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No. CIL/S&M/Linkage Auction/ 1244 Date: 18.11.2016

Dear Sir/ Madam,

Sub. Certification of Normative Requirement of successful bidders under 'Others' sub-sector
Ref. Auction of coal linkages for non-regulated sector

Under the directive of CCEA, Ministry of Coal (MoC) vide their letter dated 15.02.2016 has issued policy guidelines for Auction of coal linkages to non-regulated sector. The guidelines inter-alia direct Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) to conduct the auction. CIL accordingly commenced the auction in June 2016. As per the MoC guidelines, consumers have been divided into various sub-sectors based on the end-use. The sub-sectors are as follows:

1. Sponge Iron
2. Cement
3. CPP
4. Others (which includes all end-use not covered under (i), (ii) and (iii) above)

The first tranche of auctions for all the above four sub sectors have been completed.

The auction is envisaged to result in increased availability of coal for various sectors like Iron & Steel, Cement, Aluminum, Paper, Textiles, Food Processing, etc. which will answer the long standing demand of these sectors. It will also ensure other benefits to the user industries such as strict quality assurance via 3rd party sampling, dispatch of coal up to 100% of Normative Requirement, Assured supply from identified source (mine/ siding) to optimize logistics cost , etc. This is expected to result in giving the necessary thrust to Govt. of India's "Make in India" initiative and will also benefit the respective states in terms of generation of additional employment, increase in tax revenue, etc.

It may be noted that as per the MoC guidelines, the consumers can bid for a maximum quantity not exceeding the "Normative Coal Requirement" of their respective end use plant(s). For Cement and Sponge Iron sub-sectors, CIL has used the norms as prescribed by M/s CIMFR, while for CPPs the norms prescribed by CEA has been used.

However, for "Others" sub-sector, given the multitude of industries and technologies involved and the consequent divergence within the overall consumption range even

within a specific industry, it is considered necessary to determine the "Normative Coal Requirement" on a case specific basis.

In order to ensure that the auction process, which is now mandatory for allocation of any new linkages to non-regulated sector (including the matured FSA quantities), should not get delayed because of the above constraint, it had been decided by CIL to let the bidders do a "self-assessment" of their respective end-use plant(s)' coal consumption and participate in the auction on the basis of the same. Once the bidders are declared as the provisional winner of certain quantities w.r.t. certain end-use plants, they will need to get the same vetted through DIC / Directorate of Industry / Parent Ministry (Central / State Govt including their relevant depts.), etc. within 60 days.

In this connection, the co-operation from concerned authorities towards this important endeavour by providing the necessary certification to the successful bidders' end use plants, is highly solicited.

Yours faithfully,

General Manager (S&M)
Coal India Limited, Kolkata

Distribution:

1. Director (CPD), Ministry of Coal – with a request for circulation to all the concerned Ministries of Govt. of India
2. Director of Industries/Commerce of concerned State Governments (list enclosed as Annexure A) – with a request for circulation among respective DICs/ concerned authorities

Copy for publishing on respective websites, to:

1. GM(S&M) ECL/BCCL/CCL/NCL/WCL/SECL/MCL
2. GM NEC, Margherita
3. GM (System), CIL
4. MSTC Limited, Kolkata

Copy for information, to:

1. Principle Secretaries of Industries/Commerce Departments of concerned State Governments
2. Joint Secretary (LA), Ministry of Coal
3. Director (Marketing), CIL

18/12/16

General Manager (S&M)
Coal India Limited, Kolkata

Annexure A

Auction of Coal Linkages for Non-regulated Sector

List of States to which successful bidders from 'Others' sub-sector belong

The list is as under:

1. Assam
2. Chattisgarh
3. Gujarat
4. Jharkhand
5. Madhya Pradesh
6. Maharashtra
7. Odisha
8. Uttar Pradesh
9. West Bengal