

‘Rethink auction, fast-track exploration’

“THE RECENT GEOPOLITICAL developments with China curbing exports of magnets raises the urgency for India to explore its extensive CM reserves. This includes fast-tracking exploration and licensing deals in India for private and public entities while creating new avenues in overseas markets,” Misra added. Industry circles feel that the first-ever auction of exploration licences for 13 critical mineral blocks along with artificial intelligence (AI)-enabled targeting is a pragmatic move.

“Frequent changes” in government policy have also deterred major domestic and international mining giants from entering the Indian market, another source said. One prominent instance was the aborted auction of a lithium block in Jammu & Kashmir’s Reasi district. The ministry of mines had to tell the Geological Survey of India (GSI) to conduct a

re-exploration of the 5.9-million tonne asset, after repeated setbacks to the efforts to put the reserves up for auction again.

Similarly, a goal has been set to reach at least the G2 level of exploration before proceeding to re-auction the Salal-Haimna lithium/titanium/bauxite block. Also, the results of inaugural auction of offshore CM blocks (construction sand, lime mud, polymetallic nodules and crusts) in the Arabian and Andaman seas have been deferred to September, in a sign of lukewarm response.

As for rare earth elements (REE), India’s potential lies primarily in monazite found in some coastal areas with “light” REE deposits and inland places

with “high” REE deposits. For the record, REE resources in India are the fifth largest in the world, but these are significantly “lean” with respect to grade and tied with radioactivity making the

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extraction long, complex and expensive, experts noted. Further, Indian resources not always available in extractable quantities.

In the case of rare earths, a long-drawn ecosystem in the value chain is required to move from reserves to finished products with a large number of processes plants. This includes obtaining statutory clearances, mining, mineral beneficiation, RE extraction, separation, refining in oxides, metal extraction and alloy making, according to experts.

While India has facilities

from mining to separation and refining in oxide form and also the capability of metal extraction, industrial-scale capacities are non-existent. According to Rajat Verma, founder and CEO at Lohum, early-stage financial support including capital and operational expenditure subsidies would help domestic players scale up their processing and recycling capacity.

The Union Budget 2024-25 removed customs duties on 25 critical minerals, including lithium, nickel, REE and molybdenum, and 2025-26 Budget provided exemption for cobalt powder and waste, scrap of lithium-ion battery, lead, and 12 more minerals. This will help lower input costs and aid processing. However, high GST rates (up to 18%) on battery scrap could discourage informal players from joining the sector and reduce profitability for recyclers, Verma said.