Rethinking India’s mining policies

What is the issue?

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- India’s mining sector is at an inflexion point and facing unemployment issues.
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- The full potential of mining sector need to be utilized to resolve such issues.
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What are the potentials of Indian mining sector?

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- India has abundant coal reserves, of 300 billion tonnes, there is room for exports.
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- With greater development of India’s natural resources sector, import dependency can be reduced by more than 50%.
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- This has a potential to save $100 billion which in turn would create more than 20 million jobs.
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- The vibrantmining sector can also create an entire eco-system of SMEs.
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What are the concerns in Indian mining industry?

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- The import of natural resources makes up for $200 billion, or over 50%, of India’s total import bill of $400 billion.
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- Only 10% of area with mining potential has been explored in India, against 95% in Australia.

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- The contribution of India’s mining sector to its GDP is just 2%, while it could contribute as much as 10%.
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- The taxes and royalty on mining in India are one of the highest in the world.
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- Currently, despite 100% FDI being allowed under the automatic route inflows into the sector are not encouraging, and account for less than 0.5% of the total inflows to the country.
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- The Mines and Minerals Development and Regulation (MMDR) Act, has a major lacunae in its current form, wherein mines can be auctioned by state governments only after exploration.
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- Recently SC ordered to shut coal mining activities in Goa due to environmental violations and inadequate policy measures. Click here to know more
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What measures needs to be taken?

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- India must increase mining activities on a massive scale, may be up to five times from the current production.
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- This requires transparent policies and reduction in royalties to attract firms to invest, explore and produce.
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- Governmentneed to direct competent authorities to conduct environment impact studies of existing mines, and chalk out a plan for course correction.
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- While union government takes concrete steps to encourage private investment in the mining and other sectors, it must also ensure protection of domestic industry from dumping via imports.
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- Respective governments need to take measures for revoking the ban on coal mining and work to find a viable solution.
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Source: Financial Express

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