

Auctions may help private coal miners tap 100 million tonnes

CIL gears up to compete with private competition for the first time since 1973

SPECIAL CORRESPONDENT
NEW DELHI

Private players will be able to bid for mines with about 100 million tonnes of coal reserves in the initial phase of auctions for commercial mining rights, a top Coal Ministry official said.

The auction will follow a simple and transparent process for selecting eligible bidders, he said.

"Today is certainly the right time for allowing commercial mining. The leverage of interested parties to disrupt the supply of coal is minimal, so the timing is right," said Vivek Bharadwaj, Joint Secretary in the Coal Ministry, brushing aside concerns about the timing of the auctions expected to be held this year.

"The commercial miners will certainly find a way to service their own customers. I can tell you that the mines are not of just 70-75 million tonnes, they have an aggregate capacity of 100 million tonnes and if their mining plans are revised, it can go up further. Getting 10% share of the market will certainly make a huge impact on the total (coal) market," Mr Bharadwaj said, addressing industry members at a coal conference hosted by Assocham.

"Public sector major Coal India Limited is gearing up to compete with private competition for the first time since 1973 when coal blocks were nationalised and will shut down all unviable mines in the coming years, the official added.

'Positive disruption'

Allowing competition in the commercial mining space will create a positive disruption in the market, the official said, citing the precedents of the BSE, State Bank of India and MTNL that once



Mining opportunity: Competition in the commercial mining space will create a positive disruption in the market. •REUTERS

dominated the market but now compete with large new players in their respective sectors. While an Indian consumer can buy anything from petroleum to aeroplanes, the regulated commodity of coal has no retail market.

"If commercial mining can create a market for coal, and I see no reason why there shouldn't be one, then we can even have a coal price index," Mr. Bharadwaj said, adding that till that happens, prices will have to be indexed on the basis of other countries' data.

The eligibility criteria for bidders will be kept simple and the auction process would be absolutely transparent, the official said, promising there would be no complicated norms specifying net worth or experience of the bidders and assigning weightage to different factors.

Coal India is gearing up to meet competition from private miners and will shut down all unviable mining operations over the next couple of years, he said.

"Coal India is closing 37 unviable mines this year. Going forward, they will close several more and in the next two years, you will have no unviable coal mining in Coal India," Mr. Bharadwaj said. He, however, said the private miners must not try to become more efficient just by exploiting cheap labour.

"Primarily, the cost structure of Coal India comes from its high labour costs.

If the efficiency of the private sector is coming from exploitation of labour, that is not something to be proud of. If the worker isn't happy, somewhere down the line, it will reflect on the firm's bottomline," the Joint Secretary said.

Hike deemed credit on transitional stocks, Assocham tells GST Council

KR SRIVATS

New Delhi, April 20

Industry body Assocham has pitched for an increase in the deemed credit on transitional stocks (for proposed GST regime) where supporting excise-paid documents are not available with an assessee on the transition date to new tax system.

The deemed credit of 40 per cent of the output tax – provided in the draft GST rules – is quite low, Assocham said in a representation to the GST Council Chairman and Union Finance Minister Arun Jaitley.

Assocham has said that the amount of 40 per cent of the central tax could be significantly low in certain cases, especially where the proposed GST rate is 18 per cent or 28 per cent.

A deemed credit of 40 per cent would result in loss on transitional stock and would

impact the sales made by companies during April-June 2017 (assuming GST implementation date will be July 1, 2017), the chamber has said.

Assocham has suggested that the government may consider making the amount of deemed credit equal to GST liability or actual amount of duty paid on such goods.

Alternatively, the deemed credit of 40 per cent should be increased, particularly for goods which are subject to GST at 18 per cent and 28 per cent or more where the current excise and VAT rates are lower like pharma products, it said.

Also, the chamber has suggested that the anti-profiteering clause should not be made applicable in case of transitional stocks. Such an approach would encourage the market to move into GST regime, according to this industry body.

IT cos' reputation is taking a hit: Nasscom

■ **Hiring in India is likely to be affected**

DC CORRESPONDENT
BENGALURU, APRIL 19

Indian IT industry body Nasscom on Wednesday said that the new executive order signed by US President Donald Trump to promote 'Buy American, Hire American' campaign is driven by "persistent myths" to damage the reputation of the Indian IT sector.

"We believe that the current campaign to discredit our sector is driven by persistent myths, such as the ideas that H-1B visa holders are 'cheap labor' and 'displace American workers' who train their replacements," none of which is accurate," said the statement released by Nasscom.

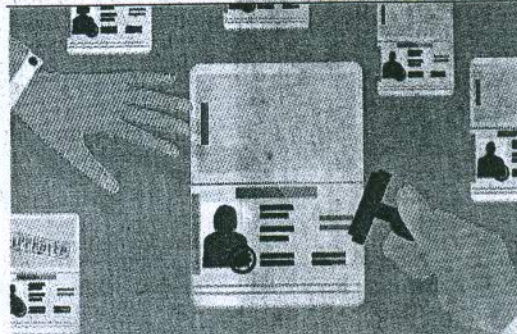
However, the likely amendments to the existing H-1B visa program affects the Indian IT services firms that have adopted off shoring business models. In addition, the move would also hurt thousands of US businesses and their efforts to be more competitive by hindering access to needed talent, according to Nasscom.

Trump's executive order has directed the federal bureaucracy to look for new ways to restructure and restrict the H-1B system, and enforce the law more vigorously.

However, the IT industry body said that nothing is being proposed that would impact or change the FY18 H-1B lottery that is currently underway.

Ashok Soota, the founder of Happiest Mind Technologies and IT industry veteran said that the firms are waiting to gain clarity on the likely changes to the H-1B visa policy.

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DIFFERENT APPROACH

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■ **ALONG WITH US,** Singapore and Australia have also been looking for ways to curb their work visa programs, which would mean more headwinds

Singapore and Australia have also been looking for ways to curb their work visa programs, which would mean that the Indian IT companies are in the midst of uncertainty.

According to a report released by Assocham, the Indian IT firms are bound to face disruptions by way of higher costs due to visa curbs.

The rising rupee is also expected to aggravate the situation further for the firms.

As per the paper released by Assocham, the reverses resulting from the tightening of the H-1B visas would force IT giants to create fundamental changes in

their strategies in terms of hiring, salaries, jobs, impacting employees in India too.

However, Nasscom said that it will work towards lobbying for a level-playing field.

Commenting on the Australian government's decision to scrap 457 visa category, Nasscom said, "We will be working closely with the Government of India and Australian government to understand more details on the changes and ensure how these could be implemented seamlessly to ensure business continuity and value for Australian customers," the statement said.

TRACKING | TRENDS

■ Any moderation in agriculture growth will be due to high base-effect

Normal monsoon will boost agriculture

PAWAN BALI
NEW DELHI, APRIL 18

India Meteorological Department's (IMD) prediction of a "normal" monsoon this year will boost agriculture growth and will soothe the nerves of investors and markets.

Earlier there were reports by private forecasters that monsoon this year may be below normal due to an evolving El Nino phenomenon.

A normal monsoon will help GDP growth and will also ease food inflation.

IMD forecast that monsoon seasonal rainfall is likely to be 96 per cent of

the Long Period Average (LPA) with an error of 5 per cent. Monsoon rainfall between 96 per cent and 104 per cent is considered normal and lower than 96 is categorised as "below normal".

A normal monsoon is crucial for agriculture growth as India still to a large extent depend on rains and monsoon deliveries. 70 per cent of total rains received by the country in a year. "IMD prediction of a normal monsoon augurs well for agriculture. After two straight bad monsoons we had a good monsoon last year but the full benefit of it



could not be realised in terms of demand for various goods and services due to demonetisation. In case we have a normal monsoon this year too then the pent-up demand plus rural demand will overall translate into better GDP growth in 2017-18," said Sunil Kumar Sinha, prin-

■ **ASSOCHAM SAID** that since the IMD has forecast the LPA of 96 at the lower end of the band of 96-104 for the 'normal' rains, some kind of a contingency plan should still be made, just in case a deficiency is found

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modest contribution of agriculture to the overall GDP, the monsoon outlook would have some impact on consumption sentiment, both for consumer non-durables and big ticket items such as agricultural inputs, motorcycles and tractors among others," she said.

According to other experts, any moderation in agriculture growth in case of normal monsoon this fiscal will be due to base effect as in 2016-17 India is likely to witness record food grain out.

"Even 3.6 per cent agriculture growth in current fiscal is credible over high

growth seen last fiscal," said experts.

Iera said that in addition to the overall level, the timing of rainfall would be crucial. "Higher rainfall in the early part of the monsoon may support sowing. However, adequate rainfall in the second half of the season would remain important for yields," it said.

The agency warned that although reservoir storage exceeds the level in 2016, it may not prove adequate to shield the crop sector, if monsoon rainfall turns out to be appreciably weaker than the IMD's initial forecast.