

The government continues to direct economic matters to a notably greater extent than in Canada. Tax rates and trade barriers have come down from high levels during the decade, and movement is toward slowly reducing government involvement in selected sectors. Subject to a number of conditions and deductions, corporate income tax for foreign companies is set at 55 per cent of net income (as of 1994). Repatriation of dividends and earnings requires Reserve Bank of India approval, but for joint venture projects with up to 50 per cent foreign equity, this is considered automatic.

Environmental protection is a priority in India. Most new mining projects and expansions are subject to an environmental assessment process. Prospectors and mine lease holders are also expected to submit a detailed environmental management plan to the Controller General of Mines (Indian Bureau of Mines). Legislation also specifies a range of conditions that apply to mining operations in the name of environmental protection. National legislation pertaining to air and water effluent levels is administered at the State level by State Pollution Control Boards.

During 1993-94, the Impact Assessment Agency (IAA) had 70 mining project applications for environmental assessments (more than any other industrial sector). It approved 41 projects and sought additional information on 29 others. When applications are complete, an environmental assessment typically takes six months. Information requirements can be extensive, but the sort of information that must be provided would be familiar to the Canadian mining industry. Both state and national environmental clearance is required. Industry argues that the process should be made simpler and faster. The need for streamlining is recognized by both levels of government.

Forest conservation is particularly important in India. The strong Forest (Conservation) Act empowers the government to stop projects that would destroy forest land. Approvals in this circumstance can take years. In effect, projects on forest land are discouraged.

India has a large, skilled labour force available at low cost. An established rule of law, and widespread use of English contribute to India's attractiveness for foreign investment.

Investigating Further

The Government of Canada offers several vehicles to assist prospective investors in India. The Department of Foreign Affairs and International Trade, either in Canada or through trade offices in New Delhi or Bombay, can provide information and make contacts. The Export Development Corporation has an active and recently expanded India portfolio. The Canadian International Development Agency can assist at the feasibility study stage.

In short, there are strengths and weaknesses in the Indian investment climate for mining. Prospective investors will want to assess the situation in detail. However, India represents an emerging opportunity, and foreign investment in mining has never been more welcome since the Republic of India was created in 1947. Mineral exploration and development in India is worth a close look.