

**THE INDIAN MINING INDUSTRY:
MARKET INFORMATION FOR CANADIAN PARTICIPATION IN INDIAN
MINERAL EXPLORATION AND DEVELOPMENT**

A. OVERVIEW

History

Mining has featured in the economy of South Asia since antiquity. One archaeological study indicates that zinc and copper mining near Udaipur in Rajasthan dates back over 2000 years. The American Society of Metals (ASM) has recognized the ancient zinc smelting site at Zawar in Rajasthan as one of its historical international landmarks for metallurgy. Pliny (77 AD) referred to gold mining in what is now Karnataka in South India.

More recently, mining has held a central place in the economic development strategy of independent India since 1947. As a foundation for wealth, industrialization, and manufacture, the industry has been considered "strategic" by successive national governments, and as vital to the 'national interest'.

Public mining investments were built on institutions created under British rule, for example the Geological Survey of India which was established in 1851. The Nehru vision of market socialism resulted in nationalization of once-private mining companies during the 1950s and 1960s. Coal was nationalized in the 1970's.

Until the changes brought by the 1993 National Mineral Policy, virtually the entire industry, exploration and production, rested by law in public control.

The "national interest" has been interpreted to mean "self reliance" and public management of the economy from the "commanding heights", phrases born out of a backlash against the colonial period in Indian history and reflecting a drive for self-determination. In that light, the liberalization process begun in 1991- in response to a critical shortfall in foreign exchange reserves - can be seen for what it is, namely, a dramatic change in the way India sees itself in the world.

The Indian Economy in the 1990s

India is the world's largest democracy, and its second most populous country. India is also classified as 'developing country'. Per capita GDP is C\$435. As reported by The Economist, the National Council for Applied Economic Research estimates that only 2.3 per cent of India's 895 million people have annual household incomes over Rs. 78,000 (C\$3650). The problems that trouble most developing countries - poverty lack of infrastructure - are very much in evidence in India. Selected key economic indicators for India can be found in Table 1.