

The mines and minerals (*Regulation and Development Act*, 1957) and Mineral Concession Rules (1960) were amended in 1994, allowing any registered company, irrespective of its foreign-equity holding, to apply for a prospecting licence and a mining lease. The tenure of mining leases has been increased from 20 to 30 years, and renewals have been increased from 10 to 20 years. Prospecting licence tenure is now five years, up from two years.

The 1993 policy now opens significant opportunities for Canadian industry, especially coal mining and coal washeries. India has good-quality reserves of iron ore, manganese and chromite that can sustain much higher production levels. It has lignite, and coal reserves estimated at over 200 billion metric tonnes by the Geological Survey of India, but, as a result of low productivity levels, yearly production only reaches 270 million metric tonnes against demand in the order of 285 million metric tonnes. In addition, its metallurgical coal reserves are low. There is a demand for coke and thermal coal for power generation, however, there is a concern over the cost of transporting imported coal. Many Indian companies are trying to introduce economies of scale and state-of-the-art technologies to compensate for higher transportation costs.

Opportunities exist for joint ventures in coal washeries, and exploration and mining of metallurgical coking coal. India's imports of metallurgical coking coal are projected to increase from the current 10 million metric tonnes to about 12 million metric tonnes by the year 2000. Exploration and mining of gold, potash and non-ferrous metals offer other interesting opportunities, and there is potential for Canadian juniors to explore the non-metallic minerals and construction materials such as dolomite, limestone and granite.

On the equipment and services side, good sales prospects exist for Canadian manufacturers and suppliers of high-quality niche products (e.g. drilling equipment, underground communications, computerized ore grading and production-monitoring technology, etc.).

The new mineral policy places a priority on value-added products and the recycling of metallic and mineral scrap. At the same time, there are concerns to safeguard vital environmental and ecological imperatives. Consequently, the demand for related environmental technologies is rising. Technologies that eliminate the use of coking coal to produce iron and steel are in demand in India.

Constraints

Although the Indian Mineral Policy has been liberalized, all major minerals have been dereserved for private exploitation, and the prospecting lease area has been increased from 25 sq. km. to 10 000 sq. km., some foreign companies still find that the procedures are very time-consuming. Some public-sector clients and potential joint-venture partners are not in a sound financial position. Assistance, through financing and complimentary training, plays a strategic role in securing business.

Productivity levels, on average, remain low, and labour issues (i.e. reduction in the work force) are politically sensitive.

Business Environment

The overall business environment and openness to foreign firms has very much improved over past years. Approvals for foreign-equity participation up to 51 percent are automatic, and foreign equity up to 74 percent in mining consultancy and technical services is also automatic. Also, 100-percent foreign equity can be considered on a case-by-case basis, and royalty rates have been lowered. Domestic market conditions are excellent and importation of capital goods for joint-venture projects are allowed more easily.

Canadian companies are well-regarded in general, but face competition from more active and better positioned Australian, British and German firms. South African companies are also very actively pursuing this market. Commitment to this market must be emphasized by working closely with a reputable agent and participating in the India Mining and Machinery Exhibition (IMME), which is held every two years. The next IMME is scheduled for October 1998 at New Delhi. IMME offers marketing opportunities at the national level