

MINERALS & METALS

Minerals are valuable natural resources that constitute the vital raw materials for the basic industries and thus development of Mining Sector is crucial for a country's overall industrial development. India is endowed with huge resources of many metallic and non-metallic minerals which provides a base for the growth and development of the mining sector in the country.

Today, India is the world's second-largest steel producer with a production of 106.5 million tonnes of crude steel in 2018. India is also the largest producer of sheet mica in the world and has the 7th largest bauxite reserves at around 2,908.85 million tonnes in FY17. The Government of India has allowed 100% Foreign Direct Investment (FDI) in the mining sector and exploration of metal and non-metal ores under the automatic route, which is expected to propel growth in the sector. Power and cement industries are also aiding growth in the metals and mining sector. Demand for iron and steel is set to grow, given the strong growth expectations for the construction sectors. The country has also embarked upon a slew of reformation initiatives aimed at rationalizing and transforming the Mineral Sector. Mines and Minerals (Development and Regulation) Act 1957 has been revised as the Mines and Minerals Amendment Act, 2015, that aims to enhance transparency in mineral allocations in India and streamlines a number of provisions related to this. Government of India had also unveiled National Mineral Exploration Policy (NMEP) 2016 for adaptation of comprehensive exploration of non-fuel and non-coal mineral resources. NMEP also aims to accelerate the exploration activity in the country through enhanced participation of the private sector.

India is, by and large, self-sufficient in coal and lignite among mineral fuels; bauxite, chromites, iron ore etc. among metallic minerals. The Mining industry in India, valued at USD 41.7 bn in 2014-15, is estimated to reach USD 126 bn by 2025.

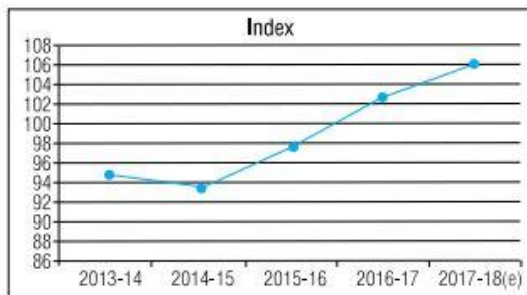
The Department is headed by **Mr. Nilanjan Chaudhury**.

MINERALS & METALS (SECTOR BRIEF)

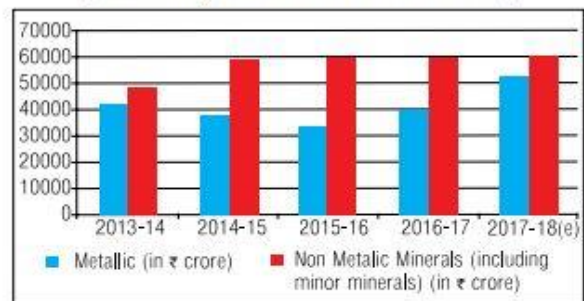
CURRENT SCENARIO

The total value of mineral production (excluding atomic & fuel minerals) during 2017-18 has been estimated at around USD 16.6 bn, which shows an increase of about 13% over that of the previous year. The performance of Indian steel industry in FY19 also deserves special mention amidst a slowdown in industrial production in the last few months. As of 2017-18, in the mineral production reported from 32 States/Union Territories, Rajasthan was in leading position, with 20.26% share in the national output. Next in order was Odisha with a share of 17.77% followed by Andhra Pradesh, Chhattisgarh, Karnataka, Telangana, Gujarat, Uttar Pradesh, Maharashtra and Bihar in the total value of mineral production. In the past 3 years, the private sector has emerged to play a dominant role in mineral production (excluding atomic, fuel, and minor minerals). Small mines are mostly under the private ownership, which continues to be operated manually either as proprietary or partnership ventures.

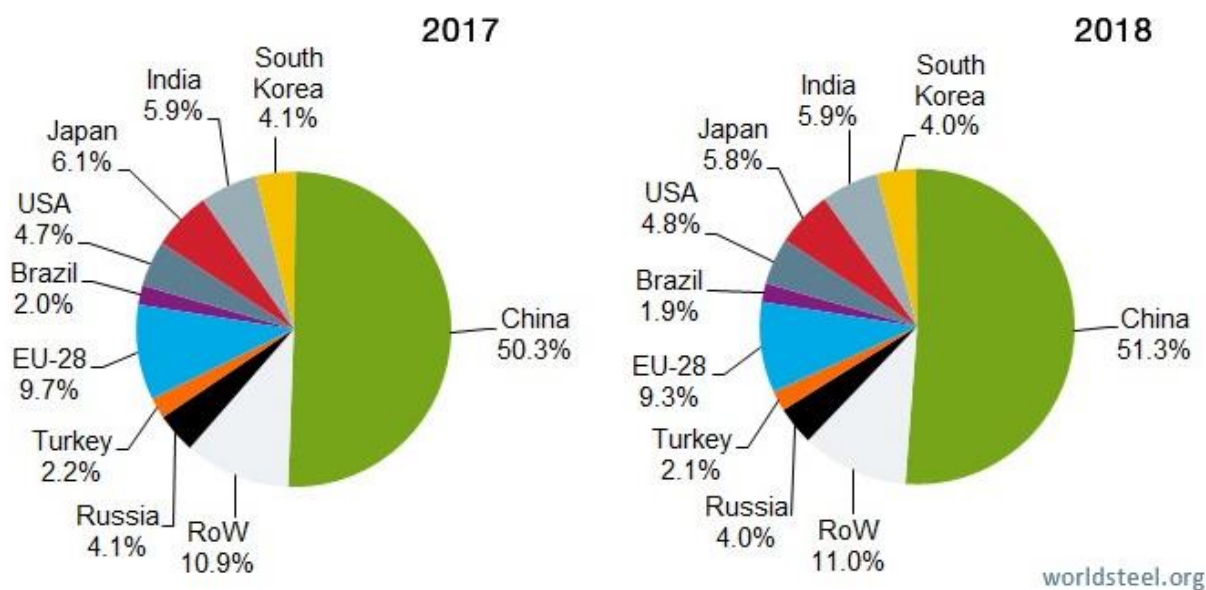
**Index of Mineral Production
(Base 2011-12=100)**



**Value of Minerals Production (By groups)
(Excluding atomic & fuel minerals)**



Source: Ministry of Mines, Government of India, 2017



Share of World Crude Steel Production

FUTURE OUTLOOK

- There is significant scope for new mining capacities in iron ore, bauxite and coal and considerable opportunities for future discoveries of sub- surface deposits.
- Infrastructure projects in India continue to provide lucrative business opportunities for steel, zinc and aluminum producers. Aluminum production is forecasted to grow from 1.60 million metric tonnes during Apr-Sept 2017 to 3.33 million metric tonnes by FY20.
- Iron and steel make up a core component of the real estate sector. Demand for these metals is set to continue, given the strong growth expectations for the residential and commercial building industry in the country.

KEY POLICY INITIATIVES

- National Mineral Policy, 2019 has been approved by the Cabinet in February 2019. This will ensure better regulation and enforcement; bring in further transparency, balanced social and economic growth as well as sustainable mining practices.
- The new Policy proposes to grant industry status to mining activity and boost financing of mining for private sector. It also aims to ease merger and acquisition of mining entities, attract private sector participation in exploration, allow transfer of mining leases and creation of dedicated mineral corridors.

- The Government of India has comprehensively reviewed its exploration strategy and formulated the National Mineral Exploration Policy 2016. It has attractive provisions for inviting private investment in mineral exploration through revenue sharing model. Already around 100 exploration blocks have been identified for mineral exploration for implementing such schemes.
- Reforms in the mining sector have been initiated through the amendment to Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, through the MMDR (Amendment) Act, 2015 which came into effect from 12th January, 2015. It has ushered in a regime of transparent and non-discretionary grant of mineral leases.
- Mining Surveillance System (MSS) has been launched on January 24, 2017, with the aim to curb illegal mining activity through automatic remote sensing detection technology.
- The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the Mining sector and exploration of metal and non-metal ores under the automatic route, which is expected to further boost the sector.