

Daily CR Practice Sheet

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Africa can make India's 'critical mineral mission' shine

In the Union Budget 2024-25, Union Finance Minister Nirmala Sitharaman announced the setting up of a Critical Mineral Mission. In August the Ministry of Mines organised a seminar to discuss its objectives. Officials noted that efforts are being fast tracked in 'mission mode' towards three aims: expand domestic production, prioritise the recycling of critical minerals, and incentivise overseas acquisition of assets.

Work on these fronts is underway. The amendment made to the Mines and Minerals (Development and Regulation) Act of 1957, resulted in the Mines and Minerals (Development and Regulation) Amendment Bill, 2023 removing six minerals from the atomic list, thus allowing the private sector to explore these in India.

To engage with mineral-rich countries overseas with a mandate to secure supply of critical minerals for the Indian economy, a joint venture of three public sector undertakings, Khanij Bidesh India Limited (KABIL), was founded in 2019. Its first major agreement for lithium exploration and mining was signed in January 2024 and provides access to five blocks owned by Camyen, in the Catamarca province in Argentina.

Major and medium-scale mining companies in India are also seeking opportunities to ensure a steady feedstock of minerals. However, India's capacity for exploration and processing such minerals is nascent. It lacks manufacturing capacity of end-use components, and needs to upskill its labour force, which is crucial for battery manufacturing.

Situating Africa in India's supply chain

For India's Critical Minerals Mission to succeed, New Delhi will have to find ways to leverage its existing partnerships with countries in Africa, a region that houses 30% of the world's known critical mineral reserves.

A familiar geography for Indian enterprise, New Delhi shares deep political, economic, and historic connections with the continent, with



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India will have to collaborate with countries in the continent which has a significant amount of the world's known critical mineral reserves

wide commercial networks created by a three million strong diaspora. Described by External Affairs Minister S. Jaishankar as the "land of the future", the recognition of Africa's importance in advancing global priorities is reflected in New Delhi introducing new diplomatic missions in Africa.

Collaborating on critical minerals will bring in a new dimension to the multifaceted energy partnerships between the regions. Of the total bilateral trade of \$98 billion in 2022-23, \$43 billion is attributed to the mining and mineral sectors. Similarly, a significant portion of the \$75 billion that India has already invested in Africa, is by public sector units for the acquisition of energy assets. India sources approximately 34 million tonnes of oil – accounting for 15% of its total demand – from Africa, alongside rising imports of natural gas, minerals, and mineral fuels. Further, as part of the International Solar Alliance, the Government of India has benchmarked \$2 billion for solar projects in Africa. Building resilient supply chains to Africa is being imagined at a time when African governments are employing an array of policy instruments to diversify away from a 'pit-to-port' model. Tanzania is developing a multi-metal processing facility, Zimbabwe and Namibia have banned the export of raw minerals to ensure value addition and Ghana has approved a new policy for the exploitation and management of green minerals. The forthcoming African Green Mineral Strategy champions ideas for Africa's minerals-based industrialisation. This presents opportunities for India to support a developmental agenda.

China factor

Increasing international attention, especially the extent of control China exerts over the value chain, poses economic and security risks for India. With its early acquisition of assets, development of processing and manufacturing capabilities, Beijing enjoys enormous influence.

Chinese mining companies have a significant presence in cobalt mining in the Democratic Republic of Congo and recently signed a \$7 billion 'minerals-for-infrastructure' deal.

Opportunities for collaboration

In this geopolitically fraught environment, where the African agency is looking to build viable alternative partnerships, there are some unique advantages that India could leverage.

Indian construction companies have completed several projects in 43 African countries, which include transmission lines in Tunisia, hospitals in Tanzania, and railway lines in Ghana. In the African critical minerals landscape, identifying strategic projects with host countries and building mining-adjacent infrastructure are key to development.

India has signed memoranda of understanding with Zambia and Zimbabwe for cooperation in geological mapping, mineral deposit modelling, and capacity building. To help build a critical mineral workforce, utilising mechanisms such as the Indian Technical and Economic Cooperation, which has trained 40,000 Africans in 10 years, would help drive positive energy partnerships.

There is an increasingly nuanced role of Indian technology start-ups across the mining value chain. From innovating tools that accelerate mining exploration and extraction while minimising ecological impacts, to utilising technology for beneficiation of mineral ores, and providing reconnaissance services, there is a whole suite of services that private technology companies provide. Their expertise in niche areas of mining brings an element of value addition that African governments could explore.

On African priorities, Marit Kitaw, Director of the African Minerals Development Center said, "the only way to transform lives is to add value". Therefore, India's Critical Mineral Mission should prioritise responsible practices in an era that threatens to be dominated by the geopolitics of a not-so-green energy transition.

Question 1:

The passage suggests that India's Critical Minerals Mission is primarily focused on:

- * A. Ensuring a steady supply of critical minerals for domestic use
- * B. Developing India's mining industry to compete with China
- * C. Promoting sustainable mining practices in Africa

- * D. Diversifying India's energy sources

Question 2:

The author argues that India's collaboration with African countries is crucial for the success of the Critical Minerals Mission primarily because:

- * A. Africa is rich in critical mineral resources
- * B. India has a strong historical relationship with Africa
- * C. China is also actively pursuing resources in Africa
- * D. Africa is in need of foreign investment

Question 3:

The passage suggests that one of the major challenges facing India's Critical Minerals Mission is:

- * A. The lack of political stability in many African countries
- * B. The high cost of mining operations in Africa
- * C. India's limited experience in mining and processing critical minerals
- * D. The competition from developed countries

Question 4:

Based on the passage, which of the following is NOT a potential benefit of India's collaboration with African countries in the critical minerals sector?

- * A. Access to abundant critical mineral resources
- * B. Opportunities for infrastructure development
- * C. Increased geopolitical influence in Africa
- * D. Reduced dependence on China

Question 5:

The author suggests that India's Critical Minerals Mission should prioritize:

- * A. Maximizing profits from mining operations
- * B. Protecting the environment and local communities
- * C. Establishing a dominant position in the global critical minerals market
- * D. Developing new technologies for mining and processing

Question 6:

Which of the following is a potential drawback of India's increasing reliance on critical minerals from Africa?

- * A. Increased vulnerability to geopolitical risks in the region
- * B. Decreased domestic production of critical minerals
- * C. Higher costs associated with mining operations in Africa
- * D. Negative environmental impacts in Africa

Answer Key and Explanation

1. Answer: A. Ensuring a steady supply of critical minerals for domestic use

Explanation: The passage explicitly states that the mission aims to expand domestic production, prioritize recycling, and incentivise overseas acquisition of assets, all of which point to a focus on ensuring a steady supply of critical minerals.

2. Answer: A. Africa is rich in critical mineral resources

Explanation: The passage emphasizes that Africa houses 30% of the world's known critical mineral reserves, making it a vital source for India's needs.

3. Answer: C. India's limited experience in mining and processing critical minerals

Explanation: The passage highlights that India lacks manufacturing capacity for end-use components and needs to upskill its labor force, indicating a limitation in its mining capabilities.

4. Answer: C. Increased geopolitical influence in Africa

Explanation: While India may benefit from stronger economic ties with Africa, the passage does not explicitly mention increased geopolitical influence as a primary goal of the collaboration.

5. Answer: B. Protecting the environment and local communities

Explanation: The passage emphasizes the importance of responsible practices and minimizing ecological impacts, suggesting a focus on sustainability and ethical considerations.

6. Answer: A. Increased vulnerability to geopolitical risks in the region

Explanation: By relying heavily on foreign sources for critical minerals, India may become more susceptible to geopolitical instability and disruptions in supply chains.

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