

**GOVERNMENT OF INDIA
MINES AND MINERALS
LOK SABHA**

UNSTARRED QUESTION NO:1110
ANSWERED ON:31.07.2000
OPENING OF MINING SECTOR TO FOREIGN COMPANIES
ANANTRAO GUDHE

Will the Minister of MINES AND MINERALS be pleased to state:

- (a) whether the Government have recently opened Mining Sector for foreign investment to accelerate investment in Mining;
- (b) if so, the details thereof alongwith the implications;
- (c) the details of foreign investment proposals received and cleared for Mining Sector so far, State-wise in general and Vidarbha Region or Maharashtra in particular; and
- (d) the implications of projected foreign investment in Mining Sector of India during Ninth Plan in general and Maharashtra in particular?

Answer

MINISTER OF YOUTH AFFAIRS, SPORTS AND MINES (SHRI SUKHDEV SINGH DHINDSA)

(a) to (d) The Government allows foreign equity holding upto 100%, on the automatic route for all minerals (except diamonds and precious stones). This covers exploration, mining, mineral processing and metallurgy. In the case of diamonds and precious stones, foreign equity upto 74% is allowed on the automatic route for both exploration and mining operations. For proposals seeking higher than 74% foreign equity, the cases go to the Foreign Investment Promotion Board (FIPB) for approval. The Mines & Minerals [Development & Regulation] Act, 1957 has also been suitably amended and further powers have been delegated to the State Governments. These recent changes in the Act are expected to streamline the procedure for obtaining mineral concessions from the State Governments. They also provide adequate security of tenure to the investors. It is expected that these policy changes will lead to a faster growth and development of the Indian mineral sector, and also application of world class mining technology.

The FIPB, in consultation with the Ministry of Mines, has so far approved 65 proposals of Foreign Direct Investment in the mining sector. The likely investment in these cases will be about Rs. 3650 crores. Most of these proposals speak only about their investment plans and do not specify the area where they would like to operate. It is not mandatory for an applicant company to specify the area/State where they would like to operate. The approval granted by FIPB is only for foreign equity participation in a Company incorporated in India. After obtaining FIPB approval these companies are required to apply to the concerned State Government, which are the owners of minerals in their respective territorial jurisdictions, for mineral concessions. Prior approval of the Central Government is required only in respect of minerals in the First Schedule of the Mines & Minerals [Development & Regulation] Act, 1957. The Central Government does not keep data of mineral concessions granted by State Governments.

The Government of Maharashtra has so far received two applications from foreign companies for prospecting licenses. M/s Geomysore Services (a subsidiary of M/s Australian Indian Resources N.L., Australia) has been granted prospecting licence (aerial survey) for three years over an area of 3482 sq. kms. in Nagpur, Bhandara, Gondia and Gadchiroli districts in Vidarbha region of Maharashtra for prospecting of gold, copper, tungsten, etc. M/s Diamond Prospecting Pvt. Ltd. (a wholly owned subsidiary of M/s De Beers Consolidated Mines Ltd., South Africa) has also submitted an application for reconnaissance permit for diamond over an area of 10,000 sq. kms. in Gadchiroli and Chandrapur districts of Maharashtra.