

# FOREIGN DIRECT INVESTMENT IN COMMERCIAL COAL MINING IN INDIA

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

This is with reference to the ongoing auction process of coal mines for commercial coal mining in India, which was launched by the Nominated Authority, Ministry of Coal, Government of India in June, 2020. Foreign Direct Investment (FDI) Policy, 2017 was amended vide the Press Note 4 of 2019, issued by the Central Government, to permit 100% FDI under automatic route in coal mining activities including associated processing infrastructure, for sale of coal, subject to the provisions of Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957 as amended from time to time and other relevant Acts on the subject.

Accordingly, it was stated in the tender document that “The Press Note 4 of 2019, issued by the Central Government, amended FDI Policy 2017, to permit 100% FDI under automatic route in coal mining activities, including associated processing infrastructure subject to the Act and other Applicable Laws, for sale of coal.” It is further clarified that any FDI in the commercial coal mining is subject to Applicable Laws including the Press Note 3 of 2020 issued by the Central Government according to which “an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.”. A corrigendum to the tender document has also been issued in this regard.

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