



India to Consider Law for Auctioning Mineral Mining Permits

India may auction permits to mine iron ore, bauxite and some other minerals, mirroring a policy for coal after the nation's top court ordered scrapping of arbitrary allocations, people familiar with the plan said.

A bill to amend the Mines and Minerals Development and Regulation Act of 1957 shall be placed in the next Parliament session starting 24 November, said the two people, who asked not to be identified pending an announcement. Officials led by Shri Tomar are meeting state governments to seek support, they said.

"There are such suggestions," Anup K. Pujari, secretary at the mines ministry, said in



New Delhi, declining to elaborate.

Prime Minister, who strode to power in May with the biggest mandate in 30 years, is overhauling rules to cut graft and spread the benefit of the nation's resources to all its 1.2 billion people. Policy transparency will spur investments from companies willing to pay for the mines and motivate them to tap the full potential of untouched reserves.

"The auction will give the players some skin in the game," said Kuljit Singh, a partner at consulting firm Ernst & Young India. "The absence of upfront payments has been a major reason why our mining assets haven't been tapped well. The cost on auctions will make end users more efficient in their operations."

Indian Component Industry Concerned About Yuan Devaluation



The recent devaluation of the Chinese Yuan poses significant impact for the Indian auto-component industry which is in a wait-and-watch mode to figure out how the macro-economic trends affect the domestic industry here.

As per a latest report by rating agency ICRA, the Indian auto component industry at INR 38.5 billion is a fraction of the Chinese auto component industry (\$400 billion). China also remains a very large exporter of auto components with exports of \$100 billion in 2014.

More significantly, China accounts for about 23 per cent of total auto component imports to India and this share has consistently increased over the past three years whereas exports to China have remained stagnant. As a result, the Automotive Component Manufacturers' Association of India (ACMA) feels that the impact could come primarily in three areas.

Mr. V Mehta, director general of ACMA said that one impact could come in the area of original equipment manufacturers (OEMs) who might think of switching to Chinese suppliers in the medium term if the prices are very competitive.

Mr. Mehta said that "Secondly, our export competitiveness would also take a hit vis-a-vis Chinese competition. However, with the rupee depreciating against the dollar, one has to wait to understand the impact on the overall value chain," adding that the most significant impact, however, was likely on the aftermarket segment which already sees a lot of imports from China.

The aftermarket segment is a price sensitive one and cheaper Chinese imports can eat into the market share of smaller component makers. A handful of component makers from Rajkot, an established component hub comprising SMEs, shared the same concern. The Indian automotive

industry imports multiple products from China namely bearings, axle beams, knuckles, glass, wheel rims, steering products, rubber components, and electronic chips to name a few.

ICRA said that "Considering cheaper and local raw material availability, lower financing cost and economies of scale, imports from China are priced on an average 20-25 per cent cheaper than Indian components, posing a serious threat to domestic auto ancillaries."

During FY15, India imported auto components worth USD 3.17 billion from China, as against USD 344 million exports to China. Consequently, India's trade deficit with China has widened from USD 1.03 billion in FY10 to USD 2.83 billion in FY15.

This section is a compilation from various company press releases, business dailies & trade publications.