Iron ore capacity under-utilisation: SC leaves mining-rights transfer to Odisha's discretion

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16 November 2026: With India's iron ore demand projected to reach **772 million tonnes (MT) by 2047**, miners in **Odisha** - the largest reserve-holding state - have left nearly **40% of existing capacity unutilised**. The issue is under judicial scrutiny: the **Odisha High Court** flagged it in January and the **Supreme Court** spoke on it in its **4 November** order. Despite regulated capacity, India **imported 12.3 MT of iron ore in FY26, spending Rs 11,115 crore** (Mines Ministry).

Numbers: capacity vs production

- **FY25:** of 246 MTPA of environmental-clearance (EC) capacity, only ~159 MTPA was operationalised (data cited by petitioner Citizens' Action Forum, Bhubaneswar).
- **FY26 (BigMint, June 2026):** Odisha produced 158 MT against an EC capacity of 278 MTPA - ~60% utilisation.
- **Other states:** Chhattisgarh contributed 17.1% of output (62% utilisation), Karnataka 16.6% (80% utilisation); Odisha accounts for over 50% of domestic production.
- **Quality concern:** the idle capacity largely involves **hematite**, the highest-grade variety of iron ore.

- **Cause (industry):** forest clearance procedures often exceed the stipulated 18-month timeframe.

What the courts said

- **Odisha HC (January):** directed that mining rights be mandatorily transferred to state-owned **NMDC** to ensure "optimum utilisation of the mines" and "eradicate any burden on the government exchequer"; sluggish operationalisation costs the state an average **Rs 4,000 crore in annual revenue**.
- **Supreme Court (4 November):** concurred with the need for optimum utilisation of mineral resources but left the transfer of mining rights to the **state government's discretion**, not mandatory.

Analysis: the 2047 target and import dependence

- **Steel vision 2047:** capacity expansion targets need secure raw-material supply; idle EC capacity puts the target at risk.
- **Import paradox:** despite rich reserves, FY26 imports of 12.3 MT (Rs 11,115 crore) show domestic supply-chain bottlenecks.
- **Revenue and jobs:** state revenue losses and a stalled mining-based economy.

Quiz: Test your knowledge

▶ Q1: Consider on India's iron ore sector: 1. Demand is projected at 772 MT by 2047 2. Odisha accounted for over 50% of domestic production in FY26 3. Hematite is the lowest-grade variety of iron ore. Which are correct?
▶ Q2: What was the key point of the Supreme Court's 4 November 2026 order on iron ore capacity utilisation?

Frequently Asked Questions (FAQ)

In short: About 40% of Odisha's iron ore capacity lies unutilised; 2047 demand is projected at 772 MT, FY26 imports were 12.3 MT (Rs 11,115 crore); the Supreme Court left rights-transfer to the state's discretion.

Question: What is the core problem in Odisha's iron ore sector?

A large share of EC-granted capacity is not operational - FY26 saw 158 MT produced against 278 MTPA capacity (~60% utilisation); the idle capacity is mostly high-grade hematite.

Question: What did the Supreme Court say on 4 November?

It concurred on the need for optimum utilisation of mineral resources but left the transfer of mining rights to the state government's discretion, departing from the Odisha HC's mandatory-transfer order.

Question: What causes the delay in utilising capacity?

Industry sources attribute it mainly to forest clearance procedures that often exceed the stipulated 18-month timeframe.

Sources:

- https://www.thehindu.com/business/iron-ore-under-utilisation-india/article71702496.ece (The Hindu, 14 November 2026; BigMint, Mines Ministry and petitioner data as quoted in the report)