

The Reserve Bank of India (RBI), the country's Central bank, is responsible for all currency and exchange control matters. The unit of exchange, the Rupee, is now partially convertible. Foreign nationals are permitted to repatriate earnings from India on approval by the RBI. Likewise, repatriation of dividends requires central bank approval. These rules apply across all industries. For joint ventures of up to 50 per cent foreign equity, the process is normally automatic.

There has been a large flow of investment capital into India since liberalization. According to the Government of India, over the period August 1991 - February 1994, 3,876 foreign collaborations have been approved with a total foreign direct investment of \$US 4,472 million. Some 2064 of the collaborations are technical while 1812 are financial. U.S., German and U.K. firms make up almost half the total number of approved proposals.

In light of the mining policy reforms, the Government of India is reviewing its mining legislation and rules to address further impediments to foreign investment. By all indications, it is a serious effort. Over the period July - October 1994, the Ministry of Mines and the Ministry of Environment and Forests jointly held a series of regional seminars with industry and State governments. The purpose of these meetings was to identify existing impediments in mining legislation, and to agree on steps to address them.

Seminar participants were candid in their evaluation of Indian mining law. The major concerns raised include the following:

- (1) the 25 sq. km. cap on the maximum area for prospecting;
- (2) the need for central government approval for base and precious metal development projects;
- (3) the royalty rates and processes by which they are set;
- (4) delays in processing of lease applications and renewals by both levels of government, and the need for single-window approval systems;
- (5) the power of the government to prematurely terminate prospecting licenses and mining leases;
- (6) simplification of mining plan requirements;
- (7) inflexibility in reforestation requirements;
- (8) the five hectare trigger for environmental assessments of mining projects; and
- (9) excessive environmental assessment and monitoring requirements for small mines.

This open process of self-evaluation of the mining regime is itself healthy and an indication of a desire to attract foreign capital. For each issue identified during the seminars, organizations were publicly identified to take action. Already, steps have been taken in at least four areas - land access, royalty rates, and modest easing of rules pertaining to environmental clearances and reforestation. The land access, royalty and environmental regimes are evaluated in their respective chapters below.

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The total geographical area of India is just over 328 million hectares. The Indian Bureau of Mines reports that some 53 per cent of this area is subject to "serious environmental degradation". As of 1991, total mining lease area (excluding fuel and atomic minerals) was 806,422 hectares, or 0.25 per cent of total land area.