

Standing Committee Report Summary

Development of Aluminium and Copper Industries

- The Standing Committee on Coal, Mines and Steel (Chair: Mr. Rakesh Singh) submitted its report on 'Development of Aluminium and Copper Industries in the Country' on March 23, 2022. The Ministry of Mines is responsible for survey, exploration, and mining of all minerals, other than natural gas, petroleum, atomic minerals, and coal. Key observations and recommendations of the Committee include:
 - **Aluminium production capacity:** Aluminium is the second largest metal market in the world after iron and steel. The Indian primary aluminium (aluminium produced directly from mined ore) market consists of three major producers: (i) National Aluminium Company Limited (NALCO), (ii) Hindalco Industries, and (iii) Vedanta Limited. These three have a total production capacity of about four million tonne. The Committee noted that presently NALCO is the only public sector enterprise producing bauxite and primary aluminium in India. Further, it noted that the aluminium sector has not been able to achieve its desired level of production with respect to its installed capacity. The Committee recommended the Ministry to improve the physical performance of the sector thereby allowing India to be self-reliant for aluminium.
 - **Consumption and demand of aluminium:** The Committee observed that the per capita consumption of aluminium was 2.9 kg in 2018-19 as compared to a global average of 11 kg. Aluminium is a recyclable and environment friendly metal having its use in several sectors such as transport, power, and construction. The Committee noted that there is an urgent need for aluminium manufacturing companies to identify new aluminium value added products of mass consumption to achieve high per capita aluminium usage. It recommended the Ministry to coordinate and collaborate with Ministries of Railways, Defence, Transport, Power, and Civil Aviation to identify and explore areas where aluminium can replace other metals without compromising quality, strength, and cost.
- **Imports of aluminium:** The Committee observed that aluminium imports have remained consistently high, forming 60% of the total domestic consumption in 2020-21. The Committee recommended to enhance the custom duty on imported aluminium to discourage imports.
- **Development of bauxite:** The Committee noted that out of 3,896 million tonne of bauxite resources 3,240 million tonne (83%) are yet to be fully explored. Granting of mining lease, environmental clearances, land acquisition, and forest clearances are the major constraints in development of new mines. The Committee recommended the Ministry to take concrete steps to bring the unproven bauxite reserves in different states under proven and probable category.
- **Development of copper:** The Committee observed that India has very limited known reserves of exploitable copper ore and currently its copper share of world's reserve is only 0.31%. It noted that Hindustan Copper Limited (public sector enterprise) plans to increase its mining capacity: (i) from current level of 4.0 million tonne per annum to 12.2 million tonne in Phase-I (under implementation), and (ii) from 12.2 million tonne per annum to 20.2 million tonne in Phase-II. The Committee recommended the Ministry to prepare a holistic plan to ensure a proportionate increase in production of copper ore on a yearly basis in order to meet the targets.
- **Demand of copper:** The Committee noted that as the global demand of products such as electric vehicles, electrical equipment, and transportation equipment goes up, the demand of copper will also increase. To meet the enhanced demand of copper in India, the Committee recommended to exploit more copper deposits. According to the Committee, the per capita consumption of copper in the country is expected to increase from the current level of 0.6 kg to 1 kg in the coming years. Therefore, the Committee recommended the Ministry to pursue with the Ministry of Finance and the Ministry of Commerce to give more incentives to domestic copper industries in order to increase production.

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