

GOVERNMENT OF INDIA  
 MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES  
 OFFICE OF DEVELOPMENT COMMISSIONER  
 (MSME)

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**12.02.2008**

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**4(5)/2007-08/met**

To  
 ✓ Commissioner /Director of Industries  
 Government of Gujarat, Gandhinagar.

Sub: New Coal Distribution Policy- improving availability of Coal to MSME sector.

Sir,

You may be aware that Ministry of Coal, Govt. of India has announced a New Coal Distribution Policy in October, 2007 and the same has been circulated to all state govts/UTs. The Policy is to come into force w.e.f. 01.04.2008. The New Distribution Policy has made some important amendments in favour of MSME sector, which are tabulated below:

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S.N.	Item	Previous Policy	New Policy
1.	Earmarking	Only for SSIs, i.e. present Micro & Small Enterprises	Covers MSE, and also includes Medium sector enterprises.
2.	Quantity of coal earmarked for MSME sector	4 Million Tons/annum	8 Million Tons/annum
3.	Direct supply of coal to individual units from distributing agency	500 Tons/annum	4200 Tons/annum
4.	Government Distributing Agencies	NCCF, State Government, Nominating Agencies	National Small Industries Corporation (NSIC), NCCF, State Government, Nominating Agencies
5.	Private Distributing Agencies	-	Agencies recommended by State Government including Industry Associations.

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The New Policy, in fact, gives a lot of liberty to the state govts. to nominate the distributing agencies including private agencies like industry associations to make the distribution system effective.

The Ministry of MSME, Government of India enacted, the MSME Development Act, 2006 w.e.f. 2<sup>nd</sup> October 2006, wherein the investment limits in plant & machinery for micro and small enterprises have been enhanced to Rs. 25 lakhs and Rs. 5 crores respectively. The investment limit in plant and machinery for the medium enterprises has also been kept at Rs. 10 crores. Although there were limited quantities of coal earmarked for the MSE sector, the off-take, under the earlier policy, was even less than the quantity earmarked. With the widening up of the user base now and the flexibility offered in the New Distribution Policy, the off-take of the coal quantity against the enhanced earmarked quantity for MSME may substantially improve.

I would request you (or the concerned Department/Agency of your government) to take immediate steps in line with the guidelines given in the New Coal Distribution Policy for nominating distributing agencies, (which may include even NSIC) and take other actions, unless this is done in time, MSMEs may face supply dislocations from April 2008 onwards.

I look forward for your suggestions, if any, and assistance that you may need.

Yours faithfully,

*Ni*

(JAWHAR SIRCAR)  
AS & DC(MSME)

Copy to:

- i) Director, MSME-DIs
- ii) Director (CPD), Ministry of Coal  
Shastri Bhawan, New Delhi