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## Coal e auction may dip during May to July 2008

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BL reported that weak demand from brick makers may spoil Coal India's plan to liquidate the huge 47 million tonne pit head inventory through increased e auction offerings between May and July 2008.

A CIL spokesman said that "The slack season has set in the coal sector. Demand for coal has come down drastically in May and is expected to drop further during the next two months."

The spokesman said that following the Union Coal Ministry's proposal, the company would offer 15 million tonnes of coal for sale through e auction in May. The unsold quantities, if any would be re offered for sale in the following month with an aim to bringing down the auction prices from the current level, which is 60% to 65% higher than the notified price.

Elaborating the reasons behind the weak demand, sources said that brick making industry controlled by small un organized players which is one of the major drivers of the demand for coal in the dry season, had completed its seasonal procurement in April leading to an immediate drop in demand. Operations come to a near standstill at the brick making industry during the peak rainy season between June and August.

According to sources, the sector procures a large quantity of coal through e-auction. However, considering its unorganized nature, such procurement is generally made through third party.

E auction was resumed in November 2007. During November to March 2007-08 CIL sold 16 million tonne of coal through electronic bidding. Coal ministry recently asked the company to offer a total of 40 million tonne of coal between May and July through e auction as against the slated offering of 3 million tonne a month.

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