

Response of Indian Mining Industry during COVID - 19

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ABSTRACT

The Novel Coronavirus (COVID-19) pandemic has had severe health and economic impact in almost all countries. In the immediate aftermath, India and several other nations have prioritized citizen health over economic activity to contain the spread. The mining sector in India was poised for robust growth in FY21, on the back of rising demand from end-use sectors and fresh investments announced by the mining companies. However, the spread of COVID-19, right at the beginning of the financial year, has led to disruptions across industries. Mining Sector fuels the economic wheels as a primary input and is a key contributor to power, manufacturing, and construction and real-estate sectors. Even though in most states mining was allowed even during the lockdown the effects have nonetheless been felt and continuing. Demand in the end-use industries like power, steel, cement, aluminium, etc. has come down. Simultaneously transport and logistics are affected, limiting offtake of minerals from the mines. Mining activities have been dampened primarily because of the following:

1. Restrictions imposed on the free movement of public and transport vehicles
2. Lack of demand
3. Non-availability of labour

A key exception to the above is the coal sector, which continued to witness growth in production, given the essential nature of power generation, measures taken by the central and state governments appear to have been successful in ensuring adequate coal supplies for power generators, so far. However, it may be noted that while coal production did not get significantly affected the demand for coal has been affected because overall electricity demand has fallen, especially industrial consumption coming down significantly, and states have reduced offtake of coal resulting in stock at mine head. Mining, being the labour-intensive sector, contributes significantly to employment generation, both direct and indirect. It impacts local and regional economies in and around the mine considering the interdependency of the local community and larger regional ecosystem with mining.

COVID-19 has already created major disruptions and effected significant economic, environmental and social impacts. It disrupted the local businesses including MSME, small contractors and vendors, skilled/semi-skilled/unskilled workers who work on contractual arrangements and reduced direct or indirect engagement, leading to reduced economic activities in primary, secondary and tertiary levels in local business ecosystem, especially at the downstream levels where most MSMEs existed. Minor mineral leases are less mechanized, with a higher dependency on manual labour. Therefore, the demand disruption of minor minerals had a profound impact on the employment and well-being of the local communities.

The response to control and contain the damage in mining sector the authorities have granted exception to production units, which require continuous process, post permission from State Government and included coal and mineral production, transportation, supply of explosives and activities incidental to mining operations to the exceptions. States did not impose any restrictions on the operation of steel Plants, mines of iron ore, coking coal, thermal coal, limestone, dolomite, manganese, chromite, sponge iron, ferroalloys, and iron ore pellet plants etc., which supply raw materials for steel making.

States allowed the mining operations and allied activities and facilitated measures that would ensure continuity of operations of steel, aluminium, copper cement etc., plants during lockdown and other related activities like supply/movement of raw materials, equipment etc. including imported ones through rail/air/ports.

Define a "NEW WORKING NORM with social distancing" amidst covid-19 as it is going to remain for some time.