Indian mining sector

Why in news?

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Recent reports suggests that development of the mining sector will be important if India has to achieve 7%-plus GDP growth.

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What is the significance of Indian mining Industries?

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- India produces 87 minerals which include 4 fuel minerals, 10 metallic minerals, 47 non-metallic minerals, 3 atomic minerals and 23 minor minerals.
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- The demand for minerals will grow four-five times over the next 12-15 years against a backdrop of globally decreasing resources.
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- There would be a huge demand for the metals in view of rapid urbanisation and growth in the manufacturing sector.
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- Recent estimates says that the sector alone has the potential to create 6 million additional jobs by 2025.
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- The sector can contribute an additional $125 billion to India’s output and $47 billion to India’s GDP by 2025.
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What is the actual status of Indian mining?

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- For the last decade and more, the contribution of the mining sector in GDP has been stagnant at nearly 1.2%, which is highly alarming.
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- The mining sector contributed 3.4% of India’s GDP in 1992-93, which declined to 2.3% in 2009-10.
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- The Indian mining sector grew at a CAGR of 7.3% in the last decade compared to 22% in China in the same period.
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- The mining sector in India employs a smaller percentage of India’s population, just about 0.3% as compared to 3.8% in South Africa, 1.4% in Chile and 0.7% in China.
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- Employment in the Indian mining sector has grown at a rate of 3% per annum over the last 10 years.
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- Exploration in India is mostly limited to a depth of 50-100 metre as compared to 300 metres in countries such as Australia.
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- India is also far behind in expenditure towards exploration, It accounts for only 0.3%, compared with 4.5% by China.
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- Even for obtaining a mining lease, it takes minimum one-year time and this can get extended to even more than 5 years, as compared to with just 30 days in Canada and 60 days in Australia.
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What measures need to be taken?

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- India is looking to increase the share of the mining sector to 5% of the GDP in the next 20 years, this sector would be required to grow at the rate of 10-12% annually.
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- The Geological Survey of India needs to expand its focus on baseline data generation to encourage exploration activities for the development of mining sector.
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- Simple policies and quick decisions are required to promote the mining sector.
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- Policies of self-accountability with provision of stringent punishment will deter mining companies from doing any wrong.
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- To `Make in India', the policy must favour `Mine in India' and if this is done, India would be able to address large unemployment issues.
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Way forward

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- If India's global ranking in production of minerals is an indication, it would not be wrong to say that economies of other countries are growing due to sustainable mining and have been successful in addressing unemployment and poverty issues.
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- If India is unable to keep pace with the growing demand of infrastructure development, it would only be increasing the import bill.
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- Thus governmentneeds to provide a substantial space for industry to develop the mining sector.
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Source: Financial express

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