

# Funding of Commercial Coal Mines in India

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As part of its commitment to assisting India in meeting its energy demands and actively pursuing Prime Minister Shri Narendra Modi's vision of Atmanirbhar Bharat, the Ministry of Coal organised stakeholder consultation in New Delhi to promote "**Funding of Commercial Coal Mines in India**". The event was chaired by Shri M. Nagaraju, Additional Secretary and Nominated Authority, Ministry of Coal and attended by Coal Mine Allocatees and senior officials from Banks/Financial Institutions (FIs).



Shri M. Nagaraju inaugurated the meet commenting on the global industry scenario and outlook of coal sector in India, emphasized the imminent need of financing coal mines. He stated that out of 87 auctioned mines till date, only a few have been successful in receiving financing support and urged the Banks/FIs to expedite the financing in the coal sector.

Presentations were made by Shri Ajitesh Kumar, Director, Ministry of Coal on commercial coal mine auctions process and extant enablers for funding commercial coal mines and Shri Ashok Sharma, CGM, State Bank of India (PFSBU) on SBI's commercial coal funding policy. Dr. Sanjay Kumar, Director, Department of Financial Services (DFS) also addressed the meet and showcased the support of DFS, Ministry of Finance to facilitate coal mine funding.

The meet focused on major concerns pertinent to financing of commercial coal mining and solicited feedback/suggestions from all stakeholders. Given coal mining is capital intensive, the Coal Mine allocatees highlighted possible bottlenecks being faced in availing financial assistance (high cash margin in BG issuance, stringent pre-disbursement conditions, negative outlook of coal sector in banking fraternity etc.) and requested relaxations in the same. The Banks expressed their willingness and assured flexibility to finance coal mines subject to demonstration of, among other things, project viability, equity infusion visibility etc. in presence of detailed business plan.

Based on the feedback, the Nominated Authority suggested some enablers to facilitate ease of coal financing

in India such as, Banks/FIs may designate Nodal Officer for coal mine financing and establish detailed policies, Banks/FIs to explore participation in initial stages (Vesting Order/EC/FC and other approvals), and Coal Mine Allocatees to formulate detailed business plans showcasing project viability before approaching banks for financing needs.

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