

Govt to simplify mining laws to boost investment

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India aims to cut permit delays and attract overseas capital through “simpler” resource investment laws to help double mining’s contribution to the nation’s \$1.2 trillion economy to at least 4 per cent.

“We hope to increase it to 5 per cent but expect it to increase to at least 4 per cent in five years,” Mines Minister B K Handique said. The legislation will be presented to parliament in the winter session this year, he said.

Delays in securing mining licences have undermined India’s efforts to win more investment, holding up construction of \$32 billion projects announced ArcelorMittal and Posco, the world’s largest and sixth-largest steelmakers. The new law will develop the changes to the mineral policy last year that have so far failed to unlock development.

“It will be great if the government is able to cut down the long-winded procedure,”

Niraj Shah, an analyst at Centrum Capital, said on Tuesday. It will help companies who are serious about building operations in India, he said.

India, which holds the world’s fourth-largest bauxite deposits and the fifth-largest iron ore reserves according to McKinsey & Co, currently regulates mining through the five-decade old Mines & Minerals (Development & Regulation) Act.

“We will introduce a legal framework that ensures sustainable development and in-

cludes environment concerns,” Handique said. “We have to ensure it’s more broad-based as if there is resistance from people it will not be possible to translate the act into reality.”

Posco, ArcelorMittal

Land disputes and delays in allocating mining licenses have stopped South Korea-based Posco from proceeding with potentially the biggest overseas investment in India. The company is yet to begin building a \$12 billion, 12 million tonnes steel plant in eastern

Orissa state, planned for more than five years.

“The policy is aimed to make the rules more transparent and simpler,” Handique said. “Posco is a bad precedent but we know that overseas companies want to invest in India and transparent policy will help that,” he said, adding that he also expects the law changes to spark investment from domestic companies.

“We hope the government approves the mine license soon, then we would like to secure land and start the project as soon as possible,” Choi Doo Jin, a spokesman at Posco, said on Tuesday.

ArcelorMittal has proposed setting up two mills in India, one in Orissa and another in Jharkhand — with a total capacity of 24 million tonnes. It signed an accord for the Jharkhand mill in mid-2005, followed by the one in Orissa.

Besides companies, countries including South Africa, Namibia and Colombia have shown interest in investing in the mining sector, Handique said.