Mining and economic development: A Rajasthan Perspective

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Nilanjan Banik July 8, 2026

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Nilanjan Banik

The Author is Professor, School of Management, Mahindra University.

Rajasthan's mining story has changed significantly over the last two decades. Once viewed largely through the lens of extraction, mining has increasingly become an important driver of the state's economic growth, industrialisation, and regional development. Across mineral-rich districts such as Udaipur, Bhilwara, Rajsamand, Chittorgarh, Sirohi, Jhunjhunu, Nagaur and Jaisalmer, mining has helped create a broader economic ecosystem centred on infrastructure, logistics, engineering services, manufacturing, MSMEs, local enterprises and skilled employment.

The Rajasthan Mineral Policy 2024 describes the state as one of India's most mineral-rich regions, producing 22 major and 36 minor minerals. It is also India's sole producer of lead, zinc, wollastonite, selenite, calcite, and gypsum. In FY24, mineral revenue to the state stood at Rs 7,491 crore. The sector contributed 3.4 percent to Rajasthan's GSDP and supported around 35 lakh direct and indirect jobs.

The benefits from the mining sector also percolate into the broader economy. For instance, a large mine, cement plant, smelter, or mineral-processing facility creates long-term demand for roads, rail links, power, water systems, warehouses, equipment maintenance, transport fleets, safety systems, engineering contractors, and technical services. This has also strengthened the housing, hospitality, retail, healthcare, education, local entrepreneurship, and service-led MSMEs in the state.

That multiplier effect is visible across Rajasthan's mining clusters. Zinc, lead and silver have been important to the industrial economy of the Udaipur-Rajsamand-Chittorgarh belt, where mining, smelting and allied activities have created long-term linkages with logistics, local procurement, technical services and employment. Copper has a long legacy in Khetri, Jhunjhunu, while limestone deposits have supported a large cement and construction-materials ecosystem across several districts. Rajasthan is also an important producer of marble, sandstone, granite and Kota stone, creating economic activity across quarrying, processing, transport and local stone-linked industries.

Rajasthan's mineral policy also identifies major minerals such as lead, zinc, copper, silver, lignite, limestone, and iron ore, as well as emerging strategic and critical minerals such as potash, rare earth elements, tungsten, and lithium.

The strongest economic impact comes when minerals are processed within the state rather than shipped out as raw material. Beneficiation, smelting, refining, cement manufacturing, and downstream processing generate higher value, create skilled jobs, and deepen local industrial capability. This is important for Rajasthan because mining-led development is helping build value chains that support infrastructure, automobiles, renewable energy, construction, defence, and electronics, as well as India's broader manufacturing ambitions.

PSUs and private sector cos powering the mining boom

Several companies operating in Rajasthan have helped build the state's wider mineral economy. Rajasthan State Mines and Minerals Limited, a state public-sector enterprise, has played an important role in minerals such as rock phosphate, lignite, limestone and gypsum. Hindustan Copper's Khetri Copper Complex represents Rajasthan's long-standing copper-mining legacy. Alongside this, the state's limestone base has supported a large cement and construction-materials ecosystem, with companies such as UltraTech Cement, Ambuja Cement, ACC, JK Lakshmi Cement and Shree Cement operating in or linked to Rajasthan's cement value chain. Hindustan Zinc, meanwhile, represents the zinc, lead and silver value chain, where mining is integrated with smelting, refining and allied industrial activity.

Companies engaged in responsible mining and mineral processing have also supported social-development interventions across education, healthcare, drinking water, sanitation, skilling, livelihoods, women's empowerment, rural infrastructure and environmental conservation. RSMML, for instance, lists social responsibility work across drinking water, education, environment and village infrastructure.

CSR spending has strengthened the social dimension of Rajasthan's mining and industrial development story. In FY24, the state received Rs 1,146 crore in CSR funding, with interventions spanning education, healthcare, drinking water, sanitation, women's empowerment, skill development, rural infrastructure and environmental conservation. Contributions came from a mix of mining, banking and industrial companies. Hindustan Zinc was the state's largest CSR contributor at Rs 200.13 crore, followed by HDFC Bank, Vedanta, ICICI Bank and AU Small Finance Bank. Its contribution, at nearly 17.5 percent of the state's total CSR expenditure, shows how large industrial anchors can support inclusive development alongside economic activity.

The District Mineral Foundation framework has added another important layer to this development model. DMF funds are designed to channel a portion of mining-linked revenues into mining-affected districts, with priority areas including drinking water, sanitation, healthcare, education, and skill development. In Rajasthan, DMFT spending has supported roads, school infrastructure, healthcare facilities, drinking water schemes, rural development, plantation, and anganwadi-related projects in mining-affected areas.

DMF and CSR funds are most effective when backed by local consultation, transparent project selection, strong monitoring and district-level planning. Their real impact depends on governance and execution. The next phase of mining-led development in Rajasthan will therefore be judged not only by how much money is collected, but by how effectively it is converted into visible improvements in health, education, water, livelihoods and public infrastructure.

Within this broader landscape, Hindustan Zinc is an important case study. It has shown how an integrated mining and metals company can anchor a regional industrial ecosystem over decades, with operations spanning mining, smelting, refining, logistics, local procurement, and technical services, thereby helping build specialised capabilities in zinc, lead, and silver. The company's community programmes also cover areas such as health, education, livelihoods, water security, and environment. In FY 2025-26, the company contributed over ₹6,000 crore to the Rajasthan state exchequer, including mining royalties and other statutory payments.

This underlines the role of large integrated mining and metals operations in supporting state revenues alongside employment, procurement and wider regional economic activity.

Udaipur offers a visible example of how sustained industrial activity can broaden a city's identity beyond tourism and heritage. Traditionally known for its lakes, tourism, heritage, and culture, the city has also developed an industrial identity centered on zinc. The idea of "Zinc City" should not be seen as a replacement for Udaipur's cultural identity. Rather, it reflects how long-term industrial investment can influence employment, supplier networks, professional migration, local commerce, civic activity, and the city's broader economic profile.

Industrial activity also brings engineers, geologists, plant operators, contractors, vendors, consultants, finance professionals, safety experts, and environmental specialists. Their presence supports housing, schools, hospitals, hotels, cafes, retail, and lifestyle infrastructure. Sporting and cultural initiatives also add to the city's public life. The Zinc City Half Marathon, for instance, has become part of Udaipur's growing civic and sporting calendar, drawing thousands of participants and linking the city's scenic identity with fitness and community participation.

This is the broader point: responsible mining can help mining regions move from production centres to more robust economic ecosystems. The early stage is resource extraction. The next stage is processing and value addition. The more mature stage is when local vendor networks, technical skills, service industries, civic infrastructure, professional communities, and regional identity begin to grow around that industrial base.

Rajasthan's economic future

Rajasthan is well placed to benefit from India's growing infrastructure, renewable energy, electric mobility, defence manufacturing and advanced technology ambitions, all of which require reliable domestic access to metals and minerals. Zinc, lead, copper, limestone, silver and emerging critical minerals are likely to play an important role in the country's next phase of industrial growth.

But this growth will need to be matched by stronger environmental safeguards, cleaner technologies, mine reclamation, water stewardship, biodiversity restoration, worker safety, local employment, transparent DMF spending and credible community engagement. Rajasthan’s Mineral Policy 2024 explicitly links responsible mining with sustainability, community welfare, stakeholder trust, technology and environmental protection.

Rajasthan’s mining-led transformation is not the story of one company or one mineral. It is the story of a mineral-rich state converting natural resources into industrial capacity, public revenue, local enterprise and regional development. While Hindustan Zinc is an important example, the wider narrative also includes public-sector mining, copper, cement, limestone, marble, gypsum, lignite, stone clusters and emerging critical minerals.

Over the next two decades, Rajasthan’s success will depend on how well it transitions from a mining state to a mineral-led industrial economy. If the state can combine value addition, sustainability, community investment, and stronger local enterprise, responsible mining can remain one of its most important engines of long-term economic resilience.

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