and format for application are as under:-

### 1. Terms of LOA: -

The LOA for supply of coal will be issued to the applicant/unit for own consumption only. LOA once issued shall not be transferable under any circumstances. No change in the ownership status of the applicant should be permissible from the date of application till commencement of supply in terms of FSA unless so authorized by CIL. Any default on this account on the part of the applicant /LOA holder will lead to cancellation of LOA and forfeiture of Commitment Guarantee submitted by the applicant.

### 2. Eligibility for LOA :-

The procedure to be adopted for clearance of application by CIL and issuance of LOA by concerned subsidiary company for non-SLC(LT) consumer. Non-SLC(LT) consumers would include consumers other than (1) Power including IPP and CPP (2) Cement, (3) Sponge Iron & Steel. The requirement of process unit in respect of Cogeneration CPPs will be considered by CIL and not by MOC for SLC(LT) consumers.

Consumers having normative coal requirement more than 4,200 tonnes per annum will be eligible to apply for issuance of Letter of Assurance (LOA) by the concerned subsidiary companies of CIL. Such application should be supported by the recommendation issued by the Directorate of Industries of the respective State Govt /Central Administrative Ministries, (Whichever is applicable).

The LOA to be issued by the subsidiary Coal Company will subsequently be converted into Fuel Supply Agreement within three months , of fulfillment of stipulated milestones of LOA, for supply of coal at 75% of the normative quantity. Such normative quantity may, if found necessary, be assessed by the concerned subsidiary company on commissioning of the unit. The normative coal requirement will be decided in terms of the industry wise norms after physical verification to be finalized by CIL.

### 3 Non-Eligibility for LOA

3.1 The consumers where end use of coal does not involve coal undergoing chemical change shall not be eligible for LOA and accordingly the following types of industries shall be excluded from the scheme.

- i) Pulverising units
- ii) Coal power Units
- iii) Coal plaster Units
- iv) Washeries/Coal Beneficiation Plants
- v) De-shelling Plants
- vi) Coal Sizing Plants

3.2 Such industries which do not have any permanent facility and seasonal in nature shall be kept outside the purview of coal supply under LOA/FSA mechanism. Such consumers can draw their supply through respective state nominated agencies. Following categories of consumers be excluded from the list of eligible consumers for issuance of LOA.

- (i) Brick Manufacture
- (ii) Tiles Manufacturing
- (iii) Tobacco curing Units
- (iv) Khejur/Tal Gur Manufacturers

3.3 The following types of consumers shall also be excluded

- (i) Special Smokeless Fuel (SSF Units )
- (ii) Briquetting Units
- (iii) Soft Coke Manufacturers
- (iv) Hard Coke Manufacturers
- (v) CCDDF Units
- (vi) Coal Block Manufacturers

3.4 Due to non availability of coking coal, Coke Oven Plants(Cokeries) shall be excluded from the list of eligible consumers for issuance of LOA.

4.0 Source of coal supply :

Company-wise coal availability vis-à-vis commitments with net coal balance position should be readily available on CIL/Subsidiary Companies websites for information of all applicants in case of negative cost balance consumer will be supplied imported coal.

5.0 Price of coal:

The base price of coal shall be as per notified price of CIL from time to time. In the event the supply of coal is made from a mine with notified price being inadequate to provide a reasonable return, then the price to be charged for such supply should be the higher of 'cost plus reasonable return and 'notified price'. The imported cost, if supplied, should be charged at the price based on landed cost plus service charges, to be notified by CIL / supplying coal company from time to time. All applicable taxes, statutory levies and other charges will be payable by the consumers.

6.0 Procedure for issuance of LOA shall be as under :

6.1 Application form shall be available on CIL's Website [www.coalindia.nic.in](http://www.coalindia.nic.in) and [www.coalindia.gov.in](http://www.coalindia.gov.in).

6.2 Eligible consumers may approach Marketing Division of Coal India Ltd. Kolkata or office of GM(S&M) of the Subsidiary Companies or the Regional Sales Offices of Coal India Limited seeking assistance for online registration and clarification.

Till such time the online registration system becomes fully operational, the receipt / registration shall be carried out manually at CIL marketing division, Kolkata.

6.3 Only one application from any consumer for a particular plant shall be considered for registration. The applicant shall apply in the prescribed format enclosed as Annexure-1, duly filled in, with required EMD.

Once the online registration system is introduced the registration process shall be carried out online only and the manual system shall be discontinued.

6.4 The consumers should fill and submit the application for online and shall be registered on first-cum-first served basis. A system generated registration No. shall be allotted online and his online application for incorporation such registration No. shall be mailed by the system to the applicant at his e-mail address provided by him.

6.5 Within fifteen days from the date of online registration, consumers will be required to submit the downloaded, e-mailed copy of the application form, in original print out and duly signed by the authorized signatory along with forwarding letter in the applicant's letter head, supporting documents including recommendation of the respective Administrative Ministry, the requisite EMD – cum – Application fee.

6.6 The applicant will furnish along with the documents the Earnest Money Deposit (EMD) at the rate of Rs. 20/- per tonne against the annual quantities of coal applied for in the form of Demand Draft / Banker's cheque in favour of Coal India Limited payable at Kolkata. Applications without EMD should be rejected. EMD will be non-interest bearing and will be converted into Commitment guarantee at the time of issuance of LOA.

6.7 The application will be processed serially at CIL within a reasonable time. However any deficiency found in the application will be brought to the notice of the applicant through e-mail for rectification within a specified period. On expiry of such period, a reminder will be e-mailed to the applicant and a notice displayed through CIL website. After expiry of the notice period of 30 days, the registration number of the applicant should stand cancelled and EMD will be refunded after deduction of Rs. 10,000/- as processing charges.

6.8 The applications found complete in all respect will be placed for consideration of the Committee on LOA for recommending subsidiary company wise allocation, which will be placed for approval of the competent authority.

6.9 After approval of the Competent authority CIL will communicate to the respective supplying coal company the details of allocation for the purpose of issuance of LOAs. Such details will also be made available through CIL / Subsidiary company website. The subsidiary company concerned will notify the applicant for furnishing the balance amount of CG after adjusting the EMD amount within 90 days. Consumer will have the option to get the refund of earnest money, in case he decides to furnish entire CG in the form of BG. On failure to furnish balance CG in time, a notice of 30 days will be given on expiry of which the EMD amount should stand forfeited and the registration of the applicant will stand cancelled.

6.10 In case the allocation made by CIL with regard to source of supply as well as grade of coal is at variance with applicant's requirement, he will have option of not accepting the offer and seeking refund of EMD. In such cases EMD should be refunded to applicant after deduction of processing charges of Rs. 10,000/-.

## 7.0 Model LOA documents and list of milestones

Different industrial segments outside the ambit of SLC (LT) have been sub-divided into the following 13 sub categories. The Model LOA documents is common to all these categories whereas the list of milestones to be achieved by each of these sub-categories are different and are duly detailed in the annexure to the Model LOA document placed at Annexure – II to the Scheme. The terms & conditions of the Model LOA including the rate of Commitment Guarantee charges, its forfeiture, cancellation or withdrawal of LOA, time-bound achievement of milestones and related provisions are duly provided in the Model LOA.

The sub-category of industrial segments with independent list of milestones:-

Sl. No.	Industries	Status
a)	Ceramics, Tiles & Glass	Complete
b)	Refractory	Complete
c)	Pharmaceuticals and Drugs	Complete
d)	Leather	Complete
e)	Dyeing and Printing	Complete
f)	Sugar	Complete
g)	Textile & Rayon	Complete
h)	Distillery	Complete
i)	Engineering & Machinery and Foundry & Forging	Complete
j)	Chemicals	Generic milestones
k)	Rubber	
l)	Tea	
m)	Lime manufacturing	