

FICCI calls for judicious resolution of the Coal block allocation impasse

NEW DELHI, 13 January 2014: FICCI is concerned over the recent reports in the media on opinion given by the Hon'ble Attorney General to the Central Government for considering cancellation of coal blocks, allotted post 2005. FICCI strongly opposes an en masse de-allocation/ cancellation of the coal blocks on basis of any cut-off date or any other arbitrary parameter as this would be contrary to tenets of natural justice and also defies economic prudence.

FICCI believes that the law should take its own course and if there is a conclusive evidence of illegality or violation of contract, the Government is entitled to and should take action against companies, who have violated contractual conditions or misrepresented facts.

Indicting the entire industry due to the misdeeds of a few will not only be against the principles of jurisprudence but also send negative signals to present and prospective bona fide investors. **Mr. Sidharth Birla, President, FICCI** said, "Any such en masse cancellation will severely hurt the coal block allocatees who had complied with the contractual obligations as specified by the law of that day and will make their assets unviable. This may also put huge distress on the lenders and the banking sector that have funded these projects. This will have a spiralling effect on the entire economy as coal is feedstock to many of our core industries."

FICCI therefore suggests that an empowered committee may be formed by the Hon'ble Supreme Court to look at all cases and action be initiated against those who are found to be deficient in meeting the obligations enshrined in the Government Policy or in the contract. It is also important that in each case that the role of the Government contributing to the situation is clearly delineated for action. It is also important that distinction to be made between policy decision, which is not assailable and non compliance of the policy, or twisting the policy for fixing responsibility, said **Mr. Birla**.

Coal energises Indian economy. It meets 53 per cent of India's primary energy needs and accounts for nearly 60 per cent of power generation in the country. This large dependence on coal is justified when one considers the fact that India is home to fifth largest coal reserves in the world.

In the past few years, the availability and pricing of coal have emerged as major concern areas for the country. Considering India's huge coal reserves (286 billion tonnes), it is rather unfortunate that coal availability has become such a concern. At the core of these issues is inadequate coal exploration and mining, which has failed to keep pace with the rising demand from various sectors including power, cement, steel etc.

FICCI Media Division