

No.MCL/SBP/GM (M&S/2022-23/872

Date: 18.10.2022

NOTICE

Revised methodology of extending Usance LC facility for the coal supplies under FSAs and e-auction vide letter No. CIL/M&S/GM(F)/1195 Dt. 22/04/2022 are summarized as under. The Usance LC methodology has been revised as follows:

- Buyer shall open an Usance LC favoring the Coal Company (Seller) for an amount equivalent to 33% of Coal Value i.e., As Delivered Price of Monthly Scheduled Quantity (MSQ) under the FSA.
- Payment would be made within 5 working days upon submission of the Pro-forma invoice by the Seller through RTGS/NEFT as per the instruction of Advising/Negotiating Bank.
- Beneficiary shall get payment on sight basis from Advising/Negotiating Bank on due date upon receipt of acceptance for making payment from issuing Bank. Discounting interest and all other bank charges will be borne by the applicant. The Advising /Negotiating Bank shall process the documents promptly and credit the invoice value to Seller account within 5 working days. In case the payment is not made to the seller within the stipulated time of 5 working days, seller shall charge interest FSA @Repo + 3%, as applicable on the due date of payment under the Usance LC for the entire period for which the payment has remained overdue.

Further dispatch to the Buyer will be stopped for the Buyer during the period of default. Repeated failure of the Advising Bank to release the payments against the pro-forma invoice/Invoice within the prescribed time frame shall give right to the seller to refuse the LC facility of payment to the Buyer. The LC shall have the provision for the negotiation of such Interest bills also.

This notice is applicable from 18.10.2022 and supersedes earlier notices on interest on delayed realization of PI against Usance LC guidelines.

G.M. (M&S)

[Signature]
18-10-22
MCL H.Q.

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