

## Foreign Direct Investment Policy

India possesses great potential of mineral resources. However, there exists considerable scope for augmenting the resource position by further exploration of known deposits and discoveries of new deposits, adopting state-of-the-art technology and modern methods like aerial reconnaissance or geophysical surveys.

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. Being aware of the vast potential of the sector, the Indian Government, has been consistently and in a pragmatic manner opening up the previously controlled regime to usher private investment in the sector and infuse funds, technology and managerial expertise. The opening up of the Indian mining sector has, therefore, generated considerable global interest. The Indian mining sector was opened up to Foreign Direct Investment in 1993 after the announcement of the New Mineral Policy. 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.

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 diamonds and precious stones have been increased to 100% under the automatic route with effect from 10<sup>th</sup> February, 2006.

With this, the Foreign Direct Investment in the mining sector for all non-atomic and non-fuel minerals have now been fully opened upto 100% through the automatic route including diamonds and precious stones.

The data on FDI in the mining sector for the last three years and in the current year upto September, 2009 are as follows:-

(amount in USD million)\*

	2006-07	2007-08	2008-09	2009-10 (April to September, 2009)
Mining	6.62	444.26	34.22	86.63

\*(Source: DIIPP)

## EXPORTS AND IMPORTS

The provisional value of export of ores and minerals during 2008-09 was Rs. 1,08,837 crore. Diamond (mostly cut) was the principal item of export during 2008-09, which accounted for 66.24 %, followed by iron ore with a contribution of 19.96 percent, granite 4.42 % and alumina 1.45 %. Chromite 0.89 %, Precious and semi precious stones 0.72% and Lead ores and conc. 0.52% were the other important minerals exported during the year 2008-09. Data on export of some important ores and minerals during 2004-05 to 2008-09 is mentioned at [Annexure-3.2](#).

The provisional value of import of ores and minerals during 2008-09 was Rs. 5,13,632 crore. Petroleum (crude) was the main constituent of mineral import during 2008-09, which accounted for 67.53% of the total value of import of ores and minerals followed by diamond (uncut) with 14.57 %, Coal (excluding lignite) 8.05%, Copper ores and concentrate 3.47%, Natural gas 2.51 percent. Coke, rock phosphate, sulphur etc. were the other important minerals imported during 2008-09. Data on import of some important ores and minerals during 2004-05 to 2008-09 is mentioned at [Annexure 3.3](#).

Export/Import data is given at [Annexure 7.1](#) and [Annexure 7.2](#).

Despatches of Iron ore for Domestic consumption and Export for the period April-September, 2009 is given at [Annexure 7.3](#).

India's Export of iron ore during 2008-09 is given at [Annexure 7.4](#).

### **International Investment Promotion Australia**

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. Six meetings of the JWG have so far been held. Under the Joint Working Group, both countries have signed Action Plans in November, 2008 in the coal, mines, petroleum, new and renewable energy and power sectors envisaging a number of activities and events for implementation. 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 the Australia-India Joint Working Group on Energy and Minerals was held on 16-17 March, 2009 at New Delhi. Ministry of Mines is the nodal Ministry from the Indian side for this Working Group. A Protocol was signed at the end of the meeting. The Joint Working Group endorsed the activities under the five Action Plans in the workshops held on Mining and Minerals, New and Renewable Energy, Power, Petroleum and Natural Gas and Coal sectors.

As a follow-up to the Work Plan signed between the two countries in the Mining Sector, Workshops were held in Kolkata and Nagpur during November-December, 2009 in which experts from Australia made presentation on the updated technologies in the mining sector to the Indian geoscientists.

Under the Indo-Australian Joint Working Group on Energy and Minerals, India-Australia Technical and Policy exchange programme on "Mining and Minerals Exploration – Capacity

Building in India" was held at Nagpur during 3-4 December, 2009. This was the second Workshop being organized by the Australian Agency for Capacity Building in India. The Workshop was jointly inaugurated by Shri C.S. Gundewar, Controller General, IBM and Dr. Barnicoat from Australia. Fifteen Officers from IBM apart from GSI, MECL, SAIL& MOIL participated in the Workshop.

### **Western Australia**

There is also an MoU between Ministry of Mines and Western Australia on mine rehabilitation. There has been regular exchange of visits under this MoU. A delegation from the two sides have pursued a very active/ fruitful relationship. Exploring possibilities of broadening the scope of the MoU was discussed with a delegation from Western Australia led by Hon. Brendon Grylls MLA, Minister for Regional Development in September, 2009.

A delegation from Geological Survey of Western Australia had a meeting with GSI and Officers of Ministry of Mines on 13th October, 2009. Both sides discussed areas of cooperation such as capacity building, exchange of scientists to enhance knowledge and capabilities in earth science activities, sustainable mining practice etc.

### **Canada**

After the signing of MoU with Department of Natural Resources, Canada in April, 2003 on Co-operation in Geosciences, five meetings of the Joint Working Group (JWG) have so far been held. The fifth meeting was held on 27<sup>th</sup> May, 2008 in Canada. The main projects are study on Arsenic Toxicity in the ground water of West Bengal and monitoring of landslides at selected sites in India, etc.

### **MoU With Ontario**

A Memorandum of Understanding ( MoU) between Ministry of Mines, Government of India and the Ministry of Northern Development, Mines and Forestry of the Province of Ontario, Canada on cooperation in the fields of Geology and Mineral Resources is proposed to be signed shortly in view of the geological potential of Ontario Province and the avenues of co-operation and investment. The MoU will provide an umbrella framework for development of mutual cooperation in the field of geology and mineral resources between India and Ontario Province, Canada.

### **Chile**

A Memorandum of Understanding (MOU) was signed between India and the Republic of Chile on 17<sup>th</sup> March, 2009, for cooperation in the field of Geology and Mineral Resources during the visit of President of Chile to India. The Ministry of Mines is in the process of identifying specific collaborative project proposals under the framework of the MoU. Under the MoU, a Joint Working Group has been formed which will coordinate the implementation of the areas of cooperation under the MoU.

The first meeting of the India-Chile Joint Working Group was held in Santiago, Chile during 2<sup>nd</sup>-4<sup>th</sup> February, 2010. Ms. Santha Sheela Nair, Secretary (Mines) led the Indian delegation.

### **Namibia**

Ministry of Mines has signed a Memorandum of Understanding (MoU) with the Republic of Namibia on cooperation in the field of geology and mineral resources, in New Delhi on 31<sup>st</sup> August, 2009. The MoU was signed by Hon'ble Minister of Mines and Development of North Eastern Region on behalf of the Government of India and the Minister of Mines and Energy, on behalf of the Republic of Namibia.

The Minister of Mines and Energy, of the Republic of Namibia also had a meeting with Hon'ble Minister of Mines on 31<sup>st</sup> August, 2009 and discussed possible areas of co-operation in the mining sector.

A delegation from Ministry of Mines led by Secretary (Mines) visited Namibia from 27-31 October, 2009 and attended the 1<sup>st</sup> Meeting of the India-Namibia Joint Working Group on Geology & Mineral Resources held in Windhoek, Namibia. Minutes of the meeting was signed by both sides after the Joint Working Group Meeting. The delegation visited various mine sites and had meetings also with important dignitaries in Namibia. Follow-up action on the discussions which emerged of the 1<sup>st</sup> JWG meeting are being taken up.

### **Argentina**

Geological Survey of India (GSI), an attached office under the Ministry of Mines has signed a Memorandum of Understanding (MoU) with the Servicio Geologico Minero Argentino (SEGEMAR), of the Argentine Republic on scientific and technical cooperation in the earth sciences in New Delhi on 14<sup>th</sup> October, 2009 during the visit of the Argentine President to India.

### **PDAC**

The Annual Convention of the Prospectors and Developers Association of Canada (PDAC) is a major mining event. The PDAC Conference is one of the most important and prestigious events in the global mining industry, which is attended by delegates from all over the world. 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 3<sup>rd</sup> March, 2009 which showcased India's mineral wealth and capabilities and potential of the Indian Mining Industry as an investment destination.

### **Mining Exploration Convention & Trade Show**

A Mining Exploration Convention & Trade Show was held during 16-18 November, 2009 in Bengaluru. The Conference was organized by Federation of Indian Mineral Industries in association of PDAC, Toronto, Canada and the Trade Show was supported by the Canadian Association of Mining Equipment and Services for Export (CAMESE). The Conference was a success.

The PDAC Convention for 2010 is being held on 7<sup>th</sup>-10<sup>th</sup> March, 2010 and in order to further promote investment, State Governments have been encouraged to join the Indian delegation planned for the convention.

### **South Africa**

After a gap of several years the Ministry of Mines participated in the annual Mining Indaba at Capetown held on 1<sup>st</sup> to 4<sup>th</sup> February 2010. Special Secretary (Mines) led a CII delegation which included major steel and aluminium producers. The visit is likely to help promote Indian trade and investments in coal and ferrous minerals in Africa.

### **Iran**

An Indian Delegation comprising of representatives from the Ministry of Mines, Department of Fertilizers , NALCO, HCL, GSI and IBM, led by Shri V.K. Thakral, the then Joint Secretary, Ministry of Mines attended the first meeting of the India-Iran Sub-Group held on 1<sup>st</sup> October, 2009 at New Delhi.

The meeting was co-chaired by Shri V.K. Thakral, the then Joint Secretary, Ministry of Mines and Eng. Abdollah Kashani Movahhed, Manager of Economic & International Relation, Iranian Mines & Mining Industries Development and Renovation Organization, (IMIDRO), Islamic Republic of Iran.

### **Thailand**

A delegation to study local minerals for the upcoming iron-smelting joint venture project with Tata Steel, comprising 9 Government Officials from the Department of Primary Industries & Mines, Ministry of Industry, Thailand visited Kolkata Regional Office of IBM on 4<sup>th</sup> April, 2009 with a view to exchange knowledge and experience of Mineral Sector regulations in India.