**SC Coal Block Judgement is Bad for India**

A lot has been debated about the Coal Block judgement given out by SC yesterday. In my view its an extremely retrograde judgement which could hurt India in the long run.

The SC has equated the Coal Allocations to the 2G Scam which is totally fallacious. If the Government of India had a policy under which companies applied for Coal Blocks which were allocated to them then what is the fault of the companies is difficult to understand. Various governments at different points of time will come out with policies to attract investments. The biggest folly is that today seems to have been extrapolated into the past. There was a time when coal prices were very low and there was hardly any demand. At that time the companies that got these mines invested their money and took a business risk which paid off.

In any economic decision there is a winner and there is a loser. The benefits cannot be equal. The risk that some companies take can payoff or go horribly wrong. In hindsight, which in any case is perfect companies cannot be penalized.

No contract with the Government of India will now be sacrosanct. It can be opened up and scrapped any time in the future with perfect hindsight.

2G was a case where something of a particular value at that time was given away cheaply. It was not the case in the initial rounds of Coal Block allocations. This is not to say that a large proportion of these did not deserve to be scrapped. Obviously lot of companies that got the coal blocks later, especially during the UPA regime did not deserve to get them. However going back 20 years and scrapping all allocations might not have been the way to go.
What happens to a power company who sold electricity at a particular rate assuming that the the cost of coal is Rs X. Now 10 years later they are asked to pay a penalty for all the coal they have mined till now. Are these companies allowed to recover the additional cost from the consumers who bought the electricity?

Now these mines are supposed to be run by Coal India, one of the most inefficient PSU's. They have not been able to increase production for the last 3-4 years and have forced India to import increasing amounts of coal which will be valued at $ 15 billion this year. They will not only be not able to maintain production from these mine but production in all probability will fall.
Also a lot of the companies who got these mines are widely held public companies. Retail and institutional shareholders have made a huge loss because of this decision. Is anyone accountable for that?
Today we have a situation where economic growth is faltering. Despite a stable government decision making is still slow. Erratic monsoons are likely to create a drag on the economy in the near term. On top of that such a decision will make investors think twice before investing into India.

Due to the various scams of UPA executive functions have been taken over by the Judiciary which is not a good precedent.