

Mines Min proposes automatic lease to miners of gold, diamond

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NEW DELHI: Seeking Rs 1,00,000 crore foreign capital in exploration of gold and diamond in next three years, the Mines Ministry has proposed automatic lease to firms willing to invest in such projects.

"We are importing 800 tonnes of gold worth Rs 65,000 crore and 475 million carats of diamonds worth Rs 75,000 crore annually, only because we have not effectively tapped reserves of these minerals," Minister of State for Mines T Subbarami Reddy told media here.

The ministry is targeting foreign investment of Rs 1,00,000 crore in the next three years in the sector, he said.

Reddy said since domestic miners were unwilling to put capital on the pretext of such projects involving risks of not hitting the reserve, foreign companies have to be encouraged in mining of these precious minerals.

Though private miners came forward for reconnaissance permits, less than one per cent qualified for mining stage, he said, suggesting that domestic miners should join hands with foreign counterparts and take up exploration of these minerals.

"Hence, we have suggested that in the new mineral policy those willing to invest in exploration of gold and diamond should automatically qualify for getting mining lease," Reddy said.

The minister said the country had 14,000 tonnes of gold deposits which is nine per cent of global reserves and is worth Rs 12,00,000 crore.

Reddy said the proposed policy would be tabled in Parliament in the monsoon session, which begins on August 10.

Pointing out that effective tapping of gold and diamond reserves could result in the mining sector contributing Rs 1,40,000 crore to the country's GDP, Reddy said his ministry has asked the Geological Survey of India (GSI) to intensify its efforts to identify gold-bearing areas.

"We have also asked Hindustan Copper Limited (HCL) to concentrate on exploration and mining of gold and diamonds along with copper. They have tied up with Australian company Monarch Gold Mining in this connection" he said.

Besides, the Indian Bureau of Mines and the Mineral Exploration Corporation Limited (MECL) would also make efforts to augment production of these precious minerals in the country, Reddy said.

States like Andhra Pradesh, Chhattisgarh, Rajasthan, West Bengal, Jharkhand, Karnataka, Bihar and Madhya Pradesh have abundant gold reserves, the minister said.

"The per capita investment for exploration in India is around 12 paise whereas it is Rs 4,400 in Australia. In other words Australia is spending nearly Rs 2,640 crore whereas India is spending less than Rs 10 crore in exploration," Reddy said.

He said an analysis of the trend suggests that demand of gold will be 980 tons by 2010 and 1,152 tons by 2015 from the current 800 tons.