



# MCL

महाप्रबंधक (विपणन और विक्रय) का कार्यालय

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दि. 17.04.2020

## नोटिस

**Sub: Notice of Extension of Usance LC facility to Power and Non Regulated Sector consumers**

This is for information of all concerned that the Board of Directors of CIL in its 402<sup>nd</sup> meeting held on 16.04.2020 has approved the methodology for extending the Irrevocable Revolving Letter of Credit (Usance LC) facility to the following categories of consumers :

- Power Sector consumers drawing coal supplies under the FSA.
- Non Regulated Sector consumers drawing coal supplies under the FSA executed under Linkage Auction route.
- Special Forward e-Auction scheme.
- Exclusive e-Auction scheme.

The modalities for extension of the Usance LC for the above categories of consumers based on the above said approval of CIL Board is enclosed. This issues in supersession of earlier notices in this matter.

CIL/MCL shall reserve the right to further modify/amend/cancel the same. For any further query, consumer may contact the office of the GM (M&S), MCL.

*A. Gupta*  
17/4/20

महाप्रबंधक (विपणन और विक्रय)

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### प्रतिलिपि सूचनार्थ:-

- अध्यक्ष-सह-प्रबंध निदेशक, एमसीएल
- निदेशक(विपणन), सीआईएल
- निदेशक(तकनीकी/संचालन), एमसीएल
- निदेशक(वित्त), एमसीएल

### प्रतिलिपि:-

- महाप्रबंधक (विपणन और विक्रय), सीआईएल
- महाप्रबंधक (वित्त/ विक्रय खाता), एमसीएल
- महाप्रबंधक (प्रणाली) – एमसीएल वेबसाइट पर अपलोड के लिए
- मुख्य प्रबंधक (एम.एंड.एस / रेल) , एमसीएल / मुख्य प्रबंधक (एम.एंड.एस / वाणिज्य) , एमसीएल / मुख्य प्रबंधक (वित्त/ विक्रय खाता), एमसीएल/ प्रबंधक (एम.एंड.एस / रोड) , एमसीएल

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5. MCL shall submit the Pro-forma Invoice towards the As Delivered Price of the despatch quantity along with the Railway Receipt (RR), in case of despatch by Rail mode. If there is delay in issue of RR, the pro-forma invoice shall be accompanied with the copy of Forwarding Note and Electronic Print out (EPO) of weighment. The pro-forma invoice shall be raised on rake to rake basis in case of rail despatches and on daily basis in case of despatch by other modes. MCL shall make arrangements for submission of soft copies of the documents i.e., pro-forma invoice and RR/ Forwarding Note/ EPO etc., to the Advising Bank within 24 hrs of generation of EPO.

4. Post receipt of the LC, Advising/Negotiating Bank shall intimate MCL.

d. Beneficiary (MCL) 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.

c. Discrepancies acceptable except quantity and value.

b. Payment would be made within 3-5 working days upon submission of the Pro-forma invoice by MCL through RTGS/NEFT as per the instruction of Advising/Negotiating Bank.

a. All Bank Charges including opening charge of Usance LC and discounting charges to be borne by the applicant (Buyer).

3. The Usance LC shall have the following conditions inter-alia:

- 1. Usance LC facility shall be extended as an option of payment for power consumers (Buyer) drawing coal supplies through FSAs, in addition to advance payment and Irrevocable Revolving Letter of Credit (IRLC).
- 2. Buyer shall open an Irrevocable Letter of Credit (Usance LC) favoring MCL. The Buyer shall open the LC for an amount equivalent to 50% of Coal Value i.e., As Delivered Price of Monthly Scheduled Quantity (MSQ) under the FSA.

A. For Power Sector Consumers for supplies under the FSAs:

Methodology for extending Usance LC for the coal supplies under the FSAs and Special Forward e-Auction Scheme and Exclusive e-Auction Schemes

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6. The LC shall have the provision for MCL to submit the documents in soft copy and/or Buyer shall submit an undertaking/declaration from the Issuing Bank that soft copy of documents shall be accepted for processing of acceptance of payment. MCL shall submit the documents in soft copy along with digital signature (if required).
7. The Advising/Negotiating Bank shall process the documents promptly and credit the invoice value to MCL account within 3 to 5 working days upon receipt of soft copy of the documents from MCL. The Advising/Negotiating Bank shall get necessary acceptance from the LC issuing bank. Buyers shall ensure that Issuing Bank processes the acceptance immediately upon receipt of soft copy of documents from the Advising/Negotiating Bank, so that the payment is credited to MCL's account within 3 to 5 working days.
8. In case the payment is not made to MCL within the stipulated time of 3 to 5 working days, MCL shall charge interest @ SBI MCLR (3 months) as applicable on the due date of payment under the LC plus 3% (three percent) 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 within the prescribed timeframe shall give right to MCL to refuse the LC facility of payment to the Buyer. The LC shall have the provision for the negotiation of such interest bills also.
9. To avoid any operational delays, Coal Consumers shall, preferably open Usance LC with the same bank as the Advising/Negotiating Bank of MCL. The list(s) of Advising/Negotiating Banks of MCL shall be circulated in due course.
10. The applicant of Usance LC (Coal Consumer) shall bear the discounting charges and any other bank charges to be charged by the Advising/Negotiating Bank.
11. It should be ensured that there should not be any recourse to MCL.
12. In addition to Usance LC, the Buyer shall pay advance amount equivalent to seven (7) days coal value through NEFT/RTGS.

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13. In case of arrear rakes remaining pending for movement at the end of the validity period of the FSA, the Buyer shall extend the validity period of the LC for a further period as may be decided by MCL or the extant system of advance payment shall be made applicable for such pending rakes. Otherwise, the pending arrear rakes shall be liable to be cancelled at the cost and responsibility of the Buyer.
- B. For Non-Regulated Sector Consumers drawing supplies under FSAs by Road mode:
  1. The facility shall be extended only for supplies under the FSAs executed through linkage auction route.
  2. Buyer shall open an Irrevocable Letter of Credit (Usance LC) favoring MCL (Seller). The Buyer shall open the LC for an amount equivalent to 50% of Coal Value i.e., As Delivered Price of Monthly Scheduled Quantity (MSQ) under the FSA.
  3. The Usance LC shall have the following conditions inter-alia:
    - a. All Bank Charges including opening charge of Usance LC and discounting charges to be borne by the applicant (Buyer).
    - b. Payment would be made within 3-5 working days upon submission of the Pro-forma invoice by MCL through RTGS/NEFT as per the instruction of Advising/Negotiating Bank.
    - c. Discrepancies acceptable except quantity and value.
    - d. Beneficiary (MCL) 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.
  4. Post receipt of the LC, Advising/Negotiating Bank shall intimate MCL.
  5. Buyer shall submit an application to MCL indicating the quantity for which the DO is desired against the MSQ and advising MCL to realize the advance amount towards the 'As Delivered Price' of the ordered quantity (i.e., DO quantity) by negotiating a Pro-forma Invoice under the Usance LC. The total value for which DO shall be issued at a time shall not exceed the amount of the LC.

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13. In addition to Usance LC, the Buyer shall submit a financial coverage through NEFT/ RTGS or a bank guarantee issued by an acceptable bank in the prescribed format under the FSA for an amount equal to the estimated As Delivered Price of Coal for 30 days of coal supplies, i.e., ACQ/12, subject to a minimum amount equivalent to a truckload.

12. It should be ensured that there should not be any recourse to MCL.

11. The applicant of Usance LC (Buyer) shall bear the discounting charges and any other bank charges to be charged by the Advising/Negotiating Bank.

10. To avoid any operational delays, Buyer shall, preferably open Usance LC with the same bank as the Advising/Negotiating Bank of MCL. The list(s) of Advising/Negotiating Banks of MCL will be circulated in due course.

9. Repeated failure of the Advising Bank to release the payments against the pro-forma invoice within the prescribed timeframe shall give right to MCL to refuse the LC facility of payment to the Buyer and further payments shall be received only through NEFT/ RTGS from the Buyer's account.

8. In case the payment is not released by the Advising Bank to MCL within 3 to 5 working day of receipt of soft copy of pro-forma invoice, MCL may accept the payment directly from the Buyer, if the payment is made within the due date of payment notified by MCL for acceptance of payments against the MSQ.

7. The Advising/Negotiating Bank will process the documents promptly and credit the value of the pro-forma invoice within 3 to 5 working days on receipt of the soft copy of the pro-forma invoice.

6. MCL shall raise a Pro-forma Invoice towards the 'As Delivered Price' of the quantity for which DO is required to be issued against the MSQ and negotiate it under the Usance LC, MCL shall submit the pro-forma invoice in soft copy along with digital signature (if required). The Usance LC to be established by the Buyer shall have the provision that the soft copy of pro-forma invoices/ documents shall be accepted under the LC for releasing the payment to MCL.

**C. For Non-Regulated Sector Consumers drawing supplies under FSAs by Rail mode:**

1. The facility shall be extended only for supplies under the FSAs executed through linkage auction route.

2. Buyer shall open an Irrevocable Letter of Credit (Usance LC) favouring MCL (Seller). The Buyer shall open the LC for an amount equivalent to 50% of Coal Value i.e., As Delivered Price of Monthly Scheduled Quantity (MSQ) under the FSA.

3. The Usance LC shall have the following conditions inter-alia:  
a. All Bank Charges including opening charge of Usance LC and discounting charges to be borne by the applicant (Buyer).  
b. Payment would be made within 3-5 working days upon submission of the Pro-forma invoice by MCL through RTGS/NEFT as per the instruction of Advising/Negotiating Bank.  
c. Discrepancies acceptable except quantity and value.

d. Beneficiary (MCL) 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.

4. Post receipt of the LC, Advising/Negotiating Bank shall intimate MCL.

5. MCL shall submit the Pro-forma Invoice towards the As Delivered Price of the despatch quantity along with the Railway Receipt (RR). If there is delay in issue of RR, the pro-forma invoice shall be accompanied with the copy of Forwarding Note and Electronic Print out (EPO) of Weighment. The pro-forma invoice shall be raised on rake to rake basis. MCL shall make arrangements for submission of soft copies of the documents i.e., pro-forma invoice and RR/ Forwarding Note/ EPO etc., to the Advising Bank within 24 hrs of generation of EPO.

6. The Advising/Negotiating Bank shall process the documents promptly and credit the invoice value to MCL account within 3 to 5 working days upon receipt of soft copy of the documents from MCL. The Advising/Negotiating Bank shall get necessary acceptance from the LC issuing bank. Coal Consumers shall ensure that issuing Bank processes the acceptance immediately upon receipt of soft copy of documents from the Advising/Negotiating Bank, so that the payment is credited to MCL's account within 3 to 5 working days.

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Auctions under Special Forward e-Auction Scheme is conducted for the Power Sector Consumers for a longer period of time, say 3 to 12 months. Similarly, auctions under Exclusive e-Auction Scheme is conducted for the consumers in NRS. The quantity secured by the Bidder under these scheme period is released in terms of Monthly Scheduled Quantity (MSQ), which is arrived by dividing the

**Schemes:**

**D. For release of coal under Special Forward & Exclusive e-Auction**

13. The provision for financial coverage for an amount equal to the estimated As Delivered Price of Coal for 30 days of coal supplies, i.e., ACQ/12, subject to a minimum amount equivalent to the As Delivered Price of Coal of one rake-load, shall also apply as stipulated in the FSA.

12. In addition to Usance LC, the Buyer shall pay advance amount equivalent to seven (7) days coal value through NEFT/RTGS.

11. In case of arrear rakes remaining pending for movement at the end of the validity period of the FSA, the Buyer shall extend the validity period of the LC for a further period as may be decided by MCL or the extant system of advance payment shall be made applicable for such pending rakes. Otherwise, the pending arrear rakes shall be liable to be cancelled at the cost and responsibility of the Buyer.

10. It should be ensured that there should not be any recourse to MCL.

9. The applicant of Usance LC (Buyer) shall bear the discounting charges and any other bank charges to be charged by the Advising/Negotiating Bank.

8. To avoid any operational delays, Buyer shall, preferably open Usance LC with the same bank as the Advising/Negotiating Bank of the Coal Companies. The list(s) of Advising/Negotiating Banks of MCL shall be circulated in due course.

7. In case the payment is not made to MCL within the stipulated time of 3 to 5 working days, MCL shall charge interest @ SBI MCLR (3 months) as applicable on the due date of payment under the LC plus 3% (three percent) 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 within the prescribed time frame shall give right to MCL to refuse the LC facility of payment to the Buyer. The LC shall have the provision for the negotiation of such interest bills also.

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Quantity by the total number of months for which the auction is held or as usually agreed between MCL and the Bidder.  
modalities for extending the Usance LC facility under these schemes by and Rail mode shall be similar to the modalities for the supplies under the : executed under linkage auction route, as described under Part B & C /e.  
nce LC facility shall be extended under Special Forward & Exclusive e- tion Schemes initially for a period for the events of auctions conducted er these two schemes upto September, 2020.