

No. MCL/SBP/GM (M&S)/Comml./2019-20/ 1132

Dt. 19/07/2019

## NOTICE

Policy for supply of coal to consumers under FSA/MOU from mine specific source was circulated vide CIL letter nos. CIL/S&M/47252(New Pol)/157 dtd.25.02.2011 & 157 dtd. 25.02.2011. CIL Board in its 372<sup>nd</sup> meeting held on 25th September, 2018, revisited the policy considering that there is a need of having a flexible mechanism enabling coal companies to explore the market for willing consumers to whom mine specific supply arrangement can be made from existing /new mines keeping in view of the market dynamics and varying profile of mines & consumers from subsidiary to subsidiary. The revised policy for supply of coal under FSA/MoU from Mine Specific Source has been issued by CIL vide letter CIL/M&S/New Pol/593 dated 07.11.2018 and a copy of the same is enclosed herewith for information of all consumers having FSA/MoU with MCL. Further directive in this regard issued vide letter no. CIL/DM/Secy./PRI-1/1647 dated 16/07/2019 of Director (Marketing), CIL is also enclosed herewith for information of all concerned.

Encl: as above

*A. S. Meher*  
19/7/19  
General Manager (M&S)  
*July*

CC:

- DT(OP), MCL
- D(T/P&P), MCL
- Ts to CMD, MCL
- GM(System), MCL is requested to hoist the above notice on MCL website under the link "Our Business" ---> "Sales & Marketing"---> "Notices"---> "Notices for FSA"

<p><b>कोल इंडिया लिमिटेड</b>  <b>विक्रय तथा विपणन विभाग</b>  कोल भवन, प्रांगण सं 04 एनएआर,  प्लॉट सं - एएफ-III, एक्शन एरिया - 1ए  न्यू टाउन, राजरहाट, कोलकाता- 700 156  फोन: 033-23244214, फैक्स: 033-23244229  सीआईएन: L23109WB1973GO1028844  ईमेल : gmsnm@coalindia.in  वेबसाइट : www.coalindia.in</p>		<p><b>COAL INDIA LIMITED</b>  <b>SALES AND MARKETING DEPARTMENT</b>  COAL BHAWAN, PREMISE NO- 04 MAR  PLOT- NO –AF-III, ACTION AREA-1A, NEWTOWN,  RAJARHAT, KOLKATA -700 156  Ph:033-23244214,Fax: 033-23244229  CIN: L23109WB1973GO1028844  E-MAIL : gmsnm@coalindia.in  WEBSITE : www.coalindia.in</p>
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CIL/M&S/New Pol/ 593

07.11.2018

To

GM/HOD(M&S)  
ECL/ BCCL/CCL/ NCL/ WCL/ SECL/ MCL/NEC

**Sub: Revisiting the Policy for Mine Specific Coal Supply**

Dear Sir(s),

Policy for supply of coal to consumers under FSA/MOU from mine specific source was circulated vide this office letter no.s CIL/S&M/47252(New Pol)/157 dtd.25.02.2011 & 157 dtd. 25.02.2011. CIL Board in its 372<sup>nd</sup> meeting held on 25<sup>th</sup> September, 2018, revisited the policy considering that there is a need of having a flexible mechanism enabling coal companies to explore the market for willing consumers to whom mine specific supply arrangement can be made from existing /new mines keeping in view of the market dynamics and varying profile of mines & consumers from subsidiary to subsidiary.

The Board approved the Policy for Mine Specific Coal Supply as detailed below with the stipulation that the process of inviting offers from eligible consumers under this policy should be transparent and should be brought in public domain giving wide publicity including through website.

- i) Threshold production capacity of mine be reduced to 1 MTY from existing 2.5 MTY.
- ii) The minimum quantity requirement of eligible consumers be reduced to 0.25 MTY from 1 MTY.
- iii) The threshold limits given above at (i) & (ii) may be reduced even further by the subsidiary if deemed appropriate for enlarging the reach of this policy for benefit of maximum number of consumers.
- iv) Subsidiary Companies be delegated the power to notify the mines (existing or new) to be offered under mine specific policy along with the base add-on over the applicable price, for allocation of coal from each source. The base add-on fixed by the subsidiary company shall not be less than 10% of notified price of the coal.
- v) The revised policy be implemented by the respective subsidiary company through a transparent process where all its linked/FSA consumers eligible under this policy, can participate for securing mine specific coal allocation of coal. Further, CIL on the request of the Subsidiary Company based on long term demand and coal availability scenario, may decide to extend the offer under the mine specific allocation policy, to the linked/FSA consumers of other Subsidiary Companies too.

*for*

- vi) The consumers can be extended the facility of lifting coal through rail mode through the existing sidings of coal companies also. They can even opt for Road-cum-Rail mode of transportation of coal.
- vii) Captive mode of transportation is beneficial from the view point of cost saving, environmental consideration as well as long term assured supply. Subsidiaries be empowered to suitably factor this point for the consumers who seek supply through a captive mode, under a separate contractual arrangement.

The CIL Board advised that the window for seeking application be kept open for a period of one month.

This is for your information and necessary action.

Yours faithfully,

*Krishna*  
General Manager (M&S) 07/11/18

Copy to:

- 1.D(M), CIL
- 2.GM (M&S)-II, CIL
- 3. HOD (Finance- M&S), CIL
- 4. HOD (Comml.- M&S), CIL

Copy to:

GM (systems), CIL with a request to arrange for loading the above on CIL website in Marketing & Sales under NCDP-FSA tab.

# कोल इण्डिया लिमिटेड

महाराष्ट्र कंपनी

(भारत सरकार का उपक्रम)

कॉरपोरेट पहचान सं 123109WB1973GOI028844

एक्शन एरिया-ए, न्यू टाउन, राजरहाट, कोलकाता-7700156

फोन: 033 23244086, फैक्स: 033 23244165

वेबसाइट [www.coalindia.in](http://www.coalindia.in)



## Coal India Limited

A Maharatna Company

(A Govt. of India Enterprise)

CIN- 123109WB1973GOI028844

Action Area-1A, New Town, Rajarhat, Kolkata-700156,

PHONE: 033 23244086, FAX- 033-23244165

WEBSITE: [www.coalindia.in](http://www.coalindia.in)

No. CIL/DM/Secy/PRI-1/1447

Dated 16<sup>th</sup> July, 2019

To,  
The CMD,  
WCL, MCL, SECL, CCL, BCCL, ECL & NCL

Dear Sir,

### **Sub: Notification of Selling Price for coal supply offered under Mine Specific Supply Policy**

The revised policy for Mine Specific Coal Supply approved by CIL Board and communicated vide CIL's letter No.CIL/M&S/New Pol/593 dated 7.11.2018 entails the Coal Companies to fix an add-on for supplies from the identified mines under the policy, which shall not be less than 10% of the notified price of coal. For the supplies opted from specific mine(s) under the Mine Specific Supply Policy, the 'add-on' is to be treated as the integral part of the Notified Price applicable for such mines.

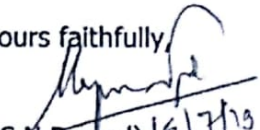
In order to have clarity over the selling price of coal applicable for supplies from the mines offered under the ambit of Mine Specific Supply Policy, it is considered appropriate that the 'add-on' is not charged as a separate element, but subsumed in the selling price. In other words, the Basic Price of coal to be charged in the invoices under the mine specific supply arrangements shall be the sum of the Basic Price Applicable for supplies as per CIL's Price Notification and the add-on as applicable.

It is advised that mine-wise, grade-wise Selling Price (Basic Price) of coal which shall be applicable for the consumers opting for supplies under Mine Specific Supply arrangements, be specifically notified by the Subsidiary Coal Companies, by including the applicable add-on for the specific mine. For instance, if the Notified Price (as per CIL's Price Notification) of the declared grade of coal from a mine is Rs.1228/MT for Power Utilities and Rs.1474/MT for Others and the 'add-on' applicable for the supplies opted under the Mine Specific Supply Policy is Rs.300/MT, then the Notified Price to be declared by the Subsidiary Company for the supplies under the Mine Specific Supply arrangement should be Rs.1528/MT for Power Utilities and Rs.1774/MT for Others. The element of 'add-on' should not be specified in the Price Notification.

Such notification(s) be not restricted to declaration of the Selling Price applicable for the declared grade of the mine(s), but declared for all the grades of coal (i.e., G-1 to G-17) as in the regular Price Notification, by including the add-on. This is necessary because, the actual price payable for the supplies shall be based on the grade determined through third party / joint sampling.

Thanking you,

Yours faithfully,

  
(S.N. Prasad) 16/7/19  
Director (Marketing)

Copy to: Chairman, CIL

: Director (Technical), CIL

: Director (Finance), CIL

: Director(In charge- Marketing): WCL, MCL, SECL, CCL, BCCL, ECL & NCL

: GM(M&S)-I/GM(M&S)-II/HoD(Comm)/HoD(Fin) M&S, Marketing Division, CIL.