

Private Participation in the Mineral Industry

An International Conference on foreign investment in exploration and mining in India organised jointly by the United Nations and the Ministry of Mines of the Government of India was recently held at Delhi. The details of this conference have now become available. The conference, as reported in the press, was well attended with as many as 270 delegates of whom nearly 70 came from abroad representing 15 countries. Australia was prominent, evincing the largest interest.

Surprisingly, the key paper outlining the mineral potential of India and highlighting the areas which could benefit through additional investment and availability of new technology, was presented by the Secretary to Government of India in the Ministry of Mines and not by either the Director General of the Geological Survey of India or by the Controller General of the Indian Bureau of Mines who are the appropriate technical men who can speak with some authority on the mineral resources of India. This once again emphasizes the reality of the present situation where national organisations have been reduced to the status of subordinate minor departments of government with no independent status of their own. Scientists, apparently are to remain at the beck and call of the politicians and bureaucrats ready to furnish whatever information is necessary. They are to be on tap and never allowed to be more than suppliers of information. It is to be regretted that senior scientists have allowed themselves to play such a subordinate role without any sign of protest.

We appreciate the special efforts made by the Geological Survey of India and the Indian Bureau of Mines in arranging for a poster exhibition displaying maps of mineral provinces and important prospects in India, as also relevant publications. However, we do not understand the mentality which has prevented them from taking similar action to explain their activities to the scientific and business community at the national level. Even their regional offices display neither the maps nor the publications which are jealously guarded from public gaze. Are we to understand that the results of their investigations are meant only for external consumption? When are we to expect an end to this restricted outlook on the part of the National organizations?

Fifty years of independence has not made us self-reliant and even for carrying out essential things like afforestation, desilting of tanks, providing electric power to rural parts and the like, we go about with a

begging bowl seeking foreign aid. Not long ago the shout went up asking the British to 'Quit India'. It is ironic that within a very short period, we are spreading the red carpet inviting them and others to come with their money, and help us develop our resources. This foreign money will, no doubt, become available, but in the process, we become more and more indebted. Foreign investment will come more in the shape of machinery and princely salaries paid to the experts, and indigenous industry and labour are least likely to be benefited. Instead, with few exceptions, the whole nation will have to make sacrifices to assure a more than adequate return to the foreign investor. It will be economic surveillance in a garb made outwardly attractive. The East India Company came a long while ago as traders, but taking advantage of the internal squabbles, set one against the other and subjugated this land economically and politically. Is economic history going to repeat itself in a different way, we wonder!

The close-fisted policy of organisations like the Geological Survey of India, the Indian Bureau of Mines and others, of retaining all vital data with themselves has been responsible for much of the underdevelopment in our mineral resources. The private sector in India has been denied timely information and financial help to develop indigenous talent, technology and resources. The sooner government departments realise the futility of this policy of denying access to information and modify their attitude, the better it will be for the country.

If the same words of encouragement and assurance of adequate return on the capital invested had been forthcoming fifty years ago, we have no doubt, India would have been in a better position today and our industrial houses better equipped and experienced to face world competition. Once the fetters of a controlled economy are removed, local enterprising spirit can be expected to develop by leaps and bounds. There is no need to go abegging for foreign aid, if the private sector is allowed the same incentives and benefits as are now being offered to foreign companies. What is necessary is full commercial freedom, least government interference in industry and strict and impartial enforcement of law.

It would have been far better if our mineral resources had remained in the ground and not frittered away by exporting them in the raw state. Even today millions of tonnes of raw ore continue to be exported and finished materials like steel and ferro alloys imported at enormous cost. The foreign exchange earned through the export of millions of tonnes of raw ore is not adequate to meet even a fraction of the cost of import of manufactured products. This policy of encouraging export of ore and import of finished products on a large scale, has contributed to our backwardness.

Indiscriminate licensing for mining in forest areas, in order to encourage export of large quantities of raw ore, has destroyed precious

forest cover and in the place of lush greenery, mining areas look as though they have been devastated by an earthquake, with waste dumps lying indiscriminately everywhere. It is only where minerals are self-utilised for production of valuable metal content and finished products, do we see evidence of prosperity. Self-utilisation of resources, therefore, is more important than just digging them for export.

Limitation of area granted for exploration, inordinate delay in granting permission, the threat of nationalisation of viable units, premature determination of leases, have prevented the private sector from entering the industry in a big way in the past, while a differential treatment was given to public sector organisations through grant of areas without limit for exploration, virtually unrestricted budgetary support and preferences in price. Despite this preferential treatment, heavy expenditure on imported machinery, low capacity utilisation, excessive labour force, and bureaucratic control have left many public sector mining operations with exhausted capital and heavy debts. These policies of government led to a state of stagnation in the mineral industry, and no major breakthrough was apparently possible in such a set up.

The liberalisation now announced by the Government of India is, therefore, most welcome. The assurance that induction of foreign technology and foreign participation in exploration and mining will be encouraged and joint ventures in mining by the private sector will be permitted, should give a big boost to the mineral industry. It is now for the private sector and individual entrepreneurship to come forward and bring about a big change in mineral exploration and development.

India is a rich country, but inhabited by poor people. Throughout history, the country has been looted by adventurers of its gold and precious stones, a loss of resources which has greatly impoverished it. Its agricultural and mineral potential, however, is rich and has to be fully utilized. It is gratifying to learn that the participants in the International Conference have rated the geological potential for mineral deposits in India as very high. It remains to be seen how they will go about securing the cooperation of all concerned in exploiting the full mineral potential of the country. The best arrangement in our opinion is for both public and private sectors in the country to go in for joint ventures with foreign participation in capital, technical knowhow and management. Such an arrangement could make rapid progress possible, provided the necessary operational climate is established.

The International Round Table Conference seems to have addressed itself to a free and fair discussion of the several concerns envisaged by those eager to invest in mineral development. Chief among these concerns are, 1) inadequacy of area given out for prospecting, 2) difficulties in providing easy access to land, 3) security and continuity of tenure, 4) inordinate delays in the grant of mineral concessions, 5)

non-availability of existing/unpublished geological and exploration data, 6) threat of nationalisation, 7) high rates of royalty and 8) high rates of taxation with no incentives for exploration.

These are of grave concern not only to the foreign investors, but also to the indigenous private sector. The problems are large and critical, and require to be handled at an expert level, as these are the very problems which have prevented the growth of the mineral industry in the past. In a recent editorial (JGSI, July 1994, v.44, pp.1-6) we recommended the appointment of a high powered commission to go into all aspects affecting mineral development. Such a commission should be autonomous and not merely an advisory body content in submitting a report to government, which would, doubtless, go the same way as many similar reports of expert committees. Such a Commission should start functioning at once and lose no time in drawing up a programme of action both long term and short term for the development of mineral industry in India.

The malady affecting the mineral industry has been diagnosed and many prescriptions have also been proposed. But there is a reluctance to act at all levels. Knowing what to do, and not doing it, has cast a shadow on all our national endeavours. The time is now opportune for drawing up a mission oriented programme enlisting the cooperation of all concerned. Government of India having taken the bold step to abolish all restrictions, should now act and remove other minor impediments standing in the way of realizing the full potential of the mineral industry.

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