MINING, METALS AND MINERALS

India is among the world's top producers of minerals such as coal, iron ore and chromate with an annual production of US$6 billion and steady growth. The Indian government has identified the need to modernize its mining industry. As part of its economic reforms, India has recently amended regulations allowing foreign companies to hold a controlling interest in mining operations. It is also lowering the level of protection regulations. Consequently, the industry will have to become more competitive and environmentally conscious.

As part of the economic liberalization process, the government issued a new National Mineral Policy in March 1993. The thrust of the policy is to encourage private investment and reduce the role of the government in this sector. The 13 minerals which were hitherto reserved for the public sector but have now been thrown open to the private sector for exploration under the new policy are: Iron Ore, Manganese Ore, Chrome Ore, Sulphur, Gold, Diamonds, Copper, Lead, Zinc, Molybdenum, Tungsten Ores, and the Nickel and Platinum group of metals. Coal, which was not de-reserved in 1993, was allowed to be mined by private power plants for captive use in early 1995.

India's vast coal resources have been estimated by the Geological Survey of India at over 200 billion metric tonnes. Due to poor production levels, there is a wide demand and supply gap; against about a 200 MMT demand, the availability is only about 160 MMT.

Market Opportunities

India already manufactures a wide range of mining equipment. However, there are increasing opportunities in specialized high technology equipment such as DTH drilling machines, walking draglines, electric and hydraulic shovels and load-haul dumpers, all of which are needed to improve the productivity of the mining sector.

Supplier Capability

Canada is currently a leader in the high-technology areas of exploration, in less labour-intensive mining methods, and in high-efficiency smelting techniques. New equipment and process development, coupled with more aggressive marketing and the building of extensive links with mining and engineering companies, should allow Canadian mining equipment manufacturers to improve their competitiveness and expand their share of the Indian market.

The strength of the Canadian mining industry is its ability to respond to the high degree of product innovation demanded by the mining industry. The customizing of equipment is a more important attribute than is economy of scale.

Canadian engineer-procure-construct (EPC) firms are limited in number and scope but have impressive international reputations for quality and environmental concerns.