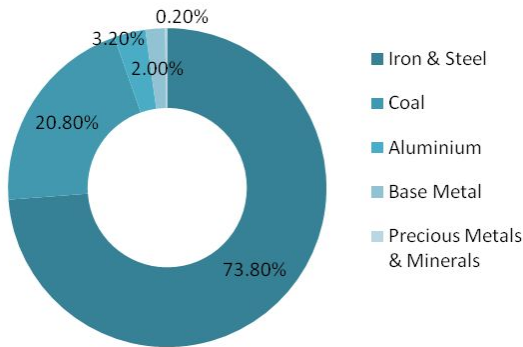


Sectoral Note- Mining and Metal

Background Note:

Endowed with abundant reserves of key minerals to the tune of 82 BT such as iron ore, bauxite, dolomite, gypsum, limestone, mica, chromite, manganese, zinc and graphite, India presents significant opportunities in mining and metal space. India has world's 4th largest coal reserve, 7th largest reserve of iron ore, 3rd largest reserve of chromite and 5th largest reserve of manganese ore in the world.



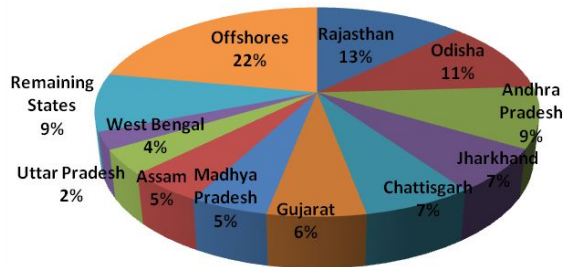
Iron and steel largely dominates the total pie of Indian metal and mining industry, accounting for 73.8% of overall industry value. The country has taken over US to be the third largest steel producer in the world with total production of 14.56 MT. India is also the largest producer of sponge iron in the world.

Indian mining and metal industry allows 100% FDI in the mining sector under automatic route and has also rolled on MMDR Bill (2011)

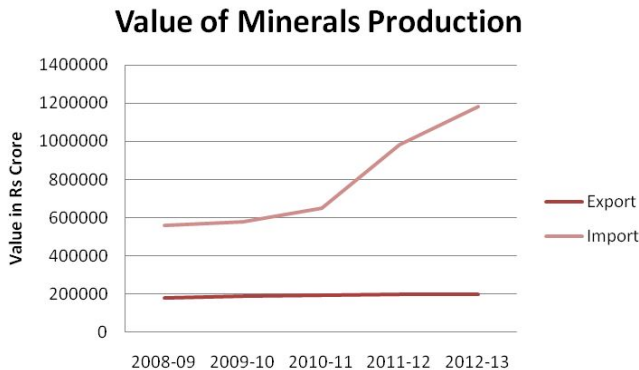
to provide better legislative environment for investment and technology.

Rajasthan contributes the most in country's total mineral production followed by Odisha and Andhra Pradesh. The contribution of States/Regions in the value of mineral production in 2013-14 is shown as below:

Share of States in value of Mineral Production



Current Trend:



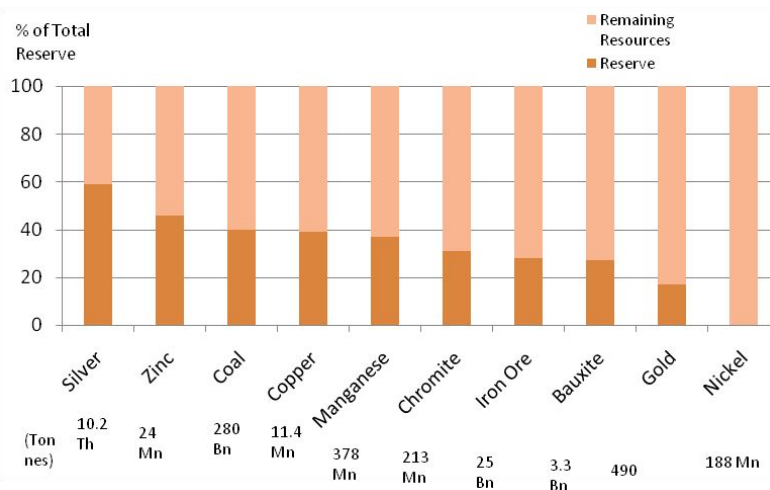
The metal and mining industry of India has recorded a strong expansion in 2009-10-2011-12 and then suffered a contraction in consecutive two years to touch Rs 220000 crore production growth. The two lethal factors for mining sector are high borrowing costs coupled with policy paralysis of the

earlier government on the backdrop of environmental clearance, land acquisition issues and regulation related complexities. Trends in value of mineral production shows that import of mineral products in India has risen steadily while export have shown a very slow growth during the period 2008-09 to 2013-14.

Future Trend:

Demand side Potential: India has significant potential to further grow its mining industry which is apparent from demand for minerals and availability of natural resources. Research shows that countries typically go through a mineral consumption curve where per capita consumption of minerals accelerates during the industrialization period and then stabilizes and eventually declines. Relative comparisons of India with various countries show that India is still at a nascent stage of per capita mineral consumption. Even among the BRIC nations, India is the least developed in terms of per capita mineral consumption. As India's per capita GDP increases, per capita mineral consumption will also grow as witnessed in other developing countries like China and Brazil.

Supply Side Potential:



At the current consumption rank, India has proven reserve of next 175-200 years for coal, 40-50 years of iron ore and limestone. Unproven resources in India are still higher (more than twice) than the proven resources. With appropriate investments in infrastructure and technology used in exploration, there is significant potential for further increase in the realizable mineral wealth of India.

Recent Announcements:

The centre is trying to rejuvenate the steel industry by scaling up steel production to 300 MT by 2025 from 81 MT in 2013-14. India is poised to move up to the second position in the steel production in next ten years. Govt has also proposed to set up a steel research centre under "Steel Research and Technology Mission of India" (SRTMI) to promote collaborative programme in the sector.

Some other major initiatives by the Government:

- MMDR Amendment Bill passed in Parliament in March 2015 removes discretion in the grant of mineral concessions and auctions to be sole method of allotment.

- **The Ministry of Steel has proposed to set up special purpose vehicles (SPVs) with State governments to revive investment in the steel sector.**
- **The Ministry of Steel has also proposed Special Mining Zones, where regions with mineral resources will be identified as strategic resources and one nodal authority will arrange necessary green clearances for mining projects in such areas.**
- **The Geological Survey of India is using remote sensing satellite data and aerial photographs for delineation of target areas as potential mineral zones across the country. GSI has also come out public with detailed list of these locations.**
