

ONGC bags all 7 oil & gas blocks in fourth round of OALP auction

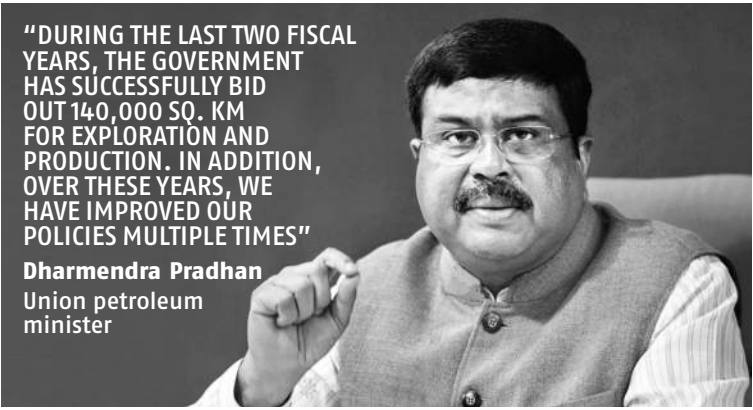
SHINE JACOB
New Delhi, 2 January

The government on Thursday awarded Oil and Natural Gas Corporation (ONGC) all seven oil and gas blocks that were on offer in the fourth round of Open Acreage Licensing Policy (OALP), said Union Petroleum Minister Dharmendra Pradhan.

The current round added 18,510 square kilometre (sq. km) to India's total exploration area. Pradhan said bids for another 20,000 sq. km area will be finalised soon as part of the fifth round.

Of the seven blocks, five are located in Madhya Pradesh and one block each in Rajasthan and West Bengal. The blocks are spread over three sedimentary basins with resource potential of around 33 billion barrels of oil and oil equivalent gas. The first four rounds are expected to generate an investment of around \$2.35 billion over the next three to four years in exploratory work alone.

“During the last two fiscal years, the government has successfully bid out



140,000 sq. km for exploration and production. In addition, over these years, we have improved our policies multiple times,” said Pradhan. Only 90,000 sq. km was under exploration till 2018.

As many as 55 blocks were awarded in the first round of OALP, followed by 32 blocks in the second and third rounds, which were awarded together.

Earlier this week, Finance Minister Nirmala Sitharaman unveiled a National Infrastructure Pipeline of

₹102 trillion, of which the energy sector is expected to contribute about 24 per cent of the projected capital expenditure in infrastructure. “We will see more investment than mentioned in that plan for petroleum and natural gas,” said Pradhan.

Pradhan added that the major change in government policy was from revenue maximisation to production maximisation. The current rounds provide more sops to investors,

including reduced royalty rates and uniform licensing, following a revenue-sharing model.

Speaking about technology infusion, Pradhan said, “Technology, science have seen tremendous progress in recent times. Our oil and gas companies are adopting digitisation, new technologies for leapfrogging growth.”

The cumulative exploratory work commitment after four rounds of OALP comprise 29,270 line kilometres of 2D seismic survey, 43,272 sq. km of 3D seismic survey, 369 exploratory wells, and 290 core analyses to establish shale resources.

A total of 94 blocks have been awarded in the four OALP rounds conducted so far, covering an area of 136,790 sq. km to leading exploration and production companies. The operators of these blocks have since either initiated exploration or are in the final stages of obtaining petroleum exploration licences.

The fifth cycle of submitting expressions of interest (EoIs) closed on November 30, 2019, while the sixth cycle of EoI is open till March 31, 2020.

FASTags & job loss: Uncertainty looms

AMRITHA PILLAY
Mumbai, 2 January

For attendants collecting toll at Navi Mumbai's Vashi Bridge, queries on FASTags and its impending roll-out on this state-run stretch are now routine.

Some say they are uncertain about the timeline. What also remains uncertain, for now, is the job security of thousands manning toll plazas in India.

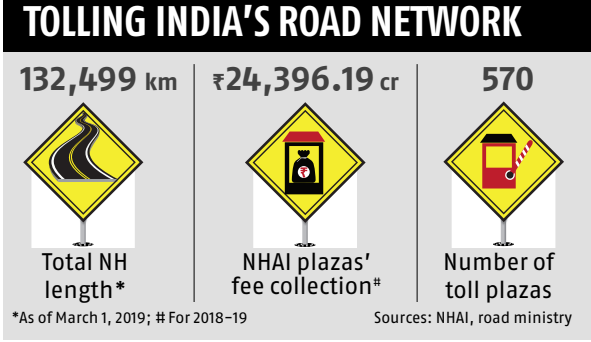
At present, FASTags are being rolled out on national highways. Maharashtra State Road Development Corporation operates the Vashi Bridge. Even with the present roll-out, concerns on whether there would be job losses have no clear answers.

“None of the employees has been discontinued so far. They are helping guide the system and attend to other teething problems,” said K K Mohanty, managing director, Gammon Infrastructure Projects.

Launched under the National Electronic Toll Collection programme, FASTags provide for collecting user fees based on radio frequency identification technology.

The move is expected to save fuel and time, and ensure seamless movement of traffic. With manual cash collection reducing, the number of people required, too, may come down. Mohanty estimates this reduction at 10-15 per cent of the work force.

According to the Union road ministry, 570 fee plazas are operational on national highways. It is not accurately known how many work there. Industry executives have estimated the number of employees at a toll plaza on a four-lane national highways at 100-125.



“I do not expect job losses, but the type of work will change. Companies may absorb them,” said Kushal Singh, partner at Deloitte India.

However, a majority of the workers may not be on the payrolls or permanent employees. Mohanty said the supervisory staff would be on the company's rolls, but the rest are outsourced or contract employees.

“Companies will need to revisit these contracts, depending on new needs,” he said.

A top executive at a leading road development company does not see job losses as a problem. “I do not expect job losses to be a problem. This is skilled labour with an expertise to classify vehicles and ensure seamless cash collection,” he said. The executive expects the country's retail industry to easily absorb this workforce.

According to the road ministry, ₹24,396.19 crore was collected as user fee at the plazas of the National Highways Authority of India in 2018-19.

On December 31, the road ministry said the daily FASTags transaction number had crossed 300,000.

Others, like Mohanty, say workers need to upgrade their skills.

“There will be a need for software and hardware professionals to address issues of any malfunctioning of the FASTags system. Those who can upskill may get absorbed.”

FinMin to discuss ways to plug GST leaks

INDIVIAL DHASMANA
New Delhi, 2 January

Against the backdrop of a steep goods and services tax (GST) collection target for 2019-20, Revenue Secretary Ajay Bhushan Pandey will hold a day-long meeting with tax commissioners on January 14 to discuss ways for streamlining the GST system and plug leaks because of fraud.

Sources said the meeting with state tax commissioners and chief central tax commissioners will deliberate on enhancing GST compliance by plugging loopholes and discouraging tax evaders and those

gaming or misusing the system.

The meeting assumes significance as the GST Council in its last meeting held on December 18, 2019, wanted a detailed study on these issues before taking any call on a rate hike.

Even as the GST collection crossed the ₹1-trillion mark for the second month in a row in December last year, the receipts were nowhere near ₹1.10 trillion required every month from December onwards to meet the target for 2019-20. At least in one of the four months, the GST collection must reach ₹1.25 trillion.

The sources said this multi-faceted brainstorming



meeting is being organised with the purpose of curbing fraud and evasion, checking fake or huge input tax credit claims, seeking bank account

details of businesses to tally with their filings, stopping misuse of refund, and sharing best practices in revenue augmentation.

The discussions will focus on the road ahead with e-invoicing, new return system and feedback, e-way bill linking with FASTag, pendency of refunds, linkage of Aadhaar number to GST registration, enforcement module use without overreach, and QR code, they said.

A detailed review of further use of data analytics and artificial intelligence in the process of enforcement and flagging tax evaders and fake refund claimants will

also be taken up to augment revenue and better compliance without overreach, sources said.

This meeting will also be attended by senior officers of the Central Board of Indirect Taxes and Customs, Central Board of Direct Taxes, Financial Intelligence Unit, Directorate General of Analytics and Risk Management, and the GST Network.

Targeted approach to stop tax evasion without any overreach or harassment to the genuine taxpayer will be deliberated with field officers concerned and also the enforcement wings, they added.