

1. OVERVIEW OF THE INDIAN MINING EQUIPMENT AND SERVICES INDUSTRY

Introduction

With a mining record of centuries, India has developed its capabilities and capacities to manufacture equipment/machinery and a fairly good service sector. These, however, have been designed to cater the domestic mining conditions. The Indian mining industry is characterised by:

- (i) predominance of coal;
- (ii) presence of small sized mines;
- (iii) low levels of mining technologies;
- (iv) relative shortages of financial resources;
- (v) low productivity and labour intensive production methods;
- (vi) relatively low levels of research and development; and
- (vii) predominance of underground mining method until some 20 years ago.

These characteristics of the Industry stem from the Government of India's deliberate policy of limiting the private sector's role only to the development of minor minerals, reserving others for development by the public sector companies, in line with its philosophy of providing "commanding heights" in the infrastructural segment of the Indian economy.

Growth

Consistent with this policy, the Government of India (GOI) established new public sector companies and licensed a few others to manufacture mining equipment and machinery beginning the 60's. The establishment of the Heavy Engineering Corporation Ltd (HEC) in 1959-60, marked the beginning of the present day mining equipment/machinery industry. This was followed soon by setting up of two more public sector companies: Bharat Earth Movers Ltd (BEML) in 1964 and the Mining and Allied Machinery Corporation Ltd. (MAMC) in 1965.

Along with the public sector, several private companies have diversified their products to include mining equipment to meet the demand. Leading among these include Hindustan Motors, Larsen and Toubro, Tata Engineering & Locomotive Co. Ltd. and Tractors India Ltd.

With increasing reliance on open pit mining than underground, particularly in the coal mining segment ⊕ the largest consumer, the equipment/machinery industry diversified into open pit mining equipment. This shift has enabled several construction equipment manufacturers also to enter the field by modifying/upgrading their products such as dumpers, loaders and excavators.