At the April 1994 International Round Table Conference on Foreign Investment in Exploration and Mining in India, the Additional Secretary of Mines highlighted the purpose of the new mineral policy:

> "The economic reforms aim to quickly transform the regulated economy to an open market economy to attain higher growth and competitive edge in the world markets. To achieve this goal, massive injections of capital and technology are needed in the Indian mineral sector in all spheres of activity from exploration to extraction, beneficiation, metallurgy and shaping. The new Industrial Policy recognises that globalization of the Indian economy calls for a more dynamic relationship between domestic and foreign industry when it says 'Foreign investment would bring attendant advantages of technology transfer, marketing expertise, introduction of modern managerial techniques and new possibilities for promotion of exports. This is particularly necessary in the changing global scenario of industrial and economic cooperation marked by mobility of capital. The Government accordingly welcomes foreign investment". India's economic isolation is thus over."

M. Gopalakrishna, Ministry of Mines,
Government of India, April 1994.

The key features of the new mining policy framework are the following:

(1) Thirteen previously restricted minerals are now open to private investment. Those minerals are Iron Ore, Manganese Ore, Chrome Ore, Sulphur, Gold, Diamonds, Copper, Lead, Zinc, Molybdenum, Tungsten Ores, Nickel, and the Platinum group of metals, (Coal and lignite, atomic minerals, and mineral oils continue to be reserved for the public sector.)

(2) Foreign equity investment in mining by way of Joint Ventures is both permitted and encouraged. Investing companies must be registered in India under the Companies Act;

(3) Approval of foreign equity participation of up to 50 per cent is automatic. Equity holdings in excess of 50 per cent will be considered on a case by case basis by the Foreign Investment Promotion Board (FIPB).

(4) Foreign investment in mineral processing is encouraged. Captive mines for mineral processing industries (e.g coal for thermal power stations) would not be subject to the 50 per cent equity cap.

(5) The Government of India has begun the process of disinvestment by selling minority portions of its equity in Hindustan Zinc, Hindustan Copper, and the National Aluminum Company to Indian shareholders. Disinvestment of equity in Bharat Aluminum (BALCO) is also planned.

(6) The number of minerals for which the State governments must obtain prior Government of India approval before issuing mining leases or prospecting licenses has been reduced from 26 to 11 (fuel and atomic minerals excepted). Minerals that no longer require this approval from the centre are apatite and phosphatic ores, barytes, dolomite, gypsum, vanadium, kyanite, magnesite, molybdenum, nickel, platinum, sillimanite, silver, sulphur, tin, tungsten, and vanadium ore. The 11 minerals for which leases remain conditional on approval from the centre include most of India major minerals. They are asbestos, bauxite, chrome ore, copper ore, gold, iron ore, lead, limestone, manganese ore, precious stones, and zinc.