



# Doing Business in India- Mining Sector

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# ENDOWED WITH SIGNIFICANT MINERAL RESOURCES

- **Produces 89 minerals**
- **Global Rank- 1<sup>st</sup> in mica, 2<sup>nd</sup> in barytes, 3<sup>rd</sup> in coal & lignite, 4<sup>th</sup> in iron ore, 4<sup>th</sup> in chromite, 6<sup>th</sup> in bauxite and manganese ore, 10<sup>th</sup> in aluminum and 11<sup>th</sup> in crude steel**
- **Deposits- iron ore 25.2 billion tons (13% of global), coal 257.4 billion tons (10% of global), bauxite 3.3 billion tons (7.5% of global resources)**
- **73% of mining is in coal**
- **Mining sector employs 1.1 million people!**

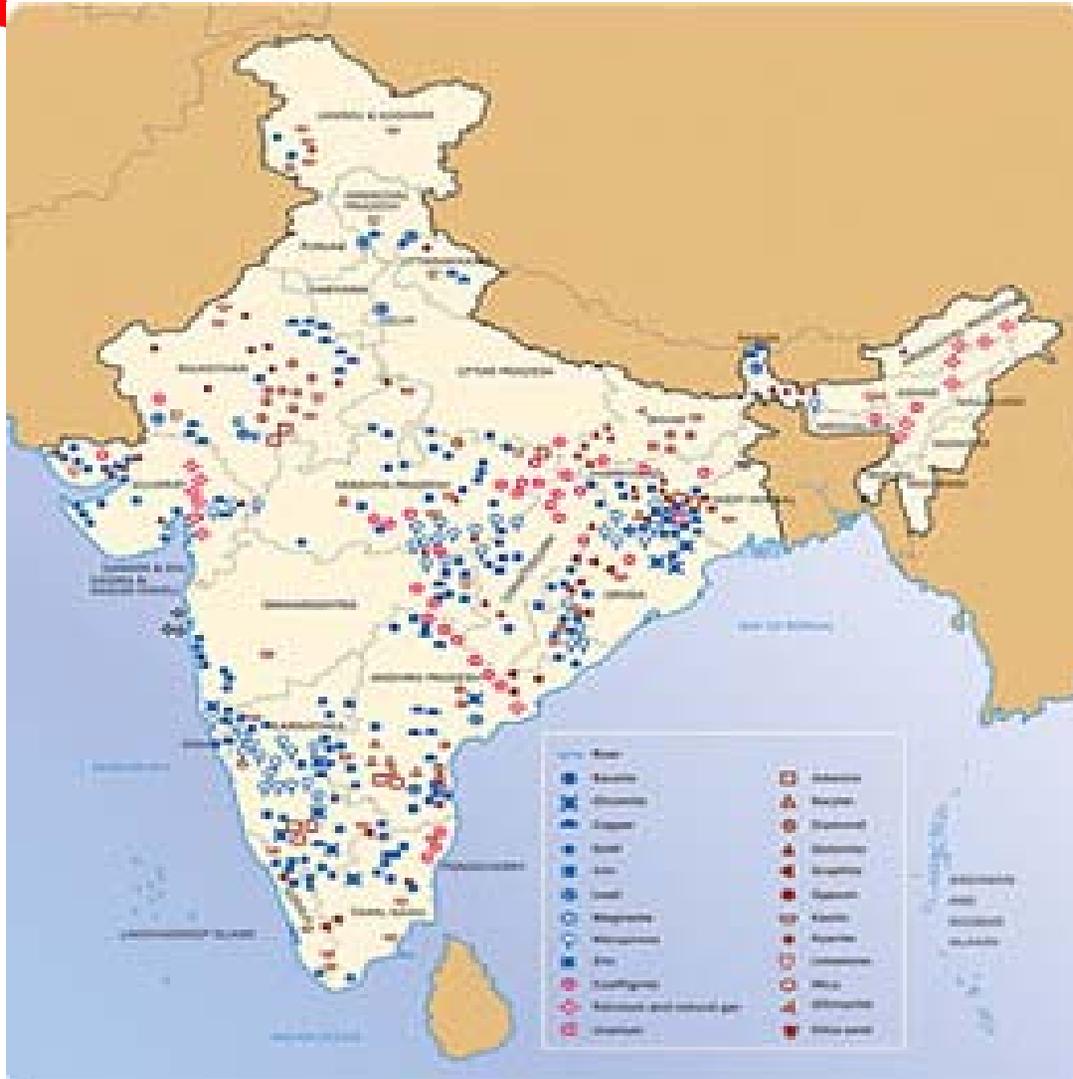


# MARKET SIZE

- **90 minerals from 3100 mines**
- **11 states account for 90% of operational mines**
- **Value of mineral production in 2007- \$21 billion**
- **Industry turnover projection: \$30 billion by 2012 (2.5% of GDP)**
- **Industry growth rate: Around 4%**
- **Market for mining and mineral processing equipment: \$2.4 billion (estimated). Global market for this sector is estimated to be around \$20 billion**



# MINING MAP OF INDIA





# MARKET DRIVERS

- **Growth in energy demand => growth in coal-based thermal power generation**
- **Growth in infrastructure sector => tremendous growth in demand for steel**
- **Government relaxing controls and inviting private participation in mining**
- **Backward integration of manufacturing companies in to mining for security of supply**
- **Easy options running out; technology and productivity becoming more important**



# MARKET OPENING UP

- **Foreign and private investment allowed in most sub-sectors**
- **Over 100 manufacturers in the organized sector, both public and private, for underground and surface mining equipment**
- **Most of the international equipment and mining companies doing business / taking interest in the India market**
- **Over 160 coal blocks have been allotted to end-user companies**
- **Government-owned companies responsive up to issues raised by foreign companies**
- **New Mineral Policy expected soon**
- **Opportunity Areas:**

## **EXPORT, INVESTMENT, TECHNOLOGY COLLABORATION**

**Investment of \$21 billion in opencast mining and \$5 billion in underground mining required to meet India's coal production target for 2025**



# NOT AN EASY MARKET

- **Cannot breeze in to the market and start selling overnight (ranked 122 in IFC's (ease of) Doing Business 2009 report- out of 181 countries. Singapore Ranks 1)**
- **Business environment not similar to what you are familiar with (Tax Payments: 60 payments, involving 271 hours / year. In U.S., 10 payments involving 187 hours)**
- **Disputes relating to Contracts, Intellectual Property Rights not unknown (Enforcing Contract: 1420 days / 46 procedures / cost of claim 39.6%. In U.S. it is 300 days / 32 procedures / cost of claim 9.4%)**

**FOR MOST COMPANIES HOWEVER,  
PROSPECTS OUTWEIGH PROBLEMS**



# MARKET ENTRY

- **Relationships and personal meetings- V. Imp!**
- **Due diligence recommended**
- **Evaluate market entry options**
- **What about after-sales service?**
- **Understanding Indian business law**
- **Need for local expertise**
- **Selling to Government- 3Ps!**
- **Define exit plan and procedure**
- **Stay engaged**

**READ MORE: [www.BuyUSA.gov/en/ccg.html](http://www.BuyUSA.gov/en/ccg.html)**

- **CS India support available!**



# U.S. COMMERCIAL SERVICE CAN HELP

- **7 offices, 50+ staff**
- **Matchmaking in regional markets**
- **Advocacy**
- **Due Diligence services**
- **Briefing: on-site/ webinars/ videoconference**
- **Contact us:**  
[www.buyusa.gov/india](http://www.buyusa.gov/india)





# CS INDIA INITIATIVES ON MINING- 2008

- **U.S. Pavilion in IME Show, Jan 17-20, 2008; Calcutta**
- **Delegation to Coal Prep 2008, Kentucky, April 2008**
- **Gold Key and other services for new-to-market companies**
- **Webinar on India Market Opportunities; July 2008**
- **Market Research reports on Coal Beneficiation, Mine Safety Equipment, Specialty Chemicals for Mining**
- **Publicizing upcoming mining projects to U.S. companies**
- **Delegation to MINExpo 2008**
- **U.S. Pavilion in partnership with Mining Media at IMME Show; Nov 5-8, 2008; Calcutta**



# LEARN MORE

- **Ministry of Mines:** [www.mines.nic.in](http://www.mines.nic.in)
- **Ministry of Coal:** [www.coal.nic.in](http://www.coal.nic.in)
- **Coal India Limited:** [www.coalindia.nic.in](http://www.coalindia.nic.in)
- **Power Sector:** <http://powermin.nic.in>
- **Asia Pacific Partnership:**  
[www.asiapacificpartnership.org](http://www.asiapacificpartnership.org)
- **Customs Duty:** <http://www.cbec.gov.in/>
- **India Mining:** [www.infomine.com/countries/india.asp](http://www.infomine.com/countries/india.asp)
- **Indian Bureau of Mines:** [www.ibm.nic.in](http://www.ibm.nic.in)
- **IFC Doing Business Report:** [www.doingbusiness.org](http://www.doingbusiness.org)
- **USCS Market Research Reports:**  
[www.export.gov/mrktresearch](http://www.export.gov/mrktresearch)



# CONTACT US

## [www.buyusa.gov/india](http://www.buyusa.gov/india)

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