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HP LASERJET FAX

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*Dear Mr. Prime Minister,*

We understand that the proposed 'New Mineral Policy' will shortly be tabled before the Union Cabinet for approval. While we are not privy to the details of the policy, we are informed that a key policy proposal relates to greater freedom to export the country's bare mineral resources.

The Investment Commission wishes to express its concern regarding such a policy proposal and wishes to bring the following views to your attention -

India has yet to formulate policies and procedures to enable the rapid scaling up of production capacity in mega projects in the areas of steel, alumina and power. Various International companies like Posco and Arcelor Mittal, as also joint ventures like Duba/L&T and Indian companies like Jindals, Essar and Tata Steel are facing project delays relating to the non-clearance of land, mining leases, etc. These projects, once established, would sell finished products domestically and in International markets, adding considerable value to the bare mineral resource values being obtained today. Additionally, such major projects implemented in the country would call for very large investments in plant and machinery, resulting in thousands of jobs, foreign exchange earnings and upgrading of current technologies.

The mere export of mineral resources in the form of ores will deprive the country of these additional values, while depleting the country of globally-diminishing mineral resources, with no added-value benefits. We therefore believe that the mere export of bare ores would not be in the country's best long-term interest and should be avoided at all costs. Instead, every effort should be made to attract investments in plants to add value to these mineral resources.

- Even countries like Brazil and Australia that abound in such mineral resources are starting to impose conditions and provide incentives to encourage investment in added-value to the mere mining and export of such mineral resources. Regrettably, India appears to be doing exactly the opposite.

We have taken the liberty of bringing this to your attention as we believe that the New Mineral Policy, if implemented as we understand it, would be detrimental to the country's interest. We suggest that there be an opportunity given to a broad industry group to discuss issues relating to this policy before it is considered by the Cabinet.

With regards,

Yours sincerely,



Ratan N. Tata