

Relying on ourselves

Private sector can help reduce India's dependence on import of natural resources



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THE ROAD TO Viksit Bharat by 2047 includes a destination we must reach much sooner. And that is Atmanirbhar Bharat. No nation has become strong by being dependent on imports. The government is aware of this and the Prime Minister's call for self-reliance and *swadeshi* are very timely. If we look at India's imports, 50 per cent are on account of the natural resources sector — oil, gold, copper, bauxite and many others. Electronics are also a big component, but 15 per cent of total imports. The government has made a huge, successful push in that sector with increased production domestically. It is time to recognise that Atmanirbhar Bharat must involve raising domestic production in the natural resources sector as well.

Fortunately, India has tremendous geological resources, second to none. Its geology is comparable to Australia, Africa and South America. Millions of years ago, these geographies were part of the same landmass, and all share an excellent endowment of minerals and hydrocarbons. The only difference is that the other geographies have explored and discovered their potential. We have yet to do so.

Given our geology and deposits, there is no reason India should import any natural resources. It is unfortunate that India is highly import-dependent on three critical resources — oil, gold and copper, which together constitute 60 per cent of the total resource imports. We import around 90 per cent of our oil requirement, 95 per cent of our copper requirement and over 99 per cent of our gold requirement. India also imports coal and bauxite, where imports should be zero.

Just four policy measures can completely change the scenario: A new way of exploration, self-certification of clearances, rejuvenation of existing assets and a level playing field between public and private sector.

First, there must be a focus on exploration. Globally, exploration is carried out by small exploration companies that function more like start-ups than large companies. They take the high risk involved in exploration — nine out of 10 bets may fail — but they survive by monetising that one discovery. In India's current policy regime, which is tied to auc-

tions, this system doesn't work. Largely, it is the government that does baseline explorations, but its two exploration companies do not have the bandwidth or resources to aggressively explore all over the country. Let us trust our young entrepreneurs to do this task. Just free exploration. The government will, in any case, charge royalties and taxes, which will take care of its revenue requirements.

Second, processes must be expedited. It takes several years in most places in the world to move from exploration to mining. In India, it takes longer because of the number of clearances involved and the long time taken to grant those clearances. Instead of a complex system like this, we should move to self-certification. The government can create a rulebook of norms and standards that must be adhered to. Entrepreneurs must self-certify. Later, via an audit process, the government can hold them accountable for any lapse. In fact, the government already uses this system effectively in some domains, like income tax.

Third, revive and give new energy to existing assets that are either lying dormant or are underperforming. The government owns a big majority of existing assets in oil, copper and gold. Many of these are dormant, like Kolar Gold Fields. Some have been underproducing for decades, like Hindustan Copper in copper or Hutti Gold Mine. Others are awaiting big-ticket investments like in oil. These can be opened up for private sector participation. Fresh investment and the latest technology will yield immediate results unlike the results from fresh exploration, which will take time even with the fastest clearances.

Fourth, level the playing field between public and private sectors. The natural resources sector is still dominated by large public sector companies, which are often given preferential treatment either via fiscal support or allocation of blocks through the nomination route. This puts the private sector at a disadvantage when it comes to reaching the same level. To encourage entrepreneurship, particularly for young entrepreneurs to enter this space, there should be no discrimination.

None of these measures requires any support from the government's budget. In fact, they will enhance revenue for the government. They are all aligned with the goal of transparency. Most of all, they will help reduce imports in a substantial way. The increased domestic production will create millions of jobs and support the livelihoods of many. The natural resources sector can, and will, make a big contribution to the making of Viksit Bharat by 2047.

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