

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:1188  
ANSWERED ON:17.07.2014  
SUPPLY OF COAL TO SMALL AND MEDIUM SCALE INDUSTRIES  
Choudhary Shri Ram Tahal

**Will the Minister of COAL be pleased to state:**

- (a) whether the Government has formulated any policy to facilitate distribution/ supply of coal to small and medium scale industries in the country;
- (b) if so, the salient features thereof indicating the modalities worked out for the purpose;
- (c) the annual requirement and quantum of coal supplied by Coal India Limited for distribution among small and medium scale industries during each of the last three years and the current year;
- (d) whether there are certain cases of diversion of coal meant for supply to small and medium scale industries to other industries or companies and if so, the details thereof including the number of cases reported during the said period; and
- (e) the corrective measures taken/being taken by the Government in this regard?

**Answer**

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER AND NEW & RENEWABLE ENERGY (SHRI PIYUSH GOYAL)

(a)&(b): As per clause 3 of New Coal Distribution Policy (NCDP) notified by Ministry of Coal on 18.10.2007, consumers in small and medium sectors in the country, whose requirement is less than 4200 tonnes per annum would be distributed earmarked quantity of coal through the agencies notified by the State Governments. The salient features and the modalities worked out for the purpose are as under:-

(i) The agencies notified by the State Governments could be State Government Agencies / Central Government Agencies (National Co-operative Consumer Federation [NCCF] / National Small Industries Corporation [NSIC] etc.) or Industries Associations, as the State Government may deem appropriate. The agency so notified would continue to distribute coal until the State Government chooses to de-notify it.

(ii) The agency so notified by the State Governments, would be required to enter into Fuel Supply Agreements (FSAs) with coal companies designated by the Coal India Limited (CIL).

(iii) The FSA would be based on firm commitment and compensation for default in performance on either side.

(iv) The price charged to such agencies would be same notified price as applicable to other consumers entering into FSAs. The agency would be entitled to charge actual freight and upto 5% margin as service charge, over and above the basic price charged by the coal companies, from their consumers.

(v) The concerned State Governments and Central Government Departments having administrative control over the agencies would be responsible to ensure that coal allotted for targeted consumers is distributed in a fair and transparent manner and appropriate action taken to prevent its misuse.

(vi) The quantity to be allocated to this sector may be reviewed on the basis of their performance in the beginning of every year. Allocation of this quantity amongst the State would be done on the basis of their consumption pattern in the past.

(c): The Government has earmarked 80 Lakh Tonnes (LTs) for this sector. The coal supplied by CIL to this sector during the last three years and the current year is as follows:-

(Quantity in LT)				
2011-12	2012-13	2013-14	2014-15	
Quantity earmarked	80.0	80.0	80.0	80.0
for all states				
Quantity allocated	53.09	53.54	47.67	34.76 (Till
to nominated states		June, 2014)		
Quantity supplied	24.87	27.31	20.71	3.38 (Till
	May, 2014)			

(d)&(e): Information is being collected and shall be laid on the table of the House.