



MINING

SUMMARY

The Mining industry in India is one of the core industries of the economy. It provides basic raw materials to many important industries.

India is the world's second-largest coal producer and being the 5th largest country in terms of coal deposits. It is a net exporter of finished steel and has the potential to become a champion in certain grades of steel.

Steel Authority of India Limited (SAIL) reported a growth of 7% in its crude steel production during November'20 (1.417 MT) over CPLY (1.328 MT).²⁹

The Mining industry is characterized by a large number of small operational mines.¹

India is endowed with huge resources of many metallic and non-metallic minerals.² India is home to 1,531 operating mines and produces 95 minerals, which includes 4 fuels, 10 metallic, 23 non-metallic, 3 atomic and 55 minor minerals (including building and other materials).³

The number of mines which reported mineral production (excluding atomic, fuel and minor minerals) in India stood at 1405 in 2018-19.⁴

Based on the geological mapping of the country, an area of 571,000 sq. km, out of a total of 3.1 mn sq. km. has been demarcated as Obvious Geological Potential (OGP) area, where the geological potential for the occurrence of mineral deposits is higher.⁵

Steel and Steel Products (Quality Control) Order, 2020.³³

REASONS TO INVEST

Mineral concessions (Mining Lease & Prospecting Licence cum Mining Lease) grant to be granted through auctions for the companies interested in mining or for the raw material for their downstream industry.

An Inter-Ministerial Group facilitator constituted for expediting the clearances and approvals process.

Exploration companies can venture into the revenue share model, being formulated for the exploration of blocks identified by the Geological Survey of India. This has been enabled by the National Mineral Exploration policy, 2016 announced in July 2016. Around 100 blocks have already been identified by GSI for auction.

With the launch of the National Mineral Policy 2019, India presents a major opportunity for investors.

India has large reserves of Iron ore, Bauxite, Chromium, Manganese ore, Baryte, Rare earth and Mineral salts.

India has vast mineral potential with mining leases granted for longer and stable tenure of 50 years.

The demand for various metals and minerals will grow substantially over the next 15 years.

India's strategic location enables convenient exports.

Explore more about infrastructure availability in Mining sector >

RECENT ANNOUNCEMENTS

22nd December 2020: DGFT amended coal import policy adding compulsory importer registration on Coal Import Monitoring System.

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09th December 2020: Union Minister of Steel and Petroleum and Natural Gas Shri Dharmendra Pradhan in a meeting with Chief Minister of Odisha Shri Naveen Patnaik and Union Minister of Mines, Coal and Parliament Affairs Shri Pralhad Joshi talked to resolve the issues regarding the operationalisation of the auctioned iron ore mines in Odisha.

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5th December 2020: Minister of Steel Shri Dharmendra Pradhan has appealed to the scientific community to Innovate for India (I4I) and create a competitive advantage to make India Aatmanirbhar.

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3rd December 2020: Union Minister for Coal and Mines Shri Pralhad Joshi is looking forward for structural reforms in the mining sector to realise its true potential as the mining industry is a core to India's growth ambition of USD 5 tn.

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5th November 2020: In the 5th Joint Working Group (JWG) on Coal between India and Indonesia today, highlights were on India's initiatives for self-sufficiency in coal under Atmanirbhar Bharat and imperatives for businesses in the coal sector in both the countries. This will facilitate emerging business opportunities in both the countries were highlighted by respective delegations.

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STATISTICS

The GVA accrued from the mining and quarrying industry in 2018-19 is estimated to USD 3705.64 Bn.⁶

The mining and quarrying industry's contribution (at current prices) to GVA accounted for about 2.38% for the first quarter of the year 2018-19.⁷

Up till December 2017, 33 mineral blocks have been successfully auctioned, having a total value of estimated resource of USD 24.2 Bn.⁸

The total value of mineral production (excluding atomic and fuel minerals) during 2018-19 has been estimated at USD 16.53 Bn⁹, which shows an increase of about 10.11% over that of the previous year.

India is home to 1,531 operating mines and produces 95 minerals – 4 fuel-related minerals, 10 metallic minerals, 23 non-metallic minerals, 3 atomic minerals and 55 minor minerals¹⁰

Among 175 Mineral Resource Assessment Projects, 29 are on ferrous minerals (iron, manganese and chromite), 42 precious metals and mineral, 72 for non-ferrous and strategic minerals, 32 on industrial and fertilizer minerals.¹¹

During the current fiscal (April – Nov. 2020-21) export of finished steel from India at 7.70 MT increased by 33.8% while import at 2.70 MT has declined by (-)46.9% over CPLY. India was a net exporter of finished steel during this period with net trade surplus of 5.0 MT.³²

GROWTH DRIVERS

The rise in infrastructure development and automotive production is driving the growth of the metals and mining industry in India.¹²

The growth in the mining industry in terms of production of minerals has significantly improved in comparison to recent past.

The total value of mineral production (excluding atomic & fuel minerals) during 2018-19¹³ has been estimated at USD 16.53 Bn which shows an increase of about 10.11% over that of the previous year.

The value of metallic minerals increased by 26.86% in 2017-18.¹⁴

During 2017-18 (excluding atomic, fuel, and minor minerals), the private sector emerged to play a dominant role in mineral production accounting for 67.33% or USD 5.26 Bn crore in the total value.¹⁵

There has been a notable turn around ever since the government has taken initiative for policy reforms.

Minerals like manganese, lead, copper, alumina are expected to witness double-digit growth in the years ahead. There is a significant scope for new mining capacities in iron ore, bauxite, and coal.

The production level of important minerals in March 2020 (provisional) were: Coal 958 lakh tonnes, Lignite 42 lakh tonnes, Natural gas (utilized) 2323 million cu. m., Petroleum (crude) 27 lakh tonnes, Bauxite 1634 thousand tonnes, Chromite 582 thousand tonnes, Copper conc. 11 thousand tonnes, Gold 153 kg, Iron ore 204 lakh tonnes, Lead conc. 26 thousand tonnes, Manganese ore 181 thousand tonnes, Zinc conc. 117 thousand tonnes, Apatite & Phosphorite 133 thousand tonnes, Limestone 272 lakh tonnes, Magnesite 8 thousand tonnes and Diamond 3213 carat¹⁶

India has an advantage in the cost of production and in conversion costs of steel and alumina.

India and Japan signed Memorandum of Cooperation in the field of Steel Industry to promote the development of cooperation in the steel sector between two countries through joint activities under the framework of India Japan Steel Dialogue.³⁴

FDI POLICY

FDI up to 100% under the automatic route is allowed in:

1. Mining and exploration of metal and non-metal ores including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores; subject to the Mines and Minerals (Development & Regulation) Act, 1957.
2. Coal and Lignite mining for captive consumption by power projects, iron and steel cement units and other eligible activities permitted under and subject to the provisions of Coal Mines Nationalization Act, 1973.
3. Setting up coal processing plans like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plans for washing or sizing.

FDI up to 100% under the Government route is allowed in:

1. Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities.
2. Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities subject to industry regulations and the Mines and Minerals (Development and Regulation Act 1957).

The cumulative FDI equity inflow in the Mining Industry is USD 2,789.44 bn during the period April 2000 to September 2020.²¹

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SECTOR POLICY

The Government has amended the Mines and Minerals Development and Regulation Act 1957 (MMDR Act). The amendment removed discretion by instituting auction to be the sole method of grant of major mineral concessions and, thereby bringing in greater transparency. It also provided the much-needed impetus to the mining industry by deemed extension of mining leases. The Salient features of the recent amendments are:

Mineral Concessions Grant Through Auctions to bring transparency and remove discretion.

District Mineral Foundation (DMF) to address the grievances of the people affected by mining and in turn improve the image of the mining industry.

National Mineral Exploration Trust (NMET) for incentivizing regional and detailed exploration to fill the gaps in exploration in the country.

Mining Leases for 50 years and even the existing leases deemed extended eliminating any renewals for security of tenure.

Stronger penal provisions have been put in place to check illegal mining. A penalty of up to (approximately) USD 7200 per hectare of the area and jail term of up to 5 years is the probable punishment for illegal mining.¹⁷

National Mineral Exploration Policy 2019, the aim on the National Mineral Policy (NMP) 2019 is to have an effective, meaningful and implementable policy that brings further transparency, better regulation and enforcement, balanced social and economic growth as well as sustainable mining practices. The NMP 2019 focuses on the Government's Make in India initiative and gender sensitivity in terms of its vision.²¹ The NMP 2019 aims to attract private investment through incentives while the efforts would be made to maintain a database of mineral resources and tenements under the mining tenement system.

Hon'ble Prime Minister, Shri Narendra Modi has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in Speciality Steel Sector through the Ministry of Steel of with a financial outlay of INR 6322 cr over a five-year period for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

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Mission Purvodaya emphasized to harness the untapped potential of the region to fuel the next wave of national growth. The focus was on Eastern India towards self-reliance and contribution in the making of Aatmanirbhar Bharat. India's annual per capita steel consumption is 74.1 kg and is one-third the global average (224.5kg).²⁸

Explore Government policies/ schemes in Mining sector >

FINANCIAL SUPPORT

KEY HIGHLIGHTS OF UNION BUDGET 2019-20

Budgetary allocation towards the Ministry of Mines stands at USD 117.6 Mn.¹⁸

INVESTMENT OPPORTUNITIES

POST AUCTION MINING CLEARANCES AND APPROVALS FACILITATOR

Mineral blocks of non-minor minerals are being put up for auctions by the States for Mining or Prospecting cum Mining, depending on their level of exploration. The grant process is to be completely transparent through competitive bidding on an e-auction portal. An Inter-Ministerial Group, Post Auction Mining Clearances and Approvals Facilitator (PAMCAF) has been constituted which will expedite the requisite clearances to enable the early start of mining activity.¹⁹

NATIONAL MINERAL POLICY 2019

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FOREIGN INVESTORS

BHP Billiton (Australia)

Rio Tinto (Australia)

De Beers (Anglo American)

Australian Indian Resources (Australia)

India Resources Limited (Australia)

AGENCIES

Ministry of Mines, Government of India

Federation of Indian Mineral Industries

Geological Survey of India

The Indian Bureau of Mines

The Aluminium Association of India

Ministry of Steel, Government of India

Ministry of Coal

Indian Steel Association

India Stainless Steel Development Association

Coal Consumers Association of India

KEY ACHIEVEMENTS

19 mining blocks were auctioned in February, 2020. Since the amendment to MMDR Act, 1957 in 2015, a total of 95 mineral blocks across 9 States have been auctioned. The States include Rajasthan, Odisha, Madhya Pradesh, Chhattisgarh, Karnataka, Jharkhand, Andhra Pradesh, Gujarat and Maharashtra. The estimated value of the e-auctioned minerals stands at approximately USD 31.6 Bn.

Restrictions on sharing baseline geo-scientific data in public domain have been relaxed by the Ministry of Defence.

During November, SAIL produced 1.351 MT saleable Steel which is best ever showing for the month of November with the production has gone up by 5% over CPLY.

The Company registered the best ever saleable steel Q2 production of 3.752 MT in Q2 FY'21 surpassing the previous best of 3.658 MT achieved during Q2 FY'18. The saleable steel production in Q2 FY'21 grew by 5% over CPLY.²³

National Mineral Exploration Trust (NMET) has approved 187 exploration projects with total cost of Rs.895.72 crore up to 31st December, 2019. Among this total 69 projects have already been completed and 118 projects are ongoing.

During the month of September 2020, the production from mines under CM (SP) Act, 2015 is 2.345 mn tonne and revenue from mines under CM (SP) Act, 2015 is INR 45.96 CR.²²

The 3rd Annual Leadership Summit "Navigating New Challenges" organized by US India Strategic Partnership Forum and delivered the keynote address on the roadmap for India-U.S. Energy Partnership on 02.09.2020.

The total of 406.22 MW of Renewable Energy capacity was added in October, taking the cumulative installed RE capacity to 89.63 GW.²⁵

The total production of coal from the allocated captive coal blocks for the month of November 2020 was 51.69MT.

The revenue from mines allocated under CM(SP) Act, 2015 is INR 45.05 cr.

The production from mines allocated under CM (SP) Act, 2015 is 2.77 mn tonne.²⁶

The world production of Aluminium Metal in Q3 2020 was about 16.23 mn tonnes against world consumption of 15.62 mn tonnes, resulting in a market surplus of 0.61 mn tonnes.²⁷

Steel production has crossed previous year levels in the last three months with 1.9 per cent and 0.4 per cent growth in September and October respectively.³⁰

The estimated value of Mineral production covering metallic-ferrous and industrial minerals, but excluding fuel minerals, minor minerals and atomic minerals, in October 2020, is INR 5,208 cr.³¹

E-auction of 19 coal mines for commercial mining was held successfully during 02.11.2020 to 09.11.2020.³¹

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