

New Coal Distribution Policy amended to increase annual cap of coal through State Nominated Agencies and amend phrase of Small and Medium Sector

Union Ministry of Coal has issued an order with respect to the amendment to the New Coal Distribution Policy (NCDP), 2007 to increase the annual cap of coal from 4200 tonnes per annum for sale through State Nominated Agencies (SNA) to 10,000 tonnes per annum. In addition to raising the annual cap of coal, the Ministry has also amended the phrase, 'small and medium sector', as mentioned in the NCDP to 'small, medium and others'.

The Ministry's order issued states that the above guidelines will also stand applicable to the distribution of coal from Singareni Collieries Company Limited (SCCL). The NCDP was issued vide Ministry of Coal Office Memorandum No. 23011/4/2007-CPD dated 18th October, 2007, laying down the guidelines for distribution and pricing of coal to various sectors. As per the policy, the scope of coverage through State Nominated Agencies was increased up to 4200 tonnes per annum.

There have been requests from consumers and state governments for reconsideration of guidelines as mentioned in NCDP, 2007 for upward revision of annual cap on coal through SNAs and also for amending the condition of the small and medium sector to include other sectors where annual coal requirement is very low.

The rationale for the amendment, as cited in the order, is that only small and medium sector consumers, having requirement less than 4200 tonnes per annum were entitled to take coal through SNA, large units having requirement of less than 4200 tonnes per annum were not recommended for coal by the District Industries Centre (DIC). Moreover, the limit of requirement of less than 4200 tonnes per annum needed to be revised as small units might have expanded over a period of time.

As adequate quantity of coal at notified price through State Nominated Agencies (SNA) would be available for this sector, this amendment is seen as one of the many steps taken by the Government to improve ease of doing business in the country and make more coal available for the small, medium and other sectors.

Warm regards,

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