

EXECUTIVE SUMMARY

The Indian Economy

The Indian economy is in transition. At time of writing (May 1995), it is in the fourth year of an economic liberalization program initiated in 1991 to respond to critical shortfalls in foreign exchange reserves. In the short history of independent India prior to that date, economic policy was guided by the Nehru vision of market socialism. Major industries, including mining, were reserved for the public sector.

The Indian economy in the 1990's is marked by major policy reforms. Among these are active promotion of private and foreign investment in major sectors of the economy, reduced trade barriers and corporate tax rates, divestiture of public enterprises, partial convertibility of the rupee, and simplification of industrial regulations.

The reforms have been very well received by international investors, though financial institutions would like the pace of reform to quicken. Indian foreign exchange assets have increased to US\$19.65 billion in 1994/95 from only US\$5.6 billion in 1991/92. From August 1991 to February 1994, 3,876 new foreign collaborations valued at \$US4.47 billion were approved. For 1995/96, GDP growth rates are projected to be in the 6 per cent range.

The Indian Mining Industry

As a result of previous policy, about 90 per cent of Indian mining remains in public hands. As of 1993/94, the total value of mineral production (non-fuel plus coal) was Rs. 137.16 billion (about C\$6.0 billion). There are nearly 4400 producing mines in India, 300 of them classed as "major mines". India is a net importer of minerals and metals, though it has production capacity in ferrous, non-ferrous and precious metals.

India produces 64 mineral commodities, and is among the top five world producers of mica, barytes, chromite, and bauxite. Based on huge reserves, it is the seventh largest producer of coal. Though most mineral production serves the domestic market, India is a major producer and exporter of aluminum/bauxite, iron ore and quality granite and related building stone. Of course, India is one of the world's largest diamond cutting and polishing centres, mostly of imported diamonds. Minerals and metals represent over 20 per cent of India's merchandise trade exports.

The majority of mineral exploration in India has been conducted by the Geological Survey of India using systematic ground and airborne survey methods. India is considered to be geologically rich, with similar rock formations to Canada's precambrian shield. The major mining states in India are Rajasthan, Madhya Pradesh, Gujarat, Orissa, Karnataka, Goa, Andhra Pradesh, Bihar and Maharashtra.

The Indian mining industry employs over one million people. It represents 75 per cent of goods traffic on Indian railways. Coal and iron ore shipments represent one-third of port traffic.