

F. No. 23011/57/2013-CPD
Government of India
Ministry of Coal

.....

New Delhi, the 4th September, 2013.

OFFICE MEMORANDUM

Sub : New Coal Distribution Policy – Amendment regarding validity of Letters of Assurance (LoAs) issued thereunder.

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The New Coal Distribution Policy (NCDP) was issued vide this Ministry's Office Memorandum No. 23011/4/2007-CPD dated 18.10.2007, laying down the guidelines for distribution and pricing of coal to various sectors. As per para 6.4 of the said policy, Letter of Assurance (LoA) will be valid for a period of 12/24 months as applicable, during which the applicant consumer is required to achieve the milestones pertaining to his projects/plant as stipulated in the LoA, failing which LoA will stand terminated automatically and the Earnest Money/Commitment Guarantee will be forfeited.

2. It has been pointed out that in many cases the project developers could not achieve the milestones within the validity period of LoA due to reasons beyond their control. This issue was discussed in the SLC (LT) meeting held on 07.01.2013 and it was recommended that Ministry of Coal may consider a modification in para 6.4 of the NCDP so that the LoA was not terminated automatically alongwith the forfeiture of the commitment guarantee before a reasonable opportunity was given for consideration by SLC (LT) and the decision by the competent authority on the recommendation of SLC (LT). This recommendation was also approved by the competent authority.

3. The matter has been considered further in the Ministry. There are cases in which the LoA holders could not achieve milestones for the reasons beyond their control. In such cases, it would be against the principle of natural justice if the LoA is cancelled automatically without giving the LoA holder an opportunity to explain the delay. In some of the cases, the LoA holders might have made considerable investments in the project and the cancellation of LoA will render the projects unviable. Accordingly, it has been decided to amend para 6.4 of the NCDP. The

Existing entry at para 6.4 of NCDP will be replaced with the following :-

6.4 "LoA will be valid for a period of 12/24 months as applicable, during which the applicant consumer/LoA holder will be required to achieve the milestones pertaining to his projects/plant as stipulated in the LoA, failing which LoA will be liable to be cancelled and the Earnest Money/Commitment Guarantee will be liable to be forfeited. However, the validity period of LoA can be extended by the competent authority on the recommendation of SLC (LT)."

4. All pending cases of LoAs will be covered by the amended provisions as indicated above.


(S. Ashraf)


Deputy Secretary to the Govt. of India.

To

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
2. Secretary, Planning Commission, Yojana Bhawan, New Delhi.
3. Secretary, Deptt. Of Economic Affairs, Ministry of Finance, North Block, New Delhi.
4. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
5. Secretary, Deptt. Of Industrial Policy & Promotion, Udyog Bhawan, New Delhi.
6. Secretary, Deptt. Of Commerce, Udyog Bhawan, New Delhi.
7. Chairman-cum-Managing Director, Coal India Limited, 10-Netaji Subhas Road, Kolkata.
8. Chairman-cum-Managing Director, Singareni Collieries Company Ltd., Kothagudem Collieries P.O., Dist. Khammam, Andhra Pradesh.
9. Prime Minister's Office, (Shri Sanjay Lohia, Director), South Block, New Delhi.
10. CMDs of BCCL, ECL, CCL, SECL, MCL, WCL & NCL.
11. PS to Minister of Coal, PS to MoS (Coal).
12. Sr. PPS to Secretary (Coal), PPS to AS (Coal), PPS to JS (C), PPS to JS (LA).


Copies also for information to :-

Chief Secretaries of all State Government / Union Territories.


(S. Ashraf)
Deputy Secretary to the Govt. of India.

Copy to :

✓ Technical Director, NIC, MoC with the request to upload this on the website of Ministry of Coal.


(S. Ashraf)
Deputy Secretary to the Govt. of India.