

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:4504
ANSWERED ON:21.12.2011
COMPULSORY DEPOSITS
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Will the Minister of COAL be pleased to state:

- (a) whether Coal India Limited demands for compulsory deposits for A-grade coal during the issuance of tenders for coal while G and F grade is supplied to the bidders ;
- (b) if so, the details thereof ;
- (c) whether refund to such bidders is released after 12 months of taking the compulsory deposits; and
- (d) if so, the details thereof and the reasons therefor alongwith the corrective steps taken/being taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL(SHRI PRATIK PRAKASHBAPU PATIL)

(a) & (b): There is no policy/system for issuing tender for supply of coal in any of the coal companies of Coal India Limited (CIL). As per New Coal Distribution Policy (NCDP) of the Government of India, coal supply is made through bilateral legally enforceable Fuel Supply Agreements (FSA). The FSAs are normally valid for a period of five years. For the power utilities who were commissioned before 1.4.2009, the validity period is 20 years. As per terms of the FSA, the purchaser is to submit security deposit (SD) for the Annual Contracted Quantity (ACQ) while signing the FSA. The value of the SD is 6% of the basic price of the grades of coal as mentioned in the schedule of the relevant FSA. In case multiple grades are indicated in the schedule, then the SD is determined on the basis of the basic price of the highest grade of coal. The supply of coal under the agreement, however, can be from any of the grades of coal mentioned in the schedule of the FSA as stated above. Since, under the FSA the supply is not mine specific, the above arrangement is necessary for supply of coal from a basket of mines which produce different grades of coal.

In respect of spot e-auction, the bidders are required to deposit non interest bearing Earnest Money Deposit at the rate of Rs.400/- per tonne for grade F and below and Rs.500/- per tonne for Grade E and above before participation in the auction.

(c) & (d): The security deposit submitted through Bank Guarantee (BG)/cash remains valid for the tenure of Fuel Supply Agreement and is refundable at the end of the validity of the agreement, subject to successful completion of and complete settlement of all claims of the seller arising out of this agreement. The validity of the BG is required for 64 months for an FSA of five years.

In respect of spot e-auction scheme, the Earnest Money Deposit (EMD) is adjusted with the coal value for successful bidders. In case of unsuccessful bidders, the EMD is refunded by the Service Provider as soon as they demand for the same. As per terms and conditions of the e-auction scheme, bidder is to satisfy himself with the quality of coal before participation in the e-auction.