Indian Minerals Yearbook 2012

(Part- I : General Reviews)

51st Edition

MINERAL POLICY & LEGISLATION

(FINAL RELEASE)

GOVERNMENT OF INDIA
MINISTRY OF MINES
INDIAN BUREAU OF MINES

Indira Bhavan, Civil Lines,
NAGPUR – 440 001

PHONE/FAX NO. (0712) 2565471
PBX : (0712) 2562649, 2560544, 2560648
E-MAIL : cme@ibm.gov.in
Website: www.ibm.gov.in

May, 2014

2 Mineral Policy & Legislation

I POLICY

The Mines and Minerals (Regulation and Development) Bill, 2011

1.The Mines and Minerals (Regulation and Development) Act, 1957 was enacted so as to provide for the regulation of mines and development of minerals under the control of the Union. The aforesaid Act was amended in the years 1958, 1972, 1986, 1987, 1994 and 1999.

2.The First National Mineral Policy was enunciated by the Central Government in 1993 paving way for liberalisation of the mining sector. The economic progress in the country required a vibrant energy, metal and commodities sector, to meet the infrastructure, manufacturing and other sectoral demands. Therefore, the nature and requirements of the mineral sector also changed with the passage of time.Based on the recommendations of a High Level Committee set up in the Planning Commission, Government of India, in consultation with State Governments, replaced the National Mineral Policy, 1993 with a National Mineral Policy, 2008 on 13th March, 2008. The new Policy provided for a change in the role of the Central and the State Governments, particularly in relation to incentivising private sector investment in exploration and mining, ensuring level-playing field and transparency in the grant of concessions and promotion of scientific mining within a sustainable development framework as also to protect the interest of local population in mining areas. This necessitated a new legislation for harmonisation with the new National Mineral Policy.

3. Since the existing law had already been amended several times, and as further amendments may not clearly reflect the objects and reasons emanating from the new National Mineral Policy, it was considered necessary to reformulate the legislative framework in the light of the new National Mineral Policy, 2008 by repealing the Mines and Minerals (Regulation and Development) Act, 1957.

4. The Mines and Minerals (Development and Regulation) Bill, 2011 prepared by the Ministry of Mines to replace the existing Mines and Minerals (Development and Regulation) Act, 1957 had been approved by the Cabinet and the bill has been introduced in Lok Sabha on 12th December, 2011, and the same has been referred to standing Committe on Coal and Steel on 5th January, 2012. The Committee held thirteen meetings (the last one was held on 16th November, 2012) and the recommendations of the Standing Committee in the form of 36th report of Lak Sabha Secretariat has been presented in Lok Sabha on 7.5.2013 and also laid in Rajya Sabha on 7.5.2013.

The bill has been prepared after several rounds of consultation and workshop with all the stakeholders. The draft Mines and Minerals (Development and Regulation) Bill, was circulated among all the stakeholders in July, 2009 for comments. Subsequently, 9 follow-up meetings and workshops were held with various stakeholders between August, 2009 and April, 2010. The successive versions of the draft Bill was also circulated / uploaded six times on the website of the Ministry for obtaining comments from stakeholders between August, 2009 and June, 2010.

The Bill seeks a holistic reform in the mining sector, with provisions to address issues relating to sustainable mining and local area development, especially families impacted by mining operations. The Bill also aims to ensure transparency, equity, elimination of discretions, effective redressal and regulatory mechanisms along with incentives encouraging good mining practices. It will also lead to technology absorption and exploitation of deep seated minerals.

5. The salient features of the Mines and Minerals (Development and Regulation) Bill, 2011, inter alia, are as follows:

(a) it provides for a simple and transparent mechanism for grant of mining lease or prospecting licence through competitive bidding in areas of known mineralisation and on the basis of first-in-time in areas where mineralisation is not known;

(b) it enables the mining lease holders to adopt advanced and sophisticated technologies for exploration of deep-seated and concealed mineral deposits, especially of metals in short supply through a new mineral concession;

(c) it enables the Central Government to promote scientific mineral development through Mining Plans and Mine Closure Plans enforced by a central technical agency, namely, the Indian Bureau of Mines, as well as the Regulatory Authorities and Tribunals;

(d) it empowers the State Governments to cancel the existing concessions or debar a person from obtaining concessions in order to prevent illegal and irregular mining;

(e) it empowers the Central Government and State Governments to levy and collect cess;

(f) it provides establishment of the Mineral Funds at National and State level for funding the activities pertaining to capacity building of regulatory bodies like Indian Bureau of Mines and for research and development issues in the mining areas;

(g) it provides reserved areas for the purpose of conservation of minerals;

(h) it enables the registered co-operatives for obtaining mineral concessions on small deposits in order to encourage tribals and small miners to enter into mining activities;

(i) it empowers the Central Government to institutionalise a statutory mechanism for ensuring sustainable mining with adequate concerns for environment and socio-economic issues in the mining areas through a National Sustainable Development Framework;

(j) it provides establishment of a National Mining Regulatory Authority, which consists of a Chairperson and not more than nine members to advise the Government on rates of royalty, dead rent, benefit sharing with District Mineral Foundation, quality standards and also conduct investigation and launch prosecution in cases of large scale illegal mining;

(k) it provides establishment of State Mining Regulatory Authority consisting of such persons as may be prescribed by the State Government to exercise the powers and functions in respect of minor minerals;

(l) it provides establishment of a National Mining Tribunal and State Mining Tribunals to exercise jurisdiction, powers and authority conferred on it under the proposed legislation;

(m) it empowers the State Governments to constitute Special Courts for the purpose of providing speedy trial of the offences relating to illegal mining;

(n) it empowers the Central Government to intervene in the cases of illegal mining, where the concerned State Government fails to take action;

(o) it provides for stringent punishments for contravention of certain provisions of the proposed legislation; and

(p) to repeal the Mines and Minerals (Development and Regulation) Act, 1957.

6. A notable feature of the Bill is to provide a simple mechanism which ensures that revenues from mining are shared with local communities at individual as well as community level so as to empower them, provide them with choices, enable them to create, maintain and better utilise local infrastructure and other services provided for their benefit.

Committee for Review and Restructuring of the Functions and Role of IBM

A committee was constituted on 23rd July, 2009 by the Ministry of Mines for reviewing and restructuring of functions and role of IBM in terms of the policy directions given in the National Mineral Policy, 2008. Based on the deliberations of the stakeholders' meeting held on 20th December, 2010 under the Chairmanship of Secretary (Mines), the Committee had modified the report. Subsequently, a meeting with industry personnel was held under the Chairmanship of Secretary (Mines) on 30th August, 2011 on the issue of continuance of Ore Dressing Division in IBM. It was decided in the meeting that IBM's role should be restricted to be a Regulator in the field of mineral beneficiation rather than as commercial organisation for development of flow sheets. Based on the decisions taken in the meeting held on 30th August, 2011, certain chapters of the Report were re-drafted.

Vide The Gazette of India, Ministry of Mines, No.16/27/2011-M.VI (Part) dated 15.5.2012, - the tenure of the Committee for Review and Restructuring of the Functions and Role of Indian Bureau of Mines (IBM) in terms of the policy directions given in the National Mineral Policy, 2008 constituted vide Resolution No.16(27)/2009-M.VI dated 23-7-2009 and modified vide Resolution No.16(27)/2009-M.VI dated 7.1.2010, had been extended by the Government of India till 4th May, 2012.The final report of the Committee has been submitted to the Ministry in May, 2012 and action has been initiated for implementation of the recommendations of the committee. Its implementation would continue as per the Result Framework Document (RFD) of the Ministry of Mines for the year 2012-13.

Mining Tenement System (MTS)

The MTS has been envisaged by the Ministry to automate the various processes associated with the mineral concession regime. This would not only give an impetus to the decision-making process but is also expected to meet the ends of transparency and openness. The MTS will not only enable online filing of applications but it will also help identify online, the areas for various types of mineral concessions. This would involve integration of web-based technology services with Geographical Information System (GIS), so that information could be delivered spatially in the form of maps. IBM has been nominated by the Ministry as the Nodal Implementing Agency for the project.

The project for preparation of DPR has been formulated and the consultant for DPR preparation was appointed in May, 2011. The inception report covering As-is-study of the Ministry of Mines and IBM has been completed and approved by the Ministry of Mines.The Detailed Project Report (DPR) of MTS had been approved by the Core Committee in its meeting held on 31.10.2012. M/s Ernst & Young Pvt. Ltd had been requested to prepare Expression of Interest (EOI) and Request for Proposal (RFP) as per approved DPR.

Coordination-cum-Empowered Committee

The Ministry of Mines had constituted a Coordination-cum-Empowered Committee (CEC) on 4th March, 2009 under the chairpersonship of Secretary (Mines) to monitor and minimise delays at various levels in grant of approvals for mineral concession applications keeping in view the need for having more effective co-ordination among the Central Ministries/Departments and the State Governments for grant of mineral concessions as well as for dealing with various important matters relating to mineral development and regulation in the country.

The CEC meets quarterly and comprises senior officers of the Ministries of Mines, Environment and Forests, Home Affairs, Steel, Railways, Finance, Shipping, Fertilizers, Department of Atomic Energy, Directorate General of Civil Aviation (DGCA), Geological Survey of India (GSI), Indian Bureau of Mines (IBM). Representatives of State Governments are also invited to the meetings of the CEC as special invitees.

The Terms of Reference (ToR) of the CEC have also been broadened so as to bring within its ambit, other important matters viz. Sustainable Development Framework, coordination, review of steps for prevention of illegal mining, issues arising out of the National Mineral Policy and legislation governing mineral development etc.

The important decisions aimed at minimising delays in processing of mineral concession applications at various levels and bringing about efficiency, transparency in the overall mineral concession regime,

Results Framework Document (RFD)

Central Government has adopted a Results Framework System to set goals and quantitatively monitor performances on an outcome basis. During the year 2012-13 the Ministry of Mines achieved a composite score of 56.38% and IBM achieved a composite score of 77.96 percent.

Justice MB Shah Commission of Inquiry on Illegal Mining of Iron Ore and Manganese Ore

In exercise of the powers conferred by Section 3 of the Commission of Inquiry Act, 1952 (60 of 1952), the Central Government vide notification of the Government of India in the Ministry of Mines, number S.O.2817(E), dated 22nd November, 2010, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (ii), dated the 22nd November, 2010, appointed a Commission of Inquiry consisting of Shri Justice M.B. Shah, retired Judge of the Supreme Court of India, for the purpose of making an inquiry into a definite matter of public importance, namely, mining of iron ore and manganese ore in contravention of the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Forest (Conservation) Act, 1980 (69 of 1980), the Environment (Protection) Act, 1986 (29 of 1986) and other Central and State Acts and the Rules and guidelines issued thereunder and raising, transportation and exporting of such ores illegally or without lawful authority at various places within the country and to submit its report to the central Government as soon as possible but not later than eighteen months from the date of its first sitting. The first sitting of the Commission was held on the 17th day of January, 2011 and the Commission was to submit its report on or before the 16th day of July, 2012.

The Commission is collecting and compiling information on mining from seven important mineral producing States, which is quite voluminous. The States will take more time for supply of such information to the Commission, requiring additional time for completion of its report. Therefore, in exercise of the powers conferred by Section 3 of the Commissions of Inquiry Act, 1952 (60 of 1952), the Central Government has extended the term of the Justice Shri M.B. Shah Commission of Inquiry for a period of one year beyond the 16th July, 2012 up to the 16th July, 2013.

Landslide studies

As per Ministry of Mines notification f. no. 11/6/2012-M.I. dated 20th September, 2012, the Geological Survey of India (GSI) has been designated as the Nodel Agency for carrying out landslide studies. The National Diaster Managment Guildelines of National Diaster Managment Authority (NDMA): Under the heading of Management of landslides and snow Avalanches, the guidelines recommends that a high level scientific and Technical Advisory Committee be constituted under the chair of Secretary, Ministry of Mines, in consultation with NDMA The Committee will serve as a think tank to nurse the landslide sector with fresh ideas and stimulus carrying cutting-edge technology.

Sustainable Development Framework for the Mining Sector (SDF)

As per the recommendations of a High Level Committee headed by Shri Anwarul Hoda, a Sustainable Development Framework specially tailored to the Indian context was developed taking into consideration the work being done in International Council of Mining and Metals (ICMM) and International Union for the Conservation of Nature and Natural Resources (IUCN). The SDF was based on the following eight principles.

- Incorporating Environment and Social sensitivities in decision on leases.
- Strategic assessment in Key Mining regions.
- Managing Impacts at the Mine Level through sound management systems.
- Addressing land, resettlement and other Social impacts.
- Community Engagement and other Social impacts.
- Community Engagement, Benefit sharing and contribution to socio-economic development.
- Mines Closure and Post Closure.
- Assurance and Reporting.

The draft Sustainable Development Framework finalised by the Ministry has been undertaken for wider dissemination before the final rollout.

Allocation of coal block

The Ministry of Coal has initiated the process of allocation of Coal Blocks under the amended provisions of Section 11A of MMDR Act and Rules framed thereunder. In the first round the Government proposes to allocate coal blocks to the Government Companies/Undertakings (Central and State) for specific end-use (power) and coal mining.

Accordingly, on 1st January, 2013, it has been decided to offer 17 coal blocks with combined geological reserves of 8.5 billion tonnes (bt) (14 coal blocks with reserves of 8.2 bt for end-use i.e. for power and 3 coal blocks for mining) to different Government Companies/Undertaking (Central and State). Detailed information of each of these coal blocks covering area, location and basic infrastructure, including coordinates, status of exploration, sequence of coal seams, quality of coal and estimated reserves, etc. has been placed on the website of Ministry of Coal (http://coal.nic.in) for inviting applications. Earlier, Ministry of Coal had already placed the pre-determined evaluation criteria for specified end-use and coal mining along with the details to be furnished by the applicant by the Government Companies/Undertakings on 27th December, 2012. The applications had to be submitted within thirty days (i.e. to be submitted up to 30th January, 2013) in the Ministry of Coal.

Study Group on Revision of Rate of Royalty and Dead Rent

In order to review the royalty rates and dead rent, the Ministry of Mines had on 13th September 2011 constituted a Study Group on revision of rates of royalty and dead rent for minerals (other than coal, lignite and sand for stowing) and to make appropriate recommendations to the Government. It was reconstituted on 4th Feburary, 2013, with Special Secretary (Mines) as Chairperson. The terms of reference of the Study Group for revision of rates of royalty and dead rent are as under:

(a) to review the existing rates of royalty on minerals (other than coal,lignite and sand for stowing) given in Second Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 and to recommend revision of rates and in case, if necessary, give an additional conditional recommendation on what should be the royalty rate and the mechanism for computation of royalty rates after taking into account the liabilities on the lease holder as envisaged in the draft MMDR Bill, 2011, in the event the Parliament approves the new draft Bill.

(b) to consider the feasibility of allowing incentivised royalty rates for base metals, noble metals, Rare Earth Elements and precious stones to encourage exploration.

(c) to suggest incentivised royalty rates on ad-valorem basis for beneficiated or concentrated ore.

(d) to consider and recommend policies relevant to mineral development and administration of royalty regime.

(e) to suggest appropriate revision in the existing rates of dead rent given in the Third Schedule to the Mines and Minerals (Development and Regulation) Act, 1957.

The Study Group has commenced its discussions/deliberations, and draft recommendations on the rate of royalty and dead rent have been prepared. The draft recommendations are being circulated to the members of Study Group on 16.5.2012 for their comments, based on which the Study Group will finalise its recommendations.

The Ministry of Mines has decided vide its letter No. 3/3/2011-MVI dated 4th Feburary, 2013 to extend. the tenure of the Study Group for submission of the report up to 31.3.2013. Subsequently it has been decided by letter of even no. dated 10th April, 2013 of Ministry of Mines to extend the tenure of the Study Group for submission of the report up to 31.6.2013.

International Co-operation

Ministry of Mines continues to engage the world community in the areas of geology and mining. A Memorandum of Understanding on co-operation in the field of geology and mineral resources was signed during the year 2012-13 with Republic of Peru and Quebec Province of Canada. The Joint Working Group meetings as well as interactions in the area of mining sectors were held with Republic of Namibia, Ontario Province of Canada, Russian Federation, etc.

New Exploration Licencing Policy (NELP)

The New Exploration Licencing Policy (NELP) provides an international class fiscal and contract framework for exploration and production of hydrocarbons.

The government may offer as many as 68 blocks or areas for exploration of oil and gas in the tenth round of NELP for the year 2013-14. Of the blocks being considered for offering in NELP-X, 25 are deep water, 20 shallow water and 23 onland blocks. NELP-X is likely to be held on new terms wherein a bidder shall be asked to quote the amount of oil or gas output it is willing to offer to the government from the first day of production.

The government has in previous nine rounds awarded 254 blocks for exploration of oil and gas. Of the 34 areas offered in NELP-IX in 2010, bids were received for 33 blocks at the close of bidding on March 28, 2011. The award of exploration blocks under NELP -IX was likely to be finalised.

Royalty on Coal and Lignite

Section 9(3) of the Mines and Minerals (Development and Regulation) Act, 1957 provides that the Central Government shall not enhance the rate of royalty in respect of any mineral more than once during any period of three years.

The Government constituted a Study Group on 4.02.2010 for revision of royalty rates for coal & lignite. Taking into consideration the submissions made by the stakeholders, the interests of the coal producing States, the consumers and the national economy as a whole, the Study Group recommended switching over to a full-fledged advalorem regime of royalty on coal and lignite. Vide Gazette of India notification G.S.R. 349. (E), dated the 10th May, 2012 by the Ministry of Coal, the royalty rate of Coal including Lignite were revised as given below. The revised royalty rates on coal and lignite are applicable for a minimum period of three years from 10.05.2012

A. Coal produced in all the States and Union Territories except the State of West Bengal.

(1) Royalty on Coal:

The rate of royalty on coal shall be @ 14% (fourteen percent) advalorem on price of coal, as reflected in the invoice, excluding taxes, levies and other charges.

(2) Royalty on Lignite:

The rate of royalty on lignite shall be @ 6% (Six percent) advalorem on transfer price of lignite, as ratified by the Central Electricity Regulatory Commission (CERC) and for lignite sold to other consumers, the royalty shall be @ 6% (Six percent) advalorem on the price of lignite as reflected in the invoice, excluding taxes, levies and other charges.

(3) Royalty on Coal and Lignite produced from captive mines:

For calculating royalty on coal and lignite produced from captive mines, the price of coal and lignite shall mean the basic pit head price of Run-of-Mine (ROM) coal and lignite, as notified by the Coal India Ltd / Singareni Collieries Company Ltd/ Neyveli Lignite Corporation, for similar Gross Calorific Value (GCV) of coal or lignite for the mines, nearest to that captive mine, provided that for the coal and lignite produced from the coal and lignite blocks, allocated under the Government dispensation route for commercial use, the respective advalorem royalty shall be applicable on the price notified by the respective State Governments.

(4) Adjustment of royalty against levying of cess:

For the States other than West Bengal, for the levy of cess or other taxes, specific to coal bearing lands, the royalty allowed shall be adjusted for the local cess or such taxes, so as to limit the overall revenue yield.

B. Coal produced in the State of West Bengal.

Royalty on coal for West Bengal is as indicated in the following table.

Royalty on Coal for West Bengal

Group	Quality of Coal	Royalty on coal in Rupees per tonne
Group – I	Steel Gr-I Steel Gr-II Washery-I Direct Feed	Seven rupees only per tonne
Group – II	Washery-II Washery-III Semi Coking Gr-I Semi Coking Gr-II Non-Coking Coal having GCV (Kcal/kg) range of 6701 and above Non-Coking Coal having GCV (Kcal/kg) range of 6401-6700) Non-Coking Coal having GCV (Kcal/kg) range of 6101-6400	Six rupees and fifty paise only per tonne
Group-III	Washery-IV Non-Coking Coal having GCV (Kcal/kg) range of 5801-6100 Non-Coking Coal having GCV (Kcal/kg) range of 5501-5800 Non-Coking Coal having GCV (Kcal/kg) range of 5201-5500	Five rupees and fifty paise only per tonne
Group-IV	Non-Coking Coal having GCV(Kcal/kg) range of 4901-5200 Non-Coking Coal having GCV (Kcal/kg) range of 4601-4900 Non-Coking Coal having GCV (Kcal/kg) range of 4301-4600	Four rupees and thirty paise only per tonne
Group-V	Non-Coking Coal having GCV (Kcal/kg) range of 4001-4300 Non-Coking Coal having GCV (Kcal/kg) range of 3701-4000 Non-Coking Coal having GCV (Kcal/kg) range of 3401-3700 Non-Coking Coal having GCV (Kcal/kg) range of 3101-3400 Non-Coking Coal having GCV =<3100	Two rupees and fifty paise only per tonne

Policy for issue of import licences of Rough Marble and Travertine Blocks for the financial year 2012-13.

As per Gazette of India Ministry of Commerce & Industry, Department of Commerce, Notification No. 12 (RE-2012)/2009-2014 S.O. 1953(E) Dated: 22nd August, 2012, the Policy for issue of import licences of Rough Marble and Travertine Blocks for the financial year 2012-13 has been notified with the following conditions

(i) The ITC HS Codes 25151100 and 25151210 indicated in Schedule-1 (Imports) of ITC (HS) Classifications of Export and Import Items and the provisions contained therein, import of Marble and Travertine – Crude or Roughly trimmed and merely cut, by sawing or otherwise, into blocks of a rectangular (including square) shape is restricted and subject to import licencing procedures.

(ii) The applications for import licence for import of rough marble blocks and travertine under the above mentioned ITC HS Codes will be considered in the following manner:

I. Eligibility of the units will be decided based on the following three criteria :

a) Units who have installed marble gangsaw machine (except 100% EOUs and units in SEZ) on or prior to 31.3.2012. The marble gangsaw machine shall be in the name of the applicant only. No gangsaw on "Lease Basis" shall be considered for the purpose of allocation of import entitlement.

b) The Units should have been in operation for 5 years on or prior to 31.3.2012.

c) All eligible units as per (a) above should have cumulative turnover of atleast Rupees Five crore (₹5 Crores) during the 5 years period i.e financial years 2006-07 to 2010-11 irrespective of whether it is from domestic or foreign sources in respect of processed marble slabs/tiles only.

II. Floor Price :

Licences for import of crude or roughly trimmed marble and travertine blocks or merely cut, by sawing or otherwise into blocks of a rectangular (including square) shape shall be subject to a floor price of US $ 325 per metric tonne (MT), which shall be endorsed on all licences.

III. Entitlement :

The total import of Rough Marble and Travertine blocks under ITC HS Codes 25151100 and 25151210 will be subject to a ceiling of 6 lakh MT for the whole of the licencing year, 2012-13. Eligible units will be entitled for an import licence on the basis of cumulative turnover (indigenous or foreign) of at least Rupees 5 crore of processed marble slabs/tiles.

IV. Actual User Condition:

All licences shall be subject to actual user condition. Modalities for submitting hard copies of the applications is as per Annexure-1 to this notification.

V. Monthly Return :

License holders shall file monthly returns regarding imports made by them, to the concerned Regional Authority of DGFT by the 15th of each succeeding month in which license is obtained. This is a mandatory requirement.

VI. Validity of Import Licences :

Licences for import of Marble and Travertine will have a validity up to 30th September, 2013.

Effect of this Notification:

Import policy of Rough Marble and Travertine blocks for the year 2012-13 has been notified with a quota of 6 lakh MT and an MIP of US$ 325 per MT .

Tariff Value for Gold and Silver

As per Gazette of India, Ministry of Finance (Department of Revenue) (Central Board of Excise and Customs), Notification No. 90/2012-CUSTOMS (N. T.) S.O 2342(E) dated 28th, September, 2012 the parameters in the following Table-A have been substituted:

Table: A

S. No.	Chapter/ heading/sub-heading/tariff item	Description of goods	Tariff value (US $)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed.	573 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed.	1102.50 per kilogram

By subsequent amendment carried out vide Gazette of India Ministry of Finance (Department of Revenue) (Central Board of Excise and Customs) Notification No. 94/2012-CUSTOMS (N. T.) S.O.2499(E) dated, 15th, October, 2012 which is indicated at Table-B.

Table: B

S. No.	Chapter/ heading/sub-heading/tariff item	Description of goods	Tariff value (US $)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed.	574.20 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed.	1097.30 per kilogram

Amendment in Handbook of Procedure (HBP)

(1) As per Gazette of India Ministry of Commerce & Industry, Department of Commerce Public Notice No. 18 (RE-2012) / 2009-14, dated 28th September, 2012 the following corrections / amendments in HBP of the Foreign Trade Policy, 2009-14 (including Appendices and ANFs) have been made with immediate effect:

i. Serial Number 4 (Application Fee Details) in the existing ANF 2 D (Application Form for Export Licence for Restricted Items) is deleted.

ii. Guidelines for applicants in the existing ANF 2 D are amended.

iii. The existing ANF-2D as appearing in the HBP Vol.I shall be replaced as per specimen of revised ANF-2D annexed with the Public Notice.

(2) As per Gazette of India, Ministry of Commerce & Industry Department of Commerce Directorate General of Foreign Trade, Public Notice No. 21 (RE2012)/2009-14 dated 09 October, 2012 the Handbook of Procedures of the Foreign Trade Policy, 2009-2014, Vol.1 (Appendices and Aayat Niryat Forms) 2009-2014.

(i) The following additional declaration/ undertaking will be furnished by applicants filing applications in ANF 3C and ANF 4G at the end of the existing declarations-

- I/We hereby declare that Freight, Insurance and Commission values as mentioned in the application are based on actual transaction values.

- For the purpose of calculating entitlement, commission amount has been included as per actual value or 12.5% of net FOB value realised whichever is less.

(ii) The following additional declaration/ undertaking will be furnished by applicants filing applications in ANF 4D, ANF 4F, ANF 4H and ANF 5B at the end of the existing declarations :

- I/We hereby declare that Freight, Insurance and Commission values as mentioned in the application are based on actual transaction values.

- For the purpose of calculating entitlement, commission amount has been excluded.

Policy for allocation of quota for import of Rough Marble Blocks for Indian companies investing abroad in marble mining, for the year 2012-13.

As per Gazette of India, Ministry of Commerce & Industry, Department of Commerce Notification No. 20 (RE-2012)/2009-2014, S.O. 2423(E), Dated: 9th October, 2012 the Central Government hereby makes the following amendments in Schedule-I (Imports) to the ITC (HS) Classifications of Export and Import Items of the Foreign Trade Policy, 2009-14:

Import Licencing Note No. (5) is inserted at the end of Chapter 25, to read as:

5.Facility for Indian companies who have invested in Mining abroad.

This will be subject to conditions laid down as under:

5(a) Eligibility:

i. Mining company where such investment is made must be a 100% subsidiary of the Indian company.

ii. Minimum investment should be Rupees 10 crore as on 31.3.2012 and is subsisting.

iii. Such investment should only be in plant and machinery. No plant and machinery on leased basis will be considered.

iv. The overseas mining company should be operational and have the operating licence in its own name.

(b) Quantity to be permitted;

i. Only marble blocks produced from its own quarries overseas shall be allowed for import.

ii. The total annual import quantity will be limited to 1 lakh MT .

iii. The quantity to be allocated for import per applicant shall not exceed 30,000 MT or the total quantity of marble mined and sold from its overseas mines in the previous financial year, whichever is less. (Reference to financial year would be Indian financial year i.e 1st April 2011-31st March 2012).

iv. If the quantity to be imported by the eligible applicants exceeds 1 lakh MT, then allocation will be on a pro rata basis. Distribution of pro rata allocation will be on the basis of total sale of quantity produced in the previous financial year from its mines overseas. Quantum of sale shall be certified by an independent Chartered Accountant and will be accompanied with annual accounts of foreign mines (subsidiary of Indian Company).

(c) Floor Price:

Such imports shall be subject to a floor price of US$ 325 per Metric Tonne (MT).

(d) ITC HS Codes;

Such imports shall be permissible under ITC HS Codes 25151100 and 25151210.

(e) Actual User Condition;

All authorisations shall be subject to actual user condition.

(f) Monthly Return;

Authorisation holders shall file monthly returns regarding imports made by them, to the concerned Regional Authority of DGFT by the 15th of each succeeding month in which authorisation is obtained. This is a mandatory requirement.

(g) Validity of Import authorisation;

Authorisation for Import of marble will have a validity of 12 months from date of issue.

Effect of this notification:

Import Policy for allocation of quota for import of Rough Marble Blocks by Indian companies investing abroad in marble mining has been notified with an annual quota of 1 lakh MT.

Import Licencing Note

As per Gazette of India, Ministry of Commerce and Industry, Department of Commerce, Notification No. 16 /(RE-2012) / 2009-2014 S.O. 2341(E) dated 26th September 2012, the Central Government hereby amends Schedule – I (Imports) of the ITC (HS) Classifications of Export and Import Items, of the Foreign Trade Policy – 2009-14 as under:

Import Licensing Note (4) at the end of Chapter 25 and Import Licensing Note at serial no. (2) of Chapter 68 of ITC (HS) Classifications of Export and Import Items reads as under :

"Import of items under ITC (HS) Codes 25151100, 25151210, 25151220, 25151290, 68021000, 68022110, 68022120, 68022190, 68022200, 68029100, 68029200 from Sri Lanka under the India-Sri Lanka Free Trade Agreement (ISFTA) only through the Port of Kolkata".

This Import Licencing Note stands deleted with immediate effect.

Import of these items shall, however, be subject to all the conditions applicable on imports under ISFTA and the imports can be made through any EDI Port.

Effect of this notification:

Importer (s) shall be able to import the items under aforementioned ITC (HS) codes under the India-Sri Lanka Free Trade Agreement (ISFTA) from all EDI Ports.

FOREIGN TRADE POLICY

Import Policy

Vide the Gazette of India, Ministry of Commerce and Industry, S.O.1665(E), dated 23.7.2012 the - Import Policy of the ITC (HS), 2012, for in Chapter 26, in heading 2601, in sub-heading 2601 11, for the ITC HS Codes 26011110 to 26011190 and the entries relating thereto, the following the ITC in Chapter 74, in heading 7404,-

(a) In ITC (HS) code 7404 00 12, in the entry in column (2), for the words "ISRI code word 'Palms'", the words mentioned in this notification shall be substituted, (b) In ITC (HS) Code 7404 00 22, in the entry in column (2), for the words "ISRI code word 'Parch'", the words mentioned in this notification shall be substituted.

In Chapter 75, in ITC (HS) Code 7503 00 10, in the entry in column (2), for the words "other floating structures", the words mentioned in this notification shall be substituted.

In Chapter 78, in ITC (HS) Code 7802 00 10, in the entry in column (2), for the words "ISRI code word 'Roses', the words and brackets mentioned in this notification shall be substituted.

In Chapter 79, in ITC (HS) Code 7902 00 10, in the entry in column (2), for the word "oxidation", the words mentioned in this notification shall be substituted.

In Chapter 76, in heading 7602, in ITC (HS) Code 7602 00 10, in column (2), the amendments mentioned in this notification are made.

Import duty

The government increased import duty on gold and platinum to 6 per cent from 4 per cent w.e.f. 21.1.13. The government has further increased import duty on gold and platinum to 8 per cent from 6 per cent w.e.f. 6.6.13.The government hiked the import duty on gold dore bars to 5 per cent from 2 per cent w.e.f. from 22.1.13.

In the Union Budget 2013-14, the following policy measures, custom duty, excise duty, export duty and other taxes have been imposed.

Oil and Gas

The oil and gas exploration policy will be reviewed to move from profit sharing to revenue sharing contracts. A policy to encourage exploration and production of shale gas will be announced. The natural gas pricing policy will be reviewed and uncertainties regarding pricing will be removed. NELP blocks that were awarded but are stalled will be cleared. The 5 MMTPA LNG terminal in Dabhol, Maharashtra will be fully operational in 2013-14.

Power & Coal

In power generation, fuel supply constraints are affecting production prospects. To address this concern, Coal India Limited (CIL) has been advised to sign fuel supply agreements with power plants that have entered into long term Power Purchase Agreements with DISCOMs (Distribution Companies) and would get commissioned on or before 31st March 2015. An inter-ministerial group is being constituted to undertake periodic review of allocated coal mines and make recommendations on deallocations, if so required.

Custom Duty

Capital Goods/Infrastructure

To encourage enrichment of low-grade iron ore, of which India have huge reserves, the basic customs duty on plant and machinery imported for setting up or substantial expansion of iron ore pellet plants or iron ore beneficiation plants is being reduced from 7.5 per cent to 2.5 per cent. CVD is also being reduced from 5% to 1% on steam coal. The dispensation would be valid up to 31.3.2014.

Natural Gas/Liquified Natural Gas imported for power generation by a power generation company is being fully exempted from basic customs duty.

Gemstones

In order to prevent round-tripping, it is proposed to impose basic customs duty of 2 per cent on cut and polished, coloured gem stones at par with diamonds.

To encourage exports, the basic customs duty is being reduced on pre-forms of precious and semi-precious stones from 10 percent to 2 per cent.

Metals

Basic customs duty on standard gold bars; gold coins of purity exceeding 99.5 per cent and platinum is being increased from 2 per cent to 4 per cent and on non-standard gold from 5 per cent to 10 per cent. Basic duty on gold ore, concentrate and dore bars for refining is being enhanced from 1 per cent to 2 per cent. On the excise side, duty on refined gold is being increased in the same proportion from 1.5 per cent to 3 per cent.

The custom duty relating to the steel sector are as under:

Basic customs duty on coating material for manufacture of electrical steel is being reduced from 7.5 per cent to 5 per cent.

Exemption from SAD currently available to CRGO steel is being restricted to prime quality of such steel.

Basic customs duty on flat rolled products (HR and CR) on non-alloy steel is being increased from 5 per cent to 7.5 per cent.

Basic customs duty on ammonium meta-vanadate used in the manufacture of ferro-vanadium is being reduced from 7.5% to 2.5%.

Basic custom duty is being reduced from 10% to 5% on stainless steel wire cloth stripe and from 7.5% to 5% on wash coat for use in the manufacture of catalytic convertors and their parts.

Full exemption from export duty is being provided to galvanizes steel sheets falling under certain sub-heading, retrospectively w.e.f. 01.03.2013.

Nickel oxide/hydroxide and nickel ore/ concentrate are being fully exempted from basic customs duty.

Prices of unprocessed ilmenite have gone up several fold in the export market. Considering the need to conserve our natural resources, custom duty is being levied on export of unprocessed ilmenite at 10 per cent and on export of upgraded ilmenite at 5 per cent. Custom duty is being levied at 10 per cent on export of Bauxite (natural calcined and not calcined).

Coal

Steam coal is exempted from customs duty but attracts a concessional CVD of one per cent. Bituminous coal attracts a duty of 5 per cent and CVD of 6 per cent. Since both kinds of coal are used in thermal power stations, there is rampant misclassification. It is proposed to equalise the duties on both kinds of coal and levy 2 per cent customs duty and 2 per cent CVD.

Excise duty

The excise duty rate on marble was fixed in 1996. Keeping in view the increase in prices of marble, excise duty on marble tiles and slabs is being increased from ₹ 30 per sq. m. to ₹ 60 per sq. m.

Excise duty of 4% is being levied on silver manufactured from smelting zinc or lead, to bring the rate at par with the excise duty applicable to silver obtained from copper ores and concentrates.

Compunded levy on stainless steel "Patta Patti" is being increased from ₹ 30,000 per machine per month to ₹40,000 per machine per month.

It is being clarified that the item "trimmed or untrimmed sheets or circles of copper intended for use in the manufacture of handicraft or utensils" presently leviable to excise duty at ₹ 3500 per MT includes copper and copper alloys including brass.

The excise duty on cement remain unchanged from the existing 12% in this bugdet for the year 2013-14.

The government also raised the excise duty on gold ore from 5% to 7% w.e.f. 6.6.2013.

The baggage rules permitting eligible passengers to bring jewellery was last amended in 1991. Gold prices have risen since, and passengers have complained of harrasment. Hence, it is proposed to raise the duty-free limit to ₹ '50,000 in the case of a male passenger and ₹ '100,000 in the case of a female passenger, subject to the usual conditions. The value limit of duty free jewellery is allowed to an Indian passengers who has been residing abroad for more than one year.

Railway Budget 2013-14

As per Railway Budget 2013-14 an investment is expected in projects including ₹ 3,800 crore for port connectivity, ₹ 4,000 crore for coal mine connectivity and ₹800 crore for iron ore mines connectivity improvements.

The freight charges are raised by an average of about 5.8 per cent.

II LEGISLATION

MMDR Act, 1957

The Mines and Minerals (Development and Regulation) Act, 1957 was enacted so as to provide for the regulation of mines and development of minerals under the control of the Union. The aforesaid Act was amended in the years 1958, 1972, 1986, 1987, 1994 and 1999.

Since the existing law had already been amended several times, and as further amendments may not clearly reflect the objects and reasons emanating from the new National Mineral Policy, it is considered necessary to reformulate the legislative framework in the light of the new National Mineral Policy, 2008 by repealing the Mines and Minerals (Regulation and Development) Act, 1957.

To replace the existing Mines and Minerals (Development and Regulation) Act, 1957, the Mines and Minerals (Development and Regulation) Bill, 2011 has been prepared by the Ministry of Mines .The Cabinet has approved the bill and it has been introduced in Lok Sabha on 12th December, 2011, and the same has been referred to standing Committe on Coal and Steel on 5th January, 2012.The recommendations of the Standing Committee has been presented to Lok Sabha and laid in Rajya Sabha on 7.5.2013.

MCR, 1960

As per Gazette of India, Ministry of Mines G. S. R. 593 (E), dated 26.7.2012 the following amendment has been made in MCR, 1960.

In the rule 2 after clause (ii) following clause shall be inserted:

"(3A) Not withstanding anything contained in sub-rule(1) where an applicant for renewal of mining lease under rule 24A is convicted of illegal mining, and there are no interim orders of any court of law suspending the operation of the order of such conviction in appeals pending against such conviction in any court of law the State Government may after giving such applicant an opportunity of being heard and for reasons to be recorded in writing and communicated to the applicant, refuse to renew such mining lease.

In the rule 27 after sub-rule (4), the following sub-rule shall be inserted, namely:-

"(4A) If the lessee holding a mining lease or a licencee holding a prospecting licence, is convicted of illegal mining and there are no interim orders of any court of law suspending the operation of the order of such conviction in appeals pending against such conviction in any court of law, the State Government may, without prejudice to any other proceedings that may be taken under the Act or the rules framed thereunder, after giving such lessee or licencee an opportunity of being heard and for reasons to be recorded in writing and communicated to the lessee or licencee, determine such mining lease, or as the case may be, cancel such prospecting licence and forfeit whole, or part of the security deposit".

The Mineral Conservation and Development Rules, 1988 (MCDR)

The Mineral Conservation and Development Rules, 1988 (MCDR) provides for measures to ensure scientific management of the mining process. Rule 45 of the MCDR provides for the mining companies to provide periodic reports on the extraction and disposal of the mined material. Keeping in view the need to improve the monitoring of the production, movement and sale of ore, Rule 45 of MCDR has been extensively amended on 9th February, 2011, to facilitate end-to-end national-scale accounting of all minerals produced in the country from the pit head to its end-use, reducing the scope for illegal mining, royalty evasion, etc. with possible corruption in inspection of mines and in issue of transportation permits. The amended Rule now makes it mandatory for all miners, traders, stockists, exporters and end-users of minerals to register and report on the production, trade and utilisation of minerals to the State Government(s) and Indian Bureau of Mines. Online registration of mining lease holders, traders, exporters, stockists and end-users has already commenced. Up to 31st December, 2012, out of 9530 mining leases in the country, 8192 mining leases have been registered online with the IBM.