

Areas for foreign participation

Scope of Foreign Investment in the Coal Sector

The private Indian companies setting up or operating power projects as well as coal or lignite mines for captive consumption in such projects may be allowed foreign equity upto 100% provided that the coal or lignite produced by them is meant entirely for captive consumption in power generation.

100% foreign investment in the equity of an Indian subsidiary of a foreign company or in the equity of an Indian company for setting up of coal processing plants in India may be allowed subject to the conditions that such an Indian subsidiary or the Indian company (a) shall not do coal mining and (b) shall not sell the washed coal or sized coal from their Coal Processing Plants in the open market and shall supply the washed coal or sized coal from their Coal Processing Plants to the respective parties sending raw coal to such Coal Processing Plants for washing or sizing.

The other private Indian companies engaged in exploration or mining of coal and lignite for captive consumption for production of iron and steel and production of cement may be allowed foreign equity upto 100%.

The Government has reviewed the above policy on Foreign Direct Investment (FDI) and decided to permit it under the automatic route for coal and lignite mining for captive consumption by power projects, iron & steel, cement production and other eligible activities permitted as per the provisions of the Coal Mines (Nationalisation) Act, 1973.