

TUESDAY | 29 APRIL 2025

## Case Update



### Case Update: Hon'ble High Court of Madhya Pradesh grants an interim stay on "Singrauli Punarasthapan Charge" levied by Coal India Limited

DATED: 29/04/2025



On 27.02.2025, Coal India Limited ("CIL") issued a Price Notification (No. CIL/M&S/Pricing/557) unilaterally imposing an additional ₹300 per tonne surcharge on coal sourced from the mines of Northern Coalfields Limited ("NCL"), one of its subsidiaries, with effect from 01.05.2025. Termed the 'Singrauli Punarasthapan Charge', this levy was introduced without any statutory basis, stakeholder consultation, or cost disclosure.

In response, the Association of Power Producers ("APP"), representing a majority of the country's Thermal Power Producers ("TPPs"), issued detailed objections via email dated 07.03.2025 to CIL, highlighting the adverse financial, operational, and competitive consequences of the levy. Further representations were submitted to the Hon'ble Ministry of Coal and Ministry of Power on 28.03.2025, reiterating the Petitioner's strong opposition to this non-transparent and discriminatory surcharge.

Given the absence of any engagement by CIL and the impending enforcement of the surcharge from 01.05.2025, APP approached the Hon'ble High Court of Madhya Pradesh under Article 226 of the Constitution by W.P. 14964 of 2025 titled as 'Association of Power Producers v. Union of India & Ors.', challenging the Impugned Notification and seeking a stay on the operation of the same.

The petition was filed on the grounds that the surcharge was patently illegal, discriminatory, and violative of Article 14, imposing a region-specific financial burden on a class of consumers without intelligible differentia or rationale. The surcharge, scheduled to come into effect from 01.05.2025, was imposed unilaterally and without any statutory backing, stakeholder consultation, or cost transparency.

#### **Order dated 29.04.2025 passed by the Hon'ble High Court of Madhya Pradesh**

The Writ Petition was listed for the first time before the Hon'ble High Court of Madhya Pradesh on 29.04.2025, wherein, taking cognizance of the Petitioner's submissions, the Hon'ble Court observed that "Petitioner cannot be forced to pay ₹300 extra without there being any statutory backing... In absence of any statute or law, ₹300 cannot be added and burden cannot be shifted upon petitioner."

Accordingly, the Court was pleased to issue notice to the Respondents and granted an interim stay on the operation of the Impugned Notification dated 27.02.2025, thereby restraining CIL from levying or recovering the 'Singrauli Punarasthapan Charge' till the next date of hearing.

*The Association of Power Producers was represented before the Hon'ble High Court of Madhya Pradesh by Shri Venkatesh, Founding Partner, Ashutosh Kumar Srivastava, Partner and Aashwyn Singh, Associate from SKV Law Offices.*

**[SKV Opinion:** The stay granted by the Hon'ble High Court protects the power generation sector from a unilateral and unjustified financial burden. The Impugned Notification had far-reaching cost implications for thermal power plants dependent on NCL coal, potentially distorting merit order dispatch, electricity tariffs, and the overall competitiveness of the sector.]