



Rethinking India's mining policies

What is the issue?

\n\n

\n

- India's mining sector is at an inflexion point and facing unemployment issues.

\n

- The full potential of mining sector need to be utilized to resolve such issues.

\n

\n\n

What are the potentials of Indian mining sector?

\n\n

\n

- India has abundant coal reserves, of 300 billion tonnes, there is room for exports.

\n

- With greater development of India's natural resources sector, import dependency can be reduced by more than 50%.

\n

- This has a potential to save \$100 billion which in turn would create more than 20 million jobs.

\n

- The vibrant mining sector can also create an entire eco-system of SMEs.

\n

\n\n

What are the concerns in Indian mining industry?

\n\n

\n

- The import of natural resources makes up for \$200 billion, or over 50%, of India's total import bill of \$400 billion.

- \n
- Only 10% of area with mining potential has been explored in India, against 95% in Australia.
- \n
- The contribution of India's mining sector to its GDP is just 2%, while it could contribute as much as 10%.
- \n
- The taxes and royalty on mining in India are one of the highest in the world.
- \n
- Currently, despite 100% FDI being allowed under the automatic route inflows into the sector are not encouraging, and account for less than 0.5% of the total inflows to the country.
- \n
- The Mines and Minerals Development and Regulation (MMDR) Act, has a major lacunae in its current form, wherein mines can be auctioned by state governments only after exploration.
- \n
- Recently SC ordered to shut coal mining activities in Goa due to environmental violations and inadequate policy measures. Click [here](#) to know more
- \n

\n\n

What measures needs to be taken?

\n\n

- \n
- India must increase mining activities on a massive scale, may be up to five times from the current production.
- \n
- This requires transparent policies and reduction in royalties to attract firms to invest, explore and produce.
- \n
- Government need to direct competent authorities to conduct environment impact studies of existing mines, and chalk out a plan for course correction.
- \n
- While union government takes concrete steps to encourage private investment in the mining and other sectors, it must also ensure protection of domestic industry from dumping via imports.
- \n
- Respective governments need to take measures for revoking the ban on coal mining and work to find a viable solution.
- \n

\n\n

\n\n

Source: Financial Express

\n\n

\n



IAS PARLIAMENT

Information is Empowering

A Shankar IAS Academy Initiative