Foreign Investments & Trade and International Cooperation

Foreign Investments

7.1 The geological and metallogenic history of India is similar to mineral rich Australia, South Africa, South America, and Antarctica, all of which formed a continuous landmass prior to the breaking up of Gondwanaland. It also has some features similar to the mineral rich Canadian shield of North America. It is, therefore, well accepted that India possesses great potential of mineral resources. However, there exists considerable scope for augmenting the resource position by further exploration of known deposits and by discoveries of new deposits, adopting state-of-the-art technology and modern methods like aerial reconnaissance or geophysical surveys.

7.2 Being aware of the vast potential of the sector, the Indian Government, has been, consistently and pragmatically, opening up the previously controlled regime to usher in private investment into the sector and infuse funds, technology and latest management practices. The opening up of the Indian mining sector has, accordingly generated considerable global interest. The Indian mining sector was opened up to Foreign Direct Investment (FDI) in 1993 after the announcement of the Mineral Policy 1993. Initially, all proposals were considered on a case to case basis by the Foreign Investment Promotion Board (FIPB). FDI policy in the mining sector was further liberalised in January, 1997 which opened up an “automatic approval” route for investments involving foreign equity participation upto 50% in mining projects, and upto 74% in services incidental to mining.

7.3 The Foreign Direct Investment (FDI) policy in the mining sector has been gradually liberalized over the last few years. FDI cap for exploration and mining of diamond and precious stones has been increased to 100% under the automatic route with effect from 10\textsuperscript{th} February, 2006. With this, the FDI in the mining sector for all non-atomic and non-fuel minerals including Diamond and precious stones has now been fully opened upto 100% through the automatic route.

7.4 The data on FDI in the mining sector for the last three years and in the year 2008-09 upto September, 2008 are given in Table 7.1.

Table 7.1

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<td>Mining</td>
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* (Source: RBI)**
** Subject to reconciliation with Department of Industrial Policy and Promotion (DIPP)

FOREIGN TRADE IN MINING SECTOR

Exports and Imports

7.5 The provisional value of export of ores and minerals during 2007-08 was Rs. 95022 crore. Diamond (mostly cut) was the principal item of export during 2007-08, which accounted for 60%, followed by iron ore with a contribution of 24.6%, granite 4.51%, Zinc ore and concentrate 1.35%, chromite 1.29%, Bauxite 1.24% and alumina 1.07%. Building and monumental stones, emerald, coal (including lignite), marble, etc. were the other important minerals exported during the year 2007-08. Data on export of ores and minerals during 2003-04 to 2007-08 is presented at Annexure 3.2.
7.6 The provisional value of import of ores and minerals during 2007-08 was Rs. 349507 crore. Petroleum (crude) was the main constituent of mineral import during 2007-08, which accounted for 73.66% of the total value of import of ores and minerals followed by diamond (uncut) with 8.92%. Coal, Natural gas, coke, copper ores and concentrate, rock phosphate, sulphur, etc. were the other important minerals imported during 2007-08. Data on import of ores and minerals during 2003-04 to 2007-08 is given at Annexure 3.3.

INTERNATIONAL CO-OPERATION

India-Australia Joint Working Group on Energy and Minerals

7.7 The India-Australia Joint Working Group (JWG) on Energy and Minerals was established in the year, 2000 for enhancing bilateral co-operation in the energy and mineral sectors. The fifth meeting of the Australia-India Joint Working Group on Energy and Minerals was held on 2nd and 3rd July, 2007. Ministry of Mines is the nodal Ministry for this Working Group. A Protocol was signed at the end of the meeting. The Working Group discussed issues related to power, coal, oil and gas, renewable energy, mining sectors, initiatives under Asia-Pacific Partnership on Clean Development and Climate, etc.

7.8 Under the Joint Working Group, both countries have signed Action Plans in the coal, mines, petroleum, new and renewable energy and power sectors envisaging a number of activities and events for the year 2008-09. The Action Plans have been signed with a view to maintain momentum in the Australia-India bilateral energy and resources relationship. The sixth meeting of India-Australia Joint Working Group was held in New Delhi in March, 2009 and a joint protocol was signed at the end of the meeting.

7.9 As a follow-up of the MoU signed between Ministry of Environment and Forest, Ministry of Mines and Federation of Indian Mineral Industries (FIMI) with Western Australia in May, 2005, on Cooperative Staff Development related to Environmental Governance and Mine Rehabilitation, Ministry of Mines in association with the Ministry of Environment & Forests and Western Australia successfully organised workshops in Bhubaneswar and Jaipur in March, 2008, on Mine Rehabilitation. The Workshop was conducted with a view to exchange information on best practices in Indian mines and in Western Australian mines with respect to mine rehabilitation and mine closure.

India - Canada Geosciences Working Group

7.10 An MoU had been signed between India and Department of Natural Resources, Canada in April, 2003 on co-operation in geosciences and a Joint Working Group has been formed. Five meetings of the Working Group have so far been held.
The fifth meeting was held on 27th May, 2008 in Canada. Both sides reviewed the progress of the projects and also discussed new project proposals for future cooperation. The main projects are a study on Arsenic Toxicity in the ground water of West Bengal and monitoring of landslides at selected sites in India, with GSI as the Indian Agency. The Indian side expressed willingness to extend the validity of the MoU for a further period of five years and also to take up new projects in addition to the on-going GSI projects.

MoU With Uzbekistan

7.11 A Memorandum of Understanding (MoU) for cooperation in the fields of geology and mineral resources was signed between the Ministry of Mines and the State Committee of the Republic of Uzbekistan in the presence of the Hon’ble Prime Minister and the President of Uzbekistan on 26th April, 2006 in Uzbekistan. The MoU envisages enhancing bilateral co-operation between the two countries in the field of geology and mining. A Joint Working Group has been established for the implementation of the MoU. The first meeting of the Joint Working Group was held in Tashkent, Uzbekistan in June, 2006.

7.12 In the eighth session of the Inter-Governmental Commission on Trade, Economic, Scientific and Technological cooperation between India and Uzbekistan held on 16-17 September, 2008, both sides noted that there has been regular interaction between the two countries for the cooperation programme. With regards the proposals submitted by Indian Public Sector Companies such as Mineral Exploration Corporation Limited (MECL), Minerals & Metals Trading Corporation Ltd. (MMTC) and National Mineral Development Corporation (NMDC), the Uzbek side indicated that these proposals are still under consideration.

MoU With China

7.13 The Ministry of Mines and the Ministry of Land & Resources of the People’s Republic of China signed a Memorandum of Understanding (MoU) for cooperation in the field of geology and mining on 15th September, 2005. This MoU is expected to set-up a framework to promote cooperation on the basis of applied research in the field of metallic and non-metallic minerals, formulation of mining regulations and policies, technical assistance and training programmes and also undertaking joint ventures in other countries.

7.14 To enhance cooperation between the two countries, the Geological Survey of India (GSI) and the China Geological Survey signed a Memorandum of Understanding for cooperation in the field of geosciences on 14th January, 2008.

India-Africa Forum Summit

7.15 The India-Africa Summit was held at New Delhi on 8-9 April, 2008. In the summit, an India – Africa Framework for Co-operation was agreed. Ministry of Mines has shortlisted 13 countries in the African continent, considering major mineral potential in the Sub-Sahara African countries, for exploring the possibilities of cooperation in the mining sector. Proposal for geo-scientific training of personnel from these African countries is under finalisation in consultation with Ministry of External Affairs for funding under the Indian Technical and Economic Cooperation (ITEC) programme. Long term co-operation programmes are also being worked out with some African countries for promotion of investment and development of the mineral sector, etc.

7.16 A Memorandum of Understanding (MoU) was signed by Sh. Shantanu Consul the then Secretary (Mines) on behalf of the Ministry of Mines and by Mr. Alfonso Silva the Ambassador Extraordinary and Plenipotentiary on behalf of the Republic of Chile to enhance the bilateral cooperation in the mining sector in the presence of the Hon’ble Prime Minister, Dr. Manmohan Singh and Dr. Michelle Bachelet, the President of Chile in the month of March, 2009. This MoU is likely to open a new vista of bilateral cooperation and investment in mining sector.
PDAC Convention

7.17 The Annual Convention of the Prospectors and Developers Association of Canada (PDAC) is a major International mining event, which is attended by delegates from all over the world. A delegation from the Ministry of Mines participated in PDAC 2009 and put up booths which received a large number of visitors and prospective investors. An ‘India Day’ was also organised on 3rd March, 2009 which showcased India’s mineral wealth and capabilities and potential of the Indian Mining Industry as an investment destination. Presentations were made by the following organizations:-

a) GSI
b) State Governments of Orissa and Chattisgarh
c) Rio Tinto, Pebble Creek, Indo-Gold and the Canadian High Commission

Prominent visitors to the “India Day” event included:-

a) Mr. Micheal Gravelle, Minister of Mines and Northern Development Ontario.

b) Ms. Sandra Pupatello, Minister of International Trade, Ontario
c) Mr. Kevin Constannte, Deputy Minister, Mines and Northern Development, Ontario
d) Mr. Jon Baird, President, PDAC.

World Mining Congress

7.18 The 21st World Mining Congress was held during 7-12 September, 2008 in Poland. A delegation from Ministry of Mines attended the Congress to showcase the capabilities of the Indian Mining Industry. A pavilion of Ministry of Mines was set up at the World Mining Congress presenting the opportunities available in Indian mining sector in the light of the new National Mineral Policy, 2008, to the potential investors.

7.19 An Indian delegation led by Shri Shantanu Consul, the then Secretary (Mines) visited Australia in February, 2009 and held bilateral discussions with the Australian Government officials and other stakeholders. The delegation also visited the Mines in Australia.