

# FDI in Coal sector

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- Mining of Coal in India is governed by two laws→
  - Mines and Minerals Act of 1957
  - Coal Mines Act of 2015.
- “Mines and Minerals (Development & Regulation Act) 1957” covers the rules and regulations related to **all minerals**
- “Coal Mines Act 2015” (replacing Coal Nationalization Act 1973) covers rules specifically to coal mines.
- Till 2015, Coal mines were given to private players on recommendation basis (not an auction) only for their specific use (also called Captive Mining).
- That means if ABC **power** company asked for coal block then Govt used to give coal block/mine to ABC **power** company but they can use that only for ABC power company and not in another plant, even if the other plant belongs to the same person/owner.
- This was amended recently and now the ABC power company can use that coal in any of its other subsidiary companies/ or any other plant of the same owner.
- In 2015, the Coal Mines Act 2015, provided for Auctioning of coals instead of recommendation, **BUT only for specific use (captive mining)**.
- In Feb 2018, Provisions of Coal Mines Act 2015 was notified to auction coal mines even to EXTRACT and SALE/EXPORT coal (the earlier sale was not allowed only captive mining for own use was allowed). Extraction and Sale of coal are also called Commercial Mining.
- In August 2019, 100% FDI was allowed in Commercial Mining but there were eligibility criteria that an FDI investor must have operations in coal mining in India now this restriction has also been removed.
- This may also bring an **end to state-run Coal India Ltd.’s** (a Maharatna company) **monopoly** in the sector.

